Why the EU Recovery and Resilience Facility Must Prioritise Investments in Building Renovation

A short think piece

Publication

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Modernising the EU's building stock is essential to meet the twin goals of climate action and green recovery. The building sector is responsible for 27 % of total greenhouse gas (GHG) emissions and for 36 % of energy-related GHG emissions when considering direct and indirect GHG emissions. According to the European Commission, building renovation rates must double to contribute to the envisioned 55 % emission reduction by 2030 – and this in turn is vital to go climate neutral by 2050.

Meanwhile, energy renovations are a key driver of a fair and sustainable recovery: the International Energy Agency and Buildings Performance Institute Europe both predict about 18,000 jobs per billion euros invested. Improving the quality of our building stock is equally important to address indoor air quality and energy poverty: currently about 34 million households cannot afford their energy bills.

This think piece makes the case for earmarking a minimum share of the Recovery and Resilience Facility (RRF) to finance in-depth building renovations. The method we recommend is to allocate RRF funds according to the building sector's share of total GHG emissions, in line with the EU's green recovery commitments and the requirement to spend 37 % of the Recovery and Resilience Facility grants and loans on climate-related investments. This translates into at least EUR 54.5 billion in grants and loans across the EU. For full results check out the report.

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Eike Karola Velten

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