Ministry of Economics
Republic of Latvia

Latvian experience with energy efficiency programmes

Gatis Silovs

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Republic of Latvia

#rrf

Indicative funding of the European Union for the priorities of the Ministry of Economics

DIGITAL TRANSITION — 139,4 M EUR

- 45,1 M EUR — Loan for digitalization
- 40 M EUR — Grant for process digitalization
- 24,3 M EUR — Grant for new digital products and services
- 20 M EUR — Support for development of digital skills for entrepreneurs
- 10 M EUR — EDIH and development of regional contact points

PRODUCTIVITY — 113,5 M EUR

Development of new products, technologies and services in RIS3 fields

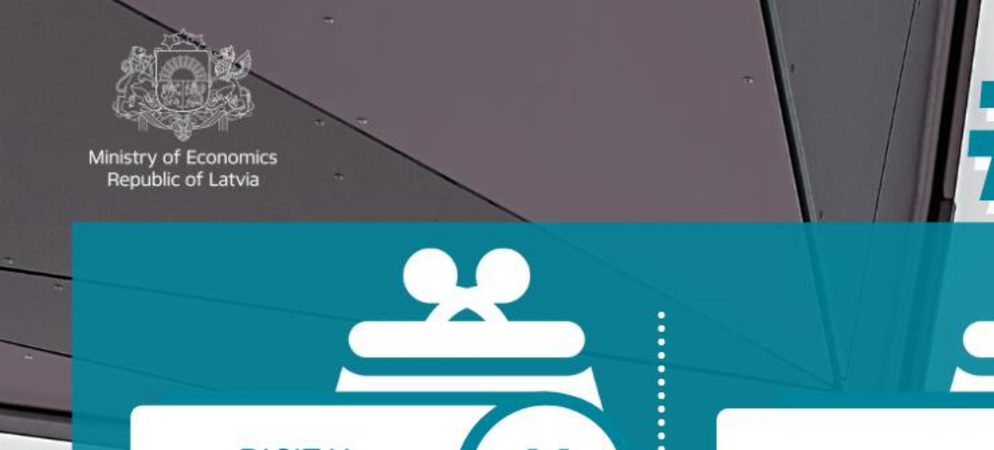
SOCIAL AND TERRITORIAL COHESION — 122,9 M EUR

- 80 M EUR — Development of industrial parks
- 42,9 M EUR — Affordable housing

GREEN TRANSITION — 281,81 M EUR

- 120,58 M EUR — Energy efficiency measures for bussiness
- 80 M EUR — Modernisation of electricity transmission and distribution networks
- 57,28 M EUR — Energy efficiency of multi-apartment buildings
- 23,95 M EUR — Energy efficiency of public sector buildings

*RRF - RECOVERY AND RESILIENCE FUND, 2021-2026



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Indicative funding of the European Union for the priorities of the Ministry of Economics

DIGITAL TRANSITION — 44 M EUR

- 21,15 M EUR — Support for development of new digital products and services
- 10 M EUR — Support for development of digital skills for entrepreneurs
- 8 M EUR — EDIH and digital maturity tests
- 5 M EUR — Financial instruments for digitalization

PRODUCTIVITY — 363 M EUR

- 97 M EUR — Support for SME's development
- 164,4 M EUR — Financial instruments for SME's development
- 51,7 M EUR — Support for R&D&I activities to develope new products
- 50 M EUR — Financial instruments for R&D&I activities

SOCIAL AND TERRITORIAL COHESION — 83 M EUR

- 60,9 M EUR — Availability of social housing
- 21,75 M EUR — Improving access to the environment

GREEN TRANSITION — 457 M EUR

- 163,1 M EUR — Energy efficiency of multi-apartment buildings
- 104,4 M EUR — Energy efficiency of public sector buildings
- 56,5 M EUR — Heating / cooling
- 43,5 M EUR — RES in business sector
- 23,49 M EUR — Promotion the use of RES in production
- 21,75 M EUR — Promotion of biomethane production
- 44,06 M EUR — "Green" activities for business development

