

International Labour Organization

Statement to the G-24 Ministers and Governors Meeting

Bangkok, 13 October 2026

The ILO welcomes the focus of this meeting on navigating global economic interdependence in a fragmented world, and shares the priority the Group gives to inclusive and job-rich economic transformation. Geopolitical conflict, trade fragmentation, tighter financing conditions and high debt are narrowing the policy space of many emerging market and developing economies (EMDEs) at the very moment when investment in jobs and people is most needed.

Global economic challenges and labour market implications

Headline labour market indicators have remained broadly stable, but this stability masks accumulating fragilities. The labour market consequences of shocks tend to unfold gradually and asymmetrically: adjustment takes place more through weaker hiring, falling real wages, rising informality and deteriorating working conditions than through visible unemployment. Some 2.1 billion workers, around 58 per cent of the global workforce, remain in informal employment, and the gradual reduction in informality that has historically accompanied economic growth has stalled.

Productivity, inequality and economic transformation

Productivity growth is the foundation of rising living standards, but its benefits depend on where gains occur and on how they are shared. Progress has been highly uneven across countries, with low-income economies continuing to face substantial productivity gaps. At the same time, productivity gains do not automatically translate into higher incomes for workers. How these gains are distributed between capital and labour, among enterprises and among workers is therefore central to achieving inclusive growth. For developing economies, the challenge is not only to accelerate productivity growth, but also to ensure that its benefits are widely shared.

The structure of enterprises matters as well. The self-employed and micro and small enterprises account for around 70 per cent of employment worldwide, but smaller firms lag larger ones in productivity. The unmet financing needs of formal micro, small and medium-sized enterprises in emerging and developing economies have been estimated by the IFC at around US\$5.7 trillion. At the same time, increasing market concentration and the growing economic power of large enterprises can have significant distributional consequences for smaller firms and workers, including by limiting their opportunities to benefit from productivity growth. Addressing these

imbalances is important for fostering competitive markets, sustainable enterprises and decent jobs.

Artificial intelligence could reinforce these imbalances. As the Issues Note for this meeting observes, AI is prompting an overhaul of development strategies, especially in countries with large service sectors. Around one quarter of global employment is in occupations exposed to generative AI, and the evidence so far suggests that AI is transforming jobs rather than eliminating them on a large scale. For many developing countries, however, the risk is one of disruption without dividend. Joint ILO–World Bank research shows that, in lower-income countries, many workers whose jobs could benefit from AI lack access to computers and reliable internet, while those most exposed to automation tend already to be connected. Disruptive effects may therefore materialize more quickly than productivity gains, including in the digital and business services that have provided formal employment for educated young people. Ensuring that workers and smaller enterprises can access and benefit from new technologies will be critical to preventing further economic and social divides.

These developments have important macroeconomic implications. Low-pay, low-productivity jobs can constrain skills development, weaken domestic demand and limit the tax base, while leaving households and economies more vulnerable to shocks. Where the benefits of growth are not broadly shared, trust in institutions and social cohesion can also come under pressure, making sustained economic reforms more difficult. Improving job quality is therefore not only a social objective but also an important part of a strategy for stronger and more resilient growth.

Policy priorities for inclusive and job-rich growth

Against this background, the ILO would highlight three priorities.

First, structural transformation must deliver more and better jobs. The emphasis on upgrading infrastructure, deepening domestic and regional supply chains and moving towards higher-value production is well placed. For this agenda to raise living standards, investment, industrial policy and development finance should support jobs that raise productivity, improve pay and prospects and build skills, and should reach the small and medium-sized enterprises where most people work. This requires improving access to finance, technology and markets for smaller enterprises, alongside policies that promote fair competition and broaden economic opportunities. Skills development is essential, but it must be matched by demand-side policies that support investment and the creation of decent jobs at scale. The renewed focus on job quality in development finance, including the World Bank Group's jobs agenda, and continued ILO–World Bank Group collaboration on jobs measurement and the integration of job quality into development metrics are important steps in this direction.

Second, fiscal space must be preserved for investment in people and decent jobs. Macroeconomic and fiscal frameworks should preserve investment in social protection, skills and active labour market policies, even where shocks and high debt constrain budgets. The ILO shares the Group's view that IMF-supported programmes should protect social spending and investment and take account of distributional effects. Greater attention to employment outcomes, job quality and the distribution of productivity gains in macroeconomic policy advice and programme design would also contribute to more sustainable and inclusive growth. Faster and more predictable debt resolution, adequate concessional finance and progress under the United Nations Framework Convention on International Tax Cooperation are essential to finance social protection sustainably, particularly as digitalization and AI put contributions and tax revenues under strain.

Third, labour market institutions and rights at work are essential for ensuring that productivity gains are broadly shared. Freedom of association and collective bargaining, together with adequate minimum wages set through evidence-based processes and social dialogue, can strengthen the transmission of productivity gains into workers' incomes. Effective and representative employers' and workers' organizations also help ensure that enterprises and workers have a voice in shaping economic transformation. Social protection, by reducing vulnerability and inequality and by investing in people, builds their capacity to work, earn and take part in economic life. Where the gains from growth are broadly shared, trust in institutions is stronger and reforms are more legitimate and durable.

The ILO was founded on the conviction that lasting peace must be built on social justice. It stands ready to strengthen its cooperation with the G-24, the IMF, the World Bank Group, the regional development banks and the wider United Nations system, including through the Global Coalition for Social Justice, to support inclusive economic transformation, decent job creation and broadly shared prosperity in member countries.

Sources: ILO, Employment and social trends 2026; ILO, A moment of choice: Harnessing artificial intelligence for decent work, Report of the Director-General, International Labour Conference, 114th Session, 2026; ILO, World of Work 2027 (forthcoming).