

B20 Employment & Education Task Force

DRAFT POLICY FRAMEWORK

Jobs, Growth, Prosperity and Development – *Unleashing the potential of G20 economies*

Purpose of this document

This document is a draft policy framework, which will serve as the basis for an initial discussion on the future recommendations of the B20 Argentina Employment & Education (EE) Task Force.

The themes have been constructed out of the last B20 recommendations from the German Presidency, the priorities of the Argentinean G20 as well as the discussions in the last call of the Task Force on 27 February. The list of themes is by far not finalized, but just serves as a starter for the discussions on 14 March in the B20 EETF meeting in Geneva, where EETF Members will have the opportunity to give their inputs and share their comments on the paper. Content, structure and format will be afterwards adopted accordingly.

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Introduction

The Argentinean G20 Presidency marks the 10th anniversary of the G20 process in its current form and with it the engagement of the G20 on employment creation, skills development, gender equality, working conditions and entrepreneurship. Although the financial crisis and the subsequent recession, which triggered the development of the G20 process, have been overcome, many of the long-term structural problems and challenges in G20 countries still remain barriers for job creation, growth, prosperity and development. The last ten years have seen important initiatives and commitments from the G20 Employment Process, such as the commitment to address structural obstacles to employment creation, the ILO G20 Training Strategy, the G20 Principles for Quality Apprenticeships, the G20 Apprenticeships Initiative or the G20 Entrepreneurship Action Plan. However, national implementation and the full involvement of social partners in it have been not sufficient. The establishment of national G20 employment plans, although highly welcomed, did not increase accountability for implementation, as it would be needed. Ten years after the establishment of the G20, it is necessary to bring fresh impetus into the process, focusing on impact on labour markets and education systems, societies and people. The G20 must finally become an engine for reform, triggering the necessary change at all levels.

G20 countries are highly diverse with regards to their labour markets. However, they all face challenges, such as the impact of technological change on employment, skill mismatches in the labour market, gender equality and youth employment. G20 Countries must follow a coherent reform path to address these issues. In an increasingly quickly changing world, reform laggards will be the losers of tomorrow.

Table, which shows the connection between reform efforts, economic growth and employment creation.
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It is in this context, that the B20 recommends the G20 governments to give priority to the following policy areas.

Recommendation 1: Promoting open, dynamic and inclusive labour markets which foster formalization, strengthen equal opportunities and enhance chances particularly for persons with disabilities.

Persisting high unemployment remains one of the greatest challenge in many countries around the globe. Today figures show that more than 192 million people are currently unemployed. Job creation must remain the number one top priority for G20 countries, particularly bringing young people into the labour market. Youth in G20 countries is 3 times more likely to be unemployed than their adult counterparts. Moreover, alone in Africa, 10 to 12 million young men and women enter the labour market each year, all too often in the informal sector. Already today nine out of ten young workers in low-income countries and two thirds of young workers in middle-income countries are employed informally. ILO reports that in many emerging economies new jobs are predominantly created in the informal sector. Above all 91% of SMEs worldwide are informal. This has grave impacts. Companies in the informal economy have limited access to essential services such as training, education and technology, as well as access to credit which lower its potential productivity and are main obstacles for expansion. Moreover, there are risks with regards to working conditions and product quality are highest in the informal sector. Furthermore, lacking contributions through taxes and into social security systems limits the ability of states to fulfil their main functions.

Besides different macroeconomic conditions, levels of debt, stability of financial institutions and access to finance, the functioning of labour markets are key for keeping people in employment and bringing them back into work. A wealth of data, including from the World Bank and the OECD, shows that overly rigid labour markets, high non-wage labour costs, and excessively bureaucratic burden hinder companies to grow and employ people. Open, dynamic and inclusive labour markets, with simple, transparent, flexible and predictable legal employment frameworks, efficient, speedy and corruption-free processes to register business and incentives to encourage entrepreneurs to operate in the formal sector are key requirements to encourage companies to hire as many people as possible, to promote formalization and to open up chances for underrepresented groups at the labour market.

