

## Chapter 2

# Covid-19 pandemic impact on business: Case of Lithuania

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### 2.1. Introductory remarks

Covid-19 pandemic impacted the economy of every country and changed the typical routine of every person and company regardless the size, type of activity, or other parameters. The unfolding Covid-19 crisis challenges people, households and firms in unprecedented ways. Disrupted supply chains, containment measures limiting economic and social interactions and falling demand put people's jobs and livelihoods at risk (OECD, 2020). After the first shock and strict quarantine terms, some businesses started looking for new performance ways and creatively adapted their activity to changed conditions. However, many companies could not reorganise their activity under new terms and faced serious liquidity and business continuity

issues. Governments of different countries, Lithuanian as well, established new tools to support business and mitigate the consequences of the Covid-19 pandemic.

Various scientists analysed the Covid-19 pandemic in different aspects. Lithuanian authors Karsokienė & Dromantienė (2021) analysed the impact of the Covid-19 pandemic on the world economy on the example of the tourism industry. Šidlauskaitė-Riazanova (2020) assessed the demand impact on the EU economy in the context of globalisation, and Kanapickienė, Keliuotytė-Staniulėnienė, Teresienė, Budrienė, & Valukonis (2021) analysed indirect measures governments took to mitigate the effects of the Covid-19 pandemic. Del Rio-Chanona, Mealy, Pichler, Lafond, & Farmer (2020) investigated supply and demand shocks in the Covid-19 pandemic from an industry and occupation perspective; Susskind & Vines (2020) assessed the economics of the Covid-19 pandemic and emphasised the global aspect of the crises and the need for international cooperation. Lee & Han (2021) provided insights on stimulating new thinking about the changing nature of services, service work and workers, and service experiences during and after the Covid-19 pandemic in 2020, mainly focusing on digital service technology. White & McCallum (2021, p. 1) analysed Covid-19 and its impact on Education. Rowthorn & Maciejowski (2020) made a cost-benefit analysis of the Covid-19 disease. Gerard, Imbert, & Orkin (2020) analysed options for social protection response to the Covid-19 crisis in developing countries. Giese & Haldane (2020) investigated the resilience of the financial system, in particular banks, during the Global Financial Crisis and Covid-19.

The literature analysis shows that scientists analysed very different aspects of the Covid-19 crisis as the pandemic impacted various economic, political, social, cultural and other aspects. However, this chapter investigates the Covid-19 impact on Lithuanian business and governmental support tools to prevent the consequences of the crisis. The research aims to evaluate the Covid-19 impact on business in Lithuania. The research deployed a long-term empirical dynamic study based on statistical and other available open data sources, including the methods of systematisation, comparison and summary of information.

## 2.2. General overview of economic situation in Lithuania

Despite the global slowdown, Lithuania's economy maintained its rapid growth until 2019, reaching 3.9%. Economic growth was driven mainly by private consumption and investment (reaching 7.4%). It was stimulated by the government's decisions related to increasing the population's income and strengthening incentives to invest, implementing foreign direct investment and investment projects financed by the European Union (EU).

In order to optimise profits, Lithuanian entrepreneurs continued to invest in automation, technological renewal, innovation and other measures to increase performance efficiency and productivity. Domestic consumption was supported by the good financial situation of households, which was a key factor in economic activity in the first half of the year. Robust wage growth and low inflation (2.2%) boosted household disposable income and consumption throughout 2019. Rapid investment growth (reaching 7.4%) was supported by the private sector's investment in machinery and equipment and the construction of non-residential buildings and structures that were co-financed from EU funds. The tightening of the labour market reached a plateau, as the unemployment rate stabilised at 6.3%. While wage growth in the private sector lost some steam, the general wage growth in the country remained buoyant and reached 9% (Lietuvos Bankas, 2020).

During the downturn, the labour market and the overall economic developments tend to vary. Although, at the end of 2020, Lithuania's economic activity lagged behind its pre-pandemic levels with a 0.8% drop in GDP and an inflation rate of 1.1%, the country's economic contraction during the second wave of Covid-19 has been relatively mild. At the end of 2020, a rise in construction works contributed to the growing levels of economic activity in Lithuania. With recovering international trade in Lithuania's export partners and other countries, manufacturing production grew substantially in late 2020 and early 2021. The intensive use of EU funds and more active public sector investment allowed for more civil engineering projects.

In contrast, the service sector's situation deteriorated when the second pandemic wave gained momentum. The most significant change was observed at the end of 2020, when more economic activities and mobility restrictions were imposed. Retail trade volumes fall once again in late 2020 and early 2021. Their total decrease amounted to around 11% compared to 17% during the first wave of the pandemic in the first half of 2020. In the second quarter of 2020, when Lithuania's economy experienced the hardest hit from the pandemic, employment did not decrease as much as real GDP. However, when the economy started recovering in the second half of the year, employment did not bounce back as much as the overall economic activity.

At the end of 2020, economic activity almost approached its pre-pandemic levels, whereas more than half of residents who had lost their jobs did not manage to find new ones (Lietuvos Bankas, 2021a). The global economy recovered from the pandemic slump, with vaccination rates rising. However, the recovery of various economies has been uneven, with variations in recovery rates across countries mainly resulting from different paces of vaccination and volumes of fiscal support.

