

Labklājības ministrija

Peer review on 'Work-capacity assessment and employment of persons with disabilities'

26.04.2018



Ministry of Welfare
Republic of Latvia

BASIC FACTS ABOUT LATVIA

With over 44% of its territory covered by forests, a vast network of free flowing rivers and thousands of lakes,
Latvia is one of Europe's best preserved havens for a wide variety of wildlife

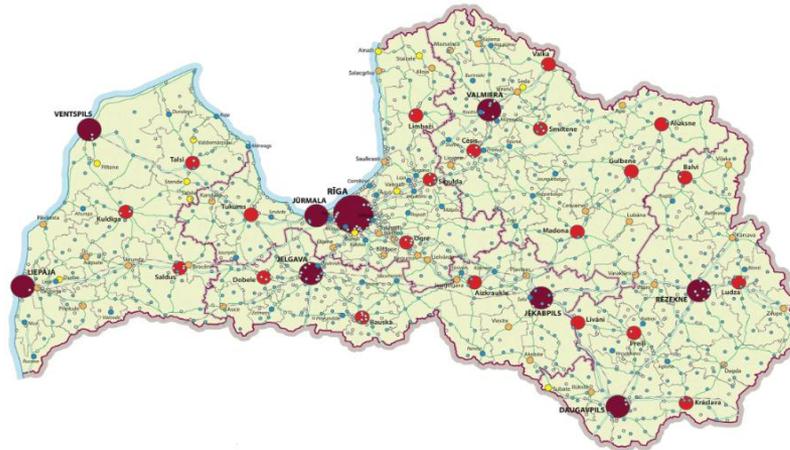
POPULATION:
1 950 116
Area: 64 573 km²

SECTORS OF ECONOMY:
IT, agriculture, chemical and pharmaceutical production, logistics and woodworking. Other prominent sectors include textiles, food processing, machinery production and green technologies.

COMPANIES:
- micro (85,5 %)
- small (11,6 %)
- medium (2,4 %)
- large (0,5 %)

Socio – economic situation

- GDP per capita (2016) – 12 700 EUR
- Social protection expenditure 14.9 % of GDP (2015)
 - Minimum wage 380 EUR
 - Average old age pension 279.59 EUR per month



119 MUNICIPALITIES
Almost 50% of all population live in Riga's region





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Disability determination

Labour market participation and policies



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Disability determination (expertise) I

- Carried out by the State Medical Commission for the Assessment of Health Condition and Working Ability (10 regional departments)
- Staff - medical experts (doctors)
- Commission performs disability assessments and makes decisions on disability claims, determining whether or not claimants are disabled under the law
- Applications mainly processed based on documents, if necessary face-to-face assessments are possible
- ~65 000 claims processed annually (first time and repeated assessments)



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Disability determination (expertise) II

- Since 2015 the disability assessment criteria is based on International Classification of Functioning, Disability and Health (ICF)
- For persons aged 18+ loss of work capacity in % is determined, alongside the disability assessment:
 - I group - very severe disability – 80-100% loss of work-capacity
 - II group – severe disability – 60-79% loss of work-capacity
 - III group – moderate disability – 25-59% loss of work-capacity
- For children disability is determined without division in groups
- Disability is determined for 6 months, 1, 2, 5 years or lifetime. It depends on whether the health and functional situation of the person is stable and with no predictable changes.



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Disability determination (expertise) III

- Persons' application
- Family doctors' appointment
- More focus on social criteria:
- Self-evaluation assessment (form) of functioning (ability of mobility, opportunities for communication, person's self-care and home activities)
- If there is a special care need - Social workers evaluation (form) on persons' capacity to perform daily activities and an evaluation of the environment
- Other medical documents, if doctor or the person considers it necessary



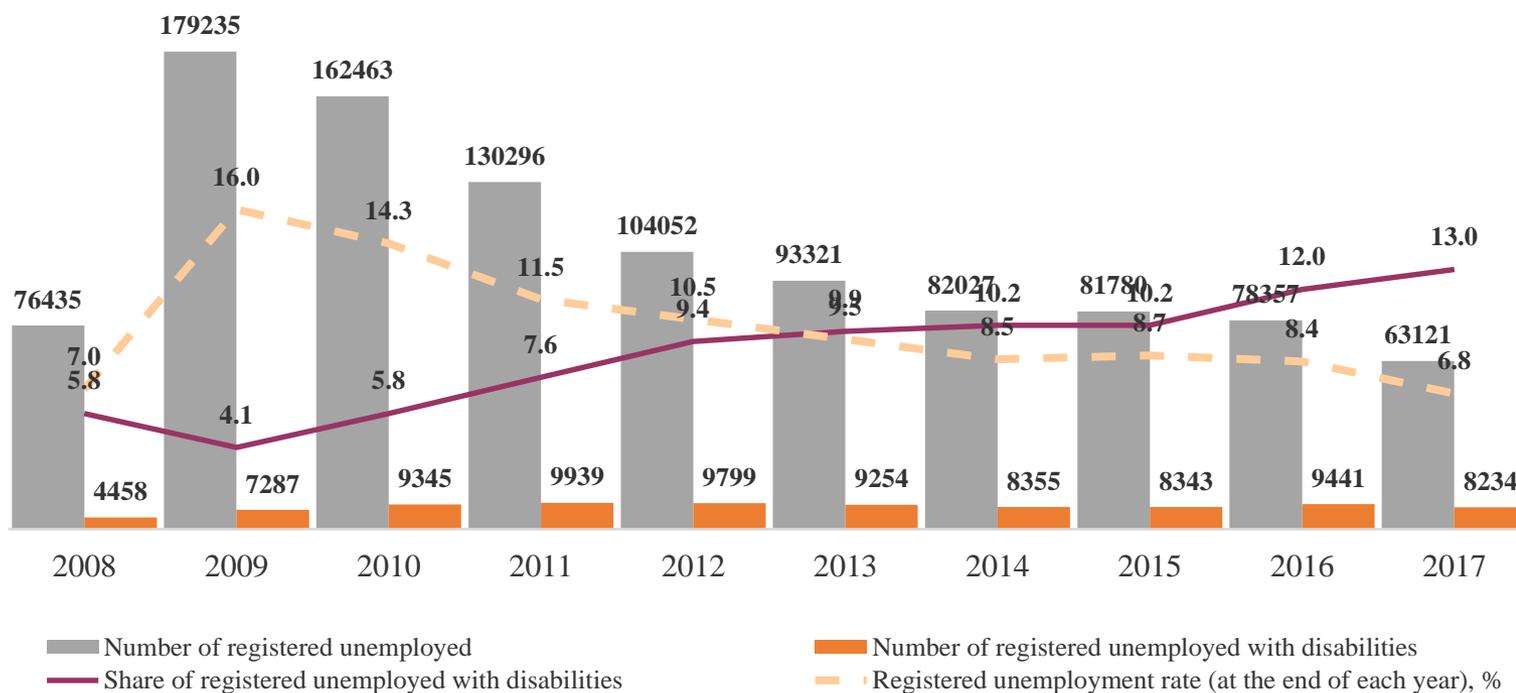
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Labour market trends



