

Supporting employers in promoting skills development in Latvia

Report describing the policy package for the regulatory framework to help employers investing in skills



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Foreword

The OECD and the Directorate General for Structural Reform Support (DG Reform) are cooperating to provide technical support to the Latvian Ministry of Education and Science (MoES) as part of the project "Supporting employers in promoting skills development in Latvia". The project will enable the MoES to improve the regulatory framework that supports investment in skills development by employers through the development of a policy package including financial and non-financial measures. This report describes the OECD recommendations for a policy package based on extensive consultations with governmental and non-governmental Latvian stakeholders.

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Executive summary

Background and objectives

In an economic context marked by ongoing recovery from the COVID-19 pandemic, rapid digital transformation, efforts to lower carbon emissions, rising inflationary pressures and an emerging energy crisis due to Russia's war on Ukraine, the importance of investing in skills development is growing. Investment in skills can help economies address these challenges and build a more resilient and innovative economy. Training offered by employers in Latvia, however, is currently among the lowest in the EU. On average in Latvia, enterprises invest 0.6% of total labour costs in training courses, falling far below the EU average of 1.5% (Eurostat, 2020^[1]).

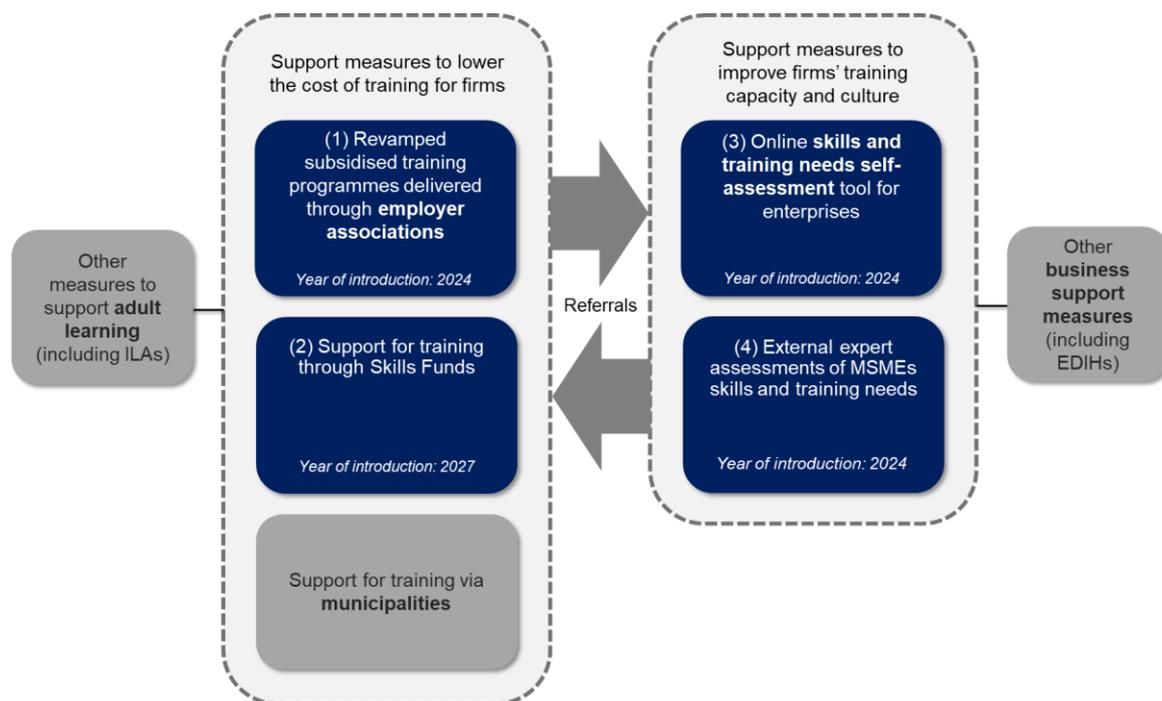
For this reason, the OECD and the Directorate General for Structural Reform Support (DG Reform) are cooperating to provide technical support to the Latvian Ministry of Education and Science (MoES) in the development of support measures for employers to invest in the skills of their employees ([link](#)). The Latvian Law on Education foresees the need to introduce a regulation to support employers in promoting skills development. This is also part of Latvia's Recovery and Resilience Plan (RRP), in particular points 480, 703 and 704. To meet these requirements, the MoES has put together a conceptual draft of the regulation that includes two measures: subsidised training programmes delivered through employer associations - building on the experience of the projects funded by the European Regional Development Fund (ERDF), under the Support Objective 1.2.2 (measures 1.2.2.1 and 1.2.2.3) - as well as support for training via municipalities targeting micro enterprises at the local level. The technical support aims to provide the MoES with a policy package to develop the final regulation by 2023.

To develop the policy package, the OECD organised three working groups involving representatives from employer associations, trade unions, education institutions and government bodies. The scope of the working groups was defined based on evidence collected in two reports and a good practice workshop, which were conducted in the previous stages of the project and are available on the project website ([link](#)). The first working group (WG1) discussed measures to lower the cost of training for enterprises. The second working group (WG2) focused on measures to improve firms' capacity and learning culture, including more tailored one-to-one guidance instruments such as consulting services, coaching, and mentoring. The third working group (WG3) explored how to develop effective coordination between policies related to the skills development of the workforce in Latvia.

This report describes the OECD recommendations for a policy package based on the three working groups with governmental and non-governmental Latvian stakeholders. The recommendations point to the development of four main policy measures, shown in Figure 1: (1) the refinement of the existing subsidised training provided through employer associations; (2) the piloting of Skills Funds; (3) an online tool for enterprises to assess their skills gaps and training needs; and (4) external (outside the enterprise) expert assessments of skills and training gaps of micro-, small and medium-sized enterprises' (MSMEs). Support for training delivered through municipalities is not covered in this project, but developed in parallel by the MoES.

This policy package forms an ecosystem with different entry points for companies and frequent referrals across measures. For example, companies may want to use the self-assessment tool to learn about their skills gaps and training needs, and then be referred to existing subsidised training programmes offered by employer associations, or vice versa. These four measures should also be linked with other initiatives that are currently under development in Latvia, such as the European Digital Innovation Hubs (EDIHs) and the Individual Learning Accounts (ILAs) for the digital skills of individuals. The following sections summarise the suggested policy measures and provide recommendations for their specific design features. Further information is available in the main body of the report.

Figure 1. Ecosystem of proposed measures to support employers in the development of employee skills in Latvia



Measures to lower the cost of training

The cost of training, and the time investment it requires, are a key obstacle for companies to develop their employees' skills in Latvia, but also in other OECD and EU countries (OECD, 2022^[2]; OECD, 2021^[3]). Especially smaller firms may find it difficult to replace workers during training periods, and to finance training up-front. Evidence shows that almost half of Latvian enterprises consider training costs a barrier to training their employees (Eurostat, 2015^[1]; Līce, 2019^[4]). Expanding financial measures to reduce the cost of training for employers may thus help overcome barriers faced by firms, and by MSMEs in particular, and to support employees that are currently less likely to participate in training. Building on in-depth research and based on stakeholder consensus, the proposed policy package features two measures to lower the cost of training: (i) the refinement of existing subsidised training programmes, and (ii) the piloting of Skills Funds.

Refinement of subsidised training programmes

Governments generally face a trade-off between providing support directly, or through intermediaries such as employer associations. Direct support, for instance through a subsidy, can minimise administrative expenditures, but it may result in low uptake among SMEs, who often lack the capacity to find out about support and submit applications. In Latvia, where companies typically face strong attitudinal, informational, and financial barriers to training, support through intermediaries has been found to be more effective (OECD, 2022^[2]). For this reason, as part of Latvia's National Development Plan 2021-2027, the MoES has decided to pursue the current programmes of subsidised training that are implemented through employer associations, and to include them in the first conceptual draft of the regulation. There is strong stakeholder support to continue the current delivery model of subsidised training, but the operating model could benefit from a few adjustments, as described in the first OECD report on key barriers and enabling conditions (OECD, 2022^[2]). These adjustments could be implemented in the short-term, in the next application round for intermediaries in the subsidised training programmes in 2024.

The subsidised training programmes should continue to target all enterprises, the generosity of support should continue varying by size, but the eligibility of sectors should be extended. Micro, small, medium, and large enterprises should continue to be targeted by the subsidised training programmes, within the limits imposed by EU regulations, that is 50% (large), 60% (medium), and 70% (small enterprises) subsidy scheme.

The eligibility of sectors should be widened. Only 'agriculture, forestry and fishing', as well as 'public administration and defence; compulsory social security' should be excluded, due to existing EU-funded support programmes by the Ministry of Agriculture and the possibility of public administration to design its own training offer. In the case of budget constraints, the MoES could limit eligibility of companies or sectors according to the sectoral prioritisation outlined in the Latvian Smart Specialisation Strategy (Ministry of Education and Science, 2020^[6]). Employer associations that apply in partnership should receive bonus points in the process of assessment of their application, and there should at most be one association/partnership per sector chosen as intermediaries. Each association/partnership should be selected for a period of at least three years, with the option of renewal for another three years. These features may help to consolidate the system of employer associations in Latvia, increase inclusivity and avoid a fragmentation of intermediaries.

The current list of training areas eligible for financing in the subsidised training programmes from the ERDF regulation has been assessed as relevant and should be maintained. The focus is on technical training, which generally seem to correspond to the demand by employers. However, associations should be able to propose new training areas. This should happen within a training plan to be submitted alongside the application. The plan should be a short, forward-looking, and strategic document that outlines the key training areas that associations intend to focus on. The document should be updated yearly to facilitate coordination on training provision within the steering group. The new training areas should be approved based on whether they fill pressing skills needs in a certain industry and occupation, and according to national investment priorities, for example as set in Latvia's smart specialisation strategy.

To strengthen the participation by MSMEs and companies that are not members of an employer association, there should be an increased focus on awareness-raising and communication activities by intermediaries. A dedicated budget should be put in place for intermediaries to carry out these activities. To clearly prioritise awareness-raising and communication activities, the awareness-raising and communication budget should be based on a separate and more generous budget line beyond the 'de minimis' regulation for the maximum allowable state aid. To keep track of how the funding will be used, associations could be asked to submit a communication strategy when they present their application.

