



*Estonian Labour Market Board
Annual Report*

2007



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Dear reader

*Even the impossible becomes possible
if we don't give up striving toward the goal!*

You are holding in your hand the Labour Market Board yearbook, which provides an overview of our primary activities in 2007.

The goal of the Labour Market Board is to offer its clients high-quality labour market services, in order to increase the employment of the population and to satisfy employers' need for workforce. As a result of the rapid economic growth in recent years and an increase in opportunities offered by the Labour Market Board in helping people enter the job market, unemployment rate in Estonia fell to an all-time low in 2007. In most fields, demand outstripped supply on the workforce market. Despite the fact that many companies are experiencing a shortage of workforce with the necessary skills and knowledge, large number of inactive people on the labour market was and continues to be a major problem.

The main emphasis in the activity of the Labour Market Board in 2007 was laid on improving labour market services, making cooperation with partners more effective and raising the level of customer service. A large contribution was made to the preparation of the Employment Programme and its successful implementation.

It is gratifying to state that the number of people participating in vocational coaching, proved due to diligence on the part of service providers. This service is especially important for helping clients in risk groups, who make up nearly 70% of the registered unemployed, finding their place in the labour market.

Cooperation with employers has grown more effective. Attesting to this fact are the good results in offering professional placement positions. The number of employers, who are working closely with Labour Market Board to alleviate people's problems and help them return to the working world, has increased.

A successful round of application for financing the EQUAL mainstreaming projects was carried out. The goal of the EQUAL programme is to offer new and innovative opportunities for assisting target groups in the job market – groups which to this point have received less attention. Six projects in this field were financed with support from the European Social Fund. implementation of Measure 1.3, "Equal opportunities in the job market", proceeded according to plan.

The activity of EURES in 2007 focused on distribution of information about opportunities on the European Union job market. EURES specialists provided consultation to Estonian companies, and organized information days in which over 3,200 people took part. In September 2007, the first International Job Fair took place in Tallinn, in which seven European Union member states participated.

The principle behind selection and development of Labour Market Board personnel is that a competent and motivated employee is able to offer the best customer service and consultation. The Labour Market Board's training plan allows everyone to participate in training designed to develop their professional skills, widen their horizons and make teamwork more effective.

The keywords for 2008 are implementation of the Employment Programme, which will provide markedly more opportunities for bringing (back) inactive persons to the labour market. Value added consists of the possibility to offer increasingly flexible services to a significantly wider target group.

I would like to thank all of the Labour Market Board's employees who have contributed to fulfilling our goals and continue to do so.

Tiina Ormisson / General Director, Estonian Labour Market Board



The year with the lowest unemployment

LABOUR MARKET SERVICES AND BENEFIT DEPARTMENT

2007 was the year with the lowest unemployment rate and number of registered unemployed in the history of the Labour Market Board.

- 1) The number of registered unemployed accounted for during the year decreased 16% (the total number of the unemployed during 2007 was 40,247).
- 2) In 2007, 14,064 people found a job with the help of the Labour Market Board, which was 35% of the unemployed accounted for during the year.
- 3) Starting in the autumn of 2007, a string of layoffs began taking place, and as a result, the Labour Market Board focused on offering service and assistance to companies as well as those laid off. During the year, many information days were organized for people laid off, at which people were offered counselling. The Labour Inspectorate notifies the Labour Market Board on regarding collective layoffs. By the end of the year, a total 41 notices on collective layoffs had been received.
- 4) At the end of the year the number of the unemployed had begun to grow, due in large part to the layoffs, so that the number of the newly unemployed during the year was overall 7.5% greater than in 2006.
- 5) A large part of the unemployed (70%) belong to risk groups, and the greatest number of the unemployed (37.9%) were in the long-term unemployed risk group.

