



# PANORAMA

## Sectoral training funds in Europe





Cedefop

## Sectoral training funds in Europe

Cedefop Panorama series; 156

Luxembourg: Office for Official Publications of the European Communities, 2008

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Luxembourg: Office for Official Publications of the European Communities, 2008

ISBN 978-92-896-0546-5

ISSN 1562-6180

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Printed in Belgium

# Foreword

Human capital plays a crucial role in achieving economic growth, employment and social objectives. Investing more in people through a life-cycle approach to employment and education and modernising labour markets is the first action among the priorities discussed in the *Strategic report on the renewed Lisbon strategy for growth and jobs: launching the new cycle (2008-10), keeping up the pace of change* (European Commission, 2007c). Conclusions of the Council on the role of skills and competences in taking forward the Lisbon goals (Council of the European Union, 2005) invited Cedefop to complete an overview of different sectoral approaches to skills and competences across the European Union.

European Ministers responsible for vocational education and training included sectoral approaches among the main priorities of enhanced European cooperation on the subject (European Commission, 2002), emphasising increasing support to the development of competences and qualifications at sectoral level, by reinforcing cooperation and coordination among the social partners. The Maastricht communiqué 2004 (European Commission, 2004) asked Cedefop to assist with reporting, monitoring progress, and exchange of experience through the mapping of sectoral activities. The Helsinki communiqué 2006 (European Commission, 2006) calls for ‘active partnership between different decision-makers and stakeholders, in particular social partners and sectoral organisations, at national, regional and local level’. Social partners’ framework of actions for the lifelong development of competences and qualifications<sup>(1)</sup> fosters shared responsibility and joint investment in competence development through training funds.

The European Union’s Education and training 2010 work programme has set 16 core indicators for monitoring progress towards the Lisbon objectives in education and training<sup>(2)</sup>. One of these benchmarks is participation by adults in lifelong learning; at least 12.5 % EU average of the population aged 25-64 should be participating in education and training. In 2006, this figure was 9.6 %, well below the benchmark. Sectoral training funds could contribute to achieving this target, which has also been a part of the European employment strategy for five years.

This publication examines such sectoral training funds, designed to foster education and training financed and managed by employers and employees. It is the first time that Cedefop has gathered available information about financing vocational education and training through sectoral training funds. The report provides in-depth coverage of a wide range of sectoral experiences, detailing governance, income sources, types of activities, and strong and weak aspects. Adequate information is the key to understanding what is happening in training funds to strengthen mutual learning and evidence-based policy-making.

Aviana Bulgarelli,  
Director of Cedefop

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<sup>(1)</sup> Available from Internet: <http://www.etuc.org/a/580> [cited 31.3.2008].

<sup>(2)</sup> Available from Internet: [http://ec.europa.eu/education/policies/2010/et\\_2010\\_en.html](http://ec.europa.eu/education/policies/2010/et_2010_en.html) [cited 31.3.2008].

## **Acknowledgements**

This publication is a collective effort. In particular our thanks go to the major contributors:

- Cedefop, Peter Szovics for the overall coordination and management of the project;
- Ikei Research and Consultancy, Antonio Corral for coordinating the network of national experts and Iñigo Isusi for producing the comparative analysis. The list of national experts involved in the research is provided in Annex A.
- social partners who complemented the available information on sectoral training funds. The list of experts interviewed can be found in Annex B.

This report also benefited from contributions and comments by the members of the reflection group, namely Hans-Detlev Küller, Anders Vind and Maria Angeles Asenjo.

The support, encouragement and generous help of colleagues from Cedefop, in particular Patrycja Lipinska, Loukas Zahilas, Tormod Skjerve and Manuel Galvin Arribas, is gratefully acknowledged.

Parts of this report were presented during the Agora conference ‘Investing in people: strategies for financing VET’, held in Thessaloniki in May 2008.

# Preface

Education and training have become an important theme for cooperation between the social partners at regional, national, sectoral and cross-sectoral levels. Effective and efficient policies consider the characteristics and specific needs of sectors. The sectoral level provides a valuable framework for training, because it meets the requirement of the particular industry and ensures quality requirements in sectoral bodies.

Demand for a more and better educated workforce continues to increase. The challenge is how to establish new and emerging financing strategies to mobilise additional public and private financial resources. In 2006 Cedefop initiated a study in a selected number of countries to gain a deeper and more detailed understanding of the functioning of sectoral training funds managed by the social partners. The research was conducted in 2007 and finalised in 2008. In the context of the study, sectoral training funds (STFs) are used to finance continuing vocational education and training (VET). These funds are financed by a tax or a levy on wages and are managed by employers and employees. The sectoral dimension can be either explicit (separate funds for each sector) or implicit (multi-sector funds or cross-industry funds of which collection and/or allocation of funds have a sectoral dimension).

This report is structured in five main chapters. Chapter 1 provides information on the role and importance of lifelong learning and continuing vocational training (CVT) activities in the European economy, with a focus on existing barriers to training for some groups and on some of the initiatives taken at EU level in response. Chapter 2 provides a general overview of STFs in Europe, with a focus on the increasing role of social partners, often in cooperation with public authorities in formulating policy strategies to support continuing training among enterprises and individuals. Chapter 3 provide a detailed description of the existing national experiences of STFs in Belgium, Denmark, Spain, France, Italy, Cyprus, the Netherlands and the UK. Each country is described separately basis but comparably, with background information and policy context followed by governance, funding and output measurement and identification of good practice. Then there is evaluation of the STFs. Chapter 4 supplements the country descriptions with comparative analysis of these eight national experiences, and a qualitative assessment of the analysed STFs, based on the information collected from the different national descriptions, the interviews conducted and the analysis of available literature on the issue. Finally, Chapter 5 concludes with several recommendations for policy-making identified from the research results.

Attractiveness of STFs has grown in recent decades in the countries analysed. One of the main areas of cooperation between social partners in Europe is mobilising resources and sharing costs and responsibilities for training. STFs provide a platform to stimulate training activities. In addition, STFs may carry out a wide array of different training-related activities, with differences by countries, such as advice and support activities for employers in training-related issues, research activities intended to monitor and forecast labour-market needs, and other non-training related measures. These activities usually favour a more equal redistribution of training

opportunities among underrepresented groups. Examples include low-skilled or older employees, as well as unemployed or young people leaving the formal education system.

Governance in the Belgian, Danish, French, Italian and Dutch STFs is through voluntary arrangements among social partners within the sectoral collective agreements. Social partners in Cyprus and Spain reached an agreement at national level, creating a unique STF with an intersectoral tripartite approach. The UK model is different, because sector skills councils have been created as employers' initiatives, supported by the public authority, although they are governed by boards also including employee representatives.

STFs are mainly financed via a compulsory training levy on the enterprises' payroll; this ranges from 0.1 % to 2.5 % in the countries under investigation. However, France is an exception because enterprises, subject to a 'train-or-pay' mechanism, may decide to spend the minimum contribution on training by themselves or to transfer the contribution to the training fund. In most of the countries resources are collected by national social security offices or external institutions. Afterwards, the financial support is redistributed to enterprises in the form of grants.

Despite important differences among the analysed countries, STFs are seen as an interesting alternative for financing CVT policy. However, there are also weaknesses, discussed in detail in the report.

The sustainability of training funds in the future will depend on effective cooperation between social partners, reassessment of how they are financed, how to ensure that they are more efficient and focus on more targeted approach, and directing more funding at harder to reach employees.

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## Executive summary

Investing in human resources and skills, principally through education and training is widely recognised as a key engine of economic growth, competitiveness and social cohesion. However, market failures lead to under-provision of training opportunities, especially for some groups of companies, and low-skilled and disadvantaged workers. Consequently, public authorities intervene in the training market for equity and efficiency reasons using a wide array of financial and non-financial policy instruments.

An increasingly important public policy strategy is promoting social partners' involvement in providing and encouraging access to training. Cooperation between social partners may cover different areas, for example, identification of skills needs, qualifications frameworks, mechanisms for skills recognition and certification, resource mobilisation and financing and different levels (national, sectoral, enterprise). The Copenhagen declaration of November 2002 (European Commission, 2002) said that social partners play an indispensable role in developing, validating and recognising vocational competences and qualifications at all levels. The subsequent Maastricht and Helsinki communiqués in 2004 and 2006 (European Commission, 2004 and 2006b) stressed the advantages of active partnerships between decision-makers and stakeholders, in particular social partners and sectoral organisations.

A key area of cooperation between social partners in Europe is in mobilising resources and sharing costs and responsibilities. Social partners (sometimes assisted by public authorities) are working together in several European countries to establish and jointly govern bipartite or tripartite sectoral training funds (STFs) to finance lifelong learning and training. STFs are based on voluntary or compulsory training levies/taxes. The sectoral dimension can be explicit (for example separate funds for each sector) or implicit (multi-sector funds or cross-industry funds where the collection an/or allocation of funds have a sectoral dimension).

Experience of STFs in eight European countries (Belgium, Denmark, Spain, France, Italy, Cyprus, the Netherlands and the UK) has been extensively investigated for this report.

### Box 1: STFs analysed in the report

Belgium	<i>Sectorale Opleidingsfondsen – Fonds des Formation Professionnelle</i> [vocational training funds]
Denmark	<i>Uddannelsesfonde</i> [educational funds] and <i>Kompetenceudviklingsfonde</i> [competence development funds]
Spain	<i>Fundación Tripartita para la Formación en el Empleo</i> [Tripartite Foundation for training in employment], plus case studies of labour foundation of construction and foundation of metal for training, qualification and employment
France	<i>Organismes Collecteurs Paritaires Agréés</i> (OPCAs) [approved collecting organisations]
Italy	<i>Fondi Paritetici Interprofessionali per la Formazione Continua</i> [interprofessional funds for continuing training]
Cyprus	<i>Αρχή Ανάπτυξης Ανθρώπινου Δυναμικού Κύπρου</i> [Human Resource Development Authority]
Netherlands	<i>O&amp;O Funds</i> , comprising <i>Scholingsfondsen</i> [training funds] and <i>Opleidingsfondsen</i> [educational funds]
United Kingdom	Case studies of ConstructionSkills, Skillset and Engineering construction industry training board (ECITB).

STFs vary greatly across European countries. Differences include the number of STFs in each country, their bipartite or tripartite nature and the type of activities and target groups supported. In countries with many STFs (Belgium, Denmark and the Netherlands), the differences can reflect the freedom of sector social partners to develop ad hoc solutions to deal with sector-specific problems.

Different models of collective bargaining have led to differences in STFs. Belgian, Danish, French, Italian and Dutch STFs were created through voluntary arrangements among social partners through sector collective agreements. This led to many 'autonomous' STFs, specialised either by sector, geography, profession, professional categories, company legal status or size. Sector specialisation and relative autonomy imply that each STF has its own ways of responding to specific training and labour-market needs.

Spain and Cyprus have a slightly different model where social partners agreed at national level creating a single STF with an intersectoral approach. In both cases governance of the fund is tripartite approach. The UK model is different again. Sector skills councils have been created led by employers and supported by the public authority, governed by boards including employee representatives.

With some exceptions, the STFs analysed are financed by a compulsory training levy on the enterprises' payroll. Levies range from 0.1 % to 2.5 %, depending on the country. They can also vary within countries depending on the company's characteristics. Except in France enterprises pay training levies irrespective of the training activities they may, or may not conduct. Payroll levies collected from enterprises are redistributed to them as grants to provide financial support for training. French enterprises are subject to a train-or-pay or levy-exemption mechanism.

In some countries STFs are responsible for collecting the levies (occasionally this is done by external financial enterprises). In others funds are collected by national social security offices, and then given back to the STF responsible for the final payment of the approved financial support. STFs in most countries can complement resources from training levies with other income sources, such as voluntary contributions, interests and donations. However, training levy incomes represent well above 75% of the income of STFs.

The main activity of the different European STFs analysed is encouraging training among individual or groups of enterprises, usually at the employers' initiative. There are several examples of individual employees requesting support for training-related activities to improve their personal promotion and employability.

In most cases STFs play an intermediary role in training provision between sector enterprises and training suppliers (selected either on a free basis or from a catalogue of certified providers). Usually they reimburse costs to enterprises once training is complete. STFs usually cover only direct training costs (training fees), although there are examples supporting indirect costs such as employee travel and subsistence. Some STFs require employers to joint finance training with important differences related to enterprise size.

STFs may also carry out a wide array of training-related activities, such as advice and support for employers in training-related issues (company training plans, evaluation of training needs).

In addition to upgrading and reskilling sector employees (and occasionally managers and employers), STF activities usually favour a more equal redistribution of training opportunities among underrepresented groups, for example low-skilled or older employees, the unemployed, young people leaving formal education.

From a qualitative perspective, despite important differences between the countries analysed, STFs illustrate their value as an option for continuing vocational training policy:

- (a) playing an invaluable role in fostering and strengthening cooperation and social dialogue;
- (b) serving to increase companies' awareness on the importance of training and their commitment to these activities;
- (c) having a crucial role in increasing the resources devoted to training activities;
- (d) mutualising financial resources in STFs, stabilising the available funds and thus giving continuity to the training activities;
- (e) reducing inter-enterprise training investment differentials, in particular allowing smaller firms to benefit in a distinctive way;
- (f) reducing inequities in accessing training for certain disfavoured workers' groups and contributing to broad-based social progress;
- (g) contributing to quantitative and qualitative improvement in available training, helping to adapt it to specific sector needs;
- (h) being real sector knowledge centres of expertise in labour and training-related issues (intermediation, research, consulting and advice, etc.).

Notwithstanding their positive points, STFs have several negative ones:

- (a) compulsory contributions (levies) to training are sometimes seen by employers as adding to high employment costs;
- (b) not all enterprises benefit from training activities supported by STFs, despite training levies being compulsory (particularly SMEs);
- (c) difficulties and costs in meeting all the conditions required to file grant applications and comply with STF procedures (red tape/bureaucracy problem);
- (d) levy-based funding schemes are often criticised because of high deadweight effects (subsidising programmes that would have been provided in any case);
- (e) a risk of dullness as STFs benefit from captive resources (compulsory contributions) irrespective of the quality of the services and training activities provided;
- (f) STFs are sometimes criticised for being particularly concentrated in providing specific sector-related skills, reflecting very much employers' perspectives and needs and not so much those of individual employees'.

Considering these issues, there are several recommendations to improve the efficiency and impact of STF activities:

- (a) ensure effective cooperation between social partners;
- (b) improve the managerial capabilities of STF governing bodies and administrative staff;

- (c) limit and streamline administrative procedures for subsidy schemes while ensuring transparency and minimising abuse;
- (d) ensure employers and employees are well acquainted with the range of training opportunities offered (communication and marketing);
- (e) certify training providers and courses: clarity of supply, quality standards and recognition of qualifications;
- (f) consider that the need for training, skill levels and training costs may vary among sectors when deciding on levy rates;
- (g) ensure that financial support provides a real incentive for enterprises to participate in training activities (adequate compensation);
- (h) consider both employers' and workers' interests and the need to make STF-supported training a success;
- (i) introduce target groups (both of companies and of workers) as an effective way to assure that training activities benefit specific collectives;
- (j) consider widening the sector-specific focus of the training provided to facilitate the employability and mobility of workers to other jobs/sectors;
- (k) monitor and evaluate the effectiveness and fine-tuning of the activities of the STF.

# **1. The importance of lifelong learning and continuing vocational training in the European economy**

## **1.1. The key role of human capital in the current economy**

Investment in human resources and skills (basically through education and training) is currently recognised as one of the key engines for both economic growth and social cohesion. The existing literature shows several benefits for countries, enterprises and individuals derived from investing in human capital. Examples of these benefits include (Torres, 2003):

- (a) Cedefop's third report on vocational training research in Europe, after surveying the empirical results from a wide range of model specifications (Sianesi and Van Reenen, 2000, quoted in Cedefop, Descy and Tessaring, 2004) concluded that an overall 1 % increase in school enrolment rates leads to an increase in GDP per capita growth of between 1 and 3 %. An additional year of secondary education which increases the stock of human capital, rather than just the flow into education, leads to more than a 1 % increase in economic growth each year. The results vary dependent on the model specifications and the data sets in use;
- (b) the OECD has estimated that one additional year of average schooling raises, in the long term, GDP per capita by about six percentage points. In fact, and according to these estimates, human capital explains about 50 % of economic growth. A more in-depth analysis of the macro and micro returns on human capital investments can be found in other documents at European level (e.g. European Commission, DG EMPL, 2006);
- (c) a recent Statistics Canada study of 14 advanced countries has estimated that a country with 1 % higher-than-average literacy and numeracy skills would achieve labour productivity 2.5 % higher than other countries, and GDP per capita 1.5 % higher on average. In the long-term, investment in human capital, such as education and skills training, can be three times as important to economic growth as investment in physical capital (Coulombe et al., 2004);
- (d) human capital provides important benefits at microlevel for individuals as well; trained workers face much lower probability of unemployment, at about half of those who have not received training. When faced with unemployment, trained workers have a substantially higher probability of finding a new job. Further, trained workers benefit from higher wages and faster wage growth than non-trained workers (2.6 % higher than non-trained workers).

In this respect, both public policy-makers and social partners in developed and developing countries, as well as in European countries, are putting a particular emphasis on the need for continuing vocational training (CVT), e.g. on policies aimed at upgrading the skills and competences of adult workers (OECD, 2005). In the European case, this need is explained by four main factors in the context of the Lisbon strategy for growth and jobs (European Commission, 2007a):

- (a) policies can reduce social exclusion and income inequality, caused by insufficient human capital, by raising the skills and the employability of at-risk workers;
- (b) these policies can be a means of keeping older workers, who entered the labour force with low levels of schooling, active in the labour market, thereby sustaining European social protection systems;
- (c) policies targeted towards CVT are a crucial ingredient for implementing flexicurity policies; these mix flexibility and security by making internal labour markets more dynamic in the context of permanent economic changes, and workers' skills more transferable among employers, while reinforcing the perceptions of employment security;
- (d) these policies can help ensure that workers acquire the skills necessary to learn and innovate in a new era characterised by rapid change and learning, making European enterprises more competitive in the knowledge-based economy.

CVT for adults has taken a much higher profile in the last decade, resulting in an increasing range of learning opportunities related to employment, to the need for basic skills and upskilling, or responding to social and civic preoccupations.

## **1.2. Continuing vocational training in Europe**

Although investment in CVT activities is commonly accepted nowadays as a key element underpinning growth, competitiveness and social cohesion, the available empirical evidence on the issue shows that training opportunities are unevenly distributed among countries and individuals according to their personal characteristics.

In this sense, existing evidence from the European Union (EU) suggests the following (Nestler and Kailis, 2002a; 2002b; 2002c; Eurostat, 2007):

- (a) there are large cross-country variations in the incidence and intensity of continuing training for adults. Focusing on the results collected from the third Eurostat CVT survey (CVTS-3, preliminary data), it is possible to identify, for instance, a pronounced gap in participation in continuing training courses between the Nordic countries and the southern and some eastern ones;
- (b) most of the training is entirely funded by employers. In addition, existing empirical evidence also shows that most formal training provided is quite general and, therefore, provides skills that are transferable across firms;
- (c) employer-sponsored training is unequally distributed among specific individuals; those with higher educational attainment or those employed in high-skilled occupations/high in the hierarchical ladder have greater access to learning opportunities than others. Conversely, low-skilled workers receive less training. This is important, as it shows that job-related training does not compensate differences in initial education; these differences even increase during working life (EIM and SEOR, 2005a).
- (d) employees have more opportunities for employer-sponsored training when they are employed by large enterprises, they are young or they are men (although this

gender-related difference is not observed in all countries and it is partially due to sector considerations). Employers are also less likely to include immigrants and involuntary part-time and temporary workers when selecting which employees to train.

This confirms the well-known phenomenon that continuing training is unevenly distributed among individuals and enterprises, resulting in several disadvantaged groups compared to other privileged groups in their access to training activities (especially enterprise-financed training activities).

Despite the positive relationship between continuing training activities and growth, competitiveness and social cohesion, market forces on their own lead to under-provision of training opportunities, especially for certain groups of low-skilled and disadvantaged workers (which explains in part their low participation in CVT activities).

This situation comes from a range of market failures, e.g. situations in which markets do not efficiently allocate goods and services (for an extensive discussion on existing market failures, see Schömann and Siarov, 2005). These market failures comprise situations of labour-market imperfections, capital-market imperfections, and information asymmetries; and they result in several barriers underpinning either the employees' limited demand for training or the employers' limited supply of training (especially for certain groups), that can be summarised as follows (OECD, 2003; European Commission, 2007a):

(a) barriers among employers:

- (i) employers often lack adequate information on different training-related items (e.g. their specific training needs, available training supply, best ways to organise it, effectiveness of training, potential returns on training investment, etc.), so they ultimately decide to invest their limited resources in other areas (purchase of machinery and technology, improvements in physical plant, etc.), where they may feel that the payoff will be greater, or at least more immediate (uncertainty about return on training investment);
- (ii) employers are particularly worried by poaching and 'free-rider' practices, as other enterprises can hire newly trained workers or trained workers can seek out new jobs in other enterprises. These concerns often lead employers either to invest only in firm-specific training for their workers, to cut back on their spending in training or to avoid investing in training altogether. This situation particularly affects smaller enterprises, those enterprises in sectors with many firms or in low-tech industries where skills can be easily transferred to other enterprises;
- (iii) employers tend to choose training investments from which they expect a high return for the business. This fact may explain why training tends to concentrate on workers who are already highly-qualified or on those who have a main supervisory role in the enterprise, where this perception is reinforced when overhead costs of training are taken into account. This situation leaves out low-skilled or older workers, plus immigrants and those on involuntary part-time and temporary work. This reason may also explain the relatively low supply offered by enterprises to women compared to their male peers, as employers may expect lower benefit in the case of women (due to career breaks, maternity leave, etc.);

- (iv) small and medium-sized enterprises (SMEs) in particular may lack the economies of scale that can make training more feasible for larger firms. They may also have fewer funds to invest in training and encounter greater difficulties in obtaining both financing for such investments and information on existing supply. In addition to this, smaller firms may not feel the need for training as much as larger firms do, as smaller enterprises tend to be less likely to adopt new technologies than larger ones. Smaller firms, more than larger ones, may also feel they cannot afford to have workers take the time away from their work. Fears about poaching appear to be even stronger among smaller businesses, which tend to have higher employee turnover rates;
- (b) barriers among employees:
  - (i) in several cases, employees might be little interested in firm-based continuing training because it is not clear that this training will lead to higher remuneration, which reduces the workers' incentives to invest in their own human capital;
  - (ii) often, those adults most in need of education and training (e.g. low-educated or low-skilled individuals) are also those least aware of that need or of potential benefits from training (cognitive barriers), which results in a lack of motivation. Additionally, these workers may find it difficult to negotiate with their employers about the content and quality of their training need. Finally, they are also particularly affected by financial constraints (low education is often linked with low-income individuals) or personal barriers (e.g. senior workers think they are too old to learn);
  - (iii) individuals working in large firms may be more motivated to get involved in training as they usually have greater opportunities to benefit through internal promotion or reassignment within the enterprise;
  - (iv) lower demand appears to account for lower training participation by older workers. In such cases, labour-market imperfections affecting the distribution of training benefits and the length of employers' and employees' pay-back periods are perhaps behind this pattern;
  - (v) time constraints, lack of support services and lack of flexible training arrangements are also important barriers among adults for not being able to undertake learning, especially among those adults with family commitments. In fact, this group is less likely to exploit training opportunities available outside normal working hours, since these make them stay away from home for even longer hours (the same argument may apply for part-time employees due to family reasons).

In addition to these two types of barrier, it should not be forgotten that the existence of other institution-related barriers, such as the complex diversity of institutions (firms, trade associations, the public education system and private institutions), may provide learning in a fragmented and not transparent manner, or the inexistence of suitable incentives to reach those most in need.

### **1.3. Support to lifelong learning in the EU**

Lifelong learning and the contribution of education and training to general well-being and prosperity have been issues for Europe since the 1980s. In line with this, EU policy on education and training is based on Articles 149 and 150 of the European Community Treaty (European Union, 2006).

Lifelong learning came to the centre of the European political debate when the EU declared 1996 the European year of lifelong learning, where this role was reinforced in the extraordinary European Council of Luxembourg, in November 1997, dedicated to employment. The Lisbon European Council in March 2000 was the turning point in developing a lifelong learning policy in the EU. The Council set the strategic goal for the EU to become in the next 10 years the most competitive and dynamic knowledge-based economy in the world, capable of sustained economic growth with more and better jobs and greater social cohesion. Lifelong learning was viewed as a core element of this strategy, central not only to competitiveness and employability but also to social inclusion, active citizenship and personal development. In this sense, the Lisbon strategy advocates a more holistic approach, combining education and training with employment and social policies. The adoption by the Commission of the communication *Making a European area of lifelong learning a reality* (European Commission, 2001) in November 2001 reinforced, fully in line with the Lisbon strategy, the role of lifelong learning as a key tool for economic performance and competitiveness, as well as social cohesion.

A year later, the Education Council and the Commission endorsed a 10-year work programme called Education and training 2010 (Council of the European Union, 2001). This constitutes the Community's strategic framework of cooperation in education and training, where Ministers for education agreed on several goals and benchmarks to be achieved by 2010 for the benefit of the citizens and the EU as a whole. One of these benchmarks concerns the participation in education and training of those aged 25-64 of at least 12.5 % on EU average by 2010: this target is still far from being accomplished, as an average of 9.6 % of Europeans aged 25-64 participated in education and training activities in 2006, with only Denmark, Spain, the Netherlands, Austria, Slovenia, Finland, Sweden and the UK surpassing the target (European Commission, 2007b).

As a result, several actions are being developed by the European Commission. These include the lifelong learning programme 2007-13 and the activities developed by the European Social Fund (ESF), intended to improve employment opportunities in the EU by helping people to fulfil their potential by giving them better skills.

Focusing specifically on the VET domain, another important milestone in European policy on lifelong learning and training refers to Copenhagen process on enhanced European cooperation in VET, launched as the contribution of VET to the challenges identified in the Lisbon agenda to improve the overall performance, quality and attractiveness of VET in Europe.

In the Copenhagen declaration of November 2002 (European Commission, 2002), the ministers responsible for VET in the Member States, candidate countries, EFTA-EEA<sup>(3)</sup> countries, the European social partners and the European Commission agreed on enhanced European cooperation on the issue. The declaration identifies several priorities: the strengthening of the European dimension in VET (promoting mobility); the improvement of transparency, information and guidance; and the recognition of competences and qualifications (specially non-formal and informal learning) across the EU.

Several actions have resulted from the Copenhagen declaration, such as a resolution on guidance throughout life, principles for identifying and validating non-formal and informal learning, a common framework for quality assurance in VET and the Europass single framework for the transparency of qualifications and competences.

The first review of the Copenhagen process took place on December 2004 at a ministerial meeting in Maastricht and led to the Maastricht communiqué (European Commission, 2004). The Maastricht communiqué set out priorities for the next phase of the process and linked the Copenhagen process more firmly with the Education and training 2010 work programme; for the first time it introduced national priorities. Specifically for the Maastricht conference, the Lisbon-to-Copenhagen-to-Maastricht Consortium prepared the report *Achieving the Lisbon goal: the contribution of VET* (Leney et al., 2004) to assess the contribution of VET to achieving the goals set out at the Lisbon conference in 2000. Cedefop prepared a synthesis of progress and challenges (Cedefop, Tessaring and Wannan, 2004) and an overview of the developments for the second review in 2006.

Meanwhile, Helsinki hosted on December 2006 the second review of the Copenhagen process, which gave way to the Helsinki communiqué (European Commission, 2006). This communiqué underlines that, although the Copenhagen and Maastricht priorities remain valid, a more focused approach is needed concentrating on four priority areas:

- (a) the image, status and attractiveness of VET;
- (b) further development, testing and implementation of common European tools;
- (c) a more systematic approach to strengthen mutual learning;
- (d) active involvement and partnership of all stakeholders in the work as the Copenhagen process moves towards an implementation phase, in particular partnership between social partners and sectoral organisations at national, regional or local level.

It is expected that the third ministerial follow-up meeting will be held in 2008, to evaluate progress, to reinforce priorities and strategies for VET within the Education and training 2010 work programme and to reflect on the orientation of the process beyond 2010.

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<sup>(3)</sup> European free trade association (EFTA) and European Economic Area (EEA).

## **2. General experiences of sectoral training funds in Europe**

### **2.1. Public policy strategies for supporting continuing training among enterprises and individuals**

Previous sections have shown that despite the private benefits derived from training both for enterprises (higher productivity and profits) and individuals (higher salaries and career prospects), existing market failures and disincentives have a negative impact on the private investments employers and individuals are ready to carry out in training activities. These circumstances lead to a situation where the private optimum level of training is less than the social optimum level (European Commission, 2007a).

This argument has led public authorities to conclude that some form of public intervention is required for both equity and efficiency reasons. Countries agree on the long-term goals derived from active support for continuing training, including economic and non-economic reasons such as the need to target low educational attainment as well as social cohesion and development (OECD, 2003) (European Commission, 2007a). The last of these specifically targets those least likely to participate (and therefore benefit) in such training activities (Schmid et al., 1996).

Public authorities have developed a wide array of policy instruments intended to increase the supply of enterprise-provided training and the participation of workers in these training opportunities<sup>(4)</sup>. Focusing on employer investment in workplace training, the available evidence suggests that public authorities use a wide variety of policy levers to facilitate employers' training investments (training supply) (for a discussion on this issue see Canadian Council on Learning, 2007). Examples may include:

- (a) framework policies and legislation, in the sense that government policies, legislation and regulations can help establish a climate fostering competitiveness, productivity and investment in human capital;
- (b) financial measures to stimulate firm investment in workplace training, such as direct subsidies, tax credits and deductions (i.e. allowing firms to deduct the cost of training from profits when calculating tax) and loans with preferential interest rates. In addition, some governments impose strict, compulsory regulation of levels of enterprise training expenditure in an attempt to raise the level of training beyond that which is usually provided by the free market;

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<sup>(4)</sup> For a full description of the existing policy instruments at national level, see various materials developed by Cedefop, such as thematic overviews and detailed thematic analysis on CVT, published on eKnowVet, available from Internet: [http://www.trainingvillage.gr/etv/Information\\_resources/NationalVet/](http://www.trainingvillage.gr/etv/Information_resources/NationalVet/) [cited 26.2.2008].

- (c) non-financial support measures, in the form of information, advisory and referral services. Other useful forms of non-financial support include national recognition, qualification and certification systems, including recognition of prior learning and foreign credentials; support for innovative practices and testing of innovative approaches; sharing and dissemination of best practice.

In addition to increasing training supply offered by employers (employer training investment), public authorities in most countries are placing greater emphasis on fostering individual and employer demand. This approach gives a role to the shared or joint financing schemes (i.e. schemes channelling resources from at least two parties among employers, employees and governments, where the financial support from the government and/or the company are supposed to match the contribution by the individual to cover training investment costs). Examples of these joint financing schemes include voucher systems, tax incentives for individuals or individual learning accounts (ILAs), where such mechanisms can be designed to increase incentives to invest in human capital for employers, for individuals or for both.

## **2.2. The increasing role of social partners**

Another increasingly important line of public policy strategy is promotion of the social partners' involvement in provision of and access to training (Torres, 2003). It can be argued that, especially in middle and high income countries, both employers and workers value the contribution training makes to productivity and competitiveness, so both parties have an incentive to cooperate on training.

This cooperation between social partners, which may cover different areas (identification of skills needs, establishment of qualifications frameworks, mechanisms for skills recognition and certification, resource mobilisation and financing, etc.) and different levels (national, sectoral or enterprise level), is helpful for several reasons (Ok and Tergeist, 2003):

- (a) as public resources for training purposes have to be funded mainly through taxes on profits or wages, both employers and employees may resist adoption of such policies. The social partners' participation in public policy may help alleviate this resistance;
- (b) employers and employees are more likely than government to have in-depth information on current skill needs and are able, therefore, to design appropriate training programmes, develop standards and training courses and measure results;
- (c) employee-employer cooperation can also be effective in promoting greater workplace learning. Active involvement of employee representatives at company/establishment level may also help to increase the extent and efficiency of the training carried out through joint discussions of training requirements and training plans. The Eurostat CVT survey shows that participation in employer-sponsored training is significantly greater in firms with a joint CVT agreement than in firms without it (including SMEs);
- (d) collective agreements and trade union participation may also play an important role in ensuring equitable distribution of training outcomes, not only by diffusing information

and jointly defining curricula, but also by increasing employer supply to collectives which usually benefit less from training activities;

- (e) in several OECD countries, social partners run national or sectoral training funds into which enterprises pay a certain percentage of their payroll and from which enterprises can have their own training efforts (partially) reimbursed.

Conscious of the key role active involvement of social partners may play for increasing the investments in human capital, the Commission's Communication *Making a European area of lifelong learning a reality* (European Commission, 2001) already stressed in 2001 the key role the social partners should play in fostering and raising investment in lifelong learning, given their multiple role as 'consumers', investors, negotiators and promoters of learning.

The role of social partners has been reinforced since then. The Copenhagen declaration (European Commission, 2002) suggests that social partners play an indispensable role in the development, validation and recognition of vocational competences and qualifications at all levels. The subsequent Maastricht and Helsinki communiqués have both stressed the advantages derived from active partnership between different decision-makers and stakeholders, in particular social partners and sectoral organisations, at national, regional and local levels.

Within this context, the vital role of the social partners in lifelong learning is reflected both in the European social dialogue and the European social partners *Framework of actions for the lifelong development of competences and qualifications*, agreed in March 2002 as a contribution to the Lisbon strategy. This framework of actions identified four main priorities:

- (a) identification and anticipation of competences and qualifications needs;
- (b) recognition and validation of competences and qualifications;
- (c) information, support and guidance;
- (d) mobilising resources.

An extensive discussion on concrete examples of these agreements can be found in the annual follow-up reports of the framework of actions (a general compendium of these reports can be found in ETUC et al., 2006). The social partners are discussing with public authorities in all countries how to mobilise resources more efficiently for the lifelong development of competences and how to develop new and diversified sources of investment. They include a range of specific actions introduced through collective agreements or other means, depending on the countries' practices, and including the development of bipartite or tripartite training funds to finance company training activities (see below).

### **2.3. Sectoral training funds in Europe: definition and overview**

Training for work with a lifelong perspective has become a key subject in the dialogue among social partners, and between them and governments, resulting in social pacts or tripartite agreements with a view to increasing productivity and competitiveness (ILO, 2003).

One of the key areas of cooperation between social partners in Europe is in mobilising resources and sharing costs and responsibilities. Financing skills development is becoming a key challenge, so social partners are engaging in several initiatives, often in cooperation with public authorities, intended to mobilise added resources to finance lifelong competence development. These initiatives, introduced through collective agreements or other means, depending on the countries' practices, may include some of the following (ETUC et al., 2006):

- (a) influencing the design/reform of the financing system for development of tools to ease access to learning, such as learning vouchers, learning leave, learning grants, e-learning;
- (b) monitoring and promoting enterprise investment in competence development, for example by agreeing on minimum levels of investment in collective agreements;
- (c) awareness-raising activities on available sources of funding for companies and/or workers;
- (d) cooperation with education institutions at sector/regional level;
- (e) use of EU structural funds.

The social partners (sometimes assisted by public authorities) are also collaborating in several European countries in the establishment and joint governance of bipartite or tripartite STFs for lifelong learning and training activities. These training funds are based on the voluntary or compulsory setting up of a framework of training levies/taxes and bipartite or multipartite governance of training funds at sectoral or national level (Ok and Tergeist, 2003).

In the context of this study, STFs are understood as those funds used to finance CVET and which are funded by a tax or a levy on the wages and jointly managed by employers and employees. The sectoral dimension can be either explicit (e.g. separate funds for each sector) or implicit (e.g. multi-sector funds or cross-industry funds, of which collection and/or allocation of funds have a sectoral dimension).

STFs as defined in this report are not available in all the European countries participating in the Copenhagen-Maastricht-Helsinki process (basically the EU-27 plus candidate and EFTA countries). It is possible to identify experiences of STFs in several countries: Belgium, Cyprus, The Czech Republic, Denmark, France, Greece, Hungary, Iceland, Ireland, Italy, the Netherlands, Poland, Slovenia, Spain and the UK.

The extent and characteristics of all these national experiences widely vary from one country to the other.

Table 1: Countries with examples of STFs (analysed in next chapter)

Countries	Name of STF
Belgium	<i>Sectorale opleidingsfondsen</i> (in Flemish), <i>Fonds des formation professionnelle</i> (in French) [vocational training funds]
Denmark	<i>Uddannelsesfonde</i> [educational funds] and <i>Kompetenceudviklingsfonde</i> [competence development funds]
Spain	<i>Fundación tripartita para la formación en el empleo</i> [Tripartite Foundation for training in employment], plus the case studies of <i>Fundación Laboral de la Construcción</i> [labour foundation of construction] and <i>Fundación del metal para la formación, cualificación y empleo</i> [foundation of metal for training, qualification and employment]
France	<i>Organismes collecteurs paritaires agréés (OPCAs)</i> [approved collecting organisations]
Italy	<i>Fondi paritetici interprofessionali per la formazione continua</i> [interprofessional funds for continuing training]
Cyprus	<i>Αρχή Ανάπτυξης Ανθρώπινου Δυναμικού Κύπρου</i> (Human Resource Development Authority (HRDA))
Netherlands	O&O Funds, comprising <i>Scholingsfondsen</i> [training funds] and <i>Opleidingsfondsen</i> [educational funds]
United Kingdom	Case studies of: ConstructionSkills; Skillset; Engineering construction industry training board (ECITB)

In addition to these eight national experiences, it is possible to identify several examples of training funds financed by compulsory contributions from the payroll and jointly managed by social partners in other European countries: the Czech Republic, Greece, Hungary, Iceland, Ireland, Norway, Poland and Slovenia.

There is currently a discussion within the Council of Economic and Social Agreement of the Czech Republic on establishing an educational fund on the basis of a percentage of payroll. The rules for establishment and use are to be specified by new legislation, with the idea is that this independent training fund might be administered in a bipartite or tripartite way by social partners (information obtained from ETUC et al., 2006).

Ireland introduced in late 2000 new legislation providing for the financing of training. The National Training Fund Act represents a change in the way the training of people in and for employment is funded. The fund, based on a levy of employer social insurance contributions, replaces the apprenticeship levy and the levy grant schemes which ceased in the financial year 1999/2000. The fund is resourced by a levy on employers of 0.7 % of reckonable earnings for employees in class A and class H employment. This represents about 75 % of all insured employees. The fund supports a range of schemes aimed at raising the skills of those in employment and providing training for those seeking employment. These employment training initiatives include company-specific and sectoral training programmes, apprenticeships and traineeships and employment-related training programmes for the unemployed.

The fund is not strictly managed by social partners, but rather by the department of enterprise, trade and employment, so it falls outside of the strict scope of this report. However, a significant feature of the Act is provision for consultation with employer and employee representatives. A national training advisory committee has been established to facilitate this consultation process and to ensure that national training policy is responsive to the needs of enterprises. The committee advises of emerging training trends and needs and helps ensure a coordinated approach to the delivery of

enterprise training. The fund supports a range of training schemes operated by FÁS, Enterprise Ireland, IDA Ireland, Shannon Development, HEA, IEI and Skillnets<sup>(5)</sup>. It is envisaged that the fund will also support new initiatives in lifelong learning<sup>(6)</sup>.

Greece has the LAEK fund (*λογαριασμός για την απασχόληση και την επαγγελματική κατάρτιση* [account for employment and vocational training]) which has significantly contributed to reinforcement of vocational training and employment policies. The financial resources of LAEK come from the joint contributions of both employers and employees, amount to 0.45 % of the yearly total gross salary of employees in each enterprise, and are collected by the Social Security Institute, IKA (*ίδρυμα κοινωνικών ασφαλίσεων*). LAEK is managed by a tripartite committee with technical support from Manpower Employment Organisation OAED (*Οργανισμός Απασχολήσεως Εργατικού Δυναμικού*). Every year, the LAEK management committee draws up its annual programme for allocating and managing funds from LAEK, covering the training programmes for staff in the eligible bodies. Enterprises can use these funds to cover the cost of training programmes for their staff.

LAEK programmes take place either on-site in businesses or in educational units. They can be wholly theoretical or can consist of a theoretical part (at least 70 % of the total training hours) and a practical part (at least 30 % of the total training hours). The programmes can also take place outside or within hours of work. Businesses entitled to LAEK funding may be private enterprises or semi-state bodies which want their staff to be trained. Public enterprises can be legal persons under public law, legal persons under private law, or organisations of local administration. The trained personnel have to be insured by IKA. It is worth noting that there are also LAEK programmes offering training opportunities for employees in small enterprises (1-25 employees)<sup>(7)</sup>.

Hungary has a development and training fund, set up with compulsory business contributions obtained through levies on the payroll, and active in initial vocational education. Hungarian enterprises make a contribution to the funding of initial VET in the school system and the provision of CVT for employees through a tax of 1.5 % of wage costs. This tax finances the development and training subfund of the labour-market fund and is referred to as the ‘vocational training contribution’. Up to one-third of the tax (0.2 % until 1999, 0.5 % now) can be spent by companies on CVT for their own employees, but only on training programmes included in the national vocational qualification register. This condition is fulfilled through prior agreement from the county training committee. Up to 75 % of the tax can be contributed directly to vocational schools, to organise practical training for students, or to cover the costs of training in money or in kind, or by providing direct financing.

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<sup>(5)</sup> FÁS: the national training and employment authority. Enterprise Ireland: State development agency. IDA Ireland: the industrial development agency. Shannon Development: a regional economic development agency. HEA: the higher education authority. IEI: the institution of Engineers of Ireland.

<sup>(6)</sup> Information obtained from ILO’s database on international instruments and national initiatives by organisation/country and topic, see Irish example at: [http://www.ilo.org/public/english/employment/skills/hrdr/init/irl\\_13.htm](http://www.ilo.org/public/english/employment/skills/hrdr/init/irl_13.htm) [cited 25.2.2008].

<sup>(7)</sup> Information obtained from Cedefop’s thematic overviews. Available from Internet: [http://www.trainingvillage.gr/etv/Information\\_resources/NationalVet/Thematic/](http://www.trainingvillage.gr/etv/Information_resources/NationalVet/Thematic/) [cited 25.2.2008] and Cedefop, Tsekouras et al., 2003.

Since 2001, direct support has also be given to higher education institutions. The vocational training contribution increased considerably since the beginning of the 1990s, growing from HUF 9.4 billion in 1991 to 43.3 billion in 2000 (EUR 173 million). According to available data for 2000, the contribution from the development and training fund to initial VET was estimated to be about 86.7 % of the total resources (EUR 150 million), with the remaining 13.3 % (EUR 23 million) available for CVT activities for Hungarian employees (Masson, 2005).

In Iceland, most occupations have a vocational training fund. Agreements have been made between trade unions and employers, with employers paying a percentage of salaries into this fund. Employees can either apply for repayment of course fees they have already paid in full or in part, or they can attend a course without paying, where their employer or trade union has received a grant to hold the course. An increase in training promoted by social partners since 2000, when the first labour-market contracts on vocational training funds (*Starfsmenntasjóður*) were established, has been noted. In 2006, almost all employers were paying into such funds (usually a certain percentage of their total salary bill). In addition to *Starfsmenntasjóður*, there are currently other examples of training funds such as *Starfsafl*, *Landsmennt* or *Sjómennt*. These funds cover a range of occupations, from office and shop staff to fisheries. The aim is to strengthen the education of unskilled workers <sup>(8)</sup>.

Norway also has examples of funding further training in a lifelong learning process, based on collective agreements between employer and employee organisations. Some funds are sector orientated (as in the Norwegian graphical education fund and the Norwegian electro-technical development and research centre), while other are cross-sectoral (as in the support facility for supplementary and further education set up by the Norwegian engineers' and managers' associations). Another scheme is the information and development fund, being part of all sectoral and cross-sectoral collective agreements. Here the partners (confederation of Norwegian business and industry, confederation of trade unions) share the financing and the distribution to each party and joint projects (SPI, 2000).

Poland and Slovenia have recently developed their own approaches (Masson, 2005). A training fund was created in 2004 in Poland after an agreement between the state and the social partners; according to this the training fund would be financed by employers' voluntary contributions of at least 0.25 % of the payroll in 2004, increasing to 1 % and becoming compulsory in 2008. In addition, state support would be made available in the first years through reimbursement of 50 % of the training. Slovenia recently created a training fund in the craft sector through a contribution of 1 % on the payroll. In both cases, information is too limited for further examination.

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<sup>(8)</sup> Information obtained from the Iceland education and training service centre, available from Internet: <http://www.frae.is/page.asp?Id=594> [cited 25.2.2008] and from Cedefop's thematic overviews, available from Internet: [http://www.trainingvillage.gr/etv/Information\\_resources/NationalVet/Thematic/](http://www.trainingvillage.gr/etv/Information_resources/NationalVet/Thematic/) [cited 25.2.2008].

## **3. Analysis of sectoral training funds in selected Member States**

### **3.1. Introduction**

This chapter provides an in-depth description of the existing national experiences of STFs in Belgium, Denmark, Spain, France, Italy, Cyprus, the Netherlands and the UK. Each country is described on separately but in a comparable way. Each national description consists of six main parts.

The first part gives general background information on the existing STFs at national level, including the policy context in which these training funds operate. The second part analyses the governance of these training funds, while the third looks into the functioning of the national training funds, including information on the sources of finance, the type of activities supported and the targeted groups.

The fourth part is an analysis of available qualitative information on the functioning of the training funds (output measurement). The fifth identifies and analyses two examples of concrete STFs that can be regarded as good or relevant practices in the national context (in the case of those countries, e.g. Cyprus, where there is only one STF, an in-depth description of specific activities developed by the training fund is provided). Finally, the sixth part presents an evaluation of the activities carried out by the STFs in the reference country (e.g. strong/weak points).

### **3.2. Belgium**

#### **3.2.1. Background information and policy context of Belgian STFs**

In Belgium, STFs are better known as *sectorale opleidingsfondsen* (NL) and *fonds des formation professionnelle* (FR) (the German-speaking community is not active in STFs). STFs are difficult to research, as there is not much centralised information: it is not even possible to provide an exhaustive list of existing STFs. Belgian STFs comprise a wide range of different organisations, some of which only operate at provincial or regional level whereas others are active nationally. In addition, there are substantial differences between some large, institutionalised funds and small sectoral initiatives often working with volunteers. All these elements make it difficult to give a general overview of STFs in Belgium. However, a non-exhaustive list of Belgian STFs included in a 1996 research work is presented in Table 2

Table 2: Non-exhaustive list of Belgian STFs

Name of STF	Sector attended	Employees addressed (white- or blue-collar)
Cevora/Cefora	Intersectoral	White-collar
Centre for training in Horeca	Horeca (hotels, restaurants and bars)	White- and blue-collar
Cobot	Textile	White- and blue-collar
Educam	Garage, bodywork and metal	Blue-collar
FOPAS	Insurance	White- and blue-collar
FVB	Construction	Blue-collar
IPV/IFP	Food	White- and blue-collar
IVOC/IREC	Confection	White- and blue-collar
OCH	Wood	Blue-collar
Vormelek/Formelec	Electricity: installation and distribution	Blue-collar
Social fund for transport	Transport	Blue-collar

Source: Van Grambergen and Denys, 1996.

It is worth pointing out that vocational training in Belgium is well established in the sense that different private and public organisations offer different types of vocational training on different topics. Within this general framework, STFs play a significant role and can be regarded as an important player within the Belgian vocational training market. In this sense, STFs occupy a specific place within the Belgian vocational training market, where some authors regard these STFs as a third actor in the field of vocational training, complementary to the traditional public and private training organisations (Wouters and Denys, 1998). The link between the STFs and the Belgian national and regional governments is not very strong, as public authorities are not involved in the development of STF.

The main characteristics of the STFs are that they are jointly managed by employers and employee organisations, are regulated by existing social agreements signed by social partners and are financed by social contributions. Also, Belgian STFs are subject to a general double national consensus, both on the need for some sort of intervention in vocational training and that this intervention has to be from the social partners rather than government, so increasing the social legitimacy and support for vocational training policy (Van Grambergen and Denys, 1996).

This intervention in the market is triggered by the awareness that optimal allocation of training will not take place in a free market, owing to market imperfections (see Chapter 1).

Belgian employers and employee organisations agreed, in the intersectoral agreement of 1988, to spend 0.18 % of the gross wage of all wage and income earners on training and employment support initiatives for specific risk groups, basically young and long-term unemployed with problematic professional qualifications. According to the agreement, these funds were to be collected by the National Office of Social Security (*Rijksdienst voor Sociale Zekerheid* or *Office National de Sécurité Sociale*). To put this agreement into practice, STFs were created in sectors to manage the levy, although some funds already existed before this date: since 1968 in the metal industry sector, since 1965 in the building sector, since 1968 in the banking sector and since 1978 in the textile sector. From 1988 onwards, these existing

funds were entrusted to the management of the new resources, after redistribution by the National Office of Social Security.

Where no previous funds had been generated, the management of the 0.18 % was transferred to the national employment fund (dependant on the National Office of Social Security) to fund initiatives for sectors without existing agreements. Since most sectors wanted to keep the finances under their own control, this led to the creation of sectoral funds in all large sectors, managed under bipartite control by representatives of the organisations involved in the agreement (Wouters and Denys, 1998).

The percentage of the contribution has since fluctuated and different percentages have been introduced for different sectors, varying from 0.10 % to as much as 0.60 % of the gross wage, although the general principles behind the Belgian STFs remain the same. In addition, some sectors have established separate goals for the available resources, splitting up the resources for specific groups (i.e. devoting a specific percentage for a specific group).

Despite the same common origin for all Belgian STFs, they have developed their own particularities, often as a reaction to different training needs in different sectors. The way in which the social negotiations in Belgium are shaped, with sectors constituting the central bargaining level in social negotiations, offers a framework for further developing the funds. Different training needs in different sectors create a need for a specific response, and hence a certain autonomy. Sector-specific responses and development of sectoral expertise further encourage this autonomy.

Some Belgian STFs are active only at province level, although quite often they work together with other STFs in other provinces. Others, such as the case studies of FVB and Cevora presented here, carry out their activities at federal level; their functioning is bilingual and, therefore, the training sessions are available in Dutch and in French.

The vocational training role of the Belgian social partners goes beyond their involvement in developing and managing STFs. Through the joint committees, the Belgian social partners actually define the Belgian social policy, including minimum wages, wage scales, employment conditions and vocational training issues. They also play an important role in managing public, or publicly-financed, training organisations, e.g. through their participation in the regional public employment offices' management boards (Van Grambergen and Denys, 1996).

These joint committees are a permanent, government-organised consultative committee set up between the employees and the employers for every sector of economic activity or public service. The purpose of this consultation is to seek agreements about labour conditions within the sector. The joint committees are organised by the Federal Ministry of Employment and Labour, presided over by a mediator appointed by the government and under supervision of the Minister. The term 'joint' means the committees are composed of an equal number of representatives from the employers' organisations and from the unions. At present, Belgium has some 100 such joint committees (for blue-collar and/or white-collar).

### **3.2.2. Governance of the Belgian STFs**

From a governance perspective, the management of the funds is bipartite, so the two main bodies behind the fund (namely the board of directors and the general meeting), are composed of as many employee as employer representatives. Decisions, therefore, have to be made by consensus.

Discussion and negotiation between the social partners will determine the basic goals of each initiative, the specific training needs in the different parts of the sector, the main target groups, duration, educational method, etc.

In addition, each STF works typically with a full-time staff to take care of the managerial and planning tasks, and a staff of contracted people who provide the actual training. There is usually a managing director, although all the important decisions are usually backed up by the board of directors of the fund. During the interviews carried out under this national report (see Annex B for the names of the interviewed experts), it became quite clear that the ability of the managing director to cope with this bipolar situation is a key factor in the success of a STF.

### **3.2.3. Functioning of the Belgian STFs**

Traditionally, Belgian STFs have had two main target groups: students who have not yet finished school and the unemployed. In these two cases, the activities pursued by STFs facilitate the insertion of these groups into the labour market. However, in recent years, other groups are attracting attention, especially people employed in different sectors (the main target group of the activities for most STFs), and professional and technical education students (due to the increasing attention paid to the fit between education and employment). Students in general high school education are not targeted by STF actions as training is usually sector-specific in nature.

The activities aimed at students increase both their awareness of the different sectors and their employability prospects, making sure the competences learned at school are those needed in a business environment. Thus, most STFs organise information and promotion campaigns in which a certain profession or training is presented. Also, special training is organised for teachers in professional and technical education, basically intended to establish a better fit between education and companies, benefiting both students and companies (Van Grambergen and Denys, 1996). Some sectors (e.g. the building industry) have agreements with secondary vocational schools and support initial training programmes (including funding equipment, providing practical training, etc.).

Several training activities are pursued for the unemployed, often complemented by practical training in companies and mediation activities, where these activities are carried out in cooperation with official training institutions. It is also worth noting that STFs tend to focus their activities on specific unemployed groups (low-educated, senior or young unemployed, etc.), previously defined by the governing bodies of the STFs

Although employees were not originally party to the 1988 interprofessional agreement, economic developments and employee pressure in recent years have reinforced the interest of STFs in their needs. The funds help retrain employees or give them additional and specialised training on those new competences needed by the companies they work in, facilitating their continued employability.

Special attention is paid to some groups of employees, such as the low-skilled, older employees and those in danger of losing their job or having to change employment because of restructuring plans.

In addition, employers are also becoming a target group for the Belgian STFs, which provide them with advice and support, e.g. for developing training plans or corporate training policies (Wouters and Denys, 1998).

For the actual organisation of the training, the Belgian STFs often work together with both private and public training centres, where the STF is responsible for the administrative and financial follow-up to the training activities, reimbursing training costs to enterprises. It is worth emphasising that some STFs have a training institute that organises the practical aspects of planning, organisation, actual training and other activities, sometimes in decentralised locations as in the metal sector, which has set up provincial centres, and the building industry, which works with several regional centres.

The general rule is that training for employees takes place during working hours. If not, there is compensation in the form of ‘educational vacation’ and/or an extra financial incentive.

Certification of courses is established through ad hoc agreements between the specific STF and the Communities (mainly the Flemish and the French Community) as they have the relevant education responsibility.

### 3.2.4. Training funds output measurement

Unfortunately, there is little aggregated data on the contribution of Belgian STFs to training activities, or on their functioning (number of beneficiaries, courses, etc.) but there is much discussion of vocational training and education output measurement. Figures exist, but are contested, even by the Central Council for Economy (*Centrale Raad voor het Bedrijfsleven, Conseil Central de l'Économie*), which pleaded for new instruments to monitor training efforts that, unfortunately, have not yet been applied (Donnay and Soens, 2006).

Table 3: Proportion of the population engaging in vocational training (%)

	1995	1997	1999	2001	2003	2005
Belgium	2.8	3.0	6.9	6.4	7.0	8.3
EU-15	-	-	8.2	8.0	9.8	11.2
EU-27	-	-	-	7.1	8.5	9.7

Source: Eurostat.

Staes (quoted in Durnez, 2003), president of the organisation for training officers, *Vereniging voor Opleidingsverantwoordelijken*, indicates that the outcome of training is often very low. This is partly due to the limited monitoring of training output and the subsequent lack of information on training effectiveness. To put the Belgian training activities in perspective, according to Eurostat estimates 8.3 % of the Belgian population in the age cohort 25-64 engaged in some sort of vocational training in 2005; this is well below the EU-15 and EU-27 averages (11.2 % and 9.7 %, respectively).

### **3.2.5. Identification of good practice**

Two concrete examples of Belgian STFs are given below that are expected to provide more insight into different aspects of the functioning of Belgian STFs. The two are the fund for vocational training in the construction sector (FVB) and Cevora, which offers training to a wide range of sectors. These two funds have been chosen because they are, to a certain extent, representative of the Belgian situation. FVB is specialised in providing training to blue-collar employees in the construction sector, which employs more than 159 000 blue-collar workers in more than 30 000 companies. This offers insight into a well-defined sector employing mainly blue-collar workers.

Cevora, in contrast, provides training to white-collar employees, working in a wide range of sectors; its target audience is more than 300 000 white-collar employees in more than 50 000 companies. This gives the opportunity to investigate vocational training initiatives for white-collar workers with an intersectoral approach.

#### *3.2.5.1. Description of good practice 1: FVB*

The fund for vocational training in the construction sector (FVB) was set up in 1965. Its mission is training the current and future construction workers and ensuring the quality of the training provided. The FVB organises training for more than 30 subsectors within the construction industry.

The Belgian construction industry employs more than 159 000 blue-collar workers in more than 30 000 companies, making it an important sector for the Belgian economy. In addition, the FVB is a well-known STF with significant experience in vocational training.

The FVB operation is structured around four pillars. The first is research, offering analysis of shortages in qualifications and mapping of training needs. The second pillar is coordination, ensuring a sufficient, high quality supply of sector vocational training. A third pillar is information: the FVB has a network of advisors to ensure personal contact with target groups such as students, employees, unemployed and employers. Finally, the fourth pillar is the training finance: FVB strives to take over the cost for training and the wage cost of the trainee from the individual organisation. The FVB defines its environment as quickly changing, with new materials, new equipment and new methods forcing the construction sector to invest in the vocational training of workers.

As with all Belgian STFs, FVB is managed by the social partners on a joint basis. A board of directors and a general council are involved in decision-making. Both social agents are equally represented, so decisions are always taken on a consensual basis. According to the interviewed expert, this fact contributes to the legitimacy of the FVB's decisions and ensures future support in implementing those decisions.

The FVB is funded by mandatory contributions. The contribution for sectoral training agreed by social partners for the construction sector is set at 0.55 % of the gross wage mass, with 0.15 % aimed at actions directed towards risk groups (mainly the unemployed) and the remaining 0.40 % for permanent vocational training (basically oriented towards the employed). In addition to this compulsory 0.55 %, the FVB estimates that a total of 2.63 % of the gross wage mass is invested in vocational training by the sector, well above the compulsory mandate. Table 4 illustrates the different training efforts within the Belgian construction sector.

*Table 4: Investments in vocational training by the construction sector, in EUR, 2005-06*

<b>Companies and employees benefitted</b>	
Total number of employees	159 289
Total number of companies	29 767
<b>Informal training</b>	
Training of newly hired	20 412 000
Training by suppliers	1 680 000
Safety measures	2 989 140
<b>Formal training</b>	
Cooperation with schools	2 961 350
Training of the unemployed	15 810 793
Specific regional initiatives	2 045 513
Training of independent construction workers	5 038 463
Training of the unemployed in specific jobs	14 682 504
FVB training	12 160 855
Training checks	1 301 420
<b>Total</b>	<b>79 082 048</b>
<b>Total wage mass</b>	<b>3 009 000 000</b>
<b>Percentage of wage mass invested in training</b>	<b>2.63 %</b>

*Source: FVB, 2007b*

One of the key instruments of FVB training policy for the employed is the training plans developed by the individual companies in the construction sector. To have access to FVB services and funds, a company needs to draw up a training plan for its workforce; this forces companies to reflect on their training needs. The fact that up to 95 % of enterprises in the sector are small or medium-sized reinforces the importance of this planning.

The FVB does not develop its own training activities but plays an intermediary role between the construction sector and training supplying organisations (public and private). It refunds not only the training costs but also the personnel costs for employees attending training activities (up to 212 hours yearly for each employee).

According to the FVB's managing director, the strength of the organisation is its ability to develop a uniform sectoral training-related service, supported by both employee and employer organisations. In addition, FVB is able to deliver essential knowledge and expertise to companies, very often SMEs, which do not have this knowledge or expertise in-house. FVB has an ISO 9001 certification.

Tables 5 and 6 provide some insight into the number of enterprises and workers benefiting from the training activities of FVB. Additional information is also provided on hours of training.

*Table 5: Enterprises and workers benefitting from FVB supported training for construction workers, 2004-05 and 2005-06*

	2004-05	2005-06	Total enterprises and workers (March 2007)
<b>Enterprises:</b>			
Brussels Capital Region	68	96	1 790
Flemish Region	1 597	1 801	18 369
Walloon Region	287	366	9 608
<b>Total</b>	<b>1 952</b>	<b>2 263</b>	<b>29 767</b>
<b>Workers:</b>			
Brussels Capital Region	1 114	1 475	11 805
Flemish Region	10 169	11 430	100 372
Walloon Region	1 946	2 844	47 112
<b>Total</b>	<b>13 229</b>	<b>15 749</b>	<b>159 289</b>
<b>Hours of training:</b>			
Brussels Capital Region	32 030	34 606	
Flemish Region	316 302	336 299	
Walloon Region	54 676	73 028	
<b>Total</b>	<b>403 008</b>	<b>443 933</b>	

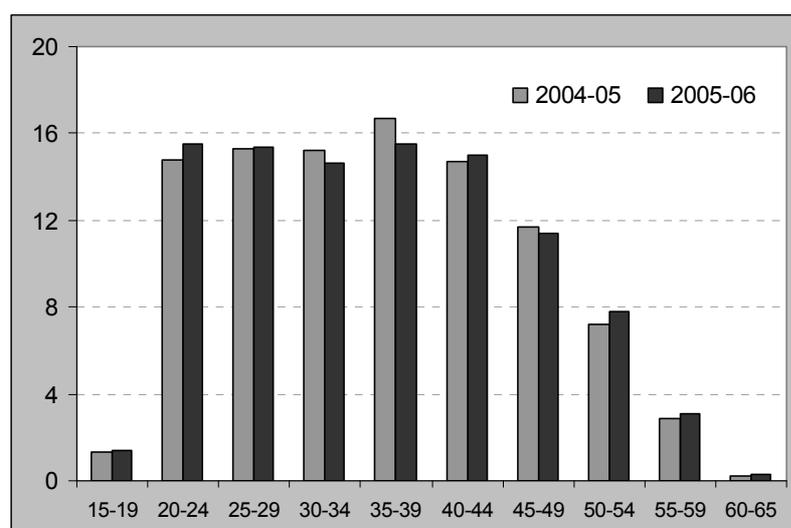
Source: FVB, 2007a, 2007b.

Table 6: Hours of FVB supported training by company size and region

Size	2004-05	2005-06
<b>Brussels Capital Region</b>		
0-5	1 897	1 248
6-19	3 349	3 262
20-49	3 960	4 640
50-99	1 760	2 409
100-249	11 831	10 876
250-499	5 865	8 003
+500	3 368	4 168
<b>Flemish Region</b>		
0-5	29 886	32 546
6-19	57 285	63 398
20-49	55 663	60 781
50-99	51 436	45 529
100-249	48 748	51 796
250-499	37 893	43 705
+500	35 391	38 544
<b>Walloon Region</b>		
0-5	4 671	4 402
6-19	6 821	11 808
20-49	12 088	17 629
50-99	8 063	10 000
100-249	9 820	14 272
250-499	9 825	8 917
+500	3 388	6 000

Source: FVB, 2007a; 2007b.

Figure 1: Age of workers benefiting from FVB supported training, 2004-05 and 2005-06



Source: FVB, 2007a; 2007b.

### *3.2.5.2. Description of good practice 2: Cevora*

The second example of Belgian SFT good practice is Cevora, a STF for white-collar employees working in a diversity of sectors. Cevora was founded by the social partners of the Complementary National Joint Committee for Employees (CPNAE) to promote training programming and employment opportunities. The CPNAE is the largest and most diversified sectoral joint committee in Belgium, with 52 000 enterprises and 366 000 white-collar employees from some 30 different subsectors that do not fall under a specific joint committee.

Subsectors belonging to CPNAE include automotive trades, the concreting industry, accounting offices, call centres, the cement industry, consultancy agencies, printing houses, garages and body shops, glass industry, wholesalers, lumber firms, leasing firms, real estate agencies.

Cevora is governed by a general council (joint committee) and a board of directors. Both bodies have a bipartite and joint nature, so they are equally composed of representatives of employee and employer organisations. Cevora is financially funded and supported by mandatory contributions calculated on the total payroll of all enterprises within the sector (0.20 %). Cevora has a managing director in charge of a team of experts active in labour-market issues and specialists in training programmes. Their role is the conception and the coordination of training projects for enterprises, jobseekers, and employees, in accordance with qualifications defined by the CPNAE as necessary. The board of directors has far-reaching competences over the managing director and must approve every training project. This is justified on the basis of the high cost of training projects. It is also a way to ensure parity in decision-making.

Cevora has benefited from the 1999 decision to make training mandatory for employees grouped under the CPNAE; since that date, employers have been obliged to provide one training day each year for each employee and, in 2001, this figure was raised to two days (De Bock, 2002).

Cevora offers free-of-charge services to enterprises, to white-collar employees and to jobseekers. The most important of its many activities is developing training programmes for white-collar employees, instructors in charge of training programmes, trainers, personal advisors and jobseekers.

Cevora develops and organises – in cooperation with employers' federations and organisations from within the sector – an open training programme for white-collar employees under the employer's initiative. Most of the courses are presented in the conventional way but several are available in the form of distance education or as a combination of both. Interested parties can register for this programme through their employers. Cevora also offers enterprises that have registered a training plan the opportunity to have these training programmes conducted as in-company sessions. In addition, all employees from the sector are entitled to attend one complementary training day at their own initiative outside office hours at the Cevora premises.

For the instructors in charge of training programmes, trainers and personal advisors, a programme on training policy – train the trainer – has specially been developed for the benefit of business managers, (first-time) training officers, and line managers in SMEs. The participants are taught how to determine the training needs of their personnel and to work out a training plan. In addition, several instructional courses are made available to trainers and

personal advisors. Finally, for jobseekers, Cevora develops and organises training programmes that include practical in-service experience for groups at risk among jobseekers to fill functions for which the enterprises cannot readily find qualified personnel within the sector.

Cevora also carries out several additional activities:

- (a) it assists enterprises to reclassify and/or maintain the work experience level of older employees (those aged 45 and over) using adapted training courses, and also promotes the recruitment of older jobseekers;
- (b) it develops industrial apprenticeship training for white-collar functions. This system offers risk groups among youngsters the opportunity to learn an occupation as a white-collar employee in a system alternating learning and working;
- (c) it attempts to assist enterprises in their search for qualified personnel to fill hard-to-fill vacancies by offering jobseekers appropriate vocational training, always coupled to a practical in-service period. Also, Cevora develops several activities to guide young people from several diploma courses towards the sector;
- (d) enterprises can, without charge, consult via Cevora an extensive databank (Formbase) providing an overview of the training market;
- (e) enterprises that have registered a training plan are entitled to price discounts at several private and public training institutions (*Formstimul* project);
- (f) Cevora operates a study centre that monitors the employment evolution of the sectors and conducts studies of several issues such as hard-to-fill occupations, new functions, professional and qualification profiles, training need, etc. These research activities are conducted in cooperation with other research centres, federations, social secretariats, outsourcing agencies, etc.;
- (g) Cevora provides several training allowances. Employees participating in a self-financed training programme are, under certain conditions, eligible to apply for partial reimbursement of registration fee. Meanwhile, employees participating in an additional training day at Cevora are entitled to a fixed allowance of EUR 40 as a reimbursement of travel and training expenses;
- (h) enterprises organising, on their own initiative, training programmes for their older employees (+45) can apply to Cevora for training allowances.

Cevora has offices in Brussels, Antwerp, Ghent, Charleroi and Liège, requiring a network of staff both for administrative and consultancy tasks. Cevora does not provide training itself, but functions as an administrator, relying on public and/or private subcontractors to carry out the actual training projects.

Cevora collaborates with a network of specialised partners, from educational institutions and professional trainers with broad business experience to organisations offering services in project administration and coordination. In addition, Cevora has extensive contacts with enterprises belonging to the relevant subsectors for identifying and monitoring white-collar training needs within companies. If there is a match between a certain training need and an

existing training supply, Cevora brings them together. If there is no match, Cevora develops an ad hoc training activity and looks for a supplier to provide this training.

As with the FVB, Cevora also has an ISO 9001 certification.

The following quantitative data provides an indication of the number of white-collar employees benefiting from Cevora supported training activities as well as the trainees' general background.

*Table 7: Number and profile of white-collar employees benefiting from Cevora training*

	2005	2006
<b>Sex</b>		
Male	57.3 %	55.9 %
Female	42.7 %	44.1 %
<b>Age</b>		
< 26	11.6 %	11.4 %
26-44	67.6 %	68.0 %
> 44	20.7 %	20.6 %
<b>Level of education</b>		
< secondary education	6.4 %	5.4 %
Secondary education	32.0 %	27.0 %
> secondary education	61.6 %	67.6 %
<b>Employment status</b>		
White-collar	90.9 %	94.1 %
Blue-collar	2.4 %	0.7 %
Outplacement	2.9 %	2.5 %
Chief executive officers	0.8 %	0.5 %
Unemployed	0.5 %	0.4 %
Other	2.5 %	1.8 %
<b>Origin</b>		
Belgium	96.7 %	96.6 %
Other	3.3 %	3.4 %
<b>Total number of white-collar employees benefiting from Cevora training activities</b>	<b>42 566</b>	<b>44 808</b>

*Source:* Cevora.

### **3.2.6. Evaluation of Belgian STFs**

Belgian STFs play an important role in the Belgian vocational training system. As the policies of the STFs are based on a consensus between employee and employer representatives, they gain legitimacy in the sector. According to some authors (Durnez, 2003), Belgian STFs have a role to play not only for the individual and companies but also for society at large; competences and skills learnt through STF activities not only benefit enterprises but also the individual and society. This is the reason underpinning the atypical position of the training funds, their 'social' financing sources or the fact they offer training at low cost.

Research in 1998 concluded that the Belgian STFs have a clear added value in the Belgian vocational training system for four main reasons (Wouters and Denys, 1998):

- (a) STFs constitute a link between government and employers, functioning as intermediary bodies between the two. In their contacts with employers, STFs identify training needs, and in their contacts with government they put these needs on the policy agenda;
- (b) there is a large diversification between STFs making it possible for them to react to the specific structures and needs of each sector. Specially designed training schemes taking into consideration the needs and specifications of a sector are more likely to be effective than mass production;
- (c) as the STFs are the executive training body of collective labour agreements, they promote training. STFs have increasingly become centres of sectoral expertise. Their autonomy, combined with their sectoral expertise and intermediary position, has given them the opportunity to put labour agreements fully into practice;
- (d) there is a high level of cooperation between the different STFs themselves, and also between the STFs and other training partners (e.g. private or public training organisations). This clearly increases the efficiency and effectiveness of the existing vocational training system.

However, the position of the Belgian STFs has been contested by some agents, especially private training providers, employers' organisations and labour unions:

- (a) some authors argue that the functioning of the Belgian STFs endangers the existence of private training providers (Delaplace, 2005) as STFs usually offer free training, forcing private training suppliers to get out of the market or to become mere subcontractors to these STFs. In the long term, this can constitute a threat to the availability of high quality training, as competition is often the basis for achieving efficiency, effectiveness and, in the end, quality;
- (b) from a labour union perspective, the main concern relates to the fact STFs seem to fail to access SMEs, as they are underrepresented in the participation and organisation of training. Labour union representatives also argue that there is a danger in centralising training in the sense that it might suggest to employers that permanent investment in on-the-job training is less necessary (EIRO, 1998);
- (c) for employers the main concern relates to the fact the contributions for training are seen sometimes as an additional burden to the already high employment costs in Belgium (EIRO, 1998).

Despite these different views of STFs in Belgium, vocational training has become, as from 1988 onwards, an important issue at national level; this is especially so in recent years. Training has been traditionally used by the employers as a tool for moderating demands for higher wages, which explains the distrust of employee organisations when the matter of training was evoked during negotiations. It is only since the late 1990s that social negotiators have really started to value vocational training for its intrinsic characteristics (Delaplace, 2005); both employers' organisations and labour unions recognise the importance of sectoral training initiatives.

To conclude, Belgian STFs have evolved in the last 20 years from mere training organising duties to more general labour-market activities. They have become centres of sector labour market

knowledge, enlarging the scope of their activities to include such roles as intermediaries and job agencies.

### **3.3. Denmark**

#### **3.3.1. Background information and policy context**

In Denmark, STFs are better known under two distinct names: *Uddannelsesfonde* (educational funds) and *Kompetenceudviklingsfonde* (competence development funds); both are similar in their activities and functioning. These STFs are established by a clause in the collective agreements so developing training funds and CVET in Denmark should be seen in the context of the development of the collective agreement system, and especially the resolutions of CVET in the collective agreements.

It is important to stress that there are no general overviews of the Danish STF system.

Overall, the Danish labour market is not regulated by law but through collective agreements between social partners, though it is financed by the public authorities. There is a close and consensus-based cooperation between social partners on CVET, and the social partners also cooperate with the publicly financed CVET system.

The Danish STFs do not have a great impact on the Danish CVET system (the AMU system, a primarily publicly financed vocational training system), in particular from the financial perspective (resources provided by these STFs). As different governments from different political background/ideology have been willing to finance CVET, the public sector covers most CVET costs. Courses are generally free of charge for participants, whereas companies pay a minor/symbolic fee per participating employee (a maximum of EUR 100 per participant per week).

Therefore, there has not been the same need for enterprise-financed STFs as in other European countries such as the Netherlands or France, where the economic impact of funds is greater. Moreover, within the European context public expenditure for CVET in Denmark is relatively high, although it is similar to that of other Nordic countries (Finansministeriet, 2006). Still, STFs have played a positive role in Danish CVET in several fields, as discussed later).

Danish STFs are not involved in direct financing of training courses but support the development and testing of sector training programmes. The most common activities of Danish STFs are to develop work, including production of information material, develop new courses/training techniques, research, pilot projects, etc., and marketing activities to make enterprises aware of the importance of CVET (Finansministeriet, 2006).

There is a special fund to finance the training of trade union representatives at the workplaces (Gasskov, 1994). Under the 1973 collective agreement signed by the confederation of Danish employers and the Danish confederation of trade unions, employers pay to this fund a contribution of EUR 0.02 per working hour. As this fund is a unique case, it has not been included in this study.

The political context of the training funds is closely connected to the history of the collective agreements regulations on CVET. Since the 1980s, the Danish collective agreements have put emphasis on broader welfare and social issues such as pensions, salary compensation in case of illness and paid parental leave, as well as education and CVT (Finansministeriet, 2006). This has given rise to a ‘grey zone’ between what is regulated by law and what is regulated by collective agreements. There is also a discussion on who has to bear the political responsibility and who is to finance the vocational training: public authorities or the two sides of the labour market (Due et al., 2004). Several training funds were initially set up in the early 1980s.

Since the 1990s, CVT has been introduced as a separate clause in the collective agreements. In 1989, the Danish confederation of trade unions sent out the discussion paper *Pillars in the CVET of the 1990s* and, as an introduction to the collective bargaining of 1991, the confederation again raised the question of CVET. The industry was an early mover in this sense. In the 1991 collective agreement, the ‘right to freedom to training’ was introduced as one week of paid education, which was extended to two weeks with the collective agreement of 1993. Further, the question of CVET was introduced in the collective agreement as a separate clause. This clause has been included continuously since then. In the 2000 collective agreement, it was recommended that the companies carry through a systematic training plan (Due et al., 2004).

The social partners’ focus on competence development was supported by the social democratic led government from 1992-01, which, by the end of its term, declared that if there were not sufficient resources for their own CVET, enterprises would be forced to pay a tribute per employee for a central training fund. This was initially questioned when the right-wing government came to power in 2001, although this negative attitude changed in 2004 when the question of how to manage globalisation was top of the political agenda. In the same year, the Prime Minister, Anders Fogh Rasmussen, appealed to the social partners to secure CVT and to take more responsibility for the financing of CVET. He stressed that in face of globalisation and the delocalisation of jobs (especially in the manufacturing sector), it was important that employees acquired skills and competences that might help them to switch to new jobs and sectors before they were outsourced.

The Prime Minister promised to increase public expenditure on CVET by another EUR 133 million, if social partners also showed more willingness to contribute its financing. Therefore, a tripartite committee was appointed to set up a reform of public CVET. The work of this tripartite committee in spring 2007 was sufficient to release these public resources. The overall result has been an altered position of STFs in the Danish CVET system. Therefore, the report will to some extent focus on these new changes, and the rationale behind them, by highlighting the case of the new – and old – STFs (Section 3.3.5.1).

### **3.3.2. Governance of the Danish STFs**

The STFs are mainly regulated through the collective bargaining process, which sets goals and ways of financing them. They are run by bipartite boards, with equal numbers of employee and employer representatives. The partners implement and set the strategy and activities to be developed by the fund. The two most important social partner representative organisations

include the Danish confederation of trade unions (employee organisation) and the confederation of Danish employers (representing employers' interests).

There is a high degree of consensus and close cooperation between the social partners in the governance of the training funds, characteristic of a high degree of cooperation and social dialogue in Denmark on vocational training issues.

### 3.3.3. Functioning of Danish STFs

#### 3.3.3.1. General introduction

The Danish STFs are considered to be an exemplary voluntary training arrangement (Olesen, 1997), although this voluntary nature is being challenged by recent developments. No law regulates the contribution to the STFs. The decision is with the social partners. Once a company (through its representatives) affiliates the collective agreement regulating the training fund, the company is obliged to contribute to the STF.

Today, there are more than 1 000 collective agreements regulating CVET in Denmark; several contain a clause on STFs. Unfortunately, there is no general overview of the existing STFs, so it is difficult to give a qualified assessment. According to the experts interviewed (Annex B), 10-15 STFs are particularly relevant due to their size. Table 8 provides an overview of the most important collective agreements including STFs, and the number of employees covered by the collective agreement, their total resources (contributions per year) and the year the STF was established. The information refers to 1997 as more updated information is not available.

Table 8: STFs in Denmark

Collective agreement	Number of employees	Contribution per year (million EUR)	Year
DI/CO-Metal	100 000	1.3	1983
DI/SiD/KAD	40 000	0.3	1987
KL/ARF/KTO (public)	550 000	1.3	1989
Finansmin./CFU (public)	300 000	1.3	1991
DA/BKA/HK	26 000	0.4	1991
FA/DBL	42 000	0.27	1991
FA/DBL	42 000	0.87	1997
FA/DSFL	8 000	0.13	1977
Plastind./KAD/SiD	12 000	0.27	1987
ELFO/Dansk Elforbund	11 000	0.13	1991
DI/Dansk Elforbund	10 000	0.13	Before 1991
VA/SiD	...	0.12	Before 1991
Dansk VVS/Metal/Blik og Ror	6 500	0.13	1983
SBA/KAD/Funktionaerforbundet	...	0.2 <sup>(a)</sup>	1991
AHST/SiD	...	0.2 <sup>(a)</sup>	1991
DV/SiD	15 000	0.09	Before 1991

<sup>(a)</sup> 1991-93.

Source: Olesen, 1997.

Depending on the sector, between 80-100 % of workers are covered by a collective agreement in Denmark (Finansministeriet, 2006), which means a large part of the workforce is affected by training funds. However, most employees are only indirectly affected by the work of the training funds, as discussed later.

#### *3.3.3.2. Sources of finance*

Companies contribute to STFs by two different methods of calculation:

- (a) some training funds collect a fixed amount per employee per year, for example EUR 7.3 in trade and office work (Finansministeriet, 2006). But there are also examples of higher amounts such as EUR 69 per employee per year within the new industry collective agreement (Section 3.3.5.1);
- (b) companies pay a specified percentage of each hourly wage per employee per year. For example, in the state sector, collective agreements foresee about 0.23 % of the total payroll expenses for the STFs. Companies also contribute for part-time employees, according to their working time.

If the resources are not fully spent, the fund grows and resources can then be spent later. Some parties suggest these unused resources should be transferred to the members' pension system. However, this has not been agreed yet.

#### *3.3.3.3. Activities supported by STFs*

It is possible to identify a few cases where STFs provide and subsidise training activities for employees (and even the unemployed). For example, the Press training fund which grants financial support to employees covered by the respective collective agreement for obtaining university diplomas.

Despite the limited role of Danish STFs (in financial terms compared to other Member States), they have played an important role in bringing social partners closer together on CVET-related issues. The role of Danish STFs should be seen in the context of the social partners' dialogue and participation in vocational education issues. Most of the experts interviewed suggest that STFs (especially the largest ones) have positively contributed to developing public CVET through a feedback process. STF activities, for instance, influence the publicly financed CVET supply, through the development of pilot courses or specific research projects or fine-tuning it to the updated needs of specific sectors. Some STFs have developed several pilot project activities intended to foster systematic CVET planning in enterprises, whereas others finance, counsel and advise activities on CVET issues.

#### *3.3.3.4. Differences in STFs*

There are significant differences in access to and organisation of CVET across the private and the public labour markets (Finansministeriet, 2006). In the private labour market STFs are common and permanent. In the trade and industry sector, employers pay about EUR 7 per

employee per year. In the public sector, training funds, though also part of collective agreements, are less common and temporary (Section 3.3.5.2). The reason for this divergence is the different arrangements on CVET in the collective agreements. Those in the private labour market tend to be more specific, whereas public labour-market agreements are much more general in nature (e.g. framework agreements) (Olesen, 1997).

### 3.3.3.5. Changes in the last years and foreseen changes

Larger STFs were the trend in recent years, a development likely to continue because several Danish trade unions have merged; Danish trade unions are mainly organised by trade/professions, and not by sectors as in other EU countries. These mergers affect collective agreements and hence the organisational and financial set up of the STFs. This trend is expected to continue in the future.

Experts interviewed suggest that the role of the Danish STFs is likely to change in the next few years. The intention is to increase the new financial duties, mainly to support the participation of workers in training courses (Section 3.3.5.1).

### 3.3.4. Training funds output measurement

There is no general overview of Danish STFs. It is also questionable whether the facts available are an adequate measure of the actual impact of Danish STFs, due to their focus on the qualitative improvement of training supply. Most of the experts interviewed stress the 'qualitative' positive effects derived from STF activities, such as the increase in the social dialogue on CVET issues or the feedback to the public financed CVET.

However, an overview of the numbers of employees who accessed STFs through collective agreements in 2004 is possible (Table 9).

Table 9: Employees' access to Danish STFs, 2004

Sector	Collective agreement	Employees covered by the collective agreement (%)	Number of employees, total (with and without collective agreement)	Finance of training fund
<b>Private sector</b>				
Total	–	77	1 437 000	–
Trade and industry, and other related services	LO/DA	91	657 000	Financing of funds varies from 7.3 to 8.7 cents per working hour per employee, or EUR 7.3 to EUR 13.3 per year per employee.
Finance – financial institutions	<i>Finansforbundet</i> / FA	94	57 000	EUR 92.8 per full-time employee per year, EUR 46.4 per part time employee per year <sup>(a)</sup> .
Agriculture	LO/SALA	95	38 000	2.7 cents per working hour per employee.

Other sectors		62	685 000	–
<b>Public sector</b>				
<b>total</b>		<b>100</b>	<b>765 000</b>	–
State sector	CFU/ Ministry of Finance	100	160 000	EUR 5.3 million each year (2002-05) and EUR 5.8 per year (2005-08)
Municipality /regional sector	KTO/KL	100	603 000	–
Public enterprises (publicly owned enterprises)	–	100	2 000	No information available

<sup>(4)</sup> Apart from this contribution, there is a publicly financial support and a contribution paid by companies.  
Source: Due et al., 2004.

### 3.3.5. Identification of good practice

Two examples of STF good practice are identified for the Danish case:

- (a) the training fund of the industry sector can be regarded as one of the most important and innovative existing STFs in Denmark. This fund also provides a relevant example of the latest developments in the Danish STF model after 2007, in the industry competence development fund;
- (b) the competence fund (state sector), aimed at state-dependant employees, with its interesting portfolio of training-related activities.

#### 3.3.5.1. Description of good practice 1: industry sector training fund

*Industriens Uddannelsesfond* (industry sector training fund) supports workers and technical and administrative staff employed on a salaried basis in Danish industry, both full- or part-time. This means the companies and the collectives benefiting from the fund are diverse.

This fund was founded in 1999 within the collective agreement signed by CO-Industri, the central organisation of industrial employees in Denmark and *Dansk Industri*, the confederation of Danish industries, an employer representative organisation. It resulted from the fusion of two previous industry training funds. It is worth stressing that CO-Industri organises 291 134 members, virtually all the employees in Danish industry.

The industry sector training fund is managed by a bipartite paritarian board of 10 members (five appointed by CO-Industri and five by Dansk Industri). Both sides are equally represented in the board (as in all Danish STFs). The board holds two or three board meetings each year, where decisions such as resources allocation are taken.

A wide range of organisations and individuals are entitled to apply for resources from the fund, e.g. enterprises paying to the fund, educational institutions or individuals affiliated to the Danish industry sector, to finance projects (*Industriens Uddannelsesfond*, 2006). The fund

grants about EUR 2.7 million yearly. The resources are spent or saved for larger future projects. The fund does not allocate unspent resources.

The main goals pursued by the fund can be summarised as follows (Industriens Uddannelsesfond, 2006):

- (a) develop an appropriate training supply for Danish industry and enhance the educational level of its employees;
- (b) grant broad financial support to development projects, including accomplishment of special pilot CVT courses for employees;
- (c) arrange conferences and other activities on the future educational needs of Danish industry and its sectors;
- (d) carry out special pilot projects to provide experiences and knowledge about new training possibilities;
- (e) initiate and grant financial support for relevant study trips in Denmark and abroad;
- (f) provide financial support for other activities that may profit Danish industrial employment in general.

Currently, the industry training fund is particularly interested in developing projects intended to prevent and reduce stress in workplaces, training individuals to cope with this problem.

In Spring 2007 CO-Industri and *Dansk Industri* signed a new collective agreement allowing Danish workers to increase their right to paid CVT and to undertake a two-week paid vocational training course of their choice. The *Industriens Kompetencefonden* (industry competence development fund) has been set up for this purpose, starting activities in January 2009 and intended to coexist with the industry training fund. The competence development fund is expected to change the traditional Danish STF model.

The rationale behind this competence development fund is the matter of delocalisation; there is a need for employees to get relevant skills and competences in new sectors/jobs before their transfer to other areas of the world. In the present Danish CVET system, the employee has to agree on training activities with the manager/employer, which makes it difficult for employees to train in competences for a different job in a different sector. Therefore, the idea is to set up a more flexible and proactive CVET system intended to facilitate training for other jobs/sectors.

The new industry competence development fund secures up to 85 % of employee salaries while they are training. The public sector pays salary compensation up to the level of unemployment benefit, whereas the competence development fund pays the difference between the unemployment benefit and the specified 85 %.

The new training fund will be financed by employers' yearly contribution of EUR 35 per employee in 2008, EUR 69 from 2009, and a figure to be decided afterwards. Enterprises with more than 100 employees will be allowed to set up their own internal fund, if an education

committee formed by both employee and employer representatives is founded to manage the available resources. The organisational set up has not been fully decided yet.

CO-Industri stresses that there is a basic need for the new competence development fund because of the challenges of today's Danish labour market, including the large number of seniors retiring in the coming years and the delocalisation problem. Similar arrangements are being developed in other Danish sectors.

### *3.3.5.2. Description of good practice 2: the competence fund (state sector)*

The *Kompetencefonden* (competence fund) was established in 2002 as the result of the 1999 collective agreement signed by the Danish ministry of finance and the central federation of state employees. The fund was a temporary arrangement until 2005, although it has been extended until 2008. A paritarian board of five representatives from the ministry of finance, and five from the central federation of state employees controls the fund.

The competence fund distributes about EUR 5.8 million each year for training purposes, the money being supplied by the Ministry of Finance. The fund does not control the distribution of the available resources, which are managed by each ministry/state organisation. The resources are distributed among the ministries according to a wage sum principle; the larger the wage costs, the greater the ministry entitlement. Most of the administrative work is carried out on a decentralised basis, at each state organisation/ministry level.

The fund supports long-duration training (at least one week or 37 hours per week) for state employees and other training-related activities for employers and employees, such as counselling on competence development. These activities are carried out by consultants from the *Statens Center for Kompetence- og Kvalitetsudvikling* (state centre for development of human resources and quality management).

All state employees can apply and get support for training, allowing the fund to target different groups. In 2004, 2 516 state employees benefited from the fund; from 2002-04 the figure was more than 5 200. The granting of financial aid from the fund is subject to the existence of an individual development plan for the employee and a general competence development strategy at ministry/organisation level. Today, there is no upper limit to the amount that can be spent on one individual employee.

State employees in research and educational institutions and university graduates have tended to receive the majority of the resources (38.4 % and 23.0 % of participants, respectively). Women are also over-represented, totalling 57 % of beneficiaries despite being 41 % of total Danish state employees.

The competence fund does not itself set up new courses; it only funds already existing courses. The fund meets the full expenses of training fees, educational materials, and an employee substitute but it does not pay salary compensation or salary supplements. The fund only supports individual training courses

The limited resources available mean that the fund's activities should be viewed as supplementary, like most other STFs in Denmark. It mainly aims to facilitate long-duration training that would be hard to meet if not financed by the competence fund.

Each funded participant is systematically evaluated.

### **3.3.6. Evaluation of Danish STFs**

This section provides a general assessment of the role Danish STFs play in the whole national CVET system. The evaluation is based mainly on interviews carried out with experts (Annex B), as no general STF overviews are available in Denmark.

The main role of Danish STFs is not financing training courses but financing training-related development and research activities. In this way, Danish STFs help to develop new courses meeting the special demand of specific sectors. They also help labour-market research or development of new methods and tools both for training provision and planning activities at enterprises. STFs help state- and public-financed CVET undertake development and research work later used for updating and fine tuning public training supply.

Danish STFs also contribute to strengthening the cooperation and social dialogue between social partners (at both central and company level). Danish STFs are based on voluntary agreements, in line with the general consensus/cooperation approach prevailing in the Danish labour-market system.

There are several weak points. The role of STFs in the Danish CVET system has been traditionally marginal as STFs had no real financial impact because of the large role of the public VET system. The tripartite committee on CVET in 2005 failed to identify best CVET practice among Danish STFs (Finansministeriet, 2006), which probably indicates that the STFs had limited effects in terms of financing and improving the CVET system. As these funds are many, scattered among sectors and poorly financially endowed, it does not help to increase their visibility and effectiveness.

In the future Danish STFs will take on a much more extensive role in jointly financing public CVET activities, although the experts interviewed agree that STFs will remain a supplement to public CVET. Also, CVET issues will gain momentum in the coming years, with a predicted economic turndown; currently, there is almost full employment in Denmark.

The industry sector training fund has contributed to developmental activities within vocational training and within CVT. The fund has financed different research activities intended to keep up with the existing most relevant sectoral developments in the different subsectors and their associated training and educational needs. It has also created several self-diagnosis tools for improving competence development among employees (e.g. the SUM-tool).

The industry training fund has also fostered cooperation and social dialogue among the social partners, in line with the existing tradition of the Danish labour-market model. However, the limited resources of the fund limit the impact of its activities.

The state sector competence fund has promoted state employee training and, equally important, helped to develop internal strategic documents on competence development activities. In 2004, four out of five workplaces in the state sector developed, or were about to develop, a strategy for competence development.

One of the strong points of the competence fund is its cooperation with the Centre for Development of Human Resources and Quality Management. This is active in developing a wide range of tools for systematic planning of training and competence development needs and in counselling employees on competence development issues.

According to the experts interviewed, the cooperation between the social partners in the board functions well and is effective. However, as with other Danish STFs, the impact of the fund is small because of the limited amount of available resources.

## 3.4. Spain

### 3.4.1. Background information and policy context of the Tripartite foundation for training in employment

The *Fundación Tripartita para la Formación en el Empleo* (Tripartite foundation for training in employment) is the main object of analysis for Spain. It is currently in charge of fostering and coordinating public national policies on vocational training for workers (both the employed and recently also the unemployed). It is under the management of the public administration – represented by the Spanish national employment service (INEM) – and the social partners: CEOE and Cepyme<sup>(9)</sup>, the most important employer organisations, and UGT and CCOO<sup>(10)</sup>, labour unions.

The main goal of the Tripartite Foundation is to foster and extend training initiatives among enterprises and workers, which may indicate their needs and contribute to developing the Spanish economy from a knowledge-based economy perspective. Additional goals include:

- (a) lifelong-learning training of workers, improving their professional capacities in addition to fostering personal promotion;
- (b) to provide workers with adequate knowledge and practices to match the requirements of the labour market to the workforce's expectations;
- (c) to improve enterprises' productivity and competitiveness;

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<sup>(9)</sup> CEOE: *Confederación Española de organizaciones empresariales* (Spanish confederation of business organisations).

Cepyme: *Confederación Española de la pequeña y mediana empresa* (Spanish confederation of small and medium enterprise).

<sup>(10)</sup> UGT: *Unión general de trabajadores* (General union of workers).

CCOO: *Confederación Sindical de Comisiones Obreras* (Workers' commissions).

- (d) to help the employability of unemployed workers, especially those with major difficulties in joining the labour market;
- (e) to promote formal accreditation of vocational skills acquired during formal and non-formal training routes, and to promote training activities linked to the *Catálogo nacional de cualificaciones profesionales* (national catalogue of professional qualifications).

The participation of the social partners in CVT is a key characteristic. This is evident from the four national agreements on this matter signed by the Spanish main social partners' representative organisations since 1993; at that time, the Spanish labour market suffered from several key challenges such as high unemployment rates, an important process of industrial restructuring and the need to adapt to new economic conditions. In this context, vocational training has become one of the key issues in social dialogue and collective bargaining. The Spanish CVT policy has been developed through the four different national agreements which implied important changes in the nature and management of training support activities.

The *First national agreement on continuing training* (Forcem, 1992), signed in 1992, led to the Foundation for continuing vocational training (Forcem) and covered the period 1993-96. Forcem had a bipartite nature; its management board was in the hands of the most important enterprise representative organisations (CEOE and Cepyme) and trade unions (UGT and CCOO, among others). This first agreement and setting up Forcem was important for the Spanish economy as, previously, continuing training activities did not receive much attention from public and private agents. The first agreement also established the main source for financing CVT activities, basically a compulsory training levy paid by companies and employees to the General Treasury of the Social Security. Activities funded included training plans for individual enterprises, grouped plans for enterprises in the same sector, intersectoral plans for several economic sectors and, finally, the *permisos individuales de formación* (individual training leave). In 1993-96, Forcem activities were promoted to enterprises and workers. In 1996 came the *Agreement for continuing training in the public administrations*, which established the general framework for managing the existing funds for public workers (to be renewed every four years).

The *Second national agreement on continuing training* 1997-00 (Forcem, 1997) continued the approach, with no major changes regarding training initiatives. Still, this second agreement consolidated Spanish CVT policy, and some changes were introduced. These were: enlargement of new possible worker collectives to receive benefit (special labour relations, self-employed); the increasing focus on specific disadvantaged groups (women, low-qualified workers, older workers); the creation of *Comisiones Paritarias* (Joint Commissions) to foster participation by social agents at sector level; and the reduction in company size threshold for individual training plans (for 200 to 100).

Later, the *Third national agreement on continuing training* (Fundación Tripartita, 2001) established several important changes for the period 2001-04, especially in management. The existence of some detected fraud cases related to bad management of public funds provoked the management board to improve the transparency and management of the available

resources. Forcem was replaced by the Tripartite Foundation, comprising the Spanish Ministry of Employment and Social Affairs plus the social agents (CEOE and Cepyme for the employers and CCOO and UGT for the trade unions). Also, a distinction was established between supply and demand-driven training plans (the former aimed at personal and professional development of workers, the latter at enterprise needs), as well as the setting up of specific training activities for the social economy sector and the need to jointly finance demand-driven training plans by enterprises.

