General description of the labour market situation in Latvia

Prepared by The Ministry of Welfare of the Republic of Latvia
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1. General description of the labour market situation: unemployment rate, profile of unemployed

1.1. Recent labour market developments

Latvia’s population lowers average by 0.4 – 0.5% per year. At the beginning of 2012 there were 2.04 million inhabitants living in the country. The decline in population is determined mainly by the negative natural movement and negative net migration. Working age population (15-74 years), which accounted 1.30 million persons (64% from the total number of inhabitants) at the beginning of 2012, is decreasing at an even higher rate, mainly on account of a major fall in the age group 15-24 years due to the low birth rates in 1990-ties.

Emigration remains one of the most important issues in the Latvian labour market. According to data provided by CSB (www.csb.gov.lv), the net migration rate in Latvia remained negative in past 10 years, but long-term emigration rate has risen considerably in the past years. After a peak in 2001, workforce emigration slowed down in 2002-2007 and regained momentum in mid-2008 and especially 2009. In 2010 the emigration was at the highest point for the last 10 years. In past 11 years 285 thousand people (approximately 10% of all inhabitants) emigrated to other countries.

According to CSB, in 2012 there were 1.37 million people aged 15-64 years in Latvia. Average 1.02 million of them were economically active (74.4%) - 0.86 million employed (63.1%) and 0.15 million searching for a job (11.3%). The majority of economically active population aged 15-64 years have gained vocational (37%) or higher education (30%), although the proportion differs for men – 41% with vocational and 20% with higher education, and women – 31% with vocational and 39% with higher education. The number of economically inactive comprised 0.35 million or 25.6% in the total number of people aged 15-64 years.

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1 population census data on this number is not available yet.
According to Labour Force Survey data, provided by the Central Statistical Bureau (CSB) of Latvia, the employment rate for those aged 15-64 years within past 3 years increased by 4 p.p. and comprised 63.1% in 2012, comparing to a sharp downfall in 2010 to 59.3%.

The number of jobseekers since the 2nd quarter 2008 (77 thousand) has doubled and increased by 88 thousand at the end of 2011 (165 thousand jobseekers). In 2011-2012 the number of jobseekers was gradually decreasing, reaching 144 thousand at the end of 2012. More than a half of them are long-term unemployed. Unemployment is on a decreasing trend now after reaching its peak in the first quarter of 2010 (20.7%, Eurostat).

Unemployment rate in 2012 lowered by 3.8 p.p. comparing to 2010 (19%). The current after-crisis growth is based mainly on productivity, not on increase in employment.
Looking at passed years of rapid economic growth, when many employers reported on shortages in the labour force as the main restraint for business activities, the average number of registered unemployed ranged between 50 thousand people. In 2005-2008 the average number of registered unemployed accounted 70 thousand, approximately 70% of them were short-term unemployed being in transition between different employment statuses. The number of registered unemployed is now on a decreasing trend and stands at 10.7% (106 thousand) at the beginning of April 2013.

The number of new jobs in Latvia still remains low. The total number of available workplaces (monthly statistics on available registered vacant jobs) reduced more than 10 times - from over 20 thousand in 2007 to 2 thousand at the end of 2011. In 2012 the number of available vacant jobs increased slightly till 3-4 thousand.
Youth unemployment in Latvia has reached significant proportions, although is also on a decreasing trend in past 2 years.

Figure 5: Youth unemployment rate, Eurostat

Youth unemployment in Latvia has reached significant proportions, although is on a decreasing trend in past 2 years (2008-13%; 2010 – 35%; 2012-28.4%). Youth unemployment rate according to the Eurostat data for 2012 4th quarter was 21.6% (23.4% in Eurozone) and lower than average unemployment rate in Eurozone (24%). NEET rate still remains high comparing to EU average – 14.9% to 13.2%, although is on a decreasing trend since 2009 (17.4%). The youth unemployment rate in Latvia from 2010 till 2012 has decreased by 7 percentage points.

