

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 22 March 2023¹

LITHUANIA

GrCF2 W2 E2 - VVT Trolleybuses Fleet Renewal

[Redacted in line with the EBRD's Access to Information Policy]

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

TABLE OF CONTENTS

TABLE OF CONTENTS.....	21
ABBREVIATIONS / CURRENCY CONVERSIONS.....	22
PRESIDENT’S RECOMMENDATION.....	23
BOARD DECISION SHEET	24
ADDITIONAL SUMMARY TERMS FACTSHEET	25
INVESTMENT PROPOSAL SUMMARY.....	26
1. STRATEGIC FIT AND KEY ISSUES	26
1.1 STRATEGIC CONTEXT.....	26
1.2 TRANSITION IMPACT	27
1.3 ADDITIONALITY	28
1.4 SOUND BANKING - KEY RISKS	29
2. MEASURING / MONITORING SUCCESS.....	30
3. KEY PARTIES	24
3.1 BORROWER	24
3.2 CITY OF VILNIUS	24
3.3 VILNIUS TRANSPORT AUTHORITY	25
4. MARKET CONTEXT	25
5. FINANCIAL / ECONOMIC ANALYSIS	27
5.1 FINANCIAL PROJECTIONS	27
5.2 ECONOMIC ANALYSIS.....	27
6. OTHER KEY CONSIDERATIONS.....	27
6.1 ENVIRONMENT	27
6.2 INTEGRITY.....	27
6.3 OTHER ISSUES.....	28
ANNEX 1 – SHAREHOLDING STRUCTURE.....	30
ANNEX 2 – FINANCIAL ANALYSIS OF VVT AND THE CITY OF VILNIUS.....	31
ANNEX 3 - GREEN ASSESSMENTS	49
ANNEX 4 – IMPLEMENTATION PROGRESS OF GrCF / GrCF2.....	50
ANNEX 5 – PROJECT IMPLEMENTATION (PROCUREMENT PLAN)	51

ABBREVIATIONS / CURRENCY CONVERSIONS

Authorised Body	Vilnius Transport Authority
c.	circa
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
City	City of Vilnius
CFO	Chief Financial Officer
CP	Conditions Precedents
CPI	Consumer Price Index
DSCR	Debt Service Cover Ratio
DSAA	Debt Service Accrual Account
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation
EU	European Union
EUR	Euro
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
EV	Electric Vehicle
GBVH	Gender-based Violence and Harassment
GCAP	Green City Action Plan
GCF	Green Climate Fund
GDP	Gross Domestic Product
GET	Green Economy Transition
GrCF2 W2 E2	Green Cities Framework 2 – Window II Extension 2
HCPI	Harmonised Index of Consumer Prices
HIPCA	High Impact Partnership for Climate Action
IFRS	International Financial Reporting Standards
IMC	In-Motion Charging
IPD	Interest Payment Date
ISA	International Standards on Auditing
JSC	Joint Stock Company
m	million(s)
NZC	Net Zero City
PD	Probability of Default
PPAD	Procurement Policy and Advisory Department
PP&R	Procurement Policies and Rules
PSA	Project Support Agreement
PSC	Public Service Contract
PSD	Project Summary Documents
RSG	Risk Sector Guidance
STT	Lithuanian Special Investigation Service
SSF	Shareholder Special Fund
SUMP	Sustainable Urban Mobility Plan
TA / TC	Technical Assistance / Technical Cooperation
VVT	JSC “Vilniaus viešasis transportas”
yoy, y-o-y	year-on-year

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of JSC “Vilniaus viešasis transportas” (“**VVT**”, the “**Borrower**” or the “**Company**”), a limited liability company incorporated in Lithuania and fully owned by the City of Vilnius (the “**City**”), are submitted for consideration by the Board of Directors.

The EBRD will provide a senior secured loan to the Company in the amount of up to EUR 38.23 million (the “**EBRD Loan**”), consisting of two committed tranches: (i) a tranche of up to EUR 30.58 million from EBRD’s own funds and, (ii) a High-Impact Partnership on Climate Action (“**HIPCA**”) Tranche, which consists in a concessional loan of up to EUR 7.65 million provided by the Taiwan International Cooperation and Development Fund (the “**HIPCA Tranche**”).

The transaction will enable the Company to finance the purchase of up to 91 battery / electricity powered trolleybuses for a total cost of EUR 48.23 million (the “**Project**”). As VVT’s trolleybuses date from 1985, there is a pressing need for the Company to upgrade its fleet to modern standards. The Project will support VVT not only in meeting the City’s requirements in terms of quality, reliability and accessibility of urban transport in Vilnius, but also in transitioning towards an all-electric fleet of vehicles. The Project will also eventually support the broader City’s ambition to achieve sustainable mobility in Vilnius by making public transport the backbone of transport. The Project is 100 per cent GET eligible.

The expected transition impact of the Project is derived from: (i) *Green*: by improving attractiveness of urban public transport, the Project will support a modal shift towards cleaner transportation in the City of Vilnius, and is therefore expected to result in an annual emissions decrease in the amount of 2,240 tonne CO₂ / year [REDACTED], or 70 per cent compared to baseline, and (ii) *Inclusive*: the Project will improve significantly the delivery of public transportation services for people with limited mobility while supporting the Company’s transition towards electric mobility with adequate trainings. Furthermore, the Project will strengthen the Company’s commitment towards equal opportunities.

The Project is presented under the Green Cities Framework 2 – Window II Extension 2 (“GrCF2 W2 E2”) and will serve as a trigger project for the City of Vilnius to become the first Green City in the Baltics. In addition to joining EBRD Green Cities, the Project will initiate the development of Vilnius’ Green City Action Plan (the “**GCAP**”). Joining the EBRD Green Cities network and framework will support the ambition of the City - recently selected as one of the European Union (“**EU**”) Net Zero Cities (“**NZC**”) - to achieve climate neutrality by 2030. Financing of the GCAP will be sought from a bilateral or multilateral donor or the EBRD Shareholder Special Fund (“**SSF**”).

I am satisfied that the operation is consistent with (i) the Bank’s Strategy for Lithuania, (ii) the Bank’s Municipal and Environmental Infrastructure (“**MEI**”) Sector Strategy, (iii) the Green Economy Transition (“**GET**”) approach, the Equality of Opportunity Strategy (BDS21-134(F)), the Strategy for the Promotion of Gender Equality and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan substantially on the terms of the attached Report.

