

International Labour Organization

Statement to the G-24 Ministers and Governors Meeting

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The ILO warmly welcomes the G-24's decision to place inclusive, job-rich economic transformation at the centre of this year's meeting agenda. Job-rich growth is essential for poverty reduction, social stability, and sustainable development — and failing to deliver it for this generation risks entrenching inequality and limiting long-term development prospects across the EMDE world.

Beneath these headline numbers, the decent work deficit runs deep across developing economies — and its character differs markedly depending on a country's level of development. The global jobs gap stands at 408 million, and 2.1 billion workers remain in informal employment. In low-income countries, 68 per cent of workers live in extreme or moderate poverty — and worryingly, both rates edged upward between 2015 and 2025, reversing earlier progress. In lower-middle-income countries, informality stands at 83 per cent, and nearly half of all employment is own-account work — typically low-paid and undertaken out of necessity. Upper-middle-income countries have made genuine progress, but structural transformation has halved in pace compared to the previous decade, with these economies risking stalling before completing their transition to formal, productive employment structures. The global labour income share remains below its 2019 level.¹ Across EMDEs, structural challenges are preventing headline growth from translating into broad improvements in work quality.

These structural fragilities have been sharply compounded by the Middle East conflict, which is generating devastating human consequences and wide-ranging economic and labour market spillovers. Beyond the directly affected countries, the conflict is driving sharp increases in energy, food, and fertilizer prices, disrupting major shipping routes, and fueling inflationary pressures that are weighing on global trade. Countries with strong trade, migration, remittance, and energy links to the region — including many across Asia — are particularly exposed, while smaller fuel-importing economies and tourism-dependent states face especially acute risks through rising living costs and weaker demand. Critically, the negative impacts on jobs are not reflected in unemployment figures, but in weaker hiring, falling real wages, deteriorating working conditions, and rising informality. There is also a risk that the labour market consequences of the crisis will prove persistent. Unlike shocks that are concentrated in a short period, the current crisis may unfold through further price increases, sustained uncertainty, disrupted migration systems, weaker investment and prolonged pressure on household incomes. A wait-and-see approach carries significant risks; early attention and timely policy action are therefore essential.

The immediate priority for EMDE governments — especially those most exposed to rising energy and food prices — is to protect people without dismantling the foundations of long-term resilience. That means preserving fiscal space for investment and for social protection that shields livelihoods from rising food and fuel costs—rather than allowing fiscal pressures to erode support when it is most needed. Such measures are important not only for protection, but also for sustaining demand, preserving human capabilities, and reducing the risk that temporary shocks result in deeper fiscal and growth costs over time. Thus, effective social protection, livelihoods support, and active labour market policy measures are essential to prevent vulnerable workers and households from sliding further into insecurity. In countries directly affected by conflict, recovery and reconstruction must from the outset be approached as an

¹ ILO 2026. [Employment and Social Trends](#), 2026

investment in decent work, with labour rights, social protection, and fair working conditions embedded in the recovery process.

Strengthened labour market institutions are among the most direct policy levers available to address the decent work deficits identified above. Where collective bargaining is functional and wage-setting mechanisms are effective, productivity gains are more likely to translate into rising real wages rather than being captured at the top — narrowing the gap between growth and improvements in living standards that is the central issue the G-24 has put on the table. And where workers have access to representation and protection, economies are better equipped to absorb external shocks without the burden falling entirely on wages and working conditions — deepening poverty and eroding the domestic demand base on which durable growth depends. Freedom of association, collective bargaining, and effective tripartite dialogue are therefore not additions to be considered once development is achieved, but structural preconditions for reducing decent work deficits, strengthening social protection, and building the resilience that EMDEs need to navigate an increasingly volatile global environment.

In addition to strengthened institutions, an enabling environment for MSMEs is equally central to the formalization process. MSMEs employ over 70 per cent of the global workforce and are the primary vehicle through which structural change reaches the majority of working people in developing economies. Yet ILO data reveal a troubling dynamic: the global increase in informality between 2015 and 2025 was driven entirely by the rising share of countries with higher informality rates in global employment, masking the fact that formalization within countries — where it did occur — would have reduced the global informality rate by 1.5 percentage points. This means that formalization efforts are working where they are pursued, but that they are not being pursued at sufficient scale or speed. Expanding access to affordable finance, digital tools, business development services, and social and labour protections for MSME workers — with particular attention to enterprises led by women, youth, and informal entrepreneurs — is therefore not a peripheral agenda but a core driver of the structural transformation that EMDEs urgently need.

The rapid advancement of artificial intelligence adds both opportunity and risk to this picture. While AI may support productivity gains over time, those gains are not automatic, and their effects on jobs and enterprises will depend on how these technologies are adopted, governed, and integrated into workplaces. According to ILO estimates, 20.3 per cent of employment in G-24 economies is potentially exposed to generative AI — and while this does not mean automation, 5.5 per cent of jobs in these countries are more exposed and could be at risk if these technologies are adopted without adequate policy frameworks. For EMDEs, the structural barriers to AI adoption — weak skills systems, limited social protection, and inadequate digital infrastructure — mean that without deliberate investment, AI risks widening existing inequalities rather than reducing them. Strengthening skills and lifelong learning systems, expanding social protection, and deploying active labour market policies are therefore essential to ensure that productivity gains from AI translate into inclusive outcomes for workers and enterprises across the EMDE spectrum, rather than accruing only to those already best positioned to capture them.

Achieving inclusive, job-rich economic transformation ultimately requires coherent, integrated policy frameworks in which macroeconomic, fiscal, industrial, social, and labour market policies reinforce rather than undercut each other. In practice, this means aligning investments in skills with labour market demand, including for green and digital transitions, as well as coordinating industrial policy to build productive capacity in labour-intensive sectors. It also means ensuring that regional integration frameworks for trade and investment are backed by the long-term financing and institutional capacity needed to translate market access into decent work creation. At the global level, this calls for an international financial architecture that gives developing countries the fiscal space, the financing, and the policy autonomy they need to pursue job-rich transformation on their own terms. The ILO reaffirms its commitment to supporting G-24 member governments in building these frameworks, so that economic transformation delivers not only stronger

growth, but productive decent jobs and the resilient economies that the people of the developing world deserve.