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Global Employment Trends: January 2009

Abstract

[Excerpt] The global financial crisis has triggered a serious slowdown in world economic growth including recession in the largest industrialized countries. Enterprises have stopped hiring and many are laying off workers in considerable numbers. This report examines what we know already about the impact of the crisis on jobs and what we could expect from several possible scenarios of the way it might evolve in the year ahead.

In 2008, an estimated 6.0 per cent of the world's workers were not working but looking for a job, up from 5.7 per cent in 2007. Experience shows that the longer people stay out of work the more their "employability" deteriorates, making it progressively harder to get back into work. This is especially worrying for young workers who may get trapped into a lifetime of weak attachment to the labour market alternating between low paid insecure work and outright unemployment.

In many developing countries well over half of the workforce is employed in conditions that fall short of decent work, and breaking out of such situations is at the core of the global development challenge set out in the Millennium Declaration and its poverty-reducing goals. This report utilizes working poor and those in vulnerable employment (i.e. unpaid contributing family workers and own-account workers) which are workers most likely to be characterized by low and insecure employment, low earnings and productivity to help better understand labour market trends in developing economies.

By the end of 2008 working poverty, vulnerable employment and unemployment were beginning to rise as the effects of the slowdown spread. If the recession deepens in 2009, as many forecasters expect, the global jobs crisis will worsen sharply. Furthermore, we can expect that for many of those who manage to keep a job, earnings and other conditions of employment will deteriorate.

A central part of people's lives is at work, and whether women and men have decent work has a significant impact on individual, family and community well-being. The absence of decent and productive work is the primary cause of poverty and social instability. The trends summarized in this report are therefore extremely worrying and serve to highlight the importance of an internationally coordinated effort to stop the slowdown and start the global economy on to a much more sustainable path.

The assessment in this issue of *Global Employment Trends* is based on an analysis of labour market data that are available to date. This is still limited for the majority of countries and as more information becomes available it will be important to review the scale and pace of trends. Alternative scenarios for selected labour market indicators in 2008 and 2009 illustrate what might happen in labour markets if currently available economic forecasts are further revised downwards as seems likely.

This report starts with an overview of economic events that are shaping labour market outcomes. Thereafter, an analysis of recent labour market developments is presented based on currently available information (see Annex 1 for tables referred to in this report; Annex 2 for scenarios; Annex 3 for regional figures and groupings of economies; and Annex 4 for a note on the methodology used to produce world and regional estimates). A separate section is dedicated to the projections of labour market indicators for 2008 and 2009 (see Annex 5 for methodological details). A final section concludes, and highlights a number of policy considerations.

Keywords

International Labour Organization, ILO, labor market, global financial crisis, recession, development, economic growth

EMBARGO

Not for publication before
12h00 GMT
Wednesday 28 January 2009

Global Employment Trends January 2009

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First published 2009

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ISBN 978-92-2-122046-6 (print)
ISBN 978-92-2-122047-3 (web pdf)

Global employment trends : January 2009 / International Labour Office. - Geneva: ILO, 2009
54 p.

ISBN: 9789221220466;9789221220473 (web pdf)

International Labour Office

labour market / economic recession / employment / unemployment / labour force participation /
forecast / developed countries / developing countries

13.01.3

ILO Cataloguing in Publication Data

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Printed in Switzerland

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Acknowledgements

The *Global Employment Trends* 2009 report was prepared by the ILO's Employment Trends Team, under the direction of Lawrence Jeff Johnson, and was the responsibility of Theo Sparreboom, with contributions from Jon Beaulieu.

The manuscript benefited greatly from the comments and suggestions of ILO Employment Sector management, including José Manuel Salazar-Xirinachs and Duncan Campbell, as well as from Stephen Pursey of the Policy Integration and Statistics Department, Philippe Egger from the Director-General's Office and Raymond Torres from the International Institute for Labour Studies. Rob Clark edited the report.

This report would not have been possible without the continuing collaboration of the ILO Bureau of Statistics (STAT), and the hard work on organizing and preparing data and information by Philippe Blet, Sara Elder, Isabelle Guillet and Alan Witttrup. We take this opportunity to thank all institutions involved in the collection and dissemination of labour market information, including national statistical agencies and the ILO Bureau of Statistics.

The current run of Trends Econometric Models was the responsibility of Theo Sparreboom and Yves Perardel. The maintenance and development of the models profits from close collaboration with Steven Kapsos (ILO Regional Office for Asia and the Pacific). Research assistance was provided by Albert Choi.

The team continues to benefit from collaboration with ILO regional offices and subregional offices with a special mention of Monica Castillo (ILO Regional Office for Latin America and the Caribbean), Tariq Haq (ILO Regional Office for the Arab States, Beirut), Steven Kapsos and Gyorgy Sziraczki (ILO Regional Office for Asia and the Pacific), and Dorothea Schmidt (ILO Subregional Office for North Africa).

We would like to express our thanks to Zohreh Tabatabai, Tom Netter, Karen Naets-Sekiguchi, Hans von Rohland, Laetitia Dard and all our other colleagues in the Department of Communication and Public Information for their continued collaboration and support in bringing the *Global Employment Trends* to the media's attention worldwide.

Finally, members of the team wish to express their deep appreciation to individuals not listed here who assisted or provided guidance during the development and implementation of the project.

Introduction

The global financial crisis has triggered a serious slowdown in world economic growth including recession in the largest industrialized countries. Enterprises have stopped hiring and many are laying off workers in considerable numbers. This report examines what we know already about the impact of the crisis on jobs and what we could expect from several possible scenarios of the way it might evolve in the year ahead.

In 2008, an estimated 6.0 per cent of the world's workers were not working but looking for a job, up from 5.7 per cent in 2007. Experience shows that the longer people stay out of work the more their "employability" deteriorates, making it progressively harder to get back into work. This is especially worrying for young workers who may get trapped into a lifetime of weak attachment to the labour market alternating between low paid insecure work and outright unemployment.

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By the end of 2008 working poverty, vulnerable employment and unemployment were beginning to rise as the effects of the slowdown spread. If the recession deepens in 2009, as many forecasters expect, the global jobs crisis will worsen sharply. Furthermore, we can expect that for many of those who manage to keep a job, earnings and other conditions of employment will deteriorate.

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2008: From financial crisis in developed countries to a global economic and jobs crisis

In 2008, global financial markets experienced their worst crisis since the 1930s. The crisis was triggered by the collapse of the housing bubble in the United States, although the actual causes go deeper. In the United States and other developed countries there were credit excesses in residential mortgages, commercial mortgages, credit cards, auto loans and student loans. And there were excesses in the securitized products that converted these debts into toxic financial derivatives; in financing for leveraged buyouts and in the dangerous credit default swap market. During the last ten years large global imbalances between deficit and surplus countries have emerged. The high commodity and energy prices, the sub-prime crisis, contraction of the real estate market in many developed economies, and the severe global financial services shock, which has triggered a massive tightening in lending have had a significant impact on most sectors of the economy and on employment. This was evident through an unusually sharp increase in layoffs. Investment, production and consumption all declined through diminishing investor and consumer confidence as credit markets froze and millions of people have been losing their jobs. The decline of many economies has raised growing concern that social tensions may begin to rise.

International trade has been slowing as import demand continues to wane in some major economies. The World Trade Organization noted that a decline of import demand was already observed in 2007 in the United States, Europe and Japan, but trade had remained stable in most developing economies. Growth in world merchandise trade dropped from 8.5 per cent in 2006 to 6 per cent in real terms in 2007.¹ Continuing through to 2008, the OECD reported that merchandise import volumes declined by 1.4 per cent in G7 countries in the second quarter while exports dropped by 0.3 per cent.² For October and November 2008, OECD composite leading indicators continued to illustrate a strong slowdown of economic activity in OECD countries and, in particular, for all seven of its major economies. It also noted that indicators in China, India and the Russian Federation were declining. The World Bank in its *Global Economic Prospects* report forecast the global economy would expand a mere 0.9 per cent in 2009 and world trade volume would fall for the first time in 26 years by 2.1 per cent.³ The United Nations Department of Economic and Social Affairs also reported that the world gross product is expected to slow to a meagre 1.0 per cent in 2009, a dramatic decline from the vigorous growth seen in previous years.⁴

Scarce inter-bank liquidity and risk re-assessment has severely impacted on global trade finance in late 2008, and suggests further constraints on trade in 2009. Many developing economies dependent on commodity and energy markets will suffer as a result of declining demand and prices of both items. In addition, there was growing concern for the situation in some oil-producing nations, as prices have continued to plummet from July's record highs. Since trade is important for many developing economies, concerns were deepened for a heightened negative social impact on these countries.

Overall, the outlook for economic activity weakened through 2008 and became evident through declines in GDP for many advanced economies and official recession announcements. As consumer confidence dwindled, the purchasing of goods and services declined with households cutting spending in further deteriorating conditions. Business investment and industrial production also worsened as revenues fell and credit markets seized. Inter-bank lending continued to be stalled and whilst some national interest rates have declined to near record lows, these lower rates have not been transmitted to producers and consumers who found it difficult to spend as they feared further job reductions. To compound the situation, banks have been hesitant to offer loans to consumers, seeing an additional risk with unemployment on the rise.

¹ See WTO, International Trade Statistics 2008 (Geneva, November 2008); http://www.wto.org/english/res_e/statis_e/its2008_e/its08_world_trade_dev_e.pdf.

² See: <http://www.oecd.org/dataoecd/54/25/41567301.pdf>.

³ See: <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22003191~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

⁴ See: <http://www.un.org/esa/policy/wess/wesp2009files/wesp2009.pdf>.

Government responses

In response to the crisis, a mobilization of trillions of dollars occurred with governments and central banks intervening in some cases and others relying on support from the International Monetary Fund (IMF). Global leaders met at an extraordinary G-20 summit in Washington on 15 November 2008 to discuss the economic crisis and produced the “*Declaration of the Summit on Financial Markets and the World Economy*”. The leaders agreed on common principles to guide financial market reform through: strengthening transparency and accountability; enhancing sound regulation; promoting integrity in financial markets; reinforcing international cooperation; and reforming international financial institutions.⁵ Apart from the G20, regional cooperation has been forged in some areas, such as the European Union and the announcement in December 2008 of Japan, China and the Republic of Korea’s proposed collaboration in order to combat economic woes.

Economic stimulus packages have been proposed by China, Japan, the United States, and a number of European countries. However, these stimuli take time to foster growth. While some were designed to rescue failing companies, others proposed spending on infrastructure supporting short-term employment creation through public works and longer-term competitive opportunities, or were aimed at strategic investment through education and health. Some governments have intervened with bailout packages and restructuring plans which have proposed to absorb “toxic debt”, invest public resources in the equity of financial institutions and add liquidity to the markets through injections of capital to guarantee loans to stimulate inter-bank lending.

Another emergency tool to address the fears raised in the global economy was a coordinated cut in interest rates by many central banks. Initial reductions to rates in October and November were further augmented in December 2008. The United States has reduced its rates to an all time low and even noted that, given the economic situation, rates would be likely to remain at low levels for some time. Furthermore, in addition to guaranteeing inter-bank lending, some governments have increased bank deposit guarantees for individuals. Tax cuts are yet another stimulus being considered with some degree of debate regarding the right balance between expenditure increases and tax cuts, and which one provides a more effective stimulus.

Fiscal and monetary policies in major economies will take some time to make an impact on national and global economies. Considering the magnitude of this crisis, there is concern that consumption patterns will take a long time to recover to previous levels, which were precarious in many developing countries. Meanwhile slowing economic growth will continue to negatively affect labour markets as detailed in subsequent sections in this report.

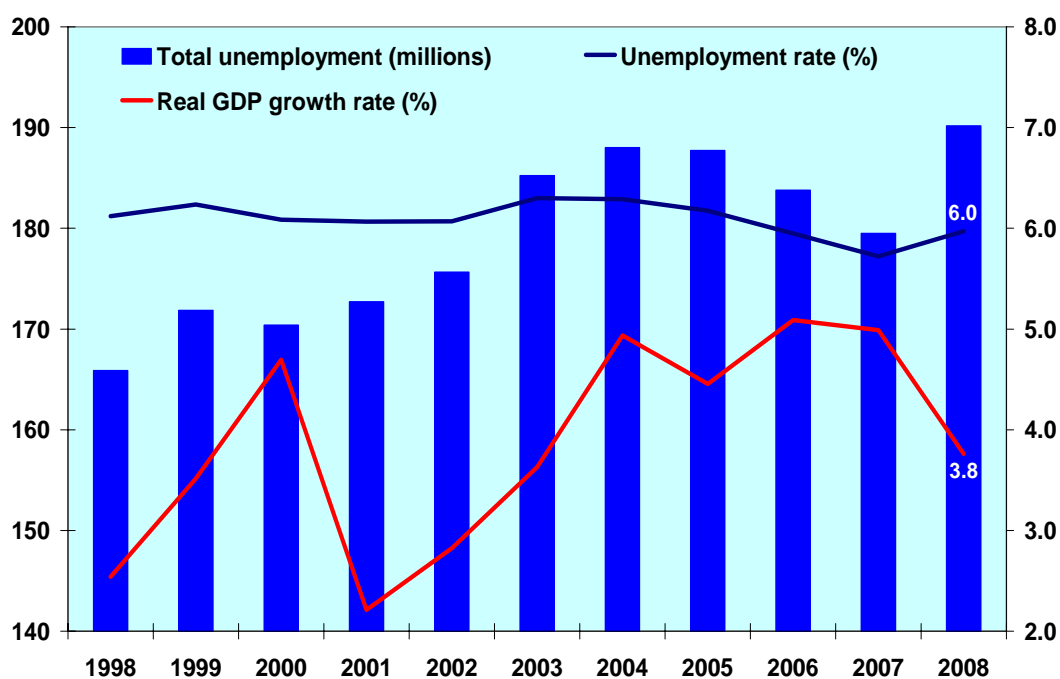
⁵ See: <http://www.whitehouse.gov/news/releases/2008/11/20081115-1.html> viewed on 16 December 2008.

Economic growth and labour market developments

In October 2007, the IMF projected global economic growth for 2008 at 4.8 per cent, but by October 2008 this rate had been adjusted downward to 3.9 per cent, which was further adjusted downward to 3.8 per cent in November 2008 (with a more important downward adjustment for 2009, which will be analysed in a later section below).⁶ The overall downward adjustment affected all regions in the world except Latin America and the Caribbean and the Middle East (where growth for 2008 was revised upward). Downward adjustments were between 0.5 and 0.8 percentage points, apart from Sub-Saharan Africa which saw a larger reduction (see Table A1 for estimates of economic growth).

As Figure 1 shows, global economic growth in 2008 was significantly below the rates seen in recent years, which resulted in a significant weakening in a number of labour markets. After four consecutive years of decreases, the global unemployment rate increased from 5.7 per cent in 2007 to 6.0 per cent in 2008, rising for men to 5.8 per cent and for women to 6.3 per cent (Table A2).⁷ The ranks of the unemployed increased by 10.7 million people between 2007 and 2008, which is the largest year-on-year increase since 1998.⁸ The global number of unemployed in 2008 is estimated at 190 million, out of which 109 million are men and 81 million are women (Table A3 and Figure 1).

Figure 1
Global unemployment trends, 1998-2008*



*2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

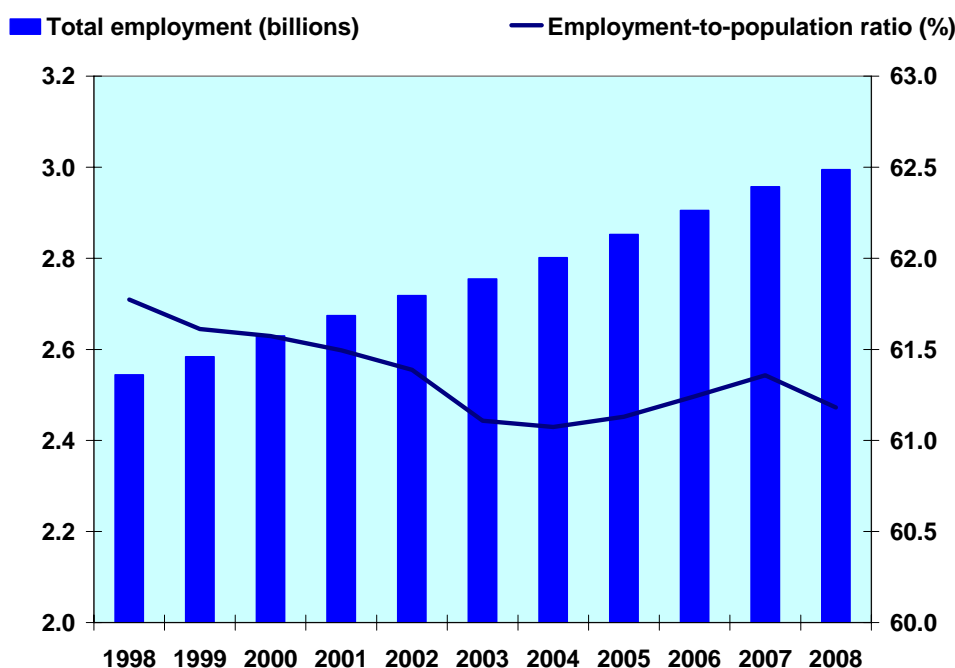
As shown in Figure 2, the global employment-to-population rate decreased by 0.2 percentage points between 2007 and 2008, which is the result of rising unemployment in 2008 and stable labour force participation in recent years (Table A4). Both the male and female employment-to-population rate decreased (Table A5).

⁶ See IMF, *World Economic Outlook* (Washington, DC, October 2008), updated in November 2008; <http://www.imf.org/external/pubs/ft/weo/2008/02/index.htm>.

⁷ Gender differences in recent labour market developments will be analysed in full in the *Global Employment Trends for Women*, scheduled for March/April 2009.

⁸ For the definition of unemployment, and concepts and definitions of all labour market indicators discussed in this report, please refer to the *Key Indicators of the Labour Market*, 5th Edition (Geneva, ILO, 2007).

Figure 2
Global employment trends, 1998-2008*



*2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

The global number of unemployed youth increased to 76 million, and the youth unemployment rate has increased by 0.4 percentage points in 2008. The youth-to-adult unemployment ratio remained steady at 2.8. Furthermore, the youth labour force participation rate remained more or less the same in the last three years (Table A4), following a longer period of decline driven by increasing enrolment rates in education.

