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About VIPA

- Started activities in 2013
- Owned by Ministry of Finance
- Acting as National Promotional Institution (NPI)
- Addressing market failures
- Team of 64 professional employees
- Supervised by central bank

688 mln. Eur
Funding mobilized

9 years
Pro-active activities in public interest sectors

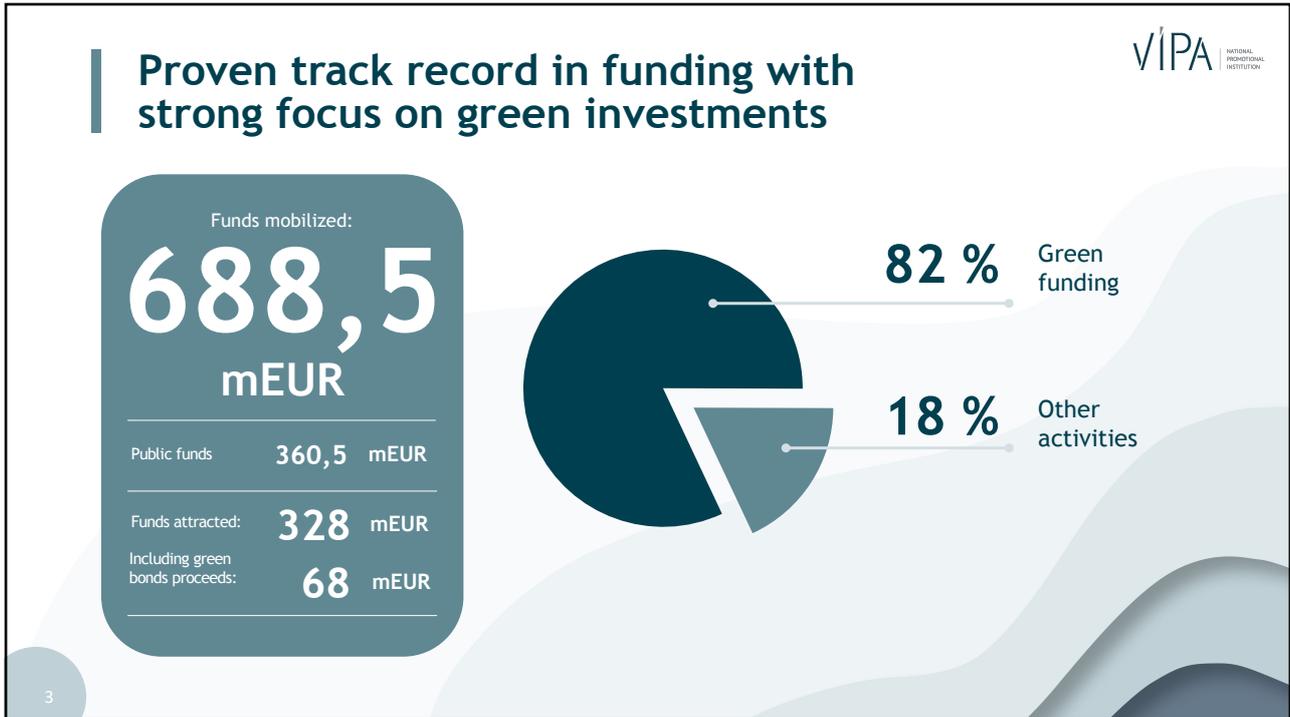
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Funds and financial instruments

900
More than Financed projects

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Challenges in MAB

- Distrust in Government initiatives
- Failed public relations program
- Poorly organized apartment owners
- Uncertainty regarding monthly payments after modernization
- Many low-income people were eligible for heating bill compensations, and had no incentive to join the program
- Possible state aid issues
- Legality of personal data handling
- Turning the apartment owners into borrowers against their will (possibly), and as a consequence

Challenges in public buildings



- Reluctance by public institutions to borrow (dependency of grant schemes)
- Challenges to achieve real savings (economic viability) vs high cost of deep renovation
- Need for additional subsidies in modernization projects, especially in cultural heritage buildings
- Fiscal debt (EUROSTAT treatment of debt related to cost saving investments)
- Energy data availability about public buildings
- ESCO model new and scary beast to use
- Building users don't have obligations for EE
- Need to have not only EE investments

Common challenges

- success in lowering gas prices
- Banks initial reluctance and distrust
- Banks - being risk averse
- limitations within construction sector, as mostly small companies bid for contracts

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Corrective measures in MAB

Facilitating and promoting FI's

- Project owner for MAB program appointed
- Municipalities involved:
 - instructed to draw lists of the worst-performing buildings
 - appointed renovation administrators
- Technical assistance measures introduced
- Promotional campaign launched
- Result based subsidy introduced together with gradual phase-out of heating bill compensations
- Quality assurance system introduced

NPI involved

- VIIPA appointed as FI manager

Legal changes introduced

- 50% +1 of apartment owners to agree on project
- Loans bound to apartments (not individual)

Scandalization and simplification of a process

- Loan to remain off the balance of Administrator
- Simple and standard procedures and document forms introduced

