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World Employment and Social Outlook

Trends 2022

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Preface

During the second half of 2021, what had been a modest and uneven global labour market recovery lost momentum. In consequence, as the COVID-19 pandemic enters its third calendar year, the global employment and social outlook remains uncertain and fragile.

Throughout 2021, the pandemic weakened the economic, financial and social fabric in almost every country, regardless of development status. At the same time, significant differences emerged, driven largely by differences in vaccination coverage and economic recovery measures. This resulted in developed economies recouping significant elements of their employment and income losses, while emerging and developing countries continued to struggle with the labour market fallout of workplace closures and weak economic activity.

Without concerted and effective international and domestic policies, it is likely that in many countries it will take years to repair this damage, with long-term consequences for labour force participation, household income, and social – and possibly political – cohesion.

This year's *World Employment and Social Outlook: Trends* provides a comprehensive assessment of how the labour market recovery has unfolded across the world, reflecting different national approaches to tackling the COVID-19 crisis. It analyses global patterns, regional differences and outcomes across economic sectors and groups of workers. The report also offers labour market projections for 2022 and 2023.

The current crisis has made it more challenging to accomplish the United Nations Sustainable Development Goals, especially those relating to long-standing decent work deficits. It is therefore essential that governments and employers' and workers' organizations come together with renewed determination to address these challenges.

In this difficult context, in June 2021 the ILO's 187 Member States adopted a *Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient*. Reflecting the Global Call, this report includes a summary of key policy recommendations in support of sustained national and international efforts to bring about that human-centred recovery.

Guy Ryder
ILO Director-General

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Acknowledgements

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Executive summary

As the pandemic persists, global labour markets struggle to recover

The COVID-19 pandemic dominated the global economy for a second year in 2021, preventing a full and balanced recovery of labour markets. The pace at which economic activity has recovered has depended largely on the extent to which the virus has been contained, such that the recovery is following different patterns across geographies and sectors. However, every new outbreak brings setbacks. Many gains in decent work made before the pandemic have been significantly impacted upon, and pre-existing decent work deficits are dampening the prospects of a sustainable recovery in many regions.

The global labour market outlook has deteriorated since the ILO's last projections; a return to pre-pandemic performance is likely to remain elusive for much of the world over the coming years. On the basis of the latest economic growth forecasts, the ILO is projecting that total hours worked globally in 2022 will remain almost 2 per cent below their pre-pandemic level when adjusted for population growth, corresponding to a deficit of 52 million full-time equivalent jobs (assuming a 48-hour working week). Global unemployment is projected to stand at 207 million in 2022, surpassing its 2019 level by some 21 million. This outlook represents a substantial deterioration since the projections made in the previous edition of *World Employment and Social Outlook: Trends* published in June 2021, when the shortfall in working hours relative to the fourth quarter of 2019 was projected to narrow to less than 1 per cent in 2022.

Recovery patterns vary significantly across regions, countries and sectors. Since the onset of the recovery, employment growth trends in low- and middle-income countries have remained significantly below those observed in richer economies, owing largely to the lower vaccination rates and tighter fiscal space in developing countries. The impact has been particularly serious for developing nations that experienced higher levels of inequality, more divergent working conditions and weaker social protection systems even before the pandemic.

Overall, key labour market indicators in all regions – Africa, the Americas, the Arab States, Asia and the Pacific, and Europe and Central Asia – have yet to return to pre-pandemic levels. For all regions, projections to 2023 suggest that a full recovery will remain elusive. The European and Pacific regions are projected to come closest to that goal, whereas the outlook is the most negative for Latin America and the Caribbean and for South-East Asia. All regions face severe downside risks to their labour market recovery that stem from the ongoing impact of the pandemic. Moreover, the pandemic is structurally altering labour markets in such ways that a return to pre-crisis baselines may well be insufficient to make up for the damage caused by the pandemic.

Pandemic disruptions, structural deficiencies and new risks reduce the potential for decent work to be created

Underlying structural deficiencies and inequalities are amplifying and prolonging the adverse impact of the crisis. The large informal economy in many developing countries is impairing the efficacy of some policy instruments, since informal enterprises have been less able to access formal lines of credit or COVID-19-related government support. Thus relief measures have been less likely to reach those in need, and inequities within countries have worsened. Smaller businesses have experienced greater declines in employment and working hours than have larger ones.

Developing economies that rely on exports of labour-intensive goods or commodities have particularly struggled to adjust to volatile demand resulting from pandemic-related shifts in economic growth. Tourism-dependent economies are suffering heavily from border closures and lost revenues.

Employment losses and reductions in working hours have led to reduced incomes. In developing countries, in the absence of comprehensive social protection systems that can provide adequate benefits to stabilize incomes, this has compounded the financial stress of already economically vulnerable households, with cascading effects on health and nutrition. The pandemic has pushed millions of children into poverty, and new estimates suggest that, in 2020, an additional 30 million adults fell into extreme poverty (living on less than US$1.90 per day in purchasing power parity) while being out of paid work. In addition, the number of extreme working poor – workers who do not earn enough through their work to keep themselves and their families above the poverty line – rose by 8 million.

The asymmetric recovery of the global economy has started to cause long-term knock-on effects, in terms of persistent uncertainty and instability, that could derail the recovery. Changes in market demand and rising online services, skyrocketing trading costs and pandemic-induced changes in labour supply have all created bottlenecks in manufacturing, impeding the return to pre-pandemic labour market conditions. Intense and prolonged supply chain shocks are creating uncertainty in the business climate and could lead to a reconfiguration of the geography of production, with significant implications for employment.

The rise in prices of commodities and essential goods, while labour markets remain far from recovered, significantly reduces disposable income and thereby adds to the cost of the crisis. Going forward, macro-policymakers face difficult choices, with important international spillovers. If and when there are signs of rising inflation expectations, calls for monetary and fiscal policy to be tightened at a faster rate can be expected to multiply. At the same time, given the asymmetric nature of the recovery, policy tightening would hit low-income households particularly severely, meaning that attention will need to be devoted to maintaining adequate levels of social protection.

The recovery of labour demand to pre-crisis levels can be expected to take time, which will slow growth in employment and working hours. The sluggish and uneven recovery of working hours in 2021 kept labour incomes subdued. Since most workers in the world had insufficient, if any, income replacement, households were required to run down their savings. The effect has been particularly pronounced in developing countries, where the share of economically vulnerable populations is larger and the size of stimulus packages has been smaller. The consequent loss in income has further depressed aggregate demand, creating a vicious circle that underscores the need for concerted policies to expedite labour market recovery, tackle inequities and return the global economy to a path of sustainable growth.

Labour market recovery is unequal and incomplete

In 2022, ILO projections suggest that there will be a working-hour deficit equivalent to 52 million full-time jobs jobs owing to crisis-induced labour market disruptions. Although this figure is a sizeable improvement on 2021, when hours worked adjusted for population growth stood below their level in the fourth quarter of 2019 by the equivalent of 125 million full-time jobs (assuming a 48-hour working week), it remains extremely high. In 2022, the employment-to-population ratio is projected to stand at 55.9 per cent – that is, 1.4 percentage points below its 2019 level.

Many of those who left the labour force have not come back, so the level of unemployment still underestimates the full employment impact of the crisis. The global labour force participation rate, having fallen by close to 2 percentage points between 2019 and 2020, is projected to recover only partially to just below 59.3 per cent by 2022, around 1 percentage point below its 2019 level. The global unemployment rate is projected to remain above its 2019 level until at least 2023. The total number of the unemployed is projected to decline by 7 million in 2022 to 207 million; in comparison, the 2019 figure was 186 million.

Labour market recovery is fastest in high-income countries. These account for about half of the global decline in unemployment between 2020 and 2022 while constituting only around a fifth of the global labour force. By contrast, since the onset of the pandemic lower-middle-income countries have fared the worst, and they are also seeing the slowest recovery.

The recovery is unequal within countries. The disproportionate impact of the pandemic on women's employment is projected to narrow at the global level over the coming years, but a sizeable gap is nevertheless projected to remain. The disparity is most pronounced in upper-middle-income countries, where women's employment-to-population ratio in 2022 is projected to be 1.8 percentage points below its 2019 level, versus a gap of only 1.6 percentage points for men, despite women having an employment rate 16 percentage points below that of men to start with. The closing of schools, colleges and skills-training institutions for prolonged periods in many countries has weakened learning outcomes, and this will have cascading long-term implications for the employment and further education and training of young people, especially those who have had limited or no access to online learning opportunities. Moreover, informal wage employment still trails its pre-crisis level by 8 per cent. Own-account and contributing family work, which are often characterized by poor working conditions, were on a declining trend before the crisis. The increase in the incidence of such work in 2020 is estimated to have persisted in 2021.

The pandemic has started to induce economic changes that could become structural, with enduring implications for labour markets. The confluence of various macroeconomic trends is creating uncertainty around whether the drop in working hours, employment and labour force participation is temporary, or whether the pandemic is expediting more structural labour market exits or labour-saving transformations – each of those requiring different courses of action. The pandemic is deepening various forms of inequality, from exacerbating gender inequity to widening the digital divide. Changes in the composition of employment relationships – such as reliance on informal self-employment to earn a living, the rise in remote work, and various trends with regard to temporary work – all risk impairing the quality of working conditions.

Temporary work as a buffer in times of economic uncertainty

Before the onset of the pandemic, temporary employment as a share of total employment had been increasing over time, though not uniformly across sectors and countries. Temporary employment is largely structural and driven by the sectoral and occupational composition of the labour market; however, during crises, it tends to serve as a shock absorber as employers scale back on the use of temporary workers. Looked at in the longer term, temporary employment can negatively impact on the long-term productivity of firms through its effects on job retention, training and innovation. Workers are also adversely affected by temporary work, given the greater job and income insecurity and lower access to social protection.

Temporary employment rates are higher in low- and middle-income countries (just over one third of total employment) than in high-income countries (15 per cent). But the nature of temporary employment varies between developed and developing countries. In the former, although it may be an entry point into a more permanent position, or a flexible and strategic means of entering and engaging in the labour market, temporary workers lack job security and regular incomes and do not always fulfil the eligibility requirements for access to social protection or employment protection. For workers in the developing world, on the other hand, temporary work often comes in the form of informal employment with little to no access to social protection systems and employment protection.

Temporary workers suffered job losses at a higher rate than non-temporary workers at the beginning of the pandemic, but most economies have since seen a rise in newly created temporary jobs. The net effect of these two trends is that the incidence of temporary work has tended to remain stable through the pandemic. The trends, based on limited available data, are not dissimilar from pre-crisis trends, highlighting the endemic churn of temporary workers before the crisis. Notably, however, over a quarter of those in temporary work in the early part of 2021 (in countries with available data) were previously in non-temporary jobs, which highlights the underlying economic uncertainty and associated employment insecurity at that time.

In the early stages of the pandemic, in countries characterized by dual labour markets, informal employment did not play its traditional counter-cyclical role of absorbing displaced workers from the formal sector. In many such countries informal workers were more likely than formal workers to lose their jobs or be forced into inactivity by lockdowns and other measures. As economic activity gradually resumed, informal employment, especially self-employment, has had a strong rebound and many informal workers have returned from inactivity.

Prevention of long-lasting damage requires a comprehensive human-centred policy agenda

At the International Labour Conference in June 2021, the ILO's 187 Member States discussed global, regional and national policy responses to the crisis. At the close of their discussions, they adopted the Global Call to Action for a Human-Centred Recovery from the COVID-19 Crisis that is Inclusive, Sustainable and Resilient, emphasizing the need for a fully inclusive recovery based on accelerated implementation of the ILO Centenary Declaration for the Future of Work. This implies rebuilding the economy in ways that address systemic and structural inequalities and other long-term social and economic challenges, such as climate change, that pre-date the pandemic. The prerequisite for achieving such resilience is multilateral action and global solidarity – including with respect to vaccine access, debt restructuring, and facilitating a green transition. Failure to tackle these important policy challenges will result in yet another missed opportunity to set the world on a more equitable and sustainable trajectory.

Achieving a human-centred recovery will require the successful implementation of four pillars: inclusive economic growth and employment; protection of all workers; universal social protection; and social dialogue. Each has a key part to play.

Throughout the recovery period, macroeconomic policies will need to go beyond a countercyclical role, merely seeking a return to pre-crisis outcomes, since this would not address decent work deficits or leave countries any less vulnerable to future crises. Fiscal policies must not only aim to protect jobs, incomes and employment, but also address structural challenges and root causes of decent work deficits across the world. Depending on country constraints and priorities, this will involve a mix of fiscal policies targeting the widespread creation of productive employment, supported by industrial policies, skills development and active labour market policies (including ones to bridge the digital divide), as well as sustained investment in universal social protection. Proactive macroeconomic policy has become even more critical as the pandemic's interaction with technology and other "megatrends" threatens to accelerate widening inequalities across and within economies.

Extending and ensuring the protection of all workers entails guaranteeing fundamental rights at work, ensuring health and safety at the workplace and implementing a transformative agenda for gender equality. The pandemic has revealed the vulnerability of many groups of workers – including essential, informal, self-employed, temporary, migrant, platform and low-skilled workers – who are often highly exposed to the health and labour market impacts of the crisis, and many of whom fall through gaps in social protection coverage across the world.

Closing social protection gaps and providing universal access to comprehensive, adequate and sustainable social protection must remain a key priority. Identifying equitable and sustainable financing for such systems in times of limited fiscal space requires multilateral action to complement domestic resource mobilization.

Social dialogue has played a key role in the response to the pandemic, many policies and measures to limit job losses having resulted from tripartite discussions. In the recovery period, social dialogue will remain crucial to finding solutions that are mutually beneficial to firms and workers and have positive macroeconomic repercussions and spillover effects. For social dialogue to play this role, the capacities of public administrations and employers' and workers' organizations to participate in such a process will need to be strengthened.

1 (Re)building a resilient world of work after the COVID-19 pandemic

Recovery impaired

In 2021, up to 90 per cent of the world's workers continued to reside in countries that had some form of workplace closures. **A world of work already in transition, as a result of demographic shifts, technological disruptions and climate change, descended further into disarray as the pandemic continued**. Few had anticipated that the pandemic would last this long or cut so deep. As resurgent waves of the pandemic plagued countries for a second year, not only did health systems struggle with the scourge, but governments were forced to continue to rely on lockdowns, physical distancing and mask mandates and to rest their hopes on vaccinations to stop the contagion. Challenges in relation to the production, distribution and public acceptance of vaccinations, nonetheless, continue to slow down inoculation efforts. This is prolonging the need for restrictions that continue to disrupt economic activity. As concerns mount with regard to possible further waves of the pandemic, governments struggle to balance health and safety with economic and labour market considerations.

Countries have resumed economic activity at different rates and times, creating uneven patterns of recovery. In the second year of the pandemic, governments operated under high uncertainty about when and whether another wave would strike and what variant strains of the virus might emerge. They instituted pandemic-related containment measures in fits and starts, to varying degrees, and in different patterns across geographies and sectors. In a closely interconnected global economy, closures in one country spill over to activity in other countries. In the absence of additional shocks, economic recovery in aggregate is expected to continue so that global gross domestic product (GDP) will grow by 4.2 per cent in 2022 (IMF 2021). But this aggregate growth masks variations across geographies and sectors, which will cause the labour market to recover in an uneven manner.

The risks to labour market recovery are strongly tilted to the downside. The unpredictability of the future development of the pandemic itself, and of the responses that will be chosen by governments and societies, makes all the projections presented in this report highly uncertain. The crisis may turn out to have permanently damaged the fabric of the economy and the labour market to a greater extent than currently expected, making any process of recovery more difficult. Furthermore, macroeconomic risk factors increase the risk of a prolonged jobs crisis. For instance, if inflation becomes more endemic, there may be greater risk that premature austerity measures will be implemented.

The uneven recovery is widening the gaps between more and less developed countries. Uneven vaccination rates, for instance, were a major differentiating factor between countries that were able to resume some semblance of normal economic activity over the course of 2021 (nearly all developed nations) and those that were not (IMF 2021). Employment trends in middle-income countries have remained significantly below those of richer economies; when restrictions were lifted, the latter experienced faster labour market recovery than did the former. The asymmetric recovery of the global economy is already causing long-term knock-on effects in terms of persistent uncertainty, continuing instability, and production bottlenecks that are fuelling price hikes. A global scenario of fast-rising prices despite weak economic growth is not an impossible consequence of this crisis (Ernst 2020).

The pandemic's impact has been particularly devastating for developing nations that have higher levels of inequality, more heterogeneous working conditions, weaker social protection systems and constricted fiscal space. There has been growing divergence *within* countries too, exemplified by a strong recovery in some sectors and a weak recovery in others. These countries' prospects of recovery are far worse than those of rich countries. The policy reaction to the pandemic in advanced economies, particularly in deploying a range of fiscal support measures, was strong and swift. In contrast, although developing countries have used a similarly large range of measures to address the crisis, they have instituted smaller relief packages owing to fiscal restrictions after they had incurred unforeseen expenses in responding to the pandemic. Moreover, the large informal economy in many developing countries reduces the efficacy of some policy instruments, many of which target only formal employees and enterprises.

Developing economies that rely on exports of labour-intensive goods or commodities as well as tourism-dependent economies have struggled to adjust to volatile and shifting demand. Tourism-dependent economies have suffered heavily from border closures and lost revenue. Employment losses and reductions in working hours have shrunk incomes. In the absence of adequate safety nets or large enough cash transfers in many developing countries, the income losses have compounded the financial stress for already economically vulnerable households and brought cascading effects for health and nutrition. Estimates suggest that the pandemic has pushed as many as 77 million children and adults into extreme poverty (Mahler et al. 2021).[1] Under the assumption that children continued to constitute 50 per cent of the extreme poor in 2020, as they did before the crisis (World Bank 2020), the number of adults living in extreme poverty had risen by 38.5 million since 2019.

1 The World Bank estimates that the number of people living in extreme poverty (on less than US$1.90 PPP (purchasing power parity) per day) went up by 77 million between 2019 and 2020. The impact of the COVID-19 crisis goes beyond that, though, because the number of people living in extreme poverty worldwide would be expected to have decreased by 20 million in the absence of the crisis.

▶ Box 1.1 Making sense of estimates of working poverty

The massive loss of working hours and incomes during the COVID-19 crisis has pushed many workers into poverty and thus may be expected to have increased the number of the working poor. The crisis has also caused many people to lose their employment, which is likely to have dampened the increase in working poverty numbers if such job losses have affected those who were already among the working poor before the crisis.

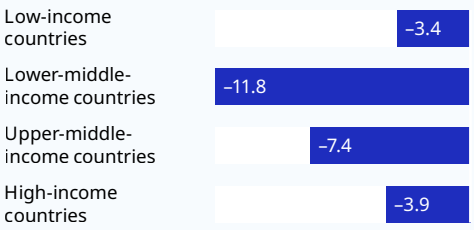
The previous edition of this report (ILO 2021a) estimated the first effect above to be much more important than the second, hence a large increase in working poverty in the year 2020. However, new evidence shows that employment losses have been particularly great among low-income households (APU 2021) and low-wage workers (ILO 2021b), with the consequence that the increase in the number of the working poor is significantly lower than previously estimated. This is not good news, because it means that most of the additional 38.5 million adults living in extreme poverty (on less than US$1.90 PPP per day) in 2020 had no income from work at all, as opposed to having some – even if reduced. The World Bank's downward revision of global extreme poverty by around 20 million people constitutes another source of the revision of working poverty with respect to the previous edition of this report.

Poverty has increased significantly among working people. The share of workers living in extreme poverty went up from 6.7 per cent in 2019 to 7.2 per cent in 2020, which equates to an increase of 8 million in the number of working poor. Yet, the poverty increase has been much more pronounced among those who were not working in 2020 – a result of the large losses in global employment being concentrated among low-income households (see box 1.1). New estimates suggest that, in 2020, an additional 30 million adults fell into extreme out-of-work poverty, comprising those who lost their job during the course of the crisis and those who did not have one to begin with. Low- and lower-middle-income countries are estimated to have experienced the largest rise in working poverty rates between 2019 and 2020, with increases of 1 and 0.9 percentage points, respectively, which represent a significant reversal of previous trends.

Prolonged lockdowns and travel bans, unthinkable before the pandemic, have disrupted supply chains, leading to negative consequences for direct and indirect employment linked to production networks. Estimates suggest that 97 million jobs connected to supply chains were highly adversely affected in April 2021 by the drop in global consumer demand for manufactured products. Overall, nearly one in three jobs in manufacturing supply chains globally are likely, as a result of the pandemic, to have undergone termination, a reduction in working hours or payment, or other worsened conditions (ILO 2021c). Some of the worst impacts were felt in garment supply chains, which employ large shares of women workers (ILO 2021c).

The impact has been particularly pronounced in lower-middle-income countries that have long leveraged participation in production chains as a source of employment and growth. Lower-middle-income countries saw the largest decline, 11.8 per cent, in manufacturing employment, compared with 7.4 per cent in upper-middle-income, 3.4 per cent in low-income and 3.9 per cent in high-income countries (figure 1.1).

▶ Figure 1.1 Growth in manufacturing employment, 2019–20, by country income group (percentages)



Source: ILOSTAT, ILO modelled estimates, November 2020.

In addition to the jobs that are directly tied to production in complex supplier networks, the "servicification of manufacturing" – or growing reliance of manufacturing on services as inputs, as activities within firms or as outputs accompanying goods (Nordwall 2016; Miroudot 2017; Miroudot and Cadestin 2017) – has also widened the cohort of people whose livelihoods will be affected by disruptions in production chains.

Labour supply disruptions have been widespread. With over 237 million confirmed COVID-19 cases worldwide as of October 2021 (WHO 2021) – a number that will continue to rise – illness has kept many from work. Others have stayed at home because physical workplaces have been closed owing to mandatory restrictions, for fear of contracting the virus or to take care of sick relatives. These factors have induced staff shortages in location-tethered work (Manpower Group 2021). Widespread school closures have caused a rise in unpaid care work at home, the burden of which has disproportionately and largely fallen on women. Geographically targeted or sector-specific restrictions have meant that some areas and sectors have experienced labour shortages (Renna and Coate 2021) while others have seen a surplus of labour (Frohm 2021), making it difficult for labour markets to recover swiftly even in countries with large fiscal stimulus packages.

The contraction in labour demand owing to factors other than direct workplace closures became more pronounced in the second year of the pandemic. Supply chain disruptions, shifts in market demand, and pandemic-induced changes in labour supply all created bottlenecks in manufacturing. The stark geographical differences in these supply disruptions prevented a balanced return to pre-pandemic levels of labour demand (Goodman and Chokshi 2021; UNCTAD 2021). In turn, services linked to manufacturing value chains – transport and insurance for instance – were also adversely affected. Travel restrictions and the rise of remote working have changed business travel, causing a further decline in demand for services (Bharathi and Dinesh 2021; UNCTAD 2021). At the same time, some countries have seen a rise in online retail, gig work and other forms of self-employment in services. Service output has yet to rebound to pre-pandemic levels (Romei 2020). These trends affect not only the workers who are directly employed in these sectors, but also those in connected sectors.

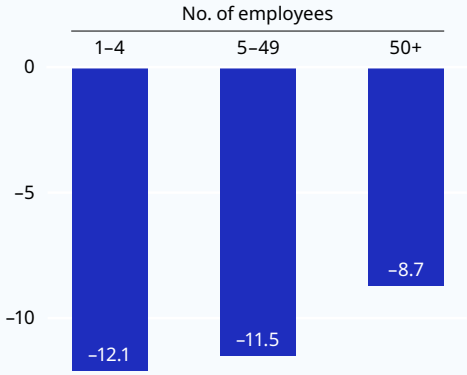
The pandemic has restructured labour markets as some sectors and their workers have experienced retrenchment while others have seen expansion. During 2021, patterns of recovery varied across sectors. Some sectors such as hospitality, tourism and physical retail continued to flag, whereas others such as information and communication, logistics and e-commerce underwent expansion. The uneven sectoral impact has fostered inequality. To the extent that employment in these sectors is tied to specific worker profiles – for example, high skilled or low skilled, predominantly male or predominantly female – changes in the fortunes of the sectors have also exacerbated inequalities between workers. The longer the pandemic and associated restrictions persist, the more entrenched and lasting the effects on labour markets and employment trajectories are likely to be.

Smaller businesses have seen greater declines in employment and working hours than have larger ones. Many businesses, big and small, suffered with the onset of the pandemic, but smaller businesses with fewer financial reserves were less equipped to deal with the shocks. Before the pandemic, micro, small and medium-sized enterprises (MSMEs) constituted over 90 per cent of enterprises in most countries (OECD 2021a) and were estimated to account for 60 to 70 per cent of global employment (ITC 2015, 2021). Many collapsed during 2021 as economic activity waxed and waned in response to resurgent virus waves and containment measures. This differential impact on smaller companies led to an apparent increase in labour productivity, since larger companies tend to have higher levels of output per hour worked than smaller ones. As low-productivity, smaller enterprises were pushed out of business by the pandemic, average output per worker increased (ILO 2021b).[2]

Studies corroborate the observation that smaller firms have experienced not only larger employment losses but also deeper declines in hours worked than have larger firms (ILO 2021b). The smaller the firm, the higher the percentage

2 A meaningful analysis of the impact of the COVID-19 crisis on productivity would need to study productivity at the firm level, or at least at a detailed sectoral level. Such studies are not feasible with the data currently available.

Figure 1.2 Change in hours worked by size of establishment, 2019–20
(percentages)



Source: ILO (2021b).

decline in working hours (figure 1.2). Moreover, many small businesses that have managed to survive are weighed down with debt that will affect future investment and productivity growth and may result in consolidation.

There has been an uptick in business creation in some developed and developing countries (O'Donnell, Newman and Fikri 2021). Among the factors contributing to this is the fall in regular waged work as some of those who have lost jobs, or had trouble finding work, decide to start their own businesses. In what is being dubbed the "Great Resignation" in developed countries, initial evidence also suggests that some people may be quitting their jobs to try their hand at other ventures (Thompson 2021; BLS 2021). The United States of America saw an increase between August 2020 and August 2021 in both the number of quits and the quit rate, that is, the number of quits during the entire month expressed as a share of total employment (BLS 2021). Although these trends suggest a surge in business creation rates, they may really reflect a further informalization of work in both developed and developing countries.

The vast majority of informal enterprises are small or micro; informal enterprises have fared worse in the pandemic than formal ones, partly because they have been unable to access formal lines of credit or COVID-19-related government support. The quality of the new emerging enterprises matters for their prospects of growth and their ability to bring about decent work. In general, it will take a while before enterprises that went out of business are replaced, if they ever are. Much depends on whether start-ups and micro and small businesses receive the support they need. In the meantime, this trend will continue to depress labour demand.

The result of labour supply and demand disruptions was that in 2021 labour markets continued to struggle, gaining modest ground but not returning to pre-pandemic levels. The number of employed individuals living in extreme or moderate poverty rose in 2020. This adverse trend chipped away at the hard-won development gains of the pre-pandemic years, setting back the progress made towards achievement of many of the Sustainable Development Goals. For instance, between 1999 and 2019 the number of people in extreme poverty fell by more than 1 billion, but now, for the first time in 20 years, global poverty has risen significantly: the COVID-19 pandemic pushed almost 80 million people back into poverty in 2020 (Mahler et al. 2021). Labour market disruptions and the loss of livelihoods have contributed to bringing about this worrying break in the trend of poverty reduction.

▶ Employment trends spotlight

Labour market recovery will remain weak through 2023. Employment losses and a drop in labour income characterized 2021 as they had the year before. Low- and lower-middle-income countries have fared the worst (table 1.1). Moreover, people who already faced a disadvantage in the labour market – such as women, youth, the elderly, and migrant workers – have experienced higher employment losses than have other groups.

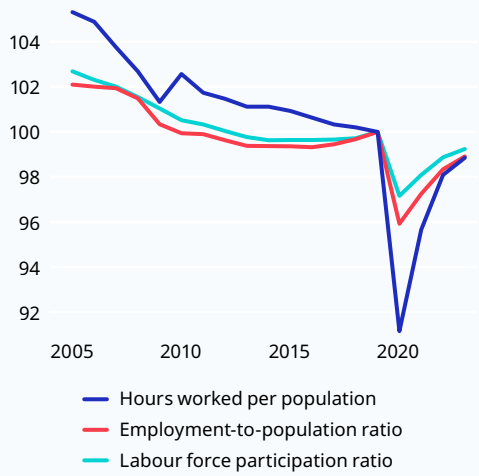
The varied impact of the crisis on labour markets is best understood by examining working hours. Data on losses in working hours put the spotlight on those who either became unemployed or left the labour force, and also on those who have continued to work, whether as employees or self-employed, but whose hours of work have gone down as a result of the pandemic. The reduction in working hours may have been remunerated by government or firm-based employment retention schemes, or it may not.

Adjusted for population growth, employment, hours worked and labour force participation remained below pre-pandemic levels in 2021 and are expected to remain so until at least 2023. In 2022, the ratio of hours worked to the population aged 15–64 is projected to remain 1.8 per cent below its 2019 level;[3] the corresponding projected ratios are 1.7 per cent below the 2019 level for employment and 1.1 per cent below the 2019 level for the labour force (figure 1.3).

Assuming a 48-hour work week, the decline in hours worked was equivalent to a deficit of about 125 million full-time jobs globally in 2021 relative to the fourth quarter of 2019. The employment deficit in 2021 was 92 million, and the decline in the labour force participation rate (LFPR) relative to 2019 levels corresponds to a labour force deficit of 67 million people (figure 1.4). Although the deficits are becoming smaller, they are projected to continue to be significant through 2023. Continuous population growth raises the headcount for key labour market indicators even though the corresponding ratios, such as the employment-to-population ratio (EPR), remain below their pre-crisis levels. For this reason, total global hours worked, employment and the labour force are projected to surpass their 2019 levels in 2022 (table 1.1).

