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Priority Areas and Scope of the National Skills Strategy Latvia Project

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# Project Background

## The OECD National Skills Strategy

OECD Skills Strategy projects provide a strategic and comprehensive approach to assess countries’ skills challenges and opportunities, and build more effective skills systems. The OECD works collaboratively with countries to develop policy responses that are tailored to each country’s specific skills challenges and needs. The foundation of this approach is the OECD Skills Strategy framework, the components of which are:

* **Developing relevant skills**
* **Using skills effectively**
* **Strengthening the skills system**

OECD National Skills Strategy projects adopt a lifecourse approach to ensure that people are able to develop and use their skills effectively throughout their lives, so that they can adjust to the rapid changes in the workplace and society. This requires strengthening the skills system in terms of its governance, financing and information systems.

The OECD support countries in developing a skills strategy by mapping the skills system, identifying policy priorities, making policy recommendations and identifying considerations for implementations. This process is supported by high quality analysis of a country’s skills performance, and by strengthening whole-of-government collaboration and stakeholder engagement through a combination of interactive workshops and meetings.

## The project in Latvia

The OECD is supporting Latvia in delivering on its reform agenda through a collaborative and tailored **OECD Skills Strategy project** with the aim to develop a strategic approach for skills and to provide Latvia with guidelines for the future, based on a broad perspective on skills, which will provide an important input to Latvia’s next medium-term Strategy for Education and Skills: 2021-2027. The project will comprise Diagnostic phase and Action phase.

The project was launched during the Skills Seminar on the 13th of September 2018 in Riga with high level participation from four ministries, social partners and the European Commission. Following that, two workshops are planned. The first workshop (diagnostic) will take place February 2019 (final dates to be confirmed) and the second workshop (good practices) in Q2/2019. The main deliverable of the Diagnostic phase is around a **120 page report** that provides Latvia with a diagnosis of the priority themes and recommendations. This report is scheduled to be launched in September/October 2019. The 4 priorities areas already identified by Latvia for this project are:

* **Strengthening the skills outcomes of students**
* **Fostering a culture of lifelong learning**
* **Improving skills matches in the labour market**
* **Strengthening governance of the skills system**

## Main objectives

The main objectives for National Skills Strategy project in Latvia are:

* **Provide relevant input to** Latvia’s next medium-term Strategy for Education and Skills: 2021-2027. The OECD will also provide support in the Strategy endorsement process by the Latvian government.
* **Map out roles and responsibilities** in the 4 priority areasto better understand all of the actors with an influence on Latvia’s skills performance.
* **Assess the current strengths and weaknesses** of Latvia’s performance in the 4 priority areas against the background of national and international evidence.
* **Make concrete recommendations for both government and stakeholders** in the 4 priority areas for action, giving consideration to the barriers to improvement, as well as good practices domestically and internationally.
* **Creating awareness and engaging stakeholders to take action** through interactive workshops and inter-sectoral dialogue.

# ****Priority Areas and Scope****

The section introduces the 4 priority areas and provides an overview of the topics included. This is based on the discussions during the High Level Skills Strategy Seminar held on the 13th of September in Riga, Latvia, as well as a number of bilateral meetings with the Latvian project team and OECD analysis of available data and information.

## Strengthening the skills outcomes of students

Ensuring that youth leave school with strong cognitive, social and emotional, and technical skills is key to ensuring that Latvia has the skills it needs to achieve its economic and social ambitions. The development of strong skills in youth not only paves the way to success in higher education and the labour market, but also helps to foster a culture of lifelong learning that will help to build an adaptable and resilient society. This needs to start in the early years through quality early childhood education and care (ECEC).

