

Legality of the implementation of the measures under the objective “Helping businesses to safeguard liquidity” of the Economic Stimulus and COVID-19 Consequences Mitigation Plan

Compliance audit

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[FULL REPORT \(LT\)](#)



[SUMMARY \(EN\)](#)



What we assessed and why

Lithuania, like the rest of the world, is facing new challenges and threats in the wake of the COVID-19 pandemic. In March 2020, the Government prepared a short-term plan of measures to stimulate the economy and mitigate the impact of the pandemic, taking into account the corresponding uncertainties. It was designed to help solve the problems of preserving business liquidity and personal income.

Recognising that successful business development leads to higher employment, higher tax revenues, social welfare and security, and faster growth of the gross domestic product, we carried out an audit of the legality of the implementation of measures under Objective 3 “Helping businesses to safeguard liquidity” of the Economic Stimulus and COVID-19 Consequences Mitigation Plan. In assessing the legal compliance of the processes and funds employed to help businesses safeguard liquidity, we also looked at the extent to which the legal environment was conducive to implementing the measures adopted and achieving the related objectives.

What we found

Our report draws attention to the lack of consistency in and information on the planning of expenditure intended to reduce the consequences of COVID-19. As the Economic Stimulus Plan was approved solely on the basis of government protocol decisions, as reflected in official meeting minutes, there are no criteria for determining which measures should be included in or excluded from the plan.

The government sought to preserve the liquidity of micro-enterprises, but large and medium-sized enterprises were also eligible for subsidies. The conditions for receiving state aid in the business and agricultural sectors were based on unequal principles and inadequate criteria, which left open the possibility of companies that had been in difficulty prior to the pandemic unduly receiving public funding. We identified some purely formal cases of evaluation of agricultural entities to which support had been allocated.





What we concluded

We would suggest the following:

- introduce amendments to legal acts, setting clear financial indicators for the Seimas to approve and delineating the Government's rights in respect of implementing the budget in compliance with the Constitution; and
- establish common principles and rules governing the selection of projects for public funding to ensure that money is properly targeted and used transparently.