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Reinventing Skills – Changing Paradigms and the EU Response

The shift towards a climate-neutral Europe and rapid advancement of new technologies, coupled with the effects of the COVID-19 pandemic, have severely impacted our working and learning patterns. Millions of Europeans have either lost their jobs or were forced to adapt to new job paradigms. Approximately 95% of small and medium-sized businesses in Europe report that it is very or moderately important for their business model to have workers with the right skills. This situation holds nearly two-thirds (63%) of companies back in their general business activities, as reported by a recent Eurobarometer (European Union, 2023).

The responsibility related to education and training is now being shared between both individuals and organisations, involving several national, regional, public and private sector actors. The concept of learning has also evolved and is no longer limited to school years but spans the whole lifetime of an individual, starting with early childhood education, to adult life and old age. Moreover, it is multifaceted, including formal, non-formal and informal learning, and combining the more traditional paths with micro-learning experiences that are cumulative and transferrable.

The COVID-19 pandemic had particularly harsh consequences on less advantaged categories, rendering them even more vulnerable. Low-skilled adults and less favoured groups (women, youth, people with disabilities, migrants) needed to reinforce their efforts to have access to the labour market and maintain their skills, albeit updated to new realities. Skills became the new currency, impacting the productivity, resilience and competitiveness of European economies.

These trends are expected to continue in the near future, with severe impacts on our job markets. First, the population ageing is expected to increase, which will place a bigger burden on the working-age population. A higher share of el-

derly individuals will also put more strain on healthcare and social protection services. The EU's working-age population is projected to decline (by 57.4 million until 2100) and the old-age dependency ratio to increase (from 33% to 60% by 2100).¹ This will intensify the pressure on public budgets and will have a profound impact on investment, productivity and entrepreneurship, forcing small and medium enterprises to upskill and reskill their staff to remain viable.

Second, the rapid pace of technological developments, including the emerging AI technologies and the digitalisation imperative, both in terms of infrastructure and skills, will require a fast adaptation of human capital. These developments will generate new job profiles and skills, in areas completely embryonic some years ago: cloud computing, cybersecurity, robotics, data analytics, etc. Several studies show that 75 to 375 million people around the world may change their professional category by 2030 due to the new job market scenarios (Manyika et al., 2017), and 8%-9% of the 2.66 billion people in the workforce will have new occupations by 2030 (Lin, 2011).

In this digitalised world, certain categories of the population (such as elderly or low-skilled adults) will have difficulties keeping up. The Digital Economy and Society Index shows that four out of ten adults and every third person who works in Europe lack basic digital skills (European Commission, 2023b). This is particularly relevant for women, who are under-represented in tech-related professions and studies, with only one in five ICT specialists and one in three science, technology, engineering and mathematics (STEM) graduates being women. Massive investments in digital skills and incentives to render the STEM professions more attractive to women will therefore be needed.

Third, climate change will generate major mutations in jobs patterns, with many jobs related to carbon-reliant economies likely to disappear, and new jobs in green industries likely to be created. The risks and hazards associated with environmental degradation will affect vulnerable workers the most. The International Labour Organization (2018) estimates that between 2000 and 2015, 23 million working-life years were lost annually at the global level as a result of such hazards. However, the transition to a low greenhouse gas economy is expected to lead to a net creation of jobs. New occupations will emerge in areas related to green professions and technologies, for example, in energy, agriculture, manufacturing, R&D and service activities aimed at

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¹ European Commission (2023a, 2).

substantially preserving or restoring environmental quality (Iberdrola, n. d.). Evidence suggests that in Europe around 500,000 additional jobs will be directly and indirectly created by 2050 as a result of the increase in adaptation-related activities.

What is the EU response to these challenges? The EU institutions have jointly designated 2023 as the European Year of Skills, an initiative aimed at pursuing four main objectives: promoting investment in training and upskilling; ensuring that skills match the needs of employers; matching people's aspirations and skill sets with opportunities on the job; and attracting people from outside the EU with needed skills. The Year of Skills has helped companies, in particular small and medium-sized enterprises, to address skills shortages in the EU and to promote a mindset of reskilling and upskilling. This involved the participation not only of EU institutions, but also of member states, social partners, employment services, chambers of commerce and industry, education and training providers, workers and companies to the common goal of upskilling and reskilling workers.

Moreover, the EU adopted various legal and policy documents in order to enhance upskilling and reskilling and to encourage private-public partnerships. It also mobilised massive resources and technical support to help boost skills and enable access of vulnerable groups to the labour market.

As regards legal and policy coordination, the European Pillar of Social Rights agreed in 2017 at the Gothenburg Summit on 20 key principles for a strong and inclusive social Europe. This was complemented in 2021 by an action plan that set up ambitious headline targets for 2030, such as at least 78% of the population aged 20 to 64 in employment and at least 60% of adults participating in training every year. The efforts were pursued with the European Skills Agenda,² a five-year plan helping individuals and businesses develop more and better skills, by strengthening competitiveness, ensuring social fairness and building resilience to crises based on the lessons learnt during the COVID-19 pandemic.

