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‘Green transition in action in Lithuania: increasing energy efficiency and reducing energy poverty through the renovation programme of multi-apartment buildings’

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Executive summary

Energy transition has been high on Lithuania's policy agenda since country joined the European Union in 2004. Lithuania's National Energy and Climate Action Plan 2021–2030 (NECP) outlines country's commitment to increasing the share of renewable sources in domestic energy production and consumption and improving energy efficiency. The NECP also highlights the objective of reducing energy poverty, which has been a persistent issue for the country and was exacerbated by energy crisis following the COVID-19 pandemic outbreak in 2020 and the Russian invasion of Ukraine in 2022. Against this background, energy transition has been in the heart of Lithuania's green transition while the energy poverty element of the transition has remained in focus.

In 2024, Lithuania continued to register among the highest energy poverty rates in the EU with 18% of its population declaring unable to keep their houses sufficiently warm compared to 9.2% on average in the EU. In addition, low-income households are disproportionately affected by energy poverty with one in three people at-risk-of poverty¹ facing inadequate indoor temperatures in 2024. In this respect, the energy poverty in Lithuania is directly linked to its housing stock inherited from the Soviet times of which 75% of buildings suffer from energy inefficiency. The energy inefficient building are one of the major contributors to energy poverty with the majority of Lithuanian population living in apartment blocks.

In this context, since 2004 the Government has been running the multi-apartment building renovation (modernisation) programme to increase energy efficiency in residential buildings and reduce energy poverty. Ten years into the programme and despite strands achieved, the progress in upgrading the energy efficiency of apartment buildings in Lithuania remained insufficient, as the European Commission report suggests. This case study examines the implementation of the multi-apartment building renovation programme with regards to low-income population most affected by energy poverty. It finds that drivers of inequality are embedded across the policy cycle hindering policy impact on energy poverty reduction.

In fact, the renovation programme seems to lack mechanisms for feeding the results of programme implementation into renovation policy design, incl. in relation to inequalities. As such, at-risk-of-poverty households, including their composition and geographic distribution, are not sufficiently considered by the renovation programme. At the policy implementation level, several issues hinder effective delivery, such as 1) absence of effective governance and coordination mechanism for the renovation programme implementation, 2) insufficient number of trained professionals to perform renovation project administrator functions; 3) limited engagement of municipal authorities, including through dedicated tools targeting low-income households; 4) lack of home-owners associations to facilitate the decision-making on renovation and no legal obligation for home-owners to have such organisational structures, and 5) the construction sector lacking capacities to implement the required energy efficiency upgrading of buildings. Finally, the lack of effective monitoring and evaluation mechanism hinders programme improvement and effectiveness in achieving the stated goals.

Drawing on policy documents, available data on renovation programme and the socio-economic indicators of the population, complemented by several stakeholder interviews, this analysis argues that Lithuania's renovation programme of the multi-apartment while having achieved significant progress in achieving energy efficiency in buildings still fails to effectively reach the households that

¹ According to the Lithuanian State Statistics Office, it is the share of persons with equivalised disposable income below the at-risk-of-poverty threshold which equals 60 per cent of the median equivalised disposable income. See more: <https://osp.stat.gov.lt/en/lietuvos-gyventoju-pajamos-ir-gyvenimo-salygos-2022/skurdo-rizika/skurdo-rizikos-lygis>



are most affected by energy poverty, i.e. at risk-of-poverty population living in apartments. In addition, the programme implementation highlighted rural/urban divide with urban areas and large cities undertaking more renovations and enjoying the associated benefits from energy efficiency improvements than rural areas. Rural areas appear to struggle more to renovate at the same pace as urban areas, while continuing to suffer from high energy consumption of multi-apartment buildings.

We identify five principal inequality drivers: 1) inefficient governance structures and gaps in capacities of implementing entities, 2) lacks of targeted measures for low-income population that facilitate the renovation uptake, 3) regulatory gaps in legislation regulating home-ownership structures; 4) insufficient engagement of local authorities to support the renovations in energy-poor households, 5) construction sector capacities gap to deliver the required energy efficiency upgrades.



1 Introduction

1.1 Energy transition at the centre of Lithuania's green transition agenda

According to the **2024 European Eco-Innovation Index (EII)**, Lithuania is an **Average Eco-Innovator** with performance at 89.9% of the EU average in 2024¹. The country has recorded positive socio-economic outcomes of its green transition almost doubling its performance on employment and value added in environmental protection and resource management activities over the same period of 2014-2024². Despite registering a strong improvement in EII score between 2014-2024³⁴, Lithuania's energy productivity stood at 73.5% of the EU average, complemented by similar modest performance on material use (74.1%)⁵. The country has, however, recorded positive socio-economic outcomes of its green transition almost doubling its performance on employment and value added in environmental protection and resource management activities over the same period of 2014-2024.

In this context, ensuring energy transition in Lithuania is one of the central policy objectives (Box 1).

BOX 1. Energy transition landscape: a path towards energy independence from Russia in Lithuania

Energy transition is central to Lithuania's green transition agenda and builds on the recent major shift in the country's energy policy. Lithuania builds on a long history of isolation from the EU's internal energy market and networks and energy dependence on Russia. The lack of integration into the EU energy system revealed as major security risk and socio-economic vulnerability for the country in the aftermath of the Russian invasion of Ukraine in 2022 (i.e. vulnerability to price changes due to geopolitical shocks).

In this context, Lithuania accelerated the efforts on energy independence in place since 2018 as part of the National Energy Independence Strategy (NEIS).

First, in 2022, Lithuania disconnected from Belarus, Russia, Estonia, Latvia and Lithuania (BRELL) system and synchronised its power grid with the western European power system. This was made possible due to substantial European investments into upgrading the network, frequency management and information system equipment¹. In addition, Lithuania increased liquified natural gas (LNG) imports through a LNG terminal in Klaipeda and in April 2022 it stopped Russian gas imports. Next, Lithuania accelerated efforts in energy efficiency to decrease energy consumption. In June 2022, the Government announced a 1 billion EUR investment plan for green transition which includes renovation of buildings and promotion of green energy solutions, including hydrogen and biofuel technologies with the aim for Lithuania to become electricity exporter by 2030¹.



In addition, Lithuania increased investments in the renewable energy sources (e.g. a 1.83 billion EUR tender for offshore windfarm to be operational by 2030) and ensured diversification of its energy supplies with focus on renewables under the EU Recovery and Resilience Facility (RRF) of 3.8 billion EUR (2021-2027). Moreover, under RRF, 218 million EUR are directed towards energy efficiency renovations of buildings and 242 million EUR towards generation and storage of renewable energy¹¹.

In addition, energy poverty has been in focus of the energy transition policy in Lithuania. In fact, under its **National Energy and Climate Action Plan for the period 2021–2030 (NECP)** adopted in 2020⁶ and updated in October 2024⁷, Lithuania has committed to reducing **energy poverty**, increasing the share of renewable sources in domestic energy production and consumption and improving energy efficiency⁸. Energy poverty figures prominently in NECP as Lithuania registers among the highest energy poverty rates in the EU - in 2024, the share of population unable to keep their homes adequately warm stood at 18%, almost double the EU average (9.2%)⁹. In addition, the burden falls disproportionately on **low-income households**: one in three people at-risk-of-poverty (33.8%) faced inadequate indoor temperatures in 2024¹⁰.

As majority of the population lives in multi-apartment blocks, **outdated housing stock** which represents more than 70% of current apartment buildings is a major contributor to energy poverty in the country and high energy consumption levels. Improvements in energy efficiency in residential buildings thus becomes one of the powerful levers to support a just energy transition¹¹. The NECP underscores the importance of tackling energy poverty through measures on energy efficiency, among other elements^{12,13}.

1.2 Energy poverty as key element of just energy transition in Lithuania

The challenge of energy transition exacerbates the issue of energy poverty Lithuania has severely faced over the last decades.

Energy poverty refers to the situation where a household must reduce its energy consumption to a degree that negatively impacts the inhabitants' health and wellbeing¹⁴. Among energy poverty drivers that are commonly cited are the low household income, low energy performance of buildings and of household appliances. Energy poverty is part of the European Pillar of Social Rights and the UN 2030 Agenda for Sustainable Development, which consider energy as an essential service with universal access¹⁵.

At the EU level, energy poverty is mainly addressed by two Directives. First, the **revised EU Energy Efficiency Directive** which obliges member states (MS) to mitigate energy poverty in a way that ensures that part of the energy efficiency measures prioritize the most vulnerable households. Second, the **Energy Performance of Buildings Directive (EPBD)** which integrates the requirement to establish national building renovation plans, linked to the NECP, which have among their targets the reduction of the number of people affected by energy poverty¹⁶.

The **2024** data from the EU's Energy Poverty Observatory shows that **Lithuania had two times higher share of the population struggling to keep their houses adequately warm than the EU average**, 18% vs 9.2% across the EU¹⁷ (Figure 1). In addition, the share of energy expenditure of the household



income on energy is higher in Lithuania than the EU average – the result mostly due to the cold climate and lower wages, but also poor energy efficiency of most of the housing stock¹⁸. In fact, three quarters of Lithuania’s building stock was built before 1992 and suffer from poor energy efficiency³⁶.