Figure 6: Youth in Latvia

CSB data: 2012 average - 28.4%
2012 Q4 - 21%

CSB data, 4Q 2012
The number of registered young unemployed also was decreasing in past years (15.4 thousand at the end of 2011; 10.4 at the end of 2012). The main reasons for youth unemployment in Latvia are the low level of education (around 70% are with secondary education or lower) and lack of working experience. 40% of them already have a previous work experience (see Figure 7).

The number of older unemployed people (50+) is steadily increasing and is almost four times higher than the number of unemployed young people (38 thousand compared to 11 thousand). The average duration of unemployment of registered unemployed who are older than 45 is more than 20 months, while the duration of unemployment for unemployed under the age of 30 is less than a year. State Employment Agency statistics show that more than a half (61.6%) of unemployed young people (aged 15-24) duration of unemployment doesn’t exceed 6 months.

Job placement rates for young people are much higher – during March 6% of all unemployed young people (668) found a job and only 2% of pre-retirement age unemployed (289).

Figure 7: Registered youth unemployment

There is focus on strengthened co-operation with education sector in order to help young people, who left school or training without achieving upper-secondary education, to return to school or enrol in vocational training for in-demand skills. The reform of vocational education has been continued, implementing a complex approach in order to provide more effective vocational education and training system, thus promoting a higher percentage of young people, who choose vocational education and fighting early school leaving, as well as quality traineeships within an education system.

The total number of youth participating in general ALMP measures in 2012 was around 11 thousand persons. The majority of young unemployed was involved in different training measures (vocational training programmes and non-formal training – languages, IT skills and other). During the last years, 3 new ALMP measures have been introduced targeting youth without any working experience – workplaces for youth, workshops (implementation will start in June 2013) and volunteer work in non-governmental institutions (in 2012-2014, about 6 thousand participants planned in these measures).
In 2014–2020 it is planned to continue the existing measures for young unemployed and strengthen the cooperation between different stakeholders (government, NGOs, social partners and youth organizations) in order to reach those young people out of education and labour market and to provide them qualitative services for returning into employment or education system.

One of the SEA priority target groups is the unemployed youth. The SEA offers various services (measures to improve competitiveness, short-term training programmes to improve job search skills, career consultation, vocational education programmes to obtain new qualification or improve the existing one, training at the employer or at the request of an employer, informal education programmes). The following measures are intended exclusively for youth – Job for Youth, Support for Youth Volunteers, Youth Workshops (getting acquainted with different professional areas) and assistant training and practice of assistants to the SEA inspectors.

In order to achieve the target, the following measures are being implemented:

- In 2012, implementation of the measures “Job for youth” and “Support for youth volunteers” was continued (see also Chapter 2.3). In the 1st quarter of 2013, implementation of the new measure Youth Workshops is expected to be launched. Within one measure young people will be able to try hand at different professions. A public procedure has been launched to identify the educational institution entitled to provide this service. In 2013, the measure is expected to involve 250 unemployed youth. Overall, 2 454 young people have been involved in measures in 2012. The total public financing in 2012 was LVL 0.526 million, including the EU funds financing – LVL 0.241 million. The total public financing in 2013-2014 (planned) amounts to LVL 1.09 million, including the EU funds financing – LVL 0.678 million. a total of 3072 young people are going to be involved in measures in 2013-2014;
- Since 2010, one-year and one-and-a half-year vocational education programmes are implemented using the ESF support to make it possible for the youth, who have chosen not to study at the university after graduating elementary school or secondary school and are unable to integrate in the labour market, thus fostering their integration in the labour market as soon as possible preventing the risk of youth unemployment. The size of a training group and the training field is agreed with employers. In the academic year 2012/2013, 36 vocational educational institutions offers the youth an opportunity through the ESF support to obtain 54 different professions in 94 programmes free of charge. In the academic year 2011/2012 690 students obtained qualification within these programmes and 1210 students were enrolled in September 2012. The total public financing in 2012 was LVL 2.1 million, including LVL 1.3 million for the implementation of so called short programmes. Over 85 % is going to be covered by the EU funds within this activity;
- Since 2011 within the Latvian and Swiss cooperation programme Support for the development of youth initiatives in peripheral or disadvantaged regions youth may attend regular training with an aim to foster their active participation and development of social competences. The sub-programme European Voluntary Service of the programme Youth in Action offers young people an opportunity to obtain the first working experience through a volunteering in any of the EU member states, as well as to improve their knowledge by participating in experience exchange seminars and intercultural learning visits;