Despite restrictions during the second wave, the GDP growth was 4.9% in 2021. Lithuania's exporters continued to increase their sales. The most considerable

boost to the growth of exports came from the chemical and furniture industries. Many other manufacturing industries also contributed to higher export volumes. Successful expansion in external markets, the robust financial health of the country's undertakings and new highs in industrial capacity utilisation positively affected business expectations, fuelling the recovery of the private sector's investment. A fall in external demand following the onset of the pandemic and uncertainty over the global economic outlook triggered a slump in investment. Favourable dynamics in the tradable sector facilitated the continuation of labour market developments favouring workers. This, coupled with reopening other activities and general government decisions, led to improvements in household disposable income and expectations. However, an increase in household consumption expenditure was relatively moderate even though the government eased the lockdown restrictions substantially, and household disposable income continued to exceed the expenditure far. At the same time, the country's households maintained their saving rate at a historically high level. Employment has been growing in the country since the beginning of this year, reversing the slump suffered in 2020.

In addition, the number of people at work returned to the pre-pandemic level in the middle of the year. The pickup of hiring has increasingly brought to light the problem of labour shortage, which was evident even before the pandemic and has also been one of the leading causes behind remarkably rapid wage growth. Salaries recorded double-digit growth on average in both the private and the public sectors. Such average wage dynamics were driven considerably by the government's decisions to raise salaries in the public sector and for the lowest-income earners. The room for such rapid wage growth was also provided by the decisions made during the pandemic to bolster operational efficiency and adapt to the pandemic conditions, which enabled Lithuania's businesses to achieve significant productivity gains.

In fact, the pace of productivity growth in Lithuania was among the fastest across the EU in 2020 (Lietuvos Bankas, 2021b). In 2021 Lithuania's real GDP growth was reduced by declining exports to China, disruptions in the supply of raw materials, slower transport sector development due to the EU mobility package, and slower growth of total external demand. Continuing supply chain disruptions due to the pandemic led to the stagnant growth in public investment and construction sectors.

On the other hand, Lithuanian business and the households' financial position were strong, alleviating the challenges facing households due to inflation. The increase in savings rates and savings during the pandemic was expected to be used to amortise the negative impact of inflation on household consumption. The shortage of employees forced growth of salaries (up to 5.1% at the end of 2021). Relatively strong domestic demand has facilitated shifting of increase of cost in the prices of consumer goods and services. In this case, the growth of energy and raw material costs was

particularly important. The impact of domestic factors on price growth became more pronounced and signalled an accelerating rise in service prices.

Under current circumstances of the war, as hostilities broke out and Western governments and businesses took retaliation, dramatically increased uncertainty, significant additional effects began to emerge as changes in the outlook for economic development. Due to the imposed sanctions, voluntary refusal of Lithuanian business to trade with aggressive markets, difficulties with transportation and payments, exports to Russia, Belarus and Ukraine could shrink by two-thirds (export to Russia amounted to 6%, to Ukraine – 3%, and Belarus – 3% of all Lithuanian exports). Increased uncertainty in world markets may worsen household and business expectations in Lithuania. Their confidence will deteriorate to a level close to that observed by other crises (e.g., at the beginning of the Covid-19 pandemic or the beginning of a global financial crisis). The expected real GDP growth in 2022 may be 0.4%, and average annual inflation –10.5% (Lietuvos Bankas, 2022). As a general economic overview reveals, Lithuania and other countries still face uncertainty and dramatic changes in the domestic and global economic environment, and state support tools may increase resilience to such circumstances for the business.

### 2.3. Lithuanian Covid-19 support tools

At the beginning of 2020, when the global Covid-19 pandemic struck countries and enforced to adjust strict restrictions directed to save human lives, the same restrictions stopped most business activities. In order to mitigate the effects of the pandemic on business, governments have used a variety of support tools.

Due to the unfavourable situation caused by Covid-19, the Government of the Republic of Lithuania has planned to allocate EUR 500 million to preserve jobs and income of the population, EUR 500 million – to maintain business liquidity, and EUR 1 billion – to stimulate the economy. Special financial instruments have been prepared in Lithuania, and existing instruments have been expanded, supplemented and adjusted to reduce the consequences of economic shock. Business support tools include (*Patvirtintas ekonomikos skatinimo...*, 2020):

- Preservation of jobs for up to 3 months by covering part of employees' wages for downtime or partial downtime. The employee must be guaranteed a benefit of at least minimum wage (EUR 607 in 2020). The tool distributes 60% of public funds but not more than the minimum wage (EUR 250 million).
- Preservation of business liquidity (EUR 500 million): grant of tax loans with deferred instalments on an agreed schedule, without interest; exemption of taxpayers from fines for late payment of tax obligations; compensation of paid

interest from 50 to 100 percent for small and medium-sized enterprises; increase the guarantee limit for the Agricultural Loan Guarantee Fund and INVEGA by EUR 500 million and extend the conditions for granting guarantees; etc.

