

## FINAL REPORT

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Title: Further training funds as an impulse for new models of  
lifelong Learning – integrated funding concepts (IFC)

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## 1. Executive summary

Balance between employer investment and human resources development

Dynamic economic development requires a certain balance between employer investment in technologies and in human resources development (HRD). There are several major forces that drive employer investment in training. First among these is market competition for greater productivity and lower production costs. Second is the growing pressure from employees and unions seeking higher wages as well as mobility in the labour market through ongoing upgrading of their skills. In addition, there is an increasing awareness by employees and unions of greater equity in both their access to continuing training and the sharing of enterprise training investment. Thirdly, in certain countries strong employer commitment to the life-long learning of employees has emerged (cf. V.Gasskov, Vocational training 13/1998)

The perspective of a solid financial basis

Also when it comes to financing new ways have been found. Funds from different – public and private - sources are added together and thus make the implementation of measures possible. These are again but singular approaches aiming at specific problem areas. They cannot fill in the gaps which are to be found in the vocational training system. Also part of them still are in a trial phase and haven't been introduced systematically.

Should the predicted trend towards a knowledge based society prove to be reasonably correct then the current vocational training system is in need of a basic – institutional, instrumental and financial – revision and to be directed towards the future demands of a lifelong learning process. The absolutely essential reforms of further training will not make do without some public responsibility as the future qualifications demanded by a knowledge based society will not only fulfil functions needed by singular enterprises but will be of common use and as a public property have no market price. A system is asked for that is securing equal opportunities and transparency and at the same time a solid financial basis.

Different variations of funding concepts

Funding solutions of those partners responsible for wage agreements – as they are existing in some professional areas (i.e. the scaffolding trade), or educational contributions (as they already paid by the employers of the textile and clothing industry), or as wage agreements (after the example of SHELL Ltd.) which are combining the reduction of working time with further training periods. These funding models which at first were initiated and organised by those parties also responsible for wage agreements need to be extended by a share of public funding. When it comes to public funding models experiences made with i.e. rotation models need to be taken up.

### The effects of an active labour market policy

Countries where funds created by the social partners are existing (like Denmark and Norway) or where pure employers' funds - on a voluntary or obligatory basis – for vocational education were created (like in the Netherlands) are much more creative or successful when it comes to the construction of 'models' securing employment or of reintegrating unemployed and of the regional or branch-specific reduction of quantitative or qualitative bottle-necks of staff than countries where different groups of society only take on responsibility for those interests specific to themselves.

Countries where vocational and general qualification is seen as a lifelong option even perhaps as a lifelong obligation and which are securing such a basic position of educational policies also financially (like above all done in Denmark) find it much easier to be a competent partner of all those concerned when solutions need to be developed.

### The role of the public sector

Governments sometimes try to use incentive mechanisms to encourage the expansion of employer training in conditions of poorly developed or monopolised training supply. However, mechanisms that consistently fail to reward the improvement of productivity and efficiency are more or less ineffective and wasteful. Incentive schemes should be matched by policies that encourage the development of training markets and provide economic incentives for more successful firms

### The role of the social partners

This seems to be a common trait between the countries, which have participated in this TSER-network:

- In sectors without a tradition for skilled workers – and with growing qualification demand and recruitment difficulties – the trade union and the employer organisation has a strong incentive to co-operate and collect financial resources to support establishing a vocational education at skilled level.
- In other words: strong and relatively rich Education Funds seem to be located where a sector is fighting for public recognition.
- And the other way round: where the public don't offer much (or insufficient, from the point of view of trade unions and employer organisations) on continued vocational training – it is probable that solutions will be sought by the social partners establishing Education Funds.

Collectivising some of the costs of continued vocational training might be a tool to avoid a deadlock, caused by free-rider-problems and employers fear of losing their investments in educating their staff by getting them poached

by competitors in the sector. This has relevance to many sectors, dominated by SME – and especially to a very “mobile” sector as Building&Construction.

It seems to be no coincidence that nearly all the participating countries in the TSER-study could mention examples of Education Funds in the Building&Construction-sector.

#### An „unusual“ funding system

The funding model for the scaffolding sector which is based on collective agreements and a contributory payment system is quite unusual in Germany. This contributory system has the following advantages for those involved:

- § Costs for further training are borne by all firms in the scaffolding sector regardless of their own involvement in training,
- § The government is not forced to offer supportive subsidies,
- § The social fund which is comprised equally of the social partners offers the chance for close Cupertino between employers and the unions,
- § The legal right to funded training guarantees workers transparent training opportunities and secure financial support.

The disadvantages of the social fund is that it only offers two sector-specific training courses which cannot be availed of by the unemployed or persons from other occupational branches.

The further training foundation is a sectorial educational training fund focusing on training measures. The fund's activities are normally financed through the foundation's contributions. This structure results in both advantages and disadvantages outlined as follows.

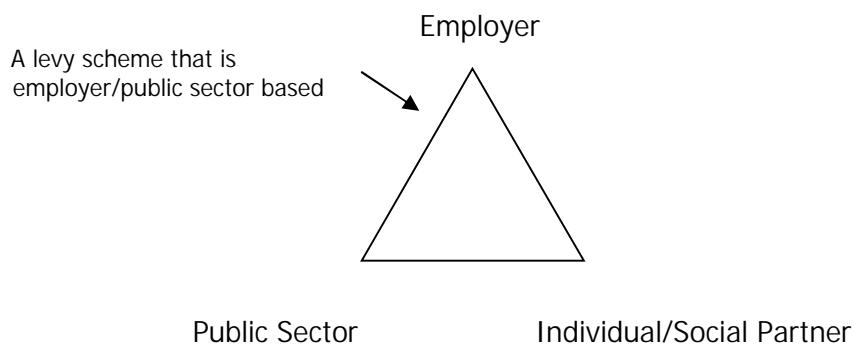
On examining the funding structure for the foundation, the fact that the employers do not have to pay any contributions is advantageous in that they can, without influence, freely decide upon their educational and training strategies (cf. V. Gasskov, Vocational Training 13/1998). Nevertheless it must be noted that this “freedom” can also have negative repercussions for workers if the employer decides not to offer his/her employees further training. Furthermore the governing and advisory boards with their equal representation offer opportunities for close co-operation between employers and trade unions. The needs of small and medium-sized enterprises are being more and more strongly taken into consideration – an important issue as their financial resources are normally not adequate to develop their own individual training strategies.

A disadvantage with the training foundation is the fact that fund activities concentrate on the requirements of the firms as opposed to the needs of the workers in the chemicals sector.

### A Tool for comparison the Levy Training Systems

In considering the role of the levy we recognise the need to address the issue of who pays and also the interrelated roles of the public sector, the private sector and individuals or social partners in the process of developing and managing levies.

Therefore is a tool necessary by with which we can assess the relative contribution and involvement of each party in the development and management of a levy. We can represent the relationship between the parties in the following way:



The triangle represents the tripartite relationship between the parties in the levy process. It is possible to use the tool qualitatively to assess the relative relationship between each party in the context of a particular levy. For example, if a levy scheme was run by the state with only employer input then the levy would be assigned a point some way along the employer/public sector axis as illustrated above.

This model can also be further applied to the different elements of levy schemes, for example top assess the relative contribution of partners to the financing of a levy, or then relative input to the application of the funds.

### The learning gap

It is important that further consideration is given to the learning gap. We need to consider how it is defined and the limits to the public and private interventions that are already in play in the training market. Understanding the drivers that guide expenditure, the involvement of individuals and businesses and results obtained from lifelong learning will help develop improved approaches to the funding of lifelong learning and the integration of the employed and unemployed to the benefit of both groups.

### Varied views of the function of lifelong learning

There are very different conceptions of the function of lifelong learning – from being a project for creating a more equitable and democratic society (e.g. Norway) to addressing deficits in education in a very discrete part of

the system (e.g. Denmark „... as the principle that all citizens should have the opportunity to return to education throughout life...“). In most there is seen to be a need to change individuals view of the role and importance of lifelong learning, as well as making structural changes to education and training systems.

In all countries of the TSER-network there is a clear recognition of the importance of foundation learning as a basis for lifelong learning. In the Netherlands, for example: People with low levels of initial education – most of them unemployed - are clearly under-represented in the various types of post-initial education and training. Both in training of the employed and unemployed, the relative participation of the lower educated is about half of the average. Even in higher distance education, which was originally meant as a second chance type education, about half of the participants have already reached (another direction of). This means that post-initial education tends to increase existing differences in levels of education instead of reducing these.

Also, in the Netherlands, there has been a debate about the notion of an entitlement to a minimum of starter qualification, but there is also a recognition that if this entitlement were extended to all adults, the cost implications would be enormous. But therefore we must look for other financing systems.

### A perspective

The principal problem, however, remains regarding the measure of the socially desirable investment in education and training, both, national and that of enterprises. In this vein, one of the most recent European initiatives relating to the long-term strategic development of national human resources has been the introduction in the Netherlands of compulsory vocational qualification for all, including employees, with the cost of this to be shared equally by the government and relevant industry sectors – for example as a different funding system (Hovells and Meijer, 1994; in V. Gaskov, Vocational Training 13/1998).).

## 2. Background and objectives of the project

In the light of the constantly increasing unemployment rate in Europe and the high number of long term unemployed, it is of a most importance to develop new concepts for preventative and remedial labour market policies as well as using a combination of the existing promotional sources for working on new ideas.