Annual state budget support is provided to youth centres and youth organizations for implementation of informal education programmes for youth with an aim to promote their creativity, entrepreneurship and self-initiative. In 2012, the support for implementation of youth policy amounted to LVL 106 985, out of which LVL 77 367.50 was intended for the support to youth centres and youth organizations. In addition to the annual support, financing in the amount of LVL 91 640 will be allocated in 2013, out of which LVL 45 000 is intended for financing associations or foundations oriented towards working with youth, organising camps for children and youth to promote the development of their social skills and active and healthy lifestyle.
Latvia is determined to fully use all available resources within the Youth Employment Initiative in the next programming period of the EU structural funds. Already now the MW and the MES is collaborating to develop the Youth Guarantee which will cover both education and active labour market policy measures.

1.2. The profile of registered unemployed

The number of registered unemployed is gradually decreasing. At the beginning of April 2013 there were 106 thousand registered unemployed. In comparison with the same period in 2012, the number of registered unemployed fell down by 22 thousand or 17%. The registered unemployment rate now stands at 10.7% (6-7% in 2006-2008; 12.9% in April 2012).

In February 2013, according to the data provided by the SEA, average 55% of all registered unemployed were women and 45% were men.

Out of the total number of registered unemployed, 55% were Latvians, 28% - Russians, 3% - Belarusians, 0.7% - Roma. Comparing this data to the share of ethnic groups in the total number of inhabitants (Latvians - 59%, Russians – 28%, Belarusians – 4%, Roma – 0.4%), it is possible to conclude, that an unemployment risk in Latvia is almost equal for all ethnic groups of population.

Out of all registered unemployed, 50% is with basic or secondary education, 37% with vocational education and 13% with tertiary education.

The largest age group of registered unemployed is 50-54 years (16% of all unemployed). The share of unemployed aged 50 years and more comprises 36% (increasing trend comparing to the previous years) and young unemployed aged 15-24 years – 10% (decreasing trend comparing to the previous years).

The share of registered long-term unemployed (LTU) in February 2013 was 42% (no changes comparing to the previous years). Tackling the LTU issue by activation and providing the necessary skills to the workforce is important to move towards the Latvian employment target for 2020. The long-term unemployed is a policy concern and the group is among the main target groups for the active labour market policies (ALMPs). The current ALMPs measures implemented by the Latvian State Employment Agency are already targeting this group. During 2012, the LTU have been around 64% of the ALMPs participants.

Other largest groups of unemployed are persons at pre-retirement age (5 years before pension) – 13% and young unemployed (15-24 years) – 10%.

Currently average 25 unemployed are pretending per one vacancy registered at the SEA (the highest level at the end of 2009 – 129 persons per one vacancy; the year before-52 unemployed).

Commonly unemployed person may be characterized as a person: without profession, previously being in profession with low qualifications required, in the age group of 50 years and more or aged 15-24 years respectively.

First of all, redundancies are affecting low-skilled workers and men more than women. In past years, the largest number of unemployed was registered in the following occupations: hodman, shop assistant, cleaner, builder, driver, yard keeper, security guard, cook or a person without any profession. The largest number of unemployed with higher education previously was working as engineer, economist, teacher, manager or the head of the company or unit, lawyer or an expert in personnel, public relations, logistics, design, environmental protection or bank sector.

