



MF Case 7: EU-National-Level: Urban Development Fund Lithuania

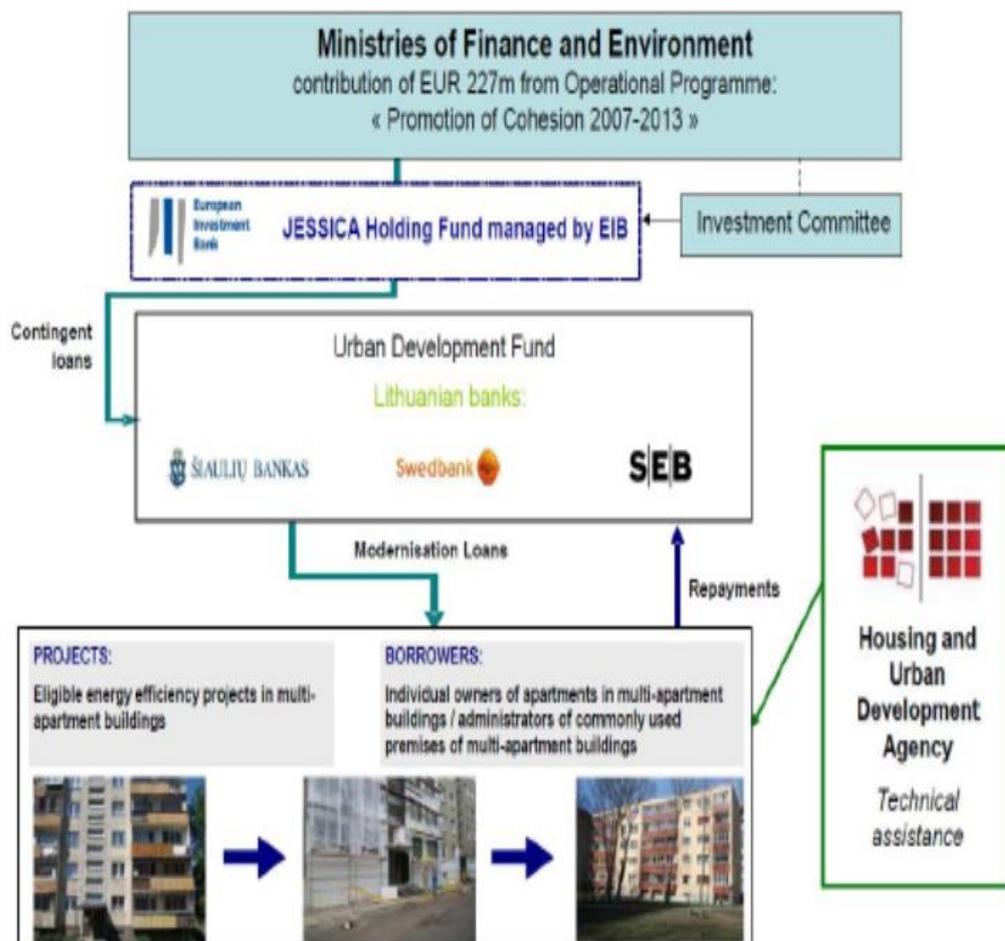
The urban development fund is an example how national budgets together with professional support through the EU fund Jessica can leverage finance from commercial banks.

The government of Lithuania sought the support of the EU Funding source JESSICA to set up an urban development fund to achieve the objectives of the national plan and refurbish 24000 apartment block buildings by 2020. After the refurbishment, it is estimated that the average energy savings for a single house will be approximately 50 per cent or 125 MWh a year.

Funding sources:

In 2009, the Lithuanian government established a €227m JESSICA holding fund, managed by the EIB, as a way to mobilise funds (€127m from the EU and €100 from national funding), aiming to also leverage €20-40m from commercial banks to promote energy efficiency measures in multi-apartment buildings. In 2010, the first loan agreement was signed between the EIB and the Lithuanian bank Šiaulių bankas¹, in which the latter commits to provide 20 year, low interest loans (3 per cent for the entire loan period) to homeowners for the total amount of €6 million. For the schematic outline please also refer to Figure 25. By April 2011, approximately 100 projects and five project loan agreements (amounting to more than €1m) had been approved. The goal is to support the renovation of 1000 buildings between 2010 and 2015.

Figure: Schematic outline of Lithuania's Urban Development Fund



Source: EIB

Source: <https://eu-smartcities.eu/sites/all/files/Guideline-%20Financing%20Models%20for%20smart%20cities-january.pdf>

Lessons learned:

- political support is important
- significant demand for renovation of the existing housing stock,
- the inability of existing national financial schemes to adequately respond to the issue,
- the use of established national institutions such as the housing and urban development agency (HUDA).

Credentials

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References

ⁱ Šiaulių bankas is the fourth largest bank in Lithuania by loans, catering especially for small and medium sized clients. <http://bteaminitiative.eu/wp-content/uploads/2012/11/3.pdf>