It is becoming increasingly obvious that the current structural changes cannot be properly addressed merely through specific promotion actions or benefits. Long term positive results for the labour market can only be achieved through the combination of lifelong learning with employment, regional, training and wage policies. This has also been confirmed in "Employment in Europe – Agreement of Confidence": "... the labour market must keep abreast of developments and needs schemes for training and further training. New social and technological developments are not simply to be registered – a timely adjustment is necessary . The contribution of the social partners is decisively important in this respect". (European Union Bulletin, Issue No. 4/96, page 34).

This orientation towards a forward-looking and innovative employment and training policy means that all actors need to see the importance of the development of new instruments to ensure a flexible adaptation to the new social and technological changes. This means that a "lasting" qualification must be

organised for enterprises which will go beyond short term, workplace-related training; the workers must be shown how limited their present qualifications are and the state must not allow their budget to dictate their employment policy.

In order to put such an integrative employment and training policy into practice, the social partners must participate actively and the forms and funding of corporate further training must be agreed upon. In this context the spectrum

of training activities by the social partners in the various European countries ranges from restricted mechanisms in the field of vocational training (e.g. in Germany) to more extensive promotion as can be observed in the scandinavian countries. However, programmes for the unemployed and for in-company qualification measures are kept separate in most countries. This is not only due to the differing funding sources but is also, in most cases, based on the social partners' traditional focus on the workers. In order to follow a serious integrated policy for both employment and qualification then both target groups must be treated equally. Thus a new concept of using for funds financing vocational qualification on a national level is called for. In the past years the practice of using job sector funds to finance staff qualification measures in affiliated companies has been implemented in certain countries. These funds are furnished through levies from all the social partners and can therefore be used for a wide range of purposes. Up to now, however, very few funds were available for further training measures for the unemployed along with the permanent workers and thus with very rare opportunities for further training for the unemployed skilled workers from a particular occupational sector. The utilisation of funds in the graphic industry in Norway is a prime example of how lasting and long-paying aspects have been integrated – unemployed persons act as substitute workers while regular staff members are on qualification leave. In general funds are however still mainly used for staff training.

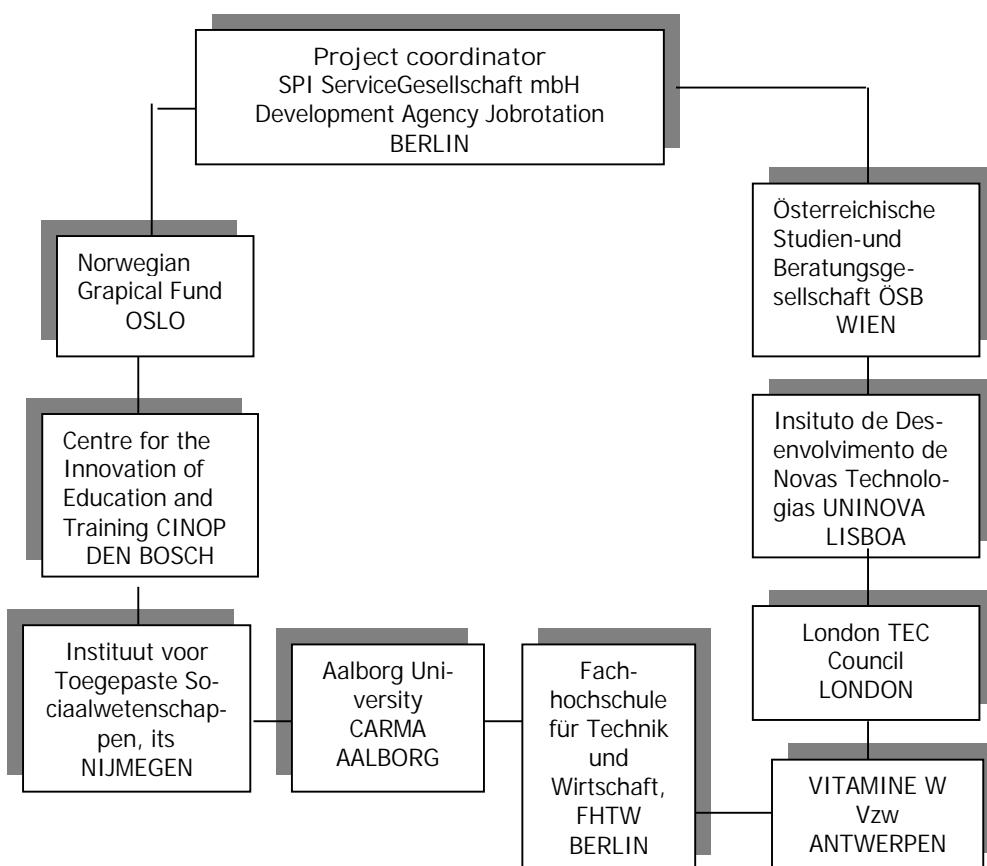
In the light of the present qualification gaps on the European labour market, neither the funds trustees nor the organisers of training courses can afford to target solely the staff members of their affiliated companies, but must also involve the unemployed. They must develop new models combining employment, vocational training and ongoing qualification, e.g. through the substitute concept. This is the central aspect of the TSER network "Integrated Funding Concepts".

This thematic network aims to:

- access the experience to date with the use of funds as a finance instrument in context of the individual national structures and to present the advantages and disadvantages of the specific sectors
- indicate how the social partners can participate
- outline the various forms of (co)-funding
- give compatible suggestions for developing and implementing fund models
- intensify the integrative aspect of qualification for both the employed and the unemployed
- promote a synergy and multiplication effect of the integrated funding concept
- promote the concept of lifelong learning taking equal opportunity aspects into consideration

The IFC network consisted of 10 partners, coordination and project management was organised by the Jobrotation Development Agency (SPI ServiceGesellschaft mbH) in Berlin, Germany. The coordinator initiated the network at the commencement of the project and on its approval will make sure that all runs efficiently and according to contractual agreements. It was thus responsible for strategic management before the actual beginning of the project, for operational management during its process and, in the case of unexpected changes in the planned course, for crisis management when necessary.

Very solicitous and efficient strategy management was of utmost importance during the preliminary stages in order to ensure successful operational management during the course of the project. The coordinator must kept the partners continually informed of developments during the application stage. The coordinator, which was also contract party in the IFC network, conducted all necessary talks with the Commission and/or the Programme Committee and informed the partners of the outcome.



The coordinator would also undertaken all preparatory tasks prior to the implementation of the project, e.g. project content exchange between the cooperation partners before project commencement – this was organised both in written form and as part of a preparatory workshop. The operational management was kept check that all assignments are successfully fulfilled according to the agreed objectives, milestones and tasks. In addition to this the coordinator was undertaken the following duties:

- development of a network (data base)
- regular dissemination of information incl. newsletter per fax/ intranet (own network within the internet)
- organization of workshops
- evaluation and documentation of the workshops
- responsibility for the subject matter and for hosting the workshops
- support for a pool of experts
- evaluation of theme-related literature
- summary of the national experts
- preparation and final edition of proposed guidelines/handbook
- adaptation of obligatory procedures to contract requirements
- administration and allocation of funds
- control of the step-by-step objectives

The form of management was integrative, i.e. the interests of the partners would be taken into consideration as much as possible. This was calling for

a continual flow of information to all partners and a high level of transparency within the network.

The coordinator had to control the checklist for the successful implementation of the project and worked closely with institutions responsible for the TSER programme, including the national contact points.

Deliverables (titel)	Date of issue	product
Proposal for conceptual & methodological framework	30.08.1999	Proposal
Initial workshop Berlin	30.08.1999	Hand out
Conceptual & methodological framework	30.08.1999	Report (internal)
Synopsis / report	30.08.1999	Report (public)
Workshop-report	30.08.1999	Discussion paper
Sectorial funds for financing further training measures in Germany	30.11.1999	Report (internal)
Participation of social partners (Norway)	30.11.1999	Report (internal)
Strategies for implementation – examples from UK	30.11.1999	Report (internal)
Workshop-report Brussels	30.11.1999	Report (public)
Integration and lifelong learning – examples from Belgium	30.03.2000	Report (internal)

### 3. Scientific description of the project results and methodology

#### 3.1 General Aspects

The main discussion within the „Integrated Funding Concepts“ thematic network has involved a thorough stocktaking of the financing models and instruments for vocational training and further education in the various national contexts.

Our first consequence of this actual situation analysis was the general confirmation that the area of vocational training needs to meet higher standards. That means, more and more teaching/learning situations will arise the traditional forms of formal training and further education.

Now – as a second consequence and reflecting the importance of lifelong learning, orientate on the introduction of the english partners in our project - the governments of most developed economies have increased the level of investment in national education and training infrastructures. Therefore the overall level of educational attainment in these economies has also increased. While the benefits of this improved attainment are undoubtedly there are still concerns in the countries about the increasing prevalence of skills gaps and shortages as well as the adequacy of existing training provision to meeting employer demands. It has therefore become apparent that there is a difference in the skills obtained through educational attainment and tho-

se required to meet the demands of business. These demands themselves are constantly changing, as the pace of technological development requires continuous innovation in business processes, products and services.

It has been noted that despite differing institutional and operational set-ups across the European Community most member states are experiencing similar problems. Individuals have particular demands and expectations from the education system, companies have specific skills demands that need to be met and the political process has aims and objectives for society and the economy which need to be met through the education and training system. These demands are set against broader environmental factors and conditions such as the increasing pace of technological change and the globalisation of the world economy.

Given this background of differing levels of demands, an important aspect of the project work was to find out different and/or similar categories of best practice in the use of Levy schemes to support the provision of initial and continuous vocational training in the member States.

The work will identify examples of levies, identify their advantages and disadvantages, indicate the involvement of the social partners, sources of co/match funding and seek to identify opportunities for developing such funds and the funding concepts to other sectors and member States.

### 3.2 Aspects of Lifelong learning

The concept of lifelong learning is of critical economic, political and social importance within a modern knowledge driven economy. The development of human capital through lifelong learning has important consequences for economic competitiveness and social inclusion. The concept of lifelong learning is rooted in human capital theory, which suggests that training serves to enhance productivity and leads to higher wages, while at the same time ensuring that the skills of existing and future employees are matched to modern business needs.

The concept of lifelong learning is far broader than institutionally based education and training and embodies a culture of continual learning and skills development through a wide and diverse range of avenues including higher and further education, on the job training, home based learning and community based learning.

Lifelong learning performs a number of functions within an economy and these functions may variously have social, economic and individual consequences. The OECD argue the important role of lifelong learning in ensuring employability and focus upon factors such as qualifications and labour market outcomes and lifelong learning and the updating of skills and competencies (OECD 1997).

OECD research has also shown that in most instances workers with high levels of education and qualification have on average higher levels of labour force participation and economic activity. There is also a strong relationship between educational attainment and earnings, for example the earnings of university educated individuals are on average 50 per cent higher than for those who have only completed secondary education. It has also been shown that those with lower levels of qualification are more likely to experience unemployment than those who are better qualified (OECD and statistics Canada (1995).

This demonstrates the undoubted importance of education and training and formal qualification attainment in the labour force. It is also however increasingly important that the process of learning continues once the period of initial educational and vocational training has been completed. This is necessary for individuals to remain productive and employable, and it is this that provides the rationale for lifelong learning.

Continuing education and training through lifelong learning also has significant impacts upon economic performance at both the micro and macro level. It has been shown that there is a positive relationship between educational attainment and output productivity, and growth and also labour market outcomes. At the macro level there is a strong relationship between human capital growth and national economic performance.

This is most evident when developed and less developed economies are compared (Lau a.o. 1991). At the micro level the relationship is even stronger although there is some debate as to whether this is a result of higher levels of skills, competence and experience of those with better qualifications or whether the qualifications act as a screening mechanism for employers.

Lifelong learning has the greatest impact on company performance when it is taken in association with other factors. The OECD summarise that training, either on or off the job, has the greatest impact on performance when it occurs at the same time as changes in the nature of work, changes in employment structure or technological innovations. Training is also seen as more effective when it is widely accessible to employees and consequently linked to a formal process of individual and company development (OECD 1997).

The benefits of continuing training, development and lifelong learning are greatest when they are job-related. Participation in job-related training is most likely among employed individuals and more prevalent among those with higher levels of qualification. This association between educational attainment and continuing training and education has been demonstrated in a number of studies (OECD 1996).

It is also apparent that there is a virtuous circle wherein continuing education raises skills and competency, this in turn enhances employability and labour market position and this in turn increases the demand for learning and development. This in turn implies a circle of disadvantage for those

who are unable to break into the virtuous circle and those who are unemployed or outside of the education sector face the greatest barriers to lifelong learning and an increased possibility of social exclusion.

### 3.2.1 A Model of Lifelong Learning

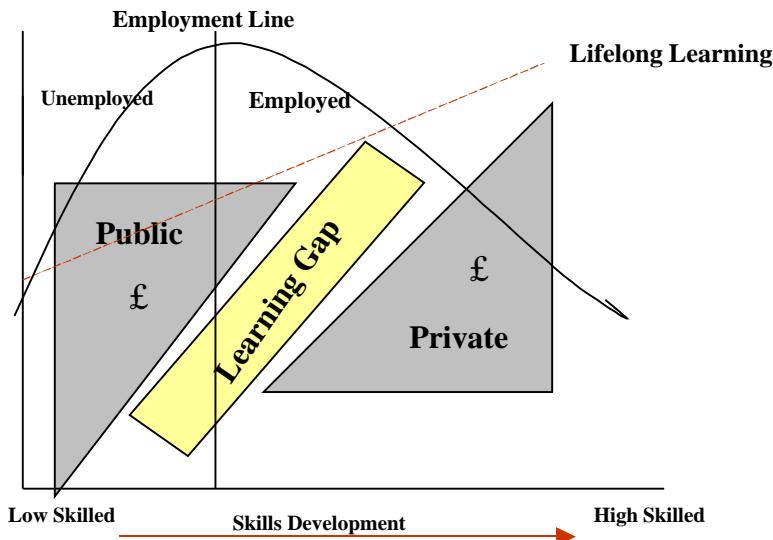
Given some of the above factors it is possible to develop a model for lifelong learning that seeks to illustrate some of the key issues. We have developed a model that represents a number of the competing interests that have to be reconciled if a culture of lifelong learning is to be created and sustained within any economic system. As previously indicated these competing interests may be social, individual or economic. The challenge for policy is to ensure that these interests are integrated into a coherent system to ensure a continual process of lifelong learning.

The model (see below) assumes a normal distribution of population set against skills, with higher skills being more employable or employed (moving to the right). The triangles representing the public and private sectors show an indicative level of scale of the investment or resourcing of learning and training. If the triangles are bisected at any point on the X-axis the area covered by the segmented triangle is indicative of the value of spend and the number of people assisted. The model assumes that public sector provision of education and training is concentrated to the left of the employment line\* (i.e. the unemployment) and that private sector spend to the right. In addition the greatest level of private sector spend is concentrated in the upper right of the triangle, focused upon those employees who are relatively highly skilled.

The distance between these two groups is referred to as the learning gap. This gap represents the area where public sector provision has tailed off and the private sector do not prioritise the individuals in this area to such an extent that they are prepared to invest in their training and development. For lifelong learning to be a reality the two triangles need to be brought closer together so individuals can move seamlessly along the hypothetical lifelong learning line.

In highlighting the Learning gap the principle issue raised by this model is to address those interventions that are necessary to close the learning gap, and for what purposes should this gap be closed.

# A Model of Lifelong Learning



(\* The employment line defines the point at which someone becomes employed)

If the concept of a learning society is to become a reality, and if the European states are to develop a knowledge based, flexible and competitive economy then lifelong learning must become the norm both for those who are economically active and for those who are excluded from the labour market. This requires investment from all parties, employers, individuals and government. If the needs of the excluded are not incorporated and integrated with the needs of employers and the economy then there will continue to be a segmented learning market within which opportunities and rewards will not be available to all.

The work of the TSER 'Integrated Funding Concepts' project was to examine potential mechanisms to apply to the Learning gap, particularly the development and extension of training levies currently in place in different Member States.

### 3.3 Aspects of the national progress (examples)

An important result of the thematic network is to recognize that a more co-ordinated approach is needed to the actually use integrated schemes to achieve lifelong learning and to understand how it is done across different countries, recognising that no single of them is the right answer.

One approach is to find out how the training levies and training funds are working – for example in Belgium, Germany and Norway.

The purpose of comparison was:

- Outline the scope and variation of levy funding systems
- Assess the experience with levy funding systems
- Assess the role of social partners in levy funding systems
- Identify factors that require/favour the creation of levy funding systems
- Identify factors that favour the inclusion of the unemployed in levy-funded trainings

The 3 countries vary a lot in the sense that proliferation of levy funded training is very different from one country to the next. Belgium is a country where this type of funding is widely accepted and well known. Germany is exactly the opposite, where almost all training is done and funded by individual companies and there is no effort to share the burden. Norway has a medium role concerning this aspect.

There are different systems of national and sectoral arrangements in Belgium and the Netherlands whereas there is only a very restricted and only a sectoral approach to levy funded training in Germany.

		Belgium	Germany	Norway
Proliferation of levy funds	high	low	medium	
Legal basis	Interprofessional agreements Sectoral agreements	Collective agreements in a few sectors: scaffolding, agriculture, chemical industry  Sectoral levies	Basic agreements at national level Cross-sectoral and sectoral agreements	
Financing Mechanism	Compulsory national levy scheme; partial exemption if sector levy is installed Sectoral levy schemes	Employees	Sectoral levies and cross-sectoral levies/funds	
Target group(s)	Initially groups „at risk“ including unemployed; now mostly employees	Only in the agricultural sector	Employees under sectoral funds; cross-sectoral funds open to unemployed	
Linkage to other public funding	Frequent co-financing from ESF and others		Partly used as „seed money“ to attract other funds	

### 3.4 Aspects of main characteristics of trainings levies and funds

It should be noted that in the tabular form some important trends are shown. Best practices can be eliminated for further strategies orientated towards the concept of ongoing training for permanent staff and for the unemployed.

	Norway	Austria	Netherlands	United Kingdom	Belgium
Funds	Norwegian Graphical Educational Fund (GEF), Norwegian Electrotechnical Development and Research Centre (EL-BUS) FLTs support facility for supplementary - and further education (FLT)	Steel Foundation by VOEST	Opieidings- en Ontwikkelingsfonds Metaalbewerking (OOM) Opieidings & Ontwikkelingsfonds Bou Scholingsfond Boubedrijf (OOB);	Construction industry Training Levy (CITL), Seafish Training Levy (STL), Freelance Training Fund (FTF) „New Deal“ (ND)	Training fund for the construction sector (TF); The social fund for private hospitals (SF)
Field of work, Purpose	GEF: The fund came about through the collective agreement in the graphical sector in 1972, with the aim to promote increasing the competence of branche to handle technologi- expansions of the graphical field Further-Training: ELBUS: further-training FLT: further-training	Manpower pool to deal with changing personnel requirements Generally labour foundations organises a package of collective and individually tailord support measureorientation, requalification and looking for a new job	OOM: Further-training OOB: further-training SB: further-training	CITL: further-training STL: further-training FTF: further-training ND: Training	0,5% allocated to sectoral and company activities for training and employment of groups at risk 0,5 % is extracted by the government for financing unemployed risk groups
Target group	GEF: Employees/unemployed ELBUS: employees FLT: any members at working age	VOEST employees	Apprentices, employees and most recently, the long term unemployed SB: employees, unemployed migrant workers	CITL: Employees STL: Employees FTF: Employees ND: The primary target group of New Deal of young people are 18 to 24 years old who have been unemployed claiming benefit for 6 month or more	Employees and the unemployed risk groups

Financial	ELBUS: Payments to the fund are calculated on a percentage basis (of wages) and are obligatory for all employees being bound by the sectoral collective agreement  FLT: the fund is paid in full by the employers	Employees: 0,25% of their salary, Voest: tops up the employees payment by 50% a year, Foundation participants, the regional government The national Unemployed Insurance	Levy rates vary across sectors and are paid by employer / and workers contribution	CITL: The cost of this training is shared between firms in the industry who will all ultimately benefit from a high skilled workforce. STL: the industry Currently pays a standard rate of levy of £ 9,03; Increase of 7,5% on the previous levy rate. FTF: over £ 1 million is distributed each year. ND: over the course of the current UK Parliament £ 5,2 Billion will be spent on the national New Deal Program	0,2% of payroll
Financial volume	GEF: For the last couple of years(1997-1999)the money paid into the fund, has really amounted to 14 Mill. NOK (approximately 1,7 Mill. Euro)  ELBUS: 7 Mill. NOK (850000 Euro)  FLT: NOK 5 Mill. (610000 Euro)		OOM: 40 Mill. NLG in 1994 of which 27Million levy an 13 Mill. national and ESF subsidies. Levy for apprenticeship 0,25 %, retraining 0,2 % and employment projects and others 0,1% of which half for a child care. Total levy of wage sum 0,55 %. OOB: 214,23 Mill. NLG in 1995 of which 186,38 Mill levy SB: 60,62 Mill. NLG in 1995 of which 52,63 Mill. levy and 7,99 Mill. interest. Levy 0,8 % of wage sum in 1996	CITL: In addition 12000 of these members received a share of 55 £ million of total support in form of grants, allowances and College fees  STL: In 1998/99 Seefish Training provided grant support totaling £ 325000 to 17 industry led group Training Associations	TF: 600 Mill BEF/ year  SF: 83,7 BEF (1997)

Revenue Allocation	<p>GEF: On a yearly basis this amounts to NOK 2080,- (about 250 Euro) per worker with approximately 75 % cost on the employer and 25 % of the cost on each employee</p> <p>FLT: For 1998 Support was given to 366 persons and projects with a totaling cost of NOK 4,3 Mill. (525000 Euro)</p>		<p>Funds give training subsidies, provide free training or reimburse Company training costs;</p> <p>App. 1-3 training days per employee/ year</p>	<p>CITL: The CITL directly trains 40000 people each year</p> <p>STL: During the year more than 5600 people attended skills courses run by Group Training Associations, a 49 % increase since 1997/98.</p> <p>ND: Employees who offer subsidised jobs receive a subsidy of £ 60 per week for six months to support training costs. The government will also contribute £ 750 for each New Deal employees training purposes</p>	
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### 3.5 Aspects of country specifics

#### 3.5.1 United Kingdom

In the UK industrial and sectoral training levies can be found, mostly under charge of sector oriented National Training Organisations (NTOs), who aim at bringing together employers, the government and the education / training sector. Examples of training levy schemes are the „Construction Industry Training Levy”, the „Sea Fish Industry Levy”, a Freelance Training Fund (Broadcasting and Multimedia) and the „New Deal” scheme recently introduced by the Labour party. Evaluation of all these levies is mainly output driven and lacks qualitative assessment of impact and benefit.

The Construction Industry Training Levy was introduced in 1997 and is a statutory requirement for firms whose main business lies within the construction industry. The annually collected levy-payment is calculated on the basis of a levy return (required by law). If above a certain level a percentage of wages or salaries has to be paid over to the Construction Industry Training Board (CITB). As the levy forms the core operational income of CITB there are other sources i. e. from Training Councils. This income is used for grants to offset parts of training costs occurring to companies on the CITBs register with the effect of sharing this cost between the firms. Training is employment-need orientated, i. e. improving skills and compe-

tence to promote national competitiveness within the industry. Approved courses for „new entrants“ are linked to the development of National Vocational Qualifications and are promoted by locally based staff.

Legal basis of the fund – Act of Parliament - 1982 Industrial Training Act as amended.

#### **Target Group**

The main activities carried out through the levy scheme relate to developing and running new entrant training programmes. While these are particularly focused upon those joining the industry from school, training is also provided for adult workers.

#### **Field of Work**

The Construction Industry Training Board (CITB) seeks primarily to initiate, improve and facilitate training and to develop training standards for the construction industry.

The levy provides CITB with its core operational income. The majority of the money raised through the levy is used for grants to help companies on the Board's register to offset part of the cost of training their workers. This training must be provided through approved courses and the trainees are required to reach accepted standards.

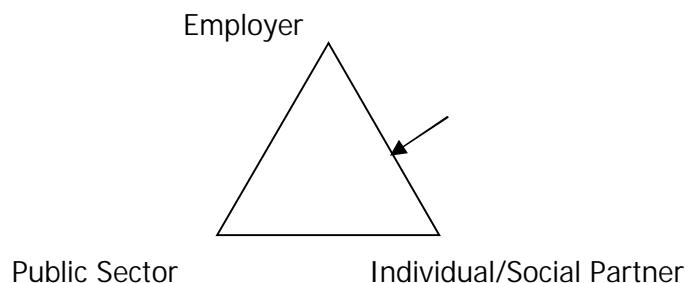
#### **Financial Structure**

The funding for the work of the CITB comes primarily from a statutory training levy on firms within the industry.

#### **Significance**

In 1997 18,000 employers were contacted by the CITB and 12,000 of these members received a share of £55 million of total support in the form of grants, allowances and college fees. Across the UK 40,000 trainees were supported directly and a further 14,000 trainees provided with some support

This levy is one of the few 'traditional' levy schemes in operation in the UK. Such schemes form a very limited part of the training market. Initiatives like the New Deal and voluntary levy schemes suggest that such formal levies are unlikely to expand in the UK in the near future.



The Sea Fish Industry Levy was introduced in 1981 and is collected by „Seafish Training“ (one of the above National Training Organisations). For firms within the industry there is a statutory requirement for payment of a flat rate, which is regarded to be insufficient in regard to training activities.

„Seafish Training“ aims at developing occupational standards and training programmes leading to nationally recognised qualifications as well as helping with recruitment activities.

The Freelance Training Fund, an investment fund run by „Skillset“, aims at providing the broadcasting, film, video and multimedia industries with a size- and skill optimised workforce. As contributions to the fund are voluntary the training funded is not necessarily targeted at employees of the contributors. The funded new entrants training, skills updating and retraining has to be carried out by recognised training providers and is basically industry orientated. It should enable people to work across the whole industry and develop their career.

The cross sectoral „New Deal“, introduced after a windfall tax in 1998 by the Labour party, comprises of different programmes, whereas the „New Deal for Young People“ (18-24) is regarded to be the core scheme. Contributions are voluntary and in respect to being subsidised job offers and not payments, somewhat different to the above. Employers within the scheme receive grants, government contributions and incentives (out of the windfall tax) for offering jobs but are not allowed to replace existing personnel with the before unemployed (6 months plus). The programme starts with an introductory period followed by different options to train and develop skills and potential („Gateway - period“) eventually leading into employment. Even in the event of failing to reach that aim, further support and personal advice, obligatory for the whole scheme, is given. The particular combination of working and training with combined involvement and support of employers and employees is regarded to dissolve the gap between employer demand and capabilities of employees / unemployed. In regard to the future of traditional levy schemes the Skillset Freelance Training Fund seems to be first choice in conjunction with introducing individual learning accounts. In general, direct extensions of traditional levies through statutory means are regarded to be unpopular with U. K. employers. „It would be difficult to build a broad, integrated mechanism for increased funding on the infrastructure currently in place“.

### 3.5.2 Norway

The Norwegian examples for funding recruitment and further training in a life-long learning process are based on collective agreements between employer- and employee organisations. As two funds (the „Norwegian Graphical Education Fund“ and the „Norwegian Electrotechnical Development and Research Centre“) are sector orientated, the Norwegian Engineer's and Manager's Associations (FLT) „Support Facility for Supplementary and Further Education“ is a cross sectoral fund. Another scheme is the „Information and Development Fund“, being part of all sectoral and cross sectoral collective agreements. Here the partners (Confederation of Norwegian Business and Industry, Confederation of Trade Unions) share the financing as well as the distribution to each party and joined projects.

The Norwegian Graphical Education Fund was established in 1972 and is based on collective sectoral agreement. It aims at the adaptation to technological changes and expansion of the graphical sector, comprising of press, printing, bookbinding and newspaper industries. The fund is financed on a flat rate based payment by the employers with the possibility to involve employees by salary deductions. That leads to a cost splitting of 1/4 on the employee side and 3/4 on the employer side. The fund subsidises / finances i. e. the building and support of research centres and the cost of approved training courses (1 - 3 days or on a modular basis). In addition Internet and recruitment projects together with the above centres are tend to build up an infrastructure for a life-long learning environment as well as help specific groups in a phase of unemployment.

**legal basis of the fund**

Collective agreement since 1972, last renewed May 2000 (Covers Newspaper production, printing and prepress industries, bookbinders)

**target group**

Graphical and Media industry sector for recruitment and educational purposes. All employees in the sector covered by the collective agreements and that there is made payments for to the fund are eligible for up to half price cost of approval courses by the Fund.

**field of work**

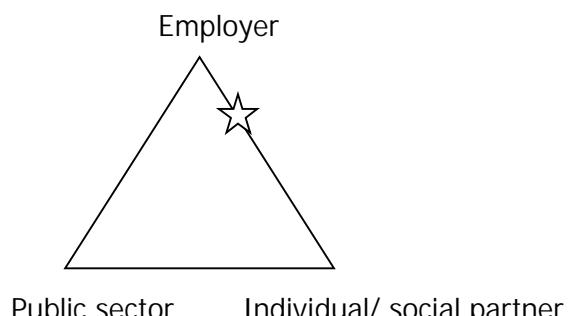
Further training measures for employees of the sector; co-financing the Research and Training centre for the sector, Activities to attract young people to choose schools and jobs that leads to a career in the sector.

**financial structure**

Co-financing between employer (75%) and employees (25%)

**significance**

Contribute to co-working in between employer associations and the Graphical and Media Union for development purposes of the sector in projects



The Norwegian Electrotechnical Development and Research Centre was introduced in 1990. It aims at a general improvement in sectoral trade, co-operation, research and development, competitiveness of industry and organisational restructuring. Payments to the fund are calculated on a percentage basis (of wages) and are obligatory for all employers being bound by the sectoral collective agreement. Main fields of funding are the financing / developing of regional training centres and courses for employees as well as upgrading courses for trainers and teachers. The main task is seen in the development of infrastructure for improving sectoral competence.

**legal basis**

Collective agreement since 1990, last renewed in May 2000. Covering electrical trade (installation)

**target groups**

Develop infrastructure and educational material for everyone covered by the collective agreement

**field of work:**

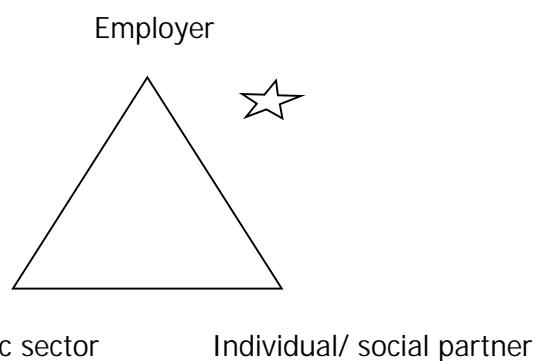
Provide the trade with up to date material for renewal of certificates and competence in the field

**financial structure**

Paid by the employer

**significance**

Co-operation between the employer association and the union.



The Support Facility for Supplementary and Further Education is a cross sectoral fund established in 1992. Its main task is to equal differences in respect to status, sex or social situation. It tends to contribute to the effectiveness of education by supporting courses up to one year run by public or private institutions. All funding is financed by the employer side and collected as a flat rate calculated per working hours on a yearly basis. Training supported is only for employees being fund members at working age, i. e. foremen, managers and technical staff.

**legal basis**

Collective agreement in private sector for foremen and technicians from 1992, renewed in May 2000

**target groups**

Any member of the FLT-union

**field of work**

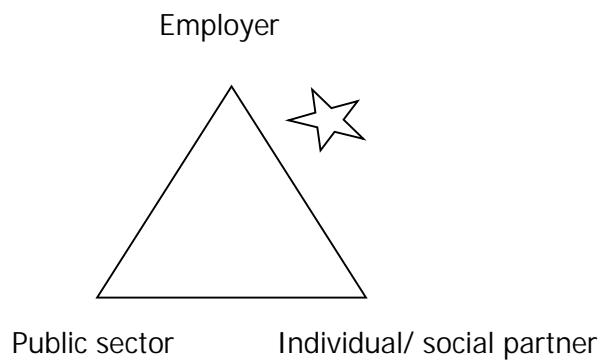
Grants to member of FLT for school costs and life support for further training purposes

**financial structure**

Paid by the employer for technicians and foremen covered by this specific collective agreement

**significance**

Has made it easier for the union to promote further training and lifelong learning in a changing society



### 3.5.3 Austria

The idea of integrating training for employed and unemployed people financed by funds in Austria is rather new. The only example for such shared responsibility for further training of the workforce are the Labour Foundations which have been established in order to cope with industrial restructuring and mass lay-offs.

There exists another type of integrated fund in the electricity branch but because of starting in 1998, there is not yet any definite data about implementation and results. The collective agreement for the Austrian energy industry is an agreement on time and considers that all employees in this branch have the right of 5 days training leave (with full pay) per year and a financial contribution of approx. 180 Euro for training cost. Because of the non financial contribution of employees the amount per person is very small and therefore only spent on internal training. As far as the union is concerned, there is no major interest neither in maintaining the agreement on the employers' financial contribution to training nor in generating a special branch training fund. In regard to the recent establishment of this fund and the lack of coherent information the following describes the Labour Foundations.

Country, sector and name of the fund: Further training agreement of the energy industry

legal basis

Collective agreement of November 1998; the details for implementation should be agreed upon and stated in social partner agreements on enterprise level

Target group

All employees of the Austrian energy industry (approx. 25.000), excluding apprentices (regulated by other agreements)

field of work

Further training measures for employees of the sector.

financial structure

Financial contributions of the employers are paid into a collective sector fund

Significance

Limited to the sector

Introduced in 1989, the labour foundations are a well established system to provide and finance training and retraining for workers affected by mass lay offs and may be considered as a European Best Practice example. The Austrian labour foundations were developed in the late 1980s as a response to massive redundancies in the then state-owned Austrian steel industry. The political sensitivity of the issue combined with the political culture of social partnership and dialogue deeply rooted in Austrian political decision-making made it possible to create a safety net for the employees affected by lay offs. The development of labour foundations has become an intrinsic part of Austrian labour market policy and is regulated as such by the Austrian Unemployment Insurance Law. In 1996, more than 70 labour foundations were operating throughout the country. Their average reintegration rate is over 80%.

The Austrian labour foundations are temporary organisations which provide training and counselling for workers affected by mass lay offs. They are working in a regional context and based on a public-private partnership between Labour Market Service, enterprise, social partners, remaining workforce and workers affected by layoffs. The foundations organise a package of collective and individually tailored support measures to cope with the personal crisis of sudden unemployment and to stimulate self-motivation in regard to reorientation, requalification and looking for a new job – without cutting all ties with the social network of the original enterprise.

Country, sector and name of the Labour foundations fund

legal basis

Austrian Unemployment Insurance Law

**Target group**

Workers who are affected by mass lay-off

**field of work**

Labour foundations offer a differentiated package of counselling and training measures (reorientation, requalification and counselling for business start-ups)

**financial structure**

Each labour foundation is a separate organisation. Subsistence costs are covered by the unemployment Insurance (Labour Market Service) Management and infrastructure: mixed financial sources (enterprise, local and regional governments) training costs: solidarity contributions form the remaining employees and mixed financial sources

**Significance High**

Best practice instrument with the aim to avoid regional (or sector related) mass-redundancies; since 1988.

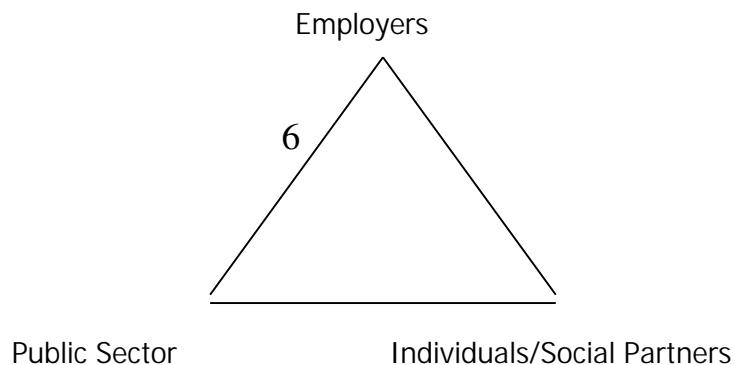
The first and todays most successful labour foundation is the so-called Steel Foundation set up at the Voest Alpine steel-manufacturing conglomerate in Linz. The foundation's management structure currently comprises of 12 permanent employees who also carry out individual counselling and advice programmes.

The fund is multiple financed by all interest groups involved. Voest employees contribute a „solidarity payment“ of 0,25 % of their salary to the foundation's resources. For the employees this contribution has become a kind of insurance payment, allowing for further qualification and increased job mobility in case of their own dismissal. The Voest Alpine steel conglomerate invested an initial ATS 10 million contribution. In addition, Voest tops up the „solidarity payment“ of the employees by another 50 % a year and provides all personnel and equipment for foundation's management. Foundation participants also contribute to the foundation's financing by the interest of their indemnification payment earned during their enrolment period. Also the regional government contributed a share to the foundation's capital and the National Unemployment Insurance covers unemployment benefit for up to four years according to a special act.

Summarising the foundation has become a familiar safety net and helps by looking at new opportunities. The strong involvement of social partners made it possible to acquire a legal basis at a relatively early stage. In an amendment to the Unemployment Insurance Law, the Austrian Parliament created a special act for the Labour Foundations which regulates the right of foundation participants to unemployment benefit and company grants for up to four years in case of longer training courses and studies

The financing of vocational education and training in Austria; the general situation:

### Initial vocational training

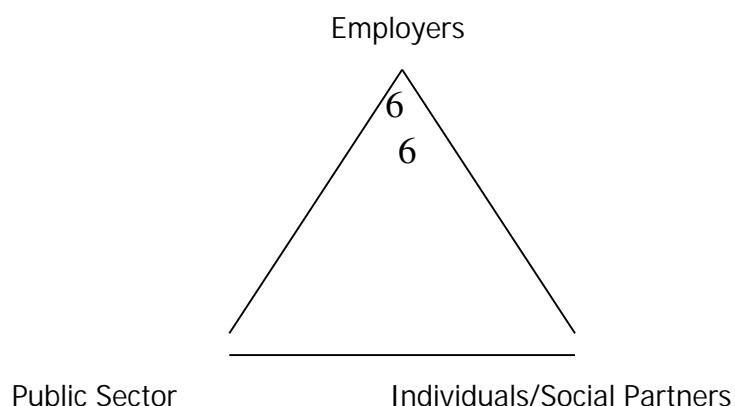


This is based on the following data (CEDEFOP, Sept. 1998)

#### Public and private spending on initial vocational training

In Euro (million)		1986	1991	1997
Public (federal and Länder)		1376.4	1683.7	1963.8
Private (training enterprises, including private schools to a minor extent)	from to	225.9 440.6	228.8 443.5	231.8 446.5
private individuals (households)		0	0	2.7

### Continuing Vocational Training



This is based on the following data (CEDEFOP 1998)

Public and private spending on continuing vocational training:

In Euro (million)		1996
Public (federal and Länder)		53
Enterprises		841
private individuals (households)	from to	336 490

*Source: Michael Hörtogel, Institute of Industrial Science: The financing of vocational training in Austria, CEDEFOP, Sept.1998  
(All statistics are based on estimates, owing to the lack of surveys and are thus only rough guidelines)*

It should be added, that overall figures of spending on vocational training (both initial and continuing) have been increasing from 3494.5 Mio Euro in 1986 to 4304.7 Mio Euro in 1997.

### 3.5.4 Belgium

A very important stimulus for the development of sectoral training funds in Belgium was an agreement by the social partners in 1989 to contribute 0,18% of gross wages for training and employment schemes for groups at risk. The interprofessional agreements lead to an enormous sectoral dynamism. To organise the implementation of sectoral agreements, sectoral funds were established, most of which now exist for ten years.

Normally the levy has to be paid to a National Employment Fund. On condition that a sectoral collective agreement makes the same effort for the same target group, it is possible to be exempted from the levy. Most sectors use that possibility, so there is a strong tendency for the development of sectoral training policy and sectoral financing schemes. The sectors obtained a larger autonomy in defining and developing their own policy concerning groups at risk, and they tend to choose a sectoral training policy in accordance with sector-specific needs. The levy was originally meant for groups at risk, but in the meantime there was an evolution from unemployed at risk to employed at risk to employees tout court.

The following will describe the training fund for the construction sector and the social fund for private hospitals. The training fund for the construction sector was established in 1965 to ensure a sufficient number of trained workers for the industry. The sector comprises of 154.485 workers and 25.171 employers which are under jurisdiction of the Joint Industrial Committee for the Construction Industry. The fund is managed by representatives from employers federations and trade unions and monitors, encour-

ages and helps to provide training, adaptation, inservice training and re-training for present and future construction workers. This training fund for the construction sector receives its operating income from a compulsory employers contribution, calculated on workers total gross wages. At the moment the rate is app. 0,65% (0,20% levy for training of groups at risk plus an additional 0,45% for training of employees), i. e. the income of the training fund is about 600 million BEF p. a. The fund works in collaboration with partners within the training sector and spends 50% for employee training, 10% for training of unemployed and 40% for initial training. The social fund for private hospitals was established in 1989 for implementation of the 0,18% measure for the hospital sector. The sector comprises of 114.000 employees and 204 employers. As the above this fund is managed on a joint basis by representatives from employers federations and from trade unions. The compulsory levy agreed in the private hospital sector is 0,10% of the total gross wages. (This equals the intersectoral minimum levy.). The income of the fund was app. 83,7 million BEF in 1997. The fund spends 50% for employee training, 40% for training of unemployed an 10% for other activities. Apart from initiating, supporting and financing training the fund published a training catalogue for the sector and arranged special actions in the framework of paid educational leave. For employers the fund carried out a research to detect the training needs in order to develop appropriate training policies. The general withdrawal from the levy and as a consequence the reduction of financial resources had a great social impact on the activities of the fund. One of the effects was a reorientation of activities towards employees and cut back of projects for the unemployed. Unfortunately, this happened at a moment of increased employment opportunities.

Country sector and name of the fund The Sectoral Training Funds in Belgium.

**Legal Basis:**

Interprofessional Collective Agreements (this means negotiated agreements on a national level between trade unions and employers organisations, each time for a two year period, that cover all sectors and employees).

**Sectoral collective agreements**

(this means agreements between the social partners on the sectoral level). The amount of the levy varies from sector to sector. The interprofessional minimum is 0,1 0%; most sectors pay a higher levy, between 0,1 5 and 0,65%.

**The Sectoral Training Funds**

are managed by the joint committees: joint bodies where the social partners (trade unions and employers organisations) negotiate on the sectoral level. They decide on the percentage of

the levy (0, 1 0 being the interprofessional minimum), they collect the employers contributions, they decide on the target group and on the actions to support.

#### Target group

The levy was originally meant for groups at risk; however, we see an evolution from unemployed at risk to employees at risk, and to employees tout court. This is due to the sectoral autonomy in defining the target group. For the moment the target group consists of students (2,8%), unemployed (37,5%), employees (44,3%) and others (15,3%).

#### Field of work

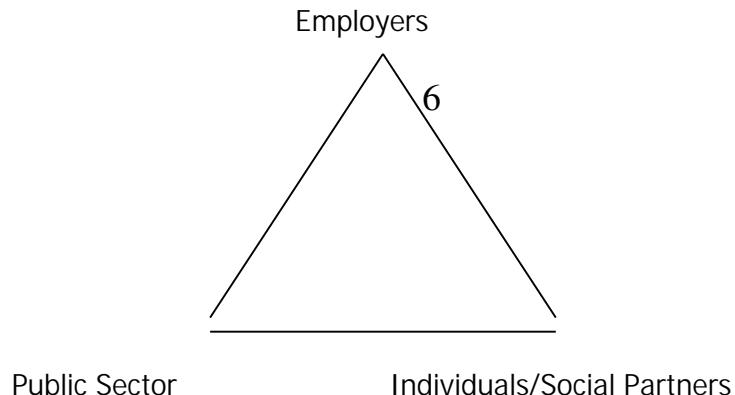
There has been a clear tendency from employment measures to training measures. Training in general, and more specific training of employees became more important. There is a great diversity in the field of work of the different sectoral training funds.

#### Financial structures

The sectoral training funds receive their operating funds from an employers contribution (agreed by sectoral collective agreement), calculated on the gross wage mass of the workers in the entire sector. Some sectoral funds have additional funding from E.S.F., Flemish government, Paid Educational leave, etc. The social partners decide how they spend the available money.

#### Significance

Since 1989, the levy for training of groups at risk is part of the interprofessional and the sectoral collective agreements. This resulted in an enormous sectoral dynamism concerning training of unemployed and employees. The sectors obtained a larger autonomy in defining their own training policy. As a consequence we see a greater variety in the measures and in the target groups.



### 3.5.5 Netherlands

During the past decades, the social partners in the Netherlands have gained high influence on the development of sector training policy. In the middle of the 80ies agreements about training for the metal working sector were laid down between the social partners in the Collective Labour Agreement (CAO).

In 1984 the training fund OOM (Opleiding- en Ontwikkelingsfonds Metaalbewerking) was established by CAO-partners. The funds general objective is to uphold, stimulate and, where necessary, improve craftsmanship in the metal working sector only. Its major task is the stimulation of further training for employees, participation in apprenticeship training and retraining of unemployed workers. Moreover, the fund is active in promoting technique and technical education, research about branch developments and improvement of the connection between education and labour market. The fund is jointly administrated by the employers federation and the trade unions. The OOM fund is financed by a training levy on gross wages of companies falling under the Collective Labour Agreement. At the moment, every employer pays a levy of 0,55% of gross wages. This is divided into a 0,25% contribution for apprenticeship training, 0,2% for further training of employees and 0,1% for training for the unemployed. With its income the fund contributes to training activities of employers and employees in the associated companies. Every employer gets reimbursement for a number of training days equal to the number of employees working in the company. The average paid leave is for one day per worker per year. The employer decides how to use the training days within the framework of his own company training plan. Employers needing more days in a year than available can use a number of days of the following year in advance, with a maximum of 5 days. The fund has developed a large variety of standards and specifically tailored courses held at the training centre on individual subscription basis or in the companies themselves.

According to OOM, after a start-up phase in the eighties during which the fund had to establish and promote itself and during which not all income could be spent, today there is a situation of over-spending. Training for the unemployed has also increased during the nineties so that the levies do not

generate enough income anymore to cover all expenses for training subsidies.

In the Dutch building and construction sector two other training funds can be found. Both funds are among the largest sector training funds in the Netherlands. The Opleidings&Ontwikkelingsfonds Bouwbedrijf (O&O-funds) spends 57% of its income for apprenticeship training and so cannot be called a further training fund. The income of the Scholingsfond Bouwbedrijf, established in 1987 and the main financing agency for training and retraining of employees and employment projects, is used to reimburse the wage costs of employees who are in training. Besides, this fund contributes to special employment projects for the long term unemployed and migrant workers. In the building sector, contrary to other sectors, subsidisation of apprenticeship training and training of employees is organised in separate financial funds. For instance, the branch of painting, coating, roof building, carpenters and others have their own funds. They are also financed by a levy on gross wages, with percentages varying from 0,3% to 1,55%. Continuing training got an extra impulse when regulations for paid educational leave were introduced with the Collective Labour Agreement for the building industry in 1987. From then on the employer was obliged to develop an education and training policy for employees in his company. Employees can claim up to 2 days paid educational leave per annum, in order to be able to participate in training courses which are related to their actual occupation or a future occupation in a company falling under the CAO-regulations. The unions propose a system, consisting of one large CAO with one large training fund as a framework for the whole sector, with the possibility of specific CAO-agreements on branch level.

With the funds established in the 80ies it can be clearly seen that income could not be spent in the beginning whereas today expenses are higher than income. To keep up the existing system as more unemployed have access to funding, financing needs to be changed by increasing percentages on gross wages or development of other sources. Of all the above training funds the Dutch system seems to be the most pragmatic and the most professional. If this system is causally connected with the present state of nearly full employment in the Netherlands cannot be finally assessed. But the Dutch system seems to be a good way for making lifelong learning possible.

The vocational education and training in the Netherlands is divided into two mainstreams: initial and continuing training. Both streams are financed by the following funding sources: public sector (Ministries of Education, Agriculture, Finance, Economic Affairs, and the European Union) and private sector (Companies, Levy Funds, Individual participants). The figures and tables below show the different financial contributions to the training in a number of years.

In the framework of the IFC project a brief explanation of levy funds is given here. Since the 1980s the social partners have made many arrangements for training in the collective labour agreements. As a consequence of

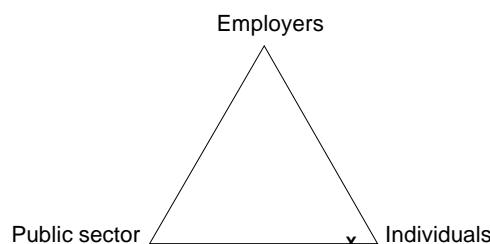
these arrangements also many sector training funds were established. The idea behind these funds is to balance the costs for training. Through the compulsory contribution to a fund all companies in a sector pay for the training of the employees. Through this the risk for employers who have trained their employees becomes less when these employees would leave for other companies that have not trained their employees.

The sector training funds, of which there are more than 100, are financed by a levy on the wage sum which are 0,5% on average. For a large part, the money is used to finance retraining and apprenticeships, but beside that money is also spent on, for example, employment creation projects, child care, research, labour circumstances care.

Almost half of the funds is working with training days for retraining the employees. Most of the time these days are taken collectively while the employer decides who can take a course. The number of training days per 100 employees varies from 5 to 70. The participation of employees from small companies lags behind those of larger companies despite the attempts of funds to reach the smaller ones.

The financing of vocational education and training in the Netherlands

### A) Initial vocational education



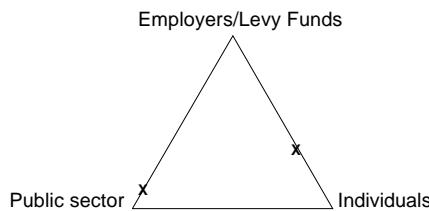
(1996: financial contribution of the public sector is 93% and of the private sector (individuals) 7%)

### Public and private spending on initial vocational training

Million Euros	1985	1992	1996
Public (Ministries of Education, Agriculture, Finance)	1920.7	1928.6	2527.1
Private (Fees to Schools and Ministry of Education)		161.1	187.0
Total	1920.7	2098.7	2714.1

Source: Clemens Romijn, Institute for Applied social Sciences: The financing of vocational education and training in the Netherlands, Financing portrait, CEDEFOP, Thessaloniki, March 1999.

## B) Continuing vocational training



(1996: financial contribution of the private sector is 85% (of which enterprises and levy funds 63% and individual participants 37%) and of the public sector 15%)

Million Euros	1986	1991	1996
Public (Ministries of Education, Economic Affairs, European Union)	n/a	272	400
Private (Enterprises, Levy Funds, Participants)	1870.2	2288.7	2703.6
Total	1870.2	2560.7	3103.6

Source: Clemens Romijn, Institute for Applied social Sciences: *The financing of vocational education and training in the Netherlands, Financing portrait, CEDEFOP, Thessaloniki, March 1999.*

### 3.5.6 Germany

As already mentioned there are, according to information available, very few sectorial funding solutions in Germany. Those existing are:

- § The scaffolding trade's social insurance fund,
- § The development agency and training fund for the agricultural and forestry industries,
- § The further training foundation for the chemical industries,
- § The development agency for employees of the baking and confectionery trades,
- § The innovation and development agency for the wood and synthetic materials processing trades,
- § The holiday and wage adjustment fund for the construction industry – in Berlin the trade's social insurance fund looks after these issues,
- § The 'Critical Academy' for the clothes and textile industries.

The primary tasks of the scaffolding trade's social insurance fund include payment of the collectively agreed social benefits for its workers such as holiday pay, compensatory wage increases, transition assistance, bad weather allowances etc. A further important task is promoting and securing vocational training measures within the sector:

- § Initial vocational training as scaffolder,
- § Further training as certified chief scaffold assembler,
- § Further training as certified scaffolding foreman,
- § Training course leading to suitability as certified apprentice instructor.

All workers in scaffolding firm are eligible to participate in the training courses sponsored by the social insurance fund as long as they can fulfil the necessary prerequisites. Unemployed persons are not eligible to partake in the courses. A special feature of the scaffolding sector is the fact that all workers have the right to further training as long as they can comply with the necessary conditions.

The tasks of the social insurance fund and as well as the collection of contribution payments have been agreed upon in a contract between both social partners, the IG Bau-Steine-Erden trade union and the Federal Scaffolding Association, and have been declared as generally binding by the Federal Minister for Employment. The social fund, which is comprised of equal representatives from both parties, carries out the tasks specified in the collective agreement. The further training courses are carried out in several vocational and technology centres run by the Chambers of Trades.

The employer is obliged to continue to pay each worker who participates in a training course officially recognised by the social insurance fund the sum equivalent of eight hours wages per study or examination day. The social insurance fund covers all costs such as learning aids, examination fees, living and travel expenses.

The fund pays the continued wages for the worker as well as 45% of the employer's costs for social benefits. Furthermore it also covers the necessary material and personnel costs for the company-extern training institute.

In order to give a scale of the social insurance fund's activities we shall here give the number of courses held in 1995 with the number of participants who completed. In this year alone, the social insurance fund gave financial backing for eleven further training measures ending with certification as chief scaffolder for 231 persons, ten courses leading to certified team foreman for 233 persons and three courses with 69 persons who were certified as suitable for apprentice instructor.

Both further and continuing training as well as initial vocational training have been regulated by the unions. The financing model for the social insurance fund is based on sector-specific contributions paid by both firms which offer apprenticeships and those which don't. Details of the financing models are agreed upon by the social partners.

In order to give a scale of the services financed by the social insurance fund for workers in the scaffolding sector, the latest data available is from 1995. During this year a total sum of 26% of gross wages were paid into the fund by employers. This money could only be used by the fund for certain agreed purposes, whereby it should be noted that 2,5% of gross wage

costs were reserved for investments in training. Keeping in mind that in 1995 the gross wage costs in the sector amounted to 712 million DM, from which 17,8 million DM was paid into the fund, 5,1 million DM of this sum was invested in vocational further training. It must be mentioned in this context that the social fund also receives a little government funding which however, due to lack of information, cannot be precisely described.

The development agency and training fund for the agricultural and forestry industries is a sectorial fund solution for financing initial, further and continuing training for workers in the agricultural and forestry sector or for persons formerly employed and wishing to continue working in this branch.

The funding aim of the training fund is according to § 3 of the collective agreement to create and secure competitive full and part time jobs in the agricultural and forestry industries by offering the workers better qualifications. The following measures aim to realise this goal:

- § Further and continuing training for workers and former workers in the agricultural and forestry industries who wish to continue working in this sector,
- § Support for bodies and institutions involved in the above mentioned activities,
- § Information campaigns and support as well as
- § Expert reports.

At the beginning the main activities of the development agency focused on initiating job creation measures especially in the agricultural and forestry sectors as well as for the environmental and landscaping branches. In 1992 and 1993 focus shifted towards work-accompanying training. Within this framework various independent training areas were developed:

- § Municipal and regional development,
- § Work-accompanying training (agriculture, forestry, landscaping),
- § Employment and training agencies,
- § Setting up enterprises,
- § Labour market representatives.

According to § 1 of the collective agreement for the qualification fund the target groups are workers from the agricultural and forestry sectors or former workers wishing to take up work in this branch once again.

With the development agency for the agricultural and forestry industries a differentiation must be made between government promoted labour market measures and measures for individual companies.

On the one hand a large number of courses are financed by the qualification fund in order to ensure the workers' competitiveness. This area includes a training measure which had 1300 participants in 1995. On the other hand workers from the agricultural and forestry sector are also able

to avail of a wide range of training services offered by the development agency ranging from short term schooling to seminars, congresses etc. In 1995 approx. 400 workers availed of these offers.

Finally money from the training fund is also used to co-fund ESF measures and with additional funding through the Labour Promotion Act projects with the unemployed are also carried out.

Thus the following are the main beneficiaries of the training fund:

- § Workers in the agricultural and forestry sectors: by participating in job creation schemes with accompanying training workers can retain and update their skills which will improve their job chances later on;
- § Companies and firms in the agricultural and forestry sectors: qualified workers are available to them which is of significant importance in relation to the legal regulations concerning safety and accident prevention;
- § Rural communities: on the one hand job creation schemes with accompanying training channel finances into local areas for employment purposes and on the other hand, the communities achieve an increase in the level of education and – by combining training measures with rural development concepts – contribute to structural policy.

A drawback to the training fund and development agency is that they are only available to persons working in the sector.

The objectives of the further training foundation of the National Federation of Employers in the chemical industries and the Industrial Trade Union for Mining, Chemicals and Energy are occupational further training in the chemical industries. In this framework the fund aims to support chemical companies, especially small and medium-sized enterprises, in their training activities on a national level. The purposes and tasks of the foundation have been laid down in a comprehensive paper which set the central focus of activities on the following areas:

- § To help promote worker potential in the chemical industries through further training,
- § To train employees to meet the increasing demands for personal initiative and for co-operative, communication and leadership skills,
- § To support companies in the chemicals sector in offering their employees better career perspectives.

The activities of the further training foundation are targeted solely towards firms in the chemicals sector whereby for the past while a strong focus is being placed on small and medium-sized enterprises. The main task of the fund is to develop training concepts orientated mainly on the needs of workers; the foundation is not involved in the actual implementation of courses.

The tasks of the further training foundation as a service agency are in the field of supporting companies in the chemicals industries in their further training activities. This is particularly achieved by developing concepts and training models. Actual implementation of courses is not one of the foundation's tasks.

The following working areas evolve under the premise that the foundation's activities take all companies in the chemical industries into consideration:

- § Development of concepts and programmes for training workers from the chemicals sector,
- § Development of teaching material to be made available to the individual training institutions,
- § Placement of teachers and seminar leaders for the individual training institutions,
- § Development of vocational further training models for the chemicals industries as scheduled,
- § Advisory services for firms and staff committees regarding further training,
- § Publications and organisation of seminars, congresses and workshops.

The foundation's fund which is exclusively for non-profit making purposes is made up of equal contributions from the National Federation of Employers in the Chemicals Industries and the Industrial Trade Union for Mining, Chemicals and Energy. The training foundation's projects are financed from the fund's capital returns. Government funding is also used and in some cases fees are charged for the foundation's services.

### 3.5.7 Denmark

Three universal labour-market funds exists:

1. an Unemployment Benefits Fund
2. a Sickness Benefits Fund  
and
3. Activation Fund.

Together these labour market funds finances the major part of the public expenditures on labour market policies. The contributors to the labour market funds are the different agents on the labour market.

The contributions are paid very much alike a brutto-taxation on the labour market agents. Their contributions are though earmarked or reserved to

specific purposes. One of the reasons to this is a public goal in making the costs and their purposes more visible in trying to make them more legitimate.

The labour market funds finances public expenditures to unemployment benefits, early retirement benefit, active labour market policy, labour market education's, continuing and further education, different kinds of leave, sickness and maternity benefits.

The earmarked contributions to each of these three labour market funds are paid by:

- employers, self-employed and employees, the latter paying the major share
- contributions from the members of unemployed insurance-organisations
- insurance contributions from private and public employers

Depending on the employment situation, the state also contributes to finance the expenses of these funds. The main contributor are the employees who in 1994 contributed with 5% of their income as a taxation. The contribution has since 1997 been stabilised on a level of 8% of their income.

The employer contribution is a combined wage-tax and a supplementary VAT; in 1997 the rate was 0,3%, in 1998 and 1999 0,6%. From 2000 no employer contributions to this Fund is foreseen.

The main contributor is the wage earners; in 1994 it started with a rate of 5% of the wage and has since 1997 stayed at 8%.

The labour market funds are in 1999 estimated to use totally DKR 62.8 billion:

- The unemployment benefit fund is the largest fund with a budget of approx. DKR 38.7 billion.
- The activation fund has a budget of approx. DKR 13.1 billion
- The sickness benefits fund has a budget of DKR 11.1 billion to.

The amount of public money collected in the funds has been relatively constant since 1996, changing a little with the economic conjunctures.

The activation fund covers the public expenditures to active labour market policy. This means programme activities as job training in the municipalities, the labour market education's, CVT and educational leave.

The Activation Fund is governed by the Minister of Finance, based on counselling from "The National Labour Market Council" and "The Educational Board for Labour Market Education & Training", both with parithetical representation of the parties of the labour market.

These two Councils suggests the type and volume of activities within active labour market policy – and the level of activities then influences the size of the levies to be paid as "labour market contribution".

Danish CVT-policy, with AMU as the prior instrument, has pursued a broad range of political targets:

- q augmentation of productivity, "modernisation" of skills (industrial policy)
- q increased flexibility and mobility on the labour market (labour market policy)
- q reducing unemployment through education and job training (employment/social policy)
- q promoting general qualifications, incl. societal knowledge (educational/egalitarian policy)

The broad range of political targets makes public intervention and spending legitimate. The four aspects are probably still to be found - as integrated elements in complex financial and organisational patterns - in Danish CVT-policy, even though the balance between them has changed in favour of a more "liberalistic" market-orientation.

It first became clear in the "Labour-Market-Education"- Legislation from 1995, aiming at replacing the earlier "corporatistic", common social partner interest articulation, by a demand-orientation, where "demand" is interpreted as what is stemming directly from the enterprise-level (which, as the trade-unions underline, should not be identical with letting management (alone) define the qualificational needs!). To anticipate and meet market forces ("demand") has now become the most important "guiding star" to the AMU-system. A recent evaluation on Danish CVT has strengthened the demand-orientation (Targets and instruments in public financed CVT, 1999).

A very important discussion related to the Danish CVT-discussion deals with "who has to pay for what", when the CVT priorities becomes elements in a large-scale social compromise.

The enterprises argue that they pay far too much to the general education of the unemployed (to the purpose of promoting and maintaining employ-

ability), and therefore lose competitiveness. On the other hand trade unions argue that there isn't invested enough in human capital in general, and especially not enough from the enterprise level.

The major problem is closely connected to the neo-corporatist compromise model between the social partners and the state. Public intervention and large-scale investment using some kind of general taxation may also in the future be political legitimate.

But the institutions ought to be able to avoid public investments on the enterprise level, that should be covered by the enterprises themselves (also labelled "The dead-weight problem").

#### 4. Exploitation and dissemination of results

The project was met by great interest whenever it is mentioned by the coordinators respectively by the partners of the network in other contexts, f.e. in meetings with partner organisations in other projects. Till the end of the project we put a strong bias on the dissemination of the results so far. For this we where using still our contacts with the national information/consultation units.

An important part of the dissemination was the presentation at the Palais des Congres during the Employment Week '99 (November 03-05, 1999) in Brussels. We presented the provisional results in Diskussion Group 11, titled "New Approaches in Education and Training". The coordinator and 3 partners of the project have given interesting inputs to financing funds in Germany, the Netherlands and the UK. In the following round-table discussion several examples of good practice from different other countries were described.

Another possibility for dissemination was the AIOSP-conference in Berlin „Beraten für Bildung, Beruf und Beschäftigung“ (30.08./01.09.2000), where we presented the results of the IFC-project in the workshop „Internationale Perspektiven von Beratung und Qualifizierung“

Till the end of august 2000 the coordinators and some partners are working for a conference next year (Mai 2001) with reference to the project with the

proposed name „European dialogic conference: Financing Concepts for life-long learning“.

One of the main aims of the conference is to discuss the results of the TSER network and other TSER projects in the context of the program for the Improving the Human Research Potential and the Socio-economic Knowledge Base and to initiate a fruitful thinking process and dialogue on questions relating to how Life Long Learning can be funded. It is planned that the participants develop perspectives on how they can continue to work together e.g. in the form of country-specific expert groups or as co-operation partners for research projects.

The material from the TSER network "Integrated Funding Concepts" and of course the existing different studies in the field of Life Long Learning as well as the ongoing discussions in many different groups are the background for the European Dialogic Conference "Financing Concepts for Life Long Learning".

Life Long Learning is an important factor in the structural changes. The concept of Life Long Learning is of critical economic, political and social importance within a modern knowledge driven economy. The development of human capital through Life

The European Dialogic Conference "Financing Concepts of Life Long Learning" creates a new way for the exchange between researchers, politicians, social partners and experts. The conference gives different target groups from different states and organisations (see B4.1), the opportunity to exchange and discuss different aspects, backgrounds and positions on the financing of Life Long Learning. The special method makes it possible, to initiate a discussion process between the participants and their different field of work.

The conference offers the participants a forum for intensive discussions on Life Long Learning and on how financing concepts could be developed. With the vision of Life Long Learning, it will offer an opportunity to discuss and develop funding strategies. Thanks to the carefully selected participants who will also receive ample preparatory information on the contents and methods of the conference, it can be ensured that not only will the results of the conference be a good documentation but also that all attending will be actively involved in the discussions.

Even a proposal for a research project – in continuation of the network project – is organised by the coordinators. The first drafts were discussed during several meetings.

## 5. List of network- partners

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