CPVA
Central project management agency

Lithuania’s Approach to Measuring Quality of Life and Municipal Performance

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Lithuania’s municipal landscape

10

counties

60

municipalities

Population: 2,886,883 (1 Jan 2026 estimate)

Average municipality: 48,115 residents

Largest: Vilnius city (617,984) Smallest: Birštonas (4,009)

Municipal governance and budgets

Governance

County boundaries provide a regional statistical and administrative frame.

Each municipality has an elected council and a directly elected mayor.

Councils approve local budgets; municipalities deliver local public services.

Budget

Resources include shared personal income tax, local taxes and fees.

State grants finance delegated functions and investment.

Land and real-estate tax choices create locally controlled revenue potential.

Counties do not have elected county governments.

CPVA supports evidence-based municipal planning

Planning and outcomes

The Quality of Life Index supports strategic planning and comparisons over time.

Municipal finances

Property tax analysis examines autonomous revenue potential.

Expenditure models compare historical spending with estimated need across municipal functions.

CPVA helps municipalities compare results and test budget choices using shared analytical tools.

RRF Project: "Assessment of Municipalities' Opportunities to Increase Revenue through Analytical Tools Development"

In December 2023, CPVA completed the project funded by the 2021–2027 EU Recovery and Resilience Facility.

Goal:

To analyze municipal data and indicators, fostering evidence-based decisions to reduce fiscal disparities, increase revenue, and optimize operational funding.

Output:

The project developed analytical tools to enhance financial sustainability among municipalities:

- **Quality of Life Index:** Supports monitoring and planning to improve living standards.
- **Revenue Assessment:** Evaluates efforts to increase autonomous revenue.
- **Expenditure Comparison:** Analyzes municipal spending efficiency.

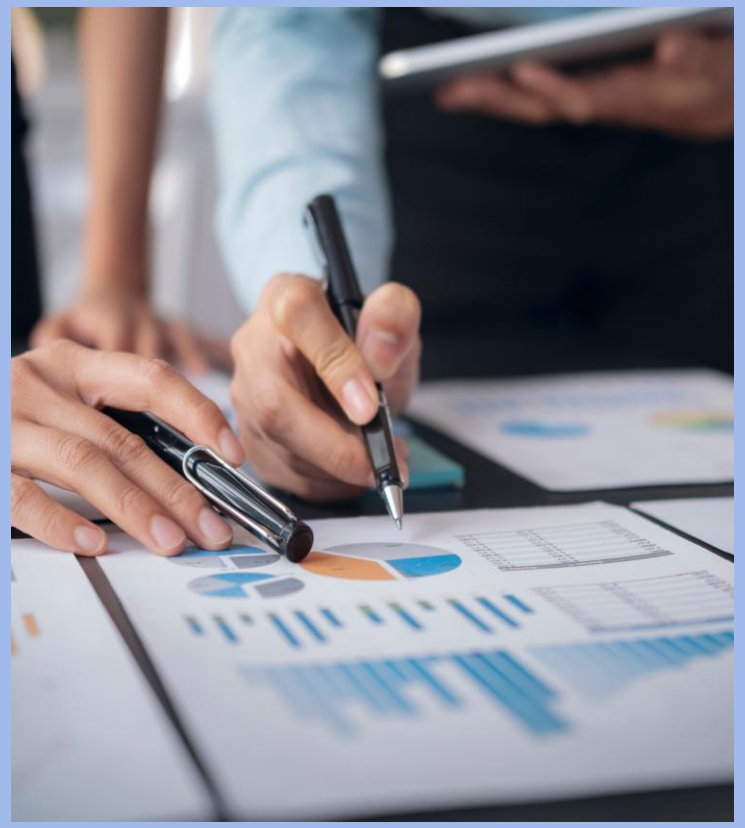
The analytical tools project publication:

https://cpva.lt/wp-content/uploads/2024/03/lietuvos-savivaldybiu-id_anglukalba.pdf



Analytical tools development

Municipal analysis uses about 200 annual indicators



Clusters: 25 contextual indicators define four peer groups.

Quality of life: 40 indicators in six dimensions measure municipal outcomes and change.

