

The role for IFI in the Czech Renovation Strategy

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What is the scope of the challenge?

	Single-family houses	Multi-family houses
No of houses	1.55m	200k
Already renovated (est.)	25%	40%
Unrenovated	1.2m	120k
Investment need	CZK 800-1200 bn	CZK 300-500 bn
Savings	60-100 PJ	30-50 PJ

- Total investment need for renovation of residential building stock: CZK 900-1700 bn
- This means approx. CZK 40-50 bn (~EUR 2bn) per annum for 30-40 years.
- Consistent with EUR 100bn p.a. across EU (CZ is 2% of EU)

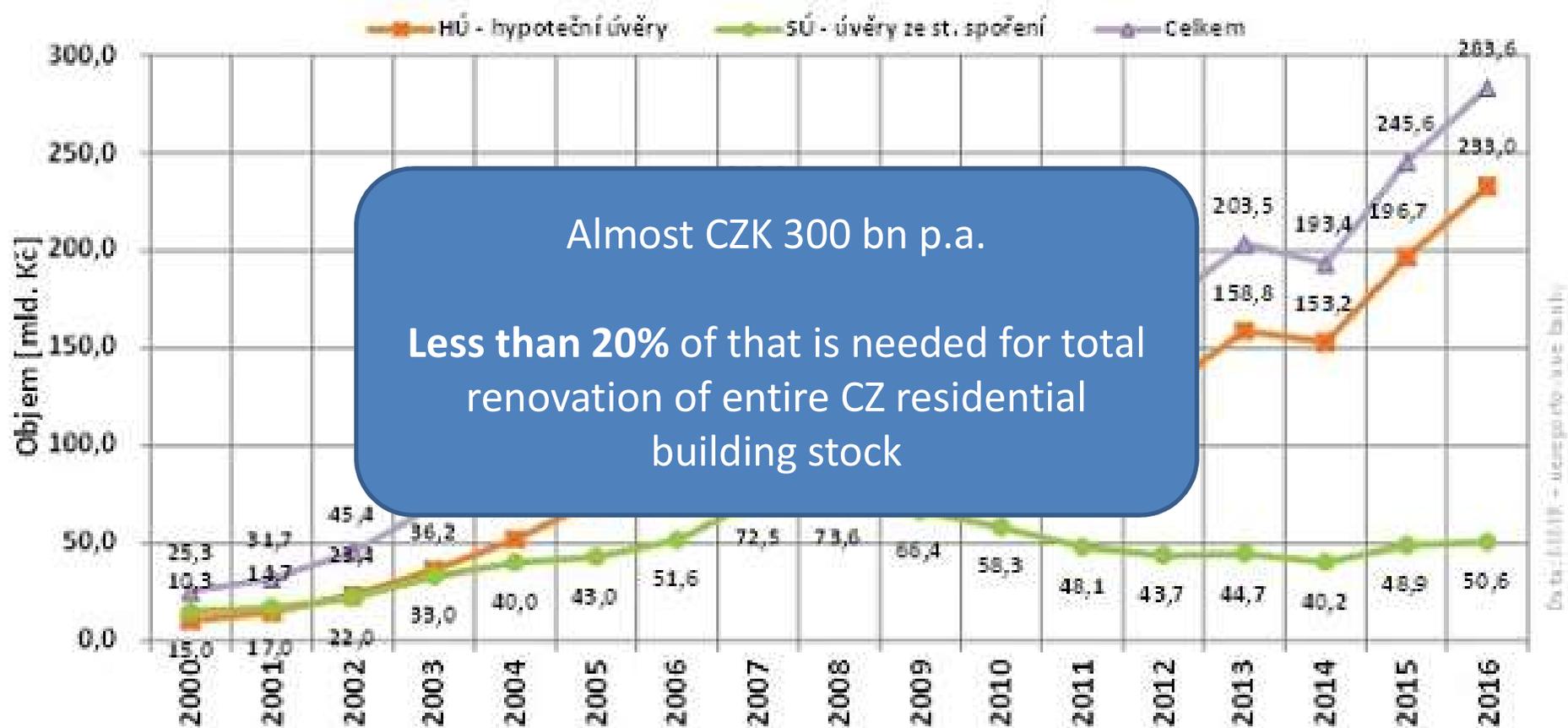
Scale of renovation programs

	Single-family houses	Multi-family houses	
Program	Green Savings (EU ETS revenues)	Integrated Regio OP (ESIF)	
Investment need p.a.	~ CZK 30bn	~ CZK 15 bn	
Allocation p.a. till 2020	~ CZK 4bn	~ 3,5bn	
Performance in 2016	~ CZK 2 bn	<CZK 0,5 bn	
Avg. multiplier	3x (subsidy 33%)	2,5x (subsidy 40%)	
Problem No. 1	Volume needs to double ASAP	Volume needs to increase 8x ASAP	Better design of program
Problem No. 2	Leverage must increase 2,5x	Leverage must double	Financial Instruments

Financial instruments are the second-order priority to improving the existing programs ASAP

How big is the housing finance market?