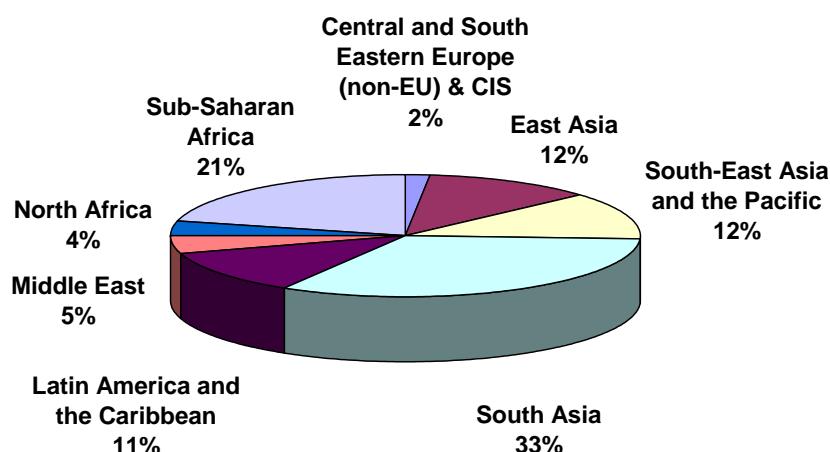
Given the current economic downturn, the youth labour market situation is all the more worrisome in view of the lack of progress in addressing youth labour market issues during more prosperous years. As analysed in a recent report based on labour market data up to 2007, global trends suggest that little progress has been made in improving the position of youth in labour markets, and young people still suffer disproportionately from a deficit of decent work opportunities. However, progress was seen in some regions, and much has been learned in terms of connecting policy responses and subsequent outcomes to regional youth labour market characteristics.⁹

In 2008, roughly 3 billion people around the world were employed, a growth rate of about 1.3 per cent over the previous year, which is low in comparison with an annual average growth rate of 1.6 per cent during the past ten years, and in line with the lower economic growth rate in 2008. The distribution of employment creation by region in Figure 3 shows that the three Asian regions account for the lion's share of global employment creation. In the Developed Economies and European Union, on the other hand, net employment creation in 2008 was negative (not shown in the figure), which explains in part the low global employment creation in this year (see also the section on regional developments below).

In 2008, the service sector further increased its share in employment, while the share of employment in agriculture declined (Table A6). The service sector now accounts for 43.3 per cent of all employment in the world, whereas agriculture accounts for only 33.5 per cent. Ten years ago, the share of employment in agriculture was 40.8 per cent. Employment in the industrial sector, which saw declines in the second half of the 1990s and the early 2000s, continues its upward trend of more recent years. In 2008, 23.2 per cent of all jobs were found in this sector.

⁹ ILO, *Global Employment Trends for Youth* (Geneva, October 2008).

Figure 3
Regional shares in employment creation in 2008*



*2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Until 2007, developing economies saw a continuation of the downward trends in working poverty and vulnerable employment witnessed in recent years (Table A7 and A8; for 2008 see the section on labour market scenarios below).

Estimates of the proportion of the employed who are working but also fall below an accepted poverty line (the working poor) show a major break with estimates in previous years following the revision of poverty estimates by the World Bank (see Box 1). On the basis of new research and information from household surveys, the threshold for extreme poverty has been revised to USD 1.25 a day, while the threshold for poverty has remained at USD 2 a day.

On the basis of the new poverty estimates, the share of working poor (USD 1.25 a day) in total employment is estimated at 20.6 per cent in 2007, a decrease of 12.1 percentage points over 1997 (Table A7). Sub-Saharan Africa and South Asia stand out as regions with extremely harsh labour market conditions, while levels of working poverty are also considerable in South-East Asia and the Pacific, and East Asia. In the Middle East, North Africa and in Latin-America and the Caribbean the share of the extreme working poor in total employment has fallen below 10 per cent in recent years. Taking a broader measure of working poverty (USD 2 a day), Table A7 shows that around four fifths of the employed are classified as working poor in Sub-Saharan Africa and South Asia in 2007. Annex 3 presents figures that show extreme working poverty and working poverty in each region.

At the global level, vulnerable employment accounted for more than half of total employment in 2007 (50.6 per cent), a decline of 0.6 percentage points over the previous year.¹⁰ The same decline can be seen for both women and men, although the rate is still considerably higher for women (at 52.7 per cent, versus 49.1 per cent for men, see Table A8).

Box 1 **New World Bank poverty estimates**

In 2008, the World Bank released new poverty estimates, which are based on the results from the International Comparison Program (ICP) that have recently become available, as well as on 675 household surveys covering 116 countries and spanning the period 1981 to 2005. The new threshold for extreme poverty is now set at USD 1.25 a day in 2005 prices, which is the average threshold for the poorest 15 countries. The new estimates show that 1.4 billion people in developing countries are living in extreme poverty (950 million on previous estimates). However, the World Bank shows that the rate of decrease in the poverty rate between 1981 and 2005 remains about the same, at 1 percentage point per year for the developing world as a whole. Taking a broader measure of poverty, 2.6 billion people consume less than USD 2 a day in 2005 prices. This number of people has remained relatively unchanged since 1981 although it is now a lower proportion of the population. The new estimates do not yet reflect the increase in food prices since 2005.

Source: S. Chen and M. Ravallion, "The developing world is poorer than we thought, but no less successful", World Bank, August 2008, see: http://www.wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2008/08/26/000158349_20080826113239/Rendered/PDF/WPS4703.pdf

The share of vulnerable employment in total employment is highest in South Asia, Sub-Saharan Africa, South-East Asia and the Pacific, and East Asia. In all these regions the majority of workers do not enjoy the possible security that wage and salary jobs could provide. Taking into account that a wage and salary job in poor regions may still not ensure all the components of a decent job, it becomes understandable that only a minority of working people have a job that is well paid, respects their fundamental rights and ensures some security in case of job loss, personal or family illnesses, or other difficulties.

Regional labour market developments

Economic growth in the *Developed Economies and the European Union* was around 1.4 per cent in 2008, the lowest since 2002 and the continuation of a downward slide in economic growth that started in 2007. The unemployment rate in this group of economies increased by 0.7 percentage points, to 6.4 per cent in 2008, by far the largest increase of all regions. This increase is a sharp divergence from the downward trend witnessed since 2002, when the unemployment rate was 7.4 per cent (the highest in the past decade). The total number of unemployed increased by 3.5 million, reaching 32.3 million in 2008. Women account for just over half of the increase in the number of unemployed, and the unemployment rate for women also increased slightly more than for men.

The economic slowdown also has effects on the sectoral distribution of employment. In 2008, job creation in the services sector, the main generator of new jobs in the Developed

¹⁰ The indicator of vulnerable employment calculates the sum of own-account workers and contributing family workers as a share of total employment. Contributing family workers and own-account workers are less likely to have formal work arrangements, and often carry a higher economic risk, which allows for the usage of the indicator on vulnerable employment in an assessment of decent work. If the proportion of vulnerable workers is sizeable, it may be an indication of widespread poverty. The poverty connection 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. Some limitations of the indicator are: (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 Chapter 1 in the *Key Indicators of the Labour Market*, 5th Edition (Geneva, ILO, 2007) and *Employment Sector Working Paper No. 13*, "Assessing vulnerable employment: The role of status and sector indicators in Pakistan, Namibia and Brazil" (Geneva, ILO, 2008).

Economies and the European Union, slowed dramatically. Given the continued large net job losses in the agricultural sector, the overall effect was that net employment creation was negative in 2008. Total employment decreased from 473.1 million to 472.2 million, or by 900 thousand jobs. In view of the fact that the overwhelming majority of women are employed in the services sector, the negative employment creation again suggests that there is an uneven impact of the economic slowdown between men and women, an issue that will be taken up in a *Global Employment Trends for Women* targeted for publication later this year.

The losses in employment in the Developed Economies and the European Union come on top of other labour market challenges. Given the ageing population in this region, there is a need to create more employment if governments are to secure living standards and maintain welfare systems. Globalization combined with rapid technological advances is another challenge for labour markets in the region. It is important for workers and employers to be ready and able to adjust quickly to change and to stiffer competition. This can be fostered by not only ensuring that they have the right skills, but also by giving them a feeling of security to handle the stress caused by current changes.

Economic growth in *Sub-Saharan Africa* slowed down from 6.6 per cent in 2007 to 5.3 per cent in 2008, with a more limited slowdown to 5.0 percent projected for 2009 (Table A1). At this stage, it appears that the region is in a less precarious position with respect to the global downturn due to its limited linkages with the global financial system. This may only hold in the short run as many countries in Sub-Saharan Africa are dependent on commodity and energy markets, and may suffer as a result of declining demand and prices in both.

In all cases the slowdown is worrisome in view of the harsh labour market conditions in Sub-Saharan Africa, and more so in view of the fact that recent good economic performance has only been partially reflected in the region's labour markets. It takes time until economic growth translates into employment growth, and positive economic trends need to be sustained to see significant changes in the structure of employment and growth in decent work. Furthermore, economic growth needs to be sufficient to absorb increases in the labour force due to population growth, and the population of Sub-Saharan Africa is among the world's fastest growing. Youth in this region made up as much as 36 per cent of the total working-age population (aged 15 years and above) in 2008, making this the most youthful population in the world.

The unemployment rate decreased in the past five years by 0.6 percentage points in Sub-Saharan Africa, and stood at an estimated 7.9 per cent in 2008. A far larger share of the labour force is however subject to harsh conditions reflected in working poverty and vulnerable employment. Almost three fifths of the employed are classified as extreme working poor (USD1.25), and vulnerable employment accounted for more than three quarters of the employed in 2007. Between 2002 and 2007, vulnerable employment decreased by approximately 1.9 percentage points, and by 3.5 percentage points between 1997 and 2007. It is clear that at this rate of decline it will take many years to make decent work for all a realistic objective in this region.

The *Middle East* and *North Africa* share a number of labour market characteristics, and in particular have the lowest employment-to-population rates in the world. In 2008, the employment-to-population rate in the Middle East was 46.6 per cent and in North Africa 45.7 per cent, and these rates only increased by around 2 percentage points in the past ten years. In both regions the low employment-to-population rate is associated with low participation of women and youth in work.

Another characteristic shared by these two regions is the high level of unemployment. However, especially in North Africa, progress has been made in reducing the unemployment rate in recent years, from a peak of 14.2 per cent in 2000 to 10.3 per cent in 2008, in line with robust economic growth rates in the range of 4.5-6.5 per cent. Nevertheless, the unemployment rates in many Middle East and North African economies are among the highest in the world.

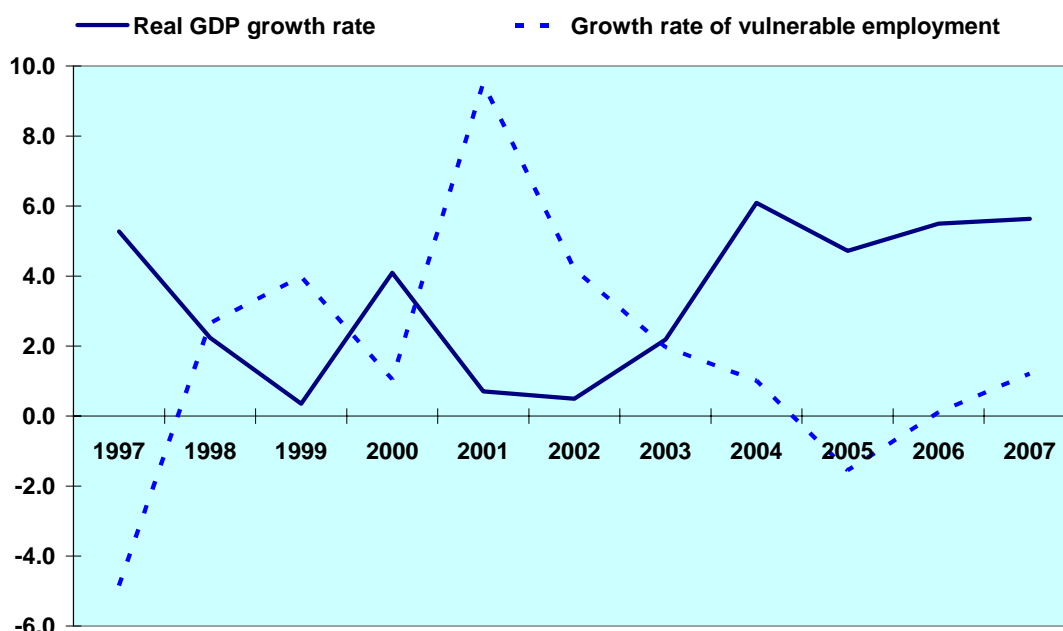
More positively, vulnerable employment has been reduced considerably in both the Middle East and North Africa. In the Middle East, the share of workers in vulnerable employment decreased by 7.1 percentage points, and in North Africa by 5.8 points between 1997 and 2007. On the basis of the revised poverty estimates from the World Bank, extreme working poverty in both regions is just

below 10 per cent of the employed. In North Africa, working poverty at USD 2 a day decreased by almost twelve percentage points between 1997 and 2007.

Economic growth in 2008 slowed down in *Latin America and the Caribbean* to 4.5 per cent, and is projected to decline further to 2.5 per cent in 2009. Preliminary estimates for 2008 show a slight increase in the unemployment rate to 7.3 per cent, from 7.2 per cent a year before.¹¹

The positive impact of several consecutive years of fairly high economic growth rates is nevertheless visible in the labour market. Between 1997 and 2002, the number of people in vulnerable employment grew by more than 4 per cent annually, whereas this growth rate was reduced to 0.5 per cent annually between 2002 and 2007. Figure 4 shows the tendency of economic growth to reduce the rate of growth of vulnerable employment, even though annual rates do not necessarily follow this pattern. The result is that the share of vulnerable employment in total employment in 2007 is slightly lower than in 1997.

Figure 4
Economic growth and growth of vulnerable employment in Latin America and the Caribbean, 1997-2007



Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

The period of high economic growth also contributed to an acceleration in the shift in the sectoral employment distribution. Between 1998 and 2003, the share of agricultural employment in total employment decreased by 1.9 percentage points, as compared to 3.2 points in the subsequent five-year period (2003-2008). During both periods, most of the gains went to the service sectors.

¹¹ Regional unemployment estimates for the Latin America and Caribbean region in the *Global Employment Trends* (GET) are different from those published in the ILO regional publication *Panorama Laboral*, due to differences in population and geographical coverage and estimation techniques. The *Panorama Laboral* uses up-to-date official national urban estimates in its calculation of the regional urban unemployment rate; whereas the GET uses, where available, globally-comparable official estimates at the national level and applies econometric modelling techniques (see Annex 4) to impute missing values.

Urban data are used to calculate the regional unemployment rate in *Panorama Laboral* because Brazil, which represents nearly 40 per cent of the total regional labour force, only publishes national labour force data once a year (September) which are published a year later; this country does, however, publish current year, monthly labour force estimates for six metropolitan areas which is the source of information generally published in current year analysis of this country for the Latin America region. The only countries with national coverage included in *Panorama Laboral's* regional unemployment rate estimate are Chile and Venezuela, which only publish official national labour force estimates and where the urban populations of these countries represent more than 90 per cent of the total population, and the Dominican Republic, whose published urban unemployment rate estimates do not allow for an adjustment for hidden unemployment, which is made in the *Panorama Laboral*.

Even though economic growth in *East Asia* slowed down by 2 percentage points in 2008, and is projected to decline further to 7.0 per cent in 2009, these rates are still the highest among all regions. East Asia witnessed an increase in the unemployment rate by 0.3 percentage points in 2008, but it remains low at 3.8 per cent.

The employment-to-population rate is very high in East Asia, at 71.4 per cent in 2008, but 2.7 percentage points lower than in 1998. The very high ratio is in part explained by the relatively high employment-to-population rate for women. In East Asia, the gender gap in the employment-to-population rate is the lowest of all regions, including the Developed Economies and the European Union, and it has been declining over time.

Continued high growth rates have contributed to a decline in vulnerable employment. Between 1997 and 2007, the share of vulnerable employment decreased by 8.3 percentage points. During the same period, extreme working poverty was reduced by a very impressive 28 percentage points, even though it continues to affect a considerable part of the employed.

In recent years *South-East Asia and the Pacific* has profited through trade and other economic linkages from the economic boom in China and India, and the slowdown in these countries will have a negative impact in the region. Reliance in many countries in South-East Asia on manufacturing exports to industrialized economies, foreign direct investment, tourism revenues and remittances, makes this region highly vulnerable to a prolonged recession in the developed world. Economic growth in the region declined to 5.1 per cent in 2008, and is currently projected to decline to 4.2 per cent in 2009.

The employment-to-population rate decreased slightly between 1998 and 2008, by 0.4 percentage points; the decrease was larger for youth than for adults. The unemployment rate in 2008 increased to 5.7 per cent, from 5.5 per cent in 2007.

As a proportion of the employed, extreme working poverty more than halved during 1997-2007. In 2007, 16.4 per cent of the employed were counted among the extreme working poor, but 46.6 per cent were among the working poor. In other words 30.2 per cent of the employed survived on between USD 1.25 and USD 2 a day.

Similar to the other Asian regions, economic growth in recent years has resulted in impressive reductions in working poverty in *South Asia*. However, poverty levels in South Asia remain much higher than in South-East Asia and East Asia. Extreme working poverty decreased from 57.2 per cent in 1997 to 47.1 per cent in 2007. Most of the change occurred during 2002-2007 (Table A7). The share of vulnerable employment, also on a downward trend, remains very high (77.5 per cent in 2007).

Employment-to-population rates have traditionally been very low in South Asia because of the low labour force participation of women. Women continue to be an untapped potential in the region, as in 2008 only one out of three women of working age were recorded as working. During 1998-2008, this share even slightly decreased, as did the male employment-to-population ratio. Both decreases are caused by a considerable downward trend in youth employment.

Economic growth in *Central and South Eastern Europe (non-EU) & CIS* has been high in recent years, with annual growth rates at 7 per cent or higher since 2003. In 2008, growth is expected to decline to 6 per cent, with a sharp downward turn to not more than 3.3 per cent projected for 2009. Despite the high rates of growth, the rate of unemployment has come down only slowly from the levels witnessed in the first half of the 1990s. In 2008, the unemployment rate increased to 8.8 per cent, from 8.5 per cent in 2007.