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Main financing conditions

- 3% fixed interest for 5 years after 5 year + 3% + EURIBOR (changed from 3% fixed interest rate)
- up to 20 years loan maturity
- loan amount - up to 100 % EE investment
- 24 month grace period (during construction)
- no collateral required
- 30% grant upon achieving 40% savings and energy class C (changed from 40%)
- up to 100% of project development and administration costs reimbursed
- 100% of reimbursement of installments to low income families

Corrective measures in public buildings

Facilitating and promoting FI's

- Centralized public real estate manager appointed
- Technical assistance measures introduced
- Improving building ownerships related obligation system
- Quality assurance system introduced
- ESCO model discussed and promoted at the state level

NPI involved

- VIPA appointed as FI manager
- VIPA stated to act as one-stop-shop blending FI and grant

Scandalization and simplification of a process

- Standard set of documentation for ESCO introduced using ELENA support
- Discussions and communication with EUROSTAT on off-balance financing possibilities



Main financing conditions

- up to 2% fixed interest + EURIBOR (actual can be as low as 0%)
- up to 20 years loan maturity
- loan amount - up to 100 % EE investment in case of direct lending and up to 80% in case of ESCO
- 24 month grace period (during construction)
- no collateral required
- (new COVID19) up to 70% repayable assistance grant (grant based on the achieved results)
- up to 14 EUR/m² grant (blended within FI) for technical documentation and project preparation activities

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Lessons learned

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Lessons learned

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- 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)

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Lessons learned

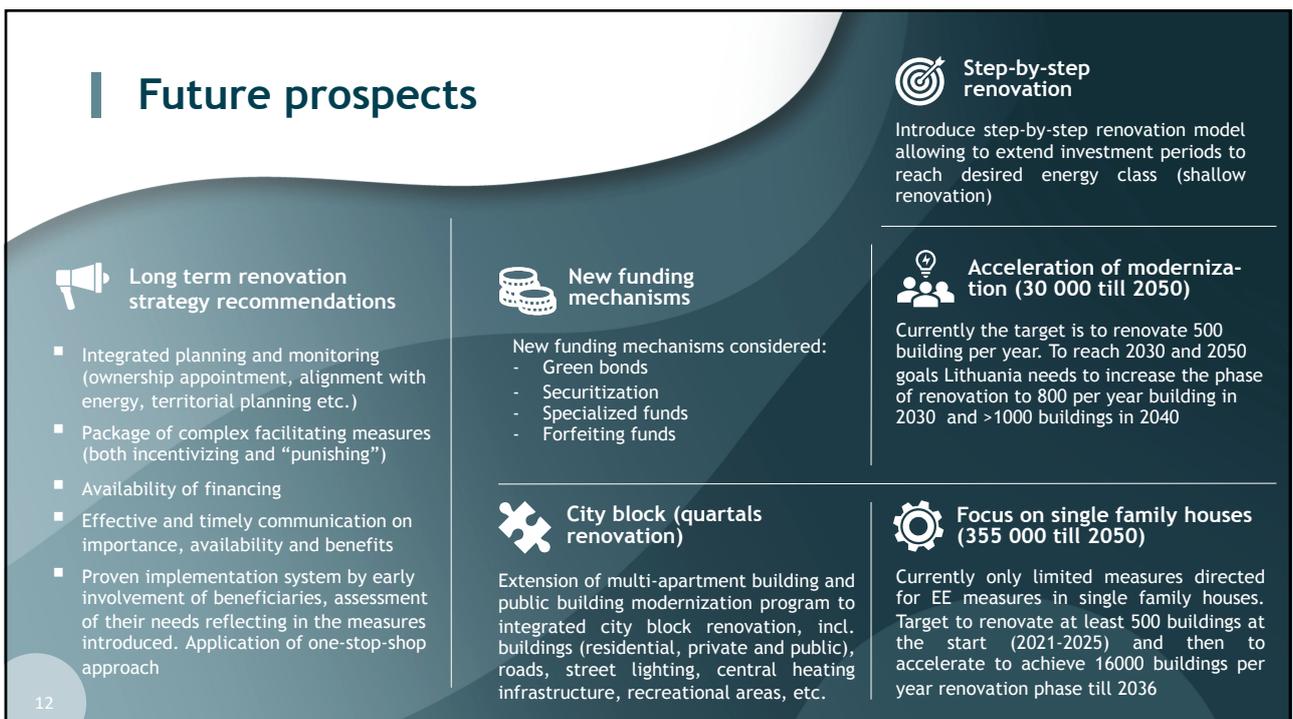
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- 04 Simplification and standardization of FI's**
 - Make FI's as flexible as possible
 - Develop standard and simple set of documentation
 - Use "One stop shop" concept
 - Ensure quality of implemented projects
- 05 Other observations**
 - Slow start 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
 - Use NPBI's in case of reluctance of financial intermediaries to perform administrative functions related to ESIF
 - While project pipeline accelerating think of alternative financing sources leveraging public funds

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The graphic features the VIPA logo in the top left, with the text 'NATIONAL PROMOTIONAL INSTITUTION' to its right. Below the logo is a light blue circle. A vertical stack of four dark blue circular icons (Wi-Fi, phone, envelope, and LinkedIn) is positioned to the left of the contact details. The background consists of large, overlapping, light blue and greyish-blue curved shapes.

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