









Commissioner Schmit
Jobs and Social Rights

**Meeting with ETUC and BusinessEurope on ILAs (together with
VP Schinas)**

Online (Webex), 12 April 2021, 12.00-13:00

(12:00 to 12:30: ETUC; 12:30 to 13:00: BusinessEurope)

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Scene setter

You are meeting ETUC and BusinessEurope at our request to discuss the European initiative on **individual learning accounts (ILAs)**.

The two meetings will take place on 12 April 2021 from 12:00 to 12:30 with ETUC and from 12:30 to 13:00 with BusinessEurope. VP Schinas will join you in your meeting room.

From ETUC side, [REDACTED] from Business Europe side, Director General Markus Beyrer and Director Maxime Cerutti will attend.

Choreography for both meetings: welcome by Vice-President Schinas and Commissioner Schmit (*ca. 5 minutes*), explanation of ETUC position by [REDACTED] / BusinessEurope position by [REDACTED] (*ca. 5 minutes*), followed by an open discussion.

This meeting is preceding a more formal and technical social partners meeting on 15 April.

What ETUC wants:

- [REDACTED]
- [REDACTED]
- [REDACTED]

What BusinessEurope wants:

- Seek reassurance that the initiative will **pay sufficient attention to labour market needs** and to the **diversity of national systems**
- Urge the Commission to not promote training schemes that are funded by employers, but where **employers do not have control over the training content**
- Express its view that a **social partner led approach to employee training** can deliver more effective outcomes than learning accounts, if understood as a purely individualised support mechanism.

What we want:

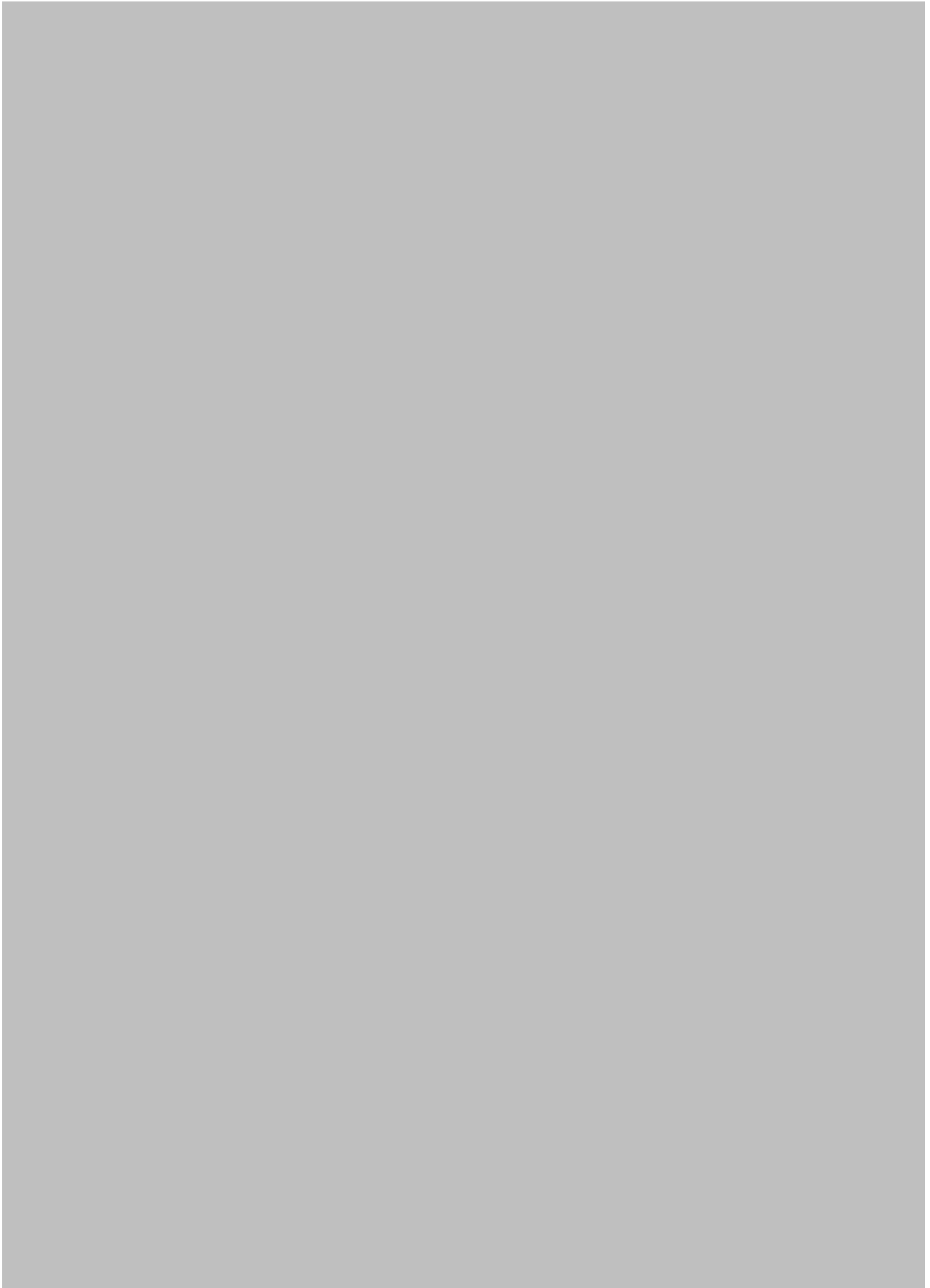
- Reassure that the initiative will be **firmly grounded in experiences from the Member States based on a thorough impact assessment**. It will likely be a **proposal for a Council Recommendation**, leaving room for adaptation to national circumstances