In 2020, 105 329 entities (companies and self-employed persons) received support in different forms at a total amount of more than EUR 1.123 billion, and in 2021 – 105 652 entities at more than EUR 713 million. All support tools may be classified as compensations, subsidies, loans, and other financial instruments. Leading institutions actively involved in the business support process were the Ministry of the Economy and Innovation of the Republic of Lithuania, the financial entity Investment and Business Guarantees (INVEGA), the State Social Insurance Fund Board, Customs of the Republic of Lithuania, Lithuanian Public Employment Service. From 2020 to 2021, the most significant part of the support was provided by the Ministry of the Economy and Innovation of the Republic of Lithuania (MEIRL) and the Lithuanian Public Employment Service (LPES). Support for business by the institutions was provided for almost half of all supported entities in the form of subsidies and compensation of market charges and reached more than EUR 342 million (MEIRL) and more than EUR 1.164 billion (LPES), respectively. The second most prominent provider of business support is INVEGA. During the last two years, INVEGA distributed support in the forms of compensations and loans and other financial instruments for more than 7000 entities for more than EUR 300 million (except guarantees for loans). Support of the State Social Insurance Fund Board, Customs of the Republic of Lithuania made more than EUR 28 million. Information on the support for business and self-employed persons under an individual activity in the form of subsidies provided by the Ministry of the Economy and Innovation of the Republic of Lithuania, Lithuanian Public Employment Service, the State Social Insurance Fund Board, Customs of the Republic of Lithuania is presented in Figure 2.1.

Figure 2.1 shows that in 2020 and 2021, more than EUR 645 million were distributed to almost 52 000 enterprises, which takes approximately EUR 23 640 per entity in the form of subsidies for salaries and wages, and more than EUR 518 million to almost 50 000 enterprises, what makes almost EUR 21 000 per entity in the form of subsidies for downtime. Other rather significant amounts of support were distributed in the forms of subsidies to 36 820 micro enterprises (EUR 99 million), subsidies for almost 20 000 companies with a loss of turnover of more than 30% and 50% (more than EUR 137 million).

An essential role in the process of business support was played by INVEGA (2022b). INVEGA's operations aimed to implement State-financed measures intended to support small and medium-sized enterprises (SMEs) at the stages of activity commencement, implementation and development to create and/or retain jobs and improve competitiveness.

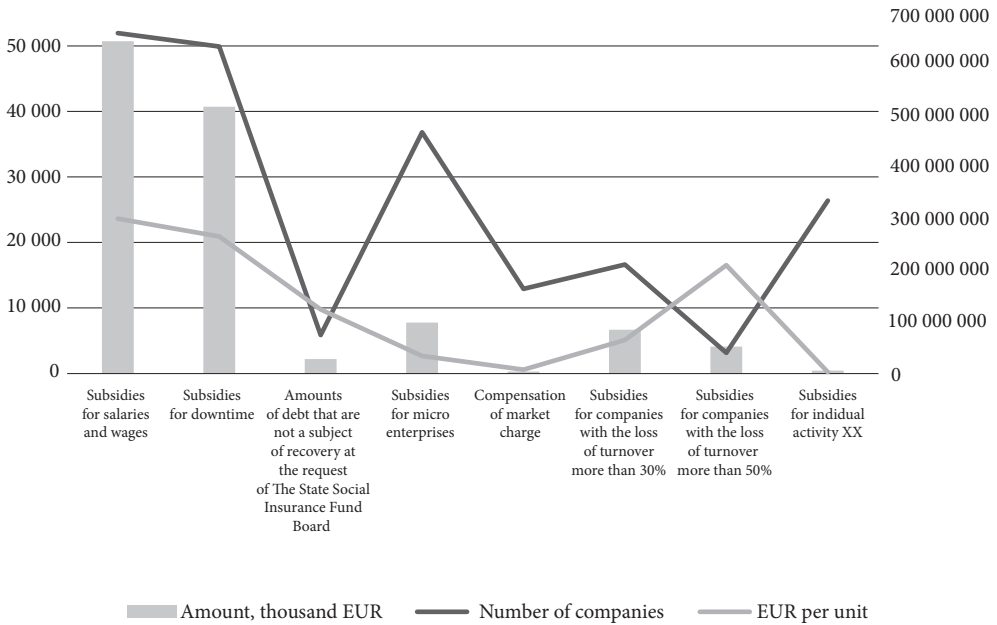


Figure 2.1. Subsidies for companies and self-employed persons 2020–2021

Source: own study according to <https://eimin.lrv.lt/lt/naudinga-informacija-1/informacija-verslui-del-covid-19/priemones-verslui, 2022>.

Over the reporting period, some of the INVEGA’s measures and activities were implemented and financed using State budget funds, monies returned to the controlling funds managed by INVEGA and monies from the 2014–2020 European structural and investment funds (INVEGA, 2022a). Information on completed or suspended support tools for business is provided in Appendix 1. Active business support tools are presented in Appendix 2.

