

## **G-20Y SUMMIT FINAL COMMUNIQUÉ 2015**

1. We, the young business and financial leaders of the G20 countries, gathered in Evian, France, for the sixth annual meeting of the G-20Y Summit on August 27<sup>th</sup> 2015, with an overall view to strengthen international cooperation between business and financial leaders and to find innovative ideas towards sustainable prosperity on a mid- to long-term perspective.
2. As a result of three days and five formal sessions of discussions, we, the young business and financial leaders of the G20 countries, have developed a set of recommendations on the six topics on the G-20Y agenda, namely:
  - I. Energy Markets
  - II. Food Security
  - III. Global Financial Industry Committee – Banking and Insurance subcommittees
  - IV. Global Demographic Developments
  - V. Creating Jobs
  - VI. Digital Innovation and Transformation Committee
3. The recommendations made by each committee include the views of public sector local and regional representatives, as evidence of our will to:
  - Acknowledge the key role of all levels of government and legislative bodies, and the need to include decision makers from each of these various levels into the planning and implementation of policies; and
  - reaffirm the important role that such authorities and communities can play in implementing the G20 recommendations, by engaging both citizens and stakeholders.
4. While we acknowledge that the G20 is one of the most relevant forum to address the world's most pressing and immediate issues, we believe that the G-20Y is an indispensable and complimentary forum for addressing these issues in the longer term.
5. We therefore invite all governments, international institutions and non-governmental organizations involved in the international decision-making process to take into consideration the voice of the young business and financial leaders and to implement the recommendations set out in the present G-20Y Communiqué.
6. Where applicable, we commit ourselves to promote the implementation of these initiatives as applicable to our countries, businesses and roles, through our individual actions and by leveraging our professional networks.

## **I. ENERGY MARKETS**

### **Climate Change**

7. We should not pay the price of climate change inaction. As representatives of the young generation of the G-20Y, we strongly believe that immediate actions need to be taken to reverse the growth of carbon emissions.
8. We hereby make the following recommendations:
  - All major emission countries, including the G20 countries, should make an unequivocal commitment at the Paris COP to reduce carbon emissions, both on the short and the long term
  - Introduce a price on carbon in all significant emitting countries that would be eventually linked at the global level
  - Make more explicit the carbon content (“carbon-labelling”) of applicable services and products, ranging from capital market funding (e.g. “carbon rating” for companies and promotion of green bonds) to consumer products, so as to influence investment and consumption
  - Build up an infrastructure and design policies to monitor and effect behavior of carbon emissions at the individual company and consumer level. An example could be an introduction of a “green credit card” that tracks CO2 footprint for purchases and offers incentives (rebates/awards) for low-carbon consumption
  - Take advantage of the current low prices in commodities to accelerate the phase-out of fossil fuel subsidies that create distortions in the market

### **Promoting efficient investments in energy**

9. The world needs around \$48 trillion in investments to meet its energy needs to 2035, while the energy sector becomes increasingly more global and volatile. In order to ensure sound investment in this sector, we recommend:
  - To improve the availability of reliable data to support decision making in the energy sector and provide increased market data transparency on production, consumption, export, imports and inventories across energy commodities (e.g. Joint Organization Data Initiative)
  - To promote market models designed to efficiently provide reliable and long term price signals to ensure well-functioning energy markets and incentivize required investments and financing
  - To facilitate the management of commodity price risk by further developing energy derivatives markets as they assist with transparent price discovery and assist in managing market volatility over longer timeframes
  - To promote more integrated and liquid markets across national boundaries in electricity and gas, through more physical interconnections, harmonized rules and new supply options (e.g. unconventional sources)
  - To provide efficient tariff regimes to remove implicit cross subsidies and ensure that prices reflect the true value of service being delivered to and from consumers by the energy system
  - To acknowledge the trend toward decentralization and manage its integration in to the existing energy systems

## Access to Energy

10. We strongly believe that providing access to electricity to the 1.3 billion people currently without it is a basic social right that is crucial for human well-being and economic development. We recommend:
- to adopt new technology in electricity systems, such as distributed generation, storage and energy management systems
  - to utilize the decline in distributed generation costs and the advancement in storage technology to provide increased energy access
  - to actively develop dedicated financing mechanisms to promote the investment in this field
  - to promote cross industry partnerships that create synergies and improve project viability (e.g. telecommunications, agriculture industries)

