RENOVATE2RECOVER:
HOW TRANSFORMATIONAL ARE THE NATIONAL RECOVERY PLANS FOR BUILDINGS RENOVATION?

NATIONAL PARTNER:

IGBC — IRISH GREEN BUILDING COUNCIL

COUNTRY:

IRELAND

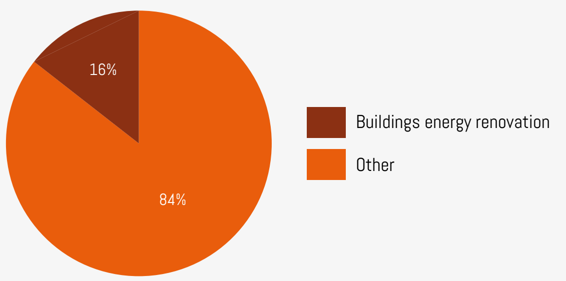
OVERVIEW:

Ireland's Country Profile is based on information provided by Renovate Europe's National Partner: the Irish Green Building Council. It focuses on the buildings elements of Ireland's National Recovery and Resilience Plan (NRRP). The responses were based on the summary of Ireland's NRRP published on July 16, 2021. A detailed version of the NRRP remains unpublished despite the fact that it has already been positively reviewed by the European Commission.
Based on information available to date, the plan focuses on increasing energy efficiency and renovating public offices as well as the residential sector. While it designates funds to increase skills, the Irish NRRP would benefit from clear targets including to increase the depth of renovation and implement the goals on a wider scale. The investment need could be clearly defined, and private finance should play a larger role in the NRRP in addition to the goal of "De-risking a Low Cost Residential Retrofit Loan Scheme".

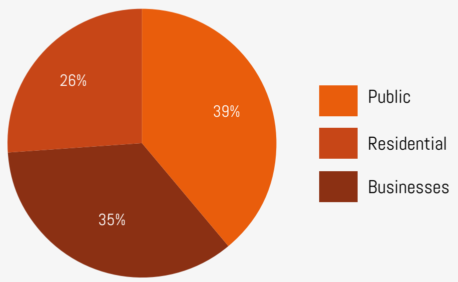
BUILDINGS IN THE CONTEXT OF THE PLAN

Ireland's NRRP includes investments of €989m combining national funds and the EU's Recovery Fund. NRRP priority 1: Advancing the Green Transition has been allocated the most significant share of funding of €518m (52%), out of which €369m will be climate related. Energy efficiency investment amounts to €155m (%16). €40m will go to the de-risking of a low cost residential retrofit loan scheme through the use of loan guarantees and €60m is allocated to a Public Sector Retrofit Pathfinder project and a Public Sector Buildings' Energy Retrofit Programme for deep retrofit of public offices. An accelerated decarbonisation of the enterprise sector through the provision of support for Irish SMEs and exporters to address their emissions is also foreseen and receives €55m. Further funding of €114m will be available under priority 3 which includes the SOLAS Green Skills Action programme covering energy renovation and NZEB upskilling as well as other skills for a low-carbon economy

Share of NRRP funding for buildings energy renovation (%)



Energy renovation by sub-sector (%)



National Challenges

A Study for the EC[1] based on 2012-2016 data estimates that only 0.6% of residential sector renovations were medium depth and 0.1% deep renovations. In the non-residential sector the shares were only 0.4% medium, and 0.1% deep. The Irish Green Building Council highlights the following as the main challenges to energy renovation in Ireland: lack of awareness of the benefits of energy renovations which mean they are not often being perceived as a priority; a clear need for low-cost finance solutions; a lack of trust in the outcome of energy renovations exacerbated by a labour and skills shortage; and a lack of certainty as there is no ringfenced budget for renovations covering 5-10 years in Ireland yet.