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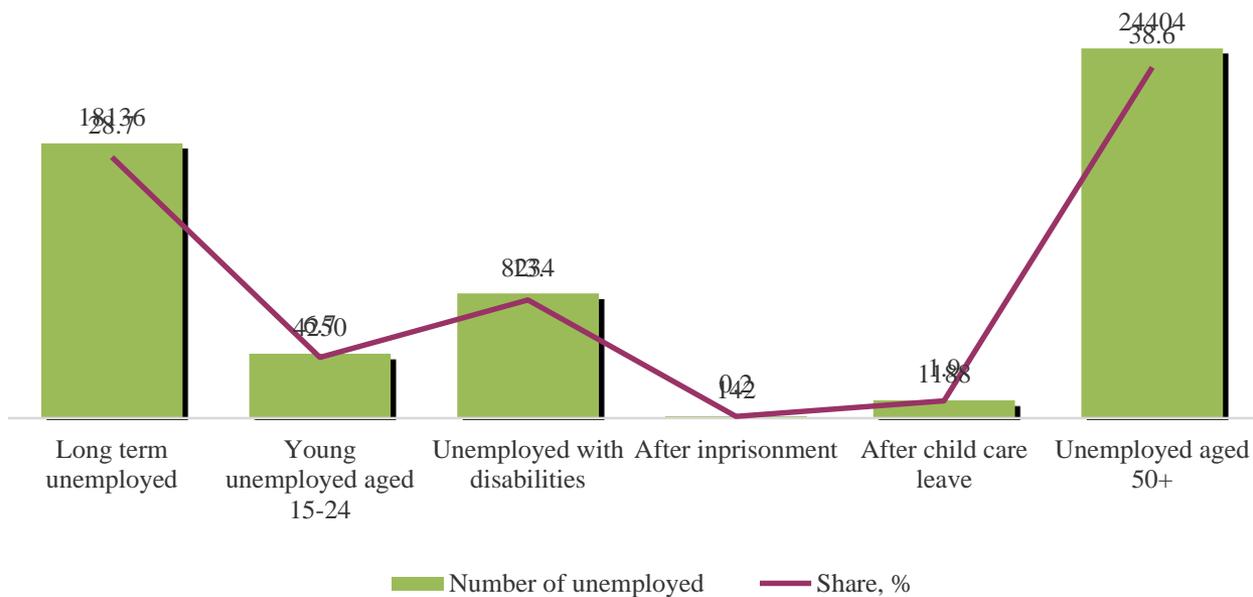
Unemployed with disabilities registered with the State Employment Agency SEA





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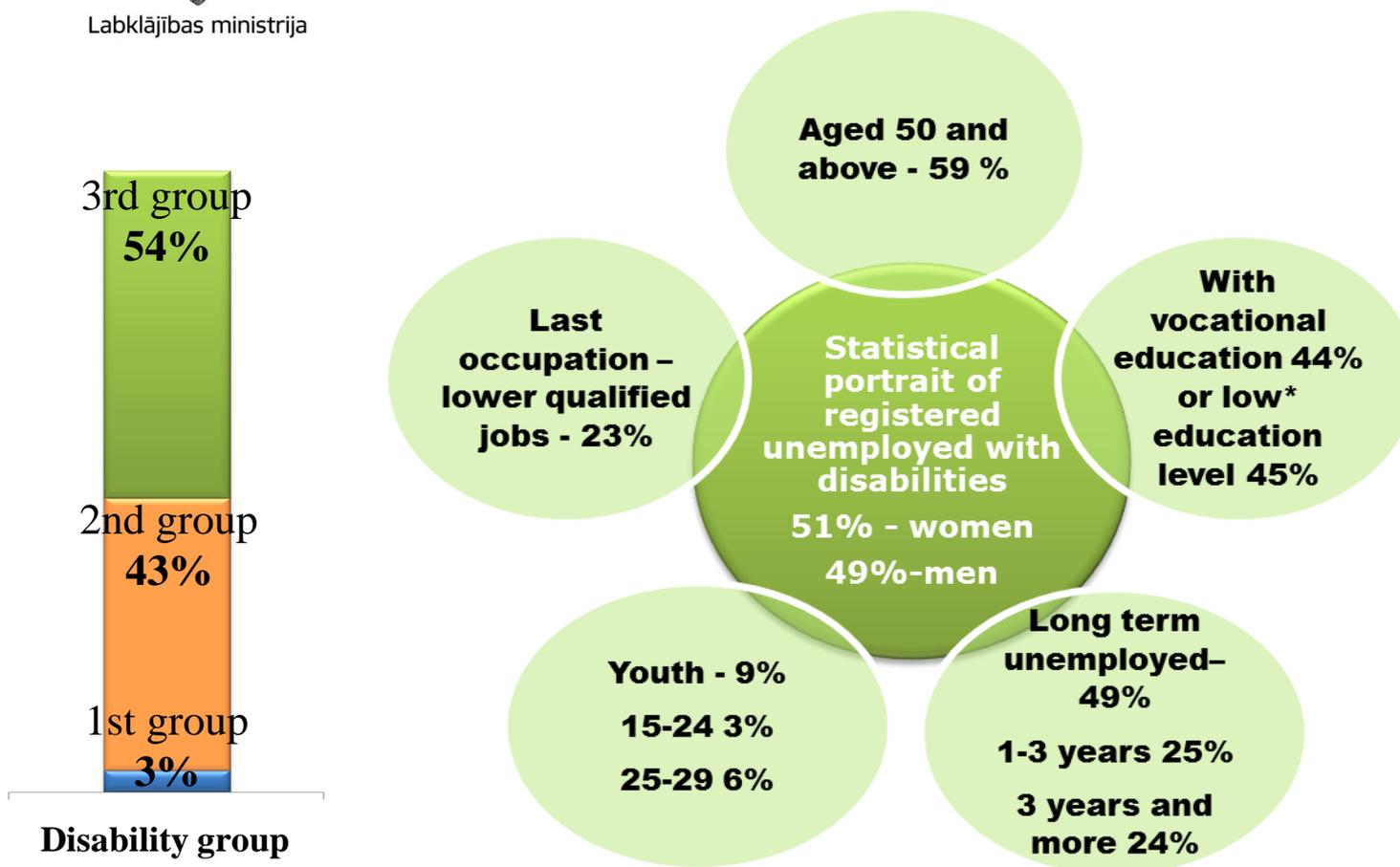
Registered unemployed – specific target groups (31st December 2017)





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Statistical portrait of registered unemployed with disabilities (31st December 2017) I

