

Chapter 5

Guaranteeing employment or training options for NEETs in Latvia

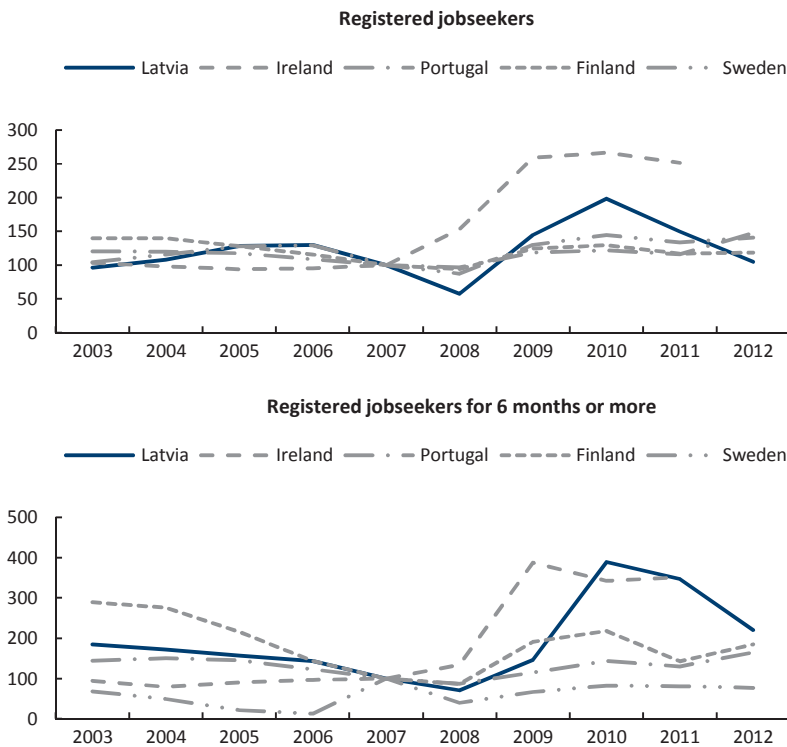
The system of social and employment support has been put under extreme pressure during the recession with an unprecedented rise of youth unemployment. Several recent reforms aim at improving the efficiency of interventions and substantially extend participation among young inactive and unemployed, with a focus on skills. Implementing an effective youth guarantee when unemployment is high is challenging, considering that activation used to be weak in Latvia. This chapter sets out a number of recommendations for this strategy to succeed.

Introduction

Between 2007 and 2011, the public employment service in Latvia faced a very challenging increase in the number of registered jobseekers, indeed one of the largest increases in relative terms among European countries. By 2010, the number of young jobseekers doubled compared to 2007, and the number of long-term young unemployed was multiplied by four (see Figure 5.1). The same situation was faced by social services at the municipal level with an unprecedented increase in the number of needy families.

Figure 5.1. Change in registered youth unemployment

Jobseekers aged less than 25 years, scaled to 100 in 2007

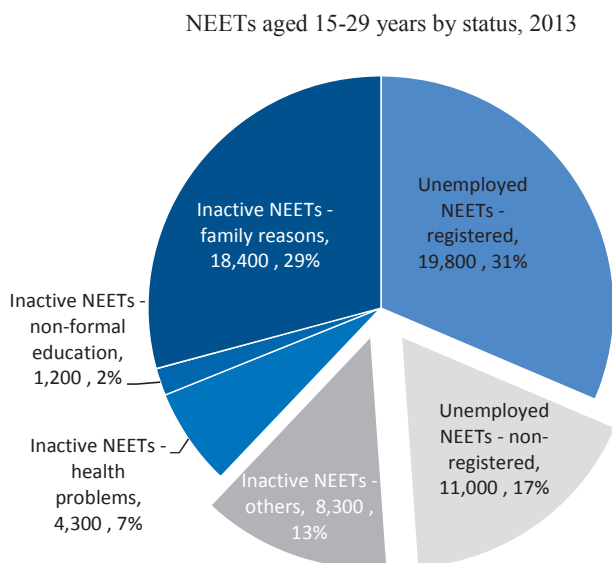


Source: Eurostat (2014), “Persons registered with Public Employment Services – PES [Imp_rjru]”, available online: http://ec.europa.eu/eurostat/web/products-datasets/-/Imp_rjru.

Confronted with this situation, the Latvian Government took a number of significant steps to activate a larger number of young jobseekers. It also decided to use the network of training providers and VET schools to build a vast array of training options for those who lack the necessary skills to

benefit from the recovery. In parallel, career guidance and counselling will be stepped up. These recent reforms aim at building an effective guarantee of employment or training for the young NEETs. Achieving this result is challenging: activation strategies used to be relatively weak in Latvia before the crisis; implementation takes place at a time when unemployment and inactivity remain relatively high and administrative capacities relatively low. A substantial fraction of NEETs may be difficult to reach out to: about 30% of NEETs in 2013 were either unemployed but not registered with the public employment service, or inactive for no family, health or educational reasons (Figure 5.2). Besides, labour demand continues to be relatively weak in Latvia, with the number of registered vacancies having plummeted during the crisis from above 20 000 on average in 2007 to just 2 000 in the year 2010, and since recovered only little to 3 700 in 2014 (CSB, 2015).

Figure 5.2. Breakdown of NEETs by registration status and reason for inactivity



1. LFS data were used for information on the number of NEETs, the breakdown into inactives and unemployed, and the reasons for inactivity among inactive NEETs (see discussion in Chapter 3). The distinction between registered and non-registered NEETs is made based using information on the average number of registered youth for the year 2013.

2. A simplifying assumption made is that all youth registered with the SEA are unemployed (i.e. actively looking for a job), while no inactive NEETs are registered. In reality, some inactive NEETs are likely to be registered with the SEA while some unemployed NEETs are not. This would imply that the section “Unemployed NEETs – registered” should be smaller, while the section “Unemployed NEETs – non-registered” should be correspondingly larger, and that some of the inactive NEETs, likely those in the section “Inactive NEETs – others”, are registered with the SEA.

Source: Latvian Labour Force Survey and administrative data.

This chapter presents the system of social and employment interventions for NEETs, their recent changes and their adequacy to the situation of disadvantaged youth. Section 1 examines the current architecture of the employment and social service provision for NEETs, and discusses co-ordination, governance and capacity issues. Section 2 presents the main options to reach out to disconnected youth. Section 3 focuses on the strategies to re-engage youth in education, employment or training, including second-chance programmes.

1. The architecture of the employment and social service provision for NEETs

Social and employment services of NEET youth are primarily delivered by the state public employment agency and the various municipal social services. This architecture poses a number of challenges in terms of co-ordination and was particularly challenged during the crisis.

Service provision (PES, welfare office, training providers)

An overview of public employment services in the aftermath of the crisis

Public employment services are provided by the State Employment Agency (SEA, or NVA in Latvian), which is the main institution implementing labour market measures. There are 28 SEA regional offices in the country. The agency is placed under the authority of the Ministry of Welfare.

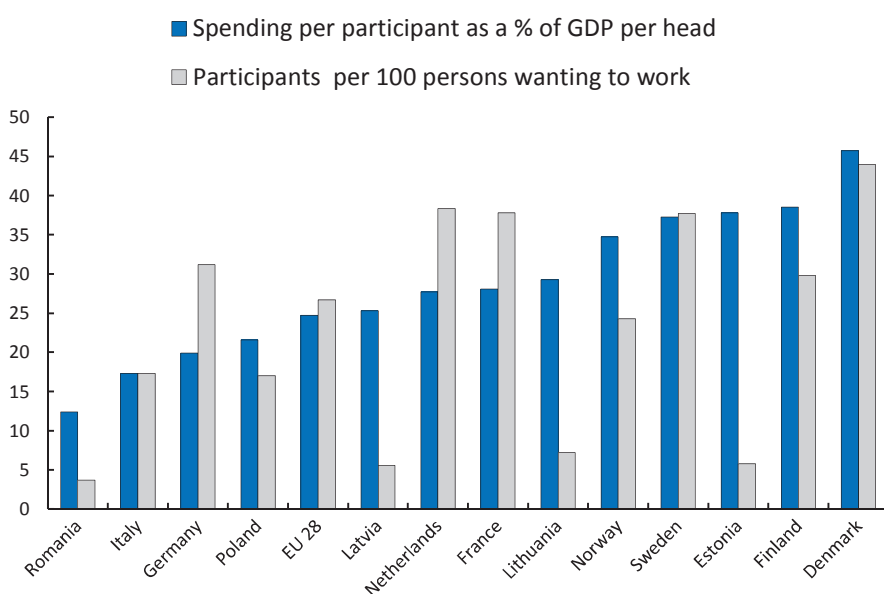
The SEA is responsible for an array of active labour market measures such as occupational training, retraining and increasing the qualifications of the unemployed; paid temporary public works; measures to increase competitiveness (job clubs and short informal trainings), hiring subsidies aimed at specific groups such as the low skilled, the long-term unemployed or unemployed people with disabilities.