During the period 1.02.2020–31.12.2020, only through the tools of Covid-19 by INVEGA was allocated EUR 366.71 million and total support amount reached more than EUR 526 million to business through various financial and grant instruments (INVEGA, 2020). 48% of allocated support from the State budget was used on average. The smallest part of the support was used for the long-term tool ‘Loans for travel service providers’ (16%), ‘Loans for providers of accommodation and catering services’ (52%), which ended in 2021, and ‘Portfolio guarantees for loans 2’ (22%). Other business support tools were allocated almost in total capacity (‘Partial compensation of lease payments for businesses most affected by Covid-19’ by 88%, 6341 companies; ‘Loans for invoices payable’ by 99%, 259 companies; ‘Loans to businesses most affected by Covid-19’ by 100%). During 2020 and 2021 the tool

of 'Loans for providers of accommodation and catering services' distributed EUR 19.2 million to 57 companies, although the 'Compensation of Covid-19 testing for employees' tool was used only by almost 3% and 255 companies. The first phase business support tool, 'Direct Covid-19 loans', took 96% of the allocated EUR 36 million amount. It was distributed to 887 companies (INVEGA, 2022c). Generally, from March 16, 2020, the financial support provided to the business by the National Development Agency INVEGA only for Covid-19 business support tools amounts to more than EUR 400 million. Since the beginning of the pandemic, INVEGA has offered nine different Covid-19 support tools to legal and physical entities to help them face the financial challenges posed to businesses by this crisis (INVEGA, 2022d). It helped to mitigate the destructive influence of the crisis on business.

## 2.4. Analysis of Covid-19 impact on business

Despite the primarily negative Covid-19 impact on business, some companies found a way to reorganise their activity and even experienced growth. Others – did their best to survive with the help of support. Figure 2.2 shows the annual turnover fluctuations of non-financial enterprises during the 2016–2020 period according to different activities. All calculations are made according to the latest available data from the Ministry of Economy and Innovation of the Republic of Lithuania (Lietuvos Respublikos ekonomikos ir inovacijų ministerija, 2022) and Lietuvos statistika (2022) which does not include 2021 year, which makes a limitation of the research.

Figure 2.2 presents information by separating activities into two groups: activities – in line – which had not harmed the turnover during the Covid-19 pandemic started in 2020, and activities – in columns – which were affected by the decrease of turnover. Generally, the decrease reached 1.41% at the total level, which is not significant, although the decrease of turnover of 'Accommodation and food service activities', as well as 'Arts, entertainment and recreation', took a quarter of the previous year. In 2020 by 17.51%, decreased the level of turnover of 'Administrative and support service activities', by 6.93% – 'Electricity, gas, steam and air conditioning supply', by 6.33% – 'Education', and by 5.44% – 'Manufacturing'. In 2020, the turnover of 'Transportation and storage' and 'Forestry and fishing' decreased by less than 3%.

Besides, micro and small enterprises (up to 19 employees) managed the Covid-19 pandemic better as their total turnover in 2020 slightly increased (up to 1.54%), whereas the decrease in the turnover of medium and large enterprises was made around 2.5%. The more profound analysis shows that the total gross operating surplus in non-financial enterprises made an average 10% annual increase during the analysed period, which may indicate positive results of the main activities. However, negative tendencies of gross operating surplus in 2020 were observed



