

Working Group I: Incentives for individuals

Chair: Maria Hrabinska, Cedefop

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Presentations:

Hungarian experience with student loans with reference to some other European countries

Edina Berlinger, Corvinus University of Budapest, Hungary

VET financing in Latvia in times of change

Jānis Gaigals, Director, Ministry of Education and Science, Department of Vocational and General Education, Latvia

Incentives for initial and continuing VET learners in Estonia

Andres Pung, Director, Ministry of Education and Research, Vocational and Adult Education Department, Estonia

Significance of training costs for Romanian employers and employees

Ovidiu Mantaluta, Institute for Educational Sciences, Romania

The objective of the working group was to uncover what types of individual incentives exist in the newer Member States, how effective, efficient and equitable these incentives are, which measures are most successful and how the economic crisis impacts on the operation and effectiveness of the measures.

The first contribution was a best practice experience from student loans in Hungary which covers university education and part of VET. It is based on an income contingent approach, where people pay back according to their financial capacities and it relies on private financing, implying no burden on state budgets. In terms of repayment rate, the scheme is very successful, with a rate of close to 100%. A core asset of the system is that it performs well also in times of crisis. In the second part of the presentation, the differences between university education and VET and the implications for student loaning systems were discussed. The financing approach has to be different, as the VET students are different borrowers than university students, and the differences in income perspectives. One of the main points arising in the discussion was the crucial role of trust in setting up student loaning systems, both for individuals and for the parties providing the funds.

The second presentation provided an account of VET financing in Latvia in the context of change. Several developments drive the need for systemic reform. Among those are demographic change, the way financing is organised, and gaps between what labour markets need and what the educational system provides. All in all, labour market needs cannot be met by the current educational system in the medium term. Several actions need to be taken. First is the restructuring of the system in terms of financing responsibilities at state and local level. Second is increasing quality. Some practical instruments that are applied are the creation of a one year vocational track for those leaving secondary education and VET for dropouts and stipends and voucher systems.

The third contribution went into IVET and CVET in Estonia. Some of the main incentives and recent developments were discussed. In the case of stipends, some of the reforms include also targeting those students that are not the best of the class but are in a poor financial situation. And new initiatives are being taken to bring back to schools those who left education in the last five years. In CVET, a new act on training leave provides good conditions for training and extra incentives for achieving a qualification. A very popular measure has been an ESF project targeted towards individuals who take the initiative to get training themselves. 24 000 people have been trained. The combination of all incentives seems to have a significant result. Lifelong learning participation has increased considerably in Estonia (from 5.9% in 2005 to 10,8% in the first half of 2009). Two other new initiatives concern vouchers. A voucher for employees in small enterprises and a voucher system for medium and higher skilled unemployed people.

In the last presentation, we learned from some of the successes and problems linked to the cost of training in Romania. A core problem is a low interest among enterprises. A very interesting insight that came to the table is that cultural backgrounds in schools and public institutions can have a tremendous impact on implementing a coherent lifelong learning strategy. Despite evidence that education and training can be very effective. An interesting statistic is that one year of extra education instead of dropping out doubles the employment chances. We also heard about a legal condition in a program targeted towards preventing unemployment had a low take up, just because companies were required to keep the trained employees for 3 years after training. Some other major issues discussed were the quality and the accountability in big scale training projects and the ways partnerships in IVET should be organised.

We see a variety of instruments, with different degree of success. Overall it is an encouraging picture. We have some indications on the impact of individual incentives, but we also need more work in terms of evaluation. That is not only a task of those directly involved, but also of the research community.