

VIPA

Develop | Innovate | Invest

About Public Investment Development Agency (VIPA)

About Lithuania

Grand Duke Gediminas wrote in his letter to European rulers in 1323 that “we open our land, our dominions and our kingdom to every person of goodwill.” And from then on we have welcomed people from all walks of life and from all countries to help us build a better future, not only for Lithuania, but for the greater world beyond.

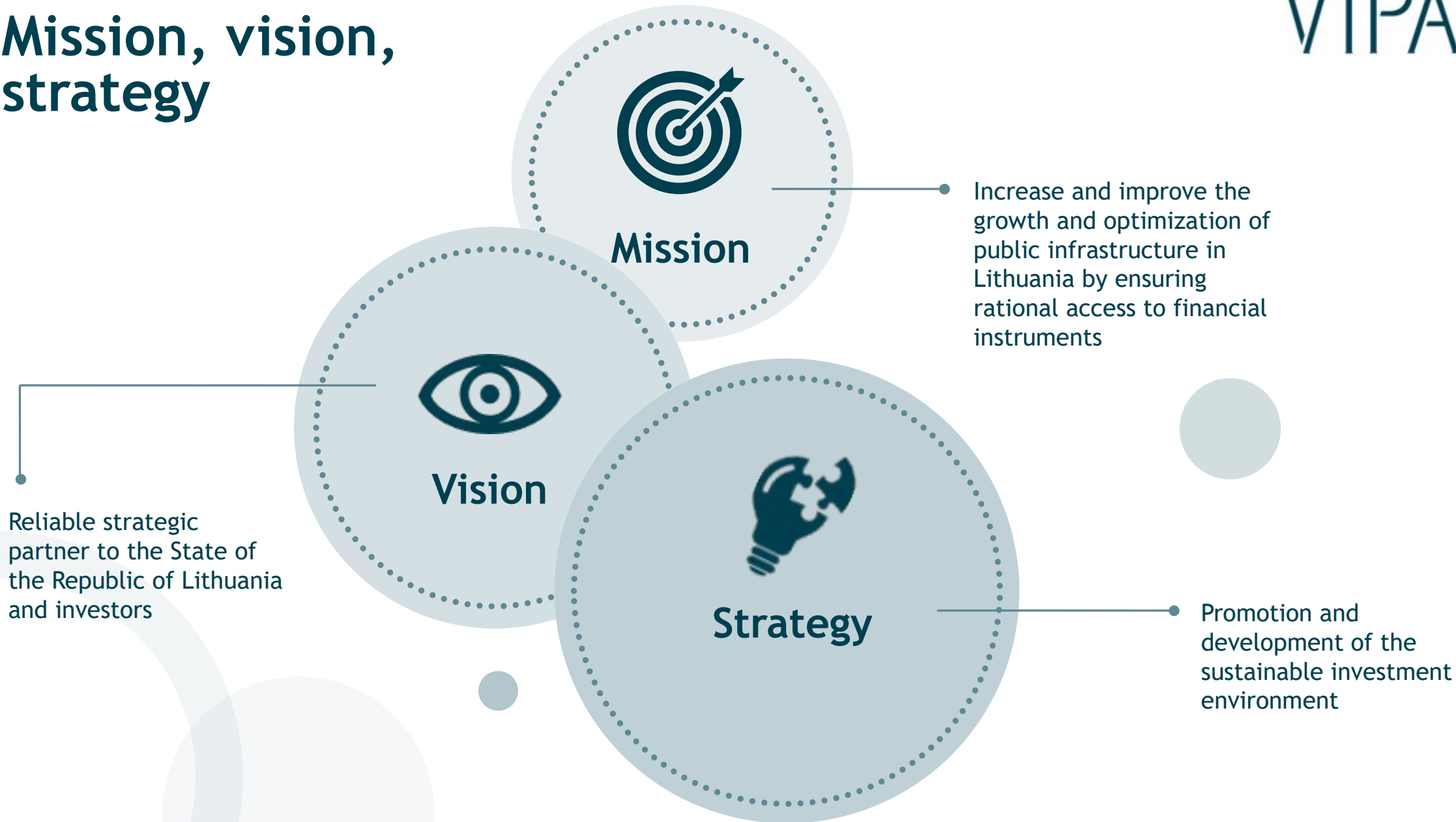
The Republic of Lithuania is a country in the Baltic region of northern Europe.

One of the three Baltic states, it is situated along the southeastern shore of the Baltic Sea, to the east of Sweden .

