



The role of loans in financing vocational education and training Cedefop workshop in Thessaloniki on 4 October 2010

Background

Investment in people should be a high priority, especially in the current economic climate. Raising the skill levels of the European workforce is critical for Europe's recovery, sustainable growth and a competitive and inclusive economy, with high levels of employment, productivity and social cohesion.

But countries face severe budgetary constraints due to the crisis. Public budgets are tight, including budgets for education and training. More money is needed to accommodate more young people staying longer in education and training systems because they lack job prospects. Substantial sums are spent on training to help people keep their jobs and assist those who lose their jobs through redundancy.

However, given the need for fiscal consolidation and to reduce public debt, governments will be forced to cut spending and make difficult choices about priorities. This may increase uncertainty about the sustainability of funding for education and training in the future.

Meanwhile, the demand for training, up-skilling and retraining in the European workforce is likely to increase as people seek to improve their chances of entering or staying in the labour market through learning. To respond to this demand, countries need, more than ever, to find ways of sharing the costs of and responsibility for vocational education and training. As highlighted in the integrated guidelines of Europe 2020 strategy, 'investment in human resource development, up-skilling and participation in lifelong learning schemes should be promoted through joint financial contributions from governments, individuals and employers' ⁽¹⁾.

The urgency of the need to improve the skills of Europe's workforce has also been stressed in the Council Conclusions on 'New Skills for New Jobs: the way forward' ⁽²⁾, which urges Member States to 'invest in skills and encourage both companies and citizens to do so, including through financial (and non-financial) incentives'.

Further, the new strategic framework for European cooperation in education and training ('ET 2020') emphasises that it is crucial to provide high quality, efficient and equitable education and training to ensure Europe's success and enhance employability.

⁽¹⁾ European Commission's 'Recommendation for Council Recommendation on broad guidelines for the employment policies of the Member States'. 27 April 2010. Guideline 8 'Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning'.

⁽²⁾ Council Conclusions on 'New Skills for New Jobs: the way forward'. 7 June 2010. Available at: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/lsa/114962.pdf

A key issue is to choose the right instruments to ensure more and better funding and to provide the right incentives for people to enter vocational education and training. Cedefop's previous work examined training funds, tax incentives, individual learning accounts and saving schemes.

A new Cedefop study investigates to what extent countries are using loans to finance and promote vocational education and training. The study reviews the main features of loans across all EU Member States plus EFTA/EEA and candidate countries. Furthermore, in a comparative perspective it assesses implementation of loans in eight selected Member States: Austria, Finland, France, Hungary, the Netherlands, Poland, Sweden and the UK.

Workshop

The objective of the workshop is to discuss, validate and complement the results of Cedefop's study on 'The role of loans in financing vocational education and training in Europe' and in particular:

- gain a better understanding of the extent to which loans are used to finance vocational education and training in Europe (mapping exercise);
- explain how loans operate;
- evaluate the implementation of loans in terms of efficiency, equity, effectiveness, impact and sustainability;
- reflect on the potential impact of the financial and economic crisis;
- provide policy recommendations and identify issues for further research.

The workshop will bring together education, training and loan experts from academia, financial institutions, governments and European institutions. To strengthen mutual learning, the representatives of non-EU countries will contribute to the discussion.