PPP in Lithuania
Overview of PPP Climate & Opportunities
April, 2018
Invest Lithuania
investlithuania.com
## Lithuania: Facts and Figures

### Country Information

| **Population** | 2.80 million |
| **Capital**     | Vilnius      |
| **Official language** | Lithuanian |
| **Dominant foreign languages** | English, Russian, German, Polish |
| **Currency**    | Euro         |
| **Real GDP growth** | 2.3% - 2016, 3.8% - 2017, 2.9% - 2018 |
| **Credit Ratings** | S&P A, Moody’s A3, Fitch A- |
| **Membership**  | NATO, EU, OECD in 2018 |
| **Profit tax**  | 15%          |

### From command economy to free market in 20 years

- **4** no. of procedures to start business
- **#12** for getting construction permits
- **#19** freest economy in the World

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1. Statistics Lithuania, 2018
2. European Commission, February 2018
3. Currently in negotiations with OECD
6. Economic Freedom Index 2018 | Heritage Foundation
PPP in Lithuania

General Environment

- Positive political outlook
- Developed public sector skills and expertise in PPPs
- Highly compliant legal framework
- Experienced and competent centralized support structures
- Track record on PPP projects
PPP in Lithuania

The World Bank’s global PPP procurement benchmark

Lithuania ranks: ¹

- **1st**
  For procurement of PPPs

- **3rd**
  For preparation of PPPs

- **8th**
  For unsolicited Proposals

- **16th**
  For PPP Contract Management

¹ Rankings are shared with some other countries that score the same amount

Source: http://bpp.worldbank.org/data/exploreindicators/PPP-procurement
PPP in Lithuania
Among Leaders in Eastern Europe & CIS

Lithuania ranks:

- **1st**
  For the comprehensiveness of PPP regulatory framework

- **2nd**
  For PPP environment in general

- **3rd**
  For clearly defined institutional framework

Lithuanian PPP system ranking vs EE & CIS average

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1 Evaluating the environment for public-private partnerships in Eastern Europe and the Commonwealth of Independent States, The Economist Intelligence Unit, 2013
PPP in Lithuania

Available Partnership Schemes

- Institutional PPP
  - Mixed company

- Contractual PPP
  - Private finance initiative (PFI)
  - Concession
PPP in Lithuania

Legal Framework

- Concession Law
- Investment Law
- Law on State and Municipal Property
- Public Procurement Law
- Government Guidelines on PPP

EBRD Concessions Sector Assessment in CEE

- High Compliance/Effectiveness
- Medium Compliance/Effectiveness
- Low Compliance/Effectiveness

1 EBRD, 2011
PPP in Lithuania

Eligible Sectors

- Energy
- Railway network
- Transport infrastructure
- Waste management
- Health care
- Public order and security
- Telecommunications
- Education
- Tourism and leisure
- Additional sectors (on governmental approval)
PPP in Lithuania

Decision-making Process

Governmental PPPs

1. Through the Ministry of Finance
2. Required if State liabilities are above 58 M EUR

PPP Commission
Central Project Management Agency
Government
Parliament
Ministry of Finance

Investment Project and PPP Questionnaire
Approval Process
Selection of Consultants
Procurement Documentation
Procurement Process
Contract Award

\(^1\) Through the Ministry of Finance
\(^2\) Required if State liabilities are above 58 M EUR
PPP in Lithuania

Decision-making Process

Municipal PPPs

*Only if conditions differ from the Council’s initial decision
PPP in Lithuania

Procurement Process

1. Pre-Qualification
2. Initial tender submission
3. Initial tender evaluation
4. Detailed tender submission
5. Detailed tender evaluation
6. Negotiations
7. Tender documents revision by the Ministry of Finance
8. The completion of negotiations
9. Final tender submission and evaluation
10. Signing of contract
11. The fulfilment of the conditions precedent
Unsolicited Proposals

- completely new, or
- identified but has no feasibility study prepared

Project initiation form

Granting authority

If approved*

Project implementation
- feasibility study
- tendering procedures

* If project is declined:
  Official response explaining grounds for the decision
PPP in Lithuania
Track Record

- 53 PPPs
  - 50 Concessions
  - 3 PFIs
- Majority service concessions
- Mainly municipally owned
- Blended with EU structural funds

Private sector participation by sectors

- **20** Other
- **13** Culture, sports and leisure infrastructure
- **10** Transport infrastructure
- **8** Energy sector
- **1** Education
- **1** Public service and security

