

FRAMEWORK FOR INFORMATION EXCHANGE IN LOCAL DEVELOPMENT (FIELD)

&

OECD LEED PROJECT ON SKILLS FOR COMPETITIVENESS

*Implemented with the support of the European Commission*

## MEASURING SKILLS AND HUMAN CAPITAL IN LOCAL ECONOMIES

Workshop organised by the OECD LEED Programme

12 March 2010, OECD Headquarters, Paris, France

### Agenda

For further information on the FIELD project,  
please contact [Ekaterina.Travkina@oecd.org](mailto:Ekaterina.Travkina@oecd.org), or [Jonathan.Potter@oecd.org](mailto:Jonathan.Potter@oecd.org)

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## Background on the project

The OECD 'Framework for Information Exchange in Local Development Project - FIELD' project supports local development organisations in strengthening their information systems. It provides guidance on data collection, analysis and use in policy making, customised to conditions in each participating area. It helps policy makers to build evidence on: What makes your local economy work? What drives it forward, what holds it back? Where and how policy should intervene? Is policy bringing results? The project addresses the need faced by many local policy makers to determine in the vast amounts of national and local data and information some core indicators that can help link data to local drivers of growth and link policy to drivers.

In 2010 four thematic seminars will be organised at the OECD Headquarters in Paris gathering a selected group of international experts and practitioners from partner localities to review the existing data and identify sets of indicators that can be used by local development organisations to better measure performance and policy impacts in the following fields:

1. **Measuring skills and human capital in local economies (12th March 2010);**
2. Reducing unemployment and exclusion from the labour market (June 2010);
3. Fostering entrepreneurship and the development of small and medium-sized enterprises (SMEs) (September 2010);
4. Improving local development policy delivery arrangements (November 2010).

The objective of these seminars is to provide practical guidance to local policy makers on how to build information systems for identifying policy needs and measuring policy impacts. For each theme, they will identify the major challenges, examine good practices and develop a self-assessment tool that can be used by local development organisations to identify where they can improve their information systems. The seminars will also produce a set of local economic and employment development policy indicators.

The seminars are complemented with case study workshops and reports in selected localities to assess the issues and options in improving local information systems and provide capacity-building support. The results of the work will be presented in a manual to be issued in 2011.

## Measuring skills and human capital

Working in conjunction with an OECD Local Economic and Employment Development (LEED) Programme research project on Skills for Competitiveness, the first seminar will focus on measuring skills and human capital in local economies.

Skills are key to productivity, employment and, increasingly, to economic inclusion. Business competitiveness depends on the skilled labour force firms can draw from, and investment in local skills and education is one of the key factors to attract and retain businesses. Higher skills are a prerequisite to future employment as forecasts show that a permanent feature of the labour market seems to be the lower unemployment rate and higher employment rate among the high-skilled. And lack of skills can be a key barrier to employment for disadvantaged groups.

- The key themes of the seminar include: **Measuring skills supply, demand and utilisation.** The assessment and anticipation of local skills and labour market needs is required to improve the efficiency of the local labour market; better match labour supply and demand to reduce bottlenecks; and better define the content and structure of education and training systems. In addition to looking at skills supply and demand, skills utilisation by employers (or the way that skills and knowledge are applied in the workplace) is becoming an increasingly important issue. LEED's Designing Local Skills Strategies study, for example, identified that certain regions, particularly rural ones, are vulnerable to falling into a vicious cycle known as a 'low-skilled equilibrium' where a lack of skilled people is matched by a low demand for skills by local employers, who fail to produce quality jobs because they operate at a low level of productivity. This means low salaries and career progression for local people, high emigration rates of talented youth, and a lack of economic growth at the regional level.
- **Local skills and human capital indicators.** A common set of core indicators used across a group of local development organisations will increase policy understanding and benchmarking possibilities. These indicators should be capable of guiding local policy interventions in key areas. The FIELD project seeks to develop and promote a core set of indicators.
- **Good and bad practices on the ground.** Local development organisations have introduced many innovative and robust approaches to their local information systems. However, there are also a number of inefficiencies and unexploited opportunities. The nature of good and bad practice in local development organisations will be explored and lessons drawn.
- **Assessing the impact of policy interventions in human capital and skills.** Local development organisations aim to increase welfare by delivering appropriate policies. How do we know whether the policies pursued are the most appropriate? How can we justify the policies and provide accountability for the spending? Policy evaluation is an essential tool. This theme examines some of the specific challenges for local policy evaluation in the area of human capital and skills.

Local development organisations are confronted with the growing complexity of measuring local skills, identifying and forecasting future skill needs and assessing skills utilisation, given the increased mobility of labour, diversity of employment relationships, work practices and the pace of change driven by new technology and globalisation. Robust information systems are needed to diagnose needs, make right policy choices and measure if policy is bringing results.

### The FIELD seminar

**Objective:** to review the innovative tools and methods used, as part of local information systems, by local development organisations to: i) measure skills supply, demand and utilisation in local economies, ii) identify policy needs, shape policies and programmes that can best address these needs and iii) understand if policies are bringing results.

**Method:** the seminar will work through open discussions rather than formal presentations.

**Who:** local and regional development organisations (officials responsible for design and implementation of development strategies, skills strategies, local labour market monitoring), international experts and OECD Secretariat (20 participants).

**Date and venue:** 12th March 2010, OECD Headquarters, 2 rue André Pascal, 75016 Paris, France

**Working language:** English

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## Friday - 12 March 2010

9.00 - 9.15

Opening by *Dr. Jonathan Potter*, OECD LEED Programme and *Ekaterina Travkina*, OECD LEED Programme

9.15 - 11.00

### SESSION 1: UNDERSTANDING LOCAL SKILLS PROFILES AND FACTORS THAT INFLUENCE SKILLS

Session co-moderated by *Jonathan Potter* and *Francesca Froy*, OECD LEED Programme

Defining the local skills profile is a starting point for any strategy making. However, this is not an easy task. Levels of skills in the population do not necessarily correspond to levels of skills in the workforce. Information on numbers and profiles of graduates does not tell whether local businesses employ these graduates or bring skills from elsewhere. Local skills ecosystem is the term sometimes used to describe this complex reality.

What are the factors that influence the local skills profile? Skills supply is of course shaped by training and educational provisions but also by other factors like in-and outmigration trends and demographic changes. These should be looked at in conjunction with factors that influence skills demand and skills utilisation, for example work organisation, productivity, and technology transfers.

This session will seek to identify what needs to be measured and how with respect to local skills levels and the factors that affect them.

The discussion will address the following issues:

- What is important to know and why in a local skills profile?
- What are the major factors that influence local skills profiles? Is it possible to anticipate future change in skills supply and demand?
- What kind of data is needed to map skills profiles and identify trends? What information is needed to understand the factors influencing skills? What information is available from existing sources, what are the limits and what is missing? How to fill information gaps?

**Conclusions** by *Francesca Froy*, OECD LEED Programme

11.00 - 11.30

Coffee Break

11.30 - 13.00

### SESSION 2: LOCAL SKILLS INDICATORS

This session will seek to define a set of core indicators that can help to identify local policy needs in terms of skills provision and utilisation and evaluate policy results. Participants will split into groups to consider these issues.

The group work will be **moderated** by *Jonathan Potter* and *Francesca Froy*, OECD LEED Programme

**Conclusions** by *Ekaterina Travkina*, OECD LEED Programme

13.00 - 14.00

Lunch Break

14.00 – 15.30

**SESSION 3: FROM DATA TO DELIVERY: VIEWS FROM THE REGIONS**

**Session moderated** by *Dr. Cristina Martinez-Fernandez*, OECD LEED Programme

Drawing from the practical experience of regions participating in the seminar, this session will define how to use evidence to identify good skills policies. Three participating regions will make brief presentations around the following issues:

1. Regional skills profile: building the evidence base
2. From data to policies: how and why policy instruments were chosen?
3. Which approach is used to evaluate policy results and feed back into policy design?
4. What are the strengths and weaknesses and lessons learnt from the current approach?

**Contributions by:**

- *Jacob Løbner Pedersen*, Project Manager, Employment Region Copenhagen and Zealand, Denmark
- *Kristel Rombaut*, Project Manager Research and Analysis, Work and Economy - city of Antwerp, Belgium
- *Peter Nolan*, Employment & Enterprise Coordinator, Dublin Inner City Partnership, Ireland

**Comment by national policy makers****Open discussion**

**Conclusions** by *Dr. Christa Larsen*, IWAK - Institute for Economics, Labour and Culture Center at the Goethe-University Frankfurt am Main, Germany

15.30-16.00

Coffee Break

16.00 - 17.00

**SESSION 4: EVALUATING POLICY OUTCOMES**

**Session introduced and moderated** by *Dr. Jonathan Potter*, OECD LEED Programme

While it is relatively easy to track the results of different programmes and projects (e.g. number of people trained, number of firms receiving training assistance), it is much more difficult to see if policies are producing real outcomes in terms of long term changes in the economy, e.g. if policies are helping to increase labour productivity and generate better incomes.

Drawing on the experience of seminar participants, this session will examine how to obtain and use evaluation evidence on the impacts of human capital and skills policies.

**Conclusions** by *Dr. Christa Larsen*, IWAK - Institute for Economics, Labour and Culture Center at the Goethe-University Frankfurt am Main, Germany

17.00 – 17.30

**Conclusions** by *Dr. Christa Larsen*, IWAK - Institute for Economics, Labour and Culture Center at the Goethe-University Frankfurt am Main, Germany and *Dr. Jonathan Potter*, OECD LEED Programme

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