

FINAL STUDY REPORT

# INVESTMENT IN EDUCATION AND TRAINING

TRENDS AND CHALLENGES, THE ROLE OF EU POLICIES  
AND FINANCING FROM THE PERSPECTIVE OF  
EUROPEAN AND NATIONAL SOCIAL PARTNERS'







**ETUC-CEEP-EFEE-ETUCE PROJECT**  
Improving social partners' involvement in  
EU support for public budgets for training and education

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EUROPEAN AND NATIONAL SOCIAL PARTNERS'

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# CONTENTS

<b>INTRODUCTION</b>	<b>6</b>
<b>1. INCREASING NEEDS TO INVEST IN EDUCATION AND TRAINING – QUANTITATIVE EVIDENCE</b>	<b>9</b>
The specific nature of public investment in education and training	9
Quantitative trends in terms of overall allocation of funding for public investment in education and training in recent years, effects of the crisis	10
Company investment in employee training	12
Private investment in education and social impact bonds	13
Effects of underinvestment in education and training	15
Experiences and assessments of national social partners regarding investment	17
- Questionnaire survey results	17
- Country specific developments and investment trends	19
- Influence of EU policies and importance of EU funds from the perspective of national social partners	23
- Importance of private funding and investment in education and training	25
- Influence of social partners in national education and training policies	28
<b>2. MAPPING EU FUNDING INSTRUMENTS FOR EDUCATION AND TRAINING INVESTMENT</b>	<b>30</b>
Overview	30
European Structural and Investment Funds (ESI - Funds)	31
- European Social Fund (ESF)	32
- European Regional Development Fund (ERDF)	34
- Other ESI-Funds (Cohesion Fund, EAFRD, EMFF)	36
Erasmus+	37
Youth Employment Initiative and Youth Guarantee	39
Horizon 2020	41
EaSI funding	43
Budget Lines for Social Dialogue	44

Others (COSME, CIP Programme, EGF, LIFE, Health Programme, etc.)	46
<b>Education and the Investment Plan for Europe</b>	<b>47</b>
- The Investment Plan for Europe and the EFSI	47
- EIB lending in the education sector	51
<b>Initiatives to foster public-private-partnerships for investment in training and education</b>	<b>52</b>
- Definition of public-private-partnerships	52
- Public-private-partnerships financed by the EIB	54
<b>3. KNOWLEDGE AND EXPERIENCE OF NATIONAL SOCIAL PARTNERS WITH EU FUNDS AVAILABLE FOR EDUCATION AND TRAINING</b>	<b>55</b>
<b>Questionnaire survey results</b>	<b>55</b>
<b>Evidence from the country visits</b>	<b>56</b>
- European Social Fund (ESF)	57
- Erasmus + and Horizon 2020	57
- Social dialogue budget lines	59
- Assessments regarding other EU funds and programmes	60
<b>4. GOVERNANCE, COORDINATION, TRANSPARENCY AND SOCIAL PARTNER INVOLVEMENT IN THE FIELD OF EDUCATION AND TRAINING POLICY</b>	<b>61</b>
<b>EU level education and training policy – a brief overview</b>	<b>61</b>
<b>Involvement and influence of the social partners in the governance and implementation of EU education and training policy</b>	<b>62</b>
- European education and training policy	62
- European Structural and Investment Funds / European Social Fund	63
- Governance and decision making in the context of the Investment Plan for Europe	64
<b>Involvement and influence of the social partners at national level in national education and training policy, governance, decision-making and funding decisions</b>	<b>64</b>
- Online survey results	64
- Evidence from the country visits	66
<b>Key challenges and demands from the national social partners' perspective</b>	<b>69</b>
- Country specific challenges and needs	69
- Problems and demands in relation to the governance and implementation of EU funds and programmes	70
<b>5. CONCLUSIONS</b>	<b>72</b>
<b>ANNEX</b>	<b>74</b>
- Statistical data	74
- Organisations that responded to online survey	94
- Social partner organisations interviewed in the context of the national analysis	96
- Joint recommendations on Improving social partners' involvement in EU support for public investment in training and education at the European level	97

# INTRODUCTION

While respecting the competence of Member States for their education and training systems, education and training make a substantial contribution to several EU strategies and initiatives, including the Europe 2020 Strategy, the Youth Guarantee, the Digital Single Market, the European Agenda on Security and the Investment Plan for Europe. Also, the increase in violent and nationalist extremism and fundamentalism throughout Europe in recent years reminds us that education and training has an important role for social inclusion, equal opportunities and a culture of mutual respect and fundamental values. Thus, education and training should be strengthened and supported in order to improve access to quality learning for all, to avoid labour market and social segmentation and to enable processes of upward social mobility and convergence throughout Europe.

However, the latest edition of the European Commission Education and Training Monitor<sup>1</sup> shows that serious challenges remain or have become even more pressing:

- One fifth of 15 year olds in the EU still score poorly in reading, science and mathematics and do not reach level 2 in OECD Pisa<sup>2</sup>; one fifth and one fourth of adults have low levels of literacy and numeracy respectively<sup>3</sup>, and only 10.7% of adults take part in lifelong learning<sup>4</sup>.
- There are more than 5 million early school leavers in the EU; only 17 Member States have reached the Europe 2020 target on early school leaving of below 10% and there has been little progress in recent years. One should note that around 60% of early school leavers are either unemployed or inactive. A further alarming indicator is that foreign born pupils on average are twice as likely to leave the education and training system early when compared to native born pupils.<sup>5</sup>
- Regarding higher educational attainment, there has been significant progress. In 2015, 17 Member States have met the Europe 2020 headline target.<sup>6</sup> However, the problem of employability of graduates has become a severe problem in countries most affected by the crisis.

Against this background, investment in education and training systems, as well as their modernisation and adjustment are a crucial condition for economic and social progress. Yet, in recent years, several Member States (and not only those hit most by the crisis) have cut their education and training expenditure in real terms. According to the 2015 Draft Joint Report on the implementation of the Education and Training (ET)

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1 European Commission 2016: Education and Training Monitor 2016. Directorate-General for Education and Culture.

2 Ibid. p. 43.

3 Ibid. p. 27.

4 Ibid. p.79.

5 Ibid, p. 39/40.

6 Ibid., p. 50.

2020 Framework<sup>7</sup>, one of the five key challenges to achieve relevant and high-quality learning will be to fill the investment gap in education and training:

*“This suggests the need to support Member States in designing reforms that deliver quality education and training more efficiently, within a broad societal context. The Investment Plan for Europe (IPE), Erasmus+, the European Structural and Investment Funds, including the Youth Employment Initiative and Horizon 2020 can help stimulate investments and support ET 2020 policy priorities ensuring strong links with policies.”*

The joint project of the ETUC, CEEP, EFEE and ETUCE addresses a highly relevant EU policy issue by focussing on the issue of public investment in education and training provided via EU funds. This study addresses a key element of the EU’s social investment paradigm that has been identified by public authorities, business interest groups, employers as well as trade union organisations alike as an area where increasing measures are urgently needed in order to become ‘fit for future’. This urgency has recently been illustrated by initiatives to mobilise private investment in training and education by the launch of the European Commissions “*Investment Plan for Europe*”.<sup>8</sup>

The project of the European Social Partners was developed in the light of their strong expertise and involvement in shaping education and training policies at the EU level. Many evaluations have shown that a strong and pro-active involvement of social partners within the structural funds as well as education and training programmes should be regarded as an important element of efficiency, adequacy and effectiveness. At the same time, there is evidence that there is an overall “ambivalence” and contradictions between social and economic policies and reforms on the one hand and EU policies of providing support for investment and coherent strategic orientation in education and training policies on the other.<sup>9</sup>

Another factor underpinning this project is the involvement of social partners in education and training policies and investment decisions at European and national level. There is a significant gap of information regarding the involvement of social partners in policy and decision-making, including in decisions taken on investment in education and training. There is also evidence that practice does not always follow political advice and guidance. For example, the European Commission regularly stresses that there is a strong correlation between “world-class” VET systems and the ability to adapt to current and future needs, coping with skills mismatches on the one hand and higher employment rates of young people on the one hand. Regarding a strong role of social partners,<sup>10</sup> however, the situation in the majority of EU member states still are described<sup>11</sup> as insufficient. Similar assessments can be made in relation to national governance of EU structural funds and the involvement of social partners in programming, planning, implementation, monitoring and evaluation practices.

The overall objective of the project was to map out the funding and investment opportunities for training and education at European, national, and regional level, and the role of social partners in decision-making and use of these funds.

This objective was supported by two research studies: A first study addresses the EU level, focussing on the current state of EU funding and investment allocated to training and education, including an analysis of the role of social partners in decision making and implementing EU funding. Building on the results of this stocktaking and mapping analysis at EU level, that was discussed at an EU level conference at the beginning of December 2016, the second study focussed on the national level. Implemented in the first half of 2017 by an online survey amongst national affiliates of the EU level social partners as well as a

7 European Commission 2015: Draft 2015 Joint Report of the Council and the Commission on the implementation of the Strategic framework for European cooperation in education and training (ET2020) New priorities for European cooperation in education and training. Brussels, 26.8.2015 COM (2015) 408 final.

8 European Commission 2014: An Investment Plan for Europe. Brussels, 26 November 2014, COM (2014) 903 final; European Commission 2016: Investment Plan. Juncker, Jean-Claude (2014): A new start for Europe: My agenda for job, growth, fairness and democratic change. Political guidelines for the next European Commission, Strasbourg, 15 July 2014.

9 Agostini, Chiara/Natali, David 2015: The EU’s ambivalent involvement in education and training policies. In: Natali, David/ Vanhercke, Bart (eds.): Social policy in the European Union: state of play, ETUI Brussels, p. 153-182.

10 European Commission 2012: Communication “Rethinking Education: Investing in skills for better socio-economic outcomes”, Strasbourg, 20.11.2012. COM (2012) 669 final).

11 ETUI 2010: The European Social Fund 2007-2013. A handbook for trade unions. 2<sup>nd</sup> Edition, ETUI, Brussels.

limited number of country visits and interviews, this part of the study analysed recent national trends of funding and financial support of the education and training system and the role of EU funding therein. The involvement of social partners in governance of education and training policies as well as programming and investment decision-making was a further focus of the national analysis.

This report summarizes major results of the EU and national level analysis. Results from the EU analysis mainly stem from desk research, summarizing evidence from already existing research, official documents and other information as well as interviews with key actors and institutions involved at EU level (various directorates-general of the European Commission, financial institutions, social partner representatives in the field of education and training). The national level analysis is based on an online survey amongst national affiliates of the ETUC, CEEP, ETUCE and EFEE in EU Member States and candidate countries that was carried out between March and May 2017. Furthermore, a number of in depth interviews were carried out with representatives of national affiliates of the European Social Partners in nine EU countries (Austria, Bulgaria, Denmark, Finland, Germany, Ireland, Italy, Netherlands, Poland, and Spain).

The report consists of five major parts that reflect key research questions of the EU and national level analysis: Chapter 2 provides an overview of the current state of public as well as private investment in education and training, focussing in particular on investment gaps and needs as well as experiences and assessments of national social partners. Chapter 3 summarizes the results of our mapping of major EU funding instruments and programmes that are available for education and training investment. Here, the analysis also includes information on EU social partners experience in making direct use of the available funds and their involvement in the governance and decision-making processes of the various funding instruments and programmes. Chapter 4 focuses on the knowledge and experience of national social partners with EU funds available for education and training. Chapter 5 provides an overview of EU level governance in the field of education and training policies, including the involvement and influence of social partners at national level, recent changes and concerns of the social partners as well as key challenges from EU and national social partners' perspective. The concluding chapter 6 summarizes key results of the analysis and draws a number of conclusions that are crucial from the point of the authors.



# 1. INCREASING NEEDS TO INVEST IN EDUCATION AND TRAINING – QUANTITATIVE EVIDENCE

## THE SPECIFIC NATURE OF PUBLIC INVESTMENT IN EDUCATION AND TRAINING

Public investment is considered to be a form of expenditure which can create long-term growth prospects. A recent study measuring the impact of public investment on fiscal multipliers (the ratio in which the change in a nation's income level is influenced by government, with a fiscal multiplier great than 1 meaning a positive return of investment) found that public investment has quite a high fiscal multiplier value of 1.3 to 1.8.<sup>12</sup> This means that one Euro of general government expenditure in public investment increases the gross domestic product (GDP) by an average of 30 to 80 Cents. A recent study examining 15 EU countries also found a positive impact of rising public investment on long-term economic growth.<sup>13</sup> Furthermore, the European Central Bank demonstrated that public investment has a positive effect on economic growth. It estimates that a 1% increase in the public investment share of GDP would bring about a rise in growth of 1.6% over the long run.<sup>14</sup>

The items which are more often mentioned by the European Commission<sup>15</sup> and the literature as growth-conducive are public infrastructure investment (associated with increasing the capital stock in the economy), education and training (associated with boosting human capital and skills), research and development (associated with technological development and innovation) and health care (which affects positively both the quantity and the productivity of labour).

Due to how it increases the level of human capital, public investment in education and training is seen as a main source of long-term economic growth. As empirical evidence shows<sup>16</sup>, public investment in education has a positive effect on productivity and growth, particularly in the case of high-income countries. Investment in education also supports economic growth by facilitating social improvements and developments, or reducing inequalities.<sup>17</sup> A more educated labour force is more mobile and adaptable, can learn new tasks and skills easier, and can use a wider range of (new) technologies and sophisticated equipment. This also enables employers to modernise their workplaces more easily and better accommodate competitive pressures and changes in consumer demand. For advanced economies, the more educated the population of a country already is, the more beneficial for economic growth an increase in government investment to education will be.

12 Horn, G. A.; Gechert, S.; Rietzler, K.; Schmid, K. D. 2014: Streitfall Fiskalpolitik: Eine empirische Auswertung zur Höhe des Multiplikators, IMK Report, No. 92.

13 Hakhu, A.B.; Piergallini, A.; Scaramozzino, P. 2014: Public Capital Expenditure and Debt Dynamics: Evidence from the European Union. Centre for Financial & Management Studies | SOAS | University of London

14 European Central Bank 2003: Public finances and long-term growth in Europe. Evidence from panel data. Working Paper No. 246. See also: Abiad, A.; Furcer, D.; Topalova, P. 2015: The Macroeconomic Effects of Public Investment: Evidence from Advanced Economies. IMF Working Paper 16/95. Washington D.C.

15 European Commission 2012: The Quality of Public Expenditures in the EU. EUROPEAN ECONOMY. Occasional Papers 125.

16 Barbiero, Omar / Courmède, Boris 2013: New econometric estimates of long-term growth effects of different areas of public spending, OECD Economics Department, Working Paper no. 1100.

17 Szczepanski, Marcin 2016: Public investment to support long-term economic growth in the EU. European Parliament Research Service. Briefing July 2016.

## QUANTITATIVE TRENDS IN TERMS OF OVERALL ALLOCATION OF FUNDING FOR PUBLIC INVESTMENT IN EDUCATION AND TRAINING IN RECENT YEARS, EFFECTS OF THE CRISIS

In a recent study, the European Investment Bank has estimated that it would cost 600 billion Euro per year until 2020 to catch up with the US, Korea or Singapore in terms of competitiveness. On education, closing the gap with US funding levels would require a conservatively estimated additional 100 billion Euro per year. Given the large maintenance backlog in education facilities, around 10 billion Euro of this total would be required for education infrastructure, including the upgrading of equipment to modern IT standards for teaching.<sup>18</sup>

Since the beginning of the crisis, public investment in the EU has decreased, especially in countries under fiscal consolidation programmes. While many economists and stakeholders regard this as a main barrier for economic recovery and labour market improvements, the provisions of the Stability and Growth Pact keep creating strong pressures on public expenditure and as a result, many EU Countries remain constrained vis-à-vis their fiscal position.

As highlighted in a recent study on Education and Training Policy in the European Semester that was conducted by the University of Nottingham on behalf of the ETUCE<sup>19</sup>, public expenditure on education as a share of the national GDP remained relatively stable between 2006 and 2015. According to latest Eurostat data, it saw only a small overall decrease from 5% to 5.9% of GDP. However, the study notes that during the same period, overall public expenditure as a ratio of GDP increased by 2% to 47.2% and thus the relative share of public education expenditure decreased from 11% in 2006 to 10.3% in 2015.

Despite targeting education and training as a key priority, education budgets in many EU countries have been cut in recent years as the following table shows (for details see table A.1 in the annex), including member states that have been under fiscal consolidation programmes (namely Cyprus, Ireland and Portugal).<sup>20</sup>

It is worth noting that Table 1 is a summary of the European Commission's Education and Training Monitor 2015.<sup>21</sup> The overall investment situation of some countries however is more complex than the table shows. In order to interpret public investment in education and training correctly it should be noted that the percentage of GDP invested refers to the relative share of the GDP. Given the fact that in the last five years, the GDP went down or stagnated in many countries, this means that expenditure in education went down even more in real terms. This aspect was also highlighted in the national analysis and interviews with social partner organisations, in particular Spain and Ireland. This is important as EU figures list countries such as Greece or Bulgaria as cases where public investment in education and training as a share of the GDP increased. Greece for example experienced a significant decline in GDP development during the period 2010-2013 with decrease rates ranging between -9.1% (2011) and -3.2% (2013).

18 European Investment Bank 2016: Restoring EU competitiveness. 2016 updated version.

19 Stevenson, H.; Hagger-Vaughan, L.; Milner, A.; Winchip, A. (2017): Education and Training Policy in the European Semester. Public Investment, Public Policy, Social Dialogue and Privatisation Patterns across Europe. European Trade Union Committee for Education, Brussels, p. 9.

20 Milou, M. 2014: Crisis hit countries cut down public spending on education. <http://europeansting.com/2014/04/09/crisis-hit-countries-cut-down-public-spending-on-education/>. See also European Commission/EACEA/Eurydice 2013: Funding of Education in Europe 2000-2012. The Impact of the Economic Crisis. Eurydice Report. Luxembourg.

21 It should be noted here that the Education and Training Monitor 2016 does not contain any more recent data. Data for 2015 are extracted from Eurostat. See tables 1a and 1b in the annex of this report.

**Table 1: Trends in total investment in education and training, % GDP, 2008 – 2015**

Pattern	Countries
Overall increase	Belgium, Bulgaria, Greece*
Overall stability	Denmark, Luxembourg, Malta, Sweden
Overall decline	Austria, Cyprus, Denmark, Estonia, Germany, Ireland, Spain, France, Italy, Cyprus, Latvia, Lithuania, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, UK
Strongest decline of GDP ratio of education expenditure (percentage points)	UK (-1.4), Portugal (-1.4), Cyprus (-1.0), Estonia (-1.0), Lithuania (-1.0)

Source: European Commission 2015: Education and Training Monitor 2015.

\* On Greece see the explanatory note in the text above.

While general government expenditure on education per GDP in 2015 varies significantly between 3% in Romania and 6.6% in Sweden, investment figures on education and training show that in 13 out of 28 EU Member States investment in education and training in terms of GDP percentage in 2015 was lower than in 2008.<sup>22</sup>

A particular issue of concern must be that investment reductions have hit those countries most that have been affected most by the 2008 as well as 2010 crisis such as Greece, Cyprus, Ireland, Portugal or Spain as well as Italy, Slovenia, Hungary or Romania.

The need to cope with labour market and economic challenges also extends to countries other than those most affected by the economic and financial crisis. Many countries are faced with the need to implement reforms and adjustments in the education and training systems with reduced financial resources and possibilities.<sup>23</sup>

In the EU as a whole, public expenditure on education started declining in real terms in 2011. With a second consecutive drop in 2012, public expenditure on education as a share of GDP decreased from 5.3% in 2009 and 2010 to 4.9% in 2015.<sup>24</sup>

When calculated as a share of overall public investment, Eurostat data show that for the EU as a whole, the share of education expenditure as a percentage of total public investment decreased from 10.7% in 2008 to 10.3% in 2014 and 2015 (see also table A.1b in the annex). The share of education spending in total government spending decreased in 19 out of 28 EU Member States.<sup>25</sup>

As highlighted in the 2015 Education and Training Monitor of the European Commission, the assessment of education investment developments has to take into account two important aspects that may influence investment reductions: *First*, efficiency gains and *secondly*, demographic change. However as noted by the EU Commission, the link between efficiency gains and expenditure is difficult to determine.<sup>26</sup> With view on the anticipation of demographic change and shrinking school-age populations, data show that a link between these changes and education expenditure proves to be rather weak: Irrespective of the actual or expected decrease of the school-age population, there are countries that reduced investment and countries where investment increased.<sup>27</sup> Furthermore, difficult situations could arise in those Member

22 See table A.1a in the annex. These countries are Cyprus, Estonia, Spain, Hungary, Ireland, Italy, Lithuania, Latvia, Poland, Portugal, Romania, Slovenia and the UK.

23 A joint CEEP and EFEE statement has described this paradoxical situation as the constraint of "Doing More with Less". See: CEEP / EFEE 2014: "Matching education with the needs of the public services of the future", CEEP – EFEE.

24 EU Commission: Education and Training Monitor 2016, p. 32.

25 See table A.1b in the annex. These countries are Austria, Bulgaria, Cyprus, Estonia, Spain, Finland, France, Croatia, Hungary, Italy, Lithuania, Latvia, Netherlands, Poland, Portugal, Romania, Slovenia, Slovakia and the UK.

26 EU Commission: Education and Training Monitor 2015, p. 25.

27 Ibid. p. 26.

States where the school-age population both in the past and in the projected future are growing and at the same time expenditure on pre-school, primary and secondary education decreased over the 2010 – 2013 period. These countries according to Eurostat data are Slovenia, Italy, Ireland, Spain and the UK.<sup>28</sup>

As highlighted in the EU Commissions' Education and Training Monitor 2016, the share of public expenditure devoted to education can also be seen as an illustration of the commitment of public authorities to education and training. In this respect, it is worth noting that in some large economies such as Germany, France and Ireland as well as Spain, governments invest relatively less public funds in education than the EU average. However, in the context of the European Semester CSRs 2016, only Germany received a recommendation to achieve a sustained upward trend in public investment, including in education.<sup>29</sup>

A recent quantitative analysis of public investment in education and training, covering the period 2006 to 2015, notes that the education and training sector as a consequence of the 2008 global and financial crisis has been not only affected by public spending cuts but saw its funding more squeezed than other public spending items, e.g. health or social services. With view on the current economic recovery tendencies, the study warns that there is some evidence that investment in education continues to lag behind because some Member States appear reluctant to increase education investment significantly:

*"The paradox is that an area of public investment seen as central for driving recovery continues to suffer with the potential to impact on growth and employment."<sup>30</sup>*

## COMPANY INVESTMENT IN EMPLOYEE TRAINING

The economic and financial crisis negatively affected the financial resources spent on training activities by enterprises. Several national studies showed that training budgets were cut in 2009, e.g. investment of Spanish companies decreased by 16%.<sup>31</sup>

In 2012, the picture had not changed significantly. More than 80 per cent of businesses in Europe had cut or frozen their expenditure on skills and training during the last year according to a research carried out for the Federation of Enterprises in Belgium (FEB) for the European Business Summit 2012.<sup>32</sup> Depending on the extent of economic downturn, there are also differences in the importance given to reduction of resources dedicated to training being more important for example in Italy and Spain than in Germany.<sup>33</sup>

In 2010, the average expenditure on continuous vocational training courses by enterprises in the EU-28 was PPS 511 (Purchasing Power Standards<sup>34</sup>) per employee compared to 454 PPS in 2005 (increase by 12.6%) according to latest Eurostat data.<sup>35</sup> As shown in the annex table A.2, there are not only large differences in enterprise expenditure on continuous vocational training (in 2010, ranging from 92 PPS in Bulgaria to 1,084 in Belgium) but also in regard to development trends since 2005: Costs per employee in Denmark slumped by more than one third and also the Czech Republic and the UK experienced a decrease in expenditure by more than 20%. In contrast, countries such as Austria, the Netherlands or Germany

28 Ibid. p. 26.

29 EU Commission: Education and Training Monitor 2016, p. 32.

30 Stevenson, H.; Hagger-Vaughan, L.; Milner, A.; Winchip, A. (2017): Education and Training Policy in the European Semester. Public Investment, Public Policy, Social Dialogue and Privatisation Patterns across Europe. European Trade Union Committee for Education, Brussels, p. 15.

31 Eurofound 2011: Preparing for the upswing: training and qualification during the crisis. <http://www.eurofound.europa.eu/observatories/eurwork/comparative-information/preparing-for-the-upswing-training-and-qualification-during-the-crisis>.

32 Accenture 2012: News release - Majority of European Employers Cut Skills and Training Investment. Despite Skills Shortages, Finds Accenture and FEB Survey, 25 April 2012. <https://newsroom.accenture.com/subjects/management-consulting/majority-of-european-employers-cut-skills-and-training-investment-despite-skills-shortages-finds-accenture-and-feb-survey.htm>.

33 Accenture 2012: Turning the Tide- How Europe Can Rebuild Skills and Generate Growth, [https://www.accenture.com/t20150523T052745\\_w\\_us-en/acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Strategy\\_4/Accenture-Turning-the-Tide-How-Europe-can-Rebuild-Skills-and-Generate-Growth.pdf](https://www.accenture.com/t20150523T052745_w_us-en/acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Strategy_4/Accenture-Turning-the-Tide-How-Europe-can-Rebuild-Skills-and-Generate-Growth.pdf).

34 The purchasing power standard, abbreviated as PPS, is an artificial currency unit and technical terms used by Eurostat in order to adjust the purchasing power for price level differences. Price differences across borders mean that different amounts of national currency units are needed for the same goods and services depending on the country. PPS are derived by dividing any economic aggregate of a country in national currency by its respective purchasing power parities.

35 Eurostat, Cost of CVT courses per employee (all enterprises), by type of cost and size class [trng\_cvts62]. Extracted October 2016

report an increase of enterprise investment in continuous vocational training for their employees by more than 20% and Belgium by even nearly 60%. Even stronger increases in the cost per employee are also reported in Spain, Greece, Cyprus, Romania and Portugal. This, however can be linked to the drastic increase in unemployment and the smaller total labour force since 2005.

## PRIVATE INVESTMENT IN EDUCATION AND SOCIAL IMPACT BONDS

In the light of the social effects of the 2008 crisis and the restrictions on public expenditure in the context of the fiscal stability rules, the European Commission intensified activities in search for new sources of funding of social investment, including investment in education and training. In its Communication “*Towards Social Investment for Growth and Cohesion*” (COM (2013) 83) the Commission targeted (among other areas) early childhood education, training, education, retraining and lifelong learning.

Together with the European Commission’s Recommendation on “*Investing in Children: breaking the cycle of disadvantage*” and a series of Staff Working Documents, the Communication initiated the ‘Social Investment Package’. The Commission states that Member State should make more use of innovative approaches to financing, including by using participation of the private sector and financial engineering.

The Communication in particular highlighted the following measures as important to stimulate social investment:

- Supporting social enterprises’ access to finance via the European Social Entrepreneurship Funds<sup>36</sup>
- Exploring the use of new financial instruments, e.g. the EaSI-Guarantee of the European Investment Fund<sup>37</sup>
- Facilitating the exchange between Member States concerning experience with Social Impact Bonds<sup>38</sup>

The European Commission is actively involved in promoting and financially supporting social impact investment and the development of respective financial instruments. Examples here are the launch of the “Social Impact Accelerator” (SIA) by the European Investment Fund (EIF) and private sector investors in 2013 as the first European-level partnership to foster social impact investment.

The SIA has so far provided equity financing for several national social impact funds. The following table provides examples of education or training projects funded by social investment funds.

36 [http://ec.europa.eu/finance/investment/social\\_investment\\_funds/index\\_en.htm](http://ec.europa.eu/finance/investment/social_investment_funds/index_en.htm)

37 [http://www.eif.org/what\\_we\\_do/microfinance/easi/index.htm](http://www.eif.org/what_we_do/microfinance/easi/index.htm)

38 Social Impact Bonds are a form of public-private partnerships that are used to mobilize private funds for social programmes. SIB are pay-for-success contracts and transfer risk from the public to the private sector. Investors are repaid and receive interest payments in case certain predefined performance indicators are reached or surpassed. See: European Commission 2013: Towards Social Investment for Growth and Cohesion – including implementing the European Social Fund 2014-2020, COM(2013) 83 final, 20.02.2013, Brussels.

**Table 2: Examples of education or training projects funded by private social investment funds**

Social investment fund	Country	Projects funded in the education and training sector
Citizen Capital	France	<ul style="list-style-type: none"> <li>• <i>OpenClassrooms</i>: online education platform (MOOC courses)</li> </ul>
Impact Partenaires	France	<ul style="list-style-type: none"> <li>• <i>Webforce3</i>: network of schools providing accelerated training for web professions</li> </ul>
BonVenture	Germany	<ul style="list-style-type: none"> <li>• <i>Mobiles Lernen Deutschland</i> (Mobile Learning in Germany): Full-Service-Leasing-Package for Notebooks/Tablets in schools</li> <li>• <i>bettermarks</i>: interactive online learning system for mathematics</li> <li>• <i>Flachland Zukunftsschulen</i>: innovative combination of early child care and primary school</li> <li>• <i>Chancenwerk</i>: mentoring program at schools</li> <li>• <i>DoNature</i>: ecologic education for children, the youth, and grown-ups</li> </ul>
ANANDA Social Venture Fund	Germany	<ul style="list-style-type: none"> <li>• <i>Arbor</i>: improvement of IT systems in schools that enhance education quality</li> <li>• <i>Third Space Learning</i>: Online Learning Program in mathematics</li> <li>• <i>Auticon</i>: support and education system in IT for people with autism</li> <li>• <i>Insane Logic</i>: communication and speech development for people with learning disability</li> <li>• <i>Verbavoice</i>: online platform that enables instant translation for the deaf</li> </ul>
Impact Ventures UK	UK	<ul style="list-style-type: none"> <li>• <i>Learning possibilities</i>: cloud based learning platform</li> <li>• <i>Livity</i>: improves the employability of young people</li> </ul>

Sources: Webpages of funds ([www.bonventure.de](http://www.bonventure.de), [www.citizencapital.fr](http://www.citizencapital.fr), [www.impact.fr](http://www.impact.fr), <http://www.impactventuresuk.com>, <http://www.socialventurefund.com> )

Through the EaSI-Programme, the European Commission is also providing financial support to social impact bond initiatives such as the “*European Venture Philanthropic Association*” (EVPA) that aims to strengthen and foster the idea of “*Venture Philanthropic*” and social investments in Europe, combining the financing of social innovations and financial returns.

