

**Untersuchung europäischer und internationale
Finanzierungsmodelle von lebensbegleitender
Weiterbildung**

**Research on European and International Financing
of Lifelong Learning**

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Studienarbeit

Research on European and International Financing of
Lifelong Learning

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Braunschweig, 6. November 2003

Kurzfassung

Da wir heutzutage in einer sich schnellen verändernden Welt leben, sind neue Ideen und Know-how der Hauptschlüssel für Wirtschaftswachstum und -entwicklung. Die Produktlebenszyklen werden kürzer und der Innovationsbedarf ist größer. Der Handel ist konkurrenzbetonter geworden und hat sich schnell rund um die Welt ausgeweitet. Deshalb ist Wissen jetzt der Hauptfaktor für unsere Wirtschaft, welches sich entwickelt hat und auf neue Art und Weise angewendet wird. Die Nachfrage nach wissensreicher Arbeit benötigt lebensbegleitende Weiterbildung. Lebensbegleitende Weiterbildung beinhaltet Lernen von frühzeitiger Kindheit an bis zur Rente. Es umfasst formelle Bildung (Schule, Ausbildungsinstitute und Universität), informelle Bildung (Kompetenz aus den Familien) und nicht-formelle Bildung (berufliche Ausbildung). Lebensbegleitende Weiterbildung verschafft den Lernenden die Fähigkeit mit anderen Leuten zu konkurrieren, und dadurch die Einkommen erhöhen, soziale Kohäsion wird ansteigen und die Kriminalität verringern.

Die Länder sollten gute Arbeitskräfte erschaffen um der „Wissens-Wirtschaft“ gegeneinander antreten zu können. Dies kann durch zusätzliche Ausbildung und finanzielle Unterstützung für die Lernenden geschehen. Die Arbeitgeber müssen die Arbeitnehmer dabei unterstützen, ständig weiter zu lernen und ihre Fähigkeit während des ganzen Lebens zu verbessern. Die Länder müssen deswegen Bildungs- und Lernumgebungen schaffen, damit sie den Bedarf an Wissensbildung erfüllen können. Des Weiteren müssen sie entsprechende Informationen zum Thema lebensbegleitende Weiterbildung zur Verfügung stellen.

Abstract

As we are now in a rapidly changing world, new ideas and know-how is the key to economic growth and development. Product life-cycles are becoming shorter and the need of new innovation is greater. Trade has become more and more competitive and has rapidly expanded around the world. Thus Knowledge is now a very important factor to our economy, which is being developed and applied in new ways. Demand for knowledge rich labour will require lifelong learning. Lifelong learning includes learning from early childhood through to retirement. It contains formal education (schools, training institutions and university), informal learning (skills learned from the family) and non-formal learning (vocational training). Lifelong learning gives the learners the ability to compete with other people and increase income, and in a wider scope increases social cohesion and reduce crime.

Countries need to create labour in order to compete in a knowledge economy, often achieved by giving the possibilities to support additional learning and training. Employers need their employees to learn and update their skills throughout their lifespan, countries need to create the education and learning environments to meet knowledge needs and provide appropriate information about lifelong learning.

Glossary and Terminology

Blended Learning: Blended Learning is learning which combines online and face-to-face approaches. (New South Wales, Department of Education and Training)

Distance learning: “Distance Learning (DL) is an instructional delivery system that connects learners with educational resources. DL provides educational access to learners not enrolled in educational institutions and can augment the learning opportunities of current students. The implementation of DL is a process that uses available resources and will evolve to incorporate emerging technologies.” (The California Distance Learning Project (CDLP) uses the above definition. This definition was developed in 1997 by a workgroup of adult educators.) (California Distance learning project)

E-Learning: the use of information and communication technology, including the Internet, to learn and teach. (Education and Training)

ICT: information and communication technologies

Learning: knowledge got by study (The little Oxford dictionary)

Lifelong learning: is intended and planned learning, which goes on more or less continuously over the lifespan.-covering all life from cradle to grave, and starting at any age. (Jim Smith, Andrea Spurling, p.9)

Further education: education for persons above school age (The little Oxford dictionary)

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Introduction

Lifelong learning was supported by international organizations between the end of 1960's and the beginning of 1970's, and had become one of the most important educational development policies in many countries within European Union, the OECD (Organization for Economic Co-operation and Development), UNESCO (United Nations Educational, Scientific, and Cultural Organization) and Nordic countries (Denmark, Finland, Iceland, Norway and Sweden). These international bodies have recognized the urge and need for lifelong learning and have then made policies to react in time.

Globalisation, technological and demographic changes have been major factors in identifying the need for increased learning throughout ones life-time. Education and training are important for developing human capital. The importance of the human capital is for a higher level of production and also for external effects such as better health, intergenerational effects on children of more educated parents and reduced crimes. The capability of sustainable economic growth with more and better jobs and social cohesion require a higher qualified type of labour. Therefore, a well outstanding education system and an effective policy of lifelong learning are needed.

Through the new communication technologies have provided the people to learn via Internet-as so called E-learning. Moreover, ICT (Information and communication technology) can facilitate learning by doing (for example, through computer simulations)

The relevant questions for this work are how to finance further education and lifelong learning in different nations so that a country may benefit from the advantages of increasing citizens' accumulations of human capital. The other question would be what is the preferred option of the financing?

This work is organised with three sections. The first section is the definitions of the different forms of learning and to create a framework for analysing alternatives for lifelong learning. The second section will be based on the research of individual financing lifelong learning models/options/schemes/policies in different countries.

The last section will conclude with guidelines about the preferred financing options and the role of the government. To conclude this study, the future perspectives for financing lifelong learning will be outlined.

1. Analysing Alternatives in Financing Further Education and Lifelong Learning

Each instrument will be discussed according the following:

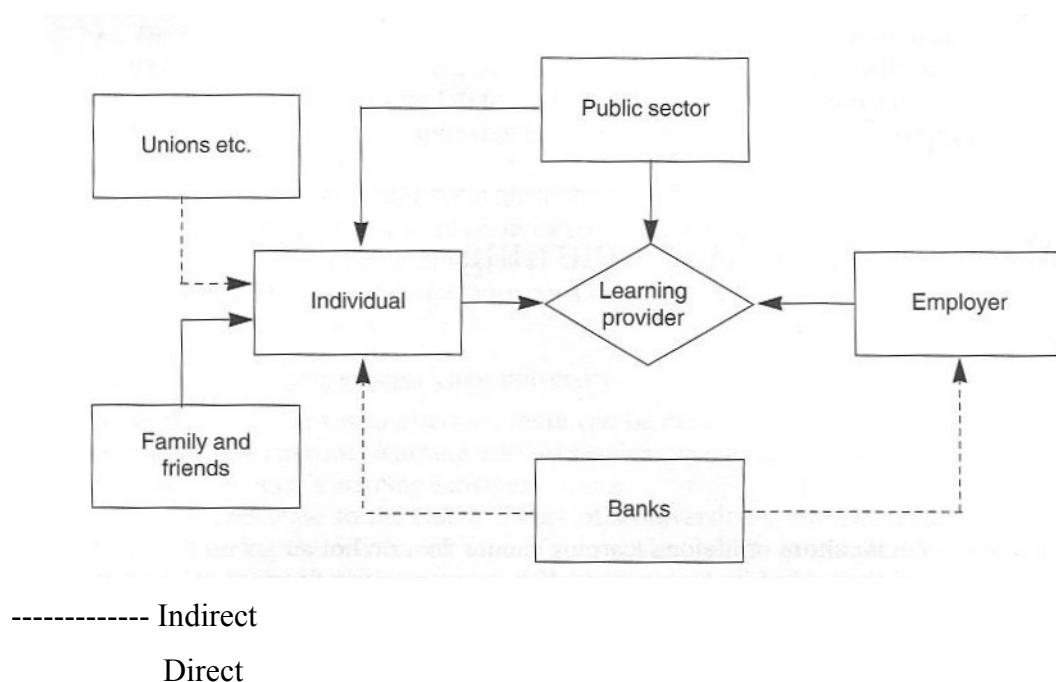
- Who Pays for Education/Learning
- Who Collects the Payments
- What Financing Mechanism is used.