Hours worked per person employed are projected to recover to around pre-crisis levels if economic activity picks up but employment and labour force growth lag behind. The large fall in hours per worker driven by temporary workplace closures constituted roughly half of the total fall

▶ **Figure 1.3 Index of weekly hours worked, employment and labour force as ratios of the global population aged 15–64** (2019 = 100)



Note: Owing to the limited data available, weekly hours worked, employment and labour force encompass people aged 15–64 and 65+, but the ratios are presented with respect to the population aged 15–64.

Source: ILOSTAT, ILO modelled estimates, November 2021.

3 Normalizing by population aged 15–64 allows the best comparison of labour market indicators over time, since this is the population most likely to be economically active. The labour force as a proportion of the total population tends to decline over time when the population is ageing, because of the rising proportion of retirees.

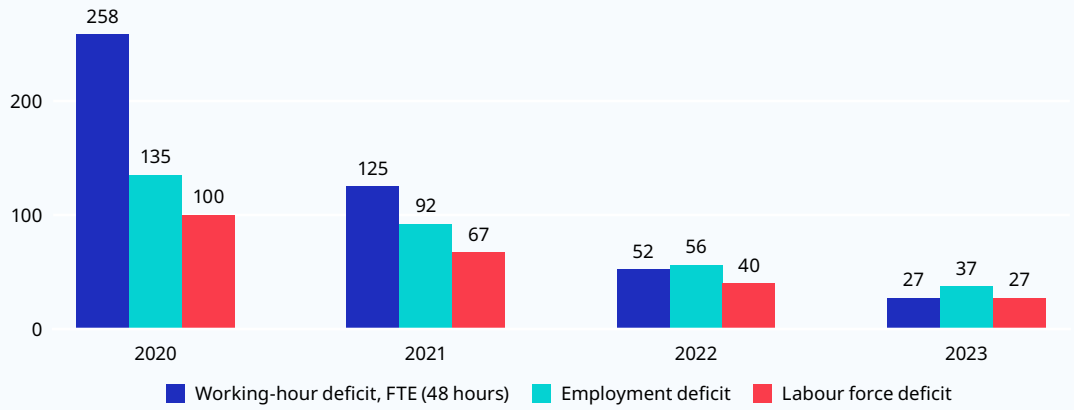
Table 1.1 Weekly hours worked, employment, unemployment and labour force (world and country income groups), 2019–23

Country group	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
World	**27.5**	**25.1**	**26.3**	**27.0**	**27.2**	**2883**	**2653**	**2810**	**2908**	**2958**
Low-income countries	23.5	21.9	22.3	22.9	23.2	174	167	175	186	195
Lower-middle-income countries	25.5	22.7	23.8	24.8	25.1	1125	1015	1081	1142	1175
Upper-middle-income countries	30.5	28.3	30.0	30.3	30.3	1127	1048	1113	1125	1128
High-income countries	27.8	25.7	26.8	27.7	28.0	457	423	441	455	460
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
World	**57.3**	**54.8**	**55.4**	**55.8**	**56.0**	**3287**	**3183**	**3257**	**3325**	**3375**
Low-income countries	64.0	61.7	61.9	62.2	62.6	240	239	248	257	267
Lower-middle-income countries	52.0	49.0	49.9	50.6	50.9	1198	1149	1189	1228	1255
Upper-middle-income countries	61.6	59.3	59.7	59.9	59.9	1262	1223	1240	1252	1261
High-income countries	58.1	56.3	56.9	57.4	57.5	587	572	581	588	592
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
World	**5.4**	**6.6**	**6.2**	**5.9**	**5.7**	**186**	**224**	**214**	**207**	**203**
Low-income countries	4.9	5.6	5.9	6.0	5.7	12	14	15	16	16
Lower-middle-income countries	5.1	6.6	5.9	5.6	5.4	64	81	74	72	72
Upper-middle-income countries	6.0	6.7	6.7	6.6	6.3	80	88	90	88	85
High-income countries	4.8	6.5	5.6	4.9	4.7	29	40	35	31	29
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
World	**60.5**	**58.6**	**59.0**	**59.3**	**59.4**	**3473**	**3407**	**3471**	**3532**	**3578**
Low-income countries	67.3	65.4	65.7	66.2	66.4	253	253	263	273	283
Lower-middle-income countries	54.8	52.5	53.0	53.6	53.8	1262	1230	1263	1300	1327
Upper-middle-income countries	65.5	63.6	64.0	64.1	64.0	1342	1312	1330	1340	1346
High-income countries	61.0	60.2	60.3	60.3	60.4	617	611	616	618	622

Note: The employment-to-population ratio and the labour force participation rate are with respect to the population aged 15 and older.

Source: ILOSTAT, ILO modelled estimates, November 2021.

Figure 1.4 Deficit in full-time equivalent of hours worked, employment and the labour force with respect to 2019 (millions)



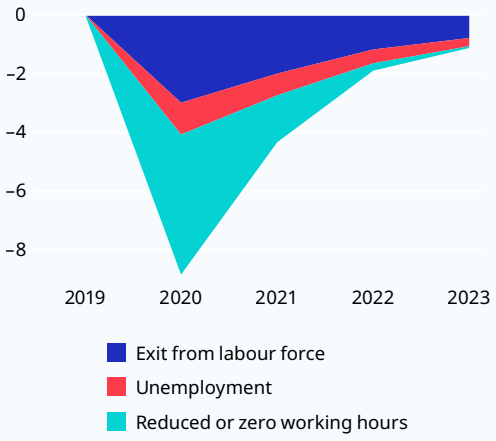
Note: The deficit represents the additional FTE of hours worked (at 48 hours per week), employment or labour force that would exist if the respective ratios to the population aged 15–64 were at the levels of the fourth quarter of 2019 (hours worked) or of the year 2019 (employment and the labour force).

Source: Authors' calculations based on ILOSTAT, ILO modelled estimates, November 2021.

in working hours in 2020, the other half coming from employment losses. The employment deficit, in turn, was driven to a large extent by exits from the labour force, as opposed to an increase in unemployment (figure 1.5). The exodus from the labour force is projected to become the main contributor to the lasting impact of the crisis, whereas weekly hours worked per worker are projected to recover to a large degree by 2023.

The global LFPR, having fallen by almost 2 percentage points between 2019 and 2020, is projected to recover only partially, to 59.4 per cent by 2023, more than 1 percentage point below its 2019 level of 60.5 per cent. With employment recovery projected to be even slower than labour force recovery, the global unemployment rate is projected to remain above its 2019 level until at least 2023 (table 1.1). The total number of the unemployed is projected to decline in both 2022 and 2023. Despite this progress, global unemployment is projected to remain stubbornly higher than its 2019 level of 186 million, at 203 million in 2023. Furthermore, unemployment recovery is expected to be concentrated in high-income countries, which will account for half of the global decline in unemployment between 2021 and 2023 but contain only 18 per cent of the global labour force. Since only people participating in the labour force can

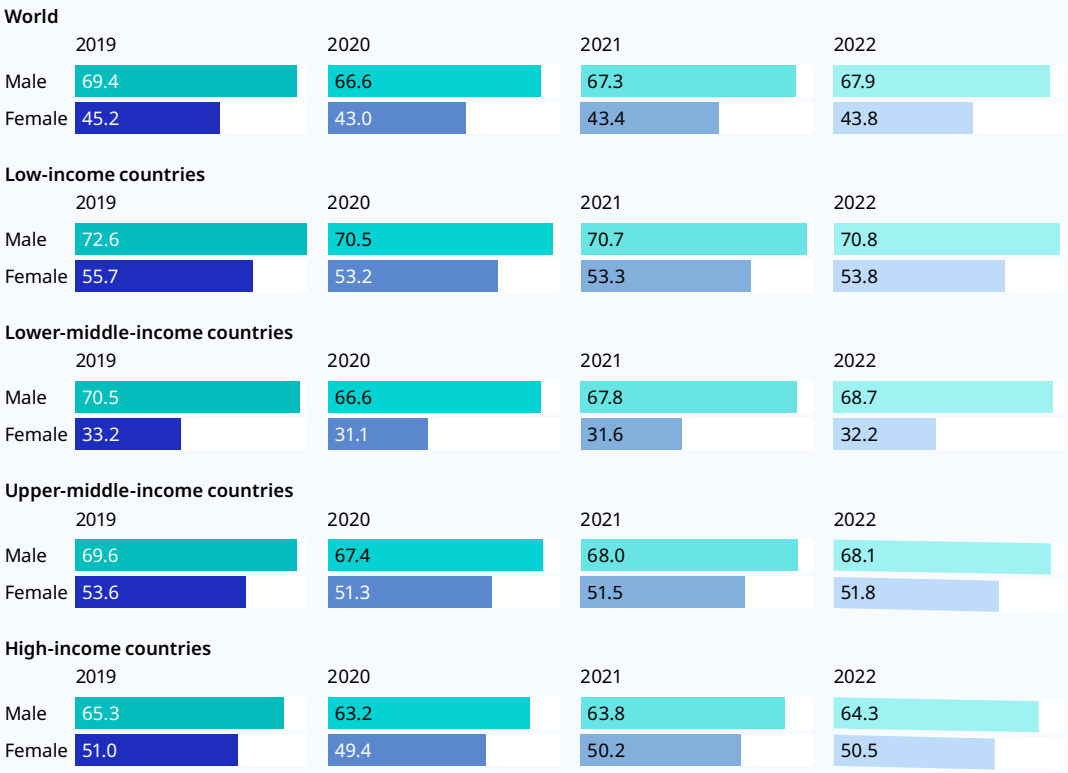
Figure 1.5 Decomposition of change with respect to 2019 in weekly hours worked (adjusted for population) into changes in the labour force, unemployment and hours worked per employed person (world) (percentages)



Note: The sum of the contribution of the change in the labour force and unemployment equals the contribution of the change in employment.

Source: Authors' calculations based on ILOSTAT, ILO modelled estimates, November 2021.

Figure 1.6 Employment-to-population ratio, 2019–22, by sex, world and country income groups (percentages)



Source: ILOSTAT, ILO modelled estimates, November 2021.

become unemployed, the uncertainty around the projections of unemployment is compounded by the unclear recovery of the labour force.

Since the very beginning of the pandemic, lower-middle-income countries have fared the worst. They have seen the largest drop in the ratio of total weekly hours worked to the population aged 15–64, in the employment rate and in the LFPR. They are also seeing the slowest recovery. Poverty estimates suggest that eight out of ten new poor in 2020 were in middle-income countries (World Bank 2020).

The pandemic has had a disproportionately negative impact on women's employment and on youth employment.[4] Although the percentage point gap in the EPR in 2020, relative to 2019, is somewhat comparable between women and men, women had a much lower employment rate to begin with. Consequently, the relative drop in women's EPR has been larger than that of men, and it is projected to remain so in the coming years (figure 1.6). However, women in high-income countries experienced roughly the same relative employment losses as men in 2020 and regained employment faster than men in 2021. Young people (aged 15–24) have fared much worse than those older than 25 during this crisis (ILO 2021b, 2021d). The forthcoming ILO report *Global Employment Trends for Youth 2022* will cover in detail the labour market situation and prospects of young people.

4 ILO (2021g) presents the heterogeneous impact of the crisis across multiple dimensions of demographics and also its impact across labour market characteristics.

The sluggish and uneven recovery in working hours in 2021 prevented a broad-based recovery of lost labour income. Since most workers in the world have had inadequate, if any, income replacement (ILO 2021e), demand will remain depressed as families run down their savings. The effect has been particularly pronounced in developing countries where the proportion of economically vulnerable populations is larger and the size of stimulus packages was smaller.

The uneven economic impact of the pandemic across sectors, along with pent-up demand and supply chain bottlenecks, has fuelled inflation and price hikes in certain sectors. The consensus is that these price fluctuations are largely expected to stabilize, though they foster uncertainty that is not conducive to a rekindling of spending (BLS 2021). Although some countries and sectors have witnessed catch-up consumption, the sporadic nature of reopening and uncertainty have continued to impede spending. Rises in food and energy prices, made worse by climate change, are exerting further downward pressure on household budgets, consumption and production and therefore on the demand for workers (World Bank 2021).

Large fiscal stimulus packages in advanced economies will help boost labour demand as governments seek not only to stimulate spending in the short term, but to "build back better" and cultivate resilience in the long run. The pandemic has cast a harsh spotlight on the lack of institutional preparedness in countries – both developed and developing – to deal with a crisis such as COVID-19. This should prompt structural change to make businesses and workers more resilient. But heightened awareness that such crises can happen and that they can be devastating will not by itself fill the gaps in institutional preparedness to face future crises of this magnitude.

▶ The pandemic reset

The damaging impact of the pandemic on jobs and livelihoods, if not quickly reversed, will run the risk of inducing long-term structural change with enduring adverse implications for labour markets. Uneven impacts of containment measures and the decent work deficits that they have contributed to are threatening the prospects for sustainable and inclusive economic growth. Temporary shifts in inflation rates and prices, or changes in the cost of capital relative to the price of labour, pose more risk of generating structural problems the longer they persist. Moreover, the pandemic is exacerbating inequality. It has had a disproportionately adverse impact on women, youth, migrants and the elderly. By accelerating technological change, the pandemic has revealed a deepening digital divide. Intense and prolonged supply chain shocks are creating uncertainty in the business climate and raise the spectre of a reconfiguration of the geography of production in ways that will have serious implications for employment.

Macroeconomic shifts

For the moment, most analysts agree that inflation rate fluctuations are a result of uneven patterns of opening up, pent-up demand, and supply chain bottlenecks. As economies settle, these drastic price swings are likely to stabilize (BLS 2021; World Bank 2021). However, should there be a resurgence in the pandemic, or other crises related to climate change for instance, the inflationary impact could become more structural in nature. The COVID-19 pandemic has highlighted the extent to which crises can generate volatility that extends beyond capital markets to affect labour markets with devastating consequences, especially for the most vulnerable. Thus far, the massive amount of investment required to revive depressed economies, together with a continuing shortage of workers in certain essential services, seems to have restored the bargaining power of low-income households in some countries. In the United States, for example, wages for low-income workers have increased at their fastest rate since before the 2008 financial crisis (Federal Reserve of Atlanta 2021). However, if inflation should

become more endemic, there would be some risk that premature austerity measures would be implemented and hence the risk of a prolonged jobs crisis.

In some developed countries, the monetary response to the pandemic has fuelled asset prices, favouring capital owners and rent-seeking over productive investment and employment creation. It is a well-acknowledged fact that labour's share of national income has been dropping and that of capital increasing for the better part of three decades (IMF 2017; ILO 2020a; Dao et al. 2017; Guerriero 2019). The lack of a strong macro-prudential framework and faltering support for the real economy with stronger public investment have meant that in many advanced economies unconventional monetary policy has proved to be a boon for shareholders and house owners, pushing global stock markets to unseen heights, worsening wealth inequality and contributing to further market concentration (Colciago, Samarina and de Haan 2019; Dossche, Slačálek and Wolswijk 2021). Not only does this endanger socio-political stability, but it also risks destabilizing economic growth by constricting wage-based household consumption (Onaran and Galanis 2013; Ernst and Saliba 2018).

Longer-term demographic trends tend to reduce labour supply. Alongside other developed countries, some East Asian countries have experienced rapid ageing of their populations, which will reduce the labour supply for many years to come. In some sectors – such as those relating to technology – rapid expansion since the onset of the pandemic has generated the need for more workers. As these developments unfold, a rapid rise in demand for labour could lead to higher wages in those sectors; such increases in wages could become more widespread if international migration resumes.

On the other hand, the pandemic has revealed signs of accelerating technology adoption (Dewan and Ernst 2020), which can be labour saving. At the same time, many sectors across the globe, such as construction, retail and hospitality, have shed jobs, at least temporarily. This is driving a flow of workers into other sectors. The sectors that are seeing a growing need for workers are ones that tend to demand higher skills, such as in tech-related industries. These trends are contributing to a further polarization of wages and working conditions. The effects of this pattern are even more deleterious in developing countries, many of which already struggle to provide enough jobs for their large and growing populations. The importation of technology before labour markets are ready to adjust to the ensuing changes can often lead to job losses and other kinds of labour dislocation (Carbonero, Ernst and Weber 2020).

Going forward, macro-policymakers face some difficult choices. On the one hand, runaway inflation may require policy to be tightened more quickly than it has been so far. At the same time, the recovery is asymmetric, and tightening would hit low-income households disproportionately. In addition, monetary policymakers are constrained by the high level of (public) debt: raising interest rates prematurely or too fast is likely to force fiscal policymakers to scale down their support measures, thereby magnifying any tightening of monetary policy. What is most likely is that major central banks will scale down their asset purchases without raising rates at the expense of continuing stimulus of the private (banking) sector. Fiscal policymakers are likely to become more parsimonious with their support as well, targeting it more selectively. Rate rises are nevertheless already happening, with consequences for exchange rates and capital flows, putting further pressure on the recovery, especially in low- and lower-middle-income countries, where the stagflation pattern is felt more strongly.

Deepening inequality

Accelerated technological change is exacerbating the digital divide

Even before the pandemic, technological advances were shaping media, retail, health, social interactions, financial transactions and politics. They were prompting labour substitution and creating new jobs, but also breaking up existing work into smaller gigs and fundamentally restructuring labour markets (Dewan 2018; ILO 2020b). In certain sectors technology adoption saves labour – for instance when robots are deployed in manufacturing or when technology raises productivity so that fewer workers are required. In other sectors, such as the gig economy, rising numbers of people are relying on platforms to generate income. In the midst of such changes, people who lack access to

technology, or the skills needed to engage with it, or who are victim to biases embedded in certain algorithms are already facing a significant disadvantage (ILO 2021f). The pandemic is now accelerating these changes and deepening the digital divide within and between countries.

Those who have access to the technology and are able to work from home have fared better in the COVID-19 crisis than those in location-tethered professions. The former also tend to be in higher-skilled professions and/or in larger, formal enterprises – a trend that widens the gap along these vectors.

As education and training institutions closed and shifted to online learning, only those with access to the technology and the skills to use it – whether teachers, trainers or students – were able to engage effectively. For some students unable to effectively access online learning, what they have lost will have important implications for their ability to make the transition from education to work. Economically vulnerable populations in developing countries, where the digital divide is more acute, have been particularly affected.

The pandemic has provided the impetus while technology has provided the means for consumption to become more distributed, impulsive and customized. The confluence of these trends has opened the way for e-commerce and growing platformization. They are enabling economic activity to continue, even through lockdowns, and at the same time are restructuring work. In retail, for example, the role of labour has morphed from engaging with consumers throughout the entire process to being merely the deliverer of goods.

Now acutely aware of the potential supply chain shocks that global crises can induce, more firms may choose to automate production to hedge against future disruptions. This also presents the possibility of nearshoring or reshoring production, or reorganizing supply chains, with significant labour market implications for trade-dependent emerging and developing economies. These shifts could include a higher degree of automation when those activities shift to countries with a different trade-off in the costs of labour and capital.

Finally, the unprecedented pace and scale of technological change, adoption and usage and the data generated are fuelling a concentration of power in technology companies. The soaring profits of these corporations are but one indicator. The loosening of the shared understanding of what it means to be a "worker" or "employer" is another. The untethering of social protection from employment (Dewan and Mukhopadhyay 2018), and the challenges of organizing workers who are self-employed and do not share the same work location (such as a factory floor) stand to further exacerbate such asymmetry.

The pandemic is fostering gender inequities

When it comes to the global labour market impacts of the pandemic, women, especially young women, have been among the worst affected, and their recovery has also been among the slowest. Even in non-crisis times, decent work deficits are more pronounced among women. They tend to receive lower remuneration for the same work and frequently endure poorer working conditions than their male counterparts (WEF 2019; ILO 2021a). They are also more susceptible to layoffs and face more barriers to re-entering the labour market than men do. Analysis by UN Women and the UN Development Programme (UNDP) suggested that by 2021 approximately 435 million women and girls around the world would be living on less than US$1.90 per day – and that 47 million would fall back into poverty as a result of pandemic-related shocks (UN Women 2020).

Women constitute a large share of the workforce in some of the sectors worst affected by the COVID-19 crisis. For instance, women constitute over 70 per cent of the workers in health and care institutions worldwide (ILO 2020c). A large share of women in developing economies rely on employment directly or indirectly linked to supply chains. Supply chain disruptions have had a significant negative impact on women's employment. Moreover, when lockdowns kept men home from work, and children home from school, they added to household care burdens, of which women bore a disproportionate share (ILO 2020a).

Given that women are more likely than men to spend resources on supporting their families and communities, an adverse impact on women's employment has a cascading impact on the welfare of households, communities and economies (World Bank 2012).

Learning loss that affects the long-term trajectories of students

The closure of schools, colleges and skills-training institutions for prolonged periods in many countries has weakened learning outcomes to an extent that will have cascading long-term implications for employment. Almost all respondents in an ILO and World Bank survey of technical and vocational education and training (TVET) stakeholders in 126 countries reported complete closure of TVET centres in their countries. Similarly, 98 per cent of respondents reported a disruption of work-based learning owing to the closure of enterprises, and 78 per cent reported postponement, and in some cases cancellation, of exams and assessments. As the pandemic persisted, it became clear that August 2020 estimates (UNICEF 2020) of 69 per cent of all children potentially being reached through online and broadcast media were overly optimistic. Those children who could access online learning had an advantage over those who could not, which has exacerbated inequalities between the haves and have-nots and created further obstacles to inclusive development. The loss of foundational abilities in literacy and numeracy, and in other subjects, will have a direct impact on all future learning of the students in question and thus on their preparedness for life and work.

Flexibility 2.0: Changes in informality and patterns of work

Every economic crisis since the 1990s has underscored the importance of building resilience through investments in social protection, while also raising questions about how to strike a balance between labour market flexibility and labour protections. Yet, over the last three decades, major transformations arising from technology, climate change and the pandemic have restructured labour markets and given rise to new trends in work that are recasting notions of flexibility.

Shifts in informality

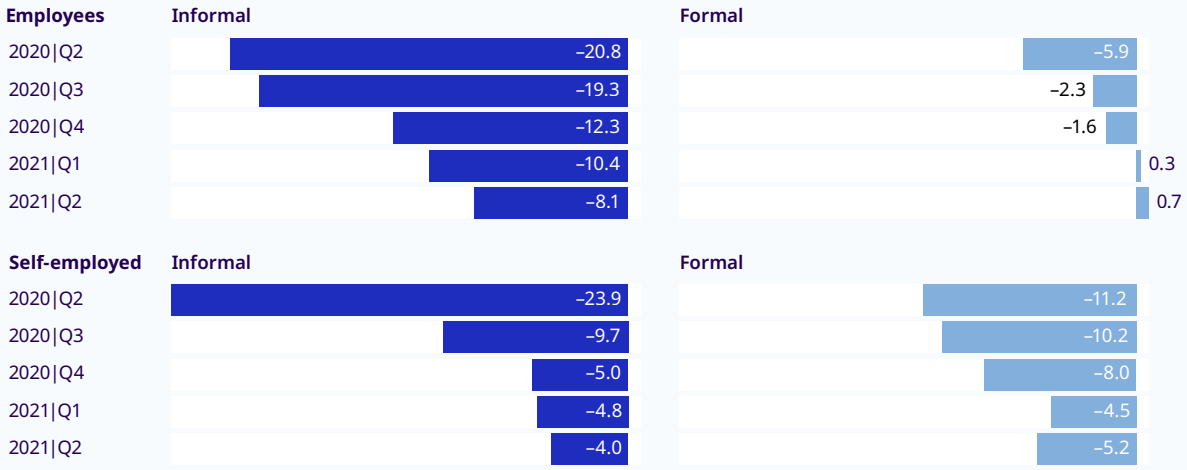
In developing countries with a large informal economy, the efficacy of labour market regulations is limited. With a majority of workers in the informal economy, employment and wage flexibility are high, at the cost of a loss of productive potential. The informal economy comprises informal, or unregistered, enterprises that may choose to remain outside the formal economy because they do not have the capacity, know-how or will to deal with social contributions, compliances, or licensing requirements. This is why informal enterprises tend to be micro or small businesses. Not only have these businesses had fewer capital reserves to withstand the economic shocks brought on by the pandemic, but, by virtue of their informality, they have also been unable to avail themselves of government support.

Informal employment also includes individuals who are working in the formal sector but are not covered by social protection and are beyond the purview of most labour protections. Two billion people, or 60 per cent of the globally employed, were in informal employment in 2019. Informal employment is characterized by low productivity and low wages (ILO 2021a; Dewan and Peek 2007).

In the initial stages of the pandemic, informal employees were three times more likely than formal employees to lose their jobs. As the pandemic has gone on, formal wage workers have managed to return to employment, while informal waged employment has remained stubbornly below its pre-crisis level in a sample of ten middle-income countries (figure 1.7). This suggests that formal enterprises have managed to weather the crisis better than informal ones. The informally self-employed, who experienced the largest employment drop in the second quarter of 2020 (2020 Q2), have recovered relatively fast: there was a significant narrowing of their jobs deficit by 2021 Q2. This suggests that some workers who have lost their job are entering informal work arrangements in order to stay afloat financially. This dynamic may be reducing joblessness but does raise concerns about the quality of employment creation during the recovery (see Chapter 2).

A large share of the informally employed are also own-account workers who operate their own economic enterprises, or engage independently in a profession or trade, but hire no employees. Contributing family workers participate in such family-owned activities without any contract or pay, and so they are informal by definition. The faltering of the labour market has pushed a lot of workers into contributing to family enterprises. The incidence of own-account and contributing family work increased in 2020, counteracting a long-term trend of decline (figure 1.8).

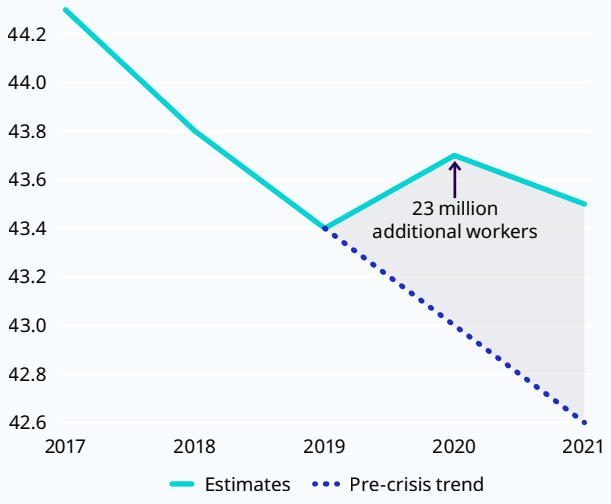
Figure 1.7 Change in employment by formality and status, relative to the same quarter in 2019, 2020 Q2 to 2021 Q2 (percentages)



Note: The figure shows the median employment relative to the same quarter of 2019 for a sample of ten countries with available data for all time periods.

Source: Authors' calculations based on ILOSTAT.

Figure 1.8 Share of own-account and contributing family work in total employment (world), 2017–21 (percentages)



Note: The estimated number of additional workers is based on the difference between the estimated share in 2020 and the pre-crisis trend, multiplied by total employment in 2020.

Source: ILOSTAT, ILO modelled estimates, November 2021; authors' calculations.

Evidence suggests that the pandemic is fuelling a rise in gig work that is expanding the pool of self-employed contractors. In many developing countries, self-employment already accounts for close to 50 per cent of employment. Continuing expansion of gig work could raise this share, not least in reaction to the crisis as workers who have lost their jobs enter gig work – a sector with lower barriers to entry. In developed countries, workers often do gig work to earn supplementary income whereas in developing and emerging economies gig work is the main source of income. Different kinds of gig work offer varying degrees of autonomy and flexibility (Bester, van der Linden and Dewan 2020). This form of work also breaks traditional work into smaller tasks and spreads it across more people. In developing economies, gig workers often subscribe to multiple platforms to try to access enough gigs and so piece together an income. The uncertainty of whether one will get enough gigs, among other factors, makes this form of work insecure (ILO 2021f).

Temporary work

Temporary employment as a proportion of total employment has been increasing over time, though not uniformly across sectors and countries, but the incidence of temporary work has remained relatively stable throughout the pandemic. Temporary work is by nature more flexible, allowing employers to hire and fire more easily and to respond to volatility in demand in the wake of a crisis. The consequence is that many temporary workers lost their job at the beginning of the pandemic but that economies have since seen a rise in new temporary jobs (see Chapter 3). The net effect of these two trends is that the incidence of temporary work has remained stable throughout the pandemic. More importantly, over a quarter of those in temporary work in the early part of 2021 had previously been in non-temporary jobs, which highlights the underlying economic uncertainty and the employment insecurity it has brought. This finding also provides evidence for the hypothesis that the pandemic is prompting structural change in labour markets.

The shifting patterns of work – through changes in informality, self-employment and temporary work – have implications both for the efficacy of labour protections and for workers' access to social dialogue and even to basic social security. The more that welfare is delinked from employment, the greater the need for government provision of social protection financed through, among other mechanisms, tax systems that hold all actors accountable.

The rise of remote work

Against a backdrop of the pandemic-induced waxing and waning of different sectors, the crisis is changing not only the kind of work that exists but also where and how work is performed. Remote work offers greater flexibility but also threatens to exacerbate inequalities of various kinds. In businesses where remote work is possible, a larger pool of work and employees is available, since physical proximity is no longer a constraint. The flexibility of remote work offers the opportunity to better balance domestic responsibilities with income generation, which has important ramifications when women carry a disproportionate burden of household work. Yet, the pandemic has also expanded the already heavy load of domestic responsibilities that fall to women, intensifying their time poverty. Workers with access to technology and higher skills, who tend to work in larger businesses, will have options to participate in remote work while those who do not will not be able to do so. This is widening the chasm between the haves and have-nots.

The changing geography of work

The pandemic has cast a spotlight on the risks associated with fragmented supply chains spread over multiple countries. Employers who are considering how to hedge their risks may consider moving from "just-in-time" to "just-in-case" production, diversifying their base of potential suppliers. But another impact of the pandemic is that it is providing renewed impetus for nearshoring or reshoring. "Nearshoring" is when companies offshore production to locations closer to the final customer in order to better accommodate contingencies ensuing from unexpected shocks. "Reshoring" means a shift back to domestic production, especially in manufacturing.

