



»»» KfW domestic promotional
programmes for energy efficiency:

Key elements and success factors

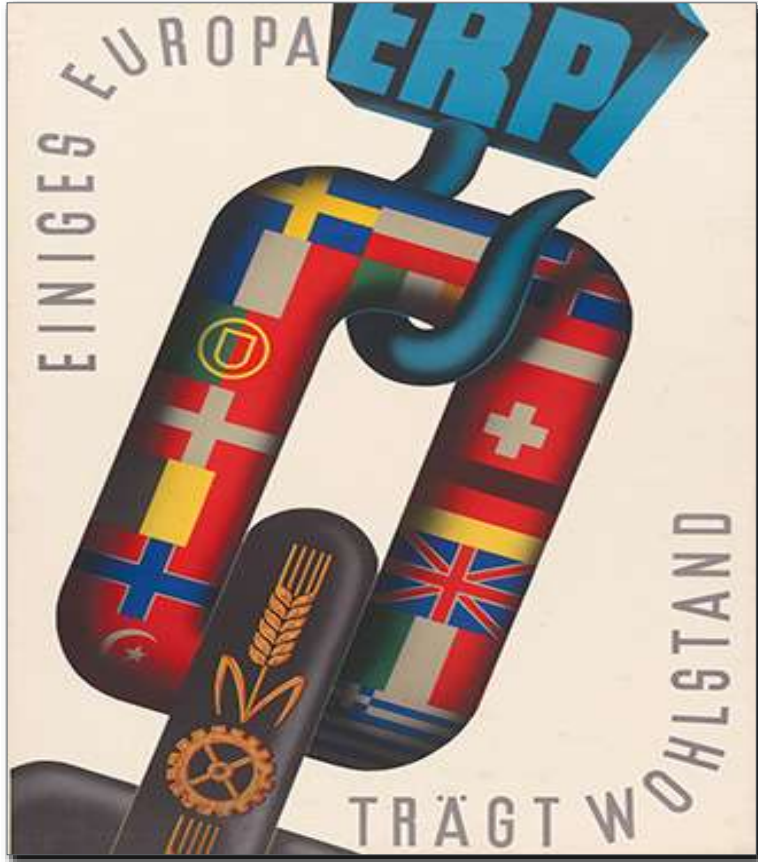
Dominik Bach
Senior Policy Officer
KfW Liaison Office to the EU
Brussels and Tallinn, 10.09.2020

Bank aus Verantwortung

KFW

More than 70 years of KfW

Financing with a public mission



- Promotional bank of the Federal Republic of Germany
- Established in 1948 as Kreditanstalt für Wiederaufbau
- Shareholders: 80% Federal Republic, 20% federal states
- Headquarters: Frankfurt am Main
Branches: Berlin, Bonn and Cologne
- Representative offices: about 80 offices and representations worldwide
- Balance sheet total 2019: EUR 506.0 billion
- Financing volume 2019: EUR 77.3 billion
- 6,705 employees (2019) ¹
- Best long-term rating: Aaa/AAA/AAA

1) The average number of employees including temporary staff but without members of the Executive Board and trainees

>>> KfW – Domestic and international promotion

Business Sectors: Financing and supporting sustainable change at home and abroad

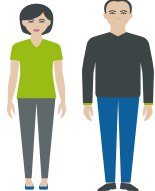


We promote Germany

SMEs



Retail customers



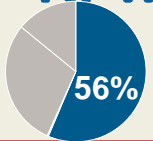
Municipalities



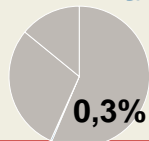
Start-ups



KfW



KfW CAPITAL

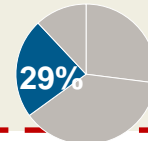


We support the German and the European economy

National / International export and project finance



KfW IPEX-Bank

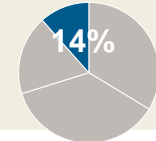


We finance development

Developing and emerging countries



KfW DEG



»»» Facing challenges from megatrends



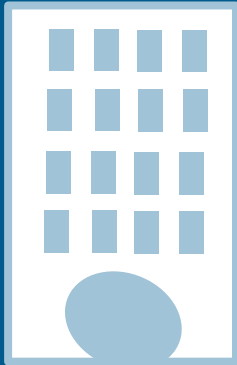
Climate change and the environment, globalisation, digitalisation and social change – we face great challenges today. KfW is one of the world's leading promotional banks. It applies its decades of experience on behalf of the Federal Government and the federal states to improve the economic, social and ecological living conditions around the world.

