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Strengthening the governance of skills policies in Lithuania

Effective governance arrangements are enabling conditions for improving Lithuania's performance in developing and using people's skills. They facilitate co-ordination across the whole-of-government, support the effective engagement of stakeholders, and enable the development of integrated information systems and co-ordinated skills financing arrangements. This chapter reviews current practices and the performance of Lithuania's skills governance. It then explores three opportunities to strengthen the governance of Lithuania's skills policies: 1) increasing the capacity and co-ordination of governmental and non-governmental actors across the skills system; 2) enhancing skills information and career guidance systems and practices; and 3) ensuring well-targeted, sustainable and shared funding of Lithuania's skills policies.

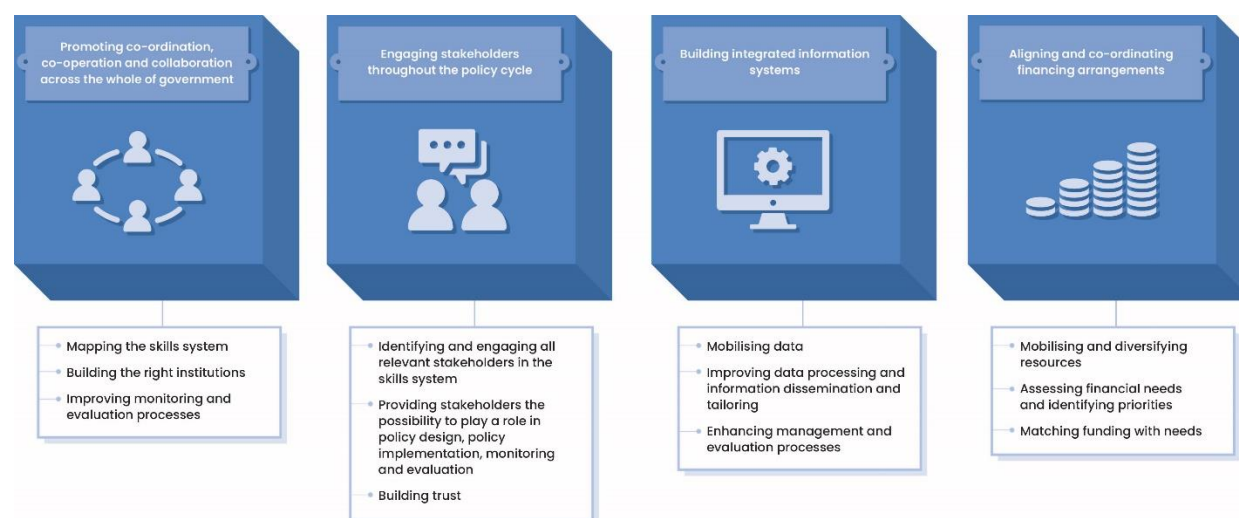
The importance of strengthening the governance of Lithuania's skills system

Well-functioning governance arrangements are essential for effective skills policies and to create an economically, socially and financially sustainable skills system. Policies designed to equip young people with skills for work and life, raise adults' and enterprises' participation in learning, and use people's skills more effectively in workplaces require supportive governance arrangements to achieve their full potential impacts. The importance of well-functioning governance arrangements is highlighted in Lithuania's National Plan for Progress (NPP) 2021-2030, which aims to increase the efficiency and quality of public administration and publicly provided services. In addition, the Progress Strategy "Lithuania 2030" has identified creating "smart governance" arrangements as a priority. Achieving short-term skills policy goals, such as responding to the economic crisis resulting from the COVID-19 (coronavirus) pandemic, requires strong governance arrangements. However, setting-up well-functioning skills governance arrangements can be challenging.

Governance structures for skills policies are complex as they involve a wide variety of actors in the provision, financing, reform and day-to-day administration of skills policies. These actors range from different levels of government to stakeholders such as employers and their associations, employees and trade unions, experts and researchers, non-governmental organisations (NGOs), education and training providers, and students. In addition, skills policies lie at the intersection of more "traditional" policy fields and so implicate ministries responsible for education, labour market, innovation, industrial and other policy domains. Furthermore, skills policies are designed in the context of uncertainty and change, especially in the face of rapid technological change, globalisation, demographic and climate change, and more recently the COVID-19 pandemic. These trends continue to spur structural economic change (e.g. automation, boosting online trade and business practices, increased domestic business and tourism), which can have consequences for skill needs.

In order to tackle these complex dynamics, the OECD Skills Strategy (OECD, 2019^[1]) identifies four pillars on which well-functioning skills governance arrangements are built (Figure 5.1).

Figure 5.1. The four pillars for strengthening the governance of skills policies



Source: OECD (2019^[1]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>.

The first pillar emphasises the importance of co-ordination across the whole of government (“whole-of-government approach”). This includes “vertical” co-ordination between different levels of government (such as the municipal level, the county level and the central government), as well as “horizontal” co-ordination between different ministries of government that are either directly responsible for skills policy or have an impact on skills policies, such as via funding arrangements (i.e. Ministry of Finance). The second pillar emphasises the importance of stakeholder engagement in skills policies. These non-governmental stakeholders include employers and their associations, trade unions, education and training providers, students, and civil society. Engagement can range from opportunities for these stakeholders to voice their concerns to a more wide-reaching delegation of governance tasks. The third pillar notes that integrated information systems on skills needs and outcomes are necessary to cope with the inherent complexity and uncertainty present in skills policy. Such systems help government and individuals, as well as associated stakeholders, to make informed decisions, which leads to better outcomes. The final pillar underscores the necessity of aligning and co-ordinating financing arrangements within skills policy. This includes the need to respond to financial challenges, such as the potential reallocation of funding commitments across different sectors of the skills system, dedicated funding commitments for strategic goals, and making the most efficient use of external funding (e.g. the European Social Fund).

These four pillars (OECD, 2019^[1]) can be seen as enabling conditions for the other three priority areas discussed in this report. For example, without integrated skills information systems informing the supply of and demand for learning programmes, youth and adults may not develop the skills most in need in work and life, which could perpetuate skills imbalances. Similarly, without sufficient stakeholder engagement, policies aimed at young individuals, adults and improving skills use in the workplace might not be sufficiently tailored to the diverse needs of employers in Lithuania. Without co-ordination across the whole of government, different ministries’ policies aimed at expanding adult learning and improving workplace practices may result in policy overlaps and gaps that lead to an inadequate and inefficient use of financial resources. Finally, without sustainable funding arrangements, policies in all priority areas might be discontinued before their full-potential can be realised.

This chapter will first provide an overview of Lithuania’s skills governance system and performance. It will then identify opportunities that can help Lithuania to strengthen the governance of its skills system, based on desk research and discussions with officials and stakeholders consulted during this skills strategy project (project participants).

Overview and performance of Lithuania’s skills governance

Overview of Lithuania’s skills governance

Governance arrangements in skills policies are not only inherently complex, but also differ greatly between locations, depending on historical, cultural and socio-economic factors (Thelen, 2004^[2]). Consequently, when learning from international practice it is essential for Lithuania to take its own historical and institutional context into account, as “one-size-fits-all” approaches for strengthening the governance of skills systems can be inadequate (OECD, 2019^[3]). Lithuania is often considered as having a “transitional” skills system (Le Deist and Tutlys, 2012^[4]) that has moved away from its soviet heritage after independence. On the one hand, this transitional system incorporates elements of a “liberal” (Anglo-American) tradition, characterised by the importance placed on general as opposed to vocational education, and relatively high tuition fees in higher education (HE) for around one third of all students (Ilkevičiūtė, 2020^[5]). On the other hand, these elements have been combined with more “co-ordinated” continental European characteristics since its accession to the European Union (EU). This first and foremost includes promoting stakeholder engagement through institutionalised mechanisms of “social partnership” (Kaminskienė, 2009^[6]).

Governance structure of Lithuania's skills system

Today, the state still plays an important role in the governance of Lithuania's skills system, both in general and vocational education. Only around 3% of all pupils across all school types in Lithuania are enrolled in private schools (Shewbridge et al., 2016^[71]). In the governance of the skills system, a variety of governmental and non-governmental stakeholders seek to co-operate, as responsibilities are widely distributed across different ministries, municipalities, educational providers, and various stakeholder engagement bodies involving social partners and civil society.

At the national level, the Government Strategic Analysis Center (STRATA), four ministries and their various semi-autonomous bodies co-ordinate the governance of Lithuania's skill system. These include the Ministry of Education, Science and Sport (SMSM) and its various semi-autonomous bodies (National Agency for Education, Qualifications and Vocational Training Development Centre [KPMPC], Centre for Quality Assessment in Higher Education [SKVC], Education Exchanges Support Foundation), the Ministry of Social Security and Labour (SADM), the Ministry of the Economy and Innovation (EIM), and the Ministry of the Interior (VRM) (Table 5.1).

Table 5.1. Main high-level governmental actors in skills policy in Lithuania

Department name	Function (with regard to skills)
Ministry of Education, Science and Sport (SMSM)	<ul style="list-style-type: none"> Co-ordination of policy implementation and distribution of school funding with municipalities. Lead responsibility for vocational education and training (VET) schools. Regulation of universities and colleges. Lead responsibility for developing the lifelong learning system and non-formal education (in co-ordination with other ministries). Responsibility for the National Agency for Education for general education, the Qualification and Vocational Training Development Centre, the Centre for Quality Assessment in Higher Education, and the Education Exchanges Support Foundation with a focus on lifelong learning and Erasmus+.
Ministry of Social Security and Labour (SADM)	<ul style="list-style-type: none"> Regulation of active labour market policy (ALMP) for the unemployed and employed of all age groups (e.g. non-formal education, upskilling programmes, apprenticeships). Management of the Lithuanian Employment Service (implements ALMPs, monitors the national and regional labour market). Management of the Department of Youth Affairs.
Ministry of the Economy and Innovation (EIM)	<ul style="list-style-type: none"> Responsibility for enterprise support. Responsibility for human resource development policy for the working population (including apprenticeships). Partial responsibility for Lithuanian qualifications system (implementation, development, assessment of competences).
Ministry of the Interior (VRM)	<ul style="list-style-type: none"> Responsibility for migration policy and regional development policy, which includes skills policy. Responsibility for regional development councils (until 2020).
The Government Strategic Analysis Center (STRATA)	<ul style="list-style-type: none"> Provision of information for evidence-informed decision making in the area of education, science, innovation and human resource policies to all ministries, municipalities and Government. Provision of data collection, research and evaluation. Provision of statistical data and advice on strategic issues of skills policies.

Source: Ministry of Education, Science and Sport (2021^[9]), *Ministry of Education, Science and Sport website*, <https://www.smm.lt/web/en/>; Ministry of Social Security and Labour (2021^[9]), *Ministry of Social Security and Labour website*, <https://socmin.lrv.lt/en/>; Government of the Republic of Lithuania (2021^[10]), *Nutarimas Dėl Lietuvos Respublikos ūkio ministerijos nuostatų patvirtinimo*, <https://www.e-tar.lt/portal/lt/legalAct/TAR.3CE5C3AA17FB/asr>; Ministry of the Interior (2021^[11]), *Ministry of the Interior website*, <https://vrm.lrv.lt/en/>; STRATA (2021^[12]), *Government Strategic Analysis Center website*, <https://strata.gov.lt/en/>; consultations with participants in the project.

In the governance of Lithuania's skills system, these actors at the national level also have to co-ordinate with various subnational and non-governmental stakeholders, with whom they partially share responsibilities for skills policies. Since independence, Lithuania has decentralised its skills system to some extent, handing over certain responsibilities to municipalities and counties (Table 5.2). Educational providers also enjoy a certain autonomy in Lithuania, albeit to varying degrees depending on the specific type of educational provider. General education schools, together with their founder (mostly municipalities), are responsible for the quality of education and have competences regarding teacher management (e.g. teacher salaries, appointment, promotion and dismissal), curriculum policies and the assessment of student learning (no external moderation of grading) (Shewbridge et al., 2016^[7]). The autonomy of (upper-secondary level) vocational education and training (VET) schools and (tertiary-level) HE institutions has changed in recent years. In contrast to general education, VET schools are subject to the external assessment of student learning by accredited institutions (see further below) (OECD, 2017^[13]). All VET schools have had "public entity" (*Viešosios įstaigos*) status since 2019, which gives them greater flexibility in the management of finances and property. This means that VET schools are increasingly governed jointly with stakeholders (including regional and municipal governments, private employers and industry representatives), for example concerning the supervision and evaluation of study programmes or the organisation of student placements. Similar changes are also visible in universities and HE colleges. Changes to the Law on Higher Education and Research in 2009 and 2016, as well as the "public entity" status of HE colleges, has narrowed the responsibilities of the SMSM, expanded the self-regulation of HE institutions concerning personnel policies, financial management, fee-setting authority, and the capacity to introduce new study programmes, and included external stakeholders in their governance (OECD, 2017^[13]). Tuition fees are also set by higher education institutions.

Table 5.2. Subnational levels of government responsible for skills policies

Subnational level of government	Function (with regard to skills)
Counties (10)	<p>New Regional Development Act (1st September 2020) transforms regional development councils at the county level from an advisory body to a legal entity established by municipalities of a specific county. They are responsible for regional development policy, including the management of certain regional public service delivery systems, which cover the following responsibilities concerning education:</p> <ul style="list-style-type: none"> • Approval of regional development plans. • EU-funded project selection. • Decisions on number of state-funded VET places. • Delegation of VET school council representatives. • Additional responsibilities might be transferred to the county level during the implementation of the new Regional Development Act.
Municipalities (60)	<p>Responsibilities in the governance of general education schools:</p> <ul style="list-style-type: none"> • Founders of primary and secondary schools. • Supervision of quality of education (jointly with schools). • Teacher management (jointly with schools). • Responsibility for long-term objectives of school development. • Organisation of local education councils.

Source: OECD (2017^[13]), *Education in Lithuania. Reviews of National Policies for Education*, <https://doi.org/10.1787/9789264281486-en>; Seimas of the Republic of Lithuania (2020^[14]), *Lietuvos Respublikos regioninės plėtros įstatymo Nr. VIII-1889 pakeitimo įstatymas*, <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/ab78cdf0b15c11ea9a12d0dada3ca61b?fwid=-sdmh1t6jf>; Shrewbridge et al. (2016^[7]), *Reviews of School Resources: Lithuania 2016*, <https://doi.org/10.1787/24133841>.

Lithuania has increasingly attempted to follow a more “co-ordinated” approach to stakeholder engagement in the governance, provision and funding of skills policies (Kaminskiené, 2009^[6]). Beyond the involvement of stakeholders in the governance of learning providers (see above), ministries and semi-autonomous bodies either co-ordinate with stakeholder engagement bodies designed to establish mechanisms of “social partnership”, or directly include stakeholders in various governance bodies. For example:

- The Tripartite Council (national level) advises the parliament and government on socio-economic and labour matters, and consequently skills policy. It includes representatives from employer associations, trade unions and government.
- The Education Council of Lithuania provides legal counsel and consultation on questions of national education and priority areas for funding to the parliament, government, the president, the SMSM, municipal institutions and education providers. It includes representatives from employer associations, educational providers, teacher unions and student organisations.
- Accredited competence assessment institutions (*kompeticijų vertinimo institucijos*) are responsible for student assessment in some sectors of VET. They include industry representatives (e.g. chambers, associations, public training centres) (OECD, 2018^[15]; Cedefop, 2014^[16]). Sectoral professional committees co-ordinate strategic issues of VET and the Lithuanian qualifications system in specific sectors.
- In regional development councils, stakeholders (social and economic partners, civil society) have been included in recent years (National Regional Development Council, 2017^[17]). In this process, tripartite vocational training councils (*Lietuvos profesinio mokymo tarybos*) responsible for strategic issues and co-ordination in VET were dissolved, with some tasks taken over by regional development councils.
- Other issue-specific advisory councils include the National Youth Council and the Youth Research Network, the Higher Education Council, the Science, Technology and Innovation Council, the Human Resources Working Group of the National Platform Industry 4.0, and the SME council.

Information systems

In 2017, Lithuania began to restructure and transform the Research and Higher Education Monitoring and Analysis Centre (MOSTA, previously located at the SMSM) into a new Government Strategic Analysis Center (STRATA), which is directly subordinate to the government. STRATA now fulfils general functions regarding evidence-informed policy making across all policy fields, as well as several tasks exclusive to the field of skills policy (OECD, forthcoming^[18]). First, its general function is to provide the government and all ministries and municipalities with support regarding evidence-informed policy making, including advice, methodological guidance and support (in particular for more sophisticated data analysis), analytical support (e.g. analytical support to individual ministries as required), and the quality assurance of *ex ante* and *ex post* evaluations. It also offers support in the preparation, implementation, monitoring and evaluation of high-level planning documents (e.g. State Progress Strategy, National Progress Plan). Second, with regard to skills policy in particular, it provides all ministries with the information needed for evidence-informed decision making in the areas of education, science, innovation and human resource policies. The functions that STRATA retained from MOSTA’s historic mandate include providing strategic advice, collecting data from other primary sources for analysis, performing research and evaluation, partially collecting own primary data as part of specific surveys, and distributing data and analysis to individual ministries.

In 2016, Lithuania introduced its National Monitoring of Human Resources system (*Nacionalinė žmogiškųjų išteklių stebėseną*, NŽIS), which aims to integrate all available data on individuals from different information systems, in particular administrative data, into one platform. It includes data on the qualifications and education of individuals, their professions and wages, their employers, and other demographic and socio-economic variables. All state authorities are obliged by law to use the results of the system in decision making in the fields of labour market, education and human resource development.

An inter-institutional commission, composed of vice-ministerial level representatives of the SMSM, SADM, EIM, VRM, the Office of the Government and STRATA, co-ordinates the implementation and organisation of the NŽIS and aims to create a culture of evidence-informed decision making. Various other individual datasets and skills assessment and forecasting reports exist, but not all are integrated into the NŽIS. For example, research on human resources of foreign capital, innovative and exporting companies; the Educational Supply Forecasting Research Report; “group reviews of study fields” that provide information on student numbers, study and labour market performance; the overview of the Lithuanian innovation ecosystem; and labour market statistics from the employment service on participation in active labour market policy (ALMP) are excluded.