The third agreement did not last its expected term. The introduction of the Royal Decree 1046/2003 of 1st August, which became compulsory in January 2004, necessitated a radical change in the Spanish CVT model. This decree took into account several important changes in previous years, e.g. several decisions of the Constitutional Court in 2002 stressing the role of the Spanish regions in the management of the CVT system and the introduction of the Organic Law 5/2002 of qualifications of vocational training, which required continuing training to be adapted to the new Law.

The decree established three main groups of initiatives to be supported: demand-driven actions (which include also individual training leave permissions), supply driven actions, and complementary actions. A radical change was the introduction of *bonificaciones* (reductions) in social security contributions for companies which train their employees and special treatment for SMEs. The new model also applied strict, but simplified, control and follow up to financing continuing training to prevent fraud and reduce red tape. Finally, regional governments were also given the ability to supply and manage public national centrally-collected resources (and their own) for supply-driven training actions within their regional boundaries.

Meanwhile, the latest *Fourth national agreement on vocational training for employment* (Fundación Tripartita, 2006) was signed last 7th February, and developed in the Royal Decree 395/2007 of 23rd March 2007. This new agreement, signed by the most representative Spanish social partners, includes several interesting changes in the scope and goals of the Tripartite Foundation, the most important being the inclusion of training activities specifically aimed at unemployed workers. However, these are still to be regulated and developed. The fourth agreement stresses the importance of ensuring the access to top-quality training for disadvantaged groups, fostering demand-driven actions, including the further development of individual training leave, and the role of the regional governments in supplying and managing part of the national resources for supply-driven training actions within their regional boundaries.

### **3.4.2. Governance of the Tripartite Foundation**

The Tripartite Foundation has a legal status and is managed by the most representative Spanish business and union organisations and by the public administration. Its main governing body is the *Patronato de la Fundación* (General Council), responsible also for the administration and representation of the Foundation. This board comprises representatives of the Spanish public administration (INEM, belonging to the Spanish Ministry of Employment and Social Affairs); two employers' organisations (Cepyme and CEOE), and three main Spanish trade unions (CCOO, UGT and the Confederation of Galician trade unions).

The President of the Board is always a member of the public administration. The president is responsible, among other issues, for selecting the foundation's manager and team. The management team is always composed of civil servants from public administrations; since the fourth agreement, the public administration staff became staff of the Tripartite Foundation. The president also approves the organisational structure and the different job positions of the Tripartite Foundation. There are two vice presidencies belonging to members of business and union representative organisations.

The Joint Commissions, established by employer and trade union representatives under sector social dialogue and collective bargaining processes, set the main criteria and priorities of the supply-driven training activities to be carried out at sectoral level, as well as leading social dialogue on training matters within the sector.

### **3.4.3. Functioning of the Tripartite Foundation**

#### *3.4.3.1. Sources of finance*

The Tripartite Foundation manages public calls for subsidies, including decisions on the programming, allocation and follow-up of the subsidies, the elaboration of statistics and reports detailing its activities. The Tripartite Foundation also determines the administrative procedures used by enterprises and training organisers, and fosters knowledge of the existing support schemes among enterprises and training organisers. Meanwhile, the public sector (either INEM or the regional governments) pays the approved subsidies. The resources used by the Foundation at national level are provided on an annual basis through the available budget of the INEM, included in the annual *Ley de presupuestos generales del Estado* (Law of the State general budget), where these national funds can be complemented by regional governments' own funds. The Tripartite Foundation is also responsible for the good use of its resources, being liable to public finance inspection.

According to the Royal Decree 395/2007 of 23rd March 2007, the available funds for continuing and occupational vocational training in Spain are financed through the resources explicitly provided in the Law of the State general budget, through the available budget of the INEM. Specifically, the financial resources at national level come from two main sources:

- (a) the *cuota de formación profesional* (vocational training levy) paid by companies and employees to the general treasury of the social security. Companies may try to recover part of it by applying for grants to fund its training efforts. This levy percentage is annually established by the Law of the State general budget. In 2004 it was 0.35 % of total wages; in 2005 it was 0.42 %. About 75 % of the available resources come from the vocational training levy, although this percentage varies from year to year; in recent years this figure has increased as a consequence of significantly increased Spanish employment.
- (b) the ESF, which account for about 22-23 % of the available income.

There are also unspent funds from the previous year (about 2-3 % of the total). The Spanish Autonomous Communities may manage specific supply-driven training actions within the boundaries of their regions. These resources, from their own regional funds or from national resources devoted to regions, can be an additional 30-35 % of the resources managed directly by the Tripartite Foundation.

#### *3.4.3.2. Activities managed by the Tripartite Foundation and allocation criteria*

According to the Royal Decree 395/2007 of 23rd March 2007, the type of activities currently supported by the Tripartite Foundation can be grouped into demand-driven and supply-driven schemes. Demand-driven training schemes include two main types:

- (a) continuing training actions in enterprises: they support general or specific training activities planned, organised and managed by enterprises themselves for their workers, either in isolation (the enterprise itself) or in groups (of enterprises, belonging ,or not, to the same sector but with the same training needs);
- (b) individual training leave: these are authorised by the enterprise allowing individual workers to carry out, during working time, an officially-recognised training activity, with no direct cost for the enterprise.

In both cases, enterprises can organise these training activities either by themselves or with specialised training institutions.

Demand-driven schemes are financed by the *bonificaciones para la formación continua* (continuing training credits). These credits are available for the enterprises involved in training activities that pay the vocational training levy and result in discounts in the *cotizaciones a la seguridad social* (social security contributions) up to a specified maximum. The calculation of the total credit an enterprise is eligible for is based on the application of either a fixed amount or a percentage (annually established by the Law of State General Budget) of the amount provided by the enterprise in the previous year's compulsory vocational training levy. The credit is made effective through a reduction in the social security contributions paid by enterprises in the current year. It is managed between the individual enterprise (even in the case of groups of enterprises) and the general social security system. The participation of the Tripartite Foundation is limited to registration of existing requests and some information and counselling activities. These credits are established according to the size of the enterprise, therefore smaller enterprises benefit from a larger percentage. The discount percentages for 2004-07 are presented in Table 10.

Table 10: Credit percentages for 2004-07

Company size (number of employees)	2004	2005, 2006, 2007
More than 250 workers	42.5 %	50 %
50-249 workers	52.5 %	60 %
10-49 workers	65 %	75 %
6-9 workers	90 %	100 %
3-5 workers	EUR 350 annually	EUR 420 annually
2 workers	EUR 350 for 2 years	EUR 420 for 2 years
1 worker	EUR 350 for 3 years	EUR 420 for 3 years

Source: Fundación Tripartita.

The Tripartite Foundation has developed an online tool for application procedures.

The enterprises granting individual training leaves have an additional training credit for training initiatives, which can be calculated as an additional 5 %, on average.

These demand-driven schemes require that the enterprise jointly finance training, though this is not applied for individual training leaves, nor for enterprises with fewer than 10 workers, to facilitate the access of smaller enterprises to training activities.

Supply-driven training schemes are aimed at employed workers and, since 2007, the unemployed too. They have to respond to the identified needs of the labour market, e.g. business and participants' requirements in terms of professional promotion, personal development or effective insertion into the labour market.

These schemes are provided to workers directly (employed or unemployed), without company participation. The workers have responsibility for participation.

Two main types of supply-driven training activities can be distinguished:

- (a) training activities aimed at the employed, including sectoral and intersectoral training plans. Intersectoral plans aim to provide skills and qualifications, horizontally and transversally transferable to different activity sectors. Sectoral training plans are developed to specific sector training needs and are defined by the Paritarian Commissions (set up by representatives of employers and trade unions under the sector social dialogue and collective bargaining processes). The Paritarian Commissions also fix their main criteria and priorities, and the social dialogue on training matters within the sector. Other specific training programmes can also be developed for concrete groups of people (social economy, self-employed, etc.);
- (b) training activities aimed at the unemployed (available since 2007), to support their effective and successful insertion in the labour market. These activities have to provide official certificates (included in the national catalogue of professional qualifications). Similarly, training practices within enterprises (public or private) will be specially supported.

Unemployed workers participating in these initiatives might be given aid for travel and maintenance costs, in particular for specific groups, e.g. the disabled and handicapped. Enterprises providing training practices to the unemployed may receive financial compensation.

These supply-driven training Schemes are funded by public subsidies according to annual or pluriannual calls by the public administration (INEM and the regional governments) in the form of *contratos programa* (programme contracts). These subsidies are granted to the most representative business and trade union associations (at national or sectoral level), organisms of the social economy and self-employed organisations, which organise training activities themselves or via subcontracted training providers. In the case of sectoral training plans, these agreements can also be signed with those specific paritarian training-related bodies set up in the frame of the collective bargaining process. Agreements for disadvantaged groups (e.g. the handicapped, etc.) can be signed with non-profit organisations developing specific actions. All of them need to be fully recognised by the Tripartite Foundation to be eligible to organise training courses and activities. In the case of the sectoral training plans, the criteria used to allocate public funds to existing sectors depend on the importance of the sector to Spanish employment.

In addition to these demand- and supply-driven training schemes, and following the Royal Decree 395/2007 of 23 March 2007 developing the *Fourth national agreement on vocational training for employment* (Fundación Tripartita, 2006), the Spanish vocational training system for employment identifies other training-related activities: the *acciones complementarias* (complementary actions) and the *formación en alternancia con el empleo* (employment-in-alternance training). The complementary actions are managed by the Tripartite Foundation and contribute to improving the effectiveness and efficiency of Spanish vocational training. They include research studies of training needs (of sectoral and intersectoral nature); forecasting exercises; development of pilot projects related to certification and recognition of training and qualifications; and promotion and diffusion of vocational training. These complementary actions are funded via public subsidies annually from INEM. Their impact on specific individuals is, therefore, very limited.

Employment-in-alternance training, directly managed by the INEM, was specifically developed for the first time in the Royal Decree 395/2007 of 23 March 2007, and is integrated with the training actions included within the *contratos para la formación* (contracts for training) and the *programas públicos de empleo-formación* (public employment-training programmes), intended to mix training of the unemployed with practical experience within enterprises. Both initiatives, complementary actions and the employment-in-alternance training, have a limited impact on enterprises and individuals, especially compared to the demand- and supply-driven training schemes.

Finally, it is worth noting that the Tripartite Foundation is paying an increasing attention to certification of training/courses providers. This is particularly important in the case of supply-driven training schemes, where training activities have to provide certificates officially recognised and included in the national catalogue of professional qualifications. The complementary actions are also active in developing pilot projects related to certification and

recognition of training and qualifications. The fact that demand-driven training schemes satisfy enterprises' specific training demands allows for a higher degree of flexibility in this domain.

#### *3.4.3.3. Targeted groups*

Before the recent reform in Spanish vocational training, the activities of Forcem and the Tripartite Foundation only covered employed personnel. Now they target both the employed (including salaried staff and the self-employed) and the unemployed, although for this group no concrete activities have been developed yet.

Since enterprises (and their employees) paying the compulsory vocational training levy may benefit from discounts in the demand-driven training schemes, employees of SMEs reap particular benefit. Other groups that benefit include workers affected by restructuring processes, those employed in sectors in decline, social economy workers and the self-employed. However, such demand-driven schemes respond to the enterprises' own needs, and not specifically to disadvantaged groups.

Supply-driven training activities are targeted at existing workers (with the unemployed also allowed to take part) at no cost to them; the proportion of the employed/unemployed is determined by the relevant authorities. Activities are aimed particularly at disadvantaged groups that have difficulty accessing training opportunities. These are mainly the unemployed (especially women, youth, handicapped people, victims of any kind of terrorism or violence, long-term unemployed and, in general, groups under risk of exclusion) and those employed in SMEs, women, youth, handicapped people, victims of any kind of terrorism or violence, older people, disabled people and low-skilled workers. As these supply-driven activities are organised by the business and trade union associations, they are much more concerned with less favoured groups than with demand-driven schemes. This positive discrimination is due not only to legal requirements (from the ESF origin of some of the funds available for) but also to some positive ad hoc policies. For example, in the sectoral training plans, 5 % more females must participate in training, as a general rule, than are employed in the sector (information related to the 2006 public call).

#### *3.4.3.4. Training-related costs covered by the Tripartite Foundation's activities*

The distinction between demand- and supply-driven training schemes is essential to understanding the type of training-related costs covered by the Tripartite Foundation's activities. In supply-driven training schemes, the costs covered by the Foundation, and paid to the provider, are those directly linked to the course (costs of trainers, didactic materials, renting of premises, and indirect costs such as water, heating, electric consumption, etc.). The trainees pay indirect training costs such as travel and maintenance. This type of supply-driven training actions is usually carried out outside normal working time, so the worker does not need permission from the enterprise. The entities that can apply for the Tripartite Foundation's financial support for these schemes include business associations and trade union-dependent training organisations, and others such as specific bodies set up in the frame of the collective bargaining process. All of them need to be fully recognised by the Tripartite

Foundation to be eligible to organise training courses but they can subcontract out training activities to other providers (private providers, vocational training centres, etc.).

In demand-driven schemes organised by enterprises themselves (on an individual or collective basis), the Tripartite Foundation covers (partially or totally, according to existing limits) the direct costs (teachers' salaries, renting of equipment and classrooms, didactic means, insurances, transportation expenses, maintenance and accommodation of participants, etc.) and associated costs (organisation, auxiliary staff and equipment, water and light, cleaning, etc.).

In both supply- and demand-driven schemes, enterprises, training providers and individuals are subject to strict control by public administrations (national and regional) to avoid fraudulent situations. Training methods can vary and include traditional teaching as well as long-distance approaches such as teletraining.

#### 3.4.3.5. *Regional differences*

Since 2004, the Spanish regional governments (Autonomous Communities) can have access to part of the financial resources provided by the INEM for developing supply-driven training actions in their geographical areas of influence. Regional authorities can also complement these resources through their own financing of supply-driven training schemes (both for the employed and the unemployed) and within the boundaries of their own regions, as well as other complementary actions. This situation has been again stressed in the Royal Decree 395/2007 of 23rd March 2007 developing the *Fourth national agreement on vocational training for employment* (Fundación Tripartita, 2006). The role and scope of actions of regional governments in training is not yet clear, which results in important discussions between regional governments and national authorities; often these differences are taken into the Constitutional Court for final decision. In any case, the *Conferencia sectorial de asuntos laborales* (sectoral conference for labour Matters) is responsible for encouraging coordination and cooperation, among other issues, on vocational training matters between the INEM and the regional bodies. Since 2004, regional governments have been given the opportunity to participate in the Management Board of the Tripartite Foundation, but they have so far refused to do so.

The experience of Hobetuz, the Basque foundation for CVT <sup>(1)</sup> is worth noting. Hobetuz is a tripartite body comprising the Basque government, the Basque employers' association (Confebask) and the four main Basque trade unions (ELA, CCOO, UGT and LAB). Its task is to promote and manage CVT within the boundaries of the Basque Country from a holistic perspective, basically to avoid possible duplication of activities with the National Administration. Hobetuz was set up in 1996 and is financed through a specific agreement between the Spanish and the Basque governments, so the appropriate proportion of the compulsory vocational training levy collected by the National Social Security system is later

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<sup>(1)</sup> Available from Internet: <http://www.hobetuz.com/> [cited 29.2.2008].

given to Hobetuz, which can also have access to public funds from the ESF. The activities carried out by Hobetuz in the last 10 years are summarised in Table 11.

*Table 11: Hobetuz's activity in brief, 1996-2005*

<b>Variables</b>	<b>Total</b>
Financed training programmes (number)	6 361
Subsidies granted (EUR)	223 607 226
Trainees (number of workers)	982 539
Financed training activities (number)	59 336

*Source:* Hobetuz.

The activities of Hobetuz experience difficulties arising from important differences among social partners in the managing body, as well as between national and regional administrations in calculating and receiving the public funds. The activities of the Tripartite Foundation also apply in the Basque Country, so a problem of duplication currently exists.

#### **3.4.4. Training funds output measurement**

The important changes experienced by the Spanish continuing training model may render difficult a comparison of existing results in the period 1993-06. Comparisons over time have to be treated with care.

##### *3.4.4.1. Main indicators of the activity of Forcem/Tripartite Foundation*

To give an overall idea of the evolution of the Tripartite Foundation it is necessary to analyse its activity in the frame of the three different national agreements on CVT and the Royal Decree 1046/2003 of 1st August; these regulated the Spanish VET from 1993 to 2005. Despite the changes of the last 12 years, Table 12 offers a brief summary its main activity and financial indicators.

Generally speaking, the number of participants trained as a result of the activities of Forcem/Tripartite Foundation has grown progressively with time (resulting in an amount five times higher in the year 2005 than in 1993), as well as in relative terms, since the percentage of the employed participating has increased by almost 6 points during the last 12 years (reaching 8.55 % in 2006), with peaks in 1997, 2000 and 2001. Allocated national resources have increased from EUR 56.0 million in 1993 to EUR 494.93 million in 2005, i.e. 19.9 % in cumulative terms.

Table 12: Evolution of the main activity and financial indicators of Forcem/Tripartite Foundation, 1993-06

Years	Participants (national calls)		Participating enterprises (national calls) in demand-driven training schemes		Total resources at national level (no regionally managed or additional funds included) (million EUR)
	Number	% over occupied population	Number	% over existing enterprises	
1993	294 219	2.39	n.a.	–	56.00
1994	780 578	6.39	n.a.	–	180.24
1995	1 242 641	9.93	n.a.	–	310.65
1996	1 266 984	9.84	n.a.	–	372.84
1997	1 356 006	10.16	n.a.	–	345.03
1998	1 346 111	9.68	n.a.	–	347.85
1999	1 422 923	9.69	n.a.	–	406.50
2000	1 568 121	10.11	n.a.	–	495.76
2001	1 806 767	11.19	64 664	2.4	502.10
2002	1 514 268	9.11	53 324	2.0	366.65
2003	1 631 388	9.43	66 392	2.4	433.64
2004	599 281	3.33	31 366	1.1	470.98
2005	1 531 207	8.07	60 224	2.0	494.93
2006	1 688 070	8.55	87 450	2.8	229.70 <sup>(a)</sup>

<sup>(a)</sup> Resources available for demand-driven training actions

The low number of participants in 2004 is due to the late publication of the public calls for the different supply-driven training schemes.

#### 3.4.4.2. Financial resources allocated to training activities

Table 13 summarises the financial resources supporting the funding of demand- and supply-driven continuing training schemes in Spain in 2004 and 2005. This should be treated with care as demand-driven training initiatives are planned by enterprises each financial year, whereas supply-driven training schemes are subject to public announcements either annually or biannually.

Referring to 2004 and 2005, the total resources allocated (including national and regional) reached EUR 588.80 and EUR 779.52 million respectively. This shows a remarkable increase of 32.4 % in the period, mainly due to the growth of funds for supply-driven initiatives at regional level (141.5 %).

Most supply-driven training funds at national level correspond to sectoral training plans, accounting for 85.7 % of supply-resources in 2004-05 (as they correspond to a biannual announcement). These funds have been used to finance 306 supply-driven training programmes, out of which 286 constitute sectoral training plans (93.5 %). The financial resources made available to the Tripartite Foundation amount to a total of EUR 965.91 million in the two-year period of 2004 and 2005, with individual amounts for 2004 and 2005 being EUR 470.98 and 494.93 million, respectively.

*Table 13: Financial resources available for demand and supply-driven training schemes, 2004-05 (million EUR)*

<b>Training Activity</b>	<b>2004</b>	<b>2005</b>	<b>2004-05</b>
Supply-driven training schemes	476.31	596.60	1 072.91
National budget	358.49	312.01	670.50
• intersectoral training plans	31.98	28.61	60.59
• social economy training plans	9.07	7.77	16.84
• sectoral training plans	307.79	266.54	574.33
• plan for training the self-employed	9.65	9.09	18.74
Regional budget	117.82	284.59	402.41
Demand-driven training schemes	112.49	182.92	295.41
Total regional budget	117.82	284.59	402.41
Total national budget	470.98	494.93	965.91
Total national+ regional budget	588.80	779.52	1 368.32

Source: Tripartite Foundation.

#### *3.4.4.3. Beneficiaries of the activities managed by the Tripartite Foundation*

Each worker participating in one training action is considered as a participant. According to the data provided for 1995-05 by the Forcem/Tripartite Foundation, there was convergence in the number of participants from a gender perspective. Whereas 68.1 % of participants were male in 1995, this rate is 11 percentage points lower in 2005; the fact that women are particularly supported in accessing training following ESF criteria may partly explain this change. In contrast, little change has occurred in the age of the participants in training programmes; the number of older participants (46-55 years) has increased by just over 3 percentage points during the period analysed.

In terms of hierarchy, the major changes relate to non-qualified workers, with an increase of 12 percentage points in participation from 1995-05, although qualified workers are the main users of training actions funded by the Tripartite Foundation in 2005 (39.2 %). Additionally, there has been an increase in the proportion of participants from production and direction domains during 1995-05, with participation increasing by 11 and 2 percentage points respectively.

Table 14: Number and profile of the participants in the activities managed by the Tripartite Foundation/Forcem, 1995, 2000, 2005 (in %)

	1995	2000	2005
<b>Gender</b>			
Men	68.1	59.2	57.2
Women	32.0	40.8	42.8
<b>Age</b>			
16-25	11.7	20.1	10.4
26-35	66.2 <sup>(1)</sup>	39.6	41.0
36-45	-	23.9	28.7
46-55	16.3	16.4	19.9
Not classified	6.0	0.0	0.0
<b>Hierarchical position in the enterprise</b>			
Managers	6.3	6.3	6.8
Intermediate managers	14.5	8.7	9.6
Technicians	17.2	14.8	17.9
Qualified workers	45.0	37.9	39.2
Non-qualified workers	14.8	32.3	26.6
Not classified	2.2	0.0	0.0
<b>Functional area</b>			
Direction	4.6	5.6	6.7
Administration	20.0	17.4	16.0
Marketing	22.8	22.1	18.4
Maintenance	8.8	6.9	6.9
Production	40.8	48.0	52.0
Not classified	3.2	0.0	0.0

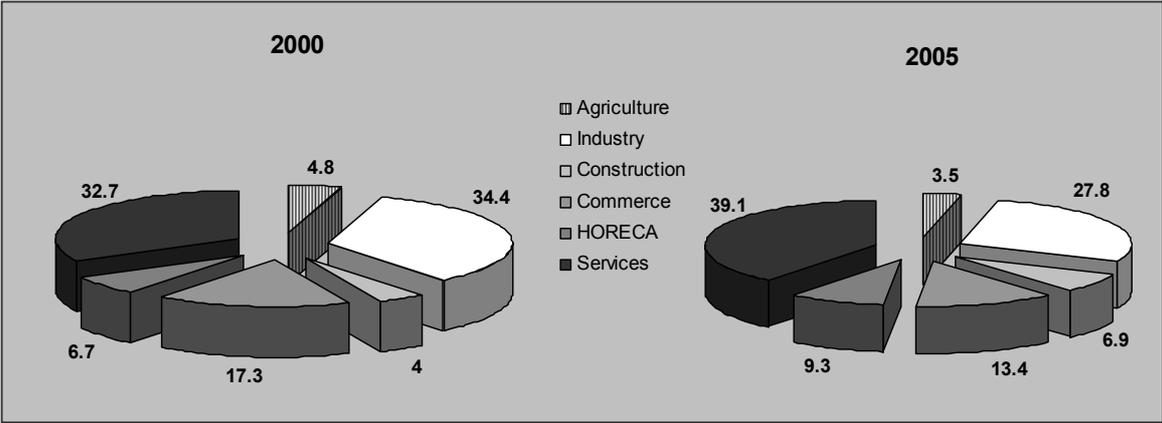
<sup>(1)</sup> This group is aged 26-45.

Not classified: corresponds to a small proportion of participants not classified appropriately.

Source: Tripartite Foundation.

Employees benefiting from training activities managed by the Tripartite Foundation mainly belong to the sectors of services (39.1 %) and industry (27.8 %), while traditional sectors of activity such as agriculture (3.5 %) and construction (6.9 %) are lower (data for 2005). In 2000, the greater proportion of workers trained were from industry (34.4 %) and services (32.7 %), while agriculture and construction also had the lowest rates (4.8 % and 4.0 % respectively).

Figure 2: Sectoral profile of the participants in the activities managed by the Tripartite Foundation/Forcem, 2000 and 2005 (in %)



Information includes participants in demand and supply-driven training schemes, at national level  
 Source: Tripartite Foundation.

Focusing attention on 2005, a greater number of men generally participate in both supply- and demand-driven training activities, although female participation is higher than the relative proportion in employment; again, the fact that women are particularly supported to access to training following ESF criteria may partially explain this situation. According to the data published in the year 2005, the proportion of women exceeds that of men only in the segment of 16-25 years old (84 358 female workers versus 75 197 male employees).

Participants aged 26-35 appear to be the most active in training programmes, with a proportion of 41 % of both total supply- and demand-driven training participants. As the workers become older, their participation rate slows.

Table 15: Number and profile of participants by supply and demand-driven training schemes, 2005

	Supply-driven training		Demand-driven training	
	Trained participants	Average duration (in hours)	Trained participants	Average duration (in hours)
<b>Gender</b>				
Men	322 128	51.8	554 038	27.3
Women	276 116	52.1	378 925	25.6
<b>Age</b>				
16-25	89 461	55.0	70 094	25.9
26-35	244 654	56.3	382 532	28.2
36-45	162 476	49.0	276 474	26.5
46-55	80 606	43.8	157 451	24.4
55	21 047	42.0	45 480	23.1
Not classified	–	–	932	–
<b>Hierarchical position in the enterprise</b>				
Managers	63 274	54.4	41 148	31.3
Intermediate managers	36 679	56.9	109 775	28.6
Technicians	67 208	62.1	206 914	28.5
Qualified workers	237 699	50.0	361 702	27.0
Non-qualified workers	193 384	48.9	213 424	22.2
<b>Functional area</b>				
Direction	61 329	55.7	41 611	30.8
Administration	85 761	63.1	159 723	33.1
Marketing	77 006	61.5	204 797	24.4
Maintenance	35 728	49.7	69 648	27.5
Production	338 420	46.4	457 184	24.8
<b>TOTAL</b>	<b>598 244</b>	<b>51.9</b>	<b>932 963</b>	<b>26.6</b>

Not classified: corresponds to a small proportion of participants not classified appropriately.

Source: Tripartite Foundation.

In the actions funded by the Tripartite Foundation, the group of qualified workers (men and women separately) attracts most supply-driven training participants (39.7 %) as well as the demand-driven training (38.8 %) of 2005. Not surprisingly, non-qualified workers comprise the second group of participants in importance, as they are the most in need of learning, with participation rates of 32.3 % in programmes of supply- and 22.9 % in demand-training actions. This category has the highest relative proportion of women participating in training. Technicians have a significant rate of participation in demand-training programmes (22.2 %), probably because the technical requirements of their jobs drives enterprises to offer them specialised training courses. Intermediate managers participate in demand-driven training initiatives (11.8 %) to a higher degree than first level managers whereas the latter group decides to participate more in supply-training actions (10.6 %).

The workers' professional field also shows slight differences in training participation. Production is the area where half of the participants use both supply-driven training actions (56.6 %) and demand-driven training (49.0 %).

#### 3.4.4.4. Participating enterprises in training activities

Since a new model for CVT was introduced in 2004, enterprises organise demand-driven training initiatives in the form of *acciones de formación continua en las empresas* (continuing training actions in enterprises) and individual training leave. In 2004-06, more than 179 000 enterprises used this system to develop their training activities.

As shown in Table 16, the rate of participating enterprises is directly proportional to the size of the firms. In 2006, while 89.2 % of the companies with 5 000 or more employees participated in these demand-driven training activities, just 1.2 % of the firms with fewer than six employees carried out demand-driven training activities (33 109 enterprises in total).

Compared to the previous year, the proportion of participating enterprises grew in each employment segment (with the exception of the enterprises with more than 5 000 workers). On the whole, the proportion of enterprises providing demand-driven training activities over the total number of companies increased from 2.0 % to 2.8 %.

Table 16: *Distribution of participating enterprises in demand-driven training schemes, by enterprise size*

	2004		2005		2006	
	Participating enterprises	% over total enterprises	Participating enterprises	% over total enterprises	Participating enterprises	% over total enterprises
1-5	10 545	0.4	21 176	0.8	33 109	1.2
6-9	3 401	2.4	7 255	5.0	11 216	7.3
10-49	10 262	6.8	20 385	13.0	29 106	17.7
50-99	3 049	22.6	5 279	36.7	6 743	44.7
100-499	3 190	31.2	4 943	45.7	5 979	53.0
500-999	491	52.0	615	63.6	659	66.0
1 000-4 999	351	59.3	433	68.7	482	73.3
More than 4 999	68	86.1	79	94.0	83	89.2
Not classified	9	-	59	-	73	-
<b>Total</b>	<b>31 366</b>	<b>1.1</b>	<b>60 224</b>	<b>2.0</b>	<b>87 450</b>	<b>2.8</b>

Not classified: corresponds to a small proportion of participants not classified appropriately.

Source: Tripartite Foundation and the National Institute of Statistics.

About half of the workers benefiting from this type of demand-driven training activities are concentrated in enterprises with more than 1 000 employees (50.8 % in 2004, falling to 43.4 % in 2005 and to 42.1 % in 2006). Companies with fewer than 10 employees receive the smallest proportion of beneficiaries, around 4 %, 5 % and 6 % for the years 2004, 2005 and 2006 respectively, although this percentage is showing a remarkable upwards trend. It is possible to conclude that only few big enterprises (constituting almost all large firms) develop a wide range of training activities for their employees; the opposite is true for small enterprises.

Table 17: Distribution of participants in demand-driven training schemes, by enterprise size

	2004		2005		2006	
	Participants	% over total participants	Participants	% over total participants	Participants	% over total participants
1-5	15 636	2.6	29 450	3.2	47 479	4.1
6-9	7 805	1.3	15 744	1.7	24 623	2.1
10-49	60 361	10.1	118 814	12.7	160 969	14.0
50-99	41 700	7.0	80 457	8.6	98 869	8.6
100-499	112 469	18.9	198 576	21.3	235 030	20.5
500-999	54 234	9.1	84 181	9.0	92 758	8.1
1 000-4 999	115 672	19.4	184 003	19.7	204 995	17.9
More than 4 999	187 146	31.4	220 793	23.7	277 568	24.2
Not classified	196	0.0	945	0.1	4 388	0.4
<b>Total</b>	<b>595 219</b>	<b>100.0</b>	<b>932 963</b>	<b>100.0</b>	<b>1 146 679</b>	<b>100.0</b>

Not classified: corresponds to a small proportion of participants not classified appropriately.

Source: Tripartite Foundation.

#### 3.4.4.5. Training actions managed by the Tripartite Foundation

The training supported by the Tripartite Foundation is structured in different training actions known as a *unidades pedagógicas* (pedagogical unit) each with its own goals, contents and length. According to the data published by the Tripartite Foundation, a total of 76 303 training actions were developed in 2005, of which 91.6 % correspond to demand-driven training actions and the remaining 8.4 % to supply-driven training actions.

As far as the typology of training actions is concerned, the *formación presencial* (attendance training actions) is organised in groups of 25 participants maximum and seems the most appealing, with 61.2 % of the supply-driven initiatives and 76.0 % of the demand-driven actions. Nevertheless, *formación a distancia* (distance training) is progressively gaining in importance (13.4 % of all training actions in 2005). Meanwhile, activities based around ICTs constitute 6.0 % of the total training actions. The average duration of demand-driven training initiatives was 26.6 hours per participant in 2005, much less than the 51.9 hours per participant for supply-driven activities.

Table 18: Number of training actions managed by level and type of training, 2005

	Supply-driven training		Demand-driven training	
	Trained action	Average duration (in hours)	Trained action	Average duration (in hours)
<b>Training typology</b>				
Attendance	3 926	35.9	53 058	24.3
Distance	862	99.8	9 370	44.7
Mix	798	55.4	3 716	22.1
Teletraining	827	72.0	3 746	34.9
<b>Level of training</b>				
Basic	1 492	35.2	25 860	25.3
Medium/high	3 233	41.9	44 030	27.5
Not specified	1 689	91.5	–	–
<b>Total</b>	<b>6 413</b>	<b>51.9</b>	<b>69 890</b>	<b>26.6</b>

Distance training refers to training requiring a self-learning process by the trainee (although assisted by a tutor).

Teletraining refers to the use of ICTs in distance training.

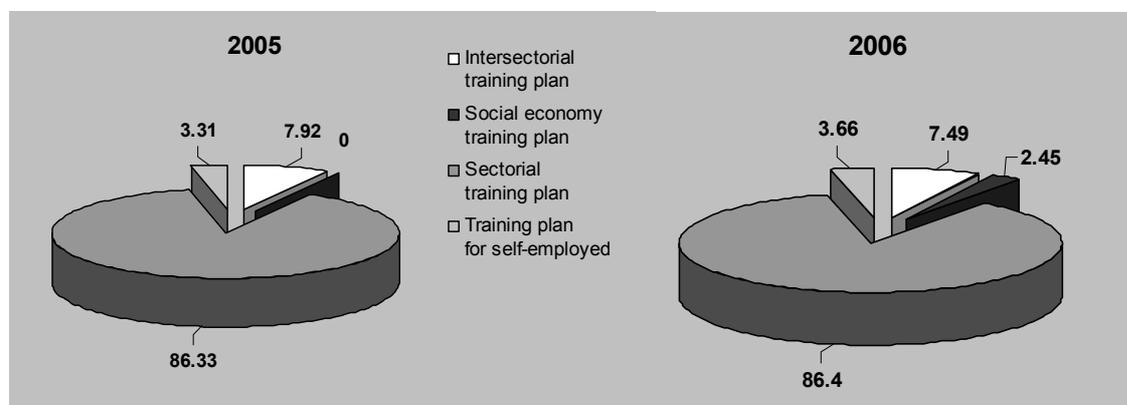
Source: Tripartite Foundation

Medium/high level training appears to be more used by enterprises providing training to their employees, which suggests a kind of specialised training. Half of the supply-driven training initiatives correspond to a medium/high level, reaching 63.0 % in the case of demand-driven training.

#### 3.4.4.6. Characterisation of sectoral training plans managed by the Tripartite Foundation

Having in mind the sectoral focus of this research, it is useful to analyse the available information (2005-06) for sectoral training programmes developed by the Tripartite Foundation. It is particularly interesting to highlight that participation in national supply-driven training schemes corresponds to the participation in sectoral training plans, as shown in the following graph (86.3 % in 2005 and 86.4 % in 2006).

Figure 3: Participation (%) in supply driven training schemes of national scope for 2005-06, by type of schemes



Source: Tripartite Foundation

The social-demographic profile of participants in sectoral training plans during 2005-06, shows a relative balance of men and women, the latter being 45.8 % and 48.2 % in 2005 and 2006, respectively. Only 3.5 % of participants in 2006 were more than 55 years old (3.4 % in 2005) though middle-aged participants are more numerous: the rate for 26-35 year-olds was 41 % in 2005 and 42 % in 2006, followed by 36-45 year-olds at 26 % and 27 % in 2005 and 2006.

*Table 19: Number and profile of participants in sectoral training plans, 2005-06*

	2005	2006
<b>Gender</b>		
Men	279 771	242 471
Women	236 702	225 541
<b>Age</b>		
16-25	82 553	70 141
26-35	213 568	195 780
36-45	136 225	124 487
46-55	66 353	61 383
+55	17 774	16 221
<b>Type of training activities</b>		
Attendance	330 570	258 257
Distance	94 446	117 263
Mix	54 260	43 967
Teletraining	37 197	48 525
<b>Sector of activity</b>		
Manufacturing industry (except metal)	72 123	66 330
Production and distribution of electric energy, gas and water	2 430	722
Metal industry	88 552	65 904
Extractive industries	800	871
Transport, storage and communications	8 150	7 881
Education	20 221	21 018
Financial intermediation	18 618	19 351
Other services	74 518	86 949
Agriculture, livestock, hunting and forestry	44 446	45 808
Commerce	68 838	48 142
Construction	48 400	44 445
Hotels and restaurants	69 377	60 591
<b>Total</b>	<b>516 473</b>	<b>468 012</b>

Distance training refers to training requiring a self-learning process by the trainee (although assisted by a tutor).

Teletraining refers to the use of ICTs in distance training.

Source: Tripartite Foundation.

More than half the participants in sectoral training activities carry out attendance training actions (55.2 %). New ways of distance training are becoming popular, accounting for 35.4 % of total participants, includes teletraining for 10.4 % of the total. Finally, the sectoral distribution of trained participants shows that the highest proportion of participants in 2005-06 were from services, manufacturing and metal industries, followed by hotels and restaurants and commerce (with 18.6 %, 14.2 %, 14.1 %, 13.0 % and 10.3 % of the whole participants).

### 3.4.5. Identification of good practices

In addition to the activities financed by the Tripartite Foundation, some specific sector-related training institutions also encourage training activities. Three sectors with training institutions are construction, metal industries and temporary agency work. This section will describe two institutions, the *Fundación laboral de la construcción* (FLC) (labour foundation of construction)<sup>(12)</sup>, and the *Fundación del metal para la Formación, cualificación y empleo* (FMF) (foundation of metal for training, qualification and employment)<sup>(13)</sup>. These institutions have a bipartite nature, being run by social partners (employers and workers' representatives) on a joint basis, and were created in the framework of the sector collective bargaining process for running and managing training activities specifically aimed at their representative sectors. A description of both institutions follows. There are two additional foundations working in these sectors within the regional boundaries of Asturias, the *FLC del Principado de Asturias* (FLC-Asturias)<sup>(14)</sup> and the *Fundación Metal Asturias* (Metal Foundation Asturias)<sup>(15)</sup>. These two regional foundations are not analysed in this report.

#### 3.4.5.1. Description of good practice 1: Labour Foundation of construction (FLC)

The FLC is a non-profit private foundation set up in 1992 as a consequence of the 1992 *Convenio General* (collective agreement) of the Spanish construction sector. Due to its legal foundation status, the FLC is run by a *patronato* (general council), constituted by the most representative union and business organisations of the Spanish construction sector:

- (a) the *Confederación nacional de la construcción* (national confederation of construction), set up in 1977 and the main umbrella organisation for employers' associations in the sector;
- (b) the *Federación estatal de la construcción, madera y afines de CCOO* (state federation of wood, construction and related activities of CCOO);
- (c) the *Federación Estatal del Metal, Construcción y Afines de UGT* (federation of metal construction and related activities of UGT).

FLC is a bipartite, joint entity, with representatives of employers and main trade unions sitting on the general council on an equal basis.

According to its statutes, the main goals pursued by FLC are to promote initiatives developing vocational training activities in the sector (both 'continuing' for workers and 'occupational' for unemployed) and to develop activities improving occupational health and safety issues which also improve employment in the sector. The FLC pays increasing attention not only to training but also to risk prevention (the sector is one of the most dangerous in Spain, according to labour accidents statistics).

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<sup>(12)</sup> Available from Internet: <http://www.fundacionlaboral.org> [cited 3.3.2008].

<sup>(13)</sup> Available from Internet: <http://www.fmfce.org> [cited 3.3.2008].

<sup>(14)</sup> Available from Internet: <http://www2.flcnet.es> [cited 3.3.2008].

<sup>(15)</sup> Available from Internet: <http://www.fundacionmetal.org> [cited 3.3.2008].

Specifically in vocational training, the FLC fulfils the following secondary aims:

- (a) to develop all kind of training actions for the sector (training plans, programme-contracts, complementary actions, etc.);
- (b) to develop procedures requested for validating, accrediting and certifying vocational training;
- (c) to cooperate with national and regional public authorities in developing and structuring the existing training supply, and also in defining the existing qualifications;
- (d) the dispatch of the *cartilla profesional* (professional book).

The General Council is the main body of governance, administration and representation of the FLC; it has 52 members, equally representing trade unions and employers' representatives. The FLC is managed by an executive committee elected by the General Council. The FLC has a regionally decentralised management system, through which the General Council leaves the execution of its duties in the hands of *Consejos Territoriales* (territorial boards). These territorial boards are present in all the Spanish regions with the only exception of Asturias, where FLC-Asturias is independent from the FLC. All FLC bodies have a bipartite and joint nature, including the territorial boards.

In 2006, the FLC had a workforce of 220 workers, which represents an increase of 39 people compared to 2005. The FLC has an extensive network of about 1 400 external experts and teaching professionals in 40 centres across the country. All these centres are approved by the national and regional public authorities to deliver training activities for workers (either working or unemployed).

The FLC also acts as a training provider, organising and running its own training activities.

The FLC's activities are financed from three main funding sources:

- (a) public funds from the public administration, mainly the Tripartite Foundation (sectoral training plans) and specific funds supplied by regional governments for carrying out training activities within their regional boundaries (especially since 2006). These funds represent about 76 % of the FLC annual budget;
- (b) resources from specific activities carried out by the FLC and financed by third parties such as enterprises and public entities. They represent around 3-4 % of total income;
- (c) resources coming from the Spanish construction sector itself. In addition to the establishment of the FLC, the 1992 collective agreement established a compulsory levy calculated as 0.08 % of the social security contribution basis (same levy since 2000). This resource represents about 20 % of the FLC annual income.

The FLC is unusual in Spain, as there are no other similar sector-related bodies financing their activities via a compulsory levy except for the FLC-Asturias, independent from FLC. In 2006, 127 952 enterprises paid their compulsory levy (81.1 % had fewer than 10 employees), representing 54.9 % of the total number of Spanish construction enterprises. There are several levy payment options for enterprises, including via the Internet and a freephone number. In

2006, more than 1.11 million construction workers were able to benefit from the activities of the FLC.

*Table 20: Number of enterprises contributing via training levy to the FLC and workers employed in these enterprises, 2002-06*

	2002	2003	2004	2005	2006
Number of enterprises paying the training levy	106 631	108 285	112 776	119 220	127 952
Enterprises with 0-10 employees	94 648	89 785	92 570	98 169	103 763
Enterprises with 11-200 employees	11 677	18 410	20 077	20 927	24 052
Enterprises with > 200	106	117	129	124	137
Number of workers	667 163	929 539	1 010 532	1 041 125	1 113 403

Source: FLC, 2005, 2006.

Available data for 2001-06 show that participation in FLC training increased from 19 488 persons in 2001 to 78 314 in 2006, a 32.1 % increase over the period. Participation in continuing training activities also increased from 12 098 persons in 2001 to 66 685 in 2006, 40.7 % growth. Meanwhile, participation by the unemployed in occupational training activities experienced a downward trend, from 6 490 persons in 2001 to 2 325 in 2006.

*Table 21: Evolution of participation in training activities developed by the FLC, 2001-06*

	2001	2002	2003	2004	2005	2006
Continuing training (national training contract)	12 098	23 049	26 297	24 225	61 073	66 685
Occupational training	6 490	3 590	3 788	2 100	3 098	2 325
Other training <sup>(1)</sup>	900	3 529	439	473	140	9 304
<b>Total trainees</b>	<b>19 488</b>	<b>30 168</b>	<b>30 524</b>	<b>26 798</b>	<b>64 311</b>	<b>78 314</b>

<sup>(1)</sup> Includes continuing training plans financed by regional governments, courses financed by the social security training credits and customised training plans requested by sector training enterprises and guarantee social training programmes aimed at disadvantaged groups.

Source: FLC, 2005, 2006.

The Spanish construction sector has experienced a boom in recent years, resulting in a growing demand for workers. In consequence, unemployment in the sector is limited, although the inflow of immigrant workers and the need to improve the skills of existing workers is increasing training demand.

The main focus of FLC training is CVT, specifically under the *contratos programa* (programme contracts) signed with the Tripartite Foundation and other funds coming from regional governments. More than half of the participants carried out professional training (39 079), while 19 426 received training in accident prevention and 8 180 in management. Courses were personally attended by 73 % of participants, while 18 % did a distance course and the remaining 9 % used an Internet-based course.

A total of 2 325 unemployed individuals participated in construction occupational training in 2006, mainly to assist in the labour market.

FLC activities consider several disadvantaged groups, such as women, immigrants, the low-educated and older people. Specific actions are devised through several training programmes and agreements signed with different bodies such as the ESF and public authorities, at national, regional or municipal level.

The FLC also carried out other training-related activities; for example it published several learning manuals and carried out research to improve the existing knowledge on training needs in the sector. The FLC also evaluated its recent activities.

The fact that the FLC is a joint organisation implies an added difficulty in reaching agreements that satisfy both employers and trade unions, although any agreements reached have a much more 'compulsory' nature for both parties. There was also a learning process in the FLC, with the difficulties that were very clear in the initial years of the FLC giving way to a much more fluid dialogue; this helps decision-making not only in training but also in other areas.

The FLC plays an important role in encouraging the development of training in the sector, especially among smallest enterprises. It is evident that large enterprises would carry out training independent of the existence of the FLC, whereas for smallest enterprises it is crucial to have a specific sector-related body involved in training provision. Two of the key characteristics of the sector are the preponderance of small enterprises and the high internal mobility of the construction workforce. These present barriers to worker training. Most participants in FLC training activities come from small enterprises, and this percentage is higher than when the FLC did not exist.

Further, the training activities organised by the FLC clearly respond to the training needs of enterprises and workers, so there is continuing fine-tuning of training activities. Finally, the existence of the FLC has helped to attract more public resources for training in the sector, especially from regional sources, as the FLC is regarded as a well-established and competent body in the field.

Looking to the future, the FLC faces the challenge of supplying training activities, valuable for enterprises, which can be certified. It is now cooperating with the INEM and the Tripartite Foundation to develop training adapted to the national catalogue of professional qualifications developed by the *Instituto Nacional de las Cualificaciones* (National Institute of Qualifications) so trainees may acquire a certified skill that can be incorporated into their CV. The FLC is also working on formal accreditation of non-formal training (very common in the sector) with other European partners.

#### *3.4.5.2. Description of good practice 2: Foundation of metal for training, qualification and Employment (FMF)*

The FMF is a non-profit private foundation set up in 2002 by the most important business and workers' representative organisations under the sector collective bargaining process. These organisations are:

- (a) the *Confederación Española de organizaciones empresariales del metal* (Spanish confederation of business organisations of metal sector) the main umbrella organisation comprising 36 sectoral associations and 34 territorial organisations;
- (b) the *Federación estatal del metal, construcción y afines de UGT* (State federation of metal, construction and related activities of UGT);
- (c) the *Federación minerometalúrgica de CCOO* (mining and metallurgical federation of CCOO).

As with the FLC, the FMF is a bipartite and joint entity.

The main goals of the FMF can be summarised as follows:

- (a) develop sector workers' and employers' professional qualifications;
- (b) support active employment policies affecting the sector;
- (c) improve social dialogue in the metal sector;
- (d) promote initiatives in labour health and safety at workplace for both workers and employers, including also training-related initiatives;
- (e) study and knowledge on the industrial changes occurring within the different activities integrated within the metal sector.

The FMF, due to its legal status of foundation, is run by a general council, which is its main governance, administration and representation body. This general council is composed of 16 persons, eight elected by Spanish confederation of business organisations of metal sector and the remaining eight representing sector trade unions: four represent the State Federation of Metal, Construction and Related Activities of UGT and four representing the Mining and Metallurgical Federation of CCOO.

The main activity of the FMF is to carry out the programme contracts for the metal sector. It has a network of external independent organisations subcontracted to manage and develop specific training activities.

The FMF is fully financed by public funds, and does not use a training levy. The main funding source (around 97 %) comes from the programme contracts managed by the Tripartite Foundation. The remaining funds come from Spanish Ministries and mainly from ad hoc studies and research activities carried out in cooperation with them. Therefore, the training courses managed by the FMF have no cost for the trainees, and the only condition for attending these courses is that the trainee works in the metal sector and contributes to the social security system.

Since its foundation the FMF has managed a total of three programme contracts. Focusing on the activities developed under the III programme contract, it developed, in 2006, 591 actions comprising 276 430 hours of training. This training is aimed at 80 986 trainees belonging to 18 088 enterprises. Participation represents about 4.3 % of the total workers from the metal collective bargaining process.

