

# MUNICIPALITIES FINANCING IN LITHUANIA

**Develop | Innovate | Invest**

# About VIPA

Started activities in 2013

Owned by Ministry of Finance

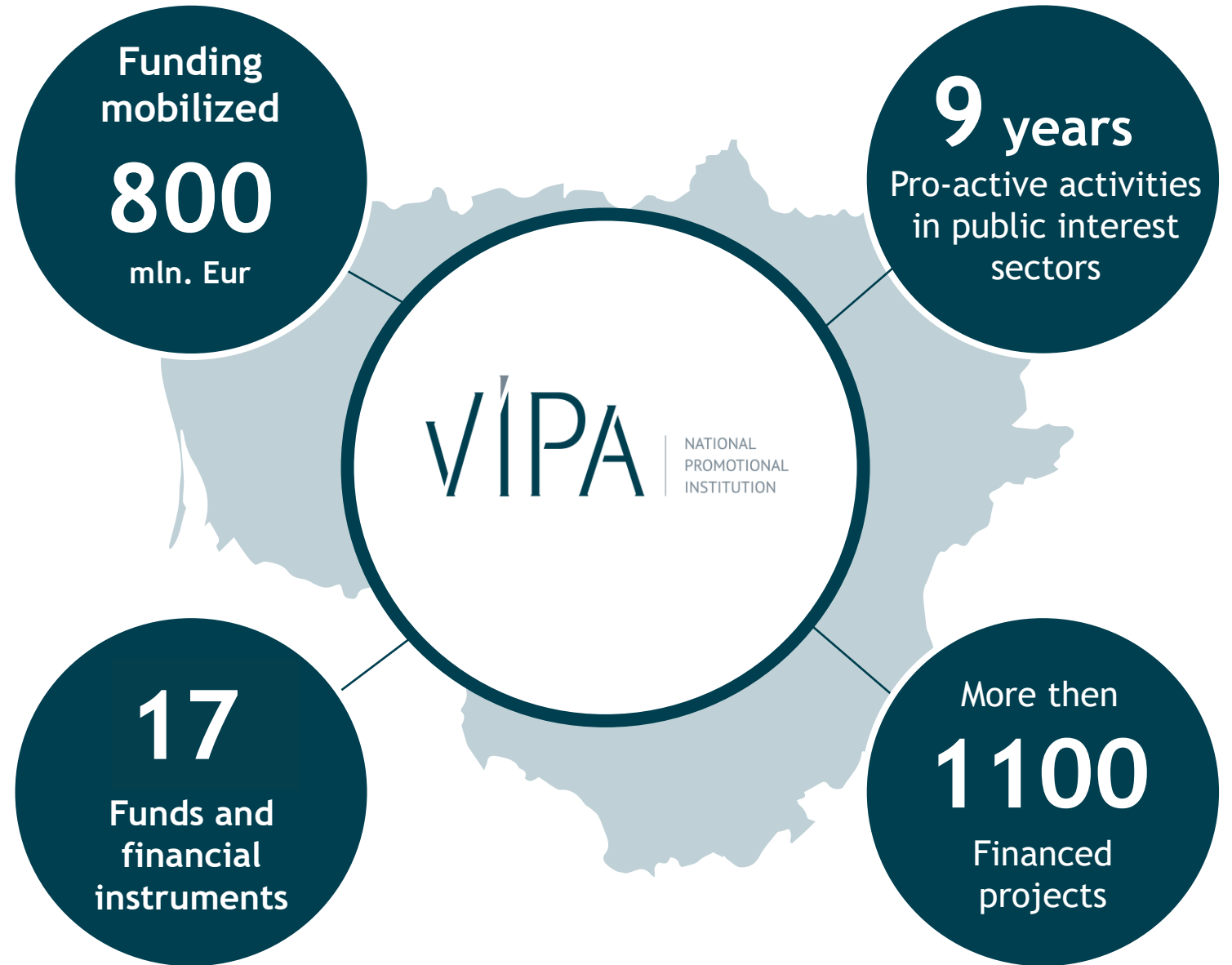
Acting as National Promotional Institution (NPI)

Addressing market failures

Supervised by central bank

Independent supervisory board and management board

70 professional employees



# Ownership structure, governance and management bodies

- ❖ 100% Shareholder of VIPA is the Government of the Republic of Lithuania, and the rights and obligations of the shareholder are entrusted to the Ministry of Finance of the Republic of Lithuania.
- ❖ VIPA's management bodies:
  - General meeting of shareholders
  - Supervisory Board
  - Management Board
  - CEO
- ❖ The **General Meeting of Shareholders** is the supreme management body of VIPA. Written decisions adopted by the Ministry of Finance of the Republic of Lithuania are treated as decisions of the General Meeting of Shareholders.