- Point out that it aims to **strengthen the role of social partners by promoting effective cost-sharing between all stakeholders**, including by mobilising additional public investment
- Highlight that it is also in the **interest of employers to empower individuals** to proactively seek training and facilitate professional transitions
- Emphasise that individual learning accounts can be a **tool to also improve the provision of guidance and validation**, and an effective take-up of educational leave provisions
- Invite BusinessEurope and ETUC **to shape the content of this initiative with us** in the upcoming consultations, as we see ample links to their demands voiced in response to the European Skills Agenda

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Speaking points: ETUC





Speaking points: Business Europe

[Speaking points for VP Schinas]

- Acknowledge the **crucial role that employers play in training** the workforce: around 9 out of 10 job-related trainings are employer sponsored in the Member States
- Emphasise that we see **skills development as a collective challenge**. The Skills Agenda wants to further strengthen training provision by employers - for instance through the Pact for Skills.
- However, point out that more than **4 in 10 workers in the EU are in atypical work² nowadays**. This means we need to consider updates to how we organise collective action on skills to **ensure everyone is covered**.
- Point out that the **current access to training is unequal**: more than 1 in 2 employees of large companies participates in training every year- but for instance only 1 in 3 among employees of micro-enterprises, and 1 in 4 among the unemployed.
- Point out that across all groups on the labour market, there is currently also **too little support for training to prepare for professional transitions**. However, such support is needed to help people manage the digital and green transitions and prevent skills gaps
- Highlight that improving access to training is also important to **improve the competitiveness of Europe's companies** in light of the important skill gaps on our labour markets:
 - 77% of employers report difficulties in finding candidates with the right skills ³
 - 73,5% of companies consider the availability of staff with the right skills to be holding back their investment ⁴

[Speaking points for Commissioner Schmit]

- Propose that individual learning accounts can be a tool to **empower all individuals to maintain and enhance their employability**. They can integrate financial support with other support such as career guidance
- Highlight that they can **improve transparency on the training market** by establishing a registry of recognised and quality-assured training opportunities, making it easier for individuals and companies to navigate the training offer

² Defined as employment relationships that do not conform to the model of full-time, regular, open-ended employment with a single employer over an indefinite time.

³ Joint report CDEFOP and Eurofound, European Company Survey 2019, p.61

https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20001en.pdf.

⁴ EIB Investment Survey 2020 <https://data.eib.org/eibis/graph>

- Point out that they can **promote an effective cost-sharing by all stakeholders, and mobilise additional public investment in skills**. The recent high-level forum on individual learning accounts gave the examples from France and Singapore and many other initiatives, including by social partners
- **Acknowledge the concern by employers** that they may be asked to fund individual learning accounts without having control over the training. Explain that we are **exploring options**:
 - Point out that this concern could be addressed either on the funding side: for instance through a **greater role for public investment**, with mainly voluntary contributions/top-ups by employers and social partners
 - It could also be addressed through the **governance of eligible training opportunities**: for instance by ensuring a strong link to skills intelligence and employers' needs
 - Propose that it is also in the **collective interest of employers** if individuals are proactive and can consider the broader skills needs on the labour market when they choose training
 - Propose that empowering individuals to be proactive in seeking training and improving the transparency of the training market is particularly important for SMEs, who often cannot dedicate significant own resources to staff development
- Highlight that the impact assessment – to accompany the proposal - will provide a **thorough analysis of what currently exists** in the Member States and around the world. It will look at a **broad range of initiatives that give individuals a budget to spend on training**, including those by social partners, to identify innovative approaches to address the current challenges
- Invite Business Europe to **contribute to shaping the content of this initiative** in the upcoming consultations

