



SKILLS FUNDS

Case study: Latvia

CEDEFOP: Financing adult learning
The role of public funding

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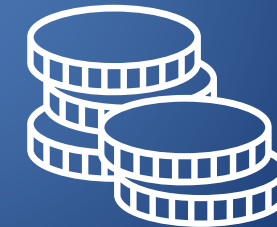


Skills Funds:

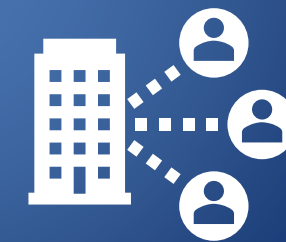
the need for a sustainable and socially responsible support system for adult education



The Growing Need for a Highly Skilled Workforce. Technological advancements, digitalization, and demographic changes are driving a growing demand for highly skilled workers, intensified by a shortage of specialists with STEM and vocational education in all sectors.



Lack of Sustainable and Sufficient Funding. Adult learning needs significantly exceed available public resources, while support relies heavily on EU-funded projects that are unsustainable, fragmented, and lack flexibility.



Employer Support for Training. Employer support for employee learning, combined with effective social dialogue, is essential to promote continuous skills development, productivity, and workforce adaptability in a changing conditions.

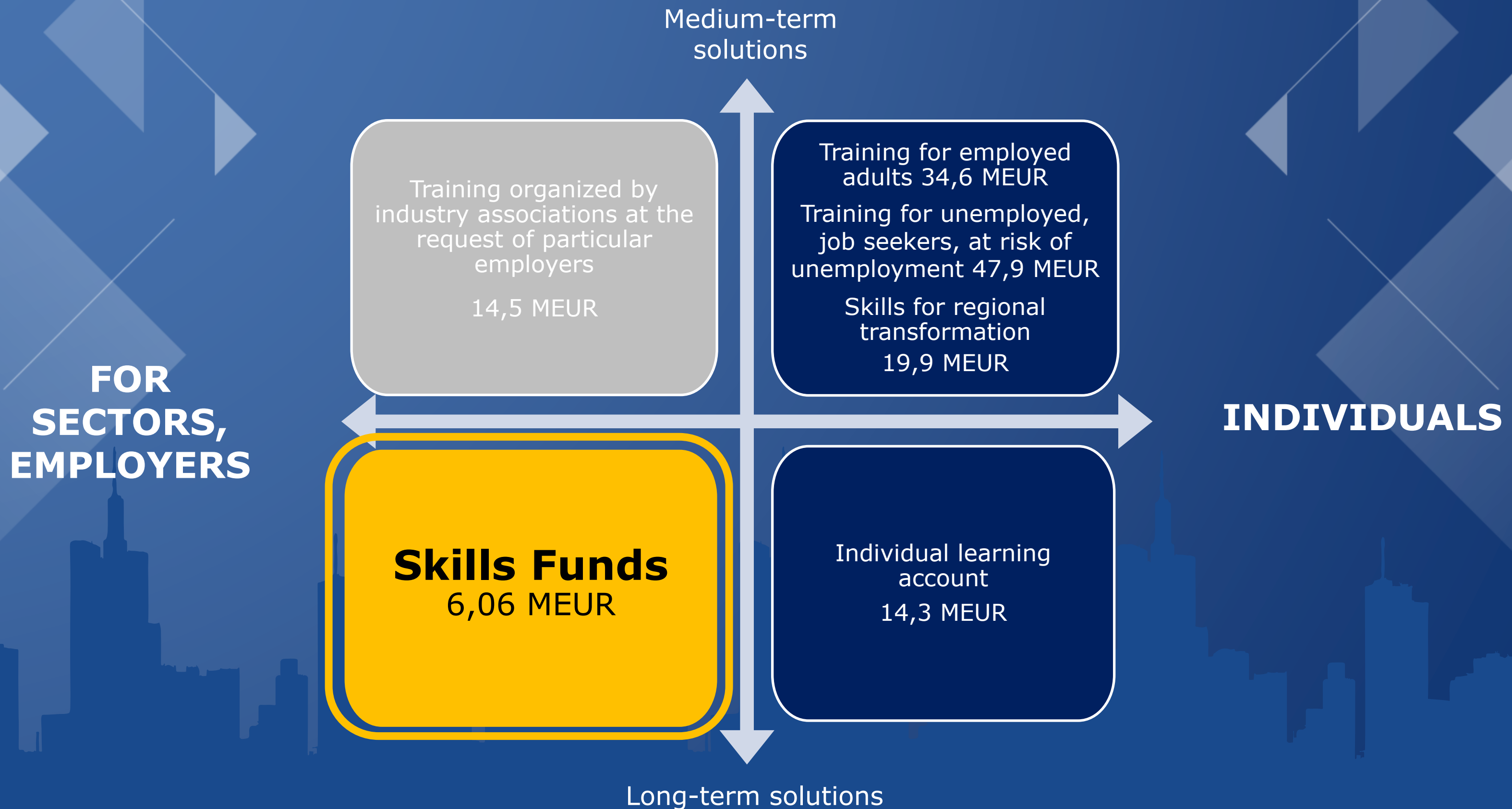


Skilled Worker Poaching. Poaching is the practice of recruiting skilled employees from competing companies, leading to workforce instability, loss of expertise, and increased hiring and training costs. It also discourages employers from investing in the development of their employees' skills.