## II. FOOD SECURITY

11. Food security exists when all people, at all times, have physical, social and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Imbalances in our global food system must be addressed: 800 million people go hungry, 2 billion suffer from micronutrient deficiencies, 2 billion are overweight and population growth continues.
12. We endorse the vision of a zero hunger world provided by the Zero Hunger Challenge, with particular focus on the stunting and zero waste pillars. We also recognize the opportunity that the post-2015 Development Agenda offers to coordinate the global efforts until 2030, particularly the proposed Sustainable Development Goal number 2 aimed to “End Hunger, Achieve Food Security and Improved Nutrition and Promote Sustainable Agriculture.”
13. Food loss/waste is a significant issue (referred to below simply as food waste):
- ❖ One-third of global food production is lost and wasted every year (1.3 billion tons), equating to \$750 billion in value
  - ❖ The carbon footprint of food wastage is 3.3 Gt a year, which would rank third behind China and USA in global terms
  - ❖ Major areas of food wastage are in post-harvest and processing stages, as well as at the retail and consumer level, suggesting that these areas need particular focus
14. Food wastage touches all relevant stakeholders:
- ❖ Governments
    - Reducing food wastage is in line with their general social and political objectives, achievable when usually wasted food is redistributed
    - Lowering waste should help reduce the economic burden of ensuring food security, through a more efficient allocation of existing food resources
    - Reducing food waste will also have a positive impact on sustainability (by reducing the need for increased production) and the environment (e.g. because of less landfill and other consequences of wasted food)

❖ Industry

- Reducing waste and improving efficiency can lead to enhanced profitability amongst food suppliers, processors and retailers
- The industry has its own social goals which are consistent with reduced waste

❖ Non-profit sector

Reducing food waste should positively impact redistribution and environmental agendas

❖ The public

- Less waste could result in reduced food prices, household savings and an overall improvement in nutrition

15. Change is achievable:

- ❖ The involvement of all stakeholders makes an environment which is highly suitable to influence change
- ❖ Making better use of what we already have should be easier to achieve than creating something from nothing

16. Positive implications on sustainability and malnutrition

- ❖ As demand increases, greater efficiency through less waste means less production is necessary

### How

17. Promote innovation and optimization

- ❖ A primary means would be to incentivize and support research and development (through both public and private channels) aimed at:
  - Improved packaging to prolong product life
  - Improvement of logistics chains (e.g. cold storage) to reduce spoilage

18. Optimization of food production and processing

- The establishment and growth of food redistribution platforms
- Technological innovations around efficiency, including quality testing and other means of reducing food waste, as well as water and energy use/recovery
- Improving food preservation within the retail supply chain and once held by the consumer

### Share knowledge

- ❖ A significant amount of food wastage results from a lack of awareness amongst consumers. A coordinated education program could help to:
  - Avoid over-purchasing
  - Reduce waste through more informed preservation and storage habits
  - Raise awareness that less appealing food is not necessarily bad and that 'best-before' dates, 'sell-by' dates and similar indications can be misleading (for example, 20% of food waste in UK households results from not using products on time to the tune of \$9bn per annum)
  - Encourage consumers to buy locally and cook seasonally with the aim of reducing food miles and wastage
  - Promote the efficient use of food supplies by menu-planning, using leftovers, etc.

❖ Knowledge and technology should also be shared within the supply chain, so that local farmers and small-holders are able to produce more efficiently and effectively at a grass-roots level

#### 19. Regulate, legislate and incentivize

❖ Regulation should come in the form of mandatory state programs as well as voluntary industry self-regulation. Key areas of focus could include:

- Reforming policies around ‘best-before’ dates, ‘sell-by’ dates and similar metrics
- Setting waste targets for producers and retailers with consequences of missing targets, ranging from a comply-or-explain regime, to financial penalties

❖ Legislative change could be aimed at:

- Reducing some of the barriers associated with food sharing and redistribution, by removing potential liability for participants in relevant schemes
- Strengthening international policies regulating by-catch usage by world fisheries
- Introducing tax rebates where waste targets or a reduction in food miles is achieved, as well as tax deductions for industry players active in food redistribution
- Incentivizing optimal behavior through the promotion of redistribution platforms and the public award/recognition program encouraging a range of preferred behaviors

### **Malnutrition**

20. Globally, 45% of countries are affected by the double burden of malnutrition (over and under-nutrition). This has implications on health, education, productivity, food wastage and the sustainability of food supply.

