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COVER NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Investing in Youth Employment: Implementation of the Youth Guarantee

Delegations will find attached the LV country fiche.

LATVIA

1. Conclusions - 2017 multilateral surveillance review of the implementation of the YG

EMCO notes Latvia's strong commitment to the Youth Guarantee and the progress made in its implementation. In particular, strong partnerships are in place and the profiling system is effective. Measures to support those with disabilities or multiple barriers to labour market participation are being implemented.

Although overall coverage of the NEET population remains low. There is a need for expansion of outreach measures, which were introduced in Latvia in recent years, particularly for non-registered young NEETs.

Current high dependency on EU funding means that in the future there will be a need for careful examination of the sustainability of youth employment support programmes.

2. YG monitoring 2016: key data

Highlights

- ❖ On average, over two in five (41.4%) of those registered in the YG at any point during 2016 had been registered for more than 4 months.
- ❖ Virtually the same proportion (41.5%) of those leaving the YG in 2016 took up an offer within 4 months of registration.
- ❖ The Latvian YG scheme covered just over a quarter (25.5%) of NEETs aged under 25 in 2016, this is an improvement compared to 2014 (19.9%) but remains low and calls for a boost in the planned outreach measures.
- ❖ Follow-up data in line with the YG monitoring framework are not currently available (planned by 2018).

Introduction

The Latvian Youth Guarantee Implementation Plan was presented in December 2013 and updated in April 2014.

The scheme started in January 2014, targeting young people not in employment, education or training aged 15-29 years. The Ministry of Welfare is in charge of establishing and managing the Youth Guarantee while the State Employment Agency (public employment service - PES) and the State Education Development Agency (SEDA) are responsible for implementation. Other main actors involved are the Ministry of Science and Education and municipalities, and youth organisations. The Latvian Youth Guarantee is fully funded by the Youth Employment Initiative (YEI).

Young people can register via the PES, or via VET schools for participation in 2nd chance VET programmes. A dedicated website provides young people with information on relevant contact points and how to register.

Outreach measures, coordinated by the Ministry of Science and Education, implemented by municipalities and youth organisations are planned in order to identify and make contact with non-registered NEETs and refer them either to the VET programmes or to the PES.¹ This was identified as a key challenge for Latvia in the Commission's 3-year assessment of the YG and the YEI².

Further information is available in the national Implementation Plan as well as in the dedicated websites of the Ministry of Welfare, the Public Employment Service (PES), and the State Education Development Agency (SEDA).

1 Quality of data

1.1. Key changes compared to 2015

Latvia has not introduced any fundamental changes to the monitoring process since the previous data collection, meaning that the limitations of the data have not been addressed (see section 1.2).

Moreover, a further limitation has been identified in that it is now reported that follow-up data provided previously for reference years 2014 and 2015 referred to the situation of participants 6 and 12 months after completing an offer rather than after take-up of the offer (exit from the preparatory phase) and therefore are not in line with the specifications of the YG Indicator Framework. The data were in any case very incomplete with more than 90% in unknown situations. Follow-up data for 2016 have therefore not been provided and data for 2014 and 2015 have been removed from the database so that they do not impact on EU averages. A YG evaluation study will be launched by the end of 2017 and detailed follow-up data provided in 2018.

1.2. Data quality 2016

Latvia has provided the data requested broadly in accordance with the definitions of the YG Indicator Framework. The data are mostly complete, with the key exception of follow-up data (see above).

Data from the State Education Development Agency (SEDA), the less important of the YG providers (in terms of the numbers supported, c.10% of the total), are missing a breakdown of entrants by previous YG experience. SEDA has also not provided data for the 25-29 age-group for reference year 2014.

It should be noted that registration with SEDA coincides with the start of a training programme so that entry and exit occurs on the same day. Consequently, 100% of exits are positive and timely, and stock is not a meaningful observation (people transfer immediately from NEET to non-NEET status). Although this may not represent a deviation from the monitoring framework, it means that in practice participants for SEDA do not pass through any preparatory phase.

Exits to formal education, which includes apprenticeships, and traineeships can only be monitored when participants inform the PES accordingly on exit. Improvements in this respect are planned by further developing the education database in order to better monitor transitions from NEET status to education and the labour market outcomes of students. Results are expected in 2018.