Piloting of the Skills Funds

The MoES is planning to pilot Skills Funds in 3 to 5 sectors with financial support of EUR 5.4 million from the European Social Fund Plus (ESF+). The Skills Funds could contribute to fostering cooperation on training and skills development, mitigating poaching concerns and lowering the costs of training for Latvian enterprises (OECD, 2022^[2]). In general, Skills Funds in other countries are based on a compulsory levy for companies, whereby every firm has to contribute a given share of payroll, or a fixed sum for each employee. The legal basis is either legislation or collective agreements. Stakeholders signalled that a compulsory levy would be difficult to implement in Latvia in the short term, because employers would view the introduction of an additional tax negatively, without a clear understanding of the benefits it can bring. At the same time, establishing Skills Funds in the longer term would be a promising step towards a sustainable funding model for enterprise training support in Latvia. Leveraging on private contributions, the Skills Funds could become independent from EU funding.

The *piloting* of Skills Funds could test an appropriate implementation model for Latvia and potentially prepare the ground for the introduction of a training levy in the medium to long term. Stakeholders emphasised that the piloting of Skills Funds should be subject to careful planning and additional analysis prior to implementation. A consultation process in 2023 should be set up to develop a feasible model of Skills Funds in the Latvian context, to generate trust, target the design of Skills Funds and develop a long-term policy strategy. Such a process could involve employer associations, the relevant ministries, trade unions, and other key actors.

The Skills Funds could coexist but should not overlap with the subsidised training programmes. In each (sub-) sector, there could be at most a Skills Fund *or* a subsidised training programme, operated by an employer association or a partnership of associations with tripartite governance. Trade unions should be part of the governance of Skills Funds, for instance, as a member of their managing board or decision-making bodies. The employer associations or partnerships that are already acting as intermediaries in the subsidised training programmes should be eligible to set-up a Skills Fund in their sector. This means that the timeline for the implementation of the Skills Funds should be aligned with that for the subsidised training programmes. The application round in 2027 seems a feasible date for a first introduction of Skills Funds.

The legal basis for the Skills Funds *pilots* could be collective agreements or ad-hoc partnership agreements among industry partners. Under both options, employers, employer associations and the government would agree to fund the establishment of a Skills Fund in a certain sector. In the case of collective agreements, trade unions would also be involved. The agreement would define an obligation for firms in a specific sector to contribute to a Skills Fund, based on a specified share of payroll, or a fixed sum per employee.

Regardless of the legal basis chosen, additional funding by the EU or the Latvian government during the piloting phase – on top of employer contributions – could contribute to make the Skills Funds attractive for companies and potential intermediaries. However, some key governance features could also be important: to make the Skills Funds attractive vis-à-vis the subsidised training programmes, intermediaries should have more freedom in developing the training and education offer and companies should face lower administrative requirements.

Measures to strengthen enterprises' training capacity and culture

Policy measures to strengthen the training capacity and training culture within enterprises can reduce employers' attitudinal, informational, and other barriers to training. Building enterprises' learning culture and training capacity can raise employers' intrinsic motivations to provide training, which could decrease enterprises' dependence on external and often temporary support (e.g. public subsidies) in the long run (OECD, 2022^[5]).

Based on stakeholder consensus, the policy package proposes two measures to improve the learning culture: (iii) an online tool for enterprises to assess their skills and training gaps; and (iv) external (outside the enterprise) expert assessments of skills and training gaps of MSMEs.

Development of an online tool for enterprises to self-assess their skills and training gaps

Latvia is advised to develop an online tool for enterprises to conduct self-assessments of their skills gaps and training needs, to reduce enterprises' informational and attitudinal barriers to supporting training. This tool should be user-friendly, comprehensive and insightful, and should assess both general and sector-specific skills. It could be based on a tool developed by the OECD for SMEs in Italy ([link](#)). It should not take longer than 20 minutes for users to complete and generate valuable insights into the enterprise's skills gaps and training needs in the form of an assessment report. Remote technical support should be available for users who need assistance using the tool.

The tool should be available to all enterprises free of charge. Access to and use of the online self-assessment tool should not be restricted by the enterprise's employer association membership. The tool should be 100% funded by public financing within the framework of MoES programmes and budget.

The tool should be developed starting in the second semester of 2023 under the oversight of the MoES, in consultation with the Ministry of the Economy (MoE) and employer associations, and made available on existing websites used by enterprises in 2024. Links to the tool should be displayed on the websites and portals of employer associations and the MoES, among others. The same associations or partnerships who have been selected to become intermediaries for the subsidies training programmes should be consulted on the development of the tool.

Provision of external expert assessments of MSMEs' skills and training gaps

To complement the self-assessment tool, Latvia is advised to develop a network of experts who can conduct assessments of MSME's skills gaps and training needs, in consultation with managers within the enterprises. The services rendered should be based on the methodology and questionnaire underlying the online self-assessment tool for skills and training gaps, but go into more detail than the online tool.

The external expert assessments for skills and training gaps should target MSMEs. Large enterprises are less likely to need such a service as they have sufficient HR capacity to diagnose their skills and training gaps through the self-assessment tool. The service should be funded according to standard EU subsidy rates (70% support for micro and small enterprises, and 60% for medium enterprises). In the event of budget constraints, the MoES could limit eligibility for external expert assessments according to the sectoral prioritisation outlined in the Latvian Smart Specialisation Strategy, as for the subsidised training programmes (Ministry of Education and Science, 2020^[6]).

The network of external experts should be set up by employer associations alongside the subsidised training programmes, under the oversight of the MoES. Employer associations should identify and engage external experts with sectoral knowledge and implement this service as an additional eligible activity under the subsidised training programmes, under the oversight of the MoES. There should be one employer association or partnership of associations should per (sub-) sector implementing both the subsidised training programmes and the external expert assessment. The network of experts could be established in the short-term in parallel to the online tool and may become effective after the application round for intermediaries in the subsidised training programmes in 2024.

Mechanisms to ensure coordination

In Latvia, as in all OECD countries, policies for the skills development of the workforce lie at the intersection of education, labour and industrial policies. Strong coordination both between the four measures in the policy package and with other existing or planned policy measures is crucial to ensure policy coherence, realise potential synergies, and maximise the impact of available support. The discussions in the working groups resulted in the development of proposals for two concrete coordination mechanisms: a permanent steering group to coordinate the measures that support enterprises to provide training; and a unified online portal to access information on training opportunities and support.

Creation of a permanent steering group

A permanent steering group could be the main instrument for coordination among the four key measures in the policy package and other measures supporting employers to provide training. It should take leadership on (i) coordination on outreach and awareness-raising activities to companies; (ii) coordination on the implementation of support measures; (iii) exchange of best practices; and (iv) data analysis and monitoring. Potentially, the steering group could become a task force in a reformed Governing Council for Adult Education, which is currently a supervisory body for adult education projects and policy implementation. The MoES is planning to enshrine the Council in the Education Law in the future. Stakeholders suggested that it could increase the membership of employer associations and introduce dedicated taskforces to discuss technical-level issues. Within the context of this reform, the steering group could become a task force reporting to the Council on the measures in the policy package and other support measures that contribute to increase investment by employers in skills development. The steering group could be set up and become operative in the short-term starting in the second semester of 2023 and may need to precede the reform of the Governing Council for Adult Education.

The steering group should meet at least four times a year and include employer associations who may act as intermediaries in the implementation of the policy package, the MoES, the MoE, the Ministry of Welfare (MoW), the Central Funding Agency (CFLA) and municipalities. Some representatives of the Digital Innovation Hubs and Individual Learning Accounts initiatives could be invited, as their participation may prevent an overlap of training subsidies in the area of digital skills. The Ministry of Finance (MoF) and State Revenue Service (SRS) could also join for specific sessions. For example, the MoF and SRS could join to answer some questions on the application of the VAT regulation in the subsidised training programmes, which has caused some confusion among employer associations.

The steering group would benefit from a secretariat to ensure coordination on awareness raising activities, analysis, and the flow of information between members of the steering group. Such a secretariat could be hosted at the State Education Agency (SEA) and be funded through public financing. The secretariat should be lean to minimise public expenditure and be better able to support associations in their activities.

Establishment of a unified online portal

Latvia would benefit from a unified online portal to inform enterprises about the policy measures both within the regulation and beyond. It should increase enterprise access to training information by centralising training offers and support provided by different providers and programmes. The unified portal should build on and bring together information from the various websites that currently list the available support for enterprises. The online portal should host the online tool for the self-assessment of skills and training gaps and offer information about the subsidised training programmes and external expert assessments. The portal should also list all available subsidised training offer for enterprises by skill areas and may be established in 2023.

Overview of measures and suggested policy actions

Bringing these findings together, the roll-out of the policy package hinges on the implementation of several actions across six key measures (see Table 1 below). Implementing these actions together is crucial to ensure that the policy package can be successful in promoting skills development among employers in Latvia.

Table 1. Measures and actions

Measure	Actions
Measures to lower the cost of training	
1. Refinement of subsidised training programmes	The subsidised training programmes should continue to target all enterprises, and the generosity of support should continue to vary by firm size.
	At most one employer association or partnership of associations should be selected for each (sub-) sector and operate for at least three years.
	Associations should submit a training plan along with their application, which specifies which training areas they intend to target and update the plan yearly.
	There should be a dedicated budget for intermediaries to conduct awareness-raising and communication activities.
2. Piloting of the Skills Funds	A broad consultation process should be set up to develop a suitable model for Skills Funds in Latvia in 2023.
	In each (sub-)sector, there should be at most a Skills Fund (or a subsidised training programme), operated by an employer association or a partnership of associations.
	The Skills Funds should have wider autonomy and pose lower administrative requirements, compared to the subsidised training programmes.
Measures to strengthen enterprises' training capacity and culture	
3. Development of an online tool for the self-assessment of skills and training gaps of enterprises	The self-assessment tool should be user-friendly and quick to complete, but also comprehensive and insightful.
	At completion, the tool should generate a report on the enterprise's skills and training gaps and refer them to external experts for advice on available training.
	The tool should be available to all enterprises free of charge.
	The tool should be developed under the oversight of the MoES, in consultation with the MoE and employer associations, and available on an existing website used by enterprises.
4. Provision of external expert assessments of MSME's skills and training gaps	A network of government-funded experts should conduct external assessments of MSME's skills and training gaps in consultation with managers within the enterprises.
	The experts should provide participating MSMEs with a detailed assessment of their skills and training gaps and recommend relevant training.
	The assessments should be funded according to standard EU subsidy rates (70% support for micro and small enterprises, and 60% for medium enterprises).
	The network of external experts should be developed by employer associations along the subsidised training programmes, under the oversight of the MoES.
Mechanisms to ensure coordination	
5. Creation of a permanent steering group	A permanent steering group should be established to coordinate the four key measures in the policy package and other measures supporting employers to provide training.
	The steering group should include representatives of employer associations, MoES, MoE, MoW, municipalities and the CFLA.
	The steering group should be supported by a lean secretariat.
6. Establishment of a unified online platform	There should be a unified online portal to inform enterprises about the policy measures both within policy package and beyond.
	The online portal should host the online tool for the self-assessment of skills and training gaps and offer information about the subsidised training programmes, the Skills Funds, and external expert assessments.

