



Individual Learning Accounts: 8 lessons for effective design and implementation

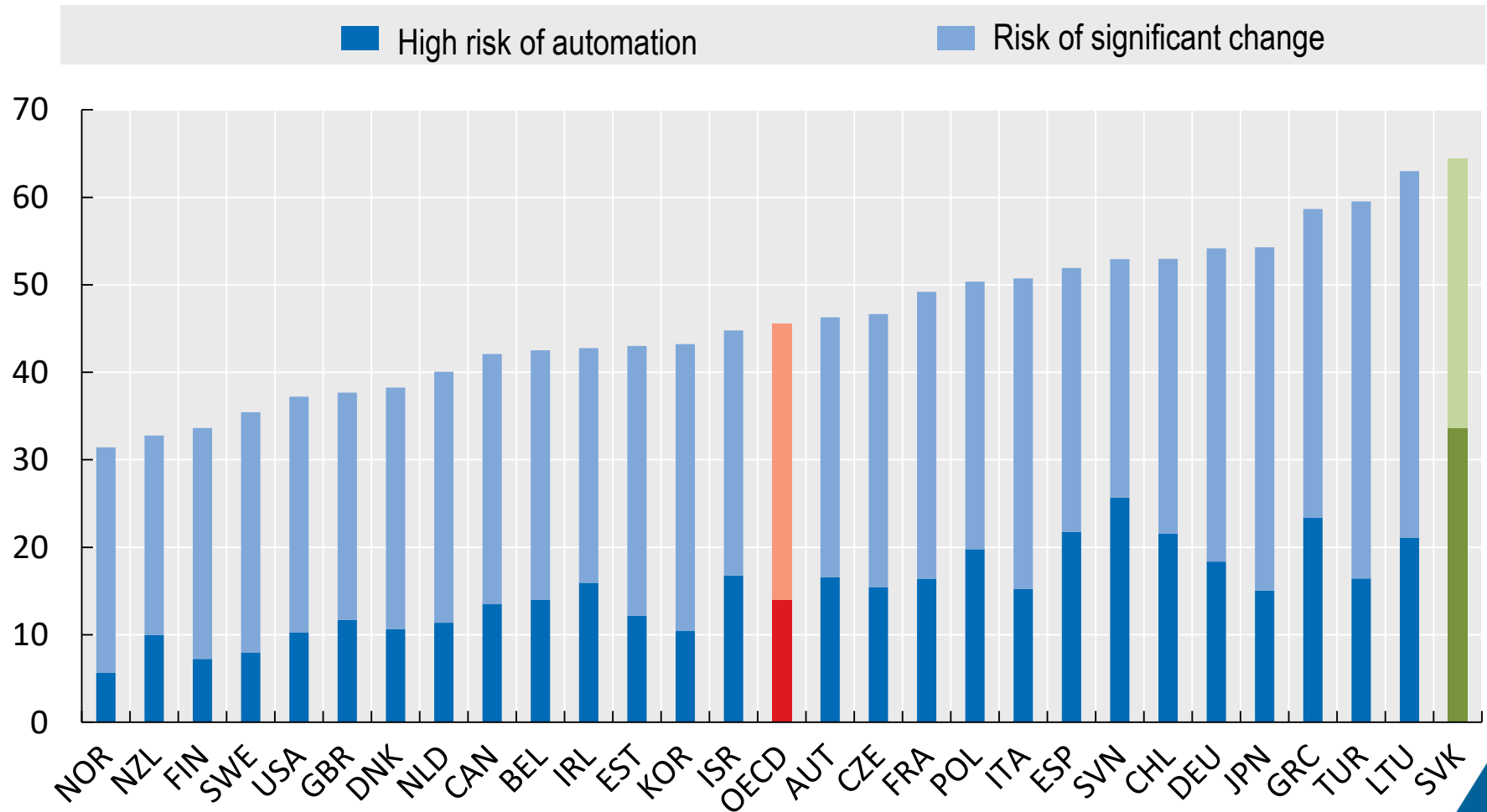
Stijn Broecke

Bratislava, 24th February 2020



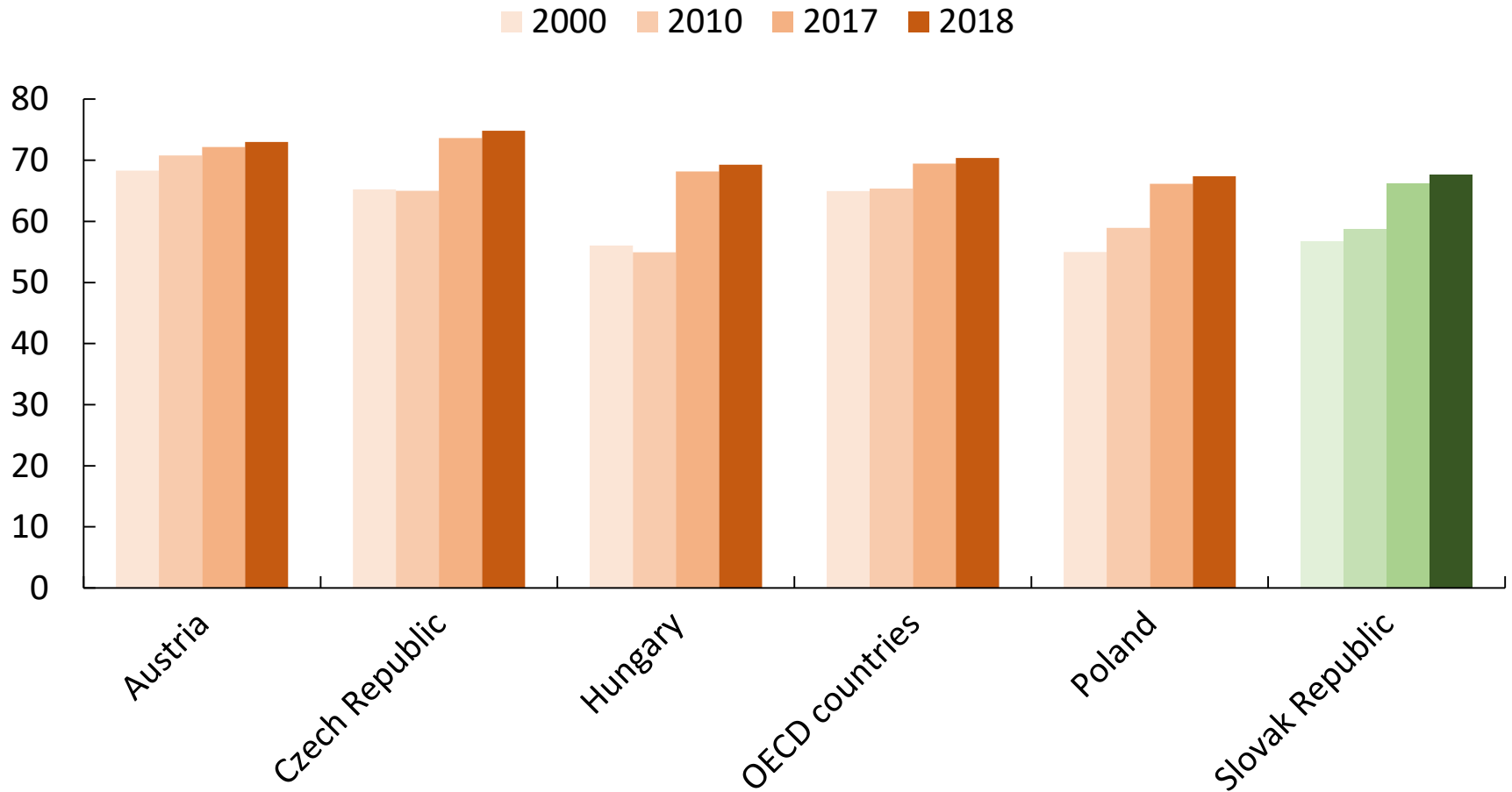


A large share of jobs will be affected by automation



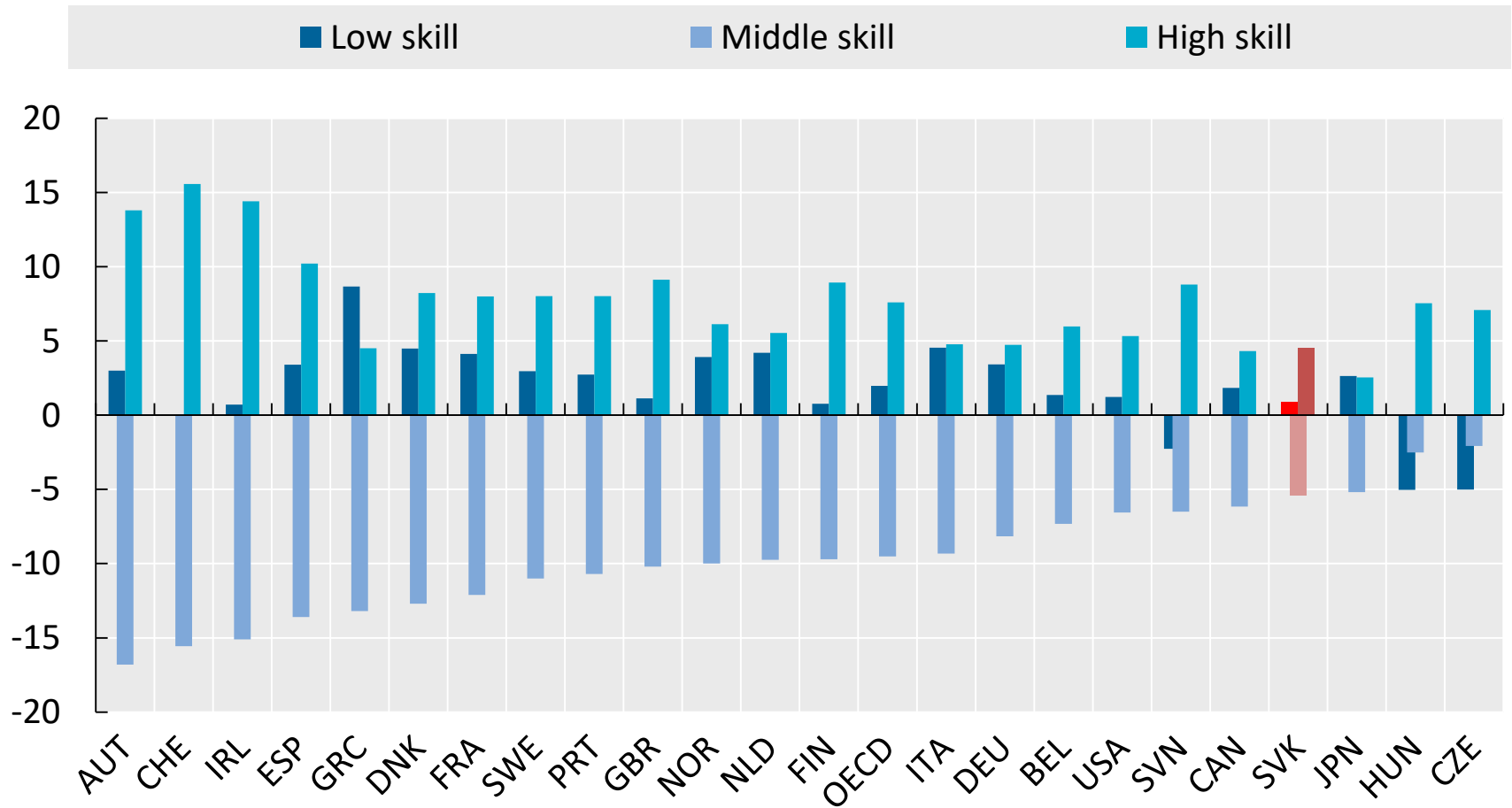


Yet employment rates have risen





But labour markets have been polarising

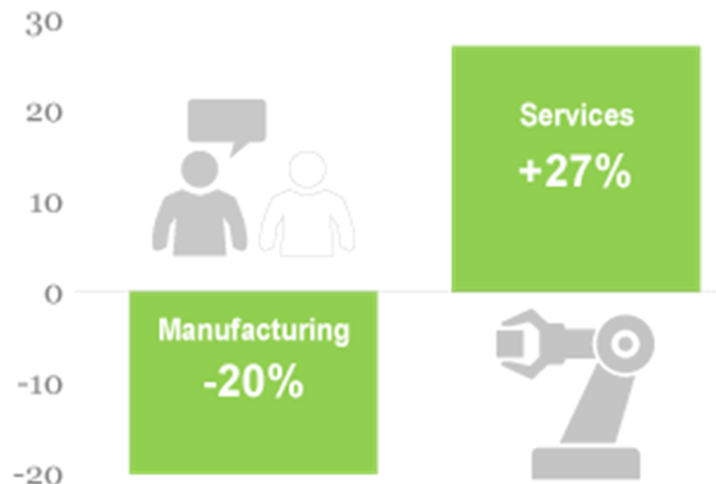




These changes in the labour market will require significant re-/up-skilling

Many jobs will change and transitions will be difficult

Change in employment over the past 20 years



The share of high-skilled jobs has increased by 25% over the last two decades

But many adults lack the skills needed for the new jobs emerging

6 out of 10 adults lack basic ICT skills or have no computer experience

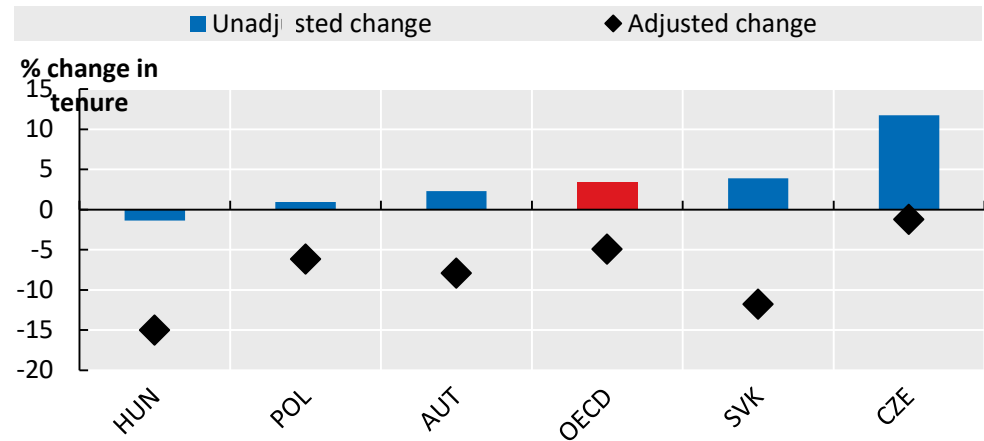




At the same time, there are new challenges for skills policy

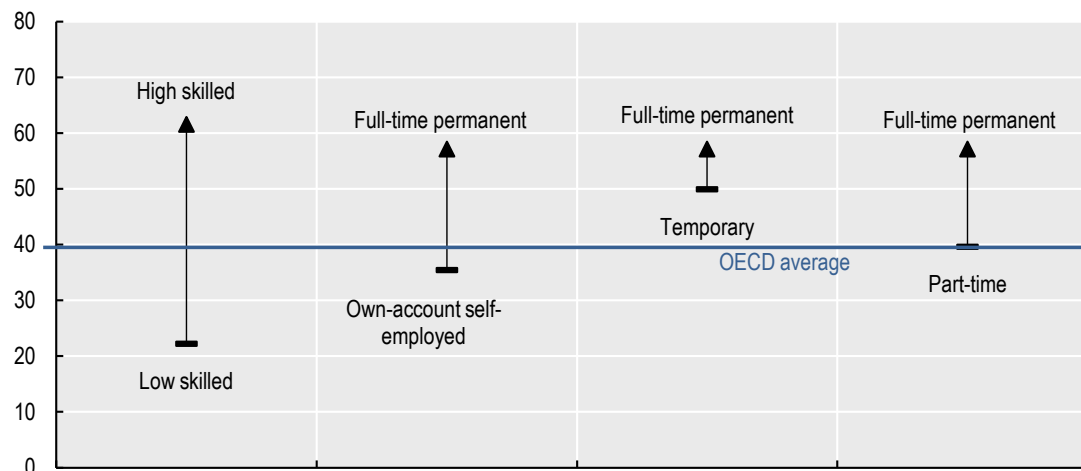
New forms of work contribute to increased worker mobility

Adjusting for changes in the demographic structure, **average tenure** has decreased by around 5 months (or 5%) since 2006 in the OECD



Workers in non-standard forms of work participate less in training

Share of adults (16-65) in each group that participate in training, 2012/2015





=> A renewed interest in Individual Learning Accounts

1990s: ILAs to create a market in training, boosting individual choice and responsibility for training => greater quality and relevance of training provision and efficiency of providers

