



# Inclusive Entrepreneurship Policies: Country Assessment Notes

Lithuania, 2018



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## FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The proportion of adults involved in starting a business in Lithuania was among the highest in the European Union (EU) average over the 2013-17 period. Youth, in particular, were very active in starting businesses and managing new businesses relative to the EU average over this period (19.8% vs. 7.3%). Policy support for entrepreneurship typically uses mainstream instruments due to the small population, but there are some tailored entrepreneurship initiatives for youth, women and the unemployed. The entrepreneurship support system can be strengthened by better aligning support offers with the needs of entrepreneurs, particularly for youth, and increasing awareness about existing entrepreneurship support programmes.

This note is the third country assessment note prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector. The 2018 notes include an additional section on female entrepreneurship support, which provides an overview of the entrepreneurship activity levels, obstacles faced and policy responses.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, the Better Entrepreneurship Policy Tool ([www.betterentrepreneurship.eu](http://www.betterentrepreneurship.eu)), a series of Policy Briefs on specific target groups, policies and issues, and country reviews of youth entrepreneurship and women entrepreneurship. For more information please refer to: [www.oecd.org/employment/leed/inclusive-entrepreneurship.htm](http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm).

## **ACKNOWLEDGEMENTS**

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes were prepared as part of the programme of work of the OECD Local Economic and Employment Development (LEED) Programme of the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) led by Lamia Kamal-Chaoui, Director. They provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

This note was prepared by Prof Boguslavas Gruzevskis. David Halabisky and Sandra Hannig of the CFE undertook additional drafting and editing of the note under the direction of Dr. Jonathan Potter, also of the CFE. A steering group was consulted during the preparation of this note. The steering group was co-led by the OECD and Laura Žebrauskaitė of the Ministry of Social Security and Labour. Much of the data contained in this note were prepared under the direction of Dr. Jonathan Levie of the Global Entrepreneurship Monitor. This note benefited from feedback and suggestions provided by Guy Lejeune of Directorate-General for Employment, Social Affairs and Inclusion of the European Commission.

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## KEY MESSAGES

- Entrepreneurship policy and programmes in Lithuania are mostly targeted at promoting innovation and competitiveness. Further, important efforts have been made to improve the country's entrepreneurship support and promotion policy, notably by fostering an enabling business environment. Some tailored measures for business creation and self-employment exist for youth, and to a lesser extent, women.
- The self-employment rate in Lithuania was slightly lower than the European Union (EU) average in 2017 (10.9% vs. 13.7%). However, the proportion of adults involved in starting a business in Lithuania was among the highest in the EU average over the 2013-17 period (13.4% vs. 7.3%) and youth, in particular, were very active in starting businesses and managing new businesses relative to the EU average (19.8% vs. 7.3%).
- To strengthen inclusive entrepreneurship policies and programmes in Lithuania, it is recommended to: (i) create an information platform for entrepreneurship that contains information about all entrepreneurship measures, including incentives for disadvantaged groups; (ii) undertake targeted entrepreneurship promotion for older people; and (iii) strengthen monitoring and evaluation of entrepreneurship policies.

## 1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

The promotion of entrepreneurship and self-employment is an important policy objective in Lithuania. Lithuania's Progress Strategy "Lithuania 2030", approved by the *Seimas* (i.e. Parliament), seeks to build a "smart" economy through the intensive application of scientific knowledge, stimulation of innovation-driven entrepreneurship, and increased competitiveness of Lithuanian businesses. The Strategy emphasises the need for a business-friendly environment and calls for efforts to simplify business regulations. As a high-level umbrella type document, it does not outline specific measures to foster entrepreneurship among key social target groups such as youth, women, migrants, long-term unemployed, older people, and people with disabilities.

In line with its' political programme for the period from 2016-20,<sup>1</sup> the XVII Government approved by Resolution No 167 of 13 March 2017 an implementation plan, which defines necessary changes to the state and sets up the relevant indicators to monitor the progress its measures (Table 1).

**Table 1. Programme goals for 2016-20**

Indicator	scale	2016	2020
The employment rate (of the population aged 15-64)	%	69.3	72
The level of activity in the labour force (of the population aged 15-64)	%	75.2	77
Unemployment rate	%	7.7	5,4
Long-term unemployment rate	%	3.9 <sup>2</sup>	3,2
People at risk of poverty or social exclusion	share	29.3 <sup>2,6</sup>	24
Global Innovation Index (overall)	position	36	28
Global Innovation Index (position by knowledge and technology results)	position	60	40
Doing Business rating (overall)	position	21	15
Doing Business rating (position by Business Start Indicator)	position	29	19
Start-ups (operating for more than 3 years)	number	315	720
New start-ups	number	43	140
Investment attracted by start-ups	Euro million	16	36
Social business established	number	30	150

Similarly, the National Progress Programme for 2014-20 (NPP) sets out several priorities, including the creation of an "environment favourable for economic growth." This seeks to create favourable conditions for entrepreneurship and sustainable businesses. Measures foreseen include business-facilitation services for business start-ups and ensuring the availability of financial sources for starting and developing business. The NPP highlights the development of entrepreneurial skills for children and youth by supporting integrated programmes to foster entrepreneurial skills. Responsibility for the implementation of the above tasks is shared between the Ministry of the Economy<sup>3</sup> (MoE), the Ministry of Social Security and Labour<sup>4</sup> (MoSSL), and the Ministry of Education and Science<sup>5</sup> (MoES).

<sup>1</sup> Approved by Resolution No XIII-82 of the Parliament of 13 December 2016.

<sup>2</sup> Data are for 2015.

<sup>3</sup> <http://ukmin.lrv.lt/en>

<sup>4</sup> <http://www.socmin.lt/en>

<sup>5</sup> <https://www.smm.lt/web/lt/en>

The Entrepreneurship Action Plan of Lithuania for 2014-20, approved by the Minister for the Economy,<sup>6</sup> defines actions towards consistent growth and promotion of entrepreneurship. The Action Plan sets out three tasks focusing on raising the level of entrepreneurship in the country: (i) to establish a consistent and continuous system of entrepreneurship education; (ii) to create a favourable environment for starting and developing a business, and (iii) to promote entrepreneurship by ensuring accessibility of public services to businesses, distinguishing entrepreneurship of target groups (youth, women) and start-ups, as well as social and regional entrepreneurship, and developing a positive public image of the entrepreneurs.

The Programme for Increasing Employment for 2014–20 approved by the government includes measures aimed at the development of entrepreneurship mindsets and supports business creation initiatives. Relevant measures include the facilitation of new business creation and self-employment, business start-up advice, improved access to business services and financial resources for persons starting up and developing business activities, and mainstreaming of an entrepreneurial approach in the national education system. The Programme focuses on promoting entrepreneurship among youth, in rural territories and in regions with high unemployment levels. The wide-ranging employment Programme and its specific measures are implemented by the MoSSL, the MoE, the MoES, the Ministry of Agriculture (MoA) and other ministries.

The Lithuanian Innovation Strategy for 2010-20<sup>7</sup> highlights creativity and entrepreneurship as key determining factors for innovation and economic growth. In order to foster an innovative society, the strategy supports measures for new knowledge creation and encourages its application. It also promotes innovative business start-up by providing favourable conditions and regulations, while raising awareness on innovations. The plans are to provide public services for starting innovative business and mentoring services for more than 1000 inhabitants and SMEs.

There are a number of youth policies that cover entrepreneurship promotion and support. For example, youth entrepreneurship support is outlined in the Lithuanian National Youth Policy Development Programme for 2011-19<sup>8</sup>. The Action Plan for its implementation foresees entrepreneurship support and responsibility for the implementation of this measure is shared between the MoA<sup>9</sup> and the Department of Youth Affairs under the MoSSL<sup>10</sup> (DYA).

On 16 December 2013, the Minister for Social Security and Labour of the Republic of Lithuania issued Order No A1-692<sup>11</sup> approving the Youth Guarantee Implementation Plan for 2014-20. The Plan aims to strengthen entrepreneurial mindsets and the promotion of self-employment among youth. It is envisaged to create opportunities for students of higher education institutions to acquire as many as possible practical skills and entrepreneurial competencies in the workplace. The bodies responsible for the implementation of this measure are as follows: the MoES, associated business organisations and sector associations. The Youth Guarantee is supported through the European Social Fund (ESF) and the Youth Employment Initiative (YEI).

The National Programme on Equal Opportunities for Women and Men 2015-21 has as objectives to promote equal employment opportunities for women and men and to enhance opportunities to start and develop a business for women, especially those living in rural territories. Many initiatives have been implemented to strengthen entrepreneurial women and to improve their

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<sup>6</sup> Order [No 4-282](#), 30 April 2015

<sup>7</sup>[http://ukmin.lrv.lt/uploads/ukmin/documents/files/Lietuvos%20inovacij%C5%B3%20pl%C4%97tros%20programa\\_pat\\_virtinta%202013%2012%2018\\_EN.pdf](http://ukmin.lrv.lt/uploads/ukmin/documents/files/Lietuvos%20inovacij%C5%B3%20pl%C4%97tros%20programa_pat_virtinta%202013%2012%2018_EN.pdf)

<sup>8</sup> Resolution No 1715, 1 December 2010 <https://www.e-tar.lt/portal/lt/legalAct/TAR.10A2087E3527/xbTThuOxdF>

<sup>9</sup> <http://www.zum.lt/>

<sup>10</sup> <http://www.jrd.lt/>

<sup>11</sup> <https://www.e-tar.lt/portal/lt/legalAct/b4432c10722e11e3bd0ecaffd80c672a/xQojlDJwE>

financial literacy and other competencies; such as organising events, holding dedicated consultations and seminars, supporting projects promoting diversification of economic activities.

