

Contribution of the Employment Policy Department, ILO for:

## **Open-ended Working Group on Ageing:**

Education, training, life-long learning and capacity-building

Geneva, March 2019

### **Introduction**

Life-long learning<sup>1</sup> is central to managing the various challenges and transitions that workers and societies will face over the course of their lifetimes. Beyond teaching people the necessary skills to adjust to the rapidly changing technological environment, life-long learning can help people to develop their capabilities to manage transitions and to stay active throughout their life. Therefore life-long learning is not only key for economic development but is also a precondition for human development.

Designed and implemented in a proper way, life-long learning can have a positive impact on a fairer distribution, it can help to overcome gender inequalities and it can help filling skills gaps that especially in ageing societies will become considerable and hinder economic development.

Life-long learning is one part of a wider capability approach that ensures that people constantly have the opportunity to develop their capabilities, within formal and informal settings and from pre-school education and learning until old-age education and learning and that all capabilities they have acquired are recognized. This wider capability approach implies a human-centered approach as suggested in the Report of the Global Commission on the Future of Work<sup>2</sup> that was launched in January 2019 and contains important recommendations on how investment in capabilities of people is a need for the world of work of the future and how it can become a reality.

### **Is life-long learning a reality?**

The opportunities for children and young people to participate in education, learning and training has increased world-wide; however, participation in adult education, training and learning – which is necessary to constantly up-date skills in line with changing demands by enterprises – remains too low (UNESCO-UIL, 2016). The European Union Adult Education Survey, a comprehensive instrument which covers courses, workshops and seminars, guided on-the-job training, and private lessons, reports an average 12 per cent participation rate in adult learning in the EU, with a range between 4 per cent in Poland and 31 per cent in Sweden (EUROSTAT, 2018).

In addition, there is evidence that people living in poverty, workers in the informal economy, people living in remote rural areas, members of ethnic minorities, refugees and migrants have poor access to training. One positive development is the increasing participation of adults with low level literacy,

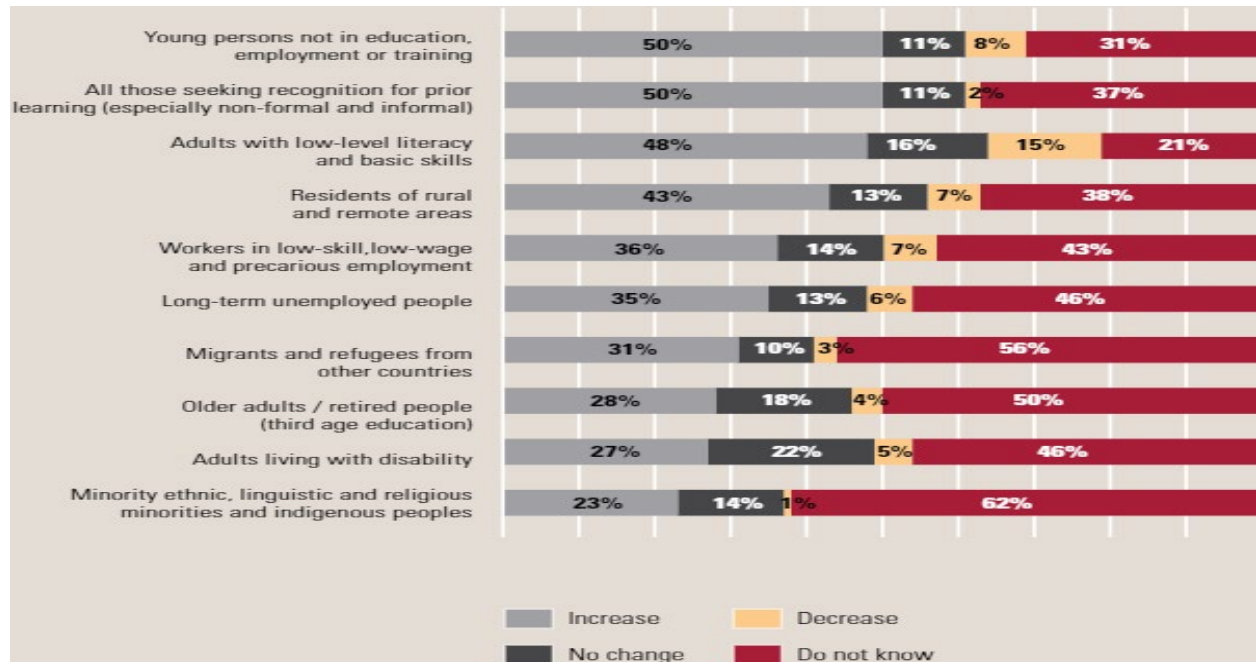
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<sup>1</sup> Life-long learning needs to be understood as the provision or use of both formal and informal learning opportunities throughout people's lives in order to foster the continuous development and improvement of the knowledge and skills needed for employment and personal fulfilment. The concept of life-long learning recognizes that learning is not confined to childhood or the classroom but takes place throughout life and in a range of situations.

