

THE EUROPEAN INVESTMENT BANK GROUP IN LITHUANIA







Thomas Östros

Vice-President
of the European Investment Bank

The European Investment Bank Group has improved thousands of lives in Lithuania since 1994, investing more than €4.5 billion and working hand in hand with the public and private sectors. In 2020, we opened an office in Vilnius to further enhance our presence in the Baltic countries.

We have helped the Lithuanian economy flourish and become more sustainable by encouraging innovation, investing in renewable energy, and improving infrastructure and transport.

The EIB Group stands firmly by Lithuania's side at a time of international geopolitical tensions and rising inflation. Under the InvestEU programme, we will continue to support the sustainable recovery of Lithuanian businesses.

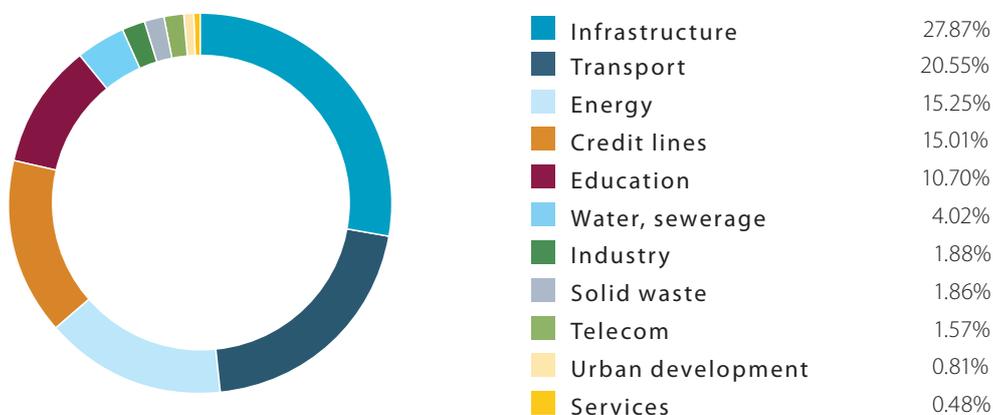
ECONOMY AT A GLANCE

Lithuania's economy is the largest of the Baltic states. Yet the EIB Group's most recent Annual Investment Survey showed that the lack of skilled staff and uncertainty about the future remain key barriers to investment in the country.

Strong government support and fiscal flexibility meant that Lithuania was among the European economies least affected by the COVID-19 pandemic. However, the Russian invasion of Ukraine caused the country's gross domestic product (GDP) growth to slow from a 6% recovery in 2021 to 1.9% in 2022. Consumer price inflation also surged to 18.9%, reflecting the relatively high share of energy and food items in Lithuania's consumption basket.

Under the European Union's Recovery and Resilience Facility (RRF), Lithuania will receive over €2 billion to reduce the impact of the pandemic and ongoing geopolitical instability and strengthen investments until 2026, with 38% of grants going to climate objectives and 32% to the digital transition.

EIB ACTIVITY IN LITHUANIA BY SECTOR SINCE START OF OPERATIONS





LITHUANIA AND THE EIB

We apply the experience and expertise of our in-house engineers and economists to help develop and appraise top quality projects. As a policy-driven EU financial institution with a top credit rating, we offer attractive financial terms, such as competitive interest rates and project-aligned loan durations.

Our partnerships with the European Union enable us to further increase the impact of the projects we support. We focus on creating quality jobs and fostering economic growth, developing industry and infrastructure, supporting innovation, promoting sustainability and providing affordable and efficient energy.

The EIB's structural programme loans back our projects in Lithuania. These loans, supported by the EU cohesion and structural funds, amounted to €1.3 billion in the 2014-2020 period. In 2023, the EIB and the Lithuanian authorities agreed on a new structural programme loan with an initial tranche of €300 million. The agreement aims to facilitate projects worth €7.7 billion and to support competitiveness, job creation and innovation in Lithuania.

From 2014 to
2020, total lending
of **€1.3 billion**
supported around
€10.7 billion of
investments.

SUPPORTING SMALL BUSINESSES

Small and medium-sized businesses (SMEs) are the backbone of Lithuania's economy. However, they often struggle to secure financing. The EIB Group fosters entrepreneurship, encourages the creation of new companies and helps SMEs grow.

