MINISTRY OF
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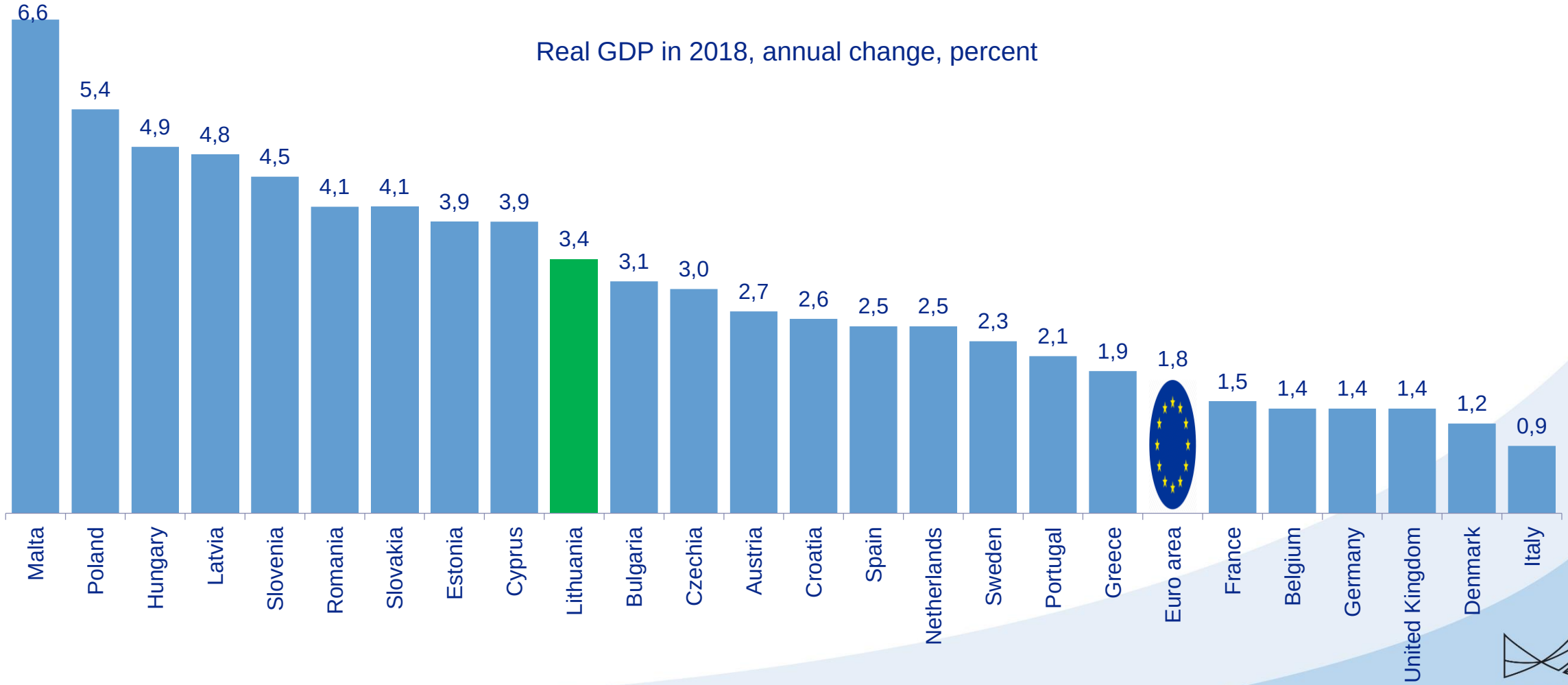
AND INNOVATION

„Smarter Lithuania – Innovative and Smart Economic Transformation“: EU investments in 2021- 2027

Jekaterina Rojaka
Vice-Minister
June 27th, 2019

In 2018, Lithuania demostrated strong growth



Source: Eurostat

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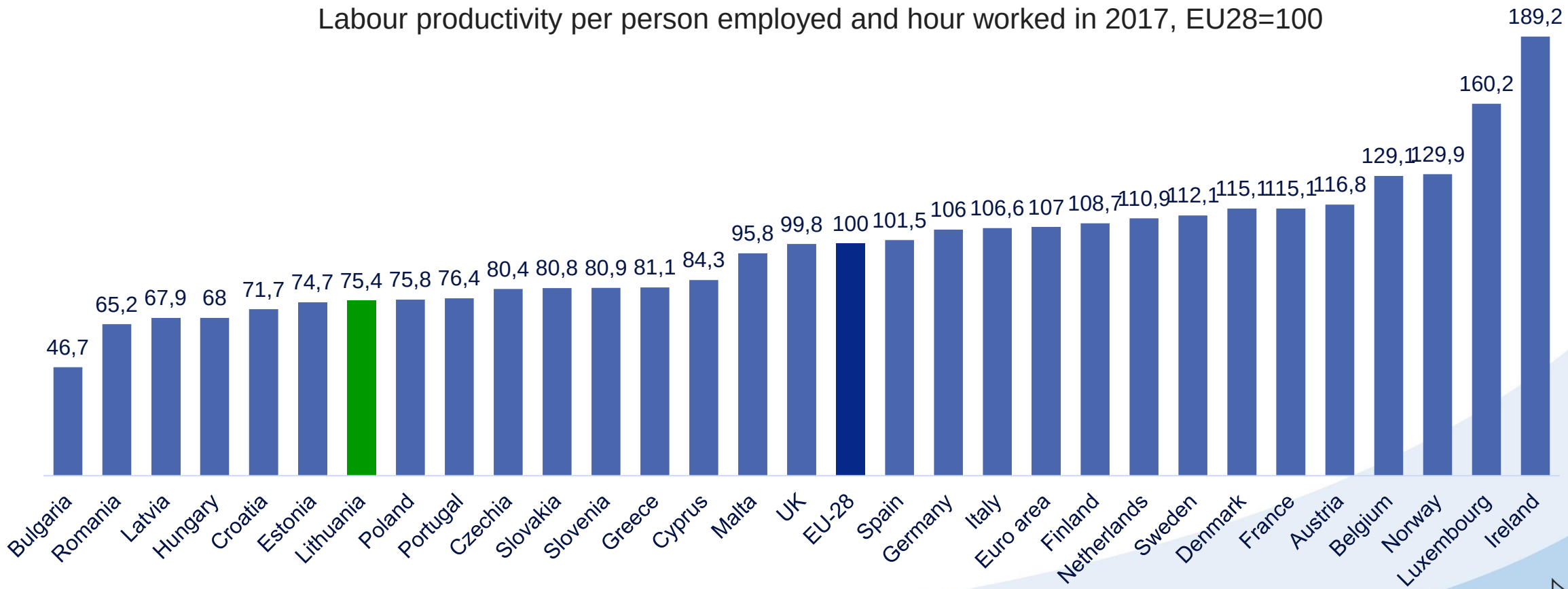
However, Lithuania still lags behind EU by productivity



Source: Eurostat

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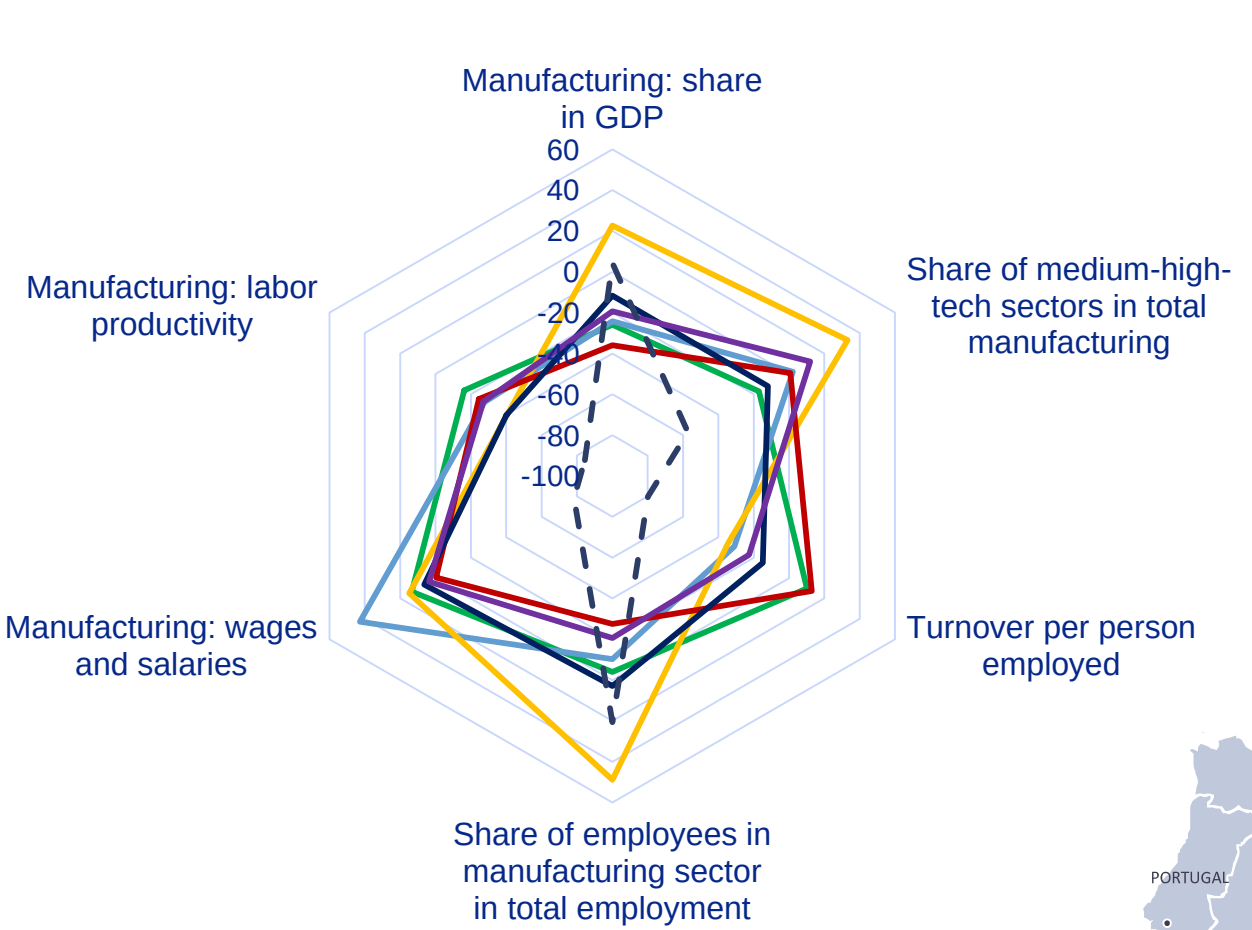
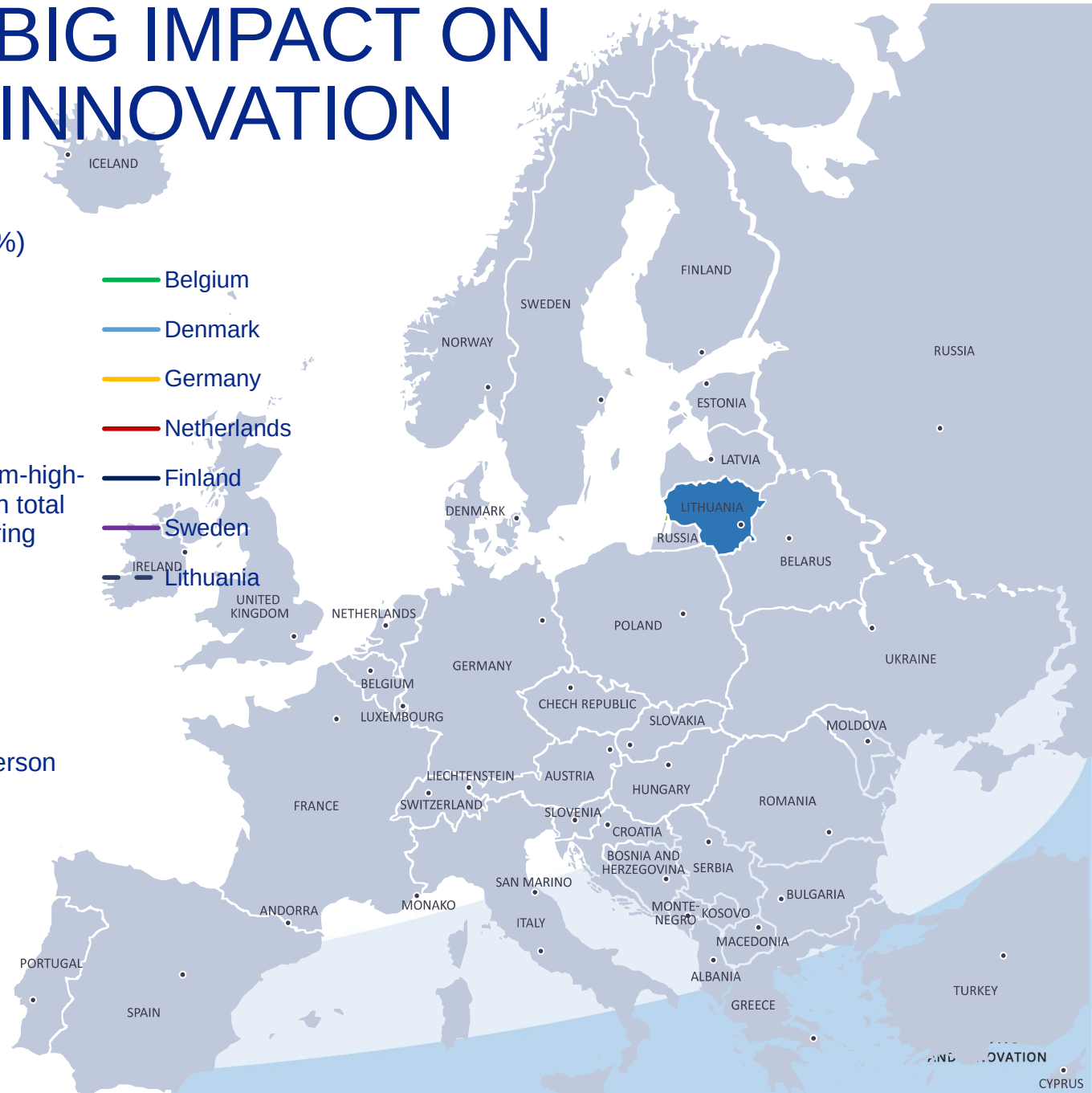
MANUFACTURING HAS BIG IMPACT ON ECONOMY, BUT LACKS INNOVATION

Summary of benchmark analysis (deviation from indicator average, %)

