

INCEPTION IMPACT ASSESSMENT

Inception Impact Assessments aim to inform citizens and stakeholders about the Commission's plans in order to allow them to provide feedback on the intended initiative and to participate effectively in future consultation activities. Citizens and stakeholders are in particular invited to provide views on the Commission's understanding of the problem and possible solutions and to make available any relevant information that they may have, including on possible impacts of the different options.

TITLE OF THE INITIATIVE	<i>European initiative on individual learning accounts to empower all individuals to participate in training</i>
LEAD DG (RESPONSIBLE UNIT)	DG EMPL (unit E2)
LIKELY TYPE OF INITIATIVE	<i>Proposal for a Council Recommendation</i>
INDICATIVE PLANNING	Q4 2021
ADDITIONAL INFORMATION	https://ec.europa.eu/social/main.jsp?catId=1223&langId=en

The Inception Impact Assessment is provided for information purposes only. It does not prejudice the final decision of the Commission on whether this initiative will be pursued or on its final content. All elements of the initiative described by the Inception impact assessment, including its timing, are subject to change.

A. Context, Problem definition and Subsidiarity Check

Context

In the mission letter of December 2019, [President von der Leyen](#) asked [Commissioner Schmit](#) to “explore the idea of individual learning accounts for people of working age, enabling adults to accumulate training entitlements and use them for quality-assured training”. The Commission Communication on the [European Skills Agenda](#) adopted in July 2020 announces that the Commission will explore individual learning accounts as a tool to support the up- and reskilling of working age adults. The initiative on individual learning accounts was included the [Commission Work Programme for 2021](#).

The initiative also builds on the Council Conclusions of 8 June 2020 on “[Reskilling and upskilling as a basis for increasing sustainability and employability](#)”, and on the [revised Employment Guidelines](#) adopted by the Council in October 2020 which call on Member States to strengthen the provisions on individual training entitlements and ensure their transferability during professional transitions including, where appropriate, through individual learning accounts.

Finally, presented in March 2021, [the European Pillar of Social Rights Action Plan](#) sets the target of 60% of adults participating in training every year by 2030 and it announces the adoption of an initiative on individual learning accounts, to support the implementation of the right to build skills throughout life.

Problem the initiative aims to tackle

Progress in increasing participation in adult learning in the EU over the last decade has been limited, and participation [fell short](#) of the [EU-level target](#) in 20 of 27 EU Member States in 2019. This has a negative impact on workers’ skills, thus impeding their chances on the labour market. On the employer side, companies consider difficulties in finding workers with the right skills as a [prime obstacle to investment](#).

The twin digital and green transitions and the drastic COVID-19 disruptions bring about significant structural change on labour markets and will fundamentally [change the skills requirements](#) of many jobs. This increases the importance of building skills throughout life to prevent skills gaps, support labour market transitions and prevent social exclusion. At the same time, an increasing share of workers in atypical forms of work and an [increasing number of labour market transitions throughout one’s working life](#) risk reducing the support for training that individuals receive from their employer in the absence of a policy response.

There are many barriers influencing participation in training. A first barrier is the **cost of training**: Overall, public and private investment are insufficient, also because of a lack of effective systems to share training costs between stakeholders. Moreover, a gap in effective access to training can be observed for certain groups of adults on the labour market, notably atypical workers, employees in SMEs and workers seeking training to prepare for a professional transition, because 90% of job-related trainings in the EU are employer-sponsored. Besides direct costs, also time constraints play an important role in light of competing work and family responsibilities.

A second category of barriers are the **lack of incentives and motivation** to take up training: although 96% of adults agree that learning throughout life is important, 80% of adults who did not participate in learning during the previous year respond that they did not want to. The reasons why adults' positive general attitudes towards learning often do not translate into action include a lack of transparency about available support and training offers, uncertainty about their quality and recognition in the labour market, and insufficient tailoring of training offers to individual needs. Tackling these issues will be crucial also for realising the potential of digital innovations in teaching that reduce costs and allow for a more personalised training.

