



Steering note – Session 2: **SKILLS AND INNOVATION**



The new 2030 EU headline target on skills as proposed in the European Pillar of Social Rights Action Plan

At least

60%

of all adults **should participate in training every year by 2030**

Skills and innovation are two sides of the same coin. A skilled workforce is essential for a globally competitive Europe that masters innovation, harnesses the green and digital transitions and ensures a prompt and inclusive recovery. Having the appropriate skills is also the best way to ensure good employment prospects and thereby ensure social fairness for individuals. At the same time, technological progress and innovative practices in the workplace and in society can further widen skills gaps. Already today, over 70% of companies in Europe report that a lack of skills hampers their business. With the twin digital and green transitions and the disruptions caused by COVID-19, structural changes in labour markets have accelerated, and skills gaps are set to widen further.

The European Pillar of Social Rights Action Plan sets an ambitious target that at least 60% of all adults should participate in training every year. It further sets out that at least 80% of those aged 16-74 should have basic digital skills by 2030; early school leaving should be further reduced; and participation in upper secondary education increased.

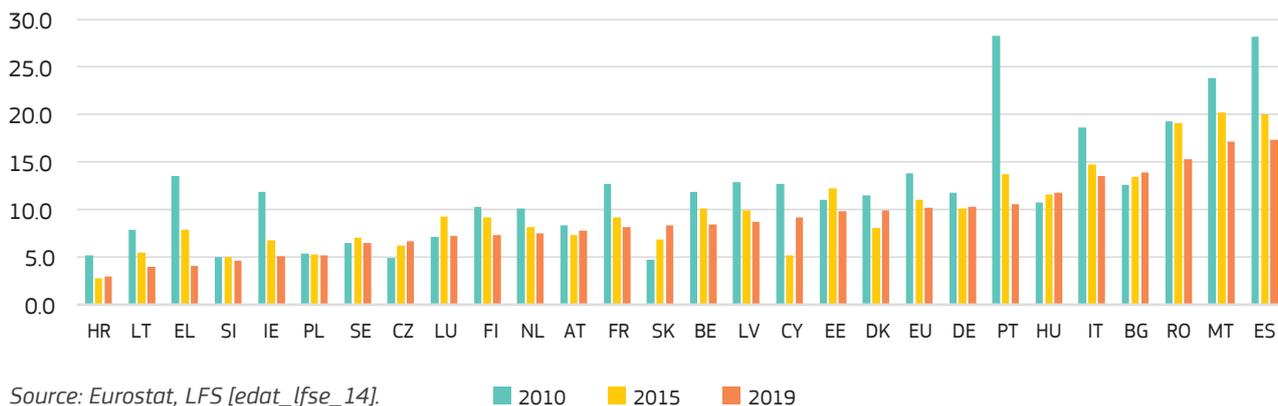
Main issues for discussion:

- How can we ensure that initial education and training is fit to equip individuals for the needs of the labour market?
- How can we significantly scale up our efforts on upskilling and reskilling?
- Which initiatives at EU and national level can promote green and digital skills in order to bolster the EU's innovation performance?

1. Skills and innovation in the EU

Well-designed initial education and training systems, including early childhood education and care, lay the foundations on which to build the basic and transversal skills needed in fast-changing societies. In the last ten years, the proportion of early school leavers has decreased from almost 15% to 10.2%, but progress from 2015 has been slow (Figure 1). As well as this, one in five pupils in the EU is underperforming in basic skills, which is closely related to their socio-economic background.

Graph 1 Early leavers from education and training, 2010, 2015, 2019



Source: Eurostat, LFS [edat_lfse_14].

Higher education and vocational education and training are crucial in supplying the skills that the labour market needs. Tertiary education attainment among 30-34 year olds has increased enough to reach the 40% EU target for 2020, but disparities among Member States, population groups and geographic areas are significant. Moreover, on average only 59.3% of recent graduates (aged 15-34) from vocational education and training in the EU-27 reported to have been exposed to work-based learning in 2016, with 25.7 % being part of an apprenticeship type programme and 33.6% having profited from other types of work-based learning. In spite of general progress in the outcomes of education and training, one in four adults is either low qualified or has a medium qualification from a general programme, with limited job prospects.

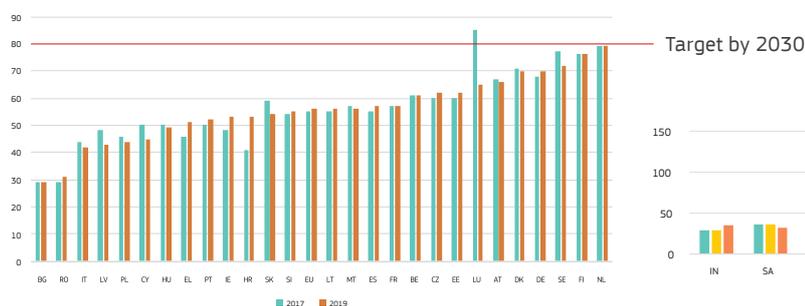
Graph 2 Share of adults (aged 25-64) participating in learning in 2016



Source: Eurostat, Adult Education Survey 2016.

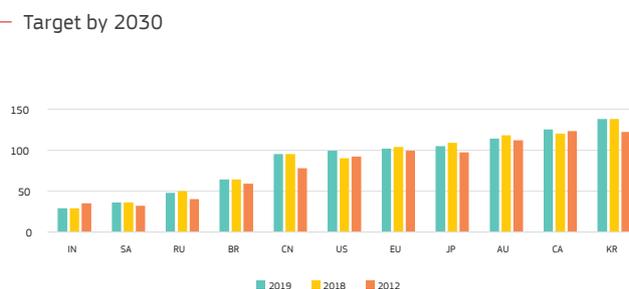
While there is consensus that in today's society everybody needs to engage in lifelong skills development, this is far from a reality across the EU. A few Member States are close to what is needed, but most are not and progress is slow (Figure 2). Moreover, the low-skilled - a priority target for adult upskilling and reskilling policies - are those who participate the least in training courses or skills development.

