



**LIETUVOS RESPUBLIKOS NUOLATINĖ ATSTOVYBĖ
PRIE JUNGTINIŲ TAUTŲ BIURO
IR KITŲ TARPTAUTINIŲ ORGANIZACIJŲ ŽENEVOJE**

**PERMANENT MISSION OF THE REPUBLIC OF LITHUANIA
TO THE UNITED NATIONS OFFICE
AND OTHER INTERNATIONAL ORGANIZATIONS IN GENEVA**

No. *(80.1.G.1)SN80-86*

The Permanent Mission of the Republic of Lithuania to the United Nations Office and Other International Organizations in Geneva presents its compliments to the Office of the High Commissioner for Human Rights and in response to its Note Verbale of 24 January 2022, has the honor to submit the input of the Government of Lithuania to the Working Group on Business and Human Rights Report to the 50th session of the Human Rights Council on “COVID-19 pandemic: lessons learnt and moving forward”.

The Permanent Mission of the Republic of Lithuania to the United Nations Office and Other International Organizations in Geneva avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.

ENCLOSURE. 8 pages.



Geneva, 23 May 2022

OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS

Geneva

Information provided by the Republic of Lithuania to the Working Group on Business and Human Rights Report to the 50th session of the Human Rights Council on “COVID-19 pandemic: lessons learnt and moving forward”:

- 1) What were the most significant challenges and obstacles for your Government during the pandemic and the recovery period related to ensuring responsible business conduct? What kind of support or/and guidance would your Government welcome to prepare better for business-related human rights abuses linked to other, future crises?*
- 2) What were the most important lessons learnt from the crisis and how can these lessons help in addressing business-related human rights abuses linked to other, future crises?*

In accordance with the information provided by the Ministry of Social Security and Labour of the Republic of Lithuania, the tax and benefit system is seen as not sufficiently effective in reducing poverty and income inequality, therefore for the next years, Lithuania plans to pay special attention to those groups in society whose at-risk-of-poverty rate is highest (e.g., single parents, the elderly, the unemployed, and the disabled), with understanding that the priority is reducing social exclusion and developing quality social services. Meanwhile, measures have already been taken to reduce social exclusion and poverty by ensuring adequate and sustainable social benefits, pensions and creating a more efficient employment system in the country. From equal social services for all, Lithuania is gradually moving to ensuring the services that are more responsive to the needs of the individual.

Key lessons learnt within the competence of social security and labour are related to understanding of need to further address systemic inequalities, to strengthen worker protection and labour rights (e.g., minimum wage), to tackle gender inequalities (e.g., equal pay, greater protections for workers in the informal sector), to ensure relevant occupational health and safety standards, to support social partnership and social responsibility of business, and to further increase public services' preparedness and competence to respond to future similar crisis.

- 3) Please outline any positive initiatives (highlighting those that were the most effective), including policies, legislation, and plans through which your Government contributed to:
 - a. Creating and strengthening an enabling environment for business to respect human rights in their operation during challenging times and when emerging from the crisis.**

Measures taken to ensure the effective enforcement of its labour legislation and accountability for labour rights violations:

- Amendment to the Law on Social Enterprises of the Republic of Lithuania have entered into force on 1 January 2020. The amendment improves and clarifies the legal status of social enterprises regulation to ensure the efficiency and control of state aid to social enterprises, create legal preconditions for encouraging employers to employ people who cannot on equal terms compete in the labour market with other people. Amendments have been adopted in response to the COVID-19 pandemic, establishing that social enterprises may declare downtime due to an emergency and quarantine to maintain the jobs of the persons with disabilities, and to receive compensation for the work paid to employees during downtime.

- Amendments to Article 96 of the Code of Administrative Offences (CAO) of the Republic of Lithuania have entered into force on 1 May 2020. With these amendments the administrative liability has been strengthened for violations of labour laws, occupational safety and health regulations (minimum threshold increased).
- Amendments to Articles 96, 98, 99, 100, 101 and 150 of the CAO have entered into force on 1 November 2021. With these amendments the administrative liability has been strengthened for repeated violations of labour laws, occupational safety and health regulations, as well as violations of the procedure for calculating and paying wages (minimum threshold increased), violations of working time accounting (increased minimum amounts of fines), infringements of working conditions for posted workers (disproportionately low fines increased). It is important that Art. 150 of CAO was also amended – from now on there will be two separate parts, which provide for penalties for undeclared self-employed activities (fines also increased).
- An amendment to para. 3 of Art. 139 of the Labour Code of the Republic of Lithuania has entered into force on 1 January 2022. Wages and other employment-related benefits, as well as per diems and reimbursement of mission expenses, must be paid by transfer to the employee's designated payment account, except for seafarers covered by the procedure for payment of wages established by the Law on Merchant Shipping of the Republic of Lithuania. This amendment strengthens the right of employees to transparent and fair pay for work, reduces shadow in employment and facilitates evidence in labour dispute commissions under the State Labour Inspectorate of the Republic of Lithuania.

