



International
Labour
Organization

► ILO Flagship Report

The state of social justice

A work in progress

2025





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A work in progress

2025

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Social justice is the cornerstone of peaceful, inclusive and sustainable societies. It is at the heart of the ILO's mandate and part of the essential interdependence recognized in the Charter of the United Nations. And there has been meaningful, measurable progress. In the 30 years since the landmark 1995 Copenhagen Declaration on Social Development, poverty and child labour have fallen and school completion rates have risen by double digits. For the first time in recorded history, since 2023 over 50 per cent of the world has been covered by some social protection scheme.

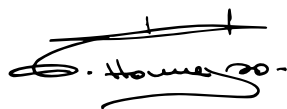
For millions around the world, however, the promise of fair treatment, decent work and equal opportunity remains elusive. Persistent inequalities, poverty and instability still confront us – calling urgently for renewed vision and collective action.

The Second World Summit for Social Development, to be held in Doha, Qatar, in November 2025, offers a pivotal platform to revitalize global commitments to social justice. Amid ongoing challenges posed by climate change, technological transformation and demographic shifts, this summit offers a distinct opportunity to forge consensus and accelerate progress towards a more just future.

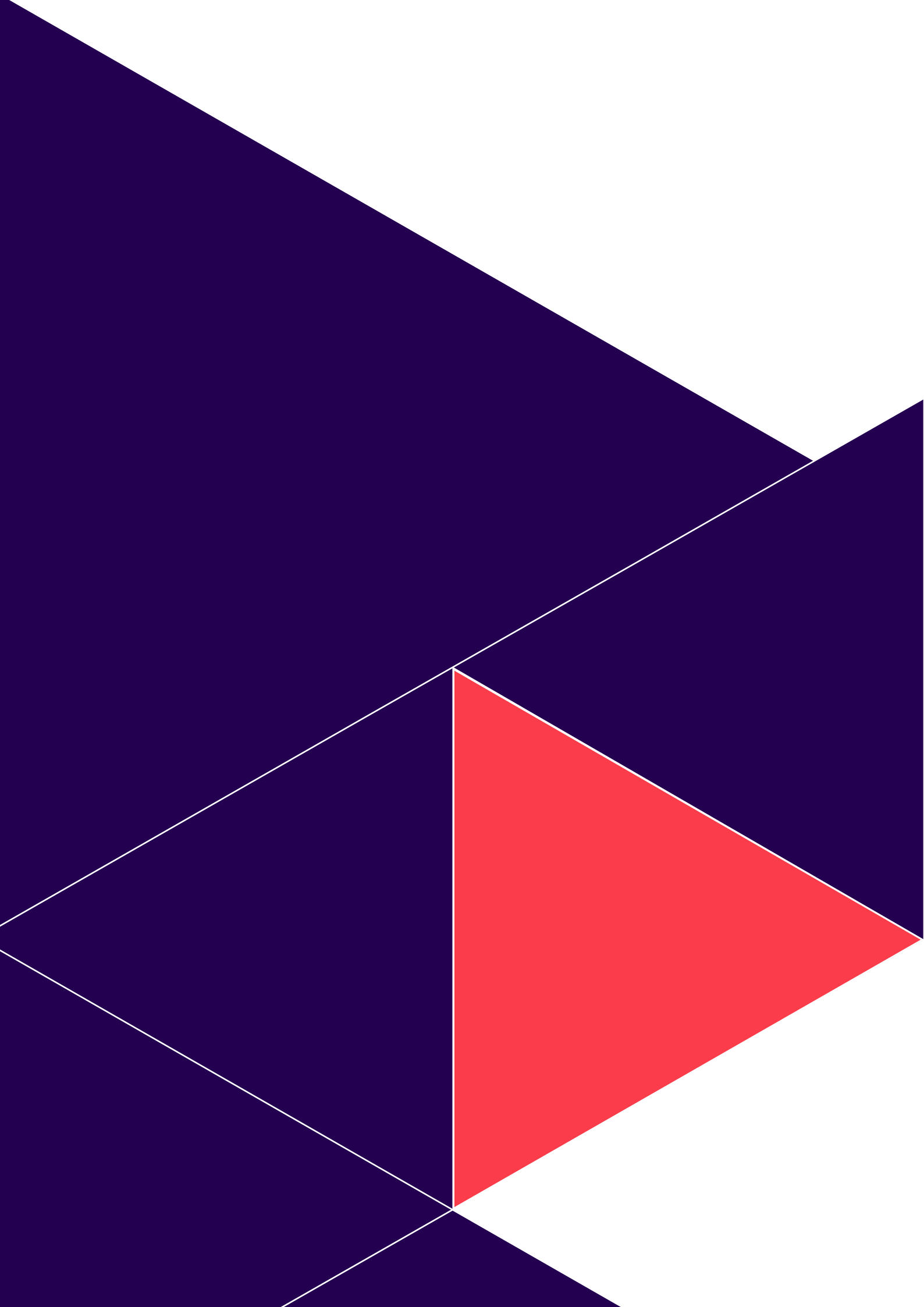
At this critical juncture, the ILO offers this contribution to ongoing initiatives to deepen the understanding of social justice and work to achieve it. This report both maps the current state of social justice and highlights the challenges the global community must confront. It synthesizes fresh research and policy perspectives from across regions and sectors, spotlighting key areas where multilateral cooperation is particularly urgent.

The data are clear – incremental reforms will not suffice. We need bold, coordinated action, anchored in human rights, equal access to opportunities, fair distribution and fair transitions.

As world leaders, civil society and international institutions prepare to convene in Doha, and in the decades that will follow, this report seeks both to inform and inspire. It offers pathways to reinvigorate the pursuit of social justice, to leave no one behind. In doing so, the ILO reaffirms its unwavering commitment to advancing social justice worldwide – and invites all stakeholders to be part of this transformative journey.



Gilbert F. Houngbo
ILO Director-General



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Abbreviations

AI	artificial intelligence
ALMP	active labour market policy
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CEQ	Commitment to Equity
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
ITU	International Telecommunication Union
MSME	micro, small and medium-sized enterprise
NDC	nationally determined contribution
NEET	not in employment, education or training
OECD	Organisation for Economic Co-operation and Development
OSH	occupational safety and health
PPP	purchasing power parity
SDG	Sustainable Development Goal
UDHR	Universal Declaration of Human Rights
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNU-WIDER	United Nations University World Institute for Development Economics Research



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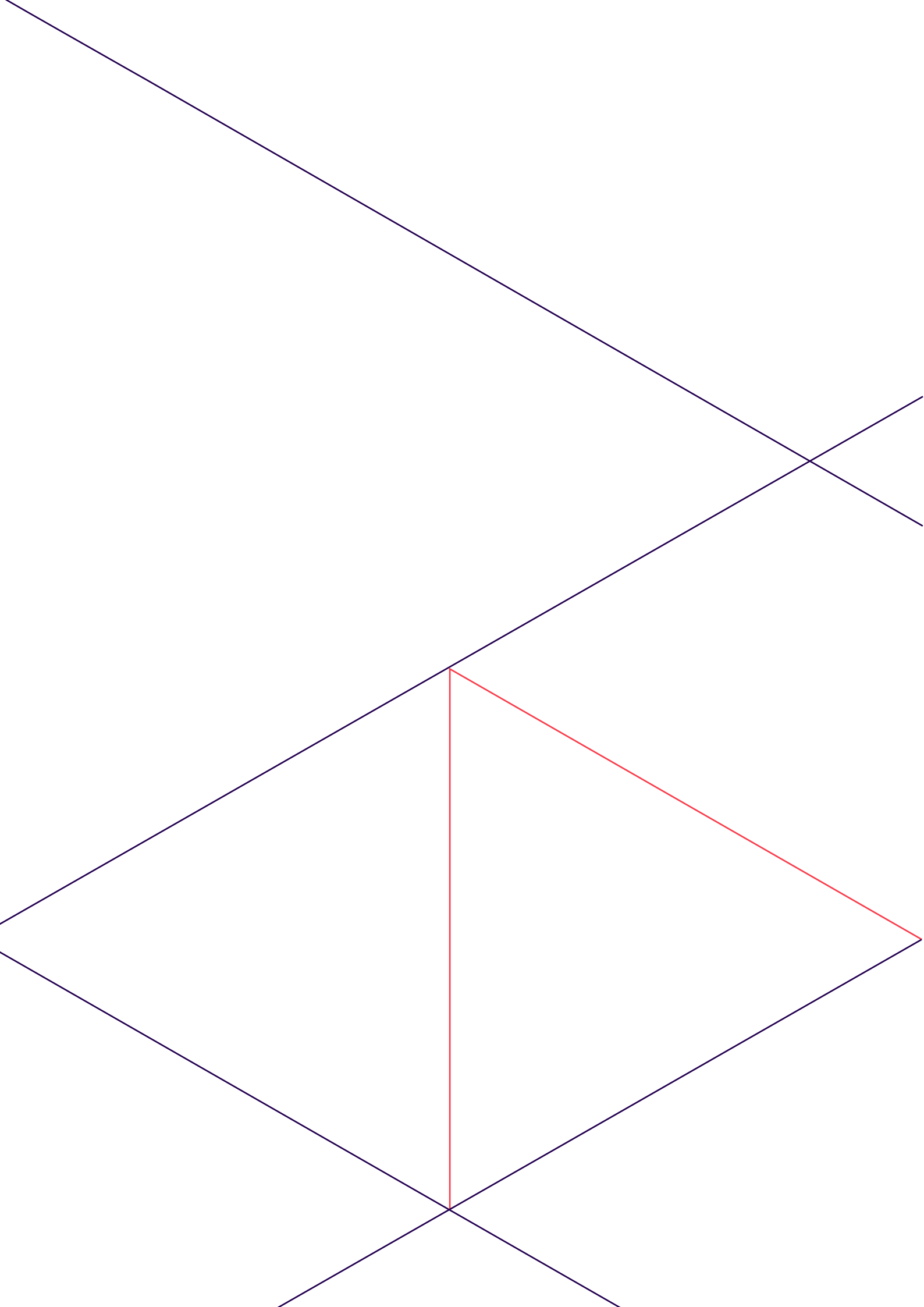
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Thirty years ago, delegates from 186 countries – at the time, the largest gathering of world leaders ever assembled – convened in Copenhagen for the first World Summit for Social Development. The 1995 summit recognized the centrality of full and productive employment for social development, noting how it was interrelated with poverty eradication and social inclusion. It aimed to establish a people-centred framework for social development in a world where basic needs were still not being met, where poverty persisted and where unemployment and social exclusion were rising.

Ahead of the Second World Summit for Social Development, which will take place in Qatar in November, the ILO has embarked on its first ever attempt to assess the state of social justice in the world and reflect on the progress made over the last 30 years. Social justice means that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”.¹ In addition to being a moral imperative, social justice also enables societies and economies to function more cohesively and effectively. It helps build trust, enhances legitimacy and unlocks productive potential for sustained inclusive growth, peace and stability.

This report evaluates key indicators used to measure the global progress and ongoing challenges in achieving social justice, building on the premise of the ILO Constitution that “universal and lasting peace can be established only if it is based upon social justice”.²

Significant progress has been made. Since 1995, the world is wealthier, healthier and better educated. Yet, progress in certain areas remains limited, and stark global inequalities endure. Hence, in spite of the many improvements, disenchantment with institutions is widespread and persistent. Governments, unions and businesses face declining levels of trust, indicating a fraying social contract. Many people increasingly feel that their effort is not being rewarded and that society is unfair.

In this report, the ILO examines the state of social justice in the world and makes recommendations for action to ensure continued progress.

1 Declaration concerning the aims and purposes of the ILO (1944) (Declaration of Philadelphia), Part II(a).

2 ILO Constitution, Preamble.



Building a just world: Four foundational pillars

The ILO's vision for advancing social justice is built upon four pillars, each of which is discussed in the corresponding chapter:

1. **Fundamental human rights and capabilities:** These lay the foundation for social justice and involve ensuring fundamental freedoms and entitlements.
2. **Equal access to opportunities:** Social justice requires a focus on removing barriers to participation in education, training and the world of work, enabling people to earn a decent living.
3. **Fair distribution:** This pillar aims to ensure a just share of economic growth benefits, with particular attention to the most disadvantaged.
4. **Fair transitions:** Social justice in a changing world involves applying, adapting and amplifying institutions to manage major societal shifts (environmental, digital and demographic) justly, ensuring no one is left behind.

Key progress and persistent disparities from 1995 to 2025

The world is wealthier, healthier and better educated than in 1995, and significant progress has been made in several dimensions.

However, progress in certain areas remains limited, and stark global inequalities endure.



1 in 4
lacks access to clean water

800 million
live on under US\$3 a day



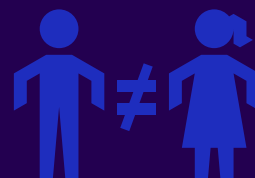
138 million
children aged 5–17
in child labour, with almost
50% engaged
in hazardous labour



Top 1% still control
20% of income and
38% of wealth



Earnings ratio
between men and women **78%** in 2025
At current trends, wage gap will take
50–100 years to close



Chapter 1: Fundamental human rights and capabilities

Fundamental human rights and capabilities are the indispensable foundation for achieving social justice, both within the world of work and the wider world. Human rights, labour rights and enhanced capabilities are essential conditions for social justice. Basic human rights are laid out in various instruments, such as the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966) and the International Covenant on Civil and Political Rights (1966). The Copenhagen Declaration on Social Development (1995) (Copenhagen Declaration)³ reaffirmed the interdependence between social development, human rights and international security, building on the ILO Declaration of Philadelphia (1944) and the Charter of the United Nations (1945). All of these acknowledge the importance of the right to free expression as critical for social, political and economic rights.

The Copenhagen Declaration reaffirmed that social development, social justice, human rights, and international peace and security are deeply interconnected, echoing earlier principles from the ILO and the Charter of the United Nations. It committed the international community to promoting quality employment, protecting workers' rights and upholding key ILO Conventions. The Copenhagen Declaration was later reinforced by the ILO Declaration on Fundamental Principles and Rights at Work (1998) and its amendment in 2022, which identified five labour rights as enabling fundamental human rights in the sense that they open the door

³ The Copenhagen Declaration is the outcome document of the first World Summit for Social Development, held in Copenhagen in 1995.

School completion rates since 2000

Primary:

+10%

Secondary:

+22%



Work-related mortality

↘ over **10%** since 2000



Child labour

20.6% in 1995

↘ **7.8%** in 2024

Annual output per worker

↗ **78%** since 1995, and in upper-middle-income countries

↗ **215%**



Extreme poverty

4 in 10 in 1995

↘ **1 in 10** in 2023



Working poverty

27.9% in 2000

↘ **6.9%** of employed persons in poverty in 2024



Labour productivity inequality between countries

↘ **40%** since 1995

Since 2023
over **50%** of world is now covered by some social protection scheme



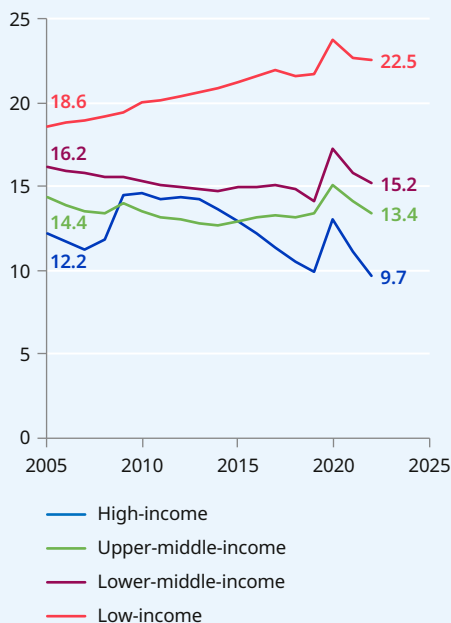
to other human and labour rights: freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; the elimination of discrimination at work; and a safe and healthy working environment. In addition, the right to work, the right to just and favourable conditions of work and the right to social security are fundamental human rights related to the world of work.

Progress on guaranteeing basic human rights for all has been mixed. On the one hand, the prevalence of child labour and the rate of fatal occupational injuries have both fallen steeply since 1995. On the other, the compliance with freedom of association and collective bargaining rights score has not improved since 2015 and forced labour remains at close to 3.5 per cent of the population.

Chapter 2: Equal access to opportunities

Equal access to opportunities means overcoming and removing barriers to participation in education, training and the world of work, enabling people to secure decent work through paid employment or self-employment. The concept of decent work introduced by the ILO in 1999 refers to productive employment for women and men, covered by social protection systems, respectful of labour rights and with conditions negotiated with sound social dialogue mechanisms. While this concept is too comprehensive to allow a single (or even composite), precise measurement, many proxy indicators reveal that improvement is too slow. For example, informality – a widespread and persistent barrier to opportunity – serves as a partial indicator⁴ of the global decent work deficit.

► **Figure ES1. Combined labour underutilization measure (LU4) by country income group, 2005–22 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

In 2025, 58 per cent of workers are in informal employment. Economic growth alone does not ensure decent or formal work, underscoring that policies are crucial for supporting equal access to job opportunities. At the start of the twenty-first century, GDP growth of 1 per cent led to a rise in formal employment of 0.50 per cent – faster than overall employment growth. In the past decade, however, this relationship fell to 0.38 per cent, indicating a weaker link between economic growth and the creation of formal jobs.⁵

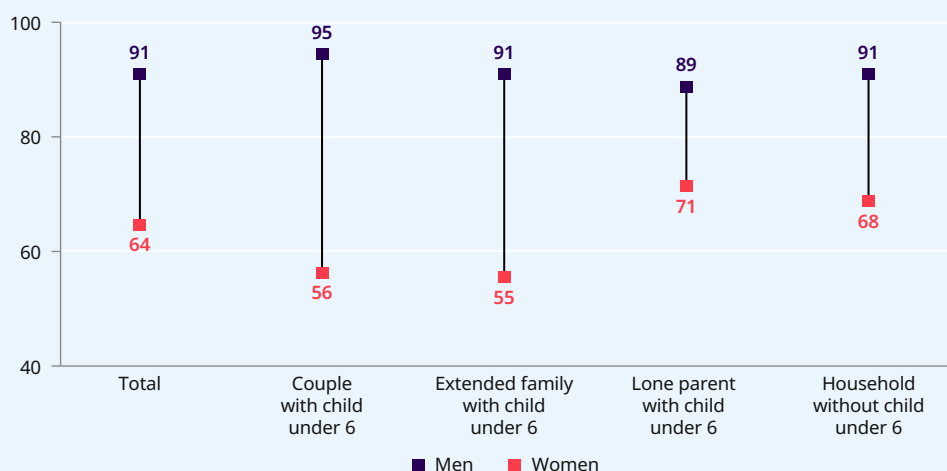
Beyond informality, large gaps in labour force participation persist between men and women, between youth and prime-age workers, between persons with and without disabilities and between countries at different income levels (see figures ES1 and ES2).

While global unemployment rates may have fallen – especially in high-income countries due to better policies as well as the impact of ageing populations, which lower labour force participation rates – they are rising in low-income countries. Labour underutilization (including time-related underemployment and the potential labour force, which captures people who are currently outside the labour force but ready to

⁴ A formal job may or may not constitute decent work, but an informal job can never do so.

⁵ ILO, *Jobs, Rights and Growth: Reinforcing the Connection – Report of the Director-General*, ILC.113/I(B), 2025.

► **Figure ES2. Global prime-age labour force participation rate by sex and household type, 2023 (percentage)**



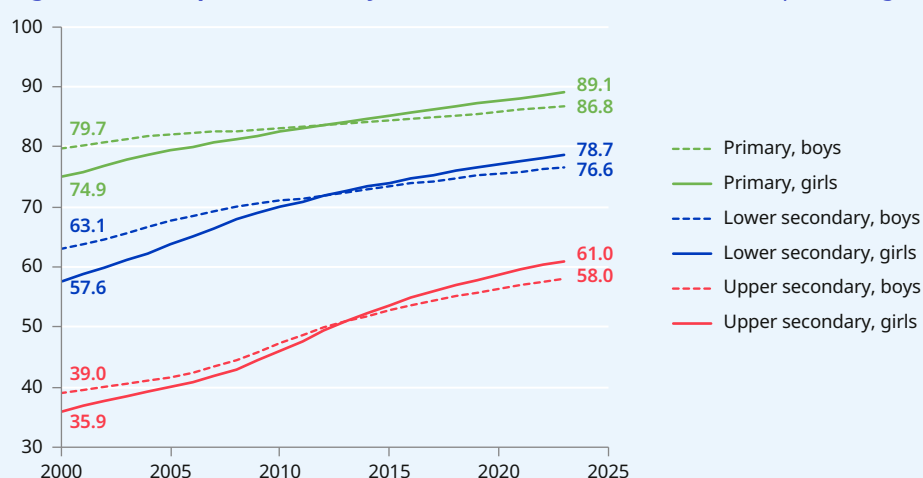
Source: ILOSTAT, ILO modelled estimates, November 2024.

join it) reveals deeper disparities. A persistent 27-percentage-point gap in the labour force participation rate separates men and women. In large part, it is because women bear the majority of unpaid care responsibilities (76 per cent globally), which limits their access to paid employment. The high rate of youth not in employment, education or training (NEET) continues to present a challenge for younger people, particularly young women, whose NEET rate worldwide stood at 28 per cent in 2024.

A comprehensive, pro-employment policy approach is needed, which aligns macroeconomic, sectoral and enterprise interventions with basic education and skills development and active labour market programmes, and which incorporates equality objectives to address structural barriers faced by women and other vulnerable groups.

Education. Over a person's lifetime, skills, knowledge and education open the door to opportunities in the labour market and elsewhere. Trends have also been positive over the last 30 years, especially for girls and young women. Figure ES3 shows that lower secondary completion rates increased by 14 percentage points for boys and 21 points for girls from 2000 to 2023.

► **Figure ES3. Completion rates by education level and sex, 2000–23 (percentage)**



Source: UNESCO Institute for Statistics data (see <https://uis.unesco.org>).

Challenges remain, nevertheless, in learning outcomes and skill-job matches.

Enterprise development. The private sector accounts for almost 90 per cent of employment worldwide, with micro, small and medium-sized enterprises (MSMEs) accounting for around 70 per cent, which means productive enterprises, including MSMEs, are crucial for opening opportunities to all. However, they can suffer from a significant productivity gap compared to larger companies. Factors such as access to credit, technology and investment in worker training are critical for MSMEs to improve productivity and working conditions.

Active labour market policies. Active labour market policies are crucial in opening opportunities for all in the world of work. They consist of the following:

- (i) training programmes, which are effective when coordinated among stakeholders and tailored to both jobseeker and market needs;
- (ii) labour intermediation services, which help match jobseekers to vacancies, thereby reducing search costs;
- (iii) public employment programmes, which provide income support and short-term employment, especially during economic downturns and in lower-income countries;
- (iv) employment subsidies, such as wage subsidies and hiring incentives, which can help sustain employment during crises and ease transitions into industries of the future;
- (v) support for entrepreneurship and self-employment.

A comprehensive pro-employment policy approach is needed to overcome barriers that prevent people from equal access to opportunities, particularly for decent and productive employment.



Chapter 3: Fair distribution

The concept of fair distribution seeks to ensure a just share of economic growth benefits, with particular emphasis on the most disadvantaged. This concept not only recognizes the normative value of fairness but also recognizes that high income inequality negatively impacts economic growth and stability, and contributes to social conflicts, crime, poverty, poor health and low social cohesion. While a fair distribution is not one of perfect equality – there will always be differences in wages, earnings, incomes and wealth as a reward for initiative, innovation and hard work – present income inequality levels remain unacceptably high.

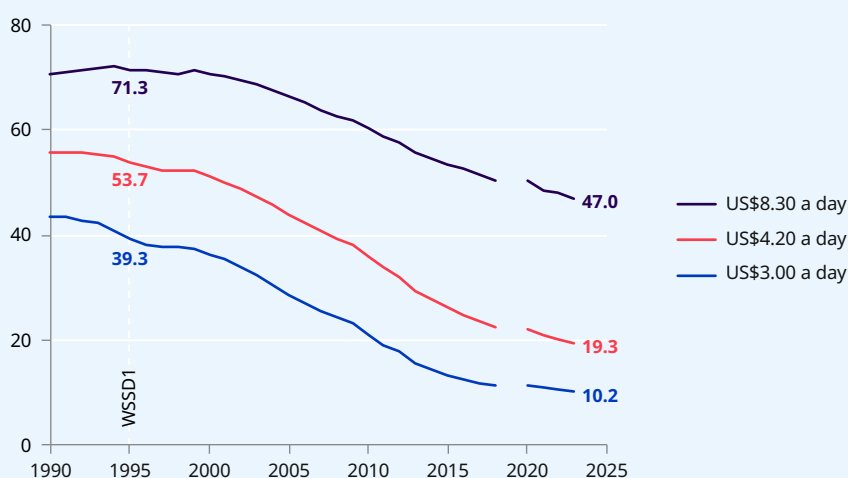
Despite reductions in labour income inequality since 1995, particularly between countries, wage inequality remains high, and many workers earn wages insufficient for a decent living. Although the share of total income held by the top 10 per cent fell 3 percentage points from 1995 to 2024, it remains unacceptably high at 53 per cent. The decline in global inequality is largely driven by middle-income countries catching up with high-income ones, while low-income countries continue to lag further behind.

Poverty, working poverty and hunger (as measured by child stunting) have all fallen since 1995 (see figure ES4), although the improvement has stalled somewhat during the last 20 years.

With regard to the labour share of national income (see figure ES5), it has been increasing in low- and middle-income countries but decreasing in high-income countries. Due to the weight of high-income countries in global incomes, the worldwide trend is downwards.

Certain groups – such as women and workers with disabilities – continue to face wage gaps driven by factors unrelated to job characteristics, skill levels, work experience or performance. Although women have made significant progress towards closing the earnings gap with men, they still earn only 75 per cent of what men do in high-income countries and only 46 per cent

► **Figure ES4. Global monetary poverty rates according to international poverty lines, 1990–2023 (percentage)**

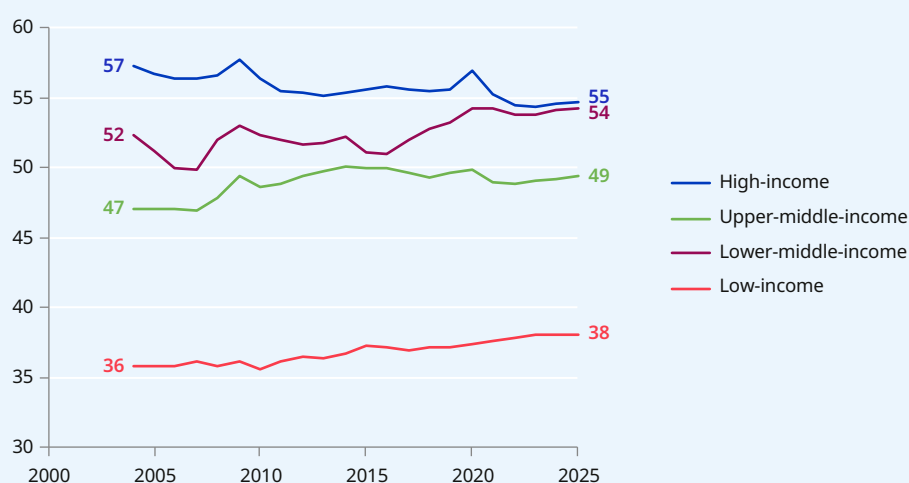


Key: WSSD1 = first World Summit for Social Development.

Note: The break in the series is because of the COVID-19 pandemic, when many household surveys were interrupted.

Source: World Bank, “Poverty and Inequality Platform”.

► **Figure ES5. Labour share of national income by country income group, 2004–25 (percentage)**



Source: ILOSTAT, ILO modelled estimates, May 2025.

in low-income countries. The gap between workers with and without disabilities has shown no signs of substantive reduction over the last decade and remains at 20 per cent for men and 46 per cent for women.

Policies of fair distribution of market incomes and redistribution through taxes and social policies help ensure fair distribution.

Policies for fair market outcomes. In addition to policies recommended in Chapter 2, two additional policies for more egalitarian market income distributions stand out: minimum wages and wage bargaining. Statutory or negotiated minimum wages serve as a key tool to address low pay and wage inequality. Their real value, averaged across countries, has increased substantially

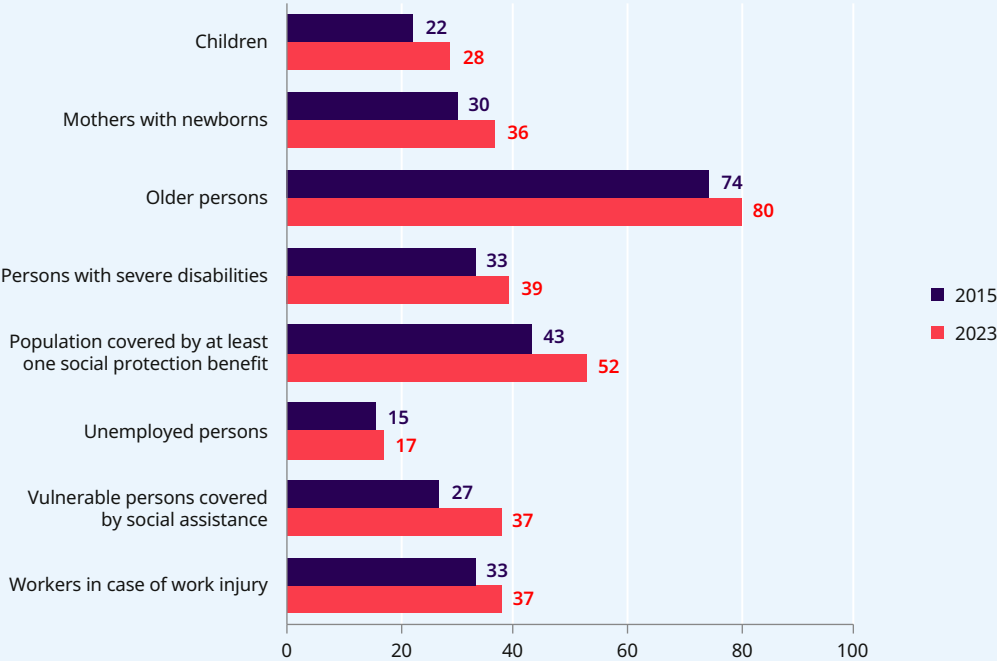
over the last 30 years. This increase has been highest in upper-middle-income countries and has coincided with falling wage inequality. In low-income countries, however, the average minimum wage has fallen by 44 per cent in real terms since 1995. In recent years, partly due to the absence of adequate minimum wage systems in many countries, attention has shifted to the concept of “living wages”, aimed at ensuring that workers earn enough to afford a decent standard of living.

Research consistently shows that unions and collective bargaining reduce wage inequality. However, global collective bargaining coverage is low (one third of employees) and unionization rates have been falling for decades.

Policies for redistribution. Policies for redistribution, social security legislation and effective coverage have expanded significantly, with over half the world's population covered by at least one scheme in 2023 (see figure ES6). However, it still means that almost half are excluded, and low-income countries lag significantly behind in terms of coverage. Social transfers are effective in reducing inequality, but fiscal capacity (tax collection) is a major constraint, especially in low-income countries.

The redistribution systems of high-income countries are most effective at reducing inequality, but even lower-middle-income countries can achieve substantial reductions in income inequality. The median drop in inequality due to taxes and government transfers is 35 per cent in high-income countries, 7 per cent in upper-middle-income countries, 3 per cent in lower-middle-income countries and 3 per cent in low-income countries (see figure ES7).

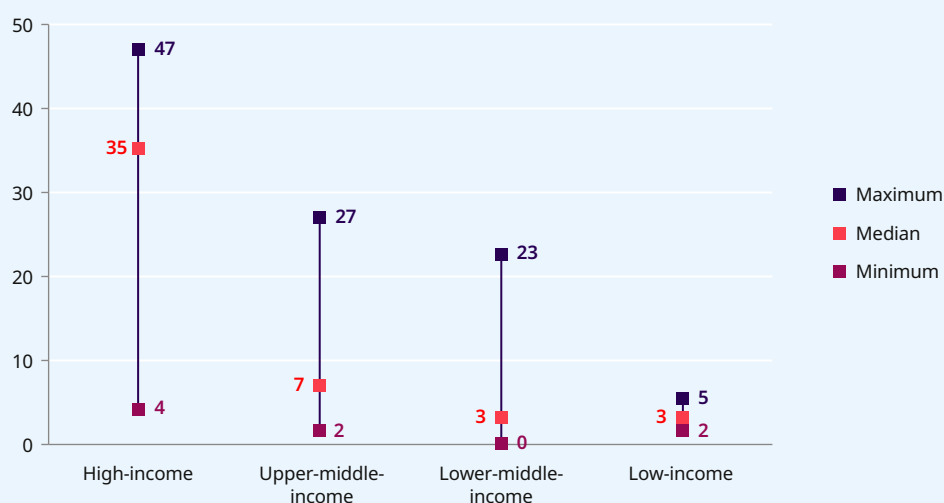
► **Figure ES6. Effective social security coverage by population group, 2015 and 2023**
(percentage)



Note: Sustainable Development Goal indicator 1.3.1.

Source: ILO, *World Social Protection Report 2024–26: Universal Social Protection for Climate Action and a Just Transition*, 2024, figure 3.2.

► **Figure ES7. Inequality reduction due to redistribution by country income group (percentage)**



Note: The numbers show the percentage reduction in income inequality (measured by the Gini coefficient) brought on by the redistribution system. For example, a country whose income inequality falls from 40 to 30 Gini points due to redistribution reduces its inequality by one quarter or 25 per cent.

Source: Commitment to Equity Institute (see <https://commitmenttoequity.org>); Organisation for Economic Co-operation and Development, “OECD Income Distribution Database (IDD)”.

Chapter 4: Fair transitions

We are faced today with a set of three simultaneous major transitions: environmental, digital and demographic. These global trends are creating structural economic changes that will lead to significant shifts in employment, as some enterprises shut down while new ones are created. A society committed to social justice must ensure these transformations are fair for everyone, especially the most vulnerable. The term “fair transitions” in this report describes results that promote social justice across all societal transformations, leaving no one behind.

Environmental. Climate change is driving increasingly severe impacts, such as heat stress, which affected 71 per cent of workers in 2024. Climate change will also lead to productivity losses, and vulnerable populations will bear the brunt: low-income earners across the world, who contribute just 12 per cent of global emissions, will face 75 per cent of income losses from climate-related effects. In response, efforts to convert to cleaner sources of energy could lead to the loss of 6 million jobs in fossil fuel industries – however, it could simultaneously create roughly 24 million new positions in renewable energy and green sectors. This transition will require a large-scale workforce adjustment, with at least 70 million workers requiring new skills. To manage this upheaval equitably, the ILO has developed guidelines for a “just transition”, advocating for policies that promote decent work, reduce inequality and involve social dialogue to ensure that environmental measures do not deepen existing disparities.

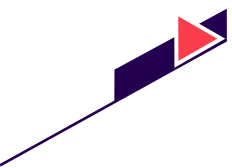
Digital. The digital transition is redefining the nature of work and economic activity. Digitalization continues to drive growth, spawning new industries and changing how people work – whether through teleworking or digital labour platforms. Generative AI is already beginning to transform up to one in four jobs, with some, such as clerical support roles, at risk of being fully automated. Women are more likely to be affected by job loss, since their employment is concentrated in this sector. Moreover, the potential benefits of digitalization are not evenly distributed. The digital divide separates rich and poor economies, as well as large and small enterprises, limiting

productivity gains in lower-income countries. The rise in algorithmic management – where decisions about work and workers are made by algorithms – raises concerns about fairness and working conditions. In this context, respect for fundamental rights and decent work must be at the centre of regulatory discussions, with social dialogue helping to shape how technology is integrated into the workplace.

Demographic. The demographic transition presents long-term, but deeply meaningful, shifts. Fertility rates are declining globally, but at different rates in different countries. While shrinking labour forces in high- and upper-middle-income countries heighten concerns about future labour shortages, low- and lower-middle-income countries are still experiencing population growth, potentially resulting in labour surpluses. At the same time, ageing populations are driving up old-age dependency ratios, placing mounting pressure on pension systems and social protection networks. The care economy is already under strain – with skills mismatches, potential worker shortages, low wages and difficult working conditions – and demand for long-term care jobs is projected to rise sharply by 2050. Ageing workforces bring additional challenges, such as increased disability rates and the need for inclusive employment policies. Innovations such as partial retirement schemes and anti-age discrimination laws will be essential to support older workers and sustain economic participation.

Together, these transitions demand coordinated action across governments, industries and communities. They are not only a test of resilience but also an opportunity to build more inclusive, sustainable and just societies.

Harnessing these transitions to take advantage of their opportunities while mitigating their risks will require a combination of three efforts: (1) applying existing labour institutions to the changes at hand; (2) adapting labour institutions to the specific challenges of each transition; and (3) amplifying labour institutions to integrate the policies of the three transitions.



The way forward

Despite notable progress in many dimensions, widespread dissatisfaction and eroding trust in institutions persist – fuelled by uneven social progress and persistent inequality in many countries. To move forward, this report calls for a renewed commitment to social justice, underpinned by decisive action and inclusive policymaking.

This vision begins with reapplying existing labour institutions – such as social protection systems, active labour market policies and labour protections – to the challenges we now face. However, existing policies are not enough to tackle new challenges. Institutions must be adapted to meet the unique demands of our time, especially as societies grapple with environmental, digital and demographic transitions. Central to this adaptation is robust social dialogue, ensuring that social partners help shape policy outcomes and solutions.

A truly transformative approach must also amplify the social dimension of policymaking. Labour policies should no longer be confined to narrow frameworks but instead be woven into broader domains such as finance, industry, health and environmental planning. Crucially, breaking down silos – both nationally and globally – is essential. Collaboration among government ministries, international institutions and social partners will allow for more holistic and coordinated responses to today's intertwined global challenges.

Partnerships such as the Global Coalition for Social Justice – created by the ILO constituents (governments, employers and workers) – and the upcoming Second World Summit for Social Development are critical opportunities and instruments to facilitate and strengthen commitment and cooperation in the pursuit of social justice and decent work for all.



Introduction

▀▀ *We share the conviction that social development and social justice are indispensable for the achievement and maintenance of peace and security within and among our nations.*

Copenhagen Declaration on Social Development, World Summit for Social Development, 1995


Social justice is reflected in the aspiration that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”.¹ It is premised on the intrinsic value of human dignity, as expressed in the ILO’s founding principle that “labour is not a commodity”.²

Social justice may mean different things to different people. But while we each might attach different meanings and expectations to the phrase, at its most basic, social justice is about fairness, equality and having a voice and the agency to shape one’s own life in circumstances of dignity.

Some may argue that social justice focuses on ensuring that some of us do not go without access to the basic necessities of life while others live in unimaginable splendour. Others will focus on ensuring equal opportunity to education and employment, so that each person can live a productive life of his or her choosing. Others may focus on access to social protection that can ensure dignity when encountering unemployment, parenthood, ill health, old age or other major life changes. Certainly, social justice requires that the same freedoms and rights apply to all and that we can all rely on the rule of law to ensure access to justice and remedies when our rights and freedoms are denied.

Beyond being a moral imperative, social justice enables societies and economies to function more cohesively and effectively. By setting social and economic rules that apply to all, social justice builds trust, enhances the legitimacy of both

public and private institutions, and unlocks the productive potential of countries and people, paving the way for sustained inclusive growth, peace and stability.



Social justice requires that the same freedoms and rights apply to all.

Thirty years ago, delegates from 186 countries – at the time, the largest gathering of world leaders ever assembled – convened in Copenhagen for the United Nations World Summit for Social Development. The 1995 summit recognized the centrality of full and productive employment for social development, noting how it was interrelated with poverty eradication and social inclusion. It aimed to establish a people-centred framework for social development in a world where basic needs were still not being met, poverty persisted, and unemployment and social exclusion were rising.

In 2025, as the world reflects on the progress made since then, the ILO has embarked on its first ever attempt to assess the state of social justice in the world. This report identifies numerous indicators useful in measuring progress towards social justice – based on the common principles described here. By assessing the state of social justice in the world, the ILO aims to elevate social justice as a global policy imperative requiring greater multilateral cooperation and partnerships between a range of actors who support human dignity and peace. The Global Coalition for Social Justice serves as a catalyst and conduit for initiating and accelerating action in this endeavour. By recommitting to strengthening the fabric of social justice – through whichever of its threads we can most contribute – each of us can contribute to a world of greater prosperity, inclusion and freedom.

1 Declaration concerning the aims and purposes of the ILO (1944) (Declaration of Philadelphia), Part II(a).

2 Declaration of Philadelphia, Part I(a).

How do we measure up?

The world in 2025 is wealthier, healthier and better educated than in 1995. As this report will show, there are many dimensions in which progress has been considerable: child labour (aged 5 to 14) has fallen from 21 to 8 per cent; work-related mortality has fallen by more than 10 per cent since 2000; secondary school completion rates have risen by 22 percentage points; annual output per worker is 47 per cent higher in 2025 than it was in 1995; extreme poverty has fallen from 39 to 10 per cent of the world's population; working poverty has fallen from 28 to 7 per cent; and since 2023 – for the first time in history – more than half of the world's population is covered by some kind of social protection scheme.³

■ The world in 2025 is wealthier, healthier and better educated than in 1995.

Progress in other dimensions, however, has been more limited. To begin with, global inequalities in income and social outcomes remain drastic: at least 71 per cent of a person's earnings is determined exclusively by the circumstances of their birth, over which they have no control. Currently, 55 per cent of the difference in earnings of the eight billion people on this planet will depend exclusively on the country in which they are born (Milanovic 2024). A further 16 per cent will depend on their sex, the education and occupation of their parents, and the colour of their skin.⁴ Similar inequalities can be found in health and education outcomes. The birth lottery continues to be real: a person born in the country with the lowest life expectancy in 2019 is expected to live approximately 53 years; a person born in the country with the highest life expectancy will live, on average, 30 years longer.⁵ We live in a world where barely 6 years of education is the average in the least developed countries, while the average in the most developed ones is over 20 years.⁶ Although harder to document, similar differences defined by birth exist in recognition, voice and political power. With the odds so heavily stacked, effort, creativity, initiative and other measures of merit play a smaller role than they should in determining what each of us gets out of life.

Skewed distributions of wealth and income also mean that the individual needs and wants of billions go unmet – as reflected by the numbers of people who survive on the barest minimum. One quarter of the people on earth do not have access to clean water,⁷ and over 800 million people live in extreme poverty, with incomes under US\$3 per day.⁸ This is true even though the world is richer today than at any time in history.

How do we go about building a just world?

We do know one thing for sure: given the relevance of work in all our lives, the world of work has to be a central focus. All that is made or consumed, all that is bought or sold, all that informs and entertains us – whether it nourishes our bodies or our minds – is made through someone's labour. Almost everyone in the world spends their lives either preparing for work through education and training, engaged in paid and unpaid work or in retirement.

³ Child labour and work-related mortality are discussed in Chapter 1, school completion rates in Chapter 2, and poverty and social protection coverage in Chapter 3.

⁴ Brunori, Ferreira and Peragine (2013). The 16 per cent is based on 41 countries for which data on intergenerational mobility exist. Since these 41 countries are biased towards richer and more mobile countries, 16 per cent can be seen as a lower bound.

⁵ UNDESA, "Life Expectancy at Birth".

⁶ World Bank, "Expected Years of Schooling".

⁷ United Nations Statistics Division, "Sustainable Development Goal 6".

⁸ World Bank, "Poverty".

Work is also how freedom and fairness can be reconciled (Sen 1999). Both equality of opportunity (the possibility of earning a decent living through productive and freely chosen work) and the broader concept of capabilities (the freedom and opportunities to achieve the kind of lives we each desire) presuppose a place in which such opportunities and capabilities can be realized. This place is the world of work, since it is through work that both contributive justice and distributive justice manifest themselves.

Contributive justice – the satisfaction and intrinsic social value of contributing and being recognized for that contribution – is integral to the world of work. Equal access to opportunities gives us the freedom to choose a line of work where we feel most able to contribute to society. The dignity of work consists in exercising our abilities to support those with whom we share a common life (Sandel 2020) and being properly respected for that work.

Distributive justice entails that remuneration for work be adequate and fair and that all have the means to make ends meet (ILO 2023a).

For work to fulfil the promise of social justice through both its contributive and distributive prisms, it must be decent. Decent work means jobs that are both productive and voluntarily chosen, with pay that is enough for a decent standard of living for workers and their families.

Decent work means jobs that are both productive and voluntarily chosen.

It means performing work in a safe and healthy work environment, with labour rights and a voice at work. Decent work also entails having access to social protection for when people are unable to work or unable to find work. Although decent work is not synonymous with social justice, it is a prerequisite.

There are important links between decent work and other aspects of human development. An adequate living wage with social protection improves the financial resources available to low-income households, reducing their reliance on contributing family members who are still children. When these children can continue their education, they improve their own prospects and those of future generations. On the other hand, a lack of access to adequate nutrition, effective healthcare and quality education constrains the productive capacity of countries and undermines any possibility of advancing social justice through decent work.

The experience of the last two centuries has shown that increasing levels of productivity are a necessary but far from sufficient condition for decent work. The productivity growth from the Industrial Revolution at first led to extensive child labour, a doubling of hours worked and unsanitary and often deadly working conditions (ILO 2008). It was only through the activities of various social movements, including the labour movement, and the ensuing social dialogue that the political will and institutions arose to transform these dismal working conditions into something resembling decent work. Decent work does not come about automatically. For productivity growth to translate into decent work, it needs strong institutions.

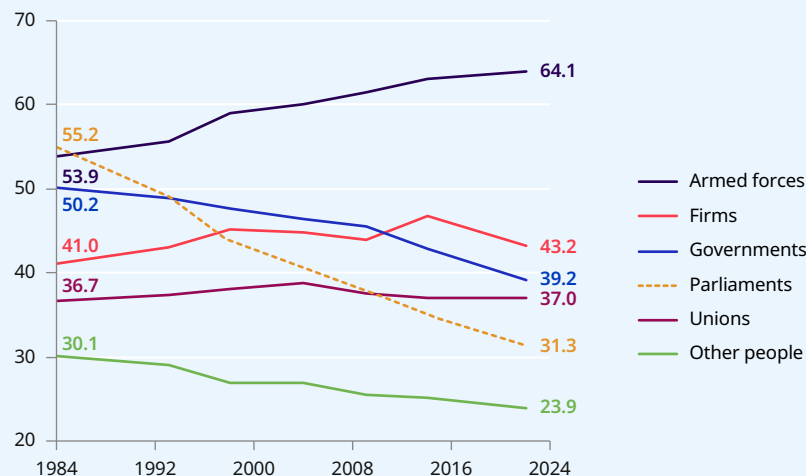
Strong and effective institutions are essential to ensure that labour is not treated as a commodity.⁹ These institutions include the constitutional and human rights framework; public services essential to the rule of law and the functioning of education and health systems; legislatures to translate policies into action; alongside the panoply of labour laws and collective agreements covering employment contracts, working hours, wages, training, occupational safety and health, and social protection. They also encompass the institutional actors and mechanisms – such as employers' and workers' organizations, labour administration and inspection services, and judicial bodies – that ensure compliance and access to justice.

9 Declaration of Philadelphia, Part I(a).

But such institutions have suffered a loss of confidence in recent years, leading to growing frustration and disengagement (Carothers and Youngs 2017). The social contract that binds people together shows signs of fraying.

Figure I1 shows that, apart from the armed forces, trust levels have declined for institutions around the world – even though unions and firms have stayed relatively steady, they too are at levels of trust below 50 per cent.

► **Figure I1. People who express trust, by institution, 1984–2022 survey waves** (percentage)



Note: People who express trust in an institution are those who answer they have either “a great deal of confidence” or “quite a lot of confidence”. Those who do not express trust have either “not very much confidence” or “none at all”. Data weighted using population weights.

Source: World Values Survey, microdata (population-weighted). Data for countries absent from a given survey have been interpolated.

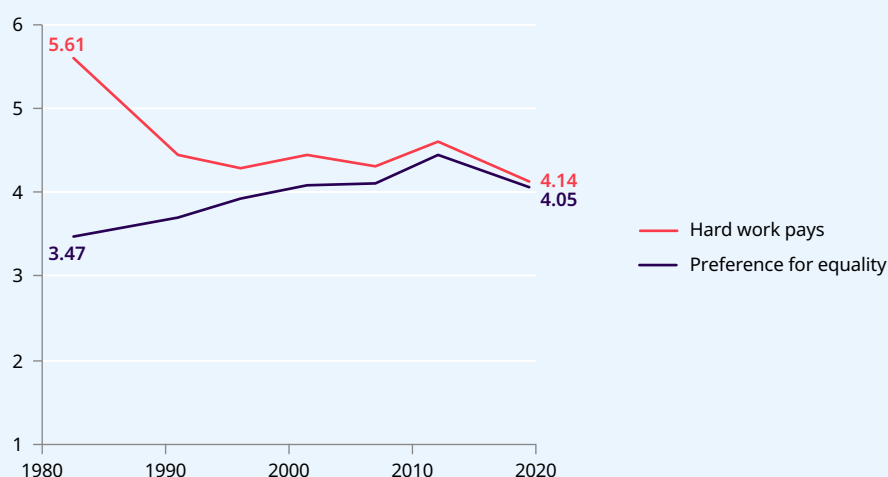
At the same time, the World Values Survey shows that while people increasingly value equality, they also think hard work does not pay (see figure I2).

These results are mirrored in other polls and survey findings. Some political scientists have shown the linkage between increasing inequality and the belief that the system is rigged (Brady and Kent 2022). In Latin America, low and declining trust in institutions has been documented by both the World Values Survey and Latinobarómetro, and a recent Inter-American Bank report links this to low perceptions of fairness (Keefer and Scartascini 2022). In Europe, declining trust in government was found in 20 out of 24 countries in the Living, Working and COVID-19 online survey (Eurofound 2020). When the project Fairness Across the World asked people to explain the inequality in their countries, unequal opportunities and an unfair playing field, rather than a lack of hard work or skills, were named the main culprits.

► The social contract that binds people together shows signs of fraying.

These figures tell a story in which people worldwide increasingly feel that their effort is not being rewarded, and that society is unfair. The consequent distrust in institutions threatens to lessen our ability to adapt to societal transformations and makes progress on social justice less attainable, potentially leading to a vicious cycle of falling trust and consequent loss of effectiveness feeding off each other.

► **Figure I2. Preference for equality and belief that hard work pays, 1983–2020**



Note: “Preference for equality” and “hard work pays” represent the average of answers to these questions. Respondents can answer from one to ten, with higher numbers indicating a greater preference or stronger belief.

Source: World Values Survey, microdata (population-weighted). Data for countries absent from a given survey have been interpolated.

When not functioning well, these institutions lose public trust and social cohesion frays. When functioning well, institutions protect access to opportunity and help promote economies and societies that are sustainable and inclusive. Well-functioning labour institutions also help maintain a balance between capital and labour and contribute to better labour market outcomes and overall economic performance.

A critical function of institutions is to guide us into the future. Today, no matter where we live, we face three critical societal transitions – environmental, digital and demographic – that will leave in their wake societies that are fundamentally different from those of today. The task at hand is not only to manage change, but to ensure that it is productive, humane, equitable and leaves no one behind. In this way, we foster social justice.

Our warming planet and the measures societies take to cope with and mitigate environmental and climate change will transform how we live and how we work. As economies move away from fossil fuels towards more sustainable energy sources such as hydropower, nuclear, biomass, wind and solar, 6 million jobs could be lost (mostly in oil, gas and coal) – but 24 million could be created (ILO 2018). This extraordinary shift – if it is to maximize opportunities for workers, employers and Member States – will require thoughtful policies and robust institutions to implement them.

Technology has affected labour markets for centuries, but the speed and nature of emerging digital technologies, particularly artificial intelligence (AI), is creating both new opportunities and challenges. By automating certain tasks, AI – especially generative AI – has the potential to augment some occupations while also inducing job losses in others. The latest ILO research indicates that around one in four jobs will likely be transformed by generative AI (Gmyrek et al. 2025), but the ultimate impact and distribution of benefits and costs in the labour market will depend on policy choices made in the coming years.

The third major change, the demographic transformation, presents different challenges in different parts of the world. In most low- and lower-middle-income countries, large numbers of young people are joining the labour market each year, increasing the need to create more decent jobs. In high- and upper-middle-income countries, an ageing population has already resulted in a shrinking workforce, which is leading to potential labour shortages. In these labour

markets, improving productivity and access to decent jobs remain paramount as well as addressing the needs of an ageing workforce.

These transitions all pose challenges to the values of freedom, dignity, economic security and equal opportunity that underpin social justice. There is a risk that they will exacerbate injustices, widen divides and leave many excluded, unable to access the opportunities that the societal transitions may provide.

■ Societal transitions pose challenges to the values of freedom, dignity, economic security and equal opportunity that underpin social justice.

Managing transitions and advancing social justice

The environmental, digital and demographic transitions are undoubtedly going to reshape economies and labour markets around the world in the decades to come. But the outcomes of this process – whether it helps or hinders social development and social justice – are not given. To manage the changes, we must reinvigorate our global and institutional commitment to social justice to mitigate any potential harm and help ensure the fairest distribution of both benefits and costs. In a context of distrust in institutions and a fraying social contract, this becomes even more difficult.

The ILO was the first international institution premised upon the recognition of social rights. Its Constitution recognizes that failure of nations “to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries”¹⁰ and thus sets out certain “methods and principles for regulating labour conditions which all industrial communities should endeavour to apply, so far as their special circumstances will permit.”¹¹

On this foundation, the ILO was able to develop tools to advance decent work, setting the stage for the international labour standards the ILO has since developed with its tripartite constituents.

Since the creation of the ILO, social justice has become a shared value. And in the approximately 80 years since the United Nations adopted the Universal Declaration of Human Rights (1948) and the ILO Declaration of Philadelphia (1944), and certainly in the 30 years since the first World Summit for Social Development, the world has seen some significant advances. A randomly chosen person today will likely live a longer, healthier, wealthier and more productive life than a counterpart 100 or even 30 years ago. Yet, stark inequality persists, with major deficits of social justice within and among nations.

