Case Study Updated
April 2025

Energy Savings in Existing Housing Programme

Greece

European Commission

European Investment Bank

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Table of contents

Executive summary

1.1 Scope of the case study update

The fi-compass case study on the Energy Savings on Existing Housing Programme in Greece (the programme, also called Exoikonomo)[1] described the financial instrument with 2007-2013 European Regional Development Fund (ERDF) resources aimed to address the lack of private investment to fund energy efficiency projects in residential buildings. The current case study is an update of the above-mentioned case study, including all developments and adaptations of the programme, showing how the support continued through a successor programme with 2014-2020 ERDF resources. The programme provided partially subsidised loans combined with non-repayable grants in two separate operations to support these investments. This case study update also provides a first insight into the next programme with 2021-2027 ERDF resources.

1.2 Final results of the 2007-2013 programme

The programme was initially established in 2010 for the 2007-2013 programming period in a holding fund structure to achieve the objectives of four regional Operational Programmes (OPs) and two sectoral OPs[2]. The loan-grant combination in two seperate operations was provided to final recipients through four financial intermediaries acting as a 'one-stop-shop'. The objectives were to:

- Facilitate energy upgrade of a great number of households;
- Attract to the programme of low-income households, by providing stronger incentives to them;
- Achieve the energy savings and thus the reduction of imports of oil, natural gas, etc.; and
- Increase in turnover for the construction industry with subsequent micro- and macroeconomic effects.

Indicatively, the allowed interventions were:

- Installing thermal insulation in the building shell, including the roof;
- Replacement of frames and glasses of windows (glass panels); and
- Upgrade of the heating and hot water system.

The economic crisis that severely hit Greece during that period resulted in faster absorption of the OP commitments allocated to grants and lower utilisation of the loan component. As a result, the grant component from an initial budget of EUR 155 million was increased to EUR 307 million, while the revolving fund from a budgeted EUR 241 million was decreased to EUR 101 million. Due to this flexibility between the grant and loan component the final expenditure was with EUR 408 million very close to the budgeted EUR 396 million, highlighting the successful adaptation of the financial instrument during the economic crisis. This adaptation procedure provided the basis for the next financial instrument to be introduced for the 2014-2020 programming period, aiming at higher energy savings in an unfavourable micro- and macroeconomic environment.

1 https://www.fi-compass.eu/library/case-studies/energy-savings-existing-housing-programme-greece.
2 OPs 'Competitiveness and Entrepreneurship', 'Environment and Sustainable Development', 'Attica', 'Macedonia – Thrace', 'Crete and Aegean Islands', 'Thessaly – Mainland Greece – Epirus'.

2014-2020 ERDF Energy Saving in Existing Housing Programme, Greece

THE FINANCIAL INSTRUMENT

Funding source
OPs 'Competitiveness and Entrepreneurship', 'Environment and Sustainable Development', 'Attica', 'Macedonia – Thrace', 'Crete and Aegean Islands', 'Thessaly – Mainland Greece – Epirus', and private funding

Type of financial products
Loans combined with grants in a single operation

Financial size
EUR 896 million, of which 567 EUR million from ERDF, EUR 117 million from national resources, nd EUR 212 million from private resources (financial intermediaries) for the financial instrument

Thematic focus
Energy efficiency and renewable energy in single family and and multi-apartment residential buildings

Timing
2014-2023

Partners involved
Managing authority
Ministry of Development
Responsible authority
Ministry of Environment and Energy
Holding fund manager
Hellenic Development Bank (HDB)
Banks providing the underlying loans
National Bank of Greece, Alpha Bank, Eurobank, Piraeus Bank, Attica Bank, Pancreta Bank, Coopeartive Bank of Epirus, Cooperative Bank of Thessaly, Cooperative Bank of Karditsa, Cooperative Bank of Chania

ACHIEVEMENTS

Absorption rate
100% of the ERDF resources

EU leverage
1.58 times

Reflows
The funds returned to the instrument as well as the interest, as certified by the Investment Committee, were re-used for energy-saving actions according to the statutory purposes and procedures of the holding fund manager (HDB).