Where countries once traded in primary commodities, or simple finished goods, that were produced close to where they would be consumed, the coming of cheaper technology and transportation enabled fragmented global supply chains in which multinational firms from developed countries outsourced certain production functions to developing and emerging economies (Dewan and Suedekum 2017). This form of offshoring has been an important source of employment and growth for many countries where it has capitalized on the availability of surplus, low-cost labour. However, fragmented production chains and complex supplier networks have also had negative implications for decent working conditions, something that the ILO, governments and social partners have been working hard to rectify.

In recent years, increasingly affordable technology has been enabling a reshoring of work; a trend the pandemic is likely to accelerate, though to what extent remains uncertain. Reshoring deals a double blow to the quantity of employment. It reverses the offshoring of production that has been a significant driver of job creation and growth in many developing and emerging economies. But, because this strategy

is technology enabled and capital intensive, new job creation in the home country is also likely to be limited. Reshoring offers the prospect of a world in which there is a consolidation of supply chains, production is less fragmented and supply chains generate less employment than previously. The extent of reshoring is unclear because firms may still want to locate production close to new consumers in emerging markets.

Offshoring, reshoring and nearshoring all underscore the fact that technology encourages footloose industries, that is, industries that can relocate more easily to maintain their costs of production and their bottom line. Such geographic shuffling of economic activity not only weighs on where and what kinds of employment are created and lost, but also limits the bargaining power of workers (Dewan 2018).

▶ What governments are doing

The post-pandemic policy context: From emergency assistance to "building back better"

In 2020, immediate policy responses to the COVID-19 pandemic reflected the urgency of the crisis and the consensus among national governments and multilateral institutions that a swift expansion of social protection was necessary to curb the most calamitous impacts of the pandemic. Around the world, nearly all countries sought to provide households with relief through unemployment insurance, expanding the pool of workers eligible for unemployment benefits, increasing the level of benefits, enhancing the speed of delivery of assistance and/or even launching new cash transfer programmes (ILO 2020d). In addition, many countries gave direct assistance to businesses to keep workers on payrolls and mitigate the loss of small businesses.

As the global public health crisis has persisted, the initial policy response aiming to provide emergency assistance has evolved into a more profound paradigm shift in global economic policymaking. Among most of the world's major economies and multilateral institutions, a consensus has emerged around the concept of "building back better", that is, rebuilding the economy in ways that address systemic and structural inequalities and other long-term social and economic challenges, such as climate change, that pre-dated COVID-19 (UNCTAD 2021). Initially used in the context of the pandemic by the new Biden administration in the United States, this phrase has become a global shorthand for treating pandemic recovery measures as an opportunity to address long-term challenges that the pandemic continued to intensify throughout 2021.

The ILO Centenary Declaration for the Future of Work provides a blueprint for a human-centred agenda to overcome the crisis, address existing challenges and lead to a better future. The Global Call to Action (ILO 2021g) represents a commitment by governments, employers and workers to accelerate the implementation of the human-centred agenda outlined in the Centenary Declaration. Its successful implementation will rely on four pillars: (a) inclusive economic growth and employment; (b) protection of all workers; (c) universal social protection; and (d) social dialogue.

This renewed emphasis on tackling inequality while addressing global existential threats through substantial public investment stands in contrast to the policy response to the global financial crisis of 2008. On that occasion, stimulus measures in most economies were quickly drawn down; in 2021, there was greater interest, particularly among the wealthiest economies, in maintaining robust government spending alongside accommodative monetary policy.

As governments and multilateral institutions seek to utilize the post-pandemic recovery to tackle structural and long-term concerns, a few priority areas of policy are emerging. First, governments around the world are seeking to encourage job and income growth for low- to moderate-income segments of their population. The pandemic has exposed and exacerbated deep inequalities in nearly every society around the globe,

inspiring greater focus on tackling labour market inequality. In the initial stages of the pandemic, governments emphasized the rapid expansion of social protection systems, especially unemployment insurance (ILO 2020d). As the pandemic has continued and economies have reopened, countries are now seeking ways to facilitate workers' return to the labour market and at the same time to enhance job quality. Given that the pandemic is not over, the challenges in this endeavour are significant. Many workers are seeking to change careers, having been scarred by the difficulties of working in essential sectors during a global public health crisis, and others continue to face barriers to returning to work, such as increased care responsibilities and the unavailability of childcare. To address these issues, developing and developed countries are turning to a range of employment policies, including active labour market policies (ALMPs) such as investments in training, public employment programmes, employment subsidies, start-up incentives and labour market services (ILO 2020b).

In order to curb inequality and shore up the resources necessary to fund public investment, there is growing momentum towards global coordination on corporate taxation. This constitutes one of two cornerstones of a global "build back better" agenda. In July 2021, 131 member jurisdictions of the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting, which together account for over 90 per cent of global GDP, joined an agreement to coordinate on taxation policy on the basis of two pillars: first, a fairer distribution of profits and taxing rights as they relate to the largest multinational enterprises; and, second, a global minimum corporate tax rate (OECD 2021b). This agreement is a major step forward in multilateral coordination on taxation, which has become especially complex because of the trend towards digitalization that has only been accelerated by the pandemic. A third element in the emerging "build back better" agenda is to accelerate investment in a green economy, which policymakers increasingly agree is necessary to curb the global rise in temperatures while also creating scope for new and better forms of employment.

Despite the consensus among governments around the world that the post-pandemic recovery must be structured in ways that address long-standing problems of inequality and poor-quality jobs, among other major challenges such as inaction on climate change, there are major obstacles to ensuring that low- and lower-middle-income countries are not left behind in this process. High-income countries have the resources and capacity for debt financing to enable them to make large public investments to reduce inequality. However, the pandemic has made it even more challenging for low- and lower-middle-income countries to finance these sorts of programmes; most have experienced net negative capital outflow owing to the uncertainties created by the crisis. Thus, high-income countries have been able to sustain pandemic-related stimulus measures, such as enhanced unemployment benefits, for much longer than low- or lower-middle-income countries. Moreover, analyses have shown that about 60 per cent of the additional revenue from proposed changes to global taxation policy would accrue to G7 countries (UNCTAD 2021). The vaccine roll-out, crucial to rejuvenating economic activity, is another example of how disparities have widened between lower- and higher-income countries. Without sustained, robust multilateral initiatives, and international commitments to financing important interventions in the service of high-quality job creation and a low-carbon future in low- and lower-middle-income countries, chances are high that "building back better" will be a privilege afforded to only the world's wealthiest countries (ILO 2021h).

Fiscal space is limited in many countries, even more so following stimulus measures. But fiscal space depends on the ability to borrow internationally, which could also come under pressure should central banks in advanced economies decide to act aggressively against inflationary threats.

COVID-19 has forced countries on a journey that many did not anticipate or prepare for. Countries will need to become more resilient by ensuring they have sufficient capacity in the provision of public goods to cope with an increasingly uncertain and fragile global economy (Ernst 2021). To build up resilience, governments, employers and workers need to follow through on the Global Call to Action to prepare for the future of work.

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2 Employment and social trends by region

Overview

This chapter provides an analysis of the impacts of the COVID-19 crisis since its onset, and of the divergent courses of recovery initiated across the world's regions in 2021, as determined by the incidence of new waves of the virus, vaccine roll-out, renewed containment measures, fiscal policies and other macroeconomic factors. It presents updated data on key labour market indicators alongside an assessment of economic and social trends for each region. The chapter's five sections correspond to broadly defined regions of the world:[1] Africa, the Americas, the Arab States, Asia and the Pacific, and Europe and Central Asia. Within each section, the analysis goes down to the level of subregions, comprising countries that are geographically close to one another and in many cases economically close as well. The analysis for each region is self-contained and can be read independently of other sections. Each section contains a table presenting the same set of labour market indicators and projections for the years 2019–23, to illustrate the developments since the onset of the pandemic and convey the uneven recovery taking place across the regions.

1 The countries and territories belonging to each region are listed in Appendix A.

Before the pandemic, the world was already characterized by growing inequalities as reflected in the declining share of global income earned by workers, disparities in workers' earnings, stagnation in real wages, and heightened income insecurity (ILO 2021a, 2021b). The *World Employment and Social Outlook: Trends 2021* report (ILO 2021a) highlighted the ways the crisis has further exposed and exacerbated structural challenges and decent work deficits across and within regions and countries. The present report builds on the previous one, taking up in thematic subsections the structural issues the pandemic has made more urgent. The analysis focuses on the challenges of realigning growth and the creation of decent work in Africa, initiating structural change and private sector development in the Arab States, curbing growing capital–labour imbalances in North America, intensifying formalization in Latin America and the Caribbean, improving working conditions and productivity in the rapidly growing services subsectors in Asia and the Pacific and facilitating labour market entry and labour force participation in Europe and Central Asia. Each thematic focus should not be interpreted as pertaining to only the one region or subregion, since most of the issues are pertinent to many regions.

Towards the end of 2021, the picture emerging was of widening gaps in recovery and outlook across the world's regions. Access to vaccines was a critical fault line. Whereas some countries and regions (primarily, advanced economies) were already in the recovery stage, others faced a protracted crisis, with resurgent COVID-19 cases and deaths (UNCTAD 2021; IMF 2021a). New waves and variants of the virus are causing much concern, and death rates remain high in much of Latin America. Unequal access to vaccines has exacerbated differences in regions' and countries' abilities to respond to the pandemic – differences relating to health and social infrastructure, institutional capacity, fiscal space, and economic and labour market structures, among other factors. As described in Chapter 1, uncertainty remains high everywhere. The global outlook depends on various factors, including expectations of inflation in developed economies and hence faster rises of interest rates and a tightening of financing conditions for emerging and developing economies. Equitable access to vaccines is crucial to ensuring a human-centred recovery across the world's regions (ILO 2021a, 2021b).

Another key factor underlying the divergence in recovery paths is policy support. The continuation of large-scale measures and the commitment of financial resources vary across countrises. Whereas recovery in advanced economies has been initiated and supported by monetary policy and sizeable fiscal packages, fiscal space is far more limited in developing countries, where governments could face increased pressures to keep their deficits in check and cut public services, with major implications for inequality (UNCTAD 2021). A substantial "stimulus gap" has emerged between low- and lower-middle-income countries, on the one hand, and high-income countries on the other (ILO 2020a).[2] The gap remains wide, since only a limited share of the various financial packages announced by international financial institutions and development partners to help low-income countries address the socio-economic fallout of the crisis has so far been effectively approved and allocated in the areas of health and social protection (ILO 2021b).

Long-standing fault lines, in the form of decent work deficits across the world, cast a shadow over the prospects of a sustainable recovery in many regions. Throughout the next stages of the crisis, and over the recovery period, macroeconomic policies must shift from a short-term (stabilization) role to also target long-term objectives. Fiscal policies must not only aim to protect jobs, wages and incomes (relief), and restore pre-pandemic employment levels (stimulus), but also address structural challenges and root causes of decent work deficits across the world. Depending on the constraints and priorities in each country, this will involve a mix of fiscal policies targeting large-scale generation of opportunities for decent work, together with industrial policies, skills development and ALMPs and sustained investment in social protection. This has become even more critical because the pandemic's interaction with technology and other "megatrends" threatens to further widen inequalities across and within economies (see Chapter 1). The strengthening of social dialogue remains crucial to the design and implementation of effective and inclusive economic and social policies. Multilateral action and global solidarity – including with respect to vaccine access, debt restructuring[3] and facilitating a green transition – are more important than ever to reverse these trends. Failure to achieve these important policy changes would amount to yet another missed opportunity to set the world on a more equitable and sustainable trajectory.

2 This gap represents the quantity of resources needed to match the average level of stimulus relative to working hour losses in high-income countries. It was estimated to be US$45 billion (less than 1 per cent of the total value of fiscal packages announced by high-income countries) and US$937 billion, respectively, for low- and lower-middle-income countries (ILO 2020a).

3 Debt levels have significantly increased since the onset of the pandemic, and some countries are in debt distress.

Africa

Against the backdrop of major decent work deficits in Africa, the pandemic has hit the region hard, reversing some of the progress in poverty reduction achieved in recent decades. Before the pandemic, Africa's labour markets were characterized by widespread informality, working poverty, underemployment and the prevalence of low-productivity work. These structural features, as well as institutional constraints, including limited government capacity and weak social protection systems and social dialogue processes, meant that large shares of the population were extremely vulnerable to the pandemic. *World Employment and Social Outlook: Trends 2021* (ILO 2021a) describes the effects of the crisis's interaction with these structural issues on workers and enterprises in Africa.

The region's GDP is estimated to have declined by 1.9 per cent in 2020, with significant heterogeneity across subregions and country groups, largely determined by structural characteristics. Tourism-dependent countries were hit hardest, followed by resource-intensive economies (dependent on metals and minerals) and oil exporters; the relatively more diversified non-resource-intensive economies were the least affected in 2020 (AfDB 2021). The employment impact of the pandemic in 2020 is estimated to have amounted to a deficit of 15 million jobs in Africa as a whole.[4] Added to this are increases in labour underutilization, declines in income and an increase in working poverty.

The most recent ILO estimates show that in this region in 2020 nearly 5 million additional workers and their households fell below the extreme working poverty line, increasing the extreme poverty rate by 1.3 percentage points (see box 1.1). These figures only partially reflect the poverty impact of the pandemic, however, since working poverty figures do not fully account for the many poor and near poor individuals who have lost their jobs. The net increase in the number of extreme working poor in 2020 partially offset the net decline in the moderate poor, near poor and non-poor categories. This suggests that income losses from the pandemic have pushed some workers in the moderate working poor and near poor categories deeper into poverty. The African Development Bank (AfDB 2021) has estimated that more than 30.4 million Africans fell into extreme poverty in 2020 as a direct consequence of the pandemic, and another 38.7 million may have done so in 2021.

GDP in Africa recovered in 2021, growing by an estimated 4.9 per cent. The recovery suffered setbacks in the second half of the year as a new wave of COVID-19 – the Delta variant – took its toll, bringing a revival of lockdowns and containment measures. Against the backdrop of slow vaccination progress, the possibility of further COVID-19 waves – including the most recent Omicron variant, which has prompted flight cancellations and travel bans from Southern Africa – could protract the crisis yet further. Other factors that will determine the economic outlook over the medium term include the continuing implementation of fiscal stimulus packages across the continent (or, alternatively, high debt and liquidity shortfalls that would tighten financing conditions and constrain investment), the recovery of tourism, remittances and commodity prices, and the incidence of conflicts or natural disasters (AfDB 2021).

Even if economic growth picks up, a return to the pre-crisis baseline for Africa's labour market will not be sufficient to repair the damage caused by the pandemic, including the reversal of gains with respect to international labour standards. In particular, the pandemic has exacerbated some of the root causes of child labour and forced labour – namely, poverty, social marginalization, the lack of universal quality education, and weak social dialogue (ILO 2020b).[5] As the thematic section below argues, policies need to address long-standing structural issues in Africa, especially the disconnect between GDP growth and employment growth, if the region is to see significant and sustained improvements in living standards and reduce its vulnerability to future crises.

4 The deficit is the difference between the actual employment level and the employment level that would have occurred if the EPR had remained at its 2019 level in 2020.

5 For instance, an increase in poverty, compounded by school closures and difficulties in labour law enforcement during lockdowns, has resulted in an increase in child labour in Uganda's construction sector (Oprong 2021).

Labour market trends in North Africa

North African labour markets are marked by high levels of labour underutilization, particularly for youth, and by substantial gender gaps in labour market outcomes. Since 2010, the subregion's low LFPR has remained generally flat, and the gender gap has narrowed slightly, owing to a small decline in the participation of men and a small increase in that of women (ILO and ERF 2021a). The decline for men has been driven by youth and is more likely attributable to extended school-to-work transitions and discouragement than to increased school enrolment (ILO and ERF 2021a). Female participation, on the other hand, has been primarily driven by a shift of the composition of the working-age population towards more educated groups, which generally have higher participation rates than less educated groups among North African women.

In this subregion the pandemic resulted in substantial losses in working hours in 2020, and a net decline in employment of over 2.1 million (table 2.1). Youth (people aged 15–24) accounted for nearly a third of net job losses in the region, despite accounting for only 11 per cent of employment (Appendix C, table C7). As in many other regions of the world, the COVID-19 crisis has constituted a triple shock for North Africa's young people. In addition to job and income losses and the risk of deteriorating rights at work, the pandemic has disrupted education and training – with potential long-term implications – and posed extra obstacles to finding work, re-entering the labour market or transitioning to better jobs. All of this brings concerns about "scarring effects" on youth and the long-term implications for a "lockdown generation" (ILO 2021a, 2020c). Although these effects are not unique to North Africa, they carry a particularly heavy weight in this subregion, which has the world's highest youth unemployment rate and highest total labour underutilization rate[6] among youth (ILO 2021a).

The pandemic's disproportionate impact on women is not immediately clear in North Africa, owing to their under-representation in the subregion's workforce, and also to offsetting effects; while some women left the labour force after losing their jobs, other women entered it to compensate for lost household income. Women, who represent only 21 per cent of workers, accounted for 36 per cent of net job losses in the subregion in 2020. This equates to a 6.0 per cent decline in female employment, compared with a 2.6 per cent decline for men (Appendix C, table C7). Labour force exits accounted for 59 per cent of women's net job losses, compared with 42 per cent for men, who were more likely to transition to unemployment. Differential gender impacts have been confirmed through rapid labour force surveys conducted by phone in Egypt, Morocco and Tunisia since the onset of the crisis (ILO and ERF 2021b, 2021c, 2021d, 2021e). Although women in Egypt who lost their jobs were indeed more likely to exit the labour force than men between February and June 2020, in the second half of 2020 and throughout 2021 both men and women experienced an increase in economic activity, and in Morocco the employment recovery was largely driven by more women entering employment. In Tunisia the significant increase in labour force participation in 2021, coupled with a contraction in wage earnings, suggests that the growth in employment consisted partly of "distress employment", in which additional household members joined the labour force to compensate for lost household income (ILO and ERF 2021d). A similar "additional worker effect" can also be observed in Morocco, where the female employment rate in April 2021 exceeded its pre-crisis level (ILO and ERF 2021c).

The pandemic also had differential impacts across workers according to the sector of employment, skill level, status in employment, and contractual or working arrangement, among other factors. Rapid labour force surveys in Egypt found a heavier toll in lost employment among lower-skilled workers and workers in accommodation and food services and that two thirds of informally employed wage workers and self-employed workers reported income losses, compared with 21 per cent of formally employed wage workers. Two thirds of surveyed informal workers feared losing their job, compared with one third of formal workers (ILO and ERF 2021b, 2021e).

6 The total labour underutilization rate refers to the composite measure of labour underutilization (LU4), obtained by expressing the sum of the unemployed, the potential labour force (including individuals who are either looking for a job or available to work but do not meet both criteria to be considered unemployed) and individuals in time-related underemployment as a share of the extended labour force (the sum of the labour force and the potential labour force).

Table 2.1 Estimates and projections for working hours, employment, unemployment and labour force, regional and subregional, Africa, 2019–23

Region/subregion	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Africa	**23.9**	**22.1**	**22.7**	**23.3**	**23.7**	**364**	**346**	**365**	**386**	**403**
North Africa	18.8	16.8	17.5	18.2	18.4	58	53	56	59	61
Sub-Saharan Africa	25.2	23.4	24.0	24.6	25.0	306	293	309	327	342
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Africa	**58.4**	**56.5**	**56.7**	**57.3**	**57.8**	**454**	**451**	**466**	**484**	**502**
North Africa	39.3	37.3	37.4	37.9	38.2	64	62	63	65	67
Sub-Saharan Africa	63.5	61.5	61.7	62.3	62.7	390	389	403	419	435
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Africa	**7.0**	**7.8**	**8.1**	**8.0**	**7.7**	**34.1**	**38.0**	**41.1**	**41.9**	**41.6**
North Africa	11.1	12.8	12.9	12.6	12.1	8.0	9.1	9.4	9.4	9.3
Sub-Saharan Africa	6.3	6.9	7.3	7.2	6.9	26.1	28.9	31.7	32.6	32.3
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Africa	**62.8**	**61.2**	**61.7**	**62.3**	**62.6**	**488**	**489**	**507**	**526**	**543**
North Africa	44.2	42.8	43.0	43.4	43.5	72	71	73	75	76
Sub-Saharan Africa	67.7	66.1	66.6	67.1	67.4	416	418	435	451	467

Source: ILOSTAT, ILO modelled estimates, November 2021.

Labour market recovery in North Africa will lag behind economic recovery in the coming years. The subregion's economy, which saw a 2.1 per cent decline in GDP in 2020, is estimated to have had a strong rebound, with 7.1 per cent growth in 2021. Employment growth is expected to have recovered to 2.7 per cent in 2021, to intensify in 2022 and to slow down again in 2023. The unemployment rate, which increased to 12.8 per cent in 2020, remained generally stable in 2021 as many who had exited the labour market returned. The unemployment rate is expected to start declining in 2022 but to remain above its pre-crisis level of 11.1 per cent in 2023. The EPR and LFPR, meanwhile, are expected to remain below their 2019 levels.

Labour market trends in sub-Saharan Africa

Sub-Saharan Africa saw a real GDP decline of 1.8 per cent in 2020, but with significant heterogeneity across its subregions. Southern Africa was the subregion hardest hit, with a GDP contraction of 7.0 per cent in 2020, followed by Central Africa with 2.1 per cent and West Africa with 0.7 per cent. East Africa's economy was the least affected, maintaining positive economic growth of 0.6 per cent. East Africa's resilience is largely a result of lower dependence on commodities and greater economic diversification (AfDB 2021).

The 2.0 percentage points decline in the EPR in 2020 in sub-Saharan Africa largely understates the labour market impact of the crisis, which resulted in working hour losses equivalent to 13.5 million full-time jobs and pushed more than 4.9 million workers and their families into extreme poverty (table 2.1; see also box 1.1). In contrast with most other regions, sub-Saharan Africa's labour force continued to grow in 2020, driven by population growth (see the thematic section below), although at a much slower rate than it would have done in the absence of the pandemic. New labour market entrants transitioned to unemployment or to low-productivity work, while displaced workers also transitioned to unemployment or to lower-productivity work or exited the labour force. These countervailing effects resulted in a modest net decline in employment (0.3 million) and an increase in unemployment of 2.8 million people. Women accounted for the lion's share of net job losses in the region, partly because of their over-representation among informal workers, who were heavily affected by lockdowns and workplace and border closures (ILO 2021a). Other vulnerable groups in the region include migrant workers and cross-border traders, both of whom have been heavily affected by border closures.

The recovery in sub-Saharan Africa remains highly uncertain. Owing to limited vaccine roll-out, a third wave of the virus took its toll from June 2021 and a new variant increased downside risks, particularly in Southern Africa, towards the end of the year. Food prices remain high, exacerbating hunger in some countries. Renewed social conflict in some areas (Central African Republic, Eswatini, Ethiopia, Mozambique, the Sahel region and South Africa) threatens to have lasting social and economic consequences (UNCTAD 2021). The unemployment rate is estimated to have increased in 2021 to 7.3 per cent as employment growth fell short of labour force growth, the latter driven by both new entrants and re-entrants into the labour market. A modest decline in the unemployment rate is expected, to 7.2 per cent in 2022 and 6.9 in 2023 (table 2.1). The EPR ratio is projected to remain well below its pre-crisis level through 2023, which is alarming given the long-term trends in the region before the pandemic, as discussed in the thematic section below.

The COVID-19 crisis has highlighted the importance of fiscal space to enable countries to implement even minimal fiscal measures in line with their circumstances, not only to support their own recovery but also to contribute to the financial stability that the recovery of the global economy requires (UNCTAD 2021; ILO 2021a). In sub-Saharan Africa, despite the implementation of relatively limited fiscal packages, total gross government debt as a percentage of government revenue reached unprecedented levels (364 per cent), erasing any progress that had been achieved through multilateral debt relief initiatives in the 1990s and early 2000s (UNCTAD 2021). High public debt ratios are expected to persist, along with balance of payments constraints, further limiting fiscal space in many countries (UNCTAD 2021). However, as significant additional financing is needed to initiate and sustain recovery in sub-Saharan Africa, an aggressive fiscal consolidation agenda could be detrimental to long-term growth, with lasting impacts on health and education outcomes (Zeufack et al. 2021). The recognition of these challenges and their implications for regional and global stability prompted some efforts to improve debt sustainability at the multilateral level, but these efforts have fallen short of what is needed (UNCTAD 2021). Moreover, though debt management has a key role to play, to increase fiscal space it will be crucial to improve domestic resource mobilization – by improving tax regulation, management, collection and control, in particular with respect to mineral rents – and to eliminate all forms of public resource leakage and illicit financial flows (Isaacs 2021; AfDB 2021; UNCTAD 2020).[7] Efforts to formalize the economy – besides reducing the vulnerability of workers and enterprises – may also help to expand the fiscal space available to provide social protection, by increasing the contribution base (Ortiz et al. 2019). A number of examples and best practices exist for the formalizing of enterprises and their workers in the African context (see, for example, ILO 2018).

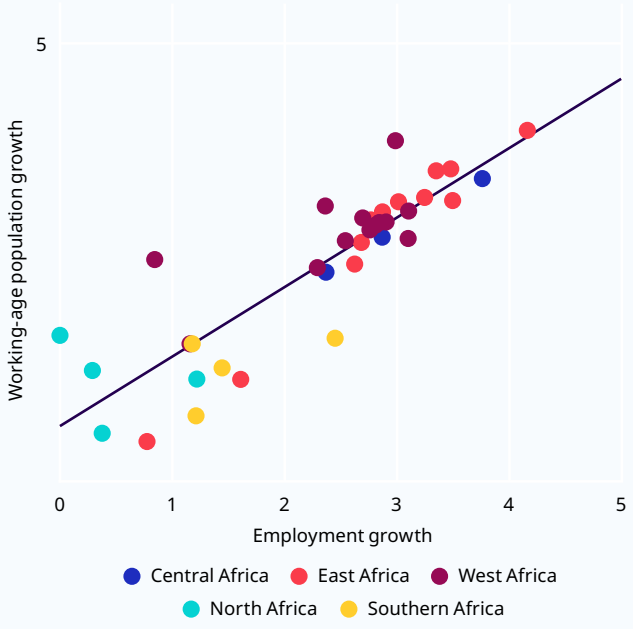
7 As much as US$88.6 billion – equivalent to 3.7 per cent of Africa's GDP – is estimated to leave the continent every year, an amount that exceeds annual inflows of official development assistance and foreign direct investment – approximately US$48 billion and US$54 billion, respectively (averages for 2013–15) (UNCTAD 2020).

Underemployment and expansion in low-productivity work in Africa: Decent work deficits and the decoupling of GDP from labour markets

Even if employment recovered to pre-crisis levels and trends, employment growth in Africa, let alone growth in decent work, would remain limited and decoupled from economic growth. Much of the region's employment growth in recent decades has consisted of subsistence agriculture and self-employment, often in the informal sector, as evidenced by high underemployment and working poverty rates. As the creation of decent work and the expansion of higher-productivity work in the formal private sector have continued to fall short of population growth, and given the near absence of social protection coverage, most working-age individuals cannot afford to be jobless (unemployed or out of the labour force). In the decade preceding the pandemic, the correlation of employment growth with GDP growth was far weaker than the correlation of employment growth with population growth (figures 2.1 and 2.2).

For many countries in the region, the weak association between GDP growth and employment creation is a result, in part, of heavy reliance on resource exports, with limited linkages across other more labour-intensive economic sectors. Using natural resource rents as a percentage of GDP as a proxy, we find that, for Africa as a whole and most subregions, resource dependence was lower, and employment elasticities of growth higher, during the 2010–19 period than in the previous period (figure 2.3). During the more recent period, a slowdown in economic growth owing to

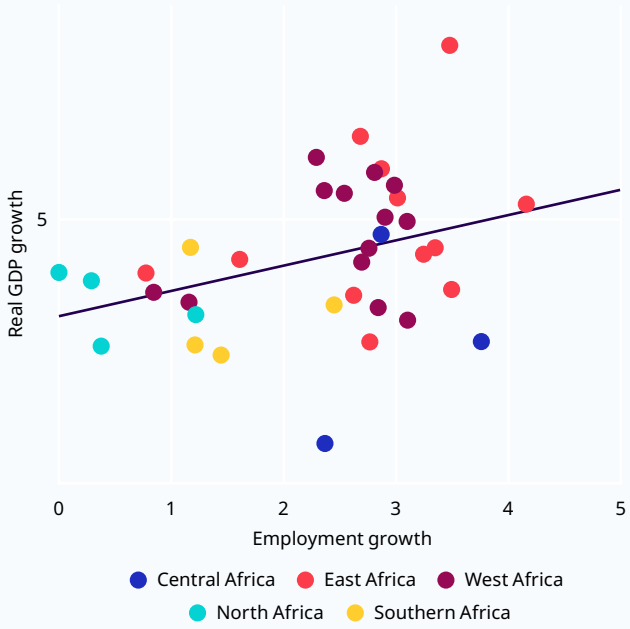
Figure 2.1 Correlation between working-age population growth and employment growth across Africa's subregions, 2010–19 (percentages)



Note: Growth rates refer to compound average annual rates over the reference period. Sample includes all countries with at least two data points (annual employment figures) that are not estimated.

Source: ILOSTAT, ILO modelled estimates, November 2021 and World Development Indicators.