Risk groups on the labour market:

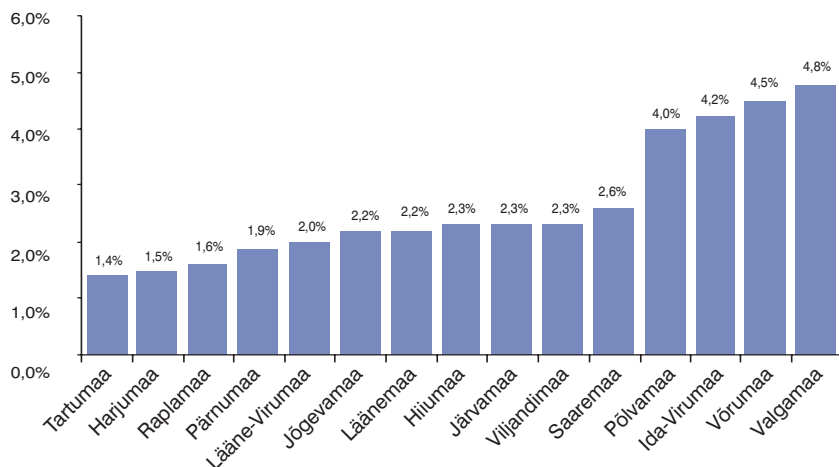
- those 55 years of age and up
 - 16-24-year-olds
 - unemployed who lack Estonian language proficiency caregivers
 - the long-term unemployed (those who have been unemployed for over 12 months; over 6 months in the case of young people)
 - unemployed people with disabilities
- 6) The greatest change in the provision of labour market services took place with regard to people referred to coaching for working life, rising from 446 in 2006 to 1,208 in 2007.

Registered unemployment and benefits

On the last day of 2007, a total of 14,108 unemployed were on account at the Labour Market Board, and the unemployment level was 2.21%.

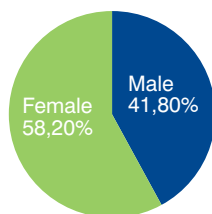
Compared to 2006, the number of registered unemployed people increased by the greatest amount in Võru County, Põlva County, Järva County, Harju County and Viljandi County. The unemployment rate decreased compared to 2006 on the island of Hiiumaa, in Jõgeva County and in Ida-Viru County.

Registered unemployment rate 31.12.07

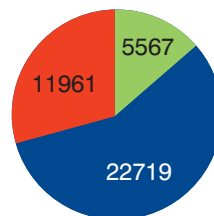


Registered unemployment as of 31.12.2007 was highest in Valga County (4.8%), Võru County (4.5%), Ida-Viru County (4.2%) and Põlva County (4.0%), and it was lowest in Tartu County (1.4%), Harju County (1.5%) and Rapla County (1.6%).

Distribution of the registered unemployed by gender



Age distribution of the registered unemployed by age



Of the unemployed accounted for during the year, 41.8% were men and 58.2% women. By age group, 22,719 of the unemployed were people aged 25-49, 11,961 were over the age of 50 and 5,567 were between the ages of 16 and 24.

On the basis of language proficiency, the greatest number of registered unemployed used Russian as their primary language (20,959). In the same period there were 19,490 registered unemployed who used Estonian as their primary language. English was the primary language for 61 unemployed people and German for 19.

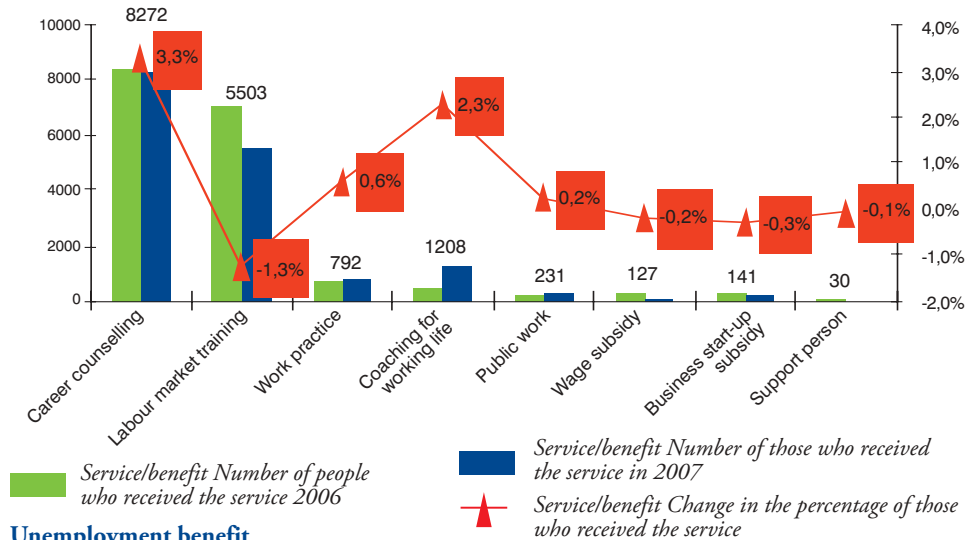
The greatest share of the registered unemployed during 2007 had a general secondary education (11,018), followed by those with a basic education (7,966), and vocational secondary education (on the basis of primary school) (6,601).

