

EVALUATION OF IMPACT AND EFFECTIVENESS OF MEASURES DEDICATED TO PROMOTING YOUTH EMPLOYMENT UNDER THE PRIORITY “QUALITY EMPLOYMENT AND SOCIAL INCLUSION” OF THE HUMAN RESOURCES DEVELOPMENT OPERATIONAL PROGRAMME 2007-2013

Summary of the final report of evaluation

1 August 2016

For the Ministry of Social Security and Labour of the
Republic of Lithuania according to the contract No. D4-
221/2015/11-29/ADV signed 17 November 2015



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Object and aim of the evaluation

Under the Human Resources Development Operational Programme 2007-2013, the Ministry of Social Security and Labour of the Republic of Lithuania initiated measures dedicated to promoting youth employment, namely "Enhancing Youth Employment and Motivation", "Entrepreneurship Promotion" and "Support for the First Job". These measures were taken to properly react to challenges, related to the worsening situation in youth employment. By implementing these measures, youth was given a chance to use not only the traditional employment support schemes (e.g. active labour market measures), but also to gain valuable voluntary work experience in non-governmental organizations, find a first job or start a business. *It is these three measures dedicated to promoting youth employment that are the object of this evaluation.*

Having in mind that abovementioned measures were implemented in Lithuania for the first time, and similar measures will be co-financed by the European Social Fund in the 2014-2020 programming period, *the aim of the evaluation is to evaluate the efficiency, effectiveness and impact of these measures, with a view to improve the implementation of similar measures in the 2014-2020 programming period.*

This summary presents the evaluation results. Based on them, this summary outlines the recommendations to ensure that similar measures are implemented *efficiently, effectively and with the highest impact* during the 2014-2020 programming period and are better tailored to meet the needs of youth.

The methods of evaluation

The following key sources of primary and secondary data were used to properly evaluate the measures:

- ▶ Primary and secondary sources of data and publications (information, provided by administrators of the measures, project managers; related legislative acts and documents; statistical data from EU Structural Fund computerized information management and monitoring system (SFMIS) database, Eurostat and Statistics Lithuania; previously conducted evaluations; sources and research papers of international institutions, addressing youth employment initiatives, etc.);
- ▶ Results of 4 surveys using CAWI (Computer Assisted Web Interview) and CATI (Computer Assisted Telephone Interview) interviewing methods;
- ▶ Statistical data from State Social Insurance Fund Board of the Republic of Lithuania (hereinafter - State Social Insurance Fund) and National Health Insurance Fund under the Ministry of Health (hereinafter - National Health Insurance Fund);
- ▶ In-depth interviews with administrators of measures (2 interviews), project managers of "Enhancing Youth Employment and Motivation" measures (2 interviews), and the partners of these projects (8 interview);
- ▶ Focus group discussion with key decision makers (ministries).

Initially, to evaluate the process of carrying out the measures, an analysis of primary and secondary sources. In particular, an analysis of the documentation and data that was provided by administrators and project managers of the measures and related legislative acts and documents, was carried out to assess the logic of interventions, planned and achieved results and impact of the measures. The analysis also served as a basis to prepare for following surveys and in-depth interviews, and data requests from State Social Insurance Fund and National Health Insurance Fund.

Following the initial analysis, four surveys of final beneficiaries were conducted, ensuring the required level of confidence of 95% and allowed sampling error of no more than 5%. Surveys included:

- ▶ Participants of the projects under the "Enhancing Youth Employment and Motivation" measure (355 participants (out of 3997) of the project "Trust Yourself" and 252 participants (out of 689) of the project "Youth voluntary service");
- ▶ 393 representatives of businesses, which applied for compensation (out of 2477) of the measure "Support for the First Job";
- ▶ 357 participants (out of 2377) of the measure "Entrepreneurship Promotion".

In parallel with the surveying process, statistical data analysis was conducted. Data provided by State Social Insurance Fund was analysed to evaluate whether the youth, which participated in the projects under "Enhancing Youth Employment and Motivation" and were employed using the compensation under "Support for the First Job", are still currently employed, what is an average time in employment and how much do these participants earn.