Table, which shows the connection between rigid labour markets and job creation.

Policy Action 1.1: Promoting diverse Forms of Work

A diversity of work contracts allows companies to react rapidly to market changes and quickly create jobs, being it in fixed-term work, agency work, free-lance, as well as the so-called on-line work. Each year, around 50 million people access the labour market thanks to an employment agency alone, 81% of them being satisfied with their work. Other forms of work are rapidly growing. Organizations are moving from traditional employees to a multi-channel approach to work with joint ventures, contractors, freelancers and crowds. An entire

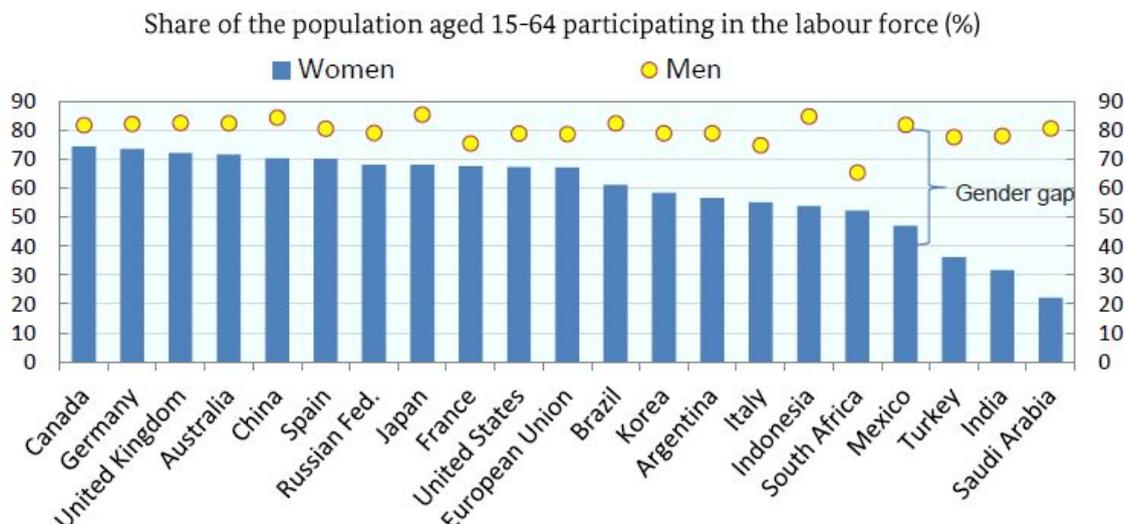
continuum of options to engage and interact with “talent” is leading to an unleashed workforce. The world of work is changing, so must regulatory frameworks. Countries which do not embrace these forms of work in their regulatory framework will either lack job creation or will push employment into the informal sector. Diverse forms of work are a stepping stone to the formal economy. Moreover, diverse forms of work promote a more transitional labour market by enhancing upward and side ward mobility.

As more and more people will assume greater autonomy and responsibility for their own careers and income security, transitions across and between jobs, and periods in and out of work may increase, impacting individuals’ rights and access to social protection schemes. It is important that the welfare of these individuals is given appropriate attention.

- The B20 reiterates the need for G20 governments to promote flexible labour law and a diversity of forms of employment that are future looking and conducive to job creation.
- The discussion on diverse forms of work needs to mature. Instead of talking and differentiating between standard vs. non standard anymore, the discussion should focus on the working conditions in the different forms of work itself.
- Social protect systems should be modernize to ensure that they embrace the full range of forms of work without becoming barriers to these.