The National Programme for Social Integration of Persons with Disabilities for 2013-19,<sup>12</sup> provides for increased employment opportunities for adults with disabilities that have lost professional competencies, in addition to other measures such as active labour market programmes (ALMP), with a view to promoting occupational mobility and entrepreneurship of persons with disabilities.

In addition to government strategies, the Operational Programme for the EU Structural Funds' Investments in 2014-20 (OP) sets several objectives related to the promotion of entrepreneurship: increasing the level of entrepreneurship; increasing labour demand by promoting entrepreneurship in the population, those who face difficulties on the labour market, in particular, and promoting the emergence of initiatives enhancing social entrepreneurship and social responsibility.

Even though the promotion of entrepreneurship is mainstreamed across many national strategic documents, their action plans often contain nothing more but formulations of general character (e.g. "organising information events" and "implementing entrepreneurship initiatives"). This shows a disproportionately high attention paid to the strategic planning process, while leaving aside the implementation mechanisms, which call for new ideas and assessment of the current situation. Youth and women are the most frequently targeted social target groups. Entrepreneurship promotion measures for the unemployed and people with disabilities have also been envisaged, but to a lesser extent. A small number of programmes for migrants are run by Enterprise Lithuania. There are no programmes for seniors yet, but support to senior entrepreneurship is however envisaged by the MoE.

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<sup>12</sup> Resolution No 1408, 21 November 2012; <https://www.e-tar.lt/portal/lt/legalAct/TAR.46B1FA2B9435>

## 2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

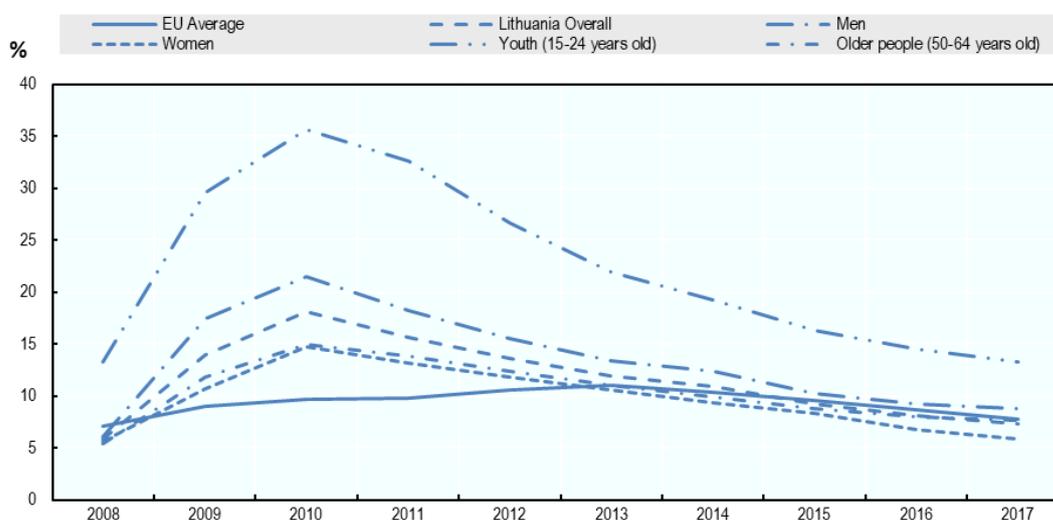
### 2.1. Labour market context

The demographic situation in Lithuania continues to be challenging as the population has been steadily shrinking from 3.7 million in 1990 to 2.8 million in 2017. Over the last 15 years, Lithuania has had the greatest emigration rates in the European Union. In 2017, 47 925 people emigrated, which was 2 408 less than in 2016. The scope of emigration in 2016 was close to that in the times of economic recession (53 900 people emigrated from Lithuania in 2011). The high rate of emigration threatens the prospects for economic growth since one-third of those emigrating were between 20 and 29 years old. Another quarter were between 30 and 39 years old. This outmigration is expected to create challenges with funding pension systems, health care and education.

The labour market performed well in 2017. Employment grew across all age groups and unemployment declined. The employment rate among those aged 15-64 years old in 2017 was 70.4%, an increase of 1.0 percentage points (p.p.) over the previous year. The employment rate of men 15-64 years old increased by 0.6 p.p. in 2017 to 70.6% while the female employment rate increased by 1.4 p.p. over the year and amounted to 70.2%. The employment rate for people 55-64 years old in 2017 increased by 1.5 p.p. and amounted to 66.1%.

The unemployment rate in 2017 was 7.1% and was 0.8 p.p. lower than in 2016 (Figure 1). Over 2017, the male unemployment rate dropped by 0.6 p.p. to 8.5%, while the female unemployment rate dropped by 1.0 p.p. to 5.7%. The youth unemployment rate (15-24 year olds) decreased in 2017 by 1.2 p.p. to 13.3%. This is however, substantially lower than the youth unemployment rate in 2010 when it was above 35%.

Figure 1. Unemployment rate, 2008-17

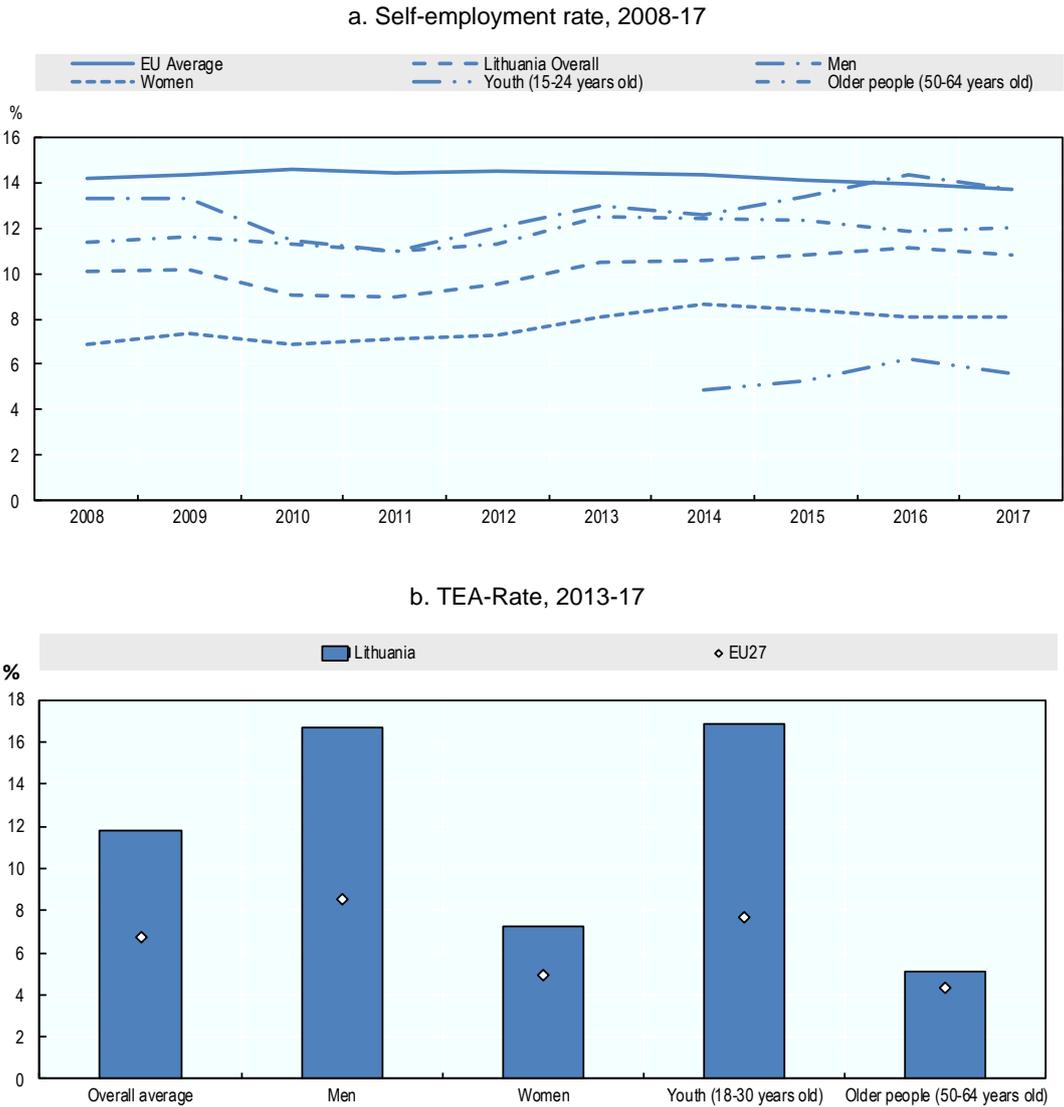


Source: Eurostat (2018), Labour Force Survey.

