



European Bank
for Reconstruction and Development

THE EBRD IN LITHUANIA

Results snapshot

#EBRDimpact

The European Bank for Reconstruction and Development (EBRD) has been active in Lithuania since 1992 and has invested more than €1.5 billion in various sectors of the economy to date. In recent years, the Bank's strategic focus in Lithuania has been on:

- ▶ advancing the green economy transition
- ▶ building a resilient and diversified financial sector.

The EBRD promotes the green economy transition and knowledge economy by fostering more diversified sources of private finance. It also assists on policy reform, including in the fields of capital market development. Throughout the Covid-19 pandemic, the Bank supported Lithuania's resilience and recovery and is currently providing support in response to the effects of Russia's war on Ukraine. The EBRD is primarily focused on financing private sector in Lithuania.



Our policy engagement

- ▶ Green economy transition
- ▶ Knowledge economy
- ▶ Capital market development and secondary market liquidity
- ▶ Development of the pan-Baltic capital market
- ▶ Green Cities programme
- ▶ Circular economy
- ▶ Renewable energy

[Read](#) the latest country strategy for Lithuania



EBRD results highlights for Lithuania, 2017-23

Capital market integration

The EBRD worked with the Ministries of Finance of Lithuania, Estonia and Latvia, the European Commission and Nasdaq Baltic to consolidate the three markets for the purposes of regional MSCI index construction and maintenance. The new single index raises the profile of the Baltic region among international investors.

First sustainability-linked bond

The EBRD invested in the first sustainability-linked bond (SLB) in the Baltic states. The bond, issued by a Lithuanian transmission system operator, includes commitments to reduce CO₂ emissions and make reliability improvements to the national electricity grid.

Helping refugees

The EBRD helped the leading Lithuanian retailer to improve its workforce management policies to enable Ukrainian refugees to access economic opportunities through employment, re-skilling programmes and integration.

Energy saved

EBRD investments in Lithuania between 2017 and 2023 contributed to 1,672,000 GJ/y of primary energy savings. This is equivalent to the annual electricity consumption of more than 130,000 households.

Lithuania in context

The economy was set to contract in 2023. Following a slowdown in GDP growth to 2.4 per cent in 2022, the economy shrank by 0.4 per cent year on year in the first three quarters of 2023. Weak economic performance was largely driven by uncertainty related to Russia's war on Ukraine, inflationary pressures, tightening credit conditions and sluggish external demand, which affected industrial activity. Unemployment remains close to historically low levels, reaching 6.5 per cent in November 2023. Despite elevated energy prices and weakness in the industrial sector, the labour market remains resilient.

Inflation has declined from high levels. After peaking at 24.1 per cent in September 2022, the inflation rate has been decreasing steadily, reaching 8.7 per cent in 2023, thanks to lower food, transport and housing utility prices. Average wages continue to rise strongly to double digits, surpassing the rate of inflation and supporting the recovery of households' purchasing power. The 15 per cent rise in the minimum wage in January 2023, along with the government's temporary subsidy programmes during the energy-price-shock period, provided substantial support to individuals at the lower end of the income distribution. The demand for household loans is on a downward trend, reflecting elevated uncertainty and high interest rates.



Key economic indicators

	Lithuania (2017)	Lithuania (2023)*	OECD (2023)*
GDP per capita, PPP (constant 2017, international \$)	33,761	39,592	46,009
Unemployment, total (percentage of total labour force)	7.0	5.5	4.9

Our approach and operational delivery

The EBRD supports the development of the private sector through a combination of investment, policy dialogue, technical assistance and business advice. We offer a range of financial instruments, both directly and through partner financial institutions. We provide business advisory services and technical assistance to help improve institutional capacity and enhance the competitiveness of our clients. In our policy engagement work, we address a range of factors to help shape initiatives that create favourable conditions for sustainable and inclusive economic growth.

In Lithuania, we focus on supporting investments in renewable energy and energy efficiency. The Bank continues to promote and finance new renewable energy generation and to improve energy efficiency, particularly in industrial and municipal sectors. We also seek to improve the competitiveness of the export sector. We promote cross-border investments by Lithuanian companies elsewhere in our regions and support export-oriented enterprises with a focus on investments in advanced technologies. We invest in regional equity and mezzanine funds.

As well as being a country where the EBRD works, Lithuania is an EBRD donor. The country remains a supporter of the Eastern Europe Energy Efficiency and Environment Partnership Fund, having contributed €134,322 to date for activities in Armenia, Georgia, Moldova and Ukraine. Lithuania also signed an agreement with the EBRD to allocate €1 million to a fund that aims to create an inclusive business environment and employment opportunities for war-affected groups in Ukraine.