Odile Renaud-Basso

BOARD DECISION SHEET

LITHUANIA - GrCF2 W2 E2 - VVT Trolleybuses Fleet Renewal - DTM 54153 Framework: Green Cities Framework 2 - Window II Extension 2 - DTM 53170	
Transaction / Board Decision	Board approval ² is sought for a senior secured two-tranche loan of up to EUR 38.23 million in favour of JSC “Vilniaus viešasis transportas”, 100 per cent owned by the City of Vilnius. The EBRD Loan will be structured in two committed tranches: (i) a tranche of up to 30.58 million financed by EBRD funds and, (ii) a concessional loan tranche of up to EUR 7.65 million, the HIPCA Tranche. The EBRD Loan will be complemented by a EUR 10.0 million climate change grant from the Lithuanian government. The Project is presented as a trigger investment under the Green Cities Framework 2 – Window II Extension 2 (“GrCF2 W2 E2”) (DTM 53170).
Client	JSC “Vilniaus viešasis transportas” is a public transport company of the City of Vilnius, wholly-owned by the City (<i>see Annex I</i>). [REDACTED].
Main Elements of the Proposal	<p><u>Transition impact</u></p> <ul style="list-style-type: none"> - Primary Quality is <i>Green</i>. The Project will enable VVT to purchase new battery / electric powered trolleybuses, with zero tailpipe emissions, to replace its ageing vehicles. By improving its service quality and reliability, VVT expects to increase ridership and therefore to support a modal shift away from private vehicles. Additional CO2 reduction will come from enhanced energy efficiency and fleet replacement. Moreover, the Project will be the trigger investment for the City under EBRD Green Cities. - Secondary Quality is <i>Inclusive</i>. The Project will significantly improve public transportation services in the City, by offering modern vehicles that are accessible and safe for women and people with limited mobility. The Project also will support VVT in its aims to become an inclusive employer by (i) developing a new and replicable training for [REDACTED] workers [REDACTED], and (ii) integrating inclusive concepts when designing new infrastructure for the benefit of employee targeted groups such as women and people with disabilities. The Company will finally further its commitment towards higher inclusion standards by signing a nationally recognised Diversity Charter. <p><u>Additionality</u> – (i) The Bank offers longer term financing that is not available in the market from commercial sources on reasonable terms and conditions and that is necessary to structure this ambitious investment project; (ii) the Bank helps the client to mitigate carbon transition risks and take climate action, such as to move along a low carbon transition pathway; (iii) Gender SMART: the GCAP for the City includes a gender assessment that will analyse the gender specific needs and barriers in access to services and infrastructure in the cities; (iv) EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project’s objectives, including support to bringing the Public Service Contract (“PSC”) to bankable standards.</p> <p><u>Sound banking</u> – Loan repayment will be secured by cash flows from the PSC [REDACTED] between VVT and the City of Vilnius, further enhanced by a Project Support Agreement (“PSA”) and by a comprehensive security package [REDACTED].</p>
Key Risks	The key risk factors are: (i) Debt repayment risk / regulatory , mitigated by a PSC that is designed to promote VVT’s long term financial sustainability, backed by a PSA; (ii) Procurement and Implementation risk , mitigated by the use of EBRD Procurement Policy and Rules (“PP&R”) and by the use of advanced procurement with support from the Bank; (iii) Performance risk [REDACTED].
Strategic Fit Summary	The Project is consistent with (i) the Bank’s Municipal and Environmental Infrastructure (“MEI”) Sector Strategy, which sets as objectives to “enhance access to enhanced infrastructure”, through “[investment] in essential municipal infrastructure and [drive in] Green Cities initiatives”, (ii) the Bank’s Country Strategy for Lithuania, which supports “sustainable urban development” as well as the “development of sustainable, inclusive and green transport”; (iii) the Green Economy Transition (“GET”) Approach 2021-2025, which supports “cities decarbonising and improve efficiency of municipal utilities and the financing of “low-carbon fuels transportation”; (iv) the Equality of Opportunity Strategy; and (v) the Strategy for the Promotion of Gender Equality.

² Article 27 of the AEB provides the basis for this decision.

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	A senior secured loan of up to EUR 38.23 million to VVT to support the Company's transition to an all-electric fleet, through the purchase of up to 91 battery / electric powered trolleybuses. The EBRD Loan will be composed of two tranches: (i) a tranche of up to EUR 30.58 million from EBRD's own funds and, (ii) a tranche of up to EUR 7.65 million consisting of a concessional loan provided by Taiwan ICDF. The EBRD Loan will be complemented by a EUR 10.0 million Climate Change grant, to be provided by the Lithuanian Ministry of Environment.
Existing Exposure	None.
Maturity / Exit / Repayment	[REDACTED]. Tenor of 12 years [REDACTED].
Potential AMI eligible financing	None.
Use of Proceeds	Proceeds of the loan will be used to finance the first phase of VVT's trolleybuses fleet renewal through the purchase of up to 91 battery / electricity powered trolleybuses (the " Project "). The tender for the first phase was launched in December 2022 under EBRD's PP&R and in line with its advanced procurement procedures. [REDACTED].
Investment Plan	[REDACTED]
Financing Plan	[REDACTED]
Key Parties Involved	<ul style="list-style-type: none"> - VVT as the Borrower. - The City of Vilnius, as the sole shareholder of VVT, counterparty to the PSC and counterparty of the PSA to be entered into with EBRD. - Vilnius Transport Authority (or "Authorised Body") as counterparty to the PSC. - Taiwan ICDF as the provider of the HIPCA Tranche under the EBRD Loan.
Conditions to subscription / disbursement	[REDACTED]
Key Covenants	[REDACTED]
Security / Guarantees	[REDACTED]
Other material agreements	<ul style="list-style-type: none"> - PSC between VVT and the City of Vilnius. - PSA between the City of Vilnius and EBRD. [REDACTED]
Associated Donor Funded TC and co-investment grants/concessional finance	<p>A. Technical Cooperation ("TC")</p> <p>TC1: Green City Action Plan (post signing) - to support the City in developing a GCAP to prioritise its most pressing environmental challenges and define the investments and policy actions address them. The GCAP will cover digital, inclusion and gender considerations. [REDACTED].</p> <p>B. Co-investment grants / Concessional Finance (Non-TC)</p> <p>The Project will benefit from an HIPCA concessional loan from Taiwan ICDF [REDACTED] in the amount up to 20 per cent of EBRD's financing (i.e. up to EUR 7.6 million).</p>

[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Vilnius, the capital city of Lithuania, has strong climate ambitions. Selected by the EU in April 2022 to be part of its “100 Climate-Neutral and Smart Cities” with an aim to achieve climate neutrality by 2030 (“**Net Zero City**” or “**NZC**”), the City is keen to be a member of EBRD’s Green Cities program. Through the GCAP, the Bank will support the City of Vilnius to transition towards a greener future across all urban sectors by introducing a systematic approach to identify, prioritise and address its most pressing environmental challenges. It will also help the City to structure its environmental priorities and related investments in line with the target set by the NZC programme, which is part of the broader EU’s Green Deal.

Developing sustainable mobility and making transport in Vilnius greener, more efficient and accessible to all users is a key priority for the City in its efforts to attain its climate goals. Its general plan approved by the City in June 2021 (the “**General Plan**”) seeks to make public transport the backbone of transport by ensuring quick and safe transport within the city and enabling increased connectivity between the city and peripheral areas. The General Plan expands on the City’s 2017 Sustainable Urban Mobility Plan (“**SUMP**”), which was supplemented with a Public Transport Fleet Renewal Plan in 2020 (the “**Renewal Plan**”). The Renewal Plan sets a 2030 target whereby the share of private vehicle usage as part of the modal split would be reduced below 30 per cent through improved usage of public transport, walking and cycling.

