INSPIRenov – Webinar 2

17th of June 2026, Tallinn

Developing Blended Financing Tools for Renovation

Aniko Dobi-Rozsa & Adrian Balaci
GESB

Co-funded by the European Union

This project has received funding from the European Union's Programme for the Environment and Climate Action (LIFE), under grant agreement No 101120723

GESB: Who we are

About us

- Founded in 2005 in Hungary, GESB is a business development company. Our initial line of business was the creation of the first *Hungarian One Stop Shop for Energy Efficiency* – a best practice we have promoted in several countries in Europe and beyond
- Over the past 21 years, GESB's portfolio of expertise, know-how and original IP has expanded considerably.
- Our growing team now includes experts in behavioural science, diplomacy, geopolitics, trade practices, security and defence
- Currently HQ-d in Brussels, we have offices in Budapest, London, Strasbourg and Belgrade

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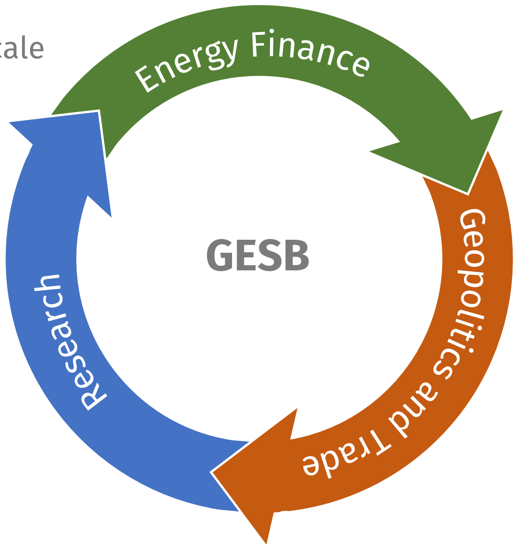
GESB: What we do

Recalibrating our finance approach (incl. EE)

Developing inflation- and price-reduction strategies for governments and regional/local authorities by unlocking untapped economies of scale



Carrying out scientific research

Our recent focus has been on market distortions created by public cash infusions, their moral hazard impacts, and public budget neutrality principles

Understanding China's dominance

We have invested significant resources in studying China and its economic proxies over the past 10 years, including keeping a presence in China for 5 years. Our focus is Chinese resource monopolisation, production and trade dominance

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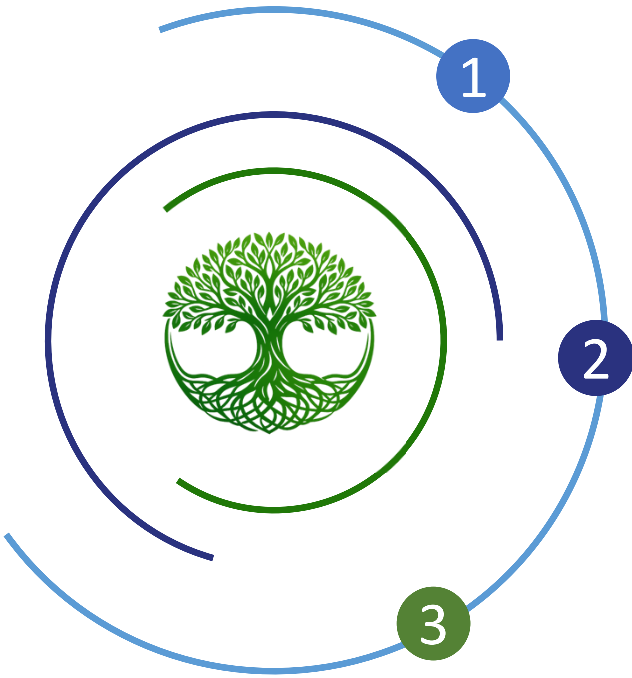
GESB: Zoom in on Energy Finance



Our core offer

We specialise in developing financing instruments and business models to unlock investment in **energy efficiency (EE)** and **renewable energy systems (RES)**

Impact focus

We prioritise energy security and cost reductions, supporting middle- to low-income households, apartment associations, and ESCOs

Who we serve

Our products are targeted at both private- and public-sector clients – governments, regional/local authorities, banks, and more

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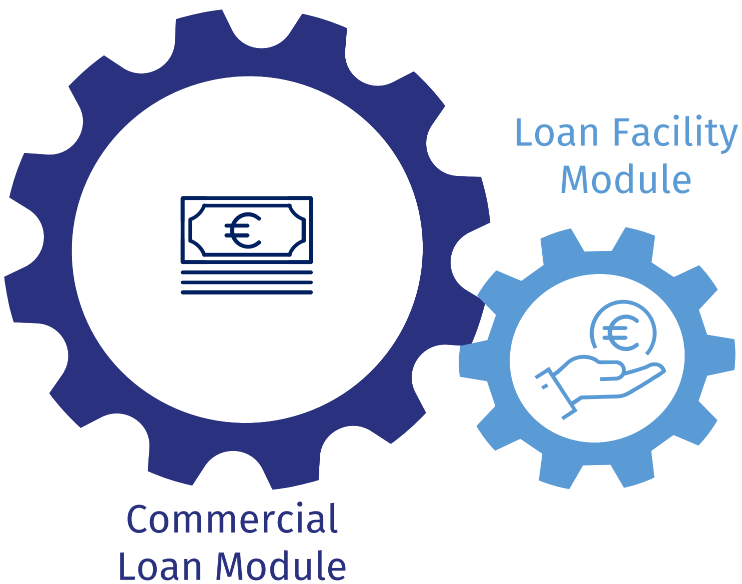
Our Energy Finance product: Blended Financing

The Blended Financing Scheme has a dual structure, with two independent but interconnected modules



Both components must be technically sound in their own right, while operating seamlessly together as a unified system

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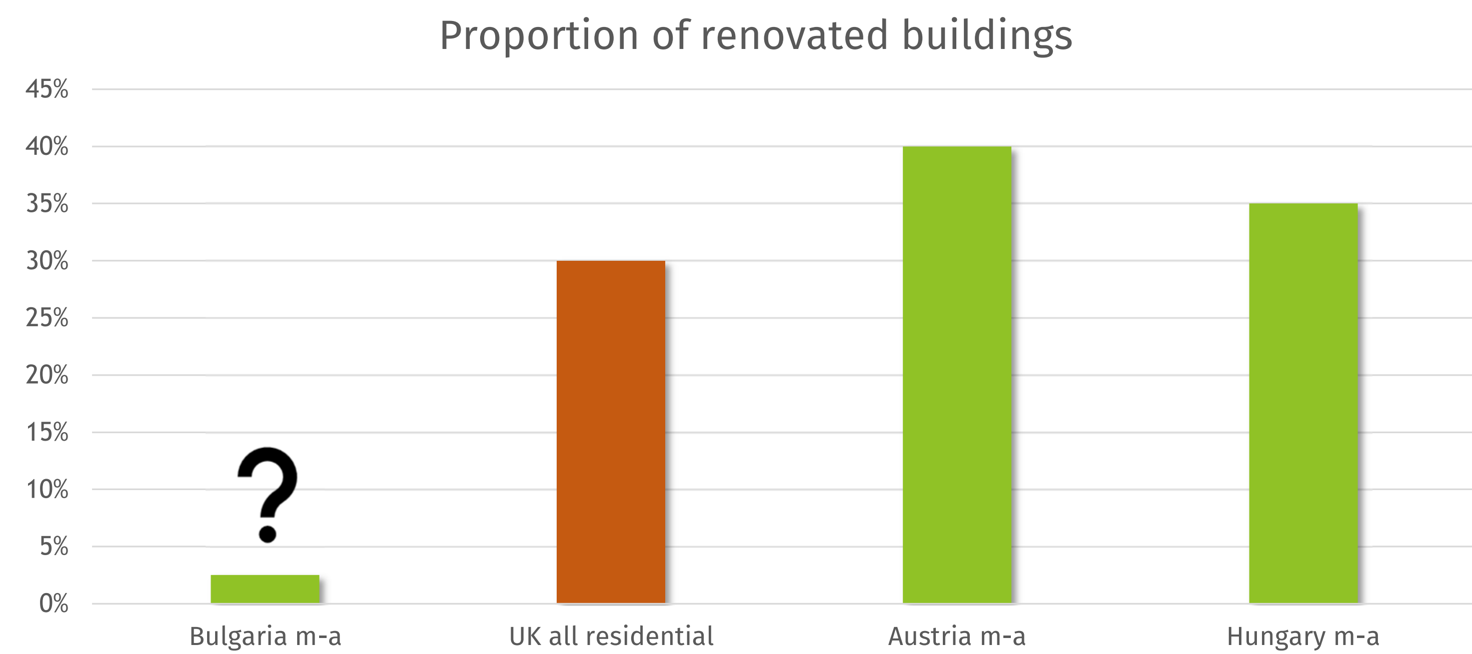
A European outlook



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GESB in Bulgaria: Finance Expert Across Two Programmes

6

years of continuous engagement and development

2

programmes: SHEERenov & INSPIRenov

~70%

of the Bulgarian commercial banking sector by assets is engaged

What GESB built in Bulgaria

- Sole finance expert in both INSPIRenov and SHEERenov consortia
- Technical assistance delivered to the Bulgarian banking sector (Bulgarian Development Bank, the Fund of Funds, and the major commercial banks
- ~70% of commercial banks engaged, represent the Bulgarian banking sector by total assets
- Developed the Indicative Term Sheet for the blended facility with input from financial institutions
- Banks now define commercial viability in precise financial terms:
  – 60/40 loan/grant split as a hard commercial floor
  – 15 y term
  – Minimum €250M/year loan portfolio threshold
  – Enabling legal framework for collective borrowing

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Building Capacity

The journey so far

- **No prior experience** Starting point:
  Bulgarian commercial banks had no experience in energy renovation lending to housing associations when GESB began its work

- GESB approach across both programmes:
  Competence and capacity first — product design follows from internal bank readiness

- Progress is real but takes years:
  Banks should independently identify pipeline, legal, supervisory, and training requirements — all documented in the co-developed Indicative Term Sheet

- At least one bank is already building the internal foundations for renovation lending

The core principle — and why the Hungarian model leads in Europe

No blended facility, guarantee structure, or external scheme can substitute for a bank's internal competence, capacity, and resource commitment.

The Hungarian model is the European reference: budget-neutral revolving instruments where private investment is not subsidised by taxpayers — commercially viable, scalable, and replicable.

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INSPIRenov Blended Financing Facility

Structure

The INSPIRenov facility combines a **repayable bank loan** with a **non-repayable public grant** to make energy renovation affordable for apartment building owners in Bulgaria.

PUBLIC GRANT

max. 40%

of total eligible project cost

Non-repayable

Paid as:
Investment grant (upfront or in tranches) or capital rebate upon verified completion

BANK LOAN

min. 60%

of total eligible project cost

Repayable
Provided by commercial banks at preferential rates

WHO BENEFITS

Apartment building owners
Organised as a formally registered Association of owners

Eligible buildings:
Multifamily residential buildings in urban areas across Bulgaria

Required outcome:
At least 30% reduction in primary energy consumption, verified by energy performance certificate

Why blend? The grant reduces the financing burden, making monthly repayments affordable. The loan creates a meaningful financing volume that attracts commercial banks. Neither component alone is sufficient.

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INSPIRenov Blended Financing Facility

EU / public funds → **GRANT**

Commercial banks → **LOAN**

Apartment owners → **OWN FUNDS 0–10%**

= 100% of renovation cost

HOW MONEY FLOWS

Loan is disbursed by the commercial bank (possibly in milestone-linked tranches as renovation work proceeds).

Repayment flows from apartment owners → Association → bank over up to 15 years. No individual mortgage required.

Grant + loan can be managed in a single contract with one entity, or in separate operations.

RISK-SHARING LAYER

A public guarantee or funded risk-sharing facility reduces the bank's credit risk, enabling it to lend at preferential rates.

Coverage: up to 80% of loan principal per building Portfolio guarantee

Benchmark: Estonian and Hungarian revolving guarantee model

REVOLVING MECHANISM

Loan repayments flow back into the facility to fund future renovations — making public money go further over time.

Typical loan per building: EUR 500,000–800,000 | **Loan porffolio of EUR 250 million**

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Thank you for your attention!

Contact:

adrian.balaci@gesb.be

anikodobirozsa@gesb.be

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