<sup>2</sup> [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms\\_618176.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_618176.pdf)

residents of rural and remote areas and young people not in education, employment or training (NEET) in adult learning programmes. Progress in engaging older workers in training is however limited (Figure 1).

**Figure 1. Changes in participation rates of different groups in adult learning globally**



Source: UNESCO-UIL 2016.

Note: Progress reported by 139 countries globally since 2009.

Even though women overall participate more than men in adult learning, the type of learning differs considerably from men: women participate more in non-formal and informal education. This highlights the importance of recognising this type of training. Also, they mainly benefit from literacy training and very little from technical and vocational education and training.

Participation in learning not only is relatively low, but also declines with age and is lower among the unemployed than employed (Picchio 2015; Cedefop, EU-OSHA, Eurofound, EIGE, 2017). Higher participation in training among those in employment is partially due to the important role of workplace training, usually provided by employers. With the increasing share of new forms of employment, including the platform economy, gig-economy and zero-hour contracts, access to workplace training is being challenged and needs to be re-thought.

In addition to the lack of literacy and numeracy skills, participation of workers in adult learning, including continuing vocational education and training, is also influenced by low levels of educational attainment, health, age and work-life balance, cost of training and others. (UNESCO-UIL, 2016).

Finding financing solutions to training of workers remains the primary challenge. Public expenditure on education was around 14 per cent of total public expenditure globally in 2014 (International Commission on Financing Global Education, 2016). But levels of funding for adult learning and education are low. Forty-two percent of countries spend less than 1 per cent of their public education expenditure on adult training (UNESCO-UIL, 2016), and there is evidence of decreasing levels of formal training offered in enterprises (World Bank, 2017).

### ***Skills ecosystems with multi-stakeholder funding and governance of lifelong learning***

To operationalise the concept of lifelong learning more fully requires revising models of governance and financing so they are more suitable to the increasingly integrated and complex skills systems.

#### *Find the right mix of financial incentives for employers and employees*

Training needs to be recognized as an investment in economic and fiscal policies. Financial incentives for increasing and steering education and training decisions can be targeted at institutions, individuals, or employers, but the choice of which group to focus on requires a careful diagnosis of the problem.

Current funding models include individual learning/training accounts/universal learning entitlements linked to social protection; employer training funds or CSR levies to build funds for education and training; and public funding to adult education and learning and ALMPs to support transitions. Financial innovations such as impact investment funds (e.g. Social and Development Impact Bonds), need to be considered as innovative approaches.

Given the need to increase the participation of certain groups in education and training (including adults, the self-employed, women and youth), financing mechanisms are increasingly seen as an important policy tool to drive participation. They can also be used to steer the provision and acquisition of education and training towards areas of skills shortage. Financial incentives to steer individuals to acquire certain types of skills include scholarships, grants, bursaries, allowances, vouchers, training cheques and credits. These are the most direct and flexible financial incentives for steering education and training decisions. In some cases, countries have built in mechanisms to steer training choices towards skills in high demand (OECD, 2017). In France, time saved through the Compte Personnel de Formation (Individual Training Account) can be used to take up a list of training courses selected by the Regional Councils, the social partners and the professional associations, which often reflect foreseeable economic needs. The successful Scottish individual learning account ILA 200 scheme is directed towards low income individuals and provides up to £200 annually towards tuition fees for a wide range of courses that need not lead to a formal qualification (Ziderman, 2016).

