

Luxembourg

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

In Luxembourg, public funding is available both for formal and non-formal adult learning. Provision of adult learning is supported both by the help of supply-side funding approaches and by a range of demand-side funding instruments. Measures to increase participation in adult learning are implemented through tripartite partnership agreements between the government, employer and employee representatives. The social dialogue between the Government, professional chambers and trade unions has always played an important role in Luxembourg.

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

- **Key institutions involved and funding sources**

In Luxembourg a large range of different players (trade unions, business agencies, ministries, employer organisations) are involved in the implementation of demand-side instruments. While most of the instruments are funded through national means, some of the training funds are co-funded by the European Social Fund.

- **Instruments targeting individuals**

While various adult learning opportunities receive supply-side funding and ask for no or only low participation fees, the most important demand-side instruments for individuals is the right to paid individual training leave ([#144](#)). Over the whole career, individual has a right for 80 days off for training, with a maximum of 20 days within 2 years. They can freely decide of one third of the days (as a form of individual training leave). Workers receive an allowance from their employers, equal to their regular wages (with the exception of highly paid workers, who receive less). A dedicated leave is also available for acquisition of Luxembourgish ([#145](#)), as one of the official languages of Luxembourg. Furthermore, state financial aid is available for adult students enrolled in higher education ([#143](#)). Furthermore, professional development expenses are deductible from the taxable income ([#354](#)), if there is a direct link to the professional activity performed by the employee. Eligible expenses include registration fees for continuing training borne by the employee and costs of buying books, insofar as they are purchased on a wholly professional basis (specialist books that are not of general interest).

- **Instruments targeting companies**

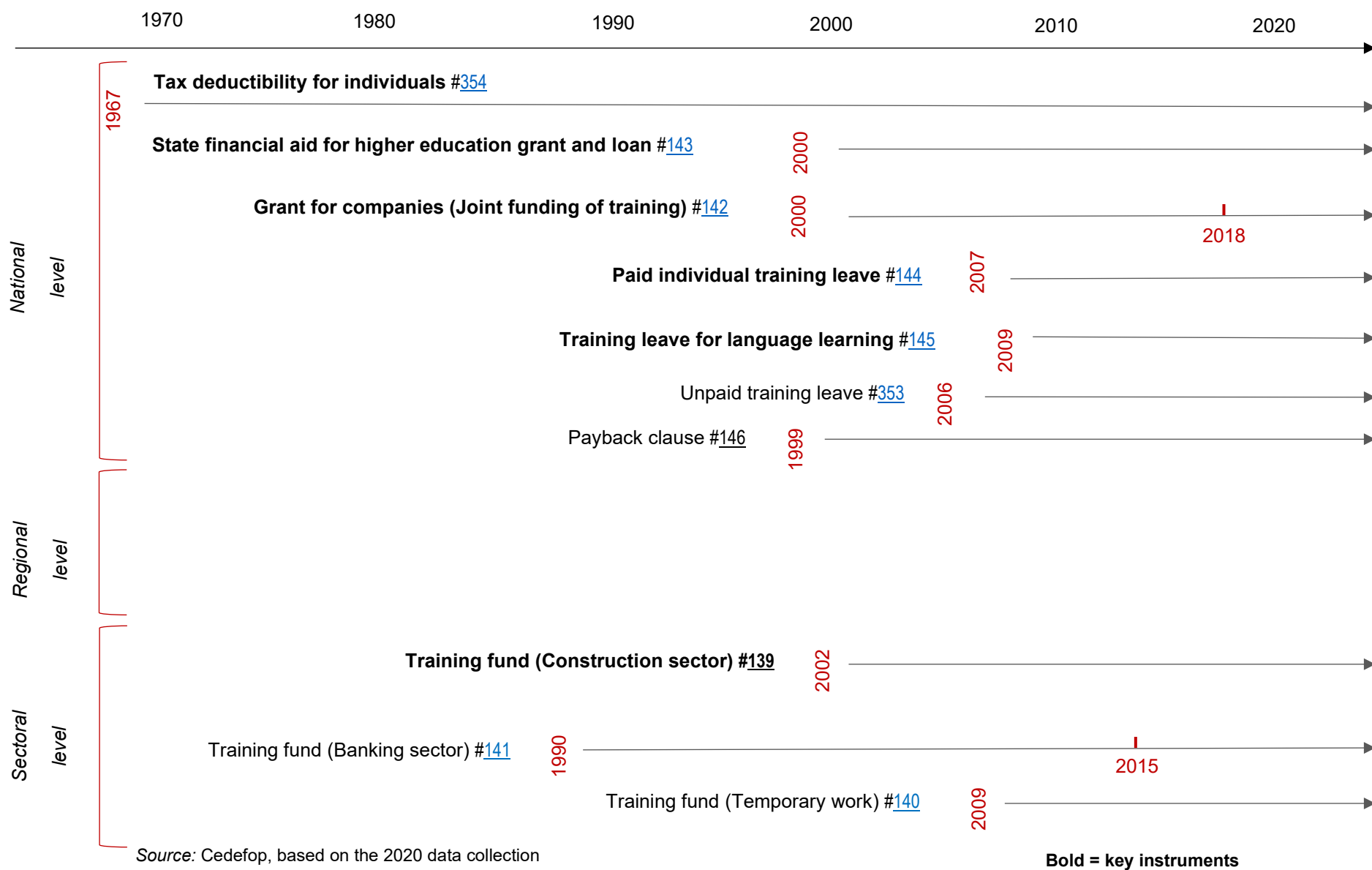
Employers can benefit from the Joint funding of training scheme ([#142](#)), in which employers receive direct co-funding of 15% of eligible costs for providing vocational training. Eligible costs include both direct costs of training and wage costs during participation. Higher co-funding rates are available for SMEs. The aim is to facilitate the provision of training for workers with low or no qualifications and for older workers. Sectoral training funds and their instruments in three sectors (banking [#141](#), construction [#139](#), temporary agency work [#140](#)) complement the available support by demand-side instruments. Employer and employees can agree on a pay-back clause ([#146](#)).

