



# Cedefop project on Training Funds in the EU

Case study 1 – State Foundation for Training in Employment (Fundae), Spain



# Introduction

- Fundae is a public sector foundation established in 1992 as a result of bipartite social dialogue agreement. Since 2015, national and regional governments hold the majority of representatives in foundation's board.
- Fundae is cooperating entity of the Spanish Public Employment Service (SEPE) responsible for providing technical support in the management and monitoring of training initiatives of the national system of professional training for employment (under the competence of the Ministry of Labour).
- National-level training fund responsible for the management of two training initiatives:
  - On-demand training organised by companies or requested by individual employees (individual training permits)
  - And the design of training plans at sector and national level primarily addressed to workers in employment (supply side) in cooperation with social partners.

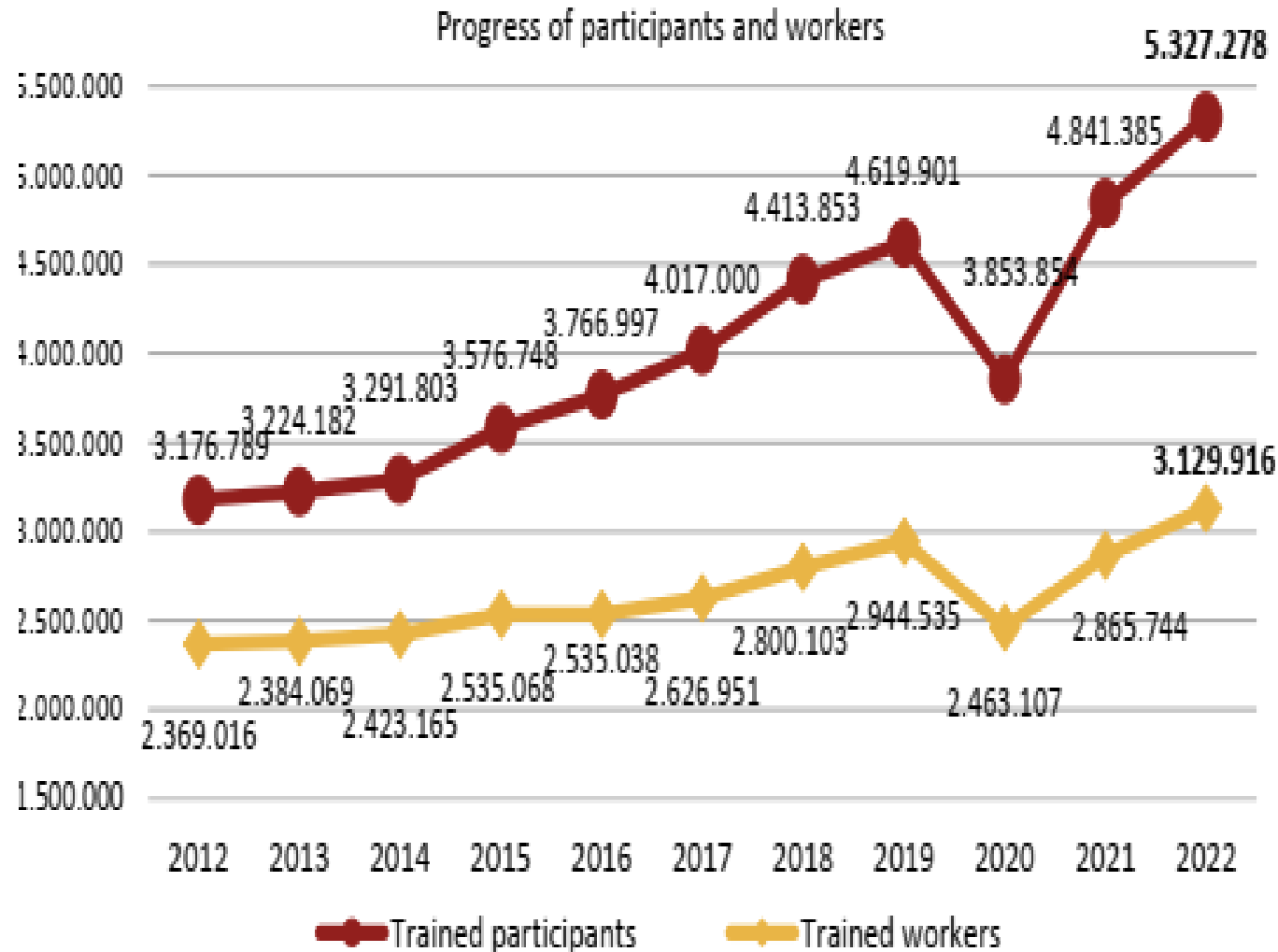
# Methods - Overview

- Desk research, analysis of Fundae data sources and evaluation reports.
  - Database: <https://www.fundae.es/publicaciones/home/datos-estad%C3%ADsticos---home>
  - Evaluation: <https://www.fundae.es/publicaciones/evaluaciones>
- Interview with three Fundae representatives from different areas.

# Funding, governance and social partner involvement

- Training levies are the main source of financing of the Spanish Training System for Employment. These levies are directly collected from employees and employers' social contributions (0.1% and 0.6% respectively).
- Other sources re provided by State and other EU sources, such as the European Social Funds or the Recovery and Resilience Facility.
- Companies have an annual training credit available for an amount that varies with company size (*the smaller the company, the higher the credit*)
- Co-funding of training initiatives is required for all companies with more than five employees.
- Fundae assists companies in the management of their training credits which are made effective through rebates in their social contributions, but it is not directly involved in the provision of training.
- Fundae also assist and support Joint Sector Structures, whose main function is the identification of training needs and set priorities reflected in sectoral reference plans.

