



Republic of Bulgaria  
ECONOMIC  
AND SOCIAL COUNCIL

## **ANALYSIS**

**on**

# **"NEW FINANCIAL INSTRUMENTS FOR DEVELOPING LIFELONG LEARNING IN BULGARIA "**

**(own-initiative analysis)**

**Sofia, 2020**

The Economic and Social Council (ESC) included in its Action Plan for 2020 the development of an analysis on the topic: "New financial instruments for developing lifelong learning in Bulgaria".

The elaboration of the analysis was entrusted to the Labour, Income, Living Standards and Industrial Relations Commission, the Social Policy Commission, the Economic Policy Commission and the Budget, Finance, Insurance and Insurance Commission of the ESC. The Labour, Revenue, Living Standards and Industrial Relations Commission was designated as the leading commission for the preparation of the draft analysis.

Plamen Dimitrov, a member of ESC Group 2 - Trade Unions and Chairman of the Labour, Income, Living and Industrial Relations Commission, was appointed rapporteur for the analysis.

At its plenary session held on 7 February 2020 the Economic and Social Council adopted the analysis.

## **1. THE NEED AND PREREQUISITES FOR INTRODUCING NEW INSTRUMENTS TO FINANCE LIFELONG LEARNING (LLL)**

1.1. The level of educational characteristics of the population, as repeatedly stated by the Economic and Social Council (ESC), is a basic prerequisite for the quality and adaptability of human capital, therefore for the development of the economy, for the progress of society, and for the quality of life of every person.

1.2. Taking into account the global trends for fast and constantly changing processes related to the introduction of new technologies in all spheres of activity, which are causing dramatic social changes in the labour market, in particular in the quality of education and in the necessary adaptation of the knowledge and skills of human capital, ESC has repeatedly emphasized the need for more effective and rapid development of the system for continuing education in Bulgaria.<sup>1</sup>

1.3. ESC draws attention to the fact that in Industry 4.0, when some professions disappear and others emerge, when the acquired knowledge and skills become obsolete within several years, when entire sectors such as healthcare, education, ecology, etc. are being transformed technologically, investments in the human potential of Bulgaria are becoming crucial. They must be sufficiently large in size and flexible in order to ensure a timely adaptation of the workforce to the new requirements and working conditions.

1.4. According to ESC, the negative demographic trends, characteristic not only of our country, such as the decrease in the active-age population and the process of its ageing, make even more compelling the need to mobilize all available resources of well-trained staff, but also their qualifications, knowledge and skills to constantly adapt to the ever-increasing and ever-changing demands of the labour market.<sup>2</sup>

1.4.1. ESC notes that the more and more urgent inclusion of the older generation in the labour market, in turn, requires that forms of training and qualification be expanded and made more accessible to upgrade their skills and knowledge to the level of modern professional and qualification criteria.

1.4.2. On the other hand, phenomena such as early school leaving, non-participation in the labour market, non-participation in formal or non-formal education and training are still widespread among young people in Bulgaria. ESC notes with concern that these phenomena need to be minimized, including through various forms of LLL.

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<sup>1</sup> ESC Opinion on Current Problems and Policies in the Labour Market - 2010; ESC Resolution on Possible Guidelines for the Development of the Vocational Education and Training System in Bulgaria, 2017; ESC Opinion on Policy Opportunities for Young People in Bulgaria, 2019.

<sup>2</sup> ESC Resolution on Demographic Challenges to Bulgaria in the Context of the Europe 2020 Strategy, 2011; ESC Opinion on Active Ageing and Generation Solidarity, 2012.

1.5. ESC notes with concern that there is a lag in the achievement of the goals set in the National Lifelong Learning Strategy 2014-2020. 8 strategic objectives and indicators of progress in terms of educational attainment of the population listed in Appendix 1.

1.6. In this regard, ESC notes the fact that in recent years there has been a steady trend of improving the educational structure of the working-age population<sup>3</sup>, incl. increasing the share of higher education<sup>4</sup> graduates to 33.7% in 2018<sup>5</sup>, as compared to the EU average of 40.7%. The Europe 2020 national target - the share of higher education graduates aged 30-34 to reach 36% by 2020 remains difficult to achieve.

1.7. The relative share of the low-educated<sup>6</sup> population of working age has decreased within 10 years from 28.7% (in 2007) to 21.3% and falls below the EU average (25.6%). However, in order to maintain this positive trend, a palette of measures should be applied to reduce the share of young people outside education, training and employment, which in 2018 for Bulgaria is 20.9% - as compared to the EU average of 16.5%<sup>7</sup>.

1.8. ESC is alarmed to find that government spending on education remains relatively low, accounting for an average of 3.7% of GDP for 2007-2017, with it the forecast for 2020 expects 3.8% of GDP<sup>8</sup>, while the European Community indicator is 4.9% of GDP. Within the EU only Romania spends less on education (3.4% of GDP), and its level in Scandinavian countries is almost double that registered in Bulgaria. Better funding for education would also give us a better place in terms of advancing innovation skills development<sup>9</sup>.

1.9. ESC also notes that funding for continuing education is mainly a source of European funds and the national budget. As credible a financing tool as European funds are now, their role in the future could be diminished. Many Member States have for years implemented various LLL financing instruments such as specialized sectoral funds, voucher schemes or individual training accounts.

1.10. In a number of its documents, ESC points out other factors specific to Bulgaria that justify the need for a new approach in the organization and management of available financial resources, from new forms to ensure equal access to effectively functioning vocational education

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<sup>3</sup> Population aged 15-64.

<sup>4</sup> Educational levels 5-8 according to the ISCED 2011 international standard.

<sup>5</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Educational\\_attainment\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Educational_attainment_statistics)

<sup>6</sup> With elementary and lower than elementary education - ISCED 2011 level 0-2.

<sup>7</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics\\_on\\_young\\_people\\_neither\\_in\\_employment\\_nor\\_in\\_education\\_or\\_training](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Statistics_on_young_people_neither_in_employment_nor_in_education_or_training)

<sup>8</sup> <https://www.investor.bg/biudjet-i-finansi/333/a/razhodite-za-obrazovanie-za-2020-g-dostigat-4813-mlrd-lv-ili-38-ot-bvp-292709/>

<sup>9</sup> See Global Digital Compass, 2019.

and training and learning systems throughout life, as well as the need to seek appropriate, measurable results from them<sup>10</sup>.

1.11. According to ESC, funding for lifelong learning forms now somewhat limits the reach to a much larger share of the people in the labour market who need vocational training and training. Specific vulnerable groups are affected, such as people with disabilities, people of active age, but outside the labour market, people who live and work in economically disadvantaged areas.

1.12. ESC believes that a thorough analysis and open dialogue between all stakeholders is needed in order to achieve the correct choice of new financial instruments for LLL. Reaching agreement on this significant issue will also help accelerate the development of the learning process. The application of new financial instruments for lifelong learning requires channelling funds through a more decentralized, regional, sector-focused, more flexible approach. Such instruments will create an opportunity to overcome existing inequalities, including regional ones.

1.13. ESC emphasizes that the joint action of the Government, nationally representative social partners and the academic community to improve access, coverage and quality of formal education, non-formal learning and self-learning are key to meeting UN Goal 4 of the Sustainable Development Goals "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."

1.14. As a result of targeted measures in the last decade, the share of participation in lifelong learning of the working-age population (25-64) has increased from 1.6% before 2011<sup>11</sup> to 2.5%<sup>12</sup> measured during the last 4 weeks of 2018 in Bulgaria - as compared to 11.1% in the EU. At the same time, ESC notes that during a 12-month period in 2016, when training vouchers were actively implemented, the share of LLL participation reached about 50%<sup>13</sup> of the EU indicator (See the graph).

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<sup>10</sup> ESC Resolution on Actions to Support Young People and Combating Youth Unemployment in Bulgaria, 2013; ESC Opinion on Policy Opportunities for Young People in Bulgaria, 2019.

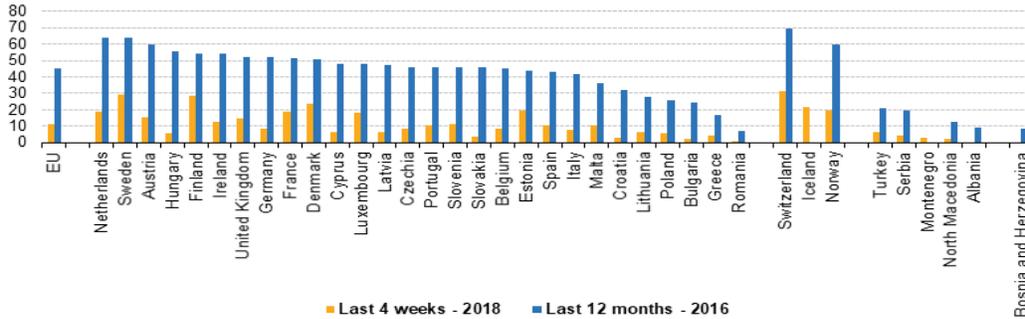
<sup>11</sup>[https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg\\_04\\_60&plugin=1](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_04_60&plugin=1)

<sup>12</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Adult\\_learning\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Adult_learning_statistics)

<sup>13</sup> [https://ec.europa.eu/eurostat/statistics-explained/images/c/c3/Participation\\_rate\\_in\\_education\\_and\\_training\\_%28last\\_4\\_weeks\\_-\\_2018\\_-\\_and\\_last\\_12\\_months\\_-\\_2016%29\\_%28%25\\_of\\_persons\\_aged\\_25-64%29.png](https://ec.europa.eu/eurostat/statistics-explained/images/c/c3/Participation_rate_in_education_and_training_%28last_4_weeks_-_2018_-_and_last_12_months_-_2016%29_%28%25_of_persons_aged_25-64%29.png)

**Participation rate in education and training (last 4 weeks - 2018 - and last 12 months - 2016)**

(% of persons aged 25-64)



Source: Eurostat (online)



1.15. ESC is very concerned about the fact that, for the consecutive year, in the Report on Bulgaria<sup>14</sup>, the EC criticized the large share of early school leavers aged 15 to 24 who have dropped out of secondary education without completing it. ESC has analysed and made a number of proposals in its acts from previous years to overcome this problem, incl. through appropriate financial instruments to facilitate access to a preferred form of LLL - return to the education system, inclusion in non-formal learning or self-study, which can be validated if an educational institution or training institution offers recognition of the learning outcomes from acquired knowledge and skills<sup>15</sup>.

1.16. ESC also recalls that the European Pillar of Social Rights<sup>16</sup> outlines the crucial role of "guaranteed access to education, qualification, training and lifelong learning", where measures should be taken to invest and develop the workforce by professions and specialties through measures for the vulnerable groups and the long-term unemployed, for unemployed youth, as well as earmarking targeted financial and time resources, incl. innovative tools such as: individual accounts, credit cards, specialized training and qualification funds, etc."

1.17. ESC notes that the findings in the study Global Competitiveness Report 2017-2018 of the World Economic Forum, in which Bulgaria ranks 83rd in the world (and 26th in the EU, overtaking only Hungary and Croatia) in terms of the quality of the education system, are a good reason to look for new financing solutions in the field of education and training in our country.

1.18. ESC believes that the introduction of new instruments for financing LLL is not only imperative for Bulgaria, but it can be implemented at a rapid pace because of already existing European and national learning development policies and practices of creation and management

<sup>14</sup> Report on Bulgaria in the framework of the European Semester 2019.

<sup>15</sup> Early school leaving, Analysis, ESC, 13.12.2014.

<sup>16</sup> [https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights\\_bg](https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_bg)

of financing instruments in Bulgaria, similar to those already applied in other EU countries. ESC also notes that the process of exploring and discussing new LLL financing instruments in Bulgaria has begun a long time ago.

1.19. ESC accepts as its main mission to analyse and propose possible policies and measures to continuously increase investment to improve human potential, thus making people with high professional skills and skills a basic and indispensable national capital for sustainable development. In this regard, ESC has consistently stated the need for targeted and effective financing of LLL. As early as in 2005 ESC warned that the main problem facing not only the vocational education and training (VET) system, but also the education system of Bulgaria, as a whole, receives insufficient funding<sup>17</sup>.

1.20. On the eve of Bulgaria's accession to the European Union as a member of the EU, in its second opinion of 2006, considering the Lisbon Strategy and its requirements for enhancing the competitiveness of the Member States, ESC proposed an innovative then instrument for investing in human capital, tentatively called "Youth Investment Fund"<sup>18</sup>. In essence, the Fund would accumulate and spend finances for increasing the educational level and qualification of Bulgarian young people. The proposal included a targeted and budget-supported policy to stimulate self-interest and participation in the accumulation of individual accounts in this fund. Individual account funds can only be used for continuing education, qualification and retraining. Even then ESC noted that in many European countries such funds were already operating, with positive results.

1.21. The social partners have also been discussing the need and specifically proposing new instruments for financing LLL. Their proposals have been based on exploring the experience of other EU and non-EU countries in this direction<sup>19</sup>. Even 9 years ago, their analysis even suggested pilot testing of new instruments for additional sources and forms of LLL funding.

1.22. ESC points out that the new funding instruments will be more effective if the social partners and civil society participate more in the process of analysing, selecting, structuring and managing the new financial instruments in support of LLL.

1.23. According to ESC, the outlined challenges facing Bulgaria against the backdrop of global and European trends necessitate the identification and taking of urgent complex measures with the participation of all stakeholders to compensate for the lagging behind in the range of competences and skills of people, especially in those of working age. There is a need for targeted investment in skills that are relevant to both citizens and key sectors in the country to ensure national prosperity<sup>20</sup>.

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<sup>17</sup> ESC Opinion on the Problems of Vocational Education and Training in Bulgaria, 2005

<sup>18</sup> ESC Opinion on EU Lisbon Strategy and the Policy of the Republic of Bulgaria for Achieving a Competitive and Prosperous Economy, 2006.

<sup>19</sup> CITUB and BIA "Analysis of LLL Financing Schemes in EU Member States", 2011.

<sup>20</sup> ESC Opinion "The Future of Labour", 2018.

1.24. Taking into account all the factors that outline, on the one hand, the need, and on the other, the prerequisites for introducing new financial instruments in the field of LLL, in this analysis ESC brings to the attention of the state, the social partners and all interested parties to discuss two new for Bulgaria instruments for financing LLL - Sectoral Training and Qualification Funds (STQFs) and Individual Training Accounts (ITAs). ESC's study for the elaboration of the present analysis found that, with some modifications, these instruments have been successfully implemented in many EU Member States.

## **2. SECTORAL TRAINING AND QUALIFICATION FUNDS**

2.1. Sectoral or specific training and qualification funds (STQFs) finance formal and non-formal training aimed at securing employment or transitioning to better-quality employment. They are focused on levels 1 to 4 of the National Qualifications Framework of the Republic of Bulgaria<sup>21</sup> in a specific sector of the economy. The diversity of practices across countries, as examined by ESC, shows that the national system of sectoral funds has advantages in terms of flexibility and ability to focus more directly on sectoral training needs by accepted standards.

2.2. STQFs exist in half of the EU Member States, including Austria, Belgium, the United Kingdom, Germany, Denmark, Ireland, Spain, Italy, Cyprus, the Netherlands, and other European countries, as well as in Canada, the United States of America, Australia. ESC recognizes that STQFs are usually generated by means that are determined on the basis of the employers' total labour costs of each company in the country in a specially created Training Fund. It is also common practice to co-finance them from the European Social Fund, and in some countries by the employees themselves<sup>22</sup>.

2.3. These funds, predominantly managed by the social partners, sometimes with the involvement of the state, contribute to improving the quality of training (public and private) and reflect the specific needs and challenges of the labour market in specific sectors where it has the most potential for development, challenges or existing attitudes on the part of employers. Finances from the Fund are used for qualification and retraining of employees in the sector and are allocated in a targeted fashion according to the results achieved through collective bargaining. STQFs are also increasingly becoming centres of knowledge in the labour market and training topics include a range of activities such as mediation, research, information and counselling, which ESC considers to be broadening their contribution.

2.4. ESC stresses that the social partners have a key responsibility for improving and developing human capital. They play a complex role as investors, participants in the negotiation and organisation of training, as well as in the development, licensing and recognition of professional competences and qualifications at all levels.

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<sup>21</sup> <http://www.strategy.bg/StrategicDocuments/View.aspx?lang=bg-BG&Id=719>

<sup>22</sup> [https://www.cedefop.europa.eu/files/5189\\_en.pdf](https://www.cedefop.europa.eu/files/5189_en.pdf)

2.5. According to the level of participation in the management of training systems, the OECD distinguishes three main groups of countries, presented in Table 1 of Appendix 1.

2.5.1. The first group includes 6 countries where the social partners define and manage the training system, namely: Austria, Germany, Denmark, Iceland, Italy and the Netherlands.

2.5.2. In the second group of 12 countries, social partners participate in defining the system. The European countries in this group are: Belgium, Luxembourg, Poland, Slovenia, Finland, France, Norway, Switzerland and Turkey.

2.5.3. In the third group of 13 countries, social partners have a consultative role. It includes: Greece, Estonia, Ireland, Spain, Latvia, Lithuania, Portugal, Slovakia, Czech Republic, Sweden.

2.5.4. In addition to the three main groups, there is a fourth group of countries, including the United Kingdom, the United States, Australia and Hungary, the specificities of which are summarized in the Appendices.

2.6. ESC also takes into account the existing diversity in terms of the initiation, financing and involvement of social partners in training programmes, which is illustrated in Table 2 of Appendix 1.

2.7. ESC notes that the most successful is the group of countries in which the social partners manage jointly the training funds. A major area of cooperation between employers and employees' representatives in Europe covers the creation of collaborative bipartite or tripartite management, together with public institutions, of STQFs to finance lifelong learning. ESC appreciates the essential importance of STQFs in enhancing cooperation and the intensity and effectiveness of social dialogue on training.

2.8. The latest survey in 2019 Sectoral Training and Development Funds<sup>23</sup> introduces the essence of the 15 sectoral funds in the Netherlands, which stimulate the development of skills appropriate for the future development of their sector / industry, even to create key jobs by reimbursing or financing training costs for employees covered by collective agreements.

2.9. An earlier study by CEDEFOP, the European Centre for Vocational Training, on Sectoral Training Funds in Europe focuses on the structures, importance, and strengths and weaknesses of STQFs in EU Member States (Belgium, Spain, Italy, Cyprus, Netherlands and the United Kingdom)<sup>24</sup>. ESC draws attention to the fact that, despite the serious differences that exist between countries, STQFs have some strong footholds that make them constructive and attractive for training, development and innovation policies.

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<sup>23</sup> Sectoral training and development funds [www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/sectoral-training-and-development-funds](http://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/sectoral-training-and-development-funds). There are references to 140 funds in the 116 sectors, covering 5.9 out of 6.9 million employees; 85% of employees.

<sup>24</sup> [https://www.cedefop.europa.eu/files/5189\\_en.pdf](https://www.cedefop.europa.eu/files/5189_en.pdf)

2.10. The main task of STQFs in European countries is to stimulate training activities among individuals or companies, usually at the initiative of the employer. In many cases, according to the observations of ESC, STQFs play a mediating role between enterprises in the sector and training providers (selected freely or through a directory of licensed training providers).

2.11. ESC notes that the differences between the STQFs in different countries are manifested mainly in the number of funds, their bipartite or tripartite management structure, the types of activities eligible for financing and reimbursement and the supported target groups, which are essential features of these funds.

2.11.1. STQFs in Belgium, Denmark, France, Italy and the Netherlands are built on a voluntary basis by the social partners as part of collective agreements at the sectoral level. This leads to a large number of "autonomous" STQFs, specializing in accordance to sectoral affiliation, geographical location, professional nature, professional categories, legal status of the company or its size. Differences in activities and target groups reflect the freedom of sectoral social partners to make specific decisions to address specific problems in the sector.

2.11.2. STQFs have been set up in Cyprus and Spain, where the social partners have reached an agreement at national level for their establishment and tripartite management.

2.11.3. In the UK, they offer another model created at the initiative of employers - the Council on Industry Skills and Qualifications. The board must meet certain criteria and standards, including having a board of directors that includes workers' representatives before negotiating government funding.

2.12. ESC analysis shows that STQFs are usually based on voluntary or mandatory contributions. Training resources range from 0.1% to 2.5% of employers' total labour costs in different countries. The contribution may also vary within the country depending on the characteristics of the enterprise. With the exception of France, businesses pay training contributions, whether or not they have such an activity. The amounts contributed by the enterprises are re-allocated as a means of organising training for their staff<sup>25</sup>.

2.13. In many countries, STQFs supplement the funds raised by businesses from other sources such as voluntary funds, interest rates and donors. But the main source (75%) of the training funds remains the training contributions. For these contributions, employers and employees generally benefit from tax relief before income tax, respectively, on the income of individuals, which, in ESC's view, is a motivating factor.

2.14. ESC recognises the significant role that STQFs play in raising and increasing the funds used for training. Funds sometimes set the conditions for co-financing training and for raising additional public funds.

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<sup>25</sup> [https://www.cedefop.europa.eu/files/5189\\_en.pdf](https://www.cedefop.europa.eu/files/5189_en.pdf)

2.15. STQFs finance a diverse range of training activities. Usually they cover direct costs, such as participation fees, but for example there are countries such as Belgium, France, Cyprus and the Netherlands, where they also contribute to indirect costs of increasing the qualification and retraining workers in the sector (and sometimes managers and workers).

2.16. STQFs also carry out a number of other activities related to the training process, such as: preparation of an enterprise training plan and/or programme, assessment of training needs, etc. STQFs usually fund training according to the needs of workers - for example, in Spain, France, Italy and the Netherlands, where an individual worker may request assistance for training for personal development or to improve their positions in the workplace regardless of the interests of the enterprise.

2.17. ESC members unanimously believe that investing in people through education and training is a key tool for economic growth, competitiveness and social cohesion.

2.18. According to ESC, the joint management of STQFs by the social partners contributes to a more equal distribution of training opportunities among disadvantaged groups. The examples studied by ESC include those employed in small and medium-sized enterprises (SMEs), low-skilled older workers, women, unemployed young people who have left the education system, as well as those who are at a disadvantage in the labour market.

2.19. However, additional training resources are sometimes viewed as a burden by employers. At the same time, in most countries where funds apply, although contributions are compulsory, not all businesses benefit from the training activities supported by them, which applies in particular to workers in small and medium-sized enterprises (SMEs). The most commonly identified difficulties are: lack of time, lack of human resources, difficulty finding alternatives to trainees while absent from work in order to receive training. In fact, these structural difficulties do not concern STQFs themselves, but the organization of individual enterprises, especially SMEs.

2.20. Fundraising is also sometimes a challenge. Funds that accumulate finances have detailed rules for managing training costs. If the procedures are difficult, they discourage employers and employees from taking advantage of existing subsidies and financial commitments (especially SMEs), which is understandable, especially taking into account the characteristics of some potential beneficiaries. These funding schemes are often criticized for the high level of funding for enterprise programmes which they have planned to implement anyway.

2.21. Finally, STQFs, especially in countries where they have a clear industry focus, are criticized for concentrating on sector-specific skills that reduce sectoral mobility, which satisfies far more the needs of the employer than those of the worker. Some countries have this in mind and allow individual workers to request training assistance. The following are some of the essential aspects of the main features of STQFs based on the identified strengths and weaknesses.

2.22. Sectoral funds are more preferred for employers because of the sense of greater orientation towards industry specificity, less bureaucracy and a greater sense of ownership. However, they do not contribute to facilitating the reallocation of resources across sectors or to financing non-sectoral skills priorities. Sectoral funds may, in the absence of ongoing coordination, duplicate efforts and fail to develop common core skills transferable across sectors.

2.23. The basic principles for the operation of sectoral training and qualification funds are usually: voluntariness, publicity and transparency, monitoring and control, tripartite or bipartite management, fund organisation of resources, equity and equivalence, freedom of investment, tax incentives under the Bulgarian Corporate Income Tax Act (CITA), which are recognized as deductions and expenses for taxation purposes.

2.24. Taking into account the experience of the countries implementing this mechanism, ESC considers that the importance of these funds and their effectiveness should be taken into account when discussing the most appropriate for Bulgaria model of STQF.

2.24.1. In this regard, ESC draws attention to the models applied in Belgium, Cyprus, France and the Netherlands, in which STQFs support the real needs of enterprises and cover both direct and indirect costs. At the same time, ESC stresses that the question of whether the training contribution should be the same for the whole industry should be considered, since the size of the contribution affects the training process, skill level, etc., as experience from the application of STQFs in Cyprus shows.

2.24.2. ESC believes that in order for STQF resources to have a greater impact, training must take into account both the needs of the enterprise and the potential trainees, who should be able to influence and select the relevant training courses. Such a partnership approach is being implemented in Spain.

2.24.3. According to ESC, it is of particular importance that the administrative procedures in place to subsidize the schemes are targeted, transparent and minimize the potential for abuse.

2.24.4. To ensure the quality of education and training, ESC is of the opinion that licensed training providers provide transparency and contribute to the delivery of courses to the required standards and recognition of a degree of professional qualification that is of interest to all stakeholders.

2.24.5. ESC draws attention to the need for STQFs to be more targeted at disadvantaged groups in the labour market, such as the long-term unemployed, those over 50, the low-educated and the low-skilled, etc.

2.24.6. Particular attention should be paid to SMEs that provide high employment but their participation in training is very limited. ESC believes that options for substitute trainees could be discussed, which would contribute to increased activity and scope for their participation.

2.24.7. ESC emphasizes that when deciding on the establishment of STQF, the tendency to seek interdisciplinary skills should be taken into account. This requires clear criteria for the scope of the sectors to be considered. In order to support the mobility of workers in the rapidly changing demands of technologically renewable and digitizing jobs, it would be better to create fewer sector-wide funds with wider application. This will contribute to their better adaptation to structural changes in the sector and will enhance lifelong learning opportunities. This approach to structural change has been adopted by the Netherlands and has shown good results.

2.24.8. At this stage of the economic development of Bulgaria, it is of utmost importance to be aware of the characteristics and contributions of STQFs for utilizing and enhancing the potential of our fellow citizens. This can be achieved by expanding informed choice to participate in various forms of lifelong learning that will shape the employment and prosperity attitudes by applying up-to-date knowledge and developing sought-after skills. Denmark is a good example of an effectively functioning supply and demand meeting system for the benefit of individuals, businesses and society at large.

2.24.9. Whichever model is chosen, the attitude is to constantly improve the management of STQFs in order to improve their effectiveness in the face of changing labour market requirements. In this regard, STQFs need precise monitoring and periodic impact assessment on a set of objective and measurable criteria.

### **3. INDIVIDUAL TRAINING ACCOUNTS**

3.1. ESC believes that individual training accounts (ITAs) are an essential motivator for learning. As expected, there is no single definition of the term, so we will illustrate the essential elements of ITAs:

3.1.1. ITAs are funds in individual accounts to buy training according to personal choice. Sometimes "real" money is used, but in most cases transfer and payment are abstract. For example, an individual opens an account through one managing ITA (not necessarily a true bank), selects a training course and is approved. The training service provider receives payment from the managing ITA organization. Regardless of whether the account is "real" or "virtual", ITA holders can regularly check their account balance.

3.1.2. ESC draws attention to the need for a distinction to be made between similar financial mechanisms. Discussions on the specifics of ITAs should bear in mind that ITAs are savings accounts that require personal investment, while training vouchers, which have been used during last programming periods: 2009 - 2013 and 2014-2020, require only partial or no personal financial contribution for training.

3.1.3. In 2008 CEDEFOP defines this funding tool as: "A public incentive system to encourage adult access to training - for example, those who no longer benefit from publicly funded education or training." ITAs are enabling more citizen participation in professional and personal

development by providing support, either in terms of money or at a time that trainees can spend in lifelong learning institutions of their choice.

3.2. ESC notes that the reasons why European countries apply this financial instrument are that ITAs helps to:

3.2.1. increasing the freedom of choice of individuals for learning;

3.2.2. increasing the responsibilities of training providers in the need for lifelong learning;

3.2.3. reaching vulnerable groups and employees of small and medium-sized enterprises;

3.2.4. positive influence on attitudes and motivation for development and participation in the training of the individual.

3.3. ITAs allocate or supplement the resources of individuals to finance training. Regardless of the type of scheme, ITAs are one of the most recent trends aimed at avoiding the years of funding directed toward training providers and move to a more sought-after approach in which trainees are funded and they themselves decide what training they want. One of the goals is to increase competition between providers of educational services through the use of ITAs.

3.4. At the same time, ESC emphasizes that, by funding trainees, investments are directed toward courses that increase their chances of realization, and thus respond to the needs of the labour market. However, with freedom of choice comes responsibilities, and many ITAs involve an element of co-financing, which in turn leads to shared training costs between the different partners.

3.5. ESC analysis shows that often the majority of the costs are covered by public finances, including national, federal and European funding, and a minimal part by the trainees. When analysing the financial support for LLL, we should emphasize that it is usually of two types:

- direct - through programmes, measures, projects in which the beneficiaries are either institutions (most often providers of training) or citizens who are not required to co-finance or at most require payment of a training fee;
- indirectly - through tax reliefs, credits, training accounts, vouchers, etc., regulated by national or federal legislation aimed at achieving indicators set out in strategic documents at national and/or European level.

3.6. ESC notes that countries with public co-financing of continuing vocational training, such as: Austria, Belgium, the United Kingdom, Germany, Ireland, the Netherlands, Switzerland, etc., have strong experience in the use of ITA. At the same time, different models of ITA can be identified according to the initiative, the co-financing ratio, the impact and other characteristics.

3.7. Some ITAs operate as savings schemes that require account holders to regularly allocate money (from their own income) and use them for training courses. The idea is that in this way, people periodically qualify themselves in accordance with social and professional requirements. Incentives depend on governments and/or employers who support savings through financial means.

3.8. The United Kingdom (England, Scotland and Wales) was the first to introduce this co-financing instrument, with the person opening a bank account, which was deposited with GBP 25, to which the Government deposited GBP 150 (1: 6 ratio).

3.9. Co-financing is often encouraged by the state through tax incentives to encourage targeted savings:

3.9.1. In the Swedish model, training costs are deducted from tax liabilities and/or the percentage of taxes due is reduced. It can also be offset by preferential interest.

3.9.2. In the Netherlands, individual accounts have been in use since 2001 and are based on savings that come from unpaid gross wages. In this case, the state co-finances by contributing the tax amount due on the wages, i.e. tax relief to increase personal responsibility and the freedom to choose training.

3.9.3. The Austrian savings plan model<sup>26</sup> provides for a premium or a preferential interest for 6 years of training savings, whether in a bank account, fund or other form. It is recommended to apply the model in order to create a positive attitude, motivation for personal development and participation in training, as well as empowerment to control one's own learning. The government lends a low-interest loan at interest rates of 3-8% up to EUR 10,000 annually with the signing of a contract<sup>27</sup>. The amount can only be withdrawn for training. This additional incentive element is highly rated as a bonus. Another specific feature, according to ESC, is the ability for parents and grandparents to be able to make payments to the account.

3.9.4. Upper Austria opens an individual account for 5 years, financing usually 50-80% of a freelance job-related training from an accredited provider who meets certain quality criteria. Payment is made upon successful completion. This model is appropriate when it aims to increase the individual's freedom of choice among accredited training providers with better access to knowledge and skills data, information and counselling on learning, employment and careers. Eligibility differentiation is based on three criteria: according to educational status (initially only those who have not completed secondary education were eligible), age (persons with academic degrees over 40 years of age with low income), and the type of education itself.

3.10. Experience and practice suggest that ITAs as savings schemes may be more successful for highly educated people. The training needs of these people are often clearly expressed and their

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<sup>26</sup> [https://www.cedefop.europa.eu/files/5180\\_en.pdf](https://www.cedefop.europa.eu/files/5180_en.pdf)

<sup>27</sup> [https://www.cedefop.europa.eu/files/5520\\_en.pdf](https://www.cedefop.europa.eu/files/5520_en.pdf)

salaries are high enough to afford tuition savings, especially when they benefit from savings, especially for personal development. The benefits can be expressed in tax incentives, funding from the employer, or both, which is much more attractive than other training opportunities. However, tax incentives also bring with them unexpected benefits and self-promotion, replacing public funding for private training, which is carried out anyway.

3.11. ESC recognizes that ITA schemes without a savings component, such as subsidies, vouchers, personal education budgets or scholarships, are much more appropriate for low-skilled people or groups at risk. The use of ITAs in the form of savings deposits by low-educated persons, according to ESC, is risky because the income of this target group is often modest and it is more difficult for the individual himself to determine his or her training needs. At the same time, tax incentives are not so attractive to low-paid people. Some researchers even question the need to apply ITAs to people with low education and/or lack of motivation.

3.11.1. In Scotland, individual training accounts are introduced to pay for low-income adults living in Scotland, as well as for women and older workers returning to the labour market. They amount to 200 pounds. Since 2018 they have been renamed Skills Development Scotland Individual Training Accounts (SDS ITAs)<sup>28</sup>, which are cannot be used in case of incomplete attendance. The grant to stimulate the participation in lifelong learning of low-income adults with an annual income of up to £ 22,000 (€ 24,860) is £ 200 (€ 226) per year. In 2018 4000 courses were offered.

3.11.2. The French approach to ITAs is one of a number of learning account schemes. Although it has not yet covered a huge number of persons, it still offers a model to stimulate learning through funding learners, rather than simply increasing funding for the institutions that provide the training. The aim is to focus investment on training in subjects that are a priority for the learner.

3.11.3. The Flemish model reimburses 50% of the cost, but not more than € 250 per year. ESC finds it motivating that persons without upper secondary education are exempt from co-financing. This, of course, should not encourage them to miss, for example, the successful passing of a matriculation exam.

3.12. ESC recognizes that the most sustainable model is built on an almost equal involvement of stakeholders. This is the case with Germany, where funding has recently been shared between the state, employers and employees. This type of balanced co-financing takes into account the reduction in the share of public expenditure with the needs of employers and employees. The aim is to increase participation in training by stimulating individuals with choice and financial support from the state, a third party or both, and to create greater sensitivity in terms of support,

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<sup>28</sup> Skills Development Scotland (SDS) Individual Training Accounts (ITAs):  
<https://www.eurofound.europa.eu/observatories/emcc/erm/support-instrument/skills-development-scotland-sds-individual-learning-accounts-ilas>

costs and contribution of training between different partners. - country, employers, employees, etc.

3.13. In this analysis, ESC has reviewed the research, policy and practice of ITAs. Their introduction, along with the aforementioned characteristics, aims to promote transparency in the provision of training and education resources, to stimulate training providers to be more responsive to the needs of trainees, to foster innovation and flexibility in the educational services market, to support the development of national education and training. a culture of lifelong learning and the value of personal development.

3.14. Examples from different countries show, at least at the pilot stage, that it is possible to fund specific target groups if the financial methods are appropriately selected, taking into account the level of income or non-participation in a particular period of education.

3.15. ESC considers the challenge of implementing ITAs for low-income older persons as money matters to them. We should also note other barriers to this target group, such as anxiety and fear of learning, temperament, uncertainty about learning conditions, institutional barriers and skills to overcome them, lack or ambiguity of information, etc. that are relevant to deciding to participate in training.

3.16. ESC supports the position that ITAs contribute to increasing participation in lifelong learning. The implementation of ITAs in national programmes has already been analysed and these data can be the basis for launching a broad debate on the possibility of introducing and choosing an ITA model for Bulgaria. The analysis shows that in most countries pilot schemes are successful, but accurate estimates of the effect of their application in a particular country can be drawn by comparing the experience and practices over several years.

3.17. ESC believes that the following aspects should be taken into account when setting up ITAs or similar individual schemes in Bulgaria:

3.17.1. In case of proportionate financing, the examples are usually fixed maximum payment in absolute value by the government, supplemented by the employer, the individual or both parties, or expressed by a formula with a fixed participation rate - government (x%), the individual (y%) and the employer (z%).

3.17.2. In case of fixed maximum level of funding from the state, what should be taken into account is the level of income in the whole country and the average cost of acquiring key competences or the respective levels of vocational qualification, which in Bulgaria rank between first to fourth level prior to higher education.

3.17.3. The form of State participation - financial, maximum time allowed for training or mixed.

3.17.4. Eligibility conditions for ITA funding: All potential trainees should be eligible or funding should be targeted at specific groups such as: self-employed, women returning to work, older persons, immigrants, unemployed, low-paid or low-skilled workers.

3.17.5. Specification of the requirements for providers of education and/or training - organizations licensed or approved in an appropriate manner.

3.17.6. A list or catalogue of eligible courses with their professional qualifications, certifications, disciplines and other characteristics.

3.17.7. An accurate mechanism for managing money and transfers (through commercial banks, virtual banks, external organizations, before or after completion of the training).

3.17.8. A detailed description of the eligible financial benefits (tax exemption, access to loans, etc.).

3.17.9. Defining the role of the governing body in terms of staff, the duration of mandate, if any, describing the obligations to be fulfilled, etc.

3.17.10. Specifying the eligibility of other expenses (childcare to ensure reconciliation with family responsibilities, transportation, replacement of salaries).

3.17.11. Defining the role of employers (consultation in the selection of course participants, developing training programs, securing a workplace, providing training leave, etc.).

3.17.12. Clarifying the relationship between training funding and other savings (for retirement, starting a new business), if any.

3.17.13. Determining the type of administrative scheme chosen (national, sectoral, regional or local network) to make ITAs flexible and easy to use and protect against abuse.

3.18. In this regard, ESC draws attention to the fact that, even when substantive issues are addressed and mechanisms for preventive and follow-up are outlined, some challenges remain. The main challenge lies in coordinating ITAs with existing supply and demand systems for financing adult learning and continuing vocational education and training.

3.19. According to ESC, it is of great importance to distinguish between the different elements of ITAs, and the classification can be based on criteria such as:

- availability of savings elements;
- co-financing requirements;
- withdrawal accounts and
- target groups covered by the scheme.

3.20. At the same time, the financing of ITAs requires the integration of a wide range of information, advice and guidance. Therefore, it is obvious that training account holders need to be assisted and managed so that they can make competent choices and meet administrative requirements.

3.21. ESC emphasizes that appropriate marketing and PR strategies to inform people about the content and amount of funding are important to reach the target groups. Also, a network of trusted intermediary organizations can assist the target groups by directing ITA learners to other such schemes. Their role is to support and extend the reach of ITA users.

3.22. In conclusion, ESC emphasizes that ITAs are a relatively new tool with the potential to improve the accessibility, scope and quality of lifelong learning in Bulgaria. The innovations and benefits of these schemes are useful for trainees, employers and training providers alike. The experience of good practice in Europe will be essential in the future.

#### **4. MAIN CONCLUSIONS**

4.1. Analysing the experience of other EU countries applying sectoral training funds and individual training accounts different in structure, management and funding, ESC believes that they could successfully complement LLL financing instruments. The condition for their implementation in Bulgaria according to ESC is a broad and in-depth discussion of the possibilities for the implementation of these new financial instruments by all stakeholders in order to clearly identify the appropriate for Bulgaria model/models.

4.2. ESC believes that lifelong learning must be based on governance models that involve all stakeholders, ensure effective and equitable social dialogue with trade unions and employers, and provide an adequate degree of autonomy to educational service providers, as well as fair and sustainable funding that motivates participation and promotes excellence and flexibility of training.

4.3. Lifelong learning is expected to move to a shared and integrated governance system with the involvement of key stakeholders and to be implemented at national, sectoral, regional and local level.

4.4. ESC funding sources can be: employers, European Structural and Investment Funds, national sources, employee contributions, donations, etc. It would be useful to have a detailed outline of the principles, levels of funding and contribution opportunities to enable small, medium and micro-enterprises, as well as self-employed under clear criteria to be involved in the process.

4.5. ESC notes that sectoral training and qualification funds and individual training accounts encourage both employers and employees to participate in various forms of continuing training and qualification, as well as in the acquisition of the so-called soft or transferable skills that are

becoming an increasingly necessary condition for the competitiveness of persons in the labour market.

4.6. With this analysis ESC draws the attention of stakeholders to discuss the introduction of sectoral training and qualification funds as a new tool for LLL financing for Bulgaria, which in many forms of structure, management and financial participation is producing good results in many European countries.

4.7. According to ESC, it is necessary to discuss in depth the basic principles for financing STQFs, linking costs to the contributions of an enterprise to the fund, introducing a maximum threshold for one person or setting a maximum number of employees of an enterprise who can benefit from training in within one calendar year according to the size of the enterprise (small, medium, large). Permutation of these characteristics according to ESC can lead to the optimal formula for Bulgaria.

4.8. ESC analysis shows that Individual Training Accounts, as a shared financial instrument, which through freedom of choice motivates learning to expand knowledge, skills and competences for a higher personal potential in the labour market, personal development and well-being, are of particular interest for Bulgaria and the development of the labour market. Experience in other countries confirms this financial instrument as appropriate for better educated persons, since it implies a period of investment and accumulation of funds.

4.9. For the optimal introduction of an initiative such as Individual Training Accounts, ESC finds it extremely important to highlight clear quality assurance criteria in the selection of training providers, an electronic management system for ITAs, with each trainee receiving a unique registration number and regular analytical statements and as bureaucracy should be avoided wherever possible so that learners are maximally relieved to focus on the learning process. An important aspect is the portability of individual training accounts and the fact that they are available to the person regardless of their current employer or their employment status. This makes it possible to increase the relative share of the population in lifelong learning.

4.10. ESC believes that the implementation of new funding instruments should be accompanied by clearly defined monitoring mechanisms that include trained workers and the impact assessment of the funded training and advanced training.

4.11. ESC notes that the low popularity in Bulgaria for the opportunities for inclusion in lifelong learning and the effect of participation in it is directly related to the low demand and participation of people in various forms of continuing education. ESC believes that a broad public information campaign is needed on part of the social partners, with the support of civil society and the state, to promote the opportunities and benefits of continuous self-improvement, improvement of educational status and upgrading of qualifications and skills.

4.12. ESC notes that the low participation of Bulgarian citizens in lifelong learning is also a consequence of the unsatisfactory final effect of the training, which does not lead to sustainable, decent-paying employment. In this regard, ESC recommends annual monitoring of the effects of training and conducting surveys with graduates on: whether they have found employment; continue to work where they have started work after further qualification; how much their wages have increased after training.

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**PRESIDENT OF THE ECONOMIC AND SOCIAL COUNCIL**

## APPENDICES

### Appendix 1: Strategic Goals and Progress Indicators for the 2014-2020 National Lifelong Learning Strategy

Lifelong learning is a key factor for economic growth, employment and social inclusion. The objectives of national lifelong learning policies continue to be high levels of knowledge, innovation opportunities, adaptability to changes in the nature of work processes and full social inclusion. The activities are aimed at making progress towards the strategic goals and indicators set out in the National Lifelong Learning Strategy 2014-2020, as follows:

- Increasing the share of those enrolled in pre-school education and training children aged 4 and over to enrolment in the first year of school from 87.8% in 2012 to 90% in 2020.
- Reducing the share of early school leavers aged 18-24 from 12.5% in 2012 to below 11% in 2020.
- Reducing in the share of 15-year-olds with poor performance in:
  - reading from 39.4% in 2012 to 30% in 2020;
  - mathematics from 43.8% in 2012 to 35% in 2020;
  - natural sciences from 36.9% in 2012 to 30.0% in 2020.
- Increasing the share of vocational qualifications in the broad fields of "Informatics", "Engineering", "Production and processing" and "Architecture and construction" to at least 60% in 2020
- Increasing the share of higher education graduates aged 30-34 from 26.9% in 2012 to 36% in 2020.
- Increasing employment of the population aged 20-64 from 63% in 2012 to 76% in 2020.
- Increasing the participation of the population aged 25-64 in education and training from 1.5% in 2012 to more than 5% in 2020 (4 week reference period).
- Reducing the share of illiterate persons:
  - among persons aged 15-19 from 2,0% in 2011 to 1.5% in 2020;
  - among persons aged 20-29 from 2.3% in 2011 to 1.5% in 2020.

All planned activities support the acquisition and continuous development of key competences for lifelong learning as an integrated process. All stakeholders - government institutions, social partners and civil society, providers of lifelong learning activities and specific learners - are involved in the effective achievement of the objectives of the lifelong learning policy.

**Table 1: Involvement of social partners in the management of education and training systems<sup>29</sup>**

<b>The social partners define and manage the training system</b>	Austria Germany Denmark	Iceland Italy The Netherlands
<b>The social partners contribute to the definition of the training system</b>	Belgium Luxembourg Poland Slovenia Finland France	Norway Turkey Switzerland Canada Mexico Japan
<b>The social partners have a consultative role</b>	Greece Estonia Ireland Spain Latvia Lithuania Portugal Slovakia Czech Republic Sweden	Canada Quebec Israel New Zealand
<b>Another form of participation</b>	United Kingdom Hungary	Australia USA

**Table 2: To what extent are the social partners involved in training programs in OECD countries?<sup>30</sup>**

Unions and/or employers fund some specific training initiatives	Great Britain Estonia Latvia Finland Czech Republic	Australia Norway United States Chile
Employers pay a compulsory state	Ireland	Canada (QB)

<sup>29</sup> OECD (2019), Gaining the Right to Skill: Turning Adult Learning into a Working Social Partnership, p. 4 (OECD (2019), Getting Skills Right: Making adult learning work in social partnership ([www.oecd.org/employment/emp/adult-learning-work-in-social-partnership-2019.pdf](http://www.oecd.org/employment/emp/adult-learning-work-in-social-partnership-2019.pdf)).

<sup>30</sup> Outlook employment 2019, c. 194.

education training contribution	Spain Poland	Korea
The social partners are responsible for managing the training funds (at least in several sectors, and they can be authorized by law or through collective bargaining)	Austria Belgium Denmark Germany Greece Iceland	Italy Luxembourg France The Netherlands Sweden Switzerland

## Appendix 2: Specificity of training funds in some countries

Country	Sectoral funds with collective employment agreements / Cross-sectoral funds at national level	Accumulation of funds	Financing	On personal request
<b>Great Britain</b>	Industry Skills and Qualifications Board with approval	Compulsory contribution	Direct costs	
<b>Belgium</b>	Vocational training funds (and for employers)	Compulsory contribution	Costs	
<b>Germany</b>	Yes	Contributions according to the collective employment agreement		Tax relief
<b>Denmark</b>	Education and competency development funds	Compulsory contribution	Direct costs	
<b>Spain</b>	Tripartite foundation for training and employment (and for employers)	Compulsory contribution	Direct costs	Yes
<b>Italy</b>	Approved Interprofessional Interdisciplinary Endowment Funds	Compulsory contribution	Direct costs	Yes
<b>The Netherlands</b>	Education funds and Training funds	Compulsory contribution	Costs	Yes
<b>Cyprus</b>	Human Resources Management Body by Law c tripartite management (and for employers)	Compulsory contribution	Costs	

<b>France</b>	Approved Collective Organizations	No	Costs	Yes
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There are a number of good practices such as co-design processes for the education and training system, curriculum updates, established and functioning management bodies that produce good results, collective agreements and collective agreements to ensure that more workers enter internship programmes or adult education programmes and/or receive sufficient pay and time for this, among others through means administered by the social partners, strategies to support workers' transition to career guidance and courses that provide training thousands of employees. All this is possible only in political systems that foster social dialogue and/or have legal provisions that provide collective bargaining on skills, or when trade unions work in a supportive environment and are able to mobilize resources to fund supportive activities to increase workplace adaptability of the workforce.

Each country has its own specificity, depending on the stage of development, the combination of mechanisms for financing vocational education and training and the maturity of social dialogue.

### **Training Funds (Netherlands)**

Dutch trade unions often negotiate with employers to set up training funds ("O&O fondsen") usually with contributions from employers. Approximately one fifth of the training of workers in the country is paid for by such means. These funds also provide important training infrastructure: setting up training networks and agreements, regulating the demand and supply of education and training, examining financial decisions, providing guidance for employees, etc.

There are about 125 funds run by social partners (involving both sides of the boards) and mainly funded by companies through contributions. In 2007 5.9 million of the 6.9 million Dutch employees (86 percent) benefited from O&O fondsen. The inflow of funds in 2010 is EUR 444.3 million, half of which is spent on education and training.

With these funds, various activities are undertaken to support the training and development of workers. For example, a fund in the motor vehicle industry pays for career development to help employees plan. Another in the temporary employment sector issues training vouchers of up to EUR 500, which can be used by workers under each accredited programme. Other means facilitate cooperation between employers and trade union organizations to recruit and train employees in high-demand industries, such as truck drivers.

### **National Forum for Skills Anticipation (Finland)**

The Forum is a joint expert body of the Ministry of Education and Culture and the National Education Agency of Finland with the participation of employers, trade unions, the Ministry of Economy and Employment, VATT Institute of Economic Research, universities and educational institutions, VET providers and regional councils. This fosters stakeholder engagement and

cooperation and helps formulate national policies in the fields of VET, higher education and adult learning.

The purpose of the Forum is to develop forecasts for economic growth, employment and educational needs, to identify national and regional institutions that offer education for young people in order to provide access to vocational education and training.

The Forum analyses new and changing competencies and needs for workplace skills, as well as their impact on education. It provides recommendations on appropriate reforms at national level to strengthen cooperation between secondary vocational education, vocational training, higher education and employment.

When choosing such a model, it is recommended to take into account regional labour market skills projections and a clear division of responsibilities and roles between the participating authorities and stakeholders.

### **Sectoral Councils (Czech Republic)**

In the Czech Republic, there are 7 sectoral agreements and 29 sectoral councils that set standards for professional qualification and influence the training and curricula for specific qualifications and professions. The Ministry of Education, Youth and Sports approves the standards for qualifications and assessment. The National Institute of Education coordinates, maintains and publishes the National Qualifications Register. The National Qualification Institute is an advisory body. Sectoral councils are responsible for developing qualifications and evaluation standards by making proposals and recommendations.

The objectives of the sectoral councils are to address skills gaps and shortages, identify future needs of the labour market for skills and retraining of workers aged above 16, and the career guidance for the younger. These objectives are achieved through: monitoring skills shortages and preparing adequate policy measures; developing qualifications (competences and skills required for each qualification) and standards for measuring assessment methods and the verification procedure, as well as proposing new standards and updating existing ones based on identified labour market needs.

The content side of sectoral councils is a good model with high representativeness, but they are difficult to apply locally.

### **Sectoral Councils (Slovakia)**

There are 24 Slovak Sectoral Councils united in the Alliance of Sectoral Councils. The Ministry of Education decides on the qualifications and the national register of qualifications. The State Institute for Vocational Education hosts national and European qualifications frameworks. National and regional councils are also included as consultative bodies in VET. Sectoral councils play an active role in supporting the national system of professions and qualifications. They aim

to reduce skills gaps and shortages, improve productivity, business and public services, increase the skills and productivity of those employed in a particular sector, and expand learning opportunities. These objectives are achieved by identifying and analyzing skills and qualifications from a sectoral perspective in order to determine the content of the qualifications, to predict future skills that will be sought in the sector and to contribute to the development of the national professional standard. By negotiating sectoral skills agreements, sectoral qualification strategies are formed.

Sectoral councils provide expertise to policy makers on labour market needs in terms of knowledge, skills and competences needed in the professions, engagement and cooperation with stakeholders, and technical and methodological support for the development of the qualifications system.

The weakness of this model is the low commitment on part of trade unions, education and training providers and teachers.

### **Sectoral Skills and Industrial Partnerships Councils (UK)**

There are currently two types of sectoral authorities with competence competences: Sectoral Skills Councils (SSCs) and Industrial Partnerships.

SSCs are independent employer-led organizations across the UK, licensed by the Government through the United Kingdom Commission for Employment and Skills (UKCES). There are also a small number of non-licensed sectoral skills bodies. In fact, there are 18 sectoral skill councils and 5 sectoral skills bodies working with over 550,000 employers to determine the skills needs and standards of skills in their sector. They are supported by the Federation of Industry Sectors Skills & Standards (FISSS).

### **Support for employment after illness or injury (Iceland)**

Iceland's social partners with state funding and support have set up a Vocational Rehabilitation Fund (VIRK). All major trade unions and employers in the Icelandic labour market are members of this private foundation. VIRK's mission is to develop, integrate and monitor vocational rehabilitation services, with the goal of systematically recruiting individuals after illness or injury. The organization provides expert advice and services in the field of vocational rehabilitation, working with the person to create a long-term plan. Professional Rehabilitation Advisers work on behalf of VIRK and are located in trade unions throughout the country. VIRK's services are free for individuals.

### **Interprofessional funds (Italy)**

With the establishment of the National Agency for Active Labour Market Policies, Interprofessional Funds have been activated to finance education and training activities at

sectoral and regional level. Through these funds, companies, individually or in association, can direct their employees.

## ABBREVIATIONS

EC	European Commission
EU	European Union
ECSP	European pillar on social rights
CITA	Corporate Income Tax Act
ITAs	Individual training accounts
SMEs	Small and medium-sized enterprises
OECD	Organization for Economic Cooperation and Development
VET	Vocational education and training
SFQTs	Sectoral funds for qualification and training
SSCs	Sector Skills Councils
LLL	Lifelong learning
CEDEFOP	European Centre for the Development of Vocational Training
FISSS	Federation of Industry Sectors Skills and Standards
O&O fondsen	Training funds in the Netherlands
PR strategies	Public relations strategies
SDS ITAs	Skills Development Scotland Individual Training Accounts
VATT	Institute for Economic Research, Finland
VIRK	Fund for vocational rehabilitation