This initiative aims to tackle these barriers, complementing other actions of the European Skills Agenda, such as the Pact for Skills, the Council Recommendation on VET, more and better skills intelligence, Europass and Micro-credentials.

Basis for EU intervention (legal basis and subsidiarity check)

The legal basis is Article 149 combined with Article 292 TFEU, which allows for non-binding measures in the field of employment aimed at promoting innovative approaches with a view to achieve a skilled, trained and adaptable workforce that can innovate and reap the opportunities of the transitions. The legal basis precludes a harmonisation of the laws and regulations of the Member States, allowing them to adapt the measures taken to national circumstances and thereby respects the subsidiarity principle.

The problem the initiative responds to is widespread across EU Member States and has similar underlying causes, as illustrated by the consistent under-representation of groups such as atypical workers, employees in SMEs or the unemployed in training participation. The initiative will encourage all Member States to contribute to, and benefit from the shared asset of a skilled EU labour force with expected positive effects on inclusive growth, upwards convergence, social fairness and economic competitiveness. It will enhance the transparency, quality and competitiveness of the training market across the EU, creating a level playing field for companies operating in the single market.

B. Objectives and Policy options

This initiative contributes to the EU's objective of promoting a highly competitive social market economy, aiming at full employment and social progress, by **empowering all adults to participate in training in order to reduce skills gaps and labour market shortages as well as ensuring social fairness**.

The first specific objective is to ensure that all adults are entitled to **support for training**, irrespective of their employment status and including for professional transitions. This depends on effective collective action to mobilise additional public and private investments in skills, in close collaboration between public authorities and social partners. The second specific objective is to **increase the motivation and incentives** of individuals to seek training.

Schemes that **provide training entitlements directly to individuals** have the potential to reach these objectives. Many Member States, social partners and companies have experience with such schemes, although often operating on a small scale and not necessarily involving personal accounts. The impact assessment will take a close look at the design features with a view to identifying effective approaches. In addition to the baseline, two options are outlined below. The purpose of these two options is to assess

to what extent giving individuals the choice of their training can contribute to achieve the objectives mentioned above. Under options 2 and 3, further features will be analysed in order to define the preferred option. These include:

- the extent to which financial support is **modulated in function of the needs of the recipient**,
- the **funding source**,
- the **eligibility for funding of training offers** and **how this is decided** to ensure alignment with individual as well as labour market needs.

The analysis will also look at the link between individual training entitlements and the provision of **guidance** and **validation**, outreach to vulnerable groups, other features of the training systems such as **quality assurance** and **transparency**, link with employment services and at the question of **portability** of training entitlements across jobs or national borders.

The preliminary policy options outlined below capture the main features of the different instruments that exist in the Member States. They will be refined on the basis of further comparative analysis and stakeholder feedback.

- **Option 1- Maintain the status quo.** EU Recommendations on the “supply side” aspects of training provision (including e.g. [validation of non-formal and informal learning](#), [vocational education and training](#)) already exist, but do not directly target individual access barriers.
- **Option 2- Training voucher schemes.** Training entitlements can be used for a specific type of training, for instance selected on the basis of career guidance that is compulsory for individuals who want to use them.
- **Option 3- Individual learning accounts.** Individuals receive a personal account in which they can accumulate training entitlements. They can use the entitlements for training, guidance and validation offers of their choice from a recognised list.

C. Preliminary Assessment of Expected Impacts

Likely economic impacts

By increasing participation in training, the initiative is expected to increase the [incomes](#) of individuals as well as [investment](#) and competitiveness of companies due to a better skilled workforce and reduction of labour market shortages. In particular, SMEs that are not able to devote substantial own resources to staff development, and expanding sectors that depend on training for professional transitions, would benefit. For public authorities, the expected positive impacts are increased tax revenues and reduced social security spending following improved wage and employment prospects for individuals. Potential negative impacts could be increased costs for companies and/or public authorities, depending on the source of funding of training entitlements and supporting measures. Estimates suggest that there is a [strong overall “business case” for additional skills investments](#) once considering the resulting GDP growth.