The Pact for Skills,³ one of the flagship actions of the agenda, has supported public and private organisations with upskilling and reskilling through shared knowledge, partnership opportunities and advice on relevant funding instruments to boost the skills of adults in their regions and countries. The Pact has currently 1,000 members and involves 14 large-scale partnerships in strategic sectors, with pledges to help upskill up to 6 million people. This will help the EU industry to thrive and become more competitive on a global scale.

2 <https://ec.europa.eu/social/main.jsp?catId=1223>.

3 https://pact-for-skills.ec.europa.eu/index_en.

The EU legislation in the area of skills was also strengthened. The Council Recommendations on individual learning accounts and micro-credentials adopted in 2022 aim to help people to update or complete their skill-sets in a more flexible and targeted way (Council of the European Union, 2022a, 2022b). For example, micro-credentials certify the learning outcomes following a small learning experience (e.g. a short course or training), offering a flexible way to help people develop the knowledge, skills and competences they need for their personal and professional development. The recommendation seeks to make micro-credentials work across institutions, businesses, sectors and borders, ensuring that everyone has access to relevant training opportunities tailored to their needs.

Moreover, the Council Recommendation on vocational education and training for sustainable competitiveness, social fairness and resilience⁴ adopted in 2020 defines key principles for ensuring that vocational education and training is agile in that it adapts swiftly to labour market needs and provides quality learning opportunities for young people and adults alike. It places a strong focus on the increased flexibility of vocational education and training, reinforced opportunities for work-based learning and apprenticeships and improved quality assurance.

As far as funding is concerned, the European Social Fund Plus (ESF+)⁵ allocates more than €99 billion for 2021-2027 to investing in people. In addition, the Recovery and Resilience Facility⁶ will disburse €723.8 billion in both grants and loans to member states in order to mitigate the economic and social impact of the COVID-19 pandemic. The purpose is to support member states' reforms and investments, including in the area of skills and jobs.

As regards the technical support, the Technical Support Instrument (TSI) is an EU programme managed by the European Commission's Directorate-General for Structural Reform Support (DG REFORM), which provides tailor-made technical expertise to EU member states to design and implement reforms in line with the European or their national priorities. With a budget of €864 million for the period 2021-2027, the TSI provides demand-driven support and does not require co-financing from the EU member states.

The technical support includes, for example, strategic and legal advice, studies, training and expert visits on the ground and can cover any phase in the reform process, from

4 <https://www.cedefop.europa.eu/en/content/council-recommendation-24-november-2020-vocational-education-and-training-vet-sustainable>.

5 <https://european-social-fund-plus.ec.europa.eu/en>.

6 https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/index.html?lang=en.

preparation and design to development and implementation of the reforms. The assistance is provided in a wide range of policy areas, including education, training, skills, climate action, digital transition and health.

What examples of support from the Technical Support Instrument have proven successful so far in tackling the triple challenge of ageing societies, rapid technological developments and climate change? Let us consider the challenge of an *ageing population*. Support measures that were effective in mitigating the impact of the phenomenon were related to: lifelong learning strategies, activation of the young people not in employment, education or training (NEET), attraction and retention of talents from third countries, recognition of formal and informal learning and qualifications or active ageing strategies.

For example, the Italian Ministry of Education received technical support to strengthen the capacity of the Provincial Centres for Adult Education (CPIAs) in developing guidelines to harmonise the process of assessment and recognition of qualifications. Key activities included consultations with stakeholders to identify strengths and weaknesses of the services provided by CPIAs; review of EU good practices in skills evaluation and recognition; guidelines for CPIAs to improve skills recognition and development of individual learning paths. The project supported CPIAs in conducting a consistent, transparent and uniform process of assessment and recognition of competences. In the long term, this should lead to increasing accessibility and outreach of CPIAs and promote lifelong learning opportunities for all.

Another example refers to the support provided to Denmark to develop more successful, future-oriented talent retention policies ensuring that skilled international talents would stay longer or permanently in the country. The support also fostered talent mobility across the EU by promoting better cooperation between EU member states, such as Germany, Spain and Estonia. The measures included an analysis of the relevant legal framework for labour migration, best practices for attracting and retaining skilled and highly skilled international talent, recommendations for enhancing the regulatory and legislative frameworks, as well as capacity-building and training. The project is expected to address challenges such as excessive administrative red tape in processes linked to work and residence permits, the validation of credentials and recognition of skills/qualifications, and discrimination in recruitment processes.