Over the past decades, Latvia has made good progress in building the skills of its youth, but more needs to be done. While Latvia spends a relatively large share of its GDP on ECEC and made participation in ECEC compulsory for 5 and 6 year old children, barriers remain in developing a high-quality and motivated ECEC profession and municipalities vary in their capacity to fund, deliver and monitor provision. Almost 9 out of 10 adults have attained at least upper secondary education, compared to 8 out of 10 in the OECD, and performance of 15 year-olds in the PISA survey shows a positive trend. However, mean PISA-scores for science, reading and mathematics are still below the OECD averages in 2015, a small share of Latvian students are top performers, and there are large differences in performance between various groups in society (e.g. urban versus rural and boys versus girls). A comprehensive reform of vocational education was started in 2009 to raise its quality and relevance to the labour market, make it more attractive to students and enhance resource efficiency. However, more could be done to improve the relevance and quality of vocational education, strengthen the capacity of stakeholders to contribute to the process and closely monitor the progress. For Latvia, the quality of education should be considered, and adjustments are needed to respond to demographic decline, fiscal realities, and labour market needs.

This chapter will provide advice for strengthening the outcomes of students leaving compulsory education, considering all stages of education leading to this outcome, from early childhood education and care to upper secondary education (both academic and vocational streams). It will also consider outcomes and inputs not only at the national level, but also by gender, age, and geographic location.

Topics that will be analysed in this chapter in the coming year through desk research, bilateral meetings and workshops include, but are not limited to:

* **Early childhood education and care (*topic for in-depth analysis*)**
	+ Assessment of equity[[1]](#footnote-2) and quality[[2]](#footnote-3), including transition to primary school
	+ Assessment of inputs, including expenditure and teacher training (initial and continuous) and motivation (salary, working conditions, recognition).
* **Primary and secondary general education**
	+ Assessment of equity and quality (including grade repetition, drop-out rate and transition to higher education, readiness for STEM studies in higher education)
	+ Assessment of inputs, including expenditure, teachers (including training and motivation), curricula (including provision of STEM skills, digital skills, languages, etc.) and career guidance.
* **Vocational education and training, including work-based learning**
	+ Assessment of equity and quality
	+ Assessment of inputs, including expenditure, teacher training and motivation, curricula, curricula relevance to labour market, flexible approaches involvement of social partners

## Fostering a culture of lifelong learning

The ongoing development of skills in adulthood is critical to competiveness, adaptability and resilience of countries. Skills development in adulthood allows adults to acquire the skills needed to adopt new technologies and workplace innovations that help to ensure they remain gainfully employed and that firms and societies benefit from greater innovation, productivity, and growth.

It is forecasted that job growth in Latvia in the future will be concentrated in occupations requiring high levels of skills (e.g. ICT services and energy supply services) and basic digital skills will become essential for success in work in life. However, many Latvian adults do not have the skills to adapt to these developments. For instance, Latvia is lagging behind in digital skills, and this does not only concern older generations – 28% of 25-34 year-olds has low overall digital skills, compared with 17% in OECD-EU countries.

Latvia already made significant progress in developing a culture of lifelong learning, which is demonstrated by a rapid expansion of adult education participation between 2011 and 2016 as measured by the Adult Education Survey[[3]](#footnote-4). Nevertheless, while the participation rate in non-formal and/or formal education is now comparable with the EU average, this rate is still 20 percentage-points below the participation rates of a top-performing country such as Sweden, and other surveys (most notably the Labour Force Survey) show comparatively weaker performance in adult education. In addition, while almost all enterprises offer training to employees in Latvia, a surprisingly small share of the employees actually participates in these training courses. Motivating adults to participate, especially the adults most in need, is a challenge in Latvia, and barriers to participation are relatively high.

This chapter will provide policy advice for strengthening continuous skills development in adulthood, in all its forms from formal and non-formal education and training to informal learning. It will also consider outcomes and inputs not only at the national level, but also by gender, age, and geographic location. Special attention will be given to assessing the participation and motivation of groups that are falling behind (e.g. low-skilled, older people etc.) and/or those who would gain most from investments in skills in adulthood as well as to the role of social partners. The roles and responsibilities of individuals, institutions, enterprises and society as a whole in lifelong learning will also be considered.

