

## SUMMARY OF THE MONOGRAPH

# FROM QUICK WINS TO SIGNIFICANT LOSSES: LITHUANIA'S RESPONSE TO THE COVID-19 PANDEMIC AND THE MANAGEMENT OF THE CRISIS IN 2020

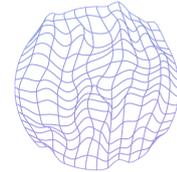
The management of the COVID-19 crisis became an unprecedented challenge for governments all over the world. The case of Lithuania, which was analysed in this study, is particularly interesting due to several reasons.

First, the country experienced two major U-turns in its response to the COVID-19 crisis throughout 2020. Based on a suppression strategy, Lithuanian authorities introduced a tight quarantine regime in the middle of March, which was one of the most stringent responses in Europe. After successfully coping with the first wave of the coronavirus, Lithuanian authorities eased most restrictions. This made the country's response among the least stringent in Europe in the summer 2020. However, the second wave of the coronavirus forced Lithuanian authorities to introduce a new nation-wide quarantine in early November. As a result, the country again reached a high rating of response stringency in Europe.

Second, after the announcement of the macroeconomic indicators for first three quarters of 2020, according to the European Commission Autumn forecasts, Lithuania was expected to experience the mildest economic downturn among all EU27 member states. The forecasted country's GDP decline of 2,2% was significantly smaller compared to initial forecasts of domestic and international institutions. This presents another puzzle having in mind the stringency of Lithuanian response to COVID-19 pandemic and rather slow initial implementation of economic stimulus measures aimed at protecting employment, maintaining income, and liquidity of companies.

Third, during the COVID-19 crisis in 2020 Lithuania experienced a major change in its system of crisis management. When the country's authorities declared a nation-wide emergency situation at the end of February 2020, they set up a State Emergency Operations Centre and appointed its head, the Minister for Health, for the management of this emergency situation. However, the emergency management system was not able to cope with this complex and complicated crisis.



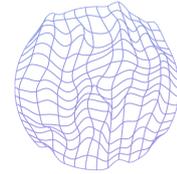


Therefore, it became necessary to set up a separate management system specifically tailored to this particular crisis. The centralised mechanism of crisis management, which consisted of the COVID-19 Management Committee chaired by Prime Minister and a number of working groups in the Government Office, proved to be effective by mobilising political attention in the centre of government and different types of resources during the first wave of the COVID-19 pandemic. The country's system of crisis management was reviewed at the end of 2020 after the 2020–2024 Lithuanian government came into office.

Finally, the start of the second coronavirus wave coincided with the end of the political cycle in the country. The parliamentary elections in October 2020 brought a full alteration of government whereby the former governing coalition was replaced by several opposition parties. The 2016–2020 Lithuanian government led by Prime Minister Saulius Skvernelis was reluctant to impose new limitations proportionate to the spread of the coronavirus before the end of the elections. In contrast, the 2020–2024 Lithuanian government led by Prime Minister Ingrida Šimonytė swiftly tightened the national-wide quarantine immediately after coming into power. The election cycle also had some impact on economic and social measures used to respond to the pandemic-induced crisis. In particular, one-time support measures such as child support money and bonuses of 200 euro to top old age pensions for retired population which were transferred in summer 2020 could be attributed to the re-election motives by the former ruling coalition.

The main purpose of the public policy study “From Quick Wins to Significant Losses: Lithuania’s Response to the COVID-19 Pandemic and the Management of the Crisis in 2020”, which was funded by the Research Council of Lithuania, is to compare the response of Lithuania and other European Union (EU) member states to the COVID-19 pandemic in the fields of public health and economy, to assess its impact on public policy and management in Lithuania, as well as to provide evidence-based recommendations on how to react to similar crises in the future. The study examines the management of the COVID-19 crisis in Lithuania from the end of February 2020, when the coronavirus started to spread in Lithuania, to early December 2020, when the 2016–2020 Lithuanian government led by Prime Minister S. Skvernelis was replaced by the 2020–2024 Lithuanian government led by Prime Minister I. Šimonytė.