While the European Commission as well as the OECD<sup>39</sup> have stressed the added-value of social impact bonds and investment for providing additional resources for new needs and innovations, critics have highlighted the risks, namely the selective approach (i.e. focus on projects that promise the required financial return) and the risk that private social investment is used not only to provide additional financing but also to substitute public investment.<sup>40</sup>

While the importance of social impact investment in the global (rather than EU) context has grown in recent years, the social impact market still remains small.<sup>41</sup> When it comes to investment in education, the predominant focus is on comparatively small investment in school infrastructure. Regarding education funding, private grant funding and private impact investment accounted for less than 1% according to a study in 2013.<sup>42</sup>

39 OECD 2016: Social impact bonds: State of play & lessons learnt, OECD Working Paper

40 EPSU 2013: EPSU WORKING DOCUMENT “SOCIAL INVESTMENT PACKAGE”, 4 April 2013, <http://www.epsu.org/sites/default/files/article/files/EPSU-Working-Document-Social-Investment-Package-04-04-13.pdf>.

41 Wilson, K. E. 2014: New Investment Approaches for Addressing Social and Economic Challenges, OECD Science, Technology and Industry Policy Papers, No. 15, OECD Publishing.

42 D. Capital Partners 2013: Impact Investing in Education: An Overview of the Current Landscape, 2013, No.59.

**Example: Social Impact Bond in the education sector in Portugal<sup>43</sup>**

In 2015, the first SIB was launched in Portugal with a total investment value of 120,000 Euros provided by the *Calouste Gulbenkian Foundation*. The “*Code Academy Jr Programme*” financed through the SIB is about delivering computer programming classes to primary school students, with the aim of improving their problem-solving ability and their school performance on the core subjects of Portuguese and Maths to 65 young students from three primary schools in Lisbon.

The programme targeted a 10% improvement in students’ problem-solving ability and school performance in core subjects, in comparison to a control group. If this target is achieved, the Municipality of Lisbon will reimburse the *Calouste Gulbenkian Foundation* the amount initially invested. Performance below 10% will be subject to partial outcome payments.

According to the EVPA (“*European Venture Philanthropic Association*”) Portugal through this example has joined a group of other Continental European countries testing SIB, such as Belgium, Netherlands and Germany.

## EFFECTS OF UNDERINVESTMENT IN EDUCATION AND TRAINING

The effects of the crisis on public budgets for education, on education related human resources, on education infrastructure and education specific programmes and on support systems for students and their families were analysed in a comprehensive report published in 2013 by the Education, Audiovisual and Culture Executive Agency (EACEA, Eurydice and Policy Support).<sup>44</sup>

Apart from the effects of the crisis on investment in public education, the study highlighted a number of critical effects and impacts:

- Since 2010, the number of teachers in many countries increasingly reduced not only due to a fall in the numbers of pupils and students but also due to the reduction of public funding.
- The effect on salaries was even stronger: Cuts and pay freezes have been one of the main mechanisms to reduce education expenditure. It should be noted however that since the publication of the EACEA study pay freezes have been abolished in several Member States.
- On education infrastructure, the study found that in the majority of Member States the closure of pre-primary and other schools was mainly related to demographic changes. However, in a number of countries the financial and economic crisis has been highlighted as the main reason for merger and closure of school.
- A quarter of countries have cut back or postponed renovations or reduced maintenance on education buildings (both schools and higher education institutions) as a consequence of the crisis.
- While in a majority of countries investment in ICT equipment increased, several Member States have reported that funding of ICT resources and of specific programmes for educational support were affected by cuts in education expenditure.

<sup>43</sup> Source: EVPA, <http://evpa.eu.com/news/first-social-impact-bond-launches-in-portugal/>

<sup>44</sup> European Commission 2013: Funding of Education in Europe 2000-2012: The Impact of the Economic Crisis. Eurydice Report.

- In contrast to the pre-crisis period when investment in financial support for students has increased steadily in general, from 2010, support schemes for pupils and students were subject to increasing restrictions in education budgets. Restrictions were applied for example to the allocation of family allowances by linking the level of child benefit to family income or on the subsidization of meals.

Apart from the direct effects of the crisis, the fiscal policies in the context of structural reform programmes induced under the Stability and Growth Pact or the country specific recommendations (CSR) in the context of the European Semester have had a significant impact on education and training policy.

A study of the University of Nottingham commissioned by the ETUCE recently analysed education related CSRs for each Member State in the context of the European Semester 2012-2016.<sup>45</sup> The analysis shows that education and training play a significant role in CSRs.

There are five types of recommendations: The first set focusses on improving the quality of education and “educational outcomes” and achievements (in particular of disadvantaged children). The second set of recommendations, addressing by far the largest number of countries<sup>46</sup>, relates to addressing skills mismatches and skills shortages with a focus on VET, apprenticeship systems, life-long and adult learning. Thirdly, there are CSRs aiming at improving the labour market relevance of education. Furthermore, some countries received CSR focusing on the need to raise the attractiveness or increase the quality of teaching.

There are also two sets of recommendations that directly address investment issues as highlighted in the table below. Here, the European Commission demands Member States to foster investment in human capital, strengthen the “quality of expenditure” and promote the involvement of private investment in higher education.

**Table 3: European Semester Education specific Country Specific Recommendations 2016**

#### Education and training CSRs

##### *Enhance investment in education and research*

- BE: Foster investment in knowledge-based capital
- DE: Achieve a sustained upward trend in public investment, especially in infrastructure, education, research and innovation
- IE: Enhance the quality of expenditure, particularly by increasing cost-effectiveness of healthcare and by prioritising government capital expenditure in research and development and in public infrastructure
- LT: Strengthen investment in human capital
- NL: Prioritise public expenditure towards supporting more investment in research and development

##### *Increase private investment in higher education and research, enhancing the cooperation between businesses and universities, performance-based funding*

- EE, ES: Promote private investment in research, development and innovation
- DK, EE, PT, ES: Incentivise cooperation between businesses and universities
- ES: Increase performance-based funding of public research and universities

Source: ETUCE 2016: Education-related Country Specific Recommendations (CSRs).

45 Stevenson, H.; Hagger-Vaughan, L.; Milner, A.; Winchip, A. (2017): Education and Training Policy in the European Semester. Public Investment, Public Policy, Social Dialogue and Privatisation Patterns across Europe. European Trade Union Committee for Education, Brussels.

46 According to the data presented in the study, only three countries between 2012 and 2016 did not receive this kind of recommendations: Czech Republic, Germany and the Netherlands.



The education and training related CSRs as well as positions of the Commission and the Council indicate a general trend and perhaps a new paradigm of investment. This suggests that there is a stronger focus on performance/outcome orientation and effectiveness of educational systems, while at the same time – against reduced public budgets, member states are encouraged to search for new forms of funding, namely from private sources, or from EU funds.

## EXPERIENCES AND ASSESSMENTS OF NATIONAL SOCIAL PARTNERS REGARDING INVESTMENT

### Questionnaire survey results

The online survey (see textbox below) asked participants to assess major trends of investments and funding in the formal education system as well as in continuous learning (adult learning, continuous VET, continuous professional development, work-place learning, etc.) during the last five years.

#### **The Online Survey**

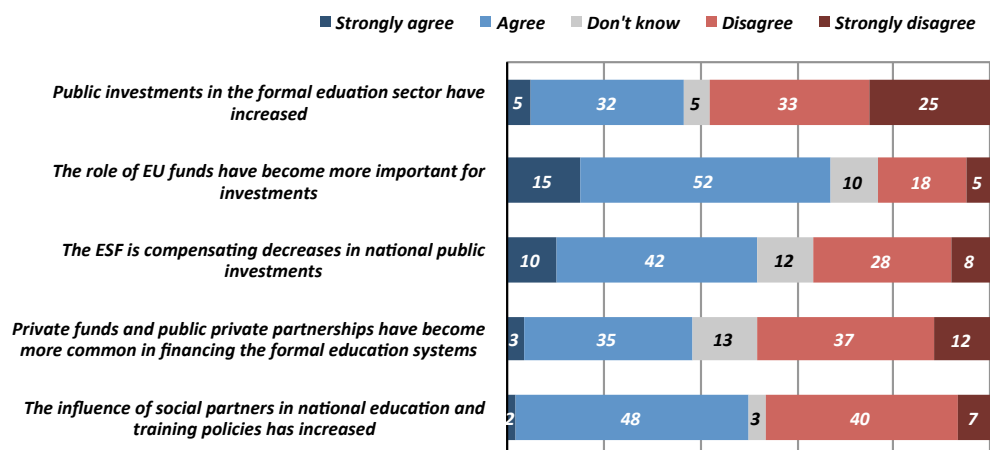
A key element of the national level analysis in the context of the ETUC, CEEP, ETUCE and EFEE project was an online-survey amongst national affiliates of the four European social partner organisations. The survey was carried out between April and May 2017 and aimed at gathering information and assessments of national social partners as regards three broad topics: Assessments of major trends in education and training policies in the respective countries; the knowledge about and own experiences in making use of EU funds for education, training and skills development as well as the involvement in the governance and management of these funds and national programmes, including needs as to improving governance and social partners involvement.

In total 60 national social partner organisations replied to the survey from 25 EU Member States.<sup>47</sup> 37 responses (62%) came from national affiliates of the ETUC and ETUCE and 23 (38%) from the two employer organisations CEEP and EFEE.

As shown in figures 1 and 2 below, around 60% of national social partners in the education and training sector indicate that public investment in formal education and training as well as in continuous education decreased during the last five years. A clear majority of respondents also reported that EU funds have become more important for investment in formal education and training (67%) as well as in continuous learning (60%). Around half of the responding social partner organisations also felt that the ESF has been used at national level to compensate shrinking education budgets, namely in the formal education and training sector (52%, compared to 48% as regards continuous learning).

<sup>47</sup> See the list of organisations and countries in annex C.

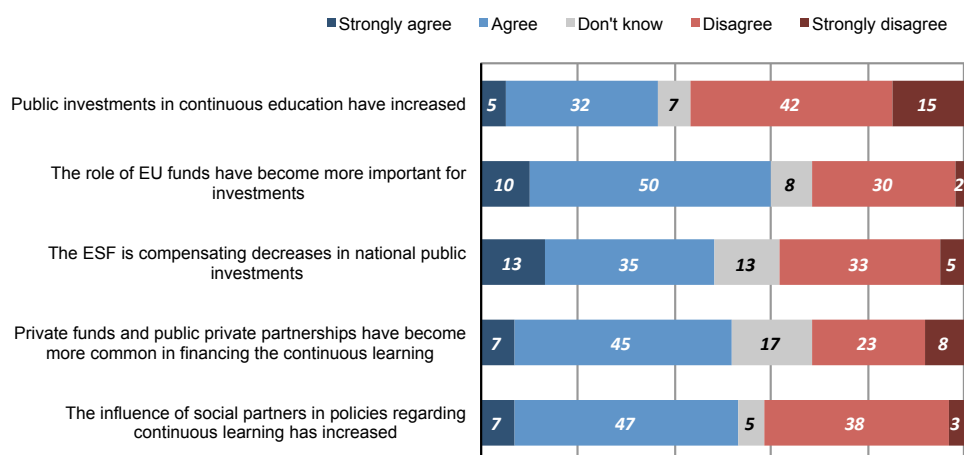
**Figure 1: Major trends of investment/funding in the formal education system (% of total responses)**



Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

Asked about the role of private funds and public-private partnerships in financing the education and training system, the experience of national social partners across countries is quite polarized. While around half of the respondents indicate a more important role, the other half does not. However, according to the respondents the role of private funding and public-private partnerships in continuous learning is much stronger than in the formal education and training sector.

**Figure 2: Major trends of investments/funding in continuous learning (adult learning, continuous VET, continuous professional development, work-place learning, etc.) (% of total responses)**



Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

Regarding the role and influence of social partners in education policies, responses are rather polarized: For the formal education system, similar shares of respondents report the experience of an increase and decrease in influence. In continuous learning, the picture is slightly different with a stronger share of respondents reporting an increase in influence on policies.

## Country specific developments and investment trends

Interviews with trade union and employer organisation representatives in 10 countries (Austria, Bulgaria, Denmark, Finland, Germany, Ireland, Italy, the Netherlands, Poland, and Spain) confirmed the results of the quantitative analysis of spending and investment developments in the education and training sector. However, the interviews also added a number of country-specific developments and trends that are important to highlight as they strongly impact not only on investment trends but also on other aspects of the education and training system and country-specific challenges.

In accordance with the survey results, social partners in the education sector interviewed in Finland agree that the most important challenge regarding investment and funding in the formal education system as well as in continuous learning has been the reduction of government spending on education. While the reforms and public budget cuts had already been discussed before 2008, the Euro crisis accelerated the process, resulting in laying-off employees. Furthermore, significant organisational changes and mergers took place in the face of 'efficiency' concerns.

As stated by the OAJ trade union, there have not been any salary raises for teachers for a long time and the last salary agreement even cut salaries. Holiday allowance will be cut by 30% during the years 2017-2019 and working hours will increase (by approx. 24 hours/year). According to the AKAVA and OAJ trade union, salary developments as well as educational reforms (see textbox below) have negatively influenced teacher's work motivation and increased work pressure and stress levels.

More recently, the Finnish government, in office since May 2015, has decided on further budget cuts in order to reduce the public fiscal deficit. The education sector has been one of the main target areas for cuts. However, as the Finnish economy during the latter half of 2017 showed signs of improvement, the government decided to stop further budget cuts in the education sector.

### **Finland: Public sector reforms and their influence on investment in education and training according to the OAJ trade union**

Several reforms of the public sector in Finland have been or are currently being carried out, including for example, the development of a vision for the Finnish higher education and research in 2030. Several years ago, the number of universities and universities of applied sciences was reduced in order to minimise costs for administration. Universities were required to merge or assemble in a network. According to the OAJ trade union, for example the budget of the University of Applied Sciences saw a cut by 30% between 2010 and 2016; 3,400 employees were laid-off in total.

Currently, there is also a discussion that Finland should have only one law of higher education and the law of Universities and the law of Universities of Applied Sciences should put together. Right now, the government is already handling a law about teaching cooperation and some universities have bought shares/stock of Universities of Applied Sciences. Higher education institutions will also reform their student selection processes in order to decrease the number of gap years after upper secondary education and to encourage students to begin their studies earlier.

In addition, the current reform of vocational training has the same focus to improve cost efficiency. A provider of VET may be a local authority, a municipal training consortium, a foundation or other registered association, or a state-owned company. The reform has the objective to create a competence-based and student-oriented system. OAJ wonders how this can be done with less money and teachers but more students and targets: OAJ is worried because according to Statistics Finland, the number of people participating in VET has increased by 16.5 per cent (by 46,500 people) between 2009 and 2016 but education providers have 11 % less money in 2016 compared to year 2009. The number of immigrant students is 10 000 which is 75 % more than 2009. And there is three times

more students who need help. According to education providers there are 1,600 less jobs in 2017 than there were in 2016, about 50 % of them being teachers' positions.

The OAJ representative interviewed expressed concerns that the recent reform of the health and social sector will have a further important impact on education as well. At the moment the municipalities are responsible for organising health and social services. This responsibility will be transferred to 18 new counties in connection with the health and social services reform, consequently reducing the budget of the municipalities. More than half of the 313 municipalities have less than 6,000 inhabitants and have been prone to economic problems. It is assumed that the reform will lead to further cuts in education as the municipalities are left with liabilities even if those have been taken for social and health care, as well as social and health care properties owned by the municipality. Health and social services reform will also have an impact on student health and social care and this has a significant impact also on VET students.

Social partners in **Denmark** also indicated that investment in the education and training system in recent years was under pressure because of public spending cuts and attempts to reduce expenditure on the education system by efficiency increases. While Denmark with a GDP share of 7.2% in 2014 was still the highest spender on education proportionately within the EU (the EU average was 4.9% in 2014), a major change occurred in 2015 when the government made a general cut in spending, amounting to 2% of the overall public expenditure. While according to Danish Regions as well as the Danish trade union federation LO and the teachers' union DLF this has not directly resulted in teachers becoming redundant, it has resulted in an increased pressure on education and training institutions to reduce costs and funds that are targeted for investment. As reported by DLF it has also resulted in an increase in teachers' working hours and generally an increased pressure to do more with fewer resources. At the same time, social partners stressed key challenges that the education system is facing, namely mastering the problem of persistently high rates of school drop-out, the integration of refugees, ensuring that the initial and higher education system is fit for changes due to digitalisation, etc.

Similar challenges were reported from social partners in Germany and the Netherlands. Social partners in the Netherlands stated that the overall investment in education and training remained relatively stable in recent years. The **Netherlands** did not introduce a major austerity plan directly after the outbreak of the crisis. Partly due to the difficulties of assessing the impact of the crisis when it first hit, there was a lack of sense of urgency to find long-term solutions (and the unemployment rate even decreased in the first part of 2011). Due to political circumstances and the lack of support for austerity measures, it took until 2012 before a real austerity plan was proposed. In the meantime, the public debate focused on the question of how to handle the effects of the crisis in terms of the threat of growing unemployment. Moreover, during the crisis there was the possibility of using the sectoral budget for co-financing projects on education and training. Sectoral and regional organisations could ask for up to two years of use of these funds for training purposes. These projects were very successful, targeting mainly disadvantaged workers and workers in need of reskilling. Despite this success, the government did not allow an extension after the two years. While the crisis froze certain salaries, in the last two years there has been compensation for this prolonged freeze taking into account the overall inflation occurred since the crisis. According to VO-Raad, the national council representing school boards, a relevant increase in the budget is required, but has not yet materialized. The funding for books is stable for years but costs for schools are rising due to licenses for software courses and investment in devices (laptops and tablets) for students. Therefore, VO-raad is pleading for an increase in government spending on ICT material for schools. The Federation of Dutch Trade Unions FNV highlighted the fact that when it comes to adult learning there were cuts on the budget specifically on basic skills such as language and ICT skills although there are two million adults in the Netherlands who would need support in those fields. While the Dutch government claims that the system is performing very well and, therefore, no further investment is needed, FNV disagrees, referring to the Scandinavian countries, where due to higher level of public investment the system works better.

Social partners in **Germany** stressed the need to assess expenditure and investment in the education and training sector against challenges related to persistent structural problems (e.g. a significant share of young people with learning difficulties, school drop-out rate still above the national EU 2020 targets) or new emerging needs such as the integration of the large number of refugees, social inclusion and labour market integration. The initial as well as secondary and higher education system also plays a key role in managing changes related to the digital transformation process that the German government actively is fostering today. Given these challenges, social partners highlighted existing expenditure and investment gaps that for example exist in the field of infrastructure investment, personnel in nurseries and kindergartens and in the school system, especially the VET school system. With a view on investment and spending, both trade union as well as employer representatives highlighted the need of a more detailed analysis of spending developments in different educational fields. According to recent national data, the spending for the primary sector (ISCED 0) as well as for the tertiary education sector (ISCED 5-8) as a ratio of overall public and private education expenditure between 2005 to 2013 increased, while the share of school-related expenditure (ISCED 1-4) decreased from 53% to 47%. In particular, the trade union confederation DGB and the trade union in the education sector, GEW, therefore have stressed that in order to implement public social, employment and economic policy objectives, there would be a significant need to increase investment.

When it comes to countries that were severely hit by the 2008 crisis, significant cuts in public expenditure had a strong effect on public investment in education. In **Spain**, according to interviews with the trade unions UGT and CCOO as well as the ONCE Foundation one of the major concerns is the decrease in investment due to the economic crisis and the budget cuts implemented since its onset and, especially, since 2010. According to the ONCE Foundation, investment in education dropped by 16% between 2009 and 2013. According to a report commissioned by the CCOO trade union<sup>48</sup>, the spending cuts resulted in a reduction of teaching staff by between 28,000 and 32,000 teachers, an increase in the student-teacher ratio, a reduction in grants for textbooks and school meals. Representatives from the UGT trade union highlighted that from 2011 to 2016 investment in life-long learning addressed to teachers dropped by 93% while investment in compensatory education programs focused on disadvantaged students decreased by 92%. As for people with disabilities and students with special needs, support and tutoring services were also cut, representatives of the ONCE Foundation pointed out in the context of an interview conducted in the context of this study. ONCE Foundation representatives add that inclusive education models have to be defended.

General government expenditure on education as a proportion of GDP in **Ireland** decreased significantly after the severe recession in 2008 which led to negative GDP development up until 2010. According to Eurostat figures the GDP share of education expenditure in 2010 was 5.0% in 2010 and only 4.3% in 2014, i.e. below the EU average of 4.9%. However, if measured as a proportion of government expenditure it remained slightly above the EU average, at 11.1 % in 2014.

It has to be noted however that the Irish Government more recently has started a reinvestment programme in education and training. The total education budget for 2017 was increased by 16% against the previous year<sup>49</sup> to include the hiring of extra teachers (2400 in 2017). The education budget for 2018<sup>50</sup> will be increased by a further 5.8%, to include over 2,200 extra posts in schools and, for the first time, an allocation of €3 million to cover capital costs in the Further Education and Training (FET) sector. Reinvestment and increase in spending also has to be seen against demographic changes that project an increasing population by between 500,000 and 1 million people by 2040 according to the Irish Government.

48 "The economic crisis and education funding (2009-2013)"

49 See: <https://www.education.ie/en/Press-Events/Press-Releases/2016-Press-Releases/PR16-10-11.html>

50 See <https://www.education.ie/en/Press-Events/Press-Releases/2017-Press-Releases/PR2017-10-10.html>

Of course, the rapid recovery of the Irish economy has also created more fiscal space and has made increased spending in education and training possible, along with other measures to improve the overall education and training system by a comprehensive package of reforms<sup>51</sup> launched since 2013, the main reforms arising from the enactment of the Education and Training Boards Act<sup>52</sup> and the Further Education and Training Act<sup>53</sup>. As highlighted in an interview with the representative of the Education and Training Boards Ireland, ETBI, these reforms strongly illustrate a broad societal consensus. Recovery from economic crises and maintaining Ireland as a favourite location of foreign direct investment as the most important engine for economic growth are based very much on the quality of the Irish education and training system and the ability to adjust and cope with new skills needs.

In **Italy**, investment in education and training is below EU and OECD averages. General government expenditure on education, both as a proportion of GDP (4.1 %) and as a proportion of total general government expenditure (7.9 %), was among the lowest in the EU in 2014. As reported by the Italian social partners, the crisis had direct effects on the education system. The funding is mostly earmarked for the wages of the teachers. After the outbreak of the crisis, the so-called *Gelmini* (law 133) reform in 2008 took 8 billion euros away from the education sector, 130,000 jobs were lost. More recently, the former government through the so-called “Good School” reforms (*La Buona Scuola* law number 107 of 2015) reform increased the funding by 3 billion EUR mainly to raise the number of teachers, introduce dual learning in Italy and provide training for teachers. It should be noted though that previous spending cuts have not been fully compensated by the reform.

The reform also included other and more controversial aspects such as a stronger role of private funding in the school system (see the following section 2.6.4). Moreover, the hiring of teachers has been inconsistent with the training offered by the schools according to the sectoral and cross-sectoral trade union organisations. Also, the use of teachers in precarious working conditions according to the trade union has not diminished at all – according to the union, there were over 125,000 in 2016/17.

While in **Bulgaria** the public expenditure on education as a percentage of GDP has increased in recent years, the country still has one of the lowest expenditure rates in the EU. In 2014, it accounted for 4.1 % of GDP, i.e. at the same level as in Italy. This low level is, according to an assessment of the CITUB trade union, not due to the recent financial crisis but to historical reasons: Since the big banking crisis of 1996, the country has been under a currency board due to restrictive policy imposed by the World Bank and the IMF to restore financial stability. Another problem affecting the education system is the common cost level system that grants education institutions a lump sum for each enrolled pupil. For a number of reasons, such as the socio-economic crisis, migratory processes especially following the EU enlargement and the demographic crisis, there is a decrease in pupils leading to a reduction of funding in education and training. Another problem is that the new education system allows home-based education; this has the potential to drain resources from the education system even more if the families decide to provide education to their children at home. In order to reduce costs, schools in smaller communities have been closed. Nevertheless, the government of Bulgaria has declared education as one of the main priorities in the Budget for 2017 and 2018 with a possible increase of teacher salaries. In addition, the formula for financing schools and kindergartens will be improved.

In contrast, investment in education and training in **Poland** remained relatively stable, both as a percentage of GDP (5.3% in 2014) and as a share of total public expenditure (12.5% in 2014). The 2008 crisis played a smaller role in comparison to other EU Member States. To understand the Polish system a longer timeframe is required. 25 years ago, the Polish economy was based on national factories. These had special schools for their employees and the link between the economy and the education system was much closer than nowadays. After the transition to open economies, the VET system was lost amidst other priorities set at

51 Namely, the Action Plan for Education 2016-2019, Review of the DEIS programme, School Self-Evaluation Guidelines, Quality Framework for Post-Primary Schools, Review of Further Education, establishing of a decentralised structure of regional Education and Training Boards under the umbrella of the Education & Training Board Ireland, ETBI and setting up of SOLAS as the national authority for further education and training.

52 See <http://www.irishstatutebook.ie/eli/2013/act/11/enacted/en/html>

53 See <http://www.irishstatutebook.ie/eli/2013/act/25/enacted/en/html>

government level, and almost 15 years passed without changes. The overall system almost collapsed, and the detachment from the economy drastically grew. Change arrived in the last decade, with the German dual learning system taken as a model. Yet the top down approach failed to engage the stakeholders on the ground. The result is a loss of reputation for VET and it is considered a less attractive education path. As for the funding, it remained stable for what concerns formal education. Funding is due to increase after the reform of the school education system launched in 2016.<sup>54</sup>

### Influence of EU policies and importance of EU funds from the perspective of national social partners

As highlighted in the conclusions of a recent analysis of education and training policies in the European Semester<sup>55</sup>, there is not a simple and mechanistic between the EU and education policy in Member States. The same related to EU funding programmes, namely the European Social Fund: Education is a national competence, which remains the responsibility of national governments. Therefore, the European Semester process cannot be regarded as a process of implementing EU recipes of education and training policy and neither can EU funds simply substitute (parts) of national investment in education and training.

However, already the online survey results suggest that EU funds have become more important for investment in education and training, the results of interviews with national level social partners provided a more detailed and nuanced picture of the relevance of EU funding as well as EU policies for national education and training practices and investment.

Very few interview partners stated that EU funds contributed to key functions of national public expenditure on education and training due to structural characteristics as the temporary nature of project-related EU funding. At the same time most interview partners also indicated that the influence of EU policies on national education and training practices and strategies has increased over recent years, namely in the context of the European Semester and country specific recommendations.

According to social partners in **Finland**, EU policies certainly have influenced the national education policy, in particular at tertiary level and VET, e.g. concerning the mobility of students within the Bologna process. Regarding the European Semester and Country Specific Recommendations (CSR), both trade union and employer organisations representatives interviewed in the context of this study stated that these so far have no significant influence on Finnish education policy. As to funding sources, the AKAVA representative noted that the role of EU funds has become more important in recent years and they are being used more and more. One positive aspect of this increase is that the funds accelerate new experiments targeted to useful education measures. EU funds are often used for new ideas and not as a replacement of missing public national funds. However, as to the prevention of youth marginalisation, it seems like national funding tends to be compensated by ESF fund.

The positive influence of the ESF as a tool to support experimental programmes and projects at national level and to test new practices was also highlighted by the social partners in **Germany** as well as in **Denmark**. However, in particular the trade union representatives (DGB, GEW) also noted that the objective of the ESF to foster and support innovative practices has become less relevant, also in the context of a larger national autonomy how to use the ESF. Against this, also the German social partners note that the ESF is increasingly used to (co-)finance further education courses and programmes, e.g. in the field of language courses for migrants and refugees or social inclusion of disadvantaged groups that would rather require a continuous source of funding institutional support rather than the short-term horizon that characterises EU funding.

54 For further details on the reform see EU Commission 2016: Education and Training Monitor. Country reports, p. 217. On the political controversies see the overview article of the Eurofound EurWork Observatory: <https://www.eurofound.europa.eu/observatories/eurwork/articles/poland-government-enacts-radical-education-reform-despite-opposition>.

55 On this topic see also the recent study: Stevenson, H.; Hagger-Vaughan, L.; Milner, A.; Winchip, A. (2017): Education and Training Policy in the European Semester. Public Investment, Public Policy, Social Dialogue and Privatisation Patterns across Europe. European Trade Union Committee for Education, Brussels

For Denmark, the regional employer organisation Danish Regions highlighted the strong expertise that has been built by various institutions in making the best use of EU funds such as the ESF (where the Danish Growth Council was highlighted) as well as funds such as HORIZON 2020 and Erasmus+. However, the social partners also stressed that due to the increasing complexity and bureaucracy the required professional expertise and administrative capacities to apply for EU programmes has increased significantly. Such bureaucratic barriers were highlighted by the Danish trade unions as the major reason that only very institutions with a specific expertise are able to make use of EU funds and programmes.

Extensive bureaucracy and administrative efforts that required the allocation of dedicated and specialized staff was also stressed by the representative of the ETBI in **Ireland** as the most important hurdle for making use of EU funding opportunities by a large group of potential beneficiaries.

In the **Netherlands**, representatives of trade union as well as employer organisations in the education sector noted that EU-funds, namely the ESF, has only a relatively small share in the total education and training budget but can play in specific parts also an important role. Furthermore, it can be useful to stimulate new projects and practices. In addition, Country Specific Recommendations for the Netherlands hardly cover public investment policy in Education and Training in the last years as the country is regarded as amongst the top performers in education in the EU. The Netherlands experienced a decrease in their ESF funds with the new framework, of about 50%. According to VO-Raad, the ESF is the only EU fund playing a material role in the secondary education sector. This is especially true for pupils that go to schools for special or practical education<sup>56</sup>. ESF funds are available for these two education types at the lower end of the spectrum of secondary education: Secondary Special Education and Practical Education. There are approximately 37,000 students in 200 Secondary Special Education schools and 30,000 students in 175 schools / departments for practical education in the Netherlands. The ESF program is supporting vulnerable youngsters and schools use the funds (can be in the range from €30,000 to €100,000) to invest in arranging internships.

A representative of the trade union confederation ÖGB in **Austria** stated that the sums allocated in his country are not important enough to make significant changes.

Interviewees in other countries reported a stronger role of EU policies and recommendations as well as funding programmes. In particular, in countries that face a difficult economic situation and high unemployment, in particular amongst young people, EU funding is reported to be very important: In **Spain**, the ESF has historically had a considerable influence on the direction of funds allocated to education and training for employment. Moreover, EU funds addressed to Spain were reduced in the last decade as a result to the integration of the New Member States.

While in **Italy**, CSRs according to representatives of the trade union organisations interviewed in the context of this study have a relatively strong impact on the national education and training reform debate, though measures taken sometime only formally comply with the recommendations. For example, in the preparation phase of the FP 2014-2020 Italy has formally introduced laws for continuous learning. This was regarded as a success resulting both from the concerted effort of the Italian trade unions as well as EU level recommendations. However, the new system entirely relies of EU funding source and there are not national level financial resources. This conflicts with the supplementary character of EU funds that should not substitute national financing. The Italian trade union also referred to the example of the ESF that at least partly has been used as an alternative to national funding in the case of Southern Italy and programmes targeting early school leaving and digitalisation. Still, effects are limited as where the state should have used the resources made available by the EU interventions to tackle specific priorities (e.g. to increase the number of teachers in schools located in poor areas where children need more attention), they were distributed amongst all the institutes.

<sup>56</sup> In schools for practical education students are educated to enter the labour market at the age of 18, right after they finished this school.



Against the more recent accession to the EU, European and especially pre-accession funds are judged as highly relevant for promoting debate and change in **Bulgaria** according to the CITUB trade union organisation. Country specific recommendations cause prompt reactions due to a fear of losing EU funds and help to identify relevant fields of action such as the provision of quality education to disadvantaged groups, including the Roma and rural students for whom educational outcomes are significantly below average. Since Bulgaria became eligible for the ESF, the most important operational program has been the “human resources development program” started in 2009<sup>57</sup> that had three target groups: unemployed, low skilled employed and schools. Still, the contribution of ESF in Bulgaria rather complements than compensates national public investment. A lack of cooperation and coordination of different stakeholders puts the full exploitation of ESF funds at risk and Bulgaria only managed to spend 80% of what was its total budget.

In **Poland**, according to the social partners interviewed in the context of this study the influence of EU policies on national education and training policy has increased in recent years. In practice, however, the national recommendations in the context of the European Semester are not binding for the Polish legislator.

### Importance of private funding and investment in education and training

Stakeholders interviewed stated an increasing role of private funding and investment in education and training in Finland, the Netherlands as well as Bulgaria and Poland. Social partners in the other countries highlighted that private sources of funding have been relevant as an important but not new component of the education and training system (e.g. churches, charities or other NGOs co-financing kindergartens, private business co-financing the apprenticeship system or further training and skills development). An increasing role of private funding and investment by for-profit organisations generally was not regarded as notable recent trend apart from developments in the tertiary education system.

In **Finland**, private funds are quite rarely used in the whole Finnish education system according to the social partners interviewed in the context of the study. However, as highlighted for example by the trade union AKAVA there have been changes more recently, in particular in the higher education sector. A possibility was created for universities to get top-up public funding (1.5 times more) if they manage to acquire a certain amount of private money. Already during the last 10 years, universities had become more active in acquiring private money from third parties searching for new ways to become less dependent from public investment. This is also due to an increasing trend in public funding to link the provision of public money to the condition of a certain amount of co-financing.

Private funds and public private partnerships have become more common especially in financing continuous learning. The role of private funds in **the Netherlands** according to AOB is prominent, covering almost the totality of funds in lifelong learning. The amount of expenditure in education and training from the private sector is increasing thanks to specific clauses in collective agreements requiring firms to contribute to training investment via sectoral training funds (see textbox below).

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57 The other relevant ESF OP is called “Science and Education for development”.

### Netherlands: Strong role of private funding

According to the National Skills Strategy, developed by the OECD for the Netherlands following a request by the Dutch Ministry of Education, the private sector in the country experienced a rise in investment in intangible assets (*"Firms are by far the most significant sponsors of the skills development of workers in the Netherlands"*).<sup>58</sup> One study estimates a figure of 85% of the total.<sup>59</sup> This happened mainly through higher investment in research and development, software, and data analysis. The report suggests that this means there is an increasing demand of highly skilled workers able to perform abstract tasks. In addition, VO-Raad notes a greater role of private financing, mainly by families who can afford to buy external educational support for their children in case of difficulties at school. This leads to inequality in possibilities between students growing up in a more prosperous environment and students growing up in a less prosperous environment. The VO-raad is therefore pleading for extra funds for schools to arrange a public (rather than the now common private) support for those students who need it most. Moreover, some private companies (most notably Google) have recently begun to fund education and training through the creation of company schools. In 2017, the number of companies' schools ranges from 20 to 30.

Similar patterns of private funding of the initial as well as further VET system as well as intensified activities of private business in tertiary education and research were reported in Denmark, Germany, Ireland, Italy and Spain. However, interviewees in all these countries also stressed that in particular the school-based education system public finances are the most important source of funding and there have been little changes in this more recently.

In **Germany**, according to the DGB and GEW trade unions (referring to education spending statistics of the national government) four out of five Euros spent on education are from public budgets (and 70% of these are provided by the federal states and local authorities).

In **Italy**, private investment in education and training according to the interviewed trade union organisation representatives is limited. However, attempts were made to enhance private investment. For example, the school reform 2015 foresaw an encouragement of private funding into the school system (called school bonus), to allow donations to schools that were deductible from taxes. The Italian trade unions strongly opposed this measure from the beginning. The risk was to increase inequalities within the system, while the objective should be the reduction of such inequalities.<sup>60</sup> The trade union UILSCUOLA is running a campaign against any form of privatisation since it leads to increasing inequality between poor and rich areas.

In **Spain**, the establishment of a dual VET path in 2012 was also accompanied by initiatives of the government to stimulate public-private partnership but according to the social partners, very few experimental initiatives were launched so far.<sup>61</sup>

58 OECD Skills Strategy Diagnostic Report Netherlands 2017.

59 Van der Meijden, A. and M. van der Meer (2013), Sectorfondsen voor opleiding en ontwikkeling: van pepernoten naar spekkoek [Sectorfunds for education and training: from ginger bread nuts to spekkoek, Expertisecentrum Beroepsopdracht, 's-Hertogenbosch.

60 On the linkages between the 2015 school reform and the role of the European Semester CSRs as well as privatisation see: Stevenson, H.; Hagger-Vaughan, L.; Milner, A.; Winchip, A. (2017): Education and Training Policy in the European Semester. Public Investment, Public Policy, Social Dialogue and Privatisation Patterns across Europe. European Trade Union Committee for Education, Brussels, p. 44-45.

61 An example are a few projects that were launched by the German Bertelsmann-Foundation.

Public-private-partnerships (PPP) according to interviews with national level social partner organisations has gained in importance in **Finland** as the current government is quite open-minded concerning these collaborations and with several projects trying to foster these partnerships. Last year a private Foundation "We" was created by a gaming company aiming at diminishing social inequality and exclusion of children, youth and families in Finland (<http://www.mesaatio.fi/we-foundation/>). It will provide 200 million euros in 15 years to prevent exclusion and dropouts. It is argued that 1 € invested will lead to 10 € saved as pupils will not drop out. In addition, the interest from the money invested will be use for the foundation goals. However, so far, no evaluation has been carried out on the success of the measures aiming at preventing exclusion.

The situation in the two Central and Eastern EU member states contrasts from the Western European examples.

In **Bulgaria**, private funding from foreign enterprises (namely from Germany, Austria, and Switzerland) play an important role in initial VET as well as the training of VET teachers. According to the trade union confederation CITUB these initiatives have contributed positively to the quality of VET in Bulgaria. The employer organisation BICA thus has suggested the establishment of cross-sectoral VET council bringing together all relevant public and private stakeholders. However, the education trade union and ETUCE affiliate SEB has stressed in an interview conducted in the context of this study that the private sector still does not fund vocational dual education enough.

The role of private funds is also reported by social partners interviewed in the context of this study as increasing in **Poland**. Most notably Volkswagen has signed special agreements with the public education system in order to have special programmes tailored to their needs. This stemmed from the companies' need for a qualified labour force. Furthermore, as noted by the NSZZ Solidarnosc trade union and in accordance to Polish regulations, a primary and secondary school with not more than 70 students may be transferred to a private organisation such as an association or foundation. It still remains publicly regulated but is run and administered by own co-financing.

Concerning the unlocking of private investment through the EFSI or "Juncker Plan" for the education and training sector, social partners in all analysed countries where highly critical. Trade unions in Spain for example raised doubts about the feasibility of triggering significant private funding. Interview partners highlighted that in countries such as Spain, relevant investment is not feasible without a significant involvement of the State. Accordingly, they foresaw that the plan would only become an additional credit line within the official credit institute, with low incidence on SMEs financing, employment creation and education and training funds.

Social partners in Denmark, Finland, Germany, Italy, Ireland as well as Poland noted that the EFSI's focus on high-risk investment does not match the requirements of investment in the education and training sector that are long-term and therefore should be public investment. In addition, social partners in Finland, Denmark and Germany noted critically that the financing of the EFSI was made partly by the HORIZON 2020 and thus the available funds that are important for universities and research activities in these (and other countries) were reduced.

The trade union forum FZZ in **Poland** highlighted that education should remain a public domain. NSZZ Solidarnosc raised concerns that the EFSI might have a negative impact not only on the availability of HORIZON 2020 funds but also EU funding programmes in general. This would have a strong impact on Poland because currently the country is the largest recipient of EU funds.

## Influence of social partners in national education and training policies

While the influence of social partners in national education and training policies remained relatively stable in Finland and the Netherlands, it has decreased significantly in Spain. The role of **Finnish** social partners is very well established and they are always heard in the framework of new legislative projects or reforms. In addition, social partners in Finland participate through the anticipation of training needs. The Ministry of Education and the Finnish national board of education nominates steering committees that involve social partners and training institutions. Here, social partners are strongly involved. In addition, social partners in Finland participate through the anticipation of training needs. Still, the openness of procedures depends on the government in place. Based on the strong role of social dialogue and tripartism in these countries, social partners in Denmark, Finland, Germany and the Netherlands have a strong influence on national education and training policies.

However, social partners in these countries also noted that the influence on investment decisions is much smaller and there have been conflicts and diverging demands when it comes to reductions in public spending as for example in the **Netherlands** after the 2008 crisis or the recent public spending cut in **Denmark**. In **Germany**, social partners have been very critical about a lack of investment in infrastructure as well as educational personnel.

### Spain: Decreasing influence of social partners

In **Spain**, according to CCOO and UGT, the role played by trade unions in the governance of national education and training policies has decreased. Within the general educative system, CCOO notes that social dialogue since 2011 has been scarce. Thus, its role has been limited to influence in the government policies through mobilizations and workers' actions (strikes, demonstrations, etc.). UGT pointed out that in recent years their role has been limited to receiving information. In the Vocational Training Education-VET system, CCOO and UGT stated that social partners' involvement has been 'deactivated'. Their involvement has been reduced significantly and the unions are no longer able to fulfilling their advisory role according to a representative of the CCOO trade union in an interview in the context of this study.

In the training for employment system, relevant changes were introduced with the Law 30/2015. New regulation excludes social partners from the management of the training funds and partly from the commissioning and supply of the training courses. Their role is now officially limited to detecting training needs and to assist other bodies, such as regional governments. They are also involved in the design of multiannual strategic plans. UGT was critical on this reform, criticising that within the State Foundation for Training and Employment the government has the majority vote on its governing board. Acknowledging that, CCOO stressed that they still play a relevant role. However, the social partners' participation has been undermined through different government tactics such as the reduction on the number of meetings or the inclusion of new agents in the consultation process (self-employed organisations, social economy organizations, etc.).

In **Italy**, social partners report that their involvement in education and training policies has decreased since the crisis of 2008. While social partners are still participating in the key governance bodies of the education and training policy system, they noted that these stakeholder bodies generally play a weaker role nowadays. For example, the Lifelong Learning Committee that was established 2012 by Law 92 only met once to date.

In **Bulgaria**, social partners are involved in the preparation of all policies and relevant documents in the field of education and training. Social partners (the two main trade unions and the five main employers' organizations) have the ability to express their opinions in several committees and bipartite/tripartite/quadrupartite social dialogues, following criteria expressed in the labour code. However, some problems exist, such as being consulted too late in the process and not having enough time to analyse the effects of the legislation proposed. Moreover, the ministers do not have to take their opinions into account (such as in the case of using ESF funds to provide more training for unemployed and long term unemployed). According to BICA, the social partners, insofar as they have a national role defined by government act, should play a greater role in the process of solving labour market and education problems.

In **Poland**, it is the responsibility of the Ministry of Education, the Parliament and the local governments (the local and regional authorities) to govern and to administer the public education. The law is made centrally by the government. All the trade unions in Poland have an opportunity to participate in the elaboration of any specific changes but all in all, the final decision is always made by the government, through the Ministry of Education. In addition, the trade unions take part in the parliamentary works with their advisory views. According to the unions, their voice is however ignored by the regional and local authorities. The influence of employer organisations at national level is low as indicated by Employers of Poland, though employers are participating in education relevant committees and have the opportunity to present opinions.

## 2. MAPPING EU FUNDING INSTRUMENTS FOR EDUCATION AND TRAINING INVESTMENT

### OVERVIEW

There is a range of significant European funds that have the potential to support Member States in implementing education and training policies. The priorities of the European Social Fund (ESF), the European Structural and Investment Funds (ESI Funds), the 7th Framework Programme or Horizon 2020 as well as Erasmus+ are coherent with objectives of the EU2020 Strategy and the ET2020 Strategic Framework and should be mutually reinforcing.<sup>62</sup>

In terms of financial resources, the ESI Funds as an umbrella of the five large European Structural Funds provide for investment in infrastructure and strategic areas. The new Regulation for the European Structural and Investment Funds for the period 2014-2020<sup>63</sup> strengthened EU top priorities linked to such objectives as employment, fair mobility, fight against poverty, social inclusion, and education and training.

In the context of the ESI Funds, the ESF is playing a crucial role with view on education and training as the improvement of education is one of the main objectives of the fund.<sup>64</sup>

Regarding education and training there are also specific funding programmes such as Erasmus+ which has been established for the financing period 2014 – 2020 as the main EU funding programme dedicated to education and training, integrating a number of former programmes.

However, new funds do not always include additional resources as has been highlighted in the case of the Investment Plan for Europe that was established by the European Commission at the end of 2014: The Investment Plan should be supported by the establishment of a European Fund for Strategic Investments (EFSI) as an instrument of the European Investment Bank (EIB) to provide risk support for long-term investment and ensure increased access to risk-financing for small and medium-sized enterprises and mid-cap companies.

On the other hand, at national level, it aims to support a more strategic use of the European Structural Funds and Investment Funds, including for investment in infrastructure as well as strategic sectors such as education.<sup>65</sup>

In the following sections an overview of major funding instruments for education and training investment is presented. Apart from a description of key objectives and investment priorities of these instruments, the mapping also **includes information on the involvement of cross-sectoral as well as sectoral social partners at EU level in the governance as well as experiences in making use of these funds themselves for education and training related own activities.**<sup>66</sup>

62 Council of the EU 2009: Council Conclusions of 12 May 2009 on a strategic framework for European cooperation in education and training (ET 2020). Brussels, 28 May 2009, 2009/C 119/02; European Commission (2015): European Structural & Investment Funds. European Commission (2016): Lifelong Learning Programme.

63 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>.

64 European Commission 2015: European Structural & Investment Funds.

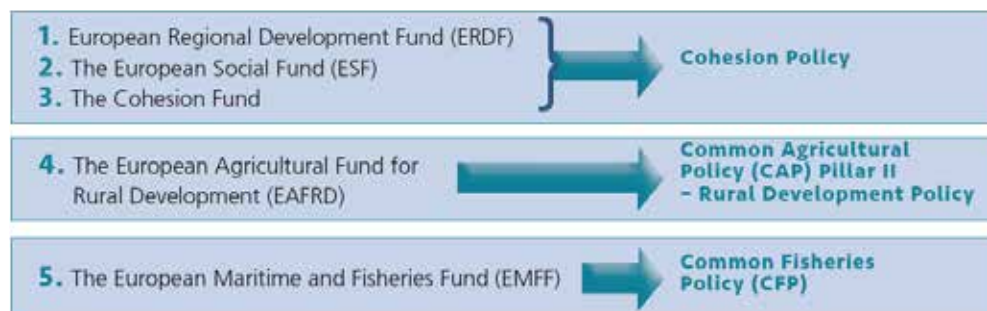
65 European Commission 2015: Education and the Investment Plan for Europe.

66 The information on experience with the different funding instruments is based on written responses of EU level social partners at sectoral and cross-sectoral levels (ETUC, ETUCE, EFFAT, IndustriAll, CEEP, EFEE, CEMR, HOSPEEM).

## European Structural and Investment Funds (ESI - Funds)

Based on a Common Regulation<sup>67</sup>, from 2014, the different European Structural Funds have been governed under a common provision – the “European Structural and Investment Funds” (“ESI Funds”). Together, the five funds should support economic development across all EU countries, in line with the objectives of the Europe 2020 strategy.

**Figure 3: The ESI Funds 2014 - 2020**



Source: ETUC

During the 2014-2020 programming period, the ESI Funds will provide substantial support for investment in education and training by Member States. According to the European Commission, funding will be concentrated on i) preventing early school leaving and promoting equal access to good quality early childhood, primary and secondary education. (ii) improving both the relevance of education and training systems and the transition from education to work and life-long learning; (iii) modernising higher education; (iv) developing vocational education and training, apprenticeships and traineeships; (v) upgrading education infrastructures. The following targets have been highlighted by the Commission:<sup>68</sup>

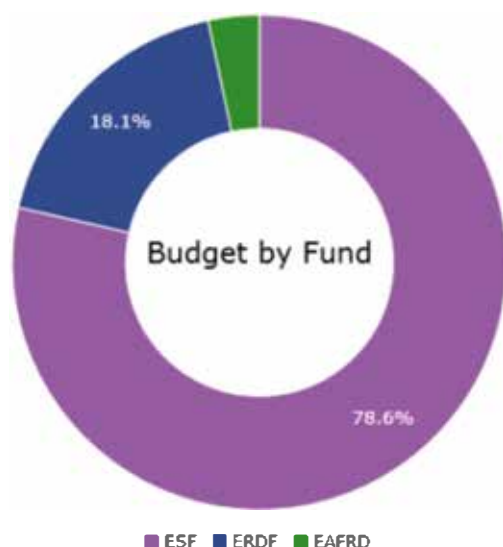
- 4.1 million young people will benefit;
- 2.9 million people will gain a qualification;
- 400,000 people will start education or training after receiving support;
- 6.8 million young people will be able to use new or improved childcare or education facilities in 15 Member States.

In addition, investment in education infrastructure is aimed at improving access to high-quality education and to a decrease in early school leaving, as well as improved and modernised education and training systems needed for updating skills and qualifications, up-skilling of the labour force, and the creation of new jobs.

The main source of investment in human capital is provided by the ESF. The European Agriculture and Rural Development Fund (EAFRD) is also an important source of investment in education and training infrastructure. Regarding specifically investment in education and training in the 2014-20 period, the ESF allocations amount to over 27 billion Euro, ERDF support for education infrastructure comes up to over 6 billion Euro, and investment in training provided by the EAFRD (European Agricultural Fund for Rural Development) is just over 1 billion Euro. Thus, the three different funds will provide up to 34 billion Euro for co-financing investment in education and training in the EU Member States.

<sup>67</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN>.

<sup>68</sup> European Commission 2016: European Commission, Commission Staff Working Document 2016: Analytical underpinning for a New Skills Agenda for Europe Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A NEW SKILLS AGENDA FOR EUROPE: Working together to strengthen human capital, employability and competitiveness, p. 90.

**Figure 4: 2014-2020 ESIF budget for education and training, by ESI-Fund**

Source: EU Commission

## EUROPEAN SOCIAL FUND (ESF)

The European Social Fund is the second biggest and most important among the five European Structural and Investment Funds, with an overall budget of 80 billion Euros. More specifically, its importance is guaranteed by the fact that it aims to invest 27 billion Euro for the period 2014-2020 in the areas of skills, education, training, and lifelong learning. Within the framework of the support for the acquisition of qualifications and upskilling (in order to promote sustainable, quality employment and labour mobility), 34 billion Euro for the period 2014-2020 has been allocated.

Across the EU countries, the ESF is financing initiatives to increase education and training and to ensure young people complete and finish their education in order to get the skills that make them competitive on the job market. Another priority is the reduction of school drop-outs, as well as the improvement of vocational and tertiary education opportunities.<sup>69</sup>

Since 2014, the role of the ESF has been reinforced. Thus, a critical mass of “human capital investment” should be ensured by a minimum guaranteed share of the ESF within the cohesion policy funding in each EU country. Together with the 3 billion Euro allocated for the *Youth Employment Initiative*, more than 80 billion Euro is provided to be invested in Europe’s people up to 2020.<sup>70</sup>

Programmes and projects funded by the ESF aim at improving performance across the whole education sector, and, thus, the ESF funds support to education includes a broad range of activities:<sup>71</sup>

Firstly, new school curricula should be established to give young people a better start in life, learning the skills that are needed for a job and a career in industry. Moreover, in order to enhance education and social inclusion at all educational levels, educational outcomes of vulnerable young people should be improved, including those from a disadvantaged socio-economic background.

Secondly, teachers are receiving initial training and continuous professional development opportunities, and a significant focus is put on measures investing in the qualification of researchers, teachers and lecturers, improving their mobility and career opportunities.

69 On ESF funding opportunities in the field of education see also ETUCE 2015: Information on EU Funding opportunities for teacher unions for education and training under the European Social Fund 2014-2020, Brussels, September.

70 European Commission 2015: European Structural & Investment Funds.

71 European Commission 2016: European Social Fund. <http://ec.europa.eu/esf/main.jsp?catId=51>



Thirdly, the ESF is helping VET institutions and universities to build closer relations with employers and businesses in their regions/countries, through funding innovative improvements to tertiary-level teaching, supporting partnerships with industry, and opening participation to people who are under-represented in higher education.

The ESF is also supporting university postgraduate research and development to increase the number of young innovators and entrepreneurs, against the background that the proportion of highly skilled jobs in the economy is growing and the EU needs more people with tertiary-level education.

Finally, ESF projects intend to get workers and job-seekers involved in lifelong-learning opportunities to keep their qualifications and skills up to date as needed by the economy. Other programmes are set up to reduce early school-leaving and ensure young people, in particular from disadvantaged groups (such as minorities and those with an immigrant background) have appropriate skills and qualifications that matter.

**ESF: Social partners' using the fund and involvement in governance – Results from the survey amongst EU level cross-sectoral and sectoral social partners carried out in the context of the EU level part of the study**

**Social partners using the fund:** European level social partners at cross-sectoral as well as sectoral level have not made any direct applications for ESF funding because the fund is only available for national and regional organisations. However, social partners at EU level (for example the ETUCE have raised awareness amongst national members to engage more actively in the ESF and make use of direct funding possibilities for projects sponsored by social partners. The ETUCE as well as IndustriAll have also provided support for its member organisations wishing to apply to the ESF at national level.

**Governance:** The ESF Committee is a tri-partite committee established by the European Treaty for the governance of the ESF. It is composed of the national representations of the trade unions, employer organizations and governments from each EU country, and it is coordinated by the European Commission. It facilitates the administration of the ESF by Member States. Each committee meeting is chaired by the Commission, and this forum offers the opportunity for social partners to address issues relating to the programming, implementation, and monitoring of the ESF in the Member States. The European Social Partners at cross-sectoral level are involved as observers in the ESF Committee and monitor the "proper and full" involvement of the national social partner organisations in the framework of the European ESF Committee.

Since the beginning of the current programming period (2014-2020) the "*European Code of Conduct on Partnership*"<sup>72</sup> is to be applied, ensuring the full involvement of social partners in the managing of the European Structural and Investment Funds also at national as well as regional level.

**Demands for improvements:** As reported by member organisations of the ETUC the implementation of the Partnership Principle is often insufficient and thus, the ETUC has demanded that the enforcement of the European Code of Conduct on Partnership should become compulsory.

72 European Commission: Commission Delegated Regulation (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds. <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0240&from=EN>.

According to CEEP, national sectoral social partners should be more involved in the ESF. In order to facilitate this, national level social partners should have access to technical assistance and capacity building measures. This would ensure not only the strengthening of national social partners' capacities but also their coordination and representation in the monitoring committees and decision-making procedures.

Sectoral social partner organisations such as EFEE, ETUCE or IndustriAll have also stressed that their experience in particular in the field of education and training should be better taken into account regarding national and regional governance of the ESF.

## European Regional Development Fund (ERDF)

The European Regional Development Fund is a fund dedicated to addressing regional imbalances across the European Member States through the promotion of sustainable development, the structural adjustment of regional economies, and the conversion of declining regions across the different Member States to realign them to the European level. Currently, four areas are considered of particular interest, intertwining with each other: supporting the Digital Agenda, transition to the low-carbon economy, innovation and research, support for SMEs.

The ERDF supports education and training investment mainly through the funding of education infrastructure, with a specific budget of more than 6 billion Euro. The most important reference in the ERDF regulation regarding education and training is number 10 of Article 5 – Investment priorities, stating that: *“Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure.”*<sup>73</sup>

Finally, at least in the past, the ERDF played a role in improving the role of social partners in regional and sectoral programmes.<sup>74</sup> For instance, in Southern Italy a successful support structure was established between 2000 and 2006 to provide what has been defined as a “successful technical assistance”<sup>75</sup> which lay the ground for a potential long term capacity of the social partners to collaborate of the social partners in these kinds of programmes.

### **ERDF: Social partners' using the fund and involvement in governance**

**Social partners using the fund:** As with view on the ESF, the European level social partners both at cross-sectoral and sectoral levels have no experience in making use of the ERDF through their own projects because only national and regional organisations can apply. However, in relation to supporting national members, it is reported by EFEE that there is a lack of sufficient information about open opportunities for education employers to use the fund.

**Governance:** Since the beginning of the current programming period (2014-2020) the European Code of Conduct on Partnership is to be applied, ensuring the full involvement of social partners in the managing of the European Structural and Investment Funds. As far as the European Regional Development Fund and the Cohesion Fund are concerned, social partners are not properly involved in monitoring committees at national as well as

73 Regulation No. 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006.

74 ETUC 2014: European Structural & Investment Funds 2014-2020 – ETUC Trade Union Guide, 2014.

75 Ibid.

regional level. At European level the existing body, the so-called “Structured Dialogue”,<sup>76</sup> does not ensure the proper and full monitoring of their involvement, according to the European-level social partners’ views.

***Demands for improvements:*** According to the ETUC and ETUCE, the social partners at EU level should have a bigger role in the decision making of the European Regional Development Fund in order to ensure a better coherence in the use of the fund as well as aligning it to European strategic policy objectives. In order to achieve this in terms of governance, a European tripartite body similar to the ESF Committee could be set up.

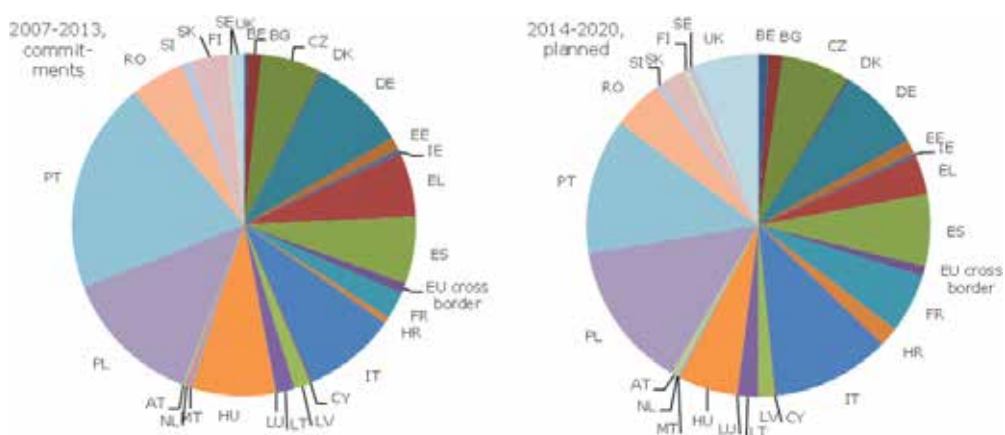
### Funding of education and training projects via the ESF and ERDF

In the programming cycle 2007-2013, projects funded by the ESF and ERDF on education and training aimed at supporting reforms of the education and training systems, increasing participation in education, developing human potential in research and innovation, as well as improving education and childcare infrastructures.

Whereas in the programming period 2007-2013 the total budget for education and training related projects was 36.8 billion Euro, the available budget for this type of investments has decreased in the current financial cycle: For 2014-2020, 33.9 billion Euro has been earmarked for education projects, with the objective to reduce early school leaving and promote equal access to education; enhance equal access to lifelong learning; improve the labour market relevance of the education and training systems; improve education and childcare infrastructure.

As the following figures show, ESF and ERDF expenditure on education and training is spread quite uneven across Member States, with countries such as Portugal (14% in the current funding cycle), Poland (13%), Italy (11%) and Germany (8%) absorbing large share of the available funds.

**Figure 5: EU Structural Funds on education projects**



Source: European Commission: Education and Training Monitor 2015, p. 29-30

76 On the basis of Article 5(6) of Regulation (EU) No 1303/2013 (Common Provisions Regulation), the Commission set up an expert group with partners at EU level in the field of the European Structural and Investment Funds (ESI Funds), for the programming period 2014-2020. The «Structured Dialogue with European Structural and Investment Funds’ partners group of experts» was formally established through Commission Decision C(2014) 4175 of 26 June 2014 and aims at establishing “an open, frank and informal dialogue with partners working in the field of the ESI funds. Members are umbrella organisations at EU level, that have been selected according to their representativeness of one of the three categories of partners set out in Article 5(1) of the above-mentioned Regulation: Associations representing regional, local, urban and other public authorities; economic and social partners, and bodies representing civil society, such as environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination).

## Other ESI-Funds (Cohesion Fund, EAFRD, EMFF)

This section deals with the three other ESI - Funds, all dealing with European Regional Policy: the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The **Cohesion Fund** was created to help Member States whose Gross National Income was below the 90% of the European average, with three main objectives: reducing disparities, promoting convergence, and laying the ground for sustainable development.<sup>77</sup> Therefore, for the period 2014-2020, the eligible countries are Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. The budget of the Cohesion Fund for the same period is of 63.4 billion Euros, to be used for two main types of intervention, namely:

- Transport network across different European Countries
- Projects with the aim of improving environmental conditions (e.g. improving public transportation and energy efficiency)

Concerning the second point, new needs of education and training arise in order to address new skills needs.

With a grand total of 100 billion Euros for the period 2014 - 2020, the **European Agricultural Fund for Rural Development (EAFRD)** is the main investment instrument to support the rural areas of the European Union to address a broad range of economic, environmental and social challenges.<sup>78</sup> Its budget is mainly managed by the Directorate General for Agriculture and Rural Development. The EAFRD should support EU Member States, to tackle a number of challenges and should help to achieve European strategic priorities in the agricultural field such as,

- Promote social inclusion, poverty reduction and economic development in rural areas;
- Foster innovation and knowledge transfer in agriculture, forestry and rural areas, and support the transition towards a low-carbon and climate-resilient economy in European agriculture, food and forestry sectors, while promoting energy efficiency;
- Preserve and restore the ecosystems related with agriculture and forestry;
- Promote greater organization along the food chain, improve animal welfare and risk management in agriculture, and improve the competitiveness and the viability of all types of agriculture, while promoting sustainable forest management and innovative farm technologies.

Although all strategic objectives imply the need to invest in education, skills and knowledge, the allocated share of investment in training within the EAFRD is just above 1% of the overall allocation (slightly over 1 billion Euros).<sup>79</sup> Vocational training and information actions are only mentioned in Axis 1, dealing with the improvement of the competitiveness of the agricultural and forestry sector, while the importance of acquiring specific skills is cited only in Axis 3, focussing on the quality of life in rural areas and diversification of the rural economy.<sup>80</sup>

77 Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund and repealing Council Regulation (EC) No 1084/2006.

78 [http://ec.europa.eu/agriculture/rural-development-2014-2020/index\\_en.htm](http://ec.europa.eu/agriculture/rural-development-2014-2020/index_en.htm).

79 European Commission 2016: Staff Working Document, New Skills Agenda.

80 Act on the European Agricultural Fund for Rural Development (EAFRD), Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD), 2012.

The **European Maritime and Fisheries Fund** is the main instrument at the disposal of the European Commission to implement the Common Fisheries Policy. EU resources directly contribute for 6.4 billion Euros, assuming that other ancillary national funds will contribute another 2.2 billion Euros.<sup>81</sup> The Directorate General on Maritime Affairs and Fisheries is the one involved in its use, supported by EASME, the Executive Agency for SMEs. The EMFF for the period 2014-2020 supports three main Europe 2020 thematic objectives, namely the promotion of Employment and Labour Mobility; enhancement of the competitiveness of aquaculture and the fisheries as well as fostering resource efficiency and the protection of the environment.<sup>82</sup>

Following these thematic objectives, the EMFF has the possibility to support professional training, lifelong learning, and other projects aimed at new skills acquisition. Particularly relevant in this context are the 3.4 billion Euros which have been earmarked for the “Blue Careers in Europe” call for proposals. These grants are supposed to strengthen the collaboration between companies working in the maritime sector and educational providers, at local and regional level, reducing the distance between the two stakeholders and, most of all, closing the skills gap.<sup>83</sup>

#### **EAFRD and EMFF: Social partners using the fund and involvement in governance**

The survey amongst European level cross-sectoral and sectoral social partners organisations has identified no concrete experiences of own project applications within the two funds. The reasons are very similar to those mentioned for the ESF and the ERDF, i.e. applications are only possible by national and regional organisations. Furthermore, according to the social partners, education and training activities under these two funds are likely to be very limited.<sup>84</sup>

## **ERASMUS+**

The Erasmus+ programme was established for the funding period 2014-2020, merging the prior programmes of the Lifelong Learning Programme (LLP) as well as taking over further previous and new investment tasks.<sup>85</sup>

The overall budget of the programme is 14.8 billion Euro which is managed by the Directorate General for Education and Culture (DG EAC).<sup>86</sup> DG EAC also defines funding priorities, monitors the implementation of the programme and commissions evaluations. The key central actor with view on promoting the programme, launch of calls for proposals and reviewing grant requests is the Education, Audiovisual, and Culture Executive Agency (EACEA). The European Commission also provides funding to National Agencies that manage the “decentralised” activities of the Erasmus+ programme, including dissemination of information on the programme, reviewing applications in their country, monitoring and evaluation and promoting the programme and supporting stakeholders taking part in Erasmus+. The national agencies should also support beneficiaries of the programme “*from the application stage to the end of a project.*”

81 European Commission 2015: European Maritime and Fisheries Fund (EMFF) – factsheet. 5.7 billion Euros are to be used under Member States’ shared management, being allocated directly to them.

82 Regulation (EU) No. 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council.

83 European Commission 2016: Staff Working Document, New Skills Agenda.

84 This assessment however should be further validated in the context of the upcoming national analysis in the context of the project.

85 The «Youth in Action Programme», the international cooperation programmes Erasmus Mundus, Tempus, Edulink and the new sports action.

86 European Commission 2016: Erasmus+ Programme Guide.

*They also work with beneficiaries and other organisations to support EU policy in areas supported by the programme.”<sup>87</sup>*

Erasmus+ provides funding for three key action areas. Of particular importance for this study are key actions such as key action 2 activities aiming at exchanges of good practices and innovative activities. The cooperation between educational institutions, training providers, youth associations and other relevant stakeholders in the field could benefit through the use of the funds allocated for this action. Within this framework, an important role according to the Commission is also expected to be played by the new Sector Skills Alliances<sup>88</sup>, namely to address skills gaps in the field of vocational education and training and developing new curricula.<sup>89</sup> Finally, Knowledge Alliances have the task of stimulate entrepreneurial spirit, and facilitate the exchange of knowledge between higher education institutions and enterprises.<sup>90</sup>

Within key action 3, Erasmus+ provides support for policy reform, targeting national authorities (first call 2014), SMEs that have never trained apprentices in the past (call 2015) and future needs of adult learning.

### **Erasmus+: Social partners’ using the fund and involvement in governance**

**Social partners using the fund.** As the Erasmus+ programme is highly relevant for education and training practice and policy, the European level social partners, in particular in the education sector, are highly interested in making use of this instrument. Both EFEE and the ETUCE in the past have made successful applications for funding under the Erasmus programme and under the predecessor of the Erasmus programme (Lifelong Learning Programme 2007-14). However, in the case of the ETUC and ETUCE, the direct experience so far is restricted to the programmes predecessor.<sup>91</sup> It should be mentioned here that the European sectoral organisations also made use of the funding for strengthening European level social dialogue.<sup>92</sup>

The experience of direct funding from the Erasmus+ resources by other EU level social partners is limited, due also – as EFFAT has highlighted – to the significant administrative and technical needs to prepare an application. For IndustriAll, Erasmus+ is interesting in particular regarding the establishment of Sector Skills Alliances. However, according to the organisation, an application requires the gathering of too many partners and expected activities (such as the development of new training curricula) require a level of technical detail that IndustriAll could not follow.

According to both cross-sectoral as well as sectoral European social partners, an important motivation to directly apply for the Erasmus+ has been the focus on education, knowledge and training practices and policies. By this, the Erasmus+ provides for much more opportunities and support than a funding through the European Commission’s Budget Lines dedicated specifically to the social partners (see section below). This potential of the Erasmus+ programme has been highlighted by all social partners and not only those in the education sector. However, there are practical limitations and barriers that make it very difficult for EU level social partners to apply for funding.

87 [http://ec.europa.eu/programmes/erasmus-plus/about\\_en#tab-1-2](http://ec.europa.eu/programmes/erasmus-plus/about_en#tab-1-2).

88 Sector Skills Alliances are transnational projects that aim to tackle skills gaps, enhance the responsiveness of VET systems to the needs of the labour market and highlight the need of new skills following the evolution of the occupational profiles.

89 This new and greater role stems from the fact that in the period 2014 – 2020 the Sector Skills Alliances have the duty of carrying out this activity, once undertaken by the Sector Skills Councils.

90 European Commission 2016: Staff Working Document, New Skills Agenda.

91 EFEE has used funds available under the Key Action 3 – “Support for Policy Reform in the field of education and training” for operational purposes. ETUCE in the context of the Lifelong Learning Programme has carried out projects in 2009-2010 on trans-regional cooperation in LLL amongst education stakeholders and in 2004-2005 as well as 2008-2009 has carried out a project focussing on eLearning activities (ELFE 1 and ELFE 2) together with national teacher trade unions. The project aimed at improving the use of ICT in schools and teachers’ capacity to use ICT in pedagogy.

92 See: [https://www.csee-etuce.org/en/social-dialogue/30-european-cross-sectoral-social-dialogue/61-work-programme\\_](https://www.csee-etuce.org/en/social-dialogue/30-european-cross-sectoral-social-dialogue/61-work-programme_).

***Demands for improvements:*** According to the ETUC and ETUCE, the Erasmus+ programme is too bureaucratic. The partnership requirements should be changed. Even being a project partner of another organisations' lead project is burdensome, requiring many reports to be filled in. According to the two organisations, the programme thus tends to favour those applicants that have already built a specific expertise and experience under the predecessor of Erasmus+, the Lifelong Learning Programme. Furthermore, European-level trade union organisations (e.g. the ETUC and ETUCE) consider it difficult for their national member organisations to apply for Erasmus+ projects as in general they may not have the capacity to run such a complicated project. According to EFEE, it is often the case that the project application evaluators do not seem to understand the role of social partners in the EU decision-making system.

***Governance:*** Erasmus+ is managed by Directorate-General Education and Culture and the Education, Audiovisual, and Culture Executive Agency (EACEA) whereby the latter is responsible of the attribution of grants and the coordination of national contact points. Regarding governance, the programme is governed by the Erasmus+ Committee. Whereas the cross-sectoral and education sector social partners at EU level (ETUC, ETUCE, EFEE, BusinessEurope, CEEP, UEAPME) had an observer role in the Lifelong Learning Programme Committee (2007-14), this is no longer the case under the Erasmus+ programme. Based on information provided by the European Commission to the social partner organisations, the government representatives did not accept having social partners in the committee because of its financial decision-making role. This is deeply unsatisfactory from the perspective of the European social partners. As the Committee defines the Erasmus+ annual work programme, it has a huge impact on investment decisions under the programme related to education and training policies of the European Commission, thus social partners would like to once again have a role in the Committee and in decision making. According to the European social partners, they would like to be involved in the negotiations about the framework of the programme. IndustriAll has also stressed the role of Erasmus+ in regard to the new Sector Skills Alliances and the need to involve social partners stronger in the governance of this specific activity.

## YOUTH EMPLOYMENT INITIATIVE AND YOUTH GUARANTEE

The Youth Employment Initiative (YEI) was launched in February 2013 through a decision taken by the European Council<sup>93</sup> with the aim of giving further support to the individuals and regions struggling mostly with youth unemployment inactivity and people not in Employment Education and Training (NEETs) in 20 Member States<sup>94</sup>. The YEI is under the management of the Directorate General for Employment, Social Affairs and Inclusion. The 34 programmes funded by the YEI are specifically targeting people under 25 years old in NUTS 2 regions<sup>95</sup> where youth unemployment was above 25% in 2012, with a stronger focus on NEETs. The YEI was supposed to support the provision of apprenticeships, traineeships, job placements and further training or education paths leading to the obtainment of a certification.

93 European Council, EURECO 37/13. Conclusion Multiannual Financial Framework.

94 Bulgaria, Belgium, Czech Republic, Ireland, Greece, Estonia, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Hungary, Poland, Portugal, Romania, Slovenia, Slovakia, Sweden, and United Kingdom. Source: Youth Employment Initiative, Update 2015, 2015.

95 For more details on NUTS 2 regions in every European country, please visit the page: <http://ec.europa.eu/eurostat/web/nuts/overview>

The Youth Employment Initiative had a 6.4 billion Euro budget for the period 2014-2020, and its budget is implemented according to the ESF rules. Half of the budget comes through a dedicated Youth Employment budget line, while the other half come from the ESF.<sup>96</sup> Some of the budget was released in the form of pre-financing in order to speed up projects, and the pre-financing was raised to 30% in 2015 to address the fact that the great majority of the eligible countries were not using the money available due to the share that they were supposed to invest themselves. The YEI projects were expected to help 2.3 million unemployed and inactive young people.<sup>97</sup>

The Youth Employment Initiative funds were later diverted to the Youth Guarantee after a Council Recommendation in April 2013, calling upon Member States that,

*“All young people under the age of 25 years receive a good-quality offer of employment, continued education, apprenticeship or traineeship within a period of four months of becoming unemployed or leaving formal education”.*<sup>98</sup>

Since then, all EU countries have presented comprehensive Youth Guarantee Implementation Plans.<sup>99</sup>

Compared to the declared purpose, the available funds for it are quite scarce: 6.4 billion Euros for the period 2014 – 2020, even if impartial research set the requirements at 21 billion Euros a year,<sup>100</sup> while the cost of inaction was estimated at a mind-numbing 153 billion Euros per year.<sup>101</sup> The rest of the resources are expected from Member States. Three years after its start, its impact on the quality of traineeships, internships, and skills acquired by young people remain questionable at best, as the fact of being a “guarantee”, and the programme lost momentum rapidly in the European Agenda after the first signs of recovery in 2014-2015.<sup>102</sup> Moreover, a lack of reliable and comparable monitoring and evaluation tools has been noted, and this weakness doubled down on the initial uncertain aspects that were characterizing it from its start.<sup>103</sup>

### **Youth Employment Initiative and Youth Guarantee: Social partners involvement and making use of the fund**

Under the Youth Guarantee, Member States put in place measures that aim at ensuring that all young people under 25 get a good-quality, concrete offer within 4 months of them leaving formal education or becoming unemployed. The Youth Employment Initiative is complementary to other actions undertaken at national level, including those with European Social Fund (ESF) support, and therefore follows the governance of the ESF particularly at national level. Thus the Code of Partnership should be applied as is required for all ESF Funds. Other measures are directly implemented by the relevant departments of national ministries for education and employment.

At EU level, the national plans and implementation of the Youth Guarantee is assessed in the context of the European Semester. Also the Employment Committee (EMCO) of the EPSCO (Employment, Social Policy, Health and Consumer Affairs Council) – in its preparation of Council deliberations –pursues its multilateral surveillance on the implementation of the Youth Guarantee. EMCO has developed an Indicator Framework for Monitoring the Youth Guarantee.

96 The YEI was created to amplify the effects of the ESF in the regions that more were suffering from the economic downturn, especially for what concerns their younger cohorts.

97 European Commission 2016: Staff Working Document, New Skills Agenda.

98 Ibid.

99 See: <http://ec.europa.eu/social/main.jsp?catId=1161&langId=en>

100 ILO 2012: Studies on Growth with Equity, “Eurozone Job Crisis – Trends and Policy Responses”.

101 Eurofound 2012: “NEETs Young people not in employment, education or training: Characteristics, costs and policy responses in Europe”.

102 C. Dhéret, M. Morosi 2015: One year after the Youth Guarantee: Policy fatigue or signs of action? European Policy Centre, Policy Brief.

103 Ibid. See also: Barslund, M; Gros, D. 2013: Unemployment is the scourge, not youth unemployment per se - The misguided policy preoccupation with youth”, CEPS..A. Sapir 2013: Youth Unemployment: it’s growth, stupid!, Bruegel.



**Social partners using the fund:** The involvement of the EU level social partners within the European Semester and the EMCO is still limited to various forms of informal cooperation.

**Governance:** According to the social partners there should be a much stronger role for them in the governance and decision making, monitoring and implementation of the Youth Employment Initiative as well the Youth Guarantee at EU level.

**Demands for improvements:** The European-level social partner organisations work to a great extent on the education and training related recommendations under the European Semester. In this context it should be mentioned that at the end of October 2016, the European cross-sectoral social partner organisations and their national member organisations were invited to a review-meeting of the Employment Committee of the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) dedicated to the state of social dialogue at national level and its influence on the European Semester. This was the first time that EMCO had looked at the subject of the involvement of social partners in the European Semester.<sup>104</sup>

## HORIZON 2020

Horizon 2020 is one of the Europe 2020 Flagship Initiatives. With a budget allocation of nearly 80 billion Euro for the period 2014 – 2020, it is the biggest research and innovation programme in EU history.<sup>105</sup> However, parts of the available funds under Horizon 2020 have been transferred to the European Fund for Strategic Investment.

Horizon 2020 is divided in three main pillars:

- The Excellent science pillar, which has a specific target of universities and research centres. It includes initiatives such as: The European Research Council; future and emerging technologies; the Marie Skłodowska-Curie actions; and the research infrastructure, including e-infrastructure;<sup>106</sup>
- The Industrial Leadership pillar, more targeted towards SMEs. It includes actions as Innovations in SMEs, access to risk finance, and leadership in enabling and industrial technologies, advanced manufacturing and processing, and biotechnology;<sup>107</sup>
- The third pillar addresses societal challenges, especially health, demographic change and wellbeing; food security, sustainable agriculture and forestry, marine, maritime, and inland water research and the bio-economy; secure, clean, and efficient energy; smart, green and integrated transport; climate action, environment, resource efficiency and raw materials; inclusive, innovative and reflective societies; secure societies – protecting freedom and security of Europe and its citizens.<sup>108</sup>

104 See the CEEP press note on this: <http://www.ceep.eu/first-participation-of-national-social-partners-in-a-multilateral-review-of-the-employment-committee-on-the-european-semester/>.

105 Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC Text with EEA relevance.

106 More information on the single objectives here <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/excellent-science>

107 More information available here <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/industrial-leadership>

108 More information on the single challenges is available at <https://ec.europa.eu/programmes/horizon2020/en/h2020-section/societal-challenges>

The Horizon 2020 budget is spread across different Directorate Generals within the European Commission, responsible for awarding of the budget and for managing the whole programme. Three of them are particularly relevant: The Directorate General for Research and Innovation, the Directorate General for Internal Market, Industry, Entrepreneurship, and SMEs, and the Directorate General for the Digital Single Market.

More recently, in the Horizon 2020 working programme for 2015 and 2016<sup>109</sup> it is said that the programme targets young people (starting from those in primary and secondary education) with low basic and functional literacy levels, as well as NEETs, and will fund research in skills and education as close as possible to young innovators.<sup>110</sup>

One of Horizon 2020's primary objectives (encouraging links between innovation and educational system) has been strengthened, thus trying to build joint education and training programmes through the creation of a platform targeting all educational levels. Horizon 2020 is trying also to revive Public Private Partnership (PPP) in its effort to bridge the gap between research and real economy, and some PPP are exploring which skills are necessary in modern world, and which learning and training possibilities suit this purpose most.<sup>111</sup>

### **HORIZON 2020: Social partners making use of the fund and involvement in governance**

**Social partners using the fund:** Given the complexity of the HORIZON 2020 programme, the EU level social partners with one exception (Council of European Municipalities and Regions, CEMR<sup>112</sup>) so far have not applied for funding under this programme.

**Governance:** The HORIZON 2020 is managed by Directorate-General for Research & Innovation of the European Commission through the managing authority EASME ("Executive Agency for Small and Medium-sized Enterprises") that also manages the implementation of other EU level funding instruments and programmes (including most of COSME, the EU programme for the Competitiveness of Enterprises and SMEs, parts of the LIFE programme (Environment and Climate Action) and the European Maritime and Fisheries Fund (EMFF).

Social partners currently are not involved in the governance structure.

**Governance:** The HORIZON 2020 is managed by Directorate-General for Research & Innovation of the European Commission through the managing authority EASME ("Executive Agency for Small and Medium-sized Enterprises") that also manages the implementation of other EU level funding instruments and programmes (including most of COSME, the EU programme for the Competitiveness of Enterprises and SMEs, parts of the LIFE programme (Environment and Climate Action) and the European Maritime and Fisheries Fund (EMFF).

Social partners currently are not involved in the governance structure.

**Demands for improvements:** According to the ETUC and ETUCE, HORIZON 2020 is not oriented enough towards societal research and it is not open enough to the application of stakeholders other than research institutes and academia. National trade unions would like to apply for grants under this programme but the application process is too complicated and they are not experienced enough in running such projects. According to the surveyed social partner organisations at cross-sectoral and sectoral, there should be a much stronger role of social partners in the governance and decision-making of the programme, also in order to bring the programme closer to societal needs and challenges, e.g. in the field of professional development.

109 Available at [http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016\\_2017/main/h2020-wp1617-societies\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016_2017/main/h2020-wp1617-societies_en.pdf)

110 European Commission 2016: Staff Working Document, New Skills Agenda.

111 Ibid.

112 This is the CITYnvest project (<http://citynvest.eu/home>), focussing on the introduction of innovative financing models in three pilot regions in Belgium, Bulgaria and Spain and conduct a comprehensive capacity building process in 10 focus countries in regard to specific financial instruments.

More concretely it is suggested for example by CEMR that social partners should be involved in the programming phase and should be consulted during the preparation of the programme. IndustriAll has highlighted that trade unions should be involved at least in the pillar on “societal challenges” as well as in other areas where they have specific experiences and knowledge, e.g. on “Industrial Leadership”. As CEMR underlines, a stronger involvement of European umbrella organisations would also be likely to contribute positively to an extension of the number of potential applicants to the HORIZON 2020 programme.

## EASI FUNDING

The EU Programme for “Employment and Social Innovation” (EaSI), is a financing instrument managed by the Directorate General for Employment, Social Affairs and Inclusion. EaSI has the aim of promoting a high level of quality and sustainable employment, guaranteeing social protection, tackling social exclusion and poverty and, in general, improving working conditions.

The available budget for the 2014-2020 funding period is 919 million Euro, divided along three EaSI axes:

- The PROGRESS axis, charged with the task of modernising European employment and Social Policies (absorbing 61% of the total budget)
- The EURES axis, aiming to improve job mobility across different Member States (with 18% of the total budget)
- The Microfinance and Social Entrepreneurship axis (with the remaining 21% of the budget), dealing with the access to micro-finance and social entrepreneurship<sup>113</sup>

Altogether these three axes should deal with a broad range of objectives according to the EaSI regulation:<sup>114</sup>

- Support the development of adequate, accessible and efficient social protection systems and labour markets and facilitate policy reform;
- Ensure that the EU Law on social protection is applied, and contribute to modernise it;
- Strengthen ownership of EU objectives in the areas of employment, social affairs, and inclusion;
- Promote geographical mobility and foster job creation in an open labour market;
- Increase the availability of microfinance, especially towards the most vulnerable groups, on top of strengthening social and micro enterprises.

In relation to this study, the most important of EaSI's axes is clearly PROGRESS, since it deals with skills anticipation, analysing and estimating the likely skills supply and needs concerning European single market, laying the groundwork for future public investment in education and training.<sup>115</sup> The most relevant of EaSI's actions, both in terms of budget and of relevance for our study, is the setting up of the European

113 The three names of the axis are reminiscent of three 2007 – 2013 programmes that were managed independently: PROGRESS, EURES, and Progress Microfinance.

114 Regulation (EU) No 1296/2013 of the European Parliament and the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation («EaSI») and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion.

115 Cf. European Commission 2015: Performance Monitoring Report of the European Union Programme for Employment and Social Innovation (EaSI) 2014.

Skills, Competences, qualifications and Occupations (often shortened as ESCO), a classification of skills, competences, qualifications and occupations. This classification is seeking to become the gold standard across different European qualifications, with the ultimate aim of making curricula from different Member States comparable and therefore facilitate European mobility to become as fair and as mutually beneficial as possible for both employers and employees. ESCO's budget amounts to 7 million Euro.<sup>116</sup>

It is also important to mention that the European Sector Skills Councils are funded by EaSI. These are a sector driven initiative willing to nurture the communication and the collaboration between stakeholders involved with skills intelligence at European and national level. European Sector Skills Councils have the double aim of providing a clearer picture of potential skills gaps at sectoral level and supporting the creation and the development of skills governance both at sectoral and national level.

### **EaSI funding: Social partners involvement in governance and experience in using the fund**

**Social partners using the fund and Governance:** While the EaSI funding is managed by the Directorate-General for Employment and Social Affairs of the European Commission, social partners are not involved directly in the overall programme governance and decision-making.

However, many sectoral social partner organisations were engaged actively as key stakeholders in the establishment of **sector skills councils** financed by the EaSI instruments. In a number of other sectors (nursing, construction, steel, gas, automotive, chemicals, fishery, furniture, shipbuilding, audiovisual & live performance, agriculture, electricity, sports & leisure, dairy) feasibility studies have been carried out by the EU level sectoral social partners in the context of their Social Dialogue Committees but have not resulted in the establishment of a Sector Skills Council. Such bodies have been established in only three sectors: Textile, clothing, leather and footwear<sup>117</sup>, commerce<sup>118</sup> and the automotive industry.<sup>119</sup>

## **BUDGET LINES FOR SOCIAL DIALOGUE**

The EU budget contains a specific funding instrument to promote social dialogue at cross-industry and sectoral levels (the so-called Social Dialogue Budget Lines. This instrument is related to Article 154 of the Treaty on the Functioning of the European Union (TFEU) and the duty of the European Commission to foster and support European Social Dialogue both at cross-sectoral and sectoral level with view on different dimensions such as information exchange, consultation, negotiation and joint actions.

The calls for proposals in the context of the budget lines are to financially support consultations, meetings, negotiations and other actions designed to achieve these objectives and to promote further actions<sup>120</sup> of the European level social partners at cross-sectoral as well as sectoral level.

116 European Commission, Commission Staff Working Document 2016: Analytical underpinning for a New Skills Agenda for Europe Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A NEW SKILLS AGENDA FOR EUROPE: Working together to strengthen human capital, employability and competitiveness.

117 <http://europeanskillscouncil.t-c-l.eu/>

118 <http://www.europeancommerce.eu/default.aspx>

119 <http://euautomotiveskillscouncil.eu/>

120 As outlined as in European Commissions documents such as the Communications on « European social dialogue - A force for innovation and change (COM(2002)341) », the Communication on Partnership for change in an enlarged Europe – Enhancing the contribution of European social dialogue» (COM(2004)557) or the Commission Staff Working Document on the Functioning and potential of European sectoral social dialogue (SEC(2010)964).

The measures that receive financial support should help the social partner organisations to contribute to addressing the overarching EU employment and social policy challenges as laid down in particular key Commissions documents such as the Communication on completing the economic and monetary Union (COM(2015)600), the annual growth surveys, the Joint Employment Report and the recommendations addressed to the Member States in the context of the European Semester as well as other documents such as the political guidelines and work programmes of the European Commission.

These budget lines can also be used to finance actions involving representatives of the social partners from candidate countries. It is also intended to promote equal participation of women and men in the decision-making bodies of both trade unions and employers' organisations. These last two components are horizontal requirements.

### **Budget Lines for Social Dialogue: Social partners involvement and governance**

**Social partners using the fund:** All EU level social partners at cross-sectoral and sectoral level have made use of the budget lines for a broad range of project themes, including on education and training issues (see table in annex). The projects carried out have had a direct impact on improving the capacity and role of social dialogue, in particular in those Member States that joined the EU most recently. The budget lines for Social Dialogue thus play a crucial role for cross-sectoral as well as sectoral level social dialogue<sup>121</sup> and the implementation of the multi-annual work programmes of the social partners within this context.

**Governance:** The Social Dialogue Budget Lines are managed by Directorate-General for **Governance**. The Social Dialogue Budget Lines are managed by Directorate-General for Employment, Social Affairs and Inclusion in cooperation with Directorate-General for Budget. There is no dedicated governance body – the implementation, including funding decisions on specific projects are made by the responsible Unit of the European Commission. As main beneficiaries of the fund, the European level social partner organisations are not involved in the decision-making and the governance. The social partner organisations see a recent rather negative development in relation to the granting rules of this fund, for example an increasing administrative burden as well as the shrinking available budget. Thus, the social partners consider it important to enhance a closer and better exchange and regular coordination between DG EMPL and the social partners in regard to the management and implementation of the Budget Lines.

**Demands for improvements:** Though social partners are generally satisfied with the EU Budget Lines, they are concerned about changes that have occurred in the last years, namely the reduction of the overall budget available that has increased competition within the available funds amongst social partner organisations at European, and in particular, national and regional levels. Many social partners have also indicated that they have not been happy with other measures, for example the change from two to only one call each year and the extension of the duration of projects from one to two years. These changes are understood as a result of less personnel resources available at the Commission).

121 Currently, there are 43 Sectoral Social Dialogue Committees. See: <http://ec.europa.eu/social/main.jsp?catId=480&langId=en&int-PagId=1859>

## OTHERS (COSME, CIP PROGRAMME, EGF, LIFE, HEALTH PROGRAMME, ETC.)

In this paragraph we will briefly describe other programmes and initiative of interest for the public financing of education and training investment situation at European level.

First, there is **COSME**, Europe's programme for small and medium sized enterprises. COSME is managed by EASME, the European Commission Executive Agency for SMEs. COSME has a planned budget of 2.3 billion Euros for the period 2014 – 2020. COSME has a fourfold objective:

- Support a smoother access to finance for SMEs (e.g. encouraging them to adopt new business model)
- Ease the access to market for SMEs
- Nurture entrepreneurial spirit (e.g. trough funding the Erasmus for Young Entrepreneurs programme<sup>122</sup> and capacity building)
- Advocate for more favourable framework conditions for business creation and growth

COSME is also relevant for having financed the WORTH project, launched under Competitiveness and Innovation Framework Programme (often known with the acronym CIP, more on this programme in the following paragraphs) in 2013 for the period 2013 – 2015. WORTH had the task to make connections and help businesses to cross borders for businesses working in design, craft and manufacture industry across Member States.<sup>123</sup>

This entailed the promotion of these creative industries (i.e. design and several crafts and professions related) as such, and the creation of high-value design products and processes. The WORTH project was such a success as a pilot project that it was decided that it would be continued after 2013 through the funding of the COSME programme.<sup>124</sup>

The **Competitiveness and Innovation Framework Programme** was a programme supporting Innovation activities: it was archived at the end of 2013. It had an overall budget of 3.6 billion Euro and it was the predecessor of COSME. It is worth-mentioning that through its three programmes (i.e. the Entrepreneurship and Innovation Programme – EIP, the Information Communication Technologies Policy Support Programme ICT-PSP, and the Intelligent Energy Europe Programme - IEE) it contributed to the development of the information societies while investing in education and training concerning ICT.<sup>125</sup>

The **European Globalisation Adjustment Fund**<sup>126</sup> was established in 2006 and was created to provide support to people who have lost their jobs due to global structural changes. It is managed by the Directorate General for Employment, Social Affairs and Inclusion and it has a maximum budget of 150 million Euro every year for the period 2014 – 2020. With this fund EGF can fund up to 60% of the cost of projects helping people who are made redundant in the current labour market, the trigger being the redundancy of 500 workers in a company production chain. To live up to its task, the EGF finances measures in education, training and retraining. The main instruments are tailor-made active labour market policies to provide immediate and long-term relief to the dismissed workers, such as: information, guidance, and mobility allowance, along with the training.<sup>127</sup>

122 Erasmus for Young Entrepreneurs is a programme financing cross-border exchange actions through experience sharing and mentoring from seasoned entrepreneurs, who host the younger participants. More information available at: <http://www.erasmus-entrepreneurs.eu/>

123 More information available at: <http://www.worth-project.eu/>

124 European Commission 2016: Staff Working Document, New Skills Agenda.

125 More information on CIP at its old page, <http://ec.europa.eu/cip/>

126 More information of EGGF at its page <http://ec.europa.eu/social/main.jsp?catId=326>

127 European Commission, Commission Staff Working Document 2016: Analytical underpinning for a New Skills Agenda for Europe Accompanying the document Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A NEW SKILLS AGENDA FOR EUROPE: Working together to strengthen human capital, employability and competitiveness.

**Life** is a financial instrument launched in 1992 by the European Commission. Its budget is managed by the Directorate General for the Environment and its current budget is of 3.4 billion Euros for the period 2014 – 2020.<sup>128</sup> Its main objective is to support the protection of the environment and climate, and to this extent it has invested in education and training. Life's interventions helped create several green jobs through the "greening" of the European labour market, the introduction of practical guidelines and the establishment of ad hoc training courses.<sup>129</sup>

The last programme worth mentioning in this section is the **Health Programme**, the third of its kind in European history. Launched in 2014,<sup>130</sup> it aims to improve EU citizens' health and reduce health inequalities, through the promotion of health campaigns, health innovation, and sustainability of the health systems.<sup>131</sup> Its budget amounts to 0.44 billion Euros for the period 2014 -2020, under the management of the Directorate General for Health and Food Safety. Despite its relatively small size, it is relevant for this study because it co-funded studies<sup>132</sup> on skills mismatches and skills needs in the health sector.<sup>133</sup>

## EDUCATION AND THE INVESTMENT PLAN FOR EUROPE

### The Investment Plan for Europe and the EFSI

The Investment Plan for Europe (IPE) was announced in November 2014 as the first major initiative of the Juncker Commission (thus also called the "Juncker Plan")<sup>134</sup> addressing the challenge that investment in the EU in 2013 was 15% below the level of 2007. In order to close the investment gap, the IPE was officially approved in June 2015 and the European Fund for Strategic Investments (EFSI) launched immediately after.

In spite of its name, EFSI is not a fund, but comprises of a guarantee provided to the EIB Group from the EU budget (mostly Horizon 2020) and a capital contribution provided by the EIB. This financial structure enhances the risk-bearing capacity of the EIB Group, allowing it to finance more high-risk projects or riskier tranches of projects without deteriorating its asset quality, and therefore without threatening its AAA credit rating – a fundamental element underpinning the sustainability of the Group's business model. This, in turn, would stimulate other investment, namely in the safer tranches of projects by reducing risk through credit enhancement. It is also essential that EFSI shall provide additionality to operations that it supports.

Within the EFSI, it is expected that by providing a total of 21 billion Euros (15 billion coming from the EU Budget and 6 billion from the EIB) a total of 315 billion Euros of investment can be triggered (i.e. a trigger factor of 1:15) until July 2018 through leverage effects and co-financing.<sup>135</sup> The resources used for the guarantee come from a reorganisation of the EU budgets from 2015-2020 and are mainly taken from HORIZON 2020/InnoFin (equity and risk sharing instrument in the field of innovation and research), COSME (SME guarantee) and the Connecting Europe, i.e. transport infrastructure.

128 More information available the financial instrument page <http://ec.europa.eu/environment/life/>

129 European Commission 2016: Staff Working Document, New Skills Agenda.

130 Regulation (EU) No 282/2014 of the European Parliament and of the Council of 11 March 2014 on the establishment of a third Programme for the Union's action in the field of health (2014-2020) and repealing Decision No 1350/2007/EC.

131 European Commission, Statement by Commissioner Borg following the vote in Parliament on the Health Programme 2014-2020, available at: [http://europa.eu/rapid/press-release\\_STATEMENT-14-31\\_en.htm](http://europa.eu/rapid/press-release_STATEMENT-14-31_en.htm)

132 The studies themselves are carried out by the organisation for Economic Cooperation and Development (OECD).

133 Regulation (EU) No 282/2014 of the European Parliament and of the Council of 11 March 2014 on the establishment of a third Programme for the Union's action in the field of health (2014-2020) and repealing Decision No 1350/2007/EC.

134 COM (2014) 903 final, Communication from the EC on An Investment Plan for Europe, 26 November 2014.

135 As highlighted on an info-sheet published by the EU Commission on the EFSI and education investment, «Every public euro mobilised in the Fund will generate about EUR 15 of investment that would not have happened otherwise». <https://ec.europa.eu/programmes/erasmus-plus/sites/erasmusplus/files/library/education-investment-plan-europe.pdf>

According to Art. 9 of the EFSI Regulation,<sup>136</sup> EFSI projects are eligible in the following 7 areas:

- *Research, development and innovation*, in particular through projects that are in line with HORIZON 2020; research infrastructures; demonstration projects and programmes as well as deployment of related infrastructures, technologies and processes; support to academia including collaboration with industry; knowledge and technology transfer;
- *Development of the energy sector in accordance with the Energy Union priorities*, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks (expansion of renewable energy, energy efficiency/saving; modernisation of energy infrastructure);
- *Development of transport infrastructures, and equipment and innovative technologies for transport*, in particular through projects and horizontal priorities eligible under Regulations (EU) No 1315/2013 and (EU) No 1316/2013; smart and sustainable urban mobility; projects connecting nodes to TEN-T infrastructures;
- *Financial support through the EIF and the EIB to entities having up to 3,000 employees*, with a particular focus on SMEs and small mid-cap companies, in particular through (“SME window”);
- *Development and deployment of information and communication technologies*, in particular through digital content and services, high-speed infrastructures, broadband networks;
- *Environment and resource efficiency*
- *Human capital, culture and health*, in particular through education and training; cultural and creative industries; innovative health solutions; new effective medicines; social infrastructures, social and solidarity economy; tourism.

According to the European Investment Bank (EIB), the EFSI potential in the Education sector can be deployed to its full potential through Public-Private Partnership (PPP). EFSI-type projects for the education sector according to the Commission/EIB would be for example PPPs mobilising investment for infrastructure (private sector based establishment, such as universities and pre-primary education facilities), research and development and business cooperation, vocational training programmes and student loans. The Commission also announced that it will further develop possibilities to use the EFSI for fostering investments in intangible assets such as teachers training or vocational training. Given the likely small scale of projects, the Commission also regards the aggregation of project as decisive. Here, assistance via the “European Investment Advisory Hub”<sup>137</sup> and the setting-up of a specific Investment Project Portal<sup>138</sup> bringing together project promoters seeking investment with investors seeking projects should support in particular the development and visibility of small-scale projects.

Since the plan was launched, around 640 transactions have been approved (not all signed yet) under EFSI in 28 EU Member States according to the European Commission as of October 2017<sup>139</sup>, amounting to financial commitments under the EFSI of 47.4 billion Euros (of which around 30.3 billion Euros signed).

136 Regulation (EU) 2015/1017 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 June 2015 on the European Fund for Strategic Investment, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investment.

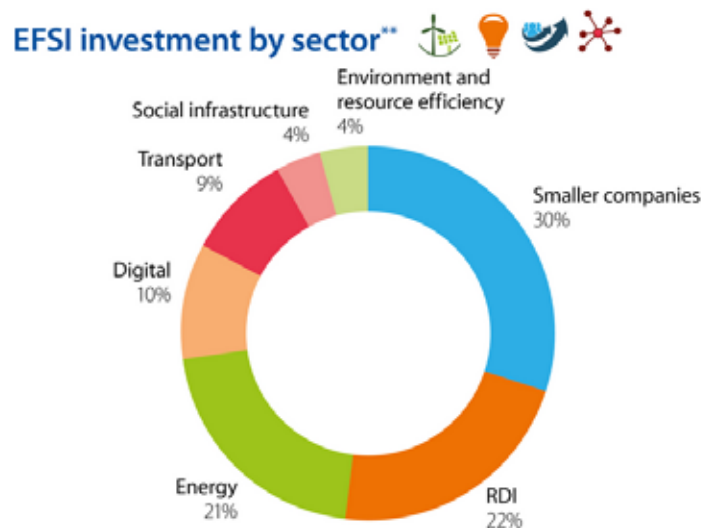
137 <http://eiah.eib.org/>

138 <https://ec.europa.eu/eipp/desktop/en/index.html>

139 [https://ec.europa.eu/commission/sites/beta-political/files/brochure-investment-plan-17x17-oct17\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/brochure-investment-plan-17x17-oct17_en.pdf).



**Figure 6: EFSI transactions, approved by the European Investment Bank (EIB) - Breakdown by sector (as of September 2017, based on approved operations)**



Source: European Investment Bank: <http://www.eib.org/efsi/> (as of October 2017).

As shown in the figure above, the share of social infrastructure projects in the total amount of EFSI financing commitments is only 4% and much lower than in all other sectors. As of the end of October 2017, a total of 25 signed and 7 approved projects related to the social infrastructure sector were listed on the EIB website documenting EFSI projects (see table 4b in the annex). Of these, only two projects signed so far and a further two approved so far are be linked to the education sector. All are about education infrastructure and 3 out of 4 located in the tertiary education sector as the overview below shows.

Apart from the vagueness or lack of information available to the public for the two approved projects, it is quite striking that the trigger factor to mobilise additional investments is far below the EFSI expectations of 1:15.

**Table 4: EFSI projects linked to the education and training sector**

Project	Country	Objectives	Status	EFSI financing	Total investment related to EFSI
Nova SBE Campus	Portugal	Construction of a new campus for the Nova School of Business & Economics in Lisbon, as part of the <i>Universidade Nova de Lisboa</i> .	signed	16 m	47 m
University of Latvia Research and Study Centre	Latvia	Second phase of University of Latvia's (UL) campus development plan. The proposed project will finance the construction and furnishing of two university facilities in the new Tornakalna campus in Riga.	signed	30 m	40 m
ESPOO Lifecycle PPP Schools	Finland	Construction of "approximately 5 or 6 new or refurbished" schools in the City of Espoo supporting the city's school development programme, aiming to improve or renew comprehensive and upper secondary school infrastructure in Espoo. As highlighted on the EIB website, the project is to be delivered using a PPP mechanism.	approved	Not disclosed	Not disclosed
Vienna School PPP Campus Berresgasse	Austria	no information available	approved	23 m	45 m

Source: EIB EFSI Project list as of 31 October 2017. <http://www.eib.org/efsi/efsi-projects/index.htm?c=&se=7>

Apart from the establishment of the European Investment Advisory Hub and the Investment Project Portal, the European Commission also focussed on the development of an "innovative" Social Impact Instrument that would entail the establishment of Social Impact Funds (SIFs). Such investment into SIFs could be supported under the EFSI framework (as part of the SME window equity instrument). In June 2017, the Commission reported that the first scheme dedicated to investment with a social impact was approved with partners in Finland (see textbox below), the first of this kind in Europe.<sup>140</sup>

<sup>140</sup> [http://www.eif.org/what\\_we\\_do/equity/news/2017/efsi\\_epiquis\\_payment\\_by\\_results.htm](http://www.eif.org/what_we_do/equity/news/2017/efsi_epiquis_payment_by_results.htm)

### **Social Impact Bonds financing through the EFSI: Supporting the integration of migrants and refugees into the Finnish labour market**

The EIF is investing €10 million into a social impact bond scheme that will support the integration of between 2,500 and 3,700 migrants and refugees into the Finnish labour market by providing training and job-matching assistance. The scheme is with a Finnish fund manager that specialises in social impact investment, and the Finnish Ministry of Economic Affairs.

Since 2010, Payment by Results investment schemes have been operational in Finland to fund positive social outcomes for vulnerable groups. They work by building partnerships between social service providers (social enterprises and social sector organisations), commissioners (usually government agencies at local, regional or national level, or private sector foundations), investors and intermediaries. By focusing on outcomes, the interests of all stakeholders involved are aligned and thereby the various resources, experience and know-how are combined, enabling targeted social service delivery. According to the Finnish Government, payment by Results schemes encourage cross-departmental funding within public entities and improve the rigour in government spending.

In the context of the current scheme, the Finnish Ministry of Economic Affairs and Employment has selected Epikus Oy (the Fund Manager) who enters into a payment by results agreement with the Ministry to deliver, via selected social enterprises and social sector organisations, the desired positive social outcomes by identifying, teaching, mentoring and guiding migrants and refugees to social inclusion in Finland.

Source: [https://ec.europa.eu/commission/commissioners/2014-2019/katainen/announcements/investment-plan-europe-first-social-impact-bond-scheme-europe-supports-integration-finland\\_en](https://ec.europa.eu/commission/commissioners/2014-2019/katainen/announcements/investment-plan-europe-first-social-impact-bond-scheme-europe-supports-integration-finland_en)

The ETUC and ETUCE have raised concerns about the danger that the EFSI as well as the instrument might create distortions by the strengthening of already existing trends of “marketization” of public services and education and training, stressing the need to maintain the public responsibility of public investment in education.<sup>141</sup>

### EIB lending in the education sector

It is important to refer also to lending activities of the European Investment Bank in the field of education as the EIB is involved in this sector already since the end of the 1990s.

The EIB is lending for different types of education related projects, most of them related to investment in facilities and infrastructure:

- pre-school facilities and kindergartens;
- primary and secondary school infrastructure;
- universities and higher education facilities;
- vocational training colleges;
- student loan facilities;
- research infrastructure.

<sup>141</sup> ETUC: ETUC declaration on the EU-level investment plan. Adopted at the meeting of the Executive Committee on 2-3 December 2014. ETUCE: Position on the Investment plan for Europe. 10 December, 2014. CEEP: Views on the investment plan presented by the European Commission. Opinion, 22 December 2014

As the following table shows, the overall amount of lending in the education sector as a share of total EIB lending is quite modest, around 5% in 2015 and 2016 for the period 2011-2015. There is also significant variance between countries (see table A.4b in the annex). While in countries such as Luxembourg, Ireland, Finland, France or Cyprus, the share of education projects in the total projects that received EIB lending is quite high, it has to be stressed here that EIB lending is biased in favour of low-risk projects and thus low-unemployment/economic stable countries.

**Table 5: Financing provided by the EIB within the EU on education and training (EUR million)**

	2016		2012-2016	
	Amount	% of total	Amount	% of Total
Education	3.463	5,2	16.647	5,3
Secondary education	594	0,9	5.774	1,8
Tertiary education	1.599	2,4	5.989	1,9
Education and training	1.131	1,7	4.397	1,4
Primary education	88	0,1	351	0,1
Pre-primary education	51	0,1	135	0

Source: EIB Statistical Report 2016. See also table A.4 in the annex for further details.

## INITIATIVES TO FOSTER PUBLIC-PRIVATE-PARTNERSHIPS FOR INVESTMENT IN TRAINING AND EDUCATION

### Definition of public-private-partnerships

In the European Union there is no uniform concept of Public-Private Partnerships, however, the Green Paper on public-private partnerships (COM/2004/0327 final) defines the following common elements of PPPs:

- The relatively long duration of the relationship, involving cooperation between the public partner and the private partner on different aspects of a planned project.
- The method of funding the project, in part from the private sector, sometimes by means of complex arrangements between the various players. [...]
- The important role of the economic operator, who participates at different stages in the project (design, completion, implementation, funding).
- The public partner concentrates primarily on defining the objectives to be attained in terms of public interest, quality of services provided and pricing policy, and it takes responsibility for monitoring compliance with these objectives.
- The distribution of risks between the public partner and the private partner, to whom the risks generally borne by the public sector are transferred.

According to Education International, representing organisations of teachers and other education employees, there are different forms of contractual PPPs that are relevant for the education sector:<sup>142</sup>

- First, the most common form is **Infrastructure PPPs** where after having financed and built for example a school, the private partner in some cases also will lease and finally transfer the facility to the public sector.
- Second, there are **Contract Schools** that are publicly owned and funded schools operated by the private partner in exchange for a management fee.
- Third, **educational services** such as school evaluation or inspection or supply of learning materials (and in some cases non-educational support services) are **outsourced** to the private partner.

Whether one type is classified as a PPP depends on the national background and a clear distinction is not always possible. The focus of the following description and analysis will be on infrastructure PPPs as this form is of special importance in many countries as well as in the EU market.

### The public private partnerships market in the EU

Several provisions promote public private partnerships in the EU. The European PPP Expertise Centre (EPEC) was founded in 2008 by the European Commission and the European Investment Bank (EIB) in order to advise on PPPs. Since the beginning of the 1990, an increased recourse to PPPs has been justified by budgetary constraints, the wish to benefit more from the know-how of the private sector and a more general change in the role of the State in the economy becoming an organiser, regulator and controller. Due to the financial crisis, the value of PPPs declined mostly as a consequence of a trend towards smaller projects.<sup>143</sup> After a decline of the PPP transaction value from 2007 on, in 2010 the value increased again for the first time.<sup>144</sup> The United Kingdom still is the largest PPP market in Europe. However, also other countries increasingly make use of PPPs. According to the EIB and PPP activities have recently increased in France as well as Southern European countries. The role of institutional investors such as insurance companies and pension funds as providers of debt to European PPPs has grown over the years with eight countries (the UK, Belgium, Denmark, France, Ireland, Finland, Turkey and the Netherlands) having closed transactions involving institutional investor debt in 2015 compared to six countries in 2014. The role of governments and public international financial institutions in funding and financially supporting European PPPs has been important in this time.<sup>145</sup> Comparing PPP investment flows with total infrastructure investment, the share of PPPs is relatively small. PPPs themselves are mainly financed through loans (public and private). While bond financing has not played an important role since 2008, the share of equity is characterized by important fluctuations. Between 2000 and 2011, the share of EIB loans in total PPP financing ranged between 10 and 15 % with some exceptions.<sup>146</sup> The use of EU grants from the Structural Funds to finance PPPs was not very wide spread in recent years also due to difficulties to combine long-term projects with specific grant rules.<sup>147</sup>

142 Education International 2009: Public Private Partnerships in Education, September 2009, [http://www.boeckler.de/pdf/magmb\\_2010\\_10\\_ppp\\_studie\\_en.pdf](http://www.boeckler.de/pdf/magmb_2010_10_ppp_studie_en.pdf).

143 Kappeler, A. and Nemoz, M. 2010: Public-Private Partnerships in Europe – before and during the recent financial crisis, [http://www.eib.org/epec/resources/efr\\_epec\\_ppp\\_report1.pdf](http://www.eib.org/epec/resources/efr_epec_ppp_report1.pdf)

144 epec 2010: Market Update: Review of the European PPP Market in 2010

145 epec: Market Update: Review of the European PPP Market in 2010 / 2015.

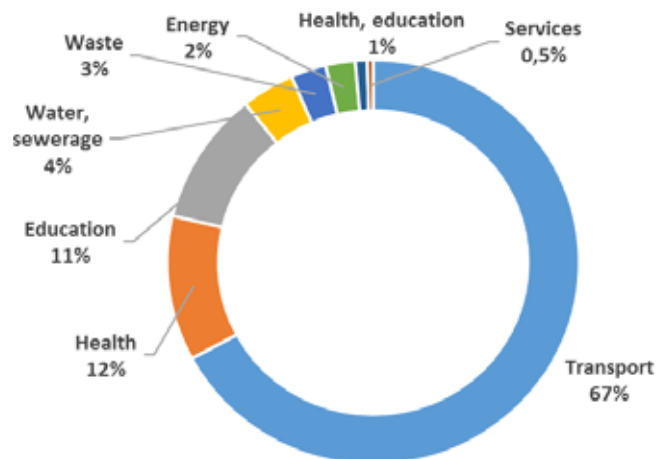
146 Kappeler, A. 2012: PPPs and their Financing in Europe: Recent Trends and EIB Involvement, 20 September 2012, [http://www.eib.org/attachments/efs/econ\\_note\\_2012\\_ppp\\_and\\_financing\\_in\\_europe\\_en.pdf](http://www.eib.org/attachments/efs/econ_note_2012_ppp_and_financing_in_europe_en.pdf).

147 miechowicz, J. 2015: PPP and using EU funds in its financing in terms of crisis and budgetary restrictions.

## Public-private-partnerships financed by the EIB

Between 1990 and 2015 the European Investment Bank (EIB) financed a total of 216 PPPs accounting for a lending commitment of the EIB of 44.3 billion Euros. While between 1990 and 1997 only projects in the transport sector were supported, since 1998 education projects have also been financed.<sup>148</sup> The following figure gives an overview of the share of projects financed in different sectors:

**Figure 7: Share of PPP projects financed by the EIB 1999-2015 per sector**



Source: epec: PPPs financed by the European Investment Bank from 1990 to 2015, April 2016

The average amount of EIB support per project across all sectors is 205 million Euros, while for projects in the education sector; the average is only 89 million Euros.

Most PPP projects that have been supported by the EIB since 1998 are to be found in the UK (see table A.5 in the annex). The focus is on refurbishment and modernization as well as construction of schools.

<sup>148</sup> epec 2016: PPPs financed by the European Investment Bank from 1990 to 2015, April 2016.

# 3. KNOWLEDGE AND EXPERIENCE OF NATIONAL SOCIAL PARTNERS WITH EU FUNDS AVAILABLE FOR EDUCATION AND TRAINING

## QUESTIONNAIRE SURVEY RESULTS

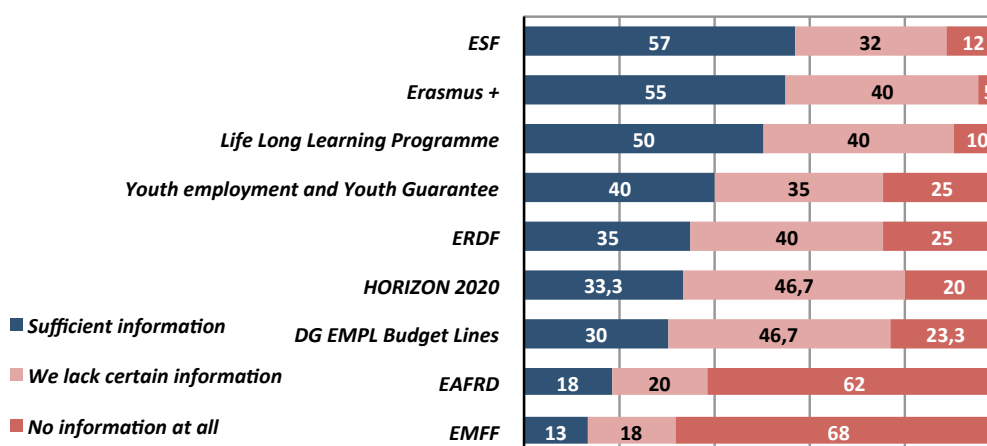
According to the results of the online survey ESF and Erasmus+ are the only current EU funds and programmes where a majority of national social partners indicate that they have sufficient information and knowledge as figure 8 below shows. But still, for the ESF as the best-known fund 43% of the respondents stated that they lack certain information or even have no information at all. This is quite an alarming result as the national social partners should be involved in the governance of the ESF according to the partnership principle.

Given the key role of social partners on issues such as youth unemployment or social dialogue, the lack of knowledge regarding the Youth Employment and Youth Guarantee Initiatives of the Commission and the Budget Lines for Social Dialogue of DG Employment are quite worrying results of the questionnaire survey.

Regarding on HORIZON 2020, nearly 70% of social partners representing employees and employer organisations in the education and training field indicated that they lack certain information or have no information at all.

Especially for the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) social partners lack information and knowledge (perhaps also due to the fund being less relevant).

**Figure 8: Knowledge about major EU-level funds for education, training and skills development and their implementation (% share of total responses, N=60)**

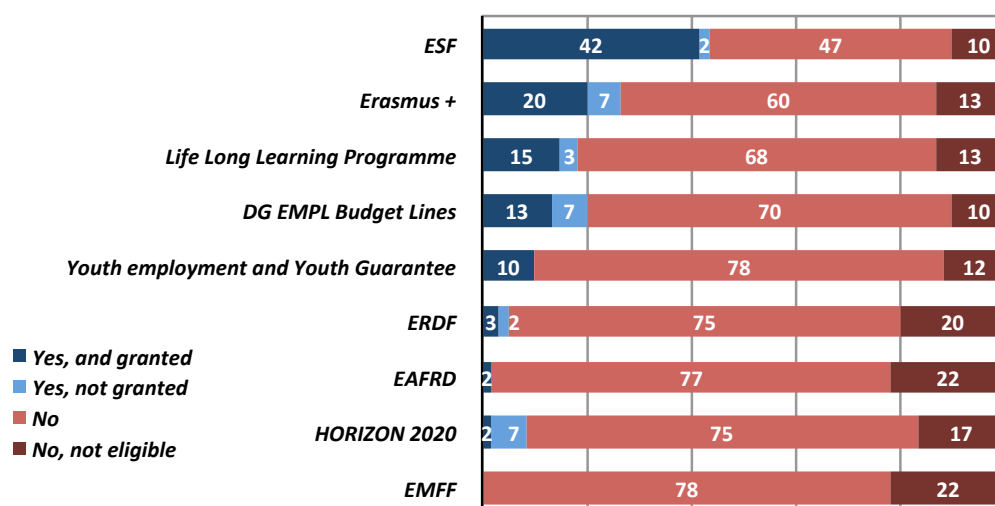


Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

The overall poor knowledge of national social partners of available funds and programmes for education and training projects and initiatives also result in an all in all very modest record of concrete experiences of making use of EU funding.

Asked, whether they ever have applied for calls of the respective programmes and funds, only the ESF has been mentioned by a significant share of the total respondents (41%) as a fund that has been successfully granted in the past as figure 9 below shows. For all other EU sources of at least 60% of respondents indicate that they have never applied for funding. As to making use of education and training related funds, only one out of five respondents used Erasmus+, only 1.5 out of 10 implemented projects in the context of the Lifelong Learning Programme (that is now included in Erasmus+) and only around one out of ten national social partners indicated to have own experiences with DG Budget Lines funding or the Youth Employment and Youth Guarantee. Experiences with further funding instruments such as the remaining EASI funds or HORIZON 2020 are negligible.

**Figure 9: Use of EU Funds available for education, training and skills development (% share of total responses, N=60)**



Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

## EVIDENCE FROM THE COUNTRY VISITS

As a general result of the interviews carried out, the multitude of funding instruments leads to confusion and it often appears difficult to social partners to understand application procedures. Especially, smaller organisations often do not have the experts and personnel resources to apply. Also, bureaucracy is a factor that prevents national social partners from applying. In this context it was also stated that previous experiences of carrying out projects were so negative regarding the administrative requirements that the organisation decided to no longer target the programme or fund as a potential source of finance. In addition, national procedures are not always made transparent and the necessary communication is missing especially when the programmes are implemented by different agencies and no central national platform exists. Evaluation of applications is lacking in practical relevance, evaluators do not always understand the context of a project and social partners applying do not get the logic of evaluation. The difficulty of guaranteeing sustainability and efficiency was mentioned. Furthermore, EU funds offer short term support, but education and training systems need constant attention and long-term measures.



## European Social Fund (ESF)

As the results of the online survey showed, the ESF is the EU fund best known and most used by national social partners. However, due to the eastward enlargement of the EU, allocation of funds has changed a lot. Sums allocated are less important today as stated by social partners in Austria and Finland but not so in Denmark and Germany.

Furthermore, social partners interviewed in Austria and Finland stated that while content and aims are very interesting for social partners, for the ESF bureaucracy and complicated application and implementation procedures are a problem. On the operational level, the programmes are very difficult to handle regarding governance, processes, and follow-up. One important challenge is how to organise and guarantee sustainability after the project has ended.

In **Austria**, as noted by the ÖGB representative in the context of an interview, the ESF programme is dominated by large organisations and less accessible for NGOs and trade unions. The allocation of money is conditioned by the national co-financing. Trade unions in particular noted that this is difficult to comply with. While in some European countries, once a project is accepted by the European regional fund, the national co-financing is allocated automatically, this is not the case in Austria where first a confirmation of national co-financing has to be applied for at the ministry before applying to the regional fund. Therefore, in some cases the national support granted depends on the access to the party in government.

The situation in Austria contrasts partly with the experience of **German** social partners. Whereas the education and science trade union GEW or the German CEEP member (local authorities' employer organisation in Bavaria, KAV Bayern) highlighted that they still don't have the resources and capacities to make applications, the trade union confederation DGB in cooperation with cross-sectoral employer organisations have used the ESF quite intensively in recent years. This however, results from an active support (including technical help) of the German government of bipartite social partner initiatives in fields such as employment quality, future of work or testing innovative practices in the field of VET, social inclusion and labour market integration.

While the social partners in **Bulgaria** highlighted that the ESF is extremely important as a financial source of complementary funding on education and training issues, they also reported to have gained certain knowledge and experience from concrete involvement. The ESF co-finances for example the Science and Technology Operational Program. Also, the Smart growth education for the 2014-2020 period was done with the assistance of the European Social Fund and the European Regional Development Fund. While continuing vocational education and training, based on projects is also provided through the European Social Fund and through active labour market policies, it is rather fragmented. To support applications to the ESF, the trade union CITUB arranges ESF information campaigns and provides training for project applications and project management through 20 hours classes (targeting young people).

In **Poland**, there are several institutions informing entrepreneurs and other potential beneficiaries about possibilities available through EU funds. On average, the knowledge about the programmes is satisfactory. Nevertheless, it is more difficult to have proper bids and a sound system of reviewing.

The representative of the EFEE affiliate in **Ireland**, Education and Training Boards Ireland (ETBI), highlighted in the interview that the organisation was dis-incentivised from applying for EU funds because of negative experiences of EU funded projects in the past due to the complexity, the administrative burden and the lack of flexibility of the process.

## Erasmus + and Horizon 2020

In **Finland** as well as **Denmark**, competitive programmes like HORIZON 2020 and Erasmus+ where budgets are not allocated based on a predefined share per country but based on the quality of the proposal are much more important. About 140 to 150 million euros per year are provided in Finland under the Horizon 2020 to research programmes (focussing on ICT and basic research).

According to the social partners interviewed in the context of this study, Horizon 2020 and Erasmus + are very important for the Finnish universities that are in general quite happy with these programmes though

it is noted that the programmes could be less bureaucratic. Horizon 2020 also has an important influence on innovation politics and has often been used to support the innovation capability of municipalities. EU funds are used for innovative ideas and not as a replacement of missing public national funds.

This was also confirmed by social partner organisations in Denmark and **Germany**, where HORIZON 2020 was highlighted as a key source of funding for universities, both public and private research institutes and other institutions in order to co-finance research, development and innovation. In particular trade unions critically commented that parts of the HORIZON 2020 budget were used to provide co-financing of the Juncker plan.

### **Denmark: Education reforms may have a negative impact on cross-border mobility**

Social partners strongly appreciated the Erasmus programmes as a unique instrument to support cross-border mobility of students, learners and teaching staff. Erasmus should be used much more frequently than is currently the case. Here, the Danish trade unions as well as the regional employer organisation (Danish Regions) reported that recent changes in the education and training system such as the reduction of years spent in school education or shortening the time spent in tertiary education have a negative impact on both the ability as well as the motivations of students to spend some time of the learning abroad. This negative effect of educational reforms on cross-border mobility and exchange according to the Danish social partners strongly contrasts to trends such as globalisation of business, increasing language skill requirements as well as inter-cultural business.

According to the SEB and CITUB trade unions, social partners in **Bulgaria** generally are satisfied with the available EU funding programmes for education and training, namely Erasmus+ and the ESF. Regarding HORIZON 2020 the public employer organisation BICA raised concerns however about the allocation of funds throughout Europe that would tend to favour certain EU Member States (see textbox below).

### **HORIZON 2020: Favouring larger EU Member States**

The Bulgarian employer organisation BICA has some concerns about the way funding is allocated between companies for programmes directly funded by the EC, as companies in certain Member States are obviously in a better position. For example, according to official statistics quoted by BICA, a total of 36,732 eligible proposals were submitted under HORIZON 2020 until March 2016 in the whole EU. Most of the applications came from the five largest Member States: United Kingdom, Italy, Germany, Spain and France. As noted by BICA, these are also those countries where success rates are higher than in other EU countries. Generally, the participation rate in HORIZON 2020 in the newer Member States is lower. For BICA, the low participation rate and the limited access to EU level funding opportunities also have a (negative) effect on the innovation capacities available in those countries and national companies. Therefore, this issue should be addressed urgently according to BICA.

While social partners in all ten countries visited stressed the importance of programmes such as HORIZON 2020 and Erasmus+ for education, training and research, they also indicated that for their own organisations' activities they are no relevant financial means. In particular, HORIZON 2020 requires expertise and professional capacities that social partner organisations are not able to deliver. As stressed for example by the cross-sector trade union representative in **Austria**, both HORIZON 2020 and Erasmus+ not really match the education policy activities and priorities of trade unions.

## Social dialogue budget lines

The three budget lines dedicated to social dialogue that provide financial support to transnational projects carried out by social partners and others active in the field of industrial relations are one of the few funding instruments that trade unions and employer organisations can use for addressing own interests and for developing transnational activities.

Already the online surveys amongst European and national level social partners has shown that quite significant differences exist between trade union and employer organisations as well as between countries in relation to the usage of the budget lines. Interviews with representatives of national social partner organisations provided further evidence on underlying reasons.

Interviews confirmed that employer organisation have little practical experiences with applications, partly also due to a lack of information. Generally, the information on purposes, current calls as well as application procedures amongst trade unions is better, also due to the information and training provided by the ETUC/ETUI. However, experiences and usage differ significantly between trade union organisations in different countries: Trade unions in **Finland** stated that the budget lines are not very important because social dialogue already is well established.

Trade unions in other countries referred to the bureaucratic barriers and difficult framework conditions of the budget lines: According to the representative of the trade union confederation ÖGB in **Austria** it is interesting for social partners but also rather complicated. In order to prepare a successful application, it is necessary to have a department or specialist that provides the specific expertise. A further hurdle regards the requirement of transnationality: Applications have to build on an already existing cooperation and partnership in order to fulfil the requirements. This does not always reflect the reality as building up transnational networks is often the objective of a trade union activity and thus cannot be a requirement. According to the ÖGB, the average budget framework of projects (around 150.000-200.000 EUR for 24 months) is also not very attractive, in particular if the administrative costs for preparing an application and managing such a project are taken into account. Furthermore, the requirement to have both trade unions and employer organisations involved as signatory partners of the application in generally seems to be good idea according to the ÖGB, this is often difficult to organise in practice. One reason for this is the fragmented landscape of employer organisations and the fact that in many EU countries there is no counterpart to the trade union organisation(s).

Consequently, participation is very limited. There are a lot of requirements that restrain applications of social partner organisations, e.g.: The requirement that the balance has to be handed in with the application also leads to less applications as applicants do not want to give this information away. Also, the new requirement, that partners have to fill in "Mandates" in addition to the "Letters of Intent" leads to confusion and is not easy to understand.

Also, trade unions in **Spain** and the **Netherlands** stressed the difficulties in applying to these calls due to a lack of resources, difficulties in meeting the requirements of the transnational dimension and the high amount of administrative work that these projects demand. Consequently, the DG Employment Budget line should be designed in a simpler way to be easier accessible for trade unions.

In **Italy**, trade unions reported quite different experiences regarding the use of the social dialogue budget lines. While the CGIL trade unions highlighted that the organisation has applied for and implemented projects on different topics for several years and regards this funding instrument as important for the social partners, other trade unions such as FLC CGIL and UIL Scuola are more critical in particular as regards the administrative efforts necessary for applying and managing projects.

## Assessments regarding other EU funds and programmes

Concerning the **other EASI funds** (ERDF, EAFRD, EMFF), stakeholder interviews confirmed the results of the questionnaire survey that these funds are less relevant for education and training projects and initiatives in the respective countries. Stakeholders also noted that they have no direct experience with own initiated projects or programmes financed under these funds. However, social partners in particular in Southern (Spain, Italy) and Central and Eastern European Countries reported an increasing relevance of these funds in providing complementary financing of national policies relevant for employment and training policies. In **Italy**, for example it was reported that there are new rules that make it possible to finance specific actions by combining several EASI funds. Thus, there is a need for social partners to not only gain expertise and knowledge of the ESF but also of other funds, namely the ERDF.

In particular, representatives of trade union organisations in Southern Europe have raised significant doubts and concerns about the **Youth Employment** and the **Youth Guarantee** initiatives of the EU Commission.

The trade union CGIL that is sitting on the national monitoring committee for Youth Guarantee stressed that it is not happy about the programme and its implementation in **Italy**. There has been a lot of misuse of the public funding, allowing companies to hire young qualified people at little or no cost without providing them any sort of formative experience. As regards the implementation of the Youth Guarantee, CGIL appreciated the objective to link unemployed young people as quickly as possible with the public employment services. At the same time the union stressed that the PES do not have enough personnel in order to effectively support young unemployed.

Similarly, the trade union federation CCOO commented that the EU financial resources available under the Youth Employment Initiatives and the Youth Guarantee are compensating the decrease in public investment in education and training in Spain. The Spanish government has used funds from the Youth Guarantee, addressed to NEETs, to finance the so-called Basic Vocational Education and Training courses. This is a newly programme that started in the 2015-2016 course aiming to prevent school failure and early dropout, i.e. it is not targeted at NEETs but at young people integrated in the educative system. It is understood as a transitional course addressed to young people aged 15-17 years that have completed the third course and as an exception the second course of the secondary mandatory education (ESO). The courses combine teaching in maths, literacy and other academic subjects with teaching in a vocational field. Pupils that pass the course gain a Basic Technical Professional diploma and a level one qualification according to the National Catalogue of Professional Qualifications (ISCED 1). In addition, CCOO representatives reported that Youth Guarantee funds have been also used to finance mathematics subjects taught in the third course and fourth course of the secondary mandatory education (ESO).

# 4. GOVERNANCE, COORDINATION, TRANSPARENCY AND SOCIAL PARTNER INVOLVEMENT IN THE FIELD OF EDUCATION AND TRAINING POLICY

## EU LEVEL EDUCATION AND TRAINING POLICY – A BRIEF OVERVIEW

Education and training in many respects (mobility, culture, and joint educational orientations) is one of the pillars of European integration.<sup>149</sup> Though the role of the EU in the field of education is limited, EU competencies in regard to vocational training are stronger. In general, the EU can only intervene to support, coordinate or complement the action of EU countries.<sup>150</sup>

An important impetus for a more active role of EU level policies and a more intense cooperation between European governments was the Bologna process on higher education at the end of the 1990s, as well as the Copenhagen process<sup>151</sup> on vocational education and training (VET). Under the umbrella of the Lisbon Strategy, the “Education & Training 2010 Work Programme” (ET 2010) established the first framework for European cooperation and introduced the Open Method of Coordination (OMC) into this field.<sup>152</sup> This method aimed at supporting cooperation, promoting best practices and modernising education and training systems across Europe, as highlighted by the Bruges Communiqué in 2010 and the 2015 Riga Conclusions.<sup>153</sup>

In June 2016, the European Commission launched a comprehensive package of measures under the umbrella of the “*New Skills Agenda*”:<sup>154</sup> Rather than launching new measures the New Skills Agenda is a “re-engineering” and review process of already existing measures and initiatives in the field (European Qualification Framework, Digital Skills, Sector Skills initiatives, Europass, etc.) with the aim of promoting better visibility and better use of available skills as well as reaching a better understanding of skills needs and trends in the labour market.

However, European Social Partners are critical about the lack of dedicated and additional financial resources for the implementation of the Agenda, namely for the implementation of the Skills Guarantee.

149 Agostini C. and Capano G. 2013: Education policy: comparing EU developments and national policies, in Natali D. and Vanhercke B. (eds.) Social developments in the European Union, Brussels, ETUI and European Social Observatory, 147-180.

150 For further information see the Factsheet of the European Parliament on this issue: [http://www.europarl.europa.eu/atyour-service/en/displayFtu.html?ftuld=FTU\\_5.13.3.html](http://www.europarl.europa.eu/atyour-service/en/displayFtu.html?ftuld=FTU_5.13.3.html).

151 European Commission 2002: Declaration of the European ministers for vocational education and training, and the European Commission convened in Copenhagen on 29 and 30 November 2002, on enhanced European cooperation in vocational education and training.

152 Capano G. and Piattoni, S. 2011: From Bologna to Lisbon: the political uses of the Lisbon ‘script’ in European higher education policy, *Journal of European Public Policy*, 18, 584-606.

153 European Commission 2010: The Bruges communiqué on enhanced European cooperation in vocational education and training for the period 2011-2020.; European Commission (2015): Riga conclusions 2015 on a new set of medium-term deliverables in the field of VET for the period 2015-20.

154 See: <http://ec.europa.eu/social/main.jsp?catId=1223&langId=en>.

## INVOLVEMENT AND INFLUENCE OF THE SOCIAL PARTNERS IN THE GOVERNANCE AND IMPLEMENTATION OF EU EDUCATION AND TRAINING POLICY

### European education and training policy

As stressed elsewhere<sup>155</sup>, the ET2020 key priorities, the coordination process<sup>156</sup> as well as the six sets of benchmarks<sup>157</sup> have proved remarkably stable. One reason for this may be because they are largely accepted by all stakeholders involved and there is a system of governance that allowed for various input of social partners, e.g. in the midterm evaluation of ET 2020 that took place in 2014. Social partners and other stakeholders were involved at different levels, online surveys, larger stakeholder fora (e.g. the third ‘European Education, Training and Youth Forum’ in October 2014).

At an informal High Level meeting in October 2013<sup>158</sup>, the then European Commissioner, representatives of the European cross-industry and education related sectoral social partners agreed to cooperate more closely on EU education and training policies. Acknowledging the key role of strong social partner involvement for progress in implementing new policies in the areas of education and training, a strengthened cooperation was agreed that should concentrate on four priority areas, including in the area of investment and funding:

- Quality of education: Improving basic skills in primary and secondary education, and achieving excellence in higher education, including STEM skills;
- Curricula development, e-skills, work-based learning, school-work transitions;
- Lifelong learning, adult learning and workplace learning, including cost sharing;
- Investment and funding of education and training, in the framework of national reforms.

In relation to the implementation and monitoring of the ET2020, the social partners are involved in the ET2020 working groups that have been established as expert bodies under the Open Method of Coordination.<sup>159</sup>

155 Agostini, Chiara/Natali, David 2015: The EU’s ambivalent involvement in education and training policies, p. 161.

156 The ET 2020 is based on two main documents. Each year, the Commission publishes the Education and Training Monitor, which provides information on developments in Member States and performance compared to the ET 2020 benchmarks. Every three years, the Commission and the Council publish the Joint Report on Education and Training, to assess the previous 3-year cycle of activity and prepare the next one. See: [http://ec.europa.eu/education/tools/et-monitor\\_en.htm](http://ec.europa.eu/education/tools/et-monitor_en.htm)

157 These are: (1) At least 95% of children (aged 4 to compulsory school age) should join in early childhood education. (2) Fewer than 15% of 15-year-olds should be under-skilled in reading, science and mathematics. (3) The proportion of early leavers from education and training 18 to 24 years of age should be below 10%. (4) At least 40% of people aged 30 to 34 should have finished some form of higher education; at least 15% of adults should participate in lifelong learning. (5) No less than 20% of higher education graduates and 6% of 18 to 34 year old people with an initial vocational qualification should have spent some time studying or training abroad. (6) The share of employed graduates (aged 20 to 34 with at least upper secondary education attainment and having left education 1 to 3 years ago) should be 82% as a minimum. See: European Commission 2016: Strategic framework – Education & Training 2020. [http://ec.europa.eu/education/policy/strategic-framework/index\\_de.htm](http://ec.europa.eu/education/policy/strategic-framework/index_de.htm)

158 European Commission 2013: High-level meeting on education and training between European Commissioner Androulla Vassiliou and the leaders of the European Social Partners. Brussels, 16 October 2013

159 [http://ec.europa.eu/education/policy/strategic-framework/expert-groups-2014-2015\\_en](http://ec.europa.eu/education/policy/strategic-framework/expert-groups-2014-2015_en)

## European Structural and Investment Funds / European Social Fund

As highlighted already in chapter 3 the European Social Partners have been satisfied that the Partnership Principle has been clearly enshrined in the management of the Structural funds and has been strengthened by the adoption of the European Code of Conduct on Partnership<sup>160</sup>, which governs the involvement of local authorities, social partners and other stakeholders in all stages of programming, implementation and monitoring of Structural Funds. However, the Partnership Principle does not cover all funds outside the Regulation for European Structural and Investment Funds. In addition to that, the Code of Conduct on Partnership is not implemented and respected equally in all Member States, as highlighted by the ETUC.

Concerning governance at EU level, only cross-sectoral social partners, and only in relation to the ESF, are involved on the basis of an observer status. The ESF Committee is a tri-partite committee established by the European Treaty, and it facilitates the administration of the ESF by Member States. The committee is composed of 3 representatives from each Member State representing the government, trade unions and employers. The European cross-sectoral social partners (ETUC, BUSINESSEUROPE, UEAPME and CEEP) are also present in the committee. Each committee meeting is chaired by the Commission, and this forum offers an opportunity for social partners to address issues relating to the programming, implementation, and monitoring of the ESF in the Member States.

According to Article 24 of the ESF Regulation<sup>161</sup>, the ESF Committee shall

- (a) be consulted on draft Commission decisions relating to operational programmes and programming in the case of support from the ESF;
- (b) be consulted on the planned use of technical assistance in the case of support from the ESF, as well as on other issues having an impact on the implementation of strategies at Union level relevant to the ESF;
- (c) endorse the list of common themes for transnational cooperation provided for in Article 10(3)<sup>162</sup>.

Furthermore, the Committee may deliver opinions on questions related to the ESF contribution to the implementation of the Europe 2020 strategy. The opinions of the ESF Committee shall be adopted by an absolute majority of the votes validly cast, and shall be communicated to the European Parliament for information. The Commission shall inform the ESF Committee of the manner in which it has taken account of its opinions.

Governance and decision making in the context of the Investment Plan for Europe

According to the Regulation<sup>163</sup> the European Fund for Strategic Investments (EFSI) should be provided with an “appropriate governance structure” that comprises a steering board, a managing director and an “investment committee”.

<sup>160</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0240&from=EN>.

<sup>161</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1304&from=EN>

<sup>162</sup> “Member States, in partnership with the relevant partners, may select themes for transnational cooperation from a list of common themes proposed by the Commission and endorsed by the Committee referred to in Article 25 or select any other themes corresponding to their specific needs.”

<sup>163</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AAQJL.2015.169.01.0001.01.ENG>.

## Governance of the European Fund for Strategic Investments (EFSI)

According to the EFSI-Regulation, the governance of the EFSI rests on the following key bodies:

**EFSI Steering Board:** Main task it to set the strategic orientations of the EFSI and the rules necessary for its functioning. The Steering Board also supervises the fulfilment of the EFSI objectives and monitor the respect of the members of the Investment Committee of their obligations under the regulation. According to the EFSI Regulation (Art. 7.3) the Steering Board shall regularly organise a consultation of relevant stakeholders - in particular co-investors, public authorities, experts, education, training and research institutions, the relevant social partners and representatives of civil society - on the orientation and implementation of the investment policy carried out by the EIB under this Regulation. The EFSI Steering Board consists of three representatives of the European Commission and one from the EIB, as stipulated in the Regulation. Currently, the Steering Board is chaired by DG Energy with further representatives coming from DG Competition and DG Economic and Financial Affairs as well as the EIB.

**EFSI Managing Director:** Responsible for the daily management of the EFSI. He is also a member of the Investment Committee.

**EFSI Investment Committee:** Consists of experts and “takes decisions on the use of the EU guarantee for potential projects and for the operations with national promotional banks or institutions or investment platforms in a transparent and independent manner”. The Investment Committee should be composed of eight independent experts, representing “a broad range of expertise as outlined in this Regulation”, and the Managing Director. The Investment Committee should be accountable to the Steering Board, which should supervise the fulfilment of the EFSI’s objectives and monitor on a continuous basis the respect by the members of the Investment Committee of their obligations under this Regulation.

Apart from being involved in the “dialogue with stakeholders” as required by the EFSI regulation social partners are not involved in the governance of the EFSI. This non-involvement could be critical in regard to the possibility defined in the Regulation that EU Member States are able to use European Structural and Investment Funds to contribute to the financing of eligible projects that are supported by the EFSI. The Commission should be able to provide guidance so as to ensure that the combined use of Union instruments with EIB financing under the EU guarantee allows an appropriate level of complementarity and synergy.

## INVOLVEMENT AND INFLUENCE OF THE SOCIAL PARTNERS AT NATIONAL LEVEL IN NATIONAL EDUCATION AND TRAINING POLICY, GOVERNANCE, DECISION-MAKING AND FUNDING DECISIONS

### Online survey results

When asked if social partners are involved in the governance and decision making of the different EU funds or programmes, a remarkable large part of the respondents indicated that they don’t know or simply gave no answer. This relates to all funds/programmes but in particular to the ESIF funds apart from the ESF where the overwhelming majority of respondents either was not able to indicate social partner involvement.

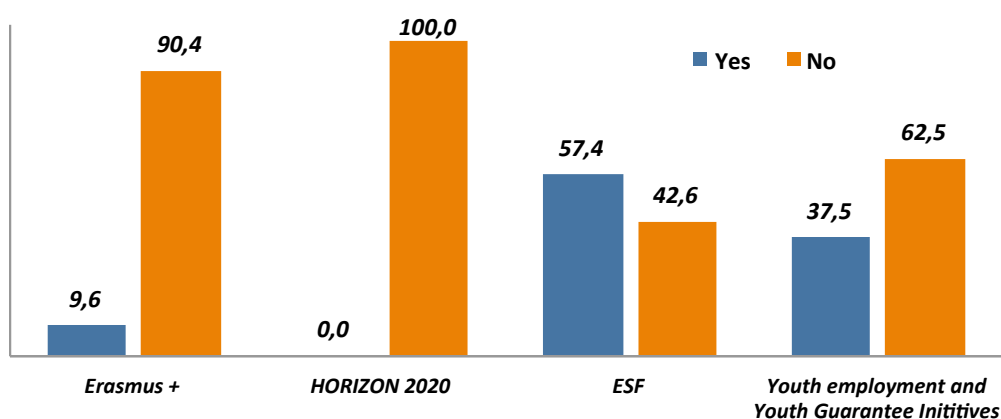
The following figure 10 summarizes the results of social partner involvement in those funds and programmes that are directly relevant for education and training policies presenting the shares of responses



on the basis of those who indicated either 'yes' or 'no'. It shows that the highest involvement was stated for the ESF followed by the Youth employment and the Youth Guarantee Initiatives. However, only for the ESF the majority of national social partners indicated that they are involved in the governance and decision making, whereas only slightly more than one third did so with view on the Youth Employment and Guarantee Initiatives.

It should be noted that the absence of social partners in the governance and decision-making of Erasmus+ and HORIZON 2020 is remarkable - only one out of ten respondents indicated that social partners are involved in the Erasmus+ governance and decision making and no respondent at all mentioned an involvement in HORIZON 2020.

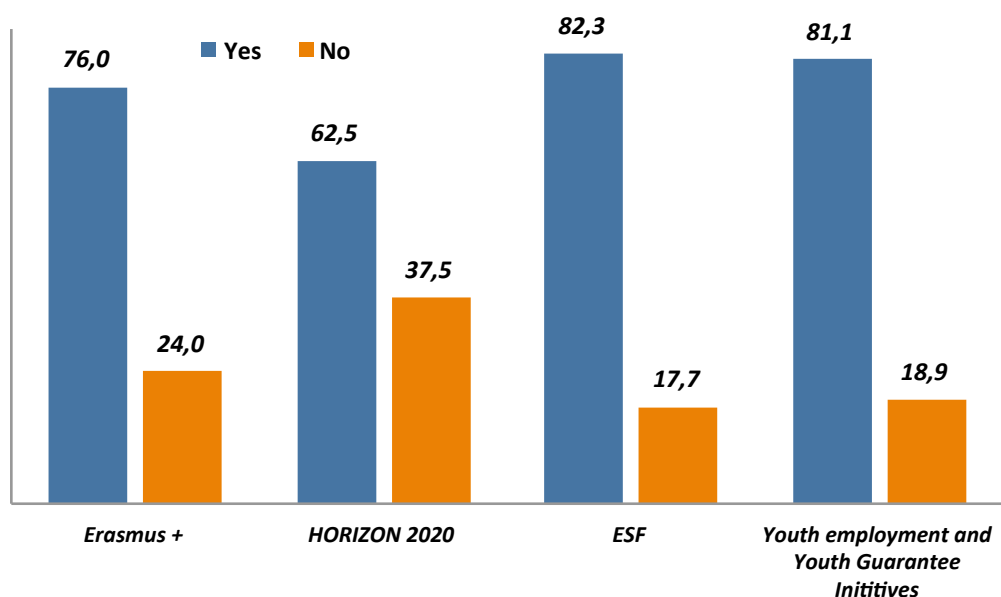
**Figure 10: Involvement of social partners in governance and decision-making**



Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

Against this, it is not surprising that social partners are requesting that social partners should have a stronger role in the governance and decision making of these funds and programmes. As figure 11 below shows this demand is not only made strongly as to the Erasmus+ and HORIZON 2020 programmes but also in regard to the ESF and the Youth Initiatives implementation at national level.

**Figure 11: "Social partners should have a stronger role in the governance and decision making" (% of valid responses)**



Source: ETUC/CEEP/ETUCE/EFEE Online survey 2017.

## Evidence from the country visits

Social partners interviewed in Austria, Bulgaria, Denmark, Finland, Germany and the Netherlands recognise that they already have quite an important role in the governance of policies in their respective countries.

In **Austria**, social partners are involved as experts at national level in national education and training policy, but not in decision-making. In **Bulgaria**, social partners are relatively well represented in the field of education, having full participation with an active voice in all boards, committees and expert committees on policy formation, preparation of laws and other regulations, approval of state educational standards, participation in exams committees and approval of framework programs. Yet, there is room for improvement concerning the real impact that social partners can have, beyond their consultative role.

The Social Partners in **Finland** are involved in national education and training policy, governance, decision-making as well as funding decisions. According to the social partners interviewed in the context of this study, there always is an open discussion and the co-operative spirit of actors in the field of education has been highlighted, even in situations of economic problems and spending cuts. In addition, they are also forming the Finnish EU opinion as they are involved with the section of the Ministry of Education dealing with EU education policy. Social partners are also members of working groups and always consulted by parliamentary education committees.

In the **Netherlands**, employer organisations (VNO/NCW, MKB, LTO) and trade union confederations (FNV, CNV, VCP) are among the main players of Dutch tripartite and bipartite (Social and Economic Council and Labour Market Foundation) consultation at national level, including on education and training policies. In addition, social partners are involved in the national education and training policies through collective bargaining leading for example to agreements on sectoral training funds, career guidance or further training for teachers and head of schools or schools' HR development. Social partners also have the right to propose new measures, both to the Parliament and the government and are consulted on specific policies, such as the sustainable employability.

In contrast, in **Spain**, the influence of trade unions in the definition of policies, strategies and objectives is reported to be much weaker. Trade union representatives interviewed in the context of this study noted that relevant reforms on the educative system were approved without trade unions' consensus. Their influence on funding decisions and budget allocations also is reported as weak.

In the Vocational Training Education-VET system, social partners are represented in the General Council on Vocational Education and Training (CGFP), which is the consultative coordination body that involves public Administrations at national and regional level and the social partners. According to trade union representatives, in recent years this body has played a minor role in both the definition of policies, strategies and objectives.

Relevant changes to the Spanish 'training for employment system' have been introduced through law 30/2015.<sup>164</sup> Previous to this reform, social partners were involved in the management of life-long learning, mainly by identifying training needs and by designing of training courses through the Tripartite Foundation for Training and Employment. Every year, tenders were launched for subsidised supply-side training courses, for which only social partners could bid. The social partners would then subcontract private training centres and consultancies, sometimes linked to the same social partners, for the delivery of those courses. This meant they were, to some extent, involved in both managing the funds and supplying the training courses. After the legal change, their role is now officially limited to identifying training needs and to consult relevant bodies, such as regional governments. They are also involved in design of multiannual strategic plans.

164 On 5 July 2017, the Spanish government has published a new rule that develops law 30/2015. See: *Real Decreto 694/2017, de 3 de julio, por el que se desarrolla la Ley 30/2015, de 9 de septiembre, por la que se regula el Sistema de Formación Profesional para el Empleo en el ámbito laboral.*

In **Italy**, social partners are consulted and participate in several committees and councils on national education and training policy. Cross-sectoral trade unions are participating in the steering committee of the national dialogue. UIL Scuola is not directly involved but represented by the UIL confederation. While the formal participation of trade unions in education and training policies is regarded as sufficient, interviewed trade union representatives noted that a continuous and day-to-day exchange and dialogue on education and training is missing.

In **Poland**, according to FZZ, the trade unions' influence on funding decisions and budget allocations is negligible. On the central level, there is an opportunity to express the trade unions' views in the Council for Social Dialogue, but the Council's opinion is not legally binding with regard to the decision-making process – so, even the Council's negative opinion is not an obstacle to implement the government's projects. Also, Employers of Poland judged that while there is the possibility to take part in several committees and tables at ministerial level, the effects and the possibilities to really influence seem low.

Regarding the governance and decision making on EU funds, social partners in **Finland** have good options to affect decisions but do not govern the allocation of EU funds that is decided by the government and its agencies. Social partners interviewed (AFIEE, KT, AKAVA and OAJ) indicated that they are not involved in committees (e.g. for the ESF) having a more consultative role for particular projects through their involvement in the advisory group or advisory board for specific projects. While Finnish employer organisations stated that social partners should not have a more important role as this will be more complicated and would hinder processes even more, trade unions claimed that the involvement and especially information of social partners should be improved in order to better use the funds. They should also be able to advise their members on how to make use of these funds.

In the **Netherlands** as well as in **Germany**, social partners as well as civil society stakeholders (such as environmental organisations) are involved in the selection of priorities and related thematic objectives for EU funded programmes. Dutch social partners are involved in the ESF through the national monitoring committee. They give advice on ESF but they do not have the final say. The tasks of the committee include the preparation of the ESF operational programme, monitoring the activities supported by ESF and making proposals for new activities supported by ESF.

The Dutch social partners are also involved in the selection of priorities and related thematic objectives. Furthermore, social partners can apply for ESF budget (20% of the national ESF budget). Small enterprises can apply for ESF-budget for stimulating continuous learning and sustainable participation in the workplace. Involvement of employees is obligatory in the event of the grand application. Sectoral training funds can apply for ESF budget to develop policy instruments to stimulate continuous learning, sustainable participation and healthy ageing on the workforce.

In **Spain**, national and regional governments, social partners, social economy organisations, and NGOs are involved in the implementation of EU fund and programs. Trade unions UGT and CCOO are involved in the design, monitoring and evaluation of the ESF and in the implementation of some programmes. The ONCE Foundation as an intermediate body implements some ESF programmes<sup>165</sup> as well as participates in the monitoring committees.

Concerning the ERDF and EAFRD funds, UGT and CCOO have a consultative role in the design, monitoring and evaluation. In the Youth Employment and Youth Guarantee initiatives, ONCE Foundation plays a role in the implementation of actions financed by these funds while CCOO criticises its lack of involvement in the design and monitoring.

<sup>165</sup> As highlighted in the interview with a representative of the ONCE Foundation in the context of this study, besides being an intermediate body and beneficiary of ESF Operational Programmes on Social Inclusion and Social Economy, as well as on Youth Employment (POEJ), it is interesting to note that the Spanish Committee of Representatives of People with Disabilities (CERMI) is part of the monitoring committees of the Spanish national and regional OPs, a big step forward to guarantee the disability and accessibility perspective in the use of funds.

### The role of Spanish social partners in the governance of the ESF

UGT and CCOO play a relevant role in the governance of the ESF. In the period 2014-2020 they are involved in the design, monitoring and evaluation. They are members of the 'monitoring committee' of four operational programmes (OP): Employment, training and education; Social inclusion and social economy; Youth employment, Technical assistance.

The monitoring committees aim to check that operational programmes are correctly implemented and are chaired by the Spanish managing authority of the ESF (*Unidad Administrativa del Fondo Social Europeo, UAFSE*).

Both trade unions (UGT and CCOO) assessed that their involvement in the 'monitoring committees' could be improved. In this sense, they noted that it is difficult to properly check the programmes with only one annual meeting. Moreover, they informed that they usually receive very long reports (around 400 pages) 10 days before the meeting and the meetings tend to be held in the same day. Attention should also be drawn to the fact that in UGT as well as in CCOO, only one person is responsible for 4 monitoring committees. Accordingly, the lack of resources hinders the trade unions' tasks writhing the committees. Bearing this in mind, they assess that the number of meetings should be enhanced. They have demanded to have, at least, one intermediate meeting.

As far as the implementation is concerned, they are involved in the implementation of some programs. However, they are not constituted as an intermediate body (i.e. they cannot receive direct funding). They are beneficiaries of some programmes of the social inclusion and social economy OP through the intermediate body 'General Direction of Migrations' (*Dirección General de Inmigraciones*). The ONCE Foundation participates in the ESF through the Operational Programme for Social Inclusion and Social Economy that has been co-funded by the European Social Fund (POISES). As opposed to UGT and CCOO, the ONCE Foundation is constituted as an intermediate body.

Although both UGT and CCOO recognise that they play a relevant role in the governance and decision making of some funds (ESF) they note that its functioning make them difficult to play a substantive role in the decision-making process. Accordingly, they consider that functioning should be improved to let them have a stronger role in the governance and decision-making process. ONCE claimed that the role played by third Sector and Social Economy organisations should also be improved, in particular in case of programmes that affect them and where they play a role.

For the future financial period post 2020, the ONCE Foundation shares the concern of making the funds, for example the ESF, more efficient. For example, the need to apply criteria, at European level, not only based on the regional GDP but also on other statistical data such as inhabitants or poverty figures. The ONCE Foundation also stresses that the Cohesion Policy should remain one of the fundamental pillars of building Europe and reducing inequalities.

In **Italy**, social partners are involved in the monitoring committee and consulted by the ministry of Education as an advisor. Nevertheless, they do not participate in the project design but rather in the feedback. According to the trade unions interviewed, monitoring is often not more than a formal task and involvement of the social partners at all levels should be improved to ensure effective implementation in practice. The awarding process of the calls for proposals should be at regional level. More recently, there have also been signals that the involvement of trade unions in education and training policies has been further weakened. This is illustrated by the example of the 2015 school reform. Whereas the reform was intended to be based on a widespread public consultation, the social partners were deliberately denied

any special status. Furthermore, though civil society groups showed a huge involvement in debating the reform measures (online survey, public meetings, etc.) the debate in the end was stopped by the government and the law was passed using a confidence vote in the Parliament.

**Bulgarian** social partners are consulted and are always involved in the set-up, monitoring, and consulting of EU funds and programs. For example, BICA was involved in the national evaluation of the Erasmus+ program. While trade unions were also involved in the Erasmus+ implementation discussion, the responsibility for Erasmus+ was moved from the Ministry of education to the labour Ministry where social partners involvement according to the CITUB trade union confederation is less well developed.

**Polish** social partners are involved in the governance of funds for education, training and development by taking part in the monitoring system of different operational programmes, which arise from the Partnership Agreement prepared in the dialogue with the European Commission (signed by the Polish government and the EU Commission). Still, there is room for improvement.

## KEY CHALLENGES AND DEMANDS FROM THE NATIONAL SOCIAL PARTNERS' PERSPECTIVE

### Country specific challenges and needs

For the national level social partners participating in the online survey as well as for national stakeholder interviews the following key challenges arising from their national context were highlighted:

- A general decline in investment in education and training and related decrease in quality
- Mobility of workers and students going abroad either driven by higher incomes, better living standard or to obtain further skills, competences and qualifications
- Poor cooperation between the education system and the business sector and outdated practical training facilities or teachers' skills that do not respond to new occupations
- Differences among regions in education provision
- Missing long-term foresight and consistency in decisions concerning investment in education as well as lack of investment in recent trends such as robotisation, digitalisation, financial engineering and bio-engineering
- Lack of involvement of social partners in education and training programs and policies and of training for social partners
- Absence of control and evaluation of policies and programs and their efficacy
- Lack of political consensus and over bureaucratic education systems hampering quality insurance and social partner involvement
- Shortcomings concerning access of adults to learning opportunities and continuous learning and engagement of adults into literacy and numeracy learning which would help them progress to other learning opportunities and improve job options
- Insufficient focus on vocational training and skills mismatch or skills analysis
- Scarcity of efforts to adapt the system to the needs of people with disabilities and special needs as well as people at risk like unskilled adults
- Deficit in continuous and diverse training in order to achieve better labour market outcomes
- As to the increased use of ICT and digital technologies in education and training, funding does not reflect increasing costs due to software licences or hardware investment/updating
- Improvement of access of new Member States to funding from Horizon 2020 and large-scale project in general

## Problems and demands in relation to the governance and implementation of EU funds and programmes

Regarding the **governance, design and implementation of EU funds**, national social partners mentioned major challenges concerning information and communication, accessibility and administration of funds combined with a lack of resources and capacities, topics and target groups, the role of social partners, sustainability of projects and their results and the extension of funding possibilities for the education and public sector in general:

**Information and communication:** A lack of publicity and information given by national program coordinators on funding possibilities was stated. Better information as well as a more simple and transparent organisation of international education programmes and funding are needed.

**Accessibility of funds and administration:** First, national social partners consider EU funding programmes difficult to access due to the high extent of bureaucracy, complicated application procedures and the large amount of information required. Second, social partners highlighted that it is not easy to develop suitable projects and a pool of project ideas and possible designs would be very helpful. In particular, smaller social partner organisations lack the necessary expertise and resources to be actively involved in EU programs. Furthermore, some interviewees report that opportunities to win projects seem to be very different depending on the country applying. While in the 'old' EU member states social partners witnessed a decrease in ESF funds provided with the eastward enlargement, some social partners in new EU member countries feel disadvantaged by funding in other programmes. For example, some Central and Eastern European countries feel that as regards their share of projects as well as allocated projects funds under the HORIZON 2020 programme they are in a disadvantaged position compared to countries in Western Europe.

**Topics and target groups:** As education policies play an important role for innovation and the future of Europe, it is absolutely necessary to invest in quality. Financial cuts are often made in order to achieve short-term objectives, and often at the expense of long-term goals and quality. New ways should be found to ensure quality. Funding should create equal opportunities and support continuous learning in order to create better ways for adults to update their skills also through times of unemployment. Also, new budget lines should especially target those most in need of support and upskilling, such as adults, unskilled adults, long term unemployed and young people without professional education. Social integration activities should be intensified in order to enable unemployed youth and refugees to enter the labour market. The education system as a whole should be taken into consideration as well as the working life. EU funds should also aim to contribute to retaining human and technological capital in the National Member States.

**Strengthening the role of social partners:** Our study has shown that in a number of countries there is a need to strengthen the role of social partners in relation to the governance, implementation and monitoring of EU funds and programmes. Even in countries where the partnership principle is reported to work well and social partners are involved in the governance and decision making of the fund or programme, processes and procedures need to be improved. As reported by social partners in countries such as Spain or Italy, participation often is formal and lacks substance, time as well as the required competences (for example concerning monitoring and evaluation). Training addressed to social partners on different elements related to the management of ESF should be increased.

**Guaranteeing the additionality principle of EU funds and programmes:** The survey of national level social partners has shown that according to the experience of one out of two respondents, EU funds and programmes have been used to compensate a decrease in national investment on education and training policy. This not only is a breach of the principle of additionality of EU funding but also limits the purpose of providing financial support for exploring new, innovative or experimental practices and solutions. Therefore, there seems to be a need to improve the monitoring of programmes and the supplementary use of EU funding and investment.

***Extension of funding possibilities for the education and public sector in general:*** In general, more money should be provided for the education sector as the focus is too much on infrastructure. Support measures as those provided by the Globalisation Adjustment Fund in the case of restructuring of large companies should also be made available for the public sector. Current resources dedicated to education, training and skills are insufficient given the deep technological changes and the strong effects of the economic crisis. According to a recent Report by the World Economic Forum, 65% of children who now attend elementary schools will have a job that does not exist today. For this reason it is of utmost importance that the European Social Fund, after 2020, retains its basic characteristics, promoting both the creation of new high-quality employment and the social inclusion, with particular attention to disadvantaged groups in the labour market. A broader approach allowing for more programmes in eco systems and not just in singular businesses should be chosen in order to strengthen sustainable growth, economically speaking and the governance structures of the regions of Europe.

According to the overwhelming majority of respondents to the national survey as well as interview partners, current resources dedicated to education, training and skills are insufficient given the deep technological changes and the strong effects of the economic crisis. There has also been the request that support measures such as those provided by the Globalisation Adjustment Fund in the case of restructuring of large companies should be made available also for the public sector. According to a recent Report by the World Economic Forum, 65% of children who now attend elementary schools will have a job that does not exist today. For this reason, it is of utmost importance that the European Social Fund, after 2020, retains its basic characteristics, promoting both the creation of new high-quality employment and the social inclusion, with particular attention to disadvantaged groups in the labour market.

# CONCLUSIONS

The study tackled two important topics: the issue of investment in education and training in general, and the use and governance of EU funds.

The topic of investment in education and training has gained an increased attention at EU level during the last years. This is indicated by the fact that the call for reforms seeking to increase its efficiency and quality has become more prominent as seen in the context of the European Semester and country-specific recommendations. They illustrate that education and in particular vocational training is regarded increasingly as a recipe against current labour market challenges such as the integration of disadvantaged groups into the labour market, better matching of skills with business needs or coping with skills needs of older workers. This is also illustrated by recent EU policy initiatives such as the New Skills Agenda, the Skills Guarantee or the more recent initiative for a Council Recommendation on a European Framework for Quality and Effective Apprenticeships.

It has to be noted that no additional EU financial resources have so far been explored in order to finance these initiatives. In search for additional financial sources, the EU Commission has promoted the EFSI as a new and innovative initiative to boost investment by new financial instruments that should trigger also private sources for financing education and training projects. However, concrete achievements are modest at best and stakeholders interviewed in the context of this study at EU as well as national level have been very sceptical about possibilities to utilise the Juncker-Plan for addressing investment gaps and bottlenecks in the field of education and training, in particular the school-based parts of the system.

In order to respond to the aftermath of the economic crisis and the effects of fiscal consolidation at national level, it is critical to reinforce the role of EU education and training policies, in particular to related investment.

New challenges have appeared, and with them, new investment needs, in fields such as youth unemployment, digitalisation, globalisation, cross-border migration and immigration of refugees. This study shows that it is increasingly required from the EU funds in the field of education and training to provide sustainable support and be more accessible for the use of the social partners. EU funds are essential contributions to education and training systems and could be more available for wider societal and geographical needs.

At the same time, this study – as many previous studies, including several analyses in the context of the European Commission's own monitoring of education policy and investment at national level – confirms the decreasing investment into national public education and training systems since around 2010. By 2015, the share of education and training expenditure in total government spending in 20 out of 28 Member States was still lower than in 2008. Education and training is facing an investment backlog and gap as a direct result of fiscal consolidation processes, but also due to geographic differences and differences between education/training types as well as the emergence of new needs and future challenges (shifts of demands within countries, effects of demographic change and migration, digitalisation, etc.). Our in-depth analysis into ten EU Member States has shown that the investment and financing conditions to address such challenges vary significantly between countries.

Only 10% of expenditure/investment goes into educational infrastructure while elements such as excellent teachers and school leaders, inclusive learning conditions and safe and healthy school environments are important contributors to quality education too. Our study shows that so far lending of the EIB, public-private



partnerships and new financial instruments such as social impact funds/bonds seem not to be effective instruments to address the underinvestment in the education and training sector. Within the European social model education and training is a universal right that according to the Charter of Fundamental Rights of the European Union should include to receive free compulsory education. Thus, investment in the education and training system is a public responsibility, heavily relying on public investment as its main funding source.

This means that private funds are not enough to close investment gaps in the field of general education and training and the mobilisation of private funds always has to be considered carefully. Against this, it is not surprising that so far the record of EFSI spending on education projects is so reduced. Our analysis confirms that the logic of the EFSI instrument - namely the orientation towards investment that have a higher risk profile than normal projects supported by the EIB and the principle of additionality (i.e. the project would not receive funding by other sources) – does not match the nature of investment in national public education and training (extremely long-term, less risky, often smaller scale projects, etc.). Thus, those EFSI projects that have been signed so far are mainly infrastructure investment projects.

Against declining national and regional investment, European Structural and Investment Funds have become more important for co-financing public investment. And here, in the context of the European Fund for Strategic Investments and the Stability and Growth pact, the European Commission has called upon Member States to explore new forms of funding and “maximise” the contribution of European Structural and Investment Funds.

There is an increasing interest of European, national and local governments in public-private partnerships, in particular in the field of modernisation of existing infrastructure or new infrastructure developments (in particular in tertiary education and research). The analysis of EIB lending in the education and training sector shows that new financial instruments and project funding that brings in private investment in the education and training field is extremely complex and requires a thorough analysis of framework conditions at national, local and sectoral level. So far, the knowledge as regards cost-efficiency and fiscal relief is very limited, restricted mainly to investment in infrastructure and heavily concentrated in the UK. Against this, any debate on the exploration of new financial instruments should be based on broad stakeholder involvement at various level, bringing in also experiences of past results (e.g. with PPP).

Concerning the governance of education and training policies at EU level, the work of social partners has always been strong and social partners have an important role to play. In a few decision-making bodies on EU funds - for example in the governance of the ESI Funds and in particular the ESF - the social partners also play a strong role and they are directly involved on the basis of the partnership principle, which recently has been strengthened and attributes to them also tasks in the monitoring and financing of programmes and funds.

However, this study also shows that the role of social partners in the governance of several EU funds is not strong enough or has been weakened in the context of changes in the governance system (e.g. Erasmus+) or new initiatives (e.g. Sector Skills Alliances). Also at national level our interviews with national level social partners have shown quite large differences in the participation and everyday involvement of social partners in education and training policies and the implementation of EU funds and programmes. Our analysis has also shown that social partners are not always consulted and involved in debates about national reform debates and reform policies in the field of education and training.

At the same time, interviewees from the European Commission and representatives of financial institutions working on investment in education and training stated that the expertise and knowledge of social partners is well valued. In the light of the key role of education and training to manage social, employment and economic current and future challenges it would be important that this valuation should be translated into practice at EU and national level in all Member States.

# ANNEX

## Statistical data

### A.1a: Government expenditure on education as a percentage of GDP 2008 - 2015

Country	2008	2009	2010	2011	2012	2013	2014	2015
Austria	4.9	5.1	5.1	5.0	5.0	5.0	5.0	5.0
Belgium	5.7	6.0	6.0	6.2	6.2	6.4	6.3	6.4
Bulgaria	4.0	4.1	3.6	3.4	3.3	3.7	4.1	4.0
Cyprus	6.1	6.5	6.7	6.5	6.1	6.5	5.7	5.7
Czech Republic	4.7	5.0	5.1	5.1	5.0	5.1	5.1	4.9
Germany	3.9	4.3	4.4	4.3	4.2	4.3	4.2	4.2
Denmark	6.1	6.9	7.1	6.8	7.0	6.9	7.1	7.0
Estonia	6.7	7.2	6.6	6.2	6.3	6.0	5.7	6.1
Greece	3.8	4.1	4.1	4.4	4.5	4.6	4.4	4.3
Spain	4.2	4.6	4.5	4.4	4.2	4.1	4.1	4.1
<b>EU 28</b>	<b>5.0</b>	<b>5.3</b>	<b>5.3</b>	<b>5.1</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>
Finland	5.8	6.5	6.6	6.5	6.4	6.4	6.4	6.2
France	5.4	5.7	5.6	5.5	5.5	5.5	5.5	5.5
Croatia	4.7	4.9	5.1	4.9	4.9	5.1	4.7	4.7
Hungary	5.3	5.4	5.5	5.1	4.7	4.6	5.1	5.2
Ireland	5.0	4.9	5.0	5.6	5.3	5.0	4.8	3.7
Italy	4.4	4.6	4.4	4.1	4.1	4.1	4.0	4.0
Lithuania	6.1	7.2	6.4	6.1	5.8	5.6	5.4	5.4
Luxembourg	4.9	5.6	5.8	5.6	5.8	5.4	5.3	5.2
Latvia	6.3	6.7	6.2	5.9	5.7	5.7	5.9	6.0
Malta	5.2	5.4	5.6	5.7	5.8	5.8	5.6	5.5
Netherlands	5.3	5.7	5.6	5.5	5.5	5.4	5.4	5.4
Poland	5.6	5.4	5.5	5.4	5.4	5.3	5.3	5.2
Portugal	6.7	7.3	7.6	7.3	6.2	6.2	6.1	6.0
Romania	4.4	4.0	3.3	4.1	3.0	2.8	3.0	3.1
Sweden	6.4	6.8	6.5	6.4	6.5	6.6	6.6	6.5
Slovenia	6.1	6.6	6.5	6.4	6.5	6.5	6.0	5.6
Slovakia	3.5	4.2	4.2	4.1	4.1	4.0	4.1	4.2
UK	6.0	6.5	6.5	6.0	5.7	5.4	5.4	5.1

Source: Eurostat, General government expenditure by function (COFOG) [gov\_10a\_exp], extracted on 12.9.2017

**A.1b: Education expenditure as percentage of total government expenditure 2008 - 2015**

Country	2008	2009	2010	2011	2012	2013	2014	2015	2008-2005
Austria	9.7	9.4	9.7	9.8	9.8	9.8	9.4	9.6	<b>-0.1</b>
Belgium	11.3	11.1	11.3	11.3	11.2	11.5	11.5	11.9	<b>0.6</b>
Bulgaria	10.6	10.4	9.9	10.0	9.7	9.8	9.7	9.8	<b>-0.8</b>
Cyprus	16.1	15.6	16.1	15.5	14.5	15.7	11.8	14.2	<b>-1.9</b>
Czech Republic	11.7	11.6	11.8	11.8	11.3	12.0	12.1	11.8	<b>0.1</b>
Germany	9.0	9.1	9.2	9.6	9.5	9.6	9.5	9.6	<b>0.6</b>
Denmark	12.1	12.3	12.6	12.1	12.0	12.3	12.9	12.8	<b>0.7</b>
Estonia	16.8	15.7	16.3	16.6	16.0	15.6	14.8	15.1	<b>-1.7</b>
Greece	7.4	7.6	7.8	8.2	8.2	7.3	8.7	7.8	<b>0.4</b>
Spain	10.2	10.1	9.8	9.6	8.7	9.0	9.1	9.3	<b>-0.9</b>
<b>EU 28</b>	<b>10.7</b>	<b>10.5</b>	<b>10.6</b>	<b>10.5</b>	<b>10.3</b>	<b>10.2</b>	<b>10.3</b>	<b>10.3</b>	<b>-0.4</b>
Finland	12.1	11.9	12.0	11.9	11.5	11.1	11.0	11.0	<b>-1.1</b>
France	10.1	10.0	10.0	9.8	9.7	9.6	9.6	9.6	<b>-0.5</b>
Croatia	10.5	10.4	10.8	10.1	10.4	10.5	9.8	10.1	<b>-0.4</b>
Hungary	10.8	10.6	11.2	10.2	9.7	9.3	10.4	10.3	<b>-0.5</b>
Ireland	12.0	10.5	7.7	12.1	12.7	12.5	12.8	12.4	<b>0.4</b>
Italy	9.1	9.0	8.8	8.3	8.0	8.1	7.9	7.9	<b>-1.2</b>
Lithuania	16.1	16.1	15.2	14.3	16.1	15.8	15.5	15.4	<b>-0.7</b>
Luxembourg	12.2	12.2	13.0	13.1	13.1	12.4	12.5	12.4	<b>0.2</b>
Latvia	16.9	15.4	13.9	15.0	15.5	15.5	15.7	16.2	<b>-0.7</b>
Malta	12.2	12.8	13.7	13.9	13.5	13.7	13.4	13.3	<b>1.1</b>
Netherlands	12.1	11.7	11.7	11.8	11.7	11.7	11.7	12.0	<b>-0.1</b>
Poland	12.8	12.0	12.1	12.4	12.6	12.4	12.5	12.6	<b>-0.2</b>
Portugal	14.8	14.5	14.8	14.5	12.7	12.5	11.8	12.4	<b>-2.4</b>
Romania	11.4	9.7	8.3	10.4	8.0	7.9	8.6	8.6	<b>-2.8</b>
Sweden	12.8	12.8	12.7	12.7	12.6	12.5	12.8	13.0	<b>0.2</b>
Slovenia	13.8	13.6	13.2	12.9	13.3	10.9	12.0	11.6	<b>-2.2</b>
Slovakia	9.5	9.5	9.9	10.1	10.0	9.5	9.8	9.3	<b>-0.2</b>
UK	13.3	13.5	13.6	12.9	12.4	12.0	12.3	12.0	<b>-1.3</b>

Source: Eurostat, General government expenditure by function (COFOG) [gov\_10a\_exp], extracted on 12.9.2017

**A.2: Cost of Continuous Vocational Training (CVT) courses per employee in Purchasing Power Standards (PPS). All enterprises.<sup>166</sup>**

Country	2005	2010	Change
EU28	454	511	12,56%
Austria	525	637	21,33%
Belgium	681	1.084	59,18%
Bulgaria	79	92	16,46%
Croatia	:	244	n.a.
Cyprus	325	677	108,31%
Czech Republic	332	240	-27,71%
Denmark	1.011	663	-34,42%
Estonia	213	198	-7,04%
Finland	448	464	3,57%
France	842	935	11,05%
Germany	487	592	21,56%
Greece	142	212	49,30%
Hungary	304	332	9,21%
Ireland	683	:	n.a.
Italy	420	442	5,24%
Latvia	66	96	45,45%
Lithuania	118	115	-2,54%
Luxembourg	798	774	-3,01%
Malta	408	472	15,69%
Netherlands	677	830	22,60%
Poland	191	200	4,71%
Portugal	238	475	99,58%
Romania	102	178	74,51%
Slovakia	259	367	41,70%
Slovenia	534	526	-1,50%
Spain	370	515	39,19%
Sweden	763	697	-8,65%
United Kingdom	345	266	-22,90%

Source: Eurostat, Cost of CVT courses per employee (all enterprises), by type of cost and size class [trng\_cvts62]. Extracted October 2016

<sup>166</sup> According to Eurostat, Continuing vocational training in enterprises (trng\_cvts), Reference Metadata in Euro SDMX Metadata Structure (ESMS) **Continuing vocational training** (CVT) are training measures or activities which have as their primary objectives the acquisition of new competences or the development and improvement of existing ones and which must be financed at least partly by the enterprises for their persons employed who either have a working contract or who benefit directly from their work for the enterprise such as unpaid family workers and casual workers. Persons employed holding an apprenticeship or training contract should not be taken into consideration for CVT. The training measures or activities must be planned in advance and must be organised or supported with the special goal of learning. Random learning and initial vocational training (IVT) are explicitly excluded. CVT measures and activities cover both CVT courses and other forms of CVT (see: [http://ec.europa.eu/eurostat/cache/metadata/en/trng\\_cvts\\_esms.htm](http://ec.europa.eu/eurostat/cache/metadata/en/trng_cvts_esms.htm))

### A.3: Challenges to investment from the point of view of the EU Commission and country specific recommendations on education and training 2015 and 2016

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Austria</b>	<p><b>2015</b></p> <ul style="list-style-type: none"> <li>foreign-born students are three times as likely to leave school early as native-born students</li> <li>educational performance continues to be very dependent on parents' socio-economic status</li> <li>higher education lacks consistent strategic orientation and is underfunded; drop-out rate from higher education remains high</li> <li>starting to be a lack of maths, science and technology graduates</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>National and international tests show deficiencies in basic skills,</li> <li>Strong impact of socioeconomic and migrant backgrounds on education results</li> <li>Against the background of increasing student numbers, the 2016 - 2021 plan for higher education sets strategic objectives and emphasises better teaching, but funding available falls short of the identified needs</li> </ul>	X	X
<b>Belgium</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>high educational inequality related to socio-economic and immigrant background</li> <li>wide gaps in performance between schools</li> <li>marked differences in basic skills performance and in early school leaving rates between the communities and regions</li> <li>academic performance of pupils enrolled in VET is poor</li> <li>most disadvantaged schools lack experienced teachers and head teachers</li> <li>capacity and quality problems in the education infrastructure</li> <li>transition from school to work is very difficult for young people with lower secondary education qualifications</li> <li>implementing the reforms will require major efforts from a wide array of actors</li> </ul> <p><b>2016</b></p> <ul style="list-style-type: none"> <li>Significant equity challenges. Pupils' performance is strongly linked to their socioeconomic background, particularly for those of migrant origin. This is all the more serious because the disadvantaged groups within the school population are those forecast to increase the most</li> <li>Early school leaving rate is slightly better than the EU average, but disparities across the Communities and Regions persist.</li> <li>Disadvantaged schools lack experienced teachers and heads</li> </ul>	---	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Bulgaria</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• needs to improve the overall quality and efficiency of its school education system and the capacity of higher education to respond to labour market needs</li> <li>• school education act (framework for comprehensive reforms, modernisation of curricula, improving teacher training) still not adopted</li> <li>• access to education for disadvantaged children, in particular Roma</li> <li>• quality of vocational education and training is insufficient, including its integration in the general education system</li> <li>• rate of adult participation in lifelong learning is among the lowest in the EU</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Early school leaving rate increased and shows large regional variations</li> <li>• In terms of educational outcomes, vulnerable groups such as Roma and pupils from rural areas perform significantly lower/below average</li> <li>• Despite improvements in tertiary education, several challenges remain including insufficient labour market relevance</li> <li>• General government expenditure on education remains among the lowest in the EU</li> </ul>	X	X
<b>Croatia</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• improving educational outcomes in mathematics in primary and secondary schools</li> <li>• modernising initial vocational education curricula in line with the needs of the labour market</li> <li>• increasing access to higher education and reducing drop-out rates</li> <li>• low participation in early childhood education and care</li> <li>• under-regulated and underfunded adult learning system</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• International studies point to skills deficiencies among 15-year-olds in numeracy, literacy and reading skills</li> <li>• Implementation of landmark Strategy for Education, Science and Technology slowed down due to political disagreements</li> <li>• Participations in early childhood education and care and in adult education are extremely low compared to EU countries</li> <li>• Aligning vocational, higher and adult education with the labour market needs by developing qualification standards in consultation with social partners is a praiseworthy but lengthy process that has not yet yielded tangible results.</li> </ul>	---	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Cyprus</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• lack of efficiency in public spending and the relatively low quality of educational outcome</li> <li>• one of the lowest employability rates of recent graduates in the EU; unsatisfactory performance in basic skills by students and young adults alike</li> <li>• one of the lowest participation rates in vocational education and training (VET) in the EU, but recent reforms and new initiatives in this area include a gradually expanding VET offer</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Persistence of relatively low levels of basic skills</li> <li>• Continued lack of efficiency public spending in the education system are major challenges</li> </ul>	(fiscal consolidation programme)	---
<b>Czech Republic</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• reduce inequalities that affect socially disadvantaged students and Roma in particular</li> <li>• legislative amendments adopted in 2015 will have to be supplemented by adequate financial means, close communication with stakeholders and strict monitoring of the impact of measures</li> <li>• teachers' salaries are low in comparison to other countries, the prestige of the profession is weak and the teacher population is ageing</li> <li>• Skills mismatches need to be reduced, in particular for graduates from the vocational education and training (VET) sector measures will be necessary to ensure quality and labour market relevance</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• High national early school leaving rate has been worsening over the past years</li> <li>• Pupils' socioeconomic background strongly influences educational performance, and the participation of Roma in mainstream education needs to increase</li> <li>• Teachers' salaries remain comparably low, teacher population is ageing, requiring further measures to increase the attractiveness of the profession to talented young people</li> </ul>	X	X
<b>Denmark</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• decrease the high proportion of underachievement in basic skills among pupils with an immigrant background</li> <li>• reduce the rate of drop-out from vocational education and training</li> <li>• The reforms in the school and vocational education and training sectors launched in 2014 provide an opportunity to address these issues</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Comparably high gender gap</li> <li>• Due to the outstanding situation in the country, the financial bill for 2016 made budgetary cuts across the education sector</li> </ul>	---	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Estonia</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• certain structural challenges related to the effectiveness and efficiency of the education system</li> <li>• adapting the Estonian education system to the rapidly declining demographic situation and to the future requirements of a technology-intensive labour market</li> <li>• attractiveness of vocational education and training and the provision of apprenticeships remain problematic (to address this an apprenticeship development programme is being planned)</li> <li>• stronger links are needed with the business sector within the knowledge triangle</li> <li>• the gender gap in education, especially for young males</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Adaptation to demographic trends remains a challenge</li> <li>• Attractiveness of teaching profession need to increase</li> <li>• Further reduction of early school leaving rates</li> <li>• Closing the performance gap between Estonian-speaking and Russian-speaking students</li> </ul>	X	X
<b>Finland</b>	<p><b>2015</b></p> <ul style="list-style-type: none"> <li>• Level of basic skills remains high, despite somewhat less favourable results in recent international surveys</li> <li>• new challenges are emerging, especially for young migrants and in the light of a recent trend towards differentiation between schools in densely populated urban areas</li> <li>• overall number of apprenticeship type placements remains comparably low</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• The educational outcomes of 15-year-olds are still of the best in the EU, but have decreased recently across all groups</li> </ul>	---	X



