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2009

ANUAL REPORT



LITHUANIAN LABOUR EXCHANGE

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SITUATION IN THE LITHUANIAN LABOUR MARKET 2009: SUPPLY AND DEMAND

THERE APPEARS TO BE A GENERAL TENDENCY: ALTHOUGH LABOUR SUPPLY INCREASED, THE NUMBER OF REGISTERED UNEMPLOYED IN THE SECOND HALF OF THE YEAR DECREASED.

In 2009, 369.4 thousand unemployed applied the local labour exchange offices looking for a job and this is 72% more than in 2008. A year earlier, on average 17.9 thousand unemployed was recorded per month, but in 2009 the number increased almost two times, i.e. it was recorded 30.8 thousand unemployed per month.

The largest influx of job losers to the labour exchange offices was fixed in the first quarter of the year when 31% of total unemployed who lost their jobs in 2009 was registered. Later labour supply has decreased.

Most of the unemployed were registered in January (39.9 thousand), least – in August (24.5 thousand). In the fourth quarter, less unemployed were registered every month than the average per month in 2009.



THE NUMBER OF ANNOUNCED GROUP DISMISSALS INCREASED TWO TIMES

Labour supply growth was influenced both by unfavourable economic conditions and by employees dismissed as a result of bankruptcies and restructuring in certain sectors. In 2009, the Lithuanian Labour Exchange (further referred as LLE) offices received 286 notices about expected group employee layoffs, 12 thousand employees were warned about dismissal. To compare to 2008, the number of warned about dismissals employees and the number of issued dismissal notices rose twofold.

Bankruptcies were the main reason for dismissal counting for more than half of the received notices, other one in five notices were issued due to the changed economic conditions influenced by reduction in the service or output. Most, 55 announcements of planned layoffs were received from construction companies, 36 – from public administration, 32 – from wood and furniture manufacturing companies.

In the second half of the year, a positive trend emerged with the decreased number of planned group layoffs and employees warned about their dismissal.

AT THE END OF THE YEAR THE NUMBER OF UNEMPLOYED WITH RECENT JOB LOSSES DECLINED

At the end of 2009, the number of unemployed with recent job loses declined, but the share of never employed or those with a long time-out of work increased. Those unemployed for 2 or more years made up 17.2 % of total unemployed in December. In November, they respectively made up 16.5 %, in October – 15.1 %, in April – 11.9 %. In the fourth quarter, never employed made up 13.1 %, while in the first quarter their share did not reach 10 %. In December, over 40 % of unemployed who lost their jobs in last three months were registered; in the midyear such unemployed made more than half.

THE NUMBER OF REGISTERED UNEMPLOYED INCREASED ALMOST THREE TIMES

At the end of 2009, 268.8 thousand unemployed were registered by the LLE offices. At the beginning of 2009, 95 thousand unemployed were registered within the country, i.e. 2.8 times less.

Some changes in the structure of unemployed have also occurred. The number of registered young up to 25 years old unemployed increased 3.4 times during the year. At the end of 2009, 39.1 thousand unemployed were up to 25 years old. With a large labour supply, it is more difficult for young people to get employed since most of them do not have professional training or work experience.

At the end of 2009, registered unemployed men accounted for 155.4 thousand, or 3.2 times more than a year ago. This was mainly influenced by the situation in construction, wood and furniture manufacture industries. These industries were identified as most affected by the globalization process. The unemployed dismissed from these industries may participate in projects funded by the European Globalisation Fund. The number of registered unemployed women counted for 113.4 thousand and it rose at a more moderate pace, i.e. 2.5 times.

WITH A LARGE LABOUR SUPPLY AND LIMITED DEMAND, THE PROBLEM OF LONG-TERM UNEMPLOYMENT WAS EMERGING

In 2009, the number of long-term unemployed increased from 3.1 to 38.7 thousand. At the end of the year, long-term unemployed made up already 14.4 % of total unemployed. The average duration of unemployment in 2009 was 5.8 months, or 1.3 months longer than in 2008.

