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# Latvian Labour Market Policy: Comparative Analysis in the Context of European Countries

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The aim of this article is to give an overview of youth employment situation in Latvia and European Union. Although Youth unemployment rates worsened significantly after the economic and financial crisis, we can see a notable improvement in the labour situation of young people in Latvia. Currently both employment and unemployment rates in Latvia for young people stand close to EU average levels. To support young people on the labour market, Latvia is implementing a large-scale Youth Guarantee programme. The aim of the programme is to support young people by providing a training, employment or other relevant offer in more than 15 different measures. The programme's implementation started in 2014 and will be finished in 2020.

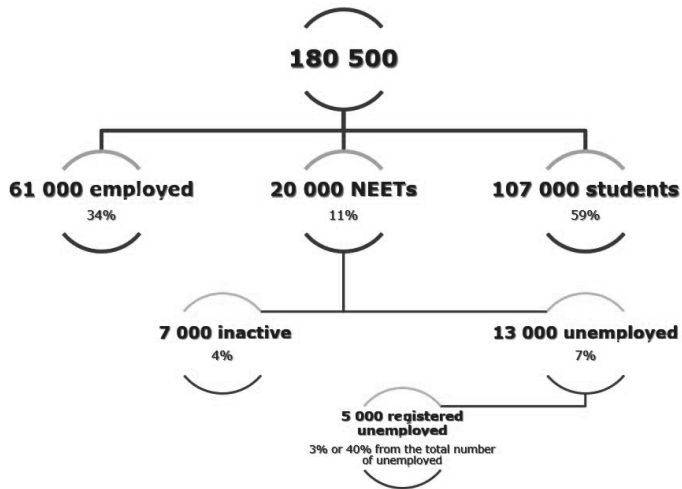
**Key words:** Unemployment, labour market, social policy.

The situation of young people on the labour market in Latvia is constantly improving in recent years due to 3 main factors ("Report on the Progress of Youth Guarantees Implementation"):

- 1) Economic development and availability of vacant jobs,
- 2) Implementation of support programmes aimed at young people without work and not involved in education,
- 3) Demographic trends and sharp decrease in birth rates from 90-ties onwards.

However, there is a need to put more emphasis on finding new solutions for young people with multiple barriers (unfriendly social factors, weak health etc.) and reaching out of those young people, who are furthest away from the labour market (*see* Fig. 1).

The share of young people aged 15 – 24 years in the total population in Latvia remains one of the lowest comparing to EU average, other Baltic States and Scandinavian countries. This trend can be explained by sharp decrease in birth rates in 90-ties and later, as mentioned above (*see* Fig. 2).



**Figure 1. Young people (15-24 years) in Latvia and their distribution by economic activity type.**

(Source: Central Statistical Bureau of Latvia: [http://data.csb.gov.lv/pxweb/lv/Sociala/Sociala\\_\\_ikgad\\_\\_nodarb/?tablelist=true&rxid=cdbc978c-22b0-416a-aacc-aa650d3e2ce0](http://data.csb.gov.lv/pxweb/lv/Sociala/Sociala__ikgad__nodarb/?tablelist=true&rxid=cdbc978c-22b0-416a-aacc-aa650d3e2ce0))

Youth employment level (33.0%, 2017) in Latvia is slightly below the EU average, but improved by 6 percentage points in last 9 years (see Fig. 3).

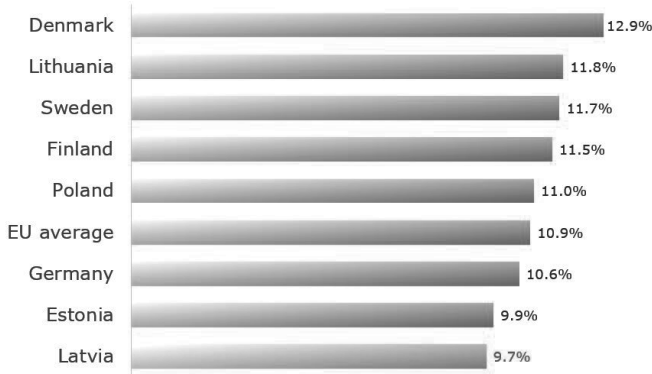
Youth unemployment level (17%, 2017) in Latvia equals to the EU average, but it should be emphasized, that it has improved by 16 percentage points in last 9 years (see Fig. 4).