Table 1. Overview of demand-side financing instruments in Luxembourg 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 deductibility #354	Grants for companies	Joint funding of training (of the company training plan)/ support and development of continuing training #142
			Grants for individuals	State financial aid for higher education - grant and loan #143		
			Training leave	Paid individual training leave #144 Paid training leave for Luxembourgish language learning #145		
		Further instruments	Training leave	Unpaid training leave #353	Payback clause	Payback clause #146
Regional level	Moderate	Key instruments				
		Further instruments				
Sectoral level	High	Key instruments			Training funds	Institute for training in construction sector #139
		Further instruments			Training funds	Sectoral training fund for temporary work #140 House of Training (Banking sector) #141

- Evolution of demand-side instruments over time

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



- **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)
139	Institute for training in construction sector	Not available	Not available	2019	8 000	Not available	Not available
140	Sectoral training fund for temporary work	Not available	Not available	2018	2 276	Not available	Not available
141	House of Training	Not available	Not available	2019	21 000	Not available	Not available
354	Tax deductibility	Not available	Not available	Not available	Not available	-	-
142	Joint funding of training (of the company training plan)/ support and development of continuing training	2015-2017	177 000 000	Not available	Not available	2017	2 223
143	State financial aid for higher education - grant and loan	Not available	Not available	2019	30 808	-	-
144	Paid individual training leave	Not available	Not available	Not available	Not available	-	-
145	Paid training leave for Luxembourgish language learning	Not available	Not available	Not available	Not available	-	-
353	Unpaid training leave	Not applicable	Not applicable	Not available	Not available	-	-

Source: Cedefop, 2020 data collection

Table 3. Short descriptions of the financing instruments

ID	Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds				
139	Institute for training in construction sector	Sectoral	Key instrument	Based on a collective agreement, employers of the construction sector contribute to a training fund and receive subsidies for their training costs from the fund. EU-funds support the training fund (50% of the fund's budget, approx. EUR 3 000 000). The remaining EUR 3 000 000 are raised through the levy on companies in the sector (0.65% of the payroll). Professional education and training, research, and development in the building sector are considered eligible types of training. No preferential treatment for particular eligible groups is applied.
140	Sectoral training fund for temporary work	Sectoral	Further instrument	Based on a collective agreement, temporary work agencies contribute a fixed share of payroll (0.6%) to a training fund. In return, the temporary work agencies receive funding for implementing sectoral training programmes. The maximum amount that a temporary work agency may receive is up to the amount of the entity's contribution to the training fund reduced by the operational cost of the fund. No preferential treatment for a particular eligible group is applied. For temporary workers, the main focus of training is on health and safety and employability. For permanent employees, the main focus is on induction training and continuing training.
141	House of Training	Sectoral	Further instrument	Companies of the financial sector are obliged to contribute a fixed share of payroll costs (1.5%) to a training fund which, in return, provides funding for training employees of the financial sector for the banking environment in Luxembourg and the various trades that the industry offers. Eligible types of training include areas such as insurance banking, business management, law, fiscal law, economy, financial management, pedagogy. Fees and other costs related to training (such as costs of materials) are considered eligible costs to be funded. No preferential treatment for a particular group of beneficiaries is applied.
(2) Tax incentives for companies				
No tax incentives for companies are established.				
(3) Tax incentives for individuals				
354	Tax deductibility	National	Key instrument	Any person taxed on his/her income that he/she receives from paid work may deduct professional development expenses from his/her taxable income. The state co-funding – in the form of foregone tax revenues – equals the eligible costs multiplied by the marginal tax rate (between 8% and 42 % plus a 7-9% contribution to the Employment fund). The minimum earning per year required to apply for the scheme is EUR 11 265. The professional development costs must have a direct link to the professional activity performed by the employee, be paid for by the employee, and should enable the employee to update his/her professional skills and to progress in his/her professional activity. Professional training costs which cover expenses incurred in order to gain the knowledge required for a future profession or a change of profession, are non-deductible. Eligible expenses include registration fees for continuing training borne by the employee, the costs of buying books, insofar as they are purchased on a wholly professional basis (specialist books that are not of general interest). The location in which the training is held is not taken into consideration. The net effect of the deduction of training costs depends on the level of income and the type of taxpayer. The same applicant can use the scheme once in each calendar year.

(4) Grants for companies

142	Joint funding of training (of the company training plan)/ support and development of continuing training	National	Key instrument	Employers can receive public contributions to the incurred eligible training costs. Companies receive 15% of the eligible training costs of a year (for wage costs of low qualified young adults and for employees 45+, they can receive a contribution of 20%). Upper ceilings for the public contributions per company apply, (20% of total payroll for companies with 1 to 9 employees; 3% for companies with 10 to 249 employees; 2% for companies with more than 249 employees). Continuous education and training are considered as an eligible type of training to be funded. At least 50% of training time should be scheduled within normal working hours. Eligible training also includes external and internal training, firm/sector-specific and transferable, workplace adaptation training, on-the-job training, self-learning, and e-learning, conferences, fairs, and exhibitions. Training is not cumutable with training provided under the 'individual training leave' scheme. The same applicant can use the scheme once in each calendar year.
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(5) Grants for individuals

143	State financial aid for higher education - grant and loan	National	Key instrument	For adults (irrespective of age) in secondary and HE, a grant for meeting the living costs during higher education is available in case their gainful income is below the minimum wage. For anyone else, a loan scheme is available. The grant consists of a basic grant of EUR 1 050 per semester and a 50% contribution to HE fees capped at EUR 3 700. Further 50% are available as a loan. The grant can be also expanded with the help of the loan for meeting tuition costs. The state provides a guarantee for the loans. The level of support provided is subject to regular adjustments.
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(6) Loans

No loan incentive is established.

(7) Training leaves

144	Paid individual training leave	National	Key instrument	Workers may take a training leave of a maximum of 20 days within 2 years (80 days over the entire employment career). The training programme does not necessarily have to be directly related to the individual's occupation. The leave made available corresponds to 1/3 of the number of the course hours taken (e.g. one day for a 24 hours course). Workers receive an allowance from their employers, equal to their regular wages (with the exception of highly paid workers, who receive less), however, the employer receives a compensation of the wages paid (including social security contributions). For the self-employed, the state pays the compensation directly to the individual.
145	Paid training leave for Luxembourgish language learning	National	Key instrument	Workers may take a language training leave with a maximum of 200 hours over their entire professional career. Any Luxembourgish language courses which are taught either in Luxembourg or abroad are eligible. The Ministry of Labour and Employment reimburses 50% of the training costs to the employer based on the daily wage of the worker (wage compensation). Salaried workers benefiting from the language leave are entitled, for each hour on leave, to a compensatory allowance that is equal to the average hourly wage. The eligible duration of the training leave is 10-25 working days.
353	Unpaid training leave	National	Further instrument	Employees with two or more years of tenure (irrespective of the type of employment contract) can formally request an unpaid leave for participating in formal education or CVET programmes from their employer. The duration of the unpaid leave needs to be longer than four consecutive weeks and can last for up to six consecutive months. The required period of notice is two months for leaves up to three months and four months for leaves longer than three months. Over the employment history with one employer, unpaid leave is available for a total of up to two years. Employers cannot deny unpaid leave but can postpone it for up to two years due to important organisational reasons. For employees in micro enterprises and for members of the top management, employers may refuse to grant the unpaid leave.

(8) Payback clauses

146	Payback clause	National	Further Scheme	Employers and employees can agree on a payback clause for training-related costs. The law establishes minimum standards that should be considered for the design of agreements between social partners or within companies. Conditions on payback clauses established in the Labour Code can be amended or replaced by collective agreements at the sectoral or company level provided that such conditions are less strict than the national regulations. Employees can be requested to reimburse the cost of employer-financed training incurred in the last 3 years if the employment contract is terminated on the initiative of the employee or by the employer due to a serious instance of employee misconduct. The employee cannot be obliged to reimburse training that benefits the company only (compulsory or firm-specific training).
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