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LATVIA**



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# RECENT DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT POLICY IN LATVIA

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# 1. BACKGROUND INFORMATION

# 1

## 1.1 ECONOMIC DEVELOPMENTS

In Latvia, economic activity has been increasing since the mid-1990s, but in 2000 and 2001 economic development in Latvia has been among the most rapid in Europe.

The consequent reforms implemented to date have shored up the foundations of market economics in the country, have created a stable macroeconomic environment, and ensured investor confidence. This is reflected by the dynamics of the gross national product (GNP) and in the structural changes thereof. In the year 2000, GNP increased already by 6.6% as compared to the previous year, but in 2001 the increase was up by 7.7%.

In Latvia in 2000 and 2001 growth was most rapid in comparison with the Baltic countries. It is significant that during this period an increase can be observed in almost all economic sectors. In 2001 and 2002 more than three-quarters of GNP

growth were provided by development in four sectors: processing industry, business, commercial services and transport and communications.

If, in 2001, the volume of transit services increased rapidly, then in 2002 it decreased (along with the decrease in transit of Russian crude oil). The agriculture situation is gradually stabilising. The low productivity of labour and external competition are the main barriers to development in this sector.

The privatisation programme passed in 1995 by the Cabinet of Ministers is drawing to a close. Massive privatisation in Latvia (from 1994 to 2000) has ensured a constant increase of the private sector. If the proportion of added value created by the private sector in 1995 was 53%, then in 2001 it was already 69%, and it employed 72% of the nation's economically active population (71% in the year 2000). The dominating position of the private sector in 2001 (over 85%) was achieved in agriculture and forestry, as well as in

fishery, financial mediation, hotel and restaurant enterprises.

One of the most important focuses of national support is that for the development of small and medium-sized enterprises (SMEs). In 2001 approximately 99% of the total number of businesses in Latvia were economically active SMEs.

In 2001 over 42,000 SMEs were operating. The division of SMEs according to size is similar to that of the EU countries – 77% micro-enterprises, 19% small enterprises and 4% medium. But there is a great difference in the economic activity indicator of the number of enterprises per 1,000 inhabitants. In 2001 it was 17.1, but in EU Member States it was 40–60. The contribution of SMEs to the GNP has increased to over 65%.

Currently an evaluation is underway of how the activities included in the National Programme for the Support of Small and Medium Enterprises (1997–2001) were implemented. The elaboration of a follow-up national programme (2002–06) has begun; the main directions will be increasing the know-how of entrepreneurs, developing quality labour, accessing appropriate information, and accessing financial resources. Real support for SMEs has also been provided through grants from the Phare programme amounting to €2.4 million.

## 1.2 LABOUR MARKET

### **Characteristics of the labour force (age structure, levels of education)**

The number of economically active inhabitants (age 15 and older) in the country has been decreasing since 1996, and in November 2001 it was 1,105,500. In cities economic activity (57.0%) is only slightly greater than in rural areas (55.4%). Moreover, it is generally lower among women than among men. A significant relation is that along with a higher level of education, the level of economic activity increases. Men and women holding a higher education have an economic activity level (80.4% and 76.3%, respectively)

which is almost twice as high as that of men holding a basic education (47.2%), with even greater difference with women holding a basic education (26.5%).

The total number of employed is decreasing, and in 2001 it was 1,036,900. On the other hand, the employment level in 2001 (58.8%) had increased slightly as compared with 2000 (57.7%).

In November 2001 slightly more than half of the total number of employed (53.3%) were aged 25 to 44 and more than one third (33.9%) were aged 45 to 64. Only 10.2% of the employed were aged 15 to 24 and 2.6% were over 65 years of age.

Almost two thirds of the employed have an upper secondary education, either general or vocational (61.7%), but one fifth (21.6%) hold a higher education. Only 16.6% of the employed have either completed basic education or less. During 2001 there was a slight increase in the number of employed among women with a higher education and among men with an upper secondary general or vocational education.

### 1.2.1 EMPLOYMENT

In Latvia structural changes within the economy are ongoing, which is indicated by the redistribution of the employed among economic sectors. During the last five years there has been a significant decrease in the number of employed in agriculture and manufacturing, but there have been increases in service sectors and in construction.

The level of employment varies in the different regions of Latvia. The highest level of 60–62% exists in Riga and its surroundings (Vidzeme and Zemgale), but it is lower in Kurzeme and Latgale. At year end 2001 in Latgale a slight increase in the employment level was observed, with an increase in economic activities in the cities of Daugavpils and Rezekne.