The share of young people not in employment and training (NEETs) also decreased significantly in recent years in Latvia – from 53.4 thousand young people in 2010 to 18.4 thousand in 2017 (see Fig. 5).

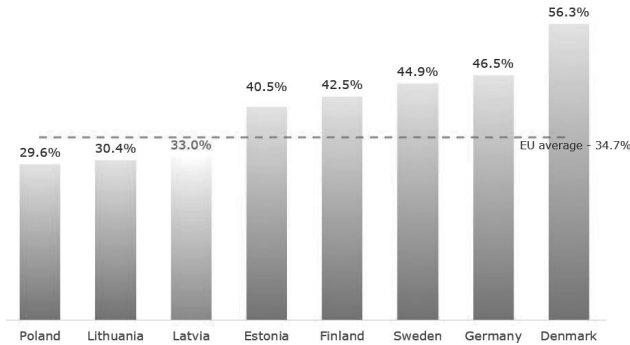
The following positive labour market features are common for Latvia: relatively high Youth employment levels, comparing to other, especially Western EU countries; non-segmented labour market (the majority of population, also Youth enters employment with regular, not limited in time, labour contract); Youth unemployment duration spells are short (3-4 months on average), employers are ready to provide job for young people (Short-term prognosis for Labour market), higher level of education leads to better labour market outcomes and long-term unemployment of young people is low (see SEA data on portrait of registered young unemployed below).

Simultaneously, the following obstacles are defined: lack of qualitative first working experience; expectations are higher than labour market can provide (expectations on wages and working conditions); insufficient quality of vacancies in regions, high emigration rates.

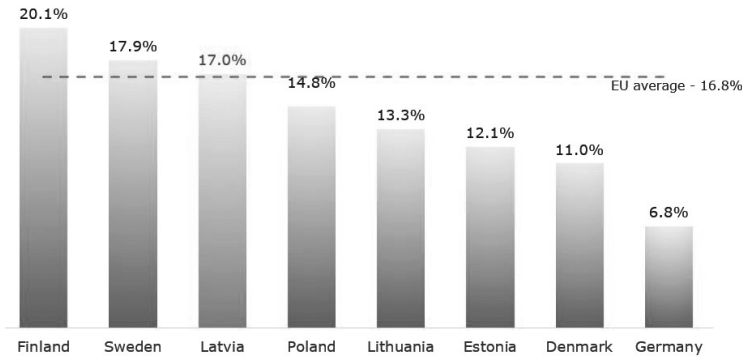
To assess situation of young people in the labour market, data on registered unemployment provided by the State Employment Agency (SEA) is used. According to this information, in May 2018, out of all young registered unemployed aged 15 – 24 years, 64% were without profession (insufficient work skills, only secondary or lower



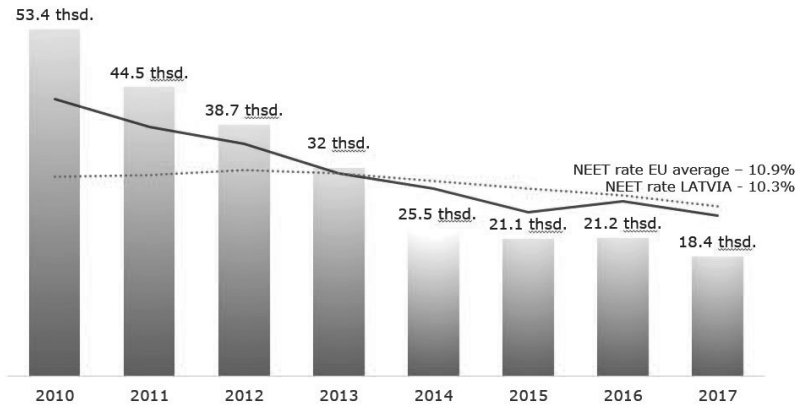
**Figure 2. The share of young people aged 15 – 24 years in the total population in Latvia comparing to EU average, other Baltic States and Scandinavian countries.**



**Figure 3. Youth employment level in Latvia is slightly below the EU average.**  
(Source: <http://ec.europa.eu/eurostat/data/database>, Population and Social Conditions – Labour Market.)