The SEA is also in charge of placement activities for the registered unemployed and notably career guidance consultations. Career counselling is provided directly by SEA, either individually or in group sessions, primarily for those registered as unemployed, following the merger with in 2007 with the former Professional Career Counselling Centres. Consultants target in priority youth without any work experience, those returning to the labour market after child-care-leave, persons released from prisons, the disabled and the long-term unemployed.¹

Activation of jobseekers is less frequent in Latvia than in most other OECD countries. It only concerned about 5% of jobseekers in 2012, compared to around 40% in countries like Denmark, France, the Netherlands or Sweden (see Figure 5.3). This follows a steep rise in the number of

participants in active measures during the recession, consistent with numerous recommendations to improve activation policies (see notably OECD, 2015a; and EC, 2015). The share of jobseekers participating in active measures tripled in only three years from about 3% in 2008 to about 10% in 2011 (see Figure 5.4). Activation of young people is slightly more frequent than for working-age individuals overall: In 2012, 12.1% of registered jobseekers below the age of 25 years participated in activation measures compared to 11.3% of jobseekers across all ages (Eurostat, 2014d).

Figure 5.3. Activation measures by public employment services, 2012

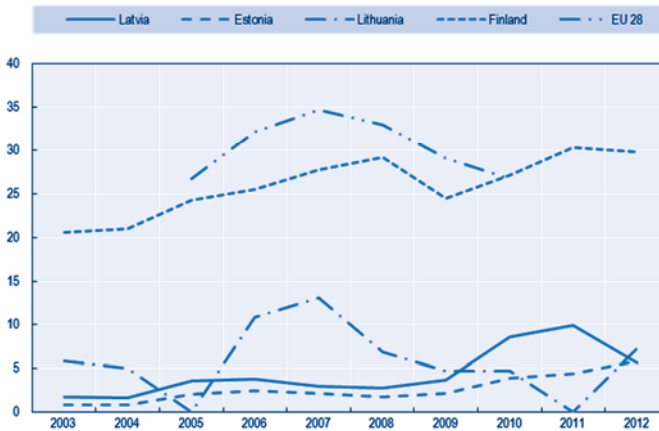


1. "Persons wanting to work" refers to unemployed people, irrespective of whether they are registered at the public employment service.
2. Data for 2012, except for the EU-28 (2010) and Poland (2011).

Source: Eurostat (2014), "Activation-Support – LMP Participants per 100 Persons Wanting to Work [Imp_ind_actsup]", http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=Imp_ind_actsup&lang=en.

Figure 5.4. Participants in activation measures by public employment services, 2003-12

Per 100 persons wanting to work



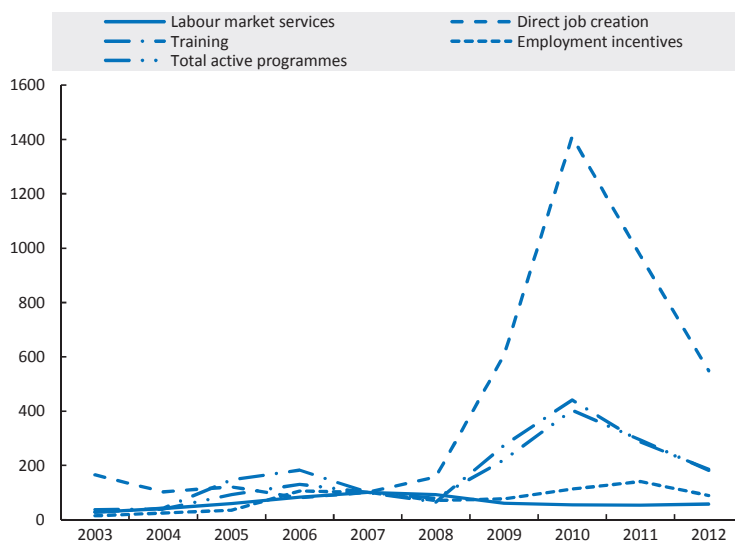
Source: Eurostat (2014), “Activation-Support – LMP Participants per 100 Persons Wanting to Work [Imp_ind_actsup]”, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=imp_ind_actsup&lang=en.

Accordingly, spending on active measures in Latvia has also significantly increased over the last decade or so in almost all areas of intervention (see Figure 5.5). The increase was particularly strong during the recession.

- The most striking change happened in direct job creation (public employment programmes) since 2008, where spending was multiplied by a factor of 14 in 2010, reaching 0.2% of GDP.
- The same holds, although to a lesser extent, for training and hiring subsidies, the spending of which was multiplied by a factor of 4 in just three years to reach 0.24% and 0.05% of GDP respectively.
- The only area where spending declined is “labour market services” (i.e. placement and career guidance); this happened in the context of tight fiscal constraints that affected the public employment services.

Figure 5.5. Spending on active labour market measures in Latvia

Base 100 in 2007



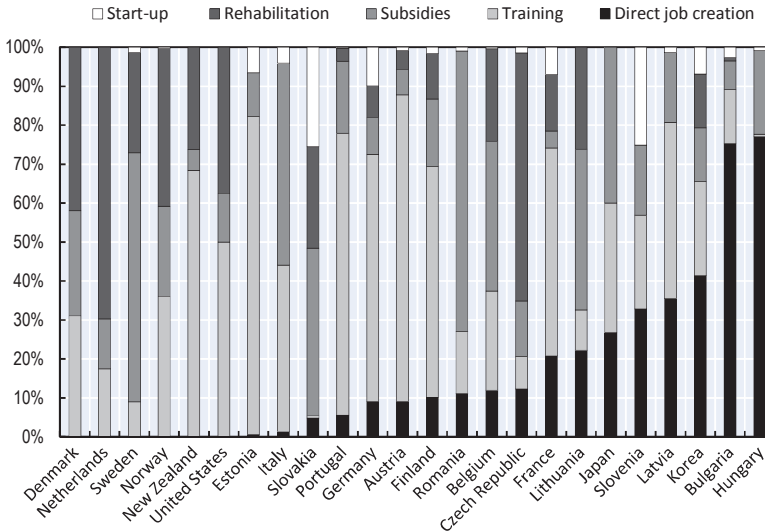
Source: Eurostat (2014), “LMP Expenditure by Type of Action – Summary Tables [lmp_expsumm]”, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lmp_ind_actsup&lang=en.

Despite a steep decline since the 2010 hike, temporary job creation in the public sector remains one of the main areas of interventions in Latvia – representing about 35% of total spending. Latvia is indeed among the OECD and European countries where this type of intervention was one of the most expensive in 2014, just after Hungary, Bulgaria and Korea (see Figure 5.6). In the context of a depressed labour market with a lack of vacancies, the “Workplaces with stipends” crisis programme implemented in 2009-11, which created 110 000 temporary jobs in public infrastructure maintenance, environmental clean-up, social services, proved to be efficient as a redistributive tool and a social policy for assisting families (Azam et al., 2012). This crisis measure was replaced with a “public work programme” (see Section 3).

The role of public work was justified in the context of the crisis, but it can be discussed in the longer-run. There is substantial evidence that programmes that offer temporary employment in the not-for-profit sector have no significant effect on the post-programme employment chances of participants, or may even appear detrimental (Card et al., 2010; Kluge, 2010; Cahuc et al., 2014). In 2015, the financing of temporary public employment programmes in Latvia is projected to remain constant. Over the

last few years, the number of participants has however decreased, and the Ministry of Welfare now plans to incorporate activation components (like job search and training) into the programme.

Figure 5.6. Composition in spending on active labour market measures, 2012



Source: Eurostat (2014), “LMP Expenditure by Type of Action – Summary Tables [Imp_expsumm]”, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=imp_ind_actsup&lang=en.

Funding for training also increased during the crisis, although to a lesser extent than for public jobs. The associated spending was multiplied by four in just three years to reach 0.24% and 0.05% of GDP respectively. This increase was timely. In 2012, training represented 45% of total spending on active measures (see Figure 5.6). There is evidence that the effect of training programmes is stronger in recessions than in expansions. Since the lock-in effects of training programmes are significantly weaker in periods of recession, the returns to training programmes over the medium term are higher when the training is delivered during these periods, and the positive effects of training are amplified when the economy begins to climb out of the trough (see Cahuc, Carcillo and Zylberberg, 2014, Chapter 14). In 2013, a World Bank study concluded that, overall, the best-performing programmes were intensive qualifying training programmes, notably in manual and service jobs (World Bank, 2013).²

Training was developed through a voucher system which has been gradually introduced since end 2009.

- This system allows participants to choose the provider or educational institution. The aim is to improve competition and quality while also expanding training capacities with the entry of new private providers in the market.³
- Training providers are selected through tenders, and need to be registered first in the Registration of Educational Institutions. Formal professional education programmes must be licensed and accredited by the Ministry of Education and Science.
- Training providers usually get an advance payment up to 50% of the total cost, and the rest at the end of the training.

