



**CEDEFOP**

European Centre for the Development  
of Vocational Training

# **Individual Learning Accounts**

## **Case study - Germany**

Draft

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# Content

<b>Content</b> .....	<b>3</b>
<b>Abstract</b> .....	<b>5</b>
<b>CHAPTER 1. Introduction</b> .....	<b>6</b>
1.1. Objective and the approach for country case studies on the response to the ILA Recommendation.....	6
1.2. Germany - an introduction to the case study .....	6
<b>CHAPTER 2. Germany`s socio-economic context and its relevance for adult learning</b>	<b>9</b>
<b>CHAPTER 3. Adult learning in Germany – a systematic overview</b> .....	<b>12</b>
3.1. Participation patterns in adult learning.....	12
3.2. Governance of adult learning.....	15
3.3. Recent policy developments on adult learning .....	19
<b>CHAPTER 4. Role of public funding for adult learning in Germany</b> .....	<b>20</b>
4.1. Role of public funding in adult learning.....	20
4.2. Role of provider-mediated (supply-side) funding for adult learning .....	21
4.3. Participant-mediated (demand-side) funding for adult learning .....	21
4.4. Conclusion – the space left for a novel type of ILA.....	24
<b>CHAPTER 5. Enablers for taking up adult learning (‘Enabling framework’).....</b>	<b>26</b>
5.1. Introduction .....	26
5.2. Digital portal for accessing career information and support.....	26
5.3. Lifelong guidance/ career guidance.....	28
5.4. Validation of non-formal and informal learning .....	30
5.5. Training leave and contributions to subsistence costs/ wage replacement .....	31
5.6. Outreach and awareness raising activities .....	34
5.7. Quality assurance framework for adult learning provision .....	35
<b>CHAPTER 6. Exploration of the implementation of public funding instruments against the backdrop of the goals set by the ILA Recommendation</b> .....	<b>36</b>
6.1. Introduction .....	36
6.2. Upgrading Training Assistance – <i>Aufstiegs-BAföG</i> .....	36
6.3. Integrated support via the education cheque in North-Rhine Westphalia ( <i>Bildungsscheck</i> ) .....	40
6.4. Supply-side funding and a well-developed enabling framework - the Berlin package	44

**CHAPTER 7. Country level assessment against the analytical framework on ILAs**  
**48**

**CHAPTER 8. ‘Policy Sketches’ for working towards the goals of the ILA Recommendation and their reception.....53**

8.1. Introduction .....53

8.2. Policy Sketch 1: Reform and expansion of the Upgrading Training Assistance (*Aufstiegs-BAföG*).....55

8.3. Policy Sketch 2: Introduction of new ILA-type arrangements - a long, paid training leave and a demand-side, account-based instrument for low-wage earners .....60

8.4. Policy Sketch 3: Introduction of unconditional individual entitlements for CVET via an employment/ CVET insurance .....66

8.5. Summary – Closing the gaps: What the Policy Sketches have to offer for fulfilling the goals of the ILA Recommendation.....71

**CHAPTER 9. Conclusions and reflections for policy-making.....73**

**References.....76**

**Annexes .....82**

Annex 1. More figures on Germany’s socio-economic context.....82

Annex 2. Inequalities in participation – Labour Force Survey.....82

# Abstract

The German adult learning system has a variety of instruments at its disposal that jointly contribute to the tasks of reaching the goals of the ILA recommendation. Traditionally, instruments provide targeted financial and non-financial support towards specific groups, and up until recent years mostly the unemployed, with responsibilities for different educational sectors being distributed vertically across levels of government and horizontally between the ministries, resulting in high administrative burdens and a substantially varying level of support between the different measures (including financial support as well as the enabling framework components) and consequently target groups and also federated states. Despite recently expanding support (including financial support as well as non-financial aspects of the enabling framework) by the PES, support for the employed is still limited, with most training offers having to be initiated by the employer and not the individual. Beyond the specific field of formal CVET (Higher VET, HVET) via the Upgrading Training Assistance (Aufstiegs-BaföG), there is little financial support available for individuals entering extended CVET programs upon their own initiative, and existing measures often do not reach low qualified groups. Reform discussions concerning each of these areas are structured by the division of competences in the German adult learning system, making the success of any scale reform time consuming, dependent on substantial coordination, and therefore highly challenging. Consequently, smaller scale reforms have been deemed as realistic, which individually might not meet all requirements of the ILA recommendation, but that can nonetheless move the system closer towards the proposed goals. These for example include currently prepared amendments of the Upgrading Training Assistance making formal CVET offers practically free of charge, the introduction of new national-level paid training leave for self-initiated adult learning combined with a new demand-side, account-based instrument for low-wage earners (*Bildungszeit & Lebenschancen-BaföG*). Further reaching reforms, like a long discussed unconditional individual entitlement for accessing financial support for CVET (*Beschäftigungsversicherung/Weiterbildungsversicherung*) are currently not considered by the German government but might be taken up again after changes in external conditions or as the result of a gradually expanding level of support by existing arrangements and groups eligible towards what is suggested by the council recommendation on ILAs.

# CHAPTER 1. Introduction

## 1.1. Objective and the approach for country case studies on the response to the ILA Recommendation

This case study on Germany is part of a broader Cedefop study on individual learning accounts (ILAs). The study aims to explore the potential for developing ILAs in selected EU Member States and provide support to policymakers, social partners and other stakeholders in designing and implementing ILAs. Based upon the Council Recommendation on ILAs and existing academic and applied research literature, the study proposes an analytical framework that identifies the key functions of an ILA and the elements of the 'enabling framework' (including career guidance, validation of non-formal and informal learning, paid training leave, etc.) needed for successful ILA implementation and use. Using the developed analytical framework as a reference, the in-depth case studies (Austria, Germany, Netherlands, Ireland, Estonia) examine in-depth the countries' current financing policies/instruments available to support individual learning as well as the components of the 'enabling framework'. The country analysis provides a better understanding of the strengths and challenges of the current arrangements relevant for ILAs in selected countries, and of the potential actions that would need to be taken for the development of ILAs (or ILA relevant arrangements).

The case studies draw on desk research as well as primary data collection and build on input from national stakeholders/experts collected via interviews, focus group discussions and validation workshops. Policy developments were followed until 31<sup>st</sup> of March 2023 (cut-off date for data collection). The case studies provide a description of the overall socio-economic context of the country and status quo regarding its adult learning system, including an overview of all main funding instruments and a shorter review of the existing sub-systems or arrangements of the enabling framework. Based on the analytical framework, one selected ILA-relevant national-level key instrument is reviewed in detail per country and studied to what extent it fulfills ILA functions, which is followed by a review of this instrument implementation in two skills ecosystems (e.g. sectors and/or regions) and/or a review of an additional sectoral/regional instrument(s). Based on the identified strengths and weaknesses of the system, three policy sketches (with SWOT analysis) considered as realistic (at least in the long-run) for implementing ILA (or ILA relevant arrangements) and the enabling framework are presented for each country. Building on these findings, country-specific policy reflections for implementing ILA (or ILA relevant arrangements) are formulated.

## 1.2. Germany - an introduction to the case study

Over the past three decades, Germany has seen a variety of debates about a potentially larger role of the state in funding adult learning, with blueprints for bold, large-scale reforms being highlighted by various stakeholders. However, while there had been piecemeal steps towards an increase in public funding for adult learning (Statistisches Bundesamt, 2022), the dominating patterns of funding adult learning in Germany have remained largely unchanged.

Funding for adult learning is mainly seen as within the private domain, with individuals and employers being the principal contributors, and with the state only playing a complementary role, providing support<sup>1</sup> for learners who cannot bear the costs of education and training themselves or as means of Active Labour Market Policy.

Broadly understood, adult learning in Germany encompasses general adult education (e.g. basic, liberal, and second chance programmes), second-chance vocational education as well as continuing vocational education and training, the latter mostly referring to long formal higher VET programs but in a broader sense also shorter, non-formal courses. In stark contrast to initial education for youth and young adults (including higher education), the state and the 16 *Länder* holding the responsibility for the school-based part of education and training do not provide the main share of funds required for adult learning. The notable exception is the provision of CVET to the unemployed or people at risk of social exclusion, which is organised under national law and funded based on the (variable) contributions of employers and employees to unemployment insurance as well as general taxes. Nevertheless, there have been various policies providing financial support for adult learning – including policies following demand-side funding approaches for individuals – beyond the field of Active Labour Market Policy. However, these policies do not change the overall pattern of funding by individuals and employers, and parts of them remain at risk of disruption as they are mostly introduced on discretionary, project-based funding alone.

Germany was chosen for a case study to show how these long-lasting funding patterns of adult learning might interact with a new debate triggered by the Council's ILA recommendation on large-scale policy reforms, aiming at the introduction of more encompassing individual entitlement to access adult learning, which could introduce the support for adult learning—equally to initial education and training— as a major governmental issue (*Staatsaufgabe*). Alternatively, the recommendation might help to facilitate a further set of incremental reforms, with new instruments established and increased public contributions, however, without changing the overall pattern or catching up with countries where the state has become the principal source of funding of adult learning.

This case study analyses the extent to which existing financial instruments in Germany cover key functions as defined by the Council's ILA recommendation and which key policies form an “enabling framework” (complementary elements and institutions of the adult learning systems) so that funding instruments can effectively empower adults to fully participate in adult learning. The case study attempts to provide reflections for policy-making in terms of how existing instruments can be best expanded/new instruments be introduced in order to cover key functions of individual learning accounts. The case study is based on a literature review and the analysis of relevant written sources and information available on the web as well as extended primary data collection involving selected study participants. Ongoing policy developments were followed up till the 31<sup>st</sup> of March 2023. Field work for this case study was undertaken between October 2022 and March 2023, with results from 22 expert interviews (including where experts provided answer in writing) and two group discussions (attended by

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<sup>1</sup> If not further specified, the term “support” is used synonymous with “financial support” in the course of this case study.

18 participants overall). Interim findings were shared with research participants in May 2023, including a workshop where interim findings were discussed.

The case study is structured as follows. After introducing the reader to the German context (Chapter 2), reviewing participation and governance structures of adult learning (Chapter 3), and the role of the state in funding adult learning (Chapter 4) as well as other key aspects of the adult learning system (defined as the 'enabling framework' described in the ILA Recommendation) (Chapter 5), three key financing arrangements/instruments are explored in more detail (Chapter 6). First, the most important long-term existing demand-side funding scheme for adult learning in Germany, the Upgrading Training Assistance (*Aufstiegs-BaföG*) is analysed. Second, the most significant (and oldest) voucher scheme at a federated state level is analysed, namely the education voucher (*Bildungsscheck*) in Nord-Rhine Westphalia. Finally, Berlin is taken as an example of where (until recently) no demand-side funding instrument had existed. However, regional sources have been used mainly for instruments using supply-side funding mechanisms, and both Berlin and Nord-Rhine Westphalia have laws providing an individual right to short paid educational leave (as mentioned under 'enabling framework' in the Council Recommendation). Based on this material, a stock taking exercise is provided in Chapter 7, studying the given instruments as well as the overall countries' arrangements against the backdrop of the analytical framework proposed for analysing the policy content of the Council Recommendation on ILAs. In Chapter 8, three 'Policy Sketches' for working towards the goals of the ILA recommendation are presented, as well as their respective strengths, weaknesses, opportunities and threats, based on previous or current policies or proposals made and input from expert interviews and focus group discussions. In Chapter 9, the overall conclusions are presented, including reflections for policy making.

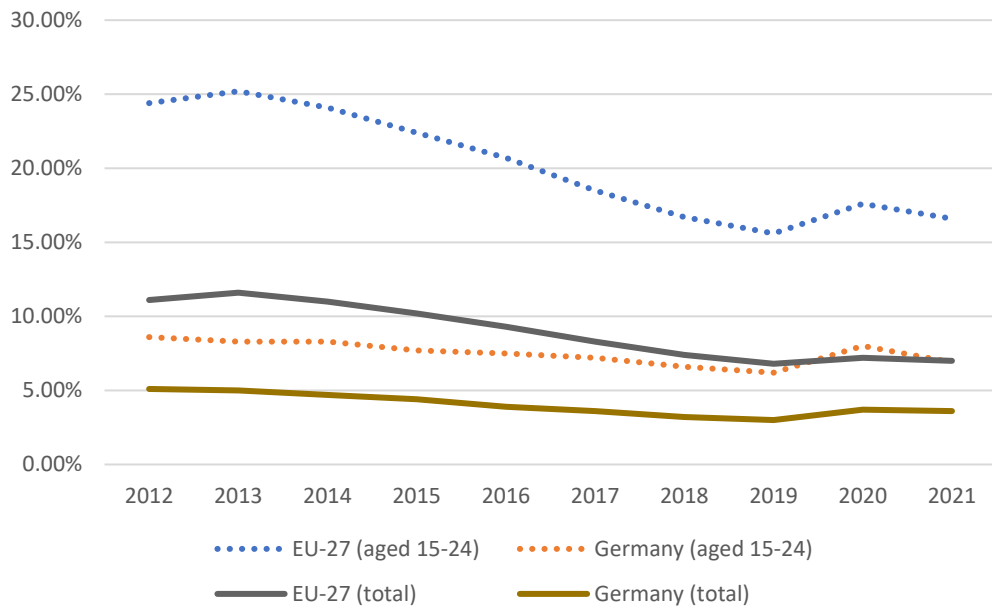
## CHAPTER 2. Germany`s socio-economic context and its relevance for adult learning

Germany belongs to the world's richest countries with levels of wealth and income conducive for high levels of participation in adult learning. Germany's real GDP per capita accounted for EUR 35 860 in 2022, which is well above EU-average, and grew mostly in accordance with the average of the other Member States over the past 20 years (with a below than average drop during the Covid-19 pandemic) (Eurostat – TEC00115 [17.3.23]). Germany experienced only moderate harm from the 'Great Recession' (2008 onwards) and recovered quickly in the aftermath of the Covid-19 pandemic, with adult learning provision mainly sustained.

For the past decade, Germany showed a very low inflation rate which was only slightly above the EU-average, but still so low that it required little attention by the stakeholders in the field of adult learning. However, with a similar hike in 2022 compared to the average across Member States, inflation started to shift towards the top of the political agenda, overshadowing less prominent policy fields as adult learning (8,7 percent, EU average: 9.2) (Eurostat – TEC00118 [24.2.23]). Germany's unemployment rate has constantly been well below the EU-average (2021: 3.7 percent). In particular its low youth unemployment rate, which was the lowest of all Member States in 2021 (6.9 percent), has often been related to the strength of the German vocational education and training system and its closeness to labour market needs, which was promoted as a role model also across the EU. Investments in skills, including adult learning, is therefore naturally regarded as one lever to keeping unemployment low.

In comparison with the other member states, the German population has a higher median age (45.8, in contrast to the EU average of 44.4), however, the increase in the share of the population aged 65 years or above between 2012 and 2022 is below EU-average (1.4; EU-27: 3.1) (Eurostat – demo pjanind [22.2.23]). Its overall population has grown over the past decade (except for the year 2020), accounting for 83 196 078 in 2021 (Eurostat – demo gind [1.12.22]). However, this growth is due to migration only, with a constantly negative rates of natural population change, a particularly high rate of net migration in 2015 (14.3 per 1000, compared to the EU average of 3.2), and subsequent migration rates above the average of the other member states (3.7 in 2021, EU average: 2.2). As a consequence, individuals with migrant background have become an important target group of adult learning, also due to the high importance of formal qualifications on the German labour market (Maier et al., 2021).

**Figure 1. Unemployment & youth unemployment rate – Germany, 2012-2022**



Source: Eurostat – UNE RT A [15.2.23].

Coinciding with the high levels of migration, the share of the population with educational attainment of upper secondary-level or above has stagnated and slightly decreased in the past years (2012: 82.1; 2021: 79), indicating a potential target group for adult learning, but is still well above the average of the EU-27 (2012: 70.2; 2021: 75.1) (Eurostat – EDAT LFS [15.2.23]). The share of population with educational attainment at tertiary level has risen quite steadily from 24.9 per cent in 2012 to 27 per cent in 2021, which is however still below the EU-27 average of 29.5 per cent (2021).

Public schools are offered free of charge, but the number of private, fee-taking schools in Germany increased over the last two decades (in particular in major cities)<sup>2</sup>(Nikolai and Koinzer, 2017). Administrative fees are charged to undergraduate and graduate students in HE, which range from 50 to 75 EUR per semester, and additional fees are charged in some *Länder*, in particular to those exceeding the study time limit (up to 500 EUR per semester)<sup>3</sup> (European Commission; EACEA and Eurydice, 2021). However, beyond a small private sector, Germany’s Higher Education System has sustained very low levels of tuition fees, making higher education an important publicly funded resource for lifelong learning.

Industrial relations in Germany follow the ‘Social Partnership’ Model, shaped by strong employer associations and unions (Ebbinghaus and Visser, 1997; European Commission, 2008). German social partners consequently also play an important role in the governance and provision of adult learning (for more details see also section 3.2). While employer organisation density has remained high and relatively constant (67.9 per cent in 2018; 2000: 69.7), trade union density (16.3 per cent of employees in 2019) and collective bargaining coverage (54 per

<sup>2</sup> With about 9 per cent of all children between 6 and 18 years being enrolled

<sup>3</sup> Other fees for example include EUR 800 per semester to those above the age of 60 in Niedersachsen, examination fees up to EUR 150 in Sachsen, EUR 1500 per semester for third country nationals in Baden-Württemberg.

cent in 2018) have decreased over the past decades (compared to 24.6 union density and 68 per cent bargaining coverage in 2000) (OECD and AIAS, 2021), with tendencies of erosion of the current industrial relations system. Bargaining partners are usually the respectively responsible (unified) sectoral employer associations and a responsible trade union of a specific region (bargaining area) (OECD and AIAS, 2021). Regions where the respective sector is particularly important conclude a pilot agreement which is usually transferred (with some adjustments) to the other bargaining areas of Germany (ILO, 2021). Company agreements on wages can deviate but are relatively rare. Specific arrangements on CVET exist in certain agreements, and the agreed pay scales reward the acquisition of formal IVET and CVET qualifications.

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## CHAPTER 3. Adult learning in Germany – a systematic overview

### 3.1. Participation patterns in adult learning

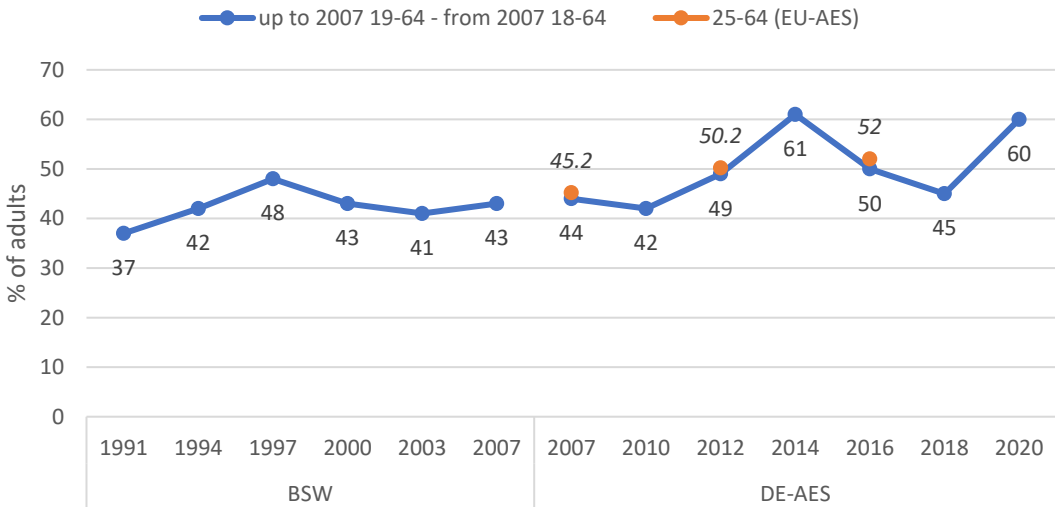
In the following section, mainly data from the Adult Education Survey (AES) are used, followed by results from statistical modelling to achieve an overall more balanced picture. The German biannual Adult Education Survey, which broadly follows the framework for the EU AES, can be considered the most valid data source on adult learning for Germany. Data on adult learning from the EU LFS suffers from an under-estimation for participation in adult learning in Germany; however, the LFS data can still be used to observe inequalities in participation, for example across regions (see further below). Finally, based on statistical models, results of Cedefop (2015) are presented that aim to disentangle whether or not an observed disadvantage – e.g. of women – in the participation in adult learning is linked immediately to the variable of observation or not. In the latter case, a group might be disadvantaged in accessing adult learning, however, this real disadvantage is the outcome of the effects of other factors (e.g. women might be disadvantaged due to the gendered distribution of men and women across workplaces offering more or less access to adult learning). In short, the statistical models do not deny the observed disadvantage but attribute the reasons for this disadvantage to various components, the latter lying often outside decision-making processes on adult learning as such.

As in other countries, in Germany, only a minority of adults participate in self-selected job-related non-formal adult learning each year. Based on Germany's bi-annual Adult Education Survey, in 2020, 9 per cent of the 19 to 64-year-olds participated in a (self-selected) job-related adult learning activity not supported by the current or a future employer. This value is in line with the results for 2012 and 2014 (9% each) and somewhat higher than for 2016 and 2018 (7% each) ((Bundesministerium für Bildung und Forschung, 2021). Overall, the activities chosen in job-related learning are on average longer than CVET spells within employer provided training – about one quarter of activities last for 100 hours of tuition or more. However, during 2020, the first year of the pandemic, the average duration of individual job-related CVET has dropped dramatically (from 35 hours in 2018 to 16 hours in 2020). More expanded analysis for 2016 has shown, that – mainly with the support of the PES – the unemployed and inactive are more likely to engage in adult learning without the support of the latest/ a future employer. Beyond non-formal job-related adult learning, the participation in formal programmes as part of continuing education (and not as part of initial education) form another important segment of adult learning initiated by the individual learner. The latest available differentiated analyses for 2016 showed that only about 3 per cent of adults (18-64) in Germany pursued formal adult learning after having completed their initial education. This figure included the proportion of adults working towards a vocational qualification (and upper secondary or post-secondary level) and adults preparing for an HE entrance examination (Bilger et al., 2017). To conclude, by 2020, about 11 to 13 per cent of adults between 19 and 64 entered a self-selected either a

formal programme or a job related non-formal CVET course and would thereby form the current main group of beneficiaries of an individual learning account.

Taking a more general point of view (beyond self-selected job-related non-formal adult learning), and based on the comparable EU AES 2016 data, the level of participation in formal and non-formal education and training among those aged 25-64 in Germany (52 per cent) is above EU27 average (43.7 per cent) which reflects the countries' strong economy. Compared to the leading countries in adult learning participation, participation is clearly lower, but research has suggested that adult learning in Germany was historically crowded out by the already particularly strong IVET system based on the apprenticeship model (Thelen, 2014).