¹ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_544350.pdf

² <http://ec.europa.eu/social/BlobServlet?docId=16299&langId=en>

Finally, it should be noted that there is a possible risk of double-counting in the flow data as there is no cross-checking of participants between the datasets provided by the PES and by SEDA (max. 11% of entrants). This issue would not affect stocks, since the SEDA data cover only flows (see above). However, double-counting could impact on the total entrants and the breakdowns thereof (not currently used for any indicators) and on exits. For exits, the total might be affected but probably not the numbers counted as positive exits since, it appears that exits to the type of course provided by SEDA are not recorded in the PES data (i.e. it would be recorded as unknown).

Details of the data provided and any divergence from the definitions are presented in [Table 1](#).

Table 1: Completion and comparability of direct monitoring data, 2016

| Coverage of data | |
|-----------------------------|---|
| Providers | <ul style="list-style-type: none"> – State Employment Agency (PES) and – State Education Development Agency (SEDA) |
| Participants | People aged 15-29 registered as unemployed with PES or with SEDA as applicant for training courses. |
| Completion of data | |
| Missing data | <p>SEDA:</p> <ul style="list-style-type: none"> – Entrants data by previous YG experience – 2014 data for people aged 25-29 (to be provided in the next data collection) <p>PES:</p> <ul style="list-style-type: none"> – Exits to inactivity, formal education (incl. apprenticeships) and traineeships <p>General:</p> <ul style="list-style-type: none"> – Follow-up data |
| Data recording | |
| Entrants | Potential double-counting of entrants as young people registered with SEDA could also be registered with the PES as unemployed (max. 11% of total entrants). |
| Stocks | Participants in SEDA measures do not contribute to the stock as entry = exit = registration with SEDA. |
| Exits by destination | <p>PES:</p> <ul style="list-style-type: none"> – Entry to the YG coincides with registration as unemployed, then by definition exits to unemployment are not possible. – Exits to formal education (incl. apprenticeships) and traineeships cannot be monitored. Improvements in education database are planned by end 2018. – Exits to inactivity cannot be monitored. <p>SEDA:</p> <ul style="list-style-type: none"> – All exits from SEDA data are to subsidised education. Other destinations are not possible by definition. <p>General:</p> <ul style="list-style-type: none"> – Potential double-counting of exits (see entrants) which may result in overstatement of total exits and unknown destinations, as exits recorded in SEDA data not recorded in PES data. – Proportion of unknown destinations: 23.9% |
| Comparability of data | |
| Definitions | – Potential double-counting of participants. |
| Across time | – Data are comparable. |

Source: YG monitoring template (quantitative data).

2 Monitoring results

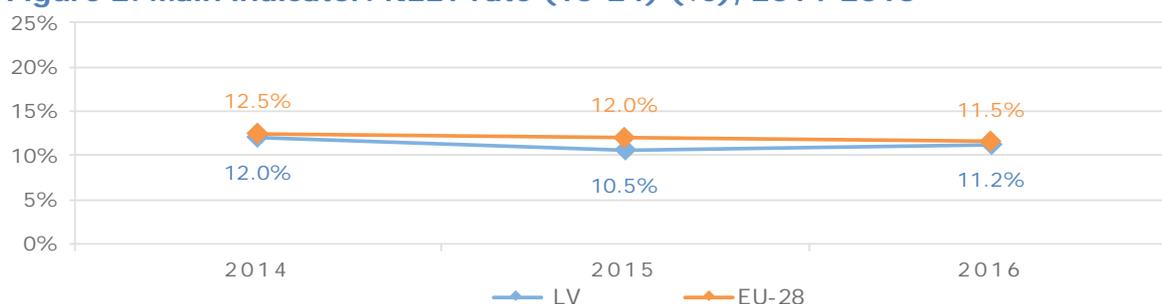
This section presents the results of YG monitoring on the basis of the [Indicator Framework for Monitoring the Youth Guarantee](#). Aggregate monitoring indicators are based on data from the EU Labour Force Survey and are considered comparable between countries. Direct and follow-up monitoring indicators are, however, based on national administrative data and, although they are in principle based on a common methodological framework, differences in definitions, institutional practices and the capacity to collect all of the necessary data, particularly in relation to follow-up, may impact on the comparability of data between countries. Readers are recommended to refer to the [Notes about the data](#) in annex to this report.

