

Econometric Competition 2011

May 7-8, 2011

Context. Currently, in Lithuania there is relevant problem of house renovation. In 2009 statistical data shows that 90 % of apartment was built before 1991. Old house construction is characterized by a low energy efficiency, which translates into high maintenance costs, which cause social tensions. This problem should solve the house renovation.

Government of Lithuanian Republic gives priority to such renovation projects in which part of the funding give the residents of the house, and another part of funding gives the Government. In public space ¹ there is proposed to finance the hole project to the Government.

As always, in such debates there is missing serious econometric modelling framework. This year in Econometric Competition you are welcome to submit your own estimates of the impact of proposed projects to the economy.

Auxiliary questions (It is not necessary to answer them)

- How to assess the economic and social benefits of renovation?
- Is there a formal model to estimate the impact of renovation on economic growth?
- Do the global fluctuations in energy prices would affect the renovation effects?
- Would the the renovation pay-off to the Government? If it would, so how fast and at what scale?
- What assumptions should be done by modelling the renovation effects and how much it would affect the final conclusions?

Alert. All the qualitative conclusions and insights should be based on quantitative estimates.

¹R. Kuodis, "Dar kartą apie renovaciją", *Valstybė*, 2011, **5**,(in Lithuanian)
http://neris.mii.lt/~ekonomika/Econlib/Kuodis_2011d.pdf