

## Lithuania

### **The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)**

The Lithuanian State funds adult basic education as well as formal programmes for adults up to upper secondary level, including vocational programmes, however, there is practically no State supply-side (institutional) support providers of non-formal adult education. The latter are therefore depending strongly on fees paid by the participants. Demand-side instruments have been introduced based on EU structural funds, mainly targeting companies.

### **Demand-side instruments in financing CVT/ adult learning (in particular job-related)**

- **Key institutions involved and funding sources**

Key institutions include the Ministry of Education and Science, the Public Employment Service (in relation to measures targeting the unemployed, such as the grant for individuals) and the EU support agencies responsible for the implementation of the European Structural Funds and supervised by the Ministry. The ESF is a key funding source of demand-side instruments in Lithuania. The ESF co-funded measures are implemented by the European Social Fund Agency (ESFA).

- **Instruments targeting individuals**

Individuals are supported by demand-side instruments only in a minor way. Costs for job-related training – yet also repayments for loans for HE education – reduce the base for individual income tax ([#132](#)). The State co-funding – in the form of foregone tax revenues - equals to eligible costs multiplied by the marginal tax rate (between 5% and 15%). Adults, as their younger counterparts, enrolled in higher education may receive a State supported loan ([#135](#)), covering tuition fees and living costs during full time education. Unemployed may receive a lump sum grant for the recognition of non-formal and informal training competences ([#383](#)). Connecting to previous traditions, adults enjoy a right for short paid training leave (5-30 days) ([#137](#)).

### **Instruments targeting companies**

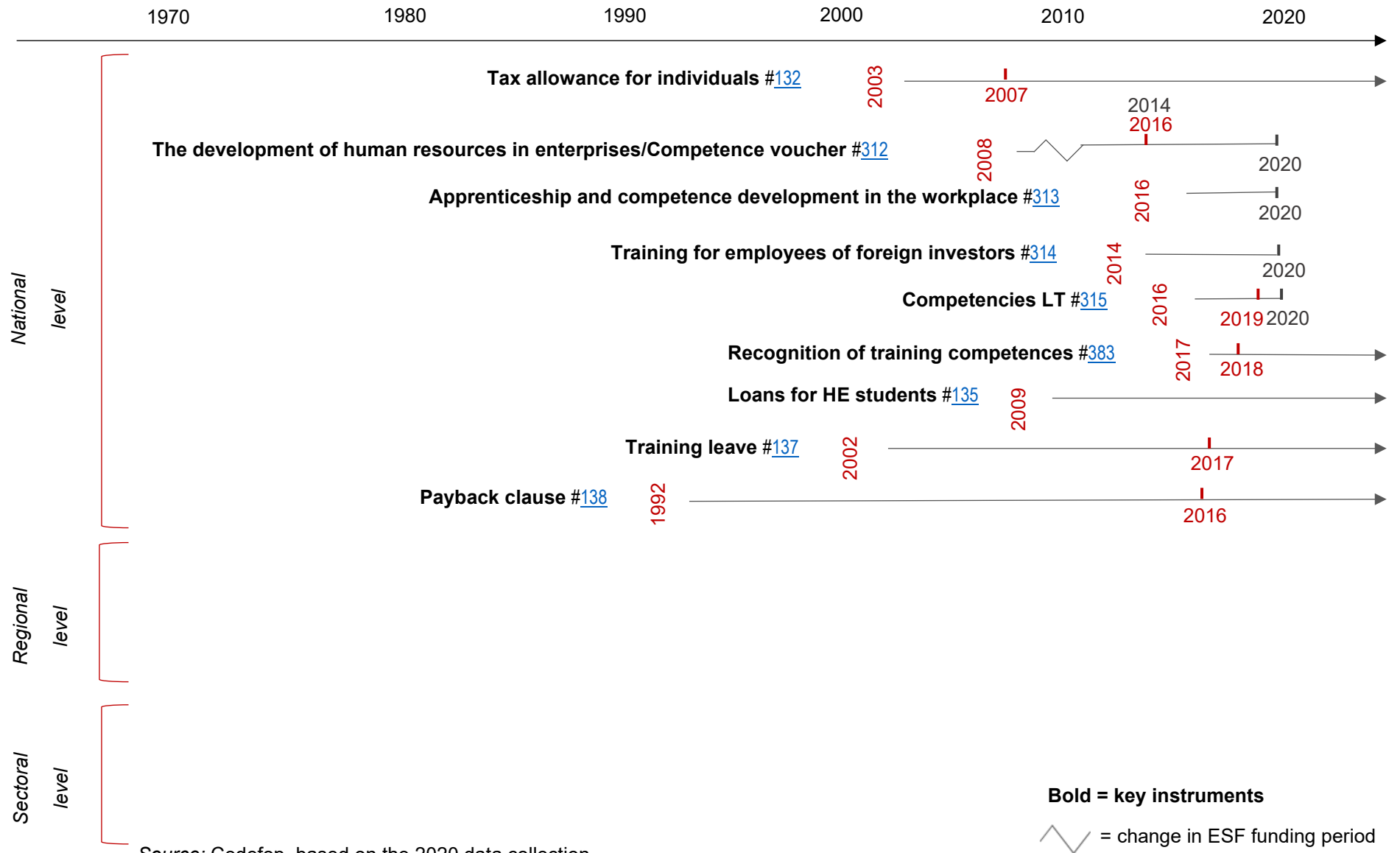
For companies, a set of demand-side instruments is in place, based on EU structural funds (ESF), including Competence vouchers ([#312](#)), the Training for employees of foreign investors ([#314](#)) and the Apprenticeship and competence development in the workplace scheme ([#313](#)). Eligible costs include training fees, costs of organising training (e.g. teacher's salary, material, etc.). Companies are obliged to provide short paid training leave (see above), yet, they are allowed to arrange a payback clause ([#138](#)) for incurred training costs in case of a voluntary leave of the employee within a given period of time.