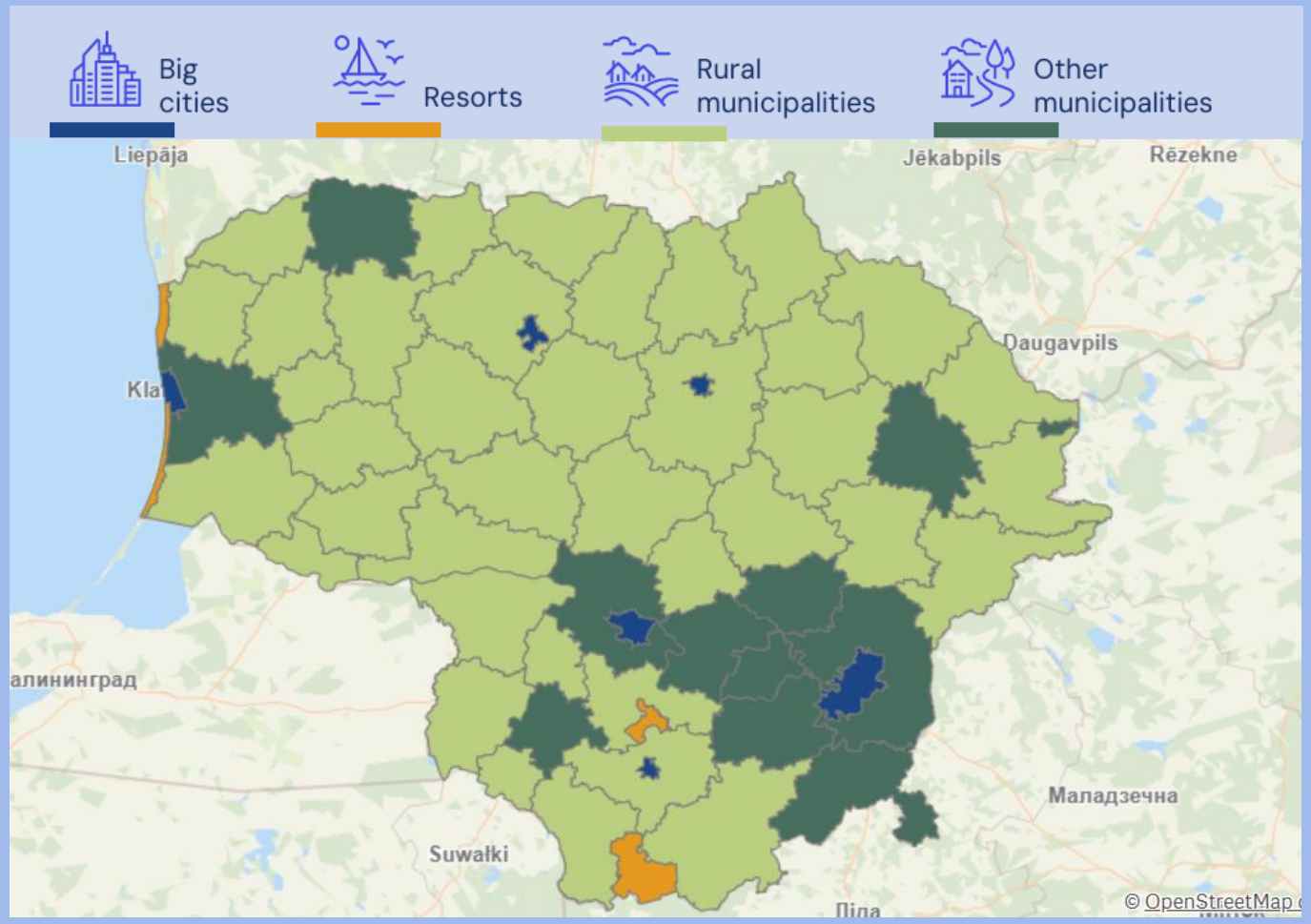
Expenditure: 115 indicators support models by municipal function.

Revenue: 17 indicators assess land and real-estate tax potential.

Data preparation: More than 400 candidates were tested; about 200 were retained.

Clustering of municipalities

Four clusters group municipalities with similar socioeconomic and geographic conditions. Municipalities can compare quality-of-life, revenue and expenditure indicators with a more relevant peer set. A gap is a prompt for local diagnosis before any policy decision.