To ensure the success of this voucher system, the satisfaction of clients as well as their labour market outcomes could be systematically recorded and made publicly available in order to help jobseekers choose providers. The cost of training for registered unemployed and other jobseekers should be the same to prevent the exclusion of the most disengaged groups among the inactive NEETs.⁴

Such additional resources for training may help bring unemployment down faster. However, the impact of active programmes is bound to be even stronger when participation is mandatory and sanctions are enforced in case of non-participation. This relates to so-called “threat effect” of programmes, whereby a number of participants who may lack the motivation for such measures exit unemployment before having to participate in time-consuming activities (Cahuc, Carcillo and Zylberberg, 2014, Chapter 14). These effects have also been observed for social assistance recipients (Van den Berg et al., 2004).

In 2013, several changes in the regulatory framework were introduced to improve service provision and increase incentives for the unemployed to look for a job and fulfil their responsibilities.

- Jobseekers registered with the SEA in principle need to comply with activity requirements, which includes to actively seek employment independently and with the assistance of the SEA, to participate in measures foreseen in the individual job-search plan, and to accept suitable job offers. This also applies in principle to all young people who can register from the age of 15 years, the age at which compulsory education typically ends.⁵
- Profiling of the unemployed was introduced in 2013 and by the end of the year, 71% of the registered unemployed were profiled.
- At the same time, what should be considered a “suitable job” was better defined (a job that cannot be refused without the risk of losing unemployment benefits). Accordingly, the “jobseeker” status and

therefore benefit receipt should be terminated if an individual rejects two appropriate job offers (EC, 2014). Obviously, this type of sanction is less likely to be relevant in a labour market where there are few vacancies.

In practice, these activation requirements are however interpreted very leniently.

- At sign-up, a short profiling is implemented by the SEA at which jobseekers are asked to give a self-assessment of skills and training needs and at which they are requested to prepare a CV.
- Those who are unable to write a CV need to participate in a compulsory CV training session. Jobseekers are further offered a career counselling session, participation in which is however voluntary (as for other active labour market policies or “ALMPs”).
- To remain registered as a jobseeker (and eligible for benefits), young people need to deliver proof of job search. There is some evidence however that a single job application sent in a two-month period can be sufficient. In rural areas, where the number of vacancies is low, there is evidence that SEA caseworkers do not systematically terminate a person’s “jobseeker” status even if that person cannot deliver proof of any job-search activity.
- Jobseekers can be offered professional training after a few months of being registered as unemployed (no strict activation rule depending on unemployment duration), but apparently they can reject the offer if they are not interested. Once started, jobseekers need to complete the training measure or pay back the costs of the training (and any stipend received) unless they have a valid reason for termination.

Social services and the role of municipalities

Social services are mostly delivered by municipal governments, in particular supplementary social assistance programmes and housing benefits for the poor. Social services also offer special programmes for the disabled, those who suffer from addictions and those who have been convicted and just released from prison. Services are also provided through youth centres. The SEA usually co-operates with municipal social services locally when and where it is necessary. Municipalities are also involved in education, and health services. While health services mostly rely on regional funds, municipalities remain key actors as employers and operators of medical facilities.

Social services also work closely with NGOs present at the local level. These organisations can be selected following a public procurement procedure which comprises a tender. The State Administration Structure

Law also authorises to delegate service provision to a private entity. There is a special certification and monitoring procedure for NGOs who wish to provide social and (youth) services for the municipalities or the MoW (Law of Social Services and Social Assistance). Quality standards are set by the Cabinet of Ministers and all organisations need to be listed in a social service provider register which is publicly available.⁶ In 2014, about 800 social service providers were registered. Municipal social services as well as the MoW are in charge of monitoring the performance of NGOs on the ground.

Resources for social assistance are rather limited. The crisis has exacerbated the difficulty in some municipalities to provide services at an adequate level, as local budgets were hit by lower tax revenues. The 2015 budget provides increases in social protection expenditure, but no additional funding was allocated for social assistance. In September 2014, Latvia launched a new social policy monitoring information system, which should allow for improved monitoring, and targeting of social benefits and social services. Currently, the coverage of provision of targeted social services is only limited (EC, 2015).

Administrative capacity

There are a number of challenges to deliver effective social and employment services to youth in Latvia. The administrative capacity to organise and deliver services in a targeted and efficient manner is one of them.

Employment services

In 2012, only about 6% of the persons wanting to work in Latvia participated in an active programme, compared with 27% in the European Union (see Figure 5.2). This is despite continuing efforts to increase participation in active programmes. Increasing further participation will take time and require additional resources. Unfortunately, there is no sign of further capacity upgrading: both funding and the number of participants in active programmes are planned to decrease in 2015 compared to 2014 (EC, 2015).

In 2009, the SEA experienced a 24% cut in its operational budget compared with 2008. This forced the agency to reduce staff numbers and make significant cuts in wages, while at the same time unemployment tripled in just two years (de Jong et al., 2009). As a result, caseloads per worker soared during the recession to reach about 200 jobseekers by counsellor in 2009, making implementation of activation strategies very challenging. Even though unemployment has fallen by a third since 2009 the situation remains extremely challenging. For instance, in 2014, a front office worker in Riga

sees about 500 clients in a two-month period. Counsellors have about 200 sessions per month.⁷

The fact that all social benefit recipients, including those not ready to work for social or health reasons, have to be registered at the SEA (except for those who receive a disability pension or in child care) contributes to such high caseload rates. The system of profiling should help identify those who are not ready to work, and who should then not be treated like jobseekers. A project to improve work-capacity assessment is currently being implemented with the support from the European Social Fund.

Youth may be the exception though, thanks to the implementation of the Youth Guarantee (YG), which includes three stages: i) reinforcing employment services for the unemployed youth; ii) implementing a second-chance for the low skilled youth; and iii) reaching out to inactive youth (see below).⁸ This is all the more important as understaffing can become the main hindering factor to higher participation rates among disadvantaged groups who need intensive support. As a general rule, the SEA does not have any specialised staff for youth.⁹ In 2014, the number of youth that visited the SEA offices was about 32 000. Even though not all these youth need special intensive interventions, there were only 37 career consultants, in addition to the 32 youth guarantee co-ordinators working specifically with young people in SEA offices across the country in 2014.

Social services

There is some evidence that social services face similar capacity challenges (EC, 2014), even though detailed information on caseloads per social worker is not available. Evidence collected during the OECD review mission suggests that social service caseworkers are responsible for about 20 to 70 families at a time. In Riga, the range is about 60 to 70 families, which is high, but some caseworkers are specialised in employment services for problematic cases, with caseloads of around 20 to 30 clients. These caseworkers became specialised to help address psychosocial problems and assist in finding a suitable work, mostly because the SEA is unable to provide adequate services to these people.

This is a challenge for reaching out to the non-registered, inactive young people. Only about half of all young NEETs looking for work (see Chapter 3), and less than a third are registered with the public employment services (see Figure 5.2), and the awareness of the YG among target groups remains low (EC, 2015).¹⁰

The high caseload-per-counsellor rates probably also contribute to explaining why benefit receipt seems, *de facto*, only loosely tied to active

job search or programme participation. This also applies to social assistance recipients:

- There is some evidence that certain groups of youth (those with additional problems or a lack of motivation) appear to only sign up with the SEA pro forma to receive benefits. GMI is granted for a period of time for which the status of “needy” has been granted to the family (person) (three to six months) and then it needs to be renewed; GMI recipients have to do little more than to reconfirm their status as a jobseeker every two months.
- Irrespective of that, GMI receipt among youth does not appear to be very widespread: In 2013, 6% of youth lived in GMI-receiving households (see Chapter 3). Young people without own income often live with their families and thus only qualify for receipt of GMI if family income equals to or is lower than the standard needy family (person) level, i.e., EUR 128.06 per month per person for the last three months. In any case, GMI coverage is low even among adults due to strict eligibility criteria (low income threshold).

Co-ordination and governance

Co-ordination across services, especially between social and employment services is not systematic and seems to vary across municipalities.

In principle, municipal social services are only allowed to provide periodical (i.e. not emergency) social benefits, such as the means-tested GMI, to young NEETs above 15 once these are registered as jobseekers, except for youth receiving a disability pension or on maternity leave.¹¹ This applies also to youth with substantial hurdles to labour market participation, such as individuals with health problems (e.g. in case of a recognised disability) or drug/substance abuse.

The SEA does not seem to be well equipped to deal with the most disadvantaged unemployed youth (or similarly with long-term unemployed) who face additional hurdles, such as poor health, addictions, low motivation and caring obligations, and would need weekly or fortnightly meetings with their counsellors. The SEA has only a small number of youth specialists altogether even accounting for the additional resources provided by the YG (see above, and EC, 2015). There is a programme of “social rehabilitation for persons who have become addicted to narcotic, toxic or other intoxicating substances” contracted with external providers which includes medical treatment and intensive support. But it remains very small.¹²

To some respect, this lack of capacity explains why social services are allowed to deliver some employment services to disadvantaged youth, at least in Riga and a few other large municipalities.¹³ The municipality needs to provide a report on those services provided once per year and co-ordinate with SEA on these cases.