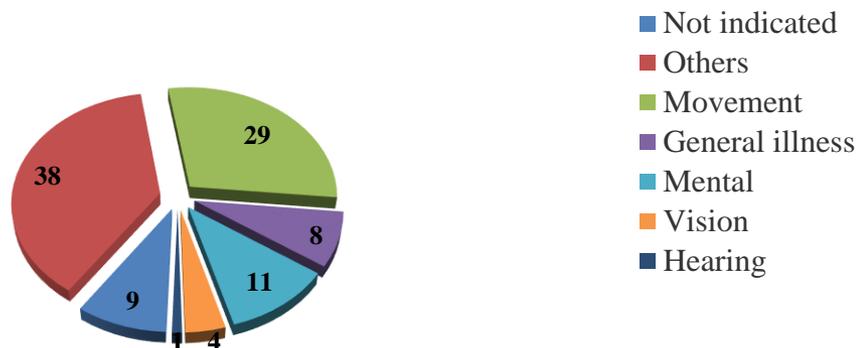


* General secondary, with/without basic education



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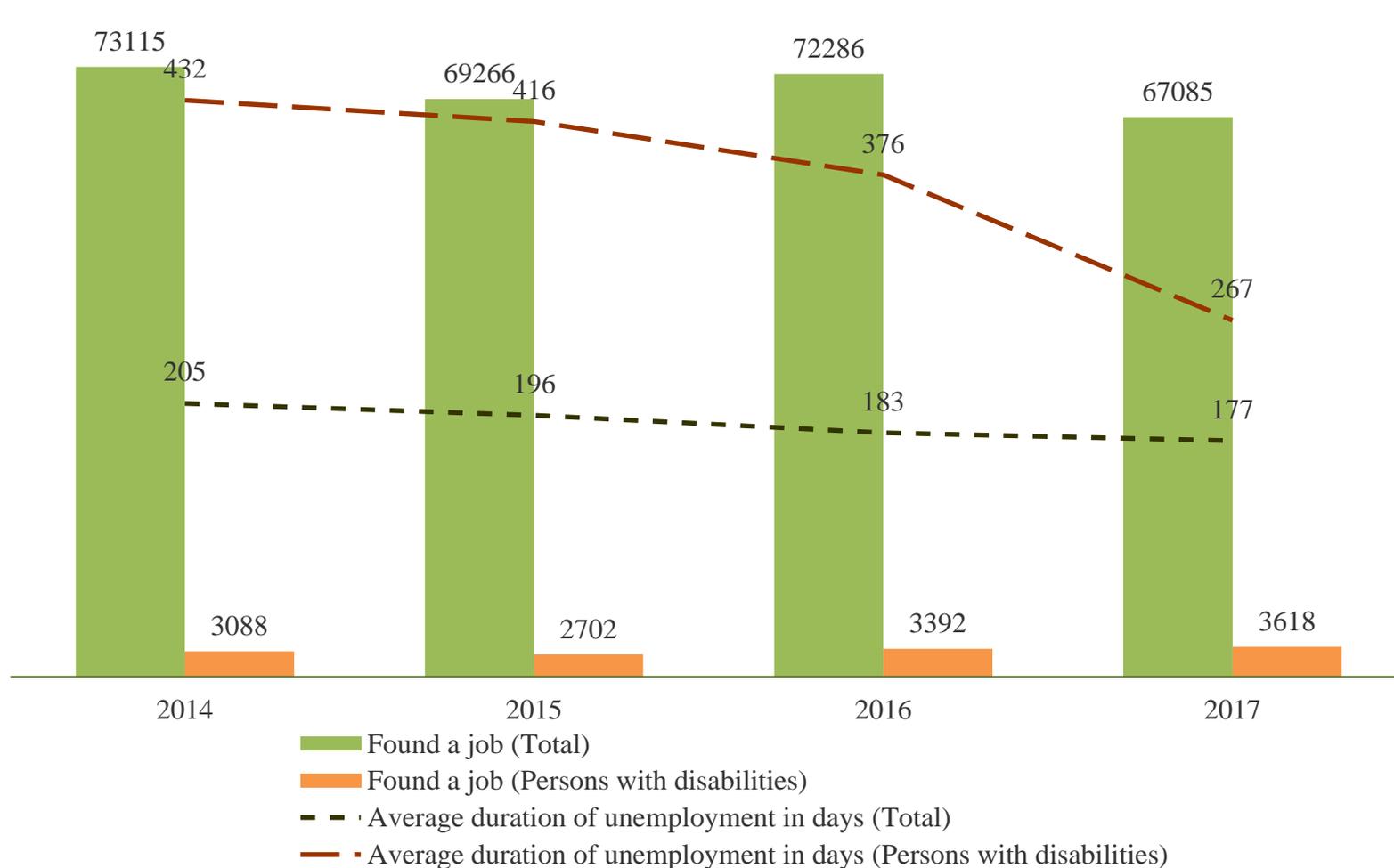
Statistical portrait of registered unemployed with disabilities (31st December 2017) – by type of functional impairment, % II





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Duration of unemployment and job finding rates (31st December, 2017)

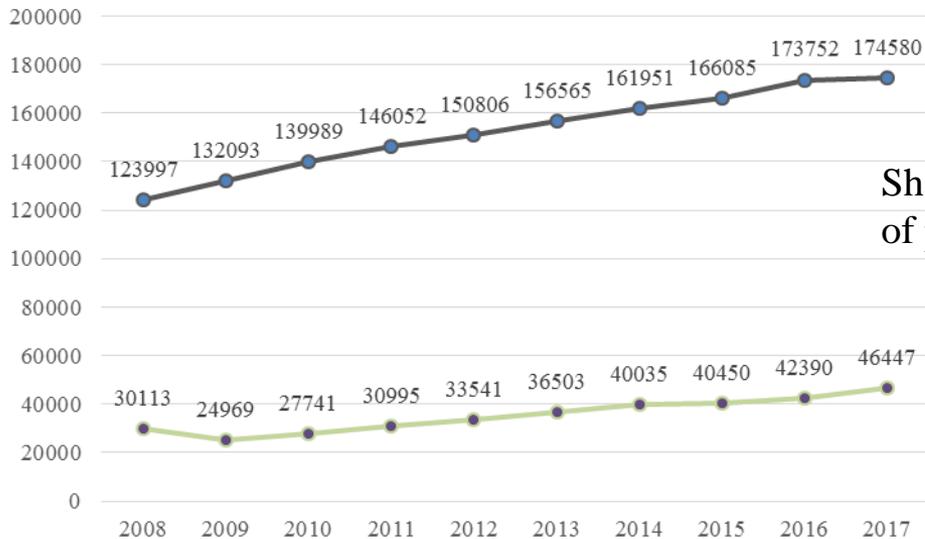




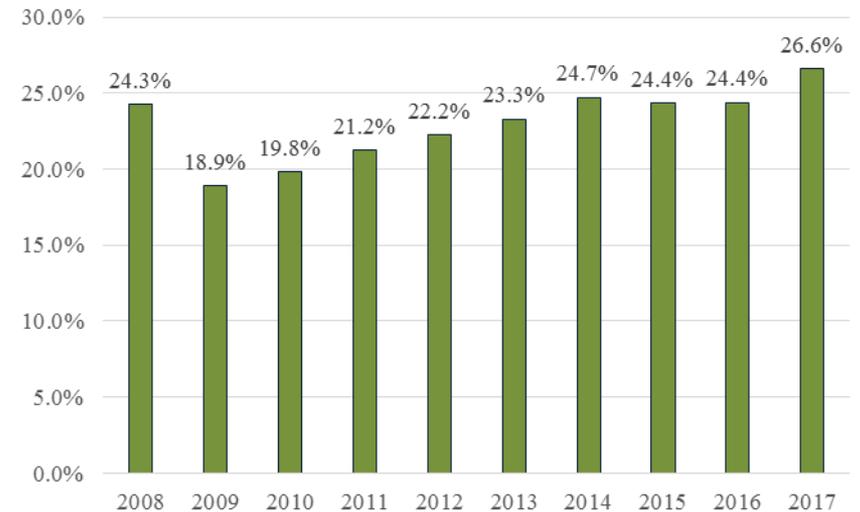
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Employment of persons with disabilities

