



Dedicated to stimulate demand for sustainable
energy skills in the construction sector

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Report:	D.3.5 Final report on Financial Mechanisms for Renovations
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TABLE OF CONTENTS

CHANGE RECORDS	3
SUMMARY	4
I INTRODUCTION.....	5
1.1 Public funding.....	6
1.1.1 Grants.....	6
1.1.2 Fiscal incentives.....	6
1.2 Private funding.....	7
1.2.1 Commercial loan.....	7
1.2.2 Mortgage.....	7
1.2.3 Energy Performance Contracting.....	7
1.2.4 Leasing	7
1.2.5 Crowdfunding and energy cooperatives.....	7
1.2.6 Equity.....	7
1.3 Public-private funding.....	8
1.3.1 Soft/preferential loans	8
1.3.2 Guarantees	8
1.3.3 On-bill financing	8
1.3.4 Green Bonds	8
1.4 Other mechanisms that promote the quality in sustainable renovations and involve the use of skilled professionals.....	8
1.4.1 Certification and pre-selection of contractors.....	8
1.4.2 Technical assistance	8
1.4.3 Energy efficiency insurance.....	8
1.4.4 Supporting development of local Sustainable Energy supply chain.....	9
2 INTERACTIONS AT COUNTRY LEVEL.....	10
2.1 STAKEHOLDERS CONTACTED.....	10
2.2 PERCEPTIONS AT COUNTRY LEVEL	10
2.2.1 AUSTRIA	10
2.2.2 BULGARIA.....	11
2.2.3 FRANCE.....	12
2.2.4 IRELAND.....	14
2.2.5 THE NETHERLANDS.....	16
2.2.6 SPAIN	17
3 CONCLUSIONS	21

CHANGE RECORDS

Version	Date	Author	Changes
Version 1	16-01-2023	IVE	First draft provided
Version 2	25-01-2023	IVE	Inputs provided by AEA, EnE, AVE, IGBC, ISSO, and IVE. Country reports prepared.
Version 3	27-01-2023	IVE	Version consolidated by IVE
Version 4	10-02-2023	IVE	Version ready for proofreading
Version 5	13-03-2023	IGBC	Proofreading
Version 6	14-03-2023	IVE	Final version
Version 7	26-4-2023	ISSO	Submission

SUMMARY

The previous report [D3.4 - “Initial guide on Financial Mechanisms”](#) collects and analyses the existing financial mechanisms that encourage the use of skilled workers in home/building renovations. A deep analysis of the available related literature was conducted, allowing to collect several examples and good practices of existing mechanisms already applied all over the world. In addition, partners were asked to contribute with local or national experiences and case studies. Thus, the final version of D3.4 was structured into two main chapters:

- Approach to the financial mechanisms available in the market accompanied by a brief description.
- Examples of the application of financial mechanisms where skilled professionals have been valued.

Building on the results of report D3.4, the BUSLeague partners contacted financial institutions and public administrations (at least 3 per country) in Austria, Bulgaria, France, Ireland, the Netherlands, and Spain.

In total, 23 entities were consulted through surveys and interviews and D3.5 “Final report on Financial Mechanisms for Renovations” collects their views and perceptions in order to fine-tune the proposed mechanisms and adapt them to their needs and contexts.

Although significant progress has been made to consider Energy Efficiency (EE) skilled professionals in financing mechanisms in some countries, in most cases only a SWOT analysis was developed. This was still useful to make key actors reflect on the importance of this topic and, hopefully, make them act in the near future.

I INTRODUCTION

"Green finance is a broad term that can refer to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy. Green finance includes climate finance but is not limited to it"¹.



In 2018, the European Commission established the "EU Taxonomy"² in order to meet the EU's climate and energy targets for 2030 and reach the objectives of the European green deal. The COVID-19 pandemic reinforced the need for direct investments towards sustainable projects and activities in order to make our economies, businesses and societies more resilient against environmental shocks.

The EU Taxonomy is a new EU-wide classification system of what will be considered environmentally sustainable economic activities in the future. It is intended to provide companies, investors and policymakers with a common language and appropriate definitions. The taxonomy is used as reference by the financial, public and private sectors in their work processes and in undertaking environmentally-conscious business.

