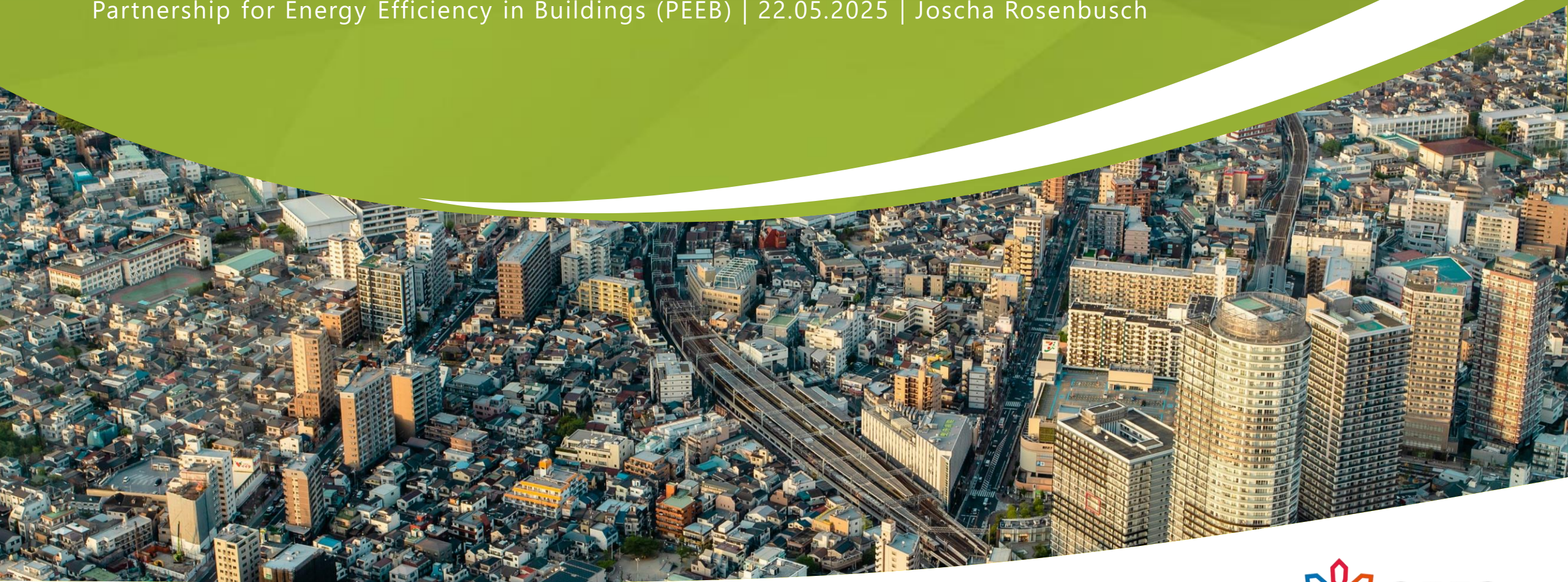


Financing Building Energy Retrofits: Concessional Loans

Partnership for Energy Efficiency in Buildings (PEEB) | 22.05.2025 | Joscha Rosenbusch



PEEB is funded by



PEEB is implemented by



Vision and Mission



Transforming the global building sector

By promoting sustainable building design, construction and operation



Innovative financing and policy support



Expected impacts:

- **Lower energy demand**
- **Reduced emissions**
- **Climate-resilient future**



Countries/ Programmes

PEEB Cool

11 countries in
hot climates
EUR 230.5 million



PEEB ASEAN

Southeast Asia
EUR 5 million



PEEB Med Mediterranean region EUR 30 million



Climate Finance Incubator

EUR 2 Million



PEEB Cool: Albania, Argentina, Costa Rica, Djibouti, Indonesia, Mexico, Morocco, Nigeria, North Macedonia, Sri Lanka, Tunisia

PEEB Med: Algeria, Egypt, Jordan, Lebanon, Morocco, Palestinian Territories, Tunisia

