

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

NATIONAL PARTNER:



COUNTRY:

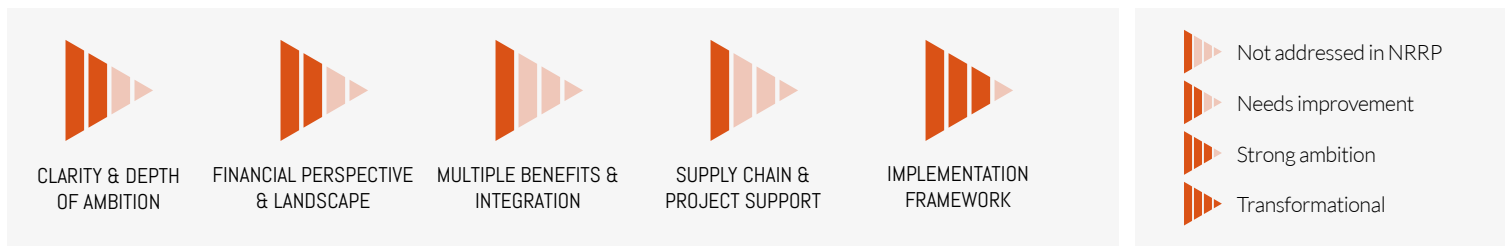


OVERVIEW:



This Country Profile is based on information provided by Renovate Europe's Latvian National Partner: [Ekubirojs](#) (ESEB). It focuses on the buildings elements in [Latvia's National Recovery and Resilience Plan \(NRRP\)](#) endorsed by the Commission in June 2021.

The Plan sets targets for the number of multi-family buildings to be renovated in the context of the wider buildings strategy. The NRRP highlights that on its own it will be insufficient to reach national objectives for 2030. To accelerate programme delivery, further measures to integrate energy efficiency improvements and support supply chain and project take-up into a deep approach should be considered.

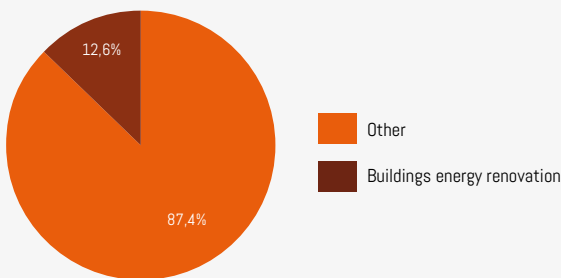


BUILDINGS IN THE CONTEXT OF THE PLAN

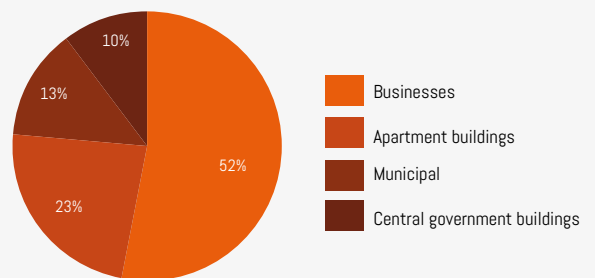


Latvia's draft NRRP included measures for €1.65bn in total, with the final request raised to €1.82bn. The draft Plan foresaw €139m investment in the buildings sector (~8.4% of the total,). This value increased significantly to €230m (12.6%, see chart below) in the final Plan. It is allocated to energy efficiency improvement and to renewable energy technologies, with the highest share going to businesses (€120m, as part of a combined financial instrument), followed by apartment buildings (€57m), municipal buildings and infrastructure (€29m), and central government, including historical buildings, (€24m). Energy efficiency measures also cover other elements of the energy system, with €80 million allocated to the modernisation of transmission and distribution networks.

Share of NRRP funding for buildings energy renovation (%)



Energy renovation by sub-sector (%)



National Challenges

A [Study for the EC](#)¹ estimates that based on renovated floor area, only 0.9% of residential sector renovations were medium depth and 0% deep renovations. In the non-residential buildings sector that share was slightly higher - 1.3% were medium, and 0.3% deep. According to Ekubirojs, lack of private sector involvement to scale-up renovations, trust among stakeholders, and awareness of the existing opportunities are among the key challenges to increase the rate and depth of renovation. An additional challenge is that funding is disproportionately targeting the business sector. While business buildings receive 50% of the allocated funding, residential buildings are the biggest energy consumers in Latvia's building stock.