THE UNEMPLOYMENT RATE OF GROWTH HAS SLOWED DOWN AT THE END OF THE YEAR

In a year registered unemployment in Lithuania increased by 8.1 percentage points (pps). On 1 January 2009, the unemployed registered at the local LLE offices made up 4.4 %, on 31 December – 12.5 % of the total country's working age population. With the rise of unemployment in the country, the unemployment rate of growth at the end of the year was slower than at the beginning of the year. At the beginning of 2009, 1.4 pps unemployment growth per month was fixed, while at the end of the year, the growth diminished by 0.8 pps.

At the end of 2009, young unemployed made up 8.1 % of the total country's 16 – 24 years old population. Men unemployment made up 14.4 % of total working age male, women – 10.5 % of total working age female population.

UNEMPLOYMENT INCREASED IN ALL MUNICIPALITIES OF THE COUNTRY

The lowest unemployment growth was in Neringa (1.9 pps), the highest – in Mažeikiai (12.7 pps). Most working-age population at the end of the year was registered as unemployed in Ignalina district (17.7 %), Akmenė (17.6 %), Druskininkai (17.5 %) and Mažeikiai (16.9 %) municipalities. The lowest unemployment rate was fixed in Neringa (4.0 %), Elektrėnai (8.1 %), Trakai district and Kazlų Rūda (each 8.8 %) municipalities.

Significant territorial disparities in unemployment remain: in December, the difference between the highest and the lowest unemployment was 13.7 pps.

FIXED-TERM JOBS OFFERS INCREASED, PERMANENT JOBS OFFERS DECREASED

In 2009, 91.8 thousand vacancies were registered, of which 67.9 % were for permanent employment. To compare to 2008, jobs for permanent employment fell by a

third, but fixed-time jobs offers increased two times: 29.5 thousand such offers were registered within a year. To compare to 2008, the total number of vacancies decreased by 16.2 %.

Job vacancies distribution by sector of economic activity is as follows: services – 60.8 %, industry – 21.2 %, construction – 11.4 %, agriculture – 6.6 %. To compare to 2008, job vacancies in agriculture made up by 1.4 pps bigger proportion of total registered job offers, in service sector – bigger by 0.7 pps. The comparative share of vacancies in industry and construction decreased accordingly by 1.6 pps and 0.6 pps. It was registered 53.2 % of total vacancies for skilled workers, but their share was by 2 pps fewer than in 2008. Demand for unskilled workers was similar to that in 2008 and made up 24.8 %.

In 2009, most job offers were registered for salespersons, heavy truck and lorry drivers, sales managers, cooks, painters, car and taxi drivers, and sewers.

PRIORITY – SUSTAINING THE LEVEL OF EMPLOYMENT



Under the circumstances of decreased labour demand, the LLE specialists assisted in providing employment for 122 thousand people, i.e. mere 0.7 thousand fewer than in 2008. With the market adaptation to the changed conditions, the number of employed for permanent job decreased by 15 %, however, fixed-term employment increased by 2.1 times.

EVERY THIRD REQUESTING GOT EMPLOYMENT

Most jobs were available for salespersons, drivers, cooks, painters, and managers. More than every third employed was additionally supported at the labour market, every fifth or sixth – a young person up to 25 years old or over 50. It was fewer women employed than men (47 % of total employed). Long-term unemployed made-up about 5 % of total

employed. In 2009, almost 18 thousand unemployed started up their business by acquiring preferential business certificates.