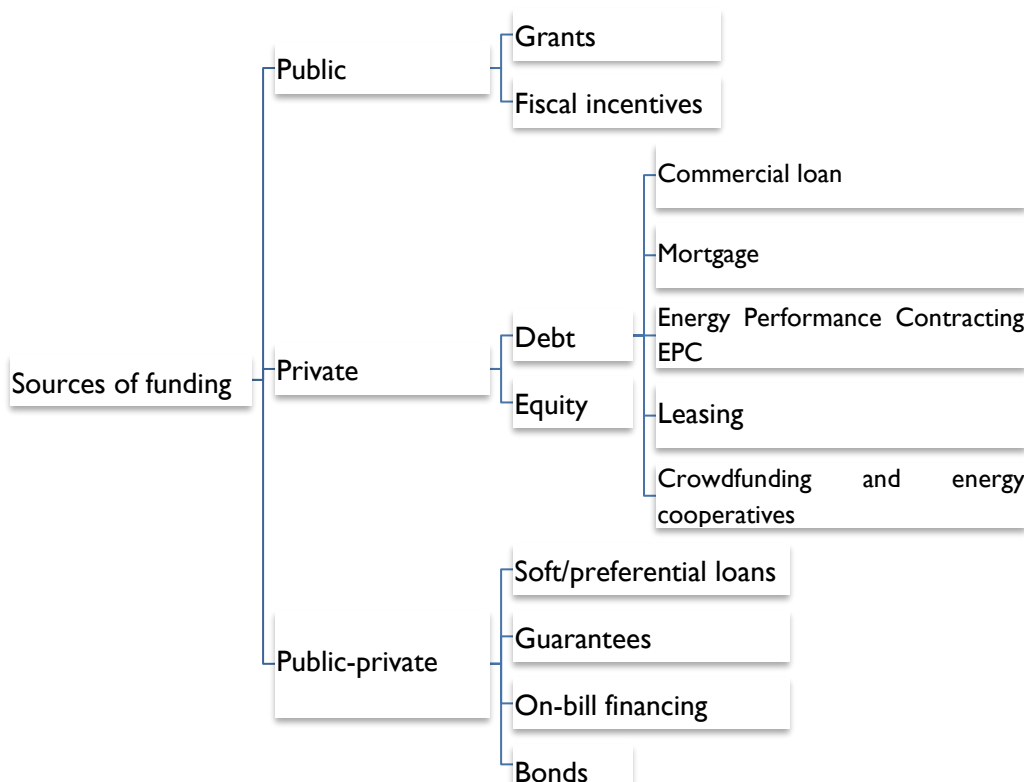
In addition to tackling "greenwashing", such a taxonomy will help companies and investors make more informed green choices. Financial institutions can also implement it in developing their products and services, risk assessments, and environment-related data disclosures.

¹ Höhne / Khosla / Fekete / Gilbert (2012): Mapping of Green Finance Delivered by IDFC Members in 2011, Ecofys.

² https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

Financial mechanisms

Various private and public financial mechanisms for energy renovations in buildings are currently available in Europe in the form of non-repayable rewards, debt financing, equity financing or a combination of these options³. They can range from well-established and traditional mechanisms such as grants, subsidies, and loans to emerging and new models not yet well tested in the European market such as crowdfunding and on-bill finance models. For illustrative purposes, these have been organised according to the source of financing.



1.1 Public funding

1.1.1 Grants

Grants (investment grants or interest rate subsidies) are economic incentives provided by governments to support the upfront cost of energy efficiency projects that may entail too high investment costs and long amortisation periods. Grants are one of the most common forms of financing for sustainable energy projects where technologies are pre-commercial or in the early stages of commercial deployment or are otherwise prohibitively expensive.

1.1.2 Fiscal incentives

Fiscal measures aim to encourage actors to implement more energy-efficient investments. The government seeks to promote energy efficient use by providing fiscal schemes through tax reduction/exemption and tax credit⁴.

³ Maio, J., Zinetti, S. and Janssen, R. (2012) 'Energy Efficiency Policies in Buildings- the Use of Financial Instruments at Member State Level', pp. 1–44.

⁴ BPIE, Financing energy efficiency (EE) in buildings <https://www.bpie.eu/publication/financing-energy-efficiency-ee-in-buildings/>

1.2 Private funding

1.2.1 Commercial loan

The most common Energy Efficiency (EE) financial product is a loan directly to the energy end-user (owner of the premises). A basic loan is the simplest form of debt: it is an agreement to lend a principal sum for a fixed period of time, to be repaid by a certain date and with an interest calculated as percentage of the principal sum per year and other transaction costs (e.g. administration fees).

1.2.2 Mortgage

An energy mortgage is a mortgage that credits a home's energy efficiency in the home loan. For an energy efficient home, for example, it could mean giving the home buyer the ability to buy a higher quality home because of the lower monthly costs of heating and cooling the home. For homes in which the energy efficiency can be improved, this concept allows the money saved in monthly utility bills to finance energy improvements.

1.2.3 Energy Performance Contracting

An energy performance contracting (EPC) arrangement is an integrated contract in which a contracting partner (such as an Energy Service Company – ESCO) designs and implements energy conservation measures with a guaranteed level of energy performance for the duration of the contract. The energy savings are used to repay the upfront investment costs, after which the contract usually ends.

1.2.4 Leasing

Leasing is a way of obtaining the right to use an asset (rather than the possession of this asset). In many markets finance leasing can be used for EE equipment, even when the equipment lacks collateral value. Leasing companies, often bank subsidiaries, have experience with vendor finance programs and other forms of equipment finance that are analogous to EE⁵.

1.2.5 Crowdfunding and energy cooperatives

Crowdfunding is a term used to describe the collective effort made by a large number of individuals (investors) with the aim to pool funds together and support a project, cause, business idea or loan initiated by other people or organisations through an online web-based platform⁶. With annual growth rates exceeding 100%, crowdfunding has expanded exponentially over the last years, attracting the interest of professional financial institutions, institutional investors, venture capitalists and angel investors.

Energy cooperatives, on the other hand, rely on members in local communities to group together and support projects that would be difficult to get started otherwise. Energy cooperatives can cover small districts, entire cities, regions or even operate a variety of projects on a national level.