Number of persons with disabilities and number of employed persons with disabilities, at the end of the year



Share of employed persons with disabilities of total number of persons with disabilities, at the end of the year





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Active Labour Market Policies



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Support from the State Employment Agency SEA in 2017

Training measures

- Development of basic competences (lectures, courses)
- Short term training (including languages and IT)
- Vocational training
- Training at the employer

Employment incentives

- Subsidized employment
- First work experience for youth
- Community works
- Acquiring job related skills in NGOs

Support measures

- Workshops for youth
- Business and self-employment start ups
- Regional mobility support
- Treatment of addictions
- Additional support (including sign language interpretation)



- In 2017 there were 16 247 participations in different measures by persons with disabilities, 454 persons were consulted by ergotherapists and 5 received sign language interpretation services
- In 2017 3618 persons with disability found a job, out of whom 1 563 (43,2%) after participating in ALMPs



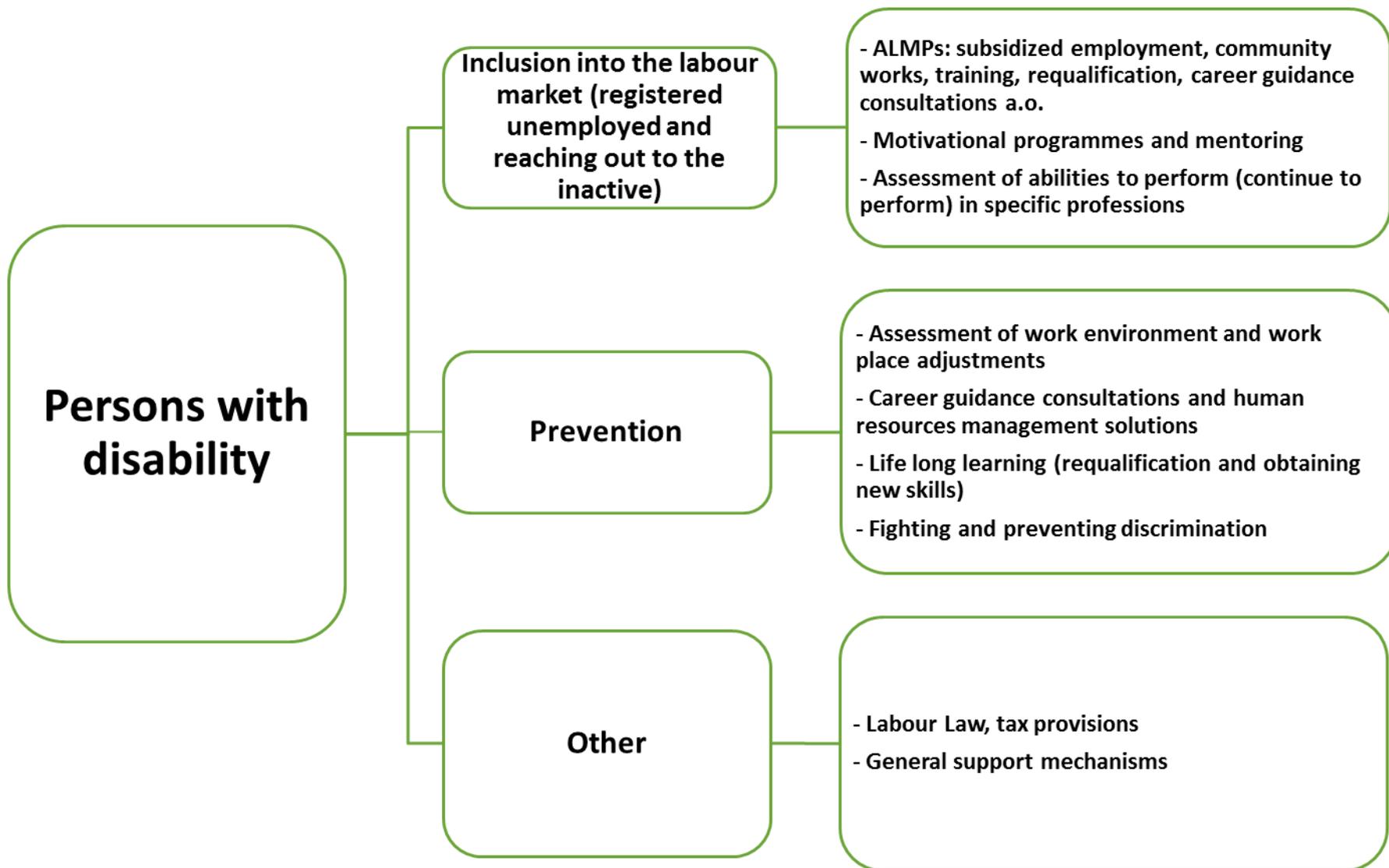
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Measures and partnerships of the SEA





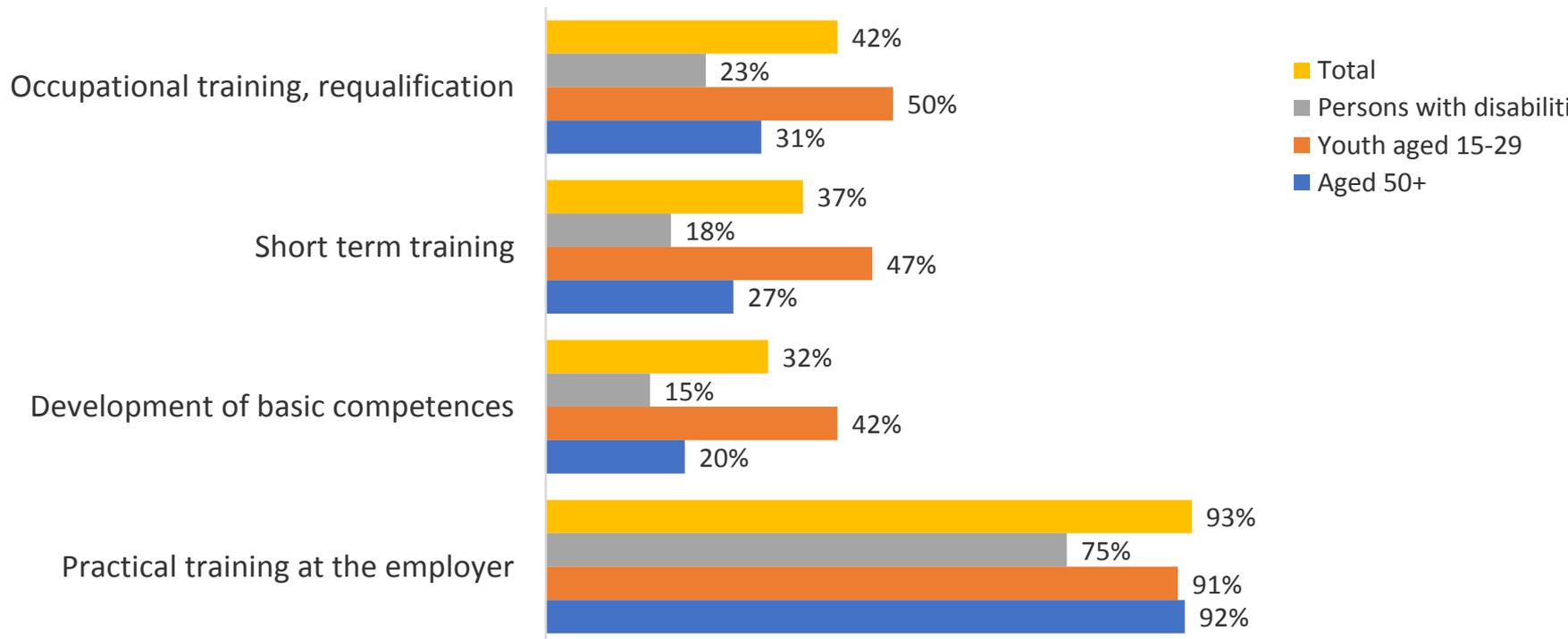
Directions for action





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Monitoring of ALMPs/ Training