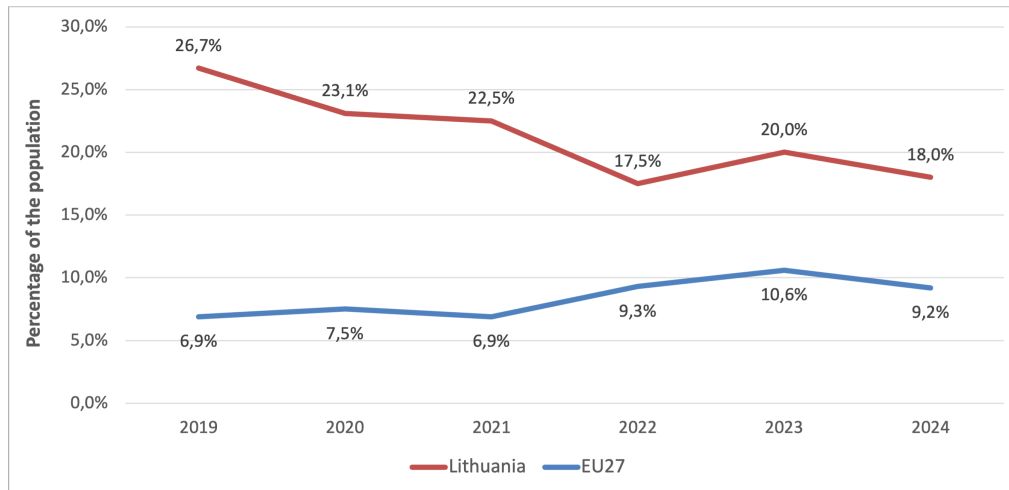


Figure 1 Inability to keep home adequately warm (as a percentage of population); Source: EU Energy Poverty Observatory <https://energy-poverty.ec.europa.eu/epah-indicators#>

When it comes to the population most affected by energy poverty, it is the **population at-risk-of-poverty¹⁹ that is disproportionately concerned²⁰**. More than a third of people in this group (34% in 2024) were unable to keep their homes adequately warm. In addition, around three-quarters of multifamily households, and most single-family households have a very low energy efficiency rating, and less than 2% have a high energy efficiency rating²¹.

The **rise of energy prices in Lithuania** has had a direct negative effect on energy poverty²² (Figure 2). This fact echoes in the European Commission 2024 Lithuania Country Report which notes that income inequality in 2022 increased reversing the positive trend of 2017-2021²³. The energy prices stabilised after 2023 as a set of effects of national and EU policies kicked in (i.e. synchronisation of national power grid with the western European power system, use of the LNG terminal in Klaipeda) in combination with the relative stabilisation of global energy markets.

Even before the Russian invasion of Ukraine and related spike in energy prices, Lithuania has had its population disproportionately affected by energy costs compared to the rest of the EU. In fact, the poorest population (lowest 20%) had 15.2 % of its expenses dedicated to energy in 2020, with only Croatia registering a slightly higher share (15.5%)²⁴. Moreover, the energy expenses in 2020 represented a significant burden for the rest of the population²⁵, with the “middle-class” in Lithuania dedicating between 8-10% of their income to pay for energy²⁶.



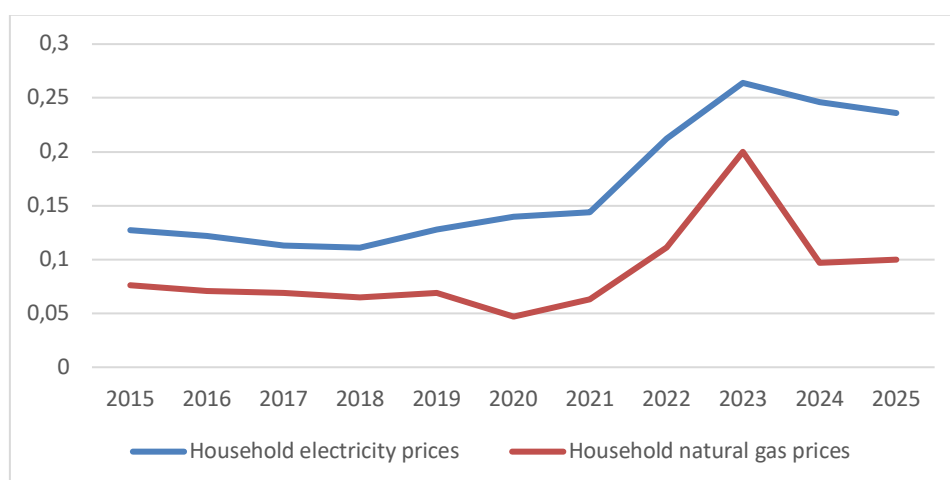


Figure 2 Energy prices in Lithuania (€/kWh); Source: Own elaboration, based on EU Energy Poverty Observatory <https://energy-poverty.ec.europa.eu/epah-indicators#>

1.3 Policy response to energy crises and associated increase in energy poverty

To mitigate the consequences of high energy prices and rising cost-of-living for the households in 2020, Lithuanian government introduced **several measures** to help the most vulnerable population to cover their costs of heating, electricity and living expenses (i.e. food, transport, etc.). These measures included: compensation for the value added tax (VAT) for central heating and hot water supply to residential buildings; compensation of part of the electricity and gas costs for households and businesses; and the extension of the Social Assistance Programmes to allow more low-income and vulnerable families, including single-parent households, to receive financial assistance²⁷. Most of the direct energy support measures for households were discontinued in July 2023.

While this short-term policy-response has helped to alleviate the burden of energy bills for the households, the focus is on the longer-term measures by the Government of Lithuania to tackle the **structural issues in energy system to reduce energy poverty and increase energy efficiency**. As a national target the NECP sets 50% of electricity and 67% of heating to be produced from renewable sources by 2030 to be achieved through several measures funded under the RRF and the Cohesion Fund.

These long-term measures include: 1) programmes for renovation and modernisation of residential buildings, in particular apartment blocks, to increase energy efficiency, 2) solar panels installation, including on residential buildings, and investments in offshore wind installations to increase the share of the renewables in the energy mix; and 3) schemes to support electrical vehicle (EV) adoption and investments in electric vehicles charging infrastructure to decarbonise transport sector.

Given the elements described earlier and above, this case study focused on analysis of **policy to increase the energy efficiency in multi-apartment residential buildings**.



2 The renovation programme of multi-apartment buildings to enhance energy efficiency and reduce energy poverty

There are 38,000 multi-apartment buildings in Lithuania. Most of them (i.e. 90%) were built before 1993 and are highly energy inefficient (i.e. more than 75% are classified at category D or lower in energy consumption²⁸). The majority of the Lithuanian population, 60% according to the 2021 census data, live²⁹ in multi-apartment buildings, which are predominantly found in urban areas (represent over³⁰).

Since joining the EU in 2004, Lithuania has been working on upgrading its residential building stock³¹ to make it more energy efficient with positive effects expected for energy poverty reduction. The *multi-apartment building renovation (modernisation) programme* adopted in 2004³² allowed to mobilise the European Regional Development Fund (ERDF) to implement the multi-apartment buildings renovation³³. The programme is still in place and has been modified to reflect the changing realities (e.g. the energy prices spike after the COVID-19 lockdowns). Cohesion funds were utilised for loans to support investments in energy efficiency in the apartment blocks over the 2007-2013 period and resulted in renovation of more than 500 multi-apartment buildings.

Since 2014, Lithuania has been using a combination of the ERDF-backed loans and grants to finance apartment building renovations. This change in financial support mechanism along with introduction of changes to the legislation on the state support for multi-apartment building renovation and establishment of a project administrator approach allowed to significantly increase renovations over the 2014-2020 period with 2,631 multi-apartment buildings upgraded³⁴. Since 2021, Lithuania has updated its renovation policy framework to address the emerging challenges stemming from the aftermath of COVID-19 pandemic, Russian invasion of Ukraine, and the EU climate goals. The below sections describe these policy processes with particular attention to the elements regarding energy poverty.

2.1 Policy design

In 2021, the Government adopted the *National long-term renovation strategy until 2030*³⁵ to guide the implementation of policy on improving the energy efficiency and decarbonisation of the building stock. The strategy is in line with the Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018 (the 'Amending Directive') on the energy performance of buildings and Directive 2012/27/EU on energy efficiency³⁶. It is also a key input into the NECP where energy-efficiency building renovation has a prominent place. The implementation phase of the strategy is set for 2023-2050 and it foresees increasing energy performance of residential buildings, through energy efficiency improvement measures, and measures to increase the use of renewable energy sources.

The Strategy specifically examines drivers of energy poverty and policies to address it. In fact, it highlights four main factors of energy poverty, namely 1) inefficient energy consumption, 2) high energy prices, 3) low household incomes and 4) lack of awareness among consumers



of the potential for reducing energy poverty. The document sets to impact factors 1 and 4 by targeting the energy consumption and consumer choices. Multi-apartment renovation programme is regarded by the strategy as a targeted set of measures to reduce energy poverty.

The Ministry of Environment oversees the modernisation of the building stock, including the multi-apartment buildings programme.

To support the implementation of the multi-apartment building renovation (modernisation) programme (2004), several laws were adopted, with key among them in relation to energy poverty being the Law on State Support for the Renovation (Modernisation) of Apartment Buildings (amended on 1 June 2024)³⁷. This law specifies state support for enhancing energy performance of multi-apartment buildings, including specific mechanisms to vulnerable and low-income population (described in more detail below). The law also details the conditions for granting the state support – the residential building has to reach the minimum energy efficiency level B or higher as the result of renovation with thermal energy costs reduction by at least 40%.

2.2 Policy implementation

2.2.1 From an early implementation period (2004-2013) to the uptake of renovations in 2014-2021 and 2022-2025

At the launch of the modernisation programme in 2004 by the Ministry of Environment, very few buildings applied for the renovation works as residents were largely unaware of the programme and the administrative burden associated with the programme was quite high, deterring the uptake of renovations by residents but also by the financial intermediaries unwilling to invest additional resources in it². As a result, the renovation rate was quite low: over 2004-2013, only 500 multi-apartment buildings were renovated, out of 38,000. To address this issue, in 2013, the Government set up an agency to support programme implementation and coordination³⁸ and introduced legal changes to simplify and standardise the renovation procedure³⁹. For instance, the Government specified that for the renovation project to take place, the residents should attain absolute majority (50%+1) in voting. In addition, joint liability for the modernisation investments was introduced – so called “project administrator” approach (see Box 2).

In parallel, the Government introduced the combination of the ERDF-backed loans and grants to finance renovations to enhance incentives for renovations, in particular among lower-income population (i.e. introducing grant scheme to cover total costs of project preparation and renovations)⁴⁰. Furthermore, the agency responsible for the programme implementation, Housing and Energy Saving Agency, simplified application forms and reduced administration burden for beneficiaries to minimum necessary⁴¹. The introduction of the project administrator approach, incl. the new funding arrangement, is regarded as a good practice that resulted in the uptake of renovations in 2014-2020 period with 2,631 multi-apartment buildings upgraded.