Table 22: Main activity indicators (training actions, hours of training and employees trained) of the programme contract for 2004-06

	II programme contract 2005	III programme contract 2006
Training actions	597	591
Hours of training	313 452	276 430
Employees trained	92 303	80 986

The activities of the III programme contract comprise the period April 2006-April 2007. The information provided only refers to the activities initiated in 2006.

Source: FMF, 2007.

The participation of women in these training actions is 18.20 % of the total, higher than the figure for women in the sector (about 15 % of the total workforce). Most participants are in intermediate age groups (25-44 years old) and qualified/technician workers, with a minority participation of older workers. Around 21.3 % of the participants are non-qualified personnel.

Table 23: Number and profile of participants in the programme contract for 2005-06

	II programme contract 2005		III programme contract 2006	
<b>Gender</b>				
Women	16 362	17.7 %	14 741	18.2 %
Men	75 941	82.3 %	66 245	81.8 %
<b>Age</b>				
16-24	13 190	14.3 %	15 826	19.5 %
25-34	42 875	46.5 %	36 919	45.6 %
35-44	23 196	25.1 %	18 654	23.0 %
45-54	10 763	11.7 %	8 143	10.1 %
>54	2 289	2.5 %	1 444	1.8 %
<b>Professional category</b>				
Directive	5 963	6.5 %	5 110	6.3 %
Intermediate directives	7 144	7.7 %	5 653	6.9 %
Non-qualified worker	19 079	20.7 %	17 250	21.3 %
Qualified worker	40 659	44.1 %	36 614	45.2 %
Technician	19 467	21.1 %	16 359	20.2 %
<b>Total</b>	<b>92 303</b>	<b>100 %</b>	<b>80 986</b>	<b>100 %</b>

The activities of the III programme contract cover the period April 2006-April 2007. The information provided only refers to the activities initiated in 2006.

Source: FMF, 2007.

Most of the training actions have dealt with metal-specific training issues, with 35.47 % of participants having attended this type of course. Other relevant training topics include computing (15.8 %), prevention and labour health issues (10.93 %) and management/administration issues (10.29 %).

Table 24: Training topics and characterisation of training initiatives by participation in programme contracts, 2005-06

	II programme contract Number of participants 2005		III programme contract Number of participants 2006	
<b>Training topics</b>				
Metal sector	32 644	35.4 %	28 724	35.5 %
Quality	3 482	3.8 %	2 175	2.7 %
Prevention and labour health	7 173	7.8 %	8 848	10.9 %
Production, logistics and environment	2 142	2.3 %	1 909	2.4 %
Sales and external market	2 271	2.5 %	2 596	3.2 %
Management, human resource and administration	9 078	9.8 %	8 335	10.3 %
Computing	19 930	21.6 %	12 796	15.8 %
Languages	7 727	8.3 %	7 160	8.8 %
Map interpretation	1 018	1.1 %	778	0.9 %
Cranes and wheelbarrows	6 838	7.4 %	7 665	9.4 %
<b>Type of training action</b>				
Distance (on paper, traditional)	4 990	5.4 %	6 161	7.6 %
Distance (by computer)	3 365	3.7 %	4 324	5.3 %
Courses combining attendance and distance training, both on paper	190	0.2 %	150	0.2 %
Attendance	81 790	88.6 %	68 047	84.0 %
Teletraining	1 968	2.1 %	2 304	2.8 %
<b>Total</b>	<b>92 303</b>	<b>100 %</b>	<b>80 986</b>	<b>100 %</b>

The activities of the III programme contract cover the period April 2006-April 2007. The information provided only refers to the activities initiated in 2006.

Source: FMF, 2007.

The FMF is also active in developing other training non-related actions. For example, the FMF:

- (a) manages the sector industrial observatory, in cooperation with the Spanish Ministry of Industry, and analyses the economic and labour evolution within the different metal subsectors;
- (b) signed a cooperation agreement with the Spanish Ministry of Education and Science to develop a catalogue of metal sector related professional skills. FMF also carries out several retraining actions aimed at teachers in VET centres;
- (c) supports employability, developing a database of professionals from the naval manufacturing and related auxiliary industries, to ease their insertion into the labour market. This database is being financed by public funds;
- (d) currently carries out several studies on prevention of labour risks within the sector;
- (e) is involved in complementary actions such as research into sector-related occupational profiles, and their related training needs and competences.

The FMF developed a unique and coordinated catalogue of training activities for the metal sector. It also developed a permanent forum for discussion and dialogue between social partners on training and skills issues. According to the interviewee, this situation is exceptional, as most Spanish economic sectors lack this type of joint/bipartite foundation, which results in training activities carried out by social sector partners on an uncoordinated

basis. Also, the extensive knowledge within this permanent social dialogue structure may allow it to carry out activities in other non-training related fields such as labour mediation. Third, FMF plays an important role in fostering the development of training activities in the smallest enterprises within the sector; for these smallest enterprises it is crucial to have a specific sector-related body involved in training provision. Finally, the FMF representative stresses the fact that training has to be sector-related to make it as effective as possible.

The bipartite nature of FMF implies added difficulties in the decision-making process, i.e. the existence of different opinions among participants can slow decision-making. However, the interviewee also suggests that, when agreements are reached, they are very strong and have a high legitimacy in the sector. There is also a strong consensus among social partners, which helps taking decisions.

### **3.4.6. Evaluation of the Spanish STF**

Up to the setting up of Forcem, as a result of the *First national agreement on continuing training* in 1992 (Forcem, 1992), continuing training was not a key issue in the Spanish policy agenda, neither in the general priorities of enterprises. Until then, continuing training activities were carried out on an individual basis and mostly by the largest enterprises.

This situation radically changed with the setting up of Forcem in 1992, which became the key reference for the whole Spanish continuing training system as the main funding body. After the initial Forcem years, around 8-11 % of the Spanish employed population was benefiting from the Forcem/Tripartite Foundation managed/funded activities. Currently, CVT activities are seen as a key tool for improving both the competitiveness of enterprises and the employability of employees, especially given the rapid technological and organisational changes affecting the Spanish economy during recent years. In this respect, the Tripartite Foundation is a well-known body among the Spanish enterprises and workers.

The experts interviewed suggest that if the Tripartite Foundation did not exist most continuing training activities would never take place, particularly for disadvantaged groups (SME workers, self-employed, women, people with low skills, etc.). Therefore, its activities do not only play a competitive-improvement role, but also a social-equity role, reinforced with the latest reform in 2007 allowing unemployed people to benefit from the Tripartite Foundation's activities. This development is regarded as a key positive improvement in the general Spanish vocational training system, especially in responding successfully to the current needs of the Spanish economy.

The four national agreements on continuing training signed so far by the Spanish main social partners have had a positive effect not only on the Spanish social dialogue (due to the bipartite and later tripartite nature of the decision-making bodies) but also on the balanced nature of the activities supported by the tripartite Foundation.

To give an example, one of the key characteristics of the Spanish system is the distinction between the demand- and the supply-driven training schemes. Demand-driven schemes cater

for the training needs of enterprises themselves, so they are designed in a very flexible and non-bureaucratic way through continuing training credits managed directly between the individual enterprise and the social security system. Supply-driven training schemes respond more to the interests of employee representative bodies, as they favour the personal promotion and employability of individual workers (and now unemployed ones too) independently of the enterprises' interests. Special disadvantaged groups are particularly attended by this type of activity (e.g. women, young people and workers older than 45, non-qualified workers, etc.). The available data provided in previous sections confirm the focus of supply-driven training schemes on disadvantaged groups compared to the demand-driven training schemes.

This positive discrimination is due not only to legal requirements (the ESF origin of some of the funds available for funding supply-driven training activities), but also to some positive ad hoc policies. For example, in the sectoral training plans, participating female trainees have to represent, as a general rule, a 5 % higher quota than their sector-specific participation.

The existence of the joint commissions set up by representatives of employers and trade unions under the sector social dialogue and collective bargaining processes resulted in an enhanced social dialogue at sectoral level, especially on training matters within the sector. Some sectors have developed specific joint training-related bodies set up in the framework of the collective bargaining process (such as the two case studies, FLC and FMF).

The Tripartite Foundation helped to increase the volume of existing public funds available for training purposes, as regional authorities became interested in supporting these activities with their own resources. It also helped create a competitive layer of training providers and consulting services helping sector associations, workers' representatives and enterprises (individual or group) to define and satisfy their training needs. This supply has undergone rationalisation after a boom in the early 1990s.

Despite these strong points, it is also possible to identify several weaknesses. One of the big problems in Spanish CVT during the last 15 years is that the system has experienced several radical changes during the period, especially since 2003-04, linked to the different national agreements reached. These caused other changes (type and nature of supported activities, procedures, conditions for acceding to public subsidies, etc.) which have generated problems for enterprises, workers and training providers. The experts interviewed see a need for the system to stabilise and consolidate to be fully effective.

Another important criticism relates to bureaucratic procedures. The Tripartite Foundation is characterised, by interviewed experts, as a too bureaucratised institution, e.g. several strict procedures control the *ex ante* and *ex post* subsidising process; the social partners argue that the influence of the public administration is important in this. Public calls may change from one year to the other, or are not ready early in the year (e.g. in 2007 the final public call was released in August/September due to several difficulties in the negotiations); this may add difficulty for enterprises and training organisations in planning their activities. In the last few years several important changes have been introduced in the system to alleviate and speed up administrative procedures, such as the use of on-line applications for continuing training

credits (demand-driven training) or simplified procedures for control and follow-up in the case of the supply-driven training schemes.

Another important weakness identified by the experts interviewed is that the current system of continuing training credits in demand-driven initiatives is clearly benefiting large enterprises more than the smallest ones. This situation, reflected in existing statistical information and particularly criticised by trade unions, probably indicates a need for the Tripartite Foundation to deal differently with the very small and small enterprises, on equal terms with large enterprises. Despite the structural difficulties for SMEs in accessing training (lack of time, shortage of human resources for substituting people in training, etc.), possible solutions supplied by the experts include increasing available credits, support to groupings of enterprises, further online simplification, access to consultants for assessing training needs or further support to provision of training at the premises of the establishment. Some of the experts interviewed argue that, most likely, employees in very small and small enterprises are benefiting from supply-driven training schemes rather than demand-driven ones, although there is no statistical information on this respect.

The experts suggest that supply-driven training schemes (even in the case of sectoral training plans) tend to focus on relatively broad issues, such as languages, health and safety and computers, not properly linked to specific sector training needs and often of 'attendance' nature. This may be explained by the fact that often this type of supply-driven training activity is subcontracted by trade unions and employers' associations to third training suppliers, experienced in general training topics but not sufficiently experienced in sector-related issues. Exceptions are those sectors which developed specific joint training-related bodies in the frame of the collective bargaining process, such as the FLC and FMF. In these two cases, the training supply is sector-specific and well adapted to the sector needs, probably also due to the intense social dialogue on the issue and the specific body involved in training provision. The *Fourth national agreement on vocational training for employment* (Fundación Tripartita, 2006) has emphasised the need to upgrade the scope of training for the sector, as well as promoting modular training that can be completed over time.

Several experts interviewed have stressed the need to clarify further the role and activities of regional authorities in training, resulting in important discussions between regional governments and national authorities; differences are often taken into the Constitutional Court for final decision. This situation represents a weakness in the system which has to be resolved.

A final point of concern refers to the need to improve knowledge on the effectiveness and fine-tuning of the activities of the Tripartite Foundation. Despite existing statistical information, it can be argued that a holistic and transparent evaluation of the activities of the Tripartite Foundation over its fifteen years of activity is still pending.

The experts interviewed suggest that, to be fully effective, Spanish vocational training needs further fine-tuning of activities. Examples include clarifying the role of regional governments, the need to fine-tune the training activities to the specific sector training needs and, finally, the importance of specifically supporting SMEs (and specially very small and small enterprises)

in their access to public training support. In addition, some experts (e.g. trade union representatives) also argue for the need to focus on emerging disadvantaged groups such as senior workers or immigrants.

## 3.5. France

### 3.5.1. Background information and policy context

STFs in France are the *Organismes collecteurs paritaires agréés* (OPCAs) (approved joint collecting organisations), created in 1971 (Law No 71-575, 16 July 1971). Currently there are around 100 of these regulated since 2004 by Law No 2004-391, 4 May 2004, following a national agreement signed by all trade unions in September 2003.

OPCAs represent all professional branches. There are three main types: the sectoral ones (42 in 2006), those dedicated to SMEs (a national interprofessional organism and 24 regional antennae in 2006), and regional OPCAs (26 in total). Some OPCAs may gather several branches within the same sector.

In France, the law states that compulsory contributions to training development have to be equal to 1.6 % of total payroll in companies with 20 employees or more, 1.05 % for enterprises with 10 to 19 employees and 0.55 % for enterprises with fewer than 10 employees. Enterprises with more than 20 employees must also pay 0.2 % of total payroll to a training fund dedicated to individual training leave. Enterprises may decide to fulfil this obligation by spending on training by themselves this minimum compulsory amount and prove the expenditure through the official annual accounts and a fiscal form – *declaration fiscale 2483* – presenting all the company's annual training spending. Alternatively, they can pay all or part of the mandatory contribution to the representative OPCA, which then manages its available resources for financing training purposes within enterprises.

French OPCAs can be defined by the following four main characteristics (Centre Inffo, 2003; 2006):

- (a) they are created through collective bargaining, so the state gives its authorisation to operate after social partners reach an agreement;
- (b) they are managed by a board composed of an equal number of representatives of employers and trade unions, considered the legitimate actors in French vocational training. OPCA boards are comprised of 50 % employee representatives and 50 % employer representatives;
- (c) there is a strict separation between fund-raising and training delivery;
- (d) all financial resources are pooled (*mutualisation*), therefore a small enterprise may receive more financial resources from the OPCA than its initial contribution.

The main policy goal pursued by the OPCAs is to promote lifelong learning, defined as a right for all employees. They collect the training-related financial resources in each sector, where training goals and priorities are defined, often inspired by the sector's national priorities and

tackled in training during the following year. OPCAs cannot guarantee that all training will be implemented; in some cases, demand exceeds financial resources and funds are not sufficient to satisfy all demands.

The role of OPCAs was reinforced with the signature of the *Accord national interprofessionnel* (national inter-professional agreement) by all trade unions in September 2003 (Centre Inffo; 2003). This national agreement became a law in February 2004.

Since 2002 there have been several important developments in different vocational training domains. These include the creation of a right to validation of knowledge acquired through experience, the creation of the *droit individuel à la formation* (individual training right) and a greater importance attributed to the role of regions in vocational training.

The French government has indicated its intention to prepare another reform; however, there is no further information at the moment.

The social partners' role in French vocational training is not solely related to their involvement in the OPCAs. Social partners also manage the *Comité Paritaire National pour la Formation Professionnelle* (National Committee for Vocational Training), which controls implementation of the law in OPCAs and enterprises.

In each professional sector, a *Commission paritaire nationale de l'emploi* (national employment joint committee) defines national vocational training priorities which are then considered by the corresponding OPCA.

### **3.5.2. Governance of the OPCAs**

OPCAs are managed by a board comprising 50 % employers' representatives and 50 % trade unions. The president of an OPCA is usually an employers' representative and the vice-president an employee representative.

The main task of the OPCAs' boards is to collect and allocate available funds, depending on priorities defined by the national committee for vocational training in each sector. In some cases, OPCAs may define priorities themselves. Boards meet on a regular basis, although the frequency depends on each OPCA. At each meeting, the board examines enterprises' and employees' training requests and decides on the allocation of the available funds.

Each OPCA has also an administrative staff to collect the money and implement the board's decisions. In some OPCAs, the administrative staff director receives from the OPCA president a right to act in his name (signature delegation), so the director does not need to ask the board before signing a training reimbursement. In others, directors are only authorised to spend administrative funds, so they have no right to spend money dedicated to training. Up to a maximum of 10 % of the collected funds can be used for administrative purposes (administrative staff, regional antennae, communication, etc.), which means that the remaining 90 % is allocated to training. Some OPCAs have a commercial policy of collecting as much financial resource as possible from enterprises.

OPCAs are subject to various controls, including that of annual financial examination by an official auditor; some OPCAs impose more strict controls on themselves. A mandatory external control is carried out by the ministry in charge of vocational training, with the OPCA obliged to provide the ministry with annual accounts and statistics. In addition, OPCAs are open to regular financial controls by vocational training inspectors and controllers. OPCAs tend to support their obligation of transparency.

While OPCAs are required to respect certain rules (as far as fund collection and allocation are concerned), they are free to establish their own internal organisation. The functioning of each OPCA is decided by social partners during the board's meetings.

### **3.5.3. Functioning of the OPCAs**

#### *3.5.3.1. Sources of finance*

French enterprises are obliged by Law to contribute to training development via a compulsory levy on their total payroll and dependant on the size of enterprises. This levy is 0.55 % of the company's gross annual payroll for enterprises with fewer than 10 employees, 1.05 % for enterprises with 10-19, and 1.6 % for enterprises with 20 or more employees; up to January 2005, there was only a distinction between enterprises with more or fewer than 10 employees. Independent workers pay a contribution of 0.15 % of their gross annual pay. As this legal obligation is only a minimum, some enterprises spend a much larger amount on training, the average being about 3 % of the total French payroll. Also, collective bargaining agreements in certain business sectors have set a contribution rate that is higher than the legal minimum, e.g. in the temporary agency employment sector, the minimum contribution is 2 %.

The enterprise global contribution is divided into two or three separate funds, dedicated to various types of training. These include training plans, contributions to sectoral priorities and individual training leave, allocated as follows:

- (a) enterprises with fewer than 10 employees devote 0.4 % to the training plan and the remaining 0.15 % devoted to contributing to sectoral priorities;
- (b) enterprises with 10 to 19 employees devote 0.9 % to the training plan and the remaining 0.15 % to contributing to sectoral priorities;
- (c) enterprises with 20 or more employees devote 0.9 % to the training plan, 0.5 % to sectoral priorities and the remaining 0.2 % to individual training leave contribution.

Each year, all French enterprises evaluate the amount to be spent on vocational training. They identify their gross annual payroll, calculate the amount due to their OPCA and send a *declaration annuelle* summarising the amount due. They may either eliminate or reduce their levy obligations by the amount of training they provide or purchase (levy-exemption mechanism), so they must prove they have spent these funds on training through the declaration fiscale 2483 (the enterprise's official annual accounts and a fiscal form) that presents all the

company's annual training expenditure. In other cases, enterprises directly pay the due amount to the OPCA which subsequently checks that they have paid their contribution.

Large companies generally prefer the levy-exemption mechanism, because of abundant funds and more clear ideas about specific training needs. Smaller enterprises prefer to benefit from the common budget managed by their OPCAs. In this way, they gain access to longer, more elaborate training that they could not afford alone.

### 3.5.3.2. *Criteria for allocating STF-managed resources*

Each OPCA defines its own priorities and criteria in allocating available resources. In some cases, sectors have set up an observatory (independent of the OPCA) to anticipate training needs and priorities. These observatories also help to define priorities. Each OPCA board allocates available resources in accordance with identified priorities, usually using all available funds. However, unspent funds are transferred to the *Fonds unique de péréquation* united adjustment fund. Also, following an agreement signed by the state and the United adjustment fund (in coordination with social partners), all French OPCAs must transfer up to 10 % of collected funds to the United adjustment fund, which may provide resources to OPCAs in specific difficult situations.

### 3.5.3.3. *Type of activities supported by the STF*

The specific types of vocational training activity financed by the French OPCAs can be summarised as follows:

- (a) the *plan de Formation* (training plan) is the annual planning of the enterprise's training activities, where the employer takes the initiative and the employee cannot refuse to participate. Enterprises may themselves manage the funds allocated to the training plan. If the enterprise has no training plan it may give the funds to its sectoral OPCA which can help the enterprise to define its own needs and priorities and finance corresponding training. There is a limit of 80 hours per year and per employee;
- (b) the *contrat de professionnalisation* (professionalisation contract) the aim of which is to foster professional integration of young people between 16 and 26 years old or reintegration of jobseekers over 26 years old), basically through acquisition of a qualification. A professionalisation contract may be fixed term or a permanent and starts with an action of professionalisation. Contracts are signed for 6 to 12 months (up to 24 months in some cases). If there is no sector agreement, the corresponding OPCA pays EUR 9.15 per hour to the enterprise during the professionalisation for training expenses;
- (c) the *période de professionnalisation* (professionalisation period) was created by the Law of 2004 to help some categories of employees keep their job, especially those who have been working for at least 20 years or who are at least 45 years old; the training provided offers both theoretical and practical actions. A professionalisation period may be initiated by the employer (financed by training plan resources) or the employee (financed by individual training leave benefit resources). Priority target groups may be identified by a

sector or an interprofessional agreement. If there is no sector agreement, the OPCA pays EUR 9.15 per hour to the enterprise during the professionalisation for training expenses. It is worth stressing that both the professionalisation contract and professionalisation periods are paid by funds dedicated to sectoral priorities;

- (d) the *droit individuel à la formation* (individual training right) was also created by the Law of 2004 and is an obligation. Every year employees with a permanent contract are allocated 20 hours of ‘training account’ activity that can accumulate over six years (a total of 120 training hours). If a need is identified and an agreement is reached between employer and employee, the training is organised. If the training corresponds to sectoral priorities (such as defined by the sector’s national employment parity committee), training is financed by funds dedicated to sector priority actions. If training does not correspond to a priority action, it is financed by training plan funds;
- (e) the *congé individuel de formation* (individual training leave) is usually requested by the employee. It is a long training period, e.g. 12 months or 1 200 hours, although in some cases defined by branches this duration can be longer. During this, employees develop competences in a field that is not directly related to their actual job, basically with the idea of changing activity or profession. In some cases, the OPCAs may receive an official approval for receiving contributions and financing individual training leave. Otherwise, the request must be made to an OPCACIF, an approved collecting organisation managing individual training leave, e.g. the *fonds de gestion du congé individuel de formation* (individual training leave management fund). A commission composed of social partners examines the request though not all can be accepted as the measure is expensive (during individual training leave, employees receive their wages);
- (f) the *bilan de compétences* (assessment of competences) allows employees to analyse their professional and personal competences. It is usually used to define a new professional career. The assessment of competences is financed by individual training leave funds, with this action lasting 24 hours, divided into 3 phases;
- (g) the *validation des acquis de l’expérience* (validation of experience) was created in 2002, and can be used by any person who has been working for at least three years. All the employee’s professional experiences are considered, even those acquired through non-salaried activities. Validation of experience is a way for employees to have their competences officially acknowledged by a diploma or a qualification certificate. The employees have 24 hours to achieve their validation of experience. The validation is also financed by individual training leave funds and takes place during working hours.

Finally, only courses leading to a national diploma or an approved title are certified (in a strict sense), therefore, courses must follow a programme defined at national or sector level (see information on the percentage of courses already certified in Table 26, showing that more than 60 % of the provided courses are certified).

#### *3.5.3.4. Type of training-related costs covered by OPCAs and target groups*

For each kind of training reimbursement is decided either by the law or by the national employment parity committee in each branch; an OPCA cannot decide unilaterally to modify priorities or the reimbursement. When a training session or an individual training leave is accepted by an OPCA, all training costs are paid back by the OPCA. Enterprises pay for the training and provide the OPCA with an invoice proving the training took place and should be reimbursed. In some cases, OPCAs search for the best training sessions and organise them; in others, the enterprises organise training approved by the OPCA, pay for it and are reimbursed later. Meanwhile, each sector defines its specific target groups. There are no national target groups for all OPCAs, though typical target groups include low-skilled employees, young people and women.

#### **3.5.4. Measuring OPCA function output**

In 2005, French enterprises spend a total of EUR 8.2 thousand million on employee vocational training, with EUR 7.9 thousand million spent by enterprises with more than 10 employees (2.92 % of the total payroll, well above the legal minimum). EUR 0.3 thousand million were spent by enterprises with fewer than 10 employees. In 2005, OPCAs spent EUR 5.2 thousand million in financing training in enterprises. Tables 25, 26 and 27 provide a brief overview of the main figures for 2004 and 2005 of the general activities of the French OPCAs.

Table 25: OPCA's activities: training plans, professionalisation activities and individual training leave, 2004

	Training plan < 10 employees	Training plan > 10 employees	Professionalisation (contract or period)	Individual training leave	
				Permanent contract	Fixed-term contract
Amount collected	EUR 247 million	EUR 2 074 million	EUR 1 626 million	EUR 645 million	EUR 154 million
Number of enterprises	1 191 225	187 967	1 193 754	204 319	463 577
Number of employees concerned	4 million	11 million	16 million	13 million	–
Average contribution	EUR 215	EUR 10 310	EUR 1 350	EUR 2 986	EUR 324
Number of actions financed <sup>(1)</sup>	284 424	1 258 840	Around 163 000	30 868	7 043
Number of trainees	367 829	2 351 230	183 551	30 868	7 043
Average duration financed	49 hours	60 hours	Contract: 505 hours	905 hours	923 hours
Average costs paid by the OPCA	EUR 990	EUR 1 546	Contract: EUR 5 000 Period: EUR 727	–	–
Average cost/hour/trainee	EUR 20/hour	EUR 26/hour	Contract: EUR 10/hour	–	–

<sup>(1)</sup> Financed totally or partly.

Source: DGEFP.

Table 26: OPCA's activities: training plans, professionalisation activities and individual training leave, 2005

	Training plan < 10 employees	Training plan > 10 employees	Professionalisation (contract and period)	Individual training leave	
				Permanent contract	Fixed-term contract
Amount collected	EUR 317 million	EUR 2 273 million	EUR 1 758 million	EUR 641 million	EUR 162 million
Number of enterprises	1 227 589	195 090	1 393 164	183 248	463 440
Number of employees concerned	4 million	12 million	16 million	15 million	–
Average contribution	EUR 263	EUR 11 287	EUR 1 223	EUR 3 498	EUR 344
Number of actions financed <sup>(a)</sup>	305 474	1 407 460	370 993	33 872	7 179 acceptance rate: 80 %
Number of trainees	400 000	2 600 000	Contract: 90 000 Period: 280 000	33 872	7 179
Average duration financed	44 hours	52 hours	Contract: 500 hours Period: 84 hours	881 hours	872 hours
Obtaining certification	No certification in 84 % of cases	No certification in 82 % of cases	Contract: certification in 60 % of cases	State or approved diploma in 65 % of cases	State or approved diploma in 62 % of cases
Average costs paid by the OPCA	EUR 939	EUR 1432	Contract: EUR 5 000 EUR 1 500	EUR 21 077	EUR 20 157
Average cost/hour/trainee	EUR 21/hour	EUR 27/hour	Contract: EUR 11/hour Period: EUR 18/hour	competence assessment: EUR 1 424 experience validation: EUR 880	competence assessment: EUR 1 424, experience validation: EUR 880

<sup>(a)</sup> Financed totally or partly  
Source: DGEFP.

Table 27: Professionalisation contracts in 2004: duration and type of diploma obtained

	Number	%
<b>Duration (hours)</b>		
150 to 249	933	21.3
250 to 399	1 243	28.4
400 to 499	645	14.7
500 to 799	654	14.9
800 to 999	266	6.1
1 000 to 1 200	556	12.7
Over 1 201	82	1.9
<b>Type of diploma</b>		
Delivered by the State	1 031	23.5
Recognised diploma	447	10.2
On CPNE list or CQP <sup>(1)</sup>	1 457	33.3
Recognised by sector collective agreement	1 436	32.8
Not identified	8	0.2
<b>Total</b>	<b>4 379</b>	<b>100</b>

<sup>(1)</sup> CPNE: *Commission paritaire nationale de l'emploi* (national employment committee).

CQP: *Certificate de qualification professionnelle* (professional qualification certificate).

Source: DGEFP.

### 3.5.5. Identification of good practice

Two examples of OPCAs good practices are identified in this section: FAF.TT, of the Temporary agency employment sector, and Forthac, of the textile and clothing industry.

#### 3.5.5.1. Description of good practice 1: FAF.TT

FAF.TT is the OPCA in charge of the temporary employment sector. This comprises around 1 000 enterprises, although five of them (e.g. Manpower, Adia and Adecco) represent 75 % of the activity. Some 90 % are SMEs, many of them specialised in a specific sector. Given the average size, it is expected that most of the sector enterprises prefer to pay the total of their training budget to the OPCA.

Since 1991, enterprises in the temporary employment sector have paid 2 % of their total payroll in line with a sector agreement. Two main types of employee receive training; employees in the sector itself and temporary staff, e.g. workers temporarily sent to other enterprises, where 80 % of the temporary staff is blue-collar.

FAF.TT's board is composed of 10 representatives of trade unions and 10 representatives of employers, with all major enterprises in the sector having a representative, although a balance is intended between larger and smaller enterprises. The board meets every three months, and decisions are made unanimously. Meanwhile, a bureau in charge of ordinary management of the OPCA meets every two months. FAF.TT is characterised by a strict division of tasks between administrative staff and the board, with the latter managing the funds. Commissions on specialised topics (individual training leave, professionalisation contract, etc.) meet every month and allocate funds for specific training.

FAF.TT is located in Paris, although there is a team of 10 regional advisors who offer specific counselling; each advisor is in charge of 100 to 120 enterprises. They know the sector quite well and can consider each enterprise's specificities. There are no regional offices. About two third of the sector enterprises pay their entire training budget to the OPCA. In some minor cases, FAF.TT organises training sessions, although typically individual enterprises choose the training session and pay for it, and, subsequently, the OPCA reimburses the cost. FAF.TT is trying to reduce the reimbursement period. FAF.TT sometimes proposes common training with several enterprises sharing the same training needs, an approach is regarded as ideal for small enterprises.

FAF.TT's budget has continued to rise since 1985 and reached EUR 157 million in 2007 (EUR 153.5 million in 2006). This annual budget comes from enterprises' payments (96.7 % in 2006) and of subventions including the ESF (3.30 % in 2006). Administrative costs reached 6 % of total spending in 2006, far below the legal limit of 10 % established by the existing regulations. Tables 28 and 29 present some quantitative activity indicators.

*Table 28: Training plan in 2006 (total budget EUR 36 million)*

Year	Number of trainees	Number of aided hours	Number of training sessions
2004	41 404	1 816 445	19 619
2005	40 584	1 762 525	20 734
2006	40 893	1 279 508	21 509

Source: FAF.TT.

*Table 29: Individual training leave in 2006*

Type of contract	Number	Acceptance rate* (%)
<b>Individual training leave (total)</b>	<b>2 243</b>	
Temporary worker	2 137	60
Permanent employee with a permanent contract	97	79
Permanent employee with a fixed-term contract	9	90
<b>Assessment of competences</b>	<b>305</b>	
Temporary worker	133	99
Permanent employee with a permanent contract	167	99
Permanent employee with a fixed-term contract	5	100
<b>Experience validation (or validation of skills)</b>	<b>72</b>	
Temporary worker	47	100
Permanent employee with a permanent contract	24	100
Permanent employee with a fixed-term contract	1	100

(\*) Acceptance by the OPCA board to finance a specific leave

Source: FAF.TT.

FAF.TT has introduced several innovations in recent years, some quite successful others not. Organisation of joint training sessions with employees from several enterprises was regarded as a successful experience. By way of contrast, professional periods were regarded as a failure, as the existing demand for this was scarce. FAF.TT took part in the negotiations creating the professionalisation contract from the beginning and was ready for implementation long before

other OPCAs. It is characteristic of the sector that most temporary workers do not plan to remain temporary and would like to become permanent workers in other companies.

### *3.5.5.2. Description of good practice 2: Forthac*

Forthac is the training fund in charge of the textile and clothing industry sector. It was created in 1995. In France, as in most European countries, the textile sector is facing increasing difficulties. In 1995 the sector had 300 000 employees but by 2007 this figure dropped to 200 000. Up to 90 % of enterprises (around 6 000) have fewer than 50 employees, and 60 % fewer than 10 employees: the sector is considered labour-intensive. Forthac is in charge of seven branches: shoes, couture, leather, textile cleaning, clothing industry, fancy-leather work and textile.

Forthac's board comprises 10 trade union representatives and 10 employer representatives. The initial composition of the board was not easy to accomplish, as seven branches with different 'weights' had to be represented. So, the textile industry has three members, the clothing industry two and all other branches have one. Forthac's members are the same as the sector's national employment committee (which decides sector training priorities), therefore communication is easy. Several controls have been implemented, both internal (official auditor, internal work on processes and procedures) and external (performed by KPMG).

Forthac national headquarter is located in the Paris region, where the board meets and where general services are located; these comprise up to 10 people in general delegate and communication activities and others. Budget and payment rules are managed by social partners. In addition, Forthac has 10 regional antennae with 70 employees, to bring Forthac's services closer to enterprise needs. These regional structures are managed by employer representatives, although the central board keeps control of the budget.

In the specific textile and clothing sector, most enterprises give all their training funds to Forthac, so the OPCA manages their training activities. The small average enterprises size and the crucial role regional delegations play in convincing enterprises to work closely with Forthac are the two main reasons for this.

The 2006 Forthac budget was EUR 67 million. With this, up to 1 896 professionalisation contracts were financed for a total of EUR 15.9 million (part supported by Forthac), where 61 % of the beneficiaries were women and 33 % of the contracts had a time duration of more than 500 hours. Up to 34 273 employees (49 667 training actions) received training in 2006 (training plans), at a total cost of EUR 35.7 million. Of enterprises with more than 10 employees, 32 657 employees attended training, with an average duration of 35 hours. In enterprises with fewer than 10 employees, 1 616 employees benefited from training, with an average duration of 29 hours. Also, 8 705 employees benefited from a professionalisation period, with Forthac's spending at EUR 9.95 million for this purpose. A national pilot agreement was signed in January 2006 by the state and five Forthac branches, its goal to anticipate skill needs within each branch and to provide better qualifications for employees. For this purpose, 17 regional agreements were signed, where Forthac became the enterprises' only interlocutor.

One of the major innovations from Forthac and the sector is the identification of each profession. Almost 100 *fiches métier* (profession forms) have been created, with a description of each profession, including a definition, main activities, major competences, main knowledge of the profession, and future trends. They are used to 'position' each employee. Also, Forthac has implemented a tool to recognise competences acquired through experience for employees with no formal diploma. An agreement on this was signed with the French Ministry of Education in an approach that can be regarded as innovative.

Another significant innovation from Forthac is the creation of the *Certificat de qualification professionnelle* (certificate of professional qualification). Five of the seven sectors plus other sector representatives (metallurgy industry, paper and cardboard and distance sale) have created common certificates such as logistics agent, industrial maintenance technician and industrial driver. These certificates of professional qualification facilitate labour mobility, within and outside, as competences are mutually identified and recognised from different sectors.

### **3.5.6. Evaluation of French STF's**

One of the most important elements underpinning OPCA activities is the fact that training in general is a subject of consensus between social partners, viewed by all actors as the most legitimate managers of these OPCAs. This is helped by the fact that in most OPCAs, decisions are made unanimously, even if not required, giving agreements a high degree of legitimacy in the sector. This consensus requires long deliberation, mutual trust and total transparency and provides a good starting point for a successful implementation of the OPCA's activities. In some sectors, this consensus is facilitated by the fact that social partners have been working together for years, though the consensus on training issues is not extended to other aspects such as wages and hours of work. The quality and extent of social dialogue is dependent on the sectors/branches; in those where it is poor, making the functioning of OPCAs is difficult.

OPCAs are free to implement complementary measures as long as the sector national employment joint committee gives its agreement. Several innovations have been implemented in the last years, with varying degrees of success depending on the sector; the certificate of professional qualification, explained in Forthac case study, is an example.

The dynamism and innovativeness of the French OPCAs varies between sectors. In those characterised by large enterprises, OPCAs play little part as enterprises keep most of their financial resources for their own training plans. The sectors characterised by a majority of SMEs or those in difficulties (e.g. due to large restructuring processes) tend to transfer their training resources to their respective OPCAs; they are thus more active in promoting competences, skills and mobility. According to some interviewed experts, OPCAs regularly receiving part of the enterprises' compulsory training spending implies a risk of 'dullness', as the money is given irrespective of the quality of the services provided by the OPCAs.

Major reform on vocational training, linked to the new French Government's promises on structural reform, may take place in the coming months. This could emphasise issues of

individualisation of training, so employees may benefit from individual training rights related to their own experience and career, though no social dialogue on the issue has yet started.

## 3.6. Italy

### 3.6.1. Background information and policy context of training funds

The Italian official name for STFs is *Fondi paritetici interprofessionali per la formazione continua* (joint interprofessional funds for continuing training). These funds are associations promoted by national social partner representatives through specific interconfederal agreements. Interprofessional training funds can cover specific economic sectors (e.g. agriculture, manufacturing, tertiary and handcraft), as well as different sectors at the same time or specific occupations (e.g. managers).

At present, 14 interprofessional CVT funds have been founded<sup>(16)</sup>. Table 30 provides the fund names, sectors covered, involved actors and the date when they were legally authorised to operate. The specific enterprise target of each fund is linked to the organisations involved in their foundation. The three most representative Italian trade unions (CGIL, CISL and UIL)<sup>(17)</sup> are involved in nine of the 14 existing interprofessional CVT funds. The role of social partners is crucial, as these training funds are founded, controlled and managed by social partners on a joint basis.

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<sup>(16)</sup> It is also worth mentioning the activities of Forma.Temp, jointly managed by social partner representatives and specialised in the temporary work sector (therefore not open to other sectors). Funding for Forma.Temp comes from a compulsory contribution of 4 % of the payroll of temporary work enterprises.

<sup>(17)</sup> CGIL: *Confederazione general Italiana del lavoro* [Italian general confederation of labour]  
CISL: *Confederazione Italiana sindacati lavoratori* [Italian confederation of trade unions]  
UIL: *Unione Italiana del lavoro* [Italian Labour union]

Table 30: Italian intersectoral training funds

Name	Explanation	Involved actors	Date of the Decree of Authorisation by the Ministry
Fondo Artigianato Formazione	Fondo per la formazione continua nelle imprese artigiane [continuing training fund for handcraft enterprises]	Confartigianato; CNA; Casartigiani; CLAAI; CGIL; CISL; UIL	31/10/2001
Fon.Coop	Fondo per la formazione continua nelle imprese cooperative [continuing training funds for cooperative enterprises]	AGCI; Confcooperative Legacoop; CGIL; CISL; UIL	10/05/2002
For.Te	Fondo per la formazione continua del terziario [continuing training fund in the tertiary sector]	Confcommercio; ABI; ANIA; CONFETRA; CGIL; CISL; UIL	31/10/2002
Fondimpresa	Fondo per la formazione continua delle imprese associate a Confindustria [continuing training fund for Confindustria enterprises]	Confindustria; CGIL; CISL; UIL	28/11/2002
Fon.Ter.	Fondo per la formazione continua del terziario [continuing training fund of the tertiary sector]	Confesercenti; CGIL CISL; UIL	24/02/2003
Fondir	Fondo per la formazione continua dei dirigenti del terziario [continuing training fund for managers of the tertiary sector] <sup>(1)</sup>	Confcommercio; ABI; ANIA; Confetra; Fendac; Sinifub; Federrirgenticredito; FIDIA	06/03/2003
Fondo Formazione PMI	Fondo per la formazione continua nelle piccole e medie imprese [continuing training fund for SMEs]	Confapi; CGIL; CISL; UIL	21/01/2003
Fondo Dirigenti PMI	Fondo dei dirigenti delle piccole e medie imprese industriali [SME managers' fund]	Confapi; Federmanager	10/06/2003
Fond.E.R.	Fondo per la formazione continua negli enti ecclesastici, associazioni, fondazioni, cooperative, imprese e aziende di ispirazione religiosa [continuing training fund for religious institutions, associations, foundations, cooperatives and enterprises of religious orientation]	AGIDAE; CGIL; CISL; UIL	01/09/2005
Fondirigenti	Fondo per la formazione continua dei dirigenti delle aziende produttrici di beni e servizi [continuing training fund for managers of enterprises producing goods and services]	Confindustria Federmanager	06/03/2003
Fon. Agri	Fondo di settore per la formazione professionale continua in agricoltura [sectoral fund for professional training in agriculture]	Confagricoltura; Coldiretti; CIA; CGIL; CISL; UIL; Confederdia	28/02/2007
Fondazienda	Fondo per la formazione continua dei quadri e dipendenti dei comparti commercio-turismo-servizi, artigianato e piccolo e media impresa [continuing training fund for managers and employees of retail, tourism, services, handcrafts and SMEs]	Confartigianato; CNA; Casartigiani; CLAAI; CGIL; CISL; UIL	28/02/2007
Fondoprofessioni	Fondo per la formazione continua negli studi professionali e nelle aziende ad essi collegate [continuing training fund for professional firms and linked enterprises]	Confprofessioni; Confedertecnica; CIPA; CGIL; CISL; UIL	7/11/2003
Fon.Ar.Com.	Fondo per la formazione continua nei comparti del terziario, dell'artigianato e delle piccole e medie imprese [continuing training fund for tertiary, handcraft and SMEs]	CIFA; Confasal	06/03/2006

<sup>(1)</sup> The specific sectors involved are retail, tourism, services, finance, banking, insurance, logistics and transport.

Source: Joint interprofessional funds for continuing training, available from Internet: [www.fondinterprofessionali.it](http://www.fondinterprofessionali.it) [4.3.2008].

The main policy goal pursued by these interprofessional training funds is to promote continuing training activities among Italian enterprises, with the ultimate goal of increasing Italian human capital value both in the workers' and in the enterprises' interest. This is done by financing (entirely or partly) the *piani formativi* (training plans) which can be for individual enterprises, also with a territorial and sectoral scope, as well as for individual workers.

Interprofessional training funds were instituted by the Financial Law<sup>(18)</sup> of 2001 (Law 388/2000, paragraph 118) and have to be authorised by the Ministry of Labour and Social Policies by a specific decree. The first training fund founded was *Fondo Artigianato Formazione*, in 2001, although they started to operate in the second half of 2004. There are two main reason for this delay: (a) the need to define the institutional mechanisms and the role of the two main public institutions, e.g. the *Istituto nazionale per al previdenza sociale* (INPS) (national institute for social insurance) and the Italian Ministry of Labour and Social Policies; and (b) the need to define better the agreements between the different social agents involved in the training funds and to define the organisation of each fund.

Italian policies fostering CVT activities are usually based on money transfers, mainly channelled through three instruments: the ESF (measures D.1 and D.2), the national laws for financing continuing training (Law 236/1993 and Law 53/2000), and the interprofessional training funds. These interprofessional training funds are currently the main instrument for effective financing of operational training plans able to meet specific training needs.

The only major change in Italian interprofessional training funds in the past three to five years. has been in their financing. Since Law 845/1978, Italian enterprises have been obliged to pay a compulsory contribution of 0.3 % of the workers' payroll for the compulsory insurance against involuntary unemployment. This 0.3 % compulsory contribution has been subsequently used for training purposes.

Between 2001-03 was regarded as a start-up phase in which interprofessional training funds were financed by a lump-sum extraordinary contribution from the Italian Ministry of Labour and Social Policies. Law 289/2002 established that training funds were assigned 20 % out of the one third of 0.3 % contribution in 2001, 30 % in 2002 and 50 % in 2003, alongside resources provided by paragraph 66 of Law 144/1999. In 2004, the interprofessional training funds were financed from two main sources:

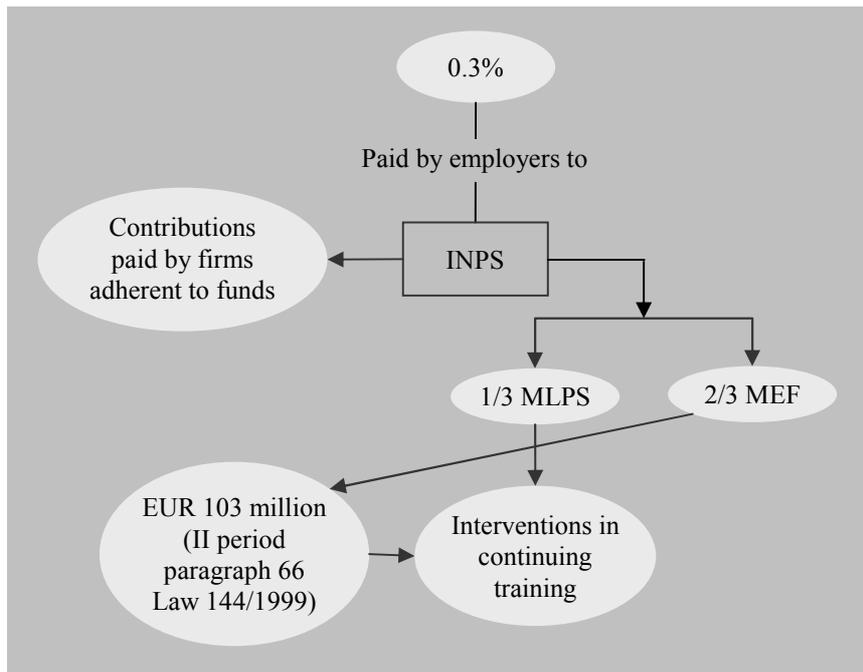
- (a) the whole third of the 0.3 % contributions paid by the enterprises which voluntarily joined in the funds;
- (b) resources ruled by paragraph 66 of Law 144/1999, up to EUR 103 million, out of the two thirds of the same 0.3 % contributions.

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<sup>(18)</sup> The *legge finanziaria* (financial law) is the main document regulating the Italian public expenditure and revenues.

However, since the 2005 Financial Law, the INPS now transfers the whole 0.3 % contribution paid by one firm to the training fund chosen by this firm (Figure 4). The 0.3 % contributions of enterprises not joining any training fund are divided one third to the Italian Ministry of Labour and Social Policies and two thirds to the Italian Ministry of Economy and Finance; they are used to finance some specific programmes in continuing training and related to several Laws (Law 263/1993 and Law 53/2000).

Figure 4: Distribution of 0.3 % contribution for workers' training since 2005



MLPS = *Ministero del lavoro e della previdenza sociale* [ministry of labour and social providence].

MEF = *Ministero dell'economia e delle finanze* [ministry of economy and finance].

Source: ISFOL, 2005.

The 0.3 % compulsory contribution of the payroll, originally designed as compulsory insurance against involuntary unemployment, has progressively changed its role over recent years, and became a way to finance vocational training activities in general and, specifically, interprofessional training funds.

The 2003 Financial Law (Law 289/2002) ruled that the Italian Ministry of Employment and Social Affairs would be monitoring training funds and all continuing training activities through the *Osservatorio per la Formazione Continua* (observatory for continuing training). Unfortunately, this observatory is not operative yet.

### 3.6.2. Governance of the training funds

The management bodies of all the Italian interprofessional training funds set up so far are quite similar, each having an equal number of representatives appointed from employers' and

the workers' representative organisations. Typically, the training funds comprise an assembly, a board of directors and a college of auditors:

- (a) the assembly is formed by an equal number of members designated by the employers' and the workers' representative organisations. The appointments last three years, although they can be re-elected. The assembly selects the fund president from the members selected by the employers' representative organisations. The vice-president is selected from the members of the workers' representative organisations. The president and the vice-president are also, respectively, president and vice-president of the assembly and of the board of directors. The assembly convenes ordinarily three times each year. Its competences include:
  - (i) appoint the board of directors and the college of auditors;
  - (ii) deliberate about remuneration for directors and auditors;
  - (iii) approve changes in statutes and procedures proposed by the board of directors;
  - (iv) approve the final yearly balance sheets and budgets prepared by the board of directors;
  - (v) determine the strategic annual activity lines of the training fund.
- (b) the board of directors, appointed by the assembly, comprises the president, the vice-president and an equal number of members from the employers' and the workers' representative organisations. The appointments of the president, vice-president and the directors are for three years, with potential re-election. The main duties of the board of directors are:
  - (i) manage the administration;
  - (ii) monitor all technical and administrative operations promoted from the training fund;
  - (iii) propose the organisational model, which has to be approved by the assembly;
  - (iv) approve the administrative and operative costs of the training fund;
  - (v) approve the training projects;
  - (vi) search for public financial support for the training fund's activities;
  - (vii) prepare the yearly balance sheets and the budgets of the training fund;
  - (viii) monitor the training fund's personnel in all phases of their activities;
  - (ix) appoint the director of the training fund following a president's proposal, defining his policies, responsibility and remuneration. This director is responsible for the training fund activities, managing both the administrative and the operating activities of the training fund;
  - (x) prepare the regulations of the training fund that have to be approved by the assembly.
- (c) the college of auditors comprises three members, one from the employers' representative organisations, one from the workers' organisations and the third selected by the Italian Ministry of Labour. The auditors' appointments are three years long and can be reappointed.