We seek to help countries transition towards democratic and sustainable market economies. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six "transition qualities", which focus on making economies competitive, well-governed, green, inclusive, resilient and integrated.

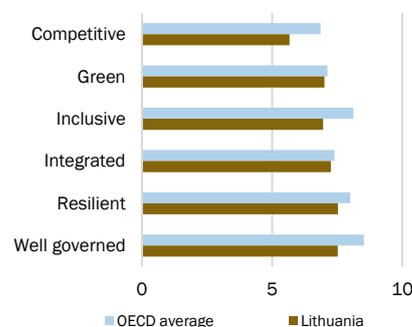


For more detail on our transition qualities visit www.ebrd.com/qualities

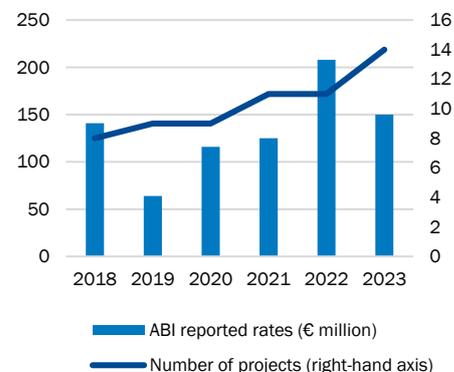


EBRD score

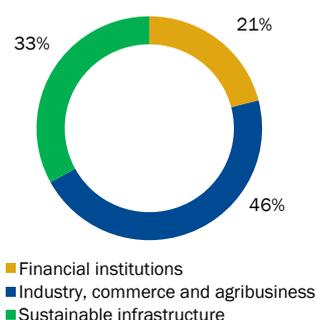
(1= worst, 10= best)



EBRD investment in Lithuania



EBRD portfolio composition in Lithuania



* Or latest available World Development Indicators.

The EBRD in

LITHUANIA



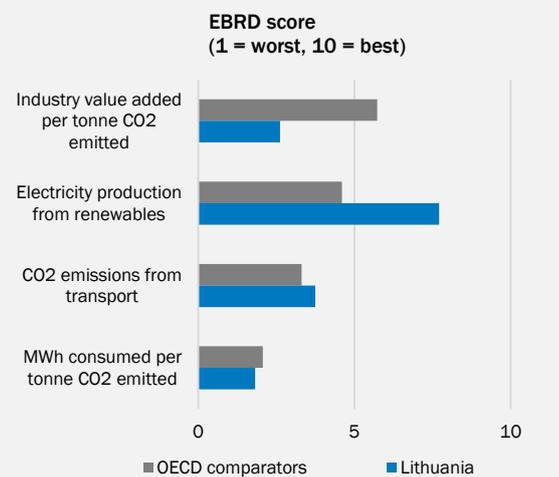
Green economy transition

#EBRDimpact

SDG contribution



Lithuania achieved most of its 2020 National Energy and Climate Plan green transition targets on greenhouse gas emissions, energy consumption and waste recycling. It has also improved its energy efficiency by reducing energy intensity in the residential sector. As the Baltic states are expected to experience a significant increase in mean temperatures and changes in precipitation patterns over the coming century, substantial investment will be needed for climate change adaptation by 2030. Energy security is a vital issue for Lithuania, as the country depends on imported fossil fuels and electricity from neighbouring countries. It has taken steps to diversify its energy sources and reduce its dependence on Russia, such as building a liquefied natural gas terminal and joining the EU's energy market. By 2030, 90 per cent of Lithuania's electricity is expected to be generated from renewables with a 100 per cent target by 2050.



How we work

The EBRD is helping Lithuania to build a green economy through investment, reform and policy dialogue. The Bank is committed to helping firms to achieve sustainable resource efficiency and to innovate in three areas vital to the economies in which the Bank invests: energy, water and materials. In 2023, the city of Vilnius became the first municipality in the Baltic states to join the EBRD's flagship Green Cities programme. The EBRD also uses the Green Innovation Programme to support Lithuania's research and development (R&D) and deployment of green products. It also supports sustainability by investing in green bonds and SLBs issued by both private and public companies.

The EBRD in Lithuania*

Total 2017-23
€492 million €371 million
 Green economy financing commitments

Quick links

- ▶ [Green Innovation Programme](#)
- ▶ [Green Economy Transition](#)
- ▶ [Just Transition Initiative](#)
- ▶ [EBRD Green Cities](#)

The [Green Innovation Programme](#) is supporting Lithuanian R&D and helping the country deploy green products, technologies and business models that have beneficial impacts in terms of climate change mitigation, resilience to climate impacts, pollution control and the circular economy.