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 NRRP makes direct links to the NECP and LTRS and sets clear targets across different property types. The targets, whilst modest in scale, are clearly defined in terms of carbon and energy savings. The NRRP will add 182 apartment building renovations to 370 already planned for funding via other EU funds. 821 projects have already been submitted under existing ERDF programmes. A gap will remain to reach Latvia's 2030 target of 2,000 apartment buildings and 838 central government buildings. To be eligible, measures are expected to deliver at least medium depth of renovation. Experience with existing programmes suggests average energy savings of 51% in municipal and 49% for residential buildings. Energy savings will be verified after project implementation, with commercial buildings requiring an additional energy audit.

FINANCIAL LANDSCAPE AND PERSPECTIVE



Latvia's [Long-Term Renovation Strategy](#) estimates the investment required for renovation of the entire building stock to 2050 at €19bn, of which €5.7bn are needed to 2030. The NRRP allocates €138m (2.4%), but other financing tools and programmes are available. For example, apartment buildings can also use [co-financing from Altum](#), a state-owned financial institution. For municipal buildings the NRRP is planned to work alongside 2021-2027 Operational Programmes. For historic buildings, an additional investment of €88m is also planned. The role of private sector financing for building renovations is not quantified or clearly elaborated in the residential sector, but financial instruments are foreseen for businesses. The Plan also includes the creation of a new Financing Fund for the construction of quality affordable housing for low-income households, with an overall value of €43m.

MULTIPLE BENEFITS AND INTEGRATION



At present, the proposed measures are not explicitly targeting energy poverty. The NRRP does not indicate whether a holistic approach to heat decarbonisation and energy efficiency improvements will be encouraged, although the LTRS foresees increased use of renewable energy technologies in the building sector. Other planned activities, which are directly related to the synchronisation of Baltic electricity systems with the networks of continental Europe, are expected to contribute to the promotion of renewable energy resources like solar power. The Plan does not contain measures linked to digitalisation in the buildings sector, although other planned measures around modernisation of data and tax service processes can have a positive impact. It remains unclear if the Plan 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