b. Mitigating the negative human rights impacts evident during the pandemic and likely to be present during future crisis.

The COVID-19 pandemic and the economic downturn inevitably had a negative impact on the labour market. Decisions of the Government of the Republic of Lithuania had a mitigating effect on jobs and employment in the country including subsidies to companies for downtime and support for the self-employed, possibility to defer social security contributions and the ability of companies to adapt to unusual pandemic conditions. Decisions have been made to increase the income of the country's population: the elderly, people with disabilities, families, children in foster care working people. A wider circle of those who will be able to benefit from the cost of heating homes compensation, and food aid has reached those most in need.

Measures taken to guarantee an adequate standard of living during the pandemic, introduced in the sphere of responsibility of the Ministry of Social Security and Labour:

- Jobseeker's allowance aimed to cover the unemployed not entitled to contributory unemployment benefits. This included the unemployed persons who have not required contribution record or have exceeded the maximum duration of the unemployment benefit, as well as self-employed people who are not eligible for social insurance unemployment benefits. The benefit was paid for all registered unemployed not depending on their previous employment status or social insurance record in 2020. In 2020, the amount of the jobseeker's allowance was EUR 200 per month. Moreover, a EUR 42 temporary jobseeker's allowance was paid as a top-up for the unemployed receiving contributory unemployment benefits.
- Wage subsidies for furloughed employees aimed to maintain jobs. Employers were eligible for wage subsidies for furloughed employees after the state of emergency and quarantine was declared by the Government. The furlough can be full-time or part-time with a proportional compensation of the time employees are on furlough. A more favourable option can be chosen depending on the wage of the furloughed employee. Compensations for employees aged 60

and over could reach 100% of the employee's gross wage, but no more than one minimum monthly wage (MMW) per month.

- Wage subsidies. Employers were eligible for wage subsidies after quarantine if they: a) furlough but did not dismiss employees during the quarantine; b) employed previously unemployed persons referred by the Employment Service Under the Ministry of Social Security and Labour of the Republic of Lithuania; c) were included in the list of companies affected by COVID-19, as drawn up by the State Tax Inspectorate of the Republic of Lithuania. The subsidies amounted up to 100%*MMS (MMS – monthly minimum salary) per month and were paid in the first two months after the first quarantine in 2020, and gradually decreased in the subsequent months (i.e., 50%*MMS per month for the third-fourth months and 30%*MMS per month for the fifth-sixth months).

Furthermore, employers were entitled to larger subsidies (up to 2*MMS per month per employee) if they were on the list of activities approved by the Minister for Social Security of the Republic of Lithuania and Labour and the Minister for the Economy and Innovation of the Republic of Lithuania. The maximum subsidy payment period was six months after the quarantine (four months for temporary or seasonal contracts). In 2020, there were two optional levels of the subsidies: either 90% of employees' gross wage (capped at the amount of the monthly minimum wage (MMS), i.e., EUR 607 gross), or 70% of employees' gross wage (capped at 1.5*MMS).