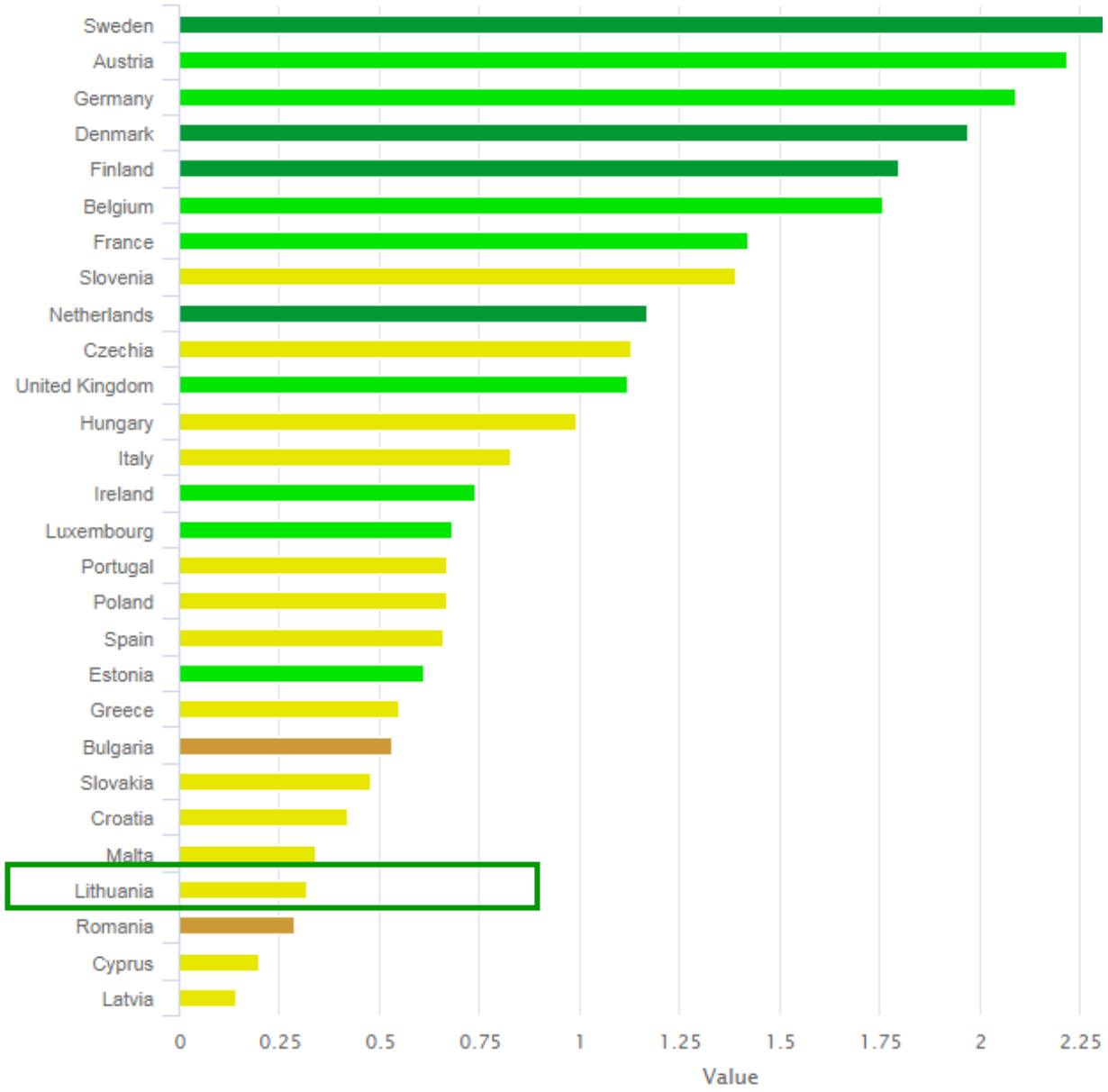




Source: Lithuanian Industry Digitization Roadmap 2019-2030

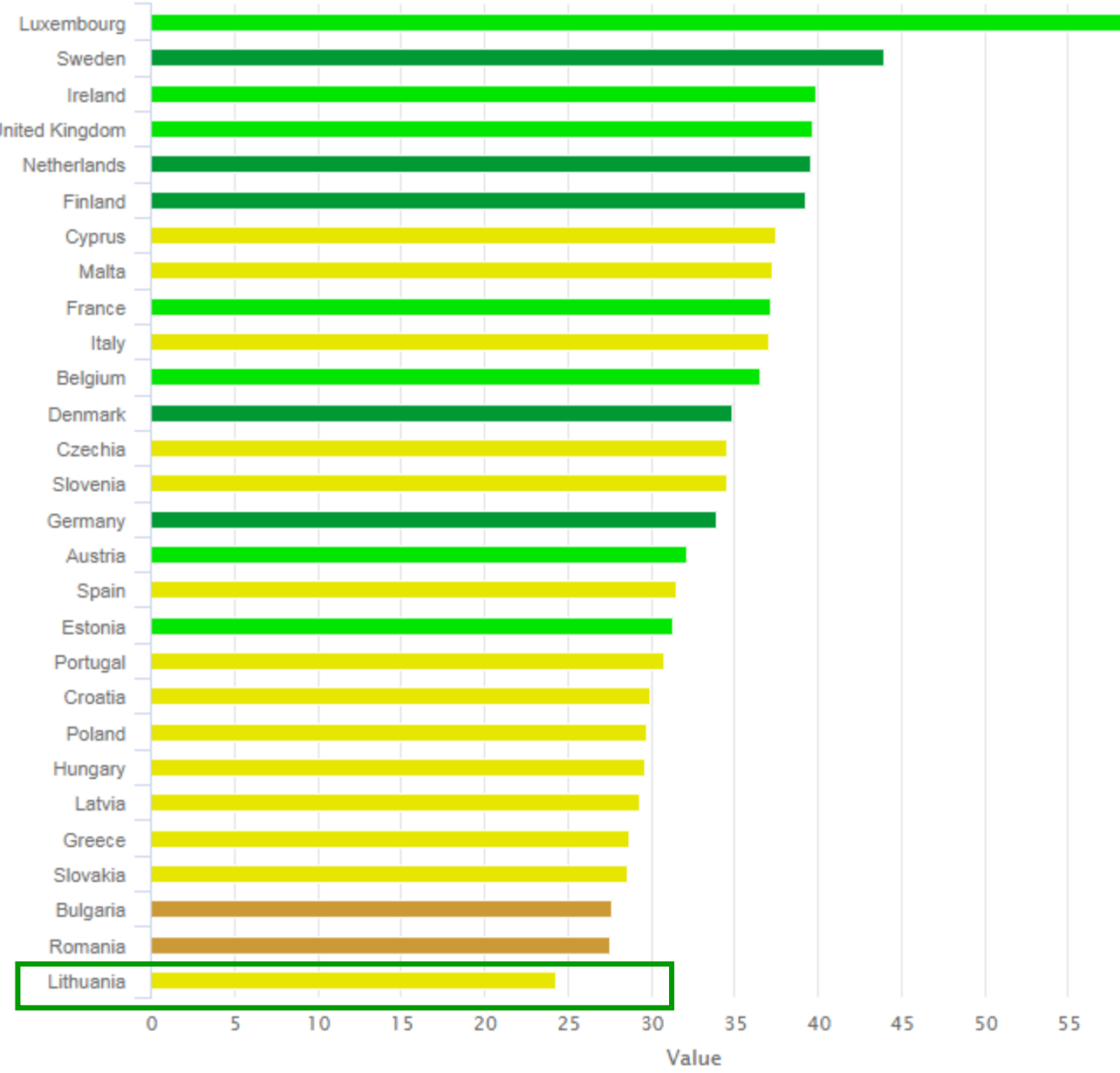
2.2.1 Business R&D expenditure

Source: European Innovation Scoreboard 2019

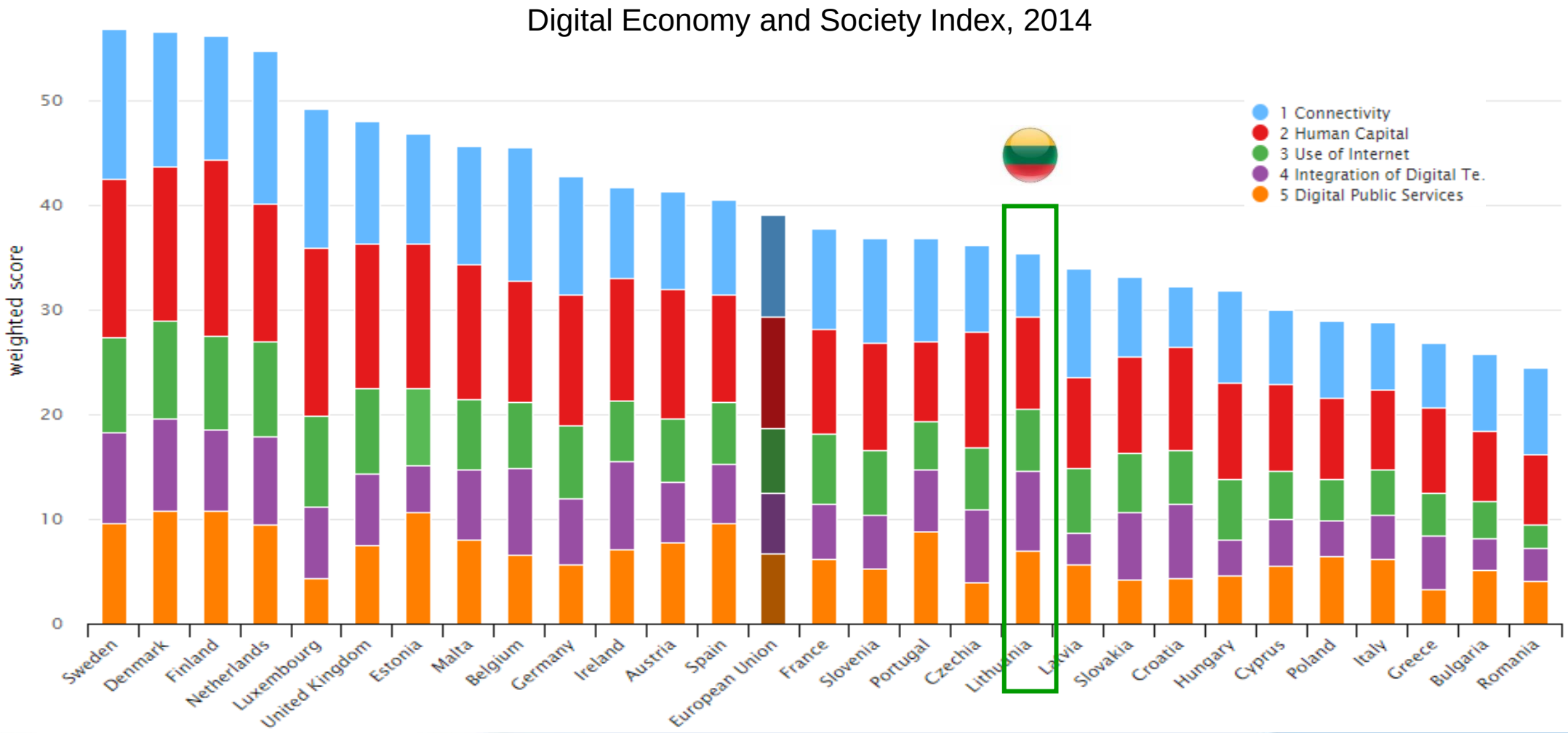


5.1.6 Share Knowledge-intensive services (%)

Source: European Innovation Scoreboard 2019



Lithuania has improved its digital score over 2014-2019



Source: European Commission, Digital Scoreboard

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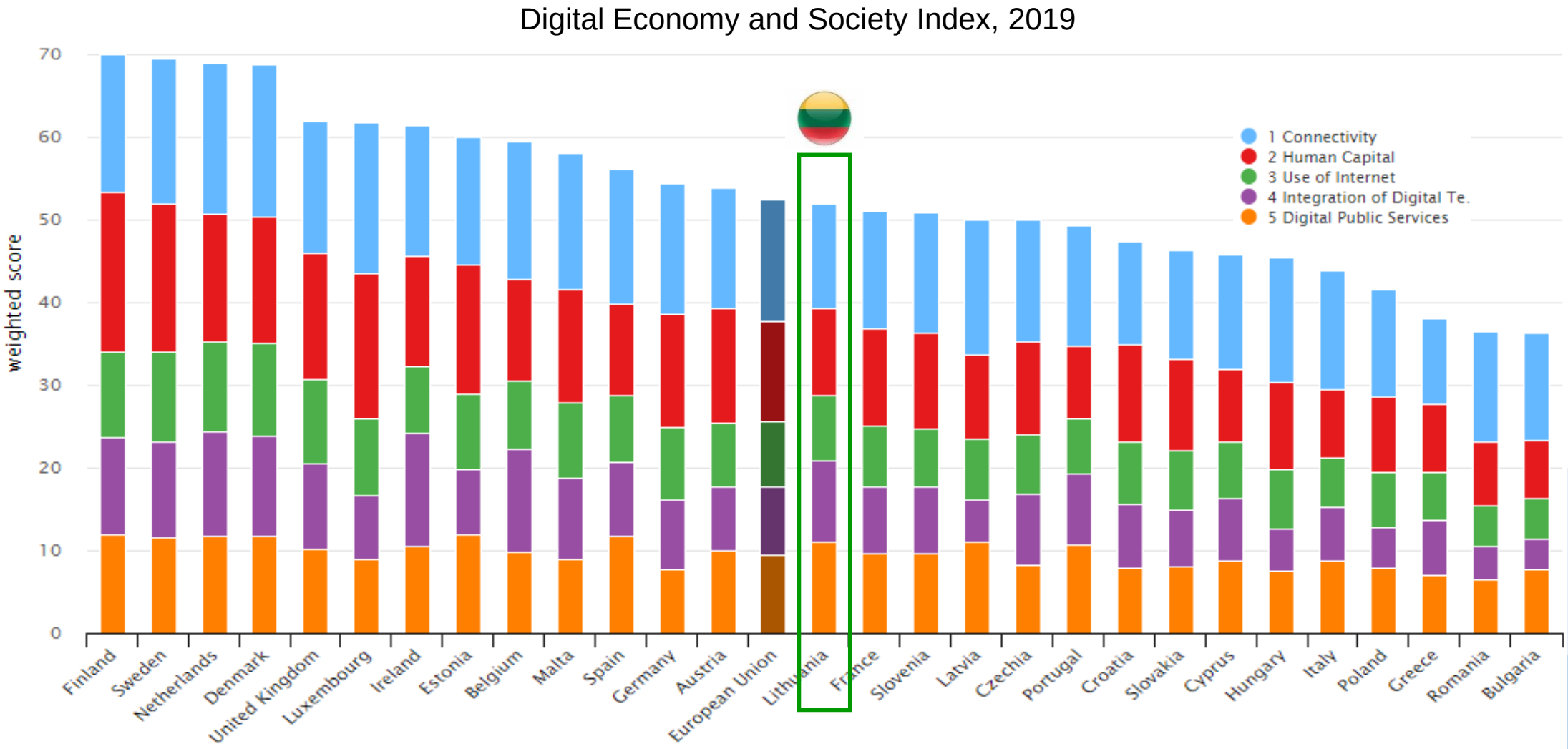
Lithuania has improved its digital score over 2014-2019



Source: European Commission, Digital Scoreboard

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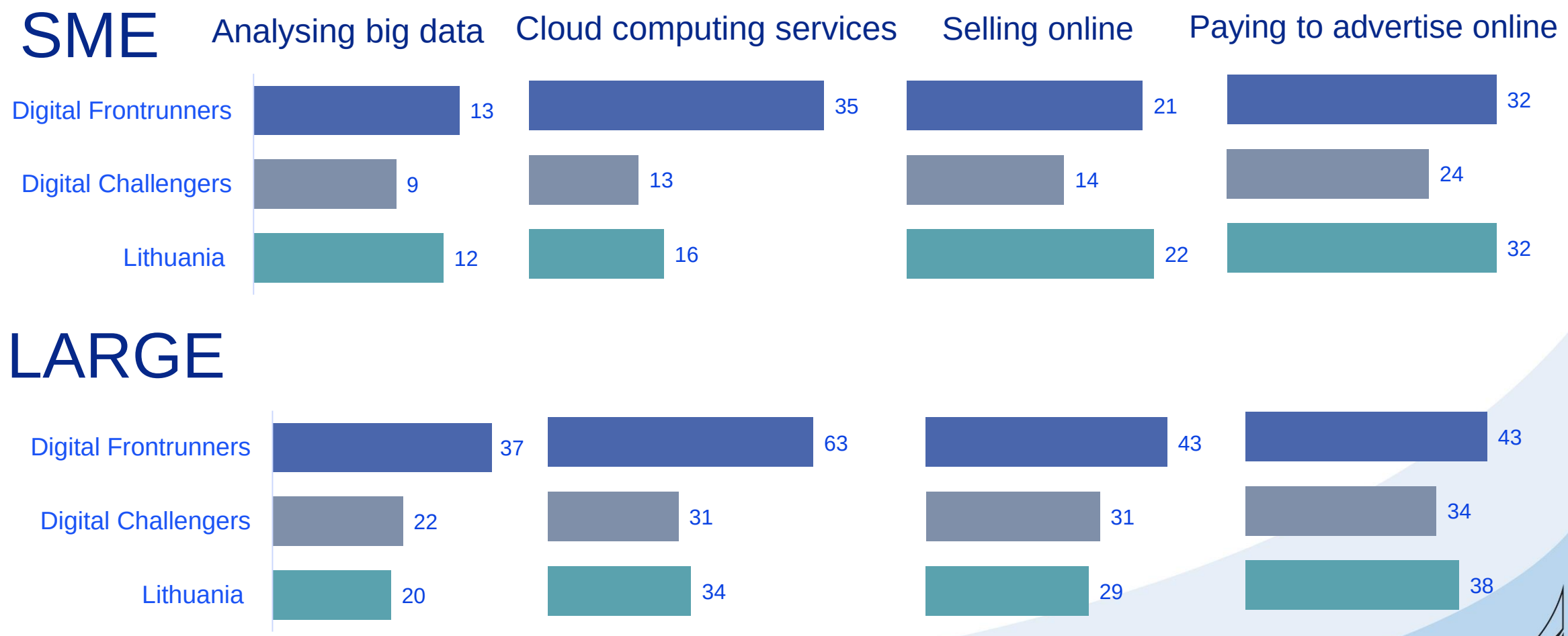
Lithuania is less advanced in enabling digital tools



Source: Eurostat, McKinsey

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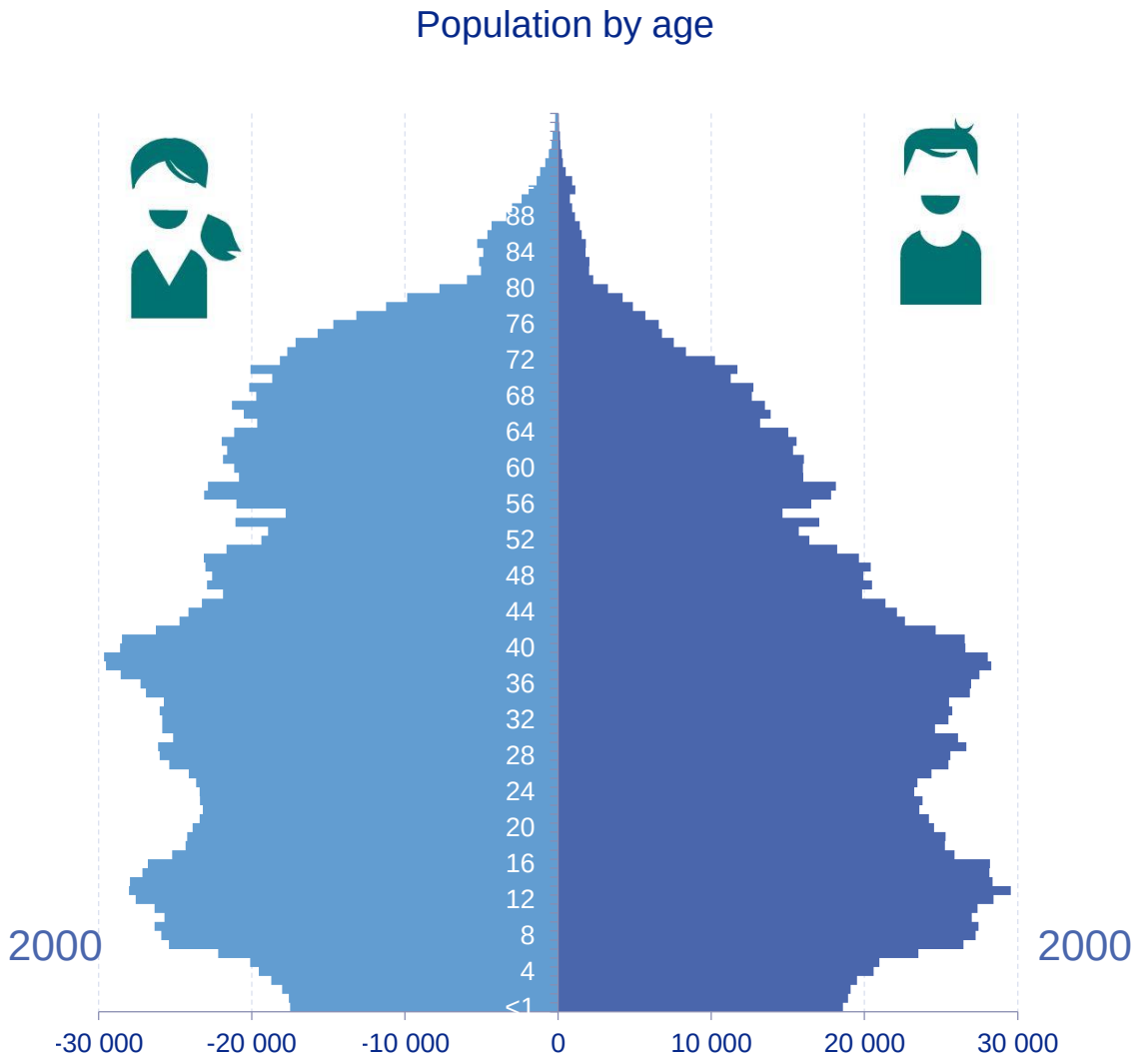
Worsening demographic situation urges for policy changes



- Population number in 2000

3 512 074

- Employed in 2000

2 296 995

or 65,4 percent

Source: Eurostat, EIM

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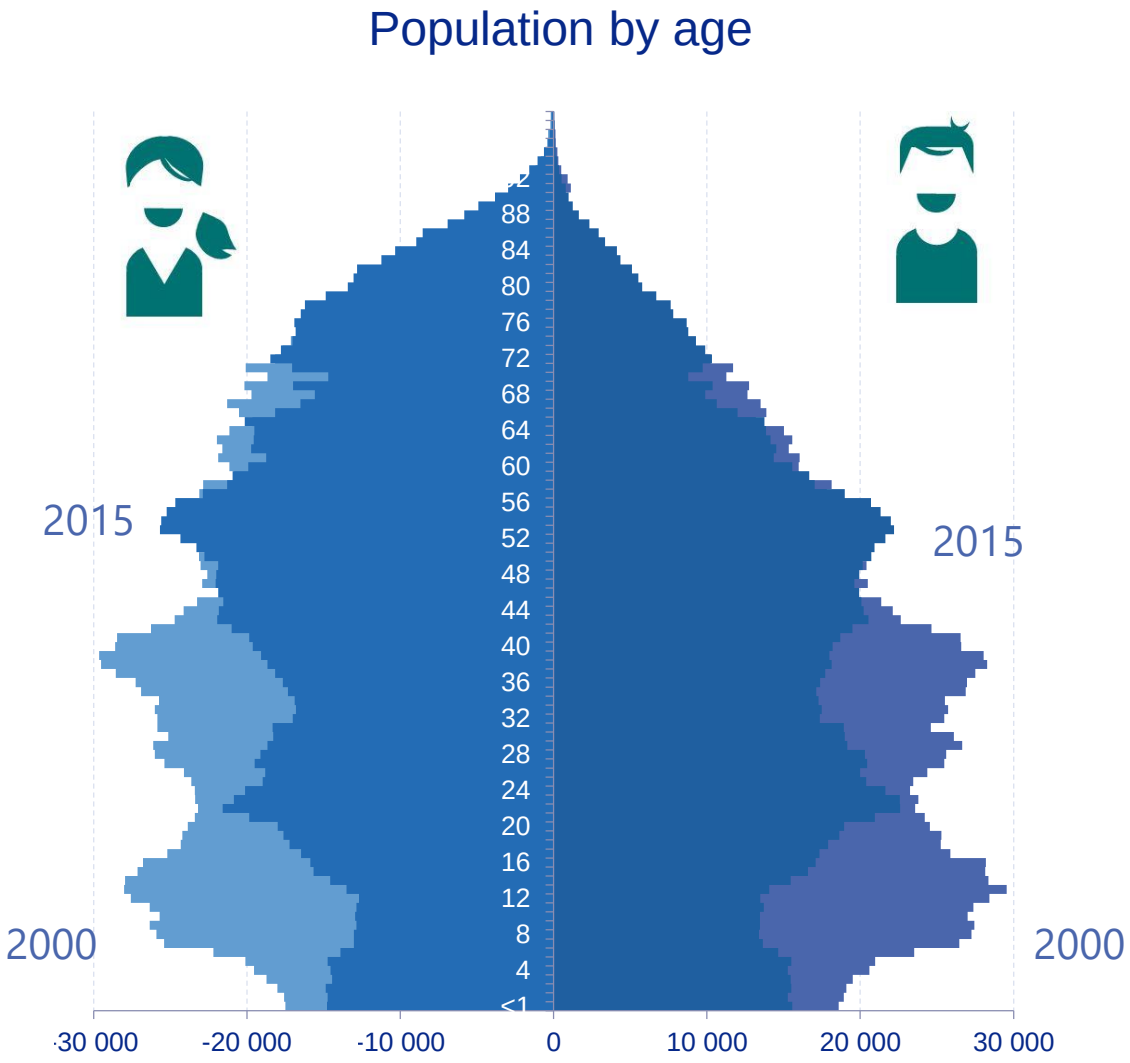
Worsening demographic situation urges for policy changes



- Population number in 2015

2 921 262

- Employed in 2015

1 950 322

Or 66,8 percent

Source: Eurostat, EIM

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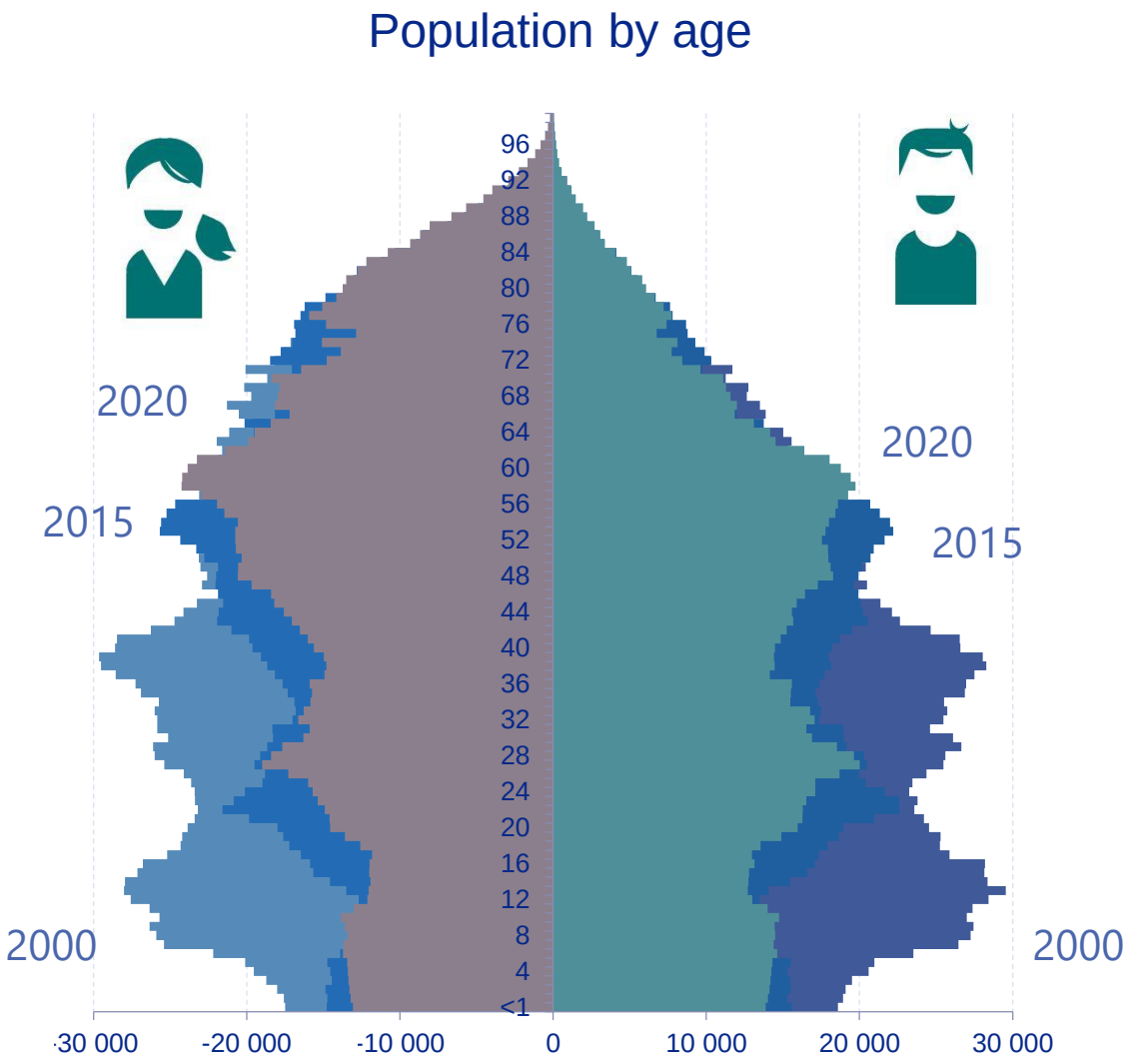
Worsening demographic situation urges for policy changes



