**MINISTER of ECONOMY OF THE REPUBLIC OF LITHUANIA**

**ORDER**

**ON APPROVAL OF THE ENTREPRENEURSHIP ACTION PLAN OF LITHUANIA**

 **FOR 2014–2020**

26 November 2014 No 4-850

Vilnius

In implementing the Priority Measures for the Implementation of the Republic of Lithuania Government Programme for 2012-2016 approved by Resolution No 228 of the Government of the Republic of Lithuania of 13 March 2013 on approval of the Priority Measures for the Implementation of the Republic of Lithuania Government Programme for 2012-2016 and having regard to paragraph 221 of the Strategic Planning Methodology approved by Resolution No 827 of the Government of the Republic of Lithuania of 6 June 2002 on approval of the Strategic Planning Methodology, I hereby:

1. A p p r o v e the enclosed Entrepreneurship Action Plan of Lithuania for 2014–2020.
2. R e p e a l Order No 4-134 of the Minister for the Economy of the Republic of Lithuania of 22 February 2010 on approval of the programme for the development of public services for small and medium-sized business in 2010–2015.

Minister of Economy Evaldas Gustas

APPROVED by

Order No 4-850 of the Minister for the Economy of the Republic of Lithuania of 26 November 2014

**THE ENTREPRENEURSHIP ACTION PLAN OF LITHUANIA**

**FOR 2014–2020**

**CHAPTER I**

**GENERAL PROVISIONS**

1. The purpose of the Entrepreneurship Action Plan of Lithuania for 2014–2020 (hereinafter – the Entrepreneurship Action Plan) is to define actions the implementation of which would ensure consistent growth of the level of entrepreneurship in Lithuania through the development of consistent and continuous entrepreneurship education system, favourable environment for business start-up and development by improving accessibility of public services to business, the image of the entrepreneur in the society and promoting entrepreneurship of target groups and social entrepreneurship with special focus on regions.
2. The Entrepreneurship Action Plan has been worked out in implementing the Lithuanian Progress Strategy “Lithuania 2030” approved by Resolution No XI-2015 of the Seimas of the Republic of Lithuania of 15 May 2020, the Programme of the Sixteenth Government of the Republic of Lithuania for 2012–2016[[1]](#footnote-1) (hereinafter – Government Programme), the National Progress Programme for 2014–2020 approved by Resolution No 1482 of the Government of the Republic of Lithuania of 28 November 2012[[2]](#footnote-2) (hereinafter – the National Progress Programme), the Information Society Development Programme for 2014–2020 “Digital Agenda of the Republic of Lithuania” approved by Resolution No 244 of the Government of the Republic of Lithuania of 12 March 2014 and having regard to the Communication from the Commission (hereinafter – EC) to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 9 January 2013 “Entrepreneurship 2020. Action Plan”, Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions - “Think Small First” - A “Small Business Act” for Europe[[3]](#footnote-3) (hereinafter – SBA) and the Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) (2014–2020)[[4]](#footnote-4).
3. For the purposes of the Entrepreneurship Action Plan the following terms shall be used:
	1. **Financial engineering instrument** – means guarantees, risk capital investments, loans, export credit guarantee and insurance, export credit insurance guarantee or any other instrument of financial support the funds (or their part) allocated for the financing and/or implementation of which return and are repeatedly used for the same objectives set when designing the instrument.
	2. **Franchising** – means a business development model when one business entity (franchisor) transfers to another entity (franchisee), for a fixed fee, the right to use a business system developed by it, accumulated practical experience and know-how and distinctive signs of business.
	3. **Franchise** – means a particular business concept held by right of ownership by the franchisor, which consists of a business system, accumulated practical experience and know-how, as well as the right to distinctive signs of business. The concept is transferred to the franchisee for a fixed fee. By franchise contract, one party (the holder of rights) undertakes to transfer, for consideration, to the other party (user), for a fixed or unlimited term, the right to use for business purposes the entirety of rights belonging to the holder of rights (the right to the firm’s name, to the trademark of goods or services, to the protected commercial (industrial) information, etc.), and the other party undertakes to pay for that the consideration fixed in the contract.
	4. **Corporate social responsibility** – means policies and practices of enterprises which, acting in compliance with laws, international agreements and agreed standards of behaviour, voluntarily incorporate social, environmental and business transparency principles into their internal business processes and external relationships. Together with social and public sector partners enterprises are looking for innovative systematic solutions of social, environmental and wider economic welfare issues.
	5. **Micro, small and medium-sized enterprise** – as defined in the Republic of Lithuania Law on Small and Medium-sized Business Development.
	6. **Mentor** –means a person who has experience and certain qualities and helps another less experienced person to develop potential and talents, to successfully complete the tasks by consulting how to develop skills, identify aspects to be corrected, giving advice and encouraging the person to make decisions independently.
	7. **Arts incubator** – means a legal person one of the goals of which is by using the available infrastructure (premises, equipment, etc.), to bring together the creators of different types of art, their groups and persons developing art related business (which belongs to the sphere of cultural and creative industries) in one environment, thus providing conditions for artists to create and introduce to the public their works, to start own business, to develop art related business, to encourage community to participate more actively in cultural life, and to contribute to preservation of heritage.
	8. **Student company** –means a simulated company set up by students which they manage in accordance with the company’s articles of association and acquire business skills and practically apply theoretical knowledge of economy.
	9. **Start-up** –means an innovative entity starting business which has a potential to grow rapidly.
	10. **System of business start-ups** – means a community of business start-ups of the country, which consists of business start-ups and different other organisations (institutions of research and studies, financing institutions, business support organisations, organisations of providers of services (legal, financial), small, medium-sized and large enterprises. Different institutions and organisations carry out activities related to various system functions and business start-ups by supporting them at different stages of their development.
	11. **Small and medium-sized business entity** – as defined in the Republic of Lithuania Law on Small and Medium-sized Business Development.
	12. **Social business** – means a business model which uses a market mechanism to link profit-seeking to social goals and priorities, while relying on socially responsible business and provisions of public and private sector partnership and applying social innovations.
	13. **Entrepreneur** – as defined in the Republic of Lithuania Law on Small and Medium-sized Business Development.
	14. **Business transfer** – means a transfer of ownership of an enterprise to another person or enterprise that assures the continuous existence or commercial activity of the enterprise. This can take place within the family, through management buy-outs (sales to non-family management and/or employees) and sales to outside persons or existing companies including take-overs and mergers.[[5]](#footnote-5)
	15. **Practical business training company** – means a simulated firm continuously functioning in different institutions for business training purposes, which operates within a closed network of practical business training companies. It is managed as real business entity with a real business development procedure, products and services, without using real money and goods.
	16. **Entrepreneurship** – means a person’s competence to implement ideas generating economic or social added value and his economic, social and creative activity in business area.

A person’s competence to implement ideas generating economic or social added value encompasses such abilities as the identification and evaluation of innovative ideas generating added value, taking of responsibility for the implementation of the idea and its results, ability to organise resources necessary for implementing the idea, create jobs, set up and manage enterprises.

A person’s economic, social and creative activity in the area of business – means the entirety of external and internal factors affecting a person’s decision to engage in business and actively develop it.

* 1. **Level of entrepreneurship** – means a number of micro, small and medium-sized enterprises (hereinafter – SME) and natural persons engaged in individual activity per thousand residents.
	2. **Promotion of entrepreneurship** – means an entirety of actions affecting a person’s decision to engage in business and actively develop it.
	3. **Entrepreneurship education** – means training and development of entrepreneurship competences.
1. Other terms used in the Entrepreneurship Action Plan are defined in laws and other legal acts of the Republic of Lithuania.

**CHAPTER II**

**OBJECTIVE AND TARGETS OF THE ENTREPRENEURSHIP ACTION PLAN**

1. The entrepreneurship promotion policy is inextricably linked with the needs of SMEs which represent a vitally significant part of the European economy covering over 99 % of the European business. SMEs contribute to the development of innovations, guarantee the flexibility of labour market, create new jobs and are a source of competitiveness. As specified in SMEs Performance Review 2012/2013[[6]](#footnote-6) and according to the data of the Statistical Office of the European Union (EU) (hereinafter ­– Eurostat), in 2012, SMEs employed about 86.8 million of people, which accounted for 67 % of all jobs. In 2002–2010, 85 % of new jobs were created in SMEs.[[7]](#footnote-7)
2. According to 2013 data of the Department of Statistics of the Republic of Lithuania (hereinafter – Statistics Lithuania), in Lithuania SMEs accounted for 99.5 % of all enterprises. In 2011, added value (at production costs) generated by the sector of SMEs made up 36.1 % of added value (at production costs) of all enterprises and, compared with 2010, increased by 28.5 %.[[8]](#footnote-8)
3. According to the Eurostat data of 2008–2011 (see Table No 1), added value generated by SMEs of Lithuania is above the EU average. The general tendency in the EU Member States is similar as in Lithuania – SMEs make up 99.8 % of all enterprises, but they employ 66.6 % of all employed individuals, and in Lithuania – 76.5 %.

