

# Coronavirus response in 2021: building back better

## Update on Lithuania (06 December 2021)



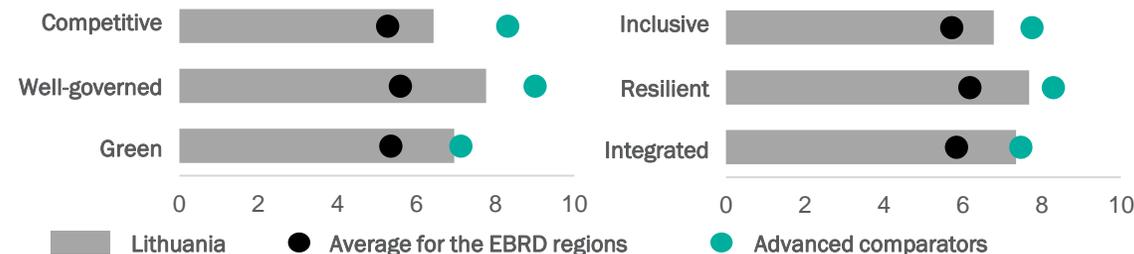
### Covid-19 policy response

- **The government's policy response continued in 2021.** The 2021 budget foresees around 3.4 per cent of GDP for Covid-19-related measures.
- **The European Commission disbursed €289 million in pre-financing** (13 per cent of Lithuania's financial allocation) to start the implementation of investment and reform measures from the national plan. The total national Recovery and Resilience Facility (RRF) allocation consists of €2.22 billion in grants.
- **The draft budget for 2022 projects the prolongation of Covid-19-related support.** Additional funds will go to purchase vaccines and related services, such as a vaccination hotline, IT technology and other means of promotion, as well as the payment of wage supplements for medical staff.

### Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	4.0	4.6	-0.1	<b>EBRD GDP growth forecast (Nov 2021)</b> <b>2021: 4.5%; 2022: 4.0%</b> Quarterly GDP growth: 6.0% y/y (Q3 2021) Economic sentiment: 107.8 (November 2021) OMX Vilnius stock market: 960.68 (November 2021, up 0.9% m/m) Annual inflation: 8.2% (October 2021)
Annual inflation (year end)	1.8	2.7	-0.1	
Government balance/GDP	0.5	0.5	-7.2	
Current-account balance/GDP	0.3	3.5	7.3	
Net FDI/GDP	-0.5	-2.3	-1.1	
Public debt/GDP (year end)	33.7	35.9	46.6	
Unemployment rate (year end)	6.7	6.9	9.5	

### EBRD assessment of transition qualities (ATQs), 2021<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- New measures to attract foreign direct investment are aimed at easing administrative procedures, especially for large investors in manufacturing, information and communications technology (ICT) or data processing.

#### Green

- In line with Latvia's green transition goals and Renovation Strategy, the energy efficiency of old residential buildings is expected to increase by at least 40 per cent.

#### Inclusive

- EU funds will be used for the balanced development of the country, with planned investments in 10 regional centres in order to capture regional economic potential.

#### Resilient

- The Centre of Excellence in Anti-Money Laundering, a model of public- and private-sector collaboration, has begun to identify and manage the risks of money laundering.

#### Digital

- With five key priorities set out in the New Generation Lithuania plan, digitalisation investment will focus on strategic sectors, such as public administration and SMEs.

### Key short-term priorities

- Social and labour disparities should be better addressed, with further investment in education in rural regions, re-training and more digital services.
- Energy sustainability needs to be strengthened further, including the implementation of offshore wind farms in the Baltic Sea and other renewable energy sources.
- The five-year development plan for the fintech sector should be implemented vigorously.

To learn more about the EBRD's support for Lithuania, visit: <https://www.ebrd.com/lithuania.html>.

<sup>1</sup> For more details on ATQs, see EBRD (2021), *Transition Report 2021-22: System Upgrade: Delivering the Digital Dividend*, London.