2.1 Aggregate monitoring: Macroeconomic indicators

Indicators for aggregate level monitoring of the YG are based on data from the EU Labour Force Survey (LFS) and are intended to monitor the general situation of young people in the EU. The evolution of these indicators through time represents an indirect means of monitoring the effects of implementing the YG and may also reflect the impact of preventive measures to help young people avoid falling into unemployment or inactivity. The aggregate level indicators are complemented by the direct and follow-up level indicators that monitor the efficiency and effectiveness of YG delivery and help to disentangle the impact of policy measures from general economic developments.

The main indicator for YG monitoring at the aggregate level is the NEET rate for young people aged 15-24 – i.e. the proportion of people aged 15-24 that are not in employment, education or training. In 2016, the NEET rate in Latvia was 11.2%, on a par with the EU-28 aggregate figure of 11.5% (see [Figure 2](#)). There has been a slight improvement (reduction) since 2014 (-0.8 pp, from 12.0%), again much in line with the change seen at EU level (-1.0 pp).

Figure 2: Main indicator: NEET rate (15-24) (%), 2014-2016



Source: Eurostat, Labour Force Survey, data extracted 19 October 2017.

2.2 Direct-monitoring: effectiveness of YG implementation

The main indicator for direct monitoring shows that, on average in 2016, two in five (41.4%) of young people aged 15-24 registered in the YG preparatory phase had been waiting for an offer for more than 4 months, somewhat below the EU average of 49.5% (see [Table 3](#)), though a slight increase on 2015 (38.7%).

The more substantial increase compared to 2014 shown in the table (+15.9 pp, from 25.5%) is largely expected and reflects the increasing maturity of the scheme. In 2014, the data took into account only new starts after 1 January so that longer durations were by default limited in the early months.

Table 3: Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target, 2016

| Still in the YG preparatory phase after 4 months: | 2016 | 2014-2016 change (pp) | EU average Total (15-24) |
|---|-------|-----------------------|--------------------------|
| Total (15-24) | 41.4% | +15.9 | 49.1% |
| Breakdown by age | | | |
| 15-19 | 32.1% | +10.8 | 46.2% |
| 20-24 | 42.5% | +16.4 | 49.3% |
| Breakdown by gender | | | |
| Men | 36.5% | +14.7 | 48.0% |
| Women | 45.2% | +17.0 | 49.9% |

Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

The proportions registered for longer periods are also below EU averages, with the difference increasing with duration (see [Figure 3](#)).

The proportion of young people remaining in the YG preparatory phase for more than 12 months in Latvia was just 5.6% in 2016, more than 10 pp lower than the EU average (18.3%). In previous years, smaller proportions with longer durations were expected due to the monitoring approach adopted in the YG launch year (duration was recorded as starting from zero for all participants in 2014). However, two years on, differences due to the initial monitoring approach should be largely eliminated, so that the results tend to suggest that the LV scheme is better than average in avoiding lengthy retention in the preparatory phase.

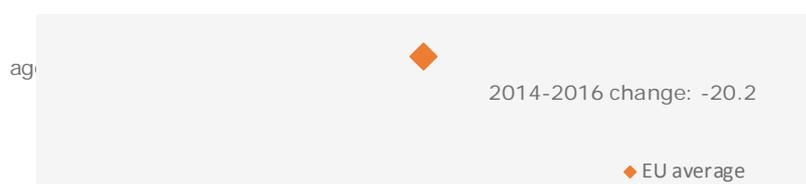
Supplementary indicator results indicate that two in five (41.5%) of those leaving the YG in 2016 took up an offer within the target period of 4 months, a slight fall compared to 2015 (43.1%) and below the EU average (44.5%). Both the Latvian result and the EU average are likely to be understated to some extent because destination was unknown for at least a fifth of cases.

Figure 3: YG implementation, direct monitoring indicators, 2016

Main indicator: Proportion of young people in the YG preparatory phase beyond the 4-month target (durations 4,6 and 12 months) (% YG stock)



Supplementary indicator: Positive and timely exits from the YG preparatory phase (% exits)

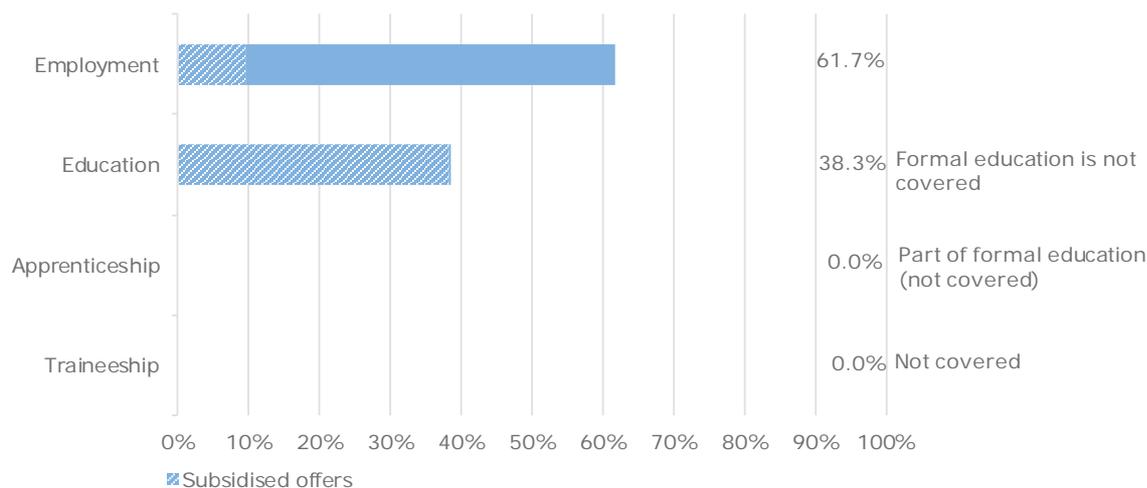


Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Nearly eight in ten (77.5%) of those leaving the Latvian YG within the 4-month target period during 2016 went to positive destinations (the remainder were unknown). Of this group, three in five (61.7%) went to employment, with the remaining (38.3%) taking up an offer of continued education (see [Figure 4](#)). Note that exits to continued education are understated as they refer only to participants in the SEDA training courses. Exits to formal education and training (including apprenticeships) and traineeships cannot be monitored (see [section 2.1](#)). Improvements to education registers are being introduced so that that more complete data on exits to education (both subsidised and not subsidised) should be available in 2018.

Virtually all education offers (99.6%), but only 15.3% of employment offers were subsidised. Overall, just over half (52.32%) of offers taken up within 4 months were unsubsidised open market jobs.

Figure 4: Distribution of positive and timely exits by destination (% timely & positive exits), 2016



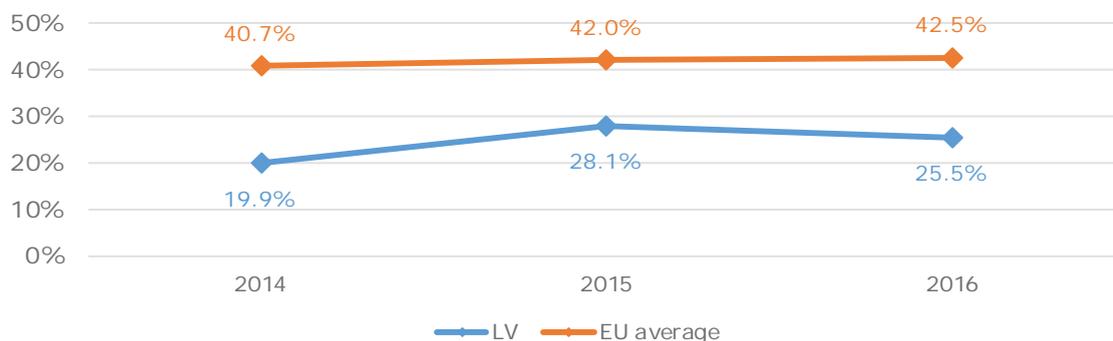
Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

2.3 Direct monitoring: coverage of the YG target population

The Council Recommendation on establishing a Youth Guarantee³ aims to ensure that all young people under the age of 25 years receive a good-quality offer of employment, continued education, an apprenticeship or a traineeship within four months of becoming unemployed or leaving formal education. Reaching the entire population, and in particular those that do not come forwards on their own initiative, is one of the key challenges confronting YG providers in all countries.