1.2.6 Equity

Equity financing refers to the acquisition of funds by issuing shares of common or preferred stock in anticipation of income from dividends and capital gain as the value of stock rises. It also

⁵ MacLean, J., *Mainstreaming Environmental finance Markets (I)*, 2008, Energy Efficiency Finance Corp.

⁶ Ordanini, A. et al. (2011) 'Crowd-funding: transforming customers into investors through innovative service platforms', *Journal of Service Management*, 22(4), pp. 443–470.

sometimes refers to the acquisition of equity in private unlisted companies or start-up companies.

1.3 Public-private funding

1.3.1 Soft/preferential loans

A soft or preferential loan is a loan that is given with a very low interest rate, below the market rate. In most cases, soft loans are handed out by governments for projects that fall under a priority policy or measure to be implemented.

1.3.2 Guarantees

Guarantees are a type of risk sharing mechanism where the guarantor (e.g. a public body) assumes a debt obligation should a borrower default. For limited or partial guarantees the guarantor is only liable for part of the outstanding balance at the time of default, usually defined as a fixed percentage.⁵

1.3.3 On-bill financing

“On-bill energy efficiency” is successfully implemented in the USA. It is a method of financing energy efficiency improvements that uses the utility bill as the repayment vehicle⁷.

1.3.4 Green Bonds

Bonds are tradable debt securities with repayment terms contractually set at issuance. This includes, for example, their maturity, interest rate and coupon. Green bonds differ from “conventional” bonds as they are generally subject to a monitoring system to track whether the funds raised have indeed enabled the initiatives expected to be financed.

1.4 Other mechanisms that promote the quality in sustainable renovations and involve the use of skilled professionals

1.4.1 Certification and pre-selection of contractors

Certification schemes present an effective mechanism for ensuring the quality of equipment and workmanship. Such schemes ensure that only equipment meeting specified standards of quality and efficiency is eligible for support. Energy auditors and equipment installers can also be covered by such schemes as a way of ensuring that suitably qualified individuals participate in the programme.

1.4.2 Technical assistance

The European Commission set up a series of facilities funding Project Development Assistance (PDA) to support public authorities and bodies in developing bankable sustainable energy projects. The European Local Energy Assistance (ELENA) facility, a joint initiative by the European Investment Bank (EIB) and the European Commission under the Horizon 2020 programme, provided grants for technical assistance on the implementation of energy efficiency, distributed renewable energy and urban transport programmes.

1.4.3 Energy efficiency insurance

Energy efficiency (or energy savings) insurance is an innovative product in which policies protect the installer or owner of an energy efficiency project from under-achievement of predicted

⁷ ACEEE. <https://www.aceee.org/toolkit/2020/02/bill-energy-efficiency>

energy savings. One of the main barriers of the energy efficiency investments in buildings is the uncertainty associated with risks in terms of the assets installed, the revenues resulting from the project, and the energy savings generated. Specialised insurance solutions are useful to scaling up energy efficiency investments and to remove these uncertainties.

1.4.4 Supporting development of local Sustainable Energy supply chain

Depending on the scope of a programme and its particular objectives, certain activities can be undertaken to support the development of the local Sustainable Energy supply chain. Actively involving local supply chain stakeholders can help maximise its impact in terms of generating local jobs and establishing a skills base that can support Sustainable Energy activities in the future, beyond the life of the original programme. Working within the framework of EU state aid and competition rules, activities can include engaging local businesses through communication events, directing support to raise awareness, developing skills and building networks.

2 INTERACTIONS AT COUNTRY LEVEL

2.1 STAKEHOLDERS CONTACTED

With a view of trying to implement some financial mechanisms considering EE-skilled professionals at national level, the BUSLeague project partners have contacted many entities and received 23 responses with relevant information that helps to understand the general context of each country.

As a result of the round of contacts with the stakeholders indicated below, minutes have been drawn up which cannot be published as they contain sensitive information and data. However, the findings and perceptions at the national level have been anonymised (in accordance with GDPR) and summarised in this chapter.

COUNTRY	Financial institutions	Public administrations	TOTAL
Austria	3	0	3
Bulgaria	3	1	4
France	0	2	2
Ireland	3	2	5
The Netherlands	3	0	3
Spain	4	2	6
TOTAL	16	7	23

Table 1: Key stakeholders consulted from which responses have been obtained.

2.2 PERCEPTIONS AT COUNTRY LEVEL

2.2.1 AUSTRIA

In Austria, six **banks and financial institutions** were contacted. Three of them returned our questionnaires, indicating that energy efficiency is important to them but that they do not explicitly consider the training and education of construction workers.

According to the information provided, the lending activities - especially in commercial and private (residential) construction - are subject to strict internal and regulatory requirements, which are reviewed on a case-by-case basis to ensure that they comply with legal and regulatory requirements. But the financial institutions do not consider the training of the professionals involved in the construction when providing loans.

One of them replied that in the course of their audits, they make sure that their customers - also in the construction industry - conduct their business activities with the necessary care and in a reputable manner. This must be supported by various documents (e.g., plans and energy performance certificate) which are then checked. This usually includes - especially in the commercial sector - a credit check of the professionals involved, as well as their activities (implementation of the work) for the previous three or four years.