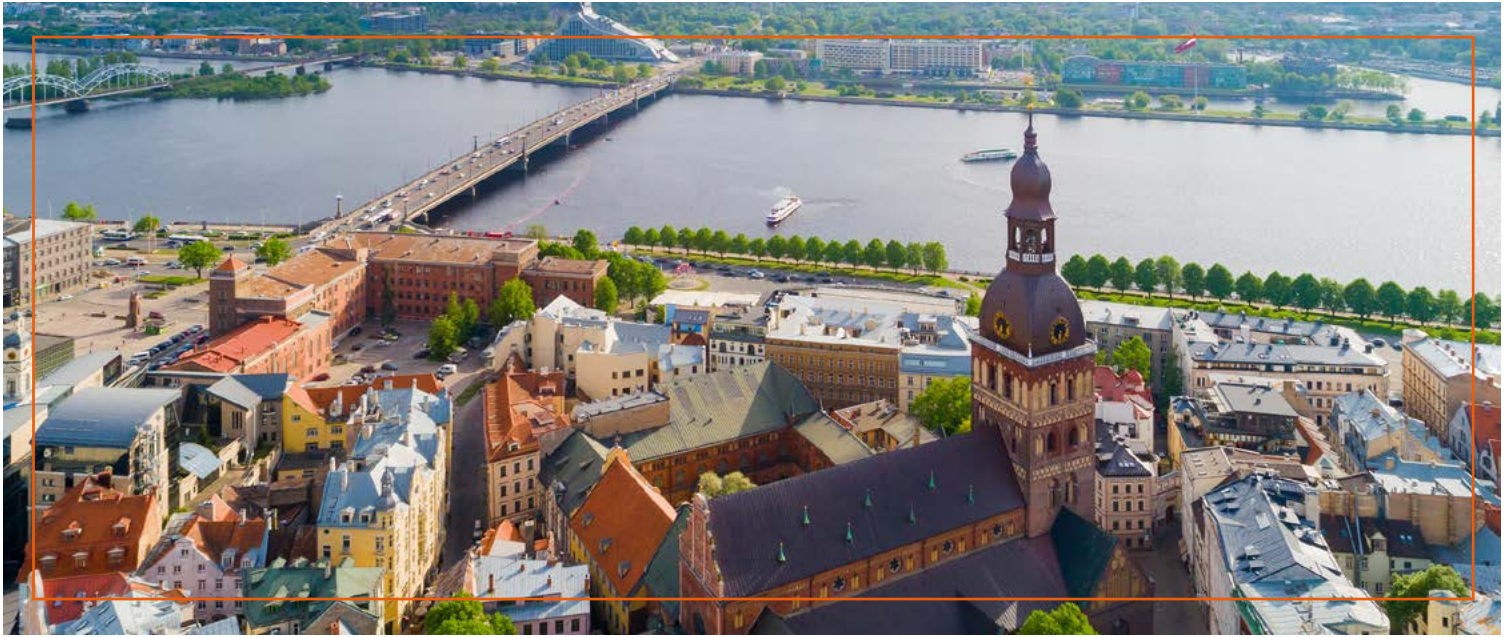


Latvia's LTRS indicates that the focus of activities to date has been on procedural improvements – e.g. certification of independent experts, with planned activities targeting improvement in vocational training, improving the construction information system and raising end-user awareness. The NRRP does not include specific measures to support skills and education in the construction and energy efficiency sectors or measures to drive project take-up (e.g. one stop shops, technical assistance). Research and Innovation Strategies for Smart Specialisation (RIS3) will focus on researching smart use of energy, energy efficiency, construction materials and waste management.