It is forecasted, that the registered unemployment rate and the number of registered unemployed will continue decreasing gradually over 2013, reaching 8.7% (95 thousands of unemployed) at the end of 2013. Tackling the issue of high share of long-term unemployed, due to the age and skills characteristics, under conditions of insufficient demand, is problematic. The overall job vacancy rate for Latvia (Eurostat) has been stable, but low mostly due to the cyclical
fac factors. The number of registered vacancies in the State Employment Agency stays at above 3-4 thousand.

It should be noted, that some sectors feel shortage of labour already at the moment. The matching of labour demand and supply is affected not only by the education and skills of labour, but also by wages. That is why the number of vacancies continues remaining even under the relatively high unemployment rate.

2. Description of Latvia’s active labour market policy measures (ALMP measures)

The below mentioned ALMP measures are provided to registered unemployed and other persons in Latvia (also see annexes for additional information):

2.1. Placement and job-search assistance is managed by the SEA. The SEA was established in 1991 and its affiliates are located all over the country. The SEA registers vacancies submitted by employers and carries out the placement of unemployed and people seeking employment, helping them to integrate into the labour market.

The SEA records and informs about the vacant workplaces, organizes cooperation and information exchange between employers and unemployed persons, implements and administers ALMP measures, provides consultation on occupational suitability, selection of an appropriate occupation and vocational training, issues licences and supervises legal persons who provide work placement services etc.

2.2. Vocational training, requalification, qualification improvement and non-formal training (firstly introduced in 1991) – different training programmes (continuing vocational training to acquire vocational qualification, advanced vocational training to reach vocational proficiency, non-formal and on-the-job training) organized in co-operation with educational institutions and employers.

Since 2011, the training of unemployed and job seekers is implemented by applying the method of training vouchers. Training fields and educational programmes are organized in accordance with the labour market demand and national economy development forecasts, and agreed with economic and social partners and experts.

The length of training programmes may vary from 60-160 hours for non-formal training programmes to 320/480/960/1120/1280 hours for vocational training programmes. Simple or low-skilled occupations are excluded from the list of training programmes.

The following activity also is carried out within the measure - if an employer could not find an appropriate employee in the labour market, he may request the SEA to select and train an unemployed person for him. Within the activity, an employer is responsible for providing on-the-job training and is obliged to provide a workplace after the training is finished. On-the-job training is also organized for unemployed with obsolete qualification or without a document, certifying the proficiency of a person.

Participants are also receiving financial support during training - 70 LVL (100 EUR) monthly training allowance. The following additional expenses are also covered from the state budget: wage supplements for supervisors during on-the-job training, training or working place adaptation for persons with special needs, involvement of different experts, such as assistants, silent language experts etc.

Work-based training measures were expanded in 2013 by launching the ESF-financed activity “Training of unemployed at the employers’ request in the priority branches” initiated by the
Ministry of Economics and designed in cooperation with the economic partners. The implementation of a project is similar to on-the-job training.

2.3. Measures to enhance competitiveness (firstly introduced in 1991) - different short courses, seminars, lectures and consultations offered to unemployed in areas such as communications skills, networking, negotiation, job-finding and interview skills, motivation etc.

These measures are aimed particularly on improvement of social and functional skills and provide psychological support, basic skills and abilities necessary for the labour market, as well as an acquisition of work finding techniques and non-formal education programmes, including knowledge of the state official language, as well as other activities, facilitating the competitiveness of unemployed and persons seeking employment in the labour market.

2.4. Career counselling and vocational guidance (firstly introduced in 1991) includes help in career planning, provides professional suitability tests and acquisition of work finding and maintaining techniques. Vocational counselling and career guidance services are offered to all Latvia’s residents.

The services include consultations on choosing education and career, vocational development, returning to the labour market and changing occupations, assessment of client’s vocational aptitude, interests and preferences, abilities, skills and suitability for a given profession, consultations about effective ways of searching for a work, provision of information about the content and requirements of different occupations, information about educational and training opportunities in Latvia and abroad.