During 2001 (data available from May and November) the number of qualified labourers, craftsmen, and equipment and machine operators increased, whereas



there was a decrease in the number of people employed in services and commerce as well as in simple professions.

Also during 2001, within the employment structure of the population there was a decrease in the number of employers as well as unpaid family members/relatives, but the number of employees and self-employed inhabitants increased.

### Employment among school leavers

Young people aged 15 to 24 have a low level of employment (28.7%), and it has a tendency to continue decreasing (by 0.2% in 2001). Partially this is related to the increasing enrolment in higher education institutions and upper secondary vocational education, thus fewer young people enter the labour market. There is still no separate data being collected nationally concerning the employment of school leavers and it is therefore difficult to evaluate the employment situation among them (the labour market survey of the Central Statistical Bureau (CSB) does not include such a position).

### 1.2.2 UNEMPLOYMENT

The level of unemployment registered by the State Employment Service (SES) decreased slightly during 2001 (by an average of 7.7%). There is still a marked difference among the regions of Latvia: the highest level of unemployment at the end of November 2001 was in the region of Latgale (from 20% to 27%).

In 2001 the level of unemployment among young people was higher than among older inhabitants: at ages 15 to 24 it is one and a half times higher (14.6%) than among those aged 25 to 54.

In 2001 the lowest level of unemployment was among people having a higher education (7.0%), whereas it is three times higher among jobseekers with a basic education (22.3%) among the total number of unemployed. Where employment is higher among those qualified for simple professions (one in four), but much lower among those holding qualifications for

more highly skilled jobs, this relationship has been maintained.

At the end of 2000 there was a slight decrease in the number of **long-term unemployed**, although their representation within the total number of unemployed registered with the State Employment Service was still high in 2001 (2.6%).

As indicated by the labour force survey performed by the CSB in November 2001, the highest proportion of jobseekers among the economically active population was within the 15 to 24 age group (20.8%).

### 1.3 DEMOGRAPHIC DEVELOPMENT

The demographic situation in Latvia is still unfavourable. Since 1991 the rate of natural increase has been negative. In 2001 the birth rate was the lowest among EU candidate countries, but the death rate was the highest as compared with the EU countries and other candidate countries.

The birth rate continues to decrease both in urban and in rural areas. The number of births in 2001 was lower by 2.9% than in the previous year, but the number of deaths was greater by 2.4%. Census data from 2000 indicate that the population of Latvia was 2,375,000, whereas CSB data indicate that at the outset of 2001 it was 2,366,000, but 2,357,600 in August of that year.

The ageing process of the population is becoming more pronounced. In the 2000 census 18.1% of the population were children up to the age of 14, but in 1989 it was 21.4%. At the same time, the proportion of inhabitants aged 60 and older had increased to 21%, but in the 1989 census it was 17.4%. At the beginning of the 1990s children still made up 22% of the total population, but it is forecasted that by 2005 this proportion of society will make up only 14%. The trend of reduction in average family size is ongoing, mostly due to the sharp decrease in the number of children. At the outset of the 21st century the number of schoolchildren continued to decrease, as have the birth rates in the

1990s, but by 2010 this will mean a decrease in the number of potential students.

In order to achieve positive changes in demographic processes and an improvement in the demographic situation, the Ministry of Welfare has worked out an action plan with the goal of ensuring national self-perpetuation.

## 1.4 SKILL NEEDS ASSESSMENT

There still is no national system of skill needs assessment, and there are difficulties in forecasting what professions and how many employees will be needed. Employer surveys are performed in certain regions or sectors (by the State Employment Service) according to which it is determined what qualifications will be in demand in the near future (after one year or slightly longer). Survey data indicate that:

- there is little demand on the labour market for workers with low-level qualifications and there is no demand for individuals who have no professional skills;
- there is increasing demand for qualified labourers and craftsmen, equipment and machine operators;

- employers require employees with the ability to work with modern equipment and new technologies, good national language skills and skills in several foreign languages, as well as employees who have acquired several professions.

In July 2001 the Cabinet of Ministers approved the long-term economic strategy prepared by the Ministry of Economics. The Ministry of Economics foresees that the following traditional economic sectors have good prospects for development:

- sectors related to forestry and wood processing (lumber, furniture, paper, cellulose, printing, wood chemistry);
- textile manufacturing, machine building and equipment assembly sectors, shipbuilding and repair;
- development of ecologically sound farming as well as non-traditional agricultural sectors (including non-food related);
- development of the service sector;
- transit services;
- tourism;
- high-tech sectors (information and communication technologies, pharmaceuticals, chemicals and chemical applications).