Graph 3 People with at least basic digital skills, age group 16-74



Source: Eurostat [tepsr_sp410].

Graph 4 Innovation performance



Source: European Commission, 2020 Innovation scoreboard.

This has a direct impact on Europe’s capacity for innovation and productivity growth, as shown by the example of digital skills (Figure 3). Moreover, according to Cedefop 64% of large enterprises and 56% of SMEs that recruited ICT specialists during 2018 reported that vacancies for ICT specialists are hard to fill. The insufficient supply of ICT and science, technology, engineering and mathematics (STEM) skills in the EU is a clear obstacle to innovation.

The shift to a climate-neutral economy will bring radical changes in entire industrial ecosystems. Across the economy, task profiles and skills requirements are changing fundamentally, including new green skills within existing positions and the creation of new green jobs. Europe should seize this opportunity to reverse the trend: since 2012, the EU’s innovation performance gap with South Korea, Australia and Japan has increased, while the EU’s performance lead over the United States, China, Brazil, Russia and South Africa has decreased (Figure 4).

2. Drivers of a skills and innovation revolution

Making initial education and training, vocational education and training and higher education fit to equip individuals for the needs of the labour market requires a multi-dimensional approach. Specific measures include policies to support the acquisition of key skills for lifelong learning, common values and inclusive education, the modernisation of the education and training infrastructure in view of the green and digital transitions, and improving teacher education and diversifying teaching careers.

The provision of education and training must be in line with labour market needs. This includes supporting the development of vocational education and training programmes that offer a balanced mix of vocational skills and key competences and create work-based learning and apprenticeships opportunities. Promoting flexibility and permeability across education and training sectors will also be beneficial.

With regard to upskilling and reskilling, policies should be anchored in comprehensive national strategies, based on appropriate skills intelligence and involving all relevant actors. Strategic approaches to skills should cover analysis of skills needs, accessible opportunities for skills development, recognition of their outcome, including through micro-credentials accepted on the labour market, effective arrangements for the validation of skills, guidance and coaching services, and crucially individual entitlements to enable people to take advantage of the opportunities.

Appropriate levels of investment are crucial, and EU support can come from several sources. Education, training and skills are the core of Erasmus+, and the European Social Fund Plus. Support, related to specific needs, will also come from the European Regional Development Fund, Digital Europe, the Just Transition Fund and InvestEU. Crucially, education and skills are among the flagship areas of support under the Recovery and Resilience Facility, with a focus on skills for the green and digital transitions. The Commission Recommendation on Effective Active Support to Employment after the COVID-19 crisis (EASE) guides Member States in developing coherent policy packages including targeted support to upskilling and reskilling opportunities. Particular attention must be paid to disadvantaged and under-represented groups in education and training and on the labour market.

3. Relevant EU-level initiatives for skills and innovation

Selection of adopted or ongoing EU initiatives



European Skills Agenda for sustainable competitiveness, social fairness and resilience

The Commission's European Skills Agenda of July 2020 sets out a five year plan (2020-2025) to support the development of more and better skills. It will help strengthen sustainable competitiveness, ensure social fairness and build resilience to react to crises.



Council Recommendation on vocational education and training (VET)

This Council Recommendation, adopted on 24 November 2020, defines key principles for ensuring that VET is flexible, adapts swiftly to labour market needs, including changes stemming from the green and digital transitions, and provides quality learning opportunities for young people and adults. It focusses on increasing the flexibility of VET, opportunities for work-based learning and apprenticeships and quality assurance. It establishes Centres of Vocational Excellence (CoVE) to co-create "skills ecosystems" for innovation, regional development and social inclusion.



Pact for Skills

In November 2020, the Commission launched the Pact for Skills, a flagship action under the European Skills Agenda. It facilitates public and private stakeholders in joining forces, take action to upskill and reskill people of working age in line with its Charter, and build partnerships.



European Education Area

Measures include the acquisition of key competences for lifelong learning, common values and inclusive education, the creation of European Universities, the automatic mutual recognition of out-comes of learning periods abroad and improving teacher education.



Digital Education Action Plan

The Digital Education Action Plan (2021-2027) proposes initiatives for high-quality, inclusive and accessible digital education in Europe. It calls for stronger cooperation between Member States and stakeholders and sets out two long-term priorities: (i) fostering the development of a high-performing digital education ecosystem and (ii) enhancing digital competences for the digital transformation.



European Research Area

The new European Research Area will improve Europe's research and innovation landscape, accelerate the EU's transition towards climate neutrality and digital leadership, support the recovery from the coronavirus crisis, and strengthen the resilience against future crises.



Commission Recommendation on effective active support to employment following the COVID-19 crisis (EASE)

EASE provides guidance to Member States to accompany labour market transitions from declining to expanding sectors and to boost employment. The measures should be based on a mapping of skills needs across economic sectors and regions, and should be complemented by the implementation of the relevant country-specific recommendations under the European Semester.

Selection of forthcoming EU initiatives:

Q4 2021

- Transformation Agenda for Higher Education
- Action Plan on the Social Economy
- Proposal for an initiative on individual learning accounts
- Proposal for a an initiative on micro-credentials to facilitate flexible learning pathways and labour market transitions
- Skills and Talent package
- Proposal for a Council Recommendation on education for environmental sustainability

2022

- Initiative on Pathways to School Success