

# Labour market training measures provided by the Estonian Unemployment Insurance Fund

Tööturukoolitus



**Estonia**

## 1 Description

### Timespan

The instrument started to be applied in 2003. Labour market training targeted at employees, aimed at the prevention of unemployment, was launched from 1 May 2017.

### Stage

**FULLY OPERATIONAL**

### Focus area



**MATCHING SKILLS FOR TODAY'S JOB MARKET**

## 2 Foundations

### Policy area



**ACTIVE LABOUR MARKET POLICIES**

It deals with structural unemployment, enables employment and improves employability and prevents unemployment.

### Policy goal

Copes with structural unemployment by providing job seekers with the skills needed in the labour market. As a preventive measure, supports employees who need support in changing jobs or remaining employed due to lack of skills or their skills being outdated.

### Mismatch

**PART OF BROADER PROGRAMME, YET WITH EXPLICIT FOCUS**

It is a part of the national labour market policy of Estonia and an instrument targeting employment of job seekers, as well as the ones who are employed, but whose skills and qualifications do not meet the demand of the labour market (anymore).

**Aim of policy instrument**

UPSILL AND MATCH SKILLS OF UNEMPLOYED



ADDRESS SKILL SHORTAGES

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**Legal basis**

LAW

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**Administrative level**

NATIONAL

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**Main responsible body**

The Ministry of Social Affairs and Estonian Employment Insurance Fund.

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**Stakeholders**

GOVERNMENT (CENTRAL &amp; REGIONAL)



TRAINING PROVIDERS (PUBLIC/PRIVATE)



OTHER

**National stakeholders:**

Ministry of Social Affairs is responsible for the supervision and coordination of labour market policies.

Estonian Unemployment Insurance Fund and its regional departments are responsible for managing the provision and funding of labour market training and the assessment of its effectiveness.

VET centres and schools cooperate to provide labour market training for the unemployed.

Unemployment Insurance Fund is responsible for assessing training needs. It arranges training services by procurement processes or by using personalised training vouchers. For labour market training as a preventative measure (offered to employees), the Unemployment Insurance Fund supports study programmes that prepare the employees for professions in which there is a growing need for workers and the demand for workforce exceeds supply according to the OSKA applied research surveys on sectoral needs for labour and skills, conducted by the Estonian Qualifications Authority.

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## Funding

The instrument is funded from the Estonian Unemployment Insurance Fund, which is part of the national budget, collected from employers' share of the unemployment insurance premium (1.4% of the gross wage). The total costs of the labour market training funded from the Estonian Unemployment Insurance Fund were:

2009: €10,530,150

2010: €3,874,469

2011: €9,555,670

2012: €18,523,387

2013: €14,226,000

2014: €9,778,000

2015: €9,705,000

2016: €10,350,000

2017: €16,151,374

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## Intended beneficiaries

Unemployed people, whose skills and qualifications do not meet the demand of the labour market. Labour market training for employees is aimed at the prevention of unemployment and is therefore targeted at employees who need support in changing jobs or remaining employed, due to a lack of skills or skills being outdated.

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## Processes

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### Use of labour market intelligence



INFORM THE DESIGN OF NATIONAL QUALIFICATION FRAMEWORKS (NQFS)



DESIGN TRAINING PROGRAMMES TO ACTIVATE UNEMPLOYED

In case of offering labour market training to the unemployed, the need for the training is assessed by the personal counsellor of the job seeker in order to assess the prospects of the jobseeker in line with the labour market needs in that specific area (both in regional and sectoral terms). In case of employed people (within the 'work and study' program), labour market training is offered to employed people who are in the risk of becoming unemployed (either because of their outdated skills, their age or due to health related issues). Here the specific need and the suitable training course is assessed by a career counsellor, for those who lack skills or whose skills are outdated and are therefore in threat of becoming unemployed. The Unemployment Insurance Fund supports study programmes that prepare the employees for professions in which there is a growing need for workers and the demand for workforce exceeds supply according to the OSKA applied research surveys (<http://oska.kutsekoda.ee/en/oska-sectors/>) on sectoral needs for labour and skills conducted by the Estonian Qualifications Authority. Participation in training is voluntary for the employed people. The target group for training measure within the 'work and study' programme is fixed (please refer to more detailed information: <https://www.tootukassa.ee/eng/content/prevention->

[unemployment/eligibili...](#)) and they are reached through information campaigns (media, direct-post, information days etc).

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**Financial schemes**

Labour market training is organized either through a procurement process (only for unemployed) or the training course for the client, which is financed through a training voucher scheme (for unemployed and employed). Procurement and the training voucher scheme are not exclusive and can be used complementary by the unemployed.