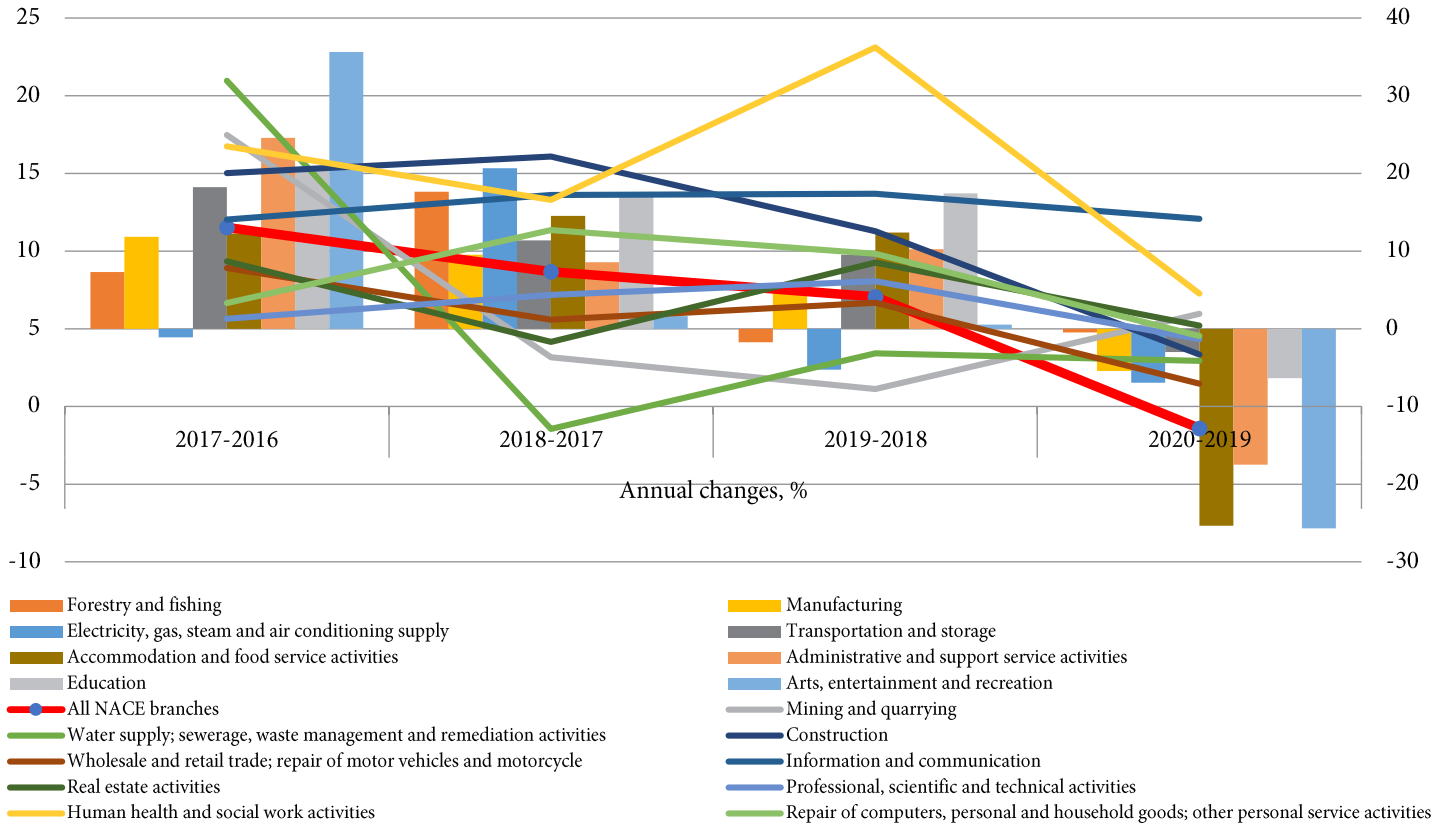


Figure 2.2. Changes in turnover of non-financial enterprises according to the types of activities, 2016–2020

Source: own study according to (Lietuvos statistika, 2022).

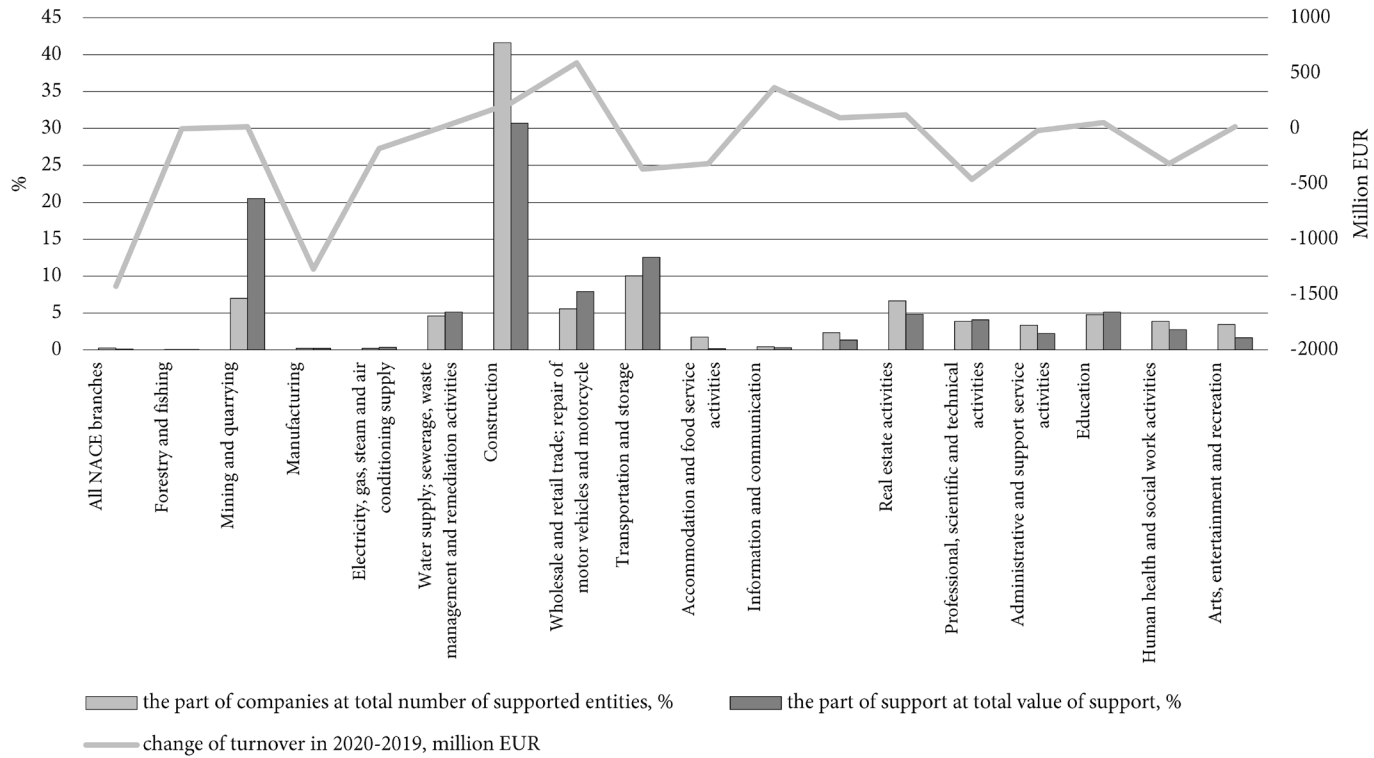
in 'Forestry and fishing activities' (decrease by 8.29%), 'Transportation and storage' (by 3.15%), 'Accommodation and food service activities' (by 40.46%), 'Administrative and support service activities' (by 2.44%), 'Arts, entertainment and recreation' (by 11.97%). Increase of gross operating surplus in non-financial enterprises in other types of activities in 2020 made from 3.92% in 'Real estate activities' to 28.43% in 'Electricity, gas, steam and air conditioning supply'.