Main results
91 345 households had been renovated since the launch. Annual primary energy savings were 2 805.7 kWh with cost per saving (€/kWh) at 0.57

02 Design and set-up of the 2014-2020 financial instrument

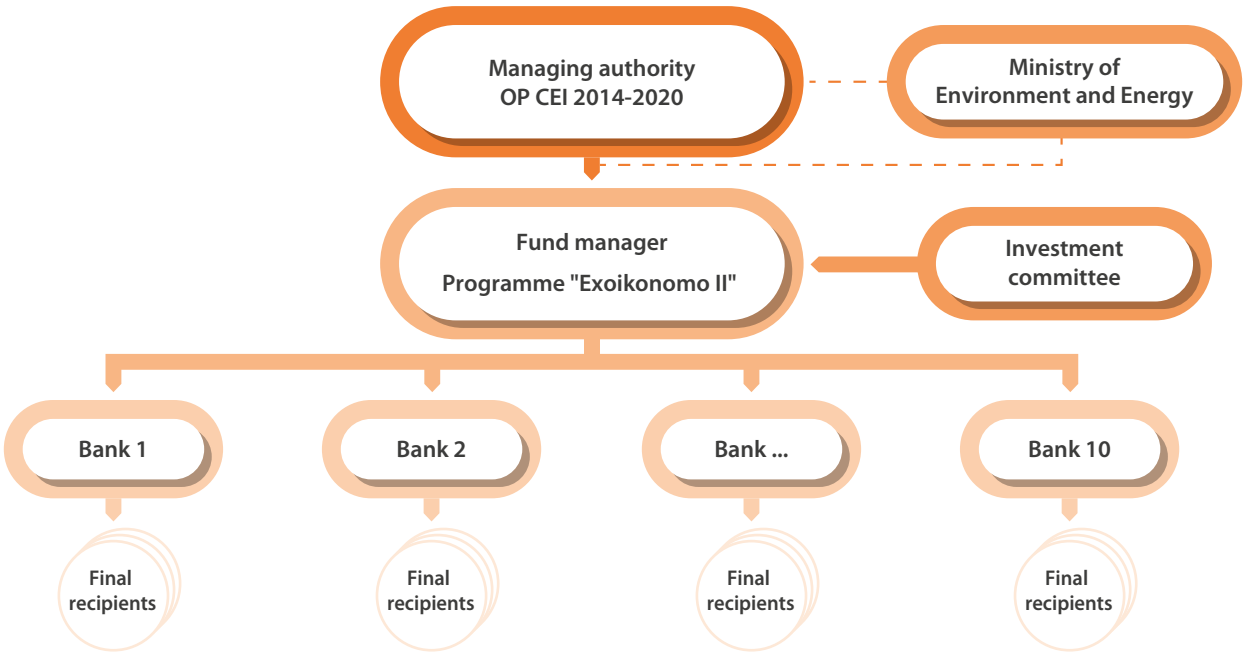
2.1 Design and set-up

The original case study described how the Ministry of Environment and Energy, which was the managing authority (MA) of the OP 'Environment – Sustainable Development' 2007–2013, in cooperation with the Ministry of Development and Competitiveness, the managing authority of the OP 'Competitiveness and Entrepreneurship' 2007–2013 acted quickly to establish a successor financial instrument (Exoikonomo II) with 2014-2020 ERDF resources. To ensure continuity between the programmes the previous financial instrument was extended until 2017 with a total additional budget of EUR 130 million (loans: EUR 44.5 million and grants: EUR 85.5 million). The case study accentuated the need for a new financial instrument with a loan-grant combination with more resources as the micro- and macroeconomic environment was fragile and the lack of private investment was still the case.