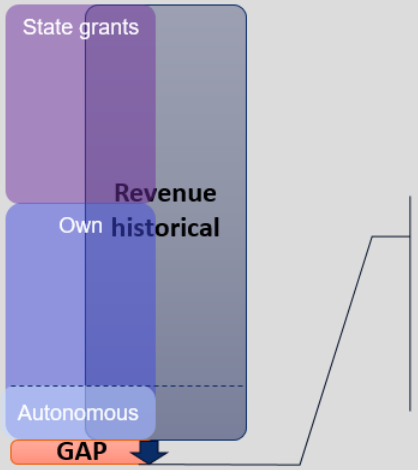
Approach to QLI, Municipal Budget Expenditure, and Revenue gap analysis

Quality of Life Index

The 2024 index used 40 indicators in 6 areas:

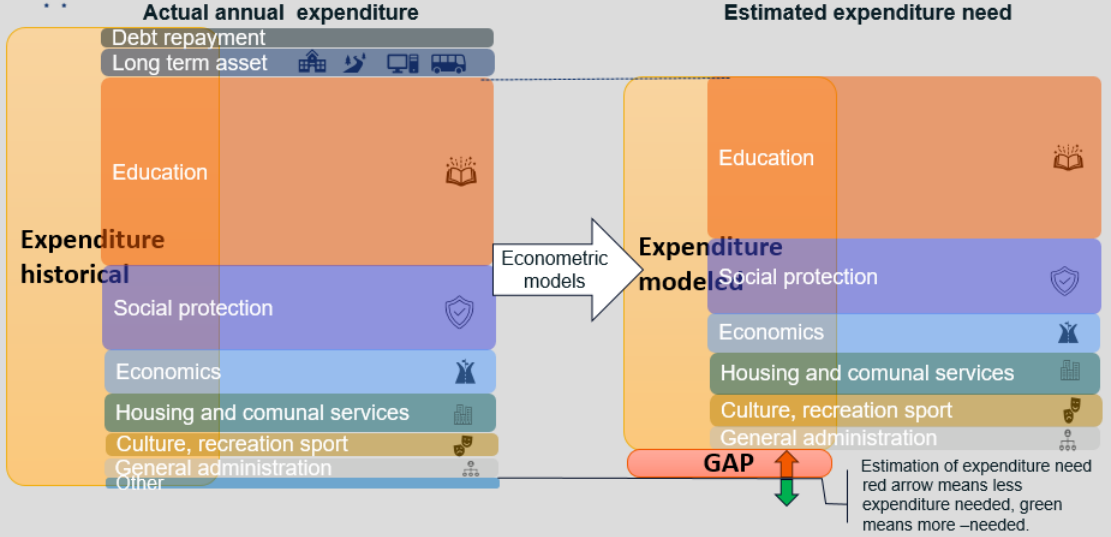


Revenue gap analysis module



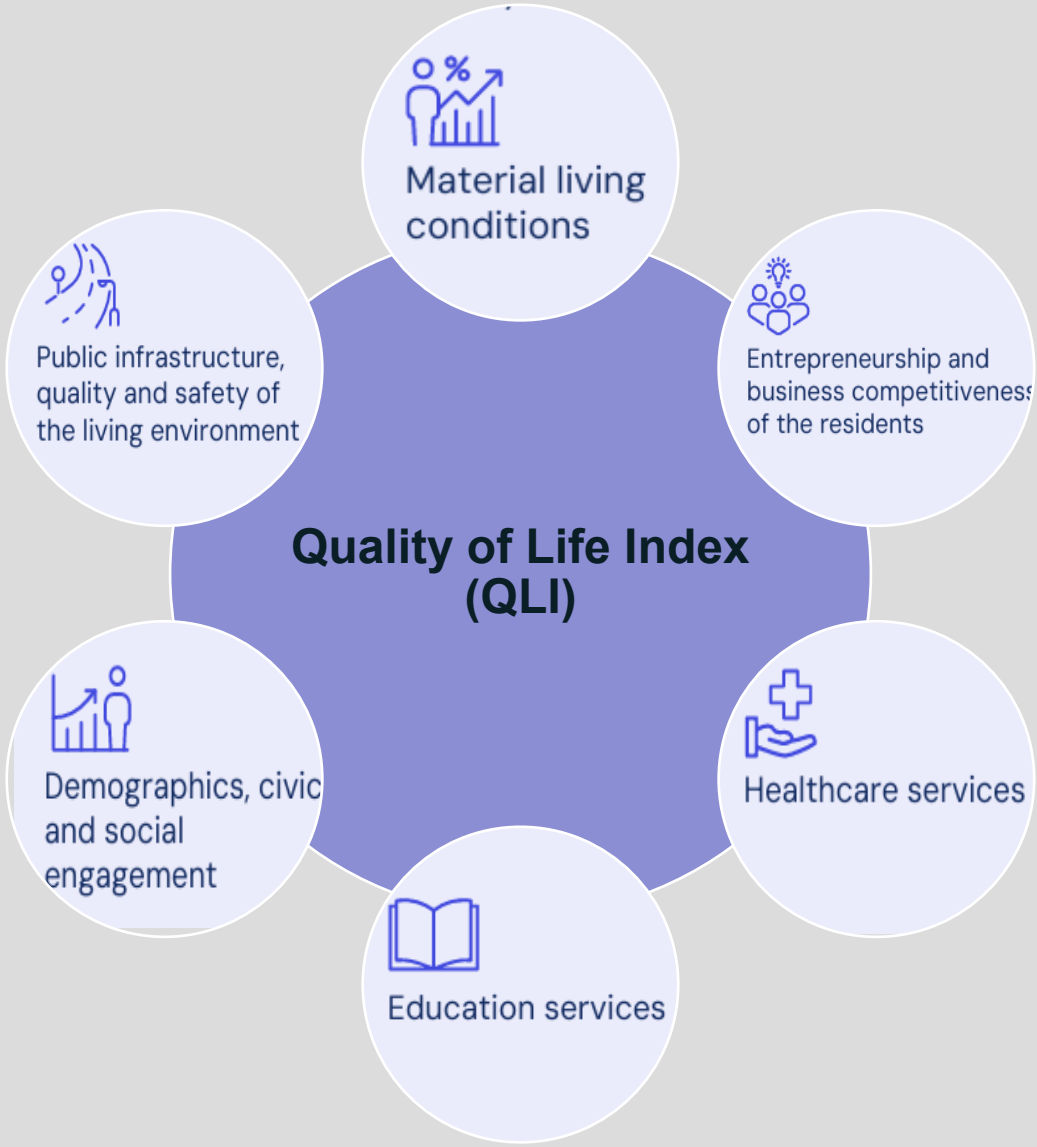
Fiscal capacity of municipality:
Assessment of municipalities' potential to increase their own autonomous revenues from land and real estate property taxes by comparing property tax rates, tax reliefs, and tax bases with the cluster average among the cluster municipalities

Expenditure gap analysis



Quality of Life Index

The 2024 index used 40 indicators in 6 areas:



How the Quality of Life Index informs decisions

Evidence

The 2024 release used 40 indicators across six areas.

The current public series spans 2013–2024; indicator sets vary by year.

Peer-cluster comparisons help separate context from performance.