Achieving a better coordination between social and employment services can be an effective strategy especially for the most disadvantaged clients, but its implementation is also challenging, as exemplified by the creation of employment and welfare one-stop offices in Norway (see Box 5.1). Differences in governance and incentives, restrictions to data sharing and incompatibility of information system can seriously hinder co-operation. To facilitate the treatment of the multiple causes of long-term unemployment among social assistance recipients, the SEA has started deeper co-operation with social services in 2013. The co-operation involves better information sharing, agreements on the strategies to engage clients in active measures, and a shared responsibility on the monitoring of progress. In 2013, about 15% of the long-term unemployed benefited from this inter-service co-operation. Among those 62% found a job, compared with only 35% of the unemployed with a similar profile involved in none of the activities have found a job (EC, 2014).

Nevertheless, integration of SEA and municipal social services stills appears weak, at least in the more urban parts of the country and for youth:

- NEETs above 15 years who want to claim benefits need to independently register as jobseekers with the SEA even if they face substantial physical or mental hurdles to do so, except if they already receive pensions.¹⁴ There seems to be very little practical help provided by municipal social services (or NGOs) with this sign-up procedure.
- The SEA appears to focus primarily on motivated/employable youth,¹⁵ leaving the more difficult-to-employ cases to the social services. Such cherry-picking happens naturally in most public employment services, notably in periods of high unemployment. At the same time, the SEA is still probably better suited to offer employment services to ready-to-work youth, even when they face several disadvantages. There is evidence that the most disadvantaged youth benefit most from training programmes, notably in bad times when there is no alternative option (Carcillo et al., 2015).

Box 5.1. The Employment and Welfare Agency one-stop offices in Norway

In Norway, social and employment services are administered jointly by the Norwegian Labour and Welfare Administration (NAV) following a major reform that took place between 2006 and 2010. One of the main objectives of the reform was to persuade employment and welfare professionals that they must put “employability first”, promote a more holistic approach to employability and reinforce exchange of information and good practices whenever possible and useful.

Establishing a constructive co-operation was challenging notably because the central government agency and the municipal services had different cultures, responsibilities and professions. The reform achieved to create a network of more user-oriented front-line offices. In this system, social services remain however funded and managed by the municipalities while employment services are a national responsibility. Besides, the state employment service and the municipal social services at NAV use separate computing systems for the administration of records for confidentiality reasons. However, they share the same premises and have a common front desk, operating as one-stop centres for benefit claims, employment and social services for the population ages 18 years and above.

There certainly remain challenges for this reform to create fully integrated and co-ordinated front-line services (Christensen et al., 2013). This may notably be due to competition between local authorities and the state to lead local partnerships. But there is also evidence that the most disadvantaged clients who need a multi-service approach are rather satisfied with the local one-stop shops (COCOPS, 2013)

More recently, NAV has been experimenting with strategies to get closer to students even before they leave school. The “NAV at School” pilot aims to lower barriers to NAV access for young people and to improve the connection between schools and employment services by placing NAV counsellors a few days a week into upper-secondary schools to provide services to students aged 16 years and older (and their teachers). The counsellor provides advice and helps young people search an apprenticeship place.

Source: OECD (2015), *Investing in Youth – Norway*, OECD Publishing, Paris, forthcoming.

- Social services and the SEA have a joint database with client profiles. In Riga, however, there is little evidence that the two agencies interact or co-ordinate much in the services they provide to clients. Collaboration seems closer in more rural parts of the country, where social services and SEA employees usually know each other in person.

The provision of career guidance services has been weak, at least before the YG was introduced (2014). It remains relatively fragmented between the employment and education spheres.¹⁶

- Career counselling for the unemployed is provided by SEA, but there were only about 40 career counsellors country-wide before the

introduction of the YG. In 2010, only about 40 000 career consultations took place for young people (out of 60 000 in total), which probably represents about 13 000 youth while more than 96 000 young people were registered with the SEA at some point during the year (Division of Career development support, 2011).¹⁷ In principle, each young person registered at the SEA may have at least three meetings with a career consultant. An increase in the number of youth specialists (career consultants and youth guarantee co-ordinators) through the Youth Guarantee to 69 nationwide in 2014 means that counselling activities can focus more specifically on the needs of young jobseekers. Besides, career consultation guidelines were developed in 2015 as part of the Youth Guarantee, “Youth route in the SEA” (Jaunieša ceļš NVA).

- The State Education Development Agency (SEDA, or VIAA in Latvian)¹⁸ which primarily provides information concerning education opportunities in Latvia mainly for school-aged youth (14 to 19 years old), also offers “Career guidance online information tools and resources” for all youth including access to a database on learning opportunities in education institutions, detailed information on various occupations, on-line self-assessment tools and consultations.

Further development in order to establish a comprehensive and consistent career counselling system from school to the first years of professional careers is in the process with amendments in the Education Law to set a clear framework for provision as well as key common concepts, not only at school and at the SEA, but also at the municipal level.

2. Reaching out to NEETs

Reaching out to NEETs as early as possible is crucial for avoiding long-term inactivity. Not all young people who leave school without a specific education or employment option immediately get in touch with the social services or an employment office to register as unemployed. In particular, those most at risk of disengagement might instead try to get by on their own or with the help of family and friends for a while, before deciding to claim benefits.

Contacting/attracting/motivating disengaged youth

If youth are not contacted directly after leaving school, it can be much more challenging to re-engage with them for education or work later: Possibilities of reaching out to a young person deteriorate very quickly, as

an exit from school may coincide with a move out of the parents' home, possibly even for a period of “couch-surfing” or homelessness. It might also lead to a temporary loss of access to means of communication, like the mobile phone or internet. Already after a short period of idleness, a young person might moreover lose the habit of getting up early and of engaging in a structured activity for an entire day, thus becoming less responsive to efforts of the public employment service to enrol them in an activity that requires regular attendance and discipline.

To be in a position to react to school drop-out promptly, attendance records and the student's contact information need to be shared between schools, social services and the PES at some stage during school year, and if possible on a regular basis (see discussion in Chapter 4). If all relevant actors are informed of the social and educational situation of the young people they work with, they can react quickly to “catch” a troubled person and put her in touch with a social caseworker (EC, 2013).

In Latvia, for the most at-risk youth referrals are often received by the municipal social services mainly from the schools (though social pedagogues), but also via the police and custody courts, and sometimes directly from neighbours. However, the sharing of information is more or less left to the goodwill of local and state authorities. There is no regulation or authority enforcing a systematic and timely exchange of information among the various organisations that deal with youth.

Maintaining contact with youth may be challenging, even after a referral. In Riga, for instance, where more job opportunities are available, social workers and employment counsellors often report that the motivation of the most disadvantaged NEETs is usually low and many youth “get lost”. This is particularly challenging if youth are not eligible to any financial support. GMI eligibility is strict in Latvia and the level of support is relatively low (see Chapter 3). In some cases, income support can help “hook” youth, in particular when receipt is conditional to programme participation (conditional cash transfer). Outside of Riga, where professional opportunities are more limited, the situation is slightly different. Staff more often report that NEETs seem motivated by social and employment services. In these areas, the SEA is moreover able to provide a more individualised approach to their clients because caseload numbers are lower.

With less than one-third of all NEETs aged 15-29 years registered with the SEA in 2013 (see Figure 5.2), there is scope for increasing registration:

- Among *inactive* NEETs, 75% report staying away from the labour market for family reasons (18 400 NEETs), due to health issues (4 300 NEETs), or because of enrolment in non-formal education (1 200 NEETs). A remainder of 8 300 young persons are inactive

for other reasons, the large majority of them reporting being discouraged from job-search.¹⁹ A reduction in the number of youth in this group should be the main focus of improved outreach activities and employment services for young people, even though some of the other inactive NEETs could probably be activated.

- Among *unemployed* NEETs (i.e. those actively looking for a job), two-thirds were registered with the SEA in 2013. The remaining one-third, about 11 000 individuals, are likely entitled neither to unemployment benefits anymore nor to GMI, and decide not to benefit from any of the services offered by the SEA. While some of these non-registered unemployed may indeed not require any job-search assistance from the SEA, others may perceive the services provided by the SEA to be not useful or signing up too cumbersome. Also these youth would likely benefit from intensified outreach and employment services.

The third stage of the Youth Guarantee

The so-called *third stage* of the YG aims at filling this gap. It was launched in the end of 2014 and the “field work” with NEETs will take place in 2015. Overall, to date, NEETs who are not registered with the SEA have benefited little from the funding provided by the YG. This third stage is co-ordinated by Ministry of Education and Sciences and is implemented by Agency for International Programmes for Youth (AIPY, which promotes good practices in non-formal education for youth),²⁰ the 119 municipalities plan to strengthen their service provision with specialised staff dedicated to improve co-operation between municipal and governmental institutions, but also with NGOs, local social services, training institutions, and youth organisations. This stage is targeted at disconnected youth aged 15-29 years.

The third stage of the YG receives the support of the ESF and will also draw on the government budget.²¹ It should serve an expected 5 262 participants until the end of 2018. This however remains modest compared to a stock of 32 000 inactive NEETs aged 15-29 years in 2013 (see Chapter 1) and the result from Figure 5.6 that about one-third of inactive NEETs stay away from the labour market for family, health, educational reasons.