For larger projects, there is also ongoing (partly external) construction control, in which construction progress and quality are assessed and documented in regular reports. Likewise, a final on-site inspection takes place after completion of the respective projects.

Assessing the training of professionals is not one of the core competencies of a financial institution, so they are not currently able to take this into account in this depth when granting loans.

On the other hand, Austria has a long tradition of **governmental support** in the form of building sector subsidies for both new construction and renovation activities. The subsidies address the type and quality of renovation to be performed, but they are not directly linked to professional qualifications.

2.2.2 BULGARIA

EnEffect contacted 4 entities including one bank, two financial consultants and one public authority. The following key learnings can be drawn from the discussions:

The topic of green financing, often referred to also as “greening of the portfolio”, is very attractive for representatives of the various financing institutions, mostly stimulated by the EU Taxonomy regulations and general policies and requirements of international banks headquarters, which is specifically important for commercial banks. In this regard, also supported by EU-financed projects such as SMARTER Finance for Families and BeSMART, EnEffect managed to establish relations with multiple financing institutions – both private and public, with relevant national authorities designing the relevant support programmes, as well as with financial consultants interested in promoting specialised products related to buildings’ energy efficiency.

While the interest in the topic is growing, it is obvious that banks and financial institutions have their own marketing agendas, which are not necessarily based on “green” and environmental issues, and largely lack understanding of basic concepts and terminology used by building sector experts. In addition, they do not have sufficient knowledge of the regulations and existing certification systems, which, combined with the lack of data for the market volumes of the different segments typical for the country, reduces the trust and, hence, the interest to engage in specific actions. This is why the establishment of stable relations and actual cooperation takes time, as mutual understanding has to be achieved via iterative meetings and collaborative events. In this regard, the involvement of financial consultants who are able to invest time in building their knowledge may prove to be very useful.

In general, it is considered that there is a rising interest for engagement in energy- and environment-related actions and programmes, but still, the assessment of the market volume is negative, the costs related to certification and verification of savings/performance are seen as prohibitive, and the existing specialised “green mortgage” programmes are seen only as PR tools, as a necessary response to similar actions by competitors, or as an instrument to address taxonomy regulations, without the appreciation that concentrated effort in this area can lead to stable profits and increased market share. In this regard, specific attention must be paid to the national Energy Performance Certification (EPC) regulations, which define the high costs of certification and demotivate financing bodies from further action.

With reference to the **banks**, the key learnings can be summarised as follows:

- Banks are generally not informed regarding the market of energy efficient buildings and the different types of certifications. Even if there is information gathered in certain

departments or individual experts, it is not equally spread among all decision makers and the process takes a lot of time.

- Banks are not informed on the national regulations and data about buildings, and get discouraged when they see the existing inconsistencies.
- Even in this situation, banks are reluctant to use other systems rather than the national certification systems; at the same time, they are not willing to include the costs for monitoring and evaluation (especially in the case of retrofitting) in the cost of the loan.
- Banks do not yet appreciate energy efficiency, comfort and environmental performance as a decisive factor for end users.
- Banks in Bulgaria still think that broader environmental performance criteria are too complicated and prefer to stick to energy efficiency certification only.
- The regulatory pressure is a factor, but not yet a decisive one; however, competition with other banks stimulates action.
- Best practice examples are important. They drive the decision-making process further.
- Banks can understand the importance of quality construction services and skills but are not willing to complicate the assessment process.

With reference to **financial consultants**, the key learnings can be summarised as follows:

- There is a different level of understanding among the different experts in the consultants' team, and building relationships is a slow process.
- Data availability and market size estimation are key barriers to convince the banking sector to invest in specialised products.
- The national policies in specific sectors (e.g., multifamily buildings) are counterproductive.
- The interest in Environmental, Social, and Governance (ESG) consultation is rising and there will definitely be space for interventions in the building sector, but it cannot be forecasted when exactly.
- Incremental costs for energy consultations, assessment and evaluation are a barrier.
- Schemes requiring qualification and skills criteria or broader environmental parameters rather than only energy performance are most probably applicable in the tertiary sector only in case of foreign investors, but they already use established certifications such as BREEAM or LEED and are anyway able to negotiate improved conditions for financing.

2.2.3 FRANCE

Created in 2011, the "**Recognised Environmental Guarantor, RGE label (Reconnu Garant de l'Environnement)**" is awarded by the public authorities to building professionals committed to a quality approach. This label, a voluntary scheme, targets several types of professionals and is available to craftsmen and companies specialising in energy renovation work, the installation of equipment using renewable energy sources and energy performance studies (thermal diagnosis, energy audit, architectural projects with bioclimatic design, etc.).



To obtain an RGE qualification certificate, a company must designate a person in its teams to be the “energy performance referent”. This person will have to successfully pass an exam in energy renovation or in the installation of equipment in renewable energies and be able to transmit his/her knowledge. In order to be RGE certified, professionals must:

- Choose a qualification organization;
- Follow the training courses indicated by the competent body. This must be done by the RGE referent or several people within the company;
- Put together a qualification file and apply to a qualification body, which ensures that all the requirements are met and carries out a survey on a sample of its customers;
- Obtain a RGE approval (within approximately 6 weeks) from the qualification body's decision-making committee. It is valid for 4 years but is verified by annual controls. New companies that have no experience but meet all the requirements can benefit from a shorter qualification, between 2 and 3 years, called "probationary".