- Benefit for self-employed persons – it was paid irrespective of whether or not self-employment activities were restricted due to the quarantine and irrespective of any change in income from self-employment. It was not paid if a self-employed person also received employment-related income exceeding one monthly minimum wage (MMS). The benefit could be received together with unemployment benefits. The benefit was a flat-rate payment of EUR 257 per month before the end of 2020 and for two extra months thereafter.
- One-off child allowance was paid in July 2020 or with the first payment of the child benefit for the new recipients in 2020. Amount: EUR 120 per child (EUR 200 per child for low-income families or large families or families raising a child with disabilities) was introduced on 6 June 2020.
- Lump-sum allowance for pensioners. EUR 200 was paid to all people receiving contributory and non-contributory (social) pensions.
- Sickness benefit. Parents (also foster parents and grandparents) of children of up to 12 years of age who were not able to work due to school or childcare facility closures during quarantine, as well as other workers who provided care for disabled or elderly family members, were entitled to paid leaves in 2020 which amounted of up to 60 days paid at 65.9% of the gross wage until the end of the state of emergency.
- Changes in Personal Income Tax (PIT) allowance. As of 1 July 2020, the PIT allowance was increased by EUR 50 per month: from EUR 350 per month to EUR 400 per month, which affected all taxpayers eligible to PIT allowance
- Changes to social assistance benefit through an increase in cash social assistance is a permanent measure introduced since June 2020. A threshold to receive cash social assistance was increased from EUR 125 to EUR 137.5 per person per month. Payment of the social assistance benefit was extended to 12 months for those recipients of social assistance who get into employment. The amount of the benefit was increased to 100% of the previously received social assistance amount for the first three months, 80% - for the following three months, and

50% - for the final six months. Additionally, earned income disregard was increased by 5%, i.e., 5% more of the earned income are disregarded when applying the income test for social assistance. Property of families and individuals is not to be assessed for entitlement since February 2020 until six months after the cancellation of the state of emergency and the quarantine.

- Changes to child benefit. Conditions of income assessment to be eligible for the child benefit supplement were temporarily simplified. Eligibility conditions came into force since June 2020 until the end of emergency and quarantine plus six months. In such cases when income assessment is applied, average income was assessed for a shorter period of three months instead of one year.
- Other tax-related measures: included deferral of tax arrears payments for affected taxpayers, exemption from fines and default interests in case of the failure to comply with tax obligations on time, and postponement of submission (and payment of) personal income tax returns. The State Tax Inspectorate of the Republic of Lithuania has announced economic activities in which taxpayers may have suffered a direct negative impact and has published a list of specific taxpayers to whom the following assistance measures will automatically apply: non-recovery of declared taxes (other than customs duties), exemption from the payment of default interest, no interest accruing on concluded tax loan agreements. These taxpayers are subject to analogous measures to facilitate the payment of state social insurance contributions.
- Sickness benefit. Sickness social insurance benefits have been increased for employees who become infected with the COVID-19 in the performance of their duties, i.e., doctors, officials, or other employees (pharmacists, cashiers, social workers and the like). People with chronic diseases can apply for sickness benefits during the state of emergency and the quarantine (even if not infected with COVID-19) given they are not on furlough and have no possibility to work remotely. The latter arrangement is aimed at prevention of COVID-19 in this vulnerable group. All work contracts as well as the self-employed are included in the scheme. If healthcare professionals, officials or other employees are infected with the COVID-19 virus, they are offered a maximum sickness benefit of 100% of the net average wage (77.58% of gross wage instead of 62.06%). Persons with chronic diseases are entitled to sickness benefit at 62.06% of their gross wage during the state of emergency and the quarantine. It is paid for up to 60 days and can be extended for the full period of the emergency and quarantine. The period of payment may not be longer than until the end of the quarantine or the state of emergency.
- Deferral of health insurance contributions for the self-employed. The self-employed were able to defer the payment of compulsory health insurance contributions during the periods of quarantine. The deferred contributions had to be paid within a period of two years after the end of the emergency situation. If the contributions were not paid within the set timeframe, but self-employed persons received healthcare services during the period at issue (except for emergency services), they had to compensate expenses of the Compulsory Health Insurance Fund.
- Compensation of housing heating costs. A larger share of housing heating costs was to be reimbursed for single persons. The measure has been permanent, with no end date foreseen. A larger share of housing heating costs is to be reimbursed for single persons. Compensations for heating cover expenses that exceed 10% of the difference between income and a set threshold. The latter threshold was increased for single persons from 100% to 150% of the state supported income (SSI, EUR 125 per month in 2020).

- Deferral of payments for electricity and gas. Possibility to defer payment of electricity and gas bills to the public provider or arranging such payments in instalments. Payments could be deferred for a period of up to one year based on a case-by-case decision.

Another big part of urgent actions of the Government were directed to protect the business community from hardship during the COVID-19 pandemic. Within the competence of the Ministry of the Economy and Innovation of the Republic of Lithuania there were urgent actions taken, including the number of measures developed through the year of 2020–2021 seeking to diminish negative consequences caused by COVID-19 to businesses.

