



Recovery and Resilience Plan Lithuania

Overall Aim

"New Generation Lithuania" is focused on accelerating high added value, **digitalisation**, **green course**, supply of better education, health and **social services**, and creation of a more equitable and more resilient country". There are 30 measures (27 reforms and 3 investments).

Budget

Lithuania will benefit from **€2,225 billion grants** from EU.

The EU grant will be used for **seven pillars**, namely: **green transition**, digital transformation, health, social affairs, research and innovation, education, public governance. Green transition and digital transformation are priorities of the entire European Union, to which each Member State must allocate at least 37 % and 20 % of the Fund's assistance, respectively. Other priorities identified in the draft plan "New Generation Lithuania" are related to the implementation of recommendations of the Council of Europe for Lithuania.

Loan facility

At present, **Lithuania does not plan to use the loan facility**, but if such a need arises in the implementation of the reforms provided for in the DAP, the Ministry of Finance would assess all borrowing alternatives.¹

The specificity of this loan facility is that **investments must be directly linked to reforms**. Therefore, when it comes to the main changes, they are closely related to the recommendations of the Council of Europe which were recurrent for almost a decade, and the time has come to implement them.

¹ [Naujos kartos Lietuva | Lietuvos Respublikos finansu ministerija \(lrv.lt\)](https://www.naujaskartoslietuva.lt/lt/naujos-kartos-lietuva-lietuvos-respublikos-finansu-ministerija-lrv-it)

Overall investments until 2030

According to the Ministry of Environment, **Lithuania plans to renovate around 9,500 apartment buildings over the period of 2021-2030. This will require an investment of €3,3 billion.**

In order to boost renovation, Lithuania will dedicate € 550 million in total: from the **Recovery and Resilience Facility (€ 220 million)** and the EU structural funds (€ 330 million). That includes subsidies, soft loans and creation of the enabling framework.²

Relevant Parts of the Recovery Plan

Component Green transformation (€ 1 305.46 million, of which EAGADP funds **€ 823.1 million**)

The aim of the component is to increase the share of renewables in the balance of electricity consumption to 50% in 2030, Establishing a sustainable institutional framework for the generation, transmission and storage of electricity from RES and establish a sustainable energy and renewable energy infrastructure.

In 2030, 566 thousand people living in Lithuania will benefit from renewable energy from renewable energy sources (4 thousand in 2019).

€935.154 million (42.03% of the total plan) will **directly contribute to the fight against climate change.**³

Out of the 4 reforms, two are relevant for the affordable housing sector:

1. Accelerated renovation of buildings and sustainable urban environment (COFOG 06.1 and 06.6) -EAGADP (**€217.8 million**), the national budget (€51.6 million), **ESFIP (€103.2 million)** and private companies funds (€93 million):

The reform includes measures that will optimise the administration and management of renovation projects, creating integrated information systems tools, the development of standardised renovation projects.

The renovation projects will be based on standardised, organic material designs. The objective is to increase energy efficiency and launch a wave of renovation in Lithuania that will ensure renovation **of 1 000 apartment buildings per year until 2030.**⁴

Potential for energy savings in buildings is 10366 GWh. The aim is to achieve this through regulatory, organisational and investment measures, mobilising business and the public sector within one year, thus achieving the EC-driven renovation surge.

It is planned to implement renovation projects using modular structures and reaching A or B class. Therefore, the estimated investment in these projects is higher (taking into account the

² Ministry of Environment, Construction and Territorial Planning Policy Group, June 2021

³ Page 14, Lithuanian Plan, June 2021

⁴ Page 27, Lithuanian Plan, June 2021

increase in construction prices) - on average €400/m².⁵ The average investment to currently ongoing renovation projects is €300/m² (energy efficiency class C or B is achieved).

Public investment (€13 million) is planned to set up a **renovation information system** and to implement **pilot demonstration projects** in 4 apartment buildings and 4 public buildings, putting into practice the most advanced energy efficiency solutions, introducing the use of RES, universal design principles and energy efficiency practices.

