

Expenditure on training measures for the unemployed across the EU

Statistics in focus

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Labour market

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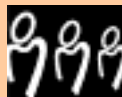
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In 2003 the EU-15 Member States spent a combined total of more than 25 billion euro on training measures for the unemployed and other disadvantaged groups needing help in the labour market. Nearly half of this money is spent on classroom based training; work-based training other than apprenticeships is relatively little used, accounting for less than 7% of training expenditure.

Across the EU, the largest share of expenditure on training (43%) goes to cover the costs of the training, 33% goes to support the beneficiaries of training and 16% to employers who take on trainees. However, the way in which individual countries spend money on training varies considerably. The interpretation of these differences is far from straightforward and demonstrates the value of the extensive qualitative data collected by the Eurostat LMP database.

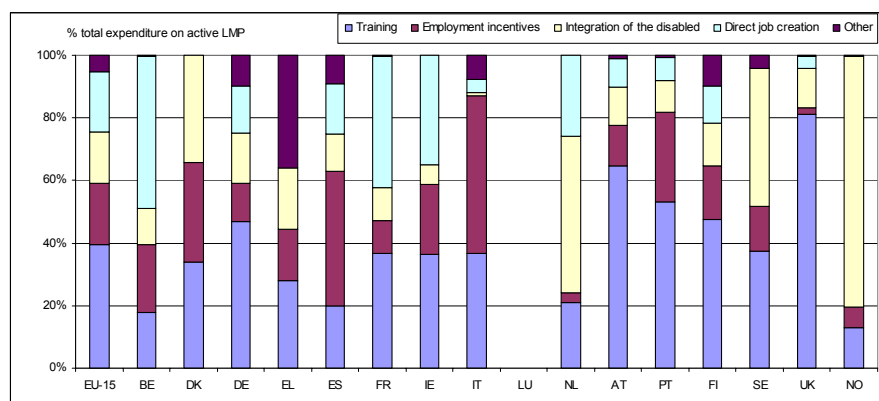
EU-15 expenditure on labour market training accounted for more than 25 billion euro in 2003

The Eurostat LMP database organises labour market interventions into nine main categories by type of action. The classification scheme includes one category of labour market services, many of which are freely available to all jobseekers, six categories of “active” measures that aim to promote the integration of the unemployed and other target groups, and two categories of “passive” measures that provide financial support to selected groups (see Methodological notes for further details).

In 2003, active measures implemented by the EU-15 countries accounted for more than 65 billion euros of expenditure – nearly 0.75% of total GDP. Of this amount, more than 25 billion euro was spent on training measures (Table 1). Given this large expenditure, there is clearly interest in seeing how this money was spent, the numbers of persons assisted, and the results achieved. The analysis below attempts to exploit the rich data of the Eurostat LMP database in order to explore some of these issues.

Training measures are the most important type of active measure in the EU-15 as a whole but not in all countries (Graph 1) – in fact it is only in 6 countries that training is most important (DE, IE, AT, PT, FI, UK). As a share of total expenditure on active measures, the category of training is most important in the UK (81%) and the share also exceeds 50% in Austria and Portugal. It is least important in Belgium, Spain and the Netherlands (all below 21%) whilst in all of the remaining countries training accounts for between 30 and 50% of active expenditure.

Graph 1 – Share of expenditure on active LMP measures by type of action, 2003



Source: Eurostat, Labour Market Policy database, September 2005

Table 1 - Expenditure on active LMP measures by type of action, 2003

Category/name	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	NO
<i>Euros (Millions)</i>																	
2 Training	25,842.0	485.5	967.3	9,604.0	47.0	878.5	4,804.5	298.8	3,173.8	:	902.3	673.2	374.9	509.0	1,045.1	2,078.0	169.3
3 Job rotation and job sharing	196.8	-	-	28.2	-	56.5	-	-	3.4	-	0.3	0.3	0.1	88.5	19.5	-	0.2
4 Employment incentives	12,915.7	583.7	909.8	2,529.0	28.0	1,887.6	1,340.0	181.4	4,335.2	14.3	135.9	136.7	204.3	186.0	394.6	49.1	83.6
5 Integration of the disabled	10,728.4	310.7	981.5	3,310.8	33.1	521.7	1,382.7	50.8	88.3	6.1	2,150.8	126.1	71.8	144.0	1,226.5	323.6	1,043.6
6 Direct job creation	12,721.6	1,317.9	1.9	3,090.7	-	709.9	5,451.4	287.1	365.8	7.0	1,112.6	95.6	51.4	129.1	-	101.2	1.2
7 Start-up incentives	3,215.9	12.6	-	1,957.1	60.4	336.0	58.5	-	653.8	0.2	-	10.3	4.5	16.1	98.5	7.7	1.5
Total active measures (cats. 2-7)	65,620.3	2,710.4	2,860.4	20,519.8	168.5	4,390.2	13,037.1	818.1	8,620.3	:	4,301.8	1,042.3	707.1	1,072.8	2,784.2	2,559.6	1,299.3

