



INDIVIDUAL LEARNING ACCOUNTS :

8 LESSONS FOR EFFECTIVE DESIGN AND IMPLEMENTATION

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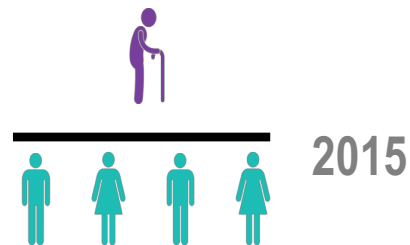
Three key megatrends are changing the labour market

Technology is changing the workplace

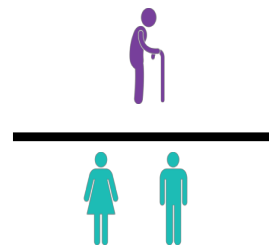
4 of every 10 new jobs in the OECD are in highly digital-intensive sectors



Populations are ageing

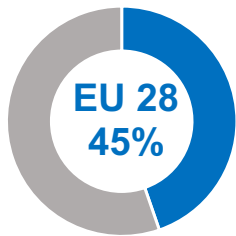
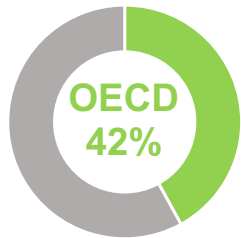


2015



2050

The world has become more integrated

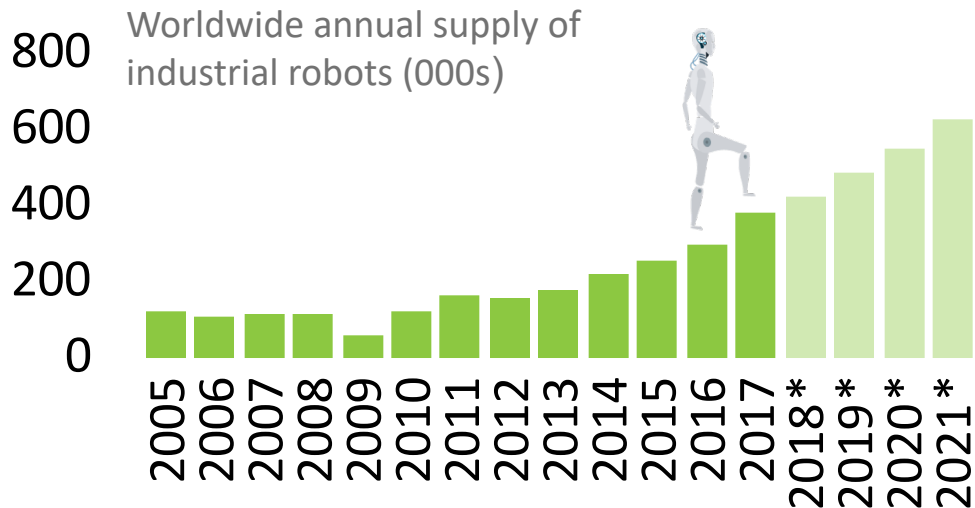


42 % of OECD business sector jobs sustained by consumers in foreign markets (45% in the EU)

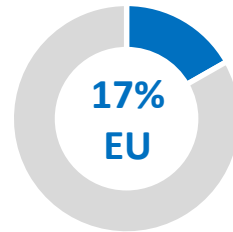
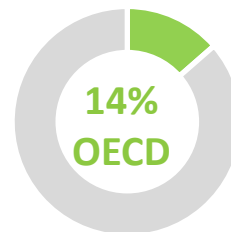


Robots are on the move

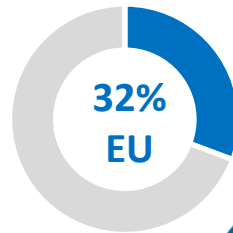
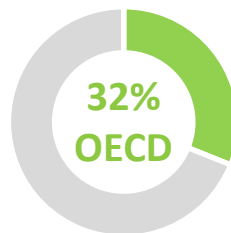
- Orders of **industrial robots have tripled** over the past decade



14% of jobs could be automated
(17% in the EU) ...



... but many more will change significantly





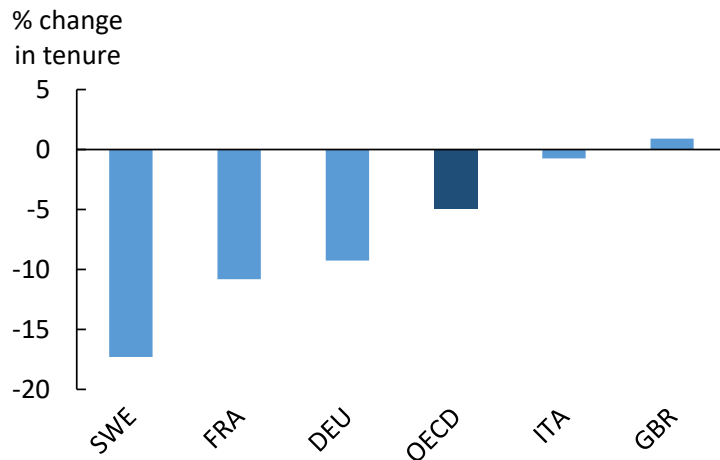
New forms of work contribute to increased worker mobility

Non-standard forms of work (new and less new) have been growing in some countries:

- Technology-facilitated crowd work and on-demand work
- Casual work
- Own-account work prompted by domestic outsourcing
- Temporary contracts

=> Careers are becoming more fragmented

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

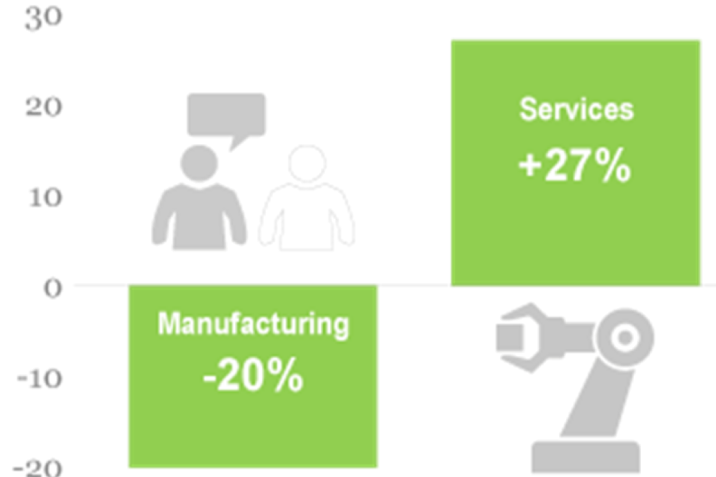




Changes in the labour market require significant re-/up-skilling

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

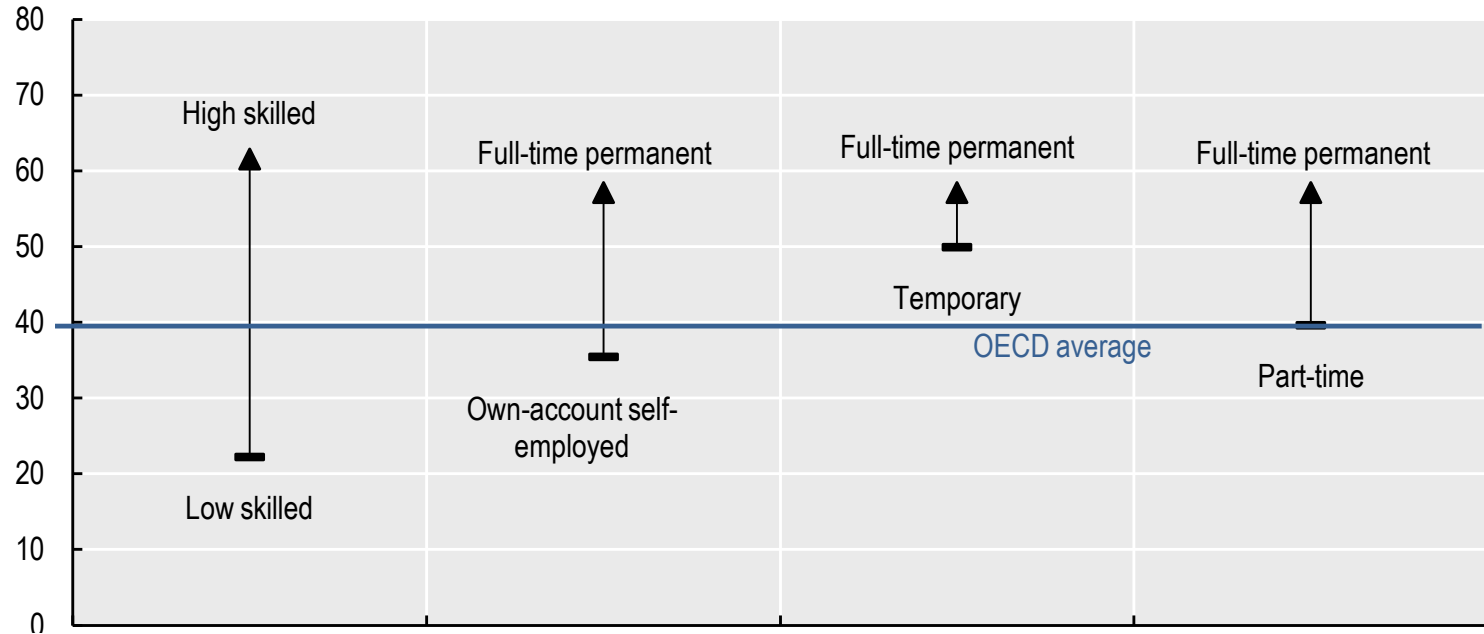


6 out of 10 adults lack basic ICT skills or have no computer experience



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

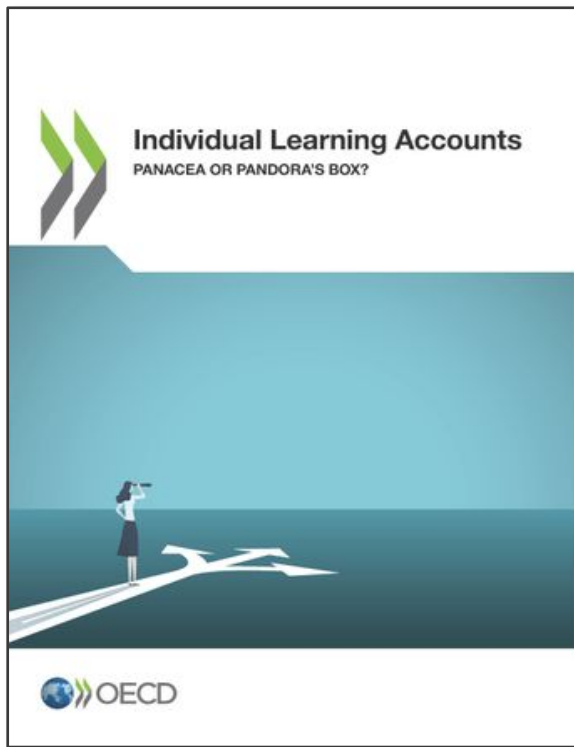
Now: ILAs allow the portability of training rights from one job or employment status to another, and promote individual investment in lifelong learning

=> 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
- 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





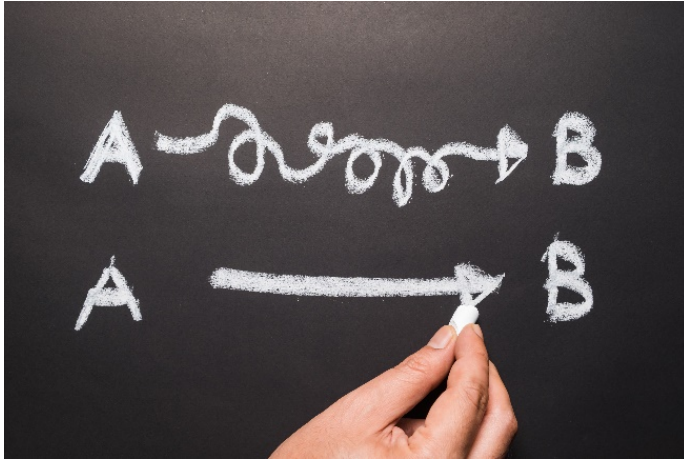
LESSON 4: Accompanying measures are needed to increase participation among under-represented groups

- 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



- 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





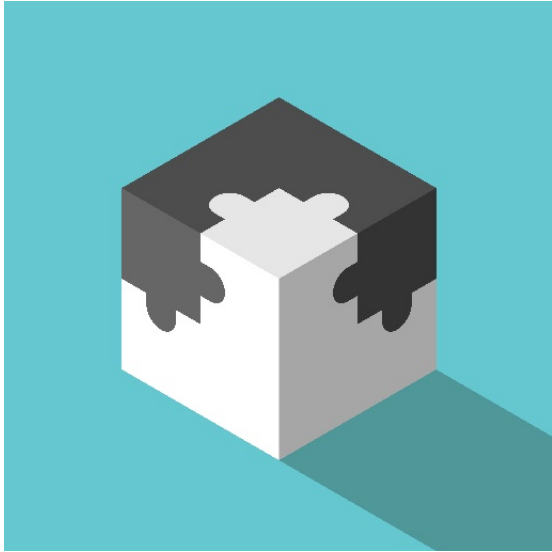
LESSON 7: ILAs reinforce the need for quality assurance

- Individuals are weaker buyers than employers or public funders
- Quality assurance can be achieved through:
 - Certification of providers and training programme
 - 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



Thank you

For further information:

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<https://www.oecd.org/els/emp/individual-learning-accounts.pdf>

<http://www.oecd.org/employment/future-of-work/>

<http://oecd/employment-outlook>