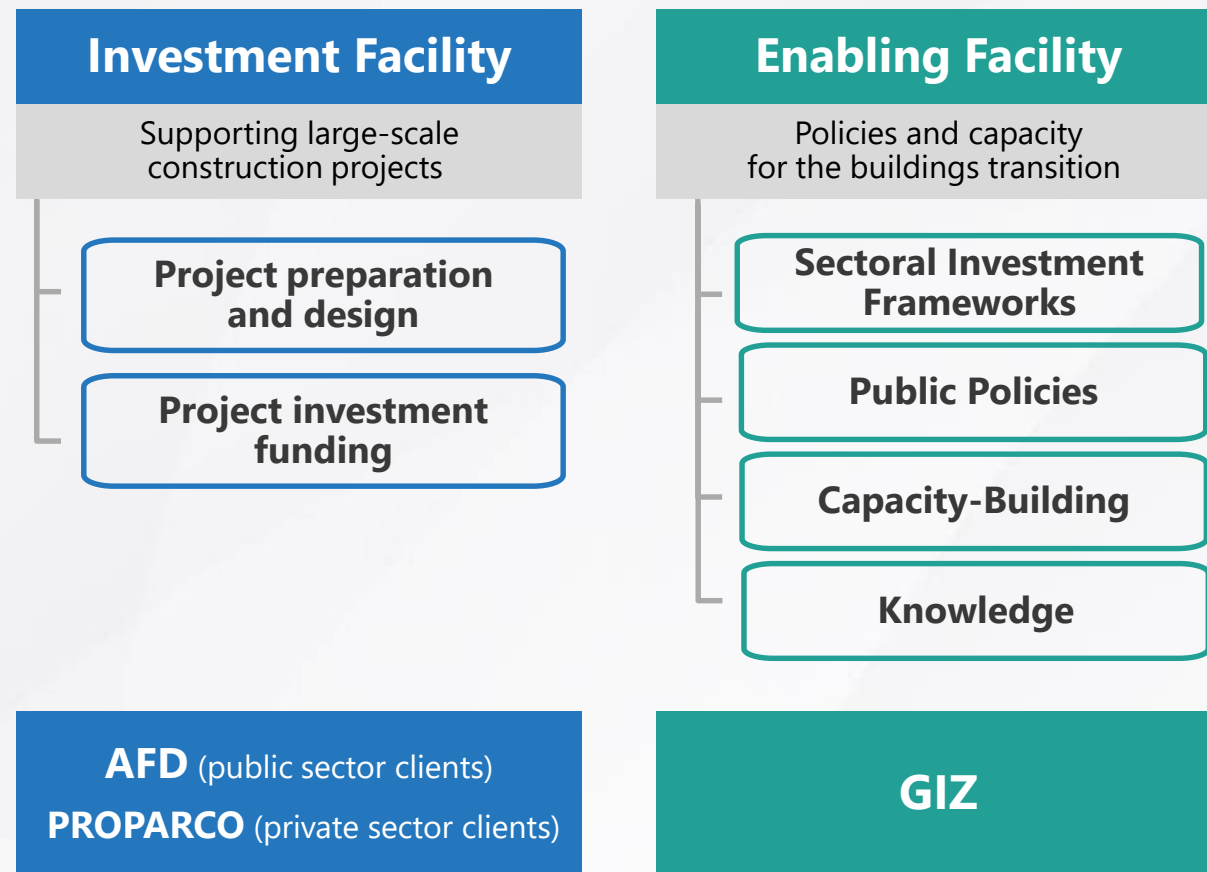
PEEB ASEAN: Cambodia, Indonesia, Laos, Philippines, Thailand, Vietnam

PEEB Climate Finance Incubator: Indonesia, Morocco, Nigeria

- Total budget **EUR 275.9 million**
- **EUR 2.2 billion** of Green Building projects in the **finance pipeline**

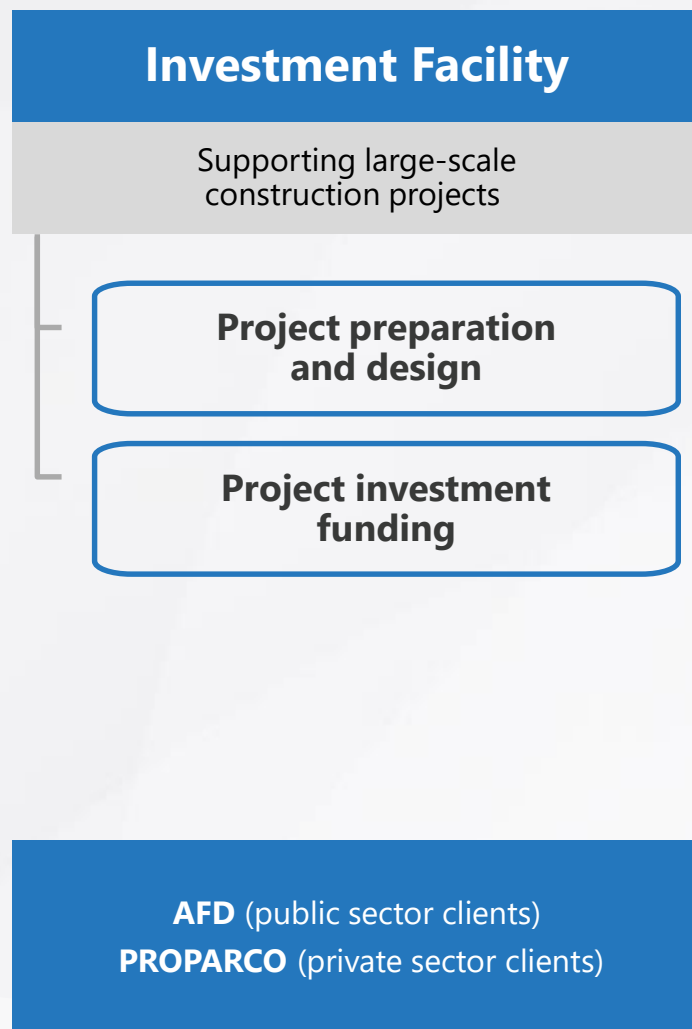
Approach

PEEB combines **financing** and **policy** to bring projects to scale for long-lasting sector transformation.

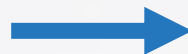


- Development of **large-scale Green Building projects** by financing (concessional loans and grants) and expert support throughout all stages of the project cycle
- Improving **strategies and regulations for resilient and efficient buildings** through policy advice, capacity building and knowledge

PEEB Cool Investment Facility | Methodology



- For any building renovation and/or construction project (e.g. hospitals, schools in rural and urban areas, social housing, offices)



Explicit aim of improving energy and environmental performance compared to the baseline situation.

- Financing products include:
 - **Loans**, provided by AFD, with the conditions of an international development bank to the benefit of public and private project owners
 - **Concessional loans** provided by GCF, blended with AFD loans
 - **Investment grants** provided by FFEM up to an amount of EUR 500,000 per contribution
- Addresses both **mitigation** and **adaptation**

