

FINANCING RENOVATIONS

TARK
GRUNTE
SUTKIENE

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BACKGROUND (I)

- The renovation programme “Dwelling” was first initiated in 1992, the purpose of this programme was promoting efficient energy use in the multi-apartment buildings. In 1996–2004 the government implemented an Energy Efficiency/Housing Pilot Project in cooperation with World Bank.
- Renovation programme, administered by Housing and Urban Development Agency started in 2004 and consisted only of grants. Apartment associations had a possibility to take ordinary loans from banks with commercial interest rates for financing renovations.
- In year 2008 Lithuania faced financial crisis. This has lead the Government to search for means of economic promotion. At the end of 2008 the new Government of the Republic of Lithuania launched JESSICA by including a reference to the initiative in its new programme.
- In 2009 Ministry of Economy of the Republic of Lithuania adopted a Recovery Plan for the Economy, which identified renovation of multi-apartment housing via JESSICA as the major focus of the plan, with the aim to attract private funding from the banks and stimulate construction sector through participation in the renovation.

BACKGROUND (II)

Initially the programme did not reach its objectives due to, *inter alia*:

- (i) Banks were reluctant to lend own funds;
- (ii) Reluctance of apartment owners to undertake a new “loan based” renovation programme and the initial distrust in the governmental programmes.

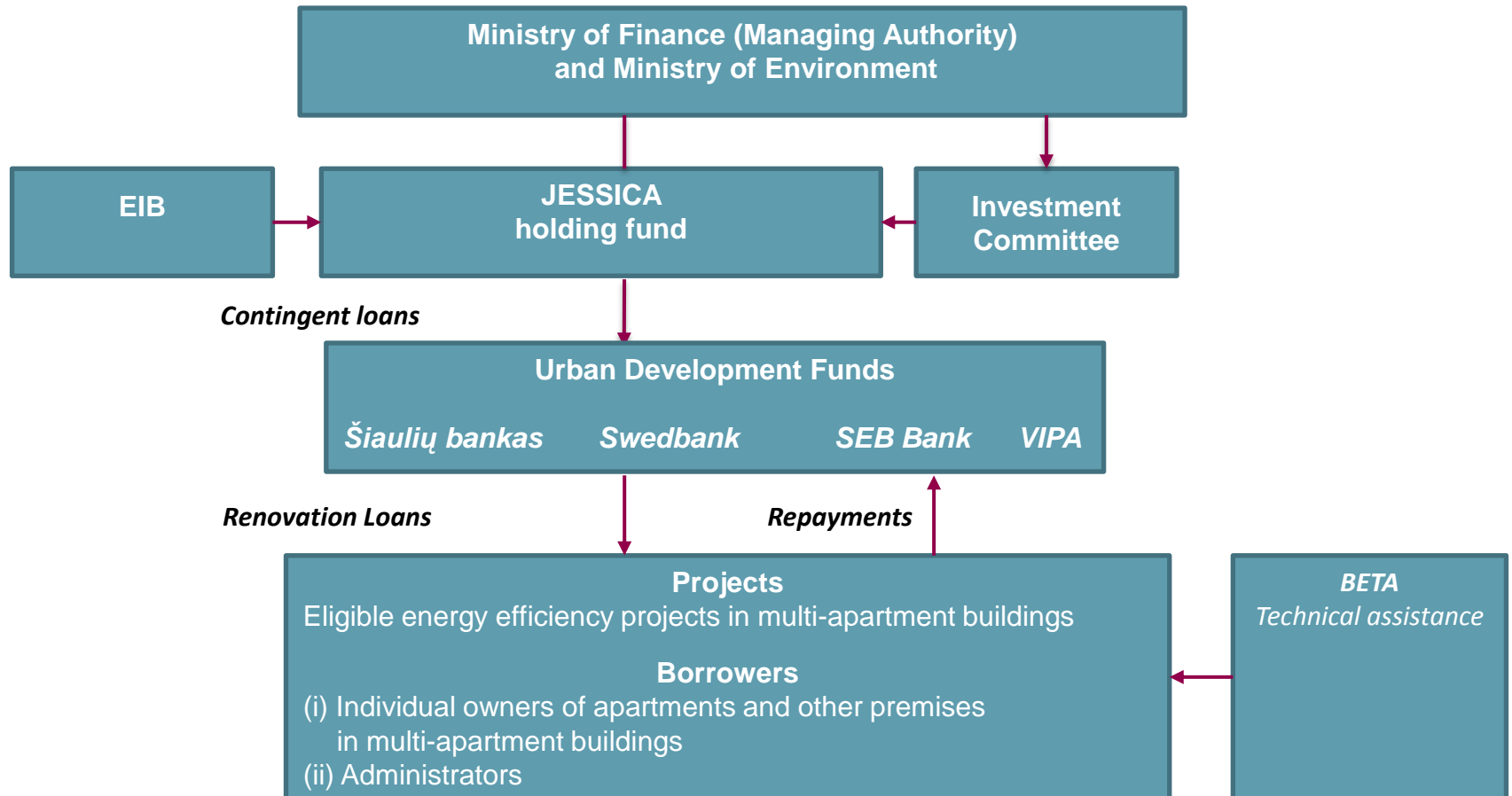
As a result significant changes to legislation and the renovation financing model were introduced in 2013, which led to a breakthrough in the renovation programme.

