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**Country - Estonia**

1. **National youth employment**

In May 2014, the youth unemployment rate for Estonia was 15 per cent. This rate of unemployment has continued to fall since March 2010 when it reached a record high of 39.9 per cent. In 2014, the young unemployed numbered 8,000 in total. The unemployment rate of 15–24-year-olds is calculated as a share of only those young people who are economically active (i.e. employed or unemployed), but most members of this age group are still studying[[1]](#footnote-1). The demographic decrease in the size of the youth population facilitates the decrease in youth unemployment (the size of the age group 15–24 has decreased by more than a quarter in the last ten years).

In Estonia youth unemployment has always been greater than the overall national average which was 6.2 per cent in early 2015. This is because younger people tend to have lower qualifications and less job experience.

The 15-24 year olds not in education, employment or training (NEETs) during the previous four weeks are identified in the Estonian Labour Force Survey. The NEET figures also include those young people who were inactive at the time of the Labour Force Survey and this includes those who were excluded from the labour market due to illness or injury, were on maternity leave, took care of children or other family members, or had lost any hope to finding a job. The share of NEETs rose drastically in 2009, both in Estonia and in the EU. In 2012, the NEET figures were 12.5 per cent of young people in Estonia and 13.2 per cent across the EU. In comparison with other EU countries, the 2012 NEET figure in Estonia’s position was about average. In the last three years the NEET figures have improved as the number of young people who are unemployed has fallen.

In 2012 10.5 per cent of Estonian young people (aged 18-24) had the lowest level of education (basic education or lower) and did not continue their studies. This low level of education is one of the main factors to increase the risk of unemployment. Young people with basic education or low qualifications were three times more likely to be unemployed in 2012 than young people with the highest educational level (10.4 per cent compared with 32.6 per cent). In addition to low levels of education there is a second issue which hinders employment - insufficient work experience. In 2012 nearly half (49 per cent) of unemployed young people lacked previous work experience. It is important to provide young people with more support when they enter the labour market in order for them to respond fully to the needs and expectations of the labour market.[[2]](#footnote-2)

As a share of gross domestic product (GDP) at the European level, the economic loss due to the non-participation of young people in the labour market increased from 0.96 per cent in 2007 to 1.21 per cent in 2011. In 2011 in Estonia the economic cost of NEETs represented 1.95 per cent of GDP.

Employment of young people

With the exception of Germany, where there has been an increase of 2.5 per cent in the level of youth employment since the start of the economic crisis, all Member States experienced falls in youth employment levels during the economic and financial crisis.[[3]](#footnote-3) The employment rate of young people in Estonia in 2012 was 32.3 per cent compared with the OECD average of 39.3[[4]](#footnote-4) showing an increasing trend.

According to the Estonian Statistics Office the employment rate of young people aged 15 to 24 fluctuated between 25 and 35 per cent from 2000 to 2010. The most positive years were 2007 and 2008 when the employment rate was more than 34 per cent. Young people aged between 15 and 24 mainly find work in the tertiary sector (two thirds of employed youth) and the secondary sector (one third). The number of young people working in the primary sector has decreased considerably from 5.8 per cent in 2000 to 2.3 per cent in 2010. Several reasons have been put forward to explain this trend: there is a diminishing need for labour and internal migration has meant more youngsters have moved to towns. Young people mainly hold positions in processing industries, commerce, accommodation and catering and construction.

According to the data from the Estonian Statistics Office, 24.6 per cent of employed young people work part time and more would like to work part-time (26.6 per cent). This is because 88 per cent of young people aged from 15-24 in 2010 are studying or following a training course. A lot of them would like a part-time job to earn extra money for their living expenses and acquire some work experience. According to an Estonian Student Union survey in 2009 21 per cent of students work full time and 21 per cent work part-time. The employment trend in Estonia is shown below

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Statistics Estonia - <http://www.stat.ee/90543>

Problems in the education system

The main challenges facing young people in their working life seem to be related to a lack of experience and working skills, insufficient knowledge of labour laws and their willingness to take unnecessary risks. In addition, students believe that practical training is a positive way to improve their skills and get their first real job. Yet this is not always a secure choice. Employers may offer employment before learners graduate and this can tempt youngsters to leave school without a qualification.

