

Revolving fund for housing in Estonia

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KredEx

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KredEx - Solid foundation

- Founded in 2001
- Under the jurisdiction of the Ministry of Economic Affairs and Communications
- State guarantee limit for:
 - SME guarantees EUR 96 million
 - Export guarantees EUR 64 million
 - Housing loan guarantees EUR 96 million
- Fully accredited for using ERDF and SF
- Member of AECM, NEFI, IUHF, IFHP
- Number of staff: 40 (housing 14)

KredEx business volumes

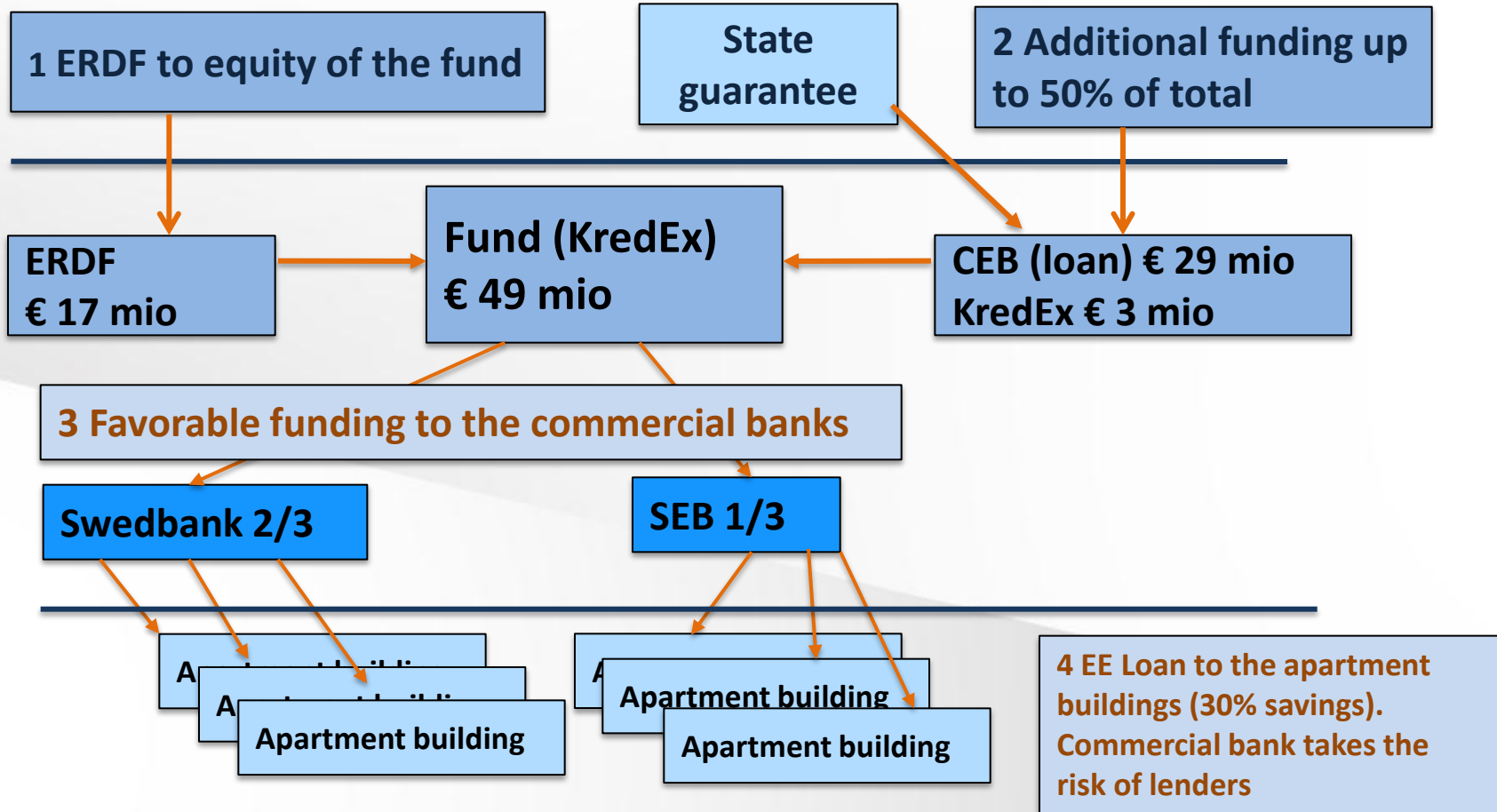
mio EUR	2011	2010	2009	2008
Guarantees issued	60,0	83,3	82,7	51,8
Enterprises	51,6	67,4	51,4	23,3
Exports	-	7,4	21,4	10,6
<i>Credit insurance</i>	<i>114,0</i>	<i>29,2</i>	-	-
Housing	8,4	8,5	9,8	17,9
Guar. Exposure	145,9	159,5	136,8	100,8
Loans issued	19,0	74,3	33,9	0,5
Losses paid	5,6	3,7	2,8	0,3
Loss reserves	8,3	9,1	8,1	6,2
Equity	58,2	61,4	53,3	37,7