Concerning information and guidance for the career choices of individuals, career guidance in Lithuania is the responsibility of three different ministries. The SMSM is responsible for career guidance policy for pupils, HE students and adults (euroguidance, 2020_[19]). As noted in Opportunity 2, career guidance is provided in VET and general education schools by staff members, mostly teachers and psychologists, only rarely via full-time positions of career counsellors and co-ordinators. VET schools also provide vocational guidance with respect to the choice of vocational study. Most higher education institutions have career centres. The SADM (and consequently the public employment service, PES) is responsible for career guidance policy related to jobseekers (adults as well as youth) (euroguidance, 2020_[19]). The EIM organizes the dissemination of results from future skills needs forecasts.

Funding arrangements

While municipal governments are the main final purchaser of educational services in Lithuania, the initial source of funding is mostly the central government (OECD, 2020_[20]), as municipalities have only limited taxation powers. In 2018, school funding was adapted with the introduction of the “class basket” scheme, which aims to better take into account that teaching costs for schools are dependent on the number of classes schools have, and not necessarily on the number of students, which was the main determinant in the previous “student basket” funding model (OECD, 2017_[13]). According to the new formula, 80% of funding is now allocated according to the number of classes and class size, and a smaller part is calculated according to the number of pupils (Eurydice, 2019_[21]). Furthermore, specific variants of a “student basket” funding scheme are applied to early childhood education and care (ECEC), higher education, and non-formal learning (OECD, 2017_[13]). This assigns a certain value per student, and consequently allocates funds largely according to the number of students, with municipalities partially being able to supplement funding depending on educational sector. Lithuania also relies heavily on external funding, most notably European Union structural funds. This is particularly visible in apprenticeship schemes (Cedefop, 2015_[22]) and ALMP (OECD, 2018_[15]). According to participants in this project, the European Social Fund (ESF) also funds the creation of new information systems on current and future skills needs for individuals (e.g. career counselling) and for policy makers (e.g. data and analytics).

In Lithuania, individuals contribute via general taxation to the funding of the skills system, and via tuition fees in tertiary education. While household expenditure on primary to non-tertiary post-secondary training is below the OECD average, household expenditure on tertiary education is above the OECD average (OECD, 2020_[20]). The government offers state-funded HE places without tuition fees to higher achieving graduates of gymnasias and VET schools, but those who do not meet these criteria or go to private universities have to pay relatively high tuition fees. While the share of students paying tuition fees has been decreasing in recent years and is currently around 30%, the level of the fees have been increasing (Ilkevičiūtė, 2020_[5]). Tuition fees are particularly high in private HE, although only around 9% of students are enrolled in such institutions, which is below the OECD average of 20-30%, depending on the specific definition used (OECD, 2020_[20]). There is also a relatively high level of private tutoring used to secure higher levels of attainment in *matura* examinations, with over 50% of students in the final year of secondary level schooling using private tutoring (Shewbridge et al., 2016_[7]). Employer contributions to the development of skills can be considered low to average. Non-household, private expenditure on education,

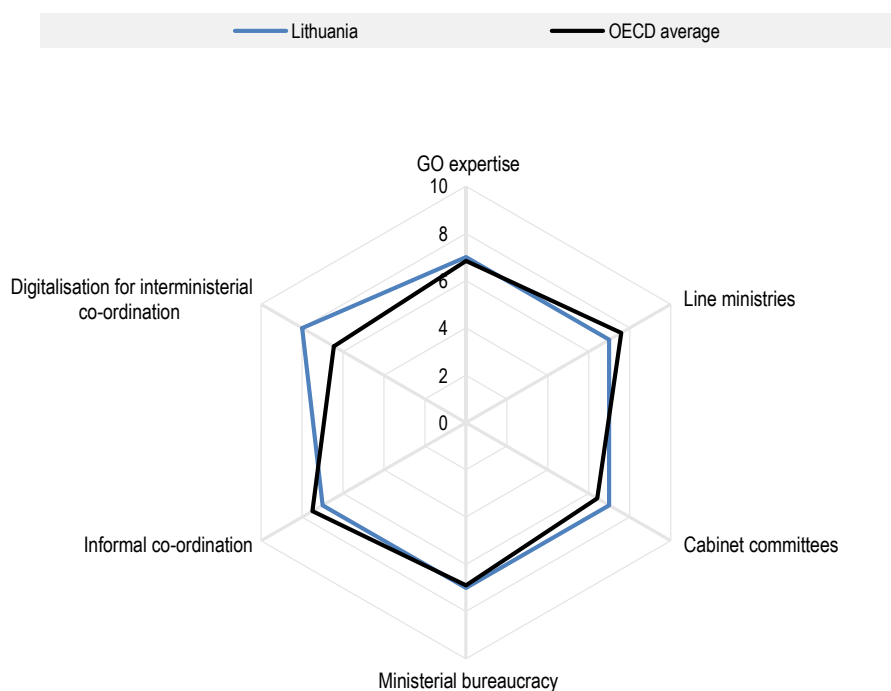
which includes firm and NGO expenditure, is around the OECD average from primary to post-secondary non-tertiary education, and below average for tertiary education (OECD, 2020^[20]). Participation in shared school- and work-based programmes is very low (Cedefop, 2015^[22]). Concerning the percentage of firms with a specific person or unit responsible for organising adult education and training, or with a training plan or budget including adult education and training, Lithuania is below the EU average (Eurostat, 2015^[23]), indicating comparatively weak employer contributions to skill formation.

Lithuania's performance

Whole-of-government co-ordination and stakeholder engagement

Horizontal co-ordination between the four ministries (SMSM, SADM, EIM, VRM) as well as the various semi-autonomous bodies active in skills policies, proves to be challenging in practice in Lithuania, despite the various co-ordination mechanisms in place. While not limited to skills policies, the Bertelsmann Foundation's 2019 Sustainable Governance Indicators (SGI) rates Lithuania's performance in inter-ministerial co-ordination as average (Figure 5.2). For example, co-ordination is found to be lacking beyond the planning phase, including in the implementation, monitoring and evaluation phases (Nakrošis, Vilpišauskas and Jahn, 2019^[24]).

Figure 5.2. Lithuania's performance regarding inter-ministerial co-ordination



Note: 0 is lowest, 10 is highest rating. Government office expertise: Does the government office/prime minister's office (GO/PMO) have the expertise to evaluate ministerial draft bills substantively? Line ministries: To what extent do line ministries involve the GO/PMO in the preparation of policy proposals? Cabinet committees: How effectively do ministerial or cabinet committees co-ordinate cabinet proposals? Ministerial bureaucracy: How effectively do ministry officials/civil servants co-ordinate policy proposals? Informal co-ordination: How effectively do informal co-ordination mechanisms complement formal mechanisms of inter-ministerial co-ordination? Digitalisation for inter-ministerial co-ordination: How extensively and effectively are digital technologies used to support inter-ministerial co-ordination.

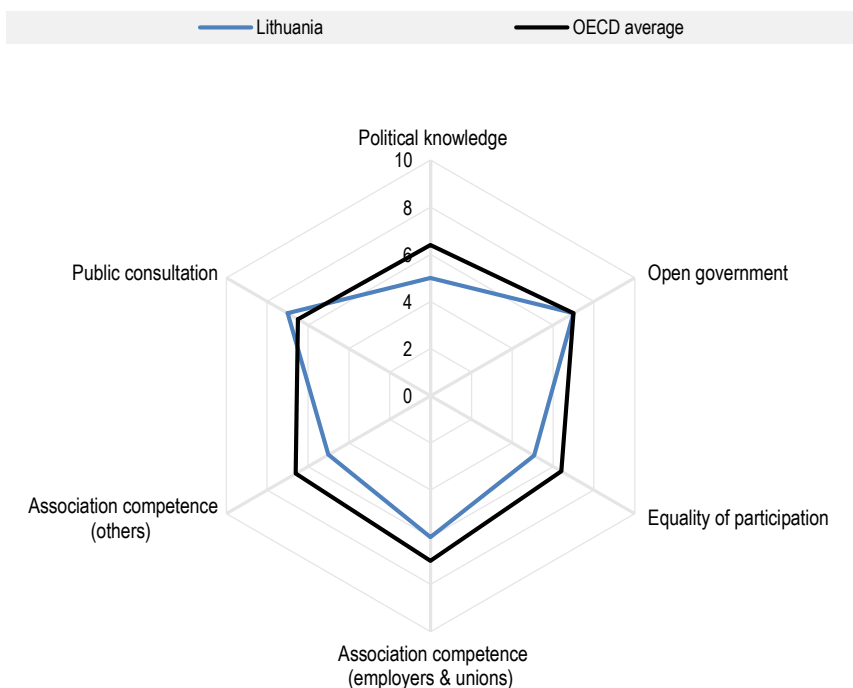
Source: Bertelsmann Stiftung (2019^[25]), *Sustainable Governance Indicators*, <https://www.sgi-network.org/2019/Governance>.

Despite improvements in inter-ministerial co-ordination in recent years (see Opportunity 1 below for details), participants in this project acknowledged limited co-ordination between ministries and a lack of clear responsibility for skills policies, leading to a very fragmented skills system. This fragmented skills system can be visible in apprenticeship policies and adult learning policies, with the different ministries separately implementing policies in these fields with a lack of shared goals and vision.

Concerning vertical co-ordination between the subnational level and central government, earlier reports (OECD, 2017^[13]) identified a lack of supervision and guidance in the steering of the whole skills system from national and municipal institutions regarding educational providers (for details, see Opportunity 1). This was widely confirmed by participants in this project. In particular, the capacities of municipalities and regional development councils for self-management and the management of their education providers were said to be not fully developed (for details, see Opportunity 1).

Lithuania's recent attempts to improve stakeholder engagement in skills policy seems to be at least partially successful. The inclusion of external stakeholders (such as municipal governments, private employers and industry representatives) in the governance of educational providers due to the "public entity" status (*Viešosios įstaigos*) of HE colleges and VET schools was supported by various participants throughout the OECD's consultations. According to the SGI 2019, Lithuania scored slightly above average concerning government consultation with stakeholders (Figure 5.3) Ambitions to establish mechanisms of social partnership in skills policies at a national level were also acknowledged as beneficial by various participants in this project.

Figure 5.3. Lithuania's performance regarding stakeholder engagement



Note: 0 is lowest, 10 is highest rating. Public consultation: Does the government consult with economic and social actors in the course of policy preparation? Political knowledge: To what extent are citizens informed of public policies? Open government: Does the government publish data and information in a way that strengthens citizens' capacity to hold the government accountable? Equality of participation: What percentage of the people have voiced their opinion to a public official in the last month? Association competence: To what extent are economic interest associations (e.g. employers, industry, labour) capable of formulating relevant policies?

Source: Bertelsmann Stiftung (2019^[25]), *Sustainable Governance Indicators*, <https://www.sgi-network.org/2019/Governance>.

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However, as described in detail in Opportunity 1, Lithuanian citizens and interest associations (employer associations, trade unions, NGOs) often do not seem to have sufficient capacity to effectively engage in policy making (Nakrošis, Vilpišauskas and Jahn, 2019^[24]). This assessment was also supported by participants in this project with respect to skills policies. While most participants emphasised that there are formally many stakeholder engagement bodies aimed at engaging employer associations, trade unions and civil society in policy making, these bodies are not fully equipped to influence policy making. Participants in OECD consultations, as well as a report by Bertelsmann (Nakrošis, Vilpišauskas and Jahn, 2019^[24]), suggest that this missing capacity is due to a lack of information and preparation time given to stakeholders, as well as a lack of stakeholder expertise in social partnership more generally. Participants also emphasised a lack of transparency and feedback on how stakeholder input is used in policy making.

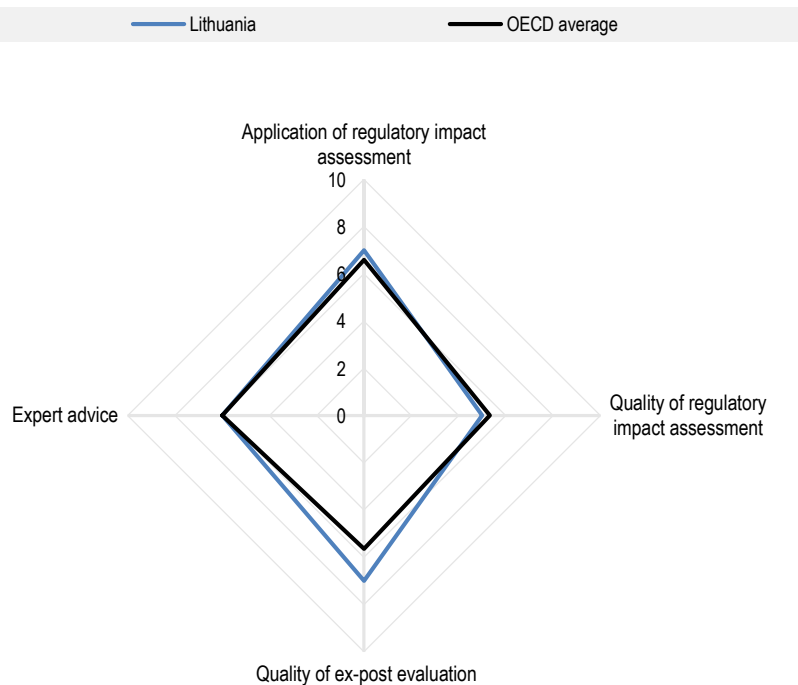
More recently, practices of stakeholder engagement in Lithuania have showed some elements of incoherence (for details, see Opportunity 1). Regional development councils, which can be expected to become more important during the implementation of the new Regional Development Act, include social and economic partners. However, while they include members of employers' associations, they do not include representatives of trade unions.¹ Furthermore, the Council of Non-formal Adult Education (*Suaugusiųjų švietimo taryba*) under the SMSM was introduced in 2014 to advise on the strategic direction of non-formal adult education and continuing learning in Lithuania. It was composed of representatives from state and municipal organisations, non-formal education providers and social partners. According to participants in this project, it became inactive as its members felt a lack of influence of their advice in policy making. Its dissolution ultimately led to missing leadership and guidance for co-ordinators at the municipal level.

Information systems

Lithuania has made substantial progress in the area of evidence-informed policy making and connected skills assessment and anticipation tools. For example, it set up NŽIS in 2016 and STRATA in 2019, which supply the government and ministries with data for evidence-informed policy making. However, most participants in this project still emphasised a lack of such evidence-informed policy making in Lithuania. The capacity and willingness of decision makers to actively use data was seen as a problem, and has led to low demand for evidence on the side of ministries (see Opportunity 2 for details). This feedback from stakeholders is also supported by a report by Bertelsmann (Nakrošis, Vilpišauskas and Jahn, 2019^[24]). Participants related this to a lack of evidence that can effectively support policy making. For example, participants, as well as an OECD report (OECD, forthcoming^[18]), emphasised that STRATA's mandate is too extensive, leading to limited capacity to supply the evidence needed to ministries. Furthermore, while Lithuania scores relatively well in the extent of the *ex post* evaluations it conducts across all policy fields (Figure 5.4.), in the area of skills policy these efforts were identified as unsystematic (see also Opportunity 3 for details).

Concerning information systems for guiding individuals' career choices, consultations with participants in this project indicated that not all individuals in Lithuania have equal access to career guidance. There seem to be discrepancies in the provision of career guidance services between schools, in particular across economically stronger and weaker regions, thereby limiting young people's access. Career guidance offerings for employed adults are limited, and for unemployed adults, career counsellors at the PES are often overburdened, which is reinforced by high unemployment due to the COVID-19 crisis (OECD, 2018^[26]). Successful projects in further developing career guidance were often not continued due to a lack of funding, with new projects aimed at similar target groups being built in parallel, leading to cost inefficiencies.

Figure 5.4. Lithuania's performance regarding using evidence in policy making



Note: 0 is lowest, 10 is highest rating. Application of regulatory impact assessment: To what extent does the government assess the potential impacts of existing and prepared legal acts (regulatory impact assessments, RIA)? Quality of regulatory impact assessment: Does the RIA process ensure participation, transparency and quality evaluation? Quality of *ex post* evaluation: To what extent do government ministries regularly evaluate the effectiveness and/or efficiency of public policies and use results of evaluations for the revision of existing policies or development of new policies? Expert advice: Does the government regularly take into account advice from non-governmental experts during decision making?

Source: Bertelsmann Stiftung (2019_[25]), *Sustainable Governance Indicators*, <https://www.sgi-network.org/2019/Governance>.

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Funding arrangements

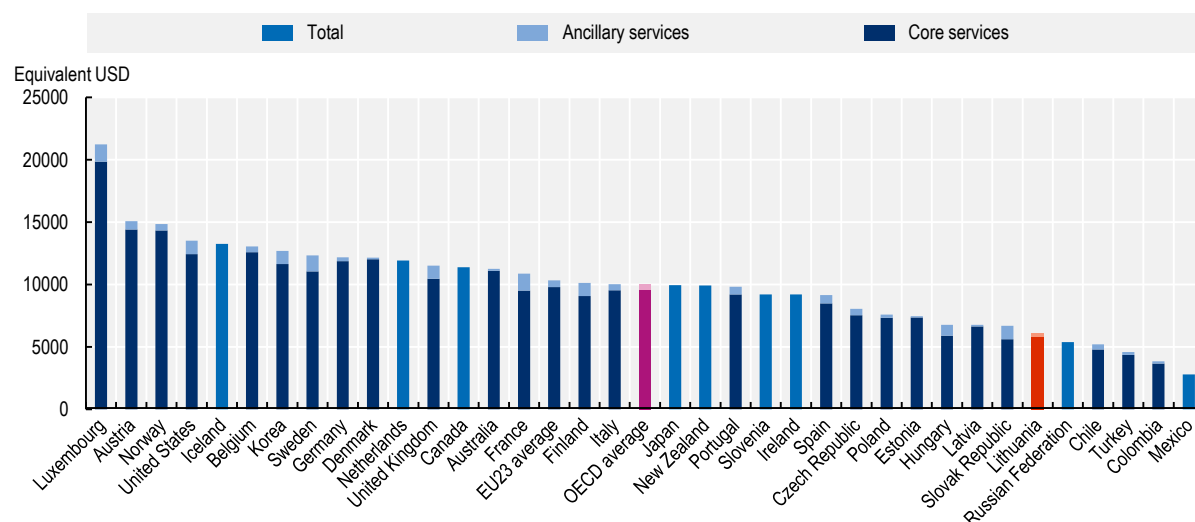
Public expenditure on skills development in Lithuania is relatively low by international standards. While expenditure per student, on average, has grown between 2012 and 2017, this is due to the number of students decreasing more quickly than total expenditure (OECD, 2020_[20]). Funding for ALMP is also low by international comparison, and has typically been allocated in a pro-cyclical manner, leading to a decrease of funding per capita as the labour market situation worsened (OECD, 2018_[26]). By international comparison, Lithuania's expenditure on education is very modest, both in terms of per student spending (Figure 5.5) and as measured in terms of GDP (Eurostat, 2020_[27]). This reflects several factors, including relatively low teacher salaries in Lithuania, especially before 2019 (see Chapter 2), total educational expenditure declining with declining student numbers (unlike in most OECD countries), and declining expenditure per student in post-secondary non-tertiary and tertiary education (International Standard Classification of Education [ISCED] levels 4-8) (OECD, 2020_[20]).