Due to lack of efficient public transport to connect the different parts of the city and the city with the suburbs, Vilnius’ modal split is currently dominated by private vehicle usage (49 per cent of trips vs. 25 per cent for public transport, 25 per cent for walking and 2 per cent for cycling and others), resulting in significant negative externalities, including pollution but also traffic congestion (average 32 hours spent in traffic jams in 2017). Achieving the 2030 target set in the Renewal plan would significantly improve livelihood in Vilnius by reducing noise, air pollution and congestion.

In light of this, promotion of public transport combined with improvements of public transport are key to carry out a modal shift away from the use of personal vehicle by 2030. The City has already taken measures to encourage public transport - such as introducing traffic lanes dedicated to public transport and express bus routes to the average speed of urban transport, improving passenger information systems, etc. However, significant additional and structural infrastructure investments (fleet renewal and update of the existing routes) are now required to drive up public transport usage.

VVT’s fleet is currently composed of 655 vehicles, including 404 buses and 251 trolleybuses. Trolleybuses have not been renewed for 20 years (some of the Skoda 14Tr trolleybuses date from 1985 and most recent additions date from 1999), and are therefore not aligned with modern standards in terms of comfort, accessibility, speed and quality. [REDACTED]. As part of VVT’s fleet modernisation programme, the Project will improve significantly both the quality and reliability of trolleybuses, resulting in enhanced attractiveness of public transport and increased public transport’s ridership in Vilnius. The Project will therefore encourage a modal shift towards low-emission, electric transport modes.

Moreover, the Project will support VVT’s ambition to transition towards cleaner modes of public transport by upgrading its entire fleet into an all-electric fleet of vehicles. The current bus fleet of VVT is composed of 404 conventional buses [REDACTED] and 251 [REDACTED] trolleybuses running on overhead electricity. Trolleybuses have been identified as one of the most sustainable road-based modes of urban public transportation, with the lowest energy consumption rate per

passenger km amongst other electric alternatives. Through the renewal of VVT's trolleybus fleet of up to 91 trolleybuses, this Project is expected to lead to annual reductions of 2,240 tonne CO₂ / year [REDACTED], or 70 per cent compared to baseline, as a result from replacement of less efficient trolleybuses (including reduction from modal shift due to improved services). Additionally, the new trolleybuses will also be equipped with intelligent electricity consumption management systems (regenerative braking among other features) allowing for improved energy efficiency.

Furthermore, the Project supports the Equality of Opportunity Strategy and the Strategy for the Promotion of Gender Equality as it will open new economic opportunities in the growing Electric Vehicle ("EV") sector in the city and support training and upskilling in the area of eco-driving and EV maintenance and repairs. It will also increase the number of wheelchair accessible vehicles and introduce additional safety features, making their services safer and more accessible for women, the elderly and people with disabilities. In addition, the Company will promote inclusive design of its new infrastructure, ensuring its bus depot takes into account the safety and needs of women and employees with disabilities.

1.2 TRANSITION IMPACT

The GrCF2 represents a strategic and multi-project approach seeking to help identify and address environmental challenges in selected large cities in our countries of operation. The primary goal is to achieve significant environmental improvements and to promote the **Green** transition quality within the relevant cities. In addition to the environmental objective, the GrCF2 also promotes sustainable cities through inclusive, resilient, well-governed and smart urban development. Depending on which area can generate the strongest and most relevant transition impact, either **Well-governed, Inclusive, Resilient or Competitive** will be pursued and presented as the secondary transition quality for each sub-Project under the framework. These transition objectives are supported by the development and implementation of a city-specific Green City Action Plan aiming to identify environmental challenges, facilitate better coordination and buy-in among stakeholders and help to prioritise and develop the best ways to address the environmental challenges through targeted investments, services and policy instruments.

The Project will primarily help to promote the **Green** transition quality by enabling VVT to purchase up to 91 new battery / electric powered trolleybuses – which have zero tailpipe emissions - to partially replace its ageing vehicles (91 out of the 159 trolleybuses to be replaced; the 68 remaining trolleybuses will be purchased at a later stage). By improving the quality and reliability of the fleet, as part of the Company's fleet modernisation programme, the Project is expected to improve the attractiveness and ridership of public transport in Vilnius, and encourage a modal shift towards cleaner modes of transport. As a result of the energy efficiency and modal shift, this Project is expected to lead to annual reductions of 2,240 tonne CO₂ / year, or 70 per cent compared to the baseline, thus eligible for inclusion under the GrCF2 W2 E2. In addition, the Project will also trigger development of a GCAP for the City of Vilnius that will benchmark the City's environmental performance, identify the priority environmental challenges and will define the measures, namely investments and policy actions, needed in order to address these challenges. The GCAP is also expected to cover digital, inclusion and gender considerations. *Please refer to Annex 3 for the Green Assessment summary and Annex 4 for Implementation Progress of the GrCF2.*

The Project would also support the **Inclusive** transition quality as the new fleet will improve the accessibility of public transport, by offering modern, low entry vehicles, and will promote human capital development as well as equality of opportunity in the growing e-mobility sector.

- (i) Through the Project, accessibility and safety of public transportation in the City will significantly be improved. The new modern trolleybuses will be equipped with low-floor, anchorage ramps, audible signals, but also cameras, emergency, buttons, USB ports,

scoreboards, on-board WiFi that will increase the safety and comfort for all passengers, women, the elderly and people with disabilities in particular.

- (ii) Moreover, through the Project, the Company will enhance human capital and skills by developing and implementing a new, replicable training program to train and upskill [REDACTED] workers in the areas of: (i) eco-driving and, (ii) EV maintenance and repair.
- (iii) Furthermore, the Company will promote equality of opportunity, by ensuring women participate in the trainings [REDACTED], are hired by the Company [REDACTED], and by promoting an inclusive design for its new infrastructure. In addition, the Company will sign a nationally-recognised Lithuanian Diversity Charter (Nariai - Įvairovės Chartija (diversity.lt)) to further its commitment towards equal opportunities. [REDACTED].

Delivery Risks: Mains delivery risks are the delivery of the trolleybuses and the City's adoption of the GCAP. Delivery of the trolleybuses is mitigated by support provided during advanced procurement and to the Company in tendering. The tender was launched in December 2022 [REDACTED]. The Company [REDACTED] is keen to develop ways to attract new drivers, including the development of trainings for new skills. With respect to the GCAP, the City has strong climate ambitions. It will commit to develop and implement a GCAP in the PSA to be signed alongside the loan agreement. The GCAP will thereafter be aligned with already existing studies and plans, as well as with the climate neutrality ambition of the City through the NZC program.

