



CEDEFOP

European Centre for the Development
of Vocational Training

50
YEARS
SHAPING LEARNING AND
SKILLS FOR EUROPE

Cedefop study on training funds EU review

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Context

The widespread practice of training funds across Europe should be given more visibility, more recognition and support in EU skills policy debates

Source: ACVT Opinion on an EU initiative on ILAs and strengthening training provision in Europe (2021)
BusinessEurope position paper Individual learning accounts (2022)

Objectives of the study

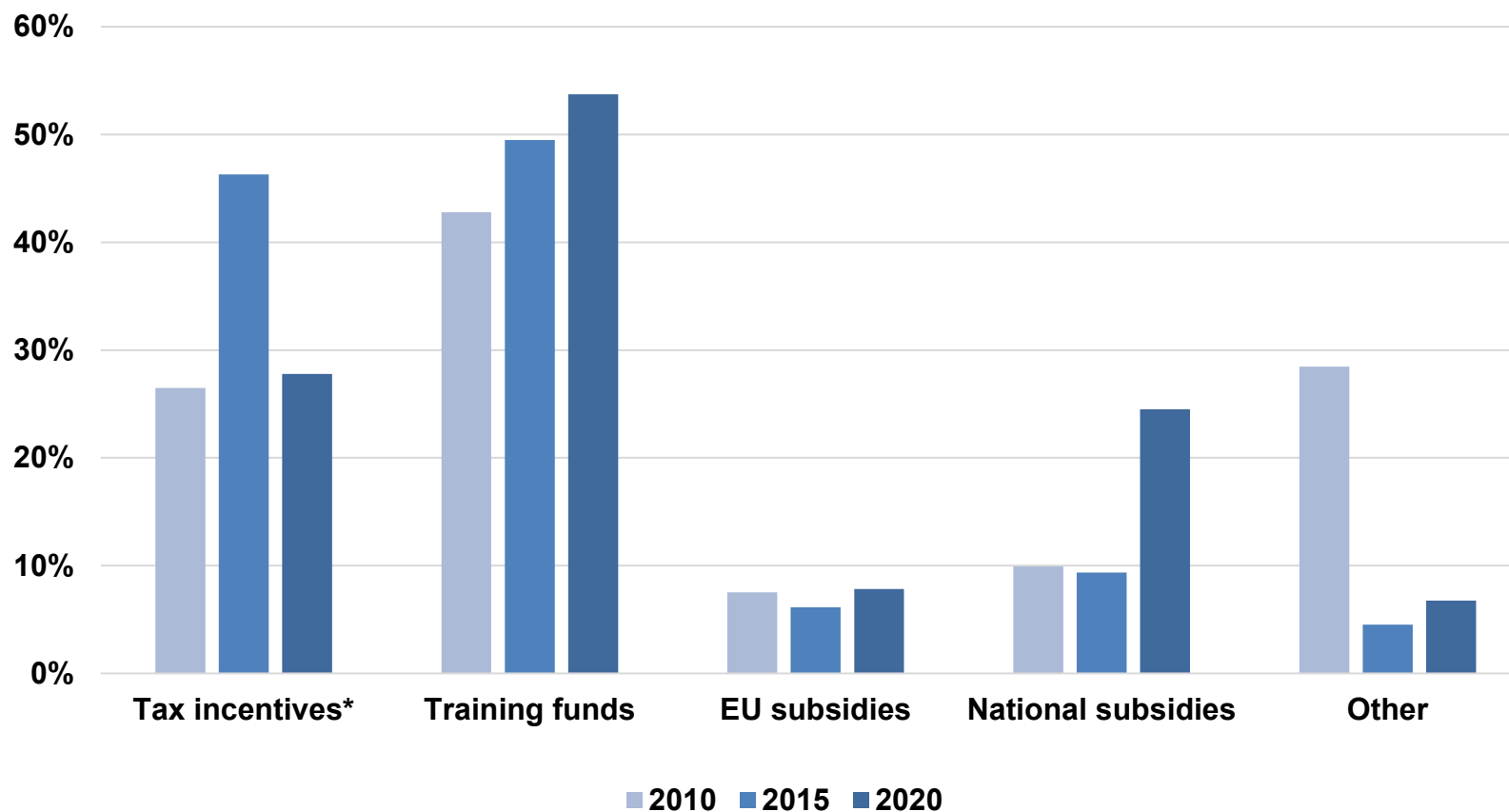
Objective 1

- Provide an overview of currently existing training funds across EU-27
- Conduct in-depth analysis of operation and performance of training funds in 8 selected EU MS (BE, CY, DK, ES, FR, IE, IT, NL)
- Develop country-specific guidelines on how to improve the performance of training funds
- Identify conditions for successful development and implementation of training funds and formulate general guidelines for policy-makers, social partners

Objective 2

- Explore the potential for establishing new training funds or significantly modernise the existing ones. Conduct 2 case studies (LV, PL)
- Develop country-specific guidelines on how to establish/modernise training funds

Share of enterprises receiving support for CVT provision, EU27



Source: Eurostat continuing vocational training survey (CVTS), enterprises with 10 or more employees.

Notes: *Tax incentives may be used as a mechanism to disburse financing collected via training fund (e.g. in ES)

Definition and operationalisation of training funds

Training funds are **institutions** (organisational arrangements) aiming at **enhancing IVET and/or CVET in enterprises** and **mutualising** the related **costs** across enterprises (mutualisation), where employers are **mandated** (by law or a binding collective agreement) **to contribute financially** (typically a training levy or