Low public spending on skills development could be partially offset by the well-targeted spending of available funds, as well as potential cost sharing between different stakeholders. For example, earlier reports (OECD, 2017_[13]) emphasised that public secondary level and higher education institutions had one of the lowest student/teacher ratios in the OECD, largely due to demographic change. This points towards the possibility of redirecting at least some of these funds towards other skills priorities. Concerning cost sharing, efforts to increase employer participation in the funding of skills development, for example through

apprenticeships, have only shown very limited success (OECD, 2018^[15]; Cedefop, 2015^[22]). Furthermore, Lithuania's skills system is highly dependent on funding from the ESF. Participants in this project commented that this dependence raises problems for the continuity of programmes, consistent with findings from earlier OECD reports (OECD, 2018^[15]; OECD, 2017^[13]). Consequent challenges include the fact that institutional mechanisms of employer participation in dual apprenticeships cannot be set up in the short term, that funding for many projects is often discontinued after contributions from the ESF end, and that funding changes as ESF priorities change.

Figure 5.5. Primary, secondary and post-secondary non-tertiary expenditure on educational institutions per full-time equivalent student

By type of service (2017)



Note: Ancillary services are services provided by educational institutions that are peripheral to their main educational mission, mainly student welfare (meals, health services, transportation, etc.).

Source: OECD (2020^[20]), *Education at a Glance 2020: OECD Indicators*, <https://doi.org/10.1787/69096873-en>.

StatLink  <https://stat.link/64csnx>

Opportunities to strengthen the governance of Lithuania's skills policies

Improving the governance of skills policies is crucial to ensure that these policies are effective, efficient and socially and financially sustainable. Three critical opportunities for improvement have been identified based on a review of literature, desktop analysis, and data and input from officials and stakeholders consulted in conduct of this project.

The OECD considers that Lithuania's main opportunities for improvement in the governance of skills policies are:

- Increasing the capacity and co-ordination of governmental and non-governmental actors across the skills system.
- Enhancing skills information and career guidance systems and practices.
- Ensuring well-targeted, sustainable and shared funding of Lithuania's skills system.

Opportunity 1: Increasing the capacity and co-ordination of governmental and non-governmental actors across the skills system

In well-functioning skills systems, all actors should have sufficient opportunity to co-ordinate, as responsibilities for skills policies are dispersed. First, this necessitates co-ordination at a national level between ministries and their various semi-autonomous bodies active in all sectors of skills policies. Skills policies should be guided by common goals and a shared vision across all relevant stakeholders and decision makers, and should be implemented and designed to be complementary, i.e. mutually reinforcing (OECD, 2019^[31]), all of which could be improved in Lithuania. Individual ministries or semi-autonomous bodies should not pursue their own skills policies without co-ordination with other relevant ministries and governmental bodies, necessitating co-ordination across the “whole-of-government”.

Second, co-operation between governmental and non-governmental actors, in particular social partners, is essential. Since its independence, Lithuania has invested substantial resources into building up a system of social partnership. This infrastructure should be leveraged in the future, as stakeholder engagement is more successful if it goes beyond ad hoc consultations towards the long-term institutionalisation of consultations (OECD, 2019^[31]). Furthermore, well-functioning stakeholder engagement depends on stakeholders themselves perceiving their involvement as meaningful and consequential, which participants in the project described as partially lacking in Lithuania.

Finally, at a subnational level, governmental and non-governmental actors should have sufficient capacities to fulfil their responsibilities in policy making, including required personnel (and therefore also financial resources) and expertise (which also necessitates sufficient guidance from the central government). While decentralising decision-making power to subnational governments can help to respond to the unique needs of each region, the benefits of decentralisation in Lithuania will be only realised if the central government also equips subnational decision-making bodies with sufficient capacity to fulfil their respective responsibilities in the field of skills policies.

Strengthening strategic planning and oversight in the Lithuanian skills system

In Lithuania, responsibilities for skills policies are widely dispersed across ministries (see assessment in this chapter), as well as partially overlapping and unclear in some areas. This necessitates a clear strategy that sets the goals and responsibilities of governmental actors, as well as co-ordination across the whole-of-government to counterbalance the potential fragmentation of responsibilities across different ministries.

According to participants in this project, the unclear and widely dispersed responsibilities are evident in various uncoordinated skills policies. For example, while SMSM has lead authority for developing an adult education system, adult-education measures are implemented and funded mostly by other ministries (EIM, SADM). According to stakeholders, the adult education system is very fragmented as measures focus on different priorities, which also signals the lack of an overarching vision for adult education. Similar dynamics are also visible in other areas of skills policy. According to participants, various institutions are responsible for skills policies as part of innovation policy, giving rise to co-ordination challenges and additional administrative burdens. Similarly, various ministries have set goals and targets for young people’s skills in apparent isolation, leading to overlaps between goals, policies and programmes, and a lack of buy-in by education stakeholders to a vision for young people’s skills. Finally, in the VET system, three different ministries (SMSM, SADM, EIM) are responsible for different types of apprenticeship programmes, albeit directed at different target groups. This is the result of the dissolution of the Lithuanian Labour Market Training Authority during the economic crisis of 2008, which led to a split of responsibilities for apprenticeships (OECD, 2018^[15]). Such an uncoordinated approach is not only potentially more costly, but can also lead to confusion among individuals and employers concerning what apprenticeships stand for, which undermines the reputation of these schemes and consequently their take-up rate, as emphasised in a previous report on Lithuania’s apprenticeship system (Cedefop, 2015^[22]).

Tackling the problem of unclear responsibilities and the lack of a common vision, strategies and action plans can help to set common goals across stakeholders, clarify responsibilities and subsequently increase the co-ordination of actors in the skills system. Strategies and action plans help to raise awareness of challenges requiring co-operation, identify priority targets, and allocate responsibility and foreshadow accountability arrangements (OECD, 2019^[28]). Lithuania has several strategy papers in place for skills, for example the National Plan for Progress (NPP) 2021-2030, the Progress Strategy “Lithuania 2030”, and the previous National Education Strategy for 2013-2022. The new government programme of 2020 furthermore prioritises a range of skills policy goals, including lifelong learning, VET, HE, research, and school and teaching quality. However, among these strategies and action plans, skills policy is either only one of many policy areas, or is not understood holistically, therefore only targeting some (but not all) educational sectors. According to consultation with stakeholders, a shared, strategic and overarching vision that addresses all sectors of Lithuania’s skills system is still missing. Earlier OECD reports have similarly identified a lack of shared vision for general, vocational and higher education (OECD, 2017^[13]) with respect to the quality and direction of Lithuania’s skills system. According to the Lithuanian Law on Strategic Governance, such a cross-sectoral strategy could take the form of a “national agenda” – a long-term planning document that includes multiple policy fields and provides strategic objectives, targets and high-level indicators (Seimas of the Republic of Lithuania, 2020^[29]).

Furthermore, when implementing strategies (not only in the area of skills policy, but also more broadly), participants and previous studies emphasised that co-ordination is lacking beyond the planning phase, including the implementation, monitoring and evaluation phases (Nakrošis, Vilpišauskas and Jahn, 2019^[24]). Consequently, a future skills strategy should clearly define responsibilities for following up on the strategic goals and priority areas identified, which necessitates the creation of “programming level” planning documents (Seimas of the Republic of Lithuania, 2020^[29]) on the side of ministries in specific sub-fields of skills policy. For example, with respect to the development of young people’s skills, several participants consulted during the assessment consultations stated that Lithuania still lacks a shared vision between experts, educators, employers and other stakeholders for the skills that young Lithuanians need for the 21st century. In particular, some experts consulted during this project stated that there is no clear vision or education philosophy behind the process of updating curricula (see Chapter 2). The creation and implementation of such planning documents that tackle specific sub-fields of skills policy is essential, but also must be conducted in a co-ordinated manner.

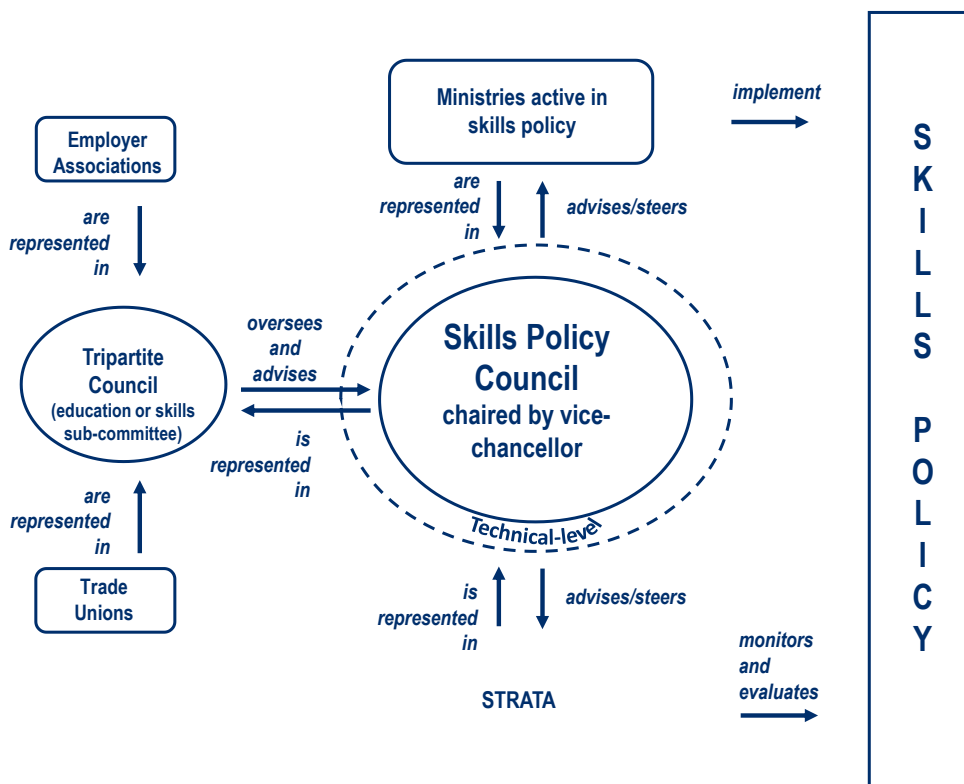
Co-ordinating bodies can play a vital role in supporting cross-sectoral and inter-ministerial co-operation in systems with widely dispersed responsibilities, and can facilitate the implementation of a comprehensive skills strategy and its follow-up “programming level” planning documents. Such oversight bodies can help to communicate current activities in skills policy making, thereby co-ordinating their activities in policy design and implementation in order to align skills policies to work in a complementary manner, e.g. being mutually reinforcing (OECD, 2019^[3]). Currently, co-ordination between the different institutions is supported by various inter-ministerial working groups and the co-ordinating roles of SMSM in some policy fields (e.g. adult education). According to some participants in this project, clear progress in inter-ministerial co-ordination has been visible in recent years, for example via a newly implemented inter-ministerial National Commission for the Co-ordination of Human Resources Monitoring (*Lietuvos Respublikos Vyriausybės komisija nacionalinei žmogiškųjų išteklių stebėsenai koordinuoti*, NŽISK). It was created in 2016 as an inter-ministerial commission at the vice-minister level, headed by the vice chancellor and involving representatives of all ministries active in skills policy. However, its official tasks are restricted to the co-ordination of the organisation, implementation and revision of Lithuania’s NŽIS (see Opportunity 2 for details), and consequently to the area of skills assessment and anticipation (SAA) tools (see also the example of Latvia, Box 5.1). Therefore, most participants in this project emphasised the necessity of a leading institution/oversight body to be responsible for skills policy as a whole. Various participants emphasised the potential of transforming the NŽISK into a permanent Skills Policy Council that addresses all sectors of skills policy. For example, participants stressed the need for better co-operation in the design of adult learning policies between ministries, which this council could facilitate, in addition to co-ordination

in other sectors of skills policy. Such a council could then oversee the implementation of a future skills strategy for Lithuania, as in Norway (Box 5.1). Figure 5.6 provides an overview of how such a new Skills Policy Council could fit into Lithuania's governance system.

Another challenge for the strategic oversight of Lithuania's skills policies relates to the potential decision-making capacities of oversight bodies. While pure co-ordination bodies simply aim to facilitate joint planning, delivery and information exchange, policy- or decision-making bodies have clear authority to set national priorities in skills policy making. According to consultations with experts, legally binding decisions in Lithuania can only be taken by the responsible ministers, the government and parliament. Consequently, this would limit the potential decision-making capacity of a Skills Policy Council. One solution would be to include high-level political representatives in the oversight body (as in the case of the NŽISK), as they have more influence over the government agenda. However, there can be also downsides to such an arrangement. For example, limiting membership to the political (minister or vice minister) level can lead to a prioritisation of politics rather than promoting in-depth debates on specific policies (OECD, 2019^[3]). Multiple participants in this project have highlighted that the current structure of the commission does not allow for consultation and co-ordination at a technical level, e.g. between heads of divisions, department directors and career civil servants. While political level meetings could determine the strategic direction of skills policies and ensure political buy-in, more frequent technical-level meetings could complement this by providing a space for in-depth discussions on specific policy issues and implementation.

Finally, a potential Skills Policy Council could vary with regard to the represented stakeholders, which could range from ministries to semi-autonomous bodies, and may even involve representatives of employers/employees, as seen in Norway. However, the involvement of non-governmental stakeholders is also subject to trade-offs. For example, including too many members might impede the cross-departmental co-ordination function that such a council should fulfil. Consequently, a better fit for Lithuania could be a close collaboration between the existing national Tripartite Council (and its sub-committees) and a future Skills Policy Council (see next section in this Opportunity and Figure 5.6).

Figure 5.6. Potential structure of new governance arrangements for skills policy in Lithuania



Box 5.1. Relevant international examples: Whole-of-government co-ordination mechanisms

A comprehensive skills strategy overseen by a skills policy council: An example from Norway

Norway is generally regarded as one of the leading countries in terms of developing and using the skills of its people. The Norwegian Strategy for Skills Policy 2017-2021 is a binding agreement that commits strategy partners to common priorities to “ensure that individuals and businesses have the skills that give Norway a competitive business sector, an efficient and sound public sector, and an inclusive labour market.” The strategy was signed by the Norwegian government represented by the prime minister, as well as the Ministry of Labour and Social Affairs, the Ministry of Local Government and Modernisation, the Ministry of Education and Research, and the Sami Parliament representing the Sami indigenous people. Social partners (including trade unions and employer associations) and certain third sector organisations also signed the agreement. A new whole-of-government co-ordination body has been introduced as part of this strategy in order to support implementation. The Skills Policy Council follows up on the strategy and continues to promote co-operation between the involved stakeholders. The governmental stakeholders include all ministries involved in skills policy, as well as Skills Norway, an arms-length body specialised in lifelong learning. The Skills Policy Council has 15 members including non-governmental stakeholders (e.g. social partners). The council’s activities include regular discussions and advice on current skills policy issues, regular reports on the strategy partners’ own policy measures to implement the strategy, as well as potential revisions to the strategy if needed.

In practice, the Skills Policy Council acts as an advisory body to all involved stakeholders, with the goal of co-ordinating and improving existing and new policy measures in the field of (public as well as non-public/social-partner provided) skills policy. The Minister of Education chairs the council, thereby providing the opportunity for all stakeholders to influence policy making at a very high level. High-level discussions at the ministerial level are supplemented by working-level discussions of civil servants, thereby ensuring that skills are on the agenda of decision makers, and that concrete outputs in terms of policy making are met. As of 2019, the council has not had a decision- or policy-making function, and has only given non-binding advice. The council meets three to four times a year in sessions that last around two hours. One main benefit of the Skills Policy Council is that it oversees and applies a holistic approach to a previously very fragmented policy area. It can therefore identify overarching challenges and help to develop more comprehensive policy solutions, instead of addressing just specific parts of the system.

Improving horizontal co-ordination: An example from Latvia

In Latvia, the Adult Education Governance Council (AEGC) was created in early 2017 to implement and monitor the Plan on Adult Education Governance Model 2016-20. It was created to avoid the historical fragmentation of responsibility in adult education, and to establish a clear division of functions, information exchange and regular communications among the stakeholders involved. The AEGC is an inter-institutional body with representatives from sectoral ministries, municipalities, private companies, educational institutions, adult education centres and NGOs, under the supervision of the Ministry of Education and Science. The State Education Development Agency provides the secretariat and the analytical unit functions of the AEGC. The main functions of the AEGC are to: 1) review and approve priorities for adult education, taking into account labour market information and sectoral expert councils, labour force forecasts, and demand and supply disparities in the labour market; 2) determine the priority adult education target groups and sectors; 3) confirm the content of the training to be implemented, including the complementarity of the training between the different target groups; 4) decide on the principles for allocating funding; and 5) conduct a regular evaluation of the results of the implementation of adult education.

Source: OECD (2019^[1]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>.