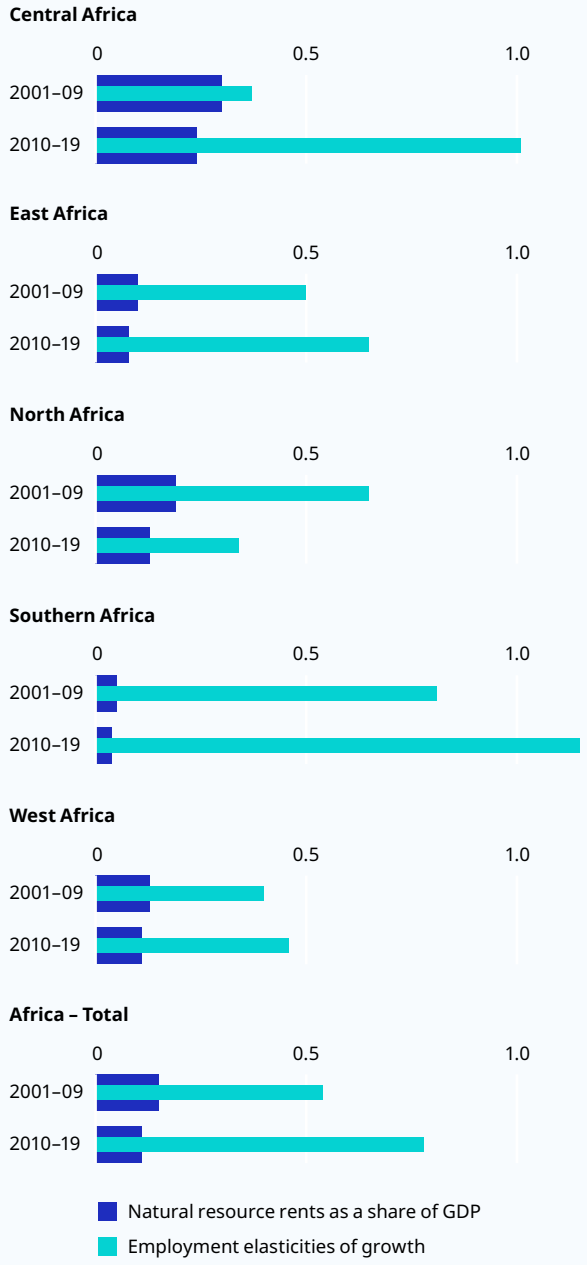
Figure 2.2 Correlation between GDP growth and employment growth across Africa's subregions, 2010–19 (percentages)



Note: Growth rates refer to compound average annual rates over the reference period. Sample includes all countries with at least two data points (annual employment figures) that are not estimated.

Source: ILOSTAT, ILO modelled estimates, November 2021 and World Development Indicators.

Figure 2.3 Resource dependence and employment elasticities of growth in Africa and its subregions, 2001–09 and 2010–19



Note: A share of GDP of 0.5 equals 50 per cent.

Source: ILO modelled estimates and World Development Indicators.

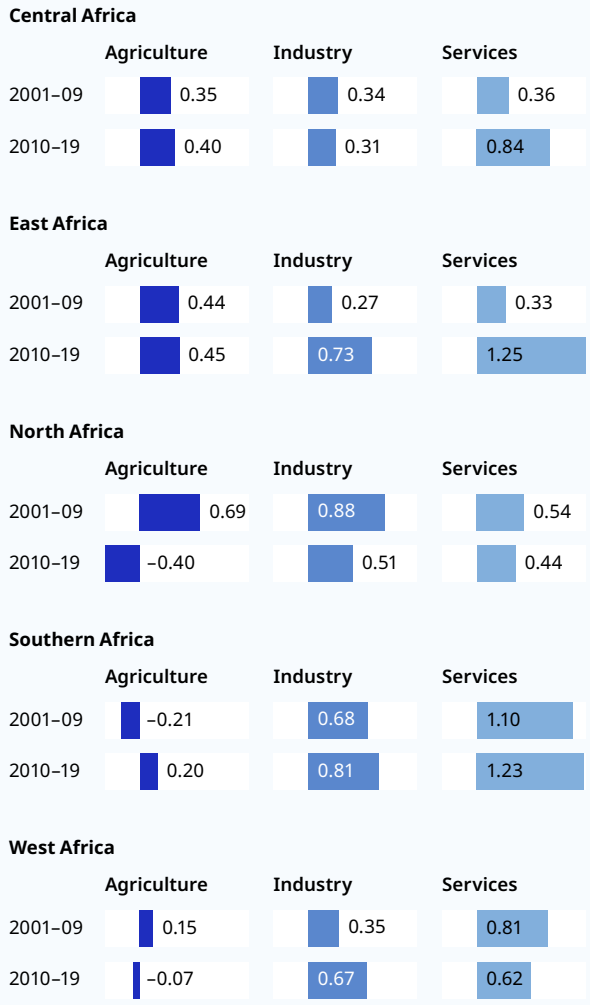
declining commodity prices was not reflected in lower employment growth, which continued to be primarily driven by working-age population growth along with the widespread necessity to engage in some form of economic activity. If we consider wage and salaried work as a proxy – even if highly imperfect – for decent work, elasticities are higher and follow the same patterns, lower resource dependence being associated with higher wage and salaried employment elasticities. The difference between wage and salaried employment elasticities and overall employment elasticities is smaller for Southern Africa, where wage employment constitutes a larger share of employment.

Even in Southern Africa and East Africa, the less resource-dependent subregions, growth has by and large been accompanied by employment creation in low-productivity service sectors. In these two subregions (and in Central Africa, where the employment elasticity of growth was relatively high in 2010–19) the employment elasticities have been far higher in services than in industry or agriculture (figure 2.4). Moreover, the very high (above 1.0) employment elasticities in the services sector point to a decline in labour productivity and imply that much of the employment created has been in low-productivity work. The limited industrial transition, sometimes discussed in the context of "premature de-industrialization", has reinforced African countries' peripheral position in the global division of labour and contributed to major decent work deficits (UNCTAD 2021).

Although the importance of oil and other mineral revenues has declined in many countries since 2010, the legacy of dependence on these sectors and other sources of rents continues to shape these countries' economies (ILO and ERF 2021a). In particular, it has led to employment growth in construction, transportation and storage, wholesale and retail trade, and accommodation and food services – sectors with high shares of informal employment – at the expense of other tradable and higher-productivity sectors. This is partly because of "Dutch disease"[8] and limited incentives for "rentier states" to implement policies that are conducive to innovation, competitiveness and private sector development in general. Employment growth in more productive sectors – including manufacturing, finance and insurance, and information and communications – was generally from a low base and nowhere near enough to change the employment structure in these countries (ILO and ERF 2021a).

8 "Dutch disease" refers to the phenomenon whereby large inflows of foreign currency, particularly during episodes of high commodity prices, lead to an increase in demand for the domestic currency and contribute to its overvaluation, thus weakening the competitiveness of export-oriented industries (UNCTAD 2017).

Figure 2.4 Sectoral employment elasticities of growth in Africa's subregions, 2001–09 and 2010–19



Source: Authors' calculations based on ILO modelled estimates and World Development Indicators.

African countries, and resource-dependent ones in particular, have much to gain in terms of decent work and development outcomes from greater spillover effects from the natural resource sector to the rest of their economy. Policies to enhance linkages between the extractive sector and other sectors must focus on higher-value-added industries in both manufacturing and services. This could be through a mix of measures, including fiscal and financial incentives, policies to improve the business environment, and enhanced skills development and education to address current and future skill needs. Targeted policy actions to reduce tax avoidance by multinational enterprises (MNEs) in the mining sector are needed. An International Monetary Fund (IMF) study has estimated that governments in sub-Saharan Africa lose between US$450 million and US$730 million annually in corporate tax revenue as a result of profit-shifting by MNEs in the mining sector (IMF 2021b).[9] Another challenge is regional tax competition, whereby countries reduce taxes to attract investment. The recent global agreement on imposing a minimum effective corporate tax rate of 15 per cent on MNEs, from 2023, is a positive development to address this (IMF 2021b).[10]

The pandemic has heightened the urgency of creating more decent work in Africa and signalled the need to rethink macroeconomic and sectoral policies in order to realign them with employment creation. It is now widely recognized that policies targeted on diversification and shifting production structures towards new sources of growth are key to transitioning from rural underdevelopment to post-industrial societies (UNCTAD 2021). Recent studies suggest, however, that diversification is not by itself sufficient for decent work to be created and that it must be accompanied by targeted investment and strategies.[11] Moreover, as agriculture remains a significant source of employment in the region, it remains vital to improve productivity and working conditions in this sector, including the eradication of child labour. The impact of climate change on agriculture together with increasing food prices call for proactive policies to make agriculture sustainable while ensuring decent employment for workers and farmers, including through technology adoption. Lack of water and energy (at least at an affordable price) means that the choice of crops and the methods of farming need to adapt. Although Africa bears the least responsibility for the climate crisis, it also bears the largest brunt (Zeufack et al. 2021).

9 The same study estimated that in a sample of 15 resource-intensive sub-Saharan economies, mining exports represented on average 50 per cent of exports, and were the main source of foreign direct investment, but mining revenues accounted on average for only approximately 2 per cent of GDP (IMF 2021b).

10 See https://www.oecd.org/tax/international-community-strikes-a-ground-breaking-tax-deal-for-the-digital-age.htm?utm_medium=email&utm_source=govdelivery.

11 For instance, even in the more diversified economies of the Southern African Development Community, a recent study has found that exports have a limited impact on employment growth, relative to investment spending complemented by government spending (IEJ 2020).

▶ Americas

The macroeconomic situation pre-dating the pandemic differed considerably between Latin America and the Caribbean, on the one hand, and North America, where growth had been steady and strong, and thus the two subregions were differently positioned to face the crisis. Growth plummeted in 2020 in both subregions, accompanied by major employment losses, increases in unemployment, and massive exits from the labour force. Across the Americas, governments intervened massively to protect jobs and incomes. In the United States and Canada, significant budget amounts were allocated to support unemployed workers. In Latin America and the Caribbean, substantial progress was made in extending social protection to informal workers on a large scale (ILO 2021a).

The divergence in recovery prospects and outlook between the two subregions in 2021 is a result of differences in vaccine roll-out, prospects of maintaining an accommodative monetary policy, and fiscal policy support in a context of growing inflation concerns and financial constraints. In the United States, large-scale fiscal support was announced for the second half of 2021 to increase infrastructure investment and strengthen social safety nets (IMF 2021a). In contrast, some Latin American economies, including Brazil and Mexico, have started rebuilding fiscal buffers and normalizing monetary policy to ward off inflationary pressures (IMF 2021a).

Labour market trends in North America

In North America, unemployment has increased far more than during the global financial crisis of 2008 and more than in other advanced economies. This is partly because the policy approach in the United States and Canada centred on the provision of unemployment benefits to laid-off workers, whereas most European countries introduced employment retention schemes, which allowed employment relationships to be maintained even if working hours were decreased or reduced to zero (ILO 2021a; ILO and OECD 2020).[12] In the United States, the number of the unemployed peaked early on in the crisis at over 23 million (April 2020) and gradually decreased thereafter (OECD 2021a). On average, an additional 7.9 million people joined the ranks of the unemployed in North America in 2020, and another 2.6 million exited the labour force (table 2.2). The combination of these effects led to the unemployment rate reaching 8.2 per cent in 2020, more than twice as high as its pre-pandemic level.

The pandemic has restructured labour markets in North America, with lasting implications for firms and workers. There was a compositional shift in the occupational structure of employment in 2020 because low-wage workers – many of whom were employed in heavily hit sectors, where the possibility of remote work was limited – were disproportionately affected by job losses. Mirroring the differential effect of the pandemic on workers was a heterogeneous effect on enterprises. A survey undertaken in the United States found that 43 per cent of small businesses had temporarily closed within weeks of the onset of the pandemic, largely owing to a decline in demand and to employee health concerns (Bartik et al. 2020). The share of small businesses reporting a decline in employment was lower in industries where the shift to remote production was easier. As the pandemic went on, the number of business closures that became permanent increased steadily, reaching 60 per cent of closed businesses by September 2020 (Sundaram 2020).

North America's economy rebounded in 2021 with an estimated 5.9 per cent real GDP growth, thanks to rapid vaccination campaigns and a considerable and sustained fiscal response. Fiscal packages implemented in 2020 were equivalent to 25.5 per cent of GDP in the United States and 14.6 per cent in Canada (IMF 2021a). In Canada, in addition to the effect of social protection spending, rapid US growth is expected to have a pull effect and accelerate the recovery.

12 Other factors may affect the cross-country or cross-region comparability of unemployment rates during the pandemic, including differences in definitions or classification (for example what constitutes short-term work, or what is considered a temporary lay-off) between countries and over time, and differences in sampling and other technical issues linked to undertaking surveys during a pandemic (see OECD 2021a, box 1.1, for more detail).

Table 2.2 Estimates and projections of working hours, employment, unemployment and labour force, regional and subregional, Americas, 2019–23

Region/subregion	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Americas	**26.5**	**22.9**	**25.2**	**26.2**	**26.4**	**372**	**324**	**359**	**374**	**380**
Latin America and the Caribbean	26.0	21.8	24.6	25.5	25.8	235	199	226	237	241
North America	27.5	25.0	26.4	27.3	27.7	137	125	132	137	139
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Americas	**58.7**	**53.6**	**55.5**	**56.5**	**56.9**	**463**	**428**	**448**	**460**	**469**
Latin America and the Caribbean	57.8	52.0	54.2	55.3	55.8	283	258	272	281	287
North America	60.1	56.2	57.7	58.5	58.8	180	170	176	179	182
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Americas	**6.4**	**9.3**	**8.3**	**7.4**	**7.0**	**31.6**	**44.0**	**40.7**	**37.0**	**35.4**
Latin America and the Caribbean	7.9	10.1	10.0	9.3	8.8	24.3	28.8	30.1	28.8	27.6
North America	3.9	8.2	5.7	4.3	4.1	7.3	15.2	10.6	8.2	7.7
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Americas	**62.7**	**59.1**	**60.6**	**61.0**	**61.2**	**495**	**471**	**489**	**497**	**504**
Latin America and the Caribbean	62.7	57.8	60.2	61.0	61.2	307	287	302	310	315
North America	62.6	61.2	61.2	61.1	61.3	187	185	186	187	189

Source: ILOSTAT, ILO modelled estimates, November 2021.

Labour market slack remains significant in North America – as reflected in unemployment, low participation and those wanting more work, despite reported shortages and hiring difficulties, particularly in some sectors (IMF 2021a). The EPR has increased from 2020 levels, but remained below pre-pandemic levels in 2021 and is expected to remain below them through 2023 (table 2.2). The LFPR, which remained constant in 2021, is expected to increase only slightly in 2023 and remain below its 2019 level. The unemployment rate saw a large drop in 2021 and is expected to decline further in 2022, but is unlikely to have returned to its 2019 level by 2023.

The lag in labour market recovery arises from various factors, including the impact of the ongoing health crisis on both labour demand and labour supply. On the demand side, the crisis prevents a full reopening of the economy, and the continuing uncertainty makes firms reluctant to hire. The gradual and uneven reopening of the economy along with shifts in consumer preferences are also influencing labour demand trends. On the supply side, the fear of contracting the virus deters many from re-entering the labour market. In particular, in sectors and occupations where potential exposure to the virus is high, for example food service, many employers are finding

it difficult to attract workers at pre-pandemic pay rates, since the fear of contagion increases reservation wages (Wolf 2021). It has also been argued that although policy – specifically unemployment insurance and transfers – has played an essential role in offsetting income losses, it may have also delayed re-entry to the labour market for some low-skilled workers. Some evidence from the United States, however, suggests that enhanced unemployment benefits have had only a limited disincentive effect, decreasing the share of workers who would accept a job offer from 25 per cent to 21.4 per cent (Petrosky-Nadeau and Valletta 2021). Early evidence suggests that the pandemic may have driven some workers to shift careers and turn to other ventures[13] – what has been referred to as the "Great Resignation" (see Chapter 1). Accommodative monetary policy has also helped sustain stock market valuation, with a positive impact on pension wealth that has encouraged older workers to withdraw, possibly permanently, from the labour market, thus further reducing labour supply.[14]

The only labour market indicator expected to recover to its pre-pandemic levels by 2023 is the ratio of weekly hours worked to prime age population (table 2.2). The faster recovery of this indicator points to a greater reliance on the intensive margins of adjustment (increasing working hours of those in employment) during the recovery – a reaction to the slow recovery of labour force participation in times of strong demand.

Post-COVID-19 dynamics in North America: Inflation, wages, and market power

A key feature of the recovery from the pandemic has been the accumulation of savings in countries where significant financial support has limited household income losses. In North America, cumulative excess savings since the first quarter of 2020 have been estimated to be 136.2 per cent of expected savings for the United States and 226.5 per cent of expected savings for Canada (IMF 2021a). As economies recover, private spending – partly drawing on these savings – is expected to increase, which will strengthen the recovery but also result in temporary inflation pressures. Adding to these pressures will be the impact of monetary policy (quantitative easing and low interest rates), which has led to rapid asset price rises, especially of houses and stock. Growth in the first half of 2021 was led by private consumption, particularly of durable goods, as well as residential investment and professional services (UNCTAD 2021). The increase in real estate prices, and the fact that much of the increase in savings seems to have come from capital gains on existing assets, implies that inequality may have been exacerbated by fiscal and monetary measures (UNCTAD 2021). Chapter 1 has described how accommodative monetary policy may have fostered a relationship between interest rates and wages that favours capital accumulation and rent-seeking at the expense of productive investment and employment creation – disproportionately benefiting shareholders and large corporations over workers and small and medium-sized enterprises (SMEs).

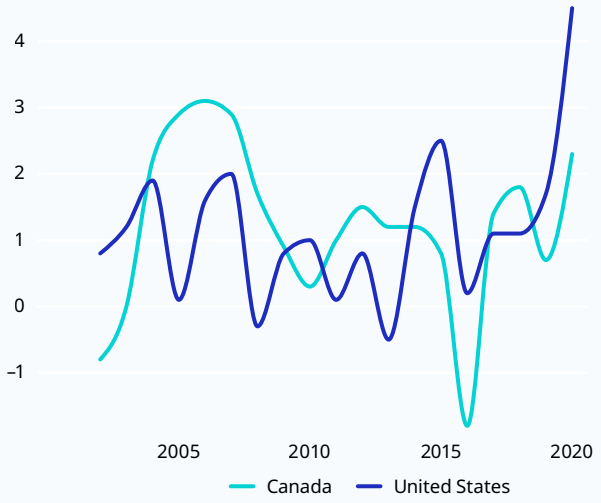
Thus far, inflationary pressures are expected to be temporary, reflecting post-pandemic support for aggregate demand, as well as transitory supply–demand mismatches. In most countries, inflation is expected to revert to pre-pandemic trends by 2022 (IMF 2021a). A more permanent increase in inflation rates would require a change in expectations regarding inflation among businesses and consumers, and wage pressures that could set in motion a wage–price spiral. In particular, a sluggish recovery in LFPRs could strengthen wage-bargaining power and yield a more persistent rise in inflation. If such a situation were to arise, central banks would be in the uncomfortable position of having to tighten monetary policy quickly amid high levels of public debt. Innovative solutions would need to be found, such as differential interest rates and the use of macro-prudential tools to tighten the (private sector) credit cycle. Central banks are aware of these risks and have already started to scale back their buying up of sovereign bonds.[15]

13 According to a survey undertaken in the United States in January 2021, two thirds of unemployed adults had "seriously considered changing their occupation or field of work" and one third had already taken steps to reskill (Parker, Igielnik and Kochhar 2021).

14 See https://www.conference-board.org/topics/labor-markets-charts/labor-market-status-people-not-working.

15 For instance, the Federal Reserve announced a stoppage of extraordinary support measures in June 2021 and the Bank of Canada scaled back its asset purchase programme in April and July 2021 (IMF 2021a).

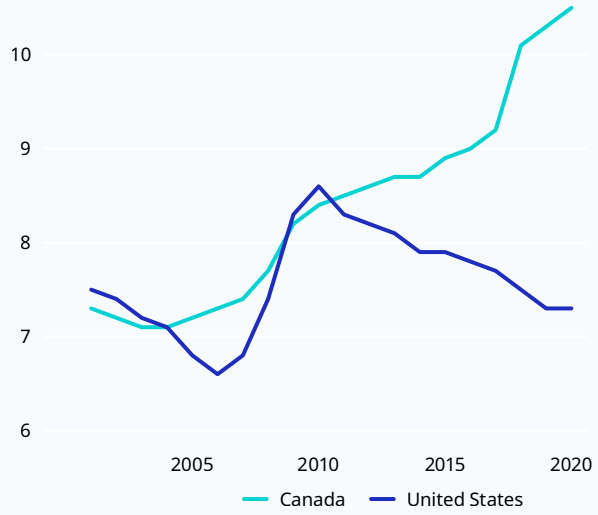
Figure 2.5 Annual growth in real average wages, Canada and the United States, 2002–20 (percentages)



Note: Average wages are measured in 2020 US dollars PPP (purchasing power parity).

Source: OECD: https://stats.oecd.org/Index.aspx?DataSetCode=AV_AN_WAGE.

Figure 2.6 Real hourly minimum wages in Canada and the United States, 2001–20 (US$)



Note: Statutory minimum wages are converted into an hourly pay period. The resulting estimates are deflated by national consumer price indices (CPI), then converted into a common currency unit (2020 US dollars PPP).

Source: OECD: https://stats.oecd.org/Index.aspx?DataSetCode=RMW.

The real wage growth acceleration observed in 2020 in the United States is largely caused by compositional effects and, as such, provides only limited information on inflationary pressures. High real wage growth in the United States started before the pandemic (figure 2.5), after 35 years of stagnation (UNCTAD 2021). It accelerated for statistical reasons at the height of the pandemic when many low-wage earners had lost their jobs, which pushed average wages up. This same composition effect can work in the opposite direction, dampening wage pressures when more low-paid workers re-enter the labour force. Nevertheless, as described in Chapter 1, if labour shortages should persist they could shift labour market power away from firms, paving the way for wage hikes. So far, wage growth has remained broadly stable in Canada and other advanced economies (IMF 2021a).

The return to pre-pandemic inflation trends is expected in part because the structural factors that limited the sensitivity of prices to changes in labour market slack persist, and some, like digitalization and automation, may have been intensified by the pandemic (IMF 2021a; UNCTAD 2021). Structural factors, and their interaction, can offset upward pressures on wages. In the context of the COVID-19 recovery, these factors include a decline in labour market efficiency, common in the early stages of a recovery when demand for higher-skilled labour cannot be met by the pool of jobseekers consisting largely of lower-skilled workers. The decline in labour market efficiency may be aggravated by the accelerated shift to digitalization (requiring new skill sets not widely available) and by the uneven removal of lockdown measures and the persistent restrictions on mobility that prevent labour reallocation. Another key factor is labour's loss of bargaining power, attributable to a decline in union density over time, a rise in new and diverse forms of employment, and an increased market concentration resulting in monopsonistic labour markets (ILO 2016; UNCTAD 2021).[16]

The long-term shift in market power away from workers is reflected in a declining labour share

16 Monopsonistic labor markets are characterized by the ability of employers to set wages below competitive levels, for a variety of reasons, including high market concentration, barriers to labour mobility, and search frictions (Bahn 2018).

of income in both Canada and the United States since the 1970s.[17] In the COVID-19 recession, the labour share in the United States increased in the first half of 2020 and has had a downward trend since then (UNCTAD 2021).[18] The low pre-pandemic labour share in comparison with historical levels, and conversely the high capital share, means that profit margins are sufficiently wide to accommodate a real wage increase without raising inflation (UNCTAD 2021, 10). Underlying these aggregate figures, however, lies significant heterogeneity across firms and workers. The pandemic has exposed the financial fragility of many SMEs that have faced severe liquidity constraints and insolvency (Bartik et al. 2020; OECD 2020a). There are signs of increased inequality among workers, reflected in an increasing wage premium between high-skilled and low-skilled workers. Real minimum wages have fallen steadily in the United States since 2010 (figure 2.6). Although some leading employers have initiated wage increases, the momentum in early 2021 for direct policy intervention to raise minimum wages seems to have subsided (UNCTAD 2021).

Labour market trends in Latin America and the Caribbean

Latin America and the Caribbean was the most severely hit subregion in 2020, with high levels of contagion and mortality, the sharpest decline in GDP (7.5 per cent) and a drop in working hours equivalent to 36 million full-time jobs (table 2.2). In 2020, the subregion registered net employment losses of approximately 25 million, of which as many as 82 per cent translated into exits from the labour force. As the crisis affected all economic sectors, containment measures and mobility restrictions prevented labour reallocation to informal employment, which had previously been a key mechanism of labour market adjustment in the subregion (ILO 2021a). Rather than becoming unemployed or shifting to informal jobs, as in previous crises, laid-off employees and self-employed workers alike left the labour force. A disproportionate impact on informal workers was reflected in a decline in the informal employment rate in some countries at the height of the crisis in 2020 (see thematic section below). The pandemic has highlighted the close links in the subregion between informality, low household income and inequality (ILO 2021c).

The closure and disappearance of millions of MSMEs across the subregion have suggested that employment recovery will lag behind the resumption of economic growth and that the quality of employment could deteriorate. Data on 26 countries presented in the eighth edition of the "ILO Monitor" (ILO 2021d) show disproportionate job losses and declines in working hours among smaller firms in comparison with larger firms. Besides MSMEs and informal workers, several other groups of workers have experienced the crisis more intensely, including women and youth – both of which have accounted for a disproportionate share of job losses relative to their share in employment – as well as workers with lower qualifications and migrant workers (ILO 2021c).

The subregion's economy rebounded in 2021 with an estimated GDP growth of 6.0 per cent, partly driven by favourable terms of trade for Brazil, and spillover to Mexico from growing demand in the United States (IMF 2021a). Brazil's recovery is expected to pull the economy back above its pre-crisis GDP, thanks to higher commodity exports, but also thanks to larger and better-targeted fiscal measures than in both Mexico, which had a deeper recession, and Argentina, which struggled with financial constraints resulting from significant external borrowing before the pandemic (UNCTAD 2021). Chile, Colombia, Ecuador and Peru were similarly hard hit by the crisis but are expected to have recovered in 2021, with the exception of Ecuador, where fiscal and monetary policy have been constrained by the currency peg (UNCTAD 2021). The recovery of tourism-dependent Caribbean economies, many of which had double-digit GDP declines in 2020, will depend to a significant extent on vaccine roll-out and the lifting of international travel restrictions. In many countries of Latin America and the Caribbean, currency depreciation and commodity price increases in 2021 have pushed inflation up (UNCTAD 2021).

17 Based on Share of Labour Compensation in GDP at Current Prices, Canada and US data series (1960–2020) from the Federal Reserve Bank of St Louis.

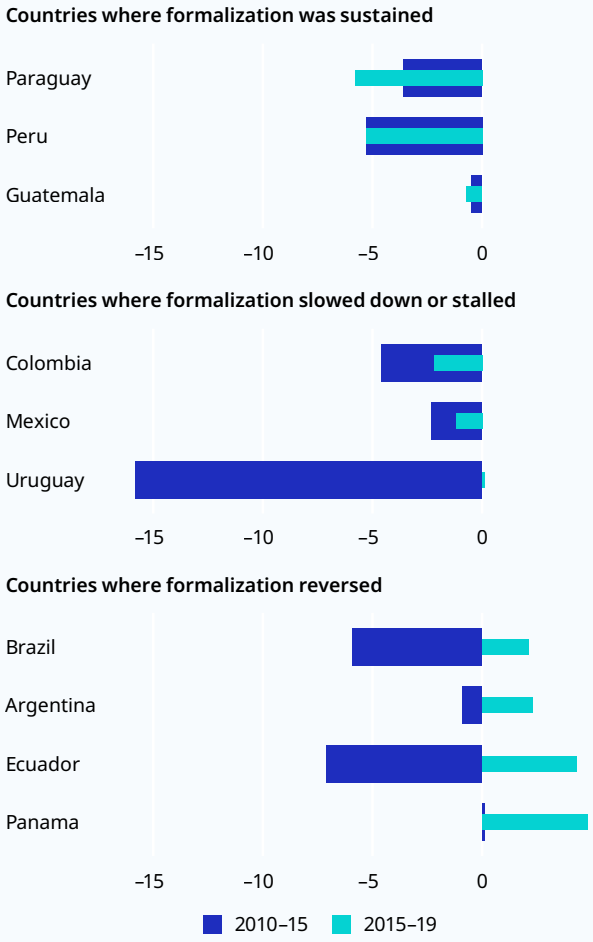
18 This is consistent with the tendency of the labour share of income to increase initially in recessions, as profits drop, and then to decline thereafter as losses are passed on to workers.

Although economic growth in the subregion resumed in 2021, employment growth remains limited and has been largely driven by informal work (see thematic section below). As many of those who had exited the labour market in 2020 re-entered in the course of 2021, the unemployment rate remained elevated at 10.0 per cent but is expected to decline in 2022 and 2023 (table 2.2). Employment and labour force participation levels are expected to remain below, and the unemployment rate above, their pre-pandemic levels through 2023.

Drivers and risks of post-COVID-19 "deformalization" or "informalization" in Latin America and the Caribbean

The transition to formal employment under way in many Latin American and Caribbean economies was interrupted before the pandemic. For much of the 2000s, the informality rate was going down in many countries across the subregion. This downward trend was driven by a number of factors, including a dynamic demand for labour in the context of economic growth, and a stable macroeconomic context, aided by specific policies to strengthen the formalization process (ILO 2021c). From 2015 until the onset of the pandemic, however, the shift from informal to formal work either reversed (in Argentina, Brazil, Ecuador, Panama) or stopped (in Uruguay) or slowed down (in Colombia, Mexico). In only a few countries (for example Paraguay, Peru) was the process sustained (figure 2.7).

Figure 2.7 Change in informal employment share in selected Latin American countries, 2010–19
(percentage points)



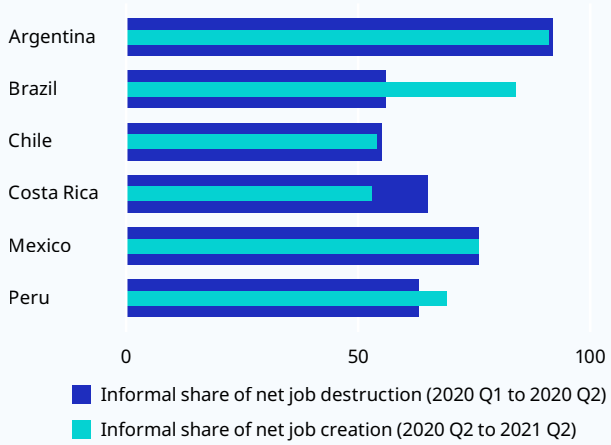
Note: Data for Argentina refer to urban areas only.