State aid for business (€50 million) planned by Q4 2021, to be agreed by the State aid scheme, to develop **wood-based materials and building components** used for green energy production capacity for the green renovation of buildings.

State support for smart and accelerated modernisation of multi-apartment buildings (€154.8 million) covering up to 30% of the investment in energy efficiency.⁶

2. Towards a circular economy (COFOG 04.1, 04.8, 04.9 and 05.1)-financed by ESFIP

Due to the prevalence of low value-added and knowledge-intensive jobs, Lithuanian manufacturing companies see the transition towards a circular economy in the short term as more social and environmental but not long-term economic benefits, and therefore only a partial view of the circular economy prevails orientation towards resource efficiency.⁷

In order to comply with the TR'2019 on resource efficiency, the reform "Towards a Circular Economy" will be implemented, which foresees the participation of stakeholders and socio-economic partners in 2023 and, with the participation of institutions and socio-economic partners, to prepare and implement a **roadmap for Lithuania's transition to a circular economy by 2035**, to be adopted by Government Decision. The reform will be financed by the ESFIP.

Link with the NECP

As part of the EU's 2030 energy and climate change targets, **Lithuania has been set a 9% GHG reduction target (compared to 2005 GHG values)**.⁸

This means that Lithuania **will require additional efforts to achieve** the EU's 2030 GHG emissions reduction target. In particular will be required in the transport and **energy**, where GHG emissions have increased significantly since 2005.

In detail, according to the European Commission,⁹ Lithuania is **at risk of missing its 2030 climate targets**. In its National Energy and Climate Plan, Lithuania has pledged not to increase emissions by more than 15% by 2020 and to reduce them by 9% by 2030 compared to 2005 emission levels in sectors not covered by the EU's emission trading system (ETS). By 2018, non-ETS greenhouse gas emissions had increased by 7% compared to 2005, implying

⁵ According to the Ministry of Environment, an average multi-apartment building in Lithuania is about 1500 m² (30 households).

⁶ Page 138, Lithuanian Plan, June 2021

⁷ Page 95, Lithuanian Plan, June 2021

⁸ Page 97, Lithuanian Plan, June 2021

⁹ Page 10, Assessment of the European Commission about the Lithuanian RRP https://ec.europa.eu/info/sites/default/files/com-2021-386_sw_d_en.pdf

that the 2020 target will probably be achieved. However, the 2030 climate change targets risk not being reached.

Regarding the renewable energy, although good progress has been made, further efforts are needed to reach Lithuania's 2030 target for renewable energy and energy efficiency.

In relation to residential buildings, **the scale of renovations, as set out in the NECP, should be increased in order to renovate more than 30 000 multi-apartment buildings (the Recovery Plan aims the third of this)** and achieve the objective of an energy-efficient and decarbonised building stock by 2050.¹⁰

The Lithuanian Long-Term Renovation Strategy set out the ambitious target of renovating 74% of the buildings stock (nearly 440,000 buildings) by 2050, with no primary energy generated by the fossil fuels consumed. **Targeted incentives** to improve the energy performance of buildings, including the modernisation of district heating systems, **are needed to reach the 2030 energy and climate targets.**

Link with the Semester

The Lithuanian plan seeks to address the challenges identified in the context of the European Semester.¹¹

The focus is on digitalisation, **green transition**, good quality and efficient health and social services, education and innovation, and efficiency of the public sector.