² Based on the insights from the interviews and <https://www.interregeurope.eu/good-practices/technical-support-and-promotion-in-multi-apartment-building-modernization-beta-agency>



Together, the measures described above led to the increase of renovations across Lithuania up until 2021. The upward trend in renovation which can be observed in the run up to COVID-19 pandemic was severely affected by the Russian invasion of Ukraine in 2022 as the renovation activity dropped amid high energy prices and inflation. The renovations of multi-apartment buildings picked up gradually in 2024 to reach nearly the pre-war levels (Figure 3). Most of the renovations allow to achieve the energy performance class B and the share of buildings of class A++ remains meagre in Lithuania.

As of 2026, 15.2 % of apartment buildings were renovated out of the total buildings eligible for renovation. Three municipalities have been in the lead: Birstonas Municipality with 65% renovation rate, followed by Palanga City 54% and Druskininkai 44%⁴².

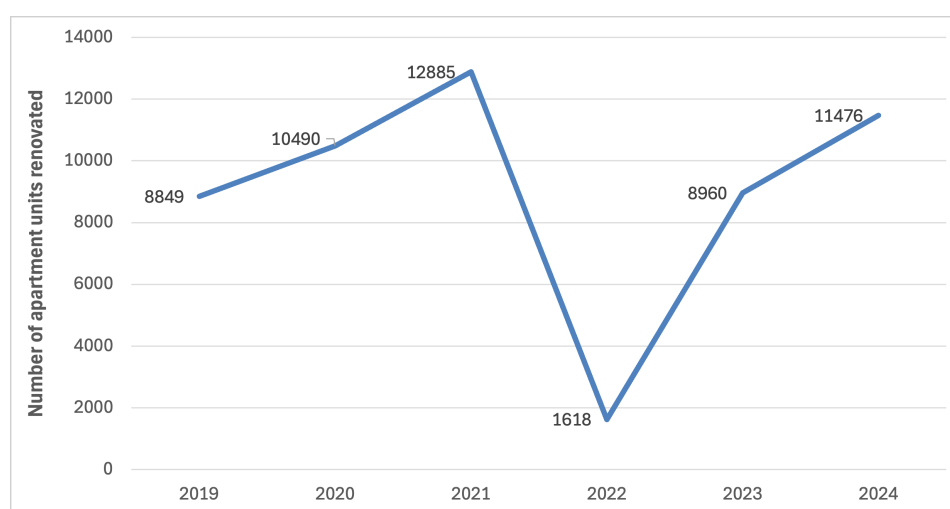


Figure 3 Renovation of multi-apartment buildings 2019-2024; Source: The APVA data
<https://renomap.apva.lt/>

From November 2021, Lithuania's **Environment Project Management Agency (APVA)** took over from the Housing and Energy Saving Agency and has been in charge of the implementation of the renovation programme for multi-apartment buildings³. APVA administers the renovation programme of apartment buildings through dedicated calls for renovations in line with the Law on State Support for the Renovation (Modernisation) of Apartment Buildings (2024) described earlier⁴³.

How does the renovation project take shape?

Once the Ministry of the Environment announces a call for applications for renovation of the apartment buildings, it is published by APVA and residents can submit their applications on the APVA's web portal. The application can be submitted either by the chairman of a homeowners' association (HOA) of the residential building, or a dedicated (renovation) project administrator chosen by the owners, or the project administrator appointed by the municipality in line with the municipal energy efficiency improvement programme. The

³ APVA took over the functions of the Public Institution Housing Energy Efficiency (Saving) Agency (BETA) which was administering the program.



residents should vote to agree to run the renovation project (majority of 50%+1 is required) and submit the investment plan for the renovation in their application. All residents are expected to be involved in the investment plan preparations (i.e. providing their feedback on energy efficiency measures to be done, flagging issues of concern, etc.), the process usually driven by the project administrator. Once the plan is approved, the tender for the technical project is launched to select the construction company and the technical supervisor.

Upon granting the call, the project administrator concludes preferential loan agreement on behalf of the owners with a bank or another financial institution for the execution of the renovation works. Currently, the preferential loans are distributed by several banks in Lithuania, including AB Artea (former AB Šiaulių bankas), INVEGA and UAB ILTE. The credit agreement specifies the obligation of the owners of the apartments to repay dedicated instalments of the preferential credit.

The **preferential loan**⁴ is provided at a fixed annual interest rate of 3% (for up to 20 years). The monthly instalments to pay off the loan are calculated for each apartment owner based on the square meter of usable floor space.

BOX 2. Project administrator approach to facilitate renovations of apartment buildings

The project administrator approach to renovation of apartment buildings consists of the establishment of a dedicated entity to administer the implementation of the renovation project. The administrator can either be appointed by the home-owners (via the home-owners association (HOA) or by the municipality¹. The assignment agreement is concluded between the project administrator and the apartment owners for the duration of the renovation project¹.

What are the advantages of this approach?

The project administrator approach addresses the administrative and operational issues of renovation, taking them off the residents' shoulders. For instance, the project administrator oversees the preparation of the renovation plan, procuring construction services, liaising with the financial intermediaries regarding the loan, etc.

One of the key benefits of having a project administrator is linked to the preferential renovation loan that the government provides as an incentive under the programme. Under this arrangement, the administrator becomes the "borrower" and one single loan is issued per apartment building. This addresses the loan anxiety that much of the population with lower incomes experiences when faced with the decision to take on (another) loan. In this case, the apartment owners only pay monthly loan instalments, as agreed with the bank, and are not direct "borrowers".

⁴ As no real estate collateral or guarantees are required; it is guaranteed that the annual interest rate will not exceed 3% for the first 5 years; the loan or its part may be repaid earlier than the agreed date without incurring additional charges.



The state covers the fixed rate (EUR/m²) set by regulatory documentation for services (i.e. project preparation, administration, technical supervision of construction; implementation of energy efficiency improvement measures), i.e. the 100% subsidy (soft loan) for the preparation and administration of the renovation project.

In addition, a capital rebate for energy efficiency measures allows to cover up to 45% of the loan for achieving certain efficiency levels (e.g. A or B). This is complemented by up to 30% compensation for energy efficiency improvement measures (e.g. insulation, window and door replacement, heating system upgrades, renewable energy installations, ventilation improvement).

Once the works are completed and the compliance with technical specifications is confirmed, i.e. energy efficiency performance achieved through renovation, APVA proceeds with the payment of the state subsidy to the financial institution that disbursed the loan. The repayment of the loan begins only after the financing institution receives the state support and it proceeds with the recalculation of instalments with regards to the state support received ⁴⁴.

2.2.2 Addressing the barriers of the low-income population when it comes to apartment renovation

To incentivise and facilitate the take up of loans, the Law on State Support (2024) allows the state to cover up to 100% of costs associated with renovation documentation (including conducting audits and developing the investment project at the preparation stage, administrative costs and construction supervision) and part of the interest that exceeds 3% during the first five years⁴⁵. In addition, residents can obtain subsidies of up to 30% of their investments in energy-efficiency improvement measures (e.g. insulation, window and door replacement, heating system upgrades, renewable energy installations, ventilation improvements).

For the **vulnerable population**⁴⁶ (low-income and defenders of the Lithuanian independence on 11–13 January 1991 against the USSR), the state can **additionally cover monthly credit and interest payments, i.e. the total costs of renovation**.⁴⁷ As many low-income households receive heating compensation (i.e. subsidy from the state), they are automatically considered as households that are entitled to the full state coverage of renovation costs by the state.

In addition to the financial incentives, APVA raises awareness about the renovation programme, its benefits and requirements. For instance, in 2025, the agency developed **interactive renovation guides for apartment owners**⁴⁸ and managers of the apartment buildings⁴⁹. The guide communicates the advantages of renovation (i.e. lower energy bills, 15–20% higher value of the apartment, enhanced comfort and better living environment), the conditions for renovation (i.e. residential building with three or more apartments, built prior to 1993), and the rationale for making the building more energy efficient (i.e. impacts on health and well-being of non-renovated buildings) to residents. As an example, it notes that energy savings of 50–70% on average can be achieved simply by implementing a standard package of energy efficiency measures, e.g. insulating walls and roofs, replacing windows and doors, upgrading the heating system, and selecting appropriate ventilation methods. The



guide also provides detailed guidance about the application process for the renovation programme.

Since the renovation programme entails taking on a loan, it might represent an additional burden to the already financially strained low-income population and hence make low-income citizens refuse the renovation project decided by other residents. This issue is specifically addressed by the guide which poses the question: **“I am poor, can I oppose the renovation?”** and then details on the state compensation available to cover all renovation costs.

At the same time, the guide also specifies that in case low-income residents refuse renovation agreed by other residents of the building, sanctions will be applied. In fact, they could lose compensation for hot water and heating and will have to pay all renovation costs themselves in the end (in case the project gets the validation by the majority vote)⁵⁰. Such a **“carrot-and-stick” approach** has proven to be working as it increased the costs of the low-income homeowners for refusing the renovation project, while offering substantial incentives to do renovations with the state support covering the entire costs of renovations.

2.2.3 Funding renovation measures: combining and leveraging resources

To fund the multi-apartment renovation programme, the Government mobilised **Cohesion Funds** throughout the implementation period (since 2004), adapting to the context and addressing the challenges the programme was encountering in its implementation. Several examples of sources are provided below:

- In 2021-2027, the European Regional Development Fund and the Cohesion Fund were used to support action on the green transition, directing a substantial part of the cohesion policy investments (277 million EUR) to the roll-out of the renewable energy sources for electricity production in households and to heat and cooling production⁵¹. For example, APVA is running *Promoting the renovation of multi-apartment buildings (Feb 2024-Sept 2029)*⁵² programme focused on awareness raising (i.e. addressing one of the obstacles for renovation noted in the Strategy).
- The EU Modernisation Fund allows to mobilise resources to improve energy efficiency in buildings. Since the launch of the instrument in 2021, Lithuania financed projects for the total amount of 17 million EUR⁵³. In 2023, the Government managed to mobilise 58 million EUR from the fund for the modernisation of multi-apartment buildings and plans to mobilise another 165 million EUR until 2030 for the same purpose⁵⁴.
- The Recovery and Resilience Plan (RRP) includes reforms and investment worth 307 million EUR for energy efficiency renovation of buildings and its funding is mobilised for the renovation programme. For instance, *Renovation (modernisation) of pilot apartment buildings and public buildings using panels (June 2023 – June 2026)* is a pilot on renovation of multi-apartment and public buildings using panels, achieving an energy class of at least A. The programme also includes the development of guidelines for serial modernisation of multi-apartment and public buildings using panels and awareness raising activities on modernisation of multi-apartment and public buildings using panels. It is financed through the RRP.⁵⁵



The Lithuanian Government actively worked with the **financial institutions (such as the European Investment Banks, EIB)** to develop financial mechanisms to raise sufficient funds for the renovation programme. For instance, in 2024, 100 million EUR loan for housing renovation was allocated with expectation to mobilise 625 million EUR in total investment for the renovation of 700 apartment buildings⁵⁶. Lithuania also mobilised 25 million EUR loan⁵⁷ from the EBRD on energy efficiency renovations of multi-apartment buildings in Vilnius (2024).