The second supplementary indicator for direct monitoring uses NEET rates and population data published by Eurostat together with the annual average stock of participants in the YG preparatory phase in order to estimate the proportion of the NEET population that is covered by the YG scheme (see Figure 5). Note that the criteria used to delimit the NEET population used in the denominator, which is derived from the EU Labour Force Survey (LFS), may differ from the specific conditions applied in each country to register in the YG, so that the two populations may not fully overlap. In other words, the LFS NEET population is a proxy for, rather than an exact measure of, the YG target population. Consequently, results for this indicator should be considered as the best available estimate of the coverage of YG schemes.

Figure 5: YG participants as a proportion of the NEET population (%), 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

Results show that, on average in 2016, only a quarter (25.5%) of the NEET population in Latvia was reached by the YG scheme. This figure represents an improvement of 5.6 percentage points compared to 2014, but still remains well below the EU average of 42.5%.

³ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2013:120:0001:0006:EN:PDF>

Indeed, the Commission's 3-year assessment of the YG and the YEI identifies as a key challenge the need to improve outreach activities to engage NEETs not registered with the PES. Moreover, as noted by an OECD review⁴, this lack of engagement applies not only to inactive NEETs, but also to unemployed NEETs that are not registered.

2.4 Follow-up: sustainability of YG outcomes

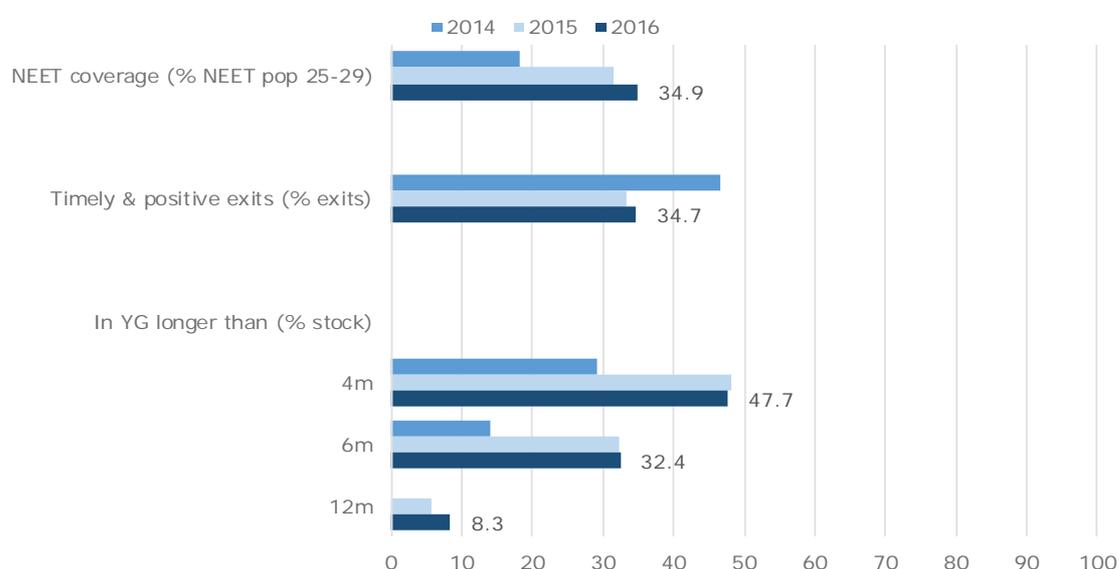
Follow-up data to monitor situation of participants after exiting the YG preparatory phase in accordance with the YG monitoring framework are not available.