1.1 Who pays for Education

Who finances education over an individual's lifetime? Major parties involved in the financing of education are:

- the Public Sector
- the Private Sector
- Employers
- Individuals, Family and Friends

Figure 1.1: Main Stakeholders (anyone who pays for, or shares in, the cost of learning): Responsibilities and Links (Jim Smith, Andrea Spurling, p.112)



The Public Sector

In a sociality where the individual is the main beneficiary, government resources are often viewed as unfairly distributed, and are limited by national budgets. However, the government in most of the countries are not able to meet the increases in demand for higher education and lifelong learning due to current budgetary constraints. There are two possibilities of government contributions, both are related to the economic results.

- 1) The government gives resources/support to institutions known as supply side financing. This distribution is often run by the government that portrays the view that the government pays for education. That form of government contribution as been recognized as inefficient (see Ziderman, 1995). (Miguel Palacios, p.5)
- 2) The government gives resources/support directly to students, also known as demand-side financing. This has become the most popular alternative. A whole range of arrangements such as Vouchers, Public Student Loans (includes income-contingent loans), Tax credits, have been applied to finance learning.

In most of countries primary and secondary public schools are without fees. But most countries charge at least some fees for tertiary education. For example, Sweden and Finland in 1997 were the only two OECD countries where no fees were charged for tuition at tertiary level (OECD 2000a, p.63).

The Private Sector

The Private Sector consists of private entities and closed relations. “Charity” such as NGOs (Non-Governmental Organization) (Miguel Palacios, p.5) and religious organizations invest resources in education without asking for return. They contribute usually directly to students who are in need of financial help. There could be some private investors from some private companies. However, they would not easily meet the increasing demand for higher education and lifelong learning. Three other

examples from private sectors are private loans, Human Capital Contracts and private sector income-contingent loans. The private sector does not really provide enough funds for education thus it is not very reliable.

Employers

Education and training for company employees, is recognized to give employers taxable profits, while also benefiting from an educated workforce. The employer provides funding to support training programs that will help the company's awareness of the value of training, including its contribution to intellectual capital and profits (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg), p. 48). Becker (1993) argues that employers will only be willing to cover the costs of education and training when the learners acquire particular skills that cannot be transferable to other jobs. (Miguel Palacios, p.5)

Another way in which employers can fund learning is a process is called "revenue diversification". This is when universities offer additional services to business and the companies obtaining the knowledge. However, the fees from these services are not enough to cover the education costs. (Miguel Palacios, p. 5)

Individuals, Family and friends

The fourth alternative is private funding from individuals. They may obtain funds for education from their personal savings, part-time jobs or support from family and friends. The indirect resources could be from unions such as a trade union, who may support workers for further education and training.

1.2 Who Collects the Payments?

There are two main collection methods: public and private. Public collection of payment uses existing institutions, such as taxing authorities to collect education payments. Private collection is what banks use to collect their debts.

For example, Australia uses public collection such as contingent loans, where in Chile they collected the funds privately along with taxes and the private pension fund. In Namibia the social security system is used to collect payments from learners.

1.3 Financing Mechanism

Table 1.3: Main Instruments for Financing Education (The World Bank Report, p.63)

Who pays	Who finances	Collection	Financing mechanism	Instrument
Learner	Learner	n.a.	n.a.	Education saving accounts
	Private sector	Private sector	Fixed	Private sector loans
			Combined	Private sector income contingent loans
			Variable	Human capital contracts
		Public sector	Fixed	Government-guaranteed student loans
			Combined	Institutional income-contingent loans
			Variable	Institutional human capital contracts
	Public sector	Private sector	Fixed	Privately collected public sector loans
			Combined	
			Variable	
		Public sector	Fixed	Public sector loans
			Combined	Public sector income-contingent loans
			Variable	Graduate Tax
		Community	Variable	Individual development accounts

Employer	Private sector	n.a.	Variable	On-the-job training
				Training levies
	Public sector	Public sector	Variable	Employer's graduate tax
Government (taxpayer)	n.a.	n.a.	n.a.	Direct funding
			n.a.	Vouchers and entitlements
			n.a.	Grants
			n.a.	Interest subsidy on loans
			n.a.	Tax credits

The individual can take many different forms of funding (public, private etc). The major alternatives are shown as above. In the Loan called “mortgage-type”, learners pay a fixed amount for each period (per month or for a certain amount of time). The other type of loans is called a “graduated loan” that increases the payments according to how a student’s income is supposed to increase. Since 1970s there is a new approach to loans such as equity-like investments. This kind of financing is called income-contingent loans, and has proved very popular.

Friedman (1995) (Miguel Palacios, p.7) suggested equity financing, the same method used for investing in high-risk investment to be also used as a possible approach to financing education. This arrangement compensates investors by allowing them to profit from higher returns for the higher risk learners. This kind of financing is called Human capital contract.

The government might consider several financing instruments (as shown in the Table 1.3) in order to attract the private investors to provide the resources to offer more publicly funded education. More descriptions on financing policies are discussed in section 2.

1.4 Principles for Higher Education and Lifelong Learning

At the basic level of education, young students are being prepared to live in a society with shared value and beliefs (what Friedman (1995) calls it as "education for citizenship" (Miguel Palacios, p.10)). From the basic knowledge what they have gained from the basic level education will allow them to fit in the society. However, the mature students are learning much more specific skills that are developed from what has already been learnt at an earlier age. Oosterbeek (1998) divides learning into two stages: an initial learning stage where individuals acquire the foundations to continue learning throughout their lives, and a second stage, adult learning, where individuals use their foundations to learn new skills. (Miguel Palacios, p.11)

The features of lifelong learning: (Jim Smith, Andrea Spurling, p.10)

- Lifelong learning relates to learning throughout ones lifetime. It covers all life from cradle to grave, and can be started at any age.
- Learning has the widest possible boundaries. It includes all the main type and classes of learning: vocational, critical, formal and the opposites of all these. It includes formal and informal education, and self-directed learning.
- Continuity is not of the very strictest kind. It allows for some gaps and delays, so long as momentum is maintained.
- Intention and planning on the part of the individual or organization is seen as an ongoing intent to learn.

There should be some principles to be taken into considerations when designing lifelong learning policies/schemes. (Miguel Palacios, p.12)

- The individual should be able to decide what additional training is needed and when they want to do the training. It would be better to encourage people to take responsibility for their own learning. It notes that one of the major obstacles to lifelong learning is lack of motivation of the employees. (Education and Culture in Europe, p.12)

- The Government has an important role on regulating and providing education. Subsidies can be used to attract learners. They should be able to advise the people and give appropriate information that relates to lifelong learning. A good system to collect the funds is important.
- The system should be equitable as everyone can apply for the lifelong learning funds. It should promote efficiency in the education and labour market. At minimum the system should encourage learners throughout all their productive lives.

Table 1.4: Traditional learning is different from lifelong learning: (The World Bank Report, p.23)

Traditional Learning	Lifelong Learning
<ol style="list-style-type: none"> 1. Learners work by themselves 2. The teacher is the source of knowledge 3. Learners receive knowledge from the teacher 4. All learners do the same thing 5. Teachers receive initial training 6. good learners are identified and permitted to continue their education 7. Tests are given until the students completely master a set of skills and may also learn further. 	<ol style="list-style-type: none"> 1. People learn in groups and from each other 2. Educator guides to sources of knowledge 3. People learn by doing 4. Education develops individual learning plans 5. Educators are lifelong learners; initial training and professional development are linked. 6. People have access to learning opportunities over a lifelong 7. Assessments are used as a guideline to learning strategies and identifying pathways for further learning.

In Table 1.4 shows the differences between traditional learning and lifelong learning. Lifelong learning involves teacher, giving them a different role to traditional learning. They also need to learn new skills and become lifelong learners themselves. Teachers

will also need to update their knowledge and ideas all the time. By using ICT, learners have the chance to access information they need. ICT also changes the relationship between teachers and students.

Many countries like United Kingdom have a lot investment on ICT facilities, training qualified people to manage and maintain access to the internet efficiently. Some people continue learning in their free time, after work or at the weekend. Distance learning offers the possibility to learn in distance. For example, In Nigeria (in 1999), many teachers have finished their degree in education through distance learning programmes, rather than the normal graduate programmes, while Mexico uses Television to teach 15% of their secondary school students. By using access to the internet, it makes changes for higher education and corporate trainings. United State in 1999 has conducted Web-based training programme. (A World Bank report, p.11) Finland will have virtual University by 2004 which based on consortium of several universities, business, enterprises and research institutes. In Greece, they expected to have more students to join the projects on “the open and distance university” (Eurydice European Unit with the financial support of the European Commission, p.131). In addition, Universities give students the possibilities to do online learning (video conferences) as by e-learning.

2 Financing Options Lifelong Learning

2.1 General approach

Many countries have different approaches to their financing options for further education and lifelong learning. The following will be a brief description on the variety financing options available in different countries:

2.1.1 Mortgage-type loans (Philippines). This type of Loan is like traditional mortgage-type loans as it is the most popular instrument. It is usually to be offered only to those families who already have enough assets, but still need the financial aid. The state, private bank and universities will continue to collect the traditional student loans. This scheme would be deemed poorly operated if the state has not collected the loans properly.

Philippines. The financial scheme was established in the 1980s to provide financial aid to students who attend public schools. The system is operated with a government agency in charge of the programme and mortgage-type loans. Due to low repayments rates and high administration costs, the system only enrolls \$2,000 students every year. (The World Bank Report, p.68)

Advantages

This type of loan is easy to understand as the learners just need to know how much is borrowed, interest rate and repayment period. This financing option is also easy to implement.

Weakness

This scheme requires collection over a period of time, so as to be beneficial. It does not attract some students to go on to this financing scheme. A poor collection record has already been found.

Conclusion

Traditional Loan may be easy to implement and understand as it is a fixed payment under specific period of time. But some students do not like to use this financing

option, as poor collection records have shown that this financing option is not the most suitable financing policy.

2.1.2 Training Loans (Britain)

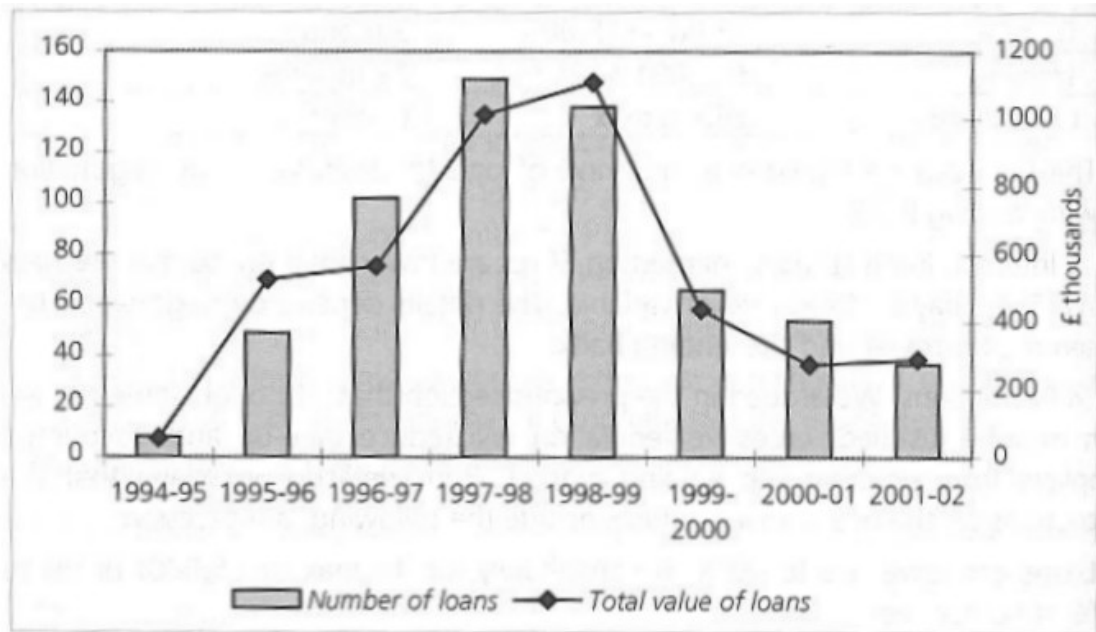
Training is one of the possible options that could be used to stimulate learning after the years of formal education. There are several benefits for additional training such as it benefits the individuals can bring themselves. More motivations, more productive at work and thus have better employment prospects and higher income. There may be benefits on the public finances e.g. retraining can reduce early retirements, reducing the pressure on government pension schemes and other forms of support for older people. (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.159)

Britain has two schemes of training loans. There are the Small Firms Training Loans (SFTLs) scheme and the Career Development Loans (CDLs). These are for firms that are restricted to enterprises with no more than 50 employees. Individual borrowers must be over the age of 18. However, some individuals under certain conditions can borrow the money for their living expenses, instead of for the purpose of learning.

2.1.2.1 Small Firms Training Loans (SFTLs) is a commercial bank loan offered in partnership between the Department for Education and Skills (DfES) and eight high street banks (Barclays, Bank of Scotland, Clydesdale, the Co-operative, HSBC, Lloyds TSB, Natwest, Royal Bank of Scotland). The government objective is to let small firms invest less in training than larger firms.

In the chart 2.1.2.1 below shows the annual numbers of SFTLs and annual value of lending since 1994. The take-up peak was in 1997-98 and it has declined steadily since then.

Chart 2.1.2.1: Annual numbers (left scale) and total value (right scale- £ per year in 2000-01 prices) of SFTLs since the start of scheme. (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.168)



Advantages:

SFTL can cover up to 90% of consultancy or up to 90% of the course fees. They are at a lower interest rate than a normal business loan, and it has a flexible repayment period. Firms have flexible access to funds to finance training when needed, it also allows them to borrow either for training itself, or to pay for a training consultant to conduct the appropriate selected training. Depending on the size of the loans no repayment of capital or interest is required for 6 to 12 months from the date the loan was received. During that period the government pays the interest on the loan.