**Table No 1. Comparison of SMEs in Lithuania and EU**[[9]](#footnote-9)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number of enterprises** | **Number of employees**  | **Added value** |
| **Lithuania** | **EU 28** | **Lithuania** | **EU 28** | **Lithuania** | **EU 28** |
| **Number** | **Percentage** | **Percentage** | **Number** | **Percentage** | **Percentage** | **EUR bn** | **Percentage**  | **Percentage** |
| **Micro** | 121 502 | 90.4 % | 92.4 % | 220 761 | 25.8 % | 29.1 % | 2 | 14.6 % | 21.6 % |
| **Small** | 10 442 | 7.8 % | 6.4 % | 215 374 | 25.2 % | 20.6 % | 3 | 23.5 % | 18.2 % |
| **Medium-sized** | 2 165 | 1.6 % | 1.0 % | 218 124 | 25.5 % | 17.2 % | 4 | 30.7 % | 18.3 % |
| **SMEs** | 134 109 | 99.8 % | 99.8 % | 654 259 | 76.5 % | 66.9 % | 9 | 68.8 % | 58.1 % |
| **Large** | 282 | 0.2 % | 0.2 % | 200 425 | 23.5 % | 33.1 % | 4 | 31.2 % | 41.9 % |
| **Total** | 134 391 | 100.0 % | 100.0 % | 854 684 | 100.0 % | 100.0 % | 13 | 100.0 % | 100.0 % |
| *These are 2013 estimates of the Company DIW Econ based on 2008–2011 data of the structural business statistics database (Eurostat). The data presented are of the sector of business economy, which covers industry, construction, trade and services. The data of agricultural, forestry and fisheries enterprises and mainly of the non-market service sectors, such as education and health, are excluded. The advantage of the Eurostat data lies in harmonised and comparable statistics of different countries. The disadvantage is that data of some countries may differ from those published by national authorities.* |

1. In 2010**–**2013, the growth of the entrepreneurship level was observed in Lithuania (see Table No 2).

**Table No 2. Level of entrepreneurship in Lithuania, 2010–2013**[[10]](#footnote-10)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Level of entrepreneurship**  | **2010**  | **2011** | **2012**  | **2013**  |
| Number of operating SMEs and self-employed natural persons (working with a business certificate or individual activity certificate) per thousand residents (units) | **53.11** | **60.62** | **64.74** | **70.63** |
| Number of operating SMEs per thousand residents (units) | **20.48** | **20.84** | **22.02** | **23.07** |
| Number of self-employed natural persons (working with a business certificate or individual activity certificate) per thousand residents (units) | **32.63** | **39.78** | **42.72** | **47.56** |

1. The change in the level of entrepreneurship (operating SMEs per thousand residents) at the beginning of 2009–2014 (see Figure No 1) shows that despite a slight growth of the level of entrepreneurship in regions, the gap compared to three largest counties keeps increasing. In 2009, the average number of SMEs operating in regions per thousand residents was 14.2, i.e. by 6.3 SMEs per thousand residents smaller than the average of Lithuania and by 11 SMEs per thousand residents smaller than in the largest counties (of Vilnius, Kaunas and Klaipėda). Moreover, at the beginning of 2014, this gap increased even more and was 7.9 SMEs per thousand residents smaller than the average of Lithuania and even by 13.5 SMEs per thousand residents smaller than in the largest counties. In order to boost the economy, it is necessary to address the main problems of regional business: to increase the number of qualified staff, to develop competence in the areas of entrepreneurship and export, to provide start-ups and growing business with necessary support, to ensure the development of investments and infrastructure.

**Figure No 1. Level of entrepreneurship in regions (operating SMEs per thousand residents) at the beginning of the year**[[11]](#footnote-11)

Counties of Vilnius, Kaunas and Klaipėda Rest of counties Republic of Lithuania

1. **The objective of the Entrepreneurship Action Plan** is to raise the level of entrepreneurship. In order to achieve this objective three **tasks** were set:
2. To establish a consistent and continuous system of entrepreneurship education.
3. To create favourable environment for the start-up and development of business.
4. To promote entrepreneurship by ensuring accessibility of public services to business, 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 entrepreneur.

**Task 1 – to establish a consistent and continuous system of entrepreneurship education**

1. According to the results of public consultation on the Entrepreneurship 2020 Action Plan[[12]](#footnote-12) conducted in 2012 by the EC, 64 % of respondents reported that education of entrepreneurial skills should be incorporated into primary, secondary, university, non-formal, etc. education curricula, and practical training experience – into all subjects taught and curricula. 60 % of respondents indicated that all young people studying in a secondary school should acquire entrepreneurial experience (under a provided teaching programme, participating in other activities provided for by the educational institution or in the activities of a non-formal educational institution).
2. According to the results of the Eurobarometer survey 2012[[13]](#footnote-13), percentages of entrepreneurship training participants who responded positively were as follows: in Finland – 39 % of respondents, in Slovenia – 36 %, in Latvia – 33 %, in Sweden – 33 %, in Luxembourg – 32 %, in Poland – 30 %, and in Lithuania – 25 % (EU MS average – 23 %).
3. In the opinion of experts of the Global Entrepreneurship Monitor 2012 (hereinafter – GEM), in Lithuania the role of education and teaching in promoting the starting-up and development of new business, in particular in primary and secondary schools where creativity, independence and initiative are insufficiently encouraged and the required knowledge on the principles of market economy is not provided, is underdeveloped (this indicator was positively rated only by 25 % of experts). The role of colleges, universities, business management schools in training graduates capable of setting up and developing enterprises was rated better (rated positively by 42 % of experts). Vocational and continuous training was assessed as having the best possibilities to train specialists capable of setting up and developing enterprises (rated positively even by 58 % of experts).
4. Although in 2009–2013, 59 % of schools and 90 % of pupils covered by survey in Lithuania reported that they participated in the activities of development of entrepreneurial skills (prevailing activity – Competition of Young Entrepreneurs, student companies, different programmes and projects implemented by PI Junior Achievement Lithuania, national, regional and local competitions promoting entrepreneurship), there is no consistent and continuous entrepreneurship education system in Lithuania. It is important to establish a closer link between the system of education and practice through the use of practical entrepreneurial experience training models and relying on experience of entrepreneurs as it is recognised that student companies after completion of studies encourage to start own business. Furthermore, in Europe the programme of student companies is considered to be one of mostly recommended training programmes in developing entrepreneurial skills. 15–20 % of students participating in the programme of student companies are reported to set up their own companies later.
5. Simulated business practical training enterprises (hereinafter – BPTE) where practical entrepreneurial skills can be acquired have been functioning in educational institutions (general education and vocational schools, colleges, universities and adult training centres) already since 1993. In 2014–2015 school year, there are 52 BPTE functioning in Lithuania with 78 instructors (teachers) and about 3 200 trainees under placement. Therefore, continuous activities of business practical training enterprises is very significant in providing school pupils, students and adults with a possibility to learn through on-the-job training through discovering, discussing, cooperating, creatively solving problems and allowing to learn from mistakes. One of the necessary conditions of activities of business practical training enterprises is cooperation with a real business enterprise. It is important to develop an attitude that practice is not a formality, but a chance to improve; therefore it is necessary to encourage participation in different programmes of practice promoting entrepreneurship in enterprises of different profile, and enhance cooperation with business representatives.
6. Vocational schools of Lithuania are in a better position in terms of entrepreneurship education. During the survey conducted in 2013 by Vytautas Magnus University on the situation of the development of entrepreneurship in vocational schools of Lithuania the tendencies of entrepreneurship, training and education were analysed. 46 % of schools noted that integration of separate entrepreneurial skills’ education elements in developing the competence of already working profession teachers existed in Lithuania. Only mere 24 % of respondents reported the existence in Lithuania of integration of entrepreneurial skills’ education elements and training programmes of new profession teachers, 32 % of respondents indicated that profession teachers working in vocational schools (centres) had private business, and 87 % of schools reported that they had school subjects for education of entrepreneurial skills. The following skills were specified among dominating entrepreneurship education skills: preparation of a business plan, planning business financing, legal framework of business registration. Subjects in which entrepreneurship education is emphasised account for 2–12 % of the whole vocational training programme.
7. The implementation of measures aimed at improving the environment of studies through the development of compliance of studies to labour market and public needs, as well as activities encouraging creativity, entrepreneurship and leadership in students is envisaged for the new EU structural assistance programming period. Given that the promotion of human creativity and knowledge based initiatives is a precondition for successful development of entrepreneurship, the education of these competences is also important.
8. The competence of pedagogues is no less important for the creation of a successful entrepreneurship education system; therefore it is necessary to build professional competence of general education and vocational school pedagogues and university heads of student placements in the field of entrepreneurship education.
9. It is also important to involve in the entrepreneurship education system business representatives, associated business structures to enable them to contribute their experience and actions to the proper setting of the direction of functioning of the system, planning and implementation of operational tasks and ongoing monitoring of the effective functioning of the system. Involvement of associated business structures in the entrepreneurship education system would ensure its relevance, performance and reduction of gap between academic education and practical activities.

**Task 2 – to create favourable environment for business start-up and development**

1. SBA Fact Sheets annually prepared by the European Commission contain the most recent data and information related to SMB policy measures being carried out in the country and implementation of SBA. According to the data of the SBA Fact Sheet 2014[[14]](#footnote-14), the best results have been achieved in the fields of business administration and application of the principle “Think Small First” in order to reduce the burden of legal regulation for SMEs to the minimum. Results of Lithuania have also been gradually improving in three more areas – providing a second chance to start business for non-fraudulent bankrupts, activities of SMEs on a single market of the EU and internationalisation of their activities.
2. The World Bank annually conducts the survey “Doing Business” during which the requirements which promote and prevent business in different countries and regions are analysed and countries are ranked on this basis. Business environment is assessed according to 11 indicators. Lithuania in the World Bank’s survey “Doing Business 2015” ranked 24 in the area of improvement of business conditions. The main implemented reforms which affected Lithuania’s position were: eliminating the need to have a company seal and speeding up the value added tax (VAT) registration at the State Tax Inspectorate from 3 to 2 calendar days, shortening the term during which municipalities issue special architectural requirements, and introducing an electronic filing system for court users.
3. In order to ensure cooperation between small and medium-sized business (hereinafter – SMB) and public authorities and improvement of business environment, in 2008, a public advisory body – the Lithuanian Small and Medium-sized Business Council (hereinafter – the SMB Council) consisting of representatives of the associated structures was set up in Lithuania. On 5 December 2013, the Ministry of the Economy of the Republic of Lithuania and the SMB Council signed the Memorandum on the Improvement of Legal, Economic and Information Environment for Small and Medium-sized Business. This Memorandum envisages cooperation in the areas of promotion of entrepreneurship and development of SMB.
4. ***Improvement of financing.*** Based on data of the Eurobarometer survey 2012, the shortage of financial resources is the main barrier in deciding to be self-employed (as reported by 18 % of the surveyed Lithuanian residents, and the EU average is 21 %), and barriers in obtaining financing for business is one of the main factors limiting entrepreneurship and economic growth. In order to address this problem, the following actions should be encouraged: financial support for new technologies, increase of risk capital investments, attraction of investments of informal investors (the so-called business angels) and lending to SMEs.
5. In the opinion of experts of GEM 2012, in 2012, compared with 2011, in Lithuania access of new and growing enterprises to financing was easier. In 2012, the possibilities of financing from private investors reduced, while the possibilities to use risk capital and offer shares to the market, in the opinion of experts, remained similar. The possibilities to use own funds, as a source of financing for new and growing enterprises were assessed to be mean by experts. Also, it was concluded that enterprise owners don’t have sufficient own funds for the financing of activities of new and growing enterprises, therefore external sources of financing have become very important. SMB entities operating in Lithuania still face the problem of financing of projects implemented by them.
6. The access of SMEs to sources of financing is improved by financial instruments implemented through UAB Investicijų ir verslo garantijos (hereinafter – INVEGA) and the European Investment Fund (hereinafter – the EIF): credits, loan guarantees, risk capital funds and business angels.
7. In 2012, authorised representatives of the EIF and three Baltic States (the Lithuanian INVEGA, the Latvian Guarantee Agency and the Estonian KredEx) signed the Baltic Innovation Fund (hereinafter – BIF) Management Agreement. The BIF is the investment fund of funds aimed at the promotion of the development of risk capital markets of the three Baltic States. Investments of the fund of funds are targeted at SMEs with high growth potential in the Baltic Region.
8. The amount of credits which has reached the economy by the end of 2013 totalled LTL 836.7 million. Guarantees issued by the end of 2013 allowed granting almost LTL 1.2 billion of credits (including lease). By the end of 2013, the amount of LTL 90.46 million was invested into 55 enterprises through risk capital funds and the Business Angels Fund. All these funds (of the EU structural funds and private funds of financial intermediaries) reached SMB entities while implementing financial engineering instruments financed from the EU structural funds.
9. In is important to ensure the implementation of continuity of analogous activities (financial instruments) of the Entrepreneurship Promotion Fund (hereinafter – the EPF) administrated by INVEGA together with the Ministry of Social Security and Labour which is aimed at facilitating micro enterprises and natural persons to start their business, promoting thereby the entrepreneurship and self-employment and creation of new jobs. According to the aforementioned measure the granting of up to LTL 86 000 of loans is coordinated with training and consulting of business starters, assistance in preparing and implementing business plans. Over the period between 30 July 2010 and 31 December 2013, loans were granted to 661 small business representatives and enterprises, training was provided to 3 699 individuals (1 959 men and 1 740 women), and 1 423 jobs were created by 31 December 2013.
10. On the basis of survey “Assessment of the EU structural assistance for SMB”, in 2007–2013, an expedited response to changes in economic situation and needs of SMB entities was ensured by means of financial engineering and other related instruments. The EU funds used for the financing of credits, guarantees and partial interest compensation positively contributed to the satisfaction of the needs of enterprises which have changed as a result of economic recession. However, even during the period of economic growth there is still quite many enterprises (e.g., technology business start-ups, SMB entities operating in the sector of creative and cultural industries), which are significant for the national economy, but which are reluctantly financed or not financed at all by credit institutions, whatever is the economic cycle. Certain opportunities for such enterprises exist on private and risk capital markets. However, only a small part of enterprises (which meet the expected return requirements of private and risk capital investors, etc.) are eligible to financing here too. Accordingly, the need to have instruments to stimulate credit institutions to finance SMB entities significant for national economy which are less attractive due to their credit risk still exists.
11. The improvement of agricultural entities’ access to financial resources by providing investment support and/or financial instruments, developing the existing or designing new financial instruments is of particular relevance.
12. ***Improvement of regulatory environment.*** In order to ensure economic growth and competitiveness it is necessary to simplify legal regulation, reduce bureaucratic barriers, excessive requirements, administrative and other regulatory burden liable to limiting business creation, modernisation and development possibilities. Business community would require greater progress in such areas of SBA as the “Responsive Administration” and “Think Small First”, i.e. in drafting legal acts the specifics of SMEs should also be taken into account devoting particular attention to micro enterprises and simplifying regulation applicable to them.
13. With a view to addressing this problem and in implementing the principles of better regulation in Lithuania, the procedures of drafting, adoption and implementation of legal acts are being improved and the effectiveness of legal regulation is being enhanced. To that end the following measures of smart (better) regulation are being implemented: prevention and reduction of administrative burden for economic entities; simplification of the procedure of granting licenses (permits); improvement of the assessment of impact on business; publicising information on requirements applicable to service providers, goods and construction products; introduction of e-procedures necessary for the provision of services. The adopted Law on Reduction of Administrative Burdens provides for further actions in reducing administrative burdens and approval and submission to the Seimas of measures of a longer-term (two years) reduction of burden for business and individuals; the Law also introduces a new initiative – the obligation for all municipalities to assess and reduce administrative burdens. *Ad hoc* measures for the reduction of the overall regulatory burden are being implemented.
14. In order to improve business start-up conditions and simplify tax administration, in 2011–2014 the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania is implementing the project “e-VMI”. In implementing this project, e-system for issuing business certificates to individuals and registration of independent activities was designed and related awareness-raising and advisory services were provided.
15. In implementing the project “Transfer to electronic environment of administrative procedures relating to authorisations granted by state and municipal bodies”, the PI Enterprise Lithuania and the Information Society Development Committee under the Ministry of Transport and Communications (hereinafter – ISDC) services provided by different state and municipal bodies are transferred to the internet. The aim is to create over 50 new e-services and over 100 forms of e-applications necessary for the initiation of the procedures. From 2015, these e-services will be available online.
16. In is important to continue improving e-services for business, e.g., to combine them into e-service complexes corresponding to certain events of life based on the needs of beneficiaries ensuring thereby a quicker and more convenient performance of these procedures.
17. ***Improving effectiveness of business supervision*.** Optimal and effective supervision of economic entities’ activities positively contributes to the promotion of entrepreneurship in the country. Therefore, it is necessary to ensure that supervisory functions in the country are carried out in an effective and coordinated manner and with minimum costs. In order to achieve these objectives it is proposed to improve activities of institutions supervising activities of economic entities – the institutions are encouraged to introduce advanced measures of business supervision. They encompass supervision based on risk assessment of economic entities, use of checklists during inspections, uniform consulting of economic entities with recording of conversations, obligation to refrain from imposing sanctions and providing more extensive consultations to economic entities during the first year of their activities, not to punish for non-compliance with requirements of legal acts of minor significance. Other business conditions’ improvement actions being carried out at present are specifically focused on consolidation of activities of supervisory bodies and transfer to electronic environment of services provided to business necessary for carrying out the supervisory functions. This would facilitate in reducing the supervisory burden for business, building competence of employees of supervisory bodies, increasing effectiveness of the processes of their activities and making a more effective use of budget funds.
18. ***Fostering the digital market.*** The Entrepreneurship 2020 Action Plan recognises the significance of the use of information and communication technologies (hereinafter – ICT) for new business entities and encourages making a full use of the EU digital single market potential.
19. The EC Communication on A Digital Agenda for Europe emphasises the significance of the development of a dynamic digital single market. For Lithuania, as one of the EU Member States, it is important to contribute to the development of a digital single market, to the promotion of the ICT demand and supply and digital content development. With a view to creating preconditions for new business opportunities and better protection of consumer rights in a digital environment, the legal regulation of information society services must be improved in Lithuania.
20. With a view to creating favourable conditions for boosting labour productivity of SMEs, it is important to encourage the implementation of the latest ICT solutions aimed at optimisation of business processes (customer service, management of supply chain, management of corporate resources, etc.).
21. ***Promoting ‘second chance’*.** One of the SBA principles is to foster a positive attitude of society towards failed entrepreneurs and give them a second chance, while providing business re-starters with the same conditions as entrepreneurs who start a new business, including the respective support programmes. The Entrepreneurship 2020 Action Plan also emphasises the significance of a second change for honest bankrupt entrepreneurs because enterprises which start business again after failure, on average, are more successful and survive the start-ups.
22. On 12 March 2014, the EC adopted the Recommendation on a new approach to business failure and insolvency.[[15]](#footnote-15) The objective of this Recommendation is to ensure that viable enterprises in financial difficulties, wherever they are located in the Union, have access to national insolvency frameworks which enable them to restructure at an early stage with a view to preventing their insolvency, and therefore maximise the total value to creditors, employees, owners and the economy as a whole. The Recommendation also aims at giving honest bankrupt entrepreneurs a second chance across the Union.
23. According to SBA Fact Sheet2013, in 2012, Lithuania made progress in this area. Firstly, the Law on Enterprise Bankruptcy was amended in order to simplify bankruptcy proceedings and to avoid delayed windups of economic commercial activities. Also significant amendments made to the Law are aimed at ensuring that only honest bankrupt entrepreneurs are given a second chance. Secondly, the Law on Bankruptcy of Natural Persons was passed in order to give a second chance to natural persons, farmers and other individuals engaged in independent economic activity. Thirdly, success stories of entrepreneurs restarting their business have been included in the annual cycle of entrepreneurship promotion events “Business Drives” with a view to minimising a negative attitude towards business failures.
24. Nevertheless, Lithuania still lacks systematic policies to encourage a fresh business start, to develop public tolerance towards honest bankrupt entrepreneurs, to help to understand that a failed business offers a chance for a fresh start. Information on advantages (experience) of a fresh start is also insufficient. Moreover, it is important to ensure that business re-starters have equal conditions with business beginners, including respective support programmes.
25. ***Support for business transfers.*** The Entrepreneurship 2020 Action Plan encourages Member States to improve conditions for business transfers. One of the SBA principles recommends drawing up and implementing programmes according to which it would be possible to find new owners for business being transferred and also to support business transfers. Successful transfer of business preserves more jobs on average than those created by new start-ups, and transfer of business should therefore be given the same support as setting up a new business.
26. In Lithuania, this area lacks coherent regulation. The main problems are: insufficient information on opportunities, required preparatory works and transparent markets of such transactions, regulatory burden, etc. Prospective entrepreneurs should know that the acquisition of a still operating enterprise might be an attractive alternative to start a new business. The transfer of business should be simplified for both, entrepreneurs willing to transfer their business and for the economic entity acquiring it.
27. It is important to exchange best practices and take actions, in particular, improving awareness-raising of business transfers by applying financial instruments aimed at the financing of business transfers and create a transparent market of business transfers.

**Task 3 – to promote entrepreneurship through business access to public services by distinguishing the entrepreneurship of target groups (youth, women) and start-ups as well as social and regional entrepreneurship and developing a positive image of the entrepreneur in the society.**

1. Since 2011, Lithuania has been participating in the GEM – the world’s foremost study of entrepreneurship, which elaborates on different aspects of entrepreneurship: reasons encouraging to start own business, fair preventing from doing that, as well as cultural and social factors affecting decisions, suitability of the infrastructure for starting a new business, quality of knowledge obtained through education, etc.
2. In 2013, Lithuania was for the first time rated according to the Global Entrepreneurship and Development Index (hereinafter – GEDI) and ranked 30–32 among 79 reference countries of the world. This index measures different factors of entrepreneurship and has three sub-indices: the entrepreneurial attitude sub-index (opportunity perception, start-up skills, non-fear of failure, networking) according to which Lithuania ranked 46–54; the entrepreneurial activities sub-index (opportunity start-up, technology sector, quality of human resources, competition) according to which Lithuania ranked 25–26; and the entrepreneurial aspirations sub-index (new product, new tech, high growth, internationalisation, risk capital) according to which Lithuania ranked 36–38. Advantages of business in Lithuania according to the results of this index are quality of human resources, high growth, internationalisation, good infrastructure.
3. In the opinion of experts of GEM 2012, opportunities to start business in Lithuania are rated above average. 47 % of experts noted that over the last five years opportunities to start business in Lithuania have increased, but even 77 % of experts specified that people don’t have sufficient experience to start a new business and to manage a rapidly growing business; more than 50 % of experts noted that people are unable to respond quickly and to organise resources necessary for business, and mere 25 % of experts rated positively the knowledge of people necessary for setting-up and developing a small business.
4. The data of Eurobarometer 2012 show that even 58 % of respondents in Lithuania would like to be self-employed instead of being employed on a contractual basis. This result is above 37 % average of the EU MS, while in the United States of America and China this ratio is 44 % and 51 %, respectively.
5. The Entrepreneurship 2020 Action Plan emphasises that in order to achieve the growth of the general entrepreneurship level more attention should be devoted to the promotion of entrepreneurship of target groups (young people, women) – it is important to open up for them paths into entrepreneurship to create for them jobs, empower them economically and socially and leverage their creative and innovative capacities.
6. According to the results of GEM 2011–2012, the number of respondents capable of identifying business opportunities on the market keeps growing, but six out of ten (60 %) of respondents reported lack of knowledge, skills and experience for starting a new business. Therefore, in assessing their business opportunities residents tend to mistrust their competence and living environment. Only four out of ten respondents (39.8 %) agree that their competence (knowledge, experience, skills) is sufficient for starting a business.
7. Support for business should include the provision of information, consultations, also the development of business skills and mentoring. Support should be targeted at groups with the greatest potential (such as unemployed workers with professional skills, women or young people), and should rely on close co-operation between employment services, business support and finance providers.
8. In order to achieve economic growth and boost competitiveness and in promoting entrepreneurship an important role falls on franchising. Many countries, such as the United States of America, United Kingdom, Ireland and Hungary directly encourage the development of franchise business and the promotion of franchising. The main factors leading to positive impact of franchising on national economies are: franchising encourages the setting-up of new SMEs, creation of jobs, cooperation between SMEs and large enterprises, accelerates the development, contributes to the stability of cash flows, minimises the risks of bankruptcy for new business, stimulates export. Promotion of franchising is important in addressing youth unemployment problems and encouraging youth entrepreneurship. The main advantage – by selling a business franchise a franchisor provides a franchisee with already developed and tested business model and also with assistance in starting-up and developing a business.
9. Although Lithuania recognises the advantages of franchising, it does not have any approved franchising promotion measures, and statistical indicators of Lithuania according to the number of franchisees and franchisors are one of the lowest in Europe. In 2011, the first survey was carried out in order to determine the attractiveness of Lithuania’s regions for the development of franchise business. The survey results have shown that Lithuania has favourable conditions for the development of franchise business, but local entrepreneurs are not very much interested in that and have insufficient knowledge of the benefits offered by franchising.
10. The main goal of the Lithuanian Franchise Centre operating since 2009 – to promote the development of franchising in Lithuania. To that end, the Lithuanian Franchise Centre carries out different projects, provides consultations on franchising matters, and prepares training programmes and conferences.
11. ***Guaranteeing business access to public services.*** Accessibility of public services to business encompasses the entirety of information, advisory and other public services through the use of which entrepreneurs can develop their business more successfully, and business starters have a possibility to use instruments necessary for a successful business start.
12. Business development policies are implemented at regional level with the assistance of business information centres operating at the level of municipalities, business incubators, associated business structures, other potential providers of public business services and regional representatives of the Public Institution Enterprise Lithuania (hereinafter – PI Enterprise Lithuania).
13. In order to promote business start-ups, since 2011, PI Enterprise Lithuania has been implementing the project “Basket of services for the first-year business”. As part of implementation of this project, individuals who set up a new business are provided with counselling and training services. The total of 3 773 baskets of services for the first-year business were distributed over the project implementation period and with their help 1 747 enterprises were established.
14. In 2011–2013, public services for business were provided in implementing projects financed from the national budget and from the EU structural funds; however this did not ensure the continuous mechanism of the provision of information (advisory) services to business starters because public services were accessible to business only over the project implementation period.
15. The main goal of the study “Development of new instruments of the provision of public services to business” initiated in 2013 by the Ministry of the Economy was to offer to the system of SMB support functioning in Lithuania a new instrument of the provision of public services to business upon implementation of which a continuously operating mechanism of the provision of public services to business would be restored and guaranteed to enable both the entrepreneur willing to start a business and already operating entrepreneur, where appropriate, in each municipality of Lithuania to have access under preferential conditions to information (advisory) services on different business organisation matters. The study dealt with two information (counselling) models for early stage entrepreneurs: according to the first model the setting up of a national register and the establishment (development) of business advisory centres in county centres is envisaged, and according to the second model – the setting up of the national register of advisors and the development of a mobile representatives’ network is envisaged.
16. In the structure of public services for business, the services of business incubation contributing to the creation of new jobs is of particular relevance for early stage entrepreneurs. The business incubation infrastructure set up using state aid now is functioning in four cities of Lithuania: Telšiai – Telšiai County Business Incubator, Šiauliai – Šiauliai Business Incubator, Kazlų Rūda – Kazlų Rūda Business Incubator and Visaginas – Ignalina NPP Business Incubator. Since the beginning of activities until 2013 more than 1 100 economic entities were established and about 3 600 new jobs were created in business incubators.
17. Given that in some municipalities of Lithuania quality advisory services provided to business representatives are still very limited, it is highly relevant to analyse the entrepreneurship promotion situation and to identify regions in which business advisory services are not provided or are ineffective, and to provide such services. It is therefore planned to create the National Business Advisor Network and guarantee support for it with a view to improving access of entrepreneurs to information and advisory services in municipalities of Lithuania, in particular in those where business advisory services are not provided or are provided insufficiently and are therefore ineffective.
18. With a view to ensuring the growth of the entrepreneurship level in Lithuania, it is important to provide information, advisory, methodological and other support for business start-up, sources of financing, search for potential markets, implementation of new technologies and other business organisation matters targeted in particular at individuals intending to start their own business and operating for not more than five years.