- Population number in 2020

2 671 108

- Employed in 2020

1 724 428

Or 64,6 percent

Source: Eurostat, EIM

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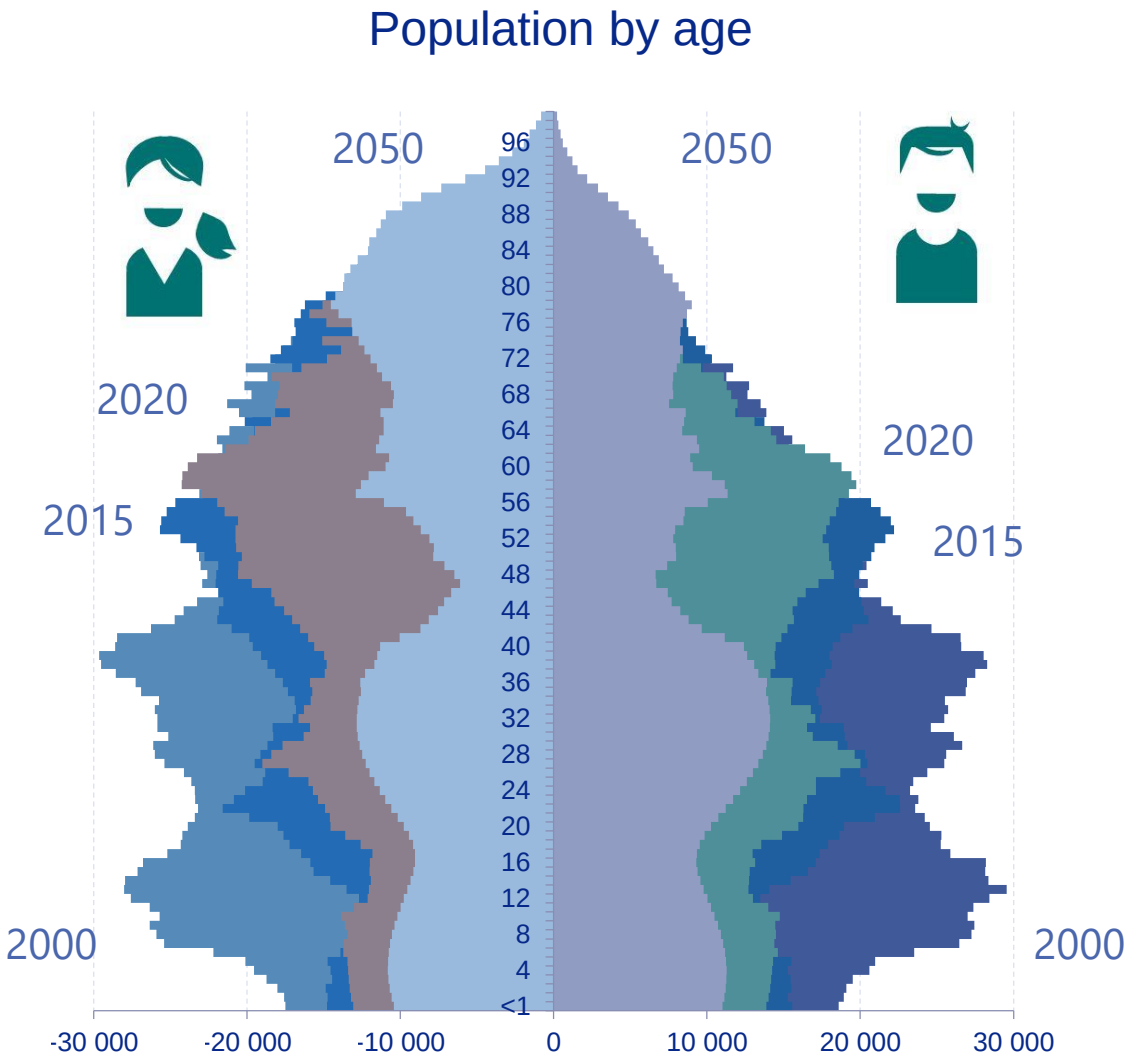
Worsening demographic situation urges for policy changes



- Population number in 2050

1 910 327

- Employed in 2050

1 050 480

or 55 percent

Source: Eurostat, EIM

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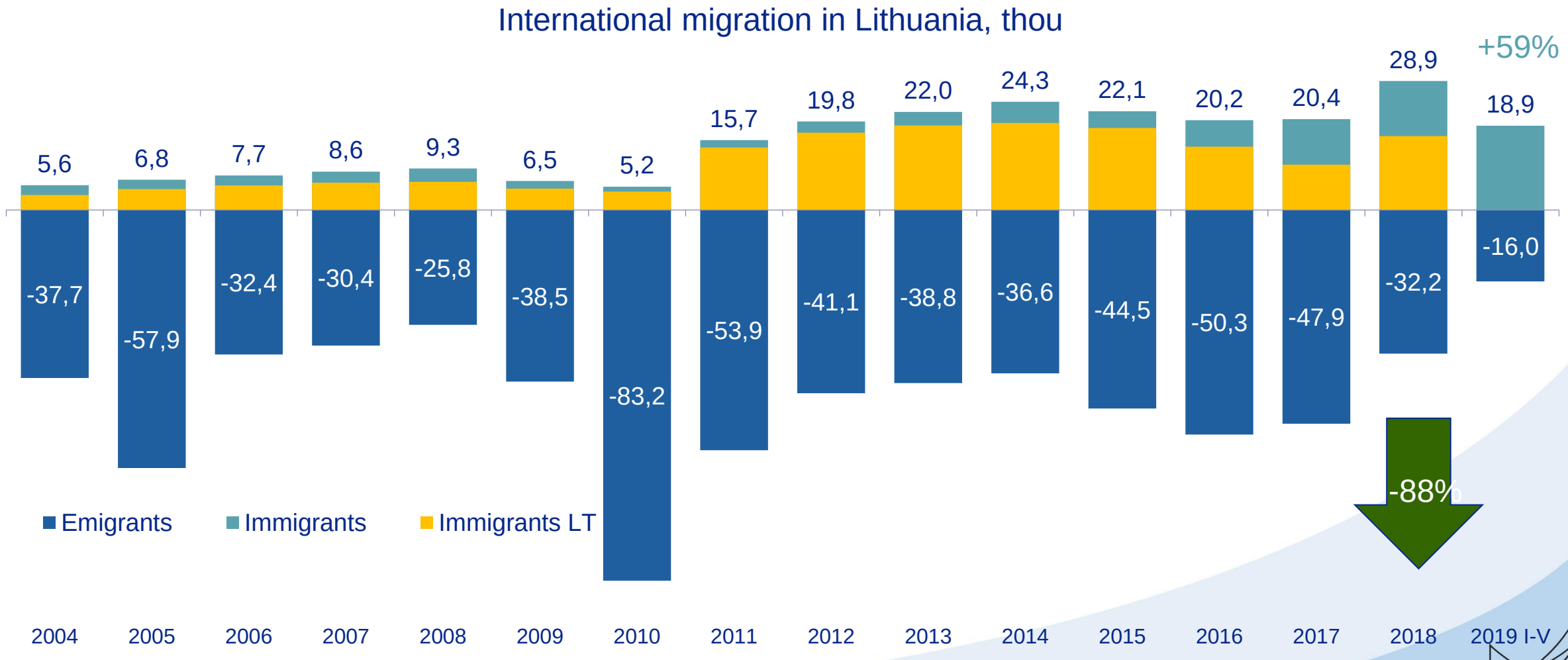
Recent international migration data is encouraging



Source: OSP, EIM

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Higher GDP growth

Higher Average Wage

Higher growth of Exports

Increase in the number of innovative companies

THE INNOVATION REFORM

- **Better chances to survive the Valley of Death**
- **Lithuania's leap in global and EU innovation indexes**

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STI SYSTEM REFORM: OUTCOMES

Unified STI policy:

- Adjusted strategic governance of STI area and policy coordination
- Clearly defined areas of responsibility for STI policy making
- Consolidated functions of STI policy implementation in one responsible agency
- Elected STI policy leader
- Common understanding of RDI activities
- New Law on Technology and Innovation
- Long term STI strategy
- Updated and optimized areas and priorities of S3

Increase of RDI oriented FDI:

- Attractive landscape and policy for more R&D oriented FDI
- Attracted top talent in RDI field
- More expertise and expert involvement in all stages of innovation
- Increase of breakthrough and disruptive innovations

Effective innovation support system:

- Improved financial motivation system for RDI activities
- Unified assessment and evaluation system of RDI activities
- More focus on experimental development and innovation

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SPENDING VS IMPACT OF R&D ON INNOVATION

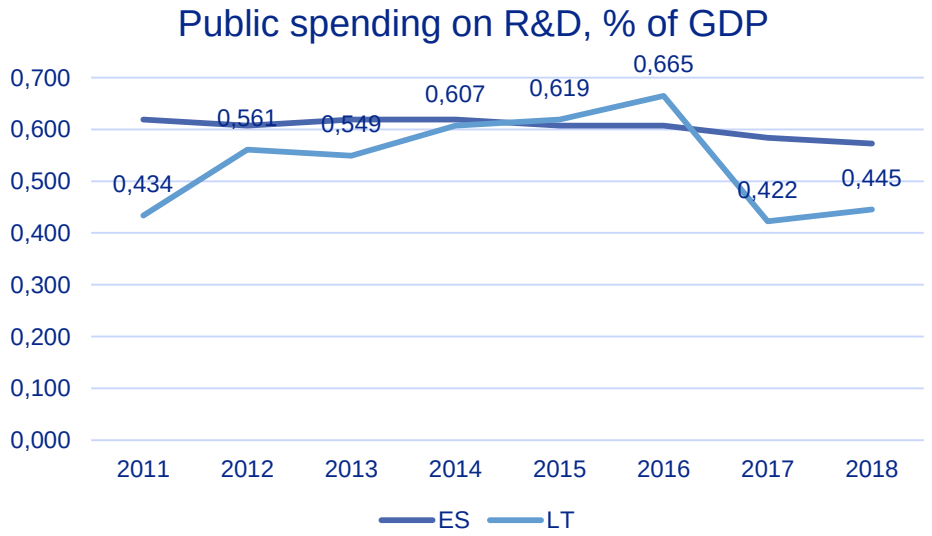
512
mil. EUR
2007-2013

679
mil. EUR
2014-2020

SPENDING

28th
According to RDI economic impact
2016*

IMPACT



- Public spending on R&D in Lithuania is similar to the EU average
- However, by utilization of R&D spending, Lithuania is among the outsiders.

*Source: EU Innovation Scoreboard 2017

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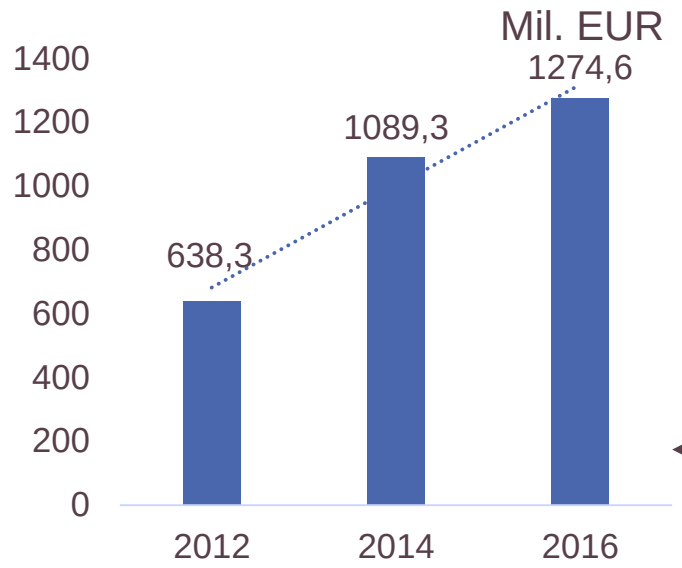
TURNOVER FROM NEW PRODUCTS

	2012	2014	2016
New to the company products	1.5	2.45	5.12
New to the market products	0.92	1.32	1.49
TOTAL, bil EUR	*2.4*	*3.77*	*6.6*

BUSINESS SPENDING ON INNOVATION



Income from the commercialization of new products,
mil EUR (2016)

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SHIFTING RDI PARADIGM

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TOWARDS THE SMARTER ECONOMY

Reform basis:
THE LAW ON TECHNOLOGY & INNOVATION

Revision of innovation support system

Attraction of R&D oriented FDI

Revision of STI system

Result:
INNOVATION AS THE BACKBONE OF LITHUANIAN ECONOMY

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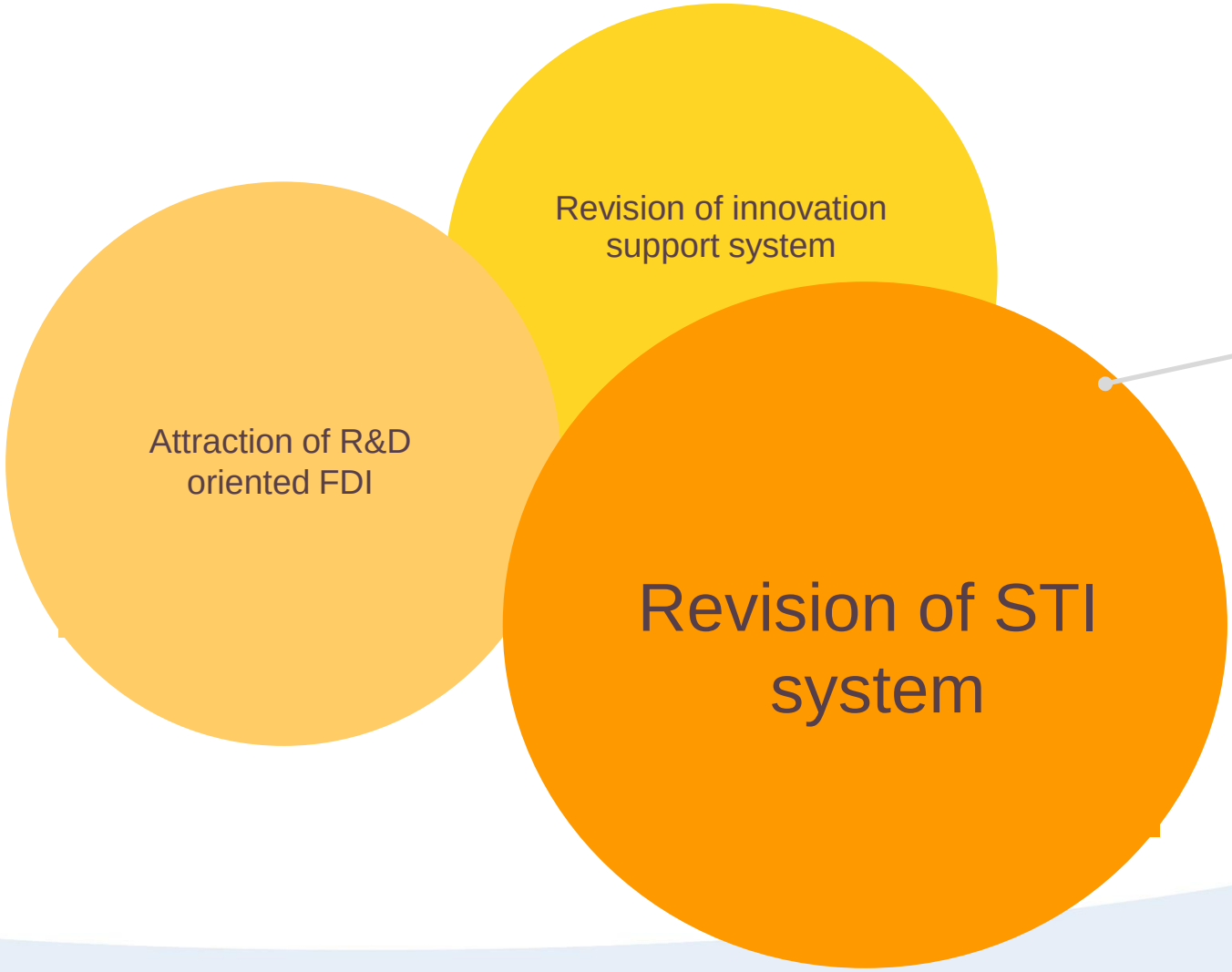
KEY 3 ELEMENTS OF INNOVATION REFORM



- One ministry in charge of technology & innovation policy
- One agency
- Update of S3 strategy

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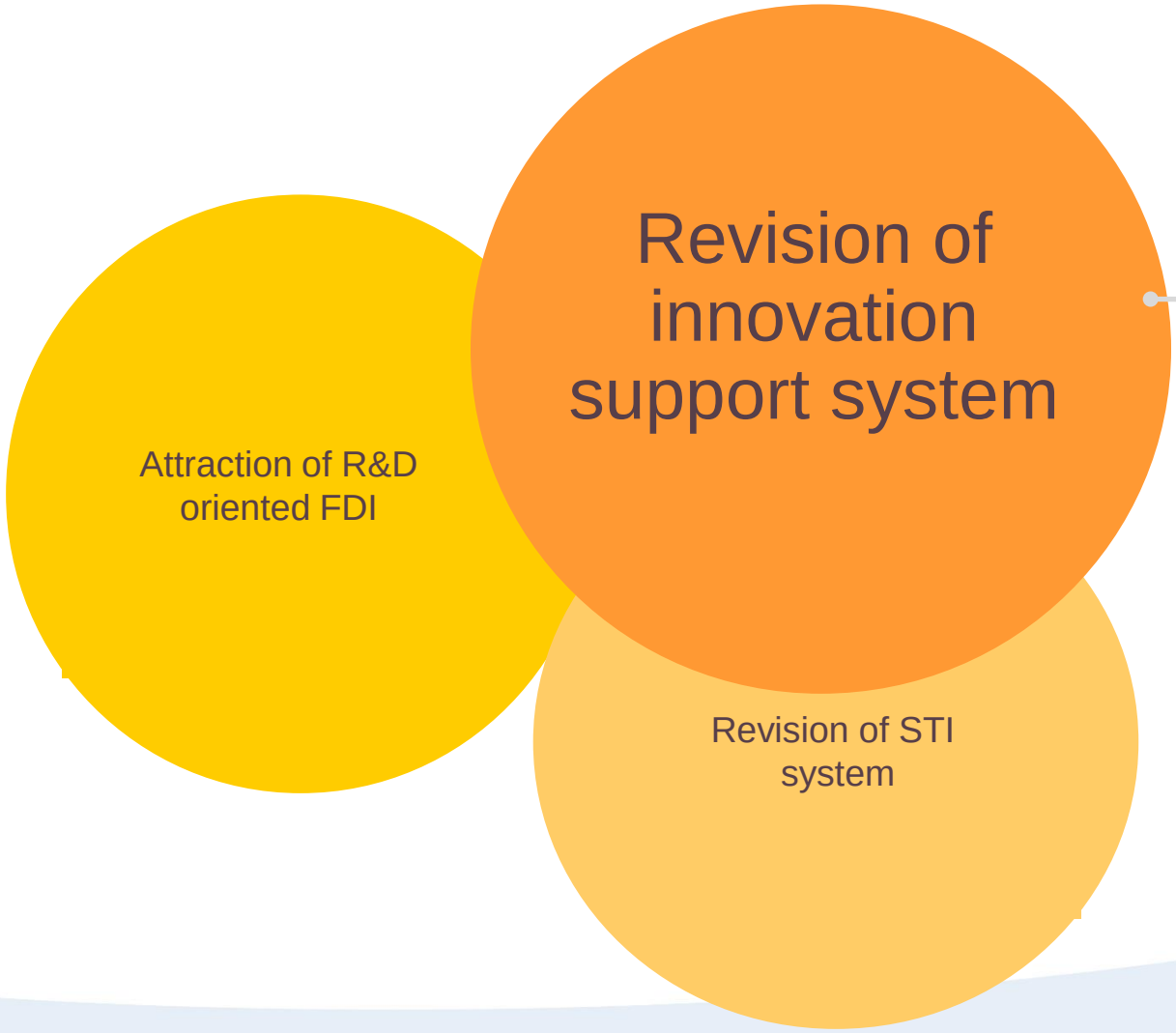
KEY 3 ELEMENTS OF INNOVATION REFORM



- Using EU SF to create innovative products/services
- Creating infrastructure necessary for experimental development
- Creating the framework for innovation development infrastructure
- Involving technology scouts
- Motivating scientists to cooperate with businesses
- Developing the framework of consulting services