Topics that will be analysed in this chapter in the coming year through desk research, bilateral meetings and workshops include, but are not limited to:

* **Adult education**
	+ Assessment of accessibility, flexibility and quality (e.g. provision of modular course offerings, digital skills and tools, workplace practicums)
	+ Assessment of inputs, including expenditure, fostering motivation of different target groups, teacher training and motivation, curricula, recognition of prior learning efficiency as well as public and private providers (e.g. employers, vocational schools and tertiary education institutions).
* **Sectoral demand and support for adult education**
	+ Assessment of incidence (including provision of modular course offerings, workplace practicums, etc.) and quality (acquisition of new knowledge and skills)
	+ Assessment of inputs, including sectoral contribution to adult education, expenditures of social partners, sectoral agreements, SME role, communication about the importance of adult education etc.
* **Foundational policies**, including
	+ Strategic communications to nudge attitudes and behaviours positively towards increased participation in adult education.
	+ Career Guidance to inform adults about the adult education offers, reach out to adults with low motivation, and change conceptions and behaviour.

## Improving skills matches in the labour market

Minimising skills mismatches and shortages is very important for the economic and social wellbeing of individuals and countries. For individuals, mismatches and shortages can imply lost earnings and the loss of skills over time. For firms, difficulty recruiting the skills they need can reduce innovation, productivity and competitiveness. For society, skills mismatches and imbalances can reduce overall prosperity through lower growth and forgone tax revenues.

While the employment rate is slightly above the OECD average, workers in Latvia often do not have the right skills for their jobs. In Latvia approximately 18% of employees are under-qualified, and 12% of employees are over-qualified for their current profession in 2016. In addition, based on self-reported data on the skills needed for the jobs, Latvia displays a very high share of under-skilled and a very low share of over-skilled workers for their job. Under-skilling is especially a challenge for low educated, and they particularly lack skills such as numeracy, planning and organisation, and customer handling. In various sectors, employers face skills shortages in Latvia, especially for occupations sectors such as STEM and health, and it is projected that these imbalances in demand and supply will not disappear in upcoming years.

This chapter will provide policy advice for improving the matching of skills supply with demand. The chapter will focus, in particular, on how to better ensure the flexible and timely responsiveness of initial education (e.g. tertiary education, vocational education) to the fast changing labour market. Improving engagement between the worlds of education and work can be part of the answer, through formal mechanism to support communication between employers and education, the provisions how high quality and accessible skills intelligence, as well as incentives for educational institutions to be more responsive to labour market needs. Improving labour mobility and stimulating demand for higher skills can also help to align skills supply and demand. Special attention will be given to assessing whether mismatches are more prevalent in certain industries and regions. The roles and responsibilities of individuals, institutions, enterprises and society will also be considered.

Topics that will be analysed in this chapter in the coming year through desk research, bilateral meetings and workshops include, but are not limited to:

* **Tertiary education**
	+ Assessment of its innovation and flexibility in response to the changing needs of the labour market and whether is preparing students to work in sectors in demand of skills (e.g. specialisation).
	+ Assessment of inputs, including formal mechanism to support communication between employers and education, as well as incentives for educational institutions to be more responsive to labour market needs.
* **Migration/labour mobility**
	+ Assessment of the extent to which mobility within the country (e.g., from rural to urban; across municipalities) and emigration to other countries is contributing to a misalignment.
	+ Assessment of inputs, including labour market and social policies, tax policies, and immigration policies.
* **Stimulating demand**
	+ Assessment of whether innovation and industrial policies are sufficiently stimulating firms to move up the global value chain and become more skills-intensive to absorb highly skilled graduates.
	+ Assessment of inputs, including sectoral expert capacity, understanding and projecting demand by sectors, support for entrepreneurship (e.g. incubators, seed funding, loans, bankruptcy regulations).
* **Creating skills-intensive workplaces**
	+ Assessment of whether firm business strategies, organisational and management practices – especially among SMES – are constraining demand for higher skilled workers.
	+ Assessment of inputs, such as the adoption by firms (especially SMEs) of high performance workplace practices.

## Strengthening governance of the skills system

Implementing reforms is challenging for governments. The complexity of this task increases when policies involve a wide range of actors and entities, such as different levels of government and stakeholders, and cut across multiple policy areas. When designing and implementing inter-sectoral policies, governments often face enormous political and technical challenges, including the need to coordinate across different levels of government, to engage with stakeholders and learn from their knowledge and expertise, and define the financial and information aspects of the reform, among others. Therefore, the success of policies to improve the development and use of skills typically depends on the responses and actions of a wide range of actors, including government, students, teachers, workers, employers, trade unions, etc.