In addition, professionals must demonstrate their ability to carry out specific tasks such as the installation of boilers, solar-powered heating, hot water supply equipment or thermal insulation.

The "RGE label" has three main objectives:

- To help building professionals acquire new skills;
- To enable individuals and contracting authorities to identify the most competent professionals;
- To establish environmental quality eligibility criteria as a pre-condition for all grant applications for public financial support.

RGE label allows professionals to promote their expertise and to be listed on various websites aimed at individuals. In addition, obtaining the RGE label allows professionals to increase their skills in their field of activity, as it encourages them to train for it. For customers, the RGE label represents a guarantee of quality that allows them to identify the most competent professionals.

The **RGE label ensures the eco-conditionality of energy renovation grants**. Indeed, the RGE label is issued only for the most efficient energy renovation work, and to service providers who carry out quality work. It thus ensures that financial aid is directed towards work that really improves the energy efficiency of buildings. Several grants require professionals with the RGE label, such as [MaPrimeRénov'](#) and [l'éco-prêt à taux zéro \(éco-PTZ\)](#).

AVE has been in contact with two public entities that are committed to the massive renovation of old housing and the fight against fuel poverty in its region. Both have put in place financial initiatives including the "RGE label" as a requirement. The main advantages observed are the following:

- Supporting business and jobs amongst regional construction professionals:
 - by increasing solvent demand for energy efficiency measures.
 - by playing the role of facilitator and the third party of choice, ensuring the quality of works undertaken for beneficiary households.
- Supporting sector professionals as they broaden their expertise and their ability to innovate to attain a sufficient degree of energy performance in renovated buildings.
- Turning energy savings, so financial savings, achieved through its energy renovation operations, into a resource enabling owner households to repay the advance granted, the key to this being a substantial reduction in final energy consumption of 40 to 75%.

The main benefits for labelled companies are:

- Easy access to work sites.
- Guaranteed and secure payment: quick payment, no risk of non-payment.
- Large work envelope: financing solutions for all projects and for everyone.
- Partnership with a local/regional public service: information on grants and training opportunities.

However, because of a lack of information, advice, or simply for financial reasons, it is rarely easy for individuals to take action. They do not know where to turn and seem to be at a loss when faced with the complexity of a renovation project: where to start, who to contact, which companies are RGE, how to finance, how to be sure to receive financial support, etc.

Some recent financial products were born from this observation. To address these issues, the system offers technical support to make it easier for individuals to take action, and a financial solution that solves the issue of investment to start the work.

This is why the role of "advisor or specialised accompanying person" emerged. Sometimes it is even compulsory to count on this "advisor" to obtain the grant. The "advisor" is a professional who is in charge of helping individuals with their energy renovation projects.

Through their support, the system should help accelerate and expand energy renovation work on buildings and thus save energy by lowering the heating bills of the region's inhabitants, while creating jobs in the local construction industry.

2.2.4 IRELAND

The Irish Green Building Council (IGBC) contacted two **public bodies** to see if energy efficiency skills requirements could be integrated as part of public procurement and/or publicly funded grants for energy renovation at national level.

The IGBC has also called for this approach in a number of policy submissions -e.g., their submission on the Climate Action Plan 2023 and their [pre-budget 2023 submission](#), and as part of its Roadmap to decarbonize Ireland's built environment, [Building a Net Zero Ireland - See recommendations I.1.23 and I.1.26](#).

During BUSLeague, the Sustainable Energy Authority of Ireland (SEAI) introduced a Register of [Technical Renovation Advisors](#) for some of its grant programmes. Currently this Register does not apply to all publicly funded grants, so IGBC is suggesting expanding the role and competency of SEAI's technical advisors for all funded projects – as per BUSLeague recommendations.

With reference to the **banks**, IGBC contacted three of them and the key learnings can be summarised as follows:

- Developing relationships with banks/financial institutions takes time, you need to identify the right person and speak the right language.
- You need to make it easy for banks to assess building professionals and construction workers who have upskilled in energy efficiency. Banks don't have the time/expertise to assess these skills, hence the need to use certification, including green building certifications which already cover skills, such as the [Home Performance Index \(HPI\)](#).
- Green mortgages / retrofit loans may be an option, but you need to understand where a financial institution is at and think outside the box. Other options, such as lower interest development loans for developers should be explored too.

As of January 2023, two Irish financial institutions, the Allied Irish Bank (AIB) and Home Building Finance Ireland (HBFI), are offering low interest development loans for projects certified under the [Home Performance Index \(HPI\)](#). The HPI certification allows them to rapidly identify building professionals and construction workers who have upskilled in energy efficiency.

The [Home Performance Index \(HPI\)](#) is Ireland's national certification for sustainable residential developments. Among other things, HPI encourages upskilling by mandating that the construction team engages in continuous professional development and extra points are given if the construction team undertakes NZEB training⁸. Further information on the HPI skills requirements can be [found here](#). Over 20,000 homes are already registered for HPI certifications.

The Home Performance Index (HPI) is Ireland's first national voluntary certification system for quality and sustainable residential development.



