

Global Employment Trends January 2010

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I Introduction

“Urgent action is required now to boost economic recovery and job creation” Juan Somavia

The collapse of an American investment bank on 15 September 2008 triggered a paralysis in the global financial system that transitioned into a global economic and jobs crisis that plagued the world through 2009. The crisis spread rapidly across the globe, crippling economies, reducing enterprise capacities, and forcing millions of people out of work. In addition, many workers have fallen into more vulnerable forms of employment which in turn has worsened decent work deficits, precarious employment situations have swollen and the ranks of the working poor have increased. As the impact of the crisis deepened, government stimuli began to slow the decline in economic activity and lessened the initial impact in terms of global job destruction.² Although there have been signals indicating an economic turnaround in some countries, there is concern that investment and consumption patterns may take a long period to recover to pre-crisis levels.

The coordinated effort of countries and international organizations responding to the crisis has been instrumental in averting an even greater social and economic catastrophe. IMF Managing Director, Mr Dominique Strauss-Kahn, noted that “One of the biggest achievements to come out of this crisis was that, for the first time, we had extensive coordination among almost all countries.”³ However, it must be borne in mind that economic recovery and labour market recovery are very different. Labour market conditions have continued to deteriorate in many economies, and prolonged increases in unemployment and deepening poverty will likely wipe away much of the progress made over the last decade towards achieving decent work in many countries.

To address the global jobs crisis, the tripartite constituents (governments, employers and workers) of the ILO’s 183 member States adopted a resolution at the 98th session of the International Labour Conference in June 2009: *Recovering from the crisis: A Global Jobs Pact*.⁴ The Global Jobs Pact called on governments and organizations representing workers and employers to collectively tackle the global jobs crisis through policies drawn from the ILO’s Decent Work Agenda. The Pact linked the responses to the crisis with the need to promote more balanced growth strategies, a fairer and sustainable globalization and new global governance structures. More specifically, the Pact provides an internationally agreed set of policy options designed to reduce the historical time lag between economic recovery and employment recovery. It is a call for urgent and coordinated global action at the national, regional and global levels. The Pact guides national and international policies to focus on stimulating economic recovery, generating jobs and providing protection to working people and their families.

During the course of the crisis, the members of the Group of Twenty (G-20) have held three special summits. The Washington Summit on Financial Markets and the Global Economy in November 2008 was the first Leaders’ meeting of the group to discuss economic policies and to address the 2008 global financial crisis. The result of this summit was the *Action plan to implement principles of reform*.⁵ The London Summit to review the action plan followed in April 2009 and Leaders pledged “...our global plan for recovery must have at its heart the needs and jobs of hard-working families...we have therefore

¹ ILO Director-General Juan Somavia in a press release on the adoption of the Global Jobs Pact, 19 June 2009; see: [http://www.ilo.org/global/About the ILO/Media and public information/Press releases/lang-en/WCMS_108482/index.htm](http://www.ilo.org/global/About%20the%20ILO/Media%20and%20public%20information/Press%20releases/lang-en/WCMS_108482/index.htm).

² For estimates of the employment impact of measures that were taken by countries to counter the crisis, see *Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis*, an ILO report to the G-20 Leaders’ Summit, Pittsburgh, 24-25 September 2009 (Geneva, ILO, September 2009); see: http://www.ilo.org/public/libdoc/jobcrisis/download/protecting_people_promoting_jobs.pdf.

³ IMF *Survey Magazine* interview; see: <http://www.imf.org/external/pubs/ft/survey/so/2009/INT091809A.htm>.

⁴ See: http://www.ilo.org/public/libdoc/ilo/2009/109B09_101_engl.pdf.

⁵ See: <http://www.pittsburghsummit.gov/resources/125137.htm>.

pledged to do whatever is necessary to restore confidence, growth and jobs...” in order to “...build an inclusive, green and sustainable recovery”. Furthermore, the G-20 communiqué from the London Summit called “upon the ILO, working with other relevant organizations, to assess the actions taken and those required for the future” to address the impact of the economic crisis on labour markets.⁶

The most recent meeting of the G-20 was held from 24 to 25 September 2009 in Pittsburgh to review progress towards the implementation of the action plan from the Washington Summit and the pledges of the London Summit. The Pittsburgh Summit made important steps in setting out a strategy for both recovery and reform as Leaders agreed to sustain their efforts to support economic activity and facilitate recovery, and designated the G-20 as the premier forum for international economic cooperation. In order to achieve balanced and sustainable global growth, a policy framework was launched including measures to promote job creation during the recovery. Additional commitments include building a stronger international financial system, reducing development imbalances and modernizing the architecture for international economic cooperation. With regard to jobs and recovery, the Pittsburgh Summit agreed “on the importance of building an employment-oriented framework for future economic growth.”⁷

Labour market analysis

Accurately monitoring the impact of the crisis in many developing economies is a challenge in view of the void of up-to-date and reliable labour market information. At the same time, gathering and disseminating information on policy responses and analysing labour market impacts and employment trends is essential to inform the policy options that are part of the Global Jobs Pact. Information and analysis enables countries to adapt or extend their policies in order to achieve full and productive employment and decent work.

This issue of *Global Employment Trends* is the fifth analysis of the impact of the crisis since January 2009 that is made in this series.⁸ Data are still limited for many countries and as more information becomes available it will be important to review the scale and pace of trends. Section II of this report provides an overview of the global economic and labour market impacts of the crisis as reflected in economic growth and labour market indicators up to and including 2009, with special attention on more vulnerable groups such as women and youth. The global overview sets the context in which regions and countries have responded to the economic crisis. Regional experiences are presented in section III, and this section also includes a snapshot of the impact of the crisis on the labour markets in selected economies. Section IV concludes and highlights policy issues and interventions related to mitigating adverse impacts of the crisis and supporting recovery.

See Annex 1 for tables referred to in this report; Annex 2 for projections for 2010; Annex 3 for regional figures and groupings of economies; Annex 4 for a note on the methodology used to produce world and regional estimates; and Annex 5 for a note on the methodology used to produce world and regional projections.

⁶ See: <http://www.londonsummit.gov.uk/en/summit-aims/summit-communique/>.

⁷ Leaders' Statement at the Pittsburgh Summit, 24-25 September 2009 (paragraph 46); see: <http://www.pittsburghsummit.gov/mediacenter/129639.htm>.

⁸ *Global Employment Trends*, January 2009; *Global Employment Trends for Women*, March 2009; *Global Employment Trends – Update*, May 2009 (Geneva, ILO); in September 2009 an update was included in the *Key Indicators of the Labour Market*, 6th Edition (Geneva, ILO), Chapter 1A.

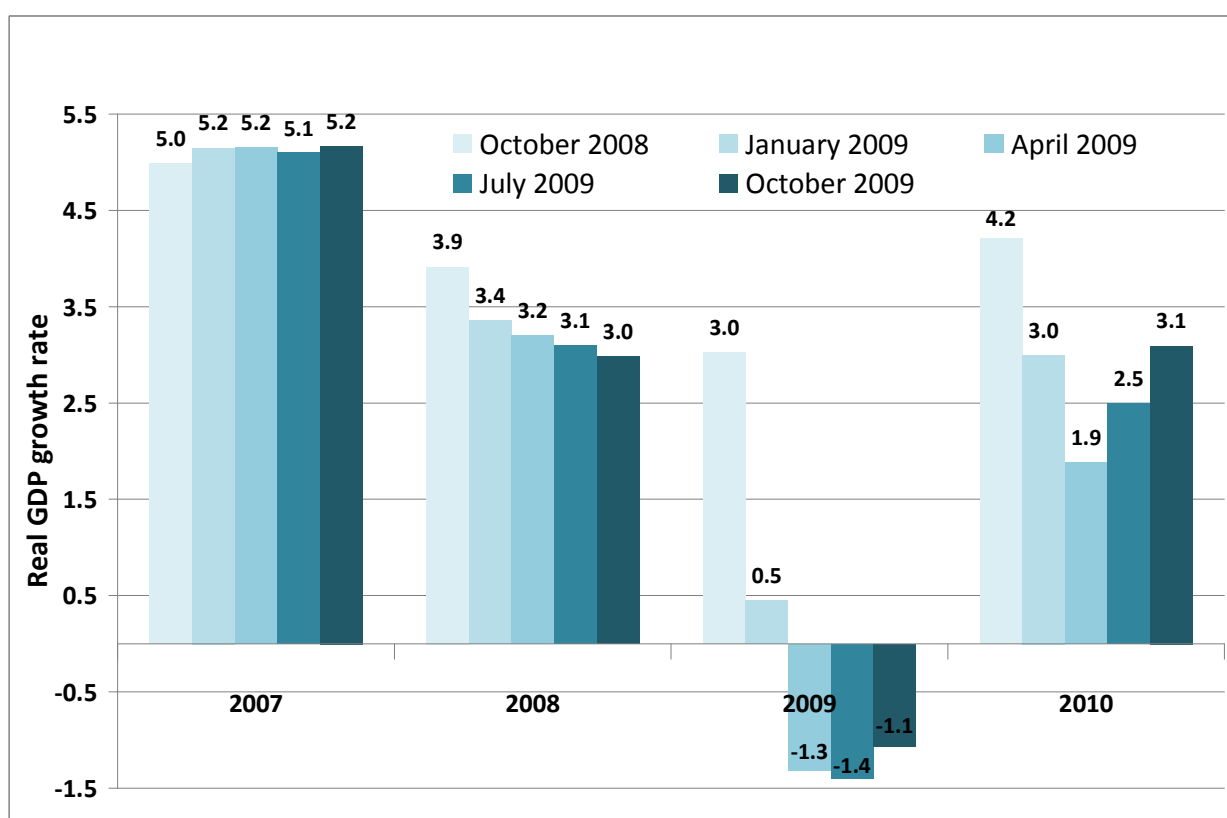
II Economic growth and labour market developments

In a series of publications and updates that were released from October 2008 to July 2009, IMF estimates of global economic growth for 2009 were adjusted downward from 3.0 per cent to minus 1.4 per cent.⁹ These adjustments tracked the impact of an economic crisis that was unprecedented in terms of speed, magnitude and geographic scope, and resulted in the only negative global growth rate registered in the IMF database, which extends back to 1980.

In the course of 2009, following levels of public intervention that were equally unprecedented, the crisis bottomed out in terms of economic growth, and the most recent estimate of global economic growth in 2009, published in October 2009, is minus 1.1 per cent (see Figure 1 and Table A1 for estimates and projections of economic growth).¹⁰

The Developed Economies and European Union, Central and South-Eastern Europe (non-EU) & CIS, and Latin America and the Caribbean are estimated to have had negative growth rates in 2009, with the fall in annual growth rates between 2008 and 2009 exceptionally large in Central and South-Eastern Europe (non-EU) & CIS, at 11.0 percentage points. Only in East Asia and South Asia economic growth rates are estimated to have been 5 per cent or more in 2009. In 2007, all regions outside the Developed Economies and European Union recorded growth rates exceeding 5 per cent.

Figure 1
Global GDP growth estimates and projections



Source: IMF, *World Economic Outlook*, various databases, see: <http://www.imf.org/external/ns/cs.aspx?id=28>.

⁹ For an overview of the consecutive updates, see: *Key Indicators of the Labour Market*, 6th Edition (Geneva, ILO, 2009), Chapter 1A.

¹⁰ *World Economic Outlook* (Washington, DC, IMF, October 2009).

To adequately capture the labour market distress caused by the crisis, it is necessary to examine trends in several indicators including unemployment, vulnerable employment and poverty among workers and their families. In any recession, but particularly in an economic contraction as severe as the current one, workers move both in and out of employment – some voluntarily and many involuntarily. Thus there is movement into and out of unemployment as well, and also into and out of vulnerable or informal forms of employment. Therefore, the absolute changes in unemployment and vulnerable employment presented in this section represent the end result of very large flows of labour. Furthermore, in many developing countries, particularly those that have been undergoing a long-term shift from rural/agricultural-based production to more industrial and service-oriented economies, such labour market flows are likely to result in an increase in vulnerable employment, as formal wage employment growth slows or declines.

Unemployment

Even though the global economy appeared to start growing again during 2009, labour markets showed little sign of improving. On the basis of currently available labour market information and the most recent revisions in GDP growth, the global unemployment rate for 2009 is estimated at 6.6 per cent, with a confidence interval (CI) from 6.3 to 6.9 per cent (see Table A2, and Annex 4 for the methodology used to produce world and regional estimates including the construction of confidence intervals).¹¹ Following four consecutive years of decreases, the global unemployment rate already started increasing in 2008, but the 2009 rate as well as the number of unemployed persons shows a much sharper increase (Figure 2 and Table A4). The number of unemployed persons is estimated at 212 million in 2009, with a CI from 202 to 221 million. Based on the point estimate (212 million), this means an increase of almost 34 million over the number of unemployed in 2007, and most of this increase occurred in 2009.

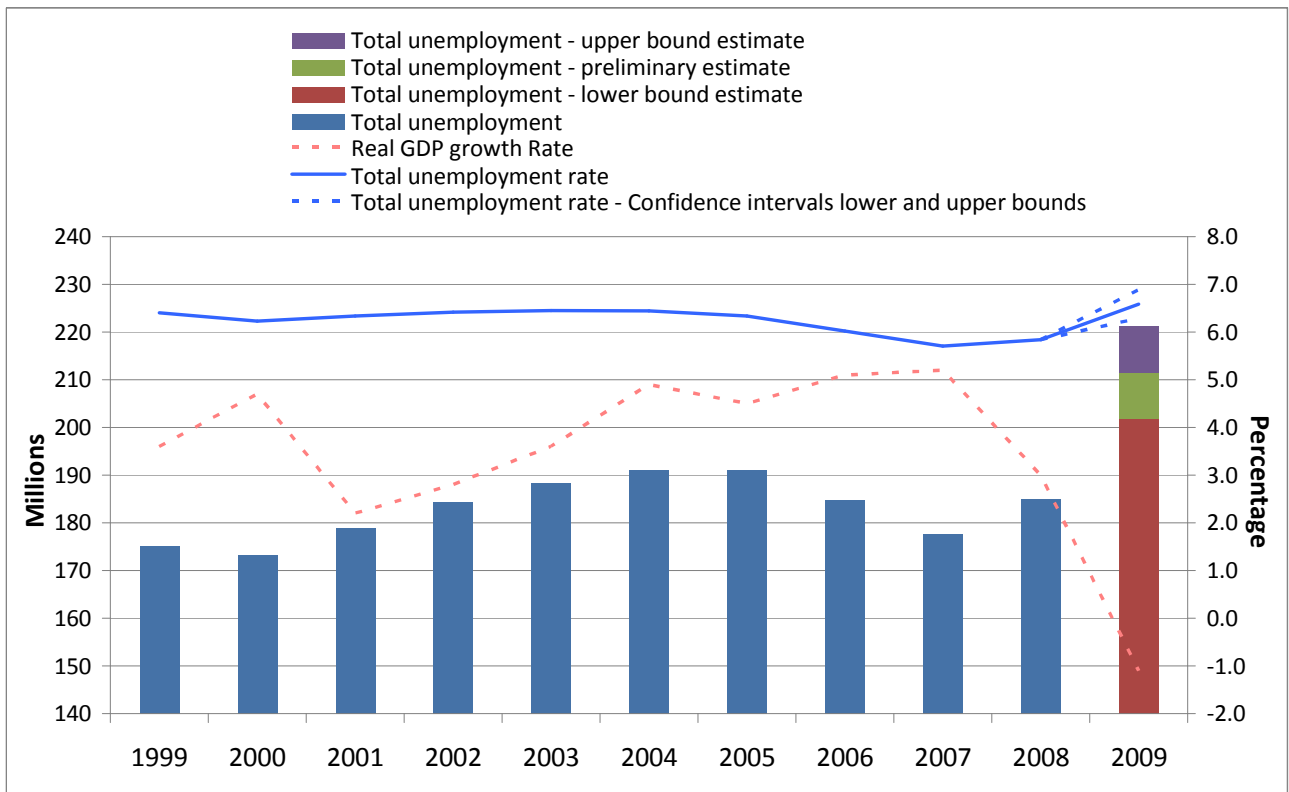
The evolution of estimates of global unemployment in 2009 since January 2009 is depicted in Figures 3a and 3b, showing the estimated global unemployment levels and the changes in comparison with 2007, respectively. Apart from the revisions in economic growth estimates for 2009 made by the IMF, estimates of global unemployment reflect the impact of public intervention to counter the economic crisis and limit the negative impact on labour markets. For example, job losses have been mitigated by the stimulation of labour demand, employment retention measures and an increase in part-time employment, particularly in developed economies.¹²

Between 2008 and 2009, the largest jumps in unemployment rates by region occurred in the Developed Economies and the European Union, which saw an increase of 2.3 percentage points, in Central and South-Eastern Europe (non-EU) & CIS, 2.0 percentage points, and in Latin America and the Caribbean (1.2 points). Similarly, these three regions account for more than two-thirds of the increase in the global number of unemployed in 2009. Other regions saw more limited increases in unemployment rates (0.5 points or less).

¹¹ For the definition of unemployment, and concepts and definitions of all labour market indicators discussed in this report, see: *Key Indicators of the Labour Market*, 6th Edition (Geneva, ILO, 2009).

¹² *World of Work Report 2009* (Geneva, ILO, December 2009).

Figure 2
Global unemployment trends, 1999-2009*



*2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009 (see Annex A4).

Figure 3a
Evolution of ILO global unemployment scenarios for 2009* (levels)

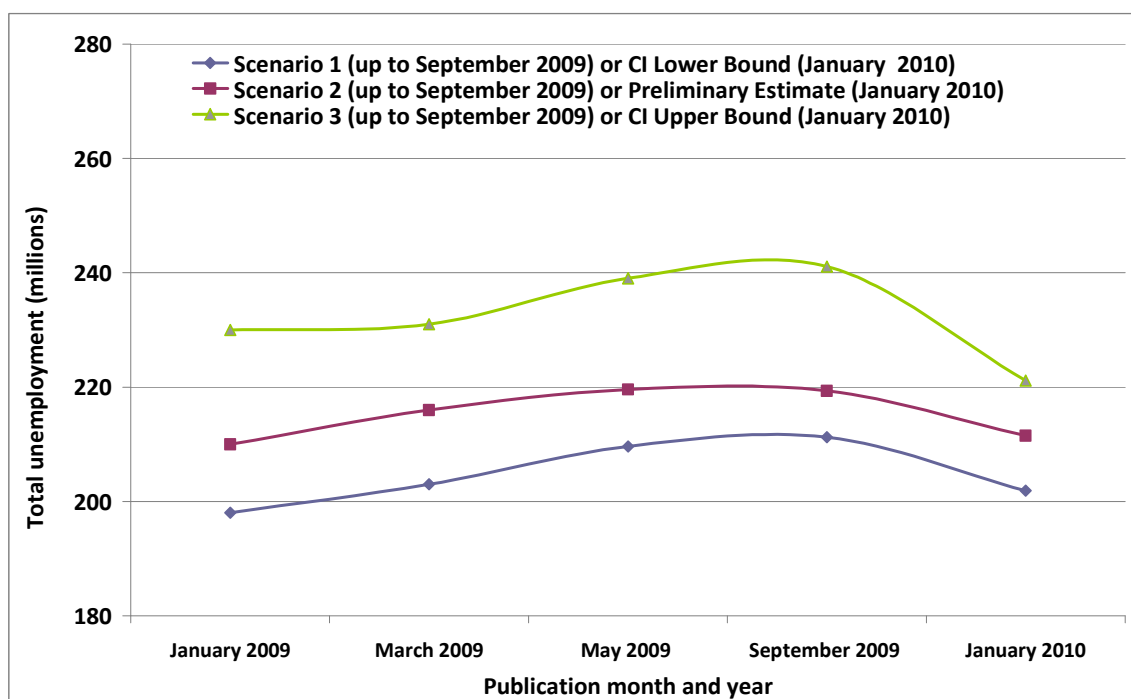
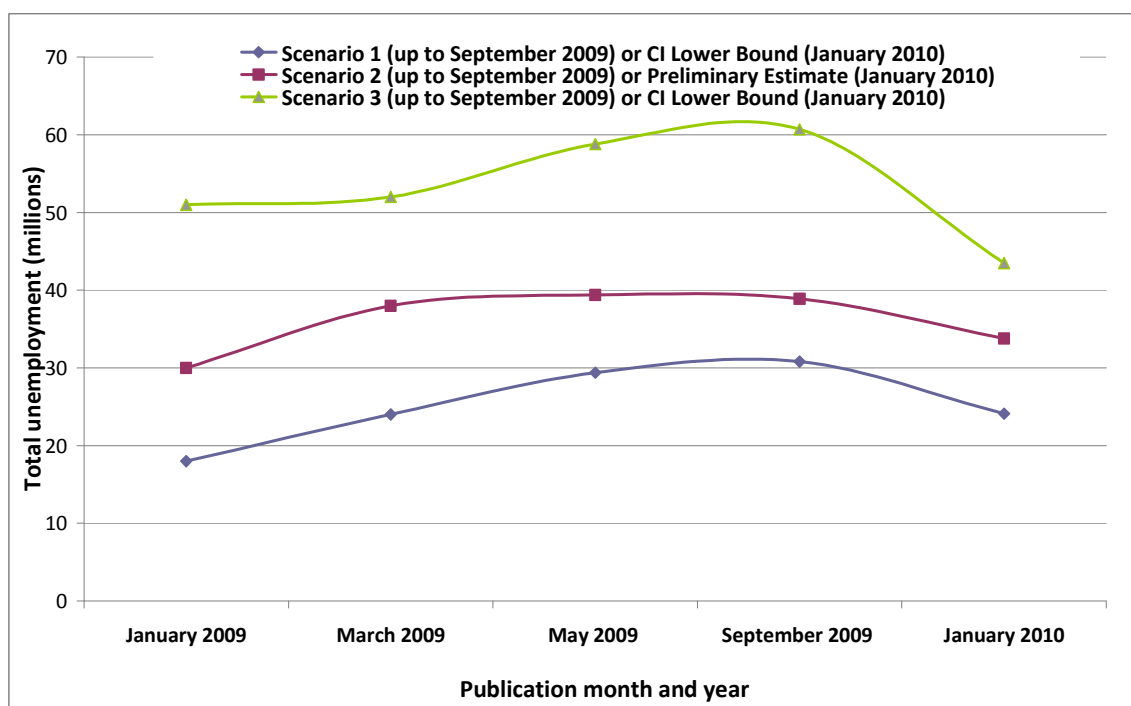


Figure 3b
Evolution of ILO global unemployment scenarios for 2009 (changes between 2007 and 2009)



CI = confidence interval.

Source: *Global Employment Trends*, January 2009; *Global Employment Trends for Women*, March 2009; *Global Employment Trends – Update*, May 2009 (Geneva, ILO); and *Key Indicators of the Labour Market*, 6th Edition (Geneva, ILO, September 2009), Chapter 1A; and *Global Employment Trends*, January 2010 (Geneva, ILO).

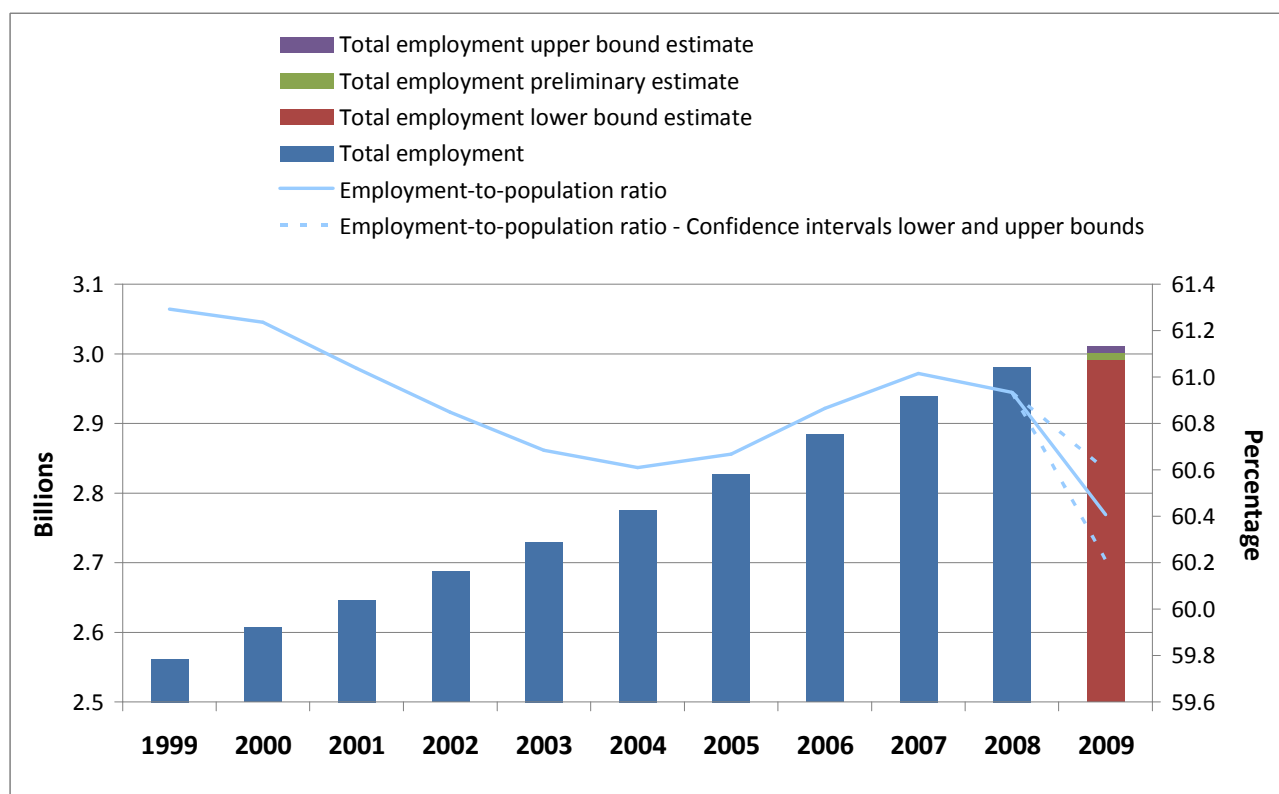
Looking ahead to 2010, current projections show a continuation of high unemployment rates despite an increase in global economic growth to 3.1 per cent (see Table A1 and Annex 2). The global unemployment rate in 2010 is projected at 6.5 per cent, with a confidence interval ranging from 6.1 to 7.0 per cent. At the regional level, the unemployment rate in the Developed Economies and European Union is projected to increase from 8.4 per cent in 2009 to 8.9 per cent in 2010 while, in all other regions, the rate is projected to remain relatively stable or show a small decrease.

If the projected rate of economic growth for 2010 would fail to materialize, this would further weaken already fragile labour markets. On the other hand, if economic growth rates in 2010 would turn out to be higher than currently projected by the IMF, this would not necessarily result in lower unemployment rates. In view of the excess capacity that was created by the crisis, many companies would first consider an adjustment of working hours of the existing workforce, including a reduction of part-time work, before considering recruitment of additional workers.

Employment and labour productivity

The deterioration of global labour markets is also reflected in an exceptionally sharp decrease in employment-to-population rates. The global employment-to-population rate (point estimate) dropped from 60.9 per cent in 2008 to 60.4 per cent in 2009, with a CI from 60.2 to 60.6 per cent (see Table A5 and Figure 4). Similar to changes in unemployment rates, the largest change in employment-to-population rates occurred in the Developed Economies and the European Union (decrease by 1.8 percentage points), in Central and South-Eastern Europe (non-EU) & CIS (minus 1.4 percentage points), and in Latin America and the Caribbean (minus 0.9 points), with more limited decreases in other regions.

Figure 4
Global employment trends, 1999-2009*



*2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009 (see Annex 4).

Before the economic crisis, employment growth rates in the Developed Economies and the European Union, and in Central and South-Eastern Europe (non-EU) & CIS, were lower than in most other regions (Table A6), in part reflecting low population growth rates. In 2009, employment growth became negative in these two regions, while employment growth in Latin America and the Caribbean dropped almost to zero (0.2 per cent). In all regions except South-East Asia and the Pacific and the Middle East, employment growth declined below the average annual growth in the first half of the decade. The global employment growth rate was 0.7 per cent in 2009, less than half the growth rate of the working-age population of 1.5 per cent.

Despite rising unemployment rates and decreasing employment-to-population rates globally, labour productivity also decreased in 2009. In most regions, the declines in GDP were even greater than the declines in employment, resulting in declining output per worker. As shown in Table A7, preliminary estimates of growth in output per worker are negative in all regions except East Asia, South Asia and North Africa. The largest fall in output per worker occurred in Central and South-Eastern Europe (non-EU) & CIS, minus 4.7 per cent (with a CI between -4.9 and -4.3 per cent), thus reversing part of the gains that were made in the first half of the decade. Declines in output per worker put downward pressure on working conditions, which worsens the plight of workers in regions where labour productivity was already low preceding the economic crisis, such as in Sub-Saharan Africa.

Labour force participation

Apart from the impact of the economic crisis on employment and unemployment, declining or negative economic growth also affects labour force participation. However, partly because there are both upward and downward effects at the country level, global and regional trends in participation rates tend to remain relatively stable over time, even in times of crisis. Nevertheless, effects on labour force participation for particular labour market groups such as youth or elderly workers may be more pronounced (see Box 1 and the section on youth below).

Considering long-term trends, the global labour force participation rate decreased by 0.8 percentage points between 1999 and 2009, mostly driven by the large decrease in East Asia (3.8 percentage points, see Table A8). Participation rates also decreased in the Developed Economies and the European Union, South-East Asia and the Pacific, and South Asia. The largest increase occurred in Latin America and the Caribbean, where overall participation rates during the past ten years increased by 2.1 percentage points and the female rate by 5.1 points (the male participation rate declined in this region, as it did in almost all regions).

Between 2008 and 2009 the labour force participation rate was steady at the global level, which was the result of opposing movements at the regional level. In general, in regions that saw the largest changes in unemployment rates, in particular the Developed Economies and the European Union, Central and South-Eastern Europe (non-EU) & CIS, and to a lesser extent Latin America and the Caribbean, the overall impact of declining growth has been a reduction in labour force participation between 2008 and 2009. In the Developed Economies and the European Union the decrease was 0.4 percentage points, and in Central and South-Eastern Europe (non-EU) & CIS it was 0.2 points. On the other hand, increases could be seen in the Middle East (0.7 percentage points), North Africa (0.4 percentage points) and Sub-Saharan Africa (0.2 percentage points). In other regions, movements in the participation rate were very limited. As shown in Box 1, there are also important variations in how the economic crisis impacted on labour force participation at the national level within regions.

Box 1

Effects of the economic crisis on labour force participation: Discouraged youth and prime-age workers; elderly workers remain in the labour force

Changes in employment status, such as movements from employment into unemployment and vice versa, do not affect the labour force participation rate, which is defined as the ratio of the labour force – the sum of the employed and the unemployed – over the total working-age population. However, the labour force participation rate may change due to at least two effects: the “discouragement effect” and the “added worker effect”. The impact of the economic situation on labour force participation may also be much stronger for particular groups, such as youth, depending on their constraints and possibilities in the labour market.

Discouraged persons are persons who are available for work but do not actively seek work because they view job opportunities as limited, for example in an economic environment characterized by large-scale dismissals. If the standard definition of unemployment is used, which includes “seeking work” as one criterion, discouraged persons are classified as outside the labour force. An increasing number of workers who lose their jobs and become discouraged would therefore result in a decreasing labour force participation rate. Discouragement regarding current job opportunities in a more general sense may also result in decisions to postpone labour market entry, in particular by youth, or to withdraw from the labour force and retire, especially by older workers, which will have a negative effect on the labour force participation rate. However, discouragement among older workers is countered in a number of developed economies by activation policies, which aim to mitigate the effects of aging populations on labour supply.

A deteriorating labour market may also have an upward effect on the labour force participation rate if the loss of employment of a household member results in an increase to the labour supply of another household member (the “added worker”). Because the “added worker effect” and the “discouragement effect” work in opposite directions, and are influenced by specific policies, the overall effect of a deteriorating economic environment is not certain and can only be assessed empirically.

Table A10 (left panel) shows average changes in labour force participation rates for 17 countries during the last five years preceding the global economic crisis.¹ The average change in labour force participation, amounting to minus 0.2 percentage points across all countries and age groups, is the result from a roughly equal split between increases and decreases in national participation rates. These diverging pre-crisis trends are due to a range of socio-economic and policy factors, which play out differently in each country. However, youth participation rates were on a downward trend in almost all countries (minus 1.0 percentage points on average), and the trend in participation rates for elderly workers was positive in the majority of countries (1.1 percentage points on average). Participation rates for both youth and elderly workers are generally lower than those for prime-age workers.

Comparing the pre-crisis trends in labour force participation with the trends since the start of the crisis gives an indication of the impact of the crisis on participation rates in this group of countries. During the crisis period, the participation rate dropped by 0.3 percentage points across all countries and age groups (see Table A10, right panel). The stronger rate of decrease results from the reinforcement of the pre-crisis trends for all three age groups in Table A10 (youth, prime-age and elderly workers). The stronger trend was most pronounced for youth, as the average change in the participation rate declined from a pre-crisis minus 1.0 percentage points to minus 1.9 percentage points during the crisis. The largest decrease could be seen in Latvia, where the change in the youth participation rate decreased from minus 0.3 percentage points to minus 4.2 percentage points. In the younger Member States of the European Union in Table A10 (Hungary, Latvia, Lithuania and Poland, but not in Estonia), which were all severely impacted by the economic crisis, a strong increase in participation rates of the elderly can be seen as well (an average increase by 2.2 percentage points, excluding Estonia).

Box 1 – continued

Nevertheless, there were countries in which the trend went in the opposite direction, such as Jordan, where the youth participation rate during the crisis increased by 2.0 percentage points. Similarly, there was an upward pre-crisis trend in participation rates for older workers in Brazil, Jamaica and the United States, but during the crisis these countries saw a decline. Finally, it is important to note that changes in national participation rates that are induced by the crisis may be different for men and women.

¹ The countries are Australia, Brazil, Estonia, Germany, Hungary, Jamaica, Jordan, the Republic of Korea, Latvia, Lithuania, Mexico, Philippines, Poland, Spain, Sri Lanka, Thailand and the United States; these countries have been selected because of availability of recent monthly or quarterly labour force participation rates, and it should be noted that the majority are developed economies.

Gender impact

The *Global Employment Trends for Women* released in 2009 emphasized that a distinction should be made between the continued disadvantaged position of women in labour markets around the world and the impact of the economic crisis, which has had far-reaching effects on both women and men. Adopting again the point estimate for unemployment rates in 2009, current estimates show that globally the impact of the crisis has been almost equally detrimental for men and women. Between 2008 and 2009, the unemployment rate for women increased by 0.8 percentage points and for men by 0.7 percentage points. This means that the gap in unemployment rates by sex increased slightly to 0.6 percentage points between 2008 and 2009, which is the same gap as ten years ago.

At the regional level, there was no difference between the sexes in the impact on the unemployment rates in East Asia, South-East Asia and the Pacific and in Sub-Saharan Africa. In several regions where women often face stronger barriers in the labour market, such as South Asia, Latin America and the Caribbean, the Middle East and North Africa, but also in the Developed Economies and the European Union, increases in female unemployment rates exceeded those for males between 2008 and 2009. Only in Central and South-Eastern Europe (non-EU) & CIS the impact of the crisis in terms of the change in unemployment rates between 2008 and 2009 showed a significant difference in favour of women. The largest gaps in unemployment rates by sex continued to occur in the Middle East and North Africa, where these gaps are more than double in comparison with all other regions. In 2009, the only two regions in which there was a significant difference in unemployment rates in favour of women were East Asia and Central and South-Eastern Europe (non-EU) & CIS, where the male rate exceeded the female rate by 1.2 and 0.8 percentage points, respectively.

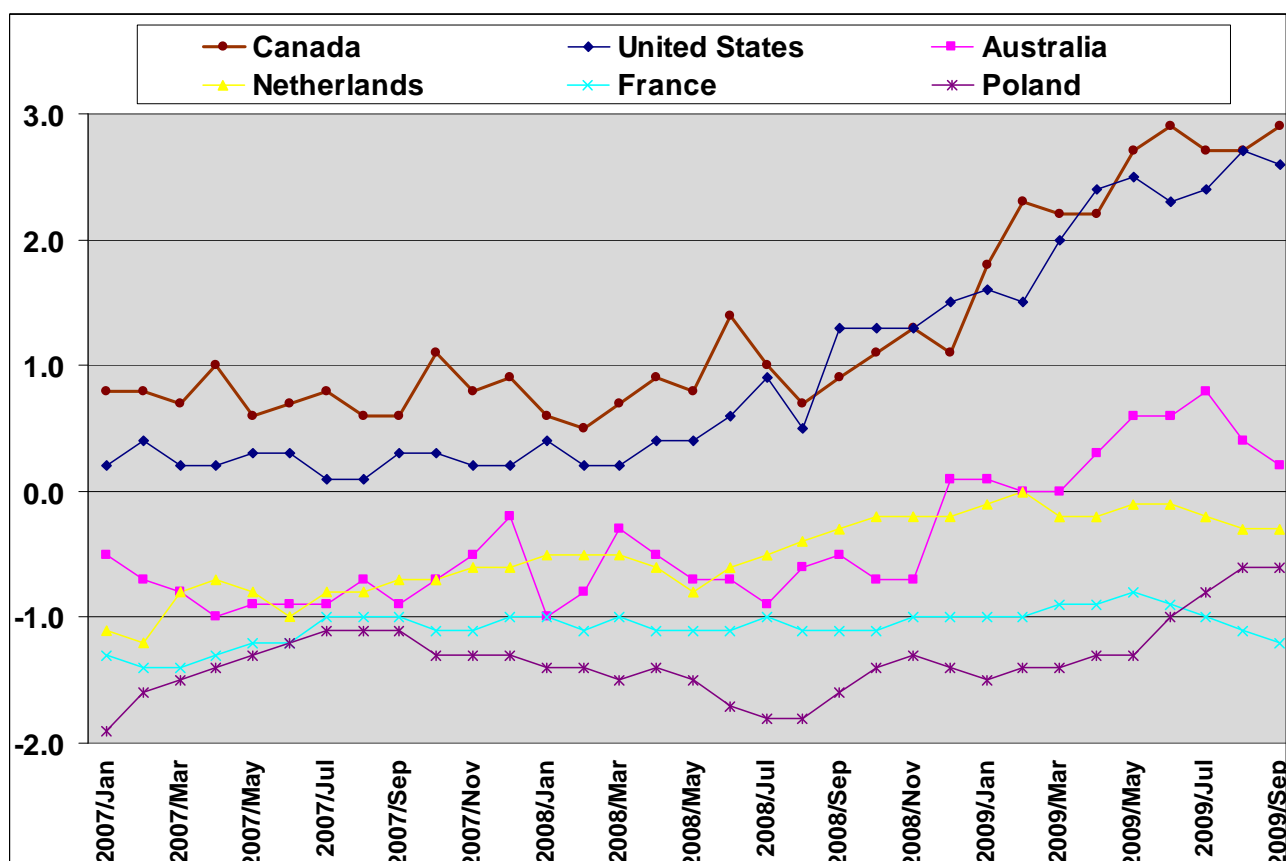
In the *Global Employment Trends for Women*, a small sample of six countries was selected to illustrate how the economic crisis affects men and women differently in terms of unemployment rates in developed economies.¹³ Figure 5 depicts the difference between male and female unemployment rates in the same countries (calculated by subtracting the female unemployment rate from the male unemployment rate). In the course of 2008, the economic crisis resulted in increasing unemployment rates in all six countries, and the average (unweighted) increase was 1.9 percentage points between September 2008 and September 2009. Both in the Netherlands and in Poland, countries where the impact of the crisis on unemployment was not immediately visible, unemployment rates started to rise by the end of 2008.

In four out of the six countries in Figure 5 the gaps in unemployment rates between the sexes increased since September 2008, and in particular in Canada and the United States, two countries where the gap was already in favour of women, unemployment rates for men rose faster than for women. The

¹³ *Global Employment Trends for Women*, March 2009 (Geneva, ILO), Section 3 and Figure 6.

same was happening in Australia and Poland, but in these two countries the gap in September 2008 was in favour of men, and thereafter a convergence occurred (a movement towards a gap that is close to zero). Finally, in France and the Netherlands there seems to be little difference in how women and men are affected in terms of unemployment rates since September 2008.

Figure 5
Difference between male and female unemployment rates, selected countries, 2007-09 (percentage points)



Source: Eurostat.

Impact on youth

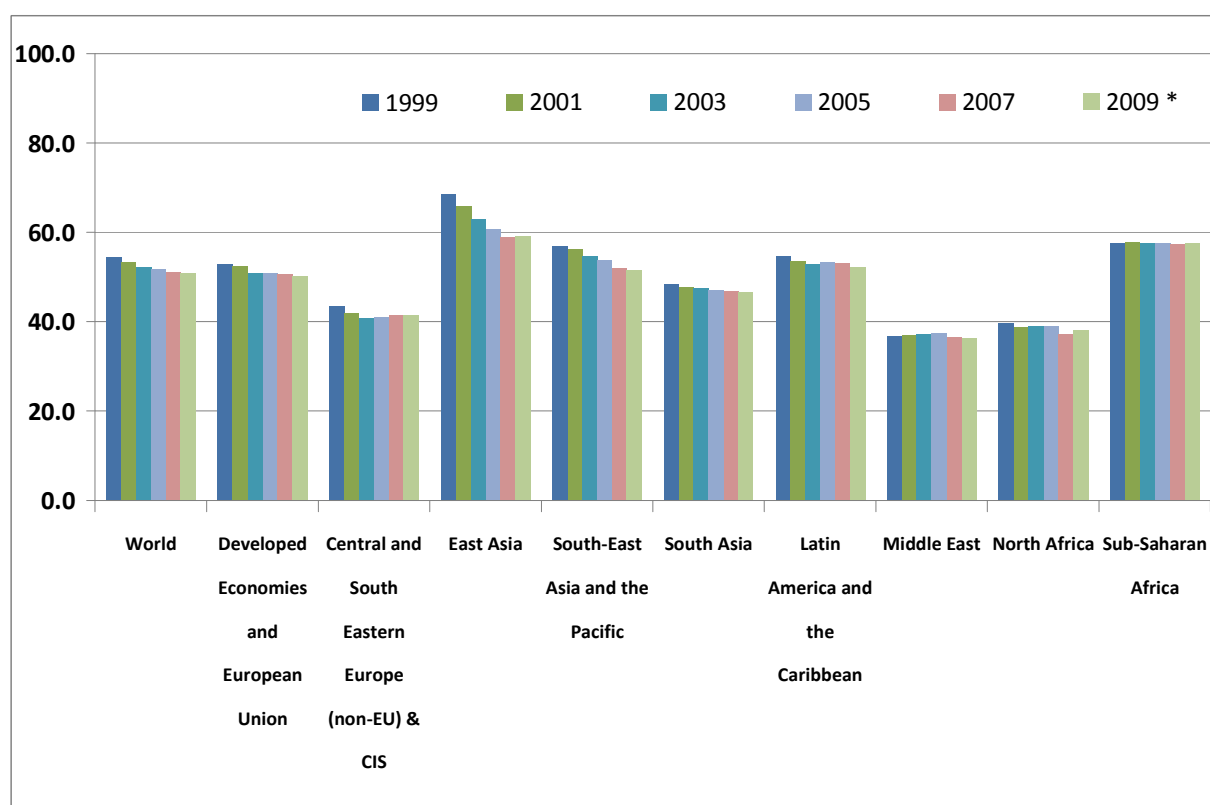
Similar to women, youth are often in a disadvantaged position in labour markets. Preceding the economic crisis, youth were on average already 2.8 times more likely to be unemployed than adults at the global level, and this ratio showed little change in 2009. On current estimates, the global youth unemployment rate rose by 1.3 percentage points from 12.1 per cent in 2008 to 13.4 per cent in 2009 (with a CI between 12.7 and 14.0 per cent), compared to an increase by 0.7 percentage points for adult workers (from 4.3 per cent to 5.0 per cent, with a CI between 4.7 and 5.2 per cent, see Table A3). The number of unemployed youth increased by 8.5 million between 2008 and 2009, the largest year-on-year increase in at least ten years, and by more than 10 million since 2007 (see Table A4).

At the regional level, similar to the unemployment rate across age groups, the largest jumps in youth unemployment rates between 2008 and 2009 occurred in the Developed Economies and the European Union, which saw an increase by 4.6 percentage points, in Central and South-Eastern Europe

(non-EU) & CIS, by 4.5 percentage points, and in Latin America and the Caribbean (2.2 percentage points). Although increases were much smaller in the Middle East and North Africa, these two regions continue to show the highest youth unemployment rates.

It was highlighted before that labour force participation rates of youth were on a long-term downward trend in many countries preceding the crisis, and that the crisis was reinforcing this trend in some countries (see Box 1). Globally, youth labour force participation rate decreased by 3.4 percentage points between 1999 and 2009 (see Table A9), and all regions saw decreasing youth participation rates. The change at the global level is driven to an important extent by the large decreases in East Asia during the past ten years, where the youth labour force participation rate decreased by 9.3 percentage points and in South-East Asia and the Pacific (minus 5.3 percentage points). Only in the Middle East and Sub-Saharan Africa were changes in youth participation rates small, at 0.5 and 0.2 percentage points, respectively (see Figure 6).

Figure 6
Youth labour force participation rates, by region (%)



*2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009 (see Annex 4).

Looking at the most recent years, the youth participation rate showed relatively large decreases (in comparison with preceding years) in the Developed Economies and the European Union (minus 0.4 percentage points), as well as in Latin America and the Caribbean (minus 0.5 percentage points), underlining the discouragement effects of the crisis on youth labour force participation discussed in Box 1. However, in all other regions, youth participation rates either showed little change between 2008 and 2009, or were increasing, suggesting that the need for youth to participate in labour markets and support family income is important in much of the developing world.

Vulnerable employment

While monitoring unemployment provides a good starting point to assess the health of labour markets in developed economies, particularly in developing economies it is essential to consider decent work deficits among the employed. Before the onset of the current economic crisis, there were large deficits reflected in high rates of vulnerable employment and working poverty in most of the developing world. Workers in vulnerable employment, defined as the sum of own-account workers and contributing family workers, are less likely to have formal work arrangements, and are therefore more likely to lack elements associated with decent employment such as adequate social security and recourse to effective social dialogue mechanisms. Vulnerable employment is often characterized by inadequate earnings, low productivity and difficult conditions of work that undermine workers' fundamental rights.¹⁴ Before the economic crisis, the share of workers in vulnerable employment was on a downward trend in all regions, decreasing globally by 3.9 percentage points between 1998 and 2008 (see Table A11). Between 2007 and 2008, the global number of workers in vulnerable employment may also have decreased for the first time, by around 10.5 million people, or 1.1 percentage points, to just below half of all workers (49.5 per cent).

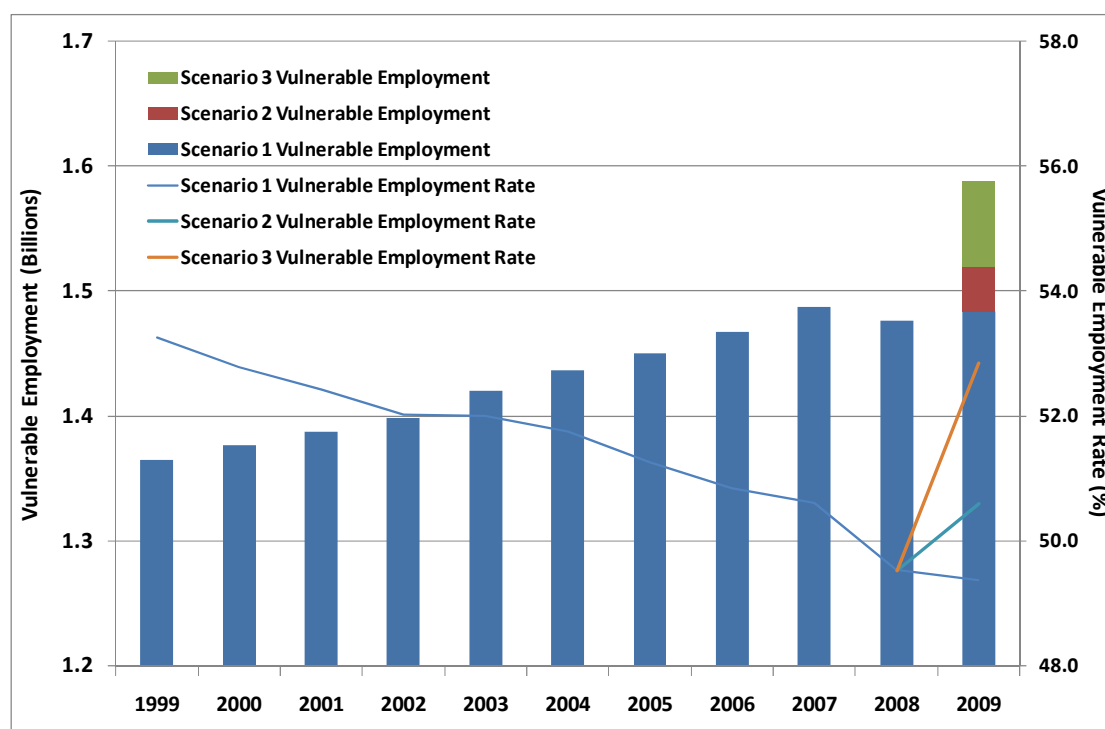
As highlighted in previous issues and updates of the *Global Employment Trends* report, this positive trend was broken due to the impact of the global economic crisis, and three scenarios were produced on how vulnerable employment would be affected by the crisis in 2009 (see Figure 7). For many wage and salaried workers who lost their jobs, as well as for many first-time jobseekers who entered the labour market in the midst of an economic crisis, self-employment is an option of last resort in developing countries. This results in increases in vulnerable employment, and may also lead to an increase in the share of vulnerable employment, depending on the relative effects of the crisis on vulnerable employment and paid employment, as well as on recent labour market trends (see Box 2 for country experiences).

At the global level, on the basis of currently available labour market information and the most recent revisions in GDP growth, the vulnerable employment rate ranges from 49.4 (first scenario) to 52.8 per cent (third scenario) in 2009, which is equivalent to between 1.48 and 1.59 billion vulnerable workers worldwide (Table A11, see Annex 4 on the methodology underlying the scenarios). Taking into account that the first scenario is an unlikely outcome,¹⁵ the number of workers in vulnerable employment may have increased between 2008 and 2009 by between 41.6 and 109.5 million according to the second and third scenarios. The second scenario implies that the gains in terms of the reduction in the share of vulnerable employment since 2007 have been reversed, while the third scenario implies a reversal to the year 2000.

¹⁴ Some limitations of the indicator should be borne in mind: (1) there might be people that carry a high economic risk despite the fact that they have a wage and salary job, and the latter should not be equated to decent work; (2) unemployed people are not covered even though they are vulnerable; (3) there can be people in the two vulnerable status groups who do not carry a high economic risk, especially in developed economies. Despite these limitations, vulnerable employment shares are indicative for informal economy employment, particularly for the less developed economies and regions. However, vulnerable employment numbers should be interpreted in combination with other labour market indicators such as unemployment and working poverty. For more details, see: *Employment Sector Working Paper No. 13*, "Assessing vulnerable employment: The role of status and sector indicators in Pakistan, Namibia and Brazil" (Geneva, ILO, 2008).

¹⁵ Vulnerable employment is a long-term trend indicator that tends to lag changes in GDP growth. Accordingly, the lower bound of the range (which is based on the historical relationship between vulnerable employment and GDP growth in each country, see Annex 4), should be viewed as the long-term path that the world was on prior to the onset of the crisis, rather than a likely estimate for 2009.

Figure 7
Global vulnerable employment trends, 1999-2009*



*2008 and 2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009 (see Annex 4).

Preceding the economic crisis, the majority of workers in the three Asian regions and in Sub-Saharan Africa did not enjoy the possible security that wage and salaried jobs could provide, and in each of these regions there were significant differences in the vulnerable employment rate between men and women, which underline the disadvantaged position of women. The crisis is likely to have further increased the number of workers in vulnerable employment in 2009, with a stronger impact on male than on female vulnerable employment rates in all four regions. In Sub-Saharan Africa and South Asia, the overall vulnerable employment rate is likely to have risen to almost four-fifths of the employed. The largest negative impact is estimated to have occurred in Central and South-Eastern Europe (non-EU) & CIS, the Middle East and North Africa, where vulnerable employment may have increased by more than 5 percentage points in the worst case scenario.

Box 2

The economic crisis and paid employment

The economic crisis had a major impact throughout the world on the level of employment but also on the structure of employment in terms of distribution by sector and by status. This impact varied across countries, depending on the national economic structure, the level of integration in global markets, and labour market and social protection institutions, among others factors. In developed economies with strong social protection measures, workers who lose their jobs can move into unemployment, generally resulting in an overall decline in total employment. In many developing economies on the other hand, workers who lose their paid jobs do not have access to social protection schemes. Rather than becoming unemployed, these workers take up various forms of employment, working on their own accounts, or contributing to their family businesses. Such movements are reflected in increases in vulnerable employment. In these economies, total employment may not be largely affected as workers shift from one employment status to another, or may even increase, as previously unemployed workers, or people who were not in the labour force, take up any form of employment in order to contribute to the household income in difficult times

In this context, an important question involves the impact on paid employment, usually characterized by better working conditions, higher labour standards and respect for workers' rights. While there is significant evidence of a decrease in paid employment levels in many countries, country-level data also suggests that paid employment suffered disproportionately from the crisis in some, but not all economies. In the figure below, which plots the change in total employment against the change in paid employment for selected economies, the countries in which the share of paid employment decreased on average are shown in red and/or with a minus sign.

Quadrant A

Some of the economies that experienced declines in both paid and total employment are shown in quadrant A of the figure. For many developed countries, the financial, real estate, construction and manufacturing industries were strongly affected by the crisis, leading to a decline in paid employment. Retail and services industries have also suffered, and a number of small businesses have been forced to shut down, resulting in a decline in the number of small employers and own-account workers. In economies where paid employment was disproportionately hit, the share of paid employment in total employment decreased (e.g. the United Kingdom, Lithuania and Latvia). In countries where the crisis had a major toll across the entire economy, the decline in total employment was relatively higher than that in paid employment, resulting in a small increase in the share of wage and salaried employees in total employment (e.g. Portugal, Iceland and Spain).

Quadrant B

In some economies, paid employment increased while overall employment declined, which resulted in a higher share of wage and salaried workers. In these economies (e.g. Republic of Korea, Romania, Republic of Moldova), the growth in paid employment is likely attributable to the continuation of positive trends over recent years, although the pace of growth may have slowed down during the crisis. Growth in paid employment in some economies may also be attributable to companies shifting production location towards these economies in order to reduce costs.

Quadrant C

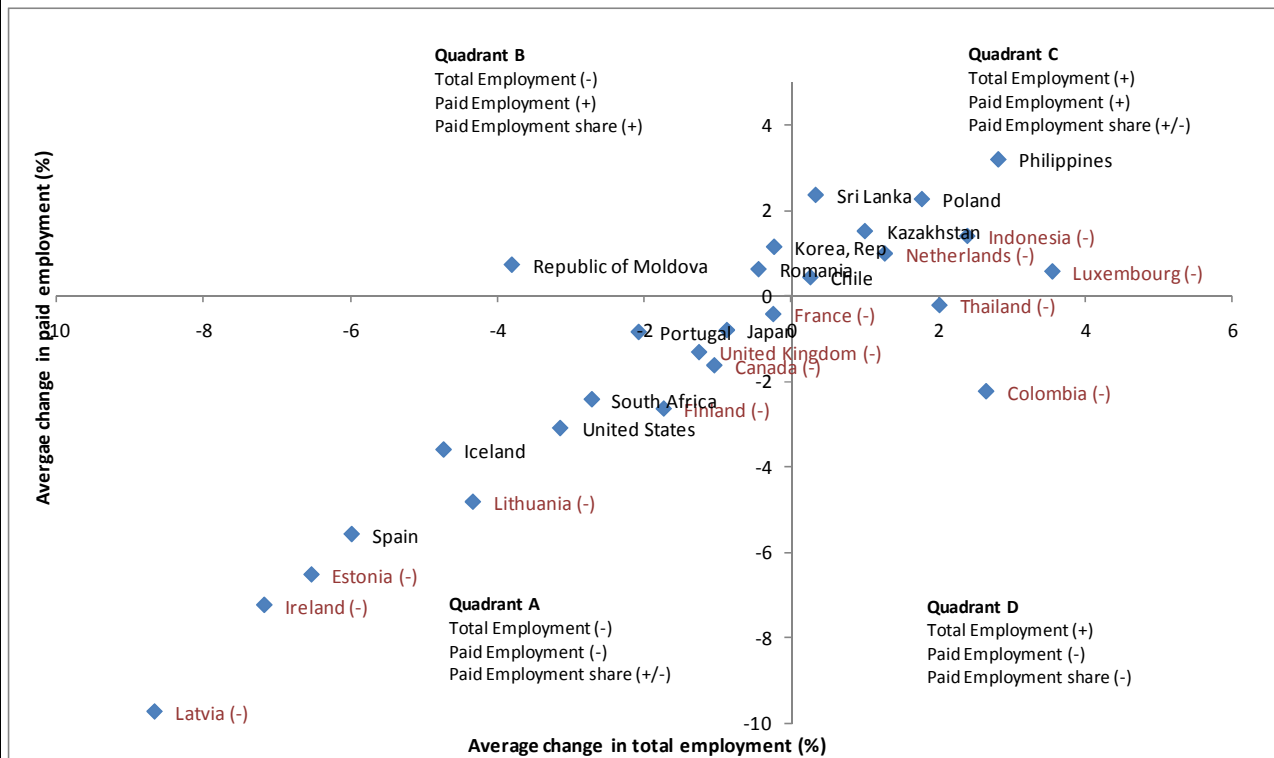
In other economies, both total and paid employment increased. The share of paid employment in total employment increased where paid employment growth was higher than total employment growth (e.g. Philippines, Sri Lanka or Chile), and decreased in countries where paid employment grew at a lower rate than overall employment (e.g. Indonesia, Luxembourg, or the Netherlands).

Box 2 – continued

Quadrant D

Finally, in economies where the decrease in paid employment was offset by an increase in other employment statuses, such that overall employment increased (quadrant D), the share of wage and salaried workers in total employment decreased (e.g. Thailand and Colombia; see Box 7 for a more detailed analysis of Thailand). Note that in many economies that registered positive total employment growth, this growth tended to be lower than the recent average, as suggested by slower employment growth rates at the regional level (see Table A6).

Average year-over-year change in quarterly paid and total employment (2008 Q4 – 2009 Q3) for selected economies



Source: ILO Department of Statistics, see: <http://laborsta.ilo.org>, periodic data, October 2009.

*Note: Economies that have experienced a decrease in the wage and salaried workers share in total employment on average during the past four quarters (compared to the same quarters of the previous year) are shown in red, with a (-) sign.

Working poverty

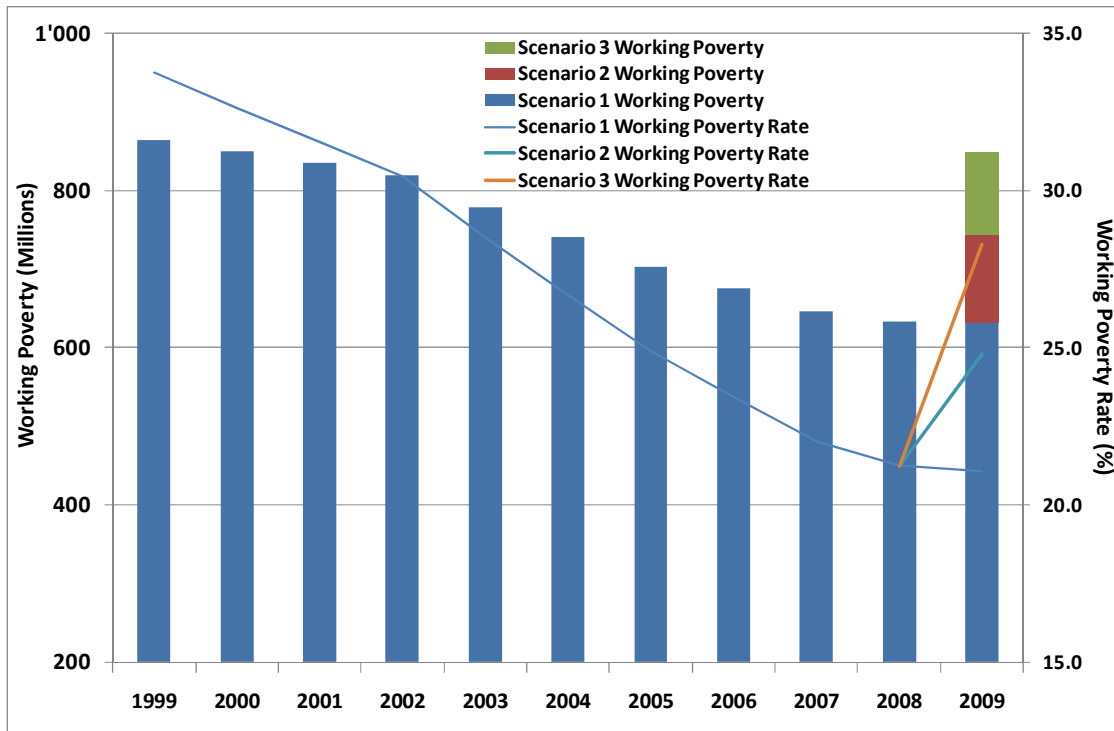
Similar to the share of workers in vulnerable employment, estimates of the proportion of the employed who are working but also fall below an accepted poverty line (the working poor) were on a declining trend before the economic crisis. In the case of extreme working poverty (USD 1.25 a day) the decrease between 1998 and 2008 was 16.3 percentage points, and at the USD 2 a day poverty line it was 17.0 points (Tables A12a and A12b). Nevertheless, the share of the extreme working poor in total employment was still 21.2 per cent in 2008, representing a total of 633 million workers living with their families on less than USD 1.25 a day. In the case of the USD 2 a day working poor, 39.7 per cent of all workers were in this category, equal to 1,183 million workers around the world.

In view of the impact of the economic crisis on vulnerable employment and labour productivity, working poverty is likely to have increased as well.¹⁶ The small decreases in working poverty rates in 2009 that would result from a continuation of historical trends (scenario 1), are therefore not likely to have materialized (see Figure 8, and Annex 4 on the methodology underlying the scenarios). Estimates of the share of workers in extreme poverty suggest that up to an additional 7.0 per cent of workers were at risk of falling into poverty between 2008 and 2009 (scenario 3). This would translate into an additional 215 million workers, which is an alarming increase and would represent a setback of many years in reducing decent work deficits (Table A12a). At the USD 2 a day poverty line, it is estimated that up to 5.9 per cent of workers (185 million workers) were at risk of falling into poverty between 2008 and 2009 (Table A12b).

The largest potential negative impact is in South Asia, South-East Asia and Sub-Saharan Africa, where extreme working poverty may have increased by 9 percentage points or more in the worst case scenario. These estimates reflect that the fact that preceding the crisis, many workers were only just above the poverty line in these regions. In the case of Sub-Saharan Africa more than two-thirds of workers were at risk of falling below the extreme poverty line in the worst scenario.

¹⁶ The connection between vulnerable employment and poverty arises because workers in the vulnerable statuses lack the social protection and safety nets to guard against times of low economic demand and often are incapable of generating sufficient savings for themselves and their families to offset these times.

Figure 8
Global working poverty trends, 1999-2009* (USD 1.25 a day)



*2008 and 2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009 (see Annex 4).

III Regional labour market developments and outlook

Sub-Saharan Africa

Contrary to the expectations of some and the hopes of many that the impact of the economic crisis would be less severe in Sub-Saharan Africa, the effects of the crisis were transmitted widely in this region during 2009. Although the exposure of African financial institutions to asset bubbles and credit excesses was limited, many countries were hit by the collapse in global trade and reductions in investment, foreign aid, remittances and government revenue. Consequently, overall economic growth in Sub-Saharan Africa slowed down sharply from 5.4 per cent in 2008 to 1.2 per cent in 2009. Three of the ten economies that were hit hardest by the economic crisis worldwide are in Sub-Saharan Africa (Angola, Botswana and Equatorial Guinea), which each saw GDP growth drop by at least 12 percentage points due to dwindling export demand. GDP growth in Africa's largest economy, South Africa, dropped 5.3 percentage points to minus 2.2 per cent in 2009.

As noted in a recent report, the region was in a crisis before the global crisis started, and progress in the reduction of widespread poverty has been limited.¹⁷ The ILO has provided methodological and other support to several Sub-Saharan African countries in undertaking rapid impact assessments of the crisis on the labour market, including in Liberia, Uganda and the Democratic Republic of the Congo.¹⁸ As highlighted in Box 3, lack of adequate and up-to-date labour market information and analysis is often an important problem in Sub-Saharan African countries, which was partially overcome in Liberia through a combination of the use of administrative data and qualitative information from interviews. In addition, preparations have started to conduct the first labour force survey in 2010.

Given that Sub-Saharan Africa's population grew by 2.5 per cent between 2008 and 2009, economic growth in 2009 was not enough to maintain incomes per capita at the same level, or address Sub-Saharan Africa's large decent work deficits reflected in very high shares of vulnerable employment and working poverty. Several years of impressive economic growth in the first decade of the millennium contributed to some improvement, but it takes time until economic growth and explicit policy efforts translate into growth of decent employment opportunities. Preceding the economic crisis, between 2003 and 2008 the share of workers in vulnerable employment decreased by 4.2 percentage points. Current estimates of the share of vulnerable employment for 2009 range from 75.7 per cent, based on the assumption of a continuation of the long-term downward trend, to more likely outcomes of between 76.9 and 79.6 per cent, which would take the region back to 2003. Similarly, estimates of extreme working poverty range from stagnation at the 2008 level of 57.7 per cent of the employed, to an increase of 10.0 percentage points.

Apart from a shortage of decent work opportunities, part of the labour force also lacks work altogether. The unemployment rate decreased between 2003 and 2005 by 0.5 percentage points, but it is estimated to have risen to 8.2 per cent in 2009 (with a CI from 7.9 to 8.5 per cent). The limited increase is not reflective of the true impact of the crisis in Sub-Saharan Africa, and should be seen in conjunction with indicators such as vulnerable employment and working poverty. In addition, discouragement may be important in some countries such as South Africa (see Box 1 on labour force participation and Box 4 on the impact of the economic crisis on the labour market in South Africa). The impact of the crisis in South Africa also underlines how characteristics such as educational attainment often drive vulnerability in labour markets.

¹⁷ *Recovering from the crisis. The implementation of the Global Jobs Pact in Africa*, First African Decent Work Symposium, Ouagadougou, 1-2 December 2009; see:

http://www.ilo.org/public/english/region/afpro/addisababa/events/first_adw_symposium.htm.

¹⁸ For details on the methodology, see: *Country level rapid impact assessment of crisis on employment* (Geneva, ILO, 2009); available at: http://www.ilo.org/employment/Whatwedo/Instructionmaterials/lang-en/docName--WCMS_114417/index.htm.

Box 3

Assessing the impact of the global crisis in Liberia and the role of LMIA

Liberia was the first African country to undertake a full assessment of the impact of the global economic crisis on employment with support from the ILO. Since 2004, Liberia has been slowly recovering from the impact of a 15-year civil war, and the crisis has made the Government's efforts towards development and reconstruction even more challenging. In particular, it has impacted the economy through four main channels: the negative effect on government revenues, the decline in export and commodity prices, a less favourable climate for foreign investment, and a reduction in the inflow of remittances.

The Labour Market Information and Analysis (LMIA) Unit was involved in the assessment of the impact of the crisis on employment. The unit, with ten employees, is based at the Ministry of Labour under the supervision of the Assistant Minister for Research and Statistics. They compile, analyse and publish current statistics relating to employment, production, prices, wages, national income, education, incidence of disease and accidents, and other economic and social statistics of national interest. The LMIA Unit works closely with the Liberian Institute of Statistics and Geo-Information Services (LISGIS) and with technical units from the Ministry of Finance (Bureau for Revenue) and the Ministry of Planning. During a five-month period in 2009, an ILO technical expert helped build capacity of the LMIA unit.

Although timely survey data on employment in Liberia is not currently available, information on the labour market is routinely submitted to the Ministry of Labour and the Ministry of Finance. As part of the rapid assessment, employment data for 138 large-scale establishments was assembled from these records and analysed by the LMIA Unit. Although there were more than 138 large enterprises operating in Liberia at the time, not all companies reported their total number of workers to the Government. In addition, employers did not always submit complete or consistent employment data each month.

Despite these limitations, the LMIA Unit was able to provide useful quantitative information on employment trends which supported evidence gathered through qualitative inquiries with workers and employers. For many of the companies for which data existed, the number of employees was more or less stable between May 2008 and May 2009, and nothing in government records indicated mass layoffs. However, there was an indication of significant employment reductions in two companies engaged in the rubber and iron ore sectors, in particular of contractors.

The consequences of the loss of employment, especially by a worker in regular wage employment, are far-reaching in Liberia. Many of these workers are paid in kind through access to housing, education and health care for themselves and up to eight dependants at some enterprises. Therefore, the loss of one job is likely to affect the livelihood of many more people that rely on the earnings and other benefits of the worker concerned. Nonetheless, the percentage of workers in this category is quite low and the effects of the crisis will be felt more strongly by the self-employed in smallholder agricultural production and other activities.

In 2010, the LMIA Unit will produce an analytical report on the situation of the labour market in Liberia based on the first national labour force survey which is to be conducted in the first quarter of 2010. This report will analyse the first comprehensive set of key labour market indicators, including the labour force participation rate, unemployment rate, vulnerable employment rate, educational attainment levels and distribution of workers by economic sector and status in employment.

Source: *A rapid impact assessment of the global economic crisis on Liberia* (Geneva, ILO, 2009).

Economic growth in 2010 in Sub-Saharan Africa is projected at 4.1 per cent in 2010, which is low in comparison with the rates in the middle of the first decade of the millennium but nevertheless provides scope to address some of the long-term labour market challenges in the region. However, the outlook is subject to considerable uncertainty, and dependent on the recovery of the global economy through the transmission channels that were mentioned before, in particular commodity exports, foreign direct investment and remittances. Current projections of the unemployment rate show very little change between 2009 and 2010 (see Table P1 and Annex 5 on the methodology underlying unemployment projections).

Box 4

Economic crisis and labour markets in South Africa

Due to its global links, South Africa has been hit hard by the economic crisis and has been in a recession since the fourth quarter of 2008. According to the IMF, annual growth in GDP in 2009 was minus 2.2 per cent.¹ The contraction in output had several strong negative effects on labour markets.

Employment in South Africa fell from 13.7 million in the second quarter of 2008 (2008Q2) to 12.9 million in 2009Q3, which was driven by layoffs particularly in wholesale and retail trade, manufacturing and agriculture.² As a result, the employment-to-population ratio dropped from 44.7 per cent in 2008Q2 to 41.3 per cent in 2009Q3. Surprisingly, employment in the informal economy has also fallen during the crisis, from 17.0 per cent of total employment in 2008Q2 to 15.5 per cent in 2009Q3. Over the period 2008Q2 to 2009Q2, the informal economy accounted for 64 per cent of job losses in comparison to 16 per cent in the formal economy (the rest occurred in the agricultural sector and in private households). In the last quarter for which data are available, 2009Q3, this situation was reversed as the majority of job losses took place in the formal economy (55 per cent versus 23 per cent in the informal economy). This suggests that adjustment in the informal economy was more rapid and employers in the formal economy are only resorting to layoffs after a delay.

The fall in employment levels in South Africa did not immediately translate into a commensurate increase in unemployment. Over the first period of the crisis, the unemployment rate for the whole population increased only by 0.5 percentage points, from 23.1 per cent in 2008Q2 to 23.6 per cent in 2009Q2. However, the rate has since jumped to 24.5 per cent in 2009Q3. This aggregate trend masks considerable heterogeneity in changes to unemployment levels, and changes in unemployment rates have been stronger for men and young people.

Looking at changes in inactivity reveals that the biggest impact of the crisis has been on discouraged workers (those who are unemployed but have given up searching for jobs). The number of discouraged workers increased from 1.1 million in 2008Q2 to 1.6 million in 2009Q3. The rise in discouragement was most notable for vulnerable segments of the population, namely, uneducated black South Africans. Overall, discouraged individuals are primarily supported by household members, individuals outside the household and child/foster care grants.³

These findings stress the importance of analysing the impact of the crisis not only in terms of unemployment, but taking other labour market indicators into account, and disaggregated by key socio-economic characteristics which often drive vulnerability in the labour market. The main challenge for South African policy-makers is to ensure that the interventions are effective in helping discouraged individuals increase their attachment to the labour force.

¹ *World Economic Outlook* (Washington, DC, IMF, October 2009); see: <http://www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx>.

² Quarterly Labour Force Survey, Quarter 3 2009, *Statistical Release P0211*, and previous releases (Pretoria, Statistics South Africa, 2009); see: <http://www.statssa.gov.za>.

³ Results are based on ILO research, forthcoming.

North Africa

Economic growth in the North Africa region decreased to 3.7 per cent in 2009, versus 5.5 per cent in 2008 and 5.8 per cent in 2007, indicating that the impact of the financial and economic crisis on growth has been less severe in North Africa than in most other regions in the world – albeit with significant variations at the country level. The extent to which countries have been affected depends on the main transmission channels of the crisis, in particular exports and remittances, as well as the effectiveness of stimulus packages. All countries in the region saw governments actively reacting to the crisis by the introduction of stimulus packages, even though there was much variation in size and focus (see Box 5 for the example of Egypt).

The North Africa region continues to face a series of long-term labour market challenges. These include a rapidly growing labour force (growing 2.6 per cent annually during the last ten years); high unemployment rates, especially for young people; continued low labour force participation rates of women; slow increases in productivity and therefore little scope for increases in wages and earnings; and a large deficit in decent work, partly due to the weakness of social dialogue and social protection mechanisms. To an important extent, youth unemployment in the region is the result of a persistent mismatch between labour supply and demand, misconceptions of young people as well as employers, and education systems that do not impart the skills needed in the market. Importantly, all governments in the region have started to address some of these challenges, especially the problem of youth unemployment.

The region's overall unemployment rate is estimated to have reached 10.5 per cent in 2009 (with a confidence interval of 9.8 to 11.1 per cent), versus 10.1 per cent in 2007. Women in the region face higher rates of unemployment than men, with an estimated unemployment rate of 15.6 per cent in 2009 versus 14.6 per cent in 2007. This compares with a male unemployment rate of 8.6 per cent in 2009, versus 8.4 per cent in 2007 and indicates that women have faced a larger relative increase in unemployment incidence in the region. Young people in the region experienced very high rates of unemployment prior to the crisis, with an overall youth unemployment rate of 23.6 per cent in 2007, which is estimated to have risen to 24.7 per cent in 2009.

The crisis has impacted productivity growth in North Africa to a greater extent than employment growth, with growth in productivity declining to 0.6 per cent in 2009, versus 2.9 per cent in 2007, while growth in employment declined only marginally – from 2.6 per cent in 2007 to 2.4 per cent in 2009. This indicates that overall employment quality is likely to have deteriorated as a result of the crisis. In this regard, trends in vulnerable employment and working poverty are of great significance. Thirty-nine per cent of all workers in the region were in vulnerable employment in 2007, and the middle scenario indicates that this may have risen to more than 40 per cent in 2009. While recent country-level data on the working poor are not available, prior to the crisis around three in ten workers had to live on less than USD 2 a day per family member and the scenarios prepared for this report indicate that the incidence of working poverty may have risen, with a middle scenario working poverty incidence of nearly 37 per cent.

GDP growth in the region is projected to recover modestly to 4.3 per cent in 2010. Unemployment rates are projected to remain elevated in 2010, at 10.6 per cent, with a confidence interval of 9.7-11.5 per cent. This would represent an increase of 300,000 unemployed in 2010 versus 2009. Overall, the weak conditions of labour markets prior to the crisis are likely to make the impact of reduced economic growth more severe, and the region may well need a long period to recover.

Box 5

Economic crisis and labour markets in Egypt

Egypt is one of the countries in which labour market challenges and problems predating the global economic crisis were aggravated during the crisis. Egypt's labour market is characterized by strong annual increases of the labour force, with the challenge to integrate some 700,000 new entrants to the labour market every year, mainly due to strong population growth. Other characteristics include the low participation of women, a high share of employment in public institutions, a high share of people in vulnerable employment situations, low levels of productivity and wages, and a high level of unemployment, particularly among women and youth. In addition, significant skills mismatches remain, despite rapidly increasing educational attainment. Finally, weaknesses in social dialogue and social protection contribute to the shortage of decent work opportunities in the country.

As a result of the global crisis, the unemployment rate increased by about 1 percentage point, to 9.4 per cent, which brings Egypt back to the levels of five years before the crisis. It appears that vulnerable groups such as women, the low-skilled and youth were hit particularly hard. In the 12 months following the beginning of the crisis in Egypt, the female unemployment rate increased from 18.8 to 23.2 per cent, while unemployment among men even decreased, from 5.4 to 5.2 per cent. Given that many people cannot afford to continue without work for long, many of those who lost their job end up in the informal economy. Moreover, the labour force increased by only 400,000 between July 2008 and July 2009 (instead of the usual 700,000), indicating that large numbers of people were discouraged from seeking employment or, if this was an option, chose to stay in the education system. The lack of more effective social dialogue hampered the identification of options to deal with the crisis through tripartite agreements.

To a certain extent, Egypt is also one of the countries in which the limitations of available data prevent a timely and detailed analysis of the impact of the crisis on the labour market, in particular on employment by sector. This in turn makes it difficult to base crisis policies and interventions on solid research.

A fiscal stimulus package, equivalent to some 1.5 per cent of GDP, was adopted by the Government in spring 2009. According to a preliminary analysis of the data that are available, the package prevented a stronger rise in the unemployment rate. A second stimulus package will be launched in 2010. However, much more is needed to address the long-standing labour market challenges, including effective strategies to better integrate women and youth in labour markets. Such strategies would help strengthen Egypt's position to face future economic and labour market crises.

*The ILO, together with selected partners, has conducted 6 studies on the impact of the crisis on labour markets in Egypt. Topics were: a quick assessment after the outbreak of the crisis; the tourism industry; the textile industry; trade; impact of the stimulus package; and women and youth. These studies were discussed at a high-level roundtable in December 2009 and will be made available by the ILO Subregional Office for North Africa in Cairo. This box provides preliminary results, drawing on the trade analysis (see, A. Klau: "Impact of the economic crisis on trade, foreign investment, and employment in Egypt", forthcoming).

Middle East

Economic growth in the Middle East has decelerated considerably but remained positive in 2009, with estimated growth of only 1.4 per cent (see Table A1). The decline has been largely attributable to the fall in oil and commodity prices and to a downturn in the financial intermediation and real estate sectors. The impact on the crisis has been most severe in the Gulf States, with negative growth projected for Kuwait (-1.5 per cent), Saudi Arabia (-0.9 per cent) and the United Arab Emirates (-0.2 per cent). Dubai, in particular, was hit hard, due to its greater exposure to global markets and reliance on credit financing. Following the announcement in November 2009 that Dubai's flagship holding company would seek a standstill of their debt, the IMF considered a downward revision of the 2010 growth forecast for the United Arab Emirates, to below the 3 per cent forecast released in October.¹⁹

The other Gulf States experienced significant declines in growth in 2009. Qatar saw its GDP growth rate fall from 16.4 per cent to 11.5 per cent in 2009, while Oman's growth rate fell from 7.8 per cent to 4.1 per cent, and Bahrain's from 6.1 per cent to 3.1 per cent. Growth declines were less severe in non-Gulf Middle Eastern economies, all of which have positive estimated growth in 2009. Jordan's growth rate fell from 7.9 per cent in 2008 to 3 per cent in 2009, the Syrian Arab Republic's from 5.2 per cent to 3 per cent, the Islamic Republic of Iran's from 2.5 per cent to 1.5 per cent and Lebanon's from 8.5 per cent to 7 per cent. One country, Yemen, had higher growth in 2009 (4.2 per cent) than in 2008 (3.7 per cent).

The Middle East's regional unemployment rate has not risen substantially over the 2007-09 period. It is currently estimated at 9.4 per cent in 2009, up 0.1 percentage points from 2007 (see Table A2). However, the impact of the crisis on the region's labour market is not adequately reflected in unemployment rate movements. This is due to the fact that a large number of expatriates and migrant workers in the Gulf States have residence permits that are linked to employment contracts. When these workers are made redundant, they are more likely to return to their countries of origin and therefore drop out of the labour force of the country of destination, whereas migrant workers in Europe can often remain and "sit out the crisis" in the country of destination.²⁰ In addition, some Gulf States enacted laws restricting the termination of national workers, which helped secure their jobs in the short run, but disadvantaged expatriate workers.²¹ Youth unemployment remains a challenge for the Middle East. The youth unemployment rate was already as high as 21.4 per cent at the onset of the crisis, compared to a rate of 5.6 per cent among adults, and this could increase by up to 2.2 percentage points in 2009 (see Table A3).

The impact of the crisis can also be seen in terms of increased vulnerable employment in the Middle East. At the onset of the crisis, more than a third of the region's workers were in vulnerable employment. The share of vulnerable workers in total employment is estimated to have increased by 0.2 to 7.4 percentage points in 2009 (see Table A11). With nearly 23 per cent of workers in the region estimated to be living with their families on less than USD 2 a day, any reduction in employment quality could also lead to increased poverty.

Another persistent labour market issue in the region is the considerable gap between the sexes in terms of labour force participation and access to decent and productive employment opportunities. Although labour force participation among women has been increasing over the years, the female

¹⁹ See: <http://www.imf.org/external/pubs/ft/survey/so/2009/CAR120409A.htm>.

²⁰ I. Awad: "The global economic crisis and migrant workers: Impact and response" (ILO, Geneva 2009); see: http://www.ilo.org/public/english/protection/migrant/download/global_crisis.pdf.

²¹ Gulf Talent: "Employment and Salary Trends in the Gulf 2009-2010"; see: <http://www.gulftalent.com/home/Employment-and-Salary-Trends-in-the-Gulf-2009-2010-Report-24.html>.

participation rate is only around a third of the male rate. Estimated at 25.4 per cent in 2009, the Middle East's female participation rate is the lowest among all regions (see Table A8).

Looking to 2010, economic growth is forecast to rise to 4.1 per cent, which would represent a significant pick-up in economic activity, but also a rate that is well below the historical trend. Unemployment is expected to remain relatively unchanged, with a projection of 9.3 per cent (and a corresponding confidence interval of 8.7-9.9 per cent) (see Table P1).

Latin America and the Caribbean²²

Following several years of rapid economic growth, Latin America and the Caribbean experienced a slowdown in GDP growth to 4.2 per cent in 2008 and a sharp contraction of 2.5 per cent in 2009. The Mexican economy suffered most in the region from the economic crisis as economic growth plummeted to minus 7.3 per cent, in part due to the country's high trade integration and dependence on the United States. The favourable conditions that propelled the region's recent rapid growth, notably rising exports, high commodity prices and abundant financing, quickly reversed with the onset of the crisis.

Yet a number of positive economic conditions have helped many economies weather the storm. Inflation rates, the level of indebtedness and government fiscal deficits are considerably lower than historical levels in most countries, thus providing fiscal space to respond to the crisis. The level of international reserves is also higher in many countries than in prior periods of crisis, which has helped maintain investment and consumer confidence. In addition, most countries had implemented social programmes prior to the onset of the crisis with millions of Latin Americans receiving subsidies under conditional cash transfer schemes in place in many countries. According to the IMF, fiscal policies were counter-cyclical in many economies in Latin America and the Caribbean for the first time in decades, and fiscal stimulus packages ranged from 0.5 per cent of GDP in Brazil to around 3 per cent in Chile.²³ Counter-cyclical policies and improved resilience to economic shocks made for an improved outlook in the course of 2009.

Preceding the economic crisis, the positive impact of several consecutive years of fairly high economic growth rates on labour markets could be seen in the region, in particular in the reduced growth rate of vulnerable employment.²⁴ Between 2003 and 2008, the vulnerable employment rate decreased by 3.8 percentage points, and by 4.6 points for women, while in the previous five years this rate had hardly changed for women or men. Furthermore, by 2008 the unemployment rate in the region had come down to 7.0 per cent, from peak-levels of more than 9 per cent earlier in the decade.

There has been a clear, negative impact on labour markets in the region, as the unemployment rate is estimated to have risen to 8.2 per cent in 2009. Among men, the rate rose from 5.8 per cent in 2007 to 6.9 per cent in 2009 while the female rose from 8.8 per cent to 10.1 per cent over the same period. The youth unemployment rate jumped from 14.1 per cent to 16.6 per cent, indicating that young people continue to face substantial difficulties securing decent employment opportunities and that the economic crisis has exacerbated this problem.

Based on currently available information, the vulnerable employment rate in Latin America and the Caribbean in 2009 increased by between 0.8 (first scenario) and 2.6 percentage points (third scenario), thus breaking the favourable trend of recent years. Similarly, the downward trend in extreme USD 1.25 a day working poverty, which decreased by 6.2 percentage points between 2003 and 2008, is likely to have been reversed in 2009. Current estimates indicate that the share of workers in extreme

²² For a detailed analysis of Latin America and the Caribbean, see *Panorama Laboral 2009* (Lima, ILO, 2009).

²³ *World Economic Outlook* (Washington, DC, IMF, October 2009), p. 86.

²⁴ *Global Employment Trends*, January 2009 (Geneva, ILO), p. 16 and Figure 4.

poverty ranged from 7.0 to 9.9 per cent in 2009, an increase of up to 3.3 percentage points from 2008. In addition to the pressing challenge of eliminating poverty, other notable issues in the region include a heavy dependence on commodity exports and persistent inequalities. In this context, there is a clear need to further boost social protection programmes.

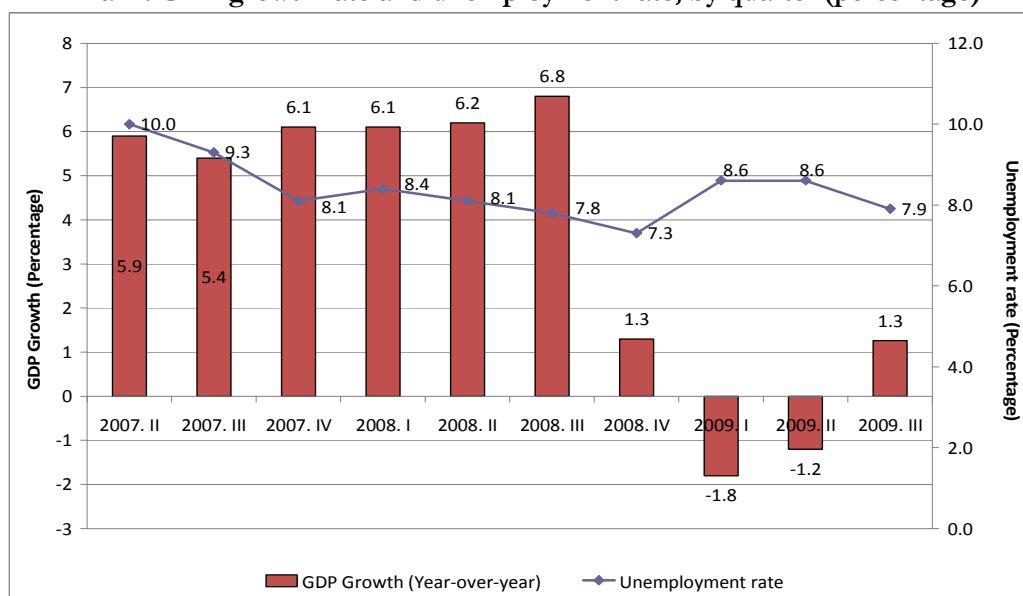
The outlook for 2010 is a resumption of economic growth at a modest rate of 2.9 per cent. The recovery is expected to be led by strong growth in Brazil, projected at 3.5 per cent, after registering a contraction in 2009 by minus 0.7 per cent (see Box 6). The unemployment rate for 2010 is projected at 8.0 per cent, slightly lower than the 8.2 per cent in 2009, reflecting the better outlook towards the end of 2009. The uncertainty surrounding the labour market outlook is captured in the confidence interval of the unemployment rate, ranging from 7.5 to 8.5 per cent.

Box 6 Economic crisis and labour markets in Brazil

Before the onset of the economic crisis in Brazil in September 2008, economic growth had been robust, averaging 4.4 per cent annually in real terms during the 2004-07 period and 6.4 per cent for the first three quarters of 2008. Moreover, there was an important recovery of wage levels and an expansion in employment, particularly formal employment. Unemployment fell from 9.0 per cent in 2004 to 7.7 per cent in 2008 and the percentage of workers contributing to the social security system surpassed 50 per cent in 2007, reaching 52.1 per cent in 2008.

Nevertheless, the international crisis halted economic growth and had an immediate and sharp impact on employment. Year-over-year GDP growth in the fourth quarter of 2008 decreased to 1.3 per cent and there was a net job loss of 634,000 formal jobs in the quarter, compared with a net gain of 10,400 formal jobs in the fourth quarter of 2007. As a result of the recession, the unemployment rate in the six major metropolitan areas surveyed in the Monthly Employment Survey (PME) increased from 7.3 per cent in fourth quarter of 2008 to 8.6 per cent in the first and second quarters of 2009.

Brazil: GDP growth rate and unemployment rate, by quarter (percentage)



Source: Central Bank; IBGE.

However, by the third quarter of 2009, economic growth had resumed and the unemployment rate in the six major metropolitan areas had returned to near pre-crisis levels (7.9 per cent in 2009Q3 compared with 7.8 per cent in 2008Q3). Moreover, administrative records of formal employment creation show that there has been net job growth since February 2009 and since April 2009 in the industrial sector, which is the sector that was hardest hit by the recession. Between January and October 2009, 1.2 million formal jobs had been added, representing a gain of 3.6 per cent over the 2008 employment stock. Household employment data from the PME survey also demonstrate positive job growth, and in October 2009 the unemployment rate of 7.5 per cent was equivalent to the rate for October 2008.

East Asia

The East Asia region experienced a sharp contraction in economic activity beginning in the closing months of 2008 and peaking in early 2009. For the month of February, 2009, exports from China, the world's largest exporter, were nearly 26 per cent lower than in the same month in 2008. In the same month, the Government of China indicated that 20 million internal migrant workers had lost their jobs by the early months of 2009.²⁵ While many of these workers quickly took up some form of employment to offset lost income and therefore did not become unemployed in the statistical sense, this figure is indicative of a rapid decline in labour demand and the reality of rising unemployment and underemployment, reduced hours and falling job security.²⁶ Growth in the Republic of Korea tumbled to -4.3 per cent in the first quarter of 2009, down from growth of 5.5 per cent in the same quarter of 2008. However, the second half of 2009 saw a substantial pickup in growth throughout the region, as the large stimulus measures implemented by many governments began to take effect and the negative trend in exports began to reverse, boosting domestic investment and consumption.²⁷

In the East Asian region as a whole, economic growth for 2009 is estimated at 6.1 per cent – the highest rate of growth among all regions of the world, but down from 7.3 per cent in 2008 and from 11.2 per cent in 2007. The economies of Taiwan (China), Hong Kong (China) and the Republic of Korea contracted in 2009, by 4.1 per cent, 3.6 per cent and 1.0 per cent, respectively. China, which accounts for more than three-quarters of the region's GDP and nearly 95 per cent of the East Asian labour force, is estimated to have achieved robust growth of 8.5 per cent. The rapid improvement that has taken place in the Chinese domestic market, as well as the positive spill-over effects to neighbouring countries, has led to an improvement in the economic and labour market figures for the region as a whole as compared with prior estimates.

The unemployment rate in East Asia is estimated to have edged up to 4.4 per cent in 2009, up from 4.3 per cent in 2008 and from 3.8 per cent in 2007. The rate for men in 2009 is estimated at 5.0 per cent, versus 3.7 per cent for women. Both male and female unemployment rates have risen during the crisis, and in roughly the same proportion. The region's youth unemployment rate, at 9.0 per cent, remains the lowest in the world, but this rate is up 1.2 percentage points as compared with 2007, indicating that young people are facing significant headwinds as they attempt to enter the workforce.

With nearly 70 per cent of the working-age population in employment, East Asia has the highest employment-to-population ratio among all of the regions of the world. This figure has been on a steady decline, however, which is likely due to the region's rapid economic development, leading young people to spend longer periods in school and older workers to retire and exit the labour market. Employment growth, at 0.9 per cent in 2009, is higher than the growth achieved in 2008 (0.3 per cent), and only slightly lower than average employment growth in recent years. Output per worker grew by 4.0 per cent in 2009, down sharply from 10.6 per cent in 2007.

Together with the rapid growth in output and rising living standards, the share of workers in wage and salaried employment has grown significantly in East Asia in recent years, reaching around 45 per cent in 2008. Around 53 per cent of the region's workers are estimated to be in vulnerable employment – either self-employment or unpaid family work. The share of workers in poverty has

²⁵ I. Johnson and A. Batson: "China's Migrants See Jobless Ranks Soar", in *The Wall Street Journal*, 3 Feb. 2009.

²⁶ G. Sziraczki et al.: "The global economic crisis: Labour market impacts and policies for recovery in Asia", ILO Asia-Pacific Working Paper Series (ILO, Bangkok, June 2009); see: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_110095.pdf.

²⁷ China's fiscal stimulus package equalled 12 per cent of projected 2009 GDP, while the Republic of Korea's package totalled more than 10 per cent. In terms of a percentage of GDP, these are the two largest fiscal stimulus packages in the three Asian subregions.

declined sharply in recent years, with an estimated 29 per cent living with their families on less than USD 2 a day in 2008, and 11 per cent living in extreme poverty of less than USD 1.25 a day in 2008 (versus more than 75 per cent of workers living on less than USD 2, and more than 50 per cent living in extreme poverty just a decade earlier). As recent household income and expenditure survey data are not yet available for countries in the region, it is not known whether favourable poverty trends have continued despite the crisis. However, negative impacts of the economic downturn on incomes are likely to have been at least partially offset by decreased food and commodity prices. Similarly, the impact of the crisis on rates of vulnerable employment is also uncertain, with two scenarios showing a continued decline in 2009 (versus the rate in 2007) and one scenario showing a moderate increase.

Economic growth is expected to rebound sharply in 2010, with an overall growth rate of 7.9 per cent. The region's unemployment rate is projected to decline slightly to 4.3 per cent, with a confidence interval of 3.9-4.6 per cent.

South-East Asia and the Pacific

The South-East Asia and the Pacific region includes a number of economies that are highly dependent upon foreign trade and investment flows. Accordingly, among the Asian regions, it has been the hardest hit by the crisis in terms of reduced economic growth. In the region as a whole, economic growth for 2009 is expected to be 0.5 per cent, down from 4.4 per cent in 2008 and from average annual growth of more than 6 per cent prior to the onset of the crisis. The countries that have experienced the largest drop in output in 2009 include Cambodia (growth fell to -2.7 per cent versus 6.7 per cent in 2008 and versus more than 10 per cent in the years leading up to the crisis), Malaysia (-3.6 per cent growth in 2009), Thailand (-3.5 per cent growth in 2009), Singapore (-3.3 per cent) and Fiji (-2.5 per cent).

Growth in Indonesia, the region's largest country in terms of both population and economic size, has held up well throughout the crisis, despite disruptions in the country's financial markets and pressure on exchange rates early on in the crisis. Indonesia has benefited from a large domestic market and limited reliance on exports and international investments for its domestic capital expenditures. This, in turn, has benefited the Indonesian labour market as well as the economic and labour market figures for the region as a whole.

The regional unemployment rate in South-East Asia and the Pacific is estimated to have risen to 5.6 per cent in 2009, up 0.2 percentage points versus 2007. The rate for men rose from 5.2 per cent to 5.5 per cent while for women, it remained nearly unchanged. Young people remain far more likely than adults to be unemployed, with the region's youth unemployment rate reaching 15.3 per cent in 2009, versus a rate of only 3.4 per cent for adults. Young workers already faced substantial difficulties accessing decent and productive jobs prior to the economic crisis and the situation for youth has deteriorated as a result of the economic downturn.

With slightly less than two-thirds of the working-age population in employment, South-East Asia and the Pacific has the third highest employment-to-population ratio among the regions of the world, lower than only East Asia and Sub-Saharan Africa. The regional employment-to-population ratio has not changed a great deal during the crisis, as employment grew by 1.7 per cent in 2009. There has been a much more prominent effect on labour productivity in the region than on employment generation, with output per worker falling by 1.8 per cent in 2009.

There is a substantial gender gap in labour force participation in South-East Asia and the Pacific, with 82 per cent of men of working age (15 years and older) active in the labour market versus approximately 57 per cent of women. Labour force participation of youth has been on a steady downward march, declining more than 5 percentage points to 51.6 per cent in 2009 versus a decade

earlier. This reflects improved educational outcomes and youth remaining in schooling longer, but could also reflect discouragement given the region's high youth unemployment rate.

Both the proportion and the number of workers in vulnerable employment in South-East Asia and the Pacific have risen since 2008, with the middle scenario providing a projected increase of almost 5 million. This trend is to be expected, as many workers who have lost their job in export-oriented manufacturing cannot afford to join the ranks of the unemployed and instead will take up employment in the informal sector, perhaps working in agricultural activities or in informal services, such as street vending. Box 7 provides the example of employment shifts in Thailand.

More than half of all workers in South-East Asia and the Pacific live on less than USD 2 a day, with around a quarter living on less than USD 1.25 a day. Because of an absence of recent country-level poverty data, it is not clear whether the crisis has led to an increase in the incidence of the working poor, with the most optimistic scenario produced for this report showing a slight decline, and the other two scenarios showing an increase. Yet it is clear that while much progress has been made in terms of economic development and while the region has recognized tremendous growth, in no small part because of rapid export growth, much remains to be done to eliminate decent work deficits and promote sustainable long-term development.

The forecast for the region's unemployment rate in 2010 is that it will remain around its current rate of 5.6 per cent, with a confidence interval of 5.2-5.9 per cent. Economic growth in the region is projected to rebound to 4 per cent in 2010.

Box 7.
Wage employment and vulnerability in Thailand

Change in employment ('000s), second quarter 2007 versus 2008 and 2008 versus 2009

| | Both sexes | | Men | | Women | |
|-----------------------|------------|---------|---------|---------|---------|---------|
| | 2007-08 | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 2008-09 |
| Total employment | 1109 | 840 | 383 | 471 | 727 | 369 |
| Employers | -126 | 61 | -116 | 56 | -9 | 4 |
| Government employees | 139 | 92 | 74 | -2 | 65 | 94 |
| Private employees | 407 | -206 | 158 | -49 | 249 | -158 |
| Own-account workers | 169 | 509 | 102 | 255 | 67 | 255 |
| Unpaid family workers | 524 | 372 | 161 | 203 | 363 | 169 |
| Vulnerable employment | 693 | 882 | 263 | 458 | 429 | 424 |

Status in employment data for Thailand reveal a shift in employment, indicating that the crisis has adversely impacted wage employment, while leading to a rise in the number of own-account workers and vulnerable employment. Overall employment growth slowed during the crisis, dropping from growth of 1.1 million between the second quarters of 2007 and 2008 to growth of 840,000 between the second quarters of 2008 and 2009. But the more prominent change was the shift in employment: the number of private employees grew by 407,000 between the second quarters of 2007 and 2008, but as the country's export industries were hard hit by the crisis, the number of private sector employees declined by 206,000 between the second quarters of 2008 and 2009. Comparing the same period, growth in the number of own-account workers rose from 169,000 to 509,000 while overall growth in vulnerable employment rose from 693,000 to 882,000.

Sex-disaggregated data indicate that women were affected disproportionately in terms of reduced employment growth, both overall and in terms of private wage employment. However, males experienced a larger increase in vulnerable employment, increasing by 458,000 from the second quarter of 2008 to the second quarter of 2009, as compared with growth of 263,000 over the same period between 2007 and 2008.

Source: Quarterly Labour Force Survey, Thailand National Statistical Office.

South Asia

The South Asia region has seen the smallest relative reduction in economic growth during the global economic crisis, with growth of 5.0 per cent expected in 2009, versus 6.6 per cent in 2008 and 8.7 per cent in 2007. The region was spared a larger shock to growth mainly because the largest economies – India and Pakistan – are less export-reliant than many economies in East Asia and South-East Asia. Indeed, the ratio of household consumption to exports is 5.4 in Pakistan, 3.5 in Bangladesh and 2.6 in India, as compared with ratios of 0.8 in Thailand, 0.4 in Malaysia and 0.2 in Singapore.²⁸

As compared with 2007, the largest reductions in GDP growth rates in 2009 are expected in the Maldives (-4.0 per cent versus 7.2 per cent), Sri Lanka (3.0 per cent versus 6.8 per cent) and Pakistan (2.0 per cent versus 5.6 per cent). The impact of the crisis in Sri Lanka was analysed in detail in a chapter in the new “Labour and Social Trends in Sri Lanka 2009” report, which was produced by the Sri Lankan Government with technical and financial support of the ILO (see Box 8). In India, which accounts for 80 per cent of the region’s GDP and 73 per cent of the region’s labour force, growth is projected to fall to 5.4 per cent in 2009 versus 7.3 per cent in 2008 and 9.4 per cent in 2007.

The regional unemployment rate in South Asia is estimated to have increased to 5.1 per cent in 2009, up from 4.8 per cent in 2008, but little changed from the rates registered between 2004 and 2007. Women face higher unemployment rates in the region, with a rate of 5.9 per cent in 2009 as compared with the male rate of 4.8 per cent. This is despite the fact that women participate to a much lesser extent in the labour market than men. Only around 35 per cent of working-age women are economically active, versus more than 81 per cent of men. This is the third highest gap among all regions, surpassed only by the Middle East and North African regions, and it reflects gender-based labour market inequalities, such as women’s comparatively limited access to different types of jobs (occupational and industrial segregation). There is not a clear difference between the sexes with regard to changes in unemployment rates during the crisis. The region’s youth unemployment rate is estimated at 10.7 per cent in 2009, up from 9.9 per cent in both 2008 and 2007.

However, unemployment indicators do not provide a sufficient gauge of labour market health and performance for South Asian economies, simply because the vast majority of the region’s workforce cannot afford to be unemployed. Prior to the onset of the global economic crisis, four out of five workers in South Asia lived with their families on less than USD 2 a day, with more than 45 per cent living in extreme poverty of less than USD 1.25 a day. Most of these working poor are engaged in subsistence agriculture and precarious forms of self-employment. Indeed, in 2008, less than 22 per cent of South Asia’s workers were in wage employment, while more than 50 per cent were own-account workers and more than 25 per cent were unpaid family workers. At a minimum, the crisis is likely to have slowed the rate of progress in reducing poverty and increasing the share of higher productivity employment. While there has been much progress in extending social protection in the region through initiatives such as India’s National Rural Employment Guarantee Act (NREGA), which has provided a significant buffer during the crisis, helping to maintain levels of consumption, poverty and vulnerable forms of employment remain widespread and represent tremendous challenges that must be overcome.

South Asia’s unemployment rate is projected to decline slightly to 4.9 per cent in 2010, with a confidence interval of 4.6-5.3 per cent, as GDP growth is expected to edge higher to 6 per cent.

²⁸ This indicator shows how large the domestic consumer market is relative to exports, with a ratio above 1 indicating the domestic consumer market is larger than the export market; see G. Sziraczki et al.: “The global economic crisis: Labour market impacts and policies for recovery in Asia”, ILO Asia-Pacific Working Paper Series (ILO, Bangkok, June 2009); see: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_110095.pdf.

Box 8
Labour and social trends in Sri Lanka 2009

In December 2009, the Sri Lankan Ministry of Labour Relations and Manpower, Central Bank of Sri Lanka and Department of Census and Statistics released a joint report on “Labour and Social Trends in Sri Lanka 2009” – the first of its kind in the country – with technical and financial support provided by the ILO. The report presents an overview of major trends in labour and social conditions in the country, including the impact of the global economic crisis. It brings together comprehensive and up-to-date economic and labour market information and provides projections and scenarios to 2020, along with related policy implications.

Chapter 2 of the report focuses on the impact of the global economic crisis. External trade is the main channel through which the international crisis is impacting on Sri Lanka’s economy, and all industrial sectors have been affected. While most sectors managed to post positive (though much reduced) growth, the mining and quarrying, trade and hotels, and electricity, gas and water industries contracted in the first quarter of 2009 as a result of the crisis.

In terms of labour market impacts, the report confirms that unemployment is not the main channel through which workers have been affected, as there has not been a statistically significant increase in unemployment. However, in the first quarter of 2009, there were steep employment losses in the construction sector and moderate employment losses in the manufacturing and wholesale and retail trade industries. These losses were offset by employment growth in agriculture and public administration, and consequently total employment grew 1.1 per cent in the first quarter of 2009 versus the same quarter in 2008.

In the second quarter of 2009, the rate of job losses intensified in the manufacturing and wholesale and retail trade industries, and steep job losses were registered in the financial intermediation sector. Total employment in the country dropped by 1.5 per cent in the second quarter of 2009 versus the second quarter of 2008 and by 3.2 per cent as compared with the first quarter of 2009. Thus, while the agriculture sector served as a buffer against the employment losses in manufacturing and construction – by itself not a desirable trend given the relatively low levels of productivity in the agricultural sector as compared with industry and many services – by the second quarter, job losses in other sectors exceeded the capacity of agriculture to soak up excess labour.

The report finds that Sri Lanka lacks adequate mechanisms to transfer incomes to those likely to be worst affected by the crisis and recommends urgent actions, including setting up an unemployment benefit insurance scheme, consolidating existing social security systems, increasing coverage to certain segments of workers such as construction workers, and enhancing the effectiveness of the country’s national system of social assistance, by improving targeting of assistance to those who really need the support.

Source: *Labour and Social Trends in Sri Lanka 2009* (Colombo, Ministry of Labour Relations and Manpower, 2009); available at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/publication/wcm_041779.pdf.

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

The Central and South-Eastern Europe (non-EU) and Commonwealth of Independent States (CSEE & CIS) experienced the most severe shock in terms of economic growth of all regions in 2009. Contagion from developed economies was rapid as foreign investment retreated, exchange rates came under pressure and property and other asset prices fell sharply. Growth dropped by 11.0 percentage points from 4.5 per cent in 2008 to -6.5 per cent in 2009 (see Table A1). Among the CIS economies, the crisis was particularly devastating for Armenia which experienced an economic contraction of -15.6 per cent in 2009 (down from 6.8 per cent growth in 2008), and Ukraine, with an estimated growth of -14.0 per cent, followed by the Republic of Moldova (-9.0 per cent), and the Russian Federation (-7.5 per cent). Georgia and Kazakhstan are also estimated to have negative growth in 2009 (with -4.0 per cent and -2.0 per cent, respectively) while other CIS economies have estimated growth rates for 2009 that are positive but considerably lower than recent years average. All CSEE countries are estimated to have negative growth in 2009, with the exception of Albania, which nevertheless had its growth decline from 6.8 per cent in 2008 to an estimated 0.7 per cent in 2009. Among CSEE countries, the largest estimated declines in growth occurred in Turkey (-6.5 per cent), Croatia (-5.2 per cent) and Serbia (-4.0 per cent).

The deteriorating economic environment had a strong, adverse impact on labour market trends, leading to a 2.0 percentage point increase in the unemployment rate, from 8.3 per cent in 2007 to an estimated 10.3 per cent in 2009 (see Table A2). The CSEE & CIS was the only developing region that experienced negative employment growth in 2009, estimated to have fallen by between 1.8 and 2.5 per cent (see Table A6). Unlike many developed economies, many countries in the region lacked sufficient fiscal space to implement employment policies to adequately counter the situation.

A particularly alarming issue for the region is the disproportionate labour market impact of the crisis on youth. At the onset of the crisis, youth in the CSEE & CIS region were already 2.7 times more likely to be unemployed than adults. The youth unemployment rate increased by 4.0 percentage points between 2007 and 2009, while the increase in the adult rate was estimated at 1.7 percentage points (see Table A3). Indeed, one out of five of the region's economically active youth were unemployed in 2009. Labour market entry for youth is likely to be difficult during the recovery period, with negative long-run consequences for the region's workforce.

The increase in unemployment rates may understate the crisis impact by failing to reflect the discouragement effect. In the CSEE & CIS region, a 0.2 percentage point decrease in labour force participation in 2009, following four years of increases, provides some evidence that a number of workers who are unable to find employment have dropped out of the labour force (see Table A8). The discouragement effect has been slightly greater for men, who experienced a 0.3 percentage point drop in labour force participation, than for women (0.1 percentage point drop). This is attributable to the fact that the crisis has affected men more severely than women in terms of employment in the region, as reflected by a larger decline in the employment-to-population ratio (of between -1.6 and -2.0 percentage points) for men, than for women (between -0.8 and -1.1 percentage points; see Table A5).

Another negative impact of the crisis on the region is the reversal of the positive trend in the share of wage and salaried workers in total employment, resulting in an increase in vulnerable employment. Although, compared to other developing regions, a smaller share of workers in the CSEE & CIS is in vulnerable employment, the share of these workers is estimated to have increased by up to 6.7 percentage points in 2009. At the same time, the CSEE & CIS is the region that experienced the largest decline in labour productivity in 2009, as the decrease in output outweighed the decrease in employment. The region's labour productivity, which had been growing at an average annual rate of more than 5 per cent prior to the crisis, is estimated to have declined to between 4.3 and 4.9 per cent in 2009 (see Table A7).

The current outlook is for a resumption of positive economic growth in 2010, with forecasted growth of 2.4 per cent. The regional unemployment rate is expected to decrease slightly to 10.1 per cent (see Table P1).

Developed Economies and European Union

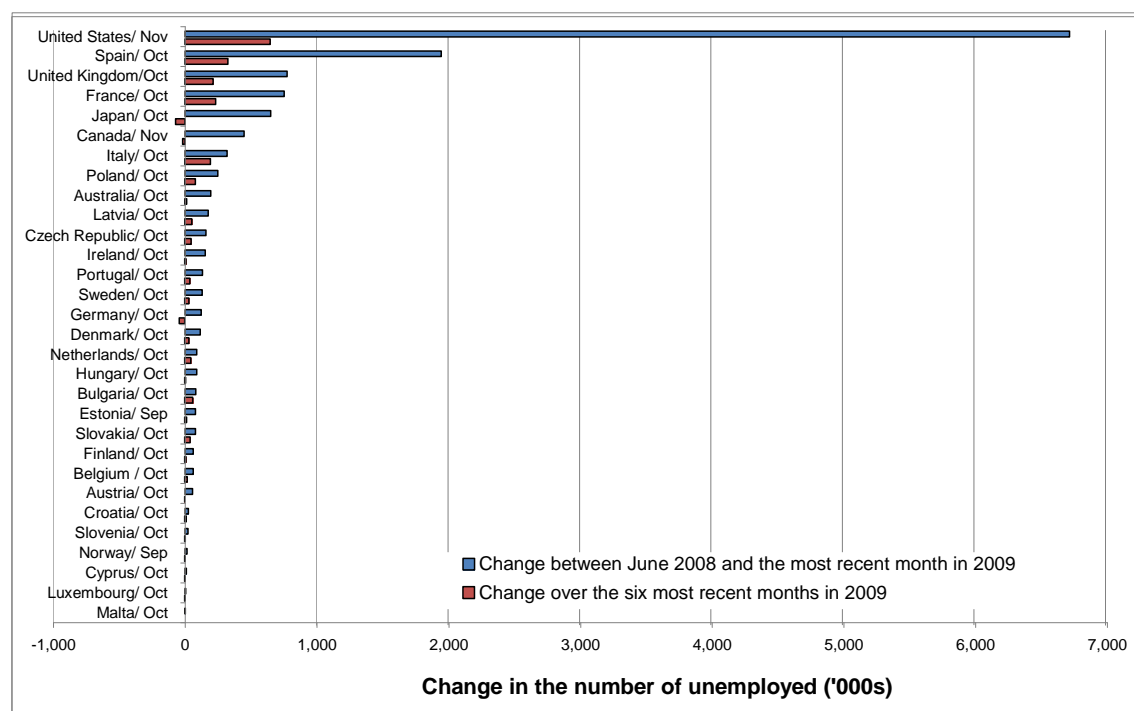
As the global economic crisis originated in the developed economies, the severe impact of the crisis was already evident in 2008 annual GDP growth figures, which dropped to 0.6 per cent versus 2.6 per cent in 2007. For 2009, the Developed Economies and European Union are expected to contract by 3.5 per cent, with current forecasts of a modest recovery to 1.1 per cent growth in 2010. The IMF estimates that the region's largest economy, the United States, contracted by 2.7 per cent in 2009, while the European Union contracted by more than 4.1 per cent. The sharpest declines in economic activity have taken place in Lithuania, Latvia and Estonia, where output dropped more than 14 per cent, but most other economies in the region also registered steep declines, with only Australia and Poland managing positive economic growth for 2009 as a whole.

Labour markets in the Developed Economies and European Union region remain under severe strain, with the region's unemployment rate jumping to 8.4 per cent in 2009, up from 6.0 per cent in 2008 and 5.7 per cent in 2007. The rate among males rose from 5.5 per cent in 2007 to 8.2 per cent in 2009. Among females, the rate rose to 8.6 per cent in 2009, up from 6.0 per cent in 2007. The impact in terms of rising unemployment has thus been almost equally severe for both men and women in the region. Young workers have been strongly affected, with the youth unemployment rate rising to 17.7 per cent in 2009, up from 13.1 per cent in 2008 and 12.2 per cent in 2007. This compares with an increase in the adult unemployment rate from 4.8 per cent in 2007 to 7.0 per cent in 2009.

The number of unemployed in the region is estimated to have surged by more than 13.7 million between 2007 and 2009, with an increase of nearly 12 million unemployed in 2009 alone. Overall, despite comprising less than 16 per cent of the global workforce, the Developed Economies and European Union region accounted for more than 40 per cent of the increase in global unemployment since 2007. Rising unemployment in the United States and Spain accounts for a substantial share of the total increase in unemployment in the region (see Figure 9). Looking at monthly data for 30 economies for which data are available through at least September 2009, the United States accounted for 49 per cent of the increase in unemployment, while comprising only one third of the combined labour force of the countries listed in Figure 9. Spain, which has seen a sharp increase in its unemployment rate from 11 per cent in June 2008 to nearly 20 per cent in November 2009, accounted for 14 per cent of the total increase in unemployment, despite comprising less than 5 per cent of the combined labour force in the figure.

The severe labour market shock can also be seen in declining employment figures. Overall, the number of employed in the Developed Economies and European Union region is estimated to have declined by 2.5 per cent in 2009, after growing by only 0.6 per cent in 2008. This compares with average annual growth over the 2000-05 period of 0.7 per cent and robust employment growth of 1.6 per cent and 1.4 per cent in 2006 and 2007, respectively. The region's employment-to-population ratio declined sharply – to 55.5 per cent – down from 57.3 per cent in both 2007 and 2008. Labour productivity has also suffered, as average output per worker in the region is estimated to have declined by 1.3 per cent in 2009, versus average growth of 1.4 per cent over the 2000-05 period.

Figure 9
Change in the number of unemployed, selected developed economies



Source: Eurostat and OECD, online databases.

Box 9 provides some insights regarding the sectors in which employment losses were concentrated. Although employment losses were registered in many sectors, currently available data show that employment in the industrial sectors has suffered more than employment in agriculture or services.

Despite a projected rebound in GDP growth in 2010, to 1.1 per cent, unemployment in the Developed Economies and European Union is expected to remain elevated, with a projected increase in the regional unemployment rate to 8.9 per cent. As the confidence interval is 8.2 per cent to 9.5 per cent, a moderate decline in the unemployment rate is possible, however it is clear that the rate of unemployment will remain well above pre-crisis levels for some time and that recovery in labour markets will lag behind the economic recovery.

Box 9 Sectoral employment change in developed economies during the economic crisis

Analysing trends in employment by sector allows one to see the changing dynamics of demand in the face of the global economic crisis. Which are the industries that have suffered the most in terms of job losses? Are there any clear winners and losers? The change in sectoral employment at the 1-digit level (ISIC Revision 4) between the second quarter of 2009 and 2008 in Germany and the United Kingdom, two of Europe's larger economies, show that patterns are diverse across countries (see Figure B1 below and the tabulation categories at the end of the box that correspond to the letters given in the figure); the largest losses were registered in industrial sectors (mining and quarrying in Germany, manufacturing in the United Kingdom), but employment losses were also pronounced in agriculture and "other service activities" in Germany and information and communication in the United Kingdom. If the detailed sectors are aggregated into the broader categories of agriculture, industry and services for the European Union (see Figure B2 below), it becomes clear that the current economic crisis in developed economies is mainly a crisis in the industrial sector. Employment losses in industry (as a percentage change) were largest in Spain, followed by Lithuania and the United Kingdom.

The services sector has been less severely affected. Decreases occurred but to a much smaller degree than decreases in industrial employment. Where decreases in employment in services has been strongest (percentage changes of 2.0 or higher were seen only in France, Lithuania and Spain), the impact has been concentrated mainly in losses to real estate activities (France and Spain) or professional, scientific and technical activities (Lithuania). In Germany, Romania and the United Kingdom, the share employed in services followed the longer-term trends with slight increases over the annual period.

Figure B1. Employment by 1-digit sector (ISIC Rev. 4) in Germany and the United Kingdom, percentage change between 2008Q2 and 2009Q2

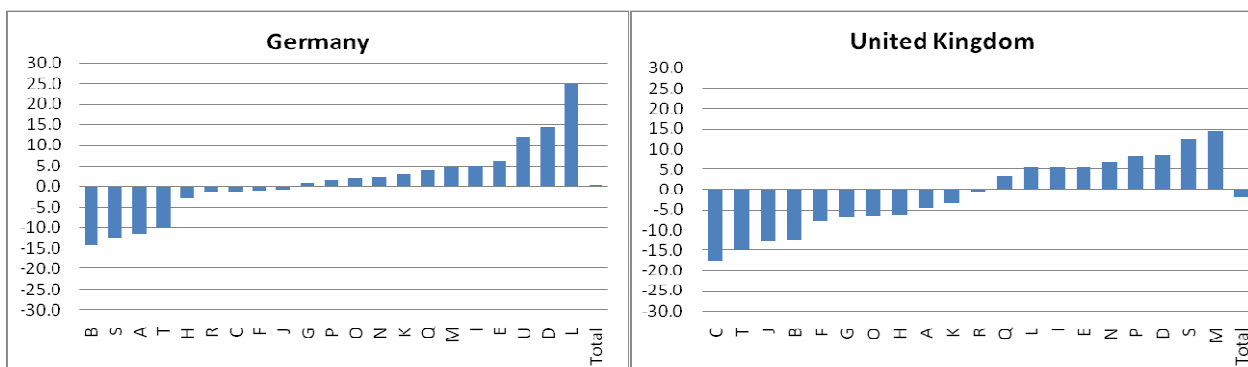
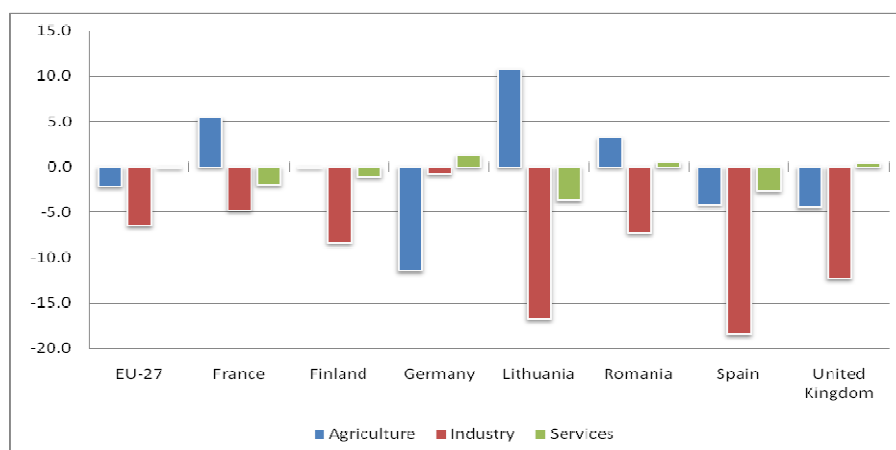


Figure B2. Employment in agriculture, industry and services, European Union and selected European economies, percentage change between 2008Q2 and 2009Q2



Source: Eurostat, European Labour Force Survey, online database.

Box 9 – continued

Tabulation categories:

| | |
|---|--|
| A | Agriculture, forestry and fishing |
| B | Mining and quarrying |
| C | Manufacturing |
| D | Electricity, gas, steam and air conditioning supply |
| E | Water supply; sewerage, waste management and remediation activities |
| F | Construction |
| G | Wholesale and retail trade; repair of motor vehicles and motorcycles |
| H | Transportation and storage |
| I | Accommodation and food service activities |
| J | Information and communication |
| K | Financial and insurance activities |
| L | Real estate activities |
| M | Professional, scientific and technical activities |
| N | Administrative and support service activities |
| O | Public administration and defence; compulsory social security |
| P | Education |
| Q | Human health and social work activities |
| R | Arts, entertainment and recreation |
| S | Other service activities |
| T | Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use |
| U | Activities of extraterritorial organizations and bodies |

IV Conclusions

As 2009 was drawing to a close, the global economy showed signs of recovery. However, growth remains fragile and labour markets around the world remain distressed. In many countries, the positive effects of government stimulus measures are counteracting the depressing effects of a still large problem of bad debts in the financial system, weak consumer demand and low levels of investment. Prospects for 2010 depend greatly on the ability of the private sector to fill the role that public sector support is currently playing in the economy. Considering the depth of the impact of the economic crisis on labour markets, and the progress in achieving decent work that has been wiped away in many countries, recovery is expected to be slow and many challenges lie ahead over the next few years. Much will depend on whether continued attention will be given to full and productive employment and decent work in national policies.

This report has demonstrated that regional and national labour markets have responded in various ways to the economic shocks induced by the global financial crisis. Rising unemployment has been important, in particular in more industrialized economies. Current projections suggest that high unemployment levels will continue in 2010, with the confidence interval from 6.1 to 7.0 per cent reflecting continued uncertainty in the labour market outlook. But other effects include the deterioration of working conditions and quality of employment, a crisis-induced increase in part-time work, and discouragement with labour markets leading to reduced participation. All these effects have a significant negative impact on individual, family and community well-being. The trends highlighted in this report are therefore extremely worrying and serve to highlight the need to continue efforts to secure labour market recovery, and not only economic recovery.

On the basis of currently available labour market information, the global unemployment rate for 2009 is estimated at 6.6 per cent. This is below the estimates of mid-2009 and reflective of governments' efforts around the world to mitigate the impact of the economic crisis on labour markets. Nevertheless, this rate represents an unprecedented increase in the number of unemployed. At the same time, the potential increases in vulnerable employment and working poverty are even more alarming, and are likely to affect larger numbers of workers, particularly in view of the decent work deficits that were already evident prior to the economic crisis. On current estimates, vulnerable employment is likely to have increased by more than 40 million workers, and may have increased by more than 100 million workers between 2008 and 2009.

Women and youth are often at a disadvantaged position in labour markets around the world. Although the analysis in this report again suggests that the overall impact of the economic crisis on men, women and young people is far more important than differences in impact between labour market groups, the effect of the crisis has been a further deterioration in the labour market position of groups that were already vulnerable prior to the crisis.

Policy issues

Improved policy coherence between employment and social protection measures and financial, trade and environmental policies is a vital ingredient in getting the world back to work²⁹ Juan Somavia

Many countries have translated the policy options contained in the Global Jobs Pact adopted by the ILO in June 2009 into measures to save jobs and generate new ones. At the G-8 Leaders' meeting in July 2009 and the G-20 Pittsburgh Summit in September 2009, world leaders continued to emphasize

²⁹ ILO Director-General, Juan Somavia, in his statement to the International Monetary and Finance Committee and Development Committee (Istanbul, 4-5 October 2009).

the relevance of the Global Jobs Pact. It is recognized that a constant effort is needed to overcome the global jobs crisis and establish sustainable job-rich growth. Considering employment issues, structural reforms within the new framework are required that promote more inclusive labour markets, active labour market policies and quality education and training programmes. At the country level, key elements of the Global Jobs Pact should be enhanced within national policies. At the international level, “The international institutions should consider ILO standards and the goals of the Jobs Pact in their crisis and post-crisis analysis and policy-making activities”.³⁰

Initiatives have been taken at the national, regional and international levels to respond to the crisis, but it is still too early to make a full evaluation of their impact and effectiveness. For example, an *Agenda for Action* to apply the Global Jobs Pact in 22 Arab states to mitigate the immediate impacts of the economic crisis on labour markets was adopted at the tripartite Arab Employment Forum in October 2009. At the national level, results from an ILO survey released in September 2009 found that, on average, ten new policy measures, of the 32 outlined in the Global Jobs Pact, were taken by countries surveyed.³¹ A more recent ILO report shows that a continuation of fiscal stimulus measures, if better focused on jobs as recommended in the Jobs Pact, would raise employment by 7 per cent compared to an early exit situation.³²

Although there is no one size fits all approach, attention has been paid by countries to measures that protect the most vulnerable by expanding social protection, investing more in education and training and applying stronger labour market policies. The G-20 Pittsburgh Summit called on Employment and Labour Ministers to further develop an employment-oriented framework for strong, sustainable and balanced growth. At their April meeting, Ministers will analyze and evaluate the evolving employment situation to identify the impact of the adopted policies and the potential need for further action. The ILO has been asked to help in the preparation of the Ministers’ discussions which will include examination of a global training strategy.

It is imperative to continue with stimulus measures to avoid a further deterioration of social and employment conditions, and increased precarious work, especially since true economic recovery will not be achieved without healthy job growth. In this regard, the conclusions of the 306th Session of the Governing Body stated that: “A more balanced economic growth pattern must not lose sight of the need to urgently address large-scale unemployment, underemployment and rising income inequality. These issues deserve the same high level political priority that has been given to the rescue of financial institutions.” A sustainable growth beyond recovery must be achieved by including social and environmental dimensions that encourage job creation. Furthermore, gender equality should be a key principle in any policy response, as the effects of the crisis go beyond the scope of women in the world of work, but impact on the overall stability of society considering the various roles that women play. Maintaining acceptable wage levels is also a concern since consumers need adequate purchasing power in order to support consumption.

Progress has been made in mitigating the impacts of the crisis through policy interventions, but there is still a need for much stronger linkages between investment, growth and productivity on the one hand, and employment, labour market and social policies on the other, together with a progressive greening of the economy. Moreover, understanding that the crisis is placing increasing strain on national budgets, international development aid must not wane during these difficult economic times, in

³⁰ Leaders’ Statement at the Pittsburgh Summit, 24-25 September 2009 (paragraph 46); see: <http://www.pittsburghsummit.gov/mediacenter/129639.htm>.

³¹ See: *Protecting people, promoting jobs: A survey of country employment and social protection policy responses to the global economic crisis* (Geneva, ILO, September 2009); available at: http://www.ilo.org/public/libdoc/jobcrisis/download/protecting_people_promoting_jobs.pdf.

³² *World of Work Report 2009* (Geneva, ILO, December 2009).

particular concerning measures towards achieving target 1b of the Millennium Development Goals: “To make the goals of full and productive employment and decent work for all, including women and young people, a central objective of our relevant national and international policies and our national development strategies”.

Annex 1. Tables

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

| Region | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | 2010p* |
|---|------|------|------|------|------|-------|--------|
| World | 4.9 | 4.5 | 5.1 | 5.2 | 3.0 | -1.1 | 3.1 |
| Developed Economies and European Union | 3.1 | 2.6 | 2.9 | 2.6 | 0.6 | -3.5 | 1.1 |
| Central and South-Eastern Europe (non-EU) & CIS | 8.3 | 7.0 | 7.9 | 7.6 | 4.5 | -6.5 | 2.4 |
| East Asia | 8.9 | 8.9 | 10.0 | 11.2 | 7.3 | 6.1 | 7.9 |
| South-East Asia and the Pacific | 6.5 | 5.9 | 6.2 | 6.5 | 4.4 | 0.5 | 4.0 |
| South Asia | 7.6 | 8.8 | 9.1 | 8.7 | 6.6 | 5.0 | 6.0 |
| Latin America and the Caribbean | 6.0 | 4.7 | 5.7 | 5.7 | 4.2 | -2.5 | 2.9 |
| Middle East | 6.4 | 5.8 | 5.5 | 6.1 | 4.9 | 1.4 | 4.1 |
| North Africa | 4.7 | 5.0 | 6.1 | 5.8 | 5.5 | 3.7 | 4.3 |
| Sub-Saharan Africa | 7.2 | 6.1 | 6.3 | 6.8 | 5.4 | 1.2 | 4.1 |

*2009 are preliminary estimates; 2010p are projections.

Source: IMF, *World Economic Outlook*, October 2009.

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

| | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
|---|------|------|------|------|------|------|------|----------------|----------------------|----------------|
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| Both sexes | | | | | | | | | | |
| World | 6.4 | 6.2 | 6.4 | 6.3 | 6.0 | 5.7 | 5.8 | 6.3 | 6.6 | 6.9 |
| Developed Economies and European Union | 7.0 | 6.7 | 7.2 | 6.9 | 6.3 | 5.7 | 6.0 | 8.3 | 8.4 | 8.5 |
| Central and South-Eastern Europe (non-EU) & CIS | 12.4 | 10.6 | 9.7 | 9.4 | 9.0 | 8.3 | 8.3 | 10.0 | 10.3 | 10.6 |
| East Asia | 4.7 | 4.5 | 4.2 | 4.2 | 4.0 | 3.8 | 4.3 | 4.1 | 4.4 | 4.8 |
| South-East Asia and the Pacific | 5.1 | 5.0 | 6.4 | 6.5 | 6.1 | 5.4 | 5.3 | 5.4 | 5.6 | 5.9 |
| South Asia | 4.3 | 4.5 | 5.2 | 5.3 | 5.1 | 5.0 | 4.8 | 4.8 | 5.1 | 5.5 |
| Latin America and the Caribbean | 8.5 | 8.4 | 8.4 | 8.0 | 7.4 | 7.0 | 7.0 | 7.9 | 8.2 | 8.5 |
| Middle East | 9.3 | 9.5 | 9.3 | 10.0 | 9.5 | 9.3 | 9.2 | 8.8 | 9.4 | 10.0 |
| North Africa | 13.1 | 14.0 | 12.3 | 11.5 | 10.4 | 10.1 | 10.0 | 9.8 | 10.5 | 11.1 |
| Sub-Saharan Africa | 8.2 | 8.3 | 8.2 | 8.2 | 8.2 | 8.0 | 8.0 | 7.9 | 8.2 | 8.5 |
| | | | | | | | | 2009* | | |
| Males | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 6.2 | 6.0 | 6.2 | 6.1 | 5.8 | 5.5 | 5.6 | 6.0 | 6.3 | 6.6 |
| Developed Economies and European Union | 6.6 | 6.3 | 7.0 | 6.6 | 6.0 | 5.5 | 6.0 | 8.1 | 8.2 | 8.3 |
| Central and South-Eastern Europe (non-EU) & CIS | 12.1 | 10.3 | 9.9 | 9.4 | 9.0 | 8.4 | 8.3 | 10.3 | 10.6 | 10.9 |
| East Asia | 5.3 | 5.0 | 4.7 | 4.7 | 4.5 | 4.3 | 4.9 | 4.6 | 5.0 | 5.3 |
| South-East Asia and the Pacific | 5.1 | 5.0 | 5.9 | 6.0 | 5.7 | 5.2 | 5.2 | 5.2 | 5.5 | 5.7 |
| South Asia | 4.2 | 4.4 | 5.0 | 4.9 | 4.8 | 4.7 | 4.5 | 4.4 | 4.8 | 5.1 |
| Latin America and the Caribbean | 7.1 | 7.2 | 6.8 | 6.5 | 6.0 | 5.8 | 5.8 | 6.5 | 6.9 | 7.0 |
| Middle East | 7.9 | 8.1 | 7.9 | 8.4 | 8.1 | 7.7 | 7.5 | 7.3 | 7.7 | 8.1 |
| North Africa | 11.3 | 11.9 | 10.1 | 9.4 | 8.5 | 8.4 | 8.2 | 8.0 | 8.6 | 9.2 |
| Sub-Saharan Africa | 7.6 | 7.9 | 7.8 | 7.8 | 7.8 | 7.6 | 7.6 | 7.5 | 7.8 | 8.1 |
| | | | | | | | | 2009* | | |
| Females | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 6.8 | 6.5 | 6.8 | 6.7 | 6.4 | 6.0 | 6.1 | 6.7 | 7.0 | 7.3 |
| Developed Economies and European Union | 7.6 | 7.3 | 7.4 | 7.2 | 6.6 | 6.0 | 6.1 | 8.5 | 8.6 | 8.7 |
| Central and South-Eastern Europe (non-EU) & CIS | 12.8 | 10.9 | 9.6 | 9.2 | 8.9 | 8.1 | 8.1 | 9.6 | 9.8 | 10.2 |
| East Asia | 3.9 | 3.8 | 3.6 | 3.5 | 3.4 | 3.2 | 3.6 | 3.4 | 3.7 | 4.0 |
| South-East Asia and the Pacific | 5.1 | 4.9 | 7.1 | 7.1 | 6.7 | 5.8 | 5.5 | 5.6 | 5.9 | 6.1 |
| South Asia | 4.6 | 4.7 | 5.9 | 6.1 | 5.9 | 5.8 | 5.6 | 5.5 | 5.9 | 6.4 |
| Latin America and the Caribbean | 10.8 | 10.6 | 10.8 | 10.3 | 9.5 | 8.8 | 8.8 | 9.8 | 10.1 | 10.7 |
| Middle East | 14.4 | 14.8 | 14.2 | 15.7 | 14.4 | 14.4 | 14.7 | 14.0 | 15.0 | 16.0 |
| North Africa | 18.2 | 19.8 | 18.2 | 17.5 | 15.8 | 14.6 | 14.8 | 14.8 | 15.6 | 16.5 |
| Sub-Saharan Africa | 8.9 | 8.8 | 8.8 | 8.7 | 8.7 | 8.5 | 8.5 | 8.4 | 8.8 | 9.1 |

*2009 are preliminary estimates; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; for further information see Annex 4 and:

<http://www.ilo.org/public/english/employment/strat/wrest.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 | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
|---|------|------|------|------|------|------|------|----------------|----------------------|----------------|
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 12.6 | 12.5 | 13.0 | 13.0 | 12.4 | 11.8 | 12.1 | 12.7 | 13.4 | 14.0 |
| Developed Economies and European Union | 13.9 | 13.2 | 14.4 | 14.1 | 13.0 | 12.2 | 13.1 | 17.5 | 17.7 | 17.8 |
| Central and South-Eastern Europe (non-EU) & CIS | 22.7 | 19.9 | 19.6 | 19.1 | 18.5 | 17.5 | 17.1 | 20.9 | 21.5 | 22.0 |
| East Asia | 9.2 | 8.9 | 8.5 | 8.4 | 8.2 | 7.8 | 8.7 | 8.3 | 9.0 | 9.7 |
| South-East Asia and the Pacific | 13.1 | 13.2 | 17.0 | 17.9 | 17.2 | 14.9 | 14.4 | 14.6 | 15.3 | 16.0 |
| South Asia | 9.8 | 10.2 | 10.3 | 10.4 | 10.0 | 9.9 | 9.9 | 10.0 | 10.7 | 11.5 |
| Latin America and the Caribbean | 15.6 | 15.5 | 16.5 | 16.1 | 15.1 | 14.1 | 14.3 | 16.1 | 16.6 | 17.5 |
| Middle East | 20.5 | 21.1 | 20.8 | 22.6 | 21.6 | 21.4 | 21.7 | 20.9 | 22.3 | 23.8 |
| North Africa | 27.3 | 29.9 | 27.2 | 26.8 | 24.2 | 23.6 | 23.5 | 23.2 | 24.7 | 26.1 |
| Sub-Saharan Africa | 12.6 | 12.6 | 12.6 | 12.4 | 12.4 | 12.3 | 12.3 | 12.0 | 12.6 | 13.0 |
| Adults | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 4.7 | 4.6 | 4.8 | 4.6 | 4.4 | 4.2 | 4.3 | 4.7 | 5.0 | 5.2 |
| Developed Economies and European Union | 5.8 | 5.6 | 6.1 | 5.7 | 5.3 | 4.8 | 5.0 | 6.9 | 7.0 | 7.1 |
| Central and South-Eastern Europe (non-EU) & CIS | 10.4 | 8.8 | 7.9 | 7.5 | 7.2 | 6.6 | 6.7 | 8.1 | 8.3 | 8.6 |
| East Asia | 3.6 | 3.5 | 3.3 | 3.3 | 3.1 | 3.0 | 3.4 | 3.2 | 3.5 | 3.7 |
| South-East Asia and the Pacific | 2.6 | 2.6 | 3.5 | 3.4 | 3.2 | 3.1 | 3.2 | 3.2 | 3.4 | 3.5 |
| South Asia | 2.5 | 2.5 | 3.6 | 3.6 | 3.6 | 3.5 | 3.3 | 3.2 | 3.5 | 3.7 |
| Latin America and the Caribbean | 6.2 | 6.2 | 6.0 | 5.7 | 5.3 | 5.1 | 5.1 | 5.8 | 6.1 | 6.3 |
| Middle East | 5.4 | 5.5 | 5.5 | 6.0 | 5.7 | 5.6 | 5.6 | 5.5 | 5.8 | 6.2 |
| North Africa | 8.2 | 8.5 | 7.3 | 6.5 | 6.2 | 6.1 | 6.1 | 6.0 | 6.5 | 6.9 |
| Sub-Saharan Africa | 6.4 | 6.5 | 6.4 | 6.5 | 6.5 | 6.3 | 6.3 | 6.3 | 6.5 | 6.8 |

*2009 are preliminary estimates; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Table A4. Unemployment in the world (millions)

| | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
|--------|-------|-------|-------|-------|-------|-------|-------|----------------|----------------------|----------------|
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| Total | 175.2 | 173.2 | 191.0 | 191.1 | 184.8 | 177.7 | 184.9 | 201.9 | 211.5 | 221.2 |
| Male | 102.0 | 101.4 | 110.6 | 110.2 | 106.5 | 102.8 | 107.1 | 116.1 | 122.0 | 127.6 |
| Female | 73.2 | 71.8 | 80.4 | 80.9 | 78.4 | 74.9 | 77.8 | 85.8 | 89.5 | 93.6 |
| Youth | 73.5 | 73.1 | 78.4 | 79.1 | 76.0 | 72.5 | 74.2 | 78.9 | 82.7 | 86.9 |
| Adult | 101.7 | 100.2 | 112.7 | 112.0 | 108.8 | 105.2 | 110.7 | 123.0 | 128.8 | 134.3 |

*2009 are preliminary estimates; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

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

| Both sexes | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
|---|------|------|------|------|------|------|------|----------------|----------------------|----------------|
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 61.3 | 61.2 | 60.6 | 60.7 | 60.9 | 61.0 | 60.9 | 60.2 | 60.4 | 60.6 |
| Developed Economies and European Union | 56.5 | 56.7 | 55.9 | 56.3 | 56.8 | 57.3 | 57.3 | 55.4 | 55.5 | 55.5 |
| Central and South-Eastern Europe (non-EU) & CIS | 51.6 | 52.3 | 52.7 | 53.2 | 53.5 | 54.4 | 54.5 | 53.0 | 53.2 | 53.3 |
| East Asia | 73.3 | 73.1 | 71.4 | 71.0 | 70.8 | 70.5 | 69.9 | 69.6 | 69.8 | 70.1 |
| South-East Asia and the Pacific | 66.8 | 66.5 | 65.3 | 65.2 | 65.2 | 65.6 | 65.7 | 65.4 | 65.6 | 65.8 |
| South Asia | 56.8 | 56.5 | 55.7 | 55.7 | 55.9 | 56.0 | 56.0 | 55.6 | 55.8 | 56.0 |
| Latin America and the Caribbean | 57.9 | 57.9 | 58.9 | 59.5 | 60.4 | 60.6 | 60.9 | 59.8 | 60.0 | 60.2 |
| Middle East | 45.8 | 45.7 | 46.4 | 46.2 | 46.4 | 46.4 | 46.2 | 46.4 | 46.7 | 47.0 |
| North Africa | 44.7 | 44.1 | 45.0 | 45.3 | 46.0 | 46.1 | 46.3 | 46.0 | 46.4 | 46.7 |
| Sub-Saharan Africa | 64.9 | 65.0 | 65.4 | 65.5 | 65.5 | 65.7 | 65.8 | 65.6 | 65.8 | 66.0 |
| Males | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 74.4 | 74.3 | 73.4 | 73.4 | 73.5 | 73.6 | 73.3 | 72.6 | 72.8 | 73.0 |
| Developed Economies and European Union | 65.8 | 65.9 | 64.2 | 64.5 | 64.9 | 65.3 | 65.0 | 63.0 | 63.0 | 63.1 |
| Central and South-Eastern Europe (non-EU) & CIS | 60.8 | 61.6 | 61.5 | 62.1 | 62.4 | 63.4 | 63.5 | 61.5 | 61.7 | 61.9 |
| East Asia | 79.1 | 78.9 | 77.2 | 76.7 | 76.4 | 76.2 | 75.5 | 75.1 | 75.4 | 75.7 |
| South-East Asia and the Pacific | 78.9 | 78.7 | 78.0 | 77.6 | 77.6 | 77.7 | 77.5 | 77.3 | 77.5 | 77.7 |
| South Asia | 79.4 | 79.1 | 78.2 | 78.1 | 78.1 | 77.9 | 77.8 | 77.4 | 77.7 | 78.0 |
| Latin America and the Caribbean | 75.0 | 74.6 | 74.6 | 74.9 | 75.5 | 75.4 | 75.4 | 74.1 | 74.3 | 74.5 |
| Middle East | 69.8 | 69.6 | 69.6 | 69.4 | 69.3 | 69.3 | 68.8 | 69.2 | 69.5 | 69.8 |
| North Africa | 67.8 | 67.1 | 68.1 | 68.6 | 69.3 | 69.1 | 69.3 | 69.4 | 69.9 | 70.3 |
| Sub-Saharan Africa | 75.2 | 75.0 | 74.9 | 74.8 | 74.8 | 75.0 | 75.0 | 74.6 | 74.8 | 75.1 |
| Females | 1999 | 2000 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | | |
| | | | | | | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 48.3 | 48.3 | 47.9 | 48.0 | 48.3 | 48.5 | 48.6 | 47.9 | 48.0 | 48.2 |
| Developed Economies and European Union | 47.8 | 48.2 | 48.2 | 48.6 | 49.2 | 49.7 | 49.9 | 48.3 | 48.3 | 48.4 |
| Central and South-Eastern Europe (non-EU) & CIS | 43.4 | 44.1 | 44.9 | 45.3 | 45.7 | 46.4 | 46.6 | 45.5 | 45.6 | 45.8 |
| East Asia | 67.2 | 67.0 | 65.4 | 65.1 | 64.8 | 64.7 | 64.2 | 63.8 | 64.0 | 64.2 |
| South-East Asia and the Pacific | 55.0 | 54.6 | 53.0 | 53.1 | 53.2 | 53.8 | 54.2 | 53.8 | 54.0 | 54.1 |
| South Asia | 32.7 | 32.5 | 31.9 | 32.1 | 32.5 | 32.8 | 33.1 | 32.7 | 32.8 | 33.0 |
| Latin America and the Caribbean | 41.6 | 41.9 | 44.0 | 44.8 | 46.0 | 46.5 | 47.0 | 46.2 | 46.5 | 46.6 |
| Middle East | 19.3 | 19.4 | 20.7 | 20.6 | 21.0 | 21.2 | 21.3 | 21.3 | 21.6 | 21.8 |
| North Africa | 21.8 | 21.4 | 22.0 | 22.2 | 22.8 | 23.3 | 23.4 | 22.8 | 23.1 | 23.3 |
| Sub-Saharan Africa | 55.1 | 55.4 | 56.2 | 56.4 | 56.5 | 56.6 | 56.8 | 56.9 | 57.1 | 57.3 |

*2009 are preliminary estimates; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

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

| Region | Annual growth (%) | | | | 2009* | | |
|---|-------------------|------|------|------|----------------|----------------------|----------------|
| | 2000-05 | 2006 | 2007 | 2008 | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 1.6 | 2.0 | 1.9 | 1.4 | 0.3 | 0.7 | 1.0 |
| Developed Economies and European Union | 0.7 | 1.6 | 1.4 | 0.6 | -2.6 | -2.5 | -2.4 |
| Central and South-Eastern Europe (non-EU) & CIS | 1.1 | 1.2 | 2.1 | 0.7 | -2.5 | -2.2 | -1.8 |
| East Asia | 1.1 | 1.0 | 0.9 | 0.3 | 0.5 | 0.9 | 1.3 |
| South-East Asia and the Pacific | 1.7 | 2.1 | 2.5 | 2.0 | 1.4 | 1.7 | 2.0 |
| South Asia | 2.1 | 2.7 | 2.4 | 2.4 | 1.4 | 1.8 | 2.2 |
| Latin America and the Caribbean | 2.5 | 3.4 | 2.1 | 2.2 | -0.1 | 0.2 | 0.6 |
| Middle East | 3.5 | 3.3 | 3.0 | 2.2 | 3.0 | 3.7 | 4.4 |
| North Africa | 3.2 | 3.9 | 2.7 | 2.6 | 1.6 | 2.4 | 3.2 |
| Sub-Saharan Africa | 2.9 | 2.8 | 3.0 | 2.9 | 2.5 | 2.8 | 3.2 |

*2009 are preliminary estimates; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Table A7. Output per worker, level and annual growth

| Region | Output per worker 2008 | Annual growth (%) | | | | 2009* | | |
|---|------------------------|-------------------|------|------|------|----------------|----------------------|----------------|
| | | 2000-05 | 2006 | 2007 | 2008 | CI Lower Bound | Preliminary Estimate | CI Upper Bound |
| World | 21'708 | 1.9 | 2.9 | 3.0 | 1.8 | -2.9 | -2.5 | -2.2 |
| Developed Economies and European Union | 71'425 | 1.4 | 1.3 | 1.0 | 0.2 | -1.4 | -1.3 | -1.2 |
| Central and South-Eastern Europe (non-EU) & CIS | 25'035 | 4.9 | 6.3 | 5.3 | 5.0 | -4.9 | -4.7 | -4.3 |
| East Asia | 11'499 | 7.3 | 9.4 | 10.6 | 7.6 | 3.6 | 4.0 | 4.3 |
| South-East Asia and the Pacific | 9'208 | 3.3 | 4.0 | 3.8 | 2.1 | -2.1 | -1.8 | -1.6 |
| South Asia | 6'661 | 4.4 | 6.3 | 6.1 | 4.4 | 2.2 | 2.6 | 2.9 |
| Latin America and the Caribbean | 23'002 | 0.2 | 2.1 | 3.3 | 1.9 | -3.9 | -3.5 | -3.2 |
| Middle East | 35'961 | 1.7 | 2.2 | 2.9 | 3.7 | -3.1 | -2.5 | -1.9 |
| North Africa | 16'081 | 1.0 | 1.8 | 2.9 | 3.2 | -0.2 | 0.6 | 1.3 |
| Sub-Saharan Africa | 5'166 | 1.8 | 3.1 | 3.4 | 2.0 | -2.1 | -1.7 | -1.4 |

*2009 are preliminary estimates; CI = confidence interval.

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

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

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

| Both sexes | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| World | 65.5 | 65.3 | 65.2 | 65.0 | 64.9 | 64.8 | 64.8 | 64.8 | 64.7 | 64.7 | 64.7 |
| Developed Economies and European Union | 60.8 | 60.8 | 60.6 | 60.4 | 60.4 | 60.3 | 60.5 | 60.6 | 60.7 | 60.9 | 60.5 |
| Central and South-Eastern Europe (non-EU) & CIS | 58.8 | 58.5 | 58.5 | 58.6 | 58.3 | 58.4 | 58.7 | 58.8 | 59.3 | 59.4 | 59.2 |
| East Asia | 76.9 | 76.5 | 76.1 | 75.6 | 75.1 | 74.6 | 74.1 | 73.7 | 73.4 | 73.1 | 73.1 |
| South-East Asia and the Pacific | 70.4 | 70.0 | 70.2 | 70.0 | 69.9 | 69.8 | 69.6 | 69.4 | 69.4 | 69.4 | 69.5 |
| South Asia | 59.3 | 59.1 | 59.0 | 58.9 | 58.8 | 58.7 | 58.8 | 58.9 | 58.9 | 58.9 | 58.8 |
| Latin America and the Caribbean | 63.3 | 63.2 | 63.2 | 63.6 | 63.7 | 64.3 | 64.7 | 65.2 | 65.2 | 65.5 | 65.4 |
| Middle East | 50.5 | 50.5 | 50.6 | 50.8 | 50.9 | 51.1 | 51.4 | 51.2 | 51.2 | 50.9 | 51.5 |
| North Africa | 51.4 | 51.3 | 51.1 | 51.0 | 51.1 | 51.2 | 51.2 | 51.3 | 51.3 | 51.4 | 51.8 |
| Sub-Saharan Africa | 70.7 | 70.9 | 71.0 | 71.1 | 71.2 | 71.2 | 71.3 | 71.3 | 71.4 | 71.5 | 71.7 |
| Males | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
| World | 79.2 | 79.0 | 78.8 | 78.6 | 78.4 | 78.2 | 78.1 | 78.0 | 77.8 | 77.7 | 77.7 |
| Developed Economies and European Union | 70.4 | 70.3 | 69.9 | 69.5 | 69.2 | 69.0 | 69.1 | 69.1 | 69.1 | 69.2 | 68.6 |
| Central and South-Eastern Europe (non-EU) & CIS | 69.1 | 68.7 | 68.5 | 68.1 | 67.9 | 68.2 | 68.6 | 68.6 | 69.2 | 69.3 | 69.0 |
| East Asia | 83.5 | 83.1 | 82.7 | 82.2 | 81.6 | 81.0 | 80.5 | 80.1 | 79.6 | 79.3 | 79.4 |
| South-East Asia and the Pacific | 83.1 | 82.9 | 83.1 | 82.9 | 82.9 | 82.9 | 82.5 | 82.2 | 81.9 | 81.7 | 82.0 |
| South Asia | 82.9 | 82.7 | 82.6 | 82.5 | 82.4 | 82.2 | 82.1 | 82.0 | 81.7 | 81.5 | 81.6 |
| Latin America and the Caribbean | 80.7 | 80.4 | 80.1 | 80.0 | 79.8 | 80.0 | 80.1 | 80.3 | 80.1 | 80.1 | 79.7 |
| Middle East | 75.8 | 75.7 | 75.6 | 75.5 | 75.5 | 75.6 | 75.7 | 75.4 | 75.1 | 74.4 | 75.3 |
| North Africa | 76.4 | 76.2 | 76.0 | 75.9 | 75.8 | 75.8 | 75.7 | 75.7 | 75.5 | 75.5 | 76.4 |
| Sub-Saharan Africa | 81.4 | 81.4 | 81.3 | 81.3 | 81.2 | 81.2 | 81.2 | 81.1 | 81.1 | 81.2 | 81.2 |
| Females | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
| World | 51.8 | 51.6 | 51.6 | 51.5 | 51.4 | 51.4 | 51.5 | 51.6 | 51.6 | 51.7 | 51.6 |
| Developed Economies and European Union | 51.8 | 51.9 | 51.9 | 51.9 | 52.0 | 52.0 | 52.4 | 52.7 | 52.8 | 53.2 | 52.9 |
| Central and South-Eastern Europe (non-EU) & CIS | 49.8 | 49.4 | 49.7 | 50.1 | 49.9 | 49.7 | 49.9 | 50.2 | 50.5 | 50.7 | 50.6 |
| East Asia | 69.9 | 69.6 | 69.2 | 68.8 | 68.3 | 67.9 | 67.5 | 67.1 | 66.8 | 66.6 | 66.5 |
| South-East Asia and the Pacific | 58.0 | 57.5 | 57.7 | 57.4 | 57.3 | 57.1 | 57.2 | 57.0 | 57.2 | 57.4 | 57.4 |
| South Asia | 34.3 | 34.1 | 34.0 | 33.9 | 33.9 | 33.8 | 34.2 | 34.6 | 34.8 | 35.1 | 34.9 |
| Latin America and the Caribbean | 46.6 | 46.8 | 47.0 | 47.9 | 48.3 | 49.3 | 50.0 | 50.8 | 51.0 | 51.6 | 51.7 |
| Middle East | 22.6 | 22.8 | 23.1 | 23.4 | 23.7 | 24.1 | 24.4 | 24.6 | 24.8 | 24.9 | 25.4 |
| North Africa | 26.6 | 26.6 | 26.2 | 26.3 | 26.7 | 26.9 | 26.9 | 27.1 | 27.3 | 27.5 | 27.4 |
| Sub-Saharan Africa | 60.4 | 60.8 | 61.1 | 61.3 | 61.5 | 61.6 | 61.8 | 61.8 | 61.9 | 62.1 | 62.6 |

*2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

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

| Youth | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| World | 54.4 | 53.8 | 53.3 | 52.8 | 52.3 | 52.0 | 51.8 | 51.5 | 51.1 | 50.8 | 51.0 |
| Developed Economies and European Union | 52.8 | 53.1 | 52.5 | 51.8 | 50.9 | 50.6 | 50.8 | 51.0 | 50.7 | 50.7 | 50.3 |
| Central and South-Eastern Europe (non-EU) & CIS | 43.6 | 42.4 | 42.1 | 41.7 | 40.8 | 40.9 | 41.0 | 41.0 | 41.5 | 41.4 | 41.6 |
| East Asia | 68.6 | 67.2 | 65.8 | 64.4 | 62.9 | 61.7 | 60.6 | 59.7 | 58.9 | 58.6 | 59.2 |
| South-East Asia and the Pacific | 56.9 | 55.8 | 56.3 | 55.4 | 54.8 | 54.4 | 53.8 | 52.7 | 52.0 | 51.4 | 51.6 |
| South Asia | 48.4 | 48.0 | 47.8 | 47.7 | 47.5 | 47.3 | 47.2 | 47.2 | 46.8 | 46.6 | 46.6 |
| Latin America and the Caribbean | 54.7 | 54.2 | 53.5 | 53.4 | 53.0 | 53.5 | 53.3 | 53.3 | 53.0 | 52.8 | 52.3 |
| Middle East | 36.9 | 36.9 | 37.0 | 37.1 | 37.2 | 37.3 | 37.5 | 37.0 | 36.5 | 35.9 | 36.4 |
| North Africa | 39.6 | 39.4 | 38.8 | 38.7 | 38.9 | 39.1 | 38.9 | 38.1 | 37.2 | 37.1 | 38.0 |
| Sub-Saharan Africa | 57.7 | 57.8 | 57.8 | 57.8 | 57.7 | 57.6 | 57.6 | 57.5 | 57.5 | 57.4 | 57.5 |
| Adults | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* |
| World | 69.3 | 69.2 | 69.2 | 69.2 | 69.1 | 69.1 | 69.2 | 69.2 | 69.2 | 69.3 | 69.1 |
| Developed Economies and European Union | 62.4 | 62.3 | 62.2 | 62.1 | 62.2 | 62.1 | 62.3 | 62.4 | 62.6 | 62.8 | 62.4 |
| Central and South-Eastern Europe (non-EU) & CIS | 63.2 | 63.1 | 63.3 | 63.5 | 63.5 | 63.5 | 63.8 | 63.9 | 64.3 | 64.4 | 63.9 |
| East Asia | 79.1 | 79.0 | 78.8 | 78.6 | 78.4 | 78.1 | 77.9 | 77.6 | 77.4 | 77.1 | 76.8 |
| South-East Asia and the Pacific | 75.9 | 75.7 | 75.7 | 75.6 | 75.8 | 75.7 | 75.6 | 75.5 | 75.6 | 75.7 | 75.7 |
| South Asia | 64.2 | 64.1 | 63.9 | 63.8 | 63.7 | 63.6 | 63.8 | 63.9 | 63.9 | 64.0 | 63.8 |
| Latin America and the Caribbean | 66.8 | 66.8 | 67.0 | 67.5 | 67.7 | 68.3 | 68.8 | 69.4 | 69.4 | 69.8 | 69.8 |
| Middle East | 57.8 | 57.9 | 58.0 | 58.1 | 58.2 | 58.3 | 58.4 | 58.3 | 58.2 | 57.8 | 58.3 |
| North Africa | 57.3 | 57.2 | 57.1 | 57.1 | 57.1 | 57.1 | 57.0 | 57.4 | 57.7 | 57.7 | 57.7 |
| Sub-Saharan Africa | 78.0 | 78.2 | 78.4 | 78.6 | 78.7 | 78.8 | 79.0 | 79.0 | 79.1 | 79.2 | 79.5 |

*2009 are preliminary estimates.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Table A10. Changes in monthly/quarterly labour force participation rates, selected countries (percentage points)

| Country (working-age population) | Average change 2003-08 ^{3,7} | | | | Change between the third quarter or October 2008 and the most recent quarter or month available in 2009 ^{1,2} | | | |
|-------------------------------------|---------------------------------------|--------------------|------------------------|----------------------|--|-------|-----------|---------|
| | All | Youth ⁴ | Prime-age ⁵ | Elderly ⁶ | All | Youth | Prime-age | Elderly |
| Australia (15+) | 0.4 | -0.1 | 0.6 | .. | -0.2 | -1.5 | 0.0 | .. |
| Brazil (10+) | 0.1 | 0.6 | 0.5 | 0.2 | -1.0 | -2.2 | -0.4 | -0.2 |
| Estonia (15-64) | 0.8 | -1.3 | 0.8 | 3.7 | -1.3 | -4.3 | -1.5 | 2.2 |
| Germany (15-64) | 0.4 | -1.3 | 0.3 | 2.7 | 0.0 | -1.7 | -0.3 | 2.5 |
| Hungary (15-64) | -0.3 | -2.3 | 0.1 | 0.5 | -0.6 | -2.1 | -0.4 | 1.5 |
| Jamaica (14+) | 0.7 | -1.0 | 0.2 | 3.7 | -1.6 | -3.5 | -1.7 | -0.8 |
| Jordan (15+) | -0.7 | -1.0 | -0.3 | 1.6 | 2.2 | 2.0 | 2.4 | 3.6 |
| Korea, Republic of (15+) | 0.0 | -1.9 | 0.3 | 0.4 | -0.6 | -0.1 | -0.9 | 0.5 |
| Latvia (15-64) | -0.3 | -0.3 | -0.3 | -0.3 | -0.5 | -4.2 | -0.7 | 4.2 |
| Lithuania (15-64) | -0.7 | -0.7 | -0.9 | 0.8 | 0.8 | -1.9 | 1.0 | 2.7 |
| Mexico (14+) | 0.2 | .. | .. | .. | 0.5 | .. | .. | .. |
| Philippines (15+) | -0.7 | -0.9 | -0.2 | -0.1 | 0.3 | -0.3 | 0.0 | -0.1 |
| Poland (15-64) | -0.9 | -2.6 | -0.1 | -0.8 | 0.1 | -0.9 | 0.5 | 0.3 |
| Spain (15-64) | 0.7 | -1.4 | 0.9 | 1.3 | 0.3 | -4.8 | 1.2 | 1.7 |
| Sri Lanka (10+) | -1.4 | -0.6 | -1.6 | .. | -2.0 | -3.9 | -1.8 | .. |
| Thailand (15+) | -1.1 | -0.3 | -1.3 | .. | -0.3 | 2.0 | -0.9 | .. |
| United States (16+) | 0.0 | -0.5 | 0.0 | 0.3 | -0.9 | -2.9 | -0.5 | -0.8 |
| Average (unweighted) | -0.2 | -1.0 | -0.1 | 1.1 | -0.3 | -1.9 | -0.3 | 1.3 |

Sources: Eurostat, national statistical offices.

Notes:

1. For Jamaica and Mexico, the most recent data are from the third quarter of 2009; for European countries, Jordan, Sri Lanka and Thailand these are from the second quarter of 2009; for Australia, the Republic of Korea and the United States these are from October 2009; for Brazil these are from September 2009.
2. For Philippines, the most recent data for the overall change in labour force participation rate are from the third quarter of 2009; for the three sub-population groups the data are from the first quarter of 2008.
3. Average changes for the same periods as the most recent period for each country.
4. Youth is defined as the age group from 15 to 24 years, except for Brazil (age group from 18 to 24), Jamaica (age group from 14 to 24) and the United States (age group from 16 to 24).
5. Prime-age is defined as the age group from 25 to 54 years, except for Brazil (age group 25 to 49) and for Australia (age group 25 to 64 years); for Sri Lanka and Thailand the table shows the adult population (age group 25 years and over).
6. Elderly population is defined as the age group from 55 to 64 years, except for Brazil (age group 50 years and over) and for Jordan (age group 55 to 59).
7. For Philippines, Sri Lanka and Mexico, the overall average change is over the period 2004-08, 2006-08 and 2005-08, respectively; for the youth, prime-age and elderly population groups in Philippines the period is 2004-07. For Jamaica and Jordan, the period is limited to 2007-08.

Table A11. Vulnerable employment shares by sex, world and regions (%)

| Total | 1998 | 1999 | 2000 | 2005 | 2006 | 2007 | 2008* | 2009* | | |
|---|------|------|------|------|------|------|-------|-------|------|------|
| | | | | | | | | S1 | S2 | S3 |
| World | 53.4 | 53.3 | 52.8 | 51.3 | 50.8 | 50.6 | 49.5 | 49.4 | 50.6 | 52.8 |
| Developed Economies and European Union | 11.1 | 10.9 | 10.7 | 10.1 | 9.9 | 9.8 | 9.7 | 9.9 | 10.3 | 10.7 |
| Central and South-Eastern Europe (non-EU) & CIS | 22.2 | 25.0 | 24.6 | 22.0 | 21.5 | 20.5 | 19.5 | 18.0 | 21.5 | 26.2 |
| East Asia | 61.5 | 60.2 | 59.0 | 56.4 | 55.9 | 55.9 | 53.2 | 52.0 | 53.3 | 56.4 |
| South-East Asia and the Pacific | 63.4 | 65.8 | 64.9 | 62.5 | 62.2 | 61.8 | 60.7 | 59.7 | 61.5 | 64.1 |
| South Asia | 80.2 | 79.8 | 80.3 | 78.8 | 78.6 | 78.0 | 76.9 | 76.2 | 77.4 | 78.6 |
| Latin America and the Caribbean | 34.7 | 35.0 | 34.4 | 32.4 | 31.4 | 31.1 | 31.0 | 31.8 | 31.9 | 33.6 |
| Middle East | 51.1 | 46.6 | 43.7 | 39.9 | 39.2 | 39.1 | 38.1 | 38.3 | 39.0 | 45.5 |
| North Africa | 43.8 | 42.1 | 40.7 | 40.7 | 39.0 | 39.0 | 37.9 | 37.3 | 40.4 | 43.1 |
| Sub-Saharan Africa | 81.9 | 81.4 | 81.1 | 77.2 | 76.7 | 76.1 | 75.5 | 75.7 | 76.9 | 79.6 |
| Males | 1998 | 1999 | 2000 | 2005 | 2006 | 2007 | 2008* | 2009* | | |
| | | | | | | | | S1 | S2 | S3 |
| World | 51.7 | 51.6 | 51.3 | 50.0 | 49.6 | 49.3 | 48.3 | 48.2 | 49.4 | 51.9 |
| Developed Economies and European Union | 11.7 | 11.6 | 11.3 | 11.2 | 10.9 | 10.8 | 10.7 | 10.8 | 11.5 | 11.9 |
| Central and South-Eastern Europe (non-EU) & CIS | 23.4 | 25.5 | 25.2 | 23.0 | 22.4 | 21.3 | 20.6 | 19.5 | 22.8 | 26.9 |
| East Asia | 56.5 | 55.4 | 54.4 | 52.2 | 51.7 | 51.7 | 49.5 | 48.4 | 49.5 | 53.4 |
| South-East Asia and the Pacific | 59.6 | 62.0 | 61.2 | 59.5 | 59.2 | 58.5 | 57.6 | 56.9 | 58.5 | 61.1 |
| South Asia | 76.6 | 76.1 | 77.1 | 75.9 | 75.5 | 74.9 | 73.8 | 73.1 | 74.4 | 75.6 |
| Latin America and the Caribbean | 34.6 | 35.0 | 34.6 | 32.9 | 32.1 | 31.6 | 31.6 | 32.2 | 32.3 | 34.4 |
| Middle East | 48.2 | 43.1 | 40.3 | 36.6 | 36.4 | 36.2 | 35.0 | 35.1 | 36.1 | 43.7 |
| North Africa | 40.5 | 38.9 | 36.6 | 35.4 | 33.5 | 32.9 | 31.8 | 31.1 | 33.4 | 35.9 |
| Sub-Saharan Africa | 77.6 | 77.0 | 76.5 | 71.3 | 70.8 | 70.3 | 69.6 | 69.6 | 71.2 | 74.4 |
| Females | 1998 | 1999 | 2000 | 2005 | 2006 | 2007 | 2008* | 2009* | | |
| | | | | | | | | S1 | S2 | S3 |
| World | 56.1 | 55.9 | 55.1 | 53.2 | 52.7 | 52.6 | 51.3 | 51.2 | 52.3 | 54.3 |
| Developed Economies and European Union | 10.5 | 10.1 | 9.9 | 8.9 | 8.6 | 8.5 | 8.4 | 8.7 | 8.9 | 9.3 |
| Central and South-Eastern Europe (non-EU) & CIS | 20.7 | 24.4 | 23.8 | 20.8 | 20.3 | 19.6 | 18.3 | 16.1 | 19.9 | 25.3 |
| East Asia | 67.7 | 66.1 | 64.7 | 61.5 | 61.0 | 61.1 | 57.8 | 56.4 | 57.8 | 60.1 |
| South-East Asia and the Pacific | 68.6 | 71.0 | 70.0 | 66.9 | 66.4 | 66.4 | 65.1 | 63.7 | 65.7 | 68.3 |
| South Asia | 89.5 | 89.1 | 88.6 | 86.3 | 86.3 | 85.7 | 84.7 | 84.0 | 84.8 | 86.0 |
| Latin America and the Caribbean | 34.8 | 35.0 | 34.1 | 31.7 | 30.3 | 30.4 | 30.2 | 31.1 | 31.3 | 32.4 |
| Middle East | 62.8 | 60.3 | 57.4 | 51.9 | 49.5 | 49.5 | 49.2 | 49.5 | 49.5 | 51.8 |
| North Africa | 54.0 | 52.2 | 53.4 | 57.0 | 55.8 | 56.7 | 55.8 | 55.8 | 61.2 | 64.4 |
| Sub-Saharan Africa | 87.7 | 87.2 | 87.1 | 84.9 | 84.3 | 83.5 | 83.1 | 83.5 | 84.2 | 86.3 |

*2008 and 2009 are preliminary estimates; "S" indicates scenario.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Table A12a. Working poor indicators, world and regions (USD 1.25 a day)

| | 1998 | 2003 | 2008* | 2009* | | | 1998 | 2003 | 2008* | 2009* | | |
|---|------------------------------|------|-------|-------|-----|-----|-------------------------------|------|-------|-------|------|------|
| | | | | S1 | S2 | S3 | | | | S1 | S2 | S3 |
| | Numbers of people (millions) | | | | | | Share in total employment (%) | | | | | |
| World | 945 | 778 | 633 | 632 | 744 | 849 | 37.5 | 28.5 | 21.2 | 21.1 | 24.8 | 28.3 |
| Central and South-Eastern Europe (non-EU) & CIS | 11 | 9 | 7 | 7 | 8 | 10 | 7.3 | 6.1 | 4.0 | 4.1 | 5.3 | 6.3 |
| East Asia | 372 | 201 | 87 | 78 | 100 | 124 | 52.0 | 26.5 | 11.0 | 9.7 | 12.6 | 15.6 |
| South-East Asia and the Pacific | 101 | 81 | 64 | 64 | 78 | 92 | 44.9 | 32.5 | 23.3 | 23.0 | 27.8 | 32.7 |
| South Asia | 276 | 285 | 274 | 275 | 328 | 374 | 56.7 | 53.0 | 45.5 | 44.9 | 53.5 | 61.0 |
| Latin America and the Caribbean | 26 | 28 | 17 | 18 | 21 | 25 | 13.4 | 12.8 | 6.6 | 7.0 | 8.5 | 9.9 |
| Middle East | 4 | 5 | 5 | 5 | 7 | 8 | 9.5 | 9.6 | 8.1 | 8.1 | 10.4 | 12.7 |
| North Africa | 10 | 10 | 9 | 9 | 10 | 12 | 19.9 | 17.7 | 13.7 | 13.6 | 15.6 | 17.7 |
| Sub-Saharan Africa | 146 | 160 | 172 | 177 | 191 | 204 | 66.5 | 63.0 | 58.6 | 58.7 | 63.5 | 67.7 |

*2008 and 2009 are preliminary estimates; "S" indicates scenario.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Table A12b. Working poor indicators, world and regions (USD 2 a day)

| | 1998 | 2003 | 2008* | 2009* | | | 1998 | 2003 | 2008* | 2009* | | |
|---|------------------------------|------|-------|-------|------|------|-------------------------------|------|-------|-------|------|------|
| | | | | S1 | S2 | S3 | | | | S1 | S2 | S3 |
| | Numbers of people (millions) | | | | | | Share in total employment (%) | | | | | |
| World | 1429 | 1328 | 1185 | 1187 | 1283 | 1368 | 56.7 | 48.6 | 39.7 | 39.5 | 42.8 | 45.6 |
| Central and South-Eastern Europe (non-EU) & CIS | 31 | 24 | 21 | 22 | 25 | 29 | 21.2 | 15.6 | 12.8 | 13.6 | 15.5 | 18.0 |
| East Asia | 549 | 390 | 231 | 214 | 244 | 272 | 76.7 | 51.4 | 29.3 | 26.8 | 30.6 | 34.1 |
| South-East Asia and the Pacific | 158 | 156 | 142 | 144 | 161 | 175 | 70.0 | 62.6 | 51.5 | 51.4 | 57.4 | 62.5 |
| South Asia | 419 | 454 | 479 | 485 | 510 | 529 | 86.2 | 84.4 | 79.5 | 79.1 | 83.2 | 86.2 |
| Latin America and the Caribbean | 54 | 57 | 38 | 41 | 47 | 53 | 27.7 | 26.0 | 15.3 | 16.2 | 18.7 | 21.3 |
| Middle East | 11 | 13 | 14 | 15 | 17 | 20 | 24.3 | 24.5 | 22.9 | 22.8 | 26.6 | 30.7 |
| North Africa | 20 | 20 | 20 | 20 | 24 | 29 | 40.6 | 36.9 | 30.7 | 30.4 | 36.9 | 43.5 |
| Sub-Saharan Africa | 188 | 214 | 239 | 246 | 255 | 262 | 85.8 | 84.4 | 81.6 | 81.7 | 84.7 | 86.9 |

*2008 and 2009 are preliminary estimates; "S" indicates scenario.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2.

Annex 2. Projections

Table P1. Unemployment 2007-10 (rates)

| Region | 2007 Rate (%) | 2008 Rate (%) | 2009* | | | 2010p* | | |
|---|---------------------|---|---|---|---|---|---|---|
| | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound | CI Lower Bound | Preliminary Projection | CI Upper Bound |
| | | | Rate (%) | Rate (%) | Rate (%) | Rate (%) | Rate (%) | Rate (%) |
| World | 5.7 | 5.8 | 6.3 | 6.6 | 6.9 | 6.1 | 6.5 | 7.0 |
| Developed Economies and European Union | 5.7 | 6.0 | 8.3 | 8.4 | 8.5 | 8.2 | 8.9 | 9.5 |
| Central and South-Eastern Europe (non- EU) & CIS | 8.3 | 8.3 | 10.0 | 10.3 | 10.6 | 9.4 | 10.1 | 10.8 |
| East Asia | 3.8 | 4.3 | 4.1 | 4.4 | 4.8 | 3.9 | 4.3 | 4.6 |
| South-East Asia and the Pacific | 5.4 | 5.3 | 5.4 | 5.6 | 5.9 | 5.2 | 5.6 | 5.9 |
| South Asia | 5.0 | 4.8 | 4.8 | 5.1 | 5.5 | 4.6 | 4.9 | 5.3 |
| Latin America and the Caribbean | 7.0 | 7.0 | 7.9 | 8.2 | 8.5 | 7.5 | 8.0 | 8.5 |
| Middle East | 9.3 | 9.2 | 8.8 | 9.4 | 10.0 | 8.7 | 9.3 | 9.9 |
| North Africa | 10.1 | 10.0 | 9.8 | 10.5 | 11.1 | 9.7 | 10.6 | 11.5 |
| Sub-Saharan Africa | 8.0 | 8.0 | 7.9 | 8.2 | 8.5 | 7.7 | 8.1 | 8.5 |
| Region | | Change between 2007 and 2008 (percentage points) | Change between 2007 and 2009 (percentage points) | Change between 2007 and 2009 (percentage points) | Change between 2007 and 2009 (percentage points) | Change between 2007 and 2010 (percentage points) | Change between 2007 and 2010 (percentage points) | Change between 2007 and 2010 (percentage points) |
| World | | 0.1 | 0.6 | 0.9 | 1.2 | 0.4 | 0.8 | 1.3 |
| Developed Economies and European Union | | 0.3 | 2.5 | 2.6 | 2.7 | 2.5 | 3.1 | 3.8 |
| Central and South-Eastern Europe (non- EU) & CIS | | 0.0 | 1.7 | 2.0 | 2.3 | 1.2 | 1.8 | 2.5 |
| East Asia | | 0.5 | 0.3 | 0.6 | 0.9 | 0.1 | 0.4 | 0.8 |
| South-East Asia and the Pacific | | -0.1 | -0.1 | 0.2 | 0.5 | -0.2 | 0.1 | 0.4 |
| South Asia | | -0.2 | -0.2 | 0.1 | 0.5 | -0.4 | 0.0 | 0.3 |
| Latin America and the Caribbean | | 0.0 | 0.9 | 1.2 | 1.5 | 0.5 | 1.0 | 1.6 |
| Middle East | | -0.1 | -0.4 | 0.2 | 0.7 | -0.5 | 0.1 | 0.7 |
| North Africa | | -0.1 | -0.3 | 0.4 | 1.1 | -0.4 | 0.5 | 1.4 |
| Sub-Saharan Africa | | 0.0 | -0.1 | 0.2 | 0.6 | -0.3 | 0.1 | 0.5 |

*2009 are preliminary estimates; 2010p are projections; CI = confidence interval.

Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2 and Annex 5.

Table P2. Unemployment 2007-10 (numbers of people)

| Region | 2007 Number (million) | 2008 Number (million) | 2009* | | | 2010p* | | |
|---|-----------------------------|---|---|---|---|---|---|---|
| | | | CI Lower Bound | Preliminary Estimate | CI Upper Bound | CI Lower Bound | Preliminary Projection | CI Upper Bound |
| | | | Number (million) | Number (million) | Number (million) | Number (million) | Number (million) | Number (million) |
| World | 177.7 | 184.9 | 201.9 | 211.5 | 221.2 | 198.7 | 213.4 | 228.2 |
| Developed Economies and European Union | 29.0 | 30.8 | 42.3 | 42.8 | 43.3 | 42.2 | 45.6 | 48.9 |
| Central and South-Eastern Europe (non-EU) & CIS | 14.6 | 14.7 | 17.8 | 18.3 | 18.8 | 16.9 | 18.1 | 19.3 |
| East Asia | 31.4 | 35.6 | 34.1 | 36.9 | 39.6 | 32.9 | 35.8 | 38.7 |
| South-East Asia and the Pacific | 15.6 | 15.5 | 16.0 | 16.7 | 17.5 | 15.8 | 16.8 | 17.8 |
| South Asia | 30.8 | 30.4 | 30.7 | 33.0 | 35.3 | 30.3 | 32.7 | 35.0 |
| Latin America and the Caribbean | 18.4 | 18.9 | 21.5 | 22.4 | 23.3 | 20.9 | 22.4 | 23.8 |
| Middle East | 6.2 | 6.3 | 6.3 | 6.7 | 7.1 | 6.4 | 6.8 | 7.3 |
| North Africa | 7.1 | 7.2 | 7.2 | 7.7 | 8.2 | 7.3 | 8.0 | 8.7 |
| Sub-Saharan Africa | 24.7 | 25.5 | 26.0 | 27.0 | 28.0 | 26.0 | 27.4 | 28.8 |
| Region | | Change between 2007 and 2008 (millions) | Change between 2007 and 2009 (millions) | Change between 2007 and 2009 (millions) | Change between 2007 and 2009 (millions) | Change between 2007 and 2010 (millions) | Change between 2007 and 2010 (millions) | Change between 2007 and 2010 (millions) |
| World | | 7.2 | 24.1 | 33.8 | 43.5 | 21.0 | 35.7 | 50.4 |
| Developed Economies and European Union | | 1.8 | 13.2 | 13.7 | 14.3 | 13.2 | 16.6 | 19.9 |
| Central and South-Eastern Europe (non-EU) & CIS | | 0.1 | 3.2 | 3.7 | 4.2 | 2.3 | 3.5 | 4.7 |
| East Asia | | 4.3 | 2.8 | 5.5 | 8.3 | 1.5 | 4.5 | 7.4 |
| South-East Asia and the Pacific | | -0.1 | 0.4 | 1.2 | 2.0 | 0.3 | 1.2 | 2.2 |
| South Asia | | -0.4 | 0.0 | 2.2 | 4.5 | -0.5 | 1.9 | 4.2 |
| Latin America and the Caribbean | | 0.5 | 3.1 | 4.0 | 4.9 | 2.5 | 4.0 | 5.4 |
| Middle East | | 0.1 | 0.1 | 0.5 | 0.9 | 0.2 | 0.6 | 1.1 |
| North Africa | | 0.1 | 0.2 | 0.7 | 1.2 | 0.3 | 0.9 | 1.6 |
| Sub-Saharan Africa | | 0.8 | 1.3 | 2.3 | 3.3 | 1.2 | 2.6 | 4.0 |

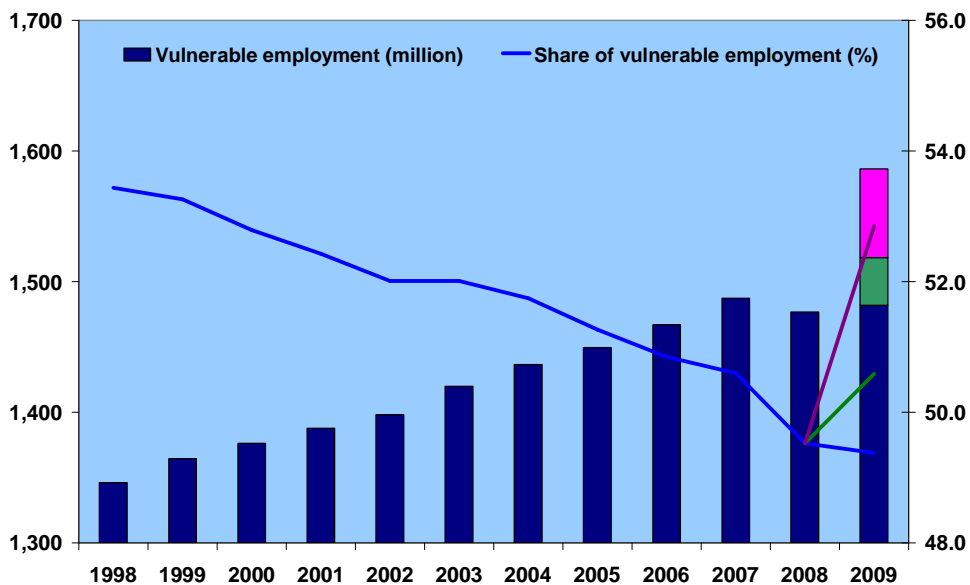
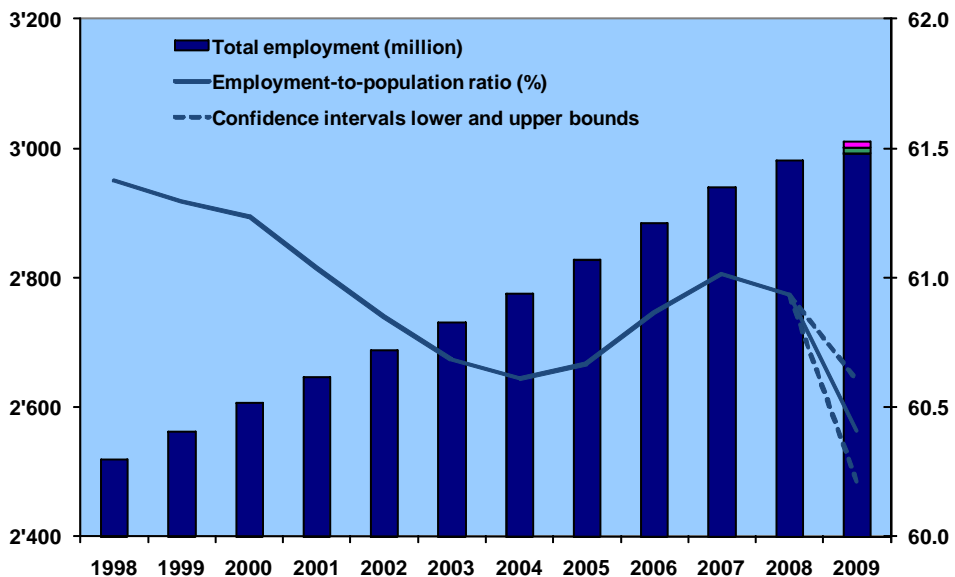
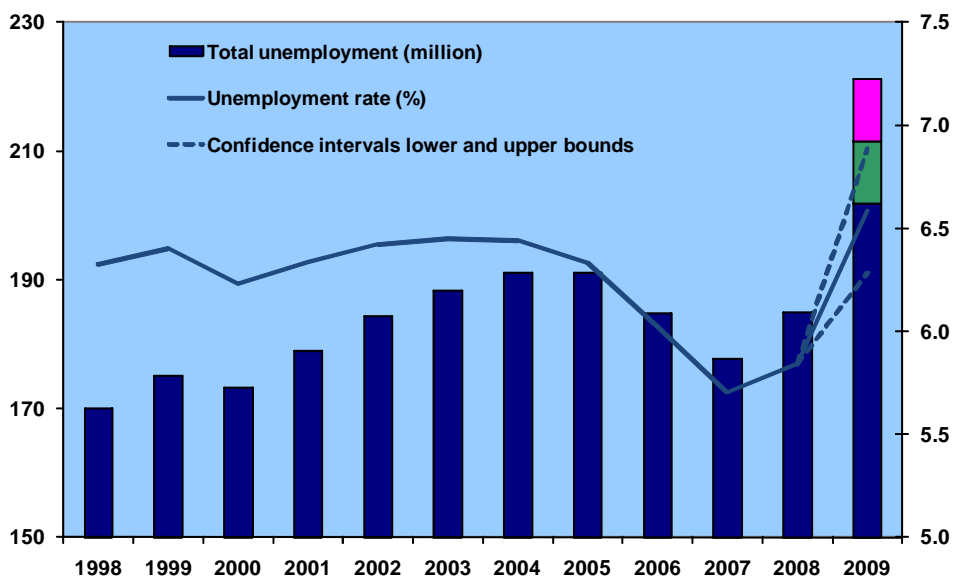
*2009 are preliminary estimates; 2010p are projections; CI = confidence interval.

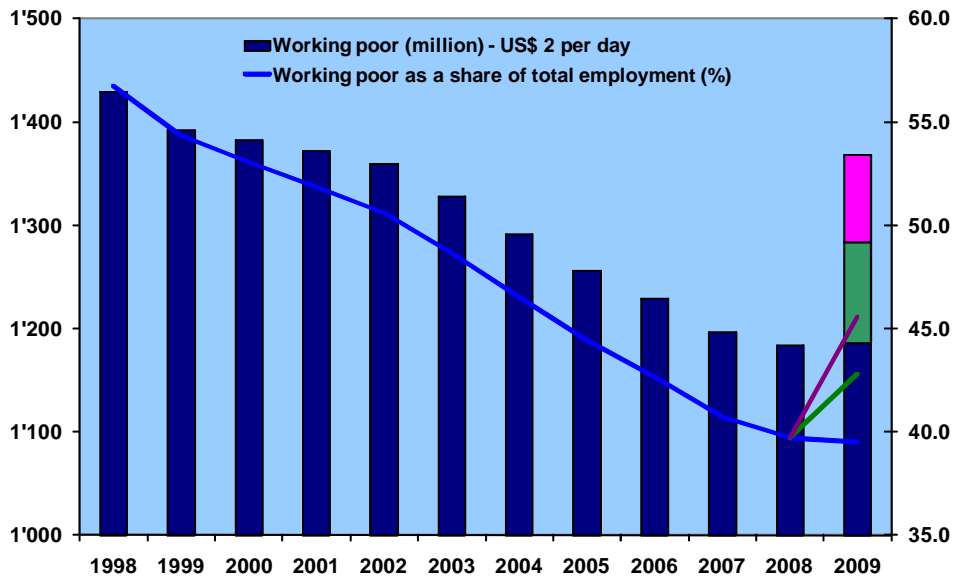
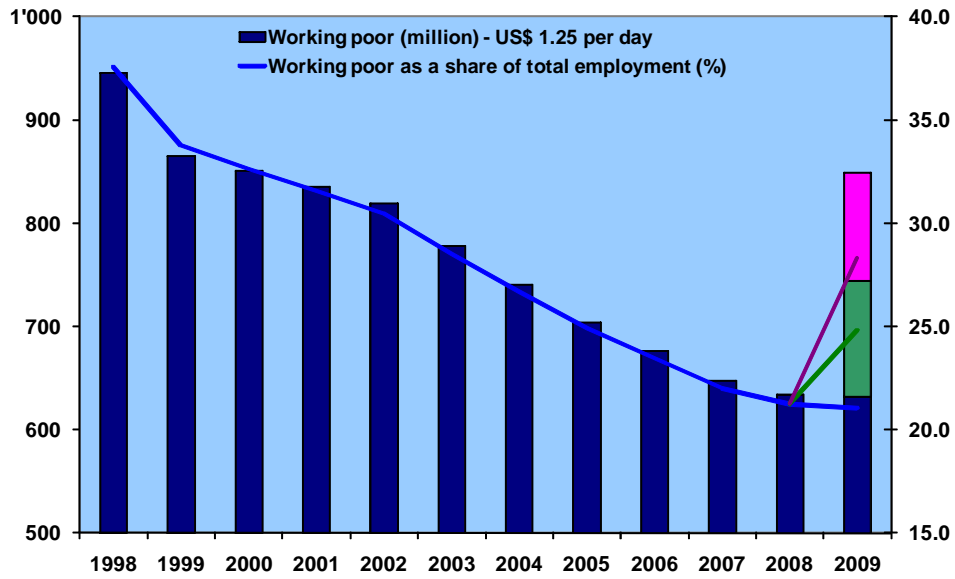
Source: ILO, Trends Econometric Models, October 2009; see also source of Table A2 and Annex 5.

Annex 3. Regional figures

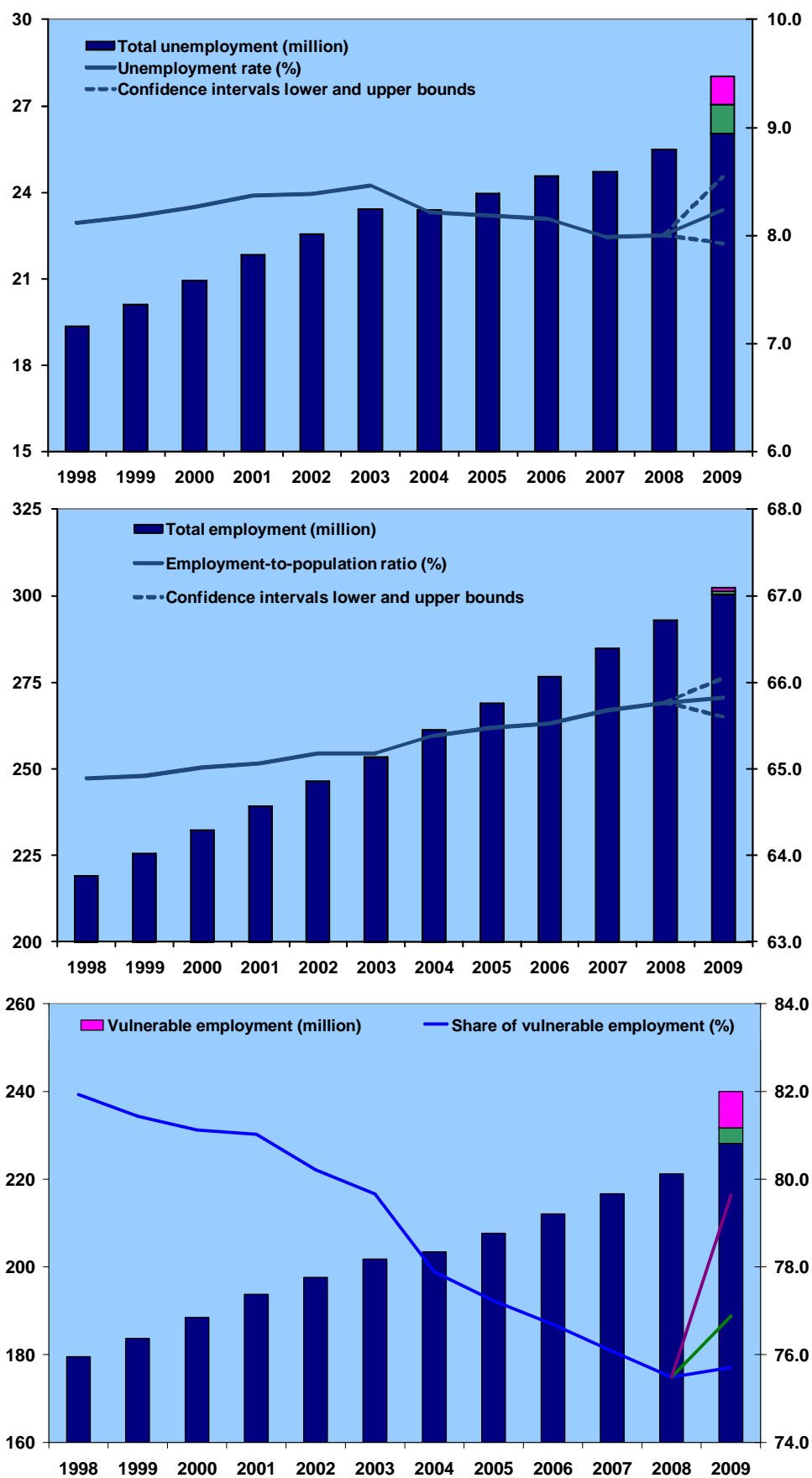
The following charts present selected labour market indicators by region, followed by the regional groupings of economies used in this report. The source of all charts is ILO, Trends Econometric Models, October 2009 (see also source of Table A2 and Annex 5).

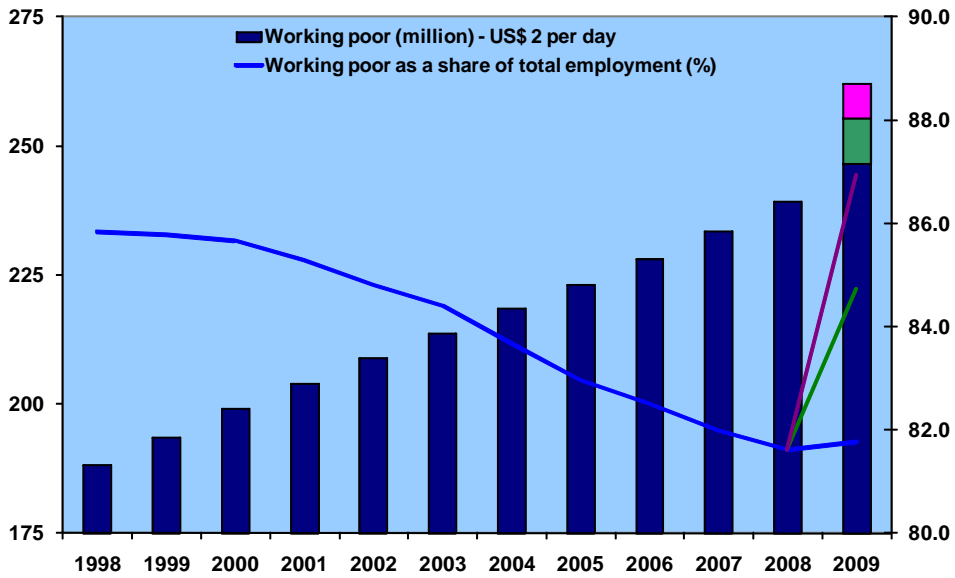
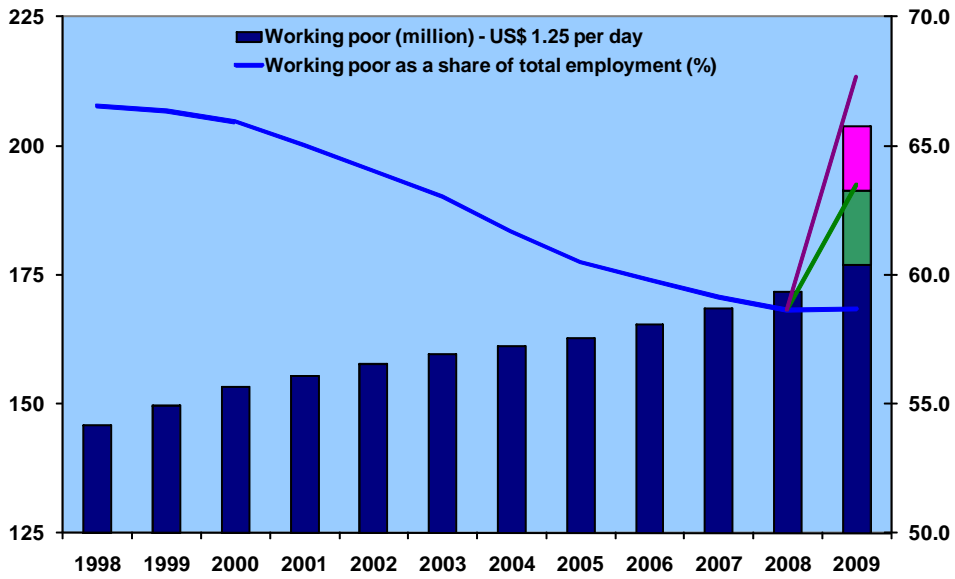
World



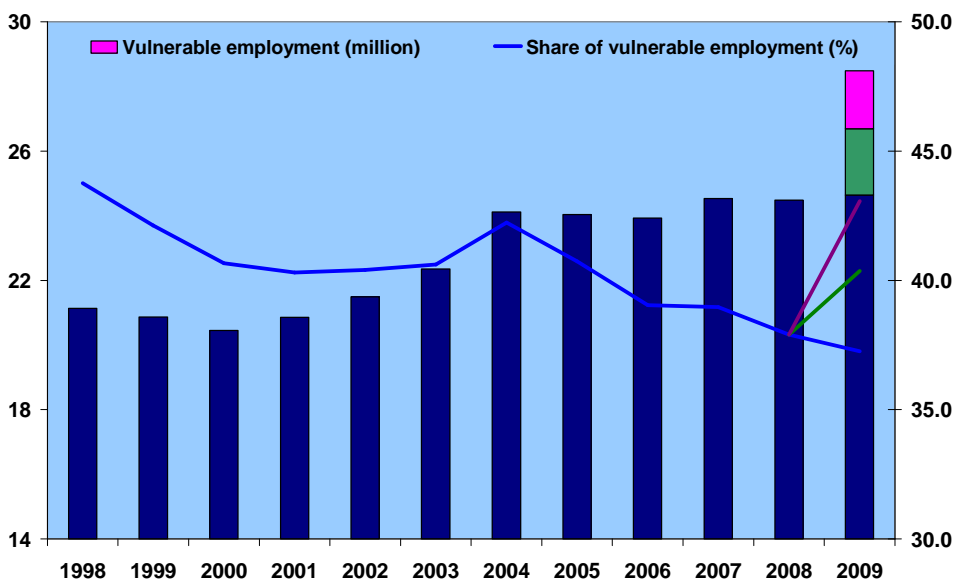
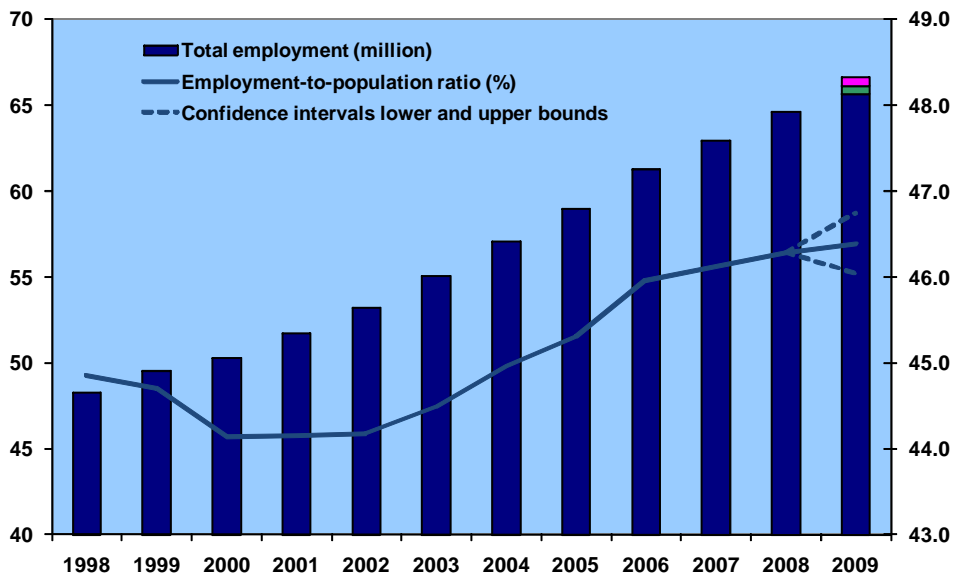
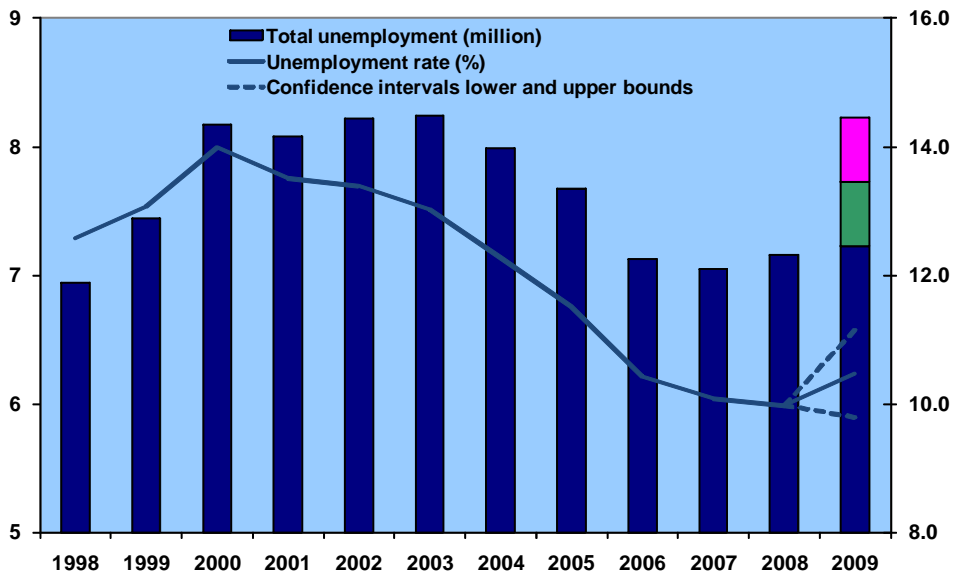


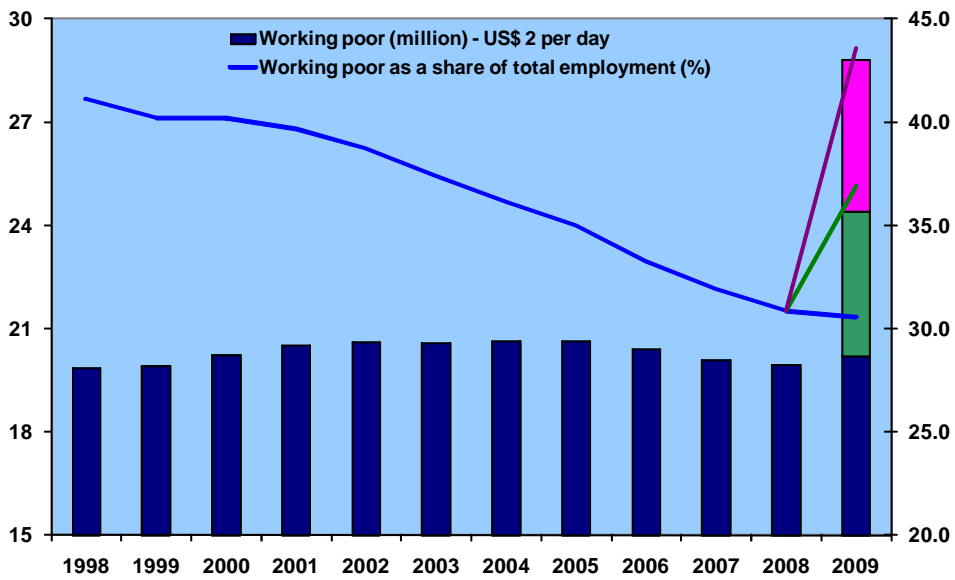
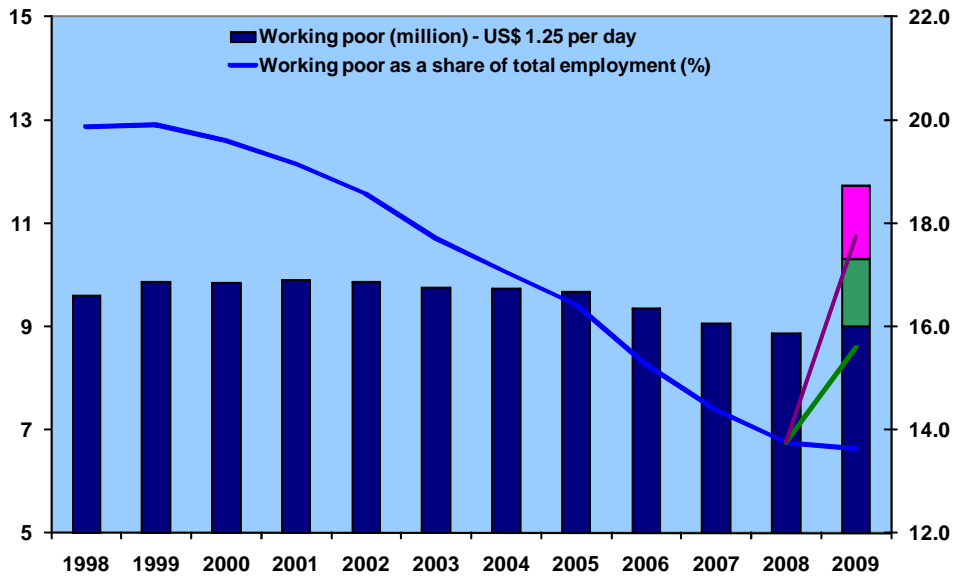
Sub-Saharan Africa



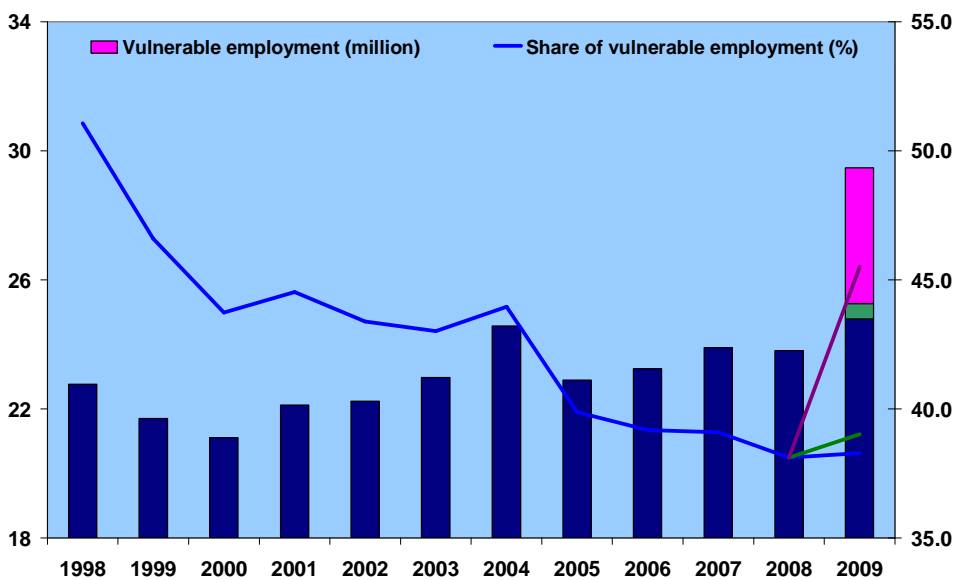
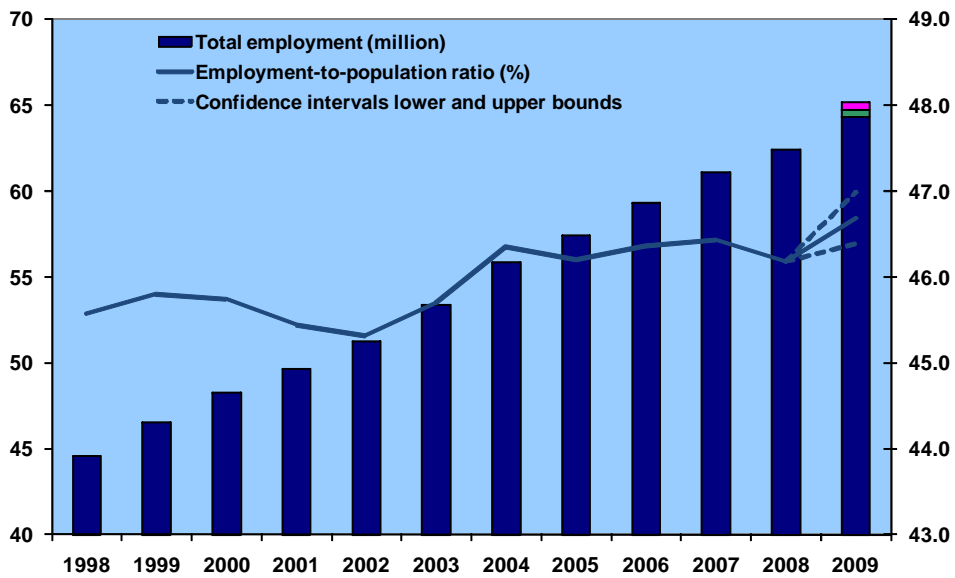
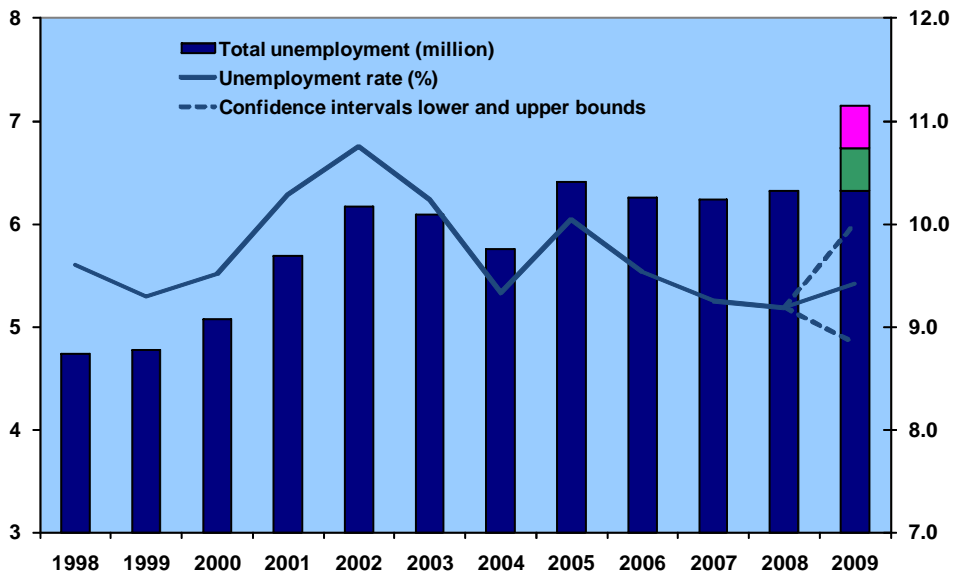


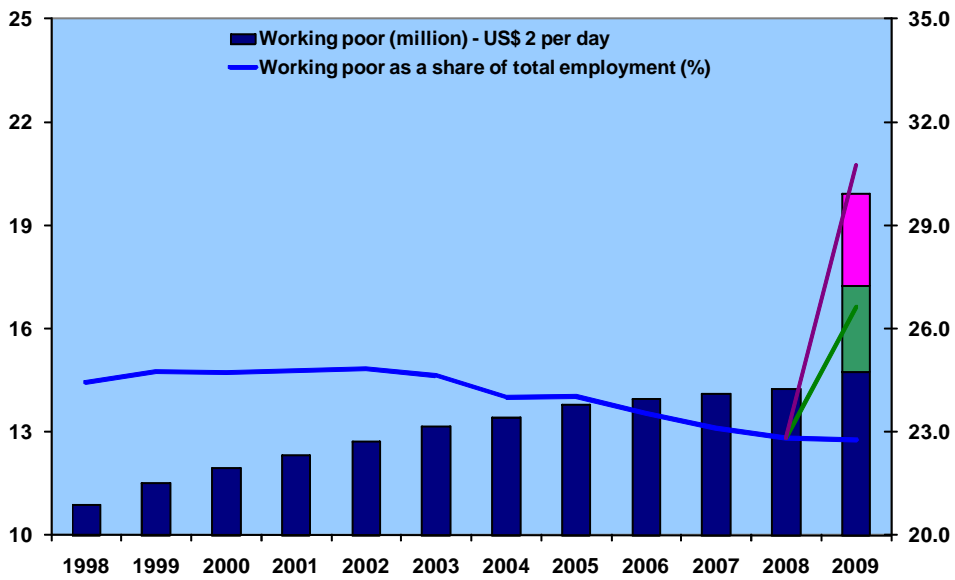
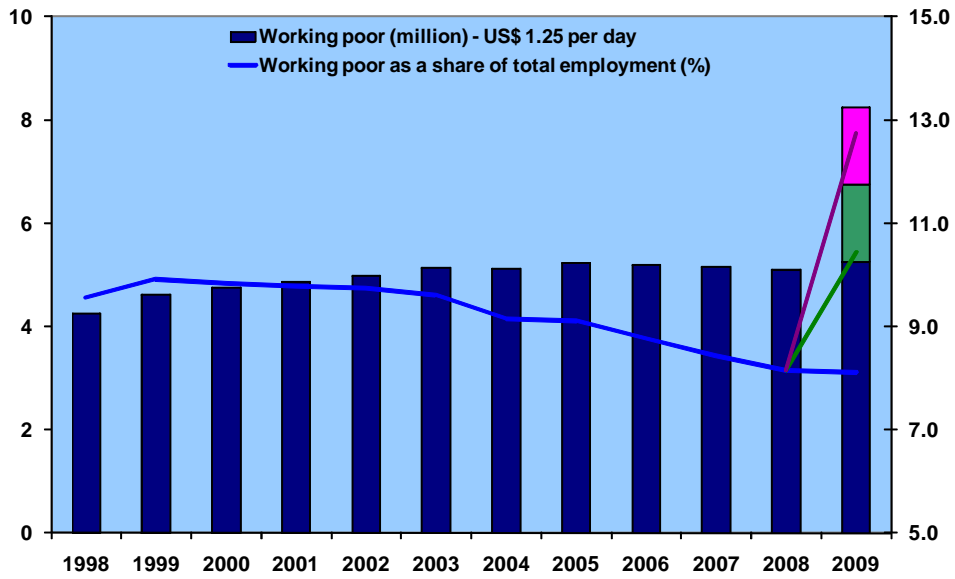
North Africa



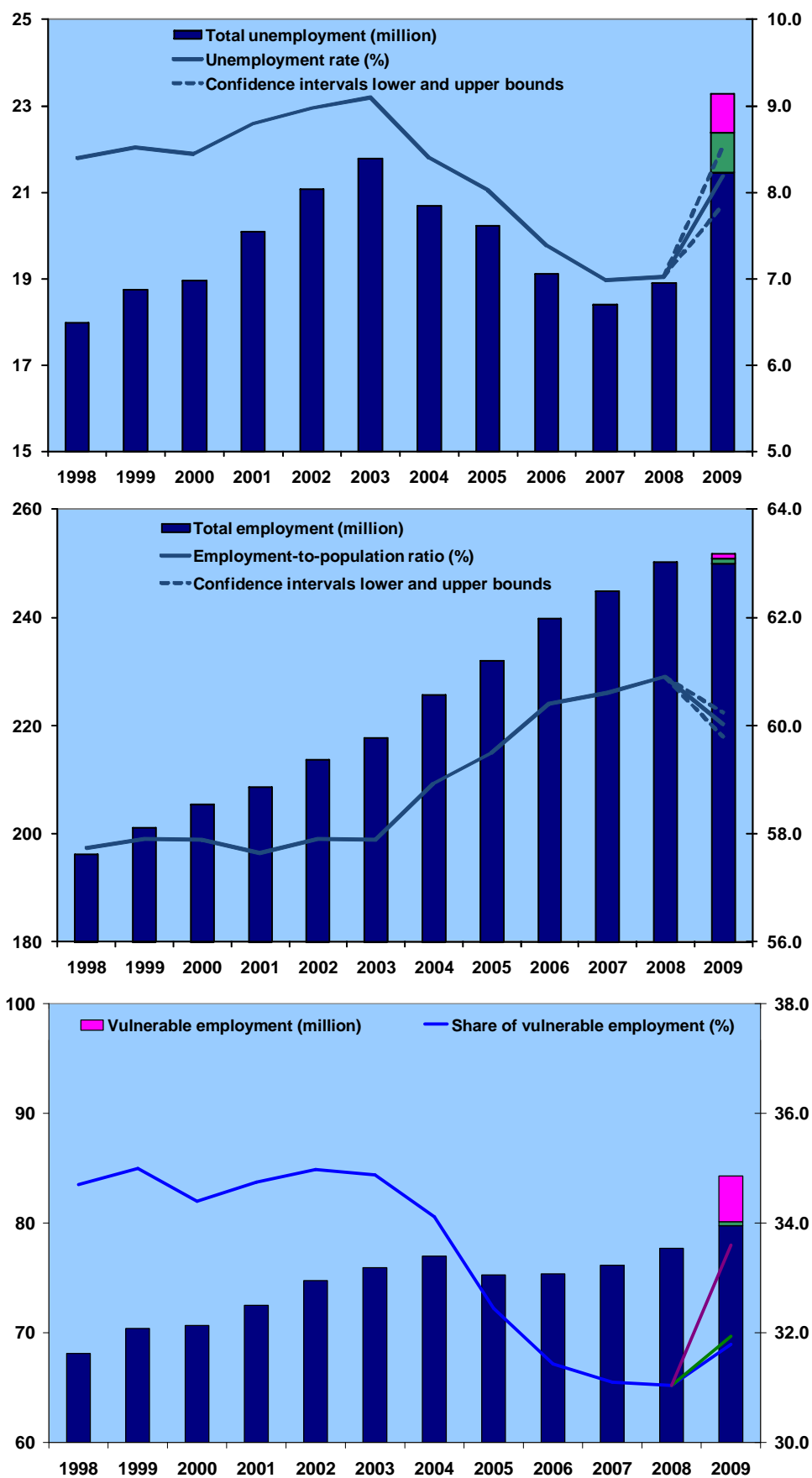


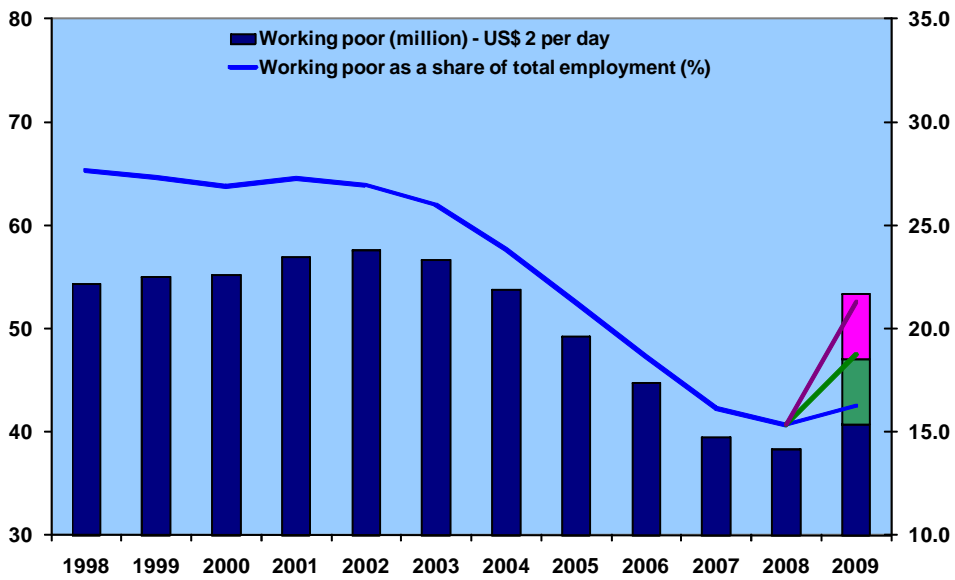
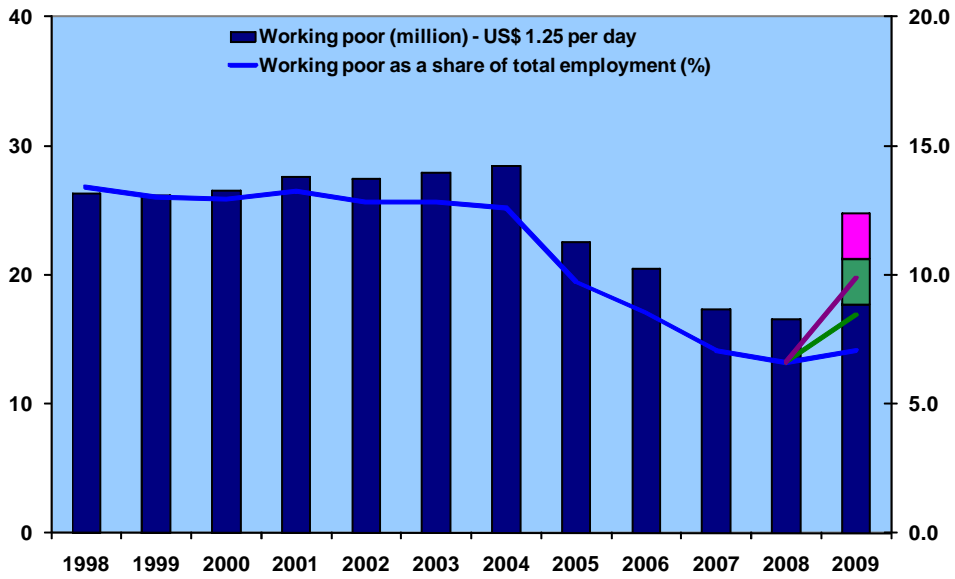
Middle East



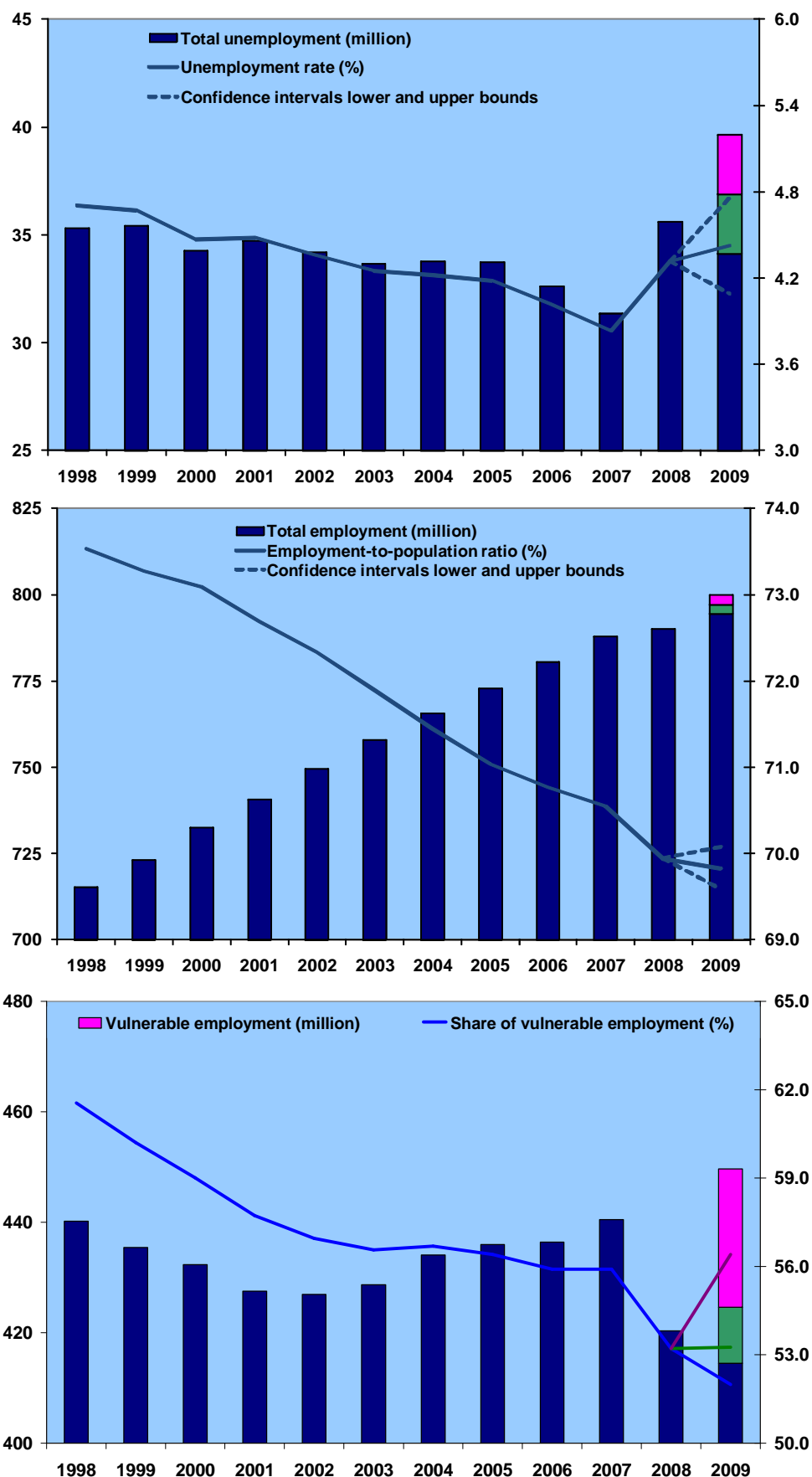


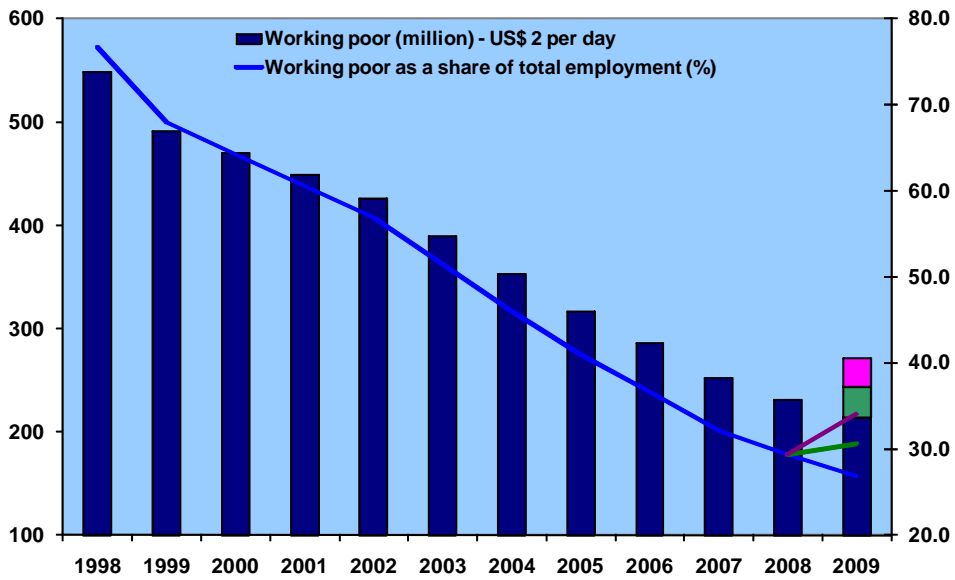
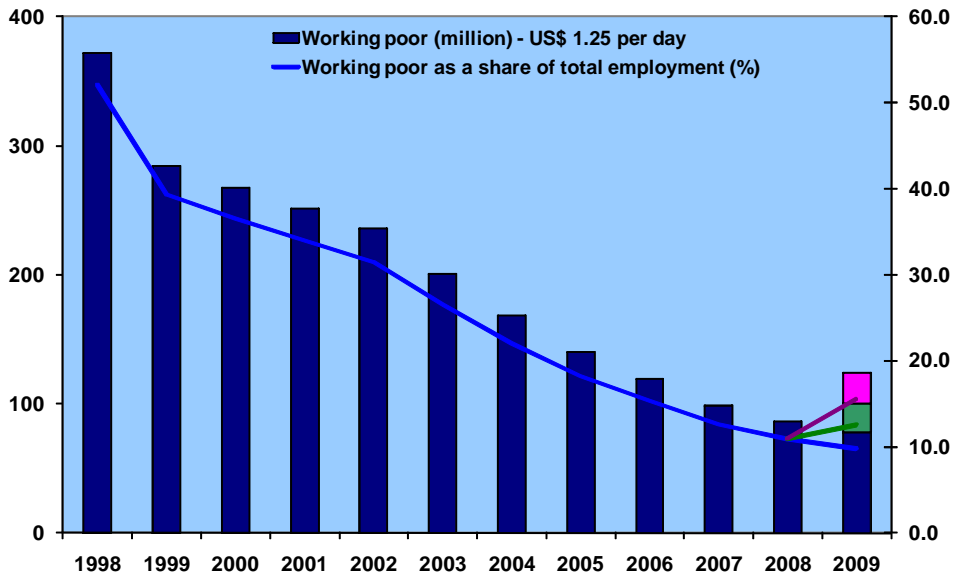
Latin America and the Caribbean



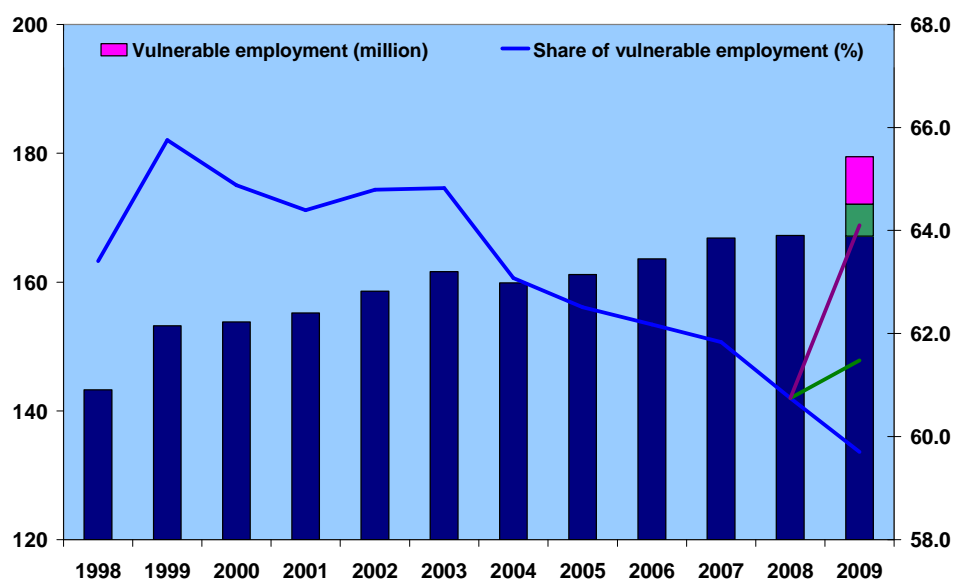
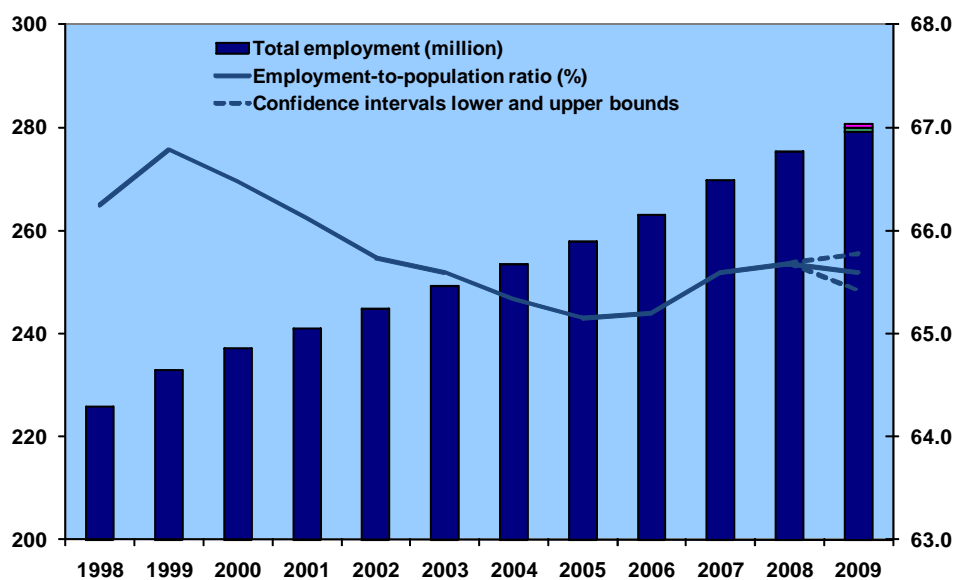
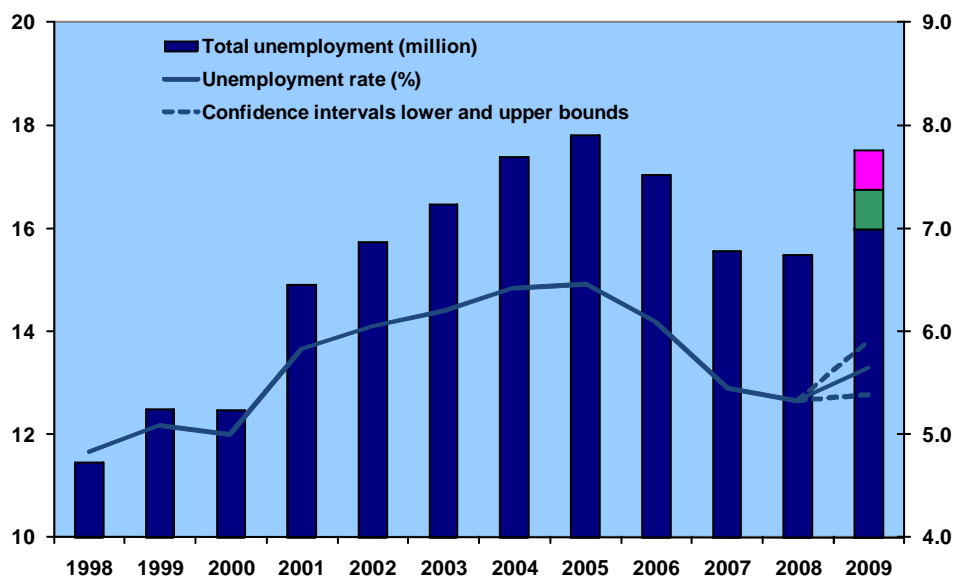


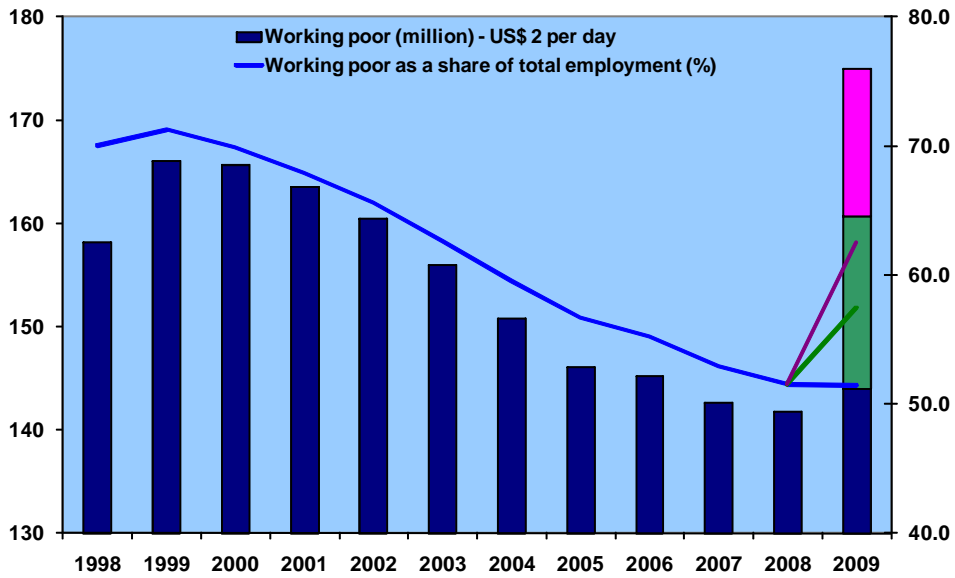
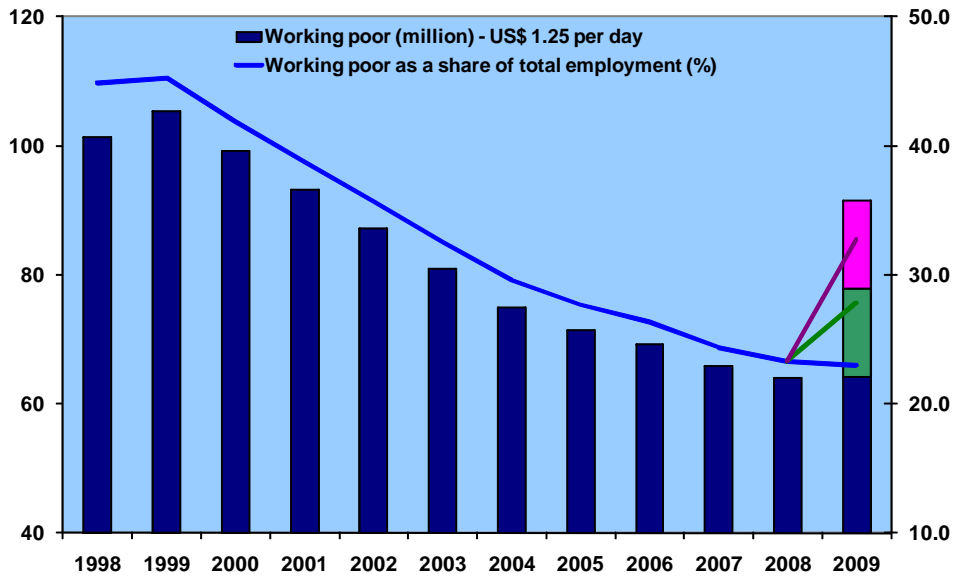
East Asia



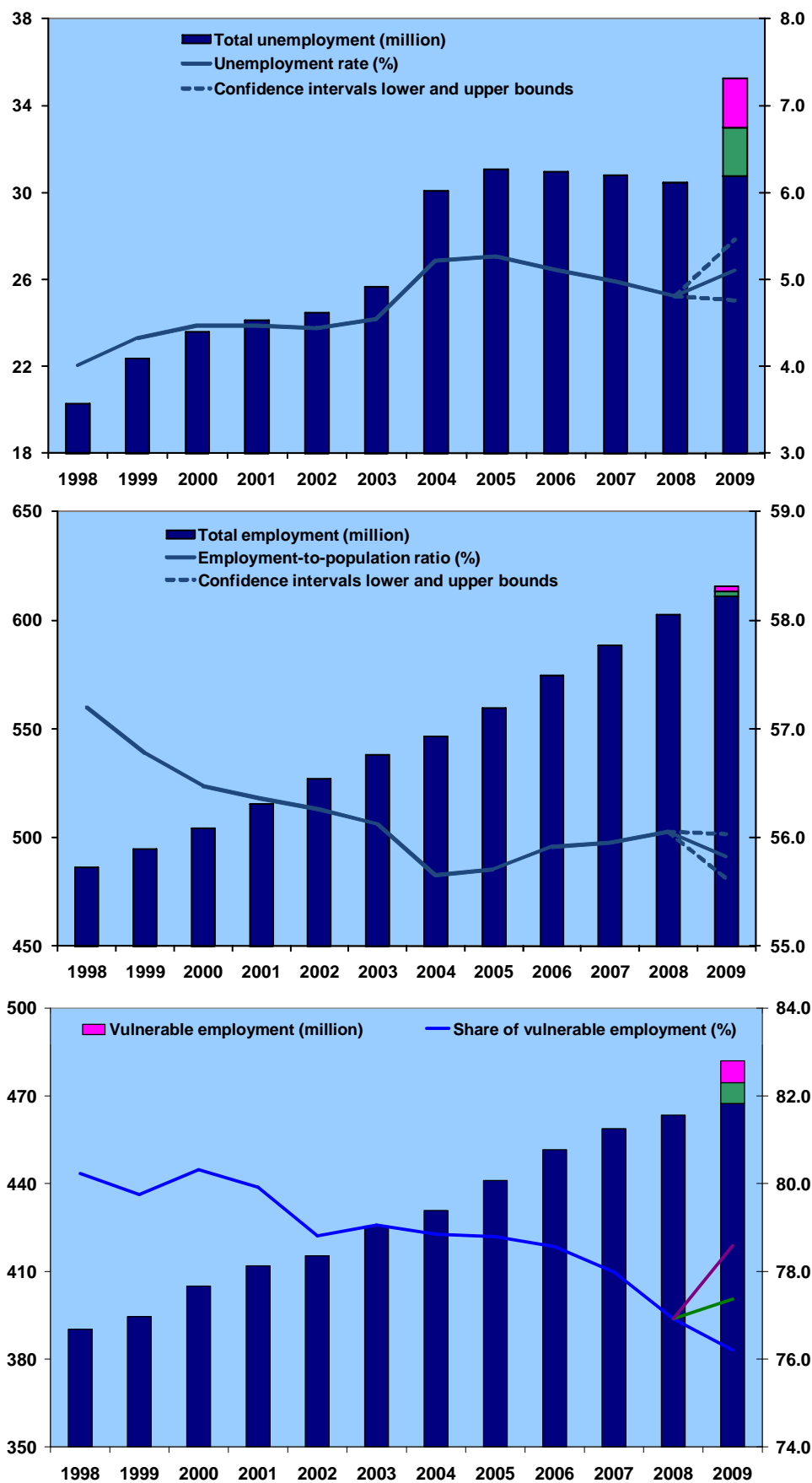


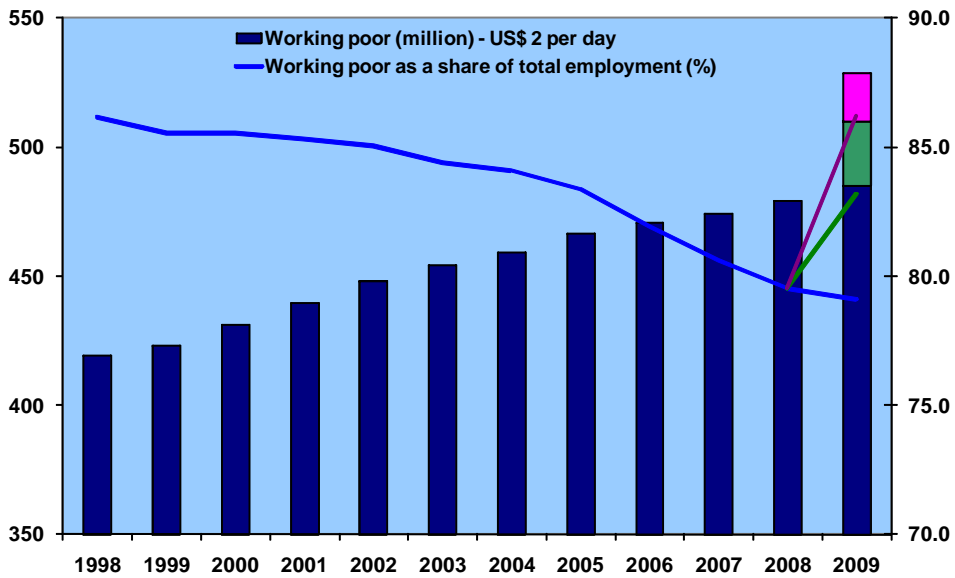
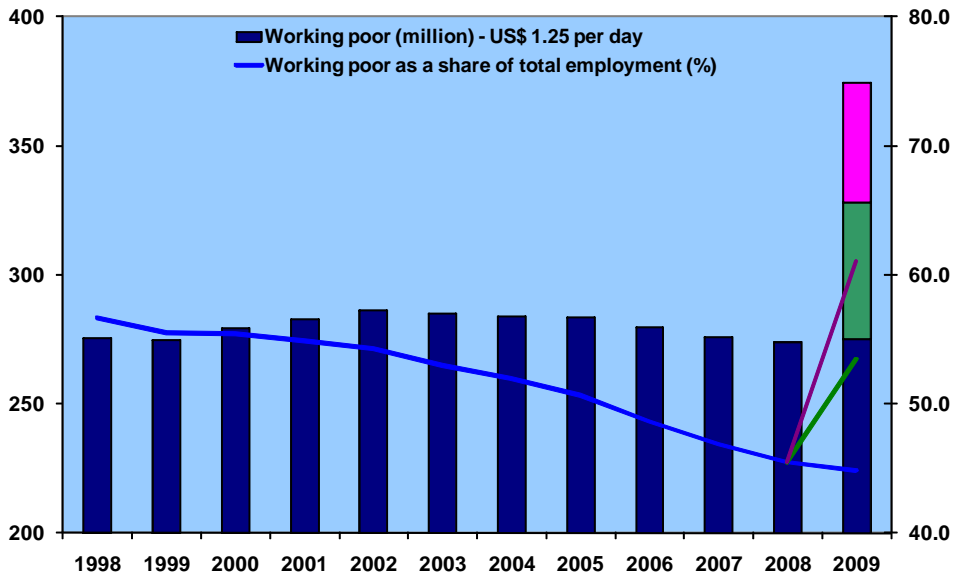
South-East Asia and the Pacific



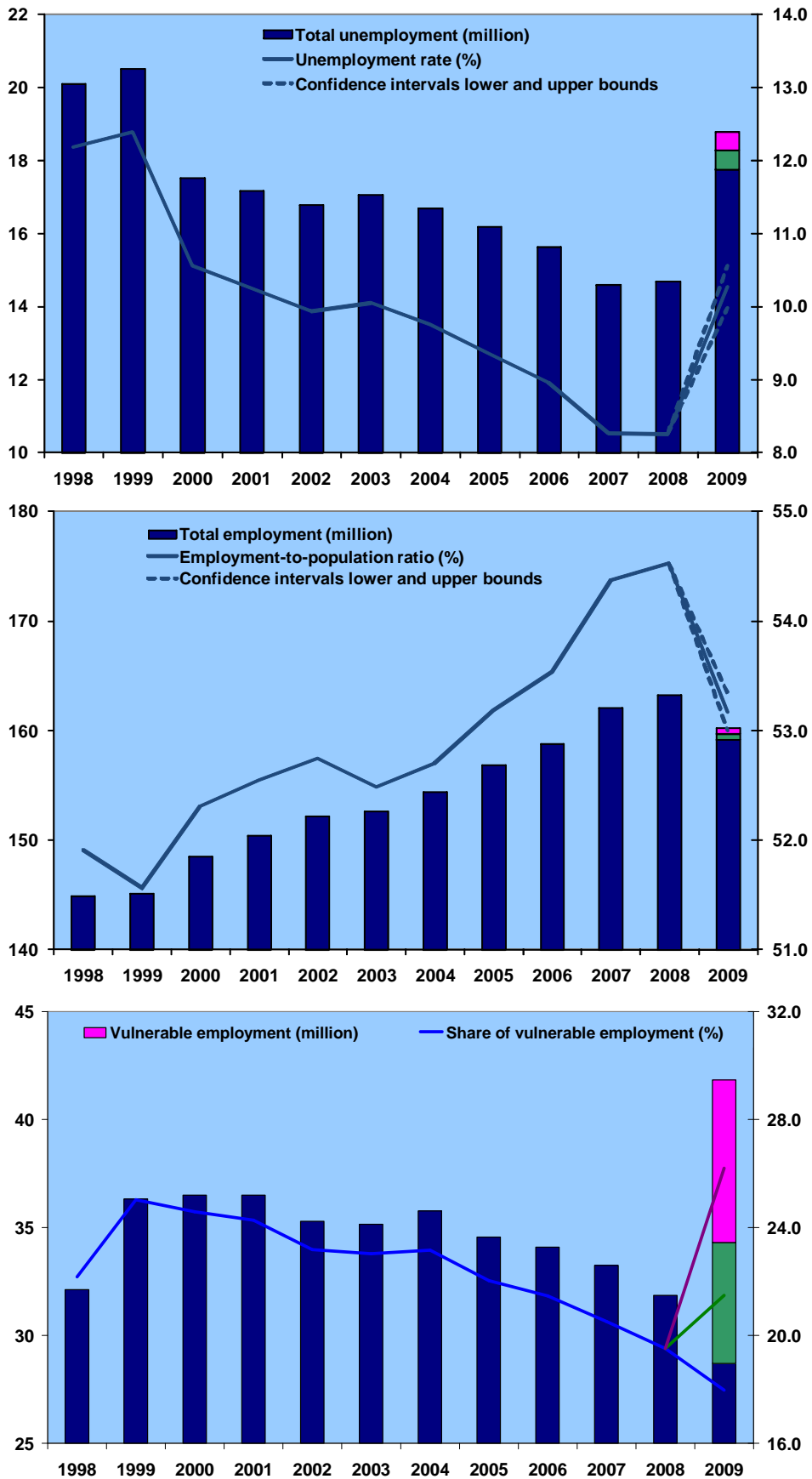


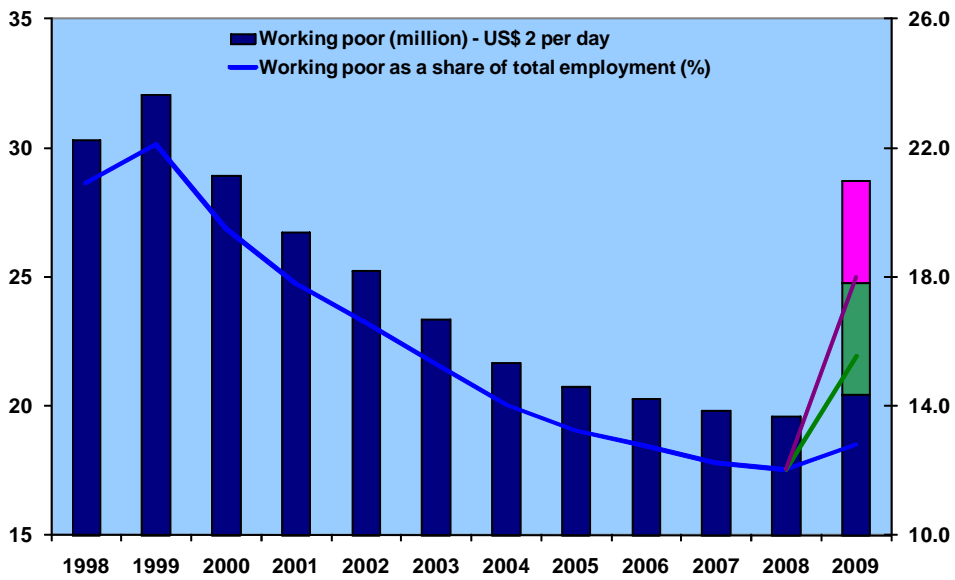
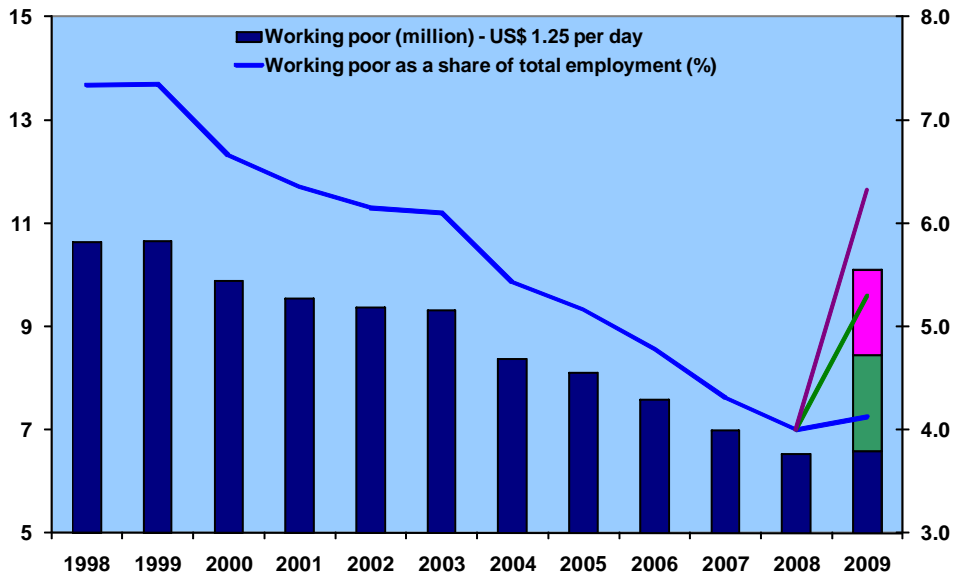
South Asia



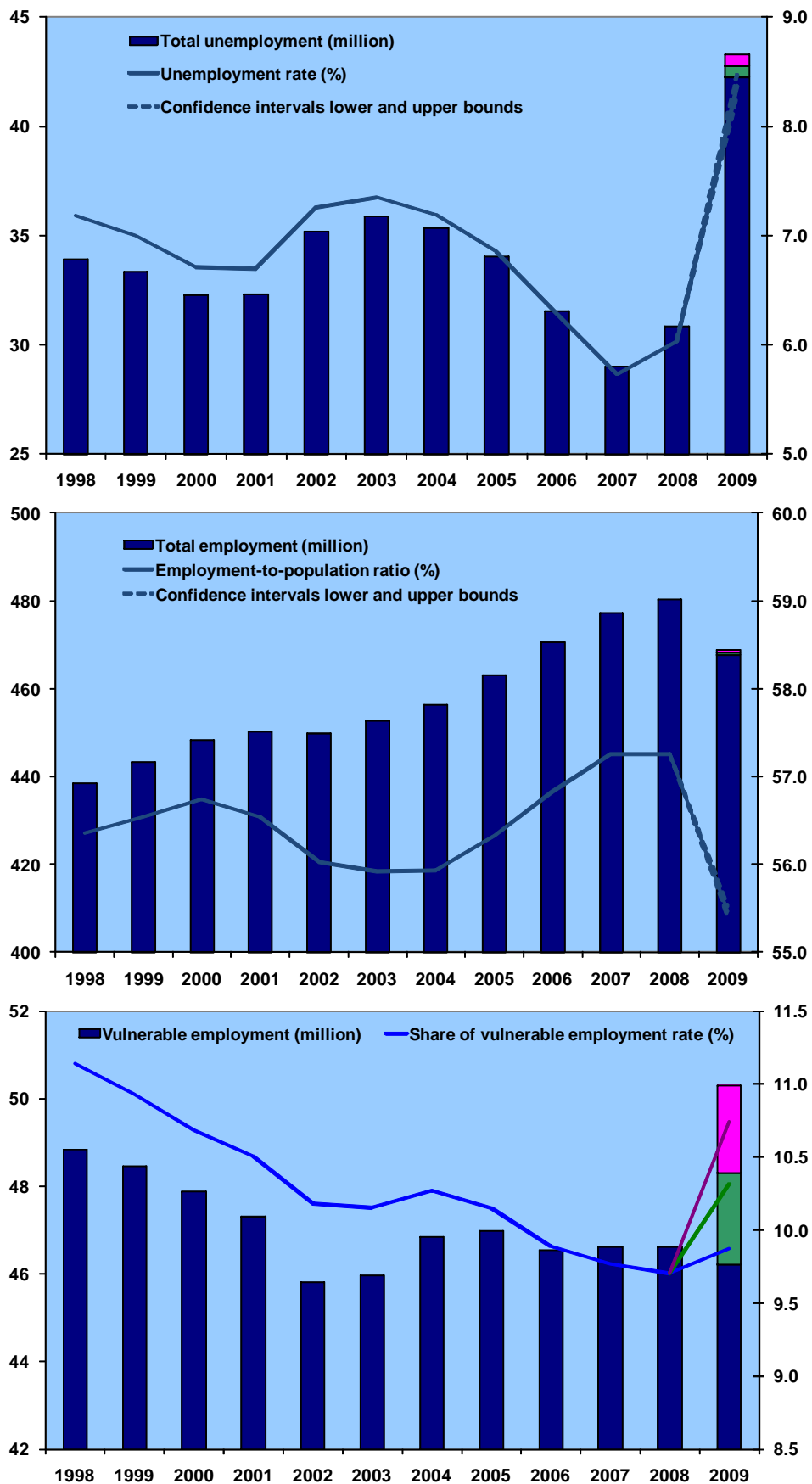


Central and South-Eastern Europe (non-EU) & CIS





Developed Economies and European Union



Global employment trends – Regional groupings

| | | | | | | |
|--|--|---|--|---|---|---|
| <p>Developed Economies & European Union</p> <p>European Union</p> <p>Austria Belgium Bulgaria Cyprus Czech Republic Denmark Estonia Finland France Germany Greece Hungary Ireland Italy Latvia Lithuania Luxembourg Malta Netherlands Poland Romania Portugal Slovakia Slovenia Spain Sweden United Kingdom</p> <p>North America</p> <p>Canada United States</p> <p>Other Developed Economies</p> <p>Australia Gibraltar Greenland</p> | <p>Isle of Man Israel Japan New Zealand San Marino St. Pierre and Miquelon</p> <p>Western Europe (non-EU)</p> <p>Andorra Iceland Liechtenstein Monaco Norway Switzerland</p> <p>Central & South-Eastern Europe (non-EU) & CIS</p> <p>Central & South-Eastern Europe</p> <p>Albania Bosnia and Herzegovina Croatia The former Yugoslav Republic of Macedonia Serbia and Montenegro Turkey</p> <p>Commonwealth of Independent States</p> <p>Armenia Azerbaijan Belarus Georgia Kazakhstan Kyrgyzstan Republic of Moldova</p> | <p>Russian Federation Tajikistan Turkmenistan Ukraine Uzbekistan</p> <p>South Asia</p> <p>Afghanistan Bangladesh Bhutan India Maldives Nepal Pakistan Sri Lanka</p> <p>South-East Asia & the Pacific</p> <p>South-East Asia</p> <p>Brunei Darussalam Cambodia East Timor Indonesia Lao People's Democratic Republic Malaysia Myanmar Philippines Singapore Thailand Viet Nam</p> <p>Pacific Islands</p> <p>American Samoa Cook Islands Fiji French Polynesia Guam Kiribati Marshall Islands Nauru New Caledonia</p> | <p>Niue Northern Mariana Islands Papua New Guinea Samoa Solomon Islands Tokelau Tonga Tuvalu Vanuatu Wallis and Futuna Islands</p> <p>East Asia</p> <p>China Hong Kong, China Korea, Democratic People's Republic of Korea, Republic of Macau, China Mongolia Taiwan, China</p> <p>Latin America & the Caribbean</p> <p>Caribbean</p> <p>Anguilla Antigua and Barbuda Aruba Bahamas Barbados Bermuda British Virgin Islands Cayman Islands Cuba Dominica Dominican Republic Grenada Guadeloupe Guyana Haiti Jamaica</p> | <p>Martinique Montserrat Netherlands Antilles Puerto Rico Saint Kitts and Nevis Saint Lucia Saint Vincent and the Grenadines Suriname Trinidad and Tobago Turks and Caicos Islands United States Virgin Islands</p> <p>Central America</p> <p>Belize Costa Rica El Salvador Guatemala Honduras Mexico Nicaragua Panama</p> <p>South America</p> <p>Argentina Bolivia Brazil Chile Colombia Ecuador Falkland Islands (Malvinas) French Guiana Paraguay Peru Uruguay Venezuela</p> <p>Middle East</p> <p>Bahrain Iran, Islamic Republic of</p> | <p>Iraq Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syrian Arab Republic United Arab Emirates West Bank and Gaza Strip Yemen</p> <p>North Africa</p> <p>Algeria Egypt Libyan Arab Jamahiriya Morocco Sudan Tunisia</p> <p>Sub-Saharan Africa</p> <p>Eastern Africa</p> <p>Burundi Comoros Djibouti Eritrea Ethiopia Kenya Madagascar Malawi Mauritius Mozambique Réunion Rwanda Seychelles Somalia Tanzania, United Republic of Uganda</p> | <p>Zambia Zimbabwe</p> <p>Middle Africa</p> <p>Angola Cameroon Central African Republic Chad Congo Congo, Democratic Republic of Equatorial Guinea Gabon Sao Tome and Principe</p> <p>Southern Africa</p> <p>Botswana Lesotho Namibia South Africa Swaziland</p> <p>Western Africa</p> <p>Benin Burkina Faso Cape Verde Côte d'Ivoire Gambia Ghana Guinea Guinea-Bissau Liberia Mali Mauritania Niger Nigeria Senegal Sierra Leone St. Helena Togo</p> |
|--|--|---|--|---|---|---|

Annex 4. Note on world and regional estimates

The source of all tables in this *Global Employment Trends* is ILO, Trends Econometric Models, October 2009. 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, and are thus unique in giving the ILO the ability to produce regional labour market information for all regions in the world.

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 rate, sectoral employment shares and status in employment shares.

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 unemployment rates, status in employment shares and sector employment shares 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 fully national (i.e. not 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
- ILO labour force estimates and projections
- IMF/World Bank data on GDP (PPP, per capita, growth)
- World Bank poverty estimates

The first phase of the 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.³³ 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 world and regional estimates of labour force participation, working poverty and employment elasticities. The models use similar techniques as the GET Model to impute missing values at the country level.

Improvements on previous global and regional estimates and scenarios for 2009

The October 2009 run of the Trends Econometric Models uses both new and revised data, which has resulted in improved global and regional estimates based on the latest available information. This includes revisions of the IMF and World Bank estimates of GDP and its components; new population estimates and projections (UN 2008 Revision); new estimates and projections of labour force participation; and other new country-level input. The country-level input comes from ILO, *Key Indicators of the Labour Market*, 6th Edition (Geneva, 2009) and updates of the indicators.

During the first half of 2009, when limited labour market information (monthly and quarterly unemployment rates) were available, and considerable uncertainty remained as to the extent and duration of the economic crisis, the ILO Trends Team estimated the unemployment rate for 2009 using three different projection methods (scenarios).³⁴ At the time, a point estimate was not produced, partly because of the large degree of uncertainty surrounding the economic growth forecasts that constitute a basis for the unemployment rate projections.

By the last quarter of 2009, as economic growth forecasts were less volatile, and more monthly or quarterly unemployment rates data became available for many countries, a new approach was developed to provide a point estimate for the 2009 unemployment rate, as follows. For a small number of countries that present a sample month or quarter rate as the annual unemployment rate, this rate is taken as the point estimate for 2009 if it is available.³⁵ For the other countries with some available 2009 monthly or quarterly rates (up to nine monthly or three quarterly rates were available for many countries for the October 2009 run), obtaining a point estimate involved projecting the remaining (unreported) monthly or quarterly rates, and averaging over the 12 months or the four quarters (observed and projected rates). Specifically, to project the unemployment rate for the remaining months or quarters of 2009, monthly/quarterly rates are projected forward using the following approach.

1. A linear trend is estimated over the period since the beginning of the global economic crisis (from September 2008 or 2008 Q3 to the most recent month/quarter).

³³ If, for instance, 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 tend to be 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 corrects for this potential problem.

³⁴ The first scenario used the historical relationship between economic growth and unemployment at the country level between 1991 and 2008, and applied this relationship to the latest IMF GDP growth projections for 2009. The second scenario for 2009 was generated on the basis of the relationship between economic growth and unemployment during the worst observed economic downturn in each country. The third scenario was generated by taking the worst observed year-over-year increase in each country’s male and female unemployment rates and assumed that a slightly higher increase would happen simultaneously in all developed countries; for developing economies, it was assumed that half of the largest observed increase would occur in 2009.

³⁵ In October 2009, the sample month unemployment rate was available and used as the point estimate for two countries only (specifically, the July unemployment rate for Colombia, and the second quarter unemployment rate for Singapore).

2. A linear trend is estimated over a short-run period (the last three months or the last two quarters for which data are available).

Two corresponding annual unemployment rate projections are then obtained as simple averages of all the monthly/quarterly rates for 2009 (each annual estimate is an average of the observed rates and of the rates projected in steps 1 and 2 above). Thereafter, the two annual estimates are averaged to produce a final annual estimate, with the underlying assumption that for all countries the likelihood of either the short-term or long-term trend persisting for the remaining months of 2009 is equal. The two annual estimates are used to construct the lower and upper bound of a confidence interval around the 2009 point estimate.

For the majority of countries that do not produce monthly or quarterly unemployment rates, or for which these rates were not yet available for 2009, a point estimate is based on the country's elasticity of the unemployment rate to the GDP growth rate, with the exception of a few countries for which the historical relationship between economic growth and unemployment rates is used instead. For all of these countries, the lower and upper bounds of the confidence interval around the 2009 point estimate are constructed as follows. The country-level standard deviation of the unemployment rate over the 1998-2008 period is calculated, along with the ratio of this standard deviation to the 2009 predicted unemployment rate. The ratio is used to determine the significance level for the confidence interval around the 2009 point estimate. Countries with a limited proportion of real data tend to have very low ratios (caused by stable estimated unemployment rates). The lowest significance level (20 per cent) is ascribed to these countries (with ratios less than 0.06) in order to widen the confidence interval around the estimates and acknowledge higher uncertainty associated with labour market conditions in these countries. For most (approximately 80 per cent) of the countries in the sample, with ratios between 0.06 and 0.20, inclusively, a significance level of 50 per cent is applied. For countries with the highest ratios (historical standard deviation greater than 20 per cent of the 2009 unemployment rate), a 80 per cent significance level is ascribed, resulting in a narrower adjusted confidence interval.

While monthly and quarterly unemployment rates for 2009 were available for many countries by the last quarter of the year (for the October 2009 run of the Trends Econometric Models), other labour market information, such as employment by status data required to calculate vulnerable employment rates, was not available. For this reason, instead of providing a point estimate of the vulnerable employment rate in 2009, the scenarios presented in previous versions of the GET report were maintained. Similarly, the 2009 scenarios were maintained for working poverty.³⁶

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

³⁶ See Annex 5 of *Global Employment Trends*, January 2009 (Geneva, ILO).

Annex 5. Note on world and regional projections

The unemployment rate forecast for 2010 is 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.³⁷ This was done through the inclusion of interaction terms of crisis and recovery dummy variables with GDP growth in fixed effects panel regressions.³⁸ 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-year 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.³⁹
3. Level of export dependence (measured as exports as a percentage of GDP).⁴⁰

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 of 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 their GDP. The impact of the crisis on labour markets through the export channel also depends on the type of 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 like India or Indonesia with a large domestic market were less vulnerable than countries like Thailand and Singapore). 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.

³⁷ The crisis period is comprised of the span between the year when 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 is comprised of the years between the "turning point year" and the year when growth has returned to its pre-crisis level.

³⁸ 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.

³⁹ The income groups correspond to the World Bank income group classification of four income categories, based on their 2008 GNI per capita (calculated using the Atlas method): low income countries, USD 975 or less; lower middle income countries, USD 976 – USD 3,855; upper middle income countries, USD 3,856 – USD 11,905; and high income countries, USD 11,906 or more.

⁴⁰ The export dependence-based groups are the following: 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).

A confidence interval around the projection is constructed in the same way as for the 2009 point estimate for countries for which no monthly or quarterly unemployment rates are available (see Annex 4). Specifically, countries are divided into three groups based on the ratio of the standard deviation of their unemployment rate during the 1998-2008 period to their 2009 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.