Due to the fact that youth was motivated not only to find a job, but also to return to the formal education system under the projects of the "Enhancing Youth Employment and Motivation" measure, statistical data provided by National Health Insurance Fund was analysed to measure how many participants were studying.

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Statistical analysis allowed quantifying the impact that the "Enhancing Youth Employment and Motivation" and "Support for the First Job" measures had on the targeted youth integrating into the labour market (or formal education system).

The quantitative analysis was followed by in-depth interviews with administrators of measures (2 interviews), and because the measure "Enhancing Youth Employment and Motivation" consisted of two separate projects, two project managers were also interviewed. Interviews allowed the gathering of additional qualitative data, to clarify any interpretation of initial findings from the surveys or statistical data analysis. In addition, under the measure "Enhancing Youth Employment and Motivation" additional 8 in-depth interviews with projects' partners were conducted to further clarify the findings, to gather practical partners' experience during the implementation of the projects.

Finally, as the evaluation questions were answered and the recommendations were drawn, a focussed panel discussion was held in order to validate and deepen the evaluation insights and verify the recommendations. Recommendations were drawn for each measure. Apart from operational-level recommendations, cross-ministry level recommendations were also proposed. Thus, the focus panel discussion was conducted with the representatives of the Ministry of Social Security and Labour of the Republic of Lithuania, the Ministry of Economy of the Republic of Lithuania, the Ministry of Education and Science of the Republic of Lithuania, and Association of Local Authorities in Lithuania.

Having discussed the applicability of the recommendations proposed, final recommendations were developed. In the following sections, key findings, achieved result and proposed recommendations are provided for each measure:

- ▶ "Enhancing Youth Employment and Motivation";
- ▶ "Support for the First Job";
- ▶ "Entrepreneurship Promotion".

Measure "Enhancing Youth Employment and Motivation"

The measure "Enhancing Youth Employment and Motivation" was aimed at motivating socially vulnerable youth¹ to integrate into the labour market and (or) the formal education system. Two separate projects under the measure were designed to provide personal, social, professional competencies and facilitate the development of youth via social employment and professional activity.

Two separate projects were implemented under the measure:

- ▶ "Youth voluntary service" project. Project target group was young NEETs (not in education, employment, or training) from 16 to 29 years of age. Objective of the project was to involve youth target groups, create the conditions for them to acquire personal, social, professional competences and gain work experience, consequently helping them to choose a profession, (re)integrate in the formal education system and/or labour market. In addition to tackling youth unemployment issue, project also aspired to create a national youth volunteering model in Lithuania which is based on European Voluntary Service practises;
- ▶ "Trust Yourself" project. Project target group was young NEETs from 16 to 25 years of age. The project aim was to encourage the integration of young people into the labour market or education system, through the rehabilitation, preparation for employment and the experience of non-governmental organizations. After the project, 35% of participants were additionally supported by active labour market measures.

The following key findings were identified during the evaluation of the measure:

- ▶ Target group of the measure - socially vulnerable youth - was attracted only in part. Projects focused not only on socially vulnerable young people, but also on ones with higher education degrees (esp. in the project "Youth voluntary service", where 50% of participants had a tertiary education diploma);
- ▶ Volunteering activities ("Youth voluntary service" project) were more popular among young females (78%), while the number of young males and female was similar in "Trust Yourself" project. Dominance of young female in "Youth voluntary service" project can be explained by three major reasons: type of activities carried out in the organizations (mostly socially oriented activities), higher overall social activeness of female, and characteristics of the form of the volunteering (unpaid voluntary work, only expenses are reimbursed);
- ▶ The measure has synergies with other measures financed by EU funds during 2007 - 2013 period. During the activities of the measure a young person was being motivated to look for a job, encouraged to decide what kind of profession is the most suitable for him / her, while active labour market projects under the „Integration of job seekers into labour market“ measure allowed to either be employed in such field, or to gain practical skills required by the selected profession.
- ▶ "Youth voluntary service" project, in addition to tackling youth unemployment problem, also promoted volunteering as an instrument to gain valuable experience and skills, valued by labour market;
- ▶ The projects under the measure were quite successful in promoting youth participation in the labour market - at the end of 1st quarter of 2016, 50% of "Youth voluntary service" participants and 40% of "Trust Yourself" were active in the labour market;

¹ Socially vulnerable young people in this evaluation are understood as people who are more sensitive to the social and economic challenges and risks and have fewer resources to deal with them successfully, such as the disabled, single mothers, unskilled young people, ethnic minorities, abused persons, and so on.