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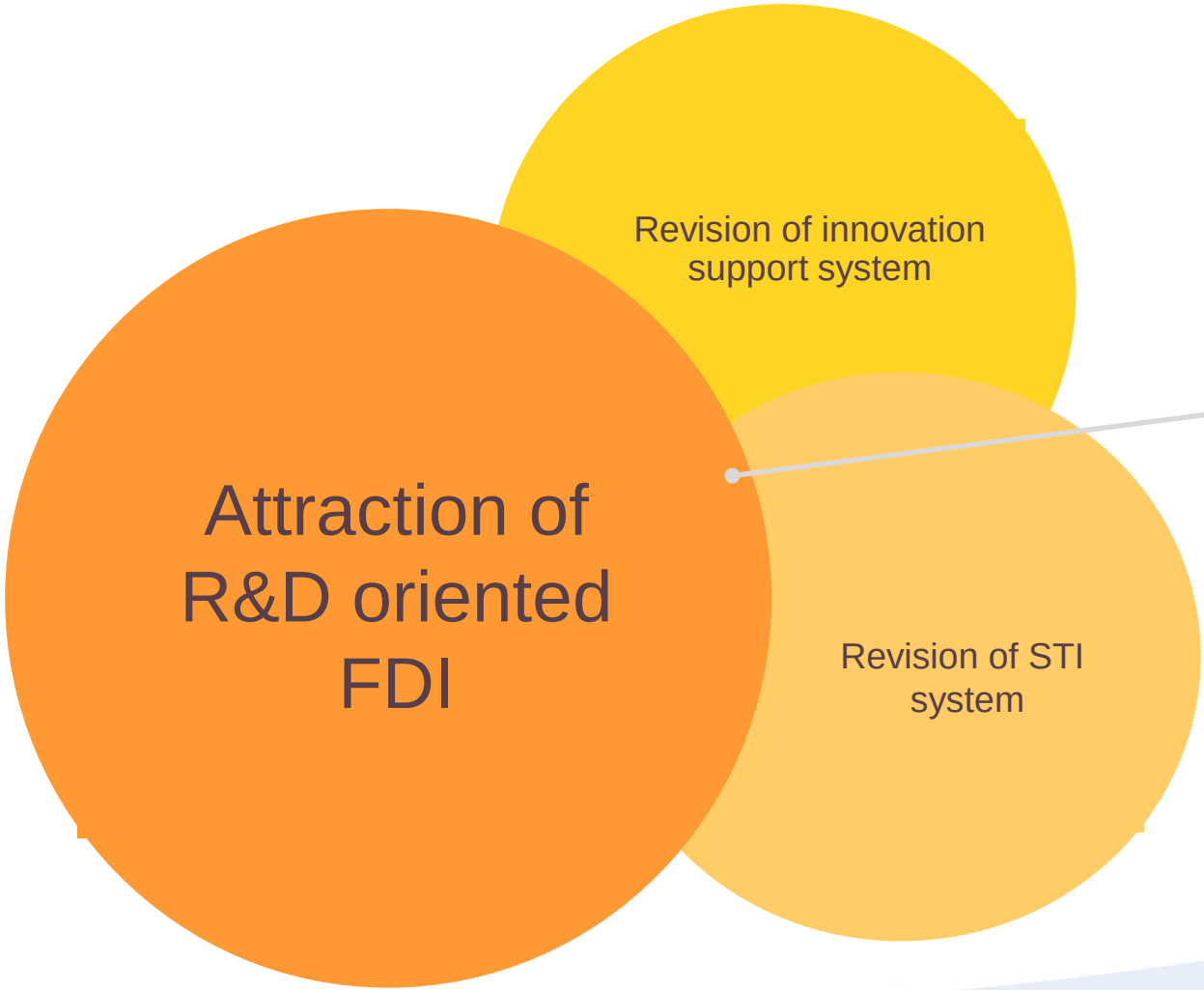
KEY 3 ELEMENTS OF INNOVATION REFORM



- Attraction of R&D oriented FDI
- Participation of experts in the realization processes of innovations
- Talent attraction in RDI field

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THE CORE OF THE REFORM

THE LAW ON TECHNOLOGY AND INNOVATION

- Financial support
- Innovation Support Fund
- Clear concept of STI system
- One Innovation Agency
- Embeded model of the cyclic innovation
- Defined responsibilities and clear areas of governance

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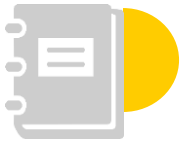
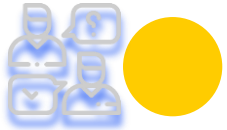
ACHIEVMENTS



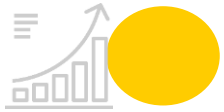
The Law on technology and innovation

- Clear leadership and responsibilities in the STI field
- Efficient innovation support



Empowered RDI Council

- Holistic attitude towards the formation and implementation of the STI policy
- Valuable expertise and experience



Evaluation of the impact of EU VP1 priority

- Evidence-based analysis policy making
- Analysis of the impact of existing interventions
- Basis for an efficient and targeted preparation for the challenges of the new 2021–2027 financing period

Economic diplomacy map of RDI

- Evidence based analysis for international co-creation
- Strengths identified
- Lithuania‘s interests abroad
- Networking of Lithuanian ambassies intensified

Update of S3

- Investment sustainability and continuity are ensured
- Effective project selection procedures
- Reducing the administrative burden

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UPCOMING TO-DO LIST

Establishment of Innovation Support Fund

- Venture capital, loans and guarantees to innovative businesses
- Sustainable source for innovation support

One Innovation Agency

- Optimisation of the STI agencies network
- Strengthening strategic capacities
- Consolidation of the programmes and facilities

Improvements of the operating model of governmental research institutes

- Strengtening experimental development part in the innovation cycle
- Transfer knowledge to business
- Enhance demand for research and technology

Boosting of Innovative public procurement

- Demand-oriented innovation policy instrument
- Improvement of public service effectiveness and efficiency
- Support to start-ups and innovative business to launch and grow

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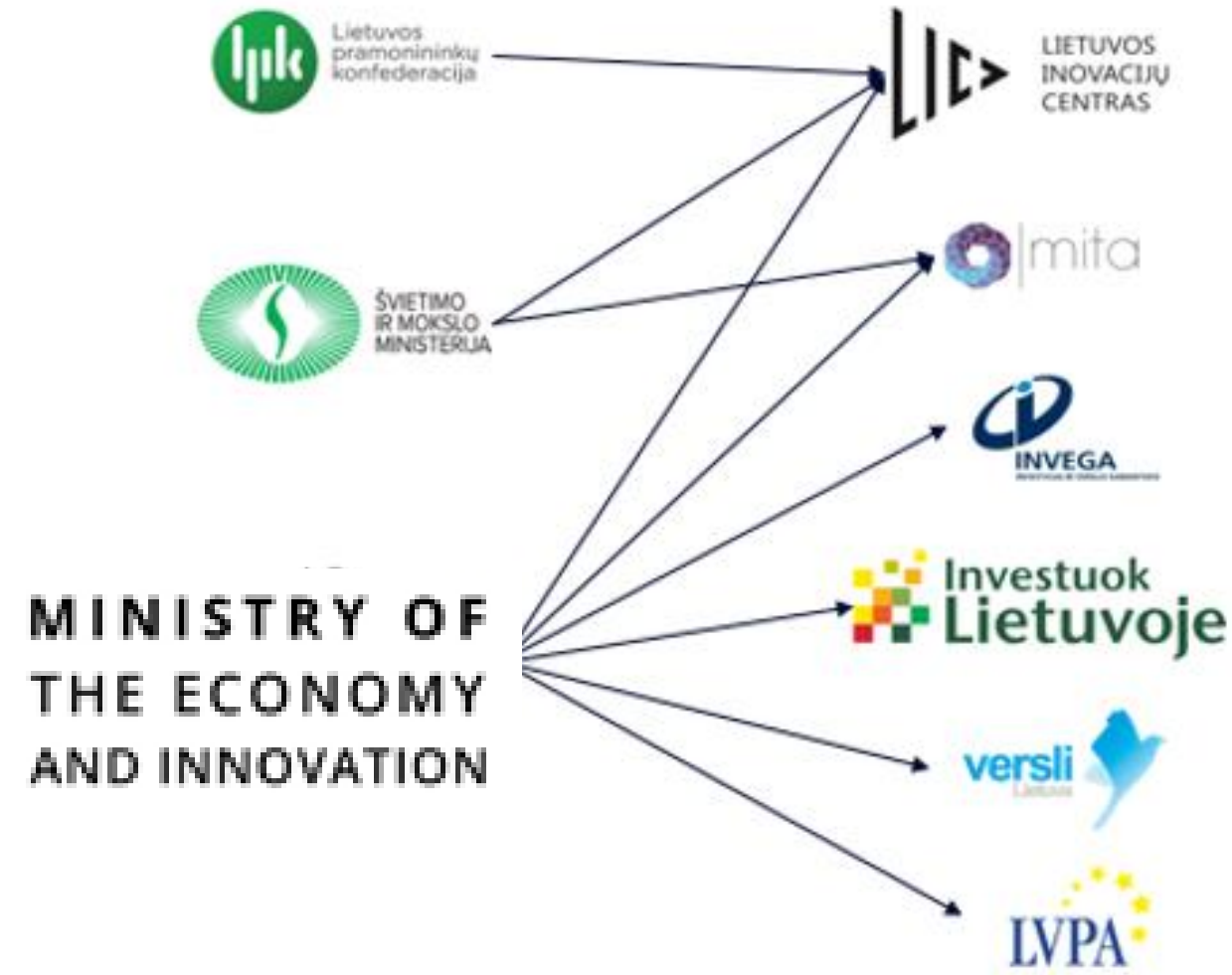
Why one agency?



RDI system is fragmented, complicated and does not meet business needs

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Recommendations: to consolidate institutions in order to more efficiently implement R&I policy

RESEARCH & INNOVATION
Research and Innovation Observatory - Horizon 2020 Policy Support Facility

Research and Innovation Observatory (RIO) experts in assessing Lithuania's research and innovation system draw attention **to highly fragmented policy priorities** of the Lithuanian RDI system, strategic level programs, funding and low interinstitutional cooperation. Experts emphasize the **need to consolidate the efforts and resources of state institutions to achieve their purposeful use for the implementation of R&I policy.**

Organisation for Economic Co-operation and Development (OECD) also highlights the fragmentation and lack of coordination of Lithuanian RDI policy. OECD experts recommend **reviewing and consolidating all strategic-level R&D programs, preparing and implementing institutional reform of RDI policy implementation**, including **consolidate agencies and their programs.** The experts propose to choose from two consolidation principles: (1) Aggregate the agencies according to the similarities and complementarity of the existing functions, or (2) Aggregate the agencies according to the similarities and complementarity of target groups of beneficiaries.

OECD
BETTER POLICIES FOR BETTER LIVES

INTERNATIONAL MONETARY FUND

IMF discussions with Lithuania under Article IV of the Agreement states that there are many institutions in Lithuania with advisory and implementing functions and subordinate to the Government, the Seimas, the Ministry of Finance, the Ministry of Education and Science and the Ministry of Economy. The report points out that there is a **lack of effective coordination between the institutions, which increases their maintenance costs and makes it difficult to use the entire STI system.** IMF experts **offer to merge all institutions that are dedicated to promoting innovation to a single institution,** and the institutions responsible for the implementation of studies and fundamental research policies – to another one.

EC recommendations on the 2019 National Reform Programme, Stability Programme: 3. Focus **investment-related economic policy on innovation**, energy and resource efficiency, sustainable transport and energy interconnections, taking into account regional disparities. Stimulate productivity growth by improving the efficiency of public investment. **Develop a coherent policy framework to support science-business cooperation and consolidate research and innovation implementing agencies**

EUROPEAN COMMISSION
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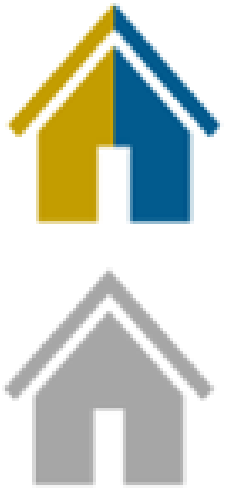
Innovation agency: one stop-shop for business

The twin derivative is two entities



- Customer Service , information and consultancy
  Pro-active search for the new customers
- Think tank, recommendations fo policy-makers
- Financial support administration
- Financial instruments and fonds

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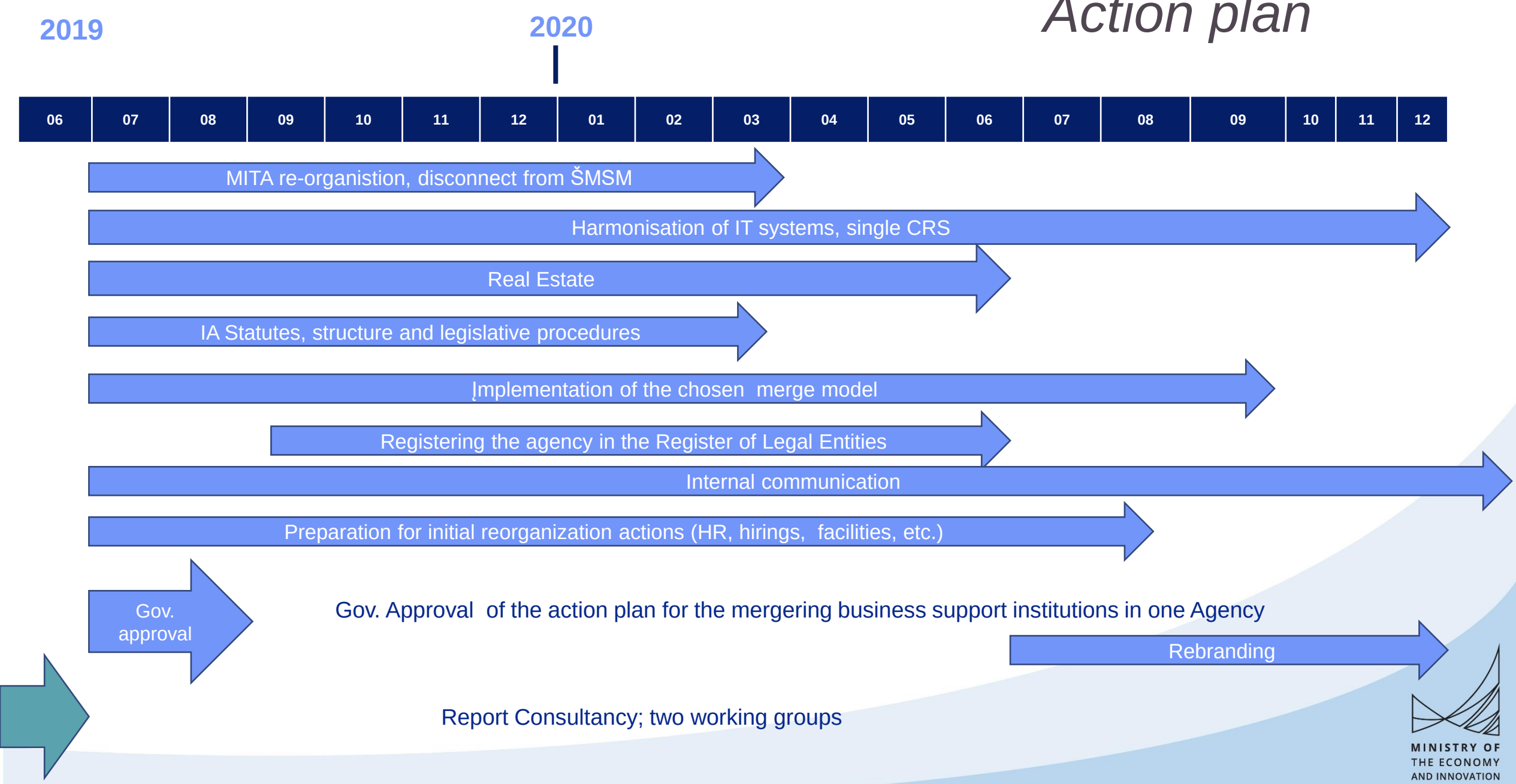
Action plan



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Background publications for 2021-2027 EU investments in Lithuania

- Country Report Lithuania 2019;
- OECD Economic Surveys - Lithuania 2018;
- National progress programme (project);
- Evaluation on Lithuanian economic sectors finance post 2020;
- Ongoing impact evaluation on 1 priority axis (RDI);
- Ongoing impact evaluation on 3 priority axis (business sector).

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Partnership in investments planning process for 2021-2027

Objective	Data	Participants
1.1 Research and innovation, advanced technologies	09/05/2019	*Public institutions, business associations, etc.*
1.2 Digitisation	15/05/2019	
1.3 Growth and Competitiveness of SMEs	04/04/2019	
1.4 Skills for Smart Specialisation, Industrial Transition and Entrepreneurship	09/05/2019	

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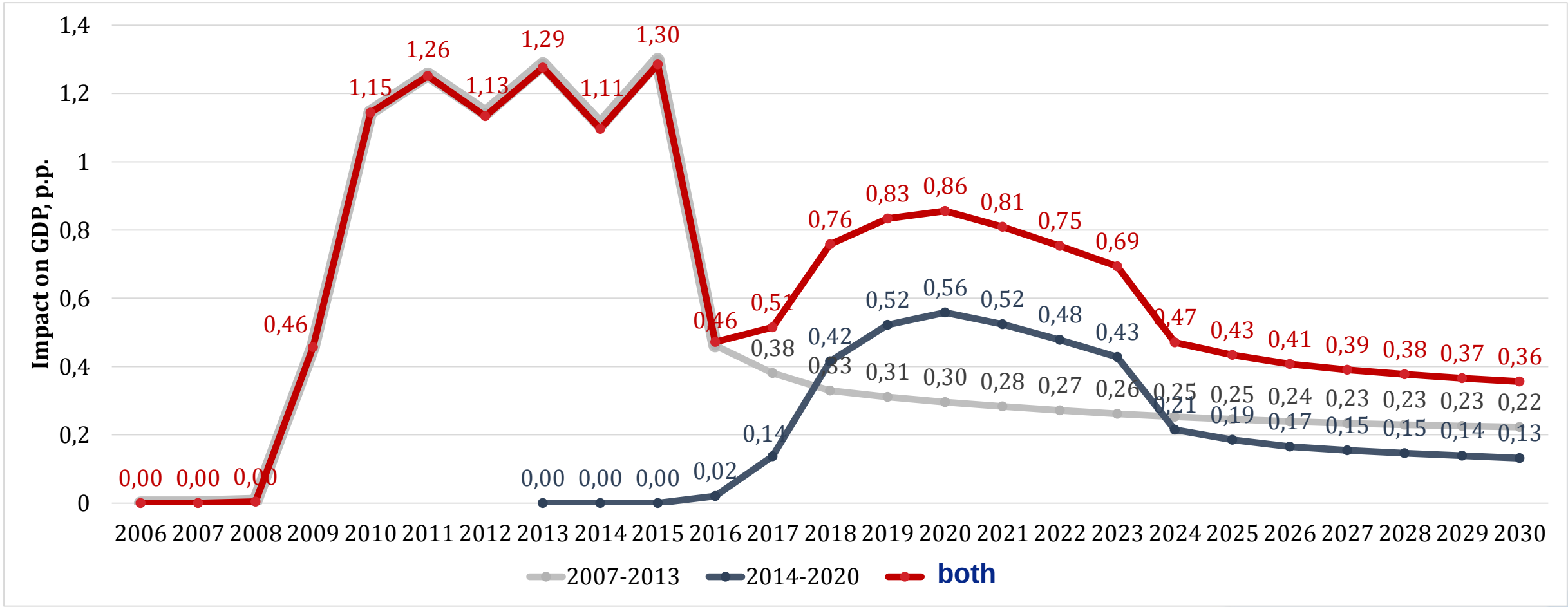
Annual increase in GDP, compared to the scenario without the EU investments



HERLIT macroeconomic model was the theoretical basis of the evaluation. In the national and EU practice of public policy analysis macroeconomic models are one of the most recognized instruments for the impact evaluation of the Programmes' investments. HERMIN macroeconomic modelling system is designed to analyse and evaluate medium and long-term impact of the state interventions. These models are used in evaluations commissioned by the European Commission and the European Parliament.