Investment Facility | Offer and Eligibility Criteria

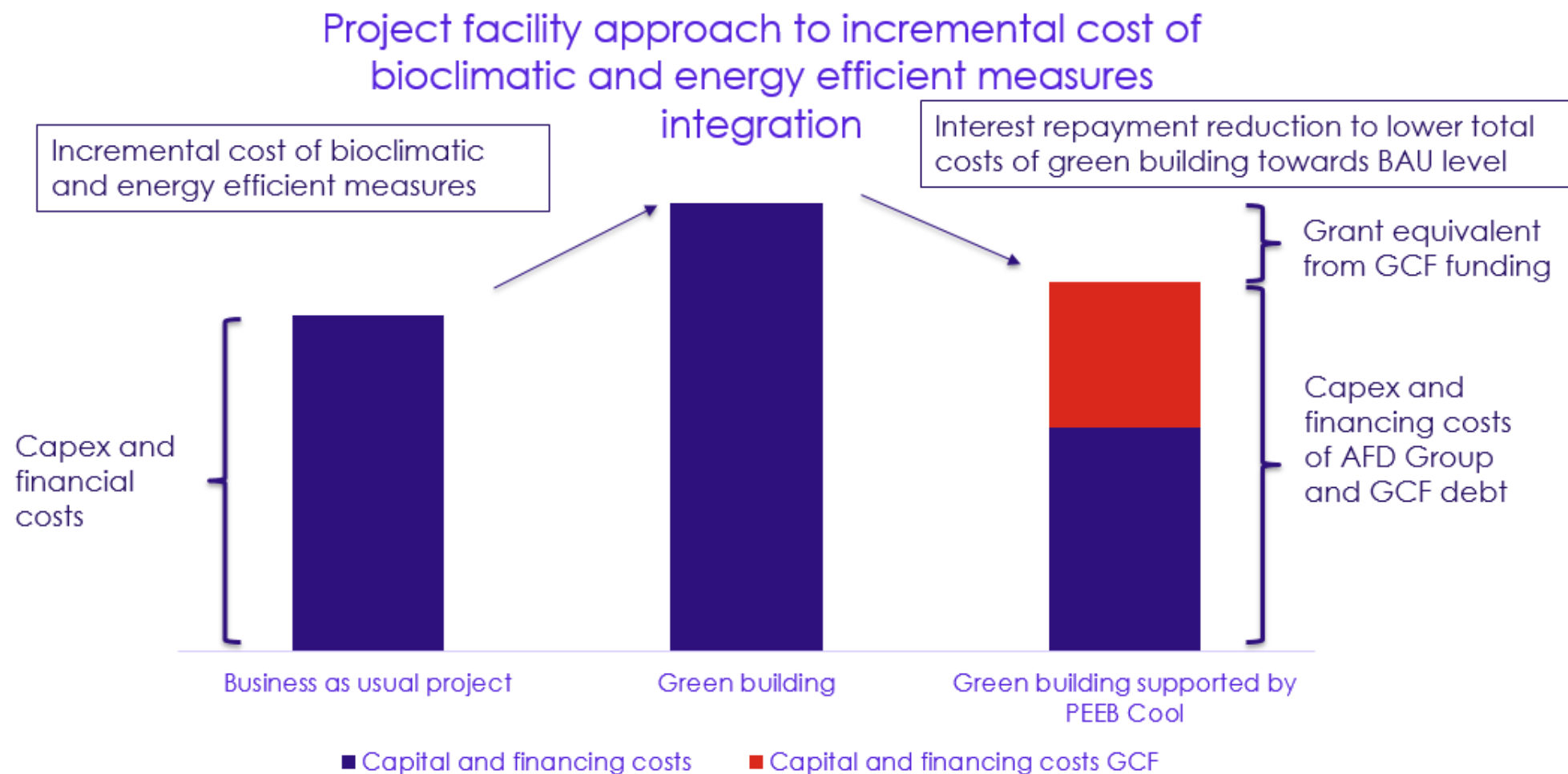
- **Modality:** Direct **financing** to **public or private** counterparts, or **intermediated financing** through public or private financial institutions
- **Performance** required for the projects, in comparison to the baseline situation:
 - On adaptation → increase of 20% in thermal comfort
 - On mitigation for renovation → 40% GHG emissions reduction or 40% energy consumption savings
 - On mitigation for new construction → 20% GHG emissions reduction and/or 20% energy consumption savings and/or 20% water consumption savings
- **Technology:** architectural solutions boosting natural ventilation and/or inertia, sub-trade equipment promoting cooling with low consumption, active cooling systems with excellent efficiency and coolants with low Global Warming Potential (GWP)

Concessional loan | Concept



- Loan made on **more favorable terms** than the borrower could obtain in the marketplace. The concessional terms may include a **lower interest rate**, deferred repayments, income-contingent repayments, or other.
- Concessional funding typically provided by organizations with social or environmental missions, such as governments, development or **climate finance institutions**, impact investors, foundations etc.
- **Catalytic role** in transactions and **pioneering role** to crowd-in participation from other providers to the market.

Concessional loan | Concept for Energy Efficiency in Buildings



Concessional loan | Example calculations PEEB Cool country

Example

Example county

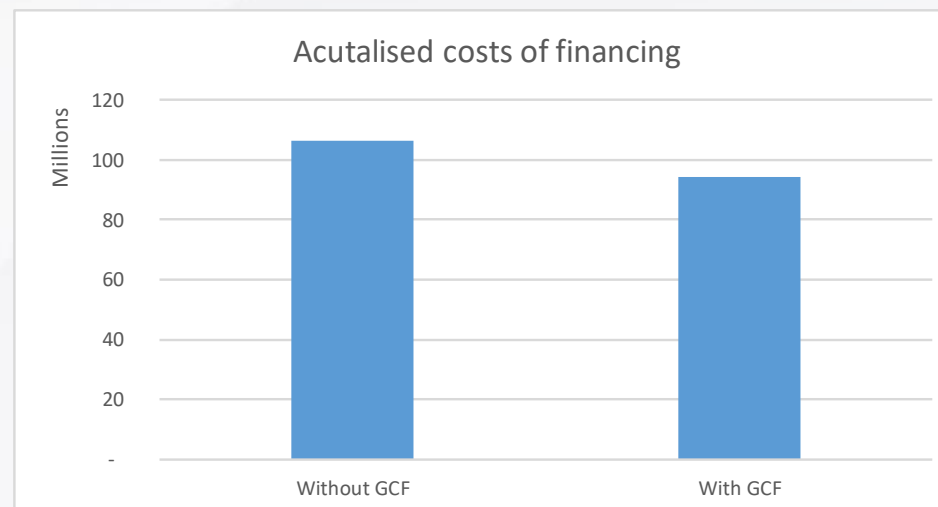
example AFD interest rate		
Sovereign	Non-sovereign	Private sector
1,30%	1,45%	5,60%

