

Pooling Funds for Impact: Serbia's First HOA Bank Loan for Energy Renovation



The MAB in Kula before its energy rehabilitation, carried out through multiple funding sources

Residential buildings have long been a significant contributor to environmental pollution. According to data from the European Commission, they accounted for about 40% of energy consumption and 36% of greenhouse gas emissions in the EU. The challenge was even greater in Serbia, where estimates suggested that at least one-third of residential buildings were more than 50 years old. This created substantial opportunities in the construction sector for achieving energy savings and reducing CO₂ emissions.

However, the large-scale renovation of housing stock had been hindered by numerous barriers, including low public awareness of the benefits of energy renovation, limited motivation and initiative among building owners, and a lack of technical

knowledge and practical experience for planning and implementing such projects. A crucial requirement for success was the availability of sustainable financing solutions and support mechanisms, such as credit guarantees.

Within the USAID Better Energy project, E3 International worked in cooperation with Chemonics International to help address these challenges. E3 International collaborated with government authorities, municipalities, banks, building managers, and housing communities to create enabling conditions and strengthen financing opportunities for the renovation of multi-family residential buildings. Its experts facilitated the development and piloting of credit products for housing communities, as well as local support programs and guarantee mechanisms for loans, and created financial models that combined multiple sources of funding.

Through this effort, banks partnering with Better Energy — including Postal Savings Bank, ProCredit Bank, and Erste Bank — developed credit products tailored for homeowners' associations (HOAs). The first loans for sustainable energy renovations of residential buildings were approved. On October 23, 2024, ProCredit Bank and the HOA Marsala Tita 252 in Kula signed the first agreement of this kind, enabling the renovation of an eight-story apartment building.

For this pilot, E3 International designed the financial model that brought together favorable loan resources from ProCredit Bank, contributions from apartment owners, a municipal subsidy awarded by the Municipality of Kula, and technical and material support from USAID and Better Energy. The initiative became a pioneering example of best practices, showing how collaborative funding sources could unlock investments in residential building renovation that had previously seemed unattainable.

Disclaimer

This activity was largely implemented by E3 International under its engagement on the USAID Serbia **BETTER ENERGY PROJECT** in cooperation with Chemonics International.