19. In 2014–2020, it is envisaged to increase access to and supply of services to business, also to upgrade the quality of business services, to implement measures in support of business development both for the existing SMB entities and potential entrepreneurs, and to provide training and individual advice on business start-up and development matters, inform the public on state incentives for business start-up and development.
20. ***Promotion of entrepreneurship of young people.*** At the beginning of 2013, there were 631 000 young people (residents age 14–29[[16]](#footnote-16)) in Lithuania, they made up 21 % of all population of the country. Results of GEM 2011–2012 show that Lithuania is a country of young entrepreneurs – Lithuania was noted for a large number of young people (age 18–24) starting business – as many as 25 % of young people set up their own business; compared with 2011, the number of young people intending to set up their own business has increased by 3 %. Experts of the survey note that young people (age 14–20) benefit from easy access to primary and secondary education and learning business through their own experience and contacts. Accordingly, in the opinion even 47 % of experts, young people (age 14–20) engaged in entrepreneurial activities become employers more frequently than contractual employees.
21. Youth unemployment problem is recognised at both the EU and national level. According to the data of the Statistics Lithuania, in 2011, youth unemployment level was 32.2 % and in 2012 – 26.4 %. Young people often have interesting, innovative and bold business ideas, but have difficulty in translating them into business; therefore they need advice, information on business start and development, and examples of good practices. In order to promote entrepreneurship, employment and better labour market integration of youth it is necessary to enhance the entrepreneurial skills of young people.
22. In 2012–2013, PI Enterprise Lithuania, while using the EU structural funds, devoted greater attention to the implementation of different initiatives promoting entrepreneurship of young people to enable them to commercialise their ideas (the national business plan competition, team formation events, events for testing business ideas), provision of advisory, information, mentoring services to young people, support for programmes of entrepreneurship centres of the Lithuanian universities and associated business structures, subsidised advisory services and rent of workplaces for rapidly developing business (StartupNitro baskets).
23. Since H2 2013, PI Enterprise Lithuania has been implementing the project “First-year business service baskets for youth up to 29”. Business starters had an opportunity to learn about the benefits offered by business start-up baskets already before setting up a business – they were provided with an early business start-up advice. Those who set up a new enterprise within six months following the receipt of the business basket have a possibility to benefit, during the whole first year of business, from professional advice on financial accounting, marketing, strategic management, negotiations and other matters and to attend various training courses. In 2013, 483 business baskets were distributed and 148 enterprises were set up; in H1 2014, 171 enterprises were set up.
24. In promoting entrepreneurship and new business start-ups it is necessary to implement continuous entrepreneurship promotion initiatives. Since 2011, PI Enterprise Lithuania and the Ministry of the Economy have been organising the annual cycle of entrepreneurship promotion events “Business drives” the main goal of which is to encourage and motivate to create a business and implement own ideas, to provide practical knowledge on business start-up and support. Since 2013, more attention is devoted to regions with a focus on the target group of youth (up to 29) – potential entrepreneurs. In 2013, events were organised in nineteen large and small towns of Lithuania with the total number of participants amounting to almost 6 500 and another 2 500 of people watched online broadcasts of the events. In 2014, the first six events of the cycle “Business drives” attracted almost 2 900 participants and 1 800 people watched online broadcast of the events. In 2014, sixteen events were organised.
25. The Ministry of the Economy annually organises the national event “Business Day” during which enterprises and business representatives are honoured for their outstanding contribution to the national economy and Lithuanian business development and are awarded prizes for “For merits to business”. The “Business Day” events at regional and national level are initiated and implemented by regional representatives of PI Enterprise Lithuania, business information centres together with local municipal representatives. The purpose of such events is to honour and award enterprises and business representatives who have contributed most to the improvement of economic and social situation in a particular region.
26. Amendments to the Law on Support for Employment adopted on 10 July 2014 introduced a possibility for individuals younger than 29 to conclude bilateral agreements for acquiring working skills. The alternative has been provided to acquire working skills without being directly employed in a workplace, but by concluding a bilateral agreement for acquisition of working skills without payment of wage.
27. In implementing the youth guarantee initiative it is further envisaged to promote youth employment in different ways: to provide for the financial instruments, to ensure the continuity of activities analogous to EDF, to implement the measure analogous to 2007–2013 measure “Support for the first employment” and to provide financial support to employers who employ persons facing difficulties on the labour market (e.g., to pay a partial wage compensation to the employer for a young person employed for the first time), to implement active labour market measures – vocational training, subsidised employment, support for acquisition of working skills (according to employment contracts) in implementing the programme of intensive long-term assistance to young people who are unemployed and don’t study, etc.
28. ***Promoting the entrepreneurship of women.*** As specified in the Entrepreneurship 2020 Action Plan, when establishing and running a business, women face more difficulties than men, mainly in access to finance, training, networking, and in reconciling business and family. Potential women entrepreneurs should therefore be made aware of business support programmes and funding opportunities. It is not les important to introduce successful female entrepreneurs to the public in order to show to women that they have the opportunities of successful activities on the labour market.
29. Over the last decade the number of female entrepreneurs has increased; however, compared to male entrepreneurs their number both in Europe and Lithuania is insignificant. Based on statistical data, the average ratio of new businesses started by men and women in the EU is about 70 % and 30 %, respectively. According to the data of Statistics Lithuania, female managers of SMEs account for about 32 % of all managers. The data of 2012 GEM show that the prevailing motives which stimulate men and women to start business are similar: they emphasise greater independence and willingness to increase or retain the existing income.
30. The main purpose of the Women Entrepreneurs Network operating under the Association of Lithuanian Chamber of Commerce, Industry and Crafts is to help women entrepreneurs to successfully start a business, to promote women’s business development initiatives and to involve them more actively in decision-making processes. Currently, this Network unites representatives of more than 150 different business areas. The cooperation agreement signed in 2014 by the Ministry of the Economy with this Network is expected to stimulate actions in the field of promotion of female entrepreneurship.
31. ***Promotion of entrepreneurship of business start-ups*.** Although in Lithuania the system of business start-ups has already been functioning for more than one year, it is still very young compared to other countries and largest business start-up systems of the world.
32. Over the last few years, the growth and development of this system have become even more significant, compared to the situation several years before. This can be explained by opportunities generated by external environment, for example, rapid development of the information technology (IT) market, creation of the infrastructure favourable for the functioning of innovative business in Lithuania and increasing numbers of support schemes and initiatives aimed at business start-ups.
33. Given that Lithuania is not in the position to compete on the global market in terms of low workforce costs, currently the intellectual activity, for example, creation and development of innovative technologies and products is a favourable alternative for Lithuania liable to boost the country’s competitiveness. Therefore it is necessary to continue promoting business start-ups and their development.
34. According to results of the survey conducted at the beginning of 2014 by PI Enterprise Lithuania, almost half (47 %) of surveyed businesses were started in 2013. Regions do not participate in the process of survey of business start-ups, because all of them were set up in the largest cities of Lithuania: Vilnius (34), Kaunas (7), Klaipėda (1); 38 % of the country’s business start-ups operate not only in Lithuania or certain foreign countries, but also at the global level. Last year’s state investments into business start-ups administrated by PI Enterprise Lithuania amounted to LTL 1.2 million, and the amount of taxes paid into the budget by business start-ups over 2013 exceeded LTL 1.7 million. In 2013, 42 business start-ups in Lithuania created 224 jobs, i.e. on average five 5 jobs per business start-up. The great majority of surveyed start-ups are planning to expand in future.