Measures were created in close cooperation of representatives from business, working organization and all the society members mostly affected by COVID-19, and designed in accordance with the principle of equality, without excluding individual sectors of the economy.

In 2021 the package of measures (amounted more than EUR 300 mill) was designed/created for companies to ensure their liquidity from economic crisis caused by COVID-19 pandemic:

- „Subsidies to companies affected by COVID-19“ (the calls budget was 100 mill. EUR).
- „Subsidies to the companies most affected by COVID-19“ (the calls budget was 120 mill. EUR).
- „Direct COVID-19 loans“ (the measure budget was 36 mill. EUR).
- „Subsidies to self-employed persons affected by COVID-19“ (the measure was 20 mill. EUR).
- „Marketplace tax refund-2“ (EUR 2,3 mill.); (in 2020 II-IVQ analogous measure was implemented).
- „Compensation of COVID-19 tests for employees“ (the measure was 30 mill. EUR).

Loans were also provided to tour operators (to settle with tourists for organized tourist trips that did not occur because of the COVID-19 outbreak) and loans to accommodation and catering providers (to cover necessary costs). The budget of the measure is EUR 30 mill. EUR.

„Subsidies to companies affected by COVID-19“ funds were allocated for companies, which turnover decreased more than 30% during the COVID-19 period from October, 2020 to February, 2021 compared with COVID-free period from October, 2019 to February, 2020. The measure closed at the end of May 2021. The results achieved: 85 mill EUR for ~16.7 thousand companies from trade sector, accommodation and catering, manufacturing sectors etc. was allocated.

„Subsidies to the companies most affected by COVID-19“. The main differences between measure above are interconnected criteria's – 1) companies economic activities (by NACE2) were restricted by Government due to quarantine and also 2) turnover decreased more than 50% during the COVID-19 period from October, 2020 to February, 2021 compared with COVID-free period from October, 2019 to February, 2020. The measure closed at the end of June, 2021. The results achieved: 52.3 mill EUR for almost 3.2 thous. companies was allocated. Some of companies have got double subsidies by both measures „Subsidies to companies affected by COVID-19“ and „Subsidies to the companies most affected by COVID-19“.

Almost 2.2 mill EUR is allocated for 7.2 thous. marketplace traders to cover Market tax refund. The measure closed at the end of June 2021.

More than 5.9 mill EUR subsidies are paid for 26.4 thous. self-employed persons affected by COVID-19. Three calls were provided for this purpose. Also call for self-employed persons affected by COVID-19 for the purpose to reimburse the costs of renting the premises and the operating costs related to the rent of the premises was hold.

887 companies are granted for direct COVID-19 loans for ~ 35 mill. EUR (The measure was updated and extended in 2022).

In 2020 spring, three measures implemented in via subsidies were created for ensuring liquidity of the economy:

- “*Subsidies for micro-enterprises*” were approved in 11 May 2020. Calls for applications sent to 41.6 thousand micro-enterprises with employees between 1 to 9 and which were affected by COVID-19. Almost 37 thousand applications for more than 99 mill EUR were received until 1 December 2020.
- “*Marketplace tax refund-1*” was approved in the beginning of July 2020. The amount allocated for the measure was 6 mill. EUR. The number of the applicants reached almost 5.7 thous. The amount paid 1,7 mill. EUR. The measure ended at the middle of September 2020.
- „*Partial Rent Compensation for the Enterprises Most Affected by COVID-19*”. The purpose: to compensate part of the rent for the enterprises and entrepreneurs most affected by the COVID-19 outbreak, whose activities were banned or restricted during the quarantine period. 3627 enterprises and entrepreneurs were granted direct grants for 35 mill. EUR

Also, in 2020 financial measures were implemented:

- Loans for Payable Invoices. Loans to businesses most affected by COVID-19. Loans were intended for the supplier company for the invoices issued from January 1 until March 31 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 budget of the measure was EUR 15 mill. and 259 companies issued these loans for EUR 12 mill;
- Loans to Businesses Most Affected by COVID-19 – unsecured loans for small and medium-sized entities (hereinafter – SMEs) facing difficulties due to the COVID-19 outbreak to obtain financing in the form of loans to enable SMEs to pay for the necessary costs. The budget of the measure was EUR 200 mill. and 3462 enterprises and entrepreneurs were granted loans for EUR 199,95 mill;
- Incentive financial instrument *Alternatyva* – enable SMEs to obtain the necessary financing for their business through alternative finance providers. The measure is implemented in 2021-2022 as well. The overall budget is EUR 91 mill. Till the end of March 2022 2550 SMEs were supported, the amount of loans EUR 138.5 mill;
- Incentive financial instrument Portfolio Guarantees for Loans 2 – helped to reduce financing risk and thus to facilitate the availability of loans and leasing to improve corporate liquidity. The budget of the measure was EUR 93 mill. 793 companies were supported, the amount of issued guarantees EUR 83,9 mill;
- Incentive financial instrument The State Aid Fund for Business – invests in medium-sized and large enterprises in Lithuania affected by the coronavirus outbreak, the termination or disruption of the activities of which may affect the sustainability of operation of other businesses and have significant socio-economic consequences. The measure is implemented in 2021-2022 as well. The overall budget is EUR 100 mill. Till the end of May 2022 into 38 companies were invested EUR 190 mill;

- Loans to travel service providers and accommodation and catering service providers – loans aimed at reducing 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 service providers who provide classified accommodation services and of business entities that provide catering services and also by providing funding in the form of loans to tour operators to make refunds to tourists who had their trips cancelled as a result of the COVID-19 outbreak. The measure was implemented in 2021 as well. The overall budget is EUR 30 mill. 57 enterprises were supported, amount of loans EUR 19.2 mill;
- Guarantees to Secure Fulfillment of Obligations of Travel Services Providers – guarantees for the coverage of a part of an insurance benefit or guarantee payment paid by an insurance undertaking under a surety insurance contract or by a financial institution under a financial guarantee granted to a tour operator established in the Republic of Lithuania, whose activities were affected by COVID-19 outbreak, during the quarantine period. The measure is implemented in 2021-2022 (till the middle) as well. The overall budget is EUR 15 mill. Till the end of March 2022 88 travel services providers were supported, the amount of issued guarantees EUR 5,7 mill;
- Partial Financing of Loan Interest – enterprises or entrepreneurs can recover part of the funds for the interest paid on the loan and allocate these funds to other business needs. The measure is implemented in 2021-2022 as well.

c. Ensuring effective access to remedy for business-related human rights abuses caused during times crisis.

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4) What are those opportunities that would allow your Government to build back better by ensuring stronger and more decisive action to protect human rights in the context of business activities?

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5) What efforts were made by your Government to engage in constructive and meaningful dialogue with various stakeholders, including civil society actors, to address business-related human rights abuses during pandemic, including to protect workers and to build a resilient society and economy based on inclusive recovery able to prevent human right abuses in future crisis situations?

Municipalities, in response to the request of the Ministry of Social Security and Labour to provide additional social assistance to the population whose income decreased due to the COVID-19 pandemic, provided targeted support to persons in material difficulties, thus mitigating the social consequences of the pandemic.

The Ministry of Social Security and Labour implemented the project “Promotion of Corporate Social Responsibility”. The activities included training on social responsibility and sustainable development, understanding of social responsibility; consulting in companies on how to develop social responsibility reports, etc.

To promote cooperation between trade unions and employers in the development of social dialogue and to create conditions for ensuring the quality of coordination of the interests of the social partners, the project “Model of cooperation between trade unions and employers in developing social dialogue” was implemented.

The Ministry of Economics and Innovations is publishing collected open data on public BI dashboard: <https://eimin.lrv.lt/lt/priemones-verslui/ekonomine-situacija-ir-paramos-verslui-statistika> (in Lithuanian), which are real-time data of progress of COVID-19 support measures, thus ensuring the communication effectivity and budget costs reliability and accountability.

In accordance with the Lithuania's national law, all the legal acts must be presented to the society before it is accepted either by Government or by relevant Minister. Thus it is ensured that everyone can access the data base where legal acts projects are being announced and make any comments on it. This procedure enables all social economic partners to be active in the process when the measures are being formed. Also, this action has created the preconditions for the public to get acquainted with the conditions for the provision of state support for business in advance.

The descriptions of the financing of the measures were published on the Ministry's of Economics and Innovations' website and on the official state register of approximation of laws. The decisions on state support for enterprises are published on the Ministry's of Economics and Innovations website, also.