- ▶ "Trust Yourself" project had a specific, 6 month long programme (compared to a 3 month long standard duration programme) for socially vulnerable youth. Experience from this programme suggests that, when targeting socially vulnerable youth specifically, particular and complex needs of this youth group must be taken into account. Socially vulnerable youth requires more targeted assistance than other not employed (and/or not in education) youth. Such youth requires personnel with specific experience and competencies.

Overall, measure "Enhancing Youth Employment and Motivation" is evaluated as partly successful.

Although planned results (indicators) have been achieved, target group of the measure was reached only partly. In order to continue making good use of volunteering and non-formal education principles as a way for youth to gain useful experience, which can then be employed in the labour market, so as to increase the availability of these principles to target youth groups, we recommend consolidating the efforts of both projects into a single larger project and to define (in the planning stage) the target group of the project more specifically. In addition, when forming working groups of socially vulnerable youth during the project planning and implementation stages, it should be taken into account that these young people have more specific and more complex needs than other youth. We recommend to:

- ▶ merge the two projects under the measure into one, larger project;
- ▶ set impact indicators and introduce functioning monitoring system;
- ▶ provide more time for individual consultations, form in smaller working groups (e.g. 10 participants) while participating in group sessions;
- ▶ although we do not recommend prioritizing the socially vulnerable youth specifically, in case of budgetary restrictions some greater priority could be given to this youth group. In such case, the focus should be put on specific and complex needs of such youth group;
- ▶ take proactive measures in secondary schools to prevent potential NEETs;
- ▶ further develop the culture of volunteering, especially in schools.

The following table provides a detailed description of these recommendations and strategic proposals - context, details and means of implementing them are defined (e.g. amendments required in legal acts, etc.). Where relevant, similar practices of analysed foreign countries are provided.

No.	Description of the recommendation or strategic proposal
Recommendations	
A.1.	Merge the two projects under the measure into one, larger project. Different types of activities (participation in volunteering activities and non-formal learning) should remain under the new project. Participants should be allowed to choose between those activities according to their own needs and preferences.
A.2.	In order to continuously assess the impact of the project to the participants, impact indicators (e.g., 70% of participants in employment after 6 or 12 months; 70% of participants working full time after 6 or 12 months; etc.) and functioning monitoring system should be introduced.
A.3.	We recommend providing more time for individual consultations, while group sessions should be formed in smaller groups (e.g. 10 participants). We do not recommend prioritizing only the target group (socially vulnerable youth) because in-group activities such prioritization would limit an opportunity for participants to improve and learn from each other.
A.4.	In situations where it is expected to work with socially vulnerable youth, it should be taken into account that these young people have specific and complex needs (e.g. provide the assistance of a psychologist). Additional employment support measures should be provided for a better integration of such youth into labour market.