[1] Comprehensive study of building energy renovation activities and the uptake of nearly zero-energy buildings in the EU - Publications Office of the EU (europa.eu)

Renovation plan details

CLARITY AND DEPTH OF AMBITION

The Irish LTRS sets clear targets such as retrofitting 500,000 homes to an EPC of B2 or a cost-optimal equivalent or carbon equivalent by 2030 which translates to 50,000 homes a year. This extends to retrofitting 1 million houses by 2040 and 1.5 million by 2050 as well as installing 400,000 heat pumps in existing buildings by 2030. In the commercial and public sectors at least one-third of total commercial premises are supposed to be upgraded to EPC B by 2030. Ireland's NRRP touches on all of these sectors but does not include clear indications of overall energy and emission savings that the programmes aim to deliver. One of the focus points is the retrofit of public buildings. The proposed investment programme for them involves the upgrading of at least 5,400 m^2 of public office accommodation across Ireland, aimed at a minimum of a 50% increase in energy efficiency (building energy rating at least B). For instance, the deep retrofit of Tom Johnson House in Dublin (10,650 m^2 office block space) will aim to deliver 75% energy savings (rating A2). In the residential sector, the new loan scheme will aim to support projects delivering, on average, at least medium depth renovation (30-60% primary energy savings). In the enterprise sector, funding will be delivered through two existing funds - one targeting enterprises in the manufacturing sector and one targeting large, medium, small and micro enterprises. There are no clear energy saving targets identified for those programmes within the Plan.

FINANCIAL LANDSCAPE AND PERSPECTIVE

The Irish Long-Term Renovation Strategy (LTRS) does not provide a figure on its investment needs in the buildings sector. It refers to Ireland's National Development Plan 2018-2027 which incorporates €4.5bn to support energy efficiency improvements across the residential and public sector. The NRRP funding is relatively limited, but adds to the use of other EU funds such as €351m from the ERDF, €451m from the ESF+, €260m from the European Territorial Cooperation Fund, and €77m under the Just Transition Fund. In the residential sector, Ireland's NRRP focuses on leveraging private capital while addressing the energy renovation affordability challenge by setting up a low-cost residential retrofit loan scheme. The scheme would include a state loan guarantee provided to participating retail banks and other credit institutions, with requirements that at least 75% of disbursed loans finance energy retrofit. In the enterprise sector, funding would be dispersed through financing calls for projects through two existing funds. Challenge-based funding for research and development projects may provide early stage financing in the area of building decarbonisation, although the challenge calls are yet to be disclosed.