# Programmes for municipal development

**01**

Energy Efficiency  
Fund

2,6 mEur.



**02**

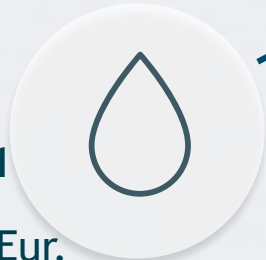
Municipal  
Buildings Fund  
37,2 mEur.



**03**

Water  
treatment fund

30 mEur.



**04**

Special grant  
54 mEur.



VIPA

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# Energy efficiency fund: guarantee

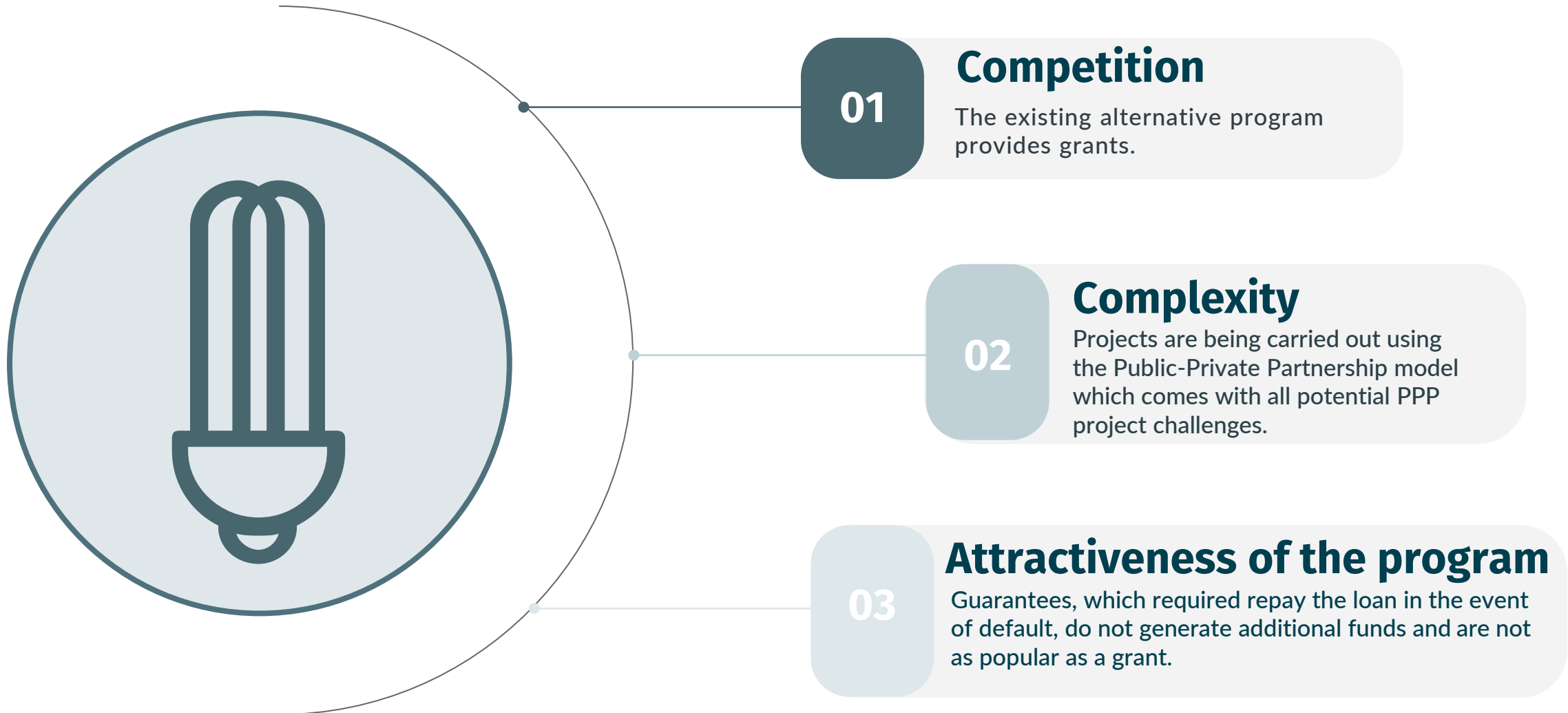
Energy Efficiency Fund was established in 2015.