Source: HERLIT-16, Ministry of the Economy and Innovation

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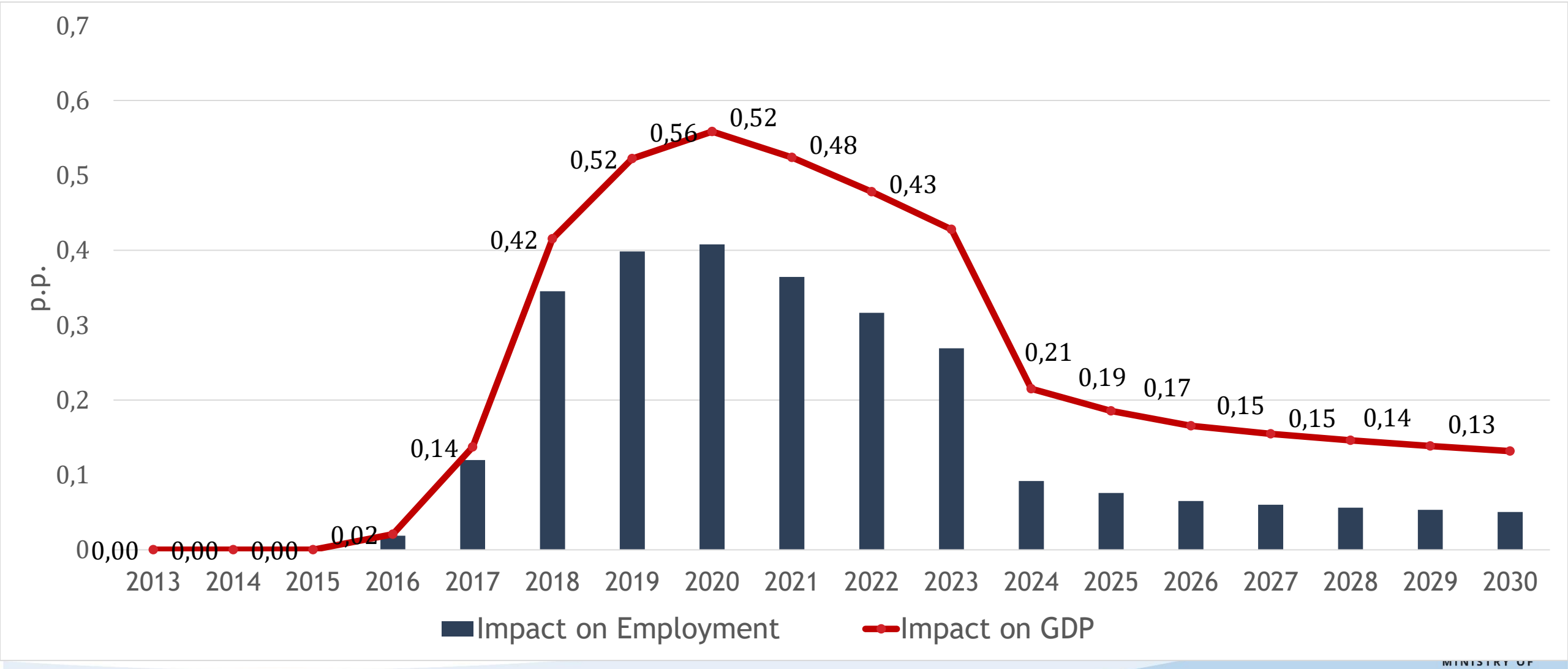
Model confirms 0,56 p.p. increase in GDP and 5,9 thousand additional jobs created due to EU investments in 2020



Source: HERLIT-16, Ministry of the Economy and Innovation

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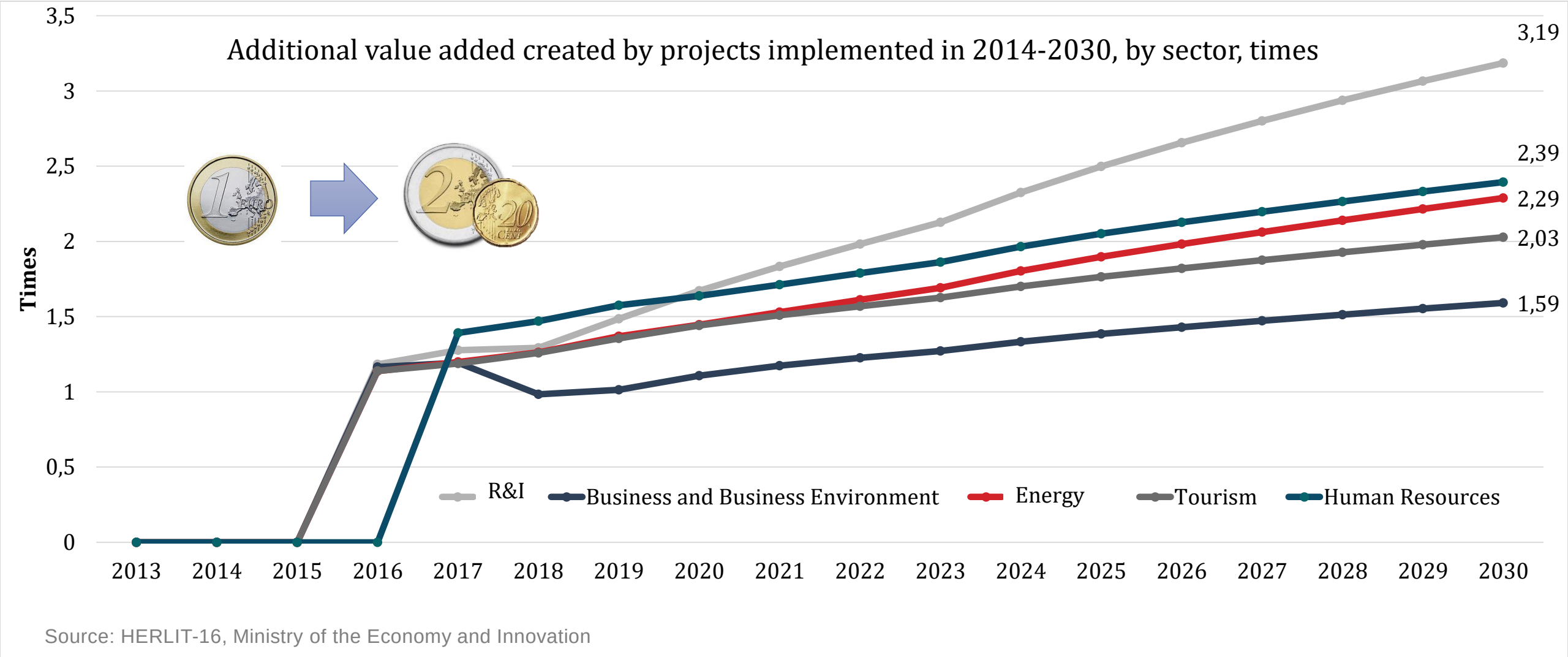
A Smarter LITHUANIA – Innovative and Smart Economic Transformation

Return on investment: on average additional value added created by projects exceeds the costs of these projects by 2.2 times, with highest economic benefit from the R&I



Source: HERLIT-16, Ministry of the Economy and Innovation

Experience from 2014-2020: PRIORITY AXIS 1. STRENGTHENING RESEARCH AND DEVELOPMENT AND INNOVATION

PROBLEMS

Low value-added-based structure of the Lithuanian economy

Export of Lithuanian knowledge-intensive products and services, employment in knowledge-intensive enterprises, economic impact of investments and other knowledge-intensity indicators - behind the EU average

Non-active business-science cooperation

Low number of innovative firms

Low private R&I investment

Supported activities:

SOLUTIONS

1. Financing of corporate R&I activities

2. Attraction of FDIs

3. Building and development of networks, supporting activities of R&I partnerships

4. Strengthening of the availability and quality of innovation support services

5. Explaining innovations to SME (LIC project continuance)

6. Promotion of the demand for innovation

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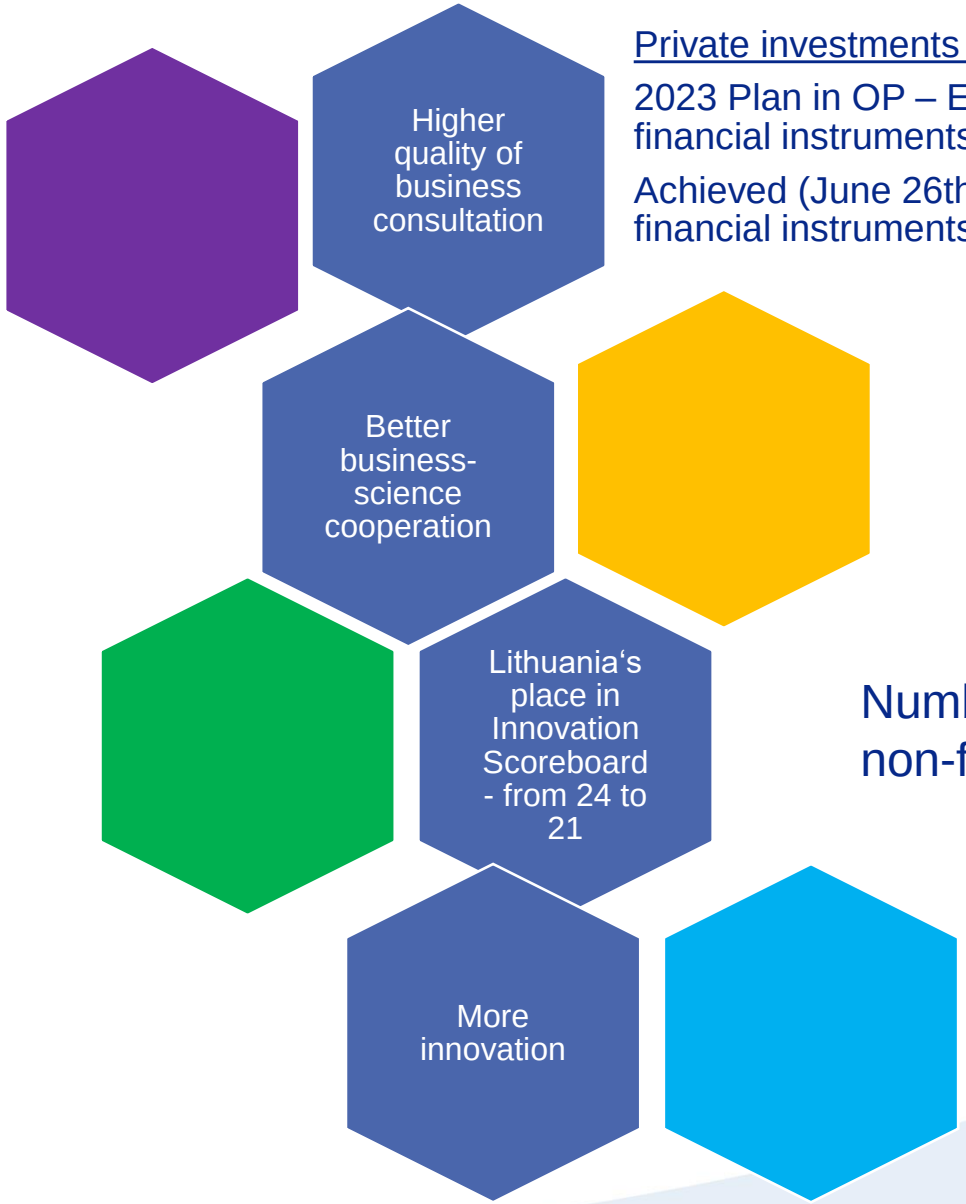
Achieved results in 2014-2020 in R&I area

Number of enterprises receiving grants – 671

Number of enterprises supported to introduce new to the market products – 262

Number of enterprises supported to introduce new to the firm products - 47



<u>Private investments matching public support:</u>

2023 Plan in OP – EUR 175 million, of which financial instruments – EUR 1,7 million;

Achieved (June 26th) – EUR 39 million, of which financial instruments – EUR 255 thousand

Number of enterprises receiving non-financial support (FI) - 622

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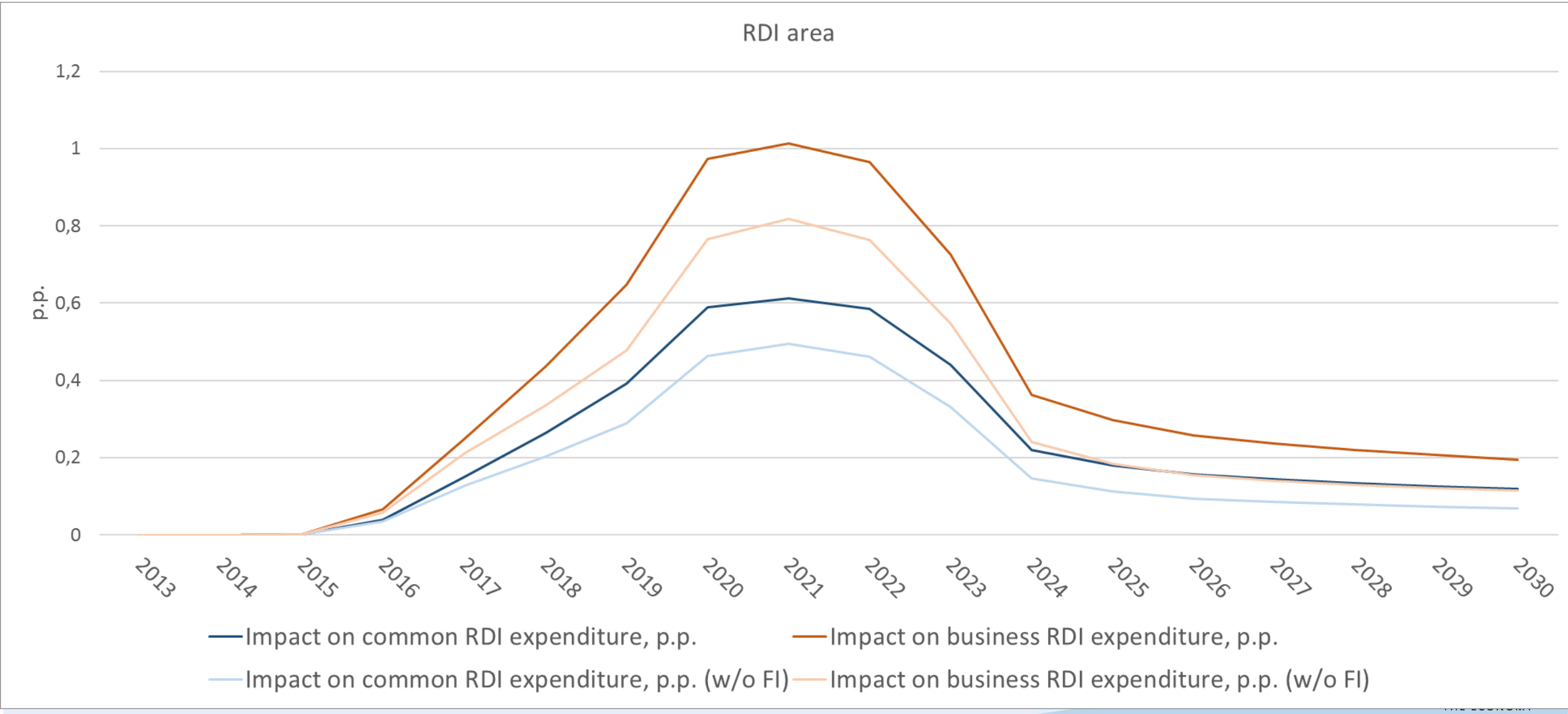
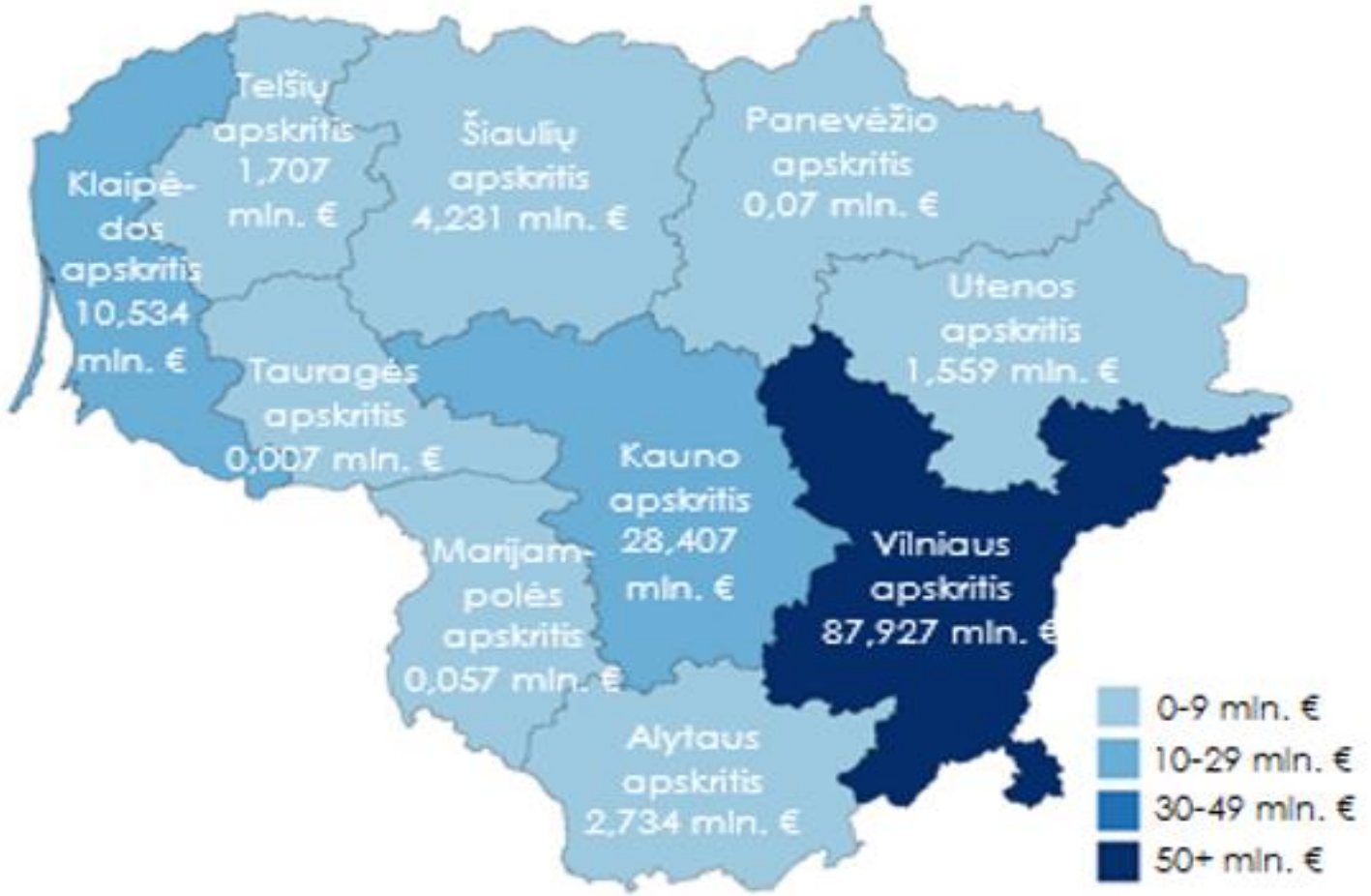
Annual increase in R&I, percentage points



Source: HERLIT-16, Ministry of the Economy and Innovation

Lithuania has higher potential in the capital and larger cities, while other regions are lagging behind

Commited investments in 2014-2020 of priority axis 1 (R&I), as of December 2018.



Source: Visionary Analitics, 2019

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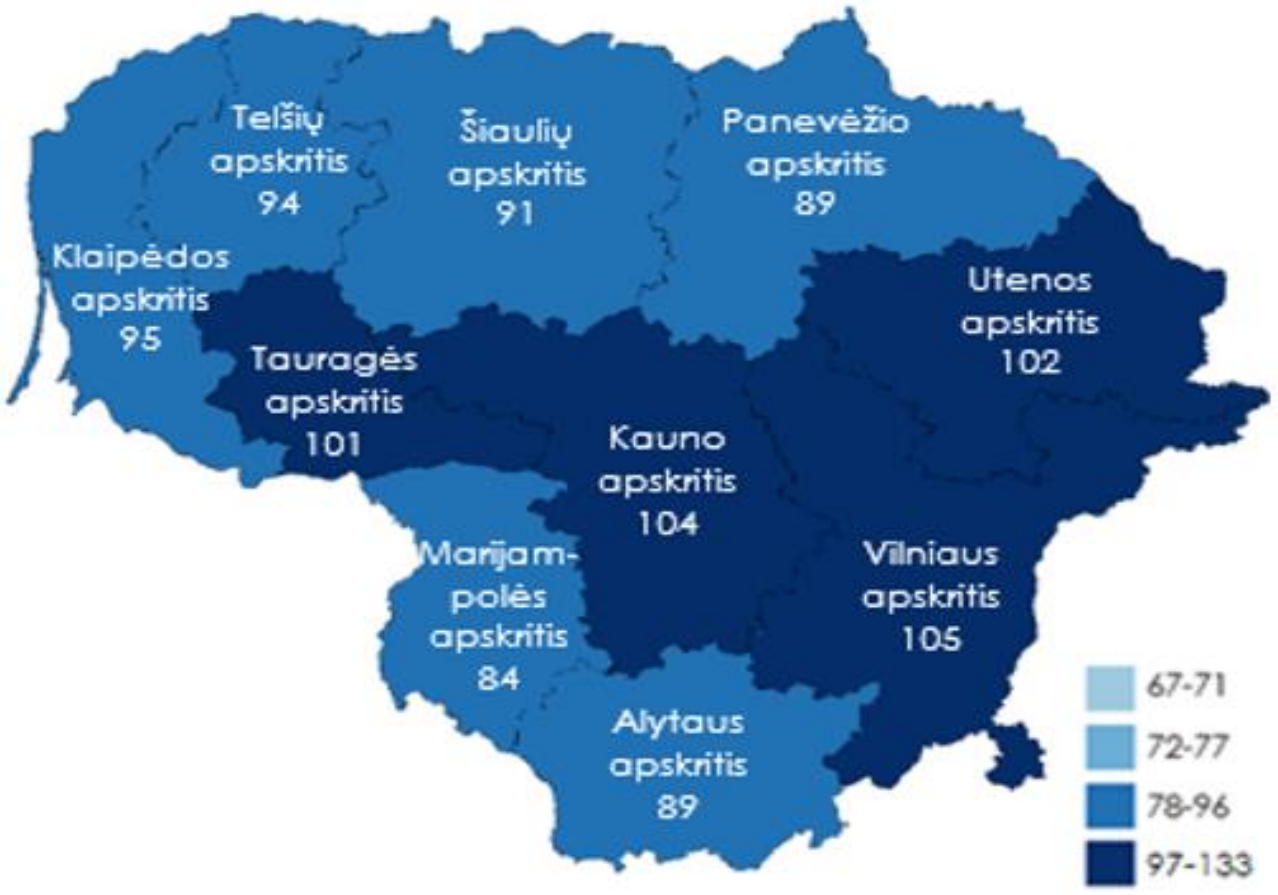
Innovative firms are concentrated in four regions, however innovators in R&I area are mainly located in Vilnius

Index of Lithuanian innovative firms, LT average = 100



Innovative firms indicators, by region

	Capital region	Central and Western Lithuania
Business sector employees involved in R&D (2017) - individuals	3 385	2 190
Expenditure on R&D in the business sector (2016) - million EUR	80 378	34 182
The share of innovating enterprises compared to all enterprises (2016) - (%)	50	44,7
Proportion of employees in innovative enterprises compared to employees of all enterprises (2016) - (percent)	72	66,1
Share of turnover of innovative enterprises compared to total turnover of enterprises (2016) - (%)	78,9	75,6

Source: Visionary Analitics, 2019

Current problems to be tackled

- The economy's capacity to innovate and absorb R&I is limited. Innovating firms in Lithuania are relatively small in size;
- Cooperation between businesses and universities or research centres remains scarce;
- Investment in R&I is below the EU average;
- Low business demand for research and innovation is mainly predetermined by the structure of the economy, which mostly consists of lower value added industry and services;
- Belated reform of the innovation policy – started only in 2018

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Proposals and recommendations

MOST SUCCESSFUL – TO CONTINUE

According to Impact Evaluation of the 1 Priority Axis (Visionary Analitics, 2019), most successful and popular activities were:

- Corporated R&I activities
- Activities promoting demand for innovation.

TO BE IMPROVED

Moreover, all activities could be improved by

- Creating more synergy between measures, less fragmentation;
- Scaling-up, as massives measures lead to more efficiency;
- more attention for new innovators;
- more attention for innovation support services;
- developing forms of cooperation.