The Green Transition Component will have a significant impact on Lithuania's pathway towards a climate-neutral economy and will be implemented following the CSR 2019, which proposed to **increase energy and resource efficiency, sustainable transport and energy interconnections**, while taking into account regional disparities.¹²

The plan also includes measures to finance investment support for renewable energy generation capacity (solar and wind onshore) and individual storage facilities. In addition, new electricity storage infrastructure with a combined capacity of 200 MW will be developed to ensure the national energy security needs as well as facilitating the integration of renewable electricity in the system. The regional dimension will be targeted by one **flagship energy community project to improve the socio-economic environment in the Ignalina Nuclear Power Plant (IAE) region by installing new solar power generation capacity.**¹³

Finally, the plan includes reforms and investments to optimise the administration and management of renovation projects, with a target to increase energy efficiency and start a

¹⁰ Assessment of second long-term renovation strategies under the Energy Efficiency Directive, EUR 29605 EN, Publications Office of the European Union, Luxembourg, 2019, ISBN 978-92-79-98727- 4, doi:10.2760/973672, JRC114200; and Castellazzi L, Zangheri P and Paci D. Synthesis Report on the assessment of Member States' building renovation strategies. EUR 27722. Luxembourg (Luxembourg): Publications Office of the European Union; 2016. JRC97754

¹¹ Fostering energy and resource efficiency, sustainable transport, energy interconnections and promoting a clean and efficient energy production (CSR 3, 2019; CSR 3, 2020).

¹² Page 27, Lithuanian Plan, June 2021

¹³ Page 33, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-386_swd_en.pdf

renovation wave in Lithuania. In order to promote resource efficiency, the RRP envisages the preparation of an action plan by 2023 for Lithuania's transition to a circular economy by 2035.¹⁴

Energy poverty

The Recovery Plan recognises that energy poverty and regional disparities persist. According to 2019 data, 8.2% of households were unable to pay their rent, utility bills, housing or other loans or credit payments, and **26.8% of households could not afford to heat their homes sufficiently**.¹⁵

The Plan aims to solve the issue by the **development of offshore wind energy**. A new law will consolidate the support model for offshore wind and its principles. In line with other EU countries, it **provides for the financing of wind energy development** through the price of a contract for the purchase and sale of electricity from renewable energy sources. The draft law under consideration in the Seimas aims to establish transparent and equal tender conditions for all market participants.¹⁶

Social housing

Lithuania foresees substantial measures to strengthen social cohesion financed from European Structural Funds (ESIF). This is expected to include the areas of **social housing** and **inclusion of the vulnerable groups, including persons with disabilities**. If social housing will be really part of the upcoming Operational Programmes (implementing ESIF), Lithuania will write history.¹⁷

Accessibility

There are measures in the plan that directly and indirectly aim to address the needs of persons with disabilities, such as **facilitating accessibility to buildings, independent use of public services online** and an increase in universal benefit for single persons with disability.¹⁸

Background data

In Lithuania there are about 2.2 million buildings, of which 660,000 buildings or 202 million m² of gross floor area are used energy efficiency requirements. The annual primary energy consumption for heating buildings is about 41 TWh of which as much as 26 TWh of primary energy is produced from fossil fuels, resulting in 5.3 mTCO₂ emissions. **Around 66% of primary energy consumption is in residential buildings**, of which there are around 570 000 or 130 million m²

¹⁴ Page 34, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-386_sw_d_en.pdf

¹⁵ Page 93, Lithuanian Plan, June 2021

¹⁶ Page 94, Lithuanian Plan, June 2021

¹⁷ Page 42, Assessment of the European commission https://ec.europa.eu/info/sites/default/files/com-2021-386_sw_d_en.pdf

¹⁸ Page 43, Assessment of the European commission https://ec.europa.eu/info/sites/default/files/com-2021-386_sw_d_en.pdf

Almost half - 60 million m2 of the total floor area is made up of multi-family buildings, about **half of them receive their heat from district heating installations**, where about 40% of the energy is produced from fossil fuels. Since 2005, a continuous DNAP has shown that increasing the energy performance of buildings to C and above (B, A) energy efficiency class, heat energy consumption is reduced by 40-70%.

Due to the JESSICA initiatives In Lithuania, the renovation **of around 3.3 thousand apartment buildings** has resulted in a reduction in energy consumption 750 GWh.¹⁹

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¹⁹ Page 94, Lithuanian Plan, June 2021