VIPA provides loans for financing renovation of central government buildings and **guarantees for loans granted by commercial banks for street lighting modernization projects.**

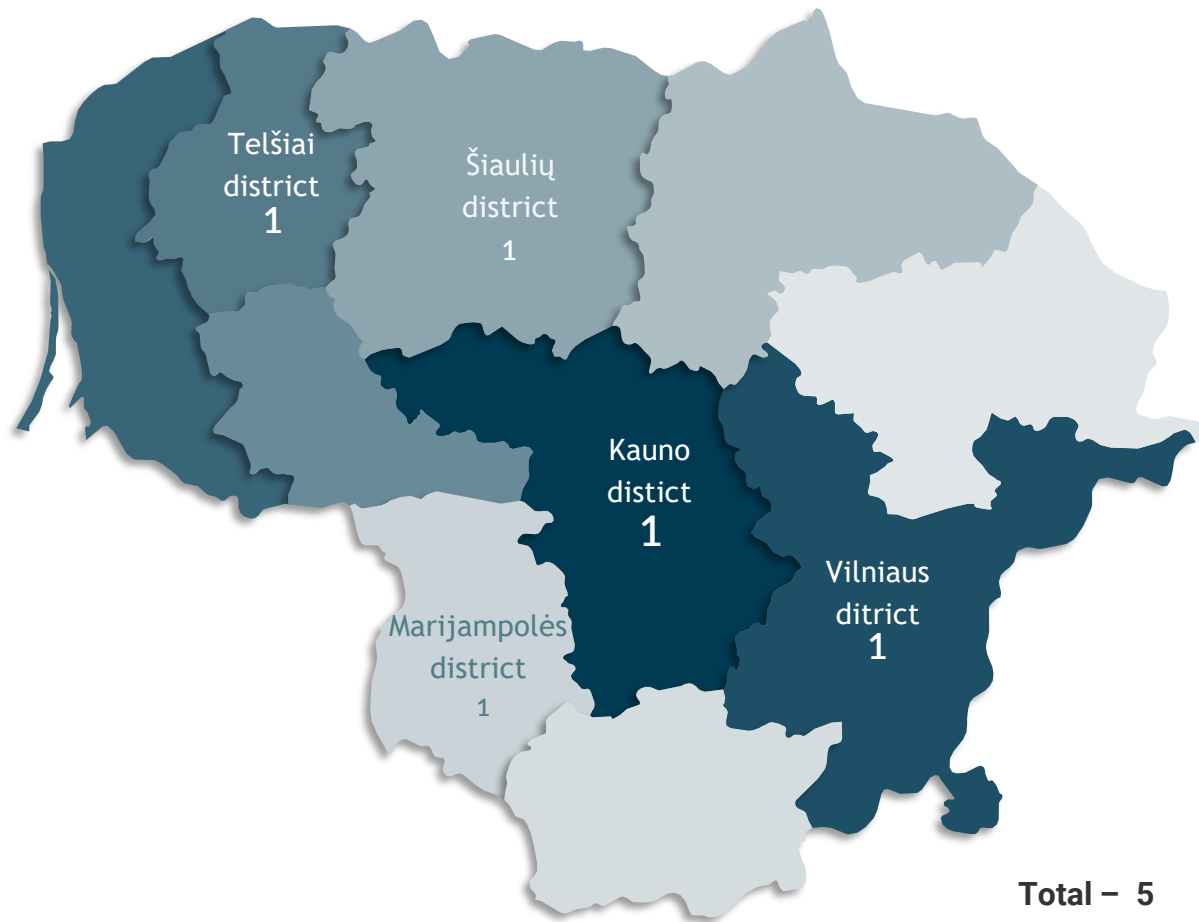
The aim is to increase the energy efficiency of public lighting, to ensure energy efficiency and reduce emission of greenhouse effect gas (CO<sub>2</sub>).

