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// Latvian Building Energy Efficiency Facility (LABEEF)

Latvia

Short Description

Fund financed by banks and private investors providing financial support for homeowners in Latvia to conduct deep refurbishments of their buildings. Refurbishment rates in Latvia need to increase significantly, especially with a view to the mostly outdated stock of multi-family buildings.

Year // duration

Started in 2014, ongoing

Objective

To provide safe, healthy and comfortable housing in multifamily buildings using energy savings.

Initial situation

Non-standardised refurbishment practices resulted in low savings and unhealthy, as well as, sometimes unsafe buildings. In addition, deep renovations, including energy efficiency measures, were not affordable enough for homeowners and

unattractive for construction companies. Experience and EU programmes for energy efficiency were not meeting the goals required.

Implementation & measures

Creating standardised criteria ensures desired outcomes upon commissioning and long term upstream from project design. For example, setting up an investment fund to forfeit revenue streams of EPC (Engineering Procurement Construction) projects complying with the set criteria.

Results

Six buildings in Latvian cities were funded through LABEEF and continue to show positive results, while LABEEF's annual due diligence ensures long-term commitment from the service companies.

Parties involved

Driving the standardisation through a financial instrument meant that all stakeholders had a stake in meeting the criteria for results. Main stakeholders

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include Energy Service Companies, construction companies and homeowners and their associations, banks and investors.

Beneficiary parties

Construction and energy service companies need to modify their business models to ensure that the final beneficiaries, homeowners and residents, benefit most. In so doing, they (market operators) can have a long-term profitable business model.

Financing // Funding

LABEEF did not receive any funding apart from the banks and private investors financing the investment fund.

Lessons Learned

Required framework conditions

Guidelines for the buildings, the market operators, and the beneficiaries must be designed and published before any project or financing must be made available. The preparation for publication entails creating standardised documentation, templates for project preparation, and clear communication as to the three phases of project implementation: 1-introduction and planning, 2-design and execution, 3-long-term service and monitoring and maintenance of the service for the entire duration of the service contract.

Possible multiplication effects

Several Horizon 2020 projects were spun out of the concept. Today, replication is underway. The Polish government has replicated the project under its "EPC plus" priority programme.

Problems encountered

The lack of clear long-term policies and regulations, as well as grant systems not including real and concrete monitoring of results hinder competition and progress. In addition, habits from past programmes make it difficult for stakeholders to modify their business plans.

Need for action

A stronger emphasis on ensuring that the right policies are in place should be made in the first place. Then, upstream of this effort, it needs to be ensured that policymakers and their bureaucracy/agencies understand the benefits for individual beneficiaries and society. One example: Every million invested in deep renovation projects creates 18 jobs.



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