The effect of the Covid-19 pandemic did not reflect on the total results of all types of activities as, in general, the net profit margin made around 5.62% during the analysed period and in 2020, the margin increased by 1.19 percentage points compared with 2019. That may indicate good business abilities to manage the situation and purposeful support tools.

Despite the possibility of using subsidies for employees, in total, the number of employees in 2020 decreased by 3.70%, whereas in previous years the average annual increase of this number was around 2%. The decrease in the number of employees in micro and small companies was highest and made 15.19% and 3.16%, respectively. The fall in the number of employees was observed in all types of activities in 2020, with some insignificant exceptions.

However, personnel costs in non-financial enterprises in 2020 increased by 3.07%, which was almost three times lower than the annual growth of previous years. Such tendency is reflected in all types of activities except for 'Accommodation and food service activities' with a drop in personnel costs by 8.06%, 'Administrative and support service activities' – by 2.16%, 'Education' – by 4.45 % and 'Arts, entertainment and recreation' – by 12.19%. Those were the activities which were affected by the Covid-19 pandemic the most.

As the total decrease of turnover of all activities' types in 2020 in comparison with 2019 made more than EUR 1.425 billion, the total amount of business support this year made EUR 1.123 billion. Although the distribution between different types of activities was rather disproportionate as the most considerable amount of support was distributed for enterprises of 'Wholesale and retail trade, repair of motor vehicles and motorcycle activity' (almost 41% received almost 31% of all support in 2020) and for activities affected more significantly the support was provided at a lower level: 10% of 'Accommodation and food service activities' enterprises received almost 13% of total support amount in 2020, almost 4% 'Administrative and support service activities' enterprises – 4% of total support amount, more than 3% of 'Education' – more than 2% and almost 4% of 'Arts, entertainment and recreation' – almost 3% (see Figure 2.3). The number of enterprises in 2020 increased by more than 7500, which made around 70% of the average number of enterprises growth during the last five years. Although despite the significant support for enterprises of 'Wholesale and retail trade, repair



**Figure 2.3.** Comparison of change of turnover, the part of companies at the total number of supported entities and the part of support at the total value of support according to different types of activities

Source: own study according to (Lietuvos Respublikos ekonomikos ir inovacijų ministerija, 2022).

of motor vehicles and motorcycle activity', the number of enterprises of this type of activity decreased most in 2020. More than 2500 enterprises representing this activity closed business, and 261 entities conducting their 'Forestry and fishing activity'. Other numbers were less significant.

In addition, despite different business support tools in the form of loans and financial instruments, the total value of long-term debts for loans and liabilities for credit institutions in 2020 decreased by almost 4%, short-term ones – by more than 21%.

Therefore, according to the available data, business support tools provided by the government and its agencies impacted enterprises' financial health. Furthermore, companies found ways to reorganise their activity and in most cases that helped to stabilise the financial condition of the business.

The economic overview shows that in Lithuania, the growth of GDP drastically slowed down during the first wave of the Covid-19 virus and decreased in the second quarter of 2020 by 4.5%. However, in the same quarter of 2021, the growth reached 8.3%, and the economy showed signs of recovery. Although the conflict with China and the war in Ukraine dramatically changed the domestic and global economic environment and impacted the Lithuanian economy.

Lithuanian business support tools to mitigate the impact of Covid-19 may be classified into three groups: compensations, subsidies and loans, and other financial instruments. The process of provision of the support involved governmental institutions: the Ministry of the Economy and Innovation of the Republic of Lithuania, the financial entity Investment and Business Guarantees (INVEGA), the State Social Insurance Fund Board, Customs of the Republic of Lithuania, Lithuanian Public Employment Service. Different support tools were distributed almost EUR 2 billion for more than 200 000 physical and legal entities.

'Accommodation and food service activities', 'Administrative and support service activities', 'Education', 'Arts, entertainment and recreation' were the most affected activities by the pandemic. However, enterprises of other activities were able to stabilise their financial condition with the help of support and reorganisation of activity. In general, the net profit margin made in 2020 equalled 6.51%, which was 0.88 percentage points higher than the average of 2016–2020.

Further research may be related to the expansion of the time period as the newest available statistical data included only 2020 at the moment of the conduction of the research.