<b>Applicants:</b>	municipalities, ESCO
<b>Fund duration:</b>	until September 30, 2023
<b>Eligible financial costs:</b>	Loans granted by commercial banks which are used to modernize public lighting systems to increase the energy efficiency and reduce CO <sub>2</sub> emissions.

# Challenges for street lighting modernization



# Energy efficiency fund guarantee projects overview



Investment amount (5 project):	1,8 mln. Eur.
Electricity saved:	58 proc. per year
Renewed luminaires:	13 056 pcs.



# Municipal buildings fund

**Municipal Buildings Fund** was established in 2017.

VIPA provides loans for the modernization (renewal) of municipal public buildings to promote energy efficiency improvement.

The purpose of the Fund is to promote the increase of energy efficiency by investing in the modernization of municipal public buildings, to contribute to the achievement of strategic goals in the field of energy efficiency, and encourage the development of the market for energy saving services providers and the involvement of the private sector with their own resources and competencies.

Municipal Buildings Fund is blended with climate change compensation. Compensation covers 30% of municipal building fund load after the project end.

<b>Applicants:</b>	municipalities, municipal enterprises, ESCO
<b>Fund duration:</b>	until December 31, 2023
<b>Interest rate:</b>	Municipalities - 0,9 % + 6 months. EURIBOR municipal enterprises - 1,3 % + 6 months. EURIBOR ESCO - 1,5 % + 6 mèn. EURIBOR
<b>Eligible financial costs:</b>	improvement of buildings energy efficiency

# Detailization of eligible financial costs:

- Modernization of heating (cooling) and hot water systems;
- Modernization or installation of ventilation and/ or recuperation system;
- Roof insulation;
- Insulation of the floors;
- Insulation of the external wall and plinth of the building, as well as the removal of defects in the construction of the walls (plinth);
- Replacement of exterior and tambour doors, as well as repair and adaptation of entrance stairs to the needs of the disabled;
- Conversion of windows to lower heat permeability windows;
- Insulation of basement floor and (or) heated basement partitions;
- Lighting systems modernization;
- Modernization of the boiler;
- Installation of renewable energy sources;
- Installation of district heating networks and equipment for the building;
- Renovation or replacement of the building's engineering systems;
- Replacement and/ or repair of structures.

# Challenges for Municipal buildings fund



01

## Borrowing limits

municipalities have a limit on the total amount of debt that may be outstanding at any one time.

02

## Loan

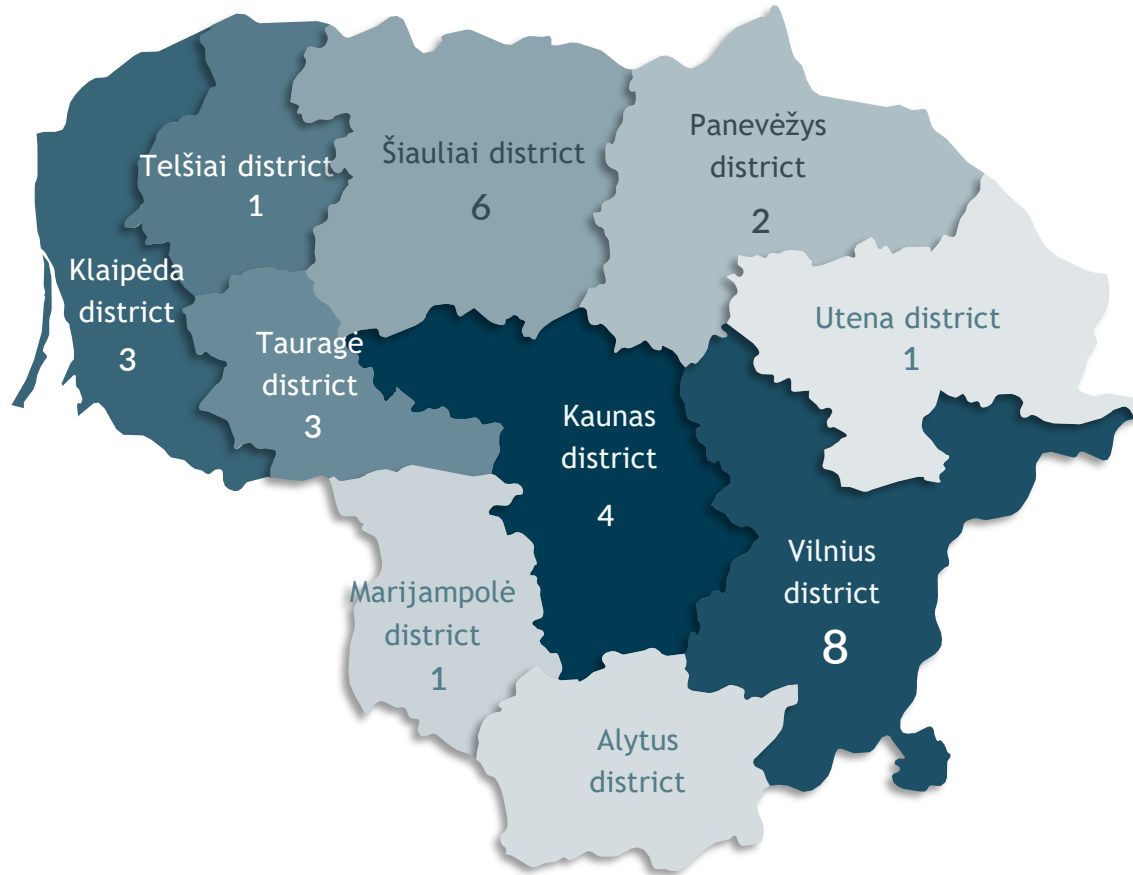
reluctance to borrow (dependency on grants).