Now: ILAs allow the portability of training rights from one job or employment status to another, and promote individual investment in lifelong learning

=> Might help to increase access to training for **non-standard workers**

BUT: relatively little is known about their actual functioning and performance

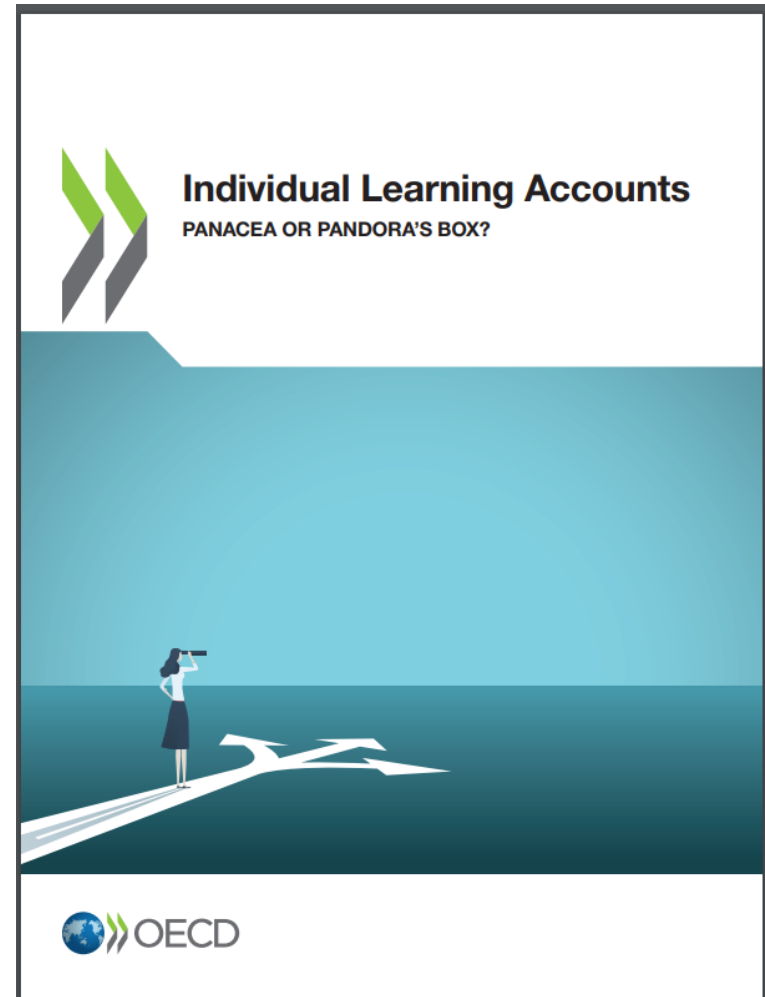


The OECD report on Individual Learning Accounts

Objective: to help policy makers design effective ILAs

Challenge: only one real ILA to date (the French *Compte Personnel de Formation* - CPF) => look at related **Individual Learning Schemes**

6 case studies (Upper Austria, Scotland, Michigan and Washington States, Singapore, Tuscany) and **literature review**

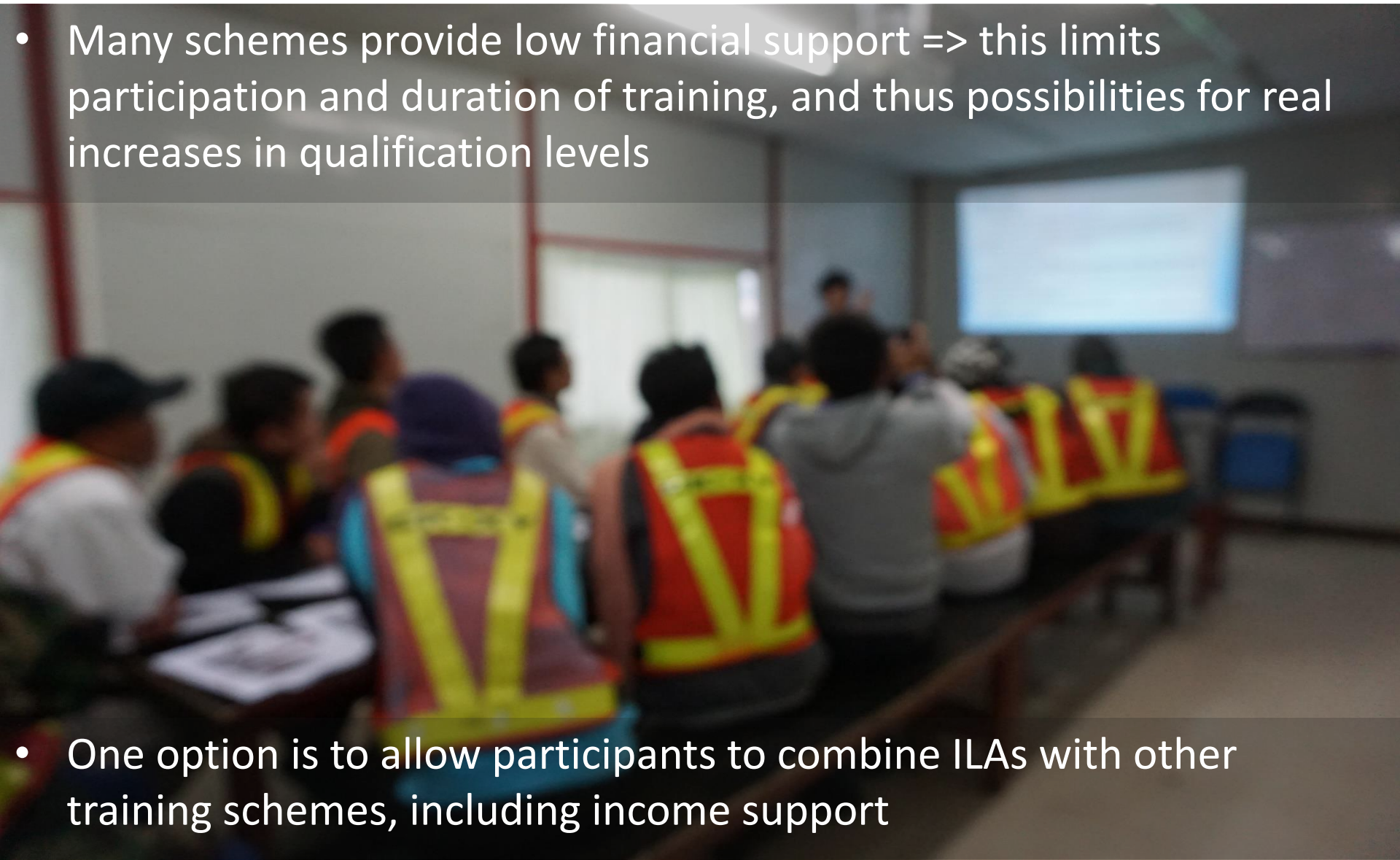


LESSON 1 : Need to be clear about objectives – ILAs will not solve all training problems

- What are the main problems encountered in the current framework for training financing and/or in training provision?
- Is an ILA best placed to remedy these problems?
- How will the ILA integrate the current training ecosystem?



LESSON 2: Financial supports needs to be high enough to promote participation and real upskilling