GCF rates	
Sovereign	0,50%
Non-sovereign	0,75%
Private sector	1,50%

Country	Example
S or NS or private ?	Private sector
AFD loan amount	40 000 000 63%
GCF loan amount	23 000 000 37%
Loan total	63 000 000 100%
Loan duration (yrs)	25
Grace period (yrs)	5

AFD interest rate	5,60%
GCF interest rate	1,50%

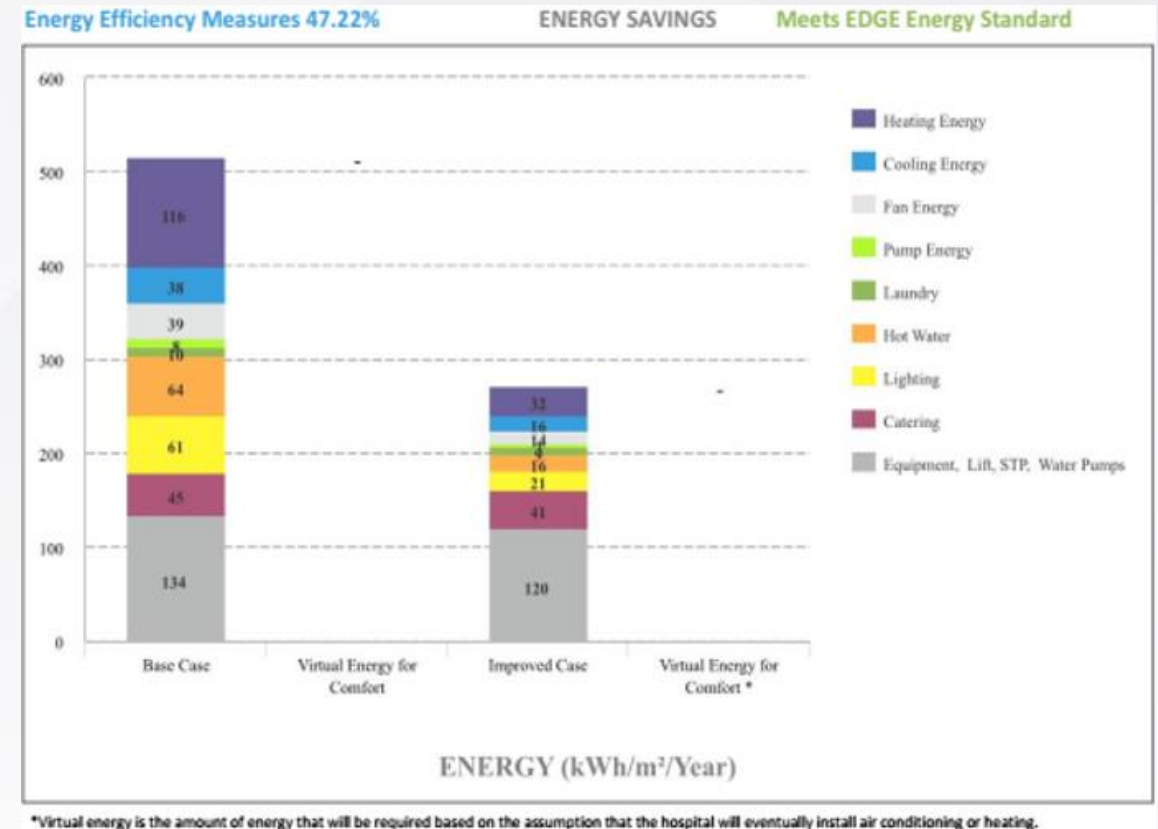
Grant-equivalent	12 019 441
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Concessional loan | Concepts

The **baseline for mitigation benefits** estimations is established by assessing the BaU energy performance of a building.

