



**PACT FOR  
SKILLS**

# INVESTING IN UPSKILLING AND RESKILLING

Thematic Seminar | 20 April 2023

The European Commission organised its first thematic seminar as part of a series of events to provide Pact for Skills members with the opportunity to engage in a broader discussion on a topics of high relevance for them. This thematic seminar focused on the challenges and opportunities of investing in upskilling and reskilling, and included presentations from several Pact members as well as representatives from the European Investment Bank. A panel discussion was also held to discuss the costs and benefits of investing in upskilling and reskilling.

## Key messages

Providing adequate training opportunities for upskilling and reskilling is essential for individual and societal prosperity and can serve both as an indicator and a facilitator of economic growth. The European workforce will need to develop a suitable set of skills to successfully navigate the green and digital transitions and fill current skills gaps in the market. Several policy initiatives have been implemented at EU and national level to increase the promote skills development. However, policy priorities need to go hand in hand with investment, to ensure that upskilling and reskilling measures are implemented and results are achieved.

While the relationship between investment in skills and outcomes is complex and different stakeholder groups may have differing perspectives on the costs and benefits of investing in upskilling and reskilling, testimonies from Pact members showed that training is becoming part of the working culture of private companies, that public authorities are making efforts to provide financial support to individuals and businesses to increase investment in skills and labour market policies are increasingly tackling skills mismatches as a key area of action; and that social enterprises and grassroots organisations are implementing an increased number of activities focused on skills as a key avenue to promote social cohesion.

To further encourage investments in upskilling and reskilling, financial support is made available through a wide range of EU funding programmes as well as a number of key initiatives managed by the European Investment Bank.

**Are you looking for funding for your work on up- and reskilling? Check out the Pact for Skills database and search tool for funding opportunities!**

The [Pact for Skills database and search tool for funding opportunities](#) includes useful information on funding for upskilling and reskilling available under key EU funding programmes managed at EU, national and regional level. Through the tool, you will be able to access information on funding priorities and procedures, as well as relevant links to find out more.

Should you have any questions, please reach out to [PactforSkillsEnquiries@ecorys.com](mailto:PactforSkillsEnquiries@ecorys.com)

# Unlocking the Potential of Upskilling and Reskilling Investments

Education and training are crucial for individual and societal prosperity and can be both indicators and enablers of economic growth. Supporting upskilling and reskilling have been long-standing priorities at the EU level, and play a central role in several flagship EU policy initiatives supporting both industry actors to access existing and/or acquire new talent, and individuals to achieve their aspirations and fulfil their potential through skills development. These initiatives include the [European Green Deal](#), the [Green Deal Industrial Plan](#), the [European Skills Agenda](#), the [Council Recommendation on ensuring a fair transition](#), [REPowerEU](#) and the 2023 [European Year of Skills](#). In this context, the [Pact for Skills](#) represents an example of an EU initiative bridging the needs of a wide range of stakeholders – from private companies to public authorities and individual learners - by providing a supportive environment enabling all relevant actors to work together to define and implement concrete commitments to enhance upskilling and reskilling, including through investment.

[Cisco System GmbH](#), a large multinational company and worldwide leader in internet networking, represents an example of a Pact members who recently pledged to train 250.000 people in cybersecurity skills in Europe over the next three years – one more step in the company’s long history of investing in up- and reskilling. Cisco’s leadership on skills development started in the 90s, through the development of learning material on the function of the internet and the establishment of a learning platform, the [Networking Academy](#). Since 1997, the Networking Academy has trained over 17 million students; broadened its target group by offering training opportunities to anyone interested in digital skills rather than focusing exclusively on IT professionals; and expanded its rich portfolio of training courses to respond to the evolving skills landscape and increasing skills demand in Europe, with training opportunities ranging from networking to cybersecurity, programming, data analytics and AI. Moreover, Cisco makes conscious efforts to routinely monitor the career outcomes of Academy students through surveys, showing high success rates, with 93% of learners who completed a Cisco certification course obtaining a job and/or accessing a new education opportunity. According to Cisco’s experience, investing in up- and reskilling as proven to be beneficial for society and individuals, as much as for the company, as it not only supports learners to achieve their potential and access new and better career opportunities, indirectly fostering social cohesion and economic growth, but it is also crucial for Cisco to access new/promote existing talent, and stand out as a quality employer investing in its own employees.

*“Providing learning content for free is good for society, it is good for the individual and good for business. If there are enough qualified people in the market, we see opportunities to grow the business and support the use of the opportunities of digitalisation.”*

Carsten Johnson, Cisco

## Are you interested in finding out more about Cisco’s Networking Academy?

Please check out the website of the [Networking Academy](#), as well as the [new entry-level Cisco certifications](#) to help you kick start a career in IT.

## Perspectives on the costs and benefits of investing in upskilling and reskilling

Perspectives on the costs and benefits of investing in upskilling and reskilling can vary across stakeholder groups, due to a number of factors, including organisational priorities and scope of action; social, economic; and geographical contexts, availability of financial resources; sector-specific skills needs to be addressed. At the Thematic Seminar, representatives from different stakeholder groups shared their views and experiences on the importance of investing in upskilling and reskilling.

### *The perspective of social enterprises – the EUCLID Network*

First, the [EUCLID Network](#) - a membership-based organisation comprised of national alliances and associations for social enterprise and entrepreneurship - shared the perspective of social enterprises and entrepreneurs. As the social economy plays a crucial role in promoting social cohesion and equitable economic growth, ensuring that social enterprises and entrepreneurs have access to the necessary skills set is essential. According to research carried out by the EUCLID Network, social enterprises face a number of interconnected challenges: on the one hand, skills shortages in key areas (e.g. green initiatives, digital technology, internationalisation, youth development, and social impact understanding) limit the impact of their work; on the other hand, the social enterprise sector faces structural obstacles related to accessing financial support. The EUCLID Network took action to address both challenges through upskilling and reskilling. For example, in order to address the identified skills gaps in digital technology, the EUCLID Network implemented an Erasmus+ funded project, [EU3Digital](#), to develop a training and competence framework for social enterprise leaders to increase individuals' and organisations' digital competences. For what concerns existing barriers to accessing financial resources, through the [Enabling Social Entrepreneurs to Scale their Impact Internationally](#) project, the EUCLID Network made use of the potential of upskilling and reskilling as a tool to support social entrepreneurs to develop soft skills and specialised know-how, to learn about sustainable funding models to successfully introduce their business in a different country.

### *The perspective of regional authorities – the Vastra Götaland Region (Sweden)*

In the Swedish region of [Vastra Götaland](#), the need to invest in lifelong learning and skills development stems from labour market challenges derived from the shift to electrification and greening of industries and a general lack of qualified professionals, which have led to an increasingly strong commitment to investing in upskilling and reskilling through public budgeting and local tax contributions, as a way for the region to develop its own workforce and attract new businesses. Investments in skills are being made both through a range of instruments, including both financial aid and policy instruments. At policy and governance level, the region has recently been taken a more active role in fostering cooperation and dialogue with relevant stakeholders across the demand and supply side, to find joint solutions for combating skills mismatches in the regional labour market. In terms of specific economic support, the region provides financial aid primarily to education and training institutions, alongside support made available for private companies implementing training opportunities targeting their own employees. The support made available at regional level is then further strengthened by initiatives at the national level. For example, in 2023, Sweden introduced a new financial instrument targeting individuals, and with the aim to support lifelong learning and address skills mismatches in the labour market.

### *The perspective of social cooperatives - Didaxé*

**Didaxé** is a social cooperative based in Italy that provides training courses to disadvantaged categories at risk of marginalisation. To carry out its work, Didaxé receives financial support from local municipalities as well as through EU funding programmes such as Erasmus+, which prioritise investing in upskilling and reskilling to support the vulnerable groups that might be further away from the labour market. As the organisation operates in three different locations across the country, its offer of courses and training opportunities is tailored to meet the specific needs each geographical area. For example, the training offer for the city of Turin focuses on supporting refugees and migrants, while training opportunities made available in the Campania region, where the youth unemployment rate remains particularly high (40%), primarily target young people (including NEETs). Furthermore, as Didaxé is an Erasmus accredited organisation, all courses provide learners with the opportunity to participate in an experience abroad, which allow them to develop soft skills. Examples of Didaxé's work include the [Social Entrepreneur Academy](#), which aims to provide learners with the tools to re-join the labour market and become active in society as well as the 'Digital Skills for Work' course, which aims to fill the gap between the digital skills young adults already possess and the skills needed at the workplace.

*"There is a lot that I would like to learn still, and I'm eager to continue my journey."*

Simona Barrese, Didaxé

### **The importance of investing in skills: testimony from a learner**

Simona Barrese is one of the many learners that benefitted from Didaxé's support. She studied as a hotel manager and worked in child care, however she is now unemployed. She took part in the Social Entrepreneur Academy to learn more about entrepreneurship and start ups which was a stepping stone for her. After the course she went to Malta for an Erasmus experience, where she had the opportunity to develop her communication skills and practice her English. Simona now cooperates with Didaxé on several projects using her newly developed skills and competencies. She will be soon start her civil service, which will provide her with a stable income for the next 12 months.

### *The perspective of private companies - SAP*

**SAP** is a software provider with more than 110.000 employees, operating in a sector where not only skills are rapidly changing on a global scale, but also the average required skillset for specific career paths are becoming increasingly complex, resulting in what can be defined as a "war for talent". This challenging context has resulted in the company radically changing its approach to training: while only a few years ago the objective was delivering training externally as a source of revenue, as part of SAP's wider financial strategy; nowadays the company's focus has completely shifted to prioritise investing its own resources in upskilling and reskilling of its staff. Furthermore, SAP offers free training opportunities via its [learning website](#) to partners and customers. SAP's experience has shown that ensuring the provision of accessible and engaging training opportunities is equally beneficial for employees and employers, and that investing in upskilling and reskilling means recognising that the human capital represents a company's greatest asset.

# Financing skills investment: the experience of the European Investment Bank

At EU level, several funding programmes<sup>1</sup> can support the implementation of upskilling and reskilling measures at the national and regional level (e.g. the [European Social Fund Plus \(ESF+\)](#), the [Recovery and Resilience Facility \(RRF\)](#), the [Technical Support Instrument \(TSI\)](#), [Erasmus+ 2021-2027](#), and the [Digital Europe Programme](#)). In addition to these funding opportunities, other EU level institutions, such as the [European Investment Bank \(EIB\)](#), can offer different forms of financial support to promote investment in skills.

The European Investment Bank (EIB) is responsible to support access to finance for small businesses and other stakeholders across the EU, with a view to contribute to the achievement of overarching policy objectives, including promoting upskilling and reskilling. The EIB follows an intermediary model when supporting final recipients, meaning that the support is always provided through intermediaries: by sharing risks with partners (e.g. banks, investment funds), the EIB multiplies public resources and increases the supply of finance.

The European Investment Fund (EIF) is part of the EIB and supports European projects promoting entrepreneurship, innovation, research and development, the green and digital transitions, and employment. More specifically, the EIF plays a key role under the InvestEU programme, which includes two key interventions using EU resources to support the skills and education sector and mitigate some of the risks the other financing providers face when investing: the [InvestEU Education Guarantee](#) and the [InvestEU Equity Product](#).

The [InvestEU and the Skills and Education Guarantee](#) is a financial product aiming to incentivise debt financing for individuals, smaller companies, education providers and service providers. Under this initiative, the EIF acts as guarantor or counter-guarantor, providing a guarantee to financial intermediaries (banks or other financial institutions) that, in turn, are able to give out loans to final recipients<sup>2</sup>. In practice, an education and training provider may approach a bank or financial institution that has been supported by the EIF through the Skills and Education Guarantee to obtain resources to finance their upskilling and reskilling activities. Should the final recipient not repay the loan, the financial intermediary can call upon the EIF to cover up to 70-80% of the whole amount, capped at 25 % of the whole portfolio, as the guarantor under the initiative. Non-financial institutions or niche originations<sup>3</sup>, such as NGO's and education and training providers may also apply for a guarantee by the EIF. Although they cannot provide loans to their clients, they can use the support for other types of initiatives, including deferred payment schemes, income share agreements or other debt financing solutions to their clients<sup>4</sup>.

