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

The world has become more integrated

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

Populations are ageing

2015

2050
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

- Worldwide annual supply of industrial robots (000s)

- 14% OECD
- 17% EU
- 32% OECD
- 32% EU
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

% change in tenure

SWE  FRA  DEU  OECD  ITA  GBR
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

- Low skilled
  - Own-account self-employed
- High skilled
  - Full-time permanent
- Temporary
  - OECD average
- Part-time
  - Full-time permanent
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
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
• 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 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
Thank you

For further information:

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