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**Statement by Mr. Hougbo
International Labour Organization**



International
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International Labour Organization, to the IMF International
Monetary and Financial Committee and to the joint World
Bank-IMF Development Committee**

Decent Work: An Integrated Approach on the Path to Prosperity

Washington D.C., April 25, 2025

Executive Summary

- The ILO welcomes the Spring Meeting's focus on "Jobs - The Path to Prosperity," The focus is especially urgent given current decent work deficits and the need to create opportunities for 1.2 billion young people entering the workforce in coming decades.
- The focus is deeply aligned with the ILO's core mission. For the ILO, a focus on jobs is a focus on decent work. Our approach is an integrated one, in which jobs, rights, and growth are understood to be mutually reinforcing, rather than competing, priorities. Quality employment that respects labour rights and provides social protection is essential to achieve the Sustainable Development Goals, including the IMFC's focus on poverty reduction.
- An integrated approach includes monetary policies that consider employment outcomes alongside inflation, fiscal policies targeting sectors with high decent work potential, and strong labour standards and social protection systems as economic stabilizers.
- Persistent decent work deficits include high informality (three of five workers globally), slowing productivity growth, wages below productivity levels, and high youth unemployment (12.6%) - nearly triple the adult rate. The global jobs gap affects 402.4 million people with significant gender disparities, as women face a gap rate 4.5 percentage points higher than men. These structural challenges contribute to falling labour income share, increased inequality and reduced contributory revenues for social protection.
- The integrated approach to jobs, rights, and growth is especially crucial in today's turbulent economic environment, where monetary policy, fiscal policy, and sectoral policy must navigate significant uncertainties. International coordination and inclusive multilateralism are essential. In it, the ILO has a distinctive voice, rooted in its constitutional values: that social justice is the foundation of universal peace, that labour is not a commodity, and that social dialogue enables sustainable solutions to emerge.
- This approach is exemplified by the Global Coalition for Social Justice, established by the ILO in 2023. The Global Coalition brings together over 300 partners—including more than 80 governments and 40 international organizations—to create a collaborative space for action that balances economic, social, and environmental dimensions while addressing inequalities and poverty. It encompasses ILO collaborations with financial institutions, including ILO-IMF partnerships on social protection financing, and ILO-IFC cooperation to integrate labour standards into investment decisions. Future collaborations stand to enhance debt sustainability, trade relationships, and financing for climate adaptation to expand prospects for decent work.
- The global economy is at a critical juncture. This moment requires decisive action to make an integrated approach to job creation an explicit target. By re-centering social justice as the *raison d'être* of economic policy - through strengthened international cooperation, integrated policy frameworks promoting the growth, rights and jobs nexus, and inclusive governance - we can secure decent work as the path to prosperity.

► Decent work: Reclaiming a path to prosperity

I am encouraged to witness the international financial community placing jobs at the centre of the development agenda with the theme of this year's Spring Meetings—"Jobs - The Path to Prosperity". Since the ILO was founded in 1919, we have championed our constitutional principle that there can be no lasting peace without social justice. Social justice must be built on quality employment opportunities – that is, decent work for all. Yet today, our world is filled with persistent decent work deficits. Among them is the virtual absence of social protection for workers in the informal economy. Compounding these deficits are deep structural vulnerabilities—such as stalled structural transformation, growing spatial inequalities, and weak productivity growth—that continue to prevent broad-based access to quality employment, particularly in low- and middle-income countries. We also face an enormous challenge to create opportunities for the 1.2 billion young people expected to enter the workforce in the coming decades. Briefly put, the connection between quality employment and prosperity can hardly be more evident or more urgent.

For the ILO, employment is not merely an outcome of economic growth. Employment is itself a fundamental driver of growth. Decent work – work in dignity, with voice and with rights - is also a fundamental purpose of economic growth. In other words, there is a mutually reinforcing relationship between quality jobs, rights and economic growth. There is also a tremendous opportunity to build economies that work for people. Through global cooperation, we can collectively build a future of work that reclaims a path toward shared prosperity.

