



European  
Commission



# InvestEU and MS Compartment: Considerations in *Lithuania*

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# Market situation



# Background

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- Area: 65 300 km<sup>2</sup>
- Capital: Vilnius
- Joined EU in 2004
- National currency – Euro (since 2015)
- # inhabitants (1 Jan 2020) – 2 794 329
- GDP per capita 4Q 2019 – EUR 4509
- # SMEs (1 Jan 2020) – 86 738

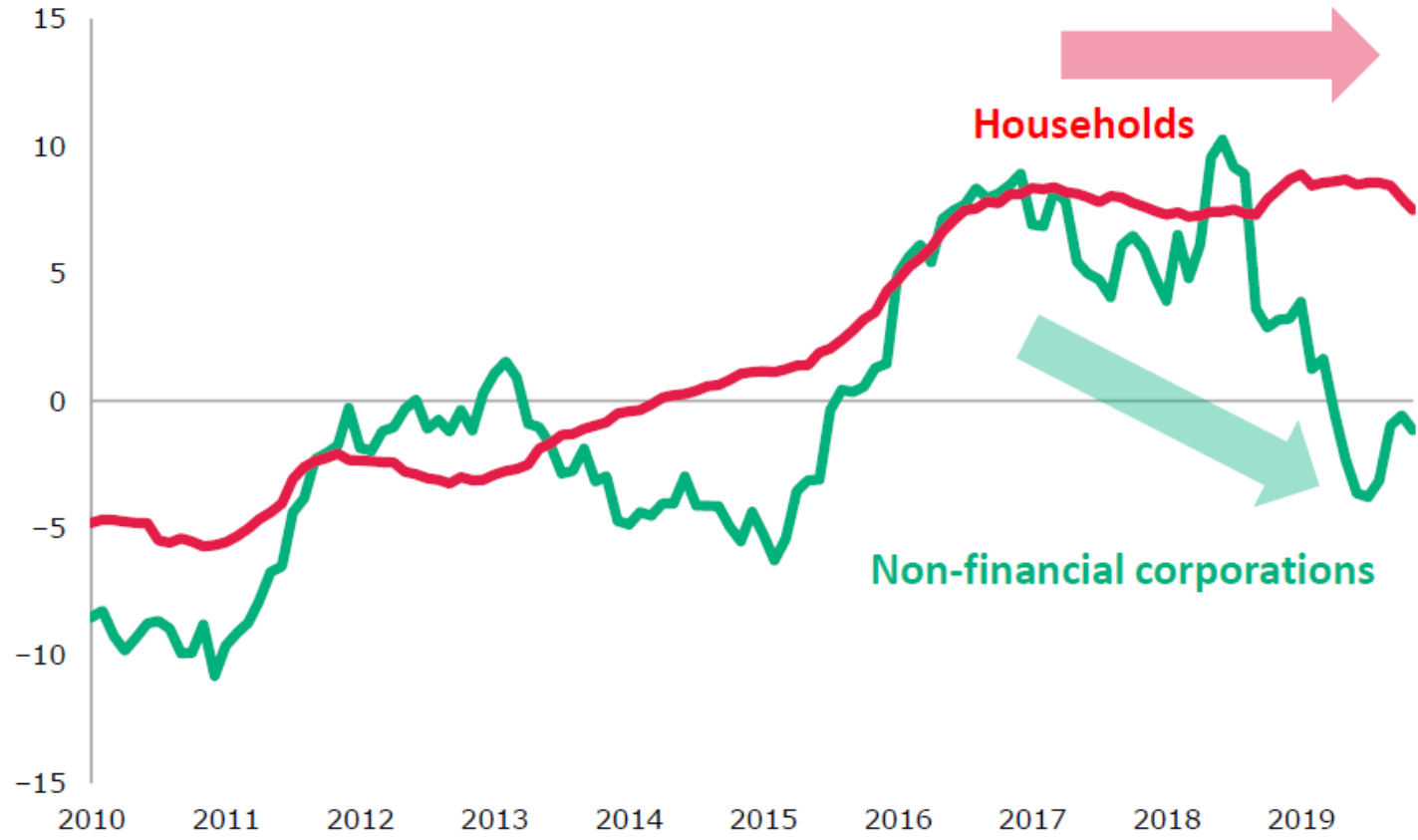


# Bank lending to households continues to grow rapidly but lending to businesses has slowed down



Annual growth rates

Percentages



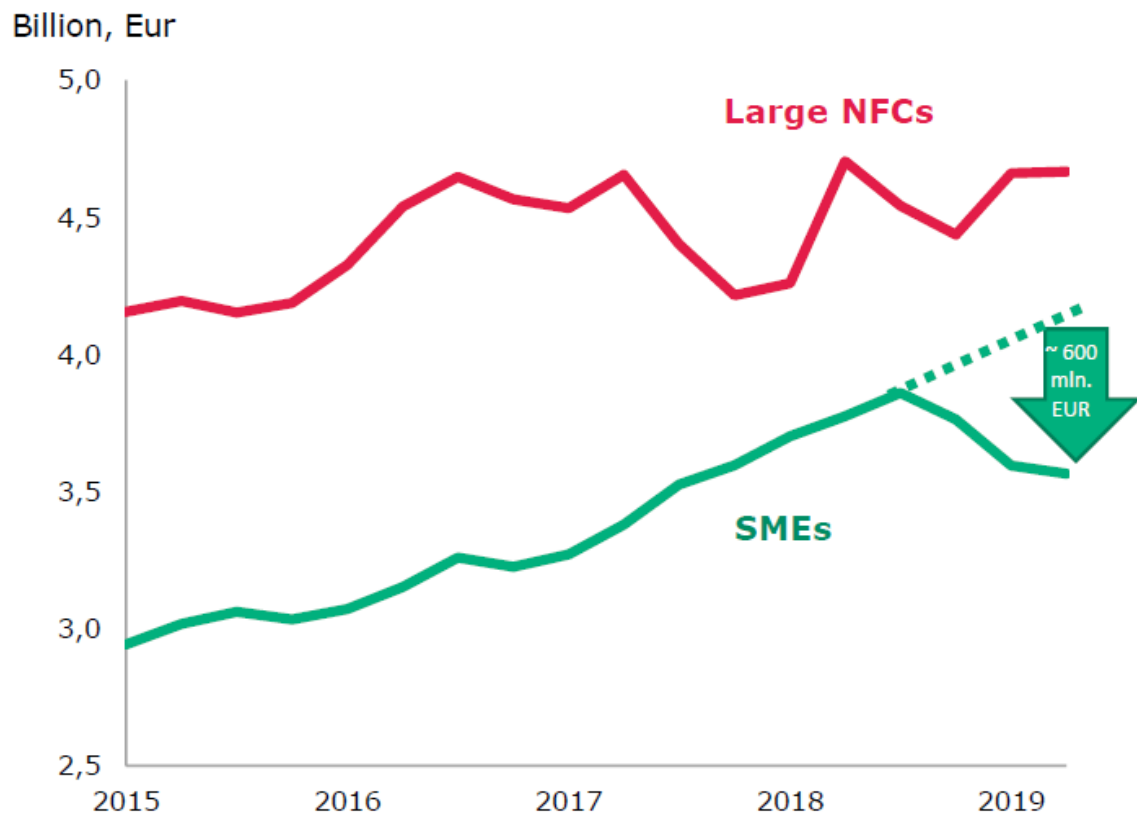
**Annual change of MFIs loan portfolio:**  
**Households: +7.5 %**  
**Loans to NFCs: -1.2 %**