The survey performed by the State Employment Service in 2000 also indicates that employers forecast an increase of employees in processing industries, financial intermediation, sales and services enterprises. However, all of these sectors require skilled workers, not just cheap labour.

## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

# 2

### 2.1 POLICY DEVELOPMENT

The *Concept on Education Development in 2002–05* (adopted by the Parliament on 17 October 2002) defines the main development goals in education as follows:

- to increase the quality of education at all levels and in all types according to the needs of society and the economy;
- to ensure access to education for the population of Latvia within the context of lifelong learning;
- to increase the effectiveness of spending in education at all levels and in all forms.

In order to meet these goals the following actions are considered priorities in the area of vocational education.

*Assurance of the quality of vocational education according to labour market demand:*

- improvement of the centralised examination system in vocational education;
- continued improvement of the modernisation of vocational education programme content according to the changing labour market;
- improvement of the system of accreditation for vocational education programmes and institutions;
- development of first, second and third level vocational qualification standards and development of corresponding education programmes;
- promotion of cooperation in vocational education between education institutions and employers;
- continuation of licensing and institutional accreditation for introductory level vocational education programmes.

*Increasing access to vocational education:*

- increasing the role of the social partners in order to promote their involvement in defining the terms of reference of national tenders for vocational education provision according to territorial demand;
- wider provision of vocational education programmes including remedial training for learners with low levels of prior knowledge;
- promotion of introductory level vocational education implementation;
- implementation of vocational guidance and career selection activities at all types of education institutions.

*Increasing education opportunities for adult learners, by providing vocationally orientated lifelong learning options:*

- ensuring coordinated support by employers and the government for development of education programmes for adult learners, particularly in the context of balanced regional development;
- promotion of the involvement of higher education and vocational education institutions in the development of continuing education by offering continuing education programmes and professional development programmes, and participating in retraining of the unemployed;
- development of a credit point system and implementation thereof in continuing education programmes, thus ensuring compatibility with the academic credit transfer system;
- development of basic criteria for the evaluation of evening (night) schools;
- development of recommendations for the wider involvement of employers in the funding of continuing education.

*Assurance of a unified administration for the education system:*

- placement of all national vocational secondary education institutions under the authority of the Ministry of Education and Science, except for those institutions whereby law training and service are regulated according to service regulations.

## 2.2 ADAPTATION OF THE LEGAL FRAMEWORK

During the period from September 2001 to October 2002 the following legislative acts for the regulation of vocational education have been passed:

- Cabinet of Ministers (CM) regulation No 170 of 2002 on 'Procedures for accreditation of general and vocational education programmes, institutions and examination centres';
- CM regulation No 131 of 2002 on 'Procedures for development of vocational standards';
- CM regulation No 55 of 2002 on 'Procedures for conferring documents that attest to the completion of professional development and introductory vocational education courses';
- CM regulation No 4 of 2002 on 'Procedures for licensing general and vocational education programmes';
- CM regulation No 482 of 2002, 'Regulations concerning the minimum expenditure per learner for the implementation of vocational education programmes'.

## 2.3 GOVERNANCE AND RESPONSIBLE BODIES

Vocational education institutions in Latvia are still under the authority of several ministries. During the 2001/02 academic year 35 vocational education institutions were under the authority of the Ministry of Agriculture, 47 under the Ministry of Education and Science, eight under the Ministry of Welfare, 15 under the Ministry of Culture, three under the Ministry for Internal Affairs, seven under local government authority and there were 11 private vocational education institutions.

## 2.4 MODERNISATION OF THE EDUCATION AND TRAINING SYSTEM

### 2.4.1 STRUCTURE AND ORGANISATION

#### Development of educational and occupational standards

The vocational education and upper secondary vocational education standards were already passed in the year 2000. By 1 November 2002 the basic vocational education standard had yet to be passed.

Each year new vocational standards are continually developed in cooperation with the Subcommittee of the Tripartite Committee for Cooperation in Vocational Education and Employment. In November 2002, 135 vocational standards were registered with the Register of Vocational Standards. The Register included vocational standards from qualification levels 1 through 5 (including those professions for which qualifications are acquired through higher education).

#### Assessment and certification

In order to provide for the implementation of centralised examinations, the Ministry of Education and Science Guidelines No 11 of 10 October 2001 on 'Procedures for the centralised examination process' were drawn up. During the 2001/02 school year nine Training and Examination Centres dealing with a total of 23 professions were in operation. Qualification examinations were taken at Training and Examination Centres by 3,816 students, of which 2,913 or 76% acquired a qualification. The Professional Education Centre of the Ministry of Education and Science developed content for qualification examinations in 32 professions; for the other professions content was established by the training institutions themselves.