Domestic promotion

Promotional figures in 2019

370,000

energy-efficient housing units



Housing promotion safeguards around

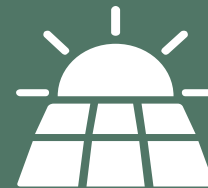
515,000

jobs in skilled crafts and suppliers



2,180

municipal projects for public infrastructure financed



7.9
bn

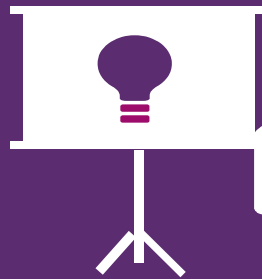
euros for expanding renewables and energy efficiency for corporate costumers



43

Bn €

total commitments



37,000

start-ups and SMEs supported

155m

euros for venture capital



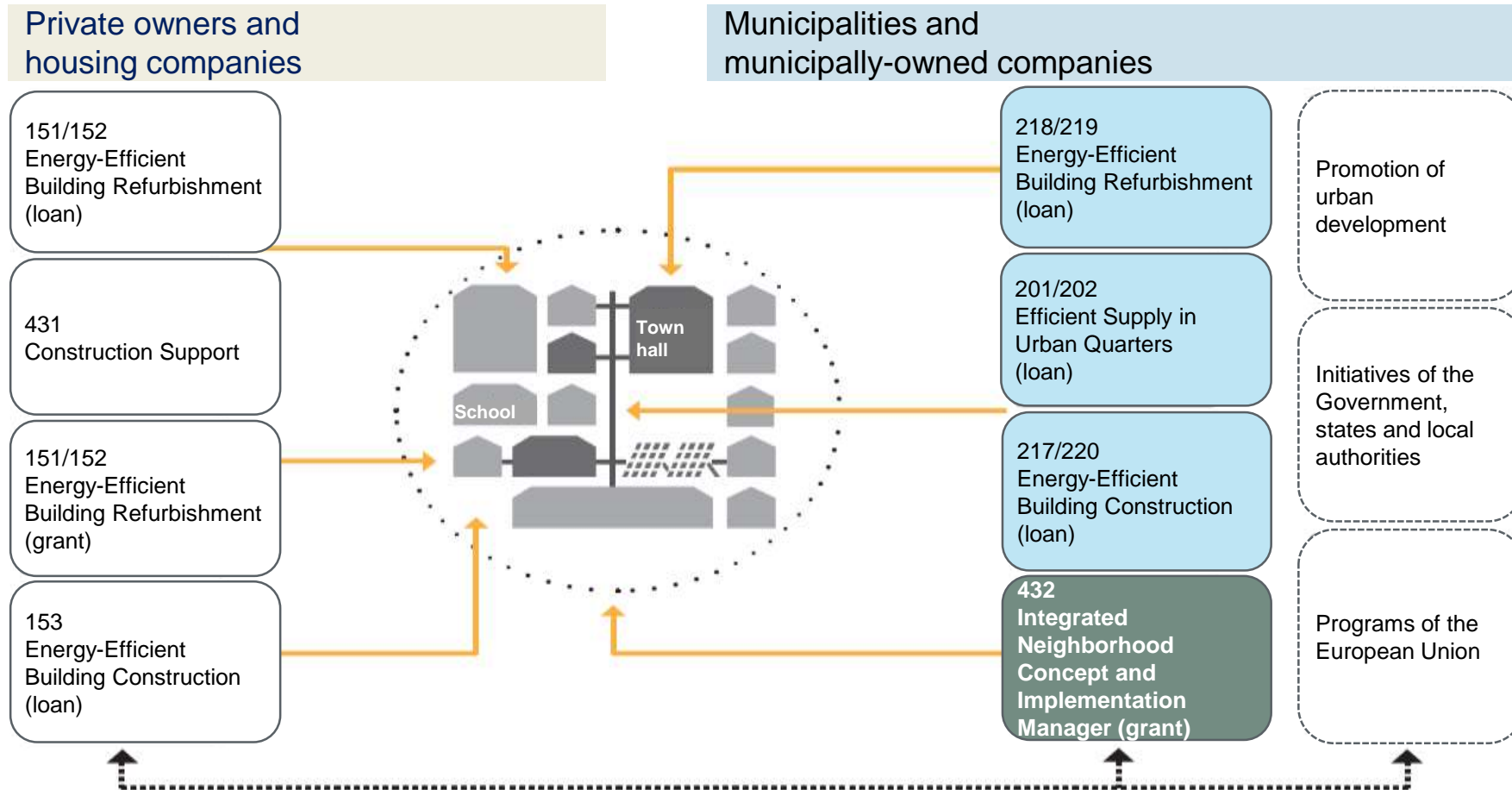
Studies or training and education of

83,000 people



KfW promotional programmes for EE follow a holistic approach

Grants as well as promotional loans or the combination of both are needed for best results



»»» Domestic promotional products for energy efficiency in buildings

Energy efficient construction and refurbishment

The efficiency house principle – simplification and standardisation as a success factors