Recommendations for strengthening strategic planning and oversight in the Lithuanian skills system

- 4.1 Develop a shared, overarching vision for developing and using skills by creating a comprehensive skills strategy for Lithuania.** First, this strategy could be granted the status of “national agenda” under the Lithuanian Law on Strategic Governance, as this enables a cross-sectoral approach addressing all sectors of the skills system and providing strategic objectives, targets and high-level indicators. Second, the strategy should clarify the main roles and responsibilities of governmental actors (e.g. ministries, semi-autonomous bodies, subnational administrative units and learning providers), as well as non-governmental stakeholders (see the next section “Fostering national-level social partnership and stakeholder engagement in skills policy”) and thereby define clear accountability for results. This accountability could also be translated into law. Third, this strategy should also be accompanied by concrete “programming level” planning documents, as foreseen in the Lithuanian Law on Strategic Governance. This enables the identification of clear measures to fulfil the strategic objectives of the national agenda in the respective sub fields of skills policy, to be co-ordinated by a future Skills Policy Council (see Recommendation 4.2). This should include, for example, a clear, comprehensive and shared plan for developing young people’s skills in Lithuania (see Chapter 2). Finally, a Lithuanian skills strategy should base its objectives on the best available skills evidence (see Opportunity 2) and should include common funding priorities and potential cost-sharing agreements (see Opportunity 3).
- 4.2 Improve inter-ministerial co-ordination by creating a designated, inter-ministerial body with lead authority and responsibility for skills policy.** The current National Commission for the Co-ordination of Human Resources Monitoring (Lietuvos Respublikos Vyriausybės komisija nacionalinei žmogiškųjų išteklių stebėsenai koordinuoti, NŽISK) could be transformed into a “Skills Policy Council” to oversee all sectors of the skills system. High-level political meetings (e.g. with vice-ministers) should provide strategic guidance and make political decisions. These meetings should be complemented by more frequent, lower-level technical meetings (e.g. among career civil servants), reserved for in depth discussions on concrete policy issues, implementation and data needs (see Opportunity 2). The Skills Policy Council should also oversee the implementation of the abovementioned skills strategy for Lithuania. This includes co-ordination across the various programming level planning documents of the different sub fields of skills policy, and proposals for revisions of the skills strategy. The Skills Policy Council could also be responsible for overseeing high-level indicators and progress towards strategic objectives and targets identified in the skills strategy, while the monitoring of lower-level indicators of programming level planning documents remains the responsibility of individual ministries. The Skills Policy Council should work in close collaboration with the national Tripartite Council (see the section “Fostering national-level social partnership and stakeholder engagement in skills policy”).

Fostering national-level social partnership and stakeholder engagement in skills policy

In the last two decades, Lithuania has made significant attempts to set up a system of social partnership, aiming to follow the examples of various continental European and Nordic countries such as Germany, Norway and the Netherlands (Box 5.2). Lithuania’s 2030 strategy highlights the importance of increasing the participation of non-governmental stakeholders (such as employers, employees and their associations) to help the education system meet labour market needs. At a national level, the Lithuanian National

Tripartite Council (*Lietuvos Respublikos trišalė taryba*) is the main mechanism of social partnership. It is comprised of representatives of trade unions, employer associations and the government (stakeholder engagement at the subnational level will be addressed in the next section, while the issue of employer engagement at the level of specific policies are addressed in Chapters 2, 3 and 4). The National Tripartite Council advises the parliament and the government on labour, economic and social matters, including skills policy. It works through a number of standing or temporal commissions and committees (including an education committee) that try to reconcile the interests of social partners and the government on various issues (Tripartite Council of the Republic of Lithuania, 2018^[30]).

Lithuania also has several issue-specific stakeholder engagement bodies that involve social partners in a tripartite manner, as well as education providers, municipalities, civil society and specialised business groups. These include the Education Council of Lithuania (which involves employer organisations, educational providers, teacher unions and student organisations); the now inactive Council of Non-formal Adult Education (*Suaugusiųjų švietimo taryba*, for details see below); the National Youth Council and the Youth Research Network; the Higher Education Council; the Science, Technology and Innovation Council; the Human Resources Working Group of the National Platform Industry 4.0; and the SME council.

While the Tripartite Council does not have de jure decision-making capacities, members consulted by the OECD deemed that their inclusion in skills policy making, as well as current developments in social partnership in general, was positive. Several new practices in social partnership were supported by participants in this project, including the increased importance of bilateral decisions between employer associations and trade unions, and the participation of the Minister of Social Security and Labour in the Tripartite Council (OECD, 2018^[15]).

Successful stakeholder engagement depends on the long-term institutionalisation of its governance structures, which should be acknowledged in the further development of Lithuania's skills system. Therefore, the process of setting up and implementing a new skills strategy, as well as the functioning of a new whole-of-government co-ordination body responsible for the implementation of the strategy (see previous section for details), will be most effective if embedded in Lithuania's existing system of social partnership. This is because interactions in social partnership are based on mutual trust, which takes time to build, as formal as well as informal networks between stakeholders only grow over time (OECD, 2019^[3]). The Tripartite Council is already a well-functioning mechanism of stakeholder engagement with (for Lithuanian standards) a long history. Therefore, it should be leveraged to engage social partners in Lithuania's new skills strategy and the potential decisions of a future Skills Policy Council. Furthermore, internationally comparative research has shown that building new, dedicated parallel structures of stakeholder engagement is not only expensive for other countries, but also puts such new structures in competition with pre-existing bodies of social partnership (OECD, 2019^[3]). Lithuania should therefore avoid setting up parallel stakeholder engagement bodies to the Tripartite Council to prevent potential confusion concerning their mandates.

In consultations with stakeholders, some emphasised that more responsiveness to their advice is needed after policies pass parliament, e.g. in assessing whether policies meet the needs of employers and employees. After the introduction of new policies, stakeholders commented that they are not provided with opportunities to discuss potential areas for improvement and possible future revisions. Close co-operation between a future inter-ministerial Skills Policy Council and the Tripartite Council could help to improve the accountability of policy makers to social partners throughout the whole policy cycle (Figure 5.6). Lithuania has historically followed the advice given by the Tripartite Council to a varying extent, making the functioning of social partnership in Lithuania still fragile. For example, while some decisions in the previous decade were taken without any consultation of the Tripartite Council, recent practice is to follow the advice based on bilateral agreement by the social partners (Petrylaite, 2017^[31]). In recent years, government representatives with decision-making capacities were sent to the Tripartite Council. However, this has not always been the case, as government representatives without decision-making powers were sent to the council before 2017. In order to establish mutual trust between involved stakeholders, and consequently

continue to foster Lithuania's system of social partnership and tripartite bargaining in the area of skills policy (and more broadly), good practice such as sending government representatives with decision-making powers or following advice based on bilateral agreement by the social partners should be continued.

While participants in this project highlighted the value of the National Tripartite Council, many commented on the lack of impact of some other, issue-specific stakeholder engagement bodies (see above) and consultation processes. Participants argued that as many stakeholder engagement bodies do not have any real decision-making capacity, the incentives for stakeholders to participate are limited. Furthermore, participants emphasised a lack of transparency and feedback on how their input is used in policy making. One example given by participants is the now inactive Council of Non-formal Adult Education (*Suaugusiųjų švietimo taryba*), which was introduced in 2014 to advise on the strategic direction of non-formal adult education and continuing learning in Lithuania, and was composed of representatives from state and municipal organisations, non-formal education providers and social partners. According to participants in this project, a major factor in it becoming inactive was a lack of influence in policy making, and consequently low incentives for stakeholders to participate. However, giving such issue-specific stakeholder engagement bodies effective decision-making capacity may not be ideal, as their capacities (expertise, time, personnel, financial resources) are often lacking in Lithuania, and the potential for undue influence by narrow interests could be increased (OECD, 2019^[11]). Softer mechanisms of accountability to stakeholders would therefore be more advisable. In reaction to earlier criticism of stakeholder consultation processes (OECD, 2015^[32]), public consultation guidelines have been created in Lithuania. These, for example, specify a minimum amount of time to be allocated for consultation and preparation, as well as mandatory feedback to stakeholders on how their advice is used (Government of the Republic of Lithuania, 2019^[33]). While some reports (Nakrošis, Vilpišauskas and Jahn, 2019^[24]) argue that the guidelines have not yet led to a sufficient public consultation standard, it might be too early to judge. However, these guidelines only regulate the formalised “open public consultation” mechanism as part of the legislative cycle, but do not apply to the advisory functions that various stakeholder engagement bodies fulfil in Lithuania. Establishing minimum criteria for stakeholder engagement bodies would therefore be advisable, for example via releasing mandatory feedback from the respective government authorities to the advice given by these bodies (OECD, 2019^[3]), as is envisaged in open public consultations, according to the abovementioned public consultation standard.

Box 5.2. Relevant international example: Mechanisms of social partnership

Mechanisms of social partnership: An example from the Netherlands

The Social and Economic Council of the Netherlands (SER) advises the Dutch government and parliament on key points of social and economic policy (upon request or at its own initiative). This also includes education and its relationship to the labour market, and consequently skills policy more broadly. For example, the council has advised the Dutch government on policies concerning HE, VET, adult learning, and ALMP. The SER also has an administrative role, undertakes activities arising from governance tasks and self-regulatory matters, and functions as a platform for discussions of social and economic issues. In addition, it helps the government enforce the Works Councils Act (*Wet op de ondernemingsraden*). The SER has set up a large number of committees and working parties to carry out its tasks and prepare its advisory reports. Established in law by the Social and Economic Council Act (*Wet op de Sociaal-Economische Raad*), the SER is financed by industry and is wholly independent of the government. The council consists of independent Crown-appointed members (including academia), employers and employees (33 members in total).

Source: OECD (2019^[11]), *OECD Skills Strategy 2019: Skills to Shape a Better Future*, <https://doi.org/10.1787/9789264313835-en>; Social and Economic Council of the Netherlands (2021^[34]), *What is the SER*, www.ser.nl/en/SER/About-the-SER/What-is-the-SER.

Recommendations for fostering national-level social partnership and stakeholder engagement in skills policy

- 4.3 Ensure close collaboration between a future Skills Policy Council and Lithuania's current Tripartite Council.** This would include regular communication between the proposed Skills Policy Council and the social partners represented in the Tripartite Council. Members of the Skills Policy Council could be part of a sub-committee within the Tripartite Council, for example the education sub-committee or a newly created sub-committee for skills. The Skills Policy Council should thereby inform social partner representatives of the Tripartite Council in a timely manner on planned future draft legislation and seek their advice, as well as ask Tripartite Council members for feedback on already implemented programmes and potential future revisions. In order to foster this system of social partnership, Lithuania should continue to honour unanimous decisions by employer associations and trade unions within the Tripartite Council. Furthermore, the current practice of sending government representatives (e.g. ministers) with decision-making powers to the Tripartite Council should be continued to establish mutual trust between social partners and the government, and ensure the accountability of government to decisions taken by the council.
- 4.4 Increase the impact of issue-specific stakeholder engagement bodies by guaranteeing government accountability regarding given advice.** Minimum criteria for consultation with stakeholder engagement bodies should be implemented to ensure the sufficient quality of communication between these bodies and government, and create greater incentives for stakeholders to actively participate in consultation processes. For example, transparency in how stakeholders' advice is used should be ensured, which might include mandatory written responses from the respective ministries to any advice given.

Increasing the capacity of governmental institutions and social partners at the subnational level

Capacity building is central to ensure a well-governed skills system in Lithuania, not only at the level of the national government (see Opportunity 2 and Chapter 4), but also at the subnational level (e.g. municipal, county or sectoral). Improving the capacity of subnational actors (e.g. regional development councils, municipalities and sectoral professional committees) and their co-ordination with central government could help to foster more sustainable growth across Lithuania's regions, which is one of the priorities of Lithuania's new government programme. Subnational actors include municipalities and counties, as well as non-governmental stakeholders, particularly social partners, involved in the subnational governance of Lithuania's skills system. Lithuania's 2030 strategy emphasises such participation of local communities and non-governmental stakeholders in the management of public affairs. Increasing the capacity of subnational stakeholders can also help to make education more responsive to labour market needs, as addressed in Chapter 2.

Since independence, Lithuania has decentralised responsibilities for skills policy (OECD, 2017^[13]), giving several responsibilities to municipalities, educational providers, stakeholder engagement bodies and, most recently, counties, where some municipal public service administration powers (including education) will potentially be transferred to the regional development councils (Seimas of the Republic of Lithuania, 2020^[14]) (see overview section for more detail). Social and economic partners such as business representatives have been included in regional development councils in recent years, in addition to representatives of municipalities of the respective county (National Regional Development Council, 2017^[17]). At the sectoral level, sectoral professional committees that co-ordinate strategic issues of VET

and the Lithuanian qualifications system include representatives from ministries, social partners, VET and higher education institutions.

There is evidence that the capacity of various governmental and non-governmental subnational actors to fulfil their responsibilities in a decentralised system is lacking, particularly regarding municipalities, regional development councils and sectoral professional committees. First, many municipalities are seen as lacking the capacity to fulfil the responsibilities delegated to them by central government. A previous report (OECD, 2017^[13]) and participants in this project have identified that national and municipal institutions do not offer sufficient supervision, guidance and planning, for example in setting long-term objectives and action plans to improve school quality and the student performance of educational providers (as the founders of primary and general secondary education schools), or in reorganising their school network. In non-formal adult education, municipal stakeholders lack methodological guidance on specific on-the-ground practices (e.g. guidelines to draft and implement local non-formal education plans and organise advisory councils), as well as strategic guidance for the future development and priorities of the system. Participants related this to municipalities lacking expertise in skills policy making and the personnel for skills policy, thus reflecting a lack of financial resources.² Currently, the Ministry of Education, Science and Sport often takes over the functions of municipalities when they are unable to fulfil their responsibilities. Furthermore, lack of expertise might seriously constrain the ability of municipalities to voluntarily cluster together into functional economic development zones and strengthen inter-municipal co-operation in educational service provision, as envisaged in the new Regional Development Act (see Opportunity 3 for details).

Second, similar to municipal institutions, participants in this project emphasised that regional development councils lack the time and capacity to focus on issues of skills policy (e.g. VET, non-formal education). Expertise and the personnel needed for skills policy making in regional development councils is relatively limited, as skills policy has not been a main task of these bodies until recent reforms. These challenges may increase after the implementation of the new Regional Development Act, which may give regional development councils additional responsibilities and decision-making powers in the area of skills policy.

Finally, participants in this project emphasised that sectoral professional committees responsible for the development and updating of vocational standards as part of the Lithuanian qualifications system lack the financial capacity and expertise to update/create new occupational standards in the face of rapid technological change, for example in the information and communications technology (ICT) sector. Consequently, private education providers sporadically fill the void in sectors where the public VET system cannot keep up with technological change, potentially resulting in a fractured and segmented system that lacks uniformity (Busemeyer and Trampusch, 2012^[35]).

In sum, many subnational actors often lack personnel, financial capacity and expertise, as well as receive insufficient guidance from central government. The increased provision of training workshops in skills policy making, supplemented with consistent strategic and methodological guidance (e.g. drafting and implementing local non-formal education plans, state education policy), could help these actors fulfil their responsibilities. Examples include the “Lernen vor Ort” programme in Germany, a recent ESF-funded programme to strengthen social partnership in Lithuania, as well as the practice of updating occupations within the Swiss VET system (Box 5.3). Concerning municipalities and potentially regional development councils, participants in this project argued that the SMSM and its various semi-autonomous bodies (the National Education Agency, KPMPK, SKVC and the Education Exchanges Support Foundation) could jointly implement such capacity building activities. The new Regional Development Act also regulates competence centres that will consist of independent experts and bodies authorised by the government (Seimas of the Republic of Lithuania, 2020^[14]). These competence centres are supposed to supply regional development councils with the research, analysis, forecasting and consulting services required for the preparation or implementation of regional development plans, therefore potentially also engaging in capacity building exercises.

Concerning the updating of vocational standards within the Lithuanian qualifications system, KPMPC could actively support sectoral professional organisations with clear strategic and methodological guidelines, as well as training workshops. In order to tackle the problem of insufficient personnel and financial capacity, central government should assess the possibility of granting sectoral professional councils additional funding, especially in sectors particularly affected by technological change. This could also be financed as part of a tripartite funding agreement (see Opportunity 3). Concerning municipalities, additional financial means could be raised by the expedited consolidation of Lithuania's educational network (see Opportunity 3 for details).

One issue specific to the expanded role of regional development councils is the limited capacity of trade union representatives to participate in the governance of the VET system. After the abolishment of the tripartite vocational training councils (*Lietuvos profesinio mokymo tarybos*), which included representatives of central government, municipalities, employers and employees, the regional development councils took over some of their functions (e.g. decisions on number of state-funded VET places, delegation of VET school council representatives). While trade union representatives were permanent members of the VET councils, this is not the case for the regional development councils, where one third of all members must be representatives nominated by social and economic partners and appointed by the respective regions. According to participants in this project, trade unions nominated candidates in all regions, but no region appointed them as members. This is a break with the mechanisms of social partnership that Lithuania has strived to implement in recent decades. Research has also emphasised that the engagement of trade unions in the governance of VET systems as a counterbalance to business interests might make training more transferable and therefore more attractive for individuals (Busemeyer and Trampusch, 2012^[35]; Emmenegger, Graf and Trampusch, 2019^[36]). A recently reached compromise with the Lithuanian Government, which agrees to give trade unions an advisory/observatory seat in regional development councils (should they not be appointed as regular members), is a first step in the right direction and should be fully implemented; however, it does not yet establish parity between employer and employee representatives (as is usually practiced in social partnership).

Box 5.3. Relevant national and international examples: Capacity building at the subnational level

Capacity building for local governments: An example from Germany

The federal programme “*Lernen vor Ort*” (Learning at the Local Level) ran from September 2009 to August 2014. It brought together 46 educational foundations to help communes manage their education programmes and build networks for knowledge transfers across regions. The programme supported local governments in building capacity for education monitoring and management, as well as creating sustainable networks between local administrations and civil society actors. The programme provided a total of EUR 100 million to support local districts and municipalities in setting up network structures and developing capacities. Districts and municipalities had to compete for funding and their participation was entirely voluntary. Following the end of the programme, the German Federal Ministry of Education and Research established eight regional transfer agencies across the country as part of the transfer initiative local education management (*Transferinitiative Kommunales Bildungsmanagement*). These transfer agencies provide advice to local authorities, support their education management and spread best practices. They help local authorities analyse their current situation, facilitate local dialogue between different actors and stakeholders, offer advice about relevant tools and instruments, and offer capacity building and professional development.

Capacity building for intermediary associations: An example from Switzerland

One major goal of the 2002 Swiss VET reform was to make the VET system fit for technological change. It introduced a standardised process for designing training ordinances and curricula and introduced a mandatory revision of all occupations within the Swiss VET system in order to keep up with rapid technological change. This led to a fundamental increase in pedagogical requirements and administrative workload for the intermediary associations tasked with creating the occupational profiles and training regulations, which are employer associations, craft or occupational employee associations, as well as mixed forms of the aforementioned types. In order to enable these intermediary associations to fulfil their responsibilities, the Centre for the Development of Occupations within the Swiss Federal Institute for Vocational Education and Training offers methodological and pedagogical support for the development and renewal of occupations that is specifically targeted at these intermediary associations. The 2002 reform has been widely considered as a success, with the Swiss VET system being successfully updated to technological change.