1.3 ADDITIONALITY

Identified triggers	Description
None.	None.
Additionality sources	Evidence of additionality sources
Financing structure: EBRD offers longer term financing that is not available in the market from commercial sources on reasonable terms and conditions, e.g. a longer grace period, particularly post-Covid. Such financing is necessary to structure this ambitious investment project.	The EBRD loan is structured as a direct loan to VVT with a tenor of 12 years [REDACTED].
Risk Mitigation: EBRD helps the client to mitigate carbon transition risks and take climate action, such as to move along a low carbon transition pathway.	The Project will lead to a partial renewal of the current trolleybuses fleet of VVT with the purchase of up to 91 new electricity / battery-powered trolleybuses. By improving the quality and reliability of urban transport, the Project will support modal shift towards public transport. Through both improved services and the use of cleaner transportation, the Project will support reduction in pollution and other negative externalities.
Standard-setting: helping projects and clients achieve higher standards: Gender SMART: Client seeks/makes use of EBRD expertise for the adoption of gender standards and/or equal opportunities action plans (e.g. improving women's access to safe transport and/or women-led businesses participation in the client supply chain).	Gender additionality will be achieved through the development in the GCAP of a gender assessment, which will enable to identify challenges and opportunities for women to access infrastructure services and employment in the urban infrastructure sector in the City of Vilnius.
Knowledge, innovation and capacity building: EBRD provides expertise, innovation, knowledge and/or capabilities that are material to the timely realisation of the project's objectives, including support to strengthen the capacity of the client.	EBRD was instrumental in bringing the PSC to bankable standards thanks to long lasting experience in working with public service companies in the municipal sector and in structuring such agreements in bankable forms.

1.4 SOUND BANKING - KEY RISKS

Key risks of the projects are presented in the table below.

Risks	Probability / Effect	Comments
Dependence on municipal subsidies	High / Low	The Company is not financially independent and relies on regular compensations for losses from the City of Vilnius under a PSC, representing c. 60 per cent of its revenues, given City's aim to keep public transport affordable. <i>Mitigant:</i> The PSC has been renegotiated to include a clear methodology for annual PSC remuneration [REDACTED]. The City of Vilnius is a creditworthy municipality [REDACTED].
Tariff risk	Low / Medium	Revenues from tariffs are collected by the Authorised Body. Remuneration received by VVT from the City includes revenues from tariffs, compensation for discounted tariffs, and compensation for losses. <i>Mitigant:</i> The [REDACTED] PSC structure reduces the tariff risk close to negligible.
Demand risk	Medium / Medium	The general transportation preference for private vehicles is mainly driven by the lack of an efficient public transport in Vilnius and limited connections between the City and its suburbs. The Covid-19 pandemic, with measures limiting movements of residents, has also impacted the usage of public transport leading to a sharp decrease in the number of passengers until 2022. <i>Mitigant:</i> Passengers numbers in 2022 are close to pre-pandemic levels, indicating signs of Covid-19 recovery. Ultimately, the compensation of losses of the Company is provided by the City to ensure cost recovery of VVT, limiting the demand risk. [REDACTED]. [T]he Project will support the ambition of VVT and the City to develop a more efficient and reliable urban transport system in Vilnius, and is therefore expected to drive ridership. [REDACTED].
Performance risk	Low / Low	[REDACTED] The Project will support the Company in bringing their fleet in compliance with the City's requirements in terms of accessibility through the PSC [REDACTED]. The Company has a strong performance track record of efficient operations and fines management. [REDACTED].
Financial / Debt repayment risk	Medium / Low	In line with the City's objectives for sustainable urban transport and requirements in regards to fleet's age and conditions, VVT envisages to renew its fleet of trolleybuses and buses within the next decade. [REDACTED]. <i>Mitigant:</i> Good financial performance is expected given the well-structured and enforceable legal basis in place (PSC, PSA). [REDACTED]. The City is a creditworthy counterparty in Lithuania (country is internally rated 3, A2 stable (Moody's), A+ negative (S&P) and A stable (Fitch)), with a low debt burden and strong cash balance [REDACTED]. The annual compensation of losses to the Company under the PSC is a legally binding obligation of the City, independent from the City's political decisions. This is further demonstrated by the City's track record of making timely compensation. [REDACTED].
Procurement and Implementation risk	Low / Medium	Although VVT has high capacity, it is using EBRD's PP&R for the first time. <i>Mitigant:</i> With the Bank's, VVT launched its tender for Phase 1 following EBRD's approach for advanced procurement in December 2022. [REDACTED]. To carry out procurement in accordance with the EBRD PP&R, the Company required the assistance of experienced consultants in addition to EBRD support. As a result, both technical and procurement consultants were appointed in November 2022 allowing the Company to issue an invitation to tender by the end of December 2022. Additionally, training for the usage of the new trolleybuses will be provided by the supplier to be selected.

2. MEASURING / MONITORING SUCCESS

As a sub-project under GrCF2 W2 – E2, the Project will be monitored individually. Information collected at sub-project level will be aggregated and used to inform framework level monitoring. *See Annex 4 on Implementation progress of the GrCF2.*

Primary quality: Green								
Obj No.	FW Monitorin g Indicator	Correspond ing Sub- Project Monitoring Indicator	Details (FW)	Details for Specific Sub- Project	Baseline (Sub- Project)	Target (Sub- Project)	Due date (FW) [REDA CTED]	TC- related ?
1. 1	Number of recommended policy or strategy agreed by relevant stakeholder (s)	Recommended policy or strategy agreed by relevant stakeholder(s)	New Green City Action Plans: [REDACTED] new GCAPs finalised and submitted for approval by relevant authorities, and includes priority actions and a monitoring strategy in each participating City. Baseline target of the GrCF and GrCF2 combined is [REDACTED] GCAPs.	Vilnius' GCAP sent to the City Council (or equivalent) for approval including an implementation and monitoring strategy	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1. 2	Performance or action plan implemented by the client	Performance or action plan implemented by the client	Strong follow-on support: 50 per cent of transactions (under GrCF2 and future extensions) are follow-on investments addressing priority environmental challenges identified in the GCAPs.	Trigger – the Project is the City's first with EBRD Green Cities, and includes a GCAP that will enable follow on opportunities.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1. 3	Performance or action plan implemented by the client	Performance or action plan implemented by the client	Multiple green investments: Each participating city makes [REDACTED] investments (with or without EBRD financing) that address priority environmental	The project will be signed and implemented and meets the eligibility criteria for investments under GrCF2. The project will reduce local pollution from Vilnius' public transportation [REDACTED] and will reduce 2,240 tonnes of CO2 equivalent [REDACTED] (a 70 per	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