Defensive: Micro-credentials initiative

[Speaking points for VP Schinas and/or Commissioner Schmit]

- **Micro-credentials** certify the outcomes of **short learning experiences**. These so-called “alternative credentials” are growing exponentially to respond to specific skills needs in the labour market. They are issued by a wide range of providers: not only by traditional providers such as universities and vocational schools, but also – and increasingly so - by private providers, companies, chambers of commerce, industry organisations.
- This supply has an enormous potential in offering quick and targeted upskilling and reskilling of adults. However, there is a **lack of clarity and trust among the stakeholders** about the content and the quality of these credentials.
- While micro-credentials should by no means replace state-recognised qualifications, it is clear that there is a gap between the skills and qualifications people possess, and the match with the jobs on offer.
- With the European Approach to Micro-credentials, we aim to respond to these issues in order to harness the full-potential of micro-credentials.
- With the definition of **common standards**, we aim to contribute to an increased trust and transparency of the micro-credential offer, independently of the provider.

Background

Next steps in the initiative

- A dedicated social partner hearing will take place on 15 April
- The feedback on the **inception impact assessment** is ongoing on the Better Regulation Portal and it will end on 20 April
- The Open Public Consultation will start in the second half of April for a period of 12 weeks
- Additional targeted stakeholder consultations will take place before the summer (*including Employment Committee, Committee of the Regions, Economic and Social Committee, Advisory Committee & Directors General for Vocational Training, PES network*)
- The impact assessment will be submitted to the Regulatory Scrutiny Board in September 2021, with the view to adopting a possible Commission proposal in Q4 2021.

Likely legal basis and instrument of the initiative

The legal basis of any Union measure, and therefore the legal instrument, is to be determined on the basis of the ‘context, content and aims’ pursued by that measure. The aim of the measure is to promote a skilled, trained and adaptable workforce. In terms of content, it should include provisions for Member States to set up individual learning schemes, which provide all working-age individuals (notwithstanding their current position on the labour market, i.e. employed, self-employed, unemployed, inactive, etc.) with a budget for training. The wide scope, which covers all working age population (as opposed to just workers) is essential in order to support individuals to manage current and future transitions. The ongoing impact assessment analysis will help determine different variables of the schemes such as accumulation of entitlements over time, differentiated level of entitlement for different groups, etc.

In light of the above, the most relevant legal basis is article 149 (Employment policy), which seeks to promote “action in the field of employment” in particular by “promoting innovative approaches”. Article 145 TFEU further specifies that action in the field of employment entails “developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change”.

The most appropriate legal instrument under article 149 for this initiative is a Council Recommendation. This is possible thanks to combining article 149 and article 292. The Council Recommendation is considered an appropriate instrument because this innovative scheme is based on limited experience in the Member States⁵: a non-binding instrument is most appropriate and politically realistic at this stage.

⁵ Individual learning accounts covering all working-age adults exist only in France (and Singapore outside of the EU). The most common way of providing training entitlements to individuals in the Member States are training voucher schemes, which existed in 14 of 27 EU Member States in 2020- however usually with a much smaller target group.

A Directive, would need to be based on article 153, which does not allow to fully reach the objectives of the initiative as presented above. Indeed, under article 153 the initiative would need to focus on paragraph 1) b. 'working conditions'. This means it could only cover workers, and not self-employed, unemployed, and inactive people as mentioned above. It could potentially (to be checked with LS) also be extended to 1) d. 'protection of workers where their employment contract is terminated' but that would mean only covering employed and unemployed, and this point requires unanimity in Council. Lastly, article 153 1) b. could be combined with article 153 1) h 'the integration of persons excluded from the labour market' however this only applies 'without prejudice to article 166' on VET policy and the latter excludes harmonisation measures, so extending the scope to those not in employment would mean that a Directive is not possible. Moreover, a Directive is not recommended because it seems politically difficult to achieve, considering individual learning schemes with broad coverage would be a novelty in most Member States. Finally, a Directive under article 153 would require a two-stage social partner consultation.

Other potential legal instruments (Decision, Regulation) are discarded because they are not appropriate in view of the future content of the initiative, which is not about setting an EU level instrument or a EU level new fund. A Commission Recommendation is also discarded as it does not commit politically the other institutions or the Member States.