The share of workers in the agricultural sector decreased by more than 8 percentage points during 1998-2008, and was 18.7 per cent in 2008. The share in industry also decreased over this period by 2.4 points. As a result, the service sector is the only sector that saw an increase in its share in employment by 10.5 percentage points. The service sector provides over half of all employment opportunities in the region.

Labour market outlook for 2008 and 2009: scenarios

In response to the financial crisis and dwindling access to funding, many companies in an increasing number of countries have taken action to reduce operating costs including postponement of investment and reductions of the size of the workforce. In turn, consumers who have become uncertain about their livelihoods or who have joined the ranks of the unemployed or the working poor have been left with little choice but to curtail spending, thus adding to the downward spiral of economic activity.

The economic weight and market size of the Developed Economies and European Union, and the global linkages of the financial sector, means that the crisis has had a major impact on other parts of the world which are seeing their sources of funding being squeezed and their export markets decline. In many developing economies, these problems added to the challenges posed by the impact of the spike in commodity prices in the first half of 2008.

The labour market outlook for 2009 depends on the effectiveness of coordinated government measures, and the time it will take for the global economy to find a path toward sustainable and socially equitable growth. Given the uncertainties, this section presents scenarios for labour markets in developed and developing economies. The aim is to illustrate a series of possibilities, both globally and regionally, based on different assumptions regarding what has happened in 2008 and what could transpire in 2009.

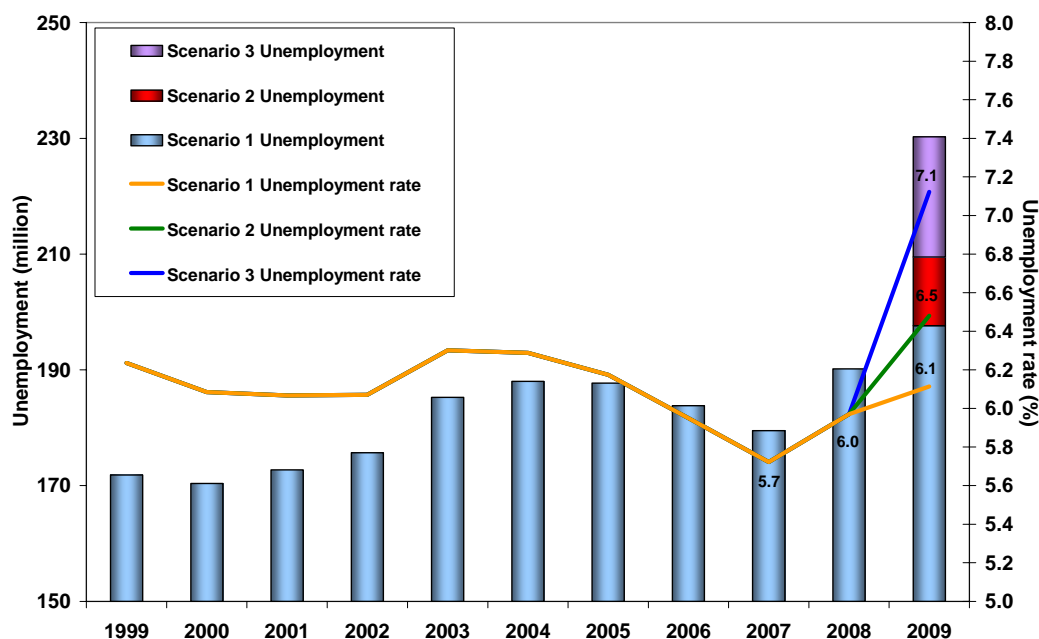
Scenarios for 2009: unemployment

The first set of scenarios is constructed focusing on what may happen with unemployment. The results are summarized in Figure 5 and in Annex 2 (see Annex 5 for methodological details). The *first scenario* projects unemployment using the revised economic outlook published by the IMF in November 2008 and based on the relationship between economic growth and unemployment during 1991-2008. According to the IMF, global economic growth will slow down to 2.2 per cent in 2009. In the Developed Economies and European Union, economic growth is projected to be negative (-0.3 per cent), and all other regions are also expected to slow down considerably. Only in Sub-Saharan Africa is the reduction in economic growth between 2008 and 2009 projected to be less than 0.5 percentage points, while this reduction is 2 points or more in Latin America and Caribbean as well as in Central and South Eastern Europe (non EU) & CIS.

Based on current labour market trends, the first scenario would mean that the global unemployment rate may rise to 6.1 per cent in 2009, and 198 million people will be unemployed (see Table S1 and S2 in Annex 2). This is an increase of 18 million over the estimated number of unemployed in 2007.

The IMF announced in December 2008 that it is likely to revise its global forecast for 2009 downward again in January 2009. In other words, global economic growth in 2009 is likely to fall below the 2.2 per cent that was forecast in November 2008, and Scenario 1 can best be seen as an “optimistic” baseline scenario.

Figure 5
Global unemployment according to three scenarios



Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1
 Figures for 2008 are preliminary estimates, figures for 2009 are projections based on the following assumptions:

- Scenario 1.* Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.
- Scenario 2.* Projection on the historical relationship between economic growth and unemployment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.
- Scenario 3.* Projection on the basis of a simultaneous increase in the unemployment rate in the Developed Economies and the European Union equal to the largest increase since 1991 and half of the largest increase since 1991 in economies in other regions; IMF November 2008 revised estimates for economic growth.

The *second scenario* is based on the historical relationship between economic growth and unemployment at times of economic crises. In this scenario, the negative impact on unemployment is taken in each country at the time of the largest year-on-year drop in GDP, and this relationship is used to project global and regional unemployment for 2009. This scenario becomes more realistic if the economic outlook would deteriorate beyond what was envisaged in November 2008, it takes more time for financial markets to stabilize, for government interventions to have a positive impact, and for business and consumer confidence to be restored. As shown in Figure 5, according to the second scenario, the global unemployment rate would rise to 6.5 per cent, an increase of 0.8 percentage points over 2007. This would correspond to an increase of the global number of unemployed by 30 million people in comparison with 2007. The largest negative impact on the unemployment rate is seen in the Developed Economies and the European Union, where the unemployment rate would rise to 7.1 per cent. This rate translates into an additional 7 million people in 2009 over 2007 in this group of economies, two million more than in the first scenario.

Finally, in the *third scenario*, the unemployment rate is projected in each country as the rate in 2008 plus the largest change in unemployment since 1991 in the Developed Economies and the European Union and half of the largest increase in economies in other regions. In other words, the scenario shows what would happen if the worst impact on the unemployment rate would repeat itself simultaneously in all developed economies. The rationale for taking half of the worst impact in economies in other regions is that in developing economies the main impact of the current crisis is not necessarily reflected in the unemployment rate. The impact as captured in the vulnerable employment rate and changes in working poverty may be equally important.

According to the third scenario, the global unemployment rate would rise to 7.1 per cent, an increase by 1.4 percentage points over 2007. In the Developed Economies and the European Union, the unemployment would rise to 7.9 per cent. This would correspond to an increase in the global number of unemployed of 51 million people in comparison with 2007. It should be noted that in this region unemployment rates exceeding 8 per cent occurred in the early 1990s, but in some of the developing economies the unemployment rate would reach unprecedented levels in the third scenario.

Scenarios for 2008 and 2009: working poverty

In view of the large decent work deficits among the employed in developing economies, assessment of the potential impact of the economic crisis necessitates scenarios using additional indicators beyond the unemployment rate, in particular indicators for working poverty and vulnerable employment. The reason is that many of the poor cannot survive without working. Unemployment is “unaffordable” for them given that they often have no savings and cannot fall back on social security. A large proportion of workers in developing economies can only react in one way when economic situation deteriorates and the cost of living rises: they have to work even more and/or they have to pick up any work available, independent of the conditions of this work.

So while part of the crisis may be reflected in the unemployment rate, we are also likely to see more people taking up any type of employment, and a rise in the number of people joining the ranks of the working poor and vulnerable employment in developing economies. It is difficult to accurately estimate the quantitative impact on the vulnerable workers and the working poor at this point in time, as data at the country level are hardly available. However, given our understanding of labour markets, a negative impact on vulnerable employment and working poverty seems realistic for at least two reasons: 1) people who lose their wage and salaried employment will join the ranks of the vulnerably employed, having to work as own-account workers and unpaid contributing family workers; 2) new entrants into labour markets will have fewer chances to find decent and productive work in wage and salaried jobs and will also join the ranks of the vulnerably employed.

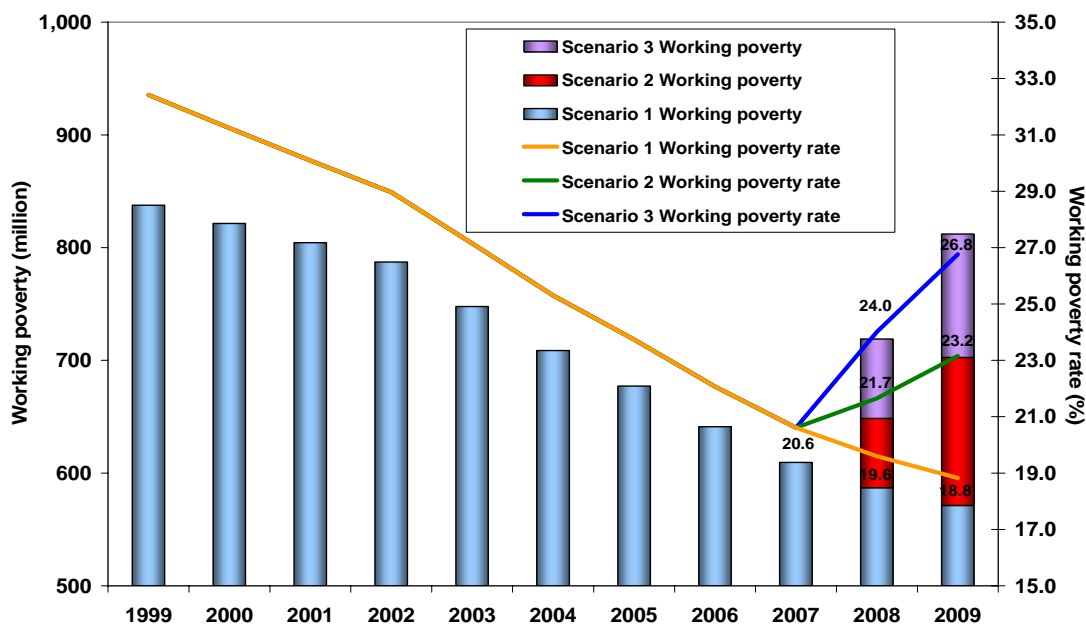
Below we therefore present scenarios for working poverty and vulnerable employment, in both 2008 and 2009 (as sufficient data on both working poverty and vulnerable employment are lacking for 2008). The development of working poverty is projected using three scenarios. The scenarios illustrate how many people are likely to fall into working poverty in the deteriorating economic situation witnessed in 2008. The *first scenario* projects trends in working poverty up to 2007 forward to 2008 and 2009, based on the revised economic outlook published by the IMF in November 2008. This scenario is likely to be overly optimistic, as it does not sufficiently take poverty and labour market developments in 2008 into account, and global growth in 2009 may well fall short of the November 2008 forecast. The second and third scenarios aim to quantify less favourable possibilities. In the *second scenario*, working poverty in 2008 is projected on the assumption that individuals who are at the fringe, i.e. just above the poverty line (by 5 per cent), will fall back into extreme poverty. This assumption is extended to those who are 10 per cent above the poverty line for 2009. In the *third scenario*, the assumption is made that individuals who are up to 10 per cent above the poverty line will fall back into extreme poverty in 2008, and up to 20 per cent in 2009.

As shown in Figure 6, a projection of trends according to the first scenario would result in a decrease of the extreme working poverty rate. By 2009, the decrease would amount to 1.8 percentage points in comparison with 2007, ranging from a strong decrease by 3.9 percentage points in East Asia to decreases by 0.5 points in the Middle East as well as in Central and South Eastern Europe (non-EU) & CIS (see Table S3 and S4 in Annex 2).

In the other two scenarios the extreme working poverty rate would rise in both 2008 and 2009, in the third scenario by 6.1 percentage points in comparison with 2007. According to the latter scenario, South Asia is among the regions with the largest increase in extreme working poverty, more than 13 percentage points over 2007, which translates into 95 million people. This reflects the large

number of workers just above the poverty line in this region. Globally, this number would amount to 203 million.

Figure 6
Working poverty scenarios (USD 1.25)



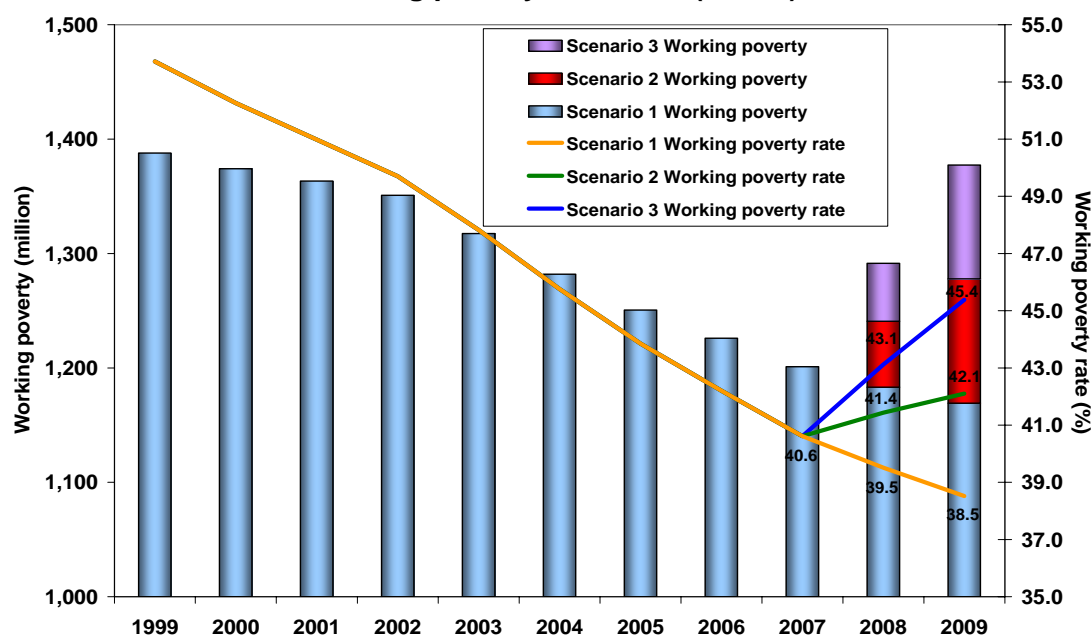
Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Figures for 2008 and 2009 are projections based on the following assumptions:

- Scenario 1.* Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.
- Scenario 2.* 2008: Projection on the basis of a 5 per cent higher poverty line
2009: Projection on the basis of a 10 per cent higher poverty line
- Scenario 3.* 2008: Projection on the basis of a 10 per cent higher poverty line
2009: Projection on the basis of a 20 per cent higher poverty line

Using similar scenarios as for extreme working poverty, the scenarios for working poverty at USD 2 a day show possibilities ranging from a decrease by 2.1 percentage points at the global level in 2009 if past trends would have continued, to an increase by 4.8 points in the third scenario (see Figure 7 and Table S5 and S6 in Annex 2). In the second scenario working poverty in East Asia would still decrease, which reflects the strong economic growth in this region in all scenarios. The largest increases in working poverty according to the third scenario can be seen in South-East Asia and the Pacific and in North Africa.

Figure 7
Working poverty scenarios (USD 2)



Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Figures for 2008 and 2009 are projections based on the following assumptions:

- Scenario 1.** Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.
- Scenario 2.** 2008: Projection on the basis of a 5 per cent higher poverty line
2009: Projection on the basis of a 10 per cent higher poverty line
- Scenario 3.** 2008: Projection on the basis of a 10 per cent higher poverty line
2009: Projection on the basis of a 20 per cent higher poverty line

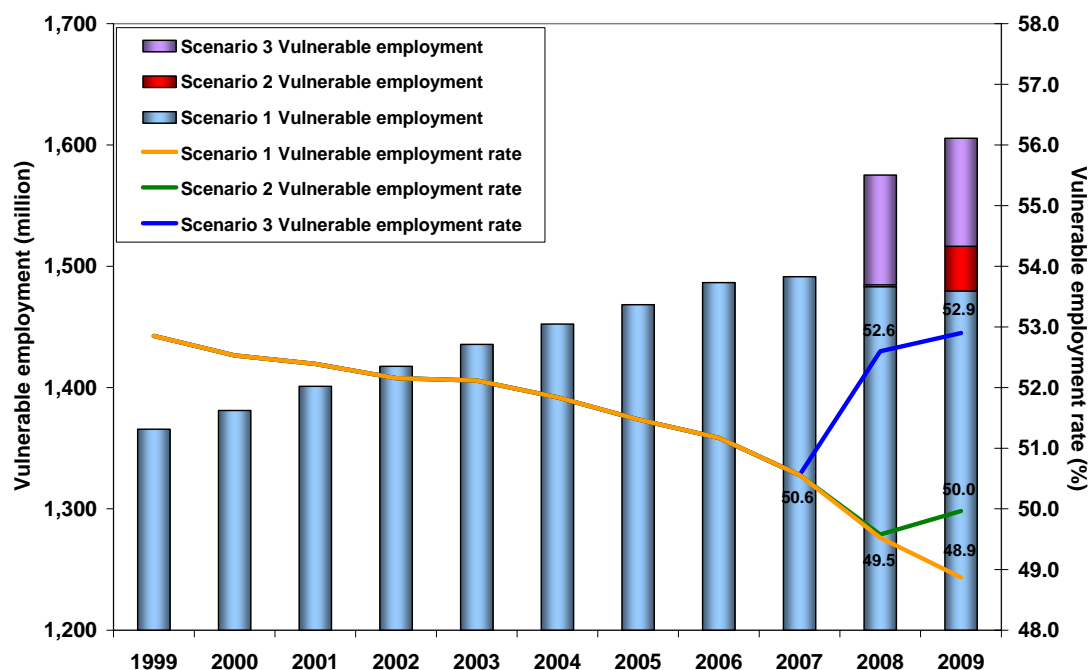
Scenarios for 2008 and 2009: vulnerable employment

Three scenarios on the development of vulnerable employment are presented, which are summarized in Figure 8. The *first scenario* projects trends in the development of vulnerable employment up to 2007 forward to 2008 and 2009, based on the revised economic outlook published by the IMF in November 2008. Again, this scenario is likely to be too optimistic. Therefore, in the *second scenario* the vulnerable employment rate *in 2009* is projected based on the historical relationship between economic growth and the vulnerable employment rate at times of economic crises.¹² In this scenario, the negative impact on vulnerable employment is taken in each country at the time of the largest year-on-year drop in GDP, and this relationship is used to project vulnerable employment in 2009.