Source: Bank of Lithuania.  
2020-02-10

# Credit to SMEs reduced the most

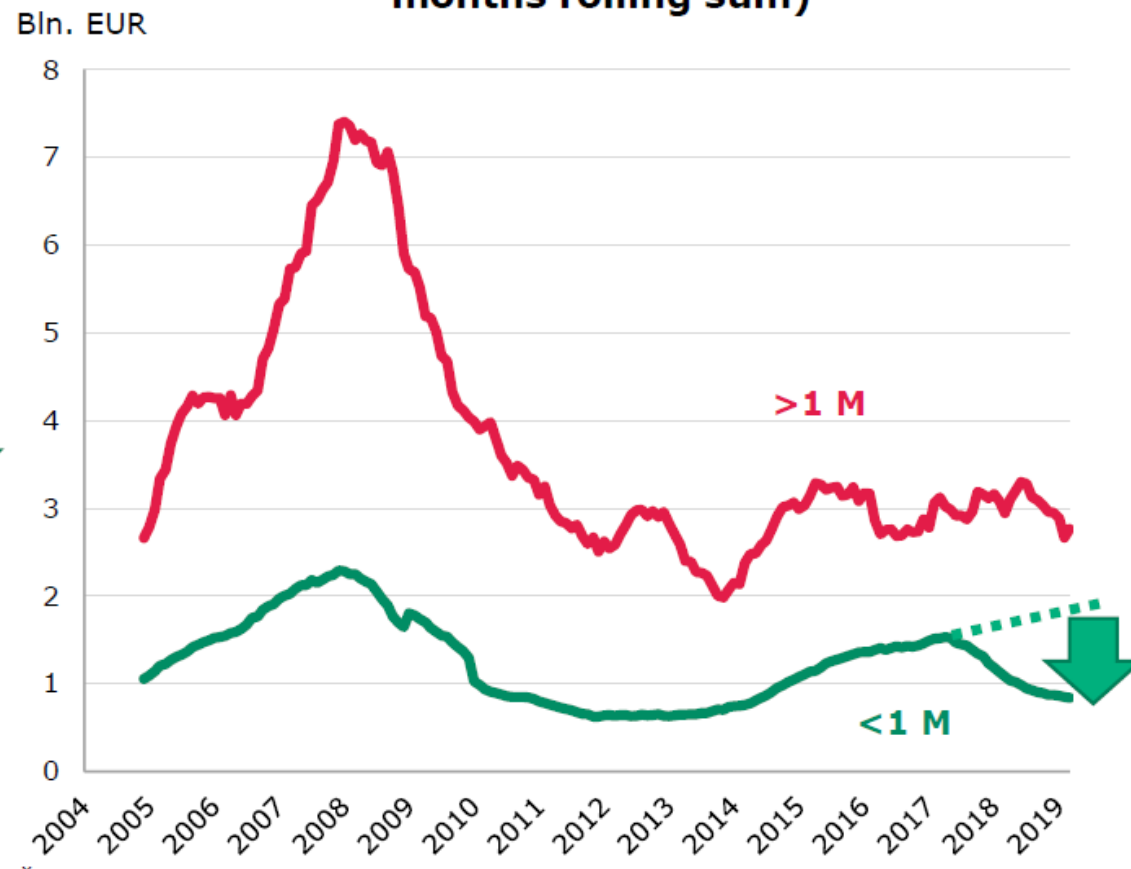


**NFC loan stock (FINREP data)**



Source: Bank of Lithuania.  