On the whole student transfer from the education system to working life is relatively smooth. However there are some problems e.g.:

* the quality of vocational training and higher education. In some subjects it is hard to find a job after graduation, even when there are a lot of vacancies due to a skills mismatch. This implies that there is a need for a better alignment between education and the requirements of the labour market;
* vocational training is seen as a “dead end” option for those who aim to complete higher education;
* the withdrawal and drop-out rates from education are relatively high (e.g. for socio-economic reasons);
* there is insufficient careers counseling.

Skill Needs

CEDEFOP’s initiatives include skills forecasts through its Skillsnet network. The members of this Cedefop network are involved in identifying the skills that are needed – this is based on forecasting, employer surveys, sectoral analysis and privileged access to information.

CEDEFOP uses employers’ surveys as a way to identify skill needs and skill gaps at the workplace level. They are aiming to develop a tool or instrument which can reliably identify the future needs for skills, competences, occupations and qualifications in the public and private sector. In 2007 CEDEFOP collected information from national employers’ (or enterprise) surveys in 16 Member States (Belgium, Bulgaria, the Czech Republic, Germany, Estonia, Ireland, Greece, France, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovakia, Finland and England - the only part of the UK covered - Cedefop, 2007c). Their comparison revealed that all 16 Member States conducted some kind of enterprise surveys relevant to identifying skills and training needs. According to CEDEFOP’s studies relating to the skill needs and job opportunities in Estonia it is possible to highlight:

* expansion in some sectors e.g. business and other services, and distribution and transport;
* an increased demand in professional and managerial occupations; in technicians and associated professionals; in clerical and support workers; and in plant and machine operators;
* up to 2025 there is an expected increase in the number of people employed with low level of education and a small decrease in the number of people employed with medium level of education.





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| Anticipated percentage change in the number of employed persons, 2013-2025, by education level **[Anticipated percentage change in the number of persons employed with a high level of education, 2013-2025](http://euskillspanorama.cedefop.europa.eu/KeyIndicators/Country/results.aspx?searchmethod=1&indicatorid=436&occupationid=0&sectorid=0&skillid=0&nationalcountryid=8&)** | **% Change -->**1.0 |
| **[Anticipated percentage change in the number of persons employed with a low level of education, 2013-2025](http://euskillspanorama.cedefop.europa.eu/KeyIndicators/Country/results.aspx?searchmethod=1&indicatorid=434&occupationid=0&sectorid=0&skillid=0&nationalcountryid=8&)** | **% Change -->**10.0 |
| **[Anticipated percentage change in the number of persons employed with a medium level of education, 2013-2025](http://euskillspanorama.cedefop.europa.eu/KeyIndicators/Country/results.aspx?searchmethod=1&indicatorid=435&occupationid=0&sectorid=0&skillid=0&nationalcountryid=8&)** | **% Change -->**-1.0 |

Source: EU Skills Panorama/ CEDEFOP

1. **VET system in Estonia**

In 2006 work-based learning was approved as a new form of study and in 2007 the Minister of Education and Research adopted the Vocational Education Institutions Act and the regulation of “Policies and Conditions for Implementing Workplace Based Learning”– the legislation was renewed and adjusted with the new Vocational Education Institutions Act in 2013. The work-based learning programmes complement the existing school-based study programmes.

In Estonia work-based training is defined as study where the work practice constitutes at least two thirds of the volume of the curriculum (in school based study, the share of work practice is up to 50 per cent of the volume of curriculum with half the practical training taking place in enterprises).

This regulation on work-based learning is implemented in cooperation with vocational education institution, the student and the enterprise that provides the work practice. Work-based learning takes place in VET institutions and in enterprise – this is supplemented with independent work by students in order for them to achieve the learning outcomes described in the curricula.