MULTIPLE BENEFITS AND INTEGRATION

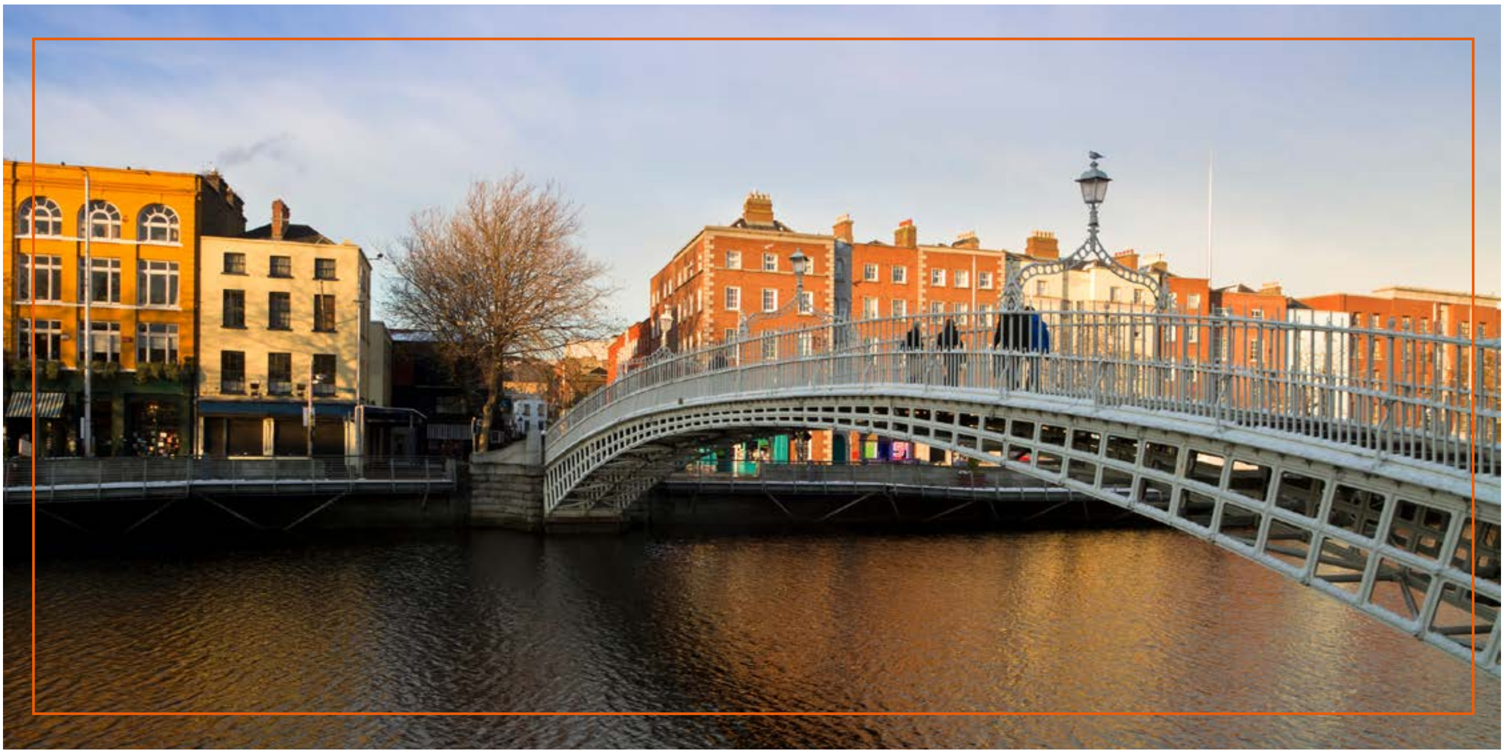
Ireland's NRRP does not explicitly focus on targeting renovation measures at specific groups for instance to address energy poverty. As the NRRP also includes a proposal for a carbon tax, ensuring that renovation measures are deployed among all groups, especially those at risk of energy poverty would be key. Heat and other decarbonisation measures are encouraged under the enterprise funds, while in the residential sector existing programmes such as the Air Source Heat Pump System Grants require properties to be "heat pump ready" (i.e. have low heat loss) to be eligible for support. It remains unclear if the new residential retrofit loan scheme will interact with such existing measures. Digitalisation is a strong focus in the NRRP in general, but its potential in the buildings and energy renovation sector remains unexplored beyond the inclusion of installation of energy metering and monitoring control systems under the enterprise funds. Based on available information it also remains unclear if the programmes will support the realisation of further potential benefits (e.g. adaptation, urban resilience, use of sustainable construction materials, clean air).

SUPPLY CHAIN AND PROJECT SUPPORT

Ireland's NRRP includes a range of additional educational and training programmes expected to be rolled out as part of Skills to Compete and the establishment of the SOLAS Green Skills Action Programme focusing on providing training to address climate and low carbon economy issues. It includes a focus on providing the development of new modules in green skills and in Near Zero Energy Building and Retrofitting. Financing for technical assistance (e.g. setting up and supporting one stop shops) are not foreseen for residential or enterprise sectors. An ongoing annual awareness raising campaign will be put in place about one of the enterprise funds (Climate Action Fund).

IMPLEMENTATION FRAMEWORK

An NRRP Implementing Body will be established within the Department of Public Expenditure & Reform to oversee implementation of the Plan. Reporting to the Minister for Public Expenditure & Reform, this Body will act as the lead authority for Ireland and as the single point of contact with the European Commission. The programmes are expected to be short-term (until 2023), and the currently published version of the plan has no information about interim milestones for delivery.