Source: Authors' calculations based on ILOSTAT.

The early stages of the pandemic had an unprecedented effect on the subregion's labour markets, partly because informal employment could not play its traditional countercyclical role of absorbing displaced workers from the formal sector. Informal employment was disproportionately affected in most countries, initially, for several reasons: the fact that widespread informality is found in heavily affected sectors where lockdown and containment measures prevented informal workers from engaging in their activities, and where the possibility of telework is limited; the relative ease of terminating informal employment relationships (ILO 2021c); and the fact that informal workers are often employed in smaller enterprises, which have struggled to survive longer periods of inactivity and have had less access to support measures, including worker retention schemes.

Beyond this critical stage of the crisis, however, as containment measures have gradually been relaxed and economies have reopened, informal employment has had the strongest rebound. Informal jobs have accounted for over 70 per cent of net job creation since mid-2020 in many Latin American countries, including Argentina, Mexico and Peru, and for over half of job growth in Chile and Costa Rica (figure 2.8).

Figure 2.8 Informal share of net job destruction (2020 Q1 to 2020 Q2) and net job creation (2020 Q2 to 2021 Q2) (percentages)



Note: For Argentina and Peru, job creation covers the period 2020 Q2 to 2021 Q1. Data for Argentina refer to urban areas only.

Source: Authors' calculations from ILOSTAT, short-term labour force statistics.

Two effects are driving the strong rebound in informal employment early in the recovery: transitions from outside the labour force into informal employment, and transitions from formal to informal employment. The first effect is to be expected, since many informal job losses consisted of labour market exits by informal self-employed workers, who will readily re-enter when containment measures allow it. There is also the "additional worker effect" in which previously economically inactive family members enter the labour market to compensate for household income losses and are likely to be absorbed into informal work, particularly given the limited formal employment opportunities. The second effect involves labour reallocation – for instance, the permanent closure of SMEs suggests that some laid-off employees will turn to informal self-employment at least temporarily – and the resumption of the countercyclical role of informal employment. Continuing uncertainty could affect firms' decisions, delaying investment and hiring (particularly of formal workers), which could increase the demand for informal work at the expense of formal work. Since mid-2020, flows out of the labour force from formal employment have trended downwards, whereas flows from formal to informal work have remained stable or increased, suggesting that the informalization of previously formal employment is a significant latent risk in the subregion, particularly when experience from past crises is taken into account (ILO 2021c).

Near the end of 2021, employment recovery in Latin America and the Caribbean remained incomplete, and both formal and informal employment remained below their pre-pandemic levels in most countries.[19] It is critical that policies now focus on generating formal employment on a sufficient scale not only to absorb the rebounding labour force but also to fend off any risk of deformalization. This applies to policies that support MSMEs, ensuring they reach the minimum level of efficiency and profitability required for the creation of decent work, and policies that encourage "e-formalization" and facilitate the transition of enterprises – including many new digital enterprises – to formality (ILO 2021c). It is also crucial that a comprehensive employment strategy be an integral part of the economic recovery strategy. Finally, although countries in the subregion have made significant effort to fill social protection gaps and temporarily extend coverage to workers who would not otherwise have been covered, a key challenge is to channel such effort towards building strong and sustainable social protection systems, including more permanent income guarantees and social protection floors.

19 Based on quarterly Labour Force Statistics, ILOSTAT.

Arab States

Despite significant differences in wealth and economic structures across the Gulf Cooperation Council (GCC) and non-GCC subgroups, Arab States faced common labour market challenges even before the pandemic. These challenges included low LFPRs and EPRs and high unemployment and labour underutilization rates, especially among the educated. Youth and women were particularly disadvantaged with respect to labour market outcomes. These long-standing decent work deficits arise partly from the limited structural transformation and shortage of employment opportunities in the formal private sector, as will be described below.

Labour market trends

The pandemic, along with the decline in the price of and demand for oil, had a massive impact on the Arab States region, where GDP contracted by 6.0 per cent in 2020. In GCC countries, the EPR declined by 1.2 percentage points in 2020, most laid-off workers transitioning to unemployment (table 2.3). The pandemic led to large-scale job losses, particularly in construction and in services that employ large shares of migrant workers (accommodation and food services, wholesale and retail trade, and other services, including domestic work and other personal services). Some of the increased number of unemployed people, however, were new female labour market entrants unable to find employment because of the crisis. The female LFPR in GCC countries increased by 2.3 percentage points in 2020 (Appendix C, table C12). This is largely because of recent economic reforms, including "Saudization" policies that have led to Saudi Arabia's female LFPR doubling to 33 per cent in the course of four years, and young nationals taking on private sector work in retail, hotels and restaurants as well as other positions that would previously have been filled by expatriates (England 2021).

In non-GCC countries, where informality and working poverty were already prevalent and social protection was limited, the impacts of the crisis have been felt most in the deterioration of incomes and living conditions (ILO 2021a). In 2020, the pandemic raised the extreme working poverty rate by 2.8 percentage points in these countries, and the moderate poverty rate by 0.7 percentage points. This is equivalent to over 640,000 additional workers falling below the extreme poverty line and approximately 125,000 others falling below the moderate poverty line. Note that working poverty figures understate the poverty impact of the crisis, owing to significant job losses among low-wage workers (see box 1.1).

In addition to the economic effect that the crisis has had on their own economies, non-GCC countries have also suffered from the spillover effect of the economic contraction in the GCC countries. That effect has mainly been felt through a drop in remittances, which represent a substantial share of GDP in many countries and play a crucial role in sustaining incomes and livelihoods and reducing poverty (ILO 2021a). Migrant workers, as well as the refugees and forcibly displaced persons who constitute a significant share of the region's population – particularly in some countries, like Jordan, Lebanon and Yemen – were among the most vulnerable to the impact of the crisis (ILO 2021a, 2020d, 2020e).

The COVID-19 pandemic has compounded the impact of other ongoing crises in the Arab States region (particularly in non-GCC countries) – including protracted conflict, war and displacement, and economic and financial instability. In non-GCC countries, poor infrastructure, weak institutional frameworks and limited fiscal space have significantly curtailed countries' abilities to respond to the pandemic. Response to the pandemic is estimated to have increased fiscal deficits significantly across the Arab States region, at a time when fiscal revenues have been greatly reduced, and these deficits are likely to be financed through increased borrowing (ILO 2020f). This implies a greater debt burden for many countries where the debt-to-GDP ratio is already unsustainable. In addition to emphasizing the need to expand social protection coverage across the region, the COVID-19 crisis has underscored the urgency of structural transformation and economic diversification to reduce the vulnerability of the region and its people to future crises (see thematic section below). The pandemic has also highlighted the need to invest in information technology infrastructure and promote investment in the care economy.

▶ Table 2.3 Estimates and projections of working hours, employment, unemployment and labour force, regional and subregional, Arab States, 2019–23

Region/subregion	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Arab States	**22.1**	**19.9**	**20.5**	**21.2**	**21.5**	**49.8**	**45.9**	**48.3**	**51.1**	**53.0**
GCC	30.5	27.5	28.5	29.6	30.0	27.6	25.3	26.5	27.9	28.7
Non-GCC	16.5	14.9	15.3	15.8	16.1	22.2	20.7	21.7	23.1	24.3
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Arab States	**47.1**	**45.7**	**45.7**	**46.4**	**46.8**	**53.5**	**53.2**	**54.5**	**56.6**	**58.6**
GCC	64.3	63.1	63.1	64.1	64.9	28.9	28.9	29.4	30.4	31.2
Non-GCC	35.8	34.4	34.5	35.1	35.6	24.6	24.3	25.1	26.3	27.4
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Arab States	**8.2**	**9.5**	**9.6**	**9.2**	**8.7**	**4.8**	**5.6**	**5.8**	**5.7**	**5.6**
GCC	3.7	5.2	5.2	4.8	4.5	1.1	1.6	1.6	1.5	1.5
Non-GCC	13.0	14.2	14.3	13.8	13.1	3.7	4.0	4.2	4.2	4.2
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Arab States	**51.3**	**50.5**	**50.6**	**51.0**	**51.3**	**58.3**	**58.8**	**60.3**	**62.3**	**64.2**
GCC	66.8	66.5	66.6	67.3	67.9	30.1	30.5	31.0	31.9	32.6
Non-GCC	41.1	40.1	40.3	40.7	41.0	28.3	28.3	29.3	30.5	31.6

Source: ILOSTAT, ILO modelled estimates, November 2021.

The recovery in the Arab States region in 2021 is estimated to have been weak – with a 2.2 per cent GDP growth rate – and uneven: labour markets in the GCC countries have recovered faster than in non-GCC countries owing to strong commodity price rises. Although labour force participation is expected to surpass its pre-crisis level by 2022 in the GCC countries, it is expected to remain below its 2019 level through 2023 in non-GCC countries, where it was particularly low to begin with, owing to significant barriers to female labour market participation. Similarly, the EPR is expected to increase gradually over the coming years in both GCC and non-GCC countries, surpassing its pre-crisis level in the GCC countries by 2023, but not in non-GCC countries.

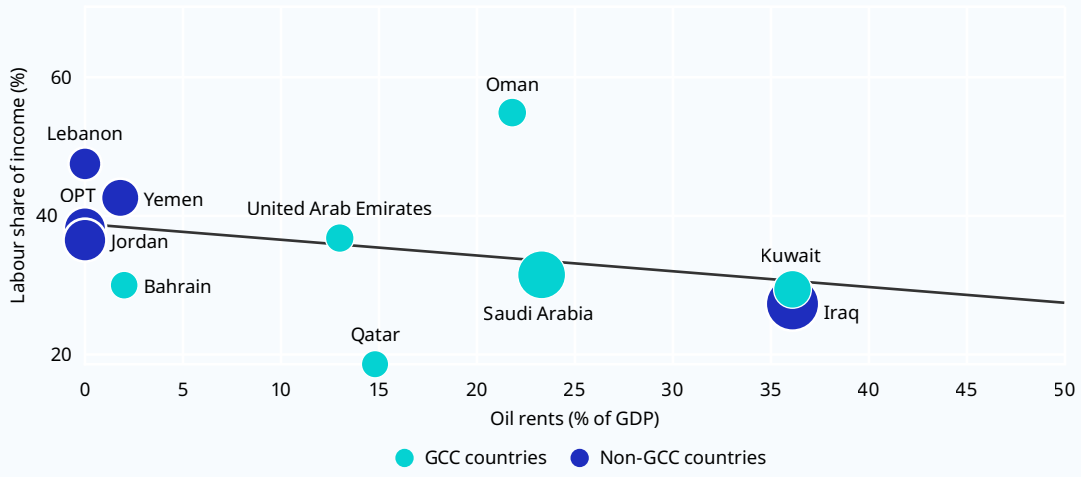
Resource dependence and labour markets: Rentier economies and limited structural transformation and private sector development

Long-standing decent work deficits in the Arab States region are reflected in a weak relationship between economic growth, employment and poverty (ILO 2020f). Even in periods of high economic growth and lower levels of conflict and instability, the region has failed to generate decent and productive formal private sector employment. Jobs have instead been created either in the public sector – oversaturating the latter over recent years – or in the informal private sector, where decent working conditions, including decent wages, are lacking. This failure stands in contrast with the aspirations of the increasingly educated youth in the region.

The literature examining the structural barriers to the creation of decent work in the region's countries points to several factors. These include: (1) the political economy and dynamics of rentier economies; (2) poor regulatory frameworks and the prevalence of informality, especially in the non-GCC countries; (3) capital–labour imbalances, not only in the extractive sector and in oil-dependent countries, but in most sectors and economies; (4) low levels of total factor productivity (TFP) in formal private sector firms, and low employment elasticity, both linked to weak production infrastructure and poor governance; and (5) significant gender inequality in labour market outcomes (ILO 2020f; ILO and ESCWA 2021; EBRD, EIB and World Bank 2016).

The dependence on oil rents in the GCC countries in particular has given the public sector an oversized role in job creation, particularly for nationals. The public share of employment is relatively high in some non-GCC countries and territories as well, equating to approximately one in four workers in Jordan and the Occupied Palestinian Territory (figure 2.9). In figure 2.9 the public share of employment refers to total employment, including both nationals and non-nationals. It is in fact much higher for nationals in GCC countries, where the sector is often perceived as the employer of first and last resort (ILO 2021a; Carvalho, Youssef and Dunais 2018). The main concern about the public sector in the region, beyond its size or its share of employment, is its inability to implement policies conducive to structural transformation and private sector development (ILO and ESCWA 2021).

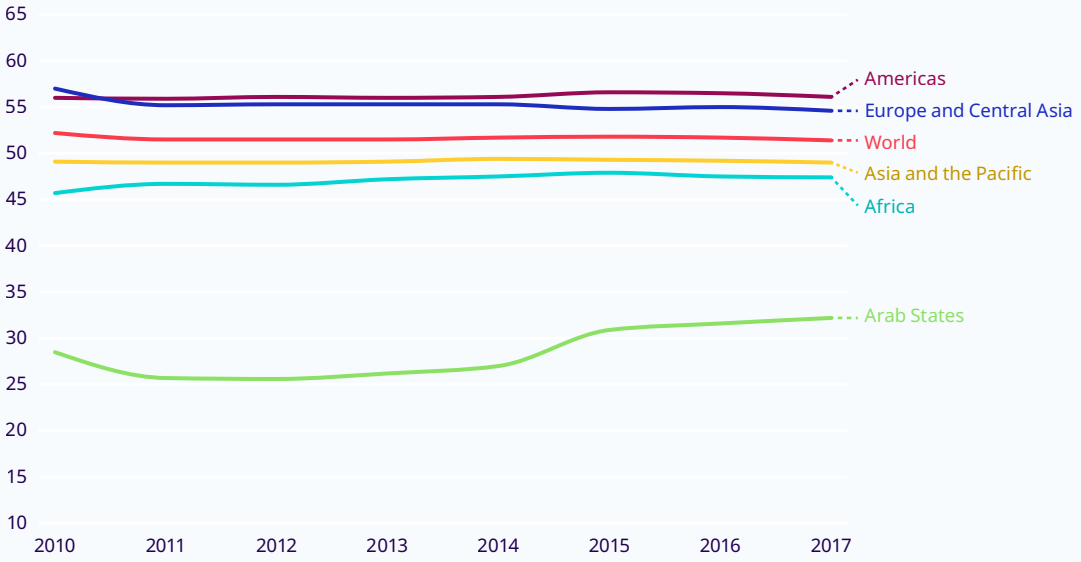
Figure 2.9 Oil dependence, labour share of income, and public sector share of employment in the Arab States



Note: The size of each circle indicates the public sector share of employment, ranging from 9.3 per cent in Qatar to 38.3 per cent in Iraq. The reference year for the labour share and oil rents (percentage of GDP) is 2017 for all countries; for the public share of employment, it is 2019 for all countries except Bahrain and Iraq (2012), Yemen (2014), Kuwait (2016) and Oman and Saudi Arabia (2018). OPT = Occupied Palestinian Territory.

Source: ILOSTAT and World Development Indicators.

Figure 2.10 Labour income share as a percentage of GDP, world's regions, 2010–17



Source: ILOSTAT, ILO modelled estimates, July 2019.

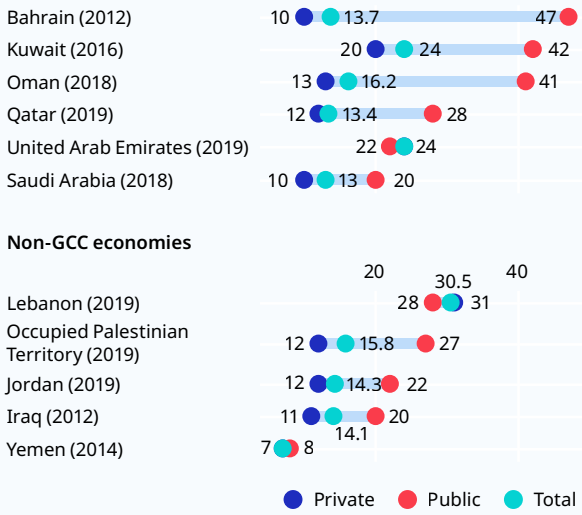
In addition to crowding out by the public sector, there are a number of reasons why formal private sector employment growth remains elusive in the Arab States region. Weak regulatory frameworks and limited state capacity for policy implementation and monitoring, as well as political instability, constrain investment and diminish TFP. A recent study (ILO and ESCWA 2021) found that firms in the Arab States have on average lower employment elasticities and lower TFP than firms in other countries in the same income groups, and that TFP tends to be particularly low for SMEs in the region. The study also found that, among formal private sector firms, wage shares in output are low in comparison with capital shares and that the wage shares in manufacturing are particularly low.[20] This is partly because of the duality of labour markets in these economies, where many sectors are dominated by migrant workers whose reservation wage levels are generally lower than those of their national counterparts. Moreover, specific policies like subsidized energy prices in GCC countries favour capital-intensive production.

In general, the imbalance between returns to capital and labour is fuelling income inequality because of the high concentration of capital ownership among the most affluent. The labour share of income for the Arab States region remained 20 percentage points lower than the global average between 2010 and 2017; its most notable increase, in 2015, may be attributed to the oil price shock and resulting decline in oil rents (figure 2.10). Although there is a negative correlation between oil dependence and the labour share of income (Oman being an exception), non-GCC members that are not oil dependent have labour shares that are somewhat higher, but still below the global average (figure 2.9).

In non-GCC countries, dependence on remittances has been shown to create labour market dynamics similar to those associated with oil rents in GCC countries. Despite their important role in sustaining incomes and livelihoods and reducing poverty, remittances can have unintended consequences on the labour market. They can affect both labour supply – by affecting work incentives, labour force participation, reservation wages and occupational choices – and labour demand, by favouring employment in the non-tradable sector at the expense of the tradable sector (Chami et al. 2018). The labour market impacts of remittances are complex, and particularly so in fragile States,

20 In contrast, in other countries with similar income levels in Asia and Latin America wage shares in manufacturing are higher than average.

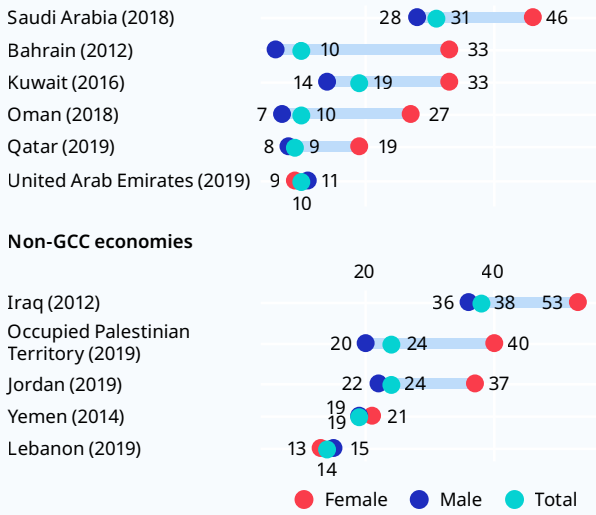
Figure 2.11 Female share of employment by institutional sector in the Arab States region, latest year available (percentages)



Note: Data from the 2020 Labour Force Survey (LFS) for Saudi Arabia are not reflected in this figure.

Source: ILOSTAT.

Figure 2.12 Public sector share of employment by sex in the Arab States region, latest year available (percentages)



Note: Data from the 2020 Labour Force Survey (LFS) for Saudi Arabia are not reflected in this figure.

Source: ILOSTAT.

where remittances can be a lifeline for many but at the same time contribute to perpetuating some of the weak institutions that characterize such States (see, for example, Abdih et al. 2012).

The striking gender inequality in labour markets is not unrelated to the limited private sector employment growth in the Arab States region. Figure 2.11 shows that women's share of employment in these countries is extremely low – ranging from 7 per cent in Yemen to 30 per cent in Lebanon among the countries with available data – and that this employment gap is often driven by a very weak female presence in private sector employment. The public sector's share of female employment far exceeds its share of male employment in many countries in the region (figure 2.12). Despite some progress (as described above in the case of Saudi Arabia), women in the region still face significant structural barriers to labour force participation, which are rooted in social contracts and in certain governance practices and policies that are not inclusive (ILO and ESCWA 2021; ILO and UNDP 2012).

In the aftermath of the pandemic, and as rapid technological change continues to transform the world of work, the Arab States region will urgently have to address structural barriers to the creation of decent work. A number of relevant findings from the ILO and ESCWA (2021) study are worth reiterating: that technology seems to be substituting labour and complementing capital in the Arab region, which implies that policy interventions in several areas (skills development, redistributive policies) are needed to prevent further widening of inequalities; that manufacturing in its current state may not be optimally absorbing the increasingly educated workforce, in the absence of adequate investment in the determinants of TFP; that there is a need for policies targeting the structural determinants of gender gaps in labour market outcomes (such as labour law reforms promoting female labour force participation and more equal sharing of household responsibilities through improved childcare and paternal benefits). More important than ever for the region today are structural transformation and diversification towards sectors that are more productive but also more labour intensive (through pro-employment macroeconomic policies as well as structural and sectoral policies), together with the building and strengthening of labour market institutions and social protection systems.

▶ Asia and the Pacific

Asia and the Pacific is the region that has undergone the most rapid structural change over the past decade. It has some of the highest GDP growth rates in the world, driven by increased trade and integration into global and regional value chains, and facilitated by technological change (ILO 2021a). A declining labour share of income reflects shifts in production structures towards more capital-intensive industries (ILO 2021a, 2020g). This process had been accompanied by a growth in inequality along various dimensions, including widening rural–urban gaps and an increasing skills premium between high-skilled and low-skilled occupations (ILO 2020h). Before the pandemic, working poverty and informality remained widespread in the region, despite the rapid economic growth, high labour force participation and employment rates, and relatively limited underutilization of labour.

Labour market trends

The pandemic's impact on the region has varied significantly between subregions in the course of the different COVID-19 waves. East Asia was the first subregion to be affected in 2020, but then generally managed to control the disease. South Asia and South-East Asia were both hit hard by the Delta wave of the virus, in the second and third quarters of 2021, respectively. Labour market impacts varied across countries depending on the stringency of containment measures and the differing composition of outputs, exports and employment. The pandemic's differential impacts on Asia and the Pacific have had a significant sectoral dimension, as in all regions. Despite disruptions to global supply chains and a decline in demand affecting the manufacturing sector, Asia strengthened its dominant position, with a growing share of global trade in 2020 and 2021 (UNCTAD 2021).[21] Nevertheless, the region has had the largest decline in manufacturing employment as a proportion of total employment as a consequence of the pandemic. Other heavily hit sectors, affected by mobility restrictions and the decline in international tourism, are accommodation and food services, and wholesale and retail trade (ILO 2021a). The impact on those two sectors and the implications for the future of work in the region are discussed in more detail in the thematic section below.

Across Asia and the Pacific as a whole, total working time in 2020 fell by the equivalent of over 130 million FTE jobs (table 2.4). Net employment losses amounted to approximately 58 million in 2020; 39 million of the workers in question exited the labour force. The region's labour market recovery is projected to be slow: LFPRs and EPRs are expected to remain below their pre-crisis levels through 2023 in all subregions (table 2.4).

The pandemic is estimated to have driven over 2 million workers to fall below the extreme poverty line in Asia and the Pacific in 2020, and another 1.6 million to fall below the moderate poverty line, reversing some of the progress made in poverty reduction over recent decades. Working poverty figures underestimate the poverty impact of the crisis, however, since they do not account for low-income earners who became jobless because of the pandemic (see box 1.1).

Among the groups most vulnerable to the pandemic in this region are informal workers, who account for high shares of employment in some of the heavily hit sectors, and migrant workers (ILO 2021a). Government measures, particularly in extending social assistance to cover larger proportions of the populations, and in some cases to previously excluded groups, have helped mitigate the substantial losses of labour income and increase in working poverty (ILO 2021b, 2020i).

East Asia is the subregion that demonstrated the most resilience in 2020 and had the most dynamic rebound in 2021. China, however, began scaling back public investment and fiscal support, which had boosted its growth and had ripple effects across the region (UNCTAD 2021). Among Asia's subregions, East Asia is the one where the pandemic's disproportionate impact on women is most evident, since women accounted for 62 per cent of the net decline in employment

21 A significant literature has covered the pandemic's impact on and implications for global supply chains and Asia's manufacturing sector (see, for example, ILO 2020j, 2020k, 2020l, 2021a, 2021f).

Table 2.4 Estimates and projections of working hours, employment, unemployment and labour force, regional and subregional, Asia and the Pacific, 2019–23

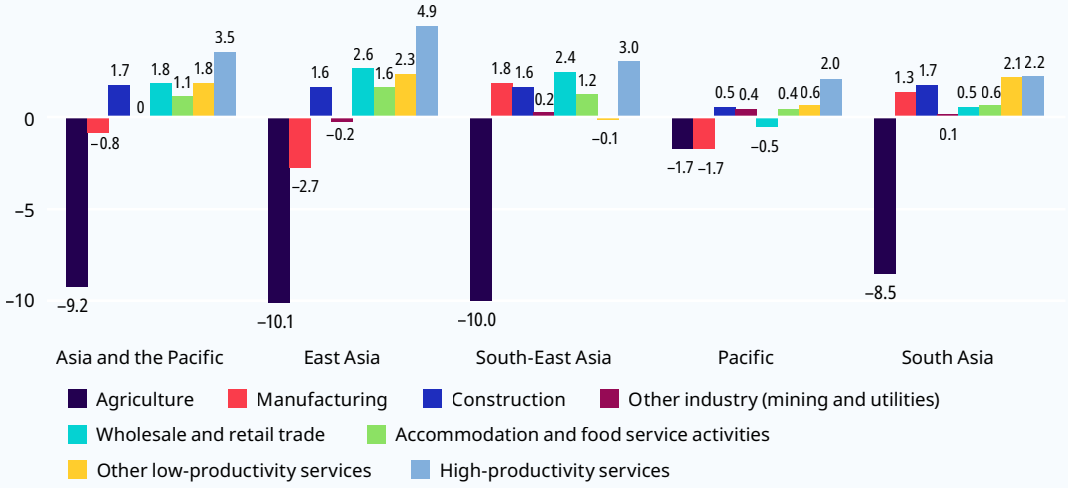
Region/subregion	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Asia and the Pacific	**29.2**	**26.8**	**28.0**	**28.6**	**28.8**	**1771**	**1638**	**1723**	**1774**	**1797**
East Asia	33.8	32.5	33.9	34.0	33.9	825	790	821	823	821
South-East Asia	29.7	27.3	27.5	28.6	29.3	277	257	262	275	284
Pacific Islands	25.2	24.3	24.7	24.8	25.1	14	14	14	14	14
South Asia	24.8	21.5	23.0	24.0	24.3	655	577	626	662	678
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Asia and the Pacific	**57.7**	**55.3**	**55.8**	**56.1**	**56.1**	**1901**	**1843**	**1878**	**1909**	**1930**
East Asia	65.5	64.4	64.3	64.2	64.1	906	895	898	901	902
South-East Asia	65.7	63.9	63.9	64.1	64.6	324	320	324	329	336
Pacific Islands	60.2	58.8	59.8	59.5	59.4	19	19	20	20	20
South Asia	47.0	43.3	44.5	45.4	45.5	651	609	636	660	672
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Asia and the Pacific	**4.3**	**5.4**	**4.8**	**4.6**	**4.5**	**85.8**	**104.7**	**95.2**	**92.6**	**91.0**
East Asia	4.3	4.8	4.6	4.5	4.3	40.6	44.7	43.1	42.0	41.0
South-East Asia	2.5	3.0	3.1	3.1	2.8	8.2	9.9	10.5	10.4	9.7
Pacific Islands	4.7	5.6	4.7	4.6	4.5	0.9	1.1	1.0	0.9	0.9
South Asia	5.2	7.4	6.0	5.6	5.5	36.0	48.9	40.7	39.3	39.4
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Asia and the Pacific	**60.3**	**58.5**	**58.6**	**58.8**	**58.8**	**1987**	**1948**	**1973**	**2002**	**2021**
East Asia	68.4	67.6	67.4	67.2	67.0	947	940	942	943	943
South-East Asia	67.4	65.9	66.0	66.1	66.4	333	330	334	340	345
Pacific Islands	63.1	62.3	62.7	62.3	62.2	20	20	21	21	21
South Asia	49.6	46.7	47.3	48.1	48.2	687	658	677	699	712

Source: ILOSTAT, ILO modelled estimates, November 2021.

in 2020 (Appendix C, table C13). Youth were also disproportionately affected, accounting for nearly half (48 per cent) of net job losses despite representing only 9 per cent of the workforce. The subregion's labour market recovery is expected to have lagged behind its economic recovery, with only incremental increases in EPR and LFPR in 2021.

The heavy toll of new variants and waves of the virus in 2021, combined with slow vaccine roll-out, has resulted in a downward revision of the region's growth prospects, especially for South Asia and South-East Asia (IMF 2021a). In 2020, South Asia accounted for approximately 60 per cent of the decline in working hours in the region, and 73 per cent of net job losses, as weak public healthcare and high informality compounded the human costs of the crisis. The subregion's EPR declined by a staggering

Figure 2.13 Change in sectoral employment shares, Asia and the Pacific and its subregions, 2010–19 (percentage points)



Note: "Other low-productivity services" refers to transportation and storage, as well as "other services" (International Standard Industrial Classification (ISIC) Rev. 4 categories H, J, R, S, T, U). "High-productivity services" refers to finance and insurance, real estate, business and administrative activities, public administration, education, and human health and social services (ISIC Rev. 4 categories K, L, M, N, O, P, Q).

Source: Authors' calculations based on ILOSTAT.

3.8 percentage points in 2020 (table 2.4). South Asia also accounted for 56 per cent of the region's new working poor in 2020. The subregion's recovery in 2021 was only partial; employment and LFPRs remained well below their pre-crisis levels. South-East Asia, which suffered a major setback in its recovery in 2021, is the only subregion in Asia where the unemployment rate is estimated to have increased in the second year of the pandemic (table 2.4). South-East Asia's unemployment rate is projected to remain higher, and the EPR and LFPR lower, than pre-crisis levels through 2023.

