



**COUNCIL**

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**Council**

**PROPOSAL TO ESTABLISH A PART II PROGRAMME AND A BOARD OF PARTICIPATING COUNTRIES FOR THE PROGRAMME FOR THE INTERNATIONAL ASSESSMENT OF ADULT COMPETENCIES (PIAAC)**

**(Note by the Secretary-General)**

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## **Background**

1. The Programme for the International Assessment of Adult Competencies (PIAAC) is proposed as a multi-cycle programme of assessment of adult skills and competencies. It will survey representative samples of the adult population between 16 and 64 years of age, including the non-employed, in a household context. In addition to direct assessments of competencies, PIAAC will seek to capture the use of individuals' skills in the workplace, as well as background characteristics and labour market outcomes. It will also provide options for collecting data on other individual outcomes and on the low-skilled and for the over-sampling of various segments of the population to permit greater analytical insight at key transition points over the lifespan.

2. As part of the Output Group, 2.1. Human and Social Capital, Output Area 2.1.1 (Lifelong Learning Economic and Social Policies) and Area 2.1.4 (Skill Formation of the Adult Workforce), the OECD programme of work and budget contains output results for the 2007-08 biennium to establish a strategy that would:

- a) identify and measure differences between individuals and countries in competencies believed to underlie both personal and societal success;
- b) assess the impact of these competencies on social and economic outcomes at individual and aggregate levels;
- c) gauge the performance of education and training systems in generating required competencies;
- d) help to clarify the policy levers that could contribute to enhancing competencies.

3. This was based on initial exploratory work by the Indicators of Education Systems (INES) Strategic Management Group between 2000 and 2003 [EDU/EC/CERI(2003)5] which led to the setting up of an international expert group, representing 27 countries, to explore the identification of a possible data strategy. The international expert group met twice during 2004 to discuss the policy objectives and possible assessment options that the proposed Programme for the International Assessment of Adult Competencies (PIAAC) might adopt. A draft PIAAC strategy was subsequently put forward in COM/DELSA/EDU(2005)4/REV1, which was broadly endorsed at the November 2005 meetings of the Joint Session of the Education Committee and CERI Governing Board and the meeting of the Employment, Labour and Social Affairs Committee.

4. The Directorate for Education and the Directorate for Employment, Labour and Social Affairs jointly manage this work and have, during 2006 and 2007, initiated developmental work aimed at assessing the appropriateness and feasibility of the various components of the PIAAC strategy within their respective work programmes.

5. PIAAC is now entering a new phase that involves the development of the assessment and survey instruments and their implementation. Since countries have charged PIAAC with responding to more policy and analytic themes than can be encompassed by a single assessment, critical choices need to be made regarding the selection and prioritisation of PIAAC's policy-analytic goals across successive PIAAC assessments. The development and implementation of a PIAAC survey will also have significant resource implications at both national and international levels.

6. At the meeting of the Employment, Labour and Social Affairs Committee held on 24 April 2007 and at the meeting of the Education Policy Committee held on 25 April 2007, delegates agreed to recommend to Council the establishment of a Part II Programme for PIAAC, the establishment of a Board

of Participating Countries and a process for drawing up the work programme and budget for 2008 to take this work forward.

### **Proposal to establish a Part II Programme for PIAAC and a Board of Participating Countries**

7. It is proposed to establish a Part II programme to be governed by a Board of Participating Countries.

8. Since the Programme supports the work of the Education Policy Committee and the Employment, Labour and Social Affairs Committee and the Board of Participating Countries would report to both Committees, it is suggested that each participating country shall have the right to be represented by delegates representing both the Education and Labour communities, but that there should be one voice per country only in the decision making process. It is also suggested that the Board be co-chaired by two of its members who reflect the perspectives of both the education and the labour ministries and that, in constituting its bureau, it will seek to balance the education and labour perspectives, as well as the geographical representation of participating countries. The draft mandate agreed by the Employment, Labour and Social Affairs Committee and the Education Policy Committee for the Board of Participating Countries and amended in the light of comments and advice received from the Executive Committee and Budget Committee is attached in the Annex.