VET curricula, based on competences, are designed using professional standards or vocational education standards. In the curricula, the expected learning outcomes are defined for qualifications at Levels 2-5 in the Estonian Qualification Framework (equal to EQF levels 2-5) as described in the Vocational Education Institution Act, 2013. The professional standards are approved by professional councils which consist of representatives from employers, employees, representatives of the state and professional associations in each area of activity. There are no separate curricula for work-based learning – they are organised by the vocational education institutions which adapt the curricula for school-based study.

The legislation enables work-based learning to be offered at all qualification levels (EQF Levels 2-5) of VET. The regulations for the school curriculum stipulate the duration and aims of the curricula; the content of modules; the learning outcomes and the assessment principles. The legislation makes it possible for VET schools, in collaboration with enterprises, to increase the choice of work-based learning programs. Currently the responsibility for extending the choices of work-based learning falls to the VET schools and depends on the needs of the enterprises in a region.

The organisation of work-based learning, the relationships between the VET institution, the pupil or his/her legal representative and the enterprises that conducts the work practice is regulated by a contract. This is signed before the work practice starts. It sets out how the work based learning is organised and the rights and obligations of each of the three parties to the contract. The enterprise remunerates the students during the time they are at work – the rate of pay cannot be lower than Estonia’s national minimum wage (355 Euros in 2014). Sometimes there is an employment contract between the enterprise and the student. In this situation the student receives the salary in the employment contract.

The number of students in work-based learning is modest – about 2 per cent of all VET students. In 2013/2014 there are about 583 students in work-based learning. Most students (about 71 per cent) were older than 25 years, and 24 per cent were aged from 20-24. The percentage of work-based learning students aged 25 or above has been growing – rising from 55 per cent in 2009/2010 to 71 per cent in 2013/2014.

The increase in the percentage of students aged 25 or more is due to the number of adults who are seeking to gain or improve their professional qualifications in order to make themselves more attractive to the labour market and/or to start new career.

The main fields of study for work-based learning are wholesale and retail sales (22 per cent), forestry (11 per cent), social work and counseling (10 per cent), electronics and automation (9 per cent), motor vehicles, ships and aircraft (9 per cent), electricity and energy (9 per cent), mechanics and metal work (8 per cent).

**3. Apprenticeship training[[5]](#footnote-5)**

**3.1. Definition of apprenticeship[[6]](#footnote-6)**

Vocational education at all levels (from EQF Level 2 to 5) can be provided through school based or work based (apprenticeship) training. In 2007, the Ministry of Education and Research’s regulation set out the procedure for work based training (apprenticeship training). These procedures exclude any rules on the age limit for the apprenticeship programme which is based on the school curriculum. The VET school designs an individualised curriculum for the apprentice. The apprenticeship programme is for people who are already at work and need a formal qualification and individuals who wish to work at the same time as acquiring a VET education.

**3.2 Legislative framework[[7]](#footnote-7)**

At the level of legislative and administrative power, the Parliament (Riigikogu), the government of the Republic of Estonia (Eesti Vabariigi Valitsus) and the Ministry of Education and Research (Haridu ja Teadusministeerium) administer the VET system. The legislative framework for the education and training system originates in Parliament. The Parliament has the exclusive authority to determine the principles of the formation, functioning and development of the education system. The legal basis for VET was created in the late 1990s. There are 11 acts or regulations regulating formal VET in Estonia: Vocational Education Institutions Act, Vocational Education Standard, Policies of Implementing Workplace Based Training, Private Education Institutions Act, Institutions of Professional Higher Education Act, Adult Education Act, Conditions and Policies for Arranging Professional Training for Working Adults in VET institutions, Professions Act, The recognition of Foreign Professional Qualifications Act, Study Allowances and Study Loans Act, Youth Work Act.

The Ministry of Education and Research is responsible for coordinating the preparation and implementation of education policy. Its role is strategic planning, preparation of legislation, starting new initiatives, and determining state commissioned education for VET. In addition the Ministry administers the VET schools - establishes, re-organises and closes public educational institutions (except universities and professional higher education institutions); approves the curricula, study programmes, textbooks and teaching/study aids (except for universities); and administers the public assets that have been allocated to the education system.