The third stage of the YG includes several steps:

- The development of a methodology for improving the co-operation between different stakeholders on municipal level and services to be provided to young people; notably, municipalities should develop strategic partnerships between local NGOs, their social services, the

SEA offices, youth organisations and other relevant organisations to deliver outreach services.

- The training of youth experts involved in work with NEETs with the support of the AIPY, including mentors for young people, and programme co-ordinators working in municipalities.
- The design of outreach activities; these activities will be implemented by municipalities within their partnership with NGOs and other stakeholders. They are developed with the help of the AIPY which will provide support to municipalities and will co-ordinate initiatives.
- The development of new measures for youth with specific challenges addressing addiction, disability, lone parenthood, etc.).
- The actual delivery of services; active measures should have a duration of up to four months (nine months in special cases) and could include team-based activities, trainings focused on social skills, visits to firms, work in groups, mentoring, other social services, etc.
- The design of new procedures and methods: exchange of data, provision of services, and inclusion into existing governmental and municipal support measures.

This third stage of the YG offers a unique opportunity to create a network of services providers and specialised workers to keep contact with disengaged youth, to re-motivate them and eventually bring them back into second-chance programmes (see below). But there are also several obstacles related to its effective implementation:

- The administrative capacity of social services at the municipal level might not be sufficient to support these programmes (see Section 1 above). Outreach and mentoring activities are typically human-capital intensive. The youth co-ordinator at municipal level will have a key role in organising and co-ordinating activities. In areas where unemployment and inactivity is high, sufficient resources will be needed to deliver these services and activities in an efficient manner.
- As youth do not have financial incentives to enrol, participation may be limited. If outreach activities are time-consuming for the young participants, as they should be, attendance rates could be improved with the availability of even small conditional cash transfers.

Following up after programme completion

To secure sustainable and rewarding employment for young people, a follow-up of clients upon completion of a programme is important to avoid churning. Even if a training or work experience programme is successful, a young person might lose the motivation to continue looking for work after some time. In case of job placements, keeping a job once employment has started may be as challenging as it was to find it in the first place. This holds true especially for youth who lack previous work experience and hence might have trouble coping with the new structures, requirements and responsibilities. Finally, former barriers to employment such as substance abuse or family problems may reappear even if they had been addressed successfully. In all of these cases, an active follow-up by the caseworker could help addressing such problems immediately to prevent the young person from falling back into unemployment or inactivity.

Latvia does not have a well-established system of following up on clients after programme completion. In some areas, caseworkers in social services who assist clients in finding a suitable work should respect a follow-up period of six months after placement before closing the case, but this is not the case in every city. Follow-up activities are time-intensive for the caseworker and require a good co-ordination across services: the caseworker needs to remain in contact with the young person to find out about the client's situation. Updates from health and social service providers, training centres or employers should also be provided. This may be challenging, especially where caseload numbers are high.

Within employment services, the situation recently changed with the implementation of the YG. SEA now not only gathers information on young clients' satisfaction with services once a week and monitors programme attendance; caseworkers now also have the means to monitor the results – whether a young person finds a job within six months or within 12 months of completing training. This information will help conduct in 2017 a mid-term assessment of the long-term outcomes for those who participate in the YG. But follow-up is not merely statistical and SEA should also use the individual information to contact young people who fail to attend the programme regularly or those who cannot find a job after the programme ends, and refer these people to other services providers or other programmes if needed. Again, this might not be feasible when caseloads are high.

To improve follow-up at SEA or in municipalities, one solution could be to explicitly incentivise caseworkers or training providers to make follow-up a part of their responsibilities (and to compensate them for it). In Australia, contractual arrangements with private Job Services Australia (JSA) providers explicitly stipulate a follow-up period of six months after a client

has entered into employment: part of the total fee paid to a provider is conditional on the client maintaining employment for a minimum of three months, and another part of the fee is paid after six months.

3. Strategies to re-engage youth in education, employment or training

Low educational attainment and a lack of relevant work experience are main reasons for high youth unemployment. Youth guarantees that offer training or work practice can be therefore help improve young people's employment prospects if they are targeted to the skills needs of the young jobseeker and the labour demands of employers. Not all activities however have positive effects, and the design of adequate incentive schemes – both for the jobseeker and a possible training provider or employer – are key to success.

Bringing NEETs into employment

Fighting youth unemployment requires a range of early interventions – from hiring subsidies to appropriate training opportunities. These interventions need to be appropriately targeted at those who will benefit most from them.

Historically, SEA mainly implemented three types of active programmes for the young unemployed (besides placement and career counselling):

1. *Measures to raise competitiveness*, which are short training courses or seminars (from 5 to 35 hours) to improve job search skills such that communication, networking, negotiation, interviews, motivation, etc. This is the most frequently used measure.
2. *Training* to improve or acquire qualifications. These are more substantial courses in which the unemployed can acquire specific professional qualifications or general skills such as IT, driving, etc. Clients can use vouchers to choose their provider.
3. *Subsidised jobs in the private sector*, which are usually entry-level jobs supported by a subsidy for up to 9-12 month (depending on the programme). Access to these trainings was facilitated during the crisis.

In response to the crisis the capacity and diversity of several programmes was expanded. New interventions were developed in 2009, some temporary and some more permanent, in order to cope with the considerable inflow of jobseekers but also to reform the system:

4. *Public works jobs*, called “Workplaces with stipends” introduced with the support of the World Bank to deal with the large numbers of unemployed persons who were not eligible or had exhausted their insurance rights. The programme was replaced in 2012 with a *Public works programme* targeted at disadvantaged unemployed notably those managed by social assistance services. Municipalities, non-profit societies and foundations can employ an unemployed young person under these programmes for up to six months in total.

New and diversified programmes for youth in the aftermath of the crisis

Starting in 2011, additional new measures were set out for young people to tackle the youth employment crisis, even before the introduction of the YG:

5. *Youth workshops* were launched in 2012 for 15-24 year-olds with a low level of education or without any work experience to raise awareness of educational needs and options linked to existing job opportunities. The measure, which is welcome to promote work-based learning in a context where VET and apprenticeship are under-developed, also allows youth to try out up to three different full-time trainings in VET schools, each for three weeks. Youth then receive an allowance of EUR 57 per month (more for the young disabled). The planned number of participants in 2011 was 1 700 persons (Ministry of Welfare of the Republic of Latvia, 2012, General description of the labour market situation in Latvia).
6. *Support for youth volunteer work*, was launched in 2011 for young unemployed aged 18-24 years working in associations and foundations (“First work experience in NGOs”). There are currently more than 400 NGOs involved in the programme, which operate notably in the social services, culture and education sectors (see Table 5.1). For up to six months, participants receive a monthly allowance of EUR 90. This type programme is usually not associated with strong employment outcomes in the private sector but can be useful in times of weak job creation (Price et al., 2011)
7. *Subsidised first experience jobs*, which started in 2011 for 18-29 year-olds who have been unemployed for the last six months, those without secondary education or professional qualification, single parents, those belonging to an ethnic minority, or the disabled (“First work experience at employers”). These private sector jobs, which ought to correspond to new positions in the firms (marginal hires subsidy), are subsidised for up to 12 months (EUR 160 for the first six months, and EUR 100 for the next six months, and more for youth with special needs, plus 50% of the minimum wage to cover the

expenses of tutors within the firm). While hiring subsidies are currently under-utilised compared with other countries, this new tool could help boost hires among the least skilled youth. However, the conditionality on creating new positions is susceptible to limit take-up.

8. *Support to self-employment or entrepreneurship* for the 18-29 age group, provides help in writing a business plan preparation, grant up to EUR 3 000 to start a business, counselling during the first year of business, and a subsidy equivalent to the minimum wage for the first six months of the project.

Other measures, such as support in the framework of *regional mobility for education or work purpose* (“Job in Latvia”, up to about EUR 100 per month), are also available for youth. Besides, in 2012, the *Minnesota 12-step programme* for the long-term unemployed over 18 with addiction problems was introduced for long-term unemployed persons over the age of 18. This is a one-month programme, contracted out to a private provider, to treat addiction to alcohol, drugs or psychoactive substances (medical treatment), as well as psychologist, psychotherapist or career specialist consultations if necessary. The measure is considered as effective in reducing substance abuse, but it was only available to less than 200 participants in 2014 (EurWORK, 2014).

Table 5.1. Breakdown of the NGOs participating in ALMP measure “Development of skills at the non-governmental sector” in 2013, by field

Field	Number	%
Social services	131	31
Culture	94	22
Education	65	15
Sport	38	9
Arts	27	6
Health and social care	14	3
Other	52	12
Total	421	100

Source: Ministry of Welfare.

These extensions led to a significant increase in the participation of youth in active programmes. Table 5.2 shows the number of young participants in active programmes in 2013, in absolute terms and as a percentage of the inflow of newly registered unemployed youth with spell of at least three months.