Under the [InvestEU Equity product](#), the EIF acts as an investor in impact or venture capital funds, which provide investments aiming to support social enterprises, impact-driven enterprises, social sector

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<sup>1</sup> Please see the Pact for Skills report on [Key funding opportunities for upskilling and reskilling at EU level](#).

<sup>2</sup> Eligible beneficiaries: Category A: Students and learners; Category B: Entities investing in skilling their workforce; Category C: Entities supplying education and training and Category D: Entities supplying services ancillary to education.

<sup>3</sup> Foundations, Business schools, Universities, Public agencies, Online training providers or VET providers

<sup>4</sup> Category A: Students and learners; Category B: Entities investing in skilling their workforce

organisations or companies that are pursuing activities related to education and training.<sup>5</sup> The EIF also acts as cornerstone investor, supporting the first closing of the fund and providing a seal of approval after a thorough due diligence process. In doing so, the EIF signals other investors to join these funds, ultimately leading to multiplying public resources in the real economy.

Alongside the equity interventions and guarantees, the EIF is starting to provide advisory support and capacity building for financial or non-financial institutions that want to utilise EU financial instruments to develop schemes to offer to students or learners.

Lastly, the EIB provides funding opportunities for [education and training](#) through [loans](#) to public and private promoters of education and skills. The investment is centred around the following three pillars:

- Infrastructure: This includes VET facilities, including teachers training and curricula revision, upper secondary education schools, universities and research facilities and student housing.
- Vocational and training programmes: This includes covering training and apprenticeship costs, as well as training and vocational programmes of public sector entities and private providers of training.
- Intermediated finance for students and youth: This includes supporting student loans and loans to SMEs and Mid Caps, which either engage in reskilling of employees or that demonstrate hiring young people.

The EIB has identified a number of requirements to be able to provide financial support for education and training, including ensuring that the activities for which funding is requested are aligned with EU, national, and regional policies on education and lifelong learning. Furthermore, the EIB can usually finance up to 50% of the project costs, and the loans can be blended with other EU funds or with advisory support.

### Snapshot of financing and funding opportunities for skills investments under the European Investment Bank

#### InvestEU:

- [InvestEU Skills and Education Guarantee](#) for individuals, smaller companies, education providers and service providers
- [InvestEU Equity Product targeting skills and education](#) to support social enterprises, impact-driven enterprises, social sector organisations or companies that are pursuing activities related to education and training

#### EIB's long-term financing of education:

- [EIB loans](#) to public and private promoters of education and training

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<sup>5</sup> The final recipients of impact funds are social enterprises, impact-driven enterprises, social sector organisations. The final recipient of venture capital funds are companies, that have for example a educational technology project or support the development of skills more broadly without having necessarily the social impact aspect.

## Challenges and success factors for effective skills investments

Discussions held at the Thematic Seminar pointed towards some **challenges** and **success factors** for effective skills investments. Aside from overarching issues (e.g. ensuring cooperation among key stakeholders to find joint solutions to address skills shortages; the overall aging population in Europe, which exacerbates skills gaps), a key challenge was identified in the need to deliver the message that upskilling and reskilling represent an investment which requires organisations to incur in short term costs in order to achieve long term benefits. While it may be easier for larger companies to cover for these costs, these types of investments present a higher risk factor for organisations with low budgets and more limited resources.

This is why a key success factor to foster upskilling and reskillis is creating a strong learning culture within companies as this allows organisations to be better prepared for changes in the skills landscape and to make the necessary investments. Beyond embedding training in a company's DNA and working culture, another important success factor is taking advantage of all financial support available - from small calls for fudnding at the local level, which can be crucial to finance the work of grassroots organisations, to making use of opportunities under key EU level programmes – and combining different forms of financial support to ensure a steady flow of income. Lastly, engaging in initiatives such as Pact for Skills is essential to build skills partnerships, connect with different stakeholders, and strengthen the commitment to invest in training.