The disruptions of tourism, which heavily affected the Pacific subregion in 2020, only partially ameliorated in 2021. The Pacific Islands subregion saw a 1.4 percentage point decline in the EPR in 2020; most of the net decline in employment was reflected in transitions to unemployment rather than labour force exits. Young workers were disproportionately affected by the crisis – accounting for approximately two thirds of net job losses in 2020 (Appendix C, table C16) – largely owing to their over-representation in the heavily hit sectors. The unemployment rate is estimated to have returned to its pre-crisis level in 2021. Nevertheless, the EPR and LFPR are expected to remain below pre-crisis levels through 2023.

Tourism and wholesale and retail trade in Asia and the Pacific: COVID-19 impacts and implications

In contrast to other regions of the world, structural transformation in Asia and the Pacific has continued the course it was already on in the decade preceding the pandemic, rapidly transforming labour markets. Large shares of workers shifted out of agriculture in all subregions (figure 2.13). In East Asia, displaced agricultural workers shifted primarily to services and to a lesser extent to construction. Manufacturing employment declined in the subregion between 2010 and 2019 as some labour-intensive manufacturing industries, such as garments, shifted to South-East Asia and South Asia (van Klaveren and Tijdens 2018). Even in the latter two subregions, however, the services sector accounted for over 60 per cent of net job creation during this period.

In Asia and the Pacific as a whole, over 80 per cent of net job creation in the decade preceding the pandemic comprised service jobs.[22] Although high-productivity services employing medium- and high-skilled workers saw significant growth during this period, much of the displaced low-skilled agricultural workforce was absorbed into lower-productivity services, including wholesale and retail trade, accommodation and food services, transportation and storage, and "other service activities" (primarily, personal services). The wholesale and retail trade sector accounted for the largest share of net job creation during this period: 20 per cent in the Asia and Pacific region and 25 per cent in South-East Asia. Accommodation and food service activities, used as a proxy for the tourism sector,[23] also made a significant contribution to employment growth in the region with 10 per cent of jobs created between 2010 and 2019. These two sectors together employed over 350 million workers in Asia and the Pacific in 2019. The COVID-19 crisis hit these sectors particularly hard, bringing attention both to their importance for these economies, and to the vulnerabilities associated with decent work deficits in the sectors.

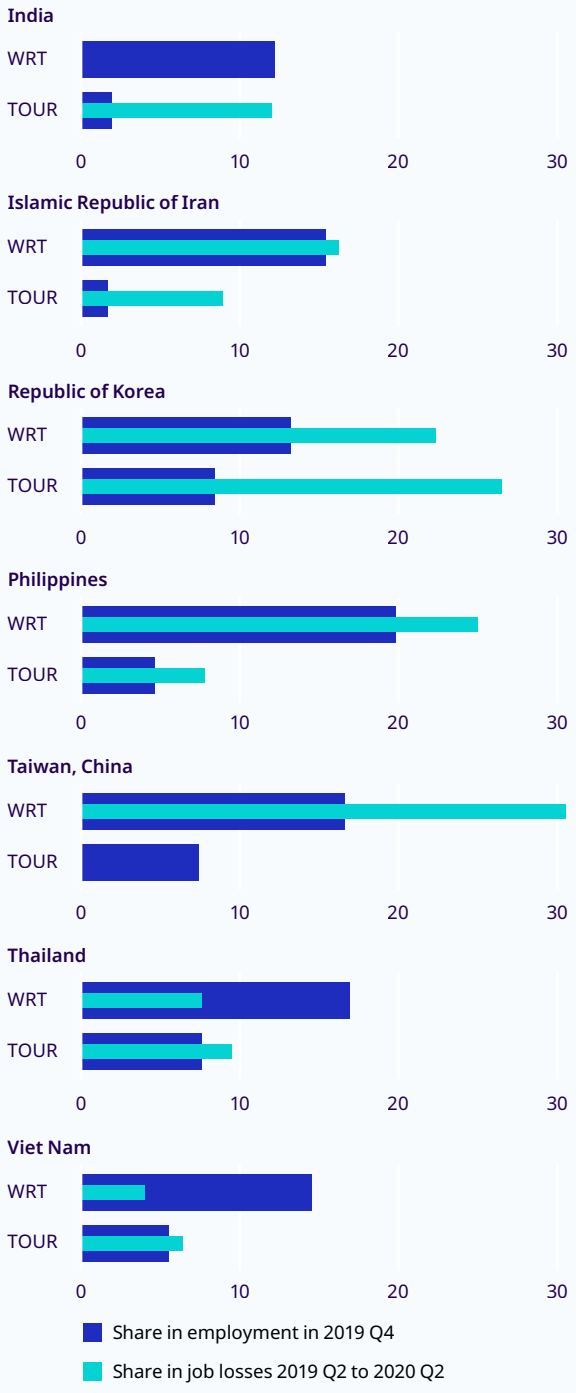
Before the pandemic, tourism accounted for the largest component of global trade in services (25 per cent). This figure dropped to 10 per cent because of mobility constraints and a collapse in demand (UNCTAD 2021). Asia and the Pacific was the region that saw the steepest decline in international tourism: a 95 per cent drop in the first five months of 2021 relative to the same period in 2019 (UNWTO 2021a). The wholesale and retail trade sector was particularly affected at the critical stage of the crisis, owing to lockdown and containment measures that, in addition to limiting activity, prevented the reallocation of displaced workers to the sector. Because annual data conceal the magnitude of the impact on the sector, we rely on quarterly data available for some of the region's countries to quantify the disproportionate impact on both tourism and wholesale and retail trade.

For many countries with available data, the wholesale and retail trade, and accommodation and food services sectors accounted for much larger shares of job losses in the second quarter of 2020 than their respective shares in total employment before the pandemic (figure 2.14).

22 Authors' calculations based on ILOSTAT.

23 The accommodation and food services sector is often used as a proxy for the tourism sector (see, for example, UNWTO 2020), although tourism-related jobs can extend to other industry groups such as transportation, travel and tour agencies, and culture and entertainment.

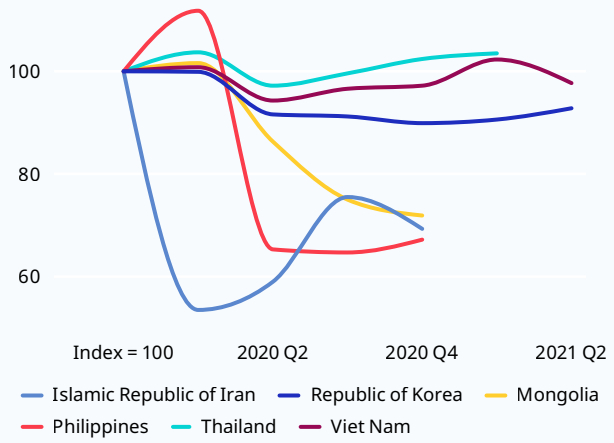
Figure 2.14 Wholesale and retail trade, and accommodation and food service activities' shares of employment (pre-pandemic) and job losses (2019 Q2 to 2020 Q2), selected economies in Asia and the Pacific (percentages)



Notes: WRT = wholesale and retail trade; TOUR = accommodation and food services (proxy for tourism). When one accounts for seasonality by calculating changes in employment levels over the same quarter of the previous year, wholesale and retail trade in India and accommodation and food services in Taiwan, China have positive employment growth and therefore do not contribute to job losses (partly reflecting labour reallocation to these sectors during the crisis).

Source: Authors' calculations from ILOSTAT quarterly series.

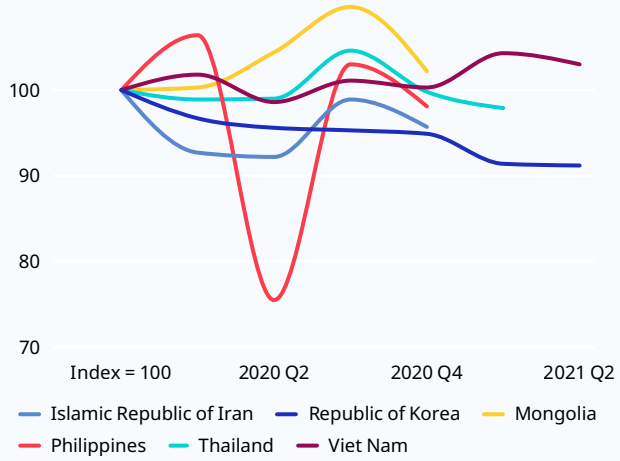
Figure 2.15 Employment in the food and accommodation sector in selected Asian and Pacific countries, index



Note: Selected countries are those for which quarterly LFS data are available until at least 2020 Q4. Data are indexed to the corresponding quarter in 2019 to account for seasonality.

Source: ILOSTAT quarterly data.

Figure 2.16 Employment in the wholesale and retail trade sector in selected Asian and Pacific countries, index



Note: Selected countries are those for which quarterly LFS data are available until at least 2020 Q4. Data are indexed to the corresponding quarter in 2019 to account for seasonality.

Source: ILOSTAT quarterly data.

Of the sample of countries of the region for which quarterly data are available, only in Mongolia did employment in the wholesale and retail trade sector increase in 2020 Q2 while that in the food and accommodation sector declined, suggesting a possible reallocation effect early on in the crisis, or possibly a lag in crisis impact (figures 2.15 and 2.16). As economies opened up, employment in wholesale and retail trade, being less dependent on external demand, bounced back more rapidly than employment in food and accommodation, which remained below its pre-crisis level at the end of 2020, and even in mid-2021 for some countries with available data.

Women, youth and informal workers comprise a large share of the workforce in the two sectors and have been particularly hit by the pandemic in the region, in part because of their over-representation in these sectors.[24] Women made up approximately 60 per cent of the tourism (food and accommodation) workforce in East Asia and South-East Asia in 2019, and over half of the tourism workforce in the Asia and Pacific region. In wholesale and retail trade, they accounted for about 40 per cent of employment, compared with 36 per cent of the region's overall workforce. Youth in all subregions were also well represented among the workforces of both sectors, having higher shares in employment in those sectors than their average share of the workforce across all sectors. Informality is widespread also in both sectors, at a higher rate than in non-agricultural employment in nearly all countries of the region. Average earnings in the sectors are generally higher than in agriculture, lower than in manufacturing – with a few exceptions – and well below the average of "higher-skilled services".

It is not yet clear how much the pandemic will have interacted with technological changes (such as accelerated digitalization and automation) to have a long-term impact on labour demand in the two sectors. Although most wholesale and retail trade and tourism occupations require interpersonal interaction, they face lower

24 Data presented in this paragraph represent authors' calculations based on ILOSTAT.

risk from automation than do occupations in other sectors – at least in the immediate future. On the other hand, occupational tasks that cannot be undertaken remotely and require human contact remain vulnerable to public health emergencies. Moreover, changing consumption patterns and consumer preferences (such as online retail) post-pandemic could also have an impact on these two sectors.

At the global level, given the need arising from the pandemic to harmonize travel measures and logistics, including health and safety protocols, the recovery of international tourist flows to pre-pandemic levels is not expected before 2024 (UNWTO 2021b). In the wake of the pandemic, countries in the Asia and Pacific region must ensure that policies are implemented to support MSMEs in wholesale and retail trade and tourism, through intensifying formalization efforts and through ALMPs, including targeted skills development. There are two possible scenarios for these sectors in Asia. In the first, a continuation of the status quo, the sectors continue to grow and to absorb displaced labour (from agriculture and potentially from manufacturing) into low-skilled, low-productivity work. In the second, these sectors are able to generate decent and productive work and to contribute to an eventual transition to a greener economy. The second path requires policy action and coordination and public investment, which should not be deterred by post-pandemic pressures to reduce fiscal spending.

Europe and Central Asia

Europe and Central Asia is another region with significant asymmetries that have been exacerbated by the pandemic. Although economies in this region were hit hard, with several rounds of lockdowns in many countries, there were significant differences across subregions in capacity to respond to the crisis, in terms both of health infrastructure and of the fiscal space needed to implement accommodative monetary and fiscal policies (ILO 2021a). Recovery prospects too are diverging across subregions, owing to differences in vaccine roll-out – particularly as new variants and waves of the virus take their toll – and in the continuing availability of funding for stimulus and job and income protection policies. For instance, whereas most Western European countries can access financing through European Union mechanisms, other countries in Eastern Europe and Central Asia are grappling with narrowing fiscal space.

Labour market trends

Northern, Southern and Western Europe suffered the highest numbers of registered COVID-19 cases in the world in the early stages of the pandemic, which posed a significant public health challenge and resulted in substantial losses in working hours. In this subregion, the statistic of net job losses of 2.7 million in 2020 understates the crisis impact, owing to the heavy reliance on intensive margins of adjustment. Governments succeeded in mitigating employment losses and unemployment hikes through heavy use of employment retention schemes (furlough schemes or temporary lay-offs) and reductions in working hours (ILO 2021a; OECD 2021a). The heavy reliance on these schemes is reflected in the highest intensive margins' share of working hour reductions among all subregions. In some cases, the process made use of social dialogue. The reduction in working hours in the subregion amounted to the equivalent of 12.8 million FTE jobs in 2020 relative to 2019 (table 2.5). The strong rebound of Northern, Southern and Western Europe in the second half of 2021 is expected to carry over into 2022, driven especially by Germany, France, Italy and Spain (IMF 2021a). The recovery is uneven across industries, however. Some industries have been hit hard by shortages of components because of supply chain disruptions and by labour shortages because of the health emergency (UNCTAD 2021).

In Eastern Europe, where informality is relatively high, labour reallocation from wage and salaried work to own-account and contributing family work helped mitigate the decline in employment and in labour force participation. Nevertheless, close to 2.7 million workers shifted out of employment in the subregion in 2020, of whom 1.1 million became unemployed and another 1.6 million exited the labour force (table 2.5).

▶ Table 2.5 Estimates and projections of working hours, employment, unemployment and labour force, regional and subregional, Europe and Central Asia, 2019–23

Region/subregion	Ratio of total weekly hours worked to population aged 15–64 (percentages)					Total weekly working hours in full-time equivalent jobs (FTE = 48 hours/week) (millions)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Europe and Central Asia	**25.7**	**23.7**	**24.9**	**25.6**	**25.9**	**326**	**300**	**315**	**323**	**325**
Northern, Southern and Western Europe	25.8	23.7	25.0	25.9	26.1	157	144	152	157	158
Eastern Europe	26.7	25.3	26.3	26.8	26.9	109	102	105	106	106
Central and Western Asia	24.0	21.0	22.6	23.4	23.6	60	53	58	60	62
	Employment-to-population ratio (percentages)					**Employment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Europe and Central Asia	**54.6**	**53.4**	**53.5**	**53.9**	**53.9**	**416**	**408**	**411**	**414**	**416**
Northern, Southern and Western Europe	54.4	53.5	53.8	54.1	54.2	209	206	208	210	210
Eastern Europe	56.6	55.7	55.6	55.8	55.8	138	135	135	135	135
Central and Western Asia	51.4	48.9	49.3	49.7	50.0	69	67	68	70	71
	Unemployment rate (percentages)					**Unemployment (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Europe and Central Asia	**6.6**	**7.1**	**7.1**	**6.7**	**6.6**	**29.6**	**31.4**	**31.3**	**29.9**	**29.2**
Northern, Southern and Western Europe	6.9	7.3	7.3	6.8	6.6	15.6	16.3	16.5	15.2	14.9
Eastern Europe	4.7	5.6	5.3	4.9	4.7	6.8	8.0	7.5	7.0	6.7
Central and Western Asia	9.4	9.7	9.8	10.0	9.7	7.2	7.2	7.4	7.7	7.6
	Labour force participation rate (percentages)					**Labour force (millions)**				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Europe and Central Asia	**58.5**	**57.5**	**57.6**	**57.7**	**57.7**	**446**	**440**	**442**	**444**	**445**
Northern, Southern and Western Europe	58.4	57.8	58.0	58.1	58.1	225	223	224	225	225
Eastern Europe	59.4	59.0	58.7	58.7	58.5	145	143	142	142	141
Central and Western Asia	56.8	54.1	54.6	55.2	55.4	76	74	75	77	78

Source: ILOSTAT, ILO modelled estimates, November 2021.

Central and Western Asia's economies were affected by the decline in commodity prices and a decline in demand for exports in the first half of 2020, the effects of which were partly offset by targeted fiscal and monetary policies in the second half of that year and by the partial recovery of demand from Europe (UNCTAD 2021). In Central and Western Asia, challenges posed by the pandemic included massive labour force exits, which accounted for nearly all job losses (table 2.5), and a large gap in social protection coverage and financing (Durán-Valverde et al. 2020; ILO 2021a). Job and income losses in the region, and a rise in poverty, were compounded by a decline in remittances in many countries and added pressures on local labour markets from returning migrants in 2020. Migrant workers, including the circular and seasonal workers who constitute an important share of the workforce in many countries in the subregion, were disproportionately or highly affected, particularly in the first stages of the crisis (ILO 2021a). Central and Western Asia is expected to have had a moderate recovery in 2021, weakened by the phasing out of fiscal and monetary support measures.

Across Europe and Central Asia the crisis fell harder on some firms and workers than others. It has had a severe impact on MSMEs, owing to their over-representation in hard-hit sectors, including retail and tourism, and their more limited access to support measures (OECD 2020b). The groups of workers identified as particularly vulnerable include temporary workers and those in diverse forms of employment (see Chapter 3), workers in low-paid occupations and migrant workers.

As in most other regions, youth have been heavily affected by the pandemic and accounted for a disproportionate share (over a third) of net job losses in 2020. The youth share of job losses was particularly high in Northern Europe (77 per cent) and Central Asia (61 per cent). The pandemic's impact on youth and the challenges of engaging and re-engaging them in the labour market are discussed in the thematic section below.

The gender impact of the pandemic varied significantly across subregions. Women's share of net job losses in 2020 was higher than their share of employment in Western Asia, and somewhat higher in Southern Europe, Eastern Europe and Central Asia. However, in Northern and Western Europe women accounted for a smaller proportion of net job losses than men and experienced a much lower decline in labour force participation (Appendix C, table C17).

Unemployment rates in Northern, Southern and Western Europe are projected to fall back to or below their pre-pandemic levels by 2022, and in Eastern Europe by 2023 (table 2.5). The recovery in unemployment rates will be aided by the likelihood that labour force participation will remain depressed below pre-pandemic levels until 2023 in all subregions. Similarly, EPRs are expected to remain below pre-pandemic levels in all subregions.

There is a concern that, in the wake of the pandemic, inequality could widen in Europe's large economies. Higher-earning workers may have lost fewer working hours and less income, may have saved more and may see their incomes recover faster than lower-wage earners, who have had less access to remote work, lost more income and saved less; and, at the same time, governments may come under pressure to cut spending in the coming years (UNCTAD 2021; OECD 2021a). Moreover, a continued policy emphasis on supporting export sectors could widen the wage gap between workers in lead sectors and those in lagging sectors, which has been growing over the past decade, low-wage workers bearing most of the decline in the labour share of income (UNCTAD 2021).

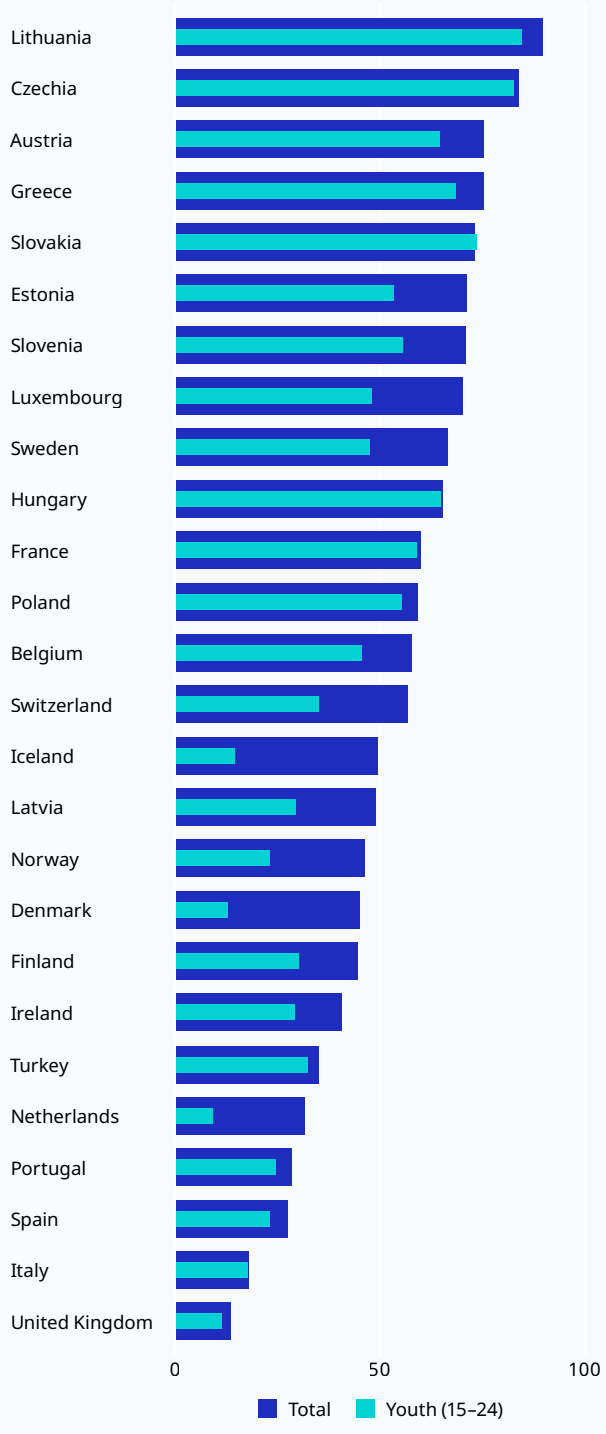
Engaging and re-engaging youth: Labour market activation and challenges

Before the pandemic, labour markets were already unfavourable for youth in much of Europe and Central Asia, as in most other regions. On the demand side, there was a disconnect between high economic growth and employment creation in many countries. The limited availability of formal, decent work opportunities was a key driver of labour migration from Central Asian countries (ILO 2021a, 2020h). On the supply side, a gap persisted between outputs of education and training systems and labour market demand (ILO 2021e). These structural challenges were reflected in difficult school-to-work transitions, high youth unemployment, high rates of "youth not in employment, education or training" (NEET), and large gender disparities.

The pandemic has compounded these difficulties, raising a serious risk of scarring many youth of the region. Delayed labour market entry, or entry into lower-quality jobs than would otherwise have been taken, or prolonged or repeated spells of unemployment or inactivity can have long-term implications for young people's career paths and earning prospects (ILO 2021a; OECD 2021a). During the pandemic, governments across the region have introduced and scaled up ALMPs to protect jobs and support labour demand. Some countries in the region (including France, Greece, Hungary, Ireland, Luxembourg, Portugal, Romania and the United Kingdom of Great Britain and Northern Ireland) have made use of employment incentives specifically targeting young jobseekers (OECD 2021b). As large numbers of workers exited the labour force in 2020, a key challenge in the region will be to bring youth into the labour market – and into decent and productive work. The outreach of public employment services (PES) to youth varies significantly across countries and remains far lower than to adults in most of them, as proxied by the share of unemployed who contacted PES to find employment between 2020 Q2 and 2020 Q4 (figure 2.17).

In the recovery phase, labour market (re)activation will be key for the region, through extending ALMPs to groups marginally attached to the labour market, and particularly to NEET youth. The policy mix required will depend on the country context and should take into account the advantages and disadvantages of various policies, and these policies' interactions with passive labour market policies (see, for example, Brown and Koettl 2015; Pignatti and Van Belle 2018). In general, once economic recovery has set in, ALMPs must shift from a focus on retaining and protecting jobs and incomes towards giving employers incentives to create employment, such as targeted hiring subsidies, and towards promoting a return to active jobseeking among those without work (see table 2.6). ALMPs for the recovery and beyond must address both the demand and supply sides and target disadvantaged groups, including NEET. Incentives to accumulate human capital (focusing on training – reskilling and upskilling) will be important throughout the crisis and recovery, and beyond, to facilitate youth transitions into employment and across jobs in the post-pandemic world of work.

▶ Figure 2.17 Share of unemployed who contacted PES to find work in 2020 Q2–Q4



Note: PES = Public employment services.

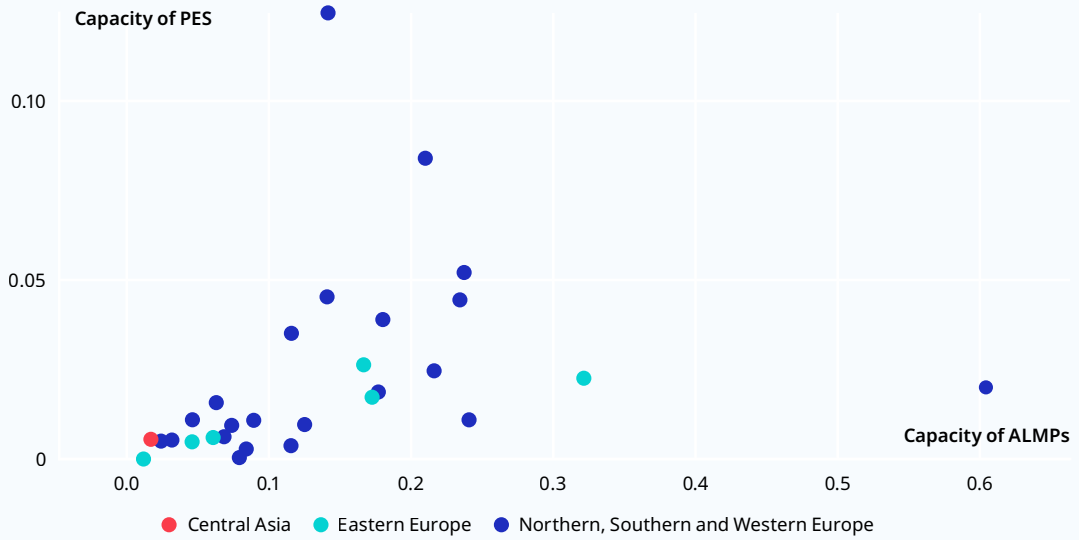
Source: OECD (2021a).

Table 2.6 ALMPs during the crisis, recovery and beyond

Target area	ALMP category	Policy/ instrument	Aim	Target	Pros and cons	Timing		
						Crisis	Recovery	Beyond
Labour demand	Incentives for retaining employment	Work sharing/ reduced work	Reduce outflows from employment Retain labour market attachment	Persons already employed	Temporarily prevents lay-offs but needs to be phased out swiftly to avoid negative long-term impacts (e.g. by inhibiting efficient labour reallocation) Relatively costly	Maintain	Scale back	
		Wage subsidies						
	Incentives for creating employment	Hiring subsidies	Increase flow into employment	Persons not in employment (unemployed, inactive, NEET)	Acts as countercyclical automatic stabilizer, keeps labour market attachment in recessions, and supports recoveries Cost-effective	Maintain/ boost	Maintain as needed	Maintain, targeting disadvantaged groups: NEET
		Business start-up/ self-employment support			Cost-effective, supports recoveries, but limited applicability			
Labour supply	Incentives for seeking and keeping a job	In-work benefits and subsidies	Increase flow into and reduce flow out of employment Increase labour market attachment and provide income support	Persons already employed and persons not in employment	Cost-effective, redistributive instrument to cushion income losses Limited long-term employment effects (not cost-effective for long-term job creation)	Maintain	Maintain as needed	Maintain, targeting disadvantaged groups: NEET
		Public works		Persons not in employment (unemployed, inactive, NEET)	Redistributive, safety-net role in crises Not cost-effective for long-term job creation	Maintain	Scale back	
		Activation and workfare	Increase flow into employment		Cost-effective in shifting towards active income support Can support recovery along with demand-side policies		Maintain	Maintain, targeting disadvantaged groups: NEET
		Sanctions (e.g. reducing unemployment benefits for non-participation in ALMPs)						
	Incentives for human capital accumulation	On-the-job training	Increase flow into employment, improve productivity and improve matching	Persons already employed and persons not in employment	Increase employability Skills upgrading Cost-effective in long run and in strengthening recoveries	Maintain/ boost	Maintain/ boost	Maintain, for all/ boost for disadvantaged groups: NEET
		Classroom training						
Labour market matching	Improved labour market matching	Job search assistance	Increase flow into employment, job search efficiency, and matching	Persons not in employment (unemployed, inactive, NEET)	Strong impact on employability, especially for disadvantaged workers Cost-effective Strong role in supporting the recovery	Maintain	Maintain/ boost	Maintain
		Counselling and monitoring						
		Employer intermediation service		Persons already employed and persons not in employment				

Source: Authors' elaboration based on Brown and Koettl (2015) and OECD (2021b).

Figure 2.18 Capacity of ALMPs and PES, Europe and Central Asia



Note: ALMP spending per unemployed person, as a percentage of per capita GDP, is used as a proxy for ALMP capacity. Spending on placement and related services per unemployed person, as a percentage of per capita GDP, is used as a proxy for PES capacity.

Source: OECD (2021a).

Despite pressures to scale back spending in the aftermath of the pandemic, key investments to strengthen PES and ALMP capacity should be prioritized in countries where these institutions are weaker, and efforts to reach NEET youth and other disadvantaged groups should be intensified. Although data on Eastern and Central Europe and on Central and Western Asia are scarce, the available data suggest that these subregions may be lagging behind the rest of Europe, where fiscal constraints are lower (figure 2.18). Although two thirds of OECD (Organisation for Economic Co-operation and Development) countries have increased their PES budgets during the pandemic, the most effective response has been in countries where the infrastructure required to scale up the delivery of these services was already in place (OECD 2021a). Investment in such infrastructure, including in digital technologies, and improving process efficiency will be critical for the region in the years to come.