Weakness

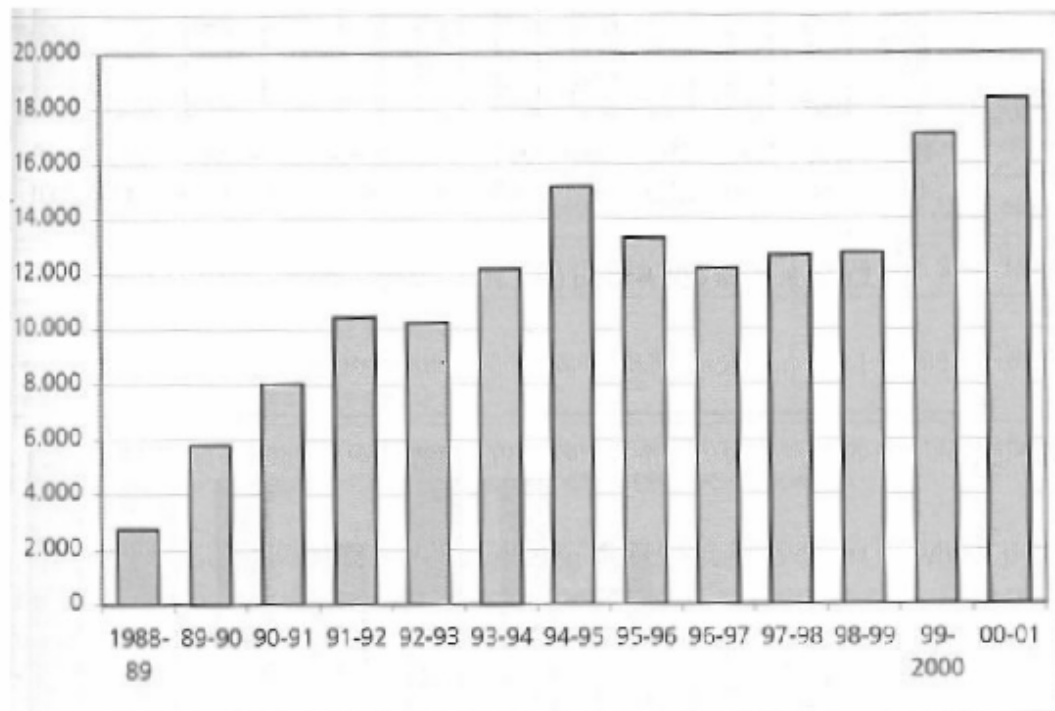
The take-up is low (as shown in Chart 2.1.2.1), but the reasons are unclear. Possibly, the element of subsidy could be insufficient to overcome the financial constraints that protect small firms. Other reasons in small firms include, lack of training opportunities, motivation to train and short of publicity and promotion of the loan scheme.

2.1.2.2 Career Development Loans:

The government’s point of view about the Career Development Loans (CDL) is that they contribute to target the goals of lifelong learning. They are deferred repayment bank loans to help finance vocational education or training. They are commercial

bank loans offered through a partnership arrangement between the Department for Education and Skills (DfES) and four high street banks (Barclays, the Co-operative, Clydeside, the Royal Bank of Scotland).

Chart 2.1.2.2: Number of Career Development Loans Approved, Britain, 1989-90 to 2000-01 (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.171)



Advantages:

CDLs can cover up to 80% of the course fees or 100%, if the applicant has been out of work for more than three months. The main benefit of the CDL programme is that the learner does not need to worry about repaying the loan while he/she is learning. These funded courses can be full-time or part-time as required by the learners. In certain circumstances and were the course in full-time, learners can borrow to cover living expenses. In addition, they have favourable terms for individuals who are unemployment pre or post education or training.

Weakness

CDLs are not appropriate for remedial training for those with low educational learners (poor literacy skills) or for long-term unemployment as those training will need more

costs. The outcome of this scheme has still not properly been evaluated for us to give a more in-depth analysis. (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.159-188)

Conclusion

CDLs are more important than SFTLs, because the information on SFTLs is limited. As the above statement, individuals can borrow the training loans, but it may not be used for the purpose of learning (CDLs). The schemes from the data (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.159-187) shows that these are not the major lifelong learning financing option. The take-up is too low, and the benefits are uncertain. These schemes do not attract individuals with lower marginal returns than existing users. Loans are viewed as a poor use of scarce public funds, when considering alternative investments in improving and extending early learning within the current minimum school leaving age.

2.1.3 Individual Learning Accounts (Netherlands, Spain, Sweden, United Kingdom, Canada)

Individual Learning Accounts (ILAs) have been proposed in other European countries, including Sweden and Netherlands. In USA, the scheme is called Individual Development Accounts (IDAs) that operate through private and community-supported programs. Canada uses the same approach, calling there's Education Savings Accounts (ESAs).

ILAs try to encourage people to save money for education. The System should be based on individuals themselves choosing to start a learning account on their own initiative, thus they should not be dependent on the employer's willingness to contribute to a learning account. The funds would belong to the individual who decides how they should be used. Employers and trade unions play an important role with ILAs as they also benefit from the contributions of ILAs with tax reductions and increased of employee motivation.

Dutch government and the Labour Foundation agreed to finalise decisions in 2002 on the introduction of ILAs from the start of 2003. The inspiration of Individual

Learning Account, ILAs was from different sides: UK, Sweden and a small experimental scheme with a number of sectors in the Netherlands, and personal budgets in special education for handicapped and in the care sector. The Dutch government then in early 2001 began to discuss if ILAS should be operated and how it could be introduced in the country.

Conditions for ILAS: (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.206)

- The employee will control themselves
- The ILA must follow the rules of the workforce
- It must be possible to maintain/retain the ILA if the employment contract ends
- In the case of job changes, ILAs can be used only for training with the aim to get income.

Every employee is free to create an ILA. It can be used as a personal saving account at a commercial bank or other financial institution. The employee will also decide which training courses will be paid for with the ILA funds. At the request of the employee, a certain amount will be deducted from his or her gross salary. The employer will transfer this amount to a financial institution (e.g. Bank). The saved amount will not be treated as a salary and can be credited to the ILA free of tax and social insurance contributions. A maximum limit will be set for the tax-free savings (€500 per year) (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.206), it will be unlocked if it is for the purpose of training. The employee may also state actual expenditure on training as a personal allowance for income tax purposes.

By creating incentives for employers to make deposits to an ILA, no maximum limit will be set for these deposits. 30% of the tax reduction will be provided for every €150 (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.206) that the employer contributes to the ILA. It will be also possible for the government to make the system better by making deposits to other special target groups (e.g. the unemployed, immigrants, and school dropouts).

Netherlands. They plan to launch personal development accounts (PDAs) in 2003. PDAs use tax incentives for contributions made to the accounts. After the introduction of PDAs, ILAs will expire. (The World Bank Report, p.76)

Canada. ESAs in Canada have the same purpose like ILAs. The individual and the state distributions are proportional to 3 to 1. The individual can save a maximum of \$3,760. The family member of the learner can use the funds for learning or to invest on a small business. (The World Bank Report, p.76)

Advantages:

ILAs increase the responsibility of the individual. The employees will be motivated as they take control and responsibilities of their own education and development. Secondly, ILAs reach specific target groups (part-time employees and relatively low-skilled). The participation of the specific target groups will be increased if they have access to their own budgets. Low-income groups could receive targeted state credits for learning into their accounts.

ILAs stimulate training. It will increase the possibilities for education and development by giving the employees control over their own training budgets. Supra-vocational and supra-sectoral training and attention to personal development will increase employability in the longer term. (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.205)

Weakness:

Unused amount of ILA funds will be released only after ten years in the ILA. Courses taken purely for “fun” will not qualify for ILA funds. During summer 2001, in Britain, following an increasing number of complaints from the general public, serious concerns were raised about the activities of a small number of private learning providers, some of which warranted police investigation. Thus, it led to the system being closed down in November 2001 (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.111-115). When the ILA system could run on the internet, there is likely to be further worries over the security and fraud of the system (Jim Smith, Andrea Spurling, p.173).