Lithuania has an estimated population of 2.8 million people, and its capital and largest city is Vilnius.



Mission, vision, strategy



About VIPA

Started activities in 2013

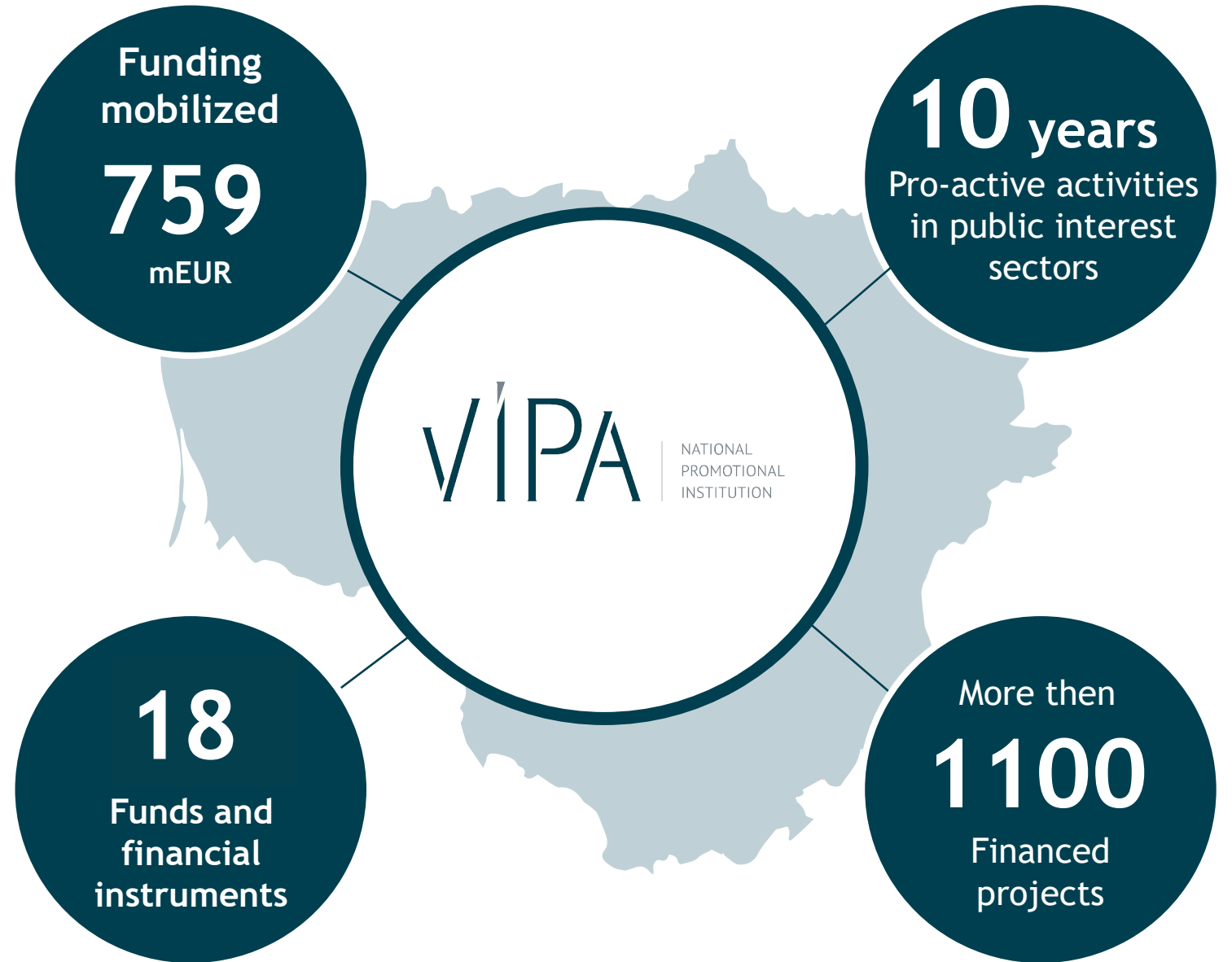
Owned by NPI

Supervised by central bank

Addressing market failures

Equity 31 mEUR

82 professional employees



Sectoral priorities



Green investments



Renewable energy sources



Public buildings



Water management



PP industry



Multi-apartment buildings



Infrastructure of education institutions



FEZ infrastructure



Cultural heritage



Street lighting

Funding gaps in sectors

VIPA’s mandate – act in the areas of development of urbanised territories, modernisation and development of housing and public or public interest related infrastructure, promotion of energy efficiency