#### Quality assurance and accreditation

In 2001, 1,303 vocational education programmes were licensed (including 384 continuing education programmes) at 254

vocational education institutions, and 135 programmes at 27 institutions were accredited.

### 2.4.2 DELIVERY

#### Teaching and training staff – pre- and in-service training, salaries, numbers, career development

Teacher training required by teachers can be acquired through:

- a higher vocational education programme that confers a qualification of 'teacher', or an academic programme of studies in education that confers a bachelor's or master's degree;
- professional development programmes (teacher training courses include at least 320 contact hours, programmes last for at least one year) that confer a certificate following a form approved by the Minister of Education and Science, if the person has acquired vocational upper secondary education (or general upper secondary education and a master craftsman's qualification granted by the Latvian Chamber of Crafts), or has acquired higher education and is employed by a vocational education institution (this applies only to vocational subject teachers);
- acquiring teaching knowledge and skills via self-learning, continuing education courses, seminars, projects and other teaching skills development activities.

The Vocational Education Teacher Certification Committee instated by the Minister for Education and Science evaluates and takes decisions concerning the compliance of knowledge and skills acquired by teachers through professional development courses or through self-learning to the Model Basic Vocational Education Teacher Training Programme (authorised by the Ministry of Education and Science Decree No 346 of 3 June 2002, Concerning the Model Basic Vocational Teacher Training Programme).

Teachers' salaries are determined by Cabinet of Ministers regulations of 15 February 2000 and the teachers' salary

reform approved by the government. As of 1 September 2002, the lowest monthly teacher's salary (per full-time post) for teachers having work experience of over 10 years was LVL 130 (LVL 97 in 2000). One full-time post is equivalent to 840 teaching hours per year, or an average of 21 hours per week.

During the last two years a mechanism has been developed for raising teachers' salaries, however, the average teacher's wage, which is lower than the national average salary (the national average monthly wage in 2001 was LVL 159 before taxes) of those gainfully employed, does not encourage the arrival of new teachers at schools.

In cities, people prefer to work within their chosen profession at various enterprises, not at education institutions. In rural areas, schools are the place where, in conditions of general unemployment, a small but stable income is guaranteed each month.

### **Training in enterprises**

In 2002 the results were published of the Continuing Training in Enterprises Survey (performed in 2000), which concerned continuing vocational training (CVT) of employees in 1999 and was in whole or in part financed by the 3,500 enterprises involved. According to the results of the survey, employees of only 53% of the enterprises received training. Training was regularly organised only by large enterprises, but among relatively small enterprises (10 to 49 employees) only one in two organised training. In Latvia CVT courses are organised on-site at 26% of enterprises (that is 49% of the enterprises providing CVT). Most often (in 40% of the cases) CVT courses in Latvia are organised by specialised (public) training institutions, 16% by private education institutions, 6% by universities, 5% by equipment suppliers, 4% by chambers of commerce, sectoral and employer's organisations, 4% by mother (associated) companies, 2% by government-run schools and colleges, 2% by associations, and 21% by other training providers. As can be seen from the results of the survey, national vocational education institutions participate

very little in the training of employees of enterprises. In Latvia direct expenditure for the organisation of employee training amounted to LVL 86 per employee at enterprises providing CVT courses. Direct expenditure for CVT courses equalled 124 purchasing power parity (PPP) standard units in Latvia, 201 in Estonia, 78 in Lithuania and 555 in the Nordic countries.

Besides courses, the following are popular forms of training: participation in conferences, practical workshops (77% of enterprises), on-the-job training (61%), self-study (28%), and job rotation (8%). A special training budget was established in only 4% of Latvian enterprises. A written training plan existed in only 6% of enterprises. Of those enterprises lacking a written plan, 71% considered it unnecessary to develop such a plan, but 23% considered professional development to be each employee's own problem which should be dealt with outside of working hours.

Some 47% of the surveyed enterprises do not organise CVT. The main reasons why CVT is not organised are: the employees' skills and abilities meet the requirements of the enterprise (79%); new staff having the required qualifications were hired (42%); CVT costs are too high for the enterprise to bear (16%); initial training is sufficient to allow the necessary skills to be developed (13%); or employees are too busy to follow training (9%).