Despite these efforts, not all newly unemployed with at least four months of unemployment enrolled in active programmes.²² Training was the preferred option, even before the implementation of the YG. Subsidies to the private sector were scarce and underdeveloped even for the

population of low-skilled NEETs (about a third of all NEETs, i.e. about 18 700 youth). This is at odds with the findings of most empirical studies that find that subsidies are one of the most helpful types of programmes of youth.²³ Temporary employment jobs still represented a substantial share of youth enrolled in active programmes.

The first stage of the Youth Guarantee provided further options for the unemployed

Latvia presented a YG Implementation Plan in December 2013 to tackle youth (15 to 29) unemployment.²⁴ This *first stage* was focused on unemployed youth and extended several of the programmes introduced and tested since 2011, for instance by increasing their size and adding stipends/transport allowances. The implementation for this first stage is planned between January 2014 and December 2018 and targets about 25 000 participants per year (including additional career guidance sessions).

Table 5.2. Participation of 15-29 year-olds in various SEA active programmes
In 2009 and 2013 (before the YG) and 2014 (including the YG)

Type	Programme*	2009	2013	2014	
		% of inflow	% of inflow	Actual entrants	% of inflow
Training		28.9	50.3	19 373	66.1
	Measures to raise competitiveness (ESF + state budget)	13.9	25.3	2 952	9.3
	Measures to raise competitiveness (YG)	n/a	n/a	8 050	25.2
	Informal trainings, incl. language training	7.3	10.7	2 442	7.7
	Informal trainings, incl. language training (YG)		n/a	1 107	3.5
	Vocational education programmes	5	6.8	955	3
	Vocational education programmes (YG SEA + SEDA "Second Chance")	n/a	n/a	3 334	3.2
	Training at employer	0.3	n/a	n/a	n/a
	Youth workshops (YG)	n/a	n/a	501	1.6
	Work trials (pilot project impl. 2 years)	2.4	n/a	n/a	n/a
	SEA inspectors' assistant training	0	0.3	32	0.1
Hiring subsidies		0.2	5.9	1 574	4.9
	First work experience for youth	n/a	0.4	0	0
	First work experience for youth (YG)	n/a	n/a	70	0.2
	First work experience for youth in NGOs	n/a	4.3	4	0
	First work experience for youth in NGOs (YG)	n/a	n/a	962	3
	Subsidized employment for disadvantaged youth	0.2	1.2	255	0.8
	Subsidized employment for disabled youth (YG)	n/a	n/a	283	0.9
Start up		0.1	0.1	88	0.3
	Self-employment or entrepreneurship support	0.1	0.1	19	0.1
	Self-employment or entrepreneurship support (YG)	n/a	n/a	69	0.2
Direct job creation		7.9	8.8	1 299	4.1
	Public Employment programme/ Work Practice with Stipend	4.9	n/a	n/a	n/a
	Public Employment programme/ Paid Temporary Employment	3	8.8	1 299	4.1
Other	The regional mobility support	n/a	n/a	332	1
Total		37.1	65.1	20 365	63.8

Note: The "Total" line includes double counting, since one young person may benefit from several programmes over a given year.

Source: Administrative data from the Ministry of Welfare, State Employment Agency.

The first stage YG is currently supervised by the MoW. The entry point to receive reinforced service is the registration in the SEA or in a VET school. The SEA plays a key role notably in reorganising and targeting active measures, collecting information on YG participants, and providing career guidance. Funding of this first stage of the YG served primarily at reinforcing existing service provision for youth. As such, several changes were introduced as soon as in 2014 to build up this guarantee:

- A better profiling of youth upon registration, notably through the increase in the number of career guidance consultants from 24 to 37. Substantial additional funding was made available for this activity notably through the European Social Fund.
- The availability of short informal training modules in line with employers' needs demand (e.g. Latvian language, IT, project management) compensated with a monthly training allowance of EUR 99.60. This type of training is useful to get youth quickly engaged in an activity and maintain regular contact with the public employment service. Latvian language training is provided through YG "non-formal training programmes".
- The possibility of enrolling into more formal short-cycle VET programmes of length three to six months organised by the SEA in accordance with existing qualification demands. Participants are mostly representatives from vulnerable social groups and those facing additional hurdles to employment (e.g. single parents), who can use vouchers to select their training provider. Clients need to remain registered with the SEA during their training, and receive the same monthly training allowance of EUR 99.60 as participants in informal training.
- The extension and reform of several pre-existing programmes, such as first work-experience measures in NGOs or private firms, start-up and self-employment support, and the revision of wage subsidies and allowances to better target the needs of young people. Career consultants are charged with supervising the progress the young people make throughout their employment pathways.
- Subsidies for work experience for the most vulnerable 18-29 year-olds – those with disabilities, or those facing difficulties to re-integrate the labour market after childcare leave, belonging to ethnic minorities or long-term unemployed youth with low skills (about 1 700 participants per year expected in total); the subsidy is equal to the minimum monthly wage (EUR 320 from January 2013), and can be paid up to two years.

- Regional mobility support (the so-called “Jobs in Latvia” measure) was made available for several measures (non-formal training programmes, vocational education programmes, youth workshops, first work-experience for youth) in cases where the training or job opportunity lies at least 20 km away from the young person’s home. The support amount to a maximum of EUR 100 per month for up to four months for a job or the entire training duration.
- The Youth Workshops mentioned above for low skilled of unexperienced youth were extended;

Subsidies for youth with specific barriers (disabled, long-term unemployed, etc.). The employer then receives a higher monthly subsidy equivalent to the minimum wage (EUR 320 in 2013).

Taking stock of progress

Different indicators are used to evaluate the success of the YG, the most important ones being i) participation, ii) programme completion, and iii) exit to employment.

While it is probably too early at this state to assess programme completion and exit rates from unemployment, preliminary results for the first stage of the YG show that it permitted to broadly maintain the overall share of newly registered youth who participate in an active programme at some point during the year. In 2014, there were over 20 000 participants out of 31 900 youth newly registered with the SEA. While this is lower in absolute terms than the 26 900 participants in 2009, the inflow of young unemployed during that year was also much higher at 72 600. In 2010, there were 44 800 participants out of 57 200 newly registered youth.

The increase in participation in active programmes can primarily be accounted for by a doubling of the number of short training interventions (“measures to raise competitiveness” and “informal training”) and the intensive recourse to the “Work practice with stipend” (temporary public employment). Since the termination of the latter programme in 2011, short training interventions have allowed to maintain participant numbers, and they remain the principal type of intervention for young people (participant numbers are ten times higher than for vocational training or youth workshops financed by SEA). The first stage of the Youth Guarantee has, at least in part, served to finance these pre-existing interventions (see Table 5.2). Participation in hiring subsidies remains low even for the most disadvantaged youth, and objectives were not met, except for subsidised work in NGOs.

The objective of 39 000 career consultations for 2014 was only achieved to one-third over the first six months of the year, but performance improved later in the year to 31 000 consultations thanks to the increase in the number of career consultants (compared with 23 500 in 2009, and only 14 000 in 2013 just before the implementation of the YG).

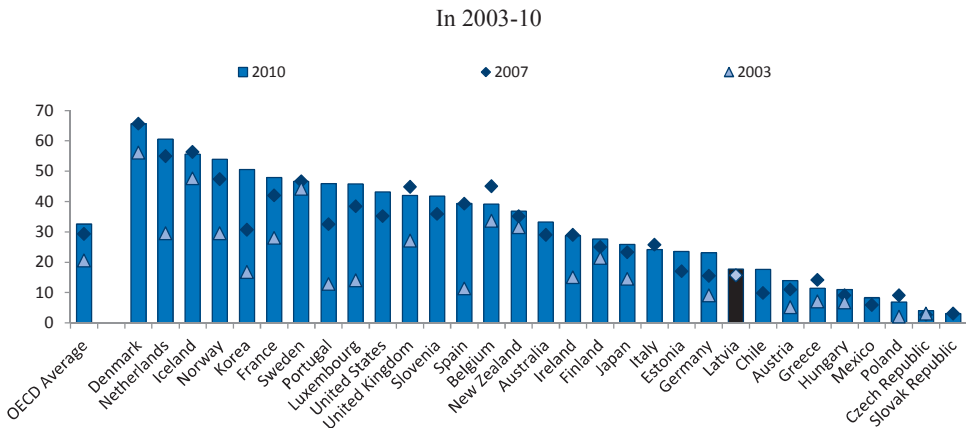
High caseloads among youth specialists and career consultants or even among non-specialised SEA staff might explain the relatively slow start for some measures. Caseloads might decrease in the years to come with the decline of unemployment. In the meantime, there might be a need for a temporary and targeted increase in staffing, either directly at SEA or through the temporary recourse to private providers or NGOs submitted to activation objectives and appropriate incentives. But there are also a number of factors on the clients' side that might explain these results and which may hinder the effective implementation of the guarantee:

- Regarding obligations, in principle jobseekers registered with the SEA need to comply with activity requirements. In some cases, a young person might circumvent the obligation to participate in a programme by de-registering for a few months and then re-registering again. This issue could be presumably be addressed relatively easily by defining long-term unemployment not in terms of the length of the ongoing spell but in terms of the number of registered months of unemployment in a given period (e.g., unemployed for a total of 12 out of the last 24 months).
- Regarding motivation, a number of offers provided by the SEA – different types of training, internships and volunteering, subsidised employment measures, start-up training and subsidies – appeal to motivated jobseekers. Many of these measures are implemented on a relatively small scale. Expanding these programmes further may require reinforcing the incentives for jobseekers to accept activity offers. First, the stipends received for participating in those measures remain low; second, sanctions in case of refusal are rarely applied, and unemployed youth who reject participation in those measures in practice do not risk a cut in benefits. Milder but more frequent sanctions might be easier to implement and more credible than large cuts in benefits.²⁵
- Regarding childcare, there are only a limited number of options for young mothers. Latvia features a low coverage of formal childcare for children below the age of 3 (see Figure 5.7). About 20% of young NEETs are inactive because of family obligations (see Figure 5.6). For young mothers, and particularly those living alone,

the availability of affordable childcare should be a key component of activation strategies.