The Logic of Public Resource Interventions for Human Capital Development in Latvia

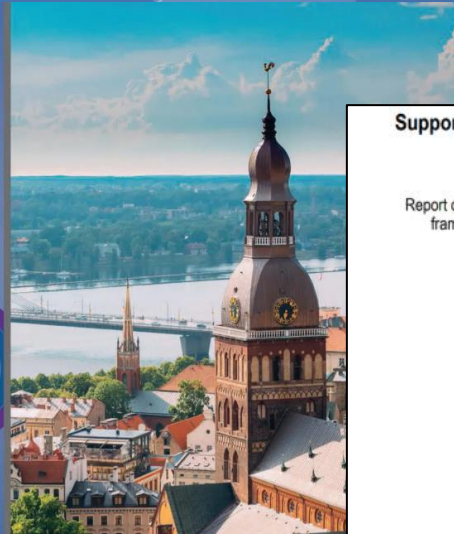
Main support programmes





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Latvia's Journey to the Skills Funds Idea



INTERNATIONAL RESEARCH AND RECOMMENDATIONS

- OECD Skills Strategy: LATVIA (2018–2021): Recommendation to introduce Skills Funds in Latvia
- EU TSI project “Supporting employers to promote skills development in Latvia” (2022–23): Analysis on the implementation of Skills Funds
- Cedefop study “Training Funds in the EU” (research: 2023-2024, publication forthcoming)

POLICY PLANNING DOCUMENTS AND REGULATIONS

- Education Development Guidelines 2021–2027 “Future Skills for a Future Society”
- Latvia's Recovery and Resilience Plan: Commitment to pilot the Skills Fund
- European Union Cohesion Policy Programme 2021–27: Co-financing
- Regulation No. 404 on the Implementation of the ESF Measure Establishing Conditions for the Development and Piloting

SOCIAL PARTNER INITIATIVES

- ESF project “Development of Social Dialogue for Better Regulatory Frameworks in Business Support” (2017–2021)
- Employers' Confederation of Latvia and Free Trade Union Confederation of Latvia Conference “Investment in Human Capital: Social Partners' Skills Funds in Europe” (2019)
- Employers' Confederation of Latvia Conference “Skills Funds as a Tool for Ensuring Sustainable Adult Education” (2025)



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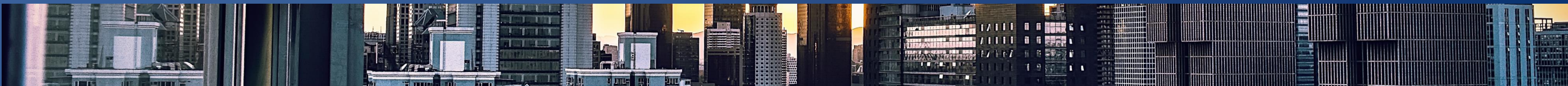
SKILLS FUNDS

are one of the financing instruments
for human capital development

Skills fund in Latvia – a fund established and managed on the principles of public and private sector cooperation, the purpose of which is to support strategic, socially dialog-based human resource development in the sector, pooling contributions from sector enterprises and other financial resources, providing support for:

- ✓ education and training,
- ✓ skills needs identification and forecasting,
- ✓ evaluation of training results,
- ✓ other support measures according to the available funding and the decisions of the fund management.

Cabinet of Ministers regulation No 404, 2025





Skills Funds:

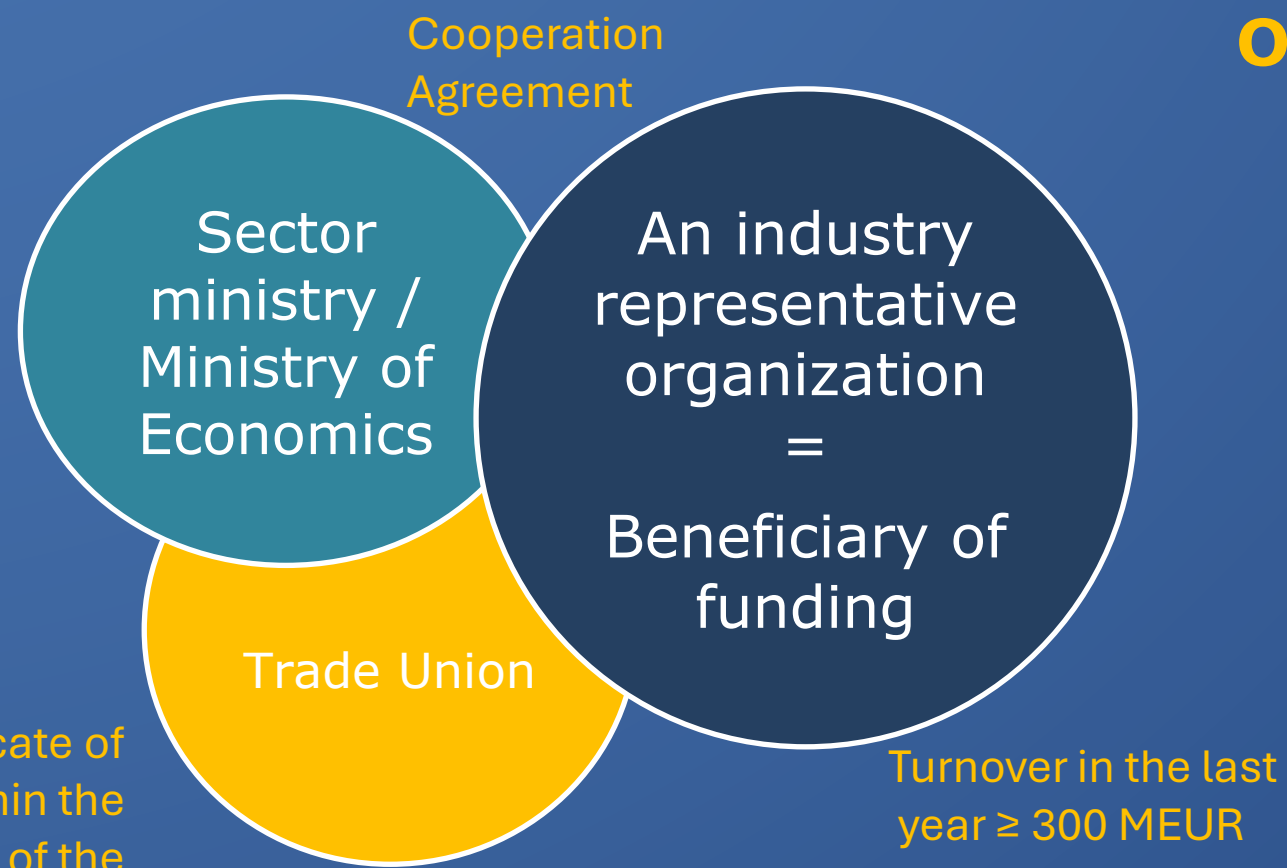
Developing and Piloting a Model Appropriate to the Context of Latvia

Establishes a public-private partnership

**Develops the SF concept
Involves companies
Submits a project**

Start piloting:
attract funding, plan education and other support activities, manages the work of the SF

OPEN CALL FOR PROJECTS



Step 1



Step 2



Step 3



Skills Fund Concept

Information on the Skills Fund

- Justification of the Need
- Development Vision and Objectives
- Sector Overview (Data and Context)
- Benefits for Participants / Sector

Operational and Governance Model

- Cooperation Model and Structure
- Partner Roles and Responsibilities
- Decision-Making and Administration
- Attraction of New Participant

Financing Model and Sustainability

- Sources of Financing and Proportionality
- Sustainability after Project Completion (3 year at least)
- Risk Assessment and Mitigation
- Vision for Establishing the Legal Form of the SF

Investment in Human Capital Development

- Description of the Target Group (employees)
- Identification of Skills Needs
- Description of the Potential Support Measures
- Engagement Mechanisms and Training Providers

Expected Results

- Description of Indicator Achievement
- Monitoring and Data Collection System

Communication Strategy

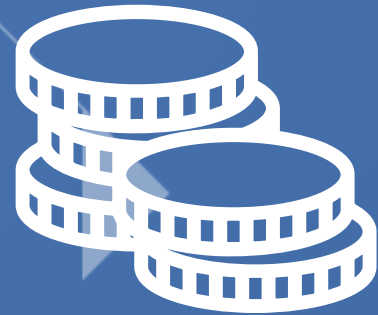
- Communication and Information Activities
- Peer Learning Activities
- Dissemination of Results

International experts will be engaged in the evaluation process



Skills Fund: Investments and Results

of the ESF Plus Measure 4.2.4.1



Implementation: 2026-29
Funding: 6.06M EUR
ESF Plus = 4.9M EUR
State budget = 864K EUR
Private funding < 288K EUR
1 sector – 1 project – 1 pilot



One project:
Max 2.02 MEUR
Min 1.21 MEUR
Private financing:
At least 5%, with a
gradual increase in
co-financing



**Planned Results
for One Project:**
At least 1 580 persons
involved in training
1 200 participants
obtained a qualification
290 participants improved the
employment situation six months
after training

Sector = NACE, SQF or a group of companies united by a single or related business (e.g. exporting companies)



SKILLS FUNDS:

EXPECTED SYSTEM-LEVEL BENEFITS

Develop human resource management systems in sectors based on social dialogue

Promote sectoral and employer greater ownership for human resource development and planning, including in the long term

Promote a high-quality supply of training that meets employers' needs under competitive conditions

Increase workforce participation in skills and qualification improvement

Increase resources within the education ecosystem

In the long term, could become a sustainable financing approach for adult education (*e.g., through the reallocation of tax payments*)





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Let's keep
the conversation going!

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