**Table 1. Overview of demand-side financing instruments in Lithuania by 2020**

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Tax incentives for individuals	Tax allowance <a href="#">#132</a>	Grants for companies	Competence voucher <a href="#">#312</a>
			Grants for individuals	Support for recognition of non-formal and informal training competencies <a href="#">#383</a>		Apprenticeship and competence development in the workplace <a href="#">#313</a>
			Loans	State supported loans for students of higher education <a href="#">#135</a>		Competencies LT <a href="#">#315</a>
			Training leave	Training leave <a href="#">#137</a>		Training for employees of foreign investors <a href="#">#314</a>
					Payback clause	Payback clause <a href="#">#138</a>
		Further instruments				
Regional level	Moderate	Key instruments				
		Further instruments				
Sectoral level	Moderate	Key instruments				
		Further instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Lithuania until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

**Table 2. Statistical data on volumes of funding and beneficiaries**

<b>ID</b>	<b>Name of the instrument</b>	<b>Year of reference</b>	<b>Volume of funding (EUR)</b>	<b>Year of reference</b>	<b>Beneficiaries (individuals)</b>	<b>Year of reference</b>	<b>Beneficiaries (companies)</b>
<a href="#">132</a>	Tax allowance	Not available	Not available	Not available	Not available	-	-
<a href="#">312</a>	Competence voucher	Overall funding allocated to the measure	2 200 000	2017-2019	790	2020	276
<a href="#">313</a>	Apprenticeship and competence development in the workplace	Overall funding allocated to the measure	22 248 240	2019-2020	7 741	2009	127 <sup>e</sup>
<a href="#">315</a>	Competencies LT	Overall funding allocated to the measure	19 691 036	2018-2020	18 593	2020	3
<a href="#">314</a>	Training for employees of foreign investors	Overall funding allocated to the measure	28 481 098	2019-2020	20 030	2020	6
<a href="#">383</a>	Support for recognition of non-formal and informal training competencies	2019	125 674	2019	525	-	-
<a href="#">135</a>	State supported loans for students of higher education	2019	10 704 091	2019	5 339	-	-
<a href="#">137</a>	Training leave	Not applicable	Not applicable	2019	3 778	-	-

Source: Cedefop, 2020 data collection (<sup>e</sup> = estimate)