# Evolution of participants trained participants and workers



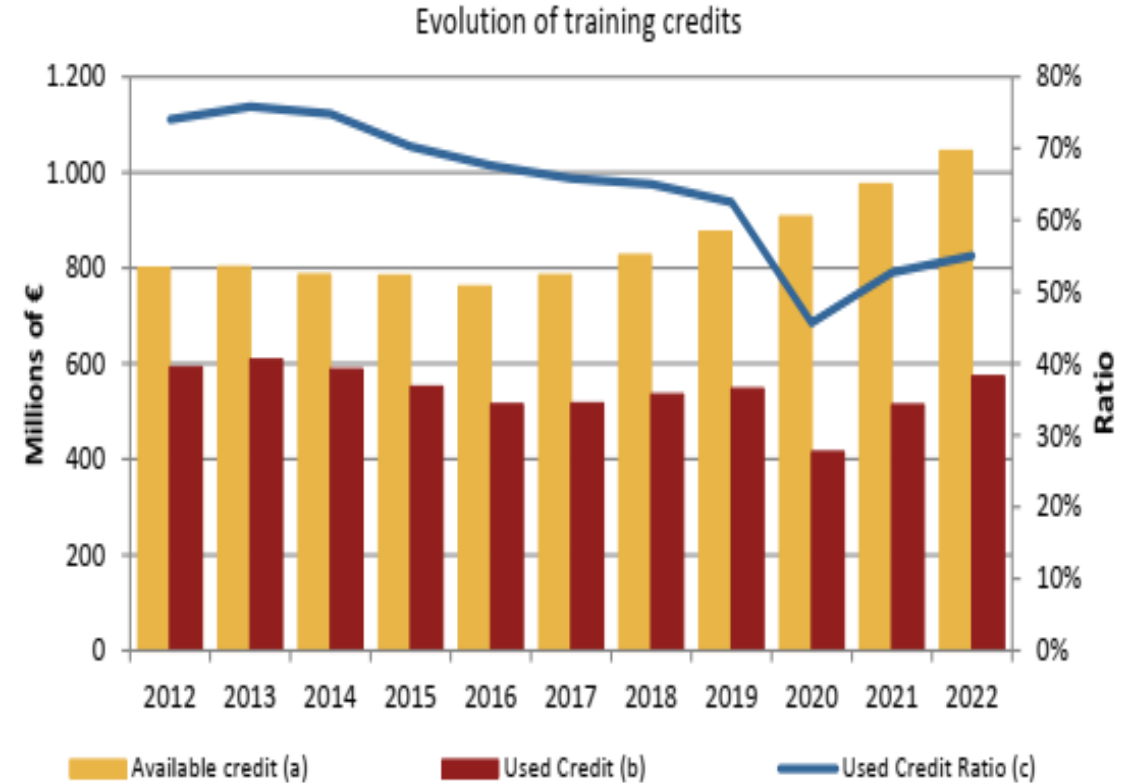
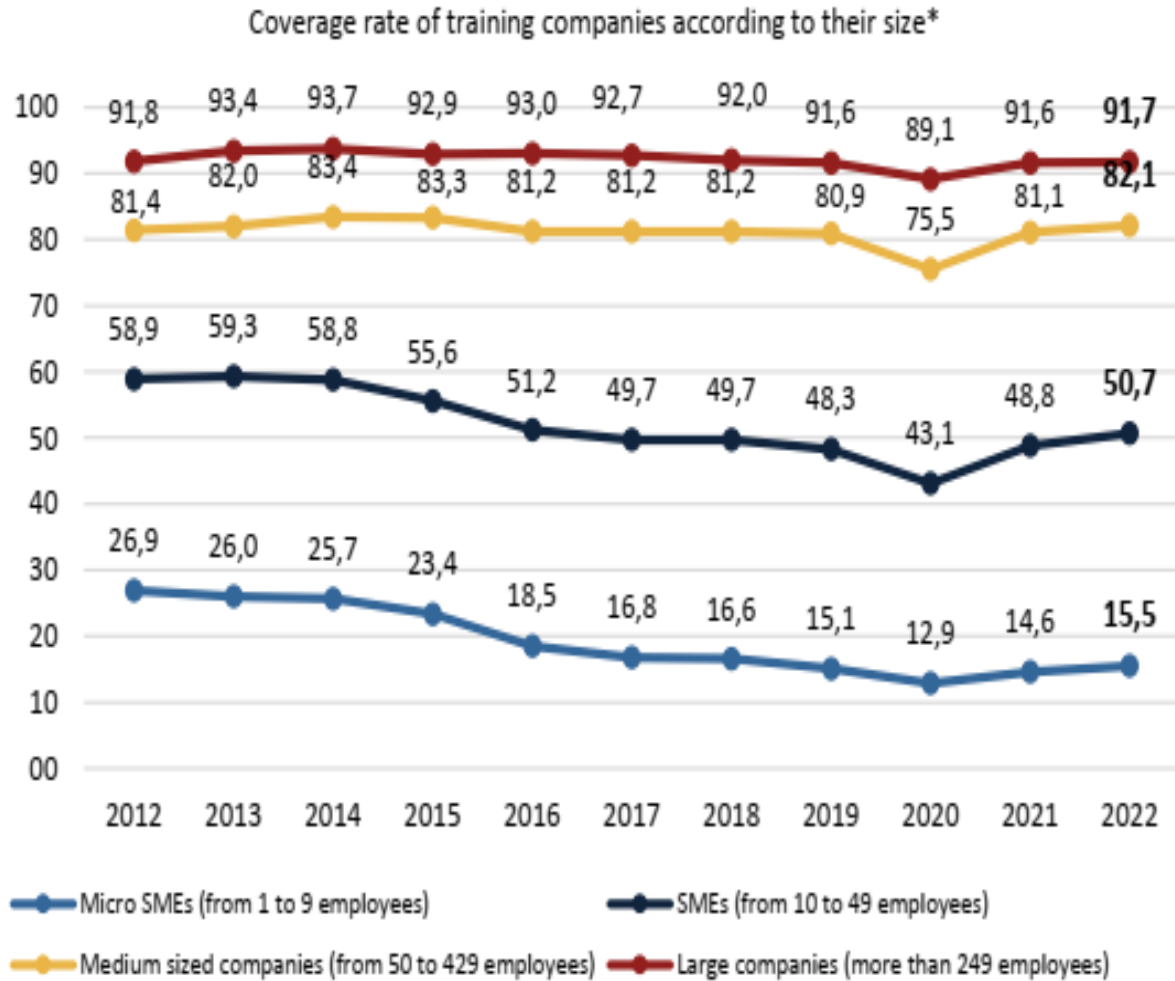
- Trained participants are counted as many times as they take a course.
- Total trained workers in 2022 represented a coverage rate of 22% of total employees in the private sector.
- Nearly two thirds of participants employed in large companies (58%)
- ,and 18% in low qualified jobs.