1. Introduction

Background and policy context

In an economic context marked by the ongoing recovery from the COVID-19 pandemic, rapid digital transformation, rising inflationary pressures due to Russia's war on Ukraine, efforts to lower carbon emissions, and an emerging energy crisis, the importance of investing in skills development is growing. For individuals, training has the potential to increase wages and job satisfaction and reduce the risk of unemployment. For companies, it has a positive effect on firm productivity and innovation. Developing worker's skills can therefore help economies to face the current challenges, to exploit the benefits of digital technologies, and build a more resilient workforce.

Despite the important role of enterprises in providing training opportunities, previous OECD research has highlighted that employers in Latvia lag behind in the provision of training to their employees compared to those in other European countries (OECD, 2019^[6]). At the same time, poor access to skills constrains the capacity of Latvian firms to innovate, and to increase their productivity. As noted in the OECD Skills Strategy for Latvia, investment in training by employers in Latvia is currently the lowest in the EU (OECD, 2019^[6]). On average in Latvia, enterprises invest 0.6% of total labour costs in training courses, falling far below the EU average of 1.5% (Eurostat, 2020^[1]). Supporting employers in Latvia in promoting the skills development of their workforce, therefore, is more pressing than ever.

Overview of the project

Against this backdrop, the OECD and the Directorate General for Structural Reform Support (DG Reform) are cooperating to provide technical support to the Latvian Ministry of Education and Science (MoES) in the development of support measures for employers to invest in the skills of their employees. The Latvian Law on Education foresees the need to introduce a regulation to support employers in promoting skills development. This is also part of Latvia's Recovery and Resilience Plan (RRP), in particular points 480, 703 and 704. To meet these requirements, the MoES has put together a conceptual draft of the regulation. The technical support aims to provide the MoES with a policy package to develop the final regulation by 2023 ([link](#)).

To achieve this objective, the OECD has conducted an analysis of key barriers and enabling conditions for employers to invest in skills development in Latvia (EN [link](#), LV [link](#)), and a review of good practices in the EU for supporting employers to promote skills development (EN [link](#), LV [link](#)). The OECD has also organised a public event to promote the project to a wider audience, facilitated a good practices workshop with international experts, and hosted working groups to develop a policy package with key stakeholders in Latvia. This report describes the policy package that has been developed based on the perspectives offered by the Latvian stakeholders in these working groups.

Key barriers and enabling conditions to invest in skills development in Latvia

The first report on key barriers and enabling conditions provides a comprehensive overview of the Latvian policy ecosystem to promote employers' investment in skills development, including existing provisions in

Latvian labour law, tax exemptions for training, and subsidised training programmes. Table 1.1 presents a shortened version of key findings and recommendations. The report draws on a review of existing literature and Latvian legislation, primary data analysis, and interviews with key Latvian stakeholders.

Table 1.1. Key barriers and enabling conditions for employers to invest in skills development

Key findings	Recommendations
1. The under-provision of training is most pronounced in micro-enterprises and small and medium-sized enterprises (MSMEs).	1. Provide tailored support to MSMEs.
2. Latvian enterprises face a range of attitudinal, informational and financial barriers that prevent them from maximising training provision.	2. Introduce measures to build firms' capacity and learning culture.
3. Latvian enterprises face significant coordination problems to offer employee training, both with other enterprises and with education institutions.	3. Introduce measures to promote cooperation to identify skill demands and encourage the pooling of resources.
4. Enterprises provide little training to low-qualified and older employees due to a perceived lack of return to their business.	4. Channel support for training of low-qualified and older employees through enterprises.
5. There is a lack of data and systematic information on the take-up of existing policy instruments:	5. Gather data to assess and monitor the take-up and effectiveness of support measures.
6. There is a lack of clarity in some aspects of legislative framework on training.	6. Define all key aspects of legislation clearly in the policy package.
7. The tax treatment of training expenditures is generous, but higher education and general education programmes are not exempt from payroll taxes.	7. Expand tax exemptions on higher education and general education programmes.
8. The implementation model of ERDF-funded projects on training relying on employer associations works well overall, but coordination, awareness-raising and the participation of micro-enterprises and SMEs could be improved.	8. Involve employer associations in the delivery of policy package, provide resources to raise awareness among enterprises about subsidised training opportunities and minimise administrative burden.

Source: OECD desk and field research, (OECD, 2022^[2])

International good practices to invest in skills development

The second OECD report explored 25 good practices in Europe for supporting employers to promote skills development, to inform and inspire Latvia as it develops its policy package. The report identified different policy instruments in the areas of regulatory requirements, financial measures to lower the cost of training, non-regulatory measures to lower the cost of training, support measures to build employers' capacity and learning culture and support measures to promote cooperation among employers and with the public/education sector. The included good practices are listed below (Table 1.2).

Table 1.2. Overview of identified EU good practices for supporting training in enterprises

Policy instrument	Type of measures	EU good practices
Regulatory requirements	Legislation requiring employer support for training	Training requirement - PRT Legal provisions on training leave – SWE
	Collective agreements and contractual arrangements requiring training	Collective agreements – DNK
Financial measures to lower the cost of training	Subsidies, e.g. Vouchers for training, Vouchers for consulting services, Grants	State co-funding for continuing vocational training – LUX Competence voucher – LTU Investing in Skills – MLT Paid Educational Leave – BEL
	Subsidised training schemes	Joint Purchase Training – FIN DigiABC programme - EST

	Others: Tax incentives, Levy schemes	Income tax deduction – EST Income tax deduction – FIN
Non-regulatory measures to lower the cost of training	Job Rotation schemes	Job rotation scheme – DNK
	Inclusion of informal learning in subsidised training	AFEST (Learning at the workplace) – FRA
Support measures to build employers' capacity and learning culture	Diagnostic tools for skills anticipation and analysis	Regional Skills Fora – IRL Competence Centres – BEL (Wallonia)
	Workplace innovation	Kickstart Digitalisation, INDIGO – SWE Digital Skills Bridge – LUX
	Coaching and mentoring for managers and entrepreneurs	Innovation Norway – NOR SME Manager Academy – POL
	Information on training support	Kompetens.nu, Time to digitalise – SWE Jobsplus – MLT
Support measures to promote cooperation among employers and with the public/education sector	Learning networks	Impulse Training Networks – AUT Skillnet Ireland – IRL
	Enterprise-education co-operation	Mittelstand 4.0 Competence Centres – DEU Training Offices – NOR

Source: OECD (2022^[5]), Good Practices in Europe for Supporting Employers to Promote Skills Development, <https://www.oecd.org/skills/Good-practices-in-Europe-for-supporting-employers-to-promote-skills-development.pdf>

Good practices workshop with international experts

During a virtual workshop organised in May, Latvian stakeholders had the opportunity to discuss the international best practices and their feasibility in the Latvian context. This workshop helped define the scope of the working groups.

Stakeholders in the workshop stressed the importance of measures that lower firms' training cost. In line with the recommendations from the first report on key barriers and enabling conditions, the training programmes operated by employer associations and funded by the European Regional Development Fund (ERDF) (Support Objective 1.2.2, measures 1.2.2.1 and 1.2.2.3) were considered particularly promising. Building on this feedback, the MoES has decided to include these programmes in the conceptual draft of the regulation. The Skillnet model in Ireland was identified as a relevant international example, where training is implemented by sectoral and regional business networks. Consistent with the recommendations from the report on key barriers and enabling conditions, several stakeholders also expressed the view that the tax deductions in Latvia should be expanded to higher education opportunities funded by employers. This change found widespread support by stakeholders and requires a relatively simple adjustment that the MoES has proposed to make independently of the technical support project.

There was also a consensus among stakeholders in the workshop on creating a flexible system that empowers firms and improves their attitudes to training. This was again in line with the findings from the key barriers and enabling conditions report, which identified strong attitudinal barriers in Latvia and a lack of measures to promote a learning culture. Among others, Sweden's various initiatives to build digital capacity (e.g. DigiLift, RoboLift) and Ireland's Skillnet were considered relevant. Both programmes constitute examples of comprehensive approaches, i.e. they provide a range of services, such as intensive coaching/mentoring (e.g. INDIGO) and online learning platforms (e.g. Kompetens.nu). Stakeholders also emphasised the importance of networking and coordination endeavours between the government and employer associations (such as via the steering group) as key to foster enterprises learning culture.

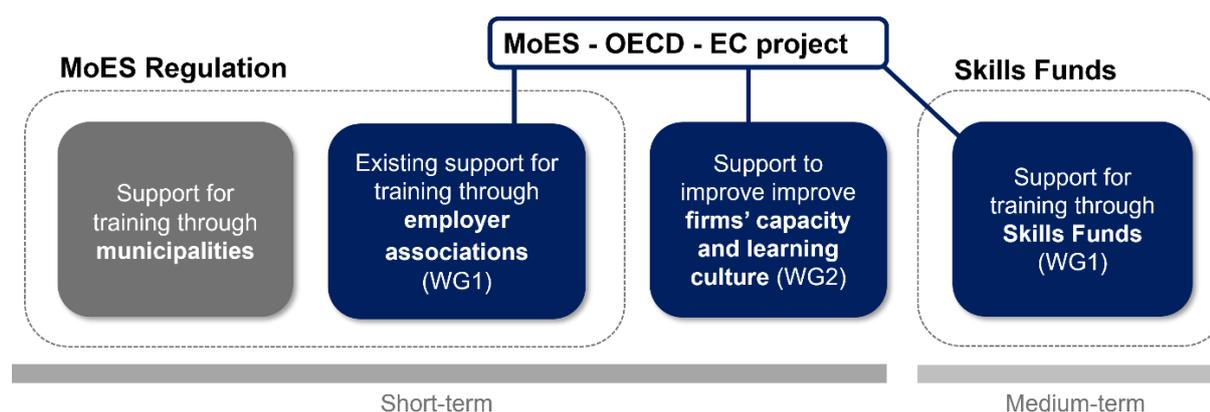
Lastly, the stakeholders expressed some interest in regulatory measures. Some stakeholders appreciated the Portuguese model, with a minimum training requirement for vulnerable workers, but also considered different obstacles to implementing such a requirement in Latvia. A regulatory training requirement would not address financial and capacity barriers to employee training and may even have a negative effect on

firms' perception of the importance of training. This is because employers would continue to perceive training as a legal requirement, rather than an opportunity to improve productivity and job quality.