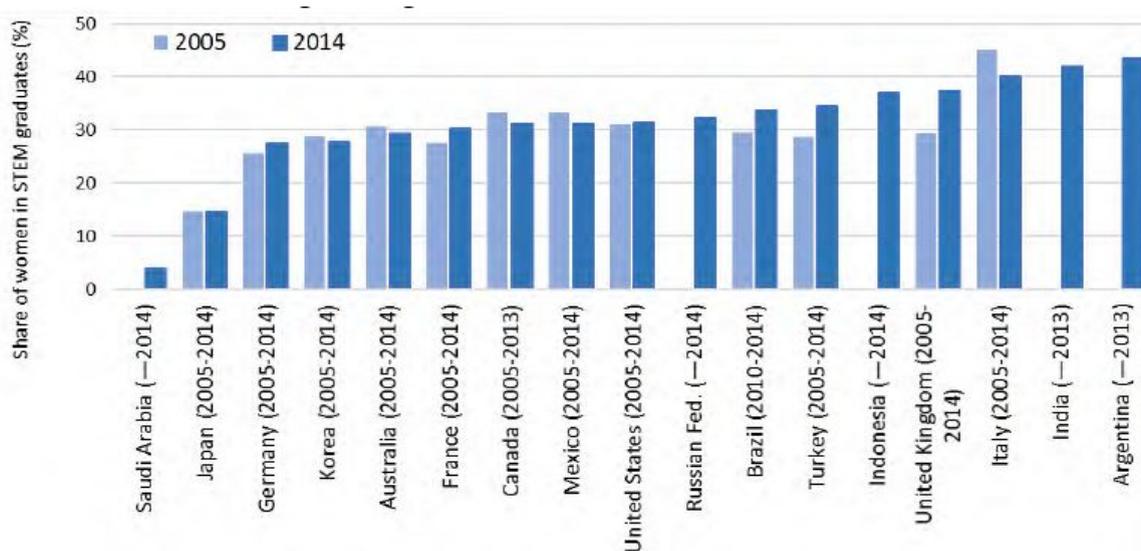
Policy Action 1.2: Strengthening female employment and entrepreneurship

Although female employment has been in the focus of policies makers for quite some time, the labour force participation rates among women in the G20 countries are 26 percentage points lower than their male counterparts. This is much too high. Moreover, women are also at higher risk of low pay and of working in the informal economy. Further, while women work less hours in paid work than men, their working days are nonetheless longer when paid and unpaid care work are taken together.



Overall, women continue to suffer from higher rates of unemployment, are less likely to participate in the labour force and face higher risks of vulnerable employment.

One underlying cause for the vulnerable position of women in the labour market is education. In the most recent years for which data are available, young women accounted for 59 per cent of the total illiterate youth population globally. Moreover, even though women are over-represented among tertiary graduates in OECD countries (57 percent of first-time graduates), they remain under-represented in certain fields of study, such as science and engineering.



The G20 Labour Ministers committed, in September 2014 to a range of measures for boosting female participation, quality of employment and gender equity and agreed to reduce the gender participation gap across G20 countries by 25 percent by 2025. The IOE, BIAC and Deloitte monitoring of the implementation of G20 commitments at national level

suggests, that some degree of implementation of the G20 commitments at the national level take place, but that often the implemented policies do not seem to meet the intended targets.

The Deloitte/IOE/BIAC Monitoring Report “Youth. Women. Entrepreneurship. Understanding labor market policies across the G20” from July 2017 has found that most countries have programs in place to strengthening female employment, but that a lot more needs to be done.

- The majority of countries (72 percent) have a documented strategy as well as programs specifically targeting women. However, gender targets against programs were reported in very few cases (13 percent).
- Accessibility remains a challenge and based on the survey findings, it is likely to remain so. Affordability of childcare is one of the biggest barriers to women entering the workforce. When asked if affordability is being addressed (e.g. through caps to percentage of income) only 27 percent of countries said it was, while 60 percent said it was not.
- In an effort to support self-employment and female entrepreneurs, a small majority of respondent countries (67 percent) have government-led financial literacy programs available to both men and women, with 40 percent having government-led programs specifically for women. 73 percent reported having skills development programs available to women, and tailored labor market (53 percent) and employment services (73 percent) for women. These programs can help women access and remain in the labour market.

Against this background the B20 stresses the need for governments to

- Remove legal restrictions that hinder women to participate in the labour market and becoming self-employed.
- Ensure access for girls and women to compulsory, high-quality education systems with proper acquisition and application of the core competences, particularly literacy, numeracy and mathematics (STEM) subjects and to address cultural norms that may discourage women from acquiring technical (STEM) skills.
- Improve supportive mechanisms such as day-care centers and elderly care.
- Implement awareness-raising initiatives to challenge gender stereotypes and social norms, which act as a barrier for female employment.

- Support female entrepreneurship by ensuring proper access to finance and other services.
- Engage with employers, and workers to developed targeted initiatives at national and local level to remove the cultural, economic and social barriers hindering women's participation in the labour market.

Policy Action 1.3: Supporting entrepreneurship

It is the private sector which provides the jobs for nine out of ten workers. Entrepreneurship is the basis conditions for job creation. In view of the large cohorts of young people entering the labour market every year in regions such as Africa and India, it is important to support particularly youth entrepreneurship. Start-ups and entrepreneurs have a key role to play in turning the dynamic of demography in these regions into a dividend. They are not only a significant driver of economic growth and bring vibrancy and innovation to economies, but they also typically hire other youth. Without entrepreneurs, countries will never be able to give the youth fair chances in the labour market.

Moreover, even in regions which an aging population, the future of work will likely involve a higher percentage of start-ups and small businesses. Innovation is making business ownership more democratized and more entrepreneurs embrace it by establishing nimble enterprises. Nimble enterprises are single/partnership-owned businesses with lean operating structures that leverage technology, outsourcing, extensive networks of enterprises and "agile" talents to provide competitive services or products to their clients. Compared to traditional small firms, these nimble enterprises have better brand identity, vision, expertise, international networks and intangible assets.

The G20 agreed under the Chinese G20 Presidency in 2016 on an Entrepreneurship Action Plan. This Action Plan must now be determinedly implemented. The upcoming G20 should put a focus on assessing what has been done to implement the Action Plan, where the gaps are and what needs to be done to fill the gaps. The B20 stresses in this regard the need to:

- Develop and implement ambitious support and growth strategies for entrepreneurs.
- Set up support systems for start-ups through easily accessible and timely information and advice.
- Make the registration of companies as easy as possible and refrain from excessive taxation on new small businesses.
- Enable greater access to a variety of funding sources for SMEs, such as temporary tax incentives for early stage investors, start-up loans with favourable interest rates

and/or repayment-free year, and guarantees in order to minimize the default risk for lenders.

- Embed entrepreneurship education into school, VET, and university curricula.

Policy Action 1.4: Open-up labour market chances for persons with disabilities

Persons with disabilities face major challenges entering the labour market. In the EU, for instance, the employment rate of people with basic activity difficulties in 2011 was 47.3 %, almost 20 percentage points below that of people without such difficulties. At country level, the highest gaps in employment rate were observed in the Netherlands (43 % and 80 % respectively) and Hungary (24 % and 61 %), with differences of more than 37 percentage points between the groups. Similarly, in Australia people aged between 15 and 64 years with disability have both lower participation (53%) and higher unemployment rates (9.4%) than people without disability (83% and 4.9% respectively). Australia's employment rate for people with disability (46.6% in 2015) is thereby on par with developed countries. In developing countries, 80% to 90% of people with disability of working age are unemployed, whereas in industrialised countries the figure is between 50% and 70%.

The full inclusion of people with disabilities in the labour market is thereby an important societal and labour market policy concern. The aim must be to open up opportunities so that also people with disability achieve their full potential to participate and contribute in the world of work at all levels. The B20 very much supports equality of opportunity and the promotion of employment of disabled persons. Urgent measures in this regards are:

- Governments should focus on practical measures which contribute to facilitating the employment, job retention and return-to-work opportunities for disabled persons. Support and advice should be provided to business on how to address the barriers that often prevent persons with disabilities from obtaining jobs in the private sector (demand side).
- Measures should be introduced to foster the integration of persons with disabilities into mainstream work-related and educational programmes and services. Depending on national circumstances, the development of services for those in rural areas and remote communities is of particular importance.
- Moreover, more and better data are needed. G20 countries must step-up efforts in this regard.
- Where data available they show that women with disabilities are even less likely to get into employment than men. Thus, integration and inclusion policies and strategies need to have a gender-focus.