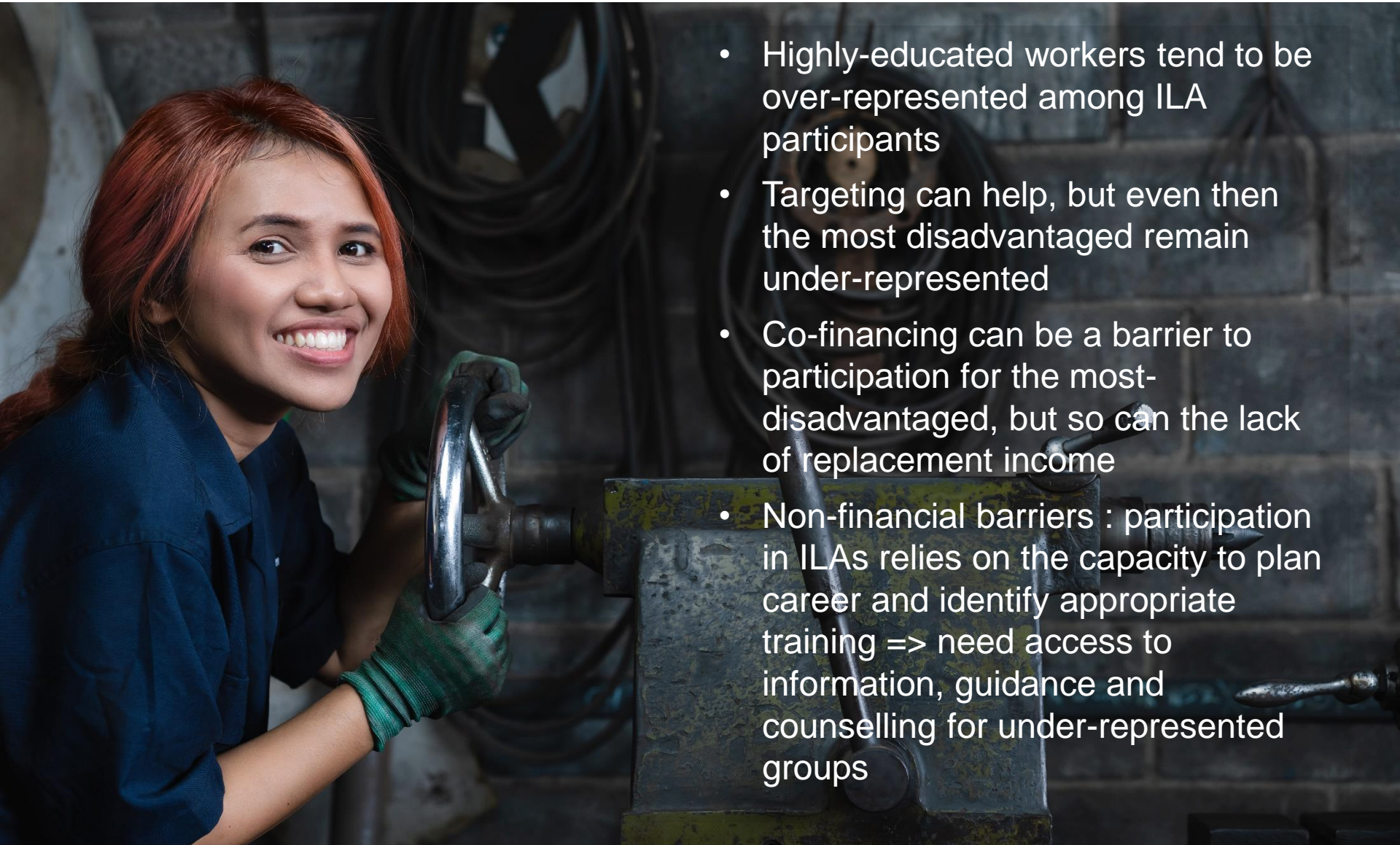
- Many schemes provide low financial support => this limits participation and duration of training, and thus possibilities for real increases in qualification levels
- 
- A photograph showing a group of people, likely trainees, sitting in a classroom or training room. They are wearing high-visibility orange and yellow safety vests over their clothing. They are facing away from the camera, looking towards a large screen at the front of the room. The room has white walls and a window in the background. The image is slightly blurred, emphasizing the text overlay.
- One option is to allow participants to combine ILAs with other training schemes, including income support

LESSON 3: How ILAs are financed has important distributive and sustainability implications

- Higher co-financing requirements imply less redistributive schemes
- But type of public financing also matters:
 - Tax-financed schemes are as redistributive as the tax system is, but make the ILA very sensitive to budget constraints
 - Training levies funds to be earmarked, as well as possible mutualisation




LESSON 4: Accompanying measures are needed to increase participation among under-represented groups



- Highly-educated workers tend to be over-represented among ILA participants
- Targeting can help, but even then the most disadvantaged remain under-represented
- Co-financing can be a barrier to participation for the most-disadvantaged, but so can the lack of replacement income
- Non-financial barriers : participation in ILAs relies on the capacity to plan career and identify appropriate training => need access to information, guidance and counselling for under-represented groups