Finally, in the *third scenario*, the vulnerable employment rate is projected *in 2008* in each country as the rate in 2007 plus half of the largest recorded increase in the vulnerable employment rate since 1991. The rationale for taking half of the worst impact is that the financial crisis started late in the year, and did not immediately affect all developing economies. This is reflected in the slowdown of economic growth rates in 2008, which in the developing world was much more limited than in the developed economies (Table A1). *In 2009*, the vulnerable employment rate is projected in each country on the basis of the largest increase in the vulnerable employment rate since 1991. In other words, the scenario shows what would happen if the worst labour market development at the country level would repeat itself simultaneously in all countries in 2009.

¹² The same methodology could be applied to 2008, but this would not result in a significant change in comparison with the first scenario, as the drop in growth rates between 2007 and 2008 was limited in most developing economies.

Figure 8
Global vulnerable employment according to three scenarios



Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Figures for 2008 and 2009 are projections based on the following assumptions:

- Scenario 1.* Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.
- Scenario 2.* 2009: Projection on the historical relationship between economic growth and vulnerable employment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.
- Scenario 3.* 2008: Projection on the basis of a simultaneous increase in the vulnerable employment rate in all economies equal to half of the largest increase since 1991; IMF November 2008 revised estimates for economic growth.
 2009: Projection on the basis of a simultaneous increase in the vulnerable employment rate in all economies equal to the largest increase since 1991; IMF November 2008 revised estimates for economic growth.

The projection of the global vulnerable employment rate according to the first scenario would result in a vulnerable employment rate just below 50 per cent of the employed in 2008 (see Table S7 and S8 in Annex 2). Furthermore, for the first time the number of persons in vulnerable employment would show a decrease as well (by eight million persons). According to the first scenario, the vulnerable employment rate would show a further decrease in 2009 to 48.9 per cent, which is 1.7 percentage points below the rate in the 2007. It is however expected that, in the light of recent economic developments, this trend will not materialize. In the second scenario, the vulnerable employment rate would still fall in 2009, but by only 0.6 percentage points, bringing it to exactly half of the employed in 2009.

The third scenario suggests a strong rise in the proportion of persons in vulnerable employment in both 2008 and 2009. According to this scenario, the vulnerable employment rate would rise to 52.6 per cent in 2008, and the number of people in vulnerable employment would rise by 84 million to almost 1.6 billion in 2008. The largest differences between this scenario and the baseline in 2008 can be seen in Central and South Eastern Europe (non-EU) & CIS, East Asia and the Middle East. In 2009, the proportion of people in vulnerable employment would rise considerably in the third scenario, by 2.3 points over the rate in 2007, and reach a level of 52.9 per cent of the employed. This is the same level that was measured for 1999, in effect wiping out ten years of reduction in decent work deficits as captured in the vulnerable employment rate.

Conclusions

There is a strong consensus among observers that the crisis will get worse in 2009 before it gets better. While the risk of a total systemic financial meltdown has been somewhat reduced by the actions of the G-7 and other economies to backstop their financial systems and provide economic stimulus, severe vulnerabilities remain. It is likely that the credit crunch will get worse as deleveraging by major institutions and the household sector continues. Further declines in trade, flows of foreign direct investment and remittances will affect labour markets and employment. In turn, the sharp increases in unemployment will translate into further decreases in aggregate demand and it is an open question whether the fiscal stimulus provided will be sufficient and at what point break the vicious downward spiral.

The unprecedented economic stimulus packages announced by governments will take time to have an effect on economic growth and employment. The recent turmoil has presented a new set of challenges to most if not all regions of the world by rendering the achievement of a path toward sustainable and socially equitable growth and decent work for all increasingly more difficult. According to the International Monetary Fund, the “*world economy is now entering a major downturn in the face of the most dangerous shock in mature financial markets since the 1930s*”,¹³ and governments have to act accordingly. Much will depend on the extent to which policy interventions, at the national and global levels, are successful.

The scenarios for unemployment illustrate what might happen in labour markets if current trends continue, and what happens if key indicators change more dramatically than is suggested by currently available data. In all scenarios, there will be an increase in the global unemployment rate in 2009, in particular in developed economies. Globally, an “optimistic” scenario for 2009 would result in an increase of the number of unemployed by 18 million people in comparison with 2007, and this number may well rise to 30 million or more if it takes more time for financial markets to stabilize than is envisaged by decision makers. A rise of 51 million is a possibility should growth slow more rapidly in 2009 and recovery be delayed into 2010.

Apart from the rise in unemployment, the economic downturn is likely to have more important impacts on labour markets in developing regions. Both working poverty and vulnerable employment will be affected, and the encouraging trends that could be seen up to 2007 might reverse or at least stagnate. The scenarios for working poverty suggest that the proportion of poor workers may rise, ranging from an increase of 1.5 percentage points to an increase of 4.8 percentage points in 2009. The latter case would suggest a return to a situation in which more than half of the global labour force would be unemployed or counted as working poor.

Similarly, the slight trend decline in vulnerable employment observed in recent years raised hopes that, for the first time, the number of persons in vulnerable employment would decrease and the vulnerable employment rate would fall below the 50 per cent globally. By the end of 2008, this looked unlikely to happen in the near future, and the number of workers in vulnerable employment in 2009 seems more likely to rise in comparison with 2007. In terms of proportions of all workers, the pessimistic scenario suggested in this report would result in 52.9 per cent of workers in vulnerable employment.

¹³ IMF, *World Economic Outlook* (Washington, DC, October 2008), p. 1.

Policy concerns

*“The Decent Work Agenda is an appropriate policy framework to confront the crisis. There is a powerful message that tripartite dialogue with employers and workers organizations should play a central role in addressing the economic crisis, and developing policy responses.”*¹⁴ Juan Somavia

The economic crisis of 2008 has elevated the previous high level of concern over the social impacts of globalization. This was noted in the Communiqué of the G20’s annual meeting in São Paulo in October which stated that: *“Measures must be designed not only to restore growth and financial stability, but also to minimize the negative social impact particularly in emerging and low income countries.”*¹⁵ This calls for an unprecedented level of policy coordination and coherence integrating finance, trade, development and labour issues to jointly reinforce policies and programmes for job creation, social protection, targeted safety nets and other relevant issues.

Sound policy should also be developed and reinforced by sound facts through reputable statistics and analyses. An initiative to improve financial statistics is currently being undertaken by the IMF, as the financial crisis has again highlighted the need for timely, relevant statistics that are consistent with international standards and are based on sound statistical methodologies.¹⁶ Reliable information and analyses are required in order to develop and monitor evidence-based policies. This not only concerns financial and economic data, but also data relevant to employment and social policies.

In a statement issued on 21 November 2008 the Officers of the ILO Governing Body stated that: *“Governments, employers and workers are especially concerned about the effects of the crisis on people, on enterprises and employment, on social cohesion and on stability. We know from past experience that economic crises carry severe social and labour consequences that affect most the weakest segments of society and can increase poverty and inequality unless effective measures are put in place.”*

In both developing and developed economies there is a need to focus measures on vulnerable groups in the labour market, such as youth and women, who are most likely to be pushed into poverty and find themselves trapped there for many years. The way out of the global economic downturn that the world is facing does not lie solely in fiscal and monetary policies but requires creative multilateral action with an integrated economic, social and environmental outlook that the United Nations system can provide. The Secretary-General of the United Nations, Mr. Ban Ki-moon, stated that: *“we have to do more than just fix the current financial disorder. We have to improve governance so that globalization produces fairer results and promotes social justice. And we have to make sure that it is environmentally, economically, socially and politically sustainable.”*¹⁷

Within this framework a number of opportunities for employment and decent work generation and socially inclusive growth that pays attention to the vulnerable and the working poor, need to be explored by countries and built into their economic stimulus packages. Special attention should be given to small and medium enterprises since they account for the bulk of employment and are most affected by a credit crunch, as they often have difficulties accessing credit during good economic periods.

¹⁴ ILO Director-General Juan Somavia following discussions at the ILO Governing Body, November 2008, that included José Luis Rodríguez Zapatero, President of the Government of Spain, Nicolas Sarkozy, President of France, UN Secretary-General Ban Ki-moon and Organisation of Economic Co-operation and Development Secretary-General Angel Gurría. See:

http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_100711/index.htm.

¹⁵ See: <http://www.iht.com/articles/2008/11/09/business/9g20text.php>.

¹⁶ A recent IMF communiqué pointed out that: *“The integration of economies and markets, as evidenced by the financial crisis spreading worldwide, highlights the critical importance of relevant statistics that are timely, and consistent within, as well as comparable across, countries. The recent events underline the importance to go beyond traditional statistical production approaches to obtain a set of timely and higher-frequency real and financial indicators at least for systemically important countries in more innovative ways. Also, to further help assess macro-financial risks and systemic vulnerabilities, there is a need to address certain data gaps at the international level”*. In order to address the concern over financial statistics, the IMF has undertaken an initiative to develop set of timely and higher-frequency indicators and chair an inter-agency group made up of the ECB, BIS and OECD. See: IMF <http://www.imf.org/external/np/sta/pdf/STAissues1208.pdf>.

¹⁷ See: http://www.ilo.org/global/About_the_ILO/Media_and_public_information/Press_releases/lang--en/WCMS_100711/index.htm.

A key area is green jobs. A major transformation of economies and societies towards more sustainable production and consumption patterns in many areas, from clean energy, to product recycling to adaptation to climate change, has emerged and these could lead to the generation of employment and decent work opportunities and contribute to reducing environmental impacts of production and consumption to levels that are environmentally sustainable. Therefore policies should be aimed towards creating low-carbon, employment-intensive, poverty-reducing growth.¹⁸ However, this requires a coherent approach by governments, employers and workers, and finance, including an international legal system for the environment encouraging clean development and green jobs.

Another opportunity for employment generation is through construction and rehabilitation of physical infrastructure, such as roads, bridges, schools, hospitals and clinics, social care and community social infrastructure upgrading, in particular through labour-based approaches. Labour-intensive approaches have become an important element of job creation strategies in many low-wage developing countries with considerable reserves of underutilized labour, and they can be applied in developed countries as well. While major capital-intensive new infrastructure projects take time to translate into increased employment, labour-based approaches can generate jobs and much-needed infrastructure quite quickly. Clean and safe community centres, support for early childhood development programmes and eldercare, new uses of public spaces for cultural and educational programmes, repair of rural road networks, or irrigation networks are some examples. Activities could be coordinated with governments targeting infrastructure through stimulus packages and through the World Bank Group which has established an infrastructure crisis facility.¹⁹

Improving social protection systems and providing immediate relief to workers and families are essential complementary interventions to employment growth strategies. Extensions of unemployment insurance and of health care coverage are essential measures to help people face the crisis. Unemployment insurance systems not only provide time to seek new opportunities and to re-skill, but they also serve to maintain an adequate level of consumption in society. Strengthening employment placement services is another supportive measure. Furthermore, the significance of a strong public social security system is highlighted in this crisis by the issues facing private pension schemes due to major stock markets losses. Ensuring unemployment schemes, re-skilling redundant workers and protecting pensions from devastating declines in the value of funds should be part of an overall strategy.

It is evident that the world is facing a dramatic and unprecedented crisis that calls for creative solutions. This enormous challenge also gives rise to opportunities to address the negative social consequences of globalization. When governments design fiscal stimulus packages, it is important that they consider employment-related goals, including explicit employment growth targets. Packages that are more oriented towards job creation are more likely to support a sustainable recovery in aggregate demand. Social concerns must also be considered so as to improve the situation for those in vulnerable employment and the working poor. In the world, there remains a huge untapped labour potential, and economic growth and development could be much higher if everyone was given the chance of a decent job.

¹⁸ "Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World", UNEP/ILO/IOE/ITUC (September 2008).

¹⁹ See: [http://www.ifc.org/ifcext/about.nsf/AttachmentsByTitle/IssueBrief_ICF/\\$FILE/IssueBrief_ICF.pdf](http://www.ifc.org/ifcext/about.nsf/AttachmentsByTitle/IssueBrief_ICF/$FILE/IssueBrief_ICF.pdf).

Annex 1. Tables

Table A1. Economic growth and change in unemployment, world and regions

Region	GDP growth rate (%)							Change in unemployment rate (percentage point)	
	2003	2004	2005	2006	2007	2008*	2009p	98-08*	03-08*
World	3.6	4.9	4.5	5.1	5.0	3.8	2.2	-0.1	-0.3
Developed Economies and European Union	1.9	3.1	2.5	3.0	2.6	1.4	-0.3	-0.7	-0.9
Central and South Eastern Europe (non-EU) & CIS	7.0	8.3	7.0	7.7	7.6	6.0	3.3	-3.3	-1.1
East Asia	8.1	8.9	8.9	10.0	10.4	8.4	7.0	-0.5	0.0
South-East Asia and the Pacific	5.7	6.4	5.9	6.1	6.4	5.1	4.2	0.8	-0.6
South Asia	6.6	7.6	8.7	9.2	8.8	7.5	5.8	1.7	0.9
Latin America and the Caribbean	2.2	6.1	4.7	5.5	5.6	4.5	2.5	-0.9	-1.2
Middle East	7.8	6.3	5.8	5.5	5.7	6.0	5.1	-1.4	-2.5
North Africa	5.7	4.7	5.0	6.1	6.1	6.2	5.1	-2.9	-2.9
Sub-Saharan Africa	4.9	7.0	6.2	6.3	6.6	5.3	5.0	0.1	-0.6

*2008 are preliminary estimates; 2009p are projections

Source: IMF, World Economic Outlook, November 2008; ILO, Trends Econometric Models, December 2008; for further information see <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*, 5th Edition, 2007.

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

Both sexes	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	6.1	6.2	6.1	6.1	6.1	6.3	6.3	6.2	6.0	5.7	6.0
Developed Economies and European Union	7.1	6.9	6.7	6.7	7.4	7.3	7.2	6.9	6.3	5.7	6.4
Central and South Eastern Europe (non-EU) & CIS	12.1	12.4	10.5	10.2	9.9	9.9	9.7	9.2	9.1	8.5	8.8
East Asia	4.3	4.3	4.1	4.1	4.0	3.8	3.8	3.8	3.6	3.5	3.8
South-East Asia and the Pacific	4.8	5.1	5.0	5.8	6.1	6.2	6.4	6.1	6.2	5.5	5.7
South Asia	3.7	4.0	4.5	3.8	3.3	4.5	5.3	5.4	5.3	5.3	5.4
Latin America and the Caribbean	8.2	8.5	8.3	8.3	8.6	8.5	8.2	7.9	7.4	7.2	7.3
Middle East	10.8	10.3	9.8	11.4	11.4	11.8	9.2	9.8	9.8	9.4	9.4
North Africa	13.1	13.6	14.2	13.7	13.6	13.2	11.9	11.6	10.5	10.4	10.3
Sub-Saharan Africa	7.7	8.1	8.2	8.3	8.4	8.5	8.2	8.1	8.1	7.9	7.9
Males	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	5.9	6.0	5.9	5.9	5.8	6.1	6.0	5.9	5.7	5.5	5.8
Developed Economies and European Union	6.6	6.5	6.2	6.4	7.2	7.2	6.9	6.6	6.0	5.5	6.1
Central and South Eastern Europe (non-EU) & CIS	11.9	12.1	10.3	10.2	10.1	10.3	9.8	9.3	9.2	8.7	9.1
East Asia	4.9	4.8	4.6	4.6	4.5	4.3	4.3	4.3	4.1	4.0	4.3
South-East Asia and the Pacific	4.5	4.8	5.0	5.6	5.7	5.7	5.9	5.5	5.7	5.3	5.4
South Asia	3.6	3.9	4.4	3.7	3.1	4.3	5.0	5.1	5.0	5.0	5.2
Latin America and the Caribbean	6.7	7.0	6.8	6.8	7.1	6.9	6.5	6.4	5.9	5.8	5.9
Middle East	9.6	9.1	8.7	10.0	10.1	10.7	8.1	8.5	8.6	8.2	8.2
North Africa	11.2	11.8	12.2	11.6	11.3	10.9	9.6	9.2	8.3	8.2	8.1
Sub-Saharan Africa	7.6	7.7	7.9	7.9	7.9	8.1	7.8	7.8	7.8	7.6	7.6
Females	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	6.5	6.6	6.3	6.4	6.4	6.6	6.7	6.5	6.3	6.0	6.3
Developed Economies and European Union	7.8	7.5	7.3	7.1	7.6	7.5	7.5	7.2	6.6	6.0	6.8
Central and South Eastern Europe (non-EU) & CIS	12.4	12.8	10.9	10.3	9.7	9.5	9.5	9.1	9.0	8.3	8.5
East Asia	3.6	3.6	3.4	3.4	3.3	3.2	3.2	3.2	3.0	3.0	3.2
South-East Asia and the Pacific	5.2	5.5	4.9	6.1	6.6	7.0	7.2	6.9	6.8	5.8	6.1
South Asia	4.1	4.4	4.6	4.2	3.7	5.0	6.0	6.1	6.0	6.0	6.1
Latin America and the Caribbean	10.8	11.0	10.7	10.7	10.9	11.0	10.7	10.2	9.5	9.2	9.3
Middle East	15.8	14.9	13.8	16.4	16.3	15.8	13.1	14.1	13.9	13.4	13.3
North Africa	19.0	19.1	20.3	20.0	20.1	19.6	18.1	18.0	16.1	16.0	15.9
Sub-Saharan Africa	7.9	8.7	8.5	8.7	8.9	9.0	8.7	8.5	8.5	8.3	8.3