a dedicated surplus to the social security contributions) and are eligible for **various forms of support for IVET/CVET**, with **collected funds mainly used for the original purpose** (closed funding cycle), **with business interest organisations – or both social partners - having a key influence on the ways** the collected means are used for supporting IVET/CVET.

Individual employees can be mandated to contribute as well, can be among the beneficiaries and their interest organisations can be involved in a training fund's governance.

Operationalisation: The study aimed at covering only training funds making a substantial contribution to CVET (rated against the backdrop of the available public support for CVET in total).

Functions of training funds – analytical framework

Key function A

Putting a 'beneficial constraint'* on employers and incentivising training investments

Alternative/corresponding institutions:

- *Legal training obligations*
- *Tax based/EU-fund based incentives*

Alternative/corresponding institutions:

- *Alternative ways to reinforce agreed-on employee rights (e.g. easily accessible courts of labour)*
- *Legal entitlement of employees (e.g. statutory rights for training leave)*

Key function C

Supporting collective agreements on rights to training (including ILAs, paid training leave), cost sharing and rewards for skills/qualifications acquired (supporting social partnership in general)

Key function B

Generating public/collective funds dedicated to CVET/skill formation

Alternative/corresponding institutions:

- *Additional funding from general taxation/social security system/EU-funding*

Alternative/corresponding institutions:

- *Sectoral organisations (chambers of commerce/business associations) developing CVET policies*
- *Tax-funded sectoral agencies developing CVET policies*

Key function D

Interest intermediation and demand aggregation among employers and supporting tailored, high-quality training offer