Capacity building for social partners: An example from Lithuania

In Lithuania, an ESF-funded project for strengthening co-operation between trade unions and employers in social partnership (*Profesinių sąjungų ir darbdavių bendradarbiavimo modelis vystant socialinį dialogą*) was implemented from 2017 to 2020. The project was implemented by the Ministry of Social Security and Labour in co-operation with employer associations and trade unions. It supported joint activities by employers and trade unions, developed the skills of social partners, and analysed the performance of social partnership in Lithuania. At the company level, the project included round table discussions and consultations on collective bargaining, employee information and consultation, and employee participation in management. It also produced public information campaigns on social partnership, aimed to strengthen social partnership in districts and sectors where it is traditionally weak, organised training for employer and employee representatives, as well as the public, and organised exchange activities with other social partner institutions in Europe. However, the focus of the project was on issues of collective bargaining, and not necessarily skills policy.

Source: Busemeyer and Vossiek (2015^[37]), *Reforming Education Governance Through Local Capacity-building: A Case Study of the "Learning Locally"*, <https://dx.doi.org/10.1787/5js6bhl2mxjg-en>; OECD (2019^[28]), *OECD Skills Strategy Poland: Assessment and Recommendations*, <https://doi.org/10.1787/b377fbcc-en>; Santiago, P. et al. (2017^[38]), *OECD Reviews of School ReSource: Chile 2017*, <https://dx.doi.org/10.1787/9789264285637-en>; SFIVET (2020^[39]), *Review and revision of professional activities*, <https://www.sfivet.swiss/cdo-our-services>; Baumeler, Engelage, and Strebel (2018^[40]), *Creation, Maintenance, and Disruption: Occupational Associations and Their Heterogeneous Institutional Work after the Swiss VET Policy Reform*, <https://zenodo.org/record/1319630#.YEJSt05xfIU>; Socialinis Dialogas (2020^[41]), *Uzdaviniai, tikslai, dalyviai*, <https://www.socdialogas.lt/uzdaviniai-tikslai-dalyviai/>.

Recommendations for increasing the capacity of governmental institutions and social partners at the subnational level

- 4.5 Increase the capacity of municipalities, regional development councils and sectoral professional committees to fulfil their responsibilities in the governance of Lithuania's skills system.** In order to increase the expertise of subnational actors in skills policy, Lithuania's ministries and/or semi-autonomous bodies responsible for the policy fields in question should ensure the sufficient provision of training workshops for municipalities, regional development councils and sectoral professional committees, combined with strategic and methodological guidance for skills policy making. Potential providers of these capacity building activities could include the SMSM, the National Education Agency, the KPMPC, the SKVC, and the Education Exchanges Support Foundation. For regional development councils, the newly created competence centres could engage in similar capacity building activities. Lithuania should also increase the human and financial resources of municipalities, regional development councils and sectoral professional committees. Financial resources could be raised via better targeting the funding in Lithuania's skills system (which could lead to cost savings on the side of municipalities) and/or the creation of a tripartite funding agreement (see Opportunity 3).
- 4.6 Strengthen social partnership at the subnational level by including trade unions in regional development councils.** The Lithuanian Government should implement legislation that establishes a certain balance of power between employer and employee representatives in regional development councils, particularly if these councils gain more authority as part of the further implementation of the new Regional Development Act. While an advisory/observatory seat for trade unions in regional development councils can be a first step, the Lithuanian Government could also consider giving each social partner a fixed minimum number of seats in order to establish parity between employer and employee representatives.

Opportunity 2: Enhancing skills information and career guidance systems and practices

Comprehensive information systems on current skills policy outcomes and future skills needs, as well as on the career opportunities connected to current and future skills needs, are an essential building block of well-governed skills systems (OECD, 2019_[1]). The importance of such information systems is also acknowledged in Lithuania's 2030 strategy, which emphasises the benefits of evidence-informed policy making as part of "smart governance".

First, skills assessment and anticipation tools can help supply policy makers with sufficient evidence to guide their decisions, although there is a need to draw on a variety of data sources and methodologies, including qualitative information (OECD, 2017_[42]). For example, qualitative "foresight" exercises might help policy makers consider the fundamental uncertainties of future skill demands, with skills systems subject to rapid technological change meaning that changes in skills requirements are hard to predict and not fully identifiable via quantitative analysis. Furthermore, co-ordination across the whole of government can facilitate the communication of ministries' individual data needs and gaps. As well as the importance of the availability of such information, policy makers need sufficient capacity (in terms of personnel and expertise) to use this information in evidence-informed policy making. Information on current and future skill needs and outcomes are relevant for individuals as well as policy makers, as they can profit from career guidance that provides them with information to make future career choices (OECD, 2019_[1]). At a young age, career guidance helps individuals make initial education and career decisions that are aligned with labour market needs (Mann, Denis and Percy, 2020_[43]). But also throughout the life course career guidance can equip

individuals with the knowledge to optimise and adapt their career and education choices in the face of a changing world of work (OECD, 2019^[44]). Consequently, such career guidance should be available to the whole population, regardless of age, employment status and place of residence.

Improving Lithuania's ability to use evidence in skills policy making

In recent years, Lithuania has substantially improved its tools for evidence-informed policy making, including skills assessment and anticipation. For example, a variety of quantitative information exists (for more detail, see overview section). Most recently, Lithuania introduced its comprehensive National Monitoring of Human Resources (NŽIS, for detailed information, see Box 5.4). A rich, open skills assessment and anticipation database was also provided via the *Žmogiškųjų išteklių prognozavimo sistema* (ŽIPS) model, accessible online (zips.lt). However, this site has not been updated with new data since 2018, although STRATA is working on an updated version based on newly available data from NŽIS, which is estimated to be available at the end of 2021. Lithuania has made progress in developing information systems that can support ministries active in skills policy; however, there are still opportunities for improvements with respect to how the data demands of ministries are communicated and how information is used by ministries to effectively support evidence-informed policy making.

According to many participants in this project, Lithuania lacks a culture of evidence-informed policy making. Some participants emphasised that ministries do not sufficiently use data and evidence for policy making, despite the availability of data. This is also consistent with a recently released report on the public sector in Lithuania (Ministry of the Interior and STRATA, 2020^[45]) and a previous OECD report (OECD, forthcoming^[18]), both of which recommend strengthening evidence-informed policy making and increasing the capacity of civil servants. According to participants, the low use of evidence is often related to the limited capacity of ministries for evidence-informed policy making, especially with respect to the expertise of civil servants. This includes a lack of technical expertise in some ministries to use statistical data, on knowing which specific kind of data is needed (e.g. for effective *ex ante* and *ex post* evaluations), and on how to time data requests (e.g. early enough in the decision-making cycle). These factors prevent policy makers from effectively using and analysing existing data. Participants also highlighted that ministries often have limited financial leeway to hire a sufficient number of adequately trained personnel for evidence-informed policy making (see Opportunity 3). To mediate these issues in the short term, training workshops for evidence-informed policy making in skills policies could be co-ordinated by STRATA. In the long term, as emphasised by the OECD report (OECD, forthcoming^[18]), Lithuania could implement a specific analytical track within the civil service. This track should particularly target young graduates with backgrounds in empirical research, and offer competitive salaries and upwards career mobility. Finally, the Lithuanian Government should assess if individual ministries and STRATA currently have sufficient financial capacities to fulfil their responsibilities.

Participants in this project highlighted the existence of gaps in skills assessment and anticipation tools that limit evidence-informed policy making. The limited use of data might therefore be partly explained by an insufficient provision of data. While Lithuania generates and uses a wide variety of administrative data, participants emphasised that it does not generate new primary data and forecasts to a sufficient extent. Most importantly, participants emphasised the need to generate more data on medium-term skills needs in order to avoid potential mismatches between skills supply and demand, particularly in high value-added sectors that offer substantial growth potential to the Lithuanian economy. More specifically, regularly updated medium-term data on skill needs at the occupational and regional level were identified as lacking, with the latter also being a result of missing data on (regional) labour emigration. Currently, mostly short-term forecasts are available. The need to increase demographic forecasts was highlighted as a way of generating more medium- and long-term forecasts. Data to evaluate the impact (e.g. concerning job progression) of non-formal education policies was also deemed as lacking.

Box 5.4. Relevant national example: Integrated skills assessment and anticipation tools

Integrated skills assessment and anticipation tools: an example from Lithuania

In 2016, Lithuania introduced its National Monitoring of Human Resources (*Nacionalinė žmogiškųjų išteklių stebėseną*, NŽIS). This system includes data on the qualifications and education of individuals, their professions and wages, their employers, and their age categories. It does this by integrating all available data on individuals, in particular administrative data, from different information systems into one platform (e.g. State Social Insurance Fund, State Tax Inspectorate, Public Employment Service, Centre of Registers, Education Management Information System, Residential Register, State Patient Fund). The system also integrates two previous systems: the “qualification map” (how graduates from VET and tertiary education integrate into the labour market) and a “human resource monitoring and forecasting system” (the medium-term demand of human resources based on Labour Force Survey data). All state authorities are obliged to use NŽIS results in decision making in the fields of labour market, education and human resource development. It is particularly relevant for the Ministry of Education, Science and Sport when planning and funding educational programmes, evaluating higher education institutions, forecasting specialists demand, and providing guidance and counselling.

Table 5.3. Advantages and disadvantages of forecast and foresight methods and tools

Type of approach	Approach	Advantages	Disadvantages
Forecast	Projections and quantitative models at the national level.	Comprehensive (typically, covers all sectors), consistent, transparent and explicit.	Data demanding and costly. Not everything is quantifiable and may give a false impression of precision/certainty.
Forecast	Surveys of employers asking about skill deficiencies and skill gaps.	Direct “user/ customer” involvement. Easy to set up and carry out.	May be very subjective and inconsistent, with too much focus on marginal and ephemeral situations.
Foresight	Focus groups/round tables, Delphi style methods, scenario development.	Holistic (considers a broader range of factors than just economic). Direct “user/customer” involvement.	Can be non-systematic, inconsistent, and/or subjective.
Combined	Sectoral/ occupational/regional studies and/or observatories (using both quantitative and qualitative evidence).	Holistic (for the sector). Partial (ignores other sectors). Strong on sector and other specific labour market dynamics.	May introduce inconsistency across sectors.

Source: Adapted from Wilson et al. (2004^[46]), *Developing a National Skills Forecasting Tool for South Africa*; OECD (2016^[47]), *Getting Skills Right. Assessing and Anticipating Changing Skill Needs*, <https://doi.org/10.1787/9789264252073-en>.

Multiple participants in this project highlighted data gaps in qualitative information. Participants emphasised the need to adopt “foresight” approaches to future skills needs alongside the abovementioned “forecast” approaches. As there are “inherent strengths and weaknesses with every type of skill needs data source”, the OECD also emphasises the need to draw on a variety of sources and methodologies, both quantitative and qualitative (OECD, 2017^[42]). In contrast to forecast, foresight (OECD and ILO, 2018^[48]) draws heavily on qualitative data (primarily or in addition to quantitative data), with methods such as focus group discussions, brainstorming exercises, expert discussion and interviews, Delphi-style methods, or scenario development used at the national, subnational or sectoral-level. Participants emphasised that forecasts are subject to a certain path dependency, whereby future scenarios are projected based on the skill demands of the current economic profile of Lithuania, thereby underestimating the potential for more radical change. In contrast, foresight exercises are based on stakeholder and expert assessments of potential future skills scenarios, and identify opportunities for actively influencing trajectories for skill demands via priority setting and vision building, and the actions to fulfil these goals.

Foresight approaches take into account the fundamental uncertainties of the future in the area of skills, such as rapid technological change and associated changes in skills requirements. This includes essential trends such as progress in artificial intelligence and automation or developments in green technologies. Lithuania's National Plan for Progress (NPP) 2021-2030 and the 2030 strategy highlight the importance of establishing the infrastructure and skills necessary for sustainable economic development in state-of-the-art technologies and innovations, for example information and communication technologies, life sciences and engineering industries. Foresight exercises might help Lithuania fulfil these strategic goals, drawing upon stakeholder and expert suggestions for the proactive actions required to influence skills demand and supply in these sectors. Future reforms of formal school curricula and non-formal learning programmes, as discussed in Chapter 2, could benefit from such foresight approaches that identify the skills that young people need for success in work and life. Furthermore, skills foresight exercises might help Lithuania's skills system increase its resilience to external shocks, such as the COVID-19 crisis, by developing and creating potential actions for multiple plausible scenarios that are not (yet) reflected in quantitative evidence. Lithuania should therefore further expand its own activities in the area of skills foresight, drawing on international examples such as Ireland (Box 5.5).

Lithuania's skills governance system should also be able to fulfil the data needs of policy makers in the long term. Participant comments that existing information and evidence on skills policy does not necessarily meet their demands points towards problems in effectively communicating data needs. This assessment is supported by another report that highlights Lithuania's challenges of accessing and sharing data across institutional boundaries (OECD, forthcoming^[18]). In Lithuania, various different players are responsible for data collection and analysis. STRATA is responsible for providing the government, ministries and municipalities with information for evidence-informed decision making. It mostly draws on primary data from other sources, performs research and evaluation, and distributes data and analysis to individual ministries. However, primary data collection is undertaken to a significant extent by individual ministries and their semi-autonomous bodies, as STRATA only partially collects its own data (e.g. as part of specific surveys).

In order to assess, monitor and improve data, indicators and the potential application of information, Lithuania's government launched an inter-ministerial commission on HR monitoring (NŽISK, see also Opportunity 1). The tasks of this commission include assessing and providing proposals to improve data, indicators and the potential application of information, as well as the financial and administrative burdens connected to data collection. In the long term it aims to create a culture of evidence-informed decision making. Participants in this project emphasised that this commission is a forum for communicating the data needs of ministries. However, it was also frequently emphasised that the high-level nature of the commission (involving the respective vice ministers) currently prevents more specific, detailed discussions (see also Opportunity 1). A lower, technical-level working group of the commission, including for example heads of divisions, department directors and career civil servants, could meet on a more frequent basis and ensure that the respective data needs are communicated. Such a lower-level working group could also help to increase ministries' commitment to use evidence in policy making. Political-level meetings could subsequently decide which actor (ministry, semi-autonomous body, STRATA, etc.) should be obliged to follow up on specific data needs, ensuring the sufficient provision of data in the long term.

According to participants in this project, STRATA has limited capacity to supply the evidence needed to ministries. This is partly due to its far-reaching mandate that goes beyond skills policy, including guidance and support for *ex ante* and *ex post* evaluations in all policy sectors, and its functions regarding high-level planning documents (see assessment section). If STRATA continues to perform this "dual" mandate, as well as being responsible for specific data distribution and analysis in the field of skills policy, the Lithuanian Government should assess if it possesses the necessary means in terms of financial resources and personnel to fulfil these responsibilities. Participants in the project highlighted current talks to potentially reduce STRATA's role in supplying ministries with evidence, with some responsibilities being transferred to individual ministries and/or their semi-autonomous bodies. A recent report on evidence-informed policy

making in Lithuania also recommends transferring STRATA's responsibilities exclusive to skills policy back to the SMSM (OECD, forthcoming_[18]). With regard to applying a whole-of-government approach to skills policy, such a reorganisation could risk losing the synergies created when one dedicated institution is responsible for providing a sound evidence-base in skills policy. However, a well-functioning communication channel to exchange data needs could counteract such tendencies, which emphasises the importance of a well-functioning inter-ministerial commission on HR monitoring (as recommended above). Giving ministries more responsibilities also further highlights the need to increase their ability to use evidence in policy making, which appears to be insufficient even without any change in responsibilities.

Box 5.5. Relevant international example: Skills foresight approaches

Skills foresight approaches: An example from Ireland

Ireland's Expert Group on Future Skills Needs, established in 1997, gives strategic advice to the Irish government on current and future skills needs of the economy. It is composed of business representatives, experts, trade unions and policy makers. In co-operation with the SOLAS Skills and Labour Market Research Unit, it conducts its own research using a wide variety of quantitative and qualitative methods for skills anticipation. It carries out sector-specific foresight exercises using an approach that draws on interviews and focus groups with sectoral experts and actors involved in developing and using skills, including sectors such as green and digital economies. For example, the "Future Skill Needs for Enterprise within the Green Economy" project explored sub-sectors of the "green economy" identified as having substantial export growth and employment potential. It aimed to provide information on the current size and skills profile of companies in the green economy; the economic, social and environmental drivers of change towards the green economy; future skills demands for occupational groups in these sectors; the adequacy of currently supplied skills; and the anticipation of future skills shortages and proactive actions required to ensure a sufficient future supply of skills. The project was based on a structured telephone survey, several workshop discussions with companies and a wider group of stakeholders, and in-depth case studies on specific companies (including company visits and structured face-to-face interviews on skill gaps and future skill needs).

Source: OECD and ILO (2018_[48]), *Approaches to anticipating skills for the future of work*, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_646143.pdf; EGFSN (2010_[49]), *Future Skill Needs for Enterprise within the Green Economy*, http://www.skillsireland.ie/media/egfsn101129-green_skills_report.pdf; EGFSN (2021_[50]), *About us*, <http://www.skillsireland.ie/about-us/>.

Recommendations for improving Lithuania's ability to use evidence in skills policy making

- 4.7 Improve the identification, communication and response to ministries' data needs through regular, inter-ministerial technical-level meetings.** The inter-ministerial National Commission for the Co-ordination of Human Resources Monitoring (NŽISK) and a future Skills Policy Council (see also Opportunity 1) should intensify efforts to identify and follow-up on the data needs expressed by ministries. Meetings of this body at a higher, political level (e.g. vice ministers) could be complemented by more frequent, lower-level technical meetings (e.g. career civil servants, heads of divisions and department directors to facilitate the communication of respective data needs and create commitment by ministries to use evidence in policy making. Political-level meetings should subsequently decide which actor should be obliged to follow up on specific data needs, thus ensuring the sufficient provision of data in the long term.

