

## Latvia

### **The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)**

The adult learning system in Latvia is rather fragmented and decentralised. Public funding has a clear focus on supply-side provision of formal educational opportunities for adults. Public support for non-formal adult learning is organised at regional level, however, public funding is limited, leaving the private actors to cover the lion share of costs for non-formal education.

### **Demand-side instruments in financing CVT/ adult learning (in particular job-related)**

- **Key institutions involved and funding sources**

Key institutions include the Central Finance and Contracting Agency and the Investment and Development Agency, which are responsible for the implementation of the ERDF co-funded incentives targeting companies. Both agencies are supervised by the Ministry of Finance, which is the Managing Authority of the ERDF in Latvia. European Structural Funds play a key role in financing demand-side instruments.

- **Instruments targeting individuals**

Demand-side schemes for individuals are rather scarce in Latvia. Such schemes include support for training costs based on ESF co-funded measures, which covers up to 100% of training costs for particular target groups. A tax deduction of training costs is available ([#150](#)), however, ceiled at EUR 600 per year. State-guaranteed loans for students [#153](#) can be also used by adults. Support for training of the employed and the unemployed is funded through the ESF. The unemployed can profit from training grants.

- **Instruments targeting companies**

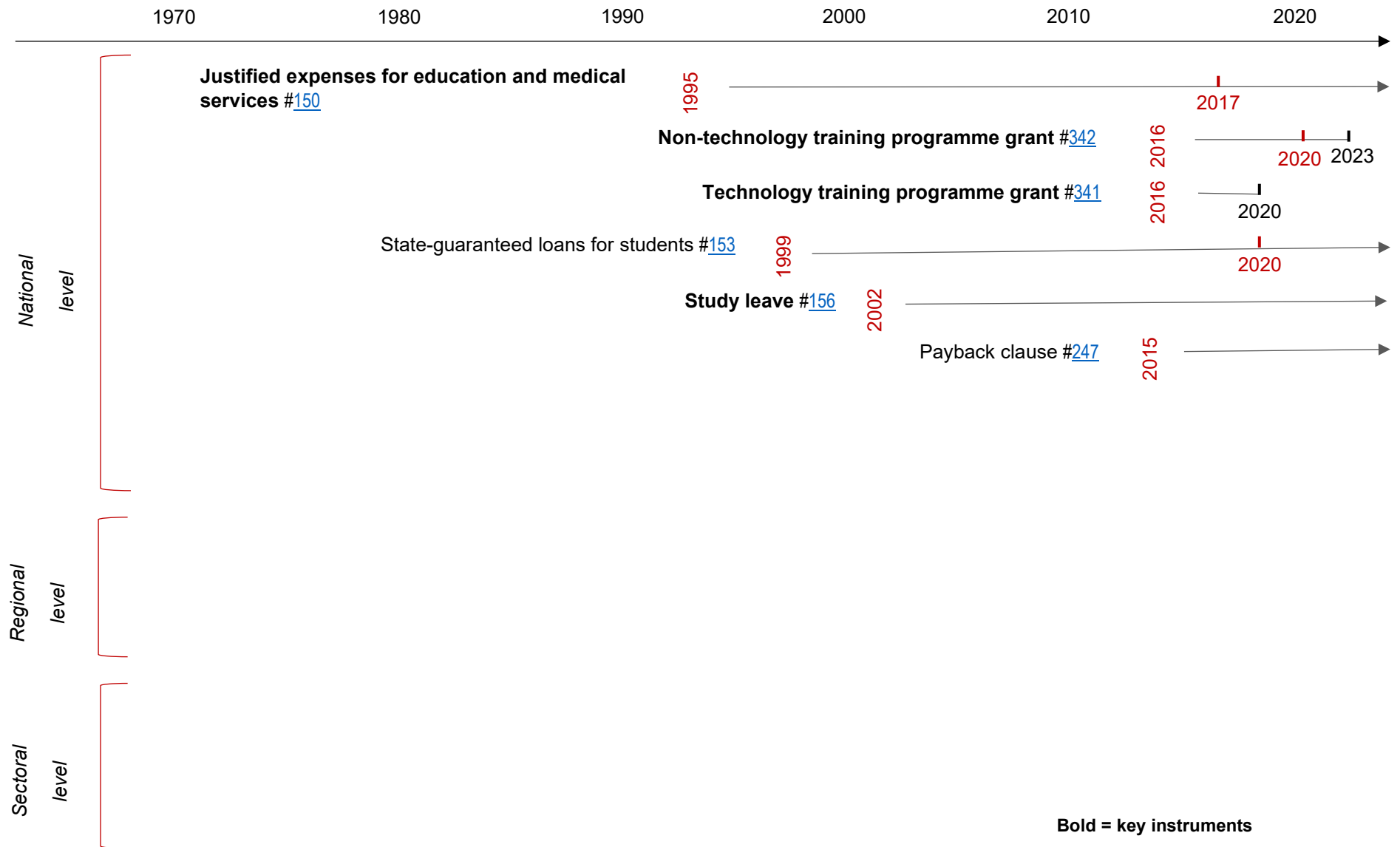
Employers can deduct training costs from their taxable profits; however, no additional incentive is provided. Furthermore, there is a Technology training scheme ([#341](#)) aimed at supporting innovation within the companies by promoting training opportunities for employees. A payback clause for incurred training costs can be agreed on between employer and employee ([#247](#)).