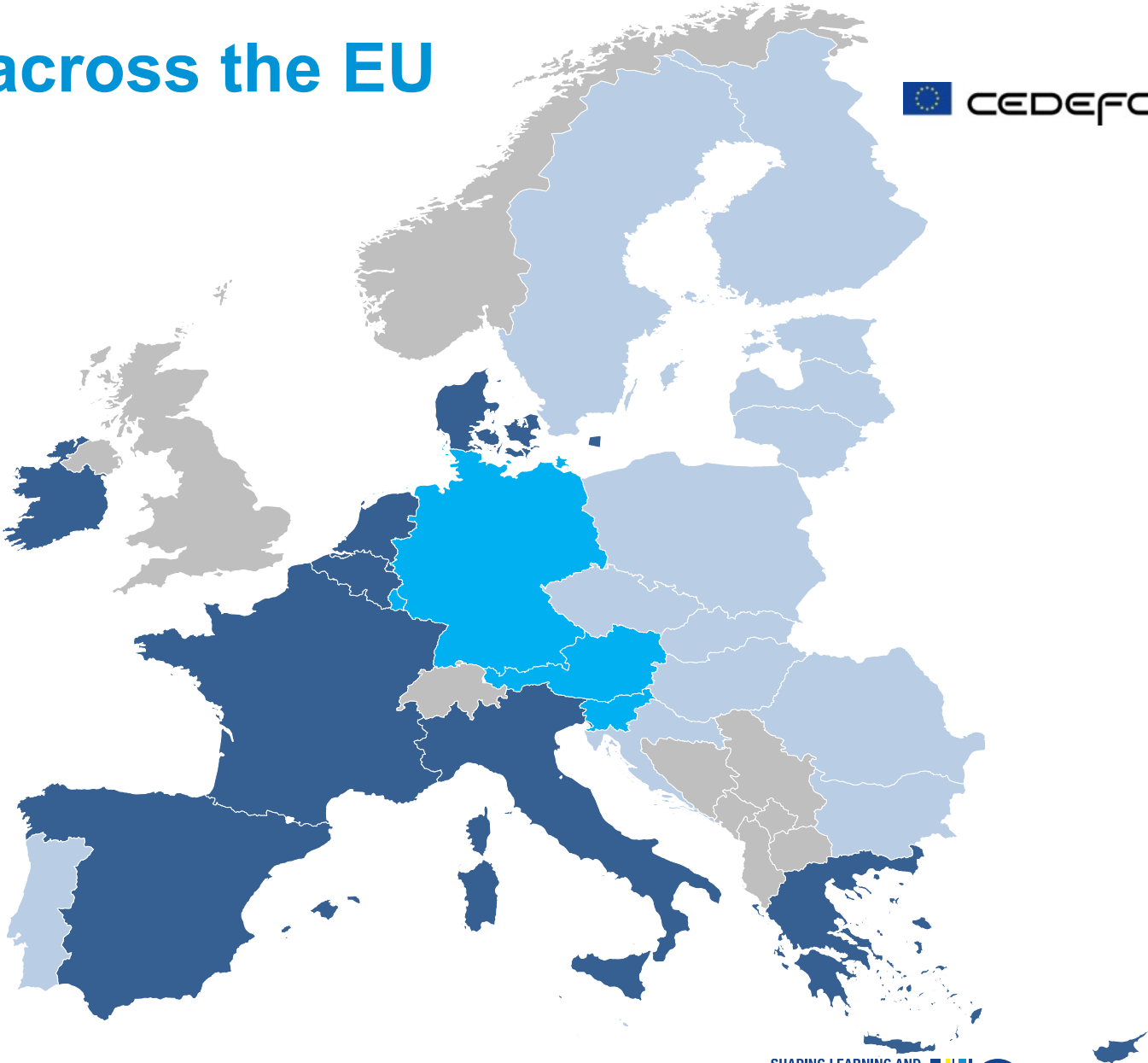
Basic characteristics of training funds

- Complex organisations playing a **key role in financing, governance, relevance and quality of training**
- **Highly heterogenous** (objectives, governance, money collection and allocation, activities and groups supported)
- Typically set at **national level** (e.g. based on tripartite governance; levy defined by law) **or sectoral level** (based on collective agreements; bipartite governance; levy defined by sector)
- **Specific solutions in particular countries**, e.g. inter-professional funds for CVT in Italy (may be linked to particular sub-field of the economy, profession or size of the company; run by social partners; levy set at national level)

