Italy

The interplay of supply- and demand-side instruments in financing CVT/ adult learning (in particular job-related)

In Italy, responsibility for funding of adult learning is shared between the central state and the regions and the two autonomous provinces, with further division of labour across sub-segments of the adult learning system.

Demand-side instruments in financing CVT/ adult learning (in particular job-related)

- **Key institutions involved and funding sources**

Most important segments of adult learning are funded mainly by supply-side funding approaches, including a system of formal adult education run by the central state on elementary and secondary level, supply-side funding schemes run by the regions, receiving ESF co-funding and the supply-side funded provision within active labour market policy, organised also on a regional base. Complementary demand-side funding instruments are in place, with a system of Joint Interprofessional Funds for Continuing Education as its key component.

- **Instruments targeting individuals**

Individuals can use mainly supply-side funded training provision at low or no fees, organised on regional level (#257). There are no large-scale demand-side schemes supporting individuals in covering the training costs of provision outside the area of supply-side funded initiatives. Employees may be entitled for co-funding of individual training costs from the Interprofessional Funds (#273) their employer contributes to. Adults (within age limits) can partly profit from a loan supporting the completion of tertiary education or language courses leading to certification (#256). Employees have a right for a short-paid training leave vis-à-vis their employers (#249). Unemployed may participate in supply-side funding training.

- **Instruments targeting companies**

Companies are mandated to pay a fixed share of 0.3% of payroll to contribute to training costs. The contribution is paid yearly to the National Institute for the Social Security and redistributed to Interprofessional Funds. Companies are free to join a fund and can choose between organisations available. Companies receive contributions from these funds to their training costs (#273), upon request. At regional level, grants for companies are established for co-financing training of employees (#258). Enterprises are among the beneficiaries of training vouchers based on ESF funding in some regions. Since 2018, a new tax deduction (#292) supports training costs related to digitalisation with up to 50% of the eligible costs. Moreover, the funds provide training opportunities to individuals (mainly based on supply-side funding), however, the funds may also contribute directly to the costs of active labour market policies. Employers and employees can agree on a payback clause without explicit/set limitations (#357).

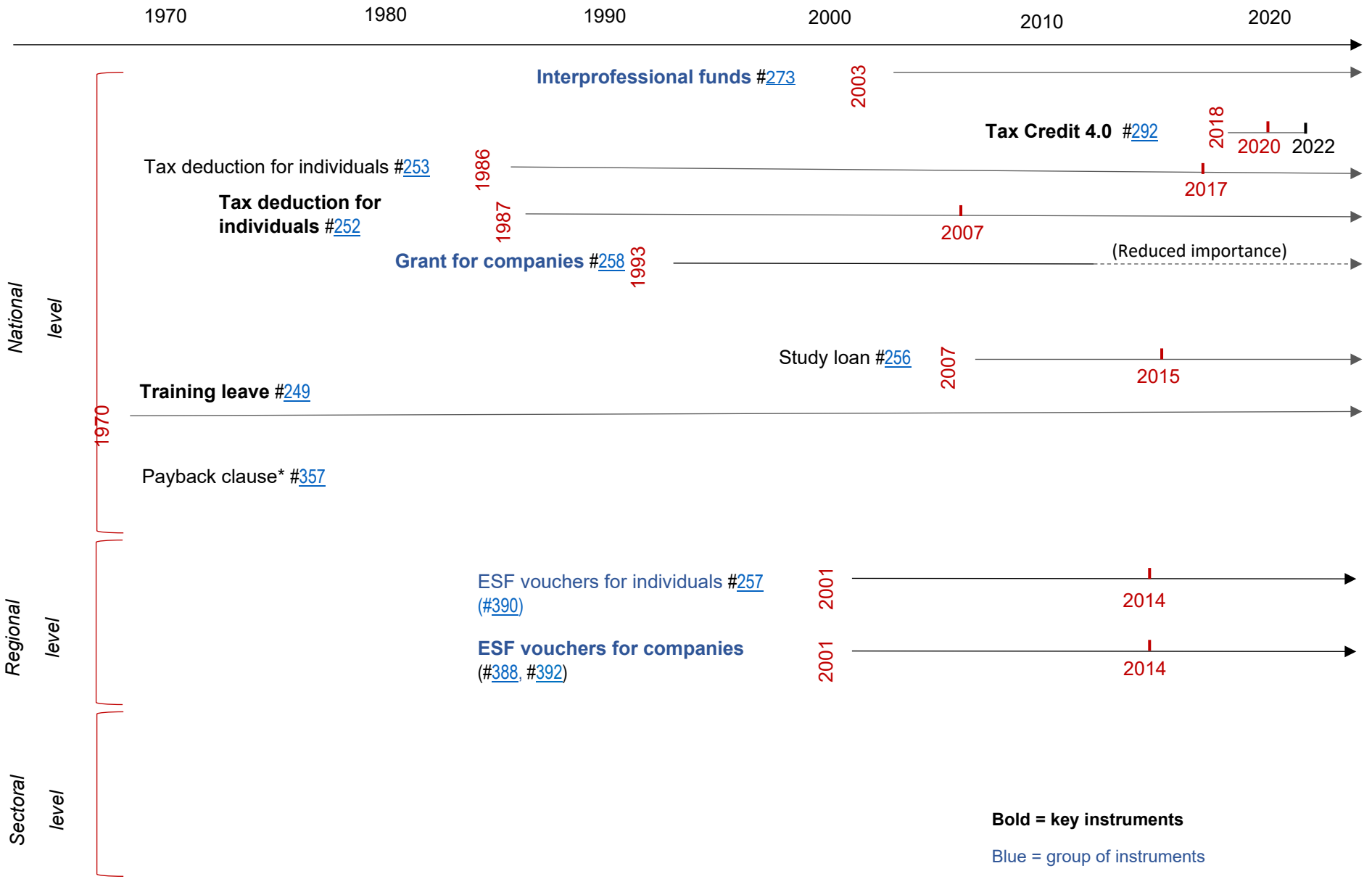
Table 1. Overview of demand-side financing instruments in Italy by 2020

Level of implementation	Importance of the level of implementation	Overall importance of the instrument	Demand-side instruments targeting individuals		Demand-side instruments targeting companies	
National level	High	Key instruments	Tax incentives for individuals	Tax deduction #252	Training funds	Interprofessional Funds #273 *Training Craft Fund #386* *Training Fund for the SME sector #387*
			Training leave	Training leave #249	Tax incentive for companies	Training tax credit 4.0 #292
					Grants for companies	Grant for companies #258 *Industry 4.0: training vouchers for entrepreneurs #388* *Company training vouchers #392*
		Further instruments	Tax incentives for individuals	Tax deduction for costs related to participation in conference, seminars, updating courses for freelance #253	Payback clause	Payback clause #357
			Loans	Loan for studies #256		
Regional level	High	Key instruments			Grants for companies	ESF training vouchers/grants for companies *Industry 4.0: training vouchers for entrepreneurs #388* *Company training vouchers #392*

		Further instruments	Grants for individuals	ESF Training vouchers #257 *ESF training vouchers 'Just in time' #390*
Sectoral level	High	Key instruments		
		Further instruments		

- **Evolution of demand-side instruments over time**

Figure 1. Overview on the evolution of demand-side instruments in Italy until 2020



Source: Cedefop, based on the 2020 data collection

- **Statistics on volumes of funding and beneficiaries**

Table 2. Statistical data on volumes of funding and beneficiaries

ID	Name of the instrument	Year of reference	Volume of funding (EUR)	Year of reference	Beneficiaries (individuals)	Year of reference	Beneficiaries (companies)
386	Training Craft Fund	Not available	Not available	Not available	Not available	Not available	Not available
387	Training Fund for the SME sector	Not available	Not available	Not available	Not available	Not available	Not available
292	Training tax credit 4.0	Not available	Not available	-	-	Not available	Not available
252	Tax deduction	Not available	Not available	Not available	Not available	-	-
253	Tax deduction for costs related to participation in conference, seminars, updating courses for freelance	Not available	Not available	Not available	Not available	-	-
388	Industry 4.0: training vouchers for entrepreneurs	Not available	Not available	Not available	Not available	Not available	Not available
390	ESF Training vouchers "Just in time"	Not available	Not available	Not available	Not available	Not available	Not available
256	Loan for studies	Not available	Not available	Not available	Not available	-	-
249	Training leave	Not applicable	Not applicable	Not available	Not available	-	-

Source: Cedefop, 2020 data collection

Table 3. Short description of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
273	Interprofessional Funds	National	Key instrument	The Joint Interprofessional Funds for Continuing Education are bodies of an associative nature promoted by trade unions and aimed at promoting training activities for employed workers. They are authorised to collect the 0.30% paid to INPS and redistribute it among their members (referring to the compulsory contribution for social security training established by Law 845/1978). By allocating the 0.30% to an Interprofessional Fund, the company will be guaranteed that what has been paid - by obligation (Law 845/1978) - can be returned to it in training actions aimed at upskilling employees. All types of education and training are eligible to be funded. Joining a fund is voluntary for companies.
386	Training Craft Fund	National, sectoral	Key instrument	Fondartiginato promotes and realizes lifelong learning initiatives aimed at enhancing human resources and developing the activity sectors of the craftsmanship of small and medium-sized enterprises. The objective of the Fondartigianato is the development of training practices that further qualify the work of craftsmen, "Made in Italy" and SMEs in the system of labour policies. Fondartigianato finances the training of workers whose companies have joined the fund. Depending on the specific call, women, migrants, workers under 35 are preferential treated. Eligible activities are: (a) management activities; (b) preparatory activities for the training plans drafting (such as e.g., advertising, communication, etc.); (c) activities aimed at financing training projects. The level of levy is 0.30%.
387	Training Fund for the SME sector	National	Key instrument	"Fapi - Fondo Formazione PMI - is a joint interprofessional fund to promote the development of Continuing Education in SMEs. It is financed through the mandatory levy of 0.30% of the contributions that companies pay to INPS every month and that INPS pays to the funds to which companies adhere. The distribution of funds is very polarized in the regions where there is a high concentration of productive areas (Lombardy, Lazio, Veneto, Emilia Romagna and Piedmont). In Lazio, Puglia and Basilicata, it is the first fund in terms of the number of associated companies. The composition of members reflects the Italian reality characterized by a high share of small and medium-sized companies (almost 87% of companies have fewer than 20 employees) located mainly in the North.
(2) Tax incentives for companies				
292	Training tax credit 4.0	National	Key instrument	Companies are eligible to a tax credit as contribution to the costs of training related to technological and digital transformation of the company. It is recognised to the following extent: 50% of the eligible expenses and up to a maximum annual limit of EUR 300 000 for small enterprises; 40% of eligible expenses within the maximum annual limit of EUR 250 000 for medium-sized enterprises; 30% of eligible expenses within the maximum annual limit of EUR 250 000 large enterprises. Training hours of employees (wage costs) are considered eligible costs. The same applicant can use the scheme once in each calendar year.
(3) Tax incentives for individuals				
252	Tax deduction	National	Key instrument	The tax deduction applies to all citizens subject to tax revenue in Italy. It allows to deduct up to 19% of the costs of all levels of education as taxable yearly income. The state's co-funding – in the form of foregone tax revenues - equals the eligible costs multiplied by the marginal tax rate (between 23 % and 43 %). All individuals

				subjected to tax revenue are eligible for this tax incentive. All levels of education from nursery to higher education are eligible (including the deduction of education costs for children). The individual requires tax allowance on yearly basis, by providing evidence of the costs. The National Revenue Agency accepts the requests, therefore the taxable yearly income of the individual is accordingly reduced.
253	Tax deduction for costs related to participation in conference, seminars, updating courses for freelance	National	Further instrument	Self-employed/professionals (having a VAT position) are eligible for the tax incentive. No preferential treatment is applied. This tax allowance allows to deduct up to an annual limit of EUR 10 000 for training, education and conference participation (including travel and fees costs); costs for personalised certification of skills, guidance, research and support for self-entrepreneurship, deductible up to EUR 5 000. The State covers the loss of revenue. The tax incentive can be re-used once in each calendar year. The eligible duration of the training leave is 20-30 working days.
(4) Grants for companies				
258	Grant for companies	National	Key instrument	Law 236/93 was among the most important legal schemes for training, as it was, alongside with the European Social Fund, the main channel for financing continuing training in Italy. The Law established to finance training for unemployed or vulnerable groups in relation to the labour market, and most importantly stated the possibility for the Ministry of Labour, Regions and Autonomous Provinces to co-fund training for employees. Up to the creation of Interprofessional Funds, the function of the law 236/93 for employees and companies training was dramatically downsized; it became more important for other areas covered within the text, such as workers' welfare, unemployment provision, and labour insertion. At present, a few resources referring to this scheme are used by Regions, mainly addressed to vulnerable groups (e.g. unemployed over 45).
392	Company training vouchers	Regional (Lombardy)	Key instrument	Companies in Lombardy Region can apply for co-funding for training costs. Vouchers are co-founded by ESF (50%), State (35%) and Region (15%). The eligible training depends on the specific call. Companies have to submit an application for a company training voucher for each individual course they intend to enrol their employees. Employees can benefit from one or more training courses, up to an overall value of EUR 2 000 on an annual basis. The maximum cost reimbursable to the company for the use of the courses differs according to the level of skills to be acquired.
388	Industry 4.0: training vouchers for entrepreneurs	Regional (Tuscany)	Key instrument	Within the framework of the regional strategy Industry 4.0, financed within Regional Operation Plan ESF 2014-2020, Axis A "Employment", this intervention supports the acquisition and updating of the skills of entrepreneurs, managers, freelancers, necessary to promote an economic growth that protects quality and quantity of employment and is detached from environmental degradation. This intervention is part of Giovanisì, the Tuscany Region's project for the autonomy of young people.
(5) Grants for individuals				
257	ESF Training voucher	Regional	Further instrument	Eligible groups (depending on the region, e.g. employed, unemployed, self-employed/professionals) can apply for training vouchers co-funded by the European Social Fund, and implemented at the regional level, according to the Regional Operational Programme
390	ESF Training voucher 'Just in time'	Regional (Tuscany)	Further instrument	Italian citizens (unemployed, resident or domiciled in a municipality of the Region of Tuscany and over 18 years of age) and residents with a legal work permit can apply for the grant. Preferential treatment is not applied. The company turns to the Center for Employment expressing the need to find trained workers to be able to hire with an open-ended or fixed-term contract, including apprenticeships. After selection, an applicant (person belonging to the eligible group) enrols in the training programme. Eligible types of training include targeted and customised training courses to facilitate the matching of job supply and demand.

(6) Loans				
256	Loan for studies	National	Further instrument	Persons aged between 18 and 40 may apply for access to funding guaranteed by the Fund if they enrolled in tertiary education or language course leading to a certification (legally recognised in Italy; the course must last more than 6 months). No preferential treatment is applied. Tertiary education from Bachelor to Doctorate and language courses leading to a certification recognised by the State are considered eligible types of training. This is a general loan for study, and eligible costs are not provided in detail.
(7) Training leaves				
249	Training leave	National	Key instrument	Employees can take training leave for completion of compulsory schooling, upon achievement of the qualification of the second degree, university diploma or degree, to the participation in training activities other than those organised or financed by the employer. The employee can ask for training leave, however, as a general rule, the employer can refuse, or ask to postpone permission according to organisational reasons. The number of allowed hours is defined within collective sectoral agreements. It is not necessarily paid.
(8) Payback clauses				
357	Payback Clause	National	Further instrument	There is no legislation regulating the payback clause for training. The reference laws are labour laws. It could be included in the overall payback clause of the contract. The main legal basis is the Civil Code, Art. 2118, regulating relations between employers and employees: "Either party may terminate the permanent contract of employment, giving notice in time and manner established by corporate rules, custom or equity"(it refers to permanent contracts). 'Corporate rules' means collective agreements. Where not mentioned, it can be subject to negotiation between employer and employee.