**Figure No 2. Number of new business start-ups, 2001–2013**[[17]](#footnote-17)



1. According to the data of PI Enterprise Lithuania, the total of 19 investments amounting to EUR 16 million reached the country’s business start-ups in 2013, and in 2007–2012 investments stood at EUR 34 million, of which EUR 31.5 million were invested into the Company GetJar. The amount of investments into business start-ups planned for 2014 exceeds LTL 55 million.
2. To ensure further development of the system of business start-ups it is necessary guarantee the continuity of projects aimed at the existing and prospective business start-ups, to provide more possibilities for business starters to show themselves so that more people can try to start new businesses and the most successful of them – to receive small investments for further development of their ideas. Accordingly, the Financial Perspective 2014–2020 envisages support for initiatives aimed at the promotion of business start-ups.
3. ***Promotion of social entrepreneurship.*** The Entrepreneurship 2020 Action Plan specifies that attempts should be made in the field of social business, because potential of social entrepreneurs is often underestimated, but they generate sustainable jobs, are innovators, drive social inclusion and contribute to achieving the objectives of the EU2020 strategy.
4. In Lithuania, social business is new and yet undeveloped area. The Law on Social Enterprises regulates state aid for enterprises which meet only one criterion applicable to social business. In order to define more widely what business can be considered to be social business and also with a view to promoting social business and making effective use of opportunities offered by social business, it is necessary to improve legal regulation of social business in Lithuania.
5. ***Enhancement of image of the entrepreneur in the society*.** The Entrepreneurship 2020 Action Plan specifies that an important element to change the entrepreneurial culture is a change in the perception of entrepreneurs through practical and positive communication about the achievements of entrepreneurs, their value to society and the opportunities of new business creation or acquisition.
6. The SBA Fact Sheet 2013 shows that the entrepreneurial culture in Lithuania is still underdeveloped. Respect for entrepreneurs in Lithuania is below the EU average, as only 57.2 % of Lithuanian residents (in EU – 65.5 %) consider that successful entrepreneurs are ranked highly in the society. However, a trust in entrepreneurs keeps growing – in 2013 this ratio in Lithuania was 53 %, and in EU – 69 % and the difference from the EU average has significantly reduced.
7. In order to enhance the image of business and entrepreneur in the society it is important to communicate entrepreneurial success stories, disseminate good business practices, promote and raise awareness of mentoring and cooperation of business entities in the form of unremunerated business initiatives.
8. Activities based on corporate social responsibility principles have a direct impact on the attitude of the society to business and entrepreneurs, contributes to the development and change of the organisational culture, and facilitates the formation of positive changes in the society. In order to improve the image of business and entrepreneur in the society, corporate social responsibility and initiatives of its enhancement must be encouraged.
9. In order to further enhance corporate social responsibility of enterprises and organisations it is important to encourage them to implement corporate social responsibility related international standards.
10. ***Promotion of entrepreneurship in other sectors*.** On the basis of the UNESCO research[[18]](#footnote-18) aimed at measuring the contribution of creative and cultural industries (hereinafter – CCI) to, and their impact on, the modern economy, it was found that CCI is becoming more and more significant in the economy in promoting innovations and development.
11. In implementing the Strategy for the Promotion and Development of Creative Industries[[19]](#footnote-19), the Ministry of the Economy has invested EU structural funds into the network of arts incubators across Lithuania. By 2014, five arts incubators were functioning or started their activities: Vilnius Arts Incubator, Telšiai Arts Incubator, Užupis Arts Incubator, Anykščiai Arts Incubator and Audiovizual Arts Industry Incubator. More than LTL 24 million was allocated for these projects under the Measure “Assistant 2”; and over LTL 50 million were allocated for 8 projects implemented in 2014.
12. The Ministry of Culture of the Republic of Lithuania analysed the need for investments into arts incubators and determined financing necessary for further development of arts incubators. Six arts incubators, which had already received support, noted that they needed funds for the development of their activities, i.e. acquisition of infrastructure and equipment. The funds would also be necessary for the setting up of residencies of seven new arts incubators.
13. The Regional Science Park of Kaunas Technology University in Lithuania coordinates the project “In Compass” aimed at analysing the Lithuanian and foreign arts incubators and preparing business recommendations for arts incubators established in Lithuania.
14. Over the period of 2014–2020, more attention will be given to the growth and development of CCI, implementation of innovations in the area of CCI, promotion of initiatives related to art and culture, in particular, creation of new products and their placement on the Lithuanian and foreign markets. With a view to ensuring the provision of quality services to new entrepreneurs it is proposed to target state aid at the renovation of infrastructure of the operating business and arts incubators, modernisation of the provided incubation services, implementation of innovative service packages, development of public access services, upgrading computer equipment and setting up new incubators and other CCI enterprises.
15. Given that promotion of business and creation of new jobs in rural areas of Lithuania is one of the tasks, which is also emphasised by the EC in the performed analysis of Lithuania, over 2014–2020 it is planned to implement measures of the Lithuanian Rural Development Programme 2014–2020 financed from the European Agricultural Fund for Rural Development.
16. In order to contribute to the promotion of competitiveness and efficiency of operations of holdings, in 2014–2020 support is envisaged for the organisation of training for SMEs employees engaged in agriculture, food and forestry sector activities and in agriculture in rural areas in the fields of plant and animal production, gardening and horticulture, forestry and alternative agricultural activities and provision of advisory services to them. Support for the organisation of training and provision of advisory services will be provided with a view to ensuring the improvement of technological, economic and management competences.

**CHAPTER III**

**IMPLEMENTATION OF THE ENTREPRENEURSHIP ACTION PLAN ON**

1. Implementation of the Entrepreneurship Action Plan is coordinated by the Ministry of the Economy.
2. Participating authorities: the Ministry of Education and Science, the Ministry of Social Security and Labour, the Ministry of Culture, the Ministry of Agriculture, the Information Society Development Committee under the Ministry of Transport and Communications, INVEGA, Public Entity Enterprise Lithuania, Agency for Science, Innovation and Technology (MITA).
3. Social partners – associated business structures, non-governmental organisations promoting youth entrepreneurship also contribute to the implementation of the Entrepreneurship Action Plan.
4. By order of the Minster for the Economy, the Entrepreneurship Action Plan may be updated having regard to the received proposals.
5. The objective, tasks and implementation criteria of the Entrepreneurship Action Plan are provided in Annex 1. Actions of implementation of the tasks of the Entrepreneurship Action Plan and their indicators are provided in Annex 2.
6. Within one month of the end of each year, authorities specified in annexes to the Entrepreneurship Action Plan shall submit to the Ministry of the Economy a report on the implementation of actions of the Entrepreneurship Action Plan.
7. The Entrepreneurship Action Plan is financed from the State Budget, the EU Structural Funds and other sources of financing.
8. The implementation and results of the Entrepreneurship Action Plan are introduced to the public on the website of the Ministry of the Economy.

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Annex 1 to

the Entrepreneurship Action Plan of Lithuania

for 2014–2020

**THE OBJECTIVE, TASKS AND IMPLEMENTATION ASSESSMENT CRITERIA OF THE ENTREPRENEURSHIP ACTION PLAN LITHUANIA FOR 2014–2020**

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| --- | --- | --- | --- | --- |
| **Seq. No** | **Objective, task** | **Assessment criterion** | **Assessment criterion value** | **Authority responsible for the provision of data (data source)** |
| **status (year)** | **2016**  | **2020** |
| 1. | Objective – to raise the level of entrepreneurship | 1.1. Number of operating micro, small and medium-sized enterprises (hereinafter – SMEs) and natural persons and natural persons engaged in individual activity (according on a business certificate and individual activity certificate) per thousand of resident (units) | 70,63(2013) | 72 | 80 | Ministry of the Economy (hereinafter – ME) (Statistics Lithuania, State Tax Inspectorate under the Ministry of Finance) |
| 1.2. Number of registered SMEs (units) | 11 663(2013) | 14 000 | 15 000 | ME (Statistics Lithuania ) |
| 1.3. Number of registered SMEs per thousand resident (units) | 23(2013) | 24 | 26 | ME (Statistics Lithuania ) |
| 1.4. Number of self-employed individuals per thousand resident (units) | 135,5(2013 m. IV ketv.) | 138 | 140 | ME ( Statistical Office of the European Union Eurostat) |
| 2. | 2.1. Task 1 – to establish a consistent and continuous system of entrepreneurship education | 2.1.1. Positive impact on an entrepreneurial career in entrepreneurship education establishments (percentage of students giving positive answers) (%) (EU average – 50%, 2012). | 60(2012) | 65 | 70 | Ministry of Education and Science (hereinafter – MES) (Eurobarometer entrepreneurship survey) |
|  |  | 2.1.2. Percentage share of students participating in the activities of educational student companies (ESC), practical training enterprises in the total number of students of Forms 9–12 (%) | 1 (2013) | 2 | 3 | MES |
| 3. | 3.1. Task 2 – to create favourable environment for the start-up and development of business | 3.1.1. The World Bank’s business environment index (the World Bank’s survey “Doing Business”) (Lithuania’s position) | 24(2014) | 17 | 17 | ME(World Bank’s survey “Doing Business”) |
| 3.1.2. Number of small and medium-sized business (hereinafter – SMB) entities which have used financial support (cumulative units) | 6 244(2012) | 11 463 | 12 500 | ME, UAB Investicijų ir verslo garantijos (INVEGA), Ministry of Social Security and Labour (project reports) |
| 3.1.3. Improved access to financing, including guarantees (percentage of respondents giving positive answers) (EU average – 17.3 %, 2013) | 8,7(2013) | 12 | 15 | ME, Ministry of Finance (Eurobarometer survey of access to financing) |
| 3.1.4. Assessment of possibilities to start business over the coming five years (very favourable/unfavourable) (%) (EU average – 10 %/45 %, 2012) | 10 / 36(2012) | 15 / 33 | 20 / 30 | ME(Eurobarometer entrepreneurship survey) |
| 3.1.5. Positive attitude to the second chance (%) (EU average – 82 %, 2012). | 85(2012) | 87 | 90 | ME(Eurobarometer entrepreneurship survey |
| 4. | 4.1. Task 3 – to promote entrepreneurship through business access to public services by distinguishing the entrepreneurship of target groups (youth, women) and start-ups as well as social and regional entrepreneurship and developing a positive image of the entrepreneur in the society  | 4.1.1. Potential entrepreneurship indicator (priority to be self-employed/contractual employee (%) (EU average – 37%/58%, 2012). | 58 / 32(2012) | 60 / 30 | 62 / 28 | ME(Eurobarometer entrepreneurship survey |
| 4.1.2. Percentage share of young people (18–24) starting business (%) | 25(2012) | 27 | 30 | ME (Global Entrepreneurship Monitor (hereinafter – GEM) |
|  |  | 4.1.3. Percentage share of young people intending to start business sin the nearest time (%) | 30(2012) | 35 | 40 | ME (GEM) |
| 4.1.4. Relative percentage share of women and men starting business (%) | 33 / 67(2012) | 36 / 64 | 40 / 60 | ME (GEM) |
| 4.1.5. Relative percentage share of women and men entrepreneurs (%) | 31 / 69(2012) | 33 / 67 | 35 / 65 | ME (GEM) |
| 4.1.6. Positive attitude to entrepreneurship in the society (successful entrepreneurs rank highly in the society) (%) (EU average – 65.5 %, 2013). | 57,2(2012) | 60 | 65 | ME (GEM) |
| 4.1.7. Coverage of entrepreneurs in the media (sufficient attention of the media to entrepreneurs) (%) (EU average – 49%, 2013). | 47,6(2012) | 50 | 55 | ME (GEM) |
| 4.1.8. Percentage share of women holding managerial posts compared to all employed women (%) | 6,3(2011) | 7 | 8 | ME(Statistics Lithuania) |
| 4.1.9. Number of registered business start-ups (units) | 143(2013) |  |  | ME, PI Enterprise Lithuania (Startuplithuania.com database) |
| 4.1.10. Number of enterprises set up using Startup Nitro business baskets (units) | 38(2013) | 50 | 65 | ME, PI Enterprise Lithuania (Startuplithuania.com database) |