EMPLOYERS PREFERRED TO EMPLOY 2.6 THOUSAND NATIONALS OF THIRD COUNTRIES, 2.2 THOUSAND WORK PERMITS WERE ISSUED

Seeking to satisfy the employers' needs for skilled labour force and on the condition that the national labour market could not provide relevant skill employees, the Lithuanian Labour Exchange issued 2.2 thousand work permits, and this is less than in 2008. Most work permits were issued for work in services (49 %) and industry (31 %) sectors. Drivers, ship metal construction assemblers, ship metal hull assemblers and welders, and restaurant cooks were demanded mostly.

Foreigners from 29 countries came to Lithuania, most of them from Byelorussia (28 %), Ukraine (26 %), and Turkey (24 %).

COOPERATION WITH EMPLOYERS



During the period of the national economic downturn, only close cooperation with employers enable residents to maintain their employment. In 2009, the LLE was looking for new employers and provided mediation services to fill vacancies. Companies were encouraged to use electronic and other self-service based solutions for quick selection of required employees.

On 1 January 2010, the local LLE offices provided their services for almost 49 thousand employers. This accounts for more than half (63%) of the total operating enterprises in the country.

To encourage employers to create new jobs, the Social Security and Labour Ministry and the Lithuanian Labour Exchange

established the annual Employer Nomination to publicly thank and reward employers. Among those who received the highest honour were the enterprises that created new jobs without additional support from the LLE, also, active members of society who started their business and created jobs for themselves and other.

PROGRAMMES FOR MITIGATING SOCIAL CONSEQUENCES OF GROUP LAYOFFS

In 2009, 147 preventive action programmes were prepared involving almost 4 thousand people warned about dismissal. They participated in the active labour market support policy measures or filled the vacancies registered with the LLE offices.

To reduce psychological tension, the LLE specialists organised meetings with employers and employees in their enterprises seeking to help them in job transfer. They provided consultancy, counselling, individual activity planning and mediating services.

SUPPORT FROM THE EUROPEAN GLOBALISATION FUND FOR MITIGATING THE EFFECTS OF UNEMPLOYMENT

In 2009, the first project financed from the European Globalisation Adjustment Fund was implemented aimed to support the dismissed textile industry Joint Stock Company “Alytaus tekstilė” employees. The total project cost – 2064.8 thousand LTL. 619 Joint Stock Company “Alytaus tekstilė” job losers were provided with the labour market services, 350 people participated in the active labour market policy measures. 356 former Joint Stock Company “Alytaus tekstilė” employees were employed for fixed-term or permanent job, 12 persons became self-employed by obtaining business certificates.

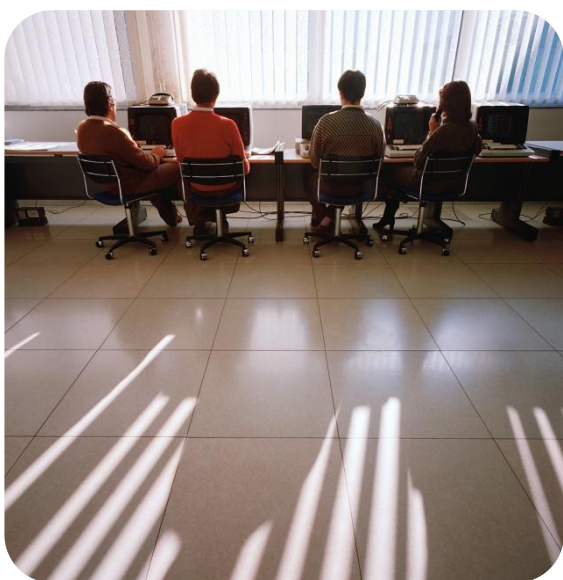
In 2009, another project supported from the European Globalisation Adjustment Fund was set up to help dismissed employees from the refrigerator manufacturer Joint Stock Company “Snaigė”. The total project cost accounted for 1371.4 thousand LTL. The labour market services were provided for 469 former Joint Stock Company “Snaigė” employees, 76 people were employed for fixed-term or permanent job, 15 people participated in the active labour market policy measures. Job search expenses compensation was paid for 384 unemployed, 2 former Joint Stock Company “Snaigė” employees benefited from wage difference compensation, 7 people applied for entrepreneurship promotion benefit.