In addition, APVA mobilised addition funding through the **integrated project (IP) under the LIFE Programme on improving energy efficiency in Lithuania (LIFE IP ENERLIT)**⁵⁸. It includes components on buildings modernisation with envisaged support across legal framework, renovation process coordination, energy saving measures at regional level and consumer behaviour change⁵⁹.

2.2.4 Main stakeholders in programme implementation

The stakeholders involved in the programme on multi-apartment building renovation are described in the below table.

Table 1 Stakeholders and role

Sector	Stakeholders	Role
Public Sector	Ministry of Environment	Responsible for the formulation of renovation policy.
	Environment Project Management Agency (APVA)	Main implementing agency for renovation of residential and public buildings.
	Other Ministries involved (e.g. Ministry of Energy, Economy and Innovation, Finance, the State Agency for Housing and Urban Development)	Oversee policy elements that relate to renovation within their mandates (e.g. energy transition, urban development and planning, financing of state programmes, etc).
	Regional authorities (municipalities)	Promote state renovation programmes locally and initiate renovation projects at their level.
Private Sector	Banks and Financial institutions (e.g. AB Artea, INVEGA and UAB ILTE)	Providing preferential loans under the renovation program.
	Project administrator (often, part of a private company providing renovation project administration services)	In charge of preparation of the renovation project and monitoring its delivery
NGOs (citizen self-organisation)	Home-owners associations (HOA)	Have the mandate from the homeowners to decide on renovation-related issues and oversee the process.
Beneficiaries	Owners of apartment buildings/ individual homeowners	As the end beneficiaries of the programme, owners of the apartments decide on the renovation to happen in the first place, pay loans for renovation, take collective decisions required in the process.



2.3 Policy monitoring and evaluation

The Government conducted an over-arching audit of the multi-apartment building renovation policy in 2020⁶⁰. The audit highlighted the **need to improve the quality of the multi-apartment building renovation investment plans** to avoid delays in projects' delivery and to incentivise residents to apply for renovation works. In addition, the audit found that **project administrators' work in supervising the construction works should be improved**. Finally the audit stressed that while the Housing Energy Efficiency Agency (now APVA) reports annually, monthly and weekly to the Ministry of Environment on the monitoring of the multi-apartment building renovation, the Ministry seemed to have no procedures in place to evaluate this data and it was unclear how the analysis of this data is used to improve the policy on renovation. The more recent audit of the implementation of the National energy independence strategy (2023), highlighted that the recommendation of the 2020 audit on encouraging the involvement of the population into the modernisation process was not implemented by the Ministry of Environment and the renovation pace remains not fast enough⁶¹. In terms of monitoring of the programme delivery, APVA collects and provides – in an interactive format – regularly updated data on renovations of apartment buildings on its website⁵. In terms of policy evaluation, no audit of the programme has been carried out since 2021 to evaluate policy efficiency and effectiveness.

2.4 Synergies with other EU initiatives

The efforts under the renovation programme on the multi-apartment buildings in Lithuania create synergies with broader cross-cutting EU initiatives, which are summarised below.

Table 2 Synergies

Policy domain	Links	Examples
Environmental domain	The energy efficiency policy of Lithuania is part of the Renovation Wave launched under the European Green Deal in 2020 with the aim of doubling the annual rate of building renovations in the EU. It also reflects the requirements of the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED) .	<ul style="list-style-type: none"> - National Energy and Climate Action Plan for the period 2021–2030 (NECP) reflects the EED and EPBD of the EU and sets out Lithuania's commitment to reducing energy poverty, increasing the share of renewable sources in domestic energy production and consumption and improving energy efficiency. - The Long-term Renovation Plan of Lithuania 2021 responds to the EPBD requirements and supports the implementation of the Renovation Wave.

⁵ The information can be accessible here <https://renomap.apva.lt/>



<i>Policy domain</i>	<i>Links</i>	<i>Examples</i>
Social domain	Energy efficiency efforts contribute to tackling energy poverty which is recognised among European Pillars of Social Rights, i.e. energy as an essential service which everyone is entitled to.	<ul style="list-style-type: none"> - The Law on State Support for the Renovation (Modernisation) of Apartment Buildings (2024) provides the possibility for state to cover the full costs of renovations of apartments for vulnerable population. - The transposition into renovation policy of the revised EDD and EPBD which aim to explicitly address energy poverty through energy efficiency measures.
Economic domain	The progress on addressing energy poverty directly contributes to the EU's Cohesion Policy objectives of balanced territorial development.	<ul style="list-style-type: none"> - Mobilising ERDF funding for its multi-apartment building modernisation programme since 2004, adapting the mechanisms over time (i.e. loans, supplemented by blended instrument of loans and grants). - Using the Resilience and Recovery Funds for energy efficiency improvements.



3 Policy analysis

This section provides an in-depth analysis of the drivers of energy poverty present in the national programme of the renovation of the multi-apartment buildings in Lithuania. The analysis across the policy cycle allows to distinguish five main drivers.

3.1 Drivers of inequalities in multi-apartment renovation programme

Despite the state support for the renovation of the multi-apartment buildings and ongoing efforts in this direction since 1990s, the renovation progress was insufficient in 2024, as noted by the EU Country Report⁶². The analysis outlines several challenges at different stages of the policy cycle with direct implications for energy poverty and associated inequalities.

3.1.1 Policy design: the lack of low-income households' consideration

At the policy design stage, there appears to be a gap in mechanism that ensures that results of the implementation of the renovation programme by APVA effectively inform and feed back into the renovation policy design by the Ministry of Environment. This fact is highlighted by the 2021 audit which stresses the importance of introducing the mechanism for effective analysis and integration of the renovation data to improve the design of the multi-apartment renovations programme.

This suggests that **important elements concerning low-income households and households concerned by energy poverty might not be captured in the programme design.**

For instance, an analysis of the correlation between renovation rates across municipalities in Lithuania and the at-risk-of-poverty rate⁶ – used as a proxy for low-income households' distribution – shows that **renovation intensity declines sharply as the at-risk-of-poverty rate increases** (Figure 4). This phenomenon can also be observed when the renovation rate and the poverty rates are mapped across the geography of Lithuania, i.e. the **municipalities with higher risk of poverty** (especially those in the western and southern parts of the country with 34-42% of at-risk-of-poverty rates) **tend to have lower renovation rates** (Figure 5).

⁶ Risk



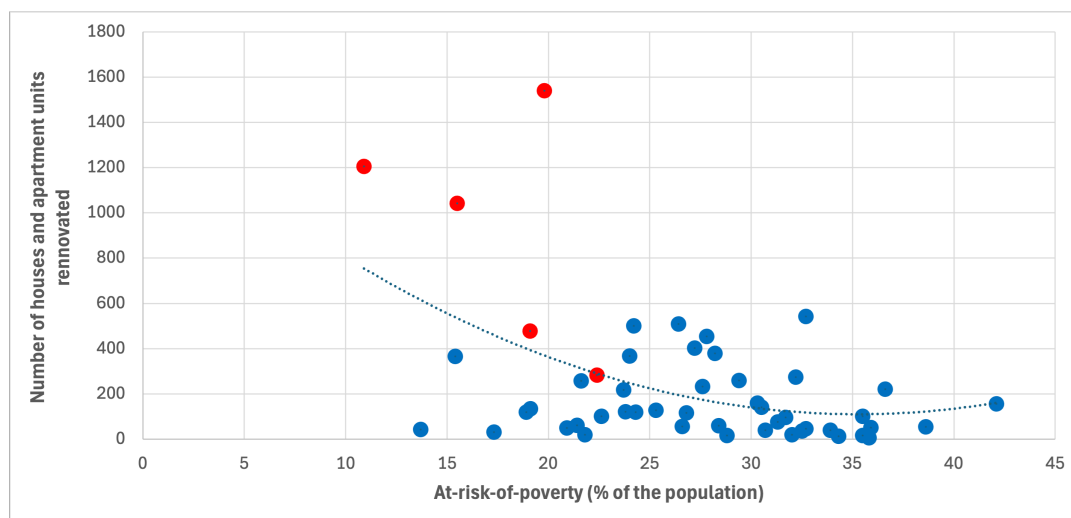


Figure 4 Relationship between poverty risk and renovation activity across municipalities (2024);
Source: Own elaboration, based on the APVA data.

Note: Three of the largest cities marked in red dots are outliers with substantially higher renovation activity while also registering relatively low poverty rates. Red dots, from left to right: Vilnius, Kaunas, Panevėžys, Klaipėda, and Šiauliai.