No.	Description of the recommendation or strategic proposal
	Given the limited financial resources, higher prioritization of socially vulnerable youth could be applied. In such cases, higher priority should be given to the socially vulnerable youth groups with highest needs (e.g. the disabled, addicts, ethnic minority group, youth from families receiving social support benefits, etc.).
Strategic proposals	
A.5.	Proactive measures in general education schools should be taken to prevent youth moving into NEET category. Such measures would be helpful in achieving long-term impact, as compared to combating the consequences. Better cooperation with other institutions (e.g. Ministry of Education and Science), transfer of related experience to schools, identification of potential NEET and proactive work with them would allow achieving long-term results and consequently reducing youth employment problems in the long term.
A.6.	We recommend, in cooperation with Ministry of Education and Science and Association of Local Authorities in Lithuania, to develop the culture of volunteering more actively and to encourage job search / job motivation of youth while in general education schools. Such activity should be coordinated at the level of local authorities (municipalities). For example, a) at local authority level, prepare „Pupils’ volunteering development plan“, which should be coordinated by local authority’s education department; at school level prepare plan’s implementation plan; b) at local authority level, prepare „Pupils’ employment (during summer holidays) programme“, which should be coordinated by local labour exchange; at school level prepare plan’s implementation plan; b) at local authority level, develop „Local authority’s database for professional orientation (consisting of pedagogues, employers, profession consultants / psychologists and personnel of local labour exchange)“, which should be coordinated by local labour exchange; at school level reconcile its operational procedures (integrate it into pupils’ career competencies development process).
A.7.	In order to proactively prevent school graduates becoming potentially unemployed, we recommend to consider promoting volunteering activities for a specified period (e.g. 6 months) for students (16 - 18 years of age). This recommendation should be implemented only in cooperation with Ministry of Education and Science. As a motivational measure for pupils, additional score could be provided to such pupils when accessing higher education institutions in Lithuania (similar incentives are present in Lithuania, however volunteering of pupils usually are accidental, not effective and not reconciled with the needs of local authority (community). As it was mentioned in A.7. (see above), it is necessary to implement such incentive in systematically way, involve youth organisations (e.g. scouts, rifleman and similar youth organisations), actively cooperate with local NGOs. According to available additional financial resources, promote such activities, assure quality, organise trainings for volunteers, etc.
A.8.	<p>Policy of enhancing youth employment in Lithuania is advisable to develop in three priority areas:</p> <ol style="list-style-type: none"> 1. General education system should be aimed at successful employment of secondary school leavers: <ol style="list-style-type: none"> 1.1. Development of relevant social and emotional competencies (development of primary education (for pupils < 12 years old)); 1.2. Development of employment motivation (in particular, intense work with youth from families receiving social support benefits and / or with youth characterised as having low learning motivation); 1.3. Systematic development of basics of career planning (more direct involvement, systematic meetings with representatives of local labour exchange and employers, etc.). 2. Optimisation and quality improvement of network of vocational education institutions,

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	<p>according to the needs of Lithuanian economy (orientation not towards "providing diplomas", but rather provision of relevant knowledge and development of practical competencies / skills relevant to employers). Development of measures for employers to provide youth with opportunities to gain competencies at employers' place of business.</p> <p>3. Systematic monitoring of „from school to employer“ transition and operative and targeted support (for predefined youth groups). In order to tackle existing problems in abovementioned transition, it is necessary to join efforts of the Ministry of Education and Science of the Republic of Lithuania and the Ministry of Social Security and Labour of the Republic of Lithuania (i.e. labour market policy and general and vocational education efforts - because only targeted and complex measures can be effective (in ensuring sustainable youth employment)).</p>

Measure "Support for the First Job"

Measure "Support for the First Job" was aimed at increasing employment of young people (16 - 29 years of age) with no work experience. The measure, implemented as a global grant, has provided financial incentives for the employers to recruit inexperienced youth.

Employers, which employed young people (16 - 29 years of age) with no previous work experience, were eligible to offset a part of the salary paid for the first time employees. Support (partial salary compensation) size depended on the fixed salary paid to the employee, which amounted to 23.3% from an estimated payroll (but not more than 114.72 Eur per single employee).

Partial salary compensation was provided to the employer during the period of compensation (no more than for 12 months). Due to the measure being implemented as a global grant, the only requirements for the employer were:

- ▶ not to be supported by other salary compensation schemes, implemented under the same EU operational programme;
- ▶ not to be involved in legal procedures (employer is not in bankruptcy procedures, is not bankrupted, is not in restructuring, liquidation procedures, or is not in judicial preliminary investigation on its economic - commercial activities);
- ▶ not to have liabilities to State Social Insurance Fund.