According to the 2018 Sustainable Governance Indicators (SGI) of the Bertelsmann Stiftung[[4]](#footnote-5), Latvia receives a high overall ranking in the area of executive capacity. For all indicators underlying this measurement of strength of governance, Latvia is scoring above the OECD average, and particularly in policy communication, organizational reform, and societal consultation Latvia is demonstrating strong performance. In addition, OECD work on regulatory policy (the Indicators of Regulatory Policy and Governance (iREG)[[5]](#footnote-6)) also shows that Latvia is doing a good job in stakeholder engagement for the development of laws and regulation. Latvia is therefore well suited to tackle its skills challenges.

This chapter will focus on improving the overall governance of the skills systems, including aligning and coordinating policies across ministries and levels of government, building a shared vision and sense of collective responsibility for skills, public and private financing of skills, and engaging stakeholders in the design and implementation of policies. Special attention will be placed on assessing whether governance mechanisms and arrangements work effectively at all levels of government and support good outcomes across all regions and population groups (e.g., gender, age groups, immigrants) reducing disparities (e.g. student outcomes; available financial resources; different industrial basis).

Topics that will be analysed in this chapter in the coming year through desk research, bilateral meetings and workshops include, but are not limited to:

* **Promoting co-ordination, co-operation and collaboration across government**
	+ Assessment of whether actions in the design and implementation of skills policies are being coordinated across responsible ministries, levels of government and regions to ensure coherence and cohesion.
	+ Assessment of inputs, such as the presence of a clear and shared vision, mechanisms for a sharing information and coordinating efforts, legal framework etc.
* **Engaging stakeholders throughout the policy cycle**
	+ Assessment of whether individuals the private sector, unions, associations, etc., have opportunities to influence the design, implementation, and evaluation of skills policies.
	+ Assessment of inputs, such as the presence of mechanisms (e.g. tripartite agreements), bodies (e.g. sectoral expert councils), legal framework, joined vision, clear mandate, funding, human resources to coordinate efforts
* **Building integrated information systems**
	+ Assessment of whether systems that provide information, and knowledge, helps policy makers and stakeholders to take decisions leading to better skills outcomes.
	+ Assessment of inputs, such as presence of monitoring and evaluation systems; administrative data integrated in common longitudinal systems that are able to translate this into accessible and tailored information that can help partners to make informed skills choices (e.g. programme design, hiring, training); information systems are user-centred and take advantage of recent technological advances to improve reach and usability; transparency of resource allocations; legal framework to make sharing of information possible
* **Aligning and coordinating financing and other instruments/resources arrangements**
	+ Assessment of whether financing arrangements facilitate the allocation of resources towards investments with the highest social returns.
	+ Assessment of inputs, such the presence of a long-term, strategic, approach to financing skills; a clear framework that specifies which public and private actors contribute with funding and to what extent; reliance on internal versus external funds; efficiency of the tax system and allocation of resources; and incentive and accountability mechanisms*;* legal framework for financing arrangements.
1. Equity: personal or social circumstances such as gender, ethnic origin or family

background, are not obstacles to achieving educational potential (fairness) and that that all

individuals reach at least a basic minimum level of skills (inclusion) [↑](#footnote-ref-2)
2. Quality: all individuals are equipped with the knowledge, skills, attitudes and values needed to thrive and shape their world [↑](#footnote-ref-3)
3. During the project other data sources on adult education will also be consulted. For example, Guidelines for Education Development (IAP) and other planning documents, which are monitored on the EU level. [↑](#footnote-ref-4)
4. Bertelsmann Stiftung, Sustainable Governance Indicators: <http://www.sgi-network.org/2018/> [↑](#footnote-ref-5)
5. OECD iREG: <http://www.oecd.org/gov/regulatory-policy/indicators-regulatory-policy-and-governance.htm> [↑](#footnote-ref-6)