Poverty Risk and Building Renovation Activity Across Lithuanian Municipalities

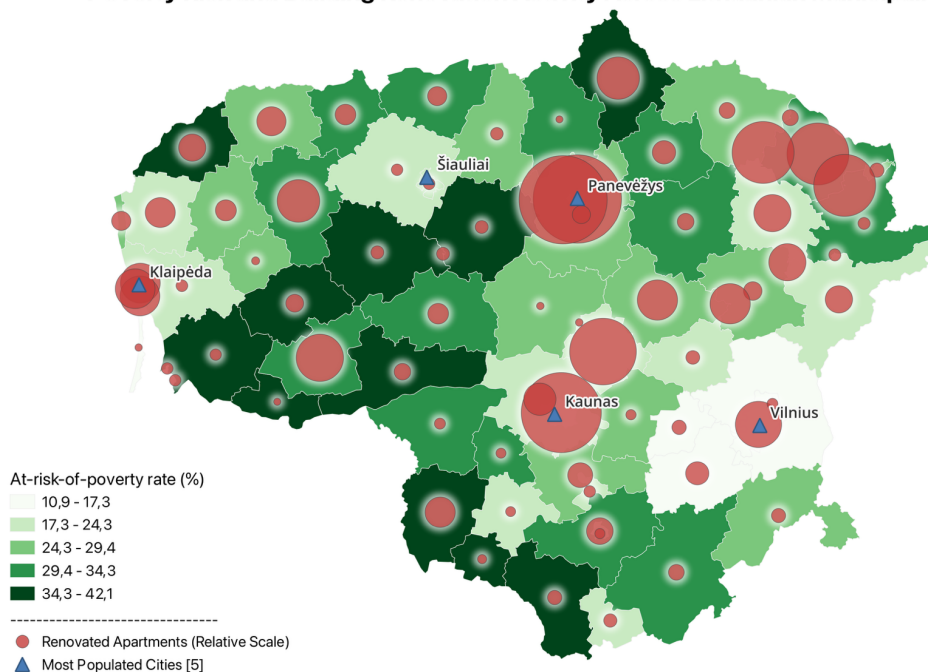


Figure 5 Poverty risk and building renovation activity across Lithuanian Municipalities in 2024;
Source: Own elaboration, based on the APVA data.



To effectively tackle the energy poverty through the renovation programme, it would be important to **better understand the drivers behind low renovation uptake in high-poverty municipalities** and introduce relevant targeted changes to the programme to address the underlying reasons.

Furthermore, when designing the renovation programme, **the household composition could be taken into account to better direct the programme towards households most exposed to energy poverty**. The 2024 data on households' income spent on housing maintenance show that 1) households below at-risk-of-poverty rate spent twice as much on housing maintenance as all households, 2) at-risk-of-poverty households of two-adults with more than one child spent almost twice as much of their income than other households in Lithuania on housing maintenance (i.e. 38% vs 19.9%) (Figure 6). This suggests that putting in place incentives or dedicated communication campaigns about the renovation programme targeting households below the at-risk-of-poverty, in particular parents with more than one child, could be an effective way to reduce energy poverty of the most vulnerable.

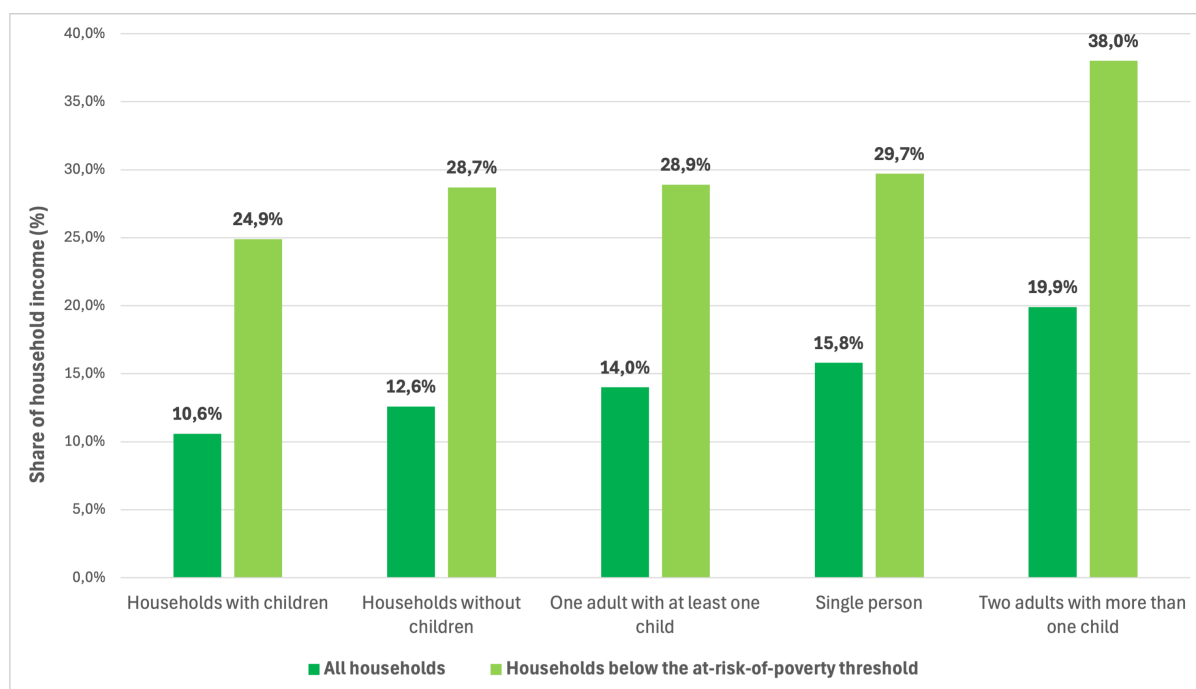


Figure 6 The share of household's income spent on housing maintenance, 2024; Source: Own elaboration, based on the Lithuanian Official Statistics Portal

<https://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?hash=95ac3866-fb7b-438a-ac6f-268ea6002e83>).

When designing further targeted measures, the renovation programme experience can already provide some learnings in particular when it comes to ensuring there are no **conflicting policy measures that might hinder the implementation of the renovation programme**. In fact, until 2013, the low-income households in Lithuania had received subsidies for heating bills which decreased the incentive to undertake energy efficiency



works. In 2013, to address this issue an amendment to the legislation allowed to reduce heating aid for households that opposed renovating their building and the heating compensation scheme was revised.

3.1.2 Policy implementation: from policy governance challenges to gaps in capacities in delivering renovations

By adapting the renovation program at different stages of its roll out (as described in previous sections), the Government of Lithuania has managed to ensure the uptake of renovations across the country as the renovation rate trend suggests (See Figure 3). In fact, the insulations of the houses increased significantly in 2018-2023 period compared to 2009-2018. The observed at-risk-of-poverty rate has also seen a decrease over 2018-2023 (Figure 7).

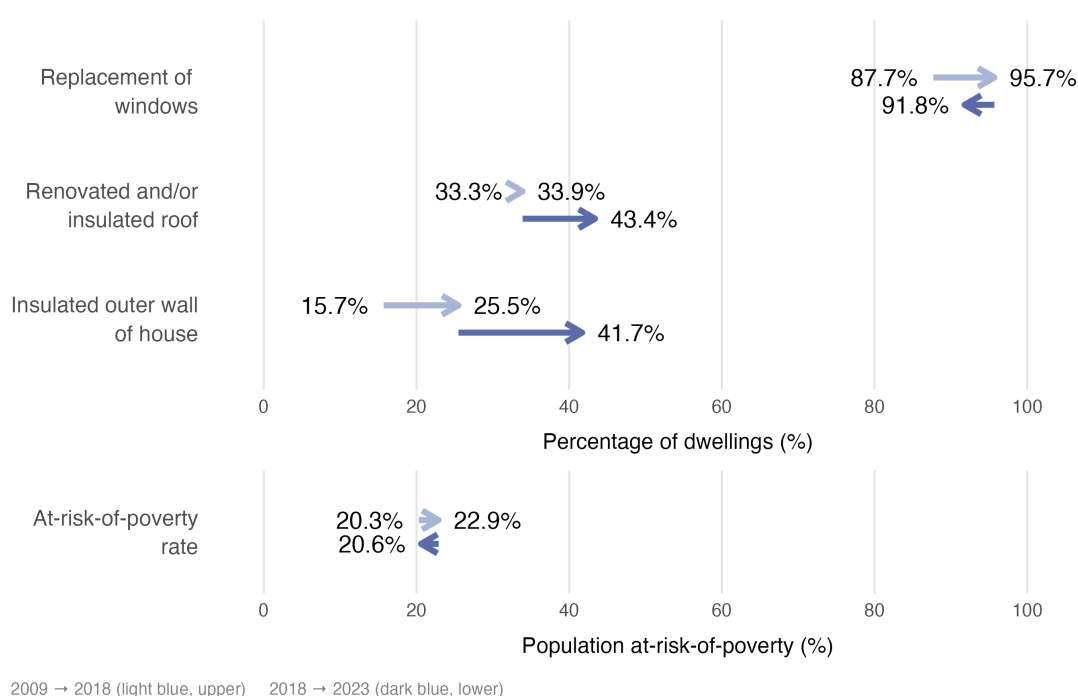


Figure 7 Renovation rate and at-risk-of-poverty rate in 2009-2018 and 2018-2023; Source: Own elaboration, based on the Lithuanian Official Statistics Portal

<https://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?hash=95ac3866-fb7b-438a-ac6f-268ea6002e83>).

However, several challenges that negatively affect the programme implementation and associated policy outcomes in terms of energy poverty remain.

The first set of challenges is related to the **lack of effective renovation policy governance mechanism and inter-institutional cooperation among ministries and state agencies involved in the renovation programme**. As highlighted by the interviewees, while the Ministry of Environment is formally in charge of the renovation programme, other ministries and agencies are also involved in the renovation policy. The Government has partly addressed this coordination challenge by establishing a dedicated working group that includes the representatives of concerned state bodies, including the ministries of Economy and



Innovation, Energy, Finance, the State Agency for Housing and Urban Development, and other state institutions related to renovation, such as APVA.

The second set of challenges is related to the **project administrator approach used for the programme implementation**. While its introduction has contributed to the uptake of renovations, further leveraging of this mechanism faces several obstacles. Firstly, administering a renovation project requires very **specific skills and knowledge that are not easily available in Lithuania**⁶³. The previous audit of the renovation policy also highlighted the need for enhancing the quality of work of project administrators. In fact, residents face the risk of not being able to secure a competent project administrator as those are few. Next, in cases where the municipality initiates the renovation and appoints the project administrator, there is also risk of project delays and inefficiencies stemming from the **project administrator's over-load** (e.g. running several projects in parallel and lacking capacity to ensure quality delivery of all projects), as has also been highlighted by the interviewee. To address these issues and build capacities of project administrators, in 2024 the Government put in place a dedicated programme for the upskilling of administrators through e-learning system⁶⁴.

