

2020-03-16 EUR 5 billion for public health and the national economy

Ambitious, showing solidarity, effective and therefore significant: this is a plan that today the Ministry of Finance has submitted to the Government together with the Ministry of Social Security and Labour, the Ministry of Economy and Innovation, the Ministry of Health, and the Bank of Lithuania. It is planned that 10% of the country's gross domestic product (GDP) will be allocated for the implementation of all measures, which will amount to EUR 5 billion. This is an unprecedented injection of the Government into the country's economy.

‘A non-standard situation requires analogous solutions. That is why today we approved an unprecedented injection of the Government into our country's economy. It is planned that 10% of the country's gross domestic product (GDP) will be allocated to the implementation of all measures, which will amount to EUR 5 billion. This money will be used to secure employment, health and security for the population, and no doubt it will help business and stimulate the economy’, says Prime Minister Saulius Skvernelis.

‘We have put in place an effective plan that focuses on ensuring the health of the population, helping small and medium-sized businesses, and stimulating employment and the economy. The situation is extraordinary, hence only mutual understanding, cooperation and decisive actions will determine the future of our country's economy. We will closely monitor the situation, listen to suggestions and supplement the Action Plan. Public authorities, business and society – we need to show solidarity and act together to mitigate as much as possible the negative effects on the economy and the social environment’, says Minister of Finance Vilius Šapoka.

EUR 500 million to ensure necessary resources for the efficient operation of health and public security systems

The focus is on purchasing personal protective equipment, reagents, medical and other equipment. The Economic and Financial Action Plan also provides for additional financing for health care, including staff bonus payments and additional social guarantees for health care workers and officials working in areas affected by COVID-19 disease. In addition, funds will be made available for additional funding for public authorities involved in emergency management, including employee bonus payments. It also provides solutions for quicker and simpler public procurement, which is essential to safeguard public health at the time of the emergency situation. EUR 500 million have been earmarked for the implementation of these measures.

EUR 500 million for jobs and personal income protection

The Economic and Financial Action Plan provides for EUR 500 million for preservation of jobs and income. The following support for downtime and partial downtime will be made available: employee allowance no less than a minimum monthly wage (MMW), State funds will account for 60% but no more than one MMW. It is also intended to extend the provisions of the Artists Social Security Programme and to allocate additional funds for its implementation. In the case of quarantine in educational institutions or social care and employment centres, a provision is made to receive sickness benefits for the care of children and the disabled. It is also planned to allocate funds for the self-employed who have paid social security contributions: to pay EUR 257 a month for up to 3 months when they are unable to carry out their activities due to quarantine, and to provide a state guarantee to extend the deferred period from 3 to 6 months for mortgage payments (excluding interest) for those who have lost their jobs. Also, to allow deferment or payment in instalments of electricity and natural gas bills from UAB Ignitis, and to recommend to municipalities to allow deferment or payment in instalments of utilities and heat energy.

EUR 500 million to maintain business liquidity

The plan provides for immediate tax loans, deferred payments or payment in instalments in accordance with the agreed schedule without interest; stopping recovery actions on the basis of criteria of reasonableness; exemption of taxpayers from fines and penalties; possibility to defer payment of personal income tax; to increase the guarantee limit for the Agricultural Credit Guarantee Fund and INVEGA by EUR 500 million and to extend the terms of the guarantee provision; to allow businesses deferment or payment in instalments of payments for the electricity and natural gas consumed from UAB Ignitis. It is also recommended that municipalities exempt businesses from the commercial real estate and land taxes, and recommended that municipalities be allowed to defer or schedule instalment payments for utilities and heating energy.

EUR 1 billion to boost the economy

The Economic and Financial Action Plan also provides for accelerating investment programmes by accelerating payments and increasing the intensity of funding. Also, it plans to reallocate EU investment funds to health, employment and business, accelerate the use of public budget funds for running costs, to use all funds from the Climate Change and Road Maintenance and Development Programs and to accelerate renovation of apartment buildings. In addition, it is planned to

recommend the Bank of Lithuania to take the following measures to increase the lending potential of banks by EUR 2.5 billion:

- 1) Reduction of capital adequacy requirements for credit institutions;
- 2) Reduction of liquidity reserves;
- 3) Reduction of other supervisory measures.

Furthermore, an additional EUR 500 million is foreseen to be set as State guarantee limit to create or supplement existing financial instruments when the State assumes primary risk. Also, to establish a COVID-19 Mitigation Fund, which will be open to donations from legal and natural persons.

COVID-19 Mitigation Fund account No.: LT 56 1010 0000 0853 2407.

EUR 1 billion economy stimulus package will be made up of EUR 500 million of additional investment and EUR 500 million of additional guarantees.

Ensuring liquidity of the Treasury

The Economic and Financial Action Plan provides for the right for the Government to borrow an additional EUR 5 billion.

Please send proposals for additional economic and financial measures to rsvp@finmin.lt.

A presentation of the Action Plan can be found [here](#).