Articles 165 and 166 (education and VET policy) are discarded because the centre of gravity of the initiative is around the skills of the workforce, and not the provision of education and training. In any case, it would not have any impact on the choice of legal instrument because they both exclude harmonisation and hence would also mean a Council Recommendation.

Position of ETUC on ILA initiative



Position of BusinessEurope on ILA initiative

From their [position paper on EU Skills and Youth package](#) (Sept 2020):
"BusinessEurope notes the ongoing exploratory work on individual learning accounts. It is important that these considerations pay attention to the diversity of national systems

and approaches and the role that social partners play therein. It is questionable if a blanket approach towards individual learning accounts at the EU level will reach out to those people that are most in need of further training and sufficiently address the problem of low motivation among certain workers to participate in training. For instance, in its proposal for a reinforcement of the Youth Guarantee the Commission acknowledges that a number of different factors (low skills, living in a rural or remote area, belonging to ethnic minorities, low socio-economic background etc) create barriers to employability. Young people who have had limited success in the education system previously are much less likely than those, who have been successful to seek additional training on their own, even if they need it. Therefore individual learning accounts could actually result in less upskilling of the people in the work force that may need it the most. We are convinced that a broadly social partner led approach to employee training and dual learning will deliver more effective and efficient outcomes than a purely individualised support mechanism, such as a learning account.”

More recent Business Europe statements point to **links between Business Europe priorities and the initiative on individual learning accounts**:

- In the [autumn newsletter on the Pact for Skills](#), Maxime Cerutti calls for **more public investments in skills** and to promote the notion that **individual workers have a personal responsibility to maintain their employability**.
- At the recent high-level forum on individual learning accounts, he highlighted the importance of **promoting efficient cost-sharing** and pointed to **the current complexity of the market for CVET** in the Member States.

Flash report from the high-level forum on ILAs on 4-5 March

This two-day online High-level forum of 4-5 March 2021 aimed at debating the concept of individual learning accounts (ILA) as part of a solution to the EU objective of increasing adult participation in up- and reskilling, through learning from existing practices and discussing the challenges and factors for success. The conference is part of a broader stakeholder consultation process to investigate whether individual learning accounts can be useful tool to support the upskilling and reskilling. This especially given the many skills challenges Europe is facing, related to the Covid-19 pandemic and the digital and green transformations.

The High-level forum brought together nearly 800 participants from 48 countries. The audience consisted of stakeholders including social partners, industry and business, NGOs, education and training providers, national public authorities, international organisations and EU agencies, researchers and many more.

The speakers included European Commissioner for Jobs and Social Rights Nicolas Schmit, the French Minister of Labour, Employment and Economic Inclusion Élisabeth Borne and the Director General for Employment, Social Affairs and Inclusion Joost Korte. The floor was given also to speakers from international organisations, social partners, business, Cedefop, as well as experts on diverse national approaches.

Opening the Forum, Nicolas Schmit, European Commissioner for Jobs and Social Rights underlined “Today, the digital and green transitions rapidly change the world of work. How many of us will retire in the same job in which we started our career? We need to manage this change to protect the individual workers. And the way to do this is

to regularly up and re-skill. I am excited to learn how individual learning accounts can play a crucial role in this". The first panel discussion with representatives from UNESCO; OECD; Jacques Delors Institute, presented the current state of research on ILAs. The second panel discussion, with panellists from Slovakia, the Netherlands, Luxembourg, Denmark and the Adecco group showcased practical experiences from Individual Learning Schemes on the ground and discussed opportunities and challenges. The first day was concluded with a key note from Élisabeth Borne (Minister of Labour, Employment and Economic Inclusion, France), who reviewed experience of the *compte personnel de formation* in France.

The second day started with a presentation on the Singapore SkillsFuture Credit system. After this, the first panel with experts on ILA and skills development and with social partners discussed funding and governance arrangements of ILAs. A second expert panel discussion focused on enabling factors for ILAs (guidance, validation of skills, transparent information on quality assured training opportunities). The high-level forum was closed by Joost Korte (Director General, DG Employment, Social Affairs and Inclusion, European Commission) stressing the need for collective action to respond to the needs of individuals and the developments in the labour market.