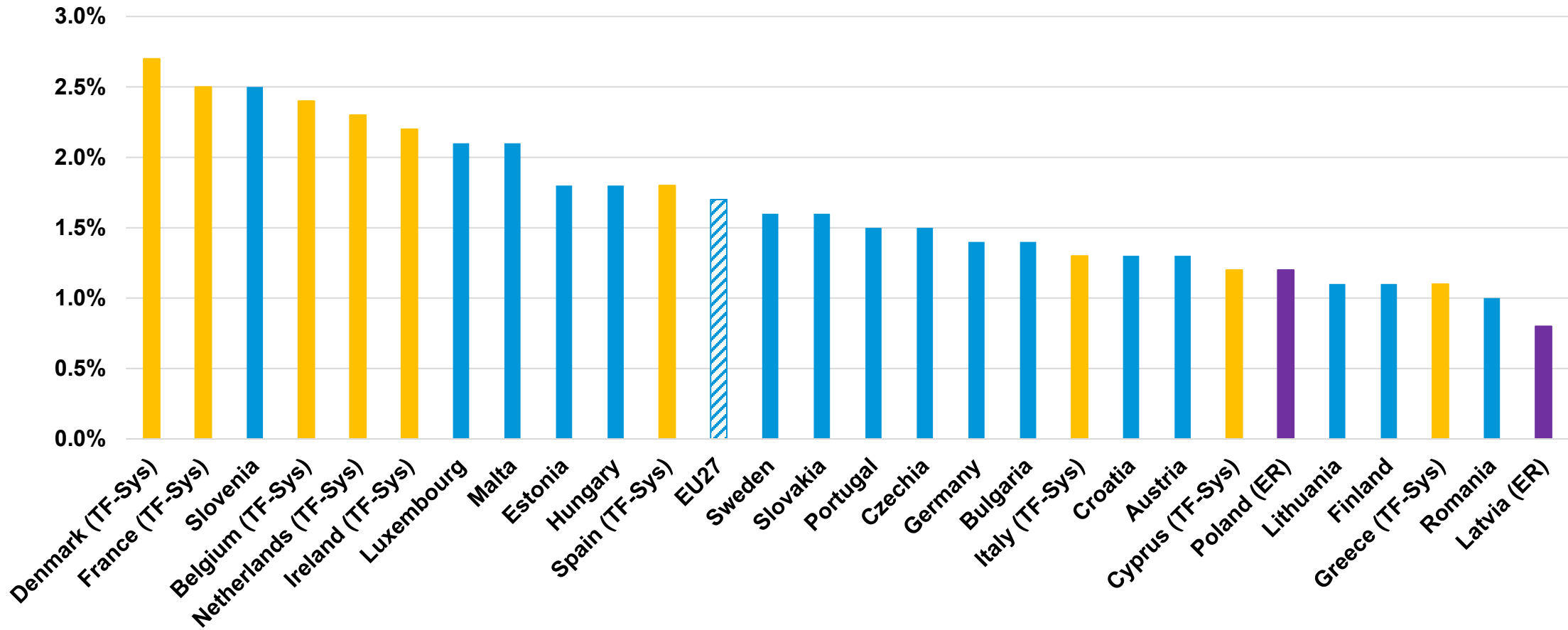
Diffusion of training funds across the EU

(by June 2023)

- Training funds (levy-based) playing systemic role
- Training funds (levy-based) playing specialised/complementary role
- No training funds (levy-based)
- Not covered



Training expenditure as a share of total labour costs (2015)