In addition to these three structures, the interprofessional training funds have an internal auditing service. This monitors all operations, from the analysis of training project applications to the actual implementation of the approved programmes. The board of directors submits to the assembly, for approval, the regulation of the checking procedure (evaluation, timing, allocation of financing and formal accounting procedures).

This operational structure is similar in all Italian training funds, the only differences being in the number of assembly members, which can range from six (e.g. Fondirigenti and Fondo Dirigenti PMI) to 60 (e.g. For.Te).

### **3.6.3. Training fund operation**

#### *3.6.3.1. Sources of finance*

Italian interprofessional training funds are financed by a levy-grant mechanism, based on a compulsory contribution paid by enterprises to the INPS and based on 0.3 % of the enterprise's payroll.

Since 2005, if an enterprise voluntarily joins a training fund, the INPS directly transfers the 0.3 % contribution paid by this enterprise to the selected fund. Whether to join or not, and which training fund to choose, is a free decision to be taken by enterprises before 1 October each year. STF selection criteria may vary from one firm to the other and may include the existing training supply, ease of access to the STFs, etc. Table 31 shows the proportion of enterprises per sector for each training fund.

Table 31: Sectoral distribution of funds (not including managers' funds) (%)

Sector	Fondo Formazione PMI	Fon.Ar.Com	Fondo Artigianato Formazione	Fon.Coop	Fondimpresa	For.Te	Fondoprofessionisti	Fond.E.R.	Fon.Ter.	Total
Mining	0.6	0.2	0.1	0.1	1.0	0.0	0.1	0.0	0.1	0.2
Manufacturing	40.4	15.6	40.7	7.5	54.6	2.7	8.8	0.8	9.8	27.9
Energy, gas, water	0.1	0.0	0.0	0.2	0.7	0.0	0.0	0.0	0.0	0.1
Building	15.4	23.8	27.1	5.5	18.7	0.7	5.7	0.5	7.2	15.8
Trade	17.0	26.8	11.1	9.9	6.5	45.5	9.9	0.9	34.1	20.4
Hotels, restaurants	4.0	7.8	1.7	4.1	1.5	23.6	3.2	3.9	21.2	8.6
Transport and telecommunications	3.1	3.5	4.5	6.0	4.1	3.9	1.9	0.1	2.8	3.9
Finance and insurance	1.0	1.4	0.3	4.8	0.7	3.3	1.3	0.2	1.6	1.3
Real estate, rental, information technology, research, services to enterprises	11.4	11.0	4.4	23.4	8.8	12.8	43.4	1.5	11.9	10.4
Other services	7.0	9.8	10.0	38.5	3.5	7.5	25.7	92.1	11.2	11.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The three training funds for managers/employers (Fondir, Fondirigenti and Fondo dirigenti PMI) are not specifically devoted to any sector. The last two funds to be founded in 2007 (For.Agr and Fondazienda) are not included.

Source: ISFOL, 2006.

Enterprises can join only one training fund per year, with the only exception of the three interprofessional training funds fostering training activities among managers/employers (e.g. Fondir, Fondirigenti and Fondo Dirigenti PMI). Enterprises can also work with these training funds in financing the training activities of these professional groups, with their corresponding 0.3 % contribution transferred to these funds.

Fund income depends on the associated enterprises in terms of number of employees and of level of wages paid to them, so the average value of the contribution of the 0.3 % for each employer varies among the different training funds.

Table 32: Estimated average value of the 0.3 % contribution per employee per year (EUR)

Training funds	Average value of the 0.3 % contribution
Fon.Coop	54.6
Fon.Ter.	49.4
Fondimpresa	61.9
Fondo Artigianato Formazione	39.1
Fondo Formazione PMI	60.0
Fondoprofessioni	52.0
For.Te	67.3
Average Employees funds	54.9
Fondir	290.7
Fondirigenti	351.3
Fondo Dirigenti PMI	223.0
Average managers/employers funds	288.3

Source: ISFOL, 2006.

In some interprofessional training funds (e.g. Fondimpresa and Fon.Coop) this amount is allocated to a *conto formazione* (individual enterprise account) from which resources devoted to finance the training projects proposed by the same enterprise are drawn. The rationale behind this change appears to be the need to allow more direct and efficient control of the use of their contributions.

Where an enterprise does not choose any training fund, the INPS transfers the compulsory 0.3 % contribution to the Italian Ministry of Labour and Social Policies and to the Ministry of Economy and Finance, a third to the former and two thirds to the latter. These two ministries use these resources (as well as others) to finance other initiatives in CVT, such as the ones referred to by Law 263/1993 and Law 53/2000.

During the start-up phase, resources were transferred directly by the Italian Ministry of Labour. This start-up mechanism provided a first transfer of 20 % of the total amount for each training fund, a second transfer of 40 %, after the training fund presented a *piano operativo delle attività* (operative plan of activities). Finally, the remaining 40 % was transferred after the presentation of an account report by the training fund to certify that 70 % of the amount already received had been invested. The decree also ruled that a final report on the completion of the activities implemented had to be presented, where the resources made available to the

training fund by the INPS had to be used within 36 months (24, before Law 311/2004) from the first payment date. If the term was not respected, the Labour Ministry would withdraw the resources originally allocated to the defaulting training fund and redistribute them among funds that had spent the resources assigned to them fulfilling their duties.

Up to 2006, financial resources supporting training plans amounted to EUR 750 million, comprising the money transfers from the Italian Ministry of Labour for the start-up phase and the INPS transfers.

### 3.6.3.2. *Type of activities supported and criteria to allocate resources*

The Italian interprofessional training funds support training plans at enterprise, sector, territorial (for an industrial district), or individual employee basis.

Periodically each fund issues several public calls (announcements) presenting proposals for training plans. These are financed according to a programme developed by each fund for a two-year period which identifies the training priorities for the Fund in the coming two years. These public calls are extensively advertised to possible users via mail, Internet, advertising, the Italian Official Gazette, etc., according to each training fund's criteria and including guidelines on the type of projects to be financed; eligibility criteria may change depending on the specific public call and training fund (Table 33).

*Table 33: Public calls issued by each Italian interprofessional training fund (2004-06)*

<b>Name of the fund</b>	<b>Number of calls in 2004</b>	<b>Number of calls in 2005</b>	<b>Number of calls in 2006</b>
Fondo Artigianato Formazione	2	3	2
Fon.Coop	2	1	1
For.Te	1	1	1
Fondimpresa	2	3	–
Fon.Ter.	1	1	1
Fondir	1	2	1
Fondo Formazione PMI	1	2	3
Fondo Dirigenti PMI	1	–	1
Fond.E.R.	–	–	–
Fondirigenti	2	–	–
For. Agri	–	–	–
Fondazienda	–	–	–
Fondoprofessionisti	1	–	2
Fon.Ar.Com.	–	–	–

*Source:* ISFOL, 2006.

Enterprises, either alone or in groups, sometimes with the cooperation of external agents such as universities or technical schools, connected with the fund, may apply for projects. In all cases, the interprofessional funds only support training plans (either at enterprise, sector or territorial level) that have been previously agreed between social partners. If the firm has trade union representatives they are entitled to approve, otherwise the responsibility shifts to a

superior level; this is usually a trade union representative at area level. Since each trade union and Confindustria (the main Employers' association) has founded their own training institutions, this mechanism favours (unofficially) these institutions. It is worth noting that some Italian interprofessional training funds and training institutions provide assistance to enterprises (e.g. for drafting the training plan).

These projects are recorded by order of arrival. Presented training plan projects have to comply with the training fund's main guidelines in terms of objectives and administrative procedures, as shown in the public calls. The proposed training plan projects are then analysed by a Committee, which proposes a list of the approved projects. This list is then submitted to the board of directors for their financing approval. Enterprises approved have to write a report on the training activities within 60 days from their conclusion to receive the financing in the following 30 days. Sometimes advance payments are provided.

Supported training topics can be wide-ranging, including core-specific sector skills and competences (for just one specific sector in just one region) or horizontal competences that can apply to different sectors in different regions (e.g. ICTs, time management, etc.).

The training fund monitors the actual training carried according to the guidelines established by the fund's governing bodies. If the training does not match the approved project, the fund may recall the participants to correct the activity or even withdraw the resources assigned, in the case of advance payments.

It is also worth noting that training funds finance just a part of the total financing of the training activities implemented by enterprises; the rest is covered by the enterprise(s) proposing the training plan. This joint financing percentage is dependant on each training funds' ad hoc policy.

This methodology was slightly different in the start-up phase. Resource distribution was in line with the proposing employer organisation's position, defined by the number of employees and managers belonging to the associated enterprises

The interprofessional training funds may also support other activities such as pilot courses or preparatory activities for identifying training needs, improvement of existing training supply or definition of curricula. Such activities have been conducted, among others, by *Fondirigenti*, *Fondimpresa* and *Fondo Artigianato Formazione*.

Training plans usually fund a maximum level per trainee per hour of between EUR 17 and EUR 25, although this limit is higher for pilot initiatives (up to EUR 35). Individual training plans are subject to a higher level of finance, usually fixed at EUR 100 per hour per trainee and are financed via individual vouchers given by the enterprise to the individuals who want to train in particular activities. Some training funds also specify the time limits for training activities (from 8-16 hours up to 80) and seminars (usually between 4 and 8 hour/trainee).

Certification of courses and training providers is attracting increasing attention from Italian policy-makers and social agents, as a means of improving the quality of training supply.

Interprofessional training funds increasingly include within their public calls explicit references to the financing of courses resulting in official certificates of acquired competences and qualifications.

#### *3.6.3.3. Targeted groups*

Three interprofessional training funds specifically target managers and employers: Fondir, Fondirigenti and Fondo Dirigenti PMI. The remaining funds have as target groups workers (permanent or temporary ones) belonging to enterprises paying the 0.3 % compulsory contribution to the INPS. Temporary workers have to be employed in the enterprise for a specific period of time. For example, Fondo Artigianato Formazione and Fondo Formazione PMI specify in their public calls that temporary workers have to be employed in the enterprise for at least nine months. Fon.Ter differs has three different employment bands, three, six and 12 months.

Some training funds also admit seasonal workers because of the specific nature of their enterprises (e.g. those encompassing tertiary sector activities and especially tourism-related activities, as with For.Ter and For.te). Some other training funds (e.g. Fondo Artigianato Formazione, Fondo Formazione PMI) issue public calls to train temporarily unemployed workers.

### **3.6.4. Measuring training fund output**

#### *3.6.4.1. Financial resources collected by the training funds*

The Italian interprofessional training funds are financed by the 0.3 % contribution from enterprises to INPS which transfers them directly to the chosen training fund. In the start-up phase, the Italian Ministry of Labour and Social Policies transferred some resources to help in the initial organisation and structuring of the funds.

According to the available data, the total financial resources transferred to the Italian training funds until September 2006 amounts to EUR 750 million. Table 34 provides information on the level of granted and start-up resources to the training funds, the transferred INPS resources and the total.

Table 34: Financial resources transferred to interprofessional training funds (million EUR) until September 2006

Funds	Authorised in	Granted start-up resources	Transferred start-up resources (A)	Transferred INPS resources (B)	Total of transferred financial resources (A+B)
Fon.Coop.	2002	8.76	5.26	22.88	28.14
Fon.Ter.	2003	5.11	3.07	18.01	21.07
Fond.E.R.	2005	–	–	0.41	0.41
Fondimpresa	2002	77.50	77.50	268.01	345.51
Fondir	2003	2.14	2.14	11.06	13.20
Fondirigenti	2003	6.47	6.47	35.15	41.62
Fondo Artigianato Formazione	2001	14.86	14.86	44.04	43.50
Fondo Dirigenti PMI	2003	0.42	0.42	0.37	0.79
Fondo Formazione PMI	2003	21.22	12.73	41.53	12.73
Fondoprofessioni	2003	9.96	5.98	2.75	8.73
For.Te	2002	46.07	46.07	131.14	177.21
Fon.Ar.Com	2006	–	–	–	–
For.Agri	2007	–	–	–	–
Fondazienda	2007	–	–	–	–
<b>Total</b>		<b>192.51</b>	<b>174.49</b>	<b>575.35</b>	<b>749.84</b>

Source: ISFOL, 2006.

The INPS contributions are linked to the enterprise subscriptions and so to the employees linked to them. Table 35 shows the number of enterprises and employees associated with the training funds in 2005 and 2006.

Table 35: Italian training funds distribution by enterprises and employees, 2005 and 2006

Funds	Enterprises			Employees		
	2006	2005	% difference	2006	2005	% difference
Fon.Ar.Com.	2 075	–	–	10 170	–	–
Fon.Coop.	9 406	8 040	17.0	286 476	264 939	8.1
Fon.Ter.	44 813	39 804	12.6	303 054	262 918	15.3
Fond.E.R.	6 904	–	–	76 505	–	–
Fondimpresa	42 308	39 738	6.5	2 351 132	2 222 983	5.8
Fondo Artigianato Formazione	183 328	143 765	27.5	730 479	597 402	22.3
Fondo Formazione PMI	35 622	29 081	22.5	411 730	365 667	12.6
Fondoprofessionisti	23 600	12 503	88.8	93 472	49 885	87.4
For.Te.	89 735	75 962	18.1	1 439 261	1 069 547	34.6
Total employees' funds	437 791	348 893	25.5	5 702 279	4 833 341	18.0
Fondir	3 183	2 825	12.7	25 080	23 345	7.4
Fondirigenti	10 456	10 300	1.5	63 670	62 718	1.5
Fondo Dirigenti PMI	484	381	27.0	1 418	1 258	12.7
Total Managers' Funds	14 123	13 506	4.6	90 168	87 321	3.3
<b>Total</b>	<b>451 914</b>	<b>362 399</b>	<b>24.7</b>	<b>5 792 447</b>	<b>4 920 662</b>	<b>17.7</b>

Data refer to 2006, so the last 2 authorised funds are not in this list (For.Agri and Fondazienda).

Source: ISFOL, 2006.

### 3.6.4.2. Number of enterprises by sector and region

It is possible to argue that some sectors are underrepresented, particularly comparing the number of participating enterprises with the total number in the sector (Table 36). This is particularly clear in finance and insurance and in some tertiary activities (e.g. real estate, rental, information technology, research, services to enterprises).

Table 36: Distribution of adhesions of enterprises by economic sector

Sectors	Associated enterprises (A)	% of total	Enterprises with employees at national level (ISTAT, 2002) (B)	Sectoral penetration (A/B)
Mining	973	0.22	2 453	39.7
Manufacturing	122 012	28.00	259 881	46.9
Energy, gas, water	406	0.09	1 025	39.6
Building	68 614	15.75	155 314	44.2
Trade	88 815	20.38	240 184	37.0
Hotels-restaurants	37 119	8.52	85 592	43.4
Transport and telecommunications	16 741	3.84	41 292	40.5
Finance and insurance	5 550	1.27	17 877	31.0
Real estate, rental, information technology, research, services to enterprises	46 026	10.56	133 894	34.4
Other services	49 461	11.35	89 318	55.4
<b>Total</b>	<b>435 717</b>	<b>100</b>	<b>1 026 830</b>	<b>42.4</b>

Source: ISFOL, 2006.

Regionally, the percentage of enterprises associated with training funds is higher in the central and northern regions of Italy. In the large regions of the south (Campania, Puglia, Calabria and Sicily) fewer than 30 % of enterprises have joined a training fund (Table 37).

*Table 37: Distribution of adhesions by regions, 2006.*

<b>Regions</b>	<b>Adhesions (A)</b>	<b>Private enterprises with employees in the region (ISTAT 2002) (B)</b>	<b>Penetration (A/B)</b>	<b>Difference % from 2005</b>
Abruzzo	3 984	22 195	17.9	5.67
Basilicata	3 336	7 747	43.1	11.55
Calabria	5 995	20 172	29.7	6.26
Campania	13 053	67 012	19.5	5.49
Emilia Romagna	65 667	92 978	70.6	8.68
Friuli Venezia Giulia	13 968	24 898	56.1	9.42
Lazio	10 292	75 707	14.4	3.65
Liguria	8 230	29 442	28.0	4.46
Lombardia	92 805	200 903	46.2	12.29
Marche	15 140	33 464	45.2	8.81
Molise	1 216	4 010	30.3	17.03
Piemonte	35 839	79 796	44.9	9.22
Puglia	16 581	55 958	29.6	6.44
Sardegna	12 788	25 376	50.4	9.23
Sicilia	15 800	53 996	29.3	5.34
Toscana	31 097	81 922	38.0	5.37
Trentino Alto Adige	17 151	24 609	69.7	7.85
Umbria	5 952	17 394	34.2	8.44
Valle d'Aosta	1 350	3 071	44.0	5.53
Veneto	65 606	106 180	61.8	8.58
Not attributed	1 304	–	–	–
<b>Total</b>	<b>437 791</b>	<b>1 026 830</b>	<b>42.6</b>	<b>7.50</b>

Source: ISFOL, 2006.

### *3.6.4.3. Use of the resources collected by the training funds*

Between the second half of 2004 and 2006, interprofessional training funds approved 2 400 training plans. The percentage of enterprises and employees involved in training plans is of 4.2 % and 6.1 % of the total associated enterprises and workforce associated with the funds. Therefore, many enterprises associated with the funds have not benefited from any training plans.

Table 38: Distribution of enterprises involved in training plans (value and percentage of the total), 2004-06

Funds	Involved enterprises		Involved employees	
	Number	% of the total associated enterprises	Number	% of the total associated enterprises
Fon. Coop.	1 024	10.9	14 473	5.1
Fon. Ter.	951	2.1	12 907	4.3
Fondimpresa	7 632	18.0	101 717	4.3
Fondir	269	8.5	2 809	11.2
Fondirigenti	1 285	12.3	4 954	7.8
Fondo Artigianato Formazione	4 359	2.4	19 907	2.7
Fondo Dirigenti PMI	35	7.2	84	5.9
Fondo Formazione PMI	959	2.7	5 001	1.2
Fondoprofessionisti	663	2.8	1 380	1.5
For.Te.	1 366	1.5	185 587	12.9
<b>Total</b>	<b>18 543</b>	<b>4.2</b>	<b>348 819</b>	<b>6.1</b>

Data refer to up to 2006. Therefore, the last two authorised funds are not in this list (For.Agri and Fondazienda).  
Source: ISFOL, 2006.

The use of resources by training funds may be seen through the training plans financed by each fund (Table 39). Some funds (e.g. Fondo Artigianato Formazione and Fondoprofessionisti) are particularly good in integrating groups of micro and small enterprises in each training plan, which results in a high number of enterprises per plan but a low number of employees per plan.

Table 39: Financed training plans, enterprises involved in these training plans and employees, 2004-06.

Funds	Financed training plans (A)	Involved enterprises (B)	Enterprises per plan (B/A)	Involved employees (C)	Employees per plan (C/A)	Employees per enterprises (C/B)
Fon.Coop.	226	1 024	4.5	14 473	64.0	14.1
Fon.Ter.	393	951	2.4	12 907	32.8	13.6
Fondimpresa	73	7 632	104.5	101 717	1393.4	13.3
Fondir	119	269	2.3	2 809	23.6	10.4
Fondirigenti	66	1 285	19.5	4 954	75.1	3.9
Fondo Artigianato Formazione	547	4 359	8.0	19 907	36.4	4.6
Fondo Dirigenti PMI	14	35	2.5	84	6.0	2.4
Fondo Formazione PMI	219	959	4.4	5 001	22.8	5.2
Fondoprofessionisti	42	663	15.8	1 380	32.9	2.1
For.Te.	677	1 366	2.0	185 587	274.1	135.9
<b>Total</b>	<b>2 376</b>	<b>18 543</b>	<b>7.8</b>	<b>348 819</b>	<b>146.8</b>	<b>18.8</b>

Data refer to up to 2006. Therefore, the last two authorised funds are not in this list (For.Agri and Fondazienda).  
Source: ISFOL, 2006.

The funds do not finance training plans alone; some are jointly financed by enterprises (see Table 40 for further information on joint financing mechanisms in the different training funds).

Table 40: Resources given by the training funds and by enterprises to finance training plans (information until 30 June 2005)

Funds	Resources given by the fund (A)	Enterprises participating (B)	Enterprise participation by public resources (B/A)	Average contribution of the training fund for each enterprise (EUR)	Average contribution of the training fund for each employee (EUR)
Fon.Coop.	5 297 454.00	3 286 612.00	0.62	19 840.65	535.10
Fon.Ter.	899 356.55	579 651.31	0.64	4 222.33	452.39
Fond.E.R.	–	–	n.a.	–	–
Fondimpresa	48 077 400.00	n.a.	n.a.	10 981.59	574.72
Fondir	1 960 930.00	2 787 602.00	1.42	17 353.36	1 331.25
Fondirigenti	3 753 000.00	2 368 266.98	0.63	3 478.22	1 382.32
Fondo Artigianato Formazione	3 738 429.30	761 178.12	0.2	3 392.40	1 134.58
Fondo Dirigenti PMI	66 260.00	n.a.	n.a.	4 417.33	1 409.79
Fondo Formazione PMI	4 000 000.00	n.a.	n.a.	9 090.91	1 041.12
Fondoprofessionisti	–	–	n.a.	–	–
For.Te.	33 891 000.00	41 938 133.23	1.24	32 681.77	253.47
<b>Total</b>	<b>101 683 829.85</b>	<b>51 721 443.64</b>	<b>n.a.</b>	<b>11 763.52</b>	<b>422.58</b>

Source: ISFOL, 2005.

#### 3.6.4.4. Beneficiaries of the training plans

The beneficiaries of training funds are the enterprises participating in training plans and employees working in these enterprises (see previous tables for more information on this). Tables 41, 42 and 43 provide more detailed information on the distribution of enterprises involved in training plans by enterprise size, and some characteristics of the participants (gender and age).

Table 41: Distribution of enterprises involved in training plans by enterprise size.

Fund	1-9 employees	10-49 employees	50-249 employees	250-499 employees	More than 500 employees
Fon.Coop.	15.9	39.7	34.8	4.7	5.0
Fon.Ter.	40.0	28.3	16.0	3.4	12.3
Fondimpresa	20.2	35.2	28.8	6.6	9.3
Fondir	7.1	9.6	20.9	11.3	51.0
Fondirigenti	4.9	16.2	40.1	16.0	22.7
Fondo Formazione PMI	22.2	52.1	23.4	1.5	0.8
For.Te.	30.1	39.8	16.6	5.1	8.5
<b>Total</b>	<b>20.6</b>	<b>34.7</b>	<b>27.6</b>	<b>6.6</b>	<b>10.4</b>

Source: ISFOL, 2006.

In the funds specialising in managers (Fondir, Fondirigenti and Fondo dirigenti PMI) women represent only a small percentage of the total; the gender distribution in the remaining funds is almost similar. For.Te and Fon.Ter have the largest proportion of women.

*Table 42: Gender distribution of involved employees*

<b>Fund</b>	<b>Males</b>	<b>Females</b>
Fon.Coop.	59.5	40.5
Fon.Ter.	37.1	62.9
Fondimpresa	71.9	28.1
Fondir	89.4	10.6
Fondirigenti	91.9	8.1
Fondo Artigianato Formazione	56.0	44.0
Fondo Formazione PMI	68.4	31.6
For.Te.	46.3	53.7
<b>Total</b>	<b>55.7</b>	<b>44.3</b>

Source: ISFOL, 2006.

Most of the beneficiaries are middle aged (25-44), although over one quarter of participants are aged 44 and older (especially in some training funds such as Fondirigenti).

*Table 43: Age distribution by age classes of involved employees*

<b>Fund</b>	<b>Less than 25 years</b>	<b>From 25 to 34 years</b>	<b>From 35 to 44 years</b>	<b>Over 44 years</b>
Fon.Coop	3.0	29.4	38.5	29.0
Fondimpresa	2.7	33.5	38.2	25.6
Fondir	0.0	0.0	66.5	33.5
Fondirigenti	0.0	2.0	36.2	61.8
Fondo Formazione PMI	4.3	36.4	36.4	22.9
For.Te	Average age of involved employees = 38 years old			
<b>Total</b>	<b>2.6</b>	<b>31.5</b>	<b>38.8</b>	<b>27.1</b>

Source: ISFOL, 2006.

### **3.6.5. Identification of good practice**

Two good practice cases have been chosen for examination: Fondimpresa (the largest Italian training fund) and Fondartigianato, the first Italian training fund founded in 2001.

#### *3.6.5.1. Description of good practice 1: Fondimpresa*

Fondimpresa, funded in November 2002 by CGIL, CISL, UIL (the largest workers' associations) and Confindustria (Confederation of Italian industry) is the largest interprofessional training fund in Italy. At the beginning of 2006, 45 909 enterprises employing 2.53 million workers voluntarily joined Fondimpresa. It is worth stressing the growth of 2004-06 compared to previous years; 30.3 % of enterprises and 25.7 % of workers. Also, the number of SMEs is very high; only 3.5 % of associated enterprises have more than 250 employees (although these 3.5 % account for more than 1.3 million workers).

In the first two years of activity of the training fund, important organisational restructuring took place. Different posts were assigned (e.g. general manager), and several departments were created (e.g. administration and finance, communication and information systems, etc.). Different tasks were externalised (e.g. structuring of the information system, monitoring/control of the fund's training activities) through several European tenders. In the initial years, Fondimpresa financed mainly large training plans of regional and interregional nature called PISTE, *Programma multiregionale di preminente interesse settoriale e territoriale* (multiregional programme of pre-eminent sectoral and territorial interest). In 2004, EUR 48 million were assigned to 47 programmes of which 11 were multiregional. In 2005, Fondimpresa assigned EUR 12 million for a multiregional programme dedicated to ailing sectors with prevalence of foreign employees; a specific programme for enterprises of the Valle d'Aosta; and finally 23 regional and interregional programmes.

Fondimpresa evaluates its activities using external partners to guarantee the independence of the evaluation. The evaluation of the PISTE programmes was given to ISFOL.

Some points regarding the initial analysis of the PISTE programmes:

- (a) a remarkable success in quantitative terms. In Italy, there has never been such a high number of workers involved in training activities (around 100 000 with Fondimpresa in June 2006);
- (b) good capacity in the system (enterprises, training agencies) to respond to demand focused on general and contingent themes (health and emergency, marketing, English and computer science);
- (c) confirmation of the difficulty in accessing specific groups, such as women (on average 30 % of participants, with prevalence of working males), senior workers (45+ and specially 55+) and low skilled workers. For these groups, it is necessary to set up specific and personalised ad hoc activities.

#### *3.6.5.2. Description of good practice 2: Fondartigianato*

Fondartigianato was set up in October 2001 through the agreement signed by CGIL, CISL, UIL (the largest workers' associations) and Confartigianato (Confederation of Italian Craft Enterprises). At the end of 2003, Fondartigianato decided its plan of activities, and in early 2004 it defined the final configuration of its national technical structure (Fondartigianato is present in 19 regions). In 2004 also, the fund launched its first public call for carrying out training plans. In the activity plan 2005-06, the board of directors of Fondartigianato established several guidelines for future activities, programmes and strategies to be followed by the fund.

Women represent 41 % of Fondartigianato beneficiaries. Only 11 % are managers/employers. The average ratio of workers per associated enterprise is 2.9 people (1.2 is the average size of the Italian craft enterprise); 2.5 % of the training beneficiaries are foreign workers. The average training hours per participant are 42, with the training methodology mainly based on personal attendance.

According to the experts interviewed, the strong and weak points of *Fondartigianato* can be summarised as follows:

- (a) social partners are actively engaged in the fund and foster social dialogue and cooperation between social partners; this assists other non-training related issues (labour policies, health and safety at work);
- (b) participation by enterprises has surpassed all expectations, especially in those regions where nearly all existing craft enterprises have joined the fund;
- (c) there is evidence of the need to alleviate the existing bureaucratic procedures, costly for some enterprises (especially smallest ones, typical of *Fondartigianato*);
- (d) there is a need to move the attention from supply to demand; some of the training plans respond little to the specific training needs of craft enterprises/workers but more to the expertise of the organisations promoting the training plans;
- (e) training activities are particularly aimed at workers with a permanent contract. Only 2 % of the beneficiaries have a temporary contract.

### **3.6.6. Evaluation of Italian STFs**

Despite the existing legal obligation (Law 289/2002) to have an *Osservatorio sulla formazione continua* (observatory on continuing training), such an observatory is not operational yet. Therefore no formal evaluation of the role and activities of the funds has been carried out, as one of the roles of this Observatory is evaluation.

Another barrier to evaluation is the relatively short period most training funds have had to develop their activities. It is worth stressing that the Italian legislator has carefully analysed some of the already existing models in other countries (e.g. Belgium, Spain, France or the Netherlands), before setting up the Italian training funds.

According to the experts interviewed (Annex B), Italian training funds have a positive influence on the CVT system. They have quicker mechanisms, are closer to enterprises, and involve an increasing number of enterprises and workers. Training funds are progressively reducing operating costs and devoting more resources to training activities; they also manage and reduce bureaucracy and red tape. Generally speaking, cooperation among social partners in training funds is working well because it is based on the logic of the cooperation of the agents, although there are evident tensions in some cases as actors managing training funds may have different logics and interests.

The Italian interprofessional training funds also show that most jointly financed training activities focus on particular groups such as men, middle-aged workers, highly educated staff or workers employed in large enterprises. The fact that the training plans are particularly governed by enterprises probably explains this concrete focus, which can be regarded as not fully appropriate from an equity perspective. Some Italian training funds are paying increasing attention to disadvantaged groups, such as women, older and low-educated employees, although there is open debate on whether training funds should deal with these groups in a specific way, or if these collectives have to be dealt with via other instruments, probably of public nature.

The experts envisage several issues of improvement and/or concern about the Italian training funds:

- (a) most training funds are mere distributors of resources. There is a need for some of the funds to enlarge their activities as suppliers of services to enterprises (analysis of training needs, analysis of suitability of courses and training supply, etc.), assisting enterprises in the formulation of coherent and effective training demands;
- (b) there is a need to reduce red tape and bureaucratic mechanisms, particularly burdensome for small enterprises;
- (c) it is not clear if all existing Italian training funds will survive in the coming years, as some of them are small in terms of available resources. This trend is reinforced by competition to attract enterprises (and hence resources). So, it is possible to envisage a need for these small training funds either to specialise in some specific sectors/activities or to merge with others to reach a minimum size (in terms of available financial resources) and be competitive.
- (d) it is questionable whether training funds should provide resources for large enterprises, which are able to manage their own. Some experts suggest the need for training funds to specialise in financing training activities for SMEs. Other experts suggest focusing activities on southern Italian enterprises, as they do not particularly benefit from training funds.

## **3.7. Cyprus**

### **3.7.1. Background information and policy context**

Cyprus has a population of 766.4 thousand inhabitants (data for 2005) and, according to the *Census of establishments 2005* (Statistical Service, 2007) 76.5 thousand enterprises (excluding those in farming).

The average number of workers per company is 4.7. Three out of five enterprises employ only one person. Microenterprises employing fewer than 10 persons account for 94.1 % of the total number of enterprises, while only 85 large enterprises employ 250 or more workers (this is 0.1 % of the total). Besides Cyprus small size, there is no geographical division of the country. All these figures are indicative of the small size of the Cypriot economy, which has to be considered for the analysis of data.

Adult education and training in Cyprus is provided by various institutions which can be classified into two broad categories: general adult education and CVET. General adult education is promoted by the Ministry of Education and Culture, and includes courses offered by the State Institutes of Further Education (run and managed by government ministries), the Secondary General Education Evening Schools and the Open University of Cyprus (expected to operate end of 2007).

CVET is highly developed in Cyprus and is provided in various settings by public promoters and many public and private providers. The major influence in this development had been the

establishment and operation of the *Αρχή Ανάπτυξης Ανθρώπινου Δυναμικού Κύπρου* (HRDA) (human resource development authority of Cyprus) a semi-governmental organisation. HRDA is the dominant actor in CVET, as it approves and subsidises training programmes implemented by public, private institutions and enterprises. The HRDA is not a training provider but its role and operations influence the development of training in Cyprus.

The HRDA was originally established in 1974 (Law 21/1974), under the name *Αρχή Βιομηχανικής Κατάρτισης* (industrial training authority). Laws 6/75, 17/80, 53/80 and 94/88 regulated the operation, goals and activities of the Industrial Training Authority. Law 125(1)/99 changed the name of the Industrial Training Authority to the current HRDA, so that it would better reflect the new goals and needs experienced by the Cypriot economy. In this sense, HRDA's mission is to create the necessary prerequisites for the planned systematic training and development of human resources in Cyprus, at all levels and in all sectors (apart from the self-employed and civil servants), to meet overall national socioeconomic policies.

The HRDA's main goals are to:

- (a) upgrade management standards, restructure and modernise enterprises to be more competitive in the ever-changing international business environment;
- (b) strengthen enterprises with managerial staff to accelerate their upgrading and modernisation;
- (c) provide employees with knowledge and skills, and therefore limit costs, improve product and service quality, increase productivity and improve business performance;
- (d) provide young people, the unemployed and economically inactive with skills and knowledge, to make them productively employable.

To formulate the overall human resource development strategy, and for annual thematic priority setting, the HRDA conducts research studies and surveys on issues of strategic importance. These constitute a useful guide for formulating training and human resource development strategy and for planning the organisation's activities. The research places particular emphasis on employment forecasting, on analysing trends in the labour market with emphasis on human resource development issues and the functioning of the training market in Cyprus.

Social partners (both employer and employee representative organisations) are involved in designing and implementing the training schemes of the HRDA as well as the annual investigations of the training needs.

The Law (125(1)/99) provides for the establishment of the human resource development fund, managed by the HRDA. The main source of income for this fund is the HRD levy, provided by the same law, and paid by all companies in the private sector and semi-government organisations. The compulsory levy corresponds to 0.5 % of the payroll of each contributing enterprise and is uniform to all (civil servants and the self-employed are excluded from the HRDA's sphere of competence, and therefore cannot benefit from its activities). The income coming from the compulsory levy is complemented with other funds generated by the operation of the HRDA (such as interest, fines, provision of services, donations, etc.).

The mode of operation of the HRDA has contributed to significant training demand from both enterprises and employees. It resulted in a highly competitive training market, both private (colleges, training institutions, and enterprises which organise their own training needs) and public supply (the Ministry of Education and Culture, the Ministry of Labour and Social Insurance, other ministries and public institutions).

Since 2003, the HRDA has reviewed and updated all its training schemes to comply with the new political and economic settings and the State Aid Law of 2001. The law was enacted in harmonisation of the Cyprus legislation with the Acquis Communautaires (Regulation 68/2001/EC).

### **3.7.2. Governance of the HRDA**

The HRD fund is managed by the HRDA, although the budget is drafted according to the guidelines suggested by the Minister for Labour and Social Insurance and finally approved by the Council of Ministers. All the financial activities and the management of the HRDA, and therefore the fund, are subject to the full control and audit of the Accountant General of the Republic. By law, the fund is not subject to income tax.

The HRDA is the only Cypriot organisation vested by Law to support training activities and financed by a levy on the payroll of all enterprises. The HRDA is administered by a tripartite board of directors in which participate government, employers and trade unions representatives. The tripartite character is enhanced by the participation of the social partners in various committees and bodies of the HRDA (such as the Technical Committee for Setting Professional Qualifications, ReferNet Cyprus). The Board, comprising 13 members, is appointed by the Council of Ministers, with four members representing the government, four belonging to the two most important employee representative organisations (Pancyprian Federation of Labour and the Cyprus Workers Confederation) and four representing the most important employer's organisations (Cyprus Employers and Industrialists Federation, Cyprus Chamber of Commerce and Industry and the Cyprus Federation of Associations of Building Contractors). In addition to these 12 members, there is a chairperson, appointed by the Council of Ministers, who can be any member from the above tripartite organisations. The main role of the social partners through their participation in the Board of Directors relates to the formulation of the budget, usually done on a consensus basis.

Cyprus can be characterised by a long-standing tradition of tripartite cooperation (government, trade unions and employers' organisations) and social dialogue; this tradition goes back to independence in 1960. This is reflected in the active participation of social partners in the various bodies and committees within the education and training system (e.g. the National Lifelong Committee, the Advisory Committee for Secondary Technical and Vocational Education, the Labour Advisory Board, the Pancyprian Productivity Council or the Economic Consultative Committee) and it is also extended to other labour and social issues.

### **3.7.3. Functioning of the HRDA**

#### *3.7.3.1. Sources of finance*

The main income of the HRDA (i.e. 99.5 % of total income in 2005) comes from the HRD levy provided by Law (125(1)/99), paid by all companies in the private sector and semi-government organisations (self-employed and government employees are excluded). The levy, compulsory for all employers, corresponds to 0.5 % of employee payroll of each contributing enterprise and is uniform to all enterprises (irrespective of size or sector considerations); it may be raised, by law, to 1 % of employee wages, to meet the HRDA's needs but has been 0.5 % since the establishment of the authority). Also, it is a monthly levy collected by the Social Insurance Fund. Employers failing to make the monthly payment on time are liable to a fine. The main beneficiaries are all enterprises who contribute to the fund.

This source coming from the compulsory levy is complemented with other funds generated by the operation of the HRDA (such as interest, fines, provision of services, donations, etc.).

#### *3.7.3.2. Activities supported by the HRDA*

The HRDA sets quality specifications and ensures that approved and subsidised training programmes meet these specifications, and respond to the priorities of the economy. The priorities are set in the form of HRDA guidelines in cooperation with the competent government services and the social partners.

Activities funded by the HRDA are primarily improving skills and knowledge of management staff and providing employees with specialised skills. At the same time, emphasis is placed on training related to the introduction and utilisation of new technology, new entrepreneurs and the tertiary-education graduates.

The training schemes subsidised by the HRD fund include:

- (a) enterprise-based initial training scheme;
- (b) single-company continuing training programmes in Cyprus;
- (c) single-company continuing training programmes abroad;
- (d) standard multi-company continuing training programmes in Cyprus;
- (e) high priority multi-company continuing training programmes in Cyprus;
- (f) multi-company continuing training programmes abroad;
- (g) training programmes in enterprises for newly employed tertiary education graduates;
- (h) apprenticeship scheme;
- (i) trainers in private training institutions and in enterprises;
- (j) training programme for the hotel industry students;
- (k) three new schemes jointly financed by the ESF for specific groups such as the unemployed, new young secondary school leavers and economically inactive women.

A brief description of these training schemes is presented below:

The enterprise-based initial training scheme is focused on designing, organising and implementing individual enterprises' training programmes to meet their own needs for initial training of newly recruited employees. These programmes can be conducted by trainers from Cyprus or abroad. Enterprises control the whole process as they decide on the trainee and the programme and then apply to the HRDA for subsidy. The curricula, duration and level of the programme vary according to the trainee, the occupation and needs of the enterprise, although the duration of the programmes usually ranges between 4-12 weeks. The programmes are submitted to the HRDA in advance for approval of subsidy, and are checked by HRDA before receiving approval. The trainers periodically report to the HRDA on the progress of the trainee, and HRDA officers perform site inspections at the enterprise to ensure the quality of the programme. At the end of the programme, the trainer performs a final evaluation to ensure it achieved its targets. The subsidies granted by HRDA are calculated according to the level and duration of the programme, as well as the place of origin of trainers (i.e. from Cyprus or abroad).

The single-company continuing training programmes aim to provide in-company training to employees to meet the specific needs of the individual enterprise. Training programmes cover a wide spectrum of themes in all areas of business operations covering all occupations and economic sectors. These programmes are designed, organised and implemented by enterprises themselves. However, the eligibility of a programme to receive subsidy from HRDA requires, prior to implementation, the HRDA's approval. The maximum time for training per day is eight hours (excluding breaks), and the minimum is six. The maximum number of participants in each programme is usually 25 (although it can be increased or decreased according to the type of programme and facilities available for its effective implementation). There is no minimum number of participants. The instructors must have the required qualifications for the subject of the specific programme and the enterprise must have suitable training facilities (either in-house or outside company premises). Subsidies granted to employers are calculated according to the size of the enterprise, the type of training, the level of the programme and the place of origin of trainers (Cyprus or abroad); see the next subsection on the HRDA subsidy policy.

The single-company continuing training programmes abroad are for training and developing employees of an enterprise abroad, to meet specific enterprise training needs that cannot be covered by the existing national training supply. Enterprises organise their participation in training programmes managed by training institutions/organisations or enterprises abroad, although HRDA subsidy requires the prior approval by the HRDA itself. These training programmes usually deal with issues related to business and management innovative methods, new technology and technical know-how. The minimum duration of these programmes is two days, the maximum is 130. Each day has to include at least 5 hours of training (excluding breaks). Only one person per enterprise is subsidised for the same programme abroad and each person may only be subsidised once during the same calendar year. Employers receive subsidies as a percentage of costs (including fees, transportation, accommodation and sustenance) depending on the size of the enterprise, and the type and duration of the training: see the next subsection on the HRDA subsidy policy.

The standard multi-company continuing training programmes in Cyprus aim to provide continuing training activities to meet employees' training needs. Basically, the HRDA accepts applications from both public and private training institutions, which propose multi-company continuing programmes in response to general thematic priorities, set annually. Enterprises (employers) themselves decide on the specific employees participating in the programmes, although each programme defines a participant profile agreed between the HRDA and the programme providers. Usually, multi-company continuing training programme providers prepare these programmes in line with the enterprises' most typical requested needs. The programmes subsidised by the HRDA cover a wide spectrum of areas in all business operations and all occupations. Usually, public training institutions are specialised in providing technology and craft-related training programmes, with private institutions mostly specialised in business, management, IT and service-oriented training programmes. The training providers award a certificate of attendance, which specifies the HRDA approval of the programme. The maximum training per day is eight hours (excluding breaks), and the minimum is six. The maximum number of participants in each programme ranges between six and 25. The instructors must have the required qualifications for the subject of the specific programme and the training provider must have suitable training facilities. Subsidies are calculated according to the size of the enterprise, the level of the programme and the place of origin of trainers (Cyprus or abroad). The corresponding subsidy to the employer is paid directly by the HRDA on behalf of the enterprise to the training provider, as part of the remuneration arrangement between the employer/enterprise and the training institution.

The high priority multi-company continuing training programmes seek to provide continuing training activities to meet employees' training needs on specific high-priority issues. This scheme subsidises programmes organised by various training providers on several specialised issues (e.g. technological upgrading, restructuring, development of entrepreneurship and business management, promotion of specialised sectors or harmonisation with the EU). These programmes may include theoretical and in-company practice to transfer theory into practice. Programme subsidy requires the prior approval by the HRDA itself. The maximum duration of the theoretical and practical training is eight hours and the minimum is four. The maximum number of participants in each programme ranges between 3 and 25 according to the characteristics of the programme and the facilities available. The instructors must have the required qualifications for the subject of the specific programme and the training provider must have suitable facilities for effective implementation of the programme. Employers receive HRDA subsidies according to several parameters (e.g. the size of the enterprise, the origin of trainers (Cyprus or abroad) and the duration of the programme). The payment of subsidy follows the same procedure as in the previous case. The training provider awards a certificate of attendance, which specifies the approval of the programme by the HRDA.

The multi-company continuing training programmes abroad aims at improving and enriching the knowledge and skills of senior staff on various aspects of business organisation, administration and equipment, by acquiring practical knowledge and experience from similar successful business units abroad. Interested enterprises and their senior staff participate in groups in training programmes abroad with HRDA prior approval and subsidy. These programmes include several activities, such as visits to business units for exposure to modern methods and techniques

and the use of modern technology, visits to official bodies and organisations to learn of the wider development conditions of an economic sector and the development of relevant policies and regulations affecting that sector, or presentations and lectures on specific issues by international experts. Employers receive subsidies as a percentage of costs (including fees, transportation, accommodation and sustenance) depending on the size of the enterprise and the type and duration of training: see the next subsection on the HRDA subsidy policy.

The training programmes in enterprises for newly employed tertiary education graduates are promoted by the HRDA. They are designed to meet the need for strengthening the management capacity of enterprises through the employment and training of, mainly, university and other tertiary education new graduates. These programmes are of six or 12 months duration, depending on the post and the qualifications of the graduates involved, and the programmes include both theoretical and practical training. Entry to the programmes is on a continuous basis, and the graduates, with no work experience at all or work experience of fewer than 12 months, are selected by enterprises. Monthly HRDA subsidies are paid to enterprises in relation to the training costs, including the salaries of graduates during the period of training. A personalised approach is used for full benefit. This approach, provided through the Public Employment Services, also identifies and records skills, talents, and interests of the beneficiary, and designs of a personal action plan along with the continuous provision of information on the available opportunities for training and employment: for more information on this scheme see section on Cypriot best practices.

The apprenticeship scheme provides employers and enterprises with incentives to employ and train apprentices. It is aimed at the students who leave formal education between grades 8 and 10 (students between 14 and 18 years old). The scheme lasts for two years and is a combination of general education and vocational training taking place at technical schools (two days per week) with practical training experience in enterprises (three days per week), where apprentices are remunerated for their work. The system is run jointly by the Ministry of Education and Culture and the Ministry of Labour and Social Insurance. HRDA subsidises the employer for the time spent by the trainee in the practical training sessions at work: for more information on this scheme see section on Cypriot best practices.

The HRDA implements and funds specialised training programmes for trainers in private training institutions and in enterprises. This scheme tries to fulfil several goals, such as to train trainers with little or no experience, to upgrade the skills and competences of experienced trainers, and to develop management-related skills among managers of training centres. This scheme has been organised by the HRDA and delivered by overseas collaborators since 1985.

The training programme for the hotel industry students aims to enhance the knowledge and skills of technical school students in hotel-related professions through systematic training to facilitate their employability. HRDA pays a subsidy to enterprises which provide practical experience to hotel-related students. Placement of trainees is achieved through cooperation between schools and the industry.

The three new schemes jointly financed by the ESF for specific groups such as the unemployed, new young secondary school leavers and economically inactive women, aim to

meet the training needs of the three selected target groups to improve their employability through the acquisition of specialised complementary skills and knowledge. Implementing a personalised approach in each target group is considered crucial to successful and comprehensive training. This personalised approach, provided through the Public Employment Services, identifies and records skills, talents, interests of the beneficiary, and designs a personal action plan along with the continuous provision of information on the available opportunities for training and employment. The scheme combines the acquisition of theoretical and practical skills, through placement in an enterprise for a period of 8 to 12 weeks (eight weeks for secondary school leavers, 10 weeks for inactive women and 12 for the unemployed) during which they receive a weekly training benefit of about EUR 154 (for a full working week, minus the contribution to the social insurance scheme amounting to 6.3 % of the benefit).

The majority of the schemes financed by the HRDA support continuing training activities in enterprises, with only one scheme intended to support initial training activities for young people (the apprenticeship scheme). Most existing schemes are aimed at individual enterprises, although specific schemes aimed at several enterprises are also available. The thematic areas usually covered by the various categories of training schemes include a wide array of topics, such as management, development and production of products, marketing and sales, finance, quality management, human resources, public relations, technology, environment, safety, health, languages, or legislation.

In addition to subsidising training programmes, the HRDA supports training infrastructure and consultancy services. Subsidy of training infrastructure covers technical equipment, audiovisual aids, programme specifications and context, training of trainers and training centre managers. The budget allocated to this is quite small compared to that spent on training programmes. In 2005, 5 % was spent on these activities against 95 % for training schemes.