In previous data collection the figures provided for follow-up data reflected the situation of participants 6 and 12 months after completing an offer and were therefore not aligned with the specifications of the YG Indicator Framework. Following a YG evaluation study to be launched before the end of 2017, detailed follow up data will be provided in 2018.

2.5 Additional results for the 25-29 age-group

The Latvian YG scheme also covers young people aged 25-29. Accordingly, optional data for the 25-29 age-group were provided and key results are shown in Figure 7.

Figure 7: Key indicators for the 25-29 age-group, 2014 – 2016



Source: DG EMPL, YG monitoring database, data extracted 14 November 2017.

The proportion of participants aged 25-29 registered for more than 4 months in the YG was slightly higher than in the main group (47.7% vs 41.4%) and the proportion taking up an offer within 4 months was lower (34.7% vs 41.5%). The results indicate that implementation is less efficient for the older age-group.

A third (34.9%) of NEETs aged 25-29 were covered by the Latvian YG, more than for the main target group aged 15-24 (25.5%), but still a low coverage rate, even if there has been a progressive improvement since the launch of the YG (18.3% in 2014 and 31.4% in 2015).

⁴ <http://www.oecd.org/newsroom/latvia-should-expand-work-based-vocational-training-to-boost-young-peoples-job-prospects.htm>

Annex

Notes about the data

Comparability. Data are compiled on the basis of a common methodology - the [Indicator Framework for Monitoring the Youth Guarantee](#), endorsed by the Employment Committee (EMCO) in May 2015, and the accompanying methodological manual – and are therefore considered broadly comparable between countries. Nevertheless, it is important to bear in mind that the data for direct and follow-up monitoring are derived from national administrative registers that are designed to support and monitor specific national systems, which vary in terms of the processes followed and definitions applied and may, therefore, result in some inherent differences between countries. These differences are, however, expected to be relatively minor and more important differences are those that derive from the way in which YG schemes have been implemented and the capacity of countries to provide complete data.

In relation to implementation, the size and composition of the population registered in the YG will initially be different for countries that implemented the YG as a completely new approach and monitored inflows starting from zero, compared to countries that implemented the YG as a reinforcement of existing processes and monitored inflows accumulating with the existing stock. Countries in the former group will tend to have a smaller stock with lower average duration. Differences that result from this artefact of the data are guaranteed to reduce through time, evidence of convergence was apparent already in the 2015 data, and continued in the 2016 data.

The capacity of countries to monitor what happens to young people on leaving the YG impacts on the quality of data on both exits and follow-up but particularly for the latter. Almost half of Member States (15) either provide no follow-up data (8) or do not know the subsequent situation of the majority (at least 2/3) of young people passing through the YG (7 countries).⁵ The problem derives from a lack of capacity to routinely link administrative registers or legal restrictions to do so. The investment needed to link PES registers and other administrative registers (e.g. social security) would have benefits not only for YG monitoring but also for other EU level data collections (e.g. LTU and LMP) as well as providing a base for policy evaluation at national level.

Coverage indicator. The second supplementary indicator for direct monitoring measures the proportion of the NEET population (average across the year) that is registered in the YG preparatory phase (annual average stock). Whilst data for the numerator are derived from administrative data in each country, the only available comparable data on the size of the NEET population that can be used as a denominator derive from the EU Labour Force Survey. This uses a definition of NEETs that is common across countries⁶ but which may vary from the definitions applied in the context of national YG schemes and in the administrative data used to monitor these. Results should thus be interpreted as an estimation, rather than a definitive measurement, of the extent to which YG schemes achieve the objective of reaching all young people that become, or are already, NEET.

EU level data. Figures labelled “**EU-28**” used in aggregate level monitoring are based on aggregates of all NEETs in all Member States and therefore represent weighted averages, which can be significantly influenced by the situation in a small number of large countries. Figures labelled “**EU average**” are unweighted averages of all available country figures. In relation to the destination of exits and follow-up data, the EU averages are liable to be understated due to significant numbers of unknown destinations or subsequent situations in some countries.

⁵ Based on 2016 data for Follow-up T-1 (i.e. data on the situation of participants who left the YG preparatory phase in 2015).

⁶ See [http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_\(NEET\)](http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Young_people_neither_in_employment_nor_in_education_and_training_(NEET))