This survey is the first of its kind done in Latvia. It indicates that the professional development of the employed is to a large extent the responsibility of the individual, because only half of enterprises provide CVT, while in the Nordic countries, for instance, it is 89%.

### **2.4.3 PARTICIPATION IN EDUCATION AND TRAINING**

Each year there is an increase in the number of students in higher education institutions, but the number of students in vocational education institutions remains constant.



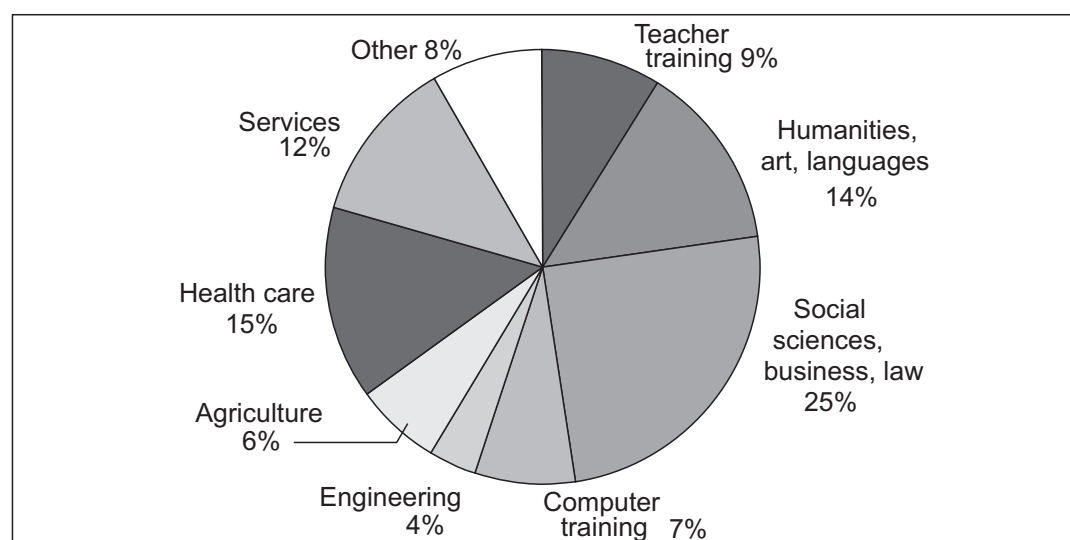
## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

### Education institutions: number and enrolment, 1990–2001

		1990	1995	1999	2000	2001
Pre-school establishments	Number of institutions	1,123	608	573	561	552
	Enrolment	111,471	68,490	65,097	61,759	61,451
General schools	Number of institutions	962	1,094	1,095	1,074	1,066
	Enrolment	352,450	347,541	361,432	359,818	351,989
VET schools	Number of institutions	143	133	121	120	126
	Enrolment	67,409	42,374	47,703	48,625	47,627
Institutions of higher education	Number of institutions	10	28	33	33	36
	Enrolment	45,953	46,696	89,509	101,270	110,500

Source: *Education institutions in Latvia at the beginning of the school year 2001/02, Statistical Bulletin, CSB, Riga, 2002*

### Enrolment in adult education by field of studies, 2001



Source: *Education institutions in Latvia at the beginning of the school year 2001/02, CSB, Riga, 2002*

In 2001 the enrolment in adult education was 204,568, which makes up 14% of the working age population.

According to the CSB data, in 2001 the most popular adult programmes were:

- economic education programmes (34,438 trainees);
- health care and social work (29,357 trainees);
- drivers courses (20,712 trainees);
- teacher training (18,205 trainees).

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According to the Labour Force Survey data only 6.8% of the employed people have participated in continuing education.

### Participation of the population aged 15 to 74 in continuing (additional) education, second quarter 2002

By motive to improve one's knowledge	Employed (%)	Job seekers (%)	Economically inactive (%)
Participated in courses, seminars or training	6.8	6.9	1.9
● To get skills for a job	17.9	28.3	7.7
● To improve professional knowledge	75.5	61.2	74.3
● General interest	6.6	10.5	18.1
Did not participate in training	93.2	93.1	98.1

Source: Labour Force Surveys: Main indicators (in the first half of 2002), CSB, Riga, 2002

In 2001 the State Employment Service devoted particular attention to the involvement of unemployed youth in active employment measures. In that year, 2,064 young unemployed people aged 18 to 25 had completed retraining. Of these, 62.1% found employment. In 2001 the State Employment Service began to pilot a new active employment measure called 'Young people on internship with employers', involving 100 young unemployed individuals.