- Regarding additional support services, municipalities can help the most disadvantaged young unemployed in the form of case management and emergency housing (day centres, crises centres). Such cases are usually provided by the social services directly rather than by outside providers. Collaboration with NGOs is sought on an *ad hoc* basis in cases of emergency if the municipal social service office cannot help. There are currently very few offers available from NGOs for youth who are hesitant to work with the official bodies. Besides, NGOs are not equally present in all parts of the country.

Figure 5.7. Average enrolment rate of children under 3-years of age in formal childcare



Source: OECD Family Database, www.oecd.org/social/family/database.htm.

Providing NEETs with the skills they need

For young NEETs who have not completed lower-secondary education, finding a way back into school is typically hard. Often, the factors that caused drop-out – educational, social, or personal issues – continue to persist and are an obstacle to return to school. Depending on age and the previous level of schooling, they may moreover lack elementary literacy and numeracy skills required for continuing school or following a professional training. Intensive and comprehensive programmes are then needed, which go beyond short training courses provided by the public employment service.

The second stage of the Youth Guarantee aims at creating a “second-chance programme” for drop-outs

Second-chance programmes that aim at providing young drop-outs with a lower-secondary degree must therefore be highly flexible in adapting to a young person’s individual and educational needs. These programmes typically combine catch-up classes on basic literacy and numeracy skills with vocational classes, counselling and career guidance. They are also based on strong relationship with local employers and sometimes also include a range of social, career and health services as well as mentoring.

Establishing tight relationships is especially important in the early weeks of a young person’s participation to ensure attendance. To motivate young people and help them fall back into a working rhythm, it can be useful to integrate work experience components for simple manual tasks or participation in community work (e.g. catering, health and elderly care assistance) into the programme early on. In several programmes youth also receive a small benefit in cash. The residential option is one of the trademarks of successful second chance programmes in the United States, like the Jobs Corps (Schochet, Burghart and McConnell, 2006). Similarly, the YouthBuild programme often provides accommodation (see Box 5.3). In Australia and the United Kingdom, those programmes are offered on a small scale in “youth foyers”, which provide accommodation and social and psychological support close to the schooling facilities (Box 5.2). In France, the *Ecoles de la Deuxième Chance (E2C)*, provide similar intensive and comprehensive training but without the residential option (Cahuc, Carcillo and Zimmermann, 2013).

Box 5.2. The Youth Foyer model

Some of the most successful training programmes for youth often comprise a residential component (e.g. the Job Corps in the United States, Schochet et al., 2006). The availability of accommodation close to the place of training is often viewed as key to improving programme completion, notably for youth who are homeless or who have serious family issues. Youth Foyers were first developed in France after WWII, following the lack of housing and the intensification of rural emigration. Initially, they offered rooms and shared facilities to young workers, but were progressively extended to students and disadvantaged youth from the 1960s.

The model has spread to many other countries in Europe and is being used in the United Kingdom since the early 1990s, as well as in the United States and Canada. More recently, Australia started to implement this model with the support of NGOs.

There are two main types of foyers for youth: i) student rooming house accommodation where the housing resembles a college for young people attending an educational institution or working – many of the UK and French foyers follow this example; ii) school-linked student supportive housing where the house or a small cluster of housing units are located on a school site or close to the school or the training centre. Accommodation is provided to students who agree to start an educational programme in the nearby school and who are homeless or whose parents do not live close-by, and who would not have the means to independently live near the school.

Box 5.2. The Youth Foyer model (*cont.*)

The second type of foyer is more likely to be suited for disadvantaged youth. This is the one which exists in Australia. Such foyers aim at addressing both homelessness and unemployment. They provide an opportunity for young people to gain safe accommodation as well as develop non-cognitive and cognitive skills. Indeed, some of these foyers do not only provide accommodation, they condition the availability of accommodation to active and continuous attendance in the educational programme, and they also provide additional services:

- Employment and career counselling in liaison with local employment offices and employers;
- Health and psychological consultations;
- Mentoring;
- Participation in civic activities.

There is some limited evidence that foyers can improve educational attainment and employment outcomes, but models vary a lot across countries. In Australia, the Victorian Government has funded the development of three such Education First Youth Foyers near VET (“TAFE”) Centres in collaboration with the NGOs Hanover Welfare Services (HWS) and the Brotherhood of St Laurence (BSL). An evaluation is underway. Since these foyers are expensive to build, service and maintain, this solution needs to remain targeted tightly at those who need to leave their parental home and have no other options.

Source: Hanover (2012), “Youth Foyers”, www.hanover.org.au/youth-foyer/, and Steen, A. and D. Mackenzie (2013), “Financial Analysis of Foyer and Foyer-like Youth Housing Models”, Homelessness Research Collaboration, National Homelessness Research Agenda 2009-2013, Commonwealth of Australia.

The second-chance model was not really present in Latvia before 2014. The *second phase* of the YG set out a strategy to create it. The implementation phase runs from 2014 to 2018. It is mainly under the responsibility of the MoES. The objective is to establish a comprehensive programme based on the network of VET schools, with the help of the SEDA.

- From September 2014, young NEETs aged 17 to 29 who have difficulties finding a job and who are not already beneficiaries of a SEA-provided training may be offered 1- to 1.5-year “short-cycle” training programmes that provide second and third level professional qualifications.
- For youth aged 15 to 29 years who have been incarcerated, basic literacy and numeracy classes will also be offered as well as training in social skills.²⁶ The programme is free of charge for the students, with SEDA covering the costs and paying the schools.

- A total of 37 vocational education schools plan to allow 6 500 young people to acquire more than 90 professions.²⁷ In 2014, already 2 310 young NEETs enrolled into the programme.

For these second-chance programmes, VET institutions are the main entry point and registration with the SEA is not a requirement.²⁸ The SEDA covers the cost of certification for the qualification acquired; provides regional mobility support for travel and residential expenses during the traineeship (up to EUR 71 per month), as well as insurance fees and mandatory medical expenses. Besides, students receive a stipend *conditional* on successful participation and satisfactory attendance. The amount increases over time from EUR 70 to EUR 115 per month.

Box 5.3. YouthBuild USA and International

YouthBuild USA is an intensive and comprehensive “second chance” programme in the United States targeting 16-24 year-olds from low-income back-grounds who dropped out of school. It is an intensive programme (lasting 8 to 12 months) which provides construction-related training, educational services, but also non-cognitive components through group and one-on-one counselling, and as well as leadership development opportunities. YouthBuild is a federally and privately funded program. The YouthBuild model is not highly prescriptive to allow programme implementation to vary in response to local conditions. It usually features low student-to-staff ratios to allow an individualised provision of services.

From its inception in the 1970s as a single programme in NYC, YouthBuild has expanded to a national network of more than 200 local programmes serving approximately 9 000 youth per year. Eligibility is typically limited to out-of-school youth ages 16-24 – mostly school dropouts – who are from a low-income family, in foster care, are offenders, migrants, disabled, or are children of incarcerated parents. Youth build values in a family-like environment, in which young people are cared for, respected, and empowered by staff members who understand their experiences and serve as role models, all while providing meaningful work and educational opportunities.

Programmes have rigorous recruitment processes and applicants undergo an extensive assessment process. Once young people are enrolled, most YouthBuild participants spend from 8 to 12 months full time in the programme receiving a variety of services, including stipends, wages, or living allowances. These services typically include some kind of assessment, a “mental toughness” orientation, educational activities, vocational training, leadership training and community service, counselling, support services, job placement, and follow-up services. Participants are offered educational services at least 50% of the time that they are in the programme, and services provided can include basic skills instruction, remedial education, bilingual education, alternative education leading to a high school diploma or equivalent certificate, counselling or assistance in attaining postsecondary education and financial aid, and alternative secondary school services. Participants generally spend most of the remaining half of their time in the programme in construction training – rehabilitating or building housing for low-income or homeless people. Follow-up services are available for at least nine months following graduation to support future success.

Box 5.3. YouthBuild USA and International (cont.)