#### **Over-nutrition**

❖ We should aim to produce affordable and healthy food with balanced nutrient content. In many countries, unhealthy diets are generally cheaper and more attractive. To reverse this situation, governments should:

- Regulate the nutrient content, e.g. sugar, salt and micronutrients, in different types of processed food
- Incentivize food producers to provide healthier and more nutritious products, such as introducing tax rebates or penalties
- Limit the availability of unhealthy food in schools
- Subsidize healthier meals in schools

❖ The private sector should:

- Propose self-regulations to reduce use of sugar/salt in processed food
- Conduct research and develop new ingredients and recipes, which can be used in the production of healthy food to make it more accessible and affordable
- Optimize supply chain and production processes to improve the quality of food

#### **Under – nutrition**

❖ Food fortification has been identified as a proven cost-effective method to address under-nutrition. We recommend:

- Regulatory encouragement of this production in countries which do not currently show their support
- Making use of relevant technologies to stimulate the production

- Focusing on increasing access to nutritious food for pregnant and lactating women and children during the critical period of their first 1000 days
- Governmental support and intervention by introducing new standards which are developed in collaboration with food producers
- Developing education and social protection programs, for example, providing free food vouchers targeted towards young children in lower-income families

### **Education**

- ❖ We recommend public-awareness campaigns of what a healthier diet contains through:
  - Government promotion campaigns
  - Private sector initiatives, for example, working with leading food producers, industry associations and related CSR programs
  - Embedding in the curriculum of mandatory education the topics of healthy diets and food safety issues

### **Promoting fish production**

- ❖ We recommend promoting and stimulating fish production rather than red-meat production as a more sustainable source of protein. To achieve this, we advise the promotion of fish farming both in marine and freshwater environments by:
  - Promoting research and innovative fish farming technologies
  - Establishing a framework to facilitate sustainable development of fish farming
  - Shifting incentives from cattle farming to fish farming
  - Encouraging private sector producers to diversify their product range to include fish
  - Researching other methods of fish processing and recipes, as well as enhancing both transport and preservation methods

## **III. GLOBAL FINANCIAL INDUSTRY - BANKING**

21. We acknowledge that the G20 has made significant progress in its agenda to reduce the risk of future financial crisis and create a more robust financial system. This is an essential pre-requisite to the G20's primary goal of fostering economic development and stability.
19. We acknowledge that the regulations as promulgated are largely positive but it is imperative that these regulations are now afforded time to stabilise, so that the system can adapt to the new rules, and so that broader society may take stock of the unintended consequences that have arisen.
20. It was identified that, when taken in isolation, each of the major regulations has merit. Nonetheless, when taken in combination certain of the regulations lack consistency, both in themselves across the various jurisdictions in which they have been implemented, and also between the different regulations.
21. It is critically important that policy makers are cognisant of the unintended adverse impact of parts of these regulations on the real economy including, in particular, individual consumers and small and medium sized enterprises.

22. It is also important to underline the real and current negative impact on developing economies caused by their increasing exclusion from the global financial system.
23. The Banking sub-committee for 2015 focused on three principal themes which were deemed to have the greatest impact: (i) “too-big-to-fail”, (ii) the growth of Non-Bank Financial Intermediation (“shadow banking”), and (iii) the impact of KYC , AML and Terrorist Financing regulation on the real economy:

#### **Too Big to Fail - background**

24. The underlying premise of the key regulations (e.g. TLAC, MREL, G-SIFI, and Vickers) is to protect local economies, and the wider global financial system, from the systemic risks caused by the failure of certain banks.
25. Despite the clear benefits of such regulations, a significant issue has arisen due to inconsistency across key jurisdictions, or between key regulations, and for different actors in financial markets.
26. This impact is particularly pronounced for banks active in multiple jurisdictions, who are challenged in dealing with these inconsistencies.

#### **Too Big to Fail - Implications**

27. The impact on banks’ balance sheets has constrained lending to the real economy in direct conflict with the G20’s over-arching goal of sustainable and balanced economic growth.
28. Given the implied increased costs, (capital and operational) banks have retrenched from certain business lines, which causes consolidation of certain products within fewer institutions, which in turn creates more systemic risk.

#### **Too Big to Fail - Recommendations**

29. We recommend that key regulatory forming bodies (e.g. BIS, FSB, US FRB, IOSCO) reflect on the outcomes of the existing regulations on the real economy.
30. We reiterate the need to ensure a simplified and uniform approach to regulations across jurisdictions and for all market players.

