SDG 8
Decent work and economic growth

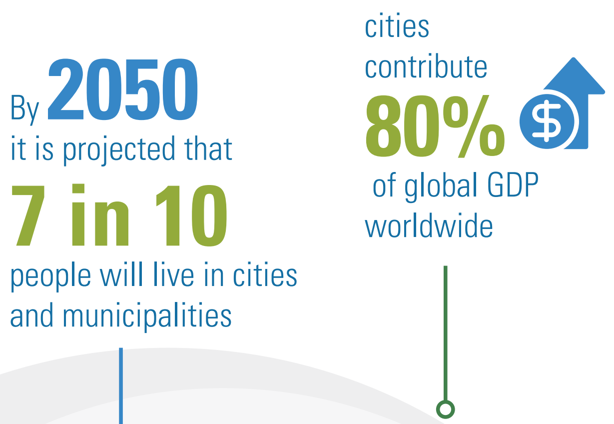
UN-HABITAT
FOR A BETTER URBAN FUTURE

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 areas[1].

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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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 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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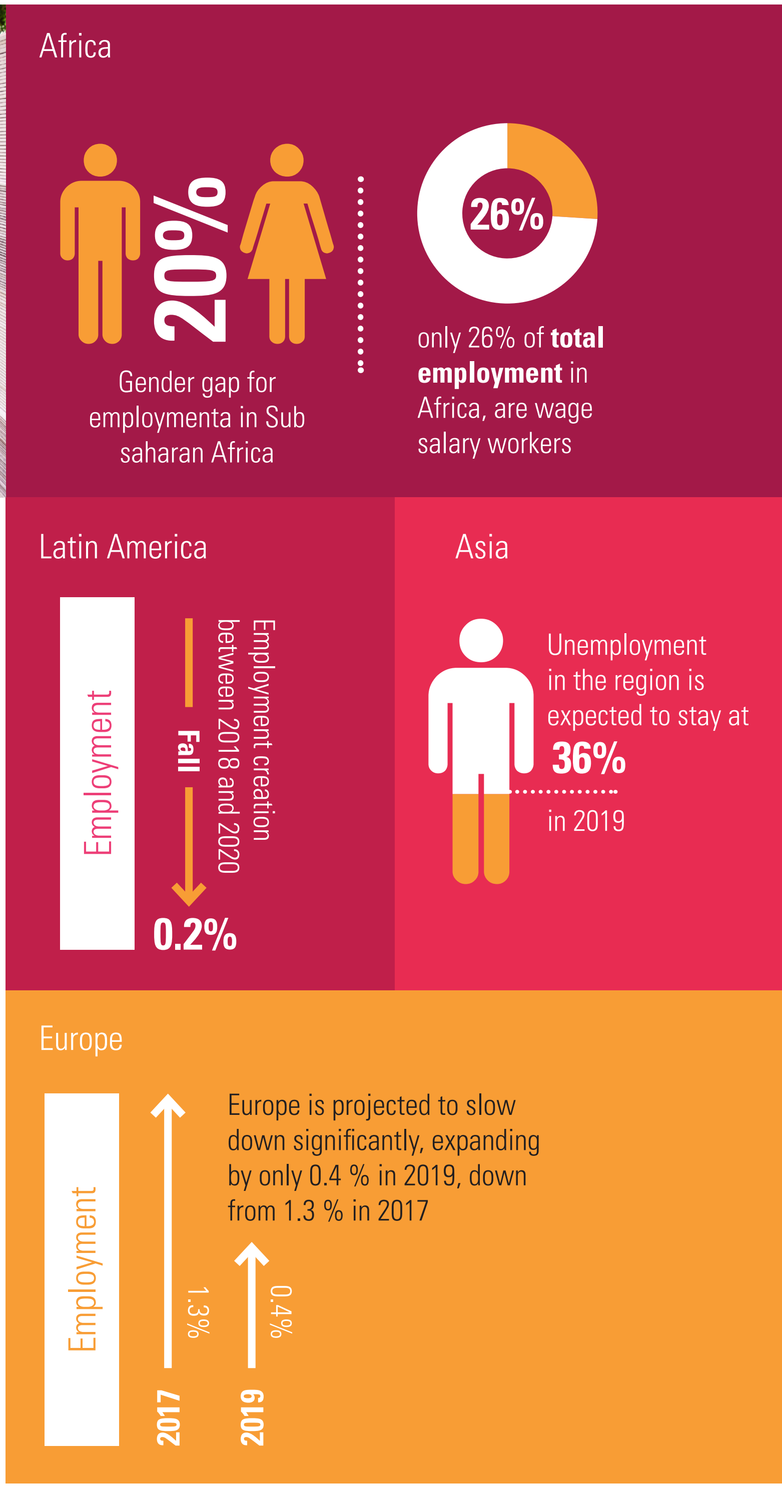


that the informal market accounts on average for nearly three quarters of total employment in Africa.

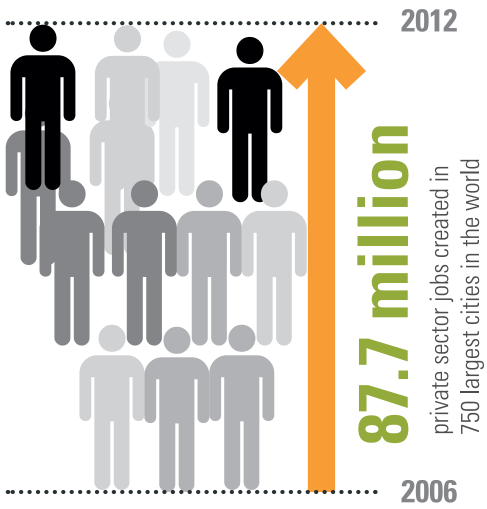
Table for Informal employment by regions and urban versus rural areas) (Informal employment)

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 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



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