The following key findings were identified during the evaluation of the measure:

- ▶ 2744 employers used the measure (27% of planned result), while the opportunity to receive a partial salary compensation was used 22 270 times (111% of planned result). The measure used 86% of the planned budget;
- ▶ Although 84% of employers stated they would have employed young people without the subsidy, only 19.5% of employed youth was employed by an employer after the compensation period ended. Consequently, employment under the measure can be characterized as not sustainable;
- ▶ The measure mostly supported employment, requiring lower-skill / qualification. 81% of supported youth had achieved only secondary or lower level education;
- ▶ The overall impact of the measure to the supported youth employment is positive. In the first quarter of 2016. 59% of supported young people were active in labour market;
- ▶ "Crowding out" effect² of 1.1% (or 941 cases) was observed in 2013. In this year, the total number of dismissals have increased within the supported employers, while the number of non-subsidized recruitments have decreased (comparing it to 2012 values, so as with overall increase of the number of recruitments in 2013).
- ▶ The measure is characterized as having little administrative burden to the employers. Mostly due to being implemented as a global grant, so as having an effective administrative mechanism.

Overall, the measure "Support for the First Job" is evaluated as partly successful. In order to ensure the continuity of the measure, so as to improve its effectiveness, and by taking into account the foreign best practices and recommendations of international organizations, we recommend looking for additional

² This assessment is based on the assumption that the companies using the measure decided to recruit youth with target group characteristics instead of other employees with other characteristics, or hired the subsidized youth instead of other dismissed employees

tools to encourage the administrator of the measure to achieve more sustainable and measurable results and overall impact of the measure, so as to better prioritize youth groups in need:

- ▶ Due to already decided 2014-2020 EU investment fund operational programme and measures under its priorities, major changes cannot be quickly implemented. Thus, we recommend to put higher priority on more socially vulnerable youth by prolonging this period of subsidized employment up to 2 years;
- ▶ When planning similar measures in the future, challenges related to youth employment should be tackled at their roots, ensuring that youth who had once participated in the measure would obtain sufficient experience and expertise required for their successful participation in the labour market afterwards. Therefore a two-tier instrument should be planned:
 - 1st tier - rapid integration of the priority target groups into the labour market, consisting of 6 or 9 months partial salary compensation period, and additionally prioritizing socially vulnerable youth;
 - 2nd tier - sustainable employment for the priority target groups, consisting of employment with a focus on developing competencies and skills, thereby offsetting the gaps in education system and thus ensuring that youth can find job independently in the future, without additional state aid.
- ▶ Impact indicators, so as continuous monitoring system should also be implemented, ensuring sufficient impact assessment of the measure, so as providing information to make necessary amendments during the implementation period of the measure.

The following table provides a detailed description of these recommendations and strategic proposals - context, details and means of implementing them are defined (e.g. amendments required in legal acts, etc.). Where relevant, similar practices of analysed foreign countries are provided.

No.	Description of the recommendation or strategic proposal
Recommendations	
B.1.	<p>In the short term, taking into account the planned 2014-2020 EU investment fund operational programme, we recommend to put higher priority on more socially vulnerable youth by prolonging this period of subsidized employment:</p> <p>B.1.1. We recommend ensuring that support and value of the measure is oriented more on youth facing difficulties in finding a job. For this purpose, we recommend distinguish following priority groups of youth up to 29 years:</p> <ul style="list-style-type: none"> a. Youth, who aims to be employed in residential areas up to 6000 inhabitants (based on the EU's support for settlements practice); b. Youth, who aims to be employed in areas where the unemployment rate exceeds the average youth unemployment rate in the country (or 1.5 times higher than the average youth unemployment, taking into account budgetary restrictions); c. youth with limited opportunities for social integration: the disabled, returning from prison, come from families receiving (for a longer period of time (e.g. 3 - 5 years or more)), or youth directly receiving social benefits, orphans; d. youth, who has acquired education or profession, but in 4 months could not find a job (currently unemployed). <p>B.1.2. We recommend extending the subsidy period up to 24 months for youth listed in in priority groups above, taking budgetary restrictions into consideration.</p> <p>Implementation of the recommendation would allow maintaining global grant support method, as identified priority groups have clear and objective criteria for the identification, thereby no</p>