03

## Complexity

way to avoid municipalities' borrowing limits is to use the ESCO model, but the ESCO model is a new and scary beast by itself.

# Municipal buildings fund projects overview



Total number of projects:	29 pcs.
Total investment:	13,83 m. Eur.
Total area:	115 215,26 thousand of. sq. meters
Planned annual CO2 reduction upon completion of projects:	1280 tons per year



# Water supply and wastewater fund

**Water Supply and Wastewater Fund** was established in 2019.

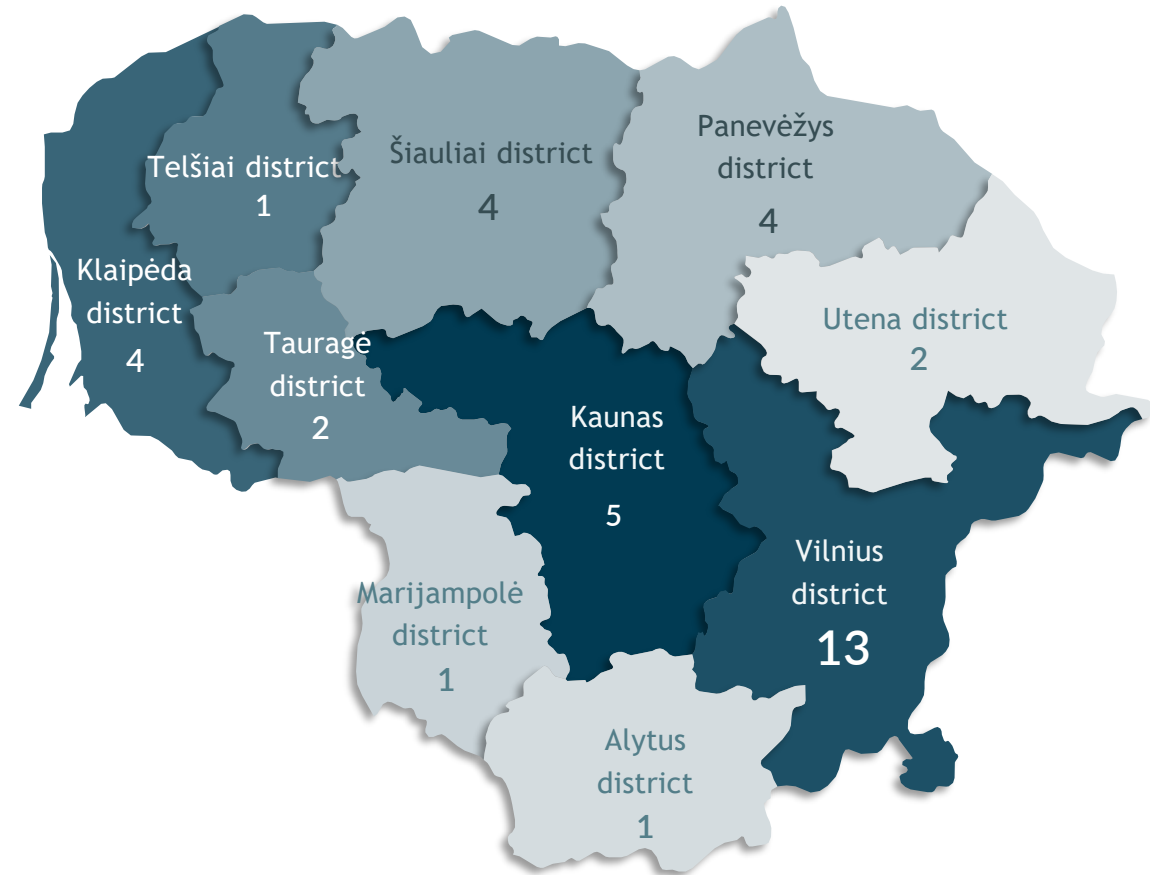
VIPA provides loans to finance the development and reconstruction of water supply and wastewater networks. Potential applicants are public drinking water suppliers and wastewater managers.

