



SDG 8
Decent work and
economic growth



By 2050 it is projected that seven in 10 people will live in cities and municipalities. There are important reasons why people are choosing to live in urban areas. Cities are sources of economic growth and prosperity, serve as centers of innovation and offer extraordinary educational, cultural and recreational opportunities.

Urban areas often have greater success in tackling difficult challenges, due to cities' comparatively greater concentration of services, creativity and productive capacity. For example, from a global perspective, a study that compared inequality and migration for 65 countries showed that one out of every four or five individuals who grew up in rural areas tended to move to urban areas as young adults, where they earned far higher incomes than non-migrant residents who remained in rural areas¹.

Cities are positive and potent forces for addressing sustainable economic growth, and prosperity as they drive innovation, consumption and investment. Indeed, cities contribute to 80 percent of global GDP worldwide. As such, inclusive and sustainable urban development is key to achieving SDG 8 through innovation, entrepreneurship, job creation and greater productivity. In turn, inclusive and sustainable economic growth promotes inclusive and resilient cities by offering opportunities for better housing, urban planning, access to basic services, etc.

Despite healthy macroeconomic performances in many countries for over the past two decades, many economies have not been able to generate enough productive jobs for a fast-growing global labor force, which is expected to double in the next 15 years. Many countries need to create more than one million jobs annually to absorb the large number of youths joining the labor market each year in our urban centers.

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Reason why people move to urban areas

Economic growth
Innovation Centres
Education
Recreational opportunities



Clearly, we need to harness the growing urban expansion and focus on fostering industry growth that is sustainable and can employ many urban dwellers. If well managed, urbanization can offer an opportunity for accelerating the transformation of many economies towards more manufacturing and services, thus creating new types of jobs. Thus far, the increase in urban populations has led to the growth of non-farm businesses in urban centers which have been increasing by almost 15% per year for many countries.

Well managed urbanization with the right mix of diversification, technological upgrading and innovation may account for more than 70% of what is needed to achieve higher levels of economic productivity or sustain per capita economic growth in accordance with national circumstances and, in particular, at least seven percent gross domestic product growth per annum in the least developed countries.

In the urban areas, economic productivity and job creation needs to be guided by well-informed national and regional urban policies. SDG 11a.1 is working towards addressing the roll-out of national and regional development plans and policies. Such urban policies must promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises; including through access to financial services, and ensure achievement of full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

The informal sector today is employing on average more than 30% of the global workforce. Informal markets are characterized by low pay, short term contracts, and a lack of social protection. Moreover, informal workers in developed countries are mostly undocumented migrants

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from lower income countries who, because of their legal status, fear going to the police or seeking out legal help, thus further entrapping them within these informal conditions. For example, it is these socially and politically excluded groups that make up the bulk of Los Angeles County's informal workforce: in 2005, it was estimated that undocumented workers made up 61 per cent of the informal labour force in Los Angeles County and 65 per cent for the sole city.

Informality remains pervasive for marginalized groups, women and youth populations and more prevalent in Sub Saharan Africa (Table 1). In addition, one third of Sub Saharan African countries record gender gaps for employment as high as 20%, even in agricultural sectors. In Africa, wage salary workers represent 26% of total employment, with Northern Africa recording the highest numbers 68.6%. This translates into low shares for decent jobs, evidenced by the fact



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that the informal market accounts on average for nearly three quarters of total employment in Africa.

Table for Informal employment by regions and urban versus rural areas) (Informal employment)

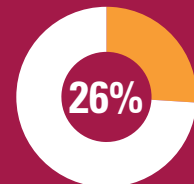
Region	Urban	Rural
Sub-Saharan Africa	64.1	71.1
Western Asia & Northern Africa	32.0	49.3
Central Asia & Southern Asia	32.3	41.3
Eastern & South-eastern Asia	49.8	57.8
Latin America & the Caribbean	44.6	55.2

The Latin American region is experiencing records of strong economic growth, mostly attributed to rapid growth rates in Brazil and steady growth rates in Columbia, Chile and Mexico. Despite this, the region is facing similar challenges as the Africa region with minimal impacts on employment creation, evidence by the projected 0.2% fall in unemployment from 2018 – 2020. In Asia, growth is set to slow down with the regions GDP falling by 0.2% in 2018 from 5.6 % in 2017, however, Southern Asia is set to expand with the

Africa



Gender gap for employment in Sub Saharan Africa



only 26% of **total employment** in Africa, are wage salary workers

Latin America



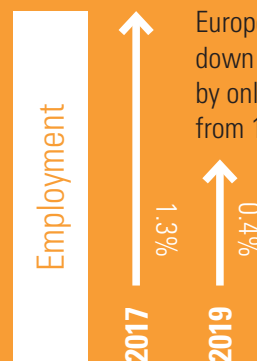
0.2%

Asia



Unemployment in the region is expected to stay at **36%** in 2019

Europe



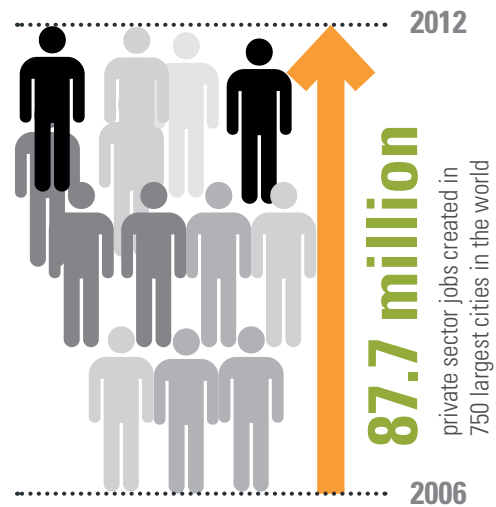
Europe is projected to slow down significantly, expanding by only 0.4 % in 2019, down from 1.3 % in 2017