TRACKING/ TIMELINE TO 2026

	2021	2022	2023	2024	2025	2026
Residential sector		Establish financial instrument	First loans provided		100% of portfolio drawn	
Enterprise sector						750 projects completed under Carbon Reduction Fund 250,000 tCO2 savings 500 applications approved under Climate Enterprise Action Fund
Public sector Buildings' Energy Retrofit Programme		Appoint contractor	Deliver at least 5,400m² renovation in regional offices complete renovation of Tom Johnson House			

RECOMMENDATIONS FOR IMPROVEMENT DURING IMPLEMENTATION

The Irish NRRP demonstrates a good mixture of measures to target different types of buildings, although the volume of investment under the Plan remains limited. The proposal for an economy-wide skills framework for low-carbon economy is a valuable framework to support activities around integrated renovation. To strengthen programmes and support the necessary step change in line with Ireland's LTRS objectives, further steps should be taken, including:

- Set quantifiable targets for overall energy or emissions savings across all NRRP and other programmes, in line with LTRS targets.
- Ensure that energy poverty is adequately tackled through measures that are accessible to all households, including lower-income households to avoid potential negative impact of foreseen carbon tax increases.
- Ensure that energy efficiency, decarbonisation and digitalisation strategies align to manage risks and unlock opportunities within the built environment in the context of energy system transition.

NOTE

The survey was complemented with a targeted desk-based review of Greece's Long-term Renovation Strategy (LTRS) to place its NRRP in context.

Relevant extracts from the Commission Staff Working Document and the Council Implementing Decision for the Irish NRRP

This Annex is to be read as a supporting document to the Country Profile. While the Country Profile centres more specifically on the renovation-related investments, the Annex is more broad and covers the climate-related reforms and investments of interest to buildings.