The new financial instrument initiated the evaluation of submissions by a central body, while the loan evaluation remained the responsibility of each participating bank. Moreover, in the 2014-2020 period besides the four major banks, i.e. Alpha Bank, Eurobank, NBG and Piraeus Bank, six additional commercial and cooperative banks participated. This difference has enabled an even easier access to finance by interested individuals.

2.2 Governance structure

The governance structure implemented for the 2014-2020 programming period is presented below and included ten participating banks, compared to four banks in the first generation of the programme with 2007-2013 ERDF resources.



03 Implementation of the 2014-2020 financial instrument

3.1 Experience from the 2007-2013 programme

A necessary condition for inclusion in the new programme was the performance of an energy inspection by an engineer/energy inspector, who were independent experts and members of the Technical Chamber of Greece and were chosen by lottery. They issued the required Energy Performance Certificate (EPC) which was part of the application that had to be submitted online. The experience from the previous programming period accentuated the need to streamline the procedures as the submission of paper documents, the difficulties of communication between the different bodies involved, the absence of an integrated IT system for all parties involved, the problematic coordination for blocks of residential flats to apply jointly, the household ownership issues and the often delayed flow of funds from the national contribution necessitated a different design for the 2014-2020 period.

3.2 Key features of the 2014-2020 programme

The key features of the 2014-2020 programme were as follows - based on experiences and lessons learnt from the 1st generation of the programme:

- Eligible residency was a single family house, an apartment building as well as an individual apartment;
- A residence, to be considered eligible, had to be used as a main residence, therefore holiday residencies were excluded, and the residences needed to be owned by natural persons;
- Compensation of the cost of the two energy inspections/audits were covered 100% by the programme;
- The property's owner participation was granted, if requested, in the form of loans under particularly favourable terms and the duration of the loan was 4-6 years, 100% interest subsidy, 0% mortgage lien, but a personal guarantee could be required;
- Payment of suppliers/contractors through banks, without the involvement of the homeowner; and
- Compensation of the project consultants' fee.

Indicatively, the allowed interventions were:

- Upgrade of solar water heater systems, heat pumps, etc.;
- Replacement of frames and glass of windows; and
- Installing insulation in the whole building.

However, there were ceilings on cost coverage for each of the above-described interventions.

3.3 Conditions of participation in the 2014-2020 programme

The conditions have altered from the previous programming period as it targeted the participation of a greater number of households, higher energy savings and stronger incentives to attract low-income households from the previous programme. Therefore, the following criteria were adopted:

- The final recipient has a right of ownership (full or fractional) in an eligible residence;
- The final recipient meets the income criteria of the table below, in which the grant percentages are reflected respectively; and
- Each prospective final recipient may submit only one application. Applications for multiple properties by the same person are permitted if the additional applications are related to multi-dwelling.

The table below presents the maximum subsidy ceilings applied for the seven income categories.

Table 1: Maximum subsidy % for the seven income categories.

Category	Personal income (€)	Family income (€)	Subsidy (%)	Increase per child (%)	Maximum subsidy (%)
1	Up to 10 000	Up to 20 000	60	5	70
2	> 10 000 up to 15 000	> 20 000 up to 25 000	50	5	70
3	> 15 000 up to 20 000	> 25 000 up to 30 000	40	5	70
4	> 20 000 up to 25 000	> 30 000 up to 35 000	35	5	70
5	> 25 000 up to 30 000	> 35 000 up to 40 000	30	5	50
6	> 30 000 up to 35 000	> 40 000 up to 45 000	25	5	50
7	> 35 000 up to 40 000	> 45 000 up to 50 000	0	0	0

3.4 Main differences between the 2007-2013 and 2014-2020 programmes

The main differences were:

- A management information system (MIS) platform, created and administered by the managing authority, for the submission/evaluation of applications to eliminate paperwork, enabling also better communication between the different parties involved;
- The increase of the top eligible expenditure limit eligible for subsidy, from EUR 15 000 to EUR 25 000 aiming at higher energy savings from the financed intervention;
- Improved classification of income categories (seven categories instead of three) aiming at additional help for low-income households with this graduation, as these households lacked the financial means for energy improvements without a substantial grant component;
- Increased energy target (40% of energy savings for the categories 1-2, and 70% for the categories 3-7), mainly to achieve higher energy savings for the relatively wealthier households;
- Loan is optional in case the homeowner could have the funds available for his own participation (loan obligatory only for category seven as an additional incentive for the achievement of higher energy savings);
- Reduction of management cost per application making it more accessible; and
- Evaluation of submissions by a central body (evaluation of loan by banks) in order to streamline the process.

The MIS platform besides the above-described better communication between all parties involved and the centralised evaluation of submissions has also improved grant management. The MIS platform had an automated contact with the information systems of all ten participating banks and any organisational change had to be agreed with the banks to be able to reflect it in their IT systems. Moreover, the involvement of the Hellenic Development Bank as counterparty for the participating banks, was facilitated by the MIS platform. However, the whole set-up ultimately burdened the progress of the programme with delays. More specifically, the IT systems of the participating banks and the managing authority were interconnected creating a dependency between all, the managing authority and the banks. The development costs of the platform were eventually covered by the managing authority as administrative expenses. On the other side and despite the described difficulties the direct interconnection has enabled the continuation of the programme and the loans and grant combination in a single operation that otherwise might have been practically impossible.

The key element for the success of the 2014-2020 programme despite the economic crisis, the COVID-19 pandemic and all other challenges in the macroeconomic environment, was a flexibility in the design of the financial instrument regarding the grant and the loan component, as well as the aforementioned increase of the budget for the individual projects, i.e., from EUR 15 000 to EUR 25 000, made the programme attractive to a wider number of households. The new financial instrument due to the wider range of targeted energy efficiency investments, made the absorption more time consuming and posed a challenge for their timely completion. According to data available from the managing authority the absorption rate up to end February 2023 was below 50% and therefore an extension was granted.

3.5 Promotional campaign

The programme has utilised a number of means to increase awareness initiating a number of TV/radio/internet campaigns, banners on all participating bank's websites that provided a link the internet platform of the programme, information leaflets and posters, among others. This was an obligation for all participating banks and it helped significantly to raise awareness and gain additional publicity. The programme's presence became evident both during visits to bank premises and on their websites, where a banner remained constantly visible. Additionally, many energy consultants, enterprises selling materials needed for the energy savings (e.g. frames) and building companies made also an extensive advertising campaign and were required by the managing authority to provide clear reference to the programme and an internet link to the internet page of the programme. The MIS platform to which all internet promotional campaigns had a link to, provided all information needed. The radio campaign, predominantly initiated by the energy consultants and enterprises selling relevant materials has also been effective in promoting the programme particularly outside the major urban centres.

All the above described actions and promotional campaigns, i.e. from the managing authority, the participating banks, the energy consultants, the enterprises involved made the programme well known all over Greece and improved energy efficiency awareness to citizens and had succeded, as evidenced by the utilisation of the programme, despite an often non accomodating macro and micro-economic environment.

04 New support programmes with various resources

At the moment of publication of this case study update in April 2025, there are two additional/complimentary programmes, targeting energy efficiency in companies: One programme for companies predominantly in the tertiary sector (budget EUR 177 million) and another one for SMEs financing the purchase of heating pumps and/or photovoltaic panels and/or smart meters (budget EUR 106 million). Other programmes are under discussion.

The new Energy Savings on Existing Housing Programme in Greece has a budget amounting to EUR 550 million approximately, as the final amount may slightly vary according to the demand, and is financed by national resources and reflows from previous ERDF co-financed financial instruments. From this budget, an amount of EUR 178 million is assigned to tackle energy poverty. Moreover, another EUR 560 million have been allocated from the Recovery and Resilience Facility (RRF) for renewable energy sources in self-consumption within the framework of the EU-wide RePowerEU initiative. This initiative provides also for energy upgrading in homes which will be designed similarly to the already existing programme, however, not utilising ERDF resources but RRF ones.

