

This book is a follow-up to the 2003 OECD publication *Beyond Rhetoric: Adult Learning Policies and Practices*. It is based on information from the 17 countries participating in the OECD thematic review of adult learning between 1999 and 2004: Austria, Canada, Denmark, Finland, Germany, Hungary, Korea, Mexico, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom (England), and the United States.

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*Going beyond rhetoric: stronger emphasis on financial incentives and on policies to increase the participation of low-skilled adults is needed*

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The 2003 publication, based on the experience of a first group of nine countries, focused on understanding adults' access to and participation in learning activities and on enhancing incentives for them to undertake such activities. The insights gained after additional countries participated in the review have helped strengthen the existing knowledge base of policies and practices; it is now possible to enrich the discussion of policy options and develop a sharper policy focus. While still advocating an integrated approach to adult learning policies, this publication contains a stronger emphasis on financial incentive mechanisms and on policies to increase the participation of low-skilled adults.

The focus on the low-skilled results from two main factors. First, these adults rank high on the policy agenda of a number of review countries. Second, recent studies show that an equitable distribution of skills has a strong impact on overall economic performance. This is an important finding, one that helps justify policies to upgrade the skills of disadvantaged groups. It also shows that the distribution of skills is important over the long term for living standards and productivity: more equitable investments in skills can foster growth by making the overall labour force more productive.

The main purpose of this report is to gather the key policy lessons from 17 OECD country reviews, notably as regards countries' approaches to improving access to and participation in adult learning. The report examines in depth the latest developments, including policies and incentives for adults to undertake learning. It addresses potential barriers to learning and possible policy actions to remedy them. Lack of motivation, lack of time, and financial constraints remain key barriers and need to be addressed in wider policy settings.

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*Participation in adult learning varies widely across countries...*

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**Chapter 1** shows that there is substantial variation in participation rates across the 17 review countries. Denmark, Finland and Sweden generally rank highest; they are joined by the United Kingdom and Switzerland when ranking is based on the adjusted participation rate developed for the purpose of this publication. Hungary, Portugal and Poland have the lowest participation rates in most surveys. Interestingly, the breakdown of participation and

duration of training across countries shows that there exists an “extensive” model of adult learning involving a low volume of training to a large number of adults, vs. an “intensive” model that concentrates training efforts on a smaller number of people.

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*... and across population groups*

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Further, there are significant inequalities in participation in adult learning. Participation rates of those with tertiary education are often 5 or 10 times as high as those of the low-skilled. Older individuals tend to participate much less in adult learning than their younger counterparts. Company size is another important determinant; among the review countries, small and medium-sized enterprises in Hungary, Poland, Portugal and Spain are particularly under-represented in continuing training.

Is there under-investment in adult learning, and to what extent does this affect equity of access? While many theoretical studies underline the role of imperfections in labour, capital and training markets in inhibiting investments in human capital, the available evidence is mainly indirect and does not allow a conclusive answer. Yet, evidence points to the fact that under-investment affects certain disadvantaged groups disproportionately, such as the low-skilled and older age groups. This suggests a role for policy intervention.

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*Governments have a range of policy levers*

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The experiences of the review countries show that governments can indeed play a useful role by: i) creating the structural preconditions for raising the benefits of adult learning; ii) promoting well-designed co-financing arrangements; iii) improving delivery and quality control; and iv) ensuring policy co-ordination and coherence. Given the non-conclusive evidence about the overall quantitative impact of market failures, adult learning policy should first and foremost concentrate on schemes with large leverage potential. Regulatory and institutional arrangements that are conducive to enhancing investments by firms and individuals, while limiting public financing, are key within this type of strategy.

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*Creating the structural preconditions for raising the benefits to adult learning*

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Policies for increasing and promoting the benefits of adult learning are taken up in **Chapter 2**. First, it is important to improve the visibility of rewards to learning as a way to motivate adults to learn. It is also important to remove the structural impediments to increase these returns by strengthening recognition of acquired skills, making them transparent and easily signalled to both individuals and firms. The development of national qualification systems provides a sort of “currency” in this respect. Recognition of informal and non-formal prior learning can contribute to reducing opportunity costs. Schemes allowing individuals to have their skills recognised, independently of whether these have been acquired through formal training or non-formal learning experiences (for example through competence-based exams), are being introduced in a growing number of OECD countries, helping to realise a culture of adult and lifelong learning. At the same time, it is essential to ensure that certification systems are credible and transparent to employers; otherwise, certified skills might be devalued in the labour market.

High-quality information and guidance provision facilitates access to participation, helps improve visibility of the gains resulting from adult learning, and ensures a better match between the demands of individuals and supply. Lack of information on the availability as well as the quality of courses offered may affect perceptions of what individuals can gain from engaging in learning. Countries have adopted different approaches to surmount this problem. Individual counselling support has been found to be effective, particularly in the case of low-skilled and disadvantaged adults. One approach uses the promotion of learning by individual mentors or “learning ambassadors”, i.e. previous successful course participants or other specially qualified mediators such as trade union learning representatives. It is also important that providers are linked by a network through which they can share and exchange information. One-stop centres are promising avenues in that they integrate information and guidance in already existing networks of services.

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### *Promoting well-designed financing arrangements*

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**Chapter 3** examines financing arrangements aimed at supporting participation and increasing the effectiveness of adult learning. Financial constraints are likely to be particularly acute for low-income individuals and older workers (who usually only have a short period available in the labour market over which training expenses can be amortised). Further, an individual firm may not have sufficient financial incentive to invest in general as opposed to firm-specific employee skills – even when this may be worthwhile for the economy as a whole.

To the extent that it generates considerable private returns, much of adult learning should be co-financed. It could be a waste of public resources to fund learning with public subsidies when it would have been undertaken anyway (the so-called deadweight effect). However, given the inequitable outcomes, there is a stronger case for governments offering co-financing and setting economic incentives for low-skilled and disadvantaged groups, as well as for certain types of firms (such as small and medium-sized enterprises). The challenge is to find solutions that address those cases where financial constraints indeed constitute major obstacles to investment and participation in learning.

Funding mechanisms that co-finance adult learning expenses by firms and adults, or that allow greater choice to individuals, can raise the efficiency of provision. Among the various financing instruments available for firms, profit tax deductions and levy/grant schemes are possible options. However, it is important that eligibility conditions and grant disbursement strategies are designed so that: i) deadweight losses are minimised; and ii) small firms and disadvantaged individuals have an opportunity to participate. Payback clauses in individual contracts can be another helpful co-financing scheme; these allow firms and individuals to share the cost of training, and help address problems of free-riding and “poaching” among firms. Finally, vertically linked firm networks, where large enterprises provide training directly to small ones belonging to their supply chain, are a promising avenue for the pooling of resources among firms with different training capacity.

Individual learning accounts (ILAs) and subsidies (vouchers and allowances) can facilitate learning among low-skilled adults, as long as the schemes are appropriately targeted. Experiences with ILAs and vouchers from several review countries have proven to be effective in addressing the needs of the disadvantaged, since they can be targeted and stimulate competition among training providers. Individual allowances have been

successful in promoting take-up of learning in Nordic countries. Support for training leave is also a useful instrument to promote learning take-up by workers, but mechanisms need to be found to ensure that low-skilled workers are among those who benefit through financial and social partner support.

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### *Improving delivery and quality control*

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Issues regarding the delivery of adult learning and quality control of programmes are taken up in **Chapter 4**. First, appropriate delivery methods are essential in improving adults' participation. A wide range of institutions – folk high schools, community colleges, community institutions, regular educational institutions and more informal venues – deliver learning to adults with different needs. Experience from the review countries highlights the importance of targeting. For example, in several review countries, intergenerational learning programmes are an outstanding method for dealing with problems of literacy. Effective delivery also implies responding to the key constraint to participation: time. Easing time arrangements and providing flexible alternatives for learning have been successful in helping a number of countries reach high participation rates. These include the development of part-time learning and distance learning programmes employing information and communication technologies.

Effective delivery of training in the workplace can also contribute to raising overall participation. Real involvement on the part of employee representatives and a well-structured dialogue between business and labour on education and training issues can be an important element contributing to improved training provision. The social partners are well equipped to jointly define education and training curricula leading to recognised qualifications. The involvement of employee representatives can reduce asymmetric information on costs and benefits, help shift employer supply towards more general types of training, and create more equitable learning opportunities.

In view of existing inequities in access to adult learning, and considering that many employers seem to assume that they profit more from training the higher-educated and do not consider it in their interests to engage in basic skills instruction for their low-skilled employees, governments are well advised to develop incentive programmes to increase workplace learning of the low-educated and low-skilled.

Turning to the issue of quality control in adult learning, there is no doubt that poor-quality programmes and lack of knowledge of programme outcomes can result in low investment and participation. Thus, there is a need for quality assurance and programme assessment and evaluation as integral components of adult learning systems. To improve market transparency, governments can set an appropriate regulatory framework for competition among providers and make information on provider quality available to users. They can set quality standards, certify adherence to these standards and disseminate information about adhering providers to the general public. Public employment services should be encouraged to further enhance their own quality standards when referring unemployed clients to continuing training courses provided by the private or community sector. More generally, providers' participation in public tenders constitutes a promising way of ensuring quality of provision.

By verifying what works and what does not, for whom and in what circumstances, assessment and evaluation can contribute to more efficient and effective policy making.

Evaluation in this area is a particularly challenging task, since the goals of adult learning are more varied and idiosyncratic than those of conventional education or employment-focused training programmes. Still, evaluation of adult learning activities outside of labour market programmes can be much improved. Moreover, evaluation of these programmes – while having made some progress in recent years – still faces the challenge of finding appropriate performance indicators and assessment methods that give room to both efficiency and equity objectives.

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*Enhancing policy co-ordination and coherence*

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**Chapter 5** argues that the development of more coherent policy frameworks can also assist in enhancing adult learning investment and participation. As a rule, a wide variety of needs are covered by adult learning systems, and there is a high diversity of stakeholders in the policy-making process. Against this background, a certain lack of co-ordination and coherence has been a common trait in adult learning policy making in most countries.

Ideally, policy frameworks would require co-ordination with all stakeholders involved: co-ordination within education policies, in terms of reducing early school dropout rates and developing lifelong learners; effective co-ordination between education and employment policy objectives, in the use of adult learning to assist the unemployed in finding a job; linking adult learning to social welfare programmes, so that benefit recipients can also develop their skills; and co-ordination with the social partners, in the definition of skills needs and the development of learning opportunities.

A way to improve the lack of co-ordination between the different partners involved is to create adult learning institutions for policy formulation and programme delivery. Depending on the national contexts, these institutions can act as co-ordinators, advisory bodies or actual policy-making bodies. A co-ordination institution would establish priorities, define appropriate financial incentive mechanisms for increasing participation, and improve the quality of provision through enabling the collaboration of the different partners involved. Setting targets in terms of numbers of learning participants and final output may also help to get a diverse range of actors to work towards common goals.