In addition, Greece provided technical support for the design and implementation of a lifelong learning framework of quality and labour market relevance, as well as of related evaluation tools. The support entailed recommendations for the development of a skills and competence

framework for primary and secondary education in line with the needs of the market; the development of an evidence-based jobseeker profiling system and of feedback mechanisms to integrate labour market information into active labour market policy (ALMP) design; and a proposal for a performance-based evaluation system for non-formal learning providers. The measures are expected to increase the capacity of the Greek authorities to design and implement reforms on skills acquisition, with an emphasis on upskilling and reskilling.

As regards the challenge of *fast technological development* and digital upskilling/reskilling, support measures that proved successful referred to: strategies to assess and increase digital maturity of education institutions at various levels; digital transformation embedded in curricula reforms; strategies to upskill/reskill the digital needs of various categories of the population, including low-skilled adults; strategies and roadmaps for increasing the uptake of digital technologies, including monitoring and evaluation mechanisms.

As an example, Cypriot authorities benefitted from support to improve the digital literacy of adults, with a particular focus on low-skilled adults. The support included: an analysis of the current situation regarding the digital needs of low-skilled adults and barriers to digital upskilling; examples of good practice from other EU member states on digital upskilling pathways; recommendations on improving the digital skills of low-skilled adults; career guidance and upskilling pathways for low-skilled adults; improving the adult educators' skills to better support the target group; and design and delivery of online/blended training to adult educators/trainers to enhance digital skills of low-skilled adults. The project led to a better understanding of the barriers faced by low-skilled adults when it comes to the acquisition of digital skills, as well as to the adoption of policy measures and tools that improved the digital literacy of the adult population in Cyprus.

In the Netherlands, various universities have jointly expressed the ambition to give Automated Vulnerability Research (AVR) a more prominent place in their cybersecurity curricula, and to organise yearly student challenges as a means to engage students. AVR is a technology used for identifying software vulnerabilities in an automated, scalable way. The Dutch authorities received technical support to implement their national AVR roadmap, promote collaboration between universities and industry, and embed AVR in the cybersecurity curricula of various universities. Investments in cybersecurity skills and technology are expected to provide a technological advantage to the Netherlands and indirectly, to the EU, strengthening their strategic autonomy in digitalisation.

Finally, as regards the *green transition challenge*, technical support has proved successful for designing or supporting the implementation of strategies and roadmaps for a better identification of the green skills needs and gaps; reviewing industrial strategies to include green development measures; supporting green and circular economy transition through standardisation of product data in digital and automated processes; and providing measures to support the greening of SMEs and green entrepreneurship.

For example, Flanders was assisted in steering the transition to a low-carbon, resource-efficient and green economy. This included the development of a high-level Green Skills strategy and of a Green Skills Roadmap for the whole economy, based on an assessment of the skills needs, good practices and consultations with stakeholders. The results enabled the Flemish authorities to improve their understanding of the green skills needs and gaps and deploy relevant measures within the Flemish economy.

In addition, Portugal's capacity to stimulate the greening of SMEs and green entrepreneurship was enhanced through TSI support. The project focused on the manufacturing and construction sectors and aimed to boost the number of green start-ups through incubation and acceleration. The authorities were supported in: strengthening their industrial ecosystems through the development, implementation and evaluation of national, regional and sectoral industrial strategies; and upskilling and reskilling for the green transitions through the mapping of training and education needs for workers and entrepreneurs, with a specific focus on digital and green skills. This will lead to an increased green capacity and improved tools of the SMEs ecosystem in Portugal, which will render its industry more competitive.

Conclusions

The labour market is currently experiencing unprecedented shifts, with new skills emerging and others becoming obsolete. Employers and employees need to adapt fast, embrace change and build new competences, both technical, but also socio-emotional in order to remain viable on the market. The learning process needs to be a co-owned endeavour involving a multitude of actors, including employees, employers, national and regional governments, industry, training providers, social partners and the community at large.

The triple challenge of an ageing society, rapid technological developments and climate change exercises multiple pressures on the human capital. Governments across the EU need to render this transition socially just for everyone, stimulating the participation of disadvantaged categories to the labour market and expanding the range of upskilling

and reskilling opportunities in parallel with social protection measures.

Skills strategies and related implementation plans built upon solid political ownership and broad stakeholder engagement should guide the way to enhancing skills and employment prospects. They should rely upon accurate skills anticipation tools, functioning in conjunction with evidence-based monitoring and evaluation mechanisms to match the labour market needs with the existing offers.

Social dialogue should become a crucial tool to “take the pulse” of the labour market and foster partnerships. This is the spirit of the Val Duchesse summit, when the European Commission and its partners announced the signature of a “Tripartite Declaration for a thriving European Social Dialogue”, in a bid to support European businesses, boost staff retention and equip professionals with the skills they need for the future.

In conclusion, Europe needs to take into account this “variable geometry” of paradigms, enablers and constraints, blending funding instruments with technical support and fostering partnerships if it intends to remain competitive and facilitate a smooth digital and green transition without leaving anyone behind.

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