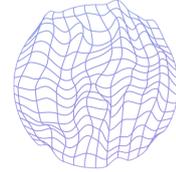


Due to the complex and complicated nature of the COVID-19 pandemic, our analysis of public policy response and crisis management is based on an interdisciplinary approach. Our framework for analysis brings together our independent variables (paradigms of response to the crisis, governance capacity and governance legitimacy, as well as the political context of the crisis) and intervening variables (the structure of crisis management and relationships among different stakeholders involved in the crisis) to explain the dependent variables of public policy response and effectiveness in crisis management. We applied a theory-oriented version of causal process tracing in order to test the causal mechanisms outlined in our theoretical approach. We collected empirical evidence by analysing primary and secondary sources of information, as well as data obtained from semi-structured interviews with politicians, civil servants, experts, NGO representatives and other stakeholders (N=25).

The health care and economic response to the COVID-19 crisis in Lithuania, which reflected the dominant paradigms of response, was fast and timely at the beginning of the pandemic. Its implementation, however, was less successful due to insufficient governance capacities and lack of trust. The country's response in the field of health care was based on the suppression strategy aimed at "flattening the curve". As most other EU member states, Lithuania adopted strict measures to stop the spread of the coronavirus and to reduce its burden on the health system, while improving its capacities for testing and contact tracing. After controlling the spread of the coronavirus, the Lithuanian government switched to the mitigation strategy based on the principle of "unlock and grow" that gained popularity in the EU. A rapid rise in the number of infection cases in autumn, however, forced Lithuanian authorities to introduce another nation-wide quarantine in early November 2020.

The analysis of crisis management revealed that the Lithuanian government was capable of making quick centralised decisions during the first wave of the coronavirus, but it was unable to keep the epidemiological situation under control during the second wave. This could be explained by a lack of sufficient governance capacities necessary to manage the crisis on a more decentralised basis. Furthermore, the good results achieved during the first wave generated excessive confidence in Lithuanian authorities that, coupled with political attention to the upcoming parliamentary elections, had a negative effect on containing the spread of the coronavirus in the country.



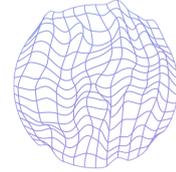


The response of Lithuanian authorities in terms of announcing economic stimulus policy package ('Plan for Economic Stimulus and Mitigation of Consequences of COVID-19 Transmission') was swift and followed immediately after the introduction of the first nation-wide quarantine. However, the speed of the response came at the expense of consultations with stakeholders, especially social and economic partners. Consultations initially involved epidemiologists while little systematic attention was given to the economic and social impact of particular measures restricting economic activities. The announced amount of the fiscal and liquidity support measures was relatively moderate compared to most other EU member states, although unprecedented in Lithuania's history of dealing with external shocks. The measures to preserve people's incomes, business liquidity, and economic growth were quite similar to those introduced in other EU countries and aimed at addressing both supply and demand side problems of the economy.

However, the biggest challenges arose during the actual implementation of business support measures: the speed at which financial assistance reached individual businesses, employees and other groups was rather slow during the first few months. The fastest results were achieved while executing those support measures that required the least involvement of state authorities and had little conditions attached, particularly in the case of tax deferrals. The lack of trust in business also explains initial complex conditions which accompanied the disbursement of funds. Gradually, support for microenterprises, subsidies to sustain jobs and other measures become more effective as authorities went through the learning process of trial and error. It is important to note that horizontal measures proved to be more effective. Also, more targeted support measures aimed at mitigating the effects of the crisis for most affected businesses were introduced, more national budgetary funding, which was quicker disbursed compared to the EU funds, was allocated.

The key lesson is that the major obstacle in terms of implementing appropriate (fast, large, and targeted) economic response to the COVID-19 crisis was not the lack of money but the limited governance capacity of using funds in an effective and transparent way: choosing the right target audiences and allocating financial resources quickly and accurately. Still, as it was mentioned earlier, according to the 2020 autumn European Commission forecasts, Lithuania's GDP was projected to experience the mildest decline among EU27. The modelling of potential variables, which could explain relative economic performance of EU27 during the three quarters of 2020, was conducted pointing to the importance of economic freedom and low state debt rather than stringency of response, the size of fiscal stimulus or the structure of economy (share of tourism).