These products are **AIB's 'Sustainable Communities' loan** and **Home Building Finance Ireland's (HBFI) green loan** product. AIB's 'Sustainable Communities' loan includes a 10 basis points (bps) price incentive to customers who achieve HPI certification or equivalent, while the HBFI offers a discount of up to 0.5% on loans to homebuilders for developments certified with the HPI.

How does the AIB's Sustainable Communities' loan work: Where AIB offers loan terms to a development group two margins will be quoted. The developer can then choose to take the lower margin if they want to develop their new homes to HPI standard. There is no minimum margin and no maximum loan size so all developers can avail of the Sustainable Communities loan offering with AIB's return being lower if they choose to do so.

The project Design Team is responsible for ensuring the development continues in line with the required HPI standards and they will confirm this as part of the monthly AIB drawdown process through the Assigned Certifier. This will be confirmed to the Bank by the Bank Monitor in writing in their monthly reports. The loan documentation will incorporate the Sustainable Communities loan terms such that the 10 basis points (bps) margin reduction will be discontinued should the developer stop developing to HPI standards.

How does the HBFI loan work: The HBFI's green loan product offers a discount of up to 0.5% on loans to homebuilders for developments certified with the Home Performance Index (HPI) certification. The HBFI Green Funding Product was the first Irish green financial product fully aligned to the Paris Agreement and EU taxonomy regulations. In order to qualify for the discounted product, all residential projects must be certified to the HPI standard.

⁸ The current version of the technical manual is available at [HPI-Technical-Manual-v3.0.pdf \(homeperformanceindex.ie\)](#)

2.2.5 THE NETHERLANDS

ISSO has contacted 3 entities including two banks and one investment fund.

With reference to the **banks**, the key learnings can be summarised as follows:

- When interest rates are low, there is no room for lowering the rates, to simulate the use of recognised workforce.
- The mechanism of lowering risks by the use of recognised craftsmen is acknowledged.
- Banks look at each other: what are the other banks doing? This leads to a sector that is hard to change.
- Banks focus on their own topics, for example: legislation, rules about mortgages, and financial aspects. This means that topics such as the technical aspects of energy transition and the related skills are not on their mind.
- Banks are risk-averse organisations.
- In The Netherlands, banks must deal with strong legislation that is hard to change. This means that changes can only be made for general topics, for example: after a lot of years the energy label can be taken into consideration when offering a mortgage.
- Risks are a key component in the calculations of insurance companies. As a follow-up of the contacts with the financial institutions, it's also a good idea to contact the insurance providers.

These key findings were gathered in talks about loans and mortgages for buildings (especially dwellings).

Referring to the **investment fund**, the key learnings can be summarised as follows:

- The good discussions and the openness to the topic of recognised skills are based on the focus of the fund: it is developed to make the technical actions for energy savings from the performance guarantee programme possible.
- For projects funded by the investment fund, the use of recognised workforce is also an instrument to reduce the financial risks for the investment fund.
- The principle of the performance guarantees asks for the involvement of a lot of parties. This makes the development of projects a bit more difficult. On the other hand, because the contractors have a leading role, the technical part is involved from the start of the project. This helps for a technically good project with reasonable energy savings.
- The topic of well-trained people is also discussed for the principle of the guaranteed energy performance itself (because the use of the investment fund is not needed for the guaranteed energy performance projects; the fund is set up to make projects that have no external funding possible):
 - for all projects: using well-trained people at the contractor lowers the risk for the contractor who gives the guarantee on the technical performance to reach the guaranteed energy performance. The contractor would do well to ask for recognised workforce in the contracts with the subcontractors.
 - the point above is included in the trainings for the parties who will offer the guaranteed energy performance concepts.

The key findings with the investment fund were gathered in discussions about an investment fund for projects to deeply renovate the energy systems of buildings, including a performance guarantee. **Performance guarantee is a strong driver to ask attention for the skills of the workers who realise the renovation.**

2.2.6 SPAIN

The Valencia Institute of Building (IVE) contacted four **financial entities**, trying to approach both entities whose business model is that of traditional banking and new entities of a more innovative nature, one of them for offering financing to homeowners' associations and another one for working with crowdlending (crowdfunding for loans). All the entities contacted have interest and/or experience in financing energy retrofitting interventions and have collaborated in activities related to building retrofitting in the framework of other projects/initiatives.

Of the four entities contacted, half of them claim to take into account the qualification of the professionals carrying out the works for which they provide funding, mainly by considering the **experience of the technicians/professionals involved in such works**. Practically all the entities state that the financial mechanisms they offer could include the qualification of the professionals as a requirement for accessing them. Although they are not clear on how this qualification should be considered they consider that the **qualification requirement should be voluntary** so as not to discourage applicants for these green financial mechanisms. None of the financial institutions contacted was able to propose new mechanisms capable of recognising the qualification of professionals or an innovative way of integrating such recognition into existing financial mechanisms.

In Spain, several **public administrations** are financing actions aimed at the energy renovation of buildings, usually through **grants or soft loans**. The entities consulted do not consider the qualification of the professionals as a mandatory requirement to access these subsidies although they fully agree that it is a very important aspect that improves the quality of the work carried out. In order to include the qualification of professionals in the financial mechanisms, public administrations need powerful initiatives related to the recognition of the professionals such as **certifications (of persons or companies), professional registers, or skills passports**.