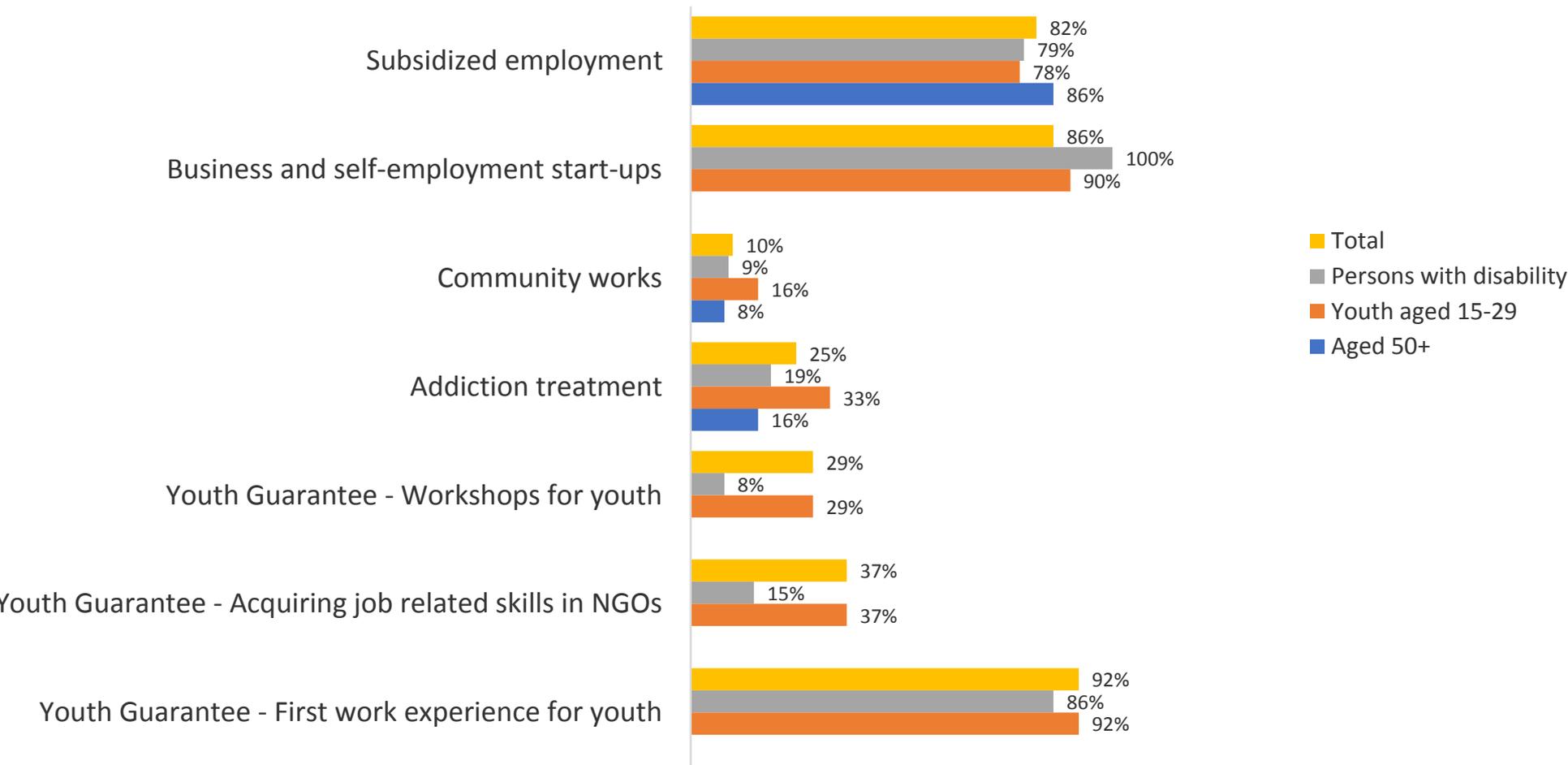


*Finished participation in the period from 1st July 2016 until 30th June 2017 and **found a job within 6 months**



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Monitoring of ALMPs/ Employment incentives and support measures



*Finished participation in the period from 1st July 2016 until 30th June 2017 and **found a job within 6 months**



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Subsidized employment

- Partly co-financed by the European Social Fund
- Target group - persons at risk of social exclusion including persons with disabilities
- Financial support for persons with disabilities (considerably more generous than for other target groups): wage subsidy not exceeding 645 EUR per month or at the amount of minimum wage (430 EUR per month) for lower qualified jobs
- Part time participation possible for persons with disabilities (subsidy adjusted accordingly)
- Support to the work supervisor – 215 EUR per month
- Adjustment of the work place (not exceeding 711 EUR)
- Sign language interpreter, ergotherapist, health check up a.o.
- Regional mobility support if eligible for the first 4 months (not exceeding 400 EUR)
- Repeated participation possible if a year in between the finishing and beginning of participation
- No requirement for employers to keep in employment after the end of the measure
- Ongoing discussions about the need to differentiate the wage subsidies based on the severity of the disability



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New initiatives



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Day of Open Doors for persons with disabilities within the «European Employer's Day 2017» of the European network of Public Employment Services (30th October until 10th November 2017) I

- Aim - to support the inclusions of persons with disabilities into the labour market by providing the opportunity to get acknowledged with the working environment in a company and for the employer – the possibility to find new employees
- Target group – persons who have difficulties finding employment due to disability
- Organized in cooperation with employers organizations and NGOs
- 207 persons with disabilities (196 registered with the SEA)
- 192 vacancies, 45 private employers, 16 NGOs and the SEA (employers highly satisfied with the event) – high satisfaction with the event
- 53 occupations (including motor engineer, customer relationship manager, confectioner, agricultural worker, gardener, cook, project manager, dressmaker and sewing machine operator, telephone operator, translator, cook, data entry operator, power truck driver, physiotherapist, accountant and assistant accountant)





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Day of Open Doors for persons with disabilities within the «European Employer’s Day 2017» of the European network of Public Employment Services (30th October until 10th November 2017) II

- Direct result – 6 persons with disabilities employed
- Communication between the respective employers and the persons with disabilities about employment opportunities is continuing

SEA affiliate	Employer	Sector	Occupation
Ogre	«Fazer Latvia» SIA	Food production	Wrapping operator
Ogre	«Elodeja» SIA	Education	Auxiliary worker
Dobele	«Baltic Candles Ltd» SIA	Manufacturing	Operator of machines for production of candles
Gulbene	«Gardums» SIA	Food production	Confectioner's assistant
Alūksne	«Unti» SIA	Catering services	Cook
Saldus	«Klintis» z/s	Catering services	Kitchen worker