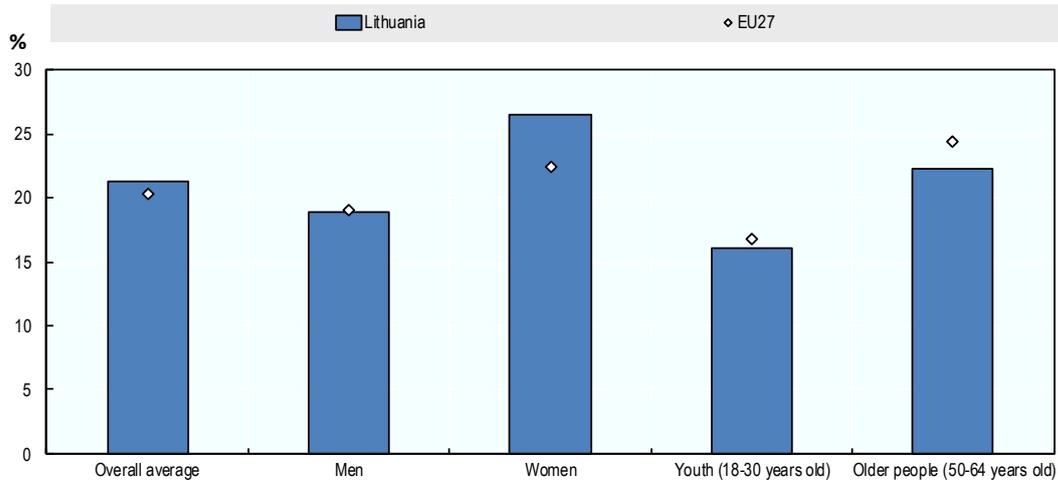
## 2.2. Self-employment and entrepreneurship rates

The self-employment rate in Lithuania has been lower than the EU average over the last decade (Figure 2a). In 2017, 10.9% of workers were self-employed, relative to 13.7% across the EU. The self-employment rate was lowest among youth – 5.6% in 2016 – but this was above the EU average for youth (4.0%). Approximately 8.1% of women were self-employed in 2016, but this was well below the proportion of men (13.8%). 12.1% of seniors were self-employed, which was below the EU average for seniors (17.9%).

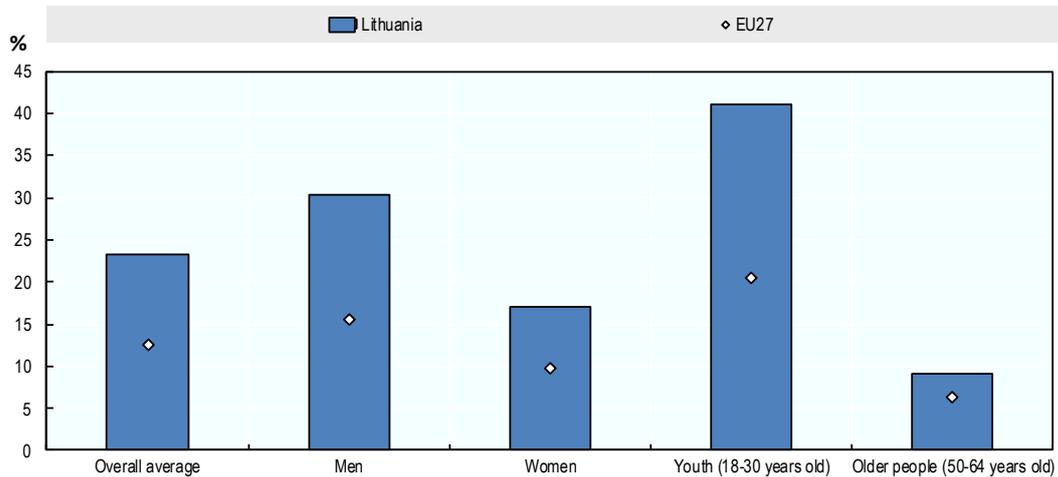
Figure 2. Entrepreneurship rates by target group



c. Proportion of TEA that is necessity entrepreneurship, 2013-17



d. Proportion who expect to start a business in the next 3 years, 2013-17



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total early-stage Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre-start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels b, c, and d were pooled for the period 2013-17, producing an unweighted average. The EU27 average in panels b, c, and d covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: Panel a contains data from Eurostat (2018), Labour Force Survey; Panels b, c, and d contain data from the 2013 to 2017 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2018).

Despite of the generally low self-employment rate, the proportion of adults involved in starting or managing a new business up to 42 months old (i.e. the Total early-stage Entrepreneurship Activity or TEA rate) in Lithuania is among the highest in the European Union (Figure 2b). The highest TEA rates are recorded in Lithuania among men and youth.

The proportion of early-stage entrepreneurship that was launched due to the lack of other opportunities in the labour market between 2013 and 2017 (i.e. “necessity entrepreneurship”) is very much in line with EU average level (Figure 2c). Approximately 21% of early-stage entrepreneurs launched their business out of “necessity”. Women were the most likely group to report starting a business due to a lack of opportunities in the labour market 26.6%).

About 23% of Lithuanian adults reported that they intended to start a business within the next three years, which was above the EU average of 13% (Figure 3c). The proportion of youth who expected to start a business was double the EU average for this period (41.1% vs. 20.4%). Women and older people were much less likely to expect to start a business (17.0% and 9.1%) but were more likely than the EU average for this period.

The Amway Entrepreneurial Spirit Index (AESI) is an international survey on entrepreneurial attitudes. The average global AESI index of all 44 participating countries equals 47, which was slightly lower than in 2016 (50). The EU score was 42 in 2017, down from 46 in 2016. The overall scores for Lithuania in 2017 (55) and 2016 (59) were above the global and EU averages.

According to the Department of Statistics of the Republic of Lithuania (LDS) data 83 069 SMEs were operating in Lithuania at the beginning of 2018. On average, there were 30 enterprises per 1000 inhabitants. The level of entrepreneurship varies across the municipalities. The concentration of SMEs in Neringa is twice as high as the average – 60 enterprises per 1000 inhabitants. In Vilnius, there are 55 enterprises per 1 000 inhabitants, 40 in Palanga, 40 in Kaunas, 37 in Klaipėda, 29 in Šiauliai, and 29 in Panevėžys. The seaside resorts and major cities and their districts have the most favourable conditions for starting and developing small businesses, primarily due to higher demand for goods and services, driven by higher living standards, and flows of foreign and local tourists. Meanwhile, the lowest level of entrepreneurship is observed in many border regions of Lithuania, as well as in agriculture areas.

The number of SMEs has increased by 184 in 2017. Due to the government's regional policy, fewer SMEs appear in the capital (more than half of SMEs opened up in the city of Kaunas in 2017 and only 10% in 2016). The number of SMEs in Lithuania has been growing for several years already. This has been the result of the simplified business start-up procedures, the conditions for business start-ups to use free consultations as well as preferential business start-up credits.

### **2.3. A profile of the self-employed**

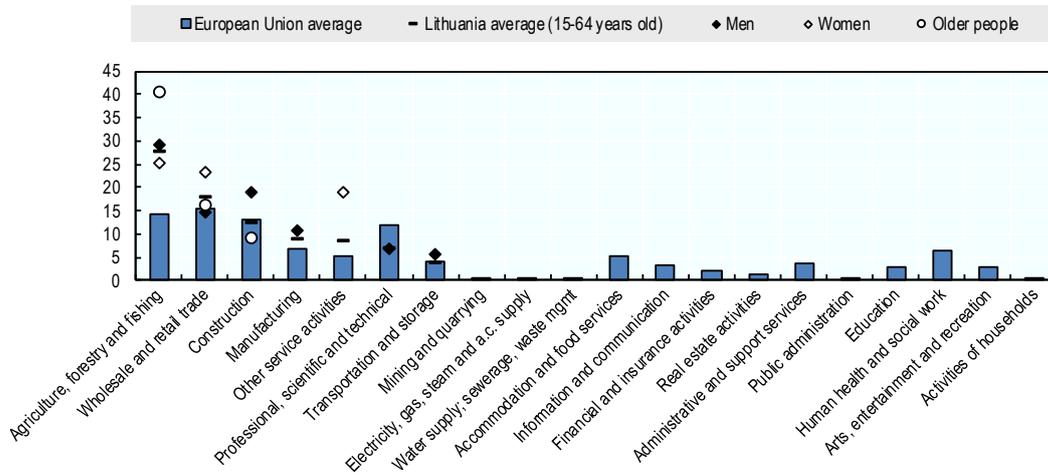
The distribution of self-employment by sector in Lithuania differ significantly from the EU average that reflects the peculiarities of the national labour market (Figure 3a). Thus, the average self-employment among Agriculture, forestry and fishing (27.6%) was twice above the EU average (14.1%) and almost three times high for older people (40.6%) in 2017. Self-employment among the Professional, scientific and technical (6.9%) was two times below the EU average (12.0%). Women in Lithuania are more likely to create jobs for themselves in Wholesale and retail trade (23.2% vs. 15.4% EU average), also in Other service activities and sales (19.0% vs. 5.3% EU average), and men - in construction (19.1% vs. 13.2% EU average).

The share of self-employed people with tertiary education in Lithuania (36.1%) was approximately equal to the EU average (35.1%). However, the proportion of people with less than primary, primary and lower secondary education, which has created themselves a job, is relatively small (3.5%) compared to the EU average (20.1%) (Figure 3b).

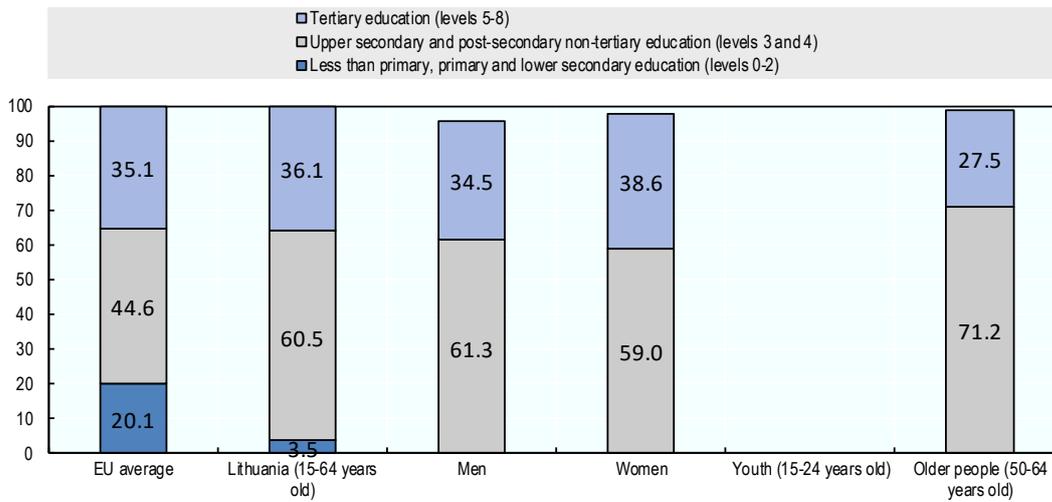
The educational attainment of the self-employed (Figure 3c) shows that proportion of Skilled agricultural, forestry and fishery workers (25.8%) was twice above the EU average (13.8%) and almost three times high for older people (38.5%) in 2017. At the same time proportions among the professionals (10.9%) was two times below the EU average (21.0%). The proportion of educated self-employed women is well above among Service and sales workers (35.2% against 16.5% EU average), and men – among Craft and related trades workers (24.7% vs. 16.0% EU average).

**Figure 3. Characteristics of self-employed workers by target group**

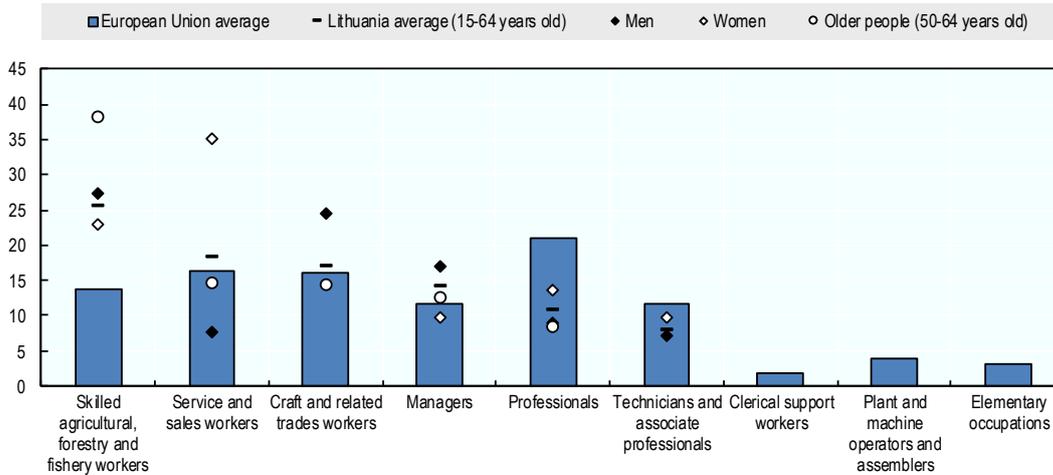
a. Proportion of self-employed by economic activity, 2017



b. Proportion of self-employed by educational attainment, 2017



c. Proportion of self-employed by occupation, 2017



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed.

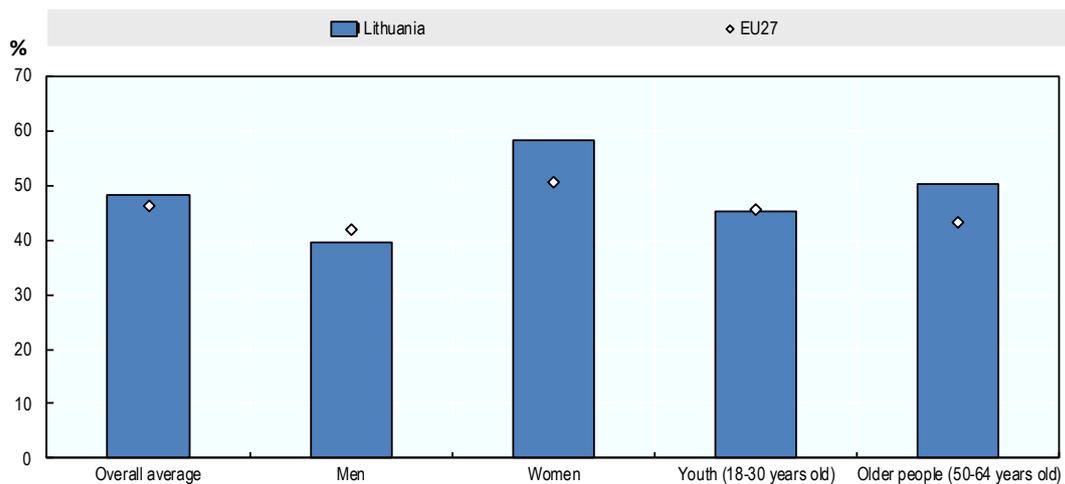
Source: Eurostat (2018), Labour Force Survey.

## 2.4. Barriers to business creation

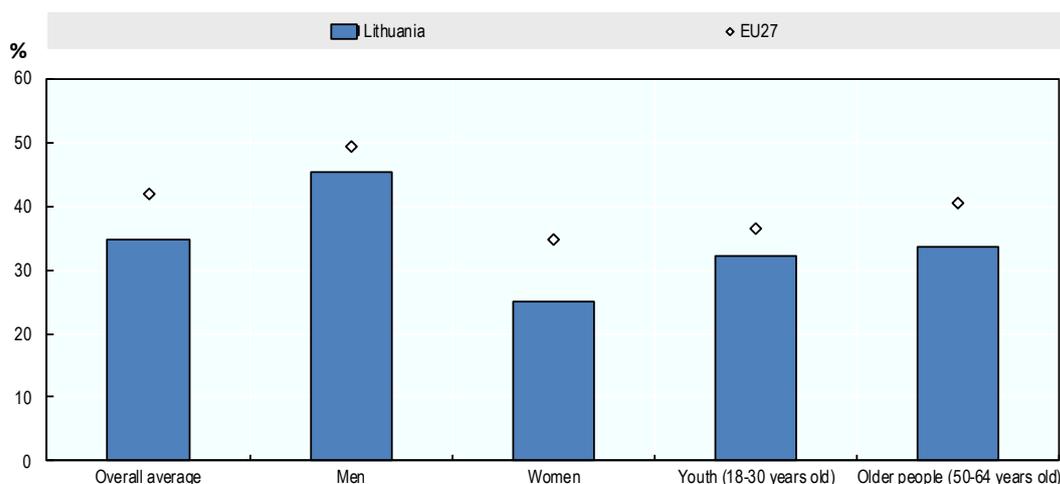
Over the period 2013-17, 48% of Lithuanians reported that a “fear of failure” was a barrier to business creation (Figure 4a). This was approximately equal to the EU average for this period. Women were the most likely to report this barrier (58.1%), while about half of older people did (50.1%). Youth were as likely as the EU average to self-report this barrier (45.1%)

Figure 4. Barriers to entrepreneurship by target group

a. Proportion who report that a fear of failure prevents them from starting a business, 2013-17



b. Proportion who perceive that they have the skills to start a business, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

Although the proportion of people who indicate that they expect to create a business in the next three years is about double the EU average (see Figure 2d), Lithuanians were less likely to report that they had the skills and knowledge to start a business (Figure 4b). Only one quarter of women believed that they had the skills to successfully start a business (24.9%), which was below the EU average (34.6%). About one-third of youth and older people indicated that they had the skills to start a business; both proportions were below the EU averages.

The AESI survey also asks about perceived capabilities related to starting and running a business. The majority of respondents perceive themselves as socially supported (88% vs. 62% EU average), committed to their prospective business (85% vs. 53% EU average), and able to generate ideas (73% vs. 47% EU average). The willingness to take the risk of failing (74% vs. 41% EU average) and the ability to raise money for a business idea (48% vs. 31% EU average) display lower approval rates. These results confirm the findings from the GEM data that Lithuanian entrepreneurs have a significantly stronger degree of confidence in their skills than those in the EU or the world globally.