Sources:

<https://www.fundae.es/docs/default-source/publicaciones-y-evaluaciones/publicaciones-estad%C3%ADstica/keyfindings-2022.pdf>

<https://www.fundae.es/docs/default-source/publicaciones-y-evaluaciones/publicaciones-estad%C3%ADstica/formaci%C3%B3n-en-las-empresas-2022.pdf>

# Coverage of training companies and credit use



Source: <https://www.fundae.es/docs/default-source/publicaciones-y-evaluaciones/publicaciones-estad%C3%ADstica/keyfindings-2022.pdf>

# Fundae against the backdrop of the analytical model

## **Key Function A: Constraining free riding of employers & incentivising training investments**

Free riding limited due to mandatory levy contribution, while also creates incentives for investment in training activities through co-funding requirements, also based on companies' size.

## **Key Function B: Generating additional public/collective funds dedicated for CVET/skill formation**

This funding scheme contributes to create pool of resources for skills development by companies, and recent legal amendment allows for the reallocation of surpluses of on-demand schemes to training initiatives for the unemployed.

## **Key Function C: Employer-employee collective agreements on rights for training, cost sharing and rewards for skills/qualifications**

National level social partners are represented at Fundae's board and sector-level social partners can agree on the establishment of sectoral joint committees through collective bargaining agreements.

## **Key Function D: Interest Intermediation and demand aggregation among employers and supporting tailored, high quality training**

Social partners play an important role in the governance of Fundae and contribute to training activities tailored to the needs of the labour market. Quality of training is overall assessed as positive.

# Strengths, Weakness, Opportunites and Threats

## Strengths

- Funding collection mechanism offer a stable arrangement as a funding source for investment in skills development.
- Social partners' involvement in the governance and management training funds improves the adequacy of training initiatives to labour market needs.

## Weakness

- Decreasing trend of training credit utilisation ratios and the reduction in the coverage rate of training activities among small companies.
- Small companies are highly dependent on external providers in getting access to training initiatives, whose training options de not always align to companies' needs
- Companies tend to prioritise the training of employees with higher levels of education levels.
- Limited role of social partners in the identification of training needs both at company level and at sectoral level (limited development of joint sectoral structures).



# Strengths, Weakness, Opportunites and Threats

## Opportunities

- Recent legislation can give a stronger impetus to the development of the system of professional training for employment, as long as it provides for qualifications which are also recognised in the educational system.
- Need for enhanced collaboration between Fundae and SME companies to increase awareness of the training scheme and support to training companies

## Threats

- Limited development of sectoral structures which are the main bodies for the involvement of sector-level social partners in the identification of training needs.
- Participation gaps between small and large companies.
- Ongoing social dialogue negotiations for the reform of the System of Professional Training for Employment in accordance with legislation on vocational training.

# Speaking points for discussants

- Short introduction of your organisation and your role
- Reflection on the presentation (key observations from practical experience)
- What are the key issues currently faced by training fund system in your country and how they are (planned to be) addressed?