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## Internet

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## Appendix 1

### Completed (or suspended) business support tools provided by INVEGA

Title of the tool	Description	Implementation period, the amount allocated from the state budget, EUR million	Applicants	Maximum amount and other requirements
1	2	3	4	5
Partial compensation of lease payments for businesses most affected by Covid-19	Partial compensation of lease payments is provided to cover the expenditures incurred by the applicant due to the lease of non-residential premises used to carry out economic activities during the compensation period (from March 16 to August 31, 2020).	The lease period is to be compensated until August 31, 2020. Payment of compensations by December 31, 2020. EUR 40 million	Legal entities and entrepreneurs engaged in economic activities: whose activities comply with those prohibited or restricted during the quarantine; who benefit from at least a 30-percent rental discount applied by the lessor; applicants whose secondary activities prohibited or restricted during the quarantine were carried out in leased premises which, following the statistical classification of economic activities (NACE Rev. 2) were entered in the Register of Taxpayers not later than on March 16, 2020.	The maximum amount of partial compensation of lease payments per month is 50% of the lease amount payable by the lessee for February of 2020.
Loans for invoices payable	Loans for payable invoices (hereinafter referred to as ASAP loans) allow small businesses to mitigate the effects of the Covid-19 pandemic, which can spread through payment chains and result in their disruption, and help maintain the continuity of business operations of trade credit recipients.	Until July 17, 2020 EUR 12 million	The ASAP loan is intended for the supplier company for the invoices issued from January 1 until March 31, 2020 to the buyer company, which due to the Covid-19 outbreak, experienced difficulties and was unable to pay or only partially paid such invoices.	The minimum unpaid invoice amount is EUR 500 (including VAT). The maximum ASAP loan amount is EUR 500 000. ASAP loans are granted for 12 months, possibly extending to 36 months.
Loans to businesses most affected by Covid-19	Loans to the businesses most affected by Covid-19 are unsecured loans that help SMEs facing difficulties due to the Covid-19 outbreak to obtain financing	Financial intermediaries can sign loan agreements with borrowers and disburse	SMEs that meet the status of an SME entity under the Law on SMEs; the Covid-19 outbreak caused difficulties, i.e., their turnover fell by more than 30%; SMEs	The maximum loan amount is EUR 1 million. One loan may be granted to one borrower under the instrument.

	in the form of loans to enable SMEs to pay for the necessary costs. Loans to cover the borrower's minimum monthly payments: staff salaries, real estate rent, utilities, loan administration fees and other necessary expenses.	loans by July 31, 2020. EUR 200 million	that have retained at least 50 per cent of employees compared to the number of the borrower's employees on March 1, 2020. Companies had to apply for loans to financial institutions that had signed a cooperation agreement with INVEGA.	
Portfolio guarantees for loans 2	The incentive financial instrument Portfolio Guarantees for Loans 2 targets companies that were facing shortages due to the Covid-19 outbreak. This instrument reduces financing risk and thus facilitates the availability of loans and leasing to improve corporate liquidity.	Loans can be included in the guaranteed portfolio no later than December 31, 2020. EUR 460.63 million	SMEs operating in the Republic of Lithuania and large enterprises, which on December 31, 2019, were not considered to be in difficulty but were in difficulty in 2020 as a result of the outbreak of Covid-19 if one of the following conditions is met: the turnover decreased by at least 30%; the financial flows generated became insufficient to cover existing liabilities; the value of the emergency coverage (critical liquidity) ratio became less than 1. The guaranteed portfolio may include: working capital loans, including reverse leasing transactions, to support corporate liquidity, granted not earlier than March 16, 2020; Guaranteed loans can be granted for the maximum period of 6 years (72 months).	Each loan or leasing transaction included in the portfolio of the instrument 'Portfolio guarantees for loans' 2 is guaranteed by the 80% guarantee. The guaranteed loan amount depends on the amount of salaries accrued to the company's employees during the year, the company's turnover, investment and other liabilities, and the maximum amount may not exceed EUR 5 million.
Loans for providers of accommodation and catering services	Loans aim to reduce the impact of the Covid-19 pandemic on the tourism business by providing funding in the form of loans to cover the essential expenses of accommodation providers who provide classified accommodation services and business entities that provide catering services.	The call will be suspended on November 30, 2021 or upon allocating the amount earmarked for the measure. EUR 30 million	SMEs or large enterprises that are holding a valid accommodation service classification certificate; large enterprises whose main activity is the provision of restaurant and prepared meal delivery services; are not companies or a group of companies that is in difficulty as of December 31, 2019, and have not been subject to bankruptcy procedures; have submitted a set of financial statements for 2019 to the Centre of Registers.	The loan amount is calculated based on the information provided by the borrower on the expenses incurred until March 16, 2020 and on the expenses yet to be incurred until June 30, 2022. The maximum amount of the loan: is EUR 3 million. Term of the loan: up to 72 months.