No.	Description of the recommendation or strategic proposal
	or little additional administrative burden would be created (e.g. the municipality should provide standardized information on a regular basis about recipients of social benefits, etc.).
Strategic proposals	
B.2.	<p>In the long term, the youth employment challenge should be tackled at its roots, ensuring that youth who had once participated in the measure would obtain sufficient experience and expertise required for employment. Therefore the two-tier instrument should be planned (or interaction of separate measures should be ensured):</p> <p>B.2.1. 1st tier - rapid integration of the priority target groups into the labour market:</p> <p>B.2.1.1. In order to ensure a first-tier subsidy measure is effective, it is appropriate to provide for a greater differentiation in the application of the measure. The support then would be focused on the youth who are facing difficulties in finding a job in usual ways. For this purpose, we recommend distinguish the priority youth under 29 years, listed as a., b. and c. in the B.1.1. recommendation.</p> <p>B.2.1.2. In order to promote rapid integration of socially vulnerable youth into the labour market, so as to increase the attractiveness of the measure to employers, it is appropriate to consider increasing the size of the subsidy in the 1st tier of the measure to defined priority groups (for example, by 7.9 percentage points - up to 31.2%, aligning employer's costs to employees salary).</p> <p>B.2.1.3. Duration of the 1st tier measure, taking into account the budgetary restrictions, could be 6 or 9 months. Continuity to the 2nd tier measure should be ensured for defined priority groups (the 2nd tier of the intervention).</p> <p>B.2.2. 2nd tier - sustainable employment for the priority target groups:</p> <p>B.2.2.1. In order to promote sustainable youth participation in the labour market, the 2nd tier measure should be linked with developing competencies and skills: increasing the competences of the youth, thereby offsetting the gaps in education system, would allow ensuring that youth who had once participated in the measure have sufficient skills and experience to secure job independently without state aid in the future.</p> <p>B.2.2.2. In order to promote the sustainable employment of youth, their capacity building and the attractiveness of 2nd tier measure for employers, it is recommended ensuring following essential elements of the measure:</p> <ul style="list-style-type: none"> a. according to the Estonian-subsidy measure³ and adapting it to suit the proposed two-tier intervention, subsidy period for the 2nd tier measure should be prolonged to 18 months; b. additional support for (or, depending on the design of the measure and / or its interactions with other measures / projects, access to a dedicated support by other specialized personnel competence development measures / projects) competence development should be granted to the employer if it undertakes to keep the young person in the workplace at least 24 month by signing an indefinite period contract (or short term, but of not less than 24 months). Support for young employee competence development should be used before the end of the subsidy period (e.g. within 18 months); c. if an employer is complying with its obligations during the first 12 month period of the subsidy, it is recommended to encourage it by increasing the amount of the subsidy by 7.9 percentage points (up to 31.2%, aligning employer's costs to employees' salary).

³ Youth Guarantee Implementation Plan, Ministry of Social Affairs and Ministry of Education and Research of Estonia, 2014

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	<p>B.2.2.3. In order to ensure a more responsible use of 2nd tier measure, additional requirements for employers may be defined, such as: absence of remarks from the Labour Inspection (especially on illegal employment); staff turnover in enterprises not exceeding a defined level (e.g. 10% annually); higher average salary in a company, as compared to minimum salary in the country (e.g. at least 20%);</p> <p>B.2.2.4. Same target groups as in 1st tier measure should be applied (see recommendation B.2.1.1.);</p> <p>B.2.2.5. Vocational training and higher education graduates, which are unemployed for 4 months, should be allowed to participate only in the 2nd tier measure. In addition, youth with professional and higher education skills should continue 2nd tier measure in the field of their specialization. Exceptions could be made in cases where youth have acquire qualifications, which are not in demand, and requalification would benefit such youth.</p> <p>B.2.2.6. The implementation of 2nd tier measure could be associated with other measures targeted at working skills acquisition support. 2nd tier requirements for the employer could be listed into the skills acquisition contract. To implement these recommendations, Law on Support of Employment Act⁴ (e.g. Article 26¹, by adjusting the maximum set support period of not more than 4 months) should be amended.</p>
B.3.	<p>In order to continuously assess the impact of the measure to the supported youth, impact indicators (e.g., employment after support period; proportion of supported youth (proportionally to the statistical structure of youth); employment outcome after the support period (after 12-24 months.)) should be introduced.</p>
B.4.	<p>We recommend introducing continuous monitoring system that would allow assessing the impact of the intervention to the target group after the end of the subsidy period. This would allow greater involvement of target groups, so as more sustainable results in the long term. Such a system would contribute quality and timely improvements during the entire period of implementation of the measure.</p>