*2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Table A3. Unemployment in the world (million)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Total	165.9	171.8	170.4	172.7	175.7	185.2	188.0	187.7	183.8	179.5	190.2
Male	95.7	99.1	99.5	100.0	100.9	107.1	107.9	107.6	105.4	103.5	109.4
Female	70.2	72.7	70.9	72.7	74.7	78.1	80.1	80.1	78.4	76.0	80.7
Youth	68.0	70.6	70.9	70.3	71.1	74.5	75.8	75.9	74.4	72.9	75.9
Adult	97.9	101.3	99.4	102.4	104.5	110.7	112.2	111.8	109.4	106.6	114.3

Table A4. Labour force participation rate in the world (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
Total	65.8	65.7	65.6	65.5	65.4	65.2	65.2	65.2	65.1	65.1	65.1
Male	79.2	79.1	78.9	78.7	78.4	78.2	78.0	77.9	77.7	77.6	77.5
Female	52.4	52.3	52.3	52.3	52.3	52.3	52.3	52.5	52.6	52.6	52.6
Youth	54.4	54.2	53.5	52.9	52.5	51.9	51.6	51.3	50.9	51.0	50.9
Adult	69.7	69.6	69.7	69.7	69.7	69.7	69.7	69.8	69.8	69.7	69.7

* 2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

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

Both sexes	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	61.8	61.6	61.6	61.5	61.4	61.1	61.1	61.1	61.2	61.4	61.2
Developed Economies and European Union	56.5	56.6	56.8	56.6	56.0	55.9	56.0	56.3	56.8	56.9	56.4
Central and South Eastern Europe (non-EU) & CIS	52.9	51.4	52.3	52.6	52.8	52.6	52.8	53.2	53.2	54.1	54.1
East Asia	74.1	73.8	73.7	73.4	73.1	72.7	72.4	72.0	71.9	71.8	71.4
South-East Asia and the Pacific	66.2	66.8	66.5	66.2	65.8	65.6	65.4	65.5	65.0	65.9	65.8
South Asia	57.9	57.5	57.1	57.4	57.6	56.9	56.4	56.4	56.6	56.3	56.3
Latin America and the Caribbean	57.9	58.2	58.5	58.7	59.0	59.2	60.0	60.4	61.1	61.2	61.2
Middle East	44.5	44.9	45.2	44.7	45.0	44.5	46.1	45.9	46.1	46.4	46.6
North Africa	43.4	43.7	43.1	43.0	43.3	43.7	44.5	44.6	45.3	45.5	45.7
Sub-Saharan Africa	65.2	64.9	64.9	64.8	64.7	64.6	64.9	65.0	65.0	65.2	65.3
Males	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	74.6	74.4	74.2	74.1	73.9	73.4	73.3	73.3	73.2	73.3	73.1
Developed Economies and European Union	66.0	65.9	66.0	65.5	64.6	64.3	64.3	64.5	65.0	64.8	64.2
Central and South Eastern Europe (non-EU) & CIS	61.7	60.5	61.5	61.5	61.3	60.9	61.5	62.1	62.0	62.9	62.9
East Asia	78.8	78.5	78.3	77.9	77.6	77.1	76.7	76.3	76.0	76.0	75.6
South-East Asia and the Pacific	78.1	78.9	78.5	78.2	78.1	78.1	77.9	77.9	77.4	78.2	78.2
South Asia	80.5	80.0	79.4	79.9	80.2	79.1	78.4	78.2	78.1	78.0	77.7
Latin America and the Caribbean	75.3	75.0	74.8	74.7	74.5	74.5	75.0	74.9	75.3	75.1	74.7
Middle East	68.5	68.6	68.7	68.0	68.0	67.0	69.1	68.7	68.6	69.0	69.0
North Africa	67.0	66.9	66.1	66.0	66.2	66.3	67.2	67.3	67.7	68.0	67.9
Sub-Saharan Africa	75.6	75.5	75.1	75.0	74.8	74.4	74.5	74.4	74.2	74.4	74.3
Females	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
World	49.0	48.9	49.0	49.0	48.9	48.8	48.9	49.0	49.3	49.4	49.3
Developed Economies and European Union	47.5	47.8	48.1	48.2	47.9	48.0	48.2	48.5	49.1	49.4	49.2
Central and South Eastern Europe (non-EU) & CIS	45.0	43.4	44.1	44.8	45.4	45.2	45.0	45.3	45.3	46.4	46.5
East Asia	69.1	68.9	68.9	68.6	68.4	68.1	67.9	67.6	67.5	67.4	67.1
South-East Asia and the Pacific	54.6	54.8	54.7	54.3	53.7	53.5	53.2	53.5	52.9	53.8	53.7
South Asia	33.8	33.5	33.3	33.4	33.6	33.2	32.9	33.3	33.8	33.5	33.6
Latin America and the Caribbean	41.2	42.1	42.9	43.4	44.2	44.6	45.8	46.6	47.6	48.0	48.3
Middle East	18.0	18.7	19.2	19.1	19.6	19.8	20.7	20.9	21.2	21.7	22.0
North Africa	20.1	20.6	20.4	20.2	20.6	21.3	22.0	22.2	23.1	23.4	23.7
Sub-Saharan Africa	55.3	54.8	55.0	55.0	55.0	55.2	55.7	56.0	56.2	56.4	56.6

* 2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Table A6. Sectoral share in employment, world and regions (%)

	1998	2003	2004	2005	2006	2007	2008*
Agriculture							
World	40.8	38.7	37.5	36.5	35.5	34.4	33.5
Developed Economies and European Union	5.8	4.6	4.3	4.2	4.0	3.9	3.7
Central and South Eastern Europe (non-EU) & CIS	26.8	22.7	22.1	21.2	20.4	19.5	18.7
East Asia	47.6	46.8	44.6	42.6	40.6	38.6	36.6
South-East Asia and the Pacific	50.1	47.9	46.0	45.7	45.3	44.8	44.3
South Asia	59.5	53.4	52.1	50.8	49.5	48.2	46.9
Latin America and the Caribbean	21.4	19.4	19.3	18.9	18.0	17.1	16.2
Middle East	20.8	19.5	18.8	18.3	17.8	17.3	16.8
North Africa	35.9	34.7	35.3	34.5	33.8	33.1	32.4
Sub-Saharan Africa	67.6	65.4	64.4	64.0	63.4	62.5	61.7
Industry							
World	21.1	20.7	21.1	21.5	22.1	22.7	23.2
Developed Economies and European Union	27.9	25.6	25.3	25.0	25.0	25.0	25.1
Central and South Eastern Europe (non-EU) & CIS	27.7	25.6	25.3	25.5	25.5	25.4	25.3
East Asia	24.4	22.5	23.3	24.5	25.7	27.0	28.3
South-East Asia and the Pacific	15.5	17.4	17.9	18.0	18.4	18.8	19.3
South Asia	15.4	18.7	19.4	20.1	21.0	21.8	22.6
Latin America and the Caribbean	21.8	21.6	21.8	22.2	22.4	22.6	22.9
Middle East	25.4	25.4	25.1	25.0	24.9	24.8	24.8
North Africa	20.0	19.2	19.7	20.8	21.7	22.7	23.6
Sub-Saharan Africa	9.5	9.5	9.7	9.7	9.9	10.1	10.3
Services							
World	38.1	40.7	41.5	41.9	42.4	42.9	43.3
Developed Economies and European Union	66.3	69.8	70.4	70.8	70.9	71.1	71.2
Central and South Eastern Europe (non-EU) & CIS	45.5	51.7	52.6	53.2	54.2	55.1	56.0
East Asia	28.0	30.8	32.1	32.9	33.6	34.4	35.1
South-East Asia and the Pacific	34.4	34.7	36.2	36.2	36.3	36.4	36.4
South Asia	25.1	27.9	28.5	29.0	29.5	30.0	30.4
Latin America and the Caribbean	56.8	59.0	58.9	58.9	59.6	60.3	60.9
Middle East	53.8	55.1	56.0	56.7	57.3	57.9	58.4
North Africa	44.1	46.1	45.1	44.8	44.5	44.2	43.9
Sub-Saharan Africa	22.9	25.1	25.9	26.3	26.7	27.4	28.0

*2008 are preliminary estimates

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Table A7. Working poor indicators, world and regions

	1997	2002	2007	1997	2002	2007
	(million)	(million)	(million)	Share in total employment (%)	Share in total employment (%)	Share in total employment (%)
USD 1.25 a day working poor						
World	822.0	787.2	609.5	32.7	29.0	20.6
Central and South Eastern Europe (non-EU) & CIS	12.2	10.4	8.2	8.2	6.8	5.1
East Asia	278.5	231.4	84.0	38.4	30.2	10.4
South-East Asia and the Pacific	80.3	66.1	44.7	35.6	26.8	16.4
South Asia	276.6	288.2	278.8	57.2	53.5	47.1
Latin America and the Caribbean	24.9	25.8	16.9	12.9	11.8	6.8
Middle East	3.9	5.0	5.3	9.7	10.1	9.0
North Africa	5.2	6.0	5.9	11.7	11.8	9.8
Sub-Saharan Africa	140.3	154.4	165.6	65.0	62.7	58.3
USD 2 a day working poor						
World	1'361.5	1'350.9	1'201.0	54.2	49.7	40.6
Central and South Eastern Europe (non-EU) & CIS	32.1	27.4	22.6	21.5	17.9	13.9
East Asia	501.9	426.5	265.4	69.2	55.8	33.0
South-East Asia and the Pacific	142.6	145.1	127.0	63.2	58.8	46.6
South Asia	417.6	454.7	479.4	86.3	84.4	80.9
Latin America and the Caribbean	53.7	56.8	40.6	27.8	26.0	16.4
Middle East	10.6	12.9	14.3	25.8	26.1	24.0
North Africa	18.8	18.9	18.2	42.0	37.1	30.2
Sub-Saharan Africa	184.2	208.5	233.5	85.4	84.7	82.2

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Table A8. Vulnerable employment shares, world and regions (%)

Total	1997	2002	2003	2004	2005	2006	2007
World	53.6	52.2	52.1	51.8	51.5	51.2	50.6
Developed Economies and European Union	11.8	10.5	10.5	10.8	10.7	10.4	10.1
Central and South Eastern Europe (non-EU) & CIS	17.7	19.1	19.4	20.5	18.9	19.0	18.0
East Asia	63.8	58.1	57.7	57.6	57.2	56.9	55.5
South-East Asia and the Pacific	65.5	64.8	64.8	63.4	62.8	62.6	61.9
South Asia	79.8	79.1	79.3	79.0	78.8	78.4	77.5
Latin America and the Caribbean	32.4	35.2	35.1	34.4	33.0	32.1	31.9
Middle East	39.5	35.7	35.2	36.0	33.5	33.5	32.4
North Africa	42.9	40.3	39.8	41.1	40.9	38.5	37.1
Sub-Saharan Africa	80.9	79.3	79.0	77.3	77.7	78.3	77.4
Males	1997	2002	2003	2004	2005	2006	2007
World	51.5	50.7	50.7	50.3	50.0	49.7	49.1
Developed Economies and European Union	12.2	11.4	11.5	12.0	11.9	11.6	11.4
Central and South Eastern Europe (non-EU) & CIS	18.3	19.1	19.7	21.2	19.5	19.4	18.5
East Asia	58.5	53.5	53.2	52.9	52.5	52.3	50.8
South-East Asia and the Pacific	61.4	61.3	61.4	59.8	59.7	59.5	58.9
South Asia	76.2	76.2	76.5	76.0	75.8	75.4	74.3
Latin America and the Caribbean	32.6	35.0	35.0	34.2	33.4	32.2	32.1
Middle East	36.0	32.4	32.0	33.1	30.1	28.1	29.7
North Africa	39.3	38.4	36.9	36.7	37.2	34.5	33.1
Sub-Saharan Africa	76.2	74.0	73.4	70.7	71.7	73.0	72.0
Females	1997	2002	2003	2004	2005	2006	2007
World	56.8	54.3	54.3	54.2	53.6	53.3	52.7
Developed Economies and European Union	11.2	9.4	9.4	9.3	9.2	8.9	8.6
Central and South Eastern Europe (non-EU) & CIS	17.0	19.1	19.1	19.7	18.2	18.5	17.4
East Asia	70.1	63.6	63.1	63.1	62.6	62.3	61.0
South-East Asia and the Pacific	71.3	69.9	69.7	68.4	67.3	66.9	66.2
South Asia	89.1	86.4	86.5	86.4	86.2	86.0	85.1
Latin America and the Caribbean	32.0	35.5	35.3	34.6	32.5	31.9	31.5
Middle East	54.2	48.2	47.3	46.5	45.5	35.1	44.9
North Africa	55.0	46.2	48.8	54.2	52.0	50.3	48.5
Sub-Saharan Africa	86.9	86.2	86.4	85.8	85.3	85.1	84.4

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1

Annex 2. Scenarios

Table S1. 2009 Unemployment scenarios (rates)

Region	2007	2008	2009		
	Rate (%)	Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)
World	5.7	6.0	6.1	6.5	7.1
Developed Economies and European Union	5.7	6.4	6.6	7.1	7.9
Central and South Eastern Europe (non-EU) & CIS	8.5	8.8	9.1	9.2	9.8
East Asia	3.5	3.8	4.0	4.5	5.5
South-East Asia and the Pacific	5.5	5.7	6.0	6.1	6.4
South Asia	5.3	5.4	5.4	5.7	6.2
Latin America and the Caribbean	7.2	7.3	7.6	8.1	8.3
Middle East	9.4	9.4	9.3	9.3	11.0
North Africa	10.4	10.3	10.2	10.4	11.2
Sub-Saharan Africa	7.9	7.9	7.9	8.1	8.5
Region	Change between 2007-2008 (percentage point)		Change between 2007-2009 (percentage point)	Change between 2007-2009 (percentage point)	Change between 2009-2008 (percentage point)
World	0.2		0.4	0.8	1.4
Developed Economies and European Union	0.7		0.9	1.4	2.2
Central and South Eastern Europe (non-EU) & CIS	0.3		0.6	0.7	1.3
East Asia	0.3		0.4	1.0	1.9
South-East Asia and the Pacific	0.1		0.5	0.6	0.9
South Asia	0.1		0.1	0.4	0.9
Latin America and the Caribbean	0.2		0.4	0.9	1.1
Middle East	0.0		-0.1	-0.1	1.6
North Africa	-0.1		-0.1	0.1	0.9
Sub-Saharan Africa	0.0		0.0	0.2	0.6

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

- Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.
- Scenario 2. Projection on the historical relationship between economic growth and unemployment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.
- Scenario 3. Projection on the basis of a simultaneous increase in the unemployment rate in the Developed Economies and the European Union equal to the largest increase since 1991 and half of the largest increase since 1991 in economies in other regions; IMF November 2008 revised estimates for economic growth.

Note: Numbers may not add up due to rounding.

Table S2. 2009 Unemployment scenarios (numbers of people)

Region	2007	2008	2009		
	Number (million)	Number (million)	Scenario 1 Number (million)	Scenario 2 Number (million)	Scenario 3 Number (million)
World	179	190	198	210	230
Developed Economies and European Union	29	32	33	36	40
Central and South Eastern Europe (non-EU) & CIS	15	16	16	17	18
East Asia	30	32	34	39	46
South-East Asia and the Pacific	16	17	18	18	19
South Asia	33	35	35	37	40
Latin America and the Caribbean	19	20	21	22	23
Middle East	6	6	6	7	8
North Africa	7	7	7	7	8
Sub-Saharan Africa	24	25	26	26	28
Region	Change between 2007-2008 (million)		Change between 2007-2009 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)
World	11		18	30	51
Developed Economies and European Union	4		5	7	11
Central and South Eastern Europe (non-EU) & CIS	1		1	1	3
East Asia	3		4	9	17
South-East Asia and the Pacific	1		2	2	3
South Asia	2		2	4	7
Latin America and the Caribbean	1		2	3	4
Middle East	0		0	0	1
North Africa	0		0	0	1
Sub-Saharan Africa	1		1	2	3

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. Projection on the historical relationship between economic growth and unemployment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.

Scenario 3. Projection on the basis of a simultaneous increase in the unemployment rate in the Developed Economies and the European Union equal to the largest increase since 1991 and half of the largest increase since 1991 in economies in other regions; IMF November 2008 revised estimates for economic growth.

Note: Numbers may not add up due to rounding.

Table S3. 2008-2009 Working poverty scenarios (USD 1.25, rates)

Region	2007	2008			2009		
	Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)
World	20.6	19.6	21.7	24.0	18.8	23.2	26.8
Central and South Eastern Europe (non- EU) & CIS	5.1	4.8	5.4	5.7	4.6	5.5	6.5
East Asia	10.4	8.3	10.2	11.9	6.6	9.9	13.3
South-East Asia and the Pacific	16.4	14.8	17.5	20.1	13.6	18.9	24.0
South Asia	47.1	45.5	50.0	54.1	44.2	52.7	60.4
Latin America and the Caribbean	6.8	6.4	7.0	7.6	6.1	7.3	8.7
Middle East	9.0	8.7	9.8	22.8	8.4	22.5	24.0
North Africa	9.8	9.2	10.4	18.8	8.8	18.4	19.3
Sub-Saharan Africa	58.3	57.7	60.2	63.4	57.3	63.0	67.2
Region		Change between 2007-2008 (per- centage point)	Change between 2007-2008 (per- centage point)	Change between 2007-2008 (per- centage point)	Change between 2007-2009 (per- centage point)	Change between 2007-2009 (per- centage point)	Change between 2007-2009 (per- centage point)
World		-1.0	1.0	3.4	-1.8	2.5	6.1
Central and South Eastern Europe (non- EU) & CIS		-0.3	0.4	0.6	-0.5	0.4	1.5
East Asia		-2.1	-0.2	1.4	-3.9	-0.5	2.9
South-East Asia and the Pacific		-1.6	1.1	3.7	-2.8	2.5	7.6
South Asia		-1.5	2.9	7.1	-2.8	5.6	13.3
Latin America and the Caribbean		-0.5	0.2	0.8	-0.7	0.5	1.8
Middle East		-0.3	0.9	13.9	-0.5	13.5	15.1
North Africa		-0.6	0.6	9.1	-1.0	8.7	9.6
Sub-Saharan Africa		-0.6	1.9	5.1	-1.0	4.8	8.9

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2008: Projection on the basis of a 5 per cent higher poverty line.

