8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained & inclusive economic growth

AI for Decent Work and Economic Growth

Half of the 12 targets of SDG 8 are regressing, with only 1 (8.10 Access to financial services) on track. This means that approximately two billion workers remain in precarious informal jobs.

The UN has highlighted that progress towards SDG 8 is hindered by challenges stemming from the aftermath of COVID-19, trade tensions, increasing debts in developing nations, conflicts, and geopolitical conflicts, collectively posing threats to global economic growth.

Automation of tasks with AI is expected to indirectly yield positive impacts on the SDG goals. This includes the potential for growth and employment to generate social and environmental value, such as creating new income streams for communities (SDG 1 and SDG 10) and improving agricultural practices (SDG 2). That being said, the synergy between AI and SDG 8 is well-documented within the UN system: 9 use cases out of 40 in AI for Good: Innovate for Impact, and approximately 100 use cases out of 408 in the UN Activities on AI. While there are numerous use cases for SDG 8, the primary focus of the literature centers on the impact of AI on economic growth, a first target of SDG 8. **The adoption of AI could potentially generate approximately US$15.7 trillion by 2030, or a 16 % higher cumulative GDP compared with today.**

Various factors, including investment levels, adoption rates, and the extent of change, will influence such projections. Governments are therefore positioned to create the necessary framework to facilitate AI advancement within organizations. While the precise percentage improvement remains uncertain, all sources concur that AI will indeed impact economic growth.

However, this pursuit of economic growth may give rise to additional environmental challenges, as the current economy is not detached from environmental degradation. Another consideration is the connection between AI and job transitions. While using AI will necessitate new skills and talent to facilitate the transition, automation could result in the displacement of numerous jobs.

Furthermore, AI has the potential to automate the most mundane tasks, allowing workers to concentrate on more interesting aspects of their roles. Governments should therefore take steps to support job transitions and prevent the widening of talent gaps that could exacerbate inequalities.

Key Considerations for Stakeholders

- **Impact assessment:** Aligning AI use case development and incentives with OECD AI principles to maximize sustainable value creation. The objective is to prioritize governmental tools for AI use cases related to the SDGs.

- **Job transition support:** Supporting the workforce access to new skills while considering diversity to minimize the increase in inequalities.

Impact

AI could act as an (positive) enabler for 92% of the SDG 8 targets and act as an inhibitor (negative) for 33% of the targets.

Use case 1

Using AI to drive the growth of countries and benefits in providing more products and services.

Use case 2

Implementing open-source AI solutions could help drive free access to educational content and information.

Use case 3

Applying tools for smaller companies processes can help them be more efficient and to compete on the market, while making them more sustainable.

8 DECENT WORK AND ECONOMIC GROWTH

Decent work and economic growth

- Progress towards Goal 8 faces headwinds from the COVID-19 aftermath, trade tensions, rising debt in developing countries, conflicts and geopolitical strains – collectively threatening global economic growth. While global real GDP per capita growth rebounded in 2021, it slowed in 2022 and is projected to stabilize through 2025.
- Global unemployment hit a historic low of 5 per cent in 2023 yet persistent roadblocks remain in achieving decent work. Women and youth face higher unemployment rates. Informal employment poses a significant global challenge, with over 2 billion workers in informal jobs lacking social protection in 2023. In the LDCs, and in sub-Saharan Africa and Central and Southern Asia, nearly 9 in 10 workers are informally employed. Alarmingly, over one in five young people are not in education, employment or training (NEET). Compliance with fundamental labour rights has deteriorated.

Workers operate a production line in an electronics factory in Viet Nam.

Accelerating progress demands sustainable economic policies, support for entrepreneurship and innovation, formalization of the informal economy, safeguards of workers' rights, social justice, and inclusive employment opportunities, especially for women and youth.