In the same year the State Employment Service began implementing a new active employment measure called 'Subsidised employment for unemployed persons with disabilities', involving 30 unemployed disabled individuals who had acquired vocational education or had completed retraining courses and could not find employment.

## 2.5 GUIDANCE AND COUNSELLING

In Latvia vocational guidance and counselling is not integrated into the educational system, making this the weakest point of the guidance and counselling process.

In 2000 the Agency for Vocational Education Development Programmes (an enterprise established by the Ministry of Education and Science) opened the Latvian National Resource Centre for

Vocational Guidance (NRCVG). The NRCVG cooperates with similar organisations in Europe, forming together the Euroguidance Network.

The objectives of the NRCVG include:

- creation of information materials (publications, databases, web pages) for use by vocational guidance practitioners and end-beneficiaries;
- participation in the international project ESTIA within the framework of the Leonardo da Vinci programme. ESTIA is a uniform database on the Internet that includes information on the education system, training providers, labour market, and professions of each participating country, and contains links to relevant sites on each theme. The Latvian NRCVG is responsible for the development and updating of information on Latvia within the ESTIA project, as well as for the dissemination of information about the web site in Latvia;
- organisation, participation and dissemination of information at national and European education fairs, information events, seminars and conferences, in order to promote the development of the European dimension in education and training;
- offering support for the upgrading of training for vocational guidance practitioners, and the promotion of contacts among guidance practitioners in Europe.



## 2. RECENT DEVELOPMENTS IN EDUCATION AND TRAINING IN A LIFELONG LEARNING CONTEXT

In June 2001 the NRCVG released a CD-ROM publication entitled *Meet the World of Training and Employment*. It includes information on the Latvian education system and 12 economic sectors.

The NRCVG organises education and career days for youth in all regions of Latvia.

The public non-profit organisation Professional Career Guidance Centre has been in operation for 14 years now. It is an organisation under the supervision of the Ministry of Welfare that provides psychological assistance in the choice of education and career. The Centre is located in Riga and it has branches in 15 towns. In 2001 there were nine new counselling centres opened in the framework of the state investment programme.

Also in 2001, 21,969 people received consultations, among them 14,457 pupils of senior forms, 4,373 unemployed persons (57% by request of the State Employment Service), 487 students of vocational schools, 386 students of higher education establishments, 795 unemployed jobseekers not registered with the State Employment Service, 1,278 employed individuals and 193 parents of school children. As compared with the previous year, the number of people consulted has increased by 21%.

Clients of the centre can receive the following services:

- individual and group consultations on issues of career and training decisions and professional aptitude;
- individual consultations on job search issues;
- training seminars for young people and adults on career development and job search issues;
- informative consultations on training opportunities in Latvia and abroad.

There are no career guidance counsellors in the vocational or higher education establishments. Higher education institutions sometimes organise career days where representatives from enterprises participate as well. It is more or less the duty of graduates themselves to find a job. The career guidance counsellors would be very useful in vocational education schools and they would help the graduates to choose their future career.

### 2.6 PREPAREDNESS OF THE EDUCATION AND TRAINING SYSTEM TO COMPLY WITH THE PRINCIPLES OF THE EUROPEAN EMPLOYMENT STRATEGY

In drafting the new 'Concept on the Education Development in 2002–05', the goals and tasks of the Latvian long-term economic strategy, the National Employment Plan and the European Commission's lifelong learning memorandum were taken into account.



## **3. RECENT DEVELOPMENTS IN EMPLOYMENT POLICY AND IMPLEMENTATION**

# 3

### **3.1 STATE OF PREPARATION FOR THE EUROPEAN EMPLOYMENT STRATEGY**

The Latvian National Employment Plan (NEP) for 2002 was passed by the Cabinet of Ministers on 3 September 2002. It was drawn up focussing on the employment policy goals for the years 2005 and 2010 set at the Lisbon and Stockholm EU summits, as well as based on the European Council's employment guidelines for 2002 and on the analysis of the implementation of NEP in previous years.

### **3.2 GENERAL OUTLINE OF EMPLOYMENT POLICY OBJECTIVES AND MEASURES**

The measures included in the NEP for 2002 comply with the four pillars of the European Employment Strategy – improving employability, developing entrepreneurship and creating jobs,

encouraging adaptability of businesses and employees, and strengthening policies for equal opportunities. In 2002, 86 measures with a nationally funded total budget of LVL 16.6 million are planned, with additional funding amounting to LVL 11.6 million coming from other sources in the framework of various programmes and projects.