			challenges identified by the GCAP, where all EBRD financed projects will meet the extended Framework's eligibility criteria for investments.	cent decrease from the baseline).				
1.4	Performance or action plan implemented by the client	Performance or action plan implemented by the client	Effective GCAP implementation: The Framework achieves at least 50 per cent of all verifiable targets, set in the GCAP [REDACTED] (including both investments and well-defined policy measures).	Trigger – the Project will support the City to develop a Green City Action Plan that sets verifiable targets.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
1.5	Improved environmental standards	Improved environmental standards	Environmental impact: The Framework achieves significant environmental improvements for at least one priority environmental challenge, i.e. the promotion or protection of certain performance levels (colour codes) for priority environmental challenges as specified in the GCAPs, for more than 50 per cent of the Green Cities.	While the Project will reduce local pollution from public transportation, the relevant environmental improvements within the respective cities will not be monitored at project level.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Obj. No.	FW Monitoring Indicator	Corresponding Sub-Project Monitoring Indicator	Details (FW)	Details for Specific Sub-Project	Baseline (Sub-Project)	Target (Sub-Project)	Due date (FW)
2.1	Number of training programs developed and implemented	Tailored training programme developed and implemented	The Project will develop and implement a new, replicable training program to train and upskill workers in the areas of: (i) e-driving, (ii) EV maintenance and repair. The programme will train [REDACTED] workers [REDACTED]. In addition, the programme will develop recruitment tools and activities to attract women in driving roles [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.2	Number of stakeholders with practices improved (e.g. inclusive infrastructure services/design, inclusive HR policies and practices, equal opportunities, inclusive procurement practices)	Practices of the relevant stakeholder improved (e.g. inclusive infrastructure services/design)	The Project will support VVT in further strengthening the Company's delivery of both safe and accessible transport for women and people with disabilities, by ensuring all new trolleybuses are of low-floor type, have audible signalling and surveillance cameras, and emergency buttons for drivers. [REDACTED]. The Project will also support the Company in promoting a safe and accessible work place by improving the infrastructure of its bus park, with special considerations to ensure women's safety and needs (such as for adequate changing room and rest room) and to ensure accessibility to all employees (one particular measure will be equipping the new bus depot with 1 lift to facilitate access for people with disabilities).	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.3	Number of stakeholders with practices improved (e.g. inclusive infrastructure services/design, inclusive HR policies and practices, equal opportunities, inclusive procurement practices)	Practices of the relevant stakeholder improved (inclusive HR policies and practices, equal opportunities)	The Company will sign a nationally-recognised Lithuanian Diversity Charter (Nariai - Įvairovės Chartija (diversity.lt)) to further its commitment towards equal opportunities.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Additional indicators

Objective	FW level aggregate indicator	Indicator (sub-Project)	Details (sub project)	Baseline (Sub-Project)	Target (Sub-Project)	Due date (Sub-Project)?	TC-related
Core client indicators	Total Population benefitting (individuals)	Total Population benefitting from improved access to public transport	As represented by average daily ridership (first full year of operations, 2025)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Annual reduction in tonnes of CO ₂ equivalent savings (tonnes CO ₂ eq / yr)	Annual reduction in tonnes of CO ₂ equivalent savings (tonnes CO ₂ eq / yr)	Annual reduction of [REDACTED] CO ₂ emissions [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Gender SMART	Number of Cities in which Gender-responsive GCAPs was agreed	Recommended policy or strategy agreed by relevant stakeholder(s)	The GCAP for the City of Vilnius includes a gender assessment, which aggregates the analysis and information gathered throughout the GCAP development (such as gender-disaggregated data, and the analysis the gender specific needs and barriers in access to services and infrastructure in cities in the various sectors covered by the GCAP 2.1 methodology), and the recommendations to address gender and inclusion in the City (as subset of Green city actions) that are the results of the analysis.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 BORROWER

VVT is the 100 per cent municipally-owned operator of the City of Vilnius' buses and trolleybuses on its urban and suburban networks. VVT was established in 2011 by merging the City's bus operator and trolleybus operator into one entity.

VVT operates 1,802 km of bus routes covering 64 routes, 5 of them being BRT (bus-rapid-transit) routes. The Company also operates 412.7 km of trolleybuses routes. Currently, the Company's fleet is composed of 655 vehicles, including 404 buses and 251 trolleybuses stored in 3 transport depots.

In 2021, VVT operated 496 vehicles daily³, of which were 320 buses and 176 trolleybuses, travelling a total of 31.8 million km and transporting c. 100 million passengers. Covid-19 pandemic had a negative impact on both traffic (2021: 99.6 million, 2020: 116.5 million, vs. 2019: 165.6 million) and mileage (2021: 31.8 million-km, 2020: 34.6 million-km, vs. 2019: 39.6 million-km), although some signs of recovery can be noted (H1 2022: 80.1 million passengers, 20.0 million-km).

To drive up public transport usage and to comply with the City's requirements, VVT has started renewing and upgrading its bus fleet. The trolleybuses operating in the City have not been changed for 20 years (last addition dated of 1999) and no longer meet the City's requirements. Additionally, trolleybuses routes in operation were installed in 1975 and, as such, are not anymore aligned with today passengers' needs. With trolleybuses using new battery technology for autonomous (off-grid) operations, the City and VVT will have increased flexibility to optimise and expand trolleybus routes, which is expected to increase access to public transport services for passengers in the city and its suburbs as well as increase service level.

The Company's activities are supervised by a Board of Directors which is composed of 7 members appointed by VVT's sole shareholder, the City of Vilnius. Other management rights and responsibilities lie with the City as sole shareholder of VVT and the General manager who is appointed by the Board for five years (possibility to extend for another five years).

VVT's financials: In 2022 (2021), The Company's main source of income is transportation of passengers from both direct fares and compensation under its PSC. [REDACTED]. *More information on VVT's financials in Annex 2.*

3.2 CITY OF VILNIUS

The City of Vilnius is a municipality, the capital and the largest city of Lithuania. With a population of c. 622 thousand inhabitants (c. 810 thousands incl. suburbs), Vilnius is also the second-largest city in the Baltics. It is the economic centre of Lithuania, generating 42.4 per cent of national GDP⁴. The City covers a large territory (402 km²) and about 50 per cent of the population lives in the central district, while the rest is spread out in the suburbs.

VVT financials EUR '000	2019 Audited	2020 Audited	2021 Audited	2022 Mgmt acct
Revenues from transport	-	25,554	22,967	[REDACTED]
Subsidy	-	33,575	32,342	[REDACTED]
Operating profit	-	659	(3,017)	[REDACTED]
Net profit (Loss)		140	(3,565)	[REDACTED]
Assets	102,226	106,434	94,845	[REDACTED]
Cash	4,815	1,747	989	[REDACTED]
Debt (incl. leases)	33,944	41,456	34,631	[REDACTED]
CFO	14,012	7,502	6,836	[REDACTED]
CFI	(14,296)	(2,238)	(191)	[REDACTED]
CCF	(5,951)	(8,332)	(7,403)	[REDACTED]
DSCR	3.7	1.0	1.1	[REDACTED]
Debt to EBITDA	n/a	6.3	9.8	[REDACTED]
Current ratio	1.0	0.8	0.7	[REDACTED]

³ Total fleet above the number of vehicles in daily usage to cater for required reserves of vehicles (in case of breakdown, accident or equipment failure) and routine maintenance.

⁴ EUR 21.1 billion GDP for Vilnius region in 2020 - <https://www.govilnius.lt/do-business-and-invest/economic-overview>

City's financials: In 2021, the City's financial performance improved, with a strong revenue of EUR 1.2 billion (+18 per cent y-o-y), composed mainly of State transfers (42 per cent of revenues, +19 per cent annual growth) and tax revenues (37 per cent of revenues, +21 per cent y-o-y). Its cash balance increased to EUR 132.6 billion (+46 per cent y-o-y) on the back of increased cash flow from tax in 2021. At YE2021, total debt amounted to c. EUR 178.2 million [REDACTED]. *More information on the City's financials in Annex 2.*

[REDACTED]. City's debt is limited by law and EU Maastricht principles and is expected to remain stable, below regulatory thresholds. City's pro-forma debt (including proposed loan, albeit the loan is not guaranteed by the City) would remain below regulatory threshold and at acceptable levels.