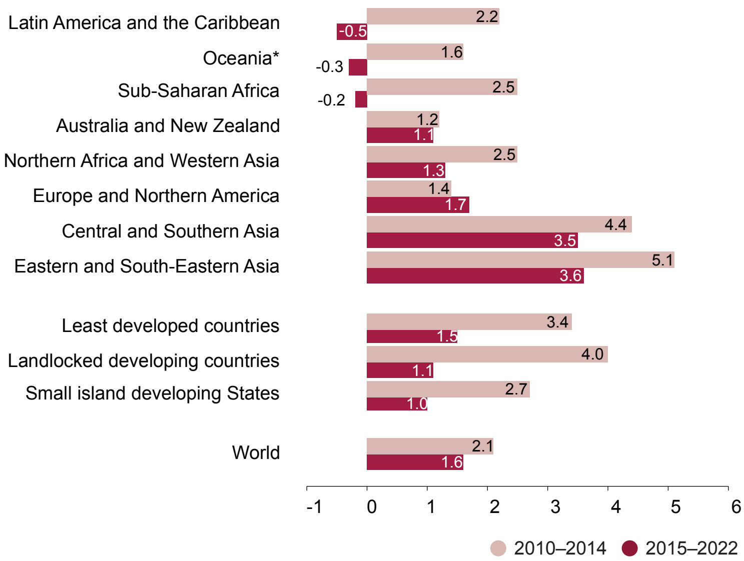
Global GDP growth has waned and productivity is stagnant, posing risks to economic development

Global real GDP per capita grew at an average annual rate of 2.1 per cent from 2010 to 2014, slowing to 1.6 per cent from 2015 to 2022. The decline stemmed from slower growth in most regions and decreases in sub-Saharan Africa, Latin America and the Caribbean, and Oceania (excluding Australia and New Zealand). Global real GDP per capita inched up 1.8 per cent annually from 2015 to 2019 but fell by 3.9 per cent in 2020 before recovering with a 5.3 per cent increase in 2021. Growth slowed to 2.2 per cent in 2022 and is estimated to further drop to 1.0 per cent in 2023. The projected growth rate will be 1.8 per cent in 2024 and 1.5 per cent in 2025.

Annual growth in real GDP in the LDCs retreated from 5.1 per cent in 2019 to just 0.7 per cent in 2020 before partially recovering to 3.8 per cent in 2021. Growth strengthened to 4.6 per cent in 2022 and is predicted to rise by 4.4 per cent in 2023, 5.5 per cent in 2024 and 4.9 per cent in 2025, still well below the 7 per cent target.

Annual growth in economic productivity, defined as the growth rate of real GDP per employed person, stagnated in 2022 and 2023 below 0.5 per cent, a stark contrast to the period from 2015 to 2019, when the average growth rate exceeded 1.5 per cent. The pandemic interrupted this trend, with 2020 registering a 1.1 per cent decline as output fell faster than employment, although this was fully offset by a short-lived rebound in 2021. The slow pace of productivity growth in the last two years poses a risk to economic growth and development.

Average annual growth of real GDP per capita, 2010–2014 and 2015–2022 (percentage)



* Excluding Australia and New Zealand.

More than 2 billion workers globally were in informal employment in 2023

Globally, over 2 billion people were in informal employment in 2023, comprising 58.0 per cent of the global workforce, a share projected to slightly decrease to 57.8 per cent in 2024. This rate is down from 58.4 per cent in 2015, reaching its lowest point, but the number of informal workers is at its highest level.

This suggests that widespread formalization is unlikely soon. Economic challenges are pushing workers into informal jobs without social protection, a significant barrier to social justice. Informal employment persisted most notably in the LDCs at 89.1 per cent in 2023, a rate nearly unchanged since 2015. The rate in Europe and Northern America was only 11.4 per cent.

Women, particularly in the LDCs and regions with high informality rates, experienced a disproportionate increase in informal employment during the pandemic. Over 90 per cent of employed women in the LDCs and nearly 90 per cent in sub-Saharan Africa and Central and Southern Asia performed informal work.

Global Youth AI Advisory Body

Delhi School of Artificial Intelligence