2019-08-07

**NFC loan flows by loan size (MFI data, 12 months rolling sum)**

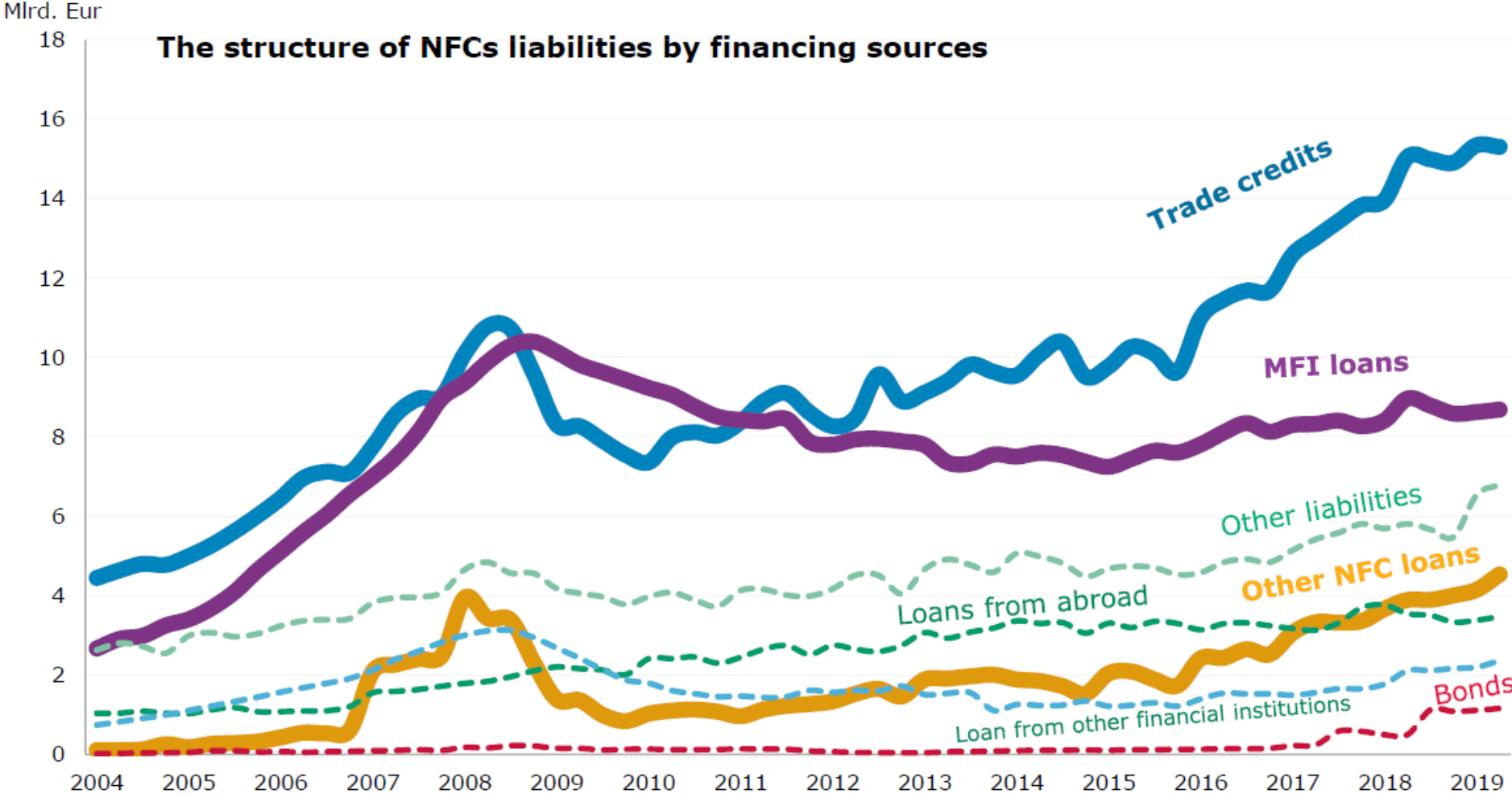


Šaltinis: Lietuvos bankas.