Main requirement

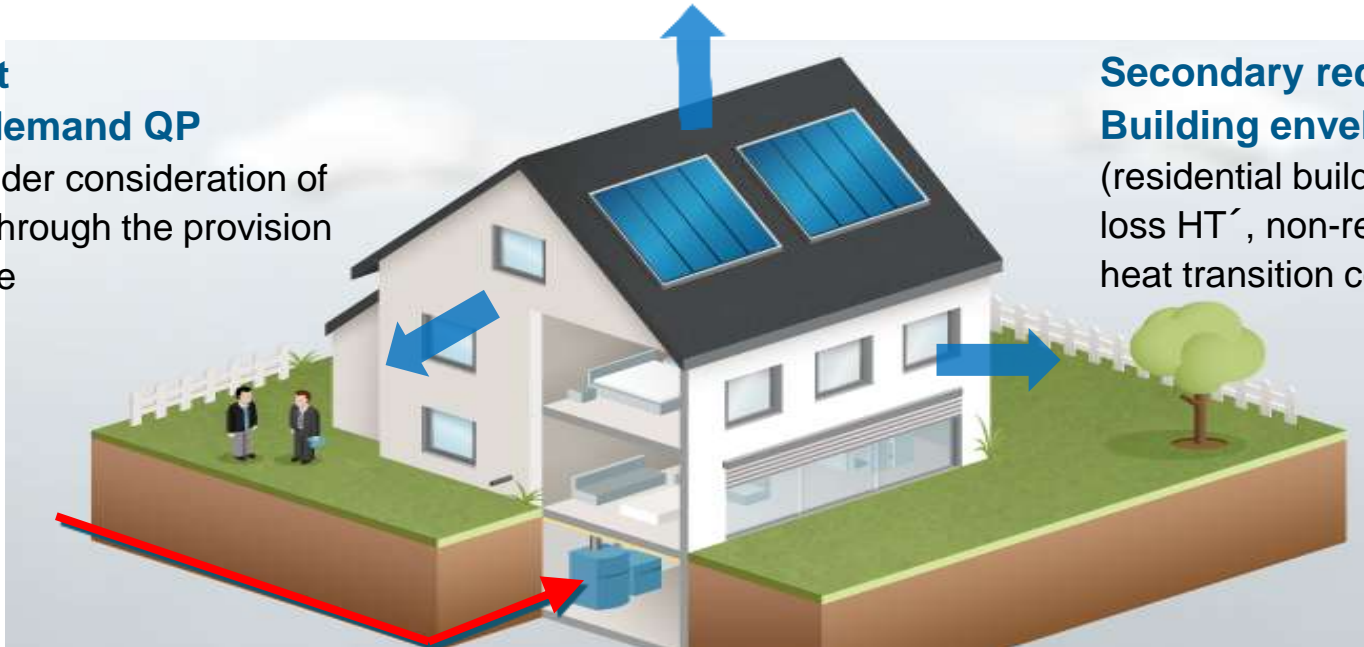
Primary energy demand QP

(energy required under consideration of all losses incurred through the provision of the energy source)

Secondary requirement

Building envelope

(residential buildings: transmission heat loss HT' , non-residential buildings: mean heat transition coefficient)



The KfW efficiency house represents a low level of energy consumption and is based on the German building code (transposition of the EPBD)



Set-up Energy-efficient Construction

Standardisation in practice – and combination of grants and loans as success factors

Promotional Level based on the Energy-efficiency regulation	Annual Primary Energy Demand (Q_p)	Transmission Heat Loss (H_T)	Loan-scheme	
KfW-Efficiency House 40 Plus	40 %	55 %	Interest Rate 0,75% p.a. effektiv *	Partial debt relief 25 %
KfW-Efficiency House 40	40 %	55 %		20 %
KfW-Efficiency House 55	55 %	70 %		15 %
EnEV 2014 (1.1.2016)	75 %	100 %		
Reference Building EnEV 2014	100 %	100 %		