Overview of policy context in Latvia

The technical support project is not happening in isolation, but in a rapidly evolving landscape with several concurrent initiatives. With respect to measures that aim to strengthen employers' investment in skills, the MoES has worked on a conceptual draft regulation to meet the requirements of Latvia's RRP. The project between the MoES, the OECD and the EC aims to develop a policy package to refine certain aspects of the regulation and suggest additional policy measures (Figure 1.1). The project has focused on existing support measures for training delivered through employer associations, support measures to improve firms' capacity and learning culture, while the MoES has continued to work in parallel on the support through municipalities. Based on the policy package, the MoES will develop the final regulation in 2023. The project will also provide some suggestions for the piloting of the Skills Funds, which will be introduced after 2024. More broadly, Latvia will continue to invest in digital skills, thanks to the establishment of two European Digital Innovation Hubs (EDIHs), an ad-hoc programme by the Ministry of the Economy (MoE), and Individual Learning Accounts (ILAs), which will be piloted for digital skills of individuals.

Figure 1.1. Working groups and the policy context in Latvia



The conceptual draft of the regulation to promote investment in skills development

Based on Education Law, Art. 14, and Art. 59, the MoES should publish a regulation that supports training in enterprises in any sector, focusing on micro, small and medium enterprises (MSMEs). The introduction of the regulation is also part of the objectives set in Latvia's RRP. A first conceptual draft of the regulation has been presented in a consultation organised by the MoES on 17 August 2022 and has informed the discussions in the working groups that were the basis for the development the policy package. The technical support aims to provide the MoES with a policy package to develop the final regulation by 2023.

The aims of the draft regulation are to support Latvian enterprises to increase competitiveness and productivity through training and to provide better lifelong education and training for employees. The draft includes two policy elements: (i) a new support measure for training through municipalities, targeting micro enterprises active at the local level; and (ii) a continuation of the existing support measures that involve employer associations (Figure 1.1). Employers should be eligible for the proposed training support based on a range of criteria in line with the regulatory framework for state aid. For instance, they would qualify only if they do not have any tax debt. The generosity of support was intended to be compatible with national and EU regulation.

When the conceptual draft of the regulation was discussed in August 2022, stakeholder feedback mainly concerned the role of municipalities. Participants were generally supportive of the role of municipalities in supporting micro enterprises active at the local level, but stressed the importance of ensuring complementarity between support provided by municipalities and the subsidised training programmes. This would help avoid additional complexity for employers about the support that is available to them.

Other initiatives to promote skills development in Latvia

The Latvian government currently plans several other initiatives to foster skills development, as mentioned in the first OECD report (OECD, 2022^[2]). Firstly, the MoES is planning to pilot Skills Funds in three to five sectors, which will pool resources from employers to jointly fund training opportunities, relying on EUR 5.4 million from the European Social Fund Plus (ESF+). Establishing the Skills Funds could contribute to fostering cooperation on training and skills development and mitigating poaching concerns. Skills Funds were discussed in the context of the working groups for this project (see Figure 1.1) and will be covered in Chapter 2.

Secondly, under the EU's Digital Europe Programme, two EDIHs have become operational as of November 2022. The EDIHs rely on EU-funding, either through the structural funds (EUR 7 million) or the Latvian RRP (EUR 8 million) for an initial period of three years. The EDIHs support companies in their digital transformation, through a digital maturity test, a digitalisation and training strategy, and capacity building.

Lastly, over the planning period 2021-2027, the MoE will implement an investment programme to improve the digital skills of employees. Support will be available to fund up to 70% of overall training costs for an estimated 4 200 companies, equivalent to 2.4% of all companies in Latvia. The programme will be funded through the RRP (EUR 20 million under investment 2.3.1.2) and the ERDF (EUR 8.5 million). The RRP will also contribute to the development of Individual Learning Accounts (ILAs), which will be piloted to foster digital skills (EUR 14.3 million under investment 2.3.1.4). The objectives of the investment are to develop and approve the concept of ILAs in order to stimulate adult participation in education, in particular improving digital skills.

Approach for the development of the policy package

Building on this evidence base of the two reports and a good practice workshop, the OECD organised three working groups to support the development of the policy package that met between August and October 2022. The working groups involved 20+ representatives from employer associations, trade unions, education institutions, central and local government (see Annex C). The composition, methodology, and scope of the working groups was chosen to reach consensus on the design of the policy measures and clarify potential implementation challenges.

The first working group (WG1) discussed financial incentives to lower the cost of training for enterprises. It focused on how to deliver subsidies for training programme via employer associations, through the refinement of the current ERDF-funded projects on training, and the piloting of the Skills Funds. The second working group (WG2) focused on measures to improve firms' capacity and learning culture, such as diagnostic tools that help firms make more informed decisions on training and more tailored one-to-one instruments, like consulting services, coaching, and mentoring. WG1 and WG2 each consisted of 4 sessions that covered the eligibility criteria, generosity of support, application process for companies, and the role of intermediaries for each measure. The third working group (WG3) explored how to develop effective coordination across the policies that target the skills development of the workforce. In two sessions, it focused on areas where coordination should take place within and beyond the measures included in the policy package and proposed mechanisms to ensure such coordination is effective (Figure 1.1).

The conclusions from each working group form the basis of the OECD suggestions for the policy package. The following chapters summarise the policy measures and propose specific features for their design. Measures to lower the cost of training (WG1) are discussed in chapter 2, measures to strengthen enterprises' training capacity and culture (WG2) in chapter 3, and mechanisms to ensure coordination (WG3) in chapter 4.

2. Measures to lower the cost of training

Introduction

The report on key barriers and enabling conditions highlighted that the cost of training, and the time investment it requires, are a key obstacle for companies to develop their employees' skills in Latvia. These two barriers are also important in other OECD and EU countries (OECD, 2021^[3]). Especially smaller firms may find it difficult to replace workers during training periods, and to finance training up-front. Evidence shows that almost half of Latvian enterprises consider training costs a barrier to training their employees (Eurostat, 2015^[1]; Līce, 2019^[4]). Expanding financial measures to reduce the cost of training for employers may thus help overcome barriers to training for enterprises, in particular micro, small and medium enterprises (MSMEs). For the purpose of this report, micro enterprises have 9 or fewer employees, small enterprises 10 to 49, medium enterprises 50 to 249, and large enterprises 250 employees or more.

Governments generally face a trade-off between providing support directly, or through intermediaries such as employer associations. Direct support, for instance through a subsidy, can minimise administrative expenditures, but it may result in low uptake among MSMEs, who often lack the capacity to find out about support and submit applications. In practice, countries often rely on a combination of direct support and support through intermediaries (OECD, 2021^[7]). In Latvia, companies typically face attitudinal, informational, and financial barriers, and these barriers are particularly strong for MSMEs. Therefore, intermediaries are useful to raise awareness and support companies administratively in the process of using training subsidies (OECD, 2022^[2]). As part of Latvia's National Development Plan 2021-2027, the MoES will continue the current subsidised training programmes, which are implemented through employer associations. This also received broad support in the consultations with Latvian stakeholders.

Another avenue of support consists in promoting cooperation and partnerships among employers (OECD, 2021^[7]). Sectoral Skills Funds are one example of such an approach. Establishing the Skills Funds could contribute to fostering cooperation on training and skills development among firms operating in the same sector and to mitigating poaching concerns (OECD, 2022^[2]). The planned piloting of sectoral Skills Funds in 3-5 sectors could provide Latvia with valuable experience for financing and running training networks, similar to Skillnet Ireland where funding is based on a national training levy on companies (OECD, 2022^[5]).

The two sections of this chapter cover the refinement of the existing subsidised training programmes and the piloting of the Skills Funds in Latvia, as discussed in WG1. They include proposed actions for the implementation of these policy measures that are supported by the stakeholders that have participated to the working groups.

Refinement of subsidised training programmes

Support for training in enterprises in Latvia has been delivered through projects run by employer associations since 2007, with support from the ERDF and the React-EU facility. In the most recent 2014-2020 funding round, this support was provided through 16 different projects across two streams of the “Growth and Employment” operational programme (SO 1.2.2., measure 1.2.2.1 and 1.2.2.3).

The current model of subsidised training programmes supports technical training that target the skill gaps of employers in a particular sector, for example, in the fields of engineering, production, and processing. The generosity of support decreases with company size: large companies are eligible for a training subsidy of 30-50% of training costs, medium-sized enterprises for 60%, and small and micro enterprises for 70% of training costs. The current delivery model gives substantial responsibility to employer associations, which raise awareness about the programmes, select training topics, procure training providers, and then process applications and administrative documents by companies. Associations send company applications to the Central Finance and Contracting Agency (CFLA), which makes a decision on approval based a range of certain eligibility criteria, which include the requirement that the company does not have outstanding tax debt. Upon receiving documentation that training has taken place, the CFLA pays out the respective subsidy to companies, and compensates employer associations for their activity with a “coordination budget”.

As described in the key barriers and enabling conditions report, this model works well overall and clearly adds value to the Latvian policy ecosystem in the area of employee training. At the same time, several features could be improved, for instance, awareness-raising efforts beyond members of the respective association, and the take-up of subsidised training programmes by MSMEs (OECD, 2022^[2]). Working group 1 (WG1) discussed improvements to the current model in three areas: (i) eligibility and application process for companies; (ii) eligibility and responsibilities of employer associations; and (ii) awareness-raising efforts. These improvements could be implemented in the next application round of intermediaries for the subsidised training programmes in 2024.

Stakeholders in WG1 also voiced two general concerns. Stakeholders stressed that the responsibilities of municipalities in the regulation by the MoES should be clearly defined and made complementary to the current role of employer associations. Furthermore, stakeholders emphasised that lifting the quality of the training and adult education provision in Latvia should be considered a general priority.

Eligibility criteria and application process for companies

Members of WG1 agreed that existing eligibility requirements for subsidised training projects and the application process for companies should be maintained, aside from small adjustments to the generosity of support and the eligible training areas (see below for more information on these proposed adjustments). Notably, all enterprises should continue to be eligible, from micro enterprises to large companies. Second, companies should continue to share the same supporting documents with respect to the previous round of programme implementation with employer associations, which can then forward them to Central Funding Agency (CFLA) for assessment, as required by EU regulations. While relaxing certain eligibility criteria for subsidised training could facilitate access for companies, for instance, the condition for firms not to have operated at a loss in the previous financial year, these cannot be changed due to EU regulations. Third, provided that the eligibility assessment is successful, companies should continue to finance 100% of courses up-front, while receiving a reimbursement of costs once they have provided documentation that training has taken place. Allowing companies to only advance their own contribution in advance, as suggested in the first OECD report on key barriers and enabling conditions (OECD, 2022^[2]), could result in an increased uptake, but might imply additional bureaucracy and increase overall administrative costs.

