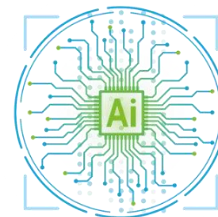


AI powered transformation G20 readiness report

Executive summary – July 2024



The AI readiness imperative

The global landscape is shifting rapidly, driven by the fast development of technologies like Artificial Intelligence (AI). The multifaceted impact of AI, including Gen AI, on labor markets and economies varies between the increase of productivity on certain industries and potential downsides such as job displacement on more vulnerable sectors. While national AI strategies provide valuable action plans to help address these impacts, significant disparities exist between G20 countries, in areas like infrastructure development and the availability of skilled labor.

Artificial Intelligence and the great debate

There is a dual nature of AI's impact on the labor market and society. While AI offers significant productivity and efficiency gains, it also poses challenges related to job displacement and social disparities. With the International Monetary Fund (IMF)¹ suggesting that almost 40% of global employment is exposed to AI, how and where does it impact?

Displacement and Inequalities

The transition to AI-driven growth raises concerns about job displacement, unequal opportunities, and income disparities. Social inequalities are likely to widen, with populations in vulnerable situations being disproportionately affected.

Productivity and Efficiency

AI can enhance productivity and efficiency across various sectors such as manufacturing, logistics, healthcare, and finance by automating tasks, reducing errors, and optimizing

Impact on Jobs and Labor Market

AI is rapidly transforming the labor market, impacting both entry-level and high-skilled jobs.

Human-AI Collaboration

AI can handle routine tasks, allowing humans to focus on creative and strategic work, thereby improving overall productivity and innovation. This collaboration requires proper education and training to maximize benefits and avoid misinformation.

Demand for AI Skills

There is a growing demand for AI-skilled workers, with employers willing to pay a premium for these skills. Gender disparities in AI skill acquisition are notable, with men acquiring technical AI skills at a higher rate than women.

AI Impact on the labor market

¹ IMF, Gen-AI: Artificial Intelligence and the Future of Work, 2024
<https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2024/01/14/Gen-AI-Artificial-Intelligence-and-the-Future-of-Work-542379>

Are G20 countries well-positioned to seize AI opportunities?

G20 countries are positioned differently in terms of seizing AI opportunities, largely influenced by their digital infrastructure, investment levels, skills gap, and overall digital readiness. High-income countries are better equipped to harness AI benefits due to their advanced infrastructure and investment in AI, while middle and low-income countries face significant challenges that may hinder their ability to capitalize on AI advancements equitably.

- **Uncertain Impact on Job Structures:** The impact of AI on labor markets across G20 countries is complex and uncertain, varying significantly depending on the nature of the jobs themselves. The fastest job creation is anticipated in AI and machine learning specialists, particularly in upper-middle and lower-middle-income G20 countries, as high-income countries have already experienced a rising demand for such jobs.
- **Varying Levels of Investment:** Private investment in AI has been substantial in the past decade. However, the uneven distribution of AI investments across G20 countries poses challenges for equitable economic and societal benefits from AI advancements.
- **Digital Infrastructure Disparities:** High-income G20 countries have advanced digital infrastructures, while middle and low-income G20 countries face significant challenges in building the necessary digital infrastructure, hampering their ability to maximize AI benefits and manage associated risks.
- **Skills Gap Challenges:** The skills gap remains a persistent challenge, exacerbated by the rapid digitalization of economies and changing job requirements. Middle-income G20 countries experience more significant qualification mismatches compared to high-income countries.
- **Overall Digital Readiness:** Digital readiness varies significantly across G20 countries, with high-income countries being more advanced in terms of infrastructure, skills, and governance.

Addressing these disparities through increased investment, enhanced digital infrastructure, and focused skill development is crucial for a more balanced global adoption of AI.

Common efforts and key issues in g20 countries ai strategies

Common efforts across G20 AI strategies:

- **Vision and Strategic Objectives:** G20 countries are establishing long-term goals for AI that focus on economic development, healthcare improvements, and educational advancements.
- **Infrastructure Development:** Investments in digital infrastructure are a cornerstone of many G20 countries, including the prioritization of high-speed internet, cloud computing, and advanced technologies to support AI integration.
- **Skill Enhancement and Workforce Development:** Initiatives focus on incorporating AI-related skills into education and training programs to prepare workers for new roles in an AI-driven economy.
- **Investment in Research and Development:** National strategies often include financial resources for AI R&D, offering grants and incentives to spur private sector investment.

Key matters needing more attention:

- **Equitable Distribution of AI Benefits:** Disparities in digital readiness and infrastructure can lead to unequal benefits from AI, exacerbating existing economic inequalities. There is a need for strategies that promote more equitable distribution of AI's capabilities and benefits.
- **Addressing the Skills Gap:** The mismatch between skills and job requirements is widening. National strategies should include more targeted efforts to modernize educational curriculums and provide continuous learning opportunities.
- **Balancing Innovation with Ethical Concerns:** Strategies should continually adapt to address emerging ethical concerns, such as bias in AI algorithms and the implications of AI on privacy.

Business lessons learned and recommendations for AI implementation

As businesses navigate the complexities of AI adoption, several leading companies have demonstrated effective strategies and encountered valuable lessons that can help inform and guide others.

Prioritizing Human-Centric AI Integration: Emphasizing the use of AI to enhance human decision-making rather than replace human roles helps build trust and helps to ensure that AI complements rather than disrupts work.

Emphasizing Employee Training and Upskilling: Investing in reskilling and upskilling the workforce to adapt to new AI technologies can help alleviate concerns about job displacement and maximizes the benefits of AI tools.

Balancing Efficiency with Ethical Considerations: Implementing robust governance frameworks and ethical guidelines can help ensure responsible AI use, which builds trust among stakeholders and supports sustainable AI integration.

Addressing Data Security and Privacy: Ensuring high-quality data for training AI models and implementing strong data security measures can prove critical for maintaining trust and compliance with regulations.

Navigating Regulatory Landscapes: Engaging with policymakers and regulatory bodies to advocate for supportive public policies and adapting to the patchwork of existing rules are essential for effective AI integration.

Leveraging AI for Innovation and Efficiency: Using AI to streamline operations, enhance productivity, and drive innovation across various business processes can significantly improve efficiency and competitive advantage.

This research serves as a call to action for G20 leaders and stakeholders to embrace AI readiness as a national and international imperative, fostering collaboration between social and economic actors to leverage the impact of AI and address the existing and upcoming challenges.

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