Certification of courses/training providers is insufficiently developed in Cyprus. Training courses are not necessarily certified nor provided by certified providers. One of the strategic goals of the HRDA in recent years has been to promote certification and assess existing training providers. A final report on a system for assessing and certifying training providers is expected in 2008. In 2006, the HRDA became the national coordinator of the VET teachers and trainers network (TTnet)<sup>(19)</sup> in Cyprus intending, among other issues, to introduce a suitable system of validation and certification of the training providers. The HRDA also has responsibility for gradually establishing and operating a system of vocational qualifications, intended to set standards of vocational qualifications for any category or categories of persons employed, provide for the assessment and issue the relevant certificates of vocational qualifications.

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<sup>(19)</sup> TTnet is a network of national networks that allows key national players and decision-makers in training of VET teachers and trainers to share practices, knowledge and expertise on key issues in the training and their professional development.

### *3.7.3.3. Targeted groups*

The activities supported by the HRDA are mainly aimed at employees in Cypriot enterprises (irrespective of their position in the enterprise), although some schemes are also for the unemployed and economically inactive. Civil servants, the self-employed and farmers are excluded from the HRDA's sphere of competence, and therefore cannot benefit from its activities; nor can the unemployed falling in these two categories.

### *3.7.3.4. Subsidy policy and quality checks*

Three main subsidy parameters are considered in HRDA schemes:

- (a) eligible costs: these include a training or trainer's fee. Depending on the type of training schemes, eligible costs may also include travel and accommodation for trainers and trainees, cost of the time spent by participants to attend the programme (based on their gross earnings) or consumables for programme needs;
- (b) percentage of eligible costs: a percentage of eligible costs is granted by the HRDA according to the size of the enterprise. For general training, this can be up to 70 % for SMEs and 50 % for large enterprises; for specialised training the figure can be up to 35 % for SMEs and 25 % for large enterprises. Joint financing by enterprises is required in all cases, although this is larger in the case of large enterprises;
- (c) maximum ceiling: this limits the subsidies to actual costs.

Certain training schemes subsidise employers when they provide practical training to a trainee (e.g. when trainees are placed for practical training in the hotel industry or industry in general). The subsidy is calculated at the rate of EUR 8.5 to EUR 12.0 per day per trainee, dependent on trainee qualifications and the industry (e.g. in the scheme for hotel industry students, HRDA pays a subsidy to enterprises who provide practical experience to hotel-related students at the rate of EUR 8.54 per student per day). In some cases, the trainee may receive a subsidy.

To ensure the quality of the subsidised programmes, the HRDA undertakes several checks at three different stages of each programme:

- (a) the approval stage;
- (b) the implementation stage;
- (c) the payment of the subsidy stage;

In the case of multi-company continuing training programmes, the HRDA prepares, on an annual basis, the thematic priorities for the year, which are communicated to all training providers. Twice a year the HRDA examines the various programmes submitted by training providers, and subsidises the provision of continuing training.

The HRDA also carries out evaluation studies on the effectiveness and impact of the HRDA's training and development activities. These studies examine the spectrum of HRDA activities directed to enterprises and their employees, identify any gaps in training provision and

consultancy services, and provide suggestions for enrichment as and where necessary. The HRDA will conduct a new study to evaluate the impact of existing HRDA schemes to the labour market and the Cyprus economy. This study, an *ex post* evaluation of existing HRDA schemes, is expected to be carried out by an external consultant and will cover the period 1998 to 2004. In the light of the findings of this evaluation, the HRDA expects to modify/enrich the various schemes.

#### 3.7.4. Measuring the output of the HRDA

This section provides some detailed data on the functioning of the HRDA. Data for 2005 show that the HRDA had a total income of EUR 17.4 million (EUR 14.4 million in 2002, EUR 15.2 million in 2003 and EUR 16.2 million in 2004), of which 99.5 % came from the training levy and the remaining 0.5 % from other sources (e.g. interest from the reserves). It spent about EUR 16.6 million in 2005 (EUR 11.4 million in 2002, EUR 13.9 million in 2003 and EUR 17.7 million in 2004), of which 66.5 % was devoted to human development activities (training), 25.2 % was devoted to HRDA management expenses (including personnel expenses) and the remaining 8.3 % was devoted to other general expenses (see Table 44 for a complete detail of years 2002 to 2005). The difference between income and expenditures resulted in a surplus of EUR 0.8 million in 2005, which was placed in the fund reserves.

Table 44: HRDA income and expenditure, 2002-05

	2002	2003	2004	2005
HRDA income (million EUR)	14 366	15 244	16 152	17 318
• income from levy	98.9 %	99.7 %	99.8 %	99.5 %
• other income	1.1 %	0.3 %	0.2 %	0.5 %
HRDA expenditure (million EUR)	11 441	13 970	17 720	16 604
• training expenditure	62.6 %	64.3 %	64.4 %	66.5 %
• personnel salaries	29.0 %	28.0 %	27.3 %	25.2 %
• other expenses	8.4 %	7.7 %	8.3 %	8.3 %

Source: HRDA.

A total of 51 588 persons and 5 285 enterprises benefited from subsidised training in 2005, with figures showing an upward trend from 2002 onwards. Around 59 % of the participants in 2005 were men. Continuing training (as opposed to initial training) attracted most of the fund subsidies and most participants.

*Table 45: Number of enterprises and participants receiving subsidised training from the HRDA, by main training programme category, 2002-05*

	2002		2003		2004		2005	
	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants
Initial training	600	1 211	621	1 294	606	1 233	535	1 000
Continuing training	3 883	35 935	4 295	40 635	5 203	45 724	4 750	50 588
<b>Total</b>	<b>4 483</b>	<b>37 146</b>	<b>4 916</b>	<b>41 929</b>	<b>5 809</b>	<b>46 957</b>	<b>5 285</b>	<b>51 588</b>

Source: HRDA.

*Table 46: Distribution of subsidies by main programme category, 2002-05*

	2002	2003	2004	2005
Initial training	12.9	11.5	14.2	13.6
Continuing training	87.1	88.5	85.8	86.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: HRDA

In 2005, up to 8.6 % (8.9 % in 2004, 8.7 % in 2003 and 8.5 % in 2002) of Cypriot enterprises were covered by training programmes subsidised by the HRDA. The percentage of employees benefiting was about 13.4 % (13.1 % in 2004, 12.6 % in 2003 and 11.2 % in 2002). The sectors benefiting most from subsidised training are financial services and transport (35.0 % and 20.2 % respectively).

Table 47: Percentage (%) of enterprises and participants receiving subsidized training from the HRDA by sector, 2002-05

	2002		2003		2004		2005	
	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants
Manufacturing	18.4	10.5	16.8	12.4	21.9	13.7	19.1	13.7
Construction	15.1	6.3	12.6	5.5	11.8	5.8	12.4	5.5
Commerce and repairs	8.4	8.3	8.6	9.3	9.0	10.2	8.7	9.7
Transport, storage and communication	15.9	14.6	18.6	17.9	15.8	16.7	12.2	20.2
Hotels and restaurants	9.6	13.5	14.8	15.4	11.6	16.3	11.2	16.9
Financial services	24.1	31.1	27.6	30.6	33.9	33.1	25.2	35.0
Property	13.0	12.0	13.4	13.6	14.0	13.5	14.7	12.7
Other	6.1	7.1	15.7	15.1	15.0	19.6	14.7	22.1
Total	8.5	11.2	8.7	12.6	8.9	13.1	8.6	13.4

Source: HRDA

The highest proportion of participants in subsidized training programmes is in human resources, environment, health and safety. Managers enjoyed the highest share of coverage, followed by graduates; unskilled labour is least represented. The fact that most of the existing schemes favour training activities initiated by enterprises themselves may explain the fact that the groups benefiting most from subsidized training activities are those with the highest skill contents.

*Table 48: Distribution (%) of participants receiving subsidized training from the HRDA by thematic group, 2002-05*

	2002	2003	2004	2005
Human resource	17.7	20.4	23.6	25.3
Environment, safety, health	11.0	14.8	15.5	16.3
Specialised subjects	12.1	11.9	12.0	12.3
Technology	9.5	11.7	12.9	10.3
Marketing	13.4	11.4	11.7	14.4
Financial	11.7	9.6	9.0	9.5
Management	9.5	7.5	5.1	4.4
Quality management	7.8	6.8	4.6	3.2
Product development productions	1.8	1.9	1.0	0.8
Legislation, contracts	1.9	1.9	1.8	1.3
Markets	0.4	0.7	0.5	0.5
EU	1.6	0.5	1.0	0.4
Languages	0.6	0.4	0.5	0.6
Public relations	0.3	0.3	0.6	0.3
Other	0.7	0.2	0.2	0.4

Source: HRDA

*Table 49: Percentage (%) of participants receiving subsidized training from the HRDA by profession, 2002-05*

	2002	2003	2004	2005
Managers	48.7	55.1	57.4	71.1
Graduates	22.9	23.7	24.1	24.2
Secretaries	13.0	15.5	14.8	14.8
Sales services	14.1	15.2	18.0	20.3
Assistant technicians	11.3	12.9	14.8	14.2
Technicians	8.0	9.9	9.4	10.2
Mechanists	0.6	1.4	4.0	2.6
Unskilled labour	0.6	0.6	1.3	0.7
<b>Total</b>	<b>11.2</b>	<b>12.6</b>	<b>13.1</b>	<b>13.4</b>

Source: HRDA

There is a positive relationship between enterprise size and the percentage of enterprises and human resources benefiting from subsidized training activities. Whereas only 0.7 % of enterprises with one employee have benefited from these activities, this percentage was 100 % in the case of those enterprises with more than 250 employees. The same group enjoys the highest share of coverage in terms of employees in training (30.9 % of their respective total).

*Table 50: Percentage (%) of enterprises and participants receiving subsidized training from the HRDA, by employment size, 2002-05*

Number of employees	2002		2003		2004		2005	
	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants	Enterprises	Participants
1	0.9	1.0	0.8	0.8	0.7	0.8	0.7	0.8
2-4	5.0	2.7	5.3	3.0	4.7	2.4	4.5	2.2
5-9	15.0	4.8	15.0	5.5	13.8	4.8	12.7	4.6
10-49	37.0	10.1	36.5	10.9	35.7	11.3	32.1	9.1
50-249	82.8	14.6	83.2	16.9	93.7	16.4	96.0	17.4
250+	100.0	24.1	100.0	24.0	100.0	27.3	100.0	30.9
<b>Total</b>	<b>8.5</b>	<b>11.2</b>	<b>8.7</b>	<b>12.6</b>	<b>8.9</b>	<b>13.1</b>	<b>8.6</b>	<b>13.4</b>

Source: HRDA

Enterprises employing 10 persons and more have the highest ratio of fund grants to fund income. These enterprises receive more training subsidies in total from the fund in relation to the incomes paid by them to the fund than smaller enterprises.

*Table 51: Percentage (%) of fund grants to fund income (fund grants received by particular size of enterprises/fund income paid to fund by same group of enterprise), by size of enterprises, 2002-05*

	2002	2003	2004	2005
1	22.3	19.7	20.4	20.2
2-4	31.9	38.8	33.4	28.8
5-9	51.6	52.8	46.2	35.4
10-49	54.1	69.1	56.1	41.3
50-249	51.1	71.3	72.6	65.6
250+	52.7	63.8	62.7	57.8
<b>Total</b>	<b>50.6</b>	<b>65.7</b>	<b>61.9</b>	<b>54.4</b>

Source: HRDA

### **3.7.5. Identification of good practice**

This section provides more detailed information on two training schemes currently subsidised by the HRDA, training programmes in enterprises for newly employed tertiary education graduates and the apprenticeship scheme.

#### *3.7.5.1. Description of good practice 1: training programmes in enterprises for newly employed tertiary education graduates*

This training scheme has been running for over 20 years, always adjusted to the prevailing conditions. The main targets of the scheme are twofold and complementary, to:

- (a) strengthen the competitiveness of enterprises through the acquisition of qualified and efficient personnel possessing the potential to develop capabilities and become part of the core staff of the organisation;
- (b) assist young university graduates (holding a degree of minimum level BA/BSc) to enter the labour market smoothly and successfully through the acquisition of work experience and specialised complementary knowledge and skills.

The main target group of this scheme is Cypriot employers from any sector of the private economy, irrespective of enterprise size, but young university graduates are also a target. Basically, the scheme consists of two main parts:

- (a) practical in-house training at the enterprise employing the graduate, to acquire practical knowledge and skills at the workplace according to a timetable agreed between the involved parties;
- (b) theoretical training, implemented by a training institution selected by the HRDA, to acquire complementary theoretical knowledge.

The scheme provides a training period of six or 12 months, according to the needs of the work post and the graduate's qualifications and work experience. The graduates and the employers apply to participate in the scheme, and the HRDA scrutinises the needs of the enterprise applicants and assists in the placement of graduates according to their skills and company needs. If graduates find themselves an employer, the employer applies to participate in the scheme.

An employer participating in this scheme undertakes several obligations, to:

- (a) employ the graduate in the agreed position and look for the full and appropriate implementation of the scheme;
- (b) provide a qualified trainer (internal or external) for the practical in-house training period, to direct and monitor the graduate;
- (c) pay the graduate at the end of each month a salary at the minimum prescribed level (currently amounting to EUR 1 030);
- (d) pay all compulsory legal social contributions;
- (e) allow the graduate to participate in the theoretical training programme during working hours;
- (f) employ the graduate without any discrimination.

The graduate undertakes to:

- (a) follow the instructions of the trainer during the practical in-house training;
- (b) participate and attend with due attention the theoretical and practical in-house training.

There is a trial period of two to three months, after which the two parties sign a contract stating their obligations. Later, the HRDA monitors the development of the working conditions and relationship between the employer and the graduate; several documents on the working progress are completed periodically by both parties. The theoretical training period is intended to supply knowledge and skills that can be applied in the work environment. It is provided two days per week for eight weeks and is strictly monitored by the HRDA.

Both practical and theoretical training are evaluated. The participant evaluates the practical training at the end of the programme, while the instructors evaluate the participants for each module. Meanwhile, the personal training evaluates the practical in-house training every month.

This scheme attracts great interest both from enterprises and from graduates: graduates are interested in improving their employability levels, whereas employers are interested because they can employ middle level management personnel with managerial skills adapted to their business environment. SMEs are the majority of enterprises that take advantage of the scheme.

### *3.7.5.2. Description of good practice 2: apprenticeship training*

The apprenticeship system is a two-year initial VET programme providing practical and theoretical training to young people who, after having completed the second year of gymnasium, do not wish to continue their studies within the formal upper secondary education system. Pupils must be at least 14 to be accepted in the apprenticeship system and must not be over 18 at the time of graduation. The apprenticeship system is not compulsory and is free of charge. Practical training takes place in industry for three days per week, while theoretical training is provided at technical schools for two days per week. Apprentices are remunerated by the enterprise providing the apprenticeship.

The main goals of the apprenticeship system are to:

- (a) offer training to young people working in industry (improve employability);
- (b) increase the number of trained technicians in those occupations where there are shortages;
- (c) increase the number of semi-skilled workers in industry;
- (d) raise the technical level of young workers in industry, according to modern ideas of production.

The apprenticeship system has operated since 1963, although a new scheme is envisaged to fulfil the current needs of the market and provide good options for high school dropouts.

Responsibility for the scheme is shared between the Ministry of Labour and Social Insurance and the Ministry of Education and Culture; the HRDA compensates employers for wages paid to apprentices for attending classes at technical schools. The Ministry of Education and Culture is responsible for the VET element and the Ministry of Labour and Social Insurance administers the apprenticeship system. The aim of the programme is to provide incentives to employers to employ and train apprentices who attend the apprenticeship scheme.

An Apprenticeship Board supervises the whole system. This board is composed of representatives of the government, technical schools, employers and employee organisations, the Cyprus Productivity Centre and the HRDA. Its members are appointed by the Minister for Labour and Social Insurance.

At present, six trades benefit from the apprenticeship system: welders, plumbers, auto mechanics, furniture-makers, electricians and builders. Participants are free to choose their specialisation, determined every year according to the needs of the industry and the availability of workshops, equipment and teaching staff in the technical schools.

Apprentices apply to technical and vocational schools or to the labour offices. Officers employed at the district labour offices are responsible for their placement. An apprenticeship contract is signed between the employer, the apprentice and his/her parent/guardian where the employer is committed to provide practical experience and allowing the apprentice to attend theoretical classes and workshops for two days a week at laboratories of technical schools.

The apprenticeship contract also includes standard elements: wages, the apprentices' maximum hours, and weekly rest time. The apprenticeship contracts do not vary by sector of training but are the same contracts for all specialisations. The enterprises which provide apprenticeship to trainees must have adequate facilities to provide on-the-job training and competent supervisors or foremen (instructors) to implement the approved curricula.

Inspectors are appointed to ensure the quality and amount of practical training. Their main task is to follow up the progress made by the apprentices, and assist the instructors in implementing the approved curricula, prepared according to industry requirements. They ensure the quality, the quantity and appropriate methodology in training. The appointed inspectors are teachers in the technical schools and are obliged to visit the trainees regularly at their work place. Apprentices can apply to inspectors to discuss and solve problems that might arise from their education in the schools or their training in the workplace.

A professional certificate is awarded to the apprentices who successfully complete the two-year programme offered. This certificate allows them to enter the labour market as semi-skilled workers.

*Table 52: Some output indicators of the apprenticeship scheme, 2003-05*

	2003	2004	2005
Number of participating enterprises	288	275	261
Number of participants	330	330	279
Subsidies paid to employers (thousand EUR)	301	300	280

Source: HRDA

### **3.7.6. Evaluation of HRDA activities**

The Cypriot general adult learning system as a whole is regarded as positive, with the HRDA seen as a key element. From the analysis of the existing literature and expert interviews it is possible to identify several strengths and weaknesses of the Cypriot training system and in particular of activities funded by the HRDA. The strengths are:

- (a) the establishment and operation of the HRDA has led to a training impetus among enterprises and employees;
- (b) there is a plethora of opportunities available to employees, covering all age groups and educational attainments;
- (c) the activities of the HRDA have given way to the creation of a highly competitive training supply consisting of many, mainly private, training institutions responding swiftly to the current needs of enterprises;
- (d) the tripartite participation and cooperation in the system contributes to fulfilling the needs in the labour market;
- (e) the close relationship and cooperation between initial and continuing vocational training results in the transfer and exchange of expertise, good practice, resources, curricula and infrastructure between the two areas;
- (f) in many cases, the fees paid for attending continuing education courses are minimal and the HRDA training fund has several programmes to ensure the access to training for disadvantaged groups, such as the unemployed, school leavers and the economically inactive;
- (g) in most cases, the content of the courses is very flexible since curricula are designed according to needs;
- (h) the time of day that the continuing education classes are taught enables working individuals to attend them. Continuing education is mainly offered by the Ministry of Education and Culture with classes normally held after working hours;
- (i) there is continuous revision, evaluation and monitoring by HRDA of the schemes subsidised by the training fund;
- (j) the managerial efficiency of the HRDA's activities, plus the transparency and non-discriminatory policies and practices developed. In addition, the schemes and programmes under the umbrella of the HRDA are targeted at specific groups, trying to respond to their needs.

The most significant weaknesses can be summarised as follows:

- (a) the absence of a national system of vocational qualifications, which inevitably leads to a lack of incentive to attend courses of continuing education, at least on a systematic basis. However, the Board of Governors of the HRDA has recently decided to promote and operate a comprehensive system of vocational qualifications;
- (b) the absence of assessment and certification of training providers. Although there are several criteria set by the HRDA that need to be fulfilled for people to train others, the whole system needs to be reviewed to be fully effective. One of the strategic goals of the HRDA is to promote the review and gradual introduction of the assessment and certification of training providers, including trainers;

- (c) training of the self-employed is not covered by the HRDA. However, the HRDA recognises the importance of including this group in its sphere of competence; this rests on political decisions;
- (d) the uniformity of levy rates for all sectors can be counterproductive, as training needs are probably not uniform across the different sectors;
- (e) the lack of adequate mechanisms to promote courses on offer. People are not fully aware of all the HRDA schemes available and the range of opportunities provided for lifelong learning;
- (f) the limited number of programmes specifically addressed to the unemployed, inactive women and other groups vulnerable to exclusion in the labour market;
- (g) providers of training through the HRDA programmes observe bureaucratic tendencies in the HRDA system (red tape); more flexibility could result in higher efficiency;
- (h) participation in training programmes by both the enterprises and their employees is still limited;
- (i) cooperation between enterprises (especially SMEs) and training institutions is still limited;
- (j) lack of a sector-specific approach, resulting in a lack of supply of sector-oriented training support programmes intended to satisfy specific sector needs.

Some cost indicators of the HRDA subsidised training activities are presented in Table 53.

*Table 53: General cost indicators of HRDA subsidised training activities, 2002-05 (EUR)*

	2002	2003	2004	2005
Average cost per trainee (including administrative costs)	306	333	313	328
Average payment (subsidy per trainee)	182	228	210	185
Average payment (subsidy) per enterprise	1 509	1 928	1 879	1 767

Source: HRDA.

The HRDA, in cooperation with the main Cypriot public and private agents involved in education and training issues (including the social partners), has developed a strategic planning exercise intended to guide the activities of the HRDA in 2007-13 (HRDA, 2007a). This plan deals with the two main current challenges in the Cypriot economy, i.e. the upgrading of the national human resources through continuing training and lifelong learning, and the improvement of productivity and reinforcement of competitiveness of national enterprises through better use of existing human resources. To this effect, the strategic plan envisages the following actions (some of them already in progress):

- (a) extend single-company and multi-company training and lifelong learning to the self-employed;
- (b) promote employability of certain groups such as economically inactive women, high school graduates, the unemployed and university graduates;
- (c) provide specialised training to micro-enterprises employing one to four persons;
- (d) introduce a system of professional qualifications;
- (e) assessment and certification of training institutions.

## 3.8. The Netherlands

### 3.8.1. Background information and policy context

In the Netherlands, the STF *Onderwijs en Ontwikkeling* (O&O) can be divided into *Scholingsfondsen* (training funds) and *Opleidingsfondsen* (educational funds). The training funds are sector funds financed from levies paid by individual companies, belonging to a sector, on their gross wage bill. They are focused on training and education of the employed. Education funds are sector-exceeding funds (i.e. set-up from cooperation from different sectors) and government funds which focus on indirect promotion of training. They are financed mostly from national public finances and European subsidies (ESF) (EIM and SEOR, 2005a and 2005b). The distinction between training and education funds is, however, not that clear any more since training funds are now also able to apply for an ESF subsidy.

O&O funds are not regulated by law, as they are set up as an initiative of the different sectors through the sector collective labour agreements which stipulate the percentage of the payroll (levy) to be paid to the fund. This percentage may differ significantly from one sector to the other; the average levy in 2005 was of 0.67 % (De Mooij and Houtkoop, 2005), although it can grow to 2.5 % of the total payroll. A large part of the O&O funds were created in the 1980s and 1990s.

Table 54: *Date of establishment O&O funds*

Period	Percentage (%)
Before 1980	9
1980-89	38
1990-99	42
2000 or later	11
<b>Total</b>	<b>100</b>

Source: Waterreus, 2002.

The number of training funds increased from 72 in 1997 to 99 in 2002, though in 2004 it decreased to 89. The number of education funds decreased from 17 in 2002 to 15 in 2004. In 2002-04, some funds ceased to exist, some combined and a few new ones emerged. The number of training funds decreased in industry due mainly to the fusion of three funds. No more up-to-date information is available.

Table 55: Division of O&O funds among sectors in 2004

Sector	Training fund	Education fund	Total
Agriculture	2	0	2
Industry	26	3	29
Energy and water	1	0	1
Construction	10	0	10
Trade	30	1	31
Hotel and catering industry	3	0	3
Transport and communication	5	0	5
Financial services	0	0	0
Public services	2	11	13
Other services	10	0	10
<b>Total</b>	<b>89</b>	<b>15</b>	<b>104</b>

Source: De Mooij and Houtkoop, 2005.

O&O funds contribute to the Dutch CVET system by stimulating training and employability policy in companies and reacting to training requests, mostly from individual companies; there are very few funds where individual employees directly can request training (MINOCW, 2004). O&O funds also aim to achieve a balance in training costs in each sector, so small and large companies pay the same relative percentage. In the last few years the role of the O&O funds has moved to a more supportive and facilitating role, as other training fostering tools have been introduced (e.g. personal development accounts) <sup>(20)</sup>.

The roles of O&O funds and of the government are complementary. Public authorities have the basic task of financing training infrastructures and providing incentives to stimulate training initiatives, especially for certain groups of employees (e.g. employees without initial qualifications or elder employees). Training costs are deductible from pre-tax profits and incomes for employers and individuals, respectively, so they may pay fewer taxes. However, O&O funds have a more supportive role towards companies, helping them conduct training within the lines set by the government.

In the Netherlands every sector has its own knowledge centre for education and profession, whose primary task is to translate the necessary qualities of professionals in the field to educational competences and training programmes. These knowledge centres are financed by the national government but governed by the sector representative social partners. In this respect, O&O funds also function as a commissioner for the knowledge centres, developing tailor-made courses or gathering specific labour-market information. Moreover, it is often the case that both organisations (knowledge centres and O&O funds) are governed by the same individuals.

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<sup>(20)</sup> With a personal development account the money is not collected through a fund but is put in an account for each employee (De Mooij and Houtkoop, 2005; SER, 2002). Or, for example, in the paint sector the collective agreement states that a certain percentage has to be spent on training. In this sector, the companies keep the money themselves and do not pay it to the O&O fund. The companies have to spend the money on training. If they have not (fully) spent the budget, then the remaining money has to be paid to the fund.

In line with the Lisbon strategy, the 2004 action plan for lifelong learning led to the creation in March 2005 of the taskforce Working and learning (*projectdirectie werken en leren*) (SZW, 2005). This was a common project of the Ministry of Education, Culture and Science and the Ministry of Social Affairs and Employment, including also the Ministry of Economic Affairs, the Ministry of Agriculture and the Ministry of Finance. This taskforce stimulates further and lasting cooperation between public authorities, enterprises and educational institutions; it also emphasises the importance of fostering further general education and training, not only sector specific as a tool for improving employability and labour mobility among the workforce. However, employers tend to disregard this message as they are more focused on the provision of sector/branch/firm-specific training.

### **3.8.2. Governance of the Dutch STF**

The O&O funds are managed by employers and employees on a bipartite basis. Each fund has a board consisting of representatives of employer and employee organisations on a joint basis, though different social partners might be involved in each fund, depending on the sector representative bodies and structures.

In most cases, O&O funds collect, allocate, control and monitor the financial resources. Some O&O funds, mostly the smaller ones, hire a bureau to perform the administrative duties, while others have the levies collected by financial service companies, often together with the pension contributions.

### **3.8.3. Functioning of Dutch STFs**

#### *3.8.3.1. Sources of finance*

The main source of finance depends on the type of fund. Training funds refer to O&O funds financed by a levy on the payroll, where these funds belong to the private sector. Usually, these levies are compulsory for enterprises (if the collective labour agreement states so), although there are examples of training funds where this levy has a voluntary nature (e.g. the case study OVP, Section 3.8.5.1.). The funds collect the fees, although sometimes they may delegate this to an administration office. Also, training funds can have other sources of finance such as interest, investment returns or voluntary contributions.

The levies to be paid are determined by each collective labour agreement. They are dependent on the sector training needs and available resources, so levies differ per sector. The average levy in 1998 was 0.56 %; by 2005 it had increased to 0.67 % (De Mooij and Houtkoop, 2005). All enterprises pay the same percentage, irrespective of enterprise size.

Government education funds are financed directly by the responsible ministry (e.g. the Ministry of Health, Welfare and Sport finances the O&O fund in the care sector). Currently, both training and education funds can apply for ESF subsidies.

### 3.8.3.2. Criteria for allocating resources

The board of the O&O fund decides on the distribution of the money according to the different activities to be covered; this is often laid down in a year plan. Any collected training fund money not spent at the end of the year is added to the fund's reserves. There has been some criticism of the large reserves the funds sometimes have, although the funds argue for keeping reserves either as a buffer against possible future difficult situations or to pay specific obligations such as childcare and training trajectories (see below).

### 3.8.3.3. Type of activities supported

O&O funds support different types of activities (Table 56), with the expenditure per activity differing per sector fund. In some sectors a higher proportion of total costs is spent on an activity than in other sectors. For instance, some sector funds spend 100 % of their expenses on training activities while others only spend 5 % of their total expenses.

Table 56: Type of activities carried out by O&O funds in 2004

Type of activity	Number of O&O funds	Percentage (%)	Costs as a percentage of total expenses (%)
Training	25	81	5-100
Provision of information	19	61	2-30
Research	17	55	1-15
Working and learning trajectories	15	48	10-50
Employment projects	13	42	2-20
Employability	13	42	4-20
Child care	13	42	3-23
ARBO (labour conditions)	11	36	0.5-20

Source: De Mooij and Houtkoop, 2005.

Activities carried out by O&O funds in 2004 include:

- (a) training: a large part of the funds are used to train sector employees, although O&O funds usually neither provide training themselves nor develop training courses (there are exceptions in O&O funds that have their own training institutions (De Mooij and Houtkoop, 2005)). In general, employers choose the institution/course to be followed by employees from a catalogue of different institutions approved by the O&O fund itself (institutions/courses not included in the catalogue may also be approved by the O&O fund). O&O funds cover the training costs and, in some cases, indirect costs. Also, O&O funds are becoming more flexible regarding the eligibility and recognition of the training courses, as up to 13 % of all O&O funds also reimburse general training courses intended to foster broader employability;
- (b) provision of information: this refers to information on training-related regulations included in the collective labour agreements, possibilities related to training relevant to the sector or awareness-improving activities, where information is usually provided to the employers. Some O&O funds have advisors visiting and helping enterprises with their training plans;

- (c) research: O&O funds may stimulate research activities to monitor the labour market and broad training needs. This is usually carried out in cooperation with the sector knowledge centres, whose primary task is to translate the necessary qualities of professionals in the field to educational competences and training programmes;
- (d) working and learning trajectories: this refers to creating learning and working places for young persons, so students go to school for one or two days and work within a company for the remaining days of the week. Some O&O funds stimulate students to follow a learning and working plan at a company that is a member of their fund. This stimulates inflow of workers into the sector;
- (e) employment projects: O&O funds may offer training activities to certain target groups such as the unemployed and employees threatened by unemployment. Some funds also match employers and employees (De Mooij and Houtkoop, 2005);
- (f) employability: this refers to the involvement of O&O funds in supporting *erkennign van verworven competenties* (acknowledgement of acquired competences) trajectories <sup>(21)</sup> for employees within specific enterprises;
- (g) childcare: in some collective agreements, arrangements have been included on financial support for childcare. O&O funds are used to finance childcare facilities for working parents;
- (h) ARBO: *Arbeidsomstandigheden* (labour conditions) refer mainly to information activities conducted by O&O funds on labour conditions and risks associated with specific sectors.

Most of the training supported by O&O funds is certified by institutes acknowledged by the Dutch Minister for Education. Training may be provided by a training institution but also in-house by the enterprise itself; such internal training courses are often not certified by an official institution. O&O funds can usually decide whether they provide compensation for training provided by an acknowledged training institution, a training institution that is not acknowledged or an internal training course; there are no legal restrictions. Not all training funds provide a compensation for internal training courses.

#### 3.8.3.4. *Type of training-related costs covered*

O&O funds mainly cover direct training costs, either up to a maximum amount per year or to a percentage of the training costs (usually between 50-80 % of direct costs) so joint financing from employers is often required. The funds can provide the resources in two ways, either a fixed subsidy directly to the employer for each training day or directly to employees (via a voucher), so they can ‘buy’ training from a sort of training catalogue (Waterreus, 2002).

Indirect training costs (e.g. wage costs) are not covered by all funds. A recent study has showed that 56 % of O&O funds did not cover indirect costs (De Mooij and Houtkoop, 2005), while some funds cover them up to a certain percentage. About 40 % of O&O funds cover

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<sup>(21)</sup> In these trajectories a person can have competences tested and obtain (parts of) a diploma of a professional qualification.

travel costs, either for the total or for a fixed kilometre compensation. Finally, the costs of training materials are reimbursed by about 56 % of existing O&O funds.

### 3.8.3.5. Targeted groups

Some O&O funds pay attention to specific target groups (De Mooij and Houtkoop, 2005). They usually focus on elder employees and employees without a minimum qualification (a diploma of secondary education HAVO or VWO or level 2 of secondary professional education MBO), as these two groups are usually identified as particularly at risk (SER, 2002). Table 57 provides an overview of how many O&O funds have given additional subsidy to specific target groups; it can be seen that, compared to 1999, in 2004 fewer had a target group policy. Certain groups (e.g. women or migrants) are not seen as specific targets within the Dutch context, as they have to be treated on an equal basis.

Table 57: Funds providing an extra subsidy to a specific target group

Target group	1999 (%)	2004 (%)
No target group policy	41	67
People > 40-45 years old	24	17
Low educated people	29	0
Women	18	8
Migrants	12	4
People without a minimum qualification	–	17
Unemployed	12	–
Other	6	8

Note 1: N1999=17; N2004=24

Note 2: Total does not count up to 100 % because multiple answers were possible.

Source: De Mooij and Houtkoop, 2005.

### 3.8.3.6. Recent changes relevant rationale

In the past three to five years there have been changes in the functioning of O&O funds. First, the role of the funds changed from mere redistributive tasks to a much more stimulating and facilitating role. For example, they tried to improve the fit between enterprise needs and the knowledge and skills of regular education students. Also, because of the ageing of the Dutch workforce, the funds stimulated young students to become acquainted with specific sectors to work in them. O&O funds are also setting up several projects to stimulate young students without a minimum qualification to work in these sectors by providing them with training. Finally, within the context of lifelong learning, and in line with government guidelines, O&O funds are paying an increasing attention to training providing general knowledge and skills that can be used in different sectors.

### 3.8.3.7. Cooperation

Around half of existing O&O funds cooperate with each other (De Mooij and Houtkoop, 2005). Cooperation occurs in activities such as requesting ESF subsidies, general education projects or knowledge sharing and consultation.

### 3.8.4. Measuring Dutch STF output

Unspent money collected by O&O funds is added to the reserves; the total capital reserves of all private funds were estimated at EUR 750 million in 2003. Table 58 provides some information on the size of the reserves compared to planned budgets. It is possible to see that fund reserves have decreased compared to 1999.

Table 58: Reserves of the O&O funds (%)

Size of reserves	1999	2002	2003
Smaller than planned budget	32	43	39
1-2 times the planned budget	25	32	32
2-3 times the planned budget	20	11	12
>3 times the planned budget	23	14	17
Total	100	100	100

Note: N1999=44; N2002=44; N2003=41.

Source: De Mooij and Houtkoop, 2005.

The annual turnover of O&O funds was EUR 600 million in 2003, of which the main part is used for training and employment projects. A smaller part is used for a wide variety of activities such as childcare and working conditions (De Mooij and Houtkoop, 2005).

In 2002, almost 40 % of Dutch companies were members of a training fund (not all sectors have funds or are compulsory) of which two-third of enterprises received a training subsidy. One-third may not be aware of the existence and possibilities of training funds or they may not find it worthwhile to request a subsidy (Waterreus, 2002).

About 38 % employees of the different sectors are covered by a training fund, although this percentage differs per sector (Table 59). In certain sectors (e.g. agriculture, energy and water and hotels/restaurants), all employees are covered by a training fund. However, there is not a training fund in all sectors/branches and not all have a collective agreement; some companies or company-chains have their own collective agreements.

Table 59: Number of employees in sectors covered by a training fund in 2000

Sector	Employees covered by training fund	
	Number (x 1000)	Percentage
Agriculture	102	100 %
Industry	669	71 %
Energy and water	36	100 %
Construction	202	52 %
Trade	520	45 %
Hotel/restaurant	232	100 %
Transport and communication	186	42 %
Financial services	0	0 %
Public services	261	13 %
Other services	341	32 %
<b>Total</b>	<b>2549</b>	<b>38 %</b>

Source: Waterreus, 2002.

There is no information on the number of total beneficiaries of Dutch O&O funds. Information provided in some studies (e.g. Waterreus, 2002) suggests that employees in larger companies participate more often in training activities than those from small sizes. Some studies point out that temporary, less-educated and support staff (administration, secretariat, cleaning) benefit less from the activities of the O&O funds (Van Driel et al., 1999).

### 3.8.5. Identification of good practice

Two examples of good practice have been chosen from Dutch O&O funds: the fund for the process industry (OVP) and the fund for the metal sector (OOM). In the case of OVP, enterprises contribute on a voluntary basis to the fund but for OOM enterprises in the sector have to pay a percentage of the wages irrespective of whether they profit from the fund or not. OOM has specific target groups and has 10 regional managers supporting enterprises and employees in setting up education plans, employment trajectories and providing information on the sector to third parties.

#### 3.8.5.1. Description of good practice 1: OVP

The OVP training fund was established in 1986 to maintain and improve, where possible, professional skills in the Dutch process industry. This industry has about 4 300 enterprises employing around 340 000 employees. It includes the chemicals, pharmaceuticals, rubber and plastic, food and natural stimulants, paper and cardboard. There is no single collective agreement applicable to all companies, as larger companies and specific branches often have their own collective agreement. For instance, rubber and plastics and the brick industry have their own collective labour agreement. Therefore, OVP can be defined as an education fund, as it was set up by the cooperation of different sectors.

OVP is part of the VAPRO-OVP group which consists of the knowledge centre PMLF and VAPRO-OVP BV, in addition to OVP. PMLF performs several tasks, such as developing and maintaining the educational qualification structure or the accreditation of learning companies<sup>(22)</sup>. VAPRO-OVP BV provides services in human resource development. OVP contributes to projects to enhance the educational structure and increase the knowledge level of employees in the process industry, by supporting companies in requesting subsidies, among other issues. Around 110 people (90 full-time) work with the VAPRO-OVP group. OVP hires a relatively small part of these people (part-time and full-time) to perform specific activities for the fund. The people hired as part-time usually also perform activities for other parts of the VAPRO-OVP group. Four people work (full-time) for OVP.

The VAPRO-OVP group has a board formed of representatives of employers' organisations (AWVN and VNCI) and representatives of employee organisations (FNV Bondgenoten and CNV Bedrijvenbond). This joint status implies that different points of view are included in the discussions, although agreements are sometimes reached only after a long time.

Every four years, OVP prepares a strategy note including four year plans. Every year, the board determines the budget and the activities for that year. One of the sources of information is a market monitor prepared by an external research company to provide information on the training and human resources needs of enterprises. Four times a year the board discusses the progress of OVP activities and at the end of the year the board evaluates the activities.

OVP also focuses on company applications for ESF subsidy, so sector enterprises wishing to apply for subsidies have to become fund contributors. Once they have become a contributor, companies can brief OVP to apply for ESF subsidy for them: a small amount of the subsidy received goes into the sector training fund itself. If there are multiple applications, OVP bundles these and sends them to the ESF administration. The ESF then approves the applications and determines how much money the companies may receive. Companies receiving ESF money will have to fulfil certain administrative tasks, such as providing evidence that employees participated in training. If the company appears not to have fulfilled the requirements of the ESF, the money that the company has received will be paid back by OVP to the authorities, making OVP a guarantor in this case. In 2006 about EUR 17.5 million was paid as a result of applications approved by the ESF, with 20 200 employees in 148 companies receiving support.

In 2006 OVP conducted research policies towards ageing personnel in the sector; it also developed activities intended to interest students in the process industry. In addition, OVP provides the contributors with other support, such as information on the latest developments in education and subsidies in the process industry, an internal magazine, or one free day of advice in educational matters. However, OVP does not provide a training catalogue and does not arrange training courses.

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<sup>(22)</sup> Learning companies refers to private companies educating and guiding students in secondary and professional education (VMBO and MBO). These companies have been acknowledged by a knowledge centre as companies providing a good and safe work and learning environment.

OVP revenue in 2006 was EUR 4.1 million, with income sources being the small proportion of the subsidy and payments from contributors; the latter numbered 284 in 2006. OVP does not receive national subsidies on a regular basis. This financing structure means that those companies paying into the fund are also the ones benefiting from its activities, although it also means OVP does not have a fixed annual income; income depends on the number of subsidy applications OVP can take up and the number of contributors. As ESF applications take a relatively long period of time, future income can be anticipated in to the future. OVP controls the finances and performs the bookkeeping, though an accountancy firm carries out the audit.

There are several strengths to the OVP. First, it receives a voluntary contribution, so it has to think carefully about its activities to make them attractive and innovative for members. VPO works closely with the two other foundations of VAPRO-OVP group, resulting in a fruitful exchange of knowledge on developments in the sector and the needs of enterprises. Finally, OVP makes ESF money more accessible to companies.

The main weakness is that OVP has no structural income, making it vulnerable. Further, because there is no compulsory payment, OVP may be less embedded in the sector than other sector funds.

Looking to the future, OVP is paying an increasing attention to core issues such as research, developing instruments for training and offering workshops to sector enterprises, but also to sustainability and environment.

#### *3.8.5.2. Description of good practice 2: OOM*

The training and development fund for the metal industry (OOM) was established in 1984. Its aim is to stimulate inflow of workers, and maintain and enlarge professional skills in the metal industry. About 13 500 companies with around 140 000 employees are members.

OOM is controlled by a board comprising three representatives of employee organisations (one from FNV, one from CNV and one from *De Unie*) and three representatives of an employer organisation (*Koninklijke Metaalunie*). This joint nature implies that agreements are broadly supported, although it may take some time before agreements are reached. Generally speaking, the main point of dispute is that employee representatives seek control over training budgets whereas employer representatives prefer to retain control and determine which courses the employee can follow. The board is supported by the bureau of OOM, which executes decisions taken by the board. Of 32 people working in the bureau, 10 are active as regional managers. Once a year, the board discusses policy plans for the year, assisted by the bureau. There is also a 3-5 year plan including a long-term budget and vision.

The most important activities carried out by OOM are:

- (a) supporting training activities carried out by enterprises: OOM provides a financial contribution to direct training costs (material costs and entrance fees) of students following a learning-working trajectory or internship, employees in continuing training activities, and employees with a labour handicap that are reintegrating. OOM does not specify the training institutions for the courses, as it is the employer who decides. Sometimes, indirect training costs are also covered, for instance for travel costs;

- (b) providing advice on training to the employees (personal development plan) and to the employers (company development plan): OOM has 10 regional managers visiting and advising companies on training issues, as well as in setting up training plans. OOM also contributed in establishing *Opleidingsbedrijf Metaal* (OBM), an office where employees and employers in the region can ask questions on training and education;
- (c) providing information on the activities of OOM: OOM has about 40 information providers, often pensioners or early retired employees from the metal industry and education, who provide information on the activities of OOM and visit companies that are members of OOM;
- (d) setting up projects stimulating the inflow of workers into the sector: OOM stimulates the inflow of new employees (either unemployed or students) into members companies, developing activities to improve the image of the sector among students. For instance, it is involved, together with A+O fund Metaalelektro, in bureau TOP. The mission of bureau TOP is to let young persons discover their talent and introduce them to the sector;
- (e) improving the quality of education: by improving the alignment of regular education (theory) and practice. For example, members of OOM can ask for a financial contribution if an employee follows an associate degree, a new level of education lying between MBO and HBO more focused on the needs of the sector;
- (f) OOM also performs labour market research through its own labour-market monitor, paying special attention to specific target groups, such as employees older than 45, those with labour market handicaps and students.

The activities of OOM are evaluated on a regular basis; each project is evaluated and customer satisfaction surveys carried out both for employees and employers on the training activities supported by OOM. In the last three years, about 60 000 people have followed training (about 20 000 to 25 000 a year).

The collective agreement of the metal and technical sector states that 0.75 % of the wages has to be paid to OOM. In 2006 OOM revenue was EUR 36 million, of which about 77 % came from the levy, 16 % from different national subsidies and 7 % from several investments. The levy is collected by a financial private enterprise, together with pension premiums and other social security contributions. The unspent money is invested on the stock market to get further revenues for the company. Around 40 % of total revenues in 2006 were used for enterprise training costs, with 38 % spent on other matters (e.g. projects stimulating education of the unemployed, improving the quality of education, bureau TOP and childcare). The remaining 22 % was added to the reserves.

One of the strengths of OOM is its communication policy, based on its website, publications and personal contact. Regional managers and information providers visit the companies, so all companies in the industry are aware of OOM and its activities. The customer satisfaction survey of 2005 also showed that enterprises were positive about the information and appreciated the personal contact. About 84 % of the respondents agreed that OOM was easy to reach, 83 % thought OOM was professional and 76 % thought OOM was customer-oriented. According to evaluations, the number of employees following a training course would be lower if OOM did not exist, so OOM reduces the barrier to participation in training. A

weakness of OOM is the long time it needs to react to training applications from enterprises (about six to eight weeks), although some measures are being taken to resolve this situation.

OOM envisages establishing a learning budget, by which an employee can apply for training funds via the employer (approximately EUR 750 a year), so the employee will then be free to choose what training to follow (although in agreement with the employer). OOM is also developing learning companies (*leerbedrijven*) to hire young people for education with job guarantee at companies in the metal industry. Finally, OOM is interested in extending the provision of services through the Internet.

### **3.8.6. Evaluation of Dutch STFs**

Dutch O&O funds increase awareness among employers and employees of the importance of training and stimulate them to participate in training activities. O&O funds also contribute to improving the quality and alignment of training courses with the sector needs. Unfortunately, it is difficult to estimate to what extent companies would have performed these activities if O&O funds did not exist, although it is possible to identify a positive relationship between sectoral involvement in training and availability of active O&O funds.

Another strength of Dutch O&O funds is that training becomes less sensitive to the economic situation, as compulsory contributions in the form of a percentage of the wages are stable. Also, the O&O funds are sector initiatives and not imposed by somebody else (e.g. the government). The sector approach also enables fine-tuning of training to meet sector-specific labour situations and needs (Van Driel et al., 1999). O&O funds effectively use joint financing mechanisms by employers, so the money collected for training is increased.

Although levies might be compulsory in most cases, it is not the case that all enterprises benefit from training activities supported by the O&O funds. Factors impeding full access may include lack of information on the training opportunities of the funds, lack of tuning between training supply and demand (from employers or employees), or practical problems (e.g. finding replacements for employees on training). It is argued that O&O funds have particular difficulties in reaching SMEs (Van Driel et al., 1999), because of intrinsic SMEs problems such as difficulty in finding replacements, lack of specific human resource policies and managers in these type of companies, and the lower awareness among SMEs of the training possibilities O&O funds can offer. Thus, O&O funds have to make an added effort to reach this group.

The current position of O&O funds is becoming weaker in the Dutch system, due to new ways of collecting and redistributing training payments (e.g. the personal learning budget, whereby employees have their own budget which they can spend on training). Also, the fact that Dutch contracts often state that an employee leaving the company within a year or two has to repay part of the training costs to the employer is eroding one of the original considerations behind the functioning of compulsory O&O funds, i.e. preventing underinvestment in training resulting from fears that employees might leave the company after receiving investment. Finally, there is the difference between employer and employee representatives in their

approach to O&O funds: employees like to have control over their own training budget but employers also want control and to determine which course(s) the employee can follow.

The Dutch O&O funds model can easily be transferred to other countries, although for this purpose a fluid and systematic social dialogue is required as O&O funds are arranged within the sectors and managed by social partners themselves. An interesting element that could be replicated in other countries is the important role played by the training advisors of some O&O funds, who visit and support individual companies in drafting their training needs and plans.

Dutch O&O funds expect, in addition to collecting resources and providing subsidies for training, to adopt additional roles as training knowledge/information providers as well as facilitators of employee inflow and employability in their respective sectors. The funds also see themselves as developing a much more important role in providing/subsidising general/transversal training supply, rather than specifically sector-related, basically intended to facilitate the employability and mobility of the Dutch workforce to other jobs/sectors.