**Table 3. Short descriptions of the financing instruments**

<b>ID</b>	<b>Name</b>	<b>Level of implementation</b>	<b>Importance of the instrument</b>	<b>Short description</b>
<b>(1) Training funds</b>				
	No training funds are established.			
<b>(2) Tax incentives for companies</b>				
	No tax incentives for companies are established.			
<b>(3) Tax incentives for individuals</b>				
<a href="#">132</a>	Tax allowance	National	Key instrument	Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding – in the form of foregone tax revenues - equals eligible costs multiplied by the marginal tax rate (between 5% and 32%). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. For the deduction, a ceiling is introduced (25 % of the income). Eligible costs include tuition fees/fees for participation (external providers). Individuals with no taxable income (an annual gross salary below EUR 4 800) cannot profit from the tax deduction. The tax incentive can be used once in each calendar year.
<b>(4) Grants for companies</b>				
<a href="#">312</a>	Competence voucher	National	Key instrument	Companies can apply for this non-refundable grant to raise the qualification and build the capacity of their employees, and better adapt to the ever-changing labour market requirements. The applicant is a private legal entity or a state or municipal enterprise operating for at least one year (registered in the Register of Legal Entities) and had insured persons every month for at least 6 months before the month of submission of the application. The maximum possible amount of project funding is EUR 4 500 with a co-funding rate of 50-70% of EU funding, 30-50% of private funding. Continuing vocational education and training is considered an eligible type of training. Eligible costs include tuition fees and opportunity costs. Preferential treatment is established depending on the company size.
<a href="#">313</a>	Apprenticeship and competence development in the workplace	National	Key instrument	Private legal entities, state and municipal enterprises in a partnership with licensed vocational training providers, business associations, private legal entities, chambers of commerce, industry, and crafts are considered eligible groups for this scheme. The purpose of this measure is to ensure continuous maintenance of the qualification level of employees, their professional mobility, and their ability to quickly reorient to the activities of another sector of the economy. Companies can choose an effective form of employee training, e.g. apprenticeships. The maximum possible amount of project funding is EUR 360 000 with a co-funding rate of 50-70% of EU funding. Eligible costs are broad, including salary costs for teachers, travel expenses, etc. Preferential treatment is established depending on the company size and for employees from vulnerable groups.
<a href="#">315</a>	Competencies LT	National	Key instrument	Groups of companies brought together by a project promoter (usually a business association or cluster coordinator) can benefit from this grant. Project partners must be companies belonging to one sector and it is expected that the implementation of the projects will provide specialized sectoral training that meets the common needs of the companies in the sector. The maximum possible amount for one project depends on the call. The co-funding rate ranges

from 50% to 70%. Continuing vocational education and training (CVET) is considered as eligible type of training.

<a href="#">314</a>	Training for employees of foreign investors	National	Key instrument	Through this grant foreign investors who have enterprises in Lithuania can apply for funding to create conditions for employees of foreign investors to acquire specific competences and adapt to economic changes. Continuous vocational training is eligible for funding. The maximum possible amount of project depends on the call. The co-funding rate varies between 50% and 70%, depending on the size of the company and whether it includes trainees from vulnerable groups. All type of training-related costs is eligible.
<b>(5) Grants for individuals</b>				
<a href="#">383</a>	Support for recognition of non-formal and informal training competencies	National	Key instrument	This scheme is intended to fund the recognition of competencies acquired through non-formal and informal learning for the individual to obtain a diploma or a certificate attesting to their competence. The highest amount of funding (provided as a lump-sum payment) for one person cannot extend the 0.47 of the minimum monthly salary approved by the government (EUR 301). All unemployed individuals are eligible for this scheme. No preferential treatment is applied.
<b>(6) Loans</b>				
<a href="#">135</a>	State supported loans for students of higher education	National	Key instrument	State loans and State-supported loans to students were introduced to support students in initial education to cover tuition fees in higher education and living costs during full-time education. The state covers administration costs (loans provided by the State), provides a loan guarantee (in case of default) and pays interest rates for specific target groups. The total amount of loans received by the borrower, excluding interest, may not exceed 385 basic social benefit amounts. The loan repayment term is 15 years. Loans are provided at variable interest rates: EURIBOR (euro interbank market interest rate calculated by the European Banking Federation) + bank margin set by the credit agreement. No preferential treatment is applied.
<b>(7) Training leaves</b>				
<a href="#">137</a>	Training leave	National	Key instrument	A studying employee can take training leave, which should be agreed upon with the employer. The training leave can be paid and unpaid (i.e. covering salary costs or not). It must be paid (at least the average monthly salary) for employees whose employment relationship with the employer has lasted for more than five years. In addition, it is paid in cases if the employee was sent for training or taking admission exam to higher education institution by employer initiative. Otherwise, the payment depends on the individual or collective agreement. Public authorities are involved only as observers.
<b>(8) Payback clauses</b>				
<a href="#">138</a>	Payback clause	National	Key instrument	The Lithuanian Labour Code includes a general clause on the reimbursement of training costs incurred by the employer in case the trained employee resigns from employment without a valid reason and before the end of the agreed binding period. Only expenses incurred by the employer during the last two years before the termination of the employment contract may be reimbursed unless the collective agreement provides for a different term, which may not exceed three years. The amount/share to be reimbursed depends on the cost of the training and the time elapsed between the training and the termination of the contract. Only costs related to the provision of knowledge or skills of the employee in excess of the requirements for the work activity may be reimbursed. The agreement may specify whether other mission expenses (travel, accommodation, etc.) are included in the costs of training or further training