*SF – STRUCTURAL FUNDS, 2021-2027

Energy Efficiency Programme for Public Buildings in Latvia

- 104 400 000 + 23 950 000 EUR
- Target group: State building managers and users.
- Supported activities: Measures to improve energy efficiency, smart energy management and the use of renewable energy resources in state-owned buildings.
- Seperate programmes for local council building

Energy Efficiency Programme for Commercial Buildings in Latvia

- 120 580 000 + 43 500 000 + 44 060 000 EUR
- Target group: enterprises.
- Supported activities:
  - modernisation of existing industrial production capacity by installing more energy-efficient solutions;
  - renovation of buildings and sites, including the replacement of internal and external networks;
  - promotion of use of RES in industry and economic operators.

Energy Efficiency Programme for Multi-Apartment Residential Buildings in Latvia

- Latvia counts about 16,000 buildings with more than 3 apartments. More than 1000 of them have been renovated as of 2020.

- 2007-2013: grant programme for energy efficiency investments in residential housing managed by LIAA.

- 2014-2020: combination of financial instrument and grants managed by Altum
- ERDF funding: EUR 163.1 meur + 57.28 meur
- EUR 350m of total investments financed (incl. bank financing) until 2023

Energy savings

58%

or

79 kWh/m²

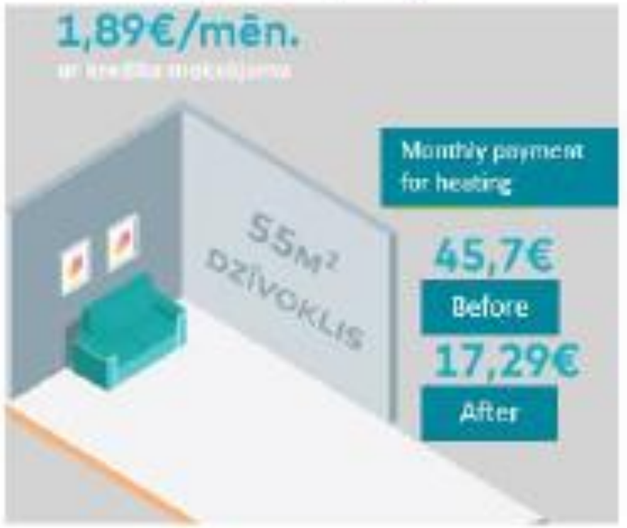
Average temperature of the apartment

Before After

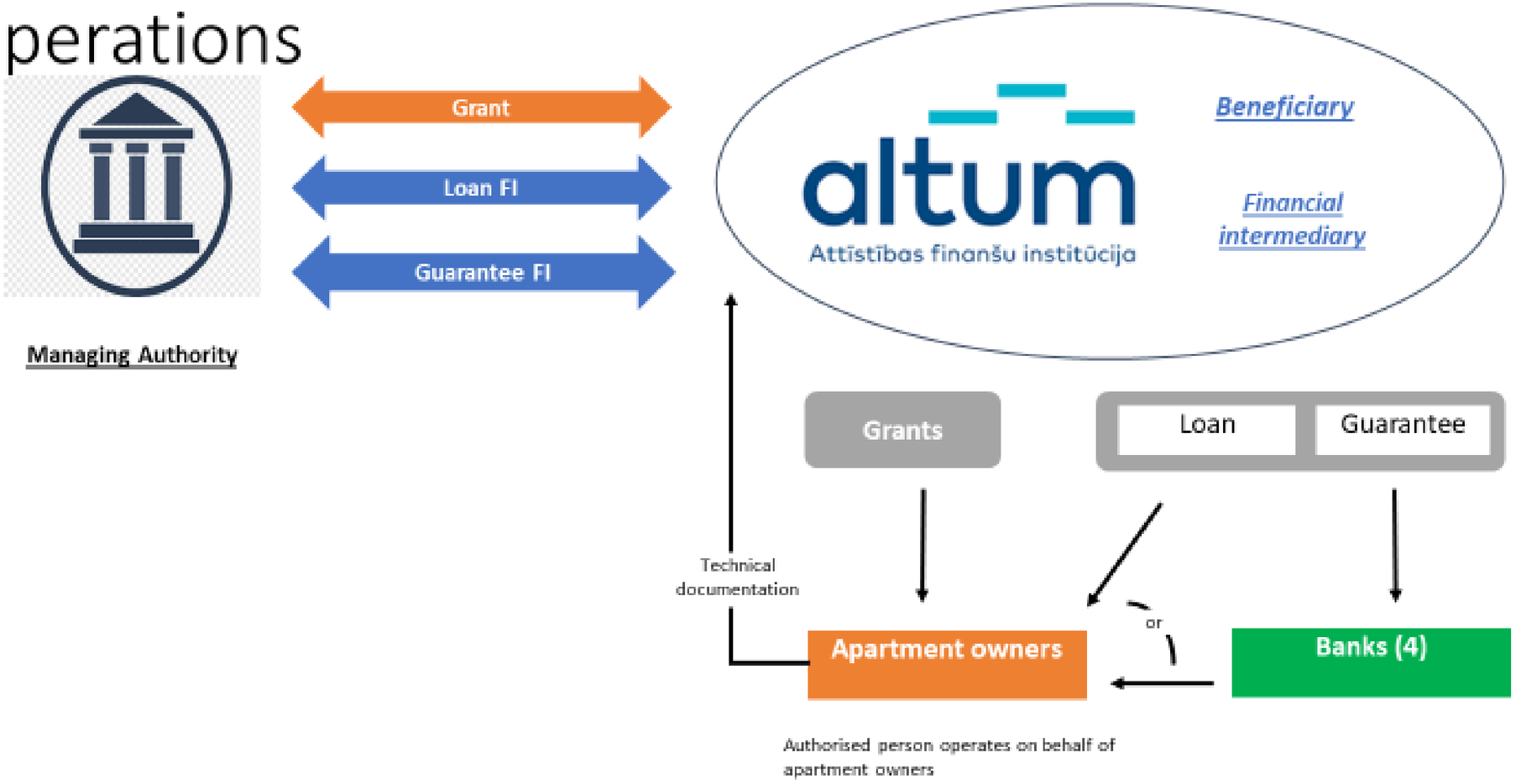
Heating costs

After

Payment changes (example)