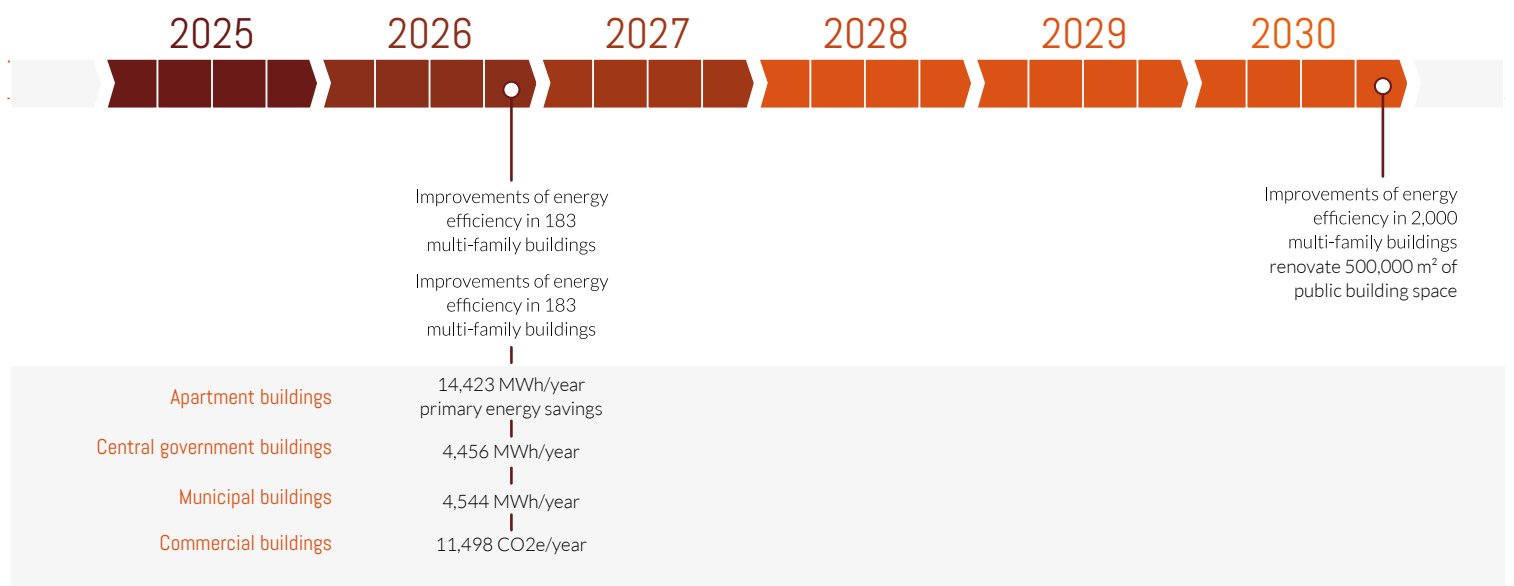
IMPLEMENTATION FRAMEWORK



The overall NRRP monitoring process is deemed as relatively clear and adequate by the [European Commission assessment](#) of the plan. At the level of building measures, however, there is insufficient detail on how the high-level objectives will be translated to practical implementation. Further details are required on how reporting and compliance with the requirements of the programmes will be monitored and what steps will be taken to scale private sector investment. Intermediate spending targets are in place for all programmes for 2023-2024, but energy savings targets tend to be backloaded towards 2026. Transparency and accountability are expected to be improved through the Procurement Monitoring Bureau (IUB) which is responsible for procurement procedures, helping suppliers and contractors, and collecting data on procurement in the country, with sanctioning powers. The IT reform of this governmental agency is expected to strengthen analytical capacity and to improve the availability of online services.



TRACKING/ TIMELINE TO 2026



RECOMMENDATIONS FOR IMPROVEMENT DURING IMPLEMENTATION

As highlighted by the NRRP itself, further investment is needed to achieve Latvia's building renovation goals, and yet more to scale up Latvia's renovation rate towards 3% by 2030. Latvia's NRRP can support the enabling conditions for scaling up the rate of deep renovations to 2030. To do this, further steps should be taken to:

- ▶ Raise awareness and promote education about the benefits of building renovation, including impacts on well-being, health, safety, and comfort. Review and assess the need to offer skills improvement & technical support to increase adoption.
- ▶ Engage the private sector in the implementation of Plan objectives, through enabling -public-private partnerships and co-designing solutions. Create a network of organisations already working in this sector (SMEs, NGOs, financial institutions) and develop and implement the one-stop-shop concept.
- ▶ Define renovation targets specifically for the residential building stock, with monitoring and implementation plans including milestones, to amplify the expected outcomes of the measures targeted at businesses.

NOTE

The survey was complemented with a targeted desk-based research of buildings elements in the [Long-Term Renovation Strategy \(LTRS\)](#) and [National Energy and Climate Plan \(NECP\)](#). Data regarding the breakdown of the NRRP by sector is from the [Green Recovery Tracker](#) and is based on the draft Plan published in January 2021.

Relevant extracts from the Commission Staff Working Document and the Council Implementing Decision for the Latvian 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.