Labour market services and payment of unemployment benefits

Career counselling was the labour market service offered most frequently in 2007 (8,272 occasions), followed by labour market training (5,503), coaching for working life (1,208), work practice (792), public work (231), business start-up subsidy (141), wage subsidy (127).

Compared to 2006, the number of the unemployed who took part in labour market training, increased in 2007.

Special labour market services designed for people with disabilities were offered on a total 60 occasions, with 3 technical aids appropriated; and on two occasions, Labour Market Board supported the adaptation of premises and equipment at an employer for hiring a disabled person. In addition to special services supporting employment of the disabled, unemployed people with disabilities partook of other labour market services (career counselling - 748; labour market training - 678; work practice - 161, coaching for working life - 175 occasions; and business start-up subsidy was appropriated during the year to 14 unemployed disabled people.



Unemployment benefit

During 2007, a total of 17,769 registered unemployed people received the unemployment benefit, which is 12% less than in 2006, when the number of recipients was 20,086.

The greatest number of unemployment benefit recipients was in Harju County, where a total of 5,736 unemployed people received the benefit and the smallest number of unemployment benefit recipients was on the island of Hiiumaa – 156.

Job openings and hiring

During 2007, there were 30,046 open positions registered at the Labour Market Board, which is 17.7% less than in 2006. The number of new jobs added during the year was 22,806.

The greatest number of job offers were aimed at salespeople - 3,265, cleaners - 2,488, manual packers, washers and other manual labourers - 1,720, sewers 1,079, general construction workers - 994, welders and flame cutters 923, transport and dockworkers - 804, electronics assemblers 801, cooks 749, security personnel 686, meat and fish processors - 590, sewing machine operators 531.

As of 01.01.2008, there were 6,708 open positions registered at the Labour Market Board, with the greatest number occurring in Tallinn, Harju County and Ida-Viru County.

During 2007, a total of 14,064 unemployed people returned to work and notified the Labour Market Board thereof, which is 38.4% of all registered unemployed during the year. The re-employment level was 0.8% greater than in 2006.

Implementation of the labour market services and benefits budget

The budget for active labour market benefits in 2007 was 88 million kroons. Budget implementation was 84.5% over 12 months.

The under-implementation was due to the reason that part of the budget was planned for co-financing for various projects financed from the European Social Fund, but fewer project applications were received than expected. The funds allocated via the Labour Market Board to labour market services were utilized in a 99.9% extent.

The expenses on unemployment benefits over 12 months were 52.28 million kroons and implementation of the planned budget was 83.4%.

Nele Labi / Head of the Labour Market Services and Benefits Department



Estonia – a part of Europe's labour market

The goal of the EURES (European Employment Service) network is to offer information, consultation and workforce recruitment services for job-seekers and employers as well as every citizen. In Estonia, these services are offered by EURES specialists at the Labour Market Board offices in Tallinn, Tartu, Narva, Jõhvi, Sillamäe and Pärnu.

The primary area of focus for 2007 was offering information to job seekers as well as Estonian companies regarding employment opportunities and workforce recruitment possibilities in Europe. EURES specialists visited Estonian companies on 43 occasions and forwarded information to 170 companies on EURES services and opportunities.

A total of 9,777 people received consultation through the EURES network in 2007 on living and working conditions in other countries.

The Labour Market Board keeps the Estonian homepage at www.eures.ee continuously updated. The page is a source for information on job offerings, employment legislation, taxation and registration requirements in Europe. The Estonian EURES page is visited by about 8,000 people a month.

To increase awareness, the Estonian EURES network organized many information days and seminars. On 21-22 September 2007, the first International Job Fair took place in Tallinn. Organized by the EURES network, the event was open by invitation to EURES consultants and employers from seven EU member states as well as to representatives from the EUROPASS centre and from the Finnish Labour Market Information Centre.

The job fair was visited on two days by around 450 people. The feedback received from visitors showed that there was a desire to take part in similar events in the future.

During 2007, EURES organised 29 information events, in which over 3,200 people took part. EURES specialists delivered presentations at yet another 46 different events, in the framework of which information on EURES was disseminated to about 1,400 people. In addition, consultation was provided to young people at the fairs Teeviit, Tööturg, Intellektika and Orientiir.