3.3 VILNIUS TRANSPORT AUTHORITY

Vilnius Transport Authority, owned by the City, is the authority in charge of the design and implementation of the mobility strategy of Vilnius, with the objective to develop sustainable mobility through travel by public transport, bicycle or on foot. The authority employs 204 persons, of which 45 per cent are women. The mission of the authority is to improve the quality of travel, make urban transport a pleasant experience, limit its impact on the environment and reduce congestion of urban space with cars. As a mean to achieve this, Vilnius Transport Authority aims to ensure that travel experience is smooth, clean and accessible to all in Vilnius.

In light of its mission and objectives, the Authorised Body is in charge of the transport planning (routing and scheduling), maintenance and development of urban mobility infrastructure, traffic control management, toll administration (toll for parking lots). The Authorised Body is also in charge of collecting fare revenues for public transport, distributing tickets, managing the passenger information system and managing ticket inspection on board⁵. As the fare revenues collected belongs to VVT, the Authorised Body collects and thereafter transfers collected fare revenues to VVT. The Authorised Body is one of the counterparts of the PSC, which regulates the relationship between the three parties as well as their obligations in regards to the provision of public transport services in Vilnius (notably the collection and transfer of fare revenues to VVT).

Recently, Vilnius Public Authority has achieved several projects to improve mobility quality and services in Vilnius: development of controlled parking zones in Vilnius to reduce the usage of private vehicles, construction of new 16-km cycle paths, and development of 2.88 km of quiet traffic streets.

4. MARKET CONTEXT

Urban transport in Vilnius: Vilnius is one of the largest cities and faster growing capitals in the Baltics (population increase by 2.7 per cent in the last three years). It has a public transportation system covering a large territory (402 km²), including the Vilnius' suburban area, with 64 bus and 19 trolleybus routes. Buses and trolleybuses networks are respectively 1,676 km and 513.3 km-long. However, despite this well-established urban transport network, the share of public transport in the city's modal split has been declining in recent years (25 per cent of modal split⁶) mainly resulting from increasing use of private cars (49 per cent)⁷. Public urban transport fleet is ageing and not aligned with modern standards (e.g. trolleybuses that have not been renewed for 20 years at least, with only 35 per cent of the fleet being accessible to all public). Additionally, the connection between the city and the suburbs is not efficient. To drive up the usage of low-carbon public transport, improving

⁵ <https://judu.lt/karjera/>

⁶ SUMP 2018

⁷ https://www.cities-multimodal.eu/sites/cmm/files/cmm_fact_sheet_vilnius_nov_2018.pdf

quality and reliability of the fleet is crucial, making the Project a priority for the both the City of Vilnius and VVT.

The City is also promoting digitalisation of its transport sector. Recently, the Vilnius Transport Authority decided to launch an advanced e-ticketing system through an all-in-one app giving live traffic and public transport updates and info, further enhancing plans for the e-ticketing system are in place. The new system, expected in 2023, aims at enhancing passenger's experience by expanding payment possibilities on urban transport, and will be deployed in nearly 700 public transport vehicles in Vilnius.

PSC between the City, Vilnius Public Authority and VVT: The City is the sole shareholder of VVT. The relationship between VVT and the City is regulated through a PSC through which the City of Vilnius remunerates VVT for the provision of passenger transportation services in Vilnius. The PSC is a performance-based contract whereby the Company is required to deliver transport services in line with key performance obligations. In return, VVT receives compensation from the City based on the vehicle kilometre price and number of delivered vehicle kilometres. The PSC, renewed in December 2020 for a period of 10 years, is being updated by the City, the Vilnius Public Authority and VVT to ensure its bankability [REDACTED].

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS

[REDACTED]

5.2 ECONOMIC ANALYSIS

[REDACTED]

5.4 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Category B under the 2019 ESP. The Project is associated with the purchase of up to 91 battery / electricity powered trolleybuses – which have zero tailpipe emissions to renew Borrower’s ageing vehicles to improve services in Vilnius, Lithuania. The Project aims to achieve sustainable mobility in Vilnius and is also expected to result in significant benefits in terms of GHG emissions reductions, eventually improving urban air quality and health of city dwellers thus the E&S impacts are expected to be limited and mainly positive.

The Company also operates 412.7 km of trolleybuses routes. Currently, the Company’s fleet is composed of 655 vehicles, including 404 buses and 251 trolleybuses stored in 3 transport depots (one only for trolleybuses, one only for buses and one for both). The new trolleybuses will be operational by 2024/2025.

The environmental and social issues associated with the project can be readily assessed and mitigated. The Environmental and Social Due Diligence (“ESDD”) was undertaken internally through the ESDD questionnaire, online interviews with the Company, documentation review. It also included a review of current facilities of the company including the depots and washing stations, examination of the Company's existing practices on environmental, social, health and safety aspects and local permitting. The ESDD focuses on the identified key environmental and social risks and impacts, including on contractors’ and supply chain management system. During the tendering process the Bank’s standard requirements on forced and child labour risks will be applied (EBRD’s Standard Procurement Documents), which are considered to be sufficient to manage any supply chain risks. The Borrower will develop and adopt supply chain management system which will be proportionate to the risks.

Based on the ESDD, an Environmental and Social Action Plan (“ESAP”) was developed to comply with EBRD PRs and good industry practices and was agreed with VVT. The ESAP includes institutional strengthening and mitigation measures addressing the issues and risks related to Environmental & Social Management and Occupational Health & Safety Systems (ESMS&OHSS), including development of E&S management and monitoring plans; traffic and road safety management; stakeholders’ engagement and internal and external grievance mechanism, including on gender-based violence and harassment (“GBVH”).

6.2 INTEGRITY

In conjunction with OCCO, integrity due diligence was undertaken on the Borrower and the City, their shareholders, senior management and other relevant parties. [REDACTED] [I]t was concluded that [REDACTED] this project does not pose an unacceptable integrity or reputational risk to the Bank.

[REDACTED]. All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the Project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the Project.

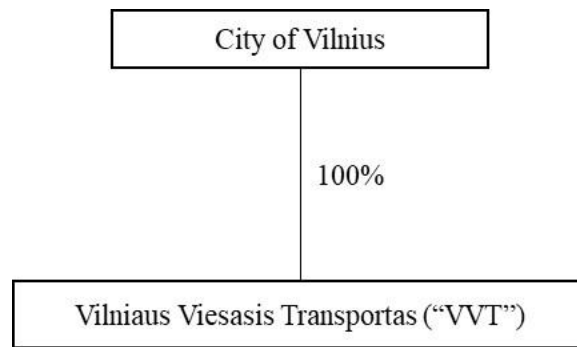
6.3 OTHER ISSUES

Concessional Finance – The Project will benefit from a concessional loan provided by Taiwan ICDF, through the High Impact Partnership on Climate Action (“**HIPCA**”), of up to 20 per cent of the total EBRD Financing, with a maximum face value of EUR 7.646 million. The concessional loan unlocks a significant step-change in the Project’s transition impact. By providing blended concessional finance (i.e. blending EBRD’s own account finance with the HIPCA concessional loan), the Company can significantly expand the number of in-motion charging (“**IMC**”) trolleybuses that it can procure in the absence of a blended concessional finance structure – from 50 IMC trolleybuses up to 91 IMC trolleybuses. Procuring a greater number of trolleybuses at once, rather than over multiple tenders, unlocks more and sooner energy efficiency gains. Accordingly, the use of concessional finance facilitates the upgrade of existing trolleybus fleet with new vehicles improving accessibility, extended battery range, and higher efficiency at a faster pace than is possible without this finance. Further, the blended concessional finance structure provides a means of reconciling the gaps between private returns and social returns, given the significant GHG emissions savings, which are unpriced in the transport sector, especially when compared with individual vehicles. Despite using a blended concessional finance structure, the grant intensity of the Project remains low, such that the use of concessional finance is unlikely to hinder future market development. More broadly, the project will support the City’s ambition to make public transport the backbone of transport in Vilnius and promote the decarbonisation of the transport sector.

ANNEXES TO OPERATION REPORT

ANNEX 1	Shareholding Structure
ANNEX 2	Financial Analysis of VVT and the City
ANNEX 3	Green Assessment Summary
ANNEX 4	Implementation progress of the Green Cities Framework
ANNEX 5	Project Implementation (Procurement Plan)

ANNEX 1 – SHAREHOLDING STRUCTURE



ANNEX 2 – FINANCIAL ANALYSIS OF VVT AND THE CITY OF VILNIUS

CCT – Historical Financials

VVT's financial statements	2019	2020	2021	2022
BALANCE SHEET, EUR 000s	Audited	Audited	Audited	Mgmt Acct
Intangible Assets	40	19	30	[REDACTED]
Property, Plant And Equipment	50,295	45,046	39,968	[REDACTED]
Other Non-Current Assets	35,951	47,192	42,966	[REDACTED]
Total Non-Current Assets	86,286	92,257	82,964	[REDACTED]
Reserves	1,279	1,148	1,129	[REDACTED]
Trade And Other Receivables	9,845	11,281	9,764	[REDACTED]
Cash And Cash Equivalents	4,815	1,747	989	[REDACTED]
Total Current Assets	15,939	14,176	11,882	[REDACTED]
Total Assets	102,226	106,434	94,845	[REDACTED]
Authorised Capital	15,785	15,785	15,785	[REDACTED]
Mandatory Reserve	1,578	1,578	1,578	[REDACTED]
Revaluation Reserve	17,617	16,898	16,179	[REDACTED]
Other Reserves	3,236	3,236	3,236	[REDACTED]
Retained Profit (Loss)	283	965	(1,727)	[REDACTED]
Total Equity	38,499	38,462	35,051	[REDACTED]
Lease Obligations	26,505	32,944	27,769	[REDACTED]
Deferred Income	14,714	11,899	9,990	[REDACTED]
Other Non-Current Liabilities	7,175	5,841	4,247	[REDACTED]
Total Non-Current Liabilities	48,394	50,684	42,006	[REDACTED]
Trade Payables And Other Current Liabilities	1,434	1,496	2,858	[REDACTED]
Lease Obligations	2,750	5,241	5,241	[REDACTED]
Loans Received	2,440	2,453	1,621	[REDACTED]
Other Current Liabilities	8,709	8,098	8,069	[REDACTED]
Total Current Liabilities	15,333	17,288	17,789	[REDACTED]
Total Equity And Total Liabilities	102,226	106,434	94,846	[REDACTED]
CASH FLOW STATEMENT, EUR 000S	2019	2020	2021	[REDACTED]
Cash Inflows From Customers (Incl. Vat)	61,106	61,401	60,639	[REDACTED]
Other Inflows (Incl. Vat)	11,014	941	1,570	[REDACTED]
Cash Paid To Suppliers (Incl. Vat)	(22,684)	(17,793)	(18,904)	[REDACTED]
Cash Benefits Related To Employment	(34,930)	(36,098)	(36,249)	[REDACTED]
Other Benefits	(495)	(949)	(127)	[REDACTED]
Corporate Income Tax Paid	-	-	(93)	[REDACTED]
Net Cash Flows From Operating Activities	14,012	7,502	6,836	[REDACTED]
Acquisition Of Intangible Assets And PPE	(14,312)	(2,251)	(191)	[REDACTED]
Proceeds From Disposal Of PPE	15	13	-	[REDACTED]
Net Cash Flows From Investing Activities	(14,296)	(2,238)	(191)	[REDACTED]
Rentals Paid	(2,768)	(6,570)	(5,145)	[REDACTED]
Interest Paid	(986)	(1,009)	(1,101)	[REDACTED]
Other Items	(2,197)	(753)	(1,157)	[REDACTED]
Net Cash Flows From Financing Activities	(5,951)	(8,332)	(7,403)	[REDACTED]
Net Increase (Decrease) In Cash Flows	(6,236)	(3,068)	(758)	[REDACTED]
PROFIT AND LOSS STATEMENT, EUR 000S	2019	2020	2021	[REDACTED]
Revenue	n/a	25,554	22,968	[REDACTED]
Cost Of Sales	n/a	(16,417)	(18,089)	[REDACTED]
Gross Profit	n/a	9,136	4,879	[REDACTED]
General And Administrative Expenses	n/a	(9,120)	(8,627)	[REDACTED]
Other Operating Income / (Expenses)	n/a	642	731	[REDACTED]
Operating Profit (Loss)	n/a	659	(3,017)	[REDACTED]
Financial Income	n/a	580	33	[REDACTED]
Financial Expenses	n/a	(1,075)	(1,176)	[REDACTED]
Profit (Loss) Before Taxes	n/a	164	(4,160)	[REDACTED]
Corporate Income Tax	n/a	(24)	595	[REDACTED]
Net Profit (Loss)	n/a	140	(3,565)	[REDACTED]
EBITDA	n/a	6,490	3,536	[REDACTED]
RATIO ANALYSIS	2019	2020	2021	[REDACTED]
Debt service	3,754	7,579	6,246	[REDACTED]
DSCR	3.7	1.0	1.1	[REDACTED]
Current ratio	1.0	0.8	0.7	[REDACTED]
Debt/EBITDA	4.0	6.4	9.8	[REDACTED]
Net Debt/EBITDA	3.4	6.1	9.5	[REDACTED]
Debt/Equity	0.9	1.1	1.0	[REDACTED]

Vilnius – Historical Financials

BALANCE SHEET, EUR 000s	2019	2020	2021
Property, Plant And Equipment	1,161,654	1,276,210	1,373,059
Non-Current Financial Assets	414,618	430,450	578,290
Other Non-Current Assets	6,964	7,665	8,354
Total Non-Current Assets	1,583,236	1,714,324	1,959,702
Bio Assets	2,750	2,715	460
Stock	3,989	11,603	10,476
Prepayments	11,887	11,660	12,854
Receivables	52,404	61,911	59,599
Cash And Cash Equivalents	72,745	90,609	132,623
Total Current Assets	141,024	175,783	215,552
Total Assets	1,727,009	1,892,822	2,175,715
Reserves	34,186	51,365	64,973
Influence of property method	78,193	88,910	69,981
Accumulated surplus or deficit	350,424	360,425	471,132
Minority	(207)	(624)	178
Total Equity	462,595	500,076	606,265
Financing From State Budget	118,927	173,712	264,097
Financing from EU, Foreign Countries and International Organisations	243,152	254,424	402,457
Financing From Other Sources	616,830	626,247	567,461
Total Financing Received	978,908	1,054,383	1,234,015
Long Term Liabilities	154,901	164,561	182,644
<i>incl. Long Term Financial Obligations</i>	<i>118,914</i>	<i>124,590</i>	<i>157,163</i>
Short Term Liabilities	130,605	173,801	152,791
<i>incl. Short Term Financial Obligations</i>	<i>12,833</i>	<i>41,300</i>	<i>20,945</i>
Total Liabilities	285,506	338,363	335,435
Total Equity And Total Liabilities	1,727,009	1,892,822	2,175,715

CASH FLOW STATEMENT, EUR 000s	2019	2020	2021
Operating Cash Inflows	865,872	1,008,420	1,138,964
Operating Cash Outflows	(702,865)	(844,766)	(914,747)
Transferred funds	(70,527)	(79,353)	(100,314)
Net Cash Flows From Operating Activities	92,480	84,301	123,904
Net Cash Flows From Investing Activities	(71,546)	(112,856)	(95,278)
Net Loans Disbursement / (Repayment)	(7,348)	43,968	11,921
Financial Lease	(226)	(237)	(243)
Net Amounts Received/(Refunded) For Purchase Of Fixed Assets	(17)	2,673	749
Other Items	56	15	970
Net Cash Flows From Financing Activities	(7,536)	46,418	13,397
Net Increase/(Decrease) In Cash Flows	13,398	17,864	42,023

PROFIT AND LOSS STATEMENT, EUR 000s	2019	2020	2021
Tax revenues	359,697	370,005	445,928
State Transfers	323,575	425,187	507,829
Other Income From Operating Activities	199,229	221,248	246,681
Revenue	882,500	1,016,440	1,200,438
Expenditures	(873,271)	(1,023,548)	(1,144,719)
Operating Balance	9,229	(7,108)	55,718
Results Of Other Activities	17,262	17,239	18,274
Results Of Financial Activities	3,564	(1,471)	3,839
Accounting changes	36,413	87	908
Influence of property value	9,131	12,360	(13,229)
Net Surplus/(Deficit)	75,600	21,107	65,511

RATIO ANALYSIS	2019	2020	2021
Total Debt, EUR 000s	135,276	178,953	178,246
Debt Service, EUR 000s	17,608	19,449	34,210
Total Debt / Operating Balance (max 5.0x)	14.7	(25)	3
Operating Balance / Debt Service	0.5	(0.4)	1.6
Liquidity Coverage (Operating Bal + Cash BAL to debt)	0.6	0.5	1.1

ANNEX 3 - GREEN ASSESSMENTS

Introduction

The Project entails the finance the first phase of VVT's fleet renewal – consisting in the purchase of up to 91 battery / electricity powered trolleybuses (the “**Project**”).

The Project is assessed as **aligned with the goals of the Paris Agreement** based on directly financed methodology.

The Project qualifies for **100 per cent GET** climate and environment finance.

The Project is **eligible for EBRD Green Cities** as it meets the criteria for mitigation projects and will serve as a trigger investment for Vilnius GCAP.

Paris alignment assessment

Alignment with the mitigation goals of Paris Agreement: general screening

- The project/economic activity is **included** in the 'aligned list'.
- Regarding project/economic activity(ies), there are **no** activities included in the 'non-aligned list'.

Conclusion: The project is assessed as aligned with the mitigation goals of Paris Agreement (**BB1 aligned**).

Alignment with the adaptation goals of Paris Agreement

- The internal screening results revealed that the project does not face any potentially material physical climate risks.
- The Project is unlikely to undermine climate resilience of the system in which it operates.

Conclusion: The project is assessed as aligned with the adaptation goals of Paris Agreement (**BB2 aligned**).

GET attribution

The Project is attributed climate GET finance under category 7.4 Low-carbon vehicles and associated infrastructure. The main GET impact expected out of the investment are:

Climate:

- Climate change mitigation (purchase of trolleybuses to replace bus fleet will improve energy efficiency of existing fleet, and represents a GHG saving of >15%); and

Environment:

- Pollution prevention and control (reduction in Nitrogen Oxides (NOx) and Particulate Matter (PM)).

Conclusion: The Project is **100 per cent GET**.

ANNEX 4 – IMPLEMENTATION PROGRESS OF GrCF / GrCF2

Since 2016, the GrCF and GrCF2 have mobilised nearly EUR 5 billion in EBRD and donor funding. The Green Cities Framework (“**GrCF**”), approved by the Board in November 2016, set an ambitious agenda for the Bank’s municipal business, with the over-arching aim being “to serve as a sector-wide catalyst for addressing environmental challenges at the City level”. [REDACTED] [I]n October 2018 a new Framework was approved by the Board, Green Cities Framework 2 (“**GrCF2**”) [REDACTED].

ANNEX 5 – PROJECT IMPLEMENTATION (PROCUREMENT PLAN)

Procurement classification – *Public [sovereign/sub-sovereign]*

Project risk assessment

[REDACTED]. The Company has no prior experience with implementing IFI-financed projects. Lack of experience with international tendering procedures represents a risk for the efficient implementation of the proposed investments. The Company needs a support of experienced consultant(s) to carry out procurement in accordance with the EBRD Procurement Policies and Rules (“PP&R”).

Contracts risk assessment

- *Low*

The Bank’s Loan and Climate Change National Grant proceeds will finance the only one contract for acquisition of up to 91 new low-floor trolleybuses along with spare parts, maintenance and diagnostic equipment and related services.

The subject of procurement is a standard model two-axle low-floor trolleybuses, without substantial customisation, and therefore the associated contract risks are low.

Project implementation arrangements:

VVT, the Company, will have an overall responsibility for Project implementation. To facilitate procurement of new low-floor trolleybuses the Company is supported by experienced and reputable technical and procurement consultants, who will assist the Company with all aspects of procurement and the initial stage of project implementation.

Procurement arrangements [REDACTED]:

The Project is classified as public sector for procurement purposes. Goods financed from the Bank’s Loan and Climate Change National Grant will be procured through open competitive procedures via ECEPP in accordance with the 2022 PP&R. The contract for procurement of new trolleybuses will be subject to the Bank’s prior review.

The Company decided to undertake advance procurement in accordance with the Bank’s PP&R para 3.76 and proceeded with procurement of new trolleybuses before signing of the loan. The Company undertakes advance procurement at its own risk and the Bank’s consent given to the procedure, documents or the proposal for award does not commit the Bank to make financing available to the Project.

Both, technical and procurement, consultants were appointed in November 2022, which allowed the Company to publish Invitation for tenders in the end of December 2022. Tender closing is expected to be in the beginning of March 2023.

The Procurement Plan below provides details of the Project implementation. [REDACTED].