

Mutual Learning Programme Database of National Labour Market Practices
Latvia - Workplaces with Stipend Emergency Public Works Programme (WWS)

This database gathers practices in the field of employment submitted by European countries for the purposes of mutual learning. These practices have proven to be successful in the country concerned, according to its national administration. The European Commission does not have a position on the policies or measures mentioned in the database.

Source of national practice	Mutual Learning Programme Peer Review (April 2012)
Title of the policy or measure (Original language)	100-Lats-programme
Title of the policy or measure (English)	Workplaces with Stipend Emergency Public Works Programme (WWS)
Country	Latvia
Name of the responsible body	Ministry of Welfare
Geographical scope of the responsible body	Regional
Name(s) of other organisations involved (partners/sub-contractors)	The World Bank; European Commission; European Social Fund; Ministry of Welfare; The State Employment Agency (Public Employment Services - PES); Municipalities; NGOs
Start year of implementation	2009
End year of implementation	2011
EU policy relevance	<p>The programme supported the Europe 2020 strategy and in particular the flagship initiatives “European platform against poverty and social Exclusion” and “An agenda for new skills and new jobs”. It aimed to tackle dramatic increases in unemployment following the crisis.</p> <p>It is consistent with the Employment Guidelines and with several EU instruments, such as European Social Fund (ESF) activities to increase employment for the disadvantaged. Furthermore, the European Commission's Communication “Towards a job rich recovery” (April 2012) addresses the issue of employment in the post-crisis period.</p>

<p>National labour market context</p>	<p>The economic crisis affected Latvia more than most EU countries. In the second quarter of 2009, the unemployment rate exceeded 17%, and at the beginning of 2010 the unemployment rate had almost reached 21% with the increase itself being very sharp.</p> <p>In addition to the high unemployment rates, a significant share of the unemployed was not entitled to unemployment benefits. Due to a reform implemented prior to the crisis, people who had contributed for less than twenty years to the social insurance were eligible for unemployment benefits for a period of maximum 4-6 months. As a result, the share of registered unemployed persons who did not receive unemployment benefits increased from 43% in 2008 to 76% in 2011. During the crisis the duration of unemployment benefits was increased again to 9 months but many people had not managed to acquire the necessary contribution period.</p> <p>Between 2009 and 2011 a remarkable proportion of low-skilled persons were unemployed (30%). Due to the low qualification level and their ineligibility to unemployment benefits this group was at high risk of entering long-term unemployment and poverty.</p> <p>To tackle this issue and the worsening scenario the Latvian government implemented a crisis measure to support unemployed people's income and avoid their exit from the labour market.</p>
<p>Policy area</p>	<p>Job creation, Prevention of poverty through inclusive labour markets, Social security systems</p>
<p>Specific policy or labour market problem being addressed</p>	<p>The main problem being addressed was the dramatically rising unemployment rates in the context of the economic crisis and the consequences of long-term unemployment for those who were not eligible for unemployed benefits. Specifically, WWS introduced temporary, labour-intensive public works projects as a short-term crisis response. The measure aimed to offer employment and income support through the crisis and prevent longer term detachment from the labour market.</p>
<p>Aims and objectives of the policy or measure</p>	<p>The overall goal of WWS was activation of unemployed during a period of severe labour market crisis and simultaneously to provide targeted income support to the poorest households and to help registered unemployed, who did not receive unemployment benefits, to keep and perhaps acquire new work related skills. This furthermore had the objective of reducing the psychosocial consequences of unemployment.</p>

<p>Main activities/actions underpinning the policy or measure</p>	<p>The programme offered public works opportunities to the lower-skilled. A key condition was that the works had some kind of social value for the local community and were non-commercial. To avoid potential deadweight effects, by creating jobs that substituted the existing jobs or displaced new job creation, only non-profit organisations were allowed to participate in the programme.</p> <p>The selection of participants was based on the “first-come, first-served” principle. Workers were assigned to a public works project for a period between two weeks and six months and for 8 hours per day.</p> <p>Participants received a tax-free monthly stipend of 100 Lats (142 Euro). This corresponded to about 80% of the net minimum wage. In July 2011, the stipend decreased to 80 Lats (114 Euro) per month (corresponding to about 55% of the net minimum wage).</p> <p>During the course of programme, participants worked in safe conditions, were covered by insurance against work-related accidents, and, if necessary, participated in health check-ups before starting the work.</p> <p>Public works included:</p> <ul style="list-style-type: none"> • Cleaning, improvement and maintenance of public areas (e.g. parks); • Maintenance of small infrastructure (e.g. trails and benches); • Environmental cleaning (e.g. rivers, lakes and forests); • Social services (through civil society organisations).
<p>Geographical scope of policy or measure</p>	<p>National</p>
<p>Target groups</p>	<p>Long-term unemployed (more than 12 months), Low-skilled people, People not in education, employment or training (NEETs)</p>

Outputs and outcomes of the policy or measure

The WWS programme led to **increased labour market participation among unemployed people with no unemployment benefits and participants showed better job finding rates.**

According to the World Bank's evaluation (2012), the WWS programme achieved a good take-up rate of people from poor households and vulnerable groups. Between 2009 and 2011 **the programme created more than 110,000 temporary jobs.** During the course of the programme participating **households increased their incomes by 37%** in comparison to similar households that did not participate to the programme. The programme thus had a short-term preventive effect on increasing poverty.