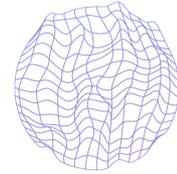


The core of the crisis management network consisted of two centres: the primary coordination mechanism at the Chancellery of the Government responsible for strategic and political decision-making and an operations centre at the Ministry of Health focused on operational public health measures. Although the structure of crisis management was essentially appropriate, its performance was limited by insufficient governance capacities (systems, tools, and human resources) and depended on specific circumstances. On the one hand, the centralised coordination of the COVID-19 crisis during the first wave of the coronavirus proved to be quite successful due to the mobilisation of available resources and swift decision-making. On the other hand, the country's administrative system was not able to effectively absorb the second wave of the COVID-19 pandemic due to its limited flexibility to adjust operations to quickly changing conditions of the pandemic.

Due to a lack of initiative in the career civil service, politicians or political appointees played a key role during the management of the COVID-19 crisis. However, the exercise of leadership was somewhat weak at the political level. Since top managers of the COVID-19 crisis followed a paternalistic style of management, they lacked trust-based inter-institutional and inter-sectoral cooperation, as well as open and empathetic communication. This partially explains why their messages rarely resonated with the public audience and failed to convince important parts of the society to reduce social contacts during the second wave of the coronavirus in Autumn 2020.

The COVID-19 crisis encouraged cooperation with medical experts and data analysts, but consultations with representatives of the private sector were rare. The involvement of health care professionals during crisis decision-making was sporadic and depended on the epidemiological situation in the country. Besides, these professionals were not visible enough in the communication of Lithuanian authorities to the public. The establishment of the Health Experts' Council by the President of the Republic of Lithuania made the inclusion of experts more systematic, but the Lithuanian government led by Prime Minister S. Skvernelis ignored their advice to tighten the quarantine regime before the change of government which followed parliamentary elections in October 2020. Furthermore, the COVID-19 crisis, which revealed the lack of digital solutions and capabilities in the civil service, acted as a catalyst for the creation of new digital solutions, including the development of a new centralised data management system run by The Lithuanian Department of Statistics and an app "Korona Stop LT" for contact tracing and exposure logging.





Although the COVID-19 crisis promoted the development of new non-governmental and private initiatives providing support to state and municipal institutions, it did not produce sustainable cross-sectoral cooperation practices. Despite a good deal of such initiatives, NGOs and public institutions frequently chose to act on their own instead of working together. There was a lack of partnership with non-public support funds, insufficient coordination with NGOs at national and municipal level, and a lack of involvement of representatives of these organizations in the mechanisms of crisis management. Cooperation was more successful where such practices had been established before the crisis, supported by crisis managers in state or municipal institutions, and in those cases when the support of citizens was essential for the continued provision of specific public services.

Finally, it is important to note that the management of the COVID-19 crisis focused on controlling the epidemiological situation and preventing the spread of the coronavirus within the country with limited attention paid to building the resilience in the public management system necessary for absorbing and recovering from similar systemic threats in the future. In terms of the double-loop learning model, there was a change in working methods to control the epidemic ('doing things right'), but no change occurred in public policy objectives and a way of thinking ('doing the right things') by the end of 2020.

The study offers a total of 12 recommendations for decision-makers and other stakeholders. A set of recommendations concerning policy response include suggestions concerning the adaptation of plans for crisis management to the changing context; increasing the governance capacities of Lithuanian authorities; acknowledging existing governance capacities while making decisions of economic response; empowering the system of (regulatory) impact assessments; and undertaking an evaluation of the lessons of public sector responses to the COVID-19 crisis. In terms of improving crisis management the study suggested reforming the existing system of crisis management; embracing uncertainty while facing systemic threats; improving cross-sectoral collaboration and undertaking joint action between NGOs and public authorities; engaging experts during crisis decision-making in a systematic way; integrating the principle of resilience into strategic and policy documents; modernising the civil service and optimising management and control systems; as well as strengthening the competencies of top managers in the Lithuanian civil service. Furthermore, the study developed the ideal model of crisis management on how to more effectively prepare and absorb systemic threats in the future.