- 4.8 Continue to improve skills needs assessment and anticipation in Lithuania, particularly in the areas of quantitative skills forecasting and qualitative skills foresight.** In order to avoid skills mismatches, Lithuania (and in particular NŽISK) should first assess and address the most immediate data needs in the field of skills forecasting, in particular the need for regularly conducted medium-term forecasts on future skills supply and demand across occupations, with an emphasis on high value-added sectors. Second, Lithuania should better supplement quantitative forecasts with qualitative data from stakeholders and experts. In order to design effective skills development measures in the face of ongoing megatrends and/or current uncertainties resulting from the COVID-19 crisis, the Government Strategic Analysis Centre (STRATA) and/or individual ministries and their semi-autonomous bodies (in potential collaboration with research institutes, universities and colleges) should increase skills foresight exercises (Box 5.5).
- 4.9 Increase the capacity of ministries and STRATA to fulfil their functions in supporting and undertaking evidence-informed policy making.** In the short term, STRATA together with individual ministries should co-ordinate and carry out training workshops to increase knowledge of and sharing of best practices for evidence-informed policy making in the area of skills policies. In the long term, Lithuania should consider implementing a specific analytical track within the civil service that offers competitive salaries and upwards career mobility, thereby attracting highly skilled analysts. The Lithuanian Government should also assess and ensure that individual ministries and STRATA currently have sufficient financial and human resources (see Opportunity 3) to fulfil their respective responsibilities in the area of evidence-informed skills policy making.

Implementing a system of lifelong career guidance for individuals of all ages

Well-governed skills systems supply individuals with information on the skill needs of the economy, and consequently future career opportunities, so that they can make well-informed choices. In practice, career guidance in Lithuania is provided in a very fragmented manner, which leads to cost inefficiencies and gaps for different target groups. Career guidance services are fragmented across regions (with more provision in economically stronger regions), age groups and employment status (with more focus on youth and the unemployed), as well as across projects (with multiple programmes targeting similar groups). Furthermore, there is no common professional standard for career counsellors, leading to a fragmentation of standards between different providers, and consequently fluctuations in quality (euroguidance, 2020^[19]). However, effective career counselling is crucial for young people's decisions regarding what, where and how to learn, and helps students make study and employment choices aligned with labour market needs (Mann, Denis and Percy, 2020^[43]). Effective counselling in lower secondary schools could support students and their families to better understand upper secondary educational offerings, while effective counselling in upper secondary schools could help with the choice between post-secondary VET, professionally oriented colleges or universities. Career guidance is also crucial to encourage participation in adult learning, as it helps individuals understand their skillset and navigate available learning opportunities, which increases their employment prospects and career progression throughout the life course and minimises skills mismatch in the wider economy (OECD, 2019^[44]). This highlights the importance of also promoting counselling services among adults, both employed and unemployed alike.

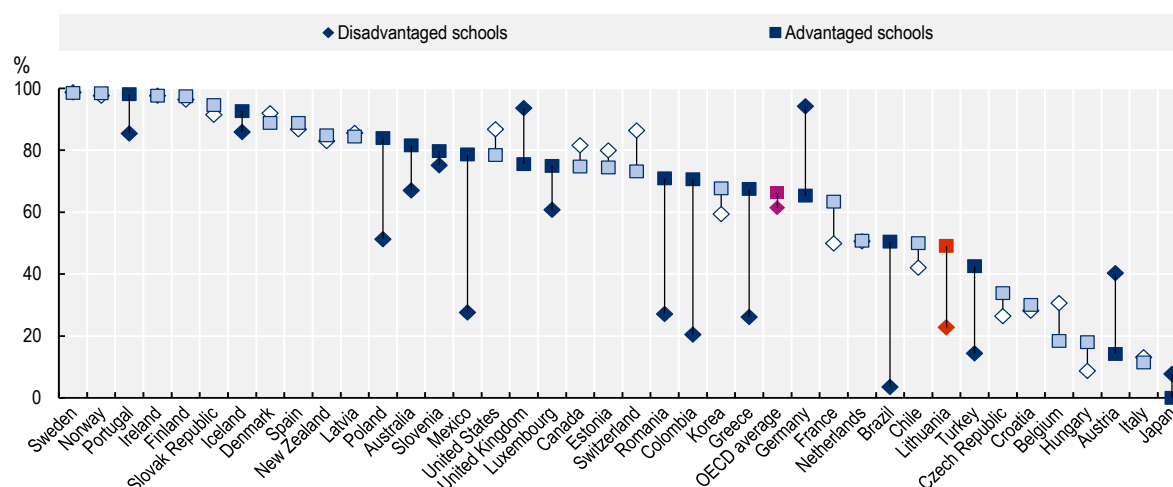
Career guidance services are often not available to the same standard throughout Lithuania. In the school system (both VET and general education), career guidance is only rarely provided via full-time positions of career counsellors and co-ordinators (euroguidance, 2020^[19]). Consequently staff members, such as teachers and psychologists, mostly take on these functions. According to participants, schools in economically strong regions are especially able to provide career guidance to a sufficient extent. For

example, a recent EU-funded project introduced dedicated career counsellors in schools, but since funding stopped, only a minority of schools have secured continued funding for such services, and these schools were mostly in economically stronger municipalities.

High disparities in career provision between schools are thus visible, as illustrated in Figure 5.7. In Lithuania only 30% of 15-year-old students are in schools where career guidance is formally scheduled into the students' time, the lowest of all OECD countries except Slovenia (OECD, 2019^[51]). About 87% of students are in schools where teachers have the responsibility for career guidance (no specific guidance counsellors), which is above the OECD average of 60% (OECD, 2019^[51]). Furthermore, VET schools seem particularly disadvantaged regarding career counselling, as almost four times as many students in general programmes have access to specific guidance counsellors than students in VET programmes, the largest gap in the OECD behind Greece (OECD, 2019^[51]).


Figure 5.7. Advantaged/disadvantaged schools where one or more dedicated counsellor provides career guidance

Percentage of students in schools that provide career guidance



Note: Statistically significant differences are marked in a darker tone.

Source: OECD (2019^[51]), *PISA 2018 Results (Volume II): Where All Students Can Succeed*, <https://doi.org/10.1787/b5fd1b8f-en>.

StatLink  <https://stat.link/ynq9td>

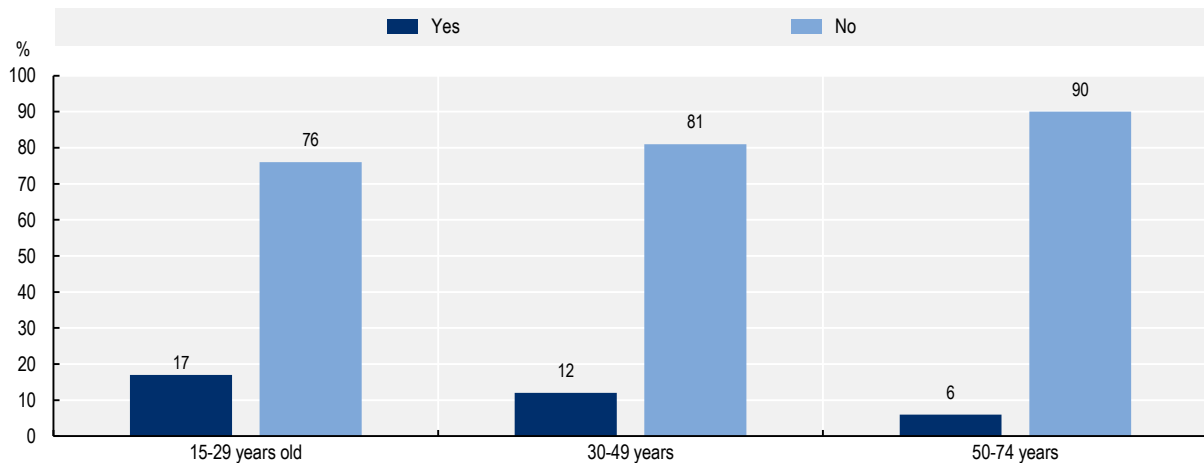
Outside of schools, youth job centres, which exist in most municipalities, have offered career guidance and other services to youth since 1999, when they were established by the PES. These one-stop shops inform young individuals (age 16-29) about programmes available to integrate them into the labour market. The centres also have partnerships with employers, municipalities and universities, regularly organise vocational guidance activities in schools, and increasingly communicate with school career counsellors. All young people are eligible without registration. Lithuania has recently set-up a one-stop shop career guidance centre for young people in the Alytus region (Box 5.6). The model for this is planned to be expanded across multiple regions of Lithuania. Similar one-stop shops for adults do not yet exist.

Access to career guidance services for adults is even more limited. The Action Plan for the Development of Lifelong Learning 2017-2020 included the goal of providing quality career services for adults in physical and virtual environments. In Lithuania, participation in career guidance decreases with age, as shown in Figure 5.8. While this is not surprising given that older adults typically have more stable jobs than younger adults, it still reveals potential for improvement. In addition, efforts have been concentrated mostly towards jobseekers, which is the responsibility of the PES. However, when considering changing labour

market needs due to structural trends such as digitalisation and automation, participants also expressed the importance of changing/adjusting career paths throughout the life course, irrespective of an individual's current employment status.

Figure 5.8. Communication with career counsellors/career guidance specialists according to age

Percentage of respondents that communicated with a career counsellor/career guidance specialist in the last year



Source: STRATA (2020^[52]), *Mokymasis visą gyvenimą. Įpročiai, patrauklumas, barjerai, naudos suvokimas: Gyventojų apklausos ataskaita. Priedai [Lifelong learning habits, barriers and perceptions: population survey report. Appendix]* https://strata.gov.lt/images/tyrimai/viesi_duomenys/MVG-2020/STRATA_MVG_Priedai.xlsx.

StatLink  <https://stat.link/fsjvzn>

Box 5.6. Relevant national example: One-stop shop career centres

Career centre “Karjeras”: An example from Lithuania

Karjeras was opened in the Alytus City municipality in 2019 as a career guidance centre based on the one-stop shop principle. It was launched by the Alytus City municipality, the Employment Service and the Department of Youth Affairs within the SADM. It operates in the premises of the Alytus Youth Job Centre, thereby drawing on existing infrastructure. It is open from Monday to Thursday and its primary aim is to encourage young people to pay more attention when choosing their future career path and profession, highlighting both opportunities as employees as well as the prospects of becoming future entrepreneurs. The centre provides career counselling sessions by professionals, career tests, individual consultations, and volunteering and internship opportunities – all in co-operation with schools, the staff of youth job centres, psychologists and socially responsible enterprises. The centre is currently unique in Lithuania as it combines the provision of all services necessary for career guidance under one roof, and has strong co-operation with private sector companies. It is a pilot project currently granted for two years, to be potentially expanded to all regions throughout Lithuania if successful. However, it is currently only aimed at those between the ages of 14 and 29, therefore excluding older participants who wish to seek career guidance.

Source: Employment Service (2021^[53]), *Karjeras webpage*, <https://uzt.lt/karjeras/>.

Career counselling for adult jobseekers in Lithuania has also faced limitations. According to their specific needs, jobseekers can be given counselling and vocational guidance (OECD, 2018^[26]). However, even before COVID-19, counsellors at the PES were overburdened with high caseloads, which limited the ability

for tailored and intensive career counselling. The caseload per frontline staff was 150 in 2016, 50% higher than the level in 2007 (OECD, 2018^[26]). Rising unemployment levels connected to the COVID-19 crisis are likely to increase the pressure on PES counsellors for the foreseeable future.

According to participants in this project, measures aimed at improving career guidance in Lithuania are fragmented into a number of similar projects that target similar groups. This can be seen in the projects mentioned in this section, such as the EU-funded career counsellor project, the network of youth job centres, and the model of the Alytus Career Guidance Centre. The lack of an integrated and unified approach potentially leads to an inefficient use of resources. For example, an EU-funded project introduced dedicated career counsellors in schools, but since external funding ended, only a minority of schools could secure funding to continue these services. In parallel, the PES expanded the network of youth job centres targeted at jobseeking youths across Lithuania until 2016. Similarly, the model of the Alytus Career Guidance Centre targeted at young individuals is currently planned to be expanded across multiple regions of Lithuania, also with the PES in lead responsibility. The implementation of such partially overlapping, similar projects can lead to an inefficient use of financial resources, which are already scarce in Lithuania in international comparison (see Opportunity 3).

Lithuania should consequently expand and pool resources of existing career guidance services across all age groups and regions, instead of setting up new programmes and institutions for each target group. In order to keep costs in check, while at the same time guaranteeing equal quality and accessibility, Lithuania could implement a single, comprehensive system of career guidance, with modes of delivery that build on existing infrastructure. For example, Scotland has taken an innovative approach to integrating career guidance across the life course (Box 5.7). In practical terms, Lithuania could implement common professional standards for career counsellors and quality standards for career guidance. Furthermore, common information tools could be set up (for example based on data from NŽIS, see previous opportunity) that equip counsellors with the most recent available labour market intelligence, enabling them to give up-to-date advice. In the mid to long term, Lithuania could follow a similar approach to Scotland, designating a single agency responsible for providing career guidance across all age groups and modes of delivery, but building on existing competencies within the PES.

Lithuania should harness technology to increase the supply of online career guidance services, in particular by strengthening and consolidating existing digital modes of delivery. This would be a cost-efficient way of relieving overburdened counsellors, addressing the target groups who have received less attention thus far (e.g. youth in schools in economically weaker regions, employed adults), and implementing social distancing practices due to the COVID-19 pandemic (OECD, 2021^[54]). For example, the PES has already moved aspects of its career counselling online since the start of the COVID-19 crisis, just as many other OECD countries have done. However, participants consulted during this project indicated that current efforts could be improved. Career guidance in Lithuania will consequently need to utilise phone, email, social media and video call tools to connect to target groups across all age groups and regions and help guide them towards training options. These digital tools also allow counsellors to cope with higher caseloads by enabling group counselling and informational webinars, thereby reducing pressure on overburdened counsellors (particularly in the PES). Virtual options for career guidance ensures that counselling can be continued during social distancing measures. Digital tools can also lead to more personalised services (Box 5.7). These tools could be standardised across Lithuania's career guidance system, achieving cost savings and enabling the sharing of best practices between counsellors.

Lithuania is currently assessing whether to expand the one-stop shop model of the Alytus Career Guidance Centre (Box 5.6) as “regional career centres” across multiple regions, with the PES as lead responsibility. This expansion would increase the number and coverage of physical career guidance services across regions. However, it is important that such an expansion does not reproduce existing service gaps (e.g. for employed adults) or overlap with other programmes/services targeting similar groups (e.g. youth job centres). First, the potential expansion of regional career centres to all regions of Lithuania should be based on the existing infrastructure of youth job centres (i.e. following the example of the Alytus Career Centre). Current plans focus on potentially transforming youth jobs centres into regional career centres wherever possible, and/or closing some youth job centres after regional career centres are introduced. Existing resources could thereby be pooled in order to achieve an efficient delivery of services. Second, in addition to the digital modes of delivery mentioned previously, regional career centres could address the target group of employed adults, regardless of their employment status, when expanded across all regions of Lithuania. When expanding the reach of regional career centres and digital tools, Lithuania should also raise awareness about these new offerings through social media and the Internet as part of a more general effort to increase awareness about adult learning (see Chapter 3). Finally, Lithuania should assess if the agency given responsibility for career guidance (whether the PES or another agency) has sufficient capacity to fulfil its role in the context of the pandemic, given that existing career guidance services appear to be stretched. Such capacities include financial resources, but also the expertise to meet the specialised needs of new target groups. For example, employed adults are likely to expect different types of advice (e.g. career progression, changing jobs) to unemployed adults and youth (OECD, 2021^[54]).

As part of a new career guidance model, Lithuania should ensure the accessibility of career guidance services to youth in all types of school and region. Expanding the model of the Alytus Career Guidance Centre across all of Lithuania’s regions could provide more students with access to higher quality career guidance services. For example, as suggested by participants, staff from regional career centres together with local employers could engage in outreach activities in schools, thus preparing students for the world of work. Similarly, schools and teachers could be encouraged and supported to schedule class excursions to the closest regional career centre. These visits should ideally be followed up by additional counselling sessions; however, this might be hard to achieve for schools and students not in direct proximity to a regional career centre. Students could therefore use digital tools to access these career guidance services from school.

Box 5.7. Relevant international examples: Career guidance

Integrated career guidance: An example from Scotland

Scotland has a well-developed and comprehensive system of career guidance. The Scottish government funds a national public body, Skills Development Scotland (SDS), to deliver career information, advice and guidance (CIAG). The all-age service is delivered in schools and via a network of local high street centres and in local partnership and outreach premises. The SDS universal CIAG offer ensures the delivery of a non-targeted all-age career guidance service in Scotland, free to anyone at the point of need. While most customers will predominantly receive assisted or self-directed support through My World of Work, an award-winning career information and advice website, all the face-to-face services offered through SDS careers centres are available to any customer according to their current need. There is also the choice of using a dedicated telephone helpline, demonstrating the integrated, multi-channel delivery of the CIAG service. The skills planning model used by SDS allows career practitioners to be equipped with the most recent available labour market intelligence, provided in an easily accessible format. This includes information on industry demand at both a regional and sectoral basis, with a focus on the needs of priority and growth areas such as the science, technology, engineering and mathematics sectors. They also have up-to-date information on the full range of routes and pathways that can be taken into these careers, including options for work-based learning. It is recognised that some customers require more support than others to make a successful transition to work or further learning. To increase equality of opportunity for all, SDS CIAG services target resources at those customers who require the most support. A “needs matrix” is used to suggest the level of support need for each customer and the corresponding service offer they might receive. This need is then validated to confirm the service offer entitlement. Scotland recognises that “career guidance is a distinct, defined and specialist profession which demands a unique set of core skills and expects all career guidance practitioners to be professionally qualified” and fulfil a minimum of 21 CPD hours annually.

Digitising career guidance: An example from Estonia

The PES in Estonia has had extensive experience providing remote career guidance and counselling via email, phone, and Skype for several years. Originally implemented to overcome obstacles that prevent people from reaching PES offices, and to provide guidance to those who wish to remain anonymous, these digital services have also enabled Estonia’s PES to respond quickly to COVID-19. The demand for distance career guidance services rose at least seven-fold between January and March 2020, and the PES was able to upscale digital services accordingly. Adults can now schedule a meeting on the PES’s self-service portal for a Skype chat. Counselling via phone, email or Microsoft Teams, which is used for both individual and group consultations, are also options. To complement online career guidance, the Estonian PES has fully automatised several of its processes successfully, such as registering jobseekers and processing unemployment insurance benefits. This allows the whole process of support for the unemployed to be undertaken online, enabling the PES to deal with much higher caseloads from a safe distance. The PES has also organised an international online job fair in response to COVID-19, promoting the online event through public television and radio, advertisements on social media and private web pages, and mass mailing of all the partner-employers of the PES.