Country	Specific challenges of education and training	CSR on ET	
		2015	2016
France	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• results are average in comparison to other countries and educational inequalities linked to socio-economic status have been constantly widening</li> <li>• significant regional disparities remain in early school leaving, in particular of young people with an immigrant background</li> <li>• still not sufficient apprenticeships for the least qualified</li> <li>• level of adult literacy and numeracy is among the lowest in the EU for those with poor qualifications and for older age groups</li> </ul>		
	<p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Pupils' performance is strongly linked to their socioeconomic background.</li> <li>• Too many young people leave education with few or no qualifications</li> <li>• Large performance gaps between schools exist. Disadvantaged schools benefit less from experienced teachers, and school segregation reflects socioeconomic ,academic and migrant backgrounds as well as residential segregation</li> <li>• The university system is under pressure from steadily rising student numbers due to open access and low tuition fees</li> <li>• Uneven spending between the different education stages. By international comparison, spending per student is significantly higher for upper secondary education</li> </ul>	---	---
Germany	<p><b>2015</b></p> <ul style="list-style-type: none"> <li>• shortages of highly qualified people in certain sectors and regions, in part due to negative demographic trends</li> <li>• improving educational outcomes still further and loosening the strong link between educational achievement and socioeconomic status</li> <li>• more and better quality ECEC, increasing the number and the quality of all-day school places</li> <li>• promoting access to training for the low-skilled</li> <li>• integrating the high number of recently arrived migrants into the education system and preparing their transition to the labour market</li> </ul>		
	<p><b>2016</b></p> <ul style="list-style-type: none"> <li>• Pupils' socioeconomic background still has major impact on education outcomes</li> <li>• Integration of the recently arrived refugees is a major challenge. A large proportion of refugees are young and poorly qualified</li> <li>• The dual training system is struggling to attract enough apprentices in certain regions and sectors. Combined with negative demographic trends, this may lead to a lack of skilled workers</li> <li>• Requirement for additional investment in education, which remains low by international comparison</li> </ul>	X	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Greece</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• Despite comprehensive reforms still need to increase efficiency and education and training system requires further modernisation in terms of its performance and its ways of working, in particular with regard to providing basic skills, and its capacity to ensure the successful transition of young people to the labour market</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Performance is disappointing on basic skills attainment by young people and adults, and on participation in vocational education and training as well as in adult learning</li> <li>• Serious underfunding, teacher staffing, equity and efficiency are problems in the education system</li> <li>• Reversal of previous reforms lead to problems in accountability and evaluation in schools and higher education</li> <li>• Implementation of sectoral strategies on higher education, vocational training and lifelong learning is challenging</li> <li>• Impacts of the refugee crisis so far limited but might far-reaching consequences in the future</li> </ul>	(fiscal consolidation programme)	---
<b>Hungary</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• proportion of low achievement in basic skills is increasing and the socio-economic gaps in performance are still among the highest in the EU</li> <li>• Increasing the participation of disadvantaged students, in particular Roma, in mainstream inclusive education</li> <li>• improving support through targeted teacher training</li> <li>• three-year vocational programme is not attractive to young people and does not provide flexible career opportunities</li> <li>• early school leaving rate among pupils in vocational schools is significant; too many students drop out of higher education</li> <li>• adult participation in lifelong learning remains very low</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Education faces equity challenges. Students' performance is linked to their socioeconomic background</li> <li>• The participation of disadvantaged groups, in particular Roma people, in inclusive mainstream education needs to increase</li> </ul>	X	X
<b>Ireland</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• acting in a very difficult fiscal context and decreasing public spending on education</li> <li>• access to full-time childcare remains limited and expensive</li> </ul> <p><b>2016</b></p> <ul style="list-style-type: none"> <li>• The affordability and full-time provision of quality early childhood education and care remain a challenge</li> <li>• Equity and access to higher education for disadvantaged groups are still issues</li> <li>• Emerging skill shortages in certain sectors of the economy and a need to further up-skill the adult population, in particular by increasing participation in further education and training</li> </ul>	---	---

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Italy</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• early school leaving rate remains well above the EU average</li> <li>• marked regional differences in basic skills proficiency</li> <li>• tertiary education attainment rate for young people is the lowest in the EU</li> <li>• many students still drop out of tertiary education</li> <li>• work based learning is not sufficiently well-developed</li> <li>• entry into the labour market is difficult for young people, including the high-skilled</li> <li>• government expenditure on education as a proportion of GDP is among the lowest in the EU, particularly at tertiary level</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Although above the EU average, the early school leaving rate is steadily declining</li> <li>• Italy has the lowest tertiary educational attainment rate in the EU for 30- to 34-year-olds. The higher education system is underfunded and faces the problem of ageing and declining teaching staff</li> <li>• Transition from education to work is difficult, even for highly qualified people. This is causing a 'brain drain'</li> </ul>	X	---
<b>Latvia</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• further improve the quality of vocational education and training (VET) and higher education</li> <li>• public funding for higher education has so far lacked a performance-oriented component</li> <li>• gender gap in education is a challenge across the board, with women significantly and persistently outperforming men both in terms of qualifications and basic skill proficiency.</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• The tertiary educational attainment rate is high, but supplying graduates to knowledge-intensive sectors and attracting international students remain a challenge</li> <li>• vocational education and training is undergoing significant reform, but there is still considerable scope for expanding the work-based learning components and updating the curricula</li> <li>• The gender gap in education is a challenge across the board, with women outperforming men significantly both in terms of qualification and basic skill proficiency</li> </ul>	X	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
Lithuania	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• skills acquired in secondary and tertiary education often do not meet the needs of the labour market</li> <li>• underachievement in reading and maths is high</li> <li>• participation in initial vocational education and training relatively low</li> <li>• Only a small percentage of adults participate in learning</li> <li>• teaching workforce is ageing and there are difficulties in attracting young</li> </ul>		
	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• Pupils' reading and maths skills are below the EU average. According to nations tests, almost one fifth of 16-year-olds lack basic knowledge and skills</li> <li>• The participation rate in early childhood education and care is low when compared to the EU average, and there are significant disparities between urban and rural areas</li> <li>• Although Lithuania has the highest tertiary educational attainment rate in the EU, the quality and innovation outcomes of higher education, in particular the quality of teaching and provision of soft skills, and practical training in higher education remain challenges</li> <li>• Only a small percentage of adults participate in lifelong learning. As vocational education and training remains an unattractive option for students and their parents, there is a need to improve its quality and cooperation with companies.</li> </ul>	X	X
Luxembourg	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• socio-economic status plays a significant role in influencing educational outcomes, in particular for pupils from an immigrant background</li> <li>• percentage of early school-leavers is relatively high among population with an immigrant background</li> <li>• despite high spending for primary and secondary education, PISA results for 15 year-old students show performance somewhat below the OECD average</li> </ul>	---	---
	<p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• The proportion of early school leavers is still below EU average but increased in 2015</li> <li>• All students learn two foreign languages in lower-secondary education. Trilingual education, however, represents a challenge for many students and affects their success in all school subjects</li> </ul>		
Malta	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• despite recent progress, the early school leaving rate remains high</li> <li>• basic skills proficiency is poor by international comparison</li> <li>• supply of skills from the vocational education and training system has not yet adjusted to labour market requirements</li> </ul>	X	---
	<p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• despite recent progress, the early school leaving rate remains second highest in the EU and the tertiary educational attainment rate is still low</li> <li>• Participation of low-skilled adults in lifelong learning is rather low</li> </ul>		

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
Netherlands	<b>2015</b> <ul style="list-style-type: none"> <li>education performance is good in international comparison but has not improved in recent years</li> <li>improve numeracy skills in primary, secondary and vocational schools</li> <li>coping with ageing teaching population</li> <li>shortage of well-qualified teachers, in particular for teaching languages, maths and science and for teaching students with special needs</li> </ul>	---	---
	<b>2016</b> <ul style="list-style-type: none"> <li>The changes in the funding system for higher education provide room for investment in improving quality, but the impact in accessibility and educational inequality will need careful monitoring</li> <li>Shortage of teachers is expected</li> <li>The differentiation of teaching methods due to diverse students' learning needs remain a challenge</li> </ul>		
Poland	<b>2015*</b> <ul style="list-style-type: none"> <li>access to quality early childhood education and care teaching of transversal skills</li> <li>attractiveness of vocational education and training (VET)</li> <li>relevance of higher education to the labour market</li> <li>low level of adult participation in lifelong learning and poor skills levels among adults, particularly in ICT</li> </ul>	---	X
	<b>2016*</b> <ul style="list-style-type: none"> <li>Faces challenges in the reaching of transversal skills</li> <li>The quality of provision, particularly for children under the age of three, is a challenge and regional differences in access persist. The recent decision to raise the school entry age to seven is not following international evidence stressing the importance of early learning</li> <li>The quality of higher education and its labour market relevance remain challenging</li> <li>The quality and labour market relevance of vocational education and training is limited</li> <li>Adult participation in lifelong learning is one of the lowest in the EU, and the basic skills levels among adults are comparatively poor</li> </ul>		
Portugal	<b>2015*</b> <ul style="list-style-type: none"> <li>high proportion of students re-sitting years</li> <li>equity in in basic education and the extent to which socioeconomic background determines educational achievement</li> <li>attractiveness of higher education, and university in particular</li> </ul>	---	---
	<b>2016*</b> <ul style="list-style-type: none"> <li>The downward trend in university enrolment, together with the high rate if highly qualified Portuguese nationals migrating to other European countries, is aggravating the county's demographic crisis and could hamper its competitiveness</li> </ul>		

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
<b>Romania</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• accessibility of higher education for disadvantaged groups</li> <li>• early school leaving rate well above the EU average</li> <li>• availability and access of early childhood education and care services is limited, especially in rural areas and for the Roma community</li> <li>• tertiary education attainment rate remains the second lowest in the EU</li> <li>• adult participation in lifelong learning remains far below the EU average</li> <li>• government expenditure on education as a share of GDP is the lowest in the EU</li> </ul> <p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• Early school leaving continued to increase in 2015 and is the third highest in the EU, students from rural areas, poor families and Roma are particularly exposed to the risk of drop-out and educational poverty</li> <li>• Although tertiary education attainment has risen, it is still among the lowest in the EU and ensuring labour market relevance of higher education is a challenge</li> <li>• Vocational education and training qualifications and curricula are not sufficiently attuned with labour market needs and adult participation in lifelong learning is the lowest in the EU</li> <li>• Despite some improvements, public expenditure on education continues to be very low</li> </ul>	X	X
<b>Slovakia</b>	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• educational inequalities remain high and educational outcomes have deteriorated over recent years</li> <li>• participation of Roma children in mainstream education and in high-quality early childhood education needs to increase</li> <li>• attractiveness of the teaching profession to talented young people is low</li> <li>• initial teacher education and continuous professional development need to be improved</li> <li>• quality of higher education and cooperation with employers need to be strengthened</li> <li>• deeper knowledge of the labour market needs would contribute to fewer skills and qualifications mismatches</li> <li>• reforms often do not always reach their full potential partly because stakeholders are not always fully on-board with the reforms and due to weaknesses in the implementation phase</li> </ul> <p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• Pupils' economic background has a high impact on educational performance and the participation Roma in mainstream education needs to increase</li> <li>• The national early school leaving rate remains comparably low but worsens since 2010</li> </ul>	X	X

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
Slovenia	<p><b>2015</b></p> <ul style="list-style-type: none"> <li>• higher education system is marked by a disproportionately high number of study programmes, a high drop-out rate and problems with fictitious enrolment</li> <li>• higher education sector is underfunded and as a result, the quality of teaching and resources is unsustainable</li> <li>• in upper secondary education, the reversing demographic trends and the drop in student numbers have caused schools across the country to function beneath their capacity</li> <li>• marked regional differences in results in national examinations, indicating that socio-economic background has a strong effect</li> </ul>	---	X
	<p><b>2016</b></p> <ul style="list-style-type: none"> <li>• Fluctuating demographic trends pose a great challenge to maintaining a consolidated network of schools and an efficient system of school funding</li> <li>• The proportion of tertiary graduates among the unemployed has been on the increase, pointing to youth employability issues</li> <li>• Vocational training is attended by a large number of young people, yet apprenticeships are being reintroduced to engage employers further and improve transition to the labour market</li> </ul>		
Spain	<p><b>2015*</b></p> <ul style="list-style-type: none"> <li>• despite a steady fall in early school leaving over the past six years, Spain still has the highest rate in Europe, with significant differences between regions</li> <li>• also great disparities in the performance of school students in basic skills between cohorts, schools and regions, mostly linked to socioeconomic background</li> <li>• employability of higher education graduates, particularly in certain disciplines, remains a major challenge</li> <li>• significant proportion of graduates employed in jobs that do not require a university degree</li> </ul>	---	---
	<p><b>2016*</b></p> <ul style="list-style-type: none"> <li>• The 2016 political impasse has limited progress on educational reforms: the future of the 2013 Organic Law for Improvement of the Quality of Education (LOMCE) is questioned and the reform of the teaching profession remains on hold</li> <li>• Despite an increase in the education budget, previous accumulated financial constraints have reduced the equity in education, and the effectiveness of education spending can be improved</li> <li>• Enrolment and transition rates in the 'basic vocational education and training' programmes are below expectations after the first two years after implementation</li> <li>• Although the government takes supporting initiatives, university governance and finance systems do not allow for favourable cooperation between universities, businesses and research centres</li> </ul>		

Country	Specific challenges of education and training	CSR on ET	
		2015	2016
Sweden	<b>2015</b> <ul style="list-style-type: none"> <li>• despite high investment school outcomes have deteriorated in terms of basic skills proficiency</li> <li>• equity in Swedish schools has declined - younger cohorts perform worse than their predecessors by international comparison is of concern</li> <li>• transition from school to work remains difficult for young people who leave school without having completed upper secondary education</li> <li>• integrating in the education system the large number of newly arrived students is an important challenge</li> </ul>		
	<b>2016</b> <ul style="list-style-type: none"> <li>• School education outcomes in terms of basic skill proficiency declined continuously over the past decade. This could translate into declining skill levels of adults in the future</li> <li>• The performance gap between foreign-born and native-born students is increasing</li> <li>• School segregation may well have increased in a system with greater school choice</li> <li>• The integration of the large number of newly arrived students in the education system is a major challenge</li> </ul>	---	---
UK*	<b>2015*</b> <ul style="list-style-type: none"> <li>• access to early childhood education and care for children under the age of 4</li> <li>• literacy of 18-24 year-olds with only lower secondary education</li> <li>• numeracy skills among 15 year-olds</li> <li>• continued reduction in the early school leaving rate</li> <li>• availability of higher vocational and technical education trails behind other European systems</li> </ul>	X	X
	<b>2016*</b> <ul style="list-style-type: none"> <li>• The improvement of the level of basic skills of 15-year-olds (especially maths among girls) is a challenge</li> <li>• The access to higher education for students from poor socioeconomic backgrounds must be improved</li> </ul>		

Source: Own compilation, based on European Commission: Education and Training Monitor. Country Reports 2015. \* In these countries public reforms have been recently carried out addressing education and training or are currently carried out.



**A.4a: Signed and approved EFSI projects, as of 31 October 2017**

Project	Status	Country	EFSI financing	Total investments related to EFSI	Sector
Nova SBE Campus	signed	Portugal	16 m	47 m	Social infrastructure
Midland Metropolitan Hospital PPP	signed	UK	148 m	435 m	Social infrastructure; RDI
Primary Care Centres PPP	signed	Ireland	70 m	135 m	Social infrastructure
Kujawsko-Pomorskie Healthcare Program III	signed	Poland	54 m	101 m	Social infrastructure
ICO Infrastructure Risk Sharing Loan	signed	Spain	25 m	Not disclosed	Energy; Transport; Social infrastructure
French Overseas Territories Economic Development	signed	France	150 m	1192 m	Digital; Energy; Transport; Environment and resource efficiency; Smaller companies; Social infrastructure
Poznan Affordable Housing	signed	Poland	33 m	53 m	Social infrastructure
QUAERO European Infrastructure Fund	signed	Belgium; Finland; France; Germany; Lithuania; Spain; UK	40 m	Not disclosed	Digital; Energy; Transport; Environment and resource efficiency; Social infrastructure
Infracapital Greenfield Infrastructure Fund	signed	Belgium; Finland; Germany; Italy; Poland; Slovakia; Sweden, UK	118 m (1 <sup>st</sup> tranche)	Not disclosed	Digital; Energy; Transport; Environment and resource efficiency; Social infrastructure
Malin Corporation - Life Sciences Investments	signed	Ireland; UK	70 m	1425 m	Smaller companies; Social infrastructure; RDI
Mirova BTP Impact Local Fund	signed	France	15 m	Not disclosed	Digital; Transport; Social infrastructure
TIIC Transport and Social Infrastructure Fund	signed	Germany; Netherlands; Portugal; Spain	60 m	Not disclosed	Transport; Social infrastructure
Lisbon Urban Renewal Housing Climate FL	signed	Portugal	51 m (1 <sup>st</sup> tranche)	523 m	Transport; Environment and resource efficiency; Social infrastructure
Treviso Hospital PPP Project	signed	Italy	29 m (1 <sup>st</sup> tranche)	233 m	Social infrastructure
Private Medical Network Expansion in Romania	signed	Romania	15 m	57 m	Social infrastructure
Barcelona Social Housing	signed	Spain	125 m	228 m	Energy; Social infrastructure
KOS - Advanced Medical Equipment	signed	Italy	20 m	46 m	Social infrastructure

Project	Status	Country	EFSI financing	Total investments related to EFSI	Sector
BPI Employment & Start-ups Programme	signed	Portugal	70 m	196 m	Smaller companies; Social infrastructure
BST Employment & Start-ups Programme	signed	Portugal	70 m	196 m	Smaller companies; Social infrastructure
BCP Employment & Start-ups Programme	signed	Portugal	70 m	196 m	Smaller companies; Social infrastructure
CGD Employment & Start-ups Programme	signed	Portugal	70 m	196 m	Smaller companies; Social infrastructure
BalTCAP Infrastructure Fund	signed	Estonia; Latvia; Lithuania	20 m	274 m	Energy; Transport; Social infrastructure
University of Latvia Research and Study Centre	signed	Latvia	30 m	40 m	Social infrastructure; RDI
Montepio Employment & Start-ups Programme	signed	Portugal	20 m	56 m	Smaller companies; Social infrastructure
Medneo	signed	Germany	30 m	81 m	Social infrastructure
France Efficacite Energetique Logement Social	approved	France	Not disclosed	Not disclosed	Energy; Social infrastructure
ESPOO Lifecycle PPP Schools	approved	Finland	Not disclosed	Not disclosed	Social infrastructure
Infrastructure Project	approved	Croatia	Not disclosed	Not disclosed	Social infrastructure
AMPHIA Hospital	approved	Netherlands	100 m	400 m	Social infrastructure; RDI
Irish Social Housing PPP	approved	Ireland	160 m	300 m	Social infrastructure
Warsaw Medical Simulations Centre	approved	Poland	24 m	39 m	Social infrastructure
Multipurpose Sport Centre Hippos2020	approved	Finland	Not disclosed	Not disclosed	Environment and resource efficiency; Social infrastructure; RDI
Vienna School PPP Campus Berresgasse	approved	Austria	23 m	45 m	Social infrastructure

Source: EIB EFSI Project list, <http://www.eib.org/efsi/efsi-projects/index.htm?c=&se=7>, approached on 2nd Nov 2017.

**A.4b: EIB Lending on education investment 2012 – 2016 (Euro million)**

Country	Total lending 2012-2016	Total Lending 2015	Total Lending 2016	Lending on education projects 2012-2016	Share Education %	Large projects 2016
Belgium	8.943	2.102	2.288	432	4.8	
Bulgaria	1.595	65	467	n.a.	n.a.	
Czech Rep	3.580	324	526	n.a.	n.a.	
Denmark	2.681	559	374	n.a.	n.a.	
Germany	34.561	6.710	7.512	53	0.15	Hochschulgebäude Brandenburg 70m
Estonia	985	32	430	140	14.2	
Ireland	3.697	745	825	350	9.5	Various Schools, Colleges, and Universities total around 440m
Greece	6.464	1.348	1.516	138	2.1	Hellenic Universities I 138m
Spain	52.647	11.943	10.043	32	0.06	Microbank Erasmus Student 22.5m
France	36.165	7.928	8.001	705	1.9	various colleges, lycees, and universities total around 705m
Croatia	2.365	358	530	n.a.	n.a.	
Italy	48.774	10.987	9.852	369	0.76	School upgrade investment plan 240m, Rome University Campus Development 114.7m
Cyprus	1.343	215	215	n.a.	n.a.	
Latvia	n.a.	n.a.	n.a.	n.a.	n.a.	
Lithuania	1.077	474	255	2	0.18	
Luxembourg	806	320	62	n.a.	n.a.	
Hungary	5.219	1.424	692	73	1.4	Central European University Campus Development 25m, Education Infrastructure 48.3m
Malta	159	27	92	9	5.6	
Netherlands	9.376	2.079	2.565	n.a.	n.a.	
Austria	8.204	1.795	1.447	100	1.22	Sonderbauprogramm Universitäten 100m
Poland	25.636	5.545	4.444	1	<0,003	Polish Academy of Sciences II 130m
Portugal	6.060	1.413	1.486	30	0.5	
Romania	2.706	211	1.036	137	5	
Slovenia	2.145	798	136	n.a.	n.a.	
Slovakia	3.365	1.042	874	4	0.12	
Finland	6.349	1.626	2.220	140	2.2	Espoo Education Infrastructure 140m
Sweden	7.392	1.590	1.688	n.a.	n.a.	
UK	31.283	7.768	6928	743	2.37	Bangor University 10.2m, PSBP 72.2m, University College London 202.7m, University of Newcastle 129.3m, University of Edinburgh 257m, Swansea Campus 71.3m

Source: EIB statistical Report 2016

**A.5: Public-private partnerships in education financed by the EIB between 1998 and 2015**

Year	Country	Project	Amount of EIB loan (EUR million)
2016	UK	Priority Schools Building Programme – Yorkshire	72
2015	UK	Priority Schools Building Programme (PSBP) 260 schools will be rebuilt	
		PSBP – North East	65
		PSBP – Hertfordshire, Luton and Reading	88
		PSBP – North West	69
		PSBP – Midlands	88
2014	Greece	Attica Schools (Bundles I and II) Design, construction and facility management of 24 new schools in the Attica region in Greece under a 27-year Partnership Agreement, procured as two separate PPP sub-projects, concerning 14 and 10 schools each.	36
2013	UK	City of Glasgow College Design, construction and maintenance of a new campus for the City of Glasgow College using the NPD (Non-Profit Distributing) procurement model.	95
2012	Ireland	Irish Schools Bundle III Construction of eight schools	50
2010	Ireland	Irish Schools Construction of 23 post-primary and four primary schools	45
2010	Sweden	New Karolinska University Hospital In addition to improved healthcare access, closer collaboration between Nya Karolinska Solna and the Karolinska Institutet medical university contributes to EU objectives in the areas of education, research, development and innovation.	699
2009	Portugal	University Hospital of Braga 30-year DBFM (design, build, finance, maintain) project finance concession for the construction and operation of a new university hospital.	65
2009	UK	BSF Education Investment loan for English education Public/Private Partnership projects procured under the “Building Schools for the Future” programme.	243
2008	UK	Dumfries & Galloway Schools Construction and refurbishment of ten schools and the provision of facilities management services.	79
2007	UK	Newcastle Schools Construction/ refurbishment of schools	79
2006	UK	Scottish Highland Schools Provision for primary, secondary, combined schools and one for children with special educational needs.	88
2005	UK	Argyll and Bute Schools Replacement of up to 28 primary and secondary schools.	81
2005	UK	North Lanarkshire Schools / Scotland Refurbishment and maintenance of 3 secondary and 21 primary schools	103
2004	UK	Cornwall Schools Construction, refurbishment and maintenance of 1 secondary and 16 primary schools.	345

Year	Country	Project	Amount of EIB loan (EUR million)
2003	Ireland	<b>National Maritime College</b> Design, building, financing and facilities management of the new college.	29
2003	Ireland	<b>Irish Schools</b> Design, construction, operation and maintenance of post primary schools.	38
2003	UK	<b>Rotherham Schools</b> Refurbishment/re-build of 17 (reducing to 15) schools, including provision of facilities management services.	70
2001	UK	<b>Edinburgh Schools</b> Modernisation and renovation of 18 schools (design, rebuild, refurbish and provide services for the schools)	59
2001	UK	<b>Kirklees Schools</b> Refurbishment and modernisation of twenty schools	40
2000	UK	<b>Glasgow Schools</b> Refurbishment of twenty-eight secondary schools and one primary school	166
2000	UK	<b>Sheffield Schools</b> Modernisation of six schools	46
1998	UK	<b>Falkirk Schools (Scotland)</b> Rebuilding of five secondary and special needs schools	56

Source: epec: PPPs financed by the European Investment Bank from 1990 to 2015, April 2016

## Organisations that responded to online survey

Country	Organisation	EU level organisation
Austria	fh campus wien	EFFEE
Austria	Bundesarbeitskammer	ETUC
Austria	Association of Public Services and Public Enterprises	CEEP
Belgium	GO!	EFFEE
Belgium	Segec	EFFEE
Belgium	FGTB	ETUC
BULGARIA	BULGARIAN UNION OF TEACHERS	ETUCE
Bulgaria	BICA	CEEP
Croatia	SŽH - NHS	ETUC
Czech Republic	CMOS PS	ETUCE
Denmark	Confederation of professional associations	ETUC
Denmark	DLF - Danish Union of Teachers	ETUCE
Denmark	Local Government Denmark	CEEP
Estonia	Estonian Educational Personnel Union	ETUCE
Estonia	EAKL	ETUC
Finland	KT Local Government Employers	EFFEE
Finland	The Association of Finnish Independent Education Employers	EFFEE
Finland	OAJ	ETUCE
Finland	KT Local Government Employers	CEEP
France	Nexem	CEEP
Germany	DGB	ETUC
Germany	VKA/KAV Bayern	CEEP
Ireland	Education and Training Boards Ireland (ETBI)	EFFEE
Ireland	IFUT	ETUCE
Ireland	ICTU	ETUC
Italy	ARAN	CEEP
Italy	CGIL nazionale	ETUC
Italy	FLC CGIL	ETUCE
Italy	UILScuola	ETUCE
Latvia	LIZDA	ETUCE
Lithuania	FLESTU	ETUCE
Luxembourg	Chambre des salariés	ETUC
Malta	General Workers' Union	ETUC
Malta	UHM - VOICE OF THE WORKER	ETUC
Malta	Malta Employers' Association	CEEP
Montenegro	Ministry of Education	EFFEE
Netherlands	Centre for Labour Relations in the Public Sector (CAOP)	CEEP
Netherlands	FNV	ETUC
Poland	EoP	CEEP
Portugal	FNE	ETUCE

Country	Organisation	EU level organisation
Portugal	FENPROF	ETUCE
Romania	Free Trade Union Federation in Education - FSLI	ETUCE
Romania	National Trade Union Bloc	ETUC
Romania	Alma Mater National Trade Unions Federation	ETUCE
Slovak Republic	Ministry of Science, Education, Research and Sport of	EFFEE
Slovakia	OZ PSaV	ETUCE
Slovenia	Education, Science and Culture Trade Union of Slovenia	ETUCE
Slovenia	Secondary vocational and technical school Bežigrad -	EFFEE
SLOVENIA	ZVEZA SVOBODNIH SINDIKATOV SLOVENIJE	ETUC
SPAIN	CCOO	ETUC
Spain	Fundación ONCE	CEEP
Spain	FeSP-UGT	ETUCE
Sweden	TCO	ETUC
Sweden	TCO	ETUC
TURKEY	HAK-IS TRADE UNION CONFEDERATION	ETUC
UK	TUC	ETUC
UK	UCEA	EFFEE
UK	CEEP UK	CEEP
UK	LGA	CEEP

## Social partner organisations interviewed in the context of the national analysis

- **Austria:** ÖGB
- **Bulgaria:** CITUB, SEB, BICA
- **Denmark:** LO Denmark, DLF, Danish Regions
- **Finland:** AKAVA, OAJ, Local Government Finland, Association of Finnish Independent Education Employers
- **Germany:** DGB, GEW, Kommunalen Arbeitgeberverband Bayern e.V.
- **Ireland:** Education and Training Boards Ireland (ETBI)
- **Italy:** CGIL, FLC CGIL, UIL Scuola
- **Netherlands:** FNV, AOb, VO-Raad
- **Poland:** FZZ, NSZZ Solidarnosc, Employers of Poland
- **Spain:** UGT, CCOO, Fondation ONCE



## Joint recommendations on Improving social partners' involvement in EU support for public investment in training and education at the European level

*(Adopted on 23 November 2016 by ETUC, CEEP, ETUCE and EFEE)*

According to Eurostat there were approximately 21 million unemployed in the EU in August 2016. People in Europe face increasing pressure to adapt in a changing labour market, and to a digital, carbon-free and ageing society. Education and training systems play a key role in providing all with new opportunities, regardless their socio-economic and cultural background, to enhance their chances for a good life, decent employment and proper participation in the democratic life. Education and training systems also have a key role in fostering mutual understanding and respect between people. However, following the economic crisis, investment figures show that in many member states' investment in education and training has declined in real terms with important consequences for national, regional, local and institutional budgets.

In this context, the EU funds are more than ever essential to achieve the goals of our education and training policies and are important supplementary contributions to the national education systems.

We acknowledge the importance of the EU funds in supporting education and training arrangements in Europe and promote the involvement of social partners in their design and implementation. This would enable the funds to reach all, including those who are most in need, for continually improving their skills. Nevertheless, despite this fundamental role, the results of our projects show an insufficient involvement of social partners in the governance and allocation decisions of EU funds for education and training purposes.

Following the first results of our joint project on the support of the EU institutions and other financial bodies to public budgets for training and education, hereby we identified the recommendations hereunder in order to enhance the role of European social partners in the design and implementation of EU funds.

### **We call upon the EU institutions**

1. To encourage Member States to ensure sufficient, sustainable and predictable investment in education systems;
2. To guarantee that European funds are only an additional investment to the national education systems and they are not to compensate for the decline in national, regional and local budgets;
3. To ensure that social investment, especially in education and training for all is prioritised in the review of the Multiannual Financial Framework 2017-20 and in the new programming period for 2020-2026;
4. To expand the available calls of the EU programmes aiming at more societal development and to secure sustainable national and European funds dedicated to improving the social life and job prospects of all people, including the socio-economically disadvantaged, the NEETs, low-skilled employed and unemployed adults;
5. To contribute to sustainable support of the education and labour market integration of migrants and refugees;
6. To facilitate the process of application of the European and national social partners for EU-level funds and to ease their administrative conditions when applying to and reporting on projects granted;
7. To promote social partners' involvement in the design and monitoring of the impact of EU funds on education and training to ensure that the main European convergence targets are met;
8. To ensure that social dialogue and capacity building of social partners is sufficiently supported via the EU programmes at all levels;
9. To support the activities of the European social partners in their initiatives on education and training based on the results and agreements they reached;
10. To improve the governance of the ERASMUS+ programme by renewing the involvement of the European social partners in the ERASMUS+ Committee;

11. To reverse the trend of recent cuts and increase the available funds for the call for proposals of DG Employment for the social partners;
12. To support transparency and public scrutiny of EU funds on education and training.

**Furthermore, the European social partner organisations participating in this project agree**

1. To continue to shape the EU policies to ensure sustainable and predictable investment in education and training for all;
2. To enhance their role in the design and implementation of EU funds for education and training purposes;
3. To continue to inform and encourage their member organisations to apply for EU funds for education and training.





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