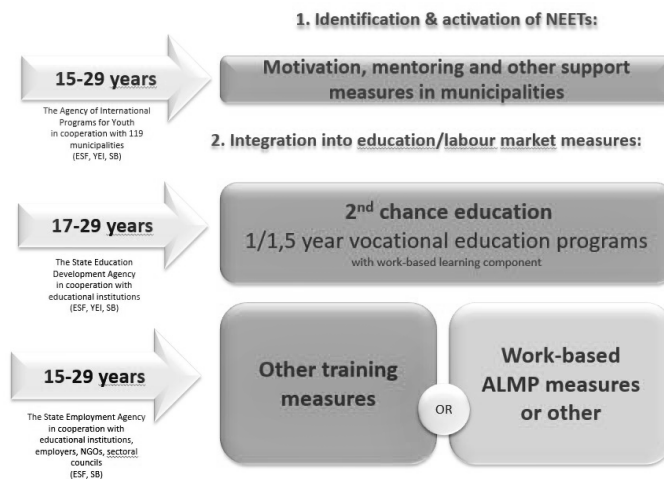


**Figure 4. Youth unemployment level in Latvia equals to the EU average.**  
(Source: EUROSTAT 2017, age group 15-24 years.)



**Figure 5. Decrease of the share of young people not in employment and training (NEETs) in recent years in Latvia.**

(Source: EUROSTAT 2017, age group 15-24 years.)

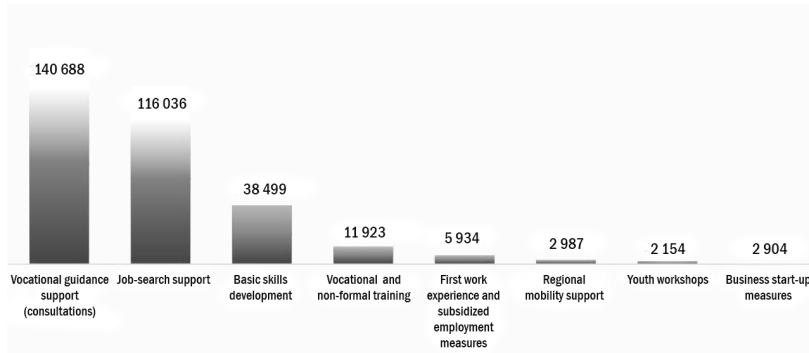


**Figure 6. Youth Guarantee Programme implementation scheme.**

(Source: The author.)

education level), 27% have gained vocational education and 9% - tertiary education; 2/3 have little or no work experience (mainly low-skilled jobs) and 9% were looking for a job for more than 1 year.

To support NEETs on the labour market, Latvia is implementing the Youth Guarantee Programme (YG). Within the YG three national projects are being implemented since the beginning of 2014 – the SEA project “Active labour market policy measures for unemployed young people”, the State Education Development Agency’s (SEDA) project “Implementation of vocational education programs for young people not in employment and training” and the Agency’s for International Programs for Youth (JSPA) project “Know and Do!”.



**Figure 7. Distribution of participants by measures.**

(Source: National YG project data, 2014-2017)

Funding of EUR 77.0 million is foreseen for the three stages of the YG over the period from 2014 to 2020 (all three projects are co-financed by the state budget, the European Social Fund, Youth Employment Initiative and private, employers' funding (wages to young people).

In 2014 new model of cooperation was established between the Ministry of Welfare, the Ministry of Education and Science, SEA, SEDA, JSPA, schools, municipalities, social services and non-governmental organizations (NGOs). Agreements for cooperation were signed between both ministries, SEA and SEDA, SEA and JSPA, JSPA and municipalities. Educational institutions, employers, NGOs signed contracts with SEDA, SEA and JSPA for provision of targeted services to young NEETs.

