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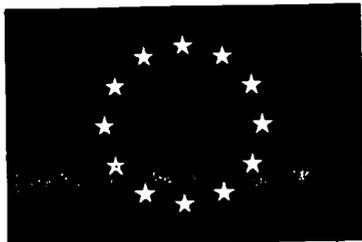
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## ABSTRACT

This report examines the financing of the two components of France's vocational education and training (VET) system. They are initial vocational training (IVT), which includes upper secondary and short forms of higher education, and continuing vocational training (CVT), which aims to help workers adapt to changes in working techniques and conditions and promote their social advancement. The following are among the topics discussed in parts 1-5: (1) funding mechanisms for training (trends in the French economy; trends in employment and training policy; collective agreements; laws/decrees and the Labour Code; public authorities; joint sectoral bodies); (2) IVT (sources of funds for IVT at schools, apprenticeship, alternance training contracts, and vocational training trainees; resource distribution mechanism; outlook); (3) sources of funding for CVT and distribution of resources for funding the training of private-sector employees and civil servants; (4) funding of training for job seekers and distribution of the training funds through role sharing between the central government and regions and through partnerships between the social partners, the government, and the regions; and (5) the future of VET funding. Thirty-nine tables/figures are included. Appended are the following: main legislation and regulations on continuing vocational training; 10 additional tables; and a glossary. (MN)

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## PANORAMA

The financing

of vocational

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# The financing of vocational education and training in France

## Financing portrait

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# **Foreword by**

## **Sarah Elson-Rogers/Sven-Åge Westphalen**

At the end of 1997, CEDEFOP launched a project to produce financing portraits of the vocational education and training (VET) systems within the individual Member States of the European Union. The portraits combine a qualitative description of the flow of funding through the VET structures, identifying the funding sources and allocation mechanisms, with quantitative data on expenditure for different training types. The reports are structured around initial vocational training, continuing vocational training and training for the unemployed. In recognition of the increasing overlap among these training types, some of the reports include an extra section on combined forms of training.

At the outset of the project, CEDEFOP asked the individual national authors to follow a uniform structure for the presentation of their financing training systems. This structure centred on the following issues with regard to initial and continuing vocational training and training for the unemployed:

- outlining the economic, political, legal and administrative background to the financing of the VET system;
- defining the different types of training according to the national context;
- identifying the funding sources (e.g. central government, regional/local government, employers, individuals, etc.);
- explaining the mechanisms for the distribution of funding;
- identifying the expenditure levels over 10 years (1986-1996 or the most recently available years);
- concluding and discussing the trends and perspectives of the financing VET system.

The authors were requested, where possible, to distinguish between private/public and direct/indirect funding sources and to identify capital and revenue funding. They were also asked to provide a breakdown of expenditure according to the different sources of funding for each training type over a ten-year period.

While defining a common structure for each report allows for broad comparisons between the different systems and easier cross-referencing between the reports, it does not allow for detailed trans-national comparisons. It was acknowledged at the outset of this project that creating comparable reports would not be possible for a number of reasons, including:

- Training definitions: initial vocational training, continuing vocational training and training for the unemployed mean something different within individual national contexts. While creating a "standard" definition of each training type would have facilitated comparability, it would have complicated the process of gathering and presenting data. For this reason, each author was requested to use a nationally-based definition.
- Data: there are a number of general obstacles to obtaining comparable data, for example: the lack of common definitions, different national accounting procedures and the problems of identifying expenditure where funding sources are diverse and

estimates are based on surveys. More specific obstacles include the difficulty of aggregating data where funding is decentralised and estimating indirect sources of expenditure.

A number of barriers to achieving even basic common parameters arose as the work developed. Among others, these included:

- The lack of training definitions and the increasing overlap between the traditional training categories in general. In some countries the division between the different training types is not as strict as in others. This means that some artificial divisions have had to be drawn by some of the authors, for example, between academic and vocational training. While this overlap may be, in part, the result of a general policy aim to level parity of esteem, it creates challenges in disaggregating data to identify expenditure on the vocational element. The notion of Lifelong Learning also has implications for creating more coherent training structures which include a wider range of learning activities. It is often difficult to identify and measure expenditure data on training which takes place outside of the formal structure.
- The complexity of financing training structures in terms of the number of different funding sources and mechanisms for financing VET. For example, levels of expenditure on indirect demand-side incentive mechanisms such as tax incentives are often difficult to identify. More fundamentally, this general complexity is enhanced in those countries where there is no national structure for training, i.e. where local governments have autonomy with regard to financing training.
- The number of recent reforms to the financing VET system blur data comparability over time within individual Member States. In addition, the newness of many of these reforms mean that there is often a lack of stringent evaluation according to efficiency, effectiveness and equity criteria.

There was no ideal way to create common criteria for the structure of this series of reports. There is a certain trade-off between attaining a common structure and reflecting the nuances of the individual national training systems. Nevertheless, this first set of portraits does serve to highlight many of the complexities involved with the financing of vocational education and training across the European Union. We hope you find the portraits informative and welcome your comments.

We would like to thank Valérie Michelet (Research Officer at Centre Inffo), who prepared this portrait on the financing of vocational education and training in France under the supervision of Jean-Philippe Cepede (Head of the Legal Department of Centre Inffo) and Henriette Perker (Head of the Department 'Observatory of changes in vocational training practices' of Centre Inffo), with the assistance of Annie Chanut (Ministry of Labour and Solidarity, Research and Statistical Coordination Directorate) and Michèle Jacquot (Ministry of Education, Planning and Development Directorate).

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## Definitions used in the report

### Vocational training

In France, vocational training is organised in two separate ways:

- Initial vocational training (IVT - Formation Professionnelle Initiale (FPI)) which includes upper secondary education and short forms of higher education.
- Continuing vocational training (CVT - Formation Professionnelle Continue (FPC)) which aims to help workers to adapt to changes in working techniques and conditions, to promote their social advancement by providing access to the various levels of vocational education and qualifications and to help them to play their part in cultural, economic and social development. This further training is intended for adults and young people already in employment or about to enter working life.

IVT and CVT form what the Labour Code calls 'la Formation Professionnelle Permanente' (permanent vocational training) and describes as a national obligation for the government, local authorities, public establishments, public and private educational institutions, associations, professional, union and family organisations and enterprises (Article L.900-1 of the Labour Code).

### Initial vocational training<sup>1</sup>

Initial vocational training is available for young people aged between 16 and 26.

They are trained:

- in establishments where the majority of training is given, although this training may include periods in a work environment. The pupil or student is considered to be at school;
- under an apprenticeship contract. This particular type of employment contract includes periods of training in an enterprise, supervised by an apprentice master, and periods of education at a Centre de Formation des Apprentis (CFA - Apprentice Training Centre);
- under three types of contract that combine theoretical education in schools or colleges with practical training in an enterprise: these are known as the contrat d'orientation (orientation contract), contrat de qualification (training-employment contract) and contrat d'adaptation (adaptation contract);
- through pre-qualifying and qualifying courses (Actions de Formation Alternée (AFA) - alternance training schemes). These courses are open to young first-time jobseekers with no qualifications; people on these courses are treated as vocational training trainees.

---

<sup>1</sup> See definitions in the CEDEFOP monograph (Part 3).

## Continuing vocational training<sup>2</sup>

CVT includes all the training available for workers in employment, whatever their status, i.e. private-sector employees, civil servants and the self-employed.

### *Training for private-sector employees*

Employees may attend continuing training schemes throughout their working lives.

This training is available through:

- the enterprise's training plan, which includes all training schemes for which the employer takes financial and educational responsibility. Employees participating in such schemes are considered to be attending to their professional tasks and continue to receive their pay from the enterprise;
- the individual right of all employees to attend training of their choice during their working time: 'congé individuel de formation' (CIF - personal training leave).

Two further measures are available to employees wishing to attend training: CTF (capital de temps de formation - training time capital) and the bilan de compétences (skill review).

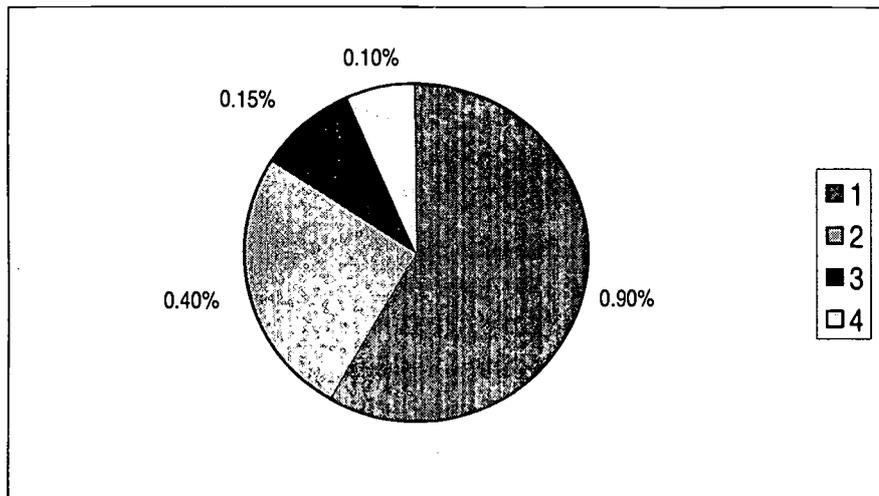
- The training time capital (CTF) enables employees in some branches of activity to attend training; they do so under the training plan.
- The skill review may be requested by the employer as part of the training plan or at the initiative of an employee. The aim of this review is to help workers to prepare a career plan or a training project.

Training of this kind is financed through compulsory payments made by enterprises: 1.5% of the wage bill of enterprises with 10 or more employees and 0.25% of the wage bill of enterprises with less than 10 employees.

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<sup>2</sup> See explanations in the CEDEFOP monograph (Part 3.3.3).

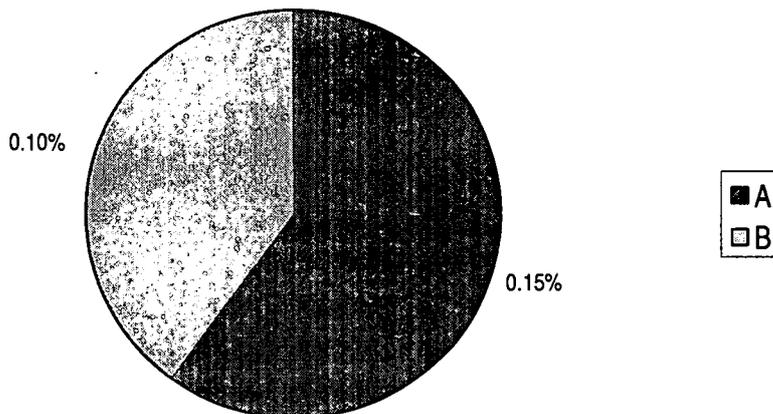
**Figure 1: Funding of continuing vocational training  
Enterprises with 10 or more employees - Use of the 1.5%**



Key:

- 1 0.90%**  
Chiefly finances training for employees included within the enterprise's training plan. It can also be used for:
  - employees made redundant on economic grounds;
  - jobseekers.
- 2 0.40%**  
Finances measures for young people (alternance training contracts).
- 3 0.20 or 0.10%**  
Finances employees' individual training entitlements (personal training leave, skill review leave).
- 4 0.10%**  
Training time capital.

**Figure 2: Funding of continuing vocational training  
Enterprises with less than 10 employees - Use of the 0.25%**



Key:

- A 0.15%**  
Finances alternance training contracts.
- B 0.10%**  
Finances the training plan and training time capital.

### *Training for civil servants*

Civil servants may attend training schemes under a training plan drawn up by the civil service or may take training leave. The training plan brings together all the training schemes that the civil service offers to its workers. Workers are considered to be in normal employment when attending training and continue to receive their pay. Training leave enables workers to attend training of their choice during their working time. Workers on training leave continue to receive their pay.

### *Training for independent workers*

Independent workers<sup>3</sup> (farmers, craft workers, self-employed workers, traders, liberal professions) may also attend training. They help to fund their training by paying a special compulsory levy to a government-authorized agency.

### *Training for jobseekers<sup>4</sup>*

In addition to the specific integration measures of employment policy in France, many training schemes have been implemented by the public authorities and the social partners in order to help jobseekers to find new jobs. Depending on their previous employment situation, people attending these schemes may receive pay from the unemployment insurance fund (Allocation Formation Reclassement (AFR) - retraining benefit) or receive vocational training pay financed by the government and/or the regions. The government and the regions also help to fund the training costs of these schemes by entering into agreements with the training agencies concerned under which operating or equipment subsidies are awarded.

Some government-financed measures are exclusively for jobseekers with particular problems of integration: jobseekers registered for at least three years with ANPE<sup>5</sup>, or aged over 50, people in receipt of the RMI<sup>6</sup> who have been unemployed for more than a year, etc. Employees under fixed-term contracts also have an individual right to vocational training which takes the form of individual training leave (CFI) and/or skill review leave (CBC). There are similar rights for temporary workers.

Former employees who have lost their jobs may also be eligible in certain circumstances for particular schemes. Employees made redundant on economic grounds may be eligible for an insurance fund retraining scheme including redeployment and training measures. This scheme is based on two measures: retraining leave (congés de conversion) and retraining agreements (conventions de conversion).

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<sup>3</sup> NDLR: no official data.

<sup>4</sup> See CEDEFOP monograph (sections 3.3.48 et seq.).

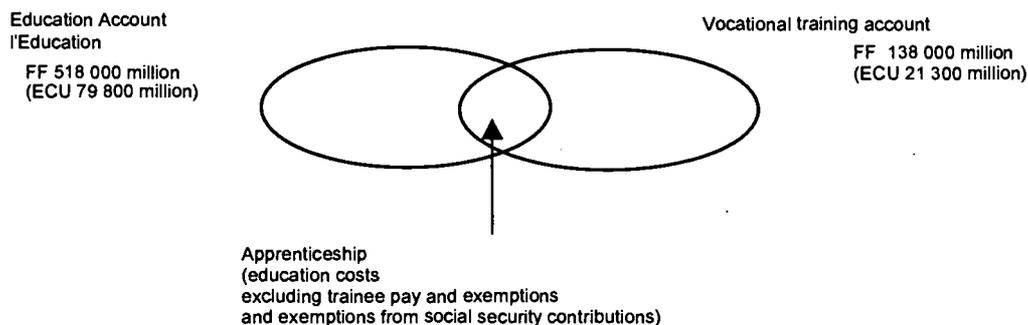
<sup>5</sup> ANPE (Agence Nationale pour l'Emploi - National Employment Office): an agency forming part of the public employment service and responsible for administering the list of jobseekers.

<sup>6</sup> RMI (Revenu Minimum d'Insertion - Statutory Minimum Wage).

# Problems encountered in collecting statistics

The statistical data included in this report come from two sources: the education accounts drawn up by the Ministry of Education and the economic accounts for vocational training drawn up by the Ministry of Labour and Solidarity. These figures overlap to some extent.

**Figure 3: The education account and the economic account for vocational training: overlap**



The funding of vocational training entails numerous transfers between the government and the regions, enterprises and collection agencies, the government and the unemployment insurance fund and the government and enterprises. Very few pre-transfer data (initial funding) are available and only post-transfer data (final funding) are reliable.

Figures for 1987, 1991 and 1996 are given in the summary tables, as figures for 1986 are not available for continuing training. The main source of statistics, the economic account for vocational training, has only existed since 1987.

Regarding the European Social Fund (ESF), the total amount paid to the French Government in 1995 was FF 3 466 million (ECU 531.6 million), broken down by objective as follows (in FF millions):

Objective 3	2 189
Objective 4	151
Objective 1	477
Objective 2	429
Objective 5a	220
<b>TOTAL</b>	<b>3 466</b>

Source: DARES

There are no precise data available to show how these funds are attributed to the various funding agencies.

## **Consultation procedures and documentation sources**

### **Consultation procedures**

This report has been prepared with the help of the Ministries of Education and Labour and Solidarity: the Ministry of Education provided information on initial vocational training and the Ministry of Labour provided information on apprenticeship, young people's alternance training and training for jobseekers and workers in employment.

### **Documentation sources**

- Education accounts drawn up by the Ministry of Education, Research and Technology [Source: DPD (Direction de la Programmation et du Développement - Directorate for Planning and Development)].
- Economic accounts for vocational training drawn up by the Ministry of Labour and Solidarity [Sources: DARES (Direction de l'Animation de la Recherche des Etudes et des Statistiques - Directorate for Research and Statistical Coordination) and DGEFP (Délégation Générale à l'Emploi et à la Formation Professionnelle - General Commission on Employment and Vocational Training)].

### **Report timetable**

Provision of the final report: end of June 1998

Final amendments made at the beginning of September 1998.

# Part 1: General review of funding mechanisms for training

## 1.1 Economic and political background

Over the last 27 years, since the adoption of the 1971 Law on vocational training, the training sector has played an important part in the French economy.

### 1.1.1 Trends in the French economy

Public and private expenditure on initial and continuing vocational training has grown continuously. Thus, over ten years, its share of GDP rose from 2.2% in 1987 to 2.6% in 1991 and 2.8% in 1996 despite changes of political majority.

Since 1986, the French economy has been passing through a very pronounced cycle: strong growth between 1986 and 1989, slackening off in 1990, recession in 1993 and then a gradual upturn from 1994 promoted by a very favourable external environment.

**Table 1: Trends in GDP by volume**  
(percentage change compared with the previous year)

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
2.2	4.3	3.9	2.4	0.8	1.0	- 1.3	2.6	2.0	1.2

Source: Report on National Accounts - INSEE

Inflation continued throughout the period at a moderate level of some 3% between 1987 and 1991 and 2% or less from 1992 onwards.

**Table 2: Consumer prices (percentage change compared with the previous year)**

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
3.1	3.1	3.6	3.4	3.1	1.9	2.1	1.6	2.1	1.7

Source: Consumer price index - INSEE

The budget deficit was estimated at 3% of GDP in 1997. This percentage represents an appreciable decline since 1994.

**Table 3: Public deficit as a percentage of GDP**

1994	1995	1996	1997
5.8	4.9	4.1	3.0

Source: INSEE - Maastricht criteria (previous years not available)

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In overall terms, employment trends reflected economic trends: job creation between 1987 and 1990 (877 000), job cuts between 1991 and 1993, sharp swing back to job creation in 1994 and 1995 (341 000), levelling off in 1996.

**Table 4: Annual trends in total employment - Annual change  
(in thousands of persons)**

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
+ 132	+ 277	+ 330	+ 138	- 50	- 239	- 220	+ 192	+ 149	- 28

Source: INSEE - Employment Survey

This trend affected the sectors in different ways. Over a million jobs were lost in industry and construction over the ten years, while 2.4 million new jobs were created in the service sector.

**Table 5: Unemployment rate (ILO definition)**

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
10.6	10.1	9.5	9.1	9.1	10.1	11.1	12.4	11.6	12.1

Source: INSEE - Employment Division

The unemployment rate remained high, especially among young people where the rate remained above 20% throughout the ten-year period (23.1% in 1987, 26.4% in 1996). On average, and taking all the age groups together, the rate was 10.6% in 1987 rising to 12.1% in 1996.

**Table 6: Participation rate - Active population (employees, self-employed, unemployed) as a proportion of the total population**

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
55.7	55.3	55.2	54.9	54.5	54.6	54.6	54.5	54.5	54.8

Source: INSEE - Employment Survey

The overall participation rate fell by 0.9 percentage points over the ten years. The participation rate for women rose throughout the period (+2 points), whereas the rate for men declined (-3.8 points).

### 1.1.2 Trends in employment and training policy

Since 1973, various schemes to promote employment and training have been introduced by the government and the social partners in order to regulate the labour market; the number of people benefiting from these schemes has grown constantly from 200 000 to 1.7 million in 1987 and to 2.3 million people in 1996. In 1996, these employment assistance measures benefited 939 000 people in the commercial sector, 624 000 people in the non-commercial sector, 277 600 young and adult jobseekers in training, 39 600

people starting up new businesses (enterprise creators) and 183 800 people taking early retirement.

The employment + assistance measures used included: alternance training schemes, such as the orientation, qualification and adaptation contracts, personal training leave, retraining agreements, etc.

## **1.2 The legal background**

Vocational training is regulated by the social partners through collective agreements and by the government through laws and decrees.

### **1.2.1 Collective agreements**

#### **National multi-sector agreements (accords nationaux interprofessionnels (ANI))**

Since 1970, employers' associations and trade unions have regularly negotiated national multi-sector agreements on vocational training. In 1991, all the provisions of collective agreements were combined and supplemented in a new agreement: the National Multi-Sector Agreement of 3 July 1991 which has since been amended by six codicils (see Annexes 1 and 2). This national agreement concerns both initial vocational training (apprenticeship contracts, practical in-company work experience periods for students, alternance training contracts) and the continuing vocational training of employees (training time capital, OPCAs (Organismes Paritaires Collecteurs Agréés - authorised joint collect agencies), etc.).

#### **Industry-wide agreements (accords de branche)**

Since 1984, representatives of industries have been invited by law and by the national multi-sector agreement to negotiate their vocational training objectives and resources. The five-year law of 23 December 1993 and the codicil of 5 July 1994 to the national multi-sector agreement of 3 July 1991 gave industries more powers of initiative, for example, allowing them to harmonise their apprenticeship and training-employment contracts, establish collection agencies for the vocational training levies paid by enterprises, create training time capital for employees in keeping with the needs of enterprises in the industry.

### **1.2.2 The law, decrees and the labour code**

Vocational training is governed by legislation and regulations. However, while there are major Lois d'orientation (laws governing higher education) on initial training, in particular Lois d'orientation 89-486 of 10 July 1989<sup>7</sup>, the laws and decrees on continuing vocational training (see French definition) are codified in the Labour Code. The articles of the laws

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<sup>7</sup> Published in OJ 163 of 14 July 1989; the law states that 'the nation's objective is for the whole of an age group to have reached CAP (certificat d'aptitude pédagogique) or BEP (brevet d'enseignement professionnel) level and 80% to have reached baccalauréat level in ten years' time'.

and the main regulatory provisions (decrees of the Conseil d'Etat, ordinary decrees) on CVT are codified in the ninth and final book of the Labour Code (Articles L (Law), R (Conseil d'Etat decrees) or D (ordinary decrees) 900 and following). This codification helps to clarify the structure of the regulations on CVT.

## **1.3 Administrative background**

A variety of administrative authorities play a significant part in the funding of VET. They include public authorities and joint industrial bodies.

### **1.3.1 Public authorities**

These include various bodies: ministries, public services and conseils régionaux (regional councils).

#### **Ministries**

The Ministry of Education is responsible for education policy in respect of vocational training at school and apprenticeship. The Ministry of Agriculture has the same responsibilities for agricultural vocational education.

The Ministry of Labour and Solidarity is responsible for the vocational training of young people on alternance training contracts (contrats d'insertion en alternance) and for the vocational training of private-sector employees. These various Ministries are organised as departments, divisions and directorates with responsibility for the practical and technical supervision of the various aspects of vocational training.

#### **The administration**

A special commission answerable to the Ministry of Labour and Solidarity, the Délégation Générale à l'Emploi et à la Formation Professionnelle (DGEFP - General Commission for Employment and Vocational Training) is responsible for the exercise of government powers in the field of vocational training for young people on alternance training contracts and the vocational training of private-sector employees. This commission is represented at regional level by the Direction Régionale du Travail de l'Emploi et la Formation Professionnelle (DRTEFP - Regional Labour, Employment and Training Directorate) and in the départements by the Direction Départementale du Travail de l'Emploi et de la Formation Professionnelle (DDTEFP - Departmental Labour, Employment and Training Directorate).

A supervisory body, the Groupe Nationale de Contrôle (GNC - National Supervisory Group), has been set up within this commission. It is responsible in particular for supervising the use of the financial resources obtained from the compulsory levy paid by employers to develop CVT. It may also audit the use by the OPCAs, Organismes de formation (OF - training agencies), the agencies responsible for conducting skill reviews

and apprenticeship tax collection agencies, of public funds or other financial resources set aside for VET schemes.

The DRTEFP also has a regional supervisory division for VET made up of training and labour inspectors.

Lastly, training measures for jobseekers involve the various institutions of the public employment service: l'Agence Nationale pour l'Emploi (ANPE - the National Employment Office), local offices and the Permanences d'Accueil, d'Information et d'Orientation (PAIOs - Reception, Information and Guidance Centres).

### **Regional councils**

Decentralisation, which started in the 1980s and was stepped up in 1990s, has led to 26 regional councils which are the prime movers in VET, especially for young people aged between 16 and 25, vocational training trainees and young people on apprenticeship contracts. The regions have therefore had to set up their own administrative services or to enter into supply agreements with the government. Each region has a vocational training commission, department or directorate.

#### **1.3.2 Joint sectoral bodies**

The high degree of involvement of the social partners in the operation of the French vocational training system is one of the system's main characteristics. The social partners are involved in the collection and administration of the Taxe d'Apprentissage (apprenticeship tax) and the levies on enterprises for the development of CVT. The social partners also help to fund certain measures for jobseekers under the activation of expenditure on unemployment by UNEDIC.<sup>8</sup>

#### **Administration of vocational training funds**

The Chambers of Commerce and Industry, the Chambers of Trades and the Chambers of Agriculture, which are the collection agencies for the apprenticeship tax, are administered by employers' representatives.

The contributions from the statutory obligation on enterprises to contribute financially to the development of CVT for employees<sup>9</sup> are collected and administered by special agencies: the OPCAs (authorised joint collection agencies). These joint institutions administering the funds from enterprises' levies must be authorised for this purpose by the government.

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<sup>8</sup> Union Nationale pour l'Emploi dans l'Industrie et le Commerce (National Union for Employment in Industry and Commerce).

<sup>9</sup> See Part 3, Review of Contributions.

## **Administration of the unemployment insurance fund**

Part of the unemployment insurance fund is 'activated', i.e. some funds are used to implement employment and training policies and not just to fund unemployment benefits for jobseekers. This is true in particular of the Allocation de Formation de Reclassement (AFR - redeployment training benefit scheme) or the retraining scheme (leave and agreements).<sup>10</sup> These funds are administered by UNEDIC at national level and the ASSEDICs<sup>11</sup> at local level.<sup>12</sup> These agencies are administered jointly by employers' and employees' representatives.

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<sup>10</sup> See Section 1.4.1.4.

<sup>11</sup> Association pour l'Emploi dans l'Industrie et le Commerce (Associations for Employment in Industry and Commerce).

<sup>12</sup> The local ASSEDICs and the national UNEDIC have managed the jobseekers' register since 1997 as well as the unemployment benefit and special supplementary benefit schemes.

### 2.1 Background

In March 1996, the unemployment rate among young people aged between 15 and 24 was 26.4% (22.1% for men and 31.9% for women). Overall, the unemployment rate among young people without secondary certificates was 2.4 times higher than among higher education graduates, i.e. 17.2% in comparison with 7.4%.

In order to combat unemployment among young people during the 1980s, the social partners and the government developed alternance training measures under special types of employment contract or in the form of periods of work experience. These measures supplemented the IVT options available at school or under apprenticeships.

Since the five-year law of 20 December 1993, the 26 French regions have played more of a part in IVT, there has been further decentralisation and apprenticeship has been overhauled and developed.

#### 2.1.1 Further decentralisation

The role of the regions in young people's vocational training was enhanced by the five-year law of 20 December 1993, under which every region has to formulate a regional development plan for young people's vocational training (Plan Régional de Développement des Formations Professionnelles des Jeunes - PRDFJ) in cooperation with industry and government representatives (Préfet de région (Regional Prefect) and Recteur (director of education)). The purpose of this plan is to impose a degree of consistency on all the initial and continuing vocational training options available for young people. On 31 December 1997, 20 of the 26 regions had drawn up such a plan.

#### Vocational training at school

Responsibilities are currently distributed between various institutions. Expenditure connected with building, rebuilding, repair, equipment and operation (apart from personnel costs) has been devolved to local authorities (regions, departments and communes). Central government retains exclusive responsibility for employees' pay.

The regions therefore fund expenditure by lycées, agricultural lycées, special education schools, merchant marine and fisheries colleges. They may also offer aid for investment by private technical schools (technological and vocational lycées). Higher education establishments remain under central government control.

## **Vocational training under apprenticeships and work placements**

Since the 1983 decentralisation legislation, apprenticeship and continuing vocational training has been funded by central government and the regions, each acting within its own field of competence.

In the case of apprenticeship, powers under ordinary law (droit commun) have been transferred to the regions, although central government is still responsible for funding Apprentice Training Centres (Centres de Formation des Apprentis - CFA) that recruit nationally.<sup>13</sup>

In the case of qualifying and pre-qualifying courses and the measures which accompany them, the 1993 five-year law provided for the gradual transfer of powers from central government to the regions. In 1996, these transfers totalled FF 6 974 000 million (FF 5 129 000 million for qualifying courses and FF 1 845 000 million for pre-qualifying courses). From 1 January 1999, all the regions will have powers for young people's vocational training.

### **2.1.2 The apprenticeship reform**

The first steps towards completely reforming the apprenticeship system were made by a 1987 law establishing a full initial vocational training option (from level V (CAP) to level I (engineering diploma) or higher than the baccalauréat + four years). It is now possible to prepare for any technological or vocational certificate through this channel.

Five years later, the five-year law of 23 December 1993 established a programme to develop apprenticeship. This law gave pride of place to the apprentice master. The law also aimed to harmonise the various kinds of alternance training (alternance training contracts and apprenticeship contracts).

In order to ensure that the apprenticeship programme was adequately financed, the apprenticeship tax was reformed. This tax finances all IVT schemes and not just apprenticeship. The law of 6 May 1996 doubled the proportion channelled into apprenticeship and also established adjustment mechanisms to ensure that funds were equitably distributed.

It also simplified financial incentive mechanisms. In parallel with the tax reform, the government also decided to step up its own contribution. These structural changes were accompanied by a 50% increase in student numbers in comparison with the 1980s and a diversification of specialisms and places of training.

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<sup>13</sup> The Apprentice Training Centres set up by the Ministry of Education safeguard for rare or traditional trades (inland waterways, music, masonry; glass, trade guilds) and provide help with the establishment of qualifying training courses that require substantial financial resources (CAP for professional furniture removers, road hauliers, building-site plant operators, industrial ceramics and nuclear power station operators).



## Funding agencies

The main providers of funds for the initial vocational training system are central and local government. The Ministry of Education, spent FF 63 547 000 million in 1996 (74% of the total), while local authorities funded 12.4% of total expenditure. The large proportion contributed by central government is due to the fact that it pays the wages of most personnel which is the top item of expenditure in the education system.

Enterprises also finance IVT through the apprenticeship tax (2.7%). Enterprises can use a proportion of this tax to provide additional financial help for institutions offering technological and vocational education.<sup>15</sup>

Households also contribute 10.9% through the funding that they provide in particular via grants paid by central government.<sup>16</sup>

**Table 2: Structure of total expenditure on technological and vocational education (in FF and ECU millions)**

	1987	%	1991	%	1996	%
Government	34 288	74.1	46 789	69.4	63 547	73.7
Local authorities	4 276	9.2	9 636	14.3	10 752	12.4
Other public agencies	225	0.5	258	0.4	291	0.3
<b>Public total</b>	<b>38 789</b>	<b>83.8</b>	<b>56 773</b>	<b>84.1</b>	<b>74 590</b>	<b>86.4</b>
Enterprises	1 742	3.8	2 068	3.1	2 357	2.7
Households	5 752	12.4	8 662	12.8	9 415	10.9
<b>Private total</b>	<b>7 494</b>	<b>16.2</b>	<b>10 730</b>	<b>15.9</b>	<b>11 772</b>	<b>13.6</b>
<b>Total</b>	<b>46 283</b> <b>(6 679)</b>	<b>100</b>	<b>67 503</b> <b>(9 671)</b>	<b>100</b>	<b>86 362</b> <b>(13 307)</b>	<b>100</b>

Source: Ministry of Education (Planning and Development Directorate)

## The structure of funding

The respective shares of expenditure on education by central and local government is determined by the distribution of responsibilities set out in the laws on decentralisation. The largest item of **current expenditure** is staff remuneration, the vast majority of which is covered by central government. There is a different distribution of financial responsibility, however, in the case of **capital expenditure**. The major investment financed by central government (building, major repairs, purchases of materials) accounted in 1996 for only 10.8% of its total expenditure on education in comparison with 57.6% in 1987. Central government's share of the funding of capital investment therefore fell by 46.8% over ten years with the baton being taken up by the regions whose share

<sup>15</sup> See Fig. 5 on the apprenticeship tax.

<sup>16</sup> The education account shows post-transfer amounts.

rose from 20.6% in 1997 to 69.5% in 1996. The regions' share, resulting from the transfers set out in the laws on decentralisation, is likely to increase in future years.

## 2.2.2 Apprenticeship

### Apprenticeship's share of vocational training expenditure

Total expenditure by the main agencies funding apprenticeship increased to FF 14 318 million in 1996. This expenditure has continued to rise since 1987.

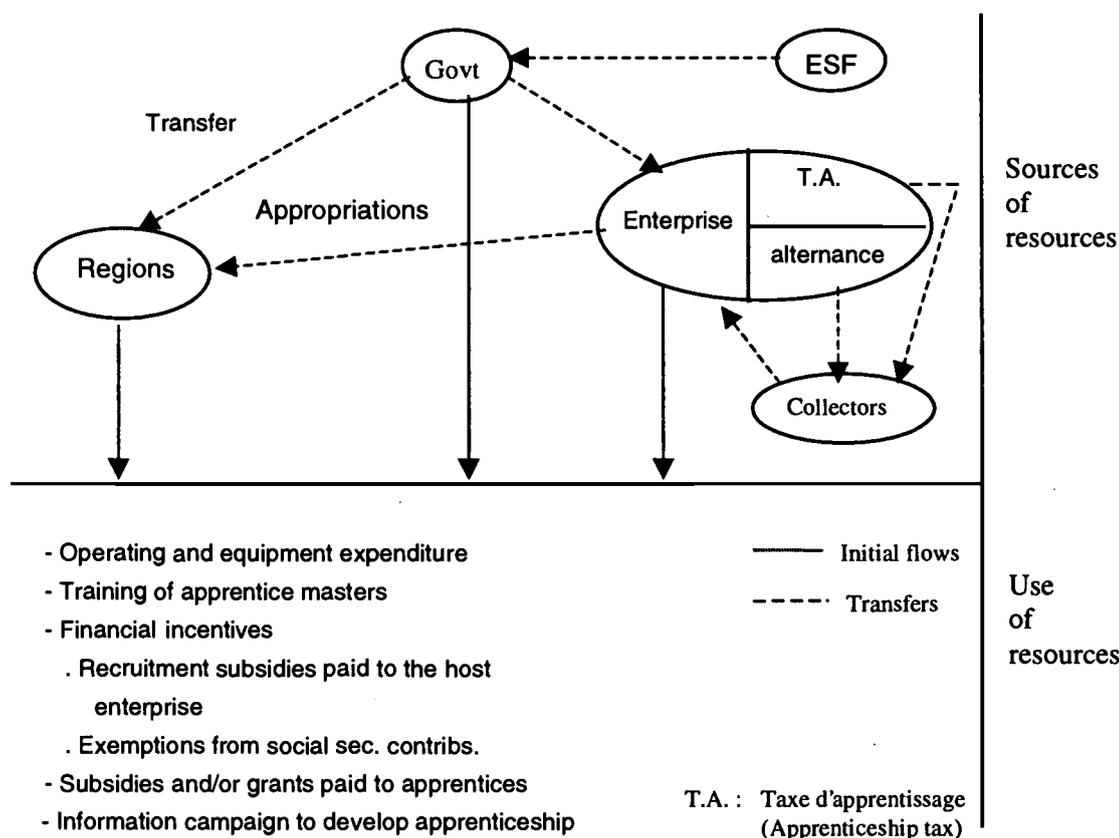
**Table 3: Trend in expenditure on apprenticeship (in FF and ECU millions)**

Years	Amount	Proportion of GDP
1987	4 548 (656)	0.08%
1991	7 492 (1 073)	0.11%
1996	14 318 (2 206)	0.18%

Source: DARES

This growth is due to the rising numbers of apprenticeship contracts. Over four years, the annual flows of recruitment into apprenticeship increased by 44%. A total of nearly 317 000 young people (including 20 000 registered with the agricultural apprentice training centres) were working towards an apprenticeship qualification on 31 December 1996 in comparison with 220 000 four years earlier.

**Figure 2: The apprenticeship funding system**



## Funding agencies

Three main agencies are involved in funding apprenticeship: central government, the regions and enterprises.

**Table 4: Structure of total expenditure on apprenticeship  
(in FF and ECU millions)**

	<b>1987</b>	<b>%</b>	<b>1991</b>	<b>%</b>	<b>1996</b>	<b>%</b>
Government	1 334	29.3	1 800	24	3 902	27.3
Local authorities	1 195	26.3	1 821	24.3	4 591	32.1
Other public agencies	110	2.4	106	1.4	254	1.8
<b>Public total</b>	<b>2 639</b>	<b>58</b>	<b>3 727</b>	<b>49.7</b>	<b>8 747</b>	<b>61.2</b>
Enterprises	1 681	37	3 482	46.5	5 057	35.2
Households	228	5	283	3.8	514	3.6
<b>Private total</b>	<b>1 909</b>	<b>42</b>	<b>3 765</b>	<b>50.3</b>	<b>5 571</b>	<b>38.8</b>
<b>Total</b>	<b>4 548</b> <b>(656)</b>	<b>100</b>	<b>7 492</b> <b>(1 073)</b>	<b>100</b>	<b>14 318</b> <b>(2 206)</b>	<b>100</b>

Source: DARES

Throughout the period, enterprises provided the largest proportion of funding for apprenticeship with 37% in 1987 and 35.2% in 1996.

The proportion of funding for apprenticeship contributed by the regions has increased. This proportion is likely to increase further in future years as a result of the continuing overhaul of apprenticeship. Most regions are conducting an active policy to develop this kind of training, in particular through funding schemes to overhaul apprenticeship in apprentice training centres and by information campaigns targeted at young people and their families.

In parallel with this trend, the proportion contributed by central government fell substantially from 29.3% in 1987 to 27.3% in 1996. In 1996, central government occupied third place as regards the funding of apprenticeship. This is an important trend, largely due to funding reform. Endeavours to place the funding of apprenticeship on a clearer footing, through the apprenticeship tax introduced in May 1996, were followed by a major financial commitment from the government intended to relaunch this kind of training for young people.

## The structure of funding

Enterprises provide the largest proportion of funding for apprenticeship. The amount that they channelled into this kind of training in 1996 was FF 5 057 million (ECU 779.2 million).

## Mechanism

The apprenticeship tax requires employers to contribute to the funding of initial technological and vocational education. It is levied on all legal persons and enterprises, whatever their size, engaged in commercial, industrial, craft or similar activities. The rate of the tax is 0.5% of the gross wage bill.

A proportion of this tax, called the quota, is compulsorily set aside to fund apprenticeship. The balance is known as the ex-quota (*hors quota*).

- The apprenticeship quota is used to finance the national adjustment between the regions and to pay compulsory and/or optional financial aid to the apprentice training centres.
- The apprenticeship ex-quota is used to provide supplementary funding for institutions offering technological and vocational education and to promote the development of apprenticeship through direct aid (grants and subsidies for apprentices, funding of schemes for apprentice masters, etc.).

## Collection

Enterprises subject to the tax pay it to collection agencies, which include:

- the 269 statutory collection agencies (Chambers of Commerce and Industry, Chambers of Trades, Chambers of Agriculture);
- the collection agencies authorised by the Prefect;<sup>17</sup>
- or the collection agencies approved by the Ministry of Education.

Enterprises may also make direct payments.

## Utilisation of the apprenticeship tax

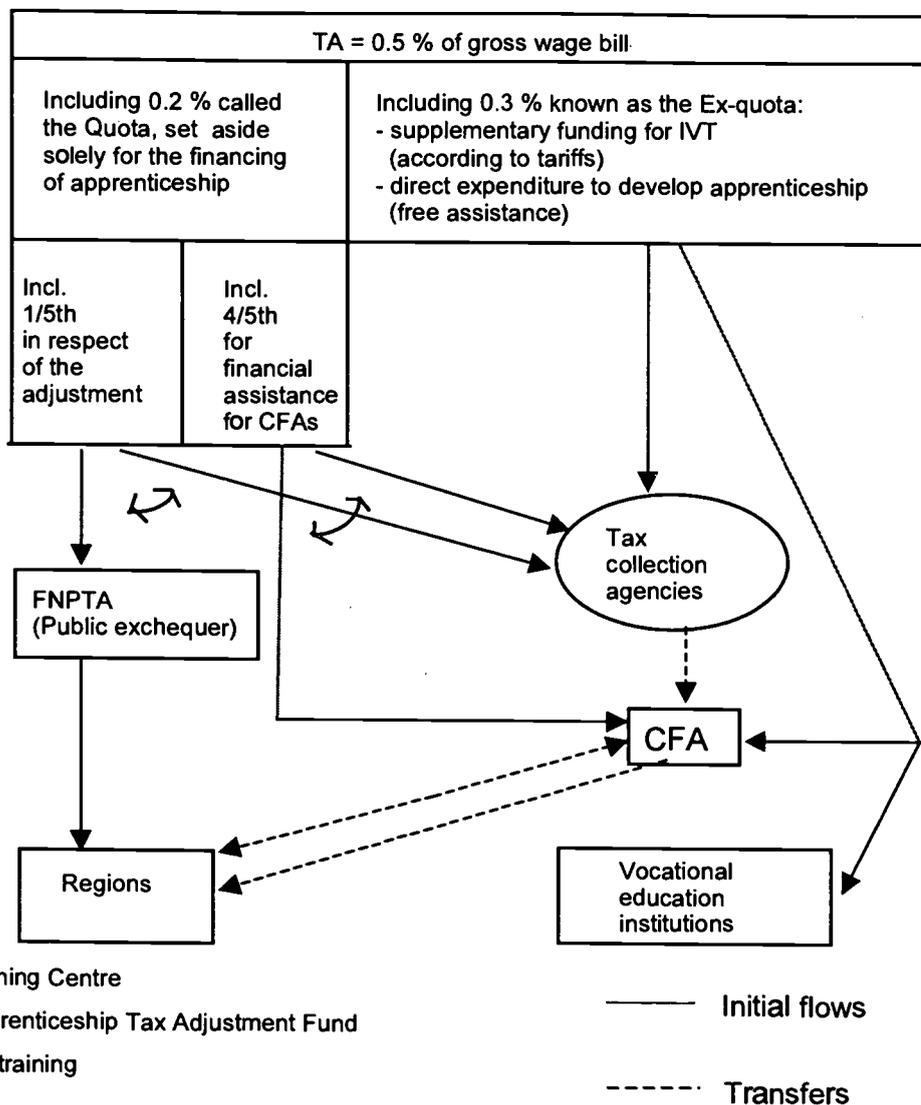
The law strictly defines the ways in which the apprenticeship tax can be used:

- the quota must be set aside solely for apprenticeship, either to implement the adjustment or to provide financial assistance;
- the ex-quota may be used to finance IVT schemes or for expenditure directly benefiting apprentice training (expenditure on training for apprentice masters, subsidies to apprentice training centres, grants or subsidies paid to apprentices).

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<sup>17</sup> Central government's representative in a region or department, appointed by the Council of Ministers (Conseil des Ministres).

**Figure 3: Utilisation of the apprenticeship tax**



CFA: Apprentice Training Centre

FNPTA: National Apprenticeship Tax Adjustment Fund

IVT: initial vocational training

### Transfers from alternance funds to apprenticeship

Part of the funds collected from enterprises with 10 or more employees by the joint collection agencies authorised for the purposes of alternance training (see below) may also be used to finance apprenticeship.

This transfer, which may be up to 35% of the funds collected, is decided on by the social partners at industry level. When such an agreement exists, the funds can be used only to finance the operating expenses of apprentice training centres regulated by central government or the regions. The OPCAs transferred a total of FF 923.48 million (ECU 142.3 million)<sup>18</sup> of these funds in 1996.

<sup>18</sup> As it is a transfer, this amount is not clearly evident from the table of expenditure by enterprises on apprenticeship. The amount is included in the total contribution of enterprises in respect of alternance training.

## The Regions

Local authorities, chiefly the regions, spent FF 4 591 million (ECU 707.4 million) on apprenticeship in 1996.

The regional resources channelled into apprenticeship came from the various government transfers (FF 3 428 000 million) and the repayment of a proportion of the apprenticeship tax<sup>19</sup> (FF 689 000 million).

## Central government

Central government provided funding for apprenticeship of FF 3 902 million (ECU 601.2 million) in 1996.

This government funding largely took the form of transfers to the regions. The government also provides funding through various kinds of assistance with the funding of apprentice training centres, the payment of subsidies to employers for the recruitment of apprentices and the compensation for the exemptions from social security contributions enjoyed by the employers of apprentices. These are therefore consumed appropriations.

### 2.2.3 Alternance training contracts

#### The main statistics

In 1996, expenditure on the training of young people on alternance training contracts amounted to FF 8 005 million (ECU 1 223.4 million).

**Table 5: Trend in expenditure on alternance training contracts  
(in FF and ECU millions)**

Years	Amount	Proportion of GDP
1987	7 643 (1 103)	0.14%
1991	8 498 (1 433)	0.13%
1996	8 005 (1 233)	0.10%

Source: DARES

Expenditure on alternance training for young people has been declining for ten years. In 1996, there were 143 188 contracts of this type in comparison with 196 111 in 1991 and 289 200 in 1987. This situation to some extent reflects trends in employment and the shift towards apprenticeship promoted by the public authorities.

<sup>19</sup> These are funds transferred back to the regions under the national adjustment in respect of the apprenticeship tax (see the description of distribution mechanisms).

**Table 6: Structure of expenditure on alternance training contracts  
(in FF and ECU millions)**

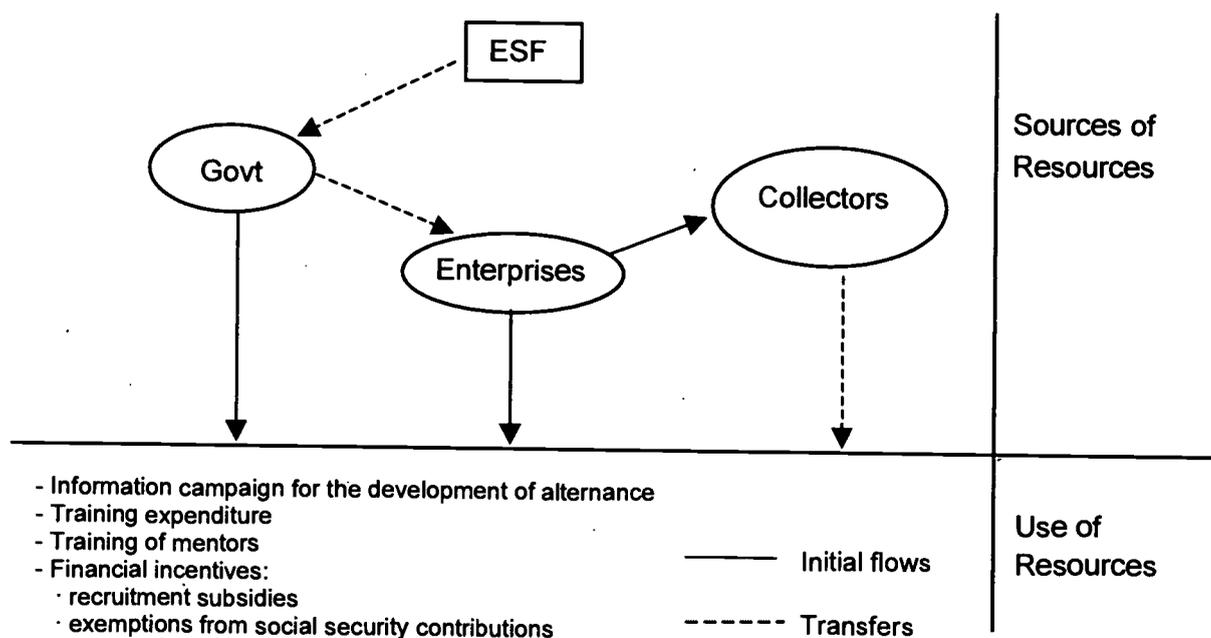
	1987	%	1991	%	1996	%
Government	4 000	52.3	2 752	32.3	2 330	29.2
Local authorities	0	-	0	-	0	-
Other public agencies	0	-	0	-	0	-
<b>Public total</b>	<b>4 000</b>	<b>52.3</b>	<b>2 752</b>	<b>32.3</b>	<b>2 330</b>	<b>29.2</b>
Enterprises	3 643	47.6	5 746	67.6	5 675	70.8
Households	0	-	0	-	0	-
<b>Private total</b>	<b>3 643</b>	<b>47.6</b>	<b>5 746</b>	<b>67.6</b>	<b>5 675</b>	<b>70.8</b>
<b>Total</b>	<b>7 643</b> <b>(1 103)</b>	<b>100</b>	<b>8 498</b> <b>(1 432.7)</b>	<b>100</b>	<b>8 005</b> <b>(1 233.4)</b>	<b>100</b>

Source: DARES

The private sector provides the lion's share of funding for these contracts: close to 71% of the total in 1996. Most of the funds come from enterprises.

### Funding

**Figure 4: The funding system for alternance training contracts**



## **Funding agencies**

### Enterprises

All enterprises have to contribute to the development of alternance training schemes by channelling a percentage of their gross wage bill into this system.<sup>20</sup> They may use such funds directly or make payments to mutual funds or to the public exchequer.

### Central government

Central government contributes to the funding of alternance training schemes through exemptions from social security contributions (up to 50%) and assistance with the recruitment of young people under contrats de qualification (training-employment contracts) (subsidies of FF 5000 to FF 7000 in 1997). Such assistance is awarded to enterprises after inspection by the authorities.

### **The structure of funding**

70.8% of expenditure came from enterprises and 29.2% from central government (see Section 3 above) in 1996.

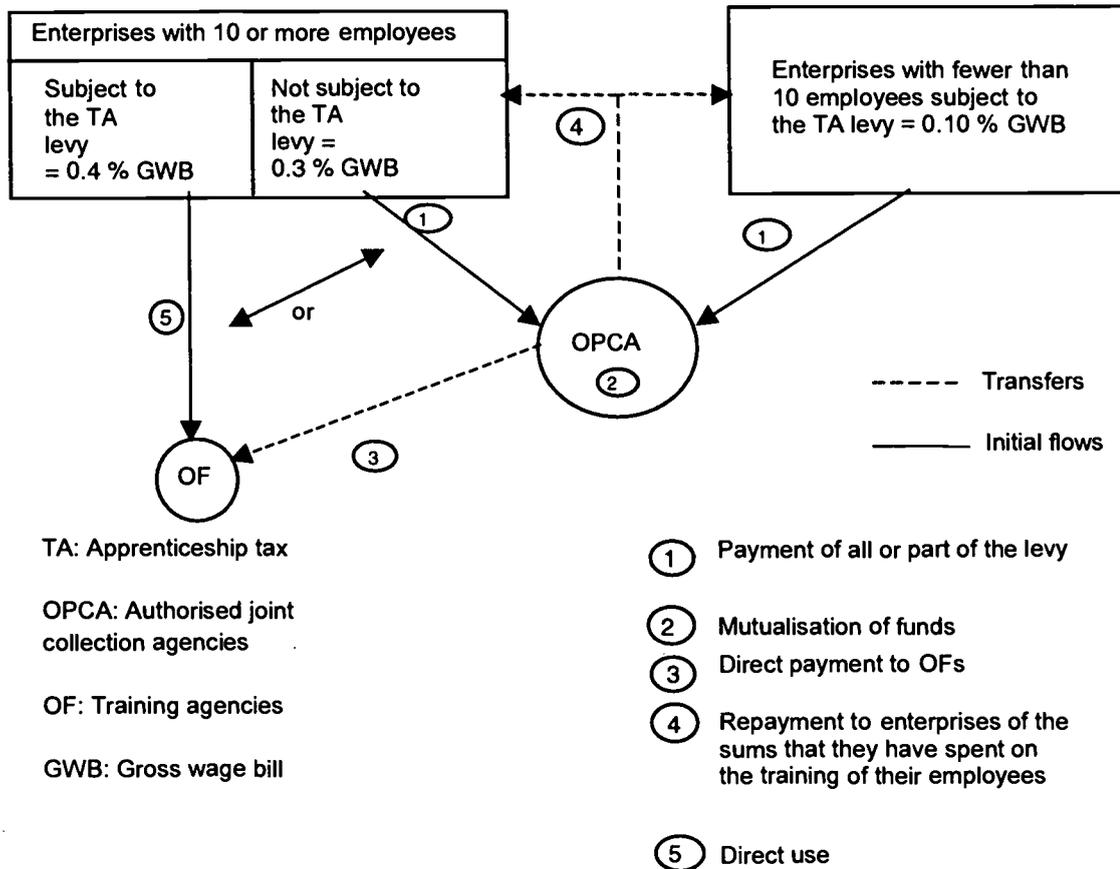
Funding from enterprises will be described below.

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<sup>20</sup> Alternance training schemes form part of CVT in France. The levy is paid as part of the general contribution of 1.5% of the gross wage bill paid to finance CVT.

## The statutory obligation to contribute to the funding of alternance training

**Figure 5: Enterprises subject to the 'alternance' levy**



Alternance training schemes are financed from a special levy on enterprises, however many employees they have.

The amount of the levy varies according to two criteria:

- employee numbers (fewer than 10 / 10 or more employees);
- whether or not they are subject to the apprenticeship tax.

### The case of enterprises employing 10 or more employees

If the enterprise is subject to the apprenticeship tax, it must pay 0.4% of its wage bill to finance these schemes; if it is not subject, the rate is 0.3%.

### The case of enterprises employing fewer than 10 employees

The levy concerns only enterprises subject to the apprenticeship tax. The rate is 0.10% of the wage bill.

**Table 7: Enterprises' 'alternance' levy (% of wage bill)**

	Enterprises with 10 or more employees	Enterprises with fewer than 10 employees
Enterprises subject to the apprenticeship tax	0.40%	0.10%
Enterprises not subject to the apprenticeship tax	0.30%	No levy

The rules on the collection of the 'alternance' levy vary depending on the size of the enterprise.

#### Enterprises employing 10 or more employees

These may pay their compulsory levy by:

- making a payment to an OPCA;
- recruiting young people and deducting flat-rate amounts;
- making a payment to the public exchequer.

When an enterprise is covered by a collective agreement setting out membership of an OPCA, the enterprise must pay all or part of its levy to the agency set out in the agreement. If it is not covered by a collective agreement, it may join the OPCA of its choice on a voluntary basis.

Whether by choice or obligation, most enterprises opt to join an OPCA in order to satisfy their obligations as regards the alternance levy (see Table 9).

#### Enterprises employing fewer than 10 employees

It is compulsory for enterprises subject to the apprenticeship tax to pay their levy to an OPCA authorised for this purpose. These enterprises cannot directly deduct from their levy the flat-rate amounts paid in respect of alternance training contracts. These enterprises pay their levy to the OPCA designated in the collective agreement applicable to them. If there is no such agreement, they voluntarily pay their levy either to the OPCA of their sectors or to a multi-sector OPCA.

**Table 8: Options in respect of the 'alternance' levy**

	Enterprises with 10 or more employees	Enterprises with fewer than 10 employees
Payment to an OPCA	Yes	Yes
Direct use	Yes	No
Payment to the public exchequer	Yes	No

#### **Utilisation**

Enterprises provide most of the funds for alternance contracts. Most of the FF 5 675 million (ECU 874.4 million) paid by enterprises in 1996 were paid to an OPCA (authorised

joint collection agency).<sup>21</sup> The remainder was used freely by enterprises to induct and train young people on alternance training contracts.

#### Collection of funds by OPCAs for alternance purposes

The funds collected by OPCAs are mutualised in a special account. An enterprise which has paid its levy to an OPCA may therefore obtain financial assistance from this agency in order to organise the induction and training of young people.

As a result of this fund mutualisation mechanism, enterprises may also obtain payments from the OPCA that are greater than the levy that they have paid.

**Table 9: Distribution of the 'alternance' funds collected in 1996  
(in FF and ECU millions)**

	<b>+ 10 employees</b>	<b>- 10 employees</b>	<b>not distributed</b>	<b>1996</b>
Number of enterprises paying	151 092 (i.e. 14.9% of all enterprises with 10 or more employees)	623 145 (i.e. 53% of all enterprises with fewer than 10 employees)	394 585	774 237 (1) (i.e. 66% of all enterprises subject to the levy)
Number of employees concerned	10 152 893	1 949 709	12 435	12 115 037
Levies received for 1996	5 673.7 (874.2)	251.6 (38.8)	17 (2.6)	5 942.3 (915.6)

Source: Estimates for the 1998 PLF

(1) Of the 1 168 822 enterprises subject to the statutory obligation to contribute to the development of alternance training contracts.

#### Expenditure covered by OPCAs

The levies paid by enterprises enable the OPCA in particular:

- to finance the training of young people recruited by enterprises under alternance training contracts;
- to finance the training of mentors responsible for supervising these young people;
- to finance expenses linked to the performance of mentor's duties;
- to finance expenditure on information about alternance training.

### **2.2.4 IVT for vocational training trainees**

#### **The main statistics**

In 1996, funding for schemes for young people finding their first jobs amounted to FF 5 001 million (ECU 770.6 million).

<sup>21</sup> These are transfers.

**Table 10: Trend in total expenditure on qualification and pre-qualification courses (in FF and ECU millions)**

Years	Amount	Proportion of GDP
1987	2 512 (362.5)	0.05%
1991	6 285 (900.4)	0.09%
1996	5 001 (770.6)	0.06%

Source: PLF 1998 - DARES - DGEFP

Since 1984, when pre-qualifying training courses were decentralised, funding from the government has lost its top place, falling from 98.5% in 1991 to 25.9% in 1996. Further decentralisation should reduce this percentage even further.

### **Funding**

Government funding for AFAs (Actions de Formation Alternée – alternance training schemes) in some regions now concerns only pre-qualifying courses, as qualifying courses have already been decentralised.

Regional resources come from a specific government appropriation for qualifying courses, whereas government appropriations for pre-qualifying and mentoring schemes will start to be transferred from 1 January 1999. Consequently, appropriations are being assigned only to regions that have anticipated this second transfer of responsibilities.

## **2.3 Resource distribution mechanism**

### **2.3.1 Decentralisation**

In the case of initial and continuing vocational training for young people, the mechanisms by which resources are distributed are, as explained above<sup>22</sup>, determined to a large extent by the distribution of powers laid down in the laws on decentralisation from central government to the regions.

#### **The regional plan to develop vocational training for young people (PRDFP)**

The regions now have ordinary law powers over vocational training for young people. Policy on vocational training for young people is therefore decided at regional level. The regions draw up an overall plan for this policy: the regional plan to develop vocational training for young people (PRDFPJ).

#### **Contracts setting objectives**

The regions have a specific tool for implementing the PRDFPJ: the contrats d'objectifs. These are multi-annual contracts lasting three to five years setting out guidelines and

<sup>22</sup> See Section 2.1, Background.

objectives for the development of apprenticeship and vocational education at school in coordination with the other forms of alternance vocational training (alternance training contracts). They are intended to facilitate the coordination of government, regional and industry measures to develop the various VET options for young people. They set out, in particular, the conditions under which central government and regional funds can be mobilised to achieve the objectives that have been set.

In 1996 and 1997, seven contrats d'objectifs were signed by the regions, the government and the following sectors:

- heavy engineering;
- the hotel industry;
- automobile services;
- transport and logistics;
- construction and public works;
- commerce and distribution;
- crafts.

### **2.3.2 Adjustment of the apprenticeship tax**

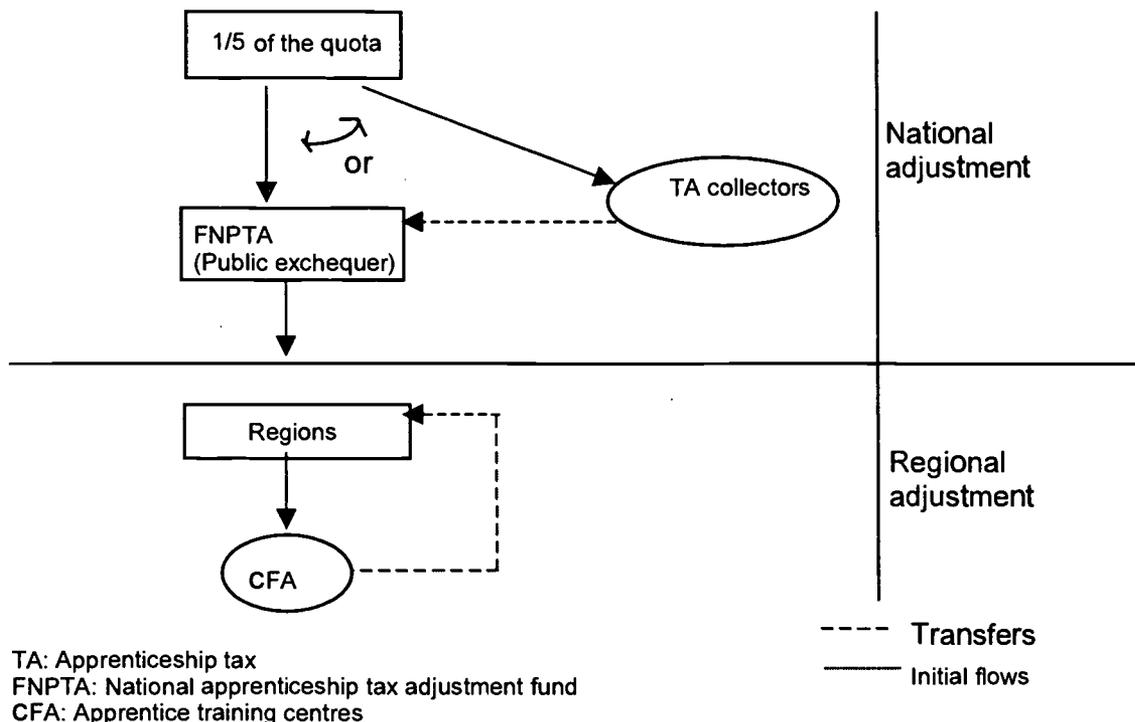
Another mechanism that lies at the heart of the system for funding training for young people is the apprenticeship tax adjustment mechanism. This mechanism was established in 1996. It is intended to reduce any imbalances between the regions as regards payments of the tax. It operates at national and regional level.

#### **The national adjustment**

A proportion of the quota - that proportion of the tax set aside exclusively to fund apprenticeship - is paid by the enterprise subject to the tax either directly or via one of the tax collection agencies to a fund set up for this purpose: the Fonds National de Péréquation de la TA (FNPTA - the national apprenticeship tax adjustment fund).

This amount is repaid by the FNTPA to the regions according to a breakdown laid down by decree. The regions then use the sums awarded to them to finance the apprentice training centres with which they have agreements.

**Figure 6: Apprenticeship tax adjustment mechanisms**



### The regional adjustment

The total resources of apprentice training centres cannot exceed a ceiling set as a function of the number of apprentices registered with the centre and a tariff of costs by level and type of training.

When the resources of a centre exceed this ceiling, surpluses are paid back to the regions. The latter then redistribute these sums to centres whose revenue from the apprenticeship tax is below a minimum threshold.

### 2.3.3 The redistribution of 'alternance' levies

The 'alternance' levies paid by enterprises are also subject to a 'national adjustment' mechanism administered by an agency managed by the social partners: AGEFAL (Association pour la Gestion des Fonds de l'Alternance - Association for the management of alternance funds). It is responsible for recovering surpluses from OPCAs that have exceeded the threshold and redistributing them to those unable to satisfy funding requests from enterprises.

## 2.4 Outlook

IVT accounted in 1996 for FF 113 686 million (ECU 17 517 million), i.e. 51% of total expenditure on vocational training.

The largest proportion of funding concerned young people at school, followed by apprenticeship, alternance and qualifying and pre-qualifying courses. Most funding was public with the exception of alternance training schemes, for which 70.9% of the funding came from the levy on enterprises.

**Table 11: Summary of the levels and sources of funds for the various IVT schemes in 1996 (in FF and ECU millions and as %)**

Sources of funds	IVT at school	Apprenticeship	Alternance	Qualifying and pre-qualifying courses	Total
Public sources	74 590 (86.4%)	8 747 (61.1%)	2 330 (29.1%)	5 001 (100%)	90 668 (79.8%)
Private sources	11 772 (13.6%)	5 571 (38.9%)	5 675 (70.9%)	0	23 018 (20.2%)
<b>Total</b>	<b>86 362</b> <b>(13 307)</b>	<b>14 318</b> <b>(2 206.2)</b>	<b>8 005</b> <b>(1 223.4)</b>	<b>5 001</b> <b>(770.6)</b>	<b>113 686</b> <b>(17 517)</b>

Sources: Ministry of Labour (Directorate for the Coordination of Research and Statistics) and Ministry of Education (Planning and Development Directorate)

There are two main partners in the IVT system: the regions and the social partners. The government therefore regularly involves them in decision-making and promotes partnerships with the regions. It is in this spirit of concerted action that the government is envisaging taking various measures to promote vocational training for young people focusing on the following two main areas:

- stepping up the professional skills of young school-leavers;
- improving the access of young first-time jobseekers facing major problems.

These two areas will involve a more intensive partnership between central government and the regions.

### 2.4.1 Improving the professional skills of young school-leavers

This is based on alternance training. The draft finance law for 1998 therefore sets out plans to increase apprenticeship contracts from 220 000 to 240 000 over the year.

The Plan triennal de lutte contre l'exclusion (three-year plan to combat exclusion) adopted in March 1998 provides for an increase in the number of alternance training contracts, giving priority to young people with few qualifications and focusing on:

- the contrat de qualification (training-employment contract): this is for young people at levels VI, Va and V. The aim is to increase enrolments from 101 000 in 1997 to 140 000 by 2000;
- the contrat d'orientation (orientation contract): this is for young people with no qualifications or vocational plans. The aim is to increase enrolments from 3000 in 1997 to 20 000 in the year 2000.

These developments are scheduled to be implemented as part of the reform of continuing vocational training planned for 1999 (see Section 4.4). They will be financed by alternance appropriations that are currently unused. Priority will be given to those groups facing the worst problems.

#### **2.4.2 Access to qualifications for young first-time jobseekers facing major problems**

Under the 'three-year plan to combat exclusion' an individual mentoring programme will be implemented for young people facing major family, social or cultural problems, in particular young people from disadvantaged areas or who have left school without certificates or qualifications (levels VI and Va): this programme is called TRACE (Employment access routes). The aim is to help 60 000 young people to find permanent jobs every year following indepth mentoring (review and remobilisation measures, work experience, training schemes, etc.).

The pay that these young people will receive will be linked to the various stages of the scheme: pay under a contract of employment or pay as a vocational training trainee. During periods not covered by a contract or by approved training, young people with particular material problems may be eligible for financial aid from a government emergency fund, the Fonds d'Aide aux Jeunes (FAJ - Young people's assistance fund).

#### **2.4.3 Closer partnership between central government and the regions**

Increased enrolment through training employment contracts will require an increased mobilisation of the public employment service and assistance centres for young people (local missions and Permanences d'Accueil, d'Information et d'Orientation - PAIOs) acting in close cooperation with the regions in order to 'improve the resources that the regions devote to pre-qualifying courses'.

Formulas will be developed to place the respective work of the government and the regions on a contractual basis. This will be done as part of the TRACE programme and will take account of the powers that have now been transferred to the regions.

## Part 3: Continuing vocational training

### 3.1 Background

Since the beginning of the 1970s, CVT has been developed using the mechanisms set out in law:

- the compulsory financial levy on enterprises;
- the collection of all or part of this levy by agencies set up and administered by the social partners;
- compulsory consultation of employees' representatives in enterprises;
- access to training organised by employers as part of their training plans or at the initiative of employees under individual rights to training.

The mechanisms established by law initially applied only to enterprises with 10 or more employees. Collective agreements and laws subsequently included most of these mechanisms in order to develop CVT in enterprises with less than 10 employees, the public service and among the self-employed.

Under these provisions, CVT is financed by:

- enterprises, through the compulsory financial levies;
- the joint agencies (OPCAs) administered by the social partners, through the redistribution of the funds that they manage;
- central government and the regions, through the public aid that they offer;
- employees themselves, since they may be asked to pay financial contributions.

#### 3.1.1 Compulsory levies on enterprises

Compulsory levies on enterprises are the characteristic feature of the French funding system for CVT. They were established on a statutory basis in order to encourage enterprises to train their personnel. Consequently, all enterprises in the private and public sectors play a part in developing CVT.

These financial levies are targeted and are broken down into a number of 'contributions'.

#### Private-sector enterprises

In the case of private-sector enterprises, the amount of the levy and the way in which it is calculated vary depending on the nature and size of the enterprise. The statutory obligation to contribute to the development of CVT involves a levy of 1.5% on the wage bill of enterprises with 10 or more employees and one of 0.25% on the wage bill of enterprises with less than 10 employees.

The levy on enterprises employing 10 or more employees is broken down as follows:

- a contribution to the funding of the training plan;
- a contribution to the administration of alternance training contracts;<sup>23</sup>
- a contribution to the funding of personal training leave.

The levy paid by enterprises employing less than 10 employees is broken down as follows:

- a contribution to the funding of the training plan;
- a contribution in respect of alternance training contracts.

All private enterprises, whatever their size, must pay a special levy to finance personal training leave for employees on fixed-term employment contracts which is equivalent to 1% of the wages paid.

In some sectors collective agreements provide for a higher contribution than the statutory minimum for enterprises with less than 10 employees.

### **The public authorities**

Like private-sector enterprises, these authorities must pay a compulsory levy to finance the training of their staff.

In the case of government employees, this levy is negotiated by the *Ministre de la Fonction Publique* (Ministry of the Public Service) and the representative public service trade unions. A three-year framework agreement sets the minimum threshold for the levies to be paid by each authority in respect of the training plan and training leave.

Each Ministry therefore has to pay a yearly levy to fund continuing training consisting of:

- a contribution of 3.8% of the wage bill, for the training plan;
- a contribution of 0.20% of the wage bill, for vocational training leave.

Similarly, the amount of the levies that have to be paid by local authorities or public agencies for the funding of CVT is set out in a framework agreement for the local public service.

These levies are set at:

- a maximum of 1% of the wage bill to fund schemes included in the training plan;
- a minimum of 0.10% of the wage bill to fund vocational training leave.

Public hospitals are also under a statutory obligation to contribute to the funding of CVT for their staff. This levy is set at a minimum of 2.10% of their wage bill.

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<sup>23</sup> This contribution is described in Part 2 - IVT.

## Self-employed workers

Self-employed workers (craft workers, farmers, professional practitioners, traders, independent workers) may also attend training. It is compulsory for them to help fund their training through the payment of a special flat-rate contribution.

### 3.1.2 Collection agencies

The levies paid by **private enterprises** are collected by agencies established by collective agreements and authorised by public authorities: the Organismes Paritaires Collecteurs Agréés (OPCAs - Authorised joint collection agencies).

The collection network is made up of 99 collection agencies: 49 are national and 50 are regional; the regional agencies have exclusively multi-sector powers. These OPCAs differ in terms of the types of contributions that they can collect.

**Table 1: Organisation of collection by type of contribution**

Contributions	Competent agencies
Training plan and alternance:	49 national industry-wide agencies
	{ 2 national multi-sector agencies
<i>Regional Funds</i>	{ 24 multi-sector agencies
	{ 26 FONGECIF
Personal training leave:	5 AGECEF
	12 industry-wide agencies under dispensation

FONGECIF: Fonds de gestion du congé individuel de formation (Personal training leave management fund)

AGECEF: Association de gestion du congé individuel de formation  
(Personal training leave management association)

The collection system was set up to meet the concern of all the agencies involved, public authorities and social partners to promote structured CVT policies by concentrating financial resources. Collection is organised at both national and regional level and at sectoral and multi-sectoral level. This system is intended to make it easier to take account of local needs and the specific features of individual industries.

The payment of funds to an OPCA may be compulsory. This is true in particular of the 'personal training leave', 'training plan' and 'alternance' contributions paid by enterprises with less than ten employees. It may also be compulsory for enterprises with 10 or more employees to pay their 'training plan' and 'alternance' contributions to an OPCA if this is laid down in a collective agreement; otherwise such payments are voluntary.

Part of the levies paid by **authorities** governed by the public service and by hospitals are also paid to collection agencies: the Centre National de la Fonction Publique Territoriale (CNFPT - National Local Centre of the Local Public Service) and the Association

It is compulsory for the levies paid by **self-employed workers** to be paid to special agencies set up by professional practitioners and authorised by the government.

### 3.1.3 Government and regional aid

Public authorities can provide financial aid for enterprises to help them to develop training for their staff. There are several types of aid meeting different aims.

Some forms of aid are intended to encourage enterprises to carry out more training. These include, in particular, the 'engagements de développement de la formation' (EDDF - training development commitments) and the 'crédit d'impôt formation' (training tax credit) which is a fiscal measure. Industries may also be helped to pinpoint and identify their training and skill needs (Contrat d'Études Prospectives (CEP) - forward studies contract). Some types of aid take the form of financial packages to help enterprises to deal with specific problems (Fonds National pour l'Emploi - National Employment Fund).

Central government and the regions also help to fund personal training and skill review leave under the convention procedure. Conventions on personal training leave may be concluded between the government or the region and an approved joint collection agency. These conventions set out the extent to which the government or region will fund training schemes, the conditions under which it will do so and the pay of employees on training leave.

### 3.1.4 Training co-investment formulas

Individuals may also be asked to help to fund the training schemes that they are attending. This is known as 'co-investissement' (co-investment). Individual financial contributions are organised using various mechanisms.

The first of these is the personal training leave start-up. Under this system, the person taking the leave can have his pay and the costs incurred to start training (educational fees, accommodation and transport costs) covered wholly or partly by the OPCA. When only part of these costs are covered, the individual has to bear the remaining costs.

Another special mechanism for organising training outside working time has been set up by the social partners. This system places the conditions under which employees agree to attend training courses - forming part of training plans - taking place partly outside their working time (evenings and weekends) on a contractual basis. This mechanism, which is not at all widespread, has not as yet been subject to any financial evaluation.

## 3.2 Sources of funding

### 3.2.1 General data

In 1996, total expenditure on the training of workers in employment, private-sector employees, civil servants and post-school training<sup>24</sup> was FF 79 737 million (ECU 12 286 million), i.e. 58.7% of total expenditure on vocational training and 1.01% of GDP.

Total training expenditure includes actual training costs, the pay of employees attending training, costs connected with training schemes (information, counselling and administration) and travel expenses.

**Table 2: Trend in total expenditure on the vocational training of workers in employment (in FF and ECU millions)**

Years	Amount	Proportion of GDP
1987	43 954 (6 343)	0.82%
1991	67 558 (9 679)	0.99%
1996	79 737 (12 286)	1.01%

Source: DARES

Expenditure by enterprises is not limited to the compulsory levies that they pay. On average, their contribution was 3.3% of the wage bill in 1996, i.e. more than double the statutory obligation (1.5%).

Public expenditure also includes the appropriations earmarked for tax incentives for training and enterprise research and counselling services.

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<sup>24</sup> Workers in employment registering with universities, on their own initiative, for post-initial training, i.e. outside of any scheme run by the government or employers. These people are more likely to be following a vocational rather than an initial course. As this group is very hard to pinpoint, however, the figures given here are no more than indicative.

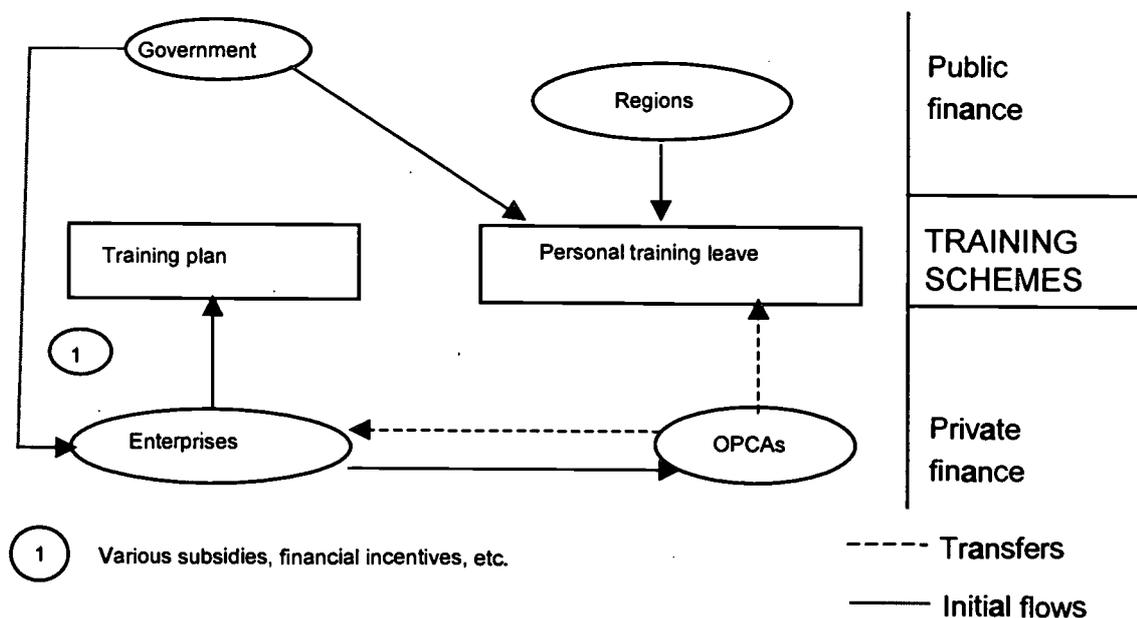
**Table 3: Structure of total expenditure on training of workers in employment (in FF and ECU millions)**

	1987	As %	1991	As %	1996	As %
Government	17 388	39.6	26 499	39.2	31 044	38.9
Local authorities	1 082	2.5	1 398	2.1	733	1
Other public agencies	1 516	3.4	2 345	3.5	3 020	3.8
<b>Public total</b>	<b>19 986</b>	<b>45.5</b>	<b>30 242</b>	<b>44.8</b>	<b>34 797</b>	<b>43.7</b>
Enterprises	23 327	53.1	36 316	53.7	43 617	54.7
Households	641	1.5	1 000	1.5	1 323	1.6
<b>Private total</b>	<b>23 968</b>	<b>54.5</b>	<b>37 316</b>	<b>55.2</b>	<b>44 940</b>	<b>56.3</b>
<b>Grand total</b>	<b>43 954</b> <b>(6 343)</b>	100	<b>67 558</b> <b>(9 679)</b>	100	<b>79 737</b> <b>(12 286)</b>	100

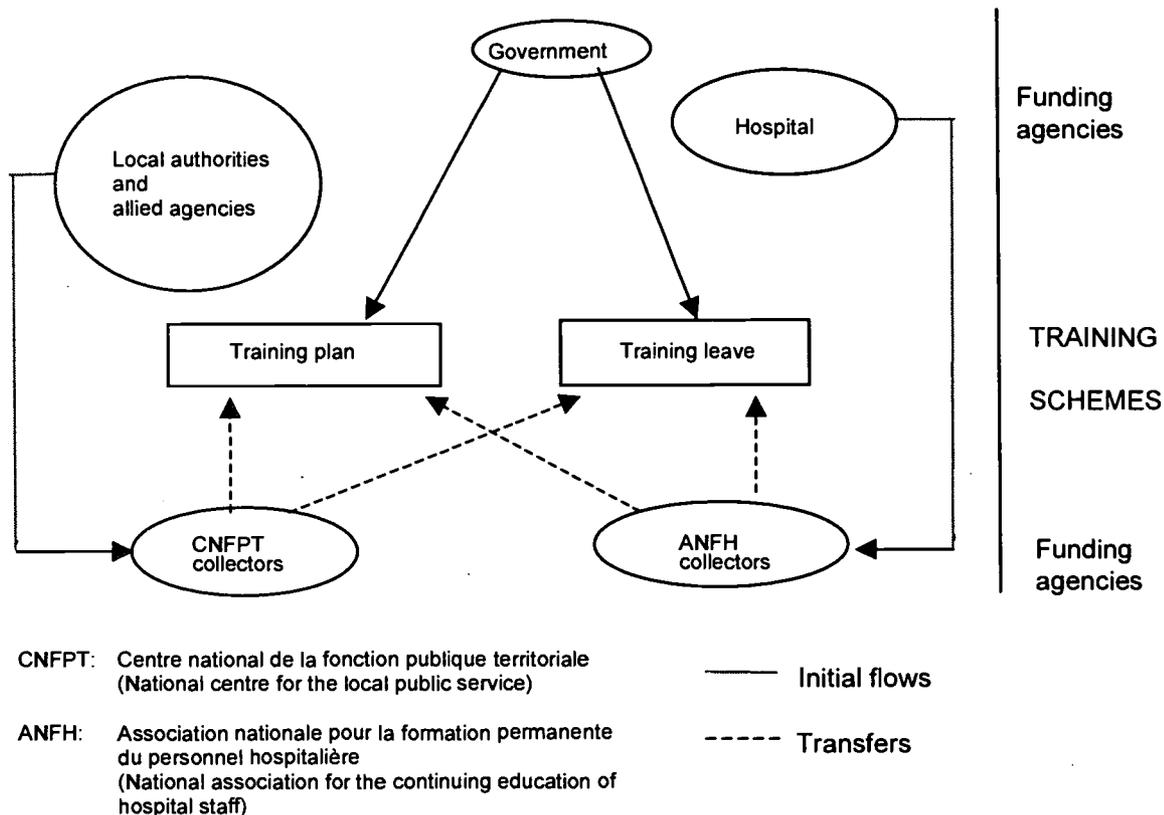
Source: DARES

### 3.2.2 Funding

**Figure 1: The funding system and financial flows in CVT: private-sector employees**



**Figure 2: The funding system and financial flows in CVT: civil servants**



### Funding agencies

In 1996, the public authorities bore 43.7%, enterprises 54.7% and households 1.6% of funding for the training of workers in employment. The share of private funding increased slightly over 10 years: from 54.5% in 1987 to 56.3% in 1996.

### The structure of funding

The data on the training of public employees is derived from a variety of sources and very often consists of estimates. To treat them as a whole would be unreliable. Only data on the training of the private-sector employees will therefore be examined below.

### Contributions by enterprises to the funding of CVT<sup>25</sup>

Enterprises finance two main types of vocational training scheme;<sup>26</sup>

- the training plan;
- personal training leave.

<sup>25</sup> Data on enterprise contributions by size also include, bearing in mind the definition of CVT in France, alternance training and the funding of some schemes for jobseekers.

<sup>26</sup> See the CEDEFOP monograph.

**Table 4: Expenditure on personal training leave and the training plan in 1996  
(provisional data in FF and ECU millions)**

	<b>Expenditure</b>	<b>Beneficiaries</b>
<b>Training plan</b>		
- enterprises employing 10+ employees	38 865 (5 988)	3 591 000
- enterprises employing less than 10 employees	752 (116)	265 000
<b>Personal training leave</b>	4 000 (616)	24 910

Sources: CEREQ - DARES

#### Enterprise contributions by size

In terms of overall volume, enterprises employing 10 or more employees occupy a dominant position in CVT<sup>27</sup> even though they are few in number (11.7% of all the enterprises concerned).

In 1996, enterprises employing 10 or more employees made an average contribution of 3.26%, i.e. 50% more than the statutory obligation. The amount of training provided increases with the size of the enterprise: 1.7% of the wage bill for enterprises with 10-19 employees and 4.9% for enterprises with 2000 or more employees.

#### Enterprise contributions by sector

Contributions vary greatly from sector to sector and are linked to the average size of the enterprise.<sup>28</sup>

Funding levels exceeded 5% in three sectors in 1996: electricity and gas generation and distribution (8.89%), transport (5.12%) and banking (5.05%).

### **Government funding of training for private-sector employees**

#### Public aid for training in enterprise

The government helps to fund continuing training by supporting training in enterprises and through tax incentives. Since 1993, general powers in the field of CVT have been decentralised to the regions. Consequently, alongside public aid for training in enterprise which can be funded jointly by the government and the region (counselling aid and the EDDF under planning contracts<sup>29</sup>), the regions may decide, on their own authority, to award specific aid to enterprises.

The appropriations available in 1996 for such schemes amounted to FF 318 million (ECU 49 million)<sup>30</sup>, broken down as follows:

<sup>27</sup> Including 'alternance' expenses.

<sup>28</sup> Sources: CEREQ.

<sup>29</sup> See Part 2 - Context - IVT.

<sup>30</sup> These are consumed appropriations included in the government's contribution to the funding of continuing vocational training (see Table 2).

- FF 6 million for forward studies (CEP – Contrat d'Etude Prévisionnelle);
- FF 292 million for the EDDF (Engagements de Développement de la Formation - training development commitments);
- FF 20 million for technical support.

Most public aid for training in enterprise may be jointly funded by the ESF (European Social Fund) within the framework of Community Objective 4.

### The training tax credit (crédit d'impôt formation)

The General Taxation Code sets out a five-year tax deduction scheme for enterprises which have, year on year, undertaken training over and above the statutory obligation: the training tax credit. This measure is intended to promote the development of vocational training.

Enterprises are eligible if they have increased their training expenditure, irrespective of the sector (industrial, commercial, agricultural, craft or professional enterprises), their number of employees (fewer than or more than 10 employees) or legal form (company, individual enterprise, profit-making association).

This deduction is made from the taxation payable by the enterprise, i.e. from earnings or corporation tax.

During the period 1994 - 1996, the value of the training tax credit stabilised at around FF 300 million (ECU 46.2 million).

## **3.3 Distribution of resources**

### **3.3.1 Funding of the training of private-sector employees**

#### **Role of the collection agencies: the mutualisation mechanism**

The amounts collected by the authorised joint collection agencies (OPCAs) are mutualised. Mutualisation is a financial technique by which all the amounts that enterprises pay to OPCAs are pooled. The amounts that enterprises can draw are not linked to the amounts that they have paid.

#### **Mutualisation for the purposes of funding training plans**

The amounts paid by enterprises employing less than 10 employees are mutualised on receipt within specific sections. This mutualisation is automatic and immediate. In the case of enterprises employing 10 or more employees, the rules on mutualisation are laid down by the social partners represented within the OPCAs.

The mechanism for mutualising funds set aside to finance training schemes forming part of training plans has two effects:

- 'paying' enterprises, whatever their size, are entitled to the mutualised amounts and may therefore obtain funds for the training of their staff;
- the collective management of these amounts makes it possible for the social partners represented within the OPCAs to draw up a list of priority training schemes. Joint rules on the allocation of funds may be laid down in a collective agreement.

### **Mutualisation for the purposes of funding personal training leave**

In this case mutualisation benefits employees: personal training leave is a personal right to training financed by levies on enterprises. Because the amounts paid out are not linked to the amounts paid in, the employee benefits. As a result of this mutualisation, employees can obtain financial coverage of personal training leave within the framework of a solidarity that goes beyond not only their enterprise but also their industry, as the OPCA administering this leave is in most case a multi-sector agency.

### **Role of central government: incentives, aid and penalties**

As mentioned above (see Section 4.2.2.2.2), the government funds CVT through consumed appropriations (taxation measures or public aid), but also supervises employers' use of the compulsory levy to develop continuing training and may take some coercive measures.

The government has ordinary-law powers as regards the supervision of vocational training. It has set up a special facility for this purpose intended in particular to supervise employers' use of the continuing training development levy.

When an inspection reveals that declared expenditure is invalid because it does not meet statutory or regulatory conditions or because there are no supporting documents, employers are deemed not to have paid their contributions. They must then pay an amount equivalent to the invalid or unsupported expenditure to the public exchequer.

### **3.3.2 Funding of training for civil servants**

Policy on training for civil servants and local authority employees is decided jointly by the various parties involved; authorities and staff representatives.

Framework agreements, generally concluded for a three-year period, are negotiated and place financial commitments and general guidelines for training policy, as well as the content of training, on a contractual footing. These framework agreements are drawn up in the course of several stages of consultation, in particular within joint technical bodies.

As regards the monitoring of these agreements, the signatories stipulate that joint technical committees should assess the schemes conducted and carry out an overall financial evaluation of their implementation.

### 3.4 Outlook

The funding system for CVT for private-sector employees is often criticised by training practitioners - OPCA administrators, managers of training agencies - and by enterprises for being complex and unclear.

The rules governing the system often appear incomprehensible to enterprises and practitioners. This same is true of the rules by which funds for training schemes are allocated by the OPCAs. The wide range of partners - government, regions, social partners - which is a particular feature of the French system also contributes to the lack of clarity.

Most of the criticism, however, is aimed at the 'financial logic' on which the system is based.

In the first place, the fiscal dimension of the statutory obligation - i.e. the fact that amounts not spent internally by enterprises on training schemes forming part of their training plans must be paid back to the public exchequer - is felt to be distorting the system. Enterprises tend to see this as a 'training tax' and not as an 'investment in training'. Consequently, their training policy tends to be shaped more by the budget amounts that they have to channel into training than by their actual training needs.

Secondly, and most importantly, there is a veritable 'financial market' linked to the collection of the funds, which is becoming a commercial activity. This development is giving rise to 'territorial wars' between multi-sector and industry-wide collection agencies. Compulsory payments in respect of a proportion of training plans are tending to become more widespread, under pressure from the OPCAs, to the detriment of direct use. Financial issues are tending to predominate. Collection work is the overriding provision of services to members and therefore access to training.

In order to deal with this situation, the government is planning to reform the CVT system in summer 1999. From the point of view of methods, the government has stressed that it intends to implement the reform in concertation with the various partners in the system. Wide-ranging consultation, with the social partners in particular, is therefore planned.

### 4.1 Background

Worsening unemployment has led the government and social partners to modify the ways in which jobseekers can gain access to training.

#### 4.1.1 Trainee pay that varies depending on circumstances

Before the end of the 1980s, trainee pay was set at a higher amount than unemployment benefit in order to encourage jobseekers to attend training. In 1988, trainee pay was reformed to remedy the unemployment insurance fund deficit. This reform led to the creation of a system for trainee pay regulated by collective agreement (Allocation de Formation Reclassement (AFR) - redeployment training benefit) alongside the public system funded by the government and the regions.

Former employees in receipt of unemployment benefit are eligible for the AFR. When they start training, they receive the AFR at a rate equivalent to the unemployment benefit that they are receiving. Each AFR-paid day reduces the period of unemployment benefit to which they were entitled before starting training by an equivalent period.

Flat-rate amounts are paid to jobseekers not eligible for the collective agreement-based system when they attend government or regionally approved schemes or benefit from measures financed by the National Employment Fund.

#### 4.1.2 An integration system alongside training schemes

During the 1980s, an alternance training scheme based on work experience and a particular type of employment contract was set up for the long-term unemployed. It was replaced by a single work experience formula: Stage d'Insertion et de Formation à l'Emploi (SIFE - job integration and training) and by particular types of contract: the Contrat Emploi Solidarité (CES - employment and solidarity contract), the Contrat Emploi Consolidé (CEC - consolidated employment contract) and the Contrat Initiative Emploi (CIE - employment initiative contract). These contracts do not necessarily include training, which is optional.

This redeployment of measures allowed the government to extend the range of options available to those groups for whom jobs are a particular problem; training is one option available.<sup>31</sup>

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<sup>31</sup> NDLR: figures for training schemes conducted under these employment contracts are not available and are not therefore included in the report.

## 4.2. Sources of funding

### 4.2.1 General data<sup>32</sup>

In 1996, training schemes for jobseekers accounted for FF 28 845 million, i.e. 36% of total national expenditure on vocational training.

**Table 1: Trend in total expenditure on training schemes for jobseekers  
(in FF and ECU millions)**

Years	Amount	Proportion of GDP
1987	11 457 (1 653)	0.21%
1991	20 222 (2 897)	0.29%
1996	28 845 (4 446)	0.36%

Source: DARES

In 1996, approximately 762 000 people attended a training scheme intended to help them find a new job. 61% of these people attended a scheme funded by the government and 32% by the regions. 7% attended a training scheme forming part of a redeployment measure (redeployment leave or agreements) financed by the government, UNEDIC and enterprises. 40% of these people were in receipt of the AFR.

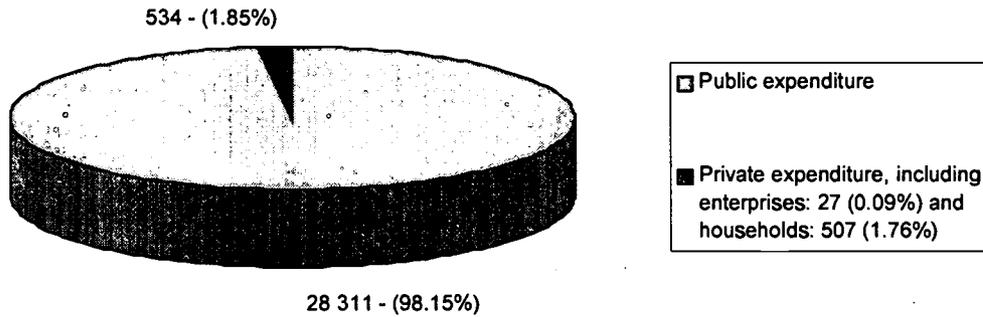
**Table 2: Structure of total expenditure on training schemes for jobseekers  
(in FF and ECU millions)**

	1987	%	1991	%	1996	%
Government	8 963	78.2	14 096	69.7	16 553	57.39
Regions	1 971	17.2	2 083	10.3	3 309	11.47
Other authorities	0	-	302	1.5	302	1.5
UNEDIC	259	2.2	3 619	17.9	8 147	28.24
<b>Public total</b>	<b>11 193</b>	<b>97.6</b>	<b>19 798</b>	<b>97.9</b>	<b>28 311</b>	<b>98.15</b>
Enterprises	44	0.4	61	0.2	27	0.09
Households	220	1.9	363	1.8	507	1.76
<b>Private total</b>	<b>264</b>	<b>2.3</b>	<b>424</b>	<b>2</b>	<b>534</b>	<b>1.85</b>
<b>Grand total</b>	<b>11 457</b> <b>(1 653.2)</b>	<b>100</b>	<b>20 222</b> <b>(2 897.1)</b>	<b>100</b>	<b>28 845</b> <b>(4 444.5)</b>	<b>100</b>

Source: DARES

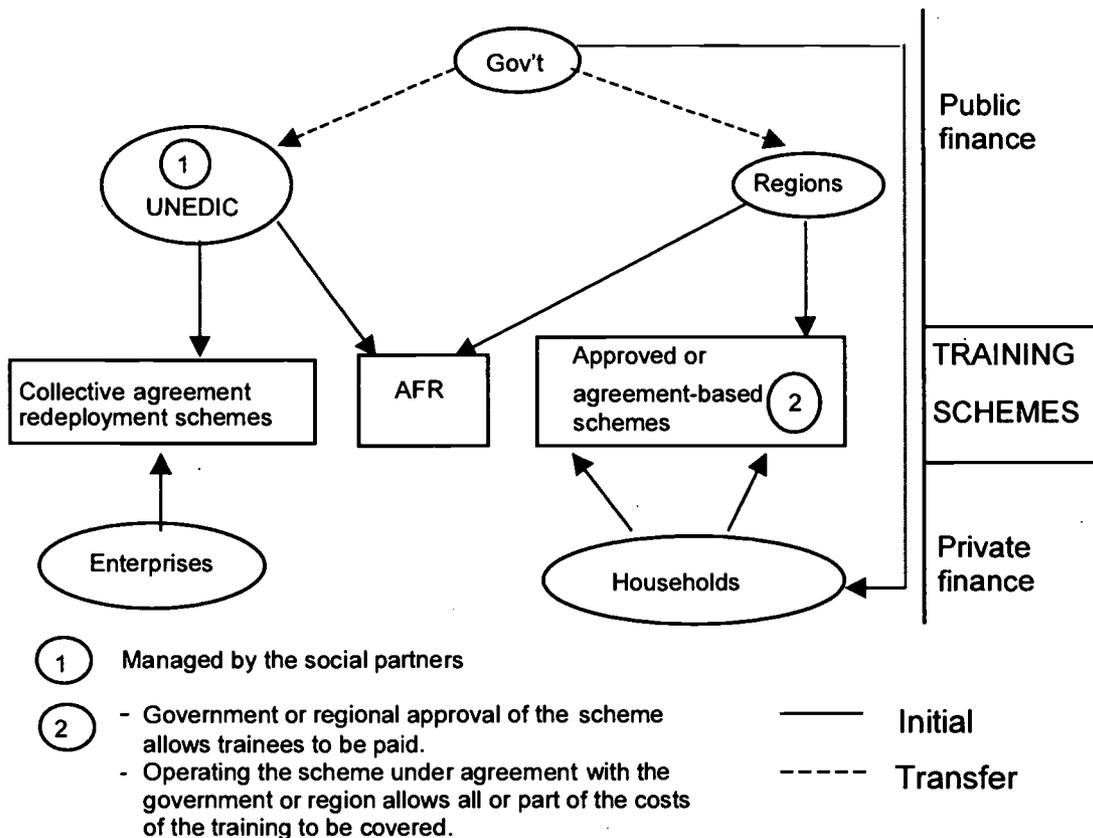
<sup>32</sup> NDLR: these statistics concern only training schemes organised as part of work experience periods. No figures are available for measures organised as part of particular types of employment contract (CIE and CES).

**Figure 1: Structure of total expenditure on training schemes for jobseekers in 1996 (in FF millions)**



#### 4.2.2 Funding

**Figure 2: The funding system and financial flows in the training of jobseekers**



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## Funding agencies

Training for jobseekers is largely funded by the public authorities (98%), including the government (57.4%), regions (11.4%) and UNEDIC (28.2%). Household participation accounts for a little under 2%.

## The structure of funding

### Schemes funded by central government

In 1996, a total of 427 800 (Projet de Loi de Finances (PLF) estimates for 1998) jobseekers were attending government-funded training and retraining schemes.

A large proportion of these people (32%) were attending schemes run by the AFPA (Adult vocational training association). This agency has a public service mission to assist employment policy, in particular by training adult jobseekers. In 1996, jobseekers' schemes run under agreement with the government accounted for 72% of the training hours provided by AFPA.

### Schemes funded by the regions

The total number of jobseekers in training funded by the regions in 1996 was 252 000.<sup>33</sup> 60% of people on courses were aged over 25, i.e. 151 200 people.

The regions enter into agreements with UNEDIC (Union Nationale inter-professionnelle pour l'Emploi dans l'Industrie et le Commerce) in which their commitments to fund the cost of training schemes with AFR (Allocation Formation-Reclassement) pay are placed on a contractual footing. The regions also approve some schemes for jobseekers in accordance with the priorities that they have laid down. This approval means that trainees can receive pay.

In total, regional expenditure on jobseekers was FF 3 309 million (ECU 509.9 million) in 1996.

### Schemes co-funded by UNEDIC and the government<sup>34</sup>

- *L'allocation de formation reclassement (AFR<sup>35</sup> - the redeployment training benefit)*

The total cost of the AFR in 1996 was FF 6 340 000 million (ECU 977 million). A total of 268 000 jobseekers were in receipt of the AFR in 1996. Most beneficiaries were on schemes run under agreements with the regions (34% of the total) and on Fonds Nationale pour l'Emploi (FNE - National Employment Fund schemes) (29%).

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<sup>33</sup> Including schemes for young jobseekers (see Part 2. IVT).

<sup>34</sup> See above for details of regional involvement in the AFR system.

<sup>35</sup> The AFR takes the form of pay; the maximum period for which it can be paid is equivalent to the period of unemployment benefit to which the person was still entitled when starting training. If the training lasts longer than the entitlement to unemployment benefit, a training completion benefit of the same type and amount is paid until the training comes to an end.

- *The retraining agreement system*

There were 138 574 retraining agreement members in 1996. The beneficiaries included 55 347 people starting training in that year.

The funds channelled by UNEDIC into the funding of retraining agreements include transfers from central government. The total amount paid by the government to UNEDIC was FF 5 265 million. The government provided direct funding of 8%, i.e. FF 564.9 million.

- *Involvement of the ASSEDIC social funds*

These funds provide assistance for people facing problems in finding a new job (FF 1 386 million (ECU 214 million) was spent on helping 541 000 people in 1996). The funds are used in particular to provide assistance with training in the form of financial help with:

- training,
- transport,
- accommodation or childcare in the case of training away from the home.

### 4.3 Resource distribution mechanism

**Table 3: Breakdown/distribution of funds for the training of jobseekers in 1996 (in FF and ECU millions)**

Funding agencies	Central government	Regions	UNEDIC (1)
Public	Groups facing problems (disabled, illiterate, prisoners, immigrants, women, etc.)  'Special group' schemes	Jobseekers registered for schemes agreed by convention with the Region	Jobseekers on vocational retraining
Coverage	Training costs Pay	Training costs Pay	Trainee pay (AFR)
Amount of expenditure	16 553 (2 550.5)	3 309 (509.8)	8 147 (1 255.3)

(1) Social partners

Training for jobseekers in France is financed by three main partners:

- central government,
- the regions,
- the social partners (within UNEDIC).

The roles of these partners mirrors current trends in employment policy intended to deal specifically with jobseekers.

Two approaches can be pinpointed in the financial involvement of these partners:

- a role-sharing approach,
- a partnership approach.

#### **4.3.1 Role-sharing between central government and the regions**

Although powers over continuing vocational training have been transferred from central government to the regions by the decentralisation laws, the government still has powers of intervention as regards training schemes for jobseekers. 'Responsibility' is shared between the government and the regions.

Government action tends to be 'targeted'. Groups, especially those facing major problems of integration because of social handicaps such as illiteracy, are identified and programmes formulated in order to provide a training solution where training is felt to be useful. This action is therefore targeted at 'special groups'.

Central government has two funding mechanisms, the FNE (Fonds National pour l'Emploi - National Employment Fund) and the FFPPS (Fonds de la Formation Professionnelle et de la Promotion Sociale - Vocational Training and Social Advancement Fund), and a specific training agency, AFPA (Association pour la Formation Professionnelle des Adultes - Adult Vocational Training Association).

Regional involvement chiefly takes the form approving schemes and allowing trainees to receive pay, within the framework of the vocational training priorities that they have laid down when drawing up the regional CVT programme.

Roles are shared in accordance with the political and legal responsibilities of the government and the regions. Government action focuses on unemployment causing exclusion (very long-term jobseekers, the elderly and socially or physically disabled people). Regional action centres on the training register set up to help jobseekers to find work. The regions focus on integration unemployment (first-time jobseekers, jobseekers whose qualifications are inadequate or unsuitable, etc.).

#### **5.3.2 Partnerships between the social partners, government and regions**

The social partners within UNEDIC and central government jointly fund the pay and social welfare of trainees. The financial involvement of the government in the AFR scheme makes it possible to 'activate' part of the 'passive' expenditure<sup>36</sup> channelled into unemployment insurance.

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<sup>36</sup> Active expenditure (amounts used to fund employment policy (public employment service)) is distinguished from passive expenditure (replacement pay for persons without employment).

The social partners and the public authorities also work in partnership in the procedure for the approval of schemes by the government or the regions so that trainees can receive AFR pay. Training costs (registration fees, etc.) may therefore be covered by the government or the regions.

## 4.4 Outlook

All the partners involved in VET should soon enter into new commitments in order to increase the training available to jobseekers.

The government has made the fight against exclusion one of its priorities. In March 1998 it proposed a 'three-year plan to combat exclusion'. Training for employment is one of the main strands of this plan.

Plans to establish a particular type of alternance employment contract for jobseekers aged over 26 have also been announced. Jobseekers registered with the ANPE (Agence Nationale pour l'Emploi) for more than six months will be eligible for this contract. Guidelines for the use of this contract will be laid down by law and the measure will be implemented by a national multi-sector agreement. The cost of training will be borne, in the same way as for alternance contracts for young people, by the OPCAs concerned. This negotiation will mark a new stage in the involvement of the social partners in training for jobseekers, especially within the OPCAs.

The creation of an alternance employment contract for adults should, moreover, help the public employment service (ANPE, AFPA) consider what position it occupies among the other contracts available for jobseekers facing problems: the employment and solidarity contract, the consolidated employment contract and the employment initiative contract.

## Part 5: The future of VET funding - trends and prospects

Total expenditure on vocational training as a proportion of GDP has increased substantially over ten years from 2.18% to 2.82%. The majority of this expenditure is public: 68% of the total in 1987, 67.3% in 1991 and 69.2% in 1996.

While central government still provides the lion's share of funding, regional expenditure is increasing as is expenditure by the unemployment insurance scheme. Private expenditure (by enterprises and households) has fallen slightly in relative terms over the last ten years.

**Table 1: Shares of vocational training expenditure financed by the various agencies (as % of total)**

	1987	1991	1996
Government	58.9	55.6	53.7
Regions	7.4	8.5	10.4
Other (unemployment insurance scheme and Chambers of Commerce, etc.)	1.7	3.3	5.1
<b>Total public expenditure</b>	<b>68.0</b>	<b>67.3</b>	<b>69.2</b>
Enterprises	26.1	26.8	25.5
Households	5.9	5.8	5.3
<b>Total private expenditure</b>	<b>32.0</b>	<b>32.7</b>	<b>30.8</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: DARES - Ministry of Education

As unemployment continues to be problematic, the public authorities have given priority to policy on training for jobseekers and have maintained the funds channelled into initial training, whereas there has been a slight downturn in the financial resources channelled into employees' continuing training.

**Table 2: Share of vocational training expenditure allocated to different groups (as % of total)**

	1987	1991	1996
<b>Initial vocational training</b>	<b>52.4</b>	<b>50.6</b>	<b>51.2</b>
Public funding	41.2	39.2	40.8
Private funding	11.2	11.4	10.4
<b>Employees' continuing vocational training</b>	<b>37.8</b>	<b>38.0</b>	<b>35.9</b>
Public funding	17.2	17.0	15.7
Private funding	20.6	21.0	20.2
<b>Training for jobseekers</b>	<b>9.8</b>	<b>11.4</b>	<b>12.9</b>
Public funding	9.6	11.2	12.7
Private funding	0.2	0.2	0.2

Source: DARES - Ministry of Education

The public authorities and the social partners have considered, and in most cases reached conclusions, about VET priorities and the future directions that VET should take. To date, however, no reform of the VET funding system in France has been announced.

## **5.1 The new measures and their probable impact on the funding of vocational training**

The public authorities, as part of a package of measures to 'combat exclusion', have set up a special new scheme (the TRACE - Employment Access Routes - programme for young people<sup>37</sup>) and have decided to extend tried and tested measures to new groups (e.g. plans for a *contrat de qualification* (training-employment contract) for jobseekers aged over 25). These measures are part of a package to improve the range of job-finding and qualification options available for those groups facing the worst employment problems.

The funding of these measures raises, however, two questions:

- the TRACE programme, financed by the government, raises questions about the links between government and regional action. The regions in principle have ordinary law powers over vocational training for young people;
- the extension of the training-employment contract to jobseekers aged over 25 raises questions about the source of its funding: the 'alternance' levy paid by enterprises or public funds. The social partners, who have been asked to consider how this extension can be implemented, will undoubtedly focus on this issue.

In more general terms, the public authorities have set in motion a genuine attempt to reform assistance schemes for young and adult jobseekers in order to prevent them from being unemployed for too long.

<sup>37</sup> See Part 2 for details.

Last April, they presented the outline of a new assistance and guidance scheme for jobseekers which aims to provide its beneficiaries with a 'new start'. The scheme includes diagnostic interviews and personal mentoring. The stress is placed on access to training. Solutions which could be offered include:

- training tailored to an individual action plan;
- personal mentoring enabling potential training schemes to be identified, placed on a contractual basis for a six-month period.

This ambitious scheme will require a much greater mobilisation of public funds and public employment services, especially ANPE (Agence Nationale pour l'Emploi - National Employment Agency) and AFPA (Associations pour la Formation Professionnelle des Adultes - Adult Vocational Training Association).

## **5.2 Reform of continuing vocational training: the point of view of those involved**

The public authorities are at present consulting all the partners in the CVT sector so that they can formulate a draft law by summer 1999.

The main focus of this collective discussion of the future of CVT is on:

- the place of IVT in the CVT system;
- attempts to reduce inequalities within enterprises (providing all employees, whatever their status, with genuine access to training) and between enterprises (providing genuine access to training, whatever the size of the enterprise);
- the need to promote and develop systems for the recognition and validation of prior learning.

These consultations gave the social partners an opportunity to remind the government of the values to which they attach special importance or to put forward new values.

Among trade union organisations, the CFDT (Confédération Française du travail - French Confederation of Labour) is championing the 'training insurance' system specific to the French system. This contributory system is intended to guarantee that all employees have a right of access to training that is equivalent to 10% of their working life. Negotiations on reductions of working time (reduction of the working week to 35 hours) are opening up opportunities to place this right on a concrete footing. The CFE-CGC (General Confederation of French Managerial and Supervisory Staff) is also hoping that the introduction of the 'compte épargne temps' (time savings account)<sup>38</sup> will provide a larger number of people with access to training.

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<sup>38</sup> The 'time savings account' is a method of funding unpaid personal leave. Days of leave or days off or components of pay are converted into time and 'paid' into the account.

The CFE-CGC is proposing a widespread introduction of this measure so that every citizen has a 'capital-formation' (training capital) after they leave compulsory education. In order to place the right to training on a concrete footing, the CFTC (Confédération Française des Travailleurs Chrétiens - French Confederation of Christian Workers) is proposing to introduce, for every person entering the labour market, a capital that can be transferred from one enterprise to another: the 'chèque formation' (training voucher).

Some proposals have been made as regards funding:

- establishment of a 'one-stop shop' system to simplify the collection of the various levies (training plan, alternance, personal training leave) by the various OPCAs (CFE-CGC);
- closer links between the funding systems for apprenticeship and training-employment contracts (Confédération Française des Travailleurs Chrétiens - CFTC).

Employers' organisations would prefer to avoid yet another reform of the funding of vocational training. The CNPF (Conseil National du Patronat Français - National Council of French Employers) is currently considering the importance of competencies within enterprises and the UPA (Union Professionnelle Artisanale - Professional Craftworkers' Union) would like the system that has emerged from previous reforms to be consolidated. The managers of small and very small enterprises need time to assimilate and take stock of current systems.

### 6.1 The main legislation and regulations on continuing vocational training<sup>39</sup>

#### *The 1970s*

- \* **The National Multi-Sector Agreement of 9 July 1970** met the wish of the signatory parties to 'review the whole of the educational process' in order to impose consistency and continuity on initial and continuing training. The 1970 agreement in particular set out the principle of the right of employees to training leave.
- \* **The Codicil of 30 April 1971 to the National Multi-Sector Agreement of 3 July 1970** on training and advanced training for managers: managements and the employees concerned could take 'the steps needed to adjust workloads'. The codicil also set out the principle of educational leave under which employees can offer training in some establishments.
- **The Law of 16 July 1971**, considered to be the cornerstone of the continuing vocational training system and still in force today, confirmed the importance of vocational training for personal advancement and gave employees a 'right to training leave throughout their working life'. It also made it compulsory for employers of 10 or more employees to contribute to the funding of CVT. The 1971 Law established the Training Insurance Funds (Fonds d'Assurance Formation - FAF). It also re-organised the government's contribution to trainee pay and gave all employees a right to educational leave.
- **The Law of 31 December 1974** made any person attending a vocational training course eligible for a social security scheme.
- **The Law of 31 December 1975** introduced supervision of the funding of vocational training by the authorities and set out the ways in which enterprise levies could be used.
- \* **The Codicil of 9 July 1976** amended the National Multi-Sector Agreement of 9 July 1970 in two respects: trainee pay during training leave and consultation of the works council in respect of the training plan.
- **The Law of 17 July 1978** amended the Law of 16 July 1971. It provided a new definition of training leave, emphasising the personal nature of this leave. It reiterated

<sup>39</sup> \* National multi-sector agreements / - Laws.

the objective of social and cultural advancement and made training leave independent from the enterprise's training plan.

### ***The 1980s***

- **The Order of 26 March 1982** organised alternance training for young people aged 16 to 18. It set up special reception, information and guidance facilities for young people (Local Missions, PAIOs – Permanence d'Accueil, d'Information et d'Orientation).
- \* **The Codicil of 21 September 1982** amended the National Multi-Sector Agreement of 9 July 1970 and its Codicil of 9 July 1976, setting out a new method of funding for personal training leave (a levy of 0.10% paid by employers of 10 or more employees to a joint agency authorised for this purpose).
- **The Laws of 2 March 1982 and 7 January 1983 on decentralisation and the Law of 6 January 1986 on the organisation of the regions** transferred CVT and apprenticeship to the regions. The regions henceforth had ordinary-law powers in this area.
- \* **The Codicil of 26 October 1983** on alternance training established the SIVP (Stage d'Initiation à la Vie Professionnelle - Working Life Induction Scheme) and qualification and employment adaptation contracts.
- **The Law of 24 February 1984** reformed the 1971 law, focusing in particular on:
  - the funding of personal training leave and the extension of this leave to employees of enterprises with less than 10 employees;
  - the development of industry-wide bargaining and the involvement of works councils;
  - the organisation of alternance training schemes;
  - obligations on training agencies, in particular educational and financial accounts, trainee information, supervision, etc.
- **The 1985 Finance Law** exempted the levy paid by employers to fund alternance training from taxation.
- **The Law of 30 July 1987** set out various social measures. Training was to be funded by a levy on employers equivalent to 1.2% of their gross wage bill, 0.3% of which was to be used for alternance training for young people.
- **The 1988 Finance Law** established the training tax credit.

### ***The 1990s***

- **The Law of 4 July 1990** on the training credit and the quality and supervision of CVT stated that everyone was entitled to qualifications and stepped up the obligations on training agencies and the supervision of CVT.

- \* **The National Multi-Sector Agreement of 24 March 1990** laid the foundations of the right of employees on fixed-term contracts to personal training leave and laid down funding methods. It raised the levy on temporary work enterprises to 2%. The content of the agreement was incorporated into the Law of 12 July 1990 on contracts for precarious employment.
- \* **The National Multi-Sector Agreement of 3 July 1991** on vocational training and advanced training repealed and replaced many collective regulations on CVT. The new developments introduced by the agreement included the creation of a right to the skill review, an increase in and extension of the enterprise levy, the creation of the orientation contract (to replace the SIVP) and the regulation of training outside working time (co-investment).
- **The Law of 31 December 1991** on vocational training and employment took up the main provisions of the agreement of 3 July 1991 and added the following elements:
  - an extension of the financial levy, in particular to employers of less than 10 employees (0.15%) and to self-employed workers (0.15% of the social security ceilings);
  - an increase in the levy on employers of 10 or more employees (1.4% in 1992, 1.5% in 1993);
  - an extension of the scope of five-year industry-wide bargaining on CVT;
  - the regulation of clauses on training credits and training outside working time;
  - the creation of the orientation and local orientation contracts.
- **The Law of 17 July 1992** relaunched apprenticeship.
- **The Law of 20 July 1992** established a statutory system for the validation of professional experience.
- **The 1993 Finance Law** extended the training tax credit to expenditure incurred in the recruitment of apprentices and trainees.
- **The Law of 27 July 1993** introduced subsidies for the recruitment of young people on apprenticeship, training-employment and orientation contracts.
- **The Five-Year Law of 20 December 1993** on labour, employment and vocational training in particular:
  - set out a gradual decentralisation of young people's vocational training;
  - reformed the agencies collecting vocational training funds;
  - created the training time capital;
  - simplified central government training courses for adult jobseekers;
  - reformed alternance contracts;
  - extended the training tax credit to 1998;
  - introduced greater supervision of CVT.

- \* **The Codicil of 5 July 1994 to the Agreement of 3 July 1991** re-defined the network of collection agencies, laid down the conditions for the introduction of the training time capital and set in motion a reform of apprenticeship and alternance.
- **The Law of 4 February 1995 setting out various social provisions** in particular:
  - organised the funding of the training time capital;
  - re-organised certain types of alternance training (placing orientation and adaptation contracts on a permanent footing, etc.);
  - organised the funding of the 'young temporary workers' (jeunes intérimaires) training contract;
  - extended consolidated jobs to some young people aged between 18 and 25;
  - established the national commission on vocational training accounts;
  - introduced an authorisation for training providers (implementing decree yet to appear).
- \* **The National Multi-Sector Agreement of 26 July 1995** stated that the national industry-wide OPCAs should pay 35% of the 'alternance' levies paid by employers of 10 or more employees to the national or regional multi-sector OPCAs (AFOS-PME or OPCAREG).
- **Law 95-881 of 4 August 1995** replaced the employment returners' contract by the employment initiative contract.
- **Law 95-882 of 4 August 1995** on emergency measures for employment and social security extended recruitment subsidies to training-employment contracts and apprenticeship.
- **The Law of 30 December 1995** outlined the principles for the introduction and operation of a national personal training leave adjustment fund (administration of the surpluses from the 0.20% levy in respect of personal training leave and the 1% levy in respect of personal training leave for employees on fixed-term contracts).
- **The Law of 12 April 1996** in particular abolished the apprenticeship strand of the training tax credit.
- **The Law of 6 May 1996** reformed the funding of apprenticeship and introduced the funding by OPCAs of mentoring for young people on orientation contracts, personal training leave or attending a training scheme organised by the regions. It also paved the way for the introduction of the training time capital.

## 6.2 Tables

**Table 1**

**Provision of funds by sources and by training type  
1996**

SUBJECT	SOURCE	FUNDING			AMOUNT PER TRAINING TYPE			
		Direct	Indirect	Total	IVT	CVT	Unemployed	
Public funding	EU	-	-	-	-	-	-	
	national	119 283 (18 379)	-	119 283 (18 379)	71 354 (10 994)	31 074 (4 788)	16 855 (2 597)	
	regional and local	23 065 (3 554)	-	23 065 (3 554)	19 023 (2 931)	733 (113)	3 309 (510)	
	social security authorities (1)	11 137 (1 716)	-	11 137 (1 716)	-	2 990 (461)	8 147 (1 255)	
	other (2)	291 (45)	-	291 (45)	291 (45)	-	-	
<b>Public, total</b>		153 776 (23 694)	-	153 776 (23 694)	90 668 (13 970)	34 797 (5 362)	28 311 (4 362)	
Private funding	Compulsory	sector	-	-	-	-	-	
		enterprise	56 733 (8 742)	-	56 733 (8 742)	13 089 (2 017)	43 617 (6 721)	27 (4)
		individual	11 759 (1 812)	-	11 759 (1 812)	9 929 (1 530)	1 323 (204)	507 (78)
		others	-	-	-	-	-	-
	Non- compulsory	sector	-	-	-	-	-	-
		enterprise	-	-	-	-	-	-
		individual	-	-	-	-	-	-
		others	-	-	-	-	-	-
<b>Private, total</b>		68 492 (10 553)	-	68 492 (10 553)	23 018 (3 547)	44 940 (6 924)	534 (82)	
<b>TOTAL FUNDING</b>		222 268 (34 248)	-	222 268 (34 248)	113 686 (17 517)	79 737 (12 286)	28 845 (4 445)	

Sources:

Education accounts and vocational training economic account

Planning and Development Directorate - Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for initial training (IVT)

Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for workers' and jobseekers' continuing training (CVT)

Provisional data

Post-transfer expenditure (final funding agencies)

ECU 1 = FF 6.49

(1) UNEDIC (unemployment insurance scheme) and public hospitals

(2) Chambers of Commerce, etc.

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**Table 2****Provision of funds by sources and by training type  
1991**

SUBJECT	SOURCE	FUNDING			AMOUNT PER TRAINING TYPE			
		Direct	Indirect	Total	IVT	CVT	Unemployed	
Public funding	EU	-	-	-	-	-	-	
	national	98 677 (14 137)	-	98 677 (14 137)	57 753 (8 274)	26 526 (3 800)	14 398 (2 063)	
	regional and local	15 007 (2 150)	-	15 007 (2 150)	11 526 (1 651)	1 398 (200)	2 083 (298)	
	social security authorities (1)	5 635 (807)	-	5 635 (807)	-	2 318 (332)	3 317 (475)	
	others (2)	258 (37)	-	258 (37)	258 (37)	-	-	
<b>Public, total</b>		119 577 (17 131)	-	119 577 (17 131)	69 537 (9 962)	30 242 (4 333)	19 798 (2 836)	
Private funding	Compulsory	sector	-	-	-	-	-	
		enterprise	47 673 (6 830)	-	47 673 (6 830)	11 296 (1 618)	36 316 (5 203)	61 (9)
		individual	10 308 (1 477)	-	10 308 (1 477)	8 945 (1 282)	1 000 (143)	363 (52)
		others	-	-	-	-	-	-
	Non- compulsory	sector	-	-	-	-	-	-
		enterprise	-	-	-	-	-	-
		individual	-	-	-	-	-	-
		others	-	-	-	-	-	-
<b>Private, total</b>		57 981 (8 307)	-	57 981 (8 307)	20 241 (2 900)	37 316 (5 346)	424 (61)	
<b>TOTAL FUNDING</b>		177 558 (25 439)	-	177 558 (25 439)	89 778 (12 863)	67 558 (9 679)	20 222 (2 897)	

**Sources:**

Education accounts and vocational training economic account

Planning and Development Directorate - Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for initial training (IVT)

Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for workers' and jobseekers' continuing training (CVT)

Final data

Post-transfer expenditure (final funding agencies)

ECU 1 = FF 6.98

(1) UNEDIC (unemployment insurance scheme) and public hospitals

(2) Chambers of Commerce, etc.

**Table 3****Provision of funds by sources and by training type  
1987**

SUBJECT	SOURCE	FUNDING			AMOUNT PER TRAINING TYPE			
		Direct	Indirect	Total	IVT	CVT	Unemployed	
Public funding	EU	-	-	-	-	-	-	
	national	68 456 (9 878)	-	68 456 (9 878)	42 105 (6 076)	17 388 (2 509)	8 963 (1 293)	
	regional and local	8 664 (1 250)	-	8 664 (1 250)	5 610 (810)	1 083 (156)	1 971 (284)	
	social security authorities (1)	1 775 (256)	-	1 775 (256)	-	1 516 (219)	259 (37)	
	others (2)	225 (32)	-	225 (32)	225 (32)	-	-	
<b>Public, total</b>		79 119 (11 417)	-	79 119 (11 417)	47 940 (6 918)	19 986 (2 884)	11 193 (1 615)	
Private funding	Compulsory	sector	-	-	-	-	-	
		enterprise	30 437 (4 392)	-	30 437 (4 392)	7 066 (1 020)	23 327 (3 366)	44 (6)
		individual	6 841 (987)	-	6 841 (987)	5 980 (863)	641 (92)	220 (32)
		others	-	-	-	-	-	-
	Non- compulsory	sector	-	-	-	-	-	-
		enterprise	-	-	-	-	-	-
		individual	-	-	-	-	-	-
		others	-	-	-	-	-	-
<b>Private, total</b>		37 278 (5 379)	-	37 278 (5 379)	13 046 (1 883)	23 968 (3 459)	264 (38)	
<b>TOTAL FUNDING</b>		116 397 (16 796)	-	116 397 (16 796)	60 986 (8 800)	43 954 (6 343)	11 457 (1 653)	

**Sources:**

Education accounts and vocational training economic account

Planning and Development Directorate - Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for initial training (IVT)

Ministry of Education and DARES and DGEFP- Ministry of Labour and Solidarity for workers' and jobseekers' continuing training (CVT)

Final data

Post-transfer expenditure (final funding agencies)

ECU 1 = FF 6.93

(1) UNEDIC (unemployment insurance scheme) and public hospitals

(2) Chambers of Commerce, etc.

**Table 4****Annual public and private expenditure in figures and as % of GNP****FF millions (ECU millions)**

	1987		1991		1996	
	Figure	%	Figure	%	Figure	%
<b>PUBLIC</b>						
initial vocational training	47 940 (6 918)	0.90	69 537 (9 962)	1.02	90 668 (17 517)	1.15
continuing vocational training for the employed	19 986 (2884)	0.37	30 242 (4 333)	0.45	34 797 (5 363)	0.44
training for the unemployed	11 193 (1 615)	0.21	19 798 (2 836)	0.29	28 311 (4 362)	0.36
<b>Total public</b>	79 119 (11 41)	1.48	119 577 (17 131)	1.76	153 776 (23 694)	1.95
<b>PRIVATE</b>						
initial vocational training	13 046 (1 883)	0.24	20 241 (2 900)	0.30	23 018 (3 546)	0.29
continuing vocational training	23 968 (3 459)	0.45	37 316 (5 346)	0.55	44 940 (6 924)	0.57
training for the unemployed*	264 (38)	0.01	4 24 (61)	0.01	534 (82)	0.01
<b>Total private</b>	37 278 (5 379)	0.70	57 981 (8 307)	0.86	68 492 (10 553)	0.87
<b>TOTAL FUNDING</b>	116 397 (16 796)	2.18	177 558 (25 439)	2.62	222 269 (34 248)	2.82

**Table 5****Training expenditure by sources available,  
in figures and as percentage of total****1996****FF millions (ECU millions)**

	IVT		CVT for the employed		Training for the unemployed	
	Figure	%	Figure	%	Figure	%
<b>PUBLIC</b>						
EU funds						
central government	71 354 (10 994)	62.8	31 074 (4 788)	39.0	16 855 (2 597)	58.4
regional and local government	19 023 (2 931)	16.7	733 (113)	0.9	3 309 (510)	11.5
UNEDIC and public hospitals			2 990 (461)	3.7	8 147 (1 255)	28.2
APU (Chambers of Commerce, etc.)	291 (45)	0.3				
<b>Total, public</b>	<b>90 668</b> <b>(13 970)</b>	<b>79.8</b>	<b>34 797</b> <b>(5 362)</b>	<b>43.6</b>	<b>28 311</b> <b>(4 362)</b>	<b>98.1</b>
<b>PRIVATE</b>						
sector funds						
enterprises	13 089 (2 017)	11.5	43 617 (6 721)	54.7	27 (4)	0.1
individuals	9 929 (1 530)	8.7	1 323 (204)	1.7	507 (78)	1.8
<b>Total, private</b>	<b>23 018</b> <b>(3 547)</b>	<b>20.2</b>	<b>44 940</b> <b>(6924)</b>	<b>56.4</b>	<b>534</b> <b>(82)</b>	<b>1.9</b>
<b>TOTAL</b>	<b>113 686</b> <b>(17 517)</b>	<b>100 %</b>	<b>79 737</b> <b>(12 286)</b>	<b>100 %</b>	<b>28 845</b> <b>(4445)</b>	<b>100 %</b>

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**Table 6****Training expenditure by sources available,  
in figures and as percentage of total****1991****FF millions (ECU millions)**

	IVT		CVT for the employed		Training for the unemployed	
	Figure	%	Figure	%	Figure	%
<b>PUBLIC</b>						
EU funds						
central government	57 753 (8 274)	64.3	26 526 (3 800)	39.3	14 398 (2 063)	71.2
regional and local government	11 526 (1 651)	12.8	1 398 (200)	2.1	2 083 (298)	10.3
UNEDIC and public hospitals			2 318 (332)	3.4	3 317 (475)	16.4
APU (Chambers of Commerce, etc.)	258 (37)	0.3				
<b>Total, public</b>	<b>69 537 (9 962)</b>	<b>77.4</b>	<b>30 242 (4 333)</b>	<b>44.8</b>	<b>19 798 (2 836)</b>	<b>97.9</b>
<b>PRIVATE</b>						
sector funds						
enterprises	11 296 (1 618)	12.6	36 316 (5 203)	53.8	61 (9)	0.3
individuals	8 949 (1 282)	10.0	1 000 (143)	1.5	363 (52)	1.8
<b>Total, private</b>	<b>20 245 (2 900)</b>	<b>22.6</b>	<b>37 316 (5 346)</b>	<b>55.2</b>	<b>424 (61)</b>	<b>2.1</b>
<b>TOTAL</b>	<b>89 782 (12 863)</b>	<b>100 %</b>	<b>67 558 (9 679)</b>	<b>100 %</b>	<b>20 222 (2 897)</b>	<b>100 %</b>

**Table 7****Training expenditure by sources available,  
in figures and as percentage of total****1987****FF millions (in ECU millions)**

	IVT		CVT for the employed		Training for the unemployed	
	Figure	%	Figure	%	Figure	%
<b>PUBLIC</b>						
EU funds						
central government	42105 (6 076)	69.0	17 388 (2 509)	39.6	8 963 (1 293)	78.2
regional and local government	5 610 (810)	9.2	1 083 (156)	2.5	1 971 (284)	17.2
UNEDIC and public hospitals			1 516 (219)	3.4	259 (37)	2.1
APU (Chambers of Commerce, etc.)	225 (32)	0.4				
<b>Total, public</b>	<b>47 940</b> <b>(6 918)</b>	<b>78.6</b>	<b>19 986</b> <b>(2 884)</b>	<b>45.5</b>	<b>11 193</b> <b>(1 615)</b>	<b>97.6</b>
<b>PRIVATE</b>						
sector funds						
enterprises	7 066 (1 020)	11.6	23 327 (3 366)	53.1	44 (6)	0.4
individuals	5 980 (863)	9.8	641 (92)	1.4	220 (32)	1.9
<b>Total, private</b>	<b>13046</b> <b>(1 883)</b>	<b>21.4</b>	<b>23 968</b> <b>(3 459)</b>	<b>54.5</b>	<b>264</b> <b>(38)</b>	<b>2.3</b>
<b>TOTAL</b>	<b>60 986</b> <b>(8 800)</b>	<b>100 %</b>	<b>43 954</b> <b>(6 343)</b>	<b>100 %</b>	<b>11 457</b> <b>(1 653)</b>	<b>100 %</b>

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**Table 8****Training expenditure by enterprises and by individuals  
1995**

	Expenditure as % of total payroll	
<b>enterprises</b>	<b>Global</b>	
< 10 employees	0.15	
< 100 employees	1.98	
100 - 500 employees	2.14	
> 500 employees	3.80	
<b>individuals *</b>	<b>Per capita expenditure</b>	
ISCED 1, 2		*
ISCED 3		*
ISCED 5, 6, 7		*

Source : CEREQ - Processing of employers' tax returns (No 2483).

\* Not available

**Table 9****IVT, CVT and training for the unemployed (Direct costs)  
(Figures given in ECU)**

	Source	Direct 1987	%	Direct 1991	%	Direct 1996	%
<b>PUBLIC</b>	<b>EU</b>						
<b>FUNDING</b>	<b>Central Gov't</b>	1 297	78.2	2063	71.3	2597	58.4
	<b>Regional/local Gov't</b>	284	17.2	298	10.3	510	11.5
	<b>Other funds</b>	37	2.2	475	16.4	1255	28.2
<b>Totals</b>		<b>1615</b>	<b>97.6</b>	<b>2836</b>	<b>97.9</b>	<b>4362</b>	<b>98.1</b>
<b>PRIVATE</b>	<b>Sector funds</b>						
Compulsory and Voluntary	<b>Enterprises</b>	6	0.4	9	0.3	4	0.1
<b>FUNDING</b>	<b>Individuals</b>	32	1.9	52	1.8	78	1.8
<b>Totals</b>		<b>38</b>	<b>2.3</b>	<b>61</b>	<b>2.1</b>	<b>82</b>	<b>1.9</b>
<b>PRIVATE</b>	<b>Sector funds</b>						
<b>VOLUNTARY</b>	<b>Enterprises</b>						
<b>FUNDING</b>	<b>Individuals</b>						
<b>Totals</b>							
	<b>Totals</b>	<b>1653</b>	<b>100</b>	<b>2897</b>	<b>100</b>	<b>4445</b>	<b>100</b>

Sources :

Planning and Development Directorate - Ministry of Education

DARES and DGEFP - Ministry of Labour and Solidarity

**Table 10****IVT, CVT and training for the unemployed  
Costs per individual****(Figures given in ECU)**

	Source *	Participants 1987	Per Cap	Participants 1991	Per Cap	Participants 1996	Per Cap
PUBLIC FUNDING	EU						
	Central Gov't						
	Regional/local Gov't						
<b>Total</b>							
COMPULSORY PRIVATE FUNDING	Sector funds						
	Enterprises						
	Individuals						
<b>Totals</b>							
VOLUNTARY PRIVATE FUNDING	Sector funds						
	Enterprises						
	Individuals						
<b>Totals</b>							
	<b>Totals</b>	362 250	100	527 270	100	763 220	

Source Ministry of Labour and Solidarity - 'Vocational training' annex to the draft finance law.

**Comments:**

- The jobseekers category includes employees threatened by unemployment.
- A breakdown of the number of jobseekers in training cannot be provided because the many joint funding arrangements lead to double accounting of trainee numbers. The data provided are estimates drawn up to minimise this double accounting which can take place only at an aggregate level. Any comparison with the financial data is therefore problematic. In general, the comparison between expenditure and numbers is often difficult to interpret as training schemes may have very different characteristics: length, level, specialisms, simple guidance or more detailed training.

## 6.3 Glossary

### 6.3.1 The main acronyms

<b>AFA</b>	Actions de formation alternée (Alternating training schemes)
<b>AFPA</b>	Association pour la Formation Professionnelle des Adultes (Adult Vocational Training Association)
<b>AFR</b>	Allocation Formation-Reclassement (Redeployment training benefit)
<b>ANFH</b>	Association Nationale pour la Formation Hospitalière (National Association for Hospital Training)
<b>ANI</b>	Accord National Interprofessionnel (National Multi-Sector Agreement)
<b>ANPE</b>	Agence Nationale pour l'Emploi (National Employment Agency)
<b>APP</b>	Atelier Pédagogique Personnalisé (Individual educational workshop)
<b>ASFO</b>	Association de formation (Training Association)
<b>ASSEDIC</b>	Association pour l'Emploi dans l'Industrie et le Commerce (Association for Employment in Industry and Commerce)
<b>BAC PRO</b>	Baccalauréat Professionnel (Vocational baccalauréat)
<b>BC</b>	Bilan de Compétences (Skill review)
<b>BEP</b>	Brevet d'Etudes Professionnelles (Certificate of vocational studies)
<b>BT</b>	Brevet de Technicien (Technician's certificate)
<b>BTS</b>	Brevet de Technicien Supérieur (Higher technician's certificate)
<b>CAP</b>	Certificat d'Aptitudes professionnelles (Certificate of vocational aptitude)
<b>CBC</b>	Congé de Bilan de Compétences (Skill review leave)
<b>CCI</b>	Chambre de Commerce et d'Industrie (Chamber of Commerce and Industry)
<b>CDD</b>	Contrat à Durée Déterminée (Fixed-term contract)
<b>CDI</b>	Contrat à Durée Indéterminée (Permanent contract)
<b>CEC</b>	Contrat Emploi Consolidé (Consolidated employment contract)
<b>CEP</b>	Contrat d'Etude Prévisionnelle (Forward studies contract)
<b>CES</b>	Contrat Emploi Solidarité (Employment and solidarity contract)
<b>CFA</b>	Centre de Formation d'Apprentis (Apprentice training centre)
<b>CIE</b>	Contrat Initiative Emploi (Employment initiative contract)
<b>CIF</b>	Congé Individuel de Formation (Personal training leave)
<b>CNAM</b>	Conservatoire National des Arts et Métiers (National Conservatory of Arts and Crafts)
<b>CNFPT</b>	Centre National de Formation de la Fonction Publique Territoriale (National Training Centre for Local Government)

<b>CODEF</b>	Comité Départemental de la Formation professionnelle, de la promotion sociale et de l'emploi (Departmental Committee on vocational training, social advancement and employment)
<b>COREF</b>	Comité Régional de la Formation professionnelle, de la promotion sociale et d'emploi (Regional Committee on vocational training, social advancement and employment)
<b>CTF</b>	Capital de Temps de Formation (Training time capital)
<b>DARES</b>	Direction de l'Animation de la Recherche, des Etudes et des Statistiques (Research and Statistical Coordination Directorate)
<b>DAFCO</b>	Délégation académique à la Formation Continue (Academic Commission on Continuing Training)
<b>DAGEMO</b>	Direction des Affaires Générales (Directorate for General Affairs)
<b>DDTEFP</b>	Délégation Départementale du Travail, de l'Emploi et de la Formation (Departmental Commission on Labour, Employment and Training)
<b>DGEFP</b>	Délégation Générale à l'Emploi et à la Formation Professionnelle (General Commission on Employment and Vocational Training)
<b>DIE</b>	Dépense intérieure d'Education (Domestic education expenditure)
<b>DREF</b>	Délégation Régionale à la Formation Professionnelle (Regional Commission on Vocational Training)
<b>DRTEFP</b>	Direction Régionale du Travail, de l'Emploi et de la Formation Professionnelle (Regional Directorate for Labour, Employment and Vocational Training)
<b>DUT</b>	Diplôme Universitaire de Technologie (University Technology Diploma)
<b>EDDF</b>	Engagement de Développement de la Formation Training Development Commitment
<b>FAJ</b>	Fonds d'Action pour les Jeunes (Action Fund for Young People)
<b>FAS</b>	Fonds d'Action Sociale (Social Action Fund)
<b>FDE</b>	Formation des Demandeurs d'Emploi (Training for jobseekers)
<b>FFPPS</b>	Fonds de la Formation Professionnelle et de la Promotion Sociale (Vocational Training and Social Advancement Fund)
<b>FNE</b>	Fonds National pour l'Emploi (National Employment Fund)
<b>FNPTA</b>	Fonds National de Péréquation de la Taxe d'Apprentissage (National Apprenticeship Tax Adjustment Fund)
<b>FP</b>	Formation Professionnelle (Vocational Training (VET))
<b>FPC</b>	Formation Professionnelle Continue (Continuing Vocational Training (CVT))
<b>FPI</b>	Formation Professionnelle Initiale (Initial Vocational Training (IVT))
<b>FRAFP</b>	Fonds Régional pour l'Apprentissage et la Formation Professionnelle (Regional Fund for Apprenticeship and Vocational Training)
<b>FSE</b>	Fonds Social Européen (European Social Fund (ESF))

<b>GNC</b>	Groupe National de Contrôle (National Supervisory Group)
<b>GRETA</b>	Groupement d'Établissements de l'Éducation Nationale (National Educational Institutions Grouping)
<b>MEN</b>	Ministère de L'Éducation Nationale (Ministry of Education)
<b>MF</b>	Milliards de Francs (FF thousand million)
<b>MSB</b>	Masse Salariale Brute (Gross Wage Bill)
<b>OF</b>	Organisme de Formation (Training agency)
<b>OPACIF</b>	Organisme Paritaire Agréé dans le cadre du Congé Individuel de Formation (Authorised Joint Agency for Personal Training Leave)
<b>OPCA</b>	Organisme Paritaire Collecteur Agréé (Authorised Joint Collection Agency)
<b>PAIO</b>	Permanence d'Accueil, d'Information et d'Orientation (Reception, Information and Guidance Office)
<b>PLF</b>	Projet de Loi de Finances (Draft Finance Law)
<b>PNB</b>	Produit National Brut (Gross Domestic Product)
<b>PRDFPJ</b>	Plan Régional de Développement de la Formation Professionnelle des Jeunes (Regional Plan for the Development of Young People's Vocational Training)
<b>RMI</b>	Revenu Minimum d'Insertion (Statutory Minimum Wage)
<b>SAE</b>	Stage d'Accès à l'Entreprise (Enterprise access course)
<b>SIFE</b>	Stages d'Insertion et de Formation à l'Emploi (Employment and training induction courses)
<b>SPE</b>	Service Public de l'Emploi (Public Employment Service)
<b>SRC</b>	Service Régional de Contrôle (Regional Supervisory Service)
<b>TA</b>	Taxe d'Apprentissage (Apprenticeship Tax)
<b>TRACE</b>	Trajectoire d'Accès à l'Emploi (Employment Access Routes )
<b>UNEDIC</b>	Union Nationale inter-professionnelle pour l'Emploi dans l'Industrie et le Commerce (National Multi-Sector Union for Employment in Industry and Commerce)

## **6.3.2 The main terms**

### **Adaptation contract**

A particular type of employment contract intended to adapt young people to a job or type of job. Their integration is promoted by additional training.

### **Alternance**

Aimed at young people, these training schemes take the form of a series of periods of practical vocational experience and periods of theoretical training. The concept may be used to designate apprenticeship and alternance contracts or just alternance contracts or even training at school.

### **Alternance training contracts**

Contracts of a particular type created by the social partners including the orientation, qualification and adaptation contracts.

### **Apprentice**

Young person recruited under an apprenticeship contract.

### **Apprentice master**

Person directly responsible for the apprentice training and acting as a mentor. Such persons must be 18 or over and be of sound morals.

### **Apprenticeship**

Initial training option taking the form of a contract of apprenticeship with an enterprise and training organised at an apprentice training centre.

### **Apprenticeship contract**

A particular type of employment contract forming part of initial training, It is open to young people aged up to 25 and enables them to attend general theoretical training and practical training in enterprise and at apprentice training centres.

### **Apprenticeship tax**

Obligation placed on some employers to contribute financially to initial technological or vocational training.

### **Co-investment in training**

A mechanism set out in the national multi-sector agreement enabling the implementation, under certain conditions, of training schemes taking place partly outside working time.

### **CODEF**

Committees for concerted action to develop the local economy and promote labour integration. They play a part in implementing, within a Department, policy on vocational training, social advancement and employment decided at regional level. Trade unions, employers and employees are represented on these committees.

### **Contract setting objectives**

Multi-annual contracts setting out guidelines and objectives in respect of the development of apprenticeship and vocational and technical education using alternance methods.

### **COREF**

Committees for concerted action consulted by the President of the Regional Council and the Regional Prefect on all questions relating to vocational training and employment.

### **CTF**

Training time capital.

Mechanism intended to help employees at their initiative during their working life and during working time to attend training schemes forming part of their enterprise's training plan.

### **Mentor**

Person responsible for supervising, training and overseeing young people during periods of in-company training.

### **Participation in training**

Enterprises' contributions to the funding of training schemes or skill reviews for employees.

### **Parity principle**

Method of bargaining and administration by employers' and employees' representatives.

### **Redeployment leave**

Measure implemented as part of an enterprise's redundancy plan in order to provide help with redundancy on economic grounds. The employment contract remains in force during this redeployment leave.

### **Social partners**

Employers' and trade union representatives in an industry, enterprise or sector.

### **Skill review**

Continuing vocational training service set out in the Labour Code and enabling an analysis of workers' vocational and personal skills so that they can formulate a career or training plan.

### **Statutory obligations**

Contributions paid by enterprises for continuing vocational training.

### **Training plan**

All the training schemes or skill reviews conducted by the employer in order to achieve the goals pursued by the enterprise.

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## The financing of vocational education and training in France

### Financing portrait

In 1996 total spending on vocational education and training in France was ECU 34 200 million, or 2.8 % of GNP.

One characteristic feature of the French system is the employers' compulsory contribution to vocational training, which is on average 3.26 % of the wage bill.

Against a background of high unemployment, particularly among young people, the social partners and the government have launched initiatives to help vulnerable groups, for example alternance training programmes for young people and schemes to help adult jobseekers enter the labour market. Funding is provided by the State, the unemployment insurance scheme and since 1994 the regions.

**Valérie Michelet**

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