Over EUR 9 billion funding gap identified in different public infrastructure sectors

Introduction of new innovative and sustainable financing solutions has strong political support

Sector analysis until 2023	Financing gap (mEUR)	FI potential (mEUR)
Multi-apartment buildings	1.800	1.260
Energy efficiency	1.055	800
Cultural heritage and culture infrastructure	306	300
Renewable energy	355	250
Ecologic transport	93	90
Wastewater and water management infrastructure	3.232	300
Healthcare	390	50
Social infrastructure	203	200
Energy infrastructure	175	100
National transport infrastructure	2.009	580
ICT infrastructure	50	50
Education and science infrastructure	43	40
Total:	9.711	3.540

Financial instruments

Financial instruments principles

- ❖ Financial instruments (loans, guarantees and equity) help to trigger investments on the ground for revenue-generating and cost-saving activities while maximizing private investment with minimum public support.
- ❖ Financial instruments represent a more efficient and sustainable alternative to complement traditional grant-based support.
- ❖ Besides the obvious advantages of leveraging additional resources and recycling funds over the long term, the repayable nature of financial instruments offers better performance, including greater financial discipline at the level of supported project.

Instruments implementation principles

- ❖ VIPA organizes applications assessment, signing agreements, assessment of paying requests, implementing on spot checks, reporting to ministries according to concrete Fund agreement, national and EU legislation, internal procedures approved by VIPA CEO
- ❖ 4 divisions of Customer service department are responsible for organizing call for proposals, consultation and training activities. Application assessment process includes risk assessment of financial liabilities and money laundering prevention of Clients too. Projects managers of Customer service department cooperate with the experts of Risk assessment department
- ❖ Each Fund (product) has separate bilateral agreements forms, which are adapted to specificity of concrete product

Multi apartment renovation project portfolio

Multi-Apartment Building Modernization Fund (ABMF) was established in 2015. VIPA started to provide 30 mEUR loans from JESSICA fund from 2nd half of 2013. ABMF total project portfolio amounts to 433 mEUR

VIPA provides concessional loans for renovation (modernisation) of multi-apartment buildings from 2013 starting with JESSICA. It is aimed at reducing thermal energy consumption, encouraging rational use of energy resources, ensuring efficient use of housing, and improving the living environment and quality of life for the population.

Total number of projects:	1026 multi apartment buildings
VIPA investment:	398,6 mEUR
Of which renovated already using VIPA funds:	1400 thousand of. sq. meters or equivalent of 28 189 households
Annual greenhouse effect CO2 reduction:	43 498 tons per year

Multi-apartment building modernization in Lithuania became an example for other countries



- In April of 2020, European court of auditions released Special report 11/2020: „Energy efficiency in buildings: greater focus on cost-effectiveness still needed“, where they assessed whether EU co-funded energy efficiency investments in buildings had cost-effectively helped the EU toward its 2020 energy saving target.*
- Lithuania in this report was indicated as a **good practice**:
 - „Only Lithuania put in place a successful EU financial instrument, which provided preferential loans to help renovate some 4 000 multi-apartment buildings.“
 - „So far only Lithuania has used EU funds to put in place such an instrument for residential buildings.“
 - „Drawing on the 2007-2013 positive experience in using financial instruments for energy efficiency upgrades to multi-apartment buildings, in the 2014-2020 period Lithuania set up a financial instrument providing preferential loans for €314 million to housing associations.“

Municipal Buildings Fund

Municipal Buildings Fund was established in 2017.

VIPPA provides loans for modernization (renewal) of municipal public buildings to promote energy efficiency improvement.

Purpose of the Fund is to promote the increase of energy efficiency by investing in the modernization of municipal public buildings, to contribute to the achievement of strategic goals in the field of energy efficiency and encourage the development of the market for energy saving service providers and the involvement of the private sector with their own resources and competencies.



662,7 t
per year

Total number of projects:	27 buildings
VIPPA investment:	13,26 mEUR
Total area:	115 215 thousand of. sq. meters
Planned annual greenhouse effect CO2 reduction upon completion of projects:	1280 tons per year

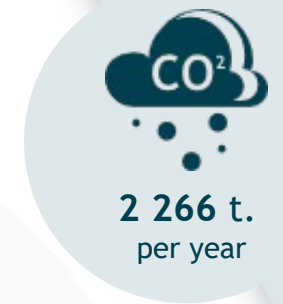
Energy Efficiency Fund

Energy Efficiency Fund was established in 2015.