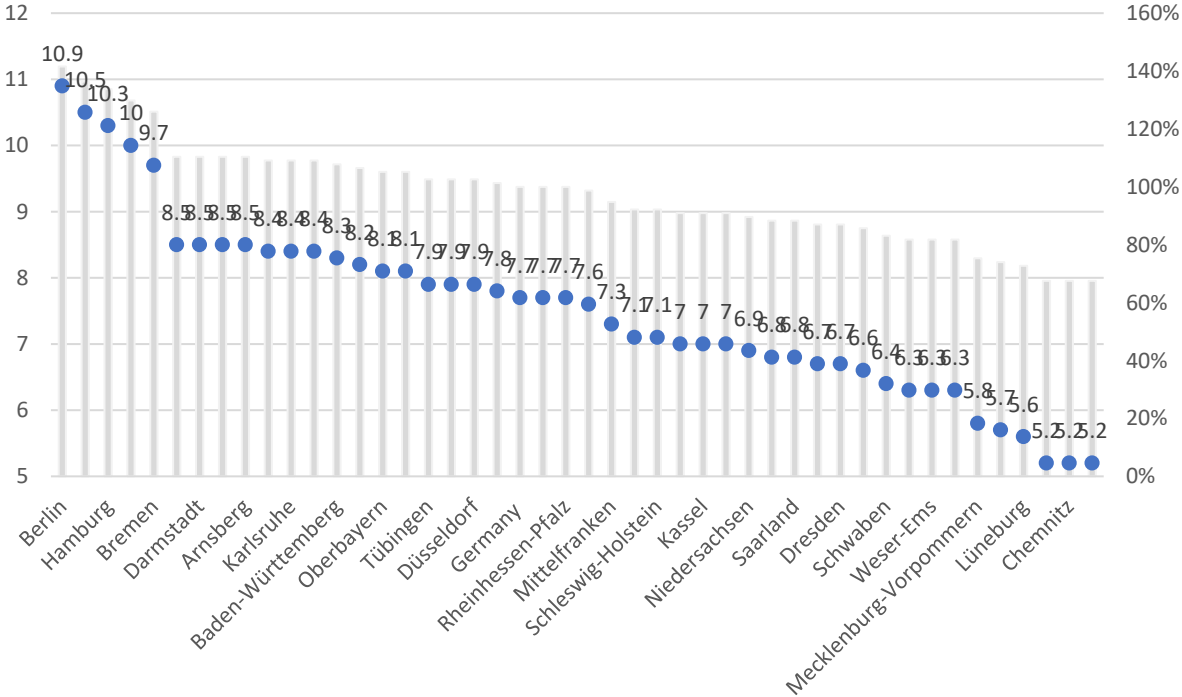
**Figure 2. Participation in adult learning within the past 12 month prior to the survey (German Berichtssystem Weiterbildung (BSW); German Adult Education Survey)**



Source: Own development based on (Bundesministerium für Bildung und Forschung, 2021); for EU AES: trng\_aes\_102 [Version: 08-02-2021]

The Figure 2 presents the levels of participation in adult learning across Germany's federated states, based on the LFS (measuring participation in formal or non-formal adult learning within the four weeks prior to the survey). Participation differs heavily across Germany's different *Länder* (e.g. 10.9 per cent in Berlin versus 5.2 in Sachsen-Anhalt). A detailed analysis of inequalities in participation according to LFS data is provided in the Annex.

**Figure 3. Regional disparities (NUTS2) in participation in adult learning (formal/non-formal) – LFS, 4 weeks prior to the survey – 2021**



Source: Eurostat – TRNG\_LFSE\_04 [version: 15.02.23]

As levels of inequality according to single socio-economic variables do not capture the interaction of determinants of participation, we provide information from a multivariate analysis of the adult education survey (Cedefop, 2015). In a first step, the Table 1 presents a selection of descriptive indicators on the inequality in participation based on the comparable EU AES data (measuring participation in job-related non-formal adult learning 12 months prior to the survey). Referring to these descriptive indicators, in Germany, men (44.3 %) participate only slightly more in adult learning than women (41.1 %). The differences in participation according to educational attainment are below EU-average (ISCED11 0-2 20.1; ISCED11 3-4 39.1; ISCED11 5-8: 59). Participation is highest in the age group 35 to 54 years (25-34: 42; 35-54: 47% 55-64: 34%). Participation of the employed (50.8 percent) is substantially higher than for the unemployed (20.8 percent).

**Table 1. Indicators on inequality in participation in job-related non formal adult learning– AES, 12 months prior to the survey – 2016 – Germany**

Category	Sub-category	Participation	Per centage	Compared to
Sex	men	44,3	7,2%	women
	women	41,1		
Educational Attainment	ISECD11 0-2	20,1	-194%	ISCED 5-8
	ISECD11 3-4	39,1	-51%	ISCED 5-8

Place of Birth	ISECD11 5-8 in the country outside the country	59		in the country
Age	25-34	42		
	35-54	47	11%	25-34
	55-64	34,1	-23%	25-34
Employment	employed	50,8		
	unemployed	20,8	-144,2%	employed
	outside labour force	14,5	-250,3%	employed

Source: Eurostat – TRNG AES 121 [2.12.20]

In a second step, we refer to the multivariate model with controls for gender, age, country of birth, 0-4 year-old children in the household, educational attainment, employment status, occupation, industry, firm-size, and full or part-time work. According to the controls applied, there is no significant difference based on gender. Rather, the strongest predictors are educational attainment (those with higher educational attainment participating more), employment status (the employed participating more), occupation (the already highly qualified participating more), and country of birth (migrants participating less), and to a certain extent age (with the 55-64 year-old being at disadvantage).

This analysis shows – in line with comparable research - that educational attainment and occupation are key sources of inequality in participation in job-related non-formal adult learning. Beyond raising the proportion of adults engaged in self-selected formal adult learning and therefore access independent of the employer, a new instrument as suggested by the Council Recommendation on individual learning accounts can therefore fulfil the role of mitigating these inequalities in participation. Furthermore, a new national-level instrument can mitigate the still existing large inequalities in participation across German regions, each of which have their own support structures for adult learning in place that vary in generosity.

### 3.2. Governance of adult learning

In its broadest understanding, adult learning in Germany encompasses all forms of organised education and training taken up by anyone who has already left initial education, so no age threshold applies. This can include formal and non-formal general adult education (e.g. basic competencies, liberal adult education, second chance programs – *Erwachsenenbildung*, Higher Education for adults), second-chance vocational education and training (*Umschulung*) as well as continuing vocational education and training (*berufliche Weiterbildung*), with the latter often being understood as long, formal CVET related to one's initial vocational education (Higher VET/*Höhere Berufsbildung*) (Hefler and Unterweger, 2023). For IVET graduates, typically, after some years of professional experiences, higher VET (HVET) allows the acquisition of a set of skills deemed essential for accepting managerial positions and for overseeing the insertion of IVET participants into a particular occupation. Typically, the

preparation for and passing the standardised relevant exam is rewarded not only by a specific title (e.g. *Meister*), and specific rights (e.g. business license), but also by an often significant increase in pay, supported also by pay scales within relevant collective agreements (Hall, 2020). Rather long courses (full or part-time) holding a high workload prepare for a standardised examination. Shorter non-formal CVET is addressed as 'adaptive CVET' (*Anpassungsqualifizierung*). 'On-the-job training' (*Anlernen, Training*) is typically not considered and had long not been captured by German statistics.

Responsibilities for governing, providing and financially supporting adult learning in Germany are divided differently across the above-mentioned types of adult learning. For the provision of general formal adult education to adults at any level of education (including Higher Education), the 16 federated states (*Länder*) hold the responsibility as they do for the initial education system. The availability of general formal education to adults varies a lot across the 16 *Länder* (Käpplinger and Reuter, 2020). Joint institutions coordinate formal general education (Kulturministerkonferenz) and IVET (the BIBB). General non-formal adult education as well as non-formal and formal CVET are understood mainly as an activity outside state regulation, with the social partners and civil society organisations playing an important role as providers of adult learning, and the state only more recently acting as a facilitator by providing (co-)funding to individuals, employers and education and training providers. Only the public support for a particular framework of adult education centres (*Volkshochschulen*) is rooted in a long tradition (Olbrich; Siebert and Bundeszentrale für Politische Bildung, 2001).

Public financial support for any forms of adult learning for the employed is the responsibility of the 16 *Länder*. In addition, the central state creates stable frameworks for supporting learners. The Federal Ministry of Education and Research runs the programme for supporting pupils and students in Higher Education (*Bundesausbildungsförderungsgesetz* of 1971, addressed as *BAföG*), initially covering youth and young adults but with recent changes towards broader age groups (see further below). It became the blueprint for later (1996 onwards) comparable frameworks supporting formal CVET for adults (*Aufstiegs-BaföG*, see below). Moreover, the central Federal Ministry of Education and Research runs a continuing series of large-scale project-based frameworks for supporting adult learning, with local organisations applying for the resources, with examples including 'learning regions' (*Lernende Regionen*) (Tippelt, 2009) or 'learning on-the-ground' (*Lernen vor Ort*) (Arbeitsgruppe Lernen vor Ort, 2016).

The Federal Ministry of Labour and Social Affairs and the PES, based on federal law (*Sozialgesetzbuch*), have the legal competences to broadly support adult learning of the unemployed (not only financial but also other services considered in the 'enabling framework'), however, with recent reforms, can also support employees (or their employers). Moreover, the regional implementation of PES policies depend also on the participation of the *Länder* and varies considerably (Heidenreich and Rice, 2016). The communities also have a role in supporting adult learning for vulnerable groups receiving social aid. For migrants and refugees, the key organisation is the Federal Agency for Migration and Refugees (*Bundesamt für Migration und Flüchtlinge*), a subunit of the Federal Ministry for the Interior and Community. This complex distribution of responsibilities across ministries and further also levels of government is reflected in the highly complex landscape of public financial and non-financial

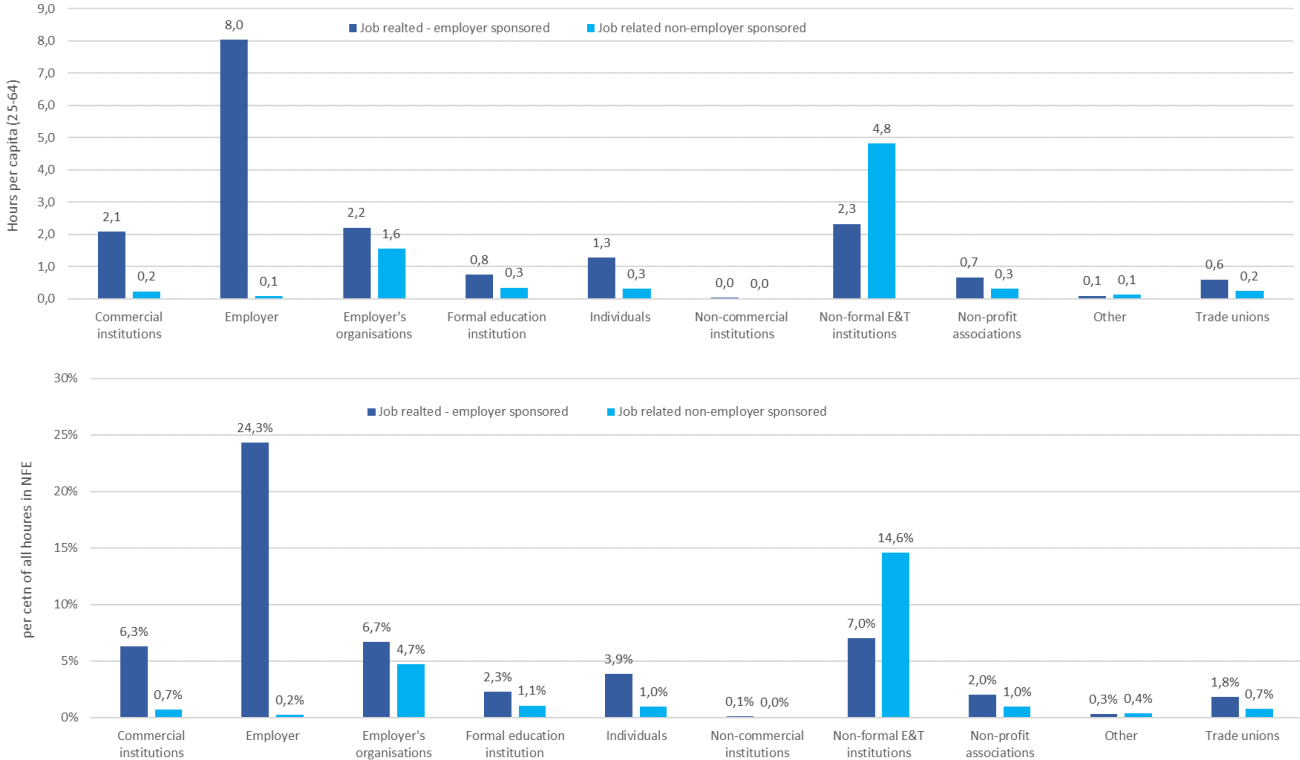
support for adult learning (see further below), with coordination across the government being essential for any small or large-scale reform. An introduction of any new public (co-)funding instruments as an ILA therefore faces substantial coordination challenges. Responsibilities for EU-level initiatives in the area of adult learning can vary between Ministries, with the Council Recommendation on ILAs being processed by both the Federal Ministry of Education and Research and the Federal Ministry of Labour and Social Affairs.

Social partners are involved in commissions and legislative processes concerning adult learning at the national and federated-state level, as well as the regulation of formal adult learning programmes in the area of (second-chance) initial vocational education and training and vocational upskilling (OECD, 2021b). Also in the PES, social partners can exert influence on the design, funding and regional implementation of policy measures (OECD, 2021b).

Apart from the employers for their own employees, non-profit organisations attached to the social partners, the business interest organisations in particular, or organised as independent networks of organisations (e.g. *Volkshochschulen*) are the key providers of adult learning. Their offers are mostly financed by participation fees, for which some public co-funding schemes exist. They provide formal and non-formal general adult education (basic competences, liberal education) and formal and non-formal continuing vocational education and training. These offers are partly also provided by certain public providers run by the Länder (e.g. *Abendgymnasium*, *Berufsfachschule*) and private for-profit providers. Also Germany's strong dual apprenticeship model plays a role in adult learning, adults aged 24 or above constituted 13% of new apprentices in 2019 (BIBB - Bundesinstitut für Berufsbildung, 2021). Higher education and research institutions play a smaller role, offering specialized non-formal training programmes (Faulstich and Oswald, 2010).

The figure 4 represents the distribution of hours in job-related non-formal education and training across different types of providers. Around a quarter of all hours are provided by employers for their employees, followed by non-formal education and training institutions (21.5 %) and organisations belonging to the employers' business interest organisation (with 11.4 %). Commercial institutions, as the providers of tool machineries of software solutions, for which the provision of non-formal training is only a further business activity, are relatively important in providing job-related education. All other types of provider organisations play only a minor role, with the specificity that organisations of the formal education system have a particularly limited role in the provision of non-formal adult learning (for a more detailed discussion, see Cedefop 2023).

**Figure 4. Germany: providers of job-related non-formal education and training (AES 2016)**



NB: Due to partly low number of cases, the figures are only indicative; data on non-job related non-formal adult learning are excluded.

Source: AES – Special Data Extraction by Eurostat on behalf of the European Commission, own calculation

In Germany, statistical information on the teaching staff providing adult learning is limited, however, with more data becoming accessible recently. For 2018, based on the Micro census, it has been estimated that about 270 000 persons work in adult learning, whereof 37.1 % are men and 62.9 % are women, more than 40 % are older than 50, meaning that adult learning is a greying area of work, and 23.6 % of educators have a migrant background ((Martin and Schrader, 2022)). Large fractions of workers in adult learning, in teaching in particular, are known for working under precarious conditions. More than one third of employed work as freelancers. About 40% of all employed earn less than EUR 1 100 per month, which is only partly due to low levels of working hours and mainly an effect of low hourly wages for teaching in at least parts of the sector. For example, the introduction of a national hourly minimum wage in 2020 (EUR 12 per hour in 2022) had been referred to as being particularly important for the adult learning sector (Martin and Schrader, 2022). The current feature of teaching in adult learning as a low wage sector with low levels of social security is understood as a key impediment to higher levels of professionalism and for achieving higher levels of quality in provision (Dobischat; Elias and Rosendahl, 2018; Martin et al., 2016).

### 3.3. Recent policy developments on adult learning

The past years were shaped by high reform activities in the field of adult learning. Based upon a general agreement about the positive societal and economic effects of adult learning (Schrader; Ioannidou and Blossfeld, 2020; Weber et al., 2019), 2019 has marked the launch of a major new policy strategy, the National Further Education Strategy (*Nationale Weiterbildungsstrategie*) (BMAS and BMBF, 2019). The strategy aimed to increase collaboration among the federal government, the PES, the Länder and the social partners in the area of (job-related) adult learning, expanding opportunities for adult learning and presenting certain specific reform proposals to improve the adult learning system. The strategy was depicted as a reaction to the changing world of work and the digital and green transitions and re-emphasized the shared responsibility of the state, employers and individuals in adult learning. It is structured in several specific key priority areas, including increasing transparency of the adult learning offers, closing gaps in financial support, improving lifelong guidance, strengthening the role of social partners in adult learning, improving quality and quality assurance, validation of prior learning, modernizing existing offers, strengthening providers and their personnel and improving skills intelligence.

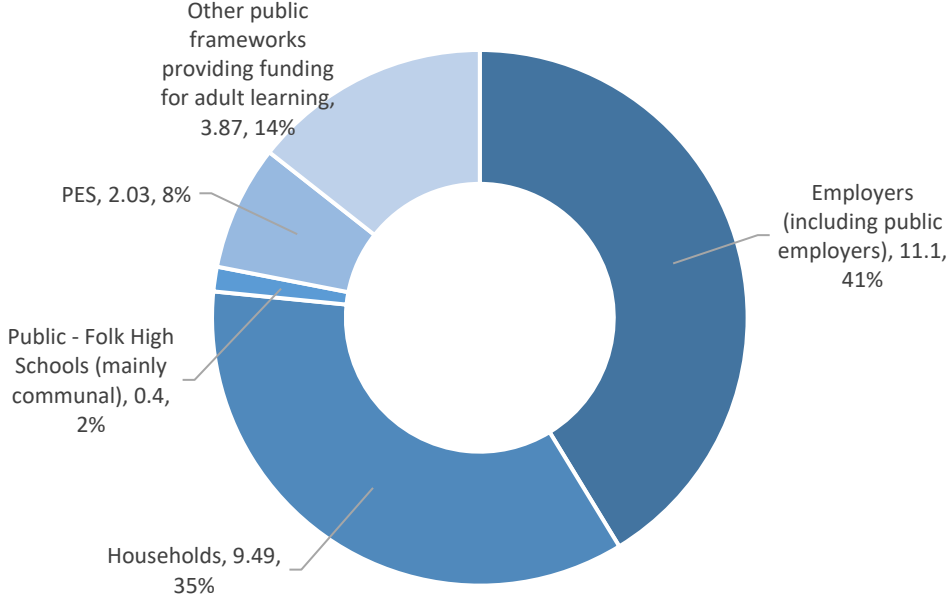
The current German government also includes several reform proposals in adult learning, including, for example, areas such as financial support, validation, measures to increase literacy, basic skills and digital skills, and improving horizontal and vertical governance (SPD; Bündnis 90/Die Grünen and FDP, 2021). The National Further Education Strategy has recently been renewed by the new government, most notably also including general adult learning and potential intersections with continuing vocational training, for example regarding basic skills, transversal skills, digital and green skills, skills to participate in democracy, research-oriented skills, and a reinforced focus on outreach to underrepresented groups and improving conditions for adult learning personal (BMAS and BMBF, 2022). The government interconnectedly released a new Skilled Labour Strategy (*Fachkräftestrategie*), reflecting multiple aspects of the Further Education Strategy (Bundesministerium für Arbeit und Soziales, 2022). Several aspects of the strategies have been taken up by smaller scale project-based frameworks or via legal reforms throughout the past years, including major reforms such as the expansion of the PES' adult learning offers and guidance opportunities for the employed (*Qualifizierungschancengesetz* and the *Arbeit-von-Morgen-Gesetz*) and the recent reform of the unemployment insurance/social assistance system including support for adult learning (*Bürgergeldgesetz*). A published monitoring report shows progress against the strategies goals (BMAS et. al, 2021). Also in some of the Länder, substantial reform activity can be identified in the past few years, with for example Northrhine-Westphalia reforming its further education law (Schöll and Sokolowsky, 2022) and Berlin for the first time introducing a specific adult education law (OECD, 2022). The costs of increasing public support for adult learning, including a potential individual learning account, are also regularly discussed among German policy-makers, as visible in several reform plans in the new government's coalition agreement and further discussed in section 4.4.

# CHAPTER 4. Role of public funding for adult learning in Germany

## 4.1. Role of public funding in adult learning

Estimating the size and sources of funding for adult learning in Germany is a highly contested field with strongly diverging estimates established in the literature. However, there is an agreement that employers in Germany play an important role in funding CVET, that households are equally important (with differences in the assessment depending on the approaches taken) and that public funding is generally limited, only making up a quarter the funding applied and acting in a complementary role.

**Figure 5. Estimation of funding (in billions of Euros) applied to adult learning in Germany, with a break-down by funding sources (2015)**



Source: (Dobischat; Münk and Rosendahl, 2019)

However, the role of public funding in adult learning has also expanded in past decades, with the State (and in particular the Public Employment Service) expanding their activities for the employed and in particular for the unemployed as part of active labour market policies. In the next sections, the role of public demand- and supply-side funding in adult learning is presented in detail.

## 4.2. Role of provider-mediated (supply-side) funding for adult learning

In Germany, supply-side funding approaches in adult learning are confined to specific sectors of the adult learning system. Due to the competences of the *Länder* mentioned above, supply-side support for adult learning has a strong regional component. Second-chance general adult learning as well as vocational education and training for adults and general adult learning measures as literacy and basic skills courses are often provided via supply-side funding mechanisms of the respectively responsible federated-state level Ministries. Such offers are often provided by public schools supply-side funded by the *Länder* (e.g. Abendgymnasium, Berufsfachschule). However, also a wider range of providers, including non-profit organisations attached to social partners, organized as independent networks of providers, or private for-profit providers, in part receive supply-side funding which complements their financial resources next to fee-based provision. Exceptional compared to other types of adult learning institutions is the largely supply-side funded network of a particular type of general adult education institution (Volkshochschulen), which is rooted in a long tradition and dates back to the Weimarer Verfassung of 1919 (Olbrich; Siebert and Bundeszentrale für Politische Bildung, 2001). These institutions provide a wide range of mainly generally oriented courses to adults (language courses, health, culture, but also IT and management, democratic and civic participation, etc.) and can provide their offer at low fees due to the public supply-side funding they receive.

Large variations concerning the respective institutions involved and their range of offers exist between the *Länder*, with modalities of public funding and eligibility of providers and offers being regulated in specific adult learning laws of the federated states and providing generally a flat-rate subsidy for staff and material costs based on the scope of offerings in teaching hours (Lattke and Ioannidou, 2021). Higher resources can often be distributed to providers for courses particularly valuable for societal reasons, and additional subsidies are in part allocated for staff training and innovation projects. Beyond the offers of the *Länder*, active labour market policy programmes of the PES constitute a major part of supply-side funding. The PES usually defines criteria (for providers and/or courses) within their calls (Käpplinger and Reuter, 2017). However, beyond these areas, public financial support for adult learning in Germany is largely provided via demand-side funding instruments.

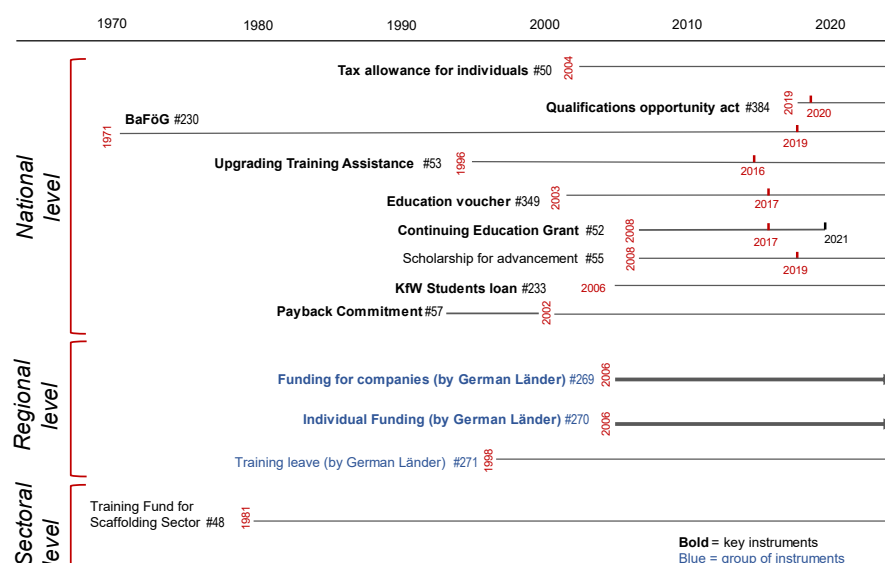
## 4.3. Participant-mediated (demand-side) funding for adult learning

Same as for supply-side funding of adult learning, demand-side support for adult learning has a strong regional component. These offers are supplemented by the Federal Ministry of Education and Research's own support measures. The national-level PES, same as for supply-side support, plays an important role in demand-side funding for the unemployed but also increasingly the employed.

Concerning demand-side support, schemes exist at the national-level mainly targeted to specific groups or particular types of education activities. For adults aiming at returning to formal education and entering an advanced vocational programme (e.g., *Meister* or *Fachwirt* qualifications), the Upgrading Training Assistance constitutes a combined grant and loan scheme for funding both tuition fees and living costs (#53, see section Chapter 6 for details). Consequently, it provides one-off high support (max EUR 15000) for longer training spells. Costs for CVET related to a current job can be deducted from the tax base (#50). Students in formal schooling and in vocational education can profit from a grant, students in higher education can profit from a grant and loan scheme supporting initial education participants (BAföG #230, student loans #233).

Support by the PES, both for the employed and unemployed, is in most cases provided via an education voucher for direct costs, travel costs and childcare during training (#340, *Bildungsgutschein*). Support for a fundamental VET qualification (corresponding an apprenticeship) during adulthood can also be gained via this voucher, as well as the more generous *Zukunftsstarter* initiative for the low-qualified. The PES' support for the employed has been expanded and made more flexible via the Qualification Opportunities Act (#384)- in 2019 and the work-of-tomorrow law (*Arbeit-Von-Morgen Gesetz*) in 2020. The reform of Germany's unemployment insurance/social assistance in 2023 (*Bürgergeldgesetz*) has introduced a top-up grant to the unemployment benefits of additionally EUR 150 a month (further education grant/*Weiterbildungsgeld*) for previously unemployed and/or low-wage earners when they participate in courses for gaining vocational qualifications and EUR 75 a month (*Bürgergeldbonus*) for other vocationally oriented training measures individually recommended by the PES.

**Figure 6. Development of demand-side funding instruments over time**

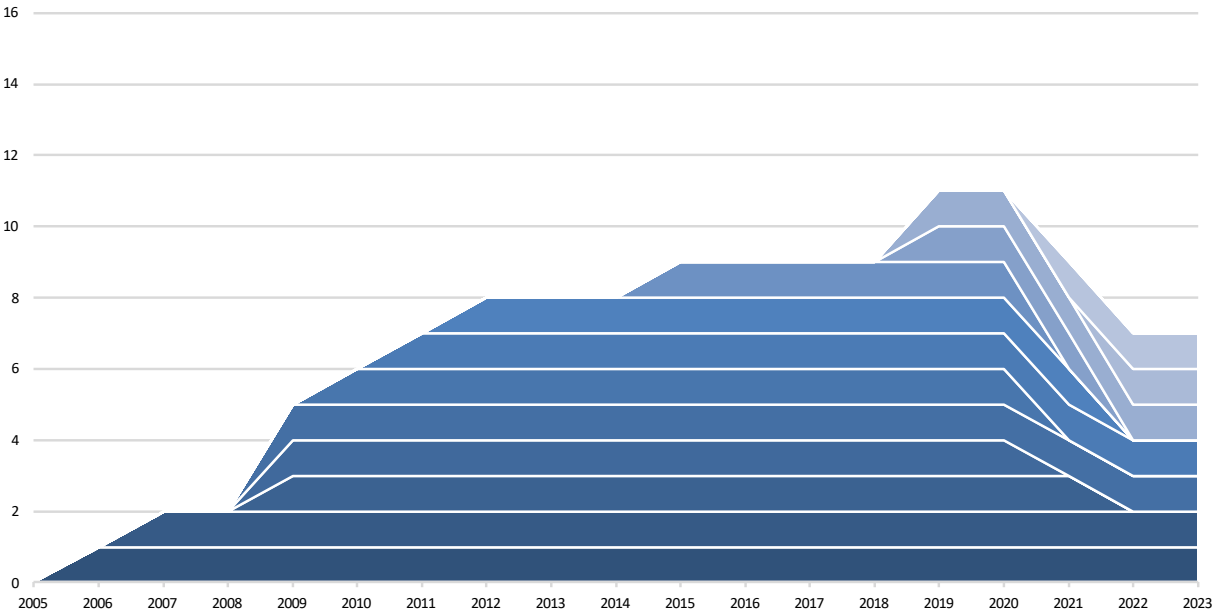


Source: Depiction based on Cedefop's financing adult learning database

Until the end of 2021, low-wage earners could receive contributions to the direct costs of further education (#52), however, the scheme implemented in 2008 has been discontinued with the end of 2021 (*Bildungsprämie*, see box below).

Since 2006, a growing number of *Länder* have provided demand-side grant and voucher schemes to individuals, typically using ESF co-funding and therefore being linked to the ESF program cycle. Northrhine-Westphalia had pioneered vouchers from 2006 onwards, and its scheme is by far the largest one. The early schemes in the *Länder* had been an inspiration for the national level *Bildungsprämie*. During the life-time of the *Bildungsprämie*, the *Länder* schemes partly had to choose different target groups as the combination of support schemes had been seen as violating national law and EU funding regulations. Schemes were partly disrupted at later stages of the ESF funding period, however, are partly being reintroduced in the 2021-2027 funding period. In sum, all but three *Länder*<sup>4</sup> had a voucher scheme providing demand-side support for individuals at some point (see Figure 7), although funding made available was very limited for some schemes. The remaining three *Länder* have been running only the schemes where individuals are supported indirectly via grants provided to their employers. So, while demand-side schemes have some tradition across German *Länder*, there is much of an on-off pattern and in many federated states a reliance on ESF money. Moreover, the available budget is typically defined in advance, with an over or underuse answered by changes in the conditions for using the schemes and their generosity. In 2021, altogether five *Länder* run support schemes for training in enterprises (OECD, 2021a). (#269). There are examples of training funds in a small number of economic sectors (#48).

**Figure 7. Diffusion of federated-state grants and vouchers for individuals offered across the 16 German *Länder* 2006-2023**



Sources: Cedefop compilation based on (Käpplinger; Klein and Haberzeth, 2013), (OECD, 2021a)

<sup>4</sup>Lower Saxony, Mecklenburg-Vorpommern and Saarland.

Companies can receive contributions to their training costs from the PES, including contribution to the wage costs (#384). A means-tested wage replacement is paid in the case of the Upgrading Training Assistance (#53).

**Box 1. Excursion: Continuing Education Grant, expired (Bildungsprämie, 2008-2021)**

The Continuing Education Grant was introduced in 2008 to support working persons who want to further improve their opportunities in their occupations, targeting mainly those that cannot afford training due to low income from gainful work. The Continuing Education Grant supported mainly short spells of non-formal training relevant for the participants professional life - regardless of the current job. It provided up to EUR 500, with a cofunding rate of 50 per cent of fees for courses paid. The scheme could be used (in 2021) every year. It targeted low-wage earners employed for at least 15 hours per week, having an taxable individual income not higher than EUR 20 000 per year, respectively a taxable household income not higher than EUR 40 000 per year.

The scheme was governed by the Federal Ministry of Education and Research and was financed by the national budget and cofunded by the ESF. Over its lifetime (2009-2021), the scheme had been constantly reformed in order to avoid either an overly strong use or an underuse of the earmarked resources, leading to strongly varying pattern of usage (Kantar; f-bb and IAW, 2019). EUR 3 406 962 were spent in 2017, 4 437 620 in 2016, and 7 320 769 in 2015. 8 473 vouchers were used in 2017, 9 664 in 2016 and 13 192 in 2015. The scheme had integrated guidance opportunities. Guidance to access the scheme was provided centrally on the national level by phone or by advisors at the municipal level. An evaluation of the scheme is available. While participants satisfaction levels were high, findings suggested that the scheme mostly reaches those individuals that would most likely also have participated in CVET without the grant (Kantar; f-bb and IAW, 2019).

The Continuing Education Grant has been discontinued in 2021, following critical assessments by the German Federal Court of Auditors regarding the scheme's efficiency (high administrative costs) and limited effectiveness (Deutscher Bundestag, 2019). The new government programme, however, foresees the introduction of new schemes offering support going beyond the level achieved by the Continuing Education Grant (new paid training leave arrangements, Life Chances-BAföG, see section on policy sketches) (SPD; Bündnis 90/Die Grünen and FDP, 2021).

#### 4.4. Conclusion – the space left for a novel type of ILA

The costs of increasing public support for adult learning are regularly discussed among German policy-makers. However, there is a general agreement that public investments supporting participation are - at least in certain cases and to a certain extent - balanced by returns of increased participation in adult learning resulting from such public interventions, as demonstrated by the literature on the positive effects of active labour market policies (Kluve, 2013; Lechner; Miquel and Wunsch, 2011; Weber et al., 2019). The new German government, in office since December 2021, has stated several reform plans in their coalition agreement that align with the ILA Recommendation (SPD; Bündnis 90/Die Grünen and FDP, 2021), thereby filling certain gaps existing in the current system and reemphasizing the positive economic and societal benefits resulting from increased public investments in adult learning (BMAS, 2022; BMAS and BMBF, 2022). Some of these are already in development and/or were already mentioned by the previous National Further Education Strategy that has recently

been renewed by the new government (BMAS and BMBF, 2022). Given the fact that currently only short training leave arrangements are available in the Länder, the government program foresees the introduction of a new, long paid training leave (*Bildungszeit*) for labour-market relevant training based on the Austrian model (*Bildungskarenz*). Complementary to these plans, the Life Chances-BAföG (Lebenschancen-BAföG) is a proposed account-based successor scheme to the recently expired Continuing Education Grant (*Bildungsprämie*, see Box 1), offering support for direct costs of training. Finally, the government programme proposes to reform the Upgrading Training Assistance in a way that formal CVET is completely free of charge for participants, therefore aiming to eliminate still existing financial barriers. These plans are covered in detail in the section on Policy Sketches.

While the ILA recommendation is not necessarily the subject of open political discussions in Germany, nearly all stakeholders interviewed presented the reform activities connected to the Upgrading Training Assistance, the new paid training leave arrangements, and the Life Chances-BAföG as corresponding to the goals of the Council Recommendation on ILAs. In the two *Länder* observed in this case study (North Rhine Westphalia and Berlin), research participants did not expect any *Länder* level initiatives as a reaction to the EU Council Recommendation on ILAs, but federated-state level stakeholders are (as of March 2023) partially involved in the consultation process of abovementioned national-level reforms that are understood as following the goals of the ILA Recommendation. Beyond these very concrete reform discussions connected to the current government programme, research participants also highlighted the scope for more wide-ranging overhauls of the German adult learning system, reducing the complexity of financial and non-financial support structures and introducing and unconditional individual entitlement for support covering all direct and subsistence costs during adult learning. While such a vision might not be realistic in the short-term and is also not considered by the current government, it reflects a long-term discussion in adult learning policy within Germany that is further taken up under the term 'employment insurance' in the section on Policy Sketches.

## CHAPTER 5. Enablers for taking up adult learning ('Enabling framework')

### 5.1. Introduction

The Council Recommendation on ILAs highlights that adult learning participation can be only partially increased by introducing new funding instruments in isolation, as there are much more reasons for non-participation beyond 'financial barriers'. This means that public supply-side funding or demand-side funding instruments alone may not be sufficient to reach the goal of increasing adult learning participation. Consequently, the embeddedness of these funding instruments in the wider adult learning system is of central importance. The existence of services complementary to demand-side and supply-side funding, including career guidance, validation of non-formal and informal learning, training leave, outreach and awareness raising activities as well as a quality assurance framework are often a necessary condition for raising adult learning participation, and are summarized as the "enabling framework" for the purpose of this study. This section describes these complementary arrangements/institutions of the enabling framework that act as favourable conditions for the operation of the countries' main funding instruments. In this chapter, they are studied as a general feature of the current adult learning system of a country. Subsequently, in Chapter 6, they are studied regarding their (potential) integration into a package of policies together with a specific funding instrument, e.g., when a particular information and administrative portal is created to support the access to adult learning via a specifically dedicated instrument (e.g. for the Upgrading Training Assistance).

### 5.2. Digital portal for accessing career information and support

Digital career portals, which are seeing exponential developments in recent years, can provide diverse types of career information that can be used by individual users, and by career guidance providers and can feature information, tools, and features relating to labour market transparency and careers including learning and work opportunities, some with linked free guidance services while some offer fee-based options (e.g., the German Federal employment agency's developing 'online world' self-help platform) (Cedefop, 2018). Online digital platforms providing information relevant for adult learning are widespread in Germany, some counts identify between 56 (Widany et al., 2022) and over 200 (BIBB, 2019) portals. Some of them are national-level portals, some specialise on certain regions, educational sectors or target groups, with some integrating an overview of learning offers (and, as in Berlin, even offers abroad), funding opportunities and career guidance. Validation arrangements are weakly developed in Germany (see section 5.4), the existing portals (if at all) only make references to some of the few established offers (e.g., external examinations in VET), but rarely to existing pilot projects. Portals are run and/or financed either by *Länder*, private companies, non-profit organizations, social partners, educational providers, and the central German government.

One of the most comprehensive portals is the national-level meta-search engine IWWB (InfoWeb Weiterbildung)<sup>5</sup> that scans multiple other, lower-level portals that have implemented a corresponding IT interface. It includes adult learning offers, financial support and career guidance, and is dependent on the lower-level portal regarding inclusion criteria. The development of the portal was financed by the Federal Federal Ministry for Education and Research (2002-2004) and is operated by the Leibniz Institute for Educational Research and Information (financed by the national government and the *Länder*) since 2004. Cooperation with other portals is facilitated by a coordinating body including national government, *Länder*, municipalities and operators of portals. Another very comprehensive portal for formal IVET/CVET offers is run by the PES, named Kursnet<sup>6</sup>. It integrates an overview of learning offers, financial support (PES and other national-level support, e.g. including Upgrading Training Assistance analysed in 6.2) and guidance opportunities. Providers can upload their own information. The PES' tool applies criteria for inclusion (labour market relevance, duration, broad access) that are checked via a quality assurance tool that preselects conspicuous entries that are subsequently checked randomly.

Several current assessments have emphasized that individual actors (e.g. ministries, social and economic partners, *Länder*, etc.) are committed to further developing their own platforms rather than to jointly work on a common national solution (OECD, 2021a). While the development of an integrated national portal is a recurring political goal in Germany (e.g. in the Further Education Strategy launched in 2019 and the new government programme)<sup>7</sup>, Germany's current approach to the development of such a portal still seems to be rather non-conclusive. The PES and the Federal Ministry of Labour are developing a portal particularly for more vocationally oriented continuing education offers (National Online Continuing Education Platform/Nationale Online Weiterbildungsplattform – NOW!) and the Federal Federal Ministry for Education and Research is developing a National Education Platform (BMAS et. al, 2021). Even though the development of the two platforms is presented as complementary in current documents and by interviewees, with the National Education Platform acting as a higher-level meta platform spanning multiple educational levels and sectors, in how far they will be integrated remains to be seen.

Nonetheless, nearly all interviewees perceived the planned implementation of the NOW! portal as beneficial, despite the existence of regionally tailored portals as well as abovementioned meta-platforms. This has been the case as the PES is foreseen to have sufficient and sustainable resources to make the portal user-friendly (in contrast to many of the existing portals), and to allow a central overview of learning opportunities outside of one's own federated state. The platform is foreseen to include information on labour demand according to occupations, information on offered programmes and courses, financial support and career guidance offers available. In how far validation opportunities will be included in the platform remains to be seen, given the still weak development of validation within the German adult learning system.

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<sup>5</sup> <https://www.iwwb.de/kurssuche/startseite.html>

<sup>6</sup> <https://www.arbeitsagentur.de/privatpersonen>

<sup>7</sup> Cedefop had noted earlier developments by the Federal Employment Agency in combining different sites (Cedefop, 2018)

### 5.3. Lifelong guidance/ career guidance

Guidance arrangements for adults in Germany reflect the highly complex and highly decentralized system of adult learning provision, with responsibilities of the 16 *Länder* (Länder) as well as the social partners and the public employment service. The *Länder* are responsible for public education institutions and their guidance offers (from schools to universities, the latter of which also cover adults) (nfb, 2022). *Länder* and municipalities provide guidance (or fund guidance of external providers) both for all adults as well as certain target groups (e.g. migrants/refugees, women, etc). The availability and extent of the right to access career guidance in the *Länder* for the employed vary. For example, up to 9 hours of guidance can be accessed for free in Northrhine-Westphalia (Ministerium für Arbeit, 2022) and up to 3 hours are foreseen in Berlin (i.e. three sessions of 45-60 minutes) (SenIAS, 2023). Overall, since the year 2000, the guidance discussion has developed toward a lifelong guidance (LLG) perspective in Germany following the EU Council Resolutions (2004, 2008) and the establishment of the European lifelong guidance policy network (ELGPN) in 2007 (Weber, 2022), which developed guidelines for systems and policies for lifelong guidance, and Germany was represented in their publication.

In the labour market sector, the most important provider of lifelong guidance is Germany's PES and its local agencies (more than 150) and career information centres<sup>8</sup>. The PES' offers are free of charge for young people as well as adults throughout the country, both for employed and unemployed (Cedefop, 2022). They account for one in three adults who have accessed guidance (OECD, 2021a). Same as *Länder* and municipalities, the PES also funds external providers (e.g. via the instrument of the guidance voucher/*Aktivierungs- und Vermittlungsgutschein*)<sup>9</sup>. While the PES was originally mostly responsible for the unemployed and young individuals, the Skills Development Opportunities Act (Qualifizierungschancengesetz) further expanded the PES responsibilities for guidance towards all employees and is implemented since 2021 (*Berufsberatung im Erwerbsleben – BBiE*). This reform is a strategic shift toward guidance as an important means of supporting people of all ages and in all kinds of employment and life situations throughout life (Weber, 2022). The foreseen extent of guidance provided per individual is rather low (30 minutes are allocated, including time for preparation before and documentation afterwards), which according to common guidance intervention methodologies, provides little space for actual guidance processes versus other career service activities. Complementarity with federated state offers is to be achieved via increased coordination of the PES with local providers. The PES' services are available via a variety of modes of delivery (in presence at the PES local agencies or at the workplace itself, via telephone or video call, etc.).

Due to Germany's complex and decentralized adult learning system, individuals' access to high quality career guidance varied substantially across *Länder* (OECD, 2021a; Weber, 2022) (Cedefop, 2020). There is no common national standard or overarching monitoring and

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<sup>8</sup> <https://www.arbeitsagentur.de/bildung/berufsinformationszentrum-biz>

<sup>9</sup> <https://www.arbeitsagentur.de/arbeitslos-arbeit-finden/aktivierungs-vermittlungsgutschein-avgs>

evaluation system in the domain career guidance for adults<sup>10</sup>. Approaches to standards and quality vary by the federal states and then within guidance providers, settings, and institutions (Kraatz; Rübner and Weber, 2021; Weber, 2022). Nevertheless, activities related to quality assurance, quality development or quality management have been widely established in Germany since the 1990s and are cited as becoming a part of everyday practice (Weber, 2022) and are similar to the approach to QA in adult learning (OECD, 2021a) (Cedefop, 2020).. Certain voluntary quality standards in the field, such as the well-known BeQu quality label developed by the National Guidance Forum, exist and are used though not consistently (Vuorinen and Kettunen, 2021). The extent of successful take up and mainstreaming of such standards is seen by some as limited (Schiersmann, 2022). Germany was represented in the development of the 2015 European Guidelines for policies and systems development for lifelong guidance, which became a voluntary reference framework for EU countries.

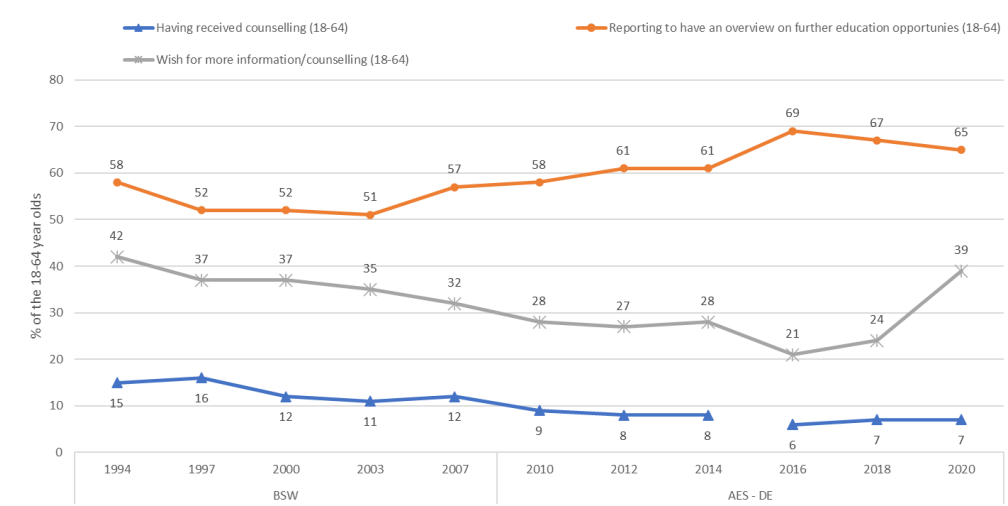
.The lack of monitoring or reporting system, makes it difficult to make general statements on the state of Germany's career guidance system (Schiersmann and Weber, 2017). In the context of the early development of career guidance monitoring and evaluation,. Current data from the German Adult Education Survey shows a growing proportion of individuals having a good overview of adult learning opportunities, but also a growing proportion of those expressing a need for more information and counselling in the first Covid year 2020. Participation of adults in counselling is on the decline in long-term comparison, with the proportion of adults who have accessed face-to-face guidance below EU average in the 2016 data (7.0 % compared to 8.4 % in the EU27 average)<sup>11</sup>. The pandemic necessitated substantial efforts of providers in upgrading their digital infrastructure (nfb, 2022), ultimately being reflected by an increase in the number of participants in digital forms of counselling according to AES data (telephone, internet, email, interactive IT tools), however at the cost of face-to-face counselling (Bilger and Käßplinger, 2022; Weber, 2022). Concerning the expansion of the PES responsibilities towards all employees, assessments of the reform are still ongoing. The documents supporting the law estimated the costs of approximately EUR 46,8 million per year. In general, lifelong guidance has regularly been depicted as one of the most important aspects of the enabling framework by research participants in Germany, while at the same time emphasising the recent leap forward achieved with the introduction of the Skills Development Opportunities Act. According to stakeholder interviews, the visibility of these service in the population is, however, still limited.

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<sup>10</sup> Reasons cited are the complex federal structure, lack of resources and desire among field professionals to approach measurement with caution and a focus on content-related evaluations (Weber, 2022)

<sup>11</sup> See Figure 8.3 in European Commission, EACEA, & Eurydice. (2021). Adult education and training in Europe Building inclusive pathways to skills and qualifications. Eurydice Report. Retrieved from Luxembourg

**Figure 8 Information and counselling – 18- 64 year-olds – long-term trends (1994-2020)**



Source: Based on K pplinger et. al. 2017 and BMBF 2021; Break in time series for counselling in 2016 (change in wording)<sup>12</sup>

It can be stated that Germany’s main instruments providing financial support for adult learning usually include some (mandatory) forms of integrated career guidance provision, see also the discussion of the Upgrading Training Assistance further below. While this potentially can help to increase the effectiveness of funding, some research has emphasized that these mandatory components often lack in quality, and personal preferences for the type of learning to be undertaken, or what career priorities are important for the client, might be less prioritized in the guidance process vis- -vis aspects critical for gaining eligibility for financial support (K pplinger and Maier-Gutheil, 2015).

#### 5.4. Validation of non-formal and informal learning

Overall, validation of non-formal and informal learning in the German VET sector is still not well developed (Ball, 2018; Bertelsmann Stiftung, 2015). In HE, procedures exist to providing credits for competences acquired at work and to grant access to HE without standard entrance qualifications, implemented at the level of HE institutions and therefore with regional variation (Ball, 2018). In VET, individuals with sufficient work experience (150 per cent of work experience foreseen in regular dual programmes) can undertake external final examinations to gain standard VET degrees without formal dual training. However, while legally not necessary, preparation for these exams requires coursework in order to succeed. In 2019, 20 730 participants sat one of these exams, with 19 734 based on their occupational experience. Among the latter, 84,1 % passed and were awarded a qualification (BIBB - Bundesinstitut f r Berufsbildung, 2021). There is a legal entitlement for the recognition of foreign formal qualifications since 2012, also without formal proof (Sommer, 2015), but no similar entitlement exists for skills acquired through non-formal or informal learning in general.

<sup>12</sup> K pplinger, Bernd , Reuter, Martin , & Bilger, Frauke (2017). Bildungsberatung und Transparenz des Bildungsangebots Erwachsener. In Frauke Bilger, Friederike Behringer, Harm Kuper, Josef Schrader, & Deutsches Institut f r Erwachsenenbildung (Eds.), Weiterbildungsverhalten in Deutschland 2016. Ergebnisse des Adult Education Survey (pp. 255-264). Bielefeld: wbv Media. Bundesministerium f r Bildung und Forschung. (2021). Weiterbildungsverhalten in Deutschland 2020 - Ergebnisse des Adult Education Survey – AES-Trendbericht. Retrieved from Berlin: [https://www.bmbf.de/SharedDocs/Publikationen/de/bmbf/1/31690\\_AES-Trendbericht\\_2020.pdf](https://www.bmbf.de/SharedDocs/Publikationen/de/bmbf/1/31690_AES-Trendbericht_2020.pdf)

Overall, there is scepticism to a further development of validation among the central actors of the German skill formation system, in particular the social partners, which partly perceive validation as a weakening of an alternative route to standardised qualifications predominantly earned within the dual apprenticeship system. Furthermore, substantial vertical coordination between national and federated state level actors (including social partners) is necessary to achieve progress. Albeit strengthening validation has been included among the goals of the 2019 Further Education Strategy (*Nationale Weiterbildungsstrategie*) ((ICF and 3s Unternehmensberatung GmbH, 2020), recent progress mostly happens on project-based level. The Federal Federal Ministry of Education implements policy in areas where other actors hold the legal competence, typically by the implementation and funding of large-scale pilot project frameworks, with related projects funded across all 16 *Länder* based on calls. Valikom (2015-2018) and its successor project Valikom-Transfer (2018-2021) constitute the currently most developed approach. For Valikom, the Federal Ministry is cooperating directly with a selection of key responsible bodies for the relevant qualification, that are the regional chambers of commerce.

Current project-based approaches as Valikom are only of marginal quantitative importance as such (595 individuals between 2015-20; (OECD, 2021b)). Consequently, individuals' access to validation of non-formal and informal learning opportunities in Germany is limited. Quality standards in validation of non-formal and informal learning are mostly developed also on a project level that usually take into account the European Guidelines for validating non-formal and informal learning (Ball, 2018), with the revised and updated Guidelines published in 2023 as a collaboration between Cedefop, the European Commission and with extensive stakeholder participation. Costs of validation vary according to the (few) specific schemes available, usually with some forms of public support available<sup>13</sup>. Valikom will remain free of charge for participants until the foreseen end of the pilot project in October 2024 (BIBB, 2022). Nearly all research participants highlighted that validation is the area of the enabling framework which is least developed in Germany. Nonetheless, project-based approaches as ValiKom can be considered as an attempt to attract attention and acceptance to the field of validation and might trigger cooperation between the different involved actors that, in the long-term, might instill progress. Based on the project outcomes, a decision is expected to be made for or against the implementation of ValiKom approach as a permanent feature of the German skill formation system (Wirtherle; Müller-Werth and Reibold, 2021).

## 5.5. Training leave and contributions to subsistence costs/wage replacement

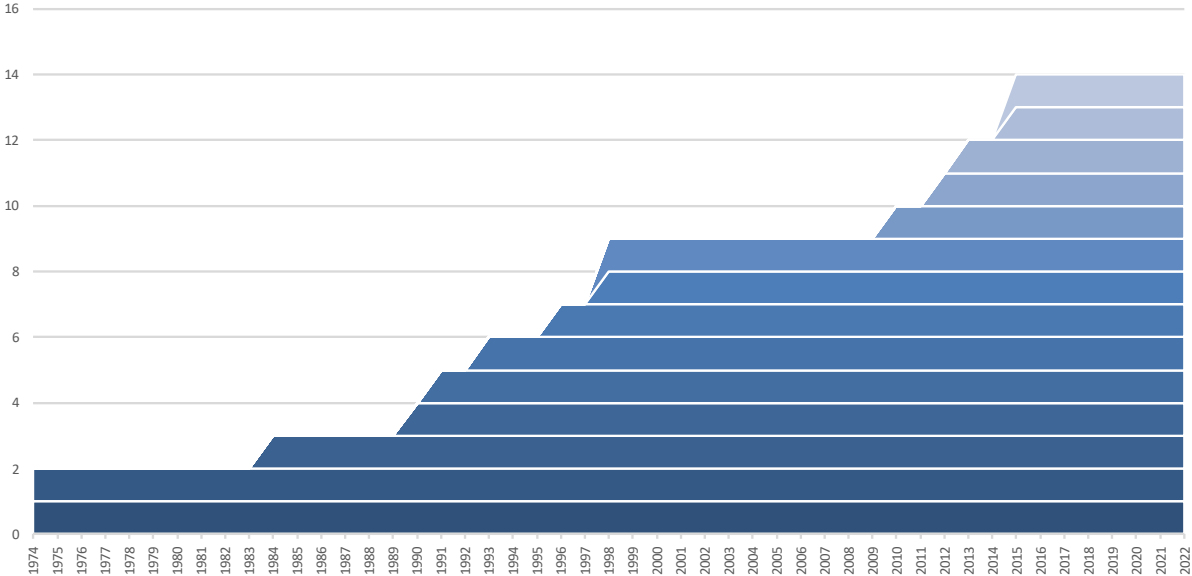
There is no overarching national legislation on training leave in Germany. However, in 14 out of 16 *Länder*, a specific law provides individuals with a right for 5 days of paid training leave each year and partly they can accumulate it over two years (having 10 days at once).

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<sup>13</sup> For example, concerning the external examinations in VET, fees of EUR 200 to EUR 450 (Schöpf, 2015) apply, in addition to preparatory courses and travel costs. Some public support for these preparatory programs is available (e.g. via the PES program 'Zukunftsstarter' taking over direct costs and subsistence costs).

Employers have to cover the wage costs. Some compensation for the employers' costs provided by the Länder (mainly for small organisations) is only available in Hessen, Lower Saxony and Rhineland-Palatinate (OECD, 2021a). Names for the short training leave differ and include *Bildungszeit*, *Bildungsfreistellung* or *Bildungsurlaub*. Access and generosity to training leave varies across *Länder*, with only Bavaria and Saxony offering no training leave arrangements (DGB Bildungswerk, 2015). It is important to state that paid training leave is not linked in any way to support for the course fees, which needs to be paid by the employee him/herself (or other available funding instruments for direct costs).

**Figure 9 Implementation of paid training leave across the 16 German Länder over time**



Sources: Cedefop based on (OECD, 2021a)

Training leave legislation started in 1974 upon pressure of the labour unions and responding to the ILO “C140 - Paid Educational Leave Convention” ratified by Germany in 1976 (Heidemann, 2021; Siebert, 2015). However, implementation of training leave entitlement has taken much time in the majority of Länder (see Figure 9). Most recently, in 2015, the *Länder* of Baden-Württemberg and Thüringen implemented training leave legislation (Heidemann, 2021). Type of adult learning eligible for training leave vary across Länder; beyond job-related course work, courses related to civic education (*Politische Bildung*) and volunteering (*Ehrenamt*) are supported. Nevertheless, it is important to highlight that substantial administrative efforts are required to clarify on a case-to-case base whether or not an employee is entitled to request paid training leave from the employer.

Limited data is available on the use of paid training schemes across Länder, however, existing evidence suggests a very low level of use, with between 0,1% and 3% of employees making use of their rights (Heidemann, 2021) via the foreseen mechanism. It is important to note that employers might accept days off for eligible course work for the employees without an activation of the relevant bureaucratic mechanism, which might work as something like a default mechanism in case that employers and employees disagree about whether a course should qualify for paid leave – only then the formal assessment that the training leave is indeed

a right in the specific case would be required. Statistics based on the administrative procedures might therefore underestimate the overall effect of the paid training leave legislation on the individual participation in the eligible forms of adult learning (Rüter, 2021).

Germany's short training leave arrangements have not been considered a priority among research participants, although some concerns raised include the observation that the right is used only by a tiny majority, with employer reluctance and the low visibility of the scheme assumed to explaining this. Indeed, implementation of training leave legislation in the *Länder* has had at best minor positive effects for increasing participation in adult learning (Pfeiffer et al., 2019; Siebert, 2015). The instrument might not be very well-known, a study in Baden-Württemberg has found that only one third of eligible individuals were aware of their newly established right for training leave (Pfeiffer et al., 2019). For the novel leave (2015) in the same country, no positive effects on participation were found (Rüter, 2021). AES (2016) data suggests that on average around 7 per cent of those participating in adult learning have used some form of training leave (federated-state or sectoral/collective bargaining regulations) to participate (Bilger et al., 2019; Heidemann, 2021).

There exists no right for a longer training leave in Germany, not even unpaid. However, other instruments exist that have integrated support for covering subsistence costs for longer spells of adult learning and which are not connected to the *Länder's* short training leave legislation. In the Upgrading Training Assistance for formal CVET courses (see section below), support for covering subsistence costs is inbuilt. The Zukunftsstarter program run by the PES supports 25- to 35-year-olds in completing a VET degree by covering not only training costs but also subsistence costs including travel, accommodation and childcare (135 000 beneficiaries from 2016 to 2020)<sup>14</sup>. The Qualifications Opportunities Act (see previous section on guidance) also introduced new public co-funding opportunities covering not only direct costs of training but also partially subsistence costs, in particular for low qualified and those affected by technological change. Furthermore, in some collective bargaining agreements, regulations on training leave exist, often with regional/sectoral variation<sup>15</sup>. For example, in the metal industry, (part-time) training leave can be taken up to 7 years upon agreement by the employer and the employee (IG Metall, 2015)<sup>16</sup>. Among research participants, some regarded the lack of support (for subsistence costs) during longer spells of adult learning still as one major weakness of the German adult learning system, which currently offers such support only for certain target groups and/or specific sectors of adult learning (e.g. formal CVET) or upon initiative of the employer. Albeit research participants controversially discussed the topic of training leave for extended spells of adult learning, some considered the currently planned national-level paid training leave legislation as a major leap forward (see also section on Policy Sketches further below).

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<sup>14</sup> <https://www.arbeitsagentur.de/presse/2022-04-initiative-zukunftsstarter-wird-fortgesetzt>

<sup>15</sup> Bargaining partners are the respectively responsible sectoral employer associations of a specific region (bargaining area). Regions where the respective sector is particularly important conclude a pilot agreement which is usually transferred (with some adjustments) to the other bargaining areas of Germany.

<sup>16</sup> In case of refusal by the employer, in large companies, a company-level commission consisting of employer and employee representatives can take the final decision.

## 5.6. Outreach and awareness raising activities

In Germany, adult learning initiatives are often accompanied by at least some forms of awareness raising or outreach activities, which however vary according to the respective scheme in question. Practically all schemes have some sort of web-presence (e.g. at least a website), often also including social media accounts. For example, the now discontinued Continuing Education Grant used social media profiles (Facebook, Youtube) to distribute “success stories” of beneficiaries. Furthermore, learning providers usually also actively promote public co-funding opportunities on their websites. Also “offline” awareness-raising activities are often carried out. For example, both on the national- and federated-state level, the Upgrading Training Assistance has been broadly promoted, with for example Hamburg using large-scale billboards to promote the offer. Similar awareness-raising activities are carried out by the PES for its own measures. In the governance of some schemes (as in the case of the Upgrading Training Assistance and the ValiKom project), also social partner institutions are involved (e.g. the chambers), who in part reach out to their members (e.g. firms) to attract participants.

Furthermore, a wide variety of specialised (networks of) organisations exists in the German *Länder* that aim to facilitate participation of different social groups. These for example aim at women (Landesprogramm Kontaktstelle Frau und Beruf – Berlin), third country nationals (in particular refugees and asylum seekers, see Fluchtort Hamburg 5.0), parents and re-entrants on the job market (Worklife – Hamburg), skilled workers and new residents (Fachkraft im Fokus – Stuttgart). Such networks usually have multiple external partners, (e.g. PES, the chambers of industry and crafts, companies, learning providers, NGOs). They are often financed via project-based national or regional-level funding (and partly co-financed via the ESF), for example the programmes “WE – networks integrating refugees into the regional labour market” and “IQ – integration through qualification” led by the Federal Ministry for Labour. Also the PES and its local offices are an important facilitator of outreach, its services show a high degree of specialisation towards specific target groups (with particular and highly specialised teams for groups as skilled workers from abroad, refugees, severely disabled academics, and many more) (Hutterer; Kurianowski and Schorp, 2022).

Among the interview partners, in particular measures reaching out to individuals within the setting of their workplace have been emphasized as best-practice examples for outreach. For example, various funding schemes can be accessed by companies (e.g. the education cheque Northrhine-Westphalia, see section 6.3), and regional public actors often actively promote these possibilities among local companies (e.g. the regional agencies in Northrhine-Westphalia in case of the education cheque, centres of the PES, etc.). A frequently emphasized best-practice example is the training mentor programme (WeiterbildungsmentorInnen)<sup>17</sup> included in the Further Education Strategy, financed by Federal Ministry for Education and Research and implemented by several labour unions in the metal, services, food & tourism, mining, chemicals and energy sectors (IG metal, verdi, NGG, IG BCE) (BMAS et. al, 2021). While implemented by labour unions, also employer associations have partially voiced their support for the scheme. The renewed Further Education Strategy

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<sup>17</sup> <https://verdi-mendi.net/>

has reemphasized the importance of the programme, with a decision on a permanent implementation to be made based upon the results of a current evaluation (BMAS and BMBF, 2022). However, despite the variety of approaches used, multiple interview partners identified outreach as one of the weaker aspects of the German adult learning system. This is reflected in the uptake of various support schemes that are mostly used by already well-educated individuals, while groups most in need of training are usually underserved.

## 5.7. Quality assurance framework for adult learning provision

Concerning learning offers, the highly complex provider structure and distribution of responsibilities across different actors leads to a variety of different quality assurance concepts and quality labels. No overarching system for quality assurance of adult learning provision exists in Germany, making general statements across the whole of Germany difficult. Usually, providers apply their own internal quality standards, and public organisations funding external providers (e.g. the PES, *Länder*, the Federal Ministry of Education and Research) usually define their own requirements (for providers and/or courses) within their calls and eligibility criteria of demand-side instruments (Käpplinger and Reuter, 2017), leading to substantial variations. A prominent example is the AZAV requirements (Akkreditierungs- und Zulassungsverordnung – Arbeitsförderung) applied by the PES for providers and courses based upon a series of factors such as labour market relevance. A variety of private accreditation companies grant quality labels that are based on these requirements of public organisations. In total, around 50 per cent of all adult learning providers in Germany used such externally certified quality labels (Ambos et al., 2017). It has been suggested that there is a lack of evaluations on the benefits of the various quality assurance approaches in Germany for the learners (Käpplinger and Reuter, 2017). Furthermore, research participants emphasized that some current approaches, in particular the widespread AZAV requirements, mostly favour low costs over high-quality provision.

# CHAPTER 6. Exploration of the implementation of public funding instruments against the backdrop of the goals set by the ILA Recommendation

## 6.1. Introduction

The EU Council Recommendation on ILAs understands individual learning accounts as a specific form of an individual training entitlement which should contribute to making the individual right for deliberately choosing and accessing adult learning/training (as long as labour-market relevant) at any point in across the life course a reality, irrespective of an adults' socio-economic background (European Commission, 2021b). The Council Recommendation acknowledges that any new instrument should “complement other measures already in place” and should be implemented by Member States “in accordance with their national needs and circumstances”. This implies that functions of an ILA as defined in the Council Recommendation can also be fulfilled by pre-existing instruments alternative to the specific set-up proposed in the Council Recommendation<sup>18</sup>. Consequently, in this section, we ask if/to what extent the selected existing financial instruments in Germany cover ILA functions (as defined in the analytical framework). Furthermore, we explore which key services and measures of the “enabling framework” (see previous section) are available and linked/integrated into the respective funding instruments so that they can effectively empower adults to participate in adult learning, as proposed by the Council Recommendation. These dynamics will be first observed using the example of the main demand-side funding instrument for the employed in Germany, the Upgrading Training Assistance (Ambos; Koschek and Martin, 2016). Subsequently, the sub-national implementation of the Upgrading Training Assistance and its interplay with the funding arrangements and enabling framework of two *Länder* - North-Rhine Westphalia and Berlin - will be analysed.

## 6.2. Upgrading Training Assistance – *Aufstiegs-BAföG*

The Upgrading Training Assistance (*Aufstieg-BAföG* according to *Aufstiegsfortbildungsförderungsgesetz AFBG*) is the most important demand-side funding instrument for adult learning targeting mainly the employed (Ambos; Koschek and Martin, 2016). It financially supports the completion of formal CVET, previously called upgrading qualifications (*Aufstiegsqualifizierungen*) and recently (2020) rebranded as Higher VET (*Höhere Berufsbildung*). These are long spells of adult learning requiring previous professional experience and a related IVET qualification. They are a hallmark of the German VET system

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<sup>18</sup> An “individual learning account is a delivery mode of individual training entitlements. It is a personal account that allows individuals to accumulate and preserve their entitlements over time” (European Commission, 2021b).

(Hefler and Markowitsch, 2012) and typically rewarded with a specific title (e.g. *Meister*), specific rights (e.g. business license), and also with an often significant increase in pay as defined in collective agreements (see section 3.2 for details). It seems not surprising that the most significant public support measure for funding CVET of the employed is devoted to this closely circumscribed range of CVET activities, given that they need to be regarded as being at the heart of German VET system (adding to the legacy of its apprenticeship system). Thereby, the gradual expansion of the Upgrading Training Assistance in past decades also illustrates the slowly shifting overall role of public financial support for adult learning, which was long seen as within the private domain, and with the state only playing a complementary role<sup>19</sup>.

Formal CVET, respectively the preparation courses for the exams, is fee-taking, with variations according to the specific programme and reflecting the number of teaching units covered, ultimately reaching up to EUR 15 000 and more (Weiß, 2014). Financial assistance via the Upgrading Training Assistance has been introduced in 1996 (modelled according to the support available for students in higher education since 1971). The combined grant and low-interest loan provides high one-off support for longer training spells, re-use is possible on specific grounds that is if training builds upon qualifications previously acquired via the scheme (iwwb.de, 2023). The scheme is financed by the central government (78%) and the *Länder* (22%). Normally, all those with a completed German VET degree are eligible (although only for programmes related to their specific VET degree). Participants receive a grant towards the cost of training irrespective of their income and assets (currently 50% of the direct training costs), with the remaining 50 percent of direct costs being covered by the loan-based component (up to in total 15 000 EUR). Participants in full-time (but not part-time) measures also receive a means-tested contribution to cover living costs (up to EUR 963 per month for a single person), with potential top-up payments depending on ones' spouse's income, the number of children, and for single parents. Additional income during full-time participation in the course above EUR 520 (for a single person) reduces the support for living costs, as well as wealth above the threshold of EUR 45 000. In sum, contributions towards living costs are fully covered by the grant-based component but support for participation and examination fees includes a loan-based part. The latter is partially cleared (50 per cent of the loan) from public sources if participants pass the final examination and fully cleared when participants become self-employed based on the earned certificate within three years after having finished the preparation course. In most of the *Länder*, complementary schemes exist that offer additional financial benefits for Higher VET (e.g. EUR 1000-4000, often only upon passed exam).

While through the loan-based component, individuals contribute to the costs of formal CVET, employers typically do not cover the costs, yet, (have to) reward the acquired qualification (via higher wages). If they contribute to the costs, however, support via the Upgrading Training Assistance will be reduced/suspended (contributions of the employer are regarded as detrimental to public support, as reflected by the term *förderschädlich*, which is a key concept within providing public support to beneficiaries in Germany). Since its initial introduction, the Upgrading Training Assistance was frequently reformed and made more

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<sup>19</sup> This tradition is still entrenched in the specific design of the Upgrading Training Assistance that necessitates co-funding by individuals (see further below).

generous, echoing the overall gradual expansion of financial support for adult learning in Germany. Most recently, the public contributions towards direct training costs (the fees for the preparation courses and the fees for the examination) were increased from 40 to 50 percent, and the means-tested contribution to the living expenses were transformed from a loan to a grant, which is to be considered a significant step. Moreover, the loans-based part for direct costs has been taken over by the state for those participants that become self-employed after the training (BIBB, 2021). The government expected additional costs implied by these extensions account for roughly EUR 350 Million (Gillmann, 2020). In total, EUR 694 Million were made accessible via the scheme in 2019 (BIBB, 2021).

At the national level, the Federal Ministry of Education and Research is responsible for the Upgrading Training Assistance and its legal framework. The *Länder* are responsible for on-the-ground implementation, including the provision of guidance and administrative processes connected to application and payment (resulting in substantial paperwork for both individuals and public administration). However, these sub-national arrangements vary substantially across *Länder*, with a variety of federated state ministries, district departments and partially even Chambers involved in delivering the Upgrading Training Assistance (see sections on NRW and Berlin below). Reflecting the broader system of social partnership in Germany's skill formation system, representatives of social partner were and are also involved in the inception and reform of the instrument. Furthermore, regulations on formal CVET are shaped – echoing patterns established for the apprenticeship system in IVET – by the articulated interest of organised business and labour. Social partners often unanimously welcomed reforms of the scheme that made it more generous (Gillmann, 2020). This broad support reflects social partners' strong preferences to keep the German IVET and CVET system competitive vis-à-vis other forms of education and training, given their strong role in VET governance.

In terms of components of its 'enabling framework', guidance by the PES and career guidance offered by federated-state level stakeholders usually also refer to financial support instruments where relevant to the needs of the client of other providers, including the Upgrading Training Assistance. Specific information and guidance attached to this scheme is available too and is offered by *Länder* and social partners (with large variations of responsible actors across the *Länder*, but usually including at least phone counselling and/or advice offered by email). An online overview of these options is available on the website of the scheme<sup>20</sup>. Only offers of education and training providers that can prove the application of a recognized quality management system (see section on Quality Assurance) are eligible. Validation of prior learning is not a component of formal CVET and therefore plays no role for the scheme, but in general, for accessing CVET, IVET degrees based upon external examinations can be used. National and federated-state level portals usually include formal CVET opportunities. Training leave long enough to enable participation in formal CVET does not exist (apart for isolated exceptions in some collective agreements), as federated-state level training leaves are too short to cover the courses. The instrument is widely known among the population, and training providers actively advertise this co-funding opportunity, contributing towards outreach (Pfeiffer et al., 2019). Furthermore, on- and offline information campaigns are or were carried out by

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<sup>20</sup> [https://www.aufstiegs-bafoeg.de/aufstiegsbafoeg/de/ihr-weg-zur-foerderung/persoенliche-unterstuetzung-vor-ort/persoенliche-unterstuetzung-vor-ort\\_node.html](https://www.aufstiegs-bafoeg.de/aufstiegsbafoeg/de/ihr-weg-zur-foerderung/persoенliche-unterstuetzung-vor-ort/persoенliche-unterstuetzung-vor-ort_node.html)

*Länder* as well as on the national-level, including for example billboards<sup>21</sup> and a social media presence.

In sum, albeit via a different institutional set-up, several of the instruments' features broadly align with the goals of the Council Recommendation on individual learning accounts. The level of financial support offered (including direct and living costs) already exceeds of what might become available by the accumulation of yearly entitlements over time<sup>22</sup>. Social partners have a strong position shaping formal CVET content. Support is based on stable funding sources based on a long-standing agreement between the central government and the *Länder*, including cost-sharing between individuals and the state, and is independent of the employment status - no agreement with an employer is required, albeit no right for longer training leave exits. However, the importance of formal CVET for the German system notwithstanding, the subsidy only supports a restricted fraction of CVET opportunities, involving about 190 000 subsidized adults in 2021 (see Figure 10 below)<sup>23</sup>, and only adults having a relevant initial education (typically one specific form of apprenticeship for one Higher VET offer) can make use of the subsidy to choose among a strictly limited number of options available to them. Components forming the 'enabling framework' are at least broadly in place.

Concerning the scheme's broader strengths and weaknesses, due to Higher VET's high costs (up to EUR 15 000), the Upgrading Training Assistance contributes effectively to making these programs accessible to adults with lower levels of gainful income. Higher VET provides more practically talented individuals access to qualifications on NQF levels 5 and above, with former apprentices climbing into the ranks of the middle or even top management (Hefler and Markowitsch, 2012; Maurice; Sellier and Silvestre, 1986). Over half of all individuals in formal CVET receive the Upgrading Training Assistance, which is considered as substantial (Pfeiffer et al., 2019). From 2018 to 2019, total offered contributions increased by 4.2 percent, accounting for 294.458 million in grants and 399.419 million in loans in 2019 (BIBB, 2021). Nonetheless, the steadily increasing uptake of the scheme (see Figure 10 below) is not accompanied by an equally strong increase in the uptake of formal CVET/Higher VET and could at best slow down the long-term downward trend of participation in formal CVET, which has declined continuously since the 1990s (Destatis, 2007, 2011, 2020).

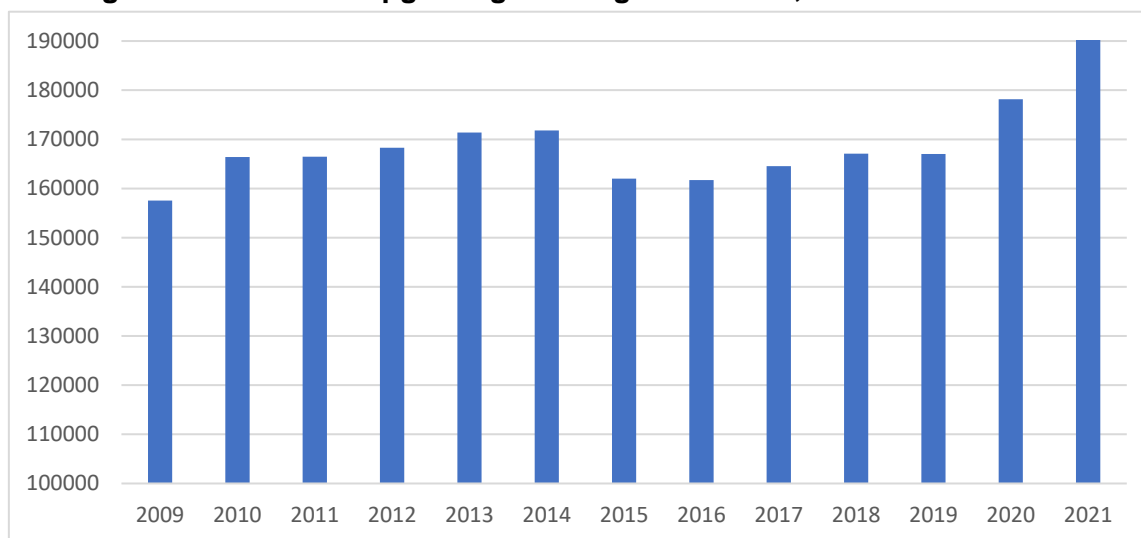
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<sup>21</sup> See for example large-scale murals on apartment buildings in Hamburg. <https://www.aufstiegsbafoeg.de/aufstiegsbafoeg/de/willkommen-im-br/aufstiegs-blog/wissenswertes/aufstiegs-bafoeg-als-fassadenkunst.html>

<sup>22</sup> As assumed in the ILA impact assessment study (450 EUR a year, over 10 years) (European Commission, 2021a)

<sup>23</sup> However, given their high workload, they represent a significant share of all course hours, marking the majority of adult's individual investment in CVET (beyond employer-provided training and CVET provided by the PES to the unemployed). 11 per cent of 23 to 64 year old dual VET graduates have joined upgrading CVET in 2009 (Thomas, 2013; Virdia and Schindler, 2019). Over the life course, based on the panel data (with a retrospective account of information on participation in formal education) the participation in formal CVET is represented in a more meaningful way: for a representative sample of the 30-60 year olds (born between 1944 and 1986), the life-time participation rate (although based on a broader range of educational activities included) was estimated to be 37.6 %, with much higher rates of participation for the younger cohorts (Kruppe and Trepesch, 2017).

**Figure 10 Access to Upgrading Training Assistance, 2009-2021**



Source: Autors' based on Destatis, 2021.

Furthermore, the current level of private contribution respectively the still existing loan-based component can still constitute a barrier for adults in non-favourable economic conditions to take the financial risk still involved in making the investment. Beyond the costs of participation and the considerable efforts required for successfully preparing for sitting the exam, multiple stakeholders have emphasized that, for applying for the scheme, the administrative burden on the side of participants is considerably high, constituting a barrier to using the financial support and to participation in general. Since 2016, the *Länder* are obliged to enable digital applications. However, all *Länder* still apply their own administrative schemes requiring high-workload on side of applicants and with procedures and responsible stakeholders varying substantially between federated states (see sections on North-Rhine Westphalia and Berlin below). No in-depth evaluation of the effects of the scheme, respectively its recent extensions, on the uptake of formal CVET and the social composition of participants and graduates is available, even though multiple consulted stakeholders have emphasized the importance of the scheme and the need for evaluations thereof. Further reforms to tackle part of these weaknesses are envisioned in the current government programme. Outlined reforms for example envision the aim to further decrease the level of the required co-financing by the beneficiary (loan-based component) and are discussed in detail in the section on Policy Sketches.

### 6.3. Integrated support via the education cheque in North-Rhine Westphalia (*Bildungsscheck*)

Before the recent expansion of the PES' activities and the introduction of the (now discontinued) national-level Continuing education grant (see section 4.3), public financial support for any forms of adult learning for the employed has been taken over mostly by the 16 *Länder*, albeit with great variations in the availability of support. Until recently, many of the German *Länder* have run voucher schemes supporting mostly shorter, non-formal spells of

education and training, co-funded by the ESF, thereby complementing PES offers for the unemployed and national-level support for longer, formal CVET. These dynamics are illustrated in this section using the example of North-Rhine Westphalia and more specifically its education cheque (*Bildungsscheck*), the most important and oldest voucher scheme at *Länder*-level, constituting a main demand-side instrument for facilitating participation in adult learning in the federated state. While many voucher schemes in the other *Länder* were discontinued after the end of the respective ESF funding cycle, North-Rhine Westphalia (NRW) has sustained its education cheque scheme until today.

In North-Rhine Westphalia, national-level instruments implemented by the PES and the Federal Ministry of Education and Research<sup>24</sup> are complemented by the federated-state level instruments implemented by the Ministry of Labour of North-Rhine Westphalia (as the education cheque) and the Ministry of Culture and Science of North-Rhine Westphalia (in particular paid training leave legislation). With regards to instruments at national level, the Ministry of Schools and Education of North-Rhine Westphalia is responsible for coordinating the implementation of the Upgrading Training Assistance in federated state. More specifically, the district government of Cologne as well as the chambers of industry and crafts are in charge of administrating applications<sup>25</sup>. Uptake of the Upgrading Training Assistance is slightly lower compared to other *Länder* (0.28 participants per 100 employees, in contrast to the German average of 0.38) (Cordes; Yelubayeva and Baumann, 2020). With 1.19 participants per 100 employees, uptake of national-level offers of the PES are roughly around the German average of 1.1 participants (compared to the German average of 1.1 participants)

The education cheque in North-Rhine Westphalia was implemented in 2006 to promote the participation of employees in continuing vocational training, in particular in SMEs. The voucher covers up to 50 per cent of the fees (up to a maximum of EUR 500) of education and training if no other financial support for direct costs is available at the national or federated-state level for the respective activity (e.g. Upgrading Training Assistance). The amount is transferred directly to the educational provider. The voucher is provided after application only and can be accessed by individuals as well as employers. A disruption or moratorium of the scheme, as happened in other federated states, is not planned or expected, according to the interviewed experts. For adjusting demand with the earmarked budget, there is a practice to modify eligibility criteria so that there is no risk of exceeding the budget prematurely. Employers with less than 50 employees and employees with an annual taxable income below EUR 40 000 can apply for the grant, funded from the NRW budget.

Eligibility criteria of the education voucher have been the object of constant adaptations. In 2022, the scheme has also been made accessible to individuals below an annual taxable income of EUR 20 000, who were not eligible before, as they could previously apply for the national continuing education grant (*Bildungsprämie*) disrupted in 2021 (see Box 1). At the same time, the threshold for employers eligible has been reduced from those with less than

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<sup>24</sup> Uptake of national-level measures in North-Rhine Westphalia is close to the German average across federal-states (Cordes; Yelubayeva and Baumann, 2020).

<sup>25</sup> [https://www.bezreg-koeln.nrw.de/brk\\_internet/leistungen/abteilung04/49/meister/index.html](https://www.bezreg-koeln.nrw.de/brk_internet/leistungen/abteilung04/49/meister/index.html)  
[https://www.aufstiegs-bafoeg.de/aufstiegsbafoeg/de/ihr-weg-zur-foerderung/persoенliche-unterstuetzung-vor-ort/persoенliche-unterstuetzung-vor-ort\\_node.html](https://www.aufstiegs-bafoeg.de/aufstiegsbafoeg/de/ihr-weg-zur-foerderung/persoенliche-unterstuetzung-vor-ort/persoенliche-unterstuetzung-vor-ort_node.html)

250 employees to those with less than 50 employees<sup>26</sup> (following the results of the recent evaluation, see below). In principle, re-use is possible each calendar year. For funding of the grant, ESF money has been used since 2006 over consecutive ESF funding periods. From 2006 until 2021, a total budget of EUR 221 million was spent on the scheme, accounting for 752 000 issued education cheques, out of which 42 per cent were issued directly to individuals, (Eichener; Muth and Worthmann, 2021). Due to the Covid-19 pandemic, guidance was also offered remotely.

In general, research participants considered the scheme to be well-known among the population and easily accessible. However, a recent evaluation shows that the scheme (not different from other financial schemes supporting adult learning in Germany) had difficulties to reach adults with a low level of formal educational attainment (Eichener; Muth and Worthmann, 2021). Noteworthy is the high uptake among women, which is related to the economic sectors participants mostly work in (in particular health, social, education). Atypical workers and migrants are underrepresented. In the evaluation (individual access), 67 per cent of participants indicated that they would have also participated in training without the education voucher programme. The evaluation proposed to further target the instrument at individuals with low income and SMEs (e.g. by means of improving outreach), which was subsequently implemented with the abovementioned reform of the eligibility criteria. Similar assessment also holds for companies accessing the scheme. In a survey amongst participating companies, 75 per cent indicated that they would have also financed training of their employees without the voucher programme - in particular larger companies (between 50 and 249 employees) (Mielenz and Feldens, 2021). The evaluation also proposed to increase outreach and guidance for companies particularly unlikely to train.

While similar voucher schemes in other *Länder* have been abolished after the end of the respective ESF funding cycles (as mentioned above), the education voucher in NRW is perceived positively by stakeholders in NRW and receives high levels of support across all political parties and the social partners. The scheme has survived changes in government from centre-left to centre-right and back again. Research participants emphasized that the recent discontinuation of the national-level Continuing education grant (*Bildungsprämie*) might have even reinforced the stability of the federated-state level scheme, as no comparable scheme is currently available at national-level.

As for other relevant ESF-related programmes in NRW, 16 regional agencies (Regionalagenturen<sup>27</sup>) and the district governments take over implementation on the ground, for example regarding coordination of guidance measures integrated into the voucher and outreach activities (especially regarding firms). To access the education cheque, individuals first need to access (mandatory) counselling (free of charge) (Käpplinger; Klein and Haberzeth, 2013) at a variety of accredited stakeholders (mostly VHS, but also chambers of crafts and other institutions) (Mielenz and Feldens, 2021). However, participants usually already are fixed on a specific course they wish to take before counselling and only rarely make changes in the courses selected after counselling. Evaluations have proposed to abolish mandatory in-person counselling and alternatively offer remote, online guidance sessions in order to simplify access

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<sup>26</sup> <https://www.weiterbildungsberatung.nrw/aktuelles/aenderungen-beim-bildungsscheckverfahren>

<sup>27</sup> <https://www.mags.nrw/esf-regionalagenturen>

to the programme (Eichener, 2021), implementation of which was planned (as of March 2023). Eligibility of courses depends on counsellors and their subjective assessment with regard to the question whether the chosen training can be considered “labour market-relevant” for the respective individual - no catalogue of eligible courses exists as eligibility is decided depending on the client learner, but individuals can make use of more general online portals to screen potential learning opportunities (see below) (Käpplinger; Klein and Haberzeth, 2013). Leeway for participants in their choice of training (depending on counsellors’ assessment) is in practice relatively high, which has been regarded as beneficial by stakeholders as it keeps administrative requirements relatively low. Learning providers do not have to be accredited, but are freely selected by participants together with their counsellors, at least 3 comparable offers at different providers have to be identified (Eichener, 2021). Beyond the guidance offers that are integrated in the education cheque, the federated state also provides other specifically targeted career guidance services that complement the PES offers. Particularly noteworthy is however NRW’s strong provision of guidance for the employed via the ESF co-funded scheme ‘perspectives in working life’ (*Perspektiven im Erwerbsleben*).

Similar to Berlin (see next section), NRW is amongst the *Länder* with comparatively a generous paid training leave, with in total 10 days of training leave over a period of two years (DGB Bildungswerk, 2015). The training leave is governed by the Ministry of Culture and Research of Northrhine-Westphalia. Employers are obliged to grant paid training leave, however, they can postpone. Training leave can be accessed for courses linked to current employment or civic education. Learning providers need to be accredited by the Ministry. Direct training costs during training leave can be covered by the education voucher NRW, as both schemes can be combined.

As most of the other *Länder*, NRW has its own digital portal ([Weiterbildungsberatung.nrw](http://Weiterbildungsberatung.nrw)) that provides an overview of guidance and co-funding opportunities. While the portal does not include a database of learning opportunities, it refers to other existing resources providing such information, including the national-level meta-search engine IWWB (see section 5.2) and databases of other local networks of providers. The complementarity of national and federated-state level portals has been highlighted by research participants, with federated-states having more detailed information on available services.

Supply-side funded provision of training offers via NRW’s network of 131 VHS and coordinated by the Ministry for Culture and Science of Northrhine-Westphalia plays, in relative terms, a smaller role compared to other *Länder* (e.g. Berlin, see next section). Around 170 hours of education and training are provided by VHS per 1000 residents, while the average for Germany accounts for 200 and Berlin provides more than 240 hours per 1000 residents via its VHS (OECD, 2022) (see next section). However, including other accredited general adult learning providers that are also eligible to receive public funding from the Ministry for Culture and Science of Northrhine-Westphalia, this number rises to around 350 in NRW – in contrast to Berlin, where funding for other providers was only made possible with a recent reform (see next section) (own calculations based on Kleemann-Göhring, 2023). The recently reformed further education law (January 2022) strengthens the role of supply-side funding of the VHS network and other accredited general adult education providers, in particular by doubling funding for second chance adult education from EUR 5 to 10 million and strengthening funding

for full-time teaching personnel. Additional project-based means have been provided via an innovation fund and a fund for regional educational development (Schöll and Sokolowsky, 2022). Furthermore, a newly formed further education council has been formed to advise the government on issues related to general adult education. Consulted stakeholders considered the revised law as a 'milestone' for funding general adult learning in the Northrhine-Westphalia.

In sum, the case of Northrhine-Westphalia shows how schemes offered by the *Länder* can be used to complement national-level offers and fill gaps in support. The offers in the federated state therefore push the support available closer towards what is foreseen by the Council Recommendation on ILAs, offering additional support for shorter, non-formal courses for the employed via the education voucher independent of the employer. However, no unconditional individual entitlement exists (with a temporary closure of the scheme, at least for certain target groups, possible). Furthermore, only those with medium to small income are supported, which does not align with the Council Recommendation. The case also demonstrates how multiple parts of the enabling framework can be made available and accessible or integrated in order to achieve a well-working support package (i.e. integrating information and guidance within financial support for direct costs and enabling a combination with paid training leave arrangements). However, the case at the same time highlights a more general pitfall of financial support provided within the German adult learning system, namely that existing support instruments mostly reach those with relatively high educational credentials – and less the ones most in need of up- and reskilling.

#### 6.4. Supply-side funding and a well-developed enabling framework - the Berlin package

The instruments through which the German federated states offer financial support for adult learning vary largely across the *Länder*. Until the Covid-19 pandemic, Berlin was one among only four *Länder* that had previously never implemented any demand-side voucher schemes for adult learning (*Bildungsschecks*), neither for companies nor individuals. Rather, it used supply-side funding, including its particularly strong network of publicly-funded general adult education providers (Volkshochschulen) to complement PES offers for the unemployed and national-level support for longer, formal CVET (OECD, 2022).

Berlin's Senate Department for Integration, Labour and Social Affairs (SenIAS) provides ALMP to specific target groups (both employed and unemployed), thereby complementing offers of the PES. With 2.5 participants per 100 employees, national-level offers of the PES have the highest uptake among all German *Länder* (compared to the German average of 1.1 participants) (Cordes; Yelubayeva and Baumann, 2020). The SenIAS is also responsible for coordinating the implementation of the Upgrading Training Assistance in Berlin, more specifically it oversees the two district departments who are in charge of administering applications and payments. Uptake of the Upgrading Training Assistance is substantially lower compared to other *Länder* (0.12 participants per 100 employees, in contrast to the German average of 0.38), potentially reflecting more general population structures in the urban centre (see further below). Beyond the SenIAS, each of the cities' 12 districts runs its own adult

learning centre (Volkshochschule) that provides mostly generally oriented courses to adults (language courses, health, culture, but also IT and management, democratic and civic participation, etc), resulting in a particular strong network of these institutions<sup>28</sup>. Receiving supply-side funding, these institutions can provide their courses at low fees for the participants. They are formally independent and can for example make wide-ranging decisions over curricula. They are overseen and coordinated by the Senate Department for Education, Youth and Family (SenBJF) via assessing the performance and quality of the VHS and issuing fee and remunerating regulations.

In contrast to its strong supply-side funded provision, for a long-time Berlin did not provide its own demand-side financing instruments besides the paid training leave (e.g. a grant or voucher as offered in many other *Länder*), neither for companies nor individuals. It only recently introduced a top-up grant for those participating in PES-funded training (around EUR 250 per month if training takes place on a daily basis) during a reduction of working hours due to the Covid-19 pandemic (governed by the SenIAS), which however attracted only very low numbers of participants (OECD, 2022). However, as mentioned above, Berlin's VHS network is particularly strong compared to other *Länder*, providing 243 hours of education and training per 1000 residents, a figure that is topped only by Baden-Württemberg and Niedersachsen (OECD, 2022). For a long time, the SenBJF had few legal possibilities to fund other providers besides its VHS network, partly explaining their strong position within Berlin. Most recently, the new law on adult education in Berlin (*Erwachsenenbildungsgesetz*) as implemented in August 2021 strengthened the role of the VHS by legally establishing "stipulations on course offers, equipment, digital infrastructure, quality standards for course instructors" (OECD, 2022). However, the law also introduced the possibility for other providers (e.g. non-profit organisations, private companies) to gain the status of a recognized institutions, applying for newly created funding opportunities via calls administered by the SenBJF. Furthermore, a new coordination body, the adult education advisory board (*Erwachsenenbildungsbeirat*) is introduced to report on the state of adult education in Berlin.

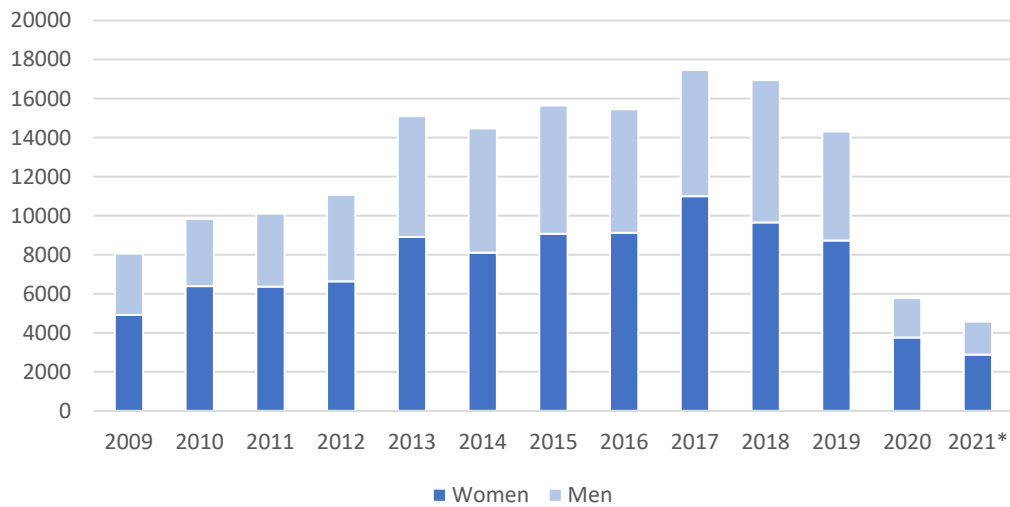
Berlin has a more generous training leave scheme (*Bildungszeit*) than many other Länder, similar to Northrhine-Westphalia. Adults may cumulate their yearly entitlements of 5 days of paid training leave over two years, so they can take 10 days at once. Employers are obliged to grant paid leave, however, they can postpone in certain situations, which is easier for companies with less than 20 employees. Educational offers of at least 1 day are eligible in the case they are linked to current employment, or can be considered civic education or further education<sup>29</sup> linked to voluntary work (*Ehrenamt*). A formal check of eligibility by a dedicated authority is required. The scheme has been recently (September 2021) renamed (in order to improve the reputation of the scheme (as the previous German name *Bildungsurlaub* translates to 'education holiday'), modernized (taking into account new learning offers) and reformed (with entitlements for adults younger than 25 being lowered from previously 10 to 5 days per year to avoid discrimination based on age). The scheme is governed by the SenIAS.

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<sup>28</sup> Furthermore, the VHS provide German language courses for integration financed out of the national budget of the Federal Office for Migration and Refugees (OECD, 2022).

<sup>29</sup> *Politische Bildung*, i.e. political education.

**Figure 11 Users of educational leave in Berlin 2009 to 2021**



Source: Own development/graph based on <https://daten.berlin.de/datensaetze/bildungszeit-berlin> [Data retrieved on 4th of Nov. 2022]

In contrast to other *Länder*, the VHS in Berlin do not offer guidance interventions for labour market integration, which is deemed as particularly problematic by OECD (2022) due to the large amount of language courses for migrants they offer. However, several other federated-state level guidance offers (for example financed by Berlin's Senate Departments) and carried out by networks of providers exist that complement provision by the PES. Some opportunities are provided to all individuals (*Berliner Beratung zu Bildung und Beruf*, BBB), while others are tailored towards migrants, women, SMEs and other particular target user groups. Similar to most other *Länder*, regional online platforms on adult learning provision exist; the portal of the SenIAS includes available financial support and guidance opportunities, financed by the SenIAS ([wdb-berlin.de/](http://wdb-berlin.de/)).

The case of Berlin illustrates how supply-side funded support instruments can be used by German federal states to complement national-level offers and suggests that a strong enabling framework can facilitate the uptake of national-level support offers (although further research is needed to back this claim). Thereby, federated state level offers push available support closer to the goals of the ILA recommendation, albeit by a different institutional set-up. Support for short and long courses is provided via stable supply-side funding of Berlin's VHS network enabling the provision of offers at low fees for broad target groups and independent of the employer. However, no individual right for accessing financial support exists. Furthermore, beyond the well-developed system of supply-side provision and its enabling framework and consequently the above average uptake of the PES' national-level instruments supporting learning as well as overall participation in formal or non-formal adult learning excluding guided on-the-job training (according to German LFS data), Berlin's participation rate in work-related formal and non-formal learning is amongst the lowest of all federated state (according to German Microcensus data) (Cordes; Yelubayeva and Baumann, 2020; OECD, 2022). This has usually been accounted towards its "large share of very small firms, self-employed and own-account workers" that usually face higher obstacles towards participating (OECD, 2022). Other

contributing factors include a low participation among 25-34 year old compared to higher age cohorts, low participation among first and second generation migrants, as well as persons with low income and the low skilled (Cordes; Yelubayeva and Baumann, 2020). A recent publication by the OECD has furthermore emphasized the strong distinction between general adult learning as provided by the VHS and the Agency for Civic Education and regulated by the SenBJF on the one hand and ALMP of the PES and the SenIAS on the other hand, despite recent reforms and ambitions for increasing coordination (OECD, 2022). As a result, synergies between the two sectors are often not realised.

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## CHAPTER 7. Country level assessment against the analytical framework on ILAs

Summarizing the strengths and weaknesses of the German adult learning system against the backdrop of the ILA recommendation shows that a variety of support instruments are already in place that partially contribute to the goals of the Council Recommendation. National-level provision of the PES and the Federal Ministry of Education and Research is complemented by a variety of federated-state level demand- and supply-side instruments. However, as emphasized by consulted experts, as a result of this wide horizontal and vertical distribution of competences, high administrative burdens arise, and the adult learning system becomes complex to navigate for the individual user. Furthermore, the extent of support available varies substantially between the different measures, consequently, target groups and also between *Länder*. While formal CVET programs are generously supported via the Upgrading Training Assistance covering both direct and subsistence costs, support available by the PES usually varies according to target group and, in particular for the employed, often only contributes to direct costs of training. At the same time, however, this approach enables targeted (and consequently higher) support towards groups usually underrepresented in adult learning.

Still, as emphasized by interviewees and literature and similar to many other countries' adult learning systems, a general weakness of available financial support instruments in Germany (including national-level, federated-state level as well as PES provision) is that already comparatively well-educated individuals (i.e. those with upper secondary education or above) are best reached by the financial support measures. In the case of the Upgrading Training Assistance, there are still substantial contributions necessary by individuals (due to the loan-based component), constituting a barrier to participation. Beyond the specific field of formal CVET (Higher VET), there is also little financial support available for employed individuals entering extended non-formal CVET programs, and most training activities have to be initiated by the employer and not the individual. In Germany, only a minority of adults participate in self-selected job-related non-formal adult learning each year. While certain *Länder* offer their own instruments (e.g. voucher schemes) that attempt to address individuals with low educational attainment (see the case of Northrhine-Westphalia in section 6.3), their level of support provided is often also quite limited. Also the effect of outreach measures and information campaigns towards the low-qualified have been considered as showing limited effect, according to assessments by consulted experts and the literature (Backes-Gellner; Mure and Tuor, 2007; Dohmen et al., 2022; Görlitz and Tamm, 2017; Van den Berg et al., 2023).

Nonetheless, in international comparison, Germany achieves a satisfactory coverage concerning some features of the 'enabling framework', albeit with considerable variation across the federated-states. There is a large number of freely accessible, public and commercial online databases on national- and *Länder*-level providing an overview over training offers and guidance opportunities, and a new national-level platform NOW! is currently being implemented. No overarching system for quality assurance of adult learning provision exists in Germany, but public organisations funding external providers usually define their own

requirements within their calls and eligibility criteria of demand-side instruments, providers and/or courses consequently often need to be certified by specialized companies – even though research participants highlighted that quality assurance concepts used mostly favour low costs over high quality. With the recent qualifications opportunities act, career guidance is provided free of charge by the Federal Employment Agency throughout the country, both for employed and unemployed, which was highlighted as a major progress by almost all research participants (see Section 5.3). Partially, the *Länder* also developed own services to complement PES services or fill gaps in service provision, in particular for the employed, which might further improve the take-up rate of existing financial support (see for example the case of Berlin in section 6.4). Paid training leave is currently only available for shorter spells of adult learning, and not in all *Länder*, albeit support for subsistence costs is also partially included in other financial support schemes (e.g. the Upgrading Training Assistance). The extent to which features of the enabling framework are accessible and/or integrated with financial instruments varies, but usually, career guidance is available and/or somewhat integrated in (co-)funding instruments, and respective financial support is included alongside learning opportunities in available digital portals. Linkages with or integration of validation is usually not considered, which reflects the overall weak development of validation within the German skill formation system as emphasized by research participants, but with expansions possible within a currently discussed further roll-out of the ValiKom approach.

When choosing a broader angle, many strengths and weaknesses of the German adult learning system are outside the topics addressed by the ILA Recommendation. Speaking of strength, rewards at least for formal CVET (Higher VET) are deeply institutionalized within the German industrial relations system, giving former dual VET graduates increased possibilities for climbing the career ladder and into higher salary levels (as reflected in the collective bargaining system). This means that at least for some types of adult learning, it is likely that learning pays off and thereby attracts learners. Turning to weaknesses, the poor employment conditions and pay for adult educators are a major concern for many experts in the field and also reflected in recent policy documents as the National Further Education Strategy. Moreover, the still strong segmentation of the German labour market in skilled and unskilled work is a particular limitation for anyone diverted to unskilled work (even when holding advanced educational credentials). For adults in unskilled work, only new inroads into stable, skilled, learning conducive workplaces would make a difference, an argument put forward mainly by representatives of labour.

Potential solutions tackling existing weaknesses of the German adult learning system can be the result of large-scale reforms as well as more gradual improvements, with the latter being regarded more realistic by research participants due to the complex allocation of responsibilities in the German adult learning system and the veto power of multiple actors involved. Already in its current form, the Upgrading Training Assistance fulfils certain goals of the ILA recommendation and delivers effective support for extended forms of CVET. However, still existing barriers for participation related to the necessary level of individual co-funding could be further reduced by a currently proposed reform making participation practically free of charge. The currently existing gap in financial support for extended spells of adult learning beyond formal CVET and initiated by the individual (respectively the lack of a longer training

leave) could be tackled by the current governments' proposal for a new national-level paid training leave combined with a demand-side, account-based instrument covering direct costs for low-wage earners. However, to fulfil all goals of the Council Recommendation on individual learning accounts, a large-scale reform would most likely be necessary, as reflected by long-standing discussions on a proposed 'employment insurance'. These potential opportunities for improvement are analyzed in detail in the next section.

Draft

**Table 2. Draft summary table following the analytical framework**

	Instrument/Skill ecosystem level			Country level summary
	<b>Upgrading Training Assistance (Aufstiegs-BAföG)</b>	<b>Education voucher NRW</b>	<b>Supply-side funding in Berlin</b>	
Short		Demand-side instrument for direct costs	Supply-side provision of non-formal CVET	
Core features				
Interplay of demand and supply side funding	Main demand-side instrument for formal CVET, builds on fee-taking offers of pre-existing network of AL providers	Support for non-formal AL with a large target group, builds on fee-taking offers of pre-existing network of AL providers, strengthened by new AL law	Supply-side funding is main approach for non-formal courses, complemented by national-level support for formal CVET - Upgrading Training Assistance	Increasing role of supply- and demand-side public funding since the 2000s, with complementary offers by PES, BMBF and federated states
Unconditional individual entitlement	Support guaranteed for direct costs, means-tested for subsistence costs	No individual right (based on application only) (temporary closure of the scheme possible)	No individual right	Beyond formal CVET no individual right, many training offers have to be initiated by the employer and not the individual.
Stable funding source and cost-sharing	Funded by national government and federated states, individual co-funding (loan-based component)	ESF co-funded [(temporary) closure of similar schemes other federated states, but not NRW]	Yes, combination of multiple levels of government	Stable funding on national-level, some federated-state level schemes rely on ESF-funding
Eligibility and inbuilt targeted support	Those with completed VET degree (upper secondary level)	Individuals with annual taxable income below EUR 40 000	Broad, restrictions for certain course types	Extent of support available varies substantially between the measures and consequently target groups
Short/long training spells	Long spells only	Mostly shorter spells	Short & long spells	Little support available for longer training offers initiated by employees beyond formal CVET
Support for direct costs	Up to EUR 15 000	Up to EUR 500	Supply-side provision at small fees	Where support is available, level of support is usually generous
Accumulation	No accumulation necessary, high one-off support	No	Not applicable	Main instruments do not offer accumulation of benefits
Independent from employer and portable entitlement	Independent of current employer/employment status	Independent of current employer/employment status	Independent of current employer/employment status	Little support available for longer training offers initiated by employees beyond formal CVET

Collective governance/ social partners	Advisory role in inception and reform, involved in governance of formal CVET	Not directly	Varies	Usually at least in advisory role, partly involved in governance
<b>Features of adult learning system – Enabling framework</b>				
Portal/ information	Yes, various digital portals exist on national and federated state level, not directly linked	Local portal (partially makes reference to third party portals)	Local portal	Yes, variety of portals available, including national-level meta-portals
Guidance	Yes, inbuilt, and also guidance providers of other institutions refer to the scheme	Integrated into the scheme (mandatory)	Integrated at VHS (education provider), other offers are available (PES, offers by the SenIAS)	Recent expansion of PES offers towards employees, other complementary offers vary across federated states
Training leave/ subsistence costs	Yes (most federated states), can be combined, but length of leave not sufficient; support for subsistence costs inbuilt into scheme (but means-tested)	Yes (up to 10 days), can be combined with education voucher	Available (up to 10 days)	In all federated states except Bavaria and Saxony, but only short; inbuilt support for subsistence costs in certain instruments
Validation	Not integrated [but for accessing CVET, IVET degrees based upon external examinations can be used]	No significant role	No significant role	No significant role
Outreach	Accompanied by various national and federated state level awareness raising activities	Comparatively well-known, but weak participation among certain groups	Several outreach measures, for example via 'Lernläden' (one-stop-shops)	A variety of approaches exist, but overall, support is still mainly used by individuals with relatively high educational credentials
Quality assurance	Yes, only providers with recognized quality management systems eligible	Providers are not accredited; eligibility depends on assessment of counsellors	Yes, by SenBJF, private providers can be certified to access funding; PES applies own requirements	Usually yes, variety of different quality assurance concepts and quality labels, but no uniform system

## CHAPTER 8. ‘Policy Sketches’ for working towards the goals of the ILA Recommendation and their reception

### 8.1. Introduction

The project’s methodology has foreseen the development of ‘Policy Sketches’ for relevant policies reforming one part or several parts of the adult learning system. Policy Sketches should cover approaches to make substantial progress towards the goals outlined by the ILA Recommendation. Policy Sketches were drafted by members of the research team and used as common points of references within the expert interviews and the focus group discussions, so that research participants can share their assessment for the sketches under scrutiny. As a common starting point, Policy Sketches are formulated with the goal to represent a range of policies, starting with less demanding ones and including large-scale reforms, with the introduction of an ILA as a potential example.

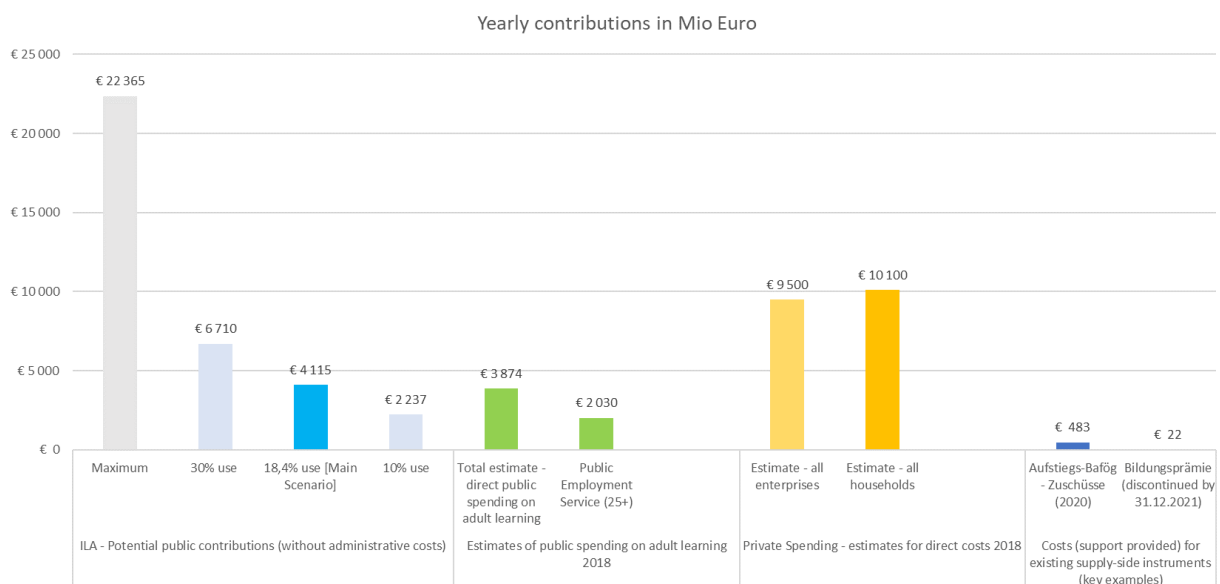
Policy Sketches were developed to achieve broadly realistic proposals, with similar policies being among the candidates for introduction in the foreseeable future. The introduction of an ILA in line with the key criteria laid out in the ILA Recommendation was considered as one of the Policy Sketches in case desk research and early expert interviews suggested that such a policy development can be regarded as a realistic option for the years to come. Wherever possible, existing policy proposals (e.g. as included in work programs) were taken into consideration when formulating the sketches. In most cases, the research team suggested detailed sketches, so that research participants interviewed can relate to a well-rounded suggestion.

For the German case study, the introduction of two in part complementary demand-side instruments mirroring many aspects of the Council Recommendation on ILAs (the paid training leave and the Life Chances BAföG) is largely realistic and in active development within the respectively responsible Ministries, albeit these instruments do not match all characteristics indicated in the Council Recommendation on ILAs. Details concerning these instruments are summarized in Policy Sketch 2. In contrast, Policy Sketch 1 is less far reaching, and considers an expansion of the already existing Upgrading Training Assistance, which would fulfil some goals similar to those outlined in the ILA Recommendation. Both Policy Sketch 1 and 2 for Germany were based on the very general proposals made in the latest government program, further specified by the members of the research team and supported by the input of research participants. The two sketches are a hypothetical scenarios drafted by the members of the research team for implementing the above-mentioned government programme and represents the opinion and interpretation of the members of the research team. The sketches do not reflect any official position of the Federal Ministry of Education and Research or the Federal Ministry of Labour. An exception are parts of Policy Sketch 2 related to draft legislation on the paid training leave, which has been released by the Federal Ministry of Labour in parallel to the

research process and some details of which were then included in the further development of the Policy Sketch.

In contrast, Policy Sketch 3 is not considered by the current government but has been drafted based upon published expert proposals and the input of research participants. The introduction of an employment/CVET insurance is a proposal that would fulfil all goals of the Council Recommendation, albeit by a different institutional set-up than recommended. Some of the consulted experts however questioned the feasibility of such a large-scale reform, not least because of the fundamental public investments that would become necessary (between EUR 16 billion and 29 billion), which could even exceed the total costs necessary for a full-scale ILA as foreseen by the European Commission's impact assessment report accompanying the (draft) ILA recommendation (see Figure 12 below).

**Figure 12. Systematic comparison between existing funding arrangements and the estimated costs for ILA**



Source: Own estimates based on different sources.

The three sketches are first outlined and characterised by the strengths, weakness, opportunities and threats (SWOT) in relation to the ILA Recommendation (see Cedefop's analytical framework), as reported by the research participants or raised in accessible relevant policy documents. Conclusions are presented highlighting the support and concerns by groups of stakeholders, representing different vantage points (education versus employment policies; national versus regional governance levels; capital versus labour).

In sum, Policy Sketches include:

- Policy Sketch 1: Making the Upgrading Training Assistance more generous, representing an example for a reform by building on an existing framework.
- Policy Sketch 2: Introducing a form of long-term training leave with a wage replacement payment by the PES and the introduction of a broadly-oriented funding instrument for continuing education, which in parts acts in a complementary manner to this (*Life Chances BAföG*). Sketch 2 represents an example for the introduction of a novel public

funding scheme mirroring certain characteristics of the Council Recommendation on ILAs.

- Policy Sketch 3: The introduction of a universal entitlement for support for adult learning (employment insurance) as one corner stone of a large-scale reform of the unemployment insurance system. Policy Sketch 3 represents a case aiming at a large-scale reform fulfilling all goals of the ILA Recommendation.

## 8.2. Policy Sketch 1: Reform and expansion of the Upgrading Training Assistance (*Aufstiegs-Bafög*)

Financial assistance for formal CVET courses in the form of the Upgrading Training Assistance (*Aufstiegs-Bafög/Aufstiegsfortbildungsförderungsgesetz AFBG*) has been provided since 1996 and has been reformed frequently in the past decade in order to attract more participants into formal CVET courses. An idea for a further reform, making the Upgrading Training Assistance even more generous, has been included in the coalition agreement of 2021 and has been featured also in the renewed National Further Education Strategy (*Nationale Weiterbildungsstrategie*) (BMAS and BMBF, 2022) as an area of envisioned improvement (SPD; Bündnis 90/Die Grünen and FDP, 2021).

To summarize, the current (2022) Upgrading Training Assistance provides support for both living expenses as well as course fees and examination fees (up to EUR 15 000) (see 1.6.2 for details). Support combines both a grant and a state guaranteed low-interest loan. Contributions towards living costs are fully covered by the grant-based component but are means-tested (i.e. reduced for those with wealth above EUR 45 000). Support for course fees and examination fees includes a loan-based part. The latter is partially cleared (50 per cent of the loan) from public sources if participants pass the final examination and fully cleared when participants become self-employed based on the earned certificate within three years after having finished the preparation course. Support for fees is covered for those in part-time as well as full-time training, while living costs are only covered in case of full-time participation.

The current government programme includes references to a reform of the scheme that aims to make “participation in formal CVET courses and exams with reasonable prices free of charge for participants” [own translation] (SPD; Bündnis 90/Die Grünen and FDP, 2021). Furthermore, the government programme intends to provide funding to individuals wishing to pursue a further degree (among the formal CVET opportunities) even if they hold already a degree at the particular level of the national qualification framework. Moreover, contributions to the living costs have been proposed as an option for part-time participants reducing their hours of gainful work. Details for such a reform have not been aired by March 2023, neither publicly nor in interviews with the Federal Ministry of Education and Research. The following sketch consequently contains a hypothetical scenario of the members of research team for implementing the above-mentioned government programme<sup>30</sup>. Furthermore, part of an ongoing administrative reform process concerns the further improvement of a digital

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<sup>30</sup> The sketch does not draw on any interview with the Federal Ministry of Education and Research in Germany and does not describe any official position.

application process for the *Aufstiegs-BAföG* (with Länder formally obliged to offer such procedure since 2016), facilitating local administrative procedures for application, which differ across *Länder* and partly within the *Länder*.

To summarise, the Policy Sketch 1 refers to a reform of the *Aufstiegs-BAföG*

- Covering practically all direct costs, that are the fees for courses and the examination fees, of formal CVET, which would imply– as a rule – also the abolishment of the loan-based component.
- Introducing contributions to the living costs also for part-time participants
- Allowing for reusing of *Aufstiegs-BAföG* for other relevant formal CVET irrespective to the acquired level of educational attainment (this includes the reuse of the scheme in case of non-completion of a related programme at an earlier stage, so that failure is not any longer detrimental to future support (a feature captured by the administrative term *förderschädlich*)).
- Further facilitating the digital application process across all *Länder*.

Table 3 summarises the strength and weaknesses of that approach against the backdrop of the analytical framework developed for displaying the content of the ILA Recommendation.

Already in its current form, the Upgrading Training Assistance delivers effective financial support for extended forms of CVET leading to a formal qualification, with support to the costs of educational provision and a grant contributing to the subsistence costs during participation. The level of financial support already exceeds of what might become available by the accumulation of yearly entitlements over time<sup>31</sup>. It supports types of CVET which typically are rewarded by employers/in the labour market and the social partners have a strong position in shaping the related CVET. However, the current level of private contribution can be a barrier for adults in non-favourable economic conditions to make the investment. This barrier would consequently be further reduced by the proposed reform rendering participation practically free of charge. Financial support is universal insofar, as it is independent of the employment status (and no agreement with an employer is required). However, the importance of Higher VET for the German system notwithstanding, the subsidy supports a restricted fraction of CVET opportunities and only adults having a relevant prior education (typically one specific form of apprenticeship for one Higher VET offer) can make use of the subsidy to choose among a strictly limited number of options available to them. Adults without the required qualification can become eligible for *Aufstiegs-BAföG* only by acquiring an IVET qualification as an adult (e.g. via external examination). By practically applying 100% of public cofunding, the cost sharing between the state and the households would be recalibrated (with the households covering further costs of education and foregone income not covered by the contribution to the living costs), however, rule that there must be no contribution by the employers in addition to the state would remain untouched (considered *förderschädlich*). Other components forming the ‘enabling framework’ are at least broadly in place (see 1.6.2).

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<sup>31</sup> As assumed in the ILA impact assessment study (450 EUR a year, over 10 years) (European Commission, 2021a)

**Table 3. Summary of the Swot analysis of Policy Sketch 1**

Point of reference		Analysis
<p>Alignment of policy sketch with analytical framework</p> <p>Desirable/undesirable effects if implemented; complementarity with other instruments</p>	Strengths	<ul style="list-style-type: none"> <li>• Would expand the current level of financial support into unconditional individual entitlement for all direct costs of formal CVET programmes, independent of employer</li> <li>• High one-off support, re-use possible, no accumulation necessary</li> <li>• Stable sources of funding (tax-based; shared between national &amp; federated-state governments)</li> </ul>
	Weaknesses	<ul style="list-style-type: none"> <li>• Support for subsistence costs remains means-tested</li> <li>• Eligible learning offers and consequently target group is still relatively limited: long, formal CVET programmes (Higher VET) building upon IVET degrees</li> </ul>
	Opportunities	<ul style="list-style-type: none"> <li>• Builds upon an established and proven instrument that is widely known among the population</li> <li>• Strengthens formal CVET which provides dual IVET graduates with tertiary qualifications, facilitating occupational upwards mobility, which in turn safeguard the attractiveness of the German IVET system</li> <li>• Broadens range of beneficiaries (part-time training, individuals with low income)</li> <li>• Reuse of the financial support at the same level of educational attainment could facilitate lifelong learning</li> </ul>
	Threats	<ul style="list-style-type: none"> <li>• For large additional public investments, only small contributions to sustaining/expanding on participation in formal CVET would be expected</li> <li>• Abolishment of loan-based component might lead to increase in course prices and reduce learners' scrutiny in preparing the decisions involved in participation.</li> <li>• Additional bureaucratic controls would be required, boosting administrative costs and potentially undermining the leading role of German Social partners in providing formal CVET</li> <li>• Potentially displacing other required measures with a much higher potential to promote positive change at lower costs (e.g. improving monitoring and evaluation, further streamlining access, harmonisation of provision, quality assurance of provision, improving outreach measures, developing measures limiting drop out)</li> <li>• No evaluations of the instrument are available, upon which reform could be based</li> </ul>

Source: Cedefop

Table 3 furthermore summarises opportunities and threats of a further extension highlighted by the research participants.

Speaking of opportunities, the proposal to make formal CVET free of charge and thereby avoid (fully or partly) a loan component could have some potential to tap into new groups of participants, who have either difficulty to contribute financially or perceive the involved risks as too high that the required efforts might not pay off ('getting indebted today without any guarantee of higher income in the future'). Overall experts stress the high potential of the instrument and the related Higher VET provision, which are well established and which have been also the topic of continuous awareness raising and information campaigns. The instrument is certainly referred to amongst the lifelong guidance providers at the national- as well as at federated-state level. Experts highlight to potential positive contribution of allowing the reuse of the financial support for completing a formal CVET at the same formal level, also reflecting that provided learning by Higher VET is of high relevance even beyond providing the opportunity to prepare for defined steps within an occupational career.

However, many experts also have raised doubts whether the foreseen extension of public funding would make a notable difference, speaking of participation (beyond creating high windfall costs). For important groups of adults not participating, the contributions to the living costs would be still much too low to be in the position to consider a longer break in their gainful work (e.g. as they need to meet the living expenses of a whole family). Other barriers to participation would remain unmet, with the challenges involved to 'return' to a rather demanding spell of formal education among them, with a high risk to resigning during the preparation work, avoiding the final examination or failing to pass. Furthermore, no evaluations of the instrument are available, which could inform the reform process. For example, little is known about the detrimental effect of the quite demanding process of application for the financial support or the effect of any assistance provided, the latter still burdensome despite the fact that recent reforms have pressed for digital application opportunity in all 16 Länder.

Former reforms making of the Upgrading Training Assistance more generous have been backed by a broad coalition of stakeholders, including the social partners, perceiving such an extension of the scheme as a way to mitigate the reported shortage of skilled labour in Germany (Gillmann, 2020). This continued broad support increases the likelihood that further extension in the level of support provided will be realised in the future.

However, various experts also expressed severe concerns with regard to some policy options at hand. Many point to the risk of detrimental effects of any situation, where the individual contribution to the substantial costs of provision would become negligible. Currently, individuals cannot but considering carefully whether they would like to participate and what provider to choose, thereby contributing effectively to the quality of decisions made. In case of low individual contributions to the direct costs, extensive administrative procedures could be required to step in to secure the quality of decision making and to avoid increasing drop-out rates and the related costs. Quickly accelerating demand due to a 'no fees' policy could overstretch existing capacities and threaten the quality of training provision. Moreover, it might threaten the underpinning 'social contract', with employers rewarding high efforts made by

aspiring individuals. The costs for bureaucratic control might sharply increase as experiences with other schemes have shown (e.g. the discontinued *Bildungsprämie* (Kantar; *Forschungsinstitut Betriebliche Bildung (f-bb) GmbH and Institut für Angewandte Wirtschaftsforschung, 2019*)). With public authorities becoming the main funder, the expectations with regard to public accountability would raise, including a stronger public oversight of quality assurance – which might improve quality but also raise administrative costs. Related processes are at least partly seen as a threat to the high level of autonomy of the social partners to govern Higher VET.

Furthermore, some experts see the threat that such increased generosity would divert attention of many other areas requiring further improvement (including monitoring, quality assurance or digital application processes). For representatives of the Länder, the impact of any reform on their funding share is a key concern, given that the Länder cover the costs of about one fifth of the subsidy (BMBF, 2021) and within the German federal structure, changes to the law need to be approved by the German *Länder* in the federal council (*Bundesrat*). Consulted experts assume that this might result in delays in the reform process due to complex negotiations between national-level and federated-state level actors on the distribution of costs. Furthermore, according to some interviewed participants, they perceive the planned reform to be relatively low on the government's agenda, and tight budgets in the face of the cost-of-living crisis and Russia's war in Ukraine might further delay the implementation of the reform.

To conclude, differences and communalities in the statements across dividing lines – Employment Policy versus Education Policy representatives, National versus Regional actors, Business versus Labour – can be summarised as follows:

Employment policy versus Education policy representatives: Further expanding the generosity of the scheme is seen positively by representatives routed in employment policy, however, with little hopes that any breakthrough would be available, while experts with a background in education policy would accept further support, however, while also pointing to the fact that these would even extend an imbalance in public support for different areas of adult learning. Moreover, general adult education is essential for preparing the ground – speaking of literacy and numeracy yet also motivation and empowerment – for making an inroad to new groups of participants for formal CVET, however, the line dividing vocational/labour market oriented and general adult learning is also present when reflecting on expanding funding schemes.

National versus Regional: A recent statement of the German federal council welcomed the plans of the government proposal to substantially reduce costs of formal CVET, with the aim of making them free of charge for participants – given that additional costs for achieving a level of support equivalent with that available for academic higher education would be taken over by the national-level (Bundesrat, 2023). Also, research participants located on the Länder level pointed problematised an increase of the Länder (federated-state level) contribution, which would limit the autonomy of Länder to provide additional incentives for achieving particular goals (e.g. the increase of creation of small firms). Some (but not all) Länder representatives are more sensitive to a perceived risk, that less individual contributions would

imply higher level of bureaucratic control, fearing that related efforts would fall onto the local administration.

**Business versus Labour:** Experts working for interest organisations representing employers are in favour for a high level of support for participants, however, they oppose frameworks where households cease to contribute to the course courses, as they fear a distortion of individual decision-making processes and high administrative burdens required to restore the required level of quality in decision making. They defend the leading role of social partners for formal VET, the unique profile of formal CVET – speaking of course work provided and participants involved – as well as the role of educational providers offering the relevant courses linked to business interest organisation. Representatives of labour are in favour of making the *Aufstiegs-BAföG* free of charge, although they see a need for increasing forms of bureaucratic control and quality assurance of provision. A larger role of the administration as a consequence as a larger share of public funding is seen both as a limitation of the power of the Social Partners but also as a potential source for making progress, where opposing positions of business and labour have caused a stalemate. Finally, the proposed extension of *Aufstieg-BAföG* is not seen as an appropriate tool for reaching out to disadvantaged groups of workers, as they would need even more comprehensive forms of support than discussed within Policy Sketch 1.

### 8.3. **Policy Sketch 2: Introduction of new ILA-type arrangements - a long, paid training leave and a demand-side, account-based instrument for low-wage earners**

An early vision for the implementation of the new demand-side funding instruments for adult learning are included in the current coalition agreement (SPD; Bündnis 90/Die Grünen and FDP, 2021) and the renewed National Further Education Strategy (BMAS and BMBF, 2022). These documents, first, include the introduction of a so-called Life Chances BAföG (*Lebenschancen-BAföG*), which can be understood as a further developed, account-based successor instrument of the recently expired Continuing Education Grant (*Bildungsprämie*), covering direct training costs and strengthening participation in continuing education and training (both vocational and general adult learning) in conjunction with the implementation of an ILA solution. Second, references to new national-level paid training leave arrangements (*Bildungszeit*) are included in the agreement, which would cover subsistence costs during participation in job-related adult learning.

In Germany, the introduction of new, national-level paid training leave inspired by the Austrian example has been discussed frequently within the past few years. Within participation rates of previously expanded co-funding instruments (in particular those targeted at companies) remaining below expectations, a decision was taken to expand funding opportunities for adult learning for individuals (BMAS, 2022), in particular as a recent survey reported that close to 50 per cent of individuals still face substantial financial barriers for

participation (Werner et al., 2022). In December 2022, a first draft of the law was published, however, implementation has been postponed for the time being (23<sup>rd</sup> of March 2023)<sup>32</sup>.

The current draft law (BMAS, 2022) foresees the introduction of a funding instrument for covering subsistence costs for employees, more specifically a wage replacement payment (60 per cent of net salary) and legislation enabling leave of absence from employment in case of training. According to the proposal, access to the scheme is to be conditional on an agreement between employer and employee. No unconditional individual entitlement for accessing the scheme is planned, reflecting coalition dynamics and opposition of employer associations. In the draft legislation, two variants are planned, a full-time variant (with a duration of between 2 months and 1 year) and a part-time variant (between 4 months and 2 years) (BMAS, 2022).

Only labour market relevant training is foreseen to be eligible<sup>33</sup>. Eligible are for example PES courses aimed at the employed (according to paragraph 81 and 82 of SGB III, with providers needing to be AZAV certified, measures do not need to be certified), vocational and general qualifications (lower and upper secondary level), measures for the recognition of foreign formal competences, as well as shorter courses at HE institutions (e.g. at least 4 ECTS). However, formal CVET cannot be financed via the new arrangements, but only via the Upgrading Training Assistance discussed further above<sup>34</sup>.

The scheme is to be financed by social insurance contributions and governed by the PES. Consequently, continuing the trend of previous years, the PES could gain a larger role in funding adult learning in Germany (which also sparked criticism among several stakeholders, see below). Assuming gradual increase of participation in the scheme, the current draft of the law estimates that in 2024, EUR 334 million will be necessary to fund the scheme (BMAS, 2022)<sup>35</sup>. The draft law states that these investments will lead to substantial returns via preventing unemployment and increasing economic growth, even though the extent of these returns are hard to estimate.

In parallel to the new training leave arrangements, the government programme foresees the introduction of an account-based, demand-side instrument called '*Life Chances BAföG*'. In contrast to the new training leave legislation, no draft law or program has been released by March 2023. The information on the Life Chances BAföG presented in the sketch has arisen from the research team members' initial discussion on preliminary considerations with representatives of the Federal Ministry of Education and Research in Germany, but represent

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<sup>32</sup> This decision was taken after the FDP-led Federal Ministry of Finance signalled that budgetary means for the implementation would only be released after additional consultations on the law (Der Spiegel, 2023).

<sup>33</sup> The interpretation of which is however contested and could potentially also include courses that could be perceived as more generally oriented courses, e.g. language courses or academic formal qualifications.

<sup>34</sup> If Policy Sketch 1 is not implemented, based on the currently lower level of support for covering living costs during participation, this could make formal CVET less attractive. See foreseen changes to SGB (III), paragraph 22, 1a. However, it has to be noted that the total level of support (including direct costs of training) can be higher in formal CVET (via the Upgrading Training Assistance).

<sup>35</sup> Assuming 10 000 beneficiaries of the full-time variant, 5 000 beneficiaries of the part-time variant per year. However, taking the take-up rate of the similar Austrian training leave scheme in the first year (5 000 participants) as a basis for calculations, the expected number of beneficiaries would be much higher in Germany than assumed by the draft law (approximately 50 000 in the first year, given a population size approximately 10 times higher than in Austria) (Bundesministerium für Arbeit und Wirtschaft et al., 2022).

- especially in the context of a joint consideration with the new, long paid training leave (*Bildungszeit*) - the opinion and interpretation of the research team members (and not any official position).

The Life Chances BAföG is also (but not only) intended to cover the range of benefits of the expired Continuing Education Grant (*Bildungsprämie*, see section 4.3). At the time of this research, the related instrument was drafted by the Federal Ministry of Education and Research. Complementarity with the new training leave arrangements is to be ensured via close coordination with the Federal Ministry of Labour, with the training leave arrangements covering subsistence costs and the 'Life Chances BAföG' covering direct costs. As a successor to the Continuing Education Grant, the scheme will aim at low wage earners and in this context at groups of people who are underrepresented in terms of their participation in continuing education. The target group will be specifically addressed. Unlike the Continuing Education Grant, the Life Chances BAföG is purposeful intended to widen the scope of financial support by including both vocationally-oriented as well as general adult learning. Consulted experts pointed out that the grant will be delivered within the framework of an account-based solution (so-called *Freiraumkonto* in the coalition agreement) with an accumulable individual entitlement. The individual account, which will be designed as an education savings model, is to be open to all citizens in an expansion stage. It is foreseen to be clearly oriented to the Council Recommendation, even if not all characteristics indicated may be met. As of March 2023, no further aspects are known concerning the range of eligible learning offers and detailed specifications concerning the target group.

To summarise, Policy Sketch 2 refers to the combination of

- The introduction of a new national-level training leave for job-related adult learning that includes a wage replacement payment
- The introduction of an account-based, demand-side instrument for low-wage earners covering direct costs of adult learning in the field of job-related and general continuing education and training

Table 4 summarises the strength and weaknesses of that approach against the backdrop of the analytical framework developed for displaying the content of the ILA recommendation. Experts considered the draft law as broadly matching the spirit of the Council Recommendation on ILAs. The level of financial support envisioned by the law, more specifically the wage replacement payment, can exceed of what might become available by the accumulation of yearly entitlements over time<sup>36</sup>. With previously introduced co-funding instruments (in particular those targeted at companies) remaining below expectations, the law would further expand adult learning opportunities for individuals. Furthermore, the potential complementarity between the training leave legislation and the Life Chances BAföG could particularly incentivize participation of low-wage earners. The need to introduce complementary instruments for low wage earners has also been promoted by a recent assessment of the law by the PES' research institute IAB, as the level of support provided by the training leave legislation on its own could prove to be too low to incentivize low-wage earners to participate in adult learning (Dietrich et al., 2023). Access to the Life Chances BAföG (but not the paid

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<sup>36</sup> As assumed in the ILA impact assessment study (450 EUR a year, over 10 years) (European Commission, 2021a)

training leave) would furthermore be independent from the employer. Furthermore, components forming the ‘enabling framework’ are already at least broadly in place, with the exception of validation (see 1.6.2). Many of these arrangements of the enabling framework (e.g. guidance, digital portal) would also be offered ‘in-house’ by the PES, potentially facilitating access. In case of the paid training leave, funding would be generated out of social insurance contributions, consequently constituting a stable source of funding and incorporating the cost-sharing element proposed by the ILA recommendation, given that employers and employees contribute. However, if take-up of the scheme proves to be fundamentally higher than assumed in the draft-law, a temporary closure of the scheme is conceivable as it is financed via the PES’ budget (the latter of which has also been criticized by several stakeholders, see further below). Furthermore, support part of the paid training leave would not be universal. An agreement with the employer would be required for accessing training leave, and eligibility would be restricted to the employed. Another weakness emphasized by experts are quality assurance aspects, more specifically the partial reliance of the scheme on AZAV quality requirements, which were considered as favouring low prices over high quality education and training, and the lack of quality assurance for shorter university courses.

**Table 4. Summary of the Swot analysis of Policy Sketch 2**

Point of reference		Analysis
Alignment of policy sketch with analytical framework	Strengths	<ul style="list-style-type: none"> <li>• High support, re-use possible, no accumulation necessary (training leave); accumulation in case of Life Chances-BAföG</li> <li>• Life Chances BAFöG provides targeted financial support for low-wage earners</li> <li>• Availability and integration with features of the enabling framework foreseen (career guidance, planned digital portal NOW!, quality assurance AZAV)</li> <li>• Planned schemes broaden range of beneficiaries (expands adult learning opportunities for individuals)</li> <li>• In principle stable funding source of training leave by social insurance (contributions are paid shared by employers and employees)</li> <li>• Access to Life Chances BAFöG independent of employer</li> </ul>
	Weaknesses	<ul style="list-style-type: none"> <li>• Temporary closure of the schemes is conceivable in case take-up of scheme exceeds expectations, and/or if financial resources are used up</li> <li>• Access to paid training leave conditional upon agreement by employer</li> <li>• No universal coverage of paid training leave (support to subsistence costs), only the employed</li> <li>• AZAV requirements partially considered as insufficient (favour low prices over high quality), no quality assurance for shorter university courses</li> </ul>

Desirable/ undesirable effects if implemented; complementarity with other instruments	Opportunities	<ul style="list-style-type: none"> <li>Planned schemes expands adult learning opportunities for the individual</li> <li>Planned schemes could be one step towards establishing more comprehensive arrangements</li> <li>Life Chances-BaföG supports adult learners in the field of job-related and general further education.</li> </ul>
	Threats	<ul style="list-style-type: none"> <li>Assumed take-up rate of training leave is comparatively low</li> <li>Comparable instruments to training leave in Austria (<i>Bildungskarenz</i>) mostly do not reach those most in need of training (e.g. low qualified), could however be mitigated by targeted support via Life Chances BaföG</li> <li>Introduction of two new instruments increases complexity of financial support available within the German adult learning system</li> <li>New national-level instruments could limit the autonomy of Länder to provide their own incentives</li> <li>Reproduces divisions of competences between Ministries and consequently potential duplications of efforts/administrative costs (Life Chances-BaföG at Federal Federal Ministry of Education and Research, training leave at Federal Federal Ministry of Labour)</li> <li>Financing of training leave by social insurance contributions is contested by social partners, as training leave scheme is not necessarily considered part of labour market policy</li> <li>In case shorter courses are covered, discussed schemes could shift financial burden of financing shorter courses from employers towards employees/the State</li> <li>Paid training leave could make formal CVET less attractive if not jointly implemented with reform of Upgrading Training Assistance (Policy Sketch 1), which provides a lower level of support for living costs</li> </ul>

Source: Cedefop

Table 4 furthermore summarises opportunities and threats of a further extension highlighted by the research participants.

In general, experts agreed that the proposed schemes would increase adult learning opportunities for individuals. Furthermore, some experts emphasized that the instruments could be a first step towards the establishment of more far-reaching arrangements. For example, the range of beneficiaries could be further expanded (e.g. towards a universal individual learning entitlement), and targeted financial support could also be increased after the introduction of the law if participation in the current training leave arrangements proves to be unequally distributed among socio-economic groups (e.g. preferring those with already high

educational attainment). Such unequal participation has however been regarded as particularly likely by many experts, in case no or only low targeted financial support would be provided. Furthermore, the introduction of two (complementary) instruments would reproduce existing divisions of competences between the Federal Ministry of Education and Research and the Federal Ministry of Labour and consequently make the adult learning system of Germany even more complex, introducing 'yet another instrument' and duplicating efforts and administrative costs across Ministries. Experts also emphasized that the take-up rate of the paid training leave assumed in the draft law is considered to be rather low, therefore, no far-reaching effects on adult learning participation could be expected, at least in the short run.

To conclude, differences and communalities in the statements across dividing lines – Employment Policy versus Education Policy representatives, National versus Regional actors, Business versus Labour – can be summarised as follows.

Employment policy versus Education policy representatives: Introducing new funding arrangements for individuals is seen as positively by both representatives from employment and education policy, however, with experts with a background in education policy pointing to the fact that additional financial support for job-related adult learning should not strengthen an imbalance in public support for different areas of adult learning. Same as in Policy Sketch 1, the line dividing vocational/labour market oriented and general adult learning is also present when reflecting on new funding schemes, with new schemes to be introduced by the respectively responsible stakeholders (with national and federated-state Ministries of Education usually covering general adult learning and Ministries of Labour covering job-related adult learning), however with the potential complexity of new arrangements often not being problematised.

National versus Regional: Experts within the Länder administration point out that the new training leave legislation would limit the autonomy of Länder to provide their own incentives for achieving particular goals, for example regarding the interplay of the planned national-level training leave with instruments as the Länder-level voucher schemes or training leave. Länder representatives are more sensitive for the risk that the additional national-level arrangements would imply a higher burden for the local administration in order to make national and federated-state level schemes complementary, and to clearly define which courses/adult learning spells should be eligible for which scheme. Federated-level schemes as the education cheque in NRW (direct costs) might need to be reformed to ensure complementarity, for example so that a combination with planned national-level legislation is possible on the individual level, providing additional incentives to certain target groups. Alternatively, to avoid overlap, eligibility criteria of the education cheque could be changed in order to reach new target groups.

Business versus Labour: Both social partners insofar agree that new schemes should be rather financed out of general taxation rather than social insurance contributions, as they do not consider them part of labour market policy. Employer associations are in general opposed to introducing new support instruments resembling the Austrian model of training leave. In particular, it has been emphasized that measures should be targeted towards individuals with low qualifications rather than providing wage replacement for all individuals (BDA, 2022). No unconditional individual entitlement for accessing the paid training leave is currently planned,

which is also a result of employers' position that they should be able to veto access to training leave for employees. Labour unions in contrast promote the expansion of training leave legislation, including both an entitlement for leave of absence during training and support for covering subsistence costs during training, particularly concerning part-time training offers (DGB, 2022). They regard the level of financial support proposed by the draft law in general as adequate, however, emphasize that additional support for low-wage earners is necessary and that co-funding by the employer should be considered as a viable option in addition to the public support offered (DGB, 2023). Furthermore, they highlight that the maximum duration of the educational spells should be expanded (to the actual duration of the formal programme attended), and that in general only longer educational spells should be eligible (at least 120 hours), in order to avoid that costs of training currently financed by the employer (mostly shorter spells) would be shifted to the state. Finally, labour unions also regard the new legislation as constituting one step towards the implementation of more comprehensive arrangements (e.g. a more encompassing target group, and/or a higher level of support for low-wage earners, see also for example Policy Sketch 1).

#### 8.4. Policy Sketch 3: Introduction of unconditional individual entitlements for CVET via an employment/ CVET insurance

The introduction of the instruments proposed in Policy Sketch 2 in the previous section introduce an ILA-type setup, albeit they do not match all characteristics indicated in the Council Recommendation on ILAs. Some stakeholders consulted have however also welcomed the even far-reaching goals of the Council Recommendation on individual learning accounts, more specifically introducing a universal individual entitlement for adult learning, and consequently showed support for reforms more far-reaching than presented in Policy Sketch 2. This corresponds with earlier reform proposals on an 'employment insurance' (*Arbeitsversicherung*<sup>37</sup>) that have been circulated in Germany already during the previous decade (but are not part of the current government programme). However, as emphasized by research participants, in order to cover the partially high costs of adult learning in Germany and also include support for subsistence costs, foreseen entitlements would need to go beyond the level of financial support that could be reached via accumulation as suggested by the Council Recommendation on ILAs and the French example<sup>38</sup>.

Reform plans on a proposed employment insurance usually foresee an unconditional individual entitlement for both CVET (direct and subsistence costs) and the elements of the enabling framework (such as guidance, validation, training leave) (BMAS, 2016; Erol-Vogel,

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<sup>37</sup> The term employment insurance denotes a broad reform proposal with the goal to smoothen labour market transitions. The transition from employment into full or part-time adult learning is one such transition, and is frequently at the centre of current discussions, with 'employment insurance' being often understood as a 'CVET insurance'. In academic discussions, the term employment insurance however applies a much broader focus and also includes other transitions, for example such related to "new social risks", e.g. transitions from/to short-term work, unemployment, parental leave, etc. (Schmid, 2020).

<sup>38</sup> EUR 450 per year.

2021; Pothmer et al., 2019; Schmid, 2012). Varying proposals for the governance arrangements of such a scheme exist, including an expansion of responsibilities of the PES (towards a 'Public Employment and Qualification Service') (Erol-Vogel, 2021) and the creation of a new decision-making body on CVET within the BIBB (including social partners, the *Länder*, national government, learning providers and the PES) parallel to the existing decision-making body for IVET (*Hauptausschuss*) (Pothmer et al., 2019). This newly created decision-making body would consequently also decide on the selection of eligible courses. The recent proposal by Pothmer et al. (2019) proposes to fully cover direct costs of training and services expressed by the enabling framework without the need for accumulation of the entitlement. Moreover, it would provide a wage replacement payment (above the level of the current unemployment benefits), with potential for further targeted financial support for particularly disadvantaged groups. Estimations on the potential total budgetary means necessary for the reform vary between EUR 16 billion and 29 billion (Kaiser, 2019; Schmid, 2012). This funding would be raised by a newly created CVET fund financed by employer/employee contributions and general taxation (1/3 each).

Despite the frequent discussion of such plans in the past, interviewees suggested that the window of opportunity for the introduction of an employment insurance might have been closed for the near future in light of tight public budget due to the Covid-19 pandemic and **Russia's war against Ukraine**. By March 2023, there has been no consensus amongst the parties forming the German government for an introduction of such a large-scale structural reform. Still, the proposal might gain in currency in the mid to long-term if skilled labour shortages become more marked, socio-economic conditions improve and the composition of the government changes. For example the social-democratic SPD and the Green Party promote the idea of an universal individual entitlement for support in adult learning (Sell, 2017).

To summarise, the Policy Sketch 3 refers to a large scale-reform including:

- The introduction of an unconditional individual entitlement for covering all direct costs of adult learning as well as the enabling framework (guidance, validation, training leave) and a wage replacement payment
- The introduction of a CVET fund financed by employer and employee contributions as well as general taxation that finances abovementioned instrument.

Table 5 summarises the strength and weaknesses of that approach against the backdrop of the analytical framework developed. The proposed employment insurance would reach and even go beyond the level of support promoted by the ILA recommendation and the French example (450 EUR per year, with possibility for accumulation over 10 years). It would provide an almost universal<sup>39</sup>, unconditional individual entitlement for direct costs and contributions to the subsistence costs. Due to the proposal to finance the entitlement via a novel CVET fund, a sustainable source of funding becomes available, therefore, a temporary closure of the scheme due to overuse would be unlikely. Furthermore, social partners (and other relevant

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<sup>39</sup> According to the proposal by Pothmer et al. (2019), including all socially insured employees and those eligible for social assistance or unemployment benefits by the PES, self-employed, those in marginal employment, and those not in employment but who can be expected to join the labour force. Not covered would be individuals in initial (vocational) education and training and students in higher education (for these, certain support schemes already exist, e.g. BAföG).

stakeholders) would gain a major role in defining the eligibility criteria and content for courses offered, thereby keeping training offered close to labour market needs. Finally, support measures fulfilling the elements of the enabling framework are seen as an essential building block of the reform proposal. The proposal only foresees funding of longer training spells, in order to avoid that the financial burden of training currently financed by the employer (mostly shorter spells) are shifted to the state, which however does not fully align with the Council Recommendation.

**Table 5. Summary of the Swot analysis of Policy Sketch 3**

Point of reference		Analysis
Alignment of policy Sketch with analytical framework	Strengths	<ul style="list-style-type: none"> <li>• Would mostly go far beyond level of financial support of ILA recommendation, providing unconditional individual entitlement for individually chosen labour-market relevant training (direct costs and wage replacement) independent of the employer</li> <li>• Close to universal coverage</li> <li>• Potential for re-use, no accumulation necessary, portable entitlement regardless of employer</li> <li>• Independent source of funding with integrated cost-sharing (employer/employee contributions and general taxation)</li> <li>• Social partners would be involved in governance</li> <li>• Availability of and integration with enabling framework (i.e. entitlements for guidance, validation, training leave, outreach activities foreseen)</li> </ul>
Desirable/undesirable effects if implemented; complementarity with other instruments	Weaknesses  Opportunities	<ul style="list-style-type: none"> <li>• Duration of eligible courses unclear (Schmid, 2012 &amp; Pothmer et al., 2019 foresee only longer training spells)</li> <li>• Has potential to significantly increase participation rates</li> <li>• Could build upon existing governance arrangements (PES - <i>Bundesagentur für Arbeit</i>)</li> <li>• Could simplify current complex structures of financial support for adult learning (e.g. multiple parallel instruments for different purposes)</li> <li>• Level of benefits above the rate of the unemployment insurance &amp; targeted financial support for low-wage earners can further facilitate participation of disadvantaged groups</li> </ul>

	Threats	<ul style="list-style-type: none"> <li>• Complex large-scale reform necessitating agreement of stakeholders across vertical and horizontal levels of government, potential role of <i>Länder</i> in funding needs to be determined</li> <li>• High investments required (between EUR 16 and 29 billion per year; later returns might be high too but are unsecure in their size)</li> <li>• Might lead to cost-shifting from employers to the state</li> <li>• Would necessitate setting up elaborate quality assurance processes with high administrative requirements</li> <li>• Could exacerbate inequalities in participation if inbuilt targeted financial support is insufficient</li> <li>• Role of general adult learning unclear</li> </ul>
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Source: Authors' summary

Table 5 furthermore summarises opportunities and threats of a further extension highlighted by the research participants. In general, most experts agreed that the employment insurance in general has the potential to substantially raise participation rates and therefore also to increase the labour force's readiness to meet current challenges. Furthermore, the scheme can build on existing infrastructure, experience and instruments, for example the services provided by the PES (e.g. with regard to digital portals, career guidance and administration). Moreover, the broad reform might follow the introduction of small-scale instruments (see Policy Sketch 2) and use them as a foundation for expanding entitlements (e.g. towards new target groups, and increase in the level of benefits, etc.). The proposed level of benefits exceeding the rate of the unemployment insurance as well as additional support for low-wage earners also have the potential to overcome patterns where disadvantaged groups remain marginal among the beneficiaries of the schemes. Finally, experts emphasized that the reduction in the complexity of existing funding arrangements that would potentially result from such a reform can substantially increase transparency for individuals and thereby increase participation rates in adult learning. In turn, this would necessitate a replacement of many existing support instruments by the planned CVET insurance (potentially including the Upgrading Training Assistance and financial support instruments of the *Länder*).

However, various experts also expressed severe concerns with this proposal. The abovementioned reduction in complexity and replacement of existing instruments would most likely be faced by substantial reform barriers resulting from the complex (vertical and horizontal) allocation of responsibilities to multiple stakeholders in the German adult learning system, and their respective veto power in such a large-scale reform (see also further below). Furthermore, very high estimated public investments would be required for implementing proposal, emphasizing that multiple smaller-scale actions should rather be considered to promote positive change at lower costs, in particular in the face of tightened public budgets (e.g. improving monitoring and evaluation, further streamlining access, harmonisation of provision, quality assurance of provision, improving outreach measures, developing measures limiting drop out via career guidance, etc.). Furthermore, even when only longer courses are

foreseen to be financed by the insurance, experts emphasized the danger of a shift of training costs from employers (who currently finance the majority of training spells) to the state and employees. A major concern was also elaborated regarding quality assurance processes necessary as a consequence of such a large-scale reform, which would need to be created from the ground up and would most likely necessitate substantial administrative efforts to ensure adequate course prices and quality. Finally, if inbuilt targeted support is insufficient, the scheme could also exacerbate inequalities in participation.

To conclude, differences and commonalities in the statements across dividing lines – Employment Policy versus Education Policy representatives, National versus Regional actors, Business versus Labour – can be summarised as follows.

Employment policy versus Education policy representatives: In general, the introduction of an employment insurance is perceived positively by representatives routed in employment policy, while however pointing to the substantial efforts that would be needed to launch such a reform in the highly decentralized German adult learning system with dispersed responsibilities. Experts with a background in education policy would in general accept the reform, however, while also pointing to the fact that these would even extend an imbalance in public support for different areas of adult learning, in particular general adult learning.

National versus Regional: Due to Germany's federal structure and the *Länder* wide-ranging responsibilities, such a large-scale structural reform would also need support by the German *Länder*, who can block changes in the federal council (Bundesrat) and whose contribution to the funding formula would be unclear. Regional level stakeholders emphasized that such a large-scale reform could make a fundamental reallocation of responsibilities for adult learning across the multiple vertical levels of governance in the German adult learning system necessary. This would imply a need of a constitutional reform, which is deemed as something highly difficult to achieve.

Business versus Labour: The proposal of the employment insurance provokes positions among business and labour representatives rather similar to the ones given for Policy Sketch 2. Employer associations are heavily opposed to the introduction of an unconditional individual entitlement for financial support for adult learning, in particular when financed via employer contributions. Employers prefer smaller, targeted interventions on certain groups most in need of training to a large-scale reform that provides a wage replacement for broader groups (BDA, 2022). Furthermore, employers emphasize that they should be able to decline any request for leave in case individuals make use of the employment insurance. In contrast, experts working for interest organisations representing employees are broadly in favour of an employment insurance, albeit acknowledging the substantial efforts necessary for such a reform process, for example regarding the development of fitting governance structures and quality assurance mechanisms.

## 8.5. Summary – Closing the gaps: What the Policy Sketches have to offer for fulfilling the goals of the ILA Recommendation

The discussed Policy Sketches reach from smaller-scale solutions only achieving a limited set of goals of the ILA recommendation towards more encompassing proposals. The analysis of the previous chapters showed that beyond raising the proportion of adults engaged in self-selected formal adult learning and therefore access independent of the employer, a new instrument as suggested by the Council Recommendation on individual learning accounts can fulfil the role of mitigating inequalities in participation, in particular concerning low-wage earners and/or the low qualified concerning existing large inequalities in participation across German regions, each of which have their own support structures for adult learning in place that vary in generosity.

Already in its current form, the Upgrading Training Assistance fulfils certain goals of the ILA recommendation and delivers effective support for extended forms of CVET leading to a formal qualification, with support to the costs of educational provision and a grant contributing to the subsistence costs during participation. The level of support already exceeds of what might become available by the accumulation of yearly entitlements over time<sup>40</sup>. However, the current level of private contributions (arising due to the loan-based component) is still a barrier for adults in non-favourable economic conditions or with a dispositional barrier to take the risk still involved in the investment. This barrier could be further reduced by the proposed reform making participation practically free of charge (Policy Sketch 1). However, the importance of formal CVET for the German system notwithstanding, the subsidy only supports a restricted fraction of CVET opportunities and only adults having a relevant initial VET qualification can make use of the subsidy to choose among a strictly limited number of options available to them.

The other discussed Policy Sketches reach further and tackle broader challenges the German adult learning system faces. The proposal of a new national-level training leave combined with a new demand-side, account-based instrument for low-wage earners (*Bildungszeit & Lebens Chancen BAföG*) would tackle some of these shortcomings (Policy Sketch 2). It would fill the gap that there is little support available for extended spells of adult learning beyond formal CVET and initiated by the individual. Furthermore, targeted support via the Life Chances BAföG could particularly incentivize participation of low-wage earners. The reform is in active development and mirrors many aspects of the Council Recommendation on ILAs, albeit the proposed instruments do not match all proposed characteristics. For example, access to paid training leave would be conditional upon agreement by the employer, and access could be limited if projected financial resources are used up. However, system-level change can also be achieved gradually as the accumulated outcome of smaller scale changes. These might, individually, not meet all requirements of an ILA Recommendation, however, can produce significant change over time by step-wise expanding the level of support and the groups eligible towards what is suggested by the Council Recommendation on ILAs.

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<sup>40</sup> As assumed in the ILA impact assessment study (450 EUR a year, over 10 years) (European Commission, 2021a)

Potential benefits of large-scale reforms, namely reducing the complexity of the system, increasing transparency for individuals, and promoting the German work force readiness to respond to structural challenges (technological and demographic change, migration, a shortage of skilled labour) are acknowledged among several interviewed experts. Consequently, some (but not all) stakeholders consulted have also welcomed even the far-reaching goals of the Council Recommendation on ILAs, more specifically introducing an unconditional individual entitlement for adult learning, which is reflected in the long-lasting discussion on a proposed 'employment insurance' in the German system (going far beyond the level of support suggested by the ILA recommendation) (Policy Sketch 3). The sketch would foresee the introduction of an unconditional individual entitlement for covering all direct costs of adult learning as well as the enabling framework and a wage replacement payment, combined with the introduction of a CVET fund financed by employer and employee contributions as well as general taxation that finances this instrument. However, there is no consensus amongst the parties forming the German government for an introduction of such a large-scale structural reform. Also, among social partners, employers are highly skeptical of such an instrument, preferring smaller, targeted interventions on certain groups most in need of training. Furthermore, in addition to the high foreseen costs, such a large-scale reform could make a fundamental reallocation of responsibilities for adult learning across Germany necessary, implying a constitutional reform which is deemed as something highly difficult to achieve.

Beyond what was discussed in the Policy Sketches, additional room for improvement in relation to the ILA recommendation as identified by research participants mostly refers to certain elements of the enabling framework. Weaknesses can mostly be identified regarding outreach activities, which have been considered as suffering from low levels of effectiveness, as well as the area of validation, where little progress has been made over a decade, the piloting ValiKom project notwithstanding.

## CHAPTER 9. Conclusions and reflections for policy-making

Based on input from the literature, desk research and the interviews and focus group discussions on the 3 policy sketches drafted for this case study, a range of reflections can be derived that can prove to be relevant for policy-making in the area of adult learning in Germany as well as beyond.

Against the backdrop of the legacy, that the state should play only a complementary role in providing/funding adult learning, the German adult learning system has a variety of instruments at its disposal that jointly contribute to the tasks of reaching the goals of the ILA recommendation. Many stakeholders in the system are relatively skeptical towards instruments targeting broad ranges of adults, rather, the German system has a tradition in targeted financial support towards specific groups. However, there is a general understanding about the positive societal and economic effects of adult learning and – at least up to a certain extent - an agreement that public investments supporting participation will be balanced by the positive societal and economic benefits of increased participation in adult learning resulting from such public interventions. For delivering such public support, responsibilities are distributed vertically across levels of government and horizontally between the Federal Ministry of Labour and Social Affairs and the Federal Ministry of Education and Research. In general, reform discussions concerning funding arrangements as well as policies contributing to the enabling framework are structured by this division of competences in the German adult learning system. Large-scale and encompassing reforms prove to be extraordinarily challenging due to the path dependencies arising from the complex allocation of responsibilities and the veto power of the multiple actors involved. Even if considered beneficial among many research participants, such reforms are only feasible in the long-term and might even be subject to constitutional law.

Where questions of constitutional law are concerned and the question arises whether a policy – e.g. a law providing support for adult learning as part of the employment policy - is subject to competences of the *Länder* (*Bildungsföderalismus*), the prospects of policy making become dire. In the past, reforms having passed successfully by the German parliament have been subsequently challenged in the Federal Constitutional Court (*Bundesverfassungsgericht*) (Steib and Ketschau, 2022). For outside observers, the complexity of the legal underpinning of public funding of adult learning, in particular within the Active Labour Market Policy (Dobischat; Fischell and Rosendahl, 2015), is somewhat breath-taking, however, experts and stakeholders participating in the project usually demonstrated an in-depth knowledge of the complex legislation determining the ways of support for adult learning (not) available. On a more general level, given such potential barriers for reforms, breakthroughs in legislation governing adult learning are difficult to achieve, however, when successful, they are likely to develop lasting effects. In turn, where chances are dim to implement a formal law, various temporary funding programmes and projects based on discretionary spending are the second-best solution readily available, although short-term initiative to overcome lasting shortages imply another ill.

Even the success of smaller scale reforms proves to be time consuming and dependent on substantial coordination across the relevant actors. For example, in the Germany case,

federated state level actors are more sensitive for the risk that the proposed introduction of the national-level training leave (Policy Sketch 2) could imply a higher burden for the local administration in order to make both national-level and federated state training leave schemes complementary (e.g. clearly defining which courses/adult learning spells should be financed by which scheme). Concerns, for example, include that it would be difficult to explain the difference between the national-level instruments and instruments at *Länder* level (one year national-level “*Bildungszeit*” versus e.g. five days “*Bildungszeit*” at federated state level). On a more general level, given highly complex governance structures of many adult learning systems with responsibilities being distributed vertically as well as horizontally between a multitude of actors, it appears to be essential to consult and reach an agreement with all relevant stakeholders early in the reform process in order to align the design of the reformed/newly introduced instruments with existing arrangements, thereby achieving complementarity and avoiding overlaps of instruments, and ultimately also preventing potential reform deadlocks arising from the veto power of one of the respective actors.

Germany’s experience that in particular already those with high educational attainment make use of co-funding opportunities shows the importance of simultaneously introducing targeted support for disadvantaged groups, either by inbuilt targeted financial support within a single main instrument (as proposed by the ILA recommendation) or via the introduction of complementary instruments aimed specifically at these groups. In Germany, due to the respective allocation of responsibilities to federal-level ministries, the latter approach is currently being pursued. On a more general level, this shows that relying on an interplay of multiple funding instruments for individuals enables offering tailored support for certain groups (e.g. the PES for the unemployed) and can at the same time avoid complex (re-)negotiations of responsibilities between stakeholders that are necessary under a large-scale reform. However, the complexity of having a multitude of different funding instruments comes at the cost of potentially increased administrative costs (e.g. duplications of administrative structures and eligibility checks) and a lack of transparency for the user. A well-designed enabling framework, in particular regarding guidance and digital portals of available support and career development opportunities, can mitigate at least the latter challenge also throughout the learner journey and in follow up, if information on these opportunities is shared across different providers and lines of responsibilities.

As proposed by the Council Recommendation on ILAs, ambitions to achieve universal access for all individuals to ‘enabling’ features of the adult learning system, as guidance, validation, and digital portals, have the potential to increase participation in adult learning. In many countries, as Germany, multiple features of the enabling framework already exist, at least in some *Länder* or for certain target groups (e.g. the employed). The Skills Development Opportunities Act (*Qualifizierungschancengesetz*) expanded the PES’ responsibilities for guidance towards all employees and attempts to achieve complementarity with federated state offers via increased coordination of the PES with local providers. On a more general level, this shows that any expansion of all types of provision (financial and non-financial) should consider building upon and achieving complementarity with the already existing infrastructure to avoid duplications of efforts and/or a withdrawal of regional ambitions upon creation of a nation-wide infrastructure.

The latter point can also be transferred to the role of employers in funding adult learning. In countries as Germany, where employers play a large role in funding adult learning, stakeholders in the system are usually cautious when expanding public funding in order to avoid employers decreasing their investments in adult learning and thereby shifting costs to the public purse. A potential solution to this more general problem could be to confine the state's role to funding longer spells of adult learning that are rarely funded by the employer, even though this does not fully align with the Council Recommendation with ILAs. Furthermore, this comes at the trade-off that financial support for shorter training spells is often dependent upon the initiative of the employer.

A gradual improvements of existing instruments can be another way to partially smoothen lengthy reform discussions given complex governance arrangements in adult learning. This for example concerns the Upgrading Training Assistance in Germany, where current reform plans propose an expansion of generosity towards replacing 100 per cent of direct costs. However, research participants emphasized that such a reform could lead to an increase of course prices and might necessitate improved quality assurance processes. Furthermore, other potential barriers impeding the take-up rate of the scheme were highlighted, for example the substantial paperwork necessary for individuals applying, and application processes which are not mainstreamed across Germany's different *Länder*. More generally, this shows that while the extent of financial support is often considered essential in achieving an adequate take-up rate of the instrument, an increase in the level of support might also have adverse effects. The level of financial support is not the sole aspect of a funding instrument that can facilitate individuals' take-up. In particular, high administrative efforts necessary for accessing the instrument can constitute a main barrier and should be considered in the implementation of future reforms. Furthermore, even though a gradual improvement of existing instruments can enable policy-makers to build upon lessons learned, if evaluations are lacking, and without willingness to consider previous mistakes made (and the presence of an 'error culture'), identifying the most important "levers" for reform can be challenging.

In conclusion, comprehensive, large-scale reforms as proposed by the ILA Council Recommendation are challenging, in particular in a system with many veto-players as in Germany, where even smaller scale reforms can require substantial efforts. However, system-level change can also be achieved gradually over time as the accumulated outcome of smaller scale changes. These might, individually, not necessarily meet all requirements of the Council Recommendation on ILAs, however, can produce significant change over time by gradually expanding the level of financial support and the groups eligible. Having said this, in particular the two focus groups discussion have demonstrated that for many experts the current challenges would call for large scale reforms, as only by fundamental changes, much more adults can be convinced to return to learning, although they doubt that the time is ripe – that the pressure of problems is large enough – to escape path dependent solutions and test new waters.

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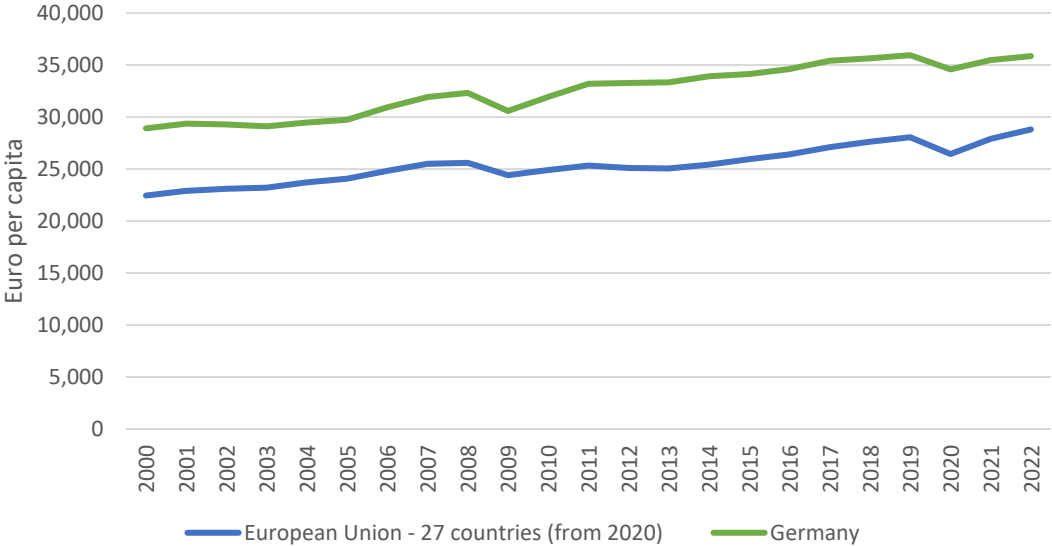
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# Annexes

## Annex 1. More figures on Germany's socio-economic context

Figure 13 Real GDP per capita – Germany, 2000-2022



Source: Eurostat – SDG 08 10 [version: 8.3.23]

## Annex 2. Inequalities in participation – Labour Force Survey

Data on adult learning from the EU LFS suffers from an under-estimation for participation in adult learning in Germany, due to the particularities of the approach for data collection; however, the LFS data can be used to observe inequalities in participation, for example across regions. The Table 6 presents a selection of descriptive indicators on the inequality in adult learning participation, based on the LFS (measuring participation in formal or non-formal adult learning within the four weeks prior to the survey). Overall participation accounted for 7.7 per cent in Germany (2021), which is lower than EU-average (10.8 per cent) due to abovementioned underestimation problems associated with German LFS data. Men (7.8 %) participate only slightly more in adult learning than women (7.6 %). The differences in participation according to educational attainment are comparatively low (ISCED11 0-2 3.3%; ISCED11 3-4 6.4%; ISCED11 5-8: 12.1%). Adults born in Germany participate slightly more than migrants (7.8 % versus 7.3 %). Furthermore, participation is declining with age (25-34: 17.9; 35-54: 5.6% 55-64: 3%). The unemployed (11.1 percent) participate more than the employed (7.5). Finally, levels of participation in adult learning differ heavily across Germany's different regions (e.g. 10.9 per cent in Berlin versus 5.2 in Sachsen-Anhalt).

**Table 6 Indicators on inequality in participation in adult learning (formal/non-formal) – LFS, 4 weeks prior to the survey – 2021 - Germany**

Category	Sub-category	Participation	Per centage	compared to
Sex	men	7,8	2,6%	women
	women	7,6		
Educational Attainment	ISECD11 0-2	3,3	-267%	ISCED 5-8
	ISECD11 3-4	6,4	-89%	ISCED 5-8
	ISECD11 5-8	12,1		
Place of Birth	in the country	7,8		
	outside the country	7,3	-6,8%	in the country
Age	25-34	17,9		
	35-54	5,6	-220%	25-34
	55-64	3	-497%	25-34
Employment	employed	7,5		
	unemployed	11,1	32,4%	employed
	outside labour force	8,3	9,6%	employed
Regional Level (Difference - NUTS2)	Highest/Lowest-Difference in percentage of the lowest	10,9 (Berlin); 5,2 (Sachsen-Anhalt); 110 %		

Source: Eurostat – TRNG LFS 01 [15.2.23]