Likely social impacts

The initiative will increase the professional development opportunities for all individuals, thereby increasing participation in training boosting development of skills and as a result increasing their employability. This in turn can lead to increased employment levels and reduced risk of social exclusion in the face of changing job task and skill requirements. It has the potential to benefit particular groups on the labour market that, at present, do not receive sufficient support for training from an employer. This includes atypical workers including platform workers, the unemployed and adults who work in sectors or tasks with declining employment prospects in the context of the digital and green transition.

Likely environmental impacts

No direct environmental impacts are expected. However, the initiative will contribute to the green transition because the fundamental reorganisation of the EU economy required to reach the objective of climate neutrality by 2050 depends on significant additional up- and reskilling efforts: to equip the existing workforce with the necessary green skills, and ensure social fairness and continued public support.

Likely impacts on fundamental rights

<p>Article 14(1) of the Charter of Fundamental Rights of the EU states that “<i>everyone has the right to education and to have access to vocational and continuing training</i>”, which is also reflected in principles 1, 4 and 5 of the European Pillar of Social Rights. The initiative will have a positive impact on fundamental rights by bridging gaps in terms of ensuring access to continuous training for all.</p>
<p>Likely impacts on simplification and/or administrative burden</p>
<p>For both companies and individuals, the initiative is expected to entail a significant reduction in the time and resources needed to identify and request a suitable training offer. For public administrations, the initiative may lead to additional responsibilities with respect to the provision of training entitlements and the extension of quality-assurance also to non-formal training offers. For education and training providers, complying with additional quality assurance requirements may increase their workload (although they are expected to benefit from the initiative overall). However, the initiative will aim to minimise it by maximising synergies with existing quality assurance frameworks.</p>
<p>D. Evidence Base, Data collection and Better Regulation Instruments</p>
<p>Impact assessment</p>
<p>An impact assessment will inform the Commission's proposal.</p>
<p>Evidence base and data collection</p>
<p>The evidence base to underpin the initiative includes:</p> <ul style="list-style-type: none"> • An external study to support the impact assessment; • Relevant data on adult learning participation and provision as well as barriers and motivations from EU-level surveys such as the Labour Force Survey, the Adult Education Survey and the Continuing Vocational Training Survey, as well as relevant surveys run by Eurofound and Cedefop; • Relevant literature with a focus on evaluations of relevant international experiences; • Several inter-linked outputs from the independent adult learning expert network: country reports on the available financial incentive schemes, an analysis of available statistical evidence, and an analysis of the environment for providing direct financial incentives for training to individuals; • Evidence from the Skills Agenda and European Pillar of Social Rights Action Plan consultations.
<p>Consultation of citizens and stakeholders</p>
<p>The initiative will be supported by broad stakeholder consultations to gather feedback on the problem definition, objectives and initial policy options in order to further refine the policy options. The main stakeholders for this initiative are the general public including atypical workers, public authorities, social partners, businesses, education and training providers, and NGOs.</p> <p>The stakeholder consultations will include:</p> <ul style="list-style-type: none"> • The present inception impact assessment, which will be open for comments for 4 weeks in all EU official languages; • 12-week public consultation, starting in early Q2 2021 in all EU languages (except Irish). Once launched, replies can be sent in any of these languages via the Commission’s “have your say” consultation page; • Social partner hearing; • Consultation of the Employment Committee (EMCO); • Consultation of the Advisory Committee for Vocational Training (ACVT) and the Directors General for Vocational Training (DGVT); • Exchange of views with the European Economic and Social Committee (EESC) and Committee of the Regions (CoR); • Targeted consultations with other relevant stakeholder groups including the European Qualifications Framework (EQF) and Europass Advisory Groups and policy networks and the European Network of Public Employment Services; • Validation workshop on the final draft of the external study to support the impact assessment with experts from all EU Member States. <p>Participation in the public consultation will be encouraged via the social media channels of the Commission and stakeholders. The synopsis report (a summary of all consultation activities' results) will</p>

be published on the [consultation page](#) once all consultation activities are closed.

Will an Implementation plan be established?

Yes.