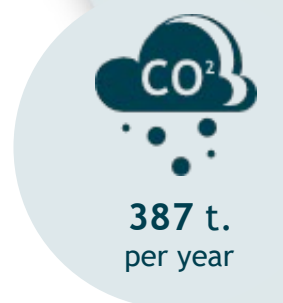
VIPA provides loans for financing renovation of central government buildings and guarantees for loans granted by commercial banks for street lighting modernization projects.

The aim is to increase the energy efficiency of public buildings for heating and lighting, to ensure energy efficiency, to reduce emission of greenhouse effect gas (CO₂) and to ensure the compliance of central government buildings with hygiene standards.

Total number of projects (buildings):	70 buildings
VIPA investment:	23,92 mEUR
Total area of renovated dormitories:	177 833,41 sq. meters
Annual reduction in primary energy consumption:	20 433 715,61 kWh per year



Investment amount (1 lighting project):	1,3 mEUR
Electricity saved:	58 proc. per year
Renewed luminaires:	2216 pcs.
Annual greenhouse effect CO ₂ reduction:	387 tons per year



Dormitory renovation project portfolio (Jessica)

Dormitory EE renovation was implemented under European Commission’s initiative JESSICA. VIPA granted subsidised loans for renovation of dormitories of higher education schools and vocational training institutions.

The aim was to renew dormitories which were built according to the technical construction standards which were applicable before 1993 so as to ensure rational use of energy resources, to improve the conditions of students who live in dormitories.



1 718,15 t
per year

Total number of projects:	16 dormitories
VIPA investment:	12,97 mEUR
Total area of renovated dormitories:	91 343 sq.meters
Annual reduction in primary energy consumption:	7 374 034,03 (kWh/per year)
Annual greenhouse effect CO2 reduction:	1 718,15 tons per year

Cultural Heritage Fund

Cultural Heritage Fund was established in 2017.

VIPA provides loans through the financial intermediary (local bank) to public and private legal entities managing cultural heritage objects. Allocated ESIF amount 5,2 mEUR

Cultural Heritage Fund is a financial instrument dedicated for economic actualization of cultural heritage and improving the accessibility of cultural heritage to the public

Total number of projects:	5 buildings
VIPA investment:	2,44 mEUR
Attracted new visitors:	11 836 new visitors
Attracted private funding	4,78 mEUR

Water Supply and Wastewater Fund

Water Supply and Wastewater Fund was established in 2019.

VIPA provides loans to finance the development and reconstruction of water supply and sewerage networks. Potential applicants are public drinking water suppliers and wastewater managers.

Fund's ultimate goal is to finance projects that help provide the population with quality and affordable water and sanitation services

Total number of projects:	36 projects
VIPA investment:	29,3 mEUR
Households connected to the water supply network:	8965 households
Households connected to the wastewater network:	5160 households

Lessons learned

Lessons learned

**01**

In dept Market assessment (ex ante)

- Important to see big picture
- Early consultation with stakeholders
- Priority for in-house assessment (although high expertise needed)

02

Consistent political support

- Consistent policies and stable procedures (assurance of on-going political support)
- Complementing (blending FI's and grants) rather than competing grants
- Support for reforms facilitating FI's in particular sector

03

Facilitating and promoting FI's

- Delegation of process owner
- TA facilities for project development
- Promotion (awareness raising) of FI's
- Play "Carrot-and-Stick" game (motivative measures to be introduced with punishing ones)

Lessons learned



04

Simplification and standardization of FI's

- Make FI's as flexible as possible
- Develop standard and simple set of documentation
- Use "One stop shop" concept
- Ensure quality of implemented projects

05

Other observations

- Slow start of FIs - raising public awareness, changing mentality, subsidies vs loans, challenge to shift thinking from "grants" to "revolving investments"
- Good planning – milestones and steps to achieve them and apply corrections in a timely manner
- While project pipeline accelerating think of alternative financing sources leveraging public funds

Conclusions

- Financial instrument is introduced as an element to help increase financial sustainability
- Together with other public interventions the financial instrument will help transform the sector and achieve long term sustainability and efficiency
- Reflows of the financial instrument are secured for future investments
- NPI promoting one-stop-shop in blending FI (ESFI and own financing) and grant based funding

VIPA



www.vipa.lt



(8 5) 203 49 77



info@vipa.lt



[/Viešųjų investicijų plėtros agentūra \(VIPA\)](#)