Fund's ultimate goal is to finance projects that help provide the population with quality and affordable water and sanitation services.

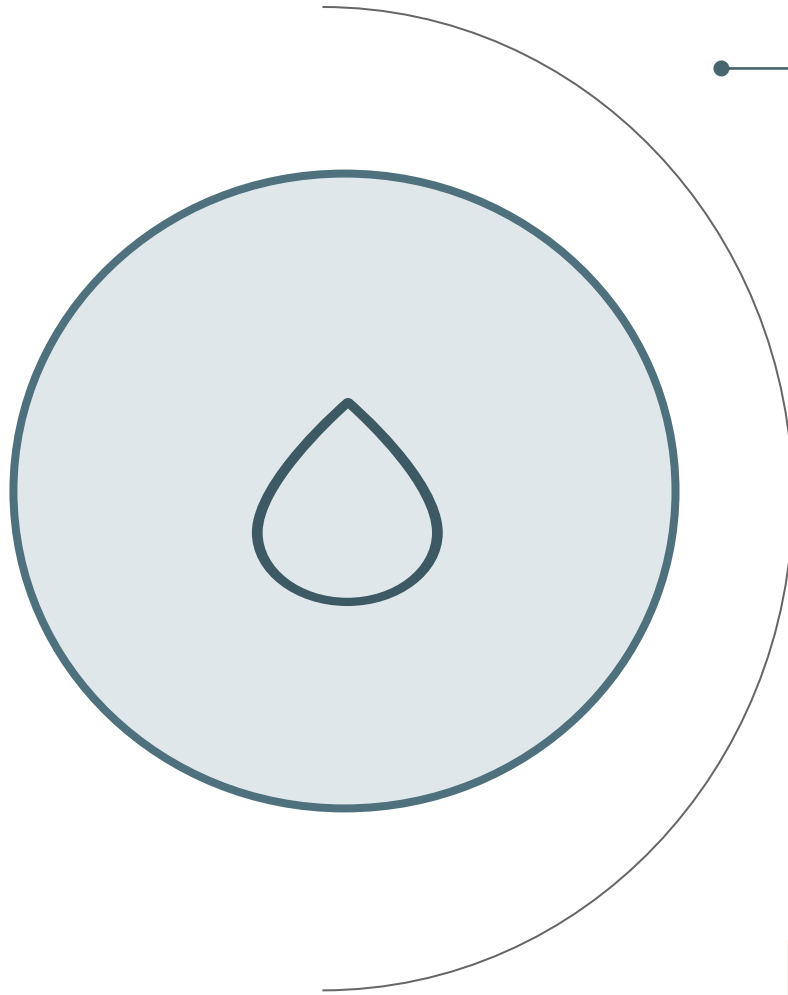
Aplicants:	Public water suppliers founded by municipalities
Fund duration:	until December 31, 2023
Interest rate:	2 %
Eligible financial costs:	Modernization and extension of water and wastewater system

# Water supply and wastewater fund projects overview

Total number of projects:	<b>36 projects</b>
VIPA investment:	<b>29,32 mEur.</b>
Connected to the water supply network:	<b>8 217 resident</b>
Connected to the wastewater network:	<b>5 359 resident</b>



# Challenges for Water supply and wastewater fund



01

## Competition

The existing alternative program which provides grants.