The generosity of support should remain at 50%, 60% and 70% for large, medium, and small firms respectively, consistent with EU regulations. Currently, large companies are required to allocate more than

1.5% of after-tax profits to long-term investment or R&D to receive the full 50% of training subsidy. Stakeholders suggested that this requirement could be dropped to reduce bureaucracy.

Latvia is advised to target enterprises in all sectors that are eligible to the subsidised training programmes, as particularly smaller enterprises might train their employees at a lowered cost. Two sectors should be excluded, namely the NACE Rev. 2 'agriculture, forestry and fishing', as well as 'public administration and defence; compulsory social security'. The Latvian Ministry of Agriculture has specific EU-funded support programmes in place that currently cover training in the sector 'agriculture, forestry and fishing', while wood processing would be a subsector of manufacturing that is eligible for training subsidies. Public administration should independently design the necessary training offer. Previously, other sectors had also been excluded, namely 'real estate activities', 'transportation and storage', 'wholesale and retail trade; repair of motor vehicles and motorcycles', 'construction', 'water supply; sewerage, waste management and remediation activities', 'electricity, gas, steam and air conditioning supply', as well as certain sub-sectors of manufacturing. In case of budget constraints, however, the MoES could limit the eligibility of companies to receive subsidised training according to the sectoral prioritisation of the Latvian Smart Specialisation Strategy (Ministry of Education and Science, 2020^[6]). The Smart Specialisation Strategy focuses on higher added value sectors, those with potential for productivity increases and higher resource efficiency. After the next EU planning round, in principle 'agriculture' could also be included, depending on developments in EU funding.

The current list of training areas eligible for financing in the subsidised training programmes has been assessed as relevant and should be maintained (Table 2.1). However, associations should be able to propose new training areas when submitting their applications to be evaluated by the CFLA. The focus is on technical training, which generally seem to correspond to the demand by employers. Training that is compulsory under Latvian labour law (section 96) (Latvijas Vēstnesis, 2001^[8]), such as health and safety training should continue to be excluded from the subsidy.

Table 2.1. Training areas to be supported in the subsidised training programmes

Training areas that were eligible for financing in the first and second round of project applications in the subsidized training programmes		
Design	Engineering and technology	Marketing
Telematics and logistics	Production and processing	Business Management
Telemecanics and logistics	Construction and Civil Engineering	Quality assurance and management
Project management	Forestry	Catering and hotel commercial activities
Industrial Engineering and Management	Health care services	Hotel management
Programming	Hotel and restaurant services	Tourism management
Physical Sciences	Organisation of International Transport	Tourism and Recreation Organization
Mathematics and Statistics	Environmental protection	Financial Management
Use of computers	Languages	Architecture and Urban Planning
Computer systems, databases and computer networks	Electronic commerce	

Note: Training areas that were excluded are training in areas not included in this list, higher education programmes, training specified in Article 31(2) of Commission Regulation No 651/2014, and driver's courses for the acquisition of categories A1, A, B1, and M. The cabinet regulation defines additional restrictions in some areas, e.g. language training should only target employees in information technology, telecommunications, manufacturing or catering, and some training areas are only available for specific sectors outlined in the Latvian Smart Specialisation Strategy. The 'Forestry' training area is included, even if the 'forestry' sector is not, because it is useful in some sectors beyond 'Forestry' (e.g. wood manufacturing).

Source: Regulation of the Cabinet of Ministers Nr. 617, October 27 (2015^[9]). "Darbības programmas "Izaugsme un nodarbinātība" 1.2.2. specifiskā atbalsta mērķa "Veicināt inovāciju ieviešanu komersantos" 1.2.2.1. pasākuma "Atbalsts nodarbināto apmācībām" un 1.3.1.6. specifiskā atbalsta mērķa "Atveseļošanas pasākumi ekonomikas nozarē – nodarbināto apmācības (ERAF)" pirmās un otrās projektu iesniegumu atlases kārtas īstenošanas noteikumi", <https://likumi.lv/ta/id/277601>.

The current list of training areas leaves little room for training opportunities for vulnerable workers, a priority identified in the first OECD report on key barriers and enabling conditions. Groups that are less likely to participate in training, such as low-qualified and non-Latvian speakers, should be targeted outside of the subsidised training programmes, for instance, by training programmes that will be delivered through municipalities or the Public Employment Service (PES). According to Latvian legislation, the municipalities have the responsibility to train employed adults, while the PES should focus on the unemployed and individuals at risk of unemployment. The subsidised training programmes target firms rather than individuals, which does not readily allow a focus on specific groups. According to stakeholders, covering these groups within the subsidised training programmes also risks overstressing the capacity of associations and causing a duplication of efforts.

Selection process and responsibilities of intermediaries

Consistent with the current ERDF-funded projects, intermediaries should continue to be selected by the CFLA through a public competition. The CFLA currently assesses the ability of associations to perform the functions of intermediary for training, their methodology to assess the training needs of the sector, their approach to procurement, and suitable quality management, irrespective of their size. The assessment criteria by the CFLA for intermediaries' applications should be published in advance. There should be at most one association or partnership of associations selected per each eligible sector or area of economic activity. Selected associations or partnerships of association should provide support both for subsidised training and for the measures to promote learning culture (see Chapter 3). This would help to consolidate the system of employer association and avoid fragmentation.

Based on the input from stakeholders, three changes would be beneficial to improve the functioning of intermediaries. First, intermediaries should be selected for a period of at least three years, with the option of renewal of another three years. This timeframe is necessary to allow the associations to set-up the required infrastructure and get the project up and running. There should be an assessment after the first three years of operation and if positive, an option of prolonging the collaboration with specific intermediaries for another three years.

Second, applications in partnership between employer associations should receive bonus points. Partnerships could allow smaller employer associations to co-implement a training programme with a partner organisation, would avoid fragmentation in the system of intermediaries, and have the potential to reach more beneficiaries. Such applications based on partnerships would be submitted by the leading partner organisation, while it could be bound by an internal partnership agreement between two or more intermediaries.

Third, applications by employer associations to act as intermediaries in the subsidised training programmes should include a brief document outlining a training strategy for the sector. It should be a short, forward-looking and strategic document that outlines the key training areas that associations intend to focus on, including those that are already eligible, and those which are not. It should be based on a training needs assessment, that is, qualitative consultations or a survey with companies about the demand for training in the respective sector. The new training areas should be approved based on whether they fill a pressing skills need in a certain industry and occupation, and according to investment priorities, for instance, as outlined in Latvia's smart specialisation strategy (Ministry of Education and Science, 2020^[6]).

An update of this document could be produced yearly. It should provide a short overview of training activities in the past year and any proposal for new or different key training areas. These proposals should also draw on the feedback by the external experts conducting the assessment of enterprises skill needs (see chapter 3). The document could be the basis to ensure that associations can coordinate on the provision to avoid overlaps, both within the subsidised training programmes and with other government programmes, for instance, with the ILAs focusing on the digital skills of individuals (see Chapter 4).

Once they are operational, employer associations should continue to have the same responsibilities they have been performing within the current ERDF-funded projects, with some adjustments. They should continue to raise awareness about the programmes; select training courses, identify the training providers; and process applications and administrative documents by companies. However, the coordination budget for intermediaries to run the programme should be revisited. While employer associations have signalled that the coordination budget should be increased to build capacity and support project implementation, other stakeholders maintained that the current EUR 3,000 maximum monthly cap is sufficient. Since the current cap has been in place since 2016, the coordination budget should at least be adjusted to inflation.

Furthermore, the reporting documents intermediaries need to submit about how the coordination budget is used should be simplified as much as possible and should be streamlined under a simplified cost options (“vienkāršotās izmaksas”) model that does not require detailed proofs of each expenditure that has taken place. Under this simplified model, the reimbursement is based on ex-ante estimations of the actual eligible costs, to be paid out as a flat rate or according to standardised unit costs for certain activities (European Commission, 2014^[10]).

Awareness-raising and communication activities

The first OECD report on key barriers and enabling conditions has stressed that, due to limited resources employer organisations mainly target their own members when promoting the subsidised training programmes, as opposed to all firms in their sector or area of economic activity (OECD, 2022^[2]). This is problematic, given the low share of firms that are part of employer organisations in Latvia. Just over half of Latvian employees are working for an enterprise that is member of an employer organisation, which is considerably lower than in other EU countries (OECD, 2022^[2]). There may thus be a general lack of awareness among unrepresented enterprises about subsidised training opportunities.

To address this issue and make the support measures more widely known among employers, a dedicated, independent budget for intermediaries to conduct awareness-raising and communication activities should be introduced. Clearly communicating about the availability and benefits of the subsidised training programmes is crucial to support the participation of MSMEs as well as companies that are not member of an employer association. In principle, this budget could fall under ‘*de minimis* regulation’, which allows employer associations to receive up to EUR 200,000 every three years without having to go through a state-aid procedure under EU regulation. However, making awareness-raising and communication a priority for all intermediaries will likely require a separate and more generous budget line beyond the ‘*de minimis* regulation’, according to the indications by stakeholders.

It also will be necessary to give clear indications about which types of awareness-raising and communication activities by intermediaries can be funded. Intermediaries could be required to present an awareness-raising and communication strategy with a detailed description of activities planned as part of their application. Again, the topic of awareness-raising and communication and associated reporting requirements should be put on the agenda of the steering group (see Chapter 4). Intermediaries could be remunerated for the following list of activities:

- Creation of a website outlining the training offer of association (whose publication should be made compulsory)
- Outreach via email and telephone
- Social media campaigns
- Information events and networking sessions (joint with municipalities, other associations and other actors, such as public employment services)

Policy actions: refining subsidised training programmes

- **The subsidised training programmes should continue to target all enterprises, and the generosity of support should continue to vary by firm size.** Micro, small, medium, and large enterprises should continue to be targeted by the subsidised training programmes, within the limits imposed by EU regulations, that is 50% (large), 60% (medium), and 70% (micro/small enterprises) subsidy scheme.
- **At most one employer association or partnership of associations should be selected for each (sub-) sector and operate for at least three years.** The eligibility of sectors should be extended (only 'agriculture, forestry and fishing' and well as 'public administration and defence; should be excluded). In case of budget constraints, the MoES could limit the eligibility of companies in sectors covered by the Latvian Smart Specialisation Strategy. To avoid fragmentation, associations that apply in partnership should receive bonus points in the assessment of their application, and there should be one association/partnership per sector. Each association/partnership should be selected for a period of at least three years, with the option of renewal for another three years.
- **Associations should submit a training plan along with their application, which specifies which training areas they intend to target and update the plan yearly.** The plan should be a short, forward-looking, and strategic document that outlines the key training areas that associations intend to focus on. The document should be updated yearly to facilitate coordination on training provision within the steering group (see Chapter 4). Associations should be able to propose training from an existing list of eligible training areas (based on the current ERDF regulation) or propose new training areas. In the latter case, the new training areas should be approved based on whether they fill pressing skills need in a certain industry and occupation, and according to investment priorities.
- **There should be a dedicated budget for intermediaries to conduct awareness-raising and communication activities.** To raise the participation of MSMEs and companies that are not member of an employer association, awareness-raising and communication activities should be made a priority. This requires a more generous budget line, independent from the '*de minimis*' regulation on the maximum allowable amount of state aid. To keep track of how the funding will be used, associations could be asked to submit a communication strategy when they present their application.

