

Netherlands

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

In the Netherlands, public funding for adult learning is seen as part of the education sector, using a supply-side approach. It is focussed on adult basic education and formal adult education providing a qualification in adulthood. However, for various programmes, adults are required to pay fees, with exemptions and support available, giving private investment a key role. National policies on adult learning focus on the state-regulated, state-funded adult education, leaving a large part of the adult education sector open to free market dynamics. Job-related further education is established through the active labour market policy, sectoral training funds and fiscal facilities. Most recently, initiatives at national and sectoral level are complemented by regional initiatives.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

The Ministry of Education, Culture and Science is responsible for managing adult general secondary education. The responsibility for basic skills training is since the decentralisation policy in 2015 shifted to the municipalities. Social partners play an important role in the overall provision of adult learning in the Netherlands, where sectoral funds and their social partners pay for and organise continued education and training.

- **Instruments targeting individuals**

The most relevant demand-side incentives for individuals are implemented both at national and sectoral level. At national level, a study grant (#165) is available to support the costs of participation in upper secondary and post-secondary vocational education as well as a loan (#166) to support adults' access to HE. Costs of further education related to one's occupation are deductible from the base of individual income (#163). Employees can receive support for their costs of education from one of sectoral or company-based training funds (#272) based on binding sectoral or company-based collective agreements on training. Training leave (#167) is provided based on sectoral agreements in the Netherlands, set up in the collective arrangements.

- **Instruments targeting companies**

Sectoral and company-based training funds (#272) are the key demand-side instruments supporting training in the enterprise private and public sectors, where many companies, employers (and partly employees) contribute a share of the pay role to the fund and receive support for the costs of training in return. Sectoral or company-based training funds are also important players in organising training supply in line with the demand for the sectors. In many sectors and (groups of) companies, a subsidy is available to contribute to the employer's costs of the procedure for accreditation of prior learning of company workers #237. Employers and employees can agree on a pay back clause (#168), however, within the limits stated in the relevant collective agreements on sectoral level.

Table 1. Overview of demand-side financing instruments in Netherlands by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Tax incentives for individuals	Tax reduction for study costs or other education related expenditures #163	Grants for companies	Practice Learning Subsidy Scheme (SPL) #348
			Grants for individuals	Study grant #165		
			Loans	Study loan #166		
		Further instruments	Grants for individuals	Voucher experiment for part-time studies #164	Payback clause	Payback clause #168
				Grants for companies	Recognition of prior learning #237	
Regional level	High	Key instruments				
		Further instruments				
Sectoral level	High	Key instruments			Training funds	Training and Development Fund #272 e.g. <ul style="list-style-type: none"> – Advice, Training and Development Metal Processing #161 – Training and development fund for temporary work agency sector #162, #238
		Further instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in the Netherlands until 2020



Source: Cedefop, based on the 2020 data collection

Blue = group of instruments

Bold = key instruments

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
161	Advice, Training and Development Metal Processing	2019	34 133 000	2019	155 362 ^e	2019	13 974
162	Training and development fund for temporary work agency sector	2020	7 473 200	2019	10 000	Not available	Not available
163	Tax reduction for study costs or other education related expenditures	2018	218 000 000	2018	230 000 ^e	-	-
348	Practice Learning Subsidy Scheme (SPL)	2020	212 600 000	2019	27 000	2019	27 000 ^e
237	Cofunding of the cost for recognition of prior learning	2019	400 000 ^e	-	-	2018	1 500 ^e
238	Training vouchers	2019	124 000	Average of years	300-500 ^e	Not available	Not available
164	Voucher experiment for part-time studies	2020	3 500 000	2020	3 900 ^e	-	-
165	Study grant	2019	311 000 000	2020	226 500	-	-
166	Study loan	2019	2 903 445	2019	179 000 ^e	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short description of financial instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
161	Advice, training and Development Metal Processing	Sectoral	Key instrument	OOM is the training fund of the social partners in the metalworking industry (SMEs). The board of OOM includes representatives of employers' organisations and trade unions. The objective of OOM is to raise the level of craftsmanship in the sector, bringing the prospect of 'lifelong learning' to the attention of approximately 14 000 companies and 142 000 employees. OOM supports any training and education programmes (non-formal and formal learning). The metalworking sector funds OOM through an annual contribution, where companies are obliged based on a social partner agreement to contribute 0.625% of company payroll to the fund (on average EUR 197 per employee per year). On top of that, OOM may collect additional funding from ESF programmes and other national subsidies. The yearly budget of OOM, totalling around EUR 28 000 000, flows back to employers and employees in the form of various contributions and services. Fees and other costs related to education and training are considered eligible costs to be funded from the OOM budget.
162	Training and development fund for temporary work agency sector	Sectoral	Key instrument	DOORZAAM is the training fund for the temporary agency work sector. The fund is co-managed by the employer organisations and the trade unions, and overseen by the Ministry of Social Affairs. Companies are obliged to pay 0.2% of their payroll to the Social Fund of the temporary work agency sector (SFU). Approx. 55% of the collected funds are available for education and training. DOORZAAM is also funded through participation in national and European subsidy schemes and projects. DOORZAAM provides services to its members and target groups on four themes (i.e. lifelong learning, healthy and sound working conditions, and a broad focus on career guidance and development). The training fund covers any agreed vocational training for temporary agency workers. Several programmes exist: grants for providing mentors for apprentices, training vouchers, financial contributions for the validation of professional experience, licenses for e-learning modules for employees with low literacy. Training vouchers amount to a maximum of EUR 500 per employee within a company.
(2) Tax incentives for companies				
No tax incentives for companies are established.				
(3) Tax incentives for individuals				
163	Tax reduction for study costs or other education related expenditures	National	Key instrument	Adults (any tax-paying citizen) can deduct costs related to continuing vocational training for their current occupation or a future occupation from the base of their individual income tax. The state's co-funding – in the form of foregone tax revenues - equals the eligible costs multiplied by the marginal tax rate (between 9.45 % and 49.5 %). Co-funded training is expected to sustain or increase future income, implying higher tax revenues later on. Eligible costs include tuition fees (external training providers) as well as costs for training materials. For the credit, a ceiling is introduced (EUR 15 000). Individuals with no taxable income cannot profit from the tax deduction. The tax incentive can be used once in each calendar year. The number of beneficiaries and the volumes of tax refunds is substantial (according to a dated estimate, more than EUR 218 000 000 in 2018, with 230 000 beneficiaries for the same year. Highly educated people are over-represented among the users of the training tax incentive.

(4) Grants for companies

348	Practice Learning Subsidy Scheme (SPL)	National	Key instrument	<p>Employers offering apprenticeships and work placements are eligible for the subsidy. The subsidy is an allowance towards the costs of an employer for the supervision of a pupil, participant or student, or an allowance towards the wage costs or supervision costs of a PhD candidate or trainee technological designer.</p> <p>The subsidy scheme focuses on:</p> <ul style="list-style-type: none">- vulnerable groups on the labour market for whom access to the labour market is a problem.- students following an education in sectors where there is a shortage of qualified personnel.- scientific personnel, who are indispensable to the Dutch knowledge economy. <p>The grant covers four main types of education, this is:</p> <ul style="list-style-type: none">- Students who follow a learn-work trajectory in VMBO;- MBO students who follow a vocational guidance path (BBL);- Students who follow a dual or part-time higher professional education program;- PhD students and technological designers in training. <p>The maximum subsidy amount is of EUR 2 700 000 per practical or work experience placement realised. De-minimis rules apply for this grant.</p>
237	Cofunding of the cost for recognition of prior learning	National	Further instrument	<p>This scheme is aimed at funding the costs for the recognition of prior learning by company workers. Any employee wanting to or having to make her/his learning achievements more transparent for the purpose of employability and/or qualification is eligible for this scheme. If the employer takes over the costs of the recognition the fund will reimburse EUR 400. If the employee carries the costs, he/she may receive co-funding between EUR 700 and EUR 1 500 depending on the duration and kind of recognition procedure and the provider. Larger companies (with more than 500 employees) that have incorporated the Ervaringscertificaat into their human resource management (HRM), self-finance its application. There is no preferential treatment, and the de Minimis rules apply.</p>
238	Training voucher	Sectoral	Further instrument	<p>The training voucher is a personal voucher for companies and their employees working in the temporary work sector. DOORZAAM, being the sector training fund for temporary work agencies, manages the voucher subsidy. The value of these vouchers for each employee working as temporary workers in the sector where DOORZAAM operates is set at EUR 500. The company members of DOORZAAM (= the temporary work agencies) can apply for a maximum of 5 vouchers per company and distribute these vouchers to their employees according to their own preferences. The voucher can be spent freely by the selected employees, where the learning can be of any type, either leading to a formal qualification or any occupational courses aimed at the present economic activity of the participant (a professional training, a course in English, Excel, etc). Eligible costs include tuition fees as well as costs for training materials. There are no limitations for re-use, and de-Minimis rules do not apply.</p>

(5) Grants for individuals

164	Voucher experiment for part-time studies	National	Further instrument	<p>Individuals receive financial support from the State to cover part of their study costs. Only selected part-time programmes in higher education and training are eligible, corresponding to fields currently in short supply (including health and welfare, and technical fields of study). Students who enroll in the eligible programme get a voucher of EUR 1 250 per 30 ECTS. Given that only programmes with fees below EUR 3 750 per 30 ECTS are eligible, the minimum co-funding share is 33% (and more, when fees are lower than the set maximum). The remaining share of the fees is expected to be covered by the individuals and/or their employers (if any). Funding comes from the State, approximately a total of EUR 32 000 000 for the time period 2016-2024, and approximately 3 900 students in Higher Education participate in the financing experiment. There is no possibility of re-use.</p>
165	Study grant	National	Key instrument	<p>Middle-level VET students (ISCED 3-4 levels) older than 18, but younger than 30 who decided to follow a full-time or dual VET pathway (BOL - school-based learning) can access the grant providing a monthly subsidy. The grant is financed by the State and managed by Dienst Uitvoering Onderwijs (DUO) - an agency of the Ministry</p>

of Education, Culture, and Science. The grant for students in vocational education and training (ISCED 3 and 4) is a monthly amount of EUR 867,39 for students not living at home and EUR 643,74 for students living at home. These amounts include a loan of EUR 192,76. Eligible costs include different ones related to the living of a student (including tuition fees/fees for participation (external providers), costs for training materials (e.g. books), costs for home office, travel and accommodation costs, daily allowance for subsistence, etc). No possibilities for re-use are foreseen.

(6) Loans

166	Study loan	National	Key instrument	HBO or university students (ISCED 5-7) who are less than 30 years old can apply for a study loan, provided that the educational programmes lead to a national qualification (formal education). The education programme lasts more than 1 year and the education programme is fully accredited. The responsible authority of the loan is the Dienst Uitvoering Onderwijs (DUO), an agency of the Ministry of Education, Culture, and Science. The study loan can be used for different eligible costs (college fees, books, travel, living and subsistence costs, etc). The loan is expected to give the student full-time availability to study. There are no specific risk assessment criteria applied to individuals. The loan receivers (students) have to pay it back in a fixed period after graduation (e.g. starting 2 years after graduation and if their earning allows this). Up to the minimum wage level (approximately EUR 19 000; annually indexed) the students do not have to repay anything. A maximum of 4% of the income earned in excess of that level is repaid, and for a debt of EUR 21 000, the full monthly amount is paid from an income of approximately EUR 42 000. The interest rate on the student loan is determined each year by DUO and may vary per calendar year. The maximum amount of loan set is EUR 1 076 for 2020, with no variations depending on the type of education. The maximum period over which the loan has to be repaid is of 35 years, and there are no conditions for re-use.
---------------------	------------	----------	----------------	--

(7) Training leaves

No training leave established.

(8) Payback clauses

168	Payback clause	National	Further instrument	Employer and employee can agree on a payback clause. Arrangements for training (including payback clauses) are made in the context of collective agreements in industry sectors and are valid for a specified time (arrangements may vary from one sector to the other). Examples for regulations on payback clauses in collective agreements show that it is expected that the share of costs to be reimbursed should decline over time (e.g. 100% within the first year, 50% within the second year) and that the binding period needs to be limited (e.g. 2 years).
---------------------	----------------	----------	--------------------	--