<table>
<tr><th>Measure/Sub-Measure Name</th><th>Budget (EUR million)</th><th>Deadline</th><th>Instalment</th><th>Milestone/ target</th></tr>
<tr><td colspan="5">COMPONENT 1: ADVANCING THE GREEN TRANSITION
The objectives of the component are twofold:
• Strengthen the overall governance framework by enshrining key climate targets and associated institutional structures and processes into national legislation; and
• Direct relevant funding towards decarbonising projects, such as retrofitting and investment in railways, whilst also enhancing ecosystem resilience and rehabilitation.</td></tr>
<tr><td colspan="5">Investment: 1.1 Derisking a Low Cost Residential Retrofit Loan Scheme
The objective of the measure is to encourage private investment in energy efficiency by setting up a low interest rate residential retrofit loan scheme based on a loan guarantee to be provided by the state to participating retail banks and other credit institutions. It shall achieve on average at least medium-depth level renovations as defined in Commission Recommendation on Building Renovation (EU) 2019/786 of private residential homes and installation of renewable energy sources, in particular heat pumps. The loan guarantee shall allow banks and other credit institutions to offer loans with reduced interest rates to private homeowners and non-corporate landlords, who wish to borrow to finance energy efficiency upgrades of their homes and rental properties.
As a result, households will be able to enjoy more comfortable and healthier homes with a lower carbon footprint. The loan guarantee is expected to help to increase the volume of retrofit activity within the State and improve the recovery and resilience of the supply chain within the retrofit sector. The scheme will also signal to the banking sector new viable business opportunities associated with the transition to a low carbon economy. The measure aims at leveraging a lending portfolio between EUR 300 000 000 and EUR 500 000 000.
The investment of approx. €40 million sought from the EU Recovery and Resilience Facility will be combined with Exchequer's own investment of approx. €20 million to provide an upfront payment for losses expected during the lifetime of the guarantee scheme (i.e. funding the so-called 'First Loss Piece' of the guarantee [FLP]). The payment of this First Loss Payment shall also enable the participation of the SBCI and the European Investment Bank Group in the financial instrument.</td></tr>
<tr><td>Establishment of the financial instrument: signature of contractual agreement between the relevant ministries and the SBCI and concluding the related investment strategy/ policy</td><td rowspan="3">30
(40+20 stated in plan)</td><td>Q1 2022</td><td>1</td><td>The relevant ministries shall conclude an agreement with Strategic Banking Corporation of Ireland, and the financial instrument shall be established, including the related investment strategy/policy, specifying that at least 75% of loans under the loan guarantee scheme shall be disbursed for financing retrofit works. The agreement shall ensure that on average, these retrofit works shall achieve at least a medium-depth level renovation as defined in Commission Recommendation on Building Renovation (EU) 2019/786.</td></tr>
<tr><td>First loan guarantee contract signed</td><td>Q2 2022</td><td>1</td><td>The contractual agreement to avail of the guarantee facility under the scheme shall have been signed by at least one participating credit institution and the guarantors.</td></tr>
<tr><td>Full disbursement loan portfolio</td><td>Q4 2025</td><td>5</td><td>100% of the overall loan portfolio of the loan guarantee scheme shall have been reported as drawn down by individual eligible borrowers.
The unused proceed shall be committed to schemes pursuing similar objectives, and respecting the DNSH requirements described here above under milestone 1.</td></tr>
<tr><td colspan="5">Investment: 1.2 Accelerate the Decarbonisation of the Enterprise Sector
The objective of this investment is to support the decarbonisation of enterprises, foreign- and indigenous-owned, by incentivising the installation of energy metering and monitoring control systems, and increasing the uptake of carbon neutral low/medium temperature heating in the manufacturing industry.
This investment consists in financing calls for projects through two existing funds. First, the investment shall provide funding to the Carbon Reduction Fund, targeting enterprises in the manufacturing sector, with a focus on carbon reducing technologies at a plant level, monitoring and tracking systems to begin accounting for the carbon footprint, and research, development and innovation that shall facilitate emissions reductions (1.2.1 Accelerate the Decarbonisation of the Enterprise Sector Accelerate the decarbonisation of the enterprise sector - Carbon Reduction Fund). Second, it shall support the Climate Enterprise Action Fund, targeting Enterprise Ireland and Local Enterprise Office clients (large, medium, small and micro enterprises) (1.2.2 Accelerate the Decarbonisation of the Enterprise Sector - Climate Enterprise Action Fund). This fund targets identification of CO2 abatement opportunities for companies, projects for lower-carbon products, and research and development of new low carbon products. Only high efficiency, eco-design compliant boilers shall be eligible for support under this measure.
The investment shall be completed by 31 August 2026.</td></tr>
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Measure/Sub-Measure Name	Budget (EUR million)	Deadline	Instalment	Milestone/ target
Carbon Reduction Fund - Projects completed	30+25	Q3 2022 Q3 2026	5	At least 750 projects shall have been approved under the Carbon Reduction Fund And at least 250 000 tons of estimated CO2 shall have been abated from the installation of low carbon technologies. This shall be confirmed through self-reported emissions abatement by enterprises in receipt of the funding for capital installations.
Climate Enterprise Action Fund - Completion of awareness campaign on the fund		Q3 2026	5	An annual ongoing awareness campaign shall have been completed by Enterprise Ireland, which shall have included national and local radio coverage, to promote the uptake of the supports available from the Climate Action Fund.
Climate Enterprise Action Fund - Approval of applications for funding support		Q3 2026	5	At least 500 applications for funding support shall have been approved

Investment: 1.3 Public sector buildings' energy retrofit programme

The objective of this investment is to finance a major upgrade of public office buildings by investing in energy efficiency and modernisation upgrades in order to significantly reduce their carbon footprint and prolong their useful lifespan. The investment shall contribute to sustainable and strategic management of the public building stock, reduce energy consumption and greenhouse gas emissions, and potentially serve as an example to feed into further similar projects across the entire State Estate Office Accommodation portfolio.

The measure consists of:

• The upgrade of at least 5 400 m^2 of public office accommodation located throughout Ireland. These regionally located office buildings are currently at or near the end of their useful economic life and have low building energy ratings (C3 or less). The upgrade is expected to achieve at least a 50% increase in energy efficiency (building energy rating of at least B).