Piloting of the Skills Funds

The MoES is planning to pilot Skills Funds in three to five sectors, as a key policy instrument to pool resources from employers to jointly fund training opportunities. Examples from other countries, such as Skillnet Ireland, have shown success in stimulating co-operation among employers and in overcoming capacity constraints by supporting a flexible, enterprise-led approach to skills development based on pressing skill needs in a given sector (OECD, 2022^[5]). Skills Funds pool funding through national or sectoral levy, whereby employers contribute a share of payroll - typically between 0.3 and 1% - or a fixed amount per employee. Companies can then access training organised and (partially) financed by Skills Funds. In Latvia, the key benefit of Skills Funds could be greater financial sustainability due to a private-public co-funding model, and improved cooperation across companies, sectors and social partners more generally. Next to lowering the cost of training, Skills Funds may also help reduce fears of enterprises that

their employees will be poached if they invest in their training, as all companies (in a certain sector) will be required to contribute to the Fund.

The piloting of Skills Funds received a lot of support from Latvian stakeholders, who see the need for a funding model of training support measures that is more independent from EU structural funds. In the medium term, a levy paid by companies will increase the overall private investment in employee training, may help overcome poaching concerns by companies, and boost collective training solutions. Skills Funds can build on existing structures and networks established through the subsidies training programmes and involve trade union representatives. At the same time, careful design and planning of Skills Funds pilots will be important to test incentives for intermediaries and companies in Latvia.

Introduction of Skills Funds and relationship with subsidised training programmes

Stakeholders emphasised that Skills Funds should be subject to careful planning and additional analysis prior to implementation. A consultation process in the next year should be set up to develop a suitable model of Skills Funds in the Latvian context. Such a process could involve employer associations, the relevant ministries, trade unions, and other key actors. The consultation may build on analysis of the experiences of employer associations and the demand by companies.

Policy continuity, credibility and trust are necessary conditions for the implementation of Skills Funds. The success of Skills Funds will depend on targeted design and a long-term strategy that can lead to the buy-in of companies and employer associations. A transparent consultation process can help generate sufficient trust among companies, potential intermediaries and trade unions.

As in the case of the subsidised training programmes, there should be at most one fund per sector, operated by an employer association or a partnership of associations. Importantly, the subsidised training programme and the fund should not be present in the same sector at the same time. A parallel set up of both initiatives would create duplication and could make it less attractive for companies to join the Skills Funds. The employer associations or partnerships that are already acting as intermediaries in the subsidised training programmes should be eligible to set up a Skills Fund.

These implies that the timeline for the implementation of the Skills Funds should be aligned with that for the subsidised training programmes. Given the current application cycles and the need for a consultation phase for Skills Funds, the application round in 2027 seems a feasible date for a first introduction of the Skills Funds. Employer associations would apply either to become intermediaries in the subsidised training programmes or to set up a Skills Fund in their sector.

Trade unions should also be involved in the governance of Skills Funds. For instance, they could become a member in their management board or decision-making committees that meet regularly to identify priorities for training. A tripartite governance based on social dialogue is a key aspect of Skills Funds in other countries.

Key design features of Skills Funds

While most of the design choices for Skills Funds in Latvia will have to be taken in the consultation process, during WG1, stakeholders made some important considerations with respect to the legal basis, funding model and governance of Skills Funds in Latvia. These considerations can be a starting point for the consultation process. In general, Skills Funds in other countries are based on a compulsory levy for companies, whereby every firm has to contribute a given share of payroll, or a fixed sum for each employee. The basis for such compulsory levies is either legislation or collective agreements. Stakeholders strongly signalled that a classical compulsory levy would be difficult to implement in Latvia in the short term, because employers would negatively view the introduction of an additional tax, without a clear understanding of the benefits it can bring. The initial *piloting* of Skills Funds should follow a different

approach to prove which implementation model could work best and potentially prepare the ground for the introduction of a training levy in the medium to long term.

Firstly, according to stakeholders, the legal basis for the Skills Funds *pilots* could be collective agreements or ad-hoc partnership agreements among industry and social partners. Under both options, employers, employer associations the government and trade unions would agree to fund the establishment of a Skills Fund in a certain sector. The agreement would define an obligation for firms in a specific sector to contribute to a (sectoral) Skills Fund, based on a specified share of payroll, or a fixed sum per employee. Similar to the subsidised training programmes, employer associations should include a training strategy in their application to operate a Skills Fund. The training strategy should be based on existing skills and training gaps and approved by employers and trade unions in the sector. If the piloting of Skills Funds based on collective or partnership agreements is successful, this could prepare the ground to introduce a legislated training levy in the medium to long term.

Regardless of the legal basis chosen, additional funding by the EU or the Latvian government during the piloting phase – on top of voluntary or compulsory employer contributions – would provide financial incentives for sectoral and industry associations to set up Skills Funds. Yet, according to stakeholders, a flexible and targeted training offer as well as lower administrative requirements could also be attractive for firms. This has implications for the tripartite governance model. Skills Funds, in contrast to the subsidised training programmes, should have wide-ranging autonomy to develop a training and education offer that meets the needs of companies and workers, and should have lower administrative requirements for the use of funding.

Policy actions: piloting Skills Funds

- **A broad consultation process should be set up to develop a suitable model for Skills Funds in Latvia in 2023.** Policy continuity, credibility and trust are necessary conditions for the implementation of Skills Funds. A transparent consultation process can help generate sufficient trust among industry stakeholders to support the introduction Skills Funds in a subset of sectors. This process should involve employer associations, the responsible ministries, trade unions, and other relevant actors.
- **In each (sub-)sector, there should be at most a Skills Fund (or a subsidised training programme), operated by an employer association or a partnership of associations.** The employer associations or partnerships that are already acting as intermediaries in the subsidised training programmes should be eligible to set-up a Skills Fund in their sector. This means that the timeline for the implementation of the Skills Funds should be aligned with that for the subsidised training programmes. The application round in 2027 seems a feasible date for a first introduction of Skills Funds.
- **The Skills Funds should have wider autonomy and pose lower administrative requirements, compared to the subsidised training programmes.** To make the Skills Funds attractive vis-à-vis the subsidies training programmes, they should have more freedom and flexibility in developing the training and education offer. The trade unions should also be involved in the governance of Skills Funds. For instance, they could become a member in their management board or decision-making committees.

3. Measures to strengthen enterprises' training capacity and culture

Introduction

Policy measures to strengthen the training capacity and culture within enterprises can reduce employers' barriers to training, such as the lack of training culture among managers, particularly in MSMEs. Strengthening the learning culture and training capacity can raise employers' intrinsic motivations for training, which could decrease enterprises' dependence on external and often temporary factors (e.g. public subsidies) in the long run (OECD, 2022^[5]). Specific measures to strengthen enterprises' learning culture and training capacity include: i) supporting enterprises' skill assessment and anticipation capacity, ii) promoting innovative and modern workplace practices, iii) fostering enterprises' management and leadership skills, and iv) providing easily accessible information on training support (OECD, 2022^[5]). As the OECD's report on [Good Practices in Europe for Supporting Employers to Promote Skills Development](#) concluded that measures i) and iv) are most relevant for Latvia, these were the focus of WG2 and WG3 discussions, and of this chapter.

Although Latvian stakeholders concurred with the importance of motivating employers to engage in training and providing employers with relevant training information at the good practice workshop in May 2022, Latvia currently has few initiatives in place to improve enterprises' learning culture and capacity for training. This chapter reports the findings from WG2, which discussed two policy measures to support enterprises to assess the skills gaps and training needs: an online tool for the self-assessment of skills and training gaps and external expert assessments of MSME's skills and training gaps.

Development of an online tool for the self-assessment of skills and training gaps for enterprises

Latvian enterprises, particularly MSMEs, face capacity-related barriers to identifying training needs due to personnel/expertise and time constraints. Stakeholders agreed that one policy measure for tackling the lack of capacity to assess enterprises' skills gaps and training needs should take the form of a free online tool for the self-assessment of skills and training gaps, which could be developed during the second semester of 2023.

Latvia has self-assessment tools for individuals and enterprises, but these tools are not specifically designed to comprehensively assess enterprises' skills gaps and training needs. The self-assessment tools for individuals include digital skills assessment tools (e.g. those offered by [the European Commission \(DigSAT\)](#) and [www.latvija.lv](#)), digital skill or personality assessment tools (e.g. those offered by [www.latvija.lv](#), Erasmus+ project, and Public Employment Service), and career opportunity assessment

tools for young people available through the National Education Opportunities database. The self-assessment tools available to enterprises are focused on digital skills (e.g. by LIKTA and EDIHs) and corporate social responsibility (e.g. by an NGO, *InCRS*). However, some stakeholders reported that existing tools for self-assessing digital capacity lack a robust methodology and provide little insight to the user. Latvia's experiences with these tools could inform the development of the new measure, and the steering group (see Chapter 4) could ensure the coherence of the new tool with other existing and planned tools.

Good practices from other EU countries, like Italy and Ireland, can also inform the development of Latvia's own tool for the self-assessment of skills and training gaps. For Italy, the OECD has been developing a free [online self-assessment toolkit for SMEs](#). The self-assessment toolkit is an online questionnaire designed to use basic information about the business, the current skills of its employees, and its prospective skills gaps as reflected in its future business strategy to draw a picture of skills and training gaps. The toolkit's respondents are employers or HR managers and the estimated time to complete the survey is 15-20 minutes. The toolkit was well received, with some minor amendments, by 15 Italian SMEs that participated in the pilot trial (OECD, 2022^[11]). In Ireland, Regional Skills Fora provide enterprises participating in the *Skills for Growth* project with access to a skills audit toolkit. This toolkit allows enterprises to assess skill gaps and learning needs and offers 1:1 workshops for senior managers on how to assess skills gaps and develop a skills plan with the toolkit (OECD, 2022^[5]).