In increasingly fragmented labour markets where individuals are likely to become more responsible for their own learning, it is important to make changes to the system of financing that shift emphasis from the funding of institutions to funding individuals, including those arrangements where an entitlement to learning forms part of the national social security system. Individual time/savings/learning accounts are another instrument for governments to encourage training participation. These allow individuals to save up time or money which they can subsequently use for training purposes.

With employer participation in training being affected by various factors including firm size, information asymmetries, liquidity constraints and the risk of poaching, one of the major reasons governments intervene in conventional training markets is to encourage formal sector enterprises to provide more and better training. The vast majority of incentives for steering the training decisions of employers come in the form of direct subsidies. Many of these support apprenticeships as an important element of initial education and training. All others remain rather general and do not target specific skills, instead allowing for flexibility in the identification of training needs, both on the part of employers and on the part of government.

Whilst governments may subsidise enterprise training directly from central government budget appropriations, they also often rely on specially designated training funds linked to enterprise levy-grant schemes to fund initial and continuing vocational education and training. While many variants are found in terms of actual practice, a common feature of levy-grant schemes is the use of payroll or other levies to accumulate funds that are then used to fund training or to incentivise firms to invest in more and better training of workers (ILO, 2017). Training levies can also be sector specific and may be based as appropriate on the value of turnover, output, value of contracts or employment rather than only company payrolls. National levy grant schemes are in place worldwide and can be found in a

range of G20 countries, including Argentina, Australia, Brazil, France, South Africa and the UK (Ziderman, 2016). In South Africa, a common 1 per cent payroll levy is in place but allocation and management of levy proceeds is controlled by tripartite Sector Education and Training Authorities (SETAs). In Brazil, the system puts the private sector in the driving seat when it comes to decision making regarding the fund allocations, and this feature makes the system more responsive to labour market needs as compared to other levy-grant systems in Latin American countries.

### *Governance*

Given the multiple stakeholders involved in lifelong learning, one of the main challenges of public policy is to foster institutional arrangements through which government departments, employers, workers and education and training institutions can respond effectively to changing skill needs and play a strategic and forward-looking role in coordinating the education and training system. This is a key message in both the G20 Training Strategy and the G20 Skills Strategy (ILO, 2011; OECD, 2015) and covers social partner involvement in policy, strategy, programming and financial decisions.

One often neglected way of achieving this is for policymakers at the local, regional and national levels to focus on the role of local skill ecosystems as the focal point for better engaging employers in thinking about how they could more effectively use the skills of their employees (Finegold, 1999). Promoting better skills utilisation however, requires a policy shift away from the supply side of skills systems.

ILO and OECD research on skills utilisation found that integrated approaches which consider training, employment and economic development priorities together can help improve the business case for investing in the skills potential of workers in enterprises. This requires a move away from policy silos at the local level to bring together employment services, training policies, economic development organisations as well as innovation programmes in coordinated efforts to encourage participation in learning and ensure that individuals and employers are able to access relevant and high-quality education and training services. Such changes are also reflected in the growing interest within UNESCO on “learning cities” which shifts the focus of lifelong learning from unwieldy national policy systems to more practical local solutions where lifelong learning can be better operationalised (UNESCO, 2015).

Innovative public-private partnerships between schools, universities and private training providers should be further encouraged to invest in skills development of a more fluid and highly mobile workforce (EC, 2016).

There is no single model for life-long learning. Every approach needs to take into account specificities of countries such as their level of development, the composition of the population, the specific values of a society etc. while at the same time respecting the variation of needs of people at different stages of their lives.

### **Summary**

Even though life-long learning is a pre-condition for people to live their full potential and for societies to profit from life-long active members, reality is far away from giving this universal right to all people. This is particularly true in poorer countries, but even in highly developed countries the majority of people do not access training, learning and education opportunities once they get older. Life-long learning systems need to be re-built to motivate older people to participate in training, they need to provide high-quality training and learning opportunities for all. Financial sustainability and good governance of skills ecosystems are also important issues to be taken into account.

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