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Motivational programme and mentoring support

- Aim – to motivate and support persons with disabilities during their path towards sustainable employment, self-employment or participation in education and training
- Implemented by NGOs in order to support the capacity of the State Employment Agency
- The motivational programme encompasses psychological support, personal social skills, career guidance consultations, visits at the employer (until 3 months)
- The motivational programme is followed by mentoring (until 7 months)
- One mentor provides support to not more than 12 persons



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Social entrepreneurship I

- Project with support from the European Social Fund (meanwhile the Social Enterprise Law has been adopted among other for regulating the status of a social enterprise)
- Project being implemented by the Ministry of Welfare and the state financial institution ALTUM
- Aim of the project is to identify and assess options for supporting the creation and development of social enterprises in Latvia including those that focus on support to labour market integration in order to increase employment opportunities for disadvantaged unemployed persons, persons with disabilities and persons with mental disorders
- Total financing for the project – 19,9 Mio EUR
- Number of social enterprises to be supported - 200



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Social entrepreneurship II

- **Eligible for receiving grants:**
 - Companies, NGOs
 - Persons planning to start social entrepreneurship
- **Requirements:**
 - To be registered at the social enterprises register of the Ministry of Welfare
 - Business plans have to be submitted to ALTUM
 - Social impact has to be demonstrated
- **Grants:**
 - From 5 to 200 thousand EUR for 2 years
 - Subsidies, for example for wages for persons with disabilities



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Social entrepreneurship III

- **Target groups for those social enterprises focusing on labour market integration:**
 - Unemployed at risk of social exclusion:
 - LTU;
 - Aged 54+
 - With dependants
 - With disability
 - Persons with disability or with mental disorders



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Labour Law and tax provisions, additional support



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Reflections about a possible introduction of a quota system

- Most are small and micro enterprises
- Therefore – considerations about quotas in companies with 50 and more employees
- Possibly - initial initiatives in the public sector
- Good practice promotion
- Subsidized employment – to be continued (for compensating lower productivity), however depends on the labour market situation particularly in regions and on perceptions by employers



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Labour Law

- Not possible for employers to lay off persons with disabilities in the following cases:
 - no occupational competence for performance of the contracted work
 - in case if an employee who previously performed the relevant work has been reinstated at work performed by the person with disabilities
 - the number of employees is being reduced
 - the employee does not perform work due to temporary incapacity



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Tax provisions and additional support

- Supplementary annual Personal Income Tax PIT exemption (1st and 2nd disability group - 1 848 EUR, 3rd disability group -1 440 EUR)
- Lower patent payments
- Lower social insurance contributions (32,64%, the general rate – 35,09%)
- Partial relief from obligatory social insurance contributions for self-employed (those have to be paid from 50% of the average insurance wage of the person)
- Until December 2017 – companies of NGOs representing persons with disabilities could profit from exemptions from Corporate Income Tax if amount transferred from the company to the NGO was higher than the calculated Corporate Income Tax (after the tax reform and just for the taxation year 2018 those enterprises are exempt from CIT if at least 15% from the profit has been transferred to the members)
- Support for paying interest payments on loans for adjusting the place of living
- Different reliefs or exemptions from fees and payments (e.g. for official documents, visits to family doctors, electricity, student loans)



Additional support measures

Monetary

- Pension
- State social security benefit
- Supplement to the State Family benefit for the child with disability
- Benefit for persons with Special Care needs
- Benefit for transport cost compensation

Non-monetary

- Assistant's service for everyday activities
- Assistant's service in schools
- Sign language interpreter's service
- Consultations of psychologist in case of child's first time disability
- Technical aids
- Vocational and social rehabilitation
- Group homes
- Free public transport (I and II group, children and their accompanying persons)
- Reliefs for vehicle insurance and road tax payments
- Exemptions from patients payments in health care sector
- Etc.



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Going further I

- Identified challenges:
 - Ageing society and health condition of population → clients with more complex and severe problems
 - Cross- sectoral coordination including fragmentation of funding; health care services of particular importance
 - Availability of resources for development of social services
 - Availability of services close to the client's place of residence
 - Many support measures attached to disability status create additional «interest» in the status
 - Capacity to assess persons' individual needs and capabilities



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Going further II

- Differentiation of wage subsidies based on the severity of the disability
- Discussions about a possible introduction of a quota system (public sector)
- Assessing the first results of the motivational and mentoring support
- Ongoing discussions about Labour Law provisions
- Encouraging social entrepreneurship
- Fighting stereotypes
- Striving for a holistic approach with a specific focus on encouraging and supporting labour market participation



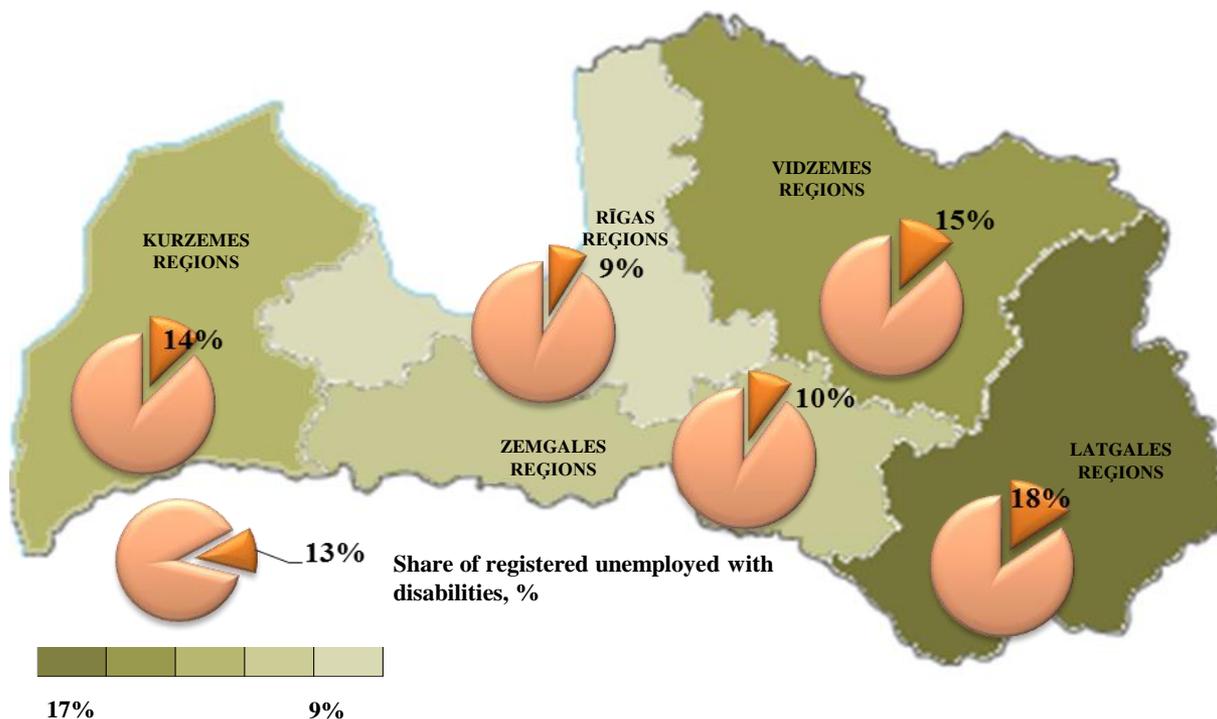
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Additional information