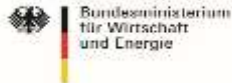
Technical requirements

Maximum promotional amount EUR 120' p housing unit

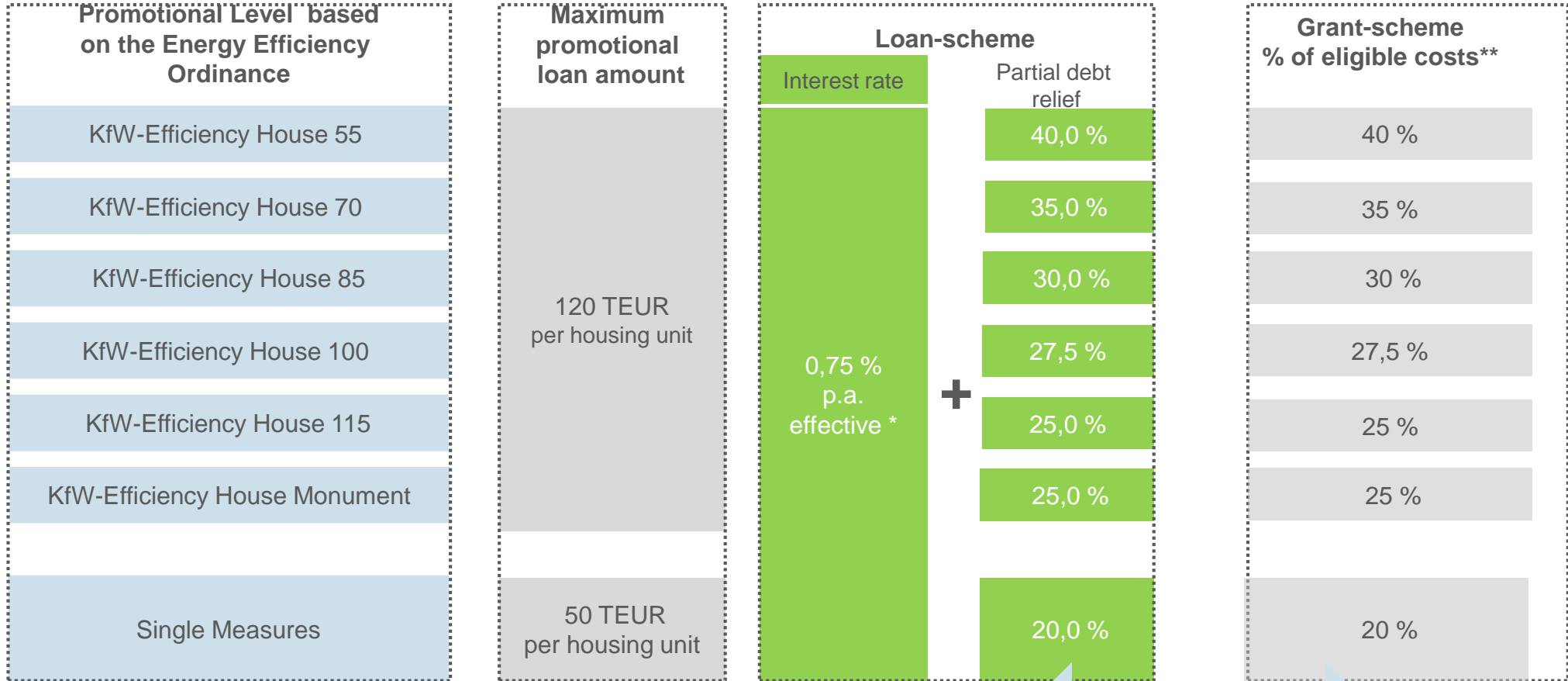
(as % of the requirements defined for the Reference Building)

* As per 02/200; all maturities

GeFördert durch:



Set-up Energy Efficient Refurbishment – meeting customers' needs as a success factor (EH and single measures)



Private customers have the choice

* As per February 2020; ** based on maximum corresponding loan amount

Energy Efficient Refurbishment - Loans

Current conditions – long maturities and high flexibility as success factors

0,75 % p.a.
eff.*

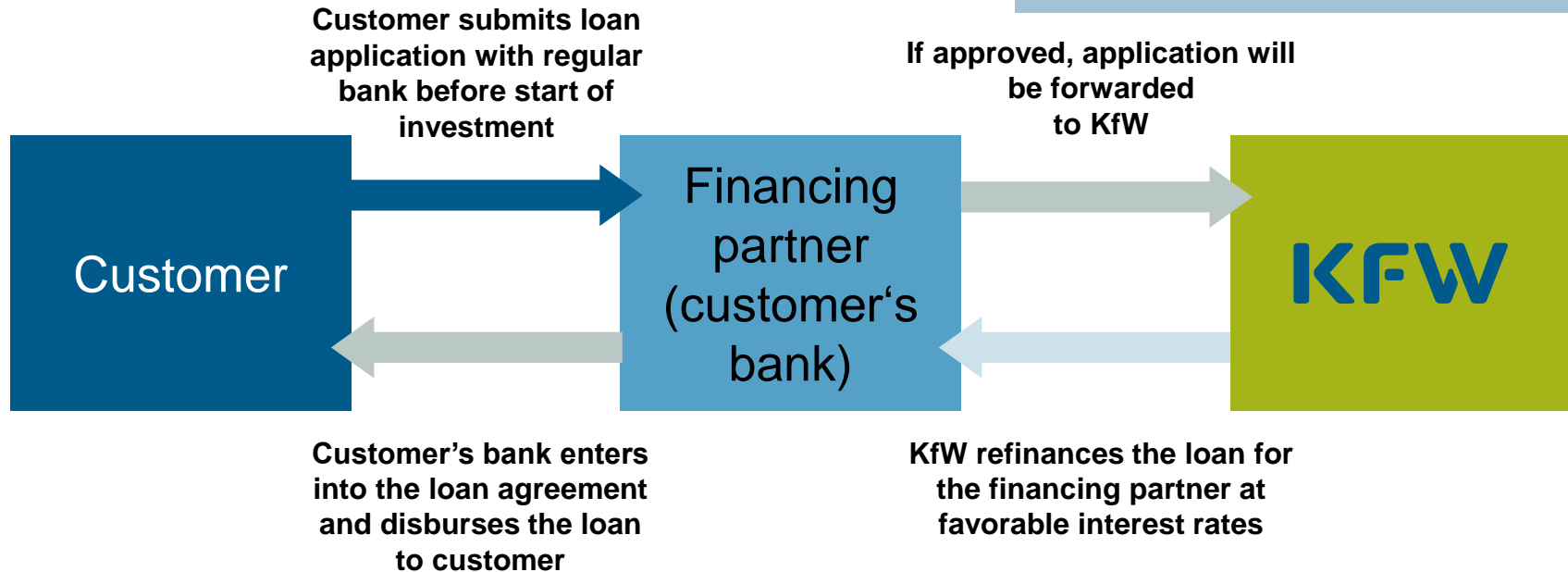
loan	maximum loan amount:	> 50.000 EUR (single m.) bzw. 120.000 EUR (efficiency house) per housing unit
	tenor:	> up to 30 years
	fixed interest rate:	> 10 years
	amortisation free years:	> 1 to max. 5 years
	Abruffrist:	> 12 months, extendible up to 24 months
	commitment fee:	> 12 months free, 0,15 % p. month thereafter
	early repayment:	> possible; early repayment fee
	combination:	> eligible to combine with other promotional products
grant	efficiency House (EH):	> 25 bis 40 % of eligible cost (max. 48.000€ / housing unit)
	single measures (EM):	> 20 % of eligible cost (max. 10.000€ / housing unit)

* Per 02/2020, all maturities

On-lending Principle – A Successful Business Model

Maximising possible outreach as a success factor

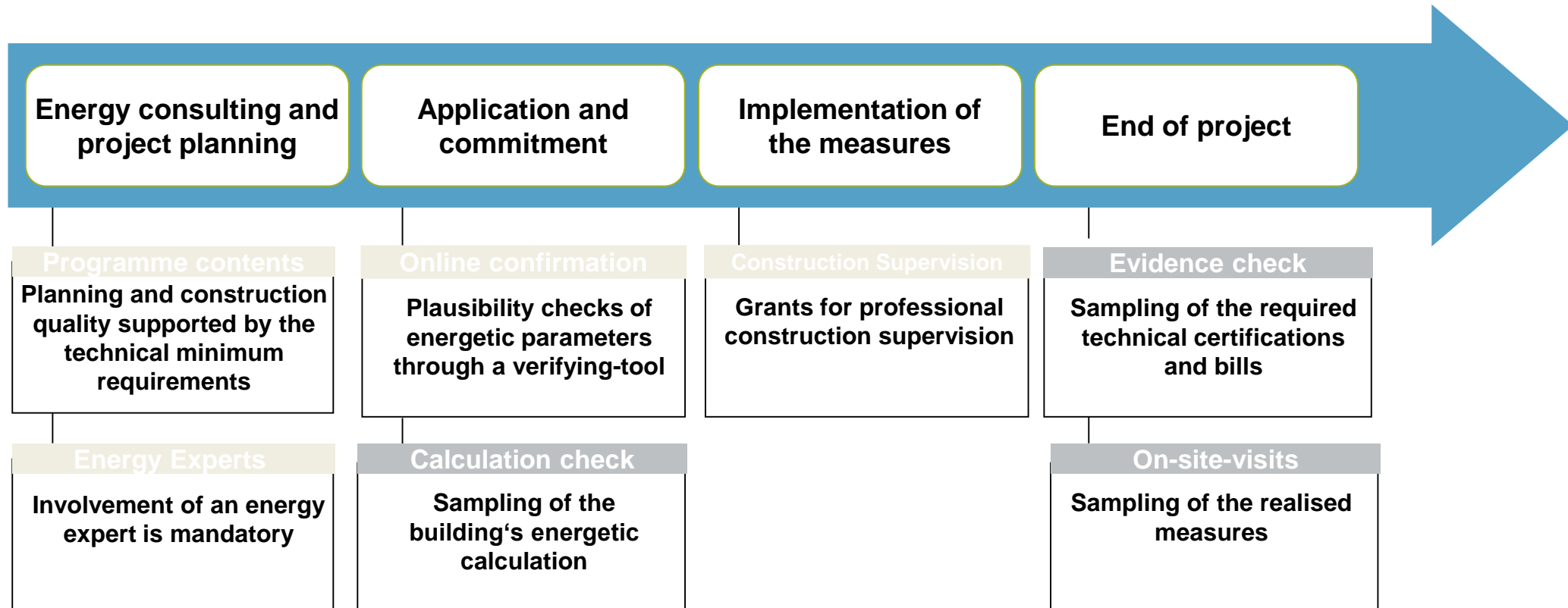
no direct customer contact/
no branch offices