*Last updated: January 2024

EBRD achievements and results: Green economy transition in Lithuania

We promote sustainability by:

- ▶ financing the renovation of more than 289 buildings through a loan to the Lithuanian Public Investment Development Agency (VIPA)



- ▶ green financing to Scandagra – an agribusiness trader and commodities supplier to more than 1,000 farming estates in Estonia, Latvia and Lithuania, - to promote and expand environmentally friendly and sustainable agriculture
- ▶ investing in AB Auga Group, one of the largest organic farming companies in the EU, and anchoring SLB issuance by EPSO-G (the transmission system operator), which is listed on the Nasdaq Baltic Exchange.

We promote the green economy transition by:

- ▶ participating in senior bonds issued by regional bank Luminor Bank to finance green projects in Lithuania in line with EBRD Green Economy Transition (GET) eligibility criteria
- ▶ investing in renewable energy companies, such as Ignitis Group, a leading utility and renewable energy company in the Baltic region, and Enefit Green, a company with a portfolio of wind, solar and hydroelectric power plants across the Baltic states and Poland
- ▶ investing in green bond issuance by UAB Atsinaujainancos Energetikos Investicijos to develop a wind portfolio in Lithuania.



The first sustainability-linked bond

The EBRD invested in first SLB bond in the Baltic states. The bond, issued by a Lithuanian transmission system operator, includes commitments to reducing CO₂ emissions and making reliability improvements to the electricity grid.

Green economy financing

The EBRD supported green economy financing in the Baltics with a €40 million investment in a €200 million senior preferred bond issued by AS Citadele banka. Citadele committed to allocating 150 per cent of the Bank's investment to new green projects, in line with the EBRD's GET approach.

Higher sustainability

The EBRD supported the EFTEN Real Estate Fund IV, the first ever Baltic fund to adopt green objectives. The fund joined the GRESB, an organisation committed to assessing the environmental, social and governance (ESG) performance of real-estate assets globally. In 2021, the fund ranked 11th on ESG performance among 210 funds in Europe.

Lower emissions

EBRD investments in Lithuanian between 2017 and 2023 contributed to an estimated cumulative CO₂ emissions reduction of more than 210 kilotonnes (kt) per year. This is equivalent to the emissions of 37,000 petrol-powered passenger vehicles driven for one year.

New green financing

The EBRD's investment in the first pure-play renewable energy company in the Baltic countries, Enefit Green, financed the company's development of renewable energy projects in the Baltic states and Poland.

Energy saved

EBRD investments in Lithuania between 2017 and 2023 contributed to 1,672,000 GJ/year of primary energy savings. This is equivalent to the annual electricity consumption of more than 130,000 households.

Greener transport

By financing 90 modern battery-electric trolleybuses, the EBRD is helping the Vilnius public transport company to transition to a modern all-electric fleet of vehicles.



[Read](#) how the EBRD supported the development of greener public transport in Vilnius by providing a loan to upgrade the trolleybus fleet to modern standards.

“We are very happy that Vilnius will form part of the EBRD Green Cities programme, which will enhance the city's substantial green efforts of past years and complement its ambitions to achieve climate neutrality by 2030.”

Remigijus Šimašius, Vilnius city Mayor



[Read](#) how the EBRD encouraged the green transition in Lithuania and the development of its capital markets by extending a €10 million loan for energy-efficiency renovations in privately owned buildings across the country.



[Read](#) how the EBRD, as an anchor investor, helped Lithuania diversify its energy supply by backing the issuance of a €75 million SLB by Lithuania's state-owned energy transmission system and exchange group, EPSO-G.

“The issuance of sustainability-linked bonds will have direct impact on strengthening Lithuanian energy independence and will make a significant contribution to achieving sustainability objectives: to reduce carbon footprint, ensure the stability of the transmission grid and foster a transition toward climate-neutral energy.”