Use

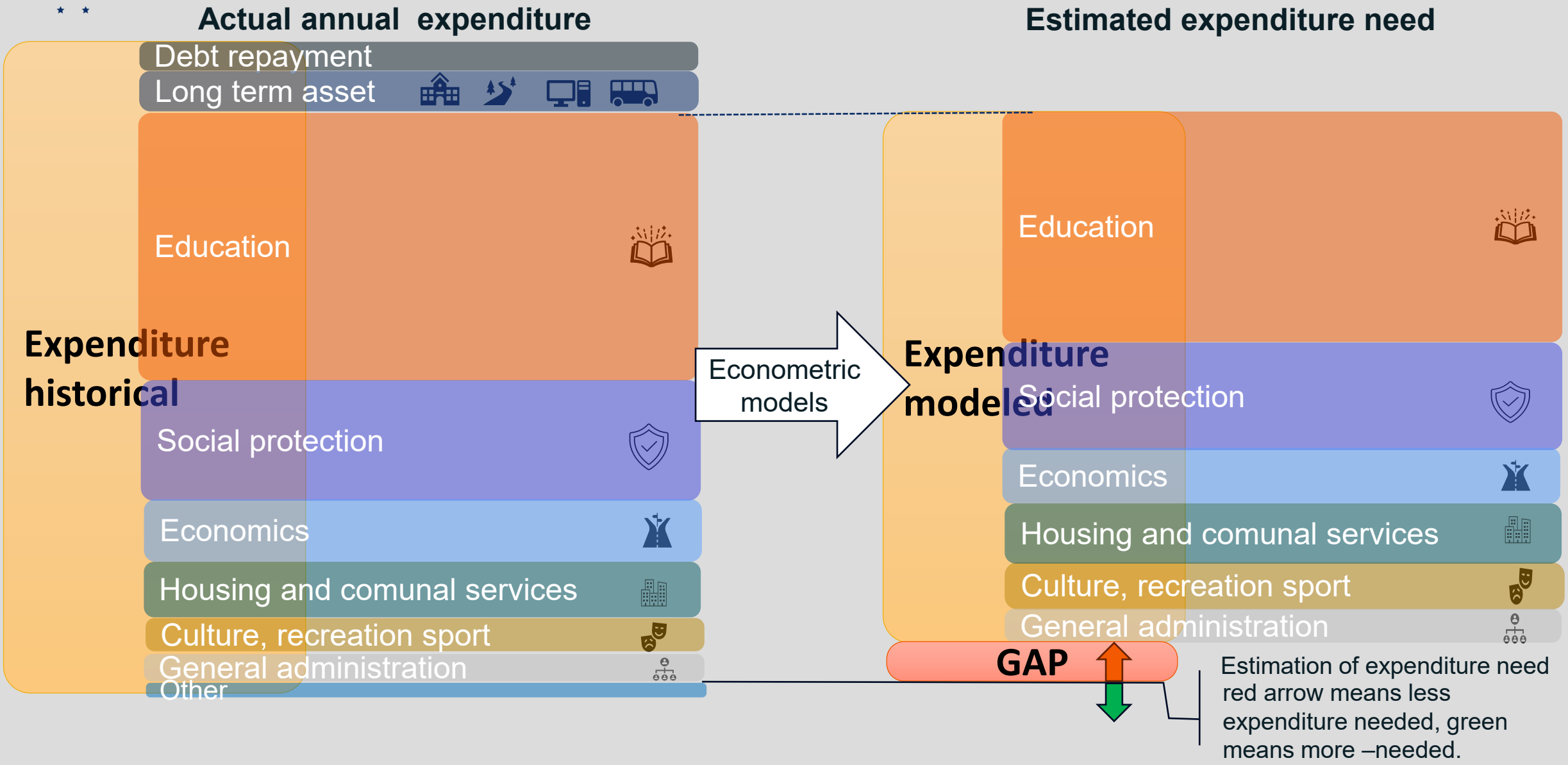
Municipalities identify services or places that need closer examination.

Central government sees differences in territorial outcomes.

In 2024, Vilnius, Kaunas and Neringa municipalities led the overall index.

Source: LietuvosFinansai.lt, Quality of Life Index

Expenditure gap analysis



Expenditure gaps: historical cost and modeled need

Method

Econometric models estimate spending need by municipal function.

Models use recurring costs and data from agencies, ministries and municipalities.

Capital and financial-asset purchases are excluded; gaps flag cases for review.