AKR K3

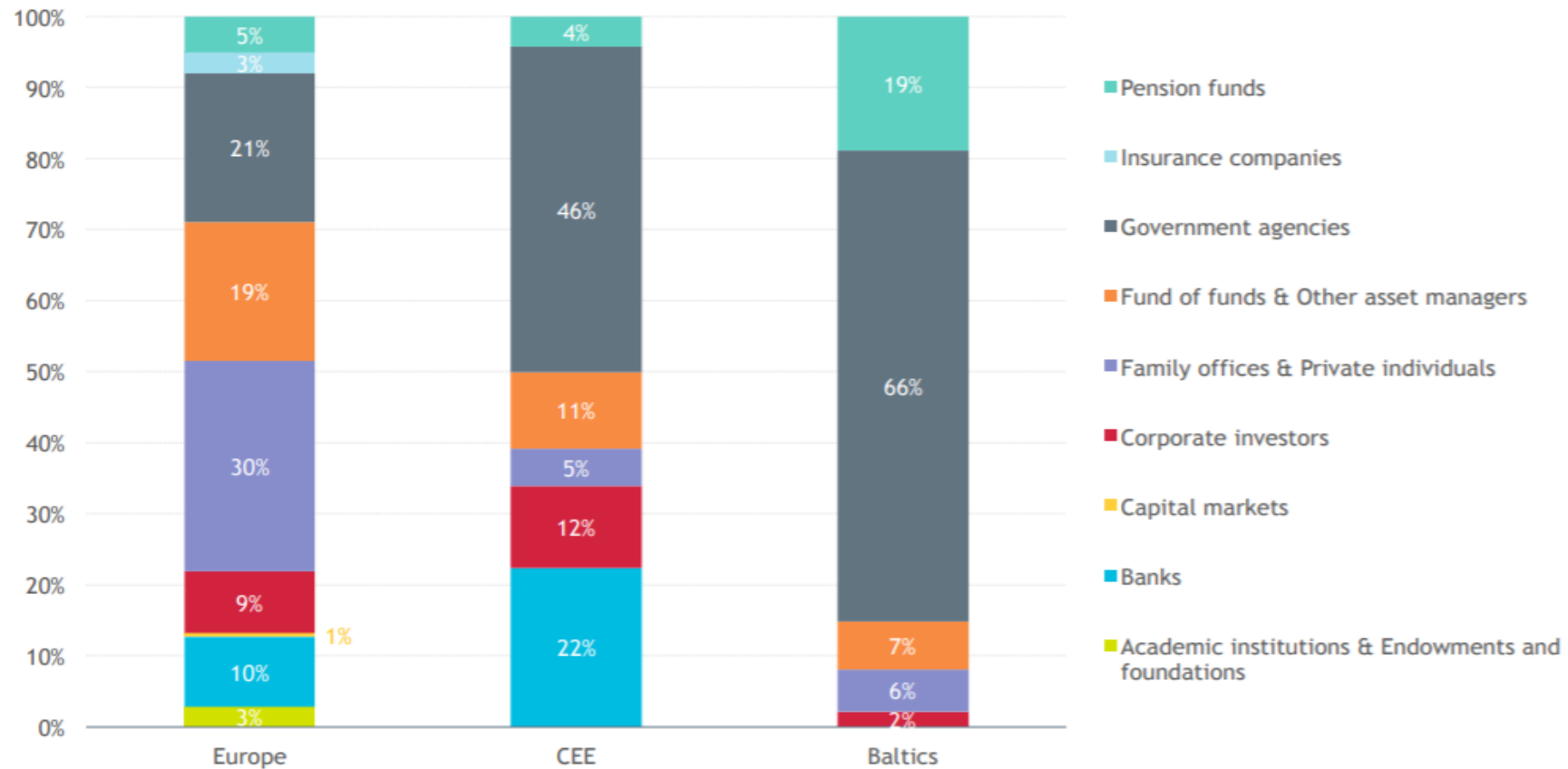


# And despite lower non-funding, companies are increasing their leverage



Source: Bank of Lithuania.