We support small businesses indirectly, through credit lines and guarantees for financial intermediaries. In 2020, the European Investment Fund (EIF) provided a guarantee to the Estonian bank Luminor AS through a synthetic securitisation operation. The guarantee enabled Luminor AS to grant more than €660 million in loans and leases to businesses in the Baltics. A similar guarantee loan helped Citadele banka (headquartered in Latvia) to provide at least €460 million in loans and leases to Baltic businesses in 2022. With 20% of the lending going to green projects, the guarantee will contribute to the green transition of local economies and reduction of greenhouse gas emissions in Lithuania.

Under the InvestEU programme, the EIF provided a **€47 million** guarantee to Noviti Finance, enabling Lithuanian, Latvian and Polish microenterprises to benefit from new loans.



LEAVING NO ONE BEHIND

Countries across the world were hit hard by the COVID-19 economic crisis, and Lithuania was no exception. Between 2020 and 2021, the EIB Group signed around €1 billion in guarantees for Lithuanian projects, with support going mainly to small and medium-sized companies and mid-caps. The funds were disbursed through intermediaries such as Mano Bankas, SME Bank, Faktoro, Finora Kreditas, Orion Leasing, PayRay Bank, SEB Bankas, the Lithuanian national promotional institution INVEGA, and the state investment management agency VIVA. The financing was part of the European Guarantee Fund response to the pandemic crisis.

Under the InvestEU programme, the EIF signed two guarantee agreements with Mano Bankas and Orion Leasing in 2022. The two guarantees will respectively support more than €40 million in new business loans and €52.8 million in new leasing and microloans to local businesses. In 2023, SME Bank received a €37 million guarantee from the EIF, through which it will offer new loans to micro and small enterprises in the Baltics, Finland and the Netherlands.

A guarantee from the European Commission's Programme for Employment and Social Innovation (EaSI) issued by the EIF will enable Finbee Verslui to provide €1 million in loans to Lithuanian microbusiness owners, helping vulnerable groups and social entrepreneurs get access to finance.



The InvestEU programme aims to boost sustainable investment, innovation and job creation in Europe by triggering more than **€372 billion** in additional investment from 2021 to 2027.

INNOVATION FOR GROWTH AND COMPETITIVENESS

We help with the development of new technologies addressing current challenges and support Europe's innovators as they become global technology leaders.

In 2021, Lithuanian sensor innovator BROLIS received €7.5 million in venture debt to support its research and development activities and roll out its new sensor technology. The company's innovation has many applications in the healthcare, agriculture and veterinary industries and many other areas.

The European Investment Bank provided €50 million to Teltonika IoT Group, a highly innovative company in the field of the internet of things. The loan will help the company to accelerate its research and development activities and expand and upgrade its manufacturing facilities in Lithuania.



FINANCING THE FUTURE

The Baltic Innovation Fund 2 (BIF 2) is a €156 million fund-of-funds launched by the European Investment Fund and the Baltic national promotional institutions. Built on the success of its predecessor BIF 1 launched in 2012, the fund backs venture capital markets in the three Baltic states, with a focus on companies with growth potential.

BIF 2 has already invested €115 million into six private equity and venture capital funds. Five of these funds are actively building their investment portfolios, namely BaltCap Private Equity Fund III, BPM Mezzanine Fund II, Karma Ventures Fund II, Livonia Partners Fund II, and Specialist VC Primary & Secondary Fund II.

In 2023, the EIF invested €25 million in Contrarian Ventures, a pan-European climate tech venture capital fund based in Lithuania. The fund aims to support European startups that are tackling the climate emergency in sectors with high greenhouse gas emissions, such as energy, mobility and transport.





In 2020, we provided a **€110 million** loan to AB Ignitis Grupė to support smart metering systems and IT solutions, bringing energy savings to the company's clients.

INVESTING IN CLEANER ENERGY

The EIB is at the forefront of the global fight against greenhouse gas emissions and supports efforts to adapt to a changing climate. We place sustainability at the heart of our work.

Alongside other Baltic institutional investors, the EIF has made a leading contribution to the Clean Energy Infrastructure Fund launched in 2023 by renewable energy funds manager Modus Asset Management. The fund aims to contribute to the expansion of the region's renewable energy capacity by investing in solar and wind energy infrastructure in the Baltic states, Poland and other Central European countries. With a target fund size of €200 million, the Clean Energy Infrastructure Fund had already attracted €85 million in investor commitments at its first closing.



GREENING MUNICIPALITIES

We back projects that protect the environment our children will live in, while we innovate to make their future more prosperous.