- Advantages**
- ✓ Promotion available in all regions
 - ✓ No KfW branch network necessary
 - ✓ Neutral w.r.t financing partners
 - ✓ Diversification of risks



Inbuilt quality management as a success factor



Quality checks



How does the promotional scheme work in detail

Energy efficient refurbishment – loan – digitalisation and expert support as success factors

Owner



1

- › Get information (www.energiesparen.kfw.de)

Extra promotion available for integrated concept/
energy efficiency consultancy

2

- › Concept/plan for refurbishment activities
- › Check if suitable for promotion (**online tool**)

3

Full online application process

- › Check/decide on creditworthiness
- › File application for promotional loan

4

- › Loan commitment and disbursement

5

- › Carry out refurbishment project

Up to EUR 4.000 grant

6

available for project planning and supervision

- › Ongoing consultancy/supervision
- › Confirm energy efficiency level reached

7

- › Confirm that promotional loans has been used in compliance with promotional loan conditions

8

- › Partial debt relief is booked according to energy efficiency level reached

Energy consultant



Owner's bank



KFW

»»» KfW promotion for the building sector: Key figures

DEUTSCHLAND
MACHT'S
EFFIZIENT.



KfW-Bildarchiv / Rüdiger Nehmzow

Residential Buildings



KfW-Bildarchiv / -

Commercial Buildings



KfW-Bildarchiv / Torsten George

Public Buildings

- ✓ **Support for 5.6 m housing units since 2006-2019**
- ✓ **Currently approx. every 4rth newly constructed housing unit supported**
- ✓ **KfW Efficiency House setting market standard**
- ✓ **EUR 380 bn investments triggered over 14 years**
- ✓ **Mandatory involvement of an energy expert (quality management)**
- ✓ **Products contribute considerably to accomplish the national energy efficiency goals**



»» Lessons learnt

Energy-efficient construction and refurbishment

- The more **transparent and simple** the promotional scheme ...
 - the better it is to understand and
 - the **easier it is to distribute**
- The **mandatory involvement of an energy expert** is very important to
 - provide comfort to the investor regarding his energy efficiency project
 - assures a high degree of quality and reliability regarding energy efficiency level achieved
 - assures target-oriented use of public funds
- **Monitoring of promotional effects** is important to show
 - economic and climatic impact
 - contribution to fulfill the goals of the Federal government
- **Easy access and digital application and approval channels are the key for future success**