According to an MDRC evaluation, “YouthBuild is one of the most promising models serving out-of-school youth, since it contains some of the best elements of youth development programmes and has a broad network, serving thousands of youth per year.” The programme has expanded rapidly over time, and there are currently 273 YouthBuild programmes in 46 states, Washington, DC. and the Virgin Islands engaging approximately 10 000 young adults per year. A detailed and rigorous evaluation of the programme is underway (MDRC, 2015). Building on the success of the YouthBuild USA programmes, the model has been adapted and replicated in 15 countries (YouthBuild International).

Source: YouthBuild USA, YouthBuild International and MDRC websites.

Taking stock of progress

The success of this second phase of the YG relies on the capacity to deliver not only vocational training but also the other forms of support in a timely manner. In particular, it is important that:

- A permanent link between the career consultants and the youth specialists at the SEA office or the social services of municipalities is established with VET schools; mentoring and counselling is key to achieve high completion rates for previously disconnected youth, notably those who already dropped out of school. Some prevailing rules may not really favour programme participation. For instance, following a recent reform, the unemployed individuals who take up work can keep their benefits for the first two months (recent reform), but those who become enrolled in full-time education (except in evening school) lose their unemployed status and are thus no longer entitled to services offered by the SEA.
- VET schools develop these programmes in tight collaboration with local employers; the second chance model aims at getting youth immediately employed at the end of the programme and for this reason, short spells of work practice, internships and subsidised employment could be important programme components to familiarise young people with the requirements of working life and offer a chance for employers to know these youth. Vocational education in Latvia is currently mainly school-based and typically includes only very few elements of company-based learning.
- Youth who fail in a given programme should be offered another chance in an alternative qualifying programme. Currently, if a vocational training measure has been completed, in principle there is a minimum of one year until a different training measure can be chosen.

In the meantime, only non-formal training (Latvian language courses, IT, driving licences; 36 hours per course) can be offered. Jobseekers who are provided with training are offered a voucher for a specific professional course and then have to choose the training provider themselves. Apparently, public training providers are not always willing/able to take unemployed training-seekers.

- The appropriate recourse to existing SEA hiring subsidy programmes during and after the training period to facilitate on-the-job training and a smooth transition to the first job; even when work experience places are strongly subsidised, it can be difficult to persuade private-sector employers to work with a young person who might require intense support and monitoring. The reason for low take-up of hiring subsidies is unclear. One reason might be the current situation on the labour market with only few vacancies being available for unskilled youth. It might also reflect a lack of experience in this area of intervention. Despite the availability of funding, SEA has never been used to recourse to hiring subsidies at a large scale.
- The level of support for living, travel and accommodation expenses need to be appropriate and allows student to complete their programme in satisfactory condition without having to work on the side.
- The programme needs to be closely targeted at youth who really need these skills and are motivated. The size of the programme in full year (6 500 youth) may seem small compared with the challenge ahead (about 30 000 inactive NEET youth, 18 700 low-skilled NEETs) but it is probably reasonable for the first few years of implementation. Running effective second-chance programmes can turn to be very expensive and challenging.²⁹ This high cost reflects not only the vast array of services provided, but also the high qualification of staff. The return on such significant investments is higher if targeted on the most disadvantaged youth.

As such, the promotion of “*Youth workshops*” (introduced in 2012, see above, but which remains largely under-developed – see Table 5.2) in parallel of the second chance is a useful complement to ensure that future participants are motivated by the profession they are qualifying for. These workshops can act as pre-apprenticeships and could help bridging gaps in educational schedules while brushing up patchy literacy or numeracy skills, building motivation, making youth familiar with a work rhythm and possibly providing short spells of work experience. Such pre-apprenticeship classes have been developed for instance in Austria. But even with this type of support, transitions toward regular apprenticeship might however be difficult for some youth.

Notes

1. The kind of services offered not only comprises career guidance *per se*, but also psychological counselling, identification of suitable employment goals, job search assistance, retraining and work trials, along with aptitude, personality and psychometric testing, and health profiling.
2. In 2013, the World Bank evaluated the impact of a range of policies to fight long-term unemployment in Latvia (World Bank, 2013). It concluded that, overall, some of the best performing programmes were intensive qualifying training programmes. These trainings were particularly effective in manual professions, as well as service and sales jobs. Some of these trainings were provided directly on-the-job while others were mainly off-the-job. These programmes also tended to have a bigger impact on the chances to be employed than shorter informal trainings or “measures to improve competitiveness”.
3. This system not only applies to unemployed people but also to life-long learning programmes.
4. There is currently a VAT exemption for training service providers that only applies to training of registered unemployed and not to other jobseekers.
5. Exceptions are students in secondary school (excluding those in evening classes), who can register but not apply for Youth Guarantee measures.
6. See www.lm.gov.lv/text/1047.
7. In 2013, there were on average 101 400 registered jobseekers and 445 staff working with clients (excluding career consultants, but including experts and employment counsellors), which corresponds to a client-staff ratio of 228.
8. Funding of EUR 63.4 million is foreseen for the three stages of the YG over the period 2014 to 2018, with 46% coming from the European Social Fund (ESF, EUR 29.2 million), another 46% from the EU’s Youth Employment Initiative (YEI, EUR 29.0 million) and the remaining 8% from the state budget and private co-financing (EUR 5.1 million). YEI funding is used only for the first

- and second stages of the YG (EUR 15.5 million and EUR 13.5 million, respectively).
9. Some exceptions exist though, as in the city of Cesis in the Vidzeme region, which the OECD review team visited.
 10. In fact, the awareness of the YG – launched in 2010 by the European Parliament – is still rather low among youth aged 16-30 in all European countries. This awareness tended to be relatively higher in Latvia than in most other European countries in 2014, despite the fact that it is a recent initiative. See the *Flash Eurobarometer of the European Parliament* (EP EB395).
 11. A person of working age but unemployed or inactive, who wants to receive a periodical social assistance, should register first with the SEA except if this person receives disability pension, an old-age pension or the state social security benefit; or if this person is on maternity leave and has to take care of children or has a disabled child who does not receive appropriate care services; or if this person is in full-time education in general secondary, tertiary or vocational education institution.
 12. In 2013, the service was provided to 19 persons under age of 18 years and to ten persons over 18 years.
 13. The *Law on Social Services and Social Assistance* (Section 9) states that local governments have the responsibility to provide various social services in accordance to individuals' needs. This may also include employment-related activities, such as training and counselling.
 14. See previous note on exemptions.
 15. In fact, a majority (54%) of the youth participating in the YG with SEA are without qualification. But among these young people the degree of motivation and the incidence of social or health barriers to employment may vary significantly.
 16. Career counselling is monitored in two high level councils: the Youth Guarantee council at the Ministry of Welfare and the Youth council at the Ministry of Education. Both councils meet at least twice a year.
 17. There are generally three consultations per person.
 18. This agency notably foresees the implementation of the national policy in education, lifelong learning and VET and monitor projects financed by European Union Structural Funds like the renovation of VET centres.

19. Part of these youth may be involved in the shadow economy which, at about 24% of GDP, is particularly large in Latvia (Schneider, 2015).
20. The Agency for International Programmes for Youth (Latvian – JSPA) conducts projects on development of work with youth, organises activities on non-formal training and provides information to young people and youth organisations on different activities.
21. The budget is EUR 9 million in total, of which 7.7 million from the ESF (in addition to EUR 63 million for Latvia's Youth guarantee's first and second phase projects) and 1.3 million from the state budget.
22. This corresponds to a recommendation of activation from the Council of Ministers. Skilled youth and all those ready for work should look for a job first.
23. In Sweden, public jobs were suppressed after studies found that the job subsidy programme was the only one that paid significantly in terms of persistently higher employment rates (up to 40 percentage points) soon after the programme ends and for several years subsequently (Sianesi, 2002). Subsidies represent up to 60% of active spending in Sweden. Similarly in France, subsidies targeted at low wage earners are one of the most efficient strategy to get unemployed back into work, notably for those aged 25 to 30 (Fougère, Kramarz and Magnac, 2000)
24. The Latvian Youth Guarantee Implementation is eligible for funding from the European Youth Employment Initiative.
25. In 2013, Sweden reformed its system of sanctions for the unemployed introducing more frequent but milder sanctions in case of insufficient job search efforts. Similar sanctions were introduced in 2015 for participants in labour market programmes.
26. About 500 targeted persons in connection with the prisons administration.
27. The sectors of qualification include the food industry, IT systems and programming, administrative, secretarial services, construction services, beauty treatment, agriculture, catering services, transportation, hotel services, railway services, housekeeping, accounting, manufacturing of wood objects, banking and finance, forestry machinery, tourism, interior design, multimedia design, marketing, telemechanics and logistics, polygraphy and publishing, power engineering and electronics, veterinary medicine, machinery science, plant nursery.

28. The SEA can provide additional support for registered jobseekers enrolled in these second-chance programmes, the number of individuals who benefit from this offer services is however low. At the end of 2014, only 85 out of about 3 000 youth participating in the second-chance programme were registered with SEA.
29. For instance the Job Corps in the United States costs about USD 16 000 per student; the E2C cost about EUR 10 000 per student (Cahuc, Carcillo and Zimmermann, 2013).

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