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Regional breakdown of registered unemployed (31st December, 2017)





Ministry of Welfare
Republic of Latvia

The Ministry of Welfare is in charge of



Development of policy on:

- State Social insurance
- Protection of children's and family's rights
- Labour market development
- Social services
- Labour protection and labour relations

Coordination of horizontal policy issues:

- Social inclusion
- Disability
- Gender equality
- Social work
- Social assistance



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Organisation of the social security system

STATE SOCIAL INSURANCE (social contributions based)

Partial income compensation as a result of social risk (sickness, loss of work, **accident at work or occupational disease, disability**, pre- and postnatal period)

STATE SOCIAL BENEFITS (universal)

State monetary support for persons belonging to **specific social groups** which due to objective reasons have additional expenses or a person can not get income or is not entitled to receive compensation from the social insurance system

MUNICIPAL SOCIAL ASSISTANCE

Material support to needy and low-income families (persons) to satisfy their basic needs and promote participation of able-bodied in the labour market



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Disability - involved institutions

- Services for PWD are provided by several governmental agencies:
 - Medical Commission (status determination)
 - State Social Insurance Agency (pensions and benefits)
 - State Social Integration Agency (social and vocational rehabilitation)
 - State Employment Agency
- Other services are provided by service providers or municipalities



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Many support measures for PWD are within social services scope

State budget:

•**Technical aids**

•**Vocational rehabilitation**

•**Social rehabilitation services** for addicts, victims of violence, victims of human trafficking, etc.

•**Assistants for persons with functional impairments**

•**Long-term care institutions** for:

- *orphans and children left without parental care until 2 years of age*
- *children with functional impairments up to 4 years of age*
- *children with mental disabilities up to 18 years of age*
- *Adults with mental disabilities and visual impairments*

•**Co-finances** establishment of group homes, half-way homes and day care centres for persons with mental disabilities

Municipal budget:

•**Community-based services according to the needs of the inhabitants**

•**Long-term care institutions** for:

- *orphans and children left without parental care after age of 2*
- *persons with disabilities except mental disabilities*
- *old-age persons*



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Disability pension is granted to:

- Persons with determined disability status
- Persons who have not reached the old age pensionable age
- Persons with not less than 3 years of social security contributions period
- Inhabitants of Latvia

Minimum pension for I group – 102 euro (171 euro since childhood) / for II group 90 euro (150 euro since childhood)

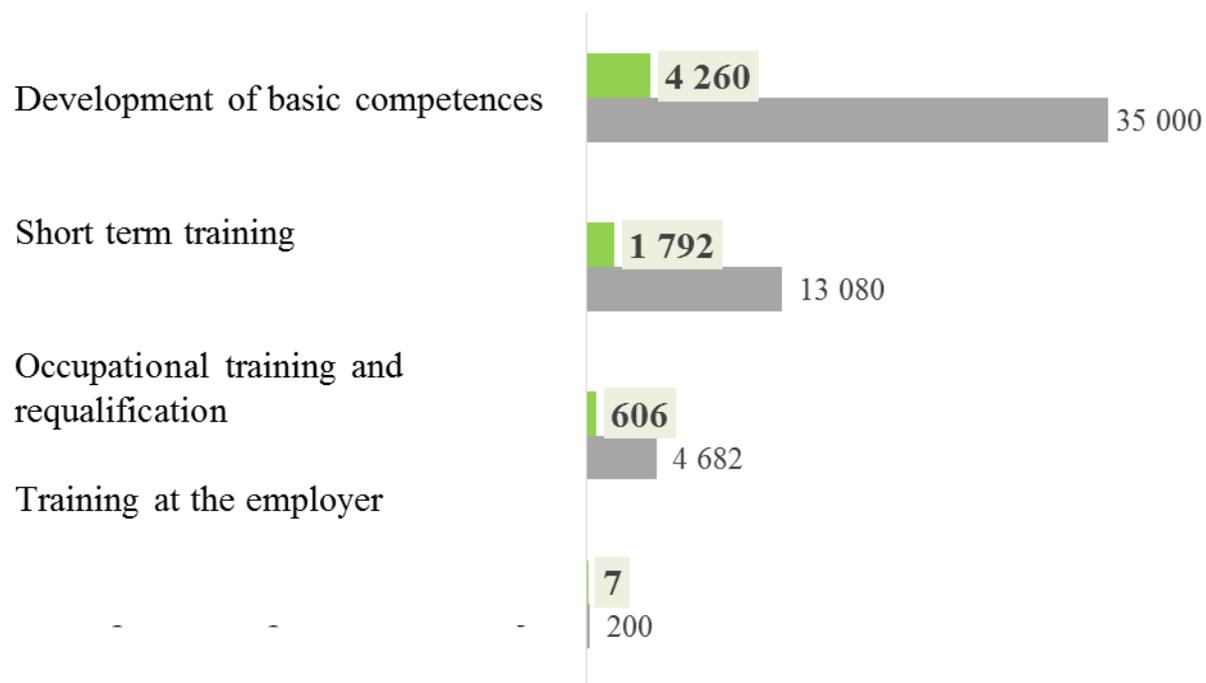
III group and persons who are not eligible to disability pension and have right to social security benefit :

- *64 euro in general case*
- *107 euro for PWD since childhood*



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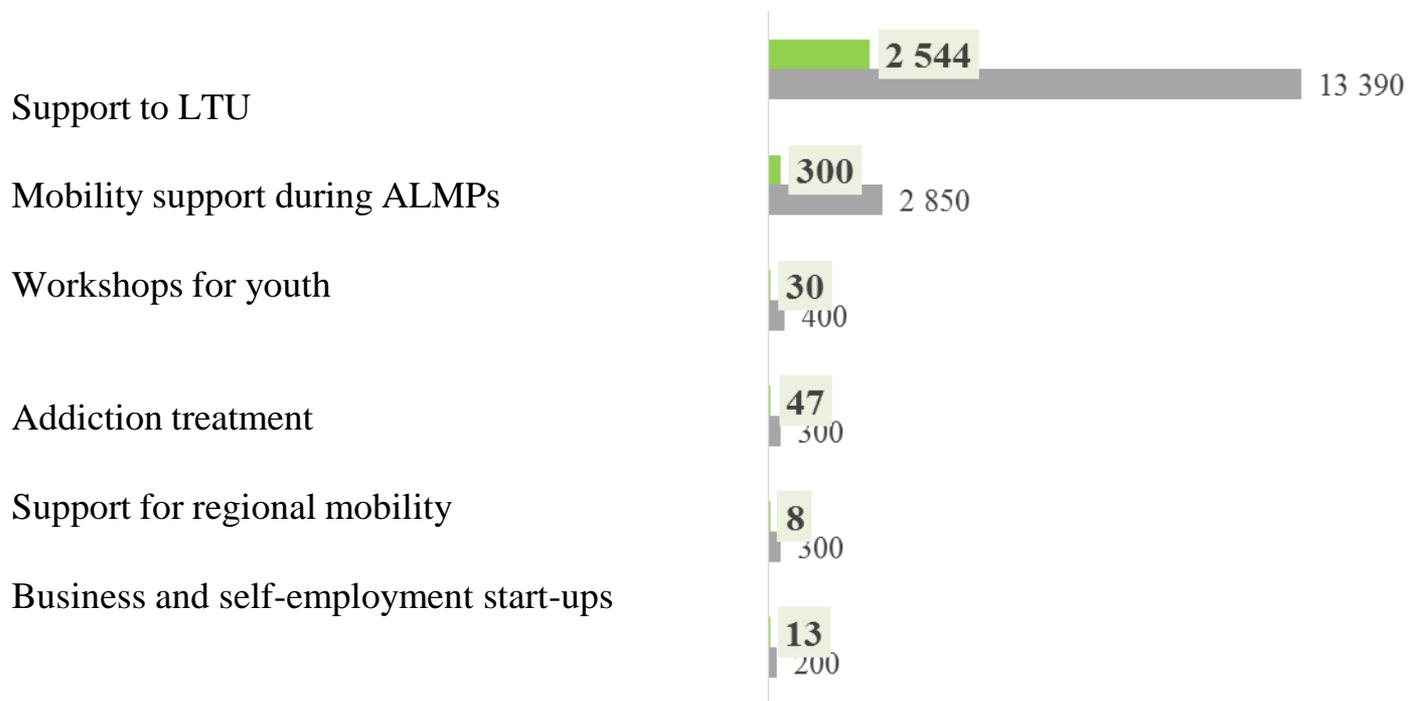
Monitoring of ALMPs/ Plan for 2018 (Total/ Persons with disabilities) I