In 2005, Nelson Mandela called on us all to do more: “as long as poverty, injustice and gross inequality persist in our world, none of us can truly rest.”¹² In 2023, ILO Director-General Gilbert F. Houngbo laid out his commitment to advancing social justice in his first report to the International Labour Conference (ILO 2023b). Central to these efforts were four pillars that provide the foundation for social justice: fundamental human rights and capabilities;

¹⁰ ILO Constitution, Preamble.


¹¹ Treaty of Versailles (1919), Article 427.

¹² Nelson Mandela, “Address at the Make Poverty History Campaign”, London, 3 February 2005.

equal access to opportunities; fair distribution; and fair transitions.¹³ This report will devote a chapter to each.

Fundamental human rights and capabilities lay the foundations for social justice. They at once structure our economies and enable us to build societies that centre people and planet. From the point of view of the world of work, they include the fundamental principles and rights at work, which are enabling rights and include the freedom of association and the effective recognition of the right to collective bargaining; the elimination of forced or compulsory labour; the abolition of child labour; the elimination of discrimination at work; and a safe and healthy working environment. However, fundamental human rights and capabilities also include fundamental

freedoms of speech and thought, and all rights require the rule of law to ensure that they are not just words on paper. Chapter 1 describes and analyses key indicators of social justice under the human rights and capabilities pillar, with a particular focus on those issues within the ILO's mandate.



Fundamental human rights and capabilities lay the foundations for social justice.

Equal access to opportunities means removing barriers to participation in education, training and the world of work, so that everyone has the possibility of earning a decent living through productive and freely chosen work. Chapter 2 examines the barriers to opportunities for employment and self-employment and the conditions that enable these barriers to be overcome – such as education and training, the fair sharing of unpaid care work, employment policies as well as policies for entrepreneurship.

Fair distribution is premised upon strong institutions that guide the distribution of the fruits of progress among us. The focus of Chapter 3 is on “fairness in distributional outcomes including a just share of the benefits of economic growth, with attention to the most disadvantaged or vulnerable in society” (ILO 2023b, para. 11).

Fair transitions require us to apply, adapt and amplify the institutions that have helped improve the world of work. This amplification requires the partnership of other international institutions, nations and civil society to work on these challenges to the global commons that include – but go beyond – the world of work. We will not meaningfully address the transitions we face if we remain siloed and separate.

The report identifies progress, deficits and the policies that have made a difference, particularly over the last 30 years since the first World Summit for Social Development held in 1995 and in advance of the 2025 summit. The evidence shows that the ILO's standards and commitments, in partnership with the multilateral system, have made a measurable impact in moving the world towards social justice. They also remain crucial in guaranteeing that the societal transitions faced by humanity – environmental, digital and demographic – can be faced in a just and fair manner. The analysis of societal transitions and how institutions from the world of work can be applied, adapted and amplified to deal with them is the subject of Chapter 4.

In order to move forward where we are stalled, protect what we have achieved, and make further progress, we need renewed political commitments from the multilateral system and Member States. The upcoming Second World Summit for Social Development provides the opportunity to strengthen that commitment in the drive towards social justice.

¹³ The first three pillars mirror the conditions for social justice laid out by Rawls (1971): (I) All individuals have an equal right to basic liberties and rights. (II) Any inequalities in distributions have to be structured so that: (a) all members of society have an equal opportunity to participate in economic, social and political life – or the *equal opportunity principle*; (b) they benefit the least advantaged – or what Rawls called the *difference principle*.



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Fundamental human rights and capabilities

Laying the foundations for social justice

■ The social factor must take precedence over the economic factor; it must regulate and guide it in the highest cause of justice.

Albert Thomas
ILO Director General, 1931

Key points


- ▶ Fundamental human rights and capabilities lay the foundations for social justice. They do not alone guarantee social justice but are a necessary condition for advancing it.
- ▶ International labour standards should guide national legislation and institution-building for decent work. Compliance and enforcement of these rights is essential for the foundation of social justice.
- ▶ Challenges remain in securing entitlements to the basic capabilities – from adequate nutrition, access to healthcare and quality education to freedom of association – necessary to ensure freedom, human dignity, economic security and equal opportunity.
- ▶ Fundamental principles and rights at work are essential enabling rights in the world of work that allow for the realization of other rights and entitlements.



1.1. Realizing human rights at work by enhancing human capabilities

Social justice, and consequently universal peace, requires a foundation of human rights. Those rights in turn depend for their realization on entitlements to certain basic capabilities. According to Sen (1999), people may have different aspirations for their lives, but everyone must have, within reason, the means (what he calls “capabilities”) to achieve these aspirations. The full realization of human rights strengthens individuals’ capabilities and agency by securing the legal, social and economic foundations necessary to claim dignity, equality and meaningful participation.

This human-centred approach means people must be able to engage fully in society, advocate for their needs and challenge injustice. In turn, the progressive fulfilment of human rights relies on individuals and communities exercising their agency to demand accountability, shape policy and build inclusive institutions. This virtuous circle depends on rights such as freedom of opinion and expression, whose universality is recognized and guaranteed in the vast majority of national constitutions.¹ This category of rights enables people to engage fully in society, advocate for their needs and challenge injustices. Human rights and social justice are thus mutually reinforcing.



Social justice, and consequently universal peace, requires a foundation of human rights.

This interdependence between human rights, human capabilities and social justice has driven ILO constituents to adopt international labour rights and inform the development of labour market institutions, consistent with the ILO Constitution (1919), including the Declaration concerning the aims and purposes of the ILO (1944) (Declaration of Philadelphia), and with the Universal Declaration of Human Rights (1948) (UDHR) in key areas such as: freedom of association and

peaceful assembly; free choice of employment and the abolition of forced labour; the elimination of discrimination and equality of opportunity and treatment in the workplace; the right to social security, maternity protection and protection against unemployment; equal pay for work of equal value; just and favourable working conditions, including safety and health; and the right to rest and leisure. The principles underpinning these standards – and frequently the language in which they are couched – have also been codified for the world at large in two binding treaties – the International Covenant on Economic, Social and Cultural Rights (1966) (ICESCR) and the International Covenant on Civil and Political Rights (1966) (ICCPR), which together with the UDHR form the “International Bill of Human Rights”.

The ICESCR includes specific provisions dealing with work, including: the right to work; just and favourable conditions of work; fair wages; equal remuneration for work of equal value; equal employment opportunities; safe and healthy working conditions; rest; leisure; reasonable hours of work; the right to form and join a trade union; the right to social protection (including social insurance and maternity protection); protection of children from economic and social exploitation (including harmful and underage work); and the right to an adequate standard of living (including adequate food, clothing and housing).

The ICCPR guarantees civil rights and liberties essential to social justice. These include: the right to life, liberty and security of person; self-determination; freedom from slavery and forced or compulsory labour; equality before law and equal and effective protection against discrimination; an effective legal remedy without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status if

¹ Freedom of expression, for example, is guaranteed in all 184 constitutions analysed by researchers at Constitute, developed at the University of Texas and the University of Chicago (see <https://www.constituteproject.org>).

rights are violated; the freedom of association and right of workers and employers to form and join organizations of their own choosing; freedom of thought and expression; and freedom of peaceful assembly. Both the ICESCR and the ICCPR state explicitly that parties to the Covenants cannot rely on its provisions to prejudice the guarantees provided in the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), which protects freedom of association and the effective right to collectively bargain.² Moreover, certain civil liberties have explicitly been designated as essential for the normal exercise of trade union rights, including the right to freedom and security of person and freedom from arbitrary arrest and detention.³

Ultimately, by advancing decent work, social justice and human dignity, international human rights and fundamental labour rights remain essential not only to the ILO's mandate for social justice but also to the foundational principles of the United Nations, as enshrined in the opening of the Preamble to the Charter of the United Nations (1945):

to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained...

The Copenhagen Declaration on Social Development (1995) (Copenhagen Declaration)⁴ reaffirmed the interdependence between social development, human rights and international security, building on the ILO Declaration of Philadelphia and the Charter of the United Nations.⁵ It reiterated “the conviction that social development and social justice are indispensable for the achievement and maintenance of peace and security within and among our nations” and added that in turn, “social development and social justice cannot be attained in the absence of peace and security or in the absence of respect for all human rights and fundamental freedoms.”⁶ These texts reflect the basic precept of social justice, as affirmed in the ILO Declaration of Philadelphia, that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”.⁷

The Copenhagen Declaration committed the international community to the goal of ensuring quality jobs and safeguarding the basic rights and interests of workers and to promote respect for relevant ILO Conventions, “including those on the prohibition of forced and child labour, the freedom of association, the right to organize and bargain collectively, and the principle of non-discrimination.”⁸ Three years later, the ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022, was adopted, which reaffirmed the “immutable nature” of these principles in fostering the ability of persons “to achieve fully their human potential”.⁹ The declaration requires all Member States to respect, realize and promote these principles and rights whether or not they have ratified the corresponding underlying ILO Conventions.

² ICESCR, Article 8(3); and ICCPR, Article 22(3).

³ The resolution concerning trade union rights and their relation to civil liberties (ILO 1970, para. 2) states: “(a) the right to freedom and security of person and freedom from arbitrary arrest and detention; (b) freedom of opinion and expression and in particular freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers; (c) freedom of assembly; (d) the right to a fair trial by an independent and impartial tribunal; (e) the right to protection of the property of trade union organisations.”

⁴ The Copenhagen Declaration is the outcome document of the first World Summit for Social Development, held in Copenhagen in 1995.

⁵ See the first paragraph of the Preamble to the Charter of the United Nations.

⁶ Copenhagen Declaration, paragraph 5.

⁷ Declaration of Philadelphia, Part II(a).

⁸ Copenhagen Declaration, Commitment 3(i).

⁹ ILO Declaration on Fundamental Principles and Rights at Work, Preamble. The fundamental principles and rights are: freedom of association and the effective recognition of the right to collective bargaining; elimination of forced or compulsory labour; abolition of child labour; elimination of discrimination at work; and a safe and healthy working environment, which was added in 2022.

International labour standards articulate the labour rights and labour market institutions that facilitate the realization of the full spectrum of human rights.

After championing the concept of “decent work for all” in 1999 (ILO 1999), the ILO in 2008 formally declared decent work to be an “effective response” to the challenges of globalization and “accelerating change”, including income inequality, continuing high levels of unemployment and poverty, vulnerability of economies to external shocks, and the growth of both unprotected work and the informal economy.¹⁰ To meet the “universal aspiration for social justice”, decent work required simultaneous action in pursuit of four “equally important” strategic objectives:¹¹

- ▶ promoting employment by creating a sustainable institutional and economic environment;
- ▶ developing and enhancing measures of social protection – social security and labour protection – which are sustainable and adapted to national circumstances;
- ▶ promoting social dialogue and tripartism;
- ▶ respecting, promoting and realizing the fundamental principles and rights at work.

Fundamental principles and rights at work were declared to be “of particular significance, as both rights and enabling conditions that are necessary for the full realization of all of the strategic objectives”.¹² Achievement of all four strategic objectives would be dependent on following the legal guidance provided by “principles and provisions of international labour standards” – and the labour rights expressed in them – benchmarking each one of the decent work pillars, with special emphasis on “those regarded as most significant from the viewpoint of governance covering tripartism, employment policy and labour inspection”.¹³ To that end, Member States were invited to consider “the review of their situation as regards the ratification or implementation of ILO instruments with a view to achieving a progressively increasing coverage of each of the strategic objectives”.¹⁴

In sum, international labour standards articulate the labour rights and labour market institutions that facilitate the realization of the full spectrum of human rights within the world of work and direct action to advance decent work in pursuit of social justice.

The global consensus that labour rights are essential components of human rights was reiterated in 2015, when the international community agreed on a set of 17 Sustainable Development Goals (SDGs). The SDGs seek to foster “universal respect for human rights and human dignity, the rule of law, justice, equality and non-discrimination; of respect for race, ethnicity and cultural diversity; and of equal opportunity permitting the full realization of human potential and contributing to shared prosperity” (UN 2015, para. 8). In particular, SDG 8 targets the protection of labour rights in the context of promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

For its 100th anniversary in 2019, the ILO Centenary Declaration for the Future of Work (2019) (Centenary Declaration) was issued, reaffirming the ILO’s commitment to fundamental principles and setting a course to achieve social justice and decent work by further developing its human-centred approach to the future of work, which puts workers’ rights and the needs, aspirations and rights of all people at the heart of economic, social and environmental policies. It also seeks to ensure a just transition to the future of work and contribute to sustainable development. The Centenary Declaration further directs the ILO to, among other things,

¹⁰ ILO Declaration on Social Justice for a Fair Globalization (2008), as amended in 2022 (Social Justice Declaration), Preamble and Part I(A).

¹¹ Social Justice Declaration.

¹² Social Justice Declaration, Part I(A)(iv).

¹³ Social Justice Declaration, Parts I(C)(iii) and II(B)(iii).

¹⁴ Social Justice Declaration, Part II(B)(iii).

harness the fullest potential of technological progress and productivity growth, facilitate the transition from education and training to work, and promote an enabling environment for entrepreneurship and sustainable enterprises.

As the Second World Summit for Social Development in November 2025 approaches, the progress made in respect of human rights needs to be examined – in particular those rights relating to the world of work, which provide a foundation for the exercise of other rights in life outside the world of work. This chapter will illustrate three axes along which the realization of central human rights at work is evolving. Each axis represents a strategic objective through which the ILO Decent Work Agenda is expressed: (i) freedom of expression and association; (ii) fundamental principles and rights at work; and (iii) the right to work understood as decent work for all (UN 2006, para. 7), the right to just and favourable conditions of work (labour protection), and the right to social security.

The chapter will use empirical measures to assess the level of normative consensus and state of play as expressed in the ratification and application of international labour standards, long-term systemic support expressed in national constitutions and statistical data to the extent available. Subsequent chapters will also gauge the substantive realization of other human rights, such as the right to education and freedom from hunger and poverty, through the lens of equal opportunities, fair distribution and fair transition. The conclusion will summarize key points from the chapter.

1.2. Freedom of expression

The importance of the principle of freedom of expression is universally acknowledged. This principle is embodied in constitutions and legislation at the international and national level. In the world of work, meaningful social dialogue relies entirely on freedom of expression. Absence of “freedom of opinion and expression and in particular freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers” removes all meaning from freedom of association and collective bargaining (ILO 1970, para. 2(b)).¹⁵

Meaningful social dialogue relies entirely on freedom of expression.

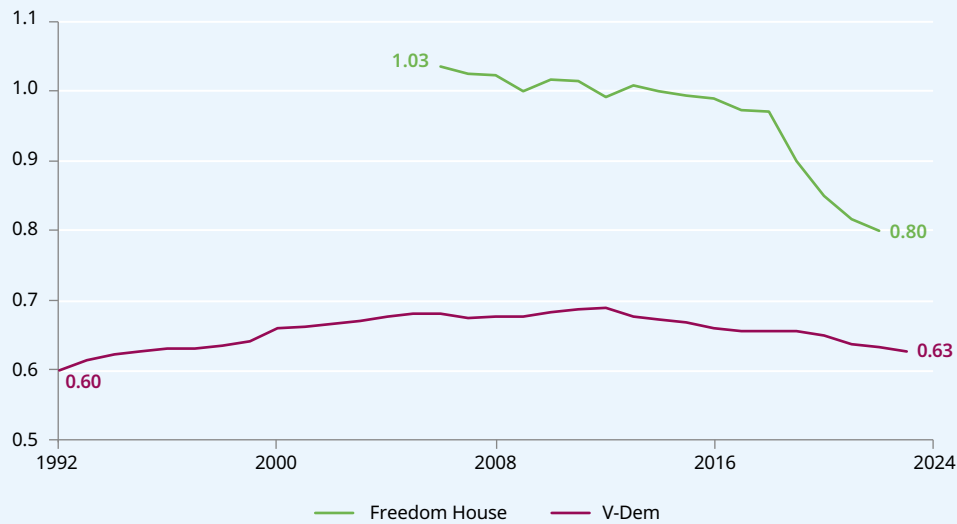
The Declaration of Philadelphia, which forms part of the ILO Constitution, asserts that “freedom of expression and of association are essential to sustained progress” and emphasized that this was one of the “fundamental principles on which the Organization is based”.¹⁶ The UDHR further confirms the importance of this principle in Article 19, which states: “Everyone has the right to freedom of opinion and expression”; and in Article 19 of the ICCPR, guaranteeing the right to hold opinions without interference and the freedom to seek, receive and impart information and ideas of all kinds.

Figure 1.1 shows two sets of indicators that tell more or less the same story, which is a decline in the two measures of freedom of expression since around 2010.

¹⁵ The resolution concerning trade union rights and their relation to civil liberties (ILO 1970, paras 1, 2) echoes Article 19 of the UDHR.

¹⁶ Declaration of Philadelphia, Part I.

► **Figure 1.1. Freedom of expression indicators, 1992–2023**



Source: Freedom House, “Freedom in the World”; and Varieties of Democracy (V-Dem) (see <https://www.v-dem.net>).

Freedom of expression is a sine qua non condition for social justice. Given that social justice presupposes that all have a voice and that decisions be taken through dialogue,¹⁷ without freedom of expression, there can be no social justice. This applies both to the world of work and to society as a whole.

Freedom of expression and association are also preconditions for effective democratic institutions that promote jobs and economic growth. Effective democratic institutions can alter economic incentives that bring more prosperity to more people. They channel more investment towards public goods and services and stimulate innovation, entrepreneurship and higher levels of productivity – all factors conducive to economic growth and to social justice. To work well, they must be based on inclusive institutions that expand decent job opportunities and empower those who would otherwise be left behind.

While there is no one democratic model, and effective governance can vary tremendously in its outward manifestations, the elements of the fundamental rights and capabilities pillar support the rule both “by the people and for the people” in ways that sustain jobs, rights and growth.

Representative organizations and civic space are critical to creating a feedback loop that supports social justice.

Representative organizations and civic space are critical to creating a feedback loop that supports social justice. Additionally, democratic institutions promote equality and social mobility, ensuring that a larger portion of the population can participate in the economy, further enhancing the growth potential. Among many forms of participation, democracies also foster social peace through social dialogue with employers’ and workers’ organizations. Social partners have been instrumental in democratization processes because

they possess the power to hold governments accountable. When democratically governed as well as being strong, independent and representative, they promote stability, which is often a precondition for inclusive growth. This is why so many social partners have fought for democracy throughout history.

¹⁷ All social justice theorists agree on this point even if they have different names for it: decision-making through discussion (Sen), communicative rationality (Habermass), the veil of ignorance (Rawls) and, simply, dialogue (Sandel).



1.3. Fundamental principles and rights at work

This section will first provide background on international labour standards,¹⁸ including those giving expression to the fundamental principles and rights at work, which are indispensable to social justice. It will then turn to the ratification of the most fundamental Conventions and the reflection of these fundamental principles in national constitutions as well as examine the substantive realization of these rights in order to provide relevant metrics on how the world is doing on a particular aspect of social justice.

One of the most tangible measures of progress in realizing fundamental principles and rights at work is the ratification and implementation of the fundamental Conventions. While ratification alone may not guarantee full realization of the right in question in a particular country,¹⁹ the metric is important: it demonstrates a clear commitment to the right in question. Effective legal systems are essential for safeguarding fundamental principles and rights at work. Constitutional guarantees play a key role by providing a legal foundation for these rights, guiding national legislation and ensuring enforcement through institutional mechanisms – particularly via rulings from constitutional and supreme courts (ILO 2012). In many countries, constitutional provisions relating to fundamental principles and rights at work are varied. Some apply to “everyone”, while others only cover citizens. Some affirm individual rights or a duty of the state to take action, while others only define the guiding principles of state action, and are therefore less likely to result in meaningful and enforceable protection (ILO 2012, para. 7).

The Committee of Experts on the Application of Conventions and Recommendations (CEACR) has stated that meaningful protection of fundamental principles and rights at work is best ensured when protection procedures and mechanisms are established (ILO 2012, para. 18). Many national constitutions make these rights enforceable through national courts. Constitutional or supreme courts are empowered to review legislation for conformity with the constitution, requiring those laws not in conformity with the national constitution to be set aside (ILO 2012, para. 18). Additionally, individuals can often appeal directly to these courts for protection and redress. Labour inspectorates can also play a role in identifying legal violations on fundamental principles and rights at work that may be pursued further in courts, if needed. This section outlines the legal instruments countries use to uphold labour rights, particularly fundamental principles and rights at work.

1.3.1. Freedom of association and the effective recognition of the right to collective bargaining

The human right to form and join trade unions and employers’ organizations is essential to social dialogue whether it concerns tripartite consultations on matters of public interest or collective bargaining to determine terms and conditions of work. Moreover, collective bargaining and social dialogue help realize the right to just and favourable conditions of work (UN 2016, para. 60).

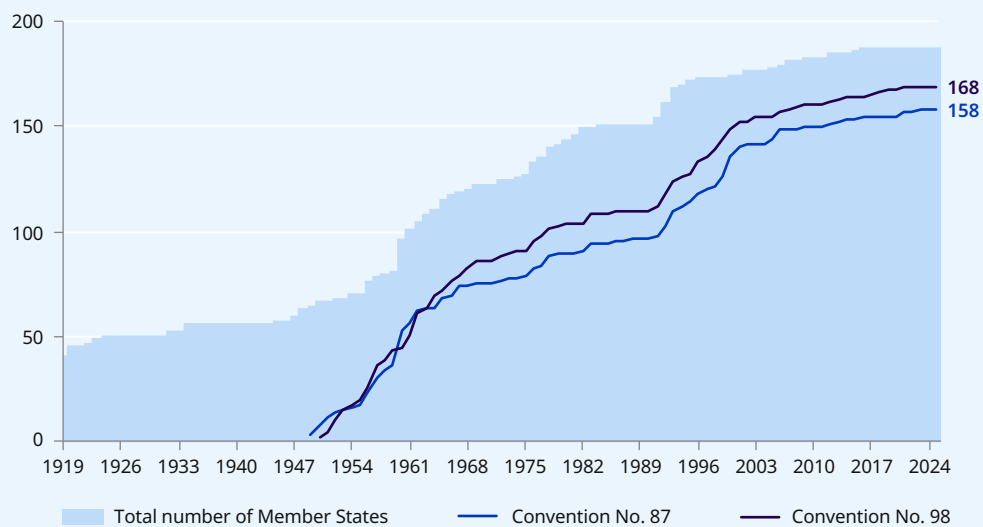
¹⁸ International labour Conventions, Protocols and Recommendations are legal instruments adopted by ILO constituents (governments, employers and workers) that set basic standards for decent work. Conventions and Protocols are international treaties that become binding under international law upon ratification by Member States. Recommendations remain non-binding, frequently supplementing international labour Conventions and Protocols.

¹⁹ Some ratifying countries may have institutional capacity limits, including in compliance and enforcement. Some non-ratifying countries may meet the regulatory requirements of these international labour standards and have the administrative capacity to address them but have not completed the domestic procedures for formal ratification of a particular standard identified in the ILO Declaration on Fundamental Principles and Rights at Work. Moreover, the declaration obligates all 187 ILO Member States “to respect, to promote and to realize ... the principles concerning the fundamental rights” (paragraph 2) that are the subject of ILO Conventions regardless of whether they have formally ratified the applicable ILO Conventions through their domestic procedures.

Collective bargaining and social dialogue help realize the right to just and favourable conditions of work.

The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), affirms that it is the right of workers and employers alike to form organizations and organize their activities to represent their rights and interests, free from external interference, be it from the government or from each other. While 158 countries have ratified Convention No. 87 (see figure 1.2), the 29 countries that have not yet ratified it are home to almost half the world population.

► **Figure 1.2. Ratification of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), 2025**



Source: ILO NORMLEX, August 2025.

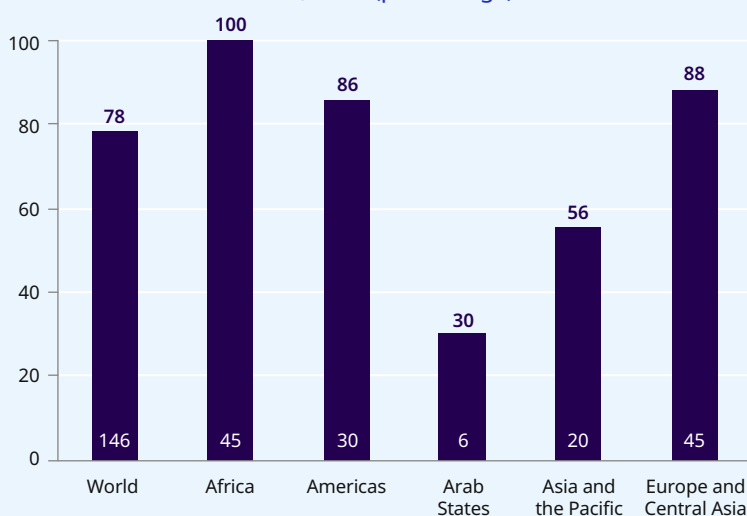
Freedom of association and collective bargaining are addressed in many national constitutions. In most cases, the constitution provides that this freedom shall be exercised in accordance with the law. While these principles often appear in constitutions, some countries prefer legislation, while others rely on practice or case law (ILO 2012). Indeed, most provisions on the right to organize and collective bargaining are found in national labour laws or industrial relations instruments.

That said, the CEACR has identified countries where the constitutional provision on freedom of association and the right to collective bargaining is overly limited. This in turn negatively affects how the issue is addressed by national labour law (ILO 2025a).

At the national level, 146 countries around the world constitutionally protect the right to form or join a trade union or professional association (see figure 1.3).²⁰ Countries in Africa and Europe and Central Asia are the most likely to include such a provision.

²⁰ The human right to freedom of association also protects the right to organize for legitimate purposes other than defending and furthering the economic and social rights and interests of employers and workers (see Constitute, "Topics: Right to Join Trade Unions").

► **Figure 1.3. Share of countries where the right to join a trade union or professional association is in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: Constitute data (see <https://www.constituteproject.org>).

Closely related is the right to collective bargaining – the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), recognizes the right to voluntary collective bargaining through which employers and workers discuss and negotiate their relations and, in particular, the terms and conditions of work. At present, Convention No. 98 has been ratified by 168 countries (see figure 1.2). More than one third of employees in 98 countries have their pay and working conditions regulated by one or more collective agreements.²¹ Having a voice at work is a fundamental human right in itself but also leads to better working conditions and fair distribution, as discussed in Chapter 3.

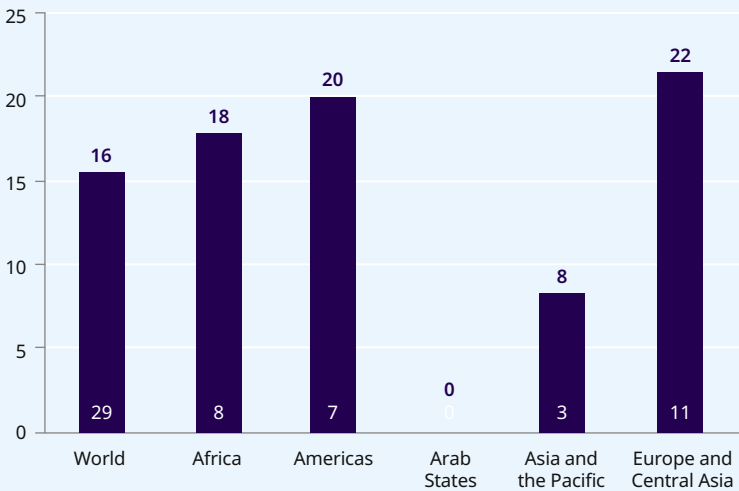
Collective bargaining rights have been enshrined in many national constitutions, predominantly in Europe and Central Asia (11 countries; see figure 1.4). Countries in Africa and the Americas are also likely to include constitutional protections for collective bargaining rights.

With freedom of association and the effective recognition of the right to collective bargaining being enabling rights, the deterioration of these rights across the world is a cause for concern. SDG indicator 8.8.2,²² an indicator of “compliance with freedom of association and collective bargaining rights”, uses a scale from 0 to 10 to provide information on levels of compliance with freedom of association and collective bargaining rights, with 0 being the best possible score (indicating higher levels of compliance with freedom of association and collective bargaining rights) and 10 the worst (indicating lower levels of compliance with these rights). As indicated in figure 1.5, in 2022 the global indicator score stood at 4.83, following a deterioration in compliance with these rights generally, particularly in the most recent period when data were available (2021 to 2023). There are gaps between regions, with Asia and the Pacific and the Arab States generally exhibiting worse scores than those of Europe and Central Asia.

²¹ This is an average, as collective bargaining coverage rates vary across individual countries, regions and levels of development. They range from over 75 per cent in many European countries and Uruguay to below 25 per cent in around half of the countries for which data are available (ILO 2022a, 15).

²² SDG indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining). It is based on six ILO supervisory body textual sources and on national legislation. Indicator 8.8.2 is compiled from these sources, and its use does not constitute a waiver of the respective ILO constituents’ divergent points of view on the sources’ conclusions. Reporting obligations of an ILO Member State to the ILO’s supervisory system and thus ILO textual sources are different for ratifying and non-ratifying ILO Member States (see ILOSTAT, “About SDG Indicator 8.8.2”).

► **Figure 1.4. Share of countries where the right to collective bargaining is in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column. No data available for the Arab States.
Source: Constitute data (see <https://www.constituteproject.org>).

The score has deteriorated since 2015 in all country income groups except low-income countries (see figure 1.6). The situation is of particular concern for lower-middle-income countries, where the score worsened by over 20 per cent between 2020 and 2022 and in upper-middle-income countries, where there has been consistent deterioration since 2016.

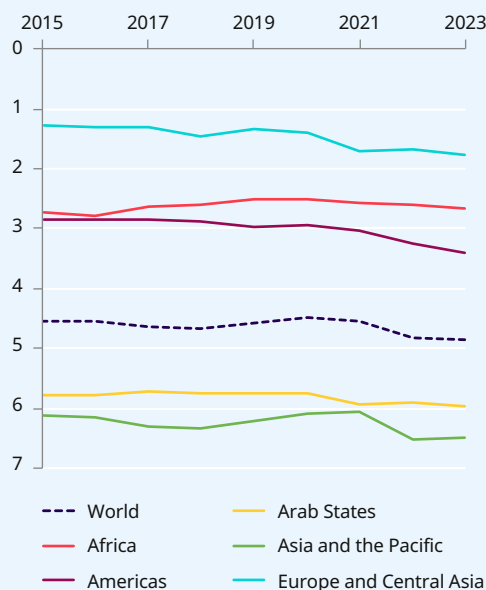
The topics most frequently examined by the ILO’s Committee on Freedom of Association concern protection against anti-union discrimination, trade unions and employers’ organizations’ rights and civil liberties, collective bargaining and protection against acts of interference.²³

The CEACR in its 2023 report also stressed the threat to freedom of association worldwide (ILO 2023b). The CEACR also noted its long-standing position that crisis situations must not be used to justify broad restrictions of trade union rights. Temporary and proportionate restrictions may be tolerated only if they are strictly necessary and limited to the duration and scope of the emergency. Collective bargaining must remain protected (ILO 2023b).

It is important to note, in addition, that despite normative or constitutional protections, certain groups of workers, such as informal workers, domestic workers, migrant workers, agricultural workers, workers in export processing zones and workers with non-traditional work arrangements, among others,²⁴ often find themselves excluded from collective bargaining under national legislation. It can also be difficult in practice for certain groups of workers to organize and gain access to collective bargaining rights, for example due to labour market informality.²⁵

23 See the annual reports of the Committee on Freedom of Association for 2022 (ILO 2023a), 2023 (ILO 2024a) and 2024 (ILO 2025b).
24 Public sector workers are often governed by administrative regulations that are separate from the national labour code.
25 For example, factors such as rates of informality can provide insight into what issues may exist for overall rates of collective bargaining (ILO 2022a; 2024b).

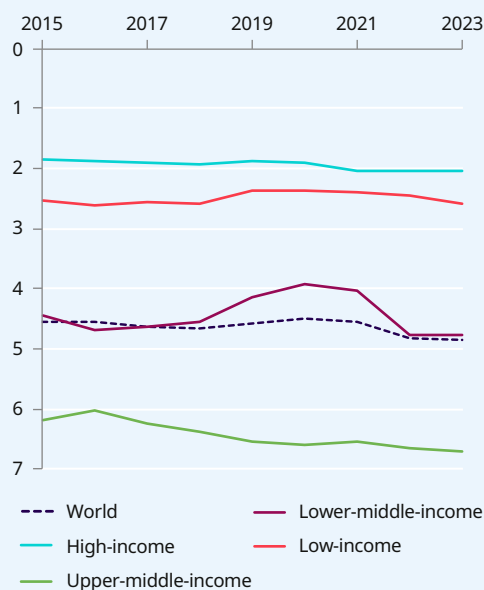
► **Figure 1.5. Compliance with freedom of association and collective bargaining rights score by region, 2015–23**



Note: Global and regional scores are based on weighted averages by ILO labour force estimates.

Source: ILOSTAT. ILO calculations based on information from ILO textual sources.

► **Figure 1.6. Compliance with freedom of association and collective bargaining rights score by country income group, 2015–23**



Note: Global and income group scores are based on weighted averages by ILO labour force estimates.

Source: ILOSTAT. ILO calculations based on information from ILO textual sources.

1.3.2. Child labour

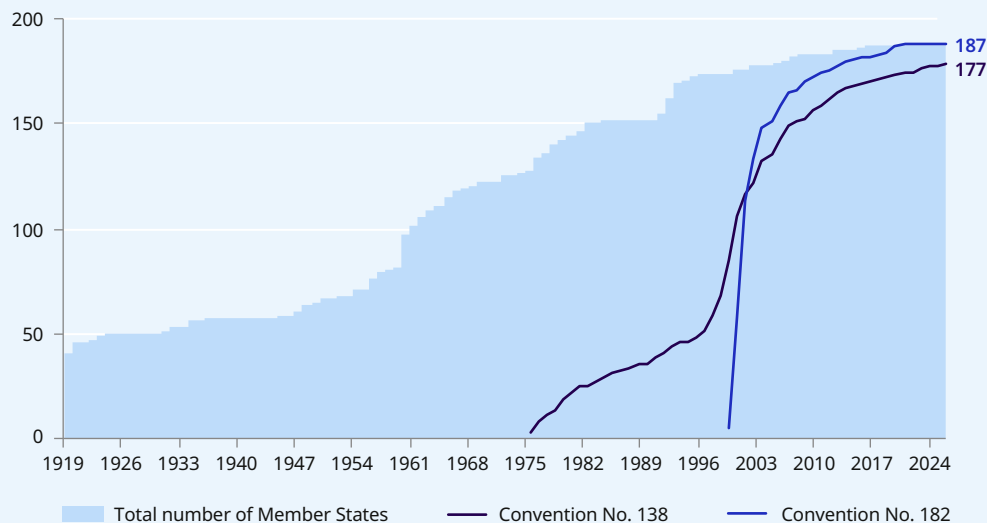
Protecting children against child labour is critical to social justice. Not all work done by children constitutes child labour – indeed, certain work appropriate to a child's age and performed with adequate protection may be beneficial to the child's development.²⁶ Child labour is work done by children too young to perform it and, by its nature, likely to harm a child's health, safety or morals and interfere with their education. Labour of this kind prevents children from learning the skills they need in the future and robs them of the very essence of childhood. It is a gross violation of human rights for an 11-year-old child to spend ten hours a day underground in a mine, even with the best protective equipment, instead of going to school (ILO and UNICEF 2021). The right to be free from child labour is also critical to social justice across time because children engaged in child labour miss out on school – limiting their options for the future and their right to education.

Ending the worst forms of child labour is a goal widely shared and has been endorsed by all 187 ILO Member States through universal ratification of the Worst Forms of Child Labour Convention, 1999 (No. 182), and by 95 per cent of Member States through the ratification of the Minimum Age Convention, 1973 (No. 138), on establishing a minimum age for work (see figure 1.7).²⁷ Furthermore, other instruments such as Article 10 of the ICESCR, Article 32 of the Convention on the Rights of the Child and SDG target 8.7 aim to end the worst forms of child labour by 2025 and underscore the human rights character of these fundamental principles and rights at work.

²⁶ ILO, "What Is Child Labour".

²⁷ The human rights character of these fundamental principles and rights at work is further underscored by Article 10 of the ICESCR and Article 32 of the United Nations Convention on the Rights of the Child (1989).

► **Figure 1.7. Ratification of the Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182), 2025**



Source: ILO NORMLEX, August 2025.

Many national constitutions contain general provisions on the protection of children (ILO 2012). However, few constitutions establish a specific minimum age for admission to employment or work. A number of other constitutions contain provisions in relation to child labour. Some make reference to a minimum age for work, without determining that age (ILO 2012). Other national constitutions prohibit paid employment by children or provide that work performed by children must not be unsuitable for the child's age. Due to the importance of education in eliminating child labour, it should be noted that a large number of constitutions contain provisions relating to education, and that many recognize a right to education, as well as an obligation for the state to provide free education up to the end of compulsory schooling (ILO 2012).

The constitutions in close to half of the countries around the world (77 countries) establish limits on the employment of children to protect children against exploitation in the workplace (see figure 1.8).²⁸ Regionally, countries in Africa and the Americas are more likely to have constitutions with provisions limiting the employment of children.

In 2024, which is the last year for which global data are available, 138 million children aged 5 to 17 were in child labour, with almost half engaged in hazardous labour. Of the 138 million, roughly 61 million were girls and 76 million were boys.

Between 1995 and 2024, child labour of those aged 5 to 14 fell from 250 million to 106 million.

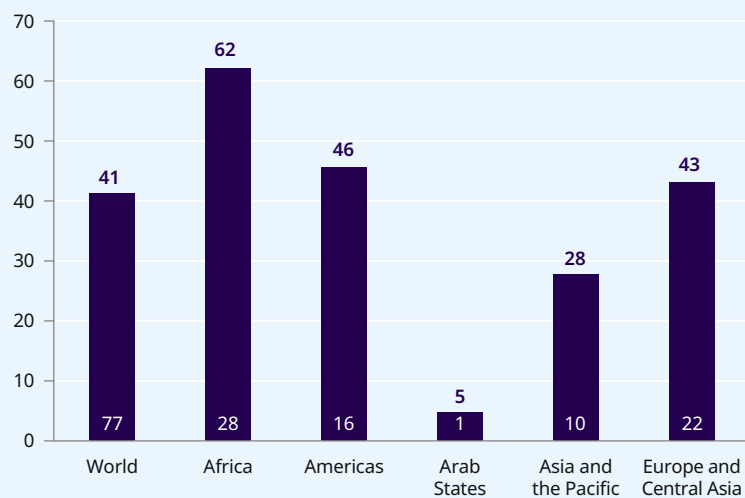
While reliable numbers for child labour of those aged 5 to 17 before 2000 are scarce, between 1995 and 2024, child labour of those aged 5 to 14 fell from 250 million to 106 million (from about 21 per cent to 8 per cent). Figure 1.9 shows marginal differences between child

labourers aged 5 to 17 and 5 to 14. Most of the drop in child labour has been in hazardous work: the number of 5- to 17-year-old children engaged in the worst types of child labour fell from 170 million to 54 million between 2000 and 2024.

Child labour fell rapidly from 1995 to 2012, stalled from 2012 to 2020 and then fell again from 2020 to 2024. Once children are out of school, it is hard to bring them back, and the risk of child

²⁸ This may be a ban on child workers or a requirement for additional protections for child workers (see Constitute, <https://www.constituteproject.org>).

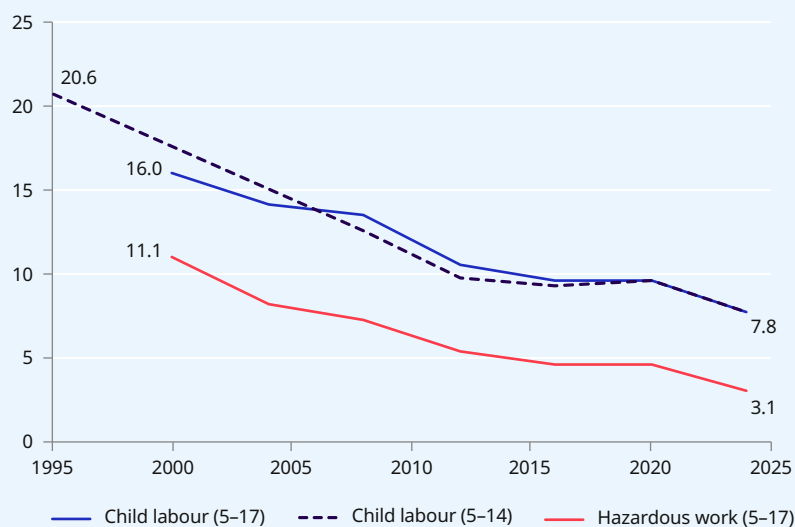
► **Figure 1.8. Share of countries where limits to the employment of children are in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: Constitute data (see <https://www.constituteproject.org>).

► **Figure 1.9. Global estimates of child labour rates, 1995–2024 (percentage)**



Note: Estimates do not cover household chores.

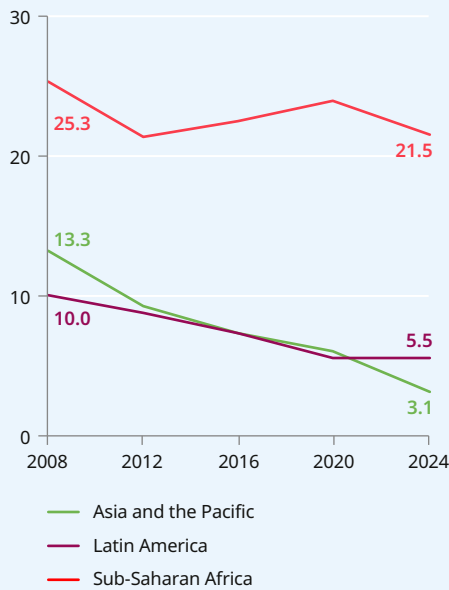
Source: ILO (1998); ILO and UNICEF (2025).

labour remains accordingly high (Moscoviz and Evans 2022), meaning that the drop from 2020 to 2024 is of particular significance in light of the challenges posed by the COVID-19 pandemic.

Child labour is not equally distributed around the world (see figure 1.10). Regionally, more than half of those in child labour (64 per cent) are found in sub-Saharan Africa, where the prevalence of child labour is 21 per cent, almost three times the global prevalence of 7.6 per cent.²⁹

²⁹ Comparable data on Europe and Central Asia were not available at the time of writing.

► **Figure 1.10. Child labour rates in selected areas, 2008–24 (percentage)**



Source: ILO and UNICEF (2025).

More than three quarters of child labour is found in rural areas, which account for only 42 per cent of the world's population. Seven out of every ten child labourers are in agriculture. Child labour is also higher among socially disadvantaged ethnic groups, such as indigenous peoples (ILO 2023c). About 55 per cent of those in child labour are boys, with a faster decline in the child labour rate among girls (not including unpaid care work). This prevalence of the worst forms of child labour has profound impacts on social justice – the geographic concentration exacerbates global inequalities, depriving whole communities of equal opportunities to develop and thrive.

Some 31 per cent of children in child labour and 47 per cent of those in hazardous work are out of school, as compared to about 8 per cent of all children aged between 5 and 14 (ILO and UNICEF 2025). While progress has been made on child labour, the number of children still in child labour – and particularly in hazardous work – remains unacceptable and impedes progress towards social justice globally.

1.3.3. Forced labour

The eradication of slavery and servitude is fundamental to social justice and recognized as a human rights principle in Article 4 of the UDHR, Article 8 of the ICCPR and Article 6 of the ICESCR.³⁰ The Slavery Convention was approved in 1926 and ratified by 99 countries.³¹ The Forced Labour Convention, 1930 (No. 29), and the Abolition of Forced Labour Convention, 1957 (No. 105), are among the ILO's most ratified Conventions, with 181 and 178 ratifications, respectively (see figure 1.11).³² Convention No. 29 defines forced labour as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."³³ It further mandates that countries should undertake "to suppress the use of forced or compulsory labour in all its forms within the shortest possible period."³⁴ In addition to Conventions Nos 29 and 105, the Protocol of 2014 to the Forced Labour Convention, 1930, complements existing international instruments by providing specific guidance on effective measures to be taken to eliminate all forms of forced labour. The Protocol has been ratified by 61 countries.

Convention No. 29 is based on an assessment of three elements for the definition of forced labour (that is, (i) all work or service, (ii) exacted from under the threat of penalty and (iii) for

³⁰ The right to work under Article 6 of the ICESCR has been interpreted by the Committee on Economic, Social and Cultural Rights to encompass the right not to be "forced in any way whatsoever to exercise or engage in employment" (UN 2006, para. 6).

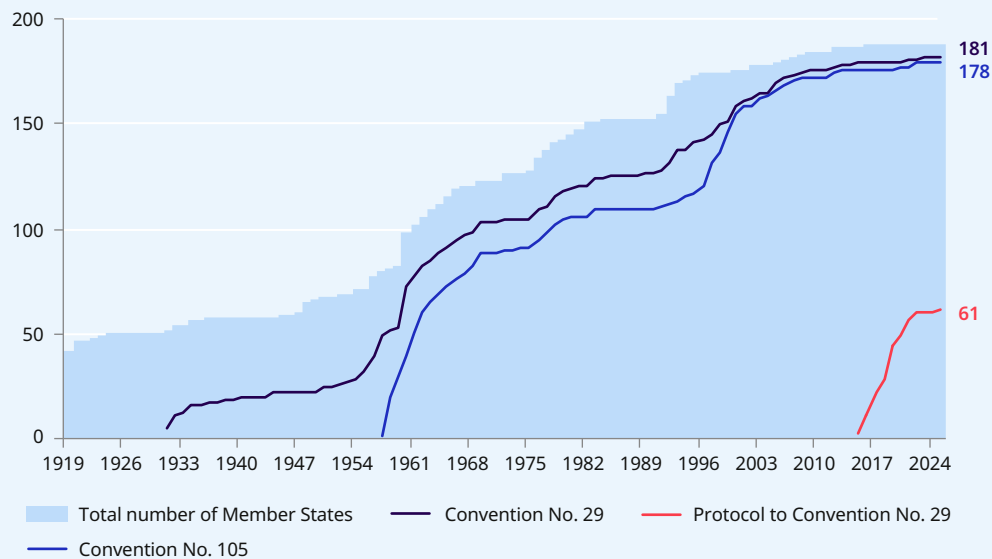
³¹ The Slavery Convention is an international agreement signed under the auspices of the League of Nations. It aimed to eliminate slavery and the slave trade and to prevent other types of forced labour from developing into conditions analogous to slavery. The Slavery Convention was extended in 1956 by the Supplementary Convention on the Abolition of Slavery, the Slave Trade, and Institutions and Practices Similar to Slavery, under the auspices of the United Nations.

³² Only Convention No. 182 has more ratifications.

³³ Convention No. 29, Article 2.

³⁴ Convention No. 29, Article 1.

► **Figure 1.11. Ratification of the Forced Labour Convention, 1930 (No. 29), the Protocol of 2014 to the Forced Labour Convention, 1930, and the Abolition of Forced Labour Convention, 1957 (No. 105), 2025**



Source: ILO NORMLEX, August 2025.

which the person has not offered himself or herself voluntarily) (ILO 2012). The Slavery Convention defines slavery as “the status or condition of a person over whom any or all of the powers attaching to the right of ownership are exercised”³⁵ and commits all parties to “the complete abolition of slavery in all its forms.”³⁶ Forced labour encompasses slavery and its vestiges or slave-like practices, various forms of debt bondage as well as human trafficking (ILO 2012), which means that forced labour includes slavery but is nevertheless broader in scope. Any assessment of social justice must consider as a cornerstone the fundamental freedom to choose an occupation without threat or penalty. It is impossible to imagine an individual pursuing their material well-being and spiritual development in conditions of freedom and dignity while subject to forced labour.

Practices akin to slavery continue to exist and affect millions of people worldwide.

Constitutions in 134 countries in the world prohibit slavery.³⁷ Constitutions in Africa and the Americas are the most likely to include such a provision (65 countries), while the Arab States are the least likely (5 countries) (see figure 1.12).

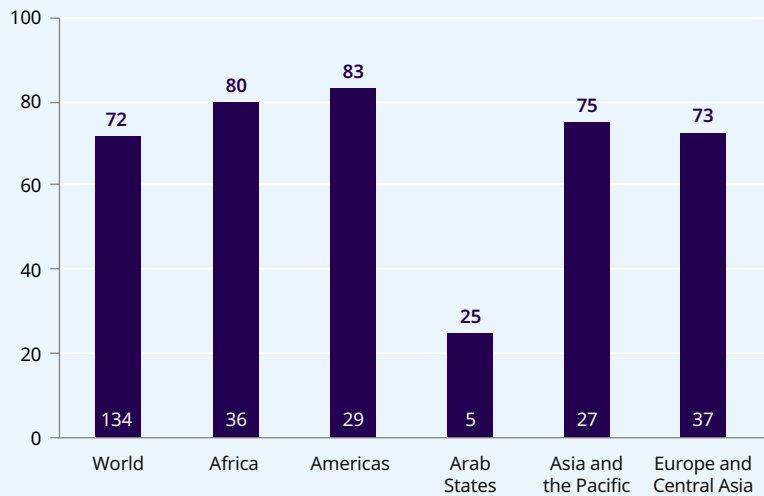
While most constitutions contain prohibitions of slavery, not all of them contain a prohibition of forced labour (ILO 2012). Most constitutions either provide some exceptions or leave the determination of exceptions to the law (ILO 2012). Where forced labour is not expressly prohibited in a constitution, protection against forced labour or certain forms of forced labour may be guaranteed to a certain extent through other types of prohibitions or rights, such as prohibition of all forms of slavery or servitude, exploitation or trafficking; the right to dignified and equitable working conditions; and the right to the free choice of employment (ILO 2012).

35 Slavery Convention, Article 1(1).

36 Slavery Convention, Article 2(b).

37 The ILO recognizes that forced labour, including contemporary forms of slavery, is a broad spectrum of exploitation. While “slavery” historically refers to the ownership of one person by another, forced labour encompasses situations where individuals are compelled to work through various forms of legal compulsion or coercion, including violence, intimidation, debt bondage, forced marriage, other slavery and slave-like practices, and human trafficking (ILO, Walk Free and IOM 2022).

► **Figure 1.12. Share of countries where the prohibition of slavery is in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: Constitute data (see <https://www.constituteproject.org>).

Although the last country to abolish legal slavery did so in 1981, practices akin to slavery continue to exist and affect millions of people worldwide. In this context, a typology based on global estimates shows where forced labour still takes place (ILO, Walk Free and IOM 2022). Forced labour may be imposed by state authorities, such as labour exacted by the state as a means of discrimination, coercion, punishment for expressing political views or to mobilize labour for the purpose of economic development, or imposed by private individuals, groups or companies, including forced commercial sexual exploitation (ILO, Walk Free and IOM 2022, 14).

Analysis of forced labour suggests a troubling trend. The number of people in forced labour has risen in recent years (see table 1.1). Estimates of the total number of people in forced labour from 2016 to 2021 suggest forced labour has risen from 24.9 million to 27.6 million (ILO, Walk Free and IOM 2022).³⁸ Compounding this, recent research suggests that profits extracted from forced labour, both in absolute terms and per person, increased from 2014 to 2024 (ILO 2024b).

► **Table 1.1. Global estimates of forced labour, 2016 and 2021 (million and percentage)**

	2016	2021
Number of people (million)	24.9	27.6
Share of global population (%)	3.4%	3.5%

Source: ILO, Walk Free and IOM (2022).

The conditions faced by migrant workers make them more vulnerable to forced labour than other workers. The forced labour prevalence of adult migrant workers is more than three times higher than that of adult non-migrant workers (ILO, Walk Free and IOM 2022).

³⁸ Estimating the incidence of forced labour is not straightforward because of its illegality, among other reasons.

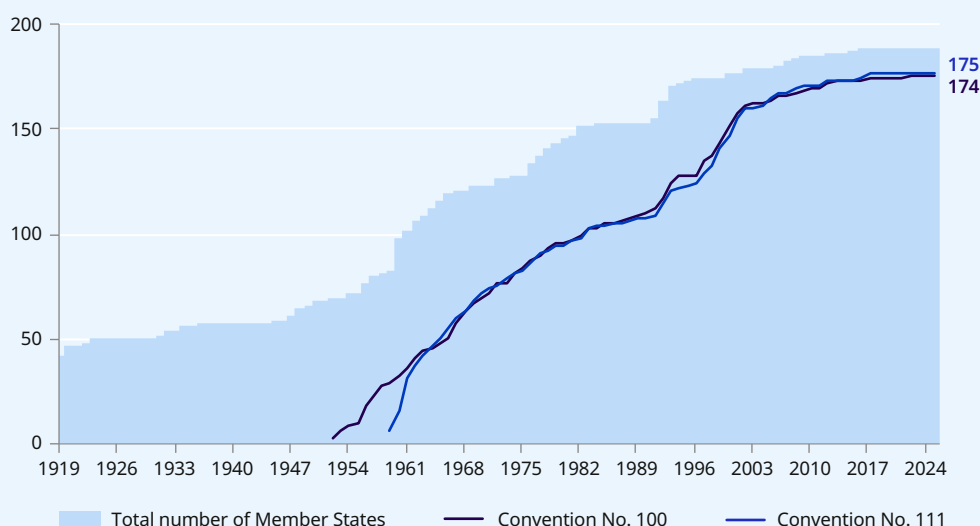
1.3.4. Non-discrimination and equal remuneration

The ILO Declaration of Philadelphia recognizes that “all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity”.³⁹ These principles were also enshrined in the ILO Declaration on the Fundamental Principles and Rights at Work and the Social Justice Declaration. Equal remuneration is enshrined in the ILO Constitution, and Article 427 of the Treaty of Versailles recognizes that men and women should receive “equal remuneration for work of equal value.”