Likewise, the assessment tool for Latvia would usefully take the form of an online self-assessment tool for skills and training gaps. All enterprises should have free access to the tool to maximise access and use of the tool. The user-friendliness of the tool (including complexity and time to complete), as well as the relevance of the questions and results for users will be critical to the tool's success. To this end, the tool may need to include tailored modules for enterprises in different sectors. A potential starting point for the methodology underlying the assessment tool could be the OECD's work on developing the self-assessment tool for firms in Italy. The online self-assessment tool should be supported with basic, remote technical/user support. As needed, the support provider could refer MSMEs to the more intensive measure – a skills and training gap assessment carried out by an external expert (see the next section).

It is important that the service should deliver a summary report of their results. Enterprises using the tool should also be able to request the advice of an external expert to subsequently help the firm to find relevant subsidised training courses. The experts who are responsible for providing the external assessments of, and the funding arrangement for, this service would be the same as for the “external expert assessments of MSME's skills and training gaps” (see next section).

The online skills and training self-assessment tool should be developed under the oversight of the MoES, in consultation with the Ministry of Economics (MoE) and employer associations. The same associations that have been selected to become intermediaries for the subsidies training programmes (see Chapter 2) should be consulted. The tool should be displayed on the existing websites used by enterprises (see Chapter 4 for more detail). Links to these websites should be displayed on the websites of employer associations and the MoES, among others.

Policy actions: developing an online tool for the self-assessment of skills and training gaps for enterprises

- **The self-assessment tool should be user-friendly and quick to complete, but also comprehensive and insightful.** The online tool should cover both general and sector-specific skills, and therefore include a sector-specific module for each user. It should take no longer than 20 minutes to complete, and basic, remote technical/user support should be available to users who need it.
- **At completion, the tool should generate a report on the enterprise's skills and training gaps and refer them to external experts for advice on available training.** Any enterprise that completes the online self-assessment should receive a summary report of their results. Enterprises should also be notified of the possibility to request the advice of an external expert to subsequently find relevant subsidised training courses. Anonymised results of the tool could be periodically aggregated by the secretariat of the steering group, and shared with employer associations that act as intermediaries in the subsidised training programmes or run a Skills Fund to inform their training strategy and offer.
- **The tool should be available to all enterprises free of charge.** Access to and use of the online self-assessment tool should not be restricted by an enterprises' size, employer association membership or other characteristics.
- **The tool should be developed under the oversight of the MoES, in consultation with the MoE and employer associations, and available on an existing website used by enterprises.** The tool should be 100% funded by the MoES within the framework of its programmes and budget. The websites of employer associations and the MoES, among others, should link to the online tool, and vice versa. The same associations that have been selected to become intermediaries for the subsidies training programmes (see Chapter 2) should be consulted on the development of the tool.

Provision of external expert assessments of MSMEs' skills and training gaps

While the online self-assessment tool is a good and necessary start, many MSMEs will likely require even more personalised support to understand their skills gaps and training needs and find relevant training. Some MSMEs may feel that they lack the time, capacity, and/or knowledge to complete an online tool themselves, and may require an alternative service providing more extensive support.

Currently in Latvia, existing support programmes for enterprises (apart from direct provision of training programmes) are not related to training. Aiming at promoting digitalisation of enterprises, the [Latvian Information technology cluster](#) and [Latvian Digital accelerator](#) run by EDIHs will offer enterprises a variety of advisory services: assistance with developing digital development roadmaps and assessments, consultations and mentoring on digital transformation, and with initial and post-intervention digital maturity tests. The proposed external assessments for enterprises would help MSMEs to assess their skills gaps and training needs, including but not limited to digital skills. The steering group (see Chapter 4) could ensure the coherence of the new measure with existing/planned advisory support for enterprises.

Two international good practices from Ireland and Wallonia, Belgium are useful for informing the design of the measure for Latvia. In Ireland, Regional Skills Fora managers carry out 1:1 in-person assessments of enterprises' current skills and difficulties. The Regional Skills Fora manager starts the process with a

qualitative interview with the employer about their business and skills-related matters. After the interview, the Regional Skills Fora manager updates a database and suggests training and education providers who can deliver the relevant solution. In Wallonia, Belgium, Competence Centres analyse the structural, material, and organisational profile of enterprises, to help identify their skills gaps. Based on the gaps identified, the Centres can develop and provide a customised training programme, if there are no training courses available.

The external expert assessments of MSMEs' skills and training gaps with guidance on finding relevant training could further reduce the capacity-related barriers to training for MSMEs. Large firms in Latvia are less likely to need access to this intensive service. External experts would conduct assessments for MSMEs' skills and training gaps, in consultation with a manager/HR manager in the enterprises, and then provide advice on available relevant training to the enterprises. For coherence with the online tool (described above), the two measures should be based on the same underlying methodology, although external experts would conduct a more in-depth assessment than is possible via the online tool. Finally, it is also important that these external experts have a detailed knowledge of the client enterprise's sector, including knowledge of its sector-specific and transversal skills gaps, in order to ensure the relevance and value of the assessments for users.

Stakeholders discussed different options for funding external assessments for skills and training gaps. Some considered that the service should be free of charge subject to the EU's regulations on '*de minimis*' state aid to reduce financial barriers to MSMEs. However, given the existing financial constraints faced by Latvian authorities, it would be best for the assessment to be funded according to standard EU subsidy rates (up to 70% support for micro and small enterprises and 60% for medium enterprises).

Latvia is advised to target MSMEs in all sectors that are eligible to the subsidised training programmes. In the event of budget constraints, however, the MoES could limit the eligibility of companies to receive external expert assessments according to the sectoral prioritisation outlined in the Latvian Smart Specialisation Strategy. The Strategy describes priority sectors for an "economic transformation towards higher added value and international competitiveness" (Ministry of Education and Science, 2020^[6]).

Employer associations would be relatively well positioned to identify and engage external experts. They have, and know who has, experience and knowledge of skills gaps and training needs within sectors, and are already providing training and skills related services to enterprises in their sectors (SO 1.2.2.1). The network of external experts should therefore be developed by employer associations as an additional eligible activity of the subsidised training programmes, under the oversight of the MoES (see recommendations in Chapter 2). The experts could come from various professions. These could include, for example, training providers with experience evaluating enterprises' training needs, auditors who have conducted skills assessments for enterprises, suppliers who can train enterprises to use critical equipment/technologies, among others. The network of external experts could be established in parallel to developing the online tool for the self-assessment of skills and training gaps for enterprises, and services could become effective after the next application round for intermediaries in the subsidised training programmes in 2024.

External expert assessments will also produce valuable information about existing sectoral skills and training gaps. The results of these assessments should regularly be shared with employer associations in an anonymised way to inform the yearly updates to the training plan (see Chapter 2).

Policy actions: providing external expert assessments of MSMEs' skills and training gaps

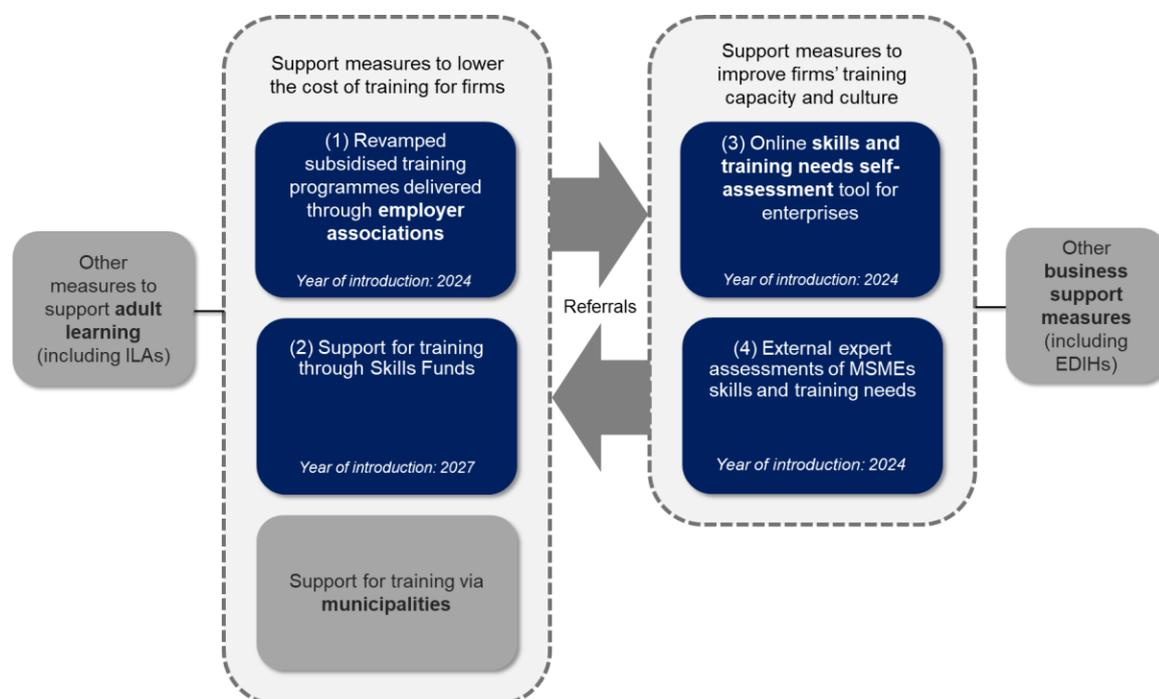
- **A network of government-funded experts should offer external assessments of MSMEs' skills and training gaps in consultation with managers within the enterprises.** The external experts should assess enterprises' skills gaps and training needs and provide guidance on relevant available training for MSMEs. The experts should have deep knowledge of sector-specific skills and transversal skills gaps within at least one sector, as well as knowledge of relevant training opportunities. The methodology they use should be based on the methodology and questionnaire underlying the online self-assessment tool for skills and training gaps but go into more detail than the online tool.
- **The experts should provide participating MSMEs with a detailed assessment of their skills and training gaps and recommend relevant training.** At the end of the assessment, experts should provide the enterprise with a detailed skills and training gaps report, recommend relevant existing or new subsidised training courses the enterprise could provide to its employees, and explain how to access this training. Experts should regularly provide anonymised feedback to employer associations on emerging skills gaps and training needs, to inform associations' training strategy and offer.
- **The assessments should be funded according to standard EU subsidy rates (70% support for micro and small enterprises, and 60% for medium enterprises).** Large enterprises would not need free/subsidised external assessments as they have sufficient HR capacity for diagnosing their skills and training gaps.
- **The network of external experts should be implemented by employer associations alongside the subsidised training programmes, under the oversight of the MoES.** Employer associations should identify and engage external experts with sectoral knowledge, for example training providers, auditors, equipment suppliers, or other experts. Associations should develop the network of external experts as an additional eligible activity of the subsidised training programmes, under the oversight of the MoES. There should be one employer association or partnership of associations per (sub-) sector, to implement the subsidised training programmes, select the external expert(s) and oversee their assessments (see Chapter 2).