As a result of the economic downturn, in the second half of 2009 three applications were submitted for getting support from the European Globalisation Adjustment Fund to aid the employees dismissed from building construction, furniture production and sewing industries. The total project cost – 12.2 million LTL, the duration – 24 months. The object

of support is individual job search, creation of new jobs, skills development and acquisition of new competencies, maintenance of performance skills, and support for employment.

It was further implemented the Law on Additional Employment and SOCIAL GUARANTEES for the EMPLOYEES of the State Enterprise IGNALINA NUCLEAR POWER PLANT (INPP). Services were provided for 629 redundant or dismissed INPP employees and their family members.

PRIORITY ATTENTION FOR PROMOTING YOUTH ACTIVITY



Youth was provided with more educational and employment opportunities to sooner enter the labour market and to avoid long-term unemployment. The active labour market policy measures were applied to solve the problems of youth work skills and experience lack. In 2009, 11.2 thousand young unemployed participated in the active labour market policy measures. 62 % of job skill support measure participants and 42 % of vocational training participants were young people up to 25 years old. After implementation of job skill support and job rotation measures, more than 60 % young unemployed participants established themselves in the labour market. In 2009, the total number of young unemployed who got employment accounted for 22.2 thousand.

Youth, the social group who was the mostly affected by the economic crisis, can get a real help at the youth employment centres. More than 250 thousand young people applied for such services. They learned to discover their strengths, find out what their talents might be attractive to an employer, developed motivation and skills to seek employment and pursue a career.

TRAINING OF UNEMPLOYED AND PROMOTING OF EMPLOYMENT

VOCATIONAL TRAINING

9.4. thousand job-seekers improved their professional skills and competitive opportunities.

5.1 thousand persons acquired professions in services sector, 4.1 thousand – in construction and industry, 0.2 thousand – in agriculture.

75 % participants of vocational training were unskilled, every second – up to 25 years old, every sixth – over 45 years old.

After completing vocational training, 61 % persons with acquired additional qualifications and competences got employed within 6 months.

SUPPORTED EMPLOYMENT

Support for integration in the labour market was provided for 31.7 thousand jobseekers. 16.1 thousand employers received a subsidy to compensate for the wage of employed persons. 95 % of these employers were from small and medium business enterprises.

Subsidised employment provided an opportunity for 9 thousand additionally supported persons to return to the labour market. Among the participants, every second was raising young or disabled children up to 18 or it was a person over 50 years old, every tenth – the disabled or long-term unemployed. After the measure was over, 52 % participants stayed at work.

ACQUISITION OF PROFESSIONAL SKILLS

By participating in the acquisition of professional skills measure, 3.8 thousand persons either established their professional skills, or acquired/updated their skills directly in the workplace. Among them, some persons started working according to an acquired qualification, some completed professional rehabilitation programmes, some were not employed for 2 or more years or long-term unemployed. Every second participant was a graduate or a person who finished vocational training provided by the LLE. After acquisition or update of professional skills, 64.3 % participants of the measure continued to work in the same or another similar type enterprise.

PUBLIC WORKS

Temporary employment promotion was provided for 18.8 thousand job-seekers. 2.1 thousand public works participants were shorter hours working employees from enterprises facing economical difficulties. 55 % participants were rural residents, 30 % were working age persons over 50 years old.

Public works participants planted about 506 hectares of forests, tidied up or put in order over 4763 hectares of parks, beaches, river and lake shores, cemeteries, over 1800 objects of historical and cultural heritage or social objects. After completing public works for support of local infrastructure, 10.5 % participants got employed.

331 economic difficulties facing enterprises implemented public works to sustain jobs for their employees. 98 % of these enterprises were small or medium business enterprises.