Year	Expected renovations	Result
2009	500	37
2010	1000	78
2011	1000	81
2012	1000	37

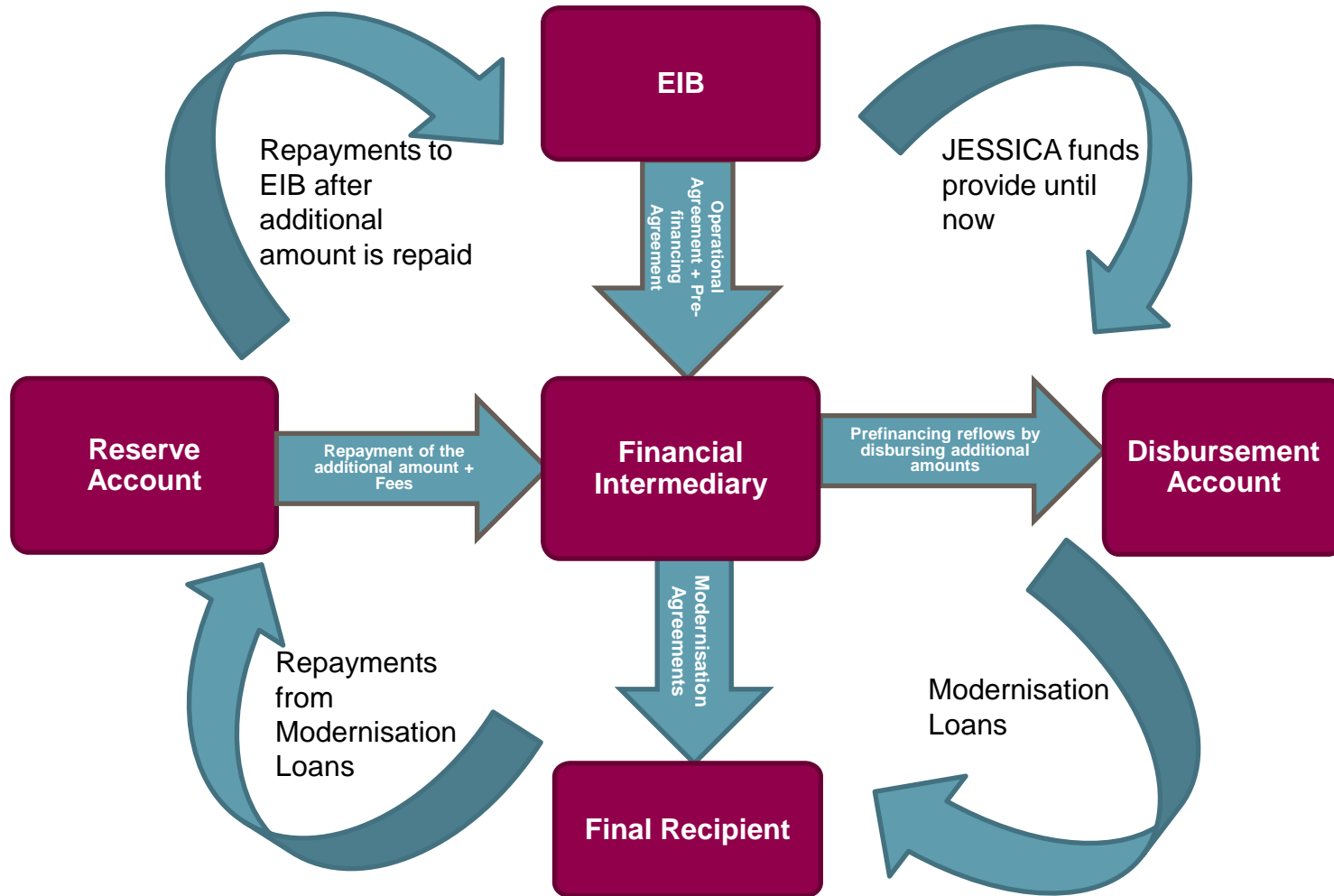
Statistics as of 6 November 2015

Investment plans (IPs)	3658
IPs approved by the meeting of owners of multi-apartment buildings	2257
Financing of financial institutions approved	2048
Procurement procedure initiated	1897
Works engaged	1695
Projects implemented during 2015	319
Projects implemented during 2014	123
Projects implemented during 2013	41