Respondents to the AESI survey were also asked in which area for starting a business support would be most helpful, by selecting one of five alternative answers. The results reveal where entrepreneurial support should be intensified. Globally and in EU, the top-three areas respondents wish for support are raising money (23% and 23%); help with finances, taxes and regulations (20% and 24%); and marketing and identifying customers (18% and 15%), while in Lithuania the preference were given for support dealing with finances, taxes and regulations (36%), in setting up the business idea (19%) and hiring the right people (18%). Such results clearly signal the lack of national business eco-system. Globally, the report states those under 35 years old continue to be the most positive toward entrepreneurship overall. There remains great opportunity to better support women who are more risk averse to starting their own businesses.

### 2.5. Entrepreneurship performance

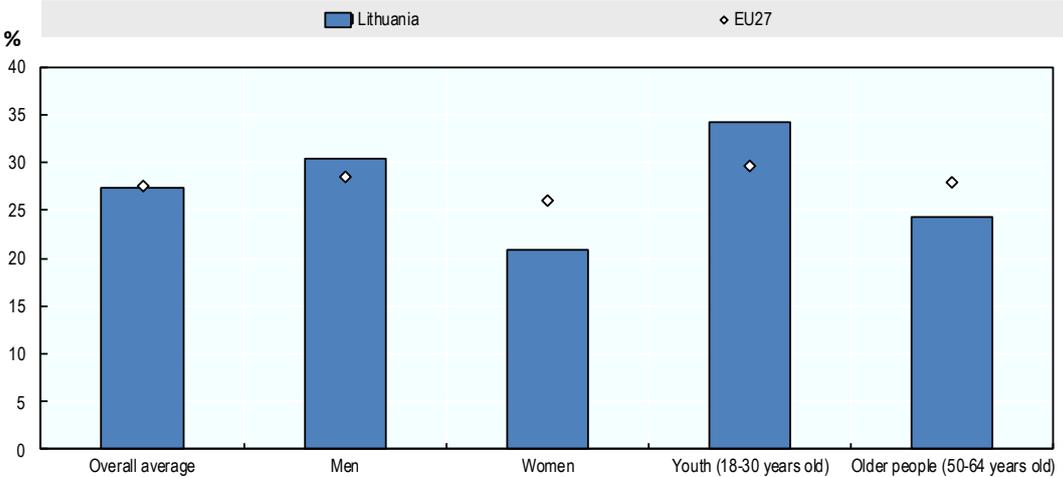
Lithuanians were approximately as equal as the EU average to offer new products or services (Figure 5a). However, there was some variation across the key target groups for the 2013-17 period. Men (30.3%) and youth (34.2%) in Lithuania were slightly more likely than the EU average to offer new products and services but women (20.9%) and seniors (24.4%) were less likely.

Lithuania is also above the EU average in terms of proportion of entrepreneurs that sell to customers in another country between 2013 and 2017 (72.2% vs. 57.4%) (Figure 5b). Youth were the most likely target group to sell to customers in another country (75.3%). Women were the least likely (67.2%), but still substantially more likely than the EU average for this period (53.6%).

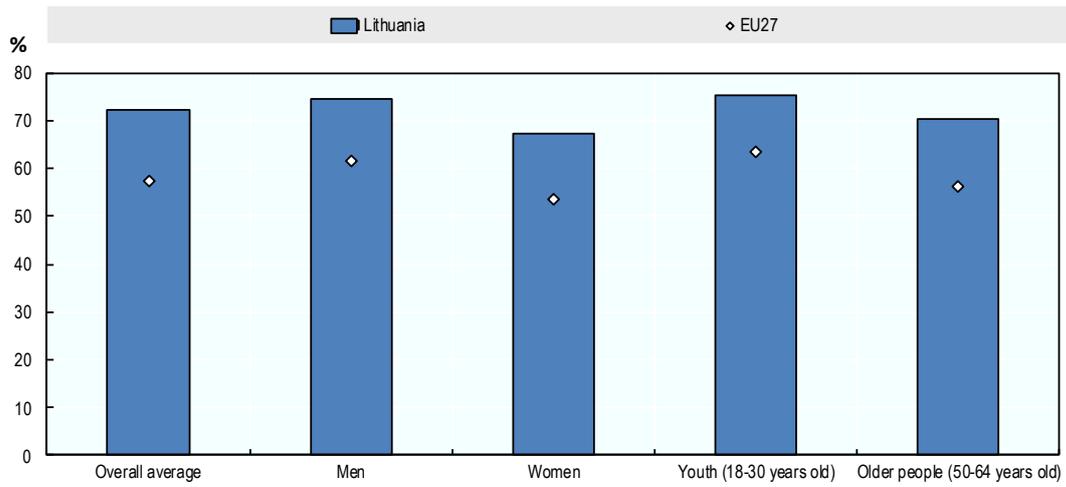
Given the high proportion of new entrepreneurs who introduce new products and services, and sell to customers in other countries, it is unsurprising that Lithuanians are, on average, more optimistic about their growth expectations. During the period 2013-17, approximately 13% of entrepreneurs expected to create at least 19 jobs over the next 5 years, relative to an EU average of about 10% (Figure 5c). Youth and men were the most likely to expect to create a high number of jobs, while women and older people were less than half as likely to expect this level of job creation.

**Figure 5. Self-employment and entrepreneurship activities by target group**

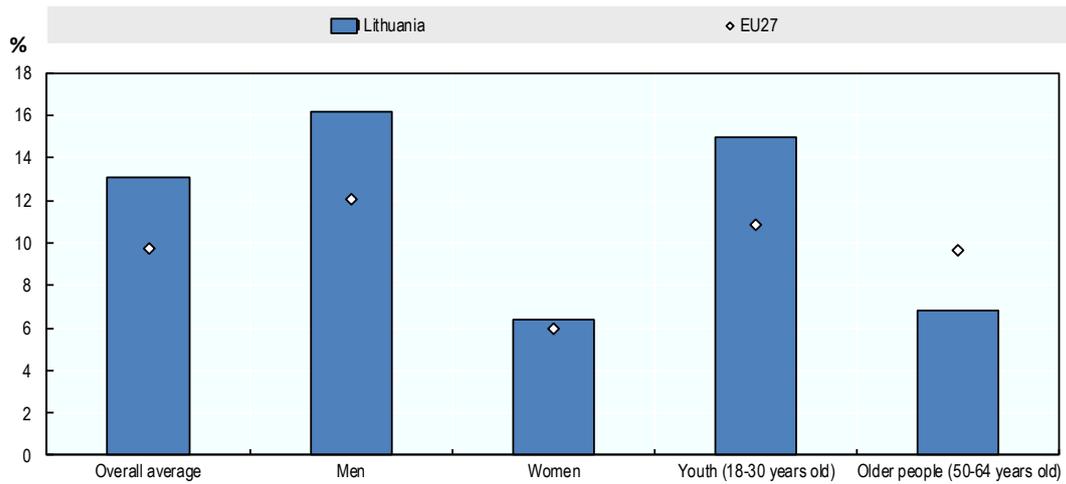
a. Proportion of new entrepreneurs whose products or services are new to all or some customers, 2013-17



b. Proportion who sell to customers in another country, 2013-17



c. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2013-17



Note: Data were pooled for the period 2013-17. Responses were weighted to reflect the population in each year, but no weighting was used when pooling the time series data, i.e. all years have the same weight regardless of the sample size in each year. The EU27 average covers all EU Member States except Malta because it is not covered by the GEM survey.

Source: GEM (2018), special tabulations of the Global Entrepreneurship Monitor's household surveys from the 2013 to 2017.

### **3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES**

#### **3.1. Policy framework**

The Law of the Republic of Lithuania on Employment No XII-2470 outlines the legal framework for the labour market and employment policy. It defines the main forms of employment (including self-employment), the relevant legal framework, policy objectives related to supporting job seekers, and the provision of employment support measures, and more. The Law allows for support for job seekers for business creation and self-employment, including a small subsidy.

Support for SMEs is generally established in Law No VIII-935 on the Development of Small and Medium Business. The Law provides for the following forms of support for small and medium-sized business entities (SMEs): tax credits and tax concessions, financial support (e.g. soft loans, partial compensation of interests, issue of guarantees, export credit insurance), public services for business (e.g. in business incubators, business information centres, science and technology parks), and other forms of support.

In general, initiatives promoting entrepreneurship fall within the remit of the MoE, while actions to support the social integration of under-represented and disadvantaged groups are covered by the MoSSL. The MoSSL designs measures and strategies oriented towards labour market integration of these groups and reduction of poverty/social exclusion without singling out entrepreneurship as a separate or, even more so, the most important component thereof. On the other hand, the MoSSL has strategies and policies for different target groups – youth, unemployed persons, seniors and people with disabilities. Some measures identified as relevant for certain groups (e.g. youth, unemployed) place adequate focus on entrepreneurship development.

The greatest challenge in developing a more supportive policy framework for inclusive entrepreneurship is in defining clear inclusive entrepreneurship policy design and implementation definitions between the key ministries and to develop corresponding leadership and administrative capacities to develop policies in this area. Moreover, there are no clear mechanisms yet to co-ordinate inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations. However, some inter-related activities such as the implementation of the Youth Guarantee Implementation are providing opportunities to build capacities within the ministries and to strengthen linkages across the various actors involved in designing and delivering inclusive entrepreneurship support.

#### **3.2. Government Regulations**

The business environment remains conducive to starting and running an enterprise. The World Bank's Doing Business 2018 report ranks Lithuania 16<sup>th</sup> globally (from 190 countries) and 6<sup>th</sup> in the EU. However, entrepreneurship is more than just officially launching a business – it is about people's attitude and motivation. The business environment as an extrinsic factor influences the entrepreneurial spirit. The AESI survey<sup>13</sup> asks respondents to rate five how respondents rate five different external aspects regarding starting and running a business. In Lithuania, the top-three aspects are technology availability (54% vs. 44% EU average), supportive education system (47% vs. 36% EU average) and beneficial economic situation (30% vs. 29% EU average), although tax system (32% vs. 26% EU average) and government business regulation (30% vs. 26% EU average) were rated as less important.

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<sup>13</sup> 2018 Amway Global Entrepreneurship Report (AGER):  
[https://www.amwayglobal.com/wp/wp-content/uploads/2018/05/Ager\\_2018\\_Brochure\\_Color.pdf](https://www.amwayglobal.com/wp/wp-content/uploads/2018/05/Ager_2018_Brochure_Color.pdf)

A key government priority is the promotion of an attractive investment environment and a business-friendly eco-system for regional development and innovation. In this context, the Start-up Visa project launched at the beginning of 2017 to facilitate the immigration of those who intend to start businesses that introduce new technologies or other significant innovations. A portal<sup>14</sup> for the submission and evaluation of applications for Start-up Visa was created and 27 applications for Start-up Visa were approved in 2017 (out of a total of 126 applications evaluated).

In 2018, in the context of the governmental tax reform aimed at making labour taxation more attractive to job creation and promoting investment and entrepreneurship, the earnings ceiling for social security contribution is brought to consideration, including as to who and under what conditions should be subject to the “ceiling”.

Some actions are in the competence of municipalities and they are invited to support government measures and contribute to reforms, stimulating economic change and support business creation among under-represented and disadvantaged groups. Recent developments in the regulatory environment have been related to the fee for business certificates set by local authorities (municipalities). For example, from 2016, Vilnius City Municipality reduced it by 70% for students and 50% for retired people, people with disabilities, registered unemployed and families with children.

Another area where regulations have been evolving to support inclusive entrepreneurship is the integration of immigrants, notably refugees. In 2017, the Refugees Reception Centre provided integration support for 400 refugees, mostly from Syria. To facilitate their integration, the Government has provided for a monthly compensation for part of the housing rent for those that have been granted asylum. Policy makers have been working to support their integration into the labour market but most efforts have been designed to support employment.

The MoSSL has drawn up a draft Strategy for the Demographic, Migration and Integration Policy for 2018-30 and is expected to submit it to *Seimas* for deliberation before the end of 2018. The project aims to address country’s demographic challenges, increase birth rate, reduce emigration, promote return migration and improve the quality of life of the elderly. The main goal of the strategy is to (i) ensure a positive change in the age structure of the population, (ii) create a family-friendly environment, (iii) ensure the management of migratory flows in line with the needs of the state, and (iv) enable the elderly to integrate into society. It touches on employment and entrepreneurship for seniors and migrants. In parallel the Government launched<sup>15</sup> a public consultation on the package of measures, which would be taken on board when the Parliament adopted the strategy.

The MoLLS developed with several other ministries the next generation action plan (2018-21) for the implementation of the 2015-21 National Programme of Equal Opportunities for Women and Men. The main objective of which is to promote equality in the labour market, including opportunity for women entrepreneurs (especially in rural areas). The is supported by the new Labour Code of the Republic of Lithuania came into force on 1 July 2017. Further, the Equal Opportunities Controllers’ Office (EOCO) adopted recommendations in 2017 for equal opportunities policies measures, including awareness campaigns and training on gender equality planning in the workplace.<sup>16</sup>

To contribute to the reduction of poverty, social exclusion and income inequalities, as well as to promote employment, the Government is working to support the development of social business. The

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<sup>14</sup> <http://startupvisalithuania.com>

<sup>15</sup> From April to June, 2018

<sup>16</sup> With the entry into force of the new edition of the Law on Equal Opportunities (2017.01.01), The Equal Opportunities Controllers got more responsibilities for carrying out preventive and educational activities, disseminating the principle of equal opportunities. According to the recommendation of the Government of the Republic of Lithuania, she also supervises the implementation of the provisions of the United Nations Convention on the Rights of Persons with Disabilities concerning equal opportunities.

number of social enterprises has doubled over the year (from 30 in 2016 to 63 in 2017). In 2015, the MoE approved, through his order, the Social Business Concept and the Action Plan for the Promotion of Social Business for 2015-17. In 2017, with a view to defining social business criteria, forms and ways to accede to assistance, the MoE drafted a Law on Social Business; in parallel, a draft Law on Social Enterprises (new version) was prepared by the Ministry of Social Security and Labour.

In 2017, Enterprise Lithuania delivered a study on Social Business in Lithuania in 2017, which provides information on the ecosystem of the social business and examples of social business in Lithuania.<sup>17</sup> The increase in the number of social businesses has been also due to the consistent efforts of raising awareness in this regard through social business promotion events held jointly with Enterprise Lithuania, the social business conference held for five years on the run, meetings and discussions (think tanks) with the participants from the social business ecosystem. It is expected, by 2020, to have about 150 social businesses in Lithuania.

One important challenge that social businesses attempt to address is the integration of people with disabilities and health issues into the labour market. This group faces many challenges to work, including some indirect barriers such as lower levels of education and qualifications. To achieve better employment of the persons with disabilities, the authorities have a number of measures in place for this purpose, but the voluntary model of employment of persons with disabilities has not been sufficiently effective. Some people with disabilities do not have access to state support for self-employment, since the Lithuanian legal framework still contains the term “incapacity for work”. The consequence is that people who have an incapacity for work cannot lose their job and therefore cannot be registered as unemployed, which greatly reduces the support that can be accessed. Recent trend shows that the number of persons with disabilities having received the support for self-employment has come down almost 10 times (in 2011, there were 40 beneficiaries, in 2015 – 5, in 2016 – only 3). The underlying reason for this is the strict eligibility criteria for a business plan that have failed to be appropriately adjusted to the specificities of this target group. Persons with disabilities also still face segregated treatment in terms of education, training and development. To address this, the Government drafted and submitted to the *Seimas* a number of legislative amendments that would exclude the terms “incapacity for work” and “partial capacity for work”. It has also proposed adjustments to the assessment process to also consider individual autonomy in daily life.

### **3.3. Financing entrepreneurship**

Financing remains one of the main challenges for all start-ups and affects key social target groups in entrepreneurship to a disproportionate extent. About half of SMEs finance business development solely by internal resources, while 38% would take out a loan from credit institutions. It is estimated that 9% SMEs intend to participate in public start-up financing programmes.<sup>18</sup> The survey also shows, that 18% of SMEs expect to borrow between EUR 20 000 and EUR 50 000, while another 15% of SME would seek between EUR 50 000 and EUR 100 000, and 12% would seek EUR 10 000 and EUR 20 000.

Several actions have been launched to increase access to financial resources for entrepreneurs in the period 2014-20. Two business-financing funds were set up in 2016 as platforms of financial instruments facilitating the entrepreneurship and business development: Entrepreneurship Promotion Fund-2 supported from ESF (EPF-2) and Business Financing Fund (BFF) supported by the ERDF.

The Entrepreneurship Promotion Fund (EPF) is one of the main instruments available to people from under-represented and disadvantaged target groups. This is financed through the EPF-2 scheme. This scheme aimed, *inter alia*, at creating conditions for entrepreneurs to start or expand their activities using financial instruments (e.g. loans up to EUR 25 000) that are offered in combination with entrepreneurship training. This package is offered as an incentive to those facing challenges in

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<sup>17</sup> <https://www.versli Lietuva.lt/paslaugos/socialinis-verslas>

<sup>18</sup> Executed by the Market Research Centre at the request of the LCCU.

the labour market, including youth under 29 years old and those over 54 years old. Additional incentives (e.g. low interest loans, wage subsidies) are envisaged. This reflects the recommendation from 2007-13 evaluations<sup>19</sup> on how to make the scheme more attractive for unemployed and other persons without regular income or savings. The Central Credit Union of Lithuania (LCCU), which represents consortium of 42 credit unions around the country, has provided loans since December 2016. The overall sum allocated to the EPF for 2014-20 is EUR 24.5 million.

Through 2014-20 EU funds OP EUR 179.6 million has been allocated for the implementation of the BFF aiming to increase the supply of business financing. INVEGA will implement BFF measures in co-operation with an international experienced partner, the European Bank for Reconstruction and Development (EBRD). It is planned to implement four risk capital financial instruments through selected financial intermediaries, which will include loans, portfolio guarantees for loans and leasing, and risk capital investments. These financial instruments will facilitate access to finance for SMEs, thus promoting business development and the creation of new businesses. It is planned that more than 1 400 start-ups, businesses, and individuals will be funded from the BFF and privately funded funds.

To facilitate employment of the group of population, who face difficulties on the labour market, EUR 40.55 million has been allocated from the ESF. INVEGA runs the relevant Global Grant measure “Support for Work”, which offers the provision of financial incentives (partial compensation of labour costs of employees) to employers that hire first-time employees between 18 and 29 years of age (for a period of 12 calendar months) and employees above 54 years of age (for a period of 24 calendar months). Public or private legal persons (except for budgetary institutions), branches or representative offices of legal persons as well as natural persons engaged in business-commercial activities may apply for support in this framework. The first call of EUR 15 million for the Global Grant measure was announced in QIV of 2016.