Source: Musset and Kureková (2018^[55]), *Working it Out: Career Guidance and Employer Engagement*, <https://doi.org/10.1787/51c9d18d-en>; OECD (2020^[56]), *Public employment services in the frontline for jobseekers, workers and employers*, <https://www.oecd.org/coronavirus/policy-responses/public-employment-services-in-the-frontline-for-employees-jobseekers-and-employers-c986ff92/>; Holland and Mann (2020^[57]), *How Estonia is delivering online career guidance during the coronavirus crisis*, <https://oecdeditoday.com/estonia-online-career-guidance-during-coronavirus-crisis/>.

Recommendations for implementing a system of lifelong career guidance for individuals of all ages

- 4.10 Strengthen career guidance in Lithuania by establishing an integrated, comprehensive lifelong career guidance system to serve all regions and age groups, with multiple modes of delivery.** For example, Lithuania could create common professional and quality standards for career guidance and set up common information tools that equip counsellors with labour market intelligence (for example based on data from NŽIS). Lithuania could potentially appoint a dedicated agency responsible for providing and managing career guidance across all age groups and modes of delivery, building on existing competencies within the PES. Lithuania should also build the specific modes of delivery of such an integrated system on existing infrastructure. For example, one-stop shop regional career centres (such as the Alytus Career Guidance Centre) should be built on youth job centres wherever possible, and the use of digital tools for career guidance could be strengthened by building on existing efforts of the PES to adapt career guidance in the context of the pandemic. All career guidance providers in Lithuania should increase their provision of remote guidance services (e.g. via phone, email, social media and video call) to achieve better coverage across Lithuania's regions. The government should encourage providers to use the same digital tools (e.g. video call software) in order to enable local career guidance counsellors to exchange best practices, improve the compatibility of services across different providers and clients and achieve cost savings.
- 4.11 Expand the supply, awareness and uptake of career guidance services for adults to support their job searches and their efforts to upskill and reskill.** Regional career centres and digital modes of delivery (see Recommendation 4.10), when expanded, should also serve the target group of adults, regardless of their employment status. Awareness about these new offerings could be raised via specific information campaigns directed at adults using social media and the Internet as part of a more general effort to increase awareness about adult learning (see Chapter 3). Lithuania should assess if the PES (or a future dedicated agency responsible for career guidance, see previous recommendation) has sufficient capacity to meet the needs of new target groups of regional career centres and digital modes of delivery (e.g. employed adults), including financial resources and expertise.
- 4.12 Ensure the accessibility of career guidance services for school students of all age groups, regardless of school type and geographical location.** Regional career centres, when expanded, should provide schools across all of Lithuania's regions access to high-quality career guidance services. Staff from regional career centres, jointly with local employers, should engage in outreach activities in schools. Similarly, schools and individual teachers should be encouraged and supported to provide scheduled class excursions to nearby regional career centres, if possible considering pandemic trends. These visits could be followed up by additional counselling sessions at the regional career centres. These sessions could be face to face or virtually with students in schools to mitigate the health concerns associated with the current pandemic. Virtual sessions would also reach more schools and students in remote locations.

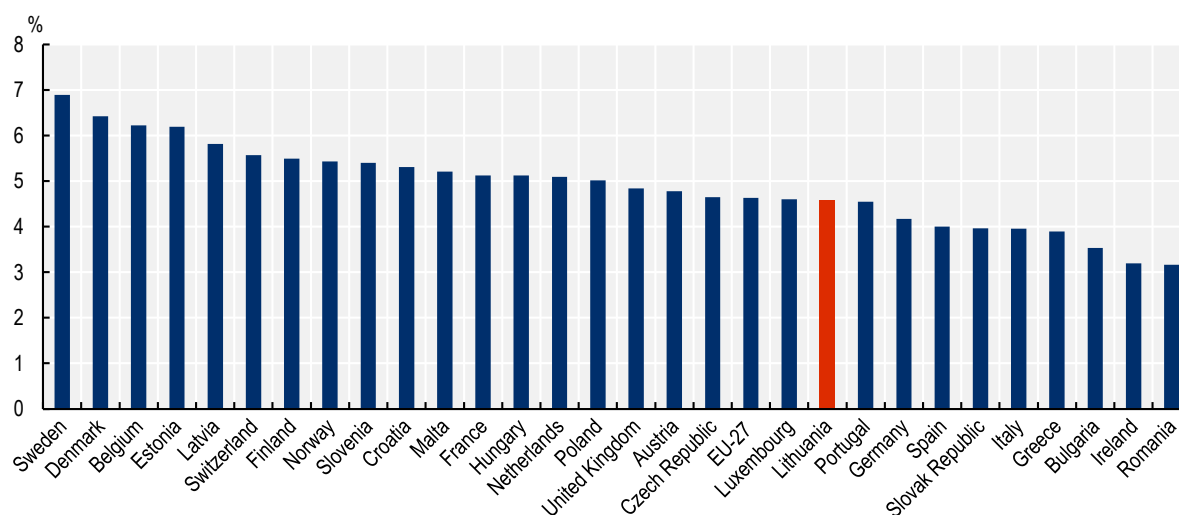
Opportunity 3: Ensuring the sustainable, well-targeted and shared financing of Lithuania's skills system

Sufficient funding for skills formation is essential to make societies resilient to external shocks (such as COVID-19) and adjust to technological change that alters skill requirements. As individuals and employers tend to underinvest in skills due to uncertain future payoffs from training (Johansen, 2002^[58]; Streeck, 1992^[59]), governments are in a key position to resolve such market failures with public financial incentives (OECD, 2017^[60]). Lithuania's 2030 strategy, the National Plan for Progress 2021-2030 and the new Programme of Government highlight the importance of improving the quality of public services such as education, necessitating clear commitments for sustainable funding. However, Lithuania's spending on skills remains relatively low by international comparison. Lithuania should consequently ensure that investments for skills are not only well targeted, but that the costs are shared across a variety of stakeholders. Beyond increasing public expenditure, literature also highlights more innovative mechanisms for raising the respective financial resources necessary for sustainable skills policy (OECD, 2019^[1]). For example, cost sharing mechanisms between central government, employers and potentially employees can help to raise the resources necessary for future-proofed skills provision (OECD, 2017^[61]). Furthermore, spending on skills policies should be allocated in a well-targeted manner, which often involves prioritisation and the reallocation of funds that have limited impact (OECD, 2019^[1]). This could, for example, concern the distribution of funding across different educational sectors (e.g. primary and secondary level education, higher education, the adult learning system and ALMPs), but also within their networks of educational providers. Similarly, the well-targeted allocation of funding (also from external sources such as EU structural funds) includes the prioritisation of (pilot) projects that have proven particularly successful in systematic evaluations (OECD, 2019^[1]).

Ensuring well-targeted and shared investments across the skills system

By international comparison, Lithuania's expenditure on skills policies is relatively modest. For example, public expenditure on education is relatively low, as shown in Figure 5.9.

Figure 5.9. Public expenditure on education as a percentage of GDP (2018)



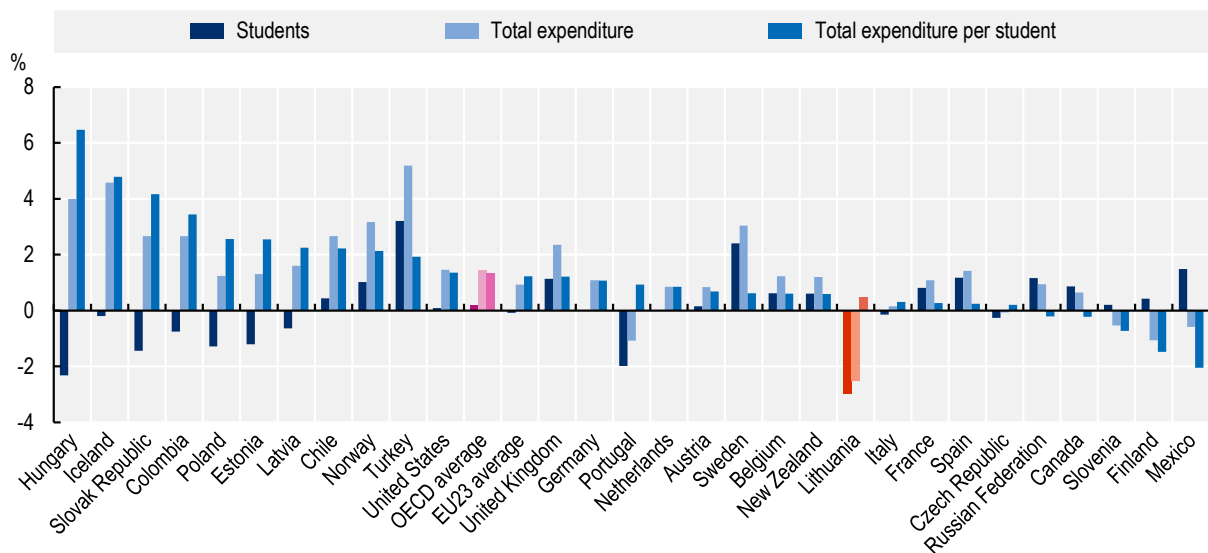
Source: Eurostat (2020^[27]), *Government expenditure on education (2018)*, http://ec.europa.eu/eurostat/product?code=gov_10a_exp&language=en&mode=view.

StatLink  <https://stat.link/3pegqk>

While some countries such as Germany and Japan also spend below the OECD average on education as a share of GDP, employers contribute significantly to skilling the workforce in these countries, for example via dual vocational education and training systems (Busemeyer and Trampusch, 2012^[62]), and their expenditure per student is substantially higher (OECD, 2017^[13]).

In Lithuania, public expenditure on education per student is also far below the OECD average for primary, secondary and tertiary education (OECD, 2020^[20]). Compared to its Baltic neighbors, Lithuania spends the least per student for primary, secondary and non-tertiary post-secondary education. It spends less than Estonia and only slightly more than Latvia for tertiary education. Furthermore, while educational expenditure from primary to tertiary education per student has grown on average between 2012 and 2017, this can be mostly related to a decreasing number of students, with total expenditure actually decreasing (Figure 5.10).

Figure 5.10. Average annual growth in total expenditure on primary to tertiary educational institutions per full-time equivalent student, 2012-2017



Source: OECD (2020^[20]), *Education at a Glance 2020: OECD Indicators*, <https://dx.doi.org/10.1787/69096873-en>.

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For ALMPs, Lithuania's spending relative to its GDP is also low by international comparison (OECD, 2018^[15]). As a share of total GDP, training expenditure as part of ALMPs are not only lower than the OECD average, but also lower than in Estonia and Latvia (OECD, 2019^[63]). In terms of ALMP expenditure per unemployed person, Lithuania ranks below Estonia but above Latvia (OECD, 2019^[44]). During the 2008 global financial crisis, ALMP spending per unemployed person was procyclical, and consequently decreased as labour market conditions worsened and when additional funding was most needed (OECD, 2018^[15]).

Lithuania's 2030 strategy emphasises that the quality of public services, explicitly including education, is still inadequate in Lithuania. It highlights a potential connection between quality and low government spending, and proposes establishing a consensus on priority services. The National Plan for Progress (NPP) 2021-2030 highlights the importance of improving the quality of public services such as education, and investing in education and retraining to support a shift to a digital and knowledge-based economy. The 2020 Programme of Government also prioritises a range of skills policy goals, including the

improvement of lifelong learning, VET, HE, research, and school and teaching quality. In order to reach these goals, Lithuania will likely need to increase public educational expenditure.

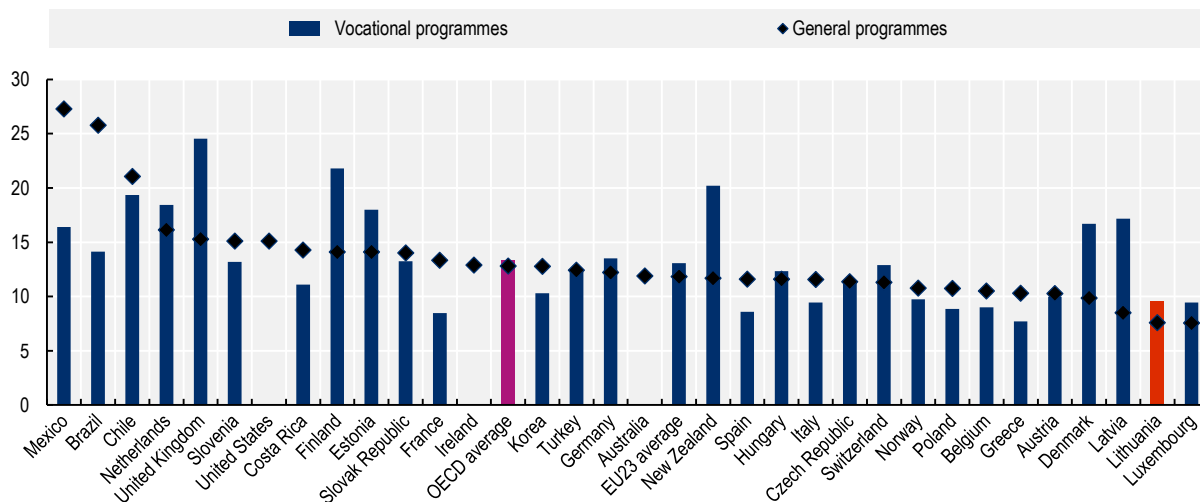
However, increasing public expenditure is not the only mechanism through which Lithuania could raise additional resources for skills policies. Existing expenditure could be spent in a more targeted manner by potentially reallocating resources across different parts of the skills system, and/or sharing financing burdens across a multitude of stakeholders. First, the central government might choose to reallocate resources within the skills system. Earlier reports (Shewbridge et al., 2016^[7]) and some participants in this project emphasised that in higher education, Lithuania has a particularly dense network of tertiary institutions by international comparison. The central government could further consolidate (e.g. merge) institutions to free funds for different priorities. Many tertiary institutions face falling enrolments, leading not only to inefficiencies due to underused facilities, but also quality problems due to difficulties in achieving “the critical mass of researchers, facilities, and research infrastructure” (OECD, 2017^[13]).

In addition to the state, employers and potentially employees could contribute more systematically to skills development in Lithuania, thereby financing the skills system in a tripartite manner. A tripartite funding agreement between these actors could establish the necessary commitment of all actors to raise contributions to skills development (Box 5.8). As highlighted in the overview and performance section, employer contributions to skills development are relatively low in Lithuania. For example, financial incentives from government to increase employer participation in apprenticeships have shown very limited success (OECD, 2018^[15]; Cedefop, 2015^[22]). The COVID-19 crisis has raised the importance of cost sharing, but will also make such agreements particularly challenging due to cost constraints on the side of employers. Various participants consulted during the project indicated strong support for increased employer contributions to skills policies via a tripartite skills fund/levy, where employers and potentially employees pay mandatory contributions (for details on a training levy solution, see Chapter 3). Such a skills fund could be part of a tripartite funding agreement signed by government, employer and employee representatives. As part of the tripartite funding agreement, the government could pledge to increase its own funding for a broad variety of skills policies in order to reach consensus with employer and employee representatives and secure their agreement to implementing a skills fund/training levy. Ultimately, the fund could finance a variety of education and training programmes and support tripartite actors in the governance of the training system,³ with the specific funding priorities and amount of contributions jointly decided by the Tripartite Council and a potential future Skills Policy Council (for example within a specific sub-committee for skills in the Tripartite Council, see Opportunity 1).


Resources could also be raised at lower levels of government. Other reports, such as by the OECD (2020^[64]), have stressed the need for Lithuania to reallocate resources across the skills system, especially given the dense network of secondary level schools and falling student numbers. Through the consolidation of existing secondary level institutions, additional funds could be raised at the municipal level and distributed to different priorities. While some literature suggests that low class sizes in schools might be beneficial for learning outcomes (Fredriksson, Öckert and Oosterbeek, 2013^[65]), current empirical research in Lithuania did not find a significant relationship between class size and outcomes (OECD, 2020^[64]). Rather, educational outcomes are weaker in smaller schools in Lithuania (OECD, 2020^[64]), most likely as larger schools might offer benefits via broader curricula, specialised courses and more interactions between and among students and teachers (Shewbridge et al., 2016^[7]). Lithuania has achieved progress concerning school consolidation in recent years, while simultaneously reducing its potentially negative effects by expanding school transport arrangements (Shewbridge et al., 2016^[7]). However, Lithuania still has one of the lowest student/teacher ratios in secondary education across all OECD countries, indicating at least partial leeway for additional cost-saving measures (see Figure 5.11). As municipalities are currently responsible for consolidating the school network, incentives should be targeted at them to expedite such consolidation. Currently, municipalities receive direct targeted subsidies from central government to finance their school networks. Municipalities that consolidate their school network could be allowed to keep the current level of subsidies, which would otherwise decrease as the school network grows smaller. This

could be a step in the right direction, but Lithuania should make sure that such money allocated to municipalities remains ring fenced to tasks related to skills policy. In turn, such resources might be used to increase the capacities of municipalities in skills policy making (see Opportunity 1) and increase teachers' skills (see Chapter 2).

Figure 5.11. Ratio of students to teaching staff in upper secondary education, by programme orientation, 2018



Source: OECD (2020_[20]), *Education at a Glance 2020: OECD Indicators*, <https://dx.doi.org/10.1787/69096873-en>.