The upscaling and sustainability of partnerships is ensured through The Youth Guarantee Advisory Board and EU funds Monitoring Committee. The Monitoring Committee is chaired by the Head of Managing Authority and consists of representatives from the Managing Authority, Responsible Institutions, Co-operation Institutions, Paying Authority, Audit Authority, Certifying Authority, as well as social partners, non-governmental sector and regional partners.

Additionally, The Youth Guarantee Advisory Board is analysing the progress achieved in the implementation of YG on a regular basis (it meets at least once per year), involving representatives of social partners, Latvian Association of Local and Regional Governments, National Youth Council of Latvia, governmental institutions, local governments, regional development agencies etc. Therefore, it can be concluded, that the YG have both types of partnerships – policy and project-based.

In 4 years (2014-2017) 135 080 young people aged 15-29 years participated in different YG SEA support measures, additionally on average 8 500 young inactive persons aged 15-29 years participated in SEDA vocational education training measures (Report on the Progress of Youth Guarantees Implementation). During this time, 85 000 young people or 63% of participants returned to employment. The average unemployment spell of YG participants equals on average to 3-3.5 months.

Within first 4 months after registration in SEA 25% of participants entered employment, 31% received at least one job offer, 21% started participation in long-term measures, 57% received intensive support from career consultants, and only on average 20% lost their unemployment status due to «unknown reasons».

On average 55% of all YG participants find work within first 6 months after participation in different support measures.

The Ministry of Welfare is planning to implement the following further steps to raise the effectiveness of the support measures aimed at young NEETs:

1. Strengthening the link between different policies (social support and employment measures) – although national regulation provides legal basis for close policy interlinkage, it does not always work properly on the ground,
2. More targeted approach to all disadvantaged young people,
3. Further development of vocational guidance measures – its importance and value while implementing the Youth Guarantee,
4. Strengthening cooperation with employers to achieve better outcomes and results,
5. Implementation of accompanying preventive measures (work with drop-outs, work-based learning approach etc.),
6. Monitoring of the Youth Guarantee programme – further evaluation of long-term labour market outcomes of participants.

## **Conclusions**

Latvia has a strong commitment to implement the Youth Guarantee programme and a significant progress in its implementation is made in recent years. In particular, strong partnerships are in place and the profiling system, which helps to provide to young people a better offer of measures, is effective. Simultaneously measures to support those young people with disabilities or multiple barriers to labour market participation are being implemented.

In the future it would be necessary to increase the coverage of young people not in employment and training (NEETs) and to provide more offers to young people, facing health problems and disability. There still is a need for expansion of outreach measures, which were introduced in Latvia in recent years, particularly for non-registered young NEETs.

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## **Darba tirgus politika Latvijā: salīdzinošs skatījums Eiropas valstu kontekstā**

*Kopsavilkums*

Raksts sniedz pārskatu par jauniešu nodarbinātību Latvijā un Eiropas Savienībā. Lai gan pēc ekonomiskās un finanšu krīzes jauniešu bezdarba rādītāji būtiski pasliktinājās, šajā ziņā Latvijā var redzēt ievērojamu situācijas uzlabošanos. Šobrīd gan jauniešu nodarbinātības, gan bezdarba rādītāji Latvijā ir tuvinājušies EU vidējiem skaitļiem. Lai atbalstītu jauniešu iesaistīšanos darba tirgū, Latvijā tiek īstenota plaša mēroga Jaunatnes garantiju programma. Tās mērķis ir atbalstīt jauniešus, piedāvājot viņiem apmācību, informāciju par darba iespējām un citu nozīmīgu palīdzību vairāk nekā 15 pozīcijās. Programmas īstenošana tika uzsākta 2014. gadā un tā beigsies 2020. gadā.

*Atslēgas vārdi:* bezdarbs, darba tirgus, sociālā politika.



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