The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), requires ratifying countries to adopt and implement a national policy to promote equality of opportunity and treatment with a view to eliminating discrimination in all aspects of employment and occupation for all workers. The Equal Remuneration Convention, 1951 (No. 100), requires equal remuneration for men and women workers for work of equal value; that is, even when men and women do not perform the same work, but the value of their work is comparable. These ILO Conventions are among the most ratified: 175 countries have ratified Convention No. 111 and 174 countries have ratified Convention No. 100 (see figure 1.13). Protection against discrimination builds conditions of social justice for all, rather than only for those in privileged groups.

Most constitutions contain general provisions guaranteeing equality before the law, the equal enjoyment of rights and fundamental freedoms, as well as non-discrimination (ILO 2012). Certain constitutions specify that both direct and indirect discrimination shall be prohibited. Other provisions include equal opportunities provisions and special measures designed to remove barriers to equality (ILO 2012). The grounds on which equality shall be ensured or discrimination prohibited vary widely beyond those expressly listed in international human rights treaties. Some constitutions refer to “any grounds” or provide an open list of grounds (ILO 2012). Others specifically mention certain grounds, covering all or some of those enumerated in Convention No. 111 (ILO 2012).

► **Figure 1.13. Ratification of the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), 2025**



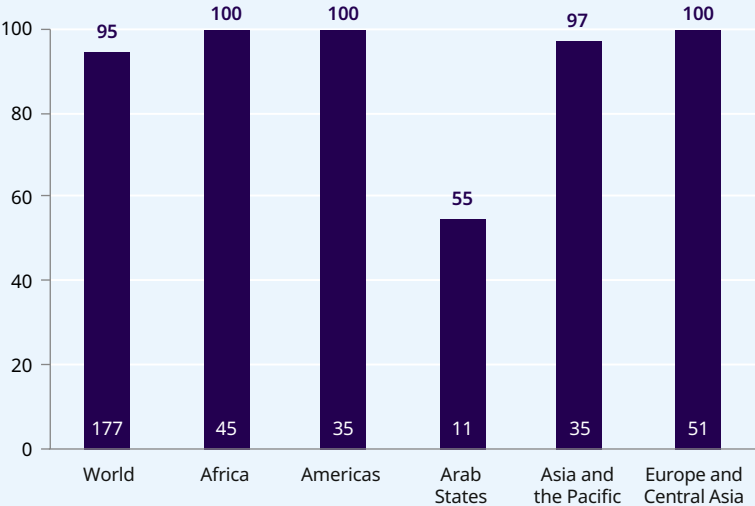
Source: ILO NORMLEX, August 2025.

³⁹ Declaration of Philadelphia, Part II(a).

Constitutional provisions on equal remuneration vary. They include provisions guaranteeing fair remuneration, or remuneration without discrimination or without discrimination based on sex; provisions ensuring “equal pay for equal work” or “equal pay for equal work for men and women”; provisions ensuring equal “pay” or “remuneration” for “work of equal value” generally, or with respect to a range of grounds (ILO 2012). Some specifically guarantee equal remuneration for men and women for work of equal value, as provided for in Convention No. 100 (ILO 2012).

National constitutions may include general provisions on equality, with fewer including provisions on equal pay (see figures 1.14 and 1.15). A total of 177 countries have equality provisions in their constitutions that provide some definition guaranteeing all individuals are entitled to the same privileges and immunities and prohibitions on discrimination against any group.⁴⁰ The constitutions of 37 countries specifically address equal pay or remuneration, most often in countries in Africa and the Americas.

► **Figure 1.14. Share of countries where equality provisions are in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: World Policy Analysis Center, “Advancing Equality: How Constitutional Rights Can Make a Difference Worldwide”.

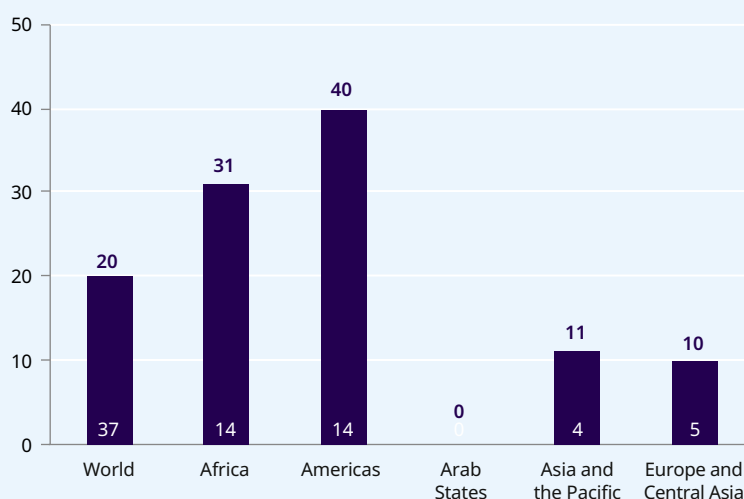
Measuring freedom from discrimination in society is complex, as it may affect access to housing, education, the labour market, public services and more. Even narrowing the analysis to the world of work is a difficult task, as discrimination may be indirect, rather than direct, and it may frequently go unreported or even unnoticed.

The CEACR has observed that while general prohibitions on discrimination are widespread in domestic legislation, many countries lack comprehensive legislation to address different aspects of discrimination, for example sexual harassment (ILO 2012, paras 789–794; 2023b, paras 51–54). Notably, definitions may exclude indirect discrimination, which is typically harder to identify (ILO 2012, paras 746, 854, 855; 2023b).⁴¹ Furthermore, accessing relevant judicial and other

⁴⁰ It is possible that equal provisions are applied to equal pay or remuneration issues in those countries which do not have specific constitutional provisions. However, national jurisprudence for these countries was unavailable at the time of writing.

⁴¹ The ILO definition of indirect discrimination refers to apparently neutral situations, regulations or practices which in fact result in unequal treatment of persons with certain characteristics. It occurs when the same condition, treatment or criterion is applied to everyone, but results in a disproportionately harsh impact on some persons on the basis of characteristics such as race, colour, sex or religion, and is not closely related to the inherent requirements of the job (ILO 2012).

► **Figure 1.15. Share of countries where equal pay provisions are in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: World Policy Analysis Center, “*Advancing Equality: How Constitutional Rights Can Make a Difference Worldwide*”.

redress mechanisms presents difficulties due to obstacles such as high costs, process-related delays, difficulties in meeting the burden of proof and fear of victimization (ILO 2012, paras 884–886). There are also challenges in terms of obtaining information on the outcomes in relevant cases in practice, including as to whether relevant procedures have led to redress (ILO 2023b, 274).

A key obstacle to effective application of the principle of equal pay for “work of equal value” is that often the latter is not defined or expressed in ways that can lead to an easy identification of the policies required to advance it (ILO 2012, 2023b). Since this issue is also central to the discussion on equal opportunities and fair distribution, the data and policy responses will be addressed in detail in Chapters 2 and 3.

While general prohibitions on discrimination are widespread in domestic legislation, many countries lack comprehensive legislation to address different aspects of discrimination.

1.3.5. Right to safe and healthy working conditions

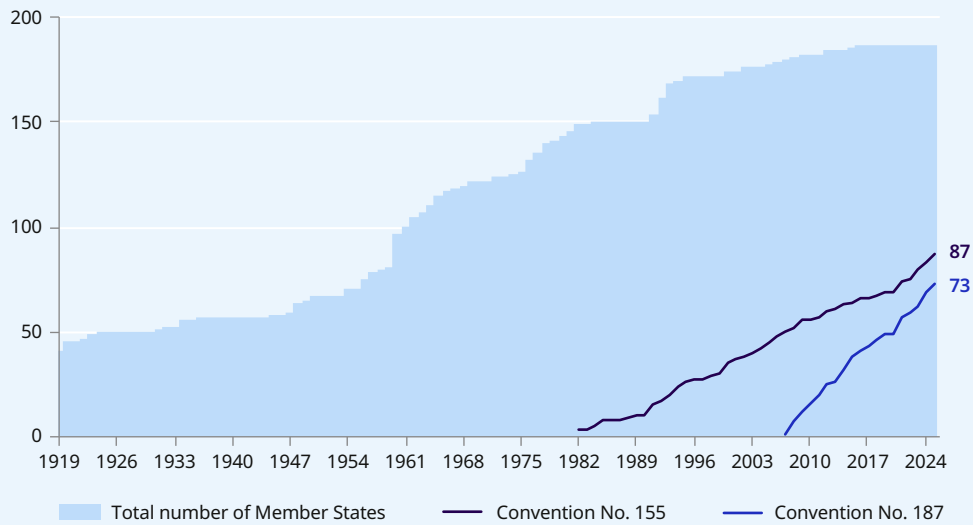
The Preamble to the ILO Constitution calls for the “protection of the worker against sickness, disease and injury arising out of [their] employment”. The ILO Declaration of Philadelphia also establishes a solemn obligation of the ILO and its constituents to ensure “adequate protection for the life and health of workers in all occupations”.⁴² The importance of occupational safety and health (OSH) is also recognized in UN instruments such as the ICESCR, which includes the right to safe and healthy working conditions,⁴³ and is a key element of the SDGs, specifically SDG 8.8.

In 2022, the International Labour Conference added OSH as a fundamental principle and right at work. Two of the 11 fundamental instruments are OSH-related: the Occupational Safety and Health Convention, 1981 (No. 155), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187). Convention No. 155 establishes a broad framework for OSH, requiring national policies and identifying employer and worker responsibilities in the

⁴² Declaration of Philadelphia, Part III(g).

⁴³ ICESCR, Article 7(b).

► **Figure 1.16. Ratification of the Occupational Safety and Health Convention, 1981 (No. 155), and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), 2025**



Source: ILO NORMLEX, August 2025.

workplace; while Convention No. 187 complements this approach by emphasizing preventive safety cultures, continuous improvement and national OSH systems. As of 2025, Convention No. 155 has been ratified by 87 countries and Convention No. 187 has been ratified by 73 countries (see figure 1.16). Both Conventions aim to protect and advance the physical and mental health of workers and to prevent occupational accidents, injuries and diseases.

Recently, the ILO supplemented its standards on OSH with the Biological Hazards in the Working Environment Convention (No. 192) and Recommendation (No. 209), 2025, which address the prevention and protection against biological hazards in the working environment.⁴⁴

Some countries include the right to a safe and healthy working environment in their constitutions (ILO 2017). Some indicate that everyone shall have the right to safe and healthy conditions of work and that the method for implementing this right and the obligations of employers shall be specified by statute (ILO 2017).

► The constitutions of 87 countries include the right to work in environments free of preventable hazards.

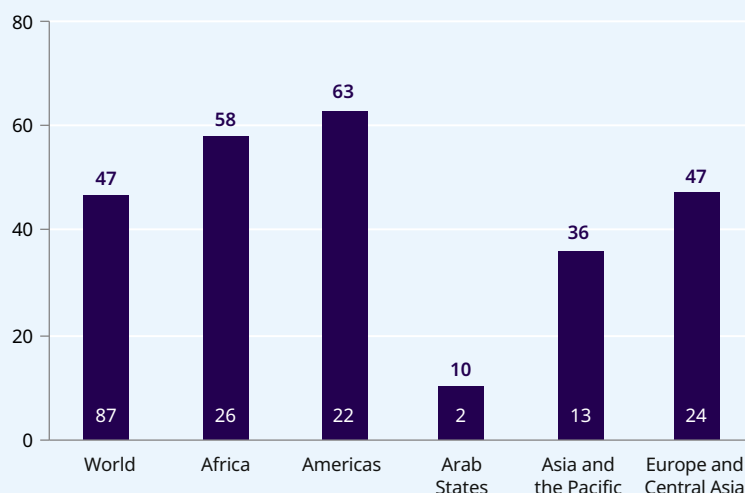
At the national level, the right to a safe and healthy working environment has been recognized in the constitutions of countries around the world. A total of 87 countries include the right to work in environments free of preventable hazards, which may include a state obligation to provide safe working conditions or to address violations thereof (see figure 1.17).⁴⁵

A legal framework acts as a key pillar of national OSH policy and clarifies the roles and responsibilities of employers and the duties and rights of workers (ILO 2017). As OSH requires specialized knowledge of workplace hazards, it often falls to labour inspectorates specializing in OSH issues to ensure compliance with laws. However, as the CEACR has highlighted, countries need to allocate financial and human resources to labour inspection through recruitment of

⁴⁴ As the Convention was adopted in June 2025, no ratifications have currently been recorded, but they should take place from later in 2025.

⁴⁵ Constitute, "Topics: Right to Safe Work Environment".

► **Figure 1.17. Share of countries where the right to safe working conditions is in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: Constitute data (see <https://www.constituteproject.org>).

inspectors and adequate budgets so the inspectorate can operate effectively (ILO 2017). The financial resources are also required to collect of OSH-related data, both to record information and to set future OSH strategies.

**Work-related
death rate
for men
2x
higher**

Workplace mortality and morbidity are difficult to compare due to different national reporting systems. Relying solely on fatality and injury rates from OSH data can be misleading, as countries with better reporting systems may appear more dangerous. Household surveys rarely address work-related accidents or deaths, and vital statistics – typically recorded at hospitals – often lack details on the circumstances of incidents or deaths. To overcome these gaps, the ILO recently released statistical models using data from 2000 onwards (ILO, unpublished). These models define work-related risks to include both occupational injuries from accidents and diseases from long-term exposure to workplace hazards such as chemicals or mining dust.

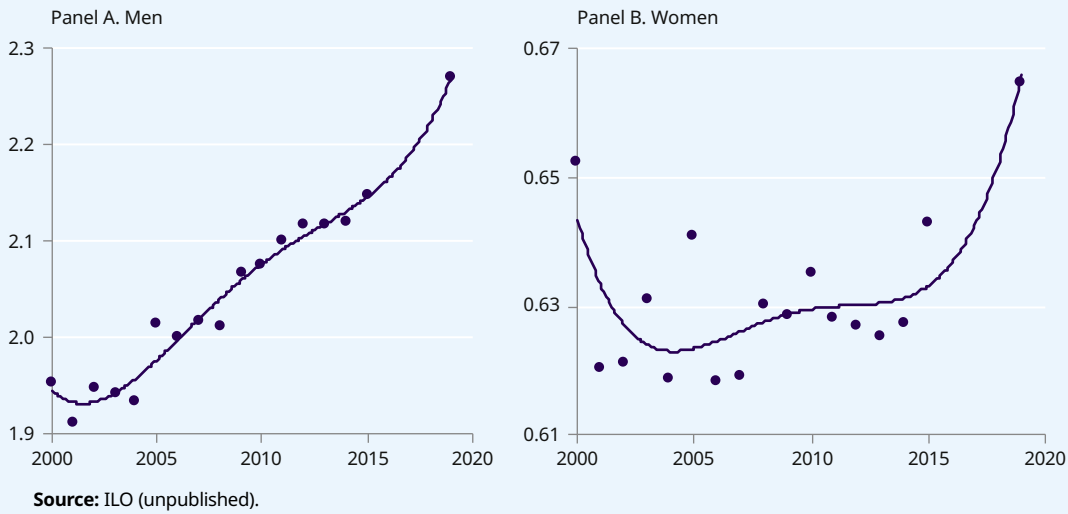
Figures 1.18 to 1.20 show work-related health impacts from 2000 to 2019 in both absolute numbers (in millions of deaths), in rates (deaths per 100,000 workers) and as a percentage of total deaths. Absolute numbers of deaths increased with the growth of the labour force but the rate (deaths per 100,000 workers) and proportionate share of occupational health burdens (the percentage of all deaths that can be attributed to work) declined – although it still remains at concerning levels. As is the case with many indicators in this report, the decline was faster from 2000 to 2010 and slower from 2010 to 2019.

In terms of mortality by sex, men are roughly twice as likely to die as women from work-related accidents and diseases, largely due to differences in participation in sectors with varying degrees of risk. High risk sectors for OSH often involve industrial processes, such as construction and mining, which usually employ more men than women.

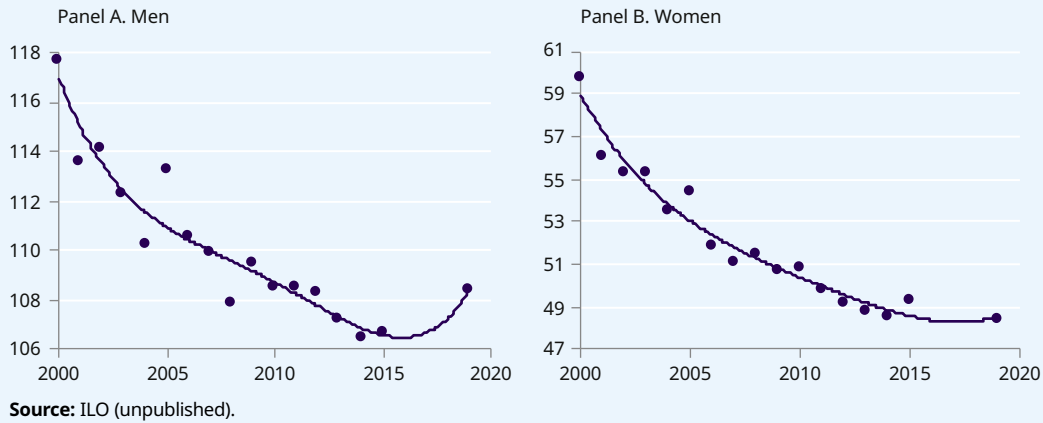
Figures 1.21 and 1.22 show the trend in fatal and non-fatal occupational injuries.⁴⁶ The mortality rate refers to injuries per 100,000 workers and the number of accidents to the absolute number of fatal and non-fatal injuries.

⁴⁶ Work-related deaths include both accidents at the workplace and deaths due to occupational diseases. Figure 1.22 shows only the latter.

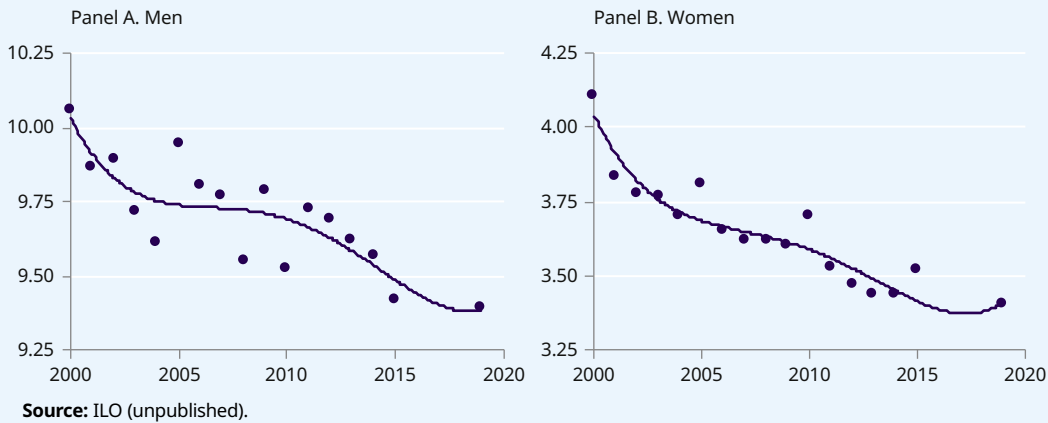
► **Figure 1.18. Number of global work-related deaths, 2000–19 (million)**



► **Figure 1.19. Global work-related death rate, 2000–19 (deaths per 100,000 workers)**

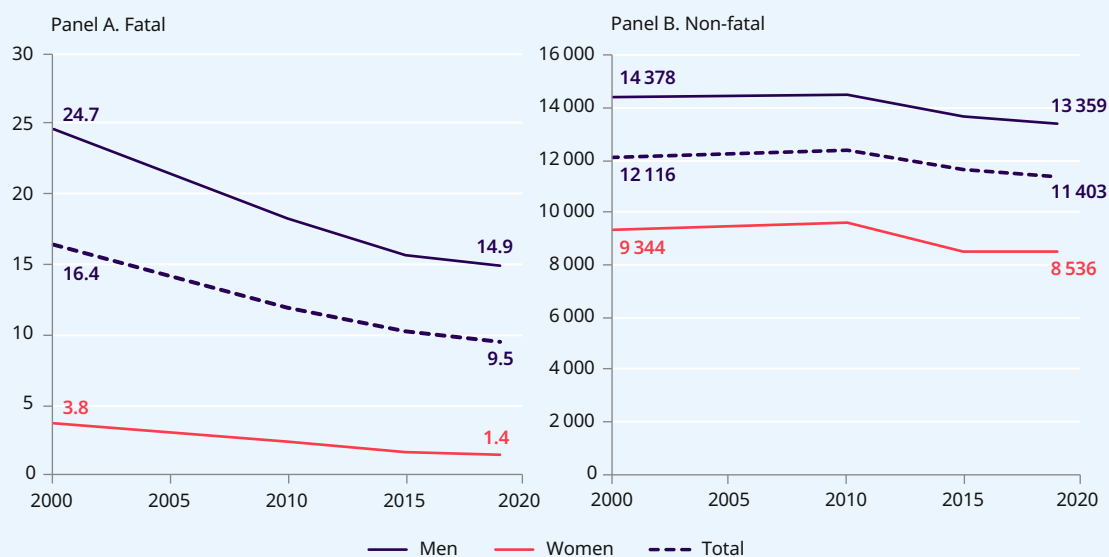


► **Figure 1.20. Global work-related deaths as a share of total deaths, 2000–19 (percentage)**



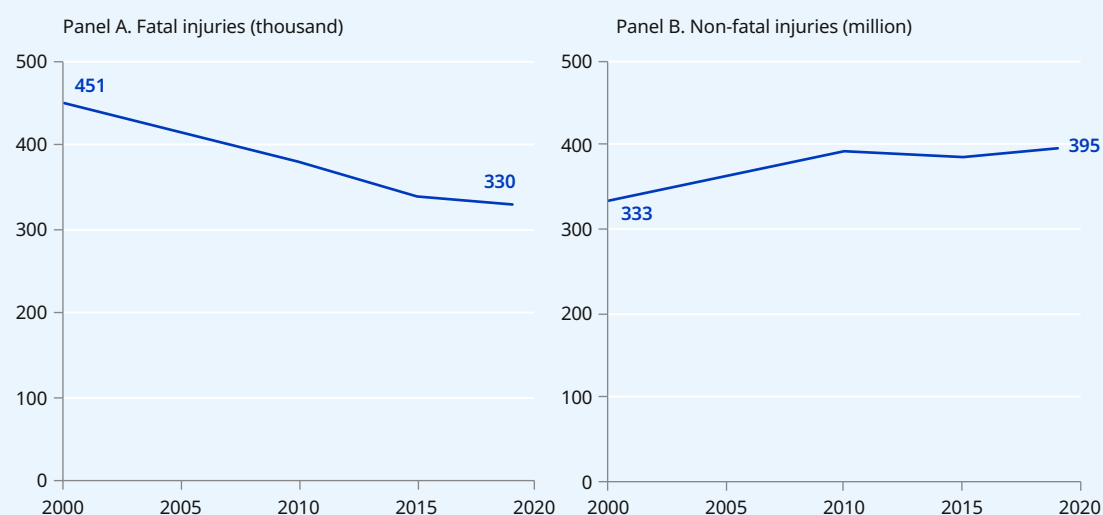
The data indicate that the total number of non-fatal occupational injuries increased with a larger employed population (see figure 1.22, panel B). The number of injuries per 100,000 workers (figure 1.21, panel B) did not change much, with a small drop of 713 injuries per 100,000 workers. The annual number of fatal occupational accidents from 2000 to 2019 fell by more than 120,000 (figure 1.22, panel A), or 27 per cent.

► **Figure 1.21. Global fatal and non-fatal occupational injury rate, 2000–19 (injuries per 100,000 workers)**



Source: ILO (unpublished).

► **Figure 1.22. Number of global fatal and non-fatal occupational injuries, 2000–19**



Source: ILO (unpublished).

Recently, many policymakers have also begun to prioritize mental health in the workplace. For example, psychosocial risks may be related to factors such as job content, work schedule, violence and harassment at work⁴⁷ and workplace culture (ILO 2022b). These factors are not easily measured and may be interrelated, making differences difficult to determine.




1.4. Rights to work, to just and favourable conditions of work and to social security

While the preceding five fundamental rights at work are enabling rights, other labour rights are also clearly designated as human rights. Among those clearly identified as basic human rights in the UDHR, the ICESCR and the ICCPR are the right to work, the right to just and favourable conditions of work (labour protection) and the right to social security. Another essential and enabling right is the right to education, which, because it lays the foundation for equal opportunities, will be discussed in Chapter 2.

1.4.1. Right to work

Guaranteed by the UDHR⁴⁸ and defined in the ICESCR as “the opportunity to gain [one’s] living by work which [one] freely chooses or accepts”,⁴⁹ the right to work is a central part of the mission of the ILO. This right, elaborated in the ICESCR, recognizes that decent work requires safe and healthy working conditions and fair remuneration and must be undertaken freely.⁵⁰ It encompasses all forms of work,⁵¹ whether independent or dependent, paid or unpaid, and includes the right to access a system of protection guaranteeing each worker access to employment (UN 2006, para. 6). It also implies the right not to be unfairly deprived of employment.⁵² As stated in Article 1(1) of the Employment Policy Convention, 1964 (No. 122), the aim of international and national employment policies should be “stimulating economic growth and development, raising levels of living, meeting manpower requirements and overcoming unemployment and underemployment” (addressed further in Chapter 2).



Decent work requires safe and healthy working conditions and fair remuneration and must be undertaken freely.

In this regard, Convention No. 122 requires States to adopt employment policies that promote full, productive and freely chosen employment. Given that for most people, participation in the labour market is their only source of remuneration, Convention No. 122 is a “priority” Convention, one that is most significant for

⁴⁷ The ILO international labour standards on violence at work include the Violence and Harassment Convention (No. 190) and Recommendation (No. 206), 2019. For further information on violence and harassment at work, see ILO and Lloyd’s Register Foundation (2022) and WHO and ILO (2022).

⁴⁸ UDHR, Article 23.

⁴⁹ ICESCR, Article 6(1).

⁵⁰ ICESCR, Article 7. Work as specified in Article 6 of the ICESCR must be decent work. This is work that respects the fundamental rights of the human person as well as the rights of workers in terms of conditions of work safety and remuneration. It also provides an income allowing workers to support themselves and their families, as highlighted in Article 7 of the ICESCR. These fundamental rights also include respect for the physical and mental integrity of the worker in the exercise of his or her employment (UN 2006, para. 7).

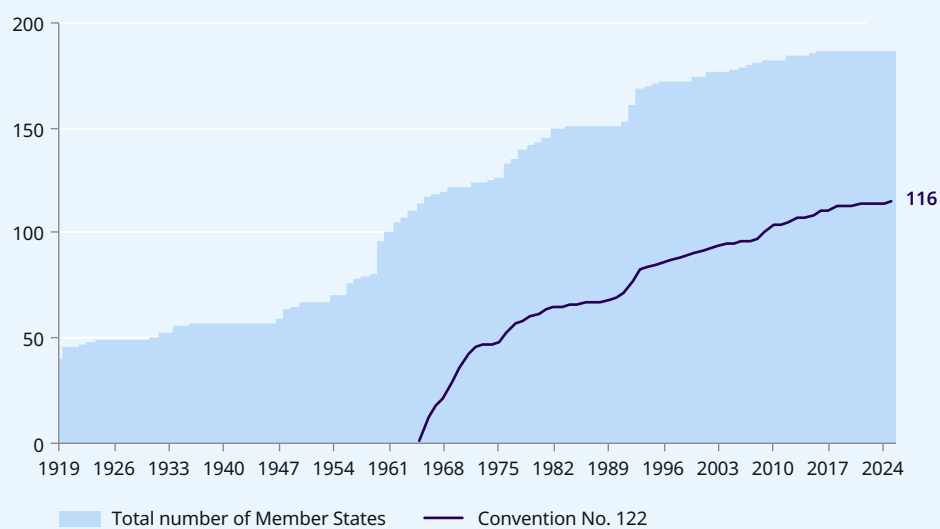
⁵¹ Paid work, as employees or as independent workers (such as own-account workers) represents the main source of income for most people worldwide but does not always meet the definition of decent work. A lack of opportunities to secure formal employment can push workers to seek work in the informal economy, where they have limited rights (UN 2006, para. 10).

⁵² The relevant standards adopted in parallel by the ILO are provided in the Termination of Employment Convention (No. 158) and Recommendation (No. 166), 1982.

labour market governance and recommended for universal ratification. Without adequate opportunities for full, productive and freely chosen employment, too many people and their families have no pathway out of poverty and hunger – their options and those of their children will be limited, with consequential effects on their health, education and full participation in society.

Ratification can help countries to determine how to address both the political commitment to realize the right to work and the national capacity to use employment policies as a tool to advance social justice. Figure 1.23 shows that while ratifications of Convention No. 122 continue to increase, fewer than two thirds of ILO Member States have ratified it, and the pace of ratification is distinctly slowing.

► **Figure 1.23. Ratification of the Employment Policy Convention, 1964 (No. 122), 2025**



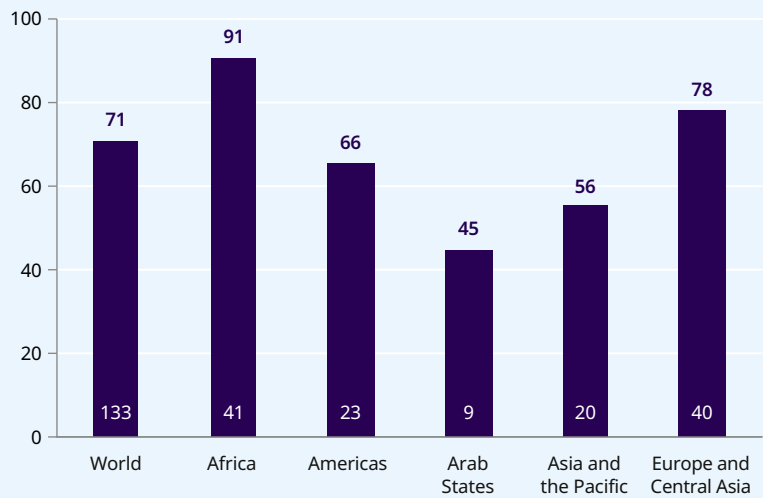
Source: ILO NORMLEX, August 2025.

While the right to work has been thought of as a national policy instrument, many national constitutions recognize the right to work and provide that it is the duty of the state to promote conditions in which all citizens have the right to work (ILO 2020). The right to work provisions have been used in the constitutional principles of some countries to address the impact of technology on workers (ILO 2020). Furthermore, some countries have included constitutional provisions on the nature of the employment relationship (ILO 2020).

The right to work is a constitutional right in 133 countries, almost two thirds of which are in Europe and Africa (see figure 1.24). These provisions can create a legal obligation on the government and a right that people can invoke – either a general right to work or an obligation that the state provide work⁵³ – such a right furthers social justice by obligating the government to increase opportunities for full, productive and freely chosen employment that will create the incomes that allow individuals to care for themselves and their families, and pursue activities consistent with their needs and interests.

⁵³ Definition from *Constitute*, “[Topics: Right to Work](#)”. This is not necessarily the same as the right to choose one’s occupation.

► **Figure 1.24. Share of countries where the right to work is in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of the column.

Source: Constitute data (see <https://www.constituteproject.org>).

1.4.2. Right to just and favourable conditions of work: Labour protection

The right to just and favourable conditions of work is a fundamental human right, encompassing fair remuneration, safe and healthy working environments, and limitation of working hours, as well as periodic holidays with pay. This right is recognized in the UDHR and codified in Article 7 of the ICESCR. The ILO Declaration of Philadelphia recognized that “policies in regard to wages and earnings, hours and other conditions of work [should be] calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”.⁵⁴ These aspects of labour protection are essential to advance social justice and decent work.⁵⁵ Labour protection is about the right to decent working conditions and includes wage and income policies, maternity protection (and protection of family life more broadly), OSH, protection against violence and harassment, working time limitations (including rest periods, holidays and night work) and work arrangements such as shift work or part-time work. OSH has already been discussed in this chapter and wage policies will be discussed in Chapters 2 and 3, so this section will concentrate on working time, in particular on limits on working hours.

Labour protection is about the right to decent working conditions.

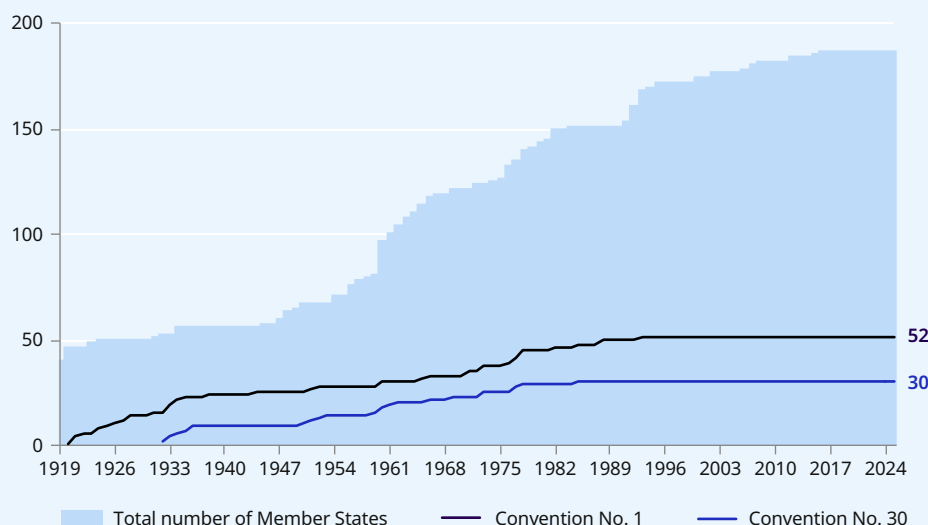
The principle of reasonable limits to working hours was firmly established in the Treaty of Versailles⁵⁶ and in the ILO Constitution, which recognizes the urgent need to regulate the hours of work, including through maximum daily and weekly limits. This commitment was later echoed in international human rights instruments: Article 24 of the UDHR affirms everyone’s right to rest, leisure and reasonable limitation of working hours; while Article 7 of the ICESCR enshrines the right to just and favourable conditions of work, including rest, leisure and periodic holidays with pay. Together, these instruments highlight that the regulation of working time is not only a matter of labour administration, but also a fundamental human right essential to human dignity and social justice.

⁵⁴ Declaration of Philadelphia, Part III(d).

⁵⁵ Social Justice Declaration.

⁵⁶ Treaty of Versailles, Article 427.

► **Figure 1.25. Ratification of the Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30), 2025**



Source: ILO NORMLEX, August 2025.

The ILO's first international labour standard, the Hours of Work (Industry) Convention, 1919 (No. 1), established the eight-hour workday and 48-hour workweek as the international standard (see figure 1.25 for details on ratification). Since then, the ILO has developed a body of instruments addressing various dimensions of working time, including hours of work, night work and part-time work.⁵⁷ In addition, numerous sector-specific instruments contain important provisions regulating working time in line with the particular needs and risks of different industries.⁵⁸

More than
33%
work longer
than 48 hours
a week

A century after the adoption of Convention No. 1, imbalances in working hours persist. Recent studies suggest slightly more than one third of the world's workers still work more than 48 hours per week, while one fifth of the world's workers work short (part-time) hours or even very short hours, despite wanting to work more hours (ILO 2022b, 144, 146). Furthermore, a growing body of research indicates that long working hours pose serious health risk: according to estimates by the ILO and the World Health Organization (WHO and ILO 2021, 12), the leading cause of work-related deaths globally in 2016 was exposure to long working hours (defined as 55 hours or more per week), which accounted for nearly 745,000 deaths.

The organization of working time has a significant impact on workers' physical and mental health, work-life balance and their ability to contribute to society fully. The regulation of working time may also help promote productivity, curb exploitation and enhance overall workplace safety. In particular, and as discussed further in Chapter 4 on fair transitions, as global temperatures rise, working time adjustments, such as shorter shifts and more frequent breaks during the hottest hours, may become critical to reduce workers' exposure to heat stress, helping safeguard health while supporting productivity. Social dialogue can foster inclusive and

⁵⁷ In addition to Convention No. 1: Weekly Rest (Industry) Convention, 1921 (No. 14); Hours of Work (Commerce and Offices) Convention, 1930 (No. 30); Forty-Hour Week Convention, 1935 (No. 47); Night Work (Women) Convention (Revised), 1948 (No. 89); Protocol of 1990 to the Night Work (Women) Convention (Revised), 1948; Night Work Convention (No. 171) and Recommendation (No. 178), 1990; Part-Time Work Convention (No. 175) and Recommendation (No. 182), 1994; Night Work of Women (Agriculture) Recommendation, 1921 (No. 13); Weekly Rest (Commerce and Offices) Recommendation, 1957 (No. 103); Reduction of Hours of Work Recommendation, 1962 (No. 116).

⁵⁸ For example: Plantations Convention (No. 110) and Protocol of 1982, 1958; Hours of Work and Rest Periods (Road Transport) Convention (No. 153) and Recommendation (No. 161), 1979; Working Conditions (Hotels and Restaurants) Convention, 1991 (No. 172); Seafarers' Hours of Work and the Manning of Ships Convention, 1996 (No. 180); Domestic Workers Convention (No. 189) and Recommendation (No. 201), 2011; Maritime Labour Convention, 2006, as amended (MLC, 2006).

effective working time laws. In addition, collective bargaining can improve, adapt or implement working time provisions set out in law and shape working time arrangements that are mutually beneficial and meet the needs of both enterprises and workers (ILO 2018, para. 759).

1.4.3. Right to social security

Social security,⁵⁹ like the right to work, plays a foundational role in social justice by addressing social risks and promoting social inclusion (UN 2008, para. 3). The right to social security encompasses the right to access and maintain benefits, whether in cash or in kind, to address: (i) the lack of work-related income caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member; (ii) access to healthcare; or (iii) insufficient family support, particularly for children and adult dependants (UN 2008, para. 2; UN and ILO 2025). Social security benefits must be universal, adequate in amount and duration, and provide adequate access to healthcare (UN 2008, paras 12, 22).

■ The right to social security encompasses the right to access and maintain benefits and support.

The ILO has worked to make this right a reality by setting out standards for social security systems through the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Social Protection Floors Recommendation, 2012 (No. 202) and other international social security standards. Convention No. 102 establishes globally agreed minimum standards for all nine

branches of social security: medical care as well as benefits in case of sickness, old age, unemployment, employment injury, family care, maternity, invalidity and support for survivors (see figure 1.26 for details on ratification).⁶⁰

Constitutional provisions in general give expression to three basic principles of the right to social security: adequacy, coverage and sustainability. Constitutions may address the right to social security in a variety of ways. Some require the state to adopt social security state policy; some impose a duty on the state to realize social rights (without necessarily including a corresponding individual right to claim social security); while others confer an individual right to social security (and in so doing impose a duty on the state to fulfil the right) (ILO 2011). Some national constitutions focus on specific groups of people or social risks rather than guaranteeing a general right to social security. A total of 118 countries include a constitutional provision obligating the state to provide financial or material resources to children⁶¹ and 132 constitutions also require the state to provide financial or material support for persons with disabilities (see figure 1.27).⁶² The elderly are protected by the constitutions of 120 countries, which require financial or material assistance such as pensions, healthcare or other measures. Finally, 62 countries, over half of which are in Europe and Central Asia, have constitutional requirements that the unemployed receive financial or material resources.

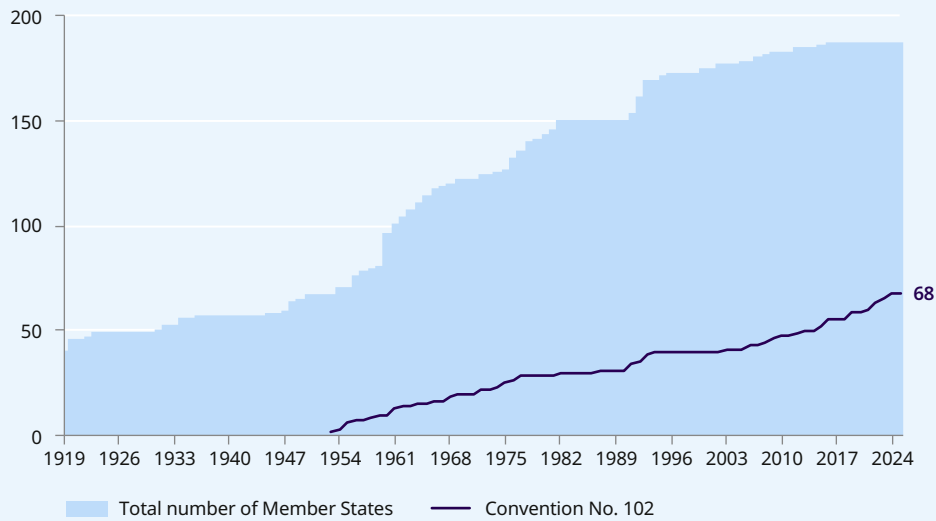
⁵⁹ According to the Social Justice Declaration, social protection is defined as being comprised of labour protection and social security. More recently, social protection has often been used to refer to what the declaration refers to as social security. In most of this report (including all of this chapter), the term social security will be used to refer to in-cash or in-kind benefits and access to healthcare. Related rights include the right to adequate nutrition and housing, and it should be noted that the Declaration of Philadelphia established a “solemn obligation” for the ILO to advance “the provision of adequate nutrition, housing and facilities for recreation and culture” (Part III(i)), and the Workers’ Housing Recommendation, 1961 (No. 115) calls for national policies on “workers’ housing”.

⁶⁰ Convention No. 102 requires that only three of these branches be ratified by Member States and gives flexibility to Member States on implementation, which could include: universal schemes; social insurance schemes with earnings-related or flat-rate components or both; and social assistance schemes. Convention No. 102 does, however, mandate certain principles: a guarantee of defined benefits; participation of employers and workers in the administration of the schemes; state responsibility for the due provision of the benefits and proper administration of the institutions; and collective financing of the benefits by way of insurance contributions or taxation. For more details, see ILO, “[The ILO Social Security \(Minimum Standards\) Convention, 1952 \(No. 102\)](#)”.

⁶¹ Constitute, “[Topics: State Support for Children](#)”.

⁶² Constitute, “[Topics: State Support for the Disabled](#)”.

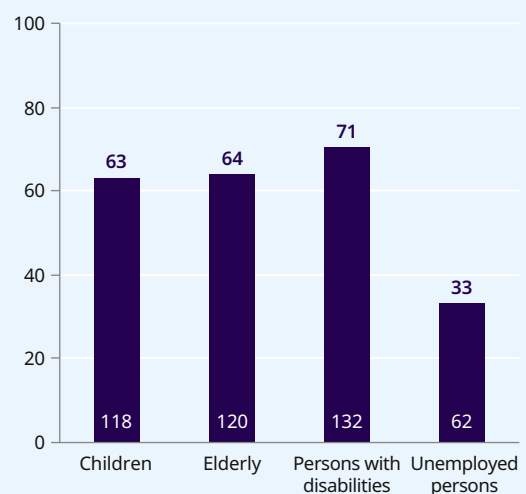
► **Figure 1.26. Ratification of the Social Security (Minimum Standards) Convention, 1952 (No. 102), 2025**



Source: ILO NORMLEX, August 2025.

A host of issues affects whether the principles outlined earlier in the provision of social security are met. As societies age, they must adapt to guarantee the solvency of retirement pensions. Questions have grown over coverage of social insurance mechanisms such as unemployment insurance, including who should be covered and the amounts available. In spite of declining fertility rates, concerns remain about the cost and availability of maternity and family benefits. These financial and coverage questions will continue to pose significant challenges to social actors. These will have broader implications for society and, if not addressed properly, could form the basis for social instability. These questions on adequacy, coverage and sustainability and related data will be presented separately in the two following chapters, particularly Chapter 3. Social actors will also need to engage at national and international levels to determine how social security measures can address key issues society is currently facing and may face in the future (see Chapter 4 on fair transitions).

► **Figure 1.27. Share of ILO Member States where social security provisions are in the constitution, 2024 (percentage)**



Note: Absolute numbers are shown at the base of each column.

Source: Constitute data (see <https://www.constituteproject.org>).




1.5. Conclusion

The respect, protection and fulfilment of human rights at work is vitally important – both as an end (human dignity) and a means to sustainable development. The body of international and regional instruments that define and further these rights and relevant standards continues to grow.

The ILO, in conjunction with other international organizations, plays a pivotal role in advancing human rights and capabilities. While other agencies specialize in the needs of the child (for example, the United Nations Children's Fund), in fundamental rights outside the world of work (for example, the UN Human Rights Council) or in economic growth that will create jobs (for example, the United Nations Conference on Trade and Development, the World Bank and the World Trade Organization), the ILO focuses on the labour rights that give expression to human rights at work, fostering decent work conditions, unlocking human potential and accelerating progress towards global social justice. Only by working in coalition can we advance social justice holistically.

Looking at a variety of metrics, from the ratification of international labour standards and the realization of fundamental principles and rights at work in law and practice, inclusion in constitutional provisions, to the incidence of child labour, forced labour, work-related morbidities and occupational injuries, we begin to discern a picture of the state of social justice in the world. In the 30 years since the first World Summit for Social Development in 1995, progress has been made in reducing child labour and fatal work accidents and expanding statutory protections against forced labour and the coverage of social security systems. Yet, significant challenges remain. Even though constitutional provisions in the majority of countries recognize these rights, they too often go unrealized in practice, limiting social development, curbing human freedoms and restricting economic growth. The total number of people in forced labour has increased. Scores on compliance with freedom of association and collective bargaining rights show deterioration, with continuing denial of these rights to particular groups of workers.

To achieve social justice at the intersection of human rights writ large and those particular to the world of work, the ILO's constituents created the Global Coalition for Social Justice so that our individual efforts could achieve synergies and make progress greater than the sum of its parts. International labour standards, including fundamental principles and rights at work, provide legitimacy through global consensus, level the playing field for transnational engagement, marshal technical cooperation to support implementation, provide the guardrails necessary to navigate crises, and acknowledge that solutions must be as multilateral as the challenges they seek to address.



■ Fundamental international human rights norms and international labour standards offer a toolkit to advance social justice.

This chapter has assessed how fundamental international human rights norms and international labour standards offer a toolkit to advance social justice and govern the world of work. These standards are of enduring value to Member States and social partners to advance a rights-based approach to social justice. To pursue social justice substantively depends on more than mere legal texts – it requires effective implementation, access to justice and compliance mechanisms.

To make progress on the human rights and capabilities pillar of social justice, countries should:

- ▶ fulfil their obligations under human rights instruments, including the UDHR, the ICESCR and the ICCPR, and promote, ratify and effectively apply international labour standards;
- ▶ guarantee freedom of expression, freedom of association and the effective recognition of the right to collective bargaining, which enable other human and labour rights;
- ▶ allow all people to grow and develop in conditions of freedom and dignity, by strengthening enforcement against child labour and forced labour;
- ▶ embed the principle of non-discrimination in legal frameworks;
- ▶ embrace the interdependence of fundamental human rights within and beyond the world of work.

Key recommendation

Strengthen institutions to ensure that fundamental human rights are respected and realized, and that there are effective remedies for violations.



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Equal access to opportunities Overcoming barriers

Chapter 2

Fair would be all people having the right to work, the right to education and a salary that matches your needs.

Laila, domestic worker
ILO field interviews, 2024

Key points

- ▶ Economic growth is not sufficient to ensure decent work and social development.
- ▶ Equal opportunities require overcoming barriers to participation in society, including through education, prohibition of discrimination and efforts to ensure inclusion for women and people in vulnerable groups.
- ▶ Despite progress, targeted interventions are required to ensure full and equal participation for youth and women in education, training and work.
- ▶ Informality remains widespread and persistent, especially in developing countries, and presents a major barrier to decent work and social justice.

Equal access to opportunities is a pillar of social justice. It means the possibility of quality, accessible education for all, both of its own virtue as well as a precursor to earning a decent living through productive and freely chosen work and that this possibility is available to all. Besides a good pay cheque, it also means that people have the opportunity to pursue their material well-being and attain meaningful work in conditions of economic security. Equal access to opportunities also encompasses those who desire to establish and work in their own business, supporting their family and contributing to the economy at large through entrepreneurial skills. Sustainable enterprises need an enabling environment, particularly for micro, small and medium-sized enterprises (MSMEs), which often face structural barriers to productivity growth, such as limited access to finance, skills and technology.

Equal access to opportunities is a pillar of social justice.

The three decades since the first World Summit for Social Development have seen both economic highs and lows. Economic growth and convergence, such as that seen during the

2000s, helped to create jobs and reduce poverty globally. Periods of relative stagnation and uncertainty, such as the one ushered in by the 2008–09 global financial crisis, led to increased unemployment, which in some cases was worsened by excessive austerity measures. Similarly, unexpected events, such as the COVID-19 pandemic in 2020, have brought severe, if temporary, disruptions to the global economy and labour markets. When economies experience natural and financial crises with devastating effects on labour markets, tailored strategies can help mitigate the worst effects.

Economic growth is necessary but not sufficient to guarantee decent work. The quality of jobs, particularly as viewed through the lens of formal employment, does not automatically move in tandem with GDP. Similarly, trade and investment are important drivers of job creation in developing countries, but the quality of jobs may fall short of decent work goals. The private sector is the main vehicle for job creation, accounting for 70 to 80 per cent of all employment. Nevertheless, most of these jobs are in small enterprises, which face constraints to achieving decent work, particularly those in the informal economy.

Informality has been slowly falling over several decades, but the transition to the formal economy has stalled in recent years. The global share of informal employment (informality rate) has declined by just 2 percentage points over the last 20 years; and in low-income countries, informality affects roughly six of every ten workers, meaning that formal employment remains accessible to only a minority of the workforce. While growth is rarely jobless in developing countries, the challenge of creating equal opportunities for decent and productive employment persists. The environmental, digital and demographic transitions will make the task even harder.

Nonetheless, there has been some progress in overcoming barriers. On the supply side, there has been substantial improvement in educational attainment since the first World Summit for Social Development, particularly in developing countries and especially among girls and young women. In general, the higher the educational attainment, the better the quality of jobs which can be accessed. Even so, for millions whose highest educational attainment is a high school diploma, available jobs, often at low wages or in the informal economy, are generally not in line with their aspirations nor sufficient to ensure an adequate standard of living. For others who managed to acquire a higher education degree, there may not be enough jobs that make use of their knowledge. Both limitations contribute to the crisis of trust in institutions and lead to wasted human potential.

This chapter assesses trends in labour market outcomes and examines the barriers and enablers of access to equal opportunities for decent and productive employment. Consideration is also given to the role of sustainable enterprises and the challenges businesses, especially MSMEs, face. The chapter then articulates the different components of the comprehensive policy approach needed for advancing this critical pillar of social justice.

2.1. Opportunities in the world of work: How we have fared

As explained in Chapter 1, the international community widely recognizes the centrality of decent work for all to achieve social justice. The Declaration concerning the aims and purposes of the ILO (1944) (Declaration of Philadelphia) explicitly states that the achievement of full employment is one of the solemn obligations of the ILO. The Universal Declaration of Human Rights (UDHR),¹ the International Covenant on Economic, Social and Cultural Rights, the Employment Policy Convention, 1964 (No. 122), and, most recently, Sustainable Development Goal (SDG) 8 all address the importance of freely chosen and productive employment.

Education also serves a critical purpose in decent work. The Preamble to the ILO Constitution and the ILO Declaration of Philadelphia as well as Article 26 of the UDHR affirm the right to education and lifelong learning. These international standards must nevertheless be translated into action in national policies and thereafter into results in employment. This section analyses key employment indicators to assess progress in equal opportunities for decent and productive employment.

Education serves a critical purpose in decent work.

2.1.1. Continued prominence of informality

Assessing equal access to opportunities for decent and productive employment requires going beyond a singular focus on the unemployment rate. While the unemployment rate reflects economic conditions in more advanced economies, especially during and following periods of crisis, and is a highly relevant indicator of the challenges young people face in making the transition from school to work,² it does not fully reveal the broader challenge of creating decent, formal jobs, let alone capturing the different forms of labour underutilization. The trends over the last 20 years show that the greatest challenge globally are persistently high rates of informal employment, which accounts for approximately 58 per cent of total employment (see figures 2.1 and 2.2).

As expected, the share of informal employment in the working-age population (aged 15 and over) declines as income rises, with the highest percentage found in low-income countries (53.0 per cent) followed by lower-middle-income countries (46.8 per cent). When much of the population is engaged in informal employment, including as street vendors, in informal workshops, and as domestic workers and agricultural labourers, access to social protection and other benefits is limited or non-existent.

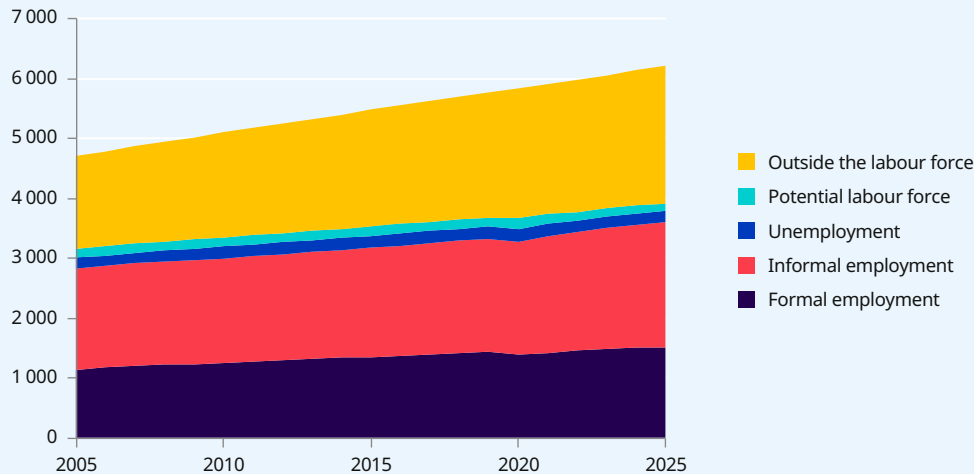
Unemployment accounts for just 3 per cent of the working-age population in 2025, down from 4 per cent in 2005. The unemployed population share varies less by income level, implying that the unemployment rate is a limited indicator for capturing labour market dynamics across different country income groups. The potential labour force, which captures people who are currently outside the labour force but ready to join it, accounts for 2.2 per cent of the working-age

¹ UDHR, Article 23.