Algirdas Juozaponis, CEO of EPSO-G

The EBRD in

LITHUANIA



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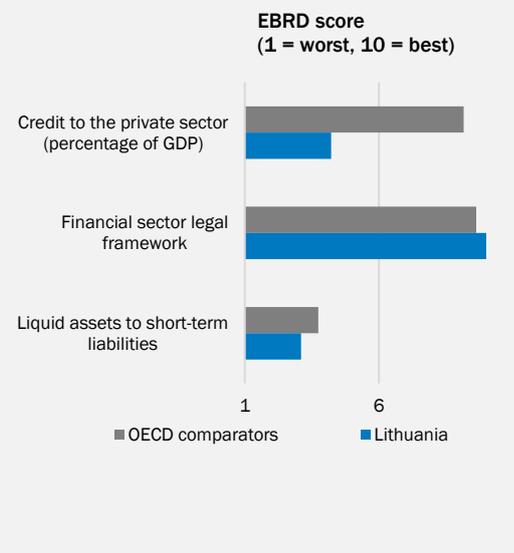
A resilient and diversified financial sector

SDG contribution



#EBRDimpact

Lithuania is classified as a frontier market by both FTSE Russell and MSCI. Despite significant progress, its capital markets remain shallow compared with those of the EU. Bank financing has been declining, but capital market funding remains limited. The Bank has prioritised capital market development in Lithuania, working with the government and other stakeholders to secure funding from the European Commission under the Capital Markets Union initiative. Baltic finance ministers signed a memorandum of understanding in 2017 to support the further development of pan-Baltic capital markets in areas such as covered bonds and small and medium-sized enterprise (SME) financing. The EBRD has prepared a technical cooperation project to develop a legal and regulatory framework for securitisation. Continued EBRD support and policy engagement to advance the establishment of a true pan-Baltic capital market continues to be prioritised, including by leveraging EU Directorate-General for Structural Reform Support (DG Reform) funds, alongside initiatives aimed at expanding the size of local corporate issuance and product diversification.



How we work

The EBRD supports the resilience of the local financial sector through direct and indirect financing and equity investments in systemic banks, as well as through policy dialogue with the government and market participants. It also provides risk-sharing facilities to assist banks with capital optimisation. To support trade, the EBRD Trade Facilitation Programme (TFP) provides guarantees covering political and commercial payment risk. The EBRD can also provide trade finance know-how to local banks through training courses, as well as the optimisation of banking procedures and the structuring of trade finance.

The EBRD in Lithuania*



Quick links

- ▶ [Local currency and capital markets development](#)
- ▶ [Trade Facilitation Programme](#)
- ▶ [Baltics Commercial Paper Framework](#)
- ▶ [European Bank Coordination "Vienna" Initiative](#)

EBCI | Vienna Initiative



The European Bank Coordination "Vienna" Initiative is a framework for safeguarding the financial stability of emerging Europe.



*As of January 2024

Achievements and results: A resilient and diversified financial sector in Lithuania

We support local financial markets by:

- ▶ increasing support for Lithuanian clients during and after the Covid-19 pandemic and in response to Russia's war on Ukraine
- ▶ investing in Lithuania-focused venture capital and equity/debt funds (such as Practica Venture Capital III, Earlybird Venture Capital, Innova 7, CVI Private Debt Fund and Practica Capital Venture)
- ▶ introducing new instruments such as the first senior preferred and senior non-preferred bonds issued by a local bank on the local market, expanding the market and attracting a diverse base of private investors.

We develop capital markets by:

- ▶ enhancing market standards and the investment environment by fostering policy dialogue to integrate the Baltic capital markets and bringing local legislation in line with the EU's (such as the Covered Bonds Framework)
- ▶ being an anchor investor for large bond issuers, such as Akropolis Group, the leading owner, developer and operator of retail and entertainment centres in the Baltic states, listed on the Euronext Dublin and Nasdaq Vilnius stock exchanges
- ▶ increasing the availability of private equity capital and promoting entrepreneurship by investing in equity funds focused on SMEs and mid-cap companies in the Baltic states (such as Livonia Partners Fund, Practica Capital Venture and EFTEN Baltics).

We promote greater variety and sophistication of financial services by:

- ▶ deepening and diversifying debt and equity capital markets, for example, by investing in regional bank Luminor Bank
- ▶ unlocking new financial instruments, including covered bonds, securitised instruments, senior non-preferred bonds, municipal bonds and commercial paper through investment and ongoing policy dialogue
- ▶ fostering successful commercial paper issuance to address corporate financing needs and mobilise investment funds from institutional investors. For instance, the Bank participated in a €40 million commercial paper issued on behalf of Maxima Grupe, the largest food retailer in the Baltic region.

New financial instruments

The EBRD participated in the first-ever issuance of a commercial paper in the Baltic states, improving access to short-term finance for local corporates. EBRD-supported issuers of commercial paper are required to meet enhanced standards of reporting transparency and disclosure.

More resilience

EBRD financing contributed to a meaningful increase in Siauliu Bankas' bail-in-able funding base, adding to the bank's loss-absorption capacity and resilience to market or regulatory shocks

Better regulation

With the support of the EBRD, the Lithuanian government passed the pan-Baltic covered bond law and the securitisation law, which unlock new investment opportunities and diversify financial sources.

Capital market development

The EBRD supported capital market development and green financing across the Baltic states with a €40 million investment in the €200 million senior preferred bond issued by AS Citadele banka.

Supporting livelihoods

The EBRD reacted quickly to support businesses affected by the war on Ukraine. Multiple clients in Lithuania have availed of EBRD assistance to ensure continued access to financing in a difficult market environment.

Helping refugees

The EBRD helped the leading Lithuanian retailer to improve its workforce management policies to enable Ukrainian refugees in accessing economic opportunities through employment, re-skilling programmes and integration.



Capital market integration

The EBRD worked with the Ministries of Finance of Estonia, Latvia and Lithuania, the European Commission and Nasdaq Baltic to consolidate the Estonian, Latvian, and Lithuanian markets for the purposes of regional MSCI index construction and maintenance. The new single index raises the profile of the Baltic region among international investors.



[Read](#) how the EBRD helped to support the introduction of a new financial product in the Baltic markets by investing €4.2 million in a €40 million issue of commercial paper by leading Lithuanian retail chain Maxima Grupė, the first issuance of such securities in the region.

“Continuous cooperation with such large international players like the EBRD, the Nordic Investment Bank and others, and their trust in our company are very important to us.”

Mantas Kuncaitis, CEO of Maxima Grupė



[Read](#) how the EBRD has helped to develop capital markets in Lithuania by supporting the largest share listing in the Baltic states. The EBRD's investment of €67.5 million represented 15 per cent of the €450 million initial public offering. The funds are supporting Lithuanian energy company Ignitis Group's ongoing transition to a green and smart utility.



[Read](#) how the EBRD is supporting the development of venture capital markets in the Baltic states by investing €10 million in Practica Venture Capital III, a fund managed by Practica Capital, a venture capital manager based in Lithuania. The fund will make equity and quasi-equity investments in innovative early-stage technology companies in the Baltic states.

Partnerships

The EBRD supports the transition process by taking a holistic approach through a combination of investment, risk mitigation, capacity building and policy dialogue with local and central governments, regulators, financial institutions and representatives of civil society. Partnership with donors is critical to this process to address transition

challenges, tackle affordability constraints, improve market outcomes in the presence of significant externalities, and steer investments towards greater sustainability and transition impact across the EBRD's regions. With a focus on sustainable and inclusive private-sector development, donor funds also play a key role in building low-carbon

economies and mitigating climate risks. The EBRD has worked with donors since its creation and currently manages relationships with a broad and varied donor community of up to 50 different partners, primarily governments and multilateral organisations.

Our partnerships in action

- ▶ Welcoming the MSCI initiative to consolidate the Lithuanian, Estonian and Latvian markets into one regional market for the purposes of index construction and maintenance, together with the Ministries of Finance of Lithuania, Estonia and Latvia, the European Commission and Nasdaq Baltic.
- ▶ Investing €38.23 million in JSC Vilniaus Viesasis Transportas, the city's urban transport company, so it could upgrade its trolleybus fleet to modern standards. The loan is complemented by a €7.65 million concessional loan provided by the TaiwanICDF, via the High-Impact

- ▶ Partnership for Climate Action (HIPCA; also supported by Austria, Finland, the Netherlands, Switzerland, Spain and the United Kingdom).
- ▶ Supporting the Lithuanian Public Investment Development Agency (VIPA) finance energy-efficiency renovations in privately owned buildings across the country.
- ▶ Close collaboration with the Central Bank and Ministry of Finance on capital market development, as well as the Nordic Investment Bank on introducing new instruments (such as commercial paper).

- ▶ Helping Lithuania progress its policy reform agenda in the financial sector and increase access to finance, including the establishment of an accelerator fund to support SME access to finance via EU funding.



Work with us

Financing

Debt (loans and bonds)

Equity (direct and through investments in equity funds)

Guarantees (including to local banks for trade finance)

Advice

Expand

Improve processes and governance

Navigate the regulatory environment

Train workers

Goods and services

Procurement

Careers

Participate

NGO roundtable

Have your say on EBRD policies and strategies

Contacts

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Shareholding

5 March 1992

Lithuania joined the EBRD

1992

EBRD started investing in Lithuania

€30.01 million

Lithuania's capital subscription

Niels Hansen

EBRD Board Director for Lithuania

Visit the EBRD results snapshot hub: www.ebrd.com/what-we-do/country-results-snapshots