JOB ROTATION

Job rotation allows to temporarily replace employees with jobseekers during a special leave of employees, or in the cases provided for in collective agreements. By applying this measure, 589 persons were employed, of them 85 % female, 24 % youth up to 25 years old, 7 % working age persons over 50 years old.

Every second person was employed in services, every fifth – in industry sectors. 61 % measure participants got employed by gaining work experience and by demonstrating adequate preparation to compete in the labour market.

SUPPORT FOR JOB CREATION

New jobs for disabled persons were created with the state support.

Supported by the state, employers created 121 new jobs for disabled persons, 30 % of which were established for persons with their working capacity up to 40 %.

Depending on their health condition, the disabled were given a possibility to work as different type vehicle drivers, salespersons, car repairers, cooks, and simple workers.

By supporting self-employment, the disabled were provided with a possibility to work at home.

To enhance self-employment, the state provided support for creation of 66 new jobs. 60 disabled persons with their working capacity up to 40 % created jobs for themselves. Every third had an opportunity to work at home. Employers (former unemployed), a small

enterprise establishers, created 6 new jobs and employed persons cooperating with the LLE.

In the areas, officially recognised as high-unemployment areas by the Lithuanian Government, 41 Local Employment Initiatives (LEI) project was implemented.

By implementing LEI projects, 162 new jobs were created in the highest unemployment territories. More than half of the projects were implemented in the rural areas with creation of 91 new jobs.

Most projects were implemented in services (20) and industry (18) sectors.

A new measure was implemented encouraging the unemployed to get employed in jobs remote from their places of residence.

Support for the territorial mobility of the unemployed allowed to provide help for people who got employed in jobs remote from their places of residence. Such persons got compensation for their job related travel and accommodation expenses for a set period of time.

State support ensures work of people with disabilities in social enterprises.

In a year, in total a social enterprise status was granted for 24 enterprises, 10 of which got a social enterprise status and 14 got the disabled social enterprise status.

Social enterprises were administered by 20 local LLE. Most enterprises were established in Vilnius (42) and Kaunas (20).

At the end of 2009, 102 social enterprises operated, 74 of which had the disabled social enterprise status. They employed 2787 employees, 1805 or 64.7 % of them belonged to the additionally supported target groups.

During the period, enterprises established and adjusted 80 jobs for the disabled persons. Aided by the state support, social enterprises employed 107 assistant, who assisted 715 disabled in performing their job functions.

PROFESSIONAL REHABILITATION

In 2009 the network of professional rehabilitation services expanded. Rehabilitation services were provided by 11 institutions in Vilnius, Kaunas, Šiauliai, Radviliškis, Palanga, Tauragė, Mažeikiai and Trakai. By participating in professional rehabilitation programmes, 340 disabled persons acquired or recovered working skills. It helped 42 % of the programme graduates to integrate in the labour market. Professional rehabilitation was supported both from the EU funds and from the Lithuanian state budget.

Most often the disabled chose an accountant, a jeweller, a course in computer basics, an enterprise activity organizer, a tile installer, a salesperson, a nurse assistant, a small business administrator and an accountant professions and training programmes.

EU-FUNDED PROJECTS

In 2009, the Lithuanian Labour Exchange carried out 6 projects supported from the European Social Fund (ESF). The total cost of these projects accounted for 148.3 million LTL.

Three projects supported from the European Structural Funds were further implemented.

By implementing ESF projects “Occupational Enhancement of the Unemployed” and “Increasing of Employment Opportunities”, 33.1 thousand persons took advantage of the services provided by the active labour market policy measures.

By implementing the “Social Enterprise Support Project”, support was provided for 66 social enterprises, compensation for wages was paid to 975 employees of the social enterprises, 103 assistants to the disabled helped to perform working functions for 703 disabled, 183 disabled persons participated in special and general training.

