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Vocational training and adult learning for better skills in France

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VOCATIONAL TRAINING AND ADULT LEARNING FOR BETTER SKILLS IN FRANCE

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ABSTRACT/RÉSUMÉ

Vocational Training and Adult Learning for Better Skills in France

France devotes a great deal of resources to vocational training for youths and especially adults, but the system is unduly complex and yields rather poor returns. The basic literacy and numeracy skills of many French adults remain weak in international comparison, with harmful effects on employment opportunities, wages and well-being. Access to basic skills training is poor for those who need it most, many of whom come from disadvantaged socio-economic backgrounds. Secondary vocational education and apprenticeship training still suffer from a serious image problem in the minds of French families, even though the latter have a good track record. The government has succeeded in ensuring that the number of apprenticeships is growing, but that is mostly due to those studying at the tertiary level or at least for a higher secondary diploma. The labour market outcomes of those with only shorter vocational qualifications are not good, and quality in that stream needs to improve. To do so better teachers and workplace trainers need to be attracted to the field, especially individuals who can better link practical experience and theoretical concepts. The financing of the adult training system involves complex collection mechanisms even following a major recent overhaul. Making further changes will have to confront entrenched interests, even if the use of the training levy to finance business groups and unions has now ended. The goal is to direct more training funds to workers in small firms who have the weakest skills as well as to jobseekers, but this might be more easily achieved by shifting the funding base from a levy on employers to fiscal incentives or direct subsidies. There remains a need to align responsibilities for adult training with corresponding control over funds. Workers are henceforth to be given personal training accounts in which they can accumulate rights to up to 150 hours of training. But the enormous number of providers and courses on offer calls for greater efforts to develop good guidance, evaluation and certification systems to ensure the training finally chosen is appropriate and of sufficiently high quality.

This Working Paper relates to the 2015 OECD Economic Survey of France (www.oecd.org/eco/surveys/economic-survey-france.htm).

JEL classification codes: H52. I21, I24
Keywords: Vocational training, adult learning, apprenticeships, guidance systems, quality control

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La formation professionnelle au service de l'amélioration des compétences en France

La France consacre d'importants moyens à la formation professionnelle des jeunes et, surtout, des adultes, mais le système est trop complexe et ses résultats sont insuffisants. Les compétences de base en calcul et en compréhension de l'écrit de nombreux adultes restent faibles en France par comparaison avec d'autres pays, ce qui a des répercussions négatives sur les perspectives d'emploi, les salaires et le bien-être. Il est difficile pour ceux qui en ont le plus besoin, dont beaucoup sont issus de milieux socioéconomiques défavorisés, d'accéder à une formation de base. L'enseignement professionnel secondaire et l'apprentissage continuent de pâtir d'une mauvaise image auprès des familles, en dépit des bons résultats enregistrés par l'apprentissage. Le nombre de contrats d'apprentissage augmente régulièrement, mais cette progression concerne principalement les élèves qui préparent un diplôme de l'enseignement supérieur ou, au moins, du deuxième cycle du secondaire au moins (baccalauréat) ce qui tient toutefois entièrement aux élèves qui poursuivent des études supérieures. Les diplômés des formations professionnelles dans le secondaire n'enregistrent pas de bons résultats sur le marché du travail et la qualité de ces formations doit être améliorée. Pour ce faire, il faut attirer des enseignants et des tuteurs en entreprise plus qualifiés, afin qu'ils puissent établir des liens plus étroits entre expérience pratique et concepts théoriques. Le financement du système de formation professionnelle des adultes repose sur des mécanismes de collecte qui demeurent complexes en dépit des réformes majeures menées récemment. Pour procéder à de nouveaux changements, il faudra faire face à des intérêts profondément enracinés, même si la contribution à la formation professionnelle n'est désormais plus utilisée pour financer les organisations patronales et les syndicats. L'objectif est d'orienter davantage le financement de la formation vers les travailleurs les moins qualifiés dans les petites entreprises et vers les chômeurs, ce qui pourrait être réalisé plus facilement en modifiant la base de financement afin qu'elle repose moins sur les prélèvements imposés aux entreprises et plus sur les incitations fiscales et les subventions directes. Il faut aussi parvenir à une meilleure adéquation entre les responsabilités relatives à la formation des adultes et le contrôle correspondant sur les fonds. Les travailleurs bénéficieront désormais de comptes personnels de formation leur permettant de cumuler des droits à hauteur de 150 heures de formation. Toutefois, compte tenu de l'offre pléthorique de prestataires et de contenus, il convient de redoubler d'efforts pour élaborer des systèmes efficaces d'orientation, d'évaluation et de certification, afin de veiller à ce que la formation choisie soit adaptée aux besoins et de qualité suffisante

Ce Document de travail se rapporte à l'Étude économique de l'OCDE de la France 2015 (www.oecd.org/fr/eco/etudes/etude-economique-france.htm).

Classification JEL : H52. I21, I24
Mots clefs : Formation professionnelle, apprentissage, système d'orientation, contrôle de qualité

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VOCATIONAL TRAINING AND ADULT LEARNING FOR BETTER SKILLS IN FRANCE

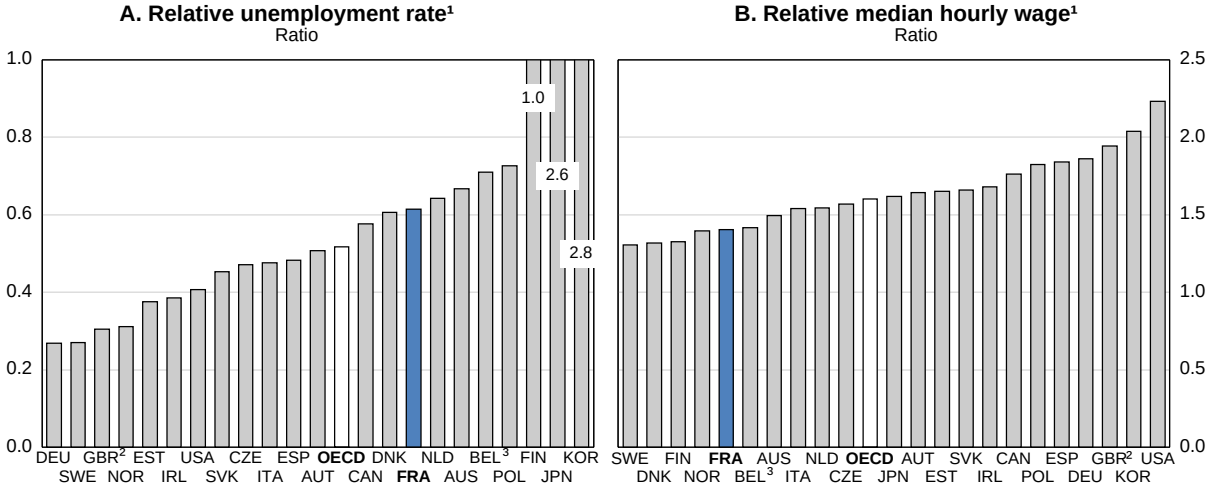
By Nicola Brandt[1]

The skills of many French adults are weak

Strengthening the effectiveness of education and training and ensuring more equitable access to it will be important for France to improve the living standards of its population. A recent OECD study testing numeracy, literacy and IT skills of adults across OECD countries (Programme for the International Assessment of Adult Competencies or PIAAC) shows that higher numeracy and literacy scores are associated with a significantly lower risk of unemployment and better earnings for individuals (Figure 1). High average numeracy and literacy test scores and the share of top performers are also associated with stronger national economic growth (Hanushek and Woessmann, 2008). Research suggests as well that the skills distribution is an important determinant of income inequality (Nickell, 2004). Therefore, better access to education and training for the low-skilled is a good way to reduce inequality.

Figure 1. **Unemployment and wage rates for highly-skilled versus unskilled adults**

Adults aged 16 to 65 years



1. Panels A and B show the ratios of the unemployment rate and the median hourly wage for adults who have solid literacy proficiency according to the results of the PIAAC survey (levels 4 or 5) compared to the same indicators for adults with weak proficiency according to that survey (level 1 or below).
2. England and Northern Ireland only.
3. Data refer to Flanders only.

Source: OECD Skills Outlook 2013 database.

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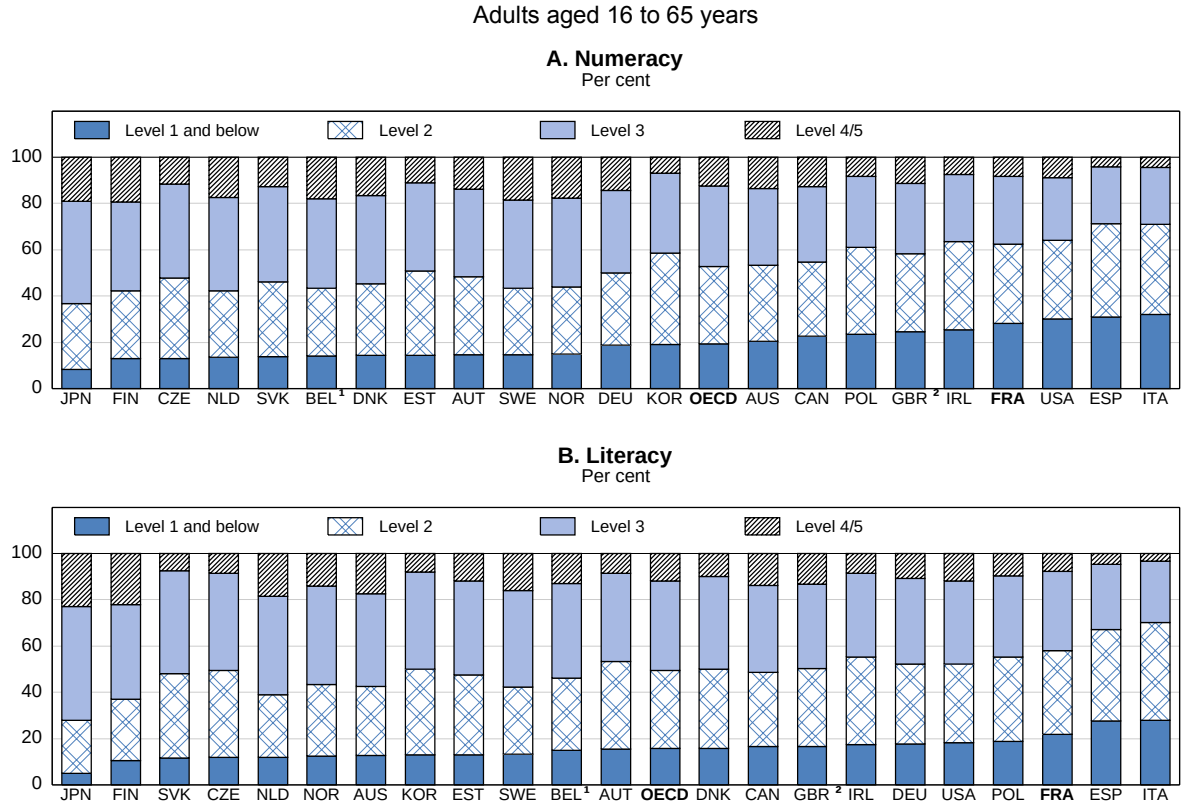
1. Nicola Brandt is senior economist in the Country Studies Branch (e-mail: nicola.brandt@oecd.org) in the Economics Department of the OECD. This paper was originally published as part of the 2015 Economic Survey of France under the authority of the Economic and Development Review Committee (EDRC). The author is particularly grateful to numerous colleagues for their valuable comments, including Peter Jarrett, Antoine Goujard, Robert Ford, Alvaro Pereira, Pauline Musset, Eric Charbonnier, Stéphane Carcillo and Marc Ferracci. The report also benefited from comments from the French authorities. Patrizio Sicari provided excellent research assistance and wrote a background paper on which part of the results of this paper are based. Thanks to Mee Lan Frank and Krystel Rakotoarisoa for first rate editorial support.

The results of the recent OECD study on adult skills (PIAAC) are a reason for the French government to take action. According to this survey, the share of adults achieving high literacy and numeracy scores (level 4 or 5) is relatively low, while the share of adults with weak scores (level 1 or below), which allow them to understand only simple texts or solve problems of limited complexity, is higher in France than in most OECD countries (Figure 2). Mean scores are particularly low for adults that are over 35, while those for younger French people are a bit closer to the OECD mean (Figure 3). This is probably due to a massive improvement in educational attainment, as about 40% of the 55-65 age group in France has not completed upper secondary education, compared to only 14% in the 25-34 age group.

Figure 2. **Percentage of adults scoring at each PIAAC proficiency level in numeracy and literacy**



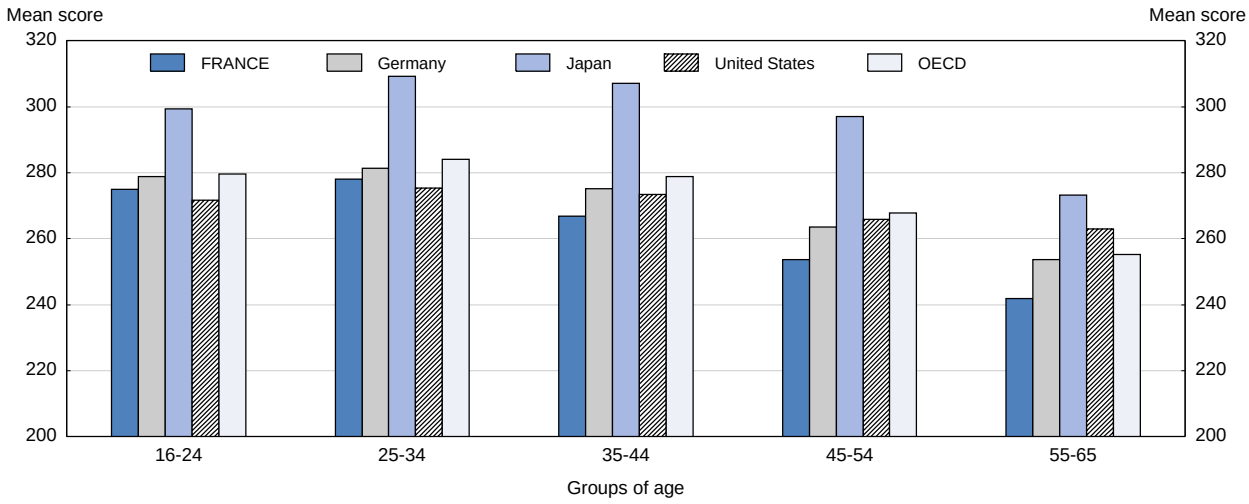
1. Data refer to Flanders only.

2. England and Northern Ireland only.

Source: OECD Skills Outlook 2013 database.

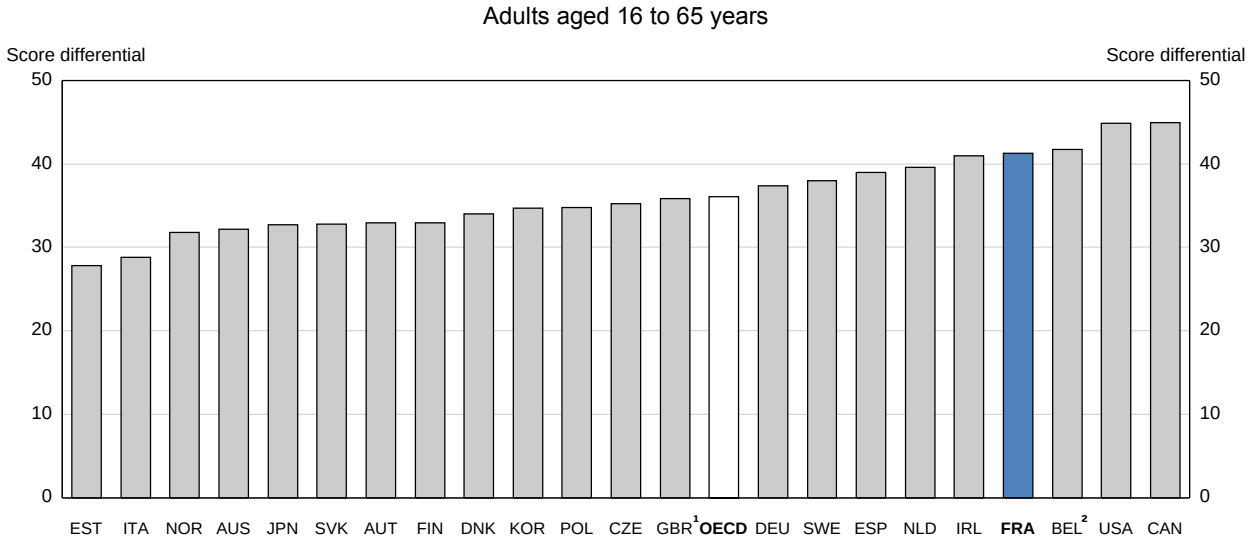
These findings suggest that much more needs to be done for adults to build on their initial education through high-quality adult learning and vocational training. The difference between the mean scores of adults who have completed tertiary education and those that have obtained less than upper secondary education is larger in France than in most other countries (Figure 4). This suggests that the quality of basic education needs to improve along with opportunities for adults to attain higher levels of education or enhance their skills in other ways. The impact of socio-economic background on test scores for adults is also particularly strong in France, mirroring similar results for 15 year-old pupils from the OECD Programme for International Student Assessment (PISA) test. Hence, access to high-quality education and training needs to become more equitable. At secondary level it is the vocational stream that receives the weakest students who later struggle to find a job or continue their education. This paper devotes special attention to this type of school, in addition to continuing vocational education and basic skills training for adults.

Figure 3. **Mean PIAAC literacy proficiency scores by main age group**



Source: OECD Skills Outlook 2013 database.

Figure 4. **Difference in PIAAC mean score: Adults with tertiary and with less than upper secondary education**



1. England and Northern Ireland only.
2. Data refer to Flanders only.

Source: OECD Skills Outlook 2013 database.

Assessing the benefits of vocational education and training

Many studies suggest that continuing education and vocational training have a positive effect on wages, but its size is difficult to pin down precisely. Brunello (2007) and Leuven (2004) conclude from literature reviews that results vary widely depending on investigated countries, estimation methods and the definition of what constitutes training. In a recent meta-analysis Haelermans and Borghans (2012) find an average wage effect of on-the-job training of 2.6%, but results are subject to considerable heterogeneity. Wage effects tend to be smaller when estimation methods take account of the possibility that training

participants' unobserved characteristics, such as motivation or intelligence, rather than the effects of training may explain their wage progression. Even then, results vary from insignificant (Goux and Maurin, 2000, for France) or very small (Leuven and Osterbeck, 2008, for the Netherlands) to a wage effect of roughly 5% and higher for formal training courses that result in a middle to higher vocational qualifications (Blundell et al., 1999). This heterogeneity is likely due to unobserved variation in training quality, its financing and duration. Much more detailed data would be needed to pin down the wage effects of training with more certainty and determine the characteristics that make for effective training measures.

Training does seem to have positive employment effects, however. For France, Chéron et al. (2010) find that training reduces the probability of changing firms or becoming unemployed, while it increases wages. Blasco et al. (2012) find that the probability of being employed rises with the time spent in training over the past year. OECD (2004) and Bassanini (2006), using data from the European Community Household Panel, find insignificant wage returns for workers who are older or not highly-skilled. Yet, for all groups of workers training has a positive effect on perceived employment security, the probability of participating in the labour force, of finding a permanent job and of being re-employed after a job loss. According to these results it reduces the risk of unemployment and the associated earnings losses. Once this is taken into account, its effects on income may be less ambiguous than suggested by studies that consider employed workers only.

A significant part of the returns to training seems to benefit employers. Studies find positive effects on productivity that are often larger than wage effects (Bartel, 1994; Zwick, 2005), implying that training increases profitability (Ballot et al., 2006; Dearden et al., 2006; Conti, 2005). In fact, Hansson's (2008) overview suggests that employers capture the larger part of the returns to training. Lê (2013) confirms this hypothesis using French data. Taking into account the costs of training, Almeida and Carneiro (2006) conclude that the private returns to training are positive.

At the same time, training is likely subject to positive externalities, which would justify government intervention to avoid underinvestment. Some skills acquired during training may be general rather than specific to the firm. If employees change firms, their new rather than their old employers will capture these benefits, weakening investment incentives. Although training is often found to lower the probability of changing employers, the estimated wage effects of training tend to be higher for job changers (Hansson, 2008), and training sponsored by previous employers has been found to improve productivity and profitability (Bishop, 1994). In addition, there may be learning spillovers associated with training. These are hard to identify, but there is some evidence from wartime shipbuilding that such spillovers were a considerable source of productivity growth in that context (Thornton and Thompson, 2001). Finally, adult learning and training for low-skilled workers and the unemployed, in particular, are likely to yield sizeable societal benefits, as improved basic literacy and numeracy skills have been shown to be associated with a higher likelihood to be in full-time employment, higher income, better health and self-confidence and more active engagement in social and political activities (Bynner and Parsons, 2006). Thus, training could help contain public spending associated with unemployment and health problems and improve social cohesion.

Overall, the literature suggests that it is worthwhile to invest in training, but to gain a better understanding of the effectiveness of different training measures, much more detailed data are needed. Since France spends sizeable amounts of money on initial and continuing vocational training, around 1.5% of GDP every year, and more if school-based vocational education is taken into account, rigorously evaluating training measures seems worthwhile. Yet, a systematic follow-up covering workers who have received training is lacking (Cour des comptes, 2008), and longitudinal data that would allow for a robust evaluation of employment status, wages and productivity developments after training are scarce (CNEFP, 2012). However, the authorities plan to collect better data and to evaluate specific training measures by following up on participants' career and wage progression, their well-being and their firms'

economic outcomes. Regional governments, which implement many training measures, would need to transmit standardised data to the National Statistical Office or the Ministry of Employment. The unemployment agency, Pôle emploi, is planning to begin a systematic follow-up of the employment situation of former training participants over up to 9 months and evaluations with more detail on the characteristics of training measures, which is welcome.

Better data would help provide for independent evaluation of training measures, perhaps through a government agency or universities. While several institutions in France conduct evaluations, these suffer not only from limited data, but also, for some of them, from a potential lack of independence. The Conseil National d'Évaluations de la Formation Professionnelle (CNEFP) and a fund that finances training measures for people with weak skills (Fonds Paritaire de Securisation des Parcours Professionnel or FPSPP) both conduct and commission evaluations, mainly focussing on training practices, take-up and the satisfaction of participants, but less on the effects on wages and employment prospects. Moreover, these institutions are managed by social partners, who are deeply involved in financing, intermediating and providing vocational training. Denmark has an independent evaluation agency for the entire education system, including vocational training, a practise that might be worth considering. An alternative would be to make better data available to independent researchers.

Initial vocational education

Outcomes of vocational education at the secondary level

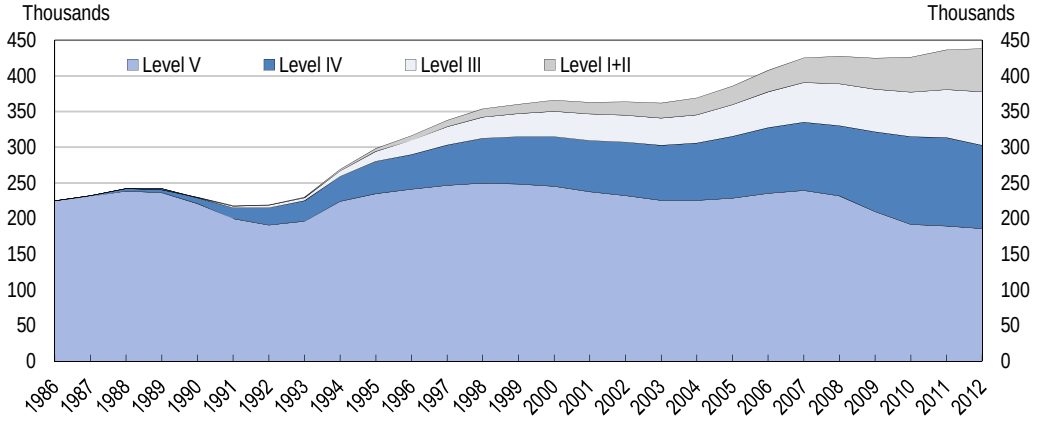
At the secondary level (Box 1), vocational education suffers from a serious image problem. The weakest students are oriented to the vocational branch, while better students prefer general or technical *lycées*. Vocational students are frequently from a low socio-economic background, and 80% of them were at least a year behind when they were twelve (Monteil, 2014). This is probably partly at the root of difficulties to engage employers in apprenticeships in spite of numerous subsidy schemes. The number of apprenticeships has expanded over recent years, but the increase is mainly due to students who study for tertiary or at least an upper secondary credential (*baccalauréat*) (Figure 5). This has done little to offer opportunities for students aiming for a diploma below the baccalauréat, such as *certificat d'aptitudes professionnelles* (CAP) or *brevet d'études professionnelles* (BEP). In 2012, 75% of young people hired on a *contrat de professionalisation,* an apprenticeship-type contract that is also open for older workers and jobseekers, had at least an upper secondary qualification (DARES, 2014a).

Box 1. **Initial vocational training in France**

At the secondary level, students can choose between a general track (*lycées général et technologique*) and vocational training. Vocational training may be school-based (in the *lycées professionnels*) or work-study based (apprenticeship). The latter combines work periods in a company and study in an apprentice training centre (CFA). The government finances and manages the *lycées professionnels*, but apprentice training centres are financed by an apprenticeship tax levied on labour income. Regional chambers of commerce and chambers of handicrafts manage most of the apprentice training centres.

A 2009 reform aimed at better aligning vocational education and other educational training schemes at the secondary level. It allows students to prepare a vocational upper secondary credential (*baccalauréat professionnel*) in three years after the end of lower secondary education, while gaining an intermediate diploma (CAP or BEP). It implements bridges between school-based vocational education and apprenticeships, as well as between vocational and general secondary education. At the same time, it develops individual support for students and new education programmes.

Figure 5. **Number of apprentices at year-end, by level of diploma[1]**



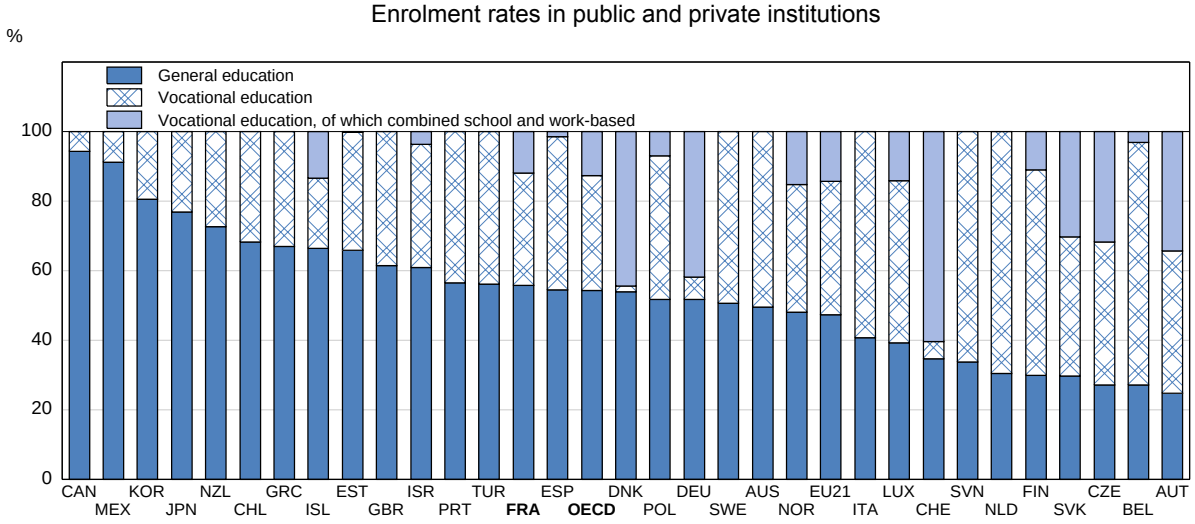
1. Certificat d'aptitude professionnelle (CAP), brevet d'études professionnelles (BEP) and mention complémentaire (MC) for level V (below upper secondary level, ISCED 3C); brevet professionnel (BP), baccalauréat professionnel (Bac pro) and mention complémentaire (MC) for level IV (upper secondary, ISCED 3); brevet de technicien supérieur (BTS), diplôme universitaire de technologie (DUT) for level III (vocational programmes at the tertiary level, ISCED 5B); licence, maîtrise for level II (tertiary level, ISCED 5A); diplôme d'ingénieur, diplôme d'études supérieures spécialisées (DESS) and masters for level I (tertiary level degrees, ISCED 5A/6).

Source: Ministry of National Education, DEPP.

Work-study based apprenticeships offer better employment chances than school-based vocational training, but they are difficult to access. Apprentices combining training in a company and study in an apprentice training centre (*centre de formation d'apprentis* or CFA) account for only roughly a third of vocational students (Figure 6). Yet, they have a significantly higher employment rate, around 15% at the *baccalauréat* level, according to Besson (2008a) and almost 30% for graduates of shorter vocational programmes below this level (CAP or BEP; Cours des comptes, 2008). More than 50% of apprentices were hired on an open-ended contract over the 2001-07 period, compared to around 30% of graduates from a vocational *lycée* (Besson, 2008a). This advantage is long-lasting. In a study that looks at all levels of education simultaneously, rather than only the secondary level, Abriac et al. (2009) find that three years after graduation former apprentices with otherwise similar characteristics have a 6.5% higher likelihood of being in salaried employment than graduates from programmes without a focus on work experience and a salary that is 3% higher. Companies probably value the practical experience of apprentices, who, spending more time at work, also have better opportunities to develop tighter and more effective networks than vocational *lycée* students. In some countries with a strong tradition of work-study based vocational education, such as Germany, Austria and Switzerland, youth unemployment is significantly lower than in France (Figure 7), motivating the French government to promote apprenticeships.

Figure 6. **Distribution of students enrolled in upper secondary education by programme orientation, 2012**

Enrolment rates in public and private institutions

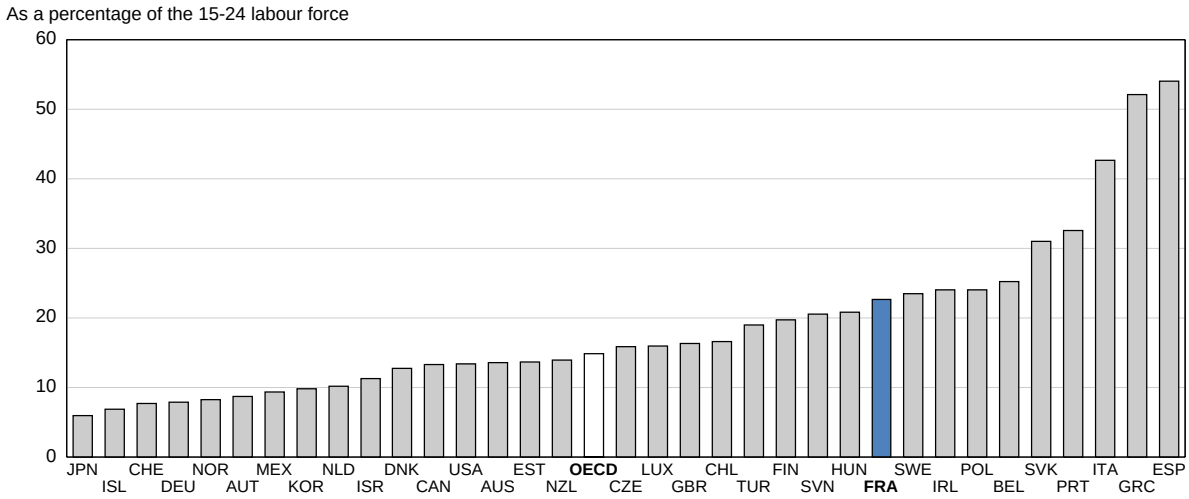


1. Data on students attending pre-vocational programmes, where available, have been aggregated in the vocational category.

Source: OECD Education at a Glance 2014 database.

Figure 7. **Youth unemployment in OECD countries**

2014-Q3



Source: OECD, Labour Force Statistics 2014 database.

Overall, labour market opportunities after vocational studies at the secondary level are not good in France, and neither are opportunities to go on to study further. Unemployment rates are markedly higher for graduates of shorter vocational programmes at the secondary level than for graduates of the more advanced *baccalauréat* (Table 1). Moreover, vocational secondary programmes have not been resilient to the crisis. Comparing the graduates of 2004 with those of 2010, employment rates have decreased and unemployment rates have increased much more markedly for graduates of vocational secondary programmes than for all other groups with a degree. Moreover, access to tertiary education is poor for graduates from vocational *lycées*, including for vocational programmes, such as short courses in university institutes of technology (IUT) or higher technician sections (STS) in schools, as well as for vocationally oriented three-year university courses (*licence professionnelle*) (Figure 8). Yet, in terms of employment opportunities these programmes compare well with both secondary education and general three-year

university programmes (*licence générale*), which are much less likely to include work experience. This advantage has persisted during the crisis (Table 1). More generally, higher educational attainment improves employment prospects significantly. A new law establishes minimum quotas for graduates with a vocational *baccalauréat* in vocational tertiary studies. However, the pedagogy of these programmes should also focus more on how they fit the skills of vocational *baccalauréat* holders, rather than how these compare with their peers from general *lycées*. At the same time, the quality of education at vocational secondary institutions needs to improve.

Table 1. **Labour market outcomes depending on educational attainment**

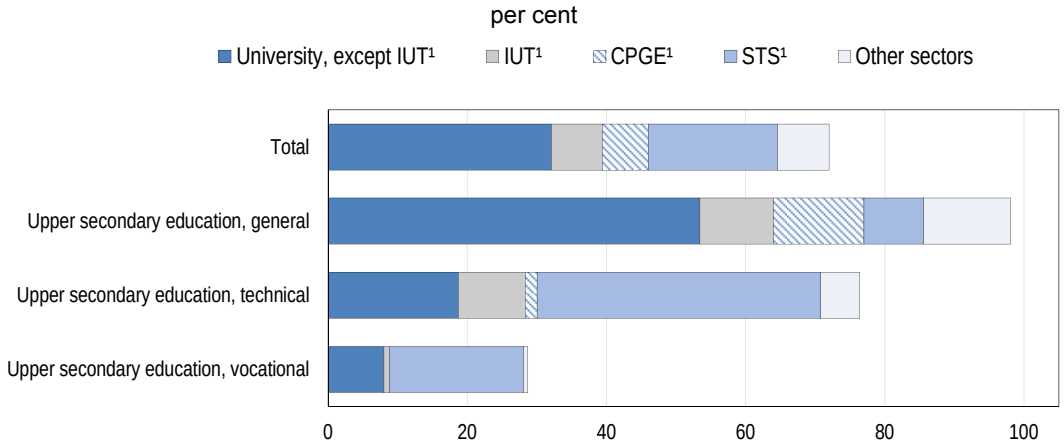
Graduates of 2004 and 2010[1)]

Per cent	Employment rate		Unemployment rate		With rapid access to employment (less than 3 months)		In employment more than 90% of the time	
Generation of:	2004	2010	2004	2010	2004	2010	2004	2010
All	77	69	14	22	65	62	44	40
Without diploma	57	41	32	48	45	32	23	14
Secondary diploma	74	64	15	25	66	61	42	34
CAP, BEP, MC	76	61	17	32	64	54	42	29
Professional or technological baccalauréat	78	70	13	20	71	67	46	40
General baccalauréat	62	55	15	21	63	59	36	29
Short tertiary degrees	86	81	7	11	74	75	54	52
BTS, DUT; other 2-year programmes	85	79	9	15	70	70	48	45
License professionnelle	91	85	5	10	78	75	59	52
License générale	81	70	8	14	75	70	49	42
Long tertiary degrees	91	88	6	9	69	76	55	59

1. Certificat d'aptitude professionnelle (CAP), brevet d'études professionnelles (BEP) and mention complémentaire (MC) are secondary level programmes at the ISCED 3C level (level V in the French nomenclature); baccalauréat professionnel, technologique and générale are upper secondary diplomas (ISCED 3 or level IV in French nomenclature); brevet de technicien supérieur (BTS), diplôme universitaire de technologie (DUT) are two-year tertiary programmes at the ISCED 5B level (level III in French nomenclature); licence is a three-year university programme at the ISCED 5A level (Niveau II); long university programmes last 5 years or longer, leading to degrees such as diplôme d'ingénieur, diplôme de commerce or doctorates (ISCED 6).

Source: Barrett et al.(2014), "Face à la crise, le fossé se creuse entre niveaux de diplôme – enquête 2013 auprès de la génération 2010,"" *Bref du Céreq,* No. 319, Paris.

Figure 8. **Immediate enrolment rate of 2012 graduates in tertiary education**



1. University Institutes of Technology (UIT); Preparatory classes for the Grandes Écoles (CPGE); Sections for higher technical studies (STS).

Source: DEPP, *L'État de l'École*, Édition 2014.

Policies to strengthen the quality and attractiveness of vocational secondary education

It is important that the general education in both branches of initial vocational education – school-based and apprenticeships – be of high quality. With rapid technological change and globalisation, workers are increasingly required to adapt to changes in the workplace. Education offered in vocational education should be more practical, but equivalent in quality and in subject content to that offered in general *lycées*, in particular for core subjects, such as mathematics and French, as should teacher training. At the same time, since the intake in vocational education tends to comprise more students with learning difficulties, ample catch-up opportunities for general knowledge and basic competencies are needed, for example through personalised help and remedial classes. The National Agency to Fight Illiteracy (Agence Nationale de Lutte Contre l'Illétrisme or ANLCI) has run a basic skills training pilot with 50 CFAs. It will be important to roll this programme out more widely, both in other CFAs and in vocational *lycées*. Some countries have had good results from pre-apprenticeships. A variety of such programmes exist in France, such as the *Dispositif d'Initiation aux Métiers en Alternance* (DIMA), but they may have to be developed further and diffused more widely (IGAS, 2014). Some good examples have been developed in the regions (Box 2).

Box 2. **Pre-apprenticeship programmes in Languedoc Roussillon**

- **Second-chance schools (*école de deuxième chance* or E2C)** set up by the region are part of a national network of more than 100 such schools in 2013 with more than 14 000 students under 25 who have left school without a diploma. These schools offer training in basic and social skills, along with personalised support to regain motivation and develop a career plan through a work-study experience. A bit less than 60% of those who leave the programme find a job or a training opportunity or return to school.

- **Regional apprenticeship schools (*écoles regionales d'apprentissage*)** offer a twelve-week programme set up jointly with CFAs to help young people under 26 develop an interest in trades accessible through apprenticeships and to find an employer.

- **CAP Métiers d'Avenir** is a programme for jobseekers without qualifications who can try out several professions through a series of internships over a year. They can also consolidate their basic skills and receive individual help to develop a career plan. Several training providers have teamed up to offer a wide range of internships, and they have jointly developed pedagogical support. In 2013, 75% of programme graduates found a job or a training measure, an impressive result.

Better linking practical and theoretical education will be important. First, better prospects and compensation for teachers with practical experience are needed to attract them to vocational *lycées*, in particular, but also to CFAs. In both branches, unlike in other OECD countries, teachers who combine teaching and work in an enterprise are rare (OECD, 2010) due to a lack of flexibility in the teaching load, which is typically negotiated at a weekly rather than an annual basis. Another issue is that career prospects and pay for part-time teachers on a civil law contract do not match those for civil servants in France, who dominate in vocational *lycées*, but have only few opportunities to upgrade their practical skills through continuing education and training, such as internships in firms (Cour des comptes, 2008). At the same time, teachers with professional experience and up-to-date technological knowledge are valuable in vocational training, because they can transmit knowledge that will be useful in the workplace. Flexible entry into teaching for professionals from other fields has proven successful in many OECD countries, provided this is accompanied with adequate pedagogical training (OECD, 2010).

Pedagogical training and supervision of teaching staff in vocational *lycées*, CFAs and at the workplace could be strengthened. Research shows that it is important to have dedicated trainers for apprentices at their workplace and that these are more effective when they have obtained pedagogical training (OECD, 2010). Workplace trainers (*maîtres d'apprentissage)* are mandatory for apprenticeships

and for internships of students from vocational *lycées (tuteurs)*, but not for other work-study programmes. While some regions and branches require pedagogical training for *maîtres d'apprentissage*, the requirement is not systematic across the country. Encouraging social partners to negotiate guidelines for the pedagogical training of workplace trainers, along with salary bonuses or better career options as an incentive to take up this task would be helpful. Another useful measure would be to strengthen the role of the central government-led pedagogical supervisory agency for vocational education (*Service académique de l'inspection de l'apprentissage* or SAIA) in supporting and controlling both the staff of vocational *lycées* or CFAs and tutors in firms (IGAS, 2014). A number of countries have had good results from establishing closer links between teaching staff in vocational schools and workplace trainers, for example by allowing the teaching staff to shadow the trainer's work for some time (OECD, 2010), which is rare in France.

One way to promote apprenticeships would be to strengthen their role in the public sector, which currently provides less than 3% of all apprenticeship contracts. Access to most permanent public-sector jobs requires participation in a competition, and as a result apprenticeships have not become an independent route into public-sector employment for jobs that require more advanced qualifications. It would be worthwhile to review this system. Apprentices are considered a full employee in most public bodies, which requires them to cut another post if they want to take on an apprentice. More flexibility would be helpful. The French government is setting up a framework to develop apprenticeship in the public sector which would become operational in September 2015.

Incentives for vocational schools to engage in apprenticeships and other forms of more intense work experience need to be strengthened. While public vocational schools have had the possibility of developing apprenticeship programmes for some time, for example by establishing a CFA, this remains a marginal phenomenon. One issue is that engagement in apprenticeships is not properly recognised when it comes to assigning resources to schools. For example, apprentices are not taken into account for the assignment of administrative staff, and engagement in apprenticeships has no impact on the careers of principals and teachers (IGAS, 2014). Conversely, some regions oppose the establishment of apprenticeships at vocational *lycées*, because they would then have to devote a part of their apprenticeship tax revenues to such institutions, otherwise financed by the central government. Moreover, the number of students that are oriented to the general or technical *lycée* branch is implicitly seen as a sign of quality for the principals of lower secondary schools or *collèges* (IGAS, 2014). This needs to change. The guidance counsellors and psychologists who orient pupils at the lower secondary level, as well as students and parents, need to be better informed about the relatively good employment opportunities that apprenticeships can offer. *Campus des metiers et des qualifications* establishments that combine apprenticeship and school-based training at different educational levels, allowing students to switch, have proven successful and could be extended.

Continuing education and training for adults

Access to professional training and obstacles

Several past reforms of professional education and training aimed at addressing weaknesses in access for low-skilled workers and the unemployed. As in many other countries, access to such upskilling measures in France is easier for higher-income workers with a more advanced initial education (Box 3). Data from 2012 suggest that the share of workers with a tertiary degree who participate in training (67%) is much higher than the share of those without an upper secondary degree (26%). Employees with management responsibilities are more likely to participate in training (68%) than manual workers (36%) and employed persons (60%) than the unemployed (40%). For informal training courses participation rates are rather stable until the age of 44 (57%) and then start to drop, particularly strongly so for adults beyond 55 to 33% (Gossiaux and Pommier, 2013). It should be noted that there is no evidence to suggest that

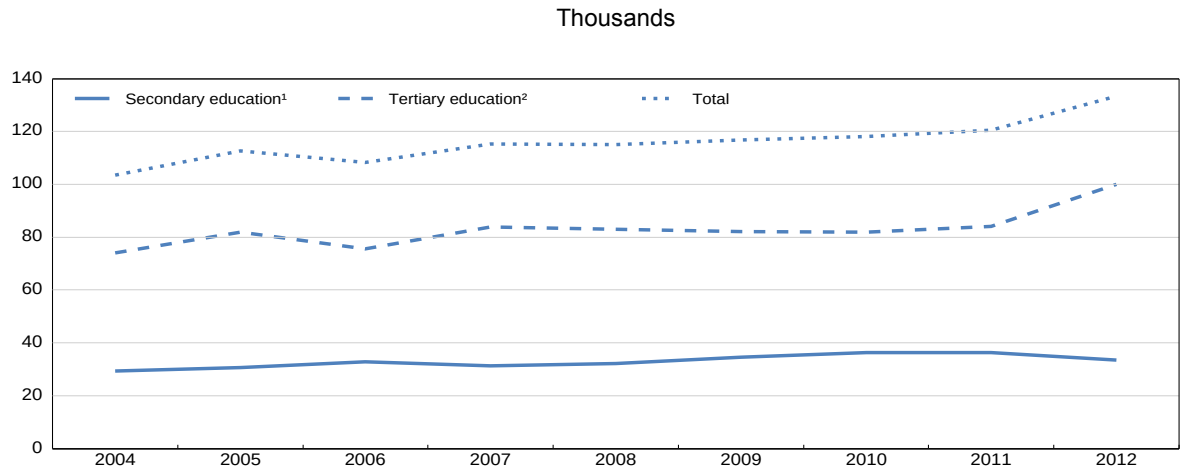
training has a lower short-run return for low-skilled or older workers (Hansson, 2008; Fouarge et al., 2013), so there is no economic reason for this phenomenon.

Box 3. **Lifelong professional training**

Lifelong professional training is mainly financed by a mandatory contribution of firms levied on the wage bill. This contribution is earmarked for different training schemes (see Box 4) that employees can access under specific conditions. The social partners manage several bodies that are in charge of collecting the financial contributions of firms. These bodies also advise firms and workers on their training choices. The public unemployment agency (Pôle emploi) finances and organises the training schemes for the unemployed.

The share of training measures that lead to a higher qualification is comparatively low in France. About 8% of the 30-69 age group has attained a qualification above the lower secondary level after interrupting studies for two or more years, and the number of formal qualifications attained through continuing education has increased markedly in recent years (Figure 9). On average in OECD countries, the share of 25-29 year-olds without a secondary school diploma who take part in vocational training or education is 7%, compared to only 1% in France, and more than 10% in Germany, Denmark, Finland, Iceland, the Netherlands, Portugal, Slovenia and Sweden (OECD, 2013d). While access to continuing vocational training in general is comparatively high in France, the access rate to formal training is relatively low (Figure 10).

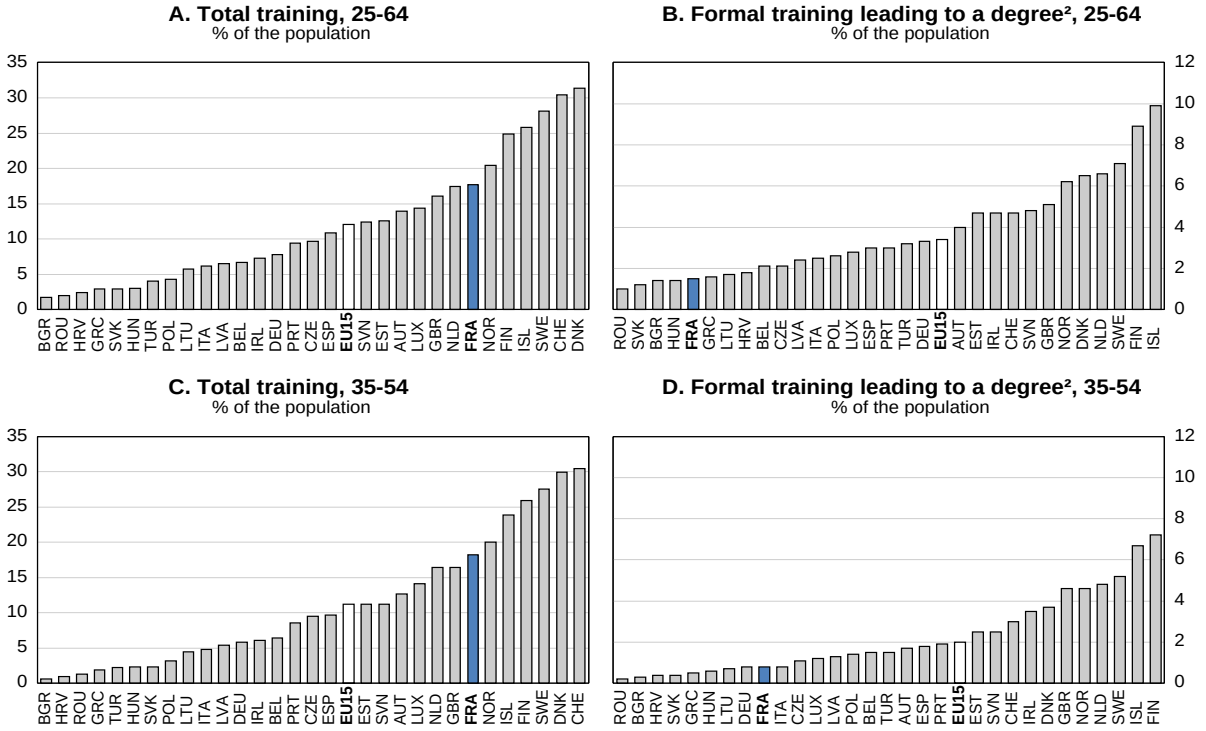
Figure 9. **Qualifications attained through continuing education**



1. Refers to the following qualifications: Certificat d'aptitude professionnelle (CAP), Brevet d'études professionnelles (BEP), Mentions complementaires (MC), brevets professionnels et de technicien and baccalaureat.
2. Refers to three different categories: i. Brevets de technicien supérieur (BTS) ii. National degrees issued by the Ministry of education and iii. Degrees issued by universities and eventually recognised by the Ministry of education.

Source: Direction de l'évaluation, de la prospective et de la performance (DEPP).

Figure 10. **Participation rate in lifelong learning and training, 2013[1]**



1. Data refer to the share of 25 to 64 and 35 to 54 year-olds who were in education or training in the 4 weeks prior to the survey.

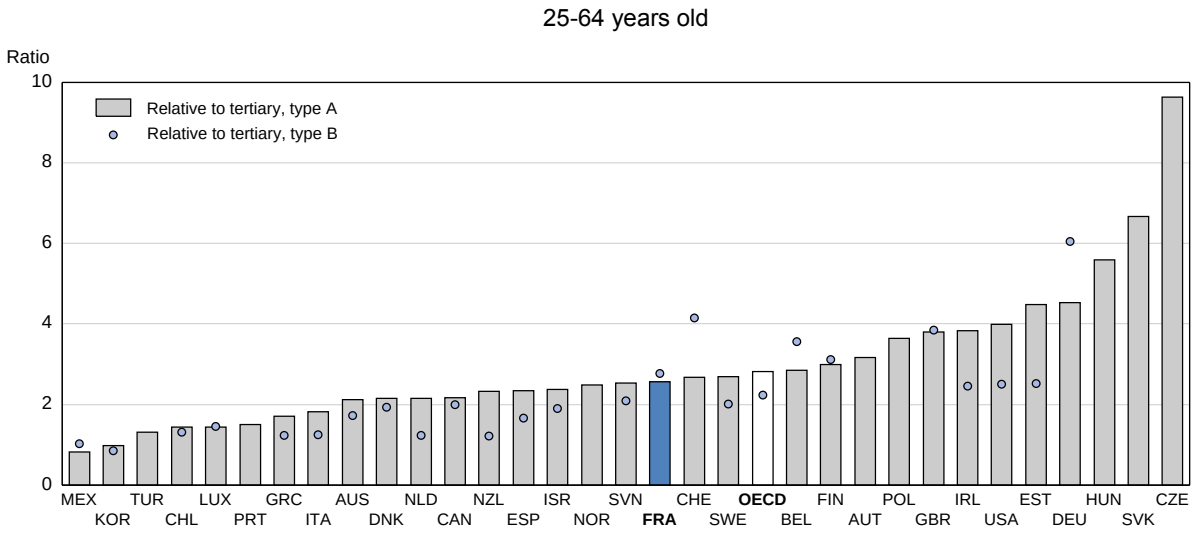
2. Formal training is defined as education provided in the system of schools, colleges, universities and other formal educational institutions that normally constitutes a continuous ladder of full-time education for children and young people. Courses usually end with a formal qualification.

Source: Eurostat.

Education is an important determinant of employment opportunities, and for both efficiency and equity reasons second chances are needed for those who did not get far with their initial education. Each year around 16% of school leavers have obtained at most a lower secondary certificate upon leaving school (Le Rhun and Dubois, 2013). Integration into the labour market is particularly difficult for these young people. According to OECD (2013a) 72% of young people under 20 who left school without a diploma were unemployed or inactive, compared to 57% on average in OECD countries. Yet, formal educational attainment remains important for labour market outcomes throughout one's working life, as employment rates increase with educational attainment, while unemployment rates decrease (Figure 11).

The involvement of employees in choosing and financing training is weak. More than 80% of employees and manual workers participate in training only following their employers' initiative and less than 20% have chosen their course themselves, compared to close to 40% of employees with higher qualifications and management responsibilities (Gossiaux and Pommier, 2013; see also Trautmann, 2004). Only 3% of employees contribute to the costs of their training courses, compared to 18% of the unemployed. Overall, households finance only 4% of total training expenses in France, compared to 16% in the United Kingdom and 35% in Germany (Cahuc et al., 2011). Yet, financing can constitute a barrier, in particular for jobseekers. While only 8% of the population in general claim that costs are an obstacle to participate in training, 20% of the unemployed say that this has prevented them from accessing training (Gossiaux and Pommier, 2013).

Figure 11. **Relative unemployment rate of individuals with lower secondary versus a tertiary degree, 2012**



Source: OECD, Education at a Glance 2014 database.

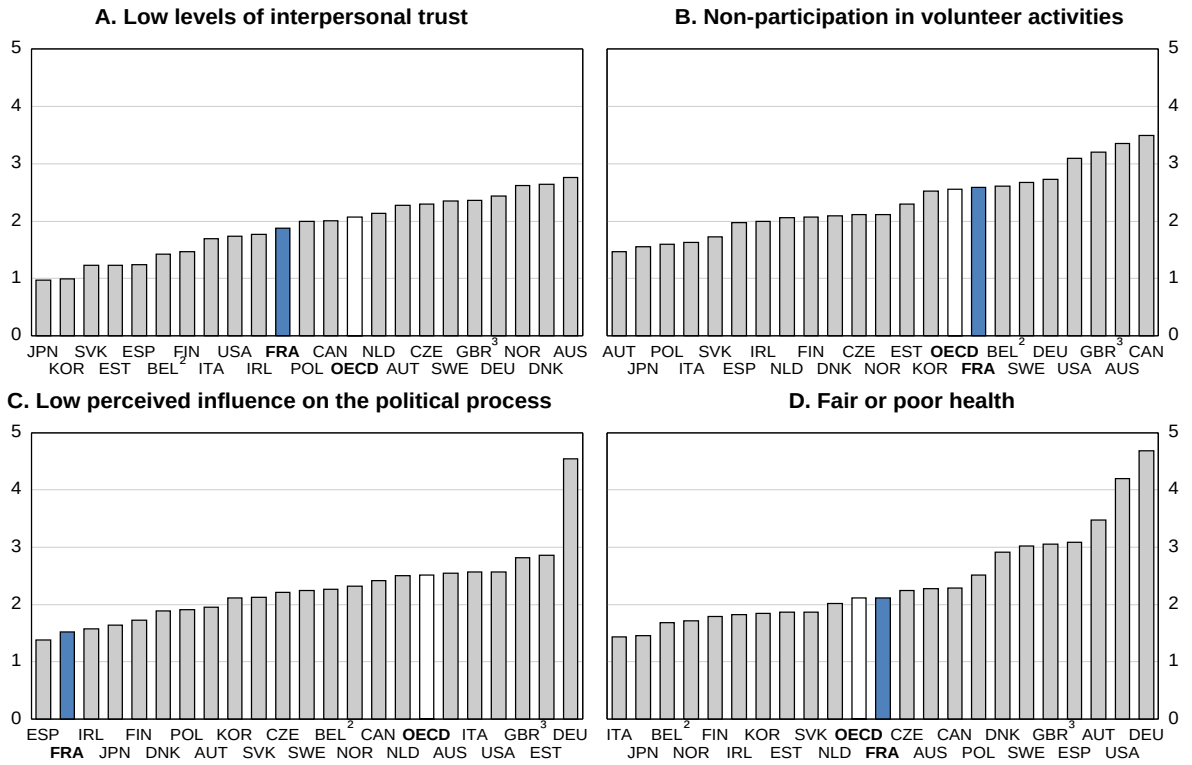
Opportunities for French adults to upgrade basic skills

A large number of adults in France have problems with basic literacy and numeracy skills. In numeracy 28% of French adults scored at the lowest proficiency level in the PIAAC test, and in literacy this share was just above 20%, with only Italy and Spain showing weaker results (see Figure 2). Based on a different methodology, which considers more dimensions of literacy and relies less on computer skills, a national study categorised a lower percentage of French adults, 16%, as having difficulties, while 11% have serious literacy problems (Jonas et al., 2013). Among those who went to school in France 7% are classified as illiterate (ANLCI, 2013). Roughly half of this group are employed, implying that many have developed effective strategies to cope with their daily routines.

Low literacy and numeracy skills are associated with negative effects on well-being, employment opportunities and wages. The incidence of mental and physical health problems is higher among individuals with low skills (Bynner and Parsons, 1996). Moreover, their self-assessed health is relatively poor (Figure 12). They have low trust in others and are less likely to participate in political or social activities than higher-skilled individuals. Although these gaps are smaller in France than elsewhere in the OECD, they are still large. The incidence of separation and divorce as well as of unemployment is higher among people with low skills, and they are also less likely to engage in continuing education and training (OECD, 2013b; Bynner and Parsons, 1997; Figure 12). Low literacy and numeracy scores are also associated with lower employment rates and wages (McIntosh and Vignoles, 2001; Vignoles et al., 2011; see also Figure 1). At the same time, improving literacy and numeracy skills over time is associated with better economic and social outcomes, such as a higher likelihood of full-time employment, higher income, better health and self-confidence and more active engagement in social and political activities (Bynner and Parsons, 2006). US and Australian data suggest that training interventions for low-skilled individuals can lead to higher earnings (Gleeson, 2005). While cause and effect are not always clear, these results imply that policy action is needed to help people with basic skills deficiencies to improve both their skills and their well-being.

Figure 12. **Literacy proficiency and social outcomes**

Relative likelihood of adults with low *versus* high PIAAC scores reporting a poor social outcome (odds ratio)[1]



1. Odds ratios are adjusted for age, gender, educational attainment and immigrant and language background; the reference group is adults with literacy proficiency levels of 4 or 5. Panel D. should be interpreted as follows: A French adult with literacy proficiency 1 or below is more than twice as likely as an adult at proficiency levels 4 or 5 to report poor health. For Panels A and C, the PIAAC survey questions ask respondents, respectively, to what extent they agree or disagree with the 2 following statements: "There are only a few people you can trust completely" and "People like me don't have any say about what the government does". Panel B is constructed based on respondents' self-assessment as to how often they participated in associative or volunteer activities in the last 12 months, while Panel D relies on their self-assessed health status.

2. Data refer to Flanders only

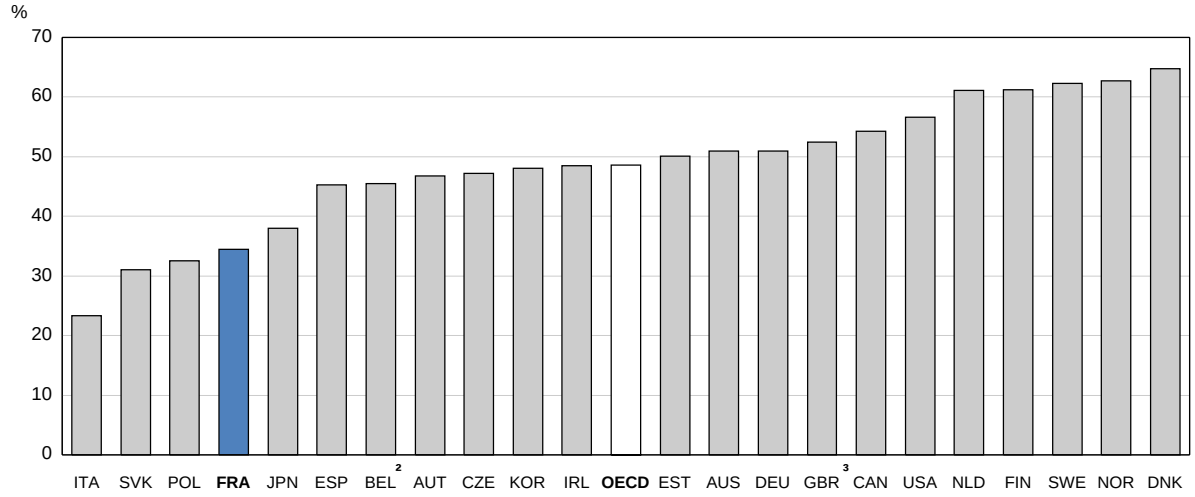
3. England and Northern Ireland only.

Source: OECD Skills Outlook 2013 database.

The French government has made the fight against illiteracy a priority and declared it a "*grande cause nationale*" in 2013. This label gives non-profit organisations free air time on public radio and television to seek donations for their campaigns against illiteracy. Adult literacy programmes have been considered as professional training since the mid-2000s, significantly increasing the funds available for it. The government, jointly with the European Union, launched a programme in 2009 to acquire basic competencies as part of the European key competencies framework, and around 50 000 people participated in 2011 (DARES, 2013a). That said, PIAAC data suggests that access to training measures in France is not as good as in other countries for adults with relatively weak skills (Figure 13).

Figure 13. **Share of adults who participated in adult education and training[1]**

At level 3 and below of literacy proficiency



1. During the year prior to the survey.
2. Data refer to Flanders only.
3. England and Northern Ireland only.

Source: OECD Skills Outlook 2013 database.

Special efforts are required to reach those in need of basic skills training. Research shows that only a fraction of people with poor results in literacy and numeracy tests report that they have problems with reading, writing or calculating, but those who do are much more likely to state a willingness to improve their skills (Bynner and Parsons, 2006). People with low confidence in their ability to learn are less likely to take up training offers, but if they do, they progress as fast as others (Wolf, 2008). Helping people to deal with the stigma associated with weak skills and promoting self-awareness will be necessary, as well as providing training opportunities with low entry thresholds. Many countries have engaged in media campaigns to raise awareness about weak literacy and basic skills training, and some offer free advice by telephone (UNESCO, 2012). The French ANLCI launched a one-week information campaign in September 2014 to raise awareness about illiteracy and special programmes try to reach parents at school or employees at work. The 2014 vocational training reform foresees a new guidance service for workers and jobseekers. It will be important to train counselling staff, so that they can identify people with basic skills deficiencies and direct them to the right training.

Family or intergenerational literacy programmes, where children and parents develop their literacy skills together, show good results. Adults often cite their inability to help their children with their homework as a motivation to enter a literacy programme. Such programmes can also be useful, because poor literacy skills can be transmitted between generations (Bynner and Parsons, 2006). Well-designed programmes have been shown to promote child literacy, parents' capacity to support them and their motivation to engage in further training. Some studies suggest that results are better than those of other programmes (Kruidenier et al., 2010; Carpentieri et al., 2011). In France the *Actions éducatives familiales* helped improve parents' engagement with their children's school (Carpentieri et al., 2011). The ANLCI developed guidelines jointly with the Ministry for Education to help teachers to put parents with low literacy levels at ease, avoiding, for example, having interactions that require an ability to read and write, and to gain their confidence. Ultimately, this is meant to help direct them towards suitable training courses.

Workplace-based programmes can improve participants' well-being and help tackle illiteracy, provided they lead to changes in participants' literacy practices or engagement in further training. Well-planned and executed workplace courses can have a positive impact on workers' skills and workplace practices (Bensemann, 2012; Finlay et al., 2007; Hollenbeck and Timmeny, 2008). Basic skills training at work has a positive effect on participants' self-esteem and on their willingness to engage in further training or in more active reading habits (Wolf and Evans, 2009; Projektträger im Deutschen Zentrum für Luft- und Raumfahrt, 2012). Yet, it is unreasonable to expect immediate economic benefits. In fact, evaluations of the workplace component of the "Skills for Life" strategy in the United Kingdom showed that employers were primarily interested in improving their workers' morale, not business results. Most interventions were too short-lived to yield sizeable gains in literacy performance or employment (Wolf and Evans, 2009; Meadows and Metcalf, 2008). To achieve this, interventions need to be longer-lasting and conditions to be created for participants to use literacy and numeracy more actively at work or in their private lives (Wolf, 2008). In France, the ANLCI has signed agreements with trade unions and business associations in several sectors to promote basic skills training at the workplace.

Basic skills trainers need to be well prepared for the specific needs of their adult clients, who typically have a long history of struggling. They need to be treated like adults, and learning material adapted to the context in which they live seems to be particularly effective. Teachers perform better when they have received special training, but, given their low pay, it is often difficult to recruit high-performing staff (Perkins, 2009: Kruidener et al., 2011; Condelli and Wrigley, 2008, UNESCO, 2012; EU High Level Group of Experts on Literacy, 2012). Instead, this area depends a lot on volunteers (Looney, 2008). In France, integrating basic skills programmes into continuing vocational training and its financing schemes has helped to increase the remuneration of basic skills trainers and attract more professional staff, but greater efforts would help. The criteria for accessing training schemes newly created by the 2014 reform are now being defined. It will be important to ensure they can provide financing for basic skills training.

A number of good practices for basic skills training have been developed in France (see Michel and Maroun, 2008). The ANLCI regularly evaluates programmes together with teachers, reflecting on what worked and what did not. Conclusions are presented in workshops for other providers to publicise good practices and share experiences, and this seems to be very useful. The government could also consider sponsoring research evaluating different teaching practices and continuing training for basic skills teachers.

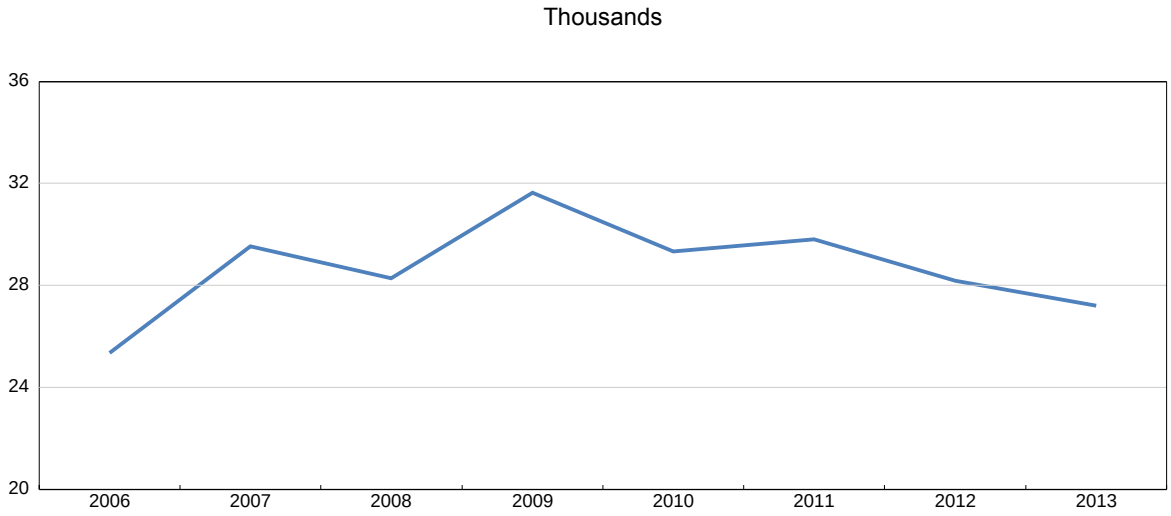
France is looking to strengthen access to training measures for adults with weak skills, but lighter procedures may be needed to achieve this goal. The FPSPP fund has dedicated financing for adult literacy programmes and other training measures for people with weak qualifications. However, only a fraction of these funds was spent in the past. Furthermore, the FPSPP has not been able to control what happened to the money that was spent or to engage the regions, the central government and social partners in planning projects, in contrast to what was foreseen by the law (Cour des comptes, 2013a). Some requirements of the FPSPP have turned out to be too heavy for some training providers. It seems desirable to look for lighter financing procedures, while safeguarding the integrity of the process, to give a chance to small-scale and local initiatives, which may often be of high quality.

Opportunities for French adults to study for higher degrees

One innovative scheme for adults to attain a higher degree, which could be extended, is the validation of prior experience (*Validation des Acquis de l'Expérience* or VAE). It certifies professional or personal skills without a need for candidates to attend formal classes. The certificates can correspond to those obtained in initial education, allowing participants to build on them with further studies. The population that could benefit most, namely youngsters and adults with low educational attainment and those who work in sectors where formal degrees are seen as indispensable, is estimated at 6 million people (Besson, 2008b). Compared to this, the actual number of diplomas conferred each year, which has been

stagnating about 30 000, remains low (Figure 14). Only around 10% of technical and professional diplomas obtained after initial education stem from the validation exercise. Around 70% of the candidates aim at a diploma at the *baccalauréat* level or just below, and a majority of qualifications are concentrated in just a few fields, such as health and personal care for children or the elderly (DARES, 2014b). More could be done to establish the VAE as a means to obtain other qualifications and extend it, including to the tertiary level.

Figure 14. **Number of qualifications and diplomas obtained through VAE[1]**



1. Excluding qualifications and diplomas certified by the Ministry of Youth and Sport.

Source: DARES, based on data provided by the certifying ministries.

Better information and support for VAE candidates is needed. The procedure is lengthy and difficult to understand, with 1 300 certificates and diplomas currently delivered by ministries or by private entities on behalf of the government. One possibility to improve transparency would be to align the certificates with the European Qualifications Framework that aims to make certificates and qualifications comparable across the EU (Besson, 2008b). Candidates need better information to understand how their competencies fit the certificates and to navigate through the certification process. People with low skills need personalised support with writing their reports describing how their skills and competencies correspond to the desired certificate. The regions, which are now responsible for informing and supporting potential VAE candidates, will have to implement this. They also need to improve their coordination with the public employment service in reaching jobseekers. Today, the majority of VAE candidates, 70%, is employed. The VAE process, which sometimes lasts longer than formal education to achieve an equivalent degree, discouraging candidates, could be shortened by setting deadlines for the review of the candidacy and the creation of the jury evaluating the report. To achieve this it might be necessary to make participation in the jury financially more attractive.

Making the validation procedure more modular and coordinating it with formal training would help accommodate patchy career paths. Today, several years of experience in the same kind of job are needed for the validation exercise, but those who would benefit most from the VAE tend to change jobs frequently, as they find it difficult to obtain an open-ended contract. More opportunities are needed for partial certification of professional experiences that are not sufficient to obtain a full qualification, and this should be better integrated with formal education and training to allow candidates to obtain a full qualification by combining different elements. The National Commission for Professional Certification

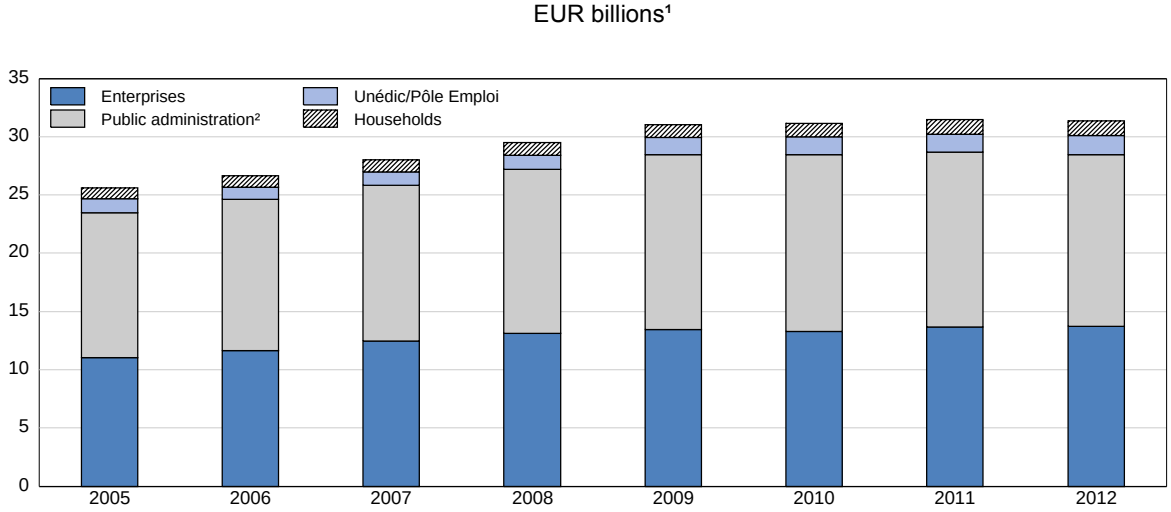
(Commission Nationale de Certification Professionnelle, CNCP) could play a role in building an inventory of certificates that have not been registered in the existing national inventory of professional certifications (Repertoire national des certifications professionnelles, RNCP) and in ensuring the certificates delivered by different providers are well coordinated and build on each other (Besson, 2008b).

Financing and governance of vocational education and training

Compulsory financing with a complicated collection mechanism

France spends a considerable sum on professional training and apprenticeships, around 1.5% of GDP every year. Employers contribute a bit more than 40% of this, while central government and regional governments finance around 50% (Figure 15). Around 40% of public expenditure benefits public-sector workers. The unemployment agency and households each contribute around 4% of the total (Figure 15).

Figure 15. **Structure of the national expenditure on vocational training by final finance provider**



1. Includes investment expenditure.

2. Including expenditure for the training of public-sector workers.

Source: DARES.

Enterprises contribute to the financing of apprenticeships and professional training via payroll taxes subject to complex collection mechanisms. Until recently, the apprenticeship tax had three different elements, two of which were merged in 2014 (amounting to 0.68% of payroll). This is a welcome simplification. A third element is a bonus-penalty system for enterprises with more than 250 employees. The tax rate increases with the shortfall of the share of apprentices in the number of the company's employees from 4%, or 5% as of 2015. In turn, companies can receive a bonus for each apprentice who brings the share of apprentices above this rate. Furthermore, it is mandatory for enterprises in France to contribute to the financing of continuing vocational training via a training levy. Since the 2014 reform the levy amounts to 1% of payroll for firms with more than 10 employees and to 0.55% for those with fewer than 10 employees. One set of bodies run by trade unions and business associations collects the apprenticeship tax (*Organismes collecteurs de la taxe d'apprentissage* or OCTAs), and another (*Organismes paritaires collectioneurs agrées* or OPCAs) collects the training levy. The number of OPCAs was progressively reduced through recent reforms, but the numbers of OCTAs remained large until

recently – around 150 at the national level and more at the regional level. These bodies differ widely in size, administrative costs and enforcement performance (Larcher, 2012; Patriart, 2013).

The 2014 reform simplified the collection mechanism considerably, but further steps may be desirable. OCTAs are now being merged with OPCAs, thus reducing the number of collecting bodies. After the reform enterprises will pay the apprenticeship tax and the training levy each entirely to a single body. Previously, parts of each levy had to be paid to yet another set of institutions, and enterprises could partly pay their apprenticeship tax directly to training institutions of their choice. This system entailed high administrative costs and complicated enforcement. In practice, fiscal authorities have been unable to follow up on enterprises that do not pay (Patriat, 2013). For efficiency reasons, it is possible to go further and entrust the collection of all payroll taxes to a single body, for example the Union de recouvrement des cotisations de sécurité sociale et d'allocation familiales (Urssaf), which already collects the largest part of payroll taxes, such as those for pensions and health care. The Urssaf's administrative costs as a share of collected funds of 0.3% (Cour des comptes, 2013a) are lower than OPCAs' average collection costs, 0.8% according to data from the Ministry of Labour. The saving would be worth some 33 million euros.

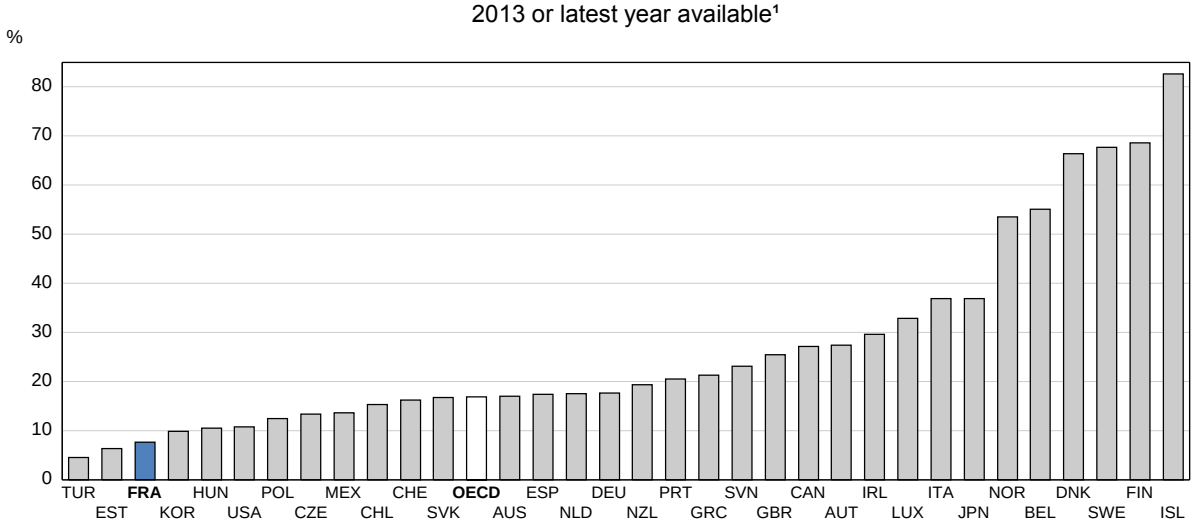
The current system is hard to reform in any radical way, however, because of deeply entrenched interests. Limits on administrative costs remain rather generous, in particular for OPCAs. The central government has started to manage these costs based on performance indicators, but with limited success so far, as they have been rising, perhaps because there were too many indicators, making the process cumbersome and opaque (Cours des comptes, 2013a). Moreover, there are potential conflicts of interest to address. While OPCAs cannot offer training services themselves, they can define the tasks that suppliers have to perform, buy services on behalf of their clients and direct them towards providers as part of their intermediary role. In principle, they can thus give preference to training providers run by their parent organisations (Cahuc et al., 2011). Until the 2014 reform around 1.5% of training levy funds collected by OPCAs was channelled directly to their parent organisations. Overall, this source of financing was more important than membership fees for a number of trade unions and business associations (Andolfatto and Labbé, 2007). Several reforms go some way to changing this situation: it is now impossible to work both for an OPCA and for a training supplier; the OPCAs have to publish the list of their 50 largest training suppliers; and the obligation to check the quality of training may also push them to reinforce the control over their funds.

The former practice of financing trade unions and business associations directly with a part of the training levy ended with the 2014 reform, a welcome change. OPCAs will no longer direct a part of the collected training levy to their parent organisations. Instead, there will be a new dedicated fund to compensate trade unions and business associations for their role in managing vocational education and various social systems. Enterprises, bodies jointly managed by social partners and the public administration will contribute to the financing of this fund. This is a welcome first step to disentangle professional training and trade union financing.

Over time, membership fees should become the main source of financing for trade unions and business associations, as in other OECD countries. Financing these organisations instead to a large extent via compulsory levies risks undermining their independence and their incentive to recruit members. In fact, French trade unions have one of the lowest membership rates across the OECD (Figure 16), undermining their representativeness. At the same time, administrative extension of collective wage agreements is widespread, weakening employees' incentives to join a trade union. In most OECD countries membership contributions are the main financing source for trade unions and business associations, constituting more than 80% of total financing in Germany, Italy, Belgium, Sweden and United Kingdom (IGAS, 2004). A first step towards such a model in France could be to link financing from the new fund increasingly to the number of trade unions' and business associations' members.

Figure 16. **Trade union density in OECD countries**

2013 or latest year available[1]



1. Trade union density corresponds to the ratio of wage and salary earners that are trade union members, divided by the total number of wage and salary earners.

Source: OECD, Trade unions statistics database.

A tax base that should be reviewed

One reason for channelling business funds for professional training through the OPCAs is to redistribute them to those who need them most, but this has been of limited effectiveness. As discussed above, the low skilled, who work more often in small enterprises, and the unemployed have relatively poor access to training. In the past, training levy funds earmarked for the "training plan" (Box 4), about half of the total, were redistributed from small to larger firms, which tend to employ more highly qualified personnel (DARES, 2014c). While small firms did seem to benefit from a redistribution of OPCA funds earmarked for other training measures, more than 40% of enterprises with less than 50 employees channelled more funds overall into the system than they received in 2011, a share that falls quickly with firm size to less than 5% for firms with more than 2000 employees (DARES, 2014c). Conversely, the share of enterprises that use more training levy funds than they pay into the system is less than 25% for firms with less than 19 employees, but more than 45% for firms between 200 and 500 employees.

With the 2014 reform the government hopes to redistribute more training funds to workers in smaller firms and those with weaker skills. Larger firms do not have to contribute to the sharing of funds for the training plan any more, and their training levy was lowered accordingly, on the grounds that they generally tend to spend more on training their personnel than the minimum 0.9% that was implicitly foreseen by the levy. They never contributed much to fund sharing for the training plan, as they could escape this part of the tax by spending at least the same amount on training their own personnel. The reform foresees a mechanism to ensure that funds can be redistributed from the group of firms that have more than 50 employees to the group of smaller firms, but not the other way around. By devoting a fixed share of the training levy to the FPSPP fund the government also hopes to channel more money to jobseekers, workers with weak skills and those threatened by layoffs or in need of re-training. Other FPSPP funds are earmarked to support the training plans of enterprises with fewer than 10 employees. While reserving funds for these groups can be a good idea, numerous non-financial barriers will need to be addressed as well.

Box 4. **The main vocational training measures in France**

The training plan (*plan de formation*) comprises all training measures for employees at the initiative of their employer to adapt their abilities to their current post or develop new skills. It can include measures like an assessment of competencies (*bilan de compétences*) or a validation of personal and professional experiences (VAE).

The personal training leave (*congé individuel de formation* or CIF) gives employees who comply with certain seniority conditions the right to ask for a training leave to acquire a higher degree, change jobs or follow other personal interests. The leave can be total or partial and last up to a year or a maximum of 1200 hours. The worker can maintain between 80-100% of his/her salary if the measure is approved by an agency (*Fonds de gestion de congé individual de formation-Organisme paritaire au titre du conge individual de formation or* Fongecif-Opacif*)* jointly run by trade unions and business associations.

The individual training right (*droit individual à la formation* or DIF) was replaced by the personal training account (CPF) as of 1 January 2015. The DIF allowed workers to accumulate rights to 20 hours of training annually over a six-year period, thus a maximum of 120 hours. Rights were not portable across employers, and the employer had to agree to the training choice.

The personal training account (*compte personnel de formation* or CPF) is operational as of 1 January 2015, allowing workers to accumulate up to 150 hours, which are retained if the employer changes or during unemployment. These rights can be topped up by the unemployment agency, the employer or the worker him/herself.

The professionalisation period (*période de professionnalisation*) is open to certain employees on open-ended contracts to maintain their employability through work-study programmes recognised by the branch or a collective agreement. The employee has a right to continue receiving his/her salary, when the training measure takes place during working hours; otherwise, he/she will receive a training allowance.

The *bilan de competences* involves in-depth interviews with an external consultant to identify the employee's interests, motivations and competencies to determine opportunities for professional development.

The **professionalisation contract** (***contrat de professionnalisation*),** established in 2005 by the social partners, is open to those between 16 and 25, but also jobseekers and beneficiaries of certain transfers or contracts. The objective is to allow these groups to acquire professional qualifications or complete their initial education through a complementary qualification.

Another – probably much easier – option would be to promote training through fiscal incentives. While an obligation for enterprises to pay for their employees' training is very rare in OECD countries, fiscal incentives are much more prevalent outside of France. Training costs are often tax deductible for firms, like other labour costs, and in some cases, for example in Austria and the Netherlands, by more than 100%. In France there are only two very specific tax breaks for training costs, which are rather limited in size, one for the training of top managers, another for small and medium-sized enterprises. Little is done to promote household spending on training. In contrast, employees can deduct certain training costs from their taxable income in several other OECD countries, such as in Finland, Austria, Germany and the Netherlands. Research suggests that tax deductibility of training expenditures can promote private spending (Oosterbeck and Patrinos, 2008). Fiscal incentives or subsidies can be a good choice to promote spending on training when the social return is higher than the private return. The French system, in turn, does little to internalise the social benefits of training investments that go beyond the training levy. The French government could try subsidies or fiscal incentives that are structured to direct financing to those groups for whom the social returns are likely to be larger than the private benefits, such as the unemployed or the weakly skilled. Such schemes should be rolled out on an experimental basis, perhaps starting with a single region, to evaluate their effectiveness. If they prove to be effective, they could gradually replace the current, rather complicated financing system. This could also help to simplify the complex governance of vocational training financing and supply, as training would become more demand driven.

Apprenticeship-type contracts, in turn, benefit from a large number of financial incentives. They are exempt from most social contributions, and there is a tax credit worth EUR 1 600 per year and more for people with special difficulties. A lump-sum subsidy for each new contract can be obtained from the region along with the bonus element of the apprenticeship tax discussed above. Yet, in 2012 only 12% of all enterprises with more than 250 employees qualified for this bonus (IGAS, 2014), and its impact is very uncertain. In addition, there is an age-dependent subsidy from the unemployment agency, Pôle emploi, for professionalisation contracts for jobseekers. Finally, apprentice salaries are exempt from income taxes, and apprentice wages are only a fraction of the minimum wage depending on age and seniority. Given that apprenticeship contracts are increasingly signed with more highly qualified individuals, the windfall gains of subsidies are likely to be large. This is generally the case when subsidised contracts are not targeted at those with the greatest difficulties in finding a job (Martin and Grubb, 2001). In that sense, it is welcome that the tax credit was recently phased out for apprentices in advanced stages of tertiary education and that the regional subsidy is now limited to enterprises with fewer than 11 employees. The remaining subsidies should be carefully evaluated and only those of proven effectiveness should be retained, preferably focussing on apprentices with particular difficulties. However, withdrawal of subsidies should best take place during an upturn.

Using payroll taxes to finance professional training is questionable, in particular in the French case where payroll taxes overall contribute considerably to high labour costs. While only employers and employees bear the direct burden of payroll taxes, the benefits of training for weakly qualified workers in particular accrue to society at large. Payroll taxes can be harmful for the employment chances of the weakly skilled when there is a relatively high wage floor, such as in France through the minimum wage. In fact, there is evidence suggesting that lowering payroll taxes would have positive employment effects, in particular for low-wage workers (Cahuc and Carcillo, 2014). The current financing scheme is therefore inconsistent with the stated goal of vocational training to improve employment chances, in particular for the weakly skilled. Direct subsidies or tax breaks to promote training for the weakly skilled would be financed via the tax system as a whole, thus drawing on a larger tax base and a wider set of taxpayers, limiting negative employment effects. This could be done by closing inefficient tax loopholes and broadening the tax base overall, which is narrow in France (OECD, 2013c). That said, tax breaks or subsidies for professional training should be subject to thorough evaluation. As the example of apprenticeship contracts demonstrates, subsidies and tax breaks have to be well designed to be effective.

A division of labour among numerous partners that is not well aligned with control over funds

Regions have gained steadily more responsibilities for apprenticeships and continuing vocational training in recent years, but this has not been accompanied by equivalent control over funds. The training levy is heavily earmarked for different training mechanisms (see Box 1) and groups, such as the unemployed, the low-skilled and employees of small enterprises. Different institutions run by social partners (the OPCAs) and another set of institutions responsible for the personal training leave (the Fongecif-Opacif; see Box 2*),* the FPSPP fund and the unemployment agency (Pôle emploi) spend or redistribute parts of the funds. This leaves little room for regions to plan spending for initial and continuing vocational education to accommodate the regional economic structure, as foreseen by the law, via a strategic plan called a *contrat de plan regional de développement des formations et de l'orientation professionnelles* or CPRDFOP. While parts of the apprenticeship tax go to the regions, the allocation of these funds required a framework agreement between the central government and the regions until the 2014 reform, and channelling the money to regions involved various funds and earmarked accounts. This has been simplified to some extent, as a larger fraction of the apprenticeship tax – around 50% – goes directly to regions as of 2015, without the necessity of framework agreements between the region and the central government, although they are still required by law between different actors for various other elements of initial and continuing vocational education financing. Moreover, other parts of the apprenticeship tax continue to be earmarked to finance CFAs or state-run vocational education institutions.

Firms have considerable freedom to choose the institutions to which they want to devote the apprenticeship tax that they owe. If they do not make a choice, their OCTA will allocate these funds. In a number of cases OCTAs have tended to favour institutions that belong to their parent organisations (Patriat, 2013).

Since regions have been assigned the lead for planning apprenticeships, they should ideally control the full apprenticeship tax, and employers' right to assign parts of it directly should be phased out. This right is popular among enterprises and thus difficult to reform, but this issue needs to be tackled to allow regions to develop apprenticeships effectively. Allowing taxpayers to allocate tax funds themselves is at odds with the idea that public financing with tax money should occur whenever an elected government is better placed to generate social benefits than individual taxpayers. The 2014 reforms set up regional employment, training and professional guidance committees (*Comités regionaux de l'emploi, de la formation et de l'orientation professionnelles* or CREFOP) to facilitate coordination between regions, social partners and the central government when it comes to planning and implementing vocational training. Firms can thus influence apprenticeship policies via their business association within these new committees. This argument should be used to convince them to give up their right to allocate themselves parts of their apprenticeship tax liability.

Regions have to cooperate with numerous actors to make sure that their training programmes are well aligned with the regional economic structure, which complicates their task. The central government runs vocational *lycées* and decides upon the training they offer, while chambers of commerce and other actors run some of the CFAs. Social partners have a strong role in planning, managing and funding vocational training for employees. They formulate strategies mainly at the branch level. The large number of branches involved – around 300 have more than 5 000 employees, and there are more if smaller branches are counted – complicates the formulation of a coherent strategy. Pôle emploi manages training for jobseekers along with the regions. There is co-financing from the FPSPP fund, and the central government formulates employment policies and passes laws to organise vocational training. This governance structure is complex, and collaboration does not always work very well. Therefore, it has been difficult at times to work out a strategic plan for vocational education and training that is well adapted to the regional economic structure (Cour des comptes, 2008).

With the 2014 reform the government sought to improve coordination by re-organising national and regional institutions that group together different actors. At the national level the Conseil national de l'emploi, de la formation et de l'orientation professionnelle (CNEFOP) will merge two predecessor councils, one for employment and one for training. At the regional level the equivalent bodies are to be combined to form the CREFOP committees. The law sets out in considerable detail how regions have to present their strategic plans for vocational education to their CREFOP committee and other stakeholders, to finally sign it jointly with the central government and to propose it to social partners for approval. Combining discussions about employment and initial and continuing vocational education seems useful, but this should be monitored.

Simplifying the allocation of funds, limiting earmarking and giving a single actor the lead in taking spending decisions may be more effective than creating new institutions for coordination. The role of other actors in making spending decisions directly should be limited, along with earmarking and framework agreements that restrain room for manoeuvre and make the process cumbersome for the lead actor, for example for regions regarding apprenticeships and training for jobseekers. Accountability should then focus on reaching objectives, which the central government could set, perhaps jointly with social partners. Such objectives could include the number of apprenticeships to be created, particularly at the secondary level, access to training for the unemployed and the low-skilled, as well as employment and career progression after participating in training. Successfully reaching these objectives could lead to a top-up of funds in subsequent years. If regions are so judged, they would have a strong incentive to coordinate with other actors running vocational schools or training centres and shaping training, such as the central

government or social partners. Other actors could in principle take the lead in planning training for specific groups, such as social partners for employees, but responsibility for strategic planning should always be assigned to a single actor and accompanied by equivalent control over financing. While involving social partners in defining training content is useful and should be maintained, there is no need to accompany this with a dispersion of financing decisions and requirements to conclude framework agreements between different actors.

A complex training landscape requiring streamlining and better guidance services

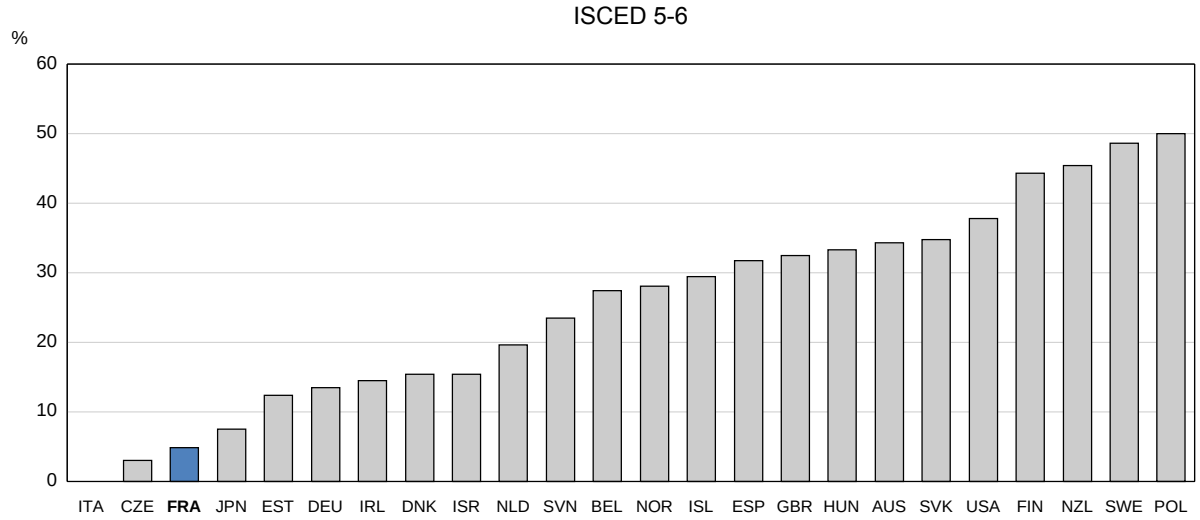
The complexity of the training system is likely to stifle the initiative of employees in choosing training courses. There are a host of different measures defined in the law (see Box 2), which often differ more in eligibility criteria and governance than in nature. There are more than 55 300 training providers, many of which are very small. Only 4% of providers accounted for 70% of the entire turnover, and around two-thirds do not offer training as a principal activity (PLF, 2012). The sheer number of training providers makes it difficult for employees and their employers to identify those offering high-quality courses fitting their needs. Similarly, bodies that collect, redistribute and intermediate training levy funds are numerous, and their role is not always clear. Alongside the OPCAs, which counsel firms and training candidates and buy training, the Fongecifs-Opacifs handle the individual training leave, and Pôle emploi, jointly with the regions and the FPSPP fund, organises training for jobseekers, assisted by at least four other agencies that counsel specific groups, such as the young, handicapped people or highly qualified jobseekers. An evaluation of training for jobseekers revealed that the system was ineffective, not least because counsellors themselves found it difficult to understand (Pôle emploi, 2011). Around two-thirds of jobseekers declared in a survey that they had to contact at least two different agencies to plan their training, and more than 40% said that, in the end, they organised their training by themselves (Aude and Buffard, 2011). This system should be streamlined to reduce transactions costs and make it easier for employees, jobseekers and small firms, in particular, to find the right advisor to help them plan and finance their training. In addition, better information about available training and its quality will be necessary, along with strong individual guidance services. Pôle emploi has started to train its counsellors in intermediating training for jobseekers, but simplifying the system itself would certainly help. Therefore, the planned reinforcement of counselling services is likely to be useful.

More flexible scheduling will be needed to improve access to training. For small enterprises it is often difficult to release workers for training measures. Therefore, training outside of working hours would help to improve access, in particular for such workers. Yet, tertiary studies are very rarely offered part-time (Figure 17). Moreover, very little training is offered in the summer months (Figure 18), when business is slower for most firms. Longer training courses leading to a degree are usually aligned with the school year, delaying entry into training and reducing uptake for jobseekers. Candidates often prefer to accept job offers while they are waiting, not least because they may be reaching the end of their benefit entitlement period. While a number of other transfer payments are available in such cases, they are subject to different eligibility criteria and their management is dispersed among various actors, so jobseekers often find it safer to accept a job offer, even if completing further training would offer more stable employment prospects (Cour des comptes, 2013b). In fact, research suggests participation in longer training courses tends to increase employment stability for jobseekers (Crépon et al., 2012), indicating that taking up a job offer instead may worsen long-run employment prospects. Developing more training courses that start during the school year will therefore be important for jobseekers. Conversely, more courses offered in the evening, on week-ends or in the summer will be helpful for smaller firms and their employees.

The intermediation of training leaves little room to finance training projects conceived by individuals. OPCAs, regions and Pôle emploi generally purchase training on behalf of their clients, often on a large scale via public tenders. Moreover, funds are typically earmarked for different training schemes with specific eligibility criteria. If none of them fits the individual training project, there is little room to obtain

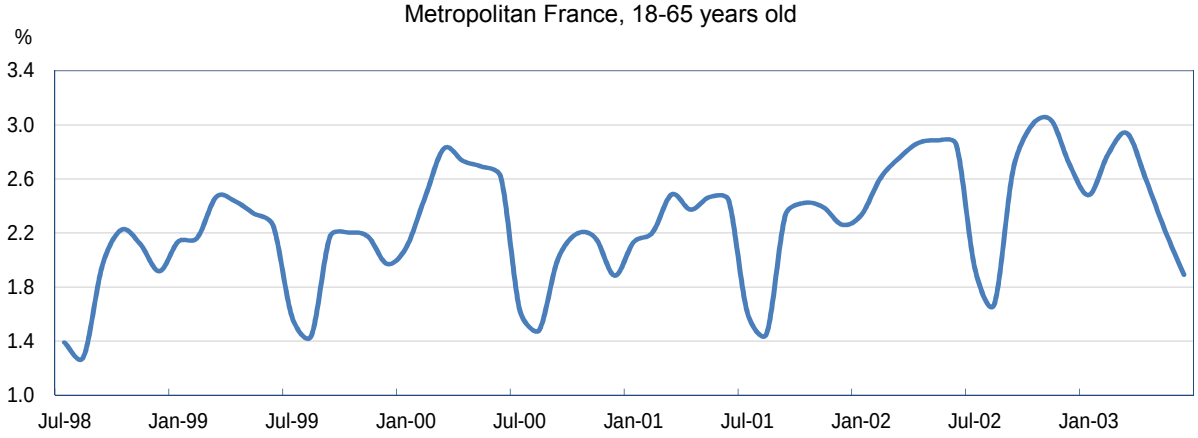
financing from the training levy fund or public subsidies. Making the system more flexible and leaving more room for individual initiative would make it easier to spend training levy funds in an efficient and effective way. The strong take-up of the individual training aid (*Aide individuelle à la formation or AIF*) offered by Pôle emploi since 2010 (DARES, 2013b) is testimony to the demand from training candidates for opportunities to finance their own projects.

Figure 17. **Percentage of part-time students in higher education, 2012**



Source: OECD, Education statistics database 2014.

Figure 18. **Monthly rate of access to training for private-sector employees between 1998 and 2003**



Source: Blasco et al. (2009), "Formation continue en entreprise et promotion sociale: mythe ou réalité?", in INSEE, *Formation et Emploi* – Édition 2009.

Some elements of the 2014 reform enhance flexibility and may facilitate individual initiative. Access to the new personal training account (CPF; see Box 2) is easier than for the predecessor scheme, the individual training right (DIF). Using DIF training rights was always subject to the employer's consent. With the CPF the employer only has to agree if the training takes place during working hours. This might be of limited help in practice, though, given the present scheduling of most training offers. Unlike for the individual training right, training hours accumulated on the new personal training account are portable

across different employers and can still be used when a person becomes unemployed, increasing the flexibility of the system and potentially enhancing access to training for jobseekers.

The personal training account may also improve access to training leading to a higher degree, in particular if courses could become more modular. Hours that can be accumulated on the personal training account have been extended somewhat compared to the predecessor scheme, from 120 to 150. While this in itself is still insufficient to finance training that leads to a higher qualification, employers, employees, regions and Pôle emploi can all now top up the accumulated rights with further financing, which could promote access to longer courses. Since the training account is replenished continuously, another option would be to acquire a higher qualification in several steps, by following shorter courses that build on each other. This would require more modular training courses. The government, together with social partners, has recently released a first extended list of training courses that are eligible under the CPF. This list, once integrated and completed over the year as foreseen, should avoid being too restrictive. Shorter courses should be accessible, along with longer ones, and the latter should be available in modular form, as there is no guarantee that enough financing will be available for topping up the candidates' training rights if take up is strong. Only part of the training levy funds are devoted to the CPF, with the rest earmarked to the CIF and other training schemes. It will be important to review the effectiveness and financial sustainability of the CPF and consider integrating other training schemes into the CPF, should it turn out to be a success.

An even larger attribution of training rights for lower skilled workers could be considered in addition to the planned contributions of the OPCAs, the regions and Pôle Emploi. Less skilled workers are more likely to benefit from longer training courses that lead to a higher qualification, while shorter training will likely suffice for the highly skilled. Such an arrangement would help channel more funds to the weakly skilled.

The allocation of training rights in terms of hours rather than costs should be reviewed. There is a risk that it weakens price competition among training providers, as individuals have no incentive to exercise their training rights by choosing cheaper courses. The scheme may also be regressive, as the hourly training costs for more highly qualified individuals are likely to be more expensive.

While personal training accounts can lift financial barriers to access training, behavioural and context-related obstacles need to be addressed as well. In France as elsewhere, the likelihood that a person expresses training needs increases with his/her skill level (Brousse et al., 2009). This is likely to be due to a lack of confidence of people who feel that they experienced failure during initial education (Gautié and Perez, 2012; Norman and Hyland, 2003; Fouarge et al., 2013). Lambert et al. (2012) find that workers are much less likely to declare unfulfilled training needs in firms that train little and have limited opportunities for horizontal and vertical mobility. Overcoming these barriers will require more individualised guidance and support, both for individuals, especially those with low skills, and for firms.

Good guidance services will be essential for small enterprises and individuals to identify the right training course for them. The 2014 reform allocated the responsibility for the recently created regional public guidance service to the regions. This service, introduced in 2009, is still far from being an individual career coaching support, as it is mainly limited to a website and a telephone service (Gautié and Perez, 2012). The government hopes that the regions can provide the necessary direction and leadership to develop more individualised support for career development and training choices, a service dubbed *conseil en évolution professionnelle* or CEP. Regions already had a role in helping set up the national service, but many did not progress as fast as the central government had hoped. A few are currently developing a pilot scheme, collaborating with five services that help different groups, such as the unemployed, youths, managers, the handicapped or employees, with finding a job or training. The idea is to roll out this system in the entire country. Given the number of actors involved a good information campaign will be necessary to ensure that workers are aware of this new service and can locate their advisors. It will be important to

follow up on whether regions have sufficient capacity and financial resources to take over the task of co-ordinating a well-functioning guidance service, which will certainly require training for counsellors, who now hardly focus on support for career development and training, as well as hiring new staff.

Improving information and control over the quality of providers

Quality controls for providers are relatively weak, and an effective certification process that would help training candidates and their employers choose high-quality courses is lacking. Beyond a declaration of activity and the requirement to write annual pedagogical and financial reports, applying specific accounting rules, there is no accreditation process nor specific quality control (Cahuc et al., 2011; Cours des comptes, 2008). Registry can be denied if the declaration of activity is not in line with the definition of education and training in the Labour Law, but this definition is quite broad. There is one institution that certifies larger providers, the Office professionnel de qualification des organismes de formation (OPQF). However, to qualify for certification a minimum turnover of EUR 76 000 is required, which applies only to around 30% of providers. Thus, this certification body can at best exercise quality control for a relatively small subset of providers.

It would be desirable to work towards stronger certification processes and controls and to require training providers to better document the training they offer. This would allow buyers and training candidates to get a better idea about the quality of different training choices. Since quality is hard to observe, in particular *a priori*, there can be a problem of adverse selection. Providers of higher-quality training are also likely to be more expensive and may be forced to withdraw from the market, if they cannot convince prospective buyers of their superior quality. As part of the 2014 reform the government plans to establish stronger quality control mechanisms, and there are some national and international examples that could serve as models. Some OECD countries have established strong certification mechanisms. Denmark has an independent evaluation agency for the entire education system, including vocational training. In the Netherlands the *Kwaliteits Centrum Examinering* evaluates and certifies training providers. Without its approval the provider loses its right to give exams. The UK Office for Standards in Education evaluates providers using some 10 inspectors over a week. Results are published on its website. Poor results can lead to a loss of rights to public financing. Germany has set up a system of private certifiers, with a central agency approving the certifiers. Within France, the Languedoc Roussillon region has defined a quality charter for training providers along with other large buyers of training, the OPCAs, Pôle Emploi and the central government. A private consultancy evaluates whether providers comply with the quality criteria, and, based on this evaluation, a committee then decides whether to award a quality label. This could be a useful model to create more transparency regarding quality throughout the country. Giving OPCAs a new role in quality assurance, and perhaps in reinforced counselling in the new regional guidance service, would also make it easier to transfer the task of collecting the training levy and the apprenticeship tax to the Urssaf.

Recommendations to improve vocational education and training

Improving vocational education at the secondary level

- Provide for highly-qualified teachers and more individualised support for students lacking basic skills. Ensure that teachers who combine teaching with practical work outside education are attracted into the profession; pay them more if necessary.
- Provide for workplace trainers with suitable pedagogical preparation for all work-study programmes. Work towards closer interaction between them and school-based teachers.
- Ensure that guidance services in lower secondary schools better inform parents and students about the advantages of apprenticeships.

Recommendations to improve vocational education and training *(cont.)*

Strengthening basic skills training

- Train staff of the new public regional guidance service to identify people with basic skills problems and direct them to training.
- Make sure that the new personal training account gives access to basic skills training.

Simplifying financing and the governance of vocational training

- Clarify which actor has the lead role in developing large-scale training programmes, and align this responsibility with control over funds, particularly with regard to the regions in the case of apprenticeships.
- Consider replacing the current payroll tax-based financing for vocational training gradually with revenues levied on a larger base.
- Evaluate and streamline the various subsidies and fiscal incentives for apprenticeships.

Enhancing information about the quality of training providers

- Ensure regions have sufficient capacity and financing to co-ordinate the new vocational trainee guidance service.
- Integrate all competing training schemes into the new CPF. Ensure that supplementary rights for lower-skilled workers are introduced in the CPF, while allowing higher-skilled workers to access shorter, non-qualifying training. Open the CPF to modular training offers.
- Implement the envisaged quality-assurance system, notably through the certification of training providers and strengthen requirements for them to provide clients with information about their offers.
- Improve data to better evaluate training outcomes.

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