#### **(ii) Non-Bank Financial Intermediation - background**

31. The rapid growth of bank-like activities provided by the non-bank financial intermediation sector (e.g. insurance companies, pension funds, peer-to-peer lenders, private equity funds, mutual funds and hedge funds) has been a significant feature of the post-crisis financial landscape.
32. We recognise this development as positive as it has helped offset the retrenchment by banks, has stimulated innovation in the formal banking sector, and has provided a useful source of funding for under-served segments (e.g. Start-ups, SMEs, large infrastructure projects).
33. However, we also recognise that the growth has not been matched by a requisite understanding of the sector and its interconnectedness with the regulated banking sector and the general public.

### **Non-Bank Financial Intermediation - Recommendation**

34. We believe that extensive regulation of the sector is not required at this time, as many of the regulations applied to banks will, by extension, manage the above quoted interconnectedness. However, greater transparency and monitoring is required, and regulators should pursue this as a priority.
35. Nonetheless, we believe regulation should be considered in specific instances such as:
  - a. Where these providers rely on funding from the general public (e.g. pension funds directly participating in long term infrastructure projects); and
  - b. where links with the formal banking sector could pose a systemic risk to that system (e.g. when the alternative finance sector is a key funding source, or market counterparty, to banks; for example – money market funds as liquidity providers in the US tri-party repo market)

### **(iii) KYC/ AML Regulation - background**

36. It is recognised that the exclusion of criminals, terrorists and rogue states from the global financial system through enhanced AML and KYC regulation has curtailed their activities significantly.
37. The lack of clarity and consistency in the application of these rules, and the size of recent fines imposed on banks for breach, has resulted in banks taking an even more conservative position in implementing these regulations, particularly in the conduct of cross-border business.
38. Equally, developing economies have not necessarily applied the flexibility granted in the Financial Action Task Force (FATF) guidelines in their implementation of global KYC/AML standards.
39. This has resulted in the exclusion of whole economies from the global financial system thus restricting access to the formal banking system to many individuals; this is in direct conflict with the global growth agenda of the G20.
40. According to data collected by SWIFT on cross-border payments traffic, approximately 25 countries have been effectively excluded from the global payments network over the past 10 years. While two of these are sanctioned countries, the large majority are not.

### **KYC/ AML Regulation - Recommendation**

41. Whilst acknowledging the work underway through the Global Partnership for Financial Inclusion, we believe that this issue requires a positive foreign policy position from G20 governments and institutions to support crucial access to the global financial system, particularly for developing economies and their financial institutions.
42. To support this at a practical level, we believe that the regional multilateral development banks in the developing regions of Africa, Asia and Latin America must take a leading role in evaluating, monitoring and legitimising the AML/ KYC frameworks of the local economies, and that this role, in turn, requires approbation and support from major regulators and sanctioning bodies worldwide.



43. We recommend that regulators, sanctioning authorities and governments recognise private sector initiatives to create KYC repositories for banks and corporates (e.g. SWIFT KYC Registry) and support the standardisation of KYC requirements across various jurisdictions.
44. We also recommend that regulators actively encourage a risk-based approach to this topic; for example, flexible account opening requirements and technology solutions (e.g. Kenya M-PESA) for low value/ low risk accounts versus more stringent requirements for higher value payments / transactions.

### **III. GLOBAL FINANCIAL INDUSTRY - INSURANCE**

#### **A. Digitalization, Big data & Sharing Economy**

##### **Digitalization & Big Data**

45. Big data and digitalization can be powerful tools for insurance. Digitalization in many cases reduces barriers to entry. Big data improves market segmentation, risk mitigation and pricing which may lead to more access to basic insurance for a larger proportion of society. Better data such as on pre-existing conditions can also reduce the ability to obtain insurance; therefore, in many markets regulation limits the usage of some data for underwriting and pricing (e.g. Gender(1) and predictive health conditions). Furthermore, technological improvements have the potential to exacerbate these issues. Gene testing and wearables are good examples of predictive technology.
46. In general, behavioral data has already been adopted by society and if used properly, can create incentives and benefits for consumers. Behavioral data can have the added benefit of raising awareness for healthy and responsible lifestyles (driving behaviors, safety awareness). Privacy of non-behavioral data may be better served through the consumer's discretion including the ability to manage and track who gets access to their own personal data.
47. Laws and regulations are generally unclear and lag technology enhancements as they continue to evolve regarding ownership right to collect, aggregate, use and disseminate personal data. Finally, governments have a lot of unused data that could be made available to the insurance industry to better serve consumers and improving access to protection.
48. There is a need for a governance framework around data of different sources and types. Such a framework should have the primary goal of protecting the interests of consumers and properly balancing the risks and benefits described above. In achieving this goal, the framework should address privacy, security, intellectual property and liability aspects around personal and behavioral data. Policy makers need to create the institutional framework to allow companies to create value out of data while protecting privacy and data security and empowering the consumer.

##### **Sharing Economy**

49. The rapid evolution and growth of the sharing economy is challenging a wide range of traditional industries, products and distribution. In some industries, the legal aspects are not clear, being debated and evolving. The insurance industry is not always well-equipped to cover the risks associated with "pop-up alternatives" to traditional products, like shadow industries where regulation is evolving around these interlopers.

50. Policy makers should address the legality of sharing economy models, especially in the areas of car-sharing, ride-sharing and home-sharing so that the insurance industry can improve the coverage offered to the different stakeholders, taking into account the rising interest of consumers for those business models.
51. New entrants into the market are starting to offer products that have attributes that are consistent with insurance (shadow insurance) which should be monitored to determine when regulation is in the best interest of consumers.

## **B. Regulatory Environment, Consumer Protection**

### **Regulatory Environment**

52. The committee supports the current process in place to determine a global regulatory standard for the Global systemically important insurers (G-SIIs) and Internationally Active Insurance Groups (IAIGs). However, adding additional layers of complexity in a form of HLA (Higher Loss Absorption) or ICS (Insurance Capital Standards) for the core insurance businesses may result in the following:
- Reducing the attractiveness of insurance companies for investors due to lower returns on the capital deployed and limiting the ability to innovate and invest in new technologies.
  - Additional administrative and implementation costs are ultimately borne by consumers.
53. Therefore we recommend that the global regulation should focus on ensuring that the current local (regional) regulatory standards are harmonized and leveraged to the extent that it minimizes global risk of failure any of the internationally operating insurance groups.

### **Consumer protection**

54. Transparency and consumer protection in the field of insurance is highly important. However, additional emphasis should be given to consumer education. This would allow the consumers to exercise a free and sound choice of products and increase the penetration of insurance protection. Over-regulation of insurance products might result in a lower distribution, advice and accessibility, ultimately exacerbating under-insurance and widening the savings and protection gap.
55. The Insurance industry needs to collaborate with Governments to significantly increase the education of the population on insurance. Specifically, consumers need to better understand the risks they face and the means to mitigate or transfer those risks to the insurance industry. This would reduce the coverage gap and lower costs for Governments in many areas (pension funding, natural disasters, etc.) and create incentives for individual responsibility and equity.

(1) *The Gender Directive, officially Council Directive 2004 113 EC of December 13, 2004, implemented the principle of equal treatment between men and women.*

#### **IV. GLOBAL DEMOGRAPHIC DEVELOPMENTS**

56. The G-20Y Summit 2015 was the culmination of 3 months of committee deliberations as it sought to tackle the impact of profound demographic changes from a growing, ageing and more urbanised world population. By 2050, the world's population is projected to reach 9.6 billion from 7.2 billion today. As a result, the capacity of nations to provide health services, pensions, infrastructure, and energy resources will become increasingly constrained.
57. While population growth in itself will create key challenges, the nature of this growth for many nations, with the twin pressures of an ageing population and declining fertility rates, will significantly impact the labor market, pensions, and healthcare. This is most dramatically seen with projections of the global dependency ratio, falling from a 9 to 1 ratio to a 4 to 1 ratio of working people per elderly person.
58. Building on the strong foundations established through previous meetings of the committee, the focus this year was to identify actions capable of implementation to address issues already cited as key global challenges. The committee also concentrated on identifying those organisations that would serve to support our recommendations and how best to leverage influence to ensure that the challenges we face are being addressed.
59. The committee made recommendations related to its three identified sub-topics. The sub-topics identified were:
1. Increasing the efficiency of global health spending
  2. Reducing the pension gap
  3. Addressing population growth in developing regions

##### **Increasing the Efficiency of Global Health Spending**

60. With an increasingly ageing population, the capacity of Governments to provide healthcare services to the same measure that they have been delivered historically, is limited.
61. To address increasing health costs, particularly in the later stages of life, the Committee recommends:
- G20 Nations reduce health costs by working to better support older people receiving care in the home and developing new care center models focused on holistic health
  - As the impact of demographic change is not uniform across nations, all national governments should produce a report based on its own census data every five years to track population growth, fertility rates and health spending as a means to develop evidenced based policy and to stay 'one step ahead'
  - Maximize efficiencies in the delivery of health services, by utilizing more integrated care models to monitor and manage chronic disease (diabetes)
  - The implementation of strategies, including education and visa incentives to ensure that there are sufficiently skilled healthcare professionals (geriatric services) to provide care to the elderly and maximize independent living

##### **Reducing the Pension Gap**

62. As societies age, many developed nations are encountering challenges to the sustainability of their pension programs. Developing countries also will be facing similar challenges unless clear precautions are in place.

63. Workers will be required to work beyond what is currently considered normal “retirement age”. To address these issues the committee recommends:
- Encouraging governments to provide flexible state pension benefits tailored for individual needs and incentivize people to stay in the workforce beyond the retirement age.
    - In order to align the access and needs for state pensions, countries should adopt a pensions “means test” as used in Australia. More specifically, governments can choose to limit the amount of state pension received by people which have accumulated sufficient savings, fixed assets and private pension benefits.
  - Increase the number of people in the workforce
    - In order to support the ability of people that will have the need to work beyond retirement age, but potentially will not be able to sustain their regular roles, governments should start programs to help these people transition to potentially new roles. These transitional programs should start few years before their retirement period, and should include teaching them new skills and also increasing their awareness on the different type of roles they could undertake.
    - For older people that have the ability to continue working, governments should introduce incentives for them. This could include tax incentives which gives them the opportunity to continue contributing towards their pensions, so once they retire they can receive higher pensions.
    - The global research on the attitude of employers towards older workers be undertaken across G20 countries and strategies implemented to address these misconceptions.
    - In developing nations, governments and the banking sector work together to lower barriers to finance and insurance services to ensure that all can contribute to saving for health and ageing costs
    - Increase the number of those formally employed by providing incentives and lowering barriers for firms to take on employees

### **Addressing Population Growth in Developing Regions**

64. By 2050, 90% of the world’s population will be in developing countries. G20 nations need to work together in ensuring universal access to essential services such as food, water, infrastructure, and energy. As an example, about 1.2 billion people have no access to electricity today.
65. Currently, 3.5 billion people live in cities and 2.5 billion more are expected to inhabit urban areas by 2050, mainly in developing countries. This trend toward urbanization will have significant implications to the course of future social and economic development. Today urban areas account for only 2% of the earth’s surface, but generate about 70% of greenhouse gas emissions. Proper urban development planning will play a crucial role in ensuring that this growth is realized in a sustainable and responsible manner.

### **The Committee recommends that:**

- In line with the UN Sustainable Development Goals, access to basic services for the entire population should be guaranteed to increase standards of living and fuel economic growth
  - Great effort should focus on: food security, availability of clean water, access to energy, resilient infrastructure.
  - G20 governments should support direct investment for developing countries in low carbon technologies for the production of electricity and zero-emission mobility.

- As previously recommended by the G-20Y Association, special effort should be made to develop properly planned cities which have the advantage of a clean sheet approach, incorporating latest technologies and balancing social and environmental needs along with economic development.
  - Special efforts should be taken to leverage lessons learned with large cities in developed countries.
  - A collaborative multiple-layer governance approach involving supranational institutions (e.g., UN and World Bank); national, regional, and local governments; and partnership with the private sector.

## **V. CREATING JOBS**

66. Job Creation and unemployment are influenced by multiple factors including economic fluctuations, political uncertainties, demographic changes, technological challenges, globalization, sustainability and culture.
67. Global unemployment is estimated to be more than 200 million in 2015 and will increase.<sup>1</sup>The world population will grow by one billion in 12 years, it is expected that there will be 1.4 billion older people in the world by 2030, a 55% increase.<sup>2</sup> Youth unemployment levels in Europe are around 14% with rates as high as 30% in the Middle East and North Africa. Skills gaps and geographic challenges lead to difficulties in filling up to 40% of entry level roles.<sup>3</sup>
68. Access to employment is a basic right for all. In developing strategies for the attainment of this ideal we will focus on sub topics of labor supply and demand planning, youth unemployment and gender equality.

