




BUILD2LC

Interreg Europe



European Union
European Regional
Development Fund

Lithuanian
experience in
financial
instruments



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About VIPA



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Started activities in 2013

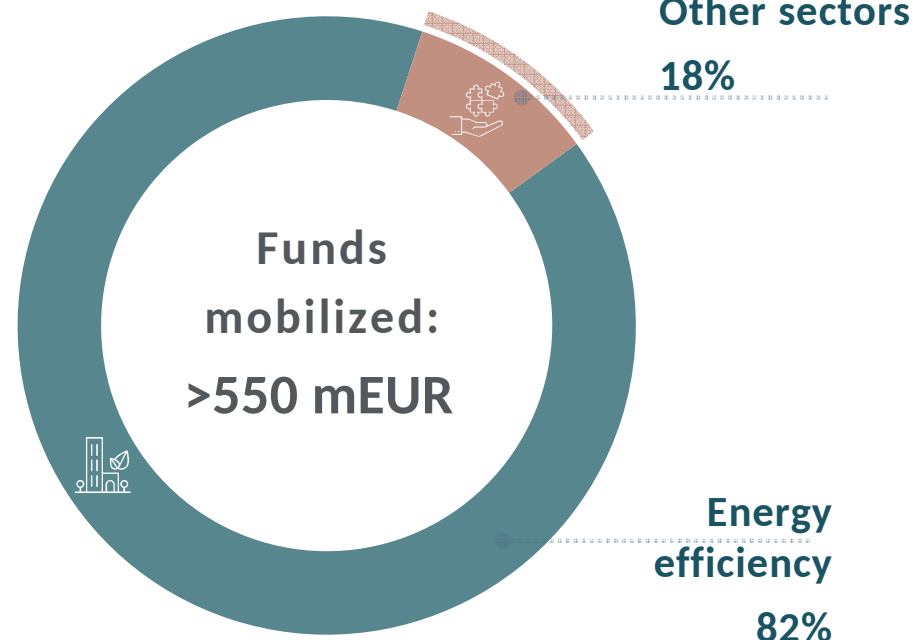
100% of shares owned by the Ministry of Finance of the Republic of Lithuania

55 employees

Acts as a National Promotional Institution (NPI)

Funding of urban, public and housing modernisation and development projects

Addresses market failures



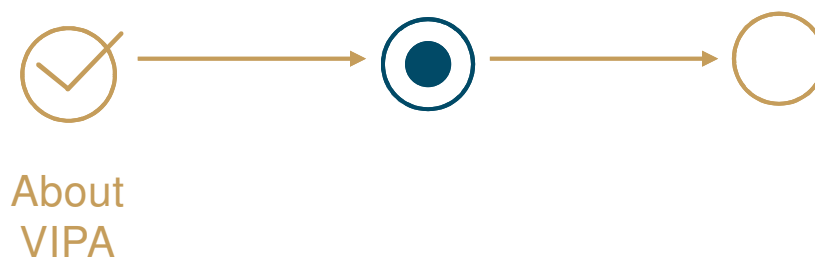
Gold award from EBRD in Environmental and Social Innovation category

Moody's assigned GB1 (Excellent) to green bond targeted to multi-apartment buildings modernisation



GREEN FINANCING RECOGNITION

New FI as a result of BUIL2LC



New FI as a result of BUILD2LC

! CHALLENGE/GAP IDENTIFIED

Although Lithuanian multi-apartment building modernization deep renovation model been recognized among the best good practices in Europe, but there are instances where its application is not justified, e.g.:

- ❑ Cultural heritage buildings (technical challenges to implement deep renovation)
- ❑ Low value of the buildings (investment to market value of the building is high)

🎯 COOPERATION, BI-LATERAL MEETINGS, GP'S AND SOLUTIONS



Agencia Andaluza de la Energía
CONSEJERÍA DE HACIENDA, INDUSTRIA Y ENERGÍA

Facilitation of modernization of buildings through energy efficiency and renewable energy measures by combining cultural heritage preservation and sustainability principles



Financing for building modernization provided for separate energy efficiency measures depending on households needs

New FI as a result of BUILD2LC

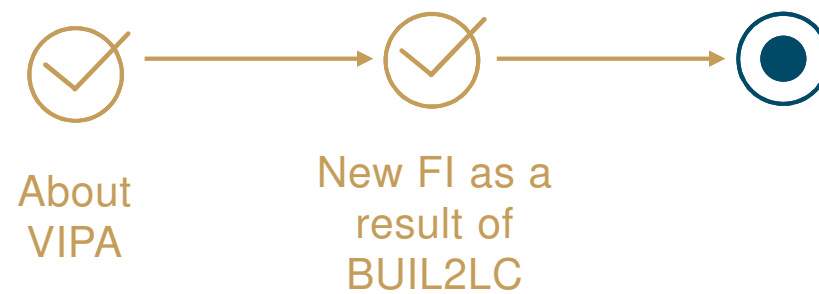
! NEW INSTRUMENT DEVELOPED

New financial instrument for shallow renovation measures in multi-apartment buildings developed and launched. Instrument is designed to make positive impact on Lithuanian EE goals set by European Commission.

🎯 POLICY INSTRUMENTS INFLUENCED

- Climate Change Program (new legislation for motivate shallow renovation model)
- Law on State Support for Housing (legislation amendment enabling shallow renovation model)
- [under development] Multi-apartment building management law (new legislation on multi-apartment buildings promoting modernization clarifying shallow renovation model)
- [under revision] amendments to other legislation (e.g. consumer credit law) to promote project portfolio development

Lessons learned from FI development



Lessons learned

- Cooperate with partners to understand the essence of GP's
- Adapt GP's rather than "copy-paste" as your environment other countries environment is different (e.g. difference in geographical zones, cultural behavior, ownership structures, legislations, etc.)
- Good knowledge of market conditions and final beneficiaries (invest in quality of market/ex-ante assessment)
- New FI's usually need legislation changes to make financing viable (invest in legislation research)
- Consult stakeholders early, but be consistent and tough, if necessary
- Consistent policies and stable procedures (assurance of on-going political support for initiatives)

Lessons learned

- Good planning – milestones and steps to achieve them and apply corrections in a timely manner
- FI's do not “fly” if you have similar subsidy (including related sectors) instruments or they are considered
- Delegate process owner
- TA for project pipeline development facilitates the start and implementation of FI's and promote your initiatives
- Challenge to “go first” – must be brave and optimistic
- Play “Carrot-and-Stick” game (motivative measures to be introduced with “punishing” ones)

Lessons learned

- Don't be discouraged by slow start of Fis, challenge to shift thinking from “grants” to “revolving investments”, invest in raising public awareness,
- Reluctance of financial intermediaries to perform new administrative functions related to ESIF, thus you would need to step-in
- Standardize and simplify process (make room for flexibility) as much as possible (e.g. “one stop shop”)
- While project pipeline accelerating think of alternative financing sources leveraging public funds
- Ensure quality of implemented projects in your models



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Thank you!

VIPA

NATIONAL
PROMOTIONAL
INSTITUTION