3 new ESF projects were launched amounting for 80.8 million LTL. 16.6 thousand persons benefited from these projects by earning for living. Besides, over 2 thousand persons working shorter hours at enterprises facing financial difficulties sustained their jobs, 323 disabled participated in professional rehabilitation programmes.

IMPROVING OF QUALIFICATION

In 2009 an application for the Development of Human Recourses Competencies at the Lithuanian Labour Exchange and its Local Offices Project was submitted. The total cost of the Project accounted for 2 670 389 LTL. The Project participants improved their general and special abilities. The duration of the Project was 24 months. The main Project activities were aimed at improving special abilities of the LLE specialists working directly with customers. Acquired knowledge will help in improving customer service under the increased unemployment conditions. As a part of the Project, computer literacy and foreign language teaching are foreseen. 383 employees of the LLE and its local offices will improve their qualifications. Foreign language teaching began in October 2009, other activities are planned for April 2010.

IMPLEMENTATION OF THE PROJECTS SUPPORTED FROM THE EUROPEAN REGIONAL DEVELOPMENT FUND (ERDF)

Seeking to lay down good working and customer service conditions as well as to improve the quality and diversity of the services provided by the LLE, the Development of Infrastructure of the Local Labour Exchanges for the year 2007-2010 Project was further implemented. The Project is co-financed from the ERDF (85 %) and the Employment Fund (15 %) and was implemented in 12 LLE offices. Since the beginning of the Project until 31 December 2009, 78 million LTL, or 90.4% of total Project cost, was used for construction/reconstruction works or other activities. During 2009, the total amount spent for construction works, purchase of goods and provision of services accounted for 45.1 million LTL. The construction/reconstruction of Kaunas, Plungė, Kaišiadorys, Kelmė, Telšiai, Varėna, Mažeikiai and Palanga local LLE buildings was completed and the buildings were considered suitable for exploitation.

85.81 % of total work was performed constructing the buildings of the local LLE in Zarasai, 91.09 % - Joniškis, 91.38 % - Šalčininkai, 49.64 % - Biržai.

In 2009, a new Project “Provision of Electronic Public Services to Employers and Citizens (eDBIRZA)” was launched. This Project is co-financed from ERDF and the Lithuanian state budget. The Project objectives are to develop two new electronic services for the labour market participants – citizens and business. The modern information technologies will facilitate the customers in search of right jobs or wanted employees.

Electronic services facilitate the job-seekers in creating their curriculum vitae (CV), submitting requests for work, registering with the labour exchange, drawing up an employment plan or getting necessary information and consultation. The unemployed will be sent electronic recommendations for employment. They will also receive reports on services provided by the LLE. University and high school students will be offered the registration and search of vacancies.

E-services for business will include the following functions: registration of vacancies; registration of an enterprise’s data and activity tendencies; labour fair orders; submitting of requests for work permits; selection and administration of possible candidates; registration of the offers on the organization of the active labour market policy measures and reporting about their implementation;

providing of interactive information and consultations; granting the mandate for an employer’s representative.

Employers themselves will be able to administer sent applications and received job offers or to order the news.

FUNDING OF THE LABOUR MARKET MEASURES

To administer the labour market programmes implemented by the Lithuanian Labour Exchange

consolidated funds are used. In total for the implementation of such programmes 836.9 million LTL was used, including 623.4 million LTL from the Employment Fund, 22.5 million LTL – from the state budget, and 191 million LTL – from the EU funds.

For funding of active labour market policy measures, 152 LTL was used.

Unemployment insurance benefits accounted for 539.2 million LTL. In 2009, 386.1 million LTL was paid for the unemployed persons and this is more than in 2008 (153.1 million LTL). In 2009,

the unemployment insurance benefit was allocated for 175.1 thousand unemployed or 98.8 thousand unemployed more than in 2008 (76.3 thousand LTL).

For the further administration of social enterprises 21.2 million LTL was used. 9.3 million LTL was used for providing of professional rehabilitation services.