4. Mechanisms to ensure coordination

Introduction

The four key measures discussed in chapter 2 and chapter 3 create a comprehensive policy package, which can help enterprises in Latvia improve their training provision (see Figure 4.1). The policy package includes (i) the refinement of the existing subsidised training provided through employer associations; (ii) the piloting of Skills Funds; (iii) an online tool for enterprises to assess their skills and training gaps; and (iv) external expert assessments of skills and training gaps of micro-, small and medium-sized enterprises' (MSMEs). This policy package forms an ecosystem with different entry points for companies and frequent referrals across measures. For example, companies may want to use the online self-assessment tool to learn about their skills and training needs, and then be referred to existing subsidised training programmes offered by employer associations, or vice versa.

Figure 4.1. Ecosystem of support measures in Latvia



A successful roll-out of the policy package requires the implementation of strong coordination mechanisms. In Latvia, as in all OECD countries, policies for the skills development of the workforce lie at the intersection of educational, labour and industrial policies. Strong coordination both within the four measures in the policy package and with other existing or planned policy measures is crucial to ensure policy coherence, realise potential synergies, and maximise the impact of available support. To address these issues, working group 3 (WG3) considered areas where coordination is necessary in the Latvian training and adult learning system. It discussed coordination within the four measures (blue boxes in Figure 4.1), and coordination within the larger ecosystem of support measures in Latvia. The discussions resulted in the development of proposals for two concrete coordination mechanisms: a permanent steering group to coordinate the measures that support enterprises to provide training; and a unified portal to access information on training opportunities and support.

Creation of a permanent steering group

As discussed in the first OECD report on key barriers and enabling conditions, associations implementing the ERDF-funded projects on training are lacking an official forum where to discuss implementation challenges and exchange good practices. Similarly, there is no body or platform where different ministries, associations and municipalities can coordinate on initiatives that aim to support employers to provide training. To address these concerns, a permanent steering group could be created and be operative starting potentially from the second semester of 2023, which should coordinate the implementation of the four key measures in the policy package, as well as other policies that support enterprises to provide training.

Responsibilities

The key areas of activity of the steering group should be (i) coordination on the implementation of support measures that aim to increase employer investment in skills development; (ii) coordination on outreach and awareness-raising activities to companies (even targeted at companies which are not members of an employer association); (iii) exchange of best practices; and (iv) data analysis and monitoring.

First, to facilitate the implementation of support measures for companies, one of the key tasks of the steering group should be to coordinate the activities of employer associations and municipalities. This is an issue that received substantial attention during WG3. The role of municipalities and employer associations should be complementary. There was agreement among stakeholders in WG3 that municipalities should support outreach to local businesses, especially in more rural regions. According to stakeholders, municipalities may have strengths in terms of great engagement and personal connections with local businesses and experience in managing adult learning offers (as opposed to employer associations with only limited contact with micro-sized and rural enterprises). However, there is large variation in the administrative capacity across municipalities and frequently only limited institutional knowledge on business support services. The steering group can provide a framework for municipalities to improve and align their offer with that of employer associations.

The steering group could also coordinate to avoid overlaps in training provision with other government programmes, as well as across employer associations. The MoES may decide to exclude certain training areas from being eligible to be subsidised if this would lead to a significant duplication of effort for the same target group with other available government support measures. In the same vein, the steering group could help avoid duplications of training areas across employer associations and support common procurement of certain general and cross-sectoral training courses.

Second, coordination on outreach and awareness-raising could entail aligning on the methods and channels for outreach, common events to advertise the training programmes and concerted marketing

efforts across different support measures, for instance, in cooperation with other associations, but also municipalities, public employment associations, or the MoES. The coordination of awareness-raising activities could also benefit from a centralised database on enterprises contact details. The rules for sharing data on enterprises should be agreed in the steering group itself, consistent with EU and Latvian privacy rules.

Third, other key tasks of the steering group may be the exchange of best practices across intermediaries. The steering group could create a regular forum for exchange on best practices, where project managers of employer associations can meet to discuss best practices and share experiences on what approaches and solutions have shown good results in the implementation of training programmes, or the outreach and awareness raising efforts.

Fourth and last, data analysis and monitoring should be an activity coordinated by the steering group, with support by the secretariat, in order to measure the impact of measures and identify weaknesses or gaps. Data analysis and monitoring activities will be key to oversee the implementation of the subsidised training programmes and will be covered more in detail in subsequent outputs of this project.

Composition

The steering group should meet at least four times a year and include employer associations who may act as intermediaries in the implementation of the policy package, the MoES, the Ministry of the Economy (MoE), the Ministry of Welfare (MoW), the Central Funding Agency (CFLA) and municipalities. Some representatives of the Digital Innovation Hubs and Individual Learning Accounts initiatives could be invited, as their participation may prevent an overlap of training subsidies in the area of digital skills.

The Ministry of Finance (MoF) and State Revenue Service (SRS) could also join for specific sessions. For example, the MoF and SRS could join to answer some questions on the of application of the VAT regulation in the subsidised training programmes. According to stakeholders, several associations have struggled to understand when and how to treat VAT in the invoices issued to companies.

Generally, it is important to limit the size of the steering group to ensure its efficiency. Choosing one representative only from of each association acting as intermediary or Ministry to participate in the steering group, and 2-3 representatives from municipalities, is preferable to achieve this goal. The emphasis of the steering group should be the support programmes implemented through employer associations – subsidised training programmes, Skills Funds, and external expert assessment.

Governance

The steering group would benefit from a secretariat to ensure coordination on awareness raising activities, analysis, and the flow of information between members of the steering group. Such a secretariat could be hosted at the State Education Agency (SEA) and be funded through central financing. The secretariat should be lean to minimise public expenditure and be better able to support associations in their activities.

Potentially, the steering group could become a task force in a reformed Governing Council for Adult Education. The Council is currently a supervisory body for adult education projects and policy implementation, which will be enshrined in Education Law in the future. Stakeholders in WG3 considered that it could be reformed, by increasing the membership of employer associations and introducing dedicated taskforces to discuss technical-level issues. Within the context of this reform, the steering group could become a task force reporting to the Council on the implementation of the subsidised training programmes, external training needs assessment, and other support measures that contribute to increase investment by employers in skills development. Even before the reform takes place, the steering group could become a “pilot task force” to support the implementation of the measures in the policy package and the consultation on the Skills Funds. The steering group could be set up and be operative in the second semester of 2023 and thus may need to precede the reform of the Governing Council for Adult Education.

Policy actions: creating a permanent steering group

- **A permanent steering group should be established coordinate the four key measures in the policy package and other measures supporting employers to provide training.** It should meet at least four times a year and take leadership on (i) coordination on the implementation of support measures; (ii) coordination on outreach and awareness-raising activities to companies ; (iii) exchange of best practices; and (iv) data analysis and monitoring. Potentially, the steering group could become a task force in a reformed Adult Learning Council.
- **The steering group should include representatives of employer associations, MoES, MoE, MoW, municipalities and the CFLA.** To ensure efficient decision-making, it should consist of only one representative of each employer association acting as intermediary or Ministry, and only 2-3 representatives of municipalities. Some representatives of the Digital Innovation Hubs and Individual Learning Accounts initiatives could be invited, as their participation may prevent an overlap of training subsidies in the area of digital skills. The MoF or SRS could be invited for specific sessions.
- **The steering group should be supported by a lean secretariat.** The secretariat should ensure coordination, analysis, and the flow of information. It could be hosted at the State Education Agency and funded through central financing.

Establishment of a unified online platform

The importance of more accessible and centralised online information on training opportunities and support, in order to strengthen training capacity and culture in enterprises, was a recurring theme throughout the working groups. In Latvia, enterprises and those who support them (e.g. municipal advisors, employer associations) often have difficulty navigating dispersed information on training available from different providers and under different programmes.

During WG3 stakeholders concurred that information about the financial and non-financial policy measures agreed in the previous working groups should be centralised on an existing platform, together with information on business support and adult learning measures. Existing portals should be used and built on to advertise training support for companies, including the subsidised training programmes, the online self-assessment tool for enterprises, and external expert assessments. Latvia already has existing portals and websites targeting enterprises, although awareness and uptake by enterprises has often been limited (OECD, 2022^[2]), such as:

- <https://business.gov.lv/> - the state platform for business development which offers information to entrepreneurs about various industries, markets, cooperation offers, government support for training through LIAA, LIAA e-services, events, and more. Information on subsidised training (to lower the cost of training and improve enterprises' learning culture) could potentially be displayed here.
- <https://latvija.lv> - the state service platform that targets private persons and entrepreneurs (login with citizen's smart ID)
- <https://macibas.mana.latvija.lv/> - an e-learning platform developed as part of the "Do it digitally" program of the Ministry of Environmental Protection and Regional Development
- <https://labsoflatvia.com/en/support> - a website run by LIAA with information about government support opportunities for enterprises at each stage of the business (idea, development, export)

Stakeholders agreed on the benefits of consolidating information on training and related support in a single portal, and one of those existing portals could be a starting point. However, stakeholders did not agree exactly which one would be best placed to host this information. This could be decided by the MoES, or discussed by the steering group. Ideally, the portal can be established in the short-term as of 2023.

Policy actions: establishing a unified online portal

- **There should be a unified online portal to inform enterprises about the policy measures both within the policy package and beyond.** The portal should increase enterprise access to training information by centralising training offers and support provided by different providers and programmes. The portal should build on the existing websites that provide information to enterprises.
- **The online portal should host the online tool for the self-assessment of skills and training gaps and offer information about the subsidised training programmes, the Skills Funds, and external expert assessments.** The portal should list all available subsidised training offer for enterprises by skill areas.

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[9]

Annex A. Financial impact assessment for policy package

- To be completed in final draft in January. The draft methodology is shared with the stakeholder group separately.

Annex B. EU funding options

- To be completed in final draft in January

Annex C. Participants to the working groups

- To be completed in final draft in January