2.5. Subsidised employment for the most vulnerable groups of unemployed (firstly introduced in 2002), different projects aimed at specific target groups of unemployed – people with special needs, youth, older workers, long-term unemployed, women returning to the labour market after maternity leave etc. The aim of the measure is to facilitate the development of sustainable and long-term working places for unemployed with lower productivity level and preserve their skills and competencies. Usually, financial support is provided for maximum period of 12 – 24 months and 36 months for unemployed with special needs, and includes monthly wage subsidy which equals to the amount of minimum monthly wage for unemployed with special needs (180 LVL (256 EUR) in 2010 and 200 LVL (285 EUR) in 2011) and 50% of its value for other target groups. The following additional expenses are also covered from the state budget: wage supplements for supervisors during on-the-job training, training or working place adaptation for persons with special needs, involvement of different experts, such as assistants, silent language experts etc.

2.6. Measures to support the unemployed to enter self-employment or entrepreneurship (implemented since 2007) - training programmes, consultations and grants for business start-up or self-employment. Support is provided to unemployed with appropriate level of knowledge - who have gained a sufficient level of education or completed vocational training or non-formal education programmes in the SEA (different training courses in business administration, for example, basics of business administration, project management, business plan developing, accounting and finance, marketing and basic management etc.), as well as for those, who already developed their business plans and want to take practical consultations about its implementation. The financial support is provided for development, evaluation and implementation of a business plan – 2 000 LVL (2 846 EUR) for the implementation and minimum monthly wage subsidy for the first 6 months.

2.7. Lifelong learning programmes for adults (launched in the middle of 2010) – training programmes for employed aged 25 years and more. A particular training programme is chosen by a person in close cooperation with career consultant. After that, maximum 250 LVL (356 EUR)) training voucher is issued and the SEA covers 90% of its value. If the training programme’s costs exceed 250 LVL, a person may compensate a difference by itself, although, vulnerable groups of employed, such as persons with special needs, at a pre-retirement age or poor, also those with 2 children and more, are released from a 10% starting fee.
2.8. National project “Training and working practice for assistants of SEA inspectors” (launched in 2010). With the reduction of financing available to public institutions at the end of 2008 and in 2009, as well as with rapidly growing number of registered unemployed, the SEA workload increased significantly – in September 2009 there were 306 unemployed per one SEA employee (in 2006 – 82, in 2007 – 62, in 2008 – 92) and more than 700 persons per one inspector registering unemployed.

In 2010 a new project “Training and working practice for assistants of SEA inspectors” was launched. The measure is aimed at young unemployed who have higher education in social sciences and a short work experience. Within the measure, young unemployed participate in 5-day theoretical training and then have an internship at the SEA (up to 11 months). The main duty of the trainees is to assist the SEA inspectors and provide matching services – bringing together unemployed with prospective employers, searching for vacancies, consulting both unemployed and employers and similar. Participants are also receiving a monthly training allowance of 150 LVL (213 EUR) during the participation period.

2.9. Public works programme was launched in 2012 upon the expiry of the measure “Workplaces with stipend emergency public works programme”. The aim of the measure is activation of disadvantaged unemployed by maintaining and developing their work related skills, simultaneously establishing a better linkage of labour market measures with social assistance services in order to avoid shrinkage of the economic potential (i.e. avoiding that people rely on subsistence farming and/or social assistance).

The measure targets exclusively the long term unemployed who have been registered with the SEA as unemployed for longer than 6 months. Besides, in order to be eligible for participation in the activity, the unemployed shall not receive unemployment benefits or old-age pensions.

Workplaces are created in local governments (and their institutions and agencies, except state and municipal enterprises), NGOs. The jobs are non-commercial activities in areas that are additional to tasks currently carried out by local governments. A list of indicative jobs to be carried out by the unemployed is as follows:

a. cleaning and improvement of municipal territories (parks, streets, municipal buildings, tourism areas etc.),

b. improvement of graveyard territories,

c. repairs of municipal buildings and communications,

d. cleaning and improvement of road sides,

e. preparation of firewood,

f. auxiliary works in the social care sector,

g. auxiliary works in municipal institutions (schools, kindergartens, libraries, cultural centres etc.).

