

# Medium and Long-term Labour Market Forecasts

## Darba tirgus vidēja un ilgtermiņa prognozes

POLICY INSTRUMENT

 Latvia

### Description

Country  **Latvia**

#### Focus area

##### MAIN SKILLS ASSESSMENT/ANTICIPATION INITIATIVE

*The medium-term (5 years) and long-term (15 years) labour market forecasts have been provided since 2009 and are updated once every two years by the Ministry of Economics. The labour market forecasts are based on economic development and demographic scenarios and support an early anticipation of future labour market mismatches. The forecast reports include analysis of key trends in the labour market development and contain labour market prospects disaggregated by sector, occupation and education level.*

#### Link

<https://www.em.gov.lv/lv/darba-tirgus-zinojums>

#### Implementation level

NATIONAL

#### Legal base

The forecasts have been prepared since 2008 in order to implement the decision of the Cabinet of Ministers

#### Starting period

2008

#### Perspective

The medium and long-term labour market forecasts are formed on evidence derived from skill forecasts based on scenarios developed by the Ministry of Economics.

#### Policy area

EDUCATION

TRAINING

EMPLOYMENT

## Funding

FUNDED BY NATIONAL GOVERNMENT

## Skill mismatch

### Skill mismatch target

SKILL SHORTAGES (EMPLOYERS CANNOT FILL THEIR VACANCIES DUE TO A LACK OF SKILLS IN THE LABOUR MARKET)

SKILL GAPS (WORKER'S SKILLS ARE BELOW THE LEVEL OF PROFICIENCY REQUIRED BY THEIR EMPLOYERS AND JOBS)

### Skills matching focus

#### ADDRESS SECTORAL OR OCCUPATIONAL SKILL SHORTAGES

*The forecast provides information on changes in the labour demand by occupational groups. The inner logic of the forecast model is based on the concept of the labour market general equilibrium, i.e. the labour force demand and supply balances in various labour market segments over a longer period of time.*

#### ADDRESS MISMATCH BROADLY

*The forecast provides information on potential labour market mismatches in the future. The forecasting model consists of three blocks: demand block, supply block, and the labour market block, which are all interrelated and mutually complement each other.*

## Methods

### Methods

#### SKILLS FORECASTING

*The dynamic optimisation model is used in producing the forecast. The medium-term (5 years) and long-term (15 years) forecasts are provided.*

### Use of skills intelligence

#### INFORMING AND TRAINING CAREER GUIDANCE AND COUNSELLORS

*The "Guidelines for interpretation and use of medium and long-term labour market forecasts" have been developed primarily to support the consultants working in educational provision and career management.*

#### OTHER

*The forecast is used by policy makers to shape policies or measures in employment and education policies.*

## Stakeholders

### Main responsible body

#### NATIONAL MINISTRY

*Ministry of Economics*

### Other involved organisations

#### NATIONAL MINISTRY

*Ministry of Education and Science provides education related data which is used in producing the forecast*

#### NATIONAL PES

*National Employment Agency provides employment related data which is used in producing the forecast*

#### RESEARCH CENTRES, UNIVERSITIES

*Riga Technical University took part in elaboration of dynamic optimisation model structure and existing forecasting methodology.*

#### OTHER

*Central Statistical Bureau provides basic statistical data on workforce, economic activity, education etc.*

### Beneficiaries

#### YOUNG PEOPLE MAKING THE TRANSITION FROM EDUCATION INTO WORK

*Forecasts serve young people when choosing their future educational and professional paths.*

#### OTHER

*The main target group is policymakers. The forecasts are the quantitative basis for further discussions among employment, education and structural policy makers, social partners, scientists and other stakeholders, in order to prepare and adapt the expected structural changes in the national economy in a timely manner.*

## Sustainability

### Success factors

The initiative targets policy makers and the results of the forecasts are regularly presented and discussed with the Ministry of Education

and Science, and with experts from other governmental institutions and social partners.

### **Barriers**

The Ministry of Economics recognises that there are limited possibilities to disseminate labour market forecasts and lack of information channels (e.g. public discussions about the future trends and needs of the labour market) and there is a lack of coordination mechanisms to ensure the inclusion of labour market forecasts in policy documents, including education policy.

### **Monitoring and evaluation**

The Ministry of Economics produces annual reports on the use of the forecast results, for example, in initiating additional in-depth workforce analysis in selected sectors or in addressing specific target groups, such as low skilled adults. The feasibility study for establishing a comprehensive system of anticipating changes in the labour market included a section on recommendations for improving the forecasts. No other specific evaluations have been conducted.

### **Updates**

YES

*There have been updates in the methodology to improve the quality of the forecast. The Dynamic Optimisation Model Latvia uses was first developed in 2007 and extensively modified from 2010-2013 within ESF co-funded project 'Development of Medium term and Long Term Labour Market Demand Forecasting System'.*

### **Effectiveness**

It has been recognised in the reports on forecasts that there is a need to improve dissemination of the results of the forecasts and the understanding of their use.

### **Sustainability**

The skills forecasts are expected to continue. State Employment Agency in cooperation with the Ministry of Economics is working on establishing a comprehensive system of anticipating changes in the labour market, where Ministry of Economics will remain in charge of the platform for qualitative medium and long-term labour market forecasts.

## **Other instruments in Latvia**

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- [Short-term labour market forecasts](#)  
Darba tirgus īstermiņa prognozēšana