These initiatives require a high level of investment as they must be “designed”, marketed, and managed. In many cases, public administrations prefer to **rely on existing initiatives aligned with their interests, preferably "official"**, i.e., involving public bodies, associations, or non-profit organisations. In fact, many initiatives of this type arise after being requested or suggested by the administration itself after detecting a need.

Another aspect to bear in mind is the fair role that public bodies should play, favouring **free competition in the labour market**, and trying not to limit the opportunities of the different companies (in this case, dedicated to the training, certification and/or recognition of professionals). For this reason, administrations usually prefer to indicate general characteristics that a course or certification must meet (e.g., duration, competences and requirements) rather than specifying a certain course or certification (which would favour one company over another).

In the conversations held in Spain, it is concluded that the short-term strategy to promote the qualification of professionals would be to support existing initiatives in training, certification, and recognition, which **should be voluntary but not compulsory, obtaining “extra points”** for their holders. In any case, voluntary certifications, and registers, as long as they are based on rigorous procedures, supervised, periodically renewable, etc., are already positive in themselves, as they offer lists of professionals to citizens, who increasingly demand higher quality services.

This is the case of the **“Register CHC”** created by IVE with the support of the Valencia Regional Government (GVA) in January 2022 during BUSLeague. It is a **recognition scheme** where citizens can find accessible, transparent, and free information through a website managed by IVE and supervised by GVA, which reinforces public confidence and trust. The “Register CHC” contains the following three areas:

- Buildings
- Companies & professionals
- Products

Professionals or companies may register in the “Register CHC” as long as they meet the requirements set out in the area (detailed protocols are in place). In line with the objectives of the BUSLeague project, the **“Companies and professionals” area includes requirements about the skills and experience of professionals**. In general, their registration will be reviewed and renewed every 3 years. Complaints from citizens will be investigated and may result in the removal of the professional or company from the “Register CHC”.

Moreover, the Register CHC currently includes two categories related to grants awarded by GVA in force (IEE and Next Generation). In both categories, there are linked courses as professionals must pass an “aptitude test”. It is not compulsory to be in the Register CHC to apply for these grants, but it is highly recommended by GVA.



During BUSLeague **two financial mechanisms have been fine-tuned to consider the qualification of professionals, the so-called “IEE” and “Next Generation” grants**. Through the Register CHC these mechanisms already count 80 professionals (in the case of the IEE) and 40 professionals (in the case of Next Generation), but the number of registered professionals will continue to increase progressively.

Financial mechanism: “IEE” grants

The Valencian regional government (GVA) grants subsidies for carrying out the IEE report.

- What is the IEE report?

The IEE is an evaluation report for residential buildings, required by the Valencia Regional Government (GVA) and compulsory for buildings over 50 years old. It describes the constructive characteristics of the building related to its conservation, architectonic accessibility, and energy efficiency. Its objective is to point out the constructive, functional, safety or habitability deficiencies detected, in order to warn about them and provide guidance on the necessary measures to maintain the building in an adequate state.

- Who carries out the IEE report?

An architect or engineer.

- Is training compulsory?

No, it is not, but GVA supports trainings co-organised by the architects' and engineers' associations and IVE.

- Is there a register of IEE professionals? Is it compulsory?

Yes, there is a [“Register for IEE professionals”](#) (as part of the Register CHC*). It is not compulsory, but it is recommended. Professionals must pass an exam to join the Register. This Register was created in February 2022 during BUSLeague and currently has more than 80 registered professionals.



Financial mechanism: “Next Generation” EU Funds

The Valencian regional government manages the "Next Generation" funds granted by the European Union.

- What are the European "Next Generation" funds?

The European Council created the "Next Generation" programme in 2020 to stimulate the economy after the crisis caused by the coronavirus. In order to benefit from this financial instrument, Spain presented the "Recovery, Transformation and Resilience Plan" (PRTR) in 2021, which established a specific line of investment aimed at housing rehabilitation and urban regeneration. In Spain, regional governments are responsible for awarding these subsidies to promote rehabilitation.

- Is there a "Register of Rehabilitation Managers"? Is it compulsory?

Yes, the Valencian regional government (GVA) created a "Register of Rehabilitation Managers" which is compulsory for professionals (individuals or companies) applying for "Next Generation" subsidies.

- Is training compulsory?

No, the register considers the experience of professionals, but training is not compulsory.

- Are skilled professionals recognized?

Yes, the Valencian regional government supports training organised by IVE. It is not compulsory, but it is recommended. Professionals must pass an exam to join a premium [“Register of skilled](#)



[Rehabilitation Managers](#)” (as part of the Register CHC*). This Register was created in April 2022 during BUSLeague and currently has more than 40 registered professionals.