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|  | Annex 2 to the Entrepreneurship Action Plan of Lithuania 2014–2020  |

**ACTIONS OF IMPLEMENTATION OF THE OBJECTIVE AND TASKS OF ENTREPRENEURSHIP ACTION PLAN 2014–2020**

| **Objective and task** | **Action** | **Implementation term (beginning –end)** | **Responsible for enforcement** | **Sources of financing** | **Action implementation indicators** |
| --- | --- | --- | --- | --- | --- |
| **Objective – to raise the level of entrepreneurship** |
| **1. To establish a consistent and continuous system of entrepreneurship education** | 1.1. To ensure that entrepreneurship and financial literacy education is integrated into common pre-school, pre-primary and primary education curricular. | 2014–2020 | Ministry of Education and Science (hereinafter – MES)  | EUSF 2014–2020[[20]](#footnote-20) | Number of prepared training curricula with integrated entrepreneurship education (units) |
| 1.2. To enable pupils, before completion of the compulsory education programme, to acquire at least once practical entrepreneurial experience, e.g., to manage a student company (hereinafter – SC), to work in a business practical training enterprise, to be responsible for a business project in a company or for implementation of a social project. | 2014–2020 | MES | EUSF 2014–2020 | Percentage share of schools participating in the activities of SC in the total number of secondary schools and gymnasiums (%)  |
| 1.3. To develop a student placement system, i.e. in addition to placements required under the study programme, to implement additional student placements documented in the form of a bilateral (of a student and institution) placement agreement. | 2016 | MES, Ministry of the Economy (hereinafter – ME) | EUSF 2014–2020 | Number of students who were placed in companies and acquired working skills (units) |
| 1.4. To develop workplace-based professional practice placements, to strengthen partnership with social partners. | 2014–2020 | MES | EUSF 2014–2020 | Number of students placed on workplace-based professional practice (units) |
| 1.5. To implement measures promoting cooperation of schools of general education and NGOs, enhancement of entrepreneurship, engagement of pupils in volunteering. | 2014–2020 | MES, ME  | EUSF 2014–2020 | Number of implemented projects related to entrepreneurship education (units) |
| 1.6. To upgrade competence of pedagogues of schools of general education and vocational schools, supervisors of university student placements in the area of entrepreneurship education.  | 2016–2020 | MES | EUSF 2014–2020 | Number of pedagogues of schools of general education and vocational schools who upgraded their competence in the area of entrepreneurship education (units) |
|  | Number of placement supervisors who upgraded their competence (units) |
| 1.7. To promote the implementation of initiatives aimed at encouraging creativity of children and young people. | 2014–2020 | Ministry of Culture  | State Budget | Number of children and young people who participated in the activities encouraging creativity (units) |
| **2. To create favourable environment for the start-up and development of business** | 2.1. To stimulate the setting up and development of new small and medium-sized business (hereinafter – SMB) entities through the implementation of various business financing models (granting loans, providing guarantees, and services of risk capital and partial compensation for interest).  | 2014–2020 | ME, UAB Investicijų ir verslo garantijos (INVEGA) | ESSF 2014–2020 | Number of enterprises which received support (units) |
| Private investments corresponding to public support to enterprises (other than subsidies) (EURr) |
| 2.2. To promote entrepreneurship and self-employment of residents, in particular those who face difficulties on the labour market. | 2014–2020 | Labour Exchange of Lithuania  | ESSF 2014–2020 | Number of entities which received support (units) |
| 2.3. To improve access to financing for entities engaged in agricultural activities by providing investment support and/or financial instruments, developing the existing and designing new financial instruments. | 2014–2020  | Ministry of Agriculture (hereinafter – MA) | European Agricultural Fund for Rural Development  | Number of entities which received support (units) |
| 2.4. To minimise costs of fulfilment of tax obligations, by simplifying tax declaration and payment procedures and developing electronic services in the sphere of taxes. | 2014–2020 | Ministry of Finance, State Tax Inspectorate under the Ministry of Finance  | - | Tax payment rating (the World Bank’s survey “Doing Business”) |
| 2.5. To assess and minimise the regulatory burden for business; in compliance with requirements of the Law on Reduction of Administrative Burdens to continue reducing the administrative burden; to involve municipalities in the initiatives of reduction of burden for business. | 2014–2020  | ME, other bodies and institutions according to their competence [[21]](#footnote-21) | State Budget, ESSF 2014–2020 | Reduced administrative and/or other regulatory burden for business (EUR) |
| 2.6. To optimise the functions of entities supervising economic entities.  | 2014–2020  | ME | State Budget, ESSF 2014–2020 | Economic entities positively rating activities of the supervision bodies (%) |
| 2.7. To draft the Law amending the Law on the Development of Small and Medium-sized Business. | 2014–2015 | ME | - | Drafted amendments to laws related to legal regulation of SMB  |
| 2.8. To encourage SMEs to implement the latest IRT solutions aimed at optimising business processes (servicing of customers, management of supply chain and company’s resources, etc.) thus facilitating the growth of their work efficiency. | 2014–2020 | ME | ESSF 2014–2020 | Number implemented e-business projects’ linked (optimised) business processes (units) |
| Number of entities which received support (units) |
| 2.9. To draft the Law Amending the Law on Restructuring of Enterprises. | 2014–2015 | ME | - | Draft Law Amending the Law on Restructuring of Enterprises |
| **3. To promote entrepreneurship through business access to public services by distinguishing the entrepreneurship of target groups (youth, women) and start-ups as well as social and regional entrepreneurship and developing a positive image of the entrepreneur in the society** | 3.1. To provide SMB entities operating for not more than five years with the information, advisory, methodological and other support on the matters of business start-ups, financing sources, implementation of new technologies and other business organisation matters. | 2014–2020 | ME | ESSF 2014–2020 | Number of provided consultations (units) |
| Number of entities provided with consultations (units) |
| 3.2. To establish the National Business Advisor Network ensure its support in order to improve access of entrepreneurs to information (advisory) services.  | 2014–2020 | ME, Enterprise Lithuania | State Budget | Created and functioning National Business Advisor Network |
| 3.3. To provide high quality advisory services to SMB entities of target groups (young people, women, the disabled, seniors, emigrants, family business representatives) operating for not more than five years by promoting regional entrepreneurship (promotion of SMEs cooperation (networking); promotion of activities of unemployment centres; promotion of creative and cultural industries’ business); business development (consulting on topics of social business, second change, business transfers) and digital business (promotion of innovative business start-ups). | 2015–2020 | ME, Enterprise Lithuania | ESSF 2014–2020 | Number of consulted SMB entities (units) |
| Volume of provided advisory services (in thousands of hours) |
| Number of implemented projects (units) |
| 3.4. To provide individual training (upgrading of competences) services to employees of SMEs selected according to certain criteria while enabling them to adapt to economic changes. | 2015–2020 | ME, Enterprise Lithuania  | ESSF 2014–2020 | Number of trained employees (units) |
| Number of prepared training curricula (units) |
| 3.5. To identify, on yearly basis, the municipalities in which there is no possibility to obtain business advisory services or such services are provided ineffectively in terms of indicators (e.g., entrepreneurship level, number of new business start-ups, etc.), and to provide such services. | 2014–2020 | ME, Enterprise Lithuania | State Budget | Volumes of provided advisory services in respective municipalities (in thousands of hours) |
| 3.6. To improve access to information relevant for business and expand the provision of virtual services by improving and continuously updating information on the website [www.verslilietuva.lt](http://www.verslilietuva.lt).  | 2014–2020 | ME, Enterprise Lithuania | State Budget | Number of unique users of the website [www.verslilietuva.lt](http://www.verslilietuva.lt) (units) |
| Customer satisfaction with services of the website [www.verslilietuva.lt](http://www.verslilietuva.lt) (%) |
| 3.7. To expand activities of the Service and Product Contact Centre of PI Enterprise Lithuania, to increase the provision of e-services to business and improve their access by creating a comprehensive e-government centre for business within the information system of the Contact Centre, to upgrade the quality of services and information through the improvement of the portal [www.verslovartai.lt](http://www.verslovartai.lt).  | 2014–2020 | ME, Information Society development Committee under the Ministry of Transport and Communications, Enterprise Lithuania | State Budget, ESSF 2014–2020 | Number of new and improved services upon expansion of the information system of the Contact Centre (units) |
| Customer satisfaction with services of the portal www.verslovartai.lt (%) |
| 3.8. To implement initiatives promoting entrepreneurship among youth: to organise events and projects enhancing entrepreneurship of young people, etc.  | 2014–2020 | ME, Enterprise Lithuania | State Budget, ESSF 2007–2013 | Number of participants (units) |
| Number of enterprises set up using the first-year business baskets for youth (units) |
| Number of events promoting entrepreneurship of young people (units) |
| 3.9. To organise and coordinate projects encouraging entrepreneurship for pupils of upper grades. | 2014–2020 | ME | State Budget  | Number of pupils who participated in projects (units) |
| 3.10. To implement initiatives encouraging entrepreneurship of women: to organise events, specialised consultations and workshops encouraging entrepreneurship of women. | 2014–2020 | ME, Enterprise Lithuania | State Budget, ESSF 2007–2013 | Number of participants (units) |
| Number of events promoting female entrepreneurship (units) |
| 3.11. To organise raining on business basics for women and men who seek self-employment. | 2014–2020 | Labour Exchange of Lithuania  | - | Number of organised trainings (units) |
| Number of participants by gender (units) |
| 3.12. To prepare quality statistical information classified by gender necessary for the analysis of the entrepreneurial situation.  | 2014–2020 | Statistics Lithuania  | State Budget | Annually prepared statistical information  |
| 3.13. To select a young male and female entrepreneur and a successful project in the region and award them during the annual event – the Business Day. | 2014–2020 | ME | State Budget | Number of competition participants (units) |
| 3.14. To develop a Social Business Concept. | 2015 | ME | - | Drawn up and approved Social Business Concept |
| 3.15. According to the definition of social business provided for in the Social Business Concept to encourage social business creation and development by providing awareness-raising and advisory services and applying other incentives, encourage social business creation in rural areas | 2015–2020 | ME, Ministry of Social Security and Labour, MA | State Budget, ESSF 2014-2020 | Number of social business representatives set up according to the definition of social business provided for in the Social Business Concept (units), separately distinguishing social business created in rural areas  |
| 3.16. To maintain business start-up system viability and strengthen the system outside Lithuania. | 2014–2020 | ME, Enterprise Lithuania | ESSF 2007–2013 | Number of events aimed at strengthening the business start-up system (units) |
| Growth of investments into business start-ups of Lithuania (%) |
| 3.17. To implement measures (events, projects, consultations, etc.) aimed at the promotion of activities and development of competences of business start-ups. | 2014–2020 | ME, Enterprise Lithuania Agency for Science, Innovation and Technology (MITA)  | ESSF 2007–2013, ESSF 2014–2020 | Number of events (units) |
|  | Number of business start-ups provided with consultations (units) |
|  | Number of event participants (units) |
| Number of events aimed at strengthening the business start-up system (units) |
|  | 3.18. To communicate entrepreneurial success stories, disseminate examples of good business practices. | 2014–2020 | ME, Enterprise Lithuania | State Budget, ESSF 2007–2013 | Number of prepared and published units of information by type (units) |
| 3.19. To create and develop the national mentoring network, to encourage and raise awareness of mentoring and cooperation if business entities in the form of initiatives of unremunerated activities. | 2014–2020 | ME, Enterprise Lithuania | State Budget | Number of training sessions held (units) |
| Number of entrepreneurs who participated in training sessions (units) |
| Entrepreneurs’ satisfaction with the service of training sessions (%) |
| 3.20. To strengthen social responsibility of enterprises and organisations – to encourage them to implement international standards related to social responsibility by organising training, consulting and public awareness-raising. | 2015–2020 | MSSL, Association of Local Authorities in Lithuania  | State Budget, ESSF 2014–2020 | Number of social responsibility related standards implemented in enterprises and organisations (units) |
| Number of training participants (units) |
| 3.21. To bring together people willing to develop business in one environment (incubator) by developing the infrastructure of incubators. | 2014–2020 | ME | State Budget, ESSF 2014–2020 | Number of constructed, reconstructed and installed incubators (units) |
| SMB entities set up in the incubators within 3 years following project implementation (units) |
| 3.22. In order to promote entrepreneurship to support for consulting people engaged in agriculture and forestry and other rural development participants. | 2015–2020 | MA | State Budget, European Agricultural Fund for Rural Development  | Number provided consultations (units) |
| Number of entities provided with consultations (units) |
| 3.23. To encourage potential franchisors and franchisees to apply the franchising business model. | 2015–2020 | ME | State Budget | Number of created franchise systems (units) |
|  | Number of franchisors exporting abroad (units) |
| Number of acquired franchises (units) |