INVEGA also runs the ESF-funded (EPF-2) Global Grant measure (total amount of EUR 16 million), which addresses the start-ups. The objective of the measure is to create additional financial incentives for self-employment and encouraging creation and maintenance of new jobs. The measure supports a partial reimbursement of the salary costs of the employee(s) for those businesses who have received a loan under the “Entrepreneurship promotion 2014-20” measure funded by the ESF. The first call for proposals was published in 2017 (total amount of EUR 8 million).

The INVEGA Financial Engineering Facility, Open Credit Fund 2 (OCF-2), which continues the implementation of the measure implemented for the period 2007-13. The measure offers soft loans for SMEs of up to EUR 600 000 for the needs of investment and for needs of working capital (provided through private banks *Citadele* and *Medicinos bankas*). This is another financial measure supporting entrepreneurship process in the country through 2014-20 EU funds OP. From the implementation of the measure from October 2016 until 31 December 2017, 298 credits were contracted from OCF-2, and the amount of credits (including financial intermediaries’ (private) funds) amounted to EUR 37.93 million. However, with the current absence of any in-built additional incentives, OCF-2 loans are less affordable for the disadvantaged groups.

The unemployed can also receive financial support for business creation through active labour market policies. Subsidies for self-employment for registered unemployed or people with disabilities can be provided in the following contexts:

- where people with a disability of working age who are registered at the LLE and whose capacity for work is less than 25% create jobs for themselves for the first time in micro enterprises as defined in Law on the Small and Medium-sized Business Development;

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<sup>19</sup> Assessment of the preparation of the situation analysis and outlook for 2014-20 in the Areas of Human Resources Development and Social Cohesion. Final report. PPMI Group, October, 2013.

- where people with disabilities of working age are registered at the LLE and whose capacity for work is 30-40% create jobs for themselves for the first time in micro enterprises as defined in the Law on the Small and Medium-sized Business Development;
- where youth under 29 years create jobs for themselves for the first time in micro enterprises as defined in the Law on the Small and Medium-sized Business Development
- where persons whose dismissal consequences are mitigated from the Globalisation Adjustment Fund (EGF) create jobs for themselves for the first time in micro enterprises as defined in the Law on the Small and Medium-sized Business Development.

The amount of subsidy for the creation of jobs for themselves for the first time in micro enterprises as defined in the Law on the Small and Medium-sized Business Development cannot exceed 40 times that monthly minimum wage.<sup>20</sup> Overall, these measures made a small contribution to boosting self-employment among the unemployed, as the number of unemployed beneficiaries is quite small. According to LLE data, nearly 10 000 subsidies are provided annually but the number of people with disabilities who created jobs for themselves is less than 50 per year and the number of former unemployed persons who create jobs for other unemployed persons sent from the LLE is less than 20 per year.

The 2014-20 Rural Development OP cases can be distinguished by a number of specific initiatives, which are viewed as supporting the entrepreneurship of disadvantaged groups (including rural youth, women and older people who are especially vulnerable).

One of the particular challenges in Lithuania is supporting entrepreneurs in rural areas within the context of a demographic shift. The number of people under 40 years old is decreasing in rural areas there were 127 100 farmers up to 39 years old in 2003 and only 62 400 farmers in 2010.<sup>21</sup> At present, only about 4% of country is under 39 years old, while the EU average is 7%. Given the decline in the number of youth in rural areas, the focus of policy support will be on younger farmers who are more entrepreneurial and active, more inclined to innovate and adapt successfully to the development of new technologies, a new, changing environment, and to seek practical and scientific and technical knowledge. Support for the setting up of young farmers contributes to the stabilisation of the demographic situation in rural areas and the creation of high-quality jobs in rural areas, the maintenance of existing jobs, the development of the agricultural sector.

There are also supports anticipated for innovative start-ups. The government intends to establish a venture capital fund by 2018, which will invest in new viable ideas. It is also planned to set up acceleration, training and refresher programmes for start-ups students. All those measures are expected to increase the number of start-ups from 315 (2016) to 720 (2020), which would attract up to EUR 26 million investment by 2020.

In addition, the “Co-investment Fund 2” is a venture capital facility, managed by INVEGA together with its subsidiary LTD “*Kofinansavimas*”. This measure is aimed at developing the Lithuanian venture capital market, raising new venture capital market participants and thus providing more capital access to new viable Lithuanian enterprises with limited access to the banking financing. Through this measure INVEGA together with private investors, will invest to small and micro enterprises operating for a period not exceeding five years after their registration. In total EUR 11.6 million is allocated for this measure under the 2014-20 EU Structural Funds OP. By the end of 2017 the list of 33 private investors has been justified, and the investment itself to be completed in 2018. It is expected that few entrepreneurs from disadvantaged groups benefit from the venture capital programme as well.

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<sup>20</sup> The MMA was EUR 380 and amounted to 51% of the average monthly net wage in 2016

<sup>21</sup> According to the data of the results of the Census of Agriculture of the Republic of Lithuania

### 3.4. Entrepreneurship skills

Individuals willing to start their own business and SMEs operating for less than five years often fail to obtain the required information and advice support on starting a business, accessing funding, searching for potential markets, and introduction of new technologies. To increase the accessibility and supply of support services for business, the National Register of Consultants has been created. Business consultants are selected by Enterprise Lithuania,<sup>22</sup> which is responsible for the creation of the Network. In June 2016, the MoE opened calls for SMEs to express an interest of receiving high quality advisory services from consultancies listed in the Register.<sup>23</sup> Services offered have been grouped by target groups, i.e. entities operating for less than one year; entities in operation for one to three years; entities operating for three to five years. Information/advisory services is provided in the form of a voucher of up to EUR 6 500. The introduction of such measure under the 2014-20 OP responds to the conclusion on the lack of the focus by the EU funds on high quality consultation services for start-ups that are in high need for such services.<sup>24</sup>

The EPF scheme noted in section 3.3 includes a strong skills development component. According to evaluations of the EPF,<sup>25</sup> more individualised, integrated and longer training would provide valuable additional knowledge that would effectively contribute to the successful activities of new businesses. Training is needed not only at the pre-loan stage (when considering setting up of a business, preparing business plans), but also at the post-loan stage. This has been taken into account in the design of the interventions for the period 2014-20, where an opportunity to have mentors (advisers) for educating young businesses and delivering practical assistance is offered to EPF loan recipients.

In 2007-13, the MoE implemented a number of initiatives to promote entrepreneurship. These included the first business year baskets (vouchers) were introduced for youth entrepreneurs. These could be obtained by attending entrepreneurship events organised by Enterprise Lithuania<sup>26</sup> and used to “purchase” support services, e.g. professional business advice. In addition, voucher holders are entitled to use the online (virtual) office services such as mailing address, printing and scanning services, access to the Internet, and more. Monitoring data indicate that 98.9% of businesses that started up with a help of vouchers successfully survived for the period longer than one year. This measure has continued in the 2014-20 period, and others have been introduced to support groups such as youth, women, persons with disabilities, seniors, immigrants, family businesses, and rural entrepreneurs.

It should be noted that apart from the aforementioned major measures for improving entrepreneurship skills, Lithuania has a number of smaller measures that contribute to the improvement of skills across various target groups. Many of these initiatives are funded from various EU programmes; some of them are non-governmental initiatives closely related with the relevant ministries.<sup>27</sup> Some recent examples include Futurepreneurs, Junior Achievement Lithuania, Promotion of entrepreneurship among women, and IT and business start-up training courses.

In 2013, to address the issue of young people that are not in education, employment or training (NEETs), the European Council launched the Youth Guarantee Initiative (YEI). The primary intervention project “Discover Yourself” (*Atrask save*) was launched in 2016. It was implemented

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<sup>22</sup> The procedure was established by MoE Order No 4-558, 04 September 2015;

<https://www.e-tar.lt/portal/lt/legalAct/9e586a4052de11e5b0f2b883009b2d06>

<sup>23</sup> OP for EU Funds’ Investments in 2014-20 measure No. 03.1.1-IVG-T-819 “Business Consultant LT”

<sup>24</sup> Impact Evaluation of the European Union Structural Support to Lithuania’s Competitiveness. Estep, 2015

<sup>25</sup> Assessment of the preparation of the situation analysis and outlook for 2014-20 in the Areas of Human Resources Development and Social Cohesion. Final report. PPMI Group, October, 2013

<sup>26</sup> <https://www.verslijietuva.lt/paslaugos/renginiai/>

<sup>27</sup> See in detail the Country Assessment Note, Lithuania 2016.

by LLE, acting as a leading partner, and the DYA. The LLE's programme was designed for active NEETs who are officially registered with LLE as unemployed whereas DYA targets inactive NEETs. The project offers early intervention services focusing on the development of motivational, social and labour market skills through engaging NEETs in voluntary activities, trainings, traineeship and apprenticeship experiences as well as providing them with psychological counselling, skills' assessment and other measures to enhance work motivation. About 8 700 youth (NEETs) received support during the first year of implementation; 3 300 NEETs successfully integrated into the labour market, started studies or acquired qualifications, of which 328 were inactive young people. It is planned that 23 000 unemployed NEETs and 12 000 inactive NEETs will participate in the project in total.