# Type of LP investing in small funds (<€100m) Over 2014 - 2018



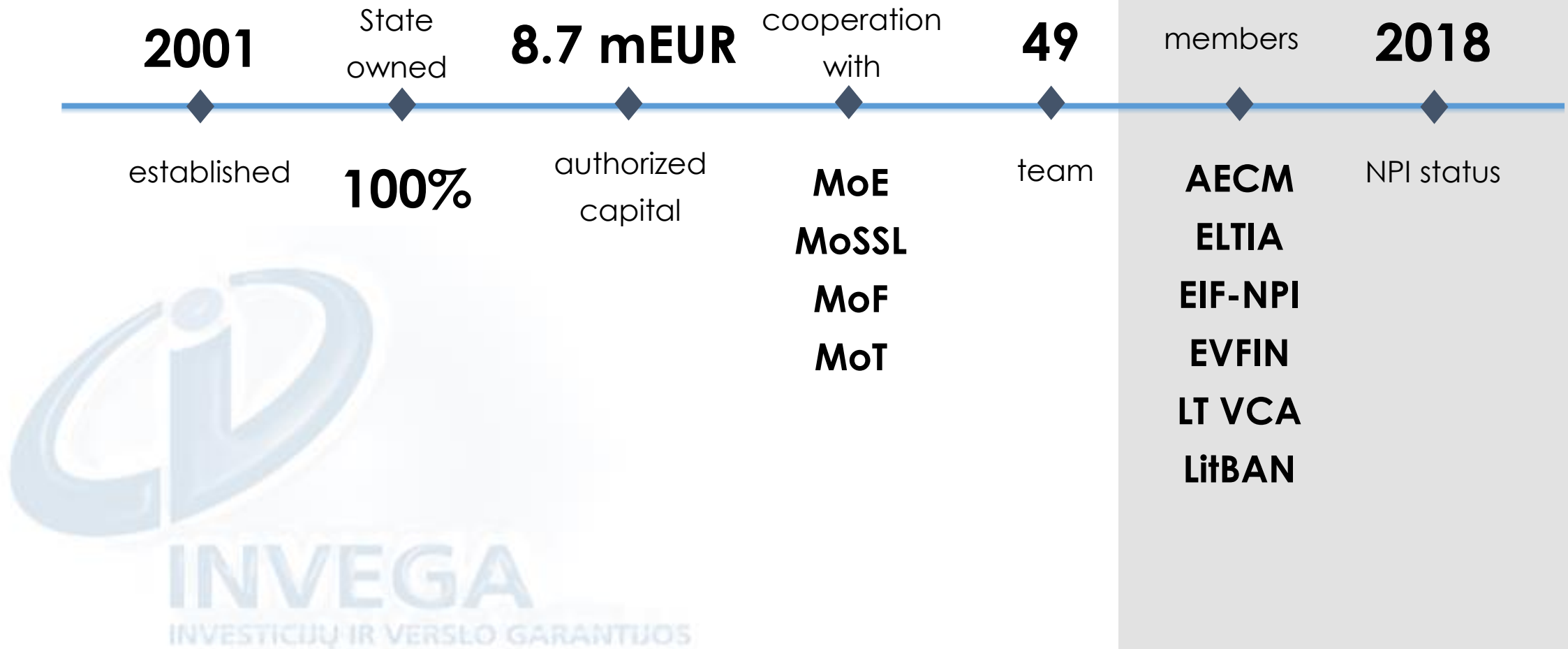
Source: Invest Europe / EDC

# Lithuanian NPIs





# INVEGA – Lithuanian NPI for business



# VIPA – NPI for infrastructure

Started activities in 2013

Owned by Ministry of Finance

50 employees

Acting as National Promotional Institution (NPI)

Addressing market failures



# MS Compartment



**Yes or No?**

**small market**

(relatively small portfolios)

**NPIs main source of FIs**

**financing**

(especially in the future)

**no ESIF in FIs**

(critical limitation)

**no (limited) mng. costs/fees**

(increase in FIs price)

**NPIs – mandate managers**

# Status Quo

**INVEGA:** eligibility check for Pillar Assessment (PA)

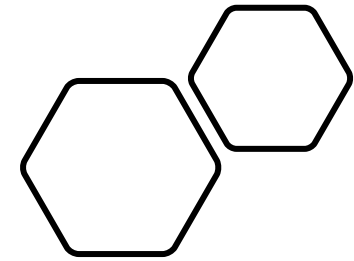
**VIPA:** preparing for PA

**presentations** to policy makers

**ministries:** still discussing new programming period, incl. FIs usage

**still missing important details:**

e. g. Investment guidelines, Risk assessment methodology, dates and number of Calls, etc.



Thank you!