Interpretation

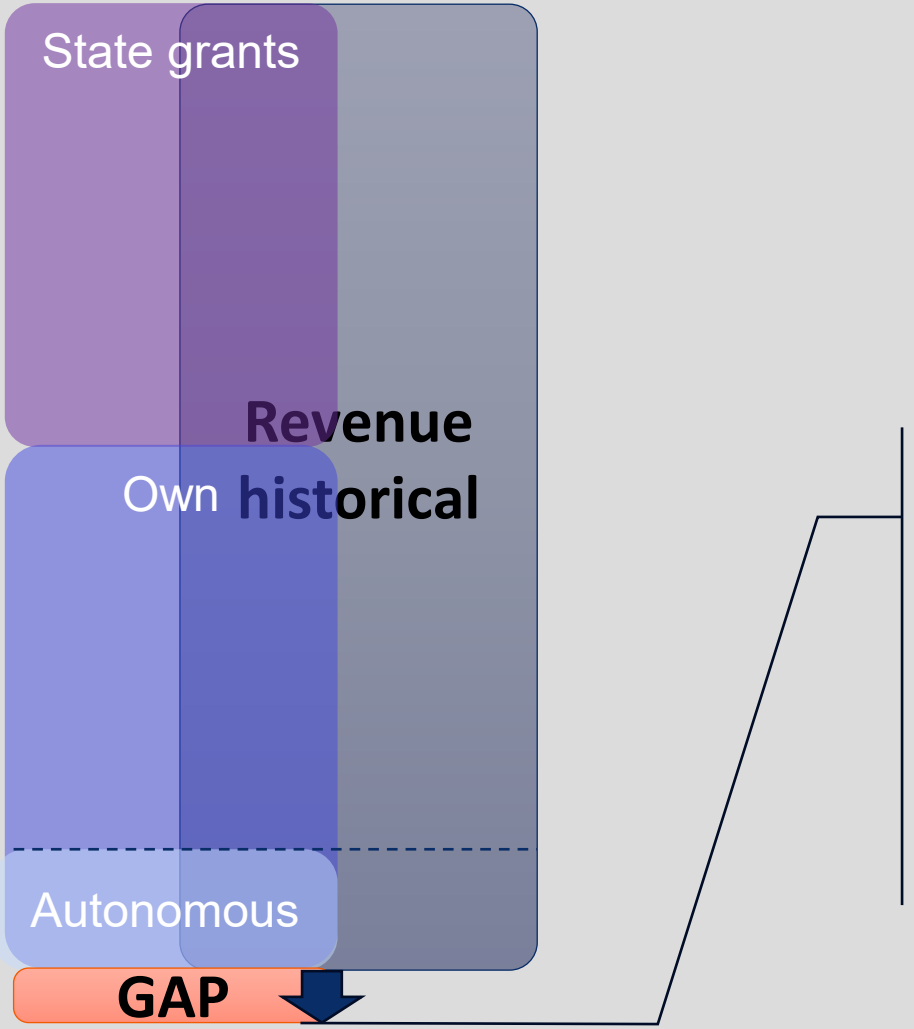
Municipalities test which cost drivers explain a gap.

Central government can compare needs across peer groups.

The gap is diagnostic, not an automatic savings target.

2021 publication example: Rietavas +€263 per person; Neringa −€501 per person.

Revenue gap analysis module



Fiscal capacity of municipality:
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Property revenue gaps: base, rate and relief

Historical analysis

Land and real-estate tax revenues form part of municipal own revenue.

Compare tax bases, rates and reliefs with peer or national averages.

Potential = actual revenue plus rate, relief and base gaps versus benchmarks.

Scenario modeling

Power BI tools can model revenue under alternative assumptions.