Conclusion

Britain is known to have bad experiences with ILA's. But after reconsideration, they have a new concept of ILA system as they have already announced to re-launch. Netherlands might need to consider how to overcome the problems of what they could have faced like Britain. Learning Accounts can lead to an increased demand on a new and expanded range of educational programmes for greater supply and availability of education and competence development.

2.1.4 Lifelong Learning Foundation (Japan)

The Kameoka Lifelong Learning Foundation is a local public corporation. It was established in 1990, in Kameoka City in the western part of Japan. The local public education corporation have the following characteristics: (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.106)

- managerial independence from local government
- fund provided partly or wholly by local government
- Its provision and equipment of service relating to education, sport and culture.

The main purposes of establishing this Foundation cooperation are to make education services more efficient, in a better and sufficient way to meet people's need and to make it possible to attract more private funds. The service is not free and it is provided by the local government which is viewed to be financially inflexible and restrictive. Local public corporations, in contrast, are free to collect money from private companies and to spend in order to meet the needs of citizens. The Kameoka Foundation is an incorporated foundation which is a corporation for managing funds and spending its funds.

The Foundation was established with a grant of 50 million yen from Kameoka City as basic assets. The Endowment for promotion of the lifelong learning and donation were collected from citizens, groups and corporations. The ratios of the source of income for the foundation have changed since 1996, where the most income was from the projects (tuition and fees paid by the participations). In 2000, most income was the entrustment funds from the local government.

Advantages

The foundation has the freedom to manage their funds, to recruit and to spend. They can choose support for various activities e.g. religious groups.

The voice of citizens and residents can have an effect on the projects of the foundation (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.), p.109). If people want to have more cultural courses, they will then offer more courses in this direction to meet the needs of the people.

Weakness

There were problems about the planning of how to collect private funds planned at the beginning, thus they have to rely on tuition fees from citizens and subsidies from Kameoka City. The Japanese have different views on lifelong learning as they have more interest in cultivation and hobbies projects, rather than that of occupational training.

Conclusion

The government organizations usually are not in a position of flexibility to decide which activities they want to support financially due to the restrictions while considering their allocated budget. Therefore private funds are important to the foundation. There are some solutions suggested in the country reports Japan (Dieter Dohmen, Birgitt A. Cleuvers (Hrsg.). p.110). They could make use of their assets by investing in stocks and to make efficient use of the regional resources e.g. school teachers or school sites. There is also a need for tax revenue transfer from the national government and join policy with the national administration to support lifelong learning.

2.1.5 Vouchers (Chile, Netherlands, Sweden, France)

The basic idea of vouchers is to give resources to learners so that they can go and enrol in the educational institution of their choice. This would imply a large degree of demand-side financing. Learners (or prospective students) were given some vouchers (or entitlements) to buy educational services from higher education institutions (HEL). The funds for vouchers would no longer be received directly from the government funding (subsidies) as the funding is supplied through students. A voucher scheme

contains incentives to give learners the possibilities to choose. The providers of higher education are forced to meet the needs and preferences of their customers (i.e. students, business). Vouchers therefore constitute a market-oriented form of lifelong learning. They may also be a promising system for the funding of post-secondary education.

Netherlands. During the period from 2000-2003, Netherlands introduce vouchers system in vocational higher education. Institutions are paid directly by the state under the current system. The students are directly responsible for their payment. The government hope that the institutions will be encouraged and provide better teaching conditions in the future. Therefore, the students are more responsive to the system. (Eurydice European Unit with the financial support of the European Commission, p.50)

France. They use vouchers which are known “*cheques formation*”. The regional council has a contract with training providers. Different training vouchers are available to different targeted groups like: job seekers, individuals and employees of small and medium enterprises. Applications are completed by the employer on behalf of the individual, were cheques are printed with social security contributions and the list of approved providers is sent to the trainee. IT and language vouchers are also available.

Advantages

Vouchers give their holders the freedom of choice of what they want to learn and what particular education providers they like. Learners can attend any educational institution as long as it is approved by the authorities. The education providers have to meet the needs by providing a variety of courses which give the incentive to offer individual courses to meet the demands. This increases the efficiency of the educational market. The government can also use the vouchers to target certain social groups (e.g. low-income group) (Miguel Palacios, p.25). Vouchers would encourage a higher quality of life and of opportunity while also providing greater racial integration. The schools would be more responsive to the educational needs of minority groups. A voucher system will allow more money to be spent on education, even in times of

financial hardship. If parents are allowed to supply from their own income, the value of vouchers provided from public funds would then increase the total amount.

Weakness

There is a need to control the administration of the voucher system. Otherwise it may increase the costs of the voucher programme and makes the system more complex for voucher holders. The Individual Learning Accounts in UK is an example showing a poorly controlled voucher system. In USA, the main obstacle to the introduction of the voucher-like system is the perception that public funds are being used to sponsor religious activities. (Miguel Palacios, p.25)

Conclusion

The design of a voucher system could be complex because there is a need to control. Vouchers can be used to promote equitable access to education, increase the efficiency of the education market and make them an alternative to the direct transfer of public funds to educational institutions.

2.1.6 Tax Credits (USA, UK)

The general subsidies proposed through the tax system and learning tax relief would need definitional boundaries, if only to prevent people drawing on subsidy to buy items which do not have a connection with real learning. The culture of lifelong learning extends beyond the traditional courses that include the purchase of books, equipment and other services, such as childcare. (Jim Smith, Andrea Spurling, p. 174)

Tax credits are designed to provide parents with tax relief related to expenses from selecting an alternative (government or private) school for their children. The tax credit is a direct deduction in taxes owed. For example, if a taxpayer has a pre-credit tax liability of 2,000 and a tuition tax credit of 1,500, the taxpayer would only pay the difference of 500. There are several ways of tax relief options in USA and UK for further education and lifelong learning. (NiStudents.Org) But only the tax credit system in the UK will be discussed in this section 2.1.6.

2.1.6.1 Child Tax Credit

Child Tax Credit supplies income-related support for families with children, it is paid directly into the bank account of the person (mainly responsible for looking after the children – usually their mother) in the family. The requirements for qualifying are:

Be aged 16 or over and be responsible for a child under 16 or for someone aged 16, 17 or 18 who is in full-time education or who is registered with the Careers Service or equivalent. People may qualify for Child Tax Credit at a higher rate if the child or one of the children is under one year old or is disabled. (NiStudents.Org)

2.1.6.2 Working Tax Credit

Working tax credit is paid for low-income working people with or without children. It provides extra support for disabled people in work. Working Tax Credit also offers help towards registered childcare costs, if they have children. The Requirements for working tax credit are:

Be aged 16 or over, responsible for at least one child and work 16 hours or more a week. Also when the age of 16 or over and disabled and work 16 hours or more a week. People may qualify for working tax credit at higher rate if they have disabled children.

Or be aged 25 or over and work 30 hours or more a week. Or be aged over 50 and have lately started work for 16 hours or more a week after having been in receipt of certain benefits for at least 6 months. (NiStudents.Org)

Weakness

It is difficult to prove if people are qualified to obtain tax credits. For example, if people really have children and to identify how much their income is. Tax Credit system does not involve a private initiative because it is not attractive enough to raise private funds for investment on education and training.

Many people still prefer other financing options, rather than tax credit systems. Because tax credits systems are involved with the government regulations and there is a risk of conflict between church and state because of their indirect nature (they transfer money from the state to a school or taxpayer).