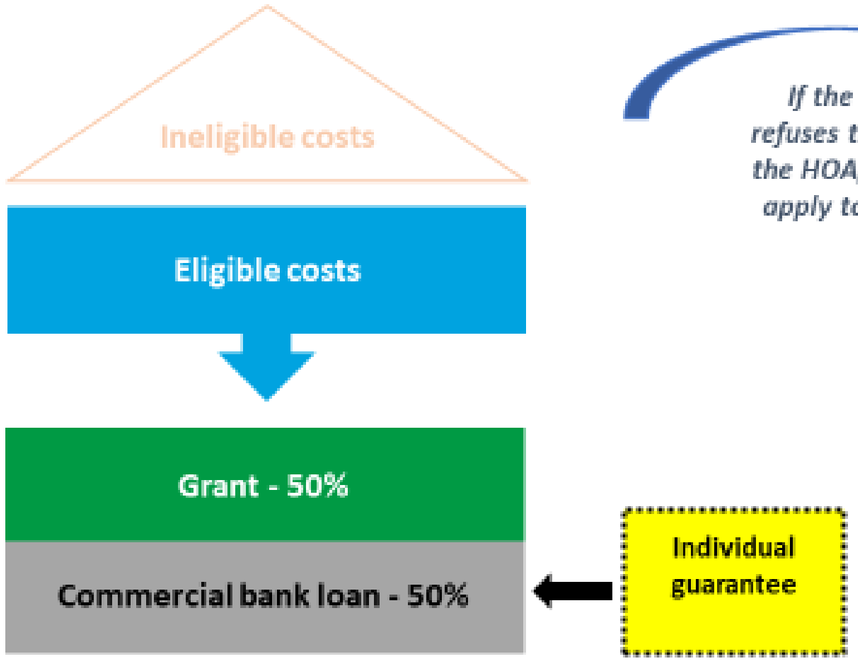


One scheme: 2 FI and grant operations

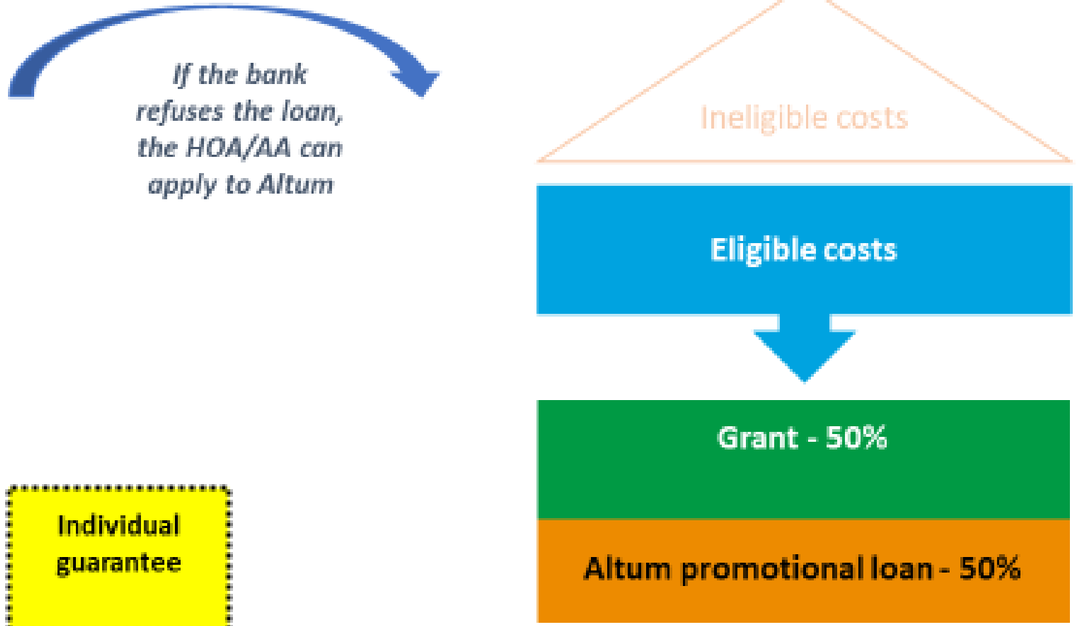


Implementation models of the financial instruments

- 1 – Guarantee FI



- 2 – Loan FI



Focus on the one stop shop – who does what?

Commercial banks

- Receive a loan application
- Perform their standard due diligence
- Use dedicated tools developed by Altum to assess the project’s eligibility, payback period
- Check invoices transmitted by Home Owners Association / AA
- Make ‘combined payments’ to construction companies

Altum

- Is responsible for grant eligibility and final decision (final grant application submitted via a dedicated webtool once bank loan proposal is accepted)
- Keeps justification / documentation of the investments supported with the grants
- Disburses the grants on the banks’ accounts

Lessons learned

- Grant disbursement model may be simplified
- Complex State aid treatment – at apartment owners' level
- The payback period calculation (max. 30 years) may be replaced by max. project cost per sqm
- Banks refuse to finance projects in less developed areas or of small size – bank's reluctance to finance projects has increased in 2020 (crisis effect?)
- Improvement of awareness level and motivation of apartment owners to implement renovation projects

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Thank you!

@EM_gov_lv, @siltinam /ekonomikasministrija www.em.gov.lv Brīvības iela 55, Rīga, LV-1519, Latvia +371 67013100 pasts@em.gov.lv