JESSICA IN LITHUANIA:
An Effort to Renovate Apartment Blocks

Lithuanian Ministry of Environment/Housing and Urban Development Agency
JESSICA Networking Platform, Brussels, March 31, 2011
Why JESSICA?

- Attempts to launch modernisation of apartment blocks in early 90’s were rejected
- World Bank Project in 1996-2004
- Subsidised renovation programme launched in 2006
- Programme ran out of money in late 2007
- Decision to launch a “win-win” scheme using JESSICA in early 2009
“Old” Renovation
Financing model

• 50% of investment cost compensated
• Commercial banks participated in offering “own” contribution at market rates
• Borrowers were home-owner associations
“New” Renovation Financing model

• Fixed interest rate at 3% p.a.
• Maturity up to 20 years
• 2 years grace period (during construction)
• No collateral
• 15% JESSICA loan write-off if certain energy efficiency level achieved (upon completion) 110-145 kWh/m² (Class “D”)
• 100% grant for preparation of renovation documentation reimbursed (paid from national funds)
• 100% of reimbursement of installments to low income families
Eligible costs

• Costs contributing to increase of energy efficiency:
  – Replacement of windows
  – Replacement of doors
  – Insulation of ceilings/roofs
  – Insulation of walls
  – Installation of solar panels/wind mills
  – Replacement of energy related equipment
  – Replacement of elevators and electrical wiring in shared areas (stair wells, basements)...
  – Replacement of water supplying and draining pipes
EIB Involvement

• Selected without any procurement procedure
• Contract negotiations pretty fast and smooth
• EIB does a lot of analytical and technical work
• Authorities hardly would have had enough human resources to accomplish all tasks
  – Review of the relevant legal acts: EU and national
  – Identification of the stumbling blocks
  – Prepare selection criteria for selection of UDFs
  – Selection of UDFs
  – Negotiation and signing agreements with UDFs
## Achievements to Date (1)

### Summary of Calls

<table>
<thead>
<tr>
<th>Call name</th>
<th>Launch date</th>
<th>Volume (EUR mln)</th>
<th>Investment Priority</th>
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</thead>
<tbody>
<tr>
<td>JHFL: call for expression of interest</td>
<td>13/11/09</td>
<td>54</td>
<td>Energy efficiency in housing sector</td>
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<tr>
<td>JHFL: call for expression of interest no. 2</td>
<td>17/06/10</td>
<td>20</td>
<td>Energy efficiency in housing sector</td>
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</tbody>
</table>

### Summary of UDFs selected

<table>
<thead>
<tr>
<th>UDFs selected</th>
<th>Amount allocated (EUR mln)</th>
<th>Agreement signature date</th>
<th>Disbursement (first)</th>
<th>Amount (EUR mln)</th>
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<tbody>
<tr>
<td>AB Siauliu Bankas</td>
<td>6</td>
<td>31/05/2010</td>
<td>23/09/10</td>
<td>6</td>
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<tr>
<td>Swedbank AB</td>
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<td>24/09/2010</td>
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<td>AB SEB Bankas</td>
<td>6</td>
<td>07/02/2011</td>
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<td>AB Siauliu Bankas</td>
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<td>29/11/2010</td>
<td>17/01/11</td>
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</table>

### To be launched:

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<th>Call name</th>
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<th>Volume (EUR mln)</th>
<th>Investment Priority</th>
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<tbody>
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<td>JHFL: call for expression of interest no. 3</td>
<td>13/11/09</td>
<td>30</td>
<td>Energy efficiency in housing sector (student dormitories)</td>
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</tbody>
</table>

One UDF will be selected 30
Achievements to Date (2)
State of play 14 March 2011

“New” Programme
• Agreements with 3 UDFs signed
• 3 loans with home-owner associations signed
• 71 home-owner associations have decided to join the program
• 32 investment projects have been vetted by HUDA
• 5 applications under review by UDFs
• 28 technical projects are in purchase phase

“Old” Prorgamme
• 63 projects approved by HUDA from the old modernisation programme
• 2 loans with home-owner associations signed
• 5 applications under review by UDF
Achievements to date (3)

- EIB has to date disbursed EUR 16 million to Šiaulių bankas, further EUR 12 million is to disbursed to Swedbank and SEB during the spring of 2011

- Nov 2010: Šiaulių bankas signed the first JESSICA loan agreement of nearly EUR 300,000 with the homeowners’ association of multi-apartment buildings in Panevėžys

- Šiaulių has approved three other projects in Plungė and Pabiržė worth around EUR 500,000

- In January 2011 Swedbank announced that it accepts applications for renovation loans

Conclusion: There is demand for JESSICA loans. More take-up of loans is expected when Swedbank and SEB, with larger bank networks than Šiaulių bankas, start offering JESSICA loans
Main steps in modernisation project implementation

- Preliminary proposal
- Energy certificate before refurbishment
- Investment plan
- Technical supervision
- Technical project
- Refurbishment contractor works
- Energy certificate after refurbishment
- State support
Role of HUDA in JESSICA
State of play 14 March 2011

- 14832 consultations for JESSICA support
- 134 seminars in municipalities
- 20 extended discussions with administration companies acting as the managers of the objects of common use
- Establishment of Quality Control Department
- Improving of Investment Plan and Technical Project control
- Executing/overseeing the public information campaign
Some additional figures

- Size of JESSICA fund – EUR 227,000,000
  Number of eligible apartment blocks – 24,000
- Estimated cost to renovate one apartment block (60 apartments, each approx 50 m²)
  – EUR 290,000
- After the modernization, one block should save 125 MWh a year
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