Dlouhodobý vývoj financování bydlení v ČR



Almost CZK 300 bn p.a.
Less than 20% of that is needed for total renovation of entire CZ residential building stock

Progress so far...

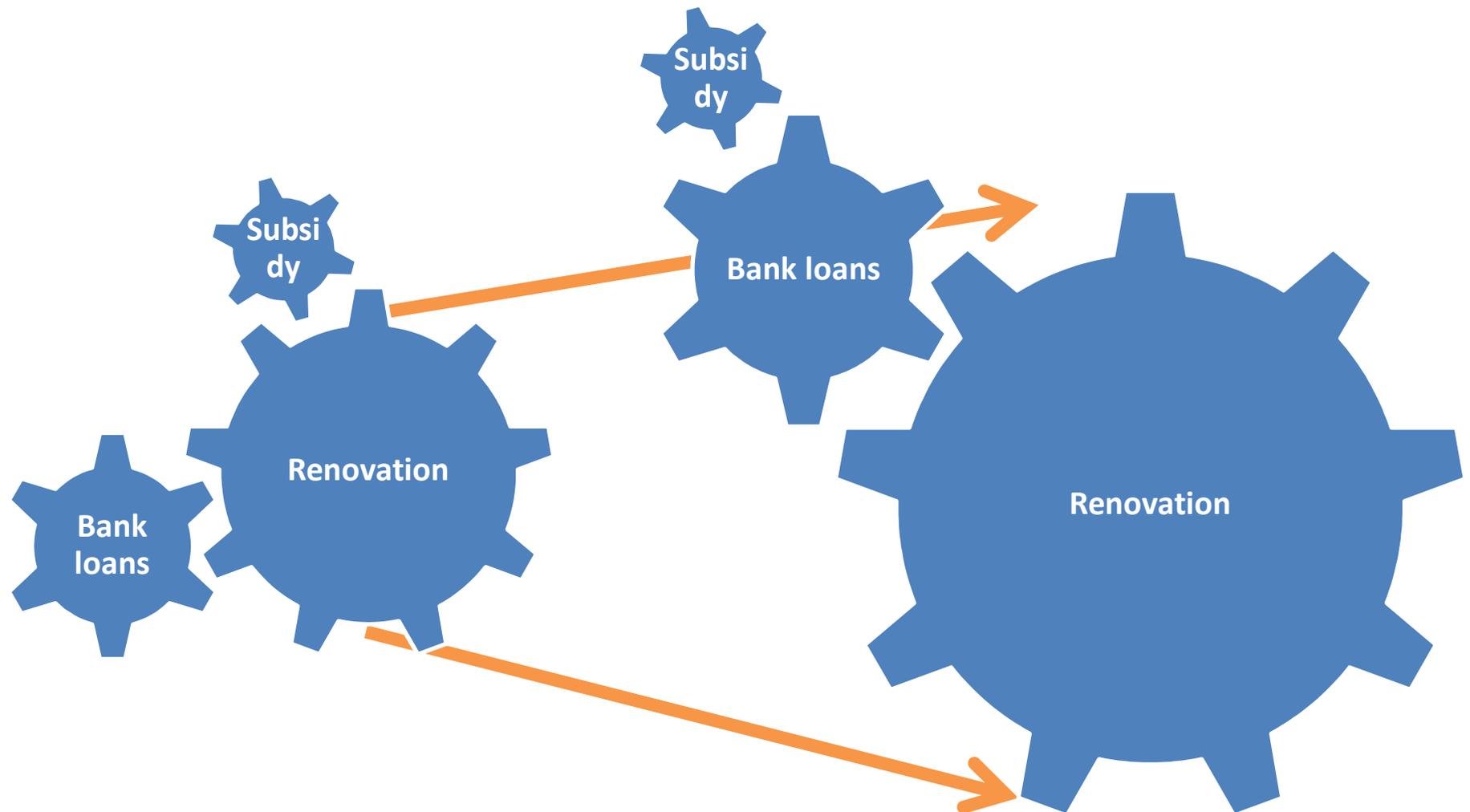
PLUSES

- Potential to use Czech development bank (CMZRB) which has knowledge and experience (notably in SME sector)
- Pro-active leadership and openness of some Ministries (notably Environment) – communication with banks ongoing

MINUSES

- Renovation programs for different building types scattered across several Ministries (cf. German KfW)
- Government undecided on how to approach IFI (centralized or not)
- Lack of leadership by Ministry of Finance (cf. Slovakia)
- Overall lack of understanding what IFI mean and should do

Today and tomorrow?



Questions?

- How to make government agencies and officials understand, that they should treat subsidy applicants as clients (and that banks already do)?
- Should it be the role of state to provide preferential loans and collect repayments (thus crowding out private capital)?
- How to explain to banks that they should be paying more attention to what the state is doing and find common grounds?