All proposals for 1.1 objective activities in 2021-2027 were prepared according provisions of Country Report Lithuania 2019 Annex D, OECD survey 2018, National progress programme (project), 2014-2020 projects experience and Impact Evaluation recommendations

MINISTRY OF THE ECONOMY AND INNOVATION

2021-2027 investments
1.1. objective „Enhance research and innovation capacities and the uptake of advanced technologies“

Low private RDI investment, low economic impact

Non-active knowledge triangle (science-business-state)

Small, weak in international area innovators

Proposed activities:

Creation of new high value - added products
(RCO01, RCO02, RCO03, RCO08; RCR01, RCR02, RCR03, RCR05, RCR06, RCR19)

Start-ups acceleration and development
(RCO15, RCR17, RCR01)

Collaborative, contract-based research
(RCO01, RCO02, RCO07, RCO10, RCR02)

International networking
(RCR19)

High-value added FDI
(national indicators)

MINISTRY OF THE ECONOMY AND INNOVATION

Digitisation for Citizens, Companies and Governments

1.2 objective

Experience from 2014-2020:
PRIORITY AXIS 2. PROMOTING INFORMATION SOCIETY

PROBLEMS

- Unequal coverage of hi-speed broadband among the regions
- Low security of the information infrastructure and resources
- Small share of enterprises use public sector information for the development of new commercial digital products and services
- Low accessibility and quality of public and administrative services

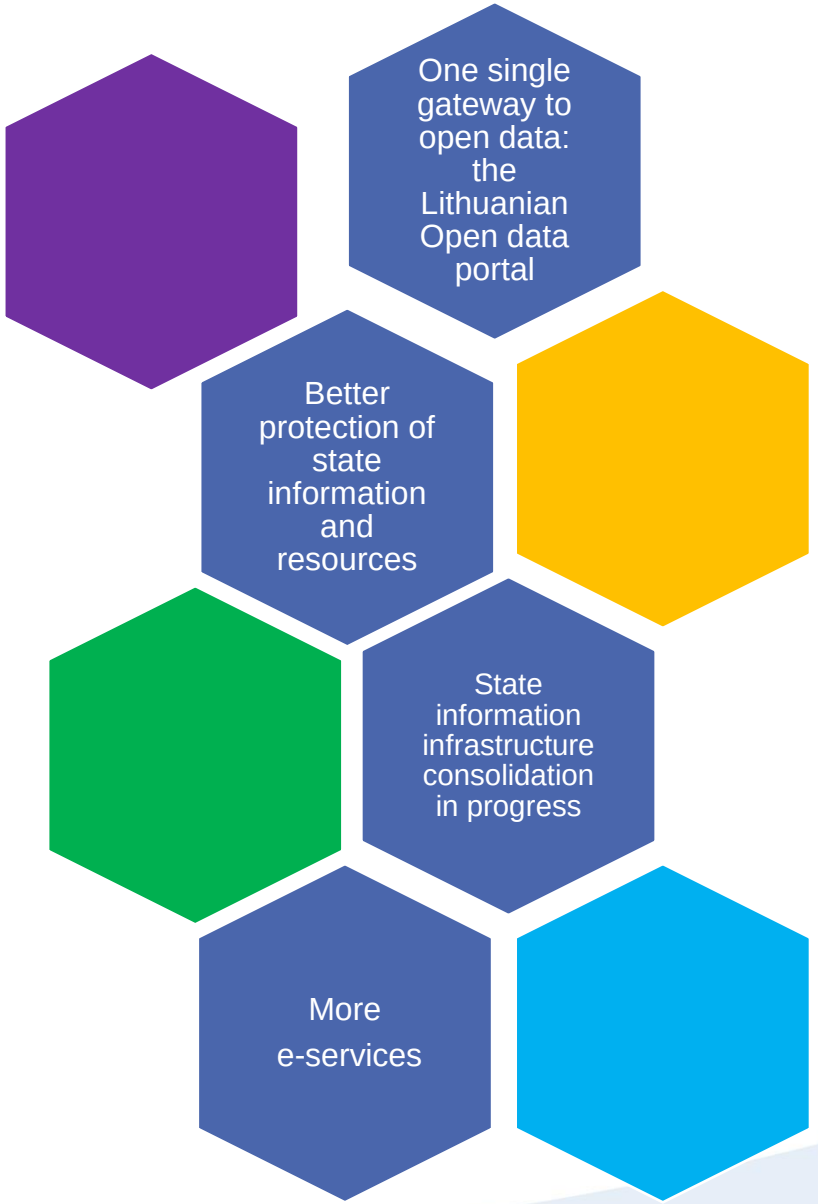
Supported activities:

SOLUTIONS

1. Increasing the availability and use of broadband electronic communication networks and the provision of services
2. Increasing the efficiency of the protection of state information infrastructure and resources
3. Increasing the reuse of public sector information for business and public needs
4. Increasing the demand for ICT among the population
5. Increasing the accessibility and quality of public and administrative services

MINISTRY OF THE ECONOMY AND INNOVATION

Achieved results in 2014-2020 in information society



Created more digital services (e.g.: E-invoice, E-waybill, applied accounting system, smart cash registers and etc.)

Population usage of internet up to 78 percent (in 2013 - 65 proc.)

50,18 %
population using public e-services

Source: Ministry of Finance, Annual OP implementation report

MINISTRY OF THE ECONOMY AND INNOVATION

Current problems to be tackled

- Slow development of digital economy;
- Very low share of open data compared to EU28, low availability and insufficient reuse;
- Digital divide between rural, older, disabled and lower-income residents and educated, high-income, young residents in internet use: Only 55 % of people have basic digital skills (as opposed to 57 % in the EU as a whole), although Lithuania is one of the EU countries with the lowest proportion of adults with a low level of education (in 2017 only 12% Lithuanians have less than lower secondary education, against an EU average of 25%);
- Non-systemical view on Cyber Security.

All proposals for 1.2 objective activities in 2021-2027 were prepared according provisions of Country Report Lithuania 2019 Annex D, OECD survey 2018, National progress programme (project), Evaluation on Lithuanian economic sectors finance post 2020, 2014-2020 projects experience

MINISTRY OF THE ECONOMY AND INNOVATION

Digital Economy and Society Index 2019: **Lithuania overview**

	LITHUANIA		EU average
	RANK	**SCORE**	**SCORE**
DESI 2019	**14**	**52.0**	**52.5**
DESI 2018	14	49.2	49.8
DESI 2017	18	44.6	46.9

MINISTRY OF
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AND INNOVATION

ICT Infrastructure Optimization & Management Transformation

Aim of the Program: Optimization of ICT Infrastructure (policy, human resources, processes, technologies)

Budget: EUR 38.331.470

Term of the Program – 31.12.2023

Added value:

1. Centralized, standardized and secure management of information resources
2. Focusing ICT policy on the new stage of digital state and economic development
3. Cost savings for hardware and licenses by 30%

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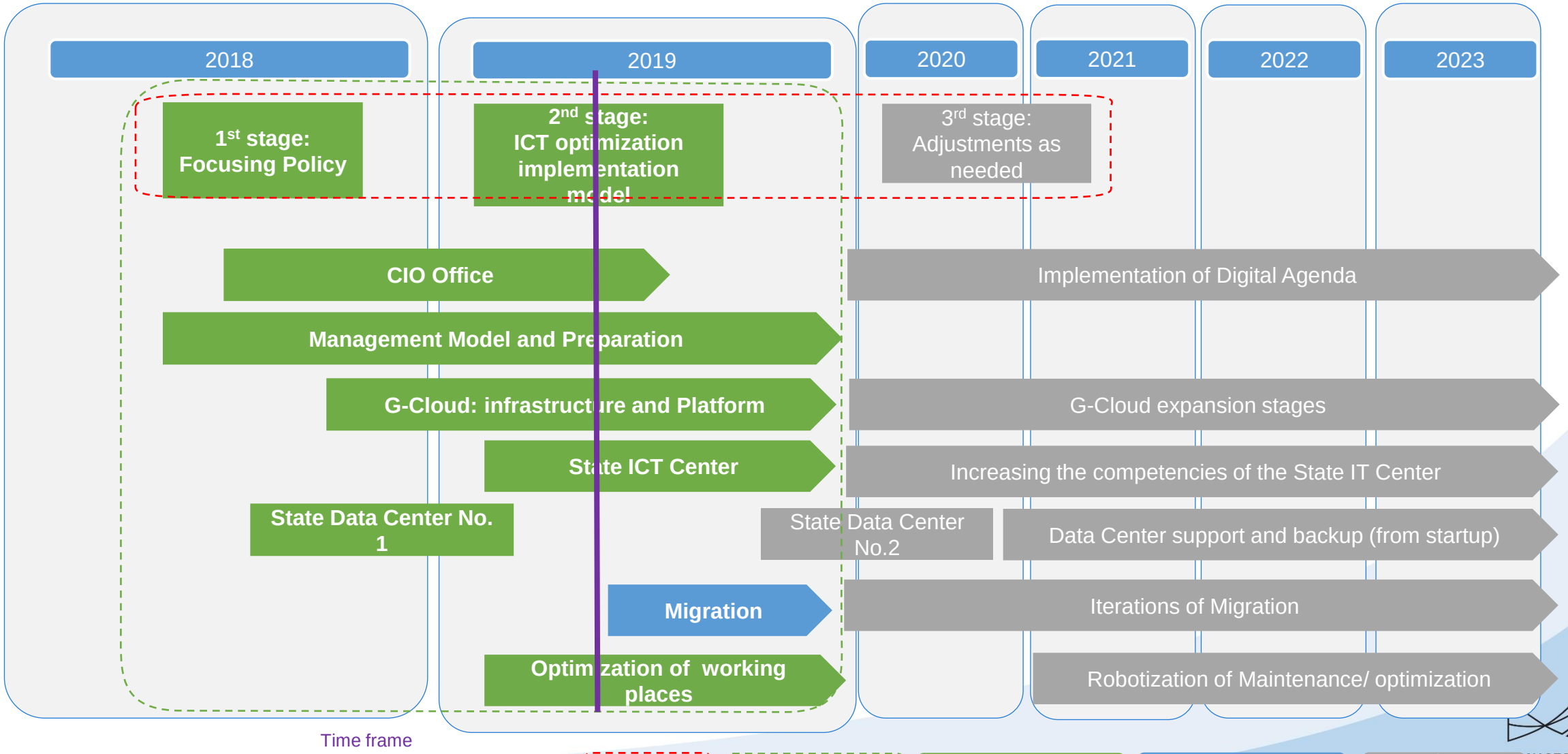
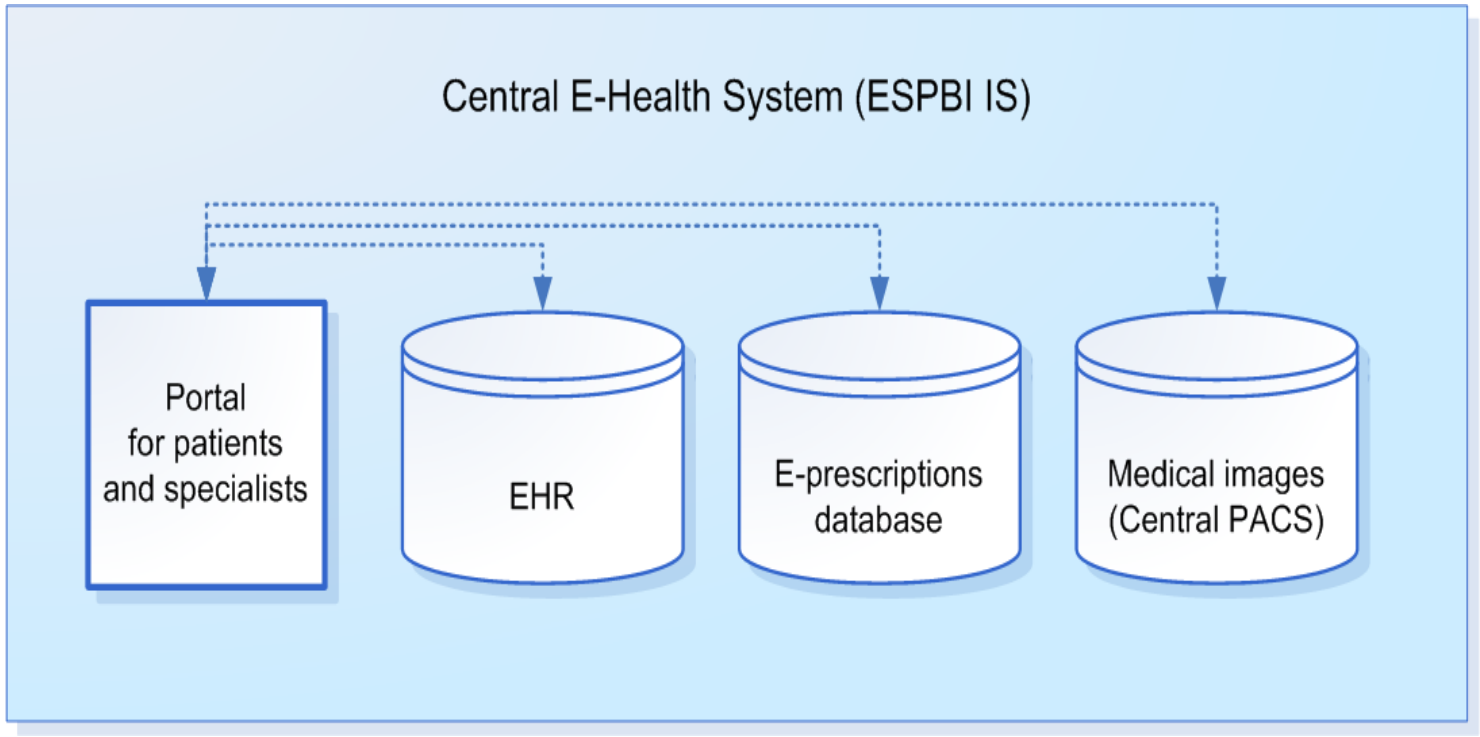
Status of the Program



Central eHealth System (ESPBI IS)



Storage and exchange of **12 different clinical documents** related to:

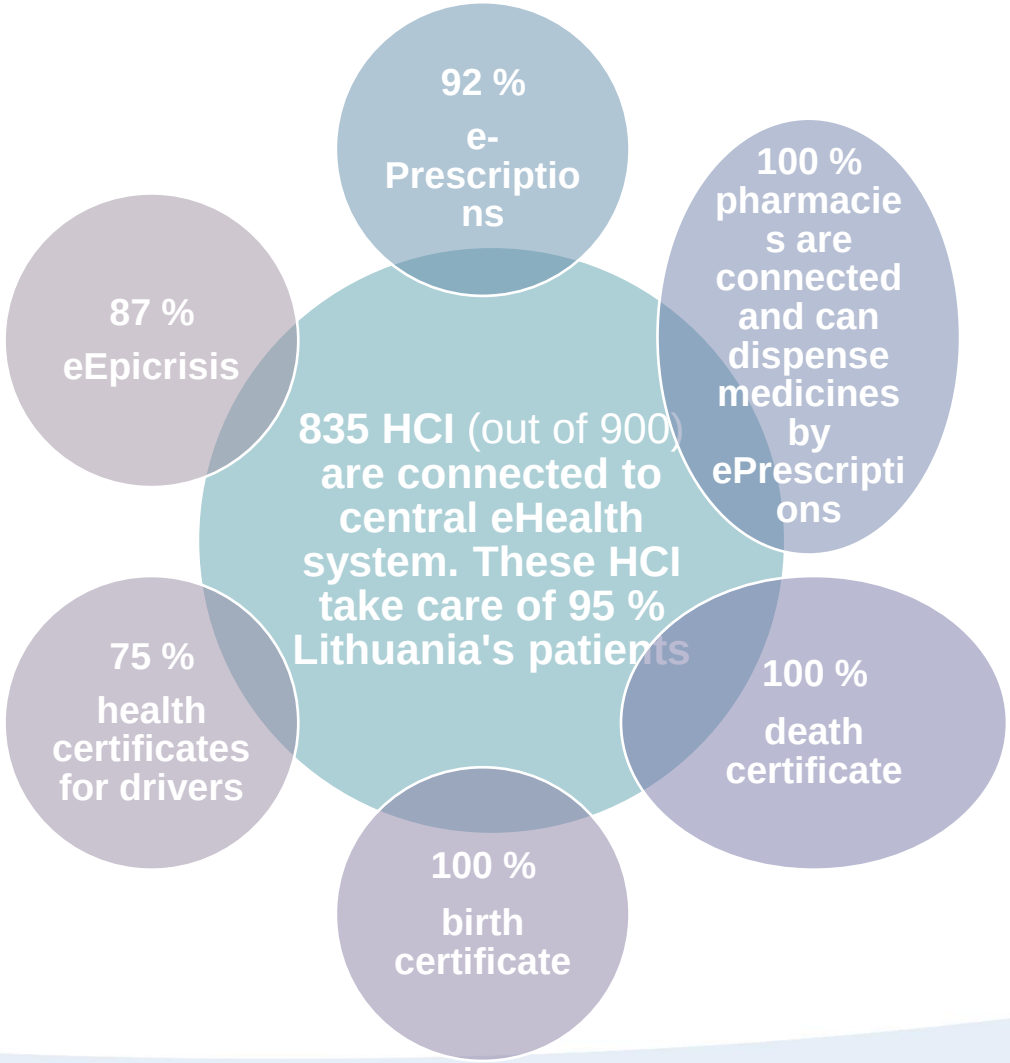
- referrals,
- discharge letter,
- out-patient medical records,
- E-Prescriptions,
- lab results, etc.

as well as **8 medical certificates:**

- health certificates for students, drivers, holders of weapons,
- birth or death certificates, and others.

MINISTRY OF THE ECONOMY AND INNOVATION

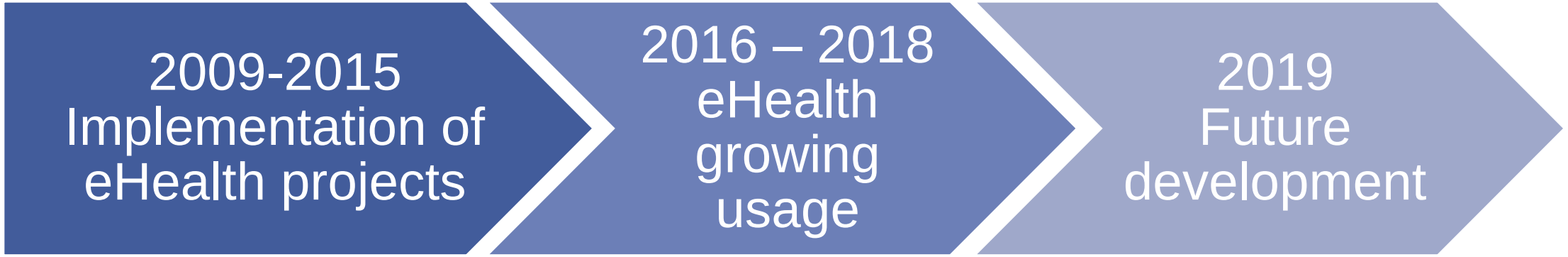
Central eHealth System: main indicators



Central eHealth system (ESPBI IS) is capable of storing patient information from various health care institutions (HCI) in one eHealth history.