At the local level, social partners participate in VET school advisory bodies. These consist of at least seven people and are established by VET schools and are in place for five years. The role of each advisory body is to connect the school with the community and to advise the school and its management on the planning, development and organisation of teaching and education, and economic activities. Other activities undertaken by each advisory body include providing an assessment of the organisation of the practical training at the school and in the enterprises.

Currently there is an on-going dialogue between employers and government in relation to vocational education and more precisely the development of work based learning. There are plans to widen these discussions to include the sector organisations. In 2015 a European Social Fund (ESF) programme was launched to develop work based learning and extend cooperation to include one-person enterprises although 95% of enterprises are SME and aren't prepared to receive apprentices.

**3.3 Some work based learning programmes**

**An overview of apprenticeship training**

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The main characteristics of the apprenticeship are:

* one third of the curriculum is delivered through theoretical instruction and two thirds are through practical training in an enterprise;
* study groups are small (up to eight apprentices);
* the structure of study is based on an agreement between the school and the enterprise;
* apprentices complete their studies when they pass a professional or final examination;
* the school has to evaluate the workplace before placing an apprentice. This ensures the workplace can meet the objectives of the curriculum and provide for the safety and health of the apprentice. The result of the VET school’s assessment is based on an expert opinion which is included in an annexe to the three party contract between the school, the apprentice and the workplace. The VET school cannot carry out apprenticeship training in a particular workplace if the expert opinion is negative;
* the apprentice has two supervisors, one from the school and one from the workplace. If the apprentice has a valid work contract, he/she does not receive an additional wage for being in the programme. An apprenticeship programme is usually funded by the state in line with a set of national rules. In this situation the school pays the salary for the supervisor in the enterprise. There can be other arrangements to fund the programme.

**3.4 Number of students**

In 2011 2.1 per cent of VET students participated in apprenticeship training. In 2010-2011 there were about 28,000 VET students.[[8]](#footnote-8)

**3.5 Contractual arrangements**

Apprentices sign a study and work contract and have a four-month probation period. During their time in training in the enterprise apprentices receive a wage and, when completing their theoretical studies in school, they receive a study allowance

**4) Drop-out rates from school and apprenticeships and alternative pathways for young people**

In VET a drop-out means a learner who has interrupted studies and has not continued learning within the same school year. In 2011, the percentage of young people (18-24) with compulsory or lower education who did not continue their studies was 10.9% and this number has been slightly decreasing since 2007 when it was 14.4%.

Since 2008-09 the average drop-out rate of VET students has increased – in 2010-11 it was 19.5%. The drop-out rate is higher in post-secondary VET (21.2% in 2011) than in upper secondary VET (17.9%). The main reasons for students discontinuing their studies are because they select an inappropriate subject and the discrepancy between the subject’s requirements and the students’ abilities. In post-secondary VET the reason for discontinuing the studies is the difficulty of balancing study and work.

As the drop-out rate in vocational education and training has been relatively high, a programme called KUTSE was initiated by the Ministry of Education and Research in 2010. This offers learners new opportunities to acquire professional VET qualifications.

**5) Recent reforms to improve the status of apprenticeships and work-based learning**

There are three main reasons for the current low share of work-based learning in Estonia:

* the lack of cooperation between different stakeholders;
* society, including enterprises and potential students, does not have enough information about the study opportunities and consequently the potential to provide work-based learning is reduced;
* the majority of enterprises in Estonia are small or micro-sized.

The 2015 European Social Fund (ESF) programme include an extensive set of measures to raise awareness of work based learning, provide training and information for enterprises/supervisors and encourage cooperation between VET institutions and enterprises. When implementing work based learning, the VET institution is responsible for covering the costs of school based studies, supervisors’ training and the remuneration for school based supervisors. In the framework for the ESF programme the VET institutions will become training centres that administer and organise local support, provide information and training for SMEs on work based learning and provide training for workplace based supervisors.