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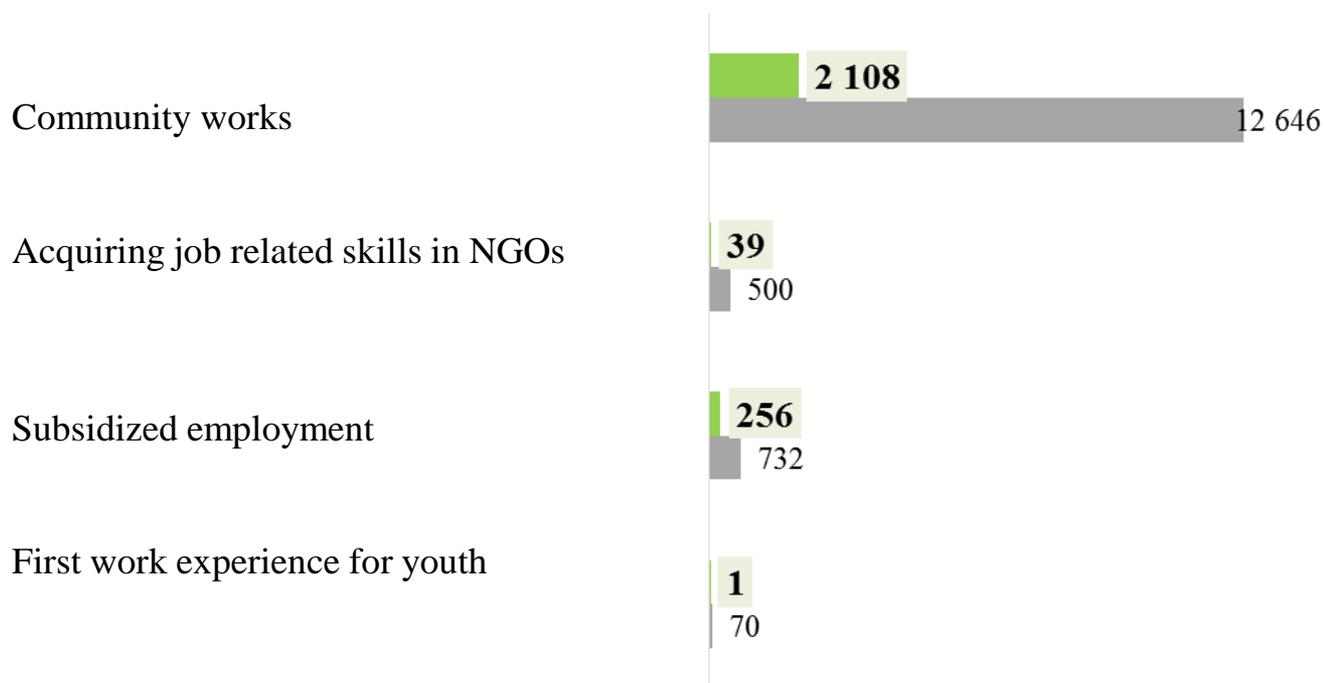
Monitoring of ALMPs/ Plan for 2018 (Total/ Persons with disabilities) III





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Monitoring of ALMPs/ Plan for 2018 (Total/ Persons with disabilities) II





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OECD review – ‘Connecting people with jobs’ I

- An evaluation on how activation policies elaborated in Latvia’s Inclusive Employment Strategy 2015-2020 have contributed to the development of a more inclusive labour market
- Builds on World Bank 2013 evaluation
- Evaluation of the services provided by the PES with focus on the situation on labour market outcomes of LTU and those at risk of LTU
- Both qualitatively and quantitatively
- Linked administrative micro data set for econometric analysis of ALMP (with control and treatment group)
- Results at the end of 2018



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OECD review – ‘Connecting people with jobs’ II

- Do ALMPs contribute to an inclusive labour market?
- What is their effect on the long-term unemployed and other vulnerable groups?
- What are the outcomes of new programmes introduced following the economic crisis?

- Use of detailed linked administrative data to:
 - Estimate both short-term and long-term effects
 - Assess whether the effect varies for different population groups and over the economic cycle



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Labour Law provisions I

- **Article 109 (2) of the Labour Law:** An employer is **prohibited** from *giving a notice of termination* of an employment contract to an employee who is declared to be a person with disabilities, **except** in cases set out in:
 - Section 47, paragraph 1 – Dismissal during the trial period giving a notice in writing three days prior to termination.
 - Section 101, Paragraph one, Clauses 1, 2, 3, 4, 5, 7 and 10: An employer has the right to give a written notice of termination of an employment contract only on the basis of circumstances related to the conduct of the employee, his or her abilities, or of economic, organisational, technological measures or measures of a similar nature in the undertaking in the following cases, if the employee:
 - 1) has without justified cause significantly violated the employment contract or the specified working procedures
 - 2) when performing work, has acted illegally and therefore has lost the trust of the employer
 - 3) the employee, when performing work, has acted contrary to moral principles and such action is incompatible with the continuation of employment legal relationships



Labour Law provisions II

- 4) the employee, when performing work, is under the influence of alcohol, narcotic or toxic substances;
- 5) the employee has grossly violated labour protection regulations and has jeopardised the safety and health of other persons;
- 7) the employee is unable to perform the contracted work due to his or her state of health and such state is certified with a doctor's opinion;
- 10) the employer – legal person or partnership – is being liquidated.
- However **not possible** Section 101, Paragraph one, Clauses 6, 8, 9, 11
 - 6) the employee lacks adequate occupational competence for performance of the contracted work;
 - 8) an employee who previously performed the relevant work has been reinstated at work;
 - 9) the number of employees is being reduced;
 - 11) the employee does not perform work due to temporary incapacity for more than six months, if the incapacity is uninterrupted, or for one year within three years, if the incapacity repeats with interruptions, excluding a prenatal and maternity leave in such period, as well as a period of incapacity, if the reason of incapacity is an accident at work or occupational disease.