StatLink  <https://stat.link/sg7rbc>

Cost savings within the skills system could also be achieved by encouraging inter-municipal co-operation in service provision, using a shared infrastructure and service provision network, and/or transferring responsibilities to higher levels of government (for an international example see Box 5.8). A recent report on the public sector in Lithuania proposed that municipalities should review and evaluate their responsibilities, potentially transferring some to other levels of government if deemed efficient and useful to the community (Ministry of the Interior and STRATA, 2020_[45]). The new general plan for the territorial development of Lithuania (Seimas of the Republic of Lithuania, 2020_[66]) also creates opportunities for municipalities and regions to voluntarily cluster together into regions based on real co-operation needs. According to the new Regional Development Act (Seimas of the Republic of Lithuania, 2020_[14]), such functional economic development zones (10-15 regions including larger cities and their surrounding rural areas) have economic or social ties and/or a shared infrastructure and/or service network, the development of which is provided in the regional development plan or in the development plans of several regions. The new Regional Development Act proposes the transfer of some municipal public service administration powers to regional development councils. These councils (see also Opportunity 1) could consequently constitute a forum to discuss inter-municipal co-operation in service provision that might lead to cost savings within skills policies, including facilitating the consolidation of the school network and the higher education network.

Box 5.8. Relevant international examples: Funding arrangements

Tripartite funding agreements: An example from the Netherlands

The *Techniekpact* (Technology Pact) is a nationally co-ordinated strategy to ensure technology and technical skills training for the jobs of tomorrow for children, young adults and adult learners. *Techniekpact* is funded by more than 60 partners, including national ministries, the education sector, the five regions, industry and employer organisations, and labour unions. An investment fund was created in which central government, employers and the regions each contributed EUR 100 million towards public-private education partnerships within the region. Implementation of the *Techniekpact* programme takes place at the regional level, thus allowing regions to adapt more directly to the needs of their labour market and worker population. Each of the five regions of the Netherlands has its own Technology Pact. The initiative is steered by the National Technology Pact Co-ordinating Group (*Landelijke Regiegroep Techniekpact*), which co-ordinates, tracks and monitors the implementation of the strategy at the regional and sectoral level. The co-ordinating group is composed of representatives from the five regions, central government, employers, workers, the top sectors and the education community.

Inter-municipal co-operation: An example from Finland

Finland's multi-level governance reforms have driven collaboration between local areas and regions on education and training services. The PARAS (Kunta- ja palvelurakennemuudistus) reform in Finland was a multi dimensional reform that included municipal mergers, inter municipal co operation for service provision (in particular in the areas of healthcare and education), and better governance in urban regions. Legislation introduced quantitative thresholds for healthcare and education provision. Municipalities or inter municipalities authorised to provide basic education services had to have at least 50 000 inhabitants. The local authorities involved could agree that the functions of co management areas would be conducted jointly or by one local authority on behalf of one or more other local governments. Municipalities and urban regions had to submit their reports and implementation plans to central government by the end of August 2007. In 2008, central government evaluated the reform progress based on supplementary information submitted by municipalities. The reform was implemented between 2009 and 2012. As decisions were voluntary, each municipality/urban region implemented (or not) its plans at its own pace. The establishment of quantitative thresholds for education services drove collaboration and was supported by a joint project by the Ministry of Education and Culture and education providers to ensure structural and economic support for education and training across regions.

Source: OECD (2017^[67]), *Multi-level Governance Reforms: Overview of OECD Country Experiences*, <https://doi.org/10.1787/9789264272866-en>; OECD (2019^[28]), *Skills Strategy Poland: Assessment and Recommendations*, <https://doi.org/10.1787/b377fbcc-en>.

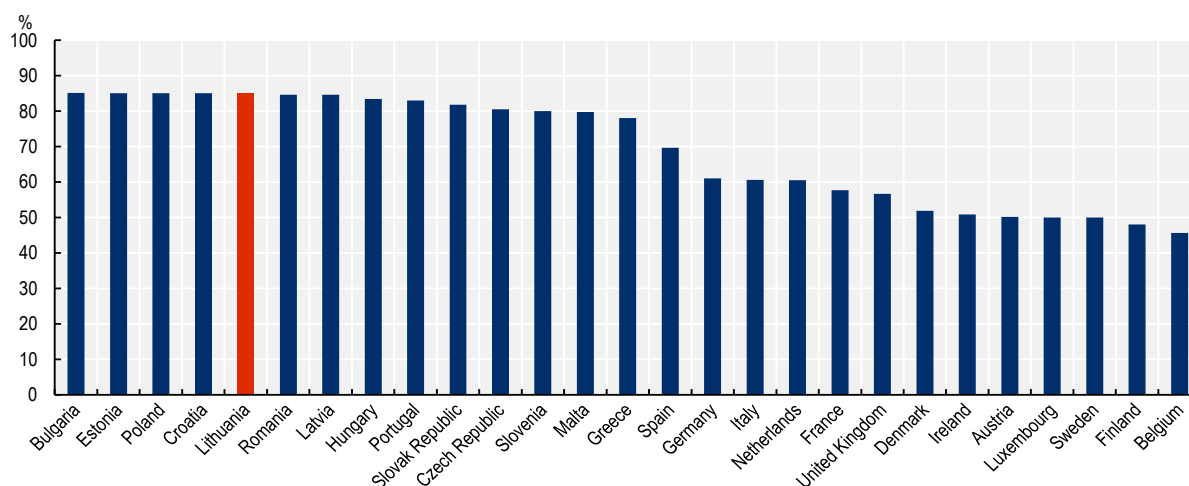
Recommendations for ensuring well-targeted and shared investments across the skills system

- 4.13 Increase public investment in skills policies as part of a tripartite funding agreement.** As public expenditure for skills policies is still low in international comparison, the government should pledge to increase its expenditure as part of a tripartite funding agreement for skills policies, signed by government, employer and employee representatives. The resources provided by government as part of this agreement could be used for a broad range of activities, for example to increase the capacity of ministries, STRATA and subnational actors (see Opportunities 1 and 2, and Chapter 4), to guarantee continued funding for well-functioning European Social Fund (ESF) projects (see the next section “Enabling sustainable funding for well-functioning, externally-financed skills policies”), as contributions to a skills fund/levy and/or individual learning scheme (see Chapter 3 and Recommendation 4.14), as well as for other recommendations identified in this report.
- 4.14 Increase employer and potentially employee investment in skills development through the establishment of a tripartite funding agreement.** In exchange for increased public expenditure on skills policies, representatives of employers and employees (e.g. employer associations, trade unions) within the Tripartite Council should commit to increase their contributions to skills policies, for example via potentially mandatory contributions to a skills fund/levy (see Chapter 3). Public contributions to a fund could match employer and employee contributions and therefore increase the social partners’ willingness to contribute. These resources could be used for a variety of skills programmes, but could also help to increase the capacities of sectoral professional committees (which are also organised in a tripartite manner, see Opportunity 1). The governance of the training fund, including decisions on the level of contributions and how to spend the funds, should be undertaken in a tripartite manner, for example within the education sub-committee or a dedicated sub-committee for skills within the Tripartite Council (see also Opportunity 1).
- 4.15 Better target funding across Lithuania’s skills system by assessing options for cost savings in the provision of higher and secondary-level education.** Lithuania should assess options for achieving cost savings in higher and secondary-level education, including through better inter-municipal co-operation between education providers, incentives for municipalities to achieve cost savings in their respective secondary school network, and/or changes in Lithuania’s higher education network. First, concerning inter-municipal co-operation in service provision, regional development councils can constitute a forum to discuss potential for inter-municipal co-operation. Lithuania should assess if some municipal public service administration powers including education should be transferred to the county-level, leading to cost savings, as foreseen in the New Regional Development Act. Second, Lithuania should assess if municipalities can be incentivised to achieve cost savings in the provision of secondary education, for example by holding central government subsidies for secondary education at current levels and letting them keep part or all of potential cost savings. In this regard, Lithuania should ensure that in order to increase the capacities of municipalities in skills policy making (see Opportunity 1) and teachers’ skills (see Chapter 2), these savings remain ring fenced to skills policy related tasks. A third option for Lithuania’s central government is to assess potential cost savings as a result of changes to Lithuania’s higher education network.

Enabling sustainable funding for well-functioning, externally-financed skills policies


Skills systems in Europe are often co-financed by external, international funds, for example the European Union's Structural and Investment Fund (ESIF) and subsequently the ESF – albeit to a varying extent. Lithuania is highly dependent on financing from such external sources, which partially leads to problems for the continuity of skills policies across all sectors. Project participants for example emphasised this dependence with reference to projects that aim to improve pedagogical practices and the professional development of teachers, and expand career counselling in schools. There are also several ESF-funded projects in the area of VET that involve increasing the attractiveness of VET among the population, creating investments in VET centres, linking VET schools to local stakeholders (OECD, 2017^[13]), supporting different types of apprenticeship programmes (Cedefop, 2015^[22]) and giving financial support to employers that invest in skills. At the beginning of the last funding period, 18% of funding for vocational schools was sponsored by EU structural funds (OECD, 2017^[13]). In higher education, externally funded projects tend to aim for quality improvements. ALMPs are also to a large extent funded by the ESF (OECD, 2018^[15]), and there is a high dependence on external funds in lifelong learning (Figure 5.12). The newly introduced non-formal education voucher system is also mainly funded by the ESF. Various externally funded projects aim to increase the coverage of skills anticipation and assessment tools.

Figure 5.12. Share of EU-ESIF contributions in the funding of lifelong learning



Note: Calculated as the share of EU funding in total funding of the European Structural and Investment Funds (ESIF) thematic objective "Investing in education, training and vocational training for skills and lifelong learning"

Source: OECD calculations based on data from the European Commission (2019^[68]), *European Structural and Investment Funds (ESIF) 2014-2020 Finances Planned*, <https://cohesiondata.ec.europa.eu/2014-2020/ESIF-2014-2020-FINANCES-PLANNED-DETAILS/e4v6-qrrq>.

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According to participants in this project, this dependence on external funding leads to various challenges. Earlier reports (OECD, 2018^[15]; OECD, 2017^[13]) emphasised that Lithuania's dependence on ESF funds raises problems for the continuity of the programmes. Ambitious projects that aim to improve Lithuania's skills system are often fixed-term projects with a maximum duration of five years. The short duration of projects often makes it difficult for institutional mechanisms to be built up (e.g. long-term employer commitment to apprenticeships). After ESF funding stops, projects are often discontinued, especially in economically weaker regions that cannot raise the necessary financial resources. Some projects that participants deemed successful were discontinued and similar projects set-up from scratch.

For example, in the area of career counselling, substantial financial means were invested into introducing professional career counselling in schools. However, after external funding stopped, these services were discontinued in most schools (particularly in economically weaker municipalities). Instead, new regional career centres targeted at youth are currently planned (see Opportunity 2). Similarly, skills anticipation and assessment tools were often only conducted as long as external funding lasted, with no new data being generated afterwards. Currently, the non-formal education voucher system is mainly funded by ESF, and according to participants in this project, its long-term funding is not secured.

These short-term project-based skills funding arrangements will also become more costly for Lithuania in the long term. With the beginning of the 2020 funding cycle of the ESIF, cost sharing between the EU and Lithuania shifts to less advantageous terms, more specifically from a 95/5 split to a 60/40 split (OECD, 2017_[13]). Consequently, Lithuania should build a mechanism to decide which externally funded projects should be continued at the national level and on a permanent basis. These decisions must be taken in a co-ordinated manner, minimising potential duplications and discontinuities between projects (OECD, 2020_[69]). Such a mechanism could be implemented via letting a newly created, inter-ministerial Skills Policy Council (see Opportunity 1) jointly decide which projects should be expanded to the national level and permanently implemented.

When making these decisions, Lithuania should take into account all available evidence on the outcomes and success of externally funded programmes; however, an earlier report (OECD, 2018_[15]) emphasised the lack of skills policy evaluation in Lithuania. While this problem is mitigated for programmes co-financed by the ESF, evaluation efforts were still identified as unsystematic and lacking comparisons against control groups to assess outcomes. Instead of robust evaluative evidence (for example counterfactual impact evaluations, which are rarely carried out, see Box 5.9), most information on the success of ESF-funded programmes relies on monitoring individual indicators (e.g. share of programme participants subsequently in employment, share of programme participants that subsequently continued and/or finished an educational programme). Such indicators were described by participants in this project as insufficient for showing the real impact of investments. In the last funding period of the ESIF, only the EIM conducted regular evaluation exercises, with multiple ministries conducting as few as one evaluation between 2014 and 2020 (Ministry of Finance, 2020_[70]). Consequently, upon application for external funding, Lithuania might set aside a certain share of the programme budget for thorough evaluation, as practiced in Germany (OECD, 2018_[15]). This could also lead to higher commitment by the respective ministries to carry out thorough evaluations.

Box 5.9. Relevant national example: Assessing well-functioning ESF-funded programmes

Counterfactual impact analysis of ESF-funded skills policies: An example from Lithuania

From 2014 to 2015, the SADM in co-operation with the European research and policy analysis centre, PPMI, conducted a counterfactual impact evaluation of ESF-funded support for unemployed individuals. Administrative data of unemployed individuals between 2004 and 2013 were used to estimate the impact of wage subsidies and vocational training on the number of days in employment and the income of participants. In general, the project also aimed to raise awareness, increase knowledge and develop practical skills for conducting counterfactual impact evaluations among Lithuanian policy makers. Important lessons for future counterfactual impact analysis included the importance of co-operation between analysts, policy makers, implementing institutions and practitioners. Furthermore, the benefits of a framework of co-operation between all stakeholders was emphasised, while ensuring that it remained independent from political influence. It was also highlighted that counterfactual impact evaluation can only provide information about intervention effects, but not political decisions. The evaluation itself was financed by the European Commission and aimed to promote the wider use of counterfactual impact evaluations when evaluating ESF-funded interventions. However, since the project was conducted, only one other project in skills policies, located at the EIM, has been subject to counterfactual impact analysis (Ministry of Finance, 2020^[70]). The evaluation analysed the impact of training activities on participants' income within the Human resources INVEST LT+ programme.

Source: PPMI (2015^[71]), *Final Report on Counterfactual Impact Evaluation of ESF-funded Active Labour Market Measures in Lithuania*; PPMI (2016^[72]), *Counterfactual impact evaluation of ESF-funded active labour market measures in Lithuania*, <https://www.ppmi.lt/en/news/counterfactual-impact-evaluation-of-esf-funded-active-labour-market-measures-in-lithuania-29.html?back=home>; BGI Consulting (2018^[73]), *Evaluation of the Implementation Progress of Priority Axis 9 Specific Objective "Increase Workforce Competitiveness, Ensuring Opportunities to Adapt to Economic Needs" under the Operational Programme for the European Union Funds' Investments*, https://www.esinvesticijos.lt/media/force_download/?url=/uploads/main/documents/docs/12311_aa3163e38026f04518f3fdf26e83fb99.pdf.

Recommendations for enabling sustainable funding for well-functioning, externally-financed skills policies

4.16 Increase the long-term sustainability of externally funded skills projects by systematically identifying successful programmes and committing to continue them with state funding. A potential Skills Policy Council (see Opportunity 1) could jointly decide on successful programmes to be permanently implemented and financed by Lithuania's own budget if external funding ends. In these decisions, the Skills Policy Council should be supported by systematic evaluations of ESF-funded programmes. Commitment to undertake systematic evaluations should already be included in the application for external funding, setting aside a certain share of programme budget for thorough evaluation. Funding for well-functioning policies should be secured as part of increased public expenditure (see the previous section "Ensuring well-targeted and shared investments across the skills system").

Summary of policy recommendations

Policy directions	High-level recommendations
Opportunity 1: Increasing the capacity and co-ordination of governmental and non-governmental actors across the skills system	
Strengthening strategic planning and oversight in the Lithuanian skills system	<p>4.1. Develop a shared, overarching vision for developing and using skills by creating a comprehensive skills strategy for Lithuania.</p> <p>4.2. Improve inter-ministerial co-ordination by creating a designated, inter-ministerial body with lead authority and responsibility for skills policy.</p>
Fostering national-level social partnership and stakeholder engagement in skills policy	<p>4.3. Ensure close collaboration between a future Skills Policy Council and Lithuania's current Tripartite Council.</p> <p>4.4. Increase the impact of issue-specific stakeholder engagement bodies by guaranteeing government accountability regarding given advice.</p>
Increasing the capacity of governmental institutions and social partners at the subnational level	<p>4.5. Increase the capacity of municipalities, regional development councils and sectoral professional committees to fulfil their responsibilities in the governance of Lithuania's skills system.</p> <p>4.6. Strengthen social partnership at the subnational level by including trade unions in regional development councils.</p>
Opportunity 2: Enhancing skills information and career guidance systems and practices	
Improving Lithuania's ability to use evidence in skills policy making	<p>4.7. Improve the identification, communication and response to ministries' data needs through regular, inter-ministerial technical-level meetings.</p> <p>4.8. Continue to improve skills needs assessment and anticipation in Lithuania, particularly in the areas of quantitative skills forecasting and qualitative skills foresight.</p> <p>4.9. Increase the capacity of ministries and STRATA to fulfil their functions in supporting and undertaking evidence-informed policy making.</p>
Implementing a system of lifelong career guidance for individuals of all ages	<p>4.10. Strengthen career guidance in Lithuania by establishing an integrated, comprehensive lifelong career guidance system to serve all regions and age groups, with multiple modes of delivery.</p> <p>4.11. Expand the supply, awareness and uptake of career guidance services for adults to support their job searches and their efforts to upskill and reskill.</p> <p>4.12. Ensure the accessibility of career guidance services for school students of all age groups, regardless of school type and geographical location.</p>
Opportunity 3: Ensuring the sustainable, well-targeted and shared financing of Lithuania's skills system	
Ensuring well-targeted and shared investments across the skills system	<p>4.13. Increase public investment in skills policies as part of a tripartite funding agreement.</p> <p>4.14. Increase employer and potentially employee investment in skills development through the establishment of a tripartite funding agreement.</p> <p>4.15. Better target funding across Lithuania's skills system by assessing options for cost savings in the provision of higher and secondary-level education</p>
Enabling sustainable funding for well-functioning, externally-financed skills policies	<p>4.16. Increase the long-term sustainability of externally funded skills projects by systematically identifying successful programmes and committing to continue them with state funding.</p>

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Notes

¹ Consequently, the dissolution of the tripartite vocational training councils (*Lietuvos profesinio mokymo tarybos*), with some responsibilities subsequently taken over by regional development councils, de facto lead to a loss of trade union influence in skills policies.

² While on average the “staff expenditure” of municipalities across all policy sectors is very high in international comparison, municipalities in Lithuania are also responsible for teacher salaries and health administrative staff, thereby skewing the data (SNG-WOFI, 2019^[75]).

³ For an example, see expenses of the training fund in the canton of Zürich, Switzerland (Bildungsdirektion Kanton Zürich, 2020^[74]).



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