• Carrying out a deep retrofit of the Tom Johnson House in Dublin, an existing office block of 10 650 m^2. The project is designed so that the existing concrete structure and external brickwork facades can all be reused in adapting the external fabric of the building. The target building energy rating after refurbishment is A2 with 61 kWh/m^2/year primary energy use, which represents a 75% reduction in primary energy use.

Main contractor starts retrofit works as per the Office of Public Works design and programme	60	Q4 2021	1	The main contractor shall have been appointed by the Office of Public Works and shall have commenced to effect the retrofit works on sites as per the Office of Public Works design and programme.
Retrofit works of regionally located office buildings are completed		Q2 2023	2	At least 5 400 square metres of office accommodation upgraded achieving at least a building energy rating B standard (50% improvement on building's current energy efficiency rating) shall have been completed.
Retrofit work of the Tom Johnson House is completed		Q4 2023	3	A full retrofit of the Tom Johnson House to building energy rating A2 standard (75% improvement on building's current energy efficiency rating) shall have been completed.

COMPONENT 3: SOCIAL AND ECONOMIC RECOVERY AND JOB CREATION

This component of the Irish recovery and resilience plan contributes to addressing the following challenges: (ii) the need to address skill shortages and prepare the workforce for the green and digital transitions; (vii) the need to address shortages in social housing supply and improve housing affordability;

Investment: 3.2 Solas Recovery Skills Response Programme

The objective of the measure is to support the reskilling and upskilling of workers to take account of the challenges of the modern Irish economy and labour market. The investment consists in developing a range of additional educational and training programmes as part of the 'Skills to Compete' programme and to formally establish the 'SOLAS Green Skills Action' programme. Training programmes and modules shall be managed by all of the 16 Education and Training Boards. They shall notably focus on skills which are relevant for the twin transition and target sectors with employment opportunities, such as information and communications technology (ICT) programming, green construction and climate change mitigation.

Measure/Sub-Measure Name	Budget (EUR million)	Deadline	Instalment	Milestone/ target
Publication of all skill provision opportunities under the 'Skills to Compete' programme	29	Q3 2021	1	All 'Skills to Compete' skill provision opportunities shall have been published and made available for learners enrolment. They shall include opportunities in the areas of (i) digital skills, (ii) employability (transversal) skills and (iii) specific sector skills.
Publication of all Green skills provision and modules opportunities		Q4 2021	1	All green skills modules and provision opportunities shall have been published and made available for booking, listed by (i) Retrofit & Near Zero Emission Building (NZEB) expansion and (ii) newly developed green skills modules. They shall cover at least specific skills areas in NZEB and retrofit and a suite of green skills for upskilling and re-skilling. In particular, opportunities listed under (i) Retrofit & Near Zero Emission Building (NZEB) shall include specific skills training which may also enable the application of standards higher than NZEB. A reporting system shall have been put in place.
Participants in the Green Skills Action Programme and Skills to Compete Participation		Q4 2022	2	At least 81.250 additional participants shall have enrolled as compared to the number of participants having enrolled before the end of 2020, in at least one of the skill provision and modules opportunities under the SOLAS Green Skills Action Programme and the Skills to Compete Initiative.
Increase in the share of women under the age of 30 with a level of education attainment at level 5 or lower enrolled in the Skills to Compete Initiative		Q4 2022	2	At least 20% of participants enrolled in at least one of the skills provision and modules opportunities under the Skills to Compete Initiative shall have been women under the age of 30, with a level of educational attainment of 5 or lower in the National Framework of Qualifications, as compared to 14% of participants having enrolled before the end of 2020. Data on nationality shall also have been gathered.

