

ANNEX II:

G20 Skills Strategy

Skills are crucial to promote strong and inclusive growth

1. Investing in skills must be a key element of the G20 commitment to take action to “*support development and Inclusive Growth, and help to reduce inequality and poverty*” in the context of lifting G20 GDP (Brisbane Summit) and promoting inclusive growth. Skills are a key driver of innovation, whilst the adoption of new technologies and higher productivity can combine to make an important contribution to generating strong and inclusive growth. Building adequate skills and adapting them over working lives boosts the earnings of individuals and enhances opportunities. Effective skills systems underpin thriving communities and societies.
2. Improvements in the relevance and quality of skills have accounted for a substantial proportion of economic growth over the past four decades in advanced and emerging economies. It is estimated that further improvements in foundation skills such as literacy and numeracy could provide an additional strong boost to long-run growth in all G20 countries, resulting in substantial cumulative increases in employment outcomes and living standards. In developing and emerging G20 economies with relatively young populations, skills are also crucial to capitalise on the demographic dividend to growth. In other G20 economies facing rapid population ageing, further gains in GDP per capita will become more dependent on skills adaptation and utilisation as well as on productivity gains driven by innovation and knowledge-based capital.

Development and better use of relevant skills are urgently needed

3. Capitalising on the potential of skill development policies to promote inclusive growth requires concerted efforts to ensure that people at all ages and stages in their lives are able to develop and upgrade their skills, activate those skills in the labour market, and utilise them effectively in the workplace across economies and societies. Despite major progress in the past decades in improving access to, and the quality of, education and training, further efforts are required in all G20 countries to fully equip their populations with the skills that are needed in increasingly dynamic and inter-dependent economies. Moreover, it is also essential to ensure that skills are used effectively in the labour market by improving the link between training and labour market demands, promoting participation of under-represented groups, improving the recognition and matching of skills and encouraging employers and workers to invest in the acquisition of new skills.

A set of concrete actionable principles to boost skills and their use

4. The set of concrete, actionable principles listed below builds on the OECD Skills Strategy (2012), the ILO Recommendation No. 195 on Human Resources Development, and the Conclusions of the 2008 International Labour Conference on Skills for Improved Productivity, Employment and Development, as well as on the

G20 Training Strategy (2010) developed for, and adopted by, the G20 Development Working Group, and the framework for the World Indicators of Skills for Employment (WISE) also prepared for the G20 Development Working Group. The purpose of these principles in line with the document prepared by OECD entitled “G20 skills strategy policies for developing and using skills for the 21st century” is to:

- Reaffirm the importance of a well-functioning and well-resourced education and skills system for promoting strong and inclusive growth;
- Underscore the importance of policy coherence through a whole-of-government approach with full stakeholder engagement; and
- Identify actions that countries could take to improve the contribution of skills to stronger and more inclusive growth.

The G20 Skills Strategy: Policy Principles

A. Building and updating skills for work and inclusive growth

1. Strengthen access to quality education
2. Build strong foundation skills
3. Provide young people with the knowledge and skills needed to facilitate a smooth transition from school to work
4. Actively promote quality work-based learning
5. Foster stronger engagement of social partners in skills policies
6. Provide support and incentives to job seekers at risk of long-term unemployment to participate in training to update their skills or acquire new skills
7. Provide support and incentives to keep workers' skills up to date with industry needs to facilitate their mobility from declining sectors and firms to expanding ones

B. Encouraging firms to invest in skills

8. Foster employers' investment in quality training, including through social dialogue, and with a focus on SMEs
9. Encourage investment in skills through shared public-private financing, especially for low-skilled workers
10. Improve training opportunities for all, including workers in the informal sector to facilitate their transition to the formal sector
11. Promote access to work-based training also for those in precarious jobs
12. Encourage firms to move up the value-added chain and increase their demand for skilled workers

C. Ensuring that skills are fully used

13. Activate unused skills of people not working by improving work incentives and job-search help, and by removing employment barriers
14. Systematically anticipate, assess and respond to changing skill needs
15. Encourage managers, particularly in SMEs, to make better use of available skills
16. Ensure that labour market settings reduce skills mismatch
17. Increase recognition of and portability of skills