One Resident – One EHR (electronic health record)

Development of eHealth System



Implementation of national eHealth and other information systems

New documents stored per month
2016.12 – 116.000
2017.12 – 1.240.000
2018.12 – 2.331.000
2019.04 – 3.004.000

Action plan 2019-2025

Development projects for 3 years perspective

MINISTRY OF THE ECONOMY AND INNOVATION

2021-2027 investments
1.2. objective „Reap the benefits of digitalisation for citizens, companies and goverments“

Large digital exclusion of population (low demand for ICT)

The potential of ICT in the public sector is not in use enough

The potential of ICT in business is not in use enough

Proposed activities:

Development of digitalisation capacities (inohub, competence centre, innovation centre and etc.) (RCR13)

Innovative and users friendly public digital services creation and development (RCO13, RCR11, RCR12)

Cyber security (public sector, SME‘s) (national indicators)

Installation and development of interoperabilty solution in public sector (RCO14, RCR11)

Upscale and accelerate open data (national indicators)

Consolidation of the state information resources infrastructure (national indicators)

MINISTRY OF THE ECONOMY AND INNOVATION

Growth and Competitiveness of SMEs

1.3. objective

Experience from 2014-2020

PRIORITY AXIS 3. PROMOTING COMPETITIVENESS OF SMALL AND MEDIUM-SIZED BUSINESS

PROBLEMS

Lithuania - behind the EU-27 average in terms of entrepreneurship level

Lack of initiatives promoting entrepreneurship and a lack of financing

Insufficient access of SMEs, particularly start-ups, to the necessary sources of financing

Limited accessibility and supply of services for business

Very small domestic market, export volumes of domestic goods of Lithuania are small, low internationalisation of SMEs

Value-added generated by production costs per one employee of SMEs in Lithuania is nearly 3 times as high as the EU-27 average

Low productivity of the manufacturing industry

Expensive implementation of technological innovations in business and improvement of technological capacities; lack of funds; and insufficient level of organisational and non-technological innovations launched in business by companies

Low level of investment into eco-innovation, resource-efficient technologies

Supported activities:

SOLUTIONS

1. Increasing the level of entrepreneurship

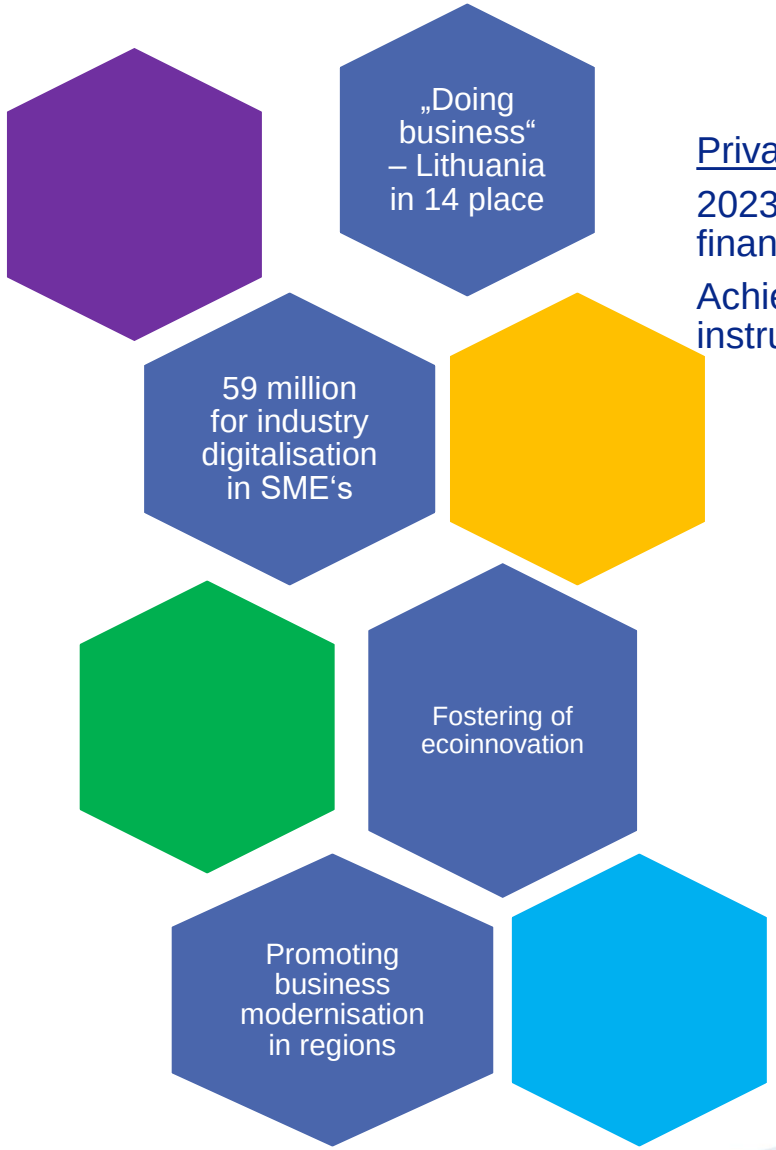
2. Increasing the internationalisation of SME's

3. Increasing the productivity of SME's

4. Increasing investments of SMEs in eco-innovation and other resource-efficient technologies

MINISTRY OF THE ECONOMY AND INNOVATION

Achieved results in 2014-2020 in business promoting



Number of enterprises receiving grants – 6054

Number of new enterprises receiving investments – 2062

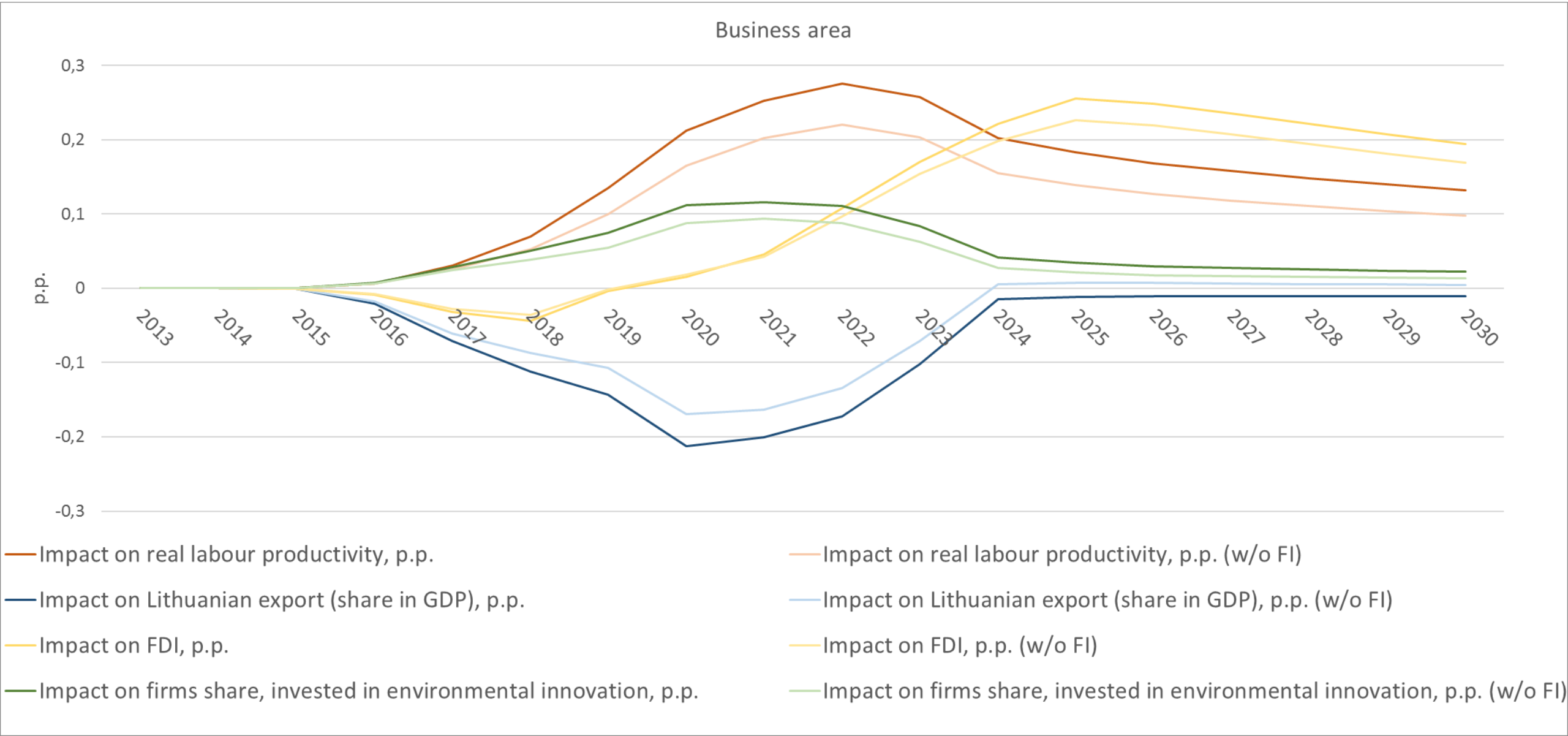
Private investments matching public support:

2023 Plan in OP – 307 million EUR, of which financial instruments – 81 million EUR;

Achieved– 252 million EUR, of which financial instruments – 133 million EUR.

MINISTRY OF THE ECONOMY AND INNOVATION

Source: HERLIT-16



Current problems to be tackled

- The benefits of Lithuania's speedy economic convergence are heavily concentrated in the two metropolitan areas;
- Despite the improved availability of funding, SMEs access to finance score remained close to the EU average. SMEs continued to experience some challenges in obtaining loans;
- Productivity growth is concentrated in low value added sectors (decreasing competitiveness of SME‘s);
- Export market potential in not in use (to give more attention for EU strategic value chains)

MINISTRY OF
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AND INNOVATION

Proposals and recommendations

MOST SUCCESSFUL – TO CONTINUE

According Impact Evaluation of the 3 Priority Axis (Visionary Analitics, 2019) most effective activities were:

- development access of SMEs, particularly start-ups, to the necessary sources of financing, searching of new export market and new trade partners.

TO BE IMPROVED

Moreover, all activities could be improved by

- more synergy between measures;
- massives measures lead to more efficiency;
- more attention for new export market;
- more attention for new technologies (Industry 4.0 and etc.);
- better access to international market and networks.

All proposals for 1.1 objective activities in 2021-2027 were prepared according provisions of Country Report Lithuania 2019 Annex D, OECD survey 2018, National progress programme (project), 2014-2020 projects experience and Impact Evaluation recommendations

MINISTRY OF THE ECONOMY AND INNOVATION

2021-2027 investments
1.3. objective „Increase the growth and competitiveness of small and medium-sized enterprises“

- Decreasing competitiveness
- Slowed productivity growth and preparing for the future
- Weak enterpreneurship in regions
- Low integration to global value chain

Proposed activities:

- Building of technological capacity in Industry 4.0 areas and in key enabling technologies (RCO01, RCR03, RCR19, RCR25)
- Participation in cooperation networks and interregional clusters, including Baltic Sea region (RCR19, national indicators)
- Investment in non-technological innovation (RCO01, RCR04, RCR19, RCR25)
- SME’s internationalisation activities, identifying new export market (RCO01, RCR19)
- Supporting of various business financing models (RCO01, RCR19, RCR25, RCR04)
- New started firms creation, acceleration, development and mentoring activities, especially in regions (RCO15, RCR17, RCR01)
- Investments in ecoinnovation (national indicators)

MINISTRY OF THE ECONOMY AND INNOVATION

Skills for Smart Specialisation, Industrial Transition and Entrepreneurship

MINISTRY OF THE ECONOMY AND INNOVATION

Experience from 2014-2020

PRIORITY AXIS 9. EDUCATING THE SOCIETY AND STRENGTHENING THE POTENTIAL OF HUMAN RESOURCES: problems and solutions

No forecasting of human resources system

No instrument enabling comparison of the professional structure of the labour market at international and domestic levels

No functioning nationally supported scheme for enhancement of the workforce qualifications

Supported activities:

1. Improvement of qualifications and competence of human resources („Skills vouchers“)

2. Support for investing companies and companies engaged in RDI activities

3. Apprenticeship and the acquisition of sectoral competences

4. Medium-term forecasting of the demand for human resources

5. Development of a complete instrument for the international and national comparison of labour market’s professional structure

6. Forecasting studies on the demand for human resources in the labour market

MINISTRY OF THE ECONOMY AND INNOVATION

Achieved results in 2014-2020 in human resources

Trained employees of supported micro, small and medium-sized enterprises –

11 664

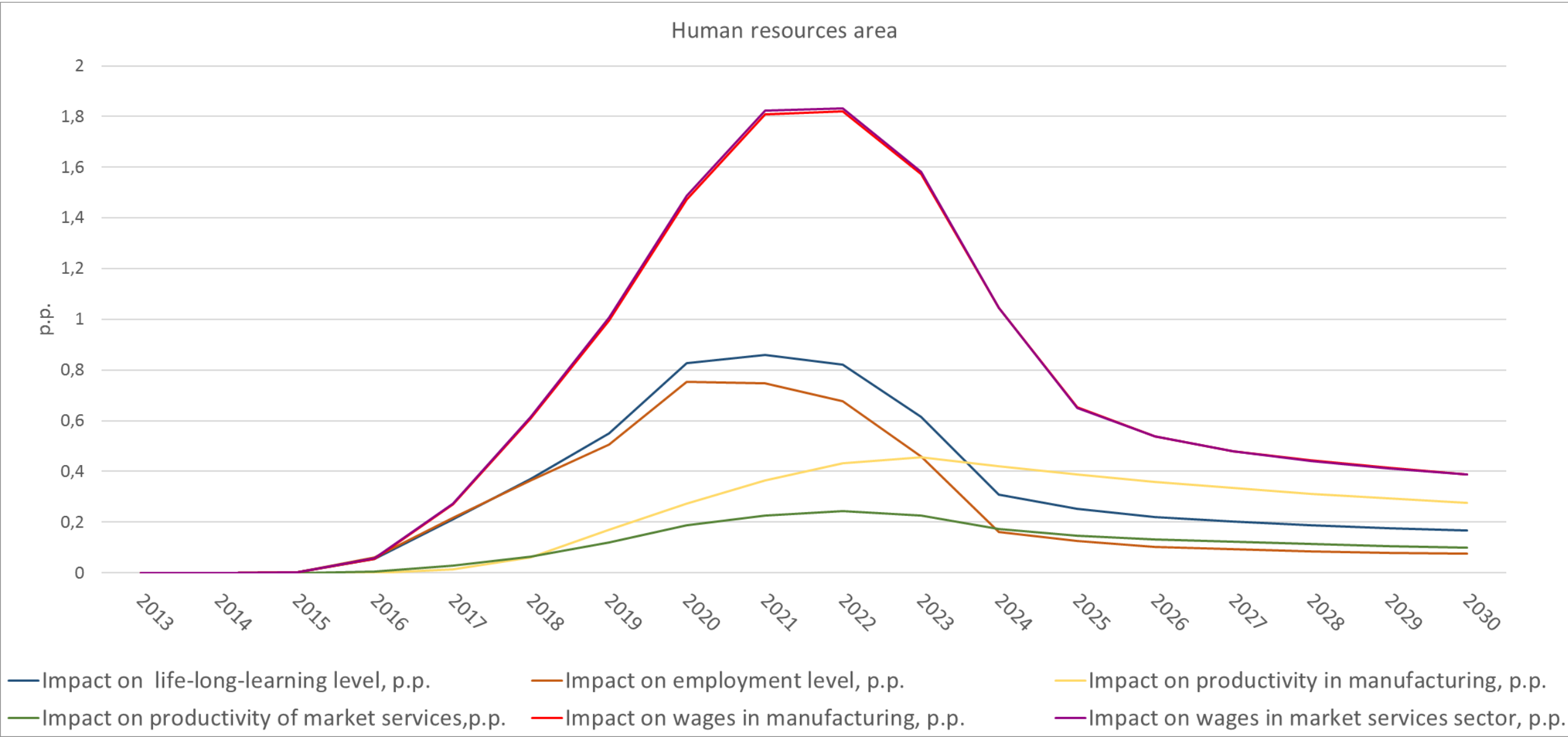
The employed people who participated in ESF training awarding a qualification or competence

2023 Plan in OP – 65 000;

Achieved until now – 31 306

MINISTRY OF THE ECONOMY AND INNOVATION

In the mid-term, highest EU investments impact in HR area is on wages, while in the long-run on productivity in manufacturing



Problems still remain:

- Lithuania has made limited progress in improving the quality, efficiency and labour market relevance of education and training;
- Adults participation in learning remains low;
- Lack of coordination of the validation of programmes across education, the labour market and the voluntary sector;
- Public financial incentives or grants are mostly focused on medium-sized and large business;
- Non-sustainable adult learning system.

According provisions of Evaluation on Lithuanian economic sectors finance post 2020, activities could be improved:

- more attention for variety and needs-match learning programmes;
- better access for training services;
- better motivation for better qualification.

All proposals for 1.4 objective activities in 2021-2027 were prepared according provisions of Country Report Lithuania 2019 Annex D, OECD survey 2018, National progress programme (project) and 2014-2020 projects experience

MINISTRY OF THE ECONOMY AND INNOVATION

2021-2027 investments
1.4. objective „Develop skills for Smart Specialisation, industrial transition and entrepreneurship“

- Low degree of innovation and digital proficiency
- Skills mismatch and weak firms employees preparation for future challenges
- Weak enterpreneurship
- The lack of the qualified workforce in SME‘s
- Lack of the export management knowledge and skills in SME‘s

Proposed activities:

- SME’s and innovation providers training on how to manage innovation, skills on developing and providing R&I ideas and services (RCO101, RCR98)
- Developing of entrepreneurship in out-of school forms (RCO101, RCO16)
- SME’s re-skilling, up-skilling in Smart Specialisation, industrial transition, digitalisation, productivity areas (including apprenticeship) (RCO101, RCO16, RCR97, RCR98)
- Development of a complete instrument for the international and national comparison of labour market’s professional structure (national indicators)

Tools of vocational guidance for all age groups
Recognition of competences acquired in different ways
Attraction of the high-qualified specialists from third countries and instrumens for their integration

MINISTRY OF THE ECONOMY AND INNOVATION


financial
instruments

2014-2020 FINANCIAL INSTRUMENTS AND PARTIAL COMPENSATION OF INTEREST

EUR 420.27m amount allocated for all instruments, out of which:

EUR 229.96m ESIF: EUR 199.08m for FIs, EUR 30.88m for Partial compensation of interest

and EUR 190.31m national resources (reflows) for FIs

Equity Instruments (EUR 169.18m)

Seed and Venture Capital Fund, Up to EUR 14.8m	Co-investment Fund II and Co-investment Fund R&I, up to EUR 11.6m and up to EUR 5m	Development Funds I and II, up to EUR 15.6m and up to EUR 17.4m	
Co-investment Fund, up to EUR 12.5m		Business Angels Fund II, up to EUR 11m	
Baltic Innovation Fund I and II, up to EUR 26m each	Seed and Venture Capital Fund II, Up to EUR 14.8m	Accelerator Fund, up to EUR 14.48m	
Reflows (national)	ESIF	ESIF	

Debt Instruments (EUR 142.35m)

Risk Shared Loans, up to EUR 79.65m (EUR 76.64m ESIF, EUR 3.01m reflows)	Open Credit Fund II, up to EUR 57.7m
	Crowdfunding Loans, up to EUR 5m
ESIF/ Reflows (national)	Reflows (national)

Guarantee Instruments (EUR 73.86m)

Individual guarantees for loans and leasing, up to EUR 29m	Portfolio guarantees for loans, up to EUR 28.26m	Portfolio guarantees for factoring, up to EUR 4.3m
Export Credit Guarantees, up to EUR 8m	Portfolio guarantees for leasing, up to EUR 4.3m	Individual guarantees for large companies, up to EUR 4m
Reflows (national)	ESIF	Reflows (national)

Partial compensation of interest

Up to EUR 30.88m

ESIF

FINANCIAL INSTRUMENTS IN 2014-2020 PROGRAMMING PERIOD

- Increased attention to financial instruments (19 active, 1 are coming)
- Promotion of new types of financing (including alternative) (portfolio guarantees for factoring, crowdfunding loans, export credit guarantees, co-investment fund for R&I)
- Equity instruments for different stages of SMEs‘ life cycle (pre-seed, seed, start-up, expansion, growth)
- Further cooperation with other Baltic countries (Baltic Innovation Fund II)
- Wide use of reflows

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CHALLENGES IN IMPLEMENTING FINANCIAL INSTRUMENTS IN 2014-2020 PROGRAMMING PERIOD

- Limited possibilities of implementation of pilot financial instruments from ESIF (due to various restrictions and audits)
- Limited possibilities of combination of grants and FIs under single operation
- Too detailed ex-ante assessment methodology – delayed reaction to changing market needs

Challenges with specific financial instruments from ESIF:

- Loan instrument „Risk Shared Loans“ is not running as expected (market situation changed; conditions of this instrument became unattractive for banks)
- Still no investments from Co-investment Fund R&I (science institutions are not keen to invest into spin-offs)

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FINANCIAL INSTRUMENTS IN 2021-2027 PROGRAMMING PERIOD

- Financial instruments (loans, guarantees, equity) – to be used to support broader scope of activities
- Further development of equity ecosystem
- Potential wider deployment of combination of grants and financial instruments (depending on the final version of CPR)
- Reflows would be used more widely

Ex-ante assessment will show which objectives would be pursued (activities would be covered) through financial instruments

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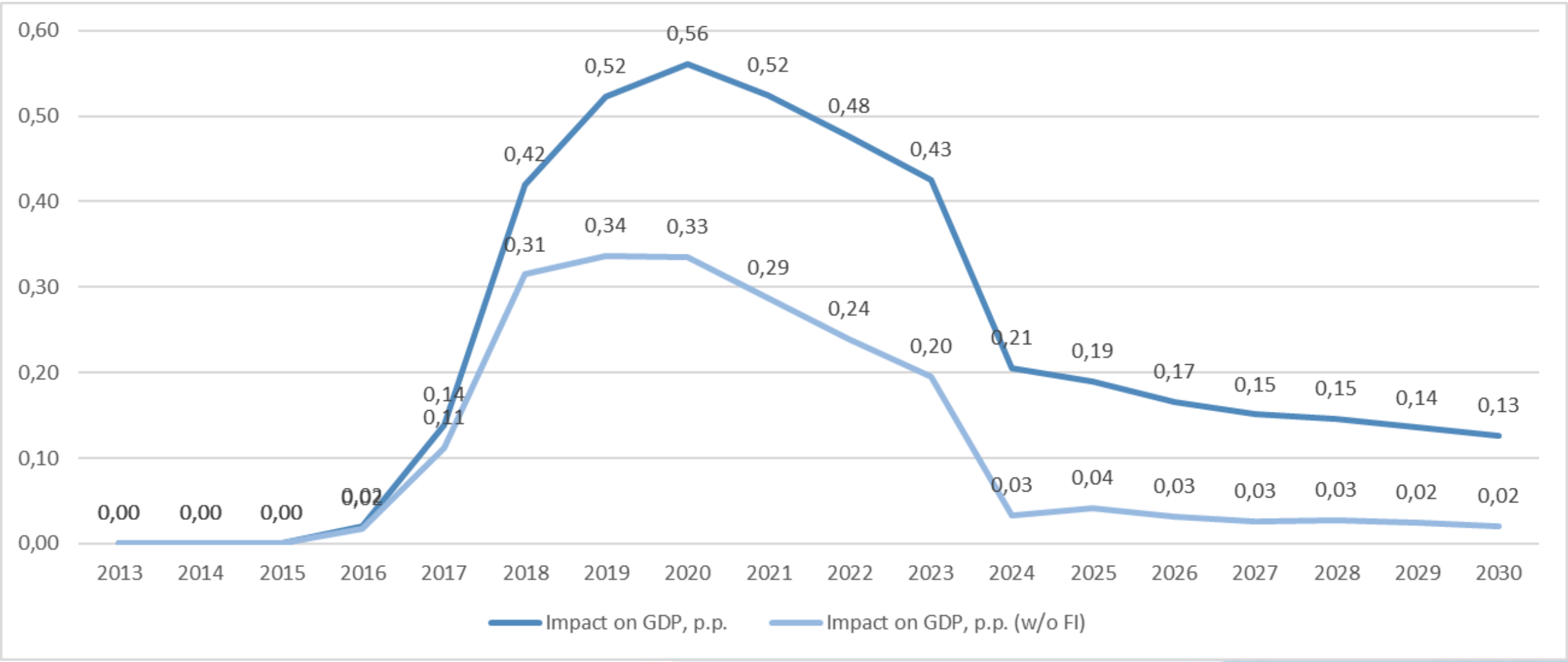
Annual increase in GDP level in p.p. (Financial instruments impact)
(Source: HERLIT-16)



Source: HERLIT-16, Ministry of the Economy and Innovation

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SUCCESS STORIES

MINISTRY OF
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AND INNOVATION

Success Story. Foodsniffer

- The World's first handheld mobile device that determines the freshness of raw meat and fish.
- Export to 15 countries: UK, France, Switzerland, Italy, Czech Republic, South Africa and more.