⁴ https://www.e-tar.lt/portal/lt/legalAct/TAR.4C18D17F9BA5/TAIS_478633

Measure "Entrepreneurship Promotion"

Measure "Entrepreneurship Promotion" was aimed at enabling micro and small businesses, individuals to start their own business, as well as at the social enterprises to develop their business by using financial engineering instruments. The measure was promoting entrepreneurship and self-employment by providing financial support through loans, trainings, and counselling for target groups about business fundamentals (including consultations for business plan development).

Although the measure was available to the general public, it formally prioritized the following groups: unemployed, disabled, elderly (50 years of age and older), and youth (up to 29 years of age). In addition to better availability of soft loans, the borrowers could also use additional benefits: compensation of salary costs, compensation of 95% of loan interest rate, and up to 80% loan repayment security guarantee, provided by Investicijų ir Verslo Garantijos, UAB (hereinafter - INVEGA). Small scale soft loans were provided by credit unions, which were also responsible for providing trainings and consultations under the measure.

The following key findings were identified during the evaluation of the measure:

- ▶ The measure was unique in its characteristics / design by ensuring wider access to finance for the set-up or development of a newly established business via the provision of small-scale (up to 24,907.32 EUR) loans. There are no other measures providing the soft small-scale loans in Lithuania;
- ▶ Due to recurring funds generated from the repayment of soft loans, Entrepreneurship Promotion Fund under the measure granted loans totalling 19.6 million EUR (30 April 2016), or 136% as compared to the budget dedicated to the measure;
- ▶ The businesses, which took soft loans under the measure created 3580 new jobs (356% of initially planned result);
- ▶ Although the measure prioritized four target groups, soft loans were also actively provided to the general public (youth made up 37%, and all priority groups - 48% of total number of soft loans taken);
- ▶ Soft loan repayment ratio is very high - non-performing loans make up only 3% of total number of loans provided;
- ▶ The major argument for applying for a soft loan was the possibility of additional benefits, provided together with the loan. Another important finding was that 29% of newly started business stated that one of the major reasons for starting a business was having own funds to put into business. Taking into account that up to 80% of soft loan repayment could be guaranteed by INVEGA, remaining 20% had to be guaranteed by the debtor. Youth, especially socially vulnerable ones, may not be able to provide a sufficient guarantee, thus guaranteeing the loan may become a major burden to start a business.

Overall, the measure "Entrepreneurship Promotion" is evaluated as successful. In order to ensure the continuity of the measure and make it more accessible to the target groups, based on the best practices of foreign countries analysed, we recommend to:

- ▶ ensure that youth with certain characteristics (e.g. youth from poor families, disabled, returning from detention facilities, etc.), who wish to start a business, but due to objective reasons are unable to guarantee the loan on their own, could obtain a soft loan without securing the remaining portion of the loan;
- ▶ advise (provide counselling) the target youth groups participating in the measure on their new business in the first year;

- ▶ ensure that at least a minimum income at the very beginning of youth business is received by the socially vulnerable target groups. Additional benefits for such groups should also be provided (compensate expenses related to INVEGA guarantee; provide a fixed amount of start-up voucher);
- ▶ reduce taxes for youth receiving social benefits (e.g. on social insurance, income tax);
- ▶ increase youth participation in the measure by intensifying information activities targeted at specific groups of young people, so as to better prepare these groups for participation in the measure (e.g. via tailored distance learning).

The following table provides a detailed description of these recommendations and strategic proposals - context, details and means of implementing them are defined (e.g. amendments required in legal acts, etc.). Where relevant, similar practices of analysed foreign countries are provided.