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3 Temporary workers and COVID-19: Currents below a calm sea

Introduction

As outlined in the previous chapters and in the 2021 edition of *World Employment and Social Outlook: Trends*, COVID-19 has impacted on regions, sectors, occupations and different groups to varying degrees and through different channels. This heterogeneous impact has widened disparities between groups and countries, exacerbating inequality (ILO 2021a). Temporary employment has a number of important implications for both workers and enterprises; given a backdrop of long-term increasing trends, the question arises: how has the COVID-19 pandemic impacted on temporary workers and what are the prospects of recovery for them? Furthermore, will the pandemic's impact accelerate structural growth in temporary employment (as discussed in Chapter 1) or contribute only to cyclical fluctuations over the longer term?

Although levels of temporary employment have remained stable through the crisis, beneath the surface there have been high levels of labour market churn of temporary workers. Temporary employment is by nature more flexible, allowing enterprises to scale their workforces more easily in response to shifts in demand. It has a structural basis that determines the degree to which it is present in each economy, although other factors such as social norms also have an influence. Nonetheless, during periods of economic crisis, the easiest course is often to end the contracts of temporary employees (by non-renewal). Available evidence suggests that the experience during the COVID-19 pandemic has been no different. However, temporary employment also quickly increases after a crisis as business activity recovers and firms tentatively hire workers amidst ongoing uncertainty. This chapter provides an overview of the context of temporary employment, including long-term trends, before considering the experience of temporary work during the COVID-19 crisis and what may be expected in the recovery phase. The last section outlines implications for workers, enterprises and economies.

The analysis in this chapter demonstrates that temporary employment has served as a buffer against the shock caused by the pandemic, as it has done in previous crises. Employers have scaled back the use of temporary workers, causing significant gross job loss among this category of workers. At the same time, many permanent employees who lost their jobs have found new opportunities in temporary employment. The net effect is that the share of temporary workers among all employees has remained fairly constant in countries with available annual data. As labour markets recover, however, growth in temporary and permanent jobs may diverge, owing to the asymmetric nature of the opening of the economy (see Chapter 1). This will have important implications for workers, enterprises and the macroeconomy. However, the labour market churn of temporary workers has not been dissimilar to pre-pandemic trends (according to the limited available country-level evidence), which suggests that the use of temporary workers and the implications of doing so are endemic and not necessarily tied to crisis and post-crisis trends.

The temporary employment context

Temporary employment has different implications for developing and developed economies. In developed countries, it usually takes the form of fixed-term contracts and in some instances can be a stepping stone to a more permanent job, but this depends on how widespread the use of fixed-term contracts is in the labour market in question. In developing countries, temporary employment is more commonly associated with informal employment and is thus characterized by a lack of social security and other labour protection, including employment protection. In both contexts, temporary employment can be a means for enterprises to adjust the size of their workforce according to demand and is thus common in those industries that experience rapid fluctuations in demand, as can be seen in the case of garment manufacturers in global supply chains (World Solidarity 2009) (see also box 3.1 for examples of temporary workers). The lack of job retention resulting from the use of temporary contracts can have negative impacts on firms, including in relation to skills and innovation (see "Implications for workers, enterprises and the economy" below for further elaboration). There are also negative impacts for workers, especially in countries where temporary employment is widespread and workers shift from temporary employment to unemployment to temporary employment.

Defining temporary employment

"Temporary employment" refers to wage and salaried employment for a short or fixed duration. It is an employment situation that deviates from one that is full-time, indefinite and formal, and instead involves a subordinate relationship between employee and employer (ILO 2018a). There are, however, a number of variations of the definition that complicate the process of compiling data and analysing temporary employment across countries and regions. A new resolution adopted at the 20th International Conference of Labour Statisticians (ICLS), defining types of employees, may help to harmonize data in the future (ILO 2018b).[1] Temporary work is just one of a number of different forms of work arrangement that challenge the notion of a permanent, full-time and formal relationship between an employee and the employer (figure 3.1).

The most common forms of temporary employment are fixed-term work and casual work.[2] "Fixed-term work" refers to an arrangement for which an end date is implicitly or explicitly foreseen and usually tied to conditions such as a period of time or the completion of a specific task or project.[3] Although fixed-term contracts are not directly regulated by international labour standards, the Termination of Employment Convention, 1982 (No. 158), states that fixed-term contracts should not be used with the sole purpose of avoiding employment protection laws and clauses (ILO 2016a). Another common form of temporary employment is "casual work". This can be defined as work that is executed for a short period (e.g. daily work), occasionally or intermittently and is typically informal.[4] Although legislation or regulation on casual work exists in more than 40 countries worldwide, enforcement is often lacking (ILO 2016a). Apprentices, trainees and interns are also considered temporary workers.

1 A resolution concerning statistics on work relationships adopted at the 20th ICLS provides new statistical standards and definitions for the identification of temporary workers by defining four different categories of employees, namely, (i) permanent employees, (ii) fixed-term employees, (iii) short-term and casual employees and (iv) paid apprentices, trainees and interns (ILO 2018b).

2 Gig workers, platform workers and on-demand workers can be either classified as independent contractors or placed in the category of dependent self-employment (figure 3.1). Although their work may be considered temporary in nature, these workers are not considered in the analysis of temporary workers in this chapter. A significant consideration in the impact of the COVID-19 crisis on temporary workers is that with the growth of on-demand platforms many temporary workers may move on to these platforms and become categorized as on-demand workers despite continuing similar forms of work.

3 The definition included in the 20th ICLS (ILO 2018b) is: "Fixed term employees: Employees who are guaranteed a minimum number of hours of work and are employed on a time-limited basis for a period of three months or more."

4 The definition included in the 20th ICLS (ILO 2018b) is: "Casual and intermittent employees are those who have no guarantee of employment for a certain number of hours during a specified period but may have arrangements of an ongoing or recurring nature."

▶ Box 3.1 Hypothetical examples of different types of temporary workers

Seasonal agricultural worker, Sudan

Migrant worker who travels from Ethiopia to Sudan every year to work in the cotton harvest. Contracts are commonly fixed term and informal, for 3–4 months, with no benefits or paid leave. The employer relies on cheap seasonal labour as an alternative to investing in mechanical methods of harvesting.

Construction worker, Germany

Medium-skilled worker, working on a project basis, who is hired for construction work for periods of 4–6 months. Employed on a formal basis and has paid leave and access to similar benefits as counterparts in permanent employment. Owing to the variety of projects and locations, the employer relies on a pool of temporary workers to fulfil manpower and skill needs.

Tourist guide, Canada

Seasonal worker. Hired formally and with access to social security support during the off season as well as help from public employment services to find alternative work. Receives specialist training from the employer and has an informal agreement to be rehired in the following season. The employer relies largely on youth to fulfil labour needs each season.

Garment worker, Bangladesh

Medium-skilled worker hired on a short-term basis. Paid on a pro rata monthly salary rate based on a fixed number of hours per week. Formally hired, with paid leave, but without the same benefits as permanent counterparts. The employer relies on workers available for short-term work in order to meet short-notice requirements from overseas clients.

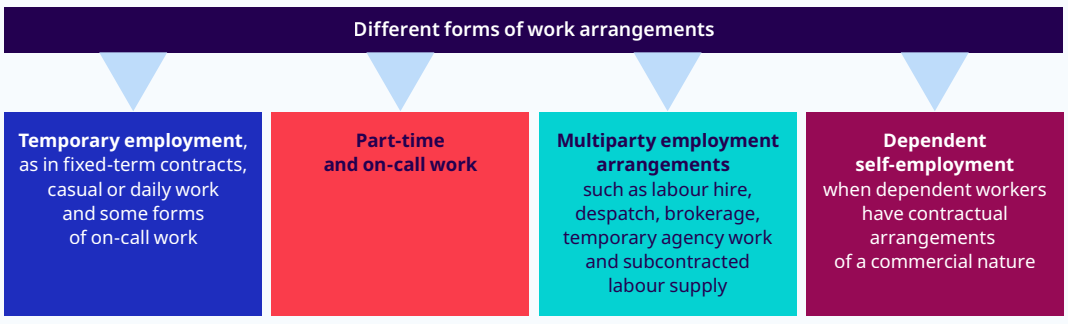
Casual agricultural labourer, Ecuador

Daily wage labourer hired with only a verbal contract. Informally employed. Paid on a task basis, with no negotiation on pay and subject to the employer's discretion as to whether or not the work is satisfactory. The employer uses casual labour on a long-term basis as a way to minimize costs.

High-skilled office worker, United States

Employee on a temporary contract but hired on a long-term or permanent basis. Such situations are designed to avoid paying benefits to employees while maintaining a pseudo-permanent employee relationship.

▶ Figure 3.1 Temporary employment and different forms of work



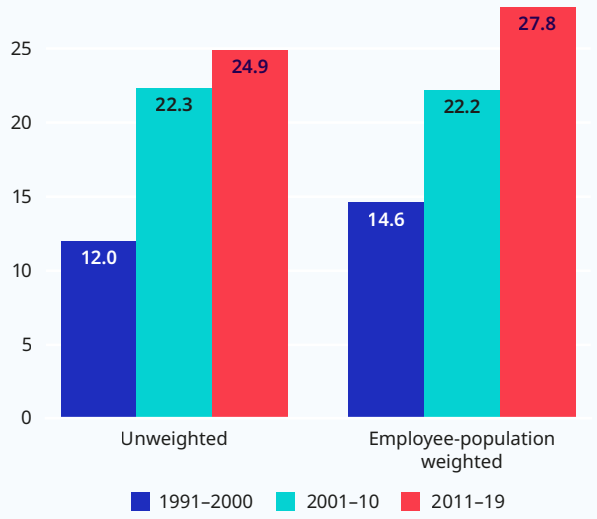
Source: Adapted from ILO (2018a).

Long-term trends and characteristics

Temporary employment as a share of all employees has been gradually increasing over time. According to the latest available data, the average temporary employment rate – that is, the share of temporary employees among all employees – is estimated to be 28 per cent (figure 3.2). This value is weighted by the size of the employee population and only includes those countries with annual data available for the period 2010–19.[5] It is slightly higher than the unweighted average, 25 per cent, which reflects the higher temporary employment rates in countries with a larger number of wage and salaried workers. Although the rates are heavily influenced by the availability of survey data in each period, data suggest that from the 2001–10 period to 2011–19 the temporary employment rate increased by approximately 3 percentage points (unweighted average) or 6 percentage points (employee-population weighted average).[6] This upward trend is consistent with wider research on the growth of forms of employment that diverge from permanent, full-time and formal employment (ILO 2015, 2016a).

The incidence of temporary employment varies among different economies. Differences in employment protection legislation, unionization and the labour share of national income all contribute to differences between countries in the prevalence of temporary work. The regulation of fixed-term contracts is an important consideration, particularly factors such as whether there are restrictions on how often temporary contracts can be renewed and for how long. In economies with relatively loose restrictions, such as the Andean countries, there is quite high use of temporary employment even in formal firms (Araújo and Sánchez 2016; Molina 2012). Elsewhere, in Europe for example, there have been attempts to reduce labour market segmentation between permanent and temporary workers, for instance by raising employers' unemployment insurance contributions for temporary workers (as in France and Slovenia) (Eichhorst, Marx and Wehner 2017). However, the use of temporary work is endemic and also driven by labour market structures and norms.

Figure 3.2 Temporary employment rate according to latest available data (percentages)



Note: Based on the latest data for all countries with annual data available in each period. Employee-population weighted data take into account the size of the employee population, whereas the unweighted average is an average of the temporary employment rates per country. Neither the weighted nor unweighted values are representative of the total world population; they represent only countries with data available and are based on data for different years. Periods are not strictly comparable, owing to different sample compositions, and the data are presented here only for indicative purposes. Sample sizes (all countries with available data) per period are as follows: $n = 118$ (2011–19), $n = 71$ (2001–10), $n = 36$ (1991–2000). High-income economies: $n = 38$ (2011–20), $n = 34$ (2001–10), $n = 33$ (1991–2000); upper-middle-income economies: $n = 32$ (2011–20), $n = 18$ (2001–10), $n = 1$ (1991–2000); lower-middle-income economies: $n = 33$ (2011–20), $n = 15$ (2001–10), $n = 1$ (1991–2000); low-income economies: $n = 16$ (2011–20), $n = 4$ (2001–10), $n = 1$ (1991–2000)

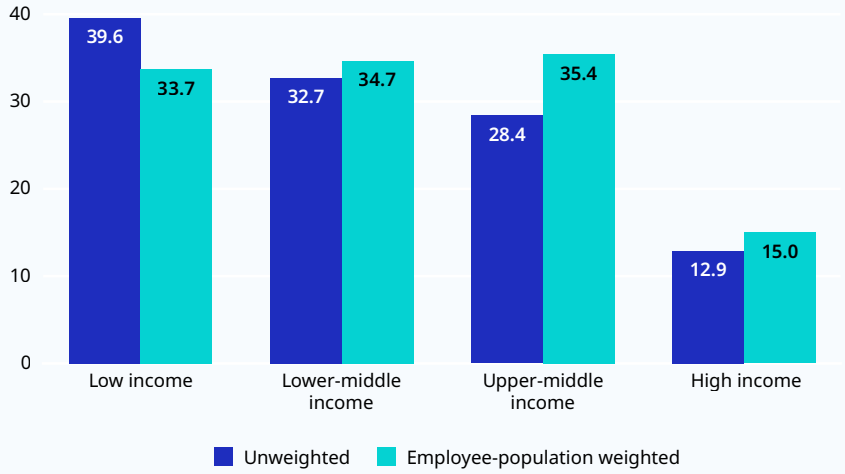
Source: ILOSTAT database.

Temporary employment as a proportion of all employees decreases most markedly for high-income countries. The temporary employment

5 For a list of countries please see the source for figure 3.2.

6 An alternative method is to use a fixed effects approach. A country dummy variable absorbs all cross-country variation not explained by other regressors, which means it can control for differences between surveys (as long as the numbers for each country are based upon only one survey). Once differences between countries are controlled for in this way, the share of temporary employment is estimated to have increased by around 0.14 percentage points per year during the last two decades. This is a modest trend towards more temporary work, but it adds up to 3 percentage points over 20 years.

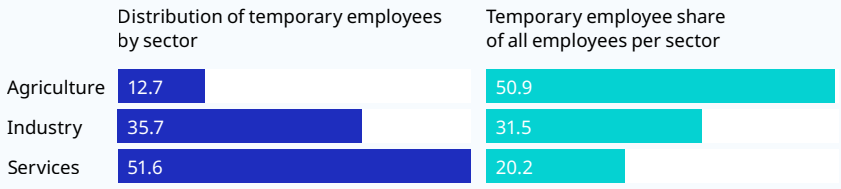
Figure 3.3 Temporary employees as a proportion of all employees, by country income group (percentages)



Note: Latest year of available data within the period 2011–19 for countries with available annual data. See note to figure 3.2.

Source: ILOSTAT database.

Figure 3.4 Distribution of temporary workers and temporary employment rate, by broad sector group, averaged over selected economies with available data (percentages)



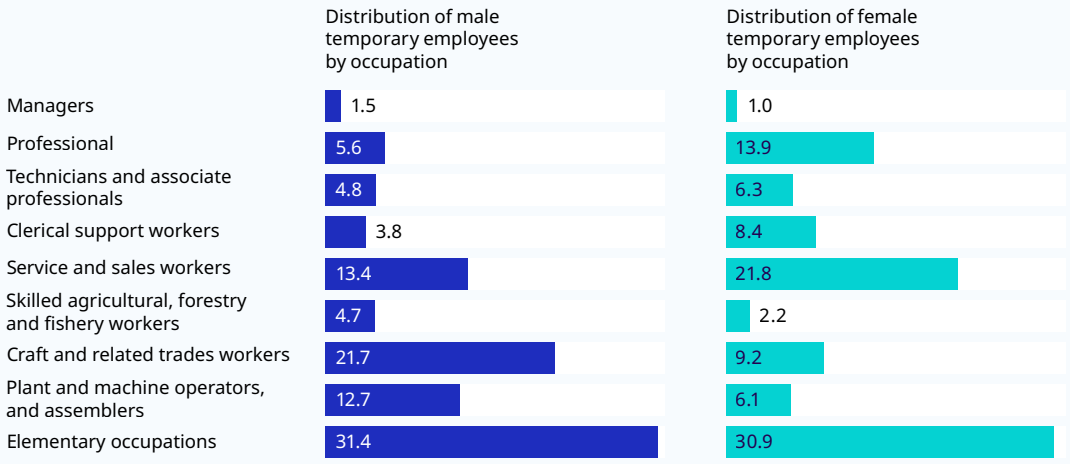
Note: Employee-population weighted average of latest year of available data within the period 2011–19 for countries with available annual data (n = 90).

Source: ILOSTAT database.

rate (employee-population weighted) is highest for upper-middle-income countries at 35.4 per cent, followed by lower-middle-income (34.7 per cent), low-income (33.7 per cent) and high-income (15 per cent) countries. The unweighted average displays a stronger tendency of decreasing temporary employment with increasing country income (figure 3.3). The tendency raises the question of whether temporary employment rates are structural, that is, related to the sectoral or occupational composition of the economy, or are driven more by other factors such as socio-economic, cultural and legislative changes.

Trends in temporary employment are largely structural. By sector, the highest rate of temporary employment is in agriculture, at 50.9 per cent, followed by industry at 31.5 per cent and then services at 20.2 per cent (figure 3.4). If one analyses trends over the long term to see whether the probability of being in temporary employment is explained more by the sectoral and occupational composition of the employee population (structural factors) or is instead driven by within-sector or within-occupation changes, one finds that structural factors, particularly sectoral composition, are the main drivers. Around 40 per cent of the change in

Figure 3.5 Distribution of temporary employees by occupation and sex, latest pre-crisis data (percentages)



Note: Employee-population weighted average of latest year of available data within the period 2011–19 for countries with available annual data (n = 90). Occupations according to International Standard Classification of Occupations (ISCO) 1-digit level.

Source: ILO estimates based on ILO Harmonized Microdata collection.

temporary employment rates is explained by the sectoral composition and around a quarter by the occupational composition. The structural factors are strongest for upper-middle, lower-middle and low-income economies, being driven by movements from agriculture into higher-value-added work, such as manufacturing and services.

Female employees are not necessarily more likely to be in temporary employment. In fact, on average, according to the latest available data from before the crisis, around 20 per cent of female employees were on temporary contracts, compared with 23 per cent of male employees. The figures do, however, vary in different contexts. For instance, in European countries women are more likely to be in temporary employment than their male counterparts (ILO 2016b); this can be attributed in part to reforms designed to promote female participation in the labour market, such as the liberalization of fixed-term contract legislation (ILO 2016b). It may also be that women have weaker bargaining power owing to their disproportionate burden of unpaid care responsibilities, which can force them to accept contracts with less job stability (ILO 2016b). However, in most countries with available data, men are more likely to be in temporary employment than are women. In 57 per cent of a sample of 103 economies with available microdata with which to measure temporary employment and sex, men were more likely than women to be in temporary work. A fixed effects regression of these data shows that the effect of being female on the rate of temporary work, controlling for other variables such as age and education, is both small and inconsistent. It is worth noting that certain occupations account for significant shares of female temporary work. These include "service and sales workers" and "clerical support workers", two occupations that have suffered significant employment losses from the impact of the COVID-19 pandemic (figure 3.5).

In all countries for which data are available the informal employment rate for temporary workers is significantly higher than that for permanent employees. This is because it can be easier to hire temporary workers, particularly casual or daily wage workers, on an informal basis. In economies with a high proportion of informal employment, precarious forms of employment, including temporary employment, often have poorer conditions of work, including lack of paid leave or sick leave and lack of social protection, owing to the temporary engagement and low hours. Such findings underscore the importance of social protection access and provision in these economies.

▶ Temporary employment and the COVID-19 pandemic

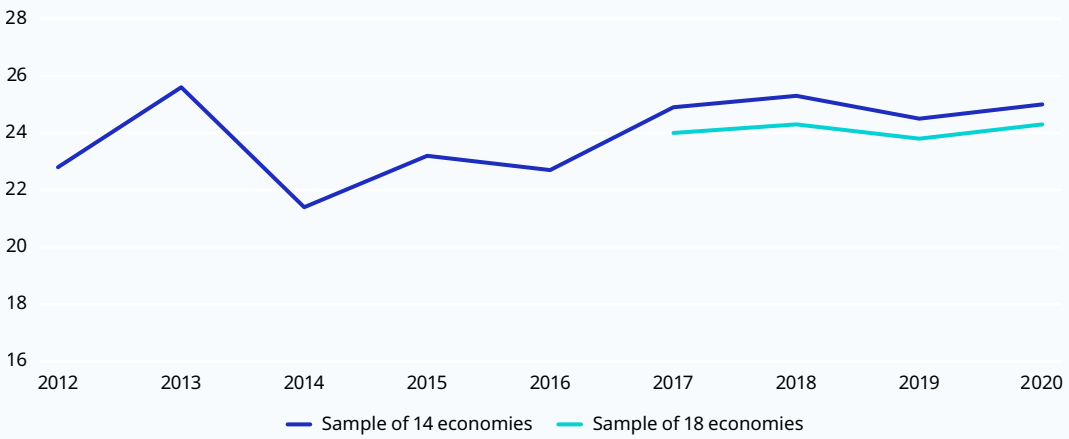
The COVID-19 experience suggests that, although the net effect on temporary employment rates appears to be small, there is significant labour market churn under the surface. The COVID-19 pandemic has produced an almost unique type of global crisis with highly uneven sectoral effects, accompanied by an assortment of policy responses targeting different areas of the economy and labour market. One consequence of these measures is that, despite considerable job losses among temporary workers during the crisis, the proportion of employees in temporary work has remained relatively stable. This suggests that new temporary jobs have been created that have offset the loss of temporary jobs. Some of these new temporary jobs may have been taken by people who were previously in permanent jobs or out of work.

The net change in temporary workers

The available data suggest that the share of temporary workers among total employees has been relatively stable. In countries with available annual data the impact of the pandemic has caused little change in the proportion of temporary workers: from 2019 to 2020, there was a marginal increase in the rate of temporary employment (figure 3.6). The corollary is that the share of non-temporary (permanent and "other"[7]) employees has also remained relatively stable.

However, in countries with available longitudinal data, the period of the pandemic has seen temporary workers losing their jobs at a faster rate than non-temporary workers. Table 3.1 shows a transition matrix for countries with available quarterly data, outlining the transitions from temporary or non-temporary contracts

Figure 3.6 Temporary workers as share of all employees, 2012–20, selected economies (percentages)



Note: Employee-population weighted average. The sample of 14 economies comprises Brazil, Canada, Chile, Costa Rica, Indonesia, Italy, Mexico, Philippines, Portugal, Serbia, South Africa, Spain, United Kingdom and Viet Nam. The sample of 18 economies also includes Argentina, Georgia, the Republic of Korea and the Occupied Palestinian Territory.

Source: ILO Harmonized Microdata collection.

7 "Other" includes employee relationships that are difficult to categorize as either temporary or permanent, such as some on-call work.

Table 3.1 Transitions of temporary and non-temporary employees (percentage of employees in 2020 Q1 not employed in subsequent quarters), selected economies

Economy	Temporary employees				Non-temporary employees			
	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1
Argentina	42		22	23	17		12	12
Bolivia (Plurinational State of)	49	31			12	9		
Brazil	22	29	31	37	14	20	23	31
Chile	73	70	61		54	75	50	
Costa Rica	49	50	40	38	20	22	26	34
Mexico	33	24	20	21	12	11	10	10
North Macedonia	26	17			15	4		
Occupied Palestinian Territory	26	23			9	8		
Poland	9	10	10		3	4	4	
Portugal	17	19	16		3	4	4	
Serbia	13				2			
Slovakia	13				5			
United Kingdom	12				2			
Unweighted mean	**30**	**30**	**29**	**30**	**13**	**17**	**18**	**22**
Unweighted median	**26**	**24**	**22**	**30**	**12**	**9**	**12**	**22**

Note: The matrix shows transitions of temporary employees (left) and non-temporary employees (right) in 2020 Q1 to being out of work in subsequent quarters. The table does not include transitions to other forms of work (such as labour reallocation from temporary to non-temporary employment or from wage or salaried work to self-employment). It is limited to countries with labour force surveys and household surveys with longitudinal identifiers. Blanks denote absence of data.

Source: ILO Harmonized Microdata collection.

in the first quarter of 2020 to being out of work in the second, third and fourth quarter of 2020 and in the first quarter of 2021. Although the data do not take into account seasonality, they show that people in temporary employment were more likely than non-temporary employees to be out of work from the second quarter of 2020 onwards as the pandemic took hold and containment measures were implemented.[8] For example, in Argentina, 42 per cent of those who were temporary employees in the first quarter of 2020 were out of work in the second quarter of 2020, compared with 17 per cent of non-temporary workers. It should be noted that such changes were not dissimilar to trends a year earlier in the same economies, which suggests that COVID-19 was not exacerbating the existing trends.

Previous crisis experience suggests that temporary workers initially lose their jobs faster than permanent workers. In recent economic crises, particularly the global financial crisis of 2008–09, there is evidence that temporary workers were disproportionately laid off as firms adjusted to the demand shock

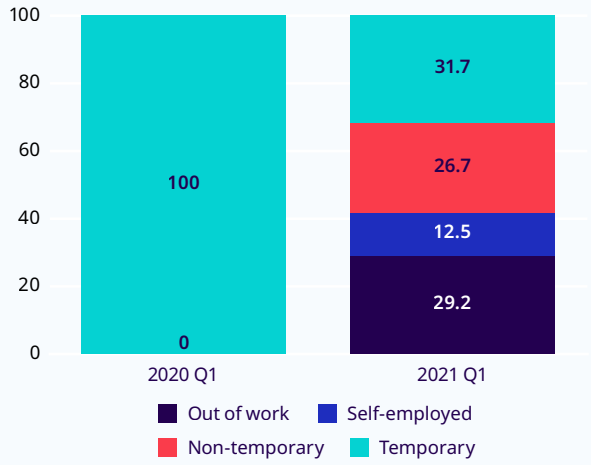
8 Although it is not possible to take seasonality into account in the transition matrix, it is possible to control for characteristics such as age, sex and education. Doing so produces no universal widening of the gaps: around half the countries display reduced gaps and the remainder show increased gaps.

(Guest and Isaksson 2019). In Spain, for instance, there was a 26 per cent reduction in temporary employment, compared with 8 per cent in permanent employment. In Greece, the decrease was 28 per cent for temporary employees, while it amounted to 17 per cent for permanent employees (Eurofound 2015). Elsewhere, including Ireland (2011–12), Bangladesh (2010) and the Republic of Korea (1998) in the aftermath of the financial crisis, economic downturns have led to increased hiring on short temporary contracts as a substitute for permanent hiring, in order to keep labour costs flexible given the prevailing economic uncertainty (ILO 2016a). However, these were largely the initial impacts, reflecting the relative ease of ending a temporary worker's employment compared with terminating a permanent contract. A key finding was that, further into the period of crisis impact, temporary workers and permanent workers in Europe as a whole were laid off at a similar rate (Eurofound 2015).[9] This suggests that, although temporary workers are among the first to lose their jobs as a crisis gets under way, permanent workers will then also lose their contracts.

Labour market churn of temporary workers

The available evidence on the impact of COVID-19 suggests that the outflow of temporary workers was offset by increased movement into temporary work, hence the small net change. Expanding the transition matrix further to examine transitions for those in temporary and non-temporary jobs, and also those out of work (unemployed or out of the labour force), sheds further light on some of the findings. Using the annual transitions (2020 Q1 to 2021 Q1) to control for seasonality, it is evident that the proportion who transition out of work is always higher among temporary workers, but varies among economies. In this regard, the trends for the pandemic period are not dissimilar to the trends before the pandemic, which suggests that the transitions of temporary workers are an endemic feature of labour markets and economies.

▶ **Figure 3.7 Where temporary workers in 2020 Q1 had gone by 2021 Q1** (percentages)



Note: Unweighted average of the five countries with longitudinal identifiers spanning 2020 Q1 to 2021 Q1 (Argentina, Brazil, Costa Rica, Mexico, South Africa). The selection of these countries was made on the basis of data availability at the time of writing. It is not representative of any region or the world. Only Mexico has a temporary employment rate that is higher than the global average. The remainder are marginally below the global average.

Source: ILO Harmonized Microdata collection.

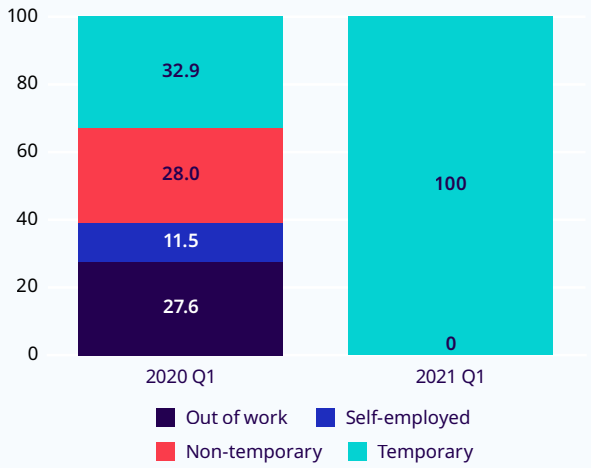
Significantly, only around 32 per cent of temporary employees in 2020 Q1 were still temporary employees a year later. Around 29 per cent were out of work, 27 per cent in non-temporary wage employment and 13 per cent in self-employment (figure 3.7). The proportion of those who remained in temporary wage employment was slightly higher than a year earlier (2019 Q1 to 2020 Q1). It should be noted that the limited availability of data prevents a global analysis; the findings in this section are based on the five economies (Argentina, Brazil, Costa Rica, Mexico, South Africa) that at the time of writing had longitudinal data spanning 2020 Q1 to 2021 Q1). The analysis is only indicative of early trends rather than representative of global or regional labour markets.

9 It should be noted, however, that much of the evidence on the impact of the global financial crisis on temporary employment is drawn from European case studies. The findings are therefore not necessarily representative of developing economies, where the role of temporary employment differs and is closely tied to informality; nor do the findings necessarily apply to other developed economies, such as the United States, where there are significant differences in employment protection legislation. Nonetheless, the findings do shed light on the impact and role of temporary employment during crises, which may help us to assess whether similar trends are likely to be observed in the COVID-19 crisis.

