



Lithuania

Financial instruments

The most used scheme in Lithuania is the use of funds and managers / intermediaries from private financial institutions. Implementation of FI takes place through two state-owned financial institutions (INVEGA a VIPA) and EIB. Fund managers were selected on the basis of an exception to the Public Procurement Act. Managers of individual financial instruments (mostly from the private sector) were then selected through public contracts. Financial instruments are used in the following areas: 1) support for research, development and innovation, 2) support for small and medium-sized enterprises, 3) support for low-carbon economy, environment and energy efficiency.

+ Positive aspects	- Negative aspects
<ul style="list-style-type: none"> ▶ Market-specific set-up of the FI ▶ Involvement of private investors ▶ Clear and understandable implementation rules from the beginning ▶ Attempts to change the beneficiaries` mentality of being used to grants/subsidies 	<ul style="list-style-type: none"> ▶ Excessive control system setup ▶ The complexity of the process of implementing financial instruments ▶ The use of financial instruments by public institutions under EUROSTAT rules counts into national (public) debt ▶ Combining financial instruments and subsidies

Key aspects of the financial instruments

<h4>1 FI settings with regard to market</h4> <p>FI found a gap in the market (i.e. they were not competition to commercial instruments where the market works). FI are designed not to be different from other market instruments. Attempts to choose the right tool (loans, guarantees, capital inputs) for the specific sector.</p>	<h4>2 Methodological environment</h4> <p>The Ministry of Finance issues, as the MA, binding guidelines for Intermediate and Implementing Bodies. Line ministries as IBs are obligatorily creating a methodology for project selection criteria and elaborate in detail the Regulations and Guidelines of the MF.</p>
<h4>3 The FI implementation process</h4> <p>In the case of smaller projects, the implementation is not efficient – due to the difficulty of preparing the application and the subsequent implementation. Sometimes it is easier to implement a grant project. Sometimes excessive control system setup.</p>	<h4>4 Financial instruments and subsidies</h4> <p>If subsidies are available in the area of support, the interest in financial instruments falls significantly. A major problem is, however, also the administration of projects in which funding from subsidies and financial instruments is mixed.</p>