Connected to this is the **fragmentation and complexity of the renovation process across multiple stakeholders** that often discourages citizens from taking part in it. The introduction of one-stop-shop at the level of municipality, as was done in Vilnius in 2019, could serve a good example on helping to explain and streamline the renovation process and promote it among citizens (Box 3).

BOX 3. One-stop-shop (OSS) in Vilnius to facilitate the renovation of multi-family buildings¹

Apartment owners face a complex renovation process. To address this in Vilnius the public non-profit institution Vėj Atnaujinkime miestą (Amiestas) since December 2019 has been running a fully-fledged OSS. It offers residents access to all necessary information and services for multi-apartment renovation from a single, coordinated source.

Amiestas runs a project support and coordination platform which allows to design projects, liaise with suppliers, and guide home-owners through every stage of the renovation process. Amiestas acts as project administrator ensuring that renovation process meets quality, regulatory, and resident expectations, as well as provides technical project management, administrative support for loan repayments, and facilitates access to financial instruments and renovation incentives.

Amiestas employs a team of 48 professionals, including project managers, lawyers, technical advisors, communication specialists, and customer service staff. The institution is primarily funded by the Vilnius City Municipality while the EU-funded international projects contribute to the development of new tools and methodologies. Through its activity, Amiestas also ensures citizen participation in the renovation programme and trust by conducting live engagement activities, using digital tools, and providing tailored support to homeowners.



Finally, there are **factors at operational level** which are constraining the renovations uptake with direct implications for the low-income households and energy poverty. First, despite the financing tools that allow to take up a preferential loan and available state support to low-income population to cover the full cost of renovations, the 2020 study shows the **reluctance to take a loan for renovation due to low income among the households**⁶⁵. When analysing the loan burden data across different types of population, i.e. urban, rural areas and large cities, the evidence suggests that rural areas have registered on average higher share of households having to repay a loan over 2019-2024 period which shows relatively **higher loan burden that rural population carries**. This coupled with the significant gap in average disposable income between large cities and rural areas – 21.5% difference in 2022⁶⁶, adds financial strain on rural households and is likely influencing their willingness to take up a renovation loan (Figure 8).

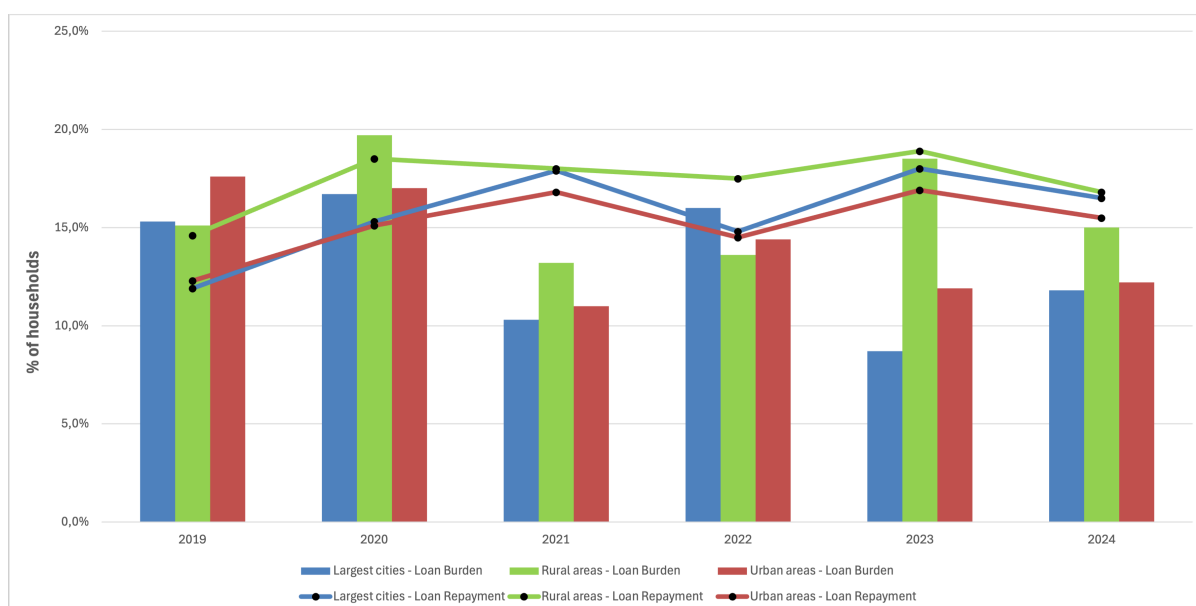


Figure 8 Loan burden and loan repayment rates, 2019-2024; Source: Own elaboration, based on the Lithuanian Official Statistics Portal (<https://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?hash=3657eaa1-65d2-434c-b5ff-1f29e2e5287e>)

Second, **inability to make collective decisions on renovation due to the lack of cooperation or no housing association** in place is also an issue⁶⁷, as suggested by desk research and interviews. It is important to note that Lithuania has a “one apartment-one owner” ownership model which is due to the mass privatisation of apartments in the country after the fall of the Soviet Union. This means that almost the entirety of apartments are home-owned⁶⁸, i.e. not owned by home-owners associations of multi-apartment buildings or dedicated cooperative and condominium structures as in many other EU countries. In addition, **the law does not oblige the residents of the buildings to establish a home-owners association for the decision-making regarding the building and its refurbishments**. Some buildings have HOAs while the majority does not which complicates the interaction of the state with the owners and puts the individual apartment owners at the heart of the renovation programme. This, in turn, requires significant efforts on homeowners’ awareness and mobilisation.



Third, there are **insufficient financial incentives for construction companies to take part in the renovation programme**. This is due to lengthy bureaucratic procurement procedures and a lack of stable framework for renovation funding⁶⁹. Connected to this is the **limited capabilities of the construction sector**⁷⁰ to support the upgrading of energy efficiency of buildings. Moving from one energy efficiency class to a higher one requires specific technical knowledge and capabilities which are not widely available in Lithuania or concentrate in a limited number of companies unable to cover the volume of renovation works⁷¹.

Finally, **the potential of municipal authorities to increase renovation programme uptake, including targeting the low-income households is currently underutilised**. According to the legislation in place, municipalities can mobilise additional funding to carry out renovation programmes at the level of their jurisdiction. They can also actively promote the renovation calls operated by APVA. However, this does not happen systematically even if some examples exist. For instance, Švenčionys district allocated additional funds to upgrading the residential area around the multi-apartment building (e.g. adding green areas, pedestrian and bicycle paths, children's playgrounds), thus putting the buildings into the larger renovation plan⁷² and compelling home-owners to renovate as a way to contribute to making their living space more pleasant and modern.

The role of the municipality in advancing the multi-apartment buildings renovation is not to be under-estimated. According to APVA, the number of renovated apartment buildings in individual cities largely depends on the involvement of the municipalities coupled with the work of apartment building administrators, good examples in the city, and additional incentives offered by municipalities.⁷³ Example of the Vilnius City Municipality which has been lagging behind on renovations for some time is a case in point. In 2024, the municipality managed to mobilise additional investments of 350,000 EUR to compensate residents for part of the renovation costs. This amount served to cover up to 70% of repair of common use objects and up to 50% of repair of engineering networks. These investments were accompanied by clear and regular communication with citizens on the benefits of renovation⁷⁴.

At the level of policy monitoring and evaluation, it seems that an effective mechanism is lacking that allows not only to track the number of renovations but also to evaluate the programme's performance against stated targets (KPIs) and analyse obstacles in implementation and options for improvement.

3.2 Summary of the drivers of energy poverty in renovation programme

Drawing on this policy analysis, several factors related to institutional capacities, economic dynamics and regulatory framework that seem to drive energy poverty in renovation programme of multi-apartment buildings. These were identified and summarised below.



Table 3 Drivers

Drivers	Subcategory	Definition
Institutional capacities	Policy governance	Effective governance and coordination mechanism among ministries and state agencies involved in the renovation programme is not fully in place.
	“Energy-poverty” lens at the programme design level	The demographic composition and geographic distribution of at-risk-of-poverty/low-income population most affected by energy poverty is not translated in targeted measures of the programme.
	M&E mechanism	Lack of robust mechanism to monitor and evaluate the programme’s performance and allow targeted improvement with regards to low-income population most affected by energy poverty.
	Project administrator capacities	Gaps in capacities of project administrators to meet the volume of renovation projects with necessary quality which calls for strengthening skills and competencies.
	Municipalities’ engagement	Although municipalities have the potential to support and promote renovation programmes, their involvement is inconsistent. Only a few examples, such as Švenčionys and Vilnius, actively mobilise additional resources or communicate the benefits to citizens, leading to uneven programme uptake.
Economic dynamics	Apartment ownership structures	The prevalent “one apartment-one owner” model, resulting from mass privatisation, means that most buildings lack formal homeowners’ associations. This complicates collective decision-making and coordination of renovation activities.
	Rural-urban divide and associated income gap	Rural households seem to suffer from higher loan burden than urban population and gap in disposable income between rural and urban population seems to contribute to rural and low-income households unwillingness to take up the



Drivers	Subcategory	Definition
		renovation loans, even if they are covered up to 100% by the state.
	Construction sector capacities	The construction sector has limited capacity to deliver required energy efficiency improvements due to a shortage of technical expertise. The available skills are mostly concentrated in a small number of companies, restricting the scale and pace of renovations and calling for more dedicated trainings.
Regulatory framework	Legislation on apartment ownership structures	There is no legal obligation for homeowners within the apartment blocks to establish HOAs to facilitate the decision-making on the renovation.

