

Coronavirus response in 2021: building back better

Update on Lithuania (24 June 2021)



European Bank
for Reconstruction and Development

Covid-19 policy response

- **The government's policy response to Covid-19 in 2020, was robust**, amounting to around 11 per cent of gross domestic product (GDP) and focused on income support for vulnerable individuals, liquidity support for businesses and budgetary support for the health sector.
- **The Lithuanian National Recovery and Resilience Plan (NRRP) is based on seven key pillars:** green transformation (37 per cent of total funds), digital transformation (20 per cent), education (14 per cent), healthcare (12 per cent), innovation and science (9 per cent), labour market and social inclusion (5 per cent) and public-sector efficiency (3 per cent).
- **Substantial EU funds are available to help the recovery.** Lithuania is expected to receive €2.2 billion in grants from the bloc, to be used during between 2021 and 2026.

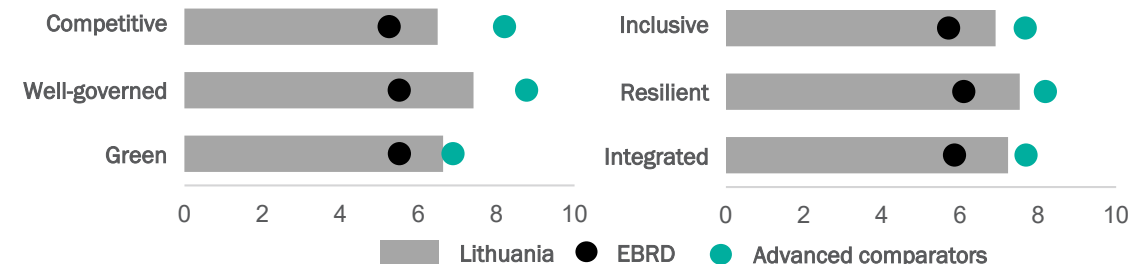
Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	3.9	4.3	-0.9	EBRD GDP growth forecast (June 2021) 2021: 3.0%; 2022: 4.0%
Annual inflation (end-year)	-0.5	0.5	0.0	Quarterly GDP growth: 1.2% y/y (Q1 2021)
Government balance/GDP	0.6	0.5	-7.4	Economic sentiment: 111.6 (May 2021)
Current-account balance/GDP	0.3	3.3	8.3	OMX Vilnius All-Share Gross Index: 938.24 (end May 2021), up 6.2% m/m
Net FDI/GDP	-0.5	-1.9	-1.4	Annual inflation: 3.5% (May 2021)
Public debt/GDP (end-year)	33.7	35.9	47.3	
Unemployment rate (end-year)	6.0	6.6	9.2	

Key short-term priorities

- The government should maintain strong, targeted fiscal support for distressed companies and households.
- Further revenue support is needed for vulnerable workers and other individuals.
- The healthcare sector needs further support to cope with the effects of the Covid-19 pandemic.

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive	More funds are expected to be allocated to create opportunities for jobseekers to learn and acquire high value-added qualifications.
Green	Environmental sustainability is one of the government's key priorities in promoting public and private investments to foster growth and accelerate the economic recovery.
Inclusive	NRRP funds will be allocated to the renewal of vocational training programmes and to incentives for businesses to hire apprentices.
Resilient	The authorities have initiated plans to establish a national development bank and an innovation promotion fund.
Digital	The government has defined five key digital priorities: the transformation of state resources; data management; digital connectivity; digital innovation and electronic services.