»»» Backup slides

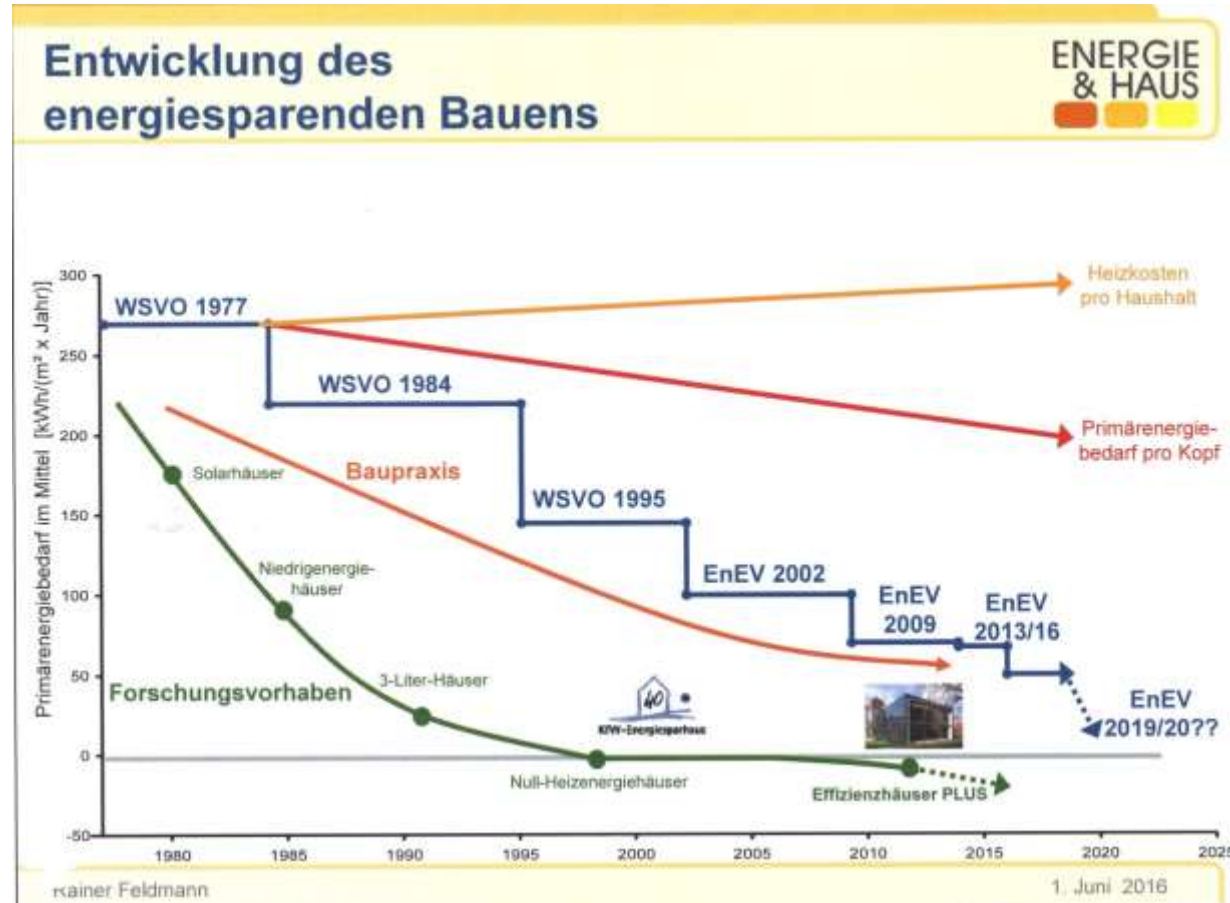
Concrete example

Transformation of a former school in Lübeck into a residential building



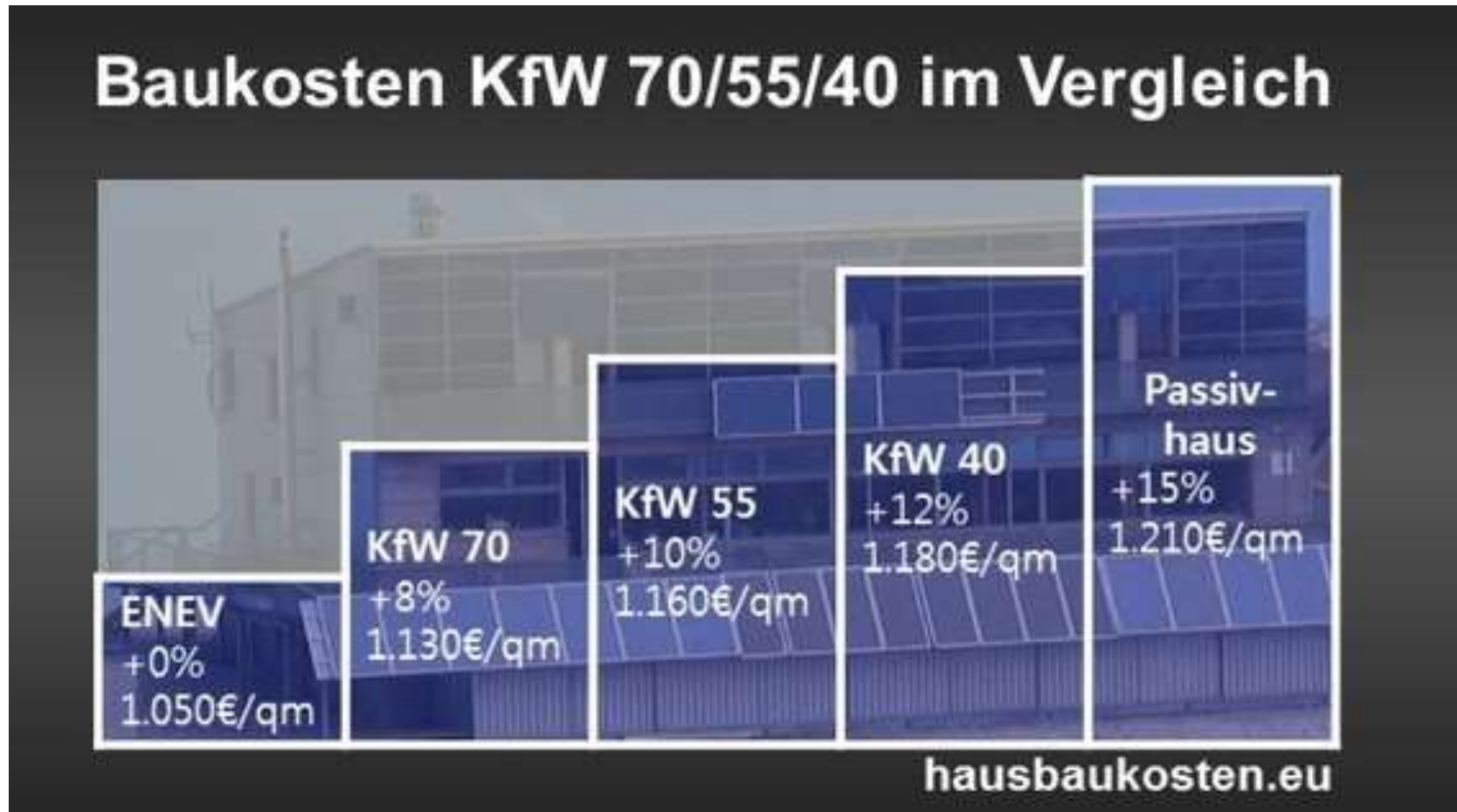
- Building with a history dating back to the middle ages located on a thriving shopping street in Lübeck (Northern Germany).
- Having served as a school for many years, the city of Lübeck decided to sell it in 2008, with the goal of preserving the building, which was protected as a historic monument.
- 2009 agreement with the authorities: A thermal insulation composite system was not possible (historic monument), thus a combination of CHP, insulation of the inner walls and the ceiling as well as via the exterior plaster were agreed.
- Construction 2010-2013, the building today corresponds to KfW EH 115, 10 new apartments and a coffee place were created.