- Social protection systems should be designed in way that they promote labour market participation of persons with disabilities.
- Social partners have a key role to play for raising awareness, building capacity and supporting companies and labour force in the inclusion of people with disabilities. Governments should work closely together with national social partners in designing national strategies to promote skills development and employment opportunities for people with disabilities

Recommendation 2: Strengthening skills development and lifelong learning for sustainable growth

The G20 Training Strategy was presented during the 2010 Canadian Presidency. Since then, there has been no shortage of comprehensive reports analyzing global skills gaps and their detrimental impact on economic and social progress. Despite this, the gap between the skills demanded by employers and the skills available in the labour market appears to be growing. Manpower Group's latest global survey of more than 42,000 employers found that 40 percent are experiencing difficulties filling roles, the most acute talent shortage since 2007. Moreover, skill demand is evolving at ever-faster rates. The World Economic Forum finds that approximately 35 percent of the skills demanded today will change by 2020. The targets are moving, and moving fast; and so therefore, must education and training systems.

The most significant shift over the past year is the seriousness with which G20 governments have been treating the rapid advance of intelligent systems and technologies. There is now consensus across business and government that this new technological revolution will transform the future of work, and with it, the landscape of skill demand. The track record for adapting national education and training systems to the demands of new technological eras gives justifiable cause for concern. Many of today's skills gaps still relate to the advent of the "knowledge economy" that came with the Internet, (eg. technical skills, digital literacy and science, technology, engineering and mathematic (STEM) skills).

For this next technological revolution, we have the chance to plan the adaptation of our skill-building institutions and systems in advance. We have the responsibility to craft a transition to the next era that keeps up with the pace of technology in a way that is inclusive and accelerates our social and economic growth. The stakes are high: The right decisions can unleash tremendous economic and social value, and transform our boundaries for innovation and productivity. The wrong decisions, or insufficient action, can jeopardize competitiveness and growth, exacerbate inequalities and risk social unrest.

Policy Action 2.1: Invest in open-access, data-driven labour market and skills intelligence models to better inform forecasting and skills strategy formulation

We can't improve what we don't measure. The past decade has seen a transformation in our measurement tools and in our ability to translate measurements into insights, and ultimately into action. Easy access to vast quantities of data, processed near-instantly, stored and distributed in real-time, at low (or sometimes no) cost has unleashed a revolution in big data and analytics. Advances in the Internet of Things promise to multiply these data flows yet further. Governments, businesses and individuals are still getting to grips with the possibilities.

There is a tremendous opportunity to leverage these capabilities to create a more accurate assessment of our labour markets and skills dynamics, and to create data-driven models that can support the development of national skills scenarios and drive strategies for the future. Variations in the availability and quality of data mean that countries sit at very different stages of development with such ambitions. The European Union (EU) has made Skills Anticipation (based upon labour market and skills intelligence) a policy priority, as outlined in the European Commission's new skills agenda for Europe. Depending on national priorities and the sophistication of their models, different EU countries utilize these tools to design curricula and courses, fund and allocate student places, provide career guidance, develop occupational profiles and standards, design labour market training policies, and in Denmark, it is even used to provide services to job seekers and job-matching.

The urgency to improve the accuracy of data-driven models is increasing as we see the relative importance of skills fluctuating more intensely. A report by the World Economic Forum suggests that, by 2020, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not yet considered crucial to the job today. In fact, the most significant disruption to skill demand dynamics lies ahead. With the advent of intelligent systems in the workplace, workers will need to interact, communicate and collaborate with intelligent machines, intimately and continuously. This will demand adapting to a new set of behavioural, physical and cognitive capabilities. At the same time, as smart machines and systems increasingly take on repetitive and routine tasks, a far greater emphasis will be placed on workers to excel at those skills that indisputably set humans apart from machines. The dynamics and speed of these shifts will vary by country depending on factors such as their sectoral composition and stage of development. Most G20 countries do not have the tools to allow business, government and citizens to plan and prepare appropriately for these inevitable realities.

