

## Workshop

### *Rethinking Municipal Finance: Regional Finance Models for Energy Efficiency and Housing Renovation/Retrofitting*

V2025-04-07

6 May 2025

Vilnius, Lithuania

*Taking place during the Cities Mission Conference 2025 at LITEXPO*

#### Organisation and implementation:



Gefördert durch:



In the framework of the funding programme:  
**European Environment Initiative (EURENI)**

aufgrund eines Beschlusses  
des Deutschen Bundestages

#### Workshop partners:



## *Background and Objectives*

Europe is entering a decisive moment in the effort to decarbonise its building stock. The revised **Energy Performance of Buildings Directive (EPBD)**, adopted in 2024, sets out clear targets: all new buildings must be **zero-emission by 2030**, and existing buildings must undergo deep renovation. This comes alongside broader EU climate goals – a **55% cut in emissions by 2030** and **climate neutrality by 2050**, which place growing pressure on member states to deliver, especially at the local level.

For the **Baltic region**, this presents a serious challenge. Much of the housing stock is outdated, energy-inefficient, and **over 75% privately owned**, often with fragmented ownership structures<sup>1</sup>. Renovation depends on mobilising millions of individual decisions, supported by accessible finance and strong local coordination. Yet progress has been slow and held back by funding limitations, capacity gaps, and disconnected efforts.

At the same time, **Lithuania, Latvia, and Estonia** share common ground: similar building types, financing barriers, and the legacy of post-Soviet urban development. They also have valuable experience to build on. From Tartu's neighbourhood-scale retrofits, Latvia's [ALTUM blended finance model](#), to Vilnius' large-scale investment programme, the region has no shortage of pilot projects, but these are still not sufficient.

This workshop starts from the belief that tackling this challenge **together** makes sense. Rather than working in parallel, the Baltics could benefit from a **coordinated regional approach**. The event will explore the idea of a **regional finance model** to scale the idea of "[one-stop-shops](#)" that supports cities, streamlines access to funding, and complements national efforts without causing fragmentation.

This workshop takes the position that the solution lies in **coordinated regional action**. Drawing on common structural challenges and policy contexts, it proposes an exploration for a **regional financial model** – a "one-stop-shop" mechanism that supports cities, aggregates demand, streamlines access to funding, and complements national efforts without undermining local autonomy.

Taking place during the **Cities Mission Conference 2025** in Vilnius, and organised within the **Turnaround Money II** project and NetZeroCities, the event brings together finance actors, practitioners, cities, NGOs, and state-level stakeholders from across the Baltics. It aims to define a shared set of **criteria for a functional, inclusive, and non-fragmenting regional**

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<sup>1</sup> See e.g. <https://interreg-baltic.eu/project-posts/the-ownership-and-responsibilities-of-the-multi-apartment-buildings-in-the-bsr-vary-a-lot-creating-different-challenges-and-need-for-support/>

**finance model** – one that enables scale, accelerates delivery, and supports the implementation of the EPBD.

This is the first in a series of national dialogues on better funding in the Baltic states (2025–2027) focused on turning EU climate policy into real, local impact. By fostering collaboration across borders, this workshop aims to move the region from promising pilots to shared, scalable transformation.

Key questions:

1. What are the key financial barriers municipalities in Lithuania, Latvia, and Estonia face in accelerating energy efficiency and renovation, and how could a coordinated regional financing model help overcome them?
2. How can a regional “one-stop” mechanism support cities and residents – particularly in the context of fragmented ownership and limited local capacity – without duplicating or complicating national efforts?
3. What strategies can municipalities use to better engage private homeowners in multi-apartment buildings, and how can financial institutions and public programmes support trust, uptake, and collective decision-making?
4. What enabling conditions (regulatory, financial, and institutional) are needed to unlock building renovation at scale, and how can regional collaboration strengthen these frameworks?
5. What are the concrete next steps that workshop participants (cities, finance actors, and institutions) can take to co-develop a regional finance model that accelerates implementation of the EPBD and related climate goals?

Enclosed you will find a proposal for a workshop program and a list of potential participants.

Self-conception of the workshop

The workshop is organised in cooperation with NZC Mission and the project “Turnaround money II - rethinking municipal finances”, which is funded by the German Environmental ministry as part of the EURENI program.

The workshops will be held in close cooperation with municipalities, municipal companies and associations in 2025.

The workshops should be characterized by an active exchange between key institutions and provide a framework for the development of concrete solution ideas. Lectures and presentations will therefore be kept to a minimum and the focus will be on direct, constructive and professional exchange.

**Draft program for the workshop on 06.05.2025**

<b>Time</b>	<b>Agenda</b>
11:00	Arrival
11:00-11:10	<b>Opening</b> by the organisers <ul style="list-style-type: none"> <li>Moderation by Iryna Bakhcheva and Katia Alarcon, ICLEI Europe</li> </ul>
11:10-11:45	<b>Keynotes:</b> <ul style="list-style-type: none"> <li>Ministerial address – <i>[tbd]</i></li> <li>Blending resources for building renovation: a case study on financing smart retrofitting of Soviet-era apartments in the city of Riga – <i>[name]</i>, <i>Riga Energy Agency [tbc]</i></li> <li>Learning from Europe: One-stop-shop experience in the building sector – <i>[name]</i>, <i>[Bankers without Boundaries, tbc]</i></li> <li>A regional vision for accelerating building renovations – Linda Zeilina, <i>International Centre for Sustainable Finance</i></li> </ul>
11:45-12:00	<b>Transfer to break-out sessions</b> <ul style="list-style-type: none"> <li>Introduction to guiding questions and breakout groups by moderators and workshop partners</li> </ul>
12:00-13:30	<b>Facilitated break-out groups</b> <ul style="list-style-type: none"> <li>3 groups to tackle the overarching question on “enabling conditions for unlocking building renovations at scale”</li> </ul>
13:30-14:15	<b>Lunch</b> (covered by organisers)
14:15-15:15	<b>Presentation of results from the break-out groups</b>
15:15-15:25	<b>Synthesis and next steps</b>
15:25-15:30	<b>Closing</b>

**Draft list of participants (alphabetical order of institutions)**

<b>Institution</b>	<b>Field of expertise/function</b>	<b>Name</b>	<b>Country</b>
<b>ESTONIA</b>			
City of Tartu			Estonia
City of Tartu			Estonia
City of Tallinn			Estonia
Ministry of Climate			
Bankwatch (Estonia)			Estonia
TalTech - Tallinn University of Technology			Estonia
TalTech - Tallinn University of Technology			Estonia
Rego (Association of Local Municipalities)			Estonia  From interview
Environmental Investment Centre KIK			Estonia  From interview
Rohe Tiiger			Estonia From interview
<b>LATVIA</b>			
City of Riga			Latvia
City of Lepaja			Latvia
Bankwatch (Latvia)			Latvia
ERRIN			Latvia
<u>Finance Latvia</u>  Finance Association of Latvia			Latvia
Bank Association of Latvia			Latvia

<b>Institution</b>	<b>Field of expertise/function</b>	<b>Name</b>	<b>Country</b>
<u>Latvian Banking Association • Home page</u>			
Latvian Association of Local and Regional Governments <u>LPS - LPS</u>			Latvia
Ministry of Climate and Energy <u>Sākumlapa   Klimata un enerģētikas ministrija</u>			Latvia
<b>LITHUANIA</b>			
City of Vilnius			Lithuania
City of Vilnius			Lithuania
City of Taurage			Lithuania
ILTE – National development Bank (earlier INVEGA) <u>ILTE   ILTE</u>			Lithuania
Ministry of Energy and Environment.			Lithuania
<b>Organisation und Leitung des Workshops</b>			
ICLEI Europe	Head of Governance Innovation		Niklas Mischkowski
ICLEI Europe	Expert Governance Innovation		Katia Alarcón
ICLEI Europe	Expert Cities Mission Task Group		Iryna Bakhcheva
ICLEI Europe	Junior Expert Cities Mission Task Group		Natalia Lewandowska