There are also plans to widen the work based learning target groups and involve younger students and students with special educational needs. How opportunities for work placements and practice are organised at the tertiary level is also being discussed widely. The new ESF programme will seek to improve the organisation of work practice in vocational education as well as in higher education. At the tertiary level the term “work based training” is not included in the legislation but several projects have been initiated where work practice forms a major part of the students’ learning.

In Estonia VET students can acquire full or partial VET qualifications which are recognised on the labour market. Competence based occupational qualification standards describe the competence profiles for these full and partial qualifications for each occupation. In the 2015 ESF programme more attention will be paid to designing and implementing work based learning curricula for partial qualifications.

In most subject areas learners can take professional exams in addition to the school diploma. This gives them the opportunity to acquire a professional certificate as well as complete their VET studies. Taking professional examinations within one year of graduation is free of charge for students.

The 2013 VET Institutions Act introduced a new unit for counting the student’s workload – the Estonian VET Credit Point (eesti kutsehariduse arvestuspunkt). This system applies to all forms of study including work based learning. The Credit Point System shows the estimated amount of work a student has to undertake to achieve the learning outcomes described in the curriculum or module. One credit point equals 26 hours of student work. The principles of ECVET (European Credit System for Vocational Education and Training) will be used to introduce the Estonian VET Credit Point. All VET school curricula must be renewed by 1 September 2017.

As part of the 2013 European Alliance for Apprenticeships Estonia has committed itself to introducing or strengthening its apprenticeship system - Estonia’s commitment includes recognition that apprenticeship studies are less common than traditional school based programmes. Work based study schemes are not used very widely. In the academic year 2012/13 the students who enrolled in workplace-based study made up only 2 percent of all VET students - 551 out of more than 26,000 students. 6.000 apprentices are expected to acquire qualifications during 2014-2023.

**5.1 Promote a positive image of apprenticeships and work-based learning**

There are several channels for strengthening the image of VET to learners and their parents. This includes VET promotions such as the ones launched by the INNOVE Foundation, the vocational education fair “Young Master”, the VET website ([www.kutseharidus.ee](http://www.kutseharidus.ee)) and the publication of a brochure for young people “Abiks otsustajale: kutseõppevõimalused” (“Helping to decide: study opportunities in VET”). These promotional activities advertise opportunities to study VET and give information about study opportunities namely in work based learning.

**6) Evaluation of the existing system and potential ways to improve it [[9]](#footnote-9)**

Even though the final arrangements for the principles of apprenticeship training programmes have not been settled, it is possible to highlight[[10]](#footnote-10) that the apprenticeship system in Estonia needs to be improved through:

* better cooperation between partner organisations in order to avoid a duplication of assignments;
* more cooperation and involvement of enterprises in the governance of apprenticeships;
* more cooperation between VET schools and enterprises;
* active involvement of employers in the design of the curricula. This is necessary as two thirds of the curriculum take place in enterprises which are members of the Employers Federation. At a local level, the social partners participate in VET school advisory bodies.

In order to encourage enterprises to strengthen their participation the government should compensate employers for the cost of implementing the apprenticeship system through:

* a fixed rule for salary compensation for the workplace supervisor (currently the salary for the workplace supervisor is dependent on an agreement between the school and the enterprise);
* compensation for using technology/apparatus for training;
* removing the employers’ contribution to the social insurance tax for the salary of students participating in work based learning (as students are already insured).

The Employers Federation wants to promote a positive image of apprenticeships and work based learning through a communication programme among entrepreneurs. This would encourage cooperation between schools and enterprises; develop study materials for e-learning; prepare materials for careers advisors; and encourage enterprises to participate in students’ career planning. Promoting a positive image is necessary as vocational training is not popular among young people; it is seen as the choice that is made by those who are less talented. Parents mostly find that VET gives valuable skills but at the same time they believe that it is a good option for ‘other people’s children’.