## **3.9. The UK**

### **3.9.1. Background information and policy context**

In the UK there are only three case studies of STFs as defined in the scope of this research. Funds used to finance VET are financed by a tax or a levy on wages and are jointly managed by employers and employees. These three examples are two sector skills councils (SSCs), ConstructionSkills<sup>(23)</sup> and Skillset<sup>(24)</sup>, and the Engineering Construction Industry Training Board (ECITB).

Industrial training boards (ITBs) and levies have a long history in the UK with the first legislation being introduced in the 1950s. The Industrial Training Act of 1964 gave the government the power to set up industrial training boards with representation from both sides of industry to oversee training, set standards and give advice. Compulsory levies were quite common and this act remained active until the 1980s.

In 1982, the Industrial Act 1982, as amended, was passed and set out the functions and powers of an ITB:

- (a) to initiate, improve and facilitate training;
- (b) to meet the needs of employers, employees and those wishing to enter the industry;
- (c) to develop and promote training standards.

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<sup>(23)</sup> Formerly Construction Industry Training Board (CITB).

<sup>(24)</sup> The training levy available to Skillset is calculated as a percentage of the firms' production budget; it is not calculated from payroll.

With the passage of time, attitudes towards the compulsory levy changed and some ITBs were dissolved. Also, new ideas on industrial training were emerging and the amount of training and the quality of workforce skills began to deteriorate.

By 2001, the government was becoming aware that workforce skills in the UK were falling well behind those of the other major industrial nations and that something had to be done to reform the structure of industrial training. A consultation was launched and those directly and indirectly associated with industrial training were given the opportunity to make suggestions for a new structure.

As a result of this consultation, a new concept was developed. Skills for business was based on the formation of a new non-departmental public body, the Sector Skills Development Agency (SSDA). Established in 2002, this funds, supports and monitors a network of 25 SSCs, which forms the skills for business network, underpinned by the SSDA. The Chairman and chief executive of the SSDA are both appointed by the Secretary of State for Education and Skills.

In brief, the SSDA:

- (a) funds, supports and monitors the performance of SSCs;
- (b) ensures consistent, high-quality standards across the skills for business network;
- (c) ensures skills provision is designed to meet sector needs;
- (d) provides minimum cover for sectors without a SSC;
- (e) ensures generic skills are effectively covered in the work of the SSCs;
- (f) promotes best practice sharing and bench-marking between sectors;
- (g) collates high quality labour market intelligence and makes this available via a website portal.

The 25 SSCs, cover around 85 % of the UK workforce. The Government-led national skills strategy white paper 2003 confirmed ECITB's role within the skills for business network (DfES, 2003a).

Each SSC is an employer-led, independent organisation covering a specific sector across the UK, with a minimum 500 000 employees. Each has trade union representatives on its board.

The four key goals of the SSCs are:

- (a) to reduce skill gaps and shortages;
- (b) to improve productivity, business and public service performance;
- (c) to increase opportunities to boost the skills and productivity of everyone in the sector workforce;
- (d) to improve learning supply including apprenticeships, higher education and national occupational standards.

All SSCs are licensed by the Secretary of State for Education and Skills, in consultation with Ministers in Scotland, Wales and Northern Ireland. The list of the SSCs currently operating in the UK is presented in Table 60.

Table 60: List of the SSCs currently operating in the UK

Sector Skills Councils	Sectors attended
Asset Skills	Property, housing, cleaning services and facilities management
Automotive Skills	Retail motor industry
Cogent	Chemical, nuclear, oil and gas, petroleum and polymer industries
ConstructionSkills	Construction
Creative and Cultural Skills	Advertising, crafts, cultural heritage, design, music, performing, literary and visual arts
Energy and Utility Skills	Electricity, gas, waste management and water industries
e-skills UK	Information technology and telecommunications and the lead body for contact centres on behalf of the Skills for Business network
Financial Services Skills Council	Financial services industry
GoSkills	Passenger transport
Government Skills	Central government
Improve Ltd	Food and drink manufacturing and processing
Lantra	Environmental and land-based industries
Lifelong Learning UK	Employers who deliver and/or support the delivery of lifelong learning
People 1st	Hospitality, leisure, travel and tourism
Proskills UK	Process and manufacturing industries
SEMTA	Science, engineering and manufacturing technologies
Skillfast-UK	Apparel, footwear and textiles and related businesses industry
Skills for Care and Development	Social care, children and young people
Skills for Health	Health sector across the UK
Skills for Justice	Custodial care, community justice, court and prosecution services, policing and law enforcement
Skills for Logistics	Freight logistics industry
SkillsActive	Active leisure and learning
Skillset	Audio visual industries
Skillsmart Retail	Retail industry
SummitSkills	Building services engineering

Source: Sector Skills Development Agency, 2007.

Before an SSC may be active it must first be licensed. The process involves three stages before the Secretary of State for Education and Skills issues a five-year licence, and the SSDA negotiate an initial three-year contract with the SSC. This process has been designed to ensure that all SSCs meet the required standard to fulfil their goals of providing strategic leadership and targeted action to meet current and emerging skills and productivity needs in their sectors.

Following the licensing, the SSCs must produce sector skills agreements, fundamentally altering the way skills are demanded, delivered and developed throughout the UK. They are the means by which each sector is able to secure the range and level of skills needed to contribute to increased productivity at internationally competitive levels. They are agreed after a five-stage process (Table 61) by representatives of interested parties, including government/devolved administrations, employers, employee representatives and organisations that plan, fund and support education and training, so the idea is that all interested partners work together to tackle the provision of skills around a common set of goals.

*Table 61: Five stages of the SSA process*

<b>Stages</b>	<b>Description</b>
Stage 1	A sophisticated assessment is made of each sector to determine short-, medium- and long-term skill needs and to map out the factors for change in the sector
Stage 2	Current training provision across all levels is reviewed to measure its range, nature and employer relevance
Stage 3	The main gaps and weaknesses in workforce development are analysed and priorities are agreed
Stage 4	A review is conducted into the scope for collaborative action – engaging employers to invest in skills development to support improved business performance – and an assessment is made into what employers are likely to sign up to
Stage 5	The final outcome is an agreement of how the SSC and employers will work with key funding partners to secure the necessary supply of training

*Source:* Sector Skills Development Agency, 2007.

Currently in England, Wales and Northern Ireland, there is only one SSC that has approved compulsory training levies, e.g. Construction Skills; Skillset has a voluntary system. The ECITB is not a SSC as the sector has fewer than 500 000 employees, although the ECITB has a training board licence from Parliament issued in 1991 to allow it to use the training levy system.

The ConstructionSkills SSC caters for the construction sector, the UK's biggest employer and biggest exporter, contributing more than 8 % of the UK's GDP and employing 2.1 million people (or 1 in 14 of the total UK workforce). There are 175 000 construction firms in the UK (95 % of which employ fewer than 10 people); 23 500 professional practices; and significant skills gaps. The industry needs 88 000 new recruits every year for the next five years and, to achieve its target of a fully qualified workforce, by 2010 it needs to qualify 100 000 workers each year to NVQ 2 standard.

The engineering construction industry designs and constructs process plants for several activities and provides employment for nearly 66 000 people (data for 2006). Around 34 500 people work on-site, with the remaining 31 500 working off-site. Major industries covered by the ECITB include chemical works, gas making or gas treatment works, nuclear or thermal power stations, nuclear waste reprocessing sites, hydro-electric stations, oil refineries or terminals, plants concerned with the exploration for, or exploitation of, oil or gas, metal smelters, steel or paper mills, breweries and distilleries, human and/or animal food production, pharmaceutical, cosmetic and petrochemical production, cement and concrete, bricks, glass and paper production, and sewerage treatment works.

Skillset caters for the UK audio visual industries (broadcast, film, video, interactive media and photo imaging).

### **3.9.2. Governance of the training funds**

Each of the three UK bodies analysed in this research is governed by a board comprising representatives of all interested parties in their respective sectors, including employee representatives.

ConstructionSkills is a partnership between CITB-ConstructionSkills, the Construction Industry Council and CITB Northern Ireland. The Board of ConstructionSkills comprises representatives from the employers, employees (Union of Construction, Allied Trades and Technicians, Construction & Crafts Trade Group, and the Transport and General Workers' Union), the education sector, clients and the government (as observers). A committee oversees the varied activities of the organisation. A finance committee recommends the annual budgets and the levy rates while a training committee oversees implementation of the ConstructionSkills' strategic objectives.

The board of trustees of the ECITB is made up of representatives from employers, employees (unions Amicus and the GMB), the education sector, client representatives and non-executive directors.

The Skillset board is made up of representatives from several stakeholder interests: large employers; SMEs; trade associations; and trade unions (representatives from the National Union of Journalists, the British Actors Union and the Broadcasting Entertainment Cinematograph and Theatre Union, BECTU) across the UK. The board's main role is to guide strategy. The board meets four times a year and has several standing committees, which report directly to it.

### **3.9.3. Training fund function**

A separate analysis is provided for each of the three training bodies.

#### *3.9.3.1. Functioning of ConstructionSkills*

ConstructionSkills became the SSC for the construction industry in September 2003, and has a five-year licence. It is the only existing SSC funding its activities through a compulsory training levy on the sector payroll. This training levy in the construction industry has a long history with many changes in the structure of the industry, economic variations and trade union influence. The fact that it has survived so long indicates that it is acceptable to all sides.

All construction establishments are obliged by law to be registered with ConstructionSkills and to be assessed annually for the training levy. For this annual levy assessment, each registered construction employer must complete a levy return, with information on the workforce (and wage bill) for the fiscal year. Small companies with an annual wage bill lower than GBP 73 000 are exempt from this levy but still qualify for grants, advice and support.

An employer submitting a levy return between April 2006 and February 2007 receives a levy assessment based on that return in the first quarter of 2007. The CITB-ConstructionSkills levy rates are 0.5 % of the wage bill for direct employees and 1.5 % of the value of any payments on labour-only subcontractors. These rates have remained constant since 2002.

The CITB-ConstructionSkills levy rates and threshold are submitted to Parliament for formal approval early each year. Once the levy order is signed, each employer receives a CITB-ConstructionSkills levy assessment. Each year, ConstructionSkills must demonstrate to the

government that over half the employers eligible to pay the levy, support it. This is done by consulting with the main employer federations, all of which, to date, have supported the levy. Payment of the levy is compulsory for qualifying companies; discussions are under way with the Department for Education and Skills (DfED) to address the issue of how levy consensus is measured.

Over the last six years, the proportion of levy-paying employers from the main employer federations has dropped from 58 to 50 %. This reflects a decline in the percentage of construction employers becoming federation members, rather than any drop in the level of industry support for the levy system. It assumes that if an employer is not in a federation, it does not support the levy, though recent evaluations show that support for the levy among employers is growing, with 72 % of those paying it, favouring it as the mechanism for funding industry training. Further, 73 % of respondents believe the amount of training in the industry would worsen without a statutory training body such as ConstructionSkills.

In addition to the funds generated from the levy, ConstructionSkills also generates further income from other sources such as ESF monies, interest, and voluntary contributions. However, the majority comes from this training levy.

The funds collected by this SSC are used to support several main activities carried out by ConstructionSkills:

- (a) training-related activities carried out by enterprises;
- (b) identifying and delivering the skills needed for the future growth of the industry, including new working practices, processes, technologies and materials;
- (c) advising/consulting on training-related activities for individual enterprises;
- (d) finding placements to enable young people wishing to join the industry to acquire the necessary work based practice;
- (e) providing industry forecasting capability to enable informed forward planning and considered and agreed solutions;
- (f) developing a sector qualifications strategy to ensure a well-planned and structured approach to the development of qualifications and progression pathways which meets sector and learner needs.

Every registered construction firm is eligible for grants, advice/consultancy and support on training issues, even those not liable to pay the training levy. In fact it is the smaller firms who train most new entrants; subsequently larger enterprises can benefit by hiring these skilled workers later in their careers.

Examples of training activities that can be funded by ConstructionSkills are:

- (a) apprenticeships: practical work-based schemes developed by the construction industry to help in achieving a skilled and qualified workforce and leading to recognised qualifications (national vocational qualifications (NVQs) and Scottish vocational qualifications (SVQs)). The awarding body for construction (a partnership between ConstructionSkills and City & Guilds) awards NVQs in England and Wales. The construction apprenticeship scheme is a

two-year programme aimed at enabling and motivating 14-16 year-old pupils to experience working life in the construction industry in a supported way. Every year, over 10 000 young people join the construction apprenticeship scheme;

- (b) programme-led apprenticeships: complimentary apprenticeship route linking the brightest and best Intermediate construction award qualified students to good employers wanting to take on an apprentice. The programme-led apprenticeships are available in various trades that can be matched to company requirements so they not only meet business needs but also help in giving tomorrow's workforce the opportunity to get ahead in construction;
- (c) on-site assessment and training: ease the acquisition of a NVQ or SVQ by proving the workers' expertise without going to college;
- (d) further and higher qualifications in a range of areas related to construction and the built environment;
- (e) evaluation of training needs and plans;
- (f) health and safety test: the industry standard, taken by over 300 000 people every year, and designed to ensure a minimum level of health and safety awareness for anybody working in construction. The health and safety test is controlled by ConstructionSkills and may be taken at 150 different sites in the UK;
- (g) NVQ or SVQ level 2, 3, 4 or 5: these qualifications will be achieved in recognised training institutes;
- (h) other technical/professional training activities available through recognised training institutes.

The sector pays special attention to skill assessment. Many sites do take on workers without an appropriate card certifying their skills, this scheme proving that workers can not only do the job but also do it safely. NVQs and SVQs are issued by authorised training institutions and colleges, where all card schemes are fully certified by ConstructionSkills.

### *3.9.3.2. Functioning of the ECITB.*

The activities of the ECITB are funded by a compulsory training levy, complemented with leveraged funds from other organisations including the EU.

Every year, after consultation with employers, the ECITB recommends the levy rates to the Secretary of State and to Parliament for approval. In 2006/07, the rates were:

- (a) for employees and contract staff, mainly working on-site at the enterprise premises: a levy of 1.5 % payable on total wages and the labour-only payments provided these total GBP 275 000 or more in the year to 5 April 2007;
- (b) for employees and contract staff mainly working off-site at the enterprise's own premises: a levy of 0.18 % payable on total wages and labour-only payments provided these total GBP 1 000 000 or more in the year to 5 April 2007.

There is an abatement process to reduce the off-site levy for companies demonstrating they provide extensive suitable training for their off-site staff. The abatement process was designed to return a proportion of the levy based on assessment of a company's existing training and development activities. The level of levy abatement has been divided into five categories: 0 %, 25 %, 50 %, 75 % and 100 %.

By law, all engineering construction establishments have to register with the ECITB and be annually assessed for the training levy. Employers are also required to complete annually the statutory manpower and payroll return. The information requested on this form is necessary to assess the amount of training levy payable (if any) and to establish eligibility to receive training grants. Where an establishment returns the statutory manpower and payroll return and is liable to pay a levy, a training levy assessment notice detailing the levy due will be sent in January each year. Providing an appeal is not lodged, the levy is payable in one instalment and within one month. If an establishment does not return the statutory manpower and payroll return, the levy liability is estimated (which may be more than the correct amount) and an estimated training levy assessment notice is sent detailing the estimated levy due. Providing an appeal is not lodged, the estimated levy is payable in one instalment and within one month.

The existing legislation states that the levy requires the annual backing of industry. Every year, ECITB must demonstrate to the government that over half of employers, eligible to pay it, support it. This is done by consulting with the main employer federations, all of which, to date, have supported the levy. Under this arrangement, payment of the levy is compulsory for qualifying companies.

The available ECITB funds are then used to support approved training related activities. The ECITB is a centre of excellence for advice, information and skills development for the engineering construction industry. Training programmes are available to all registered companies, with training grants to enterprises are only paid under the following circumstances:

- (a) the employer is a registered levy-paying company, whether or not it finally pays the levy;
- (b) the learner/trainee is registered with the ECITB before the training starts;
- (c) the grant must be claimed within nine months of the qualification being awarded and/or the completion of the training to which it relates.

The ECITB offers or supports a range of training workshops, courses and programmes, ranging from apprenticeship opportunities for young people entering the sector to supervisory and project management training programmes for those already employed in engineering construction. Examples include:

- (a) supervisory management training and development courses;
- (b) project management short courses;
- (c) one-day interactive training events (e.g. interpersonal skills, safety awareness workshop for occasional visitors to sites, technical leadership, train the coach/occasional trainer, maintenance strategy workshop);
- (d) technical courses;

- (e) management courses (e.g. Master of Science in project management or engineering management partnership post graduate certificate);
- (f) advanced and modern apprenticeships for young people entering the industry: those leaving school after the general certificate of secondary education can apply for an apprenticeship run by the ECITB apprenticeship scheme. The ECITB apprenticeship scheme trains apprentices in two phases. The initial training takes place at an ECITB-approved centre where apprentices reach NVQ or SVQ Level 3 + technical certificate + key skills certificate;
- (g) safety passport training on basic knowledge of health and safety for all site personnel to enable them to work on site more safely.

The ECITB board has recently been developing new regional governance and training delivery models for the sector. The primary goals are to drive up engagement in training by employers and influence the training supply chain to be more responsive to the sector's skills needs. The regional forums are now working to bring employers and other stakeholders together in dialogue and resources have been allocated to support specific regional priorities.

For certification of training providers/courses, the ECITB has an awarding body which delivers NVQs and SVQs through a network of over 50 centres in England, Scotland and Wales, although NVQs and SVQs may be obtained through accredited colleges. The ECITB also has a quality assurance framework. As in the case of ConstructionSkills, the ECITB also works a card system for workforce employees.

### *3.9.3.3. Functioning of Skillset*

Skillset's film skills fund is the largest fund in the UK dedicated to supporting film-specific training. It is made up from contributions from the national lottery and the skills investment fund. The fund is a voluntary levy collected from the UK film producers and is based on the payment of 0.5 % of the production cost of each film made in the UK (with a ceiling of up to GBP 39 500) with available resources invested in training activities: it differs from other funds in that it is not calculated as a percentage of the payroll. The collection of the skills investment fund is managed by Skillset and then invested in training through the Skillset film skills fund. The fund was established in April 2004 by Skillset and the UK Film Council.

Unanimous support in the film industry to move to a compulsory levy was approved by the Dutch parliament and it should come into effect at the end of 2008. A motive for moving to a compulsory levy was the feeling, among members, that there are too many 'free riders', i.e. those who do not make a voluntary contribution but who do take grants or other benefits.

Skillset devises training programmes suited to the specific nature of the sector. Areas covered include:

- (a) animation and visual effects;
- (b) hair and make-up;
- (c) high definition and digital video camera;
- (d) health and safety;
- (e) management and leadership;
- (f) marketing and distribution;
- (g) post production and editing;
- (h) storyboarding.

Grants can be provided for individuals, freelancers, enterprises/organisations and higher and further education institutions.

As a SSC, Skillset has an important role to play in developing qualifications for adults and for 14-19 year olds. Qualifications include general certificate of secondary education, A' levels, key skills, technical certificates, NVQs or SVQs) and other vocational qualifications. In this respect, Skillset works with several awarding bodies and the regulatory authorities to ensure that vocational and occupational qualifications being developed for use in, or progression into, the audio visual industries really meet the needs of employers and individuals. Skillset currently has NVQs awarded by City & Guilds in several fields. New NVQs and SVQs are being developed.

#### **3.9.4. Measuring training fund output**

Some figures and output indicators for the three UK bodies analysed in this report are provided below.

In 2006, ConstructionSkills levy income amounted to GBP 152.3 million (GBP 136.0 million for 2005), which represents 60.3 % of income. Of the 26 000 employers paying levy, around 12 000 (46 %) paid by direct debit instalments, up by 1 800 on last year. Meanwhile, total expenditure in 2006 amounted to GBP 136.9 million, where 0.3 % was devoted to governance costs and 1.9 % to levy collection and grant processing costs.

ConstructionSkills distributed over GBP 113 million in training grants, a 7 % increase on 2005. Well over 20 000 registered firms benefited, with over 10 000 mainly small firms that had paid no levy at all receiving GBP 26.7 million in grants and other support for new entrant trainees.

Other output measures for 2006 include:

- (a) 32 000 workers gained NVQs or SVQs through on-site assessment training;
- (b) 45 000 young people applied for construction apprenticeships and framework achievement rates at a record 67.6 %, up from 55 % in 2005;

- (c) nearly 45 000 young people applied for a construction skills apprenticeship in 2006;
- (d) the new SkillsDirect programme delivered almost 21 000 competence cards.

The ECITB levy collected in 2006 was GBP 11.167 million, with other income of GBP 4 529 million. These non-levy incomes are derived from government and public authorities.

*Table 62: Income sources of ECITB (million GBP)*

	Years			
	2003	2004	2005	2006
Levy income	9.17	10.00	10.47	11.17
Non-levy incomes	3.14	2.82	3.91	4.53
<b>Total</b>	<b>12.31</b>	<b>12.82</b>	<b>14.38</b>	<b>15.70</b>

Source: ECITB.

Expenditure in 2006 on training and associated activities was devoted to the following activities:

- (a) Recruitment and development of new entrants: GBP 10 313 000;
- (b) re-skilling and skill enhancement of existing workers: GBP 2 850 000;
- (c) supervisory, leadership and management training: GBP 1 840 000;
- (d) competence assurance: GBP 2 660 000;
- (e) levy collection costs: GBP 38 000.

Total expenditure was GBP 17 701 million: previous figures are GBP 14 619 million in 2003, GBP 14 216 million in 2004 and GBP 14 756 million in 2005.

Between April 2005 and March 2006, the Skillset film fund awarded 62 grants to 44 different organisations. The total value of all awards made was GBP 8.8 million and the total number of beneficiaries was 6 122. Also, between 2005 and 2006, Skillset received GBP 2.5 million of industry money, which it then used to raise GBP 12.2 million of public funding to invest in skills; by this, Skillset turned every GBP 1 of industry money into GBP 5 of investment.

### **3.9.5. Evaluation of the UK STF**

The two mandatory training levies (for ConstructionSkills and ECITB) are subject to an annual review by the boards before presentation to the government and the renewal of the authority by parliament to continue the levy. It may be implied that the two training boards and all the individual members of those boards agree with the levy. For ConstructionSkills, all the main industry federations have given the levy their written support, and an independent survey shows that 70 % of non-federated levy paying employers and 75 % of all construction employers are also in favour of it. Because these levies are well established, there has been regular adjustment where bad practice has been identified.

It is argued that without the ConstructionSkills grants (information obtained from annual reviews of ConstructionSkills) small firms would simply not be able to afford to train their workers and the industry as a whole would suffer. ConstructionSkills, together with its stakeholders in construction, continues to look for new ways to add further value to skills, training and performance in the industry. It has carried out comprehensive, evidence-based research designed to inform and support the development of new courses and training activities for the sector. It is also argued that because ConstructionSkills is able to tap into funds from many different areas (e.g. government schemes, other public authorities), it is able to bring in much more than could be obtained by employers acting individually.

ECITB evaluations are normally carried out every five years, the last one being in 2003. The report coincided with an internal strategy evaluation that found that most employers felt that without the levy in that sector, training would diminish unacceptably. There is some evidence that in those sectors where the levies were removed in the late 1980s and early 1990s, training investment dropped and they are currently experiencing skills shortages as a result.

The ECITB has benchmarked itself against other organisations having similar remits and funding systems in order to measure the effectiveness of the system. The analysis showed class-leading performance in most areas but not all (see annual reviews of ECITB).

The ECITB identified both good and bad aspects and practices. Simplified bureaucracy is top of the list of areas for improvement. Easier access to experts that can advise is a close second. The product mix is seen as reasonably positive now, although changes had to be made from the past in some areas. It involves and consults much more with users now than previously. By collective action it can access EU and UK government funds more easily, matching levy resources with public funds to increase outputs. The ECITB uses national occupational standards as the basis for training programmes, mapping these to the appropriate vocational qualification. Where there is no vocational qualification, a recognised professional qualification is sought. The ECITB has produced a strategy plan for 2006-10, which sets out intended activities for this period.

A number of aspects, which have evolved over the years, are identified from discussions and from published reports as helping the funds operate satisfactorily:

- (a) fully transparent operating system monitored and approved annually by parliament;
- (b) clear system for assessing the levy;
- (c) leverage ability by both training boards to increase the available funding from external sources;
- (d) maximum income achieved from the levy;
- (e) grants available to levy payers and non-levy payers, thus allowing the smaller firms to benefit disproportionately;
- (f) the diverse membership of the controlling boards of directors and subcommittees allows for sensible and balanced opinions to be exchanged. This demonstrates the bipartite and tripartite situation;
- (g) regionalisation allows for specific measures to be taken to address local issues.

## 4. Comparative analysis of STFs in Europe

### 4.1. Introduction

The previous chapter provided an extensive and detailed description of the existing national individual experiences of STFs in Belgium, Denmark, Spain, France, Italy, Cyprus, the Netherlands and the UK.

This chapter provides a comparative analysis of these eight national experiences, structured in two main parts. The first part characterises the STFs, according to variables such as the date of creation, the role of collective bargaining in their creation, the number of STFs/sectors catered for, governance and control issues, income sources, type of activity carried out and supported or the groups targeted and benefited. The second part will try to provide a qualitative assessment of the STFs, based on the information collected both from the different national descriptions, the interviews conducted and analysis of available literature.

### 4.2. Characterisation of STFs in Europe

The examples identified in the previous chapter are:

- (a) *sectorale opleidingsfondsen/fonds des formation professionnelle* in Belgium;
- (b) *Uddannelsesfonde* (educational funds) and *Kompetenceudviklingsfonde* (competence development funds) in Denmark
- (c) *Fundación tripartita para la formación en el empleo* (tripartite foundation for training in employment) in Spain <sup>(25)</sup>;
- (d) *organismes collecteurs paritaires agréés* (OPCAs) (approved collecting organisations) in France;
- (e) *Fondi paritetici interprofessionali per la formazione continua* (interprofessional funds for continuing training) in Italy;
- (f) *αρχή ανάπτυξης ανθρώπινου δυναμικού Κύπρου* (human resource development authority, HRDA) in Cyprus;
- (g) *onderwijs en ontwikkeling* funds (O&O funds), comprising *scholingsfondsen* [training funds] and *opleidingsfondsen* [educational funds] in the Netherlands;
- (h) the individual case *studies* of ConstructionSkills, Skillset and ECITB, in the UK.

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<sup>(25)</sup> Two additional Spanish case studies were analysed: the *Fundación Laboral de la Construcción* [labour foundation of construction] and *Fundación del metal para la formación, cualificación y empleo* [foundation of metal for training, qualification and employment]. The *Fundación laboral de la construcción* is also financed by a compulsory training levy. These two cases studies are not included in this final analysis.

These examples differ in the number of existing STFs in each country, their bipartite/tripartite nature or the type of activities and target groups supported by them. Within those countries with most STFs (e.g. Belgium, Denmark or the Netherlands) existing differences among them can be important: e.g. financing or actions supported, reflecting the freedom of sector social partners to develop ad hoc solutions to deal with sector-specific problems. The comparability of the STFs becomes a complex issue.

The following sections present a brief description of the national examples according to several variables such as the date of creation, the number of available STFs within each country and the sectors catered for, their governing actors, their income sources, the type of activities carried out and the beneficiaries.

#### **4.2.1. Date of creation, role of collective bargaining in the creation of STFs and number of STFs/sectors attended**

Most national examples of STFs were created in the late 1970s/1980s (e.g. in Belgium, Denmark and the Netherlands) although some examples go back to the early 1970s: the French OPCAs were created in 1971; the former Cypriot HRDA was set up in 1974 under the name of the Industrial Training Authority; and the UK ECITB was also set up in the 1970s. Meanwhile, the latest examples of STFs are the Spanish Tripartite Foundation (set up in 1993 under the name Forcem and renamed in 2001), the Italian Interprofessional Paritarian Funds for CVT (set up from 2001 onwards but operating in the second half of 2004) or the UK SSCs of ConstructionSkills and Skillset (set up from 2002-03 onwards).

Differences in creation dates are important, as those STFs with longer traditions have had the opportunity to evolve over time from their traditional roles to new ones. For example, the Belgian STFs have enlarged their focus groups from early school leavers and the unemployed to the employed and technical education students. Meanwhile, the Dutch O&O funds are moving from training subsidy activities to mediation, research, and childcare activities. However, it is also possible to find examples of radical changes in the functioning of the organisations despite the relative ‘youth’ of the institution (e.g. the Spanish Tripartite Foundation).

There are two main models of collective bargaining in the creation of the different national STFs. Belgian, Danish, French, Italian and Dutch STFs have been created through voluntary arrangements among social partners within the different sector collective agreements, although, in the case of France and Italy, it is the State that gives legal authorisation to operate to each OPCA/Interprofessional training fund after social partners reach an agreement. This situation results in the existence within these countries of a relatively large number of ‘autonomous’ STFs, from 14 in Italy to around 100 in France and the Netherlands and around 1 000 in Denmark (although only 10-15 STFs can be regarded as relevant due to their size).

These STFs are usually sector-specialised, although they can also be specialised either in some concrete geographical areas (such as the Belgian or Dutch ones), in specific professions (e.g. Belgium and Italy) or even in different specific legal status or specific size classes (as some of the Italian STFs are specialised in managers/executives, in cooperatives or in SMEs).

This sector specialisation and relative autonomy among STFs within these countries implies that each STF has developed its own particularities, often as a reaction to different training and labour market needs in the different sectors/collectives catered for, which result in specific responses that further encourage autonomy. The fact that sectors constitute the central bargaining level in many countries (Belgium, Denmark or the Netherlands) offers a framework for further developing these STFs at sector level.

Table 63: Date of creation, role of collective bargaining in the creation of STFs and number of STFs/sectors attended

Name (country)	Date of creation	Role of collective bargaining in the creation of STF	Number of available STFs per country/sectors attended
STFs (Belgium)	1988 onwards	Created via sector collective agreements	No data available. Belgian STFs are sector oriented, some operating at provincial/regional level whereas others are active at country level
Educational funds and competence development Funds (Denmark)	Late 1970s early 1980s onwards	Created via sector collective agreements	No data, although more than 1 000 sector collective agreements in Denmark and a considerable number of these contain a clause on STFs
Tripartite Foundation (Spain)	1993 (since 2001 under its current name)	Created after a national agreement on continuing training among main representative social partners	The Tripartite Foundation is the only intersectoral organisation in charge of fostering training initiatives among enterprises and workers and financed via a levy. There is another STF financed via levies at sector level in the construction sector (the labour foundation of construction)
OPCAs (France)	1971 onwards	Created via sector collective agreements. The State gives legal authorisation to operate to each OPCA after social partners reach an agreement	100 OPCAs, representing all professional branches. Three main OPCA types, sectoral OPCAs, OPCAs dedicated to SMEs and regional OPCAs
Interprofessional paritarian funds for CVT (Italy)	2001 onwards, although operating since 2004	Created by social partners through specific interconfederal agreements. The State gave legal authorisation to operate for each training fund after social partners reached an agreement	There are currently 14 interprofessional training funds operating in Italy. Some of these funds are specialised at sector level, whereas others are specialised in professional categories (managers/executives), enterprises size categories (SMEs) or enterprise legal status (cooperatives)
HRDA (Cyprus)	1974 (since 1999 under its current name)	Set up by Law after an agreement with national social partners	HRDA is the only Cypriot organisation vested by law to support training activities and financed by a levy on the payroll of all enterprises. Intersectoral approach
O&O funds (the Netherlands)	From the 1980s onwards (the large majority)	O&O funds set up as an initiative of the different sectors through collective agreements.	104 in 2004, present in all economic sectors
ConstructionSkills, Skillset and ECITB (the UK)	Since early 2000s (ECITB activities go back to the 1970s)	Employer-led organisations, authorised by the parliament	There are three STFs financed via levies, ConstructionSkills (construction sector), the ECITB (engineering construction industry) and Skillset (audio visual industries)

The national examples of the HRDA in Cyprus and the Tripartite Foundation in Spain respond to a slightly different model, in which social partners reach an agreement at national level creating a unique STF at national level with an intersectoral approach. In Cyprus, the HRDA was originally established in 1974 (Law 21/1974), under the name *archi viomichanikis katartisis* (industrial training authority). Law 125(1)/99 changed the name into the current HRDA better to reflect the new goals and needs experienced by the Cypriot economy. Meanwhile, the *First national agreement on continuing training* (Forcem, 1992) signed by the Spanish most representative social agents in 1992 resulted in the creation of Forcem (a bipartite organisation) later transformed into the Tripartite Foundation. It is worth emphasising that the Spanish Tripartite Foundation is assisted by the joint commissions, set up by representatives of employers and trade unions under sector social dialogue and collective bargaining processes and, among other goals, fixing the main criteria and priorities of the training activities to be carried out at sectoral level, as well as the social dialogue on training matters within the sector.

Table 64: Key elements of STF's according to the date of creation, role of collective bargaining in the creation of STF's and number of STF/sectors catered for, by country

	Date of creation		Role of collective bargaining		Specialisation of STF				
	<=15 years	> 15 years	Sectoral agreement	Other agreement	Sector specialisation	Geographical specialisation	Professional specialisation	Specific legal status/size classes	Intersectoral
Belgium		X	X		X	X	X		
Denmark		X	X		X				
Spain	X			X					X
France		X	X		X				
Italy	X			X	X		X	X	
Cyprus	X			X					X
Netherlands		X	X		X	X			
UK	x			x	x				

Finally, the UK model is different from the continental examples. SSCs (e.g. ConstructionSkills and Skillset) and the ECITB, were created as employers' initiatives, backed by the public authority. In this sense, these three organisations can be characterised as employer-led, independent organisations covering specific sectors across the UK, although all are governed by a board of representatives of all interested parties in their respective sectors, including employee representatives.

#### **4.2.2. Governance and control of the STFs**

As far as governance is concerned, most of the identified national examples of STFs have a bipartite nature, i.e. they are managed by a board/body composed of an equal number of representatives of employers and trade unions, so decisions have to be made by consensus. This kind of bipartite STF is typical in Belgium, Denmark, France, Italy and the Netherlands. The specific social partners involved in each STF depend on the respective sector representative bodies and structures.

Tripartite organisations (including public sector representatives) are the Cypriot HRDA and the Spanish Tripartite Foundation, where the employer/worker organisations are the most representative at national level. The Spanish Tripartite Foundation progressed from being a bipartite organisation to a tripartite one in 2001 for several reasons (see Spanish description for further details). The chairman of the HRDA's main governing body can be any member of the tripartite organisations, whereas in the Spanish case it is always a representative of the public sector. The UK STFs are slightly different as their governing boards are composed of representatives of different interested parties (stakeholders) in each sector. To give an example, the board of ConstructionSkills comprises representatives from the employers, employee representatives, the education sector, clients and the government (as observers).

Table 65: STF governance

Name (country)	Form of governance
STFs (Belgium)	Run by bipartite and joint boards consisting of equal number of labour and employer sector representatives. Different social partners are involved in each fund, depending on the sector representative bodies and structures
Educational funds and competence development funds (Denmark)	Run by bipartite and joint boards consisting of equal number of labour and employer sector representatives. Different social partners are involved in each fund, depending on the sector representative bodies and structures
Tripartite Foundation (Spain)	Administered and represented by a tripartite board comprising representatives of the most representative Spanish business (Cepyme and CEOE) and union organisations (CCOO, UGT and CIG) and by the public administration (INEM, belonging to the Spanish Ministry of Employment and Social Affairs)
OPCAs (France)	Run by bipartite and joint boards consisting of equal number of labour and employer sector representatives. Different social partners are involved in each fund, depending on the sector representative bodies and structures
Interprofessional paritarian funds for CVT (Italy)	The management bodies of all the funds set up so far are quite similar, with each of the funds having an equal number of representatives from employer and employee organisations. These management bodies include an assembly, a board of directors and a college of auditors (one of the three members of this college is designated by the Ministry of Labour).
HRDA (Cyprus)	Administered by a tripartite board of directors including equal number of representatives from the Cypriot government, the employers (Cyprus employers and industrialists federation, Cyprus chamber of commerce and industry and the Cyprus federation of associations of building contractors) and the trade unions (Pancyprian federation of labour and the Cyprus workers confederation)
O&O Funds (Netherlands)	Run by bipartite and joint boards consisting of equal number of labour and employer sector representatives. Different social partners are involved in each fund, depending on the sector representative bodies and structures
ConstructionSkills, Skillset and ECITB (UK)	Employer-led, independent organisations, although different interested parties (stakeholders) in each sector are represented in the respective governing boards, including employer and worker representative organisations. Different social partners are involved in each fund, depending on the sector representative bodies and structures

In addition to the governing boards, the STFs examined usually have an administrative and support structure to facilitate all the activities of the managing boards and to run the STFs (collection of levy-incomes, implementation of board's decisions, research activities, etc.). Sometimes, these support structures use own personnel, in other cases they are subcontracted (e.g. some Dutch O&O funds delegate the collection of contributions to external financial institutions). In some cases (e.g. the French OPCAs), the existing legal regulations prevent OPCAs spending more than 10 % of their income for administrative purposes.

Table 66: Key governance elements of STFs, by country

	Bipartite/tripartite nature of the management boards			Need of public authorisation to operate
	Bipartite	Tripartite	Employer led	
Belgium	X			
Denmark	X			
Spain		X		
France	X			X
Italy	X			X
Cyprus		X		
Netherlands	X			
UK			X	X

Many of the STFs (e.g. the French OPCAs, the Cypriot HRDA, the Spanish Tripartite Foundation and the UK SSCs) are subject to mandatory external controls by the public authority to monitor appropriate use of resources. For example, each French OPCA has to present annual accounts and statistics to the ministry in charge of vocational training. In Italy, one of the management bodies of the STFs is from the college of auditors, with one of the three members of this college designated by the Italian Ministry of Labour. In contrast, the activities of the Belgian, Danish and Dutch STFs are subject only to internal controls.

#### 4.2.3. STF income sources

The STFs examined in this report source their income mainly via a compulsory training levy on enterprise payroll: the exception is the UK Skillset, financed by a training levy on production costs of each film made in the UK. However, in the Netherlands and the UK there are examples of STFs where this levy is of a voluntary nature (Skillset in the UK and the OVP Dutch case study) <sup>(26)</sup>.

The self-autonomy of STFs in the Belgian, Danish, Dutch and UK cases means that the training levies to be paid by enterprises are decided on an ad hoc and individual basis by each STF's governing board. However, in the UK case, the training levy has to be authorised on a yearly basis by the Parliament and based on the sector supporting compulsory training levies. For example, the existing Belgian training levies vary from 0.10 % to as much as 0.60 % of the gross payroll, whereas the average Dutch percentage in 2005 was of 0.67 %, although it can be as much as 2.5 % of the total payroll. Danish STFs are financed in two main ways, a fixed amount per employee per year (typically about EUR 7 per employee, per year) or a predefined percentage of each hourly wage per employee per year; both the type and amount of the contribution is decided by social partners in each STF.

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<sup>(26)</sup> In the Dutch case, only paying enterprises benefit from the training fund's activities, while, for Skillset, any enterprise may benefit. Not surprisingly, the sector is unanimously in favour of a compulsory levy, so a procedure has been submitted to parliament for approval.

In the Spanish, French, Italian and Cypriot examples, STFs are regulated by a fixed training levy for the whole country (0.30 %, 0.42 % and 0.5 % respectively in the Italian, Spanish and Cypriot cases). The Italian case is slightly different. Enterprises are free to decide annually whether to associate or not with a STF (irrespective of the sector the enterprise belongs to), so only associated enterprises may benefit from STF activities. The compulsory contributions of those Italian enterprises that do not join any STF are distributed between the Ministry of Labour and Social Policies and the Ministry of Economy and Finance, and are mainly used to finance other interventions in continuing training.

*Table 67: Income sources of STFs*

Name (country)	Brief description
STFs (Belgium)	STFs are financed via a compulsory training levy on the enterprises' payroll, decided on an ad hoc basis by each STF. Thus, STFs have the possibility to define their own levy. Some sectors have established separated goals, splitting up the resources for specific groups (e.g. devoting a specific percentage for a specific group). Resources are collected by the National Office of Social Security, and later redistributed to the existing STFs
Educational funds and competence development funds (Denmark)	STFs are financed in two main ways, a fixed amount per employee per year or a predefined percentage of each hourly wage per employee per year. No law regulates the contribution to the Danish STFs, which means that this contribution is freely decided by social partners in each STF. Resources are paid directly to the STF by the enterprises themselves. Once a company, through its representatives, joins the collective agreement that regulates the training fund, it is not able to avoid the payment without violating the collective agreement.
Tripartite Foundation (Spain)	The activities of the Tripartite Foundation are mainly financed via a compulsory vocational training levy paid by companies and employees to the social security. The levy scale is established annually by law (the rate for 2005 was 0.42 %). Other available resources come from the ESF, unspent resources from previous years and from regional governments for financing training activities within their regional boundaries. The training levy is collected by the social security and later transferred to the INEM. The Tripartite Foundation manages the different public calls for public subsidies and decides on the programming, allocation and follow-up of the subsidies; it also collects statistics and reports detailing its activities. Meanwhile, the INEM (and the regional governments) pays the approved subsidies.
OPCAs (France)	Enterprises are obliged by law to contribute to training development via a compulsory levy on their total payroll and positively dependant on the size of enterprises (the larger the enterprise, the higher the levy); some sectors have established, by collective agreement, a higher compulsory contribution rate. The total contribution from enterprises is divided into separate funds dedicated to various types of training. Each year, all enterprises must evaluate the amount to be spent on vocational training and the amount due to their respective OPCA, although enterprises may either eliminate or reduce their levy obligations by the amount of training they provide or purchase (they have to prove they have spent these funds on training). OPCAs collect the training levy-related resources
Interprofessional Funds for CVT (Italy)	Intersectoral training funds are mainly financed by a compulsory levy-grant mechanism paid by enterprises to the INPS, and calculated at 0.30 % of the workers' payroll. Since 2005, INPS transfer the contribution to the training fund freely selected on an annual basis by each enterprise. If an enterprise does not choose any training fund, the contribution is divided between the Ministry of Labour and Social Policies and the Ministry of Economy and Finance, which finance other interventions in continuing training. The size of associated enterprises influences the available resources different training funds may have

HRDA (Cyprus)	The main source of income comes from the human resource development levy, paid on a compulsory basis by all companies in the private sector and semi-government organisations, and currently calculated at 0.5 % of the payroll of employees of each contributing enterprise. The levy is uniform to all enterprises (irrespective of size or sector considerations). The levy is collected on a monthly basis by the Cypriot social security, and later transferred to the HRDA. This income source is complemented by other funds generated by the operation of the HRDA (such as interest, fines, provision of services, donations, ESF, etc.)
O&O Funds (the Netherlands)	Training funds are mainly financed by a levy on the payroll. Usually, these levies are compulsory for enterprises (if the collective labour agreement states so), although there are examples of training funds where this levy has a voluntary nature (so only paying enterprises benefit from the training fund's activities). The levy may differ significantly from one sector to the other as it is freely decided in each sector collective labour agreement. Usually, all enterprises pay the same percentage, irrespective of enterprise size considerations (although there are exemptions). The training funds themselves collect the levy resources. Other income sources include interests, investment returns or voluntary contributions. Government funds belonging to the education funds are financed directly by the responsible ministry (e.g. the Ministry of Health, Welfare and Sport finances the O&O fund in the care sector). Currently, both training and education funds can apply for ESF subsidies.
ConstructionSkills, Skillset and ECITB (the UK)	ConstructionSkills and the ECITB are financed via a compulsory training levy of the payroll, whereas Skillset is financed via a voluntary training levy of the production cost of each film made in the UK. For those STF's with a compulsory training levy, the authorisation of parliament is required and STF's have to show, every year, the annual backing of the industry for these compulsory training levies. The three bodies collect these levies.

The French financing model is significantly different from the others. French enterprises are subject to a 'train-or-pay' or 'levy-exemption' mechanism, in the sense that they may either eliminate or reduce their compulsory legally-binding levy obligations<sup>(27)</sup> by the amount of training they provide or purchase, so they must prove they have spent these resources on training. If the enterprise has not spent resources on training, they pay the due amount directly to their corresponding OPCA.

In the case of the remaining countries analysed this 'train-or-pay' mechanism is not available, so enterprises pay these training levies to their corresponding STF (in the Italian case, the STF is freely selected by the enterprise), irrespective of the training activities they may or not conduct. Enterprises are also required to ask the STF for financial support in the form of grants (a 'levy-grant mechanism'), so payroll contributions centrally collected from enterprises are later redistributed between them as grants; in fact, French OPCAs also function in this way, once the levy exemption mechanism has been applied.

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<sup>(27)</sup> Some French sectors have set, through collective bargaining agreements, a contribution rate that is higher than the minimum required by law (e.g. in the temporary agency employment sector the minimum contribution reaches 2 %).

Table 68: Key income elements of STFs, by country

	Income sources		Compulsory/voluntary nature of training levies		Autonomy of STFs to decide extent and nature of income sources	Presence of levy-grant/levy-exemption mechanisms		Levy paid to		Presence of other income sources (in addition to training levies)
	Levy % on payroll	Other	Compulsory	Voluntary		Levy-grant mechanisms	Levy-exemption mechanisms	STF	Social security agency	
Belgium	X		X		X	X		X		
Denmark	X		X		X	X		X		
Spain	X		X			X		X		X
France	X		X				X			
Italy	X		X			X		X		
Cyprus	X		X			X		X		X
Netherlands	X		X	X	X	X		X		X
UK	X	X	X	X	X	X		X		X

Some national experiences (the French OPCAs and the UK ConstructionSkills) show the existence of enterprise size differentials in levy contributions. French enterprises with fewer than 10 employees have to pay a levy of 0.55 % of the company's gross annual payroll, whereas for enterprises with 10-19 and 20 or more employees, the legal obligation is 1.05 % and 1.6 % of the company's gross annual payroll, respectively. UK construction enterprises with an annual wage bill lower than GBP 73 000 are exempted from the ConstructionSkills levy, but still qualify for support activities. Enterprises pay the same training levy in the rest of the countries, irrespective of their size.

In Belgium, some STFs have split up the resources for specific groups, e.g. devoting a specific percentage for a specific group. In French OPCAs, the total contribution from enterprises is divided into separate funds dedicated to various types of training (training plans, contribution to the branch's priorities and individual training leave).

Another important issue is the way the levy-related incomes are collected. The Danish, French, Dutch and UK STFs collect the training levy-related resources, though in some cases this is done by external enterprises (e.g. financial private enterprises in some Dutch O&O funds). For the Belgian, Italian, Cypriot and Spanish STFs, resources are usually collected by the national office of social security, later redistributed either to the existing STF, in the case of Belgium, Italy and Cyprus, or to the INEM in Spain, responsible for final payment of the approved financial support.

In some countries STFs may complement training levies with other income sources. The Spanish Tripartite Foundation additional income sources include the ESF, unspent resources from previous years and funds from Spanish regional governments for training activities within their regional boundaries. The Cypriot HRDA additional sources comprise interest, fines, provision of services, donations, and ESF. The Dutch O&O funds income sources include interests, investment returns or voluntary contributions. However, training levy incomes are the main source of finance for STFs, well above 75-80 % in all cases.

#### **4.2.4. Type of activities carried out and supported by STF**

The main activity supported by the different European STFs is stimulation of training activities among individual or grouped enterprises, usually at the employers' initiative. The only exception to this is the Danish STFs, which are not engaged in the direct financing of training courses but rather in the provision of support for developing and testing sector training programmes (production of information material, development of new courses/training techniques, research, pilot projects, etc.) <sup>(28)</sup>.

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<sup>(28)</sup> An exception is the Danish Training Fund of the Press, involved in the provision and subsidy of training activities for employees and the unemployed in the press sector.