The high-level forum resulted in the following key take-aways:

- **The time is right for individual entitlements to learning and ILAs:** ILAs can play an important role in providing an additional impetus to re -and upskilling, reaching out to disadvantaged adults, and through this contribute to the fair, just, and innovative recovery of Europe. The Recovery and Resilience Facility of 672.5 billion Euro can have an important role in financing skills development and supporting the green and digital transitions, for instance through ILAs.
- **ILAs will have to be based on universality, support inclusiveness, and different learning types:** While there are different possible options, generally, the high-level forum supported the idea that ILAs should be open to everyone (as an individual entitlement), to be used for formal and non-formal learning, also responding to the need for adults to enrol in more concise learning pathways leading to partial qualifications and/or micro-credentials.
- **ILAs can only function in well-governed and designed systems:** ILAs should be seen as an additional instrument to support individuals in engaging in learning that can complement existing instruments and arrangements for re-and upskilling. ILAs should therefore be designed together with social partners. Furthermore, as ILAs support developing training markets in the countries, a careful consideration needs to be given on how public and private training providers operate within this market.
- **Effective ILAs need to be embedded in well-functioning adult learning systems:** ILAs, individual entitlements and in general demand-side funding can only be effective when it is embedded in effective adult learning systems. These systems will need to have in place mechanisms, for instance concerning guidance; validation; outreach to disadvantaged groups; quality assurance of the training provided; solid IT systems to support the take up of ILAs. These are especially important to make ILAs support those adults that need re- and upskilling the most and are less-likely to claim their individual entitlements. At the same time, ILAs can foster the development of such systems: by strengthening transparency and quality assurance for non-formal learning offers, and by making guidance and validation offers eligible for ILA funding.

AOB: Micro-credentials initiative

Position by Business Europe: *“BusinessEurope sees good potential in basing VET programmes on modules or units of learning outcomes and with particular reference to the development of micro-credentials. Micro-credentials are a flexible, demand-driven and complementary approach for training to be undertaken in way that responds to companies and workers’ needs.”*

Background information:

The European Skills Agenda proposed to work on a European approach for micro-credentials. Meanwhile, the Communication on achieving a European Education Area by 2025 announced a proposal for a Council Recommendation in 2021 to support building trust in micro-credentials across Europe and to aim at having all the necessary steps in place by 2025 for their wider use, portability and recognition. This is a joint initiative with Commissioner Gabriel and DG EAC.

The initiative will aim to develop European standards on micro-credentials, with the aim to facilitate transparency, trust, portability and stackability of credentials. This means that micro-credentials should have the same value and respond to the same European standards independently of their level, content or provider (company, chamber of commerce, university, VET institution). This includes, but is not restricted to higher education institutions entering the world of lifelong learning/upskilling and reskilling. Today, the majority of short-courses leading to micro-credentials are on ICT or other emerging needs in the labour market.

The objective of the initiative is to empower individuals to participate in up- and reskilling as a crucial element to foster lifelong learning. This can be for personal development, but, more importantly, for the skills needed in the labour market.

Clear standards will support the development of short courses, which allow for a targeted acquisition of skills needed in the labour market. In addition, micro-credentials allow for skills to be more easily recognised in the labour market, including by employers. Thus, micro-credentials increase the incentives for participating in up- and reskilling, addressing one of the main barriers to individuals’ uptake of training. The initiative will also facilitate workers’ and learners’ mobility across the EU, as employers and education and training institutions will find it easier to understand and compare these credentials.

For these reasons, the initiative should be based on Articles 149 and 292 of the Treaty on the Functioning of the European Union (TFEU) [Employment], as advised by the Commission Legal Service. The narrative should focus on the individual, reflecting with equal importance the need for lifelong learning, personal development and employability, as also expressed in the title of the initiative.

It should be noted that the Recommendation (by definition a voluntary tool) will not aim at regulating national education and training systems or creating additional layers of bureaucracy to the training market. It is also to be stressed that micro-credentials are not intended to replace full or partial qualifications issued by the formal education and training system, but constitute an add-on to existing qualifications in the course of up- and reskilling needs. Member States and stakeholders (notably social partners) have already expressed concerns about these points in various consultations.

The proposal for a Council Recommendation on micro-credentials for lifelong learning and employability was packaged together with the one on individual learning accounts by the College in the Commission Work Programme for Q4, given the labour market focus of both initiatives.

With regards to timing, to allow for the planned work underway in DG EMPL (targeted consultations including with social partners, Open Public Consultation, Cedefop study on micro-credentials in VET and labour market) to be incorporated in the initiative, adoption should not take place before 8 December 2021. Sufficient time is needed to bring partners and national authorities on board social, as preliminary discussions show resistance and concerns, especially from the formal VET sector and trade unions. A full and open dialogue needs to take place to fully show the benefits of the initiative and address concerns where possible. Moreover, the timing of the initiative should take into account the proposal for the Council Recommendations on ILA, which cannot be moved forward due to the timing of the impact assessment.