No.	Description of the recommendation or strategic proposal
Strategic proposals	
C.1.	<p>Since INVEGA guarantee could cover up to 80% of the total amount of the loan, the remaining part of the loan was to be guaranteed by person intending to receive a loan (e.g. by using the own property as loan collateral or through a surety of a relative / friend / etc.).</p> <p>One of the measure's target groups - young people up to 29 years of age - could not have enough equity in collateral, or a guarantor could not be found. In such case, the loan is not granted. For this reason, we recommend to create a new, small-scale measure, or integrating "Promoting Entrepreneurship" measure to other measures or interventions, enabling youth with certain characteristics ((e.g. youth from poor families, the disabled, returning from detention facilities, etc.), wishing to start a business, but due to objective reasons unable on its own to guarantee the remaining loan), to obtain a soft loan without securing the remaining portion of the loan. For example, giving an interest-free non-guaranteed loan for the missing part of the loan (such youth would still have incentive to return the loan and run business successfully)).</p>
C.2.	<p>Individually advise target group participants of the measure on their new business in the first year (based on the example of the Netherlands⁵, together with the soft loan, business development consulting was provided). This recommendation could be implemented by integrating "Entrepreneurship promotion" measure with other measures providing assistance to small businesses.</p>
C.3.	<p>In order to reduce the financial burden on entrepreneurs and to ensure at least a minimum income at the very beginning of their business is received by the socially vulnerable target groups (e.g. youth who meet the definition of long-term unemployment), we recommend:</p> <ul style="list-style-type: none"> a. to compensate social assistance or unemployment insurance benefit for at least 6 months (or for a defined period; based on the Slovenian mode⁵, when people start own business, the loss of social support benefits is compensate for two years offset) in order to reduce financial burden and ensure a minimum level of income have starting new business. This recommendation would require making necessary adjustments to the Law on Cash Social Assistance for Low-Income Families (Single Persons) Act. On the other hand, and in accordance with current legislation, local authorities can apply certain social benefits to the receivers of social support benefits. It is therefore appropriate that the Ministry of Social Security and Labour of the Republic of Lithuania, in line with the recommendations / strategic proposals listed in this Summary of evaluation, would prepare informative letter encouraging local authorities to apply

⁵ "Entrepreneurship Support for the Unemployed in Slovenia: Rapid Policy Assessments of Inclusive Entrepreneurship Policies and Programmes", OECD, 2015

EVALUATION OF IMPACT AND EFFECTIVENESS OF MEASURES DEDICATED TO PROMOTING YOUTH EMPLOYMENT UNDER THE PRIORITY "QUALITY EMPLOYMENT AND SOCIAL INCLUSION" OF THE HUMAN RESOURCES DEVELOPMENT OPERATIONAL PROGRAMME 2007-2013

Summary of the final report of evaluation

1 August 2016

No.	Description of the recommendation or strategic proposal
	<p>certain social benefits to the youth from families receiving social support benefits, who is starting own business;</p> <ul style="list-style-type: none"> b. to compensate expenses related to INVEGA guarantee; c. to provide a fixed amount of start-up voucher (e.g. compensate premises' rental fee, expenses on computer equipment, etc.). Such voucher could be provided by creating new, small-scale measure for this specific target group.
C.4.	For youth receiving social benefits, raising a child and disabled we recommended to compensate for the 30% of taxes paid to State Social Insurance Fund, so as 30% of taxes paid as personal income tax for a period of no longer than 12 months from receiving a soft loan.
C.5.	Given the fact that the abovementioned recommendations would require additional funds, these additional benefits should be provided to the prioritized youth target groups, which would not start a business without additional support. I.e. additional incentives should only be provided to the youth groups with greatest needs.
C.6.	<p>In order to increase youth participation in the measure, we recommend intensifying informing activities targeted at specific groups of young people. Additional measures should be taken to better prepare these groups for participation in the measure. Thus, special information and the basis for entrepreneurial training program through distance learning should be set up, adapting it to be used in:</p> <ul style="list-style-type: none"> a. detention facilities; b. municipalities through youth organizations co-ordinator; c. employers' organizations (e.g. associations); d. relevant non-governmental organizations (e.g. Lithuanian Caritas Network, Disabled Forum, etc.); e. general education, vocational training and higher education schools / institutions.