More than a quarter of those in temporary work in 2021 Q1 were previously in non-temporary (permanent or "other" employee) jobs. Of non-temporary employees, 67 per cent remained in non-temporary jobs, around 20 per cent were out of work, 7 per cent were in self-employment and 6 per cent were in temporary work. Despite the small share of non-temporary employees transitioning to temporary work, in absolute numbers they accounted for more than a quarter of all temporary workers in 2021 Q1. This helps explain why the share of temporary work remains fairly stable: despite large numbers of temporary workers losing their jobs during the pandemic, part of the decrease is offset by a small share of non-temporary workers moving into temporary work.

The available data suggest that temporary work can provide significant opportunities for those not already in work. Around 3.5 per cent of all individuals who were out of work in 2020 Q1 were in temporary wage employment in 2021 Q1. Although the share of out-of-work people moving into temporary wage employment was low, in absolute numbers they accounted for 28 per cent of all temporary workers in 2021 Q1 (figure 3.8). Thus, the number of temporary workers who moved out of work was similar to the number of people out of work who became temporary workers; this is a key characteristic of temporary wage employment.

Figure 3.8 What temporary workers in 2021 Q1 were doing in 2020 Q1 (percentages)



Note: Unweighted average of the five countries with longitudinal identifiers spanning 2020 Q1 and 2021 Q1 (Argentina, Brazil, Costa Rica, Mexico, South Africa).

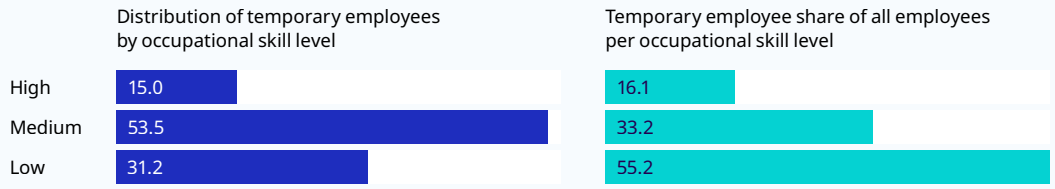
Source: ILO Harmonized Microdata collection.

Prospects during recovery

In previous crises, after the main impact and shedding of workers, the hiring of temporary workers increased. There is evidence in European data that negative demand shocks result in increased use of temporary contracts, which provide a means for firms to mitigate the impact of shocks in contexts where stringent legislation can make adjustments costly (Lydon, Mathä and Millard 2019). In the 2008–09 global financial crisis, sectors with a high incidence of short-term workers were found to exhibit significantly less cyclical variation in employment (Lydon, Mathä and Millard 2019). In Germany, findings suggest that establishments that made greater use of temporary workers coped better with declines in demand (Baumgarten and Kvasnicka 2016). The increased use of temporary workers in the wake of a demand shock is not, however, without challenges. In the Netherlands, for instance, there was growth in the hiring of temporary workers in the wake of the global financial crisis. However, the increased use of temporary workers presented inherent challenges of sustainability, particularly with regard to management, roles and worker integration (de Jong, Wilkin and Rubino 2019). Such challenges suggest that the use of temporary workers in response to uncertainty in the wake of a crisis may not be a sustainable measure and that there may be a cyclical component in the post-crisis use of this mode of employment.

There is also the challenge that some temporary work falls under other categories of employment and so its role during and after crises may not be recognized. For instance, gig work and platform work have surged in recent years (ILO 2021b).

Figure 3.9 Distribution of temporary employment and temporary employee share of all employees, by occupational skill levels, in selected economies (percentages)



Note: Employee-population weighted average of latest year of available data within the period 2011–19 for countries with available annual data (*n* = 90).

Source: ILO Harmonized Microdata collection.

This may result in many temporary workers being classified as self-employed. Hence the need for clear definitions and measurement in order to understand the role of temporary workers in the labour market and the economy and to facilitate targeted policy responses. The new resolution on work relationships adopted at the 20th ICLS should give scope for improved data availability and harmonization in the future.

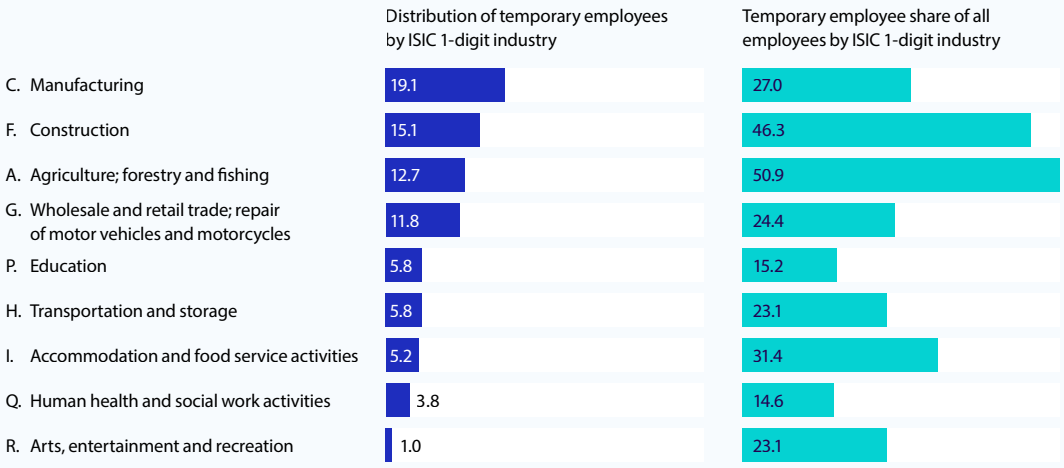
The temporary employment rate for youth has been relatively stable during the COVID-19 pandemic – a difference from the findings of previous crises. In the European Union (EU), temporary employment among youth grew faster than among adults both during and after the 2008–09 global financial crisis (ILO 2012). In contrast, the proportion of youth employees in the EU-27 who were temporary workers was relatively stable during the first year of the pandemic (2020 Q2 to 2020 Q4), but has since shown signs of increasing, whereas for adults the proportion has remained relatively stable throughout. For example, the share of youth temporary workers in the EU-27 was recorded as 47.8 per cent in 2021 Q1, compared with 45.8 in 2020 Q1. It is too early to tell whether the increase will become a structural feature of European labour markets after the pandemic. In all other countries for which quarterly data are available for 2021 Q1, there has similarly been an increase in the youth share of temporary employment, relative to the previous year, with the notable exceptions of Canada and Peru.

The recovery period is likely to see an increase in temporary jobs, mostly in low- and medium-skilled occupations. Weighted averages of 58 countries with available quarterly data on occupations show that employees in high-skilled occupations were least likely to be temporary workers, making up only 15.0 per cent of temporary workers (according to the latest data available for each country). The share was 53.5 per cent for medium-skilled employees and 31.2 per cent for low-skilled employees (figure 3.9). To judge by the characteristics of temporary workers before the pandemic, the recovery phase may see an increase in temporary work for low- and medium-skilled occupations.

Temporary work varies considerably by economic activity, as well as occupation, sex and age, with implications for the recovery. Much of the recovery will be determined at the industry level, given that the impacts of the crisis have been highly concentrated in particular sectors of economic activity. Figure 3.10 lists selected industries that were particularly affected by the crisis, according to *World Employment and Social Outlook: Trends 2021* (ILO 2021a), and the corresponding pre-crisis share of temporary workers and temporary employment rate. It tells an important story about not only the crisis impact – with regard to the high shares of temporary employment in some key industries – but also the prospects for temporary employment in these industries during the recovery.

The manufacturing sector is a major source of temporary work and was among the sectors hit most severely at the start of the pandemic, initially via supply chain disruption and then

Figure 3.10 Distribution of temporary employees and temporary employee share of all employees across selected industries in selected economies before the crisis (percentages)



Source: ILOSTAT database.

Note: Employee-population weighted average of latest year of available data within the period 2011–19 for countries with available annual data (n = 90). Industries according to International Standard Industrial Classification (ISIC) 1-digit level.

by a decline in demand. More than one in four employees in manufacturing were in temporary employment before the crisis; they accounted for nearly 20 per cent of all temporary employees. Although many temporary workers in the manufacturing industry will therefore have lost their jobs because of the pandemic, the recovery of activity in the sector is likely to bring more temporary jobs, given the characteristics of the sector before the crisis and also the ongoing uncertainty facing, for example, temporary workers in global supply chains. Similarly, in construction, where more than 46 per cent of employees were in temporary employment, many will have lost their jobs to the crisis. In countries where migrant workers form a large part of the workforce in construction (and other industries), ongoing limitations on travel and cross-border movements may hinder the filling of vacancies, for both permanent and temporary employees.[10]

The prospects of a surge in temporary employment in services rest on the ability of key service industries to recover. In accommodation and food service activities, nearly one in three employees were on temporary contracts (figure 3.10). The widespread job losses in this industry (including tourism services) as a result of lockdowns and other COVID-19 containment measures are likely to have brought significant job losses among temporary workers. Again, however, the prospects for recovery are mixed, given the ongoing cross-border and travel restrictions in many economies (see Chapter 2). In health and social work, a key industry affected by the crisis – particularly in terms of exposure to the COVID-19 virus – around one in six workers were in temporary employment before the pandemic. When they do not receive the same benefits as permanent workers, temporary workers in certain industries face considerable risk.

10 Many migrant workers are engaged in temporary employment via employment and recruitment agencies. Such agencies are not included in this analysis because they fall within the "multiparty employment arrangements" category (see figure 3.1) despite the often temporary nature of the migrant workers' work.

▶ Implications for workers, enterprises and the economy

The COVID-19 pandemic has had an impact on all types of work. The available data suggest that it has resulted in both the creation and destruction of temporary jobs and hence a relatively stable net rate of temporary employment. Evidence from previous crises suggests that, although temporary workers often lose their jobs early on (via non-renewal), they may be likely to return to work more quickly than permanent workers because they work in industries with an already high rotation of workers. The temporary employment rate having steadily increased over the past two decades (see "The temporary employment context" above), it is too early to ascertain whether the impact of COVID-19 will accelerate structural growth in temporary employment (as discussed in Chapter 1) or merely contribute to cyclical fluctuations over the longer term.

Previous crisis experience suggests that the immediate recovery period will see a surge in the use of temporary employment. There is evidence from, for instance, the global financial crisis that firms are more inclined to use temporary employment as a means of keeping labour costs flexible while uncertainty continues (ILO 2016a). Those industries and occupations that already had a high rate of temporary employment before the pandemic are particularly likely to be in a position to respond to the demand shock and ongoing uncertainty through the use of temporary workers. In developing economies, where the rate of temporary employment was already considerably higher than in more developed economies, greater use of temporary workers is likely to continue as long as uncertainty continues. In developing and developed economies the use of temporary employment during and after the crisis has different implications for workers, enterprises and the economy.

Implications for workers

Temporary work in developed economies most commonly relates to contracts of a fixed duration, is tied to employment protection legislation and has both positive and negative aspects. It can provide a means for individuals to be introduced to different occupations or roles in work; this is particularly the case for first-time employees. It can provide an opportunity to gain experience in a new firm, enable on-the-job learning and ultimately be a stepping stone to a permanent job.[11] For others, it can provide a means to build networks, gain exposure and experience and secure more work in the long term.

In developing economies, workers' concerns are less about employment protection legislation than about vulnerability, both in work and between jobs. In such economies, temporary work is more widespread and closely linked to informality. Employment protection legislation may be in place but is not necessarily complied with or enforced. Temporary employment, through fixed-term contracts or casual work, is common – in particular, casual employment in agriculture, and especially in informal jobs – but temporary work has also increased as a share of formal jobs in some cases (see, for example, Araújo and Sánchez 2016). The occurrence of temporary work, whether structurally inherent to industries, occupations or economies, or cyclical, is likely to have negative implications for workers. This is firstly because of the prevalence of decent work deficits in developing economies and the lack of rights and benefits for informal temporary workers: increases in the use of temporary employment may exacerbate these pre-existing decent work deficits. Secondly, the relative absence of social security and the insufficiency of contingency measures for workers contribute to the vulnerability of temporary jobs. Such issues are more concerning, however, when there is some

11 A recent meta-analysis of the "stepping stone versus dead end" theory, about the effect of temporary jobs on future labour market performance, found that around 32 per cent of observed cases supported the hypothesis that temporary employment provides a port of entry into stable employment positions (Filomena and Picchio 2021). The study also found that around 45 per cent of observations were consistent with the "dead end" hypothesis, that is, that temporary employment does not necessarily provide an entry point into stable employment positions (around 23 per cent of respondents had ambiguous or mixed findings).

degree of informality in the labour market. They are then more to do with the underlying informality than with the temporary nature of the work.

Certain aspects of precariousness in temporary employment are common to both developed and developing economies, such as the absence of, or lack of eligibility for, social protection. In some industries or occupations, workers can get trapped in endless cycles of intermittent temporary jobs. They have to cope with lack of regular income, job insecurity and limited social protection (ILO 2015), not to mention the absence of the socio-economic benefits of longer-term employment within the same firm in which one has the same colleagues, work environment and work activities. One of the main differences between temporary workers and their permanent counterparts stems from the extent to which temporary workers are covered by social protection. When workers dip in and out of temporary jobs, social protection is not always in place, and often they move in and out of unemployment or self-employment.

Temporary workers are also typically paid less than permanent workers. Analysis of 59 countries with available annual data has found that temporary workers suffer significant wage penalties, of around 26 per cent (median monthly wage) or 18 per cent (median hourly wage), even when one controls for age, sex and education. This can be explained in part by the more precarious nature of temporary employment, which entails weaker bargaining power, and is also consistent with the notion of a dual labour market, divided between those in stable full-time jobs with open-ended contracts and those in temporary employment. Other factors that can influence the wage deficit of temporary workers include the bargaining system in place, the higher degree of informality experienced by temporary workers and the lower compliance with minimum wages in the payment of informal workers (ILO 2020).

Ultimately, temporary workers tend to face more precariousness, particularly in contexts of falling labour share and falling unionization, which mean that workers' voice is weakened. The fixed-term or short-term nature of the work can weaken job security, chopping and changing between jobs can affect the regularity of income, and temporary workers may not be eligible for company benefits or even social protection, given their irregular contributions. Temporary workers are also less likely to benefit from training than are permanent employees, which reduces their chances of career progression. Declining labour share (see Chapter 2) and falling unionization rates are weakening the bargaining power of employees. At the same time, greater use of temporary workers can contribute to falling unionization rates owing to the lesser propensity of temporary workers to join unions (ILO 2021c). Moreover, there is a clear overlap between informality and temporary work, both of which contribute to workers' experience of precarious employment. Evidence on the links between poverty and worker contracts and labour force status has also shown that temporary employees are among those most vulnerable to poverty (ILO 2015).

Implications for enterprises

Temporary contracts can provide firms with flexibility in hiring and firing, facilitating adjustments of the workforce in response to temporary periods of high or low demand. They also allow periods of probation for potential full-time new employees. For other firms, including start-ups and new firms, temporary employment can provide a less risky way to build a workforce in the absence of capital or other means to commit to longer-term arrangements. These are additional ways in which the use of temporary workers enables firms to reduce the cost of labour (Lydon, Mathä and Millard 2019).

The intensity of temporary work in different industries can prompt different crisis response measures to support businesses. Temporary work is common in global supply chains as well as in domestic production (ILO 2015). For instance, in garment manufacturing, production fluctuates according to the season (World Solidarity 2009).[12] As a result, temporary contracts allow enterprises to hire workers on a short-term seasonal basis. Such practices support the viability of the sector but at the same time elicit criticism. There is also evidence that two distinct categories of firms in developing

12 For instance, casual workers, temporary workers and those whose work arrangements are unknown comprise over 90 per cent of garment, textile and footwear employees in India and Pakistan and over 50 per cent of such employees in Bangladesh, Cambodia and Myanmar (ILO, forthcoming).

economies employ temporary workers: those that use temporary employment intensively and those that do so moderately. Firms' use of temporary employment may be fundamental to the business model but is also a reflection of the wider situation of temporary labour in the countries in question (Aleksynska and Berg 2016). There is scope for policy responses to support short-term worker schemes during crises, in industries that make significant use of temporary workers, including manufacturing and construction, in order to help sustain output and prevent wider lay-offs (Lydon, Mathä and Millard 2019). However, a more sustained policy response would be to reduce the negative impacts on workers and wider society by discouraging the use of temporary contracts, for instance by closing the gaps in legislation and regulation between permanent and temporary workers, either by de-regulating permanent contracts or re-regulating temporary contacts (Eichhorst, Marx and Wehner 2017). A study on the demand for temporary labour in developing countries offered evidence that prohibiting the use of fixed-term contracts on tasks more suitable for permanent workers is the strongest means of deterring firms from using temporary labour (Aleksynska and Berg 2016).

Segmented labour markets with a high proportion of temporary workers are not always beneficial for firms. A high turnover of temporary workers means that a firm will forfeit the benefits of investing in employee skills and training and of organizational knowledge and experience. Hiring procedures can be costly and time-consuming and distract from the core operations of the business. Apprenticeships and traineeships can enable enterprises to select the best-performing workers and save on recruitment costs further down the line. High turnover can also have an impact on worker morale and the retention of valued longer-term employees. There is indeed evidence of the negative impact of temporary employment on productivity growth (Lisi and Malo 2017). There are also firms that abuse temporary work contracts and use sequential temporary contracts as a means of circumventing rights and benefits encoded in law. The workers involved often end up rotating in and out of temporary contracts and as a result have poorer social security benefits and are less likely to be in a trade union (ILO 2016a) than permanent workers. This strategy is also problematic for the enterprises themselves because skills development and innovation suffer (OECD 2011; Moric et al. 2021).

For enterprises, temporary work offers flexibility and even viability, but is not without its downsides, including compromises to employees' conditions of work. Whether or not temporary work continues its long-term upward trend, it remains endemic in various industries, and whether or not there will be greater use of temporary work in the immediate post-pandemic recovery period, the desirability of temporary work for the enterprise needs to be balanced with the implications for workers.

Macroeconomic implications

The use of temporary work has implications not only for workers and firms but equally for the wider economy, including the functionality of the labour market. Temporary work can help alleviate unemployment, by providing short-term opportunities for those out of work and so keeping employment rates buoyant. However, the impact can be considered in terms of a "honeymoon effect" (Boeri and Garibaldi 2007): it can result in a brief period of employment growth, particularly while macroeconomic conditions are stable and positive (ILO 2016a); but the benefits can cease during downturns in the business cycle and can also have a detrimental effect on permanent employment if they strengthen the incentives to hire temporary workers for tasks that are more suitable for permanent workers (ILO 2016a).

A significant risk is that wider use of temporary contracts will lead to segmented labour markets that will have suboptimal outcomes for both workers and employers and may affect long-term productivity growth. As outlined in the previous section, persistent use of temporary work can hamper skills development and innovation, with implications for workers and enterprises but also for the economy's long-term productivity growth. Moreover, segmented labour markets can result in a widening gap between permanent employees, with more favourable working conditions and benefits, and temporary employees, with poorer conditions of work and a more vulnerable status even when they perform similar tasks. Such conditions can result in increased volatility in employment and unemployment, since one segment will be disproportionately absorbing the impact of economic adjustments (ILO 2016a).

Conclusion

This chapter has looked at trends in temporary work and at the impact on temporary workers, as suggested by the early evidence of the COVID-19 pandemic. It shows that temporary work has a significant structural element, but that there can also be increased use of temporary work during crises as a result of business uncertainty. In countries with available data, there are signs of significant labour market churn of temporary workers since the onset of the pandemic, but the trends have not been dissimilar to those evident the year before the pandemic. It appears that the implications of these dynamics for workers, enterprises and the macroeconomy are long term and not necessarily tied to the crisis. Although temporary work offers benefits to enterprises and to workers, it also brings negative effects for both enterprises and workers. While there is no consensus on the optimal mix of flexibility and security, certain measures can be used to discourage the use of temporary work for tasks more suitable for permanent workers and as a means of sidestepping regulations that would apply to permanent workers.

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Appendices

▶ Appendix A. Country groupings by region and income level

Africa

North Africa
Algeria
Egypt
Libya
Morocco
Sudan
Tunisia
Western Sahara

Sub-Saharan Africa
Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cabo Verde
Central African Republic
Chad
Comoros
Congo
Côte d'Ivoire
Democratic Republic of the Congo
Djibouti
Equatorial Guinea
Eritrea
Eswatini
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Somalia
South Africa
South Sudan
Togo
Uganda
United Republic of Tanzania
Zambia
Zimbabwe

Americas

Latin America and the Caribbean
Argentina
Bahamas
Barbados
Belize
Bolivia (Plurinational State of)
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominican Republic
Ecuador
El Salvador
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Puerto Rico
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago
United States Virgin Islands
Uruguay
Venezuela (Bolivarian Republic of)

North America
Canada
United States

Arab States

Bahrain
Iraq
Jordan
Kuwait
Lebanon
Occupied Palestinian Territory
Oman
Qatar
Saudi Arabia
Syrian Arab Republic
United Arab Emirates
Yemen

Asia and the Pacific

East Asia
China
Democratic People's Republic of Korea
Hong Kong, China
Japan
Macau, China
Mongolia
Republic of Korea
Taiwan, China

South-East Asia
Brunei Darussalam
Cambodia
Indonesia
Lao People's Democratic Republic
Malaysia
Myanmar
Philippines
Singapore
Thailand
Timor-Leste
Viet Nam

The Pacific
Australia
Fiji
French Polynesia
Guam
New Caledonia
New Zealand
Papua New Guinea
Samoa
Solomon Islands
Tonga
Vanuatu

South Asia
Afghanistan
Bangladesh
Bhutan
India
Iran (Islamic Republic of)
Maldives
Nepal
Pakistan
Sri Lanka

Europe and Central Asia

Northern, Southern and Western Europe
Albania
Austria
Belgium
Bosnia and Herzegovina
Channel Islands
Croatia
Denmark
Estonia
Finland
France
Germany
Greece
Iceland
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Montenegro
Netherlands
North Macedonia
Norway
Portugal
Serbia
Slovenia
Spain
Sweden
Switzerland
United Kingdom

Eastern Europe
Belarus
Bulgaria
Czechia
Hungary
Poland
Republic of Moldova
Romania
Russian Federation
Slovakia
Ukraine

Central and Western Asia
Armenia
Azerbaijan
Cyprus
Georgia
Israel
Kazakhstan
Kyrgyzstan
Tajikistan
Turkey
Turkmenistan
Uzbekistan

High-income countries/territories	Upper-middle-income countries/territories	Lower-middle-income countries/territories	Low-income countries/territories
Australia	Albania	Angola	Afghanistan
Austria	Algeria	Bangladesh	Burkina Faso
Bahamas	Argentina	Belize	Burundi
Bahrain	Armenia	Benin	Central African Republic
Barbados	Azerbaijan	Bhutan	Chad
Belgium	Belarus	Bolivia (Plurinational State of)	Democratic People's Republic of Korea
Brunei Darussalam	Bosnia and Herzegovina	Cambodia	Democratic Republic of the Congo
Canada	Botswana	Cameroon	Eritrea
Channel Islands	Brazil	Cabo Verde	Ethiopia
Chile	Bulgaria	Comoros	Gambia
Croatia	China	Congo	Guinea
Cyprus	Colombia	Côte d'Ivoire	Guinea-Bissau
Czechia	Costa Rica	Djibouti	Liberia
Denmark	Cuba	Egypt	Madagascar
Estonia	Dominican Republic	El Salvador	Malawi
Finland	Ecuador	Eswatini	Mali
France	Equatorial Guinea	Ghana	Mozambique
French Polynesia	Fiji	Haiti	Niger
Germany	Gabon	Honduras	Rwanda
Greece	Georgia	India	Sierra Leone
Guam	Guatemala	Indonesia	Somalia
Hong Kong, China	Guyana	Iran (Islamic Republic of)	South Sudan
Hungary	Iraq	Kenya	Sudan
Iceland	Jamaica	Kyrgyzstan	Syrian Arab Republic
Ireland	Jordan	Lao People's Democratic Republic	Togo
Israel	Kazakhstan	Lesotho	Uganda
Italy	Lebanon	Mauritania	Yemen
Japan	Libya	Mongolia	
Kuwait	Malaysia	Morocco	
Latvia	Maldives	Myanmar	
Lithuania	Mauritius	Nepal	
Luxembourg	Mexico	Nicaragua	
Macau, China	Montenegro	Nigeria	
Malta	Namibia	Occupied Palestinian Territory	
Netherlands	North Macedonia	Pakistan	
New Caledonia	Panama	Papua New Guinea	
New Zealand	Paraguay	Philippines	
Norway	Peru	Samoa	
Oman	Republic of Moldova	Sao Tome and Principe	
Poland	Romania	Senegal	
Portugal	Russian Federation	Solomon Islands	
Puerto Rico	Saint Lucia	Tajikistan	
Qatar	Saint Vincent and the Grenadines	Timor-Leste	
Republic of Korea	Serbia	Tunisia	
Saudi Arabia	South Africa	Ukraine	
Singapore	Sri Lanka	United Republic of Tanzania	
Slovakia	Suriname	Uzbekistan	
Slovenia	Thailand	Vanuatu	
Spain	Tonga	Viet Nam	
Sweden	Turkey	Western Sahara	
Switzerland	Turkmenistan	Zambia	
Taiwan, China	Venezuela (Bolivarian Republic of)	Zimbabwe	
Trinidad and Tobago			
United Arab Emirates			
United Kingdom			
United States			
United States Virgin Islands			
Uruguay			

▶ Appendix B. ILO modelled estimates

The source of all global and regional labour market estimates presented in this *World Employment and Social Outlook* report is the ILO modelled estimates as of November 2021. The ILO has designed and actively maintains a series of econometric models that are used to produce estimates of labour market indicators in the countries and years for which country-reported data are unavailable. The purpose of estimating labour market indicators for countries with missing data is to obtain a balanced panel data set so that, every year, regional and global aggregates with consistent country coverage can be computed. These allow the ILO to analyse global and regional estimates of key labour market indicators and related trends. Moreover, the resulting country-level data, combining both reported and imputed observations, constitute a unique, internationally comparable data set on labour market indicators.

Data collection and evaluation

The ILO modelled estimates are generally derived for 189 countries, disaggregated by sex and age as appropriate. Before running the models to obtain the estimates, labour market information specialists from the ILO Department of Statistics, in cooperation with the Research Department, evaluate existing country-reported data and select only those observations deemed sufficiently comparable across countries. The recent efforts by the ILO to produce harmonized indicators from country-reported microdata have greatly increased the comparability of the observations. Nonetheless, it is still necessary to select the data on the basis of the following four criteria: (a) type of data source; (b) geographical coverage; (c) age-group coverage; and (d) presence of methodological breaks or outliers.

With regard to the first criterion, in order for labour market data to be included in a particular model, they must be derived from a labour force survey, a household survey or, more rarely, a population census. National labour force surveys are generally similar across countries and present the highest data quality. Hence, the data derived from such surveys are more readily comparable than data obtained from other sources. Strict preference is therefore given to labour-force-survey-based data in the selection process. However, many developing countries, which lack the resources to carry out a labour force survey, do report labour market information on the basis of other types of household surveys or population censuses. Consequently, because of the need to balance the competing goals of data comparability and data coverage, some (non-labour-force-survey) household survey data and, more rarely, population-census-based data are included in the models.

The second criterion is that only nationally representative (that is, not geographically limited) labour market indicators are included. Observations corresponding to only urban or only rural areas are not included, because large differences typically exist between rural and urban labour markets, and the use of only rural or urban data would not be consistent with benchmark data such as gross domestic product (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 influence the observed value of a given labour market indicator.

The last criterion for excluding data from a given model is whether a methodological break is present or a particular data point is clearly an outlier. In both cases, a balance has to be struck between using as much data as possible and including observations likely to distort the results. During this process, particular attention is paid to the existing metadata and the underlying methodology for obtaining the data point under consideration.

Historical estimates can be revised in cases where previously used input data are discarded because a source that is more accurate according to the above-mentioned criteria has become available.

General methodology used to estimate labour market indicators

Labour market indicators are estimated using a series of models that establish statistical relationships between observed labour market indicators and explanatory variables. These relationships are used to impute missing observations and to make projections for the indicators.

There are many potential statistical relationships, also called "model specifications", that could be used to predict labour market indicators. The key to obtaining accurate and unbiased estimates is to select the best model specification in each case. The ILO modelled estimates generally rely on a procedure called "cross-validation", which is used to identify those models that minimize the expected error and variance of the estimation. This procedure involves repeatedly computing a number of candidate model specifications using random subsets of the data: the missing observations are predicted and the prediction error is calculated for each iteration. Each candidate model is assessed on the basis of the pseudo-out-of-sample root mean square error, although other metrics such as result stability are also assessed depending on the model. This makes it possible to identify the statistical relationship that provides the best estimate of a given labour market indicator. It is worth noting that the most appropriate statistical relationship for this purpose may differ according to the country.

The extraordinary disruptions to the global labour market caused by the COVID-19 crisis have rendered the series of models underlying the ILO modelled estimates less suitable for estimating and projecting the evolution of labour market indicators. For this reason, the methodology has been adapted, and explanatory variables that are specific to the COVID-19 crisis have been introduced into the modelling process.

The benchmark for the ILO modelled estimates is the 2019 Revision of the United Nations World Population Prospects, which provides estimates and projections of the total population broken down into five-year age groups. The working-age population comprises everyone who is at least 15 years of age.

Although the same basic approach is followed in the models used to estimate all the indicators, there are differences between the various models because of specific features of the underlying data. Further details are provided below for each model.

Models used to estimate labour market indicators up to 2020

Labour force estimates

The basic data used as input for the labour force participation rate (LFPR) model are single-year LFPRs disaggregated by sex and age groups, the latter comprising two intervals (15–24 and 25+). The underlying methodology has been extensively assessed in terms of pseudo-out-of-sample performance. However, for certain types of missing data patterns, the LFPR and the unemployment rate models are the only two models described in this section that do not carry out automatized model selection.

Linear interpolation is used to fill in the missing data for countries for which such a procedure is possible. The performance of this procedure has been found to be reasonable, