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The Spinelli Fund
A European compact for skills

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http://www.strategie.gouv.fr/english-articles/spinelli-fund-european-compact-skills-0

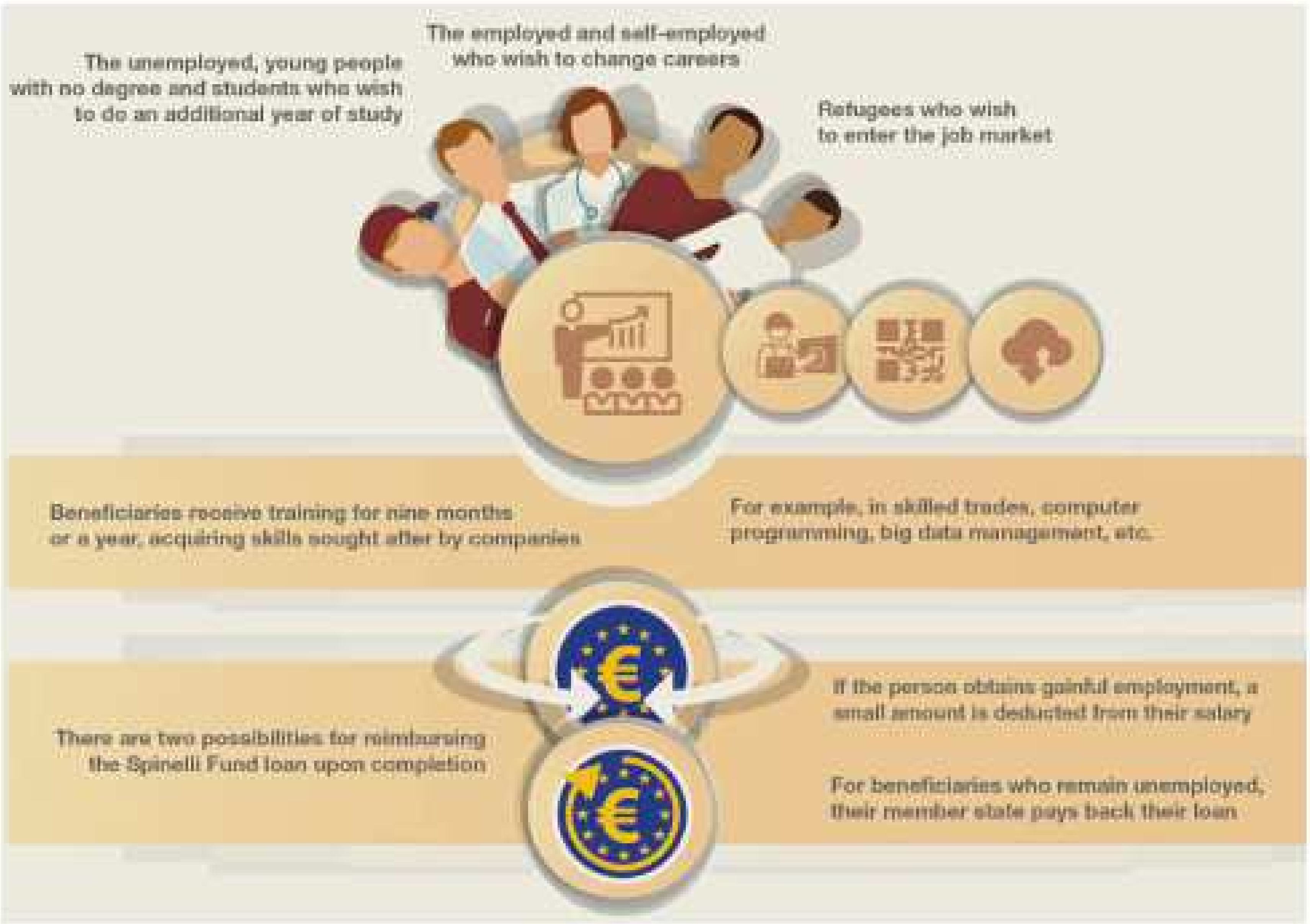
Basic principles

- A European programme of individual loans for vocational training
- Open to everybody but targeting more specifically 4 types of people:
  - unemployed and young people with no higher education
  - students for one additional study year
  - employed and self employed
  - refugees
- Training programmes would target occupations that face manpower shortages and specific skills in high demand by companies
- Reimbursing the loan:

- contingent on beneficiaries securing a job with a decent wage (eg full time minimum wage in France).

- 20% tax on income above the threshold (7 years in average)

- Each country pays back the fund in case a citizen fails to do so


The unemployed, young people with no degree and students who wish to do an additional year of study
The employed and self-employed who wish to change careers
Refugees who wish to enter the job market
Beneficiaries receive training for nine months or a year, acquiring skills sought after by companies
For example, in skilled trades, computer programming, big data management, etc.
There are two possibilities for reimbursing the Spinelli Fund loan upon completion
If the person obtains gainful employment, a small amount is deducted from their salary
For beneficiaries who remain unemployed, their member state pays back their loan

Institutional set up

The Spinelli Fund

- ✓Borrows on the market with MS guarantee (low interest rate)
- ✓Provides loans directly to individuals
- ✓Cash-in tax paid by the beneficiaries and collected by national treasuries
- ✓Organises a European call for tender to select the training organisations
- ✓Defines and sets up examination and certification
- ✓Pays training organisations depending on the number of people certified

A European Network: national institutions in charge of managing MS training systems + national job agencies

- ✓ Defines country by country a list of jobs and skills in high demand
- ✓Builds on best practices, development of shared tools and methodologies

2 regimes

In normal time

✓The Spinelli Fund functions in all EU countries

✓MS pay the daily allowances and part of the training costs according to existing national training rights

In time of economic crisis in one or several countries

✓Common decision to amplify the number of loans

✓The Fund may substitute to the State to pay daily allowances

✓Reimbursement to the Fund once the country is out of the wood

✓ People currently employed can enter the scheme – Kürzarbeit like system (short-time work combined with training)

=> Increasing the number of loans + postponed payment of daily allowances by the State => stabilisation function

Main advantages

- Virtuous system of double incentives:
  - ✓Payback by the beneficiaries => selection of individuals for whom the training would make a real difference
  - ✓ Financing of training organisations (TO) based on the number of certified individuals => TO select individuals motivated and able to succeed + selection of most efficient TO
- Permanent boost on potential growth + counter-cyclical stabillizer
- Low cost for national treasuries and EU budget (10% of ESF could finance each year 600°000 training sessions (9 months)
- Direct link btw EU institution and European citizens
- Does not impact national training and educations systems
- Increase European mobility of workers
- Increase adaptation of training systems
- Low costs

Contribution to economic stabilization

For a country affected by an economic crisis similar to 2008/09

- A fiscal stimulus of 0.5% to 0.8% GDP with little additional public expenses
- If the country is close to the 3% deficit ceiling, allows the automatic stabilisers to work without curbing other public expenses
- 750 000 people trained simultaneously at the peak and 1,6M people trained over a period of 3.5 years
- Average annual additional activity over 3 years: 0.3% to 0.4% GDP boost
- Unemployment rate reduced by 3 percentage points
- Public debt down 0.4% after 10 years