² The scarring effects of crises, including its impact on unemployment for young people, have been well documented in the empirical literature (Kahn 2010; Schwandt and von Wachter 2019). From a broader societal perspective, unemployment has been shown to be causally related to crime (Britto, Pinotti and Sampaio 2022; Raphael and Winter-Ebmer 2001), an increased risk of suicide and suicide attempts (Milner, Page and LaMontagne 2013) and have a negative impact on mental health and drug use (Yang et al. 2024). Joblessness can lead to social exclusion (Pohlan 2019) and lower life expectancy (Sede and Ohemeng 2015), among many other consequences. This underscores the importance of comprehensive policy approaches to address not only the economic aspects of unemployment but also its broader social and health-related consequences.

population globally in 2025. The potential labour force reaches 5.8 per cent in low-income countries (Africa has the largest share of these workers).³

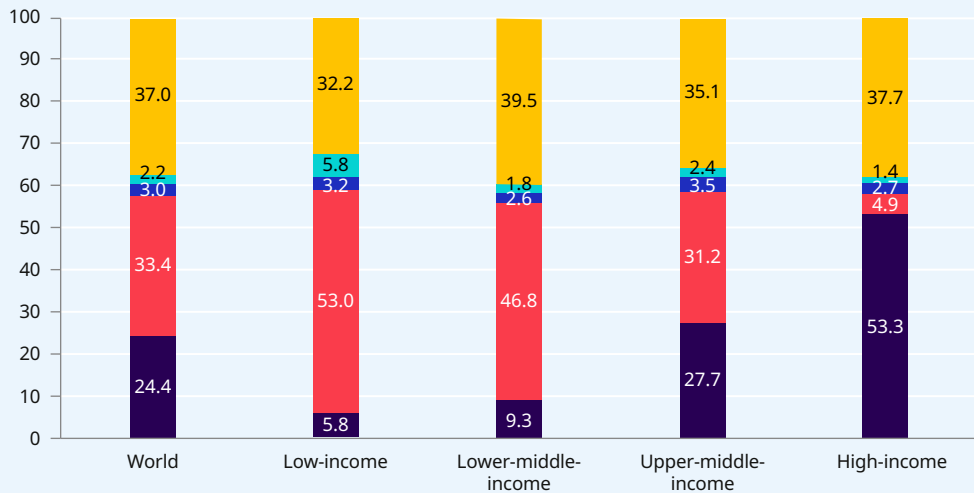
► **Figure 2.1. Labour market outcomes of the working-age population, 2005–25 (million)**



Note: The working-age population is defined as those aged 15 and over. For further information on the definition of outside the labour force, see ILO, “Persons Outside the Labour Force: How Inactive Are They Really?”.

Source: ILOSTAT, ILO modelled estimates, November 2024.

► **Figure 2.2. Labour market outcomes of the working-age population by country income group, 2025 (percentage)**



Note: The working-age population is defined as those aged 15 and over. For further information on the definition of outside the labour force, see ILO, “Persons Outside the Labour Force: How Inactive Are They Really?”.

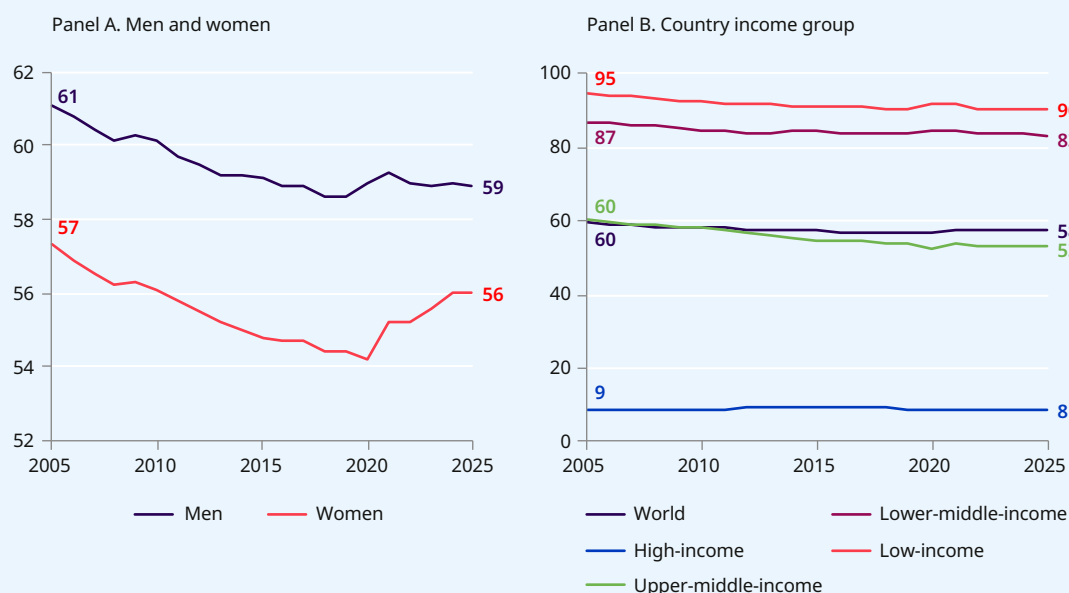
Source: ILOSTAT, ILO modelled estimates, November 2024.

3 ILO, “Persons Outside the Labour Force: How Inactive Are They Really?”.

2.1.2. Trends in informality by sex and income

A job with low pay, an unhealthy working environment, no right to join or form a union, overly long hours, or discriminatory conditions, including violence and harassment, is not decent work and is incompatible with social justice. These kinds of jobs, often of low productivity and informal, limit the ability of workers to fulfil their potential for themselves, their families or society. While some formal jobs fall short of decent work and informal jobs vary widely in quality, no informal job can be fully considered decent work. As shown in figure 2.2, informal employment accounts for the largest share of the working-age population in developing countries. Between 2005 and 2025, the global informality rate – which is the share of informal employment in total employment – declined from 61 to 59 per cent for men, representing a gradual but slow fall (see figure 2.3, panel A). The informality rate for women fell from 57 per cent in 2005 to 54 per cent in 2020, before experiencing a rise of almost 2 percentage points by 2025, during and following the COVID-19 pandemic (a phenomenon most notable in lower-middle-income countries).

► **Figure 2.3. Informality rate by sex and country income group, 2005–25 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

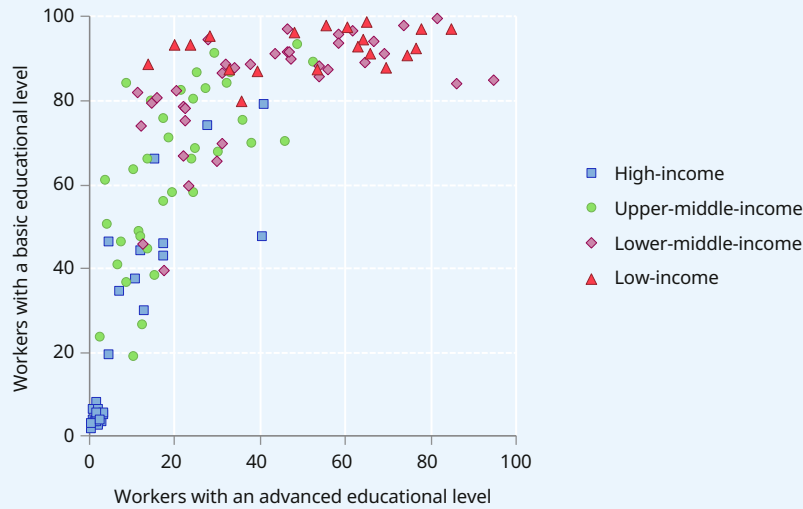
Reductions in informality from 2005 to 2025 are evident in all country income groups, but are most notable in upper-middle-income countries, which experienced a decline in the informality rate of 7.5 percentage points. The informality rate is significantly higher in low- and lower-middle-income countries and has fallen at a slower pace. More concerning, the decline in the informality rate has slowed down since 2015, including in lower-middle-income countries, which suggests that growth in these countries is failing to deliver formal employment, and thus decent work.

Overall, economic growth is less and less likely to deliver formal employment. At the start of the twenty-first century, 1 per cent growth led to a 0.50 per cent rise in formal jobs – faster than overall employment growth. Since 2015, however, this relationship dropped to 0.38 per cent, showing a weaker link between growth and formal job creation (ILO 2025a, para. 18).

► The informality rate in upper-middle-income countries has declined 7.5 percentage points since 2005, while globally the reduction is only 2 points.

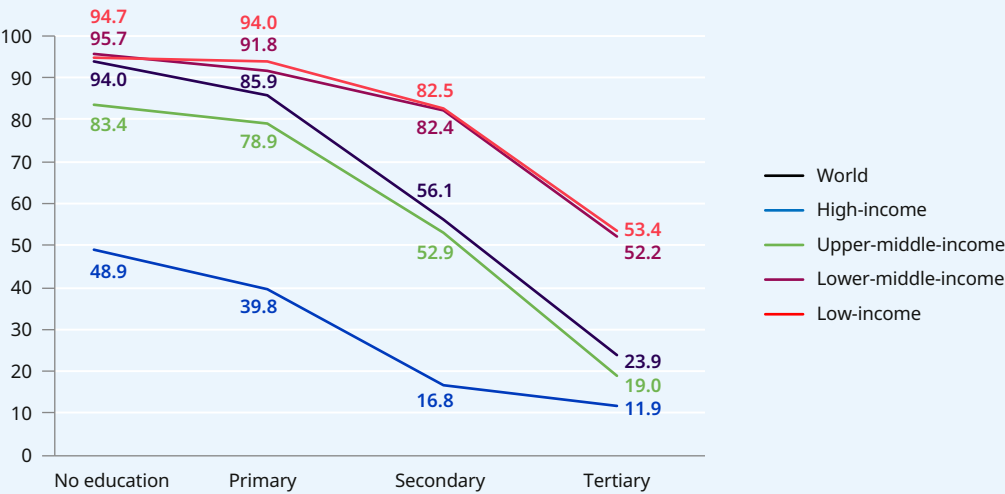
Worker educational levels and, to a lesser extent, age are also related to formalization. In all but 2 of the 122 countries for which there are data, the informality rate is higher for workers with a basic educational level than for those with an advanced educational level (see figure 2.4). The gap can be quite large, even in low-income countries (see figure 2.5). But while workers with a higher education level may have a reasonably strong guarantee of better-quality work, they may be unemployed (or in other forms of labour underutilization) more often or for longer than workers with lower educational levels because of the scarcity of such jobs. Importantly, decent work is not a privilege reserved for those with greater educational achievement. If decent work is to be available to all, the focus must also be on creating an enabling environment in which decent work can thrive for workers of all levels of educational attainment.

► **Figure 2.4. Informality rate of workers with basic and advanced educational levels by country income group, latest year (percentage)**



Source: ILOSTAT and ILO (2023a).

► **Figure 2.5. Informality rate by schooling level and country income group, latest year (percentage)**



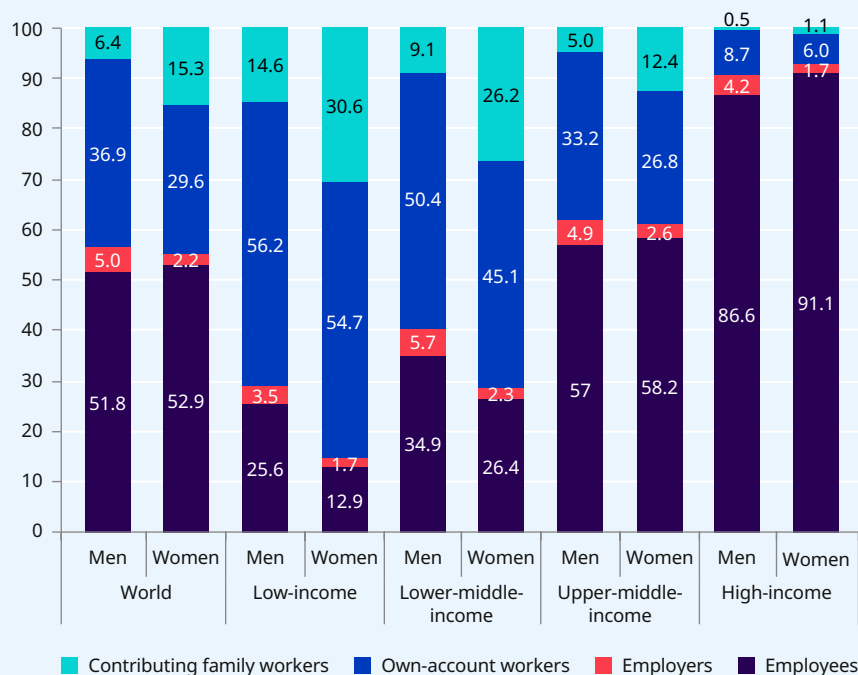
Source: ILOSTAT and ILO (2023a).

A worker's employment status⁴ – or the nature of the employment relationship – is also strongly linked to informality. In 94 per cent of the 134 countries with reliable data, the informality rate is twice as high among the self-employed, which includes those working on family farms and for themselves as street vendors, as among employees (ILO 2023b).

The self-employed (mainly own-account workers and contributing family workers, along with employers) still represent the largest category of workers in developing countries (see figure 2.6). The share of employees in low-income countries is just 12.9 per cent for women and 25.6 per cent for men, with the difference largely driven by the dominance of women's role as contributing family workers. The share of employees in total employment rises with income level and only exceeds 50 per cent in upper-middle- and high-income countries.

▀▀ The informality rate is twice as high among the self-employed.

► **Figure 2.6. Share of employment status by sex and country income group, 2023**
(percentage)



Source: ILOSTAT, ILO modelled estimates, November 2024.

The persistence of informality and the dominance of self-employment in developing countries are reflections of the same overarching challenge: inadequate creation of salaried jobs. While a proportion of all employment in a healthy labour market includes some entrepreneurs, the lack of wage and salaried employment poses major challenges to providing access to social protection and other benefits in many countries.

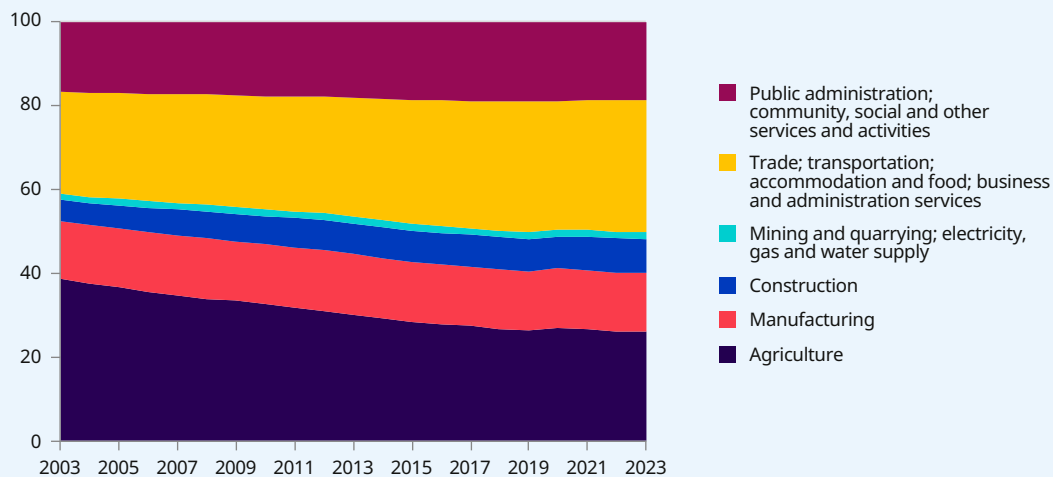
Another closely aligned indicator is the distribution of employment by economic sector, as differences in productivity across economic sectors can affect working conditions, particularly wages. A central feature of economic development since the Industrial Revolution has

⁴ Employment status classifies workers across categories based on the location of their job and the nature of the employment relationship: employees, employers, own-account workers and contributing family workers.

been the shift of workers and capital from low-productivity sectors, namely agriculture, to high-productivity sectors, which has been traditionally manufacturing. However, this classic development path is not being repeated in many regions, particularly as technology has left manufacturing less labour-intensive. Consequently, workers leaving agriculture often end up in the highly heterogeneous services sector, often in its low-productivity segments. An economy in which employment is dominated by low-productivity sectors constitutes an important barrier to decent work. Therefore, promoting structural transformation that enables such work continues to represent one of the main overarching development goals for low- and middle-income countries.

Sectoral distribution trends reveal that the global share of employment in agriculture fell from 38.5 per cent in 2003 to 26.1 per cent in 2023 (see figure 2.7). As noted earlier, rather than resulting in a rise in the share in manufacturing employment, which continues to be at around 14 per cent, it led to an increase in the services sector, particularly in trade, transport, accommodation and food, and business and administrative services, which rose from 24.2 per cent in 2003 to 31.6 per cent in 2023.

► **Figure 2.7. Distribution of employment by sector, 2003–23 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

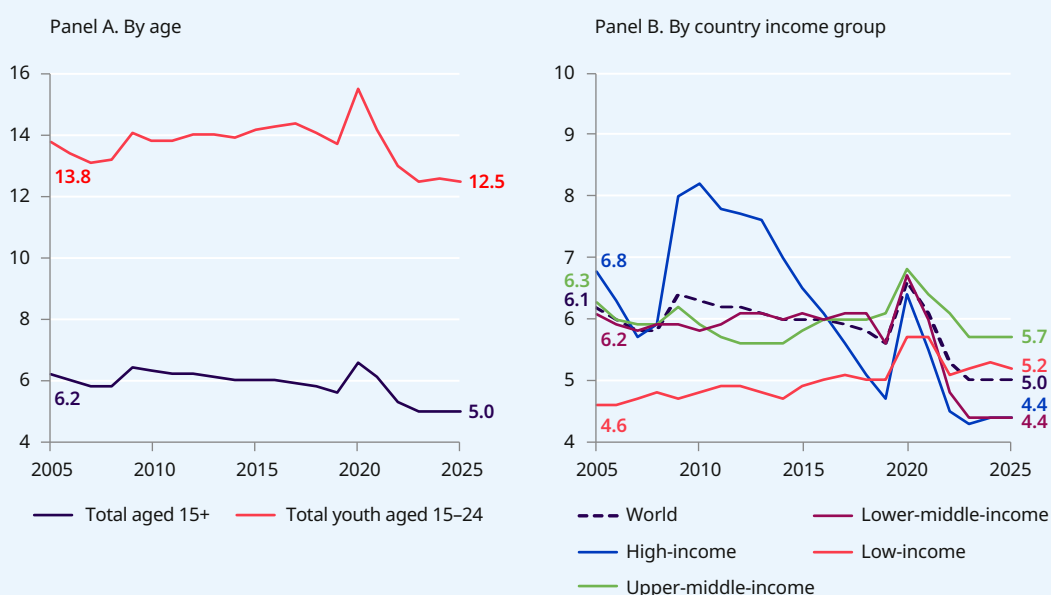
Unfortunately, the services sector struggles to create decent and productive employment, particularly in low- and middle-income countries.⁵ Only upper-middle-income countries have been able to increase manufacturing employment, with a rise from 15.6 per cent in 2003 to 18 per cent in 2023. However, this figure has not moved for several years and remains far lower than the manufacturing employment shares of advanced economies earlier in their development process (including in the first half of the twentieth century). The share in manufacturing in low-income countries has stagnated over the last 20 years from the level achieved in 2003 (5.6 per cent). While not all manufacturing employment comprises high-paying, quality jobs, manufacturing is a sector that provided much decent work during the last century. Loss of these manufacturing jobs combined with the structural difficulties much of the services sector faces in providing decent work have compounded world of work challenges and contributed to the growing lack of trust in institutions.

5 This is a long-running debate; see ILO (2023b, 2024).

2.1.3. Unemployment and labour underutilization

The unemployment rate⁶ is typically considered the main indicator of labour market conditions, even if it only represents a small share of the working-age population. In advanced economies, the unemployment rate has been seen as an important reflection of economic conditions, along with structural barriers for certain groups, especially youth. The global financial crisis of 2008 to 2009 resulted in a sharp increase in unemployment around the world, which persisted during the post-crisis period, particularly for youth (see figure 2.8). The short-term impact of the COVID-19 lockdowns on unemployment was even more severe than the global financial crisis but was followed by a sharp recovery, supported by large stimulus packages and targeted policies. The youth unemployment rate, more than twice the level for the total population aged 15 and over, persisted at around 14 per cent post-crisis and did not return to a lower rate until after the COVID-19 pandemic. Differences between unemployment rates for men and women are much more modest (not shown in figure 2.8).

► **Figure 2.8. Unemployment rate by age and country income group, 2005–25**
(percentage)



Source: ILOSTAT, ILO modelled estimates, November 2024.

While these characteristics of unemployment are well known and much discussed in other reports, one trend has emerged in recent years: a divergence between low- and high-income countries. The unemployment rate has typically been higher in high-income countries, most notably after the global financial crisis, resulting from their greater exposure to the ensuing “Great Recession”. However, the unemployment rate in these labour markets fell sharply pre-COVID-19 and, despite a sharp rise in 2020 and 2021, quickly returned to a downward trend, reaching historical lows in 2024 and 2025 (at 4.4 per cent). Two factors have contributed to this trend in high-income countries: increasing labour shortages arising from an ageing population and better policy measures (for example, EU youth employment guarantees and dual education systems) that have helped the jobless, especially youth, find employment. It is also important

⁶ The definition of unemployment used by ILOSTAT is rigorous: to be considered unemployed, an individual must be without employment (not have worked for pay or profit for more than one hour during the reference week), be available to take up a job within two weeks if an opportunity arises and have been actively seeking a job during the preceding month. This rigorous definition of unemployment identifies those outside employment with the most pressing need for employment and the strongest labour market attachment. For this reason, policymakers focus on unemployment as a key priority and a headline labour market indicator.

to note that part of the post-COVID-19 decline in unemployment reflects a reduction in labour force participation, as many workers temporarily or permanently exited the labour market.

Conversely, the unemployment rate has historically been lower in low-income countries (4.6 per cent) than in high-income countries (6.8 per cent), reflecting that in these labour markets, most people cannot afford to remain unemployed and thus turn to own-account work in the informal economy. By 2025, however, the pattern reversed with an unemployment rate of 5.2 per cent in low-income countries versus 4.4 per cent in high-income countries. In 2025, the highest unemployment rate is in upper-middle-income countries (5.7 per cent).

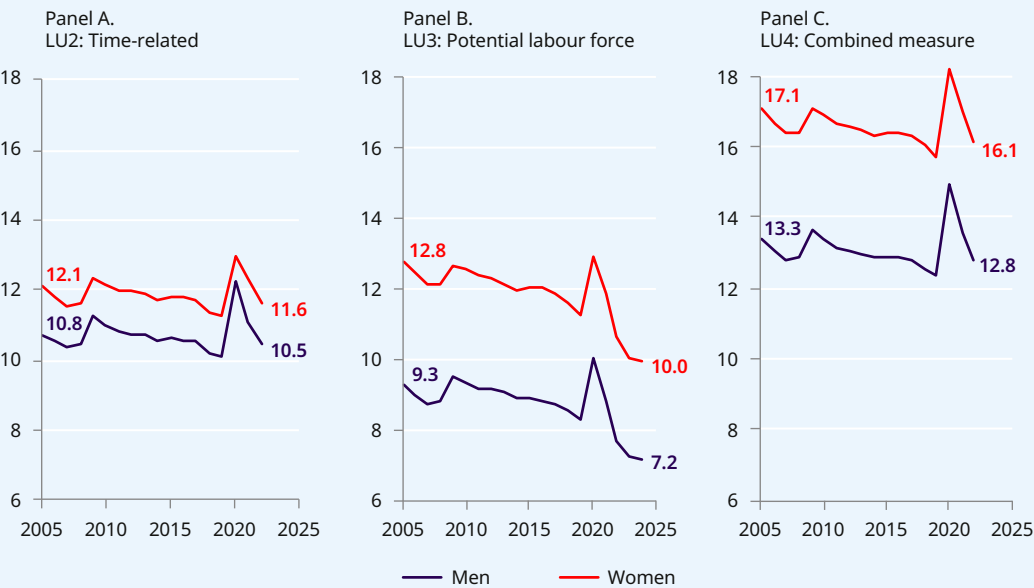
Disparities in unemployment are also associated with other characteristics. For example, unemployment rates for persons with and without disabilities show a large and persistent gap. Based on data for the 13 mostly high-income countries that have an unbroken series of data from 2004 to 2022, the unemployment disability gap in 2022 was at 9.5 percentage points – a slight downward trend from 2004 to 2022.

Other measures of labour underutilization

Beyond the narrowly defined unemployment rate, labour market underutilization can be better assessed using other indicators, including time-related underemployment and the potential labour force. Time-related underemployment refers to employed people who work fewer hours than they want and are available to work. The potential labour force refers to people out of employment who would like to work but are either not actively searching for a job or not available for work and thus outside the labour force. The LU2 measure refers to time-related underemployment; the LU3 measure refers to the potential labour force; and the LU4 measure combines both concepts.

Figure 2.9 shows that, in contrast to the open unemployment rate (LU1), in which there is not much of a sex disparity, when insufficient working hours are considered, a gap of 1 percentage point opens between men and women (LU2). The gap increases to nearly 3 points when discouraged workers and others in the potential labour force are included (LU3). When both are combined, the gap rises to 3.3 points (LU4), which likely reflects unpaid care work and other structural inequalities.

► **Figure 2.9. Labour underutilization rate by sex, 2005–23 and 2005–24 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2022 and November 2024.

Labour underutilization rates are highest for lower country income levels (see figure 2.10), which differs from the income-level patterns observed for unemployment, highlighting the importance of considering all forms of labour underutilization. In other words, when all relevant indicators are considered, every country has more work to do in terms of creating productive opportunities that promote social justice.

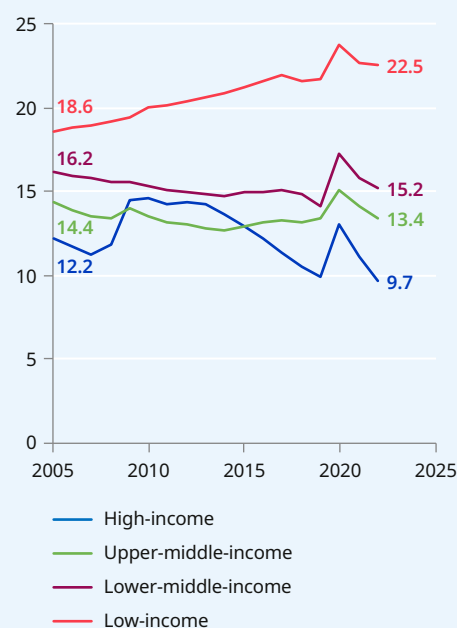
2.1.4. Women's employment and barriers to participation in the labour market

Gender disparities are found in labour markets around the world and are affected by a range of supply and demand-side barriers, including inadequate job creation (leading to too few opportunities outside the home), social norms, education and skills mismatches, a lack of childcare facilities and infrastructural gaps that create security issues for women (Verick 2025). These barriers can result in low labour force participation rates, occupational segregation, gender wage gaps and higher rates of labour underutilization – all of which undermine equal access to opportunities.

The global labour force participation rate, which is the share of employed and unemployed as a ratio of the working-age population, has fallen among school-age youth due to higher school enrolments (a positive trend for both young men and women). Thus, despite falling female labour force participation rates from 2005 to 2025, the participation gap between men and women has narrowed slightly, from 26 to 24 percentage points from 2005 to 2025 (see figure 2.11). Notwithstanding the significant impact of the COVID-19 lockdowns on women's employment (especially among young women) in 2020, the global labour force participation rate for women bounced back from 2022 to 2024 to a level witnessed more than a decade ago and around a percentage point above the level predicted by the pre-COVID-19 (downward) trend.

One broader, widely examined perspective is the U-shaped relationship between economic development and women's labour force participation.⁷ The conventional argument is that when a country is poor, women work out of necessity, mainly in subsistence agriculture or home-based production. As a country develops, economic activity shifts from agriculture to industry, which benefits men more than woman. At higher stages of economic development, education levels rise, fertility rates fall and social norms shift, enabling women to apply their advanced education levels to opportunities in the services sector. While such a relationship is (weakly) evident in cross-sectional data, it is not as robust when looking at longitudinal trajectories (Verick 2025). Countries, even at the highest income levels, continue to experience significant gaps between men and women in their labour

► **Figure 2.10. Combined labour underutilization measure (LU4) by country income group, 2005–22 (percentage)**

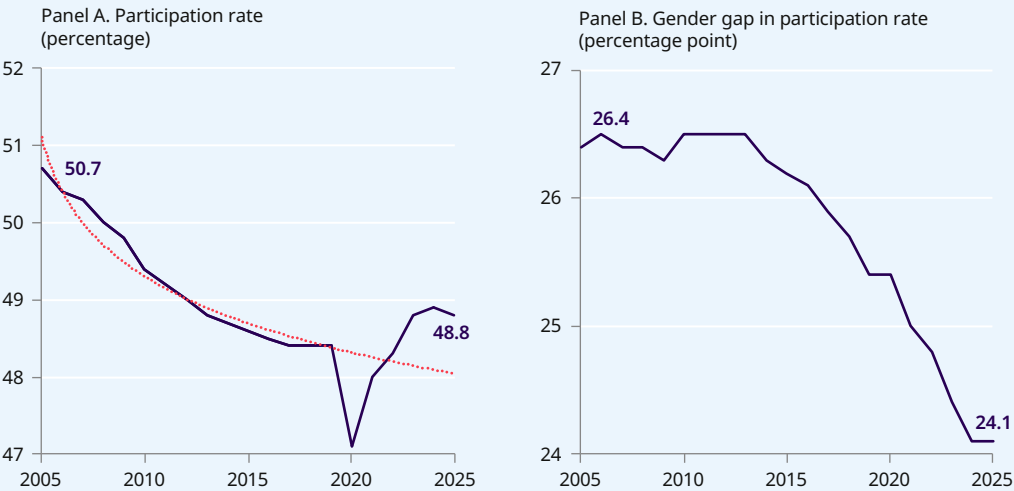


Source: ILOSTAT, ILO modelled estimates, November 2024.

► The gap in the labour force participation rate between men and women has narrowed slightly from 26 to 24 percentage points from 2005 to 2025.

⁷ Most notably by Goldin (1995).

► **Figure 2.11. Global estimates of the labour force participation rate for women and the gender gap in participation rates (aged 15 and over), 2005–25**



Source: ILOSTAT, ILO modelled estimates, November 2024.

force participation rates: the experience of high-income countries is not a predetermined path for other economies unless policy measures support that process.

There is a strong relationship between unpaid care responsibilities and labour force participation rates. Care responsibilities, however, constitute only one factor affecting women’s ability to work and access decent jobs. While labour force participation rates are seen as a higher-level indicator, they do not reflect differences in the quality of employment or other forms of labour underutilization. It is important to keep in mind that the significant disparities facing women in the world of work do not arise solely because of differences in unpaid care work. Occupational segregation – where workers are clustered in certain lower-paying sectors or roles based on sex, age, ethnicity or other characteristics – and the ensuing challenge to ensuring equal pay for work of equal value discussed in Chapter 1, undermines efforts to create equitable access to decent work, thereby undermining social justice as well.

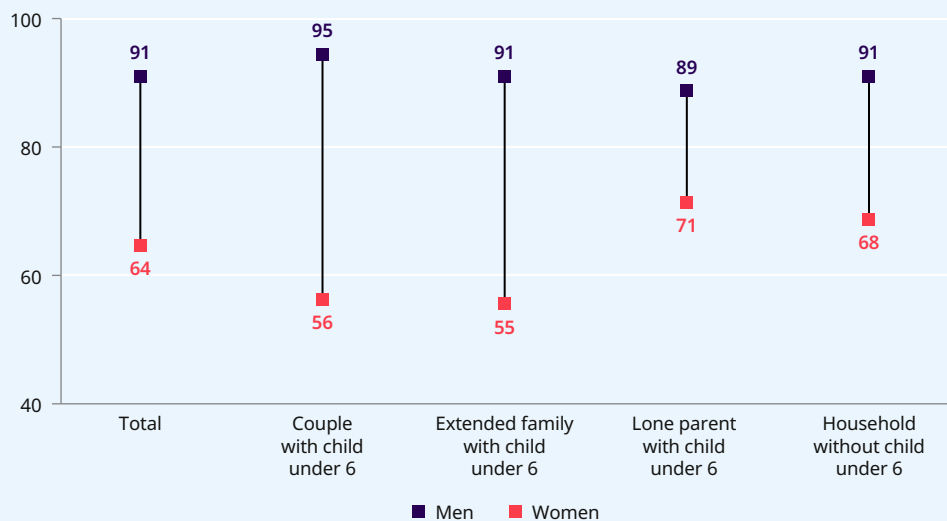
ILO global estimates of labour force participation rates by household type indicate that the labour force participation rate is the lowest for women in extended family households and in households with a partner and children under the age of six (see figure 2.12). Even in the case of households without children under the age of six, women have significantly lower participation rates than men, who do not experience the same variation across household types. Women who are single parents have the highest labour force participation rates of all women, which reflects the reality that, with few exceptions, employment is the main avenue of generating the income needed to manage a household and raise children.

About 18 billion hours a day of unpaid work are spent on cooking, cleaning and caring for infants, the sick and elderly persons – on average over 2 hours per person per day.⁸ Many of these workers, who are mostly women, are also paid workers. Others are not in paid employment and devote all their working hours to their households, families and communities. Some of these workers might also prefer to work for pay if they had enough time or had jobs that would make it possible to continue with their care work.

⁸ ILO (2018) states that there are 16.4 billion daily hours of unpaid care work; updating this with the growth in the labour force yields 18 billion.

Globally,
women
perform
76.2%
of care work,
3.2x
more than
men

► **Figure 2.12. Global prime-age labour force participation rate by sex and household type, 2023 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

The disparity in unpaid care work represents a major barrier to women's labour force participation. Women around the world perform, on average, 76.2 per cent of the total of hours devoted to care work, dedicating 3.2 times more time than men: 4 hours and 25 minutes per day, against 1 hour and 23 minutes for men (ILO 2018). Over the course of a year, this represents a total of 201 workdays (on an 8-hour basis) for women compared with 63 workdays for men. Differences in unpaid care work means that women are time-poor, which constrains their participation in the labour market.

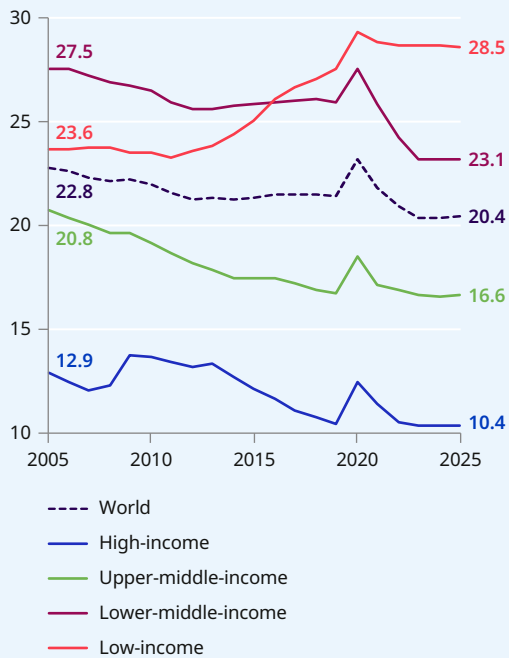
2.1.5. Beyond the unemployment rate: The challenge of young people not in employment, education or training

Policymakers around the world are rightly concerned about heightened and persistent youth unemployment rates, particularly during and following periods of crisis (and as a driver of crisis and weak social cohesion stemming from the frustrations young people experience in the labour market). However, the challenges young people face in gaining a foothold in the labour market go beyond unemployment. For this reason, global and national focus has shifted to a broader indicator, the share of young people not in employment, education or training – the NEET rate — as outlined in SDG target 8.6.

▀▀ In 2025, 28.2% of young women were not in employment, education or training, compared to 13.1% of young men.

Despite the general trend of lengthening educational trajectories, one of the most persistent challenges in the world of work is the stubbornly high NEET rate of young people – in other words, those who are neither engaged in the job market nor preparing themselves for it through education or training. This is typically not by choice (ILO 2024). The global NEET rate has fallen slowly over recent decades, down from 22.8 per cent in 2005 to 20.4 per cent in 2025, despite the rise in 2020 during the COVID-19 pandemic (see figure 2.13). This world average masks two different trends: declining NEET rates in middle- and high-income countries versus rising NEET rates in low-income countries, which now have the highest rates of all country income groups. The latter trend is in line with the rise in the unemployment rate highlighted

► **Figure 2.13. Share of young people (aged 15–24) not in employment, education or training by country income group, 2005–25 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

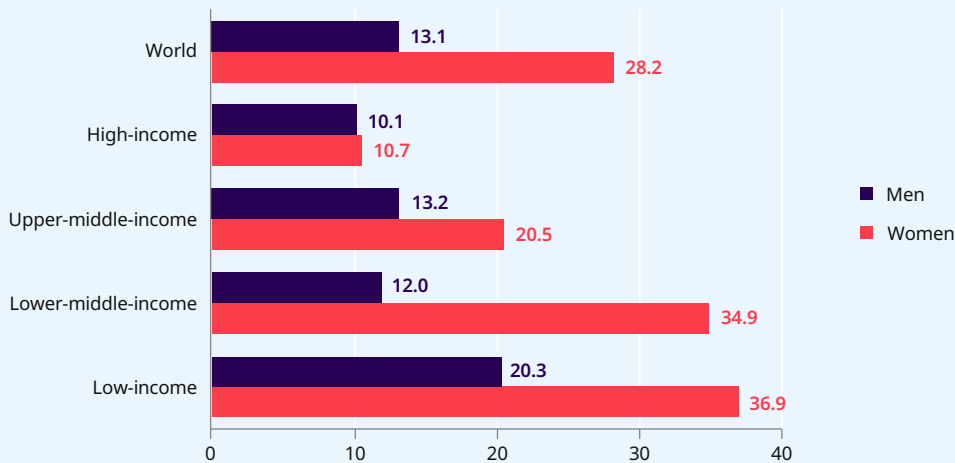
earlier and suggests that the extent to which young people are disengaged in the labour market or in education is a much bigger problem in the poorest countries.

There is also a significant difference in NEET incidence by sex. In 2025, 28.2 per cent of young women were not in employment, education or training, compared to 13.1 per cent of young men, meaning about two thirds of youth in NEET status are women (see figure 2.14). The gender gap in NEET rates is lowest in high-income countries (0.6 percentage points) and highest in low-income (16.6 points) and lower-middle-income countries (22.9 points). This gender gap is driven by the complex set of factors that drive disparities in labour force participation rates for men and women, including social norms, care responsibilities and the lack of job opportunities that are accessible to young women.

High NEET rates pose a serious threat to both economic resilience and social stability. When large segments of the youth population remain disconnected from education and the labour market, societies forfeit critical investments in human capital and undermine their long-term growth. The effects are particularly severe when young people are pushed into informal or mis-

matched employment that fails to reflect their skills and qualifications, leading to underutilized talent and suppressed earnings. The resulting disconnect between aspirations and opportunities can fuel frustration, disillusionment and distrust in institutions – undermining social cohesion and increasing the risk of unrest. The exclusion of young women compounds these challenges by reinforcing gender inequality and squandering the productive potential of half the population.

► **Figure 2.14. Share of young people (aged 15–24) not in employment, education or training by sex and country income group, 2025 (percentage)**



Source: ILOSTAT, ILO modelled estimates, November 2024.

2.1.6. Trends in education and skills development

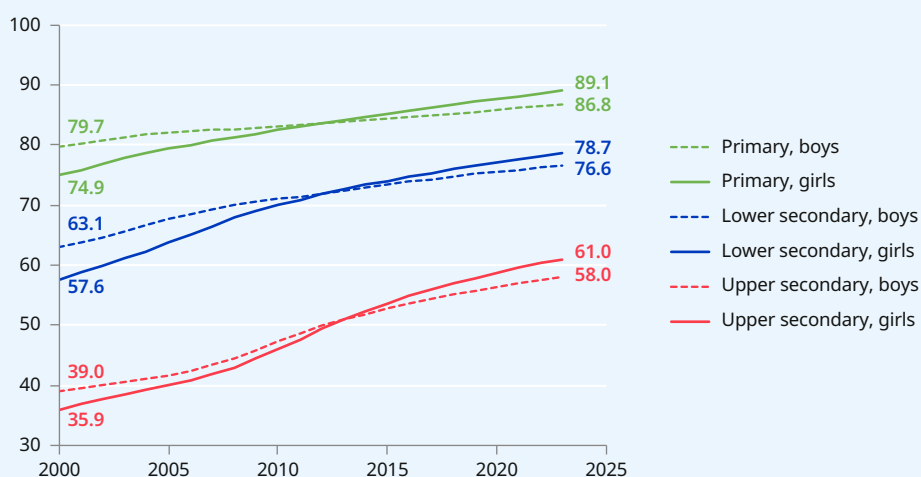
Education is one key driver of labour market outcomes that has witnessed positive trends over many decades, especially for girls and young women. Education has an instrumental, as well as intrinsic, value. Individuals with more schooling have higher earnings (Psacharopoulos and Patrinos 2018), live longer and healthier lives (Meara, Richards and Cutler 2008), are less likely to be involved in crime (Lochner 2020) and pass these advantages on to their children (Hu and Qian 2023). Over a person's lifetime, skills, knowledge and education open the door to the labour market and other opportunities that exist. Their impact is wide, multidimensional and long-lasting. Nevertheless, education and skills development are critical but not enough to guarantee access to decent work to all.

In addition to its instrumental value, education is also important for people to be part of an informed society, and for productive and adaptive workforces, as affirmed by both the Preamble to the ILO Constitution and the ILO Declaration of Philadelphia. Article 26 of the UDHR states unequivocally that “everyone has the right to education” and that it “shall be directed to the full development of the human personality” making it clear that education has intrinsic as well as instrumental value and that it is a right of all human beings at all stages of life. Article 28 of the United Nations Convention on the Rights of the Child (1989)⁹ calls on States to “recognize the right of the child to education”. Article I of the World Declaration on Education for All (1990) states that “Every person – child, youth and adult – shall be able to benefit from educational opportunities designed to meet their basic learning needs” including lifelong learning.

For more than 20 years, there has been steady progress in increasing school completion rates. They have risen by 10 percentage points for primary, 17 points for lower secondary and a full 22 points for upper secondary since 2000. Particularly striking is the completion rate for girls, which has increased by 21, 14 and 25 points for the three education levels, overtaking completion rates for boys in the mid-2010s (see figure 2.15).

The job market, however, demands more than merely finishing school but also literacy and numeracy proficiency. In global terms, cognitive skill levels were relatively constant from the

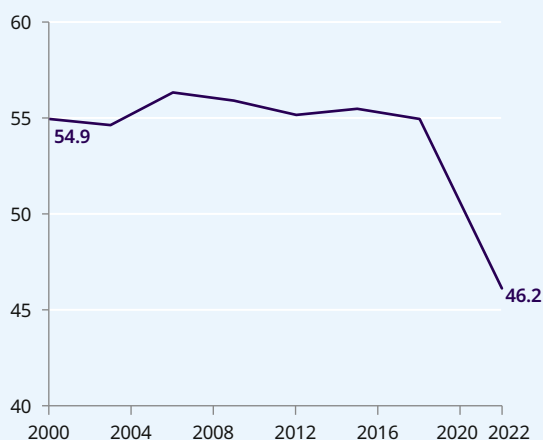
► **Figure 2.15. Completion rates by education level and sex, 2000–23 (percentage)**



Source: UNESCO Institute for Statistics data (see <https://uis.unesco.org>).

9 Only one UN Member State has failed to ratify the Convention on the Rights of the Child.

► **Figure 2.16. Share of students aged 15 achieving minimum proficiency in mathematics and reading, 2000–22 (percentage)**



Source: OECD, "PISA Data and Methodology".

first Programme for International Student Assessment (PISA)¹⁰ assessment in 2000 until 2018 (see figure 2.16). This relative stability, however, obscures somewhat differing trajectories in high- and middle-income countries. Whereas the median percentage of children achieving basic reading proficiency fell in high-income countries by about 2.3 percentage points per year over this period, it rose by about 6.3 percentage point in middle-income countries. This improvement in performance in middle-income countries was accompanied by rising completion rates – more children were making it to secondary school and learning more. Data on educational achievement in low-income countries remain limited.

The COVID-19 pandemic upended these trends, with learning plummeting worldwide. The share of 15-year-olds achieving minimum proficiency in 2022 was the worst since the assessment

began in 2000, dropping by almost 10 percentage points. The learning loss might be even larger than suggested by the aggregate data (Haelermans et al. 2022), since those most severely affected are less likely to be tested at all due to increased drop-out rates (Crato and Patrinos 2025). National surveys such as the National Assessment of Educational Progress in the United States (Pinto 2023), the Estudio Virtual de Aprendizajes in Peru (Peru, Ministry of Education 2022) and the Sistema de Avaliação da Educação Básica in Brazil (INEP 2023) show similar results.

► The COVID-19 pandemic led to learning plummeting worldwide.

Whether this learning shortfall creates a permanent deficit or whether it can be closed later in the educational and labour market trajectories of these children remains an open question (Crato and Patrinos 2025) and is likely to depend on the nature and extent of remedial public

policies (Benveniste, Sánchez and Herman 2023). However, since formal academic learning is increasingly important to success in the world of work, this phenomenon may be yet another of the COVID-19 pandemic's unfortunate legacies.

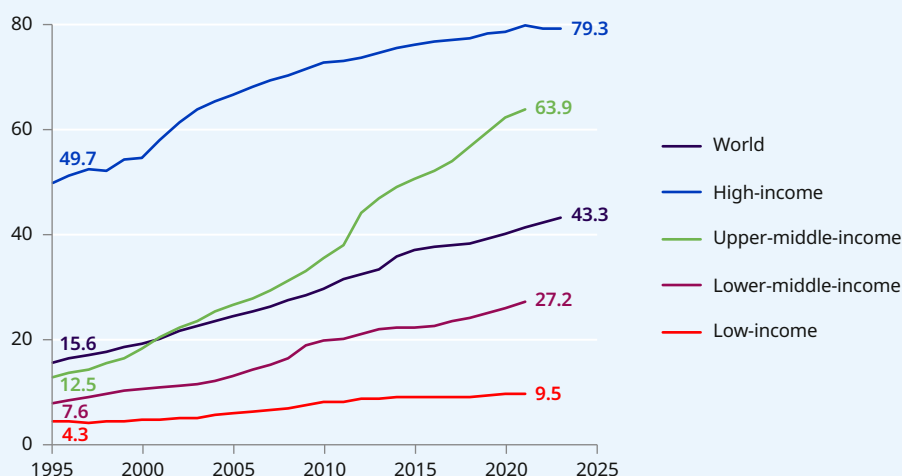
Some degree of vocational, technical or other tertiary education is a key determinant of the ability to find and hold a decent job and thereby to provide for oneself and one's family (Goldin and Katz 2007). The same trends observed in secondary completion rates can be seen in tertiary enrolment. In 1993, only 13.9 per cent of women and 14.9 per cent of men were enrolled in tertiary education.¹¹ By 2023, this had increased to 46.4 per cent for women, overtaking men, whose gross enrolment ratio had reached 40.3 per cent.

The rise in tertiary education enrolment is evident across all country income groups, with the largest rise in upper-middle-income countries (an increase of 51 percentage points from 1995 to 2021) and high-income countries (30 points from 1995 to 2023) (see figure 2.17). Meanwhile, in low-income countries, the tertiary enrolment ratio has also increased but remains below 10 per cent (the latest figure is 9.5 per cent for 2021).

¹⁰ The PISA tests children aged 15 and attending school in a wide array of countries every three years. A total of 81 countries and territories took part in the 2022 assessment. These are standardized tests that measure cognitive skills in reading science and mathematics. It is important to note that, while standardized tests such as PISA are relatively accurate gauges of cognitive skill acquisition, non-cognitive or soft skills – which are just as important to the labour market – are not measured by them.

¹¹ UNESCO Institute of Statistics data (see <https://uis.unesco.org>).

► **Figure 2.17. Gross enrolment ratio for tertiary education by country income group, 1995–2023 (percentage)**



Source: UNESCO Institute for Statistics data (see <https://uis.unesco.org>).

While rising tertiary educational attainment is a positive trend, challenges arise in the matching of graduates with the right jobs due to differences between what employers are looking for and the available skills of jobseekers. ILO estimates show that, between 2013 and 2023, the share of under-educated workers relative to their occupations declined from 37.9 to 33.4 per cent, while the share of over-educated workers rose from 15.5 to 18.9 per cent (ILO 2025b). This shift is partly driven by “degree inflation”, since employers are demanding ever higher educational credentials for jobs that do not necessarily require them.

Finally, social justice in the contemporary economy entails extending learning beyond initial schooling to offer lifelong upskilling pathways. Workers should have meaningful opportunities to upskill or reskill throughout their working lives.

2.1.7. Sustainable enterprise development and job creation

Equal access to opportunities in the world of work requires an enabling environment for establishing and running a business, whether large or small. This environment comprises a complex mix of policy, legal, institutional and regulatory conditions that can create an environment for fostering sustainable enterprises that comply with labour standards, national laws and regulations while also promoting productivity. As the private sector accounts for over 80 per cent of employment in most labour markets, promoting sustainable enterprises is crucial for decent work and social justice (ILO 2007a).

Enterprises represent a diverse set of economic units, varying widely in size, operational capacity and complexity. These structural differences directly influence the quality and sustainability of the jobs enterprises create, their investment capacity and their value-added, as well as the working conditions and wages offered. Large companies generally outpace smaller firms in productivity and job quality, given their higher productivity and thus resources to invest in training, technology and worker benefits. By contrast, micro- and small enterprises often struggle to achieve even a minimum efficient scale and stability needed for sustained growth and a positive socio-economic impact. In particular, many MSMEs face significant constraints that hinder their expansion and innovation, limiting their ability to generate decent work and competitive output over time.

MSMEs account for roughly 70 per cent of total employment worldwide, but an estimated 80 per cent operate in the informal economy.¹² There is a significant productivity gap between MSMEs and large companies, although this varies across countries. Worldwide, large firm labour productivity¹³ is 14 per cent higher than for MSMEs (Ciani et al. 2020). MSME gaps also exist for formal training for workers (24 per cent), spending on research and development (16 per cent) and innovation (15 per cent). Many informal MSMEs are characterized by limited capital, small scale and low-skilled labour – factors which contribute to their low productivity and create a self-reinforcing “low-productivity trap” that keeps them informal. In effect, low productivity constrains these firms’ capacity to formalize and grow, which in turn keeps them unproductive. This has led scholars and policymakers to emphasize productivity growth as a critical precondition for business formalization and sustained MSME development.

MSMEs:
70%
of all jobs
worldwide
80%
informal jobs

Three factors help overcome barriers to quality employment in firms, including MSMEs: credit; access to technology; and investment in training workers. They are all critical to help firms increase productivity and, in turn, improve working conditions.

A critical factor in an enabling environment for enterprises, particularly MSMEs, is access to credit and its affordability. The Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), finds removing these barriers a crucial element of social inclusion and sustainable enterprises because: “Inequality of assets and opportunity hinders the ability of poor people to participate in and contribute to growth” (ILO 2007a, ix).

Emerging technologies, including artificial intelligence (AI), are creating both opportunities and challenges through the development and deployment of new applications and tools. AI has the potential to substantially increase productivity through the automation of certain tasks, which can lead to job losses or augmentation of existing roles, depending on the distribution of these tasks (Gmyrek et al. 2025). However, the opportunity for firms to benefit from new technologies depends on their capacity to afford these tools, along with having the necessary infrastructure – most notably, electricity and broadband internet.

Access to broadband internet has increased considerably over recent years, particularly through mobile telephony. Fixed-broadband subscriptions have increased from 3.4 per 100 people in 2005 to 19.6 per 100 people in 2024, while it has surged far higher for active mobile-broadband subscriptions, which reached 94.6 per 100 people in 2024.¹⁴ However, costs for faster internet connections remain a barrier in developing countries.

While global figures are not available on the deployment of AI, EU data show that more than 41 per cent of larger firms (250 workers or more) in the European Union used at least one AI technology in 2024, compared with approximately 11 per cent for smaller companies (10 to 49 workers) (see figure 2.18). This deployment gap by firm size has the potential to limit the productivity effects of AI and other related technologies.

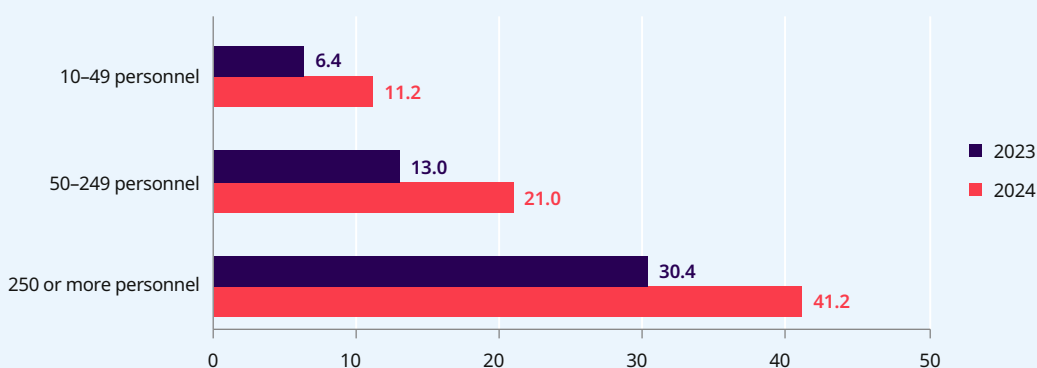
In addition to access to credit and infrastructure, including technology, a critical factor in driving sustainable enterprises’ growth and longevity is building the skills of workers at all levels through continuing vocational training. Investing in on-the-job training is much greater in large companies, which have the necessary facilities and human resource personnel to support such efforts (OECD 2013). In the European Union in 2015, 69.3 per cent of small enterprises provided training to their staff, compared with 85.6 and 95.3 per cent for medium-sized and large enterprises, respectively (Cedefop 2019).

¹² ILO, “Topic Portal: Micro, Small and Medium Enterprises”.

¹³ Total factor productivity (when capital intensity is taken into consideration) is 17 per cent higher among large firms than MSMEs.

¹⁴ International Telecommunication Union, “World: Fixed and Mobile Subscriptions”.

► **Figure 2.18. Share of enterprises in the European Union using at least one AI technology, 2023 and 2024 (percentage)**



Source: Eurostat, “Use of Artificial Intelligence in Enterprises”.

2.2. Overcoming barriers: The need for comprehensive policy responses

To overcome barriers in access to equal opportunities for decent and productive employment, macroeconomic, sectoral and enterprise interventions need to be aligned with policies that improve the quality of jobs, as well as policies that address the supply side, including skills and active labour market programmes.

The Employment Policy Convention, 1964 (No. 122), recognizes the importance of a coordinated framework that encompasses both economic and social policy, laying the foundation for ILO guidance on national employment policies.¹⁵ Past decades of ILO technical assistance have revealed that policies are much more effective when they work in tandem rather than in opposition to each other. For example, to overcome the barriers to formalized employment, integrated approaches are needed, including expanding access to social protection and developing simplified regulatory and tax systems for enterprises. Without such supporting interventions, growth will not automatically translate into decent, formal employment.¹⁶

To achieve this goal, a broad, pro-employment framework should encompass policies that act both on the demand for and the supply of labour, along with job matching. On the demand-side, economic conditions and the nature of growth are affected by macroeconomic policies, along with sectoral, industrial, investment and trade policies and measures to support a conducive environment for sustainable enterprises. On the supply side, skills and lifelong learning remain critical, together with measures to provide access to social protection and care services, among others. Employment services and active labour market programmes play an important role in supporting, matching and improving transitions in the labour market. In response to the persistence of informality, integrated approaches are needed to promote the transition to the formal economy.

Policies affect men and women differently due to persisting gender roles, social norms and unequal access to resources and opportunities

► To overcome the barriers to formalized employment, integrated approaches are needed.

¹⁵ ILO, “Employment Policy Action Facility”.

¹⁶ See the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

that shape labour market participation. For this reason, gender-equality objectives need to be incorporated in policy responses to overcome the structural barriers that hold women back, including gender wage gaps, occupational segregation, a lack of access to quality care services and the unequal sharing of care responsibilities among women and men.¹⁷ As demonstrated by lessons learned from the implementation of youth employment guarantees in the European Union and other integrated policy responses targeting young people, overcoming youth employment challenges requires a comprehensive and multipronged approach.

2.2.1. Pro-employment macroeconomic policies

Macroeconomic policies are foundational to shaping the transformation of economies, and have profound implications for employment, inequality and social justice. Placing employment at the core of macroeconomic strategies is not only feasible but essential for achieving inclusive, sustainable and resilient growth (ILO 2023b).

Since the late 1970s, macroeconomic policy – primarily understood as fiscal and monetary policy – has prioritized inflation control, debt reduction and market efficiency. Macroeconomic stability is crucial for an economy to produce good jobs. Uncertainty in interest and exchange rates, high and persistent inflation, out of control debt and unpredictability in monetary and fiscal policy cause businesses to delay or cancel investments and make it harder for both employers and workers to plan for the medium and long term.

Nevertheless, policies narrowly focused on price stability are not sufficient to promote jobs and structural transformation. Employment-friendly macroeconomic policies – those that explicitly incorporate the goal of decent work – are essential to address informal employment and other decent work deficits, while supporting transitions to formalization and a low-carbon economy.

Fiscal policy plays a particularly vital role. Public investment in infrastructure, health, education, care and social protection systems not only supports aggregate demand, but it also enhances productive capacity of economies and strengthens human capabilities and well-being. Well-designed fiscal stimuli, targeted at labour-intensive sectors and social spending, can generate strong employment multipliers, particularly in times of crisis. For example, during the COVID-19 crisis, fiscal stimulus packages were implemented at historically unprecedented levels, with a focus on supporting social protection and job retention schemes (Islam, Fedi and Verick 2024). The latter schemes reached 50 million workers in advanced economies during the height of the pandemic in lockdowns in OECD countries, keeping them in jobs and supporting household incomes (OECD 2020).

Over the longer term, social protection spending has a documented positive effect on employment and growth, especially in low- and middle-income countries (Arjona, Ladaique and Pearson 2002). However, these countries face major financing gaps, which have been more constraining as debt levels have increased in recent years. In 2024, for low-income countries, building social protection floors required the mobilization of 4 times their annual government expenditure or nearly 28 times their social protection expenditure (Cattaneo et al. 2024), which is out of reach for governments without further development assistance and debt relief.

Monetary policy also holds potential for supporting employment objectives. While price stability remains an important goal, it should not result in job destruction or wage suppression. A more balanced approach is needed where central banks consider employment indicators alongside inflation targets. This dual-mandate approach, already institutionalized in some advanced economies, such as the United States, can help prevent prolonged joblessness, especially in times of stagflation or external shocks.

¹⁷ For more details, see ILO, “Gender-Responsive Employment Policies”.

Another key contribution of employment-centred macroeconomic policy is its role in correcting regional and social disparities (ILO 2023b). By prioritizing job creation in underserved areas and among marginalized groups – such as women, youth and informal workers – governments can address deep-rooted inequalities that hinder development and social cohesion. This requires coordinated policy action, including progressive taxation, equitable wage-setting mechanisms and targeted subsidies for distressed enterprises and workers.

Tripartite mechanisms help ensure policy choices reflect the realities of labour markets.

For macroeconomic policies to be truly employment-centred, they must be guided by inclusive governance and social dialogue (ILO 2025c). Tripartite mechanisms involving governments, employers and workers help ensure that policy choices reflect the realities of labour markets and contribute to fairer outcomes. This participatory approach enhances both the legitimacy and the effectiveness of macroeconomic governance.

2.2.2. Supporting structural transformation through sectoral policies

Sectoral policies aim to shift employment and output towards higher-productivity sectors of the economy that support the creation of decent jobs. As discussed earlier, the transition of workers out of agriculture and into manufacturing has dwindled in most developing regions in recent decades, constraining the ability for the labour market to act as a path to prosperity. Industrial and sectoral policies serve both to expand employment and to diversify production into more employment-intensive and productive sectors, with higher domestic value-added, which consequently support further demand in the economy (ILO 2021, 2023b). Against a backdrop of stalled structural transformation, these policies have regained prominence in countries' efforts to promote growth of specific sectors and jobs.¹⁸

Sectoral policies are not limited to narrowly defined “industrial” policies, since they include all attempts to diversify production of goods and services across agriculture and the minerals sector, manufacturing and services, into higher productivity, higher-value-added production. Employment growth is most sustainable and inclusive when it takes place in sectors that generate employment for diverse groups within populations, including youth, women and persons with disabilities. Recognizing the heterogeneity of enterprises within and across sectors is essential, as differences in business capabilities and productivity levels shape their growth trajectories, affect job creation and influence the overall pace of structural transformation. Sectoral policies should directly target inclusion, while promoting job-rich and fair societal transitions.

Sectoral policies can help to support a balanced macroeconomic environment. For example, Africa's low inflation tolerance, in response to internal and external shocks, is largely due to its insufficiently diversified and productive supply capacity (ILO 2021). An increase in domestic demand, including through macroeconomic policy measures (such as fiscal stimulus), may lead to rising imports and inflation, constraining the growth of employment (Aboobaker and Michell 2022). Sectoral policies aimed at structural transformation can help to lift these constraints, which act as brakes on employment generation when aggregate demand expands too quickly.

Sectoral policies should also work in tandem with enterprise policies to help businesses grow and create jobs, along with skills interventions and labour market policies that aim to improve the quality of and access to jobs. Targeted support directed to MSMEs can help address constraints, such as access to technology, markets, skills and finance, to help them onto a path to

¹⁸ See, for example, Ilyina, Pazarbasioglu and Ruta (2024).

high productivity. Given that MSMEs are responsible for most employment, policies targeted towards supporting their success help increase social justice to the extent to which they promote productivity, formalization and decent work.

Ensuring coherence across macroeconomic, sectoral and enterprise policies is critical. A whole-of-government approach – anchored in inclusive social dialogue – can align fiscal, trade, industrial, education and labour regulations into a unified strategy. An integrated framework not only avoids policy conflicts that arise when one type of policy is at odds with others but also creates synergies between policies to ensure that growth, job creation, labour protection and social protection advance in concert.

2.2.3. Promoting sustainable enterprises

The Committee on Sustainable Enterprises of the International Labour Conference in 2007 established 17 conditions for a conducive environment for sustainable enterprises – especially MSMEs (see box 2.1). These conditions ensure that businesses face a level playing field and can take advantage of technology transformations, including AI development and adoption. However, they require greater investments to ensure they reach their targets.

When enterprises operate in an environment of well-designed policies and regulations, they are better able to improve productivity and long-term business sustainability (Cusolito and Maloney 2018), foster innovation and create jobs offering improved working conditions and benefits. As opposed to misleading debates on deregulation, there is widespread recognition that the private sector needs regulations that are easy to implement and provide the right incentives in line with the broader goals of policy. At all levels, identifying and implementing effective regulations requires social dialogue, which includes all types of negotiation, consultation and information-sharing among representatives of governments, social partners or between social partners.

Overall, a conducive environment for sustainable enterprises covers myriad policy and regulatory dimensions affecting businesses throughout their life cycle from start-ups to insolvency, including broader economy-wide or sector-specific factors, such as access to financing, regulatory frameworks and property rights.¹⁹ There are significant variables and country-specific features of the business environment around the world though the constraints and challenges tend to decrease as a country's level of income increases. Given the importance of MSMEs and the challenges they face, specific interventions are especially helpful in the early stages during start-up to support their growth.

Some of the key areas for investment include access to electricity and digital infrastructure (as highlighted earlier). Efforts are needed to overcome barriers to accessing financing, which is typically more constrained for smaller enterprises. To promote investment in sustainable

► Box 2.1. 17 conditions for an enabling environment for sustainable enterprises

1. Peace and political stability
2. Good governance
3. Social dialogue
4. Respect for universal human rights
5. Entrepreneurial culture
6. Sound and stable macroeconomic policy
7. Trade and sustainable economic integration
8. Enabling legal and regulatory environment
9. Rule of law and secure property rights
10. Fair competition
11. Access to financial services
12. Physical infrastructure
13. Information and communications technology
14. Education, training and lifelong learning
15. Social justice and social inclusion
16. Adequate social protection
17. Responsible stewardship of the environment

Source: ILO (2007b, vii).

¹⁹ For a comprehensive set of condition for sustainable enterprises, see ILO (2007b).

businesses, property rights need to be well established, along with enforcement of contracts and safeguarding of assets.

Specific interventions are needed to address market concentration, which can lead to greater inequality in both labour and product markets, hurting wages and employment opportunities for workers and negatively affecting small businesses. In labour markets, a monopsony results from the dominance of a few “buyers” of labour in a specific geographic area or industry, which gives such employers market power to set wages lower than what would prevail in a competitive market (Manning 2003). In addition to this wage effect, market power can lead to lower levels of employment and restrictions on mobility of workers towards better opportunities. One key policy intervention would be to limit the use of non-compete clauses for workers that prevent them from freely changing employment. Others include regulating market concentration through competition policy, alongside more traditional approaches such as minimum wages and other wage policies.

Finally, in today's globalized economy, ensuring decent work requires extending responsibilities beyond domestic regulation to global supply chains. Support is found in such documents as the United Nations *Guiding Principles on Business and Human Rights* (UN 2011) and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, as amended in 2022, which calls on multinational enterprises and their business partners to uphold labour rights, guarantee safe working conditions and promote decent work throughout their supply chains. In sum, concerted efforts to create an enabling environment for sustainable enterprises are a key contributor to social justice.

Concerted efforts to create an enabling environment for sustainable enterprises are a key contributor to social justice.

2.2.4. Skills development and lifelong learning

Labour markets are being reshaped by technological innovation, changing employment relationships and structural transformations. These shifts highlight the need for workers and firms to develop robust and adaptable skills portfolios that allow them to adjust to change and seize new opportunities. To design effective skills development policies, it is essential to understand not just which skills are in demand, but also which combinations of skills are associated with improved employment outcomes. Indeed, investment in skills is a key component of any effort to overcome barriers to equal opportunities.

The ILO Strategy on Skills and Lifelong Learning 2030 (ILO 2023c) outlines a comprehensive approach to developing resilient systems that provide inclusive access to high-quality skills development and lifelong learning opportunities. The strategy is built on five pillars:

- ▶ improved policies, governance and financing
- ▶ strengthened skills needs intelligence
- ▶ innovative and flexible learning programmes
- ▶ inclusive skills programmes for diverse labour market needs
- ▶ quality apprenticeships and work-based learning.

These pillars aim to promote human development, full, productive and freely chosen employment, and decent work for all, aligning with the SDGs.

While lifelong learning is essential to achieve social justice in a context of a rapidly evolving world of work, recent ILO research (ILO, forthcoming) reveals significant gaps in the coverage of lifelong learning and skills development, particularly within the world of work. These gaps disproportionately affect certain groups and risk reinforcing existing inequalities.

■ Lifelong learning is essential to achieve social justice in the rapidly evolving world of work.

Although traditional data on skills demand and supply remain limited – particularly in low- and middle-income countries – new insights from online job postings offer a clearer picture. Recent ILO research (ILO, forthcoming), using job vacancy data from selected emerging and developing countries, reveals that skills rarely operate in isolation. Instead, employers

increasingly seek bundles of interconnected competencies. Socio-emotional skills²⁰ are strongly connected among themselves and with cognitive skills, while manual skills show weaker associations. Some skills – particularly core cognitive skills, general computer literacy, customer service, and social and character skills – emerge as foundational, serving as stepping stones to more complex skill sets such as machine learning, AI or managerial competencies.

These skill bundles also relate closely to job quality. Higher wages are generally associated with jobs requiring a larger number of high-complexity skills, particularly cognitive and digital competencies. While socio-emotional skills show more varied wage effects – positive in some contexts, neutral or even negative in others – they remain essential complements to cognitive and technical skills, reinforcing their role as foundational. Moreover, vacancies requiring more complex skills consistently offer better non-wage job attributes – such as opportunities for human capital development, teamwork and greater societal impact – suggesting a link between skills to both pay and working conditions.

Beyond improving employment outcomes, the right mix of skills also strengthens workers' and firms' adaptability to transformation (ILO, forthcoming). For instance, in the context of digitalization, highly complex skills such as machine learning, software development and managerial skills are often rewarded, but they are typically built upon foundational competencies such as general computer skills, core reasoning abilities and even physical coordination skills. Socio-emotional skills, particularly social and character traits, further support this foundation and appear consistently across skill networks.

As noted earlier, MSMEs invest considerably less in lifelong learning than larger firms (Percy 2021). Yet, when they do invest in skills and training, the effects on firm performance are positive (Rauch and Hatak 2016). Due to their smaller size and the lack of internal resources and capacity, these enterprises need targeted support to invest in training, including through tax incentives and grants, in the context of a broader skills policy frameworks.

Preparing for a digital future requires modernizing national skills systems. Institutions must be equipped with the tools and capacities to integrate digital technologies, while workers must have access to foundational and advanced digital skills, including AI. To maximize the benefits of digital transformation, integrated and coherent national digitalization strategies, developed through social dialogue, should address both the demand and supply of skills. These strategies must take a systems-wide perspective, recognizing that digital technologies can transform all aspects of a skills ecosystem – not only the delivery of training, but also how learning is recognized, managed and used in the workplace.

²⁰ Socio-emotional skills refer to a set of personal attributes that influence behaviour and performance, often involving intellectual processes in a more indirect or subconscious way than cognitive skills. The literature refers to these using various terms, including non-cognitive skills, soft skills, personality traits or socio-emotional competencies (Escudero, Liepmann and Podjanin 2024).

2.2.5. Increasing access to fair opportunities through active labour market policies

Active labour market policies (ALMPs) can help address deficits in fair opportunities that act as inhibitors to social justice. ALMPs encompass a wide array of interventions aimed at overcoming barriers for the labour market integration of jobseekers and workers (Asenjo, Escudero and Liepmann 2024; ILO 2016). ALMPs operate primarily at the individual level but are important in building a more dynamic and inclusive labour market. They consist of five main areas of intervention:

- ▶ training programmes
- ▶ labour intermediation services
- ▶ public employment programmes
- ▶ employment subsidies
- ▶ support for entrepreneurship and self-employment.

There is robust empirical evidence that ALMPs improve labour market outcomes. Several meta-analyses confirm their positive effects on employment and job quality (Card, Kluve and Weber 2018; Escudero et al. 2019; Kluve et al. 2019). In Latin America and the Caribbean, for instance, ALMPs have been associated with increased employment, including transitions into formal jobs (ILO 2016). However, their effectiveness hinges on sound design and operational integration. Successful programmes tend to offer comprehensive services rather than stand-alone interventions, and are adapted to the specific needs of jobseekers and local labour market conditions. For example, training tends to be more effective over the long term when it is complemented by counselling and other labour intermediation services (ILO 2019). Certain design features are consistently linked to better outcomes, including sufficient programme duration, tailored targeting strategies (for example, focusing on disadvantaged individuals), and close alignment between training content and employer demand (Escudero et al. 2019; ILO 2016). For young people, ALMPs in low- and middle-income countries are more likely to be effective when they focus on vulnerable groups and provide the kind of opportunities and resources that participants might not otherwise access (Kluve et al. 2019).

▶▶ ALMPs operate primarily at the individual level but are important in building a more dynamic and inclusive labour market.

Labour intermediation services

Labour intermediation services, which include services such as job counselling or job search assistance, are aimed at matching jobseekers to available job vacancies. These can play a vital role in improving the functioning of labour markets and reducing search costs for both workers and firms (Nicodemo and García 2015). These services can help individuals without access to networks of informational advantages, enabling them to compete more fairly in the labour market (Autor 2008) and make job searches more effective (J-PAL 2022). Public employment services are central providers of labour intermediation and offer a variety of complementary services, including career guidance, counselling and links to training. In recent years, many public employment services have invested in digital service delivery to improve accessibility and efficiency through online job portals, AI-driven job matching and data analytics (ILO 2023d). These digital services must be accessible to vulnerable populations.

Private employment services also play an important role in facilitating job matching and placement and may be well suited to reach specific sectors or emerging forms of employment. ILO standards setting, including the Private Employment Agencies Convention, 1997 (No. 181), focuses on identifying the conditions that foster equitable employment practices in the

recruitment and placement activities of private employment agencies, and promote cooperation between both public and private employment services. Effective labour market policies should ensure that public and private intermediation services complement rather than compete with each other, forming a coherent system that enhances job matching, reduces fragmentation and upholds fair standards for all.

Public employment programmes

Public employment programmes can be an important response to underemployment and unemployment, especially during economic downturns or in areas with persistent labour market issues such as rural or underserved regions. These government-funded initiatives create jobs through infrastructure projects, environmental services or community activities, aiming to provide immediate income support and short-term employment for vulnerable groups such as youth, women and informal workers.

Well-designed public employment programmes can improve public assets, strengthen local economies and foster social cohesion. Their effectiveness depends on careful planning, ensuring job quality, offering training and support, linking participants to long-term employment and integrating public employment programmes into broader employment and social protection strategies. Examples include India's Mahatma Gandhi National Rural Employment Guarantee Act (NREGA), which provides 100 days of paid work to rural workers, and Ethiopia's Productive Safety Net Programme, which created over 8.3 million jobs between 2010 and 2014 (ILO 2023d).

Employment subsidies

Employment subsidies, such as wage subsidies and hiring incentives, can help facilitate access to jobs, particularly for groups facing systemic barriers to labour market entry, by reducing hiring costs for employers and encouraging the integration of unemployed or underemployed individuals into formal, decent work. These subsidies can play an important role during economic downturns or recovery periods (for example, job retention schemes), along with tackling labour market discrimination, supporting youth transitions from school to work and addressing long-term unemployment. Evidence from the global financial crisis shows that hiring subsidies and short-time work schemes can help sustain employment during crises (Cahuc 2019).

However, poorly targeted subsidies can create windfall gains for firms that would have hired regardless of the subsidy. They may also lead to substitution effects, where subsidized workers displace unsubsidized ones without increasing overall employment.

Employment subsidies can play an important role during economic downturns or recovery periods.

If not properly monitored, these interventions risk reinforcing patterns of temporary and low-paid employment (ILO 2019). To avoid this, employment subsidies must be time-limited and linked to sustainable, quality employment, offering social protection, sufficient wages and opportunities for skills development and upward mobility. Combining subsidies with skills development services increases their effectiveness and better positions beneficiaries for long-term success (ILO 2016).

2.3. Conclusion

Economic growth is a required ingredient in the recipe for robust, inclusive economies. While critical, growth on its own does not guarantee social justice. In order to ensure equal access to opportunities for decent and productive employment, policy and investment decisions must align with broader social objectives.

Informal employment represents one of the most important challenges to decent work and social justice, with the overall structural transformation process stalling in many developing regions and not providing an easy path for jobseekers, workers and enterprises to move to higher-productivity sectors. While unemployment rates have reached record lows, especially in high-income countries, other measures of labour underutilization have increased in low-income countries. Furthermore, low unemployment masks a deeper concern: job quality has eroded in many contexts, as underemployment, insecure and precarious forms of employment have proliferated and are undermining economic security, protection and rights. Similarly, there has been real progress in educational attainment for women and girls, and some improvement in youth NEET rates in more advanced economies. However, NEET rates remain alarmingly high in low- and lower-middle-income countries – especially among young women – creating a danger of lasting social exclusion for today's young people.

► Educational improvements are not always translating into jobs to which people aspire.

Impressive progress has been made on enrolment in education, including at tertiary levels, although there are skill mismatches and deficits in learning outcomes following the COVID-19 pandemic. Educational improvements are not always translating into jobs to which people aspire – a reminder that education and skills training policies, no matter how effective, are insufficient in isolation to increase the availability of decent work.

For these reasons, a comprehensive pro-employment policy approach is needed to overcome barriers that prevent workers from equal access to opportunities for decent and productive employment. In practice, this means ensuring that policy measures at macro, meso and micro levels are well aligned and comprise a broader, transformative approach to jobs, including linkages to other areas addressed in this report, such as rights and social dialogue.

To increase social justice, countries should:

- take a pro-employment and integrated approach to macroeconomic and sectoral policies to support the creation of decent and productive employment;
- improve the quality and impact of education and skills programmes;
- strengthen ALMPs, including training and labour intermediation;
- support sustainable enterprise measures and offer formalization pathways for micro- and small enterprises.

Key recommendation

Providing equal opportunities requires strong institutions to address barriers to participation.

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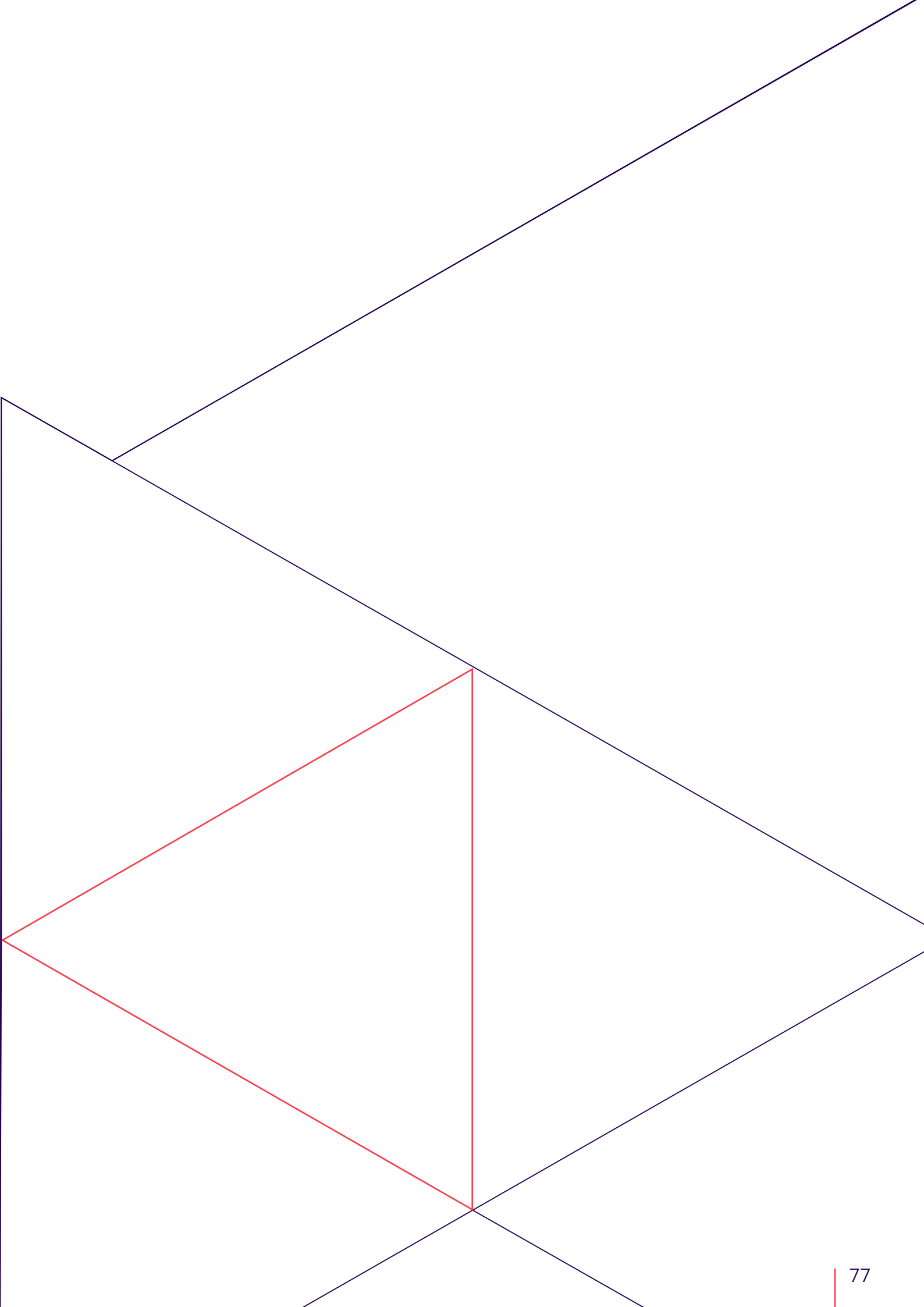
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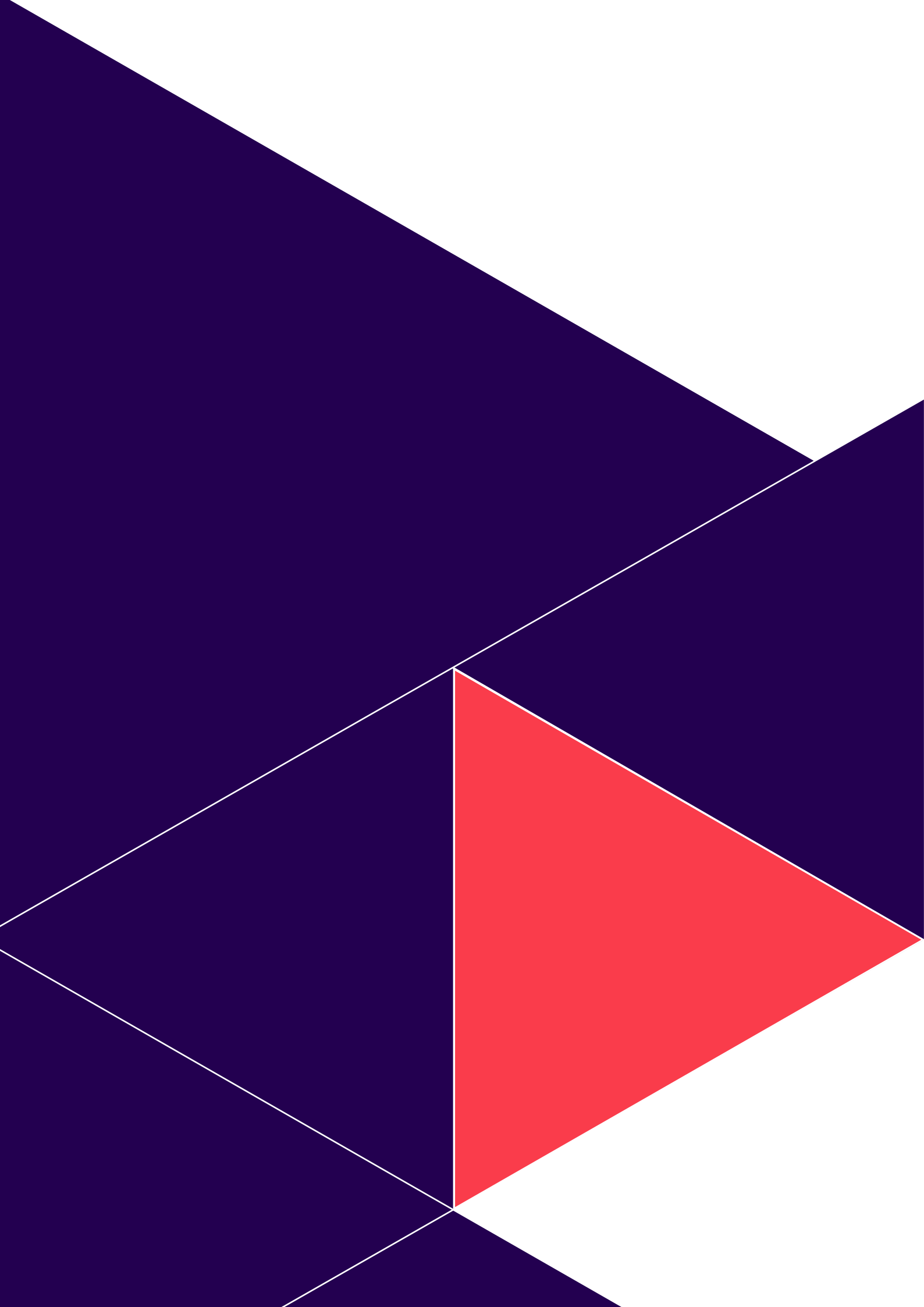
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Fair distribution

Strengthening institutions for fairness

■ I see many people who flaunt a lot and others who have nothing.

João, driver and platform worker
ILO field interviews, 2024

Key points

- ▶ Inequality between countries has been falling since the turn of the century due to rising worker productivity in middle-income countries.
- ▶ The global increase in minimum wages has coincided with a decrease in labour income inequality.
- ▶ Nevertheless, persistent income inequality within countries poses threats to economic performance, social cohesion and health outcomes.
- ▶ Poverty, working poverty and hunger (as measured by child stunting) have all fallen since 1995, although the improvement has stalled somewhat during the last 20 years.
- ▶ Collective bargaining is shown to be an important contributor to fairer wage distributions, but its coverage is falling.
- ▶ Social transfers are effective in reducing income inequalities.

Under the ILO Declaration of Philadelphia (1944), both the ILO and its Member States should promote “policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection”.¹ Unfortunately, despite increases in real wages from 1999 until the COVID-19 pandemic (ILO 2024a), existing levels of wage inequality remain high in many countries; and across the world, millions of workers and their families continue to earn wages that are too low to provide for a decent standard of living. Overall inequality in household incomes is further exacerbated by the low labour incomes of non-wage workers, which represent almost half of all workers globally, and the limited redistribution of income through social transfers and taxes, especially in low-income countries with high levels of informality.

High income inequality can have many negative effects. It slows economic growth and increases its volatility (Aghion, Caroli and García-Peñalosa 1999; Ostry, Berg and Tsangarides 2014; Vo et al. 2019).² Moreover, societies with high income inequality suffer from numerous ills, such as social conflicts (Bircan, Brück and Vothknecht 2016; Rodgers 2002), crime (Fajnzylber, Lederman

and Loayza 2002), poverty, poor health (Rodgers 2002; Wilkinson 2020) and low social cohesion (Wilkinson 1997, 1999). Therefore, progress towards a fairer distribution of income means progress towards social justice.

Across the world, millions of workers and their families continue to earn wages that are too low to provide for a decent standard of living.

A fairer distribution of income can be achieved through different policy and regulatory measures and mechanisms. Central to this effort is social dialogue, based on freedom of association and the effective recognition of the right to col-

lective bargaining, as well as the establishment of adequate minimum wages to protect wage earners against unduly low pay. Other factors, many mentioned in Chapter 2, can help to improve income distribution, including efforts to formalize the informal economy, enhance productivity growth in low-paying enterprises and improve the quality of education and skills programmes. In addition, redistributive policies that support a more equitable distribution of incomes, in

particular social protection and fiscal policies, can play a role in greater fairness (ILO 2022a). International labour standards are key in all these areas, including to improve working conditions in vital areas of the labour market and to progress towards universal social protection.

Concern about inequality and distributional fairness has intensified since the 2008 financial crisis. World leaders, international organizations, and business and civil society organizations alike have since made numerous commitments to promote greater social inclusion, including Sustainable Development Goal (SDG) 10 and the ILO’s cross-cutting strategy on inequality in 2021 (ILO 2021).³ Businesses of all sizes have also shown increasing interest in acting and reporting on inequality and the social aspect of sustainability.⁴

Top 1%
has 2.5x
total income and
20x wealth
of bottom
50%

1 Declaration concerning the aims and purposes of the ILO (1944) (Declaration of Philadelphia), Part III(d).

2 That inequality reduces economic growth is a majority, but not unanimous, opinion among those who study the subject. Meta-analyses show that the results are methodology dependent (Mdingi and Ho 2021), but the majority of studies show a negative relationship between economic growth and inequality. In those studies that study causality, a majority find a negative causal relationship between inequality and economic growth at the country level.

3 A comprehensive and integrated ILO strategy to reduce and prevent inequalities in the world of work was adopted by the International Labour Conference in 2021. The strategy, complementary to other guiding documents from the ILO, seeks both to reduce and prevent inequalities by addressing the structural causes of inequality (ILO 2021). It recognizes the importance of an integrated approach that promotes policies for both distribution and redistribution.

4 For example, Business Commission to Tackle Inequality, “About Us”, and Business Roundtable, “Business Roundtable Redefines the Purpose of a Corporation to Promote ‘An Economy that Serves All Americans’”.

Establishing clear and concrete objectives for reducing inequality is somewhat different than for some other social justice metrics. For child stunting, the objective is zero; for extreme poverty, it is zero; for school completion, it is 100 per cent. However, almost all individuals recognize that there will always be differences in wages, earnings, incomes and wealth as a reward for initiative, innovation, hard work or just plain good luck (see box 3.1 for public perceptions of inequality). Elimination of income inequality is therefore neither universally desirable nor the objective of this pillar.⁵ Rather, in line with SDG 10, the goal is to reduce inequalities such that the inequalities themselves (for example, in the form of hunger, extreme poverty, discrimination, social exclusion and similar issues) do not serve as impediments to social justice by excluding those with lower incomes and wealth from opportunities to participate and thrive. In this context, the SDG's call for reducing inequalities strongly resonates in a world in which the top 1 per cent has almost 2.5 times the total income and more than 20 times the wealth of the bottom 50 per cent.⁶

The main focus of this chapter will be on income distribution, concentrating on four aspects: (i) the global distribution of income and wealth; (ii) the distribution of wages and labour earnings (by far the most significant component of income for most households); (iii) policies for fair wage distribution and more equal remuneration; and (iv) the extent of redistribution of income through social protection and tax systems to mitigate high inequality. Analysts usually examine income or consumption when measuring inequality, since these are relatively straightforward to measure. This chapter will also touch upon the distribution of wealth, access to assets, services and protection against risks, which are also not difficult to measure. Many believe that voice and power should also be considered when discussing the fair distribution of resources, but measurement of these aspects is more difficult.

► Box 3.1. Public perceptions of inequality

In the project Fairness Across the World, 65,000 respondents in 60 countries were asked a series of questions on fairness and inequality preferences (Almås et al. 2025). When people were asked about the source of inequality in their countries, the majority believed it was more due to unequal opportunities, luck, selfishness or even illegal activities than to hard work or skills.

Finally, when people were asked whether the level of inequality in their countries was fair, large majorities almost everywhere answered that it was not. When asked whether the government should act to reduce inequalities, with some notable exceptions – Cambodia and the United States, for example – large majorities in most countries said yes.

3.1. Distribution of income and wealth

Since the first World Summit for Social Development in 1995, income inequality has fallen according to most measures (Lahoti 2025).⁷ In spite of this reduction, inequality remains high and many measures of inequality remain higher than in 1980.⁸ This section looks at the global distributions of income and wealth, measured both by top income (and wealth) shares and by

5 Sen (1980) recognizes that different choices lead to different outcomes (or functionings in his terminology) and that as long as people have the same capabilities, inequalities of outcome are allowable. Rawls (1999) also allows for inequalities of result as long as the least advantaged in society are better off than they were before.

6 SDG 10 is to reduce inequality within and among countries. Data on top income are from the World Inequality Database (see <https://wid.world>).

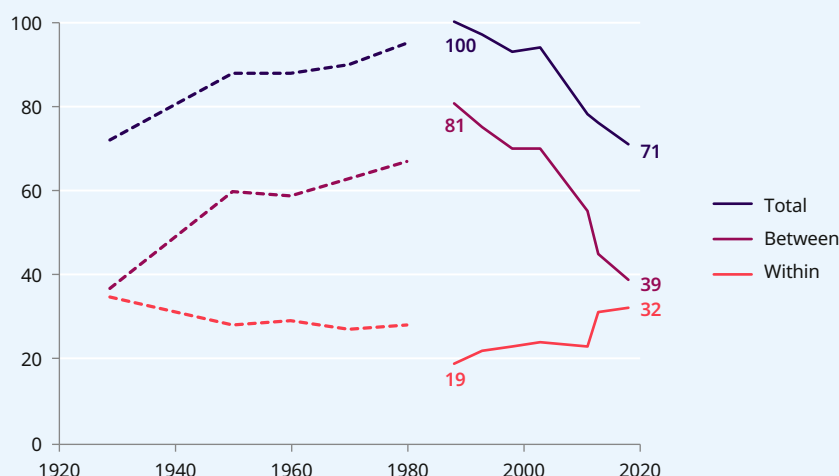
7 Which is not to say the rich are not getting richer. According to Forbes, there are not only more billionaires, but they are richer than ever, worth US\$16.1 trillion in total – up nearly US\$2 trillion over 2024. See Forbes, “*Forbes World's Billionaires List 2025: The Top 200*”.

8 The terms “income inequality” and “income distribution” will be used widely in this chapter. There are nevertheless different definitions. The most encompassing definition is that of “household income distribution”, which includes all income sources (labour, capital and public transfers) and all people. The “individual income distribution” includes only adults but continues to include all income sources. Since this report is written from the point of view of the world of work, its most important concepts are the “labour earnings distribution”, which includes all incomes from work, and the “wage distribution”, which includes salaries and other compensation paid to employees by their employers.

more comprehensive inequality measures.⁹ It also looks at poverty and working poverty, which are both causes and consequences of unequal distributions in income.

Figure 3.1 shows the evolution of global inequality as measured by the Theil index.¹⁰ The Theil index can be disaggregated into two components: inequality between countries and inequality within countries. The sum of both provides the measure of total global inequality.

► **Figure 3.1. Global income inequality as measured by the Theil index for total, between countries and within countries, 1929–2018**



Note: The Theil index presented here is calculated by taking into consideration all sources of income (not only labour income) using household survey data. Household survey data typically underestimate income from capital, particularly at the very top, but they are the only data source that covers the whole population.

Source: Milanovic (2024). The dashed lines (1929–80) correspond to calculations by Bourguignon and Morrisson (2002) and cited in Milanovic (2024); the solid lines correspond to calculations done by Milanovic.

The distributive story is one in which global inequality is a result of two forces, between and within country inequality, and the interplay between them. For almost the entire twentieth century, today's high-income countries pulled ahead of other countries; this changed only from 1990 to 2000, when middle-income countries began to catch up. At the same time, inequality between countries began to fall; and inequality within countries, which had been falling since the end of the Second World War, turned around and began to increase from the 1980s onwards. Until the end of the twentieth century, rising inequality within countries dominated and global inequality rose, but sometime after the turn of the century convergence between countries became so strong as to bring global inequality down. Recently, the data have shown a fall in inequality within countries, which nevertheless remains high. The various aspects of this process will be detailed in this section.

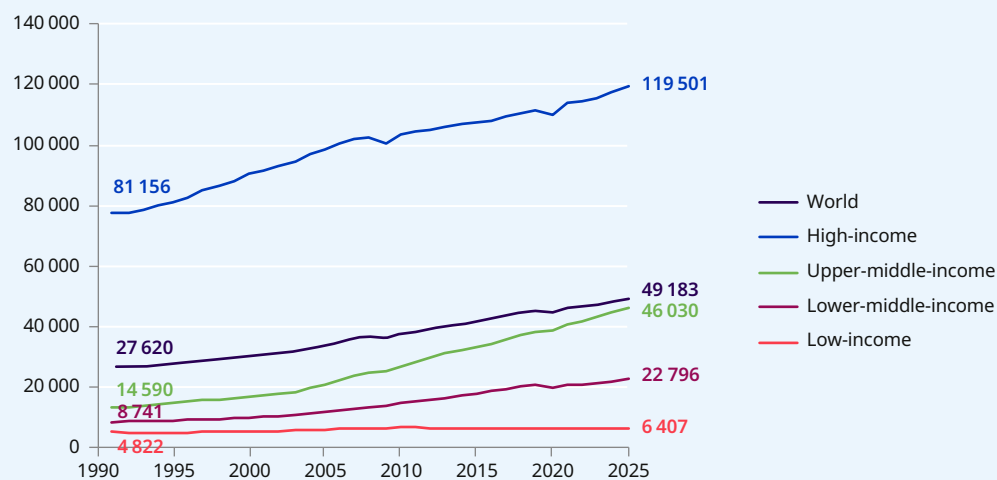
⁹ Literature on the top incomes uses mostly tax data (in some cases, household survey data are used), which exclude informal incomes. Imputation methods are used for years for which data are missing (Galbraith and Halbach 2016). Conversely, the data used for the Theil index come exclusively from household surveys, which underestimate top incomes. They also use consumption data when income data are missing, despite imperfect comparability between income and consumption inequalities. In other words, both measures used in this section suffer from shortcomings.

¹⁰ The Theil index is an inequality measure developed by Henri Theil in 1967. It is part of a family of inequality measures called the "generalized entropy measures", which include the coefficient of variation (the standard deviation divided by the mean). The difference between the two is that the Theil index is more sensitive to lower incomes than the coefficient of variation. Every measure of the generalized entropy family allows for the expression of inequality as the sum of inequality within countries and between them, which is why the Theil index is used here. Not all measures of inequality have this property; the Gini coefficient, for example, does not.

3.1.1. Labour productivity and economic convergence: Inequality between countries

Labour productivity, defined at the country level as GDP per employed person, is a key determinant of income levels. As explained earlier, from the end of the First World War up to a period between the late 1980s and early 1990s, the world witnessed a growing divergence between high-income countries and the rest of the world (Pomeranz 2001). Before the turn of the millennium, however, growth in low- and middle-income countries, particularly those in Eastern and Southern Asia, began to pick up.¹¹ Figures 3.2 and 3.3 show this latter process of convergence between countries.

► **Figure 3.2. Annual output per worker by country income group, 1991–2025 (US dollars)**



Note: Productivity per worker is not adjusted for hours. It is measured in 2021 constant purchasing power parity (PPP) US dollars.

Source: GDP data from the World Bank; employment data from ILOSTAT, ILO modelled estimates, November 2024.

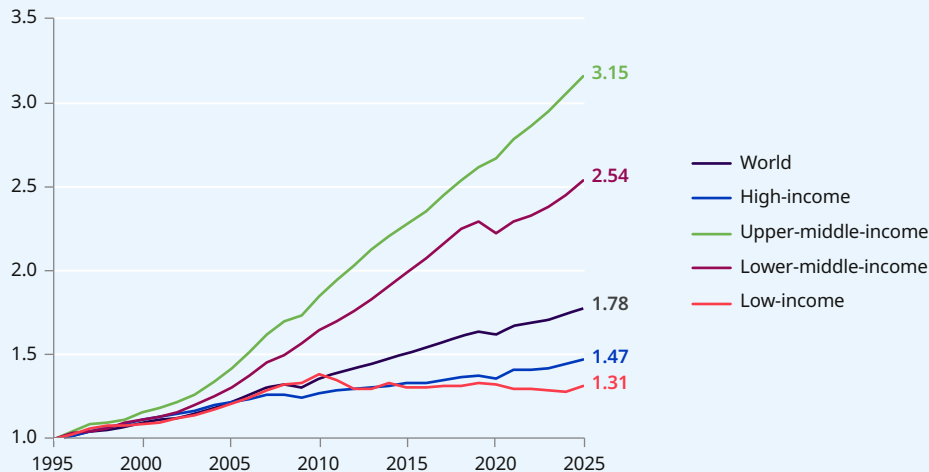
Figure 3.2 shows that considerable differences in labour productivity persist among different country income groups. The average productivity per worker in high-income countries is today about 20 times higher than in low-income countries. The figure also appears to show that middle-income countries have seen higher labour productivity growth than high- and low-income countries, but the differences in productivity levels and the fact that the base-lines are so different make this hard to discern.

▀▀ The average productivity per worker in high-income countries is about 20 times higher than in low-income countries.

To better understand the relative evolution of productivity, figure 3.3 uses an index in which the productivity of each country group is divided by its 1995 value (it does not show absolute productivity levels but rather its relative change since 1995). Figure 3.3 shows that labour productivity has grown much faster in upper- and lower-middle-income countries than in either

¹¹ Inequality between countries is either stable or increasing until around 2000, after which it starts to drop rapidly. China evidently figures heavily in these dynamics, but this aggregate trend holds even if data from China are not included. Global inequality has been calculated using a number of different methodologies, but all show the same result: global inequality is falling, and it is falling because inequality between countries is falling relatively fast (Alderson and Pandian 2018). The story is also not indicator dependent.

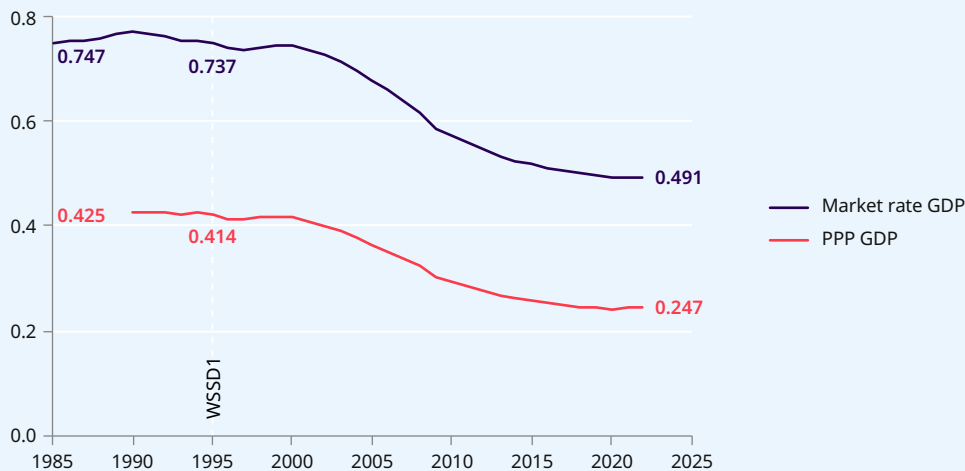
► **Figure 3.3. Annual output per worker index, 1991–2025 (1995 = 100)**



Source: GDP data from the World Bank; employment data from ILOSTAT, ILO modelled estimates, November 2024.

high- or low-income countries, with the low-income country group seemingly stuck on a low-productivity trajectory since 2010 that shows no signs of inflection. In addition, the productivity gains have tapered off recently. Growth rates fell in the decade up to 2023 for all country groups. If the annual growth rates from 1995 to 2013 are compared to those for the decade after 2013, a deceleration in annual growth rates can be seen in all country groups: from 1.5 to 0.8 for high-income countries; from 4.5 to 3.5 for upper-middle-income ones; from 3.5 to 2.6 in lower-middle-income ones; and from 2.2 to 0.6 in low-income ones.

► **Figure 3.4. Inequality of labour productivity between countries as measured by the Theil index, 1985–2023**



Key: WSSD1 = first World Summit for Social Development.

Note: The graph considers country-average labour productivity (all workers in a country are assigned the same average productivity) and measures the resulting inequality using the Theil index. There are two ways to convert country productivity measures into the same currency: PPP exchange rates and market-rate exchange rates. PPP-adjusted exchange rates take into consideration the fact that in some countries goods and services are more expensive than in others; market-rate exchange rates do not.

Source: World Bank and ILOSTAT.

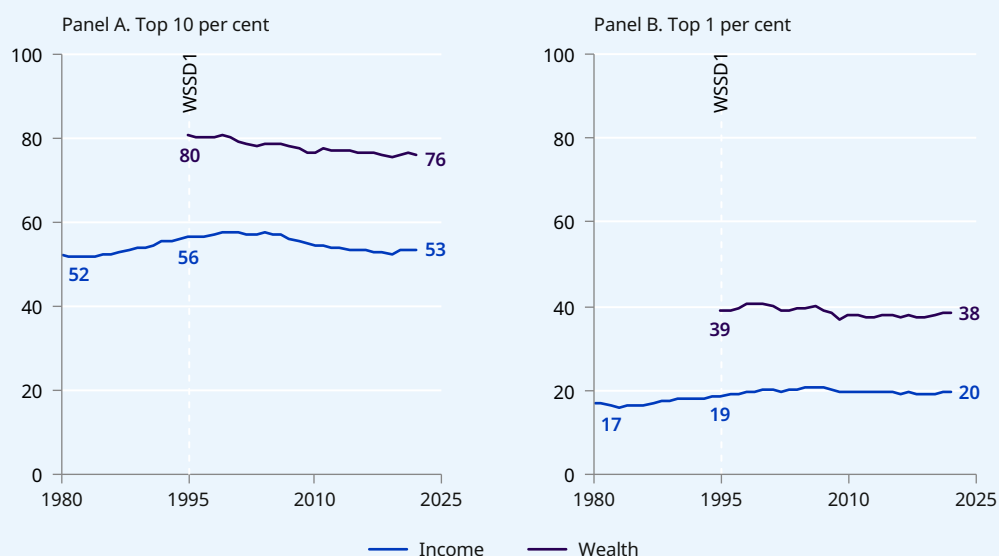
One result of this productivity increase in middle-income countries is a reduction of inequality in labour productivity between countries (that is, the global inequality that would be observed if everyone within each country had the average labour productivity of that country) as measured by the Theil index. This inequality began to fall sometime in the late 1990s or early 2000s, even if this appears to be tapering off in recent years (see figure 3.4). Using GDP per capita data instead of GDP per worker (that is, labour productivity) yields almost the same results.

To form a complete picture of inequality, it is necessary to look also at inequality within countries. Inequality within countries had been falling in most countries since after the Second World War until the beginning of the 1980s – however, during that decade it began to increase again. The rise of inequality in high-income countries has been well-documented. After 1988, the formerly socialist countries similarly experienced an increase. The debt crises of the 1980s and 1990s increased inequality in low- and middle-income countries during those decades. In some middle-income countries, such as China and India, growing income inequality within countries coincided with overall economic growth (Bourguignon 2004). Labour income inequality within countries will be looked at in greater detail in section 3.2, after an examining the extremes of the income distribution of the very rich and the extreme poor.

3.1.2. Top income and wealth shares

This section will look at the share of income and wealth of the top percentiles. This is a partial view of the income distribution, since it is insensitive to what goes on in the bottom 90 and 99 per cent of the income and wealth distributions. Nevertheless, given the extremely skewed nature of income and wealth distributions today, top incomes are important in understanding inequality. Figure 3.5 shows the following global trends as measured by top incomes: (i) income

► **Figure 3.5. Global share of income and wealth held by the top percentiles, 1980–2022** (percentage)



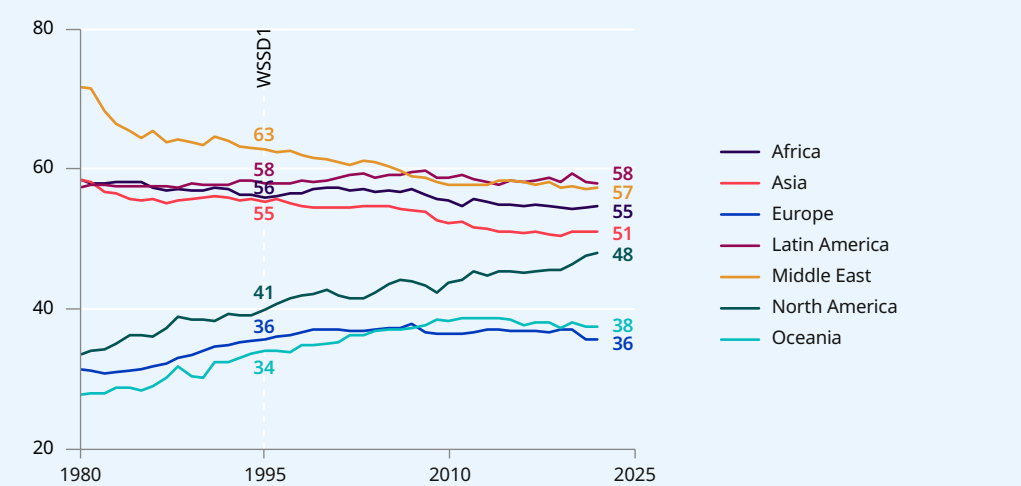
Note: The graphs track the national income share held by those above the 90th percentile (panel A) and the 99th percentile (panel B). It is based on the sum of all pre-tax personal income flows accruing to the owners of the production factors, labour and capital, after taking into account the operation of pension systems (so that pensions are considered “market income”), but before taking into account the operation of the tax/transfer system. The graph shows the share of income held by the top 10 per cent and 1 per cent at the global level, regardless the country they live in. While the data on income cover 1980 to 2022, the period of most interest is 1995 (the year of the first World Summit for Social Development (WSSD1)) to 2022.

Source: World Inequality Database (see <https://wid.world>).

inequality increases until the late 1990s or early 2000s depending on which measure is used and then begins to fall; and (ii) wealth concentration simply falls (although it is measured only from 1995 onwards). In the early 1980s, the top 10 per cent commanded about 52 per cent of the total income; this increased to about 56 per cent in the 1990s and then fell to roughly 53 per cent in the most recent year.

It is important to recognize that worldwide aggregates shown in figure 3.5 may obscure what is going on within countries and within country groups. Inequality by region may help explain why the fall in inequality as measured by top incomes seems at odds with prevailing perceptions of ever-increasing income and wealth inequalities. Figure 3.6 shows the income shares of the top 10 per cent according to seven world regions. The income shares of the top 1 per cent are not shown, but they follow almost the same trends.

► **Figure 3.6. Share of income held by the top 10 per cent within each region, 1980–2022 (percentage)**



Key: WSSD1 = first World Summit for Social Development.
Note: The regions shown are the World Inequality Database regions, which differ from the ILO regions. The graph shows the share of income held by the top 10 per cent and 1 per cent in each region, regardless of the country they live in.
Source: World Inequality Database (see <https://wid.world>).

Overall, the high-income regions – Europe,¹² North America and Oceania (including Australia and New Zealand) – indeed show increasing income concentration of the top 10 per cent. Latin America shows no clear upward or downward trend, while Africa, Asia and the Middle East show decreasing income concentration, meaning in the direction of fairer distribution. None of the regional trends resembles the global trend – which shows how aggregate numbers tell only a partial story.

■ Falling inequality in productivity and income between countries is leading to an overall decline in global inequality.

At the global level, the story becomes clearer: falling inequality in productivity and income between countries is the main driver of global trends, offsetting inequality within countries and leading to an overall decline in global inequality. These numbers also reveal, however, an unacceptable level of inequality even at the aggregate level. Clearly, the world has work to do on these measures of social justice.

¹² In Europe, income concentration of the top 10 per cent increased strongly from 1981 to 1995, but did not change from 1995 to 2024.

3.1.3. Poverty, working poverty and hunger

One result of unfair distribution of the fruits of progress is the persistence of poverty and hunger. As the ILO Declaration of Philadelphia recognizes:

the war against want requires to be carried on with unrelenting vigour within each nation, and by continuous and concerted international effort in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision with a view to the promotion of the common welfare.¹³

This idea undergirds SDG 1 to “end poverty in all its forms everywhere” (ILO 2016; UN 2015). Nevertheless, there are still roughly 800 million people below the extreme poverty line (World Bank 2024), which is used as a proxy for those unable to afford the minimum caloric intake to remain healthy (Ravallion 1998). Despite significant progress, in the quest to eliminate poverty, humanity has a long way to go.

Poverty can take different forms. Most relevant to the world of work are income poverty and working poverty. While income poverty rates measure the share of people living below the extreme poverty line, the working poverty rate reveals the proportion of the employed population living under this same poverty line despite being employed. The world has made outstanding progress in reducing both income and working poverty, but progress has slowed down in recent years. Perhaps the direct consequence of extreme poverty is hunger. While extreme poverty lines are calculated to reflect the income necessary to satisfy caloric needs (Ravallion 1998), hunger can also be measured directly through its consequences on the human body (particularly children).

Income poverty

In 1995, 39 per cent of the world’s population lived in extreme income poverty (on less than US\$3.00 per day in constant 2021 PPP-adjusted US dollars).¹⁴ By 2023, the last year for which worldwide estimates are available, it had fallen by almost three quarters to 10 per cent. It should be noted that extreme poverty lines cover only food, meaning someone at the extreme poverty line has no income left for shelter, clothing, transport, healthcare and education, much less any leisure activities. This is why figure 3.7 also reports the proportion of people living below the thresholds of US\$4.20 and US\$8.30 per day. These lines are similarly calculated by the World Bank and correspond to poverty lines that take into consideration non-food expenditures and similarly fell from 71 to 47 per cent and from 54 to 19 per cent, respectively.¹⁵

Progress, however, has slowed in recent years: between 2017 and 2022, the share of people living in extreme poverty fell by only 1 percentage point. While some of this can be attributed to the COVID-19 pandemic, the slowdown was already visible in the data before lockdowns began. The trends are similar for higher poverty lines of US\$4.20 and US\$8.30 per day. As shown by figure 3.7, progress almost slowed from the mid-2010s across all three measures and even reversed with the onset of the pandemic. In 2023, 1.5 billion people were living on less than US\$4.20 per day, and 3.8 billion people were living on less than US\$8.30 per day.

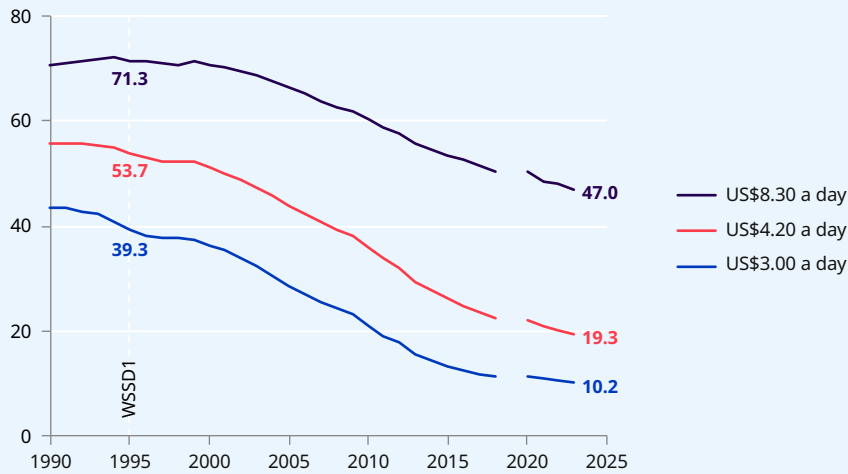
Extreme income poverty affects most countries around the world. Although low-income countries have extreme poverty rates over 40 per cent, more than half of those living in extreme poverty actually live in middle-income countries.

¹³ Declaration of Philadelphia, Part I(d).

¹⁴ The US\$3.00 poverty line is considered to be the line below which people do not have enough income to pay for caloric intake necessary to remain healthy. The poverty lines have been updated recently by the World Bank, meaning that some institutions that have not done so may continue to use the US\$2.15 line (in 2017 PPP US dollars).

¹⁵ US\$3.00 per day poverty line (in 2021 PPP) is close to the lowest national poverty lines, while US\$4.20 and US\$8.30 correspond roughly to the averages of lower- and upper-middle-income countries, respectively.

► **Figure 3.7. Global monetary poverty rates according to international poverty lines, 1990–2023 (percentage)**



Key: WSSD1 = first World Summit for Social Development.
Note: The break in the series is because of the COVID-19 pandemic, when many household surveys were interrupted.
Source: World Bank, “Poverty and Inequality Platform”.

Poverty is largely a rural issue, with more than three quarters of the global extreme poor living in rural areas (World Bank 2024). The global extreme poverty rate among rural residents is close to 16 per cent, while among urban residents it is close to 5 per cent (World Bank 2024). Poverty rates are almost 20 per cent for agricultural households and less than 5 per cent for non-agricultural households (Castañeda et al. 2016).¹⁶

Extreme poverty rate:
rural residents
16%
urban residents
5%

Children are also overrepresented among the poor. While extreme poverty rates among children aged 17 or younger are more than 17 per cent (higher than rural poverty), for adults over 25, the poverty rate is 7 per cent (World Bank 2024). Almost half the world’s poor are children under 15 (World Bank 2020). Extreme poverty among households without children is close to 2 per cent, but rises to over 11 per cent for households with one or two children, and to over 22 per cent for households with three or more children (World Bank 2020).

Working poverty

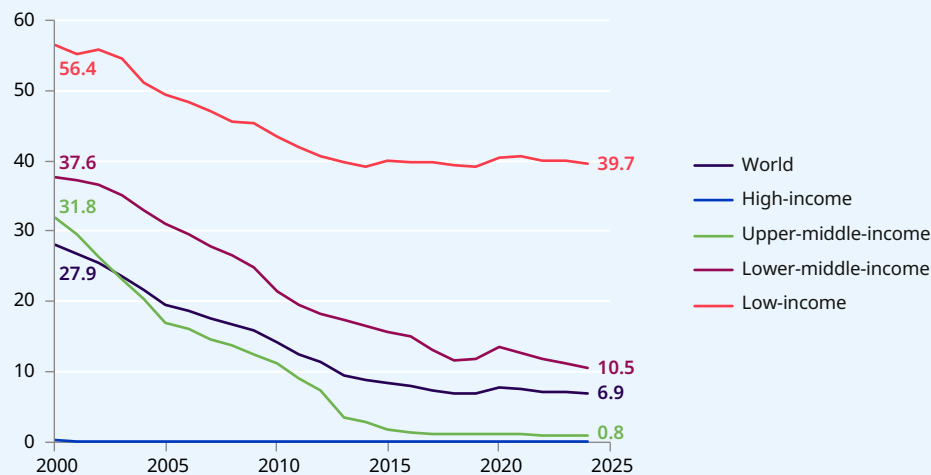
The working poor are employed (either as wage or non-wage workers) but live in households whose income falls below the poverty line. This means their employment and other income is insufficient to lift them and their household out of poverty.

Figure 3.8 illustrates long-term trends in working poverty. It declined rapidly from 2000 until about 2015, but since then has been stagnant. This faltering progress is clearest in the case of low- and upper-middle-income countries.

The global working poverty rate is consistently lower than the global poverty rate, meaning that poverty is less prevalent among the employed than those not employed. Even though the difference is modest (less than 2 percentage points in 2022), the impact of employment in lifting people from poverty has increased (the gap was less than 0.4 percentage points in 1991).

¹⁶ These figures exclude high-income countries (where extreme poverty is residual), so the numbers add up to an extreme poverty rate of about 12 per cent.

► **Figure 3.8. Incidence of working poverty by country income group, 2000–24**
(percentage)



Note: The working poverty rate is the share of persons in employment living in extreme poverty as a share of total employment. Extreme poverty is defined using the international poverty line of US\$2.15 per day in 2017 PPP. The World Bank has only recently updated the international poverty line to US\$3.00 (2021 PPP).

Source: ILOSTAT, ILO modelled estimates, November 2024.

Hunger

As noted earlier, poverty lines are calculated with the intent of revealing households whose income is insufficient to provide the necessary caloric consumption. However, the relationship between hunger and poverty is not linear (Devereux 2015). A more direct way to measure hunger is its impact on the human body, and particularly on children, which can show the scars of malnutrition in measures called stunting and wasting. Stunting is when children are too short for their age, showing a history of hunger. Wasting is when children weigh too little for their height, showing hunger at the time the measure was taken.¹⁷ Both measures refer to children under five because their bodies reflect more accurately recent nutritional circumstances. However, stunting as an indicator better complements the data on poverty, since it is an indicator of chronic malnutrition, thus reflecting long-term rather than immediate poverty.

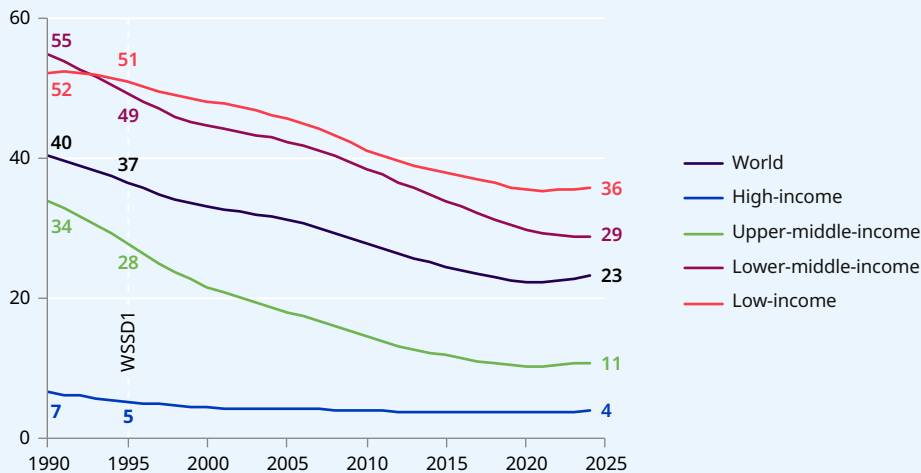
The prevalence of stunting fell by more than 13 percentage points from 1995 to 2024, but still remains at 23 per cent (see figure 3.9). The stalling that is visible in poverty is also visible in stunting numbers. The extreme poverty rate is close to 10 per cent (see figure 3.7), but a full quarter of the world's children are stunted, which means that close to a quarter of the world's population has endured and is therefore at risk of extreme poverty that leads to inadequate food consumption, even if they are not under the poverty line at the time their incomes are measured.

▲▲ A quarter of the world's children are stunted, which means that close to a quarter of the world's population is at risk of extreme poverty that leads to inadequate food consumption.

Not surprisingly, malnutrition in infancy is also directly related to labour capacity as an adult. Physical stunting is also related to cognitive stunting. Longitudinal studies on adults who suffered malnutrition find them to be less productive and the effect is both significant and substantive (Almond et al. 2007; Hoddinott et al. 2008). Access to food and nutrition remains an

¹⁷ Both stunting and wasting refer to populations of children, as an individual child can be short or have low weight for a number of reasons.

► **Figure 3.9. Prevalence of stunting among children under five, 1990–2024 (percentage)**



Key: WSSD1 = first World Summit for Social Development.
Source: UNICEF, WHO and World Bank, “The Global Health Observatory”.

issue beyond childhood both for individual human well-being and for healthy and productive workforces (Wanjek 2005). Poorly fed workers are also unproductive workers, since dietary deficiencies themselves reduce people’s ability to work. In order to address worker nutritional needs, the ILO developed the Welfare Facilities Recommendation, 1956 (No. 102), which provides guidance on the establishment of various forms of food facility services. Extreme hunger and malnutrition limit sustainable development and can trap people in a cycle of poverty, making them less productive, more prone to disease and unable to improve their economic conditions through work.¹⁸

The poverty and hunger story, seen through different lenses, is nevertheless a consistent tale. It shows strong improvements from 1995 until sometime after the global financial crisis, when progress begins to taper off. Considerable deficits are still found in low- and lower-middle-income countries. In 2024, under Brazil’s presidency, the G20 established the Global Alliance against Hunger and Poverty to support and accelerate efforts to eradicate hunger and poverty. The Alliance builds partnerships and mobilizes financial and knowledge resources to implement policy to this end. The ILO has joined the Alliance as part of its efforts to advance social justice globally.

3.2. Distribution of wages and labour earnings

The income of most households is overwhelmingly composed of labour earnings. Given the central role that wages play in labour income, especially in countries where wage employment predominates, their distribution is especially important in determining people’s perception of fairness. Accordingly, the wage or labour share of national income and the distribution of wages and labour income are crucial determinants of a fair income distribution. The income aggregate used here is market income, or income before taxes and transfers,¹⁹ rather than disposable income, which is income after taxes and transfers and will be further investigated in section 3.4.

¹⁸ UN, “Goal 2: Zero Hunger”.
¹⁹ In the definition of “market income” by the Organisation for Economic Co-operation and Development (OECD), pensions are included, as they are considered deferred income.

The main finding of this section is that the share of labour income in overall national income has been declining on a worldwide aggregate basis, but that labour incomes have recently become more equally distributed among workers.

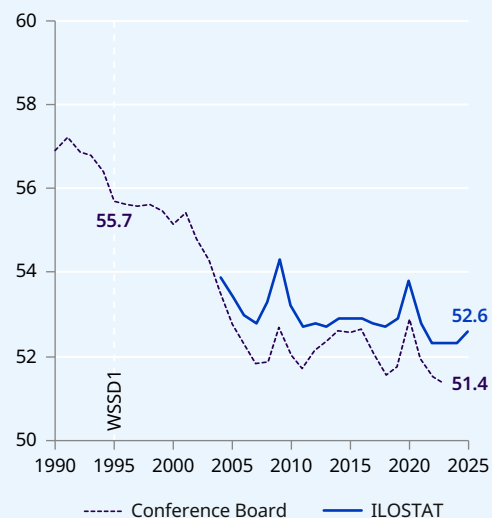
3.2.1. Labour share of national income

Income inequality is linked with the labour income share in total income (Erauskin 2020). Capital ownership is typically concentrated among those at the top of the income distribution; hence, a higher share of capital income in total income leads to more income inequality. The global wage share of national income as measured by gross income has been falling since the early 1990s, losing around 6 percentage points (see figure 3.10). There was a large fall from approximately 1990 to 2005 and then a smaller decline after the COVID-19 pandemic (ILO 2024b). A number of reasons have been suggested for the fall in the labour share, including financialization²⁰ (Bazillier and Najman 2017), technological change (Carbonero, Offermans and Weber 2017), global economic integration, domestic deregulation, the fall in union density and collective bargaining (Guschanski and Onaran 2022), the composition of taxation and the rising cost of housing (Rognlie 2016). Regardless of the nature and relative weight of these and other factors, labour today commands a smaller slice of the pie than before.

However, neither the trend nor the level are uniform across countries. As illustrated by figure 3.11, the labour income share tends to be higher in high-income countries, meaning that a shift in the GDP share from high-income to middle-income countries has the effect of reducing the global labour share, based on world averages. This shift was responsible for about 35 per cent of the reduction in the global labour share.

During the last 20 years, the fall in the labour share has been strongest in high-income countries, where it fell by 2 percentage points. Low- and middle-income countries show increases in the labour share. There is considerable variation among countries with similar levels of GDP per capita, whether because of differences in the structural composition of economic activity or labour market policies. Thus, even as low- and middle-income countries are moving slowly, if not steadily, towards greater social justice by this measure, high-income countries have lost ground.

► **Figure 3.10. Share of wages and labour of national income, 1990–2025 (percentage)**



Key: WSSD1 = first World Summit for Social Development.

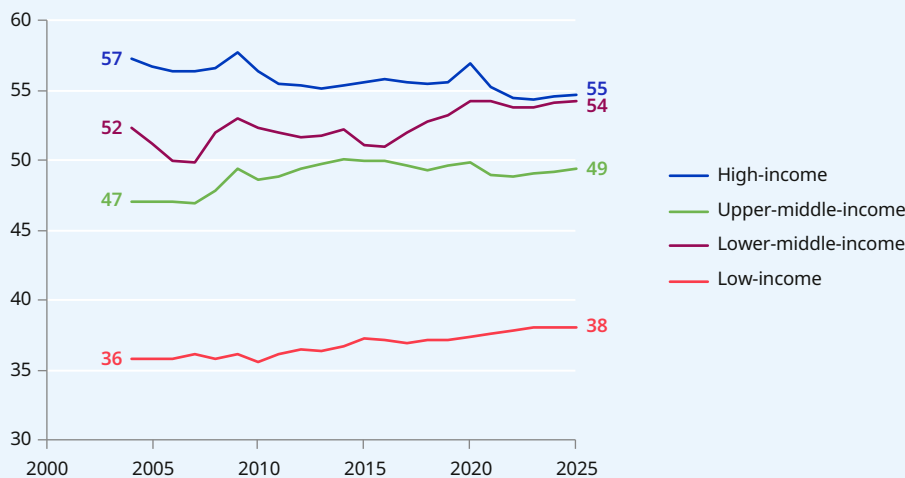
Note: The Conference Board data use wages; ILOSTAT data use labour earnings, which include the labour part of self-employed earnings. The trends shown are based on gross income, which does not take account of depreciation of capital.

Source: The Conference Board (see <https://www.conference-board.org>); ILOSTAT, ILO modelled estimates, May 2025.

► A higher share of capital income in total income leads to more income inequality.

²⁰ Financialization refers to the financial sector becoming more and more important in an economy.

► **Figure 3.11. Labour share of national income by country income group, 2004–25**
(percentage)



Source: ILOSTAT, ILO modelled estimates, May 2025.

3.2.2. Distribution of labour income

The distribution of national income has been tilting away from labour in many countries, which has contributed to the increase of inequality within countries in some parts of the world.²¹ However, the distribution of labour income itself has grown more equal. In other words, while in some cases the labour income pie is smaller, it is divided more equally. Moreover, aggregate numbers again obscure important parts of the story, as the reduction in labour income inequality is basically a middle-income country phenomenon. In high-income countries, there is increasing polarization between the highest earners and the lowest;

while in middle-income countries, the growth in earnings in the middle of the distribution has lessened polarization, explaining the worldwide numbers.

Labour income inequality within 75% of countries has been slowly and steadily decreasing since 2004.

Figure 3.12 shows the ILO modelled estimates series (including measured, imputed and modelled values) as well as a series based only on directly measured observations. While the levels are different (since they reflect different sets of

countries), the trends are roughly the same: aggregate numbers show that labour income inequality within countries, as measured by the Gini coefficient,²² has been slowly and steadily decreasing since 2004, although with an increase during the COVID-19 pandemic.²³ The *Global Wage Report 2024–25* examines these trends and finds comparable results (ILO 2024a).

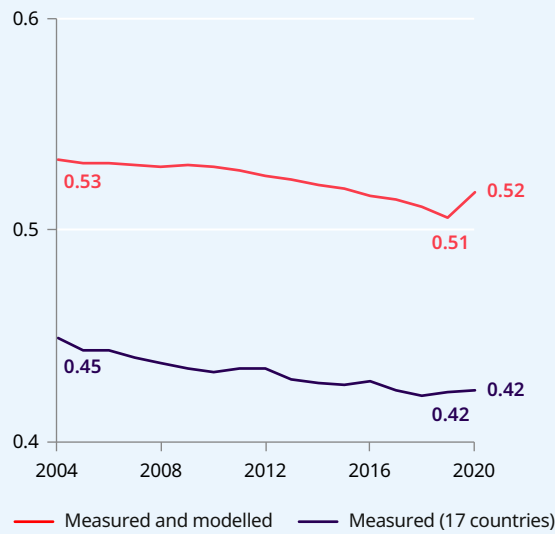
The average global decline in labour income inequality was not observed in all countries. Figure 3.13 shows the change in the Gini coefficient for this measure from 2004 to 2020 on the horizontal axis (countries in which labour income inequality fell are negative; those in which it rose are positive numbers) as a function of GDP per capita as an imperfect proxy for total income levels. The area of each bubble is proportional to the labour force of each country.

21 The distribution of the returns to capital is highly concentrated.

22 The Gini coefficient is one of the simpler inequality measures. It is the average distance in incomes from one person to every other person, divided by the mean income.

23 While the magnitude differs, the same trends are observable using other measures such as the Theil index, the 90/10 ratio or the Palma ratio. The Palma ratio is the ratio between the income held by the top 10 and bottom 40 per cent of the population.

► **Figure 3.12. Average Gini inequality measures (mean weighted by population), measured and modelled, 2004–20**

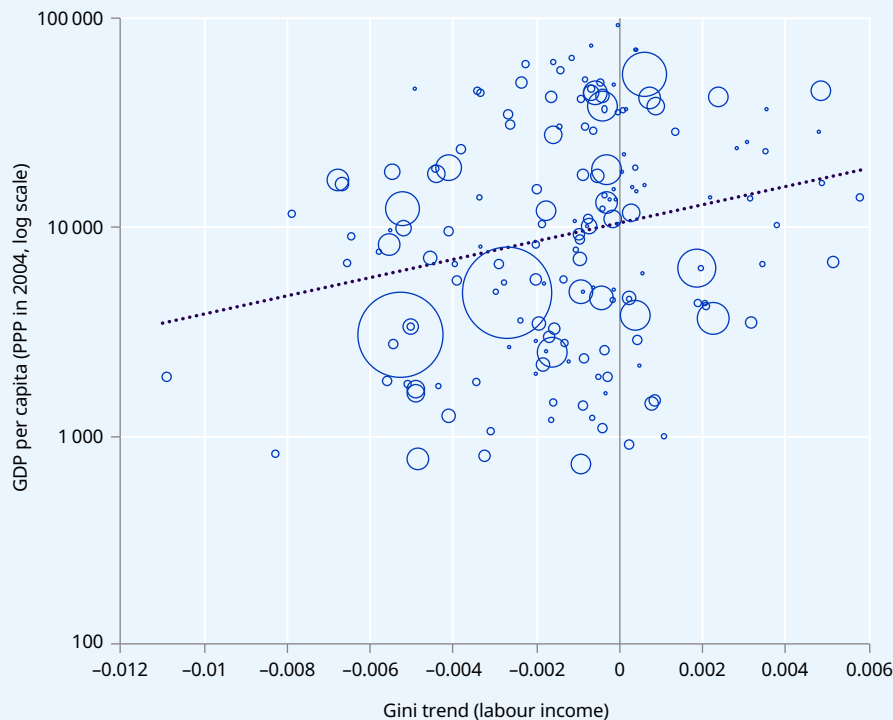


Note: The ILO estimates of labour income distributions from 2004 to 2020 include household surveys where these are available and imputation and modelled estimates where direct observations are not available. Figure 3.12 slightly underestimates the inequality level because the numbers are calculated using deciles and not individuals. ILOSTAT provides modelled estimates of the income shares of labour income for all countries and all years, but they are provided as shares by decile. These decile shares were used to calculate the Gini coefficients in the figure. The measured inequality numbers (in the bottom line) refer to only 17 countries or areas of the 188 covered by the dataset, which are those that have unbroken inequality series from 2004 to 2020. Another 122 have at least one observation and 49 countries or areas have no data and are imputed.

Source: ILOSTAT, ILO modelled estimates, November 2022.

The figure shows that most countries (72 per cent) and most of the world's workers (79 per cent) lie to the left of zero, indicating a fall in inequality. It also shows that, while there are rich countries where inequality fell and poor ones in which it rose, the overall trend was towards rising or stable inequality in higher-income countries and falling inequality in lower-income countries.

► **Figure 3.13. Change in the Gini coefficient (labour income) from 2004 to 2020 as a function of GDP per capita**



Source: ILOSTAT, ILO modelled estimates, November 2022.

3.2.3. Earnings and wage gaps

Moving from “vertical” inequality between households or workers (as previously analysed), this section will examine “horizontal” inequality, such as that between men and women or between different groups in society. Wage differentials driven by factors unrelated to job characteristics, skill levels, work experience or performance are a well-documented cause of unequal distribution.

The ILO Constitution (1919) commits Member States to the “recognition of the principle of equal remuneration for work of equal value”.²⁴ This principle was confirmed in 1944 by the ILO Declaration of Philadelphia, through its fundamental commitment to non-discrimination in all areas of life, and then again by Article 7 of the Universal Declaration of Human Rights, which stipulates that “All are equal before the law and are entitled without any discrimination to equal protection of the law”, while Article 23(2) further specifies that “Everyone, without any discrimination, has the right to equal pay for equal work”. The Discrimination (Employment and Occupation) Convention, 1958 (No. 111), commits countries to fight against “distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin”.²⁵ The Equal Remuneration Convention, 1951 (No. 100), commits countries to equal pay for work of equal value. As discussed in Chapter 1, both instruments are considered fundamental Conventions. Convention No. 111 has been ratified by 175 Member States, and Convention No. 100 by 174.

Although wage gaps have differing historical antecedents, they remain prevalent. This section summarizes the state of three important types of wage gap: the earnings gap between men and women; the wage gap experienced by migrants; and the wage gap experienced by workers with disabilities.

Earnings ratios and wage gaps between men and women

Earnings gaps between men and women have proven difficult to close. While calculating the ratio between what employed men and women take home at the end of the day is relatively simple for many countries, others lack data requiring imputations and interpolations. Figure 3.14 shows the evolution of the annual raw earnings ratios by sex for different country income groups. In 2025, the earnings ratio stands at 78 per cent, which means a woman earns 78 cents for every dollar earned by a man. The vertical axis is shown up to 100 per cent, since that represents complete earnings equality between employed men and women. These ratios are raw in that they are not adjusted for individual or organizational characteristics, such as the level of education, work experience, occupation, economic activity and establishment size, among other factors. Annual earnings disparities between men and women workers partly arise from differences in hours worked, job type and unpaid care responsibilities. One major factor is working time. In

2025, women worked an average of 6 hours and 25 minutes less per week in paid employment than men – a gap that has remained largely unchanged since 2005.

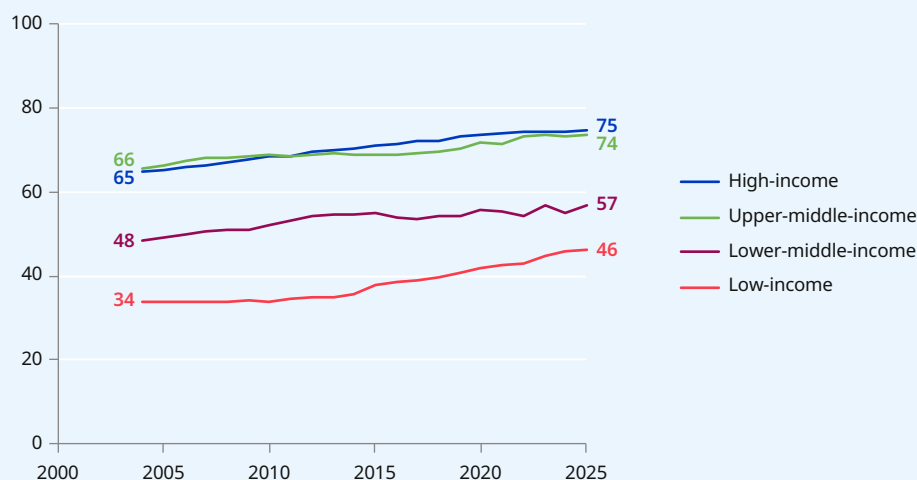
■ If present trends continue, it would take more than 50 years to reach earnings parity in high- and upper-middle-income countries and close to 100 years for low- and lower-middle-income countries.

Figure 3.14 shows that earnings ratios between men and women are improving slowly, by about 4 to 5 points per decade for high- and upper-middle-income countries and about 4 points for low- and lower-middle-income countries. A linear extrapolation suggests that if present trends continue, it would take more than 50 years to reach earnings parity in high- and upper-middle-income countries and close to 100 years for low- and lower-middle-income countries.

²⁴ ILO Constitution, Preamble.

²⁵ Convention No. 111, Article 1(1)(a).

► **Figure 3.14. Employment-weighted earnings ratio between employed men and women by country income group, 2004–25 (percentage)**



Note: The ratios are calculated using the labour earnings of employed men and women. Equality in earnings between men and women is represented by an earnings ratio of 100 per cent.

Source: ILOSTAT, ILO modelled estimates, November 2024 and May 2025.

Focusing on employees alone, pay gaps between men and women based on hourly wages are considerably narrower than gaps based on monthly wages in all country income groups. This suggests that hourly pay inequality is often compounded by women's shorter working hours.

The earnings ratios in figure 3.14 are useful for capturing the overall extent of inequality between men and women in labour income across the entire employed population (wage employees and self-employed) but provide limited insight because they do not consider that employed women tend to have different characteristics compared to men; for instance, in terms of age, educational and occupational profiles, and different locations on the wage distribution. The *Global Wage Report 2018/19* calculates a complementary measure – factor-weighted pay gaps – that is, a pay gap which provides an estimate of the pay gap between men and women employees with similar educational or occupational characteristics (ILO 2018a). The results are shown in table 3.1.

► **Table 3.1. Wage gap between men and women by country income group, latest available year (percentage)**

Measure	Low-income	Lower-middle-income	Upper-middle-income	High-income
Mean raw wage gap	19.5	8.1	13.4	12.7
Median raw wage gap	17.3	14.9	19.0	11.6
Mean factor-weighted wage gap	14.7	15.0	21.7	13.0
Median factor-weighted wage gap	11.8	13.2	21.6	12.1

Note: The raw wage gaps refer to the difference in wages of men and women divided by the wages of men. The factor-weighted methodology controls for differences in various characteristics. In essence, the methodology groups men and women wage employees into a maximum of 64 relatively homogeneous groups based on education, age, public versus private sector employment, and full-time versus part-time work. The methodology then constructs the factor-weighted wage gap by taking a weighted average of the group-level raw pay gaps, with weights reflecting the proportion of each group of wage employees among all wage employees. Wage equality between men and women would mean a wage gap of zero; thus the lower the gap, the closer to equality.

Source: ILO (2024a).

The monthly global factor-weighted pay gap changes little relative to the raw pay gap. This highlights the limits of classic measures of wage inequality between men and women such as the raw pay gap, especially in countries where women's labour force participation is low and where women cluster in particular sectors and occupations (ILO 2018a). Overall, the evidence points to the fact that women suffer from lower pay globally, with the pay gaps resulting from factors such as occupational segregation, imbalances in educational attainments and discrimination in every region. Though the world is generally moving the right direction towards equal pay for work of equal value, the remaining gap is a deficit in social justice that deprives women and women-led families of the opportunity to benefit equally from their participation in the world of work.

Migrant pay gap

Migrant workers also face pay gaps compared to other workers. Unlike pay gaps between men and women, which always disadvantage women, migrant pay gaps are highly dependent on the national context. Highly skilled migrants in countries with a limited skilled workforce may command wage premiums, while others may be part of a marginalized population unable to command the same wages as nationals. Raw migrant pay gaps depend largely on the income level of the country. In high-income countries, migrant pay gaps favour nationals. In middle-income countries, however, they can favour migrants due to differences in occupations and relative skill levels.

Of the 48 countries with available data on migrant status and wages, 33 are high-income and 15 are low- and middle-income (Amo-Agyei 2020). In only 7 of the 33 high-income countries do migrants earn more than other workers, but in the 15 low- and middle-income countries, migrant pay is higher in 12. Table 3.2 shows the pay gaps by country income group.

► **Table 3.2. Mean and median migrant pay gaps, raw and factor-weighted, hourly and monthly, by country income group (percentage)**

Country income group	Factor-weighted		Raw	
	Mean	Median	Mean	Median
Hourly				
High-income	9.5	7.4	12.6	16.1
Low- and middle-income	-23.8	-17.8	-17.3	-7.5
Monthly				
High-income	11.3	10.1	14.5	18.4
Low- and middle-income	4.2	3.2	-19.1	-9.1

Source: Amo-Agyei (2020).

In high-income countries, both raw and factor-weighted pay gaps tend to favour host country nationals. Mean and median, monthly and hourly wage levels all favour nationals, and there can be little doubt that migrants are paid less. While migrants often suffer significant occupational downgrading (Brücker et al. 2021), it is clear that in some circumstances, they are also being paid less for similar work.

In low- and middle-income countries, the story is more subtle. While raw pay gaps strongly favour migrants, if factors such as education, age and occupation are taken into account, the monthly pay gap flips to the disadvantage of migrants.

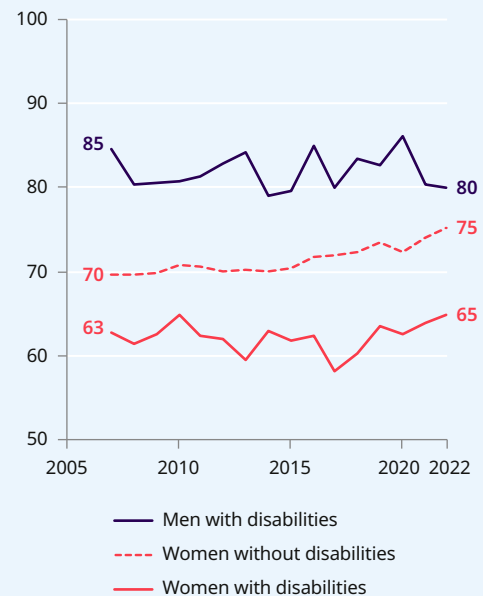
Overall, however, migrant workers tend to suffer from discrimination in terms of occupational downgrading or are paid less for doing the same work as other workers, especially in high-income countries and in some low- and middle-income countries. Thus, this measure of social justice reveals that more progress towards equal pay is necessary.

Workers with disabilities

There is also a significant and persistent pay gap for workers with disabilities. While comparability is imperfect given that different definitions of disability are used in different countries, figure 3.15 shows that these pay gaps are large and persistent. What is more, disadvantages may be cumulative, leading to much lower wages for women with disabilities.

Furthermore, recent analysis of data in 30 countries suggests that three quarters of the disability pay gap is unrelated to education, experience or occupation (Ananian and Dellaferrera 2024). This means that the gap is most likely driven by other factors, such as possible limitations on workplace accommodations for workers with disabilities and wage discrimination (Kruse et al. 2018).

► **Figure 3.15. Pay (employment-weighted) for workers with disabilities as a share of the pay of men without disabilities, 2007–22 (percentage)**



Note: The figures are not globally representative, as they are based on data available for 50 countries only.

Source: Calculations based on ILOSTAT.

3.3. Policies for a fair distribution of labour earnings

Despite the challenges in addressing inequalities in income and wages, history shows a number of proven policies that work if they are applied fairly and consistently. A renewed focus on these tools can help support reductions in inequality to advance social justice.

3.3.1. Minimum and living wages

Statutory or negotiated minimum wages serve as key tools to address low pay and wage inequality, thus promoting social justice by advancing a fair distribution of the fruits of labour. Setting adequate levels of minimum wages is challenging and requires an evidenced-based approach. The Minimum Wage Fixing Convention, 1970 (No. 131), specifies that minimum wage levels should take into account both the “needs of workers and their families” and “economic factors, including the requirements of economic development [and] levels of productivity”.²⁶

► The real value of minimum wages, averaged across countries, increased strongly from 1995 to 2022.

New Zealand established the first nationwide minimum wage in 1894, and today the vast majority of workers live in countries in which a minimum wage exists. In 2021, 90 per cent of

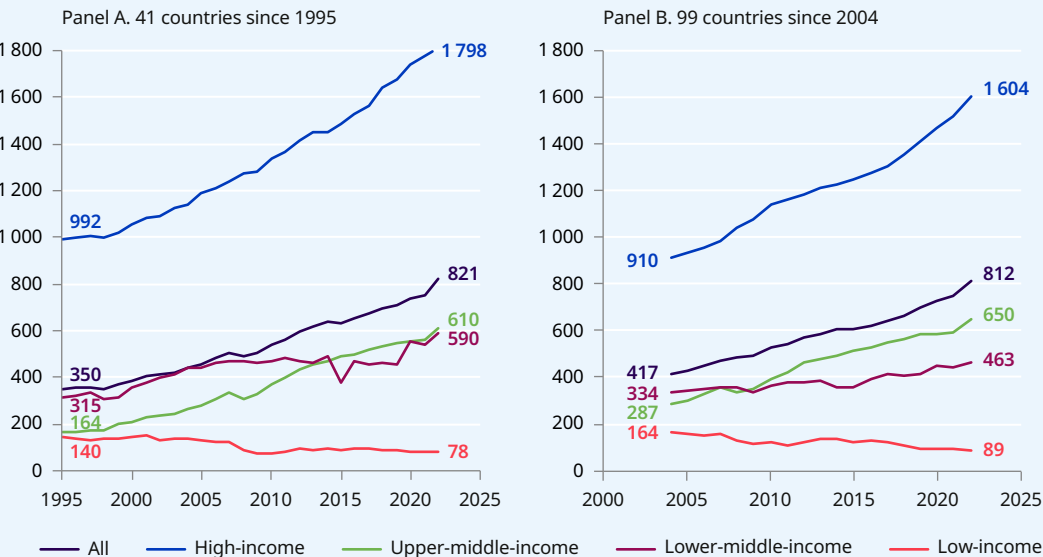
²⁶ Convention No. 131, Article 3.

the 170 countries for which data exist had some kind of minimum wage system (ILO 2020), either statutory or negotiated in collective bargaining agreements.

Minimum wage systems differ widely across countries and range from simple to complex: globally, roughly half the countries that have a statutory minimum wage have a single national minimum wage rate, while the other half have more complex systems with multiple rates, determined, for example, by sector of activity, occupation, age of the employee or geographical region.

The real value of minimum wages, averaged across countries, increased strongly from 1995 to 2022 (see figure 3.16). In high-income countries, minimum wages almost doubled; in upper-middle-income countries, they more than doubled; and in lower-middle-income countries, they increased by 88 per cent. However, in low-income countries, they fell by 44 per cent in real terms on average.

► **Figure 3.16. Average real minimum wages (employment-weighted) by country income group, 1995–2022 (US dollars)**



Note: Wages are compared in US dollars using 2021 PPP exchange rates. Countries with information since 1995: Albania, Algeria, Armenia, Azerbaijan, Bolivia (Plurinational State of), Brazil, Burkina Faso, Burundi, Canada, Chile, China, Colombia, Costa Rica, Dominican Republic, Egypt, Ghana, Guatemala, Honduras, Hungary, Indonesia, Iran (Islamic Republic of), Israel, Japan, Kazakhstan, Kyrgyzstan, Madagascar, Mexico, Panama, Paraguay, Philippines, Poland, Republic of Korea, Romania, Russian Federation, Rwanda, Senegal, Thailand, Togo, Tunisia, Uganda and Uruguay. The countries with information since 2004 also include: Angola, Australia, Bahamas, Belgium, Benin, Botswana, Bulgaria, Cambodia, Cameroon, Chad, Côte d'Ivoire, Croatia, Czechia, Ecuador, El Salvador, Estonia, Ethiopia, France, Georgia, Greece, Haiti, India, Ireland, Jamaica, Jordan, Kenya, Lao People's Democratic Republic, Latvia, Lesotho, Lithuania, Luxembourg, Malawi, Mali, Malta, Mauritania, Morocco, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Pakistan, Peru, Portugal, Republic of Moldova, Serbia, Slovakia, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Sudan, Tajikistan, Türkiye, Ukraine, United Kingdom, United Republic of Tanzania, United States and Viet Nam.

Source: ILOSTAT.

Certain factors can undermine the effectiveness of minimum wages in reducing inequality. The first are legal exclusions: as of 2020, close to 18 per cent of countries (29 countries) with statutory minimum wages legally excluded agricultural or domestic workers (ILO 2020). These two categories include many workers concentrated at the bottom of the wage distribution. A second issue is informality: roughly 40 per cent of wage workers are in the informal economy (ILO 2018b); they constitute the majority of those earning less than the minimum (ILO 2020). Finally, minimum wages that are too low and only sporadically adjusted are ineffective in reducing inequality. Nevertheless, most of the literature on minimum wages is clear: minimum

wages are an important tool for reducing wage inequality (ILO 2020). The sustained progress in real minimum wage levels across many parts of the world is encouraging. However, the impact of minimum wage policies remains constrained by legal exclusions, high levels of informality and challenges in enforcement. Notably, while an estimated 57 million wage earners reside in countries without a statutory minimum wage, an additional 266 million are covered by minimum wage legislation yet earn less than the applicable minimum (ILO 2020).

Legal exclusions and wages that are too low and only sporadically adjusted undermine the effectiveness of minimum wages in reducing inequality.

In recent years, partly due to the lack of adequate minimum wage systems in many countries, attention has focused on the issue of “living wages”, with a view to ensure that workers earn sufficient income to afford a decent standard of living. Recalling that wage policies have been a central subject of the ILO since its creation in 1919 – as reflected in its Constitution, several of its declarations and international labour standards – the ILO held a tripartite meeting of experts on wage policies, including living wages. The experts’ conclusions, endorsed by the ILO Governing Body in March 2024, set out the concept of the living wage as (ILO 2024c):

- ▶ the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country’s circumstances and calculated for the work performed during the normal hours of work;
- ▶ calculated in accordance with the ILO’s principles on estimating the living wage;
- ▶ to be achieved through the wage-setting process in line with the ILO’s principles on wage-setting.

Although the estimation and operationalization of living wages come with a number of challenges, the ILO Governing Body agreed that (ILO 2024c, para. 3):

Decent wages are central to economic and social development and essential in reducing poverty and inequality, as well as in ensuring a decent and dignified life and in advancing social justice.

Overall, minimum wage and living wage policies, when they are designed and implemented in a way that considers both the needs of workers and their families and economic factors, as well as the other ILO principles of wage-setting, can make a real impact on the fair distribution of the fruits of progress, with consequent benefits for societies and economies.

3.3.2. Unionization and collective bargaining

In addition to being enabling human rights, freedom of association and the effective recognition of the right to collective bargaining have important roles to play in fair distribution. Chapter 1 examined the status of freedom of association and collective bargaining as fundamental principles and rights at work and revealed a deterioration in respect and protection of these principles and rights (see SDG indicator 8.8.2), particularly since the COVID-19 pandemic. This section will examine developments in the institutions that the effective recognition of these fundamental principles and rights enable – that is, trade unions and collective bargaining. It will focus on the consequences for fair distribution.

Research on the impacts of unionization has consistently found that unions reduce inequality among their members and, at least in high-income countries, higher unionization rates reduce overall earnings inequality (Card, Lemieux and Riddell 2004; Farber et al. 2021; Keune 2021). The decline in unionization had a large impact on wage inequality in the United States, responsible for about 14 per cent of the increase in wage inequality from 1979 to 1988 (DiNardo and

Lee 2004), and in Mexico, where it was responsible for roughly 6 per cent of the rise in inequality from 1984 to 1996 (Fairris 2003). However, there is considerable heterogeneity in the effect of unionization on income inequality across countries.

The consensus among researchers is that collective bargaining leads to more egalitarian wage distributions (Antonczyk, Fitzenberger and Sommerfeld 2010; Hayter 2015; Hayter and Weinberg 2011). First, collective agreements raise wage floors, where most trade union members tend to cluster, thus compressing the wage structure. Second, collective agreements standardize wage rates, thus reducing the effects of individual characteristics on the variation of wages. Among high-income countries, those countries with coordinated bargaining systems

where a high proportion of workers are covered by collective agreements have lower wage inequality compared to those with fully decentralized bargaining systems (OECD 2019).

Collective bargaining leads to more egalitarian wage distributions.

The collective bargaining coverage rate – that is, the share of employees whose terms and conditions of employment are determined by

a collective agreement – varies from more than 99 per cent to under 1 per cent, depending on the country (OECD 2019). Globally, only one third of employed workers have their terms and conditions of employment determined by a collective agreement (ILO 2022a). As a key instrument for fair distribution, collective bargaining is underutilized. There are ways, however, “to encourage and promote the full development and utilisation of machinery for voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by means of collective agreements.”²⁷

Various factors determine the proportion of workers covered by collective agreements as well as the extent to which those agreements help reduce wage disparities. The first and most important factor is of course the unionization rate, which is strongly linked to the share of workers covered by collective agreements (correlation coefficient of 0.6).²⁸ Unfortunately, average unionization rates for wage and salary earners²⁹ fell from 20.0 per cent in 2008 to 16.8 per cent in 2019 (ILO 2022a). There are several reasons for this, including new forms of working arrangements, the shift from manufacturing to services, non-compliance with the right to organize and the decentralization of collective bargaining. The decline in unionization impedes the distributional effects that unions might otherwise have on the wage distribution.

A second factor that determines the share of workers that are covered by a collective agreement, and thus its potential effects on the wage distribution, is the institutional setting for collective bargaining. Collective bargaining may be carried out on a multi-employer basis or by a single employer at the firm or establishment level. In some countries, the institutional setting may depend upon the sector, meaning that the country has both multi-employer and single employer bargaining – a mixed system. Not surprisingly, the most inclusive and coordinated form of bargaining is multi-employer bargaining, typically carried out at the sectoral or inter-professional level (ILO 2022a). These institutions have the highest rates of coverage by collective agreements at 69.4 per cent on average. They also allow for coordination between employers who are members of employers’ organizations. The coverage levels in countries with only enterprise-level and mixed-level bargaining are much lower at 15.4 and 31.9 per cent on average, respectively.

Unionization rate:
16.8%
in 2019
down from
20.0%
in 2008

²⁷ Right to Organise and Collective Bargaining Convention, 1949 (No. 98), Article 4.

²⁸ Analysis for this section is drawn from ILO (2022a) with updated data.

²⁹ While some own-account workers do unionize, the rate is very low, even if it has increased from 0.9 to 2.2 per cent over the same period.

The third factor is whether workers in the public sector are able to engage in collective bargaining. Countries where more than 75 per cent of workers are covered by collective agreements are also those that guarantee the right to collective bargaining to public servants. Given that women are more likely to be employed in lower-paid sectors such as healthcare and childcare services, collective bargaining in public services can also have important implications for reducing pay gaps between men and women and advancing equal pay for work of equal value (ILO 2022a).

Finally, how collective agreements apply to workers and employers is crucial in determining the coverage of a collective agreement and hence its effects on compressing the wage distribution and reducing wage disparities, for example between fixed and temporary workers. Erga omnes provisions may exist in law, making a collective agreement applicable to all workers in a bargaining unit – irrespective of whether they are a member of the trade union that negotiated the agreement. In addition, extension policies – according to which a public administration may decide to extend a collective agreement to all employers within a determined jurisdiction based on certain pre-determined criteria – as set out in the Collective Agreements Recommendation, 1951 (No. 91) – can be an important means of shoring up the coverage of collective agreements. It can also bring temporary workers and workers in small and medium enterprises within the scope of a collective agreement, while ensuring that public authorities give due consideration to the potential effects of such extension on employment (Hayter and Visser 2021).

Extension policies can be an important means of shoring up the coverage of collective agreements.

3.4. Redistribution: Social security, taxation and fiscal space

Social security is a significant mechanism to address inequalities. Chapter 1 identified the right to social security as a fundamental human right that provides the foundations for the development of social protection systems. This section will look at how social security has developed from universal aspiration to legislative reality and gauge its gradual and continuing expansion. While recognizing that health is also an important part of social security systems (UN and ILO 2025), this section will look primarily at the importance of social security transfers in fair distribution, including child benefits, unemployment protection and pensions.

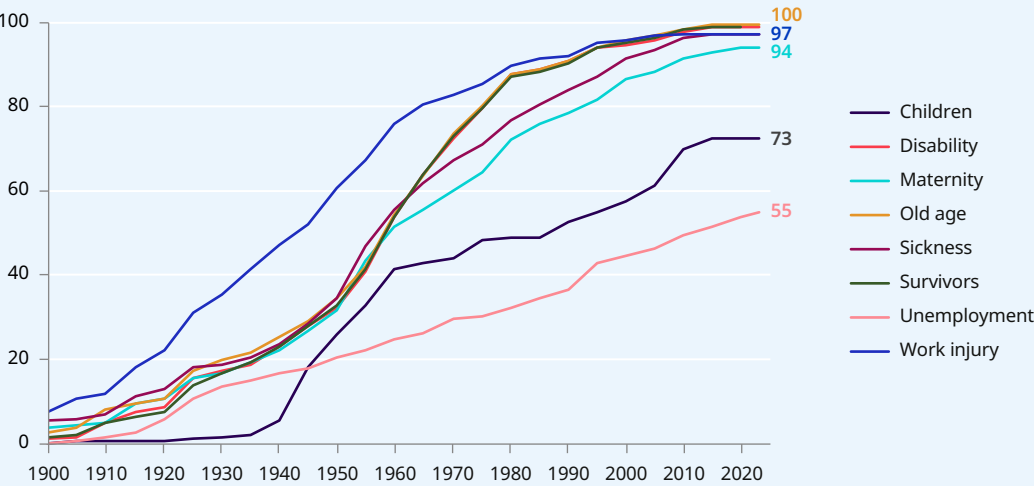
Figure 3.17 shows how the social security legislation has evolved since 1900. It has increased from little or no legal coverage for any social risk to a situation where over 90 per cent of countries have legislation in place for old age, disability, sickness, maternity and work injury. Child benefits and unemployment benefits have lagged somewhat behind but the increases are still impressive (ILO 2024d).

Figure 3.18 shows the increase in effective (not only legal) coverage from 2015 to 2023 for various life cycle contingencies. Whereas figure 3.17 shows countries with laws on the books guaranteeing a given benefit, figure 3.18 captures people who are actually: (i) either receiving benefits; or (ii) contributing to systems that are reasonably sure to guarantee them these benefits.

The most important takeaway from figure 3.18 is that for the first time in history, more than half (52 per cent) the world's population is covered by at least one social protection scheme (ILO 2024d). This is up from 43 per cent in 2015. Yet, this also means that almost half the world is still entirely excluded, and many more are only partially covered (ILO 2024d). Disaggregated by type of protection, the highest rate of coverage is that of older persons, 79 per cent of

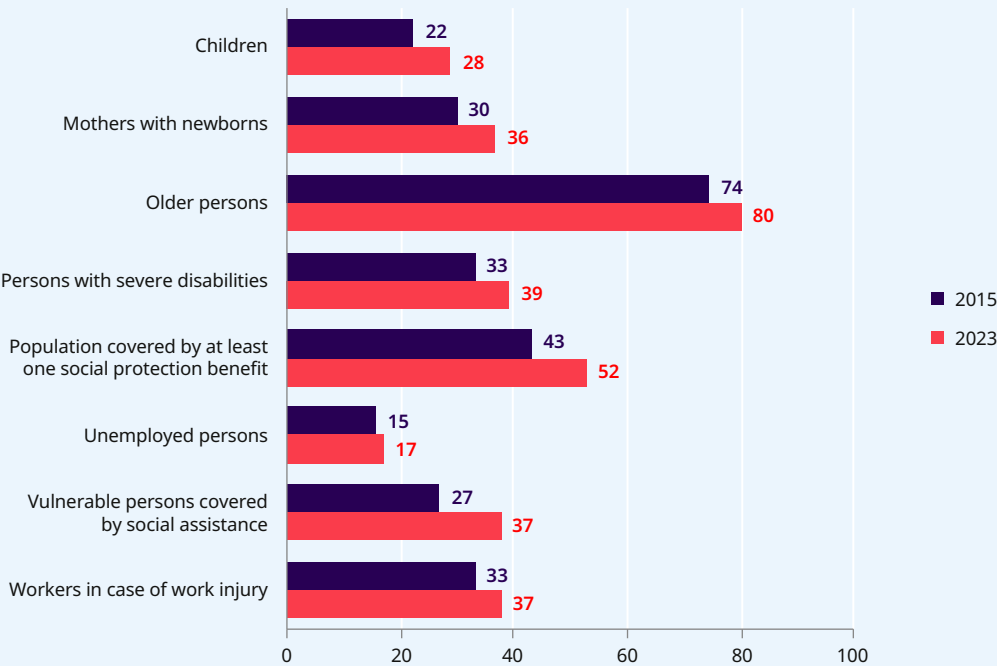
whom are covered. Coverage of persons with disabilities, children, mothers with newborns and work injury is lower, ranging between 28 per cent (for children) and 39 per cent (for persons with severe disabilities) in 2023. Unemployment protection remains low with a global coverage rate of 17 per cent.

► **Figure 3.17. Share of countries where development of social security schemes is anchored in national legislation by policy area, 1900–2023 (percentage)**



Source: ILO (2024d, figure 3.10).

► **Figure 3.18. Effective social security coverage by population group, 2015 and 2023 (percentage)**



Note: SDG indicator 1.3.1.

Source: ILO (2024d, figure 3.2).

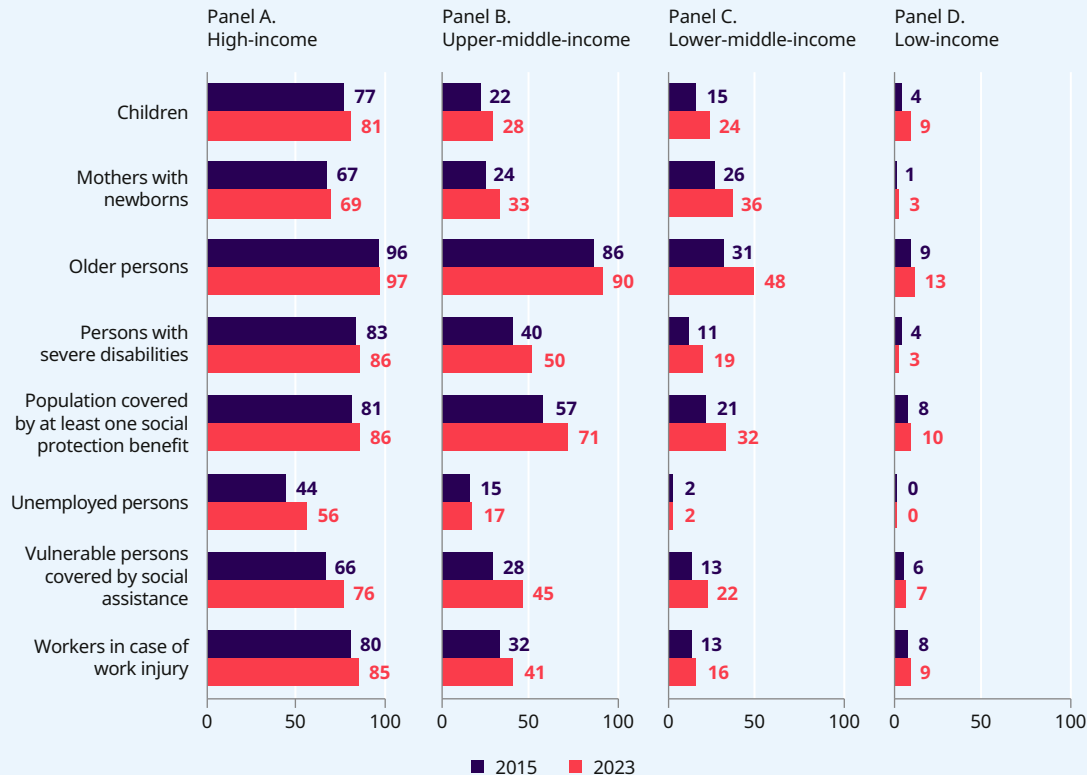
Figure 3.19 breaks down this trend by level of economic development. Coverage of almost all types of benefit is high in high-income countries (ILO 2024d). However, middle-income countries have had noticeable increases in the past several years. The proportion of the population covered by at least one type of benefit increased by 14 percentage points in upper-middle-income countries and 11 points in lower-middle-income countries, compared to 5 points in high-income countries. Low-income countries, on the other hand, have been largely left behind, with both very low coverage rates and little improvement in those rates.

For the first time in history, more than half the world's population is covered by at least one social protection scheme.

A gender gap exists in social security coverage (ILO 2024d). While 55 per cent of men are covered by at least one benefit, only 50 per cent of women are covered. Gender gaps are also apparent in coverage by contributory pensions. While 41 per cent of working-age men contribute to social security, only 29 per cent of working-age women do so, in large part due to lower labour force participation. While non-contributory pensions can close coverage gaps, pension adequacy remains a challenge (ILO 2024d).

Social security transfers will be increasingly important as the world navigates the three societal transitions that are the focus of Chapter 4. The first thing that many workers will need when losing their jobs or otherwise coping with climate, digital or demographic transitions is income support (ILO 2024d).

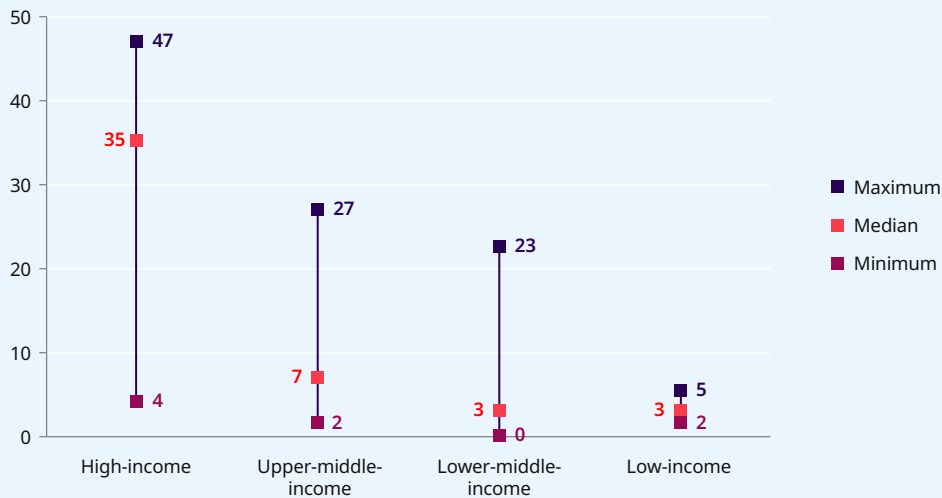
► **Figure 3.19. Effective social security coverage by population and country income group, 2015 and 2023 (percentage)**



Note: SDG indicator 1.3.1.

Source: ILO (2024d, figure 3.2).

► **Figure 3.20. Inequality reduction due to redistribution by country income group (percentage)**



Note: The numbers show the percentage reduction in income inequality (measured by the Gini coefficient) brought on by the redistribution system. For example, a country whose income inequality falls from 40 to 30 Gini points due to redistribution reduces its inequality by one quarter or 25 per cent.

Source: CEQ Institute (see <https://commitmenttoequity.org>); OECD, “OECD Income Distribution Database (IDD)”.

Figure 3.20 shows the reduction in income inequality brought about by redistribution through social transfers. This reduction is calculated using two household income distributions: market incomes and disposable incomes. Market income is the income derived from the remuneration of the factors of production – labour income and capital income (although the latter is typically not well measured in household surveys). In the OECD and Commitment to Equity (CEQ) Institute methodology, used in the chart, contributory pensions are considered market income as well, categorized as deferred earnings or forced savings.³⁰ Disposable income is the income after taxes and government transfers, apart from contributory pension schemes, which are considered market income. The difference between the two captures the capacity of social transfers and tax systems to reduce income inequality, thus reinforcing fair distribution, shown in figure 3.20.

Figure 3.20 shows that the median high-income country succeeds in reducing inequality by 35 per cent through social transfers and progressive taxation. The variation is also large, going from a 4 to 47 per cent reduction in income inequality. Upper- and lower-middle-income countries

also show a wide range of inequality reductions; however, in the median they do much worse than high-income countries, which suggests that policies may play an important role. Low-income countries simply do not have the resources to bring about large reductions in inequality through redistribution.

Without adequate fiscal space, social security systems cannot effectively function.

Social security expenditures are typically financed through taxes and social security contributions, meaning that both sources of revenue, as well as other government spending obligations such as external debt, help determine how much the social security system can reduce inequality, particularly for the most vulnerable.

³⁰ Contributory pensions are usually the most important item in the social protection basket. Hence, assigning them to market income greatly underestimates of the impact of social protection upon the income distribution.

As recognized by the Fourth International Conference on Financing for Development in 2025, fiscal capacity is an important determinant of the capacity of national social protection systems to reduce inequality. From the relationship shown in figure 3.21 and the fact that social security transfer expenditures constitute a significant share of public expenditures in most countries, it becomes clear that, without adequate fiscal space, social security systems cannot effectively function. While this fiscal space may be created through economic growth, improved collection of taxes and social security contributions, as well as debt relief (particularly for low-income countries), it remains crucial to ensure the delivery of adequate benefits and contribute meaningfully to a fairer distribution to advance social justice.

► **Figure 3.21. Tax collection and social security transfer expenditure as a share of GDP by country income group (percentage)**



Note: Social protection expenditure encompasses most social transfers. It refers to social security expenditures minus health expenditures. Social security contributions are included in the total tax collection figure. The bubbles are proportional to population size.

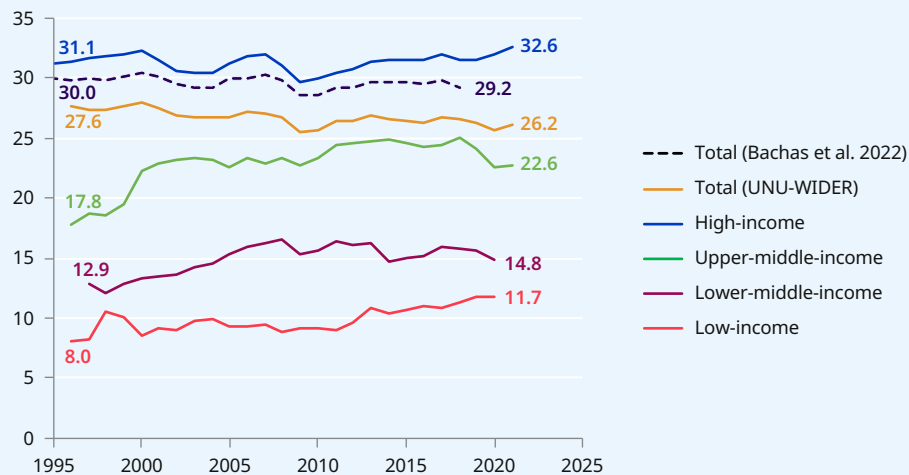
Source: ILO, “World Social Protection Data Dashboards”; United Nations University World Institute for Development Economics Research (UNU-WIDER), “GRD – Government Revenue Dataset”.

Figure 3.22 illustrates that although tax collection as a share of GDP has been increasing within all four country income groups, worldwide it has been decreasing. The reason for this discrepancy is that the share of global GDP produced in middle-income countries increased from 36 to 53 per cent between 1995 and 2021. Since collection rates of these countries is lower as a share of GDP than that of high-income countries, composition effects have led to a fall in the global tax to GDP ratio.

To finance services for an ageing population, countries should consider how to make tax collection more efficient and the international community should consider how to better cooperate on debt restructuring or cancellation efforts.³¹ National policymakers, social partners and bilateral and multilateral partners should engage in dialogue, cooperate and explore ways (such as through an international financing mechanism or intensified cooperation on tax matters or

³¹ The struggle against waste, inefficiency and corruption in government expenditure is of course also important. If citizens understand their taxes are being well and fairly used to fund public services and social transfers to those most in need, they will be more willing to pay for these systems (Glaser and Hildreth 1999).

► **Figure 3.22. Tax collection as a share of GDP by country income group, 1995–2021**
(percentage)



Source: Bachas et al. (2022); UNU-WIDER, "GRD – Government Revenue Dataset".

Social transfers and the taxes and contributions that finance them must be part of the strategy to keep inequality in check.

debt restructuring) to mobilize domestic resources towards the needed spending on social protection (Bierbaum and Schmitt 2022).

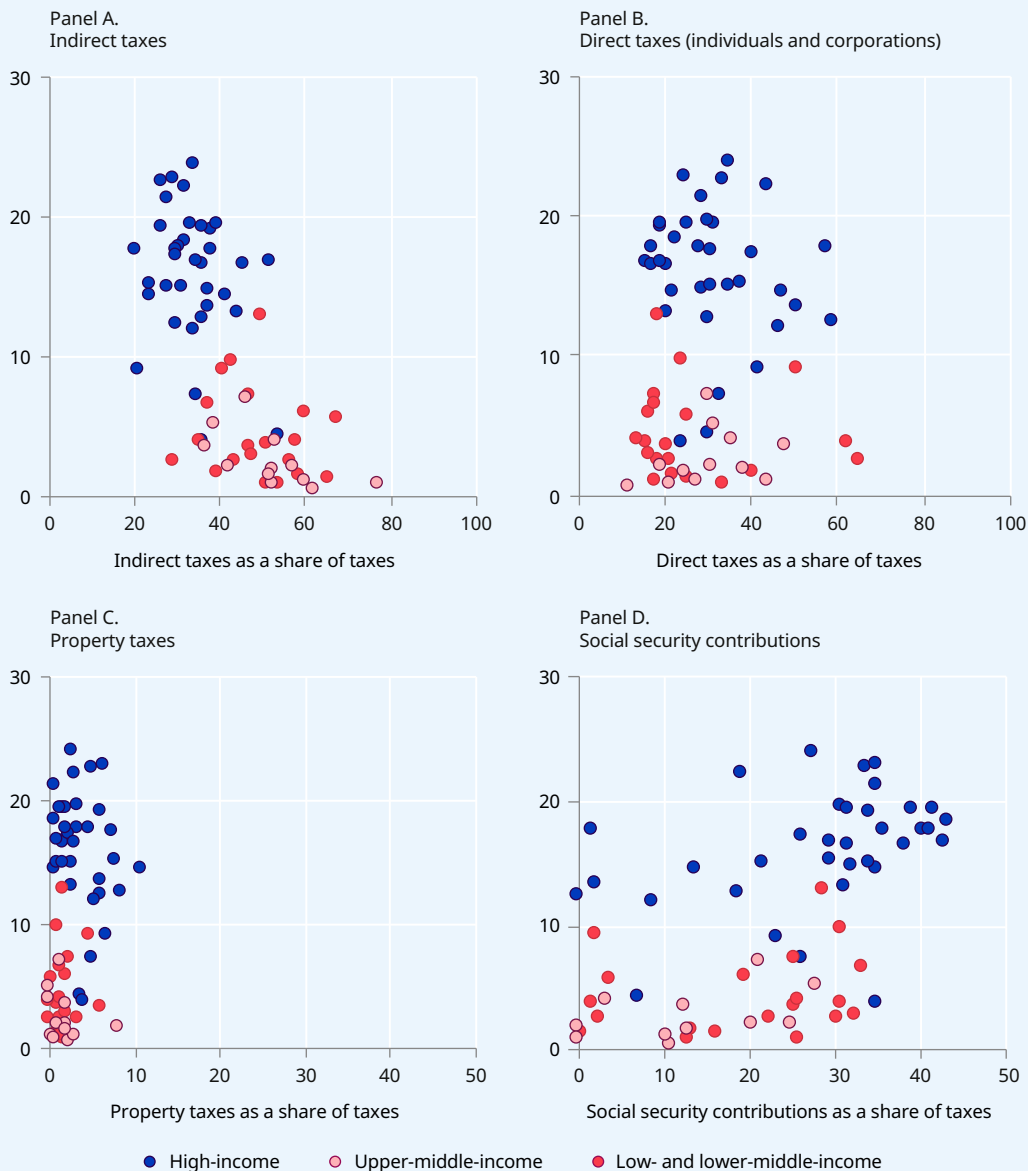
This need not necessarily be done through increases in tax rates, as most countries could improve collection and reduce tax avoidance and evasion (Vellutini et al. 2019). Almost as important as the volume of taxes and contributions collected is their composition. Indirect taxes, such as sales taxes or value-added taxes,

are regressive, as their impact falls disproportionately upon the poor. Property taxes and direct taxes on the incomes of individuals and corporations tend to be more progressive, since they fall typically upon those in the upper end of the income and wealth distributions. Figure 3.23 shows these impacts.

Figures 3.21 and 3.22 show that current levels of expenditure are insufficient to significantly reduce inequality in most of the world. This would require closing coverage and adequacy gaps in social protection, including social security. Using data on 133 low- and middle-income countries, the ILO has estimated the financing gap to ensure a social protection floor for all – including access to at least a basic level of income security (ILO 2024d). Not surprisingly, the financing gaps are larger for lower-income countries. For upper-middle-income countries, closing the financing gap for a social protection floor (excluding healthcare) would require an additional 0.7 per cent of their GDP, for lower-middle-income countries 2.3 per cent of their GDP and for low-income countries, 19.8 per cent of their GDP (ILO 2024d). Given the low tax capabilities and high debt burden of low-income countries, this gap cannot be bridged without significant international financial cooperation to support national efforts in progressively enhancing their fiscal capacities.

Social transfers and the taxes and contributions that finance them must be part of the strategy to keep inequality in check, addressing both the primary distribution and disposable incomes. A more equal "market" distribution, resulting from stronger labour market institutions and other variables, reduces the need for transfers and the taxes that finance them. Nevertheless, in any society, there will always be those unable to make ends meet through their labour alone, thus requiring a comprehensive and adequate social protection framework for fair distribution.

► **Figure 3.23. Reduction in inequality as a function of the relative share of four types of tax in total tax collection, latest year (percentage)**



Source: CEQ Institute (see <https://commitmenttoequity.org>) and OECD, “Data” (reductions in inequality); UNU-WIDER, “GRD – Government Revenue Dataset” (tax composition).

3.5. Conclusion

Social justice is “concerned with fairness in distributional outcomes including a just share of the benefits of economic growth” (ILO 2023, para. 11). This involves the fair sharing of productivity gains, or “a just share of the fruits of progress” in the language of the ILO Declaration of Philadelphia.³² The question of whether there is a just share of productivity gains is in essence an analysis of inequality – especially income inequality, between and within countries. Inequality between countries has been falling since the 1990s or early 2000s (depending on the measure), resulting from an increase in productivity in middle-income countries. This convergence in

³² Declaration of Philadelphia, Part III(d).

labour productivity between countries is well known, but its magnitude is sometimes not entirely appreciated. With regard to labour incomes specifically, a recent reduction of inequality within countries can be observed. In almost three out of four countries, the fruits of progress (as measured by labour incomes) have become more equally distributed since the 2010s, although the COVID-19 pandemic partially arrested this development.

Nevertheless, the story is not a simple, linear tale of falling inequalities. Low-income countries have fallen behind middle-income ones in productivity growth, showing that the convergence in labour productivity does not extend to everyone. The reduction in labour earnings inequality within countries has also been a largely middle-income country phenomenon, with some high-income countries seeing little change or even increases in labour income inequality. Even so, the labour income share has been declining in many countries. Most of all, reductions in inequality both between and within countries are incipient, and the remaining gaps remain significant.

■ In almost 3 out of 4 countries, the fruits of progress have become more equally distributed since the 2010s.

Statutory minimum wages have an important role to play in reducing labour income inequality. Collective bargaining – a proven strategy for achieving a fair distribution – has been used to negotiate collective agreements that cover around a third of employees, and its potential thus seems underutilized.

Addressing gender, migrant and disability pay gaps requires enforcement of anti-discrimination tools and other policies to ensure fair pay and integration into the workplace – much of which has been discussed in Chapters 1 and 2.

This chapter has also shown the importance of social protection, including social security, in significantly reducing inequalities. There is a need to invest in the adequacy, coverage and sustainability of social security systems. History has given the evidence needed to promote the fair distribution pillar of social justice. The data are clear and the tools are known – they just need to be used.

To promote greater social justice, countries should:

- ▶ update minimum wages policies, taking into account the needs of workers and their families and other economic factors, and reduce legal exemptions;
- ▶ operationalize a living wage through wage-setting process in line with ILO principles;
- ▶ increase the efficacy of non-discrimination policies;
- ▶ adopt policies to promote social dialogue, including collective bargaining;
- ▶ enhance the sustainability, coverage and adequacy of social protection systems, including through dialogue with social partners, and working within the multilateral system to address debt burdens.

Key recommendation

In order to significantly reduce inequality, all five policies listed above must be used.



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Fair transitions

Apply, adapt and amplify institutions for social justice

■ ■ *When the wind changes direction, some people build walls while others build windmills.*

Proverb

Key points

- ▶ Environmental, digital and demographic transitions will leave societies that look fundamentally different from today's societies in their wake.
- ▶ Hundreds of millions of workers will be affected by these transitions, as enterprises close while others are created.
- ▶ Regulations and policies that support equal access to opportunities for decent and productive employment and fair distribution need to be applied.
- ▶ Key labour institutions need to be adapted to the specific challenges brought on by societal transitions.
- ▶ Broader engagement is needed to integrate labour policies in other policy domains to reflect the interconnected and multidimensional nature of these transitions.

Transitions are a natural feature of life. People transition from school to work, from one job to another, and from employment to retirement. They go from childhood to adulthood, and some to parenthood. Families grow and shrink. Societal transitions are distinct: they are structural changes that leave in their wake noticeably different economies, political systems and societal relationships.¹ Today, the world is faced with a simultaneous set of three societal transitions: environmental, digital and demographic.

These three societal transitions have distinct features, which will be discussed in turn in this chapter. They also share many commonalities. All involve enterprise creation, evolution and destruction. All will require effective policies to reskill and upskill workers, to support micro, small and medium-sized enterprises (MSMEs), and to accelerate the capacities of governments and social partners to adjust to rapidly changing circumstances. Current estimates are that 70 million workers will need to be retrained for the environmental transition, 840 million jobs are potentially exposed to generative artificial intelligence (AI) and 70 million new care workers will be needed just to maintain present levels of access to care in a world with more elderly. While

■ Societal transitions are structural changes that leave in their wake noticeably different economies, political systems and societal relationships.

these predictions are subject to considerable uncertainty and the changes will not happen overnight, hundreds of millions of workers will either be displaced or will see the day-to-day tasks within their occupations change.

Fair societal transitions are essential to social justice and require support for workers and enterprises through conscious governance so that these changes are fair for all, including for

the most vulnerable. If these transitions advantage some but leave many more behind, the consequence will be an increase in the sense of insecurity and mistrust in institutions that is already pervasive, undermining the objective of social justice.

To meet this challenge, the lessons learned will need to be applied, adapted and amplified.

Meeting this challenge requires, firstly, to apply the institutions that have been built over the past 100 years and that were reviewed in the previous chapters to the changes at hand; secondly, to adapt these institutions to address the specificities of the three societal transitions; and thirdly, to amplify them by integrating a social dimension and labour-related policies in the other unique policy domains of the concerned with these transitions, including through greater social dialogue, partnerships in the Global Coalition for Social Justice and multilateral cooperation.

The concept of a “just transition” grew out of the realization that environmental policies must be sensitive to the needs and rights of workers, especially those in affected industries (Stark, Gale and Murphy-Gregory 2023; Wang and Lo 2021). This notion has further evolved into a comprehensive understanding that environmental policies must lead to a just transition for all – for both workers and employers, as well as beyond the workplace.

This broader approach should be applied not only to environmental policies but to the governance of any societal transition. The term “fair transitions” is used in this report to describe results that promote social justice in all societal transformations.²

1 While societal transitions are composed of millions of individual transitions, individual transitions may or may not add up to a societal transition.

2 The term “just transition” is reserved for results and policies related only to the environmental transition.

4.1. The environmental transition

Climate change and environmental degradation are altering both the planet and the world of work. The average global temperature is now more than 1.1°C above the pre-industrial average and is increasing at 0.2°C per decade.³ Biodiversity loss is equally alarming, as wildlife populations have declined by 73 per cent over the past 50 years (WWF 2024). Ecosystems are also affected, with the loss of 35 per cent of wetlands since 1970.⁴ Water scarcity affects roughly half of the world's population for at least part of the year (UNESCO 2024). These changes will have significant impacts on the world of work.

First, many jobs across various sectors depend directly or indirectly on natural resources and ecosystem services, such as air and water purification, soil renewal, pollination and pest control. The increasing scarcity of natural resources and the declining ability of ecosystems to provide these services threaten these jobs. It is estimated that 1.2 billion jobs rely directly on these ecosystem services (ILO 2018).

Second, both jobs and enterprises rely heavily on environmental stability (for example, stable temperatures and predictable rain patterns) and the absence of environmental hazards (such as storms, floods and droughts).

Lastly, environmental degradation tends to affect vulnerable workers the most, thereby generating and perpetuating inequality (ILO 2018, 2023a). While the 10 per cent richest households are responsible for about half of global emissions, it is low-income workers who are most affected, as they overwhelmingly work in sectors such as agriculture, construction and hospitality, where the effects of climate change will be felt most strongly. Likewise, the poor spend more of their income on energy. While a complete accounting of the relationship between the environment and the world of work is beyond the scope of this report, the present and future challenges of this transition are highlighted to illustrate the association between them: heat stress, inequality of impact, and job creation and destruction.

4.1.1. Heat stress

Higher heat levels induced by climate change endanger the safety, health and well-being of workers and the sustainability of many enterprises. It reduces their productivity and threatens economic development, progress towards decent work and the viability of enterprises. According to the latest estimates, 2.4 billion workers – 71 per cent of the world's workers – were exposed to some kind of heat stress in 2024 (ILO 2024a). Of these, 22 million workers sustained some kind of heat injury and 18,000 died as a result of excessive heat.

A worker's natural defence mechanism against heat stress is to slow down, take more frequent and longer breaks or limit working hours, all of which, in turn, reduce productivity, economic output and family income (ILO 2019a). While in 1995 an estimated 1.4 per cent of the total working hours were lost because of heat stress, by 2030, under the optimistic assumption of an increase of 1.5°C by the end of the century, an estimated 2.2 per cent of total working hours worldwide will be lost to high temperatures – a productivity loss equivalent to 80 million full-time jobs (see figure 4.1). Among the ten countries most affected, with losses exceeding 5 per cent of total working hours, eight are low-income countries (ILO 2019a).

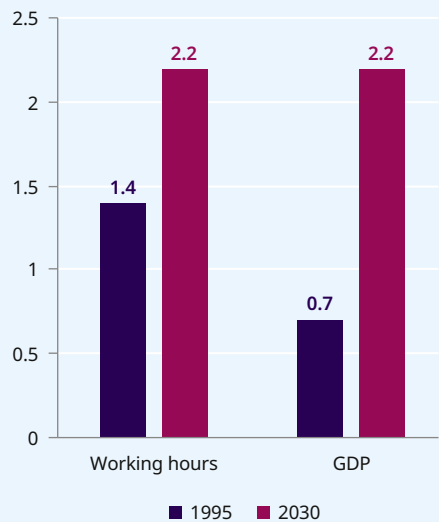
Excessive heat:
18,000
deaths

22
million
injuries

³ See Allen et al. (2018) and WMO, "Greenhouse Gases".

⁴ WHO, "Biodiversity".

► **Figure 4.1. Share of total working hours and GDP lost due to heat stress, 1995 and 2030 (percentage)**

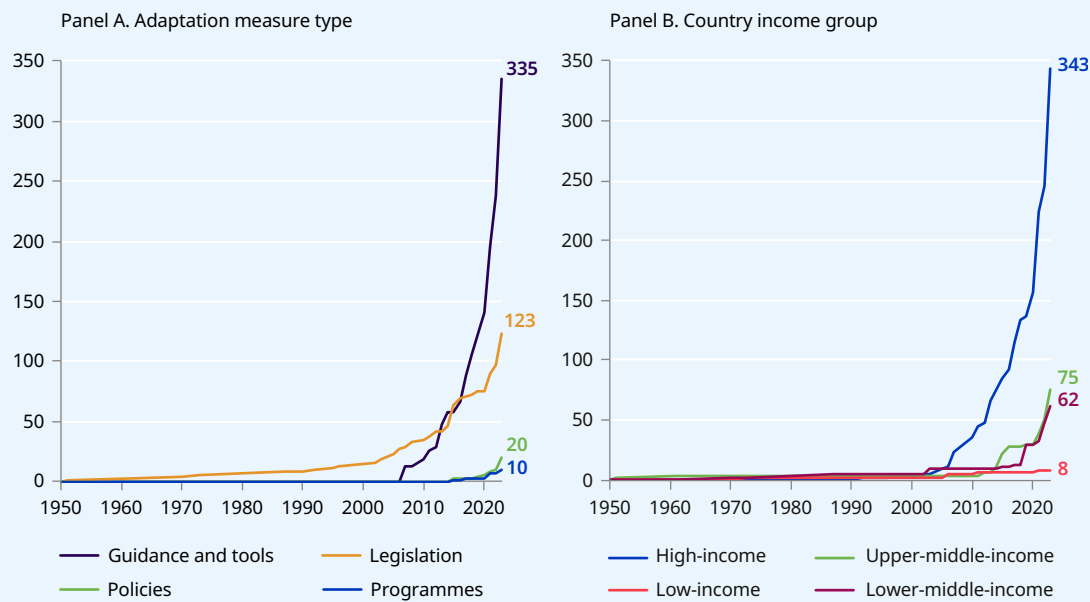


Source: ILO (2019a).

Intentional countermeasures – such as changing working hours to avoid peak temperatures, more water breaks, improved air circulation or the introduction of air conditioning (this last one is not possible for many of the most impacted jobs) – can reduce the economic as well as the health impacts of increased temperatures. International labour standards provide guidance in the form of the Plantations Convention, 1958 (No. 110), and the ILO code of practice *Ambient Factors in the Workplace* (ILO 2001). In recent years (from 2020 onwards), in response to the increase in frequency, intensity and duration of heatwaves (see figure 4.2), an increasing number of countries have taken up adaptation measures. While it is mostly high- and upper-middle-income countries that have adopted legal provisions, other countries with relatively high exposure to heatwaves, such as Burkina Faso, India and Thailand, have also started to implement adaptation measures.

Figure 4.2 shows that adaptation measures have been increasingly operationalized through legally binding regulations. It also appears that until very recently, legislation represented the main avenue for the implementation of adaptation measure. However, since 2010, an increasing number of countries have used guidance and tools to promote and help the effective implementation of adaptation measures. The use of policies and programmes appears to also be relatively recent, with 80 per cent of references in policies and programmes published after 2019.

► **Figure 4.2. Cumulative count of legal provisions on adaptation measures by type and country income group, 1950–2023**



Note: The sample comprises 27 countries (Australia, Brazil, Burkina Faso, Colombia, Costa Rica, Cyprus, Egypt, Gabon, Greece, Guyana, India, Indonesia, Italy, Jamaica, Japan, Kenya, Mozambique, Qatar, Singapore, Spain, Switzerland, Thailand, Uganda, United Arab Emirates, United Kingdom, United States and Yemen) and covers 488 legal provisions.

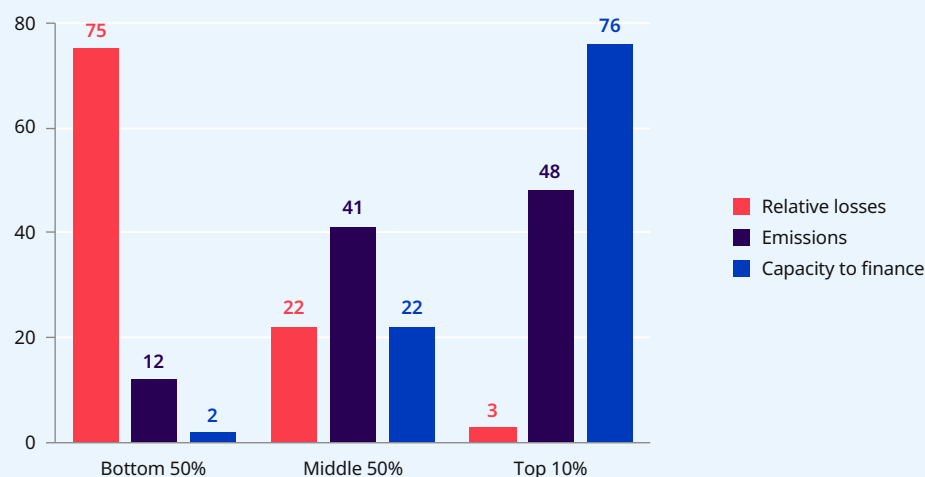
Source: ILO Department of Sustainable Enterprises, Productivity and Just Transition (ENTERPRISE).

More detailed and adapted regulation is of course necessary, but regulation typically lags behind facts on the ground. In this context, continual social dialogue between workers and employers on working conditions will allow workplaces to adapt quickly and efficiently to changing climatic conditions.

4.1.2. Inequality of impact

A second issue related to climate change is that of inequality of impact. While high-income earners are responsible for most carbon emissions, low-income earners will bear the greatest impacts. Figure 4.3 shows that while the bottom half of the world's population contribute to 12 per cent of emissions, they will bear the 75 per cent of the relative income losses due to climate change. Conversely, those with incomes in the top 10 per cent are responsible for 48 per cent of emissions but will bear only 3 per cent of the income losses associated with climate change.

► **Figure 4.3. Share of total relative losses, carbon emissions and capacity to finance by earner percentile, 2024 (percentage)**



Source: Chancel, Bothe and Voituriez (2023); ILO (2024b).

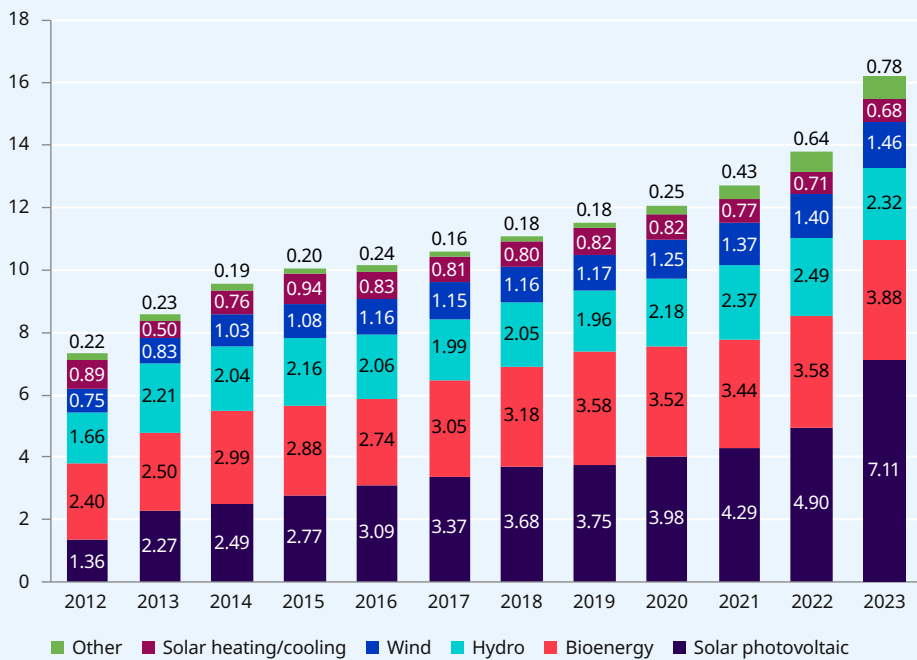
The changes necessary to accelerate a clean energy transition may increase inequalities. For example, removing fossil fuel subsidies is a first step to reflect the full cost of using fossil fuels. However, fossil fuel subsidy reform then leads to price increases that disproportionately affect the poorest households, who spend a larger share of their income on these goods. Prices of fertilizer and food, transport, cooking and housing will also increase; and low-income households spend a large share of their income on these goods. As a result, fuel subsidy removals have brought on social unrest, making elected leaders reticent to implement such measures.

▀▀ An estimated 2.2% of total working hours worldwide will be lost to high temperatures – a productivity loss equivalent to 80 million full-time jobs.

4.1.3. Job creation and destruction

According to ILO estimates, the measures needed to limit global warming to a maximum of 2°C may lead to job losses of around 6 million – primarily in the fossil fuel sector. However, these same measures might also lead to the creation of some 24 million jobs, stemming from the adoption of sustainable practices in energy generation, construction and transport (ILO 2018). This transformation of employment has already begun in the energy sector. Figure 4.4 shows employment in renewable energy since 2012.

► Figure 4.4. Global number of jobs in renewable energy, 2012–23 (million)



Source: IRENA and ILO (2024, figure 3).

The International Energy Agency reports that employment in renewable energy and energy efficiency⁵ is already greater than in fossil fuels (IEA 2024). While employment in fossil fuels increased by 1.6 per cent from 2019 to 2023 and stood at 21.8 million jobs in 2023, employment in renewables and efficiency increased by 5.6 per cent to 23.5 million jobs.

Similar calculations can be done relative to advancing towards sustainable agriculture and the circular economy (recycling). If job transitions into sustainable agriculture and the circular economy are added to those in energy

generation, construction and transport, over 100 million jobs may be created, compared with 80 million that are potentially eliminated. While the net impact upon jobs is positive, this is a massive change in employment that will require reskilling and upskilling of at least 70 million workers (ILO 2019b).

■ In 2023, employment in renewables and efficiency increased by 5.6% to 23.5 million jobs.

⁵ Energy efficiency refers to changes to buildings (covering retrofits, heating, ventilation and air conditioning equipment and appliances) and in industry (for example, electric motors).

One obstacle to assessing the impact on a global scale is that the current edition of the International Standard Classification of Occupations (ISCO), known as ISCO-08 since it was published in 2008, does not distinguish green jobs from other jobs. ISCO is currently under revision, however, and one of the objectives of the new classification is to allow for the identification of green jobs.⁶ Similar difficulties exist relating to the International Standard Industrial Classification of All Economic Activities, revision 4, known as ISIC-4.

4.1.4. The just transition: Policy responses

The employment transition creates many difficulties. The skills necessary for jobs in fossil fuels are often not the same as those required in the renewables sector, nor are they necessarily located in the same place. Retraining workers, matching workers with new jobs and providing

► Box 4.1. Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All

The ILO Guidelines (ILO 2015) are structured to ensure environmental, economic and social dimensions are part of just transitions. That means promoting environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and leaving no one behind.

Just transitions involve maximizing the social and economic opportunities of climate and environmental action while minimizing and carefully managing challenges. They must be based on effective social dialogue, enable an environment for sustainable enterprises, respect fundamental principles and rights at work and be in accordance with international labour standards.

They call for an integrated approach to policy development so that one policy area does not conflict with others. They also seek to include policy coherence on a horizontal (for example, between ministries), vertical (for example, between local and national governments) and stakeholder (for example, among social partners) levels (ILO 2015; Olsen and La Hovary 2021). For governments, coherence is especially important to provide stable policy signals based on social dialogue and a regulatory framework to enable sustainable enterprise development, decent work for all, social inclusion and the eradication of poverty in the transition to sustainable economies (ILO 2015; Olsen and La Hovary 2021).

The ILO Guidelines identify nine key policy areas that need to be addressed by governments, workers and employers' organizations either independently or collectively (ILO 2015):

1. Macroeconomic and growth policies
2. Industrial and sectoral policies
3. Enterprise policies
4. Skills development
5. Occupational safety and health
6. Social protection
7. Active labour market policies
8. Rights
9. Social dialogue and tripartism

The transition from fossil fuels to renewable energy will require the full range of policy responses listed in the ILO Guidelines. Simultaneously, policies must include adaptive decisions (for example, transitions to improve resilience), immediate action to minimize the impact of climate change as well as longer term mitigation decisions to limit the negative impacts of the transition to a low-carbon economy (ILO 2022a). Social security will be necessary to provide income support to those losing jobs and in retraining. Active labour market policies such as retraining and labour intermediation will also be fundamental. Enterprises will also need credit and access to technology to get into the new sectors.

⁶ Guidelines were published in 2023, complemented by an overarching ILO framework for employment diagnostics, to enhance the understanding of the interplay between the environment, economy and employment, and as such, to identify green jobs on the basis of current classification systems. See, for example, ILO (2025a) and Winkler et al. (2024).

income replacement for workers and their families during their job transitions all yield considerable challenges. Widely shared economic growth and job creation will require that efforts to promote a green economy be complemented by policies that support displaced workers and provide decent work opportunities around the globe. The *Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All* (hereafter ILO Guidelines (ILO 2015)) provide a map on how to get from the jobs of today to the jobs of the future (see box 4.1).

The ILO Guidelines (ILO 2015) were adopted one month before the Paris Agreement (2015). The vision of these guidelines is reflected in the Paris Agreement. The Preamble to the Paris Agreement emphasizes the need to provide a just transition for workers and create decent work in accordance with nationally defined development priorities. The ILO Guidelines (ILO 2015) and the Paris Agreement further influenced the agenda for the United Nations Sustainable Development Goals (SDGs) for 2030 (OECD 2023), most particularly SDG 8 on decent work and economic growth. Notably, SDG target 8.4 requires the international community to improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.

4.1.5. Decent work in nationally determined contributions

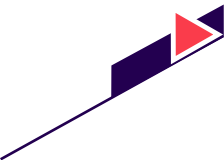
Nationally determined contributions (NDCs) provide a metric for evaluating how effective these guidelines have been in shaping climate policy. NDCs are climate plans by individual countries that outline efforts to contribute to reducing greenhouse gas emissions and adapting to climate change. Increasingly, NDCs also indicate considerations for broader societal objectives. Just transition and related considerations have seen an increase over time, from 1 country (less than 1 per cent) in the initial NDCs, to 72 countries (39 per cent) in subsequent rounds. Just over two thirds of plans make references to employment, while 15 per cent reference decent work (see table 4.1).

► **Table 4.1. Share of nationally determined contribution plans referring to just transitions, employment and decent work by country income group (percentage)**

	Just transitions	Employment	Decent work
High-income	62	38	10
Upper-middle-income	41	73	18
Lower-middle-income	28	87	19
Low-income	4	88	16
World	39	68	15

Source: ILO (2024c).

Looking ahead, as countries are submitting a new round of NDCs in 2025, they should increase their focus on just transitions, employment, decent work and related considerations.



4.2. The digital transition

Today's world is increasingly digital, so it is no surprise that the world of work has digitalized along with it. In 2023, two out of three people in the world had used the internet during the preceding three months, compared with a negligible 0.7 per cent in 1995 – the year of the first World Summit for Social Development – and 28.5 per cent in 2010.⁷ As a general purpose

7 ITU DataHub (see <https://datahub.itu.int>).

technology, the internet has led to the growth of new industries and occupations, as well as new ways of organizing work. E-commerce has upended traditional commerce, accounting for over 17 per cent of retail sales worldwide in 2024.⁸ Mobile money accounts have enabled the financial inclusion of previously unbanked persons. In 2023, sub-Saharan Africa, with 335 million active mobile money accounts, outranked other regions of the world in the use of this service.

**E-commerce:
over
17%
of retail
sales in 2014**

Digitalization has brought dynamism to the world, positively contributing to overall economic and employment growth. Information technology services have been the fastest growing segment of the global economy over the last 20 years, up by 8 per cent compared to 5.1 per cent growth overall in the global economy. There have been concomitant increases in employment (World Bank 2024), with new ILO research finding that employment gains from exposure to 40 emerging digital technologies, including AI-based technologies, have been most pronounced in low-income countries, followed by upper-middle- and high-income countries (Delaporte, Escudero and Petit, forthcoming). In Rwanda, for example, the roll-out of 3G across the country has led to new employment opportunities, with the benefits skewed, as in other countries, towards more skilled workers (Bahia et al. 2021; Caldarola et al. 2022; Hjort and Poulsen 2019).

Digitalization has also enabled not only new forms of work, but also new ways of working. Telework, defined as the use of information and communication technologies for work performed outside the employer's premises, expanded sharply during the COVID-19 pandemic, as many countries implemented mandatory teleworking for office workers to thwart the spread of the virus. In 2020, close to 17 per cent of workers around the world were working from home (either teleworking or engaging in other home-based employment) compared with 7.9 per cent the preceding year (ILO 2021). Working from home continues to be an important feature of the world of work, as can be seen in figure 4.5, which shows an impressive increase across countries between 2019, just prior to the pandemic, and 2023.

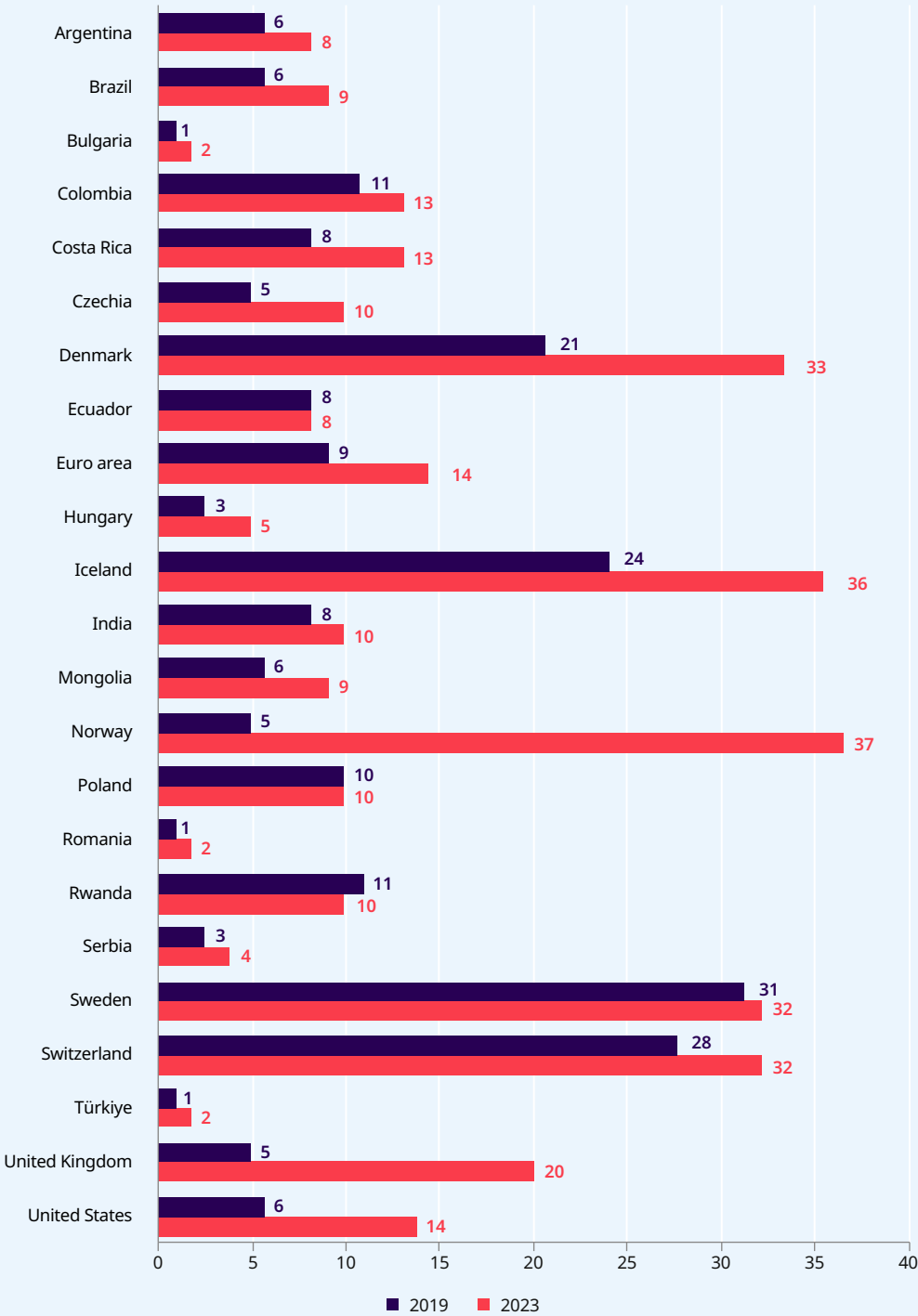
The increase in telework has prompted countries to adopt regulations to better protect workers. While many countries, including Australia, the Philippines, and also countries in Europe and Latin America, had regulations on telework prior to the pandemic, the provisions were sometimes limited, with vague definitions and few specific rights. Since 2020, many of these countries have updated their existing regulations and new countries have adopted regulations that: clarify legal definitions and access to telework; define rights and obligations for employers and workers; address equipment and cost responsibilities; establish health and safety measures; and introduce the right to disconnect (ILO 2022b).

Another significant development has been the growth of digital labour platforms. Digital platform work comprises both online work as well as work that is in situ, meaning it is mediated online but the service is delivered in a specific geographic area. Although in situ platform work is most associated with taxi and delivery services, the model has permeated into new fields, including domestic work, beauty services, retail support, nursing and others (ILO 2025b). Digital labour platforms have emerged with the assistance of technological advances, specifically GPS, smartphones, mobile data, as well as machine learning – a type of AI. Digital labour platforms use AI for a range of functions related to the organization of work, including matching clients with workers, routing, dispatching, setting prices for customers and remuneration for workers, and offering incentives. Real-time data collection informs fully automated decision-making, allowing platforms to tailor offerings to individual clients and workers.

Digital labour platforms have brought employment opportunities for workers, including migrant workers, but they are also associated with decent work deficits (ILO 2023b). In response to these concerns, the ILO Governing Body began a two-year standard-setting process on decent work

8 Statista, "Revenue Share of the E-Commerce Market Worldwide from 2019 to 2029, by Sales Channel".

► **Figure 4.5. Share of workers who work from home, selected countries, 2019 and 2023 (percentage)**



Source: OECD and ILO calculations based on labour force surveys.

in the platform economy at the 2025 and 2026 International Labour Conferences to develop normative guidance for ILO Members on the governance of this new form of work.

Digital labour platforms are just one example of the increased use of AI in the world of work. Workplaces (and workers) across the world are increasingly using AI to automate a range of tasks, from drafting emails, to graphic design, and to recruitment. In a survey of employees in

47 countries undertaken between November 2024 and January 2025, 77 per cent of employees report that AI is being used by their organization, with almost half stating that it is used from a moderate to very large extent across a range of areas and tasks. Moreover, 58 per cent of employees report intentionally using AI tools and systems in their work on a regular basis (Gillespie et al. 2025).

AI task automation does not necessarily imply automation of occupations, as the technology may also complement human labour. Whether the adoption of the technology leads to automation (and thus potential job loss depending on the degree of automation) or job complementarity depends on a range of factors, which include the centrality of the automated task to the occupation, how the technology is integrated into work processes and management's desire to retain humans to perform or oversee some of the tasks, despite the potential of automation. It may also depend on the extent to which institutions fostering social justice – including social dialogue between employers and workers – play a role.

ILO research on the possible implications of generative AI on employment finds that it is clerical support workers that are most exposed to generative AI technology, with nearly 70 per cent of clerical tasks in the two highest gradients of exposure (Gmyrek et al. 2025). In contrast, other occupational groups such as professionals, associate professionals, and services and sales workers, have 75 to 80 per cent of their tasks in the low or very low exposure category. This means that, while some of their functions could potentially be automated, most still require human intervention.

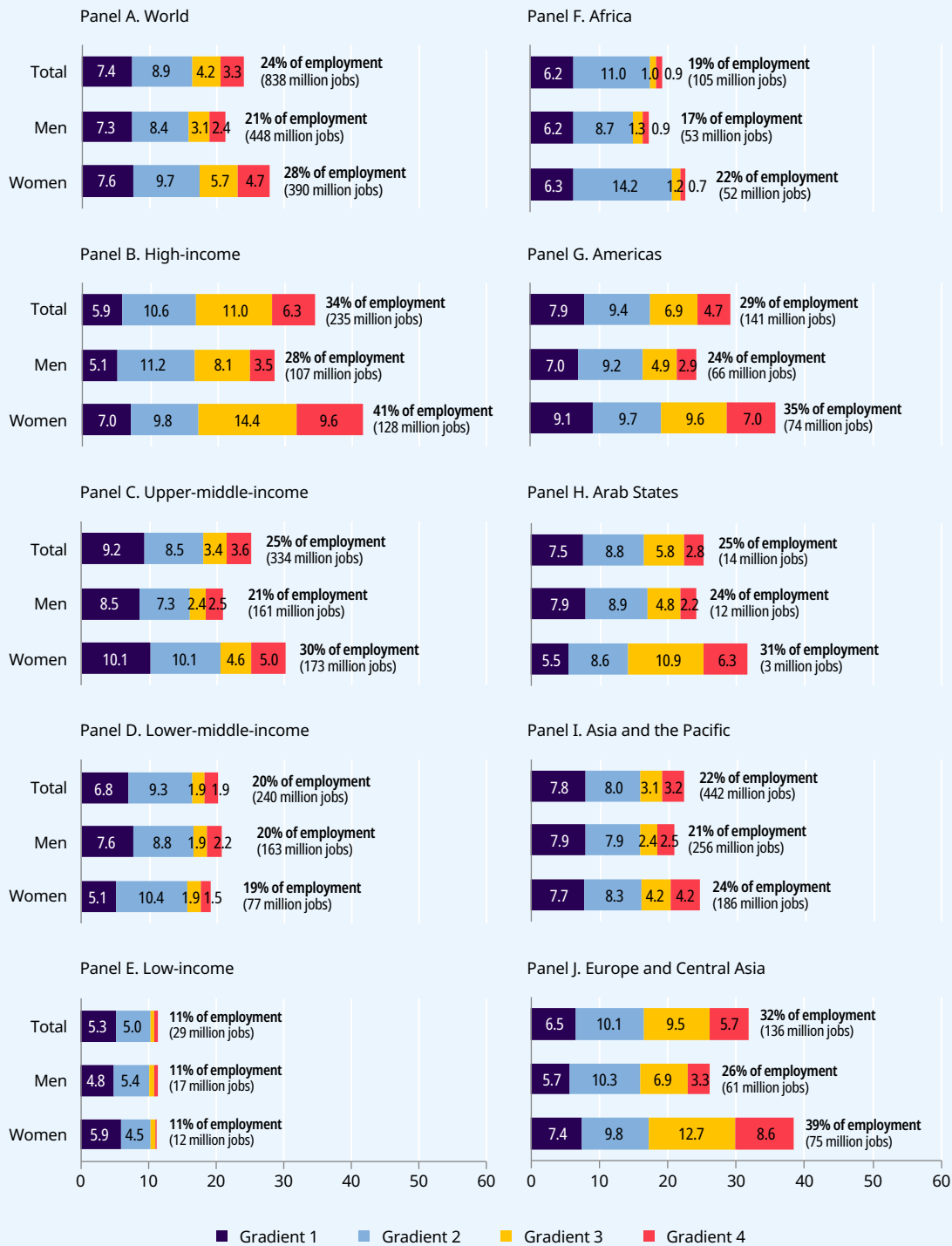
■ Women are twice as affected as men from the risks of potential automation from generative AI.

On account of the greater exposure of clerical support occupations – a field overrepresented by women – women are twice as affected as men by the risks of potential automation from generative AI technology. Indeed, in high-income countries, 9.6 per cent of women's employment is in the highest exposure gradient (gradient 4), compared with 3.5 per cent of men's employment (see figure 4.6). While high exposure does not mean necessarily that these jobs will be lost, it is clear that potential job losses are most likely to be felt by women. There is therefore a need to ensure that any policies instituted to support workers at risk are designed with a gender perspective.

The Termination of Employment Recommendation, 1982 (No. 166), encourages employers, to the extent possible, to redeploy staff at risk of technological unemployment to other jobs within the same organization. If not possible, they are encouraged to explore other solutions, including through adjustments to working hours and hiring policies, and to undertake such measures after consultation with workers' organizations.

In the event of job loss, other policies are needed, including income support through unemployment insurance or other social protection measures. There is also a need to develop and institute reskilling and upskilling programmes that can prepare workers for new careers, notably in the digital economy, as well as in the evolving green and care economies. Since dislocation predominantly affects them, women may be the predominant focus of such support measures. As should generally be the case, it will be critical to ensure that support measures are designed to be inclusive of all workers, and in particular take access to transport and the need for childcare services into consideration.

► **Figure 4.6. Global estimates of the share of occupations potentially exposed to generative artificial intelligence by sex, 2025 (percentage)**

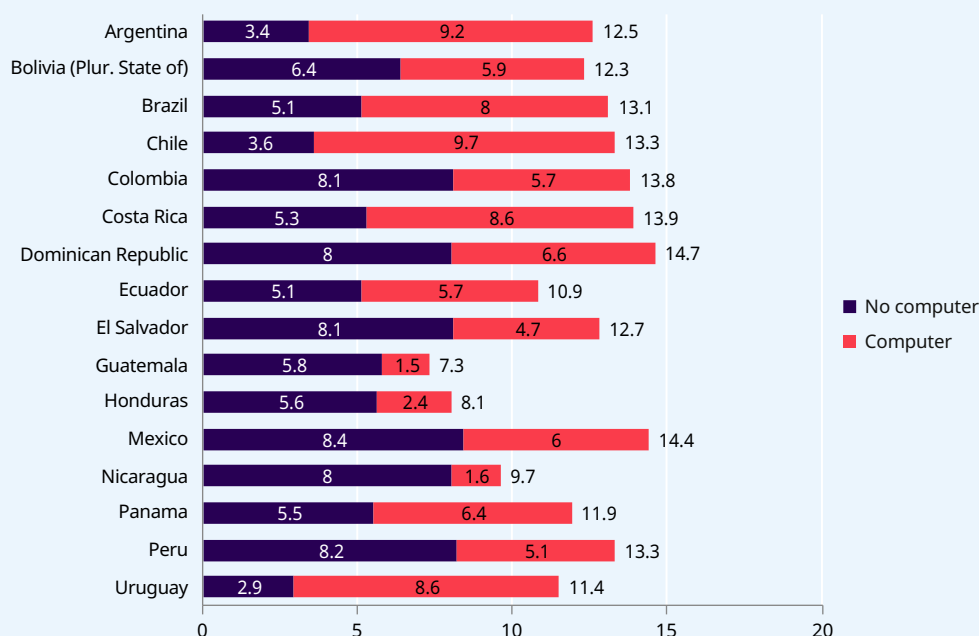


Note: Gradient 1 represents occupations with low overall generative AI exposure but significant variability across tasks; gradient 2 includes occupations with moderate generative AI exposure and a mix of highly exposed and minimally exposed tasks, resulting in uneven impacts; gradient 3 captures occupations where a significant portion of tasks are consistently exposed to generative AI, signalling growing automation risks; and gradient 4 comprises occupations with the highest share of tasks exposed and with a high consistency of exposure across tasks.

Source: Gmyrek et al. (2025, figure 20).

In addition to potential job losses, another major concern is the deepening digital divide, and its impact on productivity gaps, whether between rich or poor countries, or between large and small enterprises. While the potential for occupations to benefit from the productivity-enhancing effects of the technology is relatively similar across countries – as indicated by the comparable shares of employment found in gradients 1 and 2 across regions – in practice, these augmenting effects may not be realized due to constraints in physical infrastructure (such as electricity access and broadband) as well as lack of digital skills in lower-income countries. Indeed, ILO research on Latin America that incorporates data on computer use at work reveals that many of the occupations with potential for augmentation have relatively low usage of computers at work (see figure 4.7) (Gmyrek, Winkler and Garganta, 2024). As a result, these countries risk not realizing the potential productivity gains from AI, unless investments are made in increasing digitalization, both in terms of infrastructure, but also the skills needed to work effectively with the technology. Digital technologies also do not affect enterprises equally. As highlighted in Chapter 2, MSMEs face major barriers to accessing the necessary infrastructure (electricity, broadband internet) and new technologies, including AI.

► **Figure 4.7. Share of jobs with and without computer use at work, selected countries in Latin America and the Caribbean (percentage)**



Note: Small discrepancies in total values are due to rounding.

Source: Gmyrek, Winkler and Garganta (2024).

A particularly significant area of concern is how AI and digitalization more broadly affect working conditions. Technological systems can alter workers' autonomy or control, the speed or intensity of their work, the task content of their work and thus their use of skills, as well as workers' interactions with managers or colleagues. Some algorithms are the result of mostly linear programming, essentially just automating decisions made previously by humans. Others use machine learning or other types of AI to make decisions in ways that humans may not understand or control. Algorithmic management can affect workers by affecting work intensity, occupational safety and health outcomes, and data privacy as well as decisions on scheduling. The potential effects need to be governed so that they respect fundamental principles and rights at work and foster decent work.


Engaging workers in the process of integrating technology is both good for business and good for the workers themselves. Workers know their jobs best and can provide insight and feedback on which tools could support them in their work, which tasks could be automated, and what training they might need to work more effectively with the technology. Problems arise when technology is deployed without worker involvement, both in terms of the technology not working well, or because it diminishes workers' sense of purpose and commitment to the firm. Social dialogue – between employers' and workers' organizations – optimally supports technology in the workplace. Employers' and workers' organizations are well placed to address technological adaptation in the workplace through collective bargaining, given the specificities of technological adoption in enterprises, occupations and sectors (Doellgast et al. 2025).

In sum, digitalization has reshaped the world of work in the 30 years since the first World Summit for Social Development and will continue to reshape it in the decades to come. The outcome of this transition is not predetermined; it needs to be governed to support social justice, but the speed of technological progress is so far outpacing the ability of governments to develop appropriate legal frameworks. One place to begin is to ensure that AI use respects fundamental principles and rights at work, as well as the protection of workers' personal data. Social dialogue is especially critical, as it can address questions about the purpose and design of AI systems. While an increasing number of countries are adopting national and subnational AI strategies,⁹ the strategies need to be rethought to include issues that promote decent work and social justice. The multilateral system should also continue work to close the digital divide so that technological change does not leave out smaller firms or leave behind low-income countries.¹⁰



4.3. The demographic transition

Compared to technological and environmental transitions, the demographic transition is generally slower moving and more predictable but no less challenging. Although increases in longevity have contributed, the demographic transition under way today is primarily driven by falling fertility. In 1990, the total fertility rate, or the average number of children that women had across the world, was about three; today, it is closer to two. However, what is most striking about trends in the total fertility rate is the divergence between countries. While fertility rates are falling everywhere, they are doing so at very different speeds in different country income groups, meaning different countries are at markedly different stages of the demographic transition (see figure 4.8). Whereas high-income countries on average fell beneath replacement fertility in 1976, low-income countries are not projected to do so until 2093.¹¹



The demographic transition under way today is primarily driven by falling fertility.

While the right to found a family is internationally recognized (Article 16 of the Universal Declaration of Human Rights), fertility decisions are nevertheless influenced at least in part by policies and institutional supports in place. In a global study conducted by the United Nations

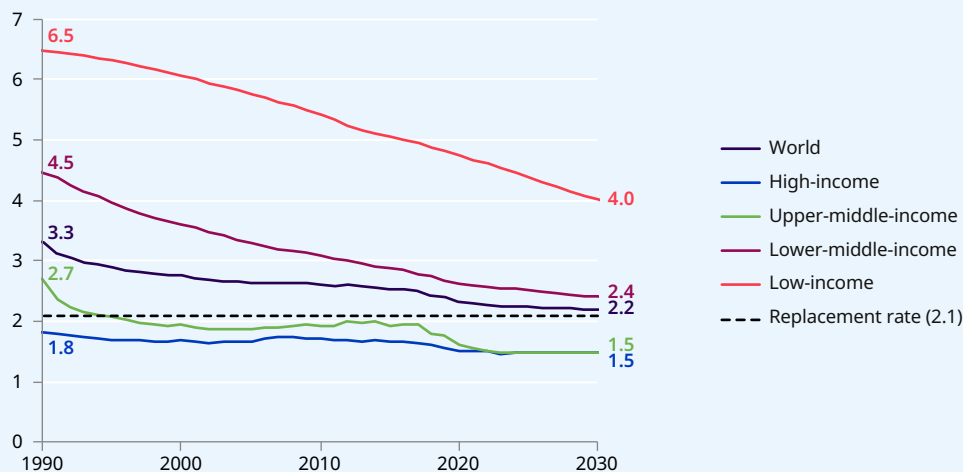
Population Fund and YouGov of 14,000 adults across 14 countries,¹² the most important limitation cited by respondents on why they have fewer children than desired was “financial limitations”

9 See, for example, the OECD Artificial Intelligence Policy Observatory (<https://oecd.ai>).

10 See, for example, ITU (2024).

11 The replacement total fertility rate is the number of children a woman will have by the end of her reproductive life that replaces the population, so that in the long run the population neither grows nor shrinks. Due to not all children surviving to adulthood, the worldwide replacement rate is close to 2.1.

12 Brazil, Germany, Hungary, India, Indonesia, Italy, Mexico, Morocco, Nigeria, the Republic of Korea, South Africa, Sweden, Thailand and the United States.

► **Figure 4.8. Total fertility rates by country income group, 1990–2030**

Source: UN, "World Population Prospects 2024". Median estimates.

(39 per cent), followed by "job insecurity" (21 per cent) and "housing" (19 per cent) (UNFPA 2025). The top non-financial reason was the "lack of a partner" (14 per cent).¹³

A survey of the views of 22,000 millennial and Generation Z respondents in 44 countries showed that the high cost of living is a top concern, with half indicating they live pay cheque to pay cheque (Deloitte Consulting 2023). Many carry some form of debt, limiting their current and future social and financial decision-making. In addition, the lack of a supporting environment for conciliating work and family, particularly for women, is both a barrier to opportunities in the world of work and a drag on fertility. Childcare availability and affordability allow for both greater labour market participation and higher fertility (Pronzato, Picco and Ottone 2024). So, while fertility decisions are individual and private, the lack of policies to support an enabling environment for families and overall economic insecurity may be linked to low fertility rates.

Childcare availability and affordability allow for both greater labour market participation and higher fertility.

The fall in total fertility rates will have three consequences for the world of work. The first is that some countries will see a decrease in the size of their labour forces, leading to potential worker shortages with consequences for productivity and distribution. The second is that there will be fewer working adults to financially support and take care of another significant demographic transition, that is, the increasing numbers of non-working elderly adults. The final consequence will be a greying workforce with more older workers and fewer younger ones.

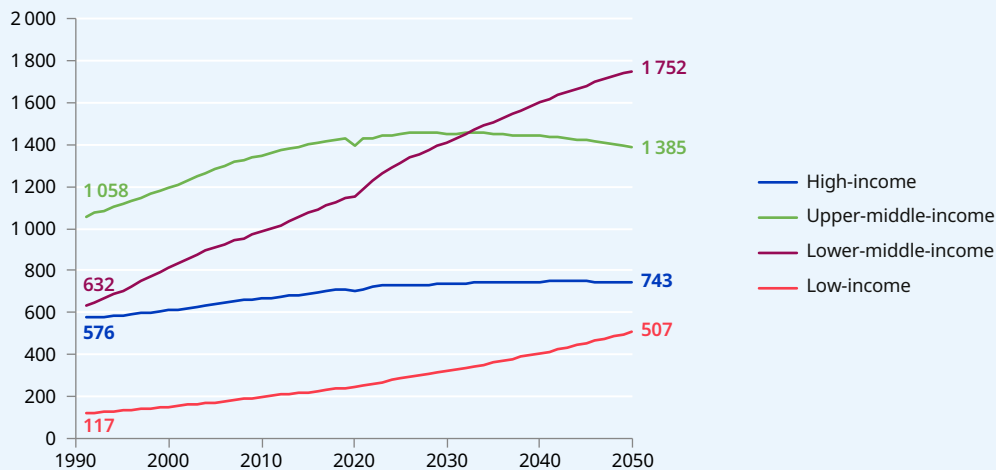
4.3.1. Falling labour forces

Figure 4.9 shows that the labour force will fall in high-income and especially in upper-middle-income countries, which will see their labour force fall 5 per cent from 2030 to 2050. Low- and lower-middle-income countries, on the other hand, will see their labour forces continue to grow by roughly 30 per cent between 2030 and 2050.

These opposing dynamics mean that while some parts of the world face potential labour shortages, others will still have many young people and a potential labour surplus.

¹³ Multiple answers were allowed.

► **Figure 4.9. Labour force by country income group, 1990–2050 (million)**



Source: ILOSTAT, ILO modelled estimates, November 2024; ILO estimates for projections.

For countries with declining population growth, labour shortages may be addressed in several ways, including increasing productivity and other labour market policies. In many of the upper-middle-income countries in which the labour force will fall, millions of workers are still employed in informal, low-productivity jobs, particularly in agriculture. The transition of these workers into higher-productivity jobs could exorcise the spectre of labour shortages. In addition, policies such as reskilling, well-regulated migration, retaining older workers and encouraging the labour force participation of women, can mitigate potential labour shortages, all while contributing to equality of opportunity.

■ The transition of workers into higher-productivity jobs could exorcise the spectre of labour shortages.

An opposing dynamic is occurring in countries in which the population is still increasing and which will still have growing numbers of young people. The surge in young people entering the labour market in low- and lower-middle-income countries could be a source of economic dynamism. It may also lead to increased migratory pressures if their economies cannot produce the

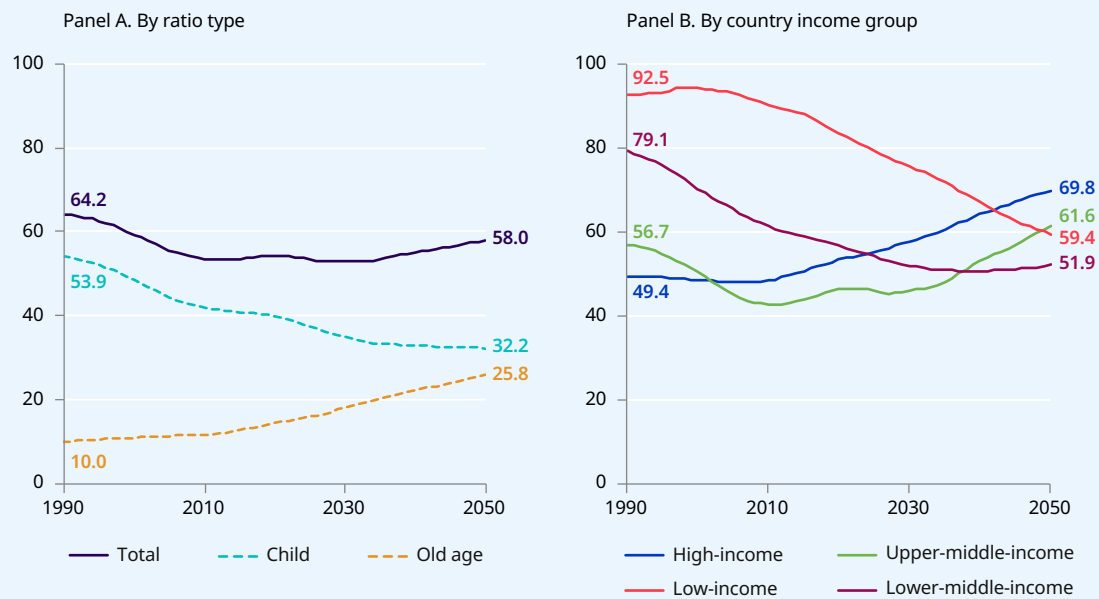
almost 660 million new and productive jobs needed from now until 2050. The employment policies mentioned in Chapter 2 of this report will continue to be important for countries facing a growing labour force.

4.3.2. Increased old-age dependency

Perhaps the best-known consequence of ageing is an increase in old-age dependency ratios, meaning with increased age, people may become more dependent on others for care. Providing care to those who need it is important to a thriving and healthy society and a central element of the social contract for social justice more broadly, but the increasing numbers of those needing care will be a challenge going forward.

There are three types of dependency ratios: (i) the child dependency ratio, which is the number of children aged 0 to 14 divided by the number of youth and adults aged 15 to 64; (ii) the old-age dependency ratio, which is the number of elderly persons aged 65 and over divided by the number of youth and adults aged 15 to 64; and (iii) the total dependency ratio, which is the sum of the two previous ones. Figure 4.10 shows the expected evolution of dependency ratios up to

► **Figure 4.10. Dependency ratio by type and country income group, 1990–2050**
(percentage)



Source: UN, “World Population Prospects 2024”. Median estimates.

2050.¹⁴ Panel A shows the impact of falling fertility rates. While the child dependency ratio has been falling and will continue to fall as people have fewer and fewer children, the old-age dependency ratio will only increase. The interaction between the two creates a worldwide total dependency ratio that will reach a minimum in 2032 and will increase thereafter.

Panel B shows that different country income groups will follow different trajectories. While total dependency ratios will be rising in high- and upper-middle-income countries, lower-middle- and particularly low-income countries can count on a substantial demographic dividend from their still-youthful populations – if they can create the necessary jobs. It is important to emphasize that the demographic dependency ratios are imperfect indicators of dependency, as increases in longevity have also led to more healthy years, allowing workers to extend their labour market activity well past standard retirement ages or to play important roles in their extended families post-retirement. Indeed, many individuals over 65 are fully capable of taking care of themselves and, in many cases, of others.

While the child dependency ratio will continue to fall, the old-age dependency ratio will only increase.

The first way in which a dependency ratio affects society is through the social protection transfer system. Given that child benefits complement family income while old-age benefits replace individual income, child benefits are much lower than old-age benefits, both per beneficiary and in aggregate.¹⁵ The world as of 2023 spent on average 0.7 per cent of GDP on benefits for children, whereas benefits for the elderly amounted to 7.6 per cent of GDP on average. This means that there is an asymmetry in the fiscal impacts of child and old-age dependency ratios, and social protection budgets cannot count on fewer child benefits to offset more old-age pensions.

¹⁴ The numbers are accurate projections based on current population and fertility rates. However, large-scale migration or major pandemics could change demographic projections.

¹⁵ In addition, child benefit coverage is much lower than pension coverage: 28.2 against 79.6 per cent.

If the ratio between beneficiaries of social security and those who are paying for it becomes too high, this will increase the funding burden on those who are working. Globally, 80 per cent of individuals over the retirement age receive some form of old-age pension, but more than 165 million are still outside the pension system and in the interests of fairness must be brought in (ILO 2024b). This has put pressure on social security budgets throughout the world. If financing for old-age benefits is not sustainable, effective and adequate, quality of life for the elderly is at risk. Countries will need high levels of employment that are unlikely to be attained if barriers to participation for women, older persons, youth, persons with disabilities and persons from marginalized groups are not reduced. Increased formalization of jobs, enterprises and economic transactions is crucial, as informality reduces the economic base from which to finance social protection. Likewise, increased and broad-based productivity that allows wages to increase for all and legal frameworks that allow those in all forms of work to contribute to social security are crucial for financing pensions in the coming decades. As seen in the previous chapters of this report, these are all policies that contribute to labour market inclusion for social justice. They foster win-win situations that avoid trade-offs between present and future generations.

In addition, the parameters that guide retirement may require reconsideration. Table 4.2 shows that the modal, or most common, statutory retirement age is 60 for both men and women, but many countries have a retirement age of 65 and in a few, the retirement age is as high as 70.¹⁶ As fertility rates drop, older people face greater pressure to extend their working lives, and some governments have started to raise the age of retirement in order to keep pensions systems viable. In 15 out of 27 EU Member States, governments have already adopted a future retirement age higher than the present one.¹⁷ An alternative (or complementary) policy approach that allows individuals more leeway is deferred retirement. This approach allows workers who opt to retire later to benefit from increased pension accrual. Accrual rates for working beyond pensionable age usually vary between 3 and 10 per cent per year (Spasova, Deruelle and Airoidi 2025).

► **Table 4.2. Statutory retirement age for men and women, latest available year**
(number of countries)

Retirement age	Men	Women
Under 60	21	46
60	66	58
61 to 65	28	28
65	44	29
Over 65	20	18

Source: World Bank, “Pension”.

Other policy approaches include introducing or increasing penalties for early retirement, lengthening the eligibility period to qualify for retirement or otherwise tighten eligibility criteria. In sum and as table 4.3 shows, there has been no lack of initiatives to keep pension systems solvent and viable. Nevertheless, for the demographic change to be managed in a humane and equitable manner, each measure must be analysed not only on the basis of its fiscal merits (which are crucial) but also on its distributive impacts, including careful assessments of whether anyone is left unprotected. Of particular importance is consideration of the type of work involved: governments and social partners may wish to consider whether retirement rules should take into account occupational conditions (for example, office work as opposed to construction).

The second way in which dependency ratios affect society is through the demand for care services. Care work includes all the activities and relationships involved in meeting the physical, psychological, cognitive, mental health and developmental needs of children, adolescents,

16 In some countries, women retire before men.

17 Finnish Centre for Pensions, “Retirement Ages”.

youth, older persons and persons with disabilities (ILO 2024d).¹⁸ It is provided by different actors, including households, the state and the private and not-for-profit sectors.

► **Table 4.3. Government announcements of pension reforms, 2013–23**

Type of measure	No. of cases
Delaying pension receipt	136
Raising retirement age	96
Incentivizing late or penalizing early retirement	22
Tightening eligibility or increasing length of contributory period	18
Reducing pension expenditure	85
Modifying calculation formula or indexation method	33
Reducing benefit levels	31
Introducing or increasing taxes	9
Reducing benefit duration	5
Freezing indexation of benefits	5
Reducing package of services and benefits	1
Decreasing benefit subsidies	1
Increasing pension contributions	45
Increasing contribution rates	35
Contracting coverage	8
Reducing incentives for voluntary coverage	1
Reducing or suspending contribution subsidies	1
Reducing pension liabilities	30
Privatizing or introducing individual accounts	16
Suspending or closing existing schemes	11
Coordinating several programmes	2
Introducing notional accounts	1
Total number of measures	296

Source: ILO (2024b, table 4.5).

There are many models for state-provided care that include residential, community-based or in-home care and support. What all models require is financing and qualified, skilled and adequately remunerated care workers (ILO 2024e). The care sector is plagued by worker shortages and decent work deficits. Low wages, long hours of work, occupational safety and health risks (including stress, violence and harassment at work), low social status, insecure or no formal contracts, and limited or no social protection are endemic to large parts of the care sector (ILO et al. 2024). ILO standards on domestic workers, nursing personnel, maternity protection, workers with family responsibilities, working hours, wages and social protection, among others, can help social actors at the national level to bridge care gaps that affect workers as well as those for whom they provide care.

While there are no worldwide estimates of expenditure on long-term care for older persons, OECD estimates set it at 1.7 per cent of GDP (OECD and European Commission 2024). As these numbers reflect the spending of mostly higher-income countries, it is likely that the global

¹⁸ For socio-cultural and institutional reasons, women have had to carry the disproportionate responsibility of providing unpaid care to family members.

number is considerably lower. The overall care economy includes about 381 million jobs globally or approximately 11.5 per cent of total employment (ILO 2024f). Given ageing populations, the number of long-term care jobs needed¹⁹ is expected to increase from 85.2 million in 2023 to 158.1 million in 2050 (ILO, forthcoming).²⁰

Only 89 out of 179 countries mandate public provision of long-term care services for older persons (ILO 2022c). The mandates are also skewed towards high-income countries (see table 4.4). Family obligations in the form of legal obligations for families to take care of their elderly members exist in 70 out of 178 countries.

► **Table 4.4. Public and family obligations in law to care for the elderly by country income group, latest year (number of countries)**

	Public		Family obligations	
	Yes	No	Yes	No
High-income	47	7	26	27
Upper-middle-income	30	20	20	30
Lower-middle-income	11	36	19	28
Low-income	1	27	5	23
World	89	90	70	108

Source: ILO (2022c).

Table 4.4 suggests that even with an increase in the paid care sector, a large part of the care responsibilities will inevitably fall upon families, particularly women. Elevated care responsibilities mean that carers have less time available for paid work, which limits equality of opportunity (see Chapter 2). However, it also affects economic growth and is a drag upon the economy, as productive workers are kept out of the labour market. In addition, it can constrain decisions about having children. Universal and affordable long-term care services, supported by long-term care leave policies and family-friendly workplace policies and arrangements can allow for reconciliation between engagement in paid work and care responsibilities.

Long-term care leave allows employed persons to take care of family members who have a long-term functional dependency (ILO 2022c). Unfortunately, such provisions are still rare in law. Table 4.5 shows that only 30 per cent of the 185 countries for which such information is available have laws that allow workers to take extended leave – either paid or unpaid – to care for family members.

► **Table 4.5. Legal provision for long-term care leave by country income group, 2021 (number of countries)**

	No provision	Yes, unpaid	Yes, paid
High-income	27	8	25
Upper-middle-income	38	6	6
Lower-middle-income	41	3	3
Low-income	24	4	0
World	130	21	34

Source: ILO (2022c).

¹⁹ Domestic and residential long-term care jobs make up only a subset of total employment in the care economy and do not account for unpaid care work.

²⁰ This global calculation supposes no increase in coverage, only maintaining present coverage rates for an ageing population.

Part-time work can also allow workers to reconcile unpaid care work with paid work. In nearly all countries of the world, women are more likely than men to be found in part-time work. Although women make up less than 40 per cent of total employment, they make up 57 per cent of all those working part-time, mostly due to their traditional role as caregivers. In the United Kingdom in 2023, the most cited reason for working part-time was to manage caring responsibilities (32 per cent, rising to 45 per cent among women aged 35 to 49) (Timewise 2023). In contrast, only 13 per cent of men who work part-time indicated that they did so to manage caring responsibilities.

Part-time work can be part of the solution only if part-time workers can count on the same kind of labour protection as full-time ones. In the Netherlands, for example, where most part-time workers hold permanent employment contracts, the average hourly wage gap between full-timers and part-timers is negligible, and part-time workers pay pro-rata social insurance contributions in exchange for pro-rata entitlements to old-age, unemployment, sickness and disability benefits (ILO 2016).

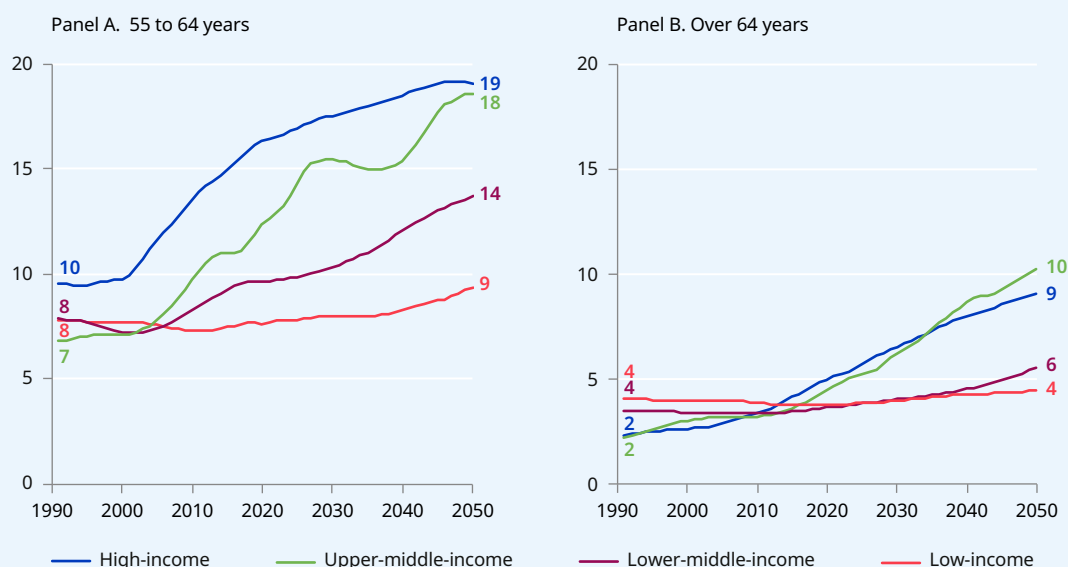
Finally, it is important to stress that poor health and disability in old age responds to social determinants. Social protection coverage across the life cycle, as well as policies to encourage healthy life styles, address some of the social determinants of poor health that influence the loss of functional abilities and intrinsic capacities in old age. In other words, promoting social justice early in life through protecting rights, ensuring equal opportunities and addressing distributional fairness, will improve outcomes (potentially decreasing costs) later in life.

► Promoting social justice early in life will improve outcomes later in life.

4.3.3. Older workers

Improved life expectancy and falling fertility will not only lead to greater dependency ratios but will change the profile of workforces around the world. Figure 4.11 shows the labour force by age category from 1990 to 2050 (projected). These trends will continue beyond 2050 as the population continues to age.

► **Figure 4.11. Share of the labour force by age category and country income group, 1990–2050 (percentage)**

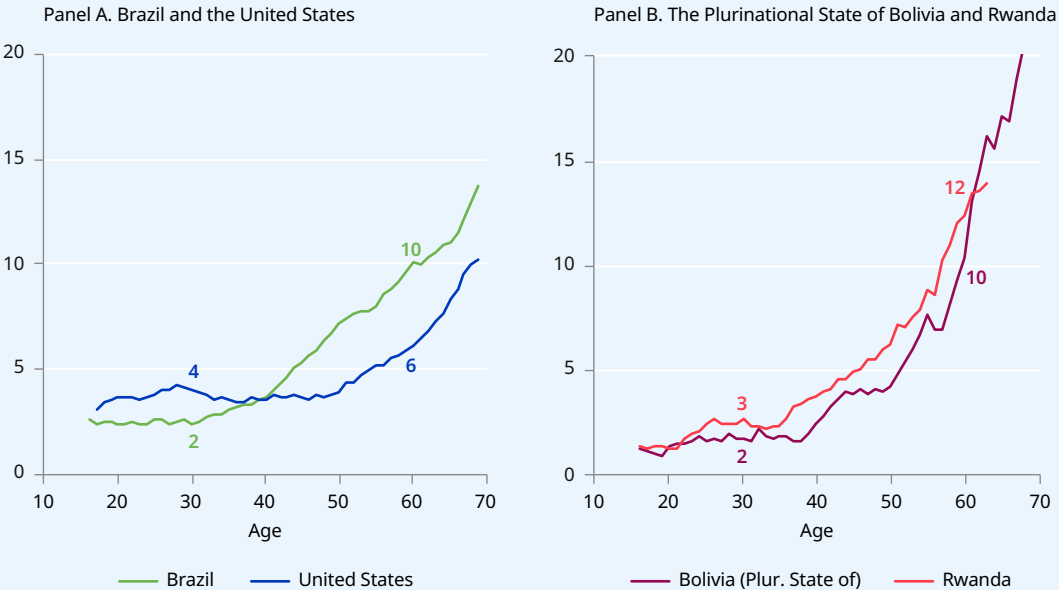


Source: ILOSTAT, ILO modelled estimates, November 2024; ILO estimates for projections.

Although not without its benefits, an older workforce presents many challenges. To begin with, older workers are far less likely to engage in reskilling and training, which is particularly worrisome given the fast rate of technological change (Taylor and Urwin 2001).

Another concern is that ageing is associated with increased disability (Morris and McDiarmid 2021). Figure 4.12 shows the age-disability profiles for four countries, one from each country income group. While the profile is steeper for lower-income countries, it is present everywhere – an older labour force will be a labour force with more workers with disabilities. This means that workplaces must adapt to older workers in order to allow them to be productive members of society.

► **Figure 4.12. Age-disability profiles, selected countries (percentage)**



Source: ILO microdata repository. Encuesta Continua de los Hogares (Plurinational State of Bolivia), 2004. Pesquisa Nacional por Amostra de Domicílios Contínua (Brazil), 2022. Labour Force Survey (Rwanda), 2023. Current Population Survey (United States), 2024.

The ability to make the transition to retirement depends on the benefits available and how workers and their families are supported during this phase, along with other factors such as health and personal preferences (Flippen and Tienda 2000). For example, a healthy person at retirement age may be forced to return to employment if the retirement pension or other income support is insufficient; while a person with poor health may have to stop working despite their preferences and needs.

One policy that allows reconciliation between old age and work is partial retirement – a transition period of part-time work in which employees begin receiving either a partial or full pension. While partial retirement is not a substitute for adapting workplaces to the needs of older workers, it does allow those who wish to continue to engage in paid work, although with fewer hours. In Europe, 11 countries allow for partial retirement²¹ and various others²² have provisions that encourage combining part-time work with a pension.

21 Czechia, Denmark, Estonia, Finland, France, Germany, the Netherlands, Norway, Slovenia, Spain and Sweden (Spasova, Deruelle and Airolidi 2025).

22 For example, Austria encourages pensioners to work by covering their social insurance contributions; Belgium allows flexi-jobs for pensioners; and Greece allows pensioners to work but reduces pensions by 30 per cent (Spasova, Deruelle and Airolidi 2025).

Social policy must ensure that extending working life is not a life sentence to work. It requires an equality-based approach for older workers that, firstly, removes barriers of implicit and explicit age discrimination against the elderly persons so that equal opportunities for productive and decent employment are made available, and secondly, offers older workers a genuine choice between continuing to work or transitioning to a decent retirement (Ghosheh, Lee and McCann 2006). Social dialogue, including collective bargaining and workplace cooperation, is crucial for adapting workplaces to an older labour force.

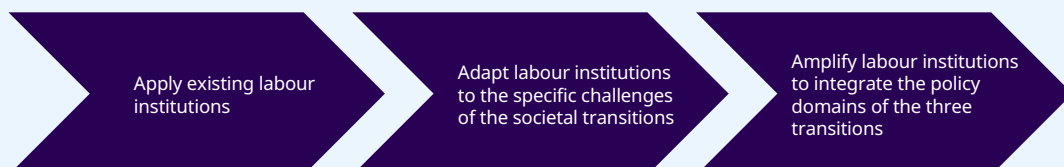
■ Social policy must ensure that extending working life is not a life sentence to work.

4.4. Conclusion: Applying, adapting and amplifying labour institutions to manage the three societal transitions

Harnessing these transitions to take advantage of their opportunities while mitigating their risks will require a combination of three efforts (see figure 4.13):

- ▶ applying existing labour institutions to the changes at hand;
- ▶ adapting labour institutions to the specific challenges of each transition;
- ▶ amplifying labour institutions to integrate the policy domains of the three transitions.

▶ **Figure 4.13. Applying, adapting and amplifying labour institutions to manage the three societal transitions**



4.4.1. Applying existing labour institutions

Since its first Convention in 1919 on working hours,²³ the ILO's tripartite constituents have come together to develop standards on national policies and labour institutions that support workers, sustainable enterprises and society at-large. The institution-building relies on and includes fundamental principles and rights at work, as well as regulations and policies that support equal access to opportunities for decent and productive employment and fair distribution. Many of the policies are transversal, meaning that they apply across contexts, and can be drawn upon to mitigate the negative impacts on workers and enterprises from the effects of the societal transitions discussed in this chapter.

²³ Hours of Work (Industry) Convention, 1919 (No. 1).

Policies can be grouped into four categories:

- (i) Social protection policies, particularly unemployment insurance, which provides income support to workers while they are between jobs.
- (ii) Active labour market policies, which provide skills training and job placement services to support workers in accessing opportunities.
- (iii) Promotion of sustainable enterprises, including access to credit, which can support the creation of new enterprises and thus employment in growing areas of the green and digital economy.
- (iv) Labour protection, which in addition to wage policies, includes specific policies that are highly relevant to periods of change, such as the protection of workers' wages, working time and occupational safety and health.

4.4.2. Adapting labour institutions to the specific challenges of the societal transitions

In addition to the policies mentioned earlier, there is also a need ensure existing labour institutions are fit for purpose to address to each transition, and to adapt those that are not to the tasks that face it. The adaptation of existing policies is best managed through social dialogue – a critical governance institution.

■ The adaptation of existing policies is best managed through social dialogue – a critical governance institution.

Key labour institutions that need to be adapted to the environmental transition include labour statistics, skills and training regulations, social protection policies, occupational safety and health regulations and enterprise regulations. First, labour statistics and foresight of labour market impacts should include assessments of sectoral job creation and destruction to inform

skills, social protection and approaches to formalization. These evidence-based statistics and projections should inform upskilling, reskilling and initial training in emerging green industries, as well as dedicated social protection policies for workers who may lose their jobs or transition within or across sectors (for example, the Employment Policy Convention, 1964 (No. 122)). As climate change and environmental degradation are expected to disproportionately harm lower-income workers and families, there will be a need to (i) adapt social protection to potentially deal with price increases; (ii) consider place-based strategies, such as investing in renewable energies in geographic areas where other energy production has been reduced; and (iii) adapt skills training programmes and enterprise, entrepreneurship and informality policies to facilitate access of those most affected by job destruction.

Finally, regulations are specifically needed to strengthen protections of workers against heat stress, providing work hours and breaking time regulations, and exposure to heat and environmental hazards regulations among others (for example, the occupational safety and health Conventions on heat stress).

The digital transition has brought new ways of working and organizing work, from the growth of telework to the development of digital labour platforms, to the possible effects of AI on employment and working conditions. Telework, platform work and algorithmic scheduling have created new challenges to the efficacy of traditional working time regulations, given the ability to work anytime, anywhere. Yet, the need for working time regulation to protect workers for excessive hours, insufficient hours and irregular scheduling still holds. New developments, such as laws and collective bargaining agreements on the right to disconnect and advanced notification of scheduling, are an example of how existing institutions can be adapted to new challenges.

The current standard-setting discussion on decent work in the platform economy at the ILO based on tripartite social dialogue will provide guidance to ILO Member States and constituents on how to manage the multiple challenges related to diverse forms of work arrangements. The opportunities and challenges brought by AI and algorithmic management to the world of work also require an adaptation of labour institutions. Given that women are more likely to be affected by automation, some countries may need to adapt unemployment benefit schemes and job training and placement programmes to better accommodate women, which is also relevant to accommodating the child and elderly care concerns of the demographic transition.²⁴ Though still emergent in respect of the digital transition, social dialogue, including collective bargaining, has begun to be used to address some of the challenges of AI and algorithmic management, including negotiations that have resulted in high-road approaches to AI investments and uses, based on complementing rather than replacing worker skills, empowering the workforce, and adapting labour and social protections to new forms of work (Doellgast et al. 2025).

With regard to the demographic transition, labour market institutions must be prepared to address issues such as an ageing workforce and population – and the greater need for care that ageing entails. Investments are also needed to improve the working conditions of jobs in the care economy to alleviate the shortages that plague many countries. Expansion in the provisions of paid leave to care for ageing family members and in improving the quality of part-time work will help facilitate work–life balance and retain prime-age workers, particularly women, in paid employment. Good quality part-time work can also facilitate in the retention of older workers, as are policies that accommodate workers with disabilities.²⁵

4.4.3. Amplifying labour institutions to encompass the policy domains of the three transitions

Ensuring these transitions are managed justly includes policies well beyond the world of work. The policy questions on climate change and environmental degradation, digitalization and AI and demographics go beyond the labour sphere, and decisions taken on these questions will likewise have repercussions on the world of work. Without a broader engagement between policy spheres and integration of, for example, labour environmental, infrastructure and health-care policies, fair transitions may be jeopardized and the trust societies have in the institutions tasked with guaranteeing social justice will be further undermined. For each transition, there are instances where such broader engagement is needed.

Ensuring these transitions are managed justly includes policies well beyond the world of work.

With respect to the just transition, one third of NDCs still do not consider employment, 40 per cent do not consider just transitions and 85 per cent have no reference to decent work, despite their centrality to the workers and enterprises that will be affected. Current debates on AI, and the many national AI strategies being developed, routinely ignore world of work considerations, including possible effects on employment, job quality and market concentration. Scant attention is given to working conditions despite the much greater impact that AI will have on existing jobs, and thus on the enterprises and workers that engage with the technology in their work. Moreover, emerging issues such as the protection of workers' personal data have received little attention, with most privacy legislation excluding the world of work from its coverage

²⁴ Women's overall weaker labour force attachment and the gender pay gap mean that women's benefits from social protection programmes are typically lower than those of men. Because of the unequal responsibilities that women generally have with respect to the care of children and the elderly, there is a need to design training programmes that can accommodate the demands on women's time.

²⁵ As mentioned, the employment policies discussed in Chapter 2 of this report will continue to be important for countries facing a growing labour force.

(Abraha, 2025). Finally, the intersection of the demographic transition with international migration, working time policies and disability has been insufficiently considered.

Broader engagement is thus needed at the national and international levels to address the many dimensions of societal change. At the national level, this would mean broader engagement between the traditional tripartite representatives (employers' and workers' organizations and labour ministries) and other government ministries such as ministries of finance, industry, technology, health and the environment. In addition, representatives from central banks, provincial and local governments, and civil society could also be brought together. The aim of this broad convening would be to develop a comprehensive approach to the ongoing developments of these transitions based on the different expertise of the different participants, and to ensure that world of work issues and social justice are central in all transition discussions.

At the international level, this amplification would require engagement of the multilateral system beyond the ILO and the United Nations system, to include international financial institutions such as international and regional development banks, regional institutions such as the African Union, the Association of Southeast Asian Nations and the European Union, and national actors from different parts of the world. The multilateral system has experience with broader convenings, including the UN Global Compact and the coordinated effort undertaken to address the HIV/AIDS pandemic, for example. Ideally, the actors involved in this broader engagement would develop mechanisms for policy and regulatory development, monitoring and adaptation to evolving social, economic or environmental changes.

To promote greater social justice, governments should:

- ▶ apply the labour institutions covered in the chapters on human rights, equal opportunities and fair distribution to address societal transitions;
- ▶ adapt those labour institutions, at both the national and international levels, to the new challenges brought on by transitions;
- ▶ amplify the social dimension and integrate labour institutions in other policy domains so that these reflect the interconnected and multidimensional nature of these transitions.

Key recommendation

To navigate societal transitions in a way that is consistent with fairness, all social actors (including labour ministries and social partners) should have a seat at the table and have a voice in policymaking.



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Conclusion

The way forward

Conclusion

It has been over a century since the ILO was created, 80 years since the present multilateral system was established and 30 years since 186 countries convened at the first World Summit for Social Development to restate their commitment to social development. It bears repeating what we recalled at the outset of the report: the world today is healthier, wealthier and more educated than it was at any one of these three points in history. Yet, despite this meaningful and measurable progress, people everywhere register dissatisfaction with the state of the world, think the cards are unfairly stacked against them, and increasingly distrust the institutions meant to help them.

In the decades between the first World Summit for Social Development and the 2008 financial crisis, conditions were ripe for social progress. There were few major wars, the AIDS epidemic was beginning to come under control, COVID-19 had not yet appeared and the average economic growth rate was 2.4 per cent per year. Moreover, there was a shared consensus on social justice and labour rights, which was reflected in the adoption of a number of international instruments by the ILO, accompanied by changes to the national law and policy of many countries.

But from 2009 to 2023, economic growth fell to 1.8 per cent per year, deaths from armed conflict returned to high levels and the COVID-19 pandemic caused economic disruption and human suffering. Moreover, progress in measures as disparate as the extreme poverty rate, the informality rate and the percentage of children in child labour over the last 10 to 20 years has been disappointing – even retreating in some cases. This stalling out in recent decades helps to explain why, despite general progress, people do not necessarily feel healthier, wealthier and more educated. Moreover, growth since the financial crisis has been less job-rich than in the past, leaving more willing workers without opportunities for decent work – even as wealth accumulates globally, resulting in a lingering sense of unfairness.

This failure to advance broad-based social progress alongside incredible economic growth is reflected in the loss of trust in institutions and a growing feeling that the world is not moving in the right direction. If we are to regain a virtuous cycle in which people feel they are treated with a minimum of fairness by society – thereby rekindling support for institutions that support and defend this – we need renewed commitment and action to advance social justice. The upcoming Second World Summit for Social Development offers the opportunity to turn this commitment into action.

One of the most important contributions of the multilateral system is arguably its unique convening power to tackle the world's most pressing challenges – including the three societal transitions highlighted in this report. And of course, multilateral agencies are not the only institutions vital to advance social justice. While UN technical agencies provide a forum for discussion and decision-making, as well as technical support, local and national governments are the institutions with the sovereign mandate to protect human rights and implement social, environmental and economic policy, including inclusive and effective governance for human rights and capabilities, access to equal opportunities and fair distribution. These institutions – revitalized and reinforced (and in some cases reinvented) – must remain at the forefront, with their populations, including representatives of employers and workers, through social dialogue, addressing the challenges raised by societal transitions and rebuilding the trust necessary for progress.

This report should not be understood as to suggest that there are only three societal transitions. If nothing else, the COVID-19 pandemic reminds us of the humility necessary in the face of the potential for dramatic, sudden change. However, this report does posit that humanity currently faces inescapable challenges from at least three societal transitions: environmental, digital and demographic. A changing climate has no nationality; the planet will be hotter for all. The internet has enabled advances in information technology in one country to be felt worldwide. Differential ageing patterns across countries will lead to labour surpluses and shortages and migratory pressures that are transnational in nature.

These challenges, in other words, go beyond borders and can only be faced effectively together. To govern the transnational changes requires effective institutions, including an effective multilateral system.

Multilateral institutions must therefore adapt to the new challenges and pace of change in the twenty-first century. They must demonstrate their value and agility both to the Member States that support them and to society as a whole. Our challenges are deeply interconnected and far exceed the capacity of any single State to address. In 2024, UN Member States gathered in New York to adopt *The Pact for the Future*, which charts a path towards a “world that is safe, peaceful, just, equal, inclusive, sustainable and prosperous, a world in which well-being, security and dignity and a healthy planet are assured for all humanity.”¹ In so doing, they recognized that these objectives “require a recommitment to international cooperation based on respect for international law, without which we can neither manage the risks nor seize the opportunities that we face.”² The ILO, in conjunction with the entire UN system, is currently working to increase our efficiency and effectiveness to ensure that we are best placed to serve Member States in these efforts.

Humanity currently faces inescapable challenges of three societal transitions: environmental, digital and demographic.

As Chapter 4 emphasized, the first step to build a better future for all is to apply the policies reviewed in this report that advance social justice. Guaranteeing that all are free to organize and free from child labour, forced labour, discrimination and unsafe environments is necessary to lay the foundations for social justice. Breaking down barriers to opportunities means ensuring all have access to quality education, that macro and sectoral policies have employment creation as one of their major objectives and that policies are present to support both workers and enterprises. Ensuring fair distribution entails guaranteeing an adequate minimum wage for all in need of such protection and minimizing exclusions, promoting collective bargaining and expanding social protection coverage, while at the same time ensuring its adequacy and sustainability. Policies such as these were important throughout the last century and continue as relevant as ever for guiding us to a better future.

These policies will also need to be adapted to address the environmental, digital and demographic transitions outlined in this report. Employment creation will need to take into consideration the increasingly heterogeneous employment landscape enabled by technology. Telework, platform work and algorithmically managed work require governments and employers’ and workers’ organizations to consider how regulations and labour institutions may need to be adapted. Social protection such as unemployment compensation may need to be tailored to a world in which new forms of work are increasingly important. Upskilling and reskilling systems may require redesign to better integrate social and cognitive skills with the technical skills needed for a future in which artificial intelligence (AI), green jobs and care work will feature more prominently.

Finally, while the world of work has traditionally been the domain of labour ministries, social justice cannot advance without ensuring that policy domains and the institutions that govern them collaborate to seize opportunities and mitigate risks. National and international institutions should consider whether they can effectively address cross-cutting challenges when finance, labour, health and energy policies operate as if the issues they face exist only in isolation.

For example, countries working to transition from fossil fuels to renewables will face policy puzzles that will impact energy employment and skills as well as energy production, commerce and

1 UN General Assembly, resolution 79/1, *The Pact for the Future*, A/RES/79/1, 2024, para. 4.

2 A/RES/79/1, para. 5.



Attaining the social development goals on decent work and economic growth is clearly essential to ensuring the world evolves in a just and fair way.

land use. Decisions on information technology infrastructure will determine how many workers will be able to take advantage of AI to augment their productivity. Healthy lifestyles and diets will lead to reductions in the level of care needed in old age. To best consider the diverse impacts, these issues require a multidisciplinary approach, including collaboration between national ministries. This also means that the world today requires not only effective multilateralism, but that the multilateral, national and local institutions break free from their sectoral

silos. The multidimensional nature of the societal transitions that lie before us means they cannot be effectively governed if each agency and each ministry does only its part – no matter how competently – without coordination with the others. Social justice requires all of us.

Governing for social justice requires that we come together across silos to think about each of these transitions and those still to come. Addressing a warming world can only be done with attention to all of the affected parties – workers and families, enterprises, ecosystems, economies and beyond. And the same is true for the digital and demographic transitions we face. Attaining the social development goals on decent work and economic growth is clearly an essential factor in making sure the world evolves in a just and fair way, but so too are all of our shared goals including ending poverty, providing access to clean water and sanitation, good health and well-being, zero hunger, quality education, gender equality and reduced inequalities.



Final recommendations

For all stakeholders

The Global Coalition for Social Justice is a voluntary platform for governments, employers' and workers' organizations, international and regional organizations, financial institutions and development banks, enterprises, international non-governmental organizations and academia committed to advancing social justice. It is one example of how local, national and international institutions and organizations, including social partners, can begin collaborating to break out of their silos, to create a path towards a more productive, fairer and more just future. The Global Coalition for Social Justice and the Second World Summit for Social Development can provide a nexus for dialogue to ensure social justice remains a polestar for all, despite our differing mandates and areas of expertise.

For participants at the Second World Summit for Social Development

Given this historic attempt to assess the current state of social justice in the world, participants at the Second World Summit for Social Development may wish to consider the establishment of a periodic, multi-agency report, assessing various factors of social development and social justice. Such a report would be helpful in both tracking progress and ensuring that UN agencies prioritize the deployment of resources and expertise towards the priorities determined by the parties. The ILO, in partnership and collaboration with other UN agencies and international organizations, could more holistically assess the state of social justice, and the results of the report could be used to adjust budgets and programming to address areas where the greatest deficits are found.

For the ILO

Prior transitions of this magnitude have proved difficult to address sporadically amidst other pressing issues discussed by the ILO Governing Body or at the International Labour Conference. In prior moments of significant transition, the Governing Body has established tripartite institutional mechanisms to create an inclusive forum for thoughtful consideration of the consequent opportunities and challenges. The adoption of the Marrakesh Declaration in 1994 and establishment of the World Trade Organization, which ushered in a new era of global economic integration, was one such moment. It sparked both hope and concern about the impacts of increased trade and globalization. In response, the ILO established a working party on the social dimensions of trade liberalization in 1994 in the Governing Body, open to all Members of the ILO, to examine and respond to the evolving context. Later renamed the Working Party on the Social Dimension of Globalization, this convening enabled tripartite discussion on the implementation, adaptation and amplification of policies that would come to promote fundamental principles and rights at work, full and productive employment, social and labour protection, and social dialogue in a new global economic context. It facilitated tripartite engagement with experts and other multilateral organizations on pressing issues in the world of work.

In light of the three societal transitions foregrounded in this report, the ILO may now similarly wish to consider whether there are sufficient opportunities for high-level strategic dialogue in the Governing Body and International Labour Conference to explore how current policies and institutions can be applied, adapted and amplified to support fair transitions and advance social justice – or whether a new forum is needed. Such a forum could allow the possibility of discussing global issues which have strategic importance in a tripartite setting with external experts and other multilateral institutions.

Experience has fully demonstrated the truth of the statement in the ILO Constitution that lasting peace can only be established if it is based on social justice. People deserve, and should be able to expect, no less.



Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

In a world defined by persistent inequalities, wavering faith in institutions and the turbulence of societal transitions, the State of Social Justice Report 2025 offers a timely analysis of the world's progress – and the enduring disparities – in building fairer and more inclusive societies. Drawing from a wealth of global data and the insights borne of long experience, this report from the ILO unveils the urgent reality: social justice is not simply a lofty ideal, but the bedrock upon which sustainable peace and prosperity are built.

With a special focus on work as a source of dignity and opportunity, but with a view towards social justice more broadly, this report examines the critical pillars that uphold social justice – rights, opportunities, distribution and transitions – and explains how decent work, strong institutions and inclusive policies are critical to navigating the environmental, digital and demographic transitions facing us. It is a call to action for renewed global cooperation and commitment to multilateralism – ensuring that, in our pursuit of justice, fairness and human dignity, no one is left to fall through the cracks.

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