02

## Loan

reluctance to borrow (dependency on grants).

03

## Low interest

Residents who have local wastewater treatment plants do not want to be connected to the centralized network / do not want to invest in a connection



## Benefits

financing does not affect municipal borrowing limits

# Special Grant for municipalities

**Grant for municipalities** was established in 2016.

VIPA grants are used in cases where municipalities do not have the possibility to finance projects with their own funds, as they would exceed the limits of debts and borrowing established for them by law.

## Criteria

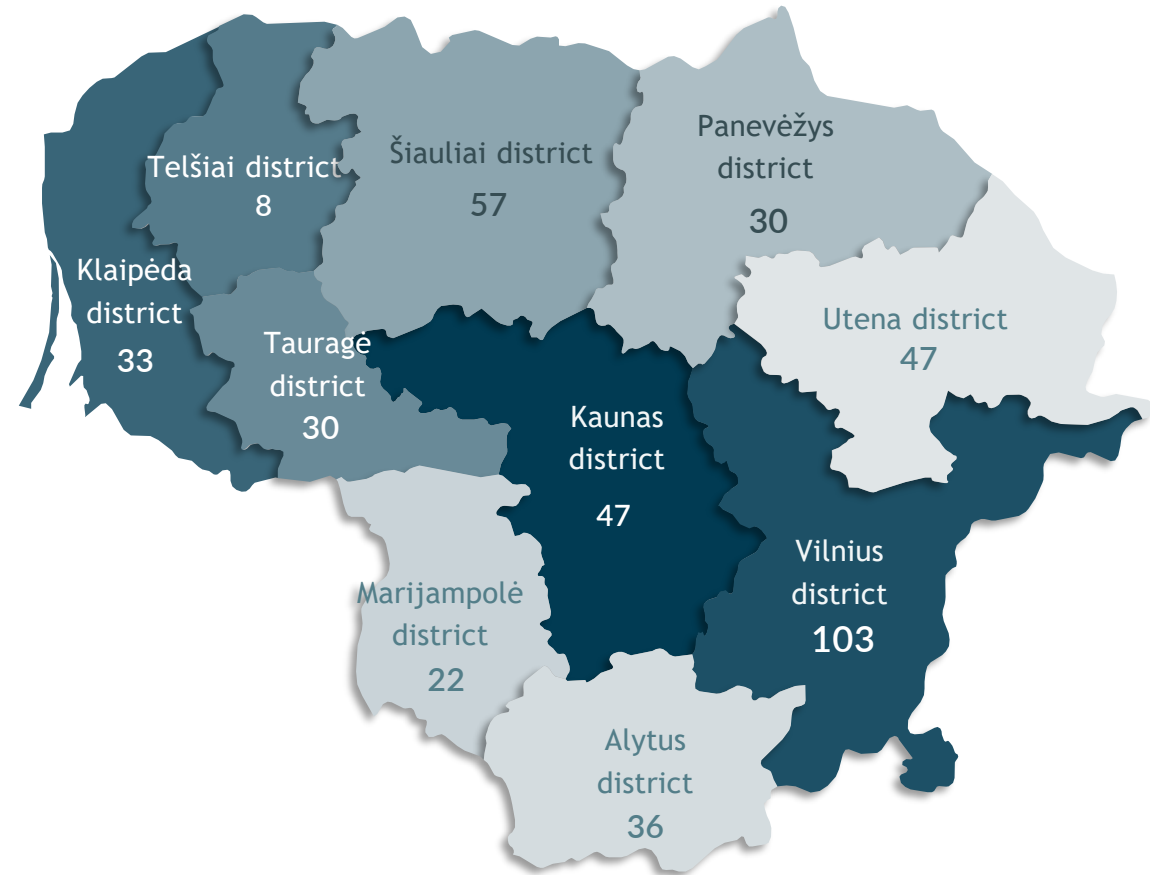
- municipality must contribute at least 0.5% to the financing of all its EU projects' planned revenue for the year in question;
- grant in question should be at least 15,000 Eur;
- Municipality must participate in other VIPA financial funds etc. water supply and wastewater, municipal buildings, or energy efficiency fund.

<b>Applicants:</b>	municipalities, municipal enterprises
<b>Eligible projects</b>	Projects implemented in accordance with EU Funds Investment Operational Program of 2014-2020.