EXPLANATORY DOCUMENT TO ACCOMPANY COUNTRY PROFILES

READ THE FULL STUDY ON WWW.RENOVATE-EUROPE.EU

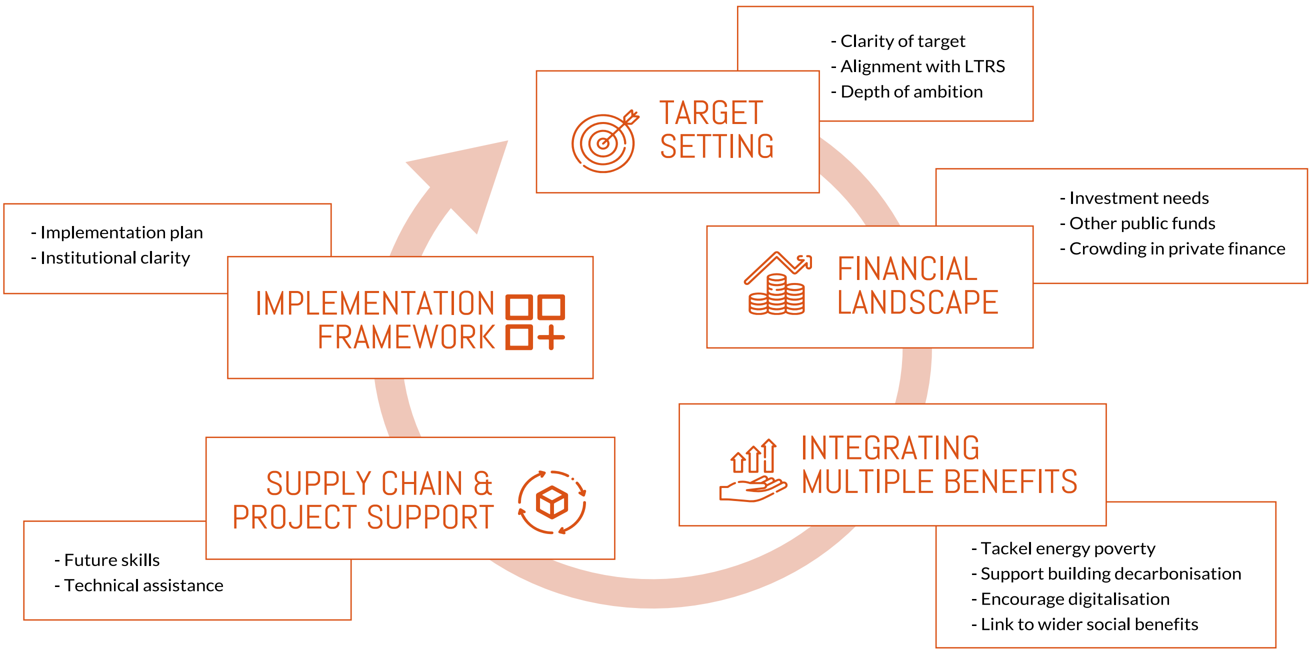
ABOUT THIS STUDY

This Study assesses the buildings-related elements of the National Recovery and Resilience Plans (NRRPs) in 18 Member States[1]: Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Poland, Romania, Slovakia, Slovenia and Spain[2]. The aim is to understand whether NRRPs position countries to achieve longer-term targets for more and deeper renovation, and whether NRRPs have the potential to be **'transformational'** on the path to achieving national goals set out in Long Term Renovation Strategies and EU goals set out in the Renovation Wave strategy.

The Country Profiles in this Study centre on the **investment measures** for energy renovation in the NRRPs. The aim is to identify where investments will flow, what types of energy renovation will be supported, and to offer guidance to support and improve the quality of investments to maximise their impact and scalability. The Study does not assess the reform measures included in NRRPs due to their uniqueness for individual countries.

ASSESSMENT METHODOLOGY AND SCOREBOARD

The Study was developed by E3G, bringing its experience of working on the Green Recovery Tracker, and was delivered in close cooperation with Renovate Europe's National Partners and Campaign Office. In each Country Profile, the Plans are assessed against five overarching criteria, each comprising several sub-criteria (summarised below). The assessment is **qualitative.** Each Country Profile is accompanied by an annex that sets out, in more detail, the various programmes and reforms that each Member State includes in its NRRP with extracts drawn from the European Commission's assessment of the NRRPs and the European Council's Implementing Decision for each NRRP.