subregion benefitting from India's accelerating growth. Employment in the region is estimated to minimally reduce in 2018, owed to higher rates of enrollment in education, a shrinking working age population and rapid structural transformation moving employment from agricultural sectors into higher added value such as service activities or marketing services. Unemployment in the region is expected to stay at 3.6% in 2019, but if not well managed, the projected urban growth will cause the labor force growth to outpace employment creation. However, a sizeable proportion of employees in the region might have access to wage or salary employment, but still face meager working conditions with poor job and income stability singled out as major challenges. Moreover, informality in the region is also pervasive with levels of informal employment remaining high in many countries in the region.

In Europe many countries are expected to experience high growth rates especially in France, Germany, United Kingdom, Netherlands, Spain and Sweden due to private investment and strong private demand. Although employment levels are high, employment growth in Europe is projected to slow down significantly, expanding by only 0.4 % in 2019, down from 1.3 % in 2017 and continually falling to 2020, owing to a stagnant labor force growth.

Cities generate a sizeable share of employment and indeed nearly 70% of the positive performances on employment across all regions is found in urban centers. Regional trends confirm the staggered performance of SDG 8 in different regions, will require cities to be *'inclusive, resilient, and sustainable'*. Between the year 2006 and 2012, the 750 largest cities in the world created 87.7 million private sector jobs, or 58% of all new private sector jobs in their respective 129 countries. The above-mentioned trends show that urbanization provides a unique opportunity to achieve the targets set out in SDG 8.



As employment is the gateway out of poverty for many, especially in developing country populations who see employment as an important cornerstone of economic and social well-being; attaining SDG's therefore requires all countries to foster productive activities, capitalize on innovation and expand formalization; whilst optimizing resource efficiency in production and consumption.

Globally, although unemployment has reduced, countries are still experiencing high levels of unemployment with women and youth populations most likely to be unemployed. Focusing on Africa, the regions youth population accounts for 19% of the global youth population, a high youth population presents the challenge of youth unemployment, which is currently two to three times higher than adult unemployment. Promoting young people's access to education, skills development and employment can increase productivity and prosperity.

Similarly, the increased number of women-headed households in cities and the participation of women in the labor market imposes new requirements on the location of homes vis-a-vis places of employment and urban services. This calls for gender sensitive urban planning and design to cater to the needs of women, as well as on the layout and management of transportation



systems. For example, improved connectivity to allow women to go to the workplace but also get back in time to undertake her duties at home. Also, community designs can affect female employment, well planned cities with schools, workplaces, supermarket etc. all in close proximity increase female productivity.

As the gender gap in labor force remains large, creative industries can potentially support the achievement of SDG 8. Creative industries are at the crossroads of the arts, culture, business and technology, they stand out as typically urban, with the potential to help localize Sustainable Development Goals. These industries contribute to the global, regional and urban local economy: they generated over \$2.2 trillion, which is equivalent to 3% of the world's gross domestic product, and employ 29.5 million people, or one percent of the world's population. Creative industries can increase youth and female employment as they are typically open to people of all ages and backgrounds, they provide a significant contribution to youth employment and are connecting the formal and informal sectors. Therefore, the creative economy can provide sustainable and inclusive urban prosperity and decent job opportunities for all.

Innovation and technology can foster productive capacity and promote decent employment in urban labor markets. While technologies are often referred to as disruptive, they signify a move towards a knowledge-based economy that relies more on intellectual capabilities than physical inputs. The ongoing fourth industrial revolution is characterized by major technological breakthroughs – automation, robotics, artificial intelligence, the Internet of Things, etc. This has profound effects on the employment structure of cities. One visible effect is that a huge number

of non-tradeable or service jobs have become tradeable, with relocations occurring within and across regions. This creates new forms of employment in some cities increasing job availability.

However, it can also lead to deepening unemployment as it leaves some populations redundant. Therefore, cities must ensure that universities are equipping youth populations with the right skills for job markets, otherwise in the process it may lead to migration within and between countries, intensify socioeconomic and spatial disparities. For regions that are not well prepared to capitalize on recent technological developments, building an educated workforce and attracting foreign investment proves an avenue to leapfrog technology.

Since the design of national labor immigration policies is correlated with national institutions (political systems, labor markets, welfare states, etc.), any common global, national and sub-national policy approach needs to take account, at least to some extent, institutional variations across countries, and sub-national levels including cities. A list of universal core rights that allows equality or near-equality in social rights and no restrictions on migrants' access to the jobs and services within countries, for example, has a much better chance of acceptance and implementation than an approach that demands restrictions.

Achieving SDG 8 also requires increasing the productive capacity of rural and peri-urban areas and ensuring job creation and sustenance as well as generating opportunities for rural youth, which is more urgent than ever. This requires urban planning and national development plans that allow cities to grow or diversify economies focusing not only on manufacturing but service activities and knowledge economy.

Endnotes

1 Young (2013) compared inequality and migration for 65 countries.