Table 69: Type of activities carried out and supported by STF

Name (country)	Brief description
STFs (Belgium)	<p>Relative autonomy of the STFs to define activities, target groups, educational methods, etc. Usually, Belgian STFs work together with both private and public training centres and consultants that provide the training and other supported activities. The STFs are responsible for administrative and financial follow-up of the training/training-related activities, reimbursing costs to enterprises. In other cases, some STFs have a training institute that organises the practical aspects of planning, organisation, actual training and other activities (some have decentralised geographical locations for organising training programmes). Activities supported by Belgian STFs include:</p> <ul style="list-style-type: none"> <li>• sector awareness among professional and technical students;</li> <li>• training activities for technical school teachers and funding technical equipment for adapting professional and technical students to enterprises' needs;</li> <li>• theoretical and practical training activities for the unemployed;</li> <li>• mediation activities between employers and jobseekers;</li> <li>• training and updating of skills for the employed (usually at the employers' initiative);</li> <li>• advice and support activities (for instance for developing company training plans) for employers;</li> <li>• other activities (consultancy activities on human resources, research into labour market and training needs, etc.).</li> </ul>
Educational funds and competence development funds (Denmark)	<p>Danish STFs are not engaged in direct financing of training courses. Their role is basically the provision of support for developing and testing sector training programmes. The most common activities of the Danish STFs are targeted development work, production of information material, development of new courses/training techniques, research, pilot projects, etc., as well as marketing activities for making enterprises aware of the importance of CVET issues. The fact that the public sector extensively finances the CVET system may explain this subsidiary role. In a limited number of cases the STFs provide and subsidise training activities for employees and the unemployed (e.g. the Training Fund of the Press).</p>
Tripartite Foundation (Spain)	<p>Does not provide training by itself, but subsidises existing training activities carried out by Spanish enterprises and workers. Three main types of activities supported:</p> <ul style="list-style-type: none"> <li>• demand-driven training schemes support those general or specific training activities planned, organised and managed by enterprises themselves for their workers, either in isolation or in group (continuing training actions in enterprises), as well as individual training leave, authorised by the enterprises for individual workers to carry out during working time, an officially-recognised training activity;</li> <li>• supply-driven training schemes provided directly to workers (either in employment or the unemployed since 2007), without direct participation of the enterprises themselves (it is the workers' responsibility to participate in these training schemes), and intended to respond to both the identified needs of the participants' requirements in terms of professional promotion, personal development or effective insertion in the labour market. Examples of these supply schemes include the intersectoral training plans (aimed at provision of skills and qualifications that can be transferred to different sectors of activity) and sectoral training plans (developed training actions responding to specific sector training needs);</li> <li>• complementary actions (basically research studies, development of innovative products and tools, or actions for the promotion and diffusion of vocational training).</li> </ul> <p>Demand-driven schemes are financed via continuing training credits (discounts) in social security compulsory contributions (directly managed between the social security and the individual enterprise), while supply-driven schemes are financed via subsidies granted to the most representative business and trade union associations, social economy representative organisations and self-employed organisations, who organise training activities (by themselves or via subcontracting)</p>

Name (country)	Brief description
OPCAs (France)•	<p>Primarily collecting the financial training-related resources in each branch, and later re-distributing existing resources to enterprises or individuals. Some OPCAs search for and organise the best training sessions, whereas in others the enterprises themselves organise training approved by the OPCA, pay for it and later are reimbursed . Type of activities financed by OPCAs:</p> <ul style="list-style-type: none"> <li>• training plans at enterprises, at the initiative of the employer. OPCAs can help the enterprise to define its own needs and priorities and finance corresponding training;</li> <li>• professionalisation contracts, where OPCAs support training expenditure for professional integration (for young people aged between 16 and 26) or reintegration (for jobseekers aged over 26);</li> <li>• professionalisation periods, where OPCAs support training expenditures for supporting sector employability of certain employee categories (those who have been working for at least 20 years or who are aged at least 45);</li> <li>• individual training rights for employees, at the joint initiative of employer and employee;</li> <li>• individual training leave benefits for employees during one year, at the employees' initiative;</li> <li>• assessing competences for individual employees, at the employees' initiative;</li> <li>• activities intended to officially recognise informal competences and skills of employees (experience validation) at the employees' initiative.</li> </ul>
Interprofessional paritarian funds for CVT (Italy)	<p>Supports training plans, at enterprise, sector, territorial (for an industrial district) or individual level (for an employee). In all cases, training plans have to be agreed between social partners. The funds periodically issue public calls for proposals of training plans to be financed; these plans can be presented by enterprises (individually or in groups). The training proposals are evaluated by the same training funds according to criteria freely decided by each fund and presented in an activity operative programme developed by each fund for a two-year period. The Italian Interprofessional training funds also jointly finance these plans, so a part has to be covered by enterprises themselves (this joint financing percentage is also individually decided by each fund, according to different criteria). Examples of supported training topics may include a wide array of different issues and topics, depending on the needs of individual enterprises, sectors or even regions/locations (e.g. industrial districts). Some training funds jointly finance other activities such as analysis of training needs, definition of training curricula in some sectors, training activities for trainers, etc.</p>
HRDA (Cyprus)	<p>HRDA jointly finances training activities carried out by enterprises (either on an individual or on a grouped basis) and mainly focused on the improvement of skills and knowledge of management personnel and the provision of specialised skills to employees in different domains; there is a maximum contribution. HRDA is not a training provider (it subsidises training activities already carried out) but it is the dominant actor in CVET in Cyprus. Specific training schemes subsidised by HRDA include:</p> <ul style="list-style-type: none"> <li>• enterprise-based initial training scheme, for newly-recruited employees;</li> <li>• single-company continuing training programmes in Cyprus;</li> <li>• single-company continuing training programmes abroad;</li> <li>• standard multi-company continuing training programmes in Cyprus;</li> <li>• high priority multi-company continuing training programmes in Cyprus;</li> <li>• multi-company continuing training programmes abroad;</li> <li>• training programmes in enterprises for newly employed tertiary education graduates;</li> <li>• apprenticeship schemes, to support initial training activities for young people;</li> <li>• training programmes for trainers in private training institutions and in enterprises;</li> <li>• training programme for hotel industry students;</li> <li>• three new schemes jointly financed by the ESF and aimed at specific collectives such as the unemployed, secondary school leavers and economically inactive women;</li> </ul> <p>Further to subsidising training programmes, HRDA supports training infrastructure and consultancy services to training institutions, as well as research studies and surveys on training-related issues of strategic importance.</p>

Name (country)	Brief description
O&O funds (the Netherlands)•	<p>Stimulate training and employability policy in companies and react to training requests mostly from individual companies (in few funds, individual employees can request training directly). O&amp;O funds usually finance training provided by external training institutions, although there are exceptions of O&amp;O funds having their own training institutions. Dutch O&amp;O funds support different types of activities (autonomy of each sector to decide):</p> <ul style="list-style-type: none"> <li>• funding of training activities carried out by sector employees;</li> <li>• advice and support activities (for instance for developing company training plans) for employers on training-related issues;</li> <li>• in-house training activities for technical students (learning and working trajectories );</li> <li>• research activities to monitor the sector labour market and training needs, usually in cooperation with the sector knowledge centres;</li> <li>• employment projects, to stimulate sector-related training activities for certain target groups (unemployed, employees threatened by unemployment) or mediation activities between employers and jobseekers;</li> <li>• activities to recognise informal competences and skills officially (acknowledgement of acquired competences plans for employees);</li> <li>• finance childcare facilities;</li> <li>• support information activities related to health and safety issues and risks.</li> </ul>
ConstructionSkills, Skillset and ECITB (the UK)	<p>Activities conducted by the three identified bodies can be different (autonomy of each body). Typically, training programmes are available to all registered companies, where training grants are paid to enterprises after the training is completed. Examples of main activities carried out and supported include:</p> <ul style="list-style-type: none"> <li>• funding of training-related activities carried out by enterprises, irrespective of size considerations (i.e. apprenticeships, management courses, training on health and safety at work, technical courses, etc.);</li> <li>• identifying and delivering skills needed for the future growth of industries including new working practices, processes, technologies and materials;</li> <li>• advising/consulting individual enterprises on training-related activities (evaluation of training needs in individual enterprises);</li> <li>• finding placements to enable young people wishing to join the industries to acquire the necessary work-based practice;</li> <li>• providing industry forecasting capability to enable informed forward planning and considered and agreed solutions;</li> <li>• developing sector qualifications strategies.</li> </ul>

Stimulation of training activities among enterprises can be implemented in two different forms. In most cases (e.g. some Belgian STFs and French OPCAs, the Spanish tripartite Foundation, the Italian Interprofessional Funds, the Cypriot HRDA, most of the Dutch O&O funds or the UK ECITB) STFs play an intermediary role between the sector enterprises and training suppliers. Thus, STFs finance training activities provided by external providers, usually reimbursing costs to enterprises once training activities are completed, following administrative and financial follow-up. Enterprises usually choose the training supplier, sometimes from a list of suppliers previously certified by the STFs. STFs usually cover only direct training costs (training fees). Some support indirect costs such as travel and subsistence (some programmes supported by HRDA or by some Belgian and Dutch STFs) or even wages of people attending training activities (some Belgian and Dutch SFTs, the apprenticeship programme developed by the HRDA and the individual training leave benefits funded by several specially authorised French OPCAs). Italian interprofessional training funds only support training plans previously agreed by social partners (at different levels, depending on

the scope of the training plan). Some STFs (the Spanish Tripartite Foundation's demand-driven training schemes, the Italian funds' support to training plans, the HRDA-supported activities or some Dutch O&O funds) require the joint financing of training activities by employers, with the Spanish and Cypriot examples also including different joint financing schemes positively related to enterprise size considerations;

In a second approach, some Belgian STFs and Dutch O&O funds, STFs provide training activities themselves, mainly through their own training institutes. Some French OPCAs also organise their own training sessions, usually in cooperation with external suppliers.

STFs mostly support training activities initiated by employers. However, there are several examples in Spain, France, Italy or the Netherlands where individual employees directly request support for training-related activities independent of the enterprises' interests, and intended to favour the personal promotion and employability of individual workers. These include the French Individual training leave benefits, the Italian training plans for individual workers and the supply-driven training schemes developed by the Spanish Tripartite Foundation. In the Dutch case, for some O&O funds, individual employees can directly request training.

Table 69: Key elements of STF's according to the type of activities carried out and supported, by countries

	Support to		Autonomy of STF's to decide activities to be carried out		STF-provided training activities		Training activities initiated by		Presence of joint financing mechanisms	Coverage of indirect training costs (wages, travel, subsistence costs)
	Direct training activities	Indirect training-related activities (advice, research, etc.)	High	Low	Directly	Indirectly (via third parties)	Enterprises/ employers	Employees		
Belgium	X	X	X		X	X	X			X
Denmark		X	X			X	X			
Spain	X	X		X		X	X	X	X	
France	X	X	X		X	X	X	X		X
Italy	X	X	X			X	X	X	X	
Cyprus	X	X		X		X	X		X	X
Netherlands	X	X	X		X	X	X	X	X	X
UK	X	X	X			X	X	X		

In all national cases, the governing bodies of STFs are free to decide the specific activities to be carried out and supported according to their respective needs; this freedom is particularly high among the Belgian, Danish, French, Italian, Dutch and the UK STFs. In the case of the Cypriot and Spanish experiences, the activities carried out and supported have to be strictly regulated by legal provisions.

In addition to this training stimulation role, STFs may carry out a wide array of different training-related activities. Examples found in the analysis include:

- (a) advice and support activities for employers in training-related issues (examples found in Belgium, the Netherlands or the UK), such as for developing company training plans, evaluation of training needs in individual enterprises, etc.;
- (b) activities aimed at encouraging the fit between sector needs and initial and continuing vocational training centres (examples found in Belgium, Cyprus, Italy, the Netherlands or the UK). Examples include training activities for teachers, provision of technical equipment and consultancy services for training centres, sector awareness activities among young people encouraging them to join the sector (specially tackling the workforce ageing problem);
- (c) mediation between employers and jobseekers (examples found in Belgium and the Netherlands), intended to assist enterprises in their search for personnel (e.g. databanks, etc.);
- (d) training activities (theoretical and practical) aimed at specific target groups: the unemployed, young people leaving formal education (apprenticeships), the low-skilled;
- (e) other indirect training support initiatives. Examples include research activities to monitor and forecast sector labour market and associated training needs (in Belgium, Spain, Italy, Cyprus, the Netherlands or the UK), assess and recognise non-formal skills and competences (France and the Netherlands ), development and testing of sector training programmes (especially in Denmark). Dutch STFs have also assumed several non-training related activities, where the most remarkable example is provided by their role as financiers of childcare facilities.

Certification also varies in the countries analysed. In Cyprus and Italy, the issue of providers/courses certification, although insufficiently developed, is attracting an increasing attention: one of the strategic goals of the Cypriot HRDA for the coming years is to promote certification and assess existing training providers/courses. In Belgium, certification of courses is established through ad hoc specific agreements between the specific STFs and the Flemish and the French Communities as they manage education. In the French case, only those courses which lead to a national diploma or an approved title have to be certified, which in practice means that up to 60 % of the provided courses are certified. In the Dutch case only those training activities provided by a training institute acknowledged by the Dutch Minister for Education result in a certified course, with in-house training provided by the enterprise itself is not certified (although these in-house

courses can be also supported by the Dutch O&Os). The Spanish Tripartite Foundation is paying increasing attention to this issue, especially for supply-driven training schemes, where training activities provide officially recognised certificates, included in the national catalogue of professional qualifications. Finally, in the UK, the certification issue is well developed, so the analysed sectors do not employ workers without an appropriate card to prove their skills. This card scheme requires qualification in the trade or profession and this is only possible through official certificates issued by authorised training institutions and colleges.

#### **4.2.5. Targets and groups benefited**

The fact that all the STFs analysed include within their governing bodies trade union representatives helps the development of training policies with a broader social perspective. In addition to upgrading and reskilling sector employees in general (and managers/employers in the case of the Italian training funds of Fondir, Fondirigenti and Fondo Dirigenti PMI or the self-employed in the Spanish case) the activities of the analysed STFs usually favour an equal redistribution of training opportunities among underrepresented groups.

Table 70: *Groups benefitting from the activities carried out and supported by STFs*

Name (country)	Brief description
STFs (Belgium)	Traditionally, Belgian STFs had two main target groups: students who have not finished school and the unemployed. However, the current main target group is people employed in the different sectors, as well as professional and technical education students. Special attention is paid to some groups of employees: low-skilled employees, older employees and those who are more in danger of losing their job or having to change employment because of restructuring plans. Employers are also becoming a target group in recent years (advice and support activities). Autonomy of each STF to define its own target groups
Educational funds and competence development funds (Denmark)	Indirect support to sector employees and students
Tripartite Foundation (Spain)	Enterprises (and their employees) benefit from demand-driven training schemes. Such schemes respond to the enterprises' own needs, so disadvantaged groups are not targets. SMEs particularly benefit from these demand-driven training schemes, providing a lower percentage of joint financing. Supply-driven training schemes are devoted to occupied and unemployed (since 2007) workers. Special attention to some disadvantaged groups (women, youths, SME workers, older people, disabled people and low-skilled workers, victims of any kind of terrorism or violence, long-term unemployed, etc.)
OPCAs (France)	Usually support activities aimed at employees, although some specific target groups are also present (young people, low skilled employees, unemployed, older workers). Each branch defines its specific target groups, so there is no national target group for all OPCAs
Interprofessional paritarian funds for continuing training (Italy)	Activities supported by each Italian interprofessional training fund are usually aimed at those workers employed in enterprises that have selected that specific training fund. These workers can be permanent or temporary, although they have to be employed in the enterprise for a minimum period. Some training funds also admit seasonal workers (mainly those funds specialised in seasonal activities) and workers temporarily unemployed for ad hoc crises. Three training funds specifically target enterprise managers and employers
HRDA (Cyprus)	Supports activities aimed at those employed in Cypriot enterprises, irrespective of their position in the enterprise, although some schemes are also aimed at the unemployed, economically inactive persons, tertiary educated graduates and young people leaving formal education. SMEs benefit from larger percentages of eligible costs granted by HRDA. Both civil servants and the self-employed are excluded from the HRDA's sphere of competence, as well as unemployed people included in these two categories
O&O funds (the Netherlands)	O&O funds support training activities for the employed in general, with specific attention to older employees and those without a minimum qualification. Other target groups include the unemployed and technical students. Each O&O fund is free to decide its main target group
ConstructionSkills, Skillset and ECITB (the UK)	The three analysed bodies focus their activities primarily on training needs for sector workers and employers, as well as young people wishing to enter into the sector. Little attention is paid to disadvantaged groups

Examples of target groups usually supported by STFs include low-skilled or older employees, and the unemployed (examples can be found in Belgium, Spain, France, Italy, Cyprus and the Netherlands). Other target groups identified include young people leaving formal education (Belgium and Cyprus), women and economically inactive persons (Spain and Cyprus respectively). For example, in some of the Spanish supply-driven activities, participating female trainees have to represent a 5 % higher percentage than their sector-specific participation so that there is positive discrimination.

Table 71: Key elements of STFs according to beneficiary groups, by country

	Autonomy of STFs to decide beneficiaries		Sector		Less favoured target groups				
	High	Low	employees	employers	Young people	Unemployed	Low skilled workers	Older workers	Other
Belgium	X		X	X	X	X	X	X	X
Denmark	X		X		X				
Spain		X	X	X	X	X	X	X	X
France	X		X		X	X	X	X	
Italy	X		X	X		X			X
Cyprus		X	X		X	X			X
Netherlands	X		X		X	X			
UK	X		X		X				

It is also worth emphasising the specific attention paid to SME employees in some of the STFs analysed. The two best examples are Spain and Cyprus, where existing subsidy policies envisage larger joint financing percentages for the larger enterprises. In Spain, demand-driven training schemes are supported by continuing training credits, established according to the size of the enterprise so that smaller enterprises benefit from a larger percentage. In Cyprus, the proportion of eligible costs granted by HRDA is dependant on enterprise size; for general training this can be up to 70 % in the case of SMEs and 50 % in the case of large enterprises. Finally, some Italian training funds are particularly specialised in providing training solutions to SMEs, either to SME managers (Fondo Dirigenti PMI) or to employees in general (Fondo Formazione PMI).

### 4.3. Assessment of STFs

European countries and sectors have developed different training funds, raising and managing finance providing CVT to employees and other target groups, funded by taxes or levies on the payroll and jointly managed by social partners (in some cases also public authorities as well). Some of these funds are sector-specific ones, whereas others have a multi-sector approach.

Such training funds respond to a double consensus (Van Grambergen and Denys, 1996):

- (a) the need of some sort of intervention in the vocational training market, as it is assumed that optimal allocation of training will not take place in a free market due to the existence of market failures resulting in several barriers underpinning both the employee demand for training and employer supply, for specific groups;
- (b) that this intervention has to include social partner participation rather than purely governmental, as this type of intervention increases social legitimacy and support for (continuing) vocational training policy, since the social partners are viewed by all relevant parties as the most legitimate actors in the field.

#### **4.3.1. Strengths of STFs**

Despite important differences between the countries analysed, STFs share several strengths, making them an attractive option for CVT policy. They play an invaluable role in fostering and strengthening cooperation and dialogue between social partners (at central, sector and regional levels) not only on training but sometimes also in other areas (general employment policies, safety and health at work issues, etc.).

In some cases it reflects the tradition of fruitful cooperation between employers and employee representative organisations characterising some national labour market models (Denmark, Cyprus or the Netherlands). In other cases the STFs have positively influenced traditionally complicated social dialogue (e.g. Spain, France, Italy, the UK). Training is increasingly regarded as an issue of consensus among social partners in all countries, which helps this social dialogue.

The fluency of the social dialogue clearly influences STF functioning. Decisions, usually taken with unanimity, for highest degree of legitimacy, often require extensive deliberation, mutual trust and total transparency between social partners. The quality, fluency and extent of social dialogue vary depending on the country/sector.

Another strength of STFs is their underpinning role in increasing the resources devoted to training activities. The establishment of STFs has increased the existing awareness among employers and employees of the importance of training, stimulating them to participate and commit themselves to training activities and creating a training impetus among enterprises and employees. As the main financing of STFs is through compulsory financial contributions, this reinforces awareness and commitment to training activities, as employers often feel these contributions have to be effectively used; the description of the UK STFs emphasises that in sectors where compulsory levies were removed in the late 1980s and early 1990s training investment dropped, so they are currently experiencing skills shortages. Moreover, these compulsory contributions are usually stable, so training investments become less sensitive to the economic situation.

STFs also multiply the resources devoted to training purposes. In some countries (Spain, Italy, Cyprus or the Netherlands) enterprises have to jointly finance training activities. Also, in some countries (Spain, Cyprus, Netherlands or the UK), STFs have proved successful in attracting additional public resources (e.g. EU and/or national/regional funds linked to national goals such as the development of apprenticeships or the training of disadvantaged groups), bringing in much more than could be obtained by enterprises acting individually (Gasskov, 1998). From a public expenditure perspective, STFs based on compulsory levies are cheap as funds are primarily collected from private sources (EIM and SEOR, 2005a; 2005b).

Also, the 'mutualisation' of financial resources in STFs (resources used for common good) increases the number of training beneficiaries and solves several potential training market

failures which result in training underinvestment (Schömann and Siarov, 2005), such as poaching skilled workers or the reduced availability of training possibilities for specific groups.

As far as the risk of poaching is concerned, compulsory levies for all enterprises spread the funding load between all employers (whether they train or not), reducing inter-enterprise training investment differentials and therefore the poaching concern for actively training firms (Ok and Tergeist, 2003). As the Dutch report stresses, the fact that most Dutch contracts include a clause in which an employee leaving the company within a year or two has to repay a certain amount of the training costs to the employer, erodes this 'poaching against' rationale.

Meanwhile, the collective use of available resources by STFs allows inequality of access to training to be tackled, achieving broad-based social progress (OECD, 1999). The fact that STFs are jointly managed by the social partners can help development of specific training-related initiatives with a view to broadening training opportunities and the inclusion of 'at risk' or other normally underrepresented groups (unskilled workers, women, older workers, the unemployed, etc.) (Torres, 2003; Gasskov, 1994). A good example of this balanced nature of supported activities is the differentiation between demand and supply training schemes established by the Spanish Tripartite Foundation. Collective available resources can be also used towards other indirect training-related activities such as research activities on training needs, development of pilot projects, provision of training advisory services for employers, etc. Some authors suggest that this participation of underrepresented groups in SF-funded training activities can only be assured through the introduction of specific ad hoc measures or political decisions intended to assure a more equitable distribution of training benefits among certain groups (Gasskov, 2001).

The mutualisation of available resources allows smaller firms to benefit in a distinctive way. They receive more financial resources from the STFs than their initial contributions in some countries, assuming they take advantage of grants, which is not always the case. This situation is particularly clear in the case of some of the UK STFs (e.g. ConstructionSkills), where construction companies with an annual wage bill lower than GBP 73 000 are exempt from paying the levy, but still qualify for STF grants, advice and support. However, small enterprises can have access to a more extended and elaborated training supply than they could afford from their own resources. Therefore, it is not surprising that, in the French 'train-or-pay' mechanism, OPCAs play a particularly relevant and active role in those sectors characterised by small enterprises (as small enterprises have a tendency to transfer their training resources to their respective OPCAs), whereas large enterprises prefer to keep most of their financial resources for themselves to implement their own training plans.

STFs may bring about quantitative and qualitative improvement of the available training supply. Several national descriptions (e.g. Spain and Cyprus) show that STFs have positively contributed to the emergence and development of a competitive private supply of training providers and consulting services that help sectors and enterprises to define

and satisfy their training needs, although in the Spanish case this supply has experienced an important process of rationalisation after a boom in the early 1990s.

STFs also contribute to improving the quality and alignment of the existing training supply (public and private) with specific sector labour situations and needs (Driel et al., 1999). In nearly all countries STFs are becoming sector knowledge centres of expertise in labour and training related issues due to the increasing amount of activities they perform (mediation, research, consulting and advice, etc.). This expertise, particularly sector-focused in those countries where decentralised bipartite funds are present (Belgium, Denmark, France, the Netherlands, the UK), often results in improvement and innovation in the existing training supply through development of new/pilot courses and training activities for the sector and improvement of the alignment between initial and continuing training supply with sector needs. This is particularly the case with Danish STFs not involved in financing training courses but with the financing of training-related development and research activities.

This importance of the specific sector approach is also clear in countries (e.g. Spain and Cyprus) that opted for a more multi-sectoral approach. In Cyprus, there is strong criticism of the lack of sector specificity of the activities supported by HRDA, which results in a lack of specific training support programmes intended to satisfy specific sector needs. However, the Spanish case shows that those sectors that developed specific paritarian training-related bodies (such as the two case studies selected in this Spanish contribution) have developed a training supply well adapted to sector needs. The *Fourth national agreement on vocational training for employment* (Fundación Tripartita, 2006) has emphasised the need for upgrading the scope of the training supply to the sector needs. This debate has also been extended by some authors (Gasskov, 2001) to the convention that training levy rates should be uniform or differ across sectors, as it can be argued that existing training needs and costs vary among sectors, so levy rates not reflecting these differences can be counterproductive.

#### **4.3.2. Weaknesses of STFs**

The information collected from the national reports and from available literature on the issue shows that STFs have several negative/weak points.

Compulsory contributions (levies) for training (most STFs) are sometimes perceived by employers as an additional tax burden on top of already high employment costs, reducing enterprise competitiveness (EIM and SEOR, 2005a; 2005b). This perception is particularly higher among those enterprises paying their contribution to the collection bodies but not benefiting directly from supported activities.

Despite training levies being compulsory, not all enterprises benefit from training activities supported by STFs. It is particularly clear among SMEs (especially the smallest ones) and their employees, as show by available quantitative and qualitative evidence

from several countries (Belgium, Spain, Italy, Cyprus or the Netherlands) that large enterprises tend to benefit disproportionately from levy-based funding schemes (Bentabet et al., 1996; Gasskov, 2001; Van Driel et al., 1999).

SMEs are subject to several specific difficulties in accessing training opportunities provided by STFs, and lose their contributions (Ok and Tergeist, 2003). Some difficulties are structural for them (lack of time, difficulty in finding replacements, lack of specific human resources policies and managers, difficulties to identify training needs, etc.). Others are external to the enterprise, such as low awareness/information among SMEs of the possibilities STFs can offer regarding training or added difficulties and costs in meeting all the conditions required to apply for grants and comply with the STF's procedures (Gasskov, 1998). STF administrators are aware of these size-related difficulties, so several specific tools have been developed among SMEs to counteract this problem, such as larger support percentages in Spain or Cyprus, lower levies in France, specific ad hoc STFs for SMEs in Italy and exemptions from the levy in the UK.

Bureaucracy is also perceived as one of the main weaknesses of STFs, especially among those based on levy-grant mechanisms. These mechanisms can sometimes be demanding in administrative terms as they require extensive and detailed rules to govern training expenditure (both for training suppliers and users) (Ok and Tergeist, 2003). Some countries have attempted to streamline existing administrative procedures (e.g. Spain), although such streamlining is always subject to a trade-off between allowing flexibility and constraining the scheme via rigid eligibility criteria to ensure transparency and minimise abuse (ILO, 2003). In some countries (e.g. the Netherlands) STFs build up important cash surpluses, attributed to some extent to bureaucracy and complicated application procedures, although Dutch STFs argue the importance of these reserves, either as a buffer for possible future difficult situations or to pay new possible obligations coming from collective agreements.

Also linked to the enterprise size problem, levy-based funding schemes available in STFs are often criticised for their high 'deadweight', in the sense that these schemes end up subsidising programmes that would have been provided by enterprises in any case (EIM and SEOR, 2005a; 2005b). This is particularly relevant among large enterprises that would have spent more than the legal minimum anyway. This deadweight effect is limited through targeting the incentive to groups traditionally underrepresented in training, but targeting results in more complex and higher administrative burdens both for suppliers and employers. There is little robust research about the effectiveness of levies, despite the central role they may play in the training system in various countries (EIM and SEOR, 2005a; 2005b).

Some of the national descriptions (e.g. France) warn of the risk of 'dullness', as some STFs benefit from captive resources: sector enterprises are obliged to provide compulsory contributions to them, irrespective of the quality of the services and activities provided. In some countries (e.g. Italy), this is solved, as enterprises may freely decide the STF they

want to join irrespectively of sector considerations. In any case, the future evolution of some of the Italian interprofessional training funds is not clear, in particular the smallest and less specialised ones.

In countries where STFs have a clear sector-focus, they are criticised for concentrating on the providing specific sector-related skills, reflecting employer perspectives and needs rather than those of employees, with training often initiated by employers themselves. As a result, STFs (and later collective agreements on education and training) are still mainly intended to enhance the functioning of employees in their own field of work/sector, so aspects such as employability or individual personal development plans are much less common and less catered for by STFs (Gasskov, 2001). Some countries are addressing this situation, allowing individual employees to request support directly for training-related activities. These schemes are intended to favour the personal promotion and employability of individual workers independently of enterprise interests. Such examples can be found in the new Danish competence development fund for industry (intended partially to cover the right for individual employees for two paid weeks of training of their own choice), the individual training leave benefits in France, the Italian training plans for individual workers or the existing supply-driven training schemes in Spain. Within the context of lifelong learning, the Dutch STFs are paying increasing attention to providing/subsidising general/transversal training supply facilitating the employability and mobility of the Dutch workforce to other jobs/sectors.

## 5. Final conclusions and recommendations

This report shows that social partners (often assisted by public authorities) are collaborating in several European countries to establish and jointly govern bipartite or tripartite STFs to finance lifelong learning and training activities. Funds are based mainly on voluntary or compulsory training levies/taxes, with bipartite or multipartite governance of training funds at sectoral or national level. The sectoral dimension can be either explicit (for example separate funds for each sector) or implicit (multi-sector or cross-industry funds where the collection and/or allocation of funds have a sectoral dimension).

The EU is conscious of the key role of social partners in increasing investment in human capital given their multiple roles as consumers, investors, negotiators and promoters of learning. The Copenhagen declaration, Maastricht and Helsinki communiqués stress the advantages of active partnerships between decision-makers and stakeholders, in particular social partners and sectoral organisations, at national, regional and local levels.

Despite important differences between the countries analysed (Table 72), several STF strengths make them an interesting and attractive option for CVT policy.

STFs strengthen cooperation and dialogue between social partners on training but also, sometimes, in other areas (general employment policies, safety and health at work issues). STFs play an invaluable role in increasing the qualitative resources devoted to training activities, not only because they sometimes require joint financing of training activities but also because they help to attract additional public resources.

### *Box 2: Strong points of STFs*

- strengthening social dialogue;
- increase company awareness of the importance of training and their commitment;
- increase resources available for training purposes (enterprise contributions, public funds);
- mutualisation and stabilisation of financial resources for training;
- reduction of inter-enterprise training intensity differentials;
- promotion of SME participation in training activities;
- reduction of inequalities in access to training by employees;
- quantitative and qualitative improvement of training supply;
- STFs as centres of expertise and sectoral knowledge.

‘Mutualisation’ of financial resources in STFs (resources are put common use) solves several potential training market failures that may cause training underinvestment. These include the risk of poaching skilled workers and reduced availability of training opportunities for specific groups. STFs being jointly managed by social partners can help develop of specific training-related initiatives and better distribution of training opportunities, including for ‘at risk’ or other underrepresented groups (unskilled workers, women, older workers, unemployed people.).

Table 72: Key elements of STFs, by country

Key elements		B	DK	E	F	IT	CY	NL	UK
Date of creation	<= 15 years			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
	> 15 years	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	
Role of collective bargaining	Sectoral agreement	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	
	Other type of agreement			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>
Specialisation of STF	Sector specialisation	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
	Geographical specialisation	<input type="checkbox"/>						<input type="checkbox"/>	
	Professional specialisation	<input type="checkbox"/>				<input type="checkbox"/>			
	Specific legal status/size classes					<input type="checkbox"/>			
	Intersectoral			<input type="checkbox"/>			<input type="checkbox"/>		
Governance	Bipartite Board	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
	Tripartite Board			<input type="checkbox"/>			<input type="checkbox"/>		
	Employer Led								<input type="checkbox"/>
Need public authorisation to operate					<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>
Income sources	Levy % on payroll	<input type="checkbox"/>							
	Other								<input type="checkbox"/>
Nature of training levies	Compulsory	<input type="checkbox"/>							
	Voluntary							<input type="checkbox"/>	<input type="checkbox"/>
Autonomy of STFs to decide on income sources		<input type="checkbox"/>	<input type="checkbox"/>					<input type="checkbox"/>	<input type="checkbox"/>
Presence of levy-grant/levy-exemption mechanisms	Levy-grant mechanisms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Levy-exemption mechanisms				<input type="checkbox"/>				
Levy paid to	Social security agency	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		
	STF		<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
Presence of other income sources				<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supported activities	Direct training activities	<input type="checkbox"/>		<input type="checkbox"/>					
	Indirect training-related activities (advice, research, etc.)	<input type="checkbox"/>							
Autonomy to decide activities	High	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
	Low			<input type="checkbox"/>			<input type="checkbox"/>		
STF-provided training activities	Directly	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>	
	Indirectly (via third parties)	<input type="checkbox"/>							
Training activities initiated by	Enterprises/employers	<input type="checkbox"/>							
	Employees			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
Presence of joint financing mechanisms				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Coverage of indirect training costs (wages, travel, subsistence costs)		<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Self-autonomy to decide collectives to benefit	High	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
	Low			<input type="checkbox"/>			<input type="checkbox"/>		
Sector	Employees	<input type="checkbox"/>							
	Employers	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>			
Less favoured target groups	Young people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Unemployed	<input type="checkbox"/>		<input type="checkbox"/>					
	Low skilled workers	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				
	Older workers	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>				
	Other	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		

STF activities may bring about quantitative and qualitative improvement in training supply, especially in quality and alignment of the existing training supply (public and private) to specific sector labour situations and needs. STFs are becoming real sector knowledge centres of expertise in labour and training-related issues due to the additional activities they perform (mediation, research, consulting and advice).

Information collected from national reports and available literature shows that STFs have several weaknesses.

Employers sometimes regard compulsory contributions to training as a tax adding to the already existing high employment costs, reducing competitiveness. Despite training levies being compulsory, not all enterprises benefit from training activities supported by the STF. This seems particularly the case among SMEs (specially the smallest ones) and their employees, owing to structural difficulties such as lack of time, finding replacements, lack of specific human resources policies and managers, and identifying training needs.

*Box 3: STF weaknesses*

- compulsory levies often seen by employers as additional tax burden, drawback for competitiveness;
- not all enterprises get to benefit, SMEs in particular falling behind;
- insufficient attention and information for SMEs in some countries on the possibilities STF can offer;
- red tape problems, 'heavy' levy-grant administrative mechanisms → disincentive;
- 'deadweight' effects, especially among large scale enterprises;
- risk of 'dullness' in some STFs, drawing on captive resources;
- predominance of employer perspectives on training needs, not employee;
- focus on sector specific needs versus transversal skills.

A perceived weakness of STFs is bureaucracy, especially for based on levy-grant mechanisms. Such mechanisms can demand a lot of administration, requiring extensive and detailed rules to govern training expenditure. Levy-based funding schemes are often criticised for their high 'deadweight', subsidising programmes that would probably be provided by enterprises in any case.

In countries where STFs have a clear sector-focus, they are criticised for concentrating on the provision of specific sector-related skills, reducing sectoral mobility. This reflects employer needs more than those of employees, as training is often initiated by employers themselves. Some countries consider this situation, allowing individual employees to request training support directly to favour the promotion and employability of individual workers, independent of enterprises' interests.

With these strengths and weaknesses in mind, several recommendations can be made to improve the efficiency and impact of the activities of STFs:

- (a) to ensure effective and fruitful cooperation between social partners as a prerequisite for the good functioning of STFs. Evidence from France shows that poor social dialogue in some sectors/branches makes managing and implementing OPCAs more difficult;

- (b) improving the managerial capabilities of STF governing bodies and administrative staff is a necessary condition to improve the efficiency and accuracy of activities. This can be done by assuring effective access to training opportunities for members of governing bodies and administrative staff;
- (c) limit and streamline administrative procedures for subsidy schemes while ensuring transparency and minimising abuse. Burdensome procedures can prevent employers and employees using subsidies and financial arrangements (especially among SMEs);
- (d) ensure employers and employees are well acquainted with the range of training-related opportunities (including available schemes and instruments) offered by STFs to enterprises and workers. For this, STFs must increase the focus on their own promotional activities (see the example of the Danish STFs in this respect);
- (e) ensure training providers are accredited and training courses certified to make the training system more transparent. Guarantee training courses comply with quality standards and facilitate recognition of vocational training qualifications;
- (f) consider that the need for training, skill levels and training costs may vary among sectors when deciding on levy rates. More discussion is needed over whether they should be uniform or differ across sectors, as evidence from Cyprus shows that levy rates not reflecting such differences can be counterproductive;
- (g) consider both employer and worker interests to make STF-supported training a success. Activities must respond not only to the needs of the enterprise but also give potential trainees opportunity to influence and select the content and structure of training courses (the Spanish case is a good example of distinction between demand and supply-driven training schemes);
- (h) introduce target groups to ensure training activities benefit specific groups which might otherwise miss out. Specific attention and assistance must be provided to SMEs (especially the smallest). They represent a high proportion of total employment but are rarely involved in training activities due to structural barriers;
- (i) ensure that the financial support provided is a real incentive for enterprises to participate in training activities, i.e. it adequately compensates indirect training expenses not only direct ones. Belgium and the Netherlands are good examples in this coverage of indirect training costs;
- (j) consider widening the current sector-specific focus in countries where STFs are strictly sectoral; facilitate worker employability and mobility into other jobs/sectors to enable them to adapt to sector-related structural change and enhance their lifelong learning opportunities. Dutch O&O funds are increasingly engaged in fostering employability;
- (k) monitor and evaluate the effectiveness and fine-tuning of STF activities. There is currently limited availability of formal evaluations, so limiting the possibility to identify strong/weak points and redirect activities.

## List of abbreviations

EU	European Union
CCOO	<i>Confederación sindical de comisiones obreras</i> [workers' commissions].
CEOE	<i>Confederación Española de organizaciones empresariales</i> [Spanish confederation of business organisations]
Cepyme	<i>Confederación Española de la pequeña y mediana empresa</i> [Spanish confederation of small and medium enterprise]
CGIL	<i>Confederazione general Italiana del lavoro</i> [Italian general confederation of labour]
CISL	<i>Confederazione Italiana sindacati lavoratori</i> [Italian confederation of trade unions]
CITB	Construction industry training board
CO-Industri	<i>Centralorganisationen af industriansatte i Danmark</i> [central organisation of industrial employees in Denmark]
Confartigianato	<i>Confederazione generale dell'artigianato italiano</i> [confederation of Italian craft enterprises]
Confindustria	<i>Confederazione generale dell'industria italiana</i> [confederation of Italian industry]
CPNAE	<i>La Commission paritaire nationale auxiliaire pour employés</i> or <i>Commission paritaire 218</i> [complementary national joint committee for employees] or [joint committee 218]
CVET	continuing vocational education and training
CVT	continuing vocational training
ECITB	Engineering construction industry training board
ESF	European Social Fund
FAF.TT	OPCA in charge of the temporary employment sector
FLC	<i>Fundación laboral de la construcción</i> [Labour foundation of construction]
FMF	<i>Fundación del metal para la Formación, cualificación y empleo</i> [Foundation of metal for training, qualification and employment]
Forcem	<i>Fundación para la formación continua</i> Foundation for continuing vocational training

Forthac	Textile and clothing industry federation
FVB	<i>Fonds voor vakopleiding in de bouwnijverheid</i> [fund for vocational training in the sector of construction]
HRDA	<i>Αρχή ανάπτυξης ανθρώπινου δυναμικού Κύπρου</i> [human resource development authority of Cyprus]
INEM	<i>Servicio público de empleo estatal</i> [Spanish national employment service]
INPS	<i>Istituto nazionale per la previdenza sociale</i> [national institute for social insurance]
ITB	Industry training board
LAEK	<i>Λογαριασμός για την απασχόληση και την επαγγελματική κατάρτιση</i> [account for employment and vocational training]
NVQ	national vocational qualifications
O&O	<i>Onderwijs en Ontwikkeling</i> [Training and development funds]
OOM	O&O fund for the metal sector
OPCA	<i>Organismes collecteurs paritaires agréés</i> [approved collecting organisations]
OVP	O&O fund for the process industry
SME	small and medium-sized enterprise
SSC	Sector skills council
SSDA	Sector skills development agency
STF	sectoral training funds
SVQ	Scottish vocational qualifications
UGT	<i>Unión general de trabajadores</i> [general union of workers]
UIL	<i>Unione Italiana del lavoro</i> [Italian Labour union]
VET	vocational education and training

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## Annex A: Methodology

This report was prepared combining two main sources: an extensive review of literature on STF's conducted at international and national levels and interviews with experts on the research (Annex B). As these interviews tended to reflect the views of the different social agents, representatives of both sides of the social partners (as well as representatives of public authorities and other experts) were interviewed.

Due to the importance of reaching national sources of information, Ikei Research & Consultancy collaborated with a network of national experts engaged in the collection of all the information at national level, including the interviews.

*Table 73: Network of national experts (coordinated by Ikei Research & Consultancy) involved in the research*

Country	Name of the experts	Name of the Institute/research organisation
Belgium	Wim Naudts Professor Johan Lambrecht	<i>Studiecentrum voor Ondernemerschap</i> [Research Centre for Entrepreneurship] EHSAL – K.U.Brussels
Denmark	Sofie Birch	Oxford Research A/S
Spain	Iñigo Isusi, Arantxa García de Lomana Antonio Corral	Ikei Research and Consultancy, SA
France	Sarah Pasquier Arielle Feuillas	CITIA
Italy	Giuliano Mussati Michele Postigliola	IULM University, Economics and Marketing Institute
Cyprus	C.I. Papadopoulos Anthi Leridou	Economarket Bureau of Economic and Market Research Ltd
Netherlands	Jennifer Telussa Jacqueline Snijders	EIM Business and Policy Research
UK	Julian Hancock	SME Research Services

To guide the information searching process, a methodological dossier was produced by Ikei Research & Consultancy in cooperation with Cedefop. This methodological dossier was conceived as the basis for mutual understanding of the objectives, methods and general concepts relevant for the study among all national members of the research team. The dossier also included a research guideline, to steer homogeneously the work of all partners, comprising the instructions on conducting the research in practical terms. All the work (including data collection and drafting of documents) was carried out from March 2007 to December 2007.

## **Annex B: Experts interviewed**

### **Belgium**

Mr M. Claus, adviser, Social Department Federation of Enterprises in Belgium and member of the board of directors of Cevora

Mr B. Vandewijngaert, Managing director, FVB.

### **Denmark**

Mr H Glendrup, chief advisory officer, Confederation of Danish Employers

Mr J.R. Jørgensen, chief advisory officer, Danish Ministry of Education

Mr D. Karstensen, development consultant, Competence Fund at the Centre for Development of Human Resources and Quality Management

Mr H. Kjærgaard, deputy chief, CO-Industri. Member of the board of the Sectoral Training Fund of the Industry (*Industriens Uddannelsesfond*).

Involved in the establishment of the Competence Development Fund of the Industry:

Mr J.S. Madsen, professor, Employment Relations Centre, University of Copenhagen.

Mr A. Vind, adviser, Danish Confederation of Trade Unions

### **Spain**

Mr E. Corral Alvarez, Managing Director, FLC

Mr F. Gallego, Deputy Manager of the Management Area, Tripartite Foundation

Mr F. Moreno, Representative of CCOO, Tripartite Foundation

Mrs P. Pineda, Lecturer, Department of Social Pedagogy, Autonomous University of Barcelona

Mr M. San Juan, Representative of CEOE, Tripartite Foundation,

Mr J. María Tejero, General Coordinator, FMF,

Mrs L. Urraca, representative of UGT, Tripartite Foundation

### **France**

Mr M. Dias, representative of CGT (trade union) and member of the executive commission of Forthac

Mrs C. Gillard-Koslowski, vice-president and CGT-FO representative, FAF. TT,

Mr X. Royer, general delegate, Forthac,

Mr J. Solovieff, general delegate, FAF. TT

## **Italy**

Mr F. Frigo, Responsible of European Training Policies, ISFOL

Mrs G. de Lucia, General Director, Fondartigianato

Mr M. Lignola, General Director, Fondimpresa

Mrs V. Marincioni, General Director for Training Policies, Ministry of Labour and Social Policies

Mr A. Montanino, Consultant economist, Ministry of Economy

Mr R. Pettenello, responsible for European Training Policies, CGIL

Prof. P. Scaramozzino, Professor of Economy, University of Rome Tor Vergata

Mr P. Sestito, Economist, Italian Central Bank

## **Cyprus**

Mr N. Andreou, Training Manager, Cyprus Labour Institute INEK-PEO

Mr L.M. Loizou, Managing Director, LML CBA Conquest Business Advisors Ltd

Mr Y. Mourouzides, Senior Human Resource Officer, HRDA

Mr N. Nicolaou, Director SEK Trade Union School, Cyprus Workers Confederation

Mr L. Paschalides, Director Department of Education and Development, Cyprus Chamber of Commerce and Industry

Mr M.L. Physentzides, Director General, HRDA

Mr S. Procopides, Senior Human Resource Officer, HRDA

Mr I. Zenios, National Coordinator of Training of Trainers Network Cyprus

## **The Netherlands**

Mr L. Brug, Member of board (representative of FNV (union)), OVP

Mrs M. de Haan, Consultant, VAPRO-OVP

Mr A. van der Leest, Policy secretariat education affairs, Koninklijke Metaalunie (Royal Metal Union)

Mr G.C.H. van der Lit, Member of the board (union representative ), OOM

Mr T. Jansen, staff member, *Beleidsdirectie Leren en Werken* [Taskforce learning and working]

Mr J.M. Waterreus, staff and expert, *Onderwijsraad* [Education council]

Mrs N. Alma-Zeestraten, Director (and representative employer organisation VNCI), OVP

## **The UK**

Mr R. Blackman, National Secretary (Construction), Transport and General Workers Union, Constructionskills

Mrs A. Day, Levy & Scope administrator, ECITB

Mr D. Edwards, Chief Executive, ECITB

Dr R. Garrett, Acting Principal Research Adviser, SEDA

Mr T. Hardacre, National Officer, AMICUStheUnion (ECITB)

Mr B. Kelly, Training Officer, Broadcasting, Entertainment, Cinematograph and Theatre Union

Mr L. Savage, Researcher, Skillset SSC

Mr M. Spence, Assistant General Secretary, Broadcasting, Entertainment, Cinematograph and Theatre Union (BECTU)

Cedefop (European Centre for the Development of Vocational Training)

**Sectoral training funds in Europe**

*Cedefop*

Luxembourg: Office for Official Publications of the European Communities

2008 – IV, 197 pp. – 21 x 29.7 cm

(Cedefop Panorama series; 156 – ISSN 1562-6180)

ISBN 978-92-896-0546-5

Cat. No: TI-AF-08-003-EN-C

Free of charge – 5189 EN –

# Sectoral training funds in Europe

This Cedefop report presents an overview of sectoral training funds across Europe. It provides an in-depth description of the current national models in Belgium, Denmark, Spain, France, Italy, Cyprus, the Netherlands and the UK.

Social partners cooperate in mobilising resources and sharing costs and responsibilities for training. They are often assisted by public authorities in the establishment and joint governance of bipartite or tripartite STFs for financing learning, usually based on a voluntary or compulsory framework of training levies/taxes.

The report allows the reader to gain an understanding of:

- background information and policy context;
- governance;
- functioning of funds;
- output measurement;
- identification of good practices;
- evaluation of activities carried out by STF.

Country descriptions are followed by comparative analysis and a qualitative assessment, based on information collected from the national descriptions, interviews and available literature. Finally, recommendations are formulated for evidenced-based policy-making.

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ISBN 978-92-896-0546-5



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