2009: Projection on the basis of a 10 per cent higher poverty line.

Scenario 3. 2008: Projection on the basis of a 10 per cent higher poverty line.

2009: Projection on the basis of a 20 per cent higher poverty line.

Note: Numbers may not add up due to rounding.

Table S4. 2008-2009 Working poverty scenarios (USD 1.25, numbers of people)

	2007		2008			2009		
		Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	
Region	Number (million)	Number (million)	Number (million)	Number (million)	Number (million)	Number (million)	Number (million)	
World	610	587	648	719	571	703	812	
Central and South Eastern Europe (non-EU) & CIS	8	8	9	9	8	9	11	
East Asia	84	67	83	96	53	81	109	
South-East Asia and the Pacific	45	41	48	56	38	53	68	
South Asia	279	275	302	327	274	326	374	
Latin America and the Caribbean	17	16	18	19	16	19	22	
Middle East	5	5	6	14	5	14	15	
North Africa	6	6	6	12	6	12	12	
Sub-Saharan Africa	166	169	176	185	172	189	202	
Region		Change between 2007-2008 (million)	Change between 2007-2008 (million)	Change between 2007-2008 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)	
World		-23	39	109	-38	93	203	
Central and South Eastern Europe (non-EU) & CIS		0	1	1	-1	1	2	
East Asia		-17	-1	12	-31	-3	25	
South-East Asia and the Pacific		-4	4	11	-7	8	23	
South Asia		-3	24	49	-5	47	95	
Latin America and the Caribbean		-1	1	2	-1	2	5	
Middle East		0	1	9	0	9	10	
North Africa		0	1	6	0	6	6	
Sub-Saharan Africa		3	10	20	6	24	36	

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2008: Projection on the basis of a 5 per cent higher poverty line.

2009: Projection on the basis of a 10 per cent higher poverty line.

Scenario 3. 2008: Projection on the basis of a 10 per cent higher poverty line.

2009: Projection on the basis of a 20 per cent higher poverty line.

Note: Numbers may not add up due to rounding.

Table S5. 2008-2009 Working poverty scenarios (USD 2, rates)

Region	2007	2008			2009			
	Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)	
World	40.6	39.5	41.4	43.1	38.5	42.1	45.4	
Central and South Eastern Europe (non- EU) & CIS	13.9	13.7	15.0	15.6	13.5	15.3	17.5	
East Asia	33.0	30.0	32.7	35.3	27.2	32.3	37.1	
South-East Asia and the Pacific	46.6	45.1	48.5	51.7	43.9	50.5	55.7	
South Asia	80.9	79.8	81.9	83.8	78.7	82.8	85.9	
Latin America and the Caribbean	16.4	15.7	16.9	17.3	15.2	16.8	20.2	
Middle East	24.0	23.5	25.7	27.7	23.0	27.3	31.5	
North Africa	30.2	28.8	32.3	35.6	27.8	34.7	41.5	
Sub-Saharan Africa	82.2	81.6	83.2	84.6	81.3	84.3	86.6	
Region	Change between 2007-2008 (per- centage point)		Change between 2007-2008 (per- centage point)		Change between 2007-2009 (per- centage point)		Change between 2007-2009 (per- centage point)	
World	-1.1		0.8		-2.1		4.8	
Central and South Eastern Europe (non- EU) & CIS	-0.2		1.1		-0.4		3.7	
East Asia	-3.0		-0.3		-5.8		4.1	
South-East Asia and the Pacific	-1.4		1.9		-2.6		9.1	
South Asia	-1.2		1.0		-2.2		5.0	
Latin America and the Caribbean	-0.7		0.5		-1.2		3.8	
Middle East	-0.5		1.8		-0.9		7.5	
North Africa	-1.4		2.1		-2.4		11.2	
Sub-Saharan Africa	-0.6		1.0		-0.9		4.4	

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2008: Projection on the basis of a 5 per cent higher poverty line.
2009: Projection on the basis of a 10 per cent higher poverty line.

Scenario 3. 2008: Projection on the basis of a 10 per cent higher poverty line.
2009: Projection on the basis of a 20 per cent higher poverty line.

Note: Numbers may not add up due to rounding.

Table S6. 2008-2009 Working poverty scenarios (USD 2, numbers of people)

Region	2007	2008			2009		
	Number (million)	Scenario 1 Number (million)	Scenario 2 Number (million)	Scenario 3 Number (million)	Scenario 1 Number (million)	Scenario 2 Number (million)	Scenario 3 Number (million)
World	1201	1183	1241	1291	1169	1278	1377
Central and South Eastern Europe (non-EU) & CIS	23	22	25	25	22	25	29
East Asia	265	243	265	286	221	263	302
South-East Asia and the Pacific	127	125	135	143	124	142	157
South Asia	479	483	496	507	487	512	532
Latin America and the Caribbean	41	40	43	44	39	43	52
Middle East	14	14	16	17	15	17	20
North Africa	18	18	20	22	18	22	26
Sub-Saharan Africa	234	239	243	247	244	253	260
Region		Change between 2007-2008 (million)	Change between 2007-2008 (million)	Change between 2007-2008 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)
World		-18	40	90	-32	77	176
Central and South Eastern Europe (non-EU) & CIS		0	2	3	0	2	6
East Asia		-23	-1	20	-44	-3	37
South-East Asia and the Pacific		-2	8	16	-3	15	30
South Asia		3	16	28	8	33	52
Latin America and the Caribbean		-1	2	3	-2	2	11
Middle East		0	2	3	0	3	6
North Africa		0	2	4	-1	4	8
Sub-Saharan Africa		5	10	14	11	20	27

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2008: Projection on the basis of a 5 per cent higher poverty line.

2009: Projection on the basis of a 10 per cent higher poverty line.

Scenario 3. 2008: Projection on the basis of a 10 per cent higher poverty line.

2009: Projection on the basis of a 20 per cent higher poverty line.

Note: Numbers may not add up due to rounding.

Table S7. 2008-2009 Vulnerable employment scenarios (rates)

Region	2007	2008		2009		
	Rate (%)	Scenario 1 Rate (%)	Scenario 3 Rate (%)	Scenario 1 Rate (%)	Scenario 2 Rate (%)	Scenario 3 Rate (%)
World	50.6	49.5	52.6	48.9	50.0	52.9
Developed Economies and European Union	10.1	9.8	10.6	9.6	10.0	11.0
Central and South Eastern Europe (non-EU) & CIS	18.0	16.3	21.5	14.9	16.4	23.6
East Asia	55.5	53.4	58.4	51.9	53.4	56.3
South-East Asia and the Pacific	61.9	60.9	63.7	60.1	60.9	64.3
South Asia	77.5	76.4	78.1	75.4	77.2	77.8
Latin America and the Caribbean	31.9	31.9	34.5	32.0	32.4	37.1
Middle East	33.1	32.3	36.9	31.3	32.5	39.8
North Africa	37.1	35.7	39.0	34.8	36.0	39.5
Sub-Saharan Africa	77.4	76.8	80.3	76.1	77.2	82.6
Region		Change between 2007-2008 (percentage point)	Change between 2007-2008 (percentage point)	Change between 2007-2009 (percentage point)	Change between 2007-2009 (percentage point)	Change between 2007-2009 (percentage point)
World		-1.0	2.0	-1.7	-0.6	2.3
Developed Economies and European Union		-0.3	0.5	-0.5	-0.1	0.9
Central and South Eastern Europe (non-EU) & CIS		-1.7	3.5	-3.2	-1.6	5.6
East Asia		-2.1	2.8	-3.6	-2.1	0.8
South-East Asia and the Pacific		-1.0	1.8	-1.8	-1.0	2.4
South Asia		-1.0	0.7	-2.0	-0.3	0.4
Latin America and the Caribbean		0.0	2.6	0.2	0.5	5.3
Middle East		-0.8	3.8	-1.8	-0.7	6.7
North Africa		-1.4	1.9	-2.3	-1.1	2.4
Sub-Saharan Africa		-0.6	2.9	-1.3	-0.2	5.2

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2009: Projection on the historical relationship between economic growth and vulnerable employment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.

Scenario 3. 2008: Projection on the basis of a simultaneous increase in the vulnerable employment rate in all economies equal to half of the largest increase since 1991; IMF November 2008 revised estimates for economic growth.

2009: Projection on the basis of a simultaneous increase in the vulnerable employment rate in all economies equal to the largest increase since 1991; IMF November 2008 revised estimates for economic growth.

Note: Numbers may not add up due to rounding.

Table S8. 2008-2009 Vulnerable employment scenarios (numbers of people)

Region	2007	2008		2009		
	Number (million)	Scenario 1 Number (million)	Scenario 3 Number (million)	Scenario 1 Number (million)	Scenario 2 Number (million)	Scenario 3 Number (million)
World	1,492	1,483	1,575	1,480	1,516	1,606
Developed Economies and European Union	47	46	50	45	47	52
Central and South Eastern Europe (non-EU) & CIS	29	27	35	24	27	39
East Asia	447	432	472	422	435	459
South-East Asia and the Pacific	169	169	177	169	171	181
South Asia	459	462	473	467	478	481
Latin America and the Caribbean	79	80	87	82	83	95
Middle East	20	20	23	20	21	25
North Africa	22	22	24	22	23	25
Sub-Saharan Africa	220	224	235	229	232	248
Region		Change between 2007-2008 (million)	Change between 2007-2008 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)	Change between 2007-2009 (million)
World		-8	84	-12	25	114
Developed Economies and European Union		-1	3	-2	0	5
Central and South Eastern Europe (non-EU) & CIS		-2	6	-5	-2	10
East Asia		-14	25	-24	-12	12
South-East Asia and the Pacific		0	8	0	3	12
South Asia		4	14	8	19	23
Latin America and the Caribbean		1	8	3	4	16
Middle East		0	3	0	1	5
North Africa		0	2	0	0	3
Sub-Saharan Africa		5	15	9	12	28

Source: ILO, Trends Econometric Models, December 2008, see also source of Table A1.

Scenario 1. Projection on labour market data to date and IMF November 2008 revised estimates for economic growth.

Scenario 2. 2009: Projection on the historical relationship between economic growth and vulnerable employment at times of crises in each economy; IMF November 2008 revised estimates for economic growth.

Scenario 3. 2008: Projection on the basis of a simultaneous increase in the vulnerable employment rate in all economies equal to half of the largest increase since 1991; IMF November 2008 revised estimates for economic growth.

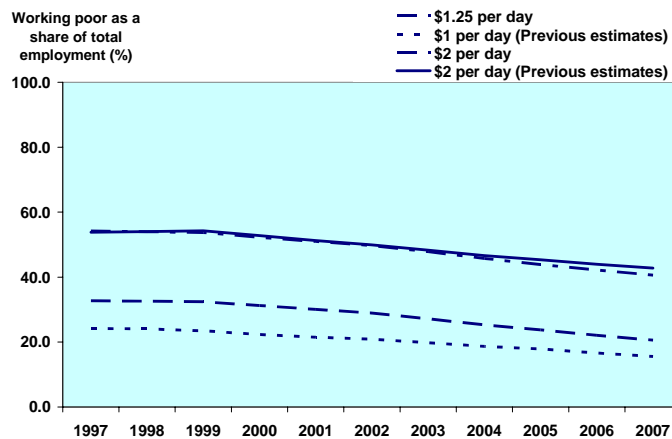
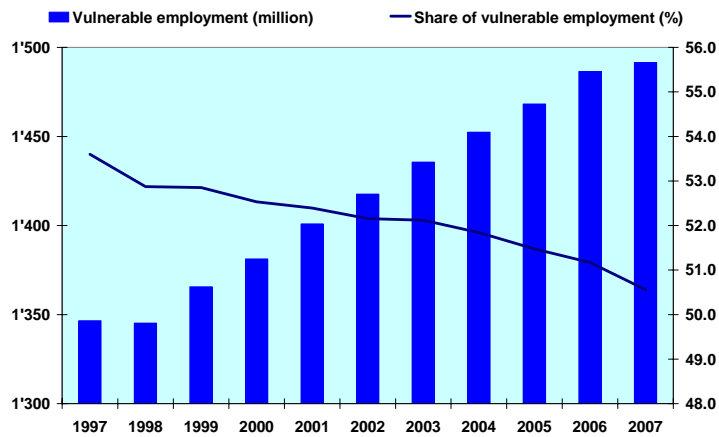
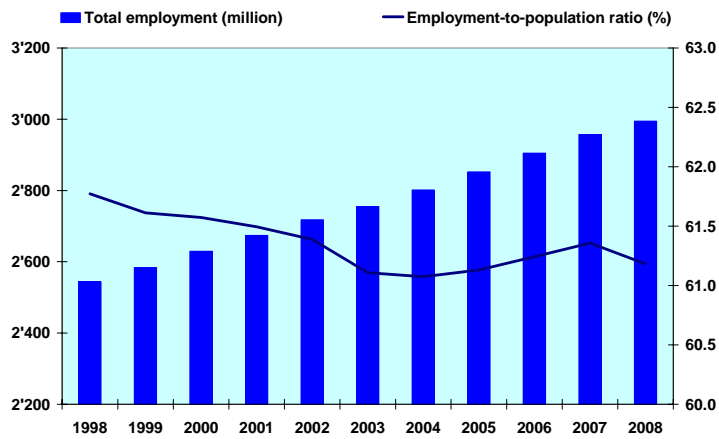
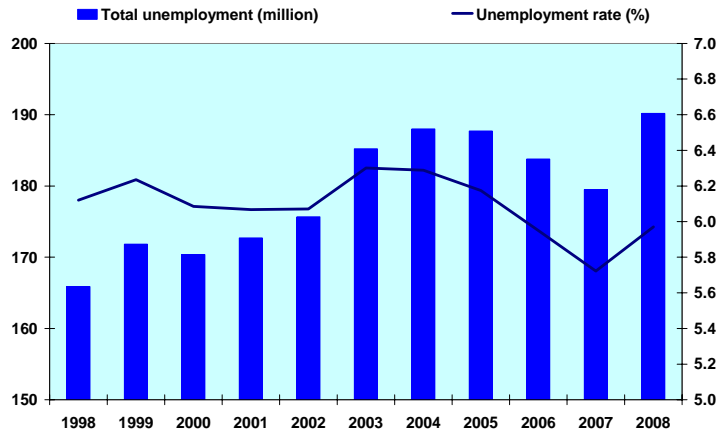
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Note: Numbers may not add up due to rounding.

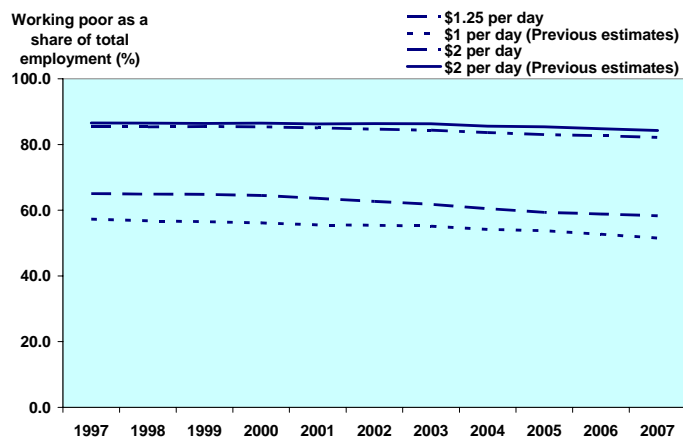
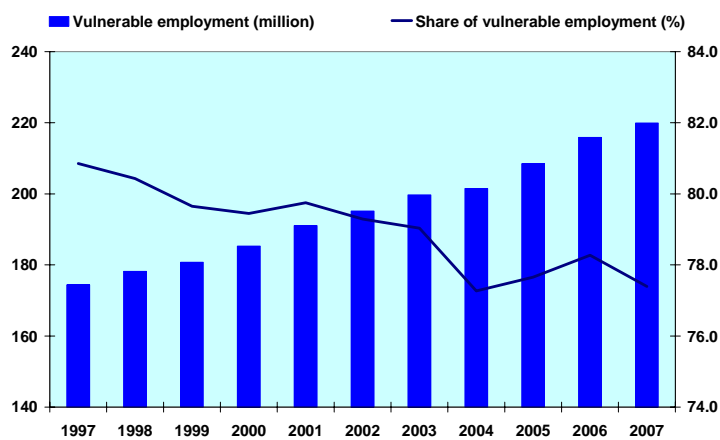
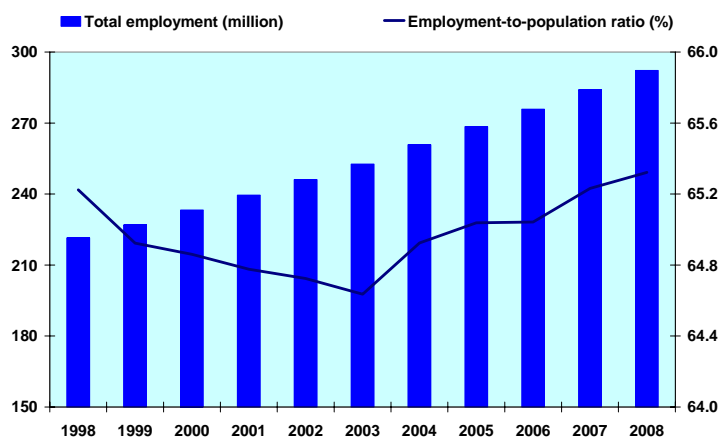
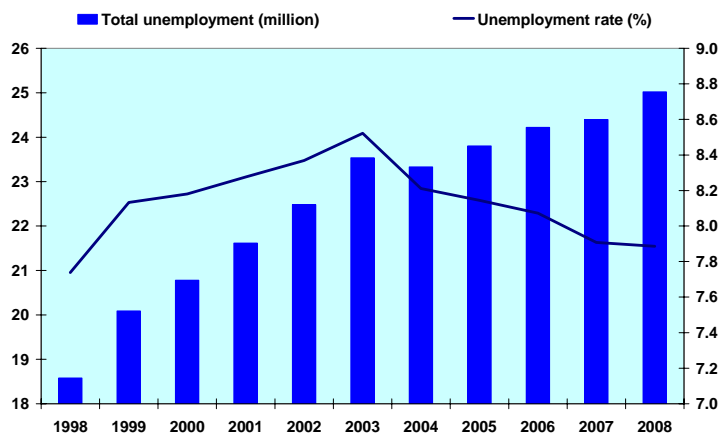
Annex 3. Regional figures

The following charts present selected labour market indicators by region, followed by the regional groupings of economies used in this report.

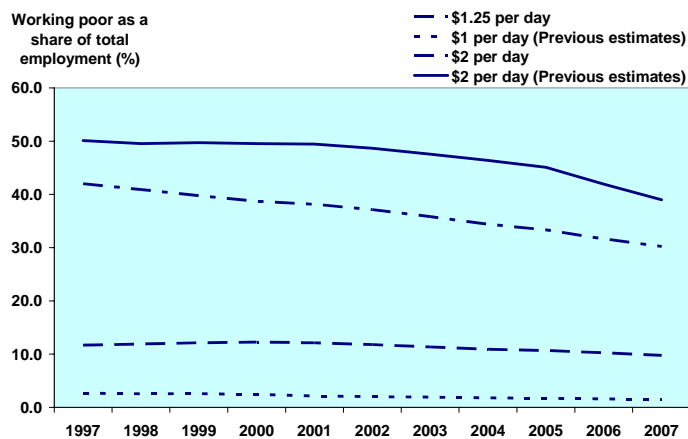
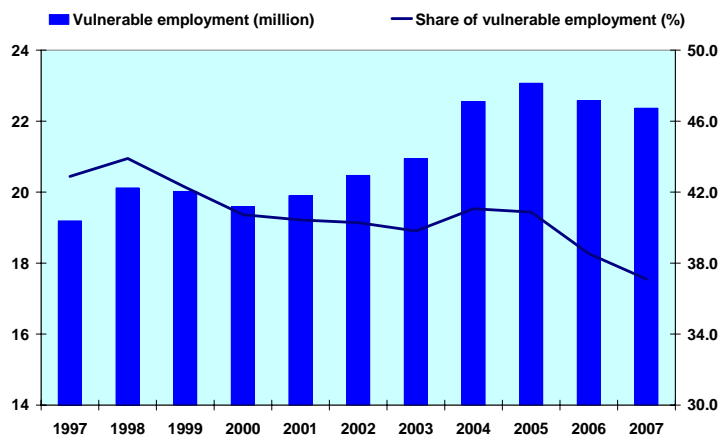
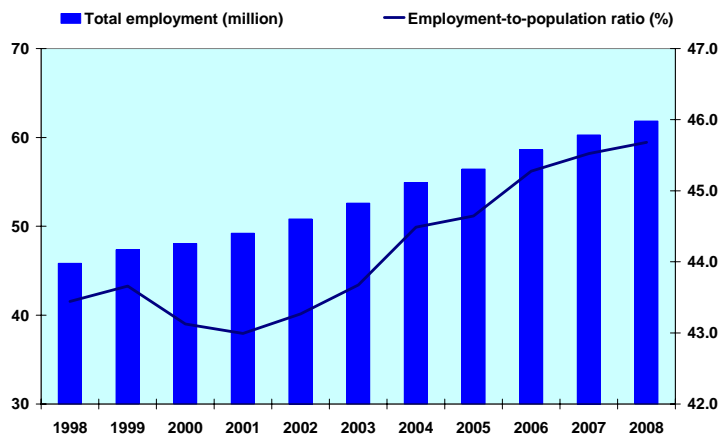
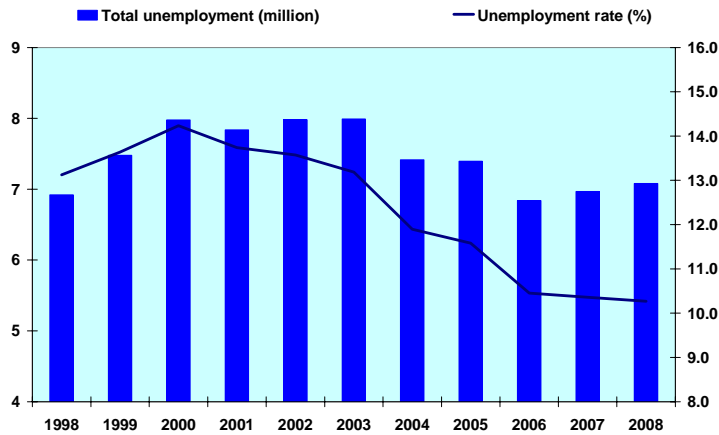
World



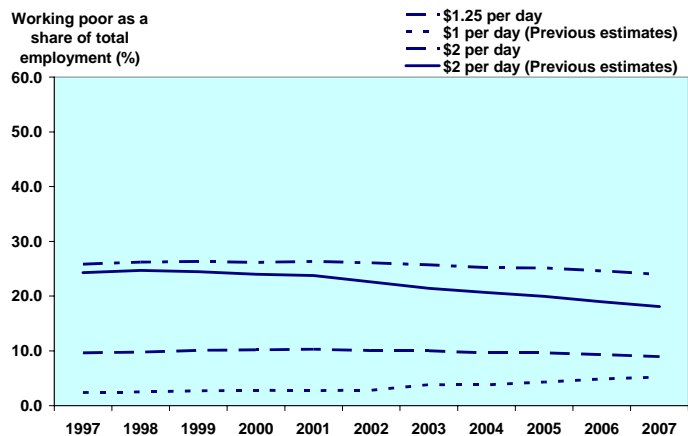
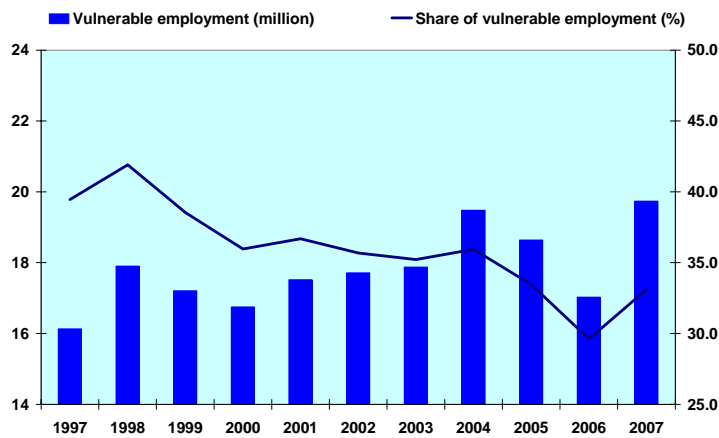
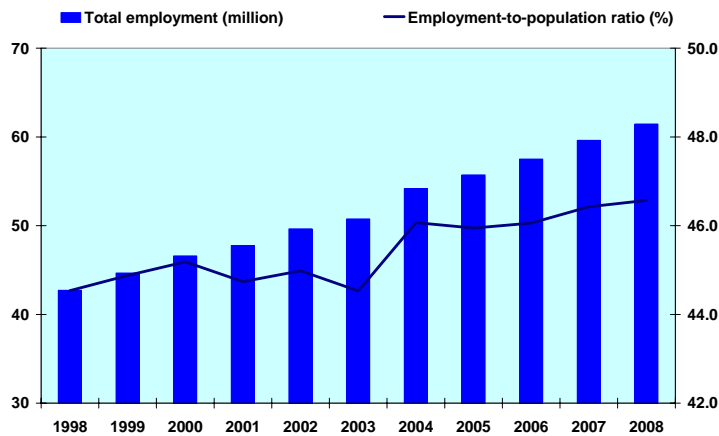
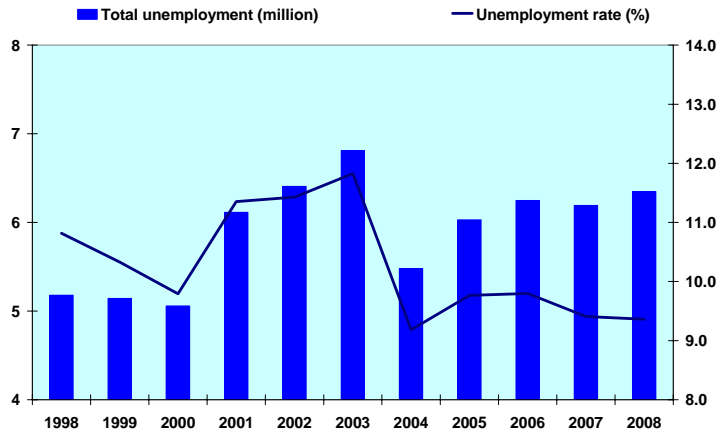
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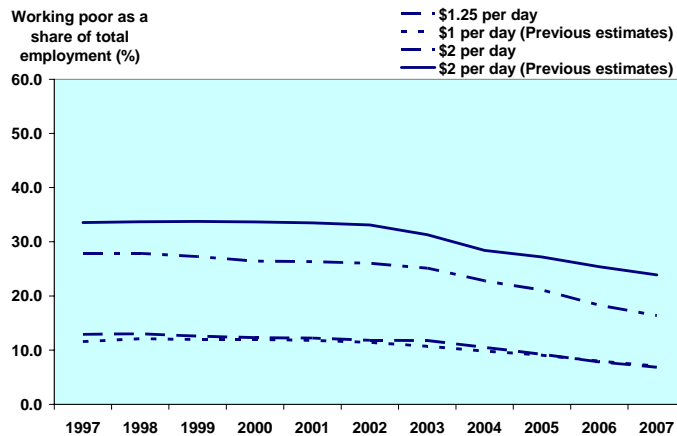
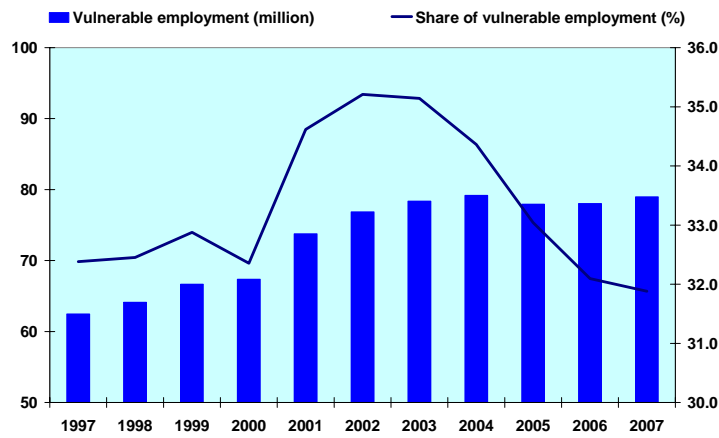
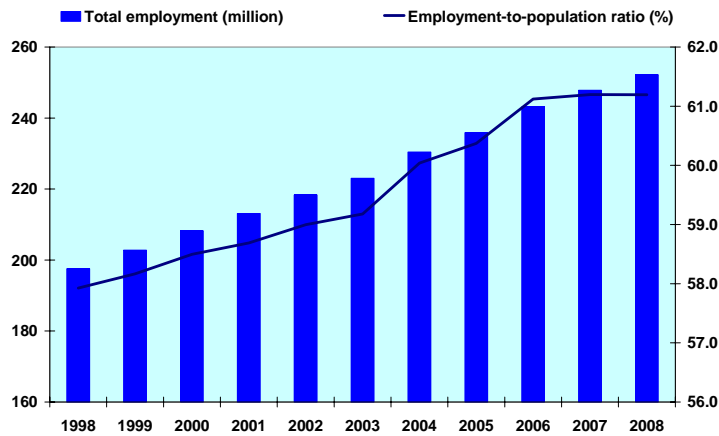
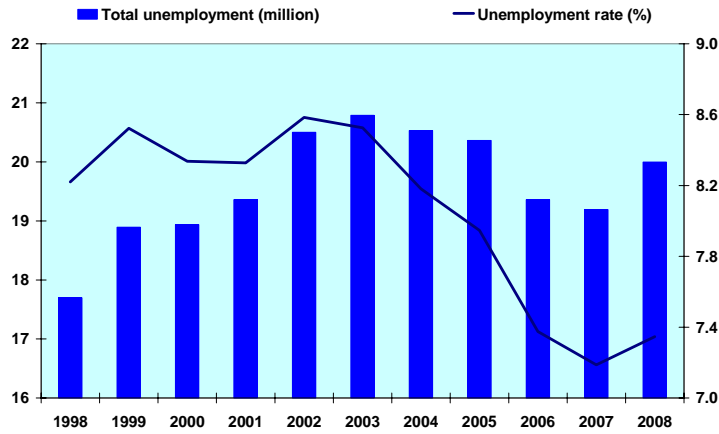
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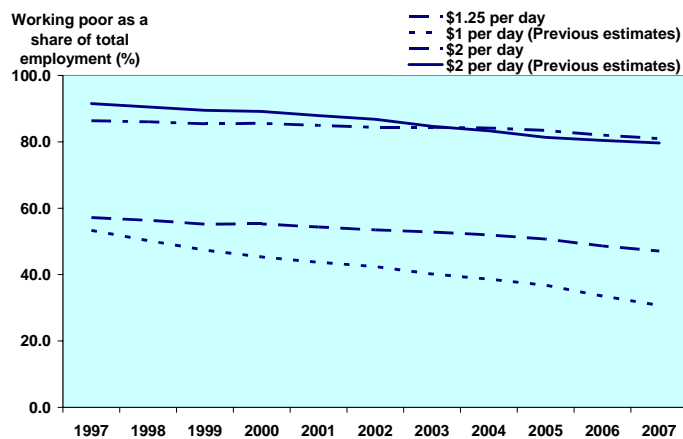
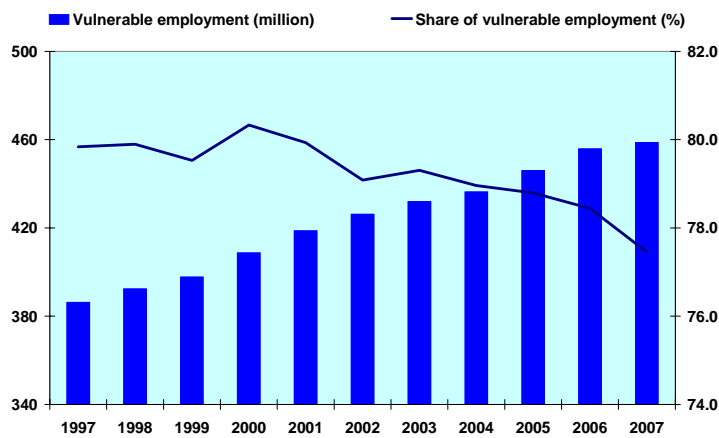
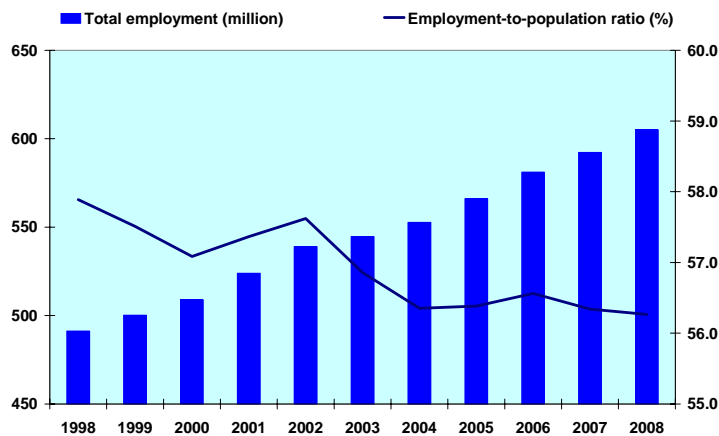
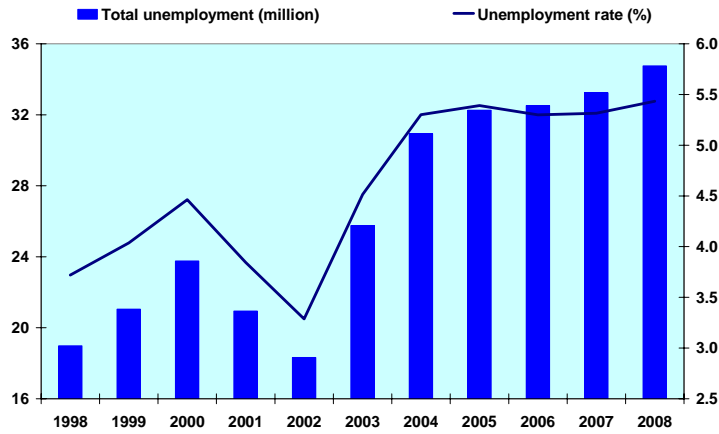
Middle East



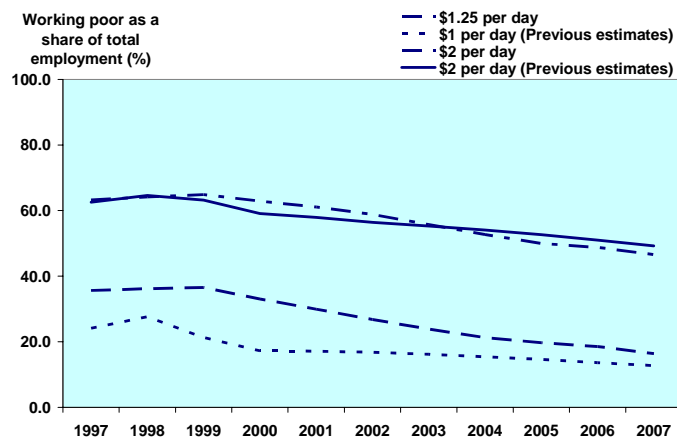
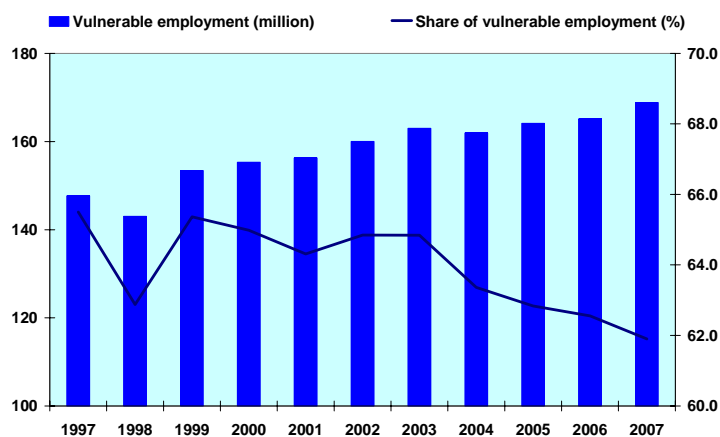
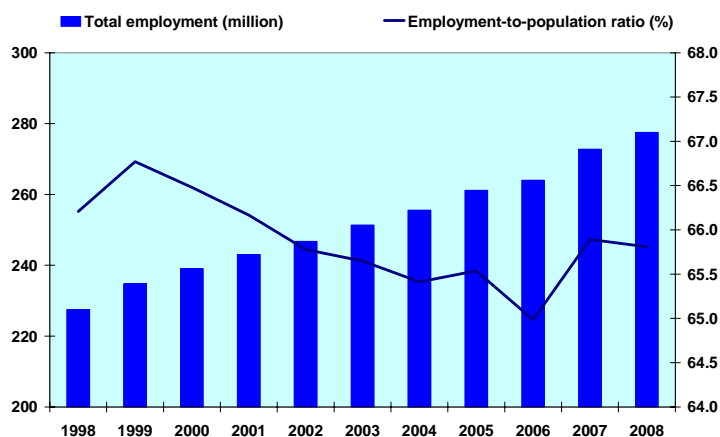
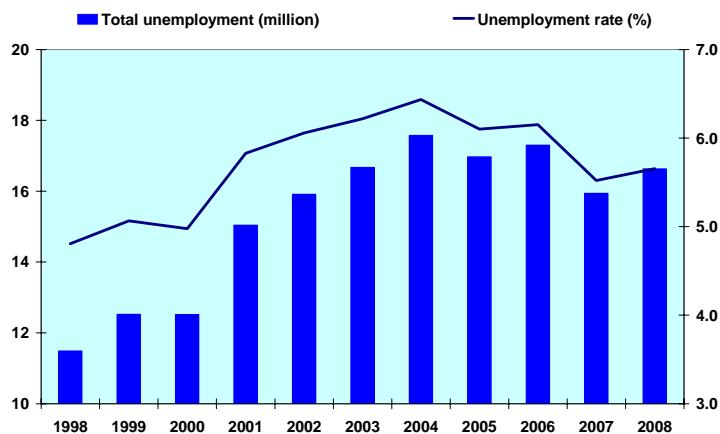
Latin America and the Caribbean



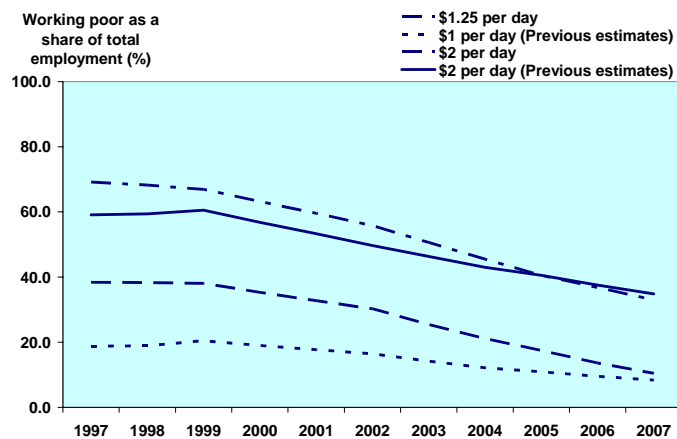
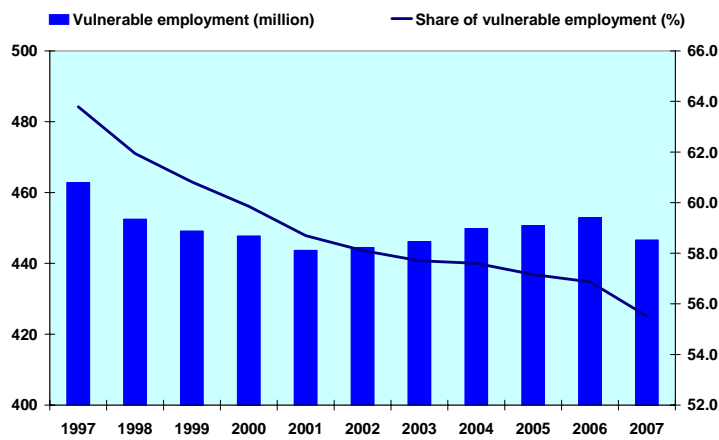
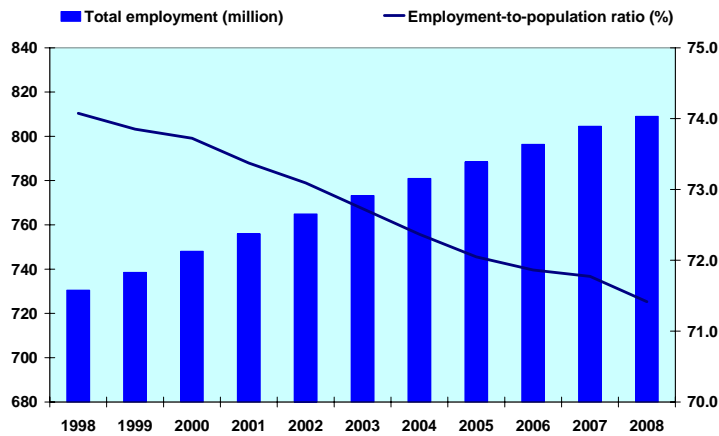
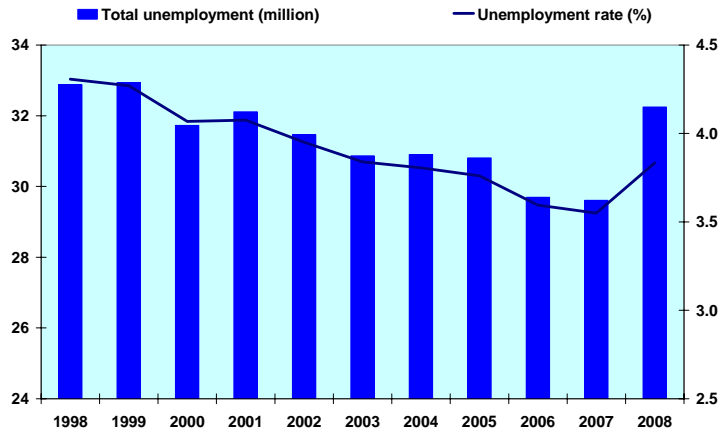
South Asia



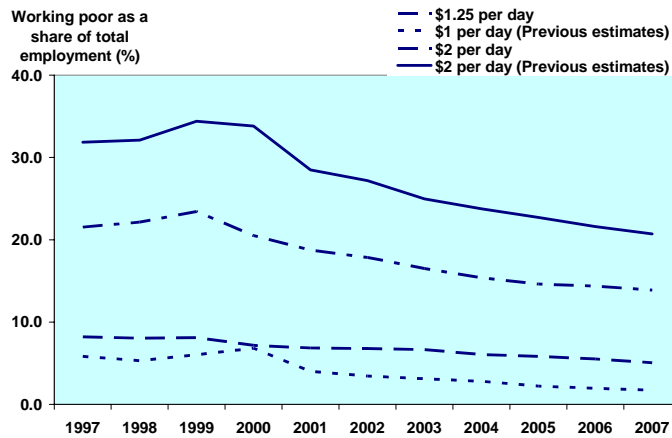
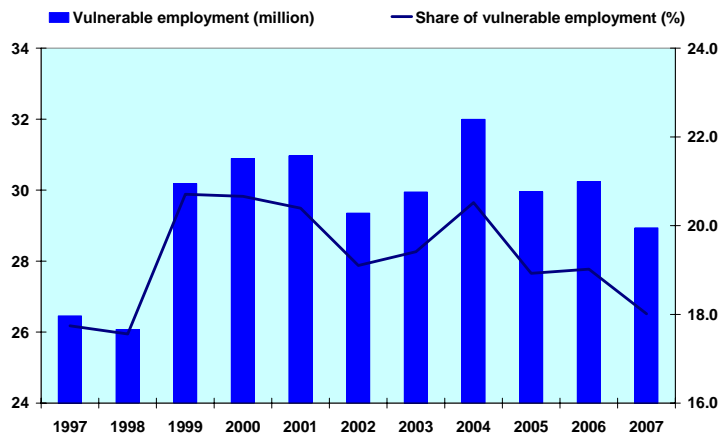
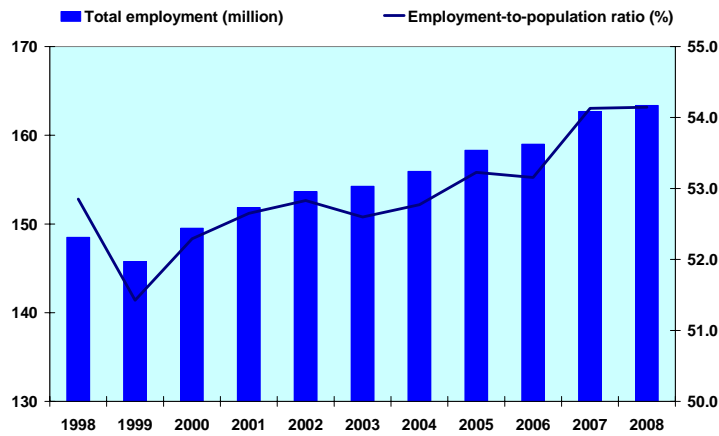
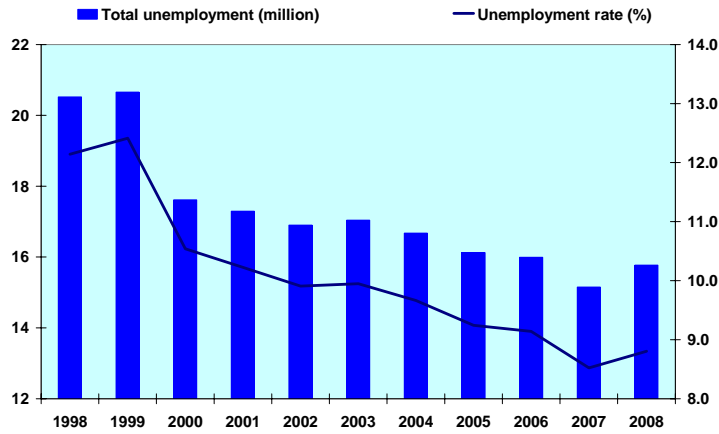
South-East Asia and the Pacific



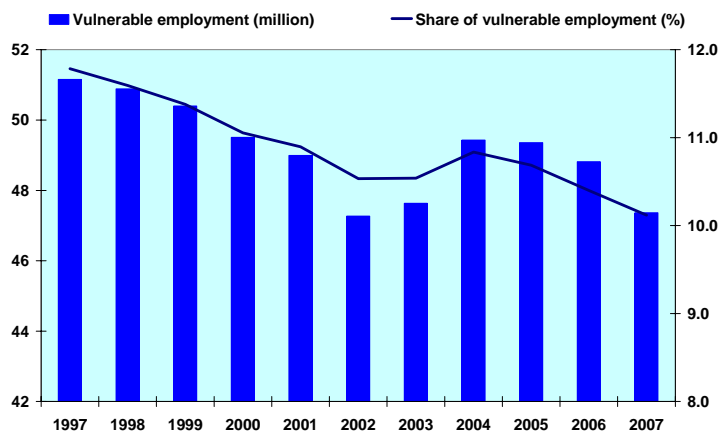
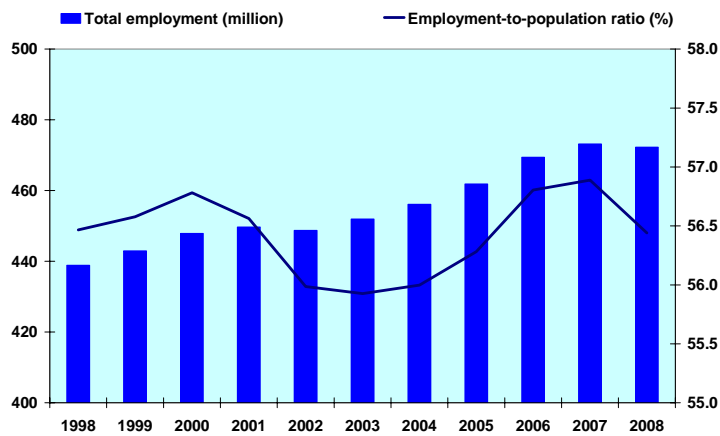
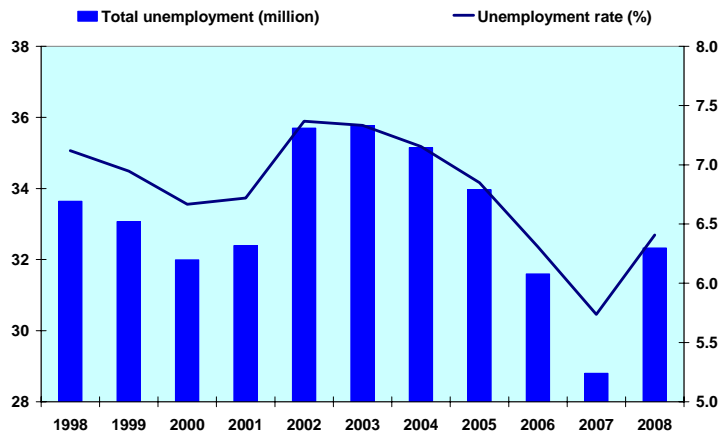
East Asia



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



Developed Economies and European Union



Global employment trends – regional groupings

<p>Developed Economies & European Union 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>Andora Iceland Liechtenstein Monaco Norway Switzerland</p> <p>Central & South-Eastern Europe (non-EU) & CIS 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 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 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 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>
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Annex 4. Note on world and regional tables

The source of all tables in this *Global Employment Trends* is ILO, Trends Econometric Models, December 2008. 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 and the Bureau of Statistics, 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. Consequently, a strict preference is 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 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 gathered and inputted, 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.²⁰ 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.

²⁰ 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.

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

The December 2008 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 2006 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*, 5th Edition (Geneva, 2007) and updates of the indicators.

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

Annex 5. Methodologies for constructing scenarios

Unemployment scenarios

Scenario 1: For each economy, the 2009 unemployment rate is projected by multiplying the country elasticity of the unemployment rate with respect to the GDP growth rate by the IMF projection (published in November 2008) of GDP growth for 2009 and adding the regression constant. The elasticity is calculated as the average over observed values during the 1991-2008 period, using the econometric model described in Annex 4.

Scenario 2: For each economy, the 2009 unemployment rate is projected by multiplying the country elasticity of the unemployment rate with respect to the change in GDP growth rate by the projected change in the GDP growth rate from 2008 to 2009 on the basis of the November 2008 IMF projections. The elasticity is calculated on the basis of the largest year-on-year drop in GDP since 1991.

Scenario 3: For each developed (industrialized) economy, the 2009 unemployment rate is projected by applying the largest percentage point increase in the unemployment rate observed in that country over the 1991-2008 period to the 2008 unemployment rate. For each developing economy, the 2009 unemployment rate is projected by applying half of the largest percentage point increase in the unemployment rate observed in that country over the 1991-2008 period to the 2008 unemployment rate.

Working poverty scenarios

Scenario 1: For each economy, the elasticities of the USD1.25 and USD2 international poverty rates to log per-capita GDP are calculated (on the basis of the average elasticity over the 1980-2006 period, using the econometric model described in Annex 4). Regressions are estimated separately for different poverty lines and for different regions. For the projections from 2007-2009, the elasticities are applied to projected per-capita GDP figures (projected on the basis of the revised economic outlook published by the IMF in November 2008).

Scenario 2: For each economy, the elasticities of the USD1.25, USD1.3125 (5% higher than USD1.25), USD1.375 (10% higher than USD1.25) and USD2, USD2.1 (5% higher than USD2), USD2.2 (10% higher than USD2) international poverty rates to log per-capita GDP are calculated (on the basis of the average elasticity over the 1980-2006 period). Regressions are estimated separately for different poverty lines and for different regions. For the projections from 2008-2009, the elasticities are applied to projected per-capita GDP figures (projected on the basis of the revised economic outlook published by the IMF in November 2008) on the basis of the 5 per cent higher poverty line in 2008 and 10 per cent higher poverty line in 2009.

Scenario 3: For each economy, the elasticities of the USD1.25, USD1.375 (10% higher than USD1.25), USD1.5 (20% higher than USD1.25) and USD2, USD2.2 (10% higher than USD2), USD2.4 (20% higher than USD2) international poverty rates to log per-capita GDP are calculated (on the basis of the average elasticity over the 1980-2006 period). Regressions are estimated separately for different poverty lines and for different regions. For the projections from 2008-2009, the elasticities are applied to projected per-capita GDP figures (projected on the basis of the revised economic outlook published by the IMF in November 2008) on the basis of the 10 per cent higher poverty line in 2008 and 20 per cent higher poverty line in 2009.

Vulnerable employment scenarios

Scenario 1: For each economy, the shares of wage employment (employees), employers, own-account workers and contributing (unpaid) family workers are projected separately on the basis of an econometric model in which these shares are the dependent variables, while per-capita GDP, annual GDP growth rates, the share of national value-added in agriculture and the share of national value-added in industry are the independent variables. Regressions are estimated separately for men and women and for different regions. Elasticities of each of the dependent variables with respect to the independent variables are multiplied by the projected values for the independent variables for 2009 (plus the regression constant) to obtain the

2009 projections. Elasticities are calculated as the average over observed values during the 1991-2008 period (using the econometric model described in Annex 4). The projected shares of own-account workers and contributing (unpaid) family workers are then added to obtain the projected share of vulnerable employment.

Scenario 2: For each economy, the 2009 vulnerable employment rate is projected by multiplying the country elasticity of the vulnerable employment rate with respect to the change in GDP growth rate by the projected change in the GDP growth rate from 2008 to 2009 on the basis of the November 2008 IMF projections. The elasticity is calculated on the basis of the largest year-on-year drop in GDP since 1991.

Scenario 3: For each economy, the 2008 vulnerable employment rate is projected by applying half the largest percentage point increase in the vulnerable employment rate observed in that country over the 1991-2007 period to the 2007 vulnerable employment rate. The 2009 vulnerable employment rate is projected by applying the largest percentage point increase in the vulnerable employment rate observed in that country over the 1991-2007 period in full to the 2008 vulnerable employment rate.