The period of participation in the activity by the long–term unemployed do not exceed 4 months per year. Participants can have 2 days per month off to actively search for a job under the guidance of the SEA or individually having an obligation to inform the SEA on results of the job-search. The 2 days can also be used for participation in the SEA competitiveness measures, individual counselling, group sessions on job search methods and basic skills needed on the labour market.

Compensation is paid to participants - 100 LVL per month. In addition, social insurance contributions are made to cover the pension insurance (20% from the 50 LVL per month) and participants are insured against accidents at work.

2.10. Youth workshops (launched in 2013) – the aim is to help young unemployed (aged 15-24 years) with low level of education or without any work experience to make a conscious decision about future education or job field. Within the measure, a young participant has a
possibility to try three different vocational fields (maximum 3 weeks for each field), also receiving a monthly allowance of 40 LVL (57 EUR) and 60 LVL (85 EUR) for young unemployed with special needs).

2.11. Support for youth volunteer work (started in 2011) - the aim is to support activities of young unemployed aged 18-24 years for the public weal, promoting opportunities and developing a volunteer work in Latvia, taking into account youth potential and current situation in the labour market. The participants work in associations and foundations (up to 6 months) receiving monthly allowance of 40 LVL (57 EUR) and 60 LVL (85 EUR) for young unemployed with special needs.

2.12. Workplace for a young unemployed (started in 2011) – the aim of the measure is to promote a long-term integration into the labour market of vulnerable groups of young unemployed aged 18-24 years (being in unemployment for more than 6 months, unemployed after childcare leave or young unemployed with special needs etc.). Young unemployed have a possibility to gain a working experience for up to 9 months, entering into employment agreement with an employer. Within the measure, an employer receives monthly wage subsidy for an employment of young unemployed: 100 LVL (142 EUR) for the first 6 months, 50 LVL (71 EUR) for the next 3 months. The greater subsidy is determined for young unemployed with special needs (150 LVL (213 EUR) and 100 LVL (142 EUR)). Additional expenses also are covered for supervisors’ involvement, working place adaptation for persons with special needs, involvement of different experts, such as assistants, silent language experts etc.

2.13. Measures supporting regional mobility of employees (started in 2013) - as the lack of qualified employees in enterprises is explained also by a weak regional mobility of employees, the Ministry of Welfare re-launched the mobility measures for employees in 2013. Measures supporting regional mobility were first introduced in 2008 and provided financial support to cover expenses of commuting or rent of accommodations during probation period of an employee. However, the implementation of this measure was terminated in 2009 due to significant deterioration of the economic situation. The support to a person (up to LVL 280 or ~EUR 398) lasts for the first 4 months of employment, helping to cover expenses for transport and/or housing for people taking up permanent jobs with less than average pay and within a distance of at least 20 km from their place of residence. The measure is financed from the central budget. Before taking a decision on further continuation, scope and design of the intervention, the results and impact will be assessed in the 4th quarter of 2013.

2.14. Minnesota programme for unemployed with addiction problems

(started at the end of 2012) - support to long-term unemployed with addictions (first 10 participants have already benefited). The measure fills the gap in State Employment Agency services, focusing on those LTU, who, in order to integrate in the labour market, need a prior intervention to tackle alcohol or drug addiction. The access to Minnesota treatment method consisting of 12 steps and links medical, psychological and psychotherapy approach.

3. Labour market reforms in 2012-2013

Latvia has recently experienced a sharp downslide in the economy and had to take immediate measures addressing crisis impact on the labour market and social situation. Safety net measures were put in place and most of labour market programs underwent changes regarding scope or design. As the situation is improving, current Latvian labour market reforms are strongly linked to the European Semester and on implementation of country-specific recommendations provided by the Council:
3.1. Take measures to reduce long-term and youth unemployment:

- The vocational education training (VET) system is being modernised in accordance with the labour market demand, gradual introduction of work-based learning approaches to be implemented in close co-operation with 12 Sector Expert Councils (representing the relevant social partners).

