



Motivation “Ezio Tarantelli” Prize 2023

“Who Profits from Training Subsidies? Evidence from a French Individual Learning Account” **Francesco Filippucci and Elöise Corazza**

The selection committee of the Ezio Tarantelli Annual Prize for the best conference paper – composed by the Executive Board of AIEL– has evaluated a shortlist of about 10 papers and has unanimously decided to award the prize to the paper by Elöise Corazza and Francesco Filippucci *“Who Profits from Training Subsidies? Evidence from a French Individual Learning Account”*

The paper by Corazza and Filippucci studies the effects of individual training subsidies on training activity. Specifically, it analyses the effects of the French Individual Learning Account, a scheme in which workers accumulate training credits that can be spent on training activities supplied by certified private providers. The paper deploys administrative data on individual training credits and leverages reform-induced variation in subsidies generosity through an Instrumental Variable setting. In particular, the paper exploits a 2019 reform that homogenized the amount of the subsidy across industries.

The paper finds a modest effect of subsidies on the total amount of training undertaken, while it shows that most of the change in the generosity of subsidies is appropriated by training providers through changes in price, resulting also in an increase in profits. This result is consistent with both low elasticity of training demand and supply and non-competitive training markets, the latter stemming mostly from the accreditation requirements that providers should fulfil.

The paper contributes to the literature on training subsidies by showing that interventions implemented through training quasi-markets face a significant risk of being neutralized through appropriation of the subsidy by training suppliers. From a policy perspective, the paper warns against the perils of subsidizing the demand for training when demand rigidity and imperfect competition give training providers the ability to capture most of the subsidy, thus missing the policy target of increasing the amount of training in the economy as a whole.

The Prize committee has unanimously decided that the paper by Corazza and Filippucci deserves the prize in consideration of the high quality and novelty of the data used, the rigour of the empirical analysis and the relevance of the results for the effective design of economic policies aimed at promoting training. The paper draws a lesson from the French experience that should be taken into account also in other contexts, including Italy.