Those participants of the project Discover Yourself who do not receive unsubsidised job offer will be involved in the secondary intervention project "New Start" (*Naujas startas*). The YEI-supported project, which will be carried out only by the LLE, plans to involve the total of 11 000 unique NEETs in various active labour market measures. Most of the participants of this project will be involved in vocational training (around 9 000 people). Other participants will receive subsidised jobs or a package of several services (e.g. example, vocational training and subsidised job) depending on their needs. The project New Start will provide an opportunity to support the most disadvantaged participants of the first YEI project for a longer period than just four months. Under the project 49 800 young unemployed were employed; 2 200 received support for setting up a job; 13 000 young people started their business under the business license; 200 young unemployed signed bilateral contracts for the acquisition of work skills at the work place, 7 700 young people participated in vocational training, 5 500 participated in the supported recruitment activities.

An important factor for the success of YEI is the combination of training, consultations and financial assistance. However, the evaluation<sup>28</sup> conducted just prior to the start of implementation has ascertained the risks associated with an efficient and effective implementation of YEI interventions especially at a local municipal level. Identifying inactive NEET youth and providing them with personalized and high quality services remains one of the most important problems that is addressed through closer cooperation with municipal administrations, local community, increased involvement of social workers, improved capabilities of the LLE and DYA co-ordinators to motivate the NEET youth.

A National Mentor Network was established in 2016. It allows new entrepreneurs to learn from experienced entrepreneurs and experts. The network is supported by Enterprise Lithuania, which provides consultations, trainings and regularly organises events, such as the LOGIN Start-up Fair. At the end of 2017, 380 start-ups were up and running in Lithuania (316 in 2016). Over the year 2017, they attracted EUR 24.6 million in investment.

### **3.5 Entrepreneurial culture and social capital**

There are a number of initiatives to promote entrepreneurship, including events for both starters and investors (e.g. The New Business Forum # Launch, Next Economy conference, The Grand Founders Day). There are some events targets at youth (e.g. Youth Guarantee Learning Forum), as well as Youth Business Clubs, and business competitions at business schools and technical universities. There are also a small number of initiatives to promote entrepreneurship to women, including Promoting women's leadership, Entrepreneurial Woman and the Network of Business Women.

The bulk of information provision to disadvantaged groups about business creation and self-employment is done by non-government organisations. Such organisations are well-positioned to

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<sup>28</sup> Evaluation of the youth employment initiative in Lithuania, PPMI, November–December 2015

provide information to youth and the government uses these partnerships effectively.<sup>29</sup> However, a gap remains in the communication approach to entrepreneurship since there is no strategy for a coherent mainstreaming of entrepreneurship at different levels for the education system.<sup>30</sup>

Among public institutions, INVEGA is the most active at promoting entrepreneurship. In 2017, it organised 72 events, 12 TV3 broadcasts, and many press releases and online articles.

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<sup>29</sup> Supporting youth entrepreneurship in Lithuania. A review of policies and programmes. OECD, 2015

<sup>30</sup> Impact Evaluation of the European Union Structural Support to Lithuania's Competitiveness. Estep, 2015

#### 4. OVERVIEW OF WOMEN ENTREPRENEURSHIP

Political attention to women's entrepreneurship started in about 2014 with the development of the National Programme on Equal Opportunities for Women and Men 2015-21. It seeks to promote equal employment opportunities for women and men and to enhance opportunities to start and develop a business for women, especially those living in rural territories. Many initiatives have been implemented during the period 2015-17 to strengthen entrepreneurial support for women and to improve their financial literacy and other competencies; such as organising events, holding dedicated consultations and seminars, supporting projects promoting diversification of economic activities.

The number of women entrepreneurs have increased in the last decade, at the same time their number in Europe and Lithuania is significantly lower than that of male. Approximately 9% of women were self-employed in 2016-17, but this was well-below the proportion of men (about 14%). Women in Lithuania are more likely to create jobs for themselves in Wholesale and retail trade (23.2% against 15.4% EU average), also in Other service activities and sales (19.0% against 5.3% EU average).

At the end of the 2017, the MoLLS announced a result of survey of the Lithuanian population reflecting the situation of women and men in various aspects from a general approach to gender equality and the changing situation, roles in society and the family, differences in attitudes to work, and more. Although the survey did not address women's entrepreneurship directly, it provided indirect evidence on the barriers faced by women in labour market and in business creation in particular.

According to the survey, 42% respondents are positive about changes in gender equality over the last five years, 43% agrees that the gap between men and women has fallen over the last five years. Moreover, 35% states that women and men in Lithuania have equal opportunities in work and careers; 54% believe that men receive higher monthly income; 59% agree that men should also take parental leave. One fifth of the respondents indicated that they had to refuse to work or they had to choose not to work full-time during the care of relatives (due to sickness, disability, old age, children over 2 years of age, etc.).

Considering the lessons learned from the previous period the MoLLS together with other ministries, has prepared the next generation (2018-21) Action Plan for the implementation of the 2015-21 National Programme of Equal Opportunities for Women and Men, the main objective of which is to promote equal opportunities for women and men in employment and employment. The following tasks are foreseen here: (i) to reduce wage differences between women and men; (ii) to reduce gender segregation in the labour market and in education; (iii) increasing the opportunities for women and especially rural women to take up business and develop it.

In working towards these objectives, the MoLLS submitted a request for funding to the Commission in co-operation with the Mykolas Romeris University for a detailed analysis of the reasons for the some of the gender gaps in the labour market and to raise public awareness about the impact of these gaps. As a first step, the new Labour Code of the Republic of Lithuania came into force on 1 July 2017. Article 26 (Gender Equality and Non-Discrimination on Other Bases) stipulates that employers must implement the principles of gender equality and non-discrimination.

In response to inquiries from enterprises and institutions, in 2017 the Equal Opportunities Controllers' Office (EOCO) adopted recommendations for equal opportunities policies measures. The EOCO also continued to organise annual awards of equal work, awareness campaigns and training courses for state and private enterprise on gender equality planning in the workplace. In 2017, the EOCO with the Human Rights Monitoring Institute and the Lithuanian Gay League began a three-year project "Change in Business, the Public Sector, Society - New Standards for Reducing

Discrimination". It is planned that the project's experts design a methodology for setting and implementation of gender equality plans, develop distance learning courses on equality and non-discrimination. All that will help labour market participants to recognise cases of discrimination and effectively solve the conflicting situations and thereby contributing to the creation of more favourable conditions for women's entrepreneurship development.

Despite progress in this area, women are still more likely to face greater difficulties in developing their businesses in Lithuania due to social and cultural barriers, difficulties in acquiring initial capital and lack of qualifications and additional responsibilities in the family (primarily for childcare).

## 5. POLICY RECOMMENDATIONS

Inclusive entrepreneurship policies are receiving increasing attention in Lithuania. There are many activities, projects and initiatives to promote youth entrepreneurship and to a lesser extent, also for women, the unemployed, rural residents and people with disabilities. However, there is very little support offered for older people. There is therefore room to increase the availability of entrepreneurship support for some groups, notably women and older people. Moreover, support schemes are not integrated into a coherent system. Each institution has its own areas of responsibility but there is no central responsibility and clear leadership. To further advance policies and programmes in this area, the following recommendations are offered:

1. *Create an information platform for entrepreneurship that would contain information about all entrepreneurship promotion measures implemented by different institutions, including incentives for disadvantaged groups.* Such a platform would serve policy-makers as a policy co-ordination tool and (potential) entrepreneurs as a one-stop shop. Responsibility for the creation and administration of such a platform could be vested upon the ME or ME and MSSL together, or the mentioned institutions could appoint a Platform administrator. Information collected through the platform could also serve to monitor and evaluate certain key programmes. Based on such evaluation, it would be possible to identify weak areas, to prepare well-grounded recommendations and initiate their implementation.
2. *Undertake targeted entrepreneurship promotion for older people.* Older people are under-represented in entrepreneurship in Lithuania yet this is a growing population with great potential for contributing in the labour market. There is very little tailored support available for older people, which is a missed opportunity to keep them engaged in society and the labour market. An important first step is to use targeted campaigns to raise awareness about the potential for entrepreneurship and to direct potential senior entrepreneurs to existing supports.
3. *Monitoring and evaluation of entrepreneurship policies is still in an early stage and should be further improved.* Impact assessments are needed to weigh financial costs of key inclusive entrepreneurship programmes against benefits. Until now, the implementation of business support measures has not yet received an appropriate assessment, including both short-term (under a year) and long-term (5 years) measures. It would also be advisable to evaluate the experience of implementing the YEI and to eliminate legal and other obstacles that prevented the full implementation of planned actions. According to the new Law on Employment, it is foreseen that the employment data of the Lithuanian population, also labour market tendencies will be monitored and assessed by professional expert institution - the Center for Monitoring and Analysis of Science and Studies (MOSTA). That should enable policy-making institutions to adopt evidence-based and analytical solutions and so properly meet the needs of the state, municipalities, society and economy.

## 6. REFERENCES

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## ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains five pillars:

### 1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

### 2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

### 3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?

- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

**4. Entrepreneurship skills**

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

**5. Entrepreneurial culture and social capital**

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?

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