### **Labor Supply and Demand Planning**

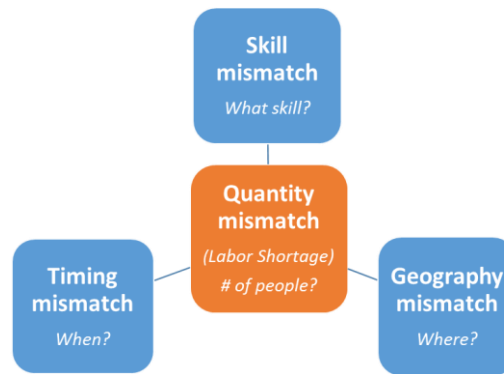
69. There is a need for a better connection between labor supply and demand. We see that there is a growing misalignment of labor supply across the dimensions of geography, skills and timing. High unemployment rates experienced over several years have made it difficult to understand the severity of the longer term skills shortage. This inhibits informed policy responses by government and strategy responses by corporations.
70. The 2014 G-20Y Summit Communiqué on Creating Jobs recommended the creation of an index to assess youth unemployment. We believe that this recommendation can be broadened to better quantify the labor supply imbalance, supporting more robust discussions on advanced workforce planning. We expect companies will need to develop or enhance planning capability to support consolidated plans at national and regional levels. Strategies are needed to ensure the supply of labor meets demand as our economy continues to evolve globally, and the success of such strategies is reliant on quality and timely workforce demand and supply projections.

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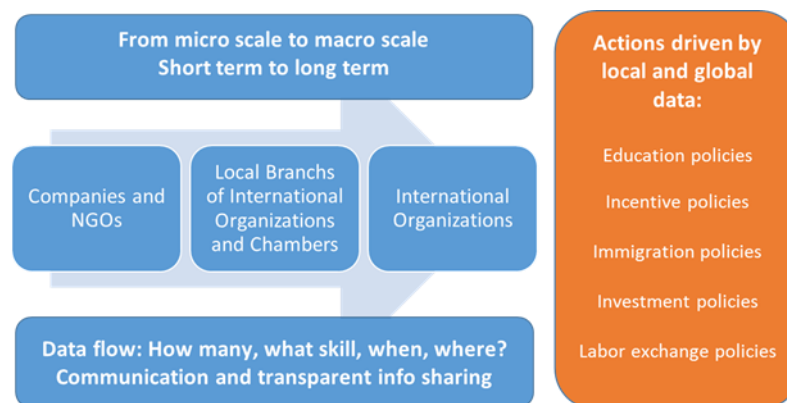
<sup>1</sup>ILO, World Employment Social Outlook, Trends 2015.

<sup>2</sup>UN World Population Prospects 2015.

<sup>3</sup>Ref. International Youth Foundation, the Role of Business and Youth Employment, 2015.



71. We recommend that this issue be addressed by leveraging global organizations focused on related matters, such as the International Labor Organization (ILO) and the International Organization of Employers (IOE). These organizations can stimulate policy makers, educational institutions, corporations and industry bodies to take action on developing a more robust workforce planning that will drive better understanding of market supply and demand factors.
72. We also recommend a more focused dialogue among government bodies, employers and organizations to define future workforce needs as the basis for better informed and coordinated policy responses and actions by all parties.



**Youth Unemployment**

73. Meaningful employment provides youths with a perspective for their lives, the ability to earn their own money increasing their financial well-being and provides a sound stepping stone to future career growth. Youth employment fosters economic growth and reduces the risk of social disorder and antisocial behaviors. Finding a job early in life improves the career prospects of every individual.
74. We believe that the introduction of targeted flexible education solutions are best suited to leverage different abilities, interests and needs. This requires a change in attitude towards vocational training, improving access to vocational education and improving the quality and relevance of training for industry.
75. We recommend the development of vocational education partnerships between employers, governments and vocational training providers to improve the quality and relevance of training and address the skill needs of employers.

76. Youth unemployment is particularly evident in rural areas where opportunities are restricted. Demographic and industrial differences between countries can also lead to significant discrepancies in supply and demand particularly for youths.
77. We recommend strategies to address geographic flexibility including solutions such as exchange programs between companies and across employment sectors and programs to support/attract talent to where the jobs are. These strategies include corporate sponsored training and development programs with the primary goal of providing improved employment outcomes. This includes an increased role for the private sector in aligning their needs with the educational system. We consider job training and internship opportunities as meaningful measures.