Procurement means that trainings are purchased from the open market (i.e. Estonia Insurance Fund orders the training and pays directly to the training service provider).

The training voucher scheme can be used to participate in the training organised by certified training institutions. The unemployed can participate in the trainings for up to 2 years and the employed for up to 3 years. The maximum amount is €2,500 i.e. the Unemployment Insurance Fund compensates the training costs covered by the training card to a value of up to €2,500 (including value added tax), which may comprise one or several training courses. If the training cost is higher than €2,500, the participant must pay the excess as his/her own contribution.

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**Frequency of updates**

The impact and effectiveness of the measure is constantly being assessed in line with the general needs of the economy/the labour market.

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**Development**

Labour market training opportunities to employees, who are threatened to become unemployed have been added in May 2017. It was decided by representatives of employers and employees, together with the government (all of whom are members of the Estonian Unemployment Insurance Fund's Supervisory Board), as a reaction to the changes and prospects of the Estonian labour market, in order to prevent people from falling out of the labour market due to lack of/outdated skills and/or professions or due to health matters that might hinder people from continuing working at the professions where they have been employed before.

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**Barriers**

There were challenges related to quick formulation of suitable measures, limiting the target group most in need of help, making necessary information system developments to support offering new measures and barriers to the implementation.

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## Success factors

The availability of OSKA reports, that offer expert-level analytical overviews about the prospects of various occupations in the near (5-10 years) future. The consensus of the Supervisory Board, over the necessity of the services aimed at the prevention of unemployment.

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## Monitoring

For labour market training for the unemployed: the share of the participants in the labour market training measure, who have entered employment during the 6 months after participation in the labour market training measure. The target level for 2017 is 51.9% (this is reviewed annually). Regarding the employed, since the services aimed at prevention of unemployment (including training to employed people) are new (offering was launched on the 1st of May 2017), the indicators that most suitably describe their success-rate are currently being worked out. At the moment only average participation per month in the preventative measure in general (not specifically in training) is targeted and monitored (890 participations per month).

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## Innovativeness

### SLIGHTLY INNOVATIVE

In the context of labour market training as a preventative measure against unemployment, the assessment for professions, where there is a growing need for workers and where the demand for workforce exceeds supply, is coordinated by OSKA applied research surveys on sectoral needs for labour and skills, conducted by the Estonian Qualifications Authority. This approach is aimed at matching labour market supply and demand in the best way and, in this context, is innovative. Previously in Estonia no systematically designed measures were offered (free-of-charge) to people still in employment, but in a threat of becoming unemployed.

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## Sustainability

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## Evidence of effectiveness

Total number of trained unemployed people were:  
2007: 5,719  
2008: 5,604  
2009: 15,812  
2010: 9,706  
2011: 20,858  
2012: 34,898  
2013: 24,982  
2014: 17,845  
2015: 18,289  
2016: 18,915

The estimation of the impact of the labour market training is executed by the Estonian Unemployment Insurance Fund. According to the estimations, this measure has a high impact on employment. The positive impact of this training is ensured by the fact that since February 2010, the unemployed can be assigned to training courses only after establishing which type of knowledge and skills they need in order to find a new job and analysing the regional demand for labour (labour demand/supply ratio). Occupational training of the unemployed had a positive impact both on employment and on income from wage. In 2011, Estonian Unemployment Insurance Fund analysed the impact of the training. According to the estimations for 2009, the impact of training on employment increased steadily during that year and reached 10 percentage points. The impact of training in 2010 also increased and peaked at around 13 percentage points by the end of the first year after training. With regards to unemployment benefit expenses, the estimations showed that occupational training in 2010 had a statistically significant impact on reducing the actual period of paying benefits and the amounts of benefits paid. Both procured training and voucher-based training had a statistically significant positive impact on employment and income, which grew over the months.

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## Engagement of stakeholders

Estonian Unemployment Insurance Fund (EUIF) is a quasi-governmental organisation, and a legal person in public law. It performs its activities independently from government, but on the basis of a mission and of operational rules defined by law. EUIF is directed by a Supervisory Board, in which the government is an equal stakeholder together with representatives of employers and of employees. EUIF implements policies that are set at a political level, and places accents that are relevant to an ever-changing labour market. Yearly Work Plans are implemented on the basis of multi-year Strategy Plans.

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## Transferability

### **EASILY TRANSFERABLE**

Similar types and approaches of training for the unemployed are applied as active labour market policy measures in many countries.

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**Sustainability**

Yes, the instrument is provided based on law.

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