1 Number of all ever signed PPPs in Lithuania
2 Ministry of Finance, June 2017
### PPP in Lithuania

#### Notable signed projects

<table>
<thead>
<tr>
<th>Project Scope</th>
<th>Project Owner</th>
<th>Type of PPP</th>
<th>Project Term</th>
<th>Key Parameters</th>
<th>Capex</th>
<th>Project Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vilnius Balsiai school</td>
<td>Vilnius City Municipality</td>
<td>DBFM</td>
<td>25 years</td>
<td>1,050 students</td>
<td>EUR 10 M</td>
<td>Operational since 2011</td>
</tr>
<tr>
<td>Palanga bypass</td>
<td>Lithuanian Road Administration</td>
<td>DBFM</td>
<td>25 years</td>
<td>8.25 km</td>
<td>EUR 10 M</td>
<td>Operational since 2015</td>
</tr>
<tr>
<td>Vilnius police station and custody suite</td>
<td>Police Department</td>
<td>DBFM</td>
<td>18 years</td>
<td>8,665 m²</td>
<td>EUR 9 M</td>
<td>Construction</td>
</tr>
<tr>
<td>Vilnius (Santariskes) medical campus parking infrastructure</td>
<td>The Ministry of Health</td>
<td>Concession</td>
<td>25 years</td>
<td>Up to 2,250 parking places</td>
<td>EUR 14 M</td>
<td>Construction</td>
</tr>
</tbody>
</table>
### PPP in Lithuania

#### Projects in Tender

<table>
<thead>
<tr>
<th><strong>Project Scope</strong></th>
<th>Vilnius multifunctional complex</th>
<th>Panevėžys Police headquarters and custody suite</th>
<th>Kaunas Police headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of PPP</strong></td>
<td>Concession</td>
<td>DBFM</td>
<td>DBFM</td>
</tr>
<tr>
<td><strong>Project Owner</strong></td>
<td>Vilnius City Municipality and Department of Physical Education and Sports</td>
<td>Police Department of Lithuania</td>
<td>Police Department of Lithuania</td>
</tr>
<tr>
<td><strong>Project Term</strong></td>
<td>Up to 25 years</td>
<td>15 years</td>
<td>15 years</td>
</tr>
<tr>
<td><strong>Key Parameters</strong></td>
<td>At least 15,000 seats</td>
<td>• 8,000 sq.m. administrative building and custody</td>
<td>• 5,080 sq.m. administrative building</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 884 sq.m. garage</td>
<td>• 1,180 sq.m. additional premises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 2,700 sq.m. secured car parking</td>
<td></td>
</tr>
<tr>
<td><strong>Project Status</strong></td>
<td>Evaluation of preliminary bids</td>
<td>Preliminary bids</td>
<td>Preliminary bids</td>
</tr>
</tbody>
</table>


## PPP in Lithuania

### Investment Opportunities

<table>
<thead>
<tr>
<th>Project Scope</th>
<th>Lithuanian airports development</th>
<th>Vilnius multifunctional health center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of PPP</td>
<td>Concession</td>
<td>Concession</td>
</tr>
<tr>
<td>Project Owner</td>
<td>Ministry of Transport and Communications</td>
<td>Vilnius City Municipality</td>
</tr>
<tr>
<td>Project Term</td>
<td>25 years (TBC*)</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>Key Parameters</td>
<td><a href="https://example.com">VNO – 3.80 M PAX¹</a></td>
<td><a href="https://example.com">50m and 25m length swimming pools</a></td>
</tr>
<tr>
<td></td>
<td><a href="https://example.com">KUN – 0.74 M PAX¹</a></td>
<td></td>
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<td></td>
<td><a href="https://example.com">PLQ – 0.23 M PAX¹</a></td>
<td></td>
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<tr>
<td></td>
<td>14% avg. passenger growth in the network (in 2016)</td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>EUR 200 M - 300 M</td>
<td>Operational contract</td>
</tr>
<tr>
<td>Project Status</td>
<td>Analysis of project alternatives</td>
<td>Preparation of tender documents</td>
</tr>
</tbody>
</table>

TBC - to be confirmed
About Invest Lithuania

We are a government agency that provides free investment advice, contacts and data.

Invest Lithuania activities within PPP:

- Consults public sector on project preparation
- Advises investors on project participation
- Guides foreign companies through the process of setting up in Lithuania
Contact Us

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