- Building refurbishment: the current energy performance of the building before any improvement were made.
- New buildings: EDGE modelling of BAU building
 - In countries with existing and effectively implemented building energy codes or taxonomies, parameters are accessed and adjusted
 - In countries without building energy codes or taxonomies: standard practice in the country



EDGE results for a hospital project in Tunisia

Concessional loan | Concepts

Maximum GCF share investment financing

- Max 50% of AFD - GCF package

Business-as-usual budget

Building refurbishment subproject

- BAU budget is zero

Building construction subproject

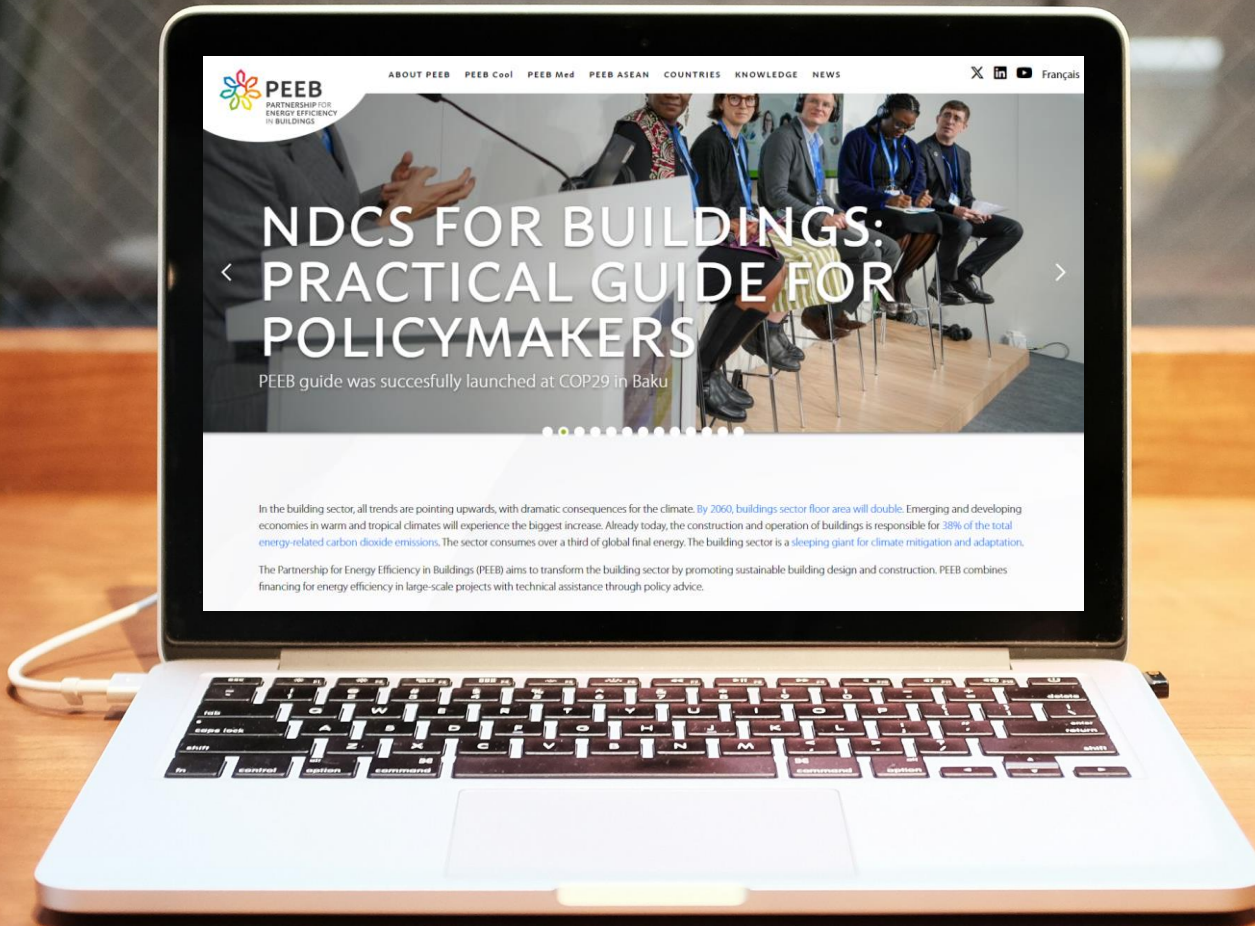
- Cost data provided based on the preliminary design.
- Cost data from existing standard plans
- Cross check with other references (PEEB, EDGE, country)

Minimum concessionality conditionalities

The grant equivalent (GCF co-financing share) is adjusted for each investment:

- Only covers eligible climate costs (based on AFD Group climate finance principles for energy efficiency in buildings), and
- Capped so that the debt service is not reduced below what it would have been for the business-as-usual budget

Thank you!



PEEB



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DONE