The main employment policy goal outlined within the NEP is to increase the employment level, devoting particular attention to the following measures:

- adaptation of vocational training to the requirements of the labour market;
- broadening the range of active employment measures and increasing the effectiveness of these measures;
- implementation of economic policy measures for the creation of new jobs;
- promotion of an increase in wages to prevent dependency on income from welfare subsidies.

### 3.3 ADAPTATION OF THE LEGAL FRAMEWORK

On 1 July 2002 the 'Law on Support for the Unemployed and Job Seekers' came into force in Latvia. With the enactment of this law, the 1992 'Law on Employment' is null and void. The 'Law on Support for the Unemployed and Job Seekers' defines the active employment measures intended for the unemployed and jobseekers, and the preventative measures for the reduction of unemployment; and defines national and local government competence in implementing these measures, as well as the status of unemployed and jobseekers, their rights and responsibilities.

On 1 June 2002 the Labour Law came into force. With the enactment of this law the Latvian Labour Code, passed in 1972, is null and void. The Labour Law defines the principle of equal opportunities – that is, everyone has equal rights to employment, fair, safe and healthy working conditions, as well as a fair wage, and these rights are to be provided without any direct or indirect discrimination.

### 3.4 GOVERNANCE AND RESPONSIBLE BODIES

It is in the competence of the Cabinet of Ministers to annually approve an NEP in which, based on the strategic labour market policy of the Republic of Latvia and the European Union, political priorities of the labour market are outlined according to the national employment situation and relevant active employment measures, and preventative measures for the reduction of employment and the required funding for these measures are specified. The Cabinet of Ministers also determines the procedures for organising and funding active employment measures.

The Ministry of Economics coordinates the drafting of the NEP and its submission to the Cabinet for approval.

The Ministry of Welfare develops proposals for the NEP concerning the reduction of unemployment and issues of psychological support for the unemployed and

jobseekers, and submits them to the Ministry of Economics. The Labour Department of the Ministry of Welfare develops national policy in the areas of labour rights, social dialogue, employment, workplace and equipment safety regulations. The Ministry of Welfare oversees the National Employment Agency (NEA – before January 2003 the State Employment Service) and the National Career Guidance Agency (NCGA – before January 2003 the Professional Career Guidance Centre).

Local governments participate in the drafting of the NEP, according to which they draw up the employment plan for the relevant territory, cooperate with the NEA and NCGA, and provide for the involvement of the unemployed in projects requiring local government or foreign funding.

#### Budget of the State Employment Service for active labour market policy, 2000 and 2001 (in LVL)

Type of programme	2000	2001
Training of the unemployed	3,988,571	3,989,090
Stipends for trainees during training	612,868	800,000
Job clubs	294,995	295,000
Public works	2,150,138	2,366,049
Administration of the SES	1,618,960	1,726,052
• Of which investments	60,000	180,000
<b>Total</b>	<b>8,665,532</b>	<b>9,176,191</b>

Source: SES

### 3.5 EMPLOYMENT SERVICES

#### 3.5.1 STRUCTURE AND ORGANISATION

The State Employment Service was established in 1991. In 1999 it was reorganised as a state non-profit joint-stock company under the supervision of the Ministry of Welfare. It has a board consisting of the director of the company

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and the deputy director. There are also three outside individuals (one of them was the head of the Free Trade Union Confederation) designated as authorised representatives who have a monitoring function.

The State Employment Service in Latvia has a network of 28 district offices and 34 local offices with a total staff of 554. Of these, 55 participate on a board that is responsible for the services at a national level.

#### 3.5.2 DELIVERY OF SERVICES

Based on the average level of unemployment in 2000 (164,000 on the LFS basis) the ratio of district/local office staff to total unemployment is approximately 1:300. The ratio of staff to registered unemployment is approximately 1:200.

Staff qualifications – Some 38.5% have a higher education; 37% a secondary specialised education and 24.5% a secondary education. In 2001, 78 staff members were continuing their education. In-service training involved 235 staff members in the same year.

Client groups: jobseekers and unemployed people, employees, as well as disadvantaged groups of unemployed – At the end of 2001 the breakdown by percentage of the unemployed was: 26.6% long-term unemployed; 14.6% youth (aged 15 to 25 years); 2% disabled; 0.6% ex-offenders; 8.4% people after childcare; 9.7% women of pre-retirement age; 5.5% men of pre-retirement age.

Active and passive programmes for the unemployed – In 2001 the number of registered unemployed was 105,443; of these 50,154 were involved in active programmes; 8% of registered unemployed (out of the labour force) participated in passive programmes, out of which 4% received benefits.