Work-based training is relatively little used compared to classroom training

Labour market training measures aim to improve the employability of participants and there are many different ways in which this can be achieved. The LMP database distinguishes four sub-categories of training measure based primarily on where the training takes place. Institutional training (sub-category 2.1) covers training provided mostly in a classroom situation, workplace training (2.2) covers training provided mostly in the workplace, and integrated training (2.3) covers those measures that provide a mix of classroom and workplace tuition. A final sub-category recognises that in addition to the regular apprenticeship system, which is considered part of the regular offer of education and training open to all young people and therefore outside the scope of the LMP database, some countries offer special aid to encourage the take-up of apprenticeship by unemployed persons and other target groups.

Table 2 shows the breakdown of expenditure on training between the aforementioned types of training. In the EU-15, nearly half of expenditure on training measures goes to

support classroom based training and almost 55% of this amount is accounted for by Germany alone. By contrast, work-based training (other than apprenticeship) is relatively unimportant, accounting for less than 4% of training expenditure or around 7% including integrated training, where a significant part of the training must be in the workplace. Over 60% of EU expenditure on work-based training is accounted for by Italy, whilst France accounts for a similar share of integrated training expenditure. Special support for apprenticeship accounts for just over a quarter (27%) of EU-15 expenditure but it is worth noting that over 90% of this support is accounted for by four countries – Germany, France, Italy and the UK – and the amount spent by the remaining 11 countries is small (zero in Greece, Ireland and Sweden). The remaining 17% of expenditure on training is accounted for by measures that either provide a variety of different training opportunities or that cannot be categorised by type for some other reason.

Table 2 - Expenditure on LMP training measures by type of training, 2003

Category/name	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	NO
<i>Euros (Millions)</i>																	
2 Training	25,842.0	485.5	967.3	9,604.0	47.0	878.5	4,804.5	298.8	3,173.8	:	902.3	673.2	374.9	509.0	1,045.1	2,078.0	169.3
2.1 Institutional training	12,526.4	463.3	927.7	6,842.5	29.4	640.1	1,459.3	176.7	0.0	:	0.0	544.3	203.7	410.0	644.3	185.0	136.1
2.2 Workplace training	878.7	13.3	8.2	0.0	0.0	0.0	5.7	2.2	552.6	19.6	0.0	33.8	40.1	79.1	2.7	121.4	33.2
2.3 Integrated training	989.5	0.0	0.0	53.6	3.2	0.0	622.2	96.0	0.0	0.0	0.0	0.0	12.3	0.0	0.0	202.2	0.0
2.4 Special support for apprenticeship	7,008.7	8.9	31.3	1,544.1	0.0	238.4	1,270.3	0.0	1,969.2	0.9	210.0	36.3	110.1	19.9	0.0	1,569.4	0.0
Other ¹	4,438.6	0.0	0.0	1,163.9	14.4	0.0	1,447.0	23.9	652.1	:	692.3	58.8	8.7	0.0	398.1	0.0	0.0
% total expenditure on training																	
2 Training	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	:	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2.1 Institutional training	48.5	95.4	95.9	71.2	62.5	72.9	30.4	59.1	0.0	:	0.0	80.9	54.3	80.5	61.7	8.9	80.4
2.2 Workplace training	3.4	2.7	0.8	0.0	0.0	0.0	0.1	0.7	17.4	:	0.0	5.0	10.7	15.5	0.3	5.8	19.6
2.3 Integrated training	3.8	0.0	0.0	0.6	6.9	0.0	13.0	32.1	0.0	:	0.0	0.0	3.3	0.0	0.0	9.7	0.0
2.4 Special support for apprenticeship	27.1	1.8	3.2	16.1	0.0	27.1	26.4	0.0	62.0	:	23.3	5.4	29.4	3.9	0.0	75.5	0.0
Other ¹	17.2	0.0	0.0	12.1	30.6	0.0	30.1	8.0	20.5	:	76.7	8.7	2.3	0.0	38.1	0.0	0.0
% EU total																	
2 Training	100.0	1.9	3.7	37.2	0.2	3.4	18.6	1.2	12.3	:	3.5	2.6	1.5	2.0	4.0	8.0	
2.1 Institutional training	100.0	3.7	7.4	54.6	0.2	5.1	11.6	1.4	0.0	:	0.0	4.3	1.6	3.3	5.1	1.5	
2.2 Workplace training	100.0	1.5	0.9	0.0	0.0	0.0	0.7	0.2	62.9	2.2	0.0	3.8	4.6	9.0	0.3	13.8	
2.3 Integrated training	100.0	0.0	0.0	5.4	0.3	0.0	62.9	9.7	0.0	0.0	0.0	1.2	0.0	0.0	20.4		
2.4 Special support for apprenticeship	100.0	0.1	0.4	22.0	0.0	3.4	18.1	0.0	28.1	0.0	3.0	0.5	1.6	0.3	0.0	22.4	
Other ¹	100.0	0.0	0.0	26.2	0.3	0.0	32.6	0.5	14.7	:	15.6	1.3	0.2	0.0	9.0	0.0	

Source: Eurostat, Labour Market Policies database, September 2005

¹ Measures not allocated to any specific sub-category - e.g. because they offer a variety of different training opportunities or provide financial support for trainees in different forms of training.

However, the way in which labour market training is implemented varies considerably between countries. In Denmark and Belgium, institutional (classroom based) training (sub-category 2.1) accounts for over 95% of expenditure and all forms of work-based training are relatively unimportant. On the other hand, pure classroom based training is not used at all as an employability measure in Italy. Work-based training (2.2) together with

integrated training (2.3) accounts for 32% of training expenditure in Ireland but otherwise exceeds 15% of spending only in Italy, the United Kingdom and Finland. Expenditure on special support for apprenticeship (2.4) is also highly variable, accounting for three quarters of spending in the UK and 62% in Italy but 5% or less in seven of the EU-15 countries (BE, DK, EL, IE, AT, FI, SE) and in Norway.

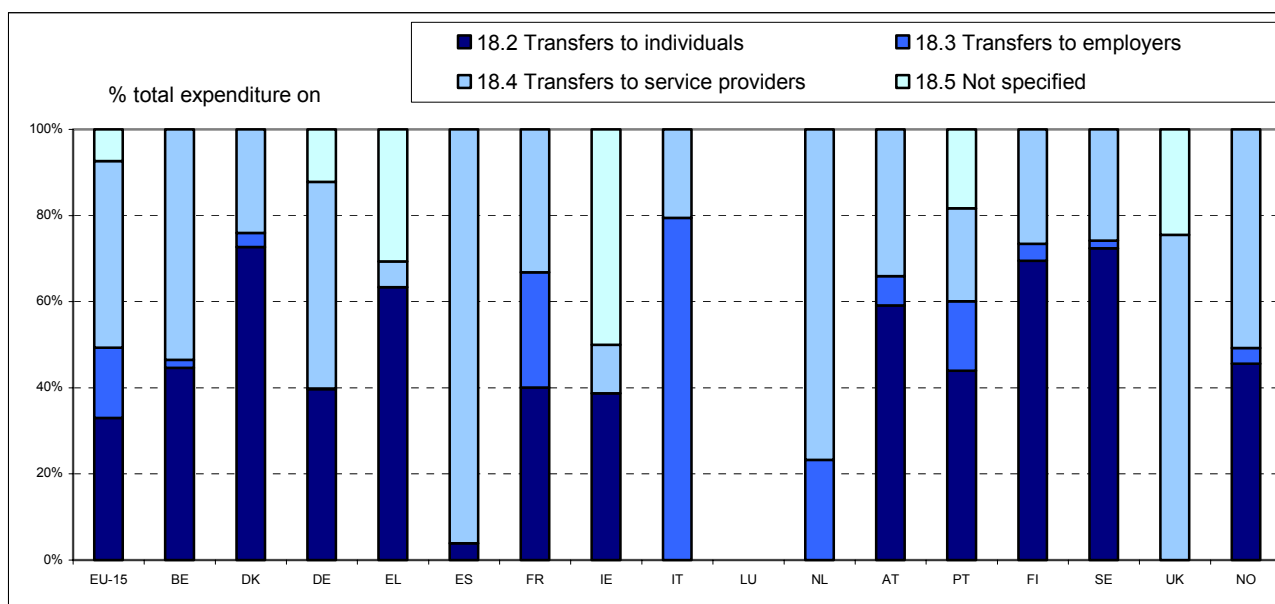
Countries have different approaches to the distribution of expenditure on training

Although the data above demonstrate how countries use different types of training in order to promote the employability of persons without work and without the skills needed to find sustainable employment, they tell only part of the story since it is also necessary to consider the different ways in which the money is spent. For example, for some measures the expenditure relates to the cost of the training itself – sometimes provided by a training body integrated with the public employment service, sometimes purchased from public or private third party providers – and which the participant then receives as a benefit in kind. In others the costs relate to money paid directly to the participants, either as a form of subsistence allowance or as a reimbursement for costs incurred (course costs, travel costs, etc.). For work-based training the costs might represent subsidies to employers to cover, either fully or partially, the costs of taking on a trainee or they might again be a reimbursement to the employer of the costs of paying for external trainers.

In order to understand such differences the LMP database collects information on expenditure broken down by type, this breakdown being based at the first level on who is the direct recipient of the public money – the individual participants, the employers who take on trainees and provide work-based training opportunities, or the actual training (service) providers.

Graph 2 shows the breakdown of expenditure by direct recipient, including amounts where the breakdown is for some reason not specified. It would be reasonable to assume that the amounts of expenditure not specified are distributed in similar proportions to the known amounts but since the importance of these amounts – and therefore the potential for such an assumption to be misleading – vary considerably between countries, this assumption is not made here. In the Union as a whole (EU-15), the largest known share of expenditure (43%) is accounted for by transfers to service providers, 33% goes directly to the individual participants, 16% to employers and just 7% is not specified. However, many different situations can be seen in the individual countries. In Denmark, Finland and Sweden around 70% of expenditure is consumed by transfers to individuals, around 25% on transfers to service providers and there is just a small amount of transfers to employers. At the other extreme, in Italy 80% of the costs of labour market training relate to transfers to employers, 20% for service providers and there is no financial support for the individual participants included within the training category. In Ireland, Greece and the UK there remain significant amounts of expenditure (>20%) which at present cannot be broken down by direct recipient.

Graph 2 - Expenditure on training measures by direct recipient, EU-15, 2003



Source: Eurostat, Labour Market Policy database, September 2005

The interpretation of these differences can only be made with supporting qualitative data

The interpretation of differences such as those observed above and what they mean when comparing expenditure between countries is not straightforward. Although there may be some reimbursement of costs incurred by participants, transfers to individuals recorded in all categories of the LMP database refer primarily to subsistence allowances. For participants in active measures (categories 2-7) these allowances, which are recorded in the relevant active category, are typically equivalent to, or sometimes a little higher than, the

unemployment or other out of work benefits that they were entitled to prior to joining the measure. However, in some cases participants in active measures continue to receive unemployment benefits and these amounts remain in category 8 as passive expenditure.

The rich qualitative data available in the LMP database allow such cases to be identified and it is important to take this information into account when undertaking analysis. For example, Graph 2 shows that transfers to individuals

account for only a very small share (<4%) of expenditure on training in Spain. However, using item 9 of the LMP questionnaire, which asks about benefits that participants receive whilst in a measure but which are not recorded as expenditure for the current measure, it can be seen that participants in the Plan FIP, which is the most important training measure in Spain, may continue to receive unemployment benefits during the training period. This financial support for individuals will therefore be counted as

passive expenditure in category 8 rather than as active expenditure in category 2.

The situation is different in Italy, where again the breakdown of expenditure by direct recipient shows no transfers to individuals. Here the reason is that the majority of the training is work-based and most of the public money spent on training (80%) is used to subsidise the costs of employers who pay a wage to the persons on training.

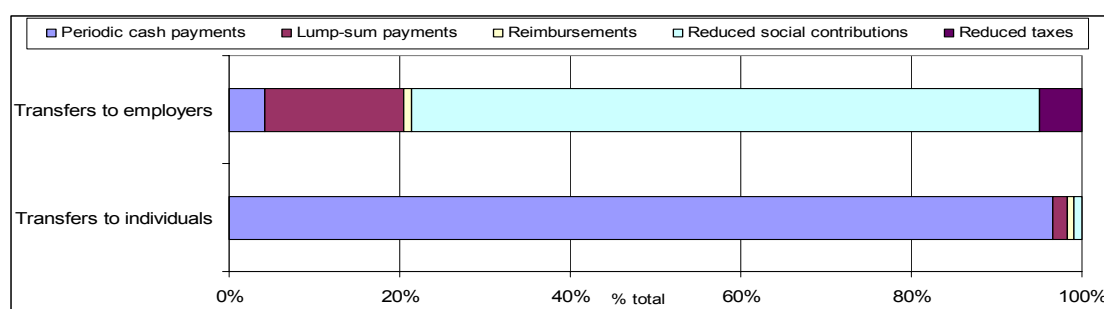
Individual participants tend to receive cash payments whilst employers benefit through exemptions to obligatory social contribution

The LMP database further breaks down transfers to individuals and to employers by type of expenditure, distinguishing between different types of cash payment (periodic, lump-sum and reimbursement) and forgone revenues where participants or their employers are exempted (fully or partially) from obligatory social contributions or taxes. Graph 3 shows the breakdown of EU-15 expenditure on training by type of expenditure. It is clear that transfers to individuals are almost all (96.5%) in the form of periodic cash payments, which provide a means of subsistence for the participants during their training.

However, for employers - who receive money to provide work-based training - the pattern of expenditure is very different. Over three-quarters of the expenditure is actually in the form of revenue forgone by the state.

Most of this relates to reduced social contributions whereby employers who take on an unemployed person (or a member of another LMP target group) for training benefit through an exemption to contributions due in respect of each person taken on.

Graph 3 - Transfers to individuals and employers in respect of training measures by type of expenditure, EU-15, 2003



Source: Eurostat, Labour Market Policy database, September 2005

The majority of training measures are targeted at unemployed persons

The LMP database collects information on public interventions in the labour market that are targeted at specific disadvantaged groups - this distinguishes LMP from general employment policies that act indiscriminately across the labour force. Mostly this means help for the unemployed but the database also recognises that other groups need assistance - for example, persons who are out of work but who currently not looking or available for work for some reason (e.g. care responsibilities), and employed persons whose job is threatened by restructuring or similar. The database records as qualitative data, information on the targeting of measures - not only by labour market status, but also by specific client groups such as young or older people, disabled persons, etc. Table 3 shows the number of training measures in each country and the proportion that are targeted by labour market status and by the specific client groups. It is important to realise that it is quite possible for measures to be targeted at more than one of the main target groups by labour market status. For example, in Germany the measure "Förderung der beruflichen Weiterbildung" (Support for further vocational training) is targeted both at unemployed persons and workers threatened by unemployment. In practice the majority of persons helped by such measures are likely to be unemployed rather than

employed but it is nevertheless important to recognise that assistance is offered to other groups. In the German example mentioned, nearly 220,000 of the 255,000 persons (86%) who started on the measure in 2003 were previously registered unemployed.

The data show that the majority (86%) of training measures in the EU are targeted, at least in part, to unemployed people, whilst just over one in four measures are open to persons already in employment and less than one in five to persons who are currently inactive. There are interesting differences in the targeting between countries that, presumably, reflect to some extent the labour market situation in each country and the priorities of the public employment service in terms of servicing particular client groups. For example, in Austria and the Netherlands half of all training measures are targeted, at least in part, to employed persons whilst in Greece, Spain, Ireland and the UK, employed persons are not targeted at all. In Spain, Ireland, Finland and the UK, at least half of all training measures have some specific focus on long-term unemployed persons whilst in Italy, Luxembourg and Austria there is no such targeting.

Of the specific client groups, the greatest attention is on young people (normally defined to be those aged under 25) and almost 30% of all EU training measures are targeted at this age-group. On the other hand, training targeted at older persons is relatively uncommon with less than 10% of

measures having any focus on this group. The exception is Greece where all training measures appear to target retraining of older workers as well as preparatory training for youngsters.

Table 3 - Targeting of LMP training measures, EU-15 2003

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK
Number of measures ¹	149	14	5	16	8	4	17	12	5	6	10	11	20	6	10	5
<i>% targeted by labour market status²</i>																
Unemployed	85.9	92.9	100.0	68.8	100.0	100.0	82.4	91.7	100.0	66.7	70.0	90.9	85.0	100.0	90.0	80.0
(with focus on LTU)	23.5	35.7	20.0	12.5	25.0	50.0	5.9	75.0	0.0	0.0	20.0	0.0	20.0	50.0	10.0	60.0
Employed	27.5	35.7	20.0	43.8	0.0	0.0	23.5	0.0	40.0	16.7	50.0	54.5	10.0	16.7	70.0	0.0
Inactive	18.8	7.1	0.0	62.5	12.5	0.0	11.8	50.0	20.0	0.0	30.0	0.0	10.0	16.7	0.0	20.0
<i>% targeted at specific client groups³</i>																
Youth	29.5	21.4	0.0	50.0	75.0	50.0	11.8	25.0	40.0	33.3	30.0	18.2	30.0	33.3	10.0	40.0
Older	8.7	0.0	0.0	0.0	100.0	0.0	5.9	0.0	0.0	0.0	20.0	9.1	0.0	16.7	0.0	0.0
Disabled	7.4	7.1	0.0	6.3	25.0	0.0	5.9	8.3	0.0	0.0	20.0	9.1	0.0	16.7	10.0	0.0
Immigrants	4.7	0.0	20.0	12.5	12.5	0.0	0.0	0.0	0.0	0.0	20.0	0.0	5.0	0.0	0.0	0.0
Re-entrants	4.0	0.0	0.0	6.3	0.0	0.0	0.0	16.7	0.0	0.0	20.0	9.1	0.0	0.0	0.0	0.0
Public priorities	18.1	50.0	0.0	31.3	0.0	0.0	11.8	8.3	0.0	0.0	60.0	9.1	25.0	0.0	0.0	0.0

1. Includes components of mixed measures

2. Measures can be targeted at more than one group so it is expected that the sum by status will exceed 100%

3. Targeting by client group is independent of targeting by labour market status. Some measures are targeted simply at unemployed persons and have no other specific focus.

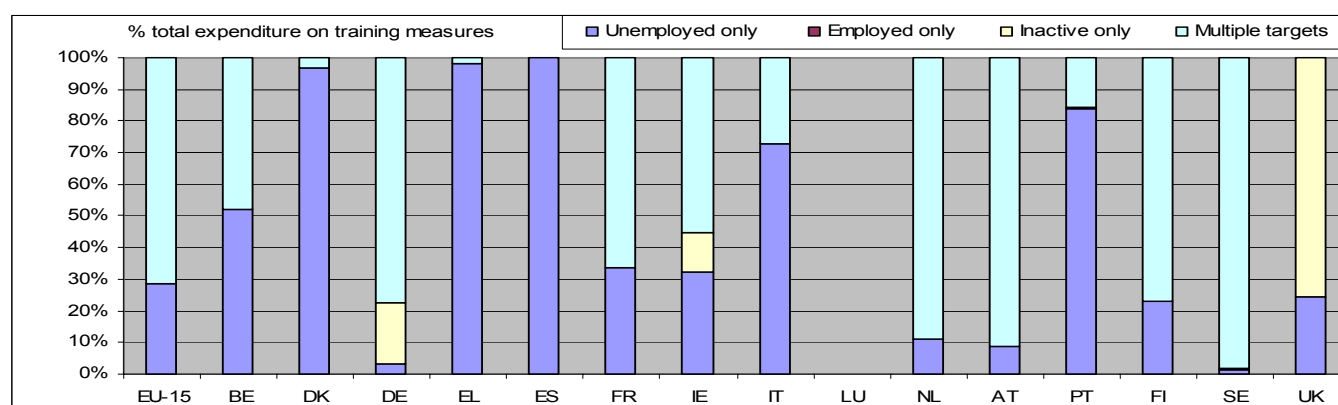
Source: Eurostat, Labour Market Policy database, September 2005

In Table 3, targeting of training at disabled persons appears to be very low (just 7% of all training measures in the EU) but this is not a true reflection of the situation because the LMP has a separate category for all measures that are exclusively designed for disabled persons and this includes training actions.

In terms of expenditure, training measures which are targeted at the unemployed only (i.e. measures open only to unemployed persons and not to employed or inactive persons) account for just over 28% of total training expenditure in the EU (Graph 4). In Denmark and Greece over 95% of training expenditure is targeted exclusively at unemployed persons, whilst at the other extreme, Sweden has a more open approach and 98% of training expenditure

is available to multiple target groups. However, it should be clear that the interpretation of targeting follows national definitions and it is necessary to exploit the descriptions of measures available in the LMP database in order to fully understand the situation. For example, in Graph 4 the UK stands out in having 75% of training expenditure targeted only at inactive persons, a much higher share than elsewhere. This expenditure relates to the measure "Work-based training for young people (WBTYP)", which provides vocational training opportunities for early school leavers who are under the age of 18 and therefore ineligible for unemployment benefits in the UK (Jobseekers Allowance). As a result, they are considered as inactive whilst elsewhere this group might be considered as unemployed youth.

Graph 4 – Share of training expenditure targeted at different groups, 2003



Note: Measures targeted at Employed only account for less than 1% of expenditure in all cases

Source: Eurostat, Labour Market Policy database, September 2005

Most training measures are applied nationally but regional interventions are important in some countries

Table 4 shows information on how measures are applied in each country, the sources of finance for training measures and the different organisations involved in implementing them. Across the EU, the majority of measures (83%) are applied across the whole of the territory of each country but regional interventions are important in some countries. In some cases this means regional variations of a measure that is applied throughout the country, in others regional authorities may apply completely different measures. Regional application of training for the unemployed is most

common in Belgium where 79% of measures are applied by the Flemish, Walloon and Brussels regions and just 21% by the federal government. In Spain, there are effectively two main training measures, which are each reported in two parts covering the national implementation and the application in the autonomous regions. In Portugal the overseas departments of Madeira and the Azores implement different measures than the mainland and in Germany the Länder also have the possibility to implement LMP actions independently of the federal government.

Table 4 - Area of application, source of finance and responsible institution for LMP training measures, EU, 2003

	EU-15	BE	DK	DE	EL	ES	FR	IE	IT	LU	NL	AT	PT	FI	SE	UK	NO
% measures																	
<i>Area of application</i>																	
National	82.6	21.4	100.0	81.3	87.5	50.0	100.0	100.0	100.0	100.0	80.0	100.0	65.0	100.0	100.0	100.0	100.0
Regional	15.4	78.6	0.0	12.5	12.5	50.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0	0.0	0.0	0.0	0.0
Other	2.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Source of finance¹</i>																	
Central government	56.4	21.4	80.0	6.3	87.5	25.0	76.5	100.0	100.0	16.7	70.0	90.9	0.0	83.3	100.0	100.0	100.0
(of which, ear-marked taxes)	8.7	21.4	0.0	0.0	0.0	0.0	0.0	16.7	0.0	83.3	0.0	0.0	0.0	0.0	0.0	60.0	0.0
Regional government	18.8	78.6	0.0	12.5	0.0	50.0	17.6	0.0	0.0	0.0	0.0	9.1	45.0	0.0	0.0	0.0	0.0
Local government	2.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Security Institution	32.2	7.1	0.0	81.3	0.0	25.0	41.2	0.0	0.0	16.7	10.0	90.9	50.0	66.7	0.0	0.0	0.0
European Social Fund (ESF)	41.6	0.0	0.0	37.5	87.5	50.0	29.4	83.3	60.0	0.0	20.0	27.3	95.0	66.7	0.0	20.0	0.0
Other	4.7	0.0	0.0	12.5	25.0	0.0	11.8	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Responsible institution²</i>																	
Central government	33.6	21.4	40.0	0.0	62.5	0.0	64.7	91.7	40.0	16.7	50.0	9.1	5.0	0.0	30.0	100.0	0.0
Regional government	19.5	64.3	0.0	12.5	0.0	50.0	17.6	0.0	60.0	0.0	0.0	9.1	45.0	0.0	0.0	0.0	0.0
Local government	8.7	14.3	60.0	0.0	0.0	50.0	0.0	8.3	0.0	0.0	10.0	0.0	0.0	0.0	10.0	60.0	0.0
Social Security Institution	5.4	0.0	0.0	0.0	0.0	0.0	23.5	0.0	40.0	0.0	10.0	0.0	0.0	16.7	0.0	0.0	0.0
Trade Union	0.7	0.0	0.0	0.0	0.0	0.0	5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public employment service (PES)	55.0	0.0	60.0	87.5	25.0	50.0	23.5	75.0	0.0	83.3	10.0	90.9	80.0	100.0	70.0	60.0	100.0

1. A measure may be financed by more than one source so the sum of the different sources may exceed 100%.

2. A measure may be implemented by two or more organisations in co-operation so that the sum of responsible institutions may exceed 100%.

Source: Eurostat, Labour Market Policy database, September 2005

Over 40% of training measures in the EU receive some co-financing from the ESF

The LMP database collects information on the source of finance for each measure. Table 4 shows the proportion of training measures in each country that are financed from the different levels of government and other sources. Note that this share is based purely on the number of measures and not the amount of expenditure and some measures may be financed from more than one source so that the shares can exceed 100%.

Across the EU, over half of measures (56%) are financed by central government, 32% by the social insurance institution and 19% by regional governments, though the pattern of financing varies between countries. In Ireland, Italy, Sweden and the UK, all measures are financed at least in part by the central government, whilst in Germany and Austria the social security funds are most important (81 and 91% of measures respectively). Overall, local

government and other sources provide financing for less than 7% of training measures, but in Denmark the municipalities are responsible for financing or part-financing 60% of measures.

Support from the European Social Fund (ESF) is also important with co-financing being provided for just under 42% of measures across the EU. However, there is considerable variation between countries with 19 out of 20 measures in Portugal receiving support whilst there is no ESF contribution to training measures in Belgium, Denmark, Luxembourg and Sweden. The LMP database collects information on the level of the ESF contribution for each measure but the way in which ESF funds are allocated make it difficult to assess the contribution on a measure by measure basis and the data are currently incomplete.

The responsibility for implementing LMP training measures varies between countries

A variety of different organisations may be involved in the implementation of LMP measures. In most countries the PES (public employment service) is primarily responsible for the placement of persons on measures but the organisation then responsible for the implementation of each measure may vary and in some cases two or more organisations may co-operate. According to the data available for each measure, 55% of training measures in the EU are implemented by the PES, 34% by central government departments, 20% by regional governments and 9% by local government.

In most countries the PES is important in the implementation of training measures, being involved with 60% or more of measures in nine countries. However, in Belgium and Italy the PES is not involved at all, with most measures being implemented by regional or central government departments. In Italy the social insurance institution also has an important role, being involved in the implementation of 40% of measures.

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Expenditure

The LMP database collects data on the public expenditure associated with each intervention. For each intervention, the expenditure required should cover the transfers and foregone revenues provided to individuals or to organisations as a result of the intervention.

Expenditure should be reported as a total and broken down according to a two tier scheme, which distinguishes firstly the direct recipient of the public money and then the type of expenditure involved (cash payment or foregone revenue) and the way it is disbursed (periodic or lump-sum payment). Many interventions provide money to more than one direct recipient and use different types of expenditure.

Breakdown of expenditure by direct recipient

For all LMP interventions, the ultimate beneficiary of the intervention must be a member of one of the LMP target groups. However, the direct recipient of the public expenditure may be the individual beneficiaries, their employers, or service providers that produce goods and services provided as benefits in kind (e.g. training or counselling).

Transfers to individuals refer to public expenditure transferred directly to individuals and which are paid in cash or through a reduction in obligatory levies.

Transfers to employers refer to public expenditure transferred directly to employers and which are paid in cash or through a reduction in obligatory levies.

Transfers to service providers refer to public expenditure transferred directly to producers of goods and services that are provided to individuals or to employers as benefits in kind.

Breakdown of expenditure by type of expenditure

Transfers to individuals and to employers should be broken down by the type of expenditure, which describes how the public money is disbursed.

Periodic cash payments are cash payments issued at regular intervals, such as each week, month or quarter.

Lump sum payments are cash payments issued on a single occasion or in the form of a lump sum.

Reimbursements are payments that reimburse the recipient in whole or in part for certified expenditure on specified goods and services. Reimbursements paid to employers refer to payments for goods and services provided by a third party organisation. Transfers to employers

that compensate for wage costs or other internal costs of the employer should be recorded as cash payments.

Reduced social contributions are full or partial exemptions to obligatory social contributions. Reduced social contributions refer only to foregone revenue. Repayments of disbursed social contributions are considered as a partial wage subsidy and treated as cash payments.

Reduced taxes are full or partial exemptions to taxes or other obligatory levies other than social contributions. Reduced taxes refer only to foregone revenue. Repayments of disbursed taxes are considered as a partial wage subsidy and treated as cash payments.

Basis of data

The observation unit in the LMP database is the labour market policy *measure* or *service* (category 1). For each country, the data by category is an aggregate of one or more measures/services. When publishing data on expenditure, category totals are not calculated unless values are

complete for all measures in that category or missing values are known to be small (<1%). This ensures that the relative importance of each category is not misinterpreted due to significant missing values not being taken into account.

Further information:

Reference publications

Title ["Labour Market Policy – Expenditure and participants" – European Social Statistics, Data 2003](#)
Catalogue No KS-DO-05-001-EN-N

Data:

[EUROSTAT Website/Population and social conditions/Labour market/Labour market policy/Public expenditure on labour market policy measures](#)

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Eurostat set up with the members of the 'European statistical system' a network of support centres, which will exist in nearly all Member States as well as in some EFTA countries.

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