There is both a need and an opportunity to develop data-driven models for labour market and skills analysis. The more harmonized our approach across G20 member nations, the easier it will be to compare and compile insights across regions, industries and other desirable categorizations. The more open and accessible these data sets are to people outside government institutions, the greater the value and innovation potential.

- The nature of data implies that the bigger the dataset, the better the insights. Harmonization of approaches and collaboration across national institutions holds

potential to deliver far greater value across the G20 family. G20 countries should collaborate in developing common approaches to data collection and treatment.

- Standardized skills qualifications – the more standardized the skills qualifications, the easier it is to measure and make comparisons. Eg. the European Qualification Framework has streamlined the recognition of formal and non-formal qualifications in systems across 39 countries. G20 countries should look into possibilities to develop similar initiatives.

Policy Action 2.2: Provide high quality childhood education systems, which teach the skills needed in the labour markets of tomorrow. Focus on promoting the *learning to learn* model.

When the current stock of students enter the workforce, the speed of obsolescence of certain capabilities (eg. technical skills) will be even faster than today. The European Centre for the Development of Vocational Training already finds that almost half (46 percent) of EU workers feel their skills will become outdated. The World Economic Forum cites a popular estimate that 65 percent of children entering primary school today will ultimately end up working in job types that don't yet exist. The urgency to build "lifelong learners" will intensify as individuals find themselves more personally responsible for their ongoing professional training development and learning. Instilling the intuitive capacity to learn from an early age will be crucial to successful life outcomes. Research also supports the importance of building from a young age the capacity to take lessons from one situation and apply them to new situations. The relevance is clear for transferability of knowledge and skills in an increasingly fluid work environment. Time and again, employers and HR executives underline that a thirst for learning—and the agility that it brings—is vital in the modern workplace; but research implies that it's more than just a desire, it's a muscle that can be trained and developed from an early age.

Moreover, routine skills have been decreasing in importance whilst social skills have been increasing in importance. This is not only the impact of automation. Broader transformations that prioritize social skills include the infiltration of services across industries and the increasingly collaborative and communicative nature of work. Each worker is now expected to be proficient at a greater range of skills, which has placed particular emphasis on social and behavioural skills.

Yet the biggest shift has yet to come, brought about by the introduction of intelligent systems into the workplace. As smart machines and systems increasingly take on repetitive and routine tasks, a far greater emphasis will be placed on workers to excel at those skills that indisputably set humans apart from machines. These include creativity, empathy, flexibility and judgement. Capabilities that combine skills, such as leadership, judgement and agile thinking will increase in importance.

Education systems must be adapted to place greater emphasis on purposefully equipping children with these social and behavioural skills. The historic lack of emphasis on teaching these skills means that there is a scarcity of teachers able to do so, as well as a lack of familiarity with appropriate approaches, and even terminology. These issues must be addressed to ensure that schools prepare their students with future-relevant skills.

G20 countries should

- Formalize the role of “Learning to Learn” in childhood education systems as a fundamental competence.
- Equip education and training systems with faculty and techniques to effectively teach social and behavioural skill relevant to the future work.
- Ensure proper incentives and initiatives to close traditional skills gaps, specifically promoting the adoption of digital literacy and science, technology, engineering and mathematic (STEM) skills.

Policy Action 2.3: Promote life-long skill building

The World Economic Forum estimates that 35% of the skills demanded for jobs across industries will change by 2020. Yet, workers are increasingly questioning their capacity to build and continually refresh the skills they will need throughout their lifetimes. An OECD survey found that over one in four adults report a mismatch between their current skills and the qualifications required for their jobs. This apparent increasing mismatch between the supply and demand for skills and the shortening shelf life of certain skills explain the heightened attention to lifelong skill building.