**Table 1. Overview of demand-side financing instruments in Latvia by 2020**

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Tax incentives for individuals	Justified expenses for education and medical services <a href="#">#150</a>	Grants for companies	Programme "Technology training" <a href="#">#341</a>
			Training leave	Study leave <a href="#">#156</a>		Programme "Non-technology training and training to attract investors" <a href="#">#342</a>
		Further instruments	Loans	State-guaranteed loans for students <a href="#">#153</a>	Payback clause	Payback clause <a href="#">#247</a>
Regional level	Moderate	Key instruments				
		Further instruments				
Sectoral level	Moderate	Key instruments				
		Further instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Latvia until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

**Table 2. Statistical data on volumes of funding and beneficiaries**

<b>ID</b>	<b>Name of the instrument</b>	<b>Year of reference</b>	<b>Volume of funding (EUR)</b>	<b>Year of reference</b>	<b>Beneficiaries (individuals)</b>	<b>Year of reference</b>	<b>Beneficiaries (companies)</b>
<a href="#">150</a>	Justified expenses for education and medical services	2018	50 790 000	2019	44 162	-	-
<a href="#">341</a>	Programme "Technology training"	2017	9 000 000	Not available	Not available	Not available	Not available
<a href="#">342</a>	Programme "Non-technology training and training to attract investors"	Overall funding allocated to the measure	6 908 242	Until 2020	990		
<a href="#">153</a>	State-guaranteed loans for students	2018	7 005 138	2018	1 513	-	-
<a href="#">156</a>	Study leave	Not applicable	Not applicable	Not available	Not available	-	-

Source: Cedefop, 2020 data collection

**Table 3. Short descriptions of the financing instruments**

<b>ID</b>	<b>Name</b>	<b>Level of implementation</b>	<b>Importance of the instrument</b>	<b>Short description</b>
<b>(1) Training funds</b>				
No training funds are established.				
<b>(2) Tax incentives for companies</b>				
No tax incentives for companies are established.				
<b>(3) Tax incentives for individuals</b>				
<a href="#">150</a>	Justified expenses for education and medical services	National	Key instrument	Adults can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state co-funding – in the form of foregone tax revenues - equals eligible costs multiplied by the marginal tax rate (between 20 and 31%). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. The costs of education and training provided by institutions not accredited by the State and the costs of learning abroad are not deductible from the tax. For the deduction, a ceiling is introduced (EUR 600). Individuals with no taxable income cannot profit from the tax deduction. The same applicant can re-use the scheme after a break of a particular period (1 year).
<b>(4) Grants for companies</b>				
<a href="#">341</a>	Programme "Technology training"	National	Key instrument	The scheme promotes training opportunities for the employees of companies so that they can more easily adopt innovation in their companies. The technology training programme focuses on companies in the manufacturing, ICT and tourism sector, global business service centres sector. An applicant, meeting pre-determined criteria, can apply for a grant. A grant is allocated as a lump-sum payment to the sectoral business association. The maximum public funding provided to one project is EUR 900 000. The funding can be transferred as an advance payment and as cost reimbursement. Eligible costs include training costs, salary costs of the training provider, travel costs and accommodation costs only for training provider and project management costs. There is no preferential treatment.
<a href="#">342</a>	Programme "Non-technology training and training to attract investors"	National	Key instrument	The scheme promotes training opportunities for employees so that they can more easily adopt innovation in their companies. The focus of the programme is on the ICT sector and any other industry sector determined by the Latvian Investment and Development Agency and the Latvian Chamber of Commerce and Industry. General ICT training is available for companies working in the areas of RIS3 of Latvia. A grant is allocated as a lump-sum payment to the sectoral business association. The maximum public funding provided to one project is EUR 250 000. The funding can be transferred as an advance payment and as cost reimbursement after the completion of training. Eligible types of training include occupational courses connected to the present economic activity of the participant. The training can be provided by the enterprise itself or by external training course providers. There is no opportunity to re-use the scheme by the same applicant.
<b>(5) Grants for individuals</b>				
No grants for individuals are established.				
<b>(6) Loans</b>				
<a href="#">153</a>	State-guaranteed loans for students	National	Further instrument	Adults can access a loan scheme introduced to support students in initial education to cover tuition fees in higher education and living costs during full-time education. Financial resources for student loans are determined by law through the state budget for the year. There is no maximum amount for the study loan - it can be as high as the study fee requested by the higher education institution. Students are able to apply for two types of loans with the government guarantee and favourable interest rates: 1) a study loan, which is intended to cover tuition fees; 2) a student loan for student subsistence expenses. The loan is disbursed every semester and directly transferred to the loan taker. The loan repayment starts 1 year after graduation. The maximum period over which the loan could be repaid is not set.

The loan can be forgiven for a new parent or for persons working in the public sector. The interest rate of the loan cannot exceed 5% per annum. The payment of the periodic interest rate starts after graduation.

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#### **(7) Training leaves**

<a href="#">156</a>	Study leave	National	Key instrument	An employee who learns in any type of educational institution, while continuing to work, can have a study leave. The right to request study leave is regulated in the labour law, but direct state funding for the instrument is not provided. The State Labour Inspectorate oversees the implementation of the norm. Employers are responsible for the operation of the norm defined in the employee contract. Programmes leading to a formal qualification (formal education) of ISCED 6-8 level are considered eligible types of training. The study leave can be granted to an employee for defending a thesis or taking state exams (up to 20 days of study leave). The national law does not define who should cover which costs. The financing arrangements may be specified in the employment contract or in the collective agreement.
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#### **(8) Payback clauses**

<a href="#">247</a>	Payback clause	National	Key instrument	Employers and employees may conclude a payback clause in relation to employer-provided/financed training which is necessary to the performance of the employee's duties. Training costs can only be subjected to a payback clause if they exceed the minimum wage. The duration of the payback contract must not exceed 2 years from the end of training. The amount to be reimbursed by the employee should not exceed 70% of the total costs of training.
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