From renovation grants to revolving fund – why?

- Opportunity for re-usage of the funds
- Funds stay in state
- Support scheme (10% support) *versus* loan scheme (state support is even bigger)
- Loan is needed for reconstruction anyway
- Opportunity also to smaller buildings
- Easier to administer, lower administrative costs
- End-beneficiary is used to take loan
- Innovative scheme

Low interest rate loan - fund



Institutional setup

Ministry of Finance
(Managing Authority)

Ministry of Economic Affairs and Communications
(First level intermediate body)

KredEx
(Second level intermediate body)

Commercial banks
(intermediaries)

Costs

- Setting up a scheme ~ € 200 000
(2 years)
- Running costs ~ € 50 000/year +
financial costs
- Promotion costs ~ € 150 000/year
- 1 person full time + back office
(accounting, lawyers, secretariat,
management, IT, marketing)

Steps to implement

- Accreditation (KredEx)
- Terms of measure
- Approval from Ministry, EC
- Procurement for additional financing
- State guarantee from parliament
- Procurement for the local banks
- Agreements with banks
 - Terms for buildings
 - Monthly reporting
 - Terms for financing (tranches, interest, risk margin, auditing etc)
- “Work” with end-beneficiary

Documents to prepare

- Operational program – project has to be included
- Program name accepted by the Government
- Program confirmed by Minister
- Loan application – if additional funding is needed
- Procurements (local banks and additional funding)
- Agreements between fund and banks
- Decisions in different levels
- Forms for different reporting

Banks selection

- Procurement for the banks, criteria (2008):
 - Rating at least Baa 3 (Moody's) or BBB (Fitch or Standard & Poors)
 - Respond to credit institutions act and have license
 - Budget over 15 billion EEK
 - Bank has at least 1 year experience with financing multi-apartment buildings
 - Bank accepts loan-maturity for 20 years

Reports from banks

Name	Reg.Nr	Building code	Street	City	County	m ²
Apartments	Built (year)	Works started	Works planned to finish	Energy-audit	Energy consumption before	Energy consumption after
Investment total	Investment with credit	Credit sum	Self-financing %	Self-financing sum	Part of CEB	Part of SF
Part of KredEx	Parallel-loan	Credit payment	Maturity	Intress	Works	Planned savings %

Monitoring

- Buildings provide yearly energy consumption once a year during the loan maturity, at least 10 years
- KredEx makes spot-verifications for 5% of beneficiaries yearly

Terms for end beneficiaries

- Main purpose - energy efficiency measures:
 - to save at least 20% of energy in buildings up to 2000 m²
 - to save at least 30% of energy in buildings more than 2000 m²
- Self-financing 15% (can be also loan or grant)
- Credit is given against cash flow – no collateral is needed
- Loan period: up to 20 years
- Interest rate: up to 4,5% fixed 10 years
- Energy audit is obligatory

Grant 15, 25 or 35% Do more – get more

- 15%
 - fulfill the terms for renovation loan,
 - energy saving 20 or 30%, according to the size of the building
 - Energy label E, energy consumption < 250 kWh/m²
- 25%
 - roof, facade, windows (U 1,1) heating system,
 - energy saving at least 40%
 - Energy label D, energy consumption < 200 kWh/m²
- 35%
 - roof, facade, windows (U 1,1) heating system, heat-recovery ventilation system,
 - energy saving at least 50%
 - Energy label C, energy consumption < 150 kWh/m²

In all the cases it is obligatory to fulfill the criteria for indoor climate!