Measure/Sub-Measure Name	Budget (EUR million)	Deadline	Instalment	Milestone/ target
COMPONENT 1: CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY				
Subcomponent 1.2 mainly targets increasing energy efficiency by supporting various energy renovation programmes in public and private buildings and supporting sustainable energy networks.				
Subcomponent 2 which is almost entirely devoted to energy efficiency renovation projects will contribute to the energy efficiency target of the NECP. Investments improving the energy efficiency of multi-apartment buildings (1.2.1.1), of municipal buildings and infrastructure buildings (1.2.1.3) and public sector buildings (1.2.1.4) are respectively expected to lower primary energy consumption by 14 423 MWh/year, 4 544 MWh/year and 4 456 MWh/year according to the Plan.				
Investment: 1.2.1.1.i. Improving the energy efficiency of multi-apartment buildings and transition to renewable energy technologies				
The general objective of this measure is to improve the energy efficiency of buildings. As energy consumed in the buildings sector accounts for up to 40 % of the final energy consumption, the measure is expected to reduce the impact on the environment and contribute to climate change mitigation. Another aim is to reduce energy bills for inhabitants and increase the level of security of energy supply. Other specific objectives include reducing the level of energy poverty and supporting employment. This measure specifically focuses on multi-apartment buildings.				
The measure consists of a support programme for energy renovation in multi-apartment buildings. It shall take the form of a financial instrument (loan) with a capital discount of up to 49 % of the amount of the loan. Aid shall only be available for buildings where the project is expected to achieve at least 30 % energy savings.				
The measure shall be implemented from 1 September 2021 until 31 August 2026.				
	57.282.000	Q1 2022	2	Entry into force of support programme for improving energy efficiency in residential buildings with eligibility criteria to reflect requirements of applicable intervention field "O25 bis – energy efficiency renovation of existing housing, demonstration projects and support measures meeting energy efficiency criteria" of Annex VI of the RRF Regulation
		Q3 2024	4	Approved projects by Altum representing at least EUR 40 097 400. Approval is undertaken by the development finance institution Altum.
		Q3 2026	6	14423 MWh/Year Reduction of primary energy consumption in multi-apartment buildings benefiting from improved energy efficiency renovations under the measure.
Investment: 1.2.1.2.i. Increasing energy efficiency in business, in the form of a combined financial instrument				
The general objective of this measure is to improve the energy efficiency of Latvian businesses. Investments in the energy efficiency of businesses aim to promote a rationalised use of energy resources, reduce negative impacts on the environment and climate, as well as improve the productivity, competitiveness and export capacity of enterprises. This measure specifically focuses on businesses.				
The first pillar of the measure consists in a support programme in the form of a combined financial instrument (loan with a grant in the form of a capital discount). The investment programme shall finance investments by enterprises in improving energy efficiency, introducing renewable energy technologies and related research and development activities, carrying out energy audits, as well as investing in sustainable transport and introducing new energy-efficient technologies in production. A second pillar of the measure shall consist in grants for the development (through industrial research, experimental development, feasibility studies) of new products and technologies related to the low carbon economy, climate resilience and adaptation.				
	120.586.000	Q1 2022	2	Entry into force of Regulation approved by the Cabinet of Ministers supporting the implementation of programmes to improve energy efficiency of businesses. The support programmes shall be implemented in the form of a combined financial instrument, which is a repayable loan and a capital discount. Minimum primary energy saving of 30 % for energy efficiency projects in buildings and for equipment, a minimum of 30 % of average primary energy savings in the project portfolio of the RRF measure (with at least 25 % for energy efficiency equipment). In order to ensure that results are achieved, the conditions shall include a minimum threshold for energy savings per euro of public funding invested as an eligibility criterion for the project. Support shall be provided through competitive tendering for projects with the highest expected energy savings per one euro invested.
		Q4 2024	4	72 351 600 approved projects representing at least EUR 72 351 600.
		Q3 2026	6	11498 Greenhouse Gases emissions savings, in Co2 equivalent per ton, based on expected emission savings as a result of the measure.