Moreover, after the above-described success of the financial instruments in the previous two programming periods the managing authority aims to move forward with this financial instruments which was redesigned to accommodate the current priorities. The aim is not only to attract an increasing number of households but also to achieve higher energy savings per household unit. In this context, the target is for a three-class energy upgrade, or a minimum of B energy class level with an eligible level of EUR 25 000 investment, including subsidies and other sources. This is a significant upgrade from the initial financial instrument in the 2007-2013 programming period and a step up from the 2014-2020 programming period in terms of a) the investment amount (EUR 15 000), and b) the required upgrade, i.e. minimum one energy class or alternatively the annual primary energy saving should have been greater than 30% in the 2007-2013 period, and by 40% or 70%, depending on the income category, in the 2014-2020 period. The objective of the financial instrument in the 2021–2027 programming period is to appeal not only to lower-income households but also to those in higher income brackets, as highlighted by the structure described above. This structure also entails the participation of wealthier households, for example, in financing heat pumps and other more costly and sophisticated renovations.

In this context, the Ministry of Environment and Energy examines various scenarios of structural changes, aiming to simplify the programme and accelerate procedures.

Indicatively, the allowed interventions are:

- Replacement of frames and glass windows;
- Heating/cooling system upgrade;
- Installing insulation in the whole building;
- Hot water system using Renewable Energy Sources;
- Smart home management system; and
- Heating pumps and any other intervention that could result to the required energy savings.

It is evidenced from the financed energy savings that more sophisticated investments are promoted than previously to achieve the desired energy savings. The Ministry of Environment and Energy is launching a new programme as part of the RePowerEU initiative with a simplified income categorisation (two categories instead of seven before).

05 Conclusion

The Energy Savings in Existing Housing Programme in Greece has gone a long way since it was first introduced in 2010. The initial aim was to attract as many households as possible, providing incentives for the households in the lower income bracket with modest energy savings requirements. Since the programme was launched, the micro- and macroeconomic environment deteriorated rapidly, resulting in faster absorption of the Operational Programme commitments allocated to grants and lower utilisation of the loan component. However, the managing authority was able to adjust the amounts of the loan and grant components and enabled the programme to remain active and effectively addressed a significant challenge regarding its utilisation during that period.

As the economic environment gradually improved, the targets for energy savings have increased as well as the available amount per household, i.e., from EUR 15 000 to EUR 25 000, and the financing of more sophisticated interventions like heating pumps was included. The new challenge was to expand the profile of the programme making it attractive to higher income level households without losing its appeal to low-income households. The steady evolution of the financed energy efficiency investments, as well as the adaptation of the support according to the income brackets, by combining grants with subsidised loans in a single operation per household, has helped addressing this challenge. However, the absorption has declined in the 2014-2020 programming period and an extension was granted for the payment of approved expenses.

A key factor in the success of the financial instrument was the management of grants by the participating banks. This was made possible by the introduction of the MIS platform, which interconnected the managing authority, the participating banks and the final recipients. The platform's setup was complex and its launch required considerable time. Its introduction also led to additional costs for the participating banks, as they had to adapt their IT systems to integrate the platform and ensure their IT systems are adapted to process all requirements related to managing the grant and loan components. Despite these initial challenges, the direct interconnection via the MIS platform significantly contributed to the effective implementation of the programme by facilitating the practical implementation processes. Maintaining the flow of information and connectivity was challenging but ultimately achievable, as the managing authority agreed to cover the associated administrative costs of the participating banks, while the banks showed both commitment and effort in adapting to the programme's requirements.

The key message for the successful implementation of an financial instrument with a grant and loan component is that all parties involved should work closely together and have compatible information systems, while there must be a level of adaptability between the grant and the loan component enabling it to respond to the realities of the micro- and marcoeconomic environment.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