Advantages

Tax credits allow families to keep enough of their personal income to choose safer and better schools for their children, without the interference from the government.

With the new tax credit system, parents can claim the credit against their own tax liability. All other taxpayers also, including corporations, can claim a credit for contributions to private companies. This differs from a traditional tax credit in which only parents may claim a credit for tuition paid for their children.

Conclusion

The best tax credit plan will provide for low-income families, allowing parents to take responsibility for the education of their children. This can be done by making tuition payments refundable for low-income families with a tax liability. For the families who can claim the credit, the size of the credit is too small a percentage of a family's total paid child care expenses to be helpful for the family education. For families whose incomes are too low to be taxed, no tax credit will be available.

2.1.7 Graduate Tax (no example)

Graduate Tax was proposed during 1960s and during the 1980s. A graduate would be taxed on future earnings when the student undertakes education. Each student would end up paying a percentage of their income throughout their productive life. Percentages of the income will be determined by the government. (Miguel Palacios, p.17) Graduate tax is collected throughout their productive life. The operation is simple, the student just need the code to show to tax authorities.

Weakness

There could be an adverse effect that emerges with individuals with different levels of ability. This can result in concerns about the fairness, as high-earning graduates would end up paying more than they borrowed.

Without the state-collection agency, a national insurance system, or a social security system would not be able to determine the graduates' income and collect the tax from the graduates.

When the graduate leaves the country (e.g. emigration), the tax would not be able to be collected. The graduates tax can only be collected when they resident in the country. (Miguel Palacios, p.19)

There is so called Mick Jagger effect (Barr, 2001) (The World Bank Report, p.69). He attended the London School of Economics and Political Science for 2 Terms before he dropped out of the school. He has then become a famous rock musician. Barr (2001) had questions about if it would be fair to tax Jagger even though his education in school has nothing to do with his successful career.

Advantages

The students might have lower risks for their lifelong earnings by using this financing scheme. It has reduced the risk of defaulting on payment due to financial distress.

The operation of this scheme is simple; the graduate tax is always collected. Unlike other financing schemes need to determine if a student has paid back the loan entirely.

Conclusion

Graduate tax does not involve any of the private initiatives and is unable to create immediate resource for supporting education. One possible alternative for receiving private funds are for the state to sell parts of its future tax proceeds. However, the private investor might demand for a legal change on the operation of the graduate tax. The other alternative is to change the measurements and rules on the graduates, for those who have attended school and this may lead to political opposition.

Graduate tax has to discriminate some factors e.g. career, the attended school and ability. If the tax is the same for all, regardless of the factors as stated as above, it would lose its characteristics. As the repayments periods are very long as it last the whole productive life. Most of developing countries do not prefer this form of financing because of the long-term obligation.

2.1.8 Human Capital Contracts (MyRichUncle, Bowie Bonds, USA)

Human Capital Contracts (HCC) was originally proposed as a financing option by Milton Friedman (1945 and 1955), and in recent years they have been applied as alternative for financing education. The idea of HCC is provided the basis for the graduate tax and for income-contingent loans. HCC were reconsidered the early 1990s as a viable option. There has been a development in the financing markets and it has created favorable conditions for private sectors/initiative to invest in HCC. A company known as MyRichUncle was established in 1999 and started financing students through HCC. The world's sole provider of HCC represents what Davis and Mayer (2000) describe as the securitization of human capital. The company offers people who want to study in exchange for a fixed rate (1-5 % per \$ 10,000) of their income over a certain period of time (10 years for graduate students, 15 years for undergraduate students) (The World Bank Report, p. 69). The borrower pays for the exact percentages of income depends on the amount provided, the courses of study and the school attended and some other factors.

The student signs the contract (HCC) which he agrees part of his future earnings for a fixed period of time in exchange for funds to support education. Percentages of income and the repayment period will be stated in the contract.

Bowie Bonds was issued in 1997 by the Pullman Group. It allowed the singer David Bowie to receive funds in exchange for a percentage of his income from royalties and concerts. (The World Bank Report, p.69)

Weakness

High-income earners may see MyRichUncle's offer too expensive, they may not be willing to go on this financing scheme. But the low-income learners are more likely to join the scheme, reducing the average payments that MyRichUncle can expect to receive.

There are some problems with the HCC. There are some relevant issues for the success of HCC in a country, which are the capacity of the investors to determine a student's income and the ability to collect payments from the students. If there is a good tax-collection agency, then a student's income can be easily estimated. However,

there could be possibilities to hide the actual information of their income from the student.

The next problem is related to the students who leave the country as there will be no repayments. Adverse selection would be the next issue; it occurs when investors is unable to discriminate between high and low earners. The future high earners will find it expensive to join the HCC, but the low-earners will find it cheap. To compensate for the low payments that the low-income group would make to investors of HCC, the percentage of income will have to increase. The market would eventually break down for HCC, unless this increase in implemented.

Advantages

HCC decreases the risk of learners for the repayments. The system set freely the percentages of income of the learners in the markets. The factors as the percentages of income, the individual school attended and the particular field of study are all determined by the investors. So the learner might go to the school where the investor has deemed as the lowest-income perspectives, but not the cheapest school. This can result in improving the school quality and the value of the cost relation offered to learners. HCC is equitable from a lifelong point of view. The different amount of financing aid is given to different students according to their capacity to pay back in a fixed period of time.

Conclusion:

MyRichUncle is able to discriminate between potential high-and low earners which solve the problem of adverse selection. MyRichUncle has attracted a lot of attention from the public, but the success of this financing scheme is still unknown. It has created a new financing alternative for further education and lifelong learning. This new transformation may provide opportunities for private institutions and the government to think about future financing alternatives.

2.1.9 Income-contingent repayment schemes (Australia, Namibia)

This scheme satisfies fairness concerns, the learners end up paying less than the value of the loan if they have low incomes during the repayment period. Some countries have implemented this scheme as a new instrument for financing education.

This financing scheme collects a percentage of income from a graduate until the value of the loan has been repaid or until the max repayment period has been reached.

(Miguel Palacios, p. 20)

Australia implements the scheme which is called Higher Education Contribution Scheme (HECS). This scheme aims to increase the resources available in order to expand the supply of higher education, to improve access for low-income learners and to provide the equity of higher education. Every learner has to pay for tuition fee for attending courses in an education institution. The learner can pay either immediately with a 25% discount or pay the entire fee through the income-contingent loan. The Repayment of the loan will be made through a tax collection agency and depends on income; 3%-6% are to be paid. (The World Bank Report, p.70)

Namibia. Income-Contingent Loan Scheme in Namibia has used a new social system to collect payments from learners. There are 2 types of loans in the system: one loan is to cover tuition fees, which provides \$700. The other is to cover living and other expenses were \$1000 is supplied; this is only available to some borrowers. The loan can also be included a grant, but it depends on the governments' budget. (The World Bank Report, p.71)

Weakness

The Australia government has not been able to sell \$6 billion debt to the private sector that the learners have borrowed. They fear if a political change may erase the obligation of learners for repayment.

There is a fairness concern in this scheme, but it may still lead to adverse effects. The good measurement of learner's income is still required. If there is lack of an efficient tax-collection agency or an equivalent institution, the payments would be difficult to collect and insufficient information of the learners might be given.

Advantages

Income-Contingent Loan Scheme decreases the risk of the learners. It satisfies a concept of fairness based on equity. If the learners have low-income during the repayment period, then they would pay less than the value of the loan. Whereas the high-income learners can pay this off easily after.

Income-Contingent Loan Scheme is not incentive for the learners to hide the actual information of their income. This scheme is with fixed payments, so may not attract the low-income learners, because they cannot pay it off easily.