► Growing policy uncertainty clouds our economic and social outlook

Focusing our shared missions on creating decent work is critical during these uncertain times. While the IMF had projected economic growth to remain stable at 3.3 percent in 2025 and 2026 (IMF, 2025), the global outlook is increasingly put in doubt by mounting threats to economic stability. Economic policy uncertainty has surged to new heights, particularly regarding trade, monetary and fiscal policies.¹

While the global unemployment rate was predicted to remain stable at 5 percent in 2025, the uncertain economic environment directly, and negatively, affects labour market by constraining business investment. Historical evidence suggests that during periods of high uncertainty, businesses typically delay expansion plans and hiring, which can slow employment and wage growth even in otherwise favourable macroeconomic conditions. Beyond quantity measures, uncertainty also undermines job quality, as employers become reluctant to invest in workplace improvements, skills development, and other benefits that enhance working conditions. What results is a compounding effect that disproportionately harms already vulnerable workers.

The international dimensions of policy uncertainty further intensify labour market challenges. Trade has historically served as a powerful engine for economic growth. When combined with dedicated social and industrial policies, it has supported job creation. Increasingly, multilateral and bilateral trade agreements have also incorporated robust labour provisions and innovative monitoring, cooperation and dispute settlement mechanisms, alongside, social dialogue frameworks that ensure workers' and employers' voices shape trade governance. These initiatives complement domestic policies that strengthen social protection and inclusive labour market institutions.² The ILO Declaration on Social Justice for a Fair Globalization recognizes the importance of well-designed trade and financial market policies to support employment creation. Shifts in trade policies can lead to complex and uneven impacts across economic sectors, skill levels, and regions. ILO research shows that when trade patterns change, resource reallocation reverberates across global supply chains, with both job creation and displacement effects that vary across industries. Workers with limited geographic or occupational mobility face particular challenges during these

¹ IMF 2025. [World Economic Outlook Update](#), January 2025.

² ILO 2023. [Integrating Trade and Decent Work: Volume II](#), November 2023

transitions.³ Moreover, this international transmission of economic uncertainty, which can affect inflation, interest rates and exchange rates, can limit fiscal space in developing economies, which in turn constrains their ability to invest in quality job creation and social protection. These challenges are particularly acute for the 70 countries already at risk of debt distress, and of which 43 of them are at high risk of or already in debt distress.

This troublesome outlook does not bode well for the persistent decent work deficits that continue to exist. Three out of five workers across the globe are informal, productivity growth continues to decelerate in most regions, and since 2020, real wages remain below labour productivity levels. Youth are disproportionately affected, with unemployment at 12.6 percent—nearly triple the adult rate—while 20.4 percent of young people are not in employment, education, or training, with a stark gender disparity (28.2 percent of young women compared with 13.1 percent for young men). The global jobs gap extends to 402.4 million people and also exhibits clear gender bias, with women facing a jobs gap rate nearly 4.5 percentage points higher than men. Against this backdrop of structural challenges, aggregate productivity figures show low-income countries experiencing pronounced losses, upper-middle-income countries facing a slowdown from historically higher rates, and high-income regions struggling to translate technological advances into productivity gains. The widening gap between productivity and wages—reaching 14.2 percentage points between 1999 and 2024 in advanced economies—has contributed to a persistent fall in the labour share of income and increased inequality, while reducing contributory revenues for social protection.⁴

► The jobs, rights and growth framework and policy actions

The mutually reinforcing nature of jobs, rights and growth

Too often, policymakers have viewed employment generation, rights protection, and economic growth as separate or even competing priorities, requiring difficult trade-offs. This fragmented perspective has led to policy approaches that ultimately undermine progress across all three dimensions.

The ILO's data demonstrates that fostering decent work –jobs that respect labour rights, give access to social protection and pay a living wage—is central to development. In other words, decent work serves as the crucial nexus connecting economic performance with social progress. Countries with strong labour market institutions and comprehensive social protection systems⁵ have consistently demonstrated resilience to economic shocks, including those related to trade and policy uncertainty. And looking beyond immediate challenges, this integration becomes particularly critical in navigating transformative changes in technology, demographics, and climate that will profoundly reshape our economies.

Recognizing the critical synergies between job creation, rights and growth has significant practical implications for policy design. When they are understood as complementary rather than competing objectives, policy formulation shifts from narrow single-domain interventions to integrated approaches that advance all three elements simultaneously. This complementarity provides a foundation for addressing the complex challenges of policy uncertainty, trade tensions, and fiscal constraints that we face today.

Integrated policy framework: Harnessing the Quality Jobs-Growth nexus

Quality Jobs and economic growth form a mutually reinforcing nexus, not competing priorities. Economic growth is essential for ensuring more and better jobs, while quality employment generates positive externalities for the economy through increased consumer demand, expanded tax revenues, and enhanced human capabilities. When workers receive wages proportionate to their productivity contributions and sufficient to meet their basic needs, they spur a virtuous circle between quality jobs and sustained economic development. Conversely, labor market segmentation, stark inequalities, and

³ ILO 2023. [Integrating Trade and Decent Work: Volume I](#), November 2023

⁴ ILO 2025. [World Employment and Social Outlook](#), January 2025

⁵ Cardoso et al. 2023. [The multiplier effects of government expenditure: A multi-country study](#), August 2023

concentration of economic power undermine both social cohesion and economic vitality, as they lead to underinvestment in human capital, reduced aggregate demand, and slower productivity growth. This integrated perspective on jobs and growth provides a foundation for the policy approaches outlined below, which aim to strengthen these crucial linkages while enhancing both immediate resilience and long-term prosperity.

Monetary and fiscal policies must evolve to recognize employment outcomes as key objectives alongside macroeconomic stability. Central banks can better calibrate policy adjustments by weighing labour market impacts alongside price stability, minimizing employment disruptions while maintaining credibility in inflation management.⁶ This is particularly critical during periods of policy uncertainty and trade disruptions. Similarly, fiscal policies should adopt counter-cyclical approaches focused on quality employment generation, even amid consolidation pressures. Despite diminishing fiscal space in many economies, preserving expenditures for employment-oriented investments and social protection represents a prudent strategy supporting both immediate resilience and long-term growth.

Strategic sectoral investments become increasingly critical in environments of policy uncertainty and economic volatility. While some sectors may contract due to global economic shifts, others offer high resilience and strong employment potential. Investments in the green economy, care services, education, and foundational digital infrastructure not only respond to long-term societal needs but also provide insulation from external economic shocks, as these sectors tend to be less affected by global market fluctuations or supply chain disruptions. Targeted approaches maximize the jobs and growth returns on limited public resources while catalysing complementary private investments that spur decent job creation. The evidence increasingly demonstrates that well-designed public investments in renewable energy, digital infrastructure, and care services generate significant employment multipliers. They also address critical development challenges, making them necessary even in countries facing fiscal constraints.⁷

Social protection and labour rights as economic stabilizers

Labour rights are part of the integrated framework and part of the ILO's core mandate. ILO research establishes that the effective implementation of labour standards and rights such as fundamental principles and rights at work – namely, the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation and a safe and healthy working environment – alongside universal social protection systems represent not merely a social imperative but a macroeconomic necessity. In particular, freedom of association and collective bargaining rights would reduce wage inequality by up to 3.6 percentage points while creating positive spillovers for non-union members and broader labour market stability. ILO research also shows that strong labour rights do not adversely affect exports of labour-intensive industries, and indeed, are associated with higher exports in other industries.⁸ These rights enable more effective worker voice, which helps to ease labour market disruptions resulting from trade adjustments and technical change. As such, a rights-based framework functions as an economic stabilizer that supports aggregate demand, facilitates necessary restructuring and adjustments, and enhances overall economic resilience.

Social protection systems similarly generate substantial economic returns through their automatic stabilization effects. Economic multipliers are estimated at 1.5 after 2.5 years.⁹ These systems maintain consumption during downturns, prevent poverty, reduce inequality, and provide crucial income security for workers navigating increasingly volatile labour markets. For the approximately 70 countries facing debt

⁶ Epstein, G. 2009, [Rethinking Monetary and Financial Policy: Practical suggestions on monitoring financial stability while generating employment and policy reduction](#), ILO Employment Working Paper No. 37

⁷ ILO 2019, [Skills for a Greener Future: A Global View](#)

⁸ Kucera and Sari 2022, Chapter 2: Globalization and freedom of association and collective bargaining rights, Handbook on globalization and labour standards

⁹ Cardoso et al. 2023. [The multiplier effects of government expenditure: A multi-country study](#), August 2023

distress as referenced earlier, investments in rights-based social protection can help break the cycle of economic vulnerability by establishing minimum floors of economic security that support both individual resilience and macroeconomic stability. By recognizing these economic functions of rights-based social protection, policymakers can strengthen the crucial connections between social justice and economic growth that underpin this integrated approach.

Global Coalition for Social Justice and inclusive multilateralism

The challenges of policy uncertainty, economic volatility, and fiscal constraints transcend national boundaries and require coordinated multilateral responses. The Global Coalition for Social Justice, established by the ILO in 2023, creates a collaborative space for action, dialogue, and advocacy in which partners shape opportunities for concrete actions and tangible outcomes. With more than 300 partners—including over 80 governments and more than 40 international and regional organizations—the Coalition aims to achieve a greater balance between economic, social, and environmental dimensions of sustainable development, while significantly reducing inequalities and poverty worldwide. It offers a framework for inclusive multilateralism, enabling an integrated approach to jobs, rights, and growth to flourish, and ensuring that all countries can implement policies that advance decent work and social justice.

Successful collaboration between the ILO and international financial institutions demonstrates how coordinated approaches can advance coherent policy frameworks that support quality employment creation while addressing macroeconomic stability. Since 2019, the ILO and IMF have deepened their partnership on sustainable financing for social protection, with joint work conducted in nine countries, including Comoros, Morocco, and Thailand. This collaboration is cross-fertilizing dialogue between ILO and IMF member countries and authorities, resulting in more coherent policy advice to governments on how to expand fiscal space for critical social investments. Similarly, cooperation between the ILO and World Bank through the Multistakeholder Engagement to implement the Global Accelerator on Jobs and Social Protection (M-GA) is reinforcing social protection systems while enhancing employment policies, including for informal workers and micro-enterprises. The current ILO-IFC collaboration on social safeguards exemplifies how rights can effectively be integrated into financial operations and investment decisions. A dedicated working group established in 2024 is aligning IFC Performance Standards with ILO fundamental Conventions, to operationalize them for investment operations. This collaboration goes further, to cover country-level implementation through capacity building and technical support. The rights-based approach to investment directly supports the integrated vision. In other words, it embeds labour standards within growth-oriented financing, which creates decent job opportunities.

International collaboration will be central to addressing other challenges, too. From debt sustainability that preserves fiscal space to investing in quality jobs and social protection, to trade and investment frameworks that incorporate decent work principles, and integrated financing strategies to support climate adaptation or digital transformation, coordination can significantly enhance countries' ability to navigate current uncertainties, while building more resilient labour markets. We have a responsibility in the community of international organizations to foster policy coherence, to transform regulatory challenges into opportunities to sustainable development.

► Conclusion: advancing shared prosperity through decent jobs

The global economy stands at a critical juncture, and the moment for decisive action is now. As World Bank President Ajay Banga has recently emphasized, "key to our approach is making job creation an explicit target"¹⁰ because quality employment strengthens global stability by addressing fundamental socioeconomic challenges. This convergence of focus on jobs between international financial institutions

¹⁰ Banga 2025, [Development is how we compete, grow and stay secure](#), April 2025

and the ILO's longstanding commitment to decent work creates unprecedented opportunities for coordinated action.

Beyond current challenges and policy uncertainties, we also confront multiple transformative changes—technological, demographic, and environmental—that will profoundly reshape our economies and labour markets. These transformations carry both promise and peril. For example, the digital revolution and green transition offer opportunities for productivity growth and quality job creation, yet without proper governance frameworks, they risk exacerbating inequalities and decent work deficits. By directing our policies towards the creation of decent jobs, we can better support the creation of sound labour markets that are a source of inclusiveness rather than polarization.

The ILO's integrated approach—linking jobs, rights, and growth—provides a framework for addressing these challenges into the future. Through the Global Coalition for Social Justice, strategic partnerships with international financial institutions, and technical assistance at the country level, the ILO is actively supporting constituents to design and implement policies that place decent work at the centre of economic and social development. By leveraging our tripartite structure, normative framework, and technical expertise, we can help countries navigate uncertainty while advancing toward inclusive and sustainable prosperity. Together, we can build truly integrated approaches that deliver on the promise of jobs as the path to prosperity. By recommitting to social justice as the cornerstone of economic policy, we can establish decent work as the path to prosperity for all.