## Responding to the Coronavirus Crisis

### Update on Lithuania (06/04/20)

### EBRD Policy Comparator

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<td>Policy rate reduced</td>
<td>LIQUIDITY increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax social sec. cont. def.</td>
<td>Loan subsidies</td>
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### Economic channels of disruption

**Retail services and global value chains**
- Severe lockdown (schools and all non-essential businesses closed) causing sharp halt to the steady economic recovery.
- Retail services, such as retail trade, transport, accommodation and food services, account for 32% of GDP.
- Disruptions in global value chains affect manufacturing in Lithuania, as about 25% of production inputs need to be sourced abroad.

### Crisis response measures to date

**Support for employment and business liquidity**
- State guarantees on loans have been increased, such as through INVEGA, a national financial institution promoting funding for business.
- Eligible for ECB’s Pandemic Emergency Purchase Programme of EUR 750 billion.
- Deferrals extended for income tax, utility bills and mortgage payments.

### Selected crisis impact indicators

**EBRD GDP growth outlook (April 2020)**
- 2020: mild recession
- 2021: strong recovery

**Economic sentiment**
- March ESI 103.1 (down 7.1 points m/m)
- March EEI 102.7 (down 3.8 points m/m)

**OMX Vilnius stock market**
- 604.6 (down 12.1% m/m)

**Selected crisis response indicators**

- **Total value of direct support to firms**: EUR 1.5 billion (3.1% of GDP)
- **Wage subsidies**: up to 60/90%
- **Loan subsidies/guarantees**: EUR 1 billion
- **Compensation for losses of cultural sector**: EUR 4.5 million
- **Enhanced sick leave**: 14 days
- **Compensation to self-employed**: EUR 257 monthly for up to three months
- **Financial Sector**: Lowered countercyclical capital buffers to 0%

### Key short-term priorities

Provide liquidity to the economy, particularly SMEs, and revenue support to vulnerable workers and other individuals.