



International
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Office

GLOBAL EMPLOYMENT TRENDS 2011



The challenge of a jobs recovery

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The challenge of a jobs recovery

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Contents

Acknowledgements	vii
Key findings	ix
1 Macroeconomic context for growth and employment	1
2 Global employment situation	11
Employment	11
Unemployment	12
Labour force participation	14
Labour productivity and real wages	17
Employment by sector	20
Vulnerable employment and working poverty	21
3 Regional economic and labour market developments	27
Developed Economies and European Union	27
Central and South-Eastern Europe (non-EU) and CIS	32
Latin America and the Caribbean	35
East Asia	38
South-East Asia and the Pacific	41
South Asia	45
Middle East	48
North Africa	50
Sub-Saharan Africa	53
4 Conclusions	57
Annex 1 Global and regional tables	61
Annex 2 Projections	73
Annex 3 Regional figures	75
Annex 4 Note on global and regional estimates	95
Annex 5 Note on global and regional projections	97
Tables	
Table 1 Impact: Country classification with respect to the percentage point change in unemployment rate and percentage change in GDP, for the crisis period	7
Table 2 Recovery: Country classification with respect to the percentage point change in unemployment rate and percentage change in GDP, for the recovery period	7
Table 3 Working poverty rates at US\$ 1.25 and US\$ 2 levels, selected countries in South Asia	48
Table A1 Annual real GDP growth rates, world and regions (%)	61
Table A2 Unemployment rate by sex, world and regions (%)	61

Table A3	Unemployment rate for youth and adults, world and regions (%)	62
Table A4	Unemployment in the world (millions)	63
Table A5	Employment-to-population rate by sex, world and regions (%)	63
Table A6	Annual employment growth, world and regions (%)	64
Table A7	Output per worker, level and annual growth	65
Table A8	Labour force participation rate by sex, world and regions (%)	65
Table A9	Labour force participation rate for adults and youth, world and regions (%)	66
Table A10	Employment shares by sector and sex, world and regions (%)	67
Table A11	Employment by sector and sex, world and regions (millions)	68
Table A12	Vulnerable employment shares by sex, world and regions (%)	69
Table A13	Vulnerable employment by sex, world and regions (millions)	70
Table A14a	Working poor indicators, world and regions (US\$ 1.25 a day)	71
Table A14b	Working poor indicators, world and regions (US\$ 2 a day)	71
Table P1	Unemployment 2007–11 (rates)	73
Table P2	Unemployment 2007–11 (numbers of people)	74

Figures

Figure 1	Quarterly economic growth rates and number of economies in economic contraction, Q1 2007–Q4 2010	3
Figure 2	Number of countries with rising/falling employment-to-population ratios (change versus same quarter prior year), Q1 2007–Q2 2010	5
Figure 3	Global trends and projections in GDP growth, consumption, investment, trade and unemployment, 2007–11	6
Figure 4	Global employment trends, 2000–10*	11
Figure 5	Global unemployment trends, 2000–10*	12
Figure 6	Change in labour force participation rate, 2002–07 versus 2007–09, selected regions	15
Figure 7	Official youth unemployment rates and adjusted rates accounting for reduced labour force participation, 2009	16
Figure 8	Labour productivity growth and employment growth, world and regions, 2007 and 2009	18
Figure 9	Growth in real GDP, employment, labour productivity and real wages, selected economies, Q1 2008–Q1 2009 and Q1 2009–Q1 2010	19
Figure 10	Employment by sector (share of total), 1999–2009	20
Figure 11	Employment by sector, world and selected regions, average annual percentage change 2002–2007 and 2008–2009	21
Figure 12	Global vulnerable employment trends, 1999–2009	23
Figure 13	Global working poverty trends, 1999–2009 (US\$ 1.25 a day)	24
Figure 14	Global working poverty trends, 1999–2009 (US\$ 2 a day)	25
Figure 15	Annual change in employment, selected economies, 2007–09 (annual average) and 2009–10	30
Figure 16	Year-on-year changes in youth unemployment rates, selected regions (percentage points)	34

Figure 17	Ratio of labour regional productivity level to labour productivity level in the Developed Economies and European Union region, selected regions, 1991–2010	37
Figure 18	Ratio of youth to adult unemployment rates, 2010	43
Figure 19	Share of workers in vulnerable employment by sex, selected countries in South Asia	47
Figure R1	World: Unemployment, employment, vulnerable employment and working poor.	75
Figure R2	Developed Economies and European Union: Unemployment, employment and vulnerable employment	77
Figure R3	Central and South-Eastern Europe (non-EU) and CIS: Unemployment, employment, vulnerable employment and working poor.	79
Figure R4	Latin America and the Caribbean: Unemployment, employment, vulnerable employment and working poor.	81
Figure R5	East Asia: Unemployment, employment, vulnerable employment and working poor.	83
Figure R6	South-East Asia and the Pacific: Unemployment, employment, vulnerable employment and working poor.	85
Figure R7	South Asia: Unemployment, employment, vulnerable employment and working poor.	87
Figure R8	Middle East: Unemployment, employment, vulnerable employment and working poor.	89
Figure R9	North Africa: Unemployment, employment, vulnerable employment and working poor.	91
Figure R10	Sub-Saharan Africa: Unemployment, employment, vulnerable employment and working poor.	93
Boxes		
Box 1	Global food prices and poverty.	25
Box 2	Looking beyond the aggregates: Unemployment and ethnicity in the United States	28
Box 3	Part-time employment in developed economies.	31
Box 4	Manufacturing employment and wages in East Asia.	40
Box 5	Vulnerability in Indonesia during the crisis and recovery	44
Box 6	Unemployment in Saudi Arabia	49
Box 7	The Social Opportunities Project in Ghana	55
Country spotlights on growth and employment		
Spotlight 1	Growth and employment in Germany, Spain and the United States.	29
Spotlight 2	Growth and employment in Croatia, Russian Federation and Turkey	33
Spotlight 3	Growth and employment in Argentina, Brazil and Mexico.	36
Spotlight 4	Growth and employment in China, Hong Kong (China), in Republic of Korea and Taiwan (China)	38
Spotlight 5	Growth and employment in the Philippines, Singapore and Thailand	42
Spotlight 6	Growth and employment in Egypt and Morocco.	51

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Key findings

Unemployment remains elevated

- The number of unemployed stood at 205 million in 2010, essentially unchanged from the year earlier and 27.6 million higher than in 2007, with little hope for this figure to revert to pre-crisis levels in the near term. The global unemployment rate stood at 6.2 per cent in 2010, versus 6.3 per cent in 2009, but still well above the rate of 5.6 per cent in 2007.
- The elevated level of global unemployment stands in stark contrast to the recovery that has been seen in several key macroeconomic indicators: real global GDP, private consumption, gross fixed investment and world trade had all recovered by 2010, surpassing pre-crisis levels.
- There has been an uneven recovery in labour markets, with a continued rise in joblessness in the Developed Economies and European Union region, a steady to slightly improving unemployment picture in most developing regions.

A recovery in growth that has not brought about a comparable recovery in employment

- At the global level, the employment-to-population ratio, which indicates whether the employment-generating capacity of a country or region is rising or falling, declined from 61.7 in 2007 to 61.2 in 2009 and is estimated at 61.1 per cent in 2010. Many economies are simply not generating sufficient employment opportunities to absorb growth in the working-age population.
- In 64 countries for which quarterly data are available, as of the second quarter in 2010, the number of countries with falling employment-to-population ratios was still twice the number that had rising ratios. It is clear that the ongoing economic recovery is not yet leading to a sufficient expansion in employment opportunities in many countries.

Industrial employment hardest hit

- Total global employment in industry declined slightly in 2009, which is a major divergence from the historical annual growth rate of 3.4 per cent over the period from 2002 to 2007. Employment in agriculture grew in 2009, which also represented a divergence versus historical trends.

Growing number of discouraged youth

- The number of unemployed youth (aged 15–24) is estimated to have declined from 79.6 million in 2009 to 77.7 million in 2010, though this is still well above the 2007 level of 73.5 million. The global youth unemployment rate stood at 12.6 per cent in 2010, up from 11.8 per cent in 2007, but down slightly from 12.8 per cent in 2009.
- However, unemployment rates understate the severe extent to which the crisis impacted young people as labour force participation among youth was strongly affected by the crisis. Across 56 countries with available data, there are 1.7 million fewer youth in the labour market than expected based on longer term trends, indicating that discouragement among youth has risen sharply. These discouraged youth are not counted among the unemployed because they are not actively seeking work.

Trends in labour productivity and real wages reveal pressure on employment quality

- Labour productivity growth turned negative in 2009, declining by 1.4 per cent versus growth of 3.3 per cent in 2007. In 2010, global productivity growth recovered to 3.1 per cent.
- The problem of delayed labour market recovery is seen not only in the lag between output growth and employment growth and reduced unemployment but also in some countries in the lag between productivity growth and resumption in real wage growth. This phenomenon can threaten future recovery prospects, given the strong linkages between employment and growth in real wages on the one hand and consumption on the other.

Stagnating progress in reducing vulnerable employment and slowed progress in reducing working poverty

- On the basis of available data, the current estimate of the number of workers in vulnerable employment in 2009 is 1.53 billion, which corresponds to a global vulnerable employment rate of 50.1 per cent. The incidence of vulnerable employment remained roughly flat between 2008 and 2009, versus a steady and substantial average decline in the years preceding the crisis.
- The estimated working poverty rate at the extreme US\$ 1.25 level for 2009 is 20.7 per cent, which is 1.6 percentage points higher than the rate projected on the basis of the pre-crisis trend. This amounts to around 40 million more working poor at the extreme US\$ 1.25 level in 2009 than would have been expected on the basis of pre-crisis trends. The share of workers living with their families below the US\$ 2 a day poverty line is estimated at around 39 per cent, or 1.2 billion workers worldwide.

An improved global economy, yet downside risks predominate in 2011

- Following a contraction in 2009, the global economy grew at a rapid pace of 4.8 per cent in 2010. The recovery is expected to continue in 2011, though at a more moderate pace (4.2 per cent). However, due to the fragile state of the labour market in many countries, high levels of public debt and continued vulnerabilities in the financial sector and private households, downside risks predominate.
- On the basis of current macroeconomic forecasts, the global unemployment rate is projected at 6.1 per cent in 2011, corresponding to global unemployment of 203.3 million. This represents little improvement over 2010 levels.

Regional economic and labour market developments

- Fifty-five per cent of the total increase in global unemployment between 2007 and 2010 occurred in the **Developed Economies and European Union** region, while the region only accounts for 15 per cent of the world's labour force. Employment contracted by 2.2 per cent in 2009 and by a further 0.9 per cent in 2010. Employment in industry declined by 9.5 million between 2007 and 2009. Unemployment is projected to decline slightly in 2011, but to a level that is still 15 million (over 50 per cent) higher than in 2007. Another manifestation of continued labour market distress is the rapid growth of part-time employment.
- The massive increase in youth unemployment that occurred in the Developed Economies and European Union region during the crisis was accompanied by a large decline in youth labour force participation, indicating widespread discouragement among young people.
- Unemployment in the **Central and South-Eastern Europe (non-EU) and CIS** region peaked at the highest regional rate in the world in 2009, having risen 1.7 percentage points to 10.4 per

cent. Youth unemployment rose more than in any other developing region in 2009, and one in five economically active youth in the region were unemployed in 2010. GDP growth is expected to slow to 4.3 per cent in 2011. The unemployment rate is projected to show little change.

- Following a sharp contraction in GDP growth in 2009, economic growth in **Latin America and the Caribbean** expanded strongly in 2010. Short-term labour market indicators show an ongoing recovery in many countries in the region. However, the economic crisis resulted in an increase in the share of vulnerable employment in 2009, the first increase in the region since 2002. The outlook for 2011 is continued GDP growth, but at a lower rate of 4.0 per cent, along with a modest decline in the region's unemployment rate.
- In contrast to many regions around the world, the labour market in **East Asia** has recovered relatively quickly. However, youth unemployment remains a major challenge as the youth unemployment rate, at 8.3 per cent in 2010, is 2.5 times higher than the rate for adults. In 2011, economic growth is projected to slow to 8.6 per cent, reflecting reduced stimulus measures, while the regional unemployment rate is expected to show little change.
- Despite the strong recovery in economic output in **South-East Asia and the Pacific**, the region's unemployment rate is estimated to have edged down only slightly from 5.2 per cent in 2009 to 5.1 per cent in 2010, though in some countries in the region unemployment rates are at or below pre-crisis levels. At the same time, the number of workers in vulnerable employment is estimated to have risen to 173.7 million in 2009, an increase of 5.4 million since 2007. Youth in the region continue to face significant challenges in securing decent and productive jobs, and are 4.7 times more likely to be unemployed than adults. The region's unemployment rate is forecast to show little change in 2011, while economic growth is expected to slow to 5.3 per cent.
- The economies of **South Asia** have largely held up well during the crisis and the region resumed rapid economic growth in 2010. Yet the region has the highest rate of vulnerable employment in the world, at 78.5 per cent of total employment in 2009. Gender-based inequities in the labour market remain a primary concern, with the gap between female and male labour force participation at more than 40 percentage points and a disproportionate share of women working in the agricultural sector, many in subsistence-level activities. A key risk in 2011 is inflation, particularly in the price of food and basic commodities, which underlines the importance of expanding social safety nets for the poorest.
- The downward trend in the regional unemployment rate in the **Middle East** was interrupted by the global economic crisis, and current estimates for 2010 show a level of unemployment at 10.3 per cent, which is the highest regional rate in the world. The youth unemployment rate is almost four times the adult rate. Gender inequalities continue to be a major concern, as the gap between male and female employment-to-population ratios, at 47.2 percentage points, is twice the global average. Economic growth in 2011 is projected at 5.1 per cent, falling short of pre-crisis trends, with little change expected in the region's unemployment rate.
- **North Africa** was not hit as hard as other regions by the economic and financial crisis, yet pre-crisis labour market challenges have persisted. Women face a much higher unemployment rate than men (15 per cent versus 7.8 per cent), which is particularly worrisome because female labour force participation rates are extremely low. An alarming 23.6 per cent of economically active young people were unemployed in 2010. Productivity growth continues to be sluggish and leaves little scope for increases in wages and salaries or for progress in expanding social protection systems. And while the economic outlook for the region is favourable, growth rates are not likely to be sufficient to reduce the large decent work deficits in the near future in any of the North African economies.

- With more than three-quarters of workers in **Sub-Saharan Africa** in vulnerable employment and around four out of five workers living with their families on less than US\$ 2 a day, sub-Saharan African economies faced daunting decent work challenges prior to the onset of the crisis. Gender inequalities are evident in the much higher share of women in vulnerable employment in comparison to men and with female working poverty rates exceeding male rates in 22 out of 27 countries with available data. Economic growth is projected to recover to a pre-crisis rate of 5.5 per cent in 2011, with little change expected in the unemployment rate. The economic outlook is subject to considerable uncertainty, particularly in middle-income countries and oil exporters, and will be dependent on the recovery of the global economy.

Key policy considerations

- The delayed labour market recovery exacerbates the tremendous human costs of the recession, including reduced lifetime earnings and employability, along with broader health and social effects. Given the potential for these effects to linger, affecting the current generation of workers and threatening the human capital potential of both current and future generations, it is essential to forge a recovery that is job rich and sustainable.
- Many economies have begun a careful tightrope walk from stimulus to fiscal consolidation. Where fiscally feasible, it is crucial to maintain or enhance measures that can help boost employment generation and jump-start a sustainable jobs recovery. Improved labour market outcomes would support a broader macroeconomic recovery and could help offset the adverse effects of fiscal consolidation. In all cases, a narrow focus on reducing deficits without addressing the challenge of job creation will further weaken employment prospects and threaten the recovery.
- In advanced economies, policies and incentives are needed to stimulate private investment, while concurrently announcing credible plans to reduce budget deficits in the medium term. It is also essential for (primarily developed) deficit countries to boost net exports that, in turn, would lead to increased demand and more space for fiscal consolidation. Policies are needed to boost labour productivity in order to reduce unit labour costs and enhance competitiveness.
- Developing countries that have been reliant on exports for growth need to strengthen domestic sources of demand. As developing economies have typically benefited from a faster rebound in growth, underpinned by comparatively greater fiscal space and solid macroeconomic fundamentals, there is a sound basis for a reorientation of growth toward domestic consumption. Increasing social protection is crucial for enhancing economic security and encouraging greater consumption. Labour market policies aimed at gains in labour productivity with increased real wages are also essential, and this must be underpinned by social dialogue between workers, employers and governments.
- A strengthening of the mechanisms for international cooperation, including through the G20, is essential to ensuring a sustainable, balanced recovery.

1

Macroeconomic context for growth and employment

A central theme of this *Global Employment Trends 2011* report is that while global economic growth is rebounding on a better than expected trajectory, the global labour market is, in many respects, behaving as anticipated in the middle of the crisis and highlighted in the *Global Employment Trends 2010* report: stubbornly elevated unemployment and slow employment generation in developed economies coupled with widespread decent work deficits in even the fastest-growing developing economies. In the context of a robust, though uncertain and unbalanced economic recovery, these labour market challenges represent a serious threat. Without a sound and sustainable recovery in labour markets – one that helps to address the global imbalances that contributed to the crisis – the broader macroeconomic recovery will find itself resting on an uncertain and weakening foundation.

The global economic situation has improved, but a stubborn deficit in jobs remains

More than three years have passed since the onset of the fastest and deepest drop in global economic activity since the Great Depression. A situation that initially appeared to be a containable sub-prime mortgage-linked banking crisis in the United States rapidly spiralled into a full-blown global economic crisis, with sharp contractions in output, trade and investment. This resulted in a tremendous negative shock to firms and workers around the world. Global unemployment soared to an all-time high, with a particularly large rise in many developed economies. Other labour market indicators revealed additional forms of severe labour market distress: falling employment-to-population ratios, increases in vulnerable forms of employment, stagnant labour productivity growth, and rising discouragement – particularly among youth.

The crisis prompted governments and central banks the world over to unveil an unprecedented array of fiscal and monetary stimulus measures – measures widely credited for halting the global crisis and for bringing about a recovery in economic growth that occurred more quickly than forecast and which has been unexpectedly robust as compared with the prevailing outlook in late 2009, at the time the *Global Employment Trends 2010* report was produced.¹ In June 2009, ILO member States unanimously adopted the “Global Jobs Pact”, a set of policy measures that countries can adopt to ease the impact of the crisis and accelerate recovery in employment.² Since this time, the ILO has actively supported countries towards implementing the Pact.

Yet, despite the strong and swift response to the crisis, many economies now face the real prospect of a protracted period of sub-par growth. This exacerbates a growing problem of high budget deficits and unsustainable levels of government debt, a situation brought about because of sharply reduced tax receipts and large outlays on both automatic stabilizers and extraordinary stimulus measures. Unsurprisingly, many governments, particularly in the developed regions of the world, are confronting increased pressures in financial markets to quickly enact sweeping fiscal austerity measures.

¹ The ILO estimated that discretionary fiscal stimulus measures saved or created 21 million jobs in G20 countries in 2009 and 2010. See ILO: *Accelerating a job-rich recovery in G20 countries: Building on experience* (Geneva, 2010); http://www.ilo.org/public/libdoc/jobcrisis/download/g20_report_accelerating.

² See: <http://www.ilo.org/jobsact/about/lang--en/index.htm>.

In contrast, the economies in many developing regions – especially in Asia, but also in Latin America – have experienced far quicker and more robust recoveries than originally forecast. This is due in no small part to a rapid recovery in global trade alongside a pickup in sources of domestic demand. But it is also a result of a growing wave of financial flows from developed to developing economies as the regions' growth prospects have diverged. Capital seeks returns and in the present context the greatest potential returns are to be found in emerging economies. At the same time, many developed economies have experienced downward pressure on their exchange rates vis-à-vis developing countries, reinforcing the trend. Rapid flows of capital can threaten growth and jobs as asset bubbles and inflation may ensue, and flows may be subject to sudden reversals.

This *Global Employment Trends 2011* report was thus written in the context of an uneven global economic recovery. And although it is clear that an *economic* recovery has begun in earnest, this edition of the *Global Employment Trends* adds to the evidence that labour markets around much of the world remain under serious strain. In many developed economies, employment remains well below pre-crisis levels, unemployment rates have stayed alarmingly high and the incidence of long-term unemployment as well as involuntary part-time employment continues to grow.³

In many developing economies, while growth has rebounded sharply, long-standing decent work deficits – including widespread vulnerable employment and working poverty – continue to pose serious challenges, and the crisis has slowed progress toward reducing these deficits. The absence of a reliable social floor in many economies – with only 20 per cent of the world's working-age population having access to comprehensive social protection systems – perpetuates the problem of low levels of consumption that have contributed to the current global imbalances.⁴

Importantly, in both developed and developing countries, recessions and economic crises carry high “human costs”, and the sheer magnitude of the current downturn in comparison with prior recessions raises concerns that the costs will be too much to bear for many workers and their families.⁵ Human costs from recessions can take a number of forms. Typically, workers who have been laid off suffer from reduced employability, as their skills erode and the stigma associated with unemployment may grow along with the duration of unemployment. Workers often receive lower lifetime earnings, with the effects particularly severe for youth. Adverse effects on workers' physical and mental health commonly ensue, with increased strain on families. This can have adverse inter-generational effects, with children's schooling achievement suffering, reducing their productive potential.

Addressing the serious labour market challenges brought about or exacerbated by the global economic crisis is therefore an economic necessity, but it is also imperative from a social welfare perspective. The urgent need to foster a recovery in jobs was underscored in the G20 Leaders' Declaration in November 2010, following their meeting in Seoul, Republic of Korea. In the Declaration, the Leaders stated that “we are determined to put jobs at the heart of the recovery, to provide social protection, decent work and also to ensure accelerated growth in low income countries”, and the G20 once again called on the ILO and other international organizations to provide expertise in this regard.⁶

³ See ILS: *World of Work Report 2010: From one crisis to the next?* (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_145078.pdf.

⁴ See ILO: *World Social Security Report 2010/11: Providing coverage in times of crisis and beyond* (Geneva, 2010); <http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1985>.

⁵ See ILO and IMF: *The challenges of growth, employment and social cohesion*, Paper prepared for the Joint ILO-IMF Conference in cooperation with the office of the Prime Minister of Norway; <http://www.osloconference2010.org/discussion-paper.pdf>.

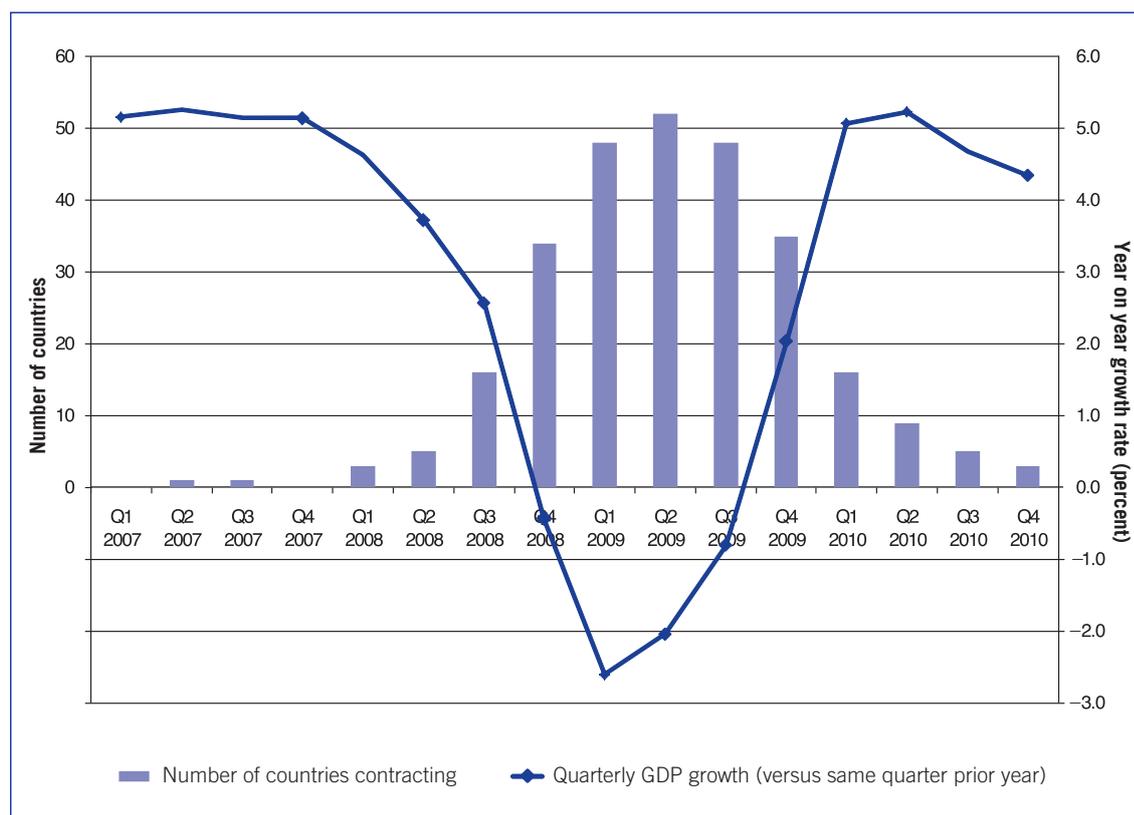
⁶ See: http://media.seoulsummit.kr/contents/dlobo/E1_Seoul_Summit_Leaders_Declaration.pdf and http://media.seoulsummit.kr/contents/dlobo/E2_Seoul_Summit_Document.pdf.

Upgraded economic growth in 2010, yet downside risks predominate

The global economy had begun to contract on an annualized basis in the fourth quarter of 2008, with severe contractions occurring in the first two quarters of 2009 (see figure 1). Out of 60 countries for which quarterly GDP growth data are available in the IMF's *World Economic Outlook* database (which account for nearly 90 per cent of global GDP), an unprecedented 52 were contracting in the second quarter of 2009. By the third quarter of 2009, the rate of decline had begun to moderate, yet 48 out of 60 economies were still contracting. Overall, the IMF estimates that global GDP declined by 0.6 per cent in 2009.

By the fourth quarter of 2009 some early positive signs had emerged, with global growth turning modestly positive, led by a strong rebound in the Asian regions. Robust growth followed in 2010, particularly in the first half of the year, again led by Asia, but also with a notable

Figure 1 Quarterly economic growth rates and number of economies in economic contraction, Q1 2007–Q4 2010



Source: IMF, *World Economic Outlook*, October 2010.

acceleration in Latin America, North Africa, Sub-Saharan Africa and the Central and South-Eastern Europe (non-EU) and CIS region. The Developed Economies and European Union region also turned the corner in the first quarter of 2010, with modestly positive growth estimated for the year as a whole (see table A1). Overall in the year 2010, the global economy is estimated to have grown at a rapid pace of 4.8 per cent.⁷ However, the estimates for growth in the second half of 2010 show a marked deceleration in economic activity. The IMF's outlook for a continued, though slower, recovery in 2011 has not changed, with global growth projected to decelerate to 4.2 per cent.

Based on market exchange rates rather than the purchasing power parity weights used in IMF global growth estimates, the UN's *World Economic Situation and Prospects 2011* report estimates 2010 global growth at 3.6 per cent in 2010, versus -2.0 per cent in 2009, and projects a deceleration to 3.1 per cent in 2011.⁸ The current 2010 UN global growth estimate represents an upgrade versus prior projections, while the 2011 projection has changed little. However, the UN warns that growth could slow to below 2 per cent if several current risks to the recovery were to take shape, highlighting in particular the serious consequences of persistently high levels of unemployment, including a protracted period of below-potential growth.

Downside risks continue to predominate, due to the fragile state of the labour market in many countries, high levels of public and household debt and continued vulnerabilities in the financial sector.⁹ Many of the risks highlighted by the UN are echoed in the most recent OECD *Economic Outlook*, which highlights five specific downside risks to the global economy: (1) the possibility of renewed declines in house prices, which could adversely impact on consumption and growth; (2) public debt sustainability in some OECD countries and the possibility of sudden reversals in government bond yields; (3) lingering uncertainties about the banking sector and the availability of credit during the recovery; (4) adverse effects of large capital flows into many developing countries; and (5) tensions related to widespread currency interventions, which could lead to protectionist policies.¹⁰

A recovery in growth that has not brought about a comparable recovery in employment

Yet the evidence is clear that the recovery in economic growth has not been matched by a similar expansion in employment opportunities in many countries. The employment-to-population ratio indicator, defined as the share of the working-age population that is employed, is appropriate in this context in that it provides a standardized view across countries (taking into account demographic differences) as to whether the employment-generating capacity of a country is rising or falling.¹¹ Figure 2 depicts the evolution of employment-to-population ratios in the 64 countries for which quarterly data are available, showing above (below) the zero line, the number of countries with rising (falling) employment-to-population ratios versus the same quarter in the prior year. Countries with no change in their employment-to-population ratio are not displayed.

⁷ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

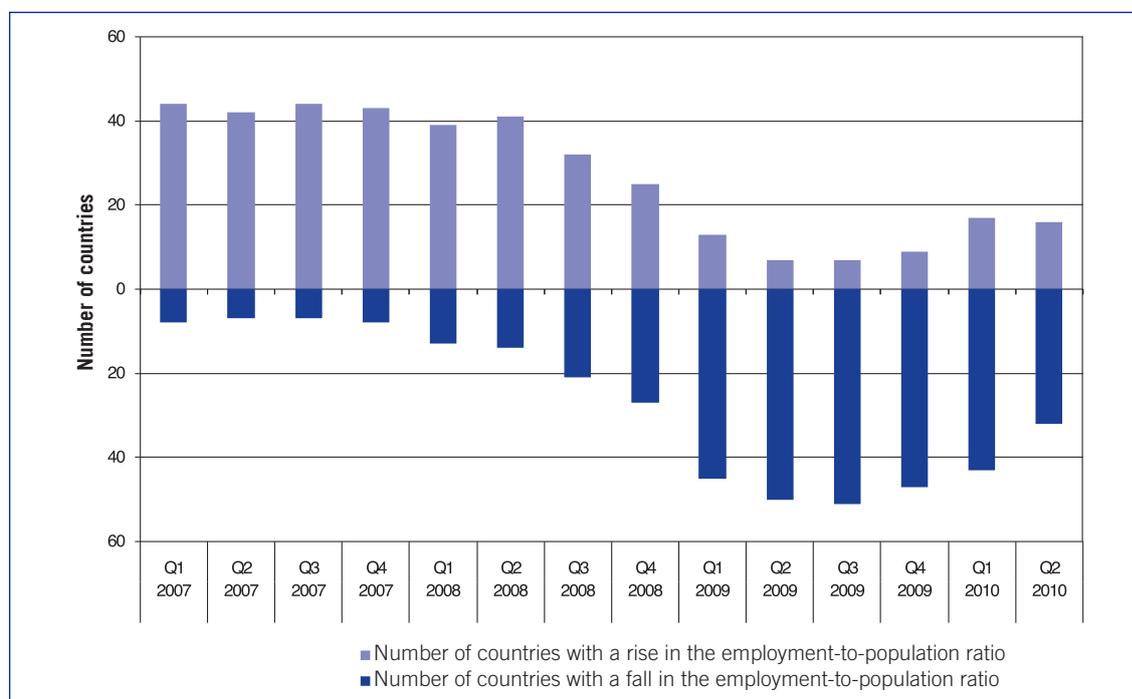
⁸ See UN Department of Economic and Social Affairs: *World Economic Situation and Prospects 2011* (New York, 2010); http://www.un.org/esa/policy/wess/wesp2011files/wesp2011_prerelease1.pdf.

⁹ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

¹⁰ See OECD: *Economic Outlook 88* (Paris, November 2010); http://www.oecd.org/document/4/0,3343,en_2649_33733_20347538_1_1_1_1,00.html.

¹¹ For data and technical descriptions of the employment-to-population ratio and 19 other labour market indicators, see ILO: *Key Indicators of the Labour Market*, 6th edition (Geneva, 2009); http://www.ilo.org/empelm/what/pubs/lang--en/WCMS_114060/index.htm.

Figure 2 Number of countries with rising/falling employment-to-population ratios (change versus same quarter prior year), Q1 2007–Q2 2010



Source: ILO, Short-term Indicators of the Labour Market database; national statistical office data.

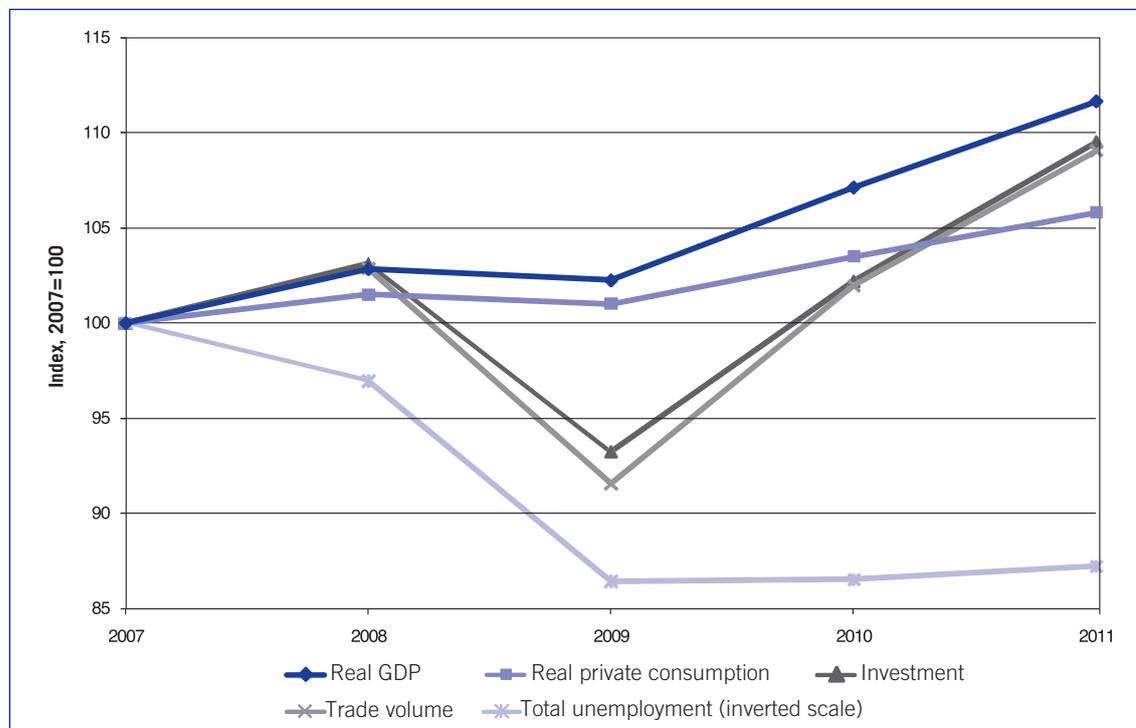
Beginning in Q4 2008, the number of countries with declining employment-to-population ratios exceeded the number with rising ratios and the situation quickly and sharply worsened thereafter. In the second and third quarters of 2009, only seven countries had rising employment-to-population ratios. And while GDP began to recover in Q2 2009, with positive growth in Q4 2009, as of Q2 2010, the number of countries with falling employment-to-population ratios was still twice the number that had rising ratios.¹² It is clear that the ongoing economic recovery is not yet leading to a sufficient expansion in employment opportunities in many countries.

By 2010, key global macroeconomic indicators had already recovered, but unemployment remained at an all-time high

It is interesting to note that, based on a number of key macroeconomic indicators, the global economy actually recovered from the crisis in 2010. Figure 3 provides indices of four global macroeconomic indicators: real GDP, real private consumption, real gross fixed investment and trade volume of goods and services; along with one global labour market indicator: the level of global unemployment. Each indicator is set with a value of 100 in 2007 and each is calculated such that a negative change reflects deterioration in the indicator (deterioration in the case of the macroeconomic indicators is a decline, and in the case of unemployment it is an increase). Hence a negative shock in 2008 and 2009 would lead to a value of less than 100 in these years, while recovery back to 100 means that the indicator has fully recovered to the 2007 (pre-crisis) level.

¹² Only nine countries have data available through Q3 2010 and therefore there are insufficient observations to draw broad conclusions on employment trends in the quarter.

Figure 3 Global trends and projections in GDP growth, consumption, investment, trade and unemployment, 2007–11



Source: IMF, *World Economic Outlook*, October 2010; ILO, *Trends econometric models*, October 2010; Economist Intelligence Unit.

Despite the negative GDP growth rate registered in 2009, real global GDP never actually shrank below the 2007 level during the crisis and is estimated by the IMF to have been more than 7 per cent higher in 2010 as compared with 2007. Similarly, private consumption declined only modestly in 2009 and is estimated to have been 3.3 per cent higher in 2010 than in 2007. Gross fixed investment contracted sharply in 2009, falling by nearly 10 per cent; however, investment is estimated to have surpassed the 2007 level in 2010. Global trade dropped by nearly 12 per cent in 2009, but this too is estimated to have risen above the 2007 level in 2010. Thus, while there is clearly tremendous regional and country-level variation in economic performance and recovery patterns, despite the massive and widespread shock that accompanied the collapse in growth in 2008 and 2009, based on these four key macroeconomic indicators, the global economy has recovered.

Unfortunately, the contrast between recovery in the macroeconomic indicators and the unemployment indicator could not be starker. Global unemployment began to grow in 2008 as the crisis increased uncertainty and led to reduced hiring. This was followed by a massive increase of more than 22 million in global unemployment in 2009. The year 2010 brought little change to this elevated level of unemployment. In all, there were 27.6 million more unemployed people in the world in 2010 as compared with 2007, with little hope for this figure to revert to pre-crisis levels in the near future. The current projections for these indicators for 2011 show a further widening of the gap between the macroeconomic recovery and a recovery to pre-crisis unemployment levels.

This downward “stickiness” of unemployment – that unemployment rates tend to remain high despite a recovery in economic growth – is also reflected in the country-level data, raising concerns that many countries are experiencing a jobless recovery. Tables 1 and 2 show the relationship between changes in GDP and changes in unemployment rates during the downturn (defined here as the change from the onset of the crisis, measured as the peak in output, to the trough in output

in each country) and recovery (defined as the period from the trough in output to the most recent quarter for which data are available – typically Q2 2010). The analysis is limited to countries for which comparable quarterly unemployment and GDP data are available. Table 1 plots declines in GDP on the vertical axis in four categories: positive; 0 to –2 per cent; –2 to –5 per cent; and less than –5 per cent. The impact of the crisis on unemployment rates is plotted on the horizontal axis in four categories: negative; 0 to 2 per cent; 2 to 5 per cent; and above 5 per cent. Table 2 is constructed in a consistent fashion for the recovery period.

Table 1 Impact: Country classification with respect to the percentage point change in unemployment rate and percentage change in GDP, for the crisis period

		Unemployment rate (percentage point change)			
From the onset of the crisis to the trough in output in each country		< 0	0 to < 2	2 to 5	> 5
GDP (percentage change)	> 0				
	0 to > –2	Colombia	Australia, Israel, Philippines		
	–2 to –5		Austria, Belgium, Brazil, Czech Republic, France, Republic of Korea, New Zealand, Norway, Portugal, South Africa, Switzerland	Canada, Cyprus, Greece, United States	
	< –5	Germany	Croatia, Finland, Hong Kong (China), Italy, Japan, Malaysia, Mexico, Netherlands, Singapore, Slovakia, Sweden, Taiwan (China)	Bulgaria, Denmark, Hungary, Russian Federation, Slovenia, Turkey, United Kingdom	Estonia, Ireland, Latvia, Spain

Source: ILO, Short-term Indicators of the Labour Market database; national statistical office data; and IMF, *World Economic Outlook*, October 2010.

Table 2 Recovery: Country classification with respect to the percentage point change in unemployment rate and percentage change in GDP, for the recovery period

		Unemployment rate (percentage point change)			
From the trough in output to the latest quarter available in each country		> 0	0 to > –2	–2 to –5	< –5
GDP (percentage change)	< 0				
	0 to < 2	Belgium, Bulgaria, Croatia, Finland, France, Ireland, Italy, Netherlands, Norway, Portugal, Sweden	Austria, Germany, Greece, Hungary, Latvia, Spain, Switzerland, United Kingdom		
	2 to 5	Colombia, Czech Republic, Denmark, Estonia, Japan, New Zealand, Philippines, Slovenia, South Africa	Canada, Israel, United States		
	> 5	Australia, Republic of Korea, Mexico, Slovakia	Brazil, Hong Kong (China), Malaysia, Russian Federation, Singapore, Taiwan (China)	Turkey	

Source: ILO, Short-term Indicators of the Labour Market database; national statistical office data; and IMF, *World Economic Outlook*, October 2010.

While there is wide variation in the extent to which countries were impacted, the bulk of the countries included in the analysis experienced a contraction in output of greater than 2 per cent, with more than half having experienced a contraction of more than 5 per cent. During the downturn, countries generally saw a larger impact on GDP than on unemployment rates, since most countries fall below the “diagonal” in table 1 (with the diagonal showing proportionality in impact). Unemployment rates rose by more than 2 percentage points in 16 countries and by more than 5 percentage points in 4 countries – Estonia, Ireland, Latvia and Spain.

The pattern of recovery demonstrates tremendous diversity among countries; although the bulk of countries experienced GDP growth of between 0 and 5 per cent relative to the trough, while 11 countries registered growth of more than 5 per cent. Most countries are experiencing a lag between resumption in GDP growth and a reduction in unemployment rates, i.e. “stickiness” in unemployment, and the risk of a jobless recovery. Indeed, in 24 countries in the table, unemployment rates have continued to rise during the recovery period, while unemployment rates have declined between 0 and 2 percentage points in 17 countries and by more than 2 percentage points in only one country. These country-level trends are explored in further detail in Chapter 3.

Macroeconomic challenges for promoting growth and employment

Looking ahead, the outlook for economic growth in 2011 and beyond has improved, but while this improved outlook raises hopes for enhancing employment growth and gains in productivity and wages, major risks remain in both the short- and longer terms. Among the most pressing immediate concerns is the widespread deterioration in public sector finances and the related challenge of reducing public expenditures while not harming the recovery and employment prospects. The sharpest deterioration in public finances has been in the Central and South-Eastern Europe (non-EU) and CIS and Developed Economies and European Union regions (in the latter, the public budget deficit as a proportion of GDP rose by more than 6.6 percentage points between 2007 and 2010), but economies in all regions of the world have experienced increased public deficits and debts.¹³ As a result, by the end of 2010, government debt around the world is expected to have reached a level not seen in 50 years.¹⁴ The clear risk is that the problem of a lagging labour market recovery will be exacerbated by the adverse effects of increasingly constrained public resources.

At the same time, while global investment has rebounded, investment remains well below pre-crisis levels in the developed economies. Ongoing private sector deleveraging and heightened macroeconomic uncertainties may continue to constrain levels and growth of private investment going forward. Fiscal consolidation in the public sector without a rebound in investment by the private sector carries a high risk of further declines in employment and related labour market challenges.¹⁵ This, in turn, would put downward pressure on consumption and threaten future growth prospects. Enhancing incentives for businesses to boost investment is critical to offset the reduction in public expenditures and foster job creation.

In the longer term, the main global macroeconomic challenge that threatens sustainable economic growth is the need to successfully rebalance the global economy by increasing savings and export performance in countries with persistently high trade and current account deficits and by boosting domestic consumption in countries that have relied on large export surpluses for growth

¹³ See OECD: *Economic Outlook 88* (Paris, November 2010); http://www.oecd.org/document/4/0,3343,en_2649_33733_20347538_1_1_1_1,00.html.

¹⁴ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing*, (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

¹⁵ See ILO: *Recovery patterns, growth and employment potential, with specific reference to Global Jobs Pact integrated approach countries*, Governing Body, 309th Session, Geneva, Nov. 2010, GB.309/ESP/1/2; http://www.ilo.org/gb/GBSessions/lang--en/docName--WCMS_146076/index.htm.

and have had higher than optimal savings rates. The crisis was largely transmitted through a major decline in exports, with domestic consumption and increased government spending cushioning the shock to GDP in many countries. During the recovery, private savings have risen sharply in some economies with low historical savings rates. For instance, in the United States, the personal savings rate has exceeded 5 per cent in every quarter since Q4 2008, representing a substantial increase over recent pre-crisis rates.¹⁶ Yet there is also evidence that key imbalances are persisting, with continued reliance on exports by many emerging economies and continued reliance on domestic consumption to support growth in many developed economies.

Labour markets are not only impacted by but can also impact outcomes related to global economic rebalancing. In countries that have historically relied on consumption for growth and which are seeking to expand exports, enhancing productivity will be essential as this reduces unit labour costs and can increase competitiveness in the global economy. To this end, key policy areas include boosting skills through improved educational outcomes and training programmes, improving working conditions and increasing uptake of new technologies. In countries with historically high savings rates, seeking to increase domestic consumption and expanding social protection through unemployment insurance, pensions and healthcare will be essential. Also needed are employment policies and strengthened labour market institutions to encourage growth in wage employment, particularly in higher value-added industries, improvements in working conditions and stronger linkages between productivity improvements and growth in real wages.

In this macroeconomic context, this report examines key labour market issues and trends around the world. Chapter 2 provides an overview of global trends in employment and unemployment, labour force participation, productivity and a number of other key labour market indicators. The third chapter looks at developments across the various regions of the world. In both Chapters 2 and 3, extensive use is made of country-level data to enrich the global and regional analysis, but also to draw attention to important differences in terms of trends and challenges within regions. Chapter 4 concludes. There are five annexes in the report. Annex 1 provides tables with global and regional estimates of labour market indicators along with estimates and projections of GDP growth. Annex 2 provides global and regional projections of unemployment.¹⁷ Annex 3 contains regional figures for unemployment, employment-to-population ratios, employment by sector, vulnerable employment and working poverty. Annex 4 describes the data sources and methodologies for producing global and regional estimates, while Annex 5 provides the corresponding description for the global and regional projections.

¹⁶ See US Bureau of Economic Analysis, National Economic Accounts: <http://www.bea.gov/briefm/saving.htm>.

¹⁷ All aggregate global and regional labour market indicators presented in this report are ILO estimates, based on the ILO's Global Employment Trends Model, which is described in Annex 4. Confidence intervals around point estimates have been provided in figures and annex tables for projections of labour market indicators (for 2010 and 2011); however, for clarity of presentation, only point estimates have been shown for historical estimates up to 2009. Changes versus prior published estimates are primarily due to newly available and/or revised labour market data from national statistical agencies, and revisions to GDP growth estimates and projections.

2

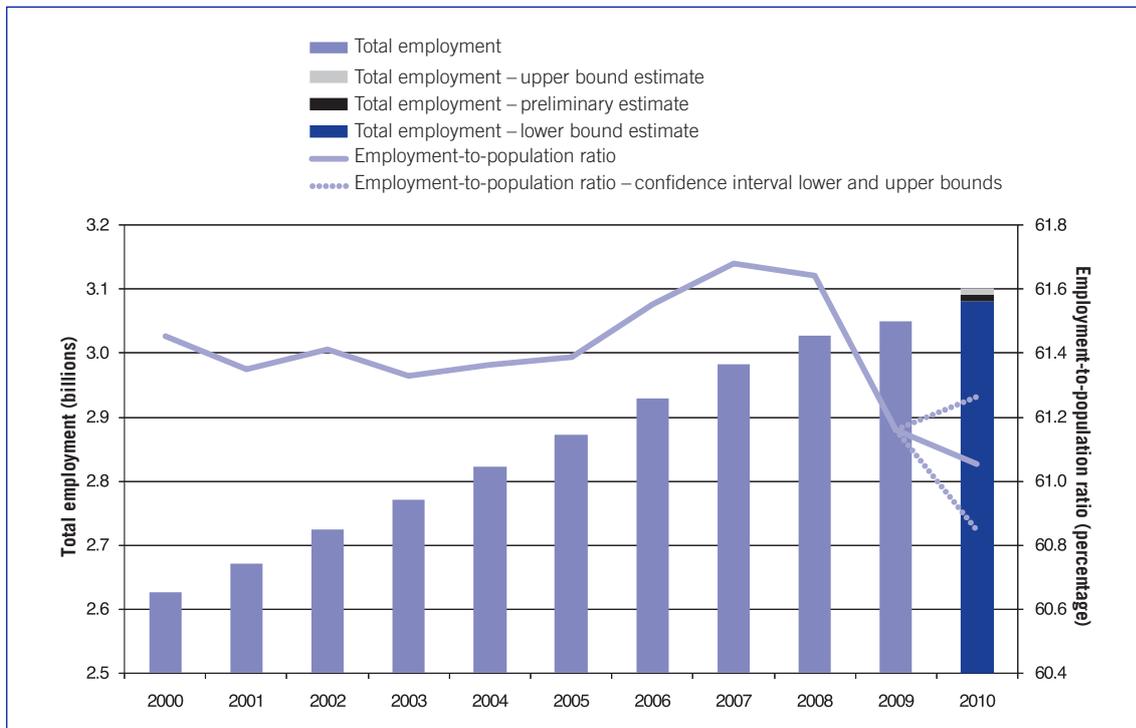
Global employment situation

Employment

Global employment continues to increase, though with steep declines in many developed economies

Contrary to what may be expected, global employment has continued to grow throughout the crisis, though at less than half the rate observed prior to the crisis (see figure 4 and table A6). Employment contracted sharply in 2009 in the Developed Economies and European Union (–2.2 per cent) and Central and South-Eastern Europe (non-EU) and CIS (–0.9 per cent) regions, but total employment continued to grow in all other regions during the crisis. In many developing regions, particularly the least developed and those with rapid population growth, employment growth is driven primarily by demographic trends, as the majority of workers do not enter into formal wage employment, but rather they are engaged in self-employment or unpaid family work, such as subsistence farming. As a result, macroeconomic shocks in these regions tend to have only a limited impact on overall employment growth.

Figure 4 Global employment trends, 2000–10*



* 2010 are preliminary estimates.

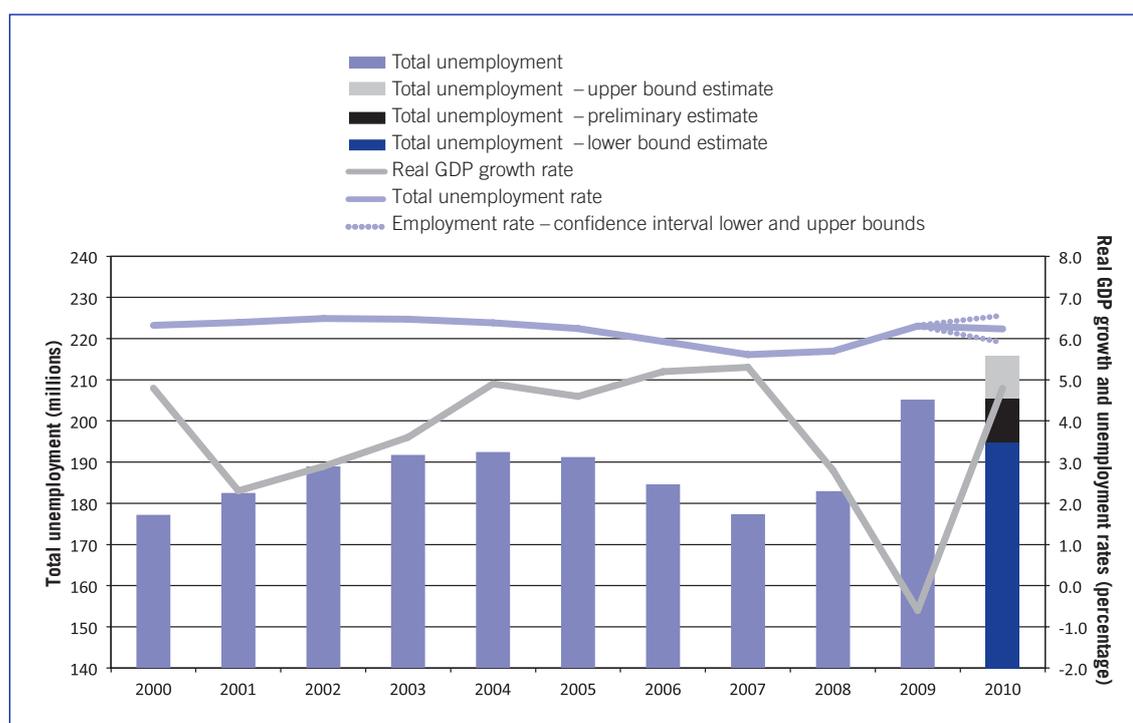
Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

While global employment continued to grow, the employment-to-population ratio, which represents the share of people of working age in employment, declined from 61.7 per cent in 2007 to 61.2 per cent in 2009 and was little changed at 61.1 per cent in 2010 (confidence interval from 60.9 to 61.3). In the Developed Economies and European Union region, the employment-to-population ratio dropped from 57.1 per cent in 2007 to 55.5 per cent in 2009, with a further drop to 54.7 per cent in 2010 (confidence interval from 54.5 to 54.9 per cent). Clearly, many developed economies are simply not generating sufficient employment opportunities to absorb growth in the working-age population, which again reflects the ongoing lag between economic recovery and a recovery in employment in this region. This contrasts with many developing regions, some of which saw an initial decline in the employment-to-population ratio but, in all developing regions except East Asia, the estimated employment-to-population ratio in 2010 is little changed versus 2007.

Unemployment

Despite the rapid recovery in the global economy that took place in 2010, following two years of severely adverse labour market conditions, global unemployment remained elevated in 2010. The number of unemployed stood at 205 million in 2010, essentially unchanged from the year earlier and 27.6 million higher than in 2007 (see table A4 and figure 5). Given that the number of unemployed increased by more than 22 million in 2009 alone, 2010 brought about a halt to the surge in unemployment in the world as a whole, but conditions in labour markets did not improve enough to significantly roll back any of the damage that had been done. The global unemployment rate stood at 6.2 per cent in 2010 (with a confidence interval from 5.9 to 6.5 per cent), versus 6.3 per cent in 2009 and 5.6 per cent in 2007.

Figure 5 Global unemployment trends, 2000–10*



* 2010 are preliminary estimates.

Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

While the global unemployment rate halted its rise in 2010, regional estimates reveal a clear divergence between developed and developing regions. In the Developed Economies and European Union region, which saw the largest regional increase in the unemployment rate between 2007 and 2009 (2.6 percentage points, see table A2), the unemployment rate continued to increase in 2010, rising 0.4 percentage points, to 8.8 per cent (confidence interval of 8.5 to 9.1 per cent). In Central and South-Eastern Europe (non-EU) and CIS and East Asia, unemployment rates declined in 2010. All other regions saw little change in the incidence of unemployment. Hence, a picture emerges of a continued rise in joblessness in the developed regions versus a steady to slightly improving unemployment picture in the developing regions.

Trends among women and men

Globally, the number of unemployed men stood at 118.4 million in 2010, an increase of 17 million since 2007. The number of unemployed women stood at 86.5 million in 2010, up 10.6 million since 2007 (see table A4). The unemployment rate among men changed little (an estimated 6.0 per cent in 2010 versus 6.2 per cent in 2009), while the rate for women remained unchanged at 6.5 per cent. This difference in trends between the sexes is mainly driven by developments in the East Asia and Central and South-Eastern Europe (non-EU) and CIS regions (see table A2).

In other regions, there is no discernable sex-based difference in unemployment rate trends in 2010. Globally, men had been somewhat harder hit than women during the crisis in terms of rising incidence of unemployment (an increase from 5.4 to 6.2 per cent between 2007 and 2009, versus an increase from 6.0 to 6.5 per cent for women). This was mainly due to a large increase in male unemployment in the Developed Economies and European Union region, where widespread layoffs occurred in predominantly male industries, especially construction and the financial sector.¹⁸

Trends among youth and adults

The serious impacts of the crisis on young people have been documented in detail in the *Global Employment Trends for Youth 2010* report.¹⁹ Based on the latest available data, the number of unemployed youth (aged 15–24) is estimated to have declined from 79.6 million in 2009 to 77.7 million in 2010 (see table A4). The point estimate for 2010 is still well above the 2007 level of 73.5 million. The global youth unemployment rate stood at 12.6 per cent in 2010 (confidence interval from 11.9 to 13.3 per cent), up from 11.8 per cent in 2007 (see table A3).

It should be noted that this is a more optimistic estimate for youth unemployment than that in the *Global Employment Trends for Youth 2010* report. This is due in part to faster GDP growth in 2010 than was anticipated early in the year, as well as new country-level unemployment data for 2010, now available through the first three quarters of 2010 for many countries. However, it is also due to a very negative trend among youth that has been revealed through newly available data on labour force participation: a major decline in youth participation in labour markets in many countries, which most likely reflects a surge in discouragement among young people facing bleak employment prospects. Youth who become discouraged and drop out of the labour market are not counted as unemployed, but nevertheless suffer from a lack of employment opportunities and all of the negative social and economic impacts that go along with this. As the next section shows, in 56 countries for which data are available, the number of youth having dropped out of or delayed entry into the labour market between 2007 and 2009 is estimated at 1.7 million, indicating a

¹⁸ For additional gender-based analysis of labour markets, see ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_123835.pdf.

¹⁹ See ILO: *Global Employment Trends for Youth, August 2010* (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_143349.pdf.

massive pool of discouraged youth on top of the large increase in youth unemployment. This represents a huge waste of human potential, which could have serious long-term repercussions for the affected young people themselves and for societies at large.

The youth unemployment rate rose in the Developed Economies and European Union region in 2010, where it stood at 18.2 per cent (confidence interval from 17.6 to 18.7 per cent), versus 12.4 per cent in 2007. The rate declined sharply in the Central and South-Eastern Europe (non-EU) and CIS region, from 20.8 per cent in 2009 to 18.9 per cent in 2010 (confidence interval from 18.1 to 20 per cent), but still remains well above pre-crisis levels.

In contrast to the trend in youth unemployment, the number of unemployed adults (aged 25 and above) continued to rise in 2010, by an estimated 1.7 million, giving a total increase of 23.5 million since 2007 (see table A4). This corresponds to a global unemployment rate of 4.8 per cent among adults in 2010 (confidence interval from 4.5 to 5 per cent). This is unchanged versus 2009 and up 0.7 percentage points since 2007.

Global outlook for growth and unemployment in 2011

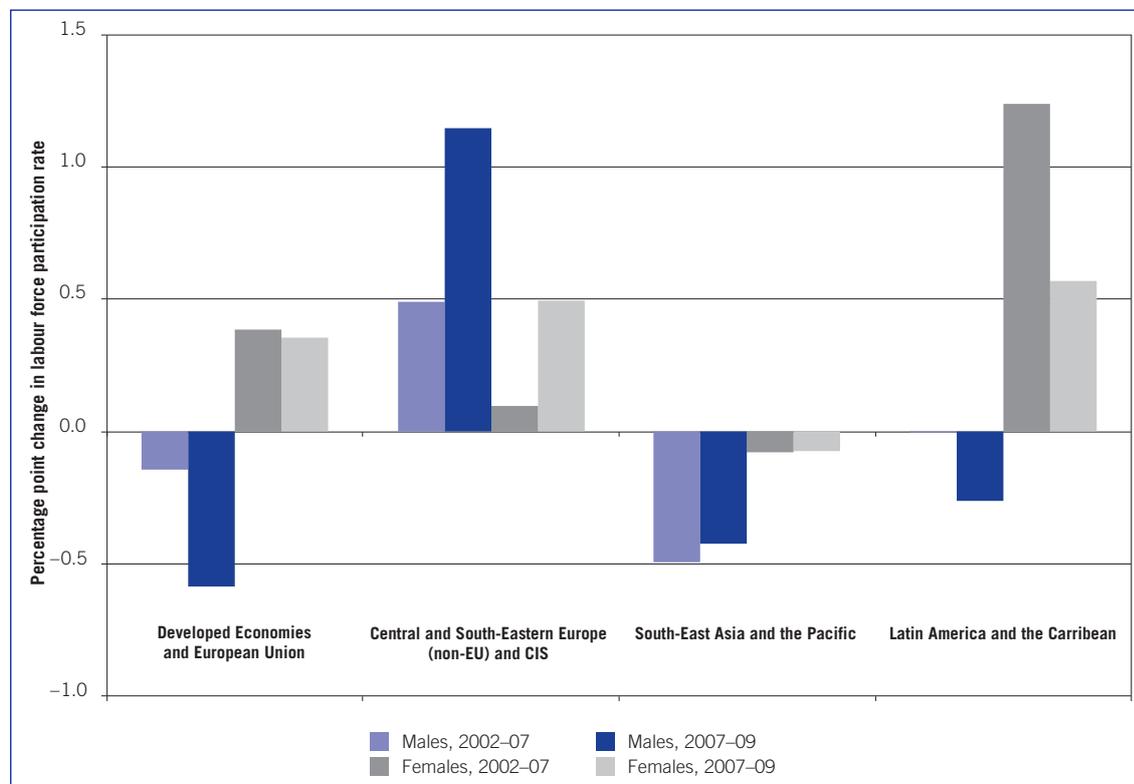
The IMF projects global economic growth of 4.2 per cent in 2011, down from 4.8 per cent in 2010 (see table A1). Downside risks continue to be the dominant concern. As the effects of fiscal stimulus begin to wane and increased private sector investment is unlikely to fully compensate for reduced government expenditures, decelerations in growth are expected to occur in all regions except the Middle East and Sub-Saharan Africa (where growth is expected to accelerate) and North Africa (where growth is expected to remain roughly constant).

On the basis of these macroeconomic forecasts, the global unemployment rate is projected at 6.1 per cent in 2011 (confidence interval from 5.6 to 6.6 per cent), versus a rate of 6.2 per cent in 2010, corresponding to global unemployment of 203.3 million (see tables P1 and P2, Annex 2). These unemployment projections have a substantial degree of uncertainty given the risks that remain to the overall macroeconomic outlook. In addition, as this projection is based on an econometric model that by necessity relies upon historical relationships between recovery in output and employment and as the current crisis is a clear break from recent history, this further heightens uncertainty. Yet given the highly elevated level of unemployment in many regions, coupled with diminished fiscal space in many economies, the current expectation is for a slow reduction in unemployment coinciding with a gradual recovery in labour markets.

Labour force participation

The *Global Employment Trends 2010* report noted that labour force participation rates and labour force levels can also be affected by an economic crisis, but because there can be offsetting effects across different groups of workers and across countries, there tends to be little discernable impact at the global or regional levels. The labour force data analysed for this current report, which include yearly country-level participation rates for 2009 and hence include the period of the crisis, largely confirm this earlier observation. The global labour force participation rate stood at 65.3 per cent in 2009, unchanged as compared with 2007 (see table A8). Participation rates only varied to a substantial amount over the period from 2007 to 2009 in two regions: Central and South-Eastern Europe (non-EU) and CIS and East Asia. In the former, the regional participation rate rose by 0.8 percentage points between 2007 and 2009, while in the latter, the participation rate declined by 0.6 percentage points. Yet, in both cases, these changes are directionally in line with ongoing longer-term trends in participation.

While broad global aggregates indicate that there was no major change in trends in participation rates during the crisis, disaggregated data reveal a very different picture: participation rates among some groups of workers have clearly been affected. Figure 6 examines percentage point

Figure 6 Change in labour force participation rate, 2002–07 versus 2007–09, selected regions

Note: 2002–07 values are average two-year trends.

Source: Calculations based on ILO, *Trends econometric models*, October 2010.

changes in male and female labour force participation rates over the period from 2007 to 2009 in comparison with the average two-year trend over the five years preceding the crisis. Four regions with sufficient data to provide a reliable analysis at the regional level are included.

In the Developed Economies and European Union and Latin America and the Caribbean regions, the crisis period corresponded with a drop in male labour force participation rates that was substantially larger than what would be expected based on pre-crisis trends. At the same time, the increase in female participation rates in the two regions was lower than expected based on trend growth rates, particularly in the Latin America and the Caribbean region. Both of these trends point to a major shock to labour markets with rising levels of discouragement whereby workers who otherwise would have been economically active do not even attempt to seek employment, owing to a lack of available or perceived employment opportunities. Importantly, these discouraged workers are not included in estimates of unemployment, which underscores the need to look at other labour market indicators in conjunction with unemployment rates to adequately assess labour market trends.

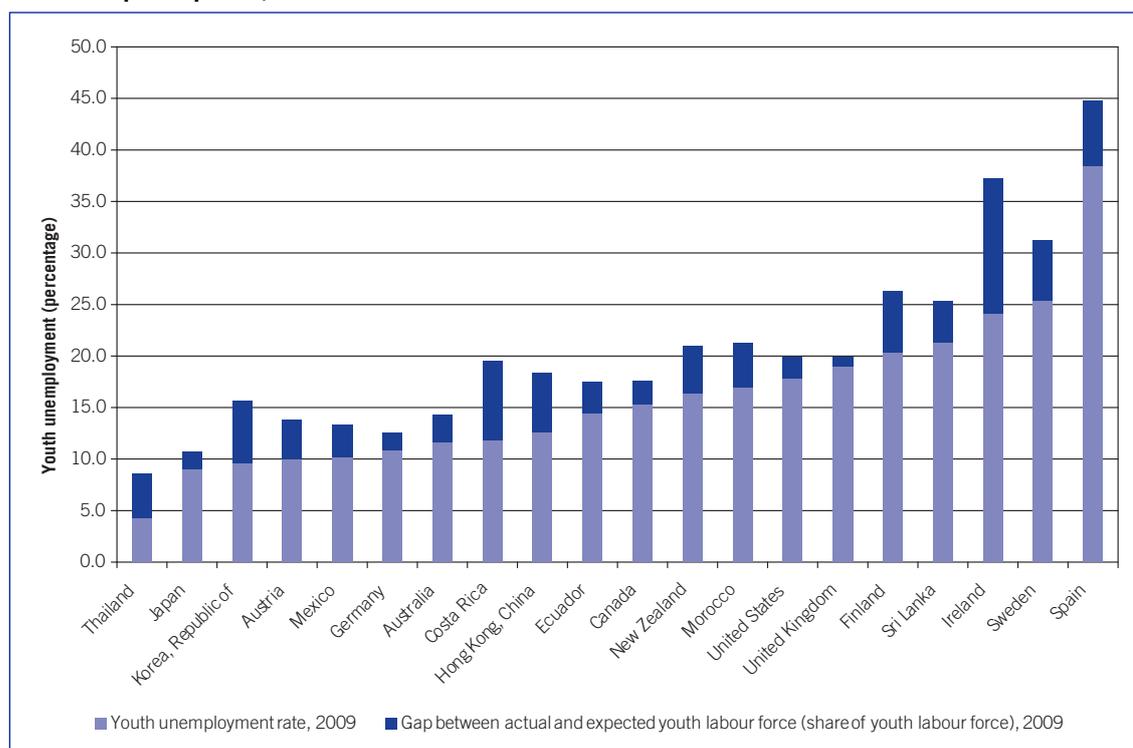
In South-East Asia and the Pacific, there was little difference between changes in participation rates prior to and during the crisis. This may reflect the lack of a social safety net in many countries in the region, whereby workers affected by the crisis were forced to seek other forms of employment, perhaps in the informal economy, rather than joining the ranks of the unemployed or economically inactive. In the Central and Eastern Europe (non-EU) and CIS region, participation rates rose during the crisis for both men and women more than expected based on pre-crisis trends, which could reflect workers being pulled into the labour force to offset lost family income. In both regions, further investigation at the country level would be needed to identify the key factors underlying these trends.

Labour force participation among youth strongly affected by the crisis

Age disaggregation of participation rates can also yield potentially important findings. One way to assess the impact of the crisis on youth participation rates is to calculate the gap between the actual size of the youth labour force in 2009 and the size of the youth labour force that would have been expected based on a continuation of historical (2002–07) trends in participation rates during the crisis years. This analysis was conducted for 56 countries for which comparable monthly/quarterly data are available and found that the youth labour force expanded by far less during the crisis than would have been expected: across the 56 countries, there are 1.7 million fewer youth in the labour market than expected based on longer term trends. Though sufficient data are not available to extrapolate beyond these 56 countries, given that youth participation has been affected in developed and developing countries alike, globally this figure is likely to be much higher.

As the gap between actual and expected youth participation already takes into account the longer term decline in youth participation that has occurred as young people increased time spent in educational systems, a picture emerges of widespread youth discouragement due to the crisis, which implies that unemployment rates understate the extent to which the crisis impacted young people in terms of employment opportunities. Figure 7 includes the 20 countries with the largest gaps between actual and expected youth labour force size. The figure provides the actual youth unemployment rate in each country in 2009. Added to this is the gap (shown as a percentage of the youth labour force) between the actual economically active youth population in 2009 and the expected economically active youth population (based on a projection of the pre-crisis trend).

Figure 7 Official youth unemployment rates and adjusted rates accounting for reduced labour force participation, 2009



Source: Calculations based on ILO, *Trends econometric models*, October 2010.

In Ireland, the 2009 youth unemployment rate stood at an alarming 24.1 per cent, up sharply from 9.2 per cent in 2007. Yet even this shocking increase understates the extent of the problem: youth participation declined sharply in the country during the crisis and there is a massive gap as compared with the expected youth labour force. If these youth were instead looking for work, it would add 13.1 percentage points to the youth unemployment rate. In Spain, the gap is equal to an additional 6.4 percentage points, while in the Republic of Korea, it is equal to 6 percentage points. Clearly, youth are facing a major challenge in finding employment. This is partially reflected in rising youth unemployment rates, but a fuller picture of the extent of the problem emerges when changes in labour force participation are also considered.

Taken together, while global trends in participation do not reveal a major impact of the economic crisis, analysis of disaggregated data shows that labour force participation among some groups of individuals was clearly adversely affected. The analysis provides a strong argument that unemployment rates alone are not able to provide a complete picture of the decent work gap that grew so substantially during the crisis.

Labour productivity and real wages

Trends in labour productivity and real wages reveal pressure on employment quality

Employment-to-population ratios provide the clearest snapshot of the quantity of employment being generated. To gauge changes in employment quality, other indicators are required. A good starting point is to examine trends in labour productivity and real wages. In the long run, growth in labour productivity, measured here as output per worker, is essential for improving general living standards. Increased productivity can lead to higher wages and/or shorter working hours for equal or even higher remuneration. Productivity growth is also an essential ingredient for sustainable poverty reduction, as the working poor do not suffer from a lack of employment, but rather from the low level of productivity of their work and their consequent poor remuneration. At the same time, average real wages provide a direct measure of employment quality, as this shows whether the purchasing power of the average worker is growing or shrinking.

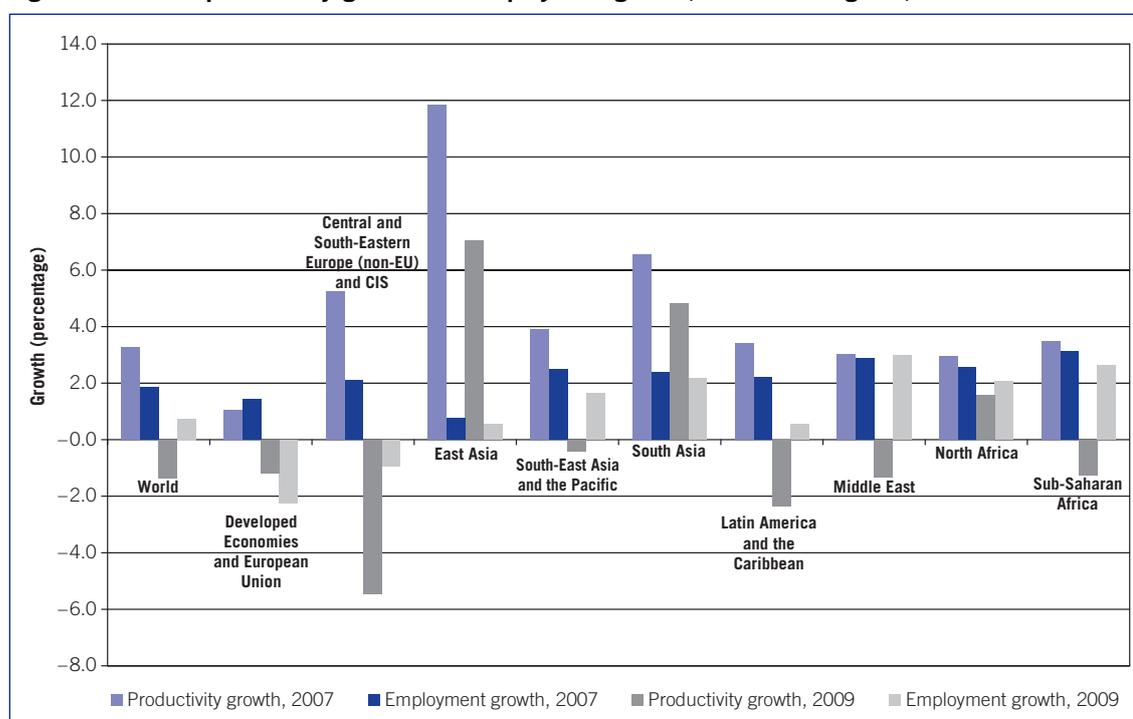
Figure 8 provides growth rates in employment and labour productivity in 2007 and 2009 for the world as a whole and the regions analysed in the *GET* series. This provides a picture of the relative impact of the crisis on both indicators – i.e. whether employment growth was more severely impacted by the crisis than productivity growth, or vice versa. In the world as a whole, while employment continued to grow during the main crisis year 2009, labour productivity growth turned negative, declining by 1.4 per cent versus growth of 3.3 per cent in 2007. This is consistent with “labour hoarding” in the initial stages of a crisis, while productivity gains typically accompany an upturn as employers remain reluctant to hire.

In the Developed Economies and European Union region, both employment and labour productivity declined in 2009, though the impact on employment was more severe. In contrast to this, in the Central and South-Eastern Europe (non-EU) and CIS region, both employment and productivity fell in 2009, but the impact on labour productivity was far more severe. In East Asia, South Asia and North Africa, each of which weathered the crisis rather well in comparison with other regions, employment growth and productivity growth rates remained positive in 2009. In South-East Asia and the Pacific, Latin America and the Caribbean, the Middle East and Sub-Saharan Africa, productivity growth turned negative while employment growth remained positive.

What has happened to real wages during the crisis? On the basis of the latest ILO investigation into this issue, global real monthly wages (excluding China, where the data refer to “urban units” only) rose by 0.7 per cent in 2009, down from 0.8 per cent growth in 2008 and

2.2 per cent growth in 2007.²⁰ In the G20 countries excluding China, the rates of growth are 0.5 per cent in 2008 and 2009, versus 1.8 per cent in 2007. Thus, while average wages around the world continued to grow during the crisis, the rate of wage growth decelerated considerably in both 2008 and 2009. In terms of regional trends, in the advanced economies, real wages declined by 0.5 per cent in 2008 and rose by 0.6 per cent in 2009, versus growth of 0.8 per cent in 2007. In Central and Eastern Europe, real wages fell by 0.1 per cent in 2008, following growth of 4.6 per cent in 2008 and 6.6 per cent in 2007. In Latin America and the Caribbean, real wages rose by 1.9 per cent in 2008 and by 2.2 per cent in 2009, versus growth of 3.3 per cent in 2007. In considering these overall wage trends, it should be recalled that, even in the years preceding the global economic crisis, widespread and increasing wage inequality had been observed around much of the world.²¹

Figure 8 Labour productivity growth and employment growth, world and regions, 2007 and 2009



Source: ILO, *Trends econometric models*, October 2010 (see Annex 4); and World Bank, *World Development Indicators*, 2010.

Once again, it is important to realize that global and regional averages mask substantial country-level heterogeneity. Figure 9 depicts output, employment, labour productivity and real wage dynamics during the downturn from the first quarter of 2008 to the first quarter of 2009 and the subsequent recovery period over the course of the following year in four economies (note that the wage indicator is the annual growth rate over 2008 and 2009).

In the United States and Germany, both included in the Developed Economies and European Union regional aggregate estimates, output fell sharply during the downturn. In the United States, this was mainly reflected in a decline in employment, with only a modest decline in labour

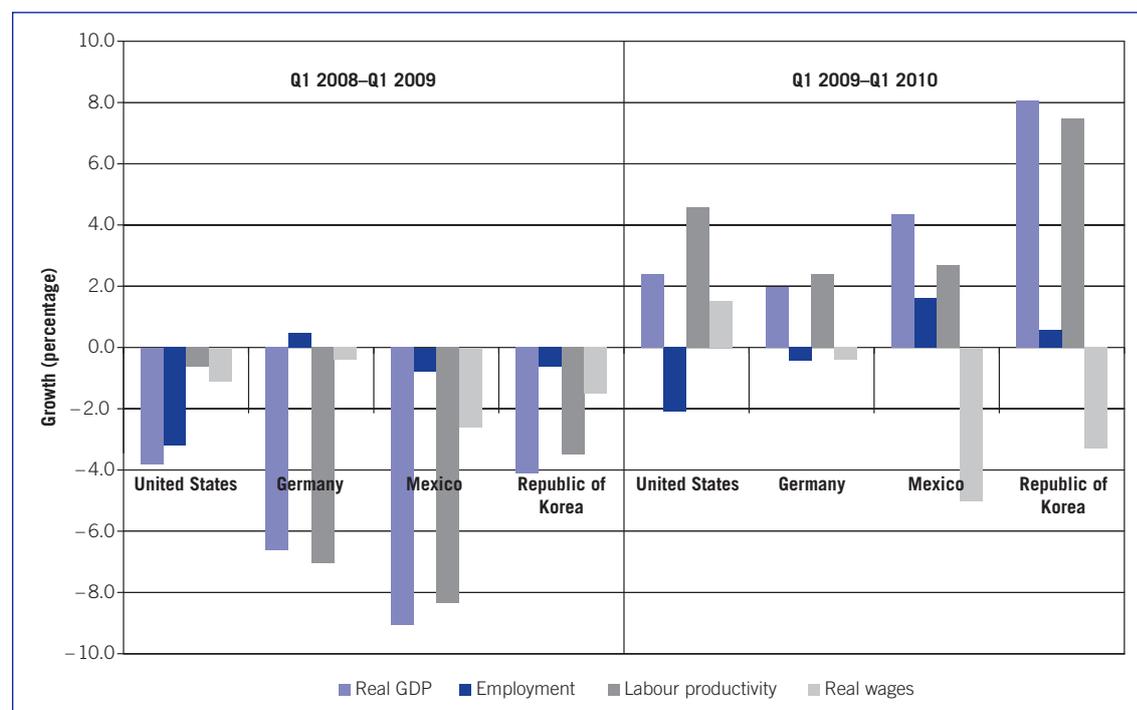
²⁰ These figures are based on wage earners, and thereby exclude self-employed persons. See ILO: *Global Wage Report 2010/11: Wage policies in times of crisis* (Geneva, 2010); http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_145265/lang--en/index.htm.

²¹ Ibid.

productivity while, in Germany, employment actually grew during the crisis, while productivity plummeted. In both countries, average real wages fell modestly during the crisis. During the recovery period, employment continued to fall in the United States and edged down in Germany, while labour productivity grew in both countries, with a major surge in the United States. Real wages grew in the United States while they continued to decline moderately in Germany.

In Mexico and the Republic of Korea, growth contracted sharply, coinciding with declines in both employment and labour productivity, though productivity declined far more than employment. Real wages declined sharply during the downturn. The recoveries in both countries have led to impressive rates of economic growth and resumption in employment growth. In the Republic of Korea, there has been a strong surge in labour productivity growth. Yet, in both countries, despite the pickup in economic growth and productivity, real wages dropped during the recovery period by an even greater percentage than during the crisis period.

Figure 9 Growth in real GDP, employment, labour productivity and real wages, selected economies, Q1 2008–Q1 2009 and Q1 2009–Q1 2010



Note: Wage data correspond to annual estimates for 2008 and 2009, while other indicators correspond to annual changes from the first quarter of 2008 and 2009.

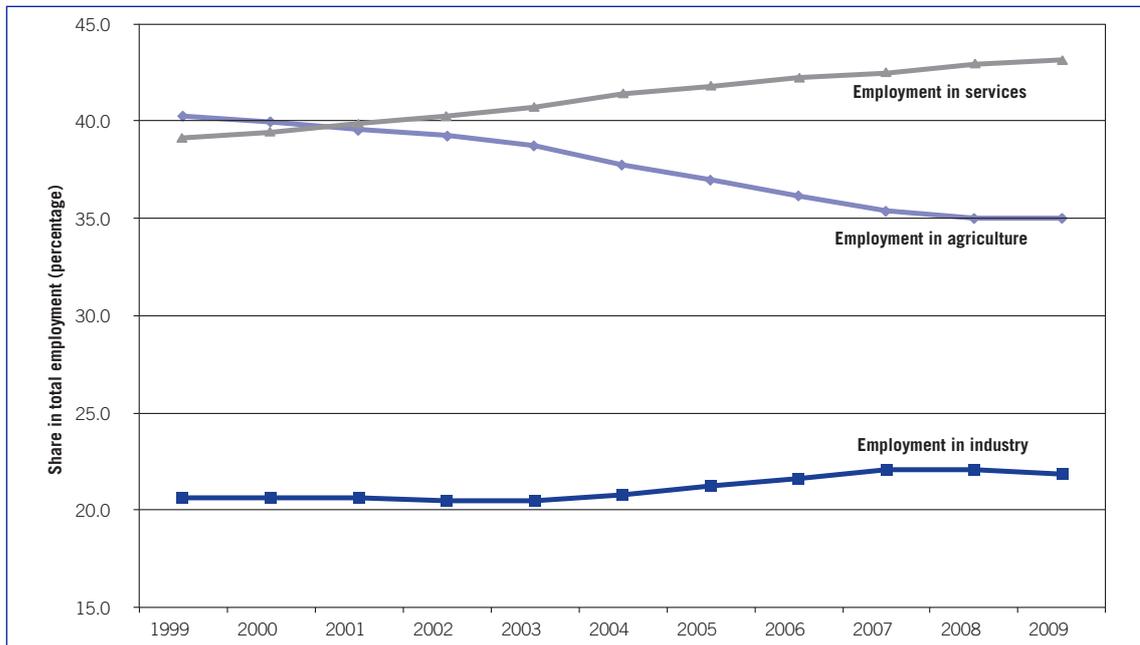
Source: Employment, GDP and productivity: calculations based on national data; real wages: ILO, *Global Wage Report 2010/11*.

The problem of delayed labour market recovery can thus be seen not only in the lag between output growth and employment growth and reduced unemployment but also in some countries in the lag between productivity growth and resumption in real wage growth. This phenomenon can threaten future recovery prospects, given the strong linkages between employment and growth in real wages on the one hand, and consumption on the other. In this respect, strong tripartite dialogue between workers, employers and governments is essential at the national level to ensure a fair distribution of the gains of productivity improvements and also to appropriately account for the concerns of both workers and employers when designing and implementing policies to foster labour market recovery.

Employment by sector

What can be said about trends in employment across the three broad economic sectors: agriculture, industry and services? At the global level, a long-term trend is observed in which employment in agriculture has been on a steady downward march in terms of the share of total employment, while employment in services has steadily risen (see figure 10). Employment in services surpassed employment in agriculture in 2001 and the gap between the two has grown ever since. Employment in industry shows more variation at the global level, with little change observed between 1999 and 2004 and then a moderate increase between 2004 and 2007.

Figure 10 Employment by sector (share of total), 1999–2009



Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

While employment in agriculture has been on a steady decline, there were still an estimated 1.068 billion workers in the agricultural sector in 2009, and the number of workers in agriculture actually grew over the past decade, though the share of workers in the sector declined as employment grew at a faster rate in the other sectors. Total employment in the services sector reached 1.317 billion in 2009, an increase of more than 300 million from 1999. Employment in industry stood above 660 million in 2009, growing by more than 130 million since 1999.

A larger share of women works in the services sector (46.8 per cent in 2009 versus 40.7 per cent for men), while a smaller share works in the industrial sector (15.6 per cent versus 26 per cent) (see table A10). The gaps between the sexes have grown somewhat in both sectors over the past decade. Women are also engaged to a slightly greater degree than men in the agricultural sector (37.6 per cent versus 33.3 per cent).

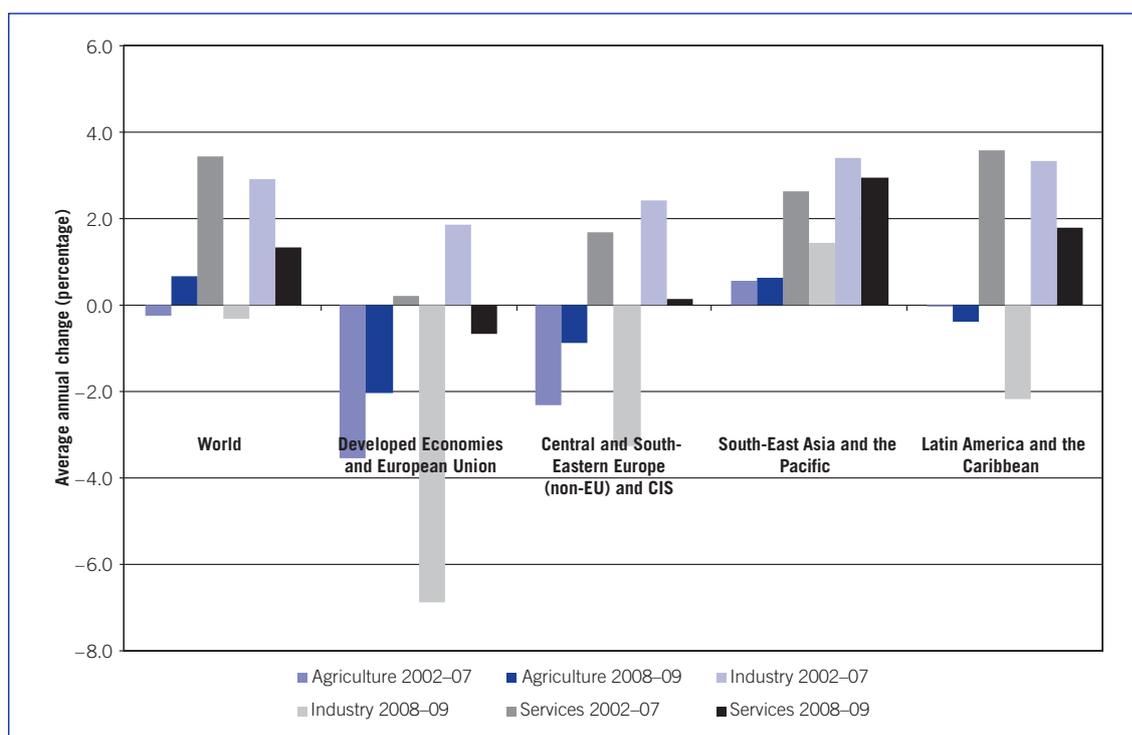
In terms of regional developments, the number of workers in agriculture is declining in the Developed Economies and European Union, Central and South-Eastern Europe (non-EU) and CIS, East Asia and Latin America and the Caribbean regions, but is rising in all other regions (see table A11 and figures in Annex 3). In Sub-Saharan Africa, growth in agricultural employment accounted for half of all employment growth between 1999 and 2009. In South Asia, nearly 33 per cent of all employment growth since 1999 was in agriculture. Clearly, developments in the agricultural sector have a major impact on welfare throughout much of the world, particularly given that large shares of the working poor are engaged in subsistence agriculture.

Global employment in industry fell during the crisis, with developed economies hardest hit

How did the crisis affect employment across the three sectors? At the global level, it is clear that employment in industry suffered the worst outcome, which is not surprising given the impact of the crisis on manufactured exports and the construction industry. Total global employment in industry declined slightly in 2009, a major divergence from the historical annual growth rate of 3.4 per cent over the period from 2002 to 2007 (see figure 11).

The hardest hit region in terms of industrial employment was the Developed Economies and European Union, where employment in the sector declined by 9.5 million between 2007 and 2009, with a drop of nearly 7 per cent of total employment in the sector in 2009 alone. The Central and South-Eastern Europe (non-EU) and CIS and Latin America and the Caribbean regions also saw a major drop in industrial employment in 2009. Employment in agriculture grew in 2009, which also represented a divergence versus historical trends. A shift out of industry and into agricultural employment is to be expected in a crisis period in developing regions with little social protection and it appears that this did indeed occur during the crisis.

Figure 11 Employment by sector, world and selected regions, average annual percentage change 2002–07 and 2008–09



Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

Vulnerable employment and working poverty

Increasing numbers of workers in vulnerable employment

The *Global Employment Trends 2010* report drew attention to an important indicator that gauges the extent to which workers in a given country or region are engaged in wage employment or in rather less-organized forms of employment. The “vulnerable employment” indicator, defined as the sum of own-account workers and unpaid family workers, provides valuable insights into trends in overall employment quality, as a high share of workers in vulnerable employment indicates widespread informal work arrangements, whereby workers typically lack adequate social protection and

social dialogue mechanisms.²² Vulnerable employment is also often characterized by low pay and difficult working conditions in which workers' fundamental rights may be undermined.²³

In previous editions of the *GET*, there were insufficient data to generate a 2009 global vulnerable employment estimate. Accordingly, the ILO produced three scenarios to project vulnerable employment. In the first scenario, the vulnerable employment rate was projected based on long-term trends. In the second scenario, the projection was made on the basis of the elasticity of the vulnerable employment rate to the GDP growth rate observed in the year with the largest year-on-year drop in GDP on record. The third scenario applied the largest year-on-year increase in the vulnerable employment rate on record to each country's unemployment rate.²⁴ On the basis of these three scenarios, the *Global Employment Trends 2010* report projected a global vulnerable employment rate of 49.4 (scenario 1) to 52.8 per cent (scenario 3), equivalent to between 1.48 and 1.59 billion workers worldwide. The report noted that the most optimistic scenario was unlikely to be realized.

On the basis of available data, the current estimate of the number of workers in vulnerable employment in 2009 is 1.53 billion, an increase of more than 146 million since 1999 (see figure 12). This corresponds to a global vulnerable employment rate of 50.1 per cent, between scenarios 1 and 2 from the *Global Employment Trends 2010* report. The vulnerable employment rate remained roughly flat between 2008 and 2009, versus a steady and substantial average decline in the years preceding the crisis.

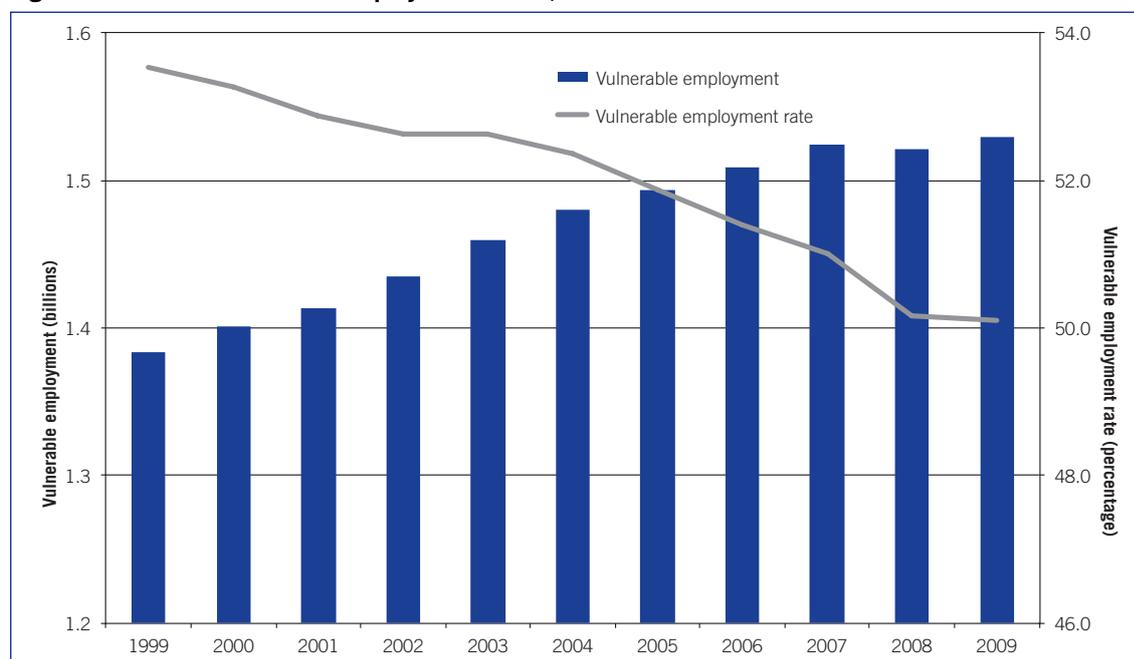
Increases were observed in the vulnerable employment rate in three regions in 2009: Latin America and the Caribbean, North Africa and Sub-Saharan Africa (see table A12). The number of workers in vulnerable employment is estimated to have increased by 8.5 million in South Asia, by 7.4 million in Sub-Saharan Africa and by 1.5 million in Latin America and the Caribbean in 2009, with smaller increases in South-East Asia and the Pacific, North Africa and the Middle East (see table A13).

The highest shares of vulnerable employment are in South Asia (78.5 per cent of total employment in 2009), Sub-Saharan Africa (75.8 per cent) and South-East Asia and the Pacific (61.8 per cent). East Asia and Central and South-Eastern Europe (non-EU) and CIS have seen the largest reductions in vulnerable employment rates over the last decade, though all regions have seen at least moderate reductions. In all regions except the Developed Economies and European Union and Central and South-Eastern Europe (non-EU) and CIS, the vulnerable employment rate among women exceeds that of men, with the largest gender gaps observed in North Africa (over 21 percentage points difference between the sexes), Sub-Saharan Africa and the Middle East (both with a gap of more than 14 percentage points).

²² The vulnerable employment indicator is one of the official Millennium Development Goals (MDG) employment indicators, under "Goal 1: Eradicate extreme poverty and hunger", together with the employment-to-population ratio, labour productivity growth rate and the share of the working poor in total employment. For a full list of indicators, see: <http://unstats.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList.htm>. The MDG employment indicators are described in detail in ILO: *Guide to the new Millennium Development Goals Employment Indicators* (Geneva, 2009); http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_110511.pdf.

²³ As noted in the *Global Employment Trends 2010* report, the vulnerable employment indicator has some limitations: (1) wage and salary employment is not synonymous with decent work, as workers may carry a high economic risk despite the fact that they are in wage employment; (2) the unemployed are not included in the indicator, though they are vulnerable; (3) a worker may be classified in one of the two vulnerable status groups but still not carry a high economic risk, especially in the developed economies.

²⁴ See Annex 5 of ILO: *Global Employment Trends, January 2009* (Geneva, 2009) for a detailed description of the methodology for generating scenarios; http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_101461.pdf. The latest published vulnerable employment estimates on the basis of the scenarios are published in ILO: *Global Employment Trends, January 2010* (Geneva, 2010); [http://www.ilo.org/public/libdoc/ilo/P/09332/09332\(2010-January\).pdf](http://www.ilo.org/public/libdoc/ilo/P/09332/09332(2010-January).pdf).

Figure 12 Global vulnerable employment trends, 1999–2009*

* 2009 is a preliminary estimate.

Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

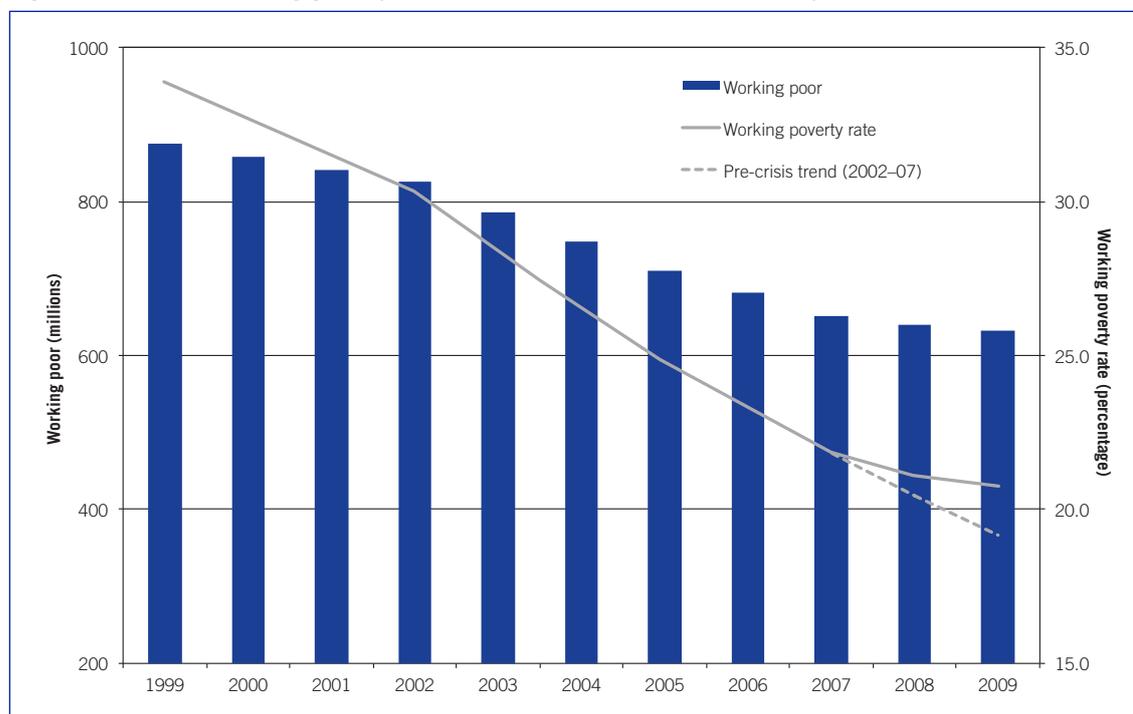
Slowed progress toward reducing working poverty

In recent decades, the world has made tremendous strides in reducing the incidence of extreme poverty and, despite the global economic crisis, the UN *Millennium Development Goals Report 2010* maintains a positive outlook that, at the global level, the MDG target of halving the share of people living in extreme poverty (US\$ 1.25 a day) by 2015 will be met.²⁵ The report notes that the largest reductions in poverty continue to be recorded in eastern Asia, with poverty rates in China expected to fall to around 5 per cent in 2015. Poverty rates in India are expected to decline from 51 per cent in 1990 to 24 per cent in 2015, with the number of people living in extreme poverty expected to decrease by 188 million. Importantly, all developing regions except Sub-Saharan Africa, western Asia and parts of Eastern Europe and Central Asia are expected to achieve this MDG target. Nevertheless, the crisis has had an adverse impact on poverty, with an additional 50 million people estimated to be in extreme poverty in 2009 and 64 million by the end of 2010, as compared with a no-crisis scenario. The adverse effects of the crisis on poverty rates are projected to persist through 2015.²⁶

The slowdown during the crisis in terms of progress towards poverty reduction is reflected in ILO estimates of working poverty over the period (see figure 13). One out of every five workers in the world is estimated to have been living with their family in extreme poverty (less than US\$ 1.25 per person per day) in 2009, down sharply from a decade earlier, but with a notable flattening in the slope of the working poverty incidence curve beginning in 2007. The estimated rate for 2009 is 1.6 percentage points higher than the rate projected on the basis of the pre-crisis trend. While this is a crude estimate, it amounts to around 40 million more working poor at the extreme US\$ 1.25 level in 2009 than would have been expected on the basis of pre-crisis trends.

²⁵ See UN: *The Millennium Development Goals Report 2010* (New York, 2010); <http://www.un.org/millenniumgoals/pdf/MDG%20Report%202010%20En%20r15%20-low%20res%2020100615%20.pdf#page=8>.

²⁶ Ibid.

Figure 13 Global working poverty trends, 1999–2009* (US\$ 1.25 a day)

* 2008 and 2009 are preliminary estimates.

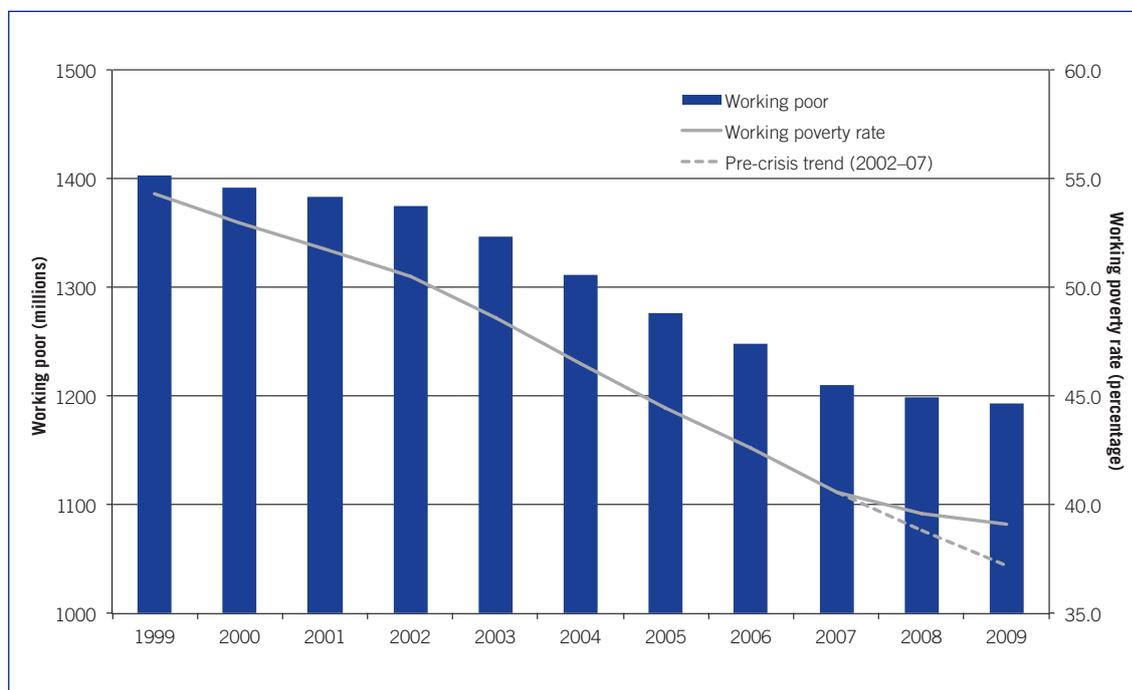
Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

The share of workers living with their families below the US\$ 2 a day poverty line is estimated at around 39 per cent, or a total of nearly 1.2 billion workers worldwide (see figure 14). A similar flattening in the slope of the US\$ 2 working poverty incidence curve is observed.²⁷ The estimated rate for 2009 is 1.9 percentage points higher than the rate projected on the basis of the pre-crisis trend. This amounts to more than 42 million additional working poor at the US\$ 2 level in 2009 than would have been expected on the basis of pre-crisis trends.

The large number of workers living below the US\$ 2 a day poverty line points to widespread vulnerability to further economic shocks. In this respect, the clearest issues of current concern are twofold. First, there is of course the potential for the ongoing economic recovery to falter, leading to lower than expected rates of economic growth and a reversal in poverty reduction. While clearly a risk, this is not currently viewed as a high-probability event, particularly in developing regions that are experiencing a faster recovery as compared with the developed regions. Second, while the recovery may continue or even accelerate, there is a growing risk that inflation rates will rise in many developing economies. To the extent that this inflation leads to higher food and commodity prices, this could have devastating consequences for the world's poor (box 1 discusses food price trends and implications of rising food prices).

To this end, governments and central banks in developed and developing economies must recognize that the large-scale monetary interventions currently being enacted mainly in developed economies to counter a slower than desired recovery trajectory can have important implications for macroeconomic outcomes in developing countries. Notably, to the extent that an increased money supply in developed economies leads to increased flows of capital to developing economies in search of higher returns, recently enacted quantitative easing measures may increase the

²⁷ It should be noted that data limitations in terms of a limited set of recent poverty estimates increase the uncertainty surrounding recent poverty estimates and by extension working poverty estimates. The most recent international poverty data are for the year 2007, prior to the onset of the global economic crisis.

Figure 14 Global working poverty trends, 1999–2009* (US\$ 2 a day)

* 2008 and 2009 are preliminary estimates.

Source: ILO, *Trends econometric models*, October 2010 (see Annex 4).

likelihood of higher levels of inflation in developing countries. This, in turn, raises the risk to the poorest in these developing economies, as they are the most vulnerable to rising prices. In the same vein, central banks in developing economies must be mindful of the impacts of inflation on the poor, and so must keep a watchful eye on the extent to which their existing monetary stances and currency regimes may contribute to larger than desirable increases in inflation.

Box 1 Global food prices and poverty

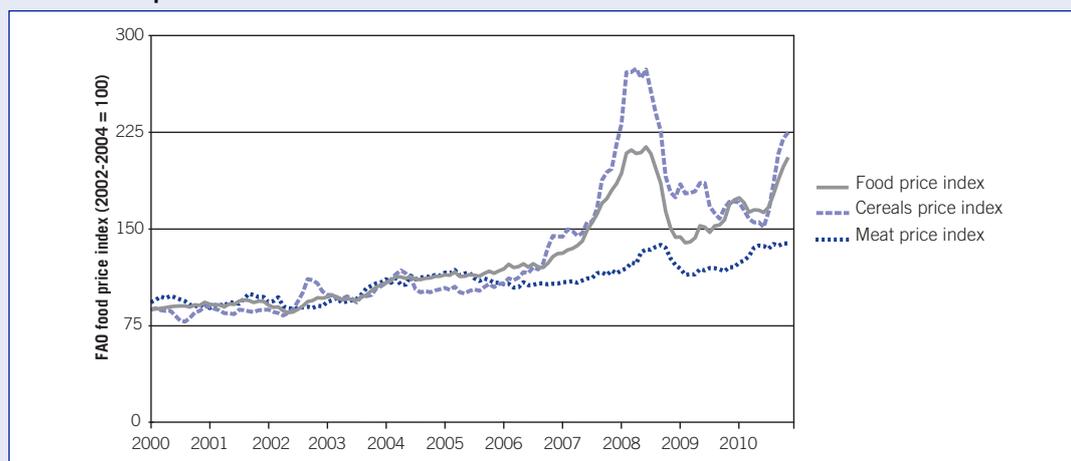
Global food prices have been rising over the past decade due to a host of factors, including population growth, a shift in consumption patterns in developing countries, and biofuel mandates in developed economies increasing demand for agricultural staples. Following a major spike in 2007 and 2008, relieved only by the sharp economic downturn in 2009, prices are once again becoming more volatile (see figure below). This has potentially devastating implications for the world's poor. Up to 100 million additional people are estimated to have fallen into extreme poverty as a result of the 2008 food crisis,¹ highlighting the vulnerabilities of the world's poor to additional price increases. The structural pressures behind the price rises combined with global economic uncertainty has led the FAO, World Bank and other organizations to warn of higher prices and increased volatility in food prices to come. Protecting the world's poor from food price shocks is crucial to avoiding a reversal of the progress made in reducing global poverty, particularly in sub-Saharan Africa and South Asia.

The high proportion of expenditure on food consumption by poor households increases the sensitivity of these households to food price changes. On the other hand, particularly in rural areas, the bottom income quintiles of developing economies are typically small-scale agricultural producers; increases in food prices could therefore be expected to boost incomes, while those poor households with little or no linkages to agricultural markets feel the biggest pinch, notably the urban poor. The extent to which agricultural producers benefit from increased food prices depends on net sales; the small share of output going to market by small-scale agricultural producers helps explain why price rises are found to have an overall adverse effect on the poor. As households are forced to spend a larger and larger share of their income on food, other human development indicators become stalled when spending shies away from areas such as education and health. This can be particularly detrimental when productive assets are sold, adversely affecting future earnings prospects.

Box 1 Global food prices and poverty (cont.)

The impact of changes in food prices varies considerably depending on the commodity, net food imports of the country, and policy response of the government. Simulations carried out by the World Bank have attempted to assess the effect of increases in food prices on poverty. Wodon and Zaman (2008) calculated that, on average, a 10 per cent rise in seven key food items would raise the global poverty headcount ratio by 0.4 percentage points; their simulation showed the variation across countries and regions, with large poverty increases seen in the net importing countries of Madagascar, Nicaragua, Pakistan and Zambia and poverty reduction in the net exporting countries of Peru and Viet Nam. The effect was found to be more damaging by De Hoyos and Medvedev (2009), who estimate that a mere 5.5 per cent increase in agricultural prices could raise global extreme poverty by as much as 0.6 percentage points.

Selected food prices indices



Source: FAO World Food Price Index, a measure of the monthly international change in the prices of a basket of food commodities.

As food prices increase, production shifts to increase output in the agricultural sector and employment creation and wage growth can be evident; yet the increased uncertainty from volatile prices is likely to make agricultural employment more precarious. For non-agricultural sectors, employment losses can be expected if food price inflation is passed on to other areas of the economy.

A characteristic that defines the working poor is that they live below the poverty line and are working out of economic necessity. The increase in household costs from the food price rise will mean that others may be forced to work, such as children and the elderly. Specific social safety nets are necessary when food price spikes exacerbate the plight of the poorest, and such schemes would need to focus on vulnerable groups. When children forego education in order to work, the effects are detrimental not only on the future prospects of the child but also the skill base of the economy. A food-for-schools scheme in Liberia has been particularly successful in keeping children in school, feeding 60,000 children since October 2008.

Given the non-fleeting nature of the factors behind the 2008 global price spike, further price increases and shocks can be expected. Expanded social safety nets for the most vulnerable, particularly those that are conditional upon maintaining school enrolment, will be necessary to mitigate the labour market effects of further food price spikes.

¹ The Global Food Crisis Response Program (2008) estimates 100 million as a result of the food and energy spike; Hoyos and Medvedev (2009) estimate a 1.7 per cent increase in extreme poverty from January 2005 to December 2007.

Sources:

FAO, Food Price Indices; <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>. World Bank, Global Food Crisis Response Program (GFRP): *Food and Energy Price Briefing*, 9 July 2008;

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Q. Wodon and H. Zaman: *Rising food prices in Sub-Saharan Africa: Poverty impact and policy responses*, World Bank Policy Research Working Paper 4738 (World Bank, Washington, DC, 2008); <http://library1.nida.ac.th/worldbank/fulltext/wps04738.pdf>.

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Developed Economies and European Union

Most of the total increase in global unemployment between 2007 and 2010 occurred in the Developed Economies and European Union region; the regional outlook for 2011 is slightly better, but unemployment remains at elevated levels

As discussed in Chapters 1 and 2, the Developed Economies and European Union region has experienced a major deterioration in both economic and labour market conditions over the past several years, along with a massive rise in government deficits and levels of public debt. With the early onset of the crisis in the United States, which accounts for 40 per cent of the region's GDP, the regional GDP growth rate began to falter in mid-2008, resulting in near zero growth for 2008 and a contraction of -3.4 per cent in 2009. The region has begun to recover, with growth of 2.3 per cent estimated for 2010.

The Baltic States were by far the hardest hit by the crisis, with an economic contraction of -18 per cent in Latvia, -14.8 per cent in Lithuania and -13.9 per cent in Estonia. In 2010, the Latvian economy continued to contract slightly while Lithuania and Estonia managed to generate modestly positive rates of growth. The shock to economic growth was remarkably widespread, with only three out of 34 economies in the region (Australia, Israel and Poland) managing to register positive, though much reduced, economic growth in 2009. Growth for the region as a whole turned positive in the first quarter of 2010, accelerating in the second and third quarters of the year. The economic recovery has also been relatively widespread, as all but five countries in the region (Greece, Iceland, Ireland, Latvia and Spain) are estimated to have achieved positive economic growth in 2010.

As all countries in the Developed Economies and European Union region have high shares of wage employment and most have comprehensive social insurance benefits, economic shocks typically lead to a rise in unemployment, as well as increased underemployment and part-time work (see box 3). Indeed, the increase in unemployment in the region has been unprecedented in the post-Second World War era. Fifty-five per cent of the total increase in global unemployment between 2007 and 2010 occurred in the region, despite the fact that the region only accounts for around 15 per cent of the global labour force. When the analysis is restricted to youth aged 15-24, the situation is even starker: the region accounts for only 10 per cent of the global youth labour force, but for over 72 per cent of the total increase in global youth unemployment.

The regional unemployment rate rose from 5.8 per cent in 2007 to 8.4 per cent in 2009 and 8.8 per cent in 2010 (confidence interval from 8.5 to 9.1 per cent) (see table A2). Hence, while the economic recovery began to take shape in earnest in 2010, unemployment continued to climb. This pattern is consistent for men and women, the former having seen a larger increase between 2007 and 2009 (from 5.5 to 8.8 per cent versus an increase from 6.0 to 7.9 per cent for women). The rate for men is estimated to have increased by a further 0.5 percentage points in 2010, to 9.3 per cent (confidence interval from 8.9 to 9.5 per cent), while for women the rate edged up by 0.3 percentage points to 8.2 per cent (confidence interval from 7.9 to 8.5 per cent). Box 2 looks beyond age- and sex-disaggregated estimates of unemployment, by exploring unemployment rates among different ethnic groups in the United States.

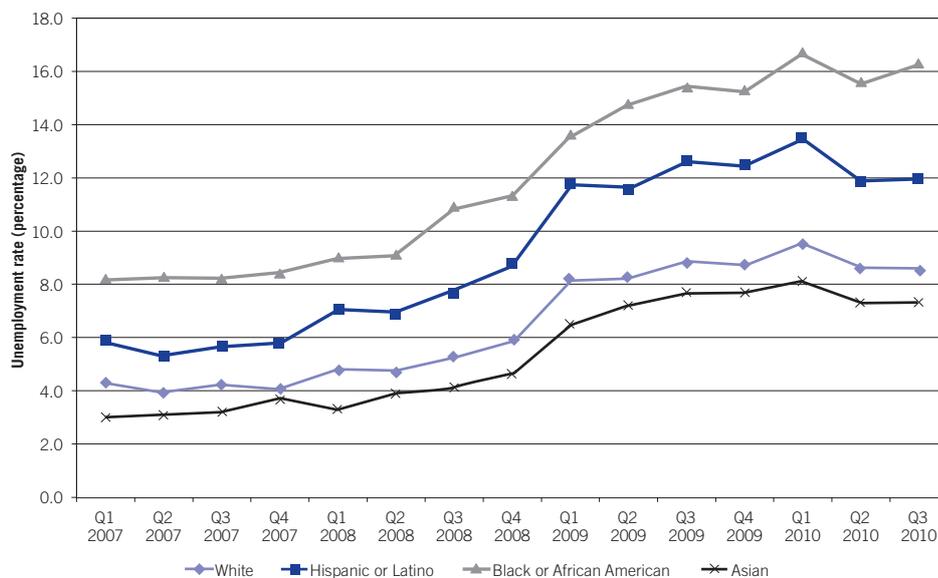
Box 2 Looking beyond the aggregates: Unemployment and ethnicity in the United States

The United States faced an early onset of the crisis with GDP growth below 2 per cent in 2007, followed by no growth in 2008 and an economic contraction of 2.6 per cent in 2009. The economy has begun to recover, with growth of 2.6 per cent estimated for 2010. The labour market has been under severe strain, with the unemployment rate more than doubling, from 4.5 per cent in Q1 2007 to 10 per cent in Q3 2009, before declining to 9.6 per cent in Q3 2010. Employment declined by more than 8.1 million from peak to trough, representing a loss of 5.5 per cent of total employment.

Unemployment rates among men have risen more than the corresponding rates for women. With a scarcity of job opportunities for new entrants into the workforce, youth unemployment rates, which were already comparatively high, have risen more sharply than the corresponding adult rates. These figures demonstrate the importance of disaggregating labour market data to reveal more detailed insights into overall labour market trends that can help shape policy responses. With this in mind, the econometric models designed by the ILO to produce global and regional aggregate estimates of key labour market indicators have been built to provide age- and sex-disaggregated estimates of these indicators wherever possible.

Yet further disaggregation of labour market data – namely by ethnicity – can also be very important in order to fully understand the labour market situation of different groups of workers. The figure below shows unemployment rates by four major ethnic groups from Q1 2007 to Q3 2010.

Unemployment by ethnicity in the United States, Q1 2007–Q3 2010



Source: US Bureau of Labor Statistics.

African Americans faced the highest rates of unemployment prior to the onset of the economic crisis (nearly twice the rate of Whites and 2.7 times the rate of Asians), followed, in decreasing order, by Hispanics/Latinos, Whites and Asians. Each ethnic group has been adversely impacted in terms of rising unemployment during the global economic crisis; however, the gaps have grown wider between African Americans and Hispanics on the one hand and Whites and Asians on the other. The gap between unemployment rates among African Americans and Whites was 3.9 percentage points in Q1 2007 and this grew to 7.8 percentage points in Q3 2010. The gap between Hispanics and Whites grew from 1.6 to 3.5 percentage points over the same period. The most recent quarter saw a decline in the unemployment rates among Whites, but an increase in the rates among African Americans and Hispanics.

Looking at the very different labour market realities for workers of different ethnicities reveals an important limitation of the global and regional aggregate estimates presented in the *GET* series. Unfortunately, data limitations together with the heterogeneity of populations around the world mean that breakdowns by ethnic group (or by other types of disaggregation, such as international migrant worker versus nationals) are not possible at the regional or global levels. While age- and sex-disaggregated analysis provides a sound starting point for analysis, the example of the United States demonstrates that a careful analysis of trends in labour market indicators among other groups of individuals may be needed to develop a comprehensive picture of the labour market and to design appropriate labour market policies.

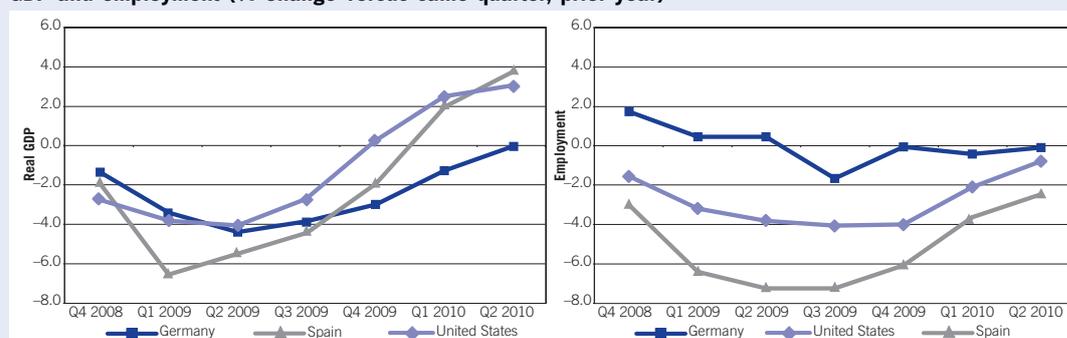
Trends in labour force participation magnify the difference in impact between the sexes, with the participation rate among men falling from 69 per cent in 2007 to 68.4 per cent in 2009, compared with an increase from 52.7 per cent to 53.1 per cent for women over the same period. Total employment in the region declined by more than 8 million between 2007 and 2009, with a decline in male employment of 7.8 million and a drop in female employment of 0.3 million. As described in Chapter 2, the larger relative impact on men is mainly because the industries that were most affected by the crisis, including construction and financial services, are characterized by high shares of male employment. Industrial employment in the region declined by 9.5 million between 2007 and 2009, while employment in services rose by 2.7 million (see table A11).

The massive increase in youth unemployment that occurred in the Developed Economies and European Union region during the crisis was accompanied by a large decline in youth participation in the labour market. The regional youth unemployment rate rose from 12.4 per cent in 2007 to 17.4 per cent in 2009 and further to 18.2 per cent in 2010 (see table A3). Between 2007 and 2010, the number of unemployed youth in the region rose by more than 3 million to 11.1 million in 2010, an increase of more than 37 per cent. However, in addition to this, there were 1.15 million fewer youth in the labour market in 2009 than would have been expected given pre-crisis trends (see Chapter 1 for a discussion of the decline in youth participation worldwide during the crisis). This indicates that the increase in youth unemployment that has taken place in the region, while very large, substantially understates the extent of the problem in terms of the lack of available employment opportunities.

Country spotlight 1 Growth and employment in Germany, Spain and the United States*

Each country spotlight on growth and employment shows annual changes in real GDP (left-hand figure) and employment (right-hand figure) from the quarter listed on the x-axis versus the same quarter one year earlier. Positive growth is denoted as points above the zero line, whereas values below the zero line depict a contraction.

GDP and employment (% change versus same quarter, prior year)



Source: IMF, *World Economic Outlook*, October 2010; Eurostat; US Bureau of Labor Statistics.

GDP fell sharply in Germany, Spain and the United States during the global economic crisis, culminating in a contraction of more than 6 per cent in Spain in Q1 2009 (versus Q1 2008) and a drop of more than 4 per cent in Germany and the United States, where growth bottomed in Q2 of 2009. Growth rebounded sharply in Spain and the United States, both of which resumed positive growth rates by Q1 2010. The recovery through the first half of 2010 was more gradual in Germany, though growth accelerated further in the third quarter of the year (not shown).

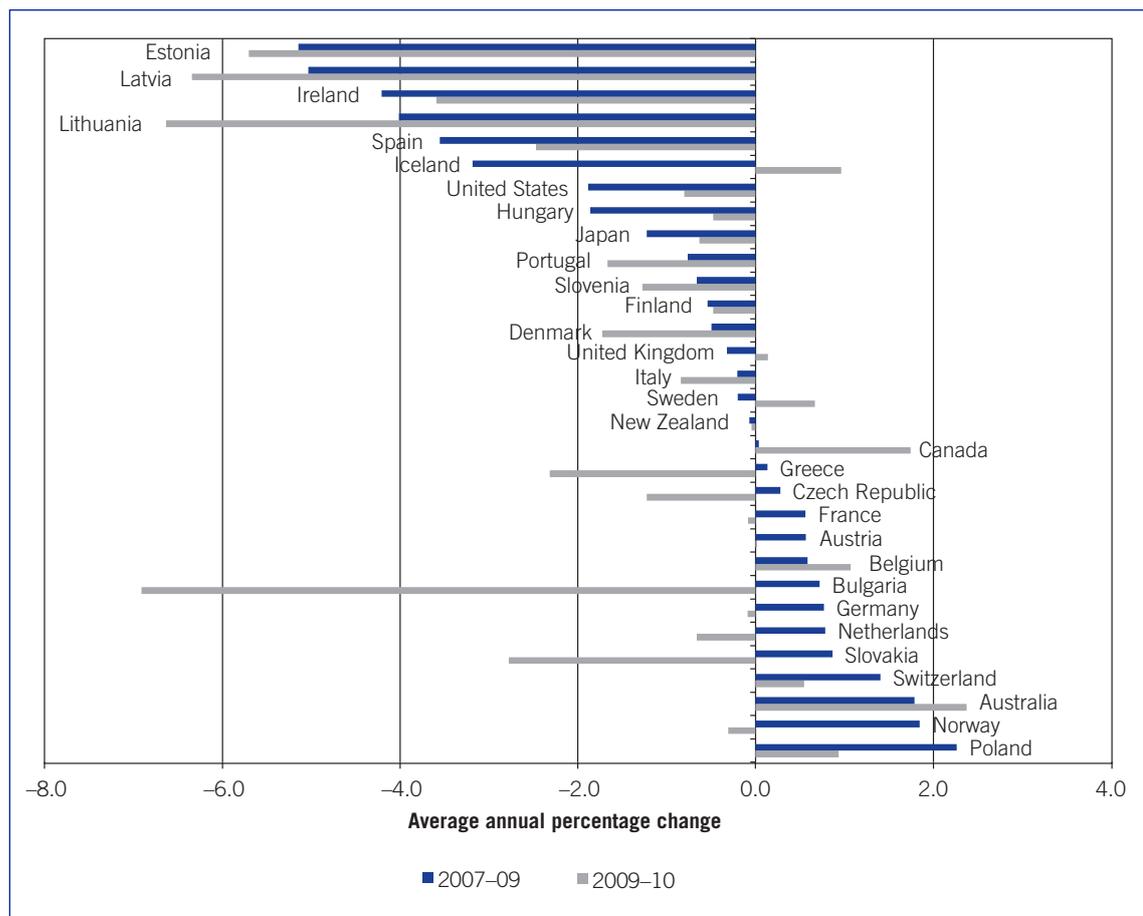
Employment losses were even greater than GDP losses in Spain, and the recovery has been much more gradual, beginning only in Q4 2009, with year-on-year growth rates in employment remaining negative through Q2 2010. In the United States, recovery did not begin until Q1 2010. In both Spain and the United States, a major gap in employment emerged and the recovery in job creation has been painfully slow. Germany did not experience a major contraction in employment levels, though employment growth has been far from robust, with negative year-over-year growth rates beginning in Q3 2009.

*“Country spotlights” are a new addition to the *Global Employment Trends* series; included to highlight country-level trends and to draw attention to diversity among countries that cannot be captured through regionally aggregated data.

Only 54.7 per cent of people of working age were employed in the region in 2010, down sharply from 57.1 per cent in 2007 (see table A5). Employment contracted by 2.2 per cent in 2009 and by 0.9 per cent in 2010 (confidence interval from -1.2 to -0.5 per cent). While some countries have begun to see a pickup in employment, as of the second quarter of 2010, the majority of countries were still experiencing negative employment growth versus the same quarter the prior year (see figure 15). Bulgaria, Estonia, Greece, Ireland, Latvia, Lithuania, Slovakia and Spain all saw a drop in employment of more than 2 per cent between Q2 of 2009 and 2010. The rate of employment losses accelerated in Denmark, Estonia, Italy, Latvia, Lithuania, Portugal and Slovenia between Q2 of 2009 and 2010, versus the annual average rate between Q2 2007 and 2009, while employment gains in the earlier period turned to employment losses in the Czech Republic, France, Greece, Norway and Slovakia. Clearly, many labour markets in the region remain severely distressed.

With a continued decline in employment and rising output in 2010, labour productivity in the region increased in 2010 for the first time since 2007. Output per worker increased by 3.1 per cent in 2010 (confidence interval from 2.7 to 3.4 per cent), versus -1.2 per cent in 2009 and -0.1 per cent in 2008 (see table A7). To the extent that increased output per worker can support

Figure 15 Annual change in employment, selected economies, 2007–09 (annual average) and 2009–10



Note: Based on data from second quarter in each year.

Source: National statistical offices.

²⁸ See ILO: *Global Wage Report 2010/11: Wage policies in times of crisis* (Geneva, 2010); http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_145265/lang--en/index.htm.

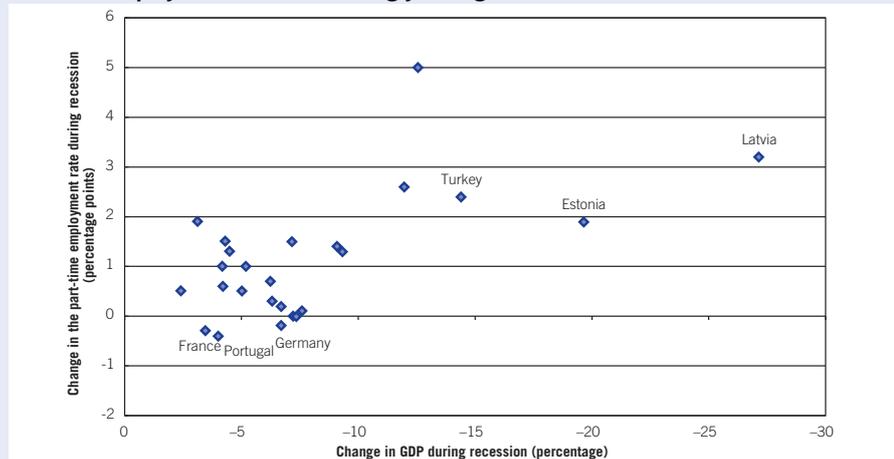
Box 3 Part-time employment in developed economies

Elevated levels of part-time employment are an indication of the continuing impact of the global economic crisis on labour markets in developed economies. Increases in part-time employment rates by themselves are not new as, in many developed economies, part-time employment rates were on a long-term increasing trend driven by institutional and structural factors, and often supported by government policies that preceded the economic crisis.¹ In times of low demand, this means that the average number of hours worked per worker will decrease, thereby increasing the part-time employment rate; in times of high demand, the effect will be reversed. By reducing the number of working hours during a recession, employers prevent costly lay-offs, while retaining the same level of production capacity. In some countries, part-time work was supported through partial unemployment policies during the global economic crisis.²

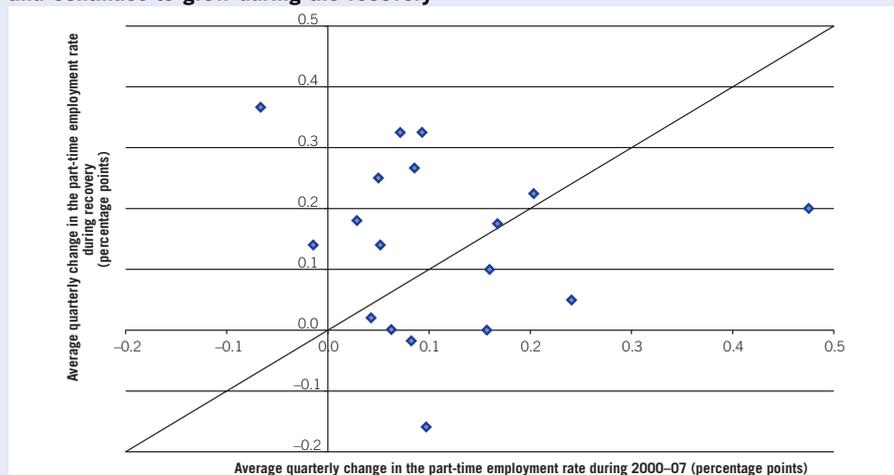
These factors help explain the positive relationship between the change in the part-time employment rate and the shock to GDP during the global recession, shown in the first figure below.³ Especially for those countries that were strongly impacted by the crisis, the part-time rate increased considerably: Estonia, Latvia and Turkey were hit hardest in terms of declines in GDP, and these countries also experienced large increases in their part-time employment rate. There were three countries in which part-time employment rates decreased during the crisis: Germany, France and Portugal.

Contrary to what could be expected in view of the countercyclical nature of the part-time employment rate, in many countries the part-time employment rate continued to increase during the recovery, and at a pace exceeding long-term structural trends. The second figure plots the average quarterly increase during the recovery period against the pre-crisis trend in part-time employment rates, with the diagonal line indicating no difference in quarterly change in recovery in comparison with the period before the crisis. In the majority of countries the average quarterly increase during the recovery period was higher than the pre-crisis average increase, pointing at a continuation of low labour demand and overall distress in labour markets in developed economies.

Part-time employment increased strongly during the crisis...



and continues to grow during the recovery



¹ See OECD: *How good is part-time work?*, Position paper (2010); <http://www.oecd.org/dataoecd/15/16/45602882.pdf>; and H. Buddelmeyer, G. Mourre and M. Ward: *Why do Europeans work part-time. A cross-country panel analysis*, Working Paper Series No. 872 (Frankfurt am Main, European Central Bank, 2008); <http://www.ecb.int/pub/pdf/scpwps/ecbwp872.pdf>.

² See ILS/ILO: *World of Work Report 2009: The global jobs crisis and beyond* (Geneva, 2009); http://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/documents/publication/wcms_118384.pdf.

³ The figure is based on 18 developed economies: Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Portugal, Slovakia, Slovenia, Sweden and the United Kingdom; these countries have been selected because of availability of recent quarterly part-time employment rates (until the second quarter of 2010), while the recovery in these countries started prior to the most recent quarter for which part-time data were available.

an increase in real wages, this may provide some support to consumption and growth. Wage growth is made all the more important given that real wages have either stagnated or declined during the crisis in many economies in the region.²⁸ However, what is also clearly needed is broad-based employment growth to bring down the severely elevated levels of unemployment and to realize the productive potential of economies.

As noted in Chapter 1, many countries in the Developed Economies and European Union region are facing significant macroeconomic challenges, including unsustainable budget deficits and increasing pressures to enact austerity measures. While sound finances and debt sustainability are important, it is essential for governments to pursue policies that will support growth and employment generation. This is underscored in a recent report by the Bipartisan Policy Center in the United States, which argues that the goals of reduced unemployment and debt reduction must be pursued simultaneously by enacting policies that reignite demand while encouraging businesses to invest and create jobs.²⁹ Indeed, a rebound in investment by the private sector is sorely needed in many countries to offset the fading government stimulus measures and to support economic growth and job creation.

The outlook for 2011 is for a modest deceleration in economic growth, to a rate of 2.0 per cent versus 2.3 per cent in 2010. On the basis of current macroeconomic projections, the region's unemployment rate is expected to see little change in 2011, projected at 8.6 per cent (confidence interval from 7.9 to 9.4 per cent) versus a 2010 estimate of 8.8 per cent. This would represent a decline in unemployment of only 300,000, leaving the level of unemployment in the region more than 15 million above the level in 2007.

Central and South-Eastern Europe (non-EU) and CIS

Unemployment peaked at the highest regional rate in the world in 2009 and remained high in 2010, with vulnerable groups bearing much of the impact of the global economic crisis

The countries of Central and South-Eastern Europe (non-EU) and CIS experienced some of the largest economic shocks during the global economic crisis, resulting in regional economic growth dropping 10.3 percentage points to -6.0 per cent in 2009. Economic growth fell 17.2 percentage points to -15.1 in Ukraine, 21.1 percentage points to -14.2 per cent in Armenia, and the Russian Federation experienced a drop of 13.1 percentage points to -7.9 per cent.³⁰

Despite recording the lowest economic growth rate of all regions in 2009, most economies in the region have picked up sharply. In 2010, regional growth was estimated at 4.9 per cent, an increase of 10.9 percentage points in comparison with the previous year (see table A1). This revival was driven by the recovery in developed economies and a resurgence of foreign investment flows and export demand. The extent of the contraction and expansion in growth in many countries reflects little fiscal space to counter the effects of the crisis, thus exposing economies to the full swings of both downturns and upturns.

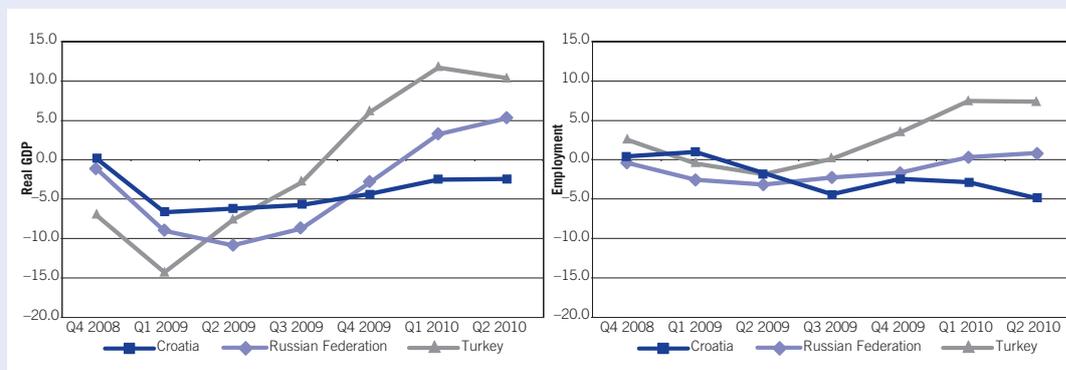
Unemployment in the region peaked at the highest regional rate in the world in 2009, having risen 1.7 percentage points to 10.4 per cent (see table A2). In recent years, the adult unemployment rate has been consistently above those in other regions. In 2010, the adult rate stood at 7.9 per cent compared to 7.5 per cent in the developed economies, the next highest rate, despite the

²⁹ See: *Restoring America's future: Reviving the economy, cutting spending and debt, and creating a simple, pro-growth tax system* (Washington, DC, 2010); <http://bipartisanpolicy.org/sites/default/files/FINAL%20DRTF%20REPORT%2011.16.10.pdf>.

³⁰ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

Country spotlight 2 Growth and employment in Croatia, Russian Federation and Turkey

GDP and employment (% change versus same quarter, prior year)



Source: IMF, *World Economic Outlook*, October 2010, International Financial Statistics November 2010, Eurostat, OECD

The experiences of Croatia, the Russian Federation and Turkey exemplify the major shock to growth and employment that occurred in Central and South-Eastern Europe. Growth in Turkey plummeted to -15 per cent in Q1 2009 before rebounding sharply and turning positive by the fourth quarter of the year. Economic growth in the Russian Federation fell by more than 10 per cent in Q2 2009 and recovered more gradually, with positive growth in Q1 2010. Croatia did not experience as deep a drop in growth, however, the country's recovery path has been far more gradual and growth remained negative in Q2 2010 versus the prior year.

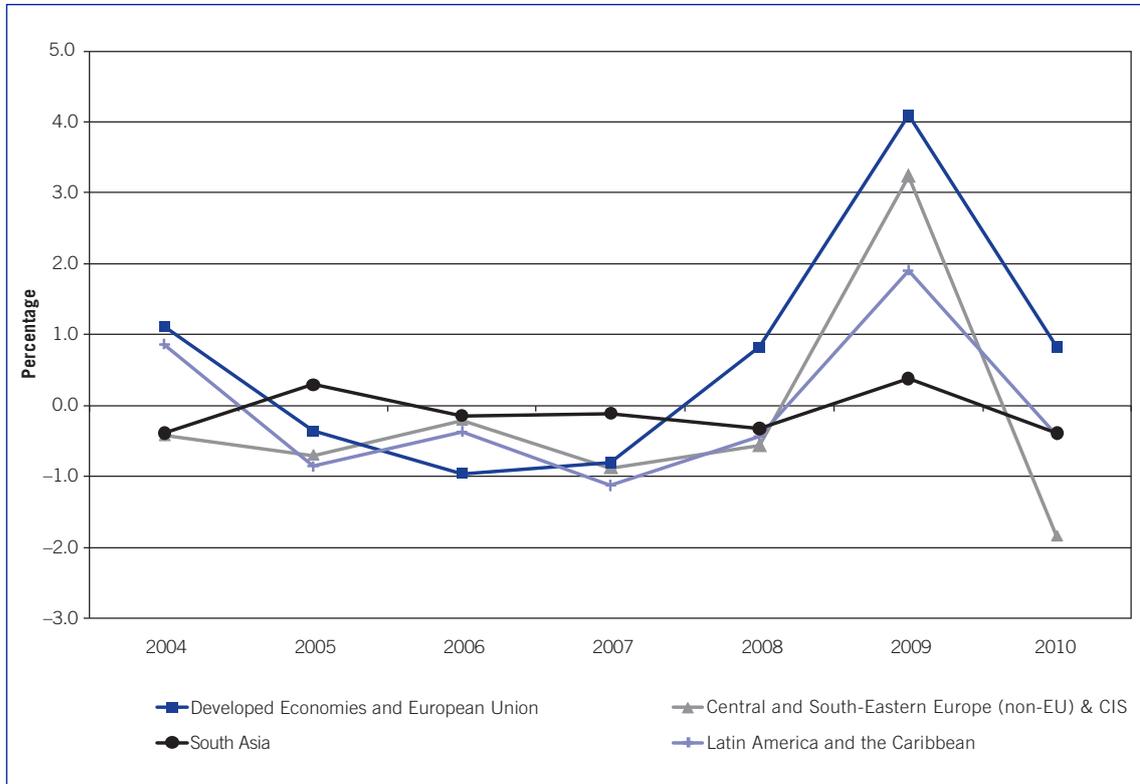
Employment losses were less severe in percentage terms than the declines in economic growth and, in Turkey and the Russian Federation, employment growth turned positive in the same quarter as GDP growth. In both countries, the recovery in employment growth has been less robust than the recovery in output growth. In contrast, employment in Croatia began to decline in Q2 2009, one quarter after the major drop in economic growth in the country. However, there has been no recovery in employment in the country as of Q2 2010, as the level of employment remained 5 per cent below the level of the previous year.

more limited availability of social protection in Central and South-Eastern Europe (non-EU) and CIS countries. In addition, a worrisome trait of the crisis was the extent to which youth unemployment bore the brunt of the impact. Youth unemployment rose more than in any other developing region in 2009, by 3.2 percentage points (see figure 16), and consequently one in five economically active youth in the region was unemployed in 2010 (see table A3). The youth unemployment rate decreased to 18.9 per cent in 2010, yet such high levels of unemployment threaten to have devastating long-term implications.

Labour productivity in the region has grown rapidly over the last decade, with annual growth in output per worker averaging 6.0 per cent during 2001–06 (see table A7). However, the severity of the decline in output in 2009 even exceeded the decline in employment and productivity growth fell to -5.5 per cent, the lowest productivity growth rate of all regions in 2009. Preliminary estimates show a recovery with productivity growing between 3.6 and 4.7 per cent in 2010.

The relatively low labour productivity level (see table A7) points at the weakness of transition economies with regard to the quality of employment: restructuring in the transitional phase has as yet failed to create the jobs that economic growth rates suggest, and the informal economy has soaked up much of the workforce that is unable to secure more productive work. In addition, the lack of decent employment opportunities in the region has led many to seek employment abroad. The ILO Decent Work Country Programme (DWCP) for Albania estimates that 40 per

Figure 16 Year-on-year changes in youth unemployment rates, selected regions (percentage points)



Source: ILO, *Trends econometric models*, October 2010.

cent of the workforce is working abroad, and the DWCP for the Republic of Moldova estimates those working abroad to be a quarter of the economically active population.³¹ As foreign workers are often employed in precarious work situations and are among the first to be laid off, this is likely to have aggravated the unemployment situation in the region following the crisis.

A further cause for concern is the growth in the share of agricultural employment in total employment between 2007 and 2009 (see table A10). Following a decline by 5.8 percentage points between 2000 and 2007, Central and South-Eastern Europe (non-EU) and CIS is the only region to have experienced an increase in the share of agricultural employment between 2007 and 2009. The DWCPs for countries in the region indicate that a large proportion of those working in the informal economy are in agriculture. Therefore, the growing share of employment in agriculture may suggest that some of the employment losses during the crisis have been absorbed in the informal economy, and the impact of the crisis may have been even worse than the unemployment figures suggest. Nevertheless, the decrease in the share of vulnerable employment continued its pre-crisis decreasing trend during 2008 and 2009, but at a slower rate of decline. There is still a considerable gap between the vulnerable employment rates in the Central and

³¹ See ILO: *Albania Decent Work Country Programme Document 2008–2010* and *Moldova Decent Work Country Programme Document 2008–2011*; http://www.ilo.org/public/english/region/eurpro/budapest/download/dwcp/dwcp_albania.pdf and <http://www.ilo.org/public/english/bureau/program/dwcp/download/moldova.pdf>.

South-Eastern Europe (non-EU) and CIS region (20.0 per cent in 2009) and the Developed Economies and the European Union (9.7 per cent).

A trend of reduced working poverty in the region stagnated following the crisis, with an estimated rate of 4.3 per cent in 2008 and 2009 (at the US\$ 1.25 a day level, see table 14a). The regional working poverty rate does not reflect the disparities in rates across countries in the region. For countries with country-level estimates, working poverty at the US\$ 1.25 a day level ranged from 33.1 per cent in Tajikistan in 2003 to 1.0 per cent in Turkey in 2002.³² As the unemployment situation worsened, it may transpire that stagnant working poverty levels do not adequately reflect the overall poverty levels in the labour market, given that the number of unemployed living below the poverty line may be significant in the region.

The 2011 prospects are sober, with GDP growth expected to slow, following global trends, to 4.3 per cent. The unemployment rate is projected to remain relatively constant at 9.7 per cent (confidence interval from 8.9 to 10.6 per cent), a rate higher than 2007 and 2008 but an improvement on 2009.

Latin America and the Caribbean

Employment is growing but low labour productivity gains limit the creation of decent employment opportunities

Following the sharp contraction in GDP growth by -1.7 per cent in 2009, economic growth in Latin America and the Caribbean (LAC) strongly expanded by 5.7 per cent in 2010, which is the highest regional growth rate outside the three Asian regions (see table A1). Four of the region's five largest economies, namely Argentina, Brazil, Colombia and Mexico, registered growth rates in a range between 4.5 and 7.5 per cent, the exception being Venezuela. Economic growth in the latter was negative – a fate shared with three economies in the Caribbean, partly due to weaker prospects for tourism and remittances (Jamaica, Barbados) and, in the case of Haiti, the devastating effects of the earthquake of January 2010.

The return of economic growth to pre-crisis levels was helped by strong macroeconomic fundamentals in several countries, which provided fiscal space to respond to the crisis, and strong commodity prices. In addition, several countries had ongoing social programmes prior to the onset of the crisis, which by themselves mitigated the impact and could be scaled up in a timely manner to support vulnerable groups.

In accordance with favourable growth rates, short-term labour market indicators, such as monthly and quarterly unemployment rates, show a downward trend in many countries in LAC.³³ In Uruguay, a country which posted one of the highest economic growth rates in LAC in 2010 (8.5 per cent), the monthly unemployment rate in August 2010 (6.2 per cent) was the lowest rate since at least the beginning of 2007. Similarly, the unemployment rate measured in Brazil's monthly survey of six metropolitan areas reached its lowest level in the series at 6.2 per cent in September 2010, thus suggesting an improvement on pre-crisis levels of unemployment.³⁴ However, short-term indicators also show that in several countries, including Colombia and Mexico, labour markets in terms of unemployment rates have not yet recovered from the crisis.

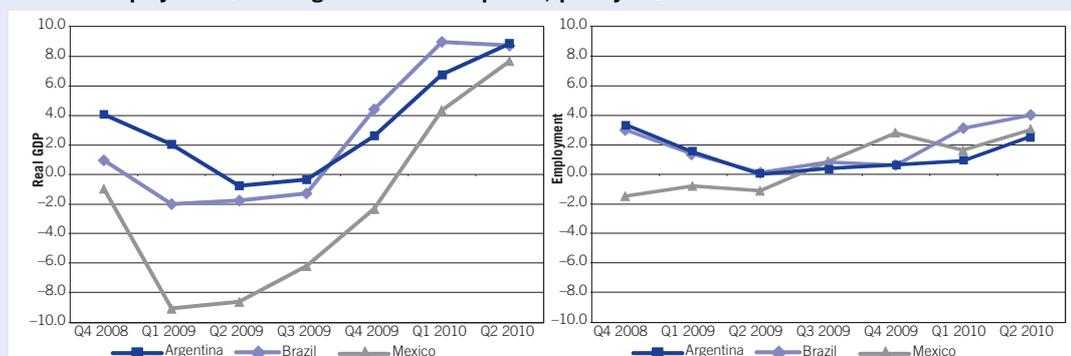
³² See table 20b of ILO: *Key Indicators of the Labour Market*, 6th edition (Geneva, 2009); http://www.ilo.org/empelm/what/pubs/lang--en/WCMS_114060/index.htm.

³³ See ILO: *Short-term indicators of the labour market*, Department of Statistics; http://laborsta.ilo.org/sti/sti_E.html.

³⁴ See also box 6 in ILO: *Global Employment Trends, January 2010* (Geneva, 2010), which showed that the unemployment rate in major metropolitan areas had reached near pre-crisis levels in the third quarter of 2009.

Country spotlight 3 Growth and employment in Argentina, Brazil* and Mexico

GDP and employment (% change versus same quarter, prior year)



Source: IMF, *World Economic Outlook*, October 2010, International Financial Statistics November 2010, LABORSTA, OECD.

Owing to close ties to the United States' economy, Mexico was hard hit by the global economic crisis, with growth declining by around 9 per cent (versus the prior year) in Q1 2009. The Mexican economy began a gradual recovery that accelerated at the end of 2009 and into 2010. The shock to growth was also significant in Brazil, where growth bottomed in Q1 2009 and remained negative through Q2 and Q3 2009. The crisis had a less severe impact on Argentina's growth rate, which only turned modestly negative in the second and third quarters of 2009. By Q1 2010, all three economies were once again growing rapidly.

Employment growth was negative in Mexico already in Q4 2008, remaining negative through the second quarter of 2009. Thereafter, with the exception of Q1 2010, which saw a slowdown, the trajectory of employment growth in Mexico has improved, though at a much slower pace than the corresponding recovery in economic growth. Argentina saw a significant slowdown in employment growth (though growth rates remained positive throughout the crisis), and an acceleration in growth in the first two quarters of 2010. The urban areas of Brazil saw a similar pattern as in Argentina until Q1 2010. In Q1 and Q2 of 2010, employment growth in Brazil's urban centres accelerated sharply.

* For Brazil, employment figures correspond to urban areas, while GDP figures are national.

Turning to longer term annual trends for the region as a whole, the unemployment rate in LAC decreased by 0.9 percentage points from 8.5 per cent in 2000 to 7.7 per cent 2010 (table A2). This rate is still well above the world average and the three Asian regions. Nevertheless, there has been clear progress in LAC in creating employment opportunities since 2000. The employment-to-population ratio increased by 2.6 percentage points during the current decade (compared with 1.7 points during the 1990s), despite the slowdown in employment growth in 2009 (see table A6). The increase in the employment-to-population rate is mostly due to increasing employment opportunities for women. The still considerable gap between male and female employment-to-population rates in the region, just above 27 percentage points in 2010, closed by around 5 percentage points since the beginning of the decade.

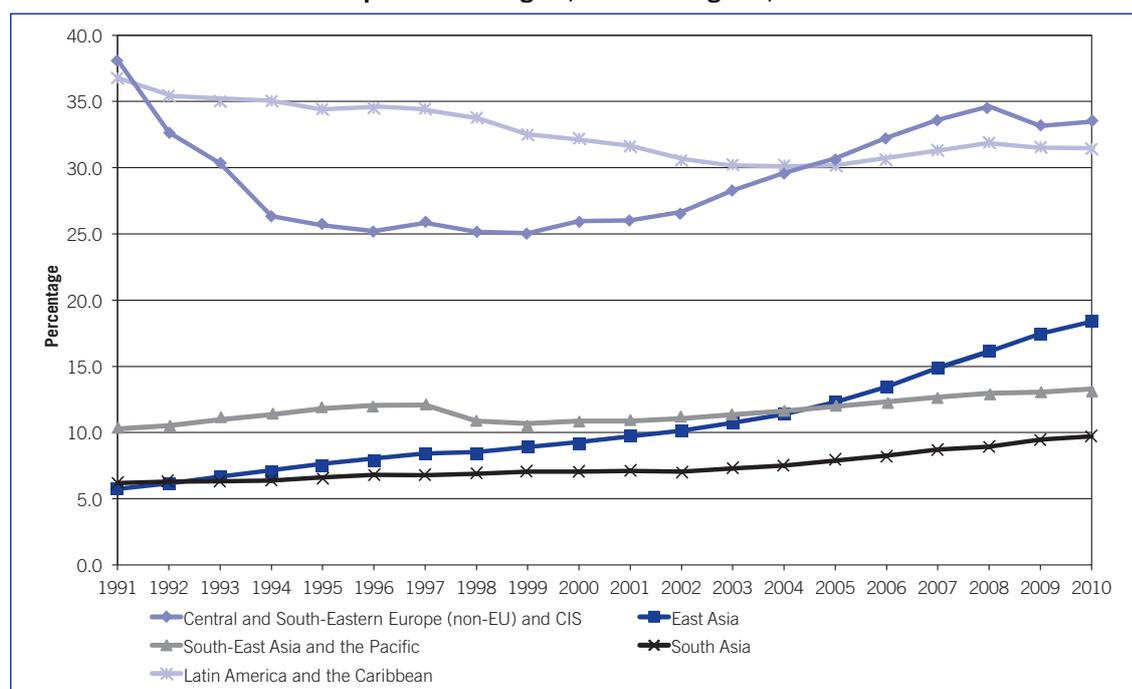
Most new employment in LAC is created in the services sector. Between 2000 and 2009, the share of services in total employment increased by 3.4 percentage points to 61.6 per cent in 2009. For women, this share is considerably higher as more than three out of four women work in services. This mirrors the share of industrial employment among males, which at 27.8 per cent is more than twice the share of industrial employment among females. Contrary to the 1990s, employment in industry increased during 2000 to 2009, despite a decrease from 2008 to 2009 which was due to the global economic crisis. The crisis also resulted in a slowdown in the ongoing decline in agricultural employment. Nevertheless, employment in agriculture declined not only in relative but also in absolute terms during the past decade. In 2009, agricultural employment accounted for roughly one out of six workers in the region, which is the lowest share outside the Developed Economies and European Union region.

Despite the increase in industrial employment and the relatively low share of employment in agriculture, the productivity gap between LAC and the Developed Economies and European Union shows little sign of being closed. Labour productivity in LAC is less than a third of the level in the developed economies, down from around 37 per cent in the early 1990s. As shown in figure 17, other developing regions are catching up, particularly East Asia (albeit from much lower levels in the early 1990s). Even though the ratio in LAC was slowly increasing in the years leading up to the economic crisis, the difficulty in improving productivity levels limits the scope for the rapid expansion of decent jobs.

Limited progress in the creation of decent jobs is reflected in the share of vulnerable employment in total employment in LAC. Since the beginning of the 1990s, the share of workers in vulnerable employment decreased by 2.7 percentage points. This is partly due to the fact that no progress was made between 1990 and 2000, and also because the economic crisis resulted in an increase in the share of vulnerable employment in 2009, the first increase in the region since 2002 (table A12). Progress towards reducing working poverty has been better, with a reduction of 11.4 percentage points (at the US\$ 2 a day level) between 1991 and 2009, which is due in part to broadening of social programmes. In combination with labour productivity and vulnerable employment trends, this suggests that many countries are doing well in terms of overall employment creation, but are falling short in terms of the creation of high-quality jobs. The creation of such jobs, in particular for women, continues to be an important goal in LAC.

The outlook for 2011 is continued growth but at a lower rate of 4.0 per cent. The unemployment rate is projected to decrease by 0.3 percentage points to 7.4 per cent, with a confidence interval from 6.8 to 8.1 per cent.

Figure 17 Ratio of regional labour productivity level to labour productivity level in the Developed Economies and European Union region, selected regions, 1991–2010*



* 2010 are preliminary estimates.

Source: ILO, *Trends econometric models*, October 2010.

East Asia

As crisis response measures are phased out, there is a need to refocus on inclusive labour markets and equality

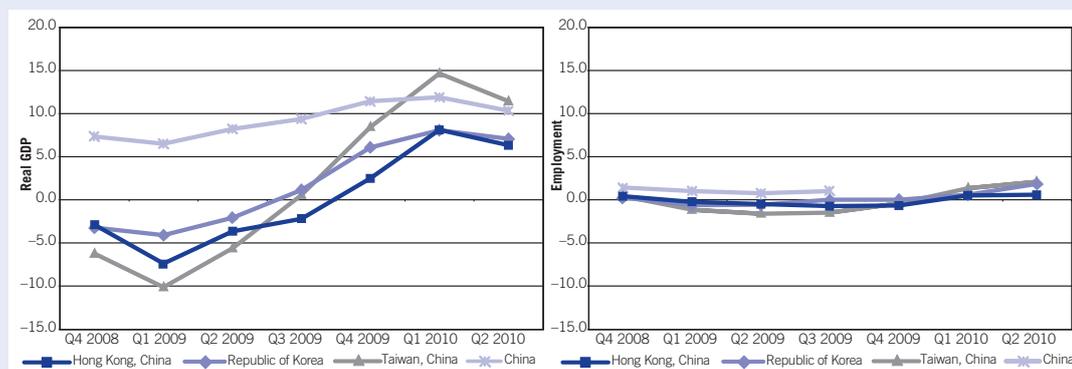
After experiencing steep contractions in output, industrial production and exports in late 2008 and early 2009, economic growth in East Asia rebounded strongly in 2010, at an estimated 9.8 per cent – the highest rate of growth among the world's regions. The rebound was supported in large part by the massive fiscal and monetary stimulus undertaken by economies in the region, which helped to restore confidence and support a rebound in intra-Asian trade.

Strong demand from China has supported exports in other countries in the region, as its economy is estimated to have grown by 10.5 per cent in 2010, following a 9.1 per cent expansion in 2009. In other East Asian economies, exports and investment slumped during 2009 before rebounding in 2010. The Republic of Korea's economy is estimated to have grown by 6.1 per cent in 2010 following a tepid 0.2 per cent in 2009. The economy of Hong Kong (China) is estimated to have expanded by 6.0 per cent in 2010 after a –2.8 per cent contraction in 2009. Mongolia's economy also rebounded strongly, growing by 8.5 per cent in 2010 after contracting by –1.6 per cent in 2009.

The strong economic rebound in 2010 has led to some positive labour market developments in the region. The regional unemployment rate is estimated to have declined from 4.4 per cent in 2009 to 4.1 per cent in 2010 (confidence interval from 3.9 to 4.3 per cent, see table A2). Nonetheless,

Country spotlight 4 Growth and employment in China,* Hong Kong (China), Republic of Korea and Taiwan (China)

GDP and employment (% change versus same quarter, prior year)



Source: IMF, *World Economic Outlook*, October 2010; LABORSTA; Statistics Korea.

The shock to economic growth in the East Asia region was sharp but brief in comparison with the Developed Economies and European Union region. Growth in the Republic of Korea, Hong Kong (China) and Taiwan (China) bottomed out in Q1 2009, with steep declines registered in that quarter, particularly in Taiwan (China), at –10 per cent versus Q1 in the prior year, and in Hong Kong (China), where growth was –7.4 per cent versus the prior year. China registered positive growth throughout the crisis, also with a bottom reached in Q1 2009. The rebound in growth has been remarkable, with Taiwan (China) growing by nearly 15 per cent in Q1 2010 versus Q1 2009 and Hong Kong (China) and the Republic of Korea both registering growth in excess of 8 per cent in the same quarter.

Employment losses were far less severe in percentage terms than the declines in economic growth, though negative employment growth rates persisted through Q4 2009 in Hong Kong (China) and Taiwan (China). Employment growth remained weak in Hong Kong (China) through Q2 2010, but both the Republic of Korea and Taiwan (China) saw a notable pickup in employment growth by mid-2010.

* For China, employment figures correspond to urban areas, while GDP figures are national.

this still represents a higher rate than in 2007. The unemployment rate for men is estimated to have fallen to 4.6 per cent in 2010 from 5.0 per cent in 2009, while the unemployment rate for women changed little (estimated at 3.5 per cent in 2010, with a confidence interval from 3.4 to 3.7 per cent) versus 3.7 per cent in 2009. In the Republic of Korea, the unemployment rate in the third quarter of 2010 was 3.5 per cent, higher than the corresponding quarters in either 2007 or 2008.³⁵ In Hong Kong (China), the unemployment rate in September 2010, at 4.6 per cent, was modestly higher than the corresponding month in 2007 (4.3 per cent) and substantially higher than the rate in the corresponding month in 2008 (3.7 per cent).³⁶ On the other hand, the unemployment rate in Macau (China) (2.9 per cent in September 2010) is at the pre-crisis levels of both 2007 and 2008.³⁷

Youth unemployment remains a major challenge across the region. The youth unemployment rate, at 8.3 per cent in 2010, is 2.5 times higher than the rate for adults (3.3 per cent). This ratio of youth to adult employment rates is nearly the same in the Republic of Korea. In Hong Kong (China), with a youth unemployment rate of 14.8 per cent and an adult unemployment rate of 3.4 per cent in September 2010, young women and men are 4.4 times more likely than adults to be unemployed.³⁸ On the other hand, the ratio of youth to adult unemployment rates in Macau (China) is relatively low, at 1.7 in the second quarter of 2010.

The labour force participation rate in East Asia has been on a declining trend since the late 1990s and it continued to fall further to 73.2 per cent in 2009. Despite the downward trend, East Asia still has the highest labour force participation rate of any of the world's regions. One unique feature of East Asia compared with other global regions is that the youth labour force participation rate for females is higher than that for males. This is reflective of East Asia's success at creating opportunities for women in the workforce, but it may also reflect reliance on low-wage female labour in export-oriented industries.³⁹

Employment in East Asia is estimated to have grown by 0.9 per cent in 2010. This is the fastest rate of growth since 2003, although this follows weak employment growth in 2008 and 2009. The employment-to-population ratio in the region is estimated to have remained at around 69.9 per cent in 2010. The services sector has been the main driver of employment growth in recent years, as its share in total employment rose from 33.9 per cent in 2007 to 35.3 per cent in 2009. Industry's share in total employment also increased from 27.1 per cent in 2007 to 27.8 per cent in 2009, while agriculture's share fell from 38.9 per cent to 36.9 per cent. However, in some economies in the region, manufacturing employment, in addition to wages, has yet to return to pre-crisis levels (see box 4).

On the basis of a strong rebound in output, labour productivity rose by 8.5 per cent in 2010 in East Asia, the highest growth rate across the regions. Continued strong labour productivity growth in past decades has helped increase living standards in East Asia, although it is important to bear in mind that pay and the quality of work remain low for many of the region's workers. Around 50.8 per cent of the region's workers are in vulnerable employment while 25.1 per cent (204.2 million) are living with their families on less than US\$ 2 a day, and 9.0 per cent of workers (73.0 million) are living on less than US\$ 1.25 a day.

³⁵ See Statistics Korea, Korean Statistical Information Service: http://kosis.kr/eng/database/database_001000.jsp?listid=E&subtile=Employment,%20Labor,%20Wages.

³⁶ See Census and Statistics Department, The Government of the Hong Kong Special Administrative Region: <http://www.censtatd.gov.hk/home/index.jsp>.

³⁷ See Statistics and Census Service, Macau, China, Time Series Database: <http://www.dsec.gov.mo/TimeSeriesDatabase.aspx?lang=en-US>.

³⁸ See Census and Statistics Department of Hong Kong, China, General Household Survey, Detailed Statistical Tables on Labour Force, Employment, Unemployment and Underemployment: http://www.censtatd.gov.hk/hong_kong_statistics/statistics_by_subject/labour/GHS_tables.pdf.

³⁹ See ILO: *Women in labour markets: Measuring progress and identifying challenges* (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_123835.pdf.

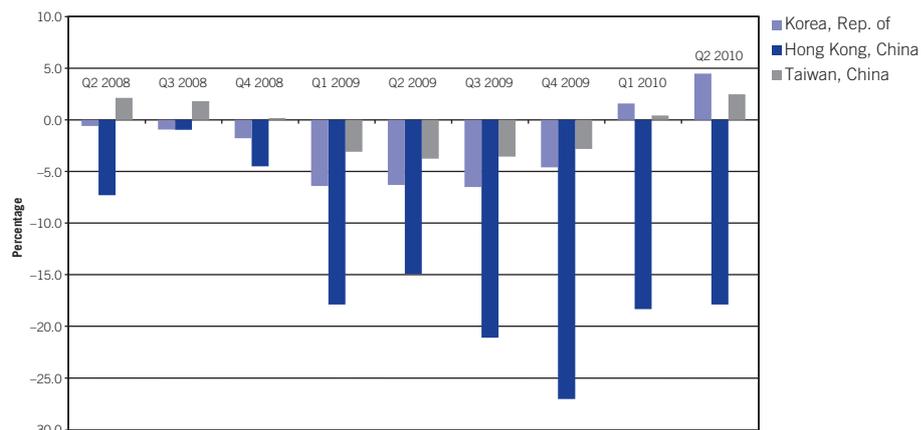
Box 4 Manufacturing employment and wages in East Asia

In line with expanding exports and robust private sector demand, manufacturing production in the East Asia region continued its strong recovery through the first half of 2010. In the Republic of Korea, the annual change in manufacturing output dropped to -16.1 per cent in the first quarter of 2009, its lowest point during the recession. However, by Q3 2009, manufacturing began to pick up again and grew further by a remarkable 26.8 per cent and 20.1 per cent in Q1 and Q2 of 2010, respectively. Likewise, manufacturing in Hong Kong (China) contracted by -10.6 per cent in Q4 of 2008, its two-year low, but finally grew again during the first half of 2010. In Taiwan (China) manufacturing rebounded significantly in Q4 of 2009, growing 50.7 per cent, and continued this positive growth trend through the second quarter of 2010.

Despite these developments, the recovery in manufacturing employment and wages has not kept pace (see figures below). During the first three quarters of 2009, manufacturing employment in the Republic of Korea contracted by an average of -6.4 per cent and, despite steady growth of 1.6 per cent in Q1 of 2010 and 4.5 per cent in Q2, employment in this sector has yet to return to its pre-crisis level. Similarly, wages in this sector rebounded impressively during the latter half of 2009 and the first half of 2010, but the total two-year increase in wages from the second quarter of 2008 to the second quarter of 2010 was merely 1.5 per cent.

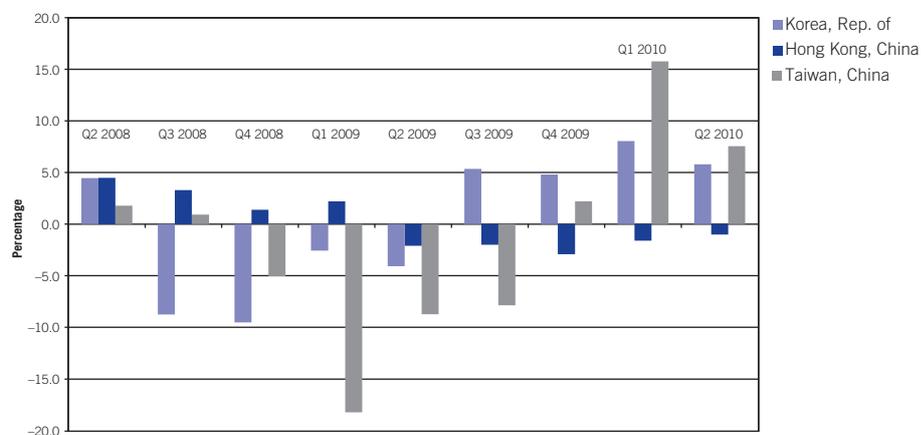
Meanwhile, manufacturing job losses in Taiwan (China) were significant throughout 2009, and moderate increases during the first half of 2010 were not sufficient to bring manufacturing employment back to the level of the second quarter of 2008. Moreover, despite the sizeable increases during the first half of 2010, manufacturing wages overall have contracted by -1.8 per cent when compared with the level two years earlier. In Hong Kong (China) the situation for manufacturing workers was even more alarming. Given the economy's slower rebound in manufacturing output, both employment and wages in this sector continued to contract considerably through the second quarter of 2010.

Change in manufacturing employment (percentage, year-on-year)



Source: Official national sources.

Change in manufacturing wages (percentage, year-on-year)



Source: OECD and official national sources.

In contrast to many regions around the world, the labour market in East Asia has recovered relatively quickly. As some countries in the region phase out immediate crisis response measures, there is a need to refocus on inequality and on labour market policies that can support structural change and increased consumption, which in turn will help to rebalance global economic growth. In China, for example, incomes of urban households are on average three times higher than those of rural counterparts.⁴⁰ Narrowing income inequalities through inclusive labour markets, stronger social protection systems and ensuring that wages follow productivity are critical elements of a more inclusive and balanced pattern of growth, to which many countries in the region are committed.

In 2011, economic growth is projected to slow to 8.6 per cent, while the unemployment rate is expected to show little change at 4.0 per cent (confidence interval from 3.8 to 4.2 per cent). The moderation in growth reflects the phasing out of stimulus measures, particularly as countries such as China experienced rising inflation in the closing months of 2010.⁴¹ Furthermore, continued global tensions over exchange rates and monetary policy raise the risk of increased protectionism, which could adversely impact investment and trade and have detrimental effects on the region's labour market.

South-East Asia and the Pacific

Despite strong economic growth, employment growth has been weak and sustained labour productivity growth is needed to generate quality jobs

The South-East Asia and the Pacific region, being highly dependent on foreign trade and investment, was heavily affected by the global economic crisis and the region grew by a mere 1.5 per cent in 2009. Since then, the region rebounded strongly and economic growth in 2010 is estimated to have reached 7.2 per cent, the highest rate since 1996. Growth has been supported by significant stimulus packages undertaken in many countries in the region and a pick up in private consumption and investment, as well as from rebounding demand in the wider Asia and the Pacific region: China and India in particular.⁴²

The larger economies in the region where GDP contracted in 2009 experienced a strong rebound. Malaysia's economy grew by 6.7 per cent in 2010 compared to -1.7 per cent in 2009, Singapore's economy grew by 15.0 per cent in 2010 versus -2.2 in 2009 and Thailand's economy grew by 7.5 per cent compared with -2.2 per cent in 2009. On the other hand, smaller economies such as Brunei Darussalam, Fiji and the Solomon Islands, whose economies also contracted in 2009 but are less economically integrated into the regional economy, only experienced a modest rebound. For example, Fiji's economy grew by 1.8 per cent in 2010 following a -2.2 per cent contraction in 2009. The region's largest economy, Indonesia, which fared the crisis comparatively better in terms of output growth, grew by 6.0 per cent in 2010 after growing by 4.5 per cent in 2009.

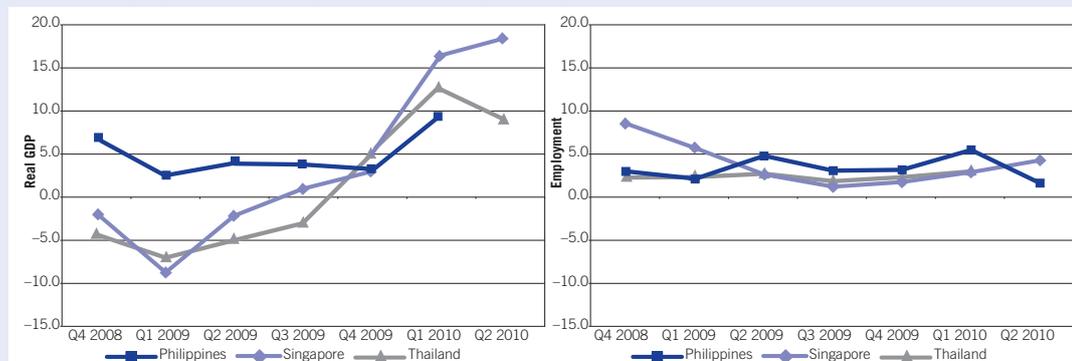
⁴⁰ ILO calculations based on National Bureau of Statistics of China: *Income of Urban Households by Region (1-2 Quarter, 2010)*, and *Per Capita Cash Income of Rural Households by Region (1-2 Quarter, 2010)*; http://www.stats.gov.cn/english/statisticaldata/Quarterlydata/t20100817_402665698.htm and http://www.stats.gov.cn/english/statisticaldata/Quarterlydata/t20100817_402665702.htm.

⁴¹ Inflation (CPI) increased by 4.4 per cent year-on-year in October 2010, the highest in 245 months (National Bureau of Statistics of China).

⁴² See also World Bank: "Robust recovery, rising risks", in *East Asia and Pacific Economic Update* (Washington, DC, 2010), Vol. 2, November; http://siteresources.worldbank.org/INTEAPHALFYEARLYUPDATE/Resources/5501921287417391641/EAP_Update_Oct2010_fullreport.pdf.

Country spotlight 5 Growth and employment in the Philippines, Singapore and Thailand

GDP and employment (% change versus same quarter, prior year)



Source: IMF, *World Economic Outlook*, October 2010, International Financial Statistics November 2010, LABORSTA

The global economic crisis brought sharp contractions in growth in Singapore and Thailand, but the Philippines, which saw a major slowdown in economic activity, managed to maintain positive growth. All three economies saw the slowest growth rates in Q1 2009, with a moderate pickup thereafter in the Philippines and a major acceleration in Singapore, where growth turned positive in Q3 2009, and in Thailand, where growth turned positive in Q4 2009. Singapore managed growth rates well above 15 per cent in Q1 and Q2 2010.

Employment growth in all three countries remained positive throughout the global economic crisis, though at significantly lower rates as compared with pre-crisis trends. Singapore saw a major slowdown in employment growth. Employment growth bottomed in Q3 2009, two quarters after the economy began to recover. Employment growth in Thailand and the Philippines has remained relatively stable, though as both countries have large shares of workers in self-employment and unpaid family work, the crisis had a greater effect on the quality of employment rather than the quantity. Notably, however, employment growth in the Philippines slowed considerably in Q2 2010, despite the faster economic growth that was achieved in the first quarter of the year.

Despite the strong recovery in economic output in South-East Asia and the Pacific, the region's unemployment rate is estimated to have edged down only slightly, from 5.2 per cent in 2009 to 5.1 per cent in 2010, though in some countries in the region, such as Thailand, unemployment rates are at or below pre-crisis levels. The rate for men is estimated to have decreased by 0.2 percentage points to 5.0 per cent in 2010 versus the previous year, whereas the unemployment rate for women remained unchanged at 5.2 per cent. Contrary to the regional trend, Singapore experienced a sharp fall in unemployment between 2009 and 2010, with the seasonally adjusted unemployment rate in the third quarter of 2010 declining to 3.1 per cent from 4.8 per cent during the same quarter the previous year. Indonesia's unemployment continued to fall even during the crisis period, from 8.5 per cent in 2008 to 7.4 per cent in 2010.

Young women and men in the region continue to face significant challenges in securing decent and productive jobs, and are 4.7 times more likely to be unemployed than adults. This ratio is the highest among the regions of the world (see figure 18). In the Philippines, for example, the youth unemployment rate in July 2010 was 17.3 per cent, compared with 6.9 per cent for adults, and youth account for 52.4 per cent of total unemployment.⁴³ In Thailand, the youth unemployment rate, at 4.3 per cent in 2009, is relatively low compared with other countries in the region, but this rate was 3.6 times higher than the total unemployment rate.

As noted in Chapter 2, the labour force participation rate in the region saw little change during the crisis and stood at 69.5 per cent in 2009. The labour force participation rate for women (at 57.6 per cent in 2009) was significantly lower than that for men (81.7 per cent). In contrast to the overall labour force participation rate, the rate for youth saw a relatively larger decline during the

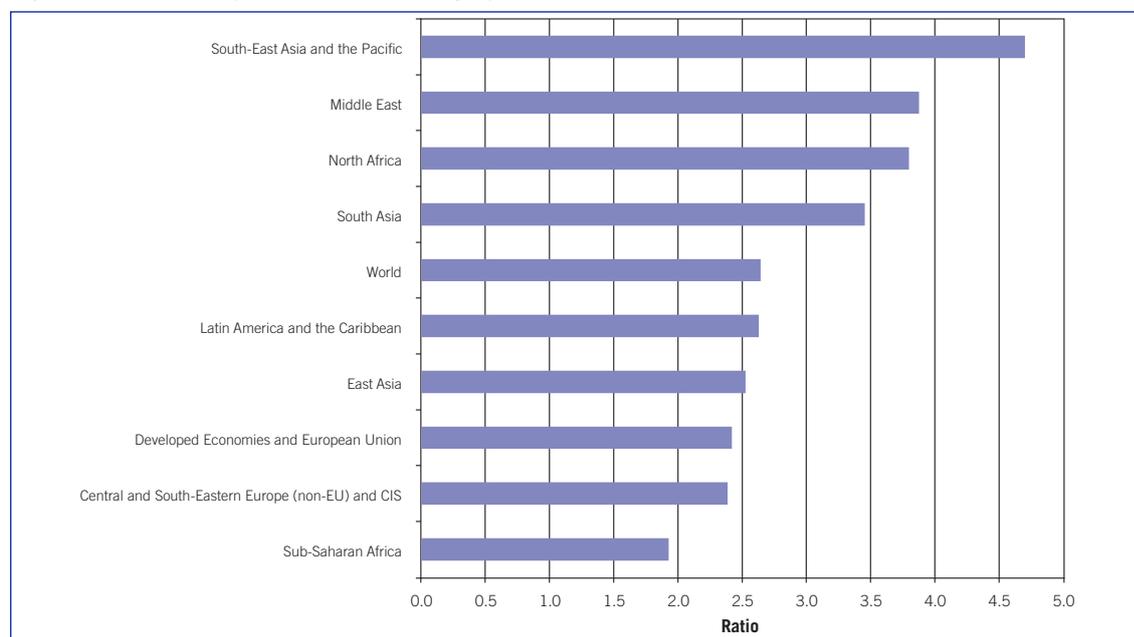
⁴³ ILO calculations based on Philippines Bureau of Labor and Employment Statistics, *Current Labor Statistics* (October, 2010), see: <http://www.bles.dole.gov.ph/Current%20Labor%20Statistics/HTML/table%20of%20contents.html>.

crisis, declining by 1.1 percentage points between 2007 and 2009, likely a combination of a significant number of youth becoming discouraged and extending their time in education and/or dropping out of the labour force in the face of high youth unemployment (see table A9).

Employment grew by 1.7 per cent in the region in 2010, in line with the annual average growth rate between 2001 and 2006. This rate of growth, however, only brought about a marginal change in the employment-to-population ratio, which decreased by 0.2 percentage points between 2007 and 2010 (see table A5). Most of the employment growth in the recent years has been in the services sector, and consequently the share of employment in services in the region increased from 37.0 per cent in 2007 to 38.0 per cent in 2009, while the share of those employed in industry fell from 18.0 per cent in 2007 to 17.8 per cent in 2009. The share of employment in agriculture also declined, from 45.0 per cent in 2007 to 44.3 per cent in 2009. In Thailand, for example, the share of employment in agriculture and industry declined from 39.4 and 21.9 per cent, respectively, in 2007 to 39.0 and 20.8 per cent in 2009, while the share of employment in services increased from 38.5 to 40.2 per cent.⁴⁴

Data from Indonesia and Malaysia indicate that such sectoral shifts have also continued into 2010. In Indonesia the employment share in industry has remained flat between 2008 and 2010 (18.1 per cent in 2008 to 18.0 per cent in 2010) while the share of workers in services has risen from 40.1 per cent in 2008 to 42.2 per cent in 2010.⁴⁵ In Malaysia, the share of those employed in manufacturing fell from 18.8 per cent in the first half of 2007 to 16.8 per cent in the first half of 2010, whereas the share of those employed in services increased from 56.4 to 59.1 per cent during

Figure 18 Ratio of youth to adult unemployment rates, 2010



Note: 2010 are preliminary estimates.

Source: ILO, *Trends econometric models*, October 2010.

⁴⁴ ILO calculations based on Thailand National Statistics Office: http://service.nso.go.th/nso/nso_center/project/search_center/23project-en.htm.

⁴⁵ Data refer to the month of February in the corresponding years. ILO calculations based on BPS-Statistics Indonesia, *Labor force situation in Indonesia, February 2010*; http://dds.bps.go.id/eng/brs_file/eng-tenaker-10mei10.pdf.

the same time.⁴⁶ Such trends can be part of the long-term structural shift from industrial production to services, but a rapid shift during a period of labour market weakness may also reflect movement of workers from relatively high value-added (and hence higher paid) manufacturing jobs to relatively low value-added (and hence lower paid) activities in the services sector; in both Malaysia and Indonesia, labour productivity in manufacturing is significantly higher than in services.⁴⁷

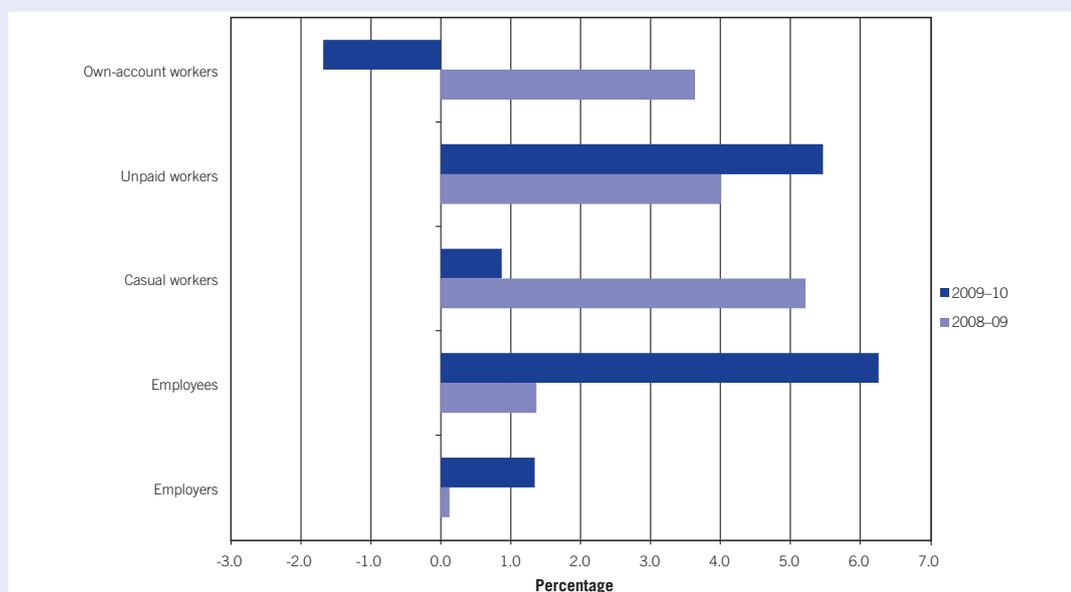
In this regard, it is noteworthy that these sectoral trends have been paralleled by an increase in vulnerable employment, which accounts for roughly 62 per cent of the region's employment.⁴⁸ The number of workers in vulnerable employment is estimated to have increased to 173.7 million in 2009, an increase of 5.4 million since 2007. The share of workers in vulnerable employment is estimated to have decreased by 0.2 percentage points during this time, compared to a decrease of 0.6 percentage points during the pre-crisis period from 2005 to 2007. Box 5 illustrates the vulnerability of workers in Indonesia during the crisis period. In addition, some 143 million workers in the region (around half of the region's workers) are living with their families on less than US\$ 2 a day, with 73.0 million of these workers living in extreme deprivation on less than US\$ 1.25 a day.

Box 5 Vulnerability in Indonesia during the crisis and recovery

The unemployment rate in Indonesia continued to fall between 2008 and 2010; but during this period there was considerable churning in the labour market, particularly the movement of workers into and out of vulnerable employment.

As shown in the figure, the number of workers in employment categories deemed to be more vulnerable and to carry a higher economic risk (unpaid family workers, casual workers and own-account workers) grew significantly between 2008 and 2009. During this period, the number of casual workers, for example, grew by 5.2 per cent compared with a growth of 1.4 per cent in the number of employees. As the economy recovered between 2009 and 2010, the number of employees increased substantially, by 6.3 per cent, while the rate of growth in the number of casual workers dropped significantly and the number of own-account workers declined. Worryingly, however, the number of unpaid family workers continued to grow.

Growth in employment, by status, 2008–09, 2009–10



Source: ILO calculations based on BPS-Statistics Indonesia.

⁴⁶ Malaysia Department of Statistics, *Labour force survey report, first half 2010*; <http://www.statistics.gov.my>.

⁴⁷ See ILO: *Labour and Social Trends in ASEAN 2010: Sustaining recovery and development through decent work* (Regional Office for Asia and the Pacific, 2010); http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_127957.pdf.

⁴⁸ In the years previous to the crisis, the share of employment in industry increased while the share of workers in vulnerable employment decreased.

Taking these labour market developments together, two key issues emerge. The first is that, despite strong economic growth, employment growth has been weak. This was the case even prior to the crisis and in the current strong economic rebound. This suggests that there is a need for macroeconomic policy frameworks of the countries in the region to better integrate full and productive employment as a core macroeconomic policy goal.⁴⁹ The second key issue relates to job quality. With the majority of workers in the region in vulnerable employment and a large share of working poor, there is a need to sustain growth in labour productivity, which is estimated to have increased by 5.0 per cent in 2010, in order to improve job quality. Strengthening the social protection floor, education and skills development, in addition to ensuring a stronger link between productivity growth and wage growth, are important means through which job quality in the region can be enhanced while at the same time supporting more balanced sources of growth that many countries in the region are seeking to foster.

Looking ahead, the region's unemployment rate in 2011 is forecast to remain almost the same at 4.9 per cent, with a confidence interval from 4.5 to 5.3 per cent. Economic growth is expected to slow to 5.3 per cent in 2011. The huge inflow of foreign capital into the region, which has led to some currencies in the region gaining more than 10 per cent and some stock markets gaining more than 40 per cent in 2010, are key challenges to growth and jobs as they could create asset bubbles, drive inflation and be subject to sudden reversals.

South Asia

Rapid economic growth has resumed, but an expansion of wage employment and social safety nets is needed to reduce the region's large decent work deficits

While clearly impacted by the global economic crisis, the economies of the South Asia region have largely held up well due to less reliance on exports than the highly export-dependent East and South-East Asia regions, and the region has resumed rapid economic growth in 2010.⁵⁰ Economic growth in the region as a whole declined from 9.1 per cent in 2007 to 5.9 per cent in 2008 and to 5.5 per cent in 2009. It is estimated that the region's economy grew by 8.9 per cent in 2010, led by India, which registered rapid growth of 9.7 per cent in 2010.⁵¹ The Maldives, Nepal and Pakistan are lagging. In Pakistan, where the ILO estimates that severe floods have directly affected 4.7 million workers, the economy grew by 4.8 per cent in 2010.⁵² In the Maldives, an economy highly dependent on a tourism industry that has been adversely affected by the global economic crisis, growth is estimated at 3.4 per cent in 2010. In Nepal, growth is estimated at 3.0 per cent, mainly due to reduced remittances and foreign trade, both stemming from the crisis.⁵³

The region's unemployment rate has been fairly stable in recent years, including the period of the global economic crisis, ranging from 4.3 per cent to 4.5 per cent between 2007 and 2010.

⁴⁹ S. Dasgupta and K.B. Kim: *Coordinated macroeconomic, employment and social protection policies in Asia and the Pacific*, ILO Regional Office for Asia and the Pacific Working Paper (forthcoming).

⁵⁰ A country spotlight was not produced for the South Asia region as recent quarterly nominal data were not available for a sufficient number of countries.

⁵¹ It is important to note that India accounts for 81 per cent of South Asia's GDP and around 74 per cent of the region's labour force and thus has a very large impact on the South Asia regional aggregates.

⁵² See: http://www.ilo.org/islamabad/info/public/pr/lang--en/WCMS_144470/index.htm. The original estimate found that 5.3 million workers were affected. This was subsequently revised downward reflecting revisions to official damage estimates by the Government of Pakistan.

⁵³ ILO and Nepal National Planning Commission: *Labour and Social Trends in Nepal 2010* (forthcoming, 2011).

This underscores that unemployment is not the main labour market challenge in the region.⁵⁴ For example, in Sri Lanka, while there was a spike in the unemployment rate between the first and second quarters of 2009 (from 5.3 per cent to 6.3 per cent), the pre-crisis unemployment rate was above 6 per cent and, as of the second quarter of 2010, the rate was down to 5.4 per cent. Yet it is important to note that youth unemployment in the country has not recovered to pre-crisis levels, as the youth unemployment rate stood at 20.7 per cent in the second quarter of 2010, versus 18.0 per cent in the third quarter of 2008.⁵⁵ Across the region as a whole, young people are 3.5 times more likely than adults to be unemployed, with a youth unemployment rate of 9.5 per cent in 2010 (confidence interval from 8.8 to 10.2 per cent). Successfully tackling the challenge of generating sufficient decent and productive employment opportunities is crucial in a region in which nearly 50 per cent of the population is below the age of 30 (ranging from a low of 41 per cent in Sri Lanka to a high of 58 per cent in Afghanistan).⁵⁶

Gender-based inequities in the labour market remain a primary concern throughout South Asia. Labour force participation among women stood at less than 40 per cent in 2009 – a gap of around 43 percentage points relative to men (see table A8). This gap is larger than in all other regions in the world except the Middle East and North Africa. Recent years have brought some progress for women in terms of increased employment: in 2000, only 33.9 per cent of working-aged women were employed in the region. By 2010 this figure had risen to 38.0 per cent (see table A5).

A much larger share of women (71.2 per cent) works in the agricultural sector relative to men (45.5 per cent). As this sector typically has the lowest average levels of labour productivity (in Sri Lanka, for instance, labour productivity in agriculture is only around one-quarter of the level in the services sector), this provides strong evidence that women who do manage to work are disproportionately engaged in low-productivity employment.⁵⁷ This is further supported by data on vulnerable employment: more than 84 per cent of women are engaged in vulnerable employment, versus less than 76 per cent of men. Figure 19 shows that in each country for which data are available in South Asia, a larger share of women are engaged in vulnerable employment than men, with gender-based gaps particularly large in India, Nepal and Pakistan.

South Asia has the highest rate of vulnerable employment among all regions in the world, at 78.5 per cent of total employment in 2009. The rate has declined modestly in recent years, down from 81.1 per cent in 1999. Nevertheless, given South Asia's high rates of employment growth (see table A6), this suggests that employment growth does not automatically equate to positive labour market trends. There is a need to focus on expanding wage employment opportunities for the increasingly educated workforce. The large share of workers in vulnerable employment in South Asia also confirms the need for expanded social protection measures, such as India's National Rural Employment Guarantee Scheme.

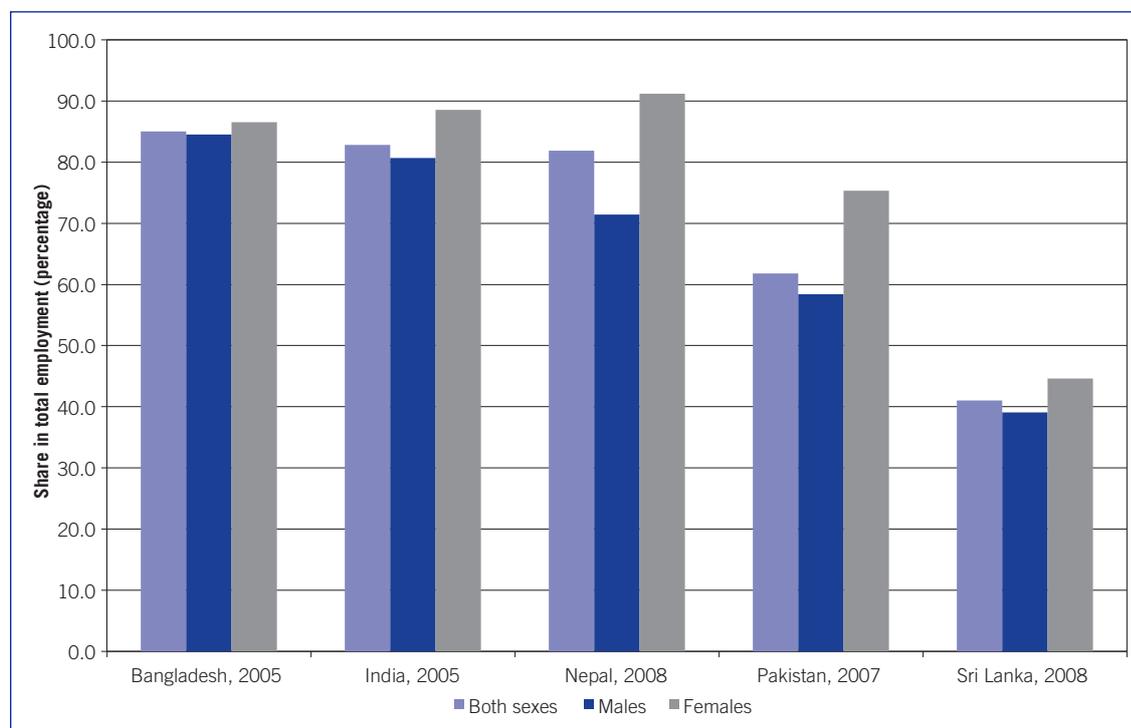
At the same time, a high incidence of working poverty in most countries in the region (shown in table 3) demonstrates the need for a continued focus on increasing labour productivity growth. South Asia accounts for nearly 45 per cent of the world's working poor at the extreme US\$ 1.25 a day level, but for only 21 per cent of global employment. Average output per worker in South Asia stood at around US\$ 6,700 (in 2005 international dollars) in 2009 (see table A7). Even

⁵⁴ India's National Sample Survey Organisation's survey on Consumer Expenditure and Employment/Unemployment is conducted every five years on a full national basis, with the most recent survey having occurred between mid-2009 and mid-2010. Data from this survey have not yet been publicly released and therefore are not included in this *GET*. Once the data are available, they will be included in subsequent editions of the *GET*.

⁵⁵ See Sri Lanka Department of Census and Statistics: *Quarterly Labour Force Surveys* (various); <http://www.statistics.gov.lk/page.asp?page=Labour%20Force>.

⁵⁶ See UN Population Division: *World Population Prospects: The 2008 Revision Population Database*; <http://esa.un.org/UNPP/>.

⁵⁷ See Sri Lanka Ministry of Labour Relations and Manpower and ILO: *Labour and Social Trends in Sri Lanka 2009* (Colombo, 2009); http://www.ilo.org/asia/whatwedo/publications/lang--en/docName--WCM_041779/index.htm.

Figure 19 Share of workers in vulnerable employment by sex, selected countries in South Asia

Source: ILO, *Key Indicators of the Labour Market*, 6th edition; national statistical offices.

accounting for differences in relative prices, the average worker in South Asia produces only 54 per cent as much output as the average worker in East Asia and less than one-third of the average worker's output in Latin America and the Caribbean. This has much to do with the large share of workers (53.5 per cent) employed in the agricultural sector (see table A10). As noted in Chapter 2, the agricultural sector has also accounted for nearly one-third of total employment growth over the past decade. Raising productivity not only in the growing services sector, but also in the region's massive agricultural sector, will be essential for continued poverty reduction.

Poverty and widespread low productivity employment are also linked with the problem of child labour, and the largest numbers of child labourers are found in the South Asia region.⁵⁸ In India, some 18 per cent of children aged 5–14 years are out of school. According to the 2008 Nepal Labour Force Survey, there were 2.1 million economically active children (aged 5–14) in Nepal out of a total child population of 6.2 million. The vast majority of these children were working in agriculture, with more girls than boys in child labour.⁵⁹ This problem is linked with poverty, but also with public expenditure: Bangladesh and Pakistan both devote only around 2.7 per cent of their national income to education. India invests a smaller proportion of national income (around 3.3 per cent) than the median among countries in sub-Saharan Africa.⁶⁰ Prioritizing public expenditure on education and ensuring that children are in school and out of work is essential to overcoming the problem of child labour. This, in turn, is crucial for laying the foundation for increased human capital and higher levels of labour productivity in the region.

⁵⁸ ILO: *Accelerating action against child labour*, Global Report under the follow-up to the ILO Declaration on Fundamental Principles and Rights at Work, Report of the Director-General, International Labour Conference, 99th Session, Geneva, 2010 (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_126752.pdf.

⁵⁹ ILO and Nepal National Planning Commission: *Labour and Social Trends in Nepal 2010* (forthcoming).

⁶⁰ See ILO: *Accelerating action against child labour*, op. cit.

Table 3 Working poverty rates at US\$ 1.25 and US\$ 2 levels, selected countries in South Asia

Country	Year	US\$ 1.25 working poor	US\$ 2 working poor
		(% of total employment)	
Bangladesh	2005	50.1	80.1
India	2005	39.2	74.5
Nepal	2003	50.4	74.1
Pakistan	2004	19.3	56.5
Sri Lanka	2007	6.4	28.0

Source: ILO, *Key Indicators of the Labour Market*, 6th edition; Gunatilaka, R. "Sri Lanka's working poor" (ILO, Colombo, 2010).

While economic growth is expected to decelerate in the region in 2011 to 7.7 per cent, from 8.9 per cent in 2010, this still represents a healthy rate of growth, providing a critical, though insufficient, ingredient for tackling long-term challenges. The regional unemployment rate is projected to see little change in 2011, at 4.1 per cent (confidence interval from 3.7 to 4.4 per cent). Given the large number of workers in poverty and vulnerable employment in the region, a key risk in 2011 is inflation, particularly in the price of food and basic commodities. Policy-makers must remain vigilant in this regard and, where fiscal space allows, they should look to further expand social protection for the poorest.

Middle East

As the downward trend in the regional unemployment rate was interrupted by the global economic crisis, employment generation, in particular for women, is a major concern

The financial and economic crisis was slower to impact the Middle East than other parts of the world. Moreover, the impact itself was less pronounced than in other regions as a result of surplus liquidity built up from high oil prices and the relative insulation of some economies in the region from global markets. Nonetheless, the Middle East was not spared from a growth slowdown during the crisis, as GDP growth in 2009 (at 1.3 per cent) fell significantly below the trend of the pre-crisis period. However, the region strongly benefited from the rebound of oil prices and a rapid fiscal policy response to the crisis, particularly in oil-exporting economies.⁶¹ Regional economic growth in 2010 is estimated at 3.6 per cent, compared with 4.8 per cent in 2008 and an annual average rate of 6.0 per cent between 2003 and 2008. Several countries are estimated to have registered GDP growth of 5 per cent or higher, including Lebanon (8.0 per cent), Qatar (16.0 per cent), Syrian Arab Republic (5.0 per cent) and Yemen (8.0 per cent), but the larger economies, such as the Islamic Republic of Iran and Saudi Arabia, recorded much lower growth rates, at 1.6 and 3.4 per cent, respectively.⁶²

Unemployment is a major concern in the Middle East. During the years leading up to the global economic crisis, from 2004 to 2008, the unemployment rate decreased by 1 percentage point, but the downward trend stagnated in 2008, and estimates for 2009 and 2010 show a steady rate of unemployment at 10.3 per cent. This continues to be the highest regional rate in the world, and only in North Africa was the unemployment rate nearing a similar level in 2010. Unemployment is particularly harming the labour market prospects of youth (see box 6). Although youth unemployment rates are generally higher than adult rates, the youth unemployment rate in the Middle

⁶¹ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

⁶² A country spotlight was not produced for the Middle East region as recent quarterly nominal data were not available for a sufficient number of countries.

East is almost four times the adult rate.⁶³ In 2010, an estimated one out of four youth in the labour market was unemployed. The youth unemployment challenge is further aggravated by one of the highest regional growth rates of the working-age population, which is second only to the growth rate in Sub-Saharan Africa.

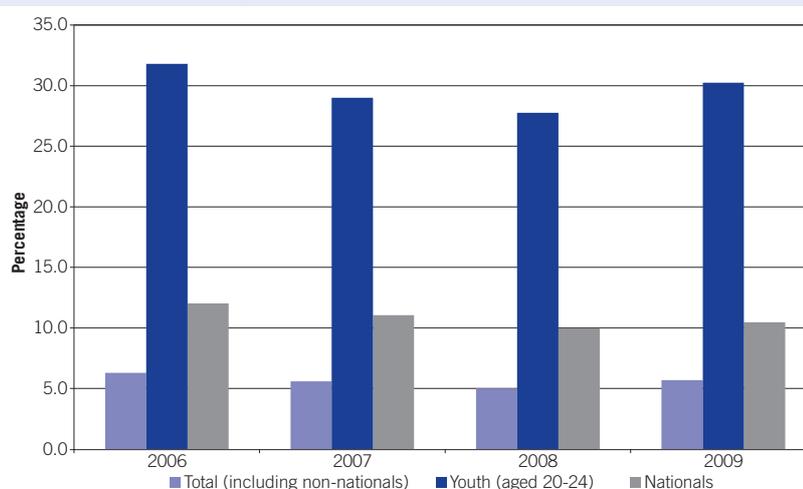
The high unemployment rates in the Middle East, together with low labour force participation rates, result in very low employment-to-population ratios. The regional employment-to-population ratio stood at 45.4 per cent in 2010, meaning that fewer than one out of two persons of working age actually work. This is due to the fact that only around one out of five women in the region works. The gap between male and female employment-to-population rates closed by 8.7 percentage points since the beginning of the 1990s, but at 47.2 percentage points continues to be twice the global average. The large gap between male and female employment ratios, which is also evident in other labour market indicators, reflects the strong cultural, social and economic gender divisions in the Middle East.

Box 6 Unemployment in Saudi Arabia

The Saudi authorities assess the effect of the crisis on employment to be minimal given the large number of development projects under way. However, unemployment among Saudi nationals – and particularly Saudi youth – was high even during the extraordinary years that preceded the financial crisis (see figure below). At 30.2 per cent, the unemployment rate of Saudi youth in 2009 was almost three times that of Saudi nationals. At the same time, a large number of foreign workers (4.7 million) continued to outnumber the nationals (4.3 million) in the labour force. In contrast to other countries, where the recession has been associated with deflation, rising living costs, including those for housing and food, add to the challenges the Saudi Government faces, not so much in terms of the ability to introduce expansionary fiscal and monetary measures, but more in terms of offering its citizens sustainable employment opportunities.

While there has not been a noticeable impact of the crisis on employment in the form of retrenchments, some companies either refrained from paying bonuses or changed working hours. Saudi Arabia should be able to continue to absorb the employment impact of the crisis on its nationals, provided that the private sector generates in large numbers the types of jobs that appeal to the increasingly educated Saudis. However, the future ability of the private sector to create decent jobs in adequate numbers could be a challenge, given that past efforts to “Saudi-ize” the labour force have produced only limited results. Megaprojects undertaken by construction conglomerates have historically been associated with limited trickle down to SMEs and few employment gains for nationals. The previous (8th) Five-Year Plan (2005–09) aimed to reduce unemployment to 140,000 by 2009 (i.e. by almost half compared to 270,000 in 2004), but unemployment during this period actually increased to more than 400,000. In addition, participation of women in the Saudi labour market remains particularly low. Women account for a mere 15 per cent of the Saudi labour force, split roughly equally between expatriates and nationals. Significant gender disparities in employment persist, though some recent policy pronouncements are providing the basis to start addressing them.

Unemployment rates in Saudi Arabia, 2006–09



Source: ILO, G20 Country Briefs, 2010.

⁶³ For an analysis of the labour market situation of youth, see ILO: *Global Employment Trends for Youth, August 2010 - Special issue on the impact of the global economic crisis on youth* (Geneva, 2010); http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_elm/---trends/documents/publication/wcms_143349.pdf.

Trends in vulnerable employment and working poverty in the Middle East are moving in the right direction, but progress is slow. Vulnerable employment decreased by 3 percentage points between 2000 and 2009, and stood at just below a third of all workers by the end of this period. The share of working poor at the US\$ 1.25 a day level is small, but working poverty at the US\$ 2 a day level is still very significant, at 18.7 per cent in 2009. During the 1990s, progress was made in reducing the working poverty rate, but since the turn of the century the decrease in the working poverty rate has been limited to less than 1 percentage point. Lack of progress in reducing working poverty is linked to low labour productivity growth rates in the first half of the decade (see table A7).

Economic growth in 2011 is projected at 5.1 per cent, still falling short of pre-crisis trends. The unemployment rate is projected to be 10.0 per cent in 2011 (confidence interval from 9.3 to 10.8 per cent), versus 10.3 per cent in 2010. No significant change is expected in the region's youth unemployment rate and, consequently, major challenges will remain to address youth unemployment and the integration of women in labour markets.

North Africa

While weathering the crisis well, long-standing labour market challenges such as high unemployment and low female labour market participation remain

Overall, North Africa was not hit as hard as other regions by the economic and financial crisis.⁶⁴ In the crisis year 2009, GDP growth was 3.5 per cent (ranging between –2.3 per cent in the Libyan Arab Jamahiriya and 4.9 per cent in Morocco). This relatively strong GDP growth is partly due to the fact that markets in the region are not fully integrated into international markets, but governments also responded rapidly to soften the impact of the crisis through stimulus packages.⁶⁵ These packages had a strong infrastructure component aiming to quickly create jobs and at the same time to invest in future economic development. In 2010, GDP growth in the region exceeded 5 per cent again (with the Libyan Arab Jamahiriya at the high end with 10.6 per cent economic growth and Tunisia and Algeria at the bottom end with 3.8 per cent growth). The increase in GDP was the result of stronger oil exports, an increase in tourism revenues for Egypt, Morocco and Tunisia, as well as a recovery of domestic consumption and exports.

Despite the relatively strong economic performance of North Africa, pre-crisis labour market challenges have persisted, including high unemployment rates (especially for young people and women), very low female labour force participation, overreliance on the informal sector for job creation, slow progress toward reduction of working poverty (at the US\$ 2 a day level) and widespread vulnerable employment. Decent work deficits in the region remain substantial.

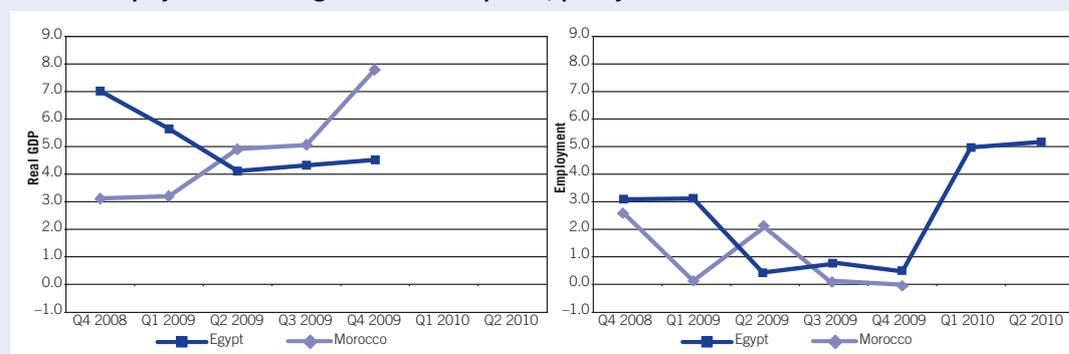
The unemployment rate in North Africa continues to be one of the highest in the world at 9.9 per cent in 2009 and an estimated 9.8 per cent in 2010 (confidence interval from 9.1 to 10.5 per cent). The high overall rate is primarily the result of an extremely high unemployment rate for young people, which reached 23.4 per cent in 2009 and is estimated at 23.6 per cent in 2010 (see table A3). The situation for women is worse than for men: in 2010 the unemployment rate for women was estimated to be 15 per cent, compared to 7.8 per cent for men. The gender gap in unemployment rates is substantial both among adults and young people. This is particularly worrisome

⁶⁴ For details on the economic situation in the region, see: World Economic Forum, *Global Competitiveness Report, 2010–2011* (2010); IMF, *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); IMF, "Regional Economic Outlook: Middle East and Central Asia", in *World Economic and Financial Surveys* (Washington, DC, May 2010).

⁶⁵ Egypt, for example, launched three such packages.

Country spotlight 6 Growth and employment in Egypt and Morocco

GDP and employment (% change versus same quarter, prior year)



Source: IMF, International Financial Statistics November 2010, LABORSTA.

In the North Africa region, quarterly employment data are only available for Egypt and Morocco. In Egypt, GDP growth slowed markedly in the first two quarters of 2009, but remained positive and began to improve throughout the remainder of the year. Morocco did not experience a slowdown during the global economic crisis; in contrast, growth accelerated throughout 2009, with rapid growth of nearly 8 per cent in the final quarter of the year.

Employment growth declined in both countries during 2009, with the lowest growth rates recorded in Q3 and Q4 of that year. Egypt saw a major acceleration in employment growth in the first two quarters of 2010, while 2010 employment data for Morocco are not yet publicly available.

because both adult female participation rates and young women's participation rates are extremely low. Currently, out of 100 women in the region, only 28 are active in labour markets. Out of these 28 women, only 24 have a job, while four are unemployed. In other words, less than a quarter of the total female working-age population in the region actually has a job, while the potential of the remaining 75 per cent to contribute to economic growth is not tapped. These numbers become even more extreme if one considers young women.

The high number of unemployed people (especially youth and women) represents only the tip of the iceberg. Many of the existing jobs are of low quality, underpaid, insecure and without respect for basic labour standards or representation of workers. This is reflected in the high share of the informal sector in many countries in the region,⁶⁶ and the persistence of working poverty. Although working poverty (US\$ 2 a day) declined by 11 percentage points in the last ten years, nearly one-third of the employed still live with their families on less than US\$ 2 a day per family member (see table A14b). In addition, vulnerable employment is only slowly decreasing (2 percentage points since the beginning of the decade), and stood at 40.4 per cent in 2009 (34.9 per cent for men and 56.7 per cent for women).

The agricultural sector continues to play an important role for job creation, comprising 27.8 per cent of total employment. For women, agricultural employment is even more important than for men. Fortunately, governments in the region increasingly realize the importance of the jobs in this sector for poverty reduction, which is why in all countries in the region initiatives in the agricultural sector have become more prevalent. Almost half of total employment in the region is in the services sector, and this share has been more or less constant over the last decade.

⁶⁶ It needs to be noted that during the crisis the large informal sector helped lessen the impact of the crisis. This part of the economy continued to function and take in people who were pushed out of the formal sector. The larger the informal sector, the greater was the absorptive capacity during the shock. In countries with a small informal sector, such as Tunisia, unemployment increased more than in countries that have a large informal sector.

Net job creation mainly took place in the industrial sector, which grew from 20.5 per cent of all employment in 1999 to 22.5 per cent in 2009 (see table A10).

North Africa is the third fastest-growing region in terms of population growth, with the working-age population growing by 27.8 per cent between 2000 and 2010. GDP growth rates of 4 to 5 per cent are not sufficient to create productive and decent jobs for this growing population, which is reflected in very low labour productivity growth rates. Labour productivity growth continues to be sluggish at 1.6 per cent in 2009 and an estimated 2.4 per cent in 2010. Even though productivity growth during the crisis in 2009 could be considered relatively favourable, the rate for 2010 is the lowest in the world after the Middle East and Sub-Saharan Africa. Such a low rate of productivity growth represents a growth path that leaves little scope for increases in wages and salaries or for progress in expanding social protection systems.

What are the main causes of the continuously large deficit of decent work in the region and the difficult situation facing, in particular, young people and women? Given that economic growth does not create sufficient high-quality jobs, an unsustainable rate of population growth has clearly become a burden. In addition, the mismatch between skills in demand and skills offered by young people is growing. This can be seen, for example, in the high and sometimes increasing unemployment rates of university graduates. Also, the matching process between labour supply and demand is a challenge, as many young people complain that they would be willing to work if they knew where to find a job. At the same time, many enterprises complain that they cannot find young people who are willing to work. Lastly, what the labour market offers is very different from the expectations that young people have when they are looking for jobs: traditional government jobs have become scarce, while such jobs are what most young people aspire to. Private sector jobs are often considered too demanding, and self-employment continues to be seen as a non-option. Given the series of factors that hamper the functioning of labour markets, strengthening social dialogue should be a priority to reduce mismatches and help facilitate the creation of more decent and productive work.

Even though, in the years to come, population growth is expected to slow, this will leave a lost generation of unemployed young people. The longer they are without a job, the more difficult it will be for them to find one at a later stage. As a result, they risk losing skills as well as motivation. This is why a strong focus on this young generation is needed in the region. Encouragingly, all countries in the region have identified youth employment issues as a top priority in their national development plans. In some countries, national action plans for youth employment have been developed, and some countries (including Egypt, Sudan and Tunisia) see the development of regional action plans as a promising approach to tackle youth employment issues. An important part of the strategy to address these issues should be to enhance skills, especially technical, IT and language skills. Also, support for self-employment as well as job creation in modern economic activities (e.g. green jobs, and jobs in the IT sector and eco-tourism) could become part of youth employment strategies. Strengthened institutions for social dialogue can be made instrumental in fostering more positive attitudes among young people as well as employers.

The economic outlook for the region is favourable, with growth projected at 5.1 per cent in 2011. Capital flows to the region are expected to grow, with remittances having already picked up. Oil exporters are expected to see increased demand, helping to improve fiscal as well as external balances, even though diversification is important for economic development in these countries. For oil importers in the region, growth is expected to rebound through increasing exports and increased domestic demand. However, economic growth rates are not likely to be sufficient to reduce the large decent work deficits in the near future in any of the North African economies. The region's unemployment rate is projected to remain unchanged at 9.8 per cent in 2011 (confidence interval from 8.6 to 10.9 per cent).

Sub-Saharan Africa

Large decent work deficits continue to characterize the labour market; better employment policies are needed, focusing on expanding productive employment opportunities and improving social protection

Sub-Saharan Africa has rebounded from the global economic crisis, although the region has not yet fully returned to pre-crisis, rates of economic growth. In each year from 2004 to 2007, economic growth in the region exceeded 6 per cent, before slowing to 5.5 per cent in 2008 and slowing further to 2.6 per cent at the height of the global crisis in 2009. The region's economic growth in 2010 is estimated at 5.0 per cent (see table A1), supported by exports and commodity prices in oil-exporting and middle-income economies. Economic growth in Angola, Sub-Saharan Africa's second-largest oil exporter and one of the countries hit hardest by the economic crisis in terms of the drop in growth rates between 2008 and 2009, is estimated to have increased from 0.7 per cent in 2009 to 5.9 per cent in 2010. The region's largest economy, South Africa, returned to positive territory in 2010 at 3.0 per cent after registering -1.8 per cent growth in 2009, the first negative growth rate since the end of apartheid.⁶⁷

The impact of the economic crisis has generally been less severe in low-income economies, mainly due to their more limited trade and financial linkages with the global economy. Economic growth in Sub-Saharan Africa's low-income economies dropped from 5.8 per cent in 2008 to 4.5 per cent in 2009 (1.3 percentage points), compared with a decrease of 2.4 percentage points for oil-exporting economies and 5.4 points for medium-income countries, respectively.⁶⁸ The acceleration in growth rates during the global recovery was also more limited in low-income economies, with economic growth in 2010 at 4.9 per cent, 0.4 percentage points higher than in 2009. In Ghana, for example, economic growth dropped from 7.2 per cent in 2008 to 4.1 in 2009, but a sharper decline in output was prevented in part due to the stable performance of the relatively large agricultural sector. Another factor helping to mitigate the downward effect of the global economic crisis on Ghana's economic growth rate was the continued inflow of foreign direct investment, which increased by 38 per cent in 2009.⁶⁹ For 2010, the country is estimated to grow by 5.0 per cent.

High rates of economic growth are necessary to raise per capita incomes, both in view of the high growth rates of the working-age population in Sub-Saharan Africa, estimated at 2.7 per cent annually, and to address the region's large decent work deficits. In 2009, more than three-quarters of workers (75.8 per cent) were in vulnerable employment, a rate significantly exceeding all other regions except South Asia (see table A12). Between 2000 and 2009, the vulnerable employment rate decreased by 3.7 percentage points, which is an important improvement in comparison with the 1990s, during which the rate decreased by only 1.4 percentage points. Due to the global economic crisis, the vulnerable employment rate is estimated to have increased by 0.5 percentage points in 2009, which is the first increase since 2001. Sub-Saharan Africa is also characterized by very high working poverty rates, and in 2009 around four out of five workers were among the ranks of the working poor (US\$ 2 a day, see table A14b).

Gender differences in terms of access to labour markets are limited in Sub-Saharan Africa, at least in comparison with other regions. Among the developing regions, the difference in labour force participation rates between men and women, at 19.1 per cent in 2009, was lower only in East Asia. Similarly, the difference in employment-to-population ratios between men and women in

⁶⁷ A country spotlight was not produced for the Sub-Saharan Africa region as quarterly employment data are available only for Mauritius and South Africa.

⁶⁸ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010); <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

⁶⁹ See ILO: *2nd African Decent Work Symposium 2010: Country Brief – Ghana's response to the crisis*, Yaounde, October 2010; http://www.ilo.org/public/english/region/afpro/addisababa/events/second_adw_symposium.htm.

Sub-Saharan Africa is relatively small, but there are important differences between men and women in terms of what “employment” means. In 2009, the share of women in vulnerable employment was 84.0 per cent, as compared with 69.5 per cent of male workers. The difference of 14.5 percentage points is explained by the share of women that are contributing family workers, accounting for 45.2 per cent of all female employment. As contributing family workers are essentially dependent on the goodwill and generosity of family members to look after their interests, the high share of such workers in female employment is a strong signal of the disadvantaged labour market position of women in Sub-Saharan Africa. Shares of wage and salary workers and employers in total employment (the non-vulnerable status in employment categories) were both higher for men, as was the own-account work category. Even though own-account work is considered vulnerable, as especially in the Sub-Saharan African context this work often lacks elements of decent work such as social protection, it generally still compares favourably with contributing family work. In a similar vein, working poverty rates disaggregated by sex underline the disadvantaged position of women. For 22 out of 27 countries with country-level estimates, female working poverty rates (at the US\$ 1.25 a day level) exceed male rates.⁷⁰

Much of the own-account work and contributing family work is in the agricultural sector, which accounted for 59.0 per cent of employment in Sub-Saharan Africa in 2009 (table A10). On the other hand, employment in the industrial sector accounted for only around one out of ten workers in the same year (10.6 per cent). Limited growth in employment in industry reflects the lack of structural transformation in much of Sub-Saharan Africa, in particular labour market transformation. Although in terms of GDP some countries experienced an increasing share of the industrial sector, especially in oil-exporting economies, the regional share of industrial employment has not changed much in the past 20 years. During the 1990s, employment in industry hardly increased (from 8.2 per cent to 8.9 per cent of employment), and even during the years of strong economic growth leading up to the global economic crisis, the increase in industrial employment was only 1.8 percentage points. Levels have remained low in comparison with other developing regions, including mostly low-income regions such as South Asia.

The lack of structural transformation in the labour market and continuing high levels of vulnerable employment and working poverty have undermined the achievement of the Millennium Development Goals (MDGs) in Sub-Saharan Africa. As noted in Chapter 2, despite the setback caused by the global economic crisis, the poverty reduction target under the first MDG is projected to be met at the global level in 2015.⁷¹ Unfortunately, this is not the case in Sub-Saharan Africa, making the achievement of decent work a distant dream for most of the region’s workers. In turn, given the linkages between the labour market and other areas such as health and education, the attainment of many other MDG targets is jeopardized as well.

Accelerating the progress on the achievement of decent work in Sub-Saharan Africa requires more resources and better economic and social policies. As argued in a recent paper,⁷² resources are needed to raise the investment ratio in the region, as current investment levels are not sufficient to sustain rapid economic growth. In the macroeconomic arena, employment objectives should be incorporated in policy designs, for example through the use of fiscal policies in the pursuit of growth and equity. In many countries, incorporation of employment policy objectives and targets necessitates better labour market data and analysis, since lack of adequate and up-to-date labour

⁷⁰ See table 20b of ILO: *Key Indicators of the Labour Market*, 6th edition (Geneva, 2009); http://www.ilo.org/empelm/what/pubs/lang--en/WCMS_114060/index.htm.

⁷¹ See MDG1: Eradicate extreme poverty and hunger, in UN, United Nations Development Group: *Thematic Papers on the Millennium Development Goals*, September, 2010; <http://www.undg.org/index.cfm?P=1392>.

⁷² See ILO: *The crisis of orthodox macroeconomic policy: The case for a renewed commitment to full employment*, Employment Working Paper No. 53 (Geneva, 2010); http://www.ilo.org/employment/Whatwedo/Publications/lang--en/docName--WCMS_127678/index.htm.

market information and analysis often prevents countries in Sub-Saharan Africa from adequately monitoring labour markets in the short run.

Another imperative that was underlined during the economic crisis is the need for social protection and safety net measures, not only to function as automatic stabilizers which help mitigate the impact of volatile economic growth, but also to support the large number of employed and unemployed living below the poverty line. A recently approved project in Ghana provides a good example of combining job creation and conditional cash transfers as part of a social protection strategy (see box 7). More generally, the gradual introduction of a social protection floor – which guarantees at least basic social services and basic income security – needs to be prioritized in policy agendas.⁷³

Economic growth in 2011 is projected at 5.5 per cent, which is the same rate as just before the global economic crisis in 2008. However, the outlook is subject to considerable uncertainty, particularly in middle-income countries and oil-exporters, and dependent on the recovery of the global economy. Current projections of the unemployment rate show little change between 2010 (8.0 per cent) and 2011 (7.9 per cent, confidence interval from 7.4 to 8.4 per cent).

Box 7 The Social Opportunities Project in Ghana

There is a renewed interest in public works programmes and employment guarantee schemes in many countries with a view to combining the objectives of generating short-term employment, providing income support and creating and preserving infrastructure and other assets. The impetus comes from large-scale programmes such as the National Rural Employment Guarantee Scheme in India, the Productive Safety Net Project in Ethiopia and the Expanded Public Works Programme in South Africa, in combination with the detrimental impact of the global economic crisis in many developing economies.

In Ghana, the Social Opportunities Project has been designed to support targeted social protection spending, to increase access to employment and cash-earning opportunities for the rural poor during the agricultural off-season, to increase access to conditional cash transfers, and to improve economic infrastructure in target districts, mainly located in the relatively poor northern parts of the country. The US\$ 91 million project will be implemented over a five-year period, and is part of the Government's National Social Protection Strategy (NSPS). The NSPS represents the Government's vision of creating an all-inclusive and socially empowered society through the provision of sustainable mechanisms for the protection of persons living in situations of extreme poverty and related vulnerability and exclusion.

The main objective of the project's largest component (US\$ 56 million), Labour Intensive Public Works (LIPW), is to provide targeted rural poor households with access to employment and income-earning opportunities. This pertains particularly to seasonal labour demand shortfalls during the agricultural off-season or due to external shocks such as floods or droughts, through rehabilitation and maintenance of public or community infrastructure. The aim is to maximize local employment while rehabilitating productive infrastructure assets, which have potential to: (1) generate local secondary employment effects; and (2) protect households and communities against external shocks. The component will establish a LIPW-based social protection scalable instrument that provides quick-response mechanisms during a crisis.

The second largest component (US\$ 20 million) supports the ongoing Livelihood Empowerment Against Poverty programme (LEAP), aiming at a full roll-out of the pilot phase by strengthening its management and administration and improving targeting by providing incentives to ensure that annual public budget allocations are adequate. Currently, the programme is a pilot conditional cash transfer that is financed and implemented by the Department of Social Welfare with technical assistance and other support from donors. There is recognition of the need to build additional capacity within the programme's administration at the national, regional, district and community levels to allow for the rapid expansion of the programme and improve targeting. The programme will finance incentive payments to the unified treasury account to ensure that LEAP meets its target of 164,370 households by 2012 and thereby contributes to improved human capital outcomes for these households.

Finally, capacity-building (US\$ 4.1 million) at the national and local levels will be an important project component. The NSPS will be implemented in selected project districts, with a view to enabling a gradual scaling-up and targeting at the national level. This component will therefore implicitly strengthen the Government's decentralization programme. Several distinct sets of capacity-building activities will be undertaken, including activities to support the institutional, regulatory and policy frameworks and capacity-building with regard to the implementation of LIPW and LEAP.

Source: ILO Employment Intensive Investment Unit.

⁷³ See ILO: *2nd African Decent Work Symposium 2010: Information Note – The social security extension challenge in Africa: Income security and health benefits*, Yaounde, October 2010; http://www.ilo.org/public/english/region/afpro/addisababa/events/second_adw_symposium.htm.

Labour markets in the global economic crisis

Prior to the global economic crisis, from 2001 to 2006, global GDP was growing at an average annual rate of more than 4 per cent, with employment growing at a slightly slower pace than labour productivity (1.9 per cent growth per year versus 2.2 per cent). However, these relatively favourable global trends mask imbalances in the global economy that grew significantly in the period leading up to the global economic crisis, including overreliance on exports and limited domestic consumption in many developing countries and overreliance on credit and consumption and unsustainably low savings rates in many developed economies. In addition, while growth rates and financial markets raced ahead in the lead-up to the economic crisis, growing inflation in food and fuel prices threatened to put millions more in poverty.

Global GDP growth peaked at 5.3 per cent in 2007, before falling sharply to 2.8 per cent in 2008 and contracting by further 0.6 per cent in 2009 at the height of the crisis. The impact of the crisis in 2009 was the greatest in the Central and South-Eastern Europe (non-EU) and CIS region, where GDP contracted by 6.0 per cent, the Developed Economies and European Union region, where growth contracted by 3.4 per cent, and Latin America and the Caribbean, which saw a contraction of 1.7 per cent. In other regions GDP did not actually contract over 2009, but growth fell significantly below pre-crisis trend rates.

This decline in aggregate demand was primarily transmitted through declining exports and falling levels of investment. There is evidence that consumption cushioned aggregate demand, especially in the Developed Economies and European Union region, through the working of automatic stabilizers such as social protection systems and the unprecedented stimulus packages that were enacted. The ILO estimates that the stimulus packages enacted in the G20 countries saved or created some 21 million jobs. Estimates of some of the larger stimulus packages enacted in non-G20 countries show that another 5 million jobs were created or saved.

Yet, despite the massive policy response to the crisis, this report has demonstrated that the impact of the crisis on the global labour market has been severe. Employment growth at the global level fell to 0.7 per cent in 2009 and the global unemployment rate increased to 6.3 per cent, from 5.6 per cent in 2007. The number of unemployed around the world surged from 177.3 million in 2007 to 205.2 million in 2009, an increase of 27.9 million. The downturn in the global labour market also registered through the discouraged worker effect through dips in the labour force participation rate and the employment-to-population ratio. The hardest hit regions in terms of unemployment were the Developed Economies and European Union and Central and South-Eastern Europe (non-EU) and CIS, where the unemployment rate rose by 2.6 and 1.7 percentage points, respectively, between 2007 and 2009, followed by Latin America and the Caribbean, where the unemployment rate rose by 0.7 percentage points to 7.7 per cent in 2009.

Global labour productivity growth slowed from 3.3 per cent in 2007 to 1.3 per cent in 2008, and fell further to -1.4 per cent over 2009. The greatest declines in labour productivity in 2009 were in Central and South-Eastern Europe (non-EU) and CIS (-5.5 per cent), Latin America and the Caribbean (-2.4 per cent), the Middle East (-1.3 per cent) and the Developed Economies and European Union and Sub-Saharan Africa (-1.2 per cent). While average wages around the

world continued to grow during the crisis, the rate of wage growth decelerated considerably in both 2008 and 2009.

The global share of employment in industry, which had been increasing from 2002 to 2007, plateaued over 2007–08, and inched down in 2009, along with major declines in manufacturing and construction employment in many countries. The hardest hit in terms of industrial employment was the Developed Economies and European Union region, where employment in the sector declined by 9.5 million between 2007 and 2009. Central and South-Eastern Europe (non-EU) and CIS and Latin America and the Caribbean also saw a major drop in industrial employment in 2009. At the global level, there was at least a temporary halt in the shift out of agricultural employment, with the sector's share of total global employment holding at 35 per cent in 2009, with an increase in agricultural employment of more than 11 million during the crisis.

The incidence of vulnerable employment remained roughly flat between 2008 and 2009, versus a steady and substantial average decline in the years preceding the crisis. Overall, the number of workers in vulnerable employment is estimated at 1.53 billion workers globally in 2009, more than half of all workers in the world.

The crisis halted a steady decline in the share of workers living in poverty. One out of every five workers in the world is estimated to have been living with their family in extreme poverty of less than US\$ 1.25 per person per day in 2009. The estimated rate for 2009 is 1.6 percentage points higher than the rate projected on the basis of the pre-crisis trend, resulting in around 40 million more working poor at the extreme US\$ 1.25 level in 2009 than would have been expected on the basis of pre-crisis trends. The share of workers living with their families below the US\$ 2 a day poverty line is estimated at around 39 per cent, or a total of nearly 1.2 billion workers worldwide.

Prospects for an economic and jobs recovery

GDP growth estimates for 2010 have seen successive upward revisions by the IMF, with the most recent estimate of growth at 4.8 per cent. However, downside risks continue to predominate, with growth for 2011 projected to slow to 4.2 per cent. There is clearly a great deal of uncertainty as to the strength and likely trajectory of the ongoing recovery. As highlighted in the OECD *Economic Outlook* and the UN *World Economic Situation and Prospects 2011* report, key risks going forward that could substantially reduce global growth include persistent unemployment, further deterioration in real estate markets, adverse effects of high levels of sovereign debt, exchange rate volatility and failure to coordinate policies at the international level.

In addition, the global economic recovery has been highly uneven, renewing concerns about the need to rebalance global growth. Growth remains subdued in many economies in the Developed Economies and European Union and Central and South-Eastern Europe (non-EU) and CIS regions, while many economies in Asia and Latin America have recovered strongly and are converging towards pre-crisis trend rates.

This report has shown that the recovery in the labour market is occurring with a substantial lag, both slower and more modest than the recovery in GDP. The global unemployment rate is estimated to have changed little in 2010 and, at 6.2 per cent, remains elevated well above the pre-crisis norm. The unemployment rate in the Developed Economies and European Union region actually increased to 8.8 per cent in 2010, with most other regions showing little improvement. Despite rapid economic growth, global unemployment is estimated to have changed little in 2010, remaining at a level of 205 million unemployed. Importantly, the problem of delayed labour market recovery is seen not only in the lag between output growth and employment growth and reduced unemployment but also in a lag between productivity gains and real wage growth. This can threaten future recovery prospects, as there are strong linkages between growth in real wages and consumption.

The delayed labour market recovery only serves to exacerbate the tremendous human costs of the recession, including reduced lifetime earnings and employability, along with broader health and social effects. Given the potential for these effects to linger, affecting the current generation of workers and threatening the human capital potential of both current and future generations, it is essential to forge a recovery that is job-rich and sustainable.

At the same time, investment growth, which is essential for employment generation and a sustainable recovery, was still negative in many regions in the first quarter of 2010. Investment began to turn positive in the second quarter of the year in most parts of the world; however, between 2008 and 2010, households and firms in many developed economies continued the process of deleveraging, with government spending continuing to offset the reduction in private investment. The increase in some countries' debt that has come about from higher levels of government spending and reduced government revenues has raised the cost of borrowing, evidenced by rising bond yields. This has resulted in pressure for near-term fiscal consolidation, precisely in those countries hardest hit by the crisis, especially in the Developed Economies and European Union region.

Policy considerations

This pattern of slow recovery in the labour market, along with heightened pressures for fiscal austerity, raises two broad macro-policy options: continued stimulus versus fiscal consolidation. The argument for fiscal consolidation is clear. If bond yields remain elevated or rise further in some countries, the cost of borrowing will remain unsustainably high, making increases in investment, GDP growth and employment generation more onerous. However, the arguments for maintaining stimulus are also multiple. It is clear that the ongoing labour market recovery is very weak, especially in the Developed Economies and European Union region. Investment growth in this region continues to be weak, and private investment has not yet shown signs of increasing significantly. If public expenditures are reduced, aggregate demand will fall, putting further downward pressure on GDP and employment.

Many economies have begun a careful tightrope walk from stimulus to fiscal consolidation. The timing and sequence in the reduction of expenditures will be critical to navigating a smooth recovery. At the same time, where fiscally feasible, it is crucial to maintain or enhance measures that can help boost employment generation and jump-start a sustainable jobs recovery. This is an end goal in its own right; however, improved labour market outcomes would also provide support for the broader macroeconomic recovery and could help offset the adverse effects of fiscal consolidation. For instance, the OECD estimates that a decline in the unemployment rate of 1 percentage point could boost budget balances by 0.25 to 0.75 per cent of GDP in OECD countries, helping to provide much-needed additional fiscal space.⁷⁴ In advanced economies, policies and incentives are needed to stimulate private investment, while concurrently announcing credible plans to reduce budget deficits in the medium term. In all cases, a narrow focus on reducing deficits without addressing the challenge of job creation could further weaken employment prospects and threaten the recovery.

As it is clear that the global imbalances that helped bring about the crisis have persisted into the recovery, it is essential for (primarily developed) deficit countries to boost net exports, which, in turn, would lead to increased demand and more space for fiscal consolidation.⁷⁵ Developing

⁷⁴ See OECD: *Economic Outlook 88* (Paris, November 2010): http://www.oecd.org/document/4/0,3343,en_2649_33733_20347538_1_1_1_1,00.html.

⁷⁵ See IMF: *World Economic Outlook: Recovery, risk, and rebalancing* (Washington, DC, October 2010): <http://www.imf.org/external/pubs/ft/weo/2010/02/index.htm>.

countries that have been reliant on exports for growth need to strengthen domestic sources of demand. As developing economies have typically benefited from a faster rebound in growth, underpinned by comparatively greater fiscal space and solid macroeconomic fundamentals, there is a sound basis for a reorientation of growth toward domestic consumption.⁷⁶ At the same time, major shifts in sources of global growth may lead to unforeseen instabilities, and countries must recognize that domestic policies can have major effects abroad. Strengthening mechanisms for international cooperation, including through the G20, is essential to ensuring a sustainable, balanced recovery.⁷⁷

As the ILO Director-General noted in his statement to world leaders at the 2010 G20 Summit in Seoul, “Rebalancing the global economy so that growth is both strong and sustainable requires more than adjustments to currencies and financial regimes. Investing in social protection and quality jobs will encourage entrepreneurship and investment in the real economy and get sustainable growth moving.”⁷⁸ The ILO’s Decent Work Agenda and Global Jobs Pact are important instruments in this regard, and are increasingly entering the mainstream of national and international efforts to achieve balanced growth and development.

⁷⁶ See World Bank: *The day after tomorrow: A handbook on the future of economic policy in the developing world* (Washington, DC, 2010); <http://go.worldbank.org/TPPWANWXR0>.

⁷⁷ See OECD: *Economic Outlook 88* (Paris, November 2010); http://www.oecd.org/document/4/0,3343,en_2649_33733_20347538_1_1_1_1,00.html.

⁷⁸ See: http://www.ilo.org/global/about-the-ilo/press-and-media-centre/press-releases/WCMS_146473/lang--en/index.htm.

Annex 1

Global and regional tables*

Table A1 Annual real GDP growth rates, world and regions (%)

Region	2005	2006	2007	2008	2009	2010*	2011*
World	4.6	5.2	5.3	2.8	-0.6	4.8	4.2
Developed Economies and European Union	2.6	2.9	2.6	0.3	-3.4	2.3	2.0
Central and South-Eastern Europe (non-EU) and CIS	7.0	8.2	7.9	4.3	-6.0	4.9	4.3
East Asia	9.5	10.8	12.1	7.8	7.0	9.8	8.6
South-East Asia and the Pacific	5.9	6.2	6.7	4.4	1.5	7.2	5.3
South Asia	8.7	9.0	9.1	5.9	5.5	8.9	7.7
Latin America and the Caribbean	4.7	5.6	5.7	4.3	-1.7	5.7	4.0
Middle East	5.4	5.6	6.1	4.8	1.3	3.6	5.1
North Africa	5.0	6.1	5.8	5.3	3.5	5.1	5.1
Sub-Saharan Africa	6.3	6.4	6.9	5.5	2.6	5.0	5.5

* 2010 are preliminary estimates; 2011 are projections.

Source: IMF, *World Economic Outlook*, October 2010.

Table A2 Unemployment rate by sex, world and regions (%)

Both sexes	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	6.3	6.4	6.2	5.9	5.6	5.7	6.3	5.9	6.2	6.5
Developed Economies and European Union	6.7	7.2	6.9	6.3	5.8	6.1	8.4	8.5	8.8	9.1
Central and South-Eastern Europe (non-EU) and CIS	10.9	9.9	9.4	9.3	8.6	8.6	10.4	9.1	9.6	10.1
East Asia	4.5	4.3	4.1	4.0	3.8	4.3	4.4	3.9	4.1	4.3
South-East Asia and the Pacific	4.9	6.4	6.3	6.0	5.4	5.3	5.2	4.8	5.1	5.4
South Asia	4.5	4.7	4.8	4.6	4.5	4.3	4.4	3.9	4.3	4.6
Latin America and the Caribbean	8.5	8.4	7.9	7.6	7.0	6.6	7.7	7.2	7.7	8.1
Middle East	10.6	11.2	11.2	10.7	10.5	10.2	10.3	9.6	10.3	10.9
North Africa	14.1	11.9	11.6	10.5	10.2	9.6	9.9	9.1	9.8	10.5
Sub-Saharan Africa	9.0	8.6	8.6	8.0	7.9	7.9	7.9	7.6	8.0	8.4

* Unless otherwise specified, the source of tables is ILO, *Trends econometric models*, October 2010. For more information regarding the methodology for estimation of the world and regional aggregates of labour market indicators used here and in other *Global Employment Trends* reports, see Annex 4.

Table A2 Unemployment rate by sex, world and regions (%) (cont.)

Males	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	6.1	6.1	5.9	5.7	5.4	5.5	6.2	5.7	6.0	6.3
Developed Economies and European Union	6.3	6.9	6.6	6.0	5.5	6.0	8.8	8.9	9.3	9.5
Central and South-Eastern Europe (non-EU) and CIS	10.6	10.0	9.5	9.3	8.7	8.7	10.6	9.2	9.6	10.2
East Asia	5.0	4.8	4.7	4.5	4.3	4.9	5.0	4.4	4.6	4.8
South-East Asia and the Pacific	5.0	5.9	5.9	5.6	5.2	5.2	5.2	4.7	5.0	5.3
South Asia	4.4	4.3	4.3	4.3	4.2	3.9	4.1	3.7	4.0	4.2
Latin America and the Caribbean	7.2	6.9	6.4	6.2	5.6	5.3	6.5	6.0	6.4	6.8
Middle East	8.8	9.4	9.1	8.8	8.5	8.1	8.2	7.7	8.2	8.7
North Africa	11.9	9.7	9.3	8.4	8.4	7.7	7.8	7.3	7.8	8.4
Sub-Saharan Africa	8.4	8.1	8.1	7.7	7.5	7.5	7.6	7.3	7.6	7.9

Females	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	6.6	6.8	6.7	6.3	6.0	6.0	6.5	6.1	6.5	6.8
Developed Economies and European Union	7.3	7.5	7.2	6.7	6.0	6.2	7.9	7.9	8.2	8.5
Central and South-Eastern Europe (non-EU) and CIS	11.3	9.8	9.4	9.2	8.5	8.5	10.1	9.0	9.4	9.9
East Asia	3.8	3.6	3.5	3.3	3.2	3.6	3.7	3.4	3.5	3.7
South-East Asia and the Pacific	4.9	7.0	6.9	6.6	5.7	5.5	5.2	4.9	5.2	5.5
South Asia	4.6	5.6	5.8	5.4	5.3	5.1	5.1	4.6	4.9	5.3
Latin America and the Caribbean	10.6	10.8	10.0	9.7	9.0	8.5	9.5	8.9	9.5	10.0
Middle East	17.4	17.4	18.4	17.2	17.3	17.4	17.3	15.9	17.0	18.2
North Africa	20.5	18.1	18.0	16.2	14.9	14.8	15.3	14.1	15.0	16.0
Sub-Saharan Africa	9.6	9.2	9.2	8.5	8.3	8.3	8.3	8.1	8.5	8.9

* 2010 are preliminary estimates; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; for further information see Annex 4 and "Estimates and projections of labour market indicators", in particular, *Trends econometric models: A review of methodology*, available at: http://www.ilo.org/empelm/what/projects/lang—en/WCMS_114246/index.htm. Differences from earlier estimates are due to revisions of World Bank and IMF estimates of GDP and its components that are used in the models, as well as updates of the labour market information used. The latter is based on ILO, *Key Indicators of the Labour Market*, 6th edition, 2009.

Table A3 Unemployment rate for youth and adults, world and regions (%)

Youth	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	12.8	13.0	12.9	12.4	11.8	11.9	12.8	11.9	12.6	13.3
Developed Economies and European Union	13.5	14.6	14.2	13.3	12.4	13.3	17.4	17.6	18.2	18.7
Central and South-Eastern Europe (non-EU) and CIS	20.4	19.9	19.2	19.0	18.1	17.6	20.8	18.1	18.9	20.0
East Asia	9.0	8.6	8.3	8.0	7.7	8.7	8.9	7.9	8.3	8.7
South-East Asia and the Pacific	12.9	16.6	17.4	16.8	14.5	14.2	13.9	13.3	14.2	15.0
South Asia	10.2	9.8	10.1	10.0	9.9	9.5	9.9	8.8	9.5	10.2
Latin America and the Caribbean	15.7	16.5	15.7	15.3	14.2	13.8	15.7	14.3	15.2	16.1
Middle East	23.7	24.9	25.3	24.4	24.5	24.5	24.9	23.5	25.1	26.7
North Africa	29.5	26.0	26.7	24.4	24.3	22.6	23.4	22.1	23.6	25.1
Sub-Saharan Africa	13.8	13.2	13.1	12.2	12.1	12.1	12.1	11.7	12.3	12.9

Table A3 Unemployment rate for youth and adults, world and regions (%) (cont.)

Adults	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	4.6	4.7	4.6	4.3	4.1	4.2	4.8	4.5	4.8	5.0
Developed Economies and European Union	5.6	6.1	5.8	5.3	4.8	5.0	7.1	7.2	7.5	7.7
Central and South-Eastern Europe (non-EU) and CIS	9.0	8.0	7.6	7.5	6.9	6.9	8.5	7.6	7.9	8.4
East Asia	3.5	3.3	3.2	3.1	2.9	3.4	3.5	3.1	3.3	3.5
South-East Asia and the Pacific	2.5	3.5	3.3	3.2	3.1	3.1	3.1	2.8	3.0	3.2
South Asia	2.6	3.1	3.1	3.0	2.9	2.7	2.8	2.6	2.8	3.0
Latin America and the Caribbean	6.2	6.1	5.6	5.5	5.1	4.8	5.7	5.5	5.8	6.1
Middle East	6.2	6.8	6.7	6.5	6.5	6.3	6.4	6.1	6.5	6.9
North Africa	8.8	7.3	6.7	6.2	6.1	6.0	6.2	5.8	6.2	6.7
Sub-Saharan Africa	7.0	6.7	6.8	6.4	6.2	6.2	6.3	6.1	6.4	6.7

* 2010 are preliminary estimates; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A4 Unemployment in the world (millions)

	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
Total	177.2	192.5	191.2	184.6	177.3	182.9	205.2	194.3	205.0	215.4
Male	103.2	109.9	108.7	105.3	101.4	104.8	119.5	112.3	118.4	124.4
Female	74.0	82.6	82.5	79.4	75.9	78.1	85.7	82.0	86.5	91.0
Youth	74.4	79.2	79.6	76.9	73.5	74.4	79.6	73.5	77.7	81.9
Adult	102.8	113.3	111.6	107.7	103.8	108.5	125.6	120.9	127.3	133.5

* 2010 are preliminary estimates; CI = confidence interval.

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A5 Employment-to-population rate by sex, world and regions (%)

Both sexes	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	61.5	61.4	61.4	61.6	61.7	61.6	61.2	60.9	61.1	61.3
Developed Economies and European Union	56.7	55.9	56.2	56.7	57.1	57.1	55.5	54.5	54.7	54.9
Central and South-Eastern Europe (non-EU) and CIS	51.7	51.9	52.4	52.8	53.7	54.1	53.4	53.3	53.6	53.8
East Asia	73.5	72.5	71.9	71.4	71.0	70.4	70.0	69.8	69.9	70.1
South-East Asia and the Pacific	67.1	65.8	65.6	65.6	66.0	66.0	65.9	65.6	65.8	66.1
South Asia	57.5	58.4	58.5	58.7	58.8	59.0	59.0	58.9	59.1	59.2
Latin America and the Caribbean	58.1	59.2	59.9	60.6	60.9	61.3	60.6	60.4	60.7	61.0
Middle East	44.8	44.9	45.1	45.3	45.3	45.1	45.2	45.1	45.4	45.8
North Africa	43.9	45.2	45.4	46.0	46.1	46.5	46.4	46.2	46.6	46.9
Sub-Saharan Africa	63.5	64.2	64.3	64.8	65.1	65.2	65.2	64.9	65.2	65.5

Table A5 Employment-to-population rate by sex, world and regions (%) (cont.)

Males	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	74.3	73.9	73.9	73.9	74.0	73.8	73.1	72.7	72.9	73.2
Developed Economies and European Union	65.8	64.1	64.4	64.8	65.2	64.9	62.4	61.2	61.4	61.6
Central and South-Eastern Europe (non-EU) and CIS	60.8	60.8	61.5	61.8	62.8	63.4	62.5	62.4	62.8	63.1
East Asia	79.2	78.4	77.8	77.2	76.8	76.1	75.7	75.5	75.6	75.8
South-East Asia and the Pacific	79.3	78.4	77.9	77.9	77.9	77.6	77.5	77.2	77.4	77.7
South Asia	79.6	79.8	79.8	79.7	79.5	79.6	79.2	78.9	79.1	79.3
Latin America and the Caribbean	74.7	74.7	75.1	75.6	75.7	75.9	74.8	74.2	74.6	74.9
Middle East	68.5	67.7	68.1	68.0	67.9	67.5	67.7	67.6	68.0	68.3
North Africa	67.1	68.5	68.7	69.4	69.1	69.7	69.7	69.3	69.8	70.2
Sub-Saharan Africa	73.6	73.8	73.8	74.2	74.4	74.5	74.3	74.1	74.3	74.6

Females	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	48.6	48.8	48.9	49.2	49.4	49.5	49.2	49.0	49.2	49.4
Developed Economies and European Union	48.1	48.1	48.4	49.0	49.5	49.7	48.9	48.2	48.3	48.4
Central and South-Eastern Europe (non-EU) and CIS	43.6	44.0	44.4	44.9	45.7	45.9	45.3	45.2	45.5	45.7
East Asia	67.6	66.5	65.9	65.3	65.0	64.4	64.1	63.9	64.0	64.1
South-East Asia and the Pacific	55.2	53.6	53.7	53.7	54.4	54.7	54.6	54.4	54.6	54.8
South Asia	33.9	35.7	36.0	36.6	36.9	37.3	37.6	37.8	38.0	38.1
Latin America and the Caribbean	42.3	44.4	45.4	46.4	46.8	47.4	47.1	47.2	47.5	47.8
Middle East	18.6	19.6	19.7	20.1	20.2	20.3	20.5	20.4	20.7	21.0
North Africa	20.8	22.1	22.3	22.8	23.2	23.4	23.4	23.3	23.6	23.8
Sub-Saharan Africa	53.7	54.9	55.1	55.7	56.0	56.2	56.3	56.1	56.3	56.6

* 2010 are preliminary estimates; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A6 Annual employment growth, world and regions (%)

Region	2001–06	2007	2008	2009	2010*			
					CI lower bound	Preliminary estimate	CI upper bound	
World		1.9	1.8	1.5	0.7	1.0	1.3	1.7
Developed Economies and European Union		0.9	1.4	0.6	-2.2	-1.2	-0.9	-0.5
Central and South-Eastern Europe (non-EU) and CIS		1.0	2.1	1.1	-0.9	0.1	0.6	1.2
East Asia		1.1	0.7	0.2	0.5	0.7	0.9	1.1
South-East Asia and the Pacific		1.8	2.5	1.9	1.7	1.3	1.7	2.0
South Asia		2.7	2.4	2.6	2.2	2.0	2.3	2.7
Latin America and the Caribbean		2.8	2.2	2.3	0.5	1.5	2.0	2.5
Middle East		3.6	2.9	2.3	3.0	2.1	2.9	3.6
North Africa		3.5	2.6	3.1	2.1	1.7	2.5	3.2
Sub-Saharan Africa		3.2	3.1	3.0	2.6	2.4	2.8	3.2

* 2010 are preliminary estimates; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A7 Output per worker, level and annual growth

Region	Output per worker 2009	Annual growth (%)						
		2001–06	2007	2008	2009	2010*		
						CI lower bound	Preliminary Estimate	CI upper bound
World	21 180	2.2	3.3	1.3	-1.4	2.7	3.1	3.4
Developed Economies and European Union	70 946	1.5	1.1	-0.1	-1.2	2.7	3.1	3.4
Central and South-Eastern Europe (non-EU) and CIS	23 514	6.0	5.2	3.0	-5.5	3.6	4.1	4.7
East Asia	12 383	8.3	11.8	8.2	7.0	8.2	8.5	8.7
South-East Asia and the Pacific	9 263	4.1	3.9	2.2	-0.4	4.7	5.0	5.4
South Asia	6 714	4.7	6.6	2.3	4.8	5.5	5.9	6.2
Latin America and the Caribbean	22 352	0.8	3.4	1.7	-2.4	2.4	3.0	3.5
Middle East	35 822	1.6	3.0	2.8	-1.3	-0.4	0.3	1.0
North Africa	16 235	1.3	2.9	2.1	1.6	1.6	2.4	3.1
Sub-Saharan Africa	5 141	2.3	3.5	2.4	-1.2	1.4	1.8	2.2

* 2010 are preliminary estimates; CI = confidence interval.

Note: Output calculated on the basis of constant 2005 PPP-adjusted international dollars.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A8 Labour force participation rate by sex, world and regions (%)

Both sexes	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	65.6	65.5	65.7	65.6	65.5	65.5	65.4	65.3	65.4	65.3
Developed Economies and European Union	60.8	60.5	60.3	60.2	60.2	60.3	60.5	60.6	60.8	60.5
Central and South-Eastern Europe (non-EU) and CIS	58.0	58.1	58.1	57.5	57.6	57.9	58.3	58.8	59.2	59.6
East Asia	77.0	76.7	77.1	76.5	75.8	75.0	74.3	73.8	73.5	73.2
South-East Asia and the Pacific	70.6	70.7	70.4	70.4	70.3	70.1	69.8	69.7	69.7	69.5
South Asia	60.1	60.4	60.7	61.0	61.3	61.4	61.6	61.6	61.6	61.7
Latin America and the Caribbean	63.6	63.5	63.9	64.0	64.6	65.0	65.6	65.5	65.6	65.6
Middle East	50.1	50.1	50.2	50.4	50.6	50.8	50.7	50.6	50.2	50.4
North Africa	51.1	51.0	51.0	51.2	51.3	51.3	51.4	51.3	51.4	51.5
Sub-Saharan Africa	69.7	69.8	69.9	70.1	70.2	70.4	70.5	70.6	70.8	70.8

Males	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	79.2	79.0	79.0	78.8	78.7	78.5	78.4	78.2	78.1	77.9
Developed Economies and European Union	70.2	69.8	69.4	69.1	68.9	68.9	69.0	69.0	69.0	68.4
Central and South-Eastern Europe (non-EU) and CIS	68.1	67.9	67.6	67.1	67.5	67.9	68.2	68.8	69.4	69.9
East Asia	83.4	83.1	83.6	83.0	82.3	81.6	80.8	80.2	80.0	79.7
South-East Asia and the Pacific	83.5	83.6	83.4	83.3	83.3	82.8	82.5	82.1	81.8	81.7
South Asia	83.3	83.3	83.4	83.4	83.4	83.4	83.3	83.0	82.8	82.6
Latin America and the Caribbean	80.6	80.3	80.2	80.0	80.2	80.2	80.5	80.2	80.1	79.9
Middle East	75.1	74.9	74.8	74.8	74.8	75.0	74.6	74.2	73.5	73.7
North Africa	76.2	76.1	75.9	75.8	75.8	75.7	75.7	75.5	75.6	75.6
Sub-Saharan Africa	80.4	80.3	80.3	80.3	80.3	80.3	80.4	80.4	80.6	80.4

Table A8 Labour force participation rate by sex, world and regions (%) (cont.)

Females	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	52.1	52.1	52.4	52.4	52.4	52.5	52.5	52.6	52.7	52.7
Developed Economies and European Union	51.9	51.8	51.7	51.9	52.0	52.2	52.5	52.7	53.0	53.1
Central and South-Eastern Europe (non-EU) and CIS	49.1	49.4	49.7	49.0	48.8	49.0	49.5	49.9	50.1	50.4
East Asia	70.3	70.0	70.3	69.7	69.0	68.3	67.6	67.2	66.8	66.5
South-East Asia and the Pacific	58.1	58.1	57.9	57.8	57.7	57.7	57.5	57.7	57.9	57.6
South Asia	35.5	36.1	36.6	37.2	37.8	38.2	38.6	39.0	39.3	39.6
Latin America and the Caribbean	47.3	47.4	48.3	48.7	49.8	50.5	51.4	51.4	51.8	52.0
Middle East	22.6	22.8	23.1	23.4	23.8	24.1	24.3	24.5	24.6	24.8
North Africa	26.2	26.1	26.2	26.7	27.0	27.1	27.2	27.3	27.5	27.6
Sub-Saharan Africa	59.4	59.7	59.9	60.2	60.5	60.7	60.9	61.0	61.3	61.3

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A9 Labour force participation rate for adults and youth, world and regions (%)

Youth	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	53.6	53.1	52.9	52.5	52.4	52.2	52.0	51.7	51.4	51.1
Developed Economies and European Union	52.8	51.8	50.9	50.0	49.9	50.0	50.3	50.0	49.9	48.7
Central and South-Eastern Europe (non-EU) and CIS	43.0	42.5	41.9	40.5	40.5	40.7	41.0	41.5	43.2	43.7
East Asia	65.9	64.7	64.5	63.6	62.7	61.9	61.1	60.6	59.9	59.5
South-East Asia and the Pacific	57.5	57.2	56.6	56.1	55.8	55.2	54.2	53.4	52.8	52.3
South Asia	48.4	48.6	48.8	48.9	48.9	48.9	48.9	48.5	48.3	48.1
Latin America and the Caribbean	54.5	53.8	53.8	53.3	53.9	53.6	53.8	53.2	53.0	52.7
Middle East	36.1	36.1	36.1	36.2	36.3	36.4	35.8	35.3	34.6	34.5
North Africa	39.0	38.8	38.6	38.9	39.0	38.9	37.9	36.9	36.8	36.6
Sub-Saharan Africa	55.6	55.6	55.6	55.5	55.6	55.6	55.6	55.7	55.7	55.5

Adults	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	69.7	69.8	70.0	70.0	70.0	69.9	69.9	69.9	69.9	69.8
Developed Economies and European Union	62.3	62.2	62.1	62.2	62.2	62.3	62.4	62.6	62.7	62.6
Central and South-Eastern Europe (non-EU) and CIS	62.3	62.6	62.8	62.4	62.6	62.9	63.2	63.6	63.5	63.8
East Asia	79.9	79.9	80.4	80.0	79.4	78.7	78.0	77.5	77.3	76.9
South-East Asia and the Pacific	75.9	76.0	75.8	75.9	75.8	75.6	75.5	75.6	75.6	75.4
South Asia	65.4	65.6	65.9	66.2	66.6	66.7	66.9	67.0	67.1	67.2
Latin America and the Caribbean	67.2	67.3	67.8	68.0	68.6	69.1	69.8	69.8	69.9	70.0
Middle East	57.6	57.7	57.7	57.9	58.0	58.1	58.0	57.9	57.5	57.5
North Africa	57.1	57.1	57.1	57.2	57.3	57.2	57.6	57.8	57.9	57.9
Sub-Saharan Africa	77.6	77.8	78.0	78.2	78.4	78.6	78.7	78.9	79.1	79.1

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A10 Employment shares by sector and sex, world and regions (%)

Both sexes	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	40.2	35.4	35.0	35.0	20.6	22.1	22.1	21.8	39.1	42.5	42.9	43.2
Developed Economies and European Union	5.6	3.9	3.7	3.7	27.6	25.0	24.6	23.4	66.9	71.1	71.7	72.8
Central and South-Eastern Europe (non-EU) and CIS	27.0	20.0	20.2	20.2	24.5	25.6	25.2	24.6	48.5	54.5	54.6	55.2
East Asia	47.9	38.9	37.7	36.9	23.8	27.1	27.5	27.8	28.3	33.9	34.8	35.3
South-East Asia and the Pacific	49.3	45.0	44.7	44.3	15.9	18.0	17.8	17.8	34.8	37.0	37.5	38.0
South Asia	59.5	53.5	53.5	53.5	15.4	18.9	18.9	18.9	25.1	27.6	27.6	27.6
Latin America and the Caribbean	21.5	17.0	16.4	16.3	21.4	22.6	22.8	22.1	57.1	60.5	60.8	61.6
Middle East	22.1	20.5	19.5	19.1	25.9	26.5	26.1	26.1	52.1	53.1	54.4	54.8
North Africa	29.2	28.4	28.0	27.8	20.5	21.8	22.2	22.5	50.3	49.8	49.7	49.7
Sub-Saharan Africa	62.4	59.4	58.9	59.0	8.8	10.4	10.6	10.6	28.8	30.2	30.5	30.4

Males	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	38.3	33.6	33.2	33.3	24.3	26.3	26.3	26.0	37.5	40.1	40.4	40.7
Developed Economies and European Union	6.2	4.5	4.3	4.4	36.6	34.8	34.5	33.3	57.2	60.7	61.2	62.3
Central and South-Eastern Europe (non-EU) and CIS	27.1	20.2	20.2	20.4	29.9	32.3	32.3	30.8	43.0	47.5	47.5	48.8
East Asia	42.6	35.0	34.1	33.4	27.4	31.2	31.6	31.9	30.1	33.8	34.4	34.7
South-East Asia and the Pacific	48.7	44.8	44.6	44.4	18.2	20.3	20.3	20.3	33.1	34.9	35.1	35.4
South Asia	53.3	45.9	45.7	45.5	17.2	21.3	21.3	21.3	29.6	32.9	33.0	33.2
Latin America and the Caribbean	25.9	21.3	20.8	20.8	26.1	28.2	28.6	27.8	48.0	50.5	50.7	51.5
Middle East	18.9	16.5	15.7	15.2	27.6	28.7	28.5	28.7	53.5	54.8	55.8	56.1
North Africa	29.9	27.1	26.8	26.7	22.2	24.3	24.8	25.1	47.9	48.6	48.4	48.2
Sub-Saharan Africa	61.7	59.3	58.8	59.0	10.9	12.6	12.8	12.8	27.4	28.1	28.4	28.3

Females	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	43.2	38.2	37.7	37.6	15.1	15.9	15.7	15.6	41.7	46.0	46.6	46.8
Developed Economies and European Union	4.9	3.2	3.0	3.0	15.9	12.9	12.4	11.5	79.3	84.0	84.6	85.5
Central and South-Eastern Europe (non-EU) and CIS	27.0	19.7	20.1	19.9	17.7	17.3	16.5	17.1	55.3	63.0	63.4	63.1
East Asia	54.4	43.7	42.2	41.2	19.4	22.2	22.5	22.7	26.2	34.1	35.3	36.1
South-East Asia and the Pacific	50.2	45.4	44.8	44.1	12.8	14.7	14.4	14.3	37.0	39.9	40.9	41.6
South Asia	75.0	70.8	71.1	71.2	11.2	13.6	13.5	13.5	13.9	15.6	15.4	15.3
Latin America and the Caribbean	13.8	10.3	9.8	9.5	13.3	13.9	13.9	13.6	72.9	75.8	76.3	76.9
Middle East	35.0	35.0	33.5	33.1	18.8	18.4	17.3	16.6	46.3	46.6	49.2	50.3
North Africa	26.9	32.1	31.6	31.1	15.3	14.7	14.8	14.7	57.8	53.2	53.6	54.2
Sub-Saharan Africa	63.3	59.5	59.0	59.0	6.1	7.6	7.8	7.9	30.6	32.9	33.2	33.2

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A11 Employment by sector and sex, world and regions (millions)

Both sexes	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	1038.9	1056.8	1061.2	1068.1	533.2	659.5	668.5	666.4	1010.8	1267.3	1299.2	1316.7
Developed Economies and European Union	24.8	18.7	17.8	17.5	122.0	119.3	117.9	109.8	296.1	338.4	343.3	341.1
Central and South-Eastern Europe (non-EU) and CIS	39.1	32.0	32.6	32.3	35.3	40.9	40.8	39.5	70.1	87.2	88.4	88.6
East Asia	354.3	314.2	305.1	299.7	176.1	219.0	222.3	226.0	209.5	273.7	281.3	287.3
South-East Asia and the Pacific	115.8	122.2	123.7	124.5	37.4	48.8	49.2	49.9	81.5	100.4	103.8	106.8
South Asia	299.7	330.4	339.3	346.6	77.7	117.0	119.7	122.2	126.2	170.6	175.1	179.0
Latin America and the Caribbean	43.4	41.7	41.4	41.2	43.3	55.5	57.3	56.1	115.5	148.9	153.2	155.9
Middle East	10.1	12.2	11.9	12.0	11.8	15.8	15.9	16.4	23.7	31.6	33.2	34.4
North Africa	14.4	17.9	18.2	18.4	10.1	13.7	14.4	14.9	24.7	31.3	32.3	32.9
Sub-Saharan Africa	137.5	167.5	171.2	175.9	19.4	29.5	30.9	31.7	63.4	85.3	88.7	90.7

Males	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	597.0	599.6	601.6	605.5	378.6	469.5	477.0	474.0	584.2	716.8	732.3	741.6
Developed Economies and European Union	15.4	11.9	11.3	11.1	91.4	91.9	91.3	85.3	142.7	160.0	161.7	159.6
Central and South-Eastern Europe (non-EU) and CIS	21.6	17.7	18.0	18.0	23.9	28.4	28.8	27.1	34.3	41.7	42.2	43.0
East Asia	173.2	155.9	152.0	149.7	111.4	138.8	140.9	143.3	122.4	150.3	153.3	155.8
South-East Asia and the Pacific	66.5	70.7	71.5	72.3	24.8	32.1	32.5	33.0	45.2	55.1	56.3	57.7
South Asia	191.5	196.8	200.5	203.1	61.6	91.3	93.4	94.9	106.2	141.1	145.0	148.2
Latin America and the Caribbean	33.1	31.7	31.6	31.6	33.4	42.1	43.5	42.3	61.3	75.4	77.1	78.5
Middle East	6.9	7.8	7.5	7.5	10.1	13.5	13.7	14.1	19.6	25.7	26.7	27.6
North Africa	11.2	12.8	13.0	13.2	8.3	11.4	12.0	12.4	17.9	22.8	23.5	23.8
Sub-Saharan Africa	77.7	94.2	96.2	98.9	13.7	20.1	21.0	21.5	34.5	44.7	46.5	47.4

Females	Agriculture				Industry				Services			
	1999	2007	2008	2009	1999	2007	2008	2009	1999	2007	2008	2009
World	441.9	457.2	459.6	462.6	154.6	190.1	191.5	192.4	426.6	550.5	566.9	575.2
Developed Economies and European Union	9.4	6.8	6.5	6.3	30.7	27.4	26.6	24.5	153.4	178.4	181.6	181.4
Central and South-Eastern Europe (non-EU) and CIS	17.5	14.3	14.7	14.4	11.5	12.5	12.0	12.4	35.7	45.5	46.2	45.6
East Asia	181.1	158.3	153.1	149.9	64.7	80.2	81.4	82.7	87.1	123.4	128.0	131.6
South-East Asia and the Pacific	49.3	51.5	52.1	52.2	12.6	16.7	16.7	16.9	36.3	45.4	47.5	49.2
South Asia	108.2	133.6	138.9	143.5	16.1	25.8	26.3	27.2	20.0	29.5	30.1	30.8
Latin America and the Caribbean	10.3	10.0	9.8	9.6	9.9	13.4	13.9	13.7	54.2	73.4	76.1	77.4
Middle East	3.1	4.4	4.4	4.5	1.7	2.3	2.3	2.3	4.1	5.9	6.4	6.8
North Africa	3.2	5.1	5.2	5.2	1.8	2.3	2.4	2.5	6.8	8.5	8.8	9.1
Sub-Saharan Africa	59.8	73.2	74.9	77.0	5.7	9.4	9.9	10.3	28.9	40.5	42.2	43.3

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A12 Vulnerable employment shares by sex, world and regions (%)

Both sexes	1998	1999	2000	2005	2006	2007	2008	2009
World	53.7	53.5	53.3	51.9	51.4	51.0	50.2	50.1
Developed Economies and European Union	11.3	11.1	10.8	10.3	10.0	9.9	9.7	9.7
Central and South-Eastern Europe (non-EU) and CIS	24.1	26.7	25.6	22.8	21.9	20.7	20.4	20.0
East Asia	61.4	60.2	59.1	55.8	55.2	54.5	52.2	50.8
South-East Asia and the Pacific	63.8	66.2	65.5	62.6	62.3	62.0	62.5	61.8
South Asia	81.9	81.1	82.1	80.5	80.2	79.9	78.9	78.5
Latin America and the Caribbean	35.7	36.1	35.8	33.8	32.7	32.3	31.8	32.2
Middle East	36.8	36.0	35.7	33.9	33.7	33.3	32.9	32.7
North Africa	43.7	42.1	42.4	42.6	41.1	41.2	40.2	40.4
Sub-Saharan Africa	80.5	79.9	79.5	77.1	76.6	76.0	75.3	75.8

Males	1998	1999	2000	2005	2006	2007	2008	2009
World	52.0	51.8	51.8	50.5	50.0	49.5	48.9	48.9
Developed Economies and European Union	11.8	11.7	11.4	11.3	11.0	10.9	10.7	10.8
Central and South-Eastern Europe (non-EU) and CIS	24.7	26.7	25.8	23.3	22.4	20.9	20.6	20.2
East Asia	56.7	55.7	54.7	51.9	51.3	50.6	48.9	47.8
South-East Asia and the Pacific	60.4	62.5	61.8	59.6	59.3	58.7	59.7	58.9
South Asia	79.0	78.1	79.9	78.0	77.5	77.2	76.2	75.8
Latin America and the Caribbean	35.0	35.4	35.3	33.5	32.6	31.8	31.3	31.6
Middle East	33.6	32.4	31.8	30.2	30.1	29.8	29.8	29.6
North Africa	40.1	38.7	38.2	37.0	35.4	35.1	34.1	34.9
Sub-Saharan Africa	75.5	74.5	74.0	70.1	69.6	69.2	68.5	69.5

Females	1998	1999	2000	2005	2006	2007	2008	2009
World	56.3	56.1	55.5	54.0	53.5	53.2	52.1	51.8
Developed Economies and European Union	10.7	10.3	10.1	9.1	8.8	8.6	8.4	8.4
Central and South-Eastern Europe (non-EU) and CIS	23.4	26.7	25.4	22.1	21.3	20.4	20.2	19.8
East Asia	67.1	65.7	64.4	60.6	59.9	59.2	56.2	54.6
South-East Asia and the Pacific	68.6	71.3	70.6	67.0	66.5	66.6	66.4	65.7
South Asia	89.2	88.5	87.6	86.5	86.3	86.1	85.0	84.5
Latin America and the Caribbean	37.0	37.3	36.5	34.3	33.0	33.0	32.6	33.2
Middle East	49.9	50.8	51.6	48.0	46.8	46.5	44.2	43.7
North Africa	55.4	52.9	56.0	59.7	58.3	59.3	58.2	56.7
Sub-Saharan Africa	87.3	87.1	86.9	86.2	85.6	84.9	84.0	84.0

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A13 Vulnerable employment by sex, world and regions (millions)

Both sexes	1998	1999	2000	2005	2006	2007	2008	2009
World	1364.4	1382.3	1399.4	1489.7	1505.3	1521.6	1519.3	1528.2
Developed Economies and European Union	49.5	49.1	48.5	47.6	47.1	47.2	46.5	45.6
Central and South-Eastern Europe (non-EU) and CIS	34.7	38.5	37.5	35.2	34.4	33.1	33.1	32.1
East Asia	450.3	445.2	443.1	444.4	441.8	439.6	421.7	413.2
South-East Asia and the Pacific	145.2	155.3	156.8	162.7	165.0	168.3	172.9	173.7
South Asia	404.7	408.2	421.1	473.0	484.0	493.6	500.2	508.7
Latin America and the Caribbean	70.6	72.9	73.8	79.0	78.8	79.5	80.1	81.6
Middle East	16.0	16.4	16.9	19.0	19.5	19.9	20.0	20.5
North Africa	20.9	20.7	21.2	25.2	25.2	25.9	26.1	26.8
Sub-Saharan Africa	172.5	176.0	180.4	203.6	209.5	214.5	218.8	226.2

Males	1998	1999	2000	2005	2006	2007	2008	2009
World	798.4	808.0	821.8	870.5	877.7	884.3	885.3	891.0
Developed Economies and European Union	29.1	29.1	28.7	29.0	28.7	28.8	28.4	27.8
Central and South-Eastern Europe (non-EU) and CIS	19.7	21.3	20.9	19.9	19.3	18.4	18.3	17.8
East Asia	228.9	226.6	225.7	227.9	226.5	225.3	218.2	214.5
South-East Asia and the Pacific	79.8	85.3	86.2	90.4	91.8	92.7	95.7	96.0
South Asia	278.0	280.5	292.5	321.0	326.1	331.1	334.3	338.4
Latin America and the Caribbean	44.0	45.2	45.8	47.9	47.7	47.5	47.5	48.1
Middle East	11.8	11.9	12.0	13.4	13.8	14.0	14.3	14.6
North Africa	14.7	14.5	14.6	16.5	16.3	16.5	16.5	17.3
Sub-Saharan Africa	92.5	93.7	95.5	104.5	107.4	110.0	112.1	116.6

Females	1998	1999	2000	2005	2006	2007	2008	2009
World	565.9	574.3	577.6	619.2	627.6	637.3	634.0	637.2
Developed Economies and European Union	20.3	20.0	19.9	18.6	18.3	18.3	18.1	17.8
Central and South-Eastern Europe (non-EU) and CIS	15.0	17.2	16.7	15.4	15.1	14.7	14.7	14.3
East Asia	221.4	218.6	217.4	216.5	215.2	214.3	203.5	198.7
South-East Asia and the Pacific	65.4	70.0	70.6	72.2	73.2	75.6	77.3	77.6
South Asia	126.7	127.7	128.6	152.0	157.9	162.5	165.9	170.3
Latin America and the Caribbean	26.6	27.7	28.0	31.1	31.1	32.0	32.5	33.4
Middle East	4.2	4.6	4.8	5.6	5.7	5.9	5.8	5.9
North Africa	6.2	6.2	6.7	8.7	8.9	9.4	9.5	9.5
Sub-Saharan Africa	80.1	82.3	85.0	99.1	102.2	104.5	106.7	109.6

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A14a Working poor indicators, world and regions (US\$ 1.25 a day)

Both sexes	Numbers of people (millions)				Share in total employment (%)			
	1999	2003	2008*	2009*	1999	2003	2008*	2009*
World	875.1	785.6	640.0	631.9	33.9	28.4	21.1	20.7
Central and South-Eastern Europe (non-EU) and CIS	10.6	9.3	7.0	7.0	7.3	6.2	4.3	4.3
East Asia	286.2	203.8	83.1	73.0	38.7	26.0	10.3	9.0
South-East Asia and the Pacific	106.0	81.6	64.3	63.6	45.2	32.5	23.3	22.6
South Asia	285.2	291.7	284.5	282.0	56.6	52.2	44.9	43.5
Latin America and the Caribbean	26.3	28.0	16.6	17.4	13.0	12.8	6.6	6.9
Middle East	2.8	3.8	3.7	3.7	6.2	7.4	6.0	5.9
North Africa	10.5	11.1	10.5	10.7	21.4	20.2	16.2	16.1
Sub-Saharan Africa	147.5	156.2	170.2	174.6	66.9	63.0	58.5	58.5

*2008 and 2009 are preliminary estimates.

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table A14b Working poor indicators, world and regions (US\$ 2 a day)

Both sexes	Numbers of people (millions)				Share in total employment (%)			
	1999	2003	2008*	2009*	1999	2003	2008*	2009*
World	1403.1	1346.6	1199.1	1193.2	54.3	48.6	39.6	39.1
Central and South-Eastern Europe (non-EU) and CIS	32.1	23.5	20.9	21.6	22.2	15.7	12.9	13.5
East Asia	494.4	395.8	224.5	204.2	66.8	50.4	27.8	25.1
South-East Asia and the Pacific	167.4	156.6	142.2	143.0	71.3	62.4	51.4	50.9
South Asia	434.7	471.3	504.2	508.5	86.3	84.3	79.5	78.5
Latin America and the Caribbean	55.3	56.9	38.5	40.3	27.3	26.0	15.3	15.9
Middle East	8.8	11.7	11.5	11.7	19.4	22.7	18.8	18.7
North Africa	20.7	21.5	20.6	20.7	42.2	39.1	31.7	31.2
Sub-Saharan Africa	189.6	209.3	236.7	243.2	86.1	84.4	81.4	81.5

*2008 and 2009 are preliminary estimates.

Note: Totals may differ due to rounding.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2.

Table P1 Unemployment 2007–11 (rates)

Region	2007	2008	2009	2010*			2011*		
				CI Lower bound	Preliminary estimate	CI Upper bound	CI Lower bound	Preliminary projection	CI Upper bound
	Rate (%)								
World	5.6	5.7	6.3	5.9	6.2	6.5	5.6	6.1	6.6
Developed Economies and European Union	5.8	6.1	8.4	8.5	8.8	9.1	7.9	8.6	9.4
Central and South-Eastern Europe (non-EU) and CIS	8.6	8.6	10.4	9.1	9.6	10.1	8.9	9.7	10.6
East Asia	3.8	4.3	4.4	3.9	4.1	4.3	3.8	4.0	4.2
South-East Asia and the Pacific	5.4	5.3	5.2	4.8	5.1	5.4	4.5	4.9	5.3
South Asia	4.5	4.3	4.4	3.9	4.3	4.6	3.7	4.1	4.4
Latin America and the Caribbean	7.0	6.6	7.7	7.2	7.7	8.1	6.8	7.4	8.1
Middle East	10.5	10.2	10.3	9.6	10.3	10.9	9.3	10.0	10.8
North Africa	10.2	9.6	9.9	9.1	9.8	10.5	8.6	9.8	10.9
Sub-Saharan Africa	7.9	7.9	7.9	7.6	8.0	8.4	7.4	7.9	8.4

Region	2008	2009	2010*			2011*		
			CI Lower bound	Preliminary estimate	CI Upper bound	CI Lower bound	Preliminary projection	CI Upper bound
	Change from 2007 (percentage points)							
World	0.1	0.6	0.3	0.6	0.9	0.0	0.5	1.0
Developed Economies and European Union	0.3	2.3	2.7	3.0	3.3	2.1	2.9	3.6
Central and South-Eastern Europe (non-EU) and CIS	0.0	1.7	0.5	0.9	1.5	0.2	1.1	2.0
East Asia	0.5	0.1	0.2	0.4	0.6	0.0	0.2	0.4
South-East Asia and the Pacific	-0.1	-0.1	-0.6	-0.3	0.0	-0.9	-0.5	-0.1
South Asia	-0.3	0.1	-0.6	-0.3	0.0	-0.8	-0.4	-0.1
Latin America and the Caribbean	-0.3	1.1	0.2	0.7	1.1	-0.2	0.4	1.1
Middle East	-0.3	0.1	-0.9	-0.3	0.4	-1.3	-0.5	0.3
North Africa	-0.5	0.2	-1.0	-0.4	0.3	-1.5	-0.4	0.8
Sub-Saharan Africa	0.0	0.0	-0.2	0.2	0.5	-0.4	0.1	0.6

* 2010 are preliminary estimates; 2011 are projections; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2 and Annex 5.

Table P2. Unemployment 2007–11 (numbers of people)

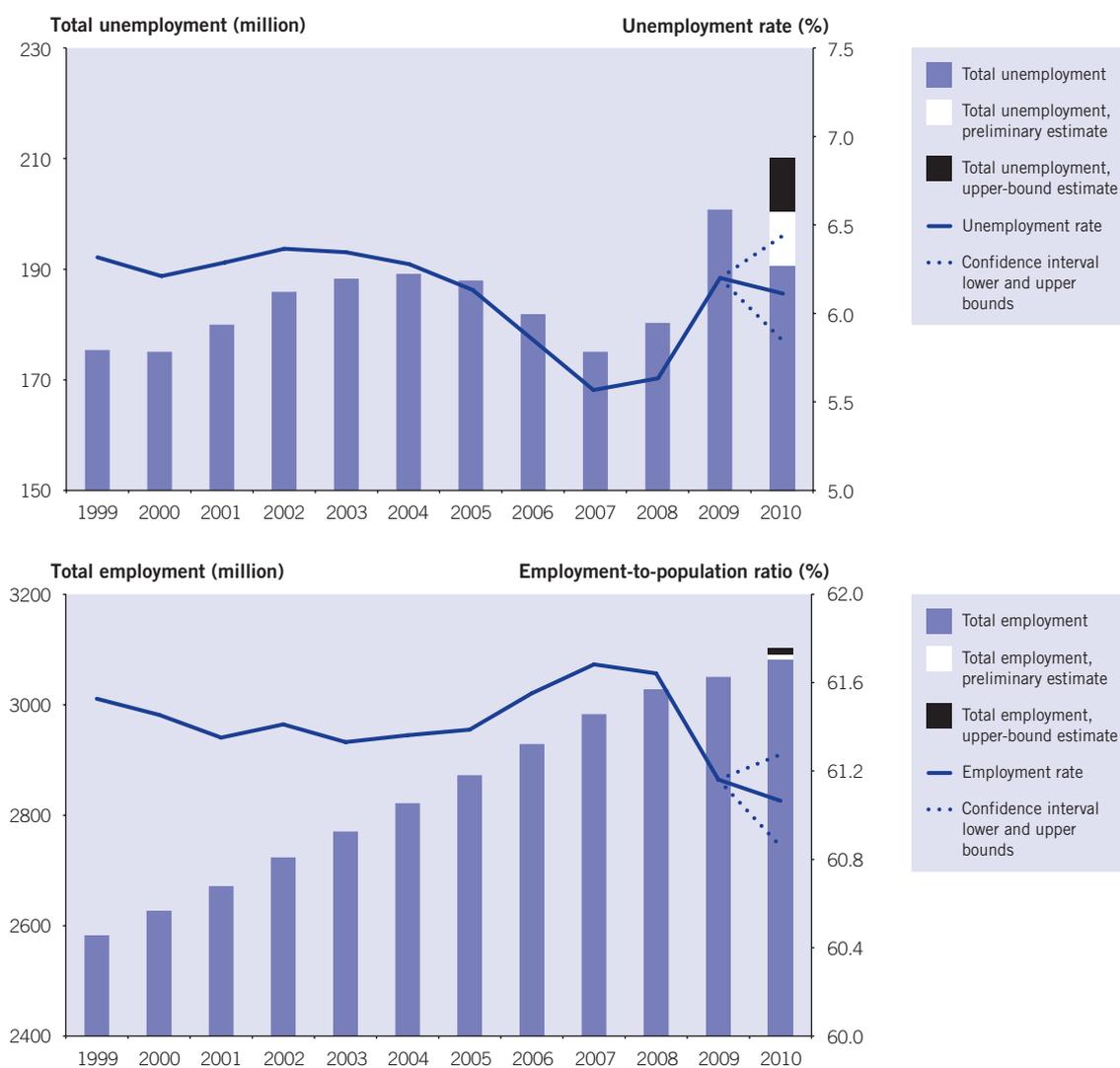
Region	2007	2008	2009	2010*			2011*		
				CI Lower bound	Preliminary estimate	CI Upper bound	CI Lower bound	Preliminary projection	CI Upper bound
	Number (million)								
World	177.3	182.9	205.2	194.3	205.0	215.4	187.1	203.3	219.5
Developed Economies and European Union	29.1	30.9	42.7	43.1	44.8	46.1	40.6	44.5	48.3
Central and South-Eastern Europe (non-EU) and CIS	15.1	15.3	18.5	16.2	17.1	18.0	15.9	17.5	19.0
East Asia	31.7	36.4	37.6	33.7	35.4	37.1	32.2	34.3	36.3
South-East Asia and the Pacific	15.5	15.5	15.4	14.5	15.4	16.3	13.8	15.0	16.3
South Asia	29.3	28.3	29.8	27.3	29.5	31.6	26.4	28.9	31.4
Latin America and the Caribbean	18.4	17.9	21.2	20.1	21.4	22.6	19.2	21.1	22.9
Middle East	7.0	7.0	7.2	6.9	7.4	7.9	6.8	7.4	8.0
North Africa	7.1	6.9	7.2	6.9	7.4	7.9	6.6	7.5	8.4
Sub-Saharan Africa	24.1	24.8	25.6	25.5	26.7	27.9	25.5	27.2	28.9

Region	2008	2009	2010*			2011*		
			CI Lower bound	Preliminary estimate	CI Upper bound	CI Lower bound	Preliminary projection	CI Upper bound
	Change from 2007 (millions)							
World	5.6	27.9	17.0	27.6	38.0	9.8	26.0	42.2
Developed Economies and European Union	1.8	13.6	14.0	15.6	17.0	11.5	15.3	19.2
Central and South-Eastern Europe (non-EU) and CIS	0.2	3.4	1.1	2.0	2.9	0.8	2.4	3.9
East Asia	4.7	5.8	2.0	3.7	5.4	0.5	2.6	4.6
South-East Asia and the Pacific	0.0	-0.1	-1.0	-0.1	0.8	-1.6	-0.4	0.8
South Asia	-1.0	0.5	-2.0	0.2	2.3	-2.9	-0.4	2.1
Latin America and the Caribbean	-0.6	2.7	1.7	2.9	4.2	0.8	2.6	4.5
Middle East	-0.1	0.2	-0.1	0.4	0.8	-0.2	0.4	1.0
North Africa	-0.2	0.1	-0.2	0.2	0.8	-0.5	0.4	1.3
Sub-Saharan Africa	0.8	1.6	1.4	2.7	3.9	1.4	3.1	4.9

* 2010 are preliminary estimates; 2011 are projections; CI = confidence interval.

Source: ILO, *Trends econometric models*, October 2010; see also source of table A2 and Annex 5.

Figure R1 World: Unemployment, employment, vulnerable employment and working poor



* The figures in this annex present selected labour market indicators by region, followed by the regional groupings of economies used in this report. The source of all figures is ILO, *Trends econometric models*, October 2010 (see also source of table A2 and Annex 5).

Figure R1 World: Unemployment, employment, vulnerable employment and working poor (cont.)

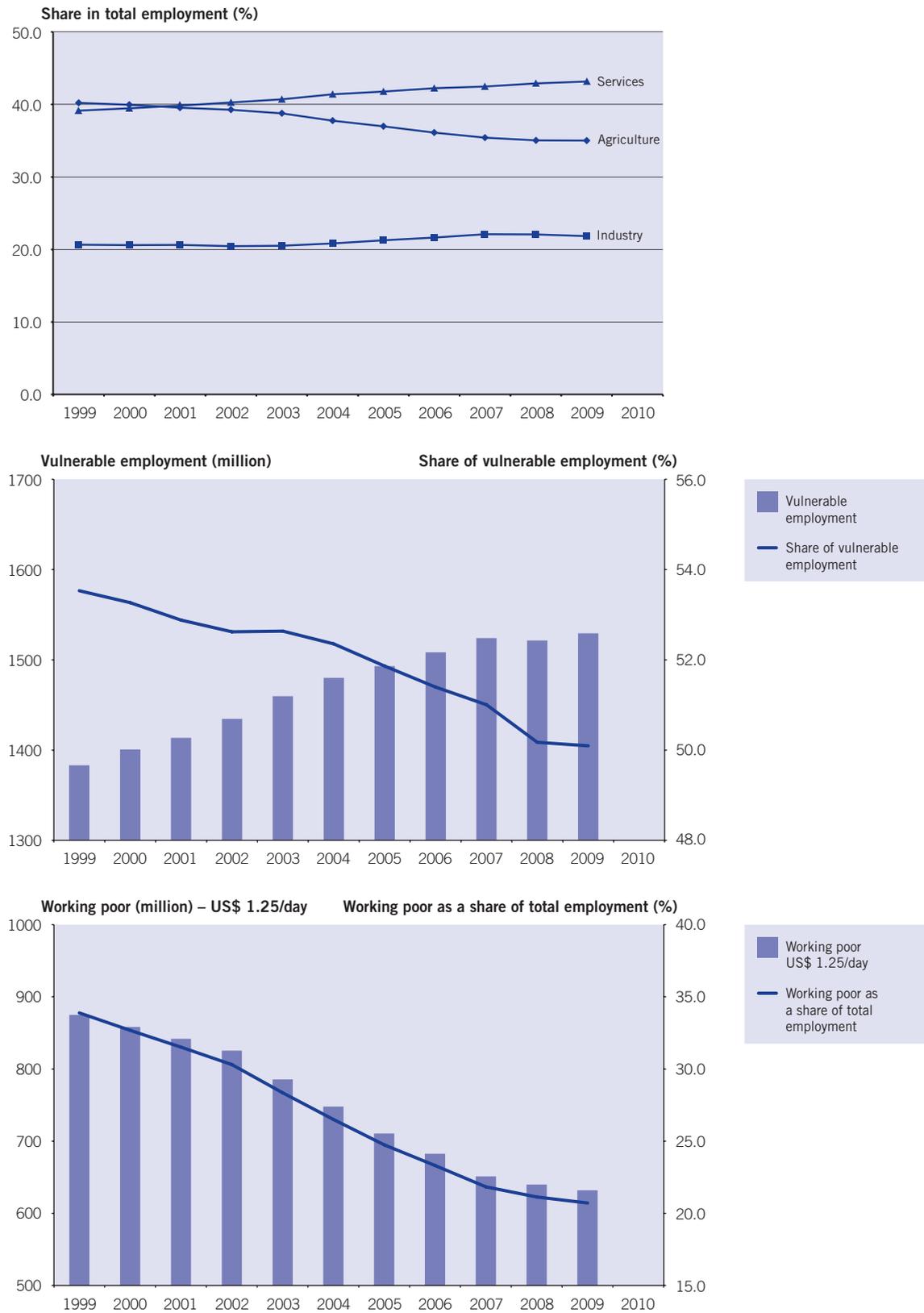


Figure R1 World: Unemployment, employment, vulnerable employment and working poor (cont.)

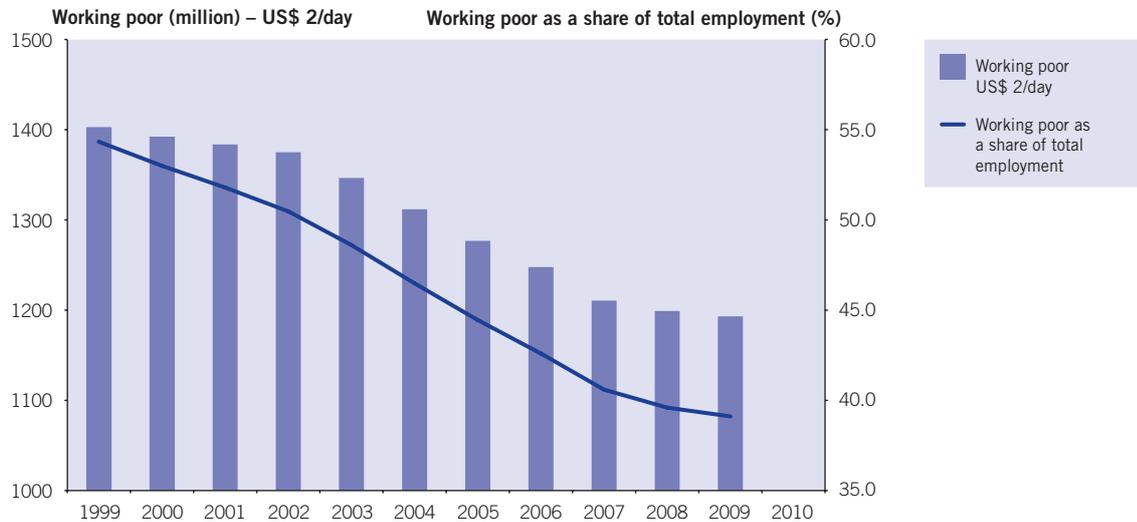


Figure R2 Developed Economies and European Union: Unemployment, employment and vulnerable employment

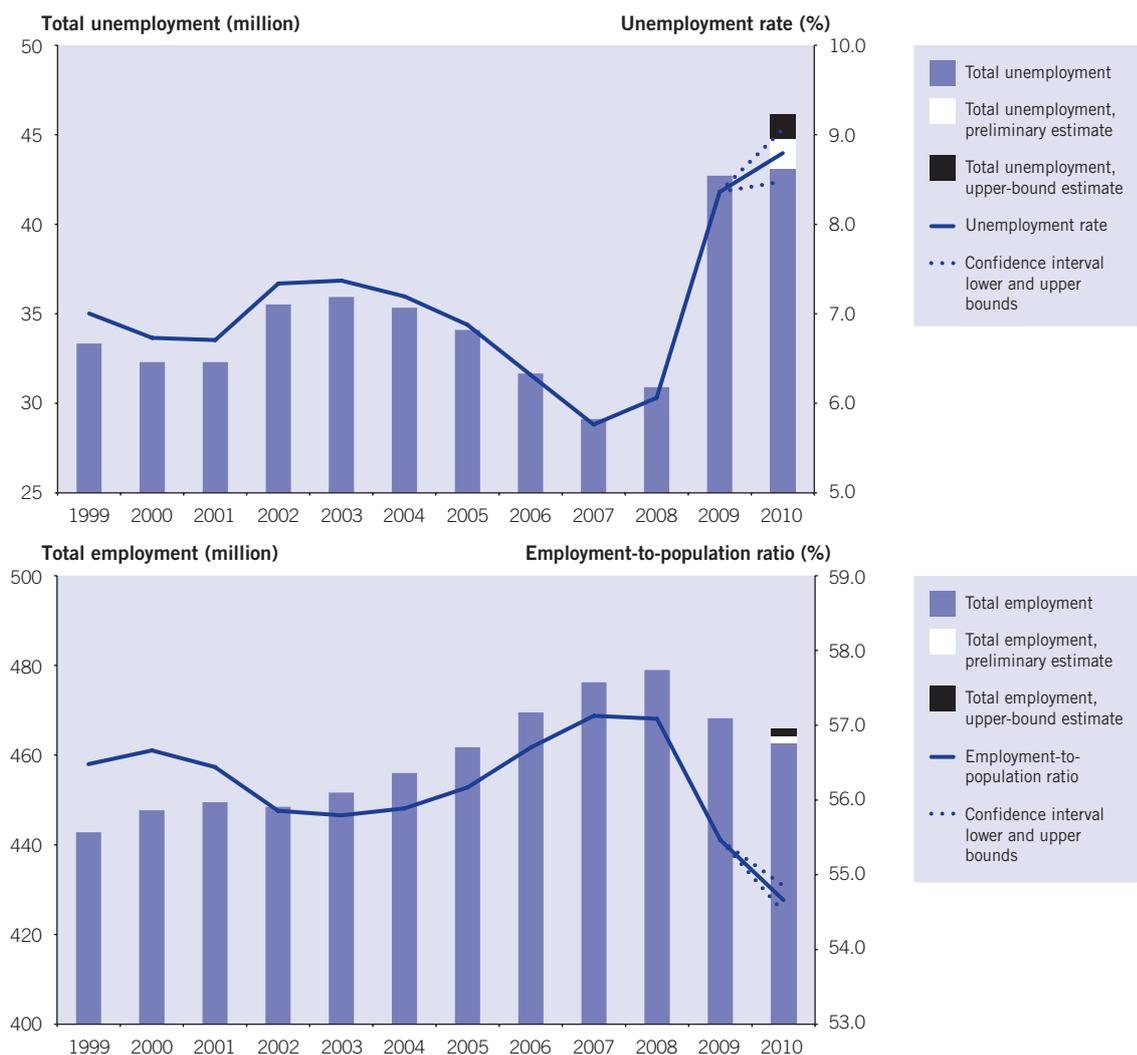


Figure R2 Developed Economies and European Union: Unemployment, employment and vulnerable employment (cont.)

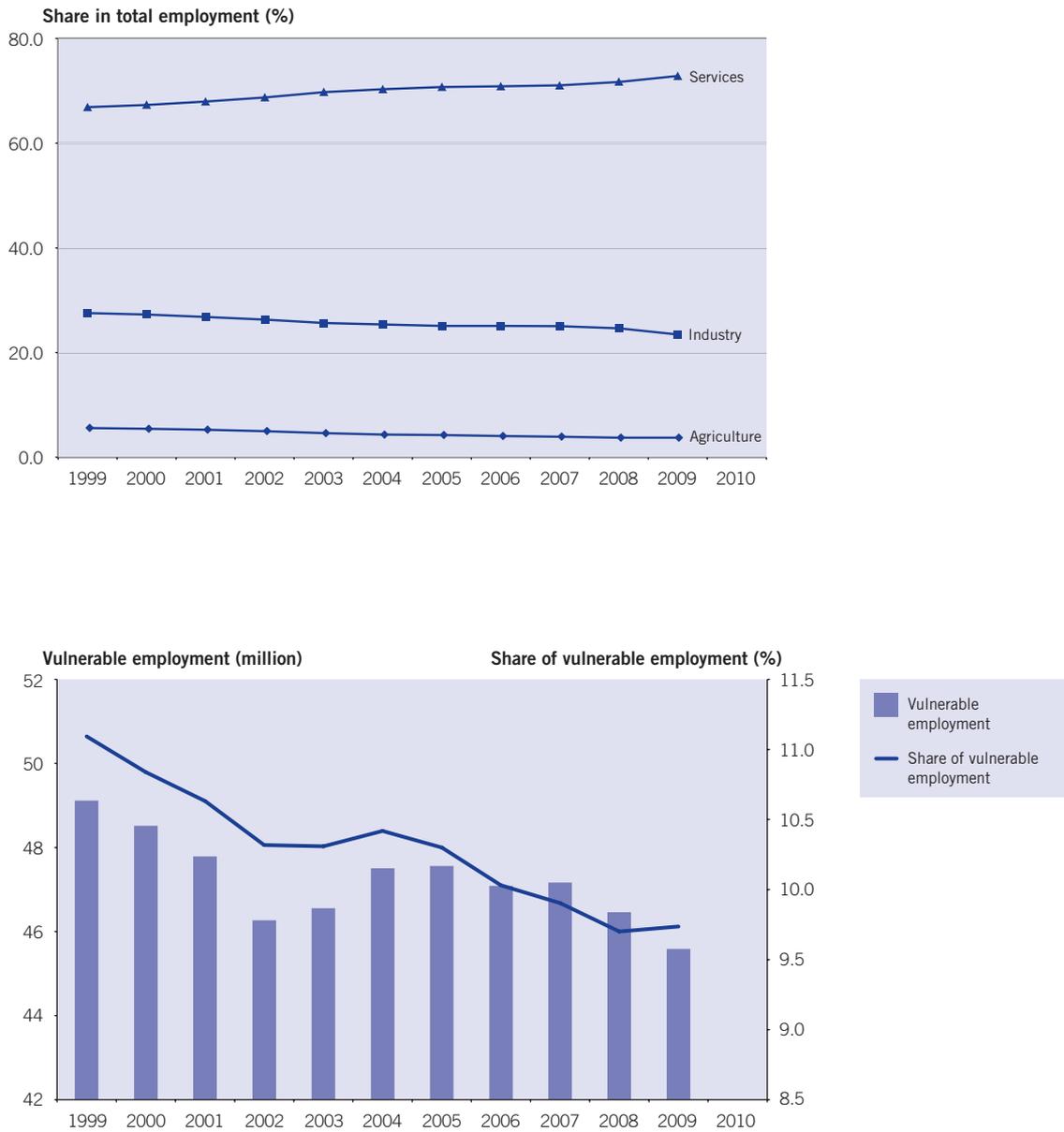


Figure R3 Central and South-Eastern Europe (non-EU) and CIS: Unemployment, employment, vulnerable employment and working poor

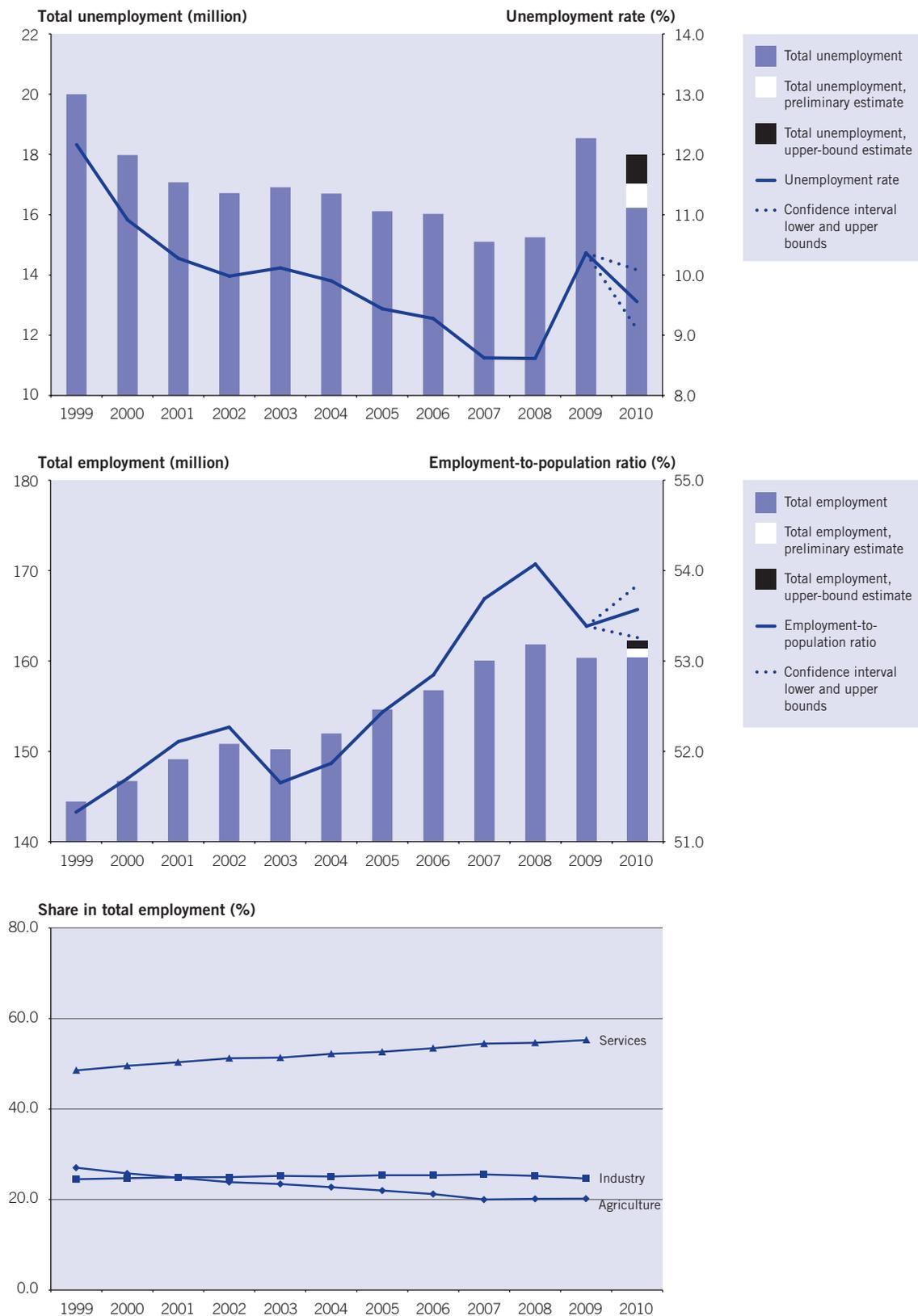


Figure R3 Central and South-Eastern Europe (non-EU) and CIS: Unemployment, employment, vulnerable employment and working poor (cont.)

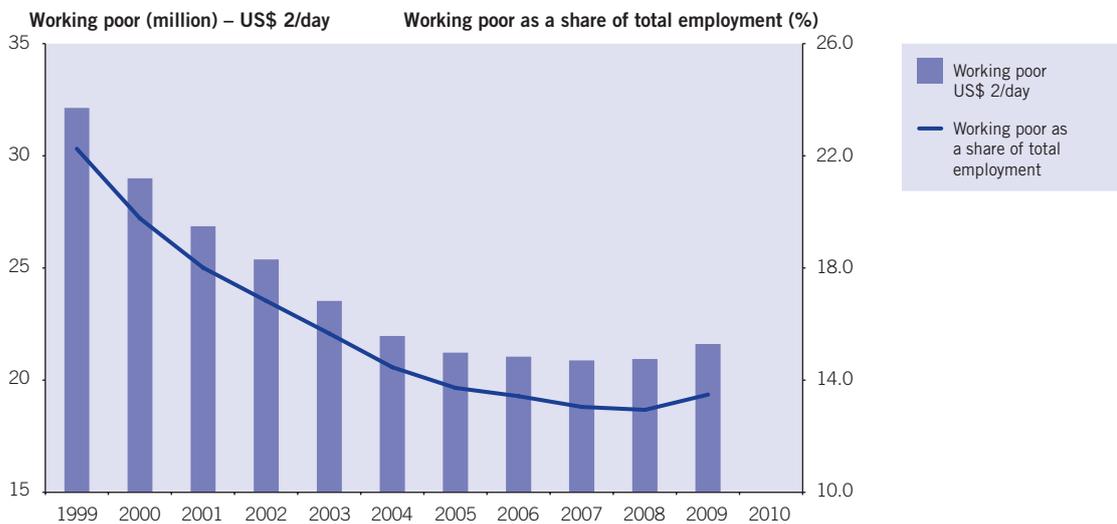
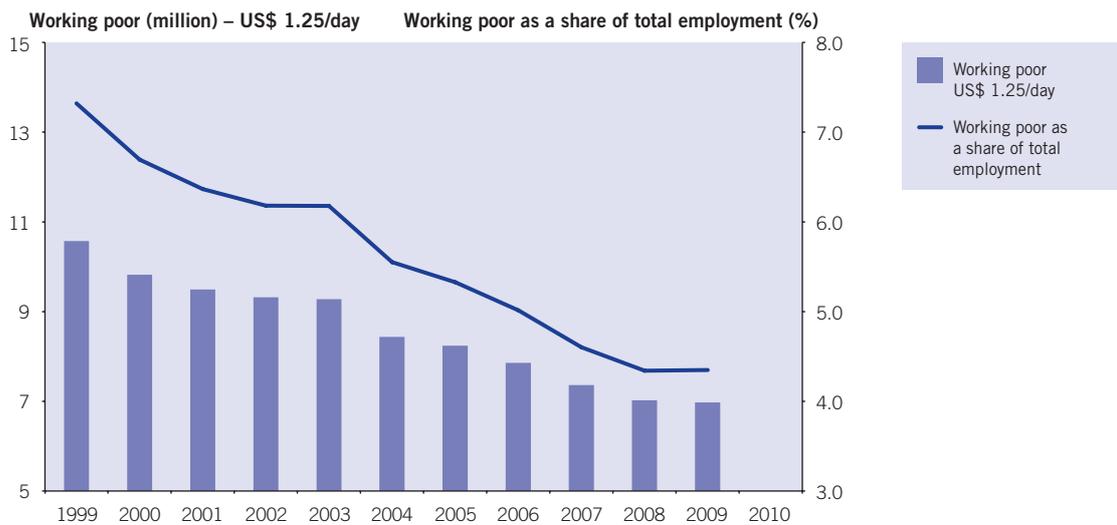
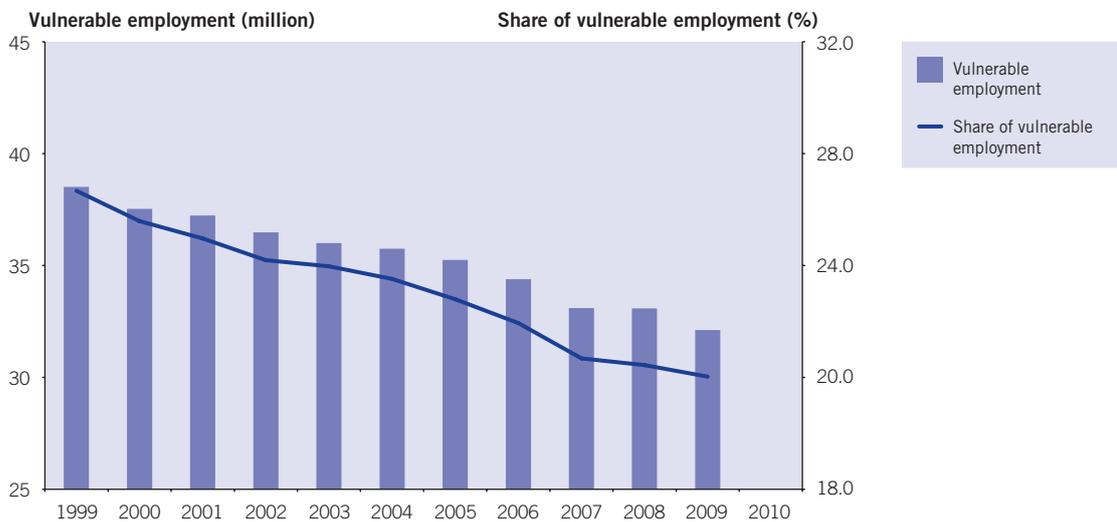


Figure R4 Latin America and the Caribbean: Unemployment, employment, vulnerable employment and working poor

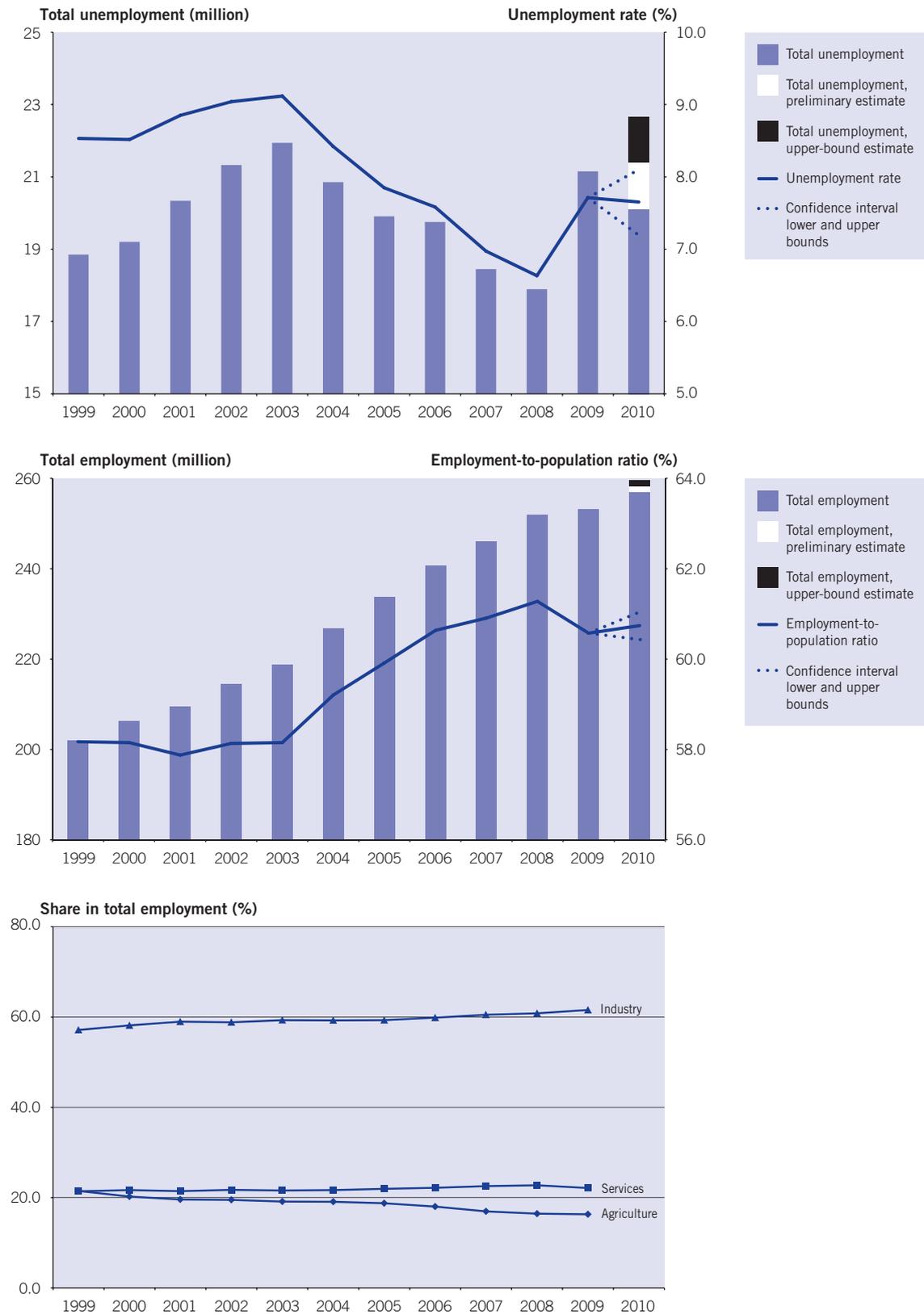


Figure R4 Latin America and the Caribbean: Unemployment, employment, vulnerable employment and working poor (cont.)

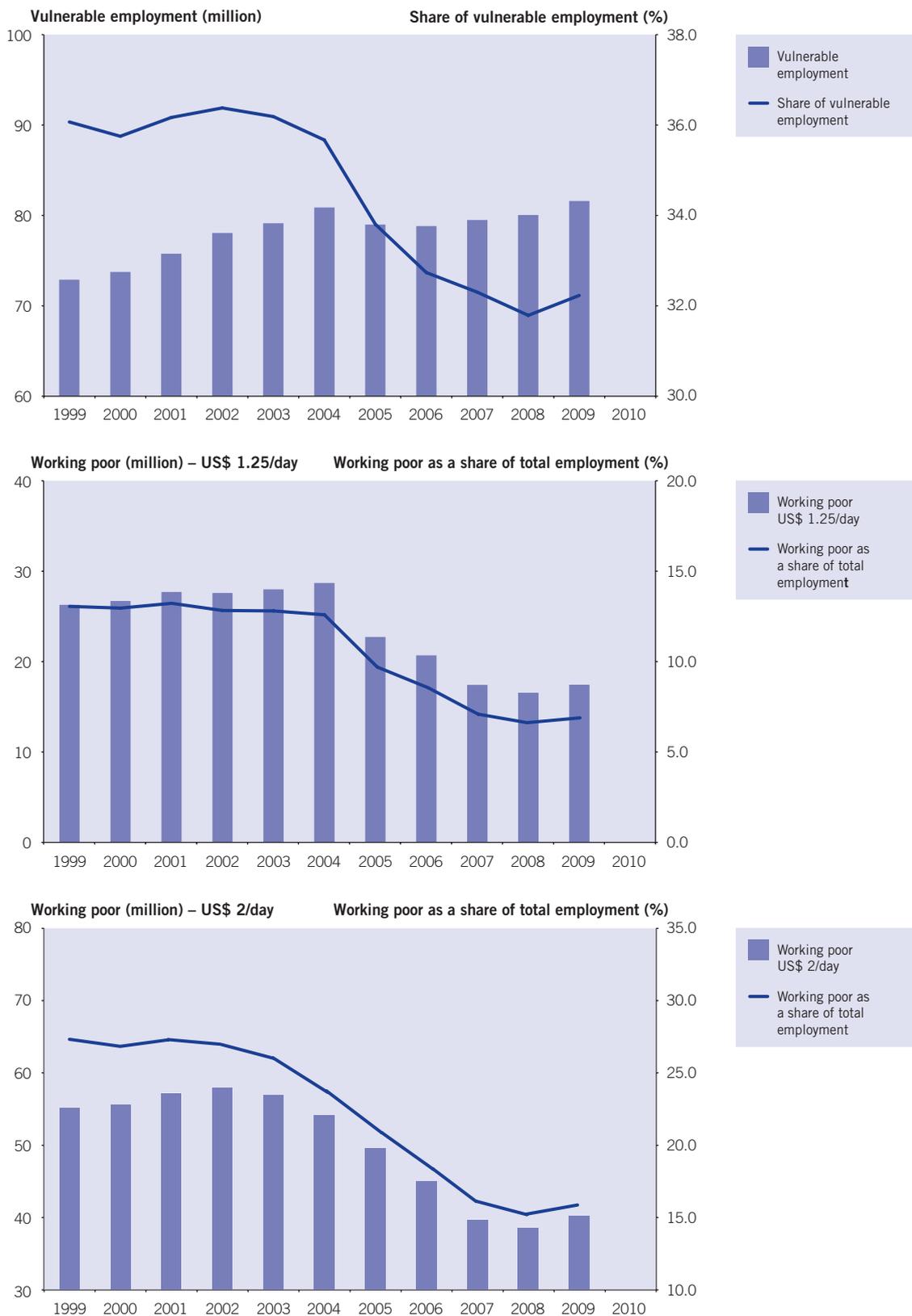


Figure R5 East Asia: Unemployment, employment, vulnerable employment and working poor

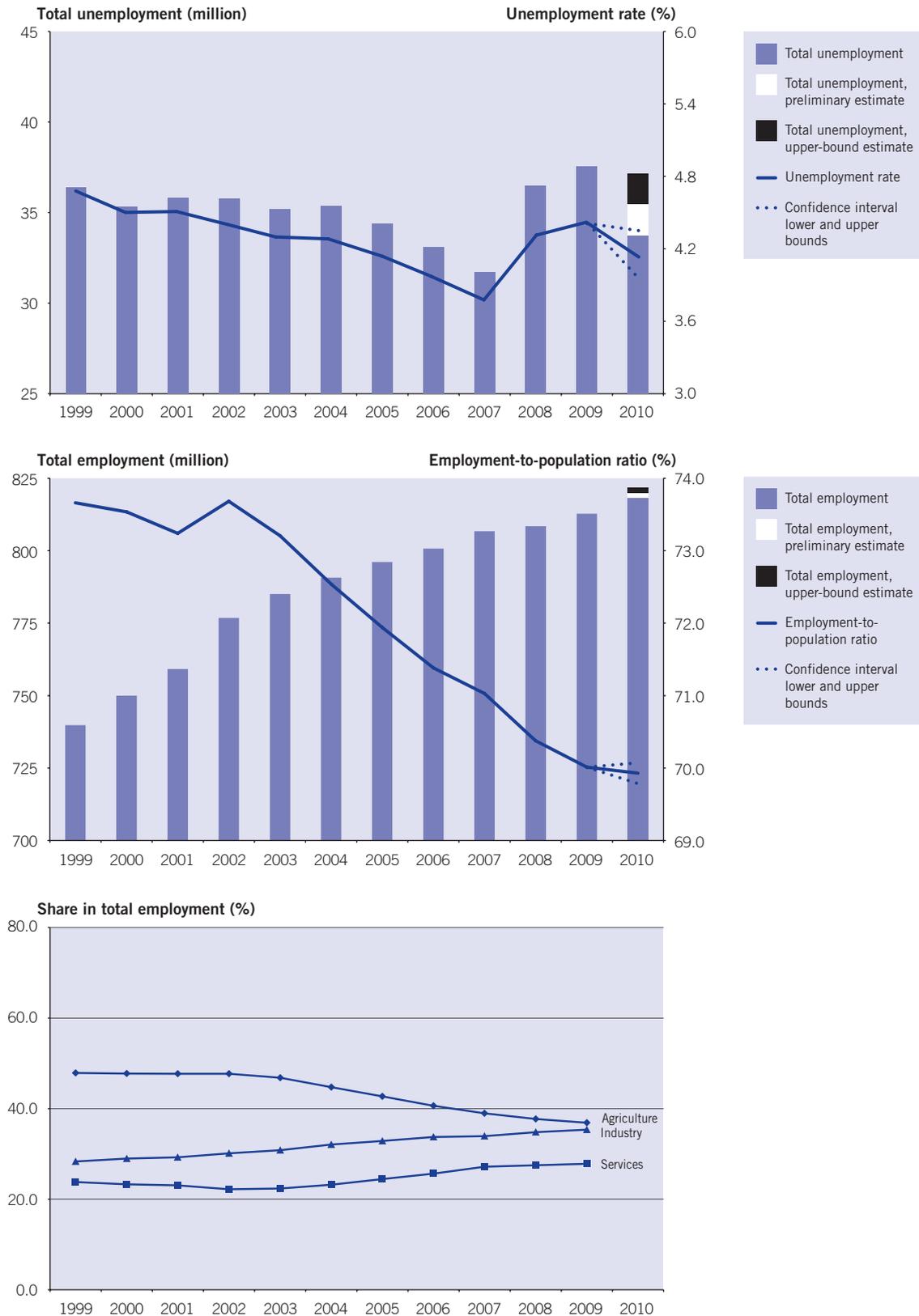


Figure R5 East Asia: Unemployment, employment, vulnerable employment and working poor (cont.)

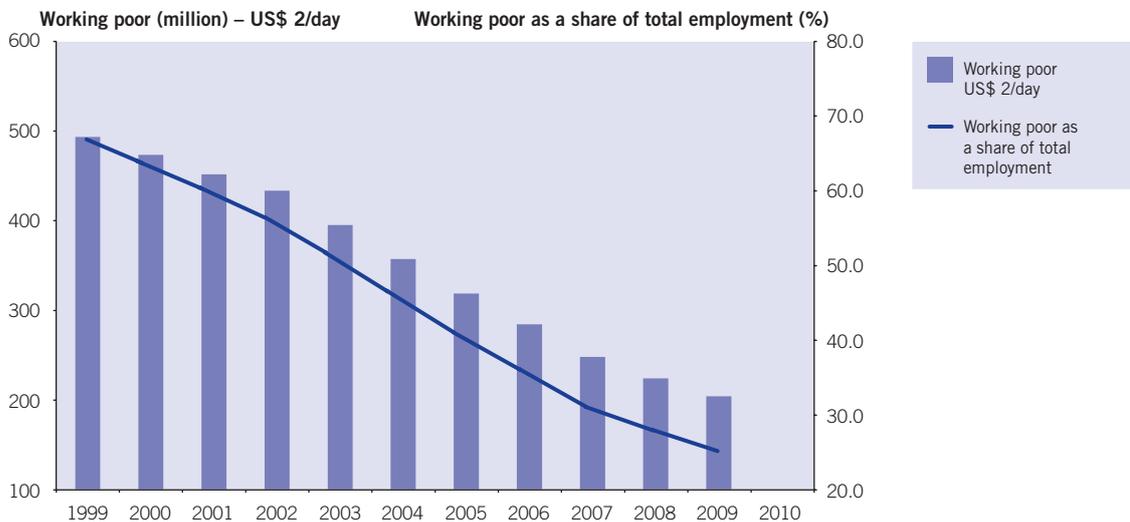
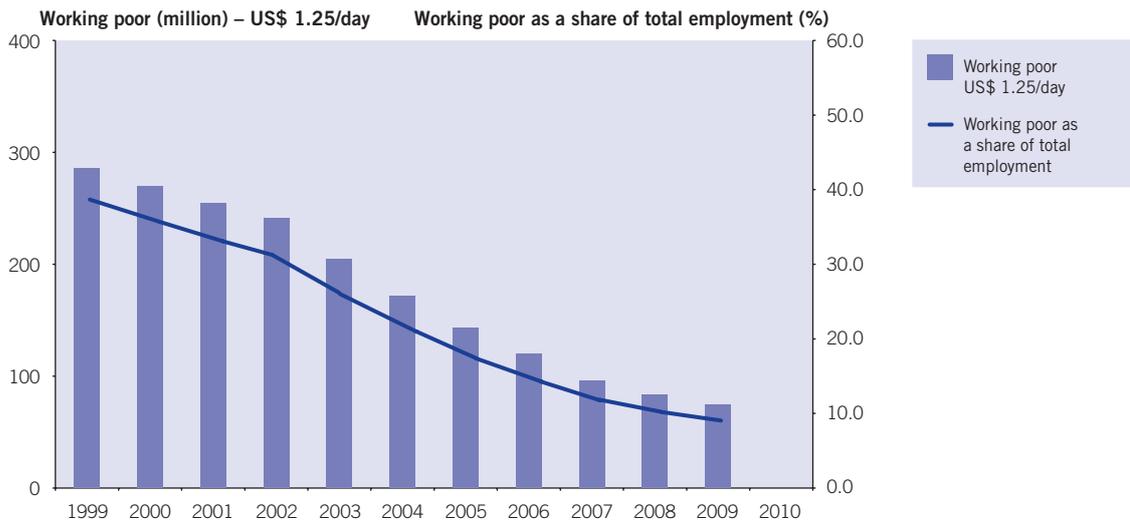
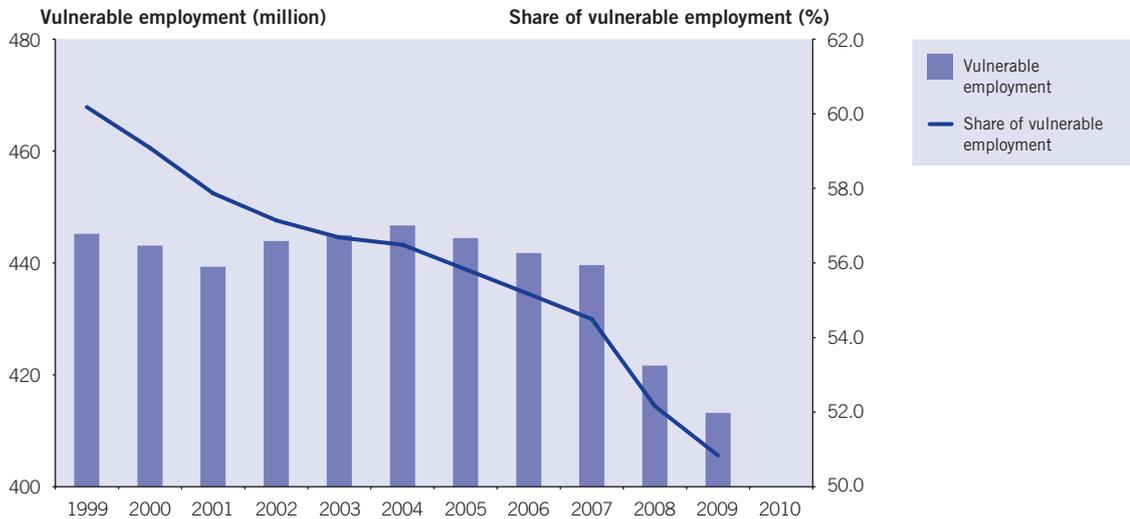


Figure R6 South-East Asia and the Pacific: Unemployment, employment, vulnerable employment and working poor

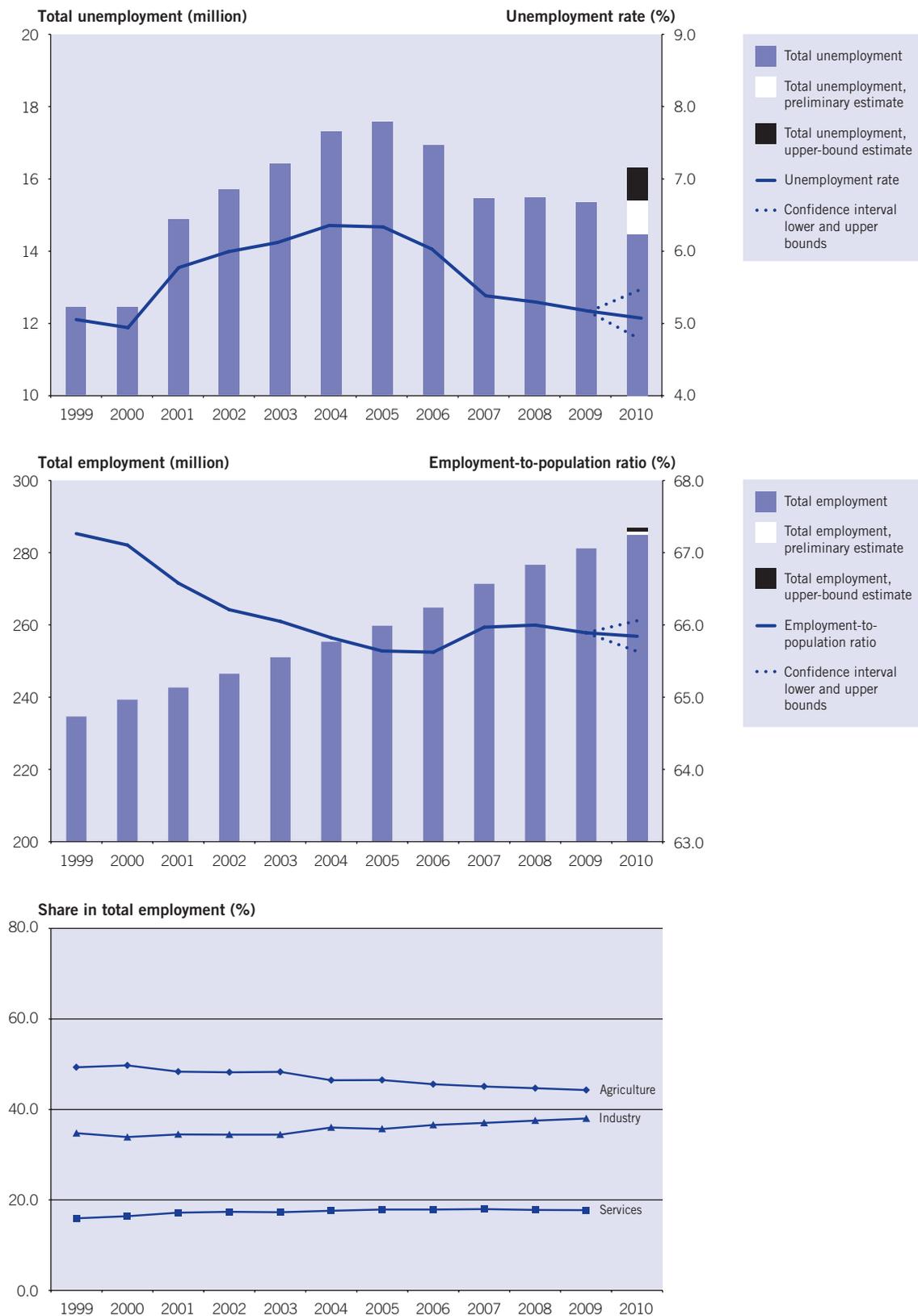


Figure R6 South-East Asia and the Pacific: Unemployment, employment, vulnerable employment and working poor (cont.)

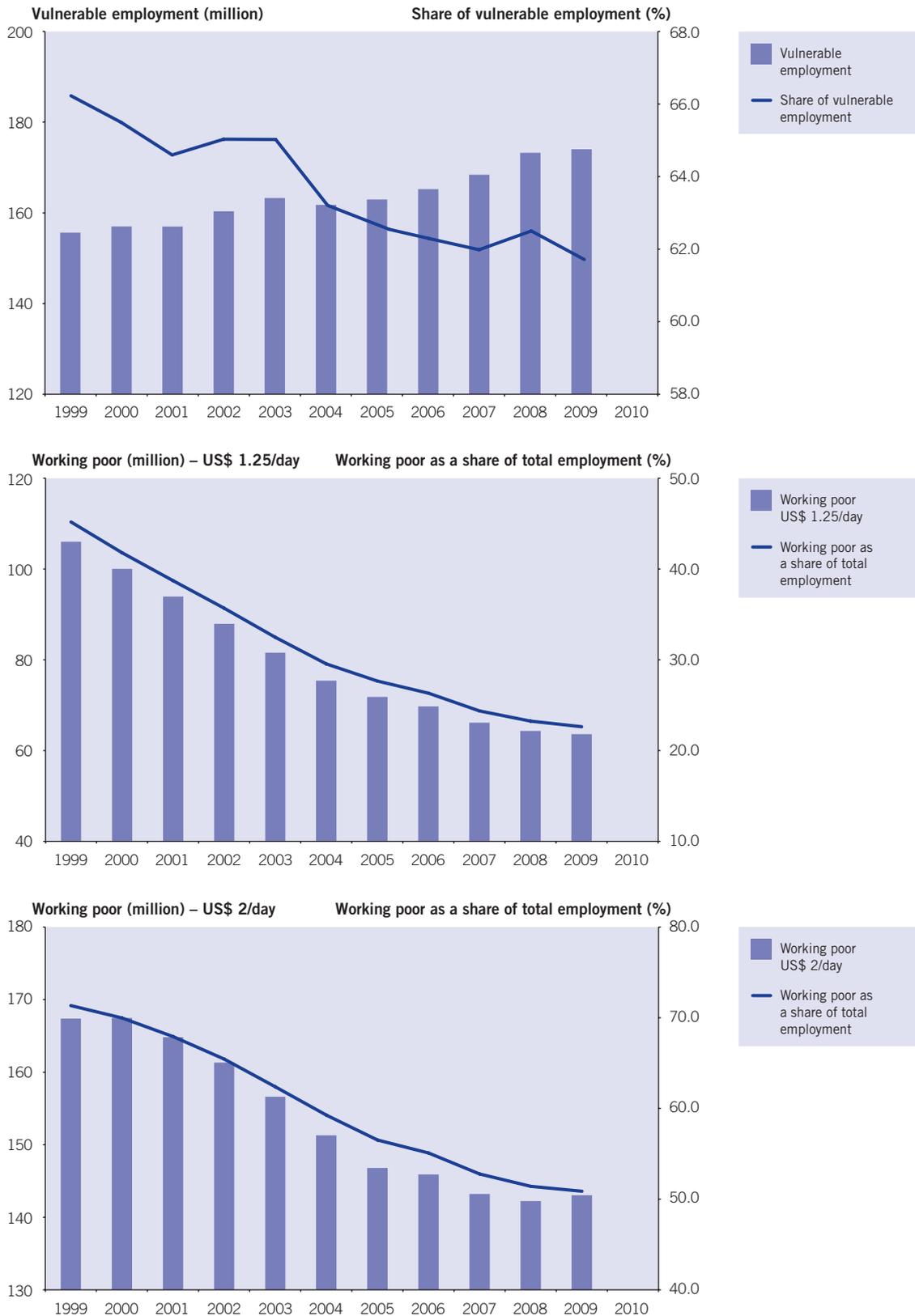


Figure R7 South Asia: Unemployment, employment, vulnerable employment and working poor

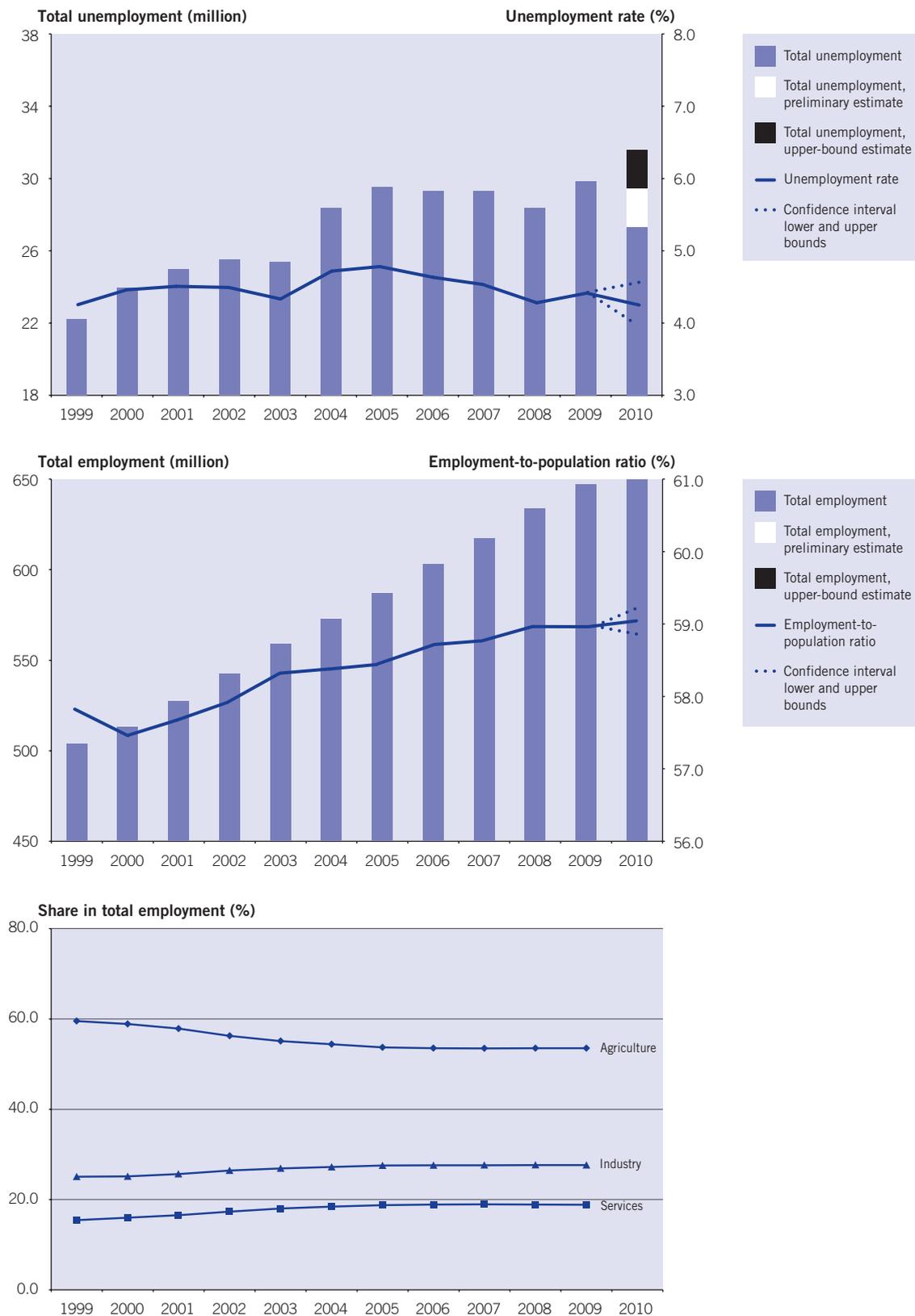


Figure R7 South Asia: Unemployment, employment, vulnerable employment and working poor (cont.)

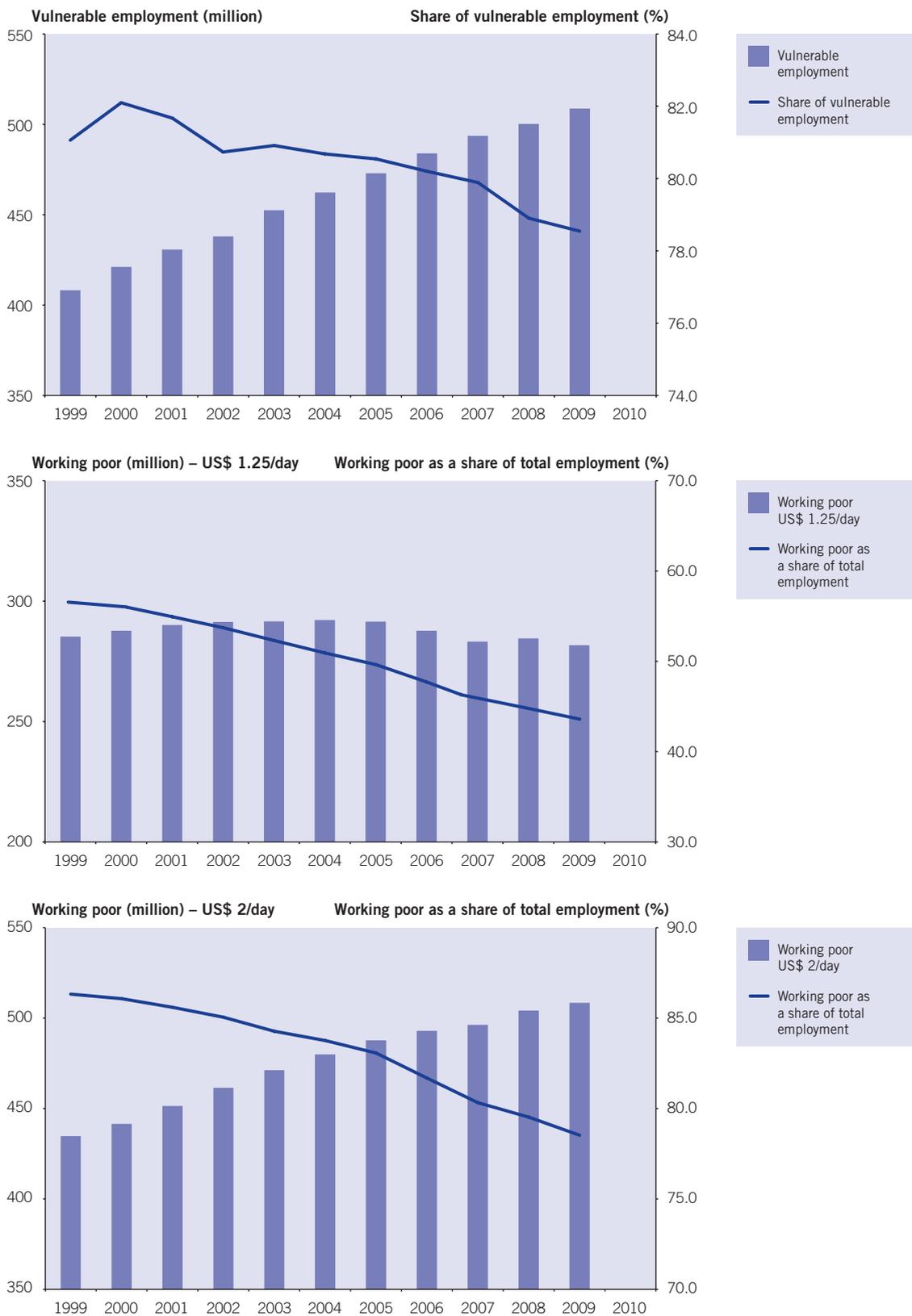


Figure R8 Middle East: Unemployment, employment, vulnerable employment and working poor

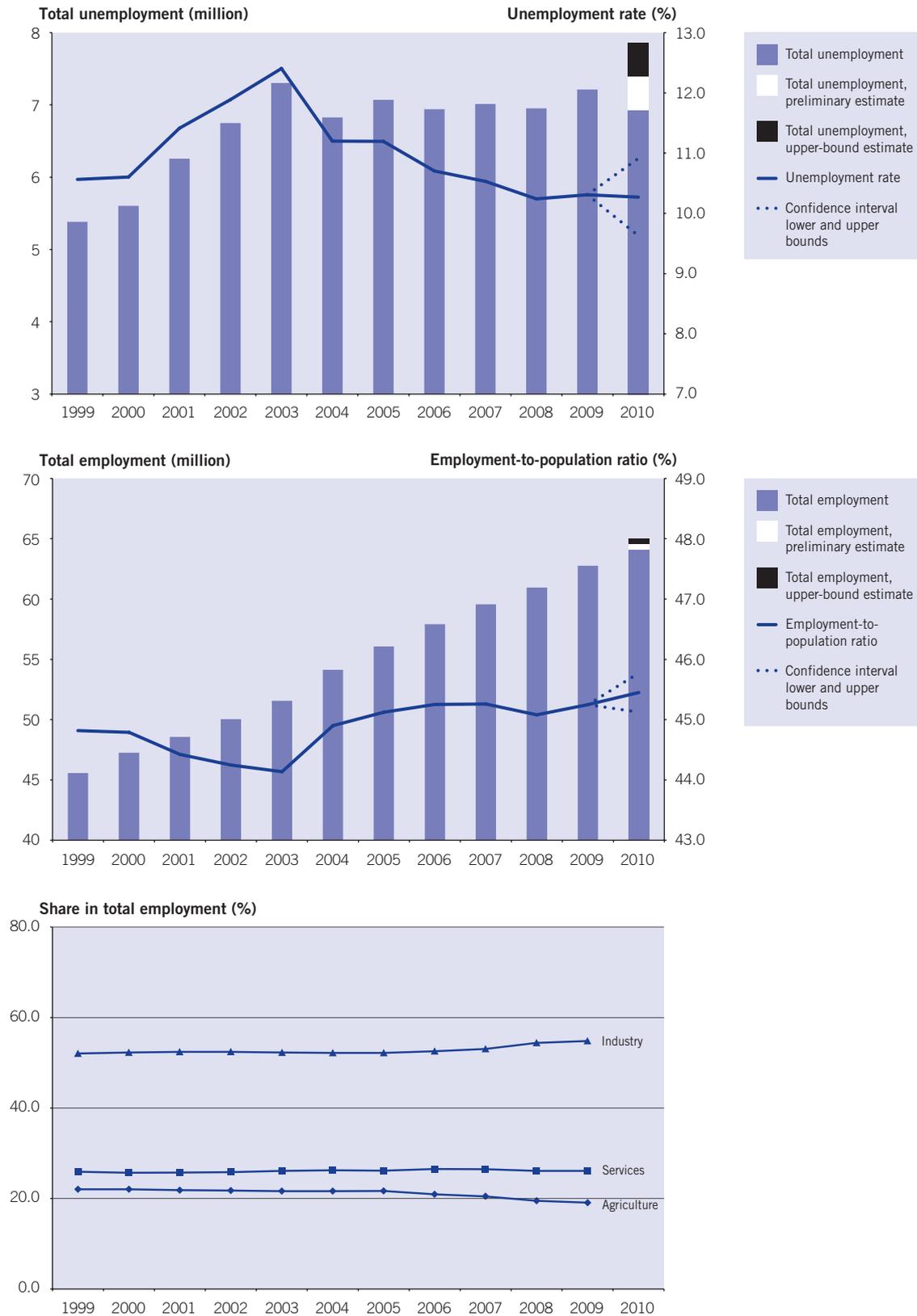


Figure R8 Middle East: Unemployment, employment, vulnerable employment and working poor (cont.)

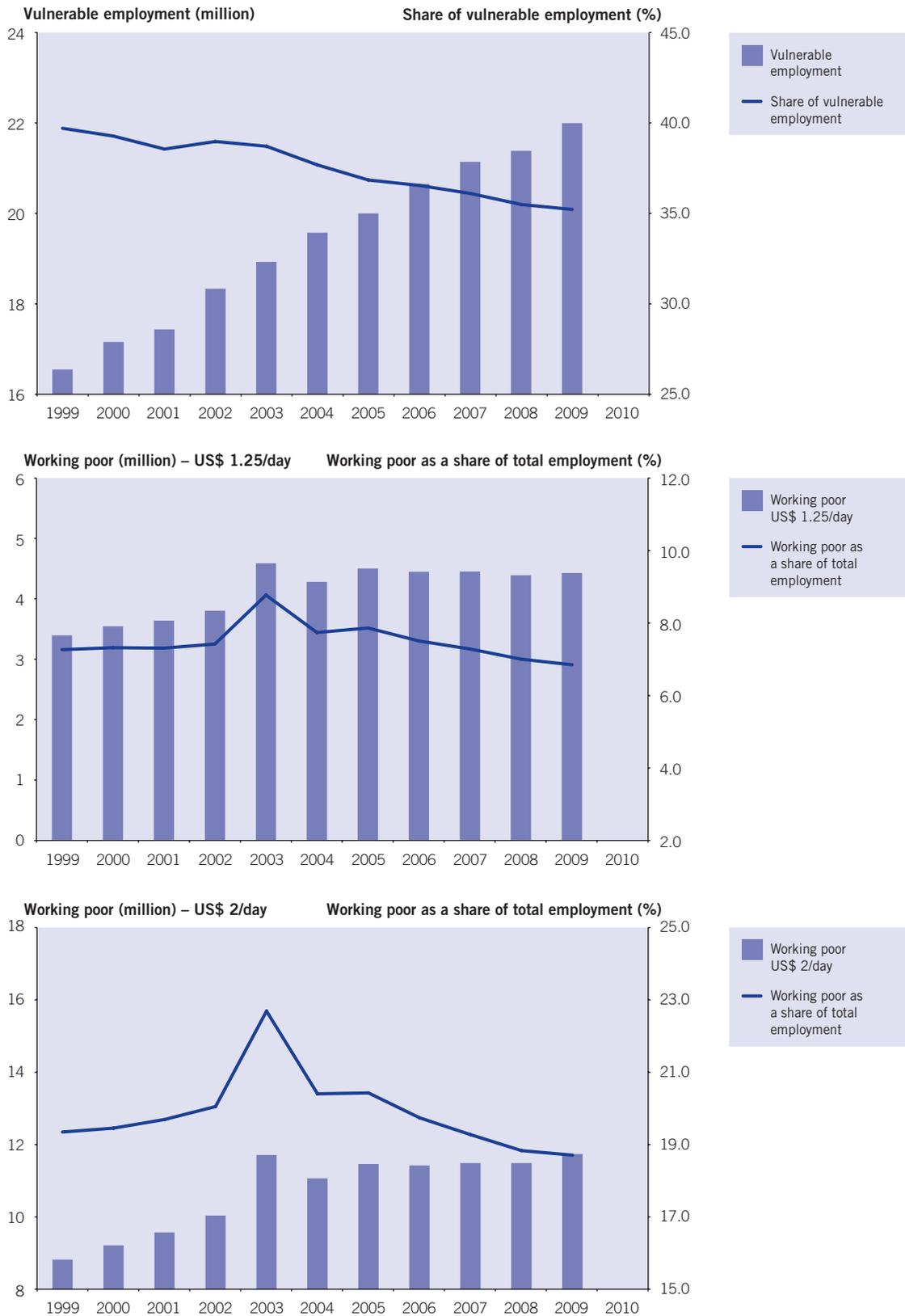


Figure R9 North Africa: Unemployment, employment, vulnerable employment and working poor

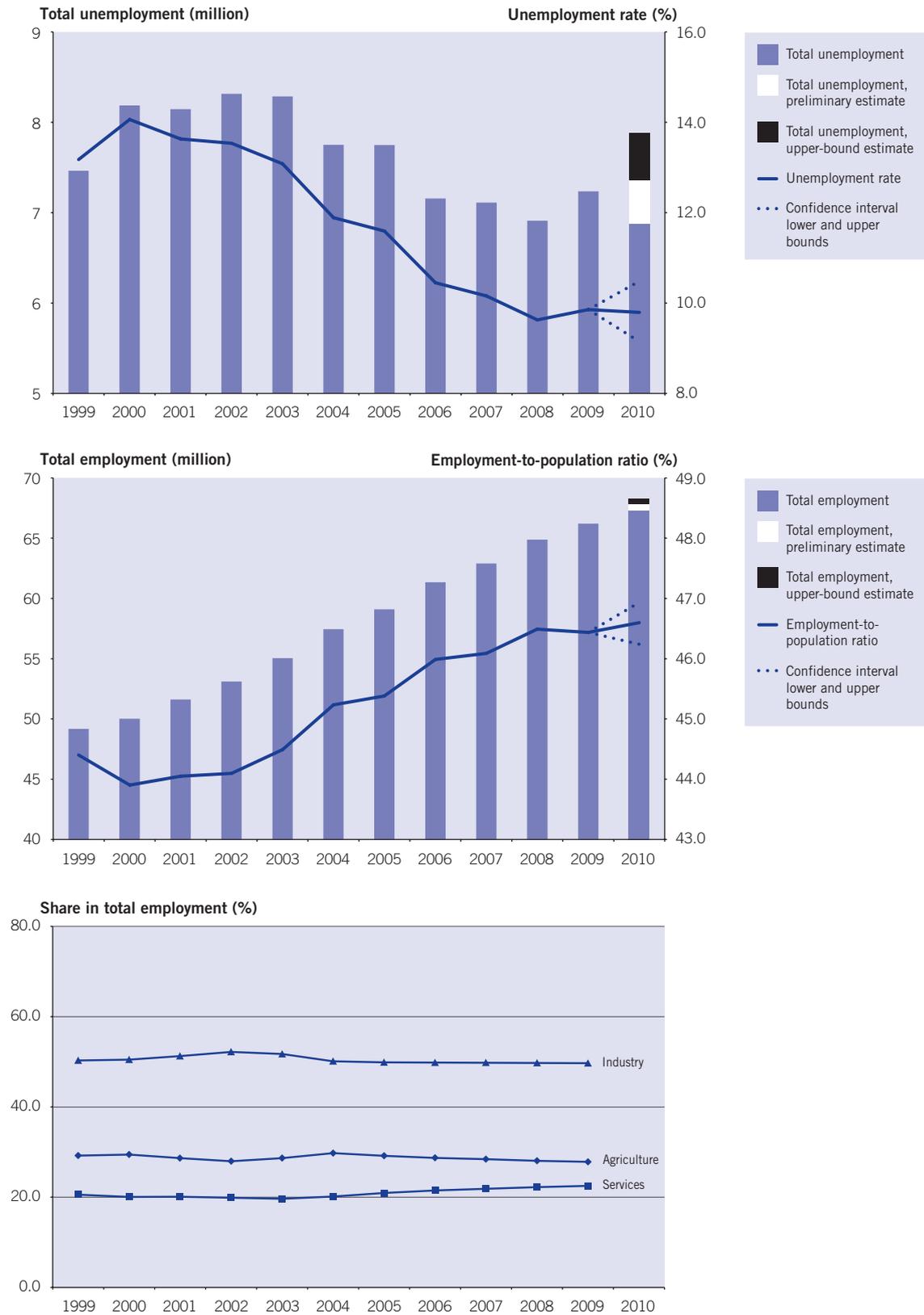


Figure R9 North Africa: Unemployment, employment, vulnerable employment and working poor (cont.)

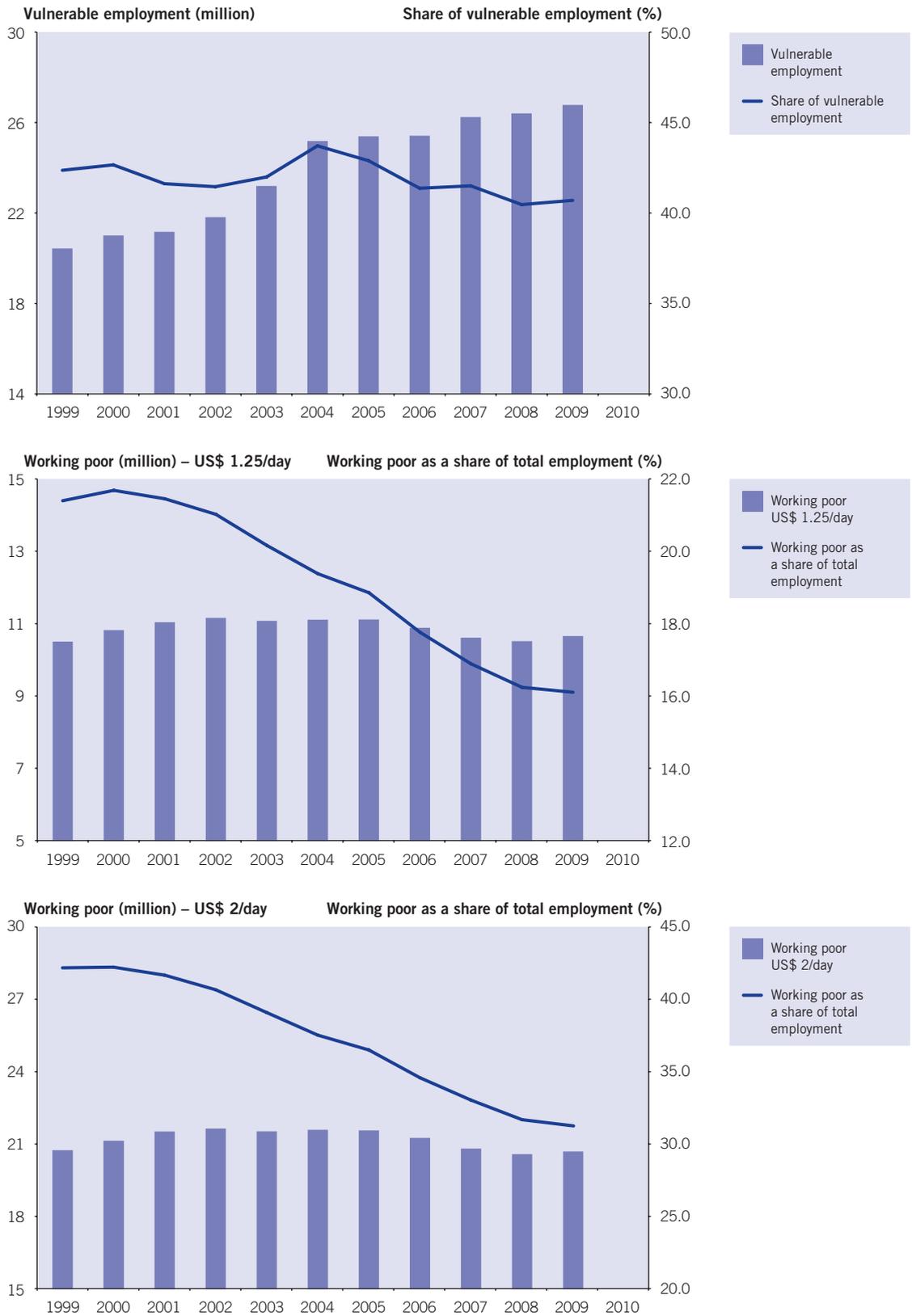


Figure R10 Sub-Saharan Africa: Unemployment, employment, vulnerable employment and working poor

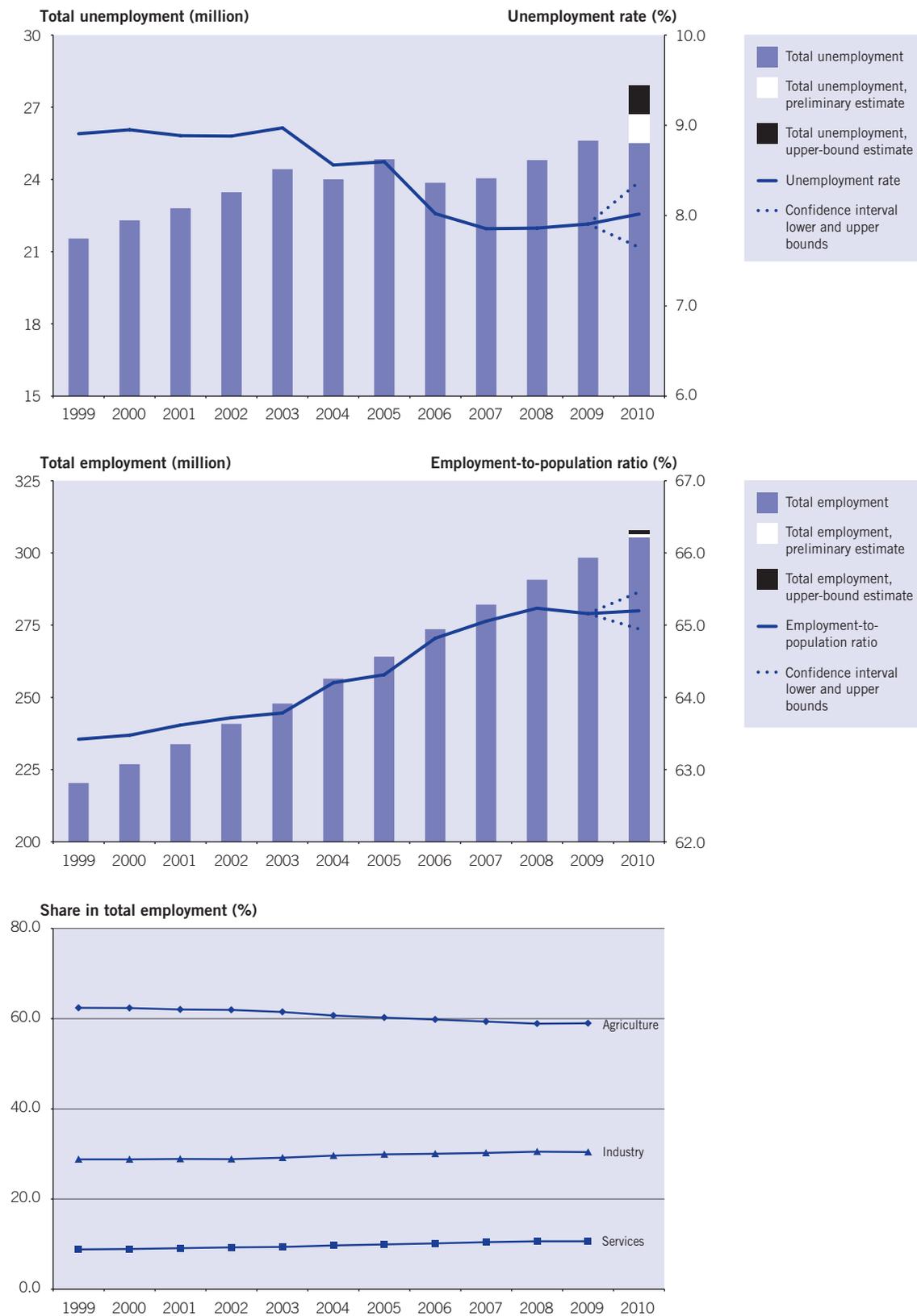
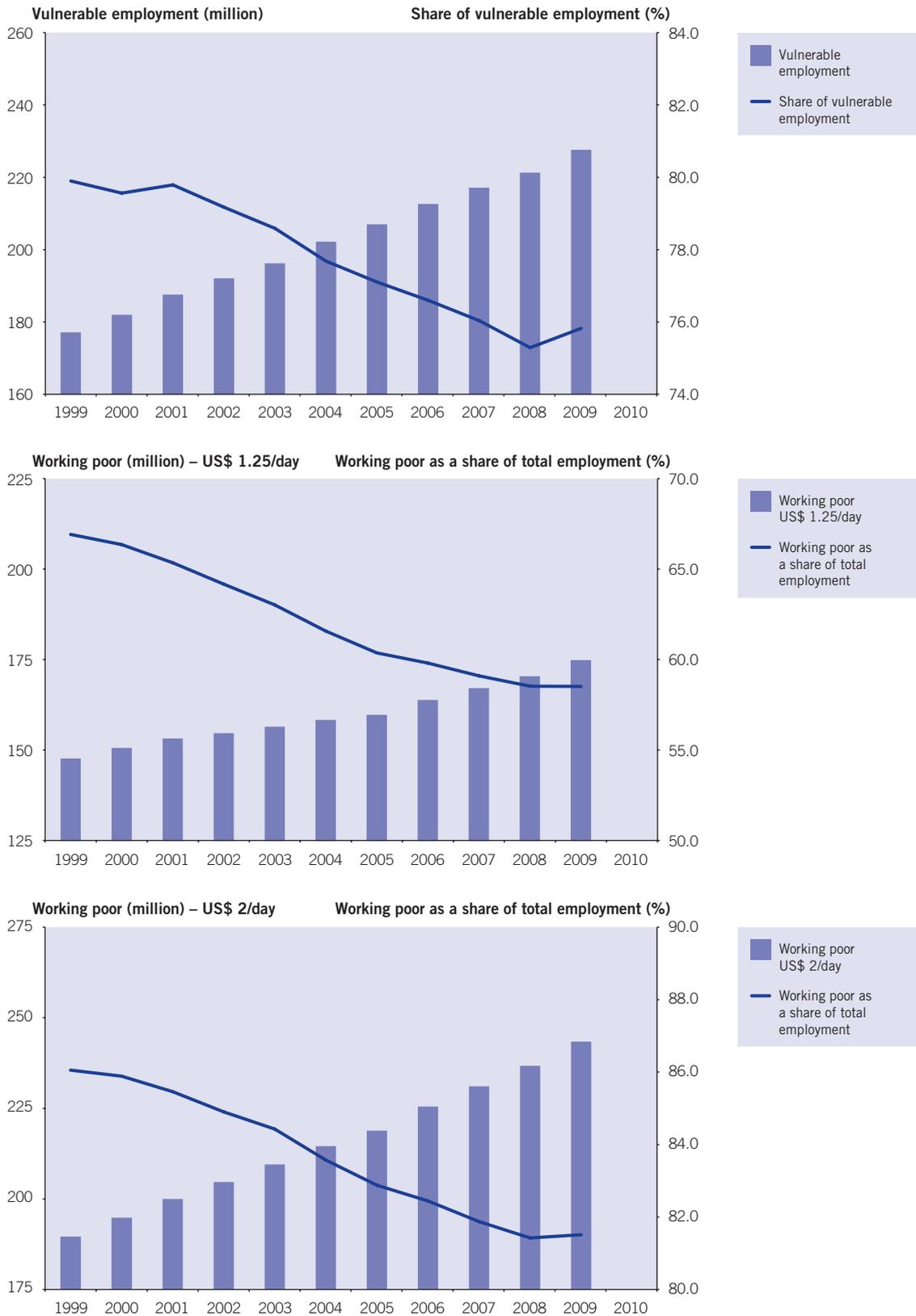


Figure R10 Sub-Saharan Africa: Unemployment, employment, vulnerable employment and working poor (cont.)



Annex 4 Note on global and regional estimates

The source of all global and regional labour market estimates in this *Global Employment Trends* report is ILO, *Trends econometric models*, October 2010. The ILO Employment Trends Unit has designed and actively maintains econometric models which are used to produce estimates of labour market indicators in the countries and years for which country-reported data are unavailable. These give the ILO the ability to produce and analyse global and regional estimates of key labour market indicators and the related trends.

The Global Employment Trends Model (GET Model) is used to produce estimates – disaggregated by age and sex as appropriate – of unemployment, employment, status in employment and employment by sector. The output of the model is a complete matrix of data for 178 countries. The country-level data can then be aggregated to produce regional and global estimates of labour market indicators such as the unemployment rate, the employment-to-population ratio, sector-level employment shares, status in employment shares and vulnerable employment.

Prior to running the GET Model, labour market information specialists in the Employment Trends Unit, in cooperation with specialists in ILO field offices, evaluate existing country-reported data and select only those observations deemed sufficiently comparable across countries – with criteria including: (1) type of data source; (2) geographic coverage; and (3) age group coverage.

- With regard to the first criterion, in order for data to be included in the model, they must be derived from either a labour force survey or population census. National labour force surveys are typically similar across countries, and the data derived from these surveys are more comparable than data obtained from other sources. A strict preference is therefore given to labour force survey-based data in the selection process. Yet many developing countries without adequate resources to carry out a labour force survey do report labour market information based on population censuses. Consequently, due to the need to balance the competing goals of data comparability and data coverage, some population census-based data are included in the model.
- The second criterion is that only nationally representative (i.e. not prohibitively geographically limited) labour market indicators are included. Observations corresponding to only urban or only rural areas are not included, as large differences typically exist between rural and urban labour markets, and using only rural or urban data would not be consistent with benchmark files such as GDP.
- The third criterion is that the age groups covered by the observed data must be sufficiently comparable across countries. Countries report labour market information for a variety of age groups and the age group selected can have an influence on the observed value of a given labour market indicator.

Apart from country-reported labour market information, the GET Model uses the following benchmark files:

- United Nations population estimates and projections, 2008 revision.
- ILO labour force estimates and projections.

- IMF/World Bank data on GDP (PPP, per capita growth) from the World Development Indicators.
- World Bank poverty estimates from the PovcalNet database.

The first phase of the GET Model produces estimates of unemployment rates, which also allows for the calculation of total employment and unemployment and employment-to-population ratios. After all comparable unemployment rates are compiled, multivariate regressions are run separately for different regions in the world, in which unemployment rates broken down by age and sex (youth male, youth female, adult male, adult female) are regressed on GDP growth rates. Weights are used in the regressions to correct for biases that may result from the fact that countries that report unemployment rates tend to be different (in statistically important respects) than countries that do not report unemployment rates.⁷⁹ The regressions, together with considerations based on regional proximity, are used to fill in missing values in the countries and years for which country-reported data are unavailable.

During subsequent phases, employment by sector and status in employment are estimated. Additional econometric models are used to produce global and regional estimates of labour force participation, working poverty and employment elasticities. The models use similar techniques to the GET Model to impute missing values at the country level.

For more information on the methodology of producing world and regional estimates, see www.ilo.org/trends.

⁷⁹ For instance, if simple averages of unemployment rates in reporting countries in a given region were used to estimate the unemployment rate in that region, and the countries that do not report unemployment rates are different with respect to unemployment rates than reporting countries, without such a correction mechanism the resulting estimated regional unemployment rate would be biased. The “weighted least squares” approach taken up in the GET Model serves to correct for this potential problem.

Annex 5

Note on global and regional projections

Unemployment rate projections are obtained using the historical relationship between unemployment rates and GDP growth during the worst crisis/downturn period for each country between 1991 and 2005 and during the corresponding recovery period.⁸⁰ This was done through the inclusion of interaction terms of crisis and recovery dummy variables with GDP growth in fixed effects panel regressions.⁸¹ Specifically, the logistically transformed unemployment rate was regressed on a set of covariates, including the lagged unemployment rate, the GDP growth rate, the lagged GDP growth rate, (the log of) per capita GDP, and a set of covariates consisting of the interaction of the crisis dummy, and of the interaction of the recovery dummy with each of the other variables.

Separate panel regressions were run across three different groupings of countries, based on:

- (1) geographic proximity and economic/institutional similarities;
- (2) income levels;⁸²
- (3) level of export dependence (measured as exports as a percentage of GDP).⁸³

The rationale behind these groupings is the following. Countries within the same geographic area or with similar economic/institutional characteristics are likely to be similarly affected by the crisis and have similar mechanisms to attenuate the crisis impact on their labour markets. Furthermore, because countries within geographic areas often have strong trade and financial linkages, the crisis is likely to spill over from one economy to its neighbour (e.g. Canada's economy and labour market developments are intricately linked to developments in the United States). Countries with similar income levels are also likely to have more similar labour market institutions (e.g. social protection measures) and similar capacities to implement fiscal stimulus and other policies to counter the crisis impact. Finally, as the decline in exports was the primary crisis transmission channel from developed to developing economies, countries were grouped according to their level of exposure to this channel, as measured by their exports as a percentage of GDP. The impact of the crisis on labour markets through the export channel also depends on the type of

⁸⁰ The crisis period comprises the span between the year in which a country experienced the largest drop in GDP growth, and the "turning point year", when growth reached its lowest level following the crisis, before starting to climb back to its pre-crisis level. The recovery period comprises the years between the "turning point year" and the year when growth has returned to its pre-crisis level.

⁸¹ In order to project unemployment during the current recovery period, the crisis-year and recovery-year dummies were adjusted based on the following definition: a country was considered "currently in crisis" if the drop in GDP growth after 2007 was larger than 75 per cent of the absolute value of the standard deviation of GDP growth over the 1991–2008 period and/or larger than 3 percentage points.

⁸² The income groups correspond to the World Bank income group classification of four income categories, based on countries' 2008 GNI per capita (calculated using the Atlas method): low-income countries, US\$ 975 or less; lower middle-income countries, US\$ 976–3,855; upper middle-income countries, US\$ 3,856–11,905; and high-income countries, US\$ 11,906 or more.

⁸³ The export dependence-based groups are: highest exports (exports ≥ 70 per cent of GDP); high exports (exports < 70 per cent but ≥ 50 per cent of GDP); medium exports (exports < 50 per cent but ≥ 20 per cent of GDP); and low exports (exports < 20 per cent of GDP).

exports (the affected sectors of the economy), the share of domestic value added in exports and the relative importance of domestic consumption (for instance, countries such as India or Indonesia with a large domestic market were less vulnerable than countries such as Singapore and Thailand). These characteristics are controlled for by using fixed effects in the regressions.

In addition to the panel regressions, country-level regressions were run for countries with sufficient data. The ordinary least squares country-level regressions included the same variables as the panel regressions, with the exception of per capita GDP. The final projection was generated as a simple average of the estimates obtained from the three group panel regressions and, for countries with sufficient data, the country-level regressions as well.

Refinement of the global and regional projections

In Q4 2010, at the time of production of the *Global Employment Trends 2011* report, 66 out of a total sample of 178 countries had released monthly or quarterly unemployment estimates for a portion of 2010. In three countries, estimates were available through March (Q1); in 26 countries, estimates were available through June (Q2); in four countries, estimates were available through July; in 30 countries, estimates were available through August; and in three countries, estimates were available through September (Q3). These monthly/quarterly data are utilized in order to generate an estimate of the 2010 annual unemployment rate. The 2010 projection for the rest of the sample (countries without any data for 2010), as well as projections for 2011 onwards are produced by the extension of the GET Model using the relationship between economic growth and unemployment during countries' previous recovery periods, as described above.

In generating the 2010 point estimate for the 66 countries for which 2010 data are available, the first step is to take an unweighted average of the (seasonally adjusted) unemployment rate over the available months or quarters of 2010, which is defined as the point estimate. Around this point estimate a confidence interval is generated, based on the standard deviation of the monthly or quarterly unemployment rate since the beginning of 2008, multiplied by the ratio of the remaining months or quarters to 12 (for monthly estimates) or 4 (for quarterly estimates).⁸⁴ Thus, all else being equal, the more months of data that are available for a country, the more certain is the estimate of the annual unemployment rate, with uncertainty declining in proportion to the months of available data.

In order to integrate the short-term and medium-term trends in the movement of unemployment rates, the above point estimate is adjusted according to whether the two trends are in agreement.⁸⁵ Specifically,

- if both trends are positive (negative), then the above point estimate is recalculated as a weighted average of 60 (40) per cent of the upper bound and 40 (60) per cent of the lower bound;
- if the two trends are in opposite directions, the unemployment rate of the latest month or quarter available is assigned to the remaining months or quarters of the 2010, and the above point estimate is recalculated as an unweighted average over the 12 months or four quarters of 2010.

⁸⁴ In cases where the ratio of the point estimate and the standard deviation is less than or equal to 5, the standard deviation is instead constructed from the beginning of 2009. The rationale is that the exceptionally high volatility of unemployment rates during the early period of the global financial crisis is unlikely to persist over the short-to-medium term. Rather, the most recent level of volatility can be expected to persist.

⁸⁵ The short-term and the longer-term trend are defined, respectively, as the percentage point differences between the unemployment rate of the latest month M (or quarter Q) available and the unemployment rate of the month M-3 (or quarter Q-1), and of the month M-6 (or quarter Q-2), respectively.

The underlying assumption is that in cases where there is a clear upward (downward) trend over two consecutive periods, the tendency will be for somewhat higher (lower) unemployment rates than in the latest month of available data. In cases in which there is no discernible trend over the past two periods, unemployment is expected to remain at the most recent rate, and therefore more weight is given to the latest information available. The final 2010 unemployment rate estimate for these 66 countries is equal to the adjusted point estimate.

The same procedure is followed for the unemployment rate of the youth sub-components for the countries with at least two quarters available in 2010 (48 out of 66 countries). The projections for the unemployment rate of the rest of the sub-components for 2010 onwards are produced with the extension of the GET Model, using separately for each sub-component the same model specifications as for the total unemployment rate. The nominal unemployment for the various sub-components estimated with the extension of the GET Model is aggregated to produce a nominal total unemployment, which may differ from what the above procedure estimates for total nominal unemployment. The difference between the total nominal unemployment produced as the sum of the sub-components and the total nominal unemployment estimated separately is distributed among the sub-components in proportion to each sub-component's share of total unemployment.⁸⁶ These adjusted point estimates are the final point estimates for the sub-components.

For the 66 countries for which 2010 data are available, the confidence interval remains as described above. For the rest of the countries and for the projections for 2011 onwards, the confidence intervals around the projections are generated with progressively smaller (more restrictive) significance levels the longer the projection period is, in order to reflect an increasing level of uncertainty with respect to labour market conditions over time. Specifically, countries are divided into three groups based on the ratio of the standard deviation of their unemployment rate during the period from 1998 to 2008 to their 2010 unemployment rate estimate. A lower significance level (and therefore a wider confidence interval) is ascribed to countries with lower ratios to reflect the higher uncertainty associated with labour market conditions in these countries. Countries with ratios less than 0.06 are given a significance level of 20 per cent in 2010, decreasing progressively to 5 per cent by 2015 (15 per cent in 2011); countries with ratios between 0.06 and 0.20 inclusively are assigned a significance level of 50 per cent in 2010, decreasing progressively to 35 per cent in 2015 (45 per cent in 2011); and countries with the highest ratios (historical standard deviation greater than 20 per cent of the 2010 unemployment rate), are given an 80 per cent significance level in 2010, decreasing progressively to 65 per cent in 2015 (75 per cent in 2011).

In order to construct the confidence interval for each sub-component, the ratio of the sub-component unemployment rate to total unemployment rate is applied to the upper- and lower-bound estimates of the total unemployment rate.

For more information on the methodology of producing world and regional estimates, see www.ilo.org/trends.

⁸⁶ The underlying assumption is that the relationship between the total unemployment rate and GDP growth is better understood than the relationship between unemployment rates of sub-groups of workers and GDP growth.