The screenshot shows the website interface for 'Especialistas en la gestión de la rehabilitación'. At the top right, there are logos for 'GENERALITAT VALENCIANA' and 'IVE'. A navigation menu includes 'REGISTRO CHC', 'Edificios y espacios urbanos', 'Empresas y profesionales', 'Materiales y productos', and 'Contacto'. The main heading is 'Especialistas en la gestión de la rehabilitación'. Below this, there is a 'Requisitos' section with a sub-link 'Inscripción y mantenimiento'. A paragraph explains that the category offers a list of professionals and companies that have voluntarily registered and meet the quality criteria. It mentions that members are listed as 'Agentes o Gestores de la Rehabilitación' to access Next Generation funds. At the bottom, there are links for 'Protocolo', 'Prueba de Aptitud', and 'Formulario de Inscripción' (with sub-links for 'PERSONA FISICA' and 'PERSONA JURIDICA'). The footer features the 'REGISTRO CHC' logo and the text 'Empresas y profesionales'.

3 CONCLUSIONS

Although it is increasingly common to find financial products and services under the consideration of environmental factors to promote environmentally responsible investments and stimulate low-carbon technologies, projects, industries and businesses, in practice there are very few schemes that require professionals skilled or qualified beyond the minimal national requirements.

Financial bodies incentivising building owners to improve the energy efficiency of their buildings or acquire an already energy efficient property by way of preferential financing conditions, need a methodology to be applied since they do not have sufficient knowledge of the regulations and existing certification systems.

Therefore, existing labels, certifications and tools can help to establish environmental quality eligibility criteria as a pre-condition for subsidies such as the “Register CHC” in Spain, the “RGE label” in France, the “Register of Technical Renovation Advisors” in Ireland or the “Home Performance Index (HPI)” certification in Ireland.

Thanks to this type of actions, during BUSLeague four financial mechanisms have been influenced, two of them managed by Irish financial institutions, AIB and HBFI, and the other two by a public entity in Spain, the Generalitat Valenciana:

- “HBFI’s green loan”. For more information, see chapter 2.2.4.
- “Sustainable Communities” loan. For more information, see chapter 2.2.4.
- “IEE” grants. For more information, see chapter 2.2.6.
- “Next Generation” EU Funds. For more information, see chapter 2.2.6.

Beyond these achievements, as a result of the interactions between BUSLeague partners with financial entities and public administrations, we list some ideas and lessons learned that we believe are useful to understand the general context of green finance and the inclusion of clauses related to the qualification of professionals:

- Because of a lack of information, advice, or simply for financial reasons, it is rarely easy for individuals to take action.
- Systems offering an "advisor or specialised accompanying person" makes it easier for individuals to take action.
- “Advisors” help accelerate and expand energy renovation work on buildings and thus save energy by lowering the heating bills of the region's inhabitants, while creating jobs in the local construction industry.
- “Advisors” ensure the success of the grant request and represent a time saving for the owners.
- The interest in the topic of green financing is growing.
- Sustainability is a key feature of today's global corporate culture.
- Banks do not have sufficient knowledge of the regulations and existing certification systems.
- Lack of understanding of basic concepts and terminology used by building sector experts.
- Lack of data for the market volumes of the different segments typical for the country.
- The establishment of stable relations and actual cooperation takes time.
- The involvement of financial consultants who can invest time in building their knowledge may prove to be very useful.

- Both financial institutions and public administrations have a rising interest for engagement in energy- and environment-related actions and programmes.
- The costs related to certification and verification of savings/performance are often seen as prohibitive.
- Green financial mechanisms are seen as a necessary response to similar actions by competitors.
- Green financial mechanisms are seen as an instrument to address taxonomy regulations.
- EU taxonomy will help companies and investors make more informed green choices.
- Banks do not sufficiently appreciate that green financial mechanisms can lead to stable profits and increase market share.
- High costs associated with certification and verification of the achieved savings.
- Without proper monitoring and evaluation, the schemes could be compromised.
- Unwillingness of banks to cover additional costs.
- Regulatory pressure is a factor, but not yet a decisive one.
- Competition with other banks may stimulate action.
- Best practice examples are very important, and they drive the decision-making process further.
- Banks can understand the importance of quality construction services and skills but are not willing to complicate the assessment process.
- Bank audits usually check legal issues, the reputation of the companies, and sometimes the work carried out during the last 3 or 4 years but not the qualifications of their workers.
- Distrust in the reliability of the EPCs and the actual performance of the buildings.
- Available financing products are a marketing tool and do not really target market share.
- Potential for improvement and diversification in the financing products offered by banks.
- Data availability and market size estimation are key barriers to convince the banking sector to invest in specialised products.
- Schemes requiring qualification and skills criteria are most probably applicable in the tertiary sector.
- Identify the right person, speak the right language, and understand the concepts of the financing mechanisms.
- Working with a financial consultant may help with the messaging and in identifying the right people.
- Make it easy for banks to assess building professionals and construction workers who have upskilled in energy efficiency.
- Banks don't have the time/expertise to assess the skills of professionals, hence the need to use certification.
- Understand what products the bank currently has on offer and come up with something that does not compete with their own products.
- Be strategic when trying to contact the banks.
- Introducing skill requirements for contractors could be resource intensive and leave open to criticisms and legal challenges.
- Introducing skill requirements for construction workers could slow down the delivery of energy renovation.
- Existing labels, certifications and tools can help to establish environmental quality eligibility criteria as a pre-condition for subsidies.
- Connecting labels to financial products will ultimately benefit labelled professionals.



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