1 Note: summary data here excludes Greece as the study is not complete yet
2 Renovate Europe has National Partners in 17 of these Member States, and cooperated on a separate basis with Mur Manteau and Renovons initiative in France. Renovate Europe's 18th National Partner (in the Netherlands) was unable to participate in this Study as the Dutch NRRP has not yet been published.

SCORING METHODOLOGY

For each of the five criteria, the NRRPs are provided with an aggregate score. The aggregate score is based on the sum of points of individual sub-criteria. The points were allocated as follows: 1 point - not addressed; 2 points – needs improvement; 3 points – strong; 4 points - transformational. The aggregated score is reflected in the 'play button' infographic for each of the criteria at the top of the country profiles. Those are summarised below.

Normalised* points range	Score	"Play button" Infographic
2.5 – 4.0	"Not addressed"	
4.1 – 6.3	"Needs improvement"	
6.4 – 8.5	"Strong"	
8.6 – 10	"Transformational"	

** The five criteria have a different set of sub-criteria, and as a result have different minimum and maximum points. The scores have been normalised to a base of 10 points. This still leaves some variation within the ranges, so comparison between criteria and countries should be treated with caution.*

A UNIQUE OPPORTUNITY TO GET RENOVATION ON TRACK

National Recovery and Resilience Plans (NRRPs) present a unique opportunity to accelerate the delivery of deep renovation across the EU. The analysis of the NRRPs in this Study demonstrates that significant renovation activity is planned and will be made possible through the successive disbursements of the Recovery Funding. But these renovations must be done properly, and the money must be spent well. This unprecedented additional injection of public funds must set the EU building stock firmly on the path to achieving its Renovation Wave goals to 2030 and meeting the 2050 climate targets.

For NRRPs to be transformational towards achieving these goals, two key aspects need to be strengthened:

1. **Ensure funding delivers a step change towards realising deep (or staged deep) renovations, going well beyond the 30% minimum energy saving recommendation set by the European Commission.**

2. **Invest in the right enabling framework, including leverage of private finance, to create sustainable renovation markets that will grow beyond 2026**

UNDERPINNING A STRONG FIT-FOR-55 PACKAGE FOR BUILDINGS

This Study demonstrates significant interest in investing in building renovation, which can contribute to a strong outcome for the **Fit-for-55 legislative proposals**, all of which would enter into force while NRRP funding is being invested. The strength of the overall package is critical for delivering on renovation, with individual elements playing pivotal roles. For example, the introduction of mandatory **Minimum Energy Performance Standards** (MEPS) under the EPBD would send a strong signal to the whole renovation value chain, from institutional investors to building users.

Done right, NRRP investment can ease agreement on, and the implementation of, a more ambitious legislative package for buildings – a virtuous cycle between ambition and deliverability that can drive the creation, investment in, and sustained growth of renovation markets across the EU. To unlock this, it will be critical to establish a positive feedback loop between EU institutions (in supporting effective deployment of NRRP funds) and Member States (in backing a strong legislative outcome from Fit-for-55 negotiations) that delivers a significantly improved building stock for citizens. Informed by the assessment below, Renovate Europe and its National Partners will work to support this outcome.

RENOVATE 2 RECOVER

NINE RECOMMENDATIONS TO MEMBER STATES TO MAKE THEIR RECOVERY PLANS TRANSFORMATIVE

AMBITION

1. Prioritise deep renovations and scalability in the design and implementation of schemes
2. Accompany each funded building project with a Renovation Roadmap to 2050

FINANCING

3. Improve scheme longevity and impact by crowding in private finance

MULTIPLE BENEFITS

4. Integrate renovation with heat decarbonisation and apply Energy Efficiency First Principle consistently
5. Embed renovation alongside wider political and socio-economic priorities

SUPPORT

6. Strengthen Technical Assistance at regional and local levels
7. Fund further One-Stop-Shops and information centres to support customers, exchange best practice
8. Upskill the workforce through reliable accreditation systems

IMPLEMENTATION

9. Engage in better monitoring and aggregation of data to measure impact

RENOVATE EUROPE

Extracted from the E3G/Renovate Europe Study on National Recovery & Resilience Plans
October 2021