Marta Traks / Chief Specialist of EURES



A qualified team

The primary goal of the Labour Market Board's Personnel and Training Department is to ensure the fulfilment of the Board's objectives with the optimum amount of competent employees. The need for employees is planned on a calendar year basis, proceeding from the Labour Market Board's development trends and working plan. The keywords for the recruitment process are openness, objectivity and fairness. The goal of finding qualified employees who are capable of growth and development is the basis for recruitment and selection. The principles for planning, recruiting and selecting personnel are being developed further.

The largest recruitment process took place in autumn 2007 in connection with the creation of the team for the programme entitled "Increasing the supply of qualified workforce 2007-2009".

In developing its personnel, the Labour Market Board adheres to the principle that training should be related to increasing the competency of employees as well as, in the longer term, career planning and other employee development goals. Development is not considered only to be potential promotion to a higher position but also horizontal rotation and fulfilment of functions that are more complicated and have a greater level of responsibility, allowing the potential and abilities of employees to be better utilized.

In 2007, Labour Market Board employees had an opportunity to participate in various in-service training courses.

A number of group and internal trainings have taken place, and there has been active participation at public training as well.

One-third of employees took part in one of the largest group trainings, entitled "Training for substantiating and declaring invalid administrative acts", held as an internal training in Tallinn, Tartu and Jõhvi. The same training will be continued in 2008 as well.

In spring 2007, 22 consultants completed the "Case-based network operations training" carried out by University of Tartu Pärnu College, which was held as a 16-credit-point module in Tartu, Tallinn and Jõhvi.

As 2007 marked the period of the adoption of the new Public Procurements Act (PPA), a number of Labour Market Board officials took part in a PPA-related training carried out by the Ministry of Finance. A new PPA training was also held internally for all Labour Market Board employees who in their everyday work deal with carrying out public procurements.

At the end of the year, one of the largest trainings was first aid training in Tallinn and Tartu with the goal of training officials in each Labour Market Board department to be able to administer first aid.

The Labour Market Board has set the goal of raising the level of customer service, proceeding from the Labour Market Board service standards.

Based on the fact that one part of good customer service is proper communication skills, training in the proper use of Estonian and letter writing continued; 40 employees in two groups completed this training in 2007.

Twice last year, training was held for new consultants, in the course of which new employees acquired knowledge about the labour market services and benefit information system.

At the end of 2007, a training course on the Labour Market Board service standard was organized for new employees, giving them an overview of good customer service and the vision and goals of the Labour Market Board.

In addition, there were many labour market services information days and trainings held for different consultant target groups.

The Labour Market Board will continue to contribute to employee development through training in years to come.

Merike Michelson / Personnel Chief Specialist, Personnel and Training Department



Equal opportunities

Labour Market Board successfully implemented measure 1.3 and the EQUAL projects

In 2007, the Labour Market Board was the final beneficiary of measure 1.3 of the National Development Plan (NDP) for 2004-2006, "Equal Opportunity on the Job Market" as well as of the EQUAL projects.

A total of 30.48 million euros for implementing measure 1.3 was planned in the framework of the NDP for 2004-2006, including 26.39 million euros for project financing from the European Social Fund (ESF). The budget for projects approved by the end of 2007 in the framework of measure 1.3 amounted to 34.52 million euros, out of which the ESF support totalled 26.19 million euros.

The fourth open application round for measure 1.3 took place from 12.12.2006 to 19.01.2007, in the framework of which 44 applications were received in the total amount of 8.7 million euros. A total of 6.77 million euros of support from the European Social Fund was applied for. The quality of the applications was good as assessed by the final beneficiary. In round IV, 27 projects received a financing decision in the total of 5.3 million euros, including 4.1 million euros of ESF support.

By 2007, a total of 61 projects had been completed in the framework of the measure. The completed projects were productive and successful in achieving their set goals. The primary problem during implementation was the slow speed of disbursements and technical problems involving the central register of structural aid. In order to solve the disbursement problem, the Labour Market Board in 2007 adopted simplified procedures for processing payment applications.

