

Portugal

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

Adult education in Portugal had been boosted after the change to liberal democracy (1974) with a strong focus (beyond civic education) on allowing adults to overcome low levels of qualification. With Portugal EU membership, European Union policies in adult learning have become a further important driver of the field, with European structural funds as a key funding source.

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

- **Key institutions involved and funding sources**

Key institutions include the National Agency for Qualification and Vocational Education (ANQEP) and the Institute for Employment and the Public Employment Service (IEFP). ANQEP is a public institution, overseen by the Ministry of Education alongside the Ministry of Labour, Solidarity and Social Security, boasting administrative, financial and pedagogic autonomy in the pursuit of its duties.

State funding is channelled in supply-side funding for formal and non-formal provision of adult education. As in the case of supply-side funded provision, various demand-side funding scheme are dependent on ESF cofunding. ESF is the main source of funding for supply-side formal adult education and training courses in Portugal. Employer and employee contribute a dedicated share of the payroll for active labour market policies, including training for the unemployed and the employed (5%; professional valorisation), which constitute a key national source of funding for adult learning.

- **Instruments targeting individuals**

Individuals can receive a training voucher ([#291](#)) worth up to EUR 175 (EUR 500 for the unemployed). Individuals receive a tax credit ([#178](#)) on training costs (including early childhood education) of up to EUR 800 per household from the individual tax base. Adult higher education students can receive a loan as students in initial education ([#181](#)). Employees enjoy a minimum right of 40 hours of training per year ([#182](#)) up from 35h in 2019 during paid working time, which may be used for training individually chosen. Employees participating in part-time formal adult education are entitled to up to 6 hours/week (maximum) of paid training leave and up to 10 days of unpaid leave ([#183](#)). The unemployed can benefit from broadly developed training provision, which are mostly supply-side funded.

- **Instruments targeting companies**

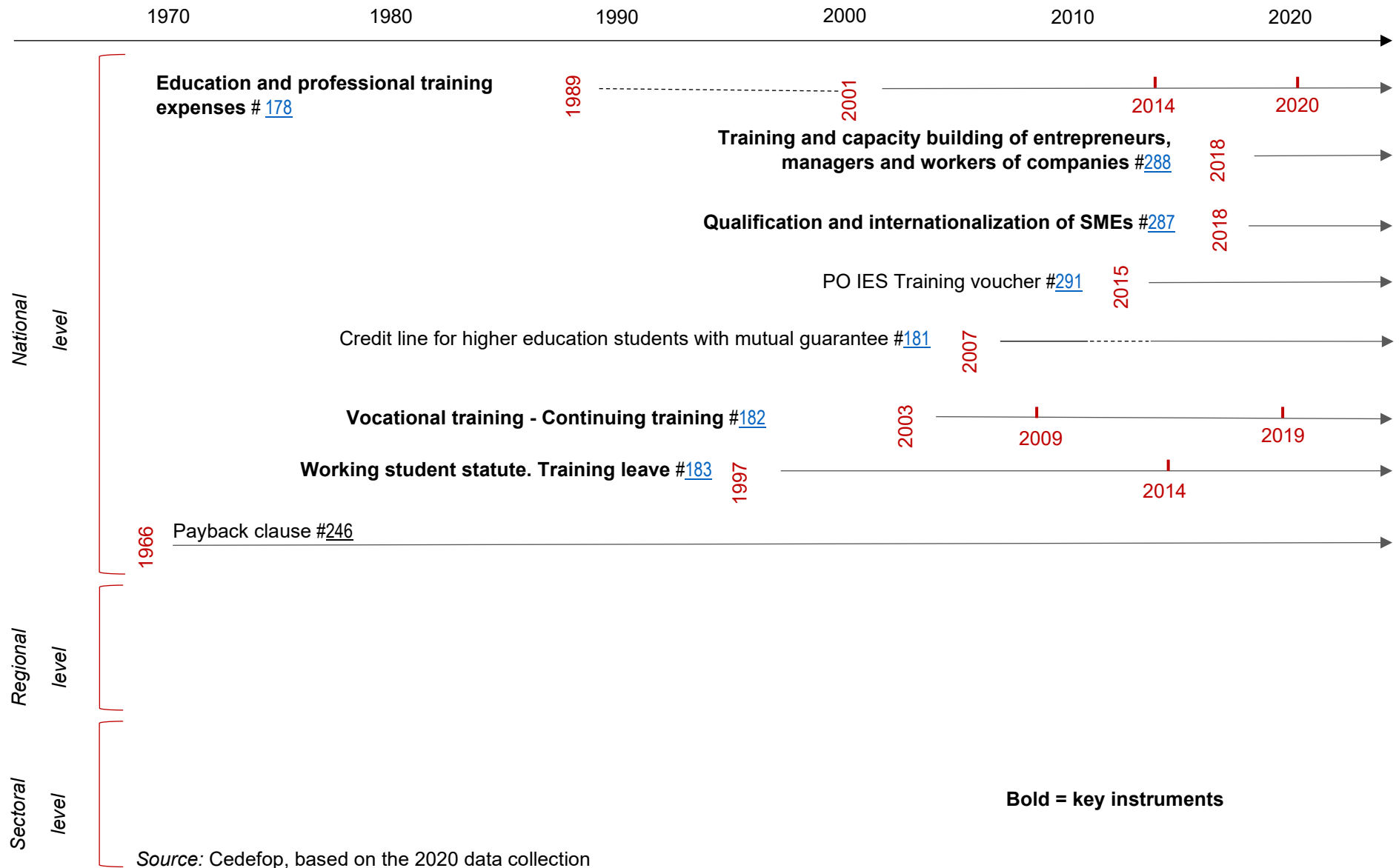
Employers receive substantial contributions to their training costs from schemes subsumed in the COMPETE 2020 programme ([#287](#); [#288](#)), which is co-financed by the ERDF and implemented both at national and regional level in two different strands. It aims at reinforcing the business capacity of SMEs for the development of goods and services. Via different funding lines, employers can receive 50% of the eligible training expenses. Furthermore, they can use the training voucher (Cheque Formação). A payback clause ([#246](#)) can be agreed between the employer and the employee.

Table 1. Overview of demand-side financing instruments in Portugal 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	Education and professional training expenses #178		
			Training leave	Vocational training - Continuing training #182 Working student statute #183		
		Further instruments	Grants for individuals	PO IES - Training voucher #291	Payback clause	Payback clause #246
			Loans	Credit line for higher education students with mutual guarantee #181		
Regional level	High	Key instruments			Grants for companies	COMPETE 2020 – Qualification and internationalization of SMEs #287 COMPETE 2020 – Training and capacity building #288
		Further instruments				
Sectoral level	Moderate	Key instruments				
		Further instruments				

- Evolution of demand-side instruments over time

Figure 1. Overview on the evolution of demand-side instruments in Portugal 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)
178	Education and professional training expenses	2018	280 670 886	2018	1 051 283 ^e	-	-
287	COMPETE 2020 – Qualification and internationalization of SMEs	2017	17 000 000	Not available	Not available	2017	388
288	COMPETE 2020 – Training and capacity building of entrepreneurs, managers and workers of companies	Not available	Not available	Not available	Not available	Not available	Not available
291	PO IES - Training voucher	2019	5 945 419	2019	40 706	-	-
181	Credit line for higher education students with mutual guarantee	2020	5 500 000	2020	600	-	-
182	Vocational training - Continuing training	Not available	Not available	2018	1 052 600	-	-
183	Worker student statute	Not applicable	Not applicable	2018	4 584	-	-

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

Table 3. Short description of the financing instruments

Name	Level of implementation	Importance of the instruments	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			
178	Education and Professional Training Expenses	National	Key instrument
			A family unit (persons living together, usually family, who present joint personal income tax declarations) may deduct up to 30% of their education and training expenses from their personal income tax up to a maximum of EUR 800 for a given aggregate. The scheme covers expenses in early childhood education and care, schools, and other educational institutions and services, corresponding to any education level when provided by institutions from the national education system or other institutions recognised by relevant Ministries including entities providing vocational education and training. All types of learning content are eligible (formal and non-formal education courses, general courses, occupational courses, etc.). Eligible costs include tuition fees/fees for participation (external providers), costs for training materials (e.g. books), accommodation costs, meal costs, or daily allowance for subsistence or child care costs (during participation). Individuals with no taxable income (an annual gross salary below EUR 4 104) cannot profit from the tax deduction. The tax incentive can be used once in each calendar year.
(4) Grants for companies			
287	COMPETE 2020 – Qualification and Internationalization of SMEs	National	Further instrument
			SMEs and business associations can request support for the development of different projects including capacity building projects aiming at improving the efficiency of the processes of innovation of SME, combining training of workers with consultancy services. Education and training eligible are technical and continuous training. It is co-financed through the ERDF Operational Programme “Competitiveness and Internationalization”. The amount available depends on the typology of the projects: for individual projects the maximum is EUR 500 000 (co-funded up to 50%) and for joint projects of EUR 180 000 per company to be addressed (co-funded up to 85%). The funding is provided to support staff costs related to trainers and trainees, supporting costs related to trainers and trainees (e. g. travel expenses, material, and supplies) as well as consultancy services associated with the training. De minimis regulations apply for this grant.
288	COMPETE 2020 – Training and capacity building of Entrepreneurs, Managers and Workers of Companies	Regional	Key instrument
			The grant aims to intensify the training of entrepreneurs, managers, and workers for the reorganization and improvement of management capacities, as well as company workers, supported by themes associated with innovation and change. It is addressed to individual SMEs (individual projects) or business associations supporting SMEs (joint projects). Through this scheme, SMEs and associations can request support for the development of different projects related to the upskilling and reskilling of human resources, including workers and business managers, as well as to support innovation and new business models and exchange of good practices. The amount available depends on the typology of the projects and the grant co-funds up to 50%. The funding is provided to support staff costs related to trainers and trainees, supporting costs related to trainers and trainees (e. g. travel expenses, material, and supplies) as well as consultancy services associated with the training. There are eligible groups with preferential treatment.

Bonuses are as follows: 1. Increase of 10% if the training is provided to disabled or disadvantaged workers; 2. Increase of 10%. if the incentive is granted to medium-sized companies and of 20% if it is granted to micro and small companies. Funding comes from European sources and De-minimis regulation applies.

(5) Grants for individuals

291	PO IES - Training Voucher	National	Further instrument	Both employed workers (aged 16 or over, regardless of their level of qualification, whose applications can be submitted by themselves or by the respective employers) and unemployed persons (enrolled in the PES at least at 90 consecutive days, aged 16 or over, with levels 3 to 6 of qualification) can access the grant. This grant is provided by IEFP (Institute of Employment and Training) and supports technical training, continuous training, and RVCC (professional recognition, validation, and certification of skills). Eligible types of training include technical training, continuous training, and RVCC (professional recognition, validation, and certification of skills). The co-funding for active employees is EUR 4/hour, with a maximum total amount of EUR 175, and for unemployed a maximum of EUR 500. The source of funding is European funds for the programming period 2014-2020. Eligible costs include travel and meal costs, as well as daily allowance for subsistence (for unemployed persons). There is no possibility of re-use, and no preferential treatment (more than the distinctions between employed and unemployed workers).
---------------------	---------------------------	----------	--------------------	--

(6) Loans

181	Credit line for higher education students with mutual guarantee	National	Further instrument	Higher Education students attending technical higher education courses, degrees, masters, or Ph.D. in Portugal can apply for the loan. The amount of the loan varies between EUR 1 000 and EUR 5 000 per year up to a maximum of EUR 30 000 (for a 6-year university programme). The loan is financed by the ESF, the Foundation for Science and Technology (FCT), and the banks that accepted to provide this service, but the scheme is managed by the SPM (Sociedade de Investimento, S.A), a private organisation managing this credit line on behalf of the Portuguese Government. Banks are responsible for providing the loan, monitoring the accomplishment of the rules, and transferring the loan to students. The beneficiary does not have to pay for the credit during the period of its use and two years after that (grace period). The credit is paid back during a period of 6 to 10 years, to be negotiated between students and the bank. The current interest rate equates to the Euribor swap rate plus a maximum spread of 1.25% but can be reduced in the case of students benefitting from school scholarships or with good results at the University. The State acts as a guarantor, which eases the process of approval of the credit.
---------------------	---	----------	--------------------	--

(7) Training leaves

182	Vocational training - Continuing training	National	Key instrument	Portuguese workers with an open-ended contract are entitled to a minimum of 40 hours of continuing training each year. Companies do need to provide 40 hours of certified training per worker in each civil year to at least 10% of the company's employees. In the case of workers with contracts for a specific period of time, the law is applied only when the contracts have more than 3 months and the number of foreseen training hours is aligned with the duration of the contract. The training can be of any type, but it has to be provided either by the employer, by a certified training entity, or by any training institution recognised by the State as a training provider under the National Qualification System. The employer covers the costs of workers' time spent in training and the costs of training provided at employers' initiatives. For this purpose, employers can benefit from existing public support measures or use their own funding. Workers usually cover the costs of training (fees, transport, etc.) attended at their own initiative. The State is responsible for settling the legislation related to the training leave, defining the minimum requirements to be accomplished by the companies (specified in the Labour Code Law n. 7/2009 and following amendments), as well as for monitoring the accomplishment of the legislation by companies.
---------------------	---	----------	----------------	---

183	Worker student statute	National	Key instrument	This scheme, stipulated by law, entitles employees participating in part-time formal adult education to up to 6 hours/week of paid training leave up to 10 days of unpaid leave, and to receive support in fitting their work and study schedule. Time off work to attend courses has got a maximum duration depending on the regular working weekly hours. The working hours of the worker should be adjusted whenever possible to allow for the attendance of courses. All employees who attend any vocational education and training at any education level or temporary occupational programmes for youth with a duration of more than 6 months are eligible. The worker-student enjoys a set of rights and benefits concerning other workers, namely in matters such as working hours/time off from work, overtime work, justification of absences, holidays. Some preferential treatment is available for parents living on islands. The employer covers the costs of workers' time spent on training ("not worked time"), whereas worker-students usually cover the training costs (including fees, transport, etc).
(8) Payback clauses				
246	Payback clause	National	Further instrument	Employers and employees can agree on a payback clause, regulated by the Labour Code. The contractual parties may agree that an employee cannot cancel the work contract for a period of up to 3 years to compensate an employer for large expenses incurred for the employee's training, whatever form it may take (all kinds of formal and certified training and levels of qualification). The payback clause is previewed in the Labour Code and employers and employees may agree on the details of it. Employees are not bound by the contractual retention period if they reimburse the training costs. There is no preferential treatment foreseen by Law, and all employers/employees may use this payback clause. The Authority for Working Conditions (ACT), is responsible for monitoring the compliance of the existing legislation.