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1. Resolution No XII-51 of the Seimas of the Republic of Lithuania of 13 December 2012. [↑](#footnote-ref-1)
2. Resolution No 1482 of the Government of the Republic of Lithuania of 28 November 2012. [↑](#footnote-ref-2)
3. COM (2008) 394 final. [↑](#footnote-ref-3)
4. Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (OJ 347/33, 2013-12-20). [↑](#footnote-ref-4)
5. Final Report of the Expert Group on the Transfer of Small and medium-sized Enterprises, European Commission, May 2002 [↑](#footnote-ref-5)
6. http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index\_en.htm [↑](#footnote-ref-6)
7. http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item\_id=5708 [↑](#footnote-ref-7)
8. “Key indices of small, medium-sized and large enterprises. 2011”, Statistics Lithuania, 2013 [↑](#footnote-ref-8)
9. 2014 SBA Fact Sheet. http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index\_en.htm [↑](#footnote-ref-9)
10. Data of Statistics Lithuania and State Tax Inspectorate. [↑](#footnote-ref-10)
11. Data of Statistics Lithuania [↑](#footnote-ref-11)
12. #  29 November 2012 Report on the results of public consultation of 9 July – 1 October 2012 on Action Plan “Entrepreneurship 2020”

 [↑](#footnote-ref-12)
13. During 2012 survey conducted on 12-27 May 2012, 32 728 respondents from all 27 EU MS and candidate countries were individually surveyed. [↑](#footnote-ref-13)
14. 2014 SBA Fact Sheet presents the results of 2013. [↑](#footnote-ref-14)
15. Recommendation No 2014/135/EU of 14 March 2014, Official Journal L 74/65 [↑](#footnote-ref-15)
16. Within the meaning of the Republic of Lithuania Law on Youth Policy Framework a young person is aged between 14 and 29. [↑](#footnote-ref-16)
17. Data of PI Enterprise Lithuania [↑](#footnote-ref-17)
18. Measuring the economic contribution of cultural industries. A review and assessment of current methodological approaches, UNESCO Institute for Statistics, 2012. [↑](#footnote-ref-18)
19. Approved by Order No ĮV-217 of the Minister for Culture of 28 March 2007. [↑](#footnote-ref-19)
20. Hereinafter in the document the acronym EUSF 2007–2013 means EU structural funds of 2007–2013 period and the acronym EUSF 2014–2020 – EU structural funds of 2014–2020 period. [↑](#footnote-ref-20)
21. Responsible for enforcement – ministries, institutions under ministries, other public authorities subordinate to ministries, Republic of Lithuania Government agencies and other public authorities reporting to the Government of the Republic of Lithuania according to their competence, in compliance with the Republic of Lithuania Law on Reduction of Administrative Burdens, Resolution No 4 of the Government of the Republic of Lithuania of 11 January 2012 (with subsequent amendments approved by Resolution No 706 of the Government of the Republic of Lithuania of 22 July 2014), and Resolution No 630 of the Government of the Republic of Lithuania of 2 July 2014. [↑](#footnote-ref-21)