LESSON 5: Keep governance and processes simple

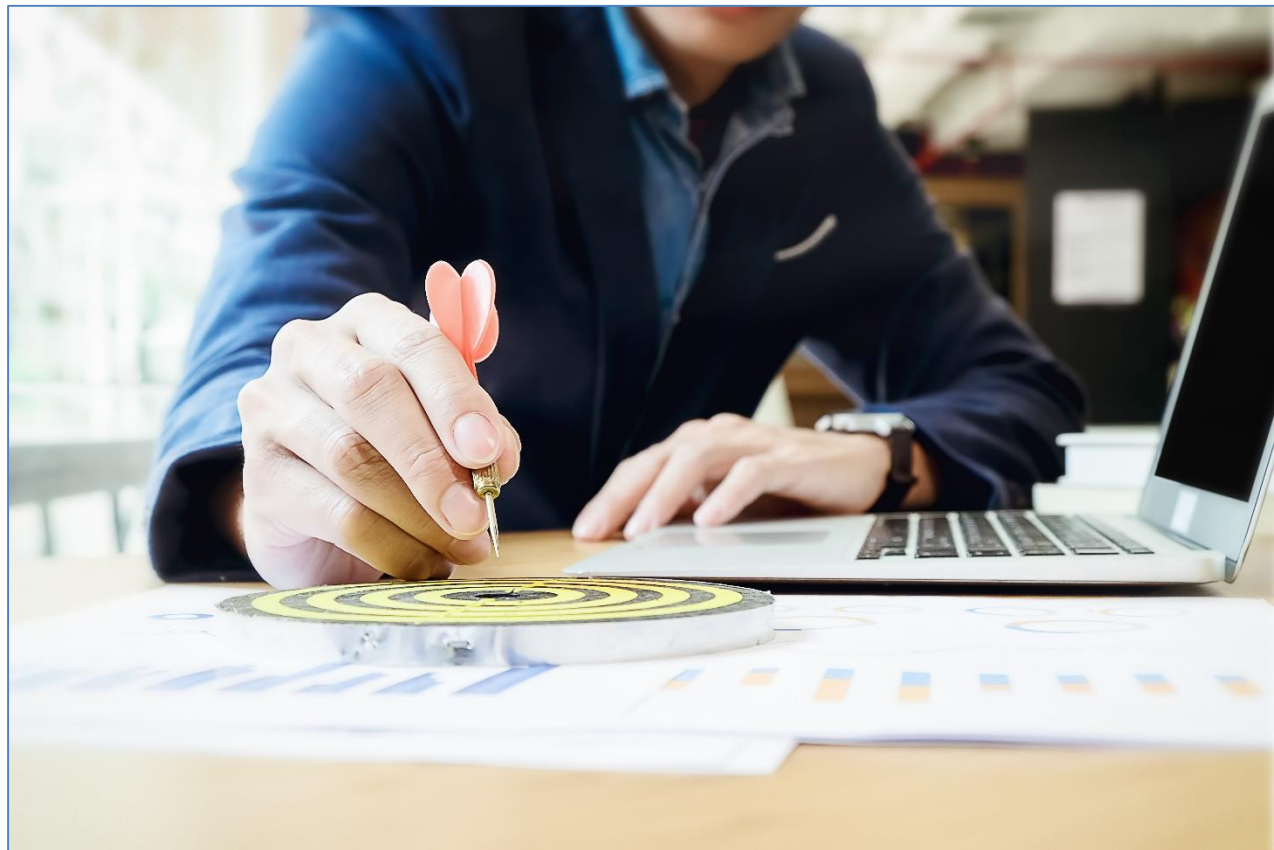
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- Heavy processes and fragmented governance discourage participation
- Well-designed and well-functioning apps can help, but non-digital alternatives are needed for those who are not internet-savvy

LESSON 6: Targeting can reduce deadweight loss but can come with other costs

- Targeting allows to reduce access of the highly-skilled
- But it may imply heavy administrative burden => try to rely on existing databases or income tests
- There is a trade-off between targeting and the objective of portability
- An alternative to targeting is varying the degree of support depending on the participant's circumstances



LESSON 7: ILAs reinforce the need for quality assurance



- Individuals are weaker buyers than employers or public funders
- Quality assurance can be achieved through:
 - Certification of providers and training programmes
 - Evaluation of outcomes
 - Communication of information to the public
- Risk that smaller and unprofitable training programmes disappear => less choice

LESSON 8: The link with employer-provided training needs to be taken into account

- ILAs risk removing responsibility for training away from employers
- Employers remain instrumental in motivating employee training
- Possibility of introducing on-the-job training (more motivating and adapted for the least-skilled) in ILAs?
- Also make sure not all training comes through ILAs