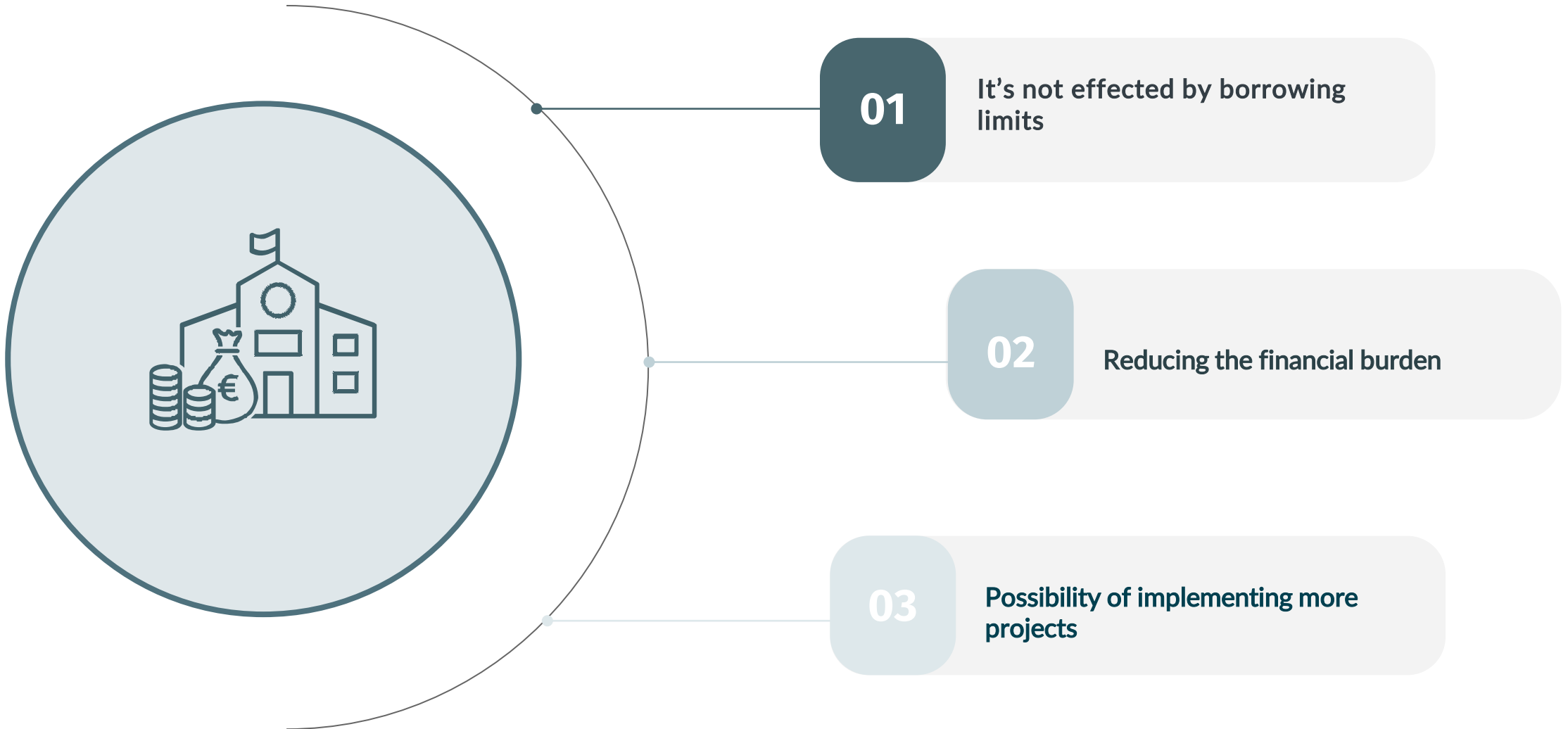


# Special Grant for municipalities overview

Total number of projects:	<b>413 projects</b>
allocated funds:	<b>54 mEur.</b>
invested amount:	<b>44 mEur.</b>



# Benefits of special grant



# VIPA

NATIONAL  
PROMOTIONAL  
INSTITUTION



[www.vipa.lt](http://www.vipa.lt)



(8 5) 203 49 77



[info@vipa.lt](mailto:info@vipa.lt)



/Viešųjų investicijų plėtros agentūra (VIPA)