G20 Labour & Employment Ministers' Meeting

G20 Policy Priorities on Strategies to Address Skill Gaps Globally

Indore, India
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1. We acknowledge that accurate and comparable labour market information on demand and supply of skills and occupations using indicators and internationally referenced skills and qualifications frameworks among G20 countries could be effective for enhancing our efforts including through exchange of best practices and peer learning, to address skills gaps. The availability of such reliable information on existing and anticipated skill gaps and mismatches could aid us in the effective formulation of our respective skilling and life-long learning strategies to address these deficits. These measures hold potential to boost the global economy for inclusive and sustainable social development.

2. We also need (1) to be aware of the skill needs from a short, mid and a long-term perspective and (2) to provide support such as training leave and access to public employment services including career guidance. In doing so, we emphasize the importance of collaborating with social partners and all other relevant stakeholders.

3. We are committed to measure and monitor skills and job mismatches in a harmonised manner to enhance the comparability and mutual recognition of skill and qualification requirements in line with national priorities and circumstances. In particular, we will work to:

(I) Improve data collection and assessment of skill gaps in G20 countries

(a) Make further efforts to close the data gaps for the set of indicators proposed in Table A below, while improving the availability, regularity, granularity (collection of disaggregated data), timeliness and quality of data collection and analysis at a national level, as well as sharing data with the ILO and OECD for comparability and dissemination.

(b) Consult with our respective national statistical services, other concerned Ministries, social partners as appropriate, and national and international institutions, in order to collaborate with ILO and OECD, to promote the development and implementation of modules on skill mismatches for incorporation, according to national circumstances and regulations, into household, labour market or other surveys. These modules, designed, adapted and implemented in consideration of standardised definitions and guidelines developed by ILO, OECD, and other relevant institutions, in consultation with national statistical services of the countries, may be suitably adapted to national circumstances. This would serve to periodically collect and analyse internationally comparable data on the demand and supply of skills, including for constructing those indicators in Table B.

(c) Ensure adequate national capacity, in collaboration with relevant stakeholders, for the assessment, identification and anticipation of occupational and skill needs, mismatches, and shortages, including through the usage of big data and leveraging advances in AI.

(d) Share good policies and practices in promoting skill development by TVET and other relevant institutions, re-skilling and up-skilling policies, which are investments in human capital, and the development, utilisation, and portability of skills in a changing world of work, especially for people in vulnerable situations, including inter alia those amongst lower-skilled youth, older workers, women returning to or entering the workforce in particular after extended absence for caring responsibilities, and persons with disabilities.

(e) Make efforts to extend the coverage and usage of the Skills for Jobs Database, developed by the OECD with the ILO, to G20 countries, as appropriate, as a key tool to assess skills gaps and mismatches.

(f) In collaboration with the ILO and OECD, map national skill gaps in G20 countries, and continue the assessment of our progress in implementing the updated G20 Skill Strategy 2022 to address these gaps.

(g) Develop responsive adult learning systems to tackle and prevent skill gaps in line with the G20 Skills Strategy 2022 and the ILO strategy on Skills and Lifelong Learning for 2022-30.

(II) Work towards developing an international reference classification of occupations by skill and qualification requirements

(a) Work with ILO and OECD to consider the development of an international reference classification of occupations by skill and qualification requirements that could be mapped with our respective national skills classification systems or adapt to our own requirements to enhance the transparency, quality, comparability and recognition of skills and qualifications among G20 countries.

(b) We call upon the ILO and OECD to consider the feasibility of developing the international reference classification to assess its technical, operational, and economic viability by 2026, and share the progress annually. The feasibility study would also include a pilot in identified key sectors among G20 countries.

Table A: Basic indicators for monitoring and measuring global skills gaps

Indicator	Definition/Formula	Implications on skills gaps
Employment-to-population ratio	Defined as the proportion of the working-age population (aged 15-64) employed.	Provides an indication of the proportion of the potential workforce using their skills at work.

Indicator	Definition/Formula	Implications on skills gaps
Employment (% change YoY)	Annual percentage change in total employment.	Positive (negative) growth signals increasing (decreasing) labour demand, which could give rise to skills shortages (surpluses).
Median hourly wage (% change YoY)	Annual percentage change in median hourly earnings. $$\frac{\text{Median hourly wage}_{Year\ X} - \text{Median hourly wage}_{Year\ (X-1)}}{\text{Median hourly wage}_{Year\ (X-1)}} \times 100\%$$	A positive (negative) change in median hourly earnings possibly reflects the relative difficulty (ease) of employers finding individuals with the right skills.
Average weekly hours worked (% change YoY)	Annual percentage change in average actual or usual weekly hours of work.	A positive (negative) change in average weekly hours worked rate possibly indicates that there exist skill shortages (surpluses).
Share of over/under-qualified among persons in employment	Employed persons who are overqualified (underqualified) are those whose qualification exceeds (is lower than) the qualification required for their occupation.	A higher (lower) share of individuals who are over/under-qualified reflects higher (lower) qualifications mismatch.
Unemployment rate for those previously employed	Unemployed persons who were previously employed (i.e., excluding first-time jobseekers) as a share of the total labour force.	High (low) unemployment rates signal skill surpluses (shortages).
Long-term unemployment rate and incidence	Persons unemployed for one year or longer, measured as a share of i) the total labour force and ii) total unemployment.	A large proportion of long-term unemployed in the labour force is likely to reflect structural skills mismatches.
Inactivity rate	Inactivity rate is the proportion of the working-age population that is not in the labour force.	Indicates the share of people who are outside of the labour market and not using their skills at work, which may partly reflect a mismatch of their skills with those required by employers.
Time-related	All persons in employment who, during a short	Provides an important

Indicator	Definition/Formula	Implications on skills gaps
underemployment rate among persons in employment	reference period, (a) wanted to work additional hours, (b) had worked less than a specified hours threshold (working time in all jobs), and (c) were available to work additional hours given an opportunity for more work. $$\frac{\textit{Number of persons in time--related underemployment}}{\textit{Number of persons in employment}} \times 100\%$$	aspect of labour and skills underutilization.
Share of youth not in employment, education or training (NEET)	The percentage of young people (aged 15-29) who are not employed and not involved in education or training.	A high (low) NEET rate among youth could indicate a surplus (shortage) of their skills relative to skill demands.
Composite rate of labour underutilization (LU4) and new composite rate of skills underutilization (SU)	LU4 is measured as the total number of people who are time-related underemployed, unemployed or in the potential labour force (not working but either seeking or available for work) relative to the total labour force plus the potential labour force. SU is the same as LU4 but includes in the numerator all persons who are overqualified. $$LU4 = \frac{\begin{array}{c}\textit{Number in time--related underemployment +}\\ \textit{Number in unemployment +Number in potential labour force}\end{array}}{\textit{Number in labour force + Number in potential labour force}} \times 100\%$$ $$SU= \frac{\begin{array}{c}\textit{Number in time--related underemployment and overqualified +}\\ \textit{Number not in time--related underemployment and overqualified+}\\ \textit{Number in unemployment +Number in potential labour force}\end{array}}{\textit{Number in labour force + Number in potential labour force}} \times 100\%$$	High composite rates of labour and skills underutilization signal labour surpluses.
Participation rate in adult education and training	Share of all adults (aged 25-64) who participated in education or training in the past 12 months, disaggregated by gender, education level (ISCED 0-2, 3-4, 5+) and age group (25-54, 55-64). $$\frac{\textit{Number of adults aged 25 - 64 that participated in education and training}}{\textit{Total number of adults aged 25 - 64}} \times 100\%$$	Higher participation in education and training should increase the share of adults with labour-market-relevant skills, which should, ceteris paribus, decrease skills mismatches.

Table B. Extended list of indicators for monitoring and measuring global skills gaps

A. Skills Gaps Surveys to be directly asked to individuals (Supply side)
1. Self-reported list of core skills[1] lacking to perform at current job, or the job one aspires by status of

employment, sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
2. Self-reported list of technical skills lacking to perform at current job, or the job one aspires, by status of employment, sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
3. Degree[2] of match between the level of qualifications held and the level required for the job by sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
4. Degree of match between the level of skills held and the level and frequency of the skill required for the job by sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
5. Degree of match between the field of study held and that required for the job by sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
6. Engagement in skills development (field and type of training/education), by sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit), level of education (ISCED 2011)
7. Types of skills not in use due to new technologies, work processes or products by sex, age, sector (ISIC Rev. 4 2-digit), occupation (ISCO-08 4 digit)
B. Skills Gaps Surveys to be directly asked to establishments (Demand side)
1. List of hard-to-fill occupations (ISCO-08 4-digit) due to lack of applicants with relevant skills and/or education and the number of vacancies available
2. List of hard-to-find core skills, by fresh graduate new entrants and overall workforce
3. List of hard-to-find technical skills, by fresh graduate new entrants and overall workforce
4. List of occupations recruited (ISCO-08 4-digit) and number recruited, within the reference period
5. List of occupations laid off (ISCO-08 4-digit) and number laid off, within the reference period
6. List of skill gaps (core and technical) among current employees
7. Plan to implement new technologies, processes, products or services, and their relevant hiring/firing plans within one year (Qualitative response)