- The implementation of existing active labour market policy measures was improved to prevent long-term unemployment and tackle high youth unemployment rates. The share of long-term unemployed in active labour market policy measures comprises 64% (the main measures are training, paid public works and subsidised employment).

The State Employment Agency (SEA) cooperates also regarding activation of the long-term unemployed, for example, regular meetings and exchange of information about actual unemployment situation, cooperation in the active labour market measures implementation, etc. Best practices also include regular meetings and trainings for social workers on labour market issues. Social workers also help to identify persons with addiction problems and motivate them participate in the State Employment Agency organized support measures for unemployed with addiction problems (Minnesota programme). After implementation of the SEA profiling system there will be improvements in the cooperation between the SEA and municipal social services by making a clear structure for the cooperation framework as different groups of unemployed require different kind of assistance provided in differing sequence. Additional conclusions for improvements will be provided by the World Bank study and by a survey of the SEA and municipal social services to be prepared by the Ministry of Welfare.

- At the end of 2012 a new measure was launched for unemployed with different addiction problems (28 days long treatment programme in addiction treatment centres). The number of participants – 800 persons till the end of 2014.

- As the lack of qualified employees in enterprises is explained also by a weak regional mobility of employees, in the beginning of 2013 regional mobility grants were introduced to cover expenses of commuting or rent of accommodations during the first months in employment for an employee in the 2nd half of 2013 (first four months at a new job). In 2013 approximately 350 unemployed will participate in a pilot project – the support will aim primarily regions with the highest unemployment rates. Before taking a decision on further continuation of support to regional mobility measure, scope and design of the intervention, the results and impact will be assessed in the 4th quarter of 2013.

- During the past years several measures were expanded or designed in order to address youth unemployment problems - workplace for a young unemployed, youth volunteer work, vocational and non-formal training etc. An entirely new programme “Youth workshops” was launched in 2013 – within the measure a young participant will have a possibility to try three different vocational fields (maximum 3 weeks for each field), also receiving a monthly allowance. In 2012 approximately 5 thousand young unemployed took part in different active labour market policy measures (50% of all young unemployed). In 2013 the measures targeted at young unemployed may be revised in order to be able to fulfil a European Youth Employment Guarantee commitments.

There is focus on strengthened co-operation with education sector in order to help young people, who left school or training without achieving upper-secondary education, to return to school or enrol in vocational training for in-demand skills. The reform of vocational education has been continued, implementing a complex approach in order to provide more effective vocational education and training system, thus promoting a higher percentage of young people, who choose vocational education and fighting early school leaving.

To improve effective matching of the unemployed to jobs, a profiling system currently is being developed in the public employment services (State Employment Agency):
- the necessary amendments to the Law “On Support for Unemployed Persons and Persons Seeking Employment” were approved on 26.02.2013;
- it is planned to introduce the first design of profiling system until summer 2013 and make changes in the implementation process if necessary till the end of 2013.

One of the aims of training measures is to ensure that the unemployed and job seekers find a job as soon as possible, providing short-term solutions, as well as adjusting labour supply to the changing needs of the industries.

Since 2011, all the training programmes (also lifelong learning programmes) are implemented by applying a method of training vouchers. Training fields and educational programmes are organized in accordance with the labour market demand and national economy development forecasts, and agreed with economic and social partners and experts (National Commission for defining the training fields and approving the training programmes).

In order to develop the training voucher system further, a monitoring system of training providers is put in place (it is possible to receive on-line information about evaluation of a particular programme made by participants, who fill in a special evaluation sheet and also to see the results of a programme – the share of participants which found work within 6 months afterwards) and ongoing work continues to introduce a more sophisticated solution for applying electronically to training.

In 2012 within the ESF project "State employment agency Labour labor market forecasting and monitoring system development” the effectiveness of training system of unemployed and job-seekers was assessed. The results are quite favorable and are published on the website of the State Employment agency.