As intelligent systems increasingly enter our workplaces, the reskilling imperative grows. Workers in jobs that are vulnerable to disruption need to reskill for the new or modified jobs that will be created by this new technological era. Time is of the essence. The urgency for action is especially acute in emerging markets where a greater proportion of the labour force is employed in roles that involve a large degree of routine, automatable tasks. Without decisive action, large numbers of workers could find themselves in informal work, depressing wage rates at the low end of the income ladder and threatening the precious progress that many countries have made in reducing informality and inequality over recent decades.

Targeted intervention is necessary to protect specific vulnerable groups. Lifelong learning takes place with greater frequency among educated adults, with higher incomes and access to digital skills and tools. The OECD finds that poorer, less educated and less digitally-literate adults face significant informational and motivational barriers. The European Commission notes that only 4.4 percent of the 66 million adults with at-best lower secondary education

attainment participated in adult learning in 2015. A Pew study in the US reinforces this further: 57% of adults with secondary schooling or less identified themselves as lifelong learners, compared with 81% who had completed tertiary education. It is clear that intervention is required to ensure that the lifelong learning revolution that we hope for does not result in the deepening of economic and social inequalities.

Another group that warrants targeted intervention is the older workforce. Older workers tend to participate in less training, due to a mixture of their own reticence and a bias by firms to invest more in youth training. With aging populations around the world, there will be an increasing imperative to ensure that this growing cohort is equipped with the relevant skills to remain productive.

Policy incentives can help unlock critical investments training and re-skilling programs

G20 countries should:

- Promote lifelong learning as a means for individuals to enhance their employability, as well as for companies to improve their innovative capacity and competitiveness. A particular focus should be given to lower skilled and older workers.
- Build up education and training systems, which ensure the transferability of skills and competencies, thereby opening new training and career pathways and exploiting all available human resource potential.
- Collaborate with business in the organisation of skill-building initiatives. Businesses can also collaborate within and across sectors with shared training objectives.

Policy Action 2.4: Embrace technologies and new digital learning models to harness the next generation of digital learning solutions

Digital learning tools such as e-learning and MOOCs have been available for some time. The promise of large-scale, low-cost, easily-replicable digital solutions is still tantalizing, but the current generation of digital learning tools have not quite made the widespread impact that was initially hoped.

Advances in digital infrastructure, processing power, platform technologies and a variety of new techniques (including machine learning), are opening new opportunities. Traditional classroom techniques are increasingly complemented by peer-to-peer learning, virtual teamwork and interactive exercises. These modes of instruction, known collectively as “active” learning, encourage student engagement, in stark contrast to passive listening in lectures.

A new generation of digital learning pioneers are combining up-to-date content with the latest pedagogic techniques and flexible digital platforms and tools to transform digital learning. Companies like Udacity and Coopacademy focus on skills-based approaches, with modular learning packages, all centered around the learner. This flexibility and personalization is highly appropriate for the lifelong learning imperatives of today's job market. Organizations like K12 deliver this personalized, guided digital learning approach to children. Such companies are innovating approaches that all education and training organizations can leverage and learn from.

In the meantime, the digital revolution is expanding to yet new frontiers. Immersive technologies, such as Augmented and Virtual Reality are already being used to build skills by simulating real-life experiences. This kind of experiential learning is well suited to acquire increasingly important social and behavioural skills that are developed through practice rather than through instruction. Companies like StriVR are combining their understanding of neuroscience with technology to craft tailored learning experiences that could well become commonplace in the future.

All of these tremendous opportunities to accelerate skill-building at scale are dependent on appropriate digital infrastructure. Countries whose digital infrastructure allows these new digital solutions to be implemented are already seeing a dramatic increase in their popularity. Learners in countries with deficient digital infrastructures risk being left behind, exacerbating global divides in skills, and ultimately in economic opportunity.

- G20 countries should develop appropriate digital infrastructure to open-up possibilities for digital learning solutions.
