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PPP PROJECTS PRESENT SITUATION IN LITHUANIA


from the view of private sector

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EU Funding | PPP | Legal consulting
From idea to realization

Content

- PPP Association initiative in Lithuania
 - PPP practical issues in Lithuania
 - PPP project statistics
 - Implemented projects examples
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PPP association initiative

- ❑ **Strategic partnership in the field of PPP promotion between Axante and Peritus sprendimai**
 - ❑ **PPP association initiative group**
 - ❑ **The task is to support and promote the efforts of Lithuanian government and private sector in the field of PPP legislation, best practice spreading**
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PPP association initiative



Conferences

Legislation

Networking



PPP practical issues in Lithuania

- **Lack of legal regulation in the field of PPP:**
 - there's no present regulation of the **Private Finance Initiative** model (on July 29, 2008 Finance ministry prepared the projects of needed legal acts in this regard)
 - there's no present specific regulation for the **Joint Venture** model
- **Issues with the most popular PPP form – concessions:**
 - concession contracts are not following the law in some extent
 - risks are not clearly allocated in contracts
 - there's no real competition in calls for proposals
 - no imperative requirement for the public entity to prepare feasibility study in order to assess the alternatives
 - there's no public entity providing assistance in the field of PPP

PPP forms in Lithuania

- **Specific forms regulated by separate law** (privatisation, public procurement, concessions)
- **Partnership forms regulated by general laws** (Joint Partnership Agreements, Franchise), although there's lack of specific norms with respect to the PPP
- **Unregulated** partnership forms (PFI, joint ventures, etc.)

PPP statistics in Lithuania

Municipal servants' poll:

- 22 municipalities (37 %) said that they're implementing PPP projects;
- 25 municipalities (43 %) said that they do not implement PPP projects;
- 12 municipalities (20 %) said they're considering possibility to impalement PPP projects in early future

86 % municipalities stated, that there's a need for the PPP projects (despite that the practical implementation is struggling)

PPP statistics in Lithuania

Despite the existing issues the most popular form – concession is spreading

By September 2007 there were initiated **45 concessions**



Practical examples



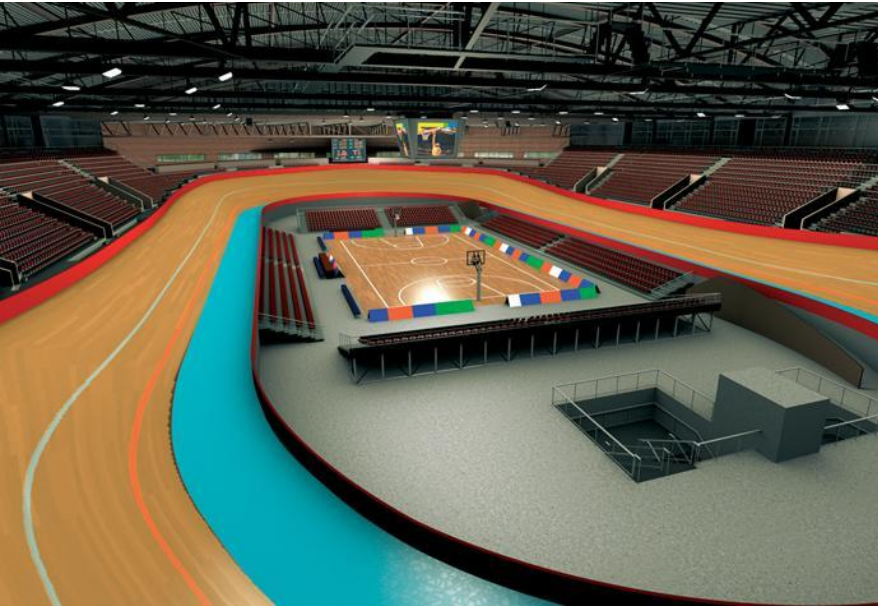
Panevezys city projects (1)

5 ha park territory:

- Sports arena
- Tennis courts;
- Health centre;
- Ice arena
- 1000 places parking lot



Panevezys city projects (2)



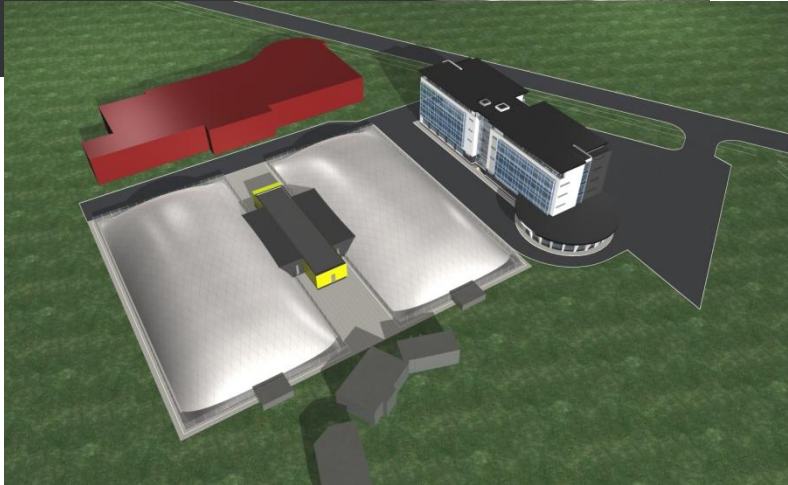
“Cido” sports arena

- Up to 7000 seats
- Olympic cycling track

Public investment ~ 29 mln. EUR
Partly financed by EU Structural Funds

Model: concession for operation and management (15 years)

Panevezys city projects (3)



Ongoing project (2009 – 2011)

Tennis courts - 5252 sq.m.
- 8 covered tennis courts

Sports hotel - 3358,33 sq.m.
-72 economy class rooms
-up to 150 seats conference center

Model: BOT (build, operate, transfer)

Concession contract for 25 years to design, build and operate the infrastructure

~5,5 mln. EUR investment (bank loan, private investor, EU Structural funds)

Vilnius city projects (1)



Vilnius city heating system modernization project (2002)

Long term (15 years) lease agreement (having main concession elements)

Four parties: SPAB "Vilniaus šilumos tinklai", Vilniaus city municipality, UAB "Vilniaus energija" and "Dalkia"

- Ownership rights stays with municipality
- Municipality controls the pricing policy
- Main risks in regard to operation of heating system transferred to the private partner
- The investments (~163 mln. EUR) to be done by the private partner and the rental fee (10 mln. EUR) were set

Vilnius city projects (2)



Vilnius Entertainment Park:

- Siemens arena
(~19,5 mln. EUR)
- Theme water park
(~13 mln. EUR)
- Shopping and leisure centre
(~40 mln. EUR)

Municipality investment for
infrastructure (4,5 mln. EUR)

Vilnius city projects (3)



Hale Market Place project

Renovated old market place with a new modern equipment and an expanded parking-plot

Market place leased for 20 year period
Opened on 10th May, 2006

Investor:

- Invests over 6 mln EUR
- Reconstructed and installed parking-lot
- Operates the market
- Pays annual fee to Municipality – 320 thous EUR

Vilnius city projects (4)



Construction and operation of Vilnius educational institutions

80 % of schools' and 99 % of kindergartens' buildings are in poor condition

-15 educational institutions in the pilot project

-Expected private investment – over 30 mln. EUR

-PPP scheme on public procurement basis for 25 years period

Conclusions

- Clear interest for PPP implementation
- Lack of full legal framework for PPP
- Need for PPP consulting unit or authority
- Need for NGO in the field of PPP (Association)
- Early steps are already made
- EU Structural Funds for stimulation of the PPP

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