Conclusion

Namibia's scheme has established shortly after its introduction in 1996. The outcome of the scheme is still unknown. HECS has used tax-collection agency, but the countries with less efficient tax-collection agency would use other institution like social security system. Income-Contingent Loan Scheme is generally well accepted by the learners, but it is still a question of if a social security system is a better collector and more cost efficient than a tax-collection agency.

2.1.10 Payroll levies (Brazil, France, and Malaysia)

Some countries like Brazil, France and Malaysia, have used Payroll levies to finance occupational training. The government levies a payroll tax on employers, and the government or state-agency conducts training by using the funds from the levy.

Brazil, as in many Latin America countries, payroll tax funds is collected by the national training organizations. They provide training for workers in enterprises. The level of financing is now about 2, 9% of wages. (The World Bank Report, p.74)

France. The enterprises in France must give 1.5% of gross payroll for training, when they have more than 10 employers (According to the education law, 1971). The company can choose to train their employees themselves and determine the type of training given. (The World Bank Report, p.74)

Malaysia. Payroll levy is the main option for financing training in Malaysia. With 1% of the total monthly basic wages or a fixed allowance of the employees are levied by the Human Resource Development Institute. (The World Bank Report, p.74)

Weakness

Some countries like Nigeria have thus some problems, because Payroll levy has created bureaucracies.

Some companies may use the funds for other purposes or activities and charge their employees for training. Training taxes may not lead to optimal training or expenditure. If the training is overprovided than actual need, it might increase the cost of labour to companies.

Advantages

Payroll levy can result in the expansion of training demands and in the development of national training markets. The employers are free to choose, plan and manage the training as it is a reliable source of funding

Conclusion

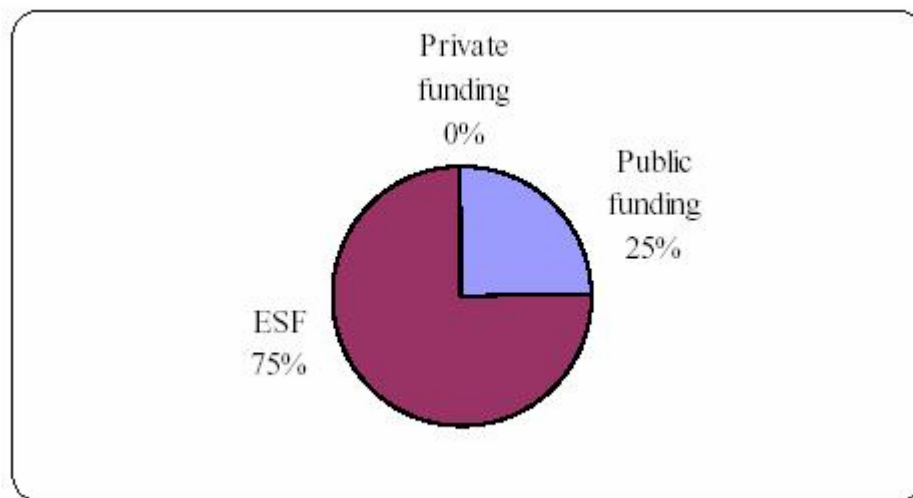
Some countries like Australia, UK, have compulsory training obligations imposed on firms failed, because the most of the employers were unwilling to pay contributions/levies to the government. There are still questions about payroll levies, if this scheme is really encouraging the employers to provide their employees occupational training.

2.1.11 Vocational Training (Portugal)

Vocational Education and Training (VET) in Portugal has been separated into Initial Vocational Training (IVT), Continuing Vocational Training (CVT) and training for Unemployment Vocational People (UVT). European Social Funds (ESF) represents the major part of VET.

IVT is viewed as a training target for people completing compulsory education, who are above 16. The first- time jobseeker can be considered as IVT as it can be provided in recognised training institutions, private and public schools. CVT targeted at those people within the labour market, which includes unemployed people or first-time jobseekers. UVT programme is designed for those who are long-term unemployed and disadvantages in a labour market. (Luis Gomes Centeno, Ana Leonor, p.9)

Figure 2.1.11.: IVT sources of funding in ESF co-financed programme in 1998 (Luis Gomes Centeno, Ana Leonor, p.30)



As Portugal is a less developed country, the major funding is from ESF, which is 75%. The rate of co financing for ICT from public funding is 25%. The public funding are central government funding, regional and local government and private funding. (CVT has 4% of private funding (Luis Gomes Centeno, Ana Leonor, p.59))

Central government funding has received its budget from the institute of financial management for social security, which it has received funds from the Single Social Tax (SST) paid by employees and firms. 4.7% is distributed to finance VET. However, the local government has an important role for providing IVT, especially in rural areas.

Weakness

The increasing range of VET opportunities may have negative impact on the coherence and effectiveness of the structure. By increasing the efficiency of the programme it may also increase the costs.

The rate of demographic renewal in Portugal is too low to ignore the low general qualification rates of the adult population. Some managers are too-low qualified, thus not to realize the importance of the training like VET. However, there could be problems by recognizing and certification of the training when it gets to a point of upgrading labour market standards.

Advantages

IVT is divided between the education system and the labour training structure. People can participate in training and/or education. Some programmes like UVT aims to improve their career possibilities for those unemployed people, older and lower-qualified workers and first-time jobseekers. The quality of labour market in Portugal could become better.

Conclusion

Since the early 1980s EU funds have been supporting VET activities in Portugal. ESF has been used for education purposes due to low qualification level of the population; even though EU funds do not cover the costs of education. (Luis Gomes Centeno, Ana Leonor, p.75)

There is a need to have more financing support from private contribution to VET as the private sector is a very low rate. (There was non contribution from private sector for IVT. (For CVT, there was 4 % contribution from private sector (Luis Gomes Centeno, Ana Leonor, p.59)). Some action plans have been taken to increase the need for more coherence between the training structure within education system, labour market programmes, such as creation of an agency for lifelong training and education.

2.2 The latest global initiatives (Austria, Portugal, United Kingdom, Denmark, Germany, Lithuania, Slovenia, Italy, Brazil)

According to the Lisbon European Council, the e-learning initiative (COM 2000318) was launched to create educational infrastructures and systems (Eurydice European Unit with the financial support of the European Commission, p.51). Citizens can thus obtain ICT Internet Skills to live in the new information and communication technology society. The following schemes support e-learning or ICT skills in different countries.

Italy. The *Piano nazionale per le tecnologie didattiche* aims to promote ICT to students, improve the effectiveness of learning and the teaching processes. It also promotes the professional skills of teachers. A special investment has been made to equip ICT facilities in educational institutions. (Eurydice European Unit with the financial support of the European Commission, p.52)

Austria. Austria aims to provide all schools and educational institutions with fast internet access, with top quality ICT equipment. It is available to post-secondary and higher education institutions and the universities. The Austrian educational computer network (ACO net and ASN) has been extended and linked to international training and research networks. (Eurydice European Unit with the financial support of the European Commission, p.52)

Portugal. ‘The Council of Minister Resolution’ in August 2000 has looked for the possibilities to speed up the internet use for its citizens, students and teachers. It has planned to expand ICT facilities and provide training. In 2001, all Schools and other institutions from the level of pre-primary to higher education are planning to have internet access. The teachers are to have their own home computer by 2004 and all the students in secondary and higher education will have their personal computers by 2003. It is also planned to increase more contents in Portuguese language on the internet. The ALFA programme supports (from 2000-06) basic education which improves the educational provision to the most disadvantaged. (Eurydice European Unit with the financial support of the European Commission, p.52)

United Kingdom. UK government has invested a lot in ICT initiatives. The National Grid for Learning (NGfL) was extended to 2004 with additional funding of EUR 1362 billion. In Wales, Further Education Net and Further Education Net in Action (FE Net in Action) determine to upgrade internet connection. FE Net in Action was funded until 2001. The e-university provides high quality higher education, which students learn over the internet. The government has provided EUR 100.85 million over 3 years period (2002-2004) for the project (Eurydice European Unit with the financial support of the European Commission, p.52). UK has also created ICT learning centres for people who cannot afford to use a computer or the internet.