New pilot projects for disadvantaged groups include subsidised workplaces for youth internships, subsidised workplaces

for unemployed with disabilities, and social enterprises for long-term and pre-retirement age unemployed.

The Professional Career Guidance Centre assisted 21,969 individuals in 2001, of those 4,373 were unemployed; 2,266 were jobseekers; 14,457 were pupils of the primary and secondary education system; and 873 were students.

Cooperation with employers is characterised by registered vacancies (50,433) and placements (39,906). Also, every year employer surveys are carried out for the sake of analyses of labour market demands.

#### 3.5.3 MONITORING AND EVALUATION OF ACTIVITIES

Monitoring takes place via reports to the ministry and EU organisations, their evaluation resulting in new assessments, internal and external auditing, and inspection according to client applications. Effectiveness of activities is evaluated in the National Employment Plan and new goals are set.

#### 3.6 PREPAREDNESS OF EMPLOYMENT SERVICES TO CONTRIBUTE TO THE IMPLEMENTATION OF THE EUROPEAN EMPLOYMENT STRATEGY

The goal of the employment policy of Latvia is to increase the employment rate and, in the long term, to reach the levels indicated by the EU and to address relevant problems of unemployment.

The government pays particular attention to the implementation of the following aspects of the employment policy: adaptation of vocational training to market requirements; enlargement of the scope of active employment measures and increasing their efficiency; and implementation of activities of economic policy with the aim to create new jobs and promote growth of revenue from work.



## 4. CONCLUSIONS

# 4

In 2002 the Concept on Education Development in 2002–03 was approved, with the main goal of improving the quality of education at all levels and in all forms, according to the needs of society and the economy. The concept provides for access to education for the population of Latvia in the context of lifelong learning and for the improvement of the cost-effectiveness of education at all levels and in all forms. In drafting the new concept the goals and courses of action determined by the Latvian long-term economic strategy, the National Employment Plan and the European Commission's lifelong learning memorandum were taken into account.

In order to reach the said goals, the following actions are considered to be priorities in the area of vocational education:

- quality assurance of vocational education according to labour market requirements;
- increasing access to vocational education;

- increasing adult education opportunities by assuring vocationally oriented lifelong learning provision;
- assurance of a unified system of education administration.

During the last few years a lot has been done to harmonise legislation in the education sector. Legislation has been drafted in vocational education in order to provide for centralised examinations as well as for the accreditation of training programmes and schools.

Harmonisation of legislation is also ongoing in the adult training sector. The law on vocational education defines continuing vocational education and professional development. However, there is a lack of a national concept of further training for adults which would give a clear indication of which direction the development of adult further education should take.

It can be stated that a framework has been established in order to implement activities necessary for assuring the quality of

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vocational education according to the requirements of the labour market. This framework is based on programme content, vocational standards and accreditation.

Nevertheless, a significant barrier to the improvement of the system is a lack of financial resources. The development of vocational standards for a greater number of qualifications is hampered, as is the renewal and modernisation of facilities and equipment at vocational schools. There is a lack of funding needed to assure teachers the right to receive one-month paid leave once every three years for professional development purposes.

In order to ensure a unified administration for the education system it is necessary to place all state-run upper-secondary vocational education institutions under the

authority of the Ministry of Education and Science; however, this is still yet to be done.

The lack of a vocational guidance system can be considered a weakness in current vocational education. Of course, there is the Career Guidance Centre which acts under the wing of the Ministry of Welfare and whose capacity is limited by a lack of resources, however it does not encompass all schools and all learners.

Besides, there are difficulties in this country concerning needs forecasts to determine which qualifications and how many trained workers will be required in the future. Employer surveys are performed at the level of individual regions or sectors, but this is insufficient, and it is necessary to develop and utilise labour market forecasting methods.



## LIST OF ACRONYMS

<b>CM</b>	Cabinet of Ministers
<b>CSB</b>	Central Statistical Bureau
<b>CVT</b>	Continuing vocational training
<b>ETF</b>	European Training Foundation
<b>GNP</b>	Gross national product
<b>LFS</b>	Labour Force Survey
<b>LVL</b>	Latvian currency (lats)
<b>NCGA</b>	National Career Guidance Agency
<b>NEA</b>	National Employment Agency
<b>NEP</b>	National Employment Plan
<b>NRCVG</b>	National Resource Centre for Vocational Guidance
<b>SES</b>	State Employment Service
<b>SME</b>	Small and medium-sized enterprise
<b>VET</b>	Vocational education and training