### **Gender Equality**

78. Women are underrepresented in the workforce particularly in leadership and professional roles. GDP growth potential from matching male and female employment rates varies between 5% in developed economies to double digits in developing economies. Companies with gender diversity perform at 35% higher than median profitability.
79. Improving gender equity relies on cultural acceptance of gender equity in both education and employment. We advocate the adoption of practices that promote gender equality in education, and strategies to encourage women and girls to pursue leadership and professional careers from a young age.
80. We recommend the introduction and continuation of policies to support gender equity in employment by:
- Promoting policies that balance working hours and family responsibilities as a norm modelled across all organizational levels
  - Creating networks of role models to provide career support and mentoring to young women
81. We recommend increasing the representation of women in leadership, decision-making and entrepreneurship by:
- Reviewing recruitment practices to eliminate unintended bias in role descriptions and interview processes.
  - Encouraging measures such as mentoring, training and coaching that enhance opportunities.
  - Developing awareness programs and, where necessary, government intervention to address bias against access to finance for female entrepreneurs.

## **VI. DIGITAL INNOVATION AND TRANSFORMATION**

### **Capitalizing on the Digital Opportunity**

82. Governments, businesses and individuals should be highly engaged in facilitating and accelerating digital innovation and transformation. This could enable global contact between individuals, companies and societies, creating new opportunities for all, but will require concerted effort and focus. The main areas to be addressed are Business Climate, Connectivity, Education and Standards.

### **Business climate**

83. Government and businesses working together on an international basis will: (i) promote digital entrepreneurship (ii) drive cooperation / collaboration (iii) increase stakeholders' awareness and (iv) create a defined network of individuals responsible for implementation

We recommend:

- Government led / business delivered: establish the right environment to encourage the development of an enabling business climate by:
  - Dedicated contact points within governments for big and small businesses
  - Clarity on accountability and responsibility in governments for digital acceleration with a network mapped out at all levels (e.g. international, national, regional levels)
  - Accelerating deployment of new technologies
- Business led and delivered / Government endorsed: the creation of platforms to facilitate ecosystems for innovation by
  - Business / University partnerships
  - Corporates working together e.g. share non-competitive infrastructure
  - Connecting large corporates with start-ups
  - Facilitating cross-border collaboration
  - Promoting awareness of employment needs and opportunities through the introduction of a global platform

### **Connectivity / Infrastructure**

84. Governments and businesses working together on an international basis to (i) enable reliable digital connectivity infrastructure, (ii) ensure everyone can afford to or have access to connectivity and (iii) develop standard identification and authentication infrastructure to fuel usage of public and private e-services and e-commerce.

We recommend:

- Governments to stimulate investments in such platforms through policy, direct government participation or public-private cooperation
- Governments to create the right conditions for ensuring the availability of connectivity platforms at all times

### **Education**

85. Knowledge and comprehension are a critical component of an effective digital world. Education within organisations, their employees, customers and society will enable broader informed participation and accelerate progress through greater understanding and skills.

We recommend:

- Governments proactively working towards a paradigm shift in education and adoption of digital skills by:
  - Formal education: Developing a digital curriculum and facilitating the transition from schools and universities to the business environment and vice versa in order to ensure that education stays in sync with the rapidly evolving digital business environment
  - Life-long education: Providing a platform for continuing education and, where necessary, re-skilling of the current working population in order to sustain employability in the digital era
  - Societal education:
    - Promoting e-learning to enable more people to have access to education



- Government and business information campaigns to promote digital awareness

### **Standards and Regulation**

86. Business-led international best practice standards to be developed for (i) capture, enrichment and usage of data, (ii) transparency, (iii) minimum operating standards (technical, security, privacy / the right to be forgotten, payment). Consistency and best practice will create customer trust and acceleration of digital progress. A business driven standards-based approach will allow digital security to keep pace with digital innovation. Early intervention and overregulation by governments and regulators inhibits innovation, however we recognize that in certain key areas governments will need to take regulatory initiatives.

We recommend:

- Business led and delivered / Government endorsed: harmonisation of standards and operating processes with accreditation (for e.g. ISO)
- Efforts need to be expedited to have a global treaty (such as the non-proliferation treaty) to deal with international cyber-security issues, enforcement compliance and ensuring emergency response
- All institutions government, public and private bodies should seek to ensure privacy of data is respected at all times so trust in e-services and e-commerce can grow.

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