9. There has been considerable discussion in both Committees of how to go about drawing up the budget and programme of work for this important programme and the following process for the finalisation of arrangements for this Programme is now envisaged:

- Council approves the creation of a Part II programme and of the Board of Participating Countries from 1 January 2008.
- One, or possibly two, expert meetings will be convened by the Education Policy Committee and the Employment, Labour and Social Affairs Committee in Q3 2007 with the aim of:
  - Recommending the policy priorities for PIAAC to the Education Policy Committee and the Employment, Labour and Social Affairs Committee, and finalising the PIAAC strategy, such that realistic survey constraints are accommodated.
  - Drawing up the draft work programme and budget for the first survey cycle (2008 to 2012), to help prepare the first PIAAC assessment. This implies reaching agreement on the two components of the assessed contributions: (i) a floor component payable by all participating countries and representing the marginal international cost of country participation in PIAAC; and (ii) remaining costs to be shared by participating countries according to a scale of contributions that could mirror that established for the OECD Part I budget. Resources assigned by the Directorate for Education and the Directorate for Employment, Labour and Social Affairs for 2007, as approved by Council, and voluntary contributions will support this work.
- Countries would then be asked to confirm their intention to participate in the second stage of the programme, which would consist of implementing the pre-pilot and piloting activities of PIAAC. This will imply a financial commitment to the PIAAC budget for 2008.
- Once the draft programme of work has been reviewed by the Education Policy Committee and the Employment, Labour and Social Affairs Committee and countries have confirmed their participation, in the second stage, the programme of work and budget template for 2008 would be

presented to the Budget Committee in Q4 2007. Subsequent programmes of work and budget templates will respect the OECD biennial cycle. The initial 2008 template will be accompanied by a document showing the projected cost for the entire survey cycle for the period 2008-2012.

- Following the finalisation of the pilot, countries would confirm their intention to participate in the main survey administration, for which preparatory work will begin in 2009 and which should be completed in 2011.

### **Funding considerations**

10. As mentioned above, the full costs involved for the development and implementation of PIAAC cannot be estimated until the draft programme of work has been finalised. Nevertheless, in order to give some idea of the magnitude of these costs, it is estimated that the costs of the development of the instruments, field administration assistance, quality assurance and analysis and reporting are likely to be in the order of EUR 15 million for the period 2008-2011. The bulk of these costs, around EUR 10 million, relate to the development of the assessment and other data collection instruments, as shown in document COM/DELSA/EDU(2005)4/REV1. These international costs are comparable to those incurred for PISA, the OECD programme that is most similar to PIAAC. To ensure that each participating country would contribute at least the marginal cost associated with its participation in PIAAC, the floor contribution to the programme is likely to amount to around EUR 70 000 a year for each country. In most cases, it is anticipated that this cost will be shared by ministries of education and labour. In addition, each participating country would be responsible for the specific costs associated with the implementation of the PIAAC survey nationally. As laid out in the original PIAAC strategy document [COM/DELSA/EDU(2005)4/REV1], these costs are likely to amount to at least EUR 2 million for each participating country, reflecting mainly the survey administration costs which, in turn, take account primarily of the interviewing and training costs within each country.

11. The programme of work and budget will, as for other Part II programmes, be prepared under the guidance of the Budget Committee and Council and submitted to them for approval.

12. Given the level of costs involved, and that the OECD budget for the programme will vary significantly from year to year, and given countries have expressed the desire to contribute stable amounts to the OECD for PIAAC over successive years, the mandate of the Part II programme foresees a mechanism for smoothing country contributions over time which entails the possibility of carrying forward appropriations for which no commitment has been entered into before the end of the Financial Year to the ensuing year. This has proved to be an effective way of financially managing large-scale and long-term projects, such as the OECD Site project [C(2003)11/REV1] and PISA [C(2006)173], in a sustainable and stable manner. As well as allowing Members to better manage their contributions to the Part II programme, this also has the following advantages in managing risks:

- It allows the Programme to gradually constitute a reserve to manage the risk of loss of employment indemnities;
- It will allow the Programme to cover risks resulting from breach of confidentiality, for example, the need to redevelop assessment materials.

### **Proposed Action**

13. In the light of the preceding, the Secretary-General invites the Council to adopt the following draft conclusions:

THE COUNCIL

- a) noted document C(2007)62/REV3;
- b) adopted the draft Resolution of the Council concerning the creation of the Programme on the International Assessment of Adult Competencies (PIAAC), set out in the Annex to document C(2007)62/REV3;
- c) noted the process for the preparation of the 2008 programme of work and budget of the Programme on the International Assessment of Adult Competencies and that the Education Policy Committee and the Employment, Labour and Social Affairs Committee would prepare a programme of work and budget for examination by the Budget Committee.

ANNEX

**DRAFT RESOLUTION OF THE COUNCIL CONCERNING THE CREATION OF THE  
PROGRAMME FOR THE INTERNATIONAL ASSESSMENT OF ADULT COMPETENCIES  
(PIAAC)**

THE COUNCIL,

Having regard to the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960, and, in particular, Articles 5 a), 9 and 12 thereof;

Having regard to the Rules of Procedure of the Organisation;

Having regard to the Financial Regulations and the Financial Rules of the Organisation;

Having regard to the Resolution of the Council concerning the participation of non-Members in the work of subsidiary bodies of the Organisation [C(2004)/132/FINAL] and the Resolution of the Council Concerning Fees for Non-Member Participation in Subsidiary Bodies of the Organisation [C(1996)223/REV3/FINAL];

Having regard to the Resolution of the Council on a New Governance Structure for the Organisation [C(2006)78/FINAL];

Having regard to the Main Principles Guiding the Governance Structure of the OECD Education Bodies [EDU(2006)8/ANN3/REV1], in particular, relative to the global coherence of OECD work on education, and the mandates of the other education bodies;

Having regard to the mandate of the Employment, Labour and Social Affairs Committee and the Education Policy Committee;

Having regard to the proposals set out in the Note by the Secretary-General concerning the creation of a Part II Programme and a Board of Participating Countries for the Programme for the International Assessment of Adult Competencies (PIAAC) [C(2007)62/REV3];

DECIDES:

The Programme for the International Assessment of Adult Competencies (PIAAC) is hereby created with the following mandate:

**Mission**

1. The Council shall, for the period of 1 January 2008 to 31 December 2011, create a Programme for the International Assessment of Adult Competencies (PIAAC). The work of PIAAC reflects and

complements the priorities of the OECD as a whole, in improving living standards and promoting sustainable development and social cohesion through good governance. It contributes to fulfilling the Directorate for Education and the Directorate for Employment, Labour and Social Affairs missions of facilitating high-quality lifelong learning for all that contributes to personal development and sustainable economic growth, as well as fostering the conditions leading to more and better jobs and a more socially inclusive society. It is carried out within the framework of the Main Principles Guiding the Governance Structure of the OECD Education Bodies [EDU(2006)8/ANN3/REV1], and with due regard to the mandates of the other education bodies and the mandate of the Employment, Labour and Social Affairs Committee.

2. A multi-cycle programme of assessment, PIAAC will survey a representative sample of the adult population in each participating country in the assessment in a household context, in order to assess key competencies and their utilisation in the work place. The assessment will focus on literacy, which previous national and international assessments have shown to be essential for participation in modern societies, as well as on other generic work skills. PIAAC will extend the traditional concept of literacy by adapting it to competency requirements in the information age and will also break new ground by assessing other key generic skills required in the workplace. PIAAC will also survey other important social and labour-market outcomes and collect contextual data with the aim of facilitating policy-relevant analyses. The objectives of PIAAC are four-fold:

- Identify and measure differences between individuals and across countries in key competencies believed to both underlie personal success and respond to labour market requirements.
- Assess the impact of competencies on a range of economic and social outcomes.
- Assess the performance of education and training systems, workplace practices as well as labour market policies, in generating competencies at the levels required by social and economic demands.
- Help identify policy levers to reduce “deficiencies” in key competencies.

### **Participation**

3. Participation in PIAAC is open to Member countries. Invitations to and participation of non-Members in the work of PIAAC will be considered by the Board of Participating Countries in accordance with Council Resolutions C(2004)132/FINAL and C(2006)78/FINAL.

### **Board of Participating Countries**

4. In support of the mandates of the Education Policy Committee and the Employment, Labour and Social Affairs Committee, the Board of Participating Countries shall oversee PIAAC. The Board of Participating Countries shall, in particular:

- Recommend the policy priorities for PIAAC to the Education Policy Committee and the Employment, Labour and Social Affairs Committee and oversee adherence to these priorities during implementation. This includes the setting of priorities and standards for data development, analysis and reporting as well as the determination of the scope of work that will then form the basis for the implementation of PIAAC.
- Develop a draft work programme and budget and cost elements of a scale of contributions.

- Prioritise its activities and outputs in consultation with the Employment, Labour and Social Affairs Committee and the Education Policy Committee.
- Monitor the quality and timeliness of output results, activities and projects.
- Disseminate policy advice, analysis, research and data to a wide range of stakeholders in Member and non-Member countries.
- Evaluate the outcomes of the work.

5. The Board is open to countries participating in the assessment. The European Commission shall participate in accordance with the provisions of Article 13 of the Convention and Supplementary Protocol No. 1 to the Convention. The International Labour Office, the World Bank and UNESCO may attend meetings of the Board as observers. Representatives of the Business and Industry Advisory Committee (BIAC) and the Trade Union Advisory Committee (TUAC) may attend meetings of the Board as experts.

6. Governments should, whenever possible, appoint representatives to the Board of Participating Countries who are knowledgeable about large-scale survey assessments and their interface with educational and employment policy and practice.

7. The Board of Participating Countries may organise its meetings outside OECD Headquarters on the basis of a reasoned request from a Permanent Representative on behalf of a member of the Board. The host will accept responsibility for additional direct and indirect expenditures related to the meeting so that it is no more expensive for the Organisation than it would have been if held at OECD Headquarters.

#### **Working methods and relationship with the Education Policy Committee and the Employment, Labour and Social Affairs Committee**

8. The Board of Participating Countries will seek strategic guidance on policy priorities, the programme of work and budget from the Education Policy Committee and the Employment, Labour and Social Affairs Committee.

9. The Board shall provide regular reports to the Education Policy Committee and the Employment, Labour and Social Affairs Committee on the implementation of its programme of work.

10. All decisions relating to the modalities for the participation in the assessment exercise, the operations of the Board of Participating Countries, the elements to be included in calculating the floor contribution for the scale of contributions, changes to project design and structure as well as the frequency of successive PIAAC surveys will be adopted by consensus of the members of the Board of Participating Countries. For other decisions, not specifically provided for in this mandate, the Board will tailor its working methods to its own needs, as provided by Council Resolution C(2006)78/FINAL.

#### **Budget of the Programme**

11. The programme of work, scale of contributions and budget of the Programme shall be agreed by the Budget Committee before transmission to Council for final approval.

12. The expenditure of the Programme shall be charged against the appropriations authorised for it under a Part II Chapter of the Budget of the Organisation.

13. The scale of contributions will be composed of a floor contribution, to be determined by the Board of Participating Countries, which is the minimum contribution for participating countries and



represents the operational international cost of country participation, and other costs that will be assigned to participating countries on the basis of the OECD Part I scale of contributions.

14. In order to allow participating countries to contribute stable amounts for PIAAC over successive years, appropriations, for which no commitment has been entered into before the end of the Financial Year for which they were appropriated shall be automatically carried forward to the budget for the ensuing year by decision of the Secretary-General, notwithstanding the provisions of Articles 14 and 15 of the Financial Regulations of the Organisation.

#### **Relationship with other bodies**

15. The Board of Participating Countries shall also maintain close working relationships with other relevant bodies of the Organisation working on issues related to assessment, educational, training and employment outcomes, as well productivity and economic growth, in particular the Governing Board of the Centre for Educational Research and Innovation and the Committee for Industry, Innovation and Entrepreneurship. The Board of Participating Countries shall co-operate with other international and regional organisations active in its field of competencies. It may consult with non-governmental bodies after receiving advice from the Education Policy Committee and the Employment, Labour and Social Affairs Committee.

#### **Evaluation**

16. As part of the OECD in-depth evaluation process, an evaluation exercise will be conducted prior to the end of the mandate period by the Education Policy Committee and the Employment, Labour and Social Affairs Committee.

#### **Duration**

17. This mandate shall enter into force on 1 January 2008 and shall expire on 31 December 2011, unless the Council decides otherwise.