Measure/Sub-Measure Name	Budget (EUR million)	Deadline	Instalment	Milestone/ target
Investment: 1.2.1.3.i.l. Improving municipal buildings and infrastructure by promoting the transition to renewable energy technologies and improving energy efficiency				
The general objective of this measure is to improve the energy efficiency of Latvian municipal buildings. A large part of existing municipal buildings had been built before thermal requirements for buildings were increased and therefore have a low energy performance. More specifically, the objective of the measure is to improve the energy efficiency of local government buildings and infrastructure in order to reduce annual primary energy consumption and reduce GHG emissions. As a complementary objective, this measure is also expected to reduce the cost of maintenance of municipal buildings.				
The measure consists of investments in energy efficiency renovation in buildings owned by local government (and mixed properties where the municipalities are majority shareholders), including buildings dedicated to social housing, health care, education and social services.				
	29.304.000	Q4 2022	2	Entry into force of Cabinet Regulation laying down implementing conditions for improvement of local government buildings and infrastructure, promoting the transition to the use of renewable energy technologies and improving energy efficiency, with eligibility criteria to reflect requirements of applicable intervention field "026 bis – Energy recovery or energy efficiency measures for public infrastructure, demonstration projects and support measures meeting energy efficiency criteria" of Annex VI of the RRF Regulation
		Q4 2024	4	Notification of the award of contracts for at least EUR 27 838 800.
		Q4 2025	5	4 544 563 KWh/Year: Reduction in primary energy consumption in municipal buildings and infrastructure resulting from energy efficiency improvement measures in municipal buildings and infrastructure supported under the measure. Energy certificates may be used to demonstrate the reduction in primary energy consumption. The measures shall aim to reduce primary energy consumption by at least 30 %.
Investment: 1.2.1.4.i.l. Improving the energy efficiency of public sector buildings, including historical buildings				
The general objective of this measure is to improve the energy efficiency of the Latvian public building stock. It applies to buildings owned by the central government including historical and judicial ones. The measure seeks to improve their energy efficiency, promote the transition to renewable energy in energy production, and achieve GHG emission reductions.				
The measure consists of investment in energy efficiency improvements for public buildings. The aid shall ensure that the implementation of all projects shall, on average, result in at least 30 % energy savings under the programme.				
	23.956.000	Q1 2022	2	Entry into force of a support programme for improving energy efficiency in national and historical buildings
		Q3 2024	4	Notification to beneficiaries of contract award representing at least EUR 16 769 200.
		Q3 2026	6	4456 MWh/Year : Reduction of primary energy consumption in public buildings with improved energy efficiency resulting from the investments supported under the measure. Energy certificates may be used to demonstrate the reduction in primary energy consumption.
Reform: 1.3.1.r. Disaster management system adaptation to climate change, rescue and rapid response services				
The general objective of this measure is to contribute to climate objectives by strengthening the response capacity of disaster and fire rescue services. The measure consists of the construction of eight new energy-efficient disaster management centres.				
The measure shall contribute to climate adaptation by shortening the response time of fire rescue services (in the framework of a more general reform integrating different services of the Ministry of the Interior under one roof). The measure is also expected to contribute to climate mitigation by moving these services to new energy efficient buildings.				
1.3.1.1.i.1. Capacity building for rescue services, in particular the upgrading of the infrastructure and the logistical base of the VUGD	36.630.000	Q1 2026		8 newly built centres put into service. The investment shall be used for the construction of nearly zero-energy-consumption disaster management centres.

Measure/Sub-Measure Name	Budget (EUR million)	Deadline	Instalment	Milestone/ target
COMPONENT 3: REDUCTION OF INEQUALITY				
The component aims to reduce inequality by creating more jobs in the regions, improving regional connectivity and access to quality services, providing more affordable housing, improving the school infrastructure, helping to up-skill and re-skill workers and unemployed, strengthening the social safety net, improving accessibility to buildings for persons with disabilities, and new long-term care facilities for the elderly.				
Investment: 3.1.1.4.i. Establishing a financing fund for the construction of low-rent housing				
The general objective of this measure is to stimulate housing supply, provide affordable housing, contribute to regional labour mobility, and help attract and retain skilled professionals in the regions.				
The measure consists of the entry into force of a new legal framework for rents to ensure a fair balance between the interests of the tenant and the landlord and to ease the resolution of rental disputes; adoption of a housing affordability strategy; adoption of a low-rent housing regulation defining the size, scope and type of support and criteria for beneficiaries;				
		Q3 2026		The funding shall have been approved by national development institution Altum for the projects of at least 700 apartments; As part of the approved projects, housing shall be provided for a low rent (indicatively, EUR 4.40/m ²). The approved projects shall meet high quality requirements: (1) the building shall be a nearly zero-energy building; (2) Appropriate quality tests (acoustic measurements, building air permeability test) shall be carried out at the time of entry into service.
				Projects finished with 300 apartments built and delivered in line with the following specifications: (1) the building shall be a nearly zero-energy building; (2) appropriate quality tests (acoustic measurements, building air permeability test) shall be carried out at the time of entry into service.
Investment: 3.1.1.5.i. Development of infrastructure and equipment of educational institutions				
		Q3 2026		Improvement of infrastructure of 20 general education institutions established by local governments according to specifications: investments may be envisaged for the improvement of the education institution physical environment - classrooms that met hygienic requirements, reconstruction of engineering networks (including ventilation systems), ensure sufficient and energy efficient lighting, and other ergonomic and modern education environment solutions.
Investment: 3.1.2.3.i. Resilience and continuity of the long-term social care service				
		Q3 2022		A standard construction design for the construction of 18 buildings necessary for the provision of long-term care services close to the family environment has been adopted by the Ministry of Welfare. The construction design shall be intended for the construction of highly energy-efficient buildings (nearly zero-energy buildings).
Investment 3.1.2.4.i. Synergistic development of social and occupational rehabilitation services for the promotion of the resilience of people with functional disabilities				
		Q1 2024	4	Adaptation of 2 buildings where the infrastructure shall be improved, including environmental accessibility and energy efficiency, and the improvement of the technical and material equipment