Institutional capacities at policy design, implementation and M&E seem to play a critical role in ensuring that the renovation programme is not only delivering on targets for energy efficiency but also appropriately addresses the population most concerned with energy poverty in Lithuania. The gaps in policy governance at national level, namely when it comes to policy coordination, and lack of a systematic monitoring and evaluation constrain the renovation program's outcomes. While energy poverty is an important pillar of energy transition, it seems to be sub-optimally addressed by the renovation program at this stage. In fact, the renovation rates remain lowest in predominantly rural municipalities which also have high at-risk-of-poverty rate, i.e. low-income population most affected by energy poverty. This leaves room for targeted measures within the programme to address the energy poverty in rural areas and potentially, a more consistent involvement of municipalities to promote and support renovation programmes with complementary resources. Examples from Švenčionys and Vilnius could serve a learning and inspiration in this regard. Finally, the evidence points to the current limited capacities of project administrators to meet the volume of renovation projects with necessary quality. The Government has already put in place some programs to strengthen skills and competencies of project administrators which is expected to address existing capacity gaps in renovation projects delivery.

Several structural factors related to **economic dynamics** also play an important role in shaping the renovation programme outcomes and its effects on energy poverty reduction. The "one apartment-one owner" model prevalent in Lithuania complicates collective decision-making and coordination of renovation activities, as many apartment buildings do not have a homeowners association in place. In addition, it appears that the construction sector is still facing shortage of technical expertise required for energy efficiency improvements under the renovation programme, as a limited number of companies concentrate the skilled labour required for work and are not widely available yet for the expected scale and pace of renovations. Finally, the rural-urban divide remains a barrier for the effective programme roll out and a driver of inequalities in terms of the population concerned with energy poverty. Thus, urban areas and large cities with lower poverty rates undertake more renovations and enjoy the associated benefits from energy efficiency improvements than rural areas. Rural



areas which demonstrate higher poverty rates appear to struggle more to renovate at the same pace as urban areas, while continuing to suffer from high energy consumption of multi-apartment buildings. In addition, significant gap in average disposable income between large cities and rural areas, 21.5% difference in 2022, adds to the financial strain that a renovation loan might represent for rural population, even when the state offers subsidies and preferential terms. As the low-income households in rural areas struggle to repay their loans and see limited options to increase their disposable income, they might be less willing to take renovation loans, even if they are covered up to 100% by the state.

Regulatory framework is the final element that completes the landscape of factors contributing to difficulties in renovation program implementation and energy poverty reduction. It is in fact one of the key obstacles for renovation take up, as underlined by interviewees. The fact that most apartment buildings in Lithuania do not have a home-owners association in places complicates the interaction between the state and individual apartment owners. This in turn slows down the renovation program take up. Currently, there is no legal obligation for home-owners within the apartment blocks to establish HOAs which could greatly facilitate the decision-making on renovations and boost renovation rates across the country.

3.3 From policy assumptions to policy outcomes

This section presents the summary underpinning Lithuania's programme on renovation of the multi-apartment buildings to enhance energy efficiency and reduce energy poverty. The summary below presents an overview linking policy assumptions, resources and governance arrangements as well as intended outcomes. Particularly, it highlights where inequalities emerge along the policy cycle, from policy design, through implementation to monitoring and evaluation.

The summary provides a structured basis for identifying leverage points for policy adjustment and allows for the detection of bottlenecks, coordination failures and effects stemming from the policy instrument.



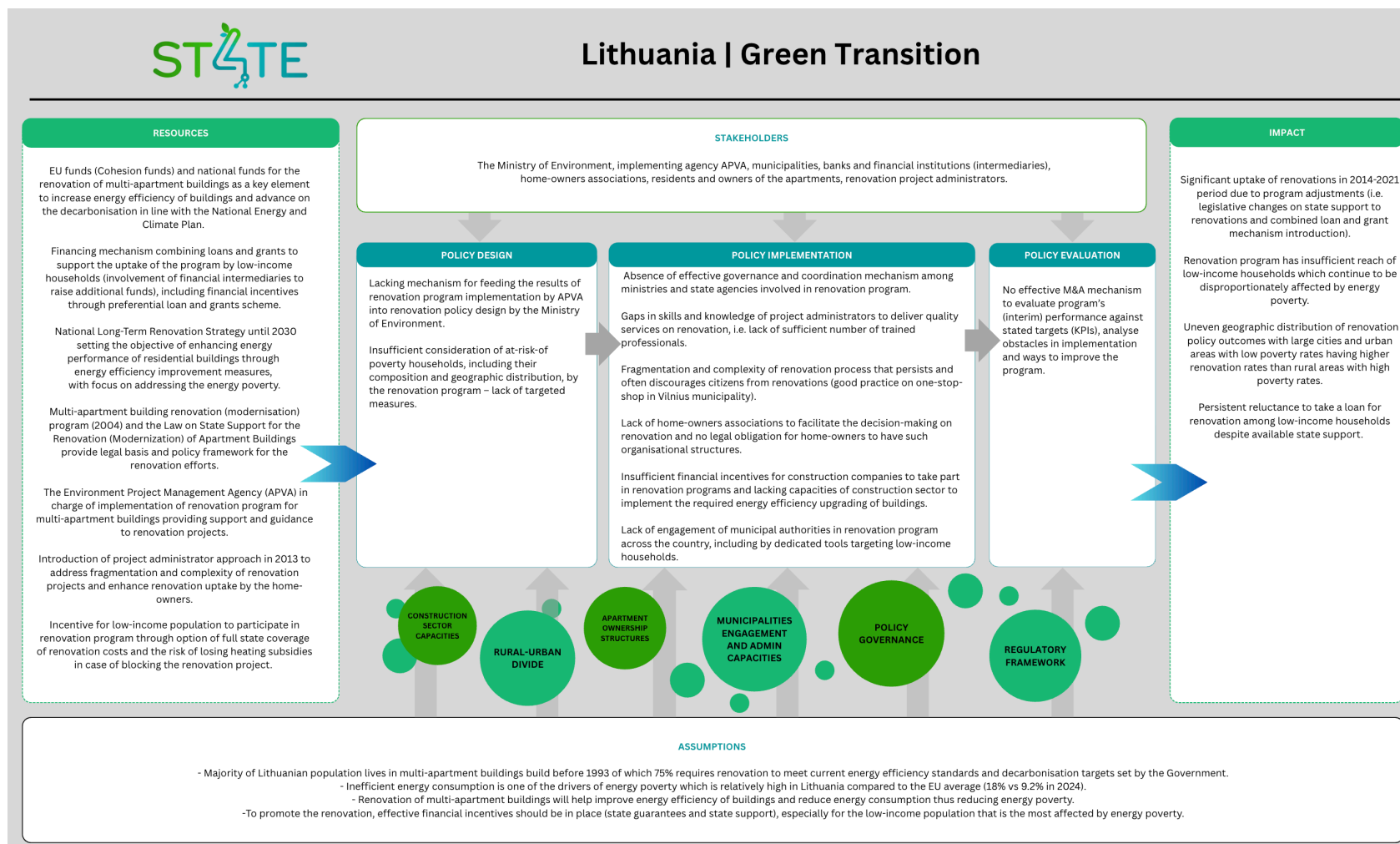


Figure 8 Summary table on Lithuania's green transition



This project has received funding from the European Union's Horizon Europe research and innovation programme under grant agreement No 101132559.

4 Conclusions

Lithuania's energy poverty challenge is rooted in an ageing housing stock, high energy expenditure relative to income, and regional disparities. In response, the Government of Lithuania has made clear commitments to reducing energy poverty and improving energy efficiency across its housing stock. These priorities are reflected in the national policy framework on energy transition in line with broader EU climate and energy goals. The multi-apartment building renovation programme, launched in 2004, represents the main policy tool to address energy inefficiency and related energy poverty challenges. The evolution of the programme in 2014 with the introduction of the project administrator approach, combined with preferential loans and EU-backed grants, proved effective in accelerating renovation uptake.

Yet, despite these gains, the pace and scale of renovations seems to fall short of reaching the most affected by energy poverty. The evidence presented in this case study suggests that renovation activity is systematically lower in municipalities with higher poverty rates, and that rural households that often register higher concentration of at-risk-of-poverty households face structural barriers in engaging in the programme. Loan aversion among low-income population, weak collective decision-making structures (lack of systematic presence of homeowners associations), and insufficient incentives to engage in renovation programmes are not properly addressed by the program of renovation of multi-apartment buildings.

This analysis highlights the presence of five main drivers for energy poverty in Lithuania, namely: 1) inefficient governance structures and gaps in capacities of implementing entities, 2) lacks of targeted measures for low-income population that facilitate the renovation uptake, 3) regulatory gaps in legislation regulating home-ownership structures; 4) insufficient engagement of local authorities to support the renovations in energy-poor households, 5) construction sector capacities gap to deliver the required energy efficiency upgrades. Together, these drivers call for a stronger and more coordinated policy response to energy poverty through energy efficiency programmes like the one on renovation. Better cooperation between the Ministry of Environment and other relevant ministries and agencies would make the renovation policy more coherent and keep energy poverty on the agenda across sectorial mandates of the ministries.

Continue investing in the skills of project administrators and construction companies, building on current efforts in this area would contribute to keeping up renovation quality and pace. Municipalities remain an underused resource for better uptake of the renovations but also targeted support to the population at-risk-of-poverty within the renovation programmes. Where local authorities have stepped in with additional funding, clear communication and neighbourhood improvements, as in Vilnius and Svenčionys, renovation rates grew noticeably higher. Extending this kind of municipalities' engagement in renovation programme, especially in regions with high at-risk-of-poverty rates, could significantly improve the programme reach with substantive effect on energy poverty reduction.



Better monitoring of the programme implementation is equally important. A systematic insight into socio-economic characteristics of households most affected by energy poverty undergoing the renovation and the others who remain reluctant would help to adapt the programme to target the most affected by energy poverty and in need of energy efficiency improvements.

The progress Lithuania has achieved so far in the renovation of multi-apartment buildings shows that institutional and financial adaptation in the programme implementation yield positive results. However, dedicated efforts are required to alleviate energy poverty among the low-income population which is disproportionately present in rural settlements.