FINANCING STRUCTURE (I)



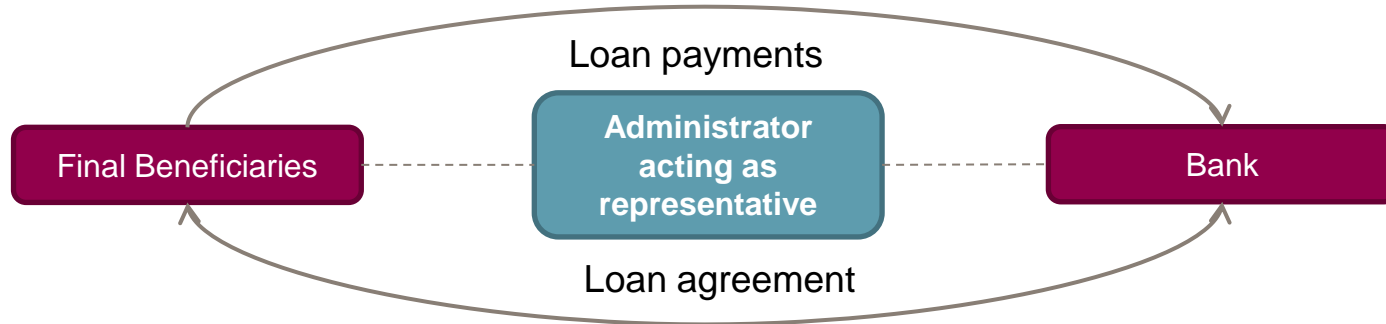
FINANCING STRUCTURE (II)



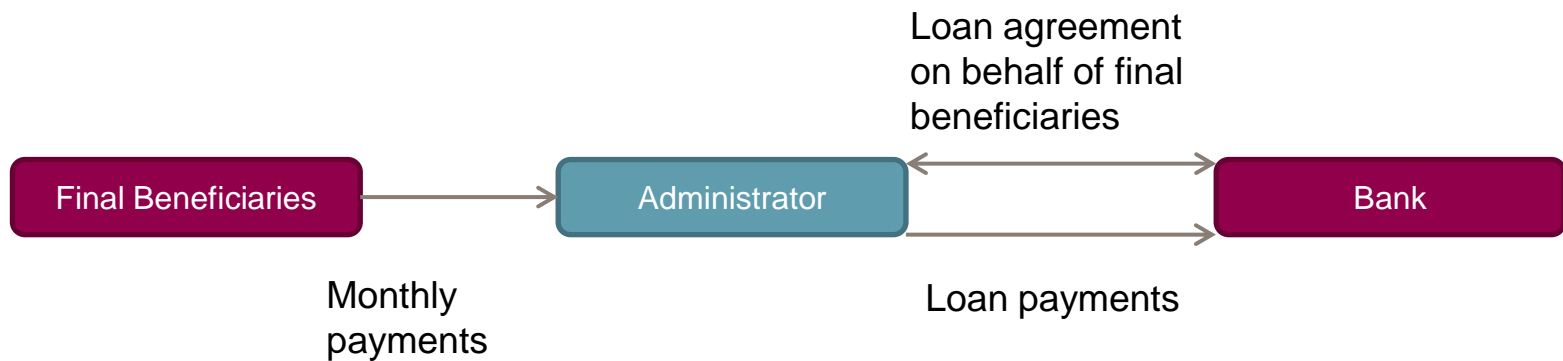


CURRENT SCHEMES

(I) APARTMENT OWNERS AS BORRROWERS



(II) ADMINISTRATOR AS BORRROWER





SOME IDEAS FOR UKRAINE

- The modernization program is an ongoing process. There is no single “magic scheme” that makes it work.
- The role of international partners is crucial: both in helping to structure the products and agree with the banks, and in bringing international experience. It may be “slow” but it is worth it.
- Strong local institutional structure. Maybe there is no time for a large reform and it is better to focus on a special statute, which will set up the whole institutional system and give main legislative framework.
- It is important to think big, but renovation is a long term project. Do not get discouraged if you do not have huge results the first year.



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