EXPLANATORY DOCUMENT TO ACCOMPANY COUNTRY PROFILES

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

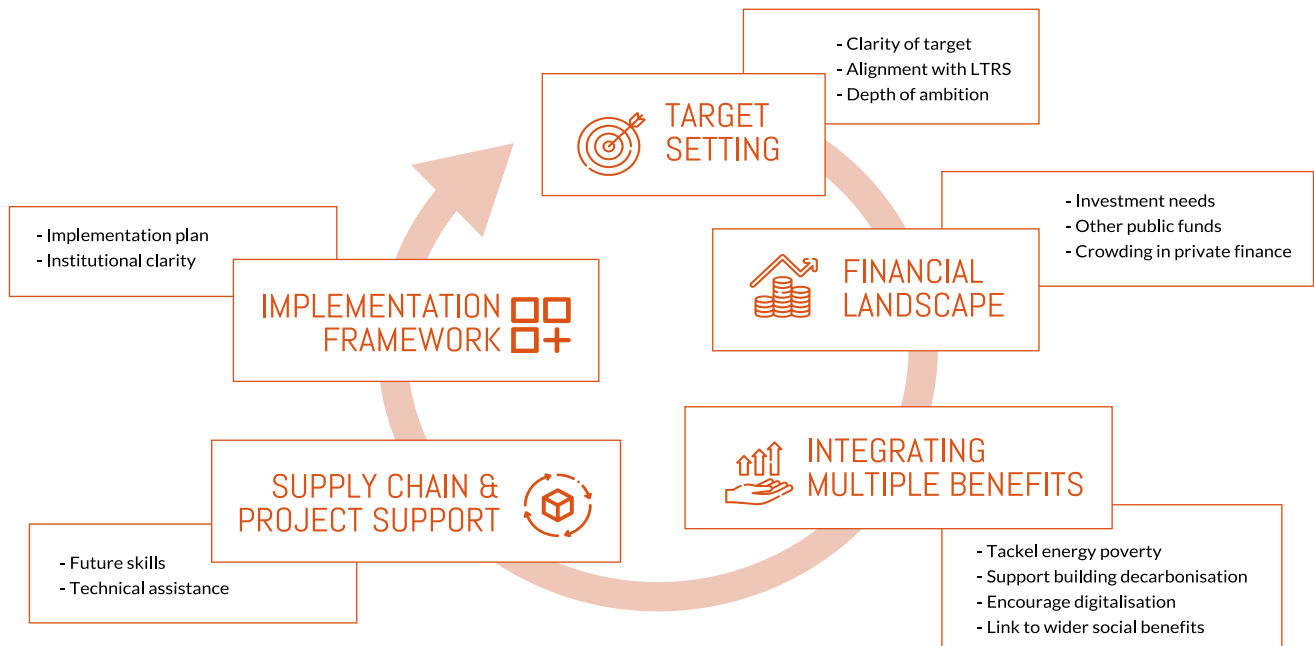
ABOUT THIS STUDY

This Study assesses the buildings-related elements of the National Recovery and Resilience Plans (NRRPs) in 18 Member States¹: Austria, Belgium, Bulgaria, Croatia, Czechia, Denmark, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Poland, Romania, Slovakia, Slovenia and Spain². 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.

RENOVATE² 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

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

FINANCING

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

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

SUPPORT

IMPLEMENTATION

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