Another evaluation from 2011 showed that:

- **17-20% of the stock of Latvia's registered unemployed people who were not eligible for benefits were in employment** during the programme.
- **More than 74,000 participants benefitted from the 83,000 workplaces created by the programme** (45% of the beneficiaries participated more than once). This meant that the programme had about 20,000 participants per month, whilst the number of persons on the waiting list was almost double.
- In the six months period after attendance in the programme **about 17% of the participants were able to find a job.** When also taking into account those who left the programme earlier to enter employment, approximately 22% of participants were able to find a job either during or after participation in the programme.

Additionally, the evaluation results from 2011 showed the following:

- Low-skilled persons close to retirement age were overrepresented in the participants group;
- **Participants or people on the waiting list for the programme were from poor background.** Their households' average incomes per capita were 11% below the average spending in the lowest quintile of the population;
- Most participants completed the six months programme;
- **98% of participants considered WWS to be an important safety net; and,**
- 67% considered the programme to be "very important".

According to the 2011 evaluation, the number of participants in the programme indicated **that participants considered the WWS programme to be an alternative to emigration or unregistered unemployment.**

Management and implementation arrangements

The Latvian Ministry of Welfare was responsible for the overall implementation of the programme, while the PES was in charge of the administration and monitoring (through an ESF-funded project).

The World Bank provided technical assistance to the programme, and ESF funded about 75% of the costs. The total cost of the programme was approximately 54 million LVL (77.4 million Euro).

The central PES office provided 15 employees and the local PES offices assigned 72 coordinating experts to the programme. The head of the local government signed a contract with the local PES office prior to programme implementation. **28 local PES offices in total signed 129 contracts with local governments.**

Each municipality had a programme coordinator and an accountant who were both paid by the programme.

Additionally, the programme subsidised (at minimum wage) **one work supervisor per 30 registered unemployed participants.** Before entering the programme, the participants signed a workplace-contract with the local PES (this was not an employment contract in legal terms).

Municipalities could liaise with other partners in the implementation of the programme, such as NGOs or other institutions permitted by the government, who had to comply with the requirements set by the government. Prior to 2009 a Public Works–1 programme had been running. The WWS Programme running between 2009 and 2011 was a crisis response programme, and in 2012, this was replaced by the regular Public Works–2 programme.

Key challenges

- **Administrative tasks and high turnover.** Every month there was a high turnover of participants, and this resulted in a significant administrative burden.
- **First-come, first-served method.** Participants were selected according to the principle of “first-come, first-served”. A drawback of this selection method was the exclusion of those most in need, for example lone parents or people in poor health conditions who could not register to the programme on time.
- **Effective targeting.** A challenge of the programme and the selection process was to identify the target group, those ‘most in need’ of the service.
- **Low skilled work.** The programme offered low skill manual work, and 19% of the participants reported that the work was very demanding, and a further 23% reported that it was demanding. Although health-checks were supposed to be a part of the programme (for certain types of jobs), 66% of the participants did not know about this (17% had a health-check).
- **Waiting lists.** The programme was unable to effectively respond to the high demand and waiting lists were almost double the number of participants.
- **Diversion from job-seeking.** The programme could have provided a greater degree of career counselling for participants and support for job search activities (including free time for it) empowering them to search for jobs in the regular labour market.

<p>Key conditions for success</p>	<ul style="list-style-type: none"> • Partnership approach. The measure provided a good example of partnerships working on the implementation of the programme (local governments had no legal requirements to participate in the programme, and only one did not). The local governments were involved in the preparation of the programme, and municipalities participated in learning exchanges in the beginning of the programme. Implementation of the WWS programme required political commitment and finance to support service providers. • Monitoring. The WWS was strictly monitored to measure positive outputs and outcomes. The lessons learned from the WWS programme were used in the design of Public Works–2 programme. <p>Key conditions for transferability to other contexts:</p> <ul style="list-style-type: none"> • Need for a short term measure. The method of public works projects could be transferable to other contexts in times of crisis. The WWS in Latvia provided positive results as a response to a crisis situation. The programme lacked features of general ALMPs (such as individual counselling and training opportunities), and this makes it suitable as a way of tackling a sudden dramatic increase in unemployment. In such a situation, the programme would be suitable to provide unemployed not eligible for benefits a minimum income and means to retain their skills and motivation. • Political and financial backing from Ministries and, for example, the World Bank and ESF. • Institutional cooperation. To implement such a programme in a timely manner cooperation and dialogue between institutions is needed to ensure efficiency and effectiveness in implementation.
<p>Method of assessment</p>	<p>Internal evaluation</p>
<p>Type of assessment</p>	<p>Qualitative and quantitative assessment</p>
<p>Duration and frequency of the assessment</p>	<p>The programme was consistently monitored throughout its implementation by the PES and the State Labour Inspectorate.</p>
<p>Further information on the assessment</p>	<p>The evaluation from 2011 was based on a household survey administered by the PES (the Latvian State Employment Agency). The survey involved 3,000 households and was carried out between December 2010 and March 2011 under the framework of the WWS programme evaluation study. The analysis was based on propensity score matching method.</p> <p>In addition, the World Bank further analysed the data of the survey and results were presented in the 2012 working paper.</p>

Links to the website, background information and assessment material	<ul style="list-style-type: none"> • Background materials, World Bank and OECD studies • General link to the Mutual Learning Programme
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Keywords	public works; unemployment; NEETs; crisis; low-skilled people