There is work ongoing to elaborate the application of the “unit cost” method to training vouchers starting from the next EU funds programming period and making the necessary amendments to the legislation. Additionally state and municipal VET institutions will be further encouraged to take part in provision of adult learning including retraining of unemployed. Based on the World Bank study some adjustments to the training voucher scheme are likely. One of the options might be making it more flexible and suited to individuals needs, for example by supporting the opportunity for adult learners to study together with usual students including in state and municipal VET institutions. To ensure a greater involvement of public VET schools in the provision of training for unemployed it is planned to carry out a pilot project starting in January 2014. The results of this pilot project and of the World Bank study will feed into the design of an algorithm for training provision, the aim of this algorithm will be to increase the involvement of modernized public VET schools by at the same time ensuring right incentives for training providers and beneficiaries. Additionally the voucher scheme will have to be better aligned to the profiling system.

As to the effectiveness of labour market measures addressing long-term unemployment and improving incentives to work, on May 25, 2012 the Government of Latvia and the World Bank signed an Agreement for Advisory Services, under which the World Bank, in collaboration with the Latvian Ministry of Welfare and the State Employment Agency will prepare a study entitled: “Latvia: Who is Unemployed, Inactive or Needy? An Assessment of Post-Crisis Policy Options”. The study will examine the unemployment, tax and benefit systems to support the re-integration of the long-term unemployed into the labor market, also using OECD approach and methodology and to some extent- also expertise (Mr Herwig Immervoll contributed). Among other issues, the focus will be on:

- The evolution of the Latvian labor market emerging from the crisis;
- Profiles of people with no or limited labor-market attachment;
- Impact of employment policies;
- Other countries’ experiences in linking social benefit programs to employment activation measures;
- Options for the design of income and work support measures to promote labor force participation, whilst providing adequate social protection.

Preliminary results of the study will be available in the 2nd quarter of 2013. An international Conference will be organized for disseminating the results in the beginning of June.

As of January 1, 2013 the unemployment benefit duration has been extended to 9 months for all beneficiaries, which is close to average unemployment spell. Regarding possible involvement of benefit recipients in undeclared work, State Labour Inspectorate is monitoring the situation and as soon as such person is discovered, the State Employment Agency is notified. This results in loss of the status of unemployed person, which is also a pre-condition for GMI entitlement for recipients able to work.
### Active labour market policy measures in 2007-2013:

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<th>Financing 2007-2013, LVL</th>
<th>Number of participants 2007-2013</th>
<th>Average costs of a measure per one participant</th>
<th>Total financing in 2012</th>
<th>Participants in 2012</th>
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<tbody>
<tr>
<td></td>
<td>Planned financing</td>
<td>Total expenditures till 1.01.2013</td>
<td>Planned number of participants</td>
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ESF projects include both ESF funding and state budget funding (the average proportion is 85% ESF and 15% state budget).

Several measures and projects are financed solely by the state budget.

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<th>Category</th>
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<th>ESF</th>
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<th>State budget</th>
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<td><strong>TRAINING MEASURES</strong></td>
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<td>594177</td>
<td>377513</td>
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<td>137 LVL</td>
<td>231270</td>
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<td>Support for youth volunteer work (state budget)</td>
<td>557579</td>
<td>349836</td>
<td>3787</td>
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<td>54 LVL</td>
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<td>4355344</td>
<td>23200</td>
<td>18538</td>
<td>280 LVL</td>
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<td>7703980</td>
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<td>2298</td>
<td>3205 LVL</td>
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<td>56378</td>
<td>31166</td>
<td>406 LVL</td>
<td>10598932</td>
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<td>5741722</td>
<td>5316761</td>
<td>662691</td>
<td>617391</td>
<td>4 LVL, 9 LVL</td>
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<td>1569374</td>
<td>1857</td>
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ESF projects include both ESF funding and state budget funding (the average proportion is 85% ESF and 15% state budget).

Several measures and projects are financed solely by the state budget.