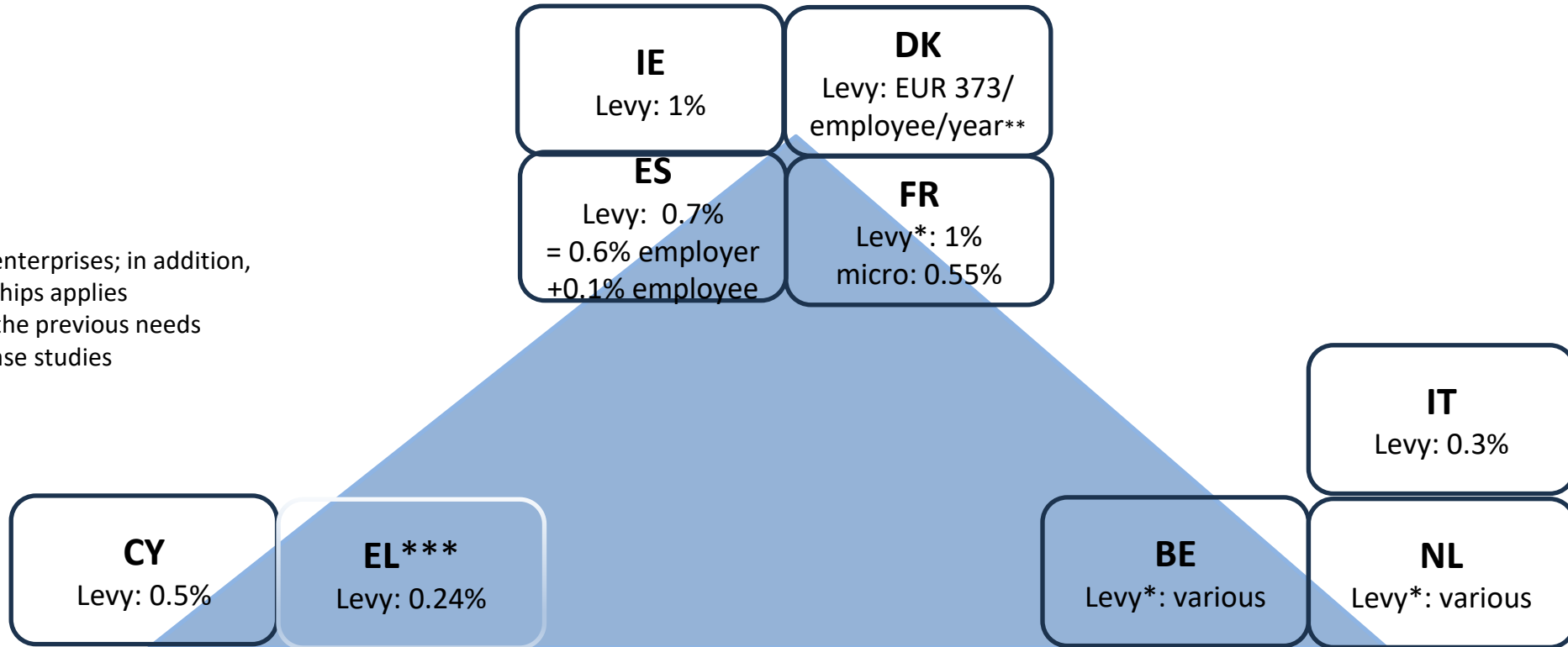


Source: Eurostat continuing vocational training survey (CVTS), business economy enterprises with 10 or more employees.

Notes: TF-Sys – training fund playing a systemic role; ER – exploratory review

Training funds playing systemic role in CVET

Organisation at national level strongly intertwined with the whole IVET/CVET/ALMP system



* for the majority of enterprises; in addition, a levy for apprenticeships applies
 ** defined yearly on the previous needs
 *** not included in case studies

B *Clearly defined single organisation at national level*

C *(Large) Group of (quite different) single organisations (mainly) at sectoral level*

Operational characteristics

Governance of training funds:

- Governed by the government with advisory councils in which also social partners are represented (e.g. Ireland)
- Governance is organised in a tripartite manner (government and social partners) (Cyprus, Denmark, France and Spain)
- Governance is based on social partners' agreements (bipartite) (Belgium, Denmark (sectoral training funds), Italy, the Netherlands and Spain (construction sector))