Vilnius's street lighting was obsolete, causing poor visibility, continuous failures, and high energy and operational costs. The street lighting company that operates the network installed LED bulbs in 40 000 lamps and replaced 10% of cables and supports to improve energy efficiency. Backed by the EIB, this modern street lighting saved the city €1 million and about 11 GWh a year. This is equivalent to the average energy consumption of over 3 000 households.

We are also helping Vilnius modernise its heating network, with a long-term credit agreement of €43 million to AB Vilniaus Šilumos Tinklai in 2021. The project will provide a more reliable heat supply to the capital's residents, increase energy efficiency, and reduce emissions of greenhouse gases and other air pollutants.

Kaunas, the second-largest city in Lithuania, also needed to upgrade its municipal heating system. A €55 million loan signed with AB Kauno Energija in 2020 enabled the municipality to improve the overall efficiency of heating services within the city and in neighbouring towns. This included innovative heating and cooling production facilities using renewable energy sources, the digitalisation of processes, the modernisation of existing pipelines and the construction of new ones.





Between 2021 and 2022, Vilnius water authority Vilniaus vandenys received a **€50 million** EIB loan to renew its wastewater treatment plants in Vilnius and Švenčionys. Vilniaus vandenys is using the money to refurbish and improve the water and wastewater networks in and around Vilnius. The project is expected to reduce water pollution, which will improve lives for the capital's residents.

CONNECTING LITHUANIA

Transport aids countries' economic and social growth, but creates vast amounts of greenhouse gas emissions that harm the climate. The Bank aims to accelerate the take-up of sustainable transport solutions by attracting private investment and ensuring balanced and sustainable regional development.

Lithuania is moving towards green mobility, with the country transporting nearly half of its freight by rail. The EIB has been supporting Lithuania's national railway company, AB Lietuvos Geležinkeliai, since 1996 with several loans to modernise its railways and rolling stock.

As a major connection in the North Sea-Baltic corridor, the port of Klaipėda is important for Lithuania's economy. In 2022, the EIB provided a €65 million loan to Klaipėda State Seaport Authority to extend the port's quay walls to facilitate access for larger vessels. The financing has boosted the port's competitiveness and decarbonisation efforts.



HELPING PROJECTS COME TO LIFE

We work closely with clients to design tailor-made support, offering advisory solutions to both the public and private sectors. Our experts establish the details of the assignment, including the sector, scope, development stage and the nature of the underlying investment.

Our advisory work is often under JASPERS, a partnership between the European Commission and the EIB. JASPERS experts advise on strategies, programmes and projects for investments supported by EU grant funds. In Lithuania, JASPERS experts worked on projects including the high efficiency combined heat and power waste-to-energy plant and the City Western Bypass in Vilnius.

A joint initiative by the EIB and the European Commission, ELENA provides technical assistance for energy efficiency and renewable energy investments. ELENA is currently providing technical assistance to the municipality of Klaipėda to help replace some of its existing diesel buses with electric buses.

Through the European Investment Advisory Hub, we offer advisory support, capacity building and technical assistance to project promoters and intermediaries. The EIB is currently helping Lithuanian Inland Waterways Authority (LIWA) to move freight from carbon emitting road transport vehicles to green electric barges.

Our advisory work is also supported by the Bank's European PPP Expertise Centre (EPEC), which helps the public sector to establish sound public-private partnerships. EPEC brings together a network of central and regional government entities from across Europe. In Lithuania, this network includes the Ministry of Finance and the Central Project Management Agency.



THE EIB GROUP CONSISTS OF THE EUROPEAN INVESTMENT BANK AND THE EUROPEAN INVESTMENT FUND

ABOUT THE EUROPEAN INVESTMENT BANK

The European Investment Bank is one of the largest multilateral banks in the world and a leader in sustainable finance, climate action and cohesion. The Bank fosters innovation in all economic sectors and promotes economic partnerships outside the European Union.

ABOUT THE EUROPEAN INVESTMENT FUND

The European Investment Fund supports small businesses by improving their access to finance in Europe and in several countries beyond its borders. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments to promote innovation and employment.



European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
www.eib.org

twitter.com/EIB
facebook.com/EuropeanInvestmentBank
facebook.com/EIBBaltics
youtube.com/EIBtheEUBank

Virginija Gecaite
Head of the EIB Group Office for the
Baltic States
+370 5232 7400
v.gecaite@eib.org

Kristiina Randmaa
Media Officer
+352 4379 72894
k.randmaa@eib.org