

## CROSS COUNTRY LAB

**SMART FINANCING SOLUTIONS FOR ENERGY EFFICIENCY**

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## ABOUT THE CROSS-COUNTRY LAB

The Cross-Country Lab on **Smart Financing Solutions for Energy Efficiency** was organised within the framework of the SMAFIN Expanded project during the **Central and Eastern European Energy Efficiency Forum (C4E)** in Cavtat, Croatia in **May 2025**.

The Cross-Country Lab brought together policy makers, representatives of European institutions, financial institutions, public authorities, technical experts, and project developers from Central and Eastern Europe. Discussions focused on the combination of public and private financing to support energy efficiency investments, with particular attention to residential building renovation.

The exchange allowed comparison of policy approaches, financing models, and implementation practices across countries and supported the identification of solutions with potential relevance beyond national contexts.

## WHY SMART FINANCING FOR ENERGY EFFICIENCY MATTERS

- Achieving EU climate and energy objectives requires a significant acceleration of renovation rates and increased investment volumes.
- EU and national public funding instruments play a crucial role, but public budgets alone are not sufficient to meet investment needs.
- Participants noted that the main challenge lies not in the absence of funding, but in the effective mobilisation of private capital and the removal of persistent barriers.
- Public funding was discussed as a strategic tool to:
  - de-risk investments,
  - improve project bankability,
  - stimulate demand,
  - support long-term and sustainable financing frameworks.

## KEY TOPICS DISCUSSED

### LEVERAGING PUBLIC FUNDING TO MOBILISE PRIVATE INVESTMENTS

Grants, guarantees, and interest rate subsidies were identified as instruments that should maximise leverage effects. Blended finance schemes combining public and private resources were highlighted as effective tools to address bank risk aversion and support underfinanced market segments, particularly in residential renovation.

### ONE-STOP SHOPS AS INTEGRATED DELIVERY MECHANISMS

One Stop Shops are key components of effective renovation financing ecosystems. Integrated technical, administrative, and financial support reduces complexity for end users and improves access to finance. Long-term sustainability requires stable institutional frameworks, long-term funding arrangements, and cooperation with municipalities and financial institutions.

### MAKING ENERGY EFFICIENCY FINANCE ATTRACTIVE FOR BANKS

Standardised products, predictable cash flows, and reduced transaction costs are necessary to support the expansion of energy efficiency lending. Guarantees and risk-sharing mechanisms mitigate credit risk and support the scaling up of bank financing for energy efficiency investments.

### ENSURING EQUITY AND SOCIAL INCLUSION

Equity considerations require income-based grant intensity, targeted support for vulnerable households, and, where appropriate, full financing solutions. Without dedicated mechanisms and technical assistance, vulnerable groups risk exclusion from renovation programmes.

## WHAT PARTICIPANTS HIGHLIGHTED – INSIGHTS FROM THE AUDIENCE

### WHAT MOTIVATES HOMEOWNERS

- Comfort and health are the strongest non-financial drivers for home renovation, ranking higher than climate concerns or potential increases in property value.
- Communication strategies should also focus on everyday benefits and quality of life.

### WHAT BANKS NEED TO SCALE UP INVESTMENTS

- Clear returns on investment and strong, predictable demand pipelines are essential conditions for increasing energy efficiency lending.
- Public guarantees function as a key de-risking tool, particularly in markets characterised by fragmented demand and small project sizes.

### WHAT BLOCKS DEMAND FROM HOUSEHOLDS

The main barriers preventing homeowners from using available financing tools include:

- lack of technical support,
- complex administrative procedures,
- limited trust in available solutions.

Access to finance, therefore, requires complementary advisory services and simplified processes throughout the renovation process.

## KEY TAKEAWAYS FROM THE CROSS-COUNTRY LAB

- ✓ Public funding is most effective when used to leverage and de-risk private investment, rather than as a standalone instrument.
- ✓ Blended finance models combining grants, loans, and guarantees can address both supply, and demand-side barriers.
- ✓ One-Stop Shops play an important role in connecting households with financing instruments through integrated support.
- ✓ Non-financial drivers such as comfort and health are decisive factors for homeowners and should be reflected in policy design and communication.
- ✓ Guarantees, standardisation, and technical risk assessment tools support the attractiveness of energy efficiency investments for banks.
- ✓ Dedicated mechanisms and technical assistance are required to ensure inclusive access to renovation finance for vulnerable households.

## RELEVANCE FOR POLICY-MAKERS AND STAKEHOLDERS

- Many challenges related to energy efficiency financing are shared across countries, regardless of institutional or market context.
- Effective scaling up depends on alignment between policy design, financial instruments, and delivery mechanisms.

**The outcomes contribute to the objectives of SMAFIN Expanded and support evidence-based approaches to sustainable and inclusive energy efficiency financing across Europe.**