Results

Loan

- Start 24.06.2009
- By 31.08.2012:
- 496 contracts/478 houses
- 17 654 apartments, 40 000 inhabitants
- Ca 1 150 000 m²
- Total € 48,1 mio
- Investment € 66,7 mio
- Average € 103 836
- Expected saving 36%

Grant

- Start 30.09.2010
- By 30.09.2012:
- 596 appl./497 houses
 - € 21,1 mio
- 550 pos decision/461 houses
 - €19,4 mio / Inv. € 75,9 mio
 - 15% € 3,6 mio 276
 - 25% € 5,8 mio 174
 - 35% € 10 mio 108
- Ca 1 170 000 m²
- Average 25%, 35 296 €
- Saving 41,3%

To consider:

- Preparation takes long time – 2 years
- Many different partners to negotiate – parallel negotiations
- Economical situation in the country can change dramatically
- Is there legal framework to support the measure
- Combination of different measures
- Information to market participants and end-beneficiaries is important

Difficulties

- First time for KredEx to take a loan – lot of preparation and discussions, longer period as expected
- “Political” problems – European Commission sees Commission Regulation 1828/2006 differently from us (energy efficiency vs. criteria for accepted areas)
- Procurement conditions could not be fixed until CEB had made a loan decision

Questions to answer by preparing

- If local banks do not show the interest?
- Loan decision for additional funding – if negative?
- Program – if EC or Ministry of Finance does not approve the program?
- Matching cash flows – credit to fund holder and credits to banks? Important for costs.
- Economical situation – possible that buildings will not take loans...

Problems during implementation

- End-beneficiaries are still careful with taking the loan
- No actual opportunity to persuade end-beneficiaries, only raise awareness and motivate
- Many documents to prepare before loan application can be finalized – if possible provide assistance with consultants

Key - holistic approach

- Legal framework
 - Decision making, financing, reconstruction
- Financial measures (loan, guarantee, grant)
- Seminars from 2003 for managers
- Campaigns about energy efficiency since 2006
- KredEx experience with banks
- Grant for energy audits, building design etc
- Grant for reconstruction works
- Technical studies
- Best Practice Projects

Campaigns since 2006

Kui Sinu kodu külmetab, siis...
Sina kaotad raha!



45%
võid küttekuludest
aastas kuni

Eestis on Põhjamaadega sarnane kliima, aga energiat tarbime kuni 2 korda rohkem.
See on raiskamine, mille lõpetamiseks saad ka Sina oma panuse anda –
muuda oma kodu energiasäästlikuks!

Küsi nõu või saada Sinu maja korraldaja eest vastutava inimese kontaktid KREDExile. Meie võtame temaga ise ühendust –
nii on Sinul vähem tüli! Lisaks võid just Sina võita oma
korterimaja ühe viiest tasuta energiaaudriit.
Kampaania kestab kuni 29. novembrini.

1ga võidetud päev on sääst Sinu rahakotist!

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ENERGIASÄÄSTUNÄDAL
9.-16. november 2009



www.energiatark.ee

Tagatud edu



Too oma kodu
21. sajandisse



Tagatud edu

Uus renoveerimislaen korterelamutele



**muudab kodu
energiasäästlikumaks**

Soodusintressiga pikaajaline renoveerimislaen korterelamutele.
Kasuta võimalust ja tee oma maja korda!
Lisainfo: www.kredex.ee, www.swedbank.ee/business, www.seb.ee/yhistu



KREDEx

Sõpruse pst 244

- Built 1966
- Panel building
- 60 apartments
- 2967 m²



Work	EUR	€/m ²
Roof	40 700	15
Fassade and balconies	180 800	67
Windows	16 500	
Heating system	112 000	41
Heat recovery ventilation system	100 000	37
In Total	450 000	167
Grants	220 000	73
Loan	242 000	80



Conclusions

- Building reconstruction is unavoidable
- 2 years for preparations – long period
- Experience with local banks was an advantage
- Economical conditions have changed drastically during preparation, are getting better again
- Scheme has great future (low interest, high energy efficiency) – combined with grants in Estonia best financial terms over history
- Holistic approach - awareness raising, promotion, state and local support, legal and financial framework, BPP – is the key for success

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