Collection mechanisms

- State organisations
- Training funds themselves or a third party
- Additional funding comes from bank interest, EU funding, additional tax schemes, subsidies

What training funds do: modalities of support for CVET

Financial instruments

- Reimburse employers' training costs (common across countries)
- Fund training providers via calls/grants (FR OPCO, ES FUNDAB, IT collective accounts, CY multi-company schemes)
- Direct support to individuals (vouchers/ILAs; FR CPF; CY RRP projects; NL vouchers)
 - (co-)funding employee-initiated training (e.g. ES, FR, NL)
 - (co-)funding training leave (e.g. FR, ES), validation of prior learning (e.g. FR, NL), ILA (FR), career guidance (e.g. NL)

Direct training provision (e.g. DK, ES, FR, IE)

- BE sector funds (e.g., Volta, SFTL) run own courses
- NL sector funds (e.g., OOM's oZone, RAS apps)
- ES-FLC operates own nationwide training centres

What training funds do: modalities of support for CVET

Targeting specific groups

- unemployed (e.g. BE, CY, NL, ES), SME employees (NL), low-skilled, migrants (e.g. NL), graduates (CY, NL), etc.

Non-financial and system services

- SME support & HR advice: help firms plan training and manage skills (e.g. Volta–BE, HRDA–CY, Doorzaam/RAS–NL)
- Collaboration with providers: co-develop training aligned with labour-market needs (e.g. Skillnet–IE, Italy, Belgium)
- Systemic roles: act as knowledge hubs—labour market analysis, qualification tools, quality assurance (HRDA–CY, OPCOs–FR, sectoral funds–NL)
- Work with PES: joint programmes for unemployed (CY, ES)

Effectiveness insights: outputs and outcomes

Effectiveness insights

- Evidence mixed and not always comparable; coverage differs by model
- SME participation is a recurring challenge; advisory/HRD support helps
- Sectoral funds act as key partners for SMEs; national funds emphasise funding streams and system roles

Implications for policy and practice

- No one-size-fits-all; design follows institutional context and social dialogue
- Clear governance and efficient levy collection are foundational
- Blended support (financial + advisory + provision) maximises impact, esp. for SMEs

To conclude: Training funds can play an important role in CVET systems and support skills development systems at large

Key contributions of training funds:

- **Secure funding:** Provide sustainable CVET financing through employer levies and public sources
- **Better alignment:** Link training supply with employer skill needs and improve quality
- **Incentivise participation:** Lower costs and promote skill development and sectoral mobility
- **Enhance equity:** Target employers and individuals to widen CVET access
- **Act as knowledge hubs:** Support employers and providers, steering system development and learning culture
- **Ensure continuity:** Independent governance safeguards funding stability beyond policy cycles, boosting productivity, growth, and lifelong learning

Introducing and designing a levy-based training fund

1. Identify the potential for a training fund

- Conduct a stock-taking exercise to assess current CVET provision
- Identify the barriers that hinder training provision (e.g. insufficient funding)
- Evaluate how training fund could address these barriers
- Engage social partners and other relevant stakeholders

2. Select the legal mechanism for introducing a levy

- Dedicated national law
- Using existing funding streams (e.g. social security contributions)
- Collective agreements

3. Design the training fund

- Determine the levy rate
- Decide on the scope of the activities supported
- Build mechanism to ensure stable funding through economic cycles
- Include support mechanisms for employers and employees

Introducing and designing a levy-based training fund

4. Support interest mediation and interest aggregation

- Establish governance structures that involve employers' and employees' representatives in decision-making
- Seek mechanisms which facilitate collective agreements on CVET relevant issues
- Support interest aggregation with regards to CVET
- Ensure development of high-quality training by leveraging training fund's influence and working with public and other relevant stakeholders

5. Ensure coordination of training fund and other key institutions of skill formation/adult learning system

- Integrate training fund with existing policy frameworks
- Establish coordination mechanisms to avoid competition between (sectoral) training fund and other institutions

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