1	2	3	4	5
			A loan may be granted, a loan agreement must be signed no later than December 31, 2021, and a loan should be paid out no later than March 30, 2022.	
Compensation of Covid-19 testing for employees	In order to test business employees regularly and be able to continue its operations smoothly and safely. Regular testing allows infections to be traced extremely quickly, ensuring that companies protect their employees and clients and operate without forced interruptions.	Applications and documents supporting the payment of the tests performed can be submitted from March 29, 2021 to June 30, 2021 or earlier if the amount allocated to the measure expires. EUR 12 million.	Companies or entrepreneurs that are classified as SMEs and meet the following conditions: (1) They have a contract concluded with a health care institution (HCI) that has the right to perform Covid-19 testing; (2) Covid-19 tests are performed on company employees; (3) They have not received compensation of Covid-19 testing costs from other public funding sources; (4) They do not perform their main activities in the agricultural, forestry, fisheries and aquaculture sectors and other.	Up to EUR 12 per serological antibody test. Up to EUR 12 for SARS-CoV-2 rapid antigen test. If the test costs less than EUR 12, it will be reimbursed in full. Compensations will be allocated for testing costs incurred from February 23, 2021 to May 31, 2021.

Source: (<https://invega.lt/en/business/all-services/114/partial-compensation-of-lease-payments-for-businesses-most-affected-by-covid-19-57>; <https://invega.lt/en/business/all-services/114/loans-for-invoices-payable-67>; <https://invega.lt/en/business/all-services/114/loans-to-businesses-most-affected-by-covid-19-66>; <https://invega.lt/en/business/all-services/114/portfolio-guarantees-for-loans-2-73>; <https://invega.lt/en/business/all-services/114/loans-for-providers-of-accommodation-and-catering-services-70>).

## Appendix 2

### Current business support tools provided by INVEGA, VIVA

Title of the tool	Description	Implementation period, the amount allocated from the state budget, EUR million	Applicants	Maximum amount and other requirements
1	2	3	4	5
Loans for travel service providers	Loans for tour operators are loans aimed at reducing the impact of the Covid-19 pandemic on the tourism business by providing funding in the form of loans to tour operators for them to make refunds to tourists who had their trips cancelled as a result of the Covid-19 outbreak.	The call will be suspended on June 30, 2022 or upon allocating the amount earmarked for the measure. EUR 15 million	SMEs or large companies with a valid tour operator's certificate; are not companies or a group of companies in difficulty and have not been subject to bankruptcy proceedings as of December 31, 2019; they have submitted a set of financial statements for 2019 to the Centre of Registers. A loan may be granted; a loan agreement must be signed no later than December 31, 2021, and a loan should be paid out no later than March 31, 2022 to cover the refunds due to tourists for the cancelled trips.	The loan amount is calculated based on the amount to be refunded to tourists for the trips cancelled as a result of the Covid-19 outbreak at the time the loan application is submitted. The maximum amount of the loan: is EUR 3 million. The term of the loan is up to 72 months.
Compensation of loan interest	Enterprises or entrepreneurs can recover part of the funds for the interest paid on loan and allocate these funds to other business needs. Application for compensation of loan interest may be submitted when the loan agreement was signed no earlier than January 1, 2020 and is valid at the time of the application.	The call will be suspended upon the allocation of the amount earmarked for the measure or the additional announcement EUR 56.89 million.	SMEs or an entrepreneur (a natural person engaged in economic and commercial activities).	Compensation is provided for up to 95% of the actually paid amount of interest, but no more than 7% of annual interest. The maximum period for which interest may be compensated is 36 months. Compensation can be granted within the limits of EUR 200,000 as <i>de minimis</i> aid.

1	2	3	4	5
State aid fund for business	The 'State aid fund for business' (VIVA) helps large and medium-sized businesses affected by Covid-19. Businesses are provided with loans and with investments made via purchases of debt securities or hybrid financial instruments.	The call is active till June 30, 2022.	The aid is provided to large and medium-sized enterprises that face financial difficulties. Financial assistance is provided to companies that cannot obtain the funding they need on the financial markets and thus face severe difficulties in continuing their activities.	The aid to businesses affected by the Covid-19 pandemic through loans and by investing in their debt securities, shares and hybrid instruments. The amount depends on individual conditions and varies from EUR 300 thousand to 2 million.
Direct Covid-19 loans (I phase: 19.01.2021 – 30.11.2021; II phase: 10.02.2022 – 30.06.2022)	The main objective of the measure is to reduce the impact of the Covid-19 pandemic on businesses and entrepreneurs by providing loans to finance the operating costs of businesses.	The call will be suspended on June 30, 2022 or upon allocating the amount earmarked for the measure. EUR 36 million and EUR 235 million	Loans are provided to businesses that meet the criteria for assistance set by the Government of the Republic of Lithuania, with the main criterion being a drop in turnover of more than 30 % during the second quarantine period (1.11.2020 – 31.1.2021) and, in the case of new companies, a restriction on their activities. The term of a loan is up to 72 months (including the cases where the deadline is extended).	Only one loan may be granted to one borrower, which may not exceed the average monthly turnover and may not exceed EUR 100,000. In addition, in accordance with the European Commission's regulations, the loan amount may not exceed double the annual wage bill (including tax) of the borrower's employees or 25% of the borrower's turnover in 2019.

Source: (<https://invega.lt/en/business/all-services/114/loans-for-travel-service-providers-69>; <https://invega.lt/en/business/all-services/114/direct-covid-19-loans-65>; <https://invega.lt/en/business/all-services/114/partial-financing-of-loan-interest-56>; <https://viva.lt/verslui/>).