

Estonia provides good support to jobseekers, but does not reach everybody

The Estonian labour market has outperformed most EU countries after the global financial crisis. The employment rate of people in working age stood at 73% in the third quarter of 2020, up from 61.3% in 2010 and above the OECD average of 66.7%. Estonia provides comprehensive and targeted support to jobseekers, workers and employers. The Public Employment Service provides effective policies addressing the individual needs of the clients and cooperates pro-actively with a wide range of stakeholders. However, many people still lack stable jobs and incomes and are not in touch with the Public Employment Service to get the support they need, according to a new OECD report.

[Connecting people with jobs: Improving the provision of active labour market policies in Estonia](#) says that despite good labour market outcomes, about one quarter (26%) of the working age population could achieve better labour market outcomes through targeted support. Many of them face challenges related to their skills (68%) and family-related challenges (64%), such as care obligations. In many cases, they face several obstacles simultaneously and require an integrated approach.

Estonia's active labour market policies (ALMPs) are responsive to labour market needs. However, ALMPs reach only 39% of people who are weakly attached to the labour market, and only 33% of people who are out of employment for more than one year.

“Reinforcing outreach to vulnerable groups far from the labour market is crucial to ensure that more people in Estonia get the support they need,” said Stefano Scarpetta, OECD Director for Employment, Labour and Social Affairs.

Improved cooperation between the Public Employment Service and other relevant institutions providing social, health and education services would help reduce gaps in support to vulnerable groups. Notably, municipalities should be the “first respondents”, supporting vulnerable groups with social welfare services, and cooperating with other institutions when needed.

Further improvements in the provision of ALMPs could be supported by a leaner regulatory framework. The current legal regulations support flexible and effective policy responses but are complex, which leads to administrative inefficiencies. A leaner regulatory framework would enable Estonia to support flexibility in policy design while maintaining the capacity to respond to labour market changes.

* The OECD releases today the review “Connecting people with jobs: Improving the provision of active labour market policies in Estonia”. This review discusses the performance of active labour market policies in Estonia and identifies opportunities for improvement. It was prepared in the framework of technical support provided by the European Commission's [Directorate-General for Structural Reform Support \(DG-Reform\)](#) and the OECD to Estonia's Ministry of Social Affairs, with funding from the European Union's [Structural Reform Support Programme](#). The report is available here: