G20 Employment Working Group

Bridging the Global Skills Gap & Social Security Deficit

The Group of Twenty (G20) is an international forum made up of 19 countries and the European Union that come together to discuss and coordinate on a range of global issues, including economic growth, trade, and social development. One area that the G20 has been particularly focused on in recent years is labour and employment, as well as social security. The G20's efforts on these fronts are vital for promoting sustainable and inclusive economic growth and the establishment of the Employment Working Group (EWG) is a testament to the importance that the G20 places on these issues.

G2O EWG: Role & Scope In 2011, the G20 leaders recognised the importance of employment in restoring sustainable and balanced growth, and they established the Task Force on Employment (TFE) to address the issue. The TFE was initially set up for a one-year term, but its impact was so significant that the G20 leaders decided to transform it into an ongoing activity, the Employment Working Group (EWG), in 2014.

The EWG's mandate is to tackle critical labour, employment, and social issues, and to promote robust, sustainable, balanced, inclusive, and job-rich growth. This is done by fostering collaboration among G20 member countries, international Organisations , and social partners. The group's annual schedule is established by the incumbent G20 presidency, in line with the Leaders' Communiqué and the Labour and Employment Ministers' Declaration.

To ensure the continuity of the work done under consecutive G20 presidencies, the EWG functions under a multiyear agenda that is developed, evaluated annually, and renewed when necessary by its members. This allows the group to remain focused on its mandate and to ensure that progress is made on the issues it addresses over a longer period.

One of the key areas that the EWG focuses on is social security, which is critical for ensuring that workers are protected and supported throughout their working lives. Social security can take many forms, including unemployment benefits, pensions, and healthcare, and the EWG works to ensure that these systems are effective, efficient, and accessible to all.

EWG's Focus During India's G20 Presidency

India has taken on the important role of the rotating G20 Presidency for the year 2023, commencing 1st December, 2022. As part of this significant responsibility, the Ministry of Labour and Employment is currently leading meetings of the Employment Working Group of the G20. These meetings will ultimately lead up to the G20 Labour and Employment Ministers' Meeting in July 2023. Two meetings of the G20 Employment Working Group have been held so far under India's Presidency. The first meeting was held from 2nd to 4th February 2023 in Jodhpur, Rajasthan, while the second one was held from 3rd to 5th April 2023 in Guwahati, Assam. More than 74 delegates from over 19 G20 member countries, 7 guest countries and 5 International Organisations including the International Labour Organisation (ILO), Organisation for Economic Cooperation & Development (OECD) and International Social Security Association (ISSA), World Bank (WB) and Asian Development Bank (ADB) were present at the meetings. India aims to contribute significantly to the global conversation on employment and employment-related issues, providing meaningful solutions that will

benefit workers and employers around the world. As a result of deliberations held so far, the EWG has identified three key priority areas that require urgent attention.

i) Addressing global skill gaps, recognising that there are significant disparities in skills between different nations and regions.
ii) The 'Gig and Platform' economy as well as social protection. This area is particularly important, given the rise of the gig economy and the need to provide adequate protection and support for workers in this sector.
iii) Sustainable financing of social security, recognising the importance of ensuring that social security systems remain financially sustainable in the long term.

Tackling Skills Gap

The global skills gap is a pressing issue that plagues various industries and economies worldwide. It pertains to the mismatch between the skills that employers demand and the skills that job seekers possess. This disparity has become more pronounced in recent years due to the rapid pace of technological advancements, evolving work environments, and the increasing trend of Globalisation.

The primary catalyst of the skills gap is the rate of technological change, with new technologies rendering traditional skills obsolete. This phenomenon is particularly evident in manufacturing industries where automation and robotics are supplanting conventional jobs. Consequently, many workers struggle to find new employment opportunities that match their skills and experience.

Another contributing factor to the skills gap is the dynamic nature of work. Employers today require workers with a broad range of skills, including critical thinking, problem-solving, communication, and teamwork. However, many workers possess specialised skills and may lack the broader skills that are in high demand.

Furthermore, globalisation has also contributed to the skills gap. As more companies operate on a global scale, workers require the ability to communicate and work effectively with individuals from diverse cultures and backgrounds. However, many workers lack the cross-cultural communication skills necessary to succeed in today's global economy. "87 percent of companies worldwide have a skills gap, or expect to within a few years," according to a report published by McKinsey & Company, a global management consulting firm. The skills gap poses significant implications for individuals, businesses, and economies. For individuals, it could result in unemployment, underemployment, and lower wages. For businesses, it could translate to higher costs, lower productivity, and reduced competitiveness. For economies, it could lead to slower growth, decreased innovation, and increased inequality. The global skills gap is an urgent issue that necessitates collective action. Therefore, the G20 leaders have developed a broad consensus to work with governments, educators, and businesses in order to encourage collaboration for developing innovative solutions. This includes investing in education and training programs that equip workers with the skills required to succeed in today's economy. It also entails encouraging businesses to invest in their workforce and provide opportunities for workers to develop new skills. G20 leaders agree that there is a growing need to rethink our approach toward up-skilling, reskilling, and driving human capital to achieve this goal. This requires a shift in mindset from traditional models of education and training to more innovative, learner-centric approaches that focus on skills development and real-world application. Hence, a lot of emphasis has been laid on investing in employee training and development programs, encouraging continuous learning, and fostering a culture of innovation and experimentation. India has been focused on building consensus among the G20 countries on developing a framework for assessing the skill gaps and harmonisation of skills qualification across these countries to enable faster and easier labour mobility and at a reduced cost. To this effect, India has proposed an international skill gap mapping portal for assessment of skill demand. Development of a unified framework for skills and

qualifications harmonisation across G20 countries is also high on agenda. The agenda requires focusing on recognition of skills and qualifications, common skill taxonomies and harmonisation templates.

Gig & Platform Economy: Prospects and Pitfalls

The Gig and Platform Economy has emerged as a major force in the modern labour market, transforming the way we work and earn a living. It refers to a system in which temporary, freelance or contract work is facilitated by digital platforms or online marketplaces. These platforms provide a range of services such as ride-hailing, food delivery services, home-sharing, and freelance work like tutoring, translating, transcribing, repairing etc. This system is based on digital platforms and online marketplaces that connect workers with short-term, freelance, or contract work. These platforms have created new opportunities for individuals and businesses alike. However, the Gig and Platform Economy has also raised concerns about job security, worker benefits, and exploitation. As this system continues to grow and evolve, it is important to understand its pros and cons in order to shape policies that promote a fair and sustainable future of work.

One of the main advantages of the Gig and Platform Economy is that it provides workers with greater flexibility and autonomy. Workers can choose when and where they work, and can often choose which jobs to accept. This can be particularly beneficial for individuals who need to balance work with other responsibilities, such as caring for children or elderly relatives. Additionally, the Gig and Platform Economy has created new opportunities for individuals who may not have been able to participate in traditional labour markets, such as those with disabilities or those who live in remote areas. However, the Gig and Platform Economy also has its drawbacks. One of the main concerns is the lack of job security and benefits for workers. Gig workers are typically classified as independent contractors rather than employees, which means they are not entitled to benefits such as health insurance, sick leave, or retirement plans. Additionally, gig workers may not have the same protections as employees, such as the right to unionise or the ability to file for workers' compensation. Another concern is the potential for exploitation of workers. Some companies in the Gig and Platform Economy have been accused of misclassifying workers as independent contractors in order to avoid providing benefits and protections. Additionally, some workers may be forced to accept low wages due to the competitive nature of the platform economy, which can result in poor working conditions and low job satisfaction. India's gig workforce is on the rise, with approximately 15 million workers employed across various industries such as software, shared services, and professional services. This expanding workforce has been accelerated by the COVID-19 pandemic, which has caused a shift in the job market, leading many to embrace gig work as a viable option for income generation. These previously 'invisible workers' have now become frontline workers, helping to keep essential services running. The increased reliance on gig workers has elevated their importance and given them more visibility in society. The gig economy has created a new type of flexibility in the job market, allowing people to work on their own terms, and pursue other interests outside of their primary job. The gig economy has the potential to transact over $250 billion in volume of work and contribute 1.25 percent to India's GDP over the long term. This growth is expected to continue, with the gig economy projected to contribute significantly to the Indian economy in the coming years.

However, there are also challenges that must be addressed. There is a need for a regulatory framework to ensure that gig workers are protected, and their rights are upheld.

The Employment Working Group meetings have been focused on sharing relevant G20 country experiences to help in formulating a series of recommendations on how to extend social protection coverage to a larger group of workers in the Platform and Gig Economies. This will facilitate the development of tools for monitoring progress on social protection to gig and platform workers. The meetings also seek to explore how national statistical capacities and methodological approaches can be enhanced to better capture emerging forms of work, including Gig and Platform work. Extensive deliberations have been held on how platforms and technology could themselves be leveraged to aid in

data collection more effectively. The production of statistics on the platform economy will codify the information of various categories of workers on different platforms. It will enable the employers as well as workers to explore the opportunities presented by digital platforms among the G20 nations. Sustainable Financing of Social Security Social protection or social security is an essential component of a global strategy for promoting human development, political stability, and inclusive growth. These systems typically include a blend of social insurance and social assistance programs designed to reduce and prevent poverty. Social protection also plays a vital role in stimulating domestic demand, supporting the structural transformation of national economies and promoting decent employment. Social security programs are essential for ensuring the well-being and security of individuals and families, particularly those who are vulnerable or disadvantaged. However, financing social security programs can be a significant challenge for Governments, particularly in the face of economic uncertainty, and other factors that can impact revenue streams.

For the G20 Employment Working Group, sustainable financing of social security is another key priority. This involves identifying strategies and policies that can help ensure the long-term viability of social security programs, while also promoting economic growth and social inclusion.

One approach to sustainable financing of social security is to broaden the revenue base for social security programs. This can involve expanding the tax base, increasing tax rates, or introducing new sources of revenue, such as environmental taxes or taxes on financial transactions. By diversifying revenue sources, Governments can reduce their reliance on a single revenue stream and ensure that social security programs remain adequately funded.

Another approach is to promote greater efficiency and effectiveness in social security programs. This can involve measures such as reducing administrative costs, improving the targeting of benefits to those who need them most, and encouraging greater labour force participation. By improving the efficiency of social security programs, Governments can ensure that they are providing maximum value to beneficiaries while minimising the burden on taxpayers.

Finally, sustainable financing of social security also requires a long-term perspective. Governments must plan and prepare for demographic changes, such as ageing populations, and take steps to ensure that social security programs remain viable over the long term. This may involve adjusting benefit levels, retirement ages, or contribution rates to reflect changing demographic trends and economic conditions.

The G20 EWG agenda include sharing of best practices and sustainable financing mechanism for providing universal social security coverage. G20 leaders are looking forward to recommendations on which welfare entitlements should be prioritised based on available fiscal space, and what combination of contributions, tax structures, and other resources of finance could support provisions of social security entitlements. They also intend to explore what international development assistance and mechanisms are available to support social security systems in G20 countries. India, in its capacity as G20 President, has been working tirelessly towards garnering consensus on the development of policy options, including social insurance schemes, tax-financed schemes, or a mix of both to ensure sustainable