Timeline: legal requirements - construction practice - research



Dipl.-Ing. Rainer Feldmann: Die Anwendung der EnEV im Rahmen der KfW-Effizienzhausplanung, PPT 1.6.2016, Folie 5/173.

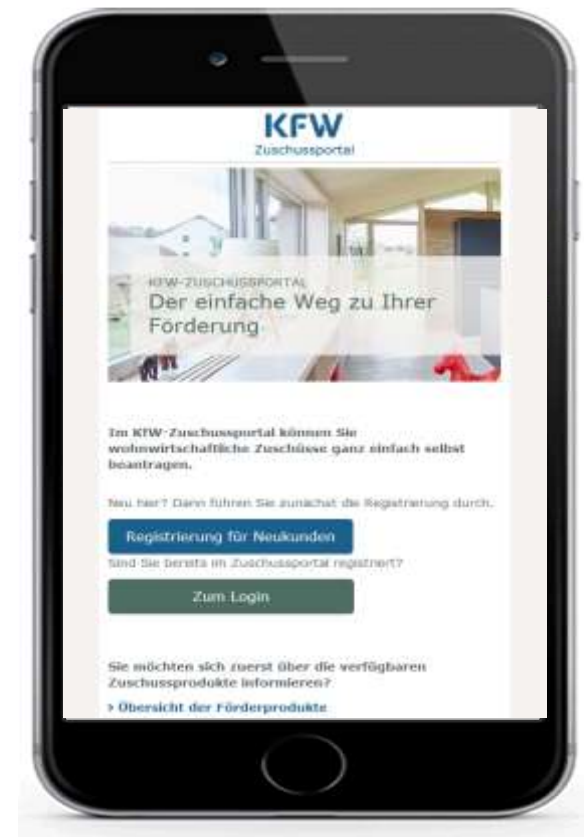
»»» Building costs as one rationale for public subsidies



Hausbaukosten.eu is no longer active.

»»» Online access to promotional product information

Online application and approval for promotional loans and grants





KfW online portal for grants

Advantages for the customers



KfW grant portal – the easy way to access promotional support



- › easy, flexible and secure application process and payment process
- › Intuitive design
- › No long waiting times – customers get immediate response
- › Optimized for mobile devices (tablet, smartphone)
- › Customers have permanent access to contracts and documents



The basis for success

1

Government/public mandate

- important role in implementing the energy transition

2

KfW's top capital market refinancing conditions

- benefit for on-lending banks (cheap refinancing)

3

On-lending model and distribution/marketing

- broad network with business/ financing partners ongoing training / information on product development for financial institutions and other multipliers

4

Awareness raising: maintaining a tailor-made, ongoing stakeholder information & dialogue across the entire spectrum of stakeholders

- owner associations, housing associations
- all kinds of representatives of the building sector
- representatives of the energy-efficiency industry
- chambers of architects & engineers, chambers of commerce, chambers of craft
- energy efficiency experts
- political spectrum (ministries, members of parliament, political parties)



The basis for success

5	Availability of public budget <ul style="list-style-type: none">➤ Long term availability of public funds to support promotional programmes creates the basis for the development of promotional products➤ Careful management of the limited public budget required to support the promotional products in accordance with market conditions and product strategy
6	Stability and attractiveness of promotional product offer – established brand (KfW Efficiency House) <ul style="list-style-type: none">➤ basis for customer investment planning
7	High degree of standardisation <ul style="list-style-type: none">➤ through KfW-Efficiency House Standard and component requirements
8	Focus on customer orientation through ongoing improvement of product access <ul style="list-style-type: none">➤ Use of modern digital communication channels and ways of interaction

More Information

For info or further questions on this presentation please contact the JASPERS Networking and Competence Centre:

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www.jaspersnetwork.org

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jaspers.eib.org