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No	Description/Link
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R2	European Commission: European Innovation Scoreboard, 2025, https://projects.research-and-innovation.ec.europa.eu/en/statistics/performance-indicators/european-innovation-scoreboard/eis-2024#/eii/countries/LT
R3	European Commission: Energy Poverty Observatory https://energy-poverty.ec.europa.eu/epah-indicators#
R4	EBRD, Transition report 2022-2023, Lithuania https://www.ebrd.com/content/dam/ebd_dxp/assets/pdfs/office-of-the-chief-economist/transition-report-archive/transition-report-2022/country-assessments-2022-23/central-europe-and-the-baltic-states/Transition-Report-2022-23-Lithuania.pdf
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R7	European Commission, EU measures to tackle energy poverty, https://energy.ec.europa.eu/topics/markets-and-consumers/energy-consumers-and-prosumers/energy-poverty_en#:~:text=In%202016%2C%20the%20Commission%20launched,and%20protection%20against%20forced%20evictions

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² <https://projects.research-and-innovation.ec.europa.eu/en/statistics/performance-indicators/european-innovation-scoreboard/eis-2024#/eii/countries/LT>

³ Such improvement is mostly driven by strong growth in Eco-innovation related publications, the number of ISO 14001 certificates, water productivity and socio-economic outcomes.

⁴ European Commission: Directorate-General for Research and Innovation, *EU eco-innovation index 2024*, Publications Office of the European Union, 2024, <https://data.europa.eu/doi/10.2777/4878812>

⁵ <https://projects.research-and-innovation.ec.europa.eu/en/statistics/performance-indicators/european-innovation-scoreboard/eis-2024#/eii/countries/LT>

⁶ https://energy.ec.europa.eu/system/files/2022-08/lt_final_necp_main_en.pdf

⁷ https://commission.europa.eu/document/download/e4569d35-7ab0-4445-8fa6-017357d04546_en?filename=LT_FINAL%20UPDATED%20NECP%202021-2030%20%28English%29.pdf

⁸ https://energy.ec.europa.eu/system/files/2022-08/lt_final_necp_main_en.pdf

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¹⁰ Ibid.

¹¹ Ibid.



¹² Other measures envisaged by NECP are in the area of financial support for vulnerable consumers, adequate energy pricing and consumer education.

¹³ https://energy.ec.europa.eu/system/files/2022-08/lt_final_necp_main_en.pdf

¹⁴ https://energy.ec.europa.eu/topics/markets-and-consumers/energy-consumers-and-prosumers/energy-poverty_en

¹⁵ https://energy.ec.europa.eu/topics/markets-and-consumers/energy-consumers-and-prosumers/energy-poverty_en#:~:text=In%202016%2C%20the%20Commission%20launched,and%20protection%20against%20forced%20evictions.

¹⁶ <https://www.odyssee-mure.eu/publications/policy-brief/energy-poverty-measures-eu-epov-eed.pdf>

¹⁷ Energy Poverty Observatory <https://energy-poverty.ec.europa.eu/epah-indicators#>

¹⁸ Energy Poverty Observatory <https://energy-poverty.ec.europa.eu/epah-indicators>

¹⁹ A relative income level such that the households whose disposable income is lower than this amount are categorised as living in poverty. The at-risk-of-poverty indicators are calculated using the at-risk-of-poverty threshold equalling 60 per cent of the median equivalised disposable income.

²⁰ https://economy-finance.ec.europa.eu/document/download/6c6b5a51-d3d3-4843-8035-df042a92e031_en?filename=LT_CR_SWD_2025_215_1_EN_autre_document_travail_service_part1_v3.pdf

²¹ Ibid.

²² <https://energy-poverty.ec.europa.eu/epah-indicators#>

https://economy-finance.ec.europa.eu/document/download/b2eea0d9-a516-4153-82ac-66d150d1ce7e_en?filename=SWD_2024_615_1_EN_Lithuania.pdf

²⁴ Energy Poverty Observatory <https://energy-poverty.ec.europa.eu/epah-indicators#>

²⁵ Only Bulgaria shows worse performance according to the European Observatory of Energy Poverty.

²⁶ <https://energy-poverty.ec.europa.eu/epah-indicators#>

²⁷ For instance, in the case of compensation of electricity and gas bills for households and businesses, around EUR 959.1 million were used for the compensation, most of which were allocated to households (as of 27 November 2023).

²⁸ <https://www.valstybeskontrolė.lt/EN/Product/Download/4485>

²⁹ <https://osp.stat.gov.lt/en/2021-gyventoju-ir-bustu-surasy-mo-rezultatai/bustai>

³⁰ Ibid.

³¹ <https://www.fi-compass.eu/stories/everybody-deserves-healthy-affordable-and-sustainable-home>

³² <https://www.e-tar.lt/portal/lt/legalAct/TAR.AE67B6739526/vnvXdxplKc>

³³ Ibid.

³⁴ Ibid.

³⁵ <https://circabc.europa.eu/ui/group/8f5f9424-a7ef-4dbf-b914-1af1d12ff5d2/library/f97564b7-ba78-4c63-a952-13a05eb16090/details>

³⁶ https://energy.ec.europa.eu/system/files/2021-08/lt_2020_ltrs_en_0.pdf

³⁷ <https://www.e-tar.lt/portal/lt/legalAct/TAR.C423B178D7F4/asr>

³⁸ <https://www.interregeurope.eu/good-practices/technical-support-and-promotion-in-multi-apartment-building-modernization-beta-agency>

³⁹ <https://www.interregeurope.eu/good-practices/standardization-and-simplification-in-multi-apartment-building-modernization>

⁴⁰ [https://www.fi-](https://www.fi-compass.eu/sites/default/files/publications/Residential%20energy%20efficiency%20financial%20instruments%20in%20Lithuania_2.pdf)

[compass.eu/sites/default/files/publications/Residential%20energy%20efficiency%20financial%20instruments%20in%20Lithuania_2.pdf](https://www.fi-compass.eu/sites/default/files/publications/Residential%20energy%20efficiency%20financial%20instruments%20in%20Lithuania_2.pdf)

⁴¹ Ibid.

⁴² <https://renomap.apva.lt/>

⁴³ <https://www.e-tar.lt/portal/lt/legalAct/TAR.9D04F98F7C14/ewjiwSYIND>

⁴⁴ <https://ilte.lt/en/services/114/apartment-buildings-renovation-fund-2023-224#c1472>

⁴⁵ <https://www.e-tar.lt/portal/lt/legalAct/TAR.C423B178D7F4/asr>

⁴⁶ In accordance with the Law on Monetary Social Support for the Vulnerable Population.

⁴⁷ <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.215633/asr>



- ⁴⁸ <https://modernizuok.apva.lt/data/public/uploads/2025/03/content/index.html#/lessons/hcaml04Ss1hYsP7fZ3Z8UNEcX9ZXDkAi>
- ⁴⁹ <https://modernizuok.apva.lt/data/public/uploads/2025/06/content/index.html#/>
- ⁵⁰ <https://www.interregeurope.eu/good-practices/carrot-and-stick-game-in-multi-apartment-building-modernization>
- ⁵¹ European Commission, 2024 Country Report – Lithuania, https://economy-finance.ec.europa.eu/document/download/b2eea0d9-a516-4153-82ac-66d150d1ce7e_en?filename=SWD_2024_615_1_EN_Lithuania.pdf
- ⁵² <https://apva.lrv.lt/en/project-implementation/national-projects/promoting-the-renovation-of-multi-apartment-buildings/>
- ⁵³ <https://modernisationfund.eu/how-it-works/>
- ⁵⁴ Based on the 2023 Report by Lithuania, accessible at <https://modernisationfund.eu/documents-2/annual-reports/>
- ⁵⁵ <https://apva.lrv.lt/en/project-implementation/national-projects/renovation-modernization-of-pilot-apartment-buildings-and-public-buildings-using-panels/>
- ⁵⁶ <https://www.eib.org/en/press/all/2024-503-lithuania-and-eib-team-up-in-eur100-million-initiative-for-greener-housing>
- ⁵⁷ <https://www.ebrd.com/home/news-and-events/news/2024/ebd-finances-residential-energy-efficiency-improvements-in-vilnius.html#>
- ⁵⁸ <https://webgate.ec.europa.eu/life/publicWebsite/project/LIFE20-IPC-LT-000002/improving-energy-efficiency-in-lithuania>
- ⁵⁹ <https://klimatokaita.lt/life-ip-enerlit/veiklos-sritys/projekto-veiklos/tvarus-ir-energetiskai-efektyvus-pastatai/>
- ⁶⁰ <https://www.valstybeskontrole.lt/LT/Product/All?m=2023#>
- ⁶¹ Implementation of the National Energy Independence Strategy <https://www.valstybeskontrole.lt/LT/Product/24209/nacionalines-energetines-nepriklausomybes-strategijos-igyvendinimas>
- ⁶² https://economy-finance.ec.europa.eu/document/download/b2eea0d9-a516-4153-82ac-66d150d1ce7e_en?filename=SWD_2024_615_1_EN_Lithuania.pdf
- ⁶³ Based on stakeholder interviews and desk research.
- ⁶⁴ <https://apva.lrv.lt/en/project-implementation/national-projects/promoting-the-renovation-of-multi-apartment-buildings/>
- ⁶⁵ <https://www.mdpi.com/1996-1073/13/11/2721>
- ⁶⁶ <https://osp.stat.gov.lt/en/lietuvos-gyventoju-pajamos-ir-gyvenimo-salygos-2023/namu-ukiu-pajamos/bendrosios-ir-disponuojamosios-pajamos>
- ⁶⁷ <https://www.mdpi.com/1996-1073/13/11/2721>
- ⁶⁸ <https://interreg-baltic.eu/project-posts/the-ownership-and-responsibilities-of-the-multi-apartment-buildings-in-the-bsr-vary-a-lot-creating-different-challenges-and-need-for-support/>
- ⁶⁹ https://storage.googleapis.com/renonbill-website.appspot.com/image/multimedia/01_05_2020_12_17/D2.2%20The%20residential%20building%20renovation%20market%20in%20IT,%20ES,%20DE,%20LT_final.pdf
- ⁷⁰ <https://gs.elaba.lt/object/elaba:238574277/index.html>
- ⁷¹ https://vilniustech.lt/files/5098/254/12/14_0/-884.pdf
- ⁷² Ibid.
- ⁷³ <https://modernizuok.apva.lt/apie-nauienos/konferencijoje-pristatytos-ikvepiancios-savivaldybiu-iniciatyvos-kurios-padejo-isjudinti-daugiabuciu-renovacija:163>
- ⁷⁴ Ibid.