The Employers Federation commented that some sectors find it difficult to assign apprentices to the production of real products (e.g. mechanical engineering) as there is a need for precision. In other fields apprentices participate in the production processes. Apprenticeships are most frequently offered in the service, retail, motor vehicle and forestry sectors.

The intermediate bodies e.g. Chambers of Skilled Crafts or Commerce are in dialogue with the government about work based learning. Companies which are members of a Chamber or Federation are more informed about opportunities and are more willing to participate in apprenticeships.

**7) Cost effectiveness analysis**

There is a limited amount of literature on the cost-benefit ratios of apprenticeship programmes in Estonia. The European Commission’s 2013 report on the cost effectiveness of apprenticeships in Europe[[11]](#footnote-11) - concludes that most studies relate to countries with strong apprenticeship-based VET systems e.g. Austria, Germany, Switzerland, Denmark and the Netherlands.

The empirical findings from Germany show that the costs and benefits of apprentices vary according to both apprenticeship-related occupational categories and the size and sector of the training firm. Therefore, the provision of apprenticeships varies across sectors, occupations and firm sizes: positive effects on companies’ gross profit in the short-term are found for trade, commercial, craft and construction occupations. However for firms with apprentices in manufacturing occupations, they face net training costs during the apprenticeship period but gain through the long-term employment of former apprentices.

According to the Estonian Employers' Confederation (ETTK) SMEs may not have the necessary resource to supervise apprentices. They need funding to cover the expense of supervising and preparing materials for training. Compensation for the cost of implementing the apprenticeship programme would help SMEs. Some SMEs are not interested in apprenticeships because they worry that those who they train will move to their competitors. Developing an agreement with the apprentice about the costs of training if the apprentice leaves the company soon after completing their training could be of interest to SMEs.

Most entrepreneurs are interested in recruiting skilled labour and are ready to cooperate with schools to promote the VET system. Enterprises are also interested in cooperating with VET and universities in the field of research and development.

*Revised on August 2015 after the cluster seminar*

1. Press release – Statistics Estonia - <http://www.stat.ee/90543> [Accessed 12-8-15] [↑](#footnote-ref-1)
2. Youth Guarantee Implementation Plan – Estonia. <http://www.sm.ee/et/noortegarantii> [Accessed on 29/11/14] [↑](#footnote-ref-2)
3. NEETs - Characteristics, costs and policy responses in Europe-EUROFOUND. <http://eurofound.europa.eu/publications/report/2012/labour-market-social-policies/neets-young-people-not-in-employment-education-or-training-characteristics-costs-and-policy> [Accessed on 29/11/14] [↑](#footnote-ref-3)
4. OECD. Building the right skills can help countries improve economic prosperity and social cohesion <http://skills.oecd.org/> [Accessed on 29/11/14] [↑](#footnote-ref-4)
5. Estonia VET in Europe – Country report CEDEFOP. REFERNET 2012. <http://libserver.cedefop.europa.eu/vetelib/2012/2012_CR_EE.pdf>. [Accessed on 29/11/14] [↑](#footnote-ref-5)
6. The European Commission defines apprenticeshipsas formally combining and alternating company-based training (periods of practical work experience at a workplace) with school-based education (periods of theoretical/practical education followed in a school or training centre), and lead to nationally recognised qualification upon successful completion. Most often there is a contractual relationship between the employer and the apprentice, with the apprentice being paid for his/her work. *European Commission “European Alliance for Apprenticeships - Good for Youth, Good for Business”* [↑](#footnote-ref-6)
7. Estonia VET in Europe – Country report CEDEFOP. REFERNET 2012 [↑](#footnote-ref-7)
8. Source: The Ministry of Education and Research [↑](#footnote-ref-8)
9. Estonian Employers' Confederation - ETTK [↑](#footnote-ref-9)
10. Questionnaire to collect the federation’s views on apprenticeships - BUSINESSEUROPE/UEAPME/CEEP [↑](#footnote-ref-10)
11. The effectiveness and costs-benefits of apprenticeships: Results of the quantitative analysis

September 2013. European Commission [↑](#footnote-ref-11)