„Business Angels Fund"
Funded – 1.366.003 Eur
Out of which 928.529 Eur
Business Angels' fund

„InoPatent"
Project value – 7.640 Eur
Funded – 5.730 Eur

„InoVouchers"
Project value – 52.618,40 Eur
Funded – 36.774,96 Eur

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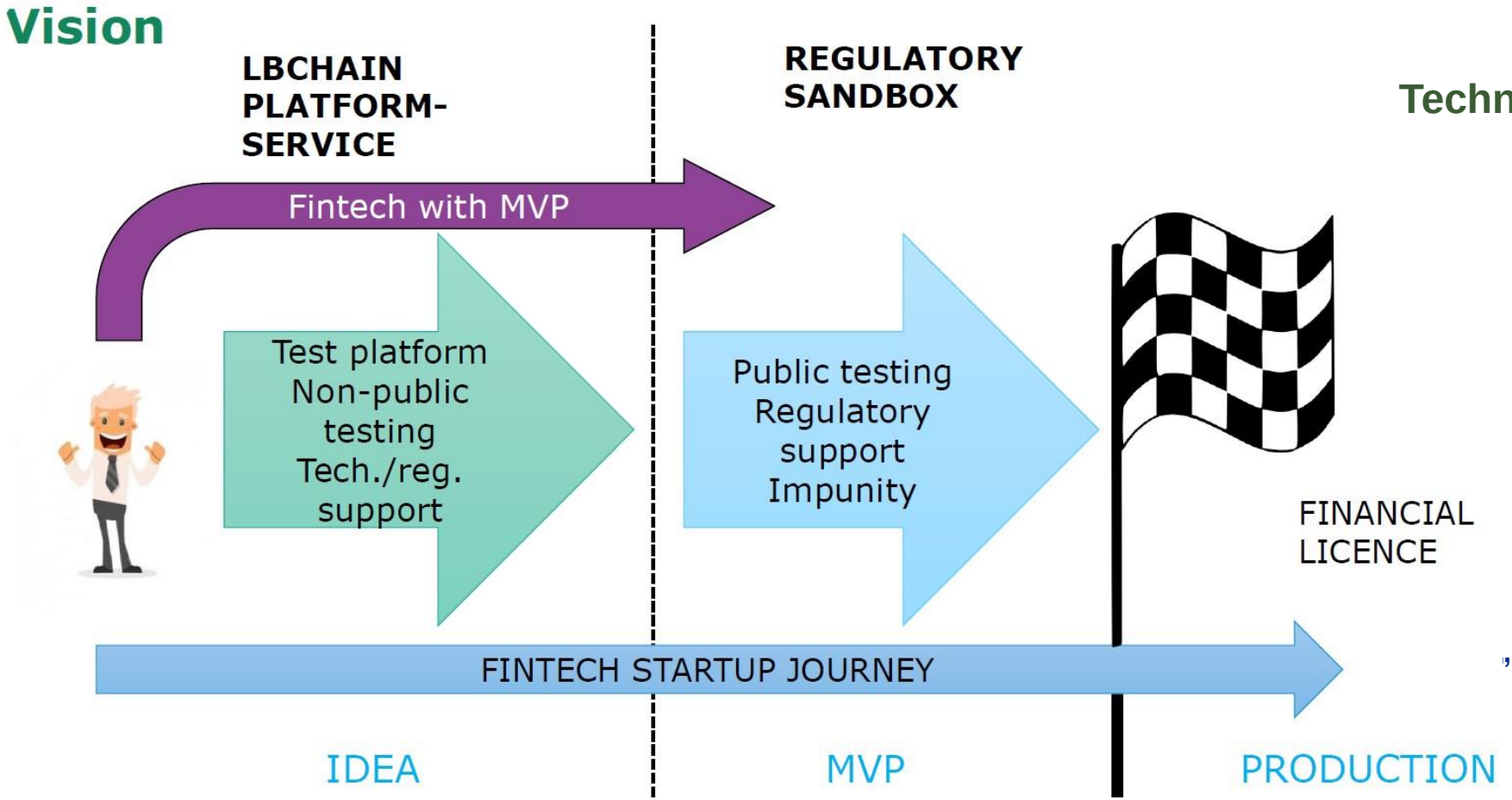
Success Story. LB CHAIN PLATFORM-SERVICE



Technological / regulatory sandbox
Bank of Lithuania

„Pre-Commercial Procurement LT“
Project value – 896 300 Eur
Funded – 761 855 Eur

MINISTRY OF THE ECONOMY AND INNOVATION

E-invoice subsystem (i.SAF)

Services provided in i.SAF

E-services

- i.SAF subsystem containing invoice data
- Preparation of preliminary VAT returns
- E-invoicing
- Notification on discrepancies of cross-check of invoices between sellers-buyers

Benefits

- Conditions for waiving paper invoices are created
- A preliminary VAT invoice is prepare for a Tax Payers (TP), thus saving the time of a TP
- Invoicing system for small business
- Cross-check of information allows identifying fraudulent TPs

VMI VALSTYBINĖ MOKESČIŲ INSPEKCIJA

MINISTRY OF THE ECONOMY AND INNOVATION

Success Story. Fishfinder Deeper

The world’s most popular castable fishfinder.

„New Opportunities LT“
Project value – 90.000,00 Eur
Funded – 45.000,00 Eur

„Expo Certificate LT“
Project value – 57.331,84 Eur
Funded – 28.665,03 Eur

MINISTRY OF THE ECONOMY AND INNOVATION

Intensive trainings to increase added value created by SMEs

Program requirements:

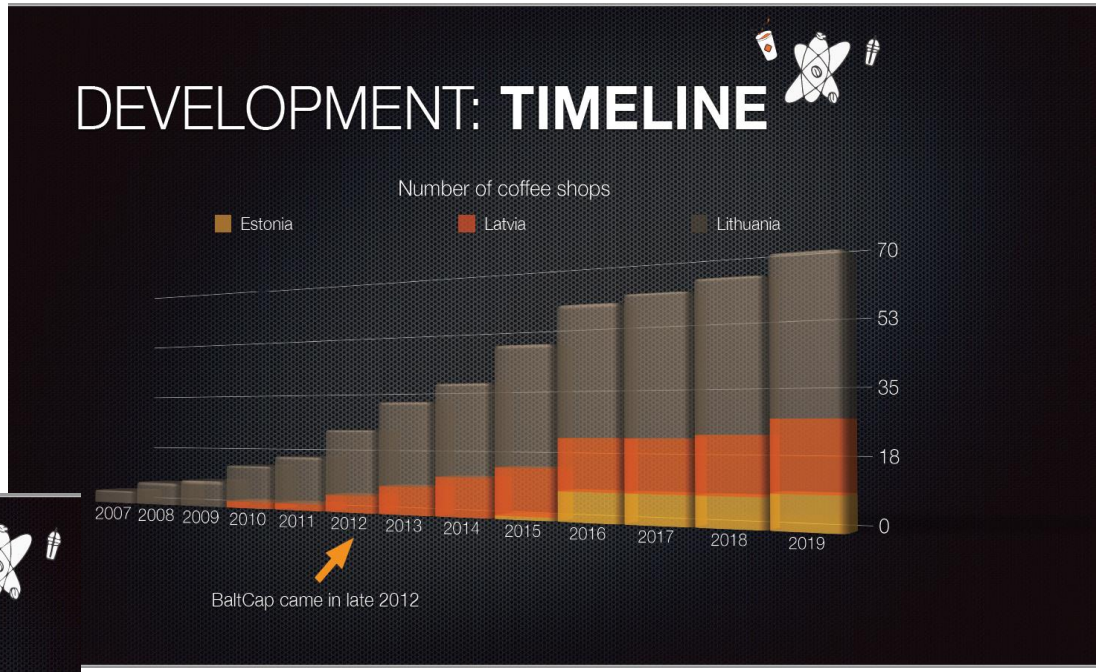
- SME with export potential
- 2 participants per company (CEO+Export manager)
- Motivation to change

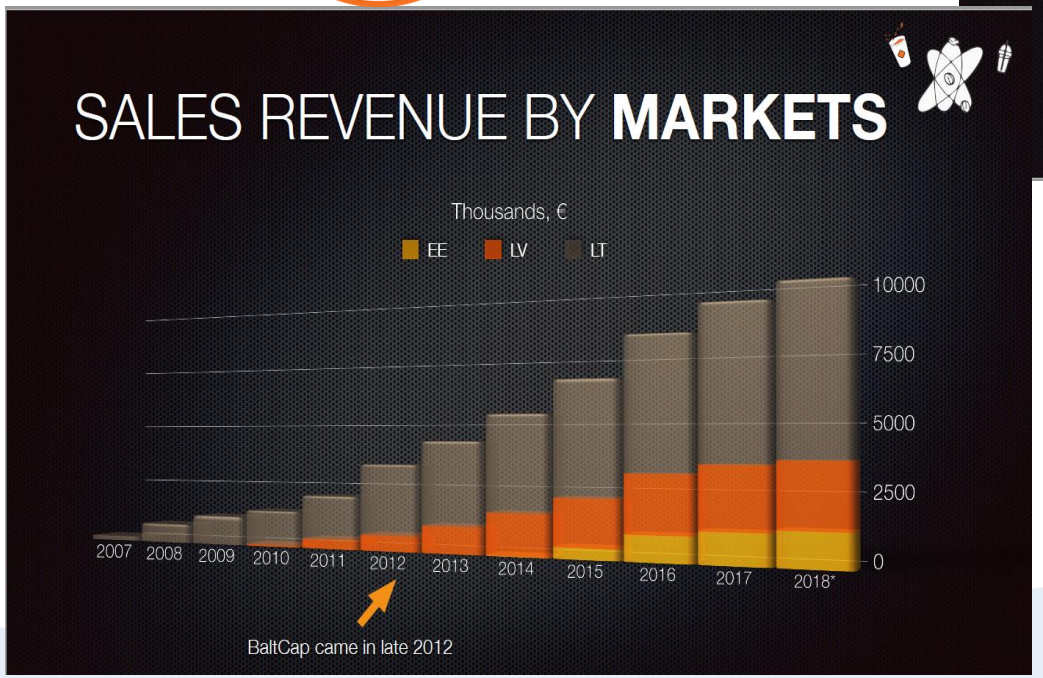
:Whats in it for SME

- 8 days of trainings and individual consultations
- Create or Rebrand and understand how to earn from what
- Previous participants increased their export after the trainings twice, from 8134 to 17349 thounsands EUR.

SUCCESS STORY (FI): CAFFEINE

CAFFEINE ROASTERS





LT: est. 2007, 40 coffee shops
LV: est. 2010, 18 coffee shops
EE: est. 2015, 9 coffee shops

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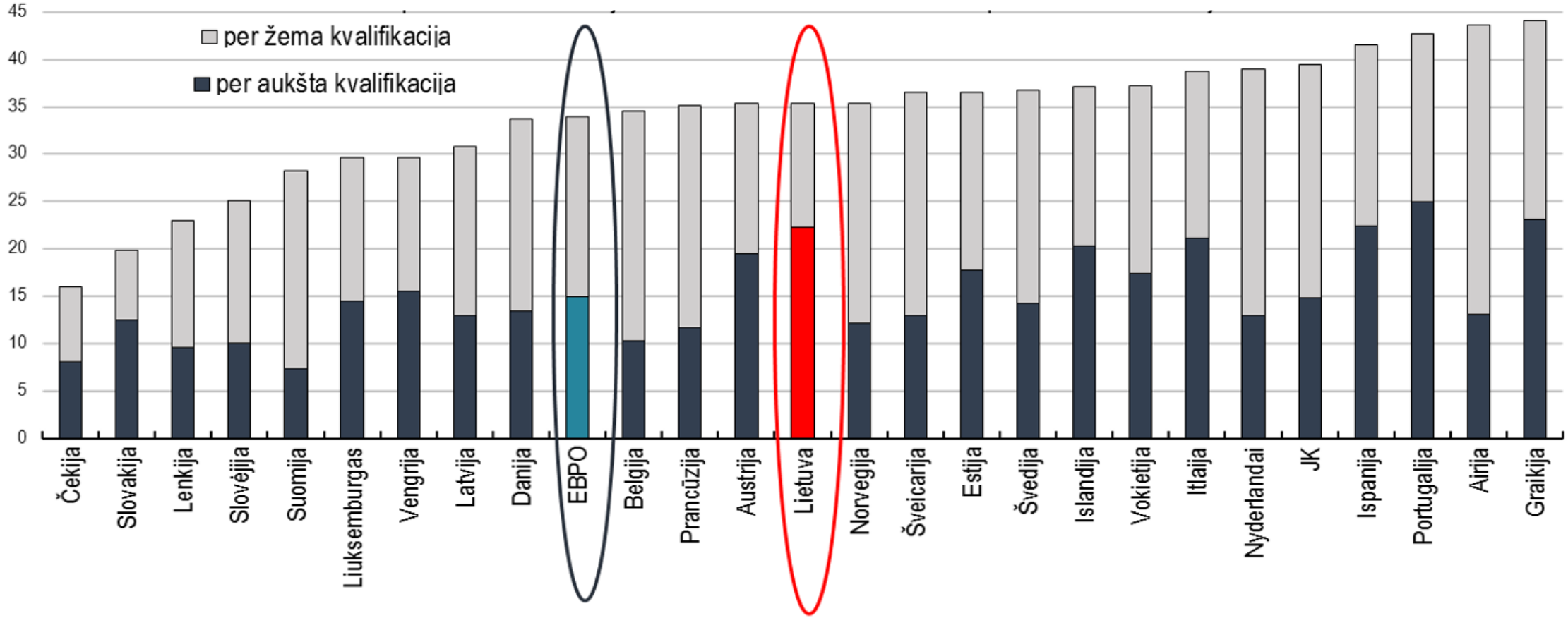
AND INNOVATION

Thank You!

Kiek švietimo sistemos pasiūla ir įgyjami įgūdžiai atitiks darbo rinkos poreikius?

EKONOMIKOS IR INOVACIJŲ MINISTERIJA

Įgūdžių neatitikimo komponentai, pagal kvalifikaciją, proc. nuo 15-64 m. darbuotojų

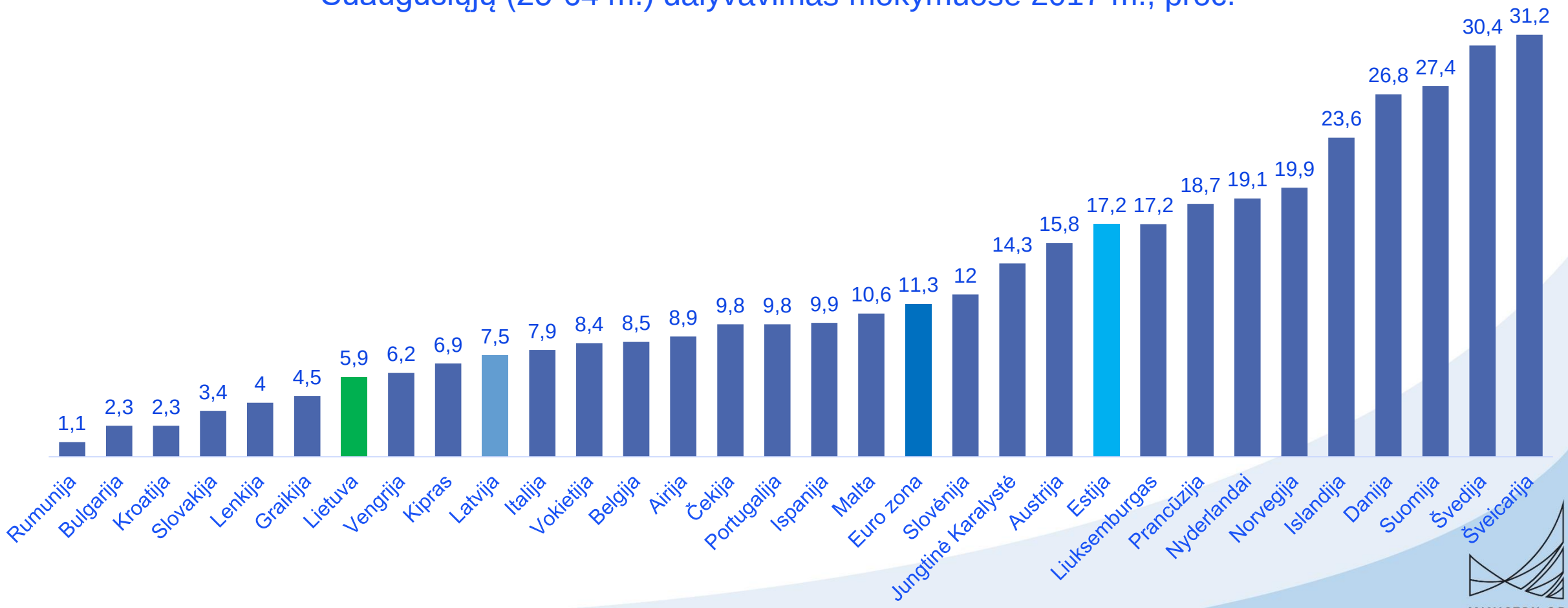


Šaltinis: EBPO

MINISTRY OF THE ECONOMY AND INNOVATION

Investicijos į žmonės – viena svarbiausių sėkmės komponenčių

EKONOMIKOS IR INOVACIJŲ MINISTERIJA

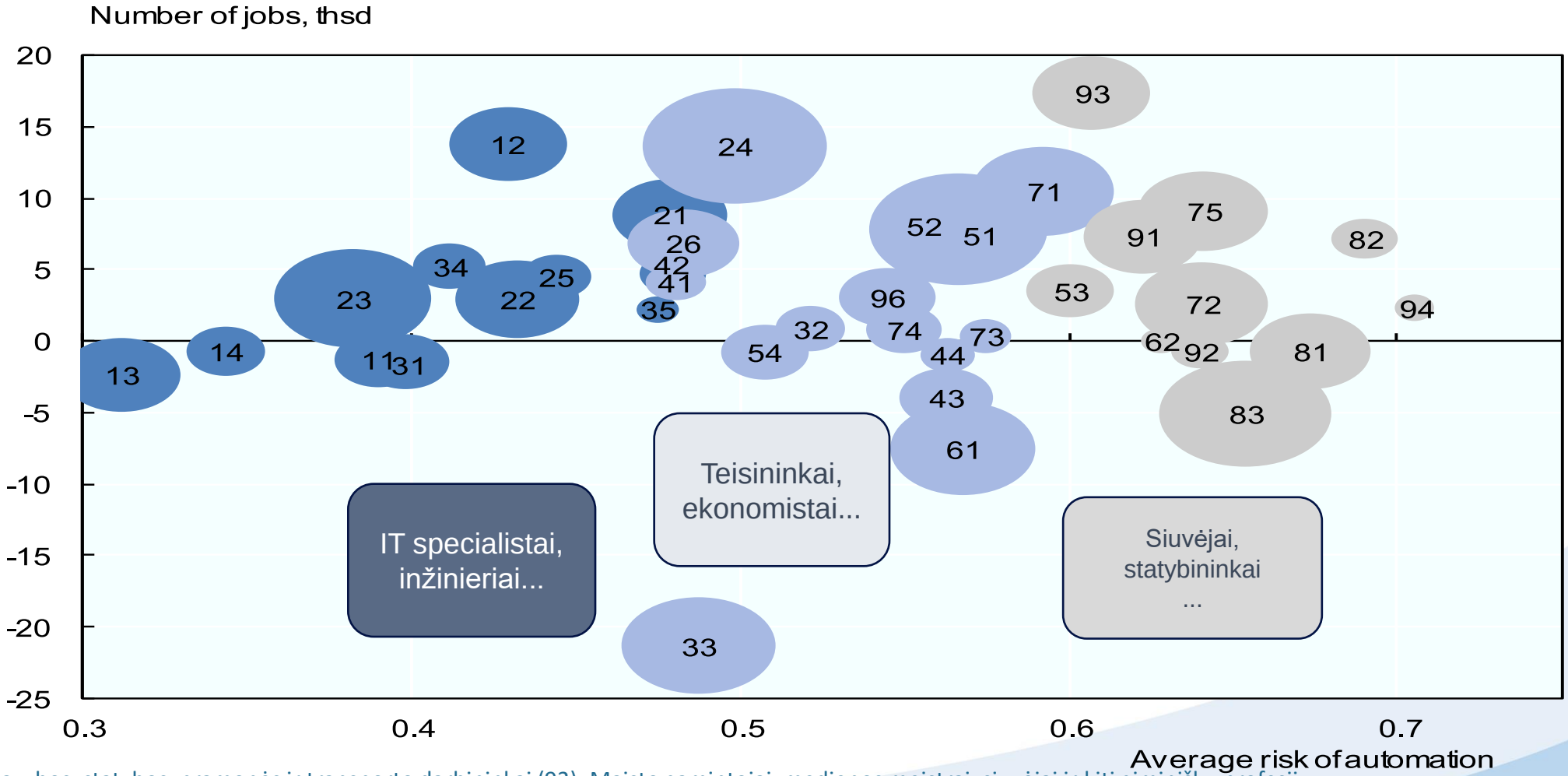


MINISTRY OF THE ECONOMY AND INNOVATION

Šaltinis: Eurostat

Kiek Lietuvos darbo rinką paveiks automatizacija?

EKONOMIKOS IR INOVACIJŲ MINISTERIJA



Nekvalifikuoti gavybos, statybos, pramonės ir transporto darbininkai (93), Maisto gamintojai, medienos meistrai, siuvėjai ir kiti giminiškų profesijų darbininkai ir amatininkai(75), Valytojai ir pagalbininkai (91)

Duomenys: OECD Country Profile of Lithuania, 2018

MINISTRY OF THE ECONOMY AND INNOVATION