

Malta

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

In Malta, various forms of adult education are provided by State-sponsored, supply-side funded programmes, with various non-profit organisations (such as trade unions, the Catholic Church) contributing to the provision of courses free of charge or at low fees. Large shares of supply-side provision became possible after Malta's accession to the EU (2004) and based on EU structural funds, which has turned into the most significant funding source for adult education in Malta. The overall dominant supply-side funding approaches have been complemented by demand-side incentives for adult learning, targeting individuals/households and companies, mainly introduced once Malta gained full EU membership.

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

- **Key institutions involved and funding sources**

The main responsible institution is the Maltese Public Employment Service JobsPlus, which is responsible for the implementation of the above-mentioned incentives, both financed through national funding and the ESF. Furthermore, the Maltese government's business development agency Malta Enterprise is responsible for the implementation of the Get Qualified scheme.

- **Instruments targeting individuals**

Individuals can apply for support towards their fees for adult education ([#311](#)), providing 75% co-funding up to EUR 1 000, which constitutes the most significant support available. In addition, adults having acquired a qualification can receive a tax deduction ([#157](#)) from their personal income tax after taking up employment. Adults up to 30 can also benefit from a loan to cover their fees and subsistence costs when participating in educational offers abroad ([#160](#)). Adults whose weekly wage does not exceed EUR 300 are eligible to a financial grant of EUR 25 per week when attending one of the JobsPlus courses offered in various areas (e.g. literacy, computing, accounting, etc.) ([#355](#)). Some employees may benefit from a short paid educational leave based on sectoral or company agreements ([#241](#)), however, the opportunities for paid training leave are restricted and there is no major scheme in place offering wage replacement for adults returning to education for a longer period of time. The unemployed are supported mainly by supply-side funded programmes, not by demand-side funding schemes.

- **Instruments targeting companies**

Employers – with a preferential treatment for MSMEs – can receive contributions towards their eligible training costs via the current ESF funded Investing in skills scheme ([#310](#)). For hiring eligible unemployed, companies may further receive a lump sum tax deduction for associated training costs and a further deduction for fees for relevant courses.

Table 1. Overview of demand-side financing instruments in Malta 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	Get Qualified #157	Grants for companies	Investing in skills #310
			Grants for individuals	Training pays scheme (TPS) #311		
		Further instruments	Grants for individuals	Average wage earner scheme #355	Payback clause	Payback clause #360
			Training leave	Training leave #241		
			Loans	Youth Specialisation Studies Scheme #160		
		Key instruments				
Regional level	Moderate	Further instruments				
		Key instruments				
Sectoral level	Moderate	Further instruments				
		Key instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Malta 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)
<u>157</u>	Get Qualified	Average of years	3 985 107 ^e	Average of years	1 560 ^e	-	-
<u>310</u>	Investing in skills	Overall funding allocated to the measure	8 000 000	2019	3 771	2019	445
<u>311</u>	Training pays scheme (TPS)	2019	551 000	2019	227	-	-
<u>355</u>	Average wage earner scheme	2019	133 475	2019	644	-	-
<u>160</u>	Youth Specialisation Studies Scheme	Not available	Not available	Not available	Not available	-	-
<u>241</u>	Training leave	Not available	Not available	Not available	Not available	-	-

Source: Cedefop, 2020 data collection (^e = estimate)

Table 3. Short description of the financing instruments

Name	Level of implementation	Importance of the instrument	Short description
(1) Training funds			
No training fund established.			
(2) Tax incentives for companies			
No tax incentives for companies are established.			
(3) Tax incentives for individuals			
157	Get Qualified	National	Key instrument
Individuals having completed an approved course of studies leading to a certification, diploma, degree, or post-graduate degree course will benefit from a tax credit of 70 % of the eligible costs. Qualifications shall be considered eligible if approved as level 3 or higher by the Malta Qualification Framework (MQF). The maximum amount depends on the course taken and are capped as follows: MQF level 3 capped at EUR 1 500; MQF level 4 at EUR 2 500; MQF level 5 at EUR 3 500; MQF level 6 at EUR 12 500; MQF Level 7 at EUR 15 000; MQF Level 8 at EUR 25 000; Other courses are capped at EUR 2 000. Individuals with no taxable income (an annual gross salary below EUR 9 100) cannot profit from the tax deduction. The tax incentive can be used once in each calendar year.			
(4) Grants for companies			
310	Investing in skills	National	Key instrument
Employers having an economic activity in Malta irrespective of their legal form receive co-funding for all type of training activities with the notable exception of compulsory training. Large, medium, small and micro companies may benefit from up to 50%, 60% or 70% of their training fees as well as receive an additional subsidy on employee wages. There is no limitation for reuse.			
(5) Grants for individuals			
311	Training pays scheme (TPS)	National	Key instrument
The Training Pays Scheme is co-funded by the ESF and aims to assist individuals to develop and/or improve their skills by participating in further off-the-job education and training. The scheme offers assistance in the form of a training grant to aid participants with costs relating to training (75% up to a maximum of 1 000 EUR). The scheme is open to applicants of working-age population 16 to 64 years who have completed compulsory schooling. In the case of persons aged between 16 and 24, they must not be participating under the Youth Guarantee NEET Activation Scheme II. No preferential treatment is applied. The grant is awarded to the individual (trainee) after successful completion of their training. Training courses between MQF level 1 to 5 are eligible.			
355	Average wage earner Scheme	National	Further instrument
Employed and self-employed persons attending one of the JobsPlus courses and whose weekly wage does not exceed EUR 300 (basic) per week can apply for this grant. Employed individuals following these courses can benefit from a financial grant of EUR 25 per week provided that they attend a minimum of four hours of training per week. The grant is given to an individual upon successfully completing the whole course. JobsPlus offers training courses in various areas including literacy and numeracy, computing, trade, technical, accounting, clerical work, and care services. Payment is based on the hours an individual attends and the duration of the course. Persons who terminate or drop out of the course, and/or have absences, which preclude them from sitting for the final assessment, are not eligible to claim this allowance.			

(6) Loans

160	Youth Specialisation Studies Scheme	National	Further instrument	Individuals between 18 and 30 years who wish to study for a first or post-graduate degree or a distance learning course not available in Malta can apply for a loan between EUR 10 000 and EUR 30 000. Eligible students are granted a soft loan facility at favourable terms. Preference is given for courses in Aerospace, Health and Biotechnology, Digital Games Production, Environment, Agriculture and Marine Studies, Youth Work, Sport, Nature Conservation, The Arts, and Specialised Restoration. The maximum loan amount is EUR 30 000 in a total, while the minimum amount of EUR 10 000 for students. Directly after graduation students pay a rate of interest of 1% (lower than the standard rate of 4%) bank's Base Rate plus 1.75% per year, adding up to 4% per year.
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(7) Training leaves

241	Training leave	National	Further instrument	In the public sector, individuals are entitled to time-off for both vocational training, as well as paid study leave to participate in courses meeting specific priority needs identified by the government. If workers are sitting for any examinations approved by the organisation, even when these examinations are directly related to the workers' responsibilities at work, they are entitled to a maximum of six days paid study leave. A collective agreement for workers in non-professional and non-administrative posts stipulates that workers are granted paid study leave if taking part in courses approved by the company although following their completion of studies beneficiaries have to work for the company for a period of time as agreed previously.
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(8) Payback clauses

360	Payback clause	National	Further instrument	In Malta, the applicable laws set no explicit limitations to a payback clause, that is an agreement between employer and employee on the payback of training costs covered by the employer in case of voluntary termination of the employment by the employee. The parties can freely agree on any component of the payback clause. Agreements deemed unfair, however, can be challenged in the Labour Courts. Overall, the application of payback clauses for training costs is perceived as of limited importance within the overall co-funding arrangements for CVT. As suggested by the national VET experts, employers would normally include a payback agreement when training expenses exceed EUR 1 000.
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