In 2007, the Audit Institution, the European Commission, the Final Beneficiary and the Labour Market Board supervision officials carried out a number of audits and inspections of the projects under measure 1.3. As a result of supervision, a number of material irregularities were disclosed, which were followed by recovery claims. In connection with the entry into force of the new Public Procurements Act on 1 May 2007, the Structural Assistance Act covering the period from 2004-2006 was amended in order to bring it into conformity with the Public Procurement Act. In 2007, the supplement to the NDP programme was changed, on the basis of which 2.6 million euros from measure 1.3 (Equal Opportunities on the Job Market) was transferred to measure 1.1, "Educational system supporting the flexibility and employability of the labour force and providing opportunities of lifelong learning for all

The socioeconomic situation of Estonia has improved markedly since the planning for the period 2004-2006, and in connection with this, the unemployment level has dropped as well, but in 2007, even more attention had to be paid to helping risk groups on to the job market.

In 2007, the Labour Market Board was the final beneficiary of 13 EQUAL projects. The budget for the EQUAL programme in Estonia is 5.42 million euros. EQUAL is 75% financed from the European Social Fund, and 25% co-financing from the Estonian state. Structural assistance for the project is 95% of the project budget, and 5% is covered by the development partnership itself.

There are a total of 13 EQUAL programme development partnerships, of which five deal with assisting risk groups to the job market (topic A), seven deal with integrating working life and family life (topic G), with one project devoted to supporting social integration of asylum seekers (topic I).



A number of target groups take part in development partnerships, including parents, gambling addicts, former prostitutes and victims of human smuggling, farmers, inhabitants of islands and peripheral areas, employers, youth under criminal supervision, disabled people and their caregivers. New jobs are created in the framework of the development partnerships and the unemployed are assisted with novel measures in finding them employment.

Estonia's EQUAL mainstreaming strategy in 2006-2009 creates a framework that will be used to integrate the results of EQUAL programme development partnerships and best practices with legislation, policy, strategies and programmes.

The Labour Market Board carried out an application round for finding EQUAL mainstreaming projects. The Labour Market Board financed a total of 8 EQUAL mainstreaming projects in 2007 in an amount of 0.19 million euros; inter alia, the Labour Market Board allocated 0.13 million euros in financing from the European Social Fund (ESF).

Mainstreaming being implemented vertically and horizontally. Vertical mainstreaming means influencing state policy and horizontal mainstreaming means influencing development partnerships as well as local or regional institutions and interest groups.

In summary, the Labour Market Board assesses as "good" the implementation measure 1.3 of the National Development Plan for 2004-2006, "Equal Opportunity on the Job Market" and the EQUAL projects. All of the primary and continuation projects of measure 1.3 and EQUAL under implementation will be completed by the end of 2008.

Kerli Lorvi / Head of the ESF Department



Budget

The Labour Market Board's 2007 budget was 363,151,883 kroons, of which foreign financing comprised 102,784,262 kroons. Budget implementation was 85.3%.

A total of 72 million kroons of budgetary resources was allocated to active labour market measures. In the course of the year, a total 71.9 million kroons in labour market services and support was disbursed..

In addition, 16 million kroons was allocated as state co-financing for labour market services provided in the framework of projects in ESF measure 1.3, in the course of which spending was 2.350 million kroons. The smaller-than-planned use of funds allocated for co-financing projects in 2007 stemmed from the fact that the beginning of the programme "Increasing the supply of qualified workforce 2007-2013", which was co-financed from a ESF measure, was postponed from 2007 to early 2008.

A total of 40.8 million kroons of budgetary resources was allocated to active labour market measures, 5.5 million kroons for professional placements, 9.8 million kroons for vocational coaching, 1.7 million kroons for wage benefit, 2.7 million kroons for start-up allowances, 7.4 million kroons for grants/scholarships and 5.4 million kroons for travel and accommodations allowances.

A total of 964 thousand kroons in active labour market services was provided to people with disabilities, of which 60 thousand kroons was for adapting working rooms and equipment, 223 thousand kroons for free-of charge use of technical equipment service, 678 thousand kroons for support person service and 3.8 thousand kroons on job interview assistance service.

In addition, a total of 3.37 million kroons in foreign assistance was provided through the projects implemented by the Labour Market Board under ESF measure 1.3 in labour market training, professional placement and vocational coaching, wage support, support person service, grants and scholarships and travel and accommodations..

A total of 52.3 million kroons in unemployment benefits was paid to the unemployed via the Labour Market Board in 2007. A total of 313 million kroons was spent during the year on social tax to be paid by the state in special cases.

The Labour Market Board's budgetary operating expenses for administration (not including external funds and co-financing) comprised 60.5 million kroons in 2007.

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