Some EU countries have promoted lifelong learning to meet the needs for the future job market. There are some innovative approaches from various EU countries into the lifelong learning schemes.

Demark. They aim for more opportunities for on-the job training. The public authorities have encouraged schools to provide more training in companies for their

students. Additional training is being provided to encourage businesses to offer more training opportunities. As in result, the number of training positions in companies was 30980 in 1999 and rose to 31700 in 2000. They hope to reach 34000 opportunities in 2004. (Office for official Publication of the European Communities, p.36)

Germany. “Lifelong learning for all” as an action plan, it was launched by the Federal Ministry of Education and Training. The funding is from the German government (which is committed EUR 76,7 million) and the EU (25,6 million). This scheme aims to provide more learning opportunities to as many people as possible. The Federal Ministry can encourage people but they cannot force them into this action plan. Encouragement is conducted in the form of targeting children, eliminating discrimination and by ensuring transparency, recognition and better promotion of training programmes. (Office for official Publication of the European Communities, p.36)

Lithuania. The Ministry of National Education and Science in 2001 launched a programme for the “Development of modern distance learning and non-official adult education”. Two new major initiatives to be considered:

- The development of online courses, which need the adaptation of schools and teachers.
- To train specialists for distance online learning.

“Information Technology for Science and Studies “has been also approved, which was expected to be continuing funding in 2002. This programme includes three parts:

- A distance online learning system (e.g. with video conference)
- An academic libraries network
- An information system for scientific studies

(Office for official Publication of the European Communities, p.37)

Slovenia. In general, the labour market is a problem for the employer to find the employees with right skills and abilities. Distance learning is an important instrument to improve people’s skills. The EUs Phare programme plays an important role here:

- The development of a certificated distance learning programme by the faculty of economics of university of Ljubljana.
- Two Phare study centres have created for distance learning for the development and distribution of distance learning problems
- 200 people are in the field of distance learning

(Office for official Publication of the European Communities, p.37)

Italy. The Italy government has created a special credit card for the purchase of computer and telecommunication goods and services. Anybody who is over 18 can apply for this card and use it for IT purchasing such as computer hardware, services and courses which worth up to EUR 5,164. This amount has to be paid-back with free rate of interest and the State covers cases of insolvency. The introduction of the card will cost EUR 25.7 million and be financed from a 10% levy on the revenue generated from the auctioning-off of UMTS licences for the most recent generation of cell-phones. (Office for official Publication of the European Communities, p.36)

Brazil. Asset-building schemes- this kind of schemes could be very important to developing countries like Brazil (The World Bank Report, p.75). It makes learners able to build assets, to increase primary school enrolment and completion.

In 1995, Brasilia launched a programme called Bolsa Escola. The purpose of this programme was to increase education attainment and to reduce the incidence of child labour. A savings programme is also included to this scheme, which would encourage children to go to school. This programme is based on voucher-like instruments, which includes grants to cover the costs of school fees.

3. Conclusions

In this section there will be a brief conclusion about the preferred financing options/policies and the important role of the government. The future perspectives of the lifelong learning and further education will also be shortly discussed.

3.1 The preferred options

In developing countries, loan/subsidy packages to save and invest in their human capital can be used. This kind of package could meet the need of people in different stages of the learning processes. Subsidies would play an important role of low-income groups and loans that are more likely to be an appropriate option for high-income groups.

Government funds and donations are for financial grants and vouchers, which must be used efficiently. Those financial options can reach a large number of learners, but somehow there are still quite a lot of people who drop out of the school, thus the size of the grants should be reconsidered. In this case, some testes can be carried out to find out the learners motivation and determination and also prevent the wastage of public funds.

By providing more and better education and training opportunities over a life-time support is required from the public and private sectors. There is still difficulty in attracting private funds in any of these financial options/policies, except for the concept of used by MyRichUncle (2.1.8).

A requirement for lifelong learning is to continue public spending on education for achieving greater social returns (improving society) than private returns (primary, secondary, tertiary education). The government has targeted low-income groups which try to achieve greater equity.

Some countries use wide different mechanisms to finance both learners and institutions. Many use the tax system to support lifelong learning and further

education. This tax system may attract a different group of learners that can also be very complex.

The best financial option would be the combination of the “cost recovery scheme” (Miguel Palacios, p.12, 26) and “subsidization scheme” (Miguel Palacios, p.22). “Cost recovery scheme” would be like e.g. traditional loans, HCC etc, which expect learners to pay at least part of the costs for their additional education or training. “Subsidization scheme” would be like vouchers, tax credits etc. which the government use subsidies to support learning. Subsidies can be used for low-income groups and for higher-income groups that can use a cost recovery scheme like income-contingent system at market interest rate. Therefore one of the most suitable financing options for lifelong learning could be voucher/loan packages to learners (The World Bank Report, p.78). The learners can be responsible for learning or trainings themselves but do not need to pay all of the costs.

The role of the government is also very important, as they need to provide sufficient information and resources and create the motivation of the learners and employers in order to improve the education and labour market. The government should also target on low-income groups or socially excluded groups or others facing high barriers to learning.

3.2 The future perspectives of lifelong learning

Table 3.2 Chart of benefits and costs (Jim Smith, Andrea Spurling, p.223)

	Benefits	Costs
Individual	<ul style="list-style-type: none"> More secure More prosperous Higher self-esteem Less alienated Better quality of life Less cultural invasion 	<ul style="list-style-type: none"> More time needed More expenditure More effort More career planning
Employer	<ul style="list-style-type: none"> More connected 	<ul style="list-style-type: none"> More expenditure on learning

	More competitive More loyalty More secure More innovative	for all staff More system approach to human resource development Longer-term view of human capital
Government	More strategic role More decentralization More social cohesion Less social exclusion Stronger democracy More prosperity	More long-term commitment More resources to lead change More power sharing Less compliance More diverse policies

From Table 3.2 we can see that there are many advantages to investing in lifelong learning and further education.

Our world has changed dynamically and rapidly, which alters in the area of everyday living and working. Lifelong learning is thus very important to keep up with today and tomorrows needs, and also to our society, including culture, economy.

In general, lifelong learning culture is needed. Many people would feel that it takes rather long to have a new learning culture as it would not be achieved overnight. Therefore it is necessary to encourage different lifelong learning concepts to different groups. To its success, long-term policies, trust and real commitments are a “must” between the individuals, employers and governments.

As human resources are an important issue for a company’s success, the Human Resources Department would need to identify and develop every single employee all over the world. Thus they would have the right person at the right place for the right job. By promoting their employees and having a company culture, they could use the possible lifelong learning schemes. Apart from that, they could also commit themselves to other initiatives, such as Donations, Charity and Sponsoring.

However, there is still lack of knowledge about lifelong learning in our society. People are still not aware of the importance and the need of lifelong learning. Countries would have to encourage their people by promoting lifelong learning and concrete vision, action plans and financing options in order to meet the future demand on lifelong learning as it cannot be implement immediately.

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