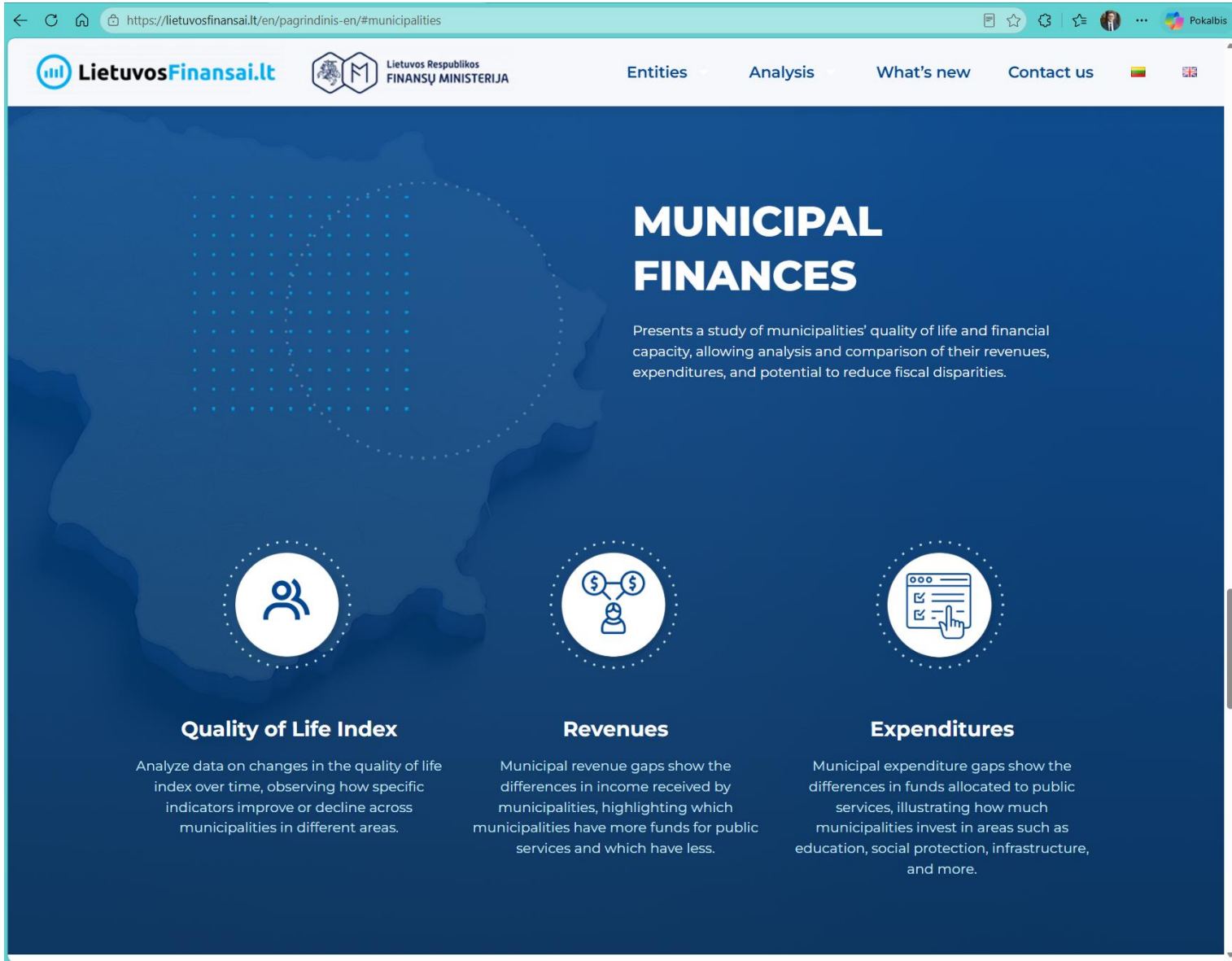
Municipal staff can discuss trade-offs before proposing rates to Council.

Potential revenue is not a guaranteed collectible amount.

Analytical tools and data are publicly accessible

MINISTRY OF FINANCE
of the Republic of Lithuania

- The Ministry of Finance publishes municipal indicators and historical results on LietuvosFinansai.lt.



Historical reports in Qlik

Three public views

Quality of Life Index — Municipal index and dimension-level outcomes

https://lietuvosfinansai.lt/en/lqi-en/

Property revenue gap — Own-revenue comparison and estimated potential

https://lietuvosfinansai.lt/en/mun-ig-header-en/mun-ig-gapmun-en/

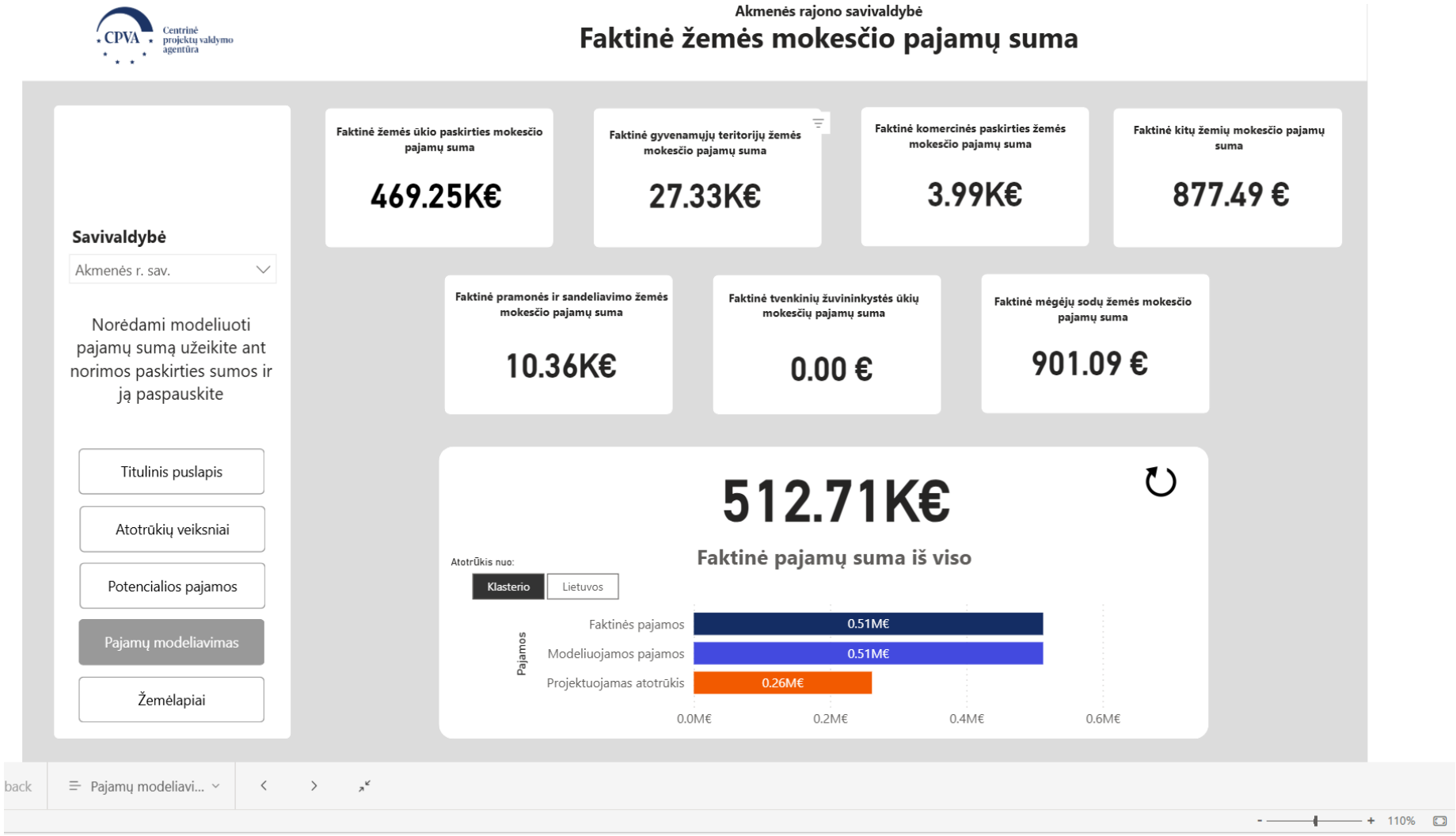
Expenditure gap — Historical spending compared with modeled need

https://lietuvosfinansai.lt/en/mun-eg-en/

Analytical tools for modeling

CPVA hosts the modeling tools:

- land revenue,
- real-estate revenue,
- expenditure.



Power BI tools for forward-looking modeling

Land and real estate revenues

Explore the effects of assumptions on tax base, rates and reliefs.

Compare model output with historical revenue and peer patterns.

Municipal expenditures

Explore modeled spending need by municipal function.

Use the scenario alongside historical costs and local knowledge.

Open CPVA's analytical tools directory

Municipal use and lessons

50

municipalities visited in 2024–26

10

consultations planned in 2026 fall

55%

of 71 survey respondents use the tools

Peer comparisons need local context before budget action.

Municipalities use the index in strategic planning; central government tracks territorial differences.

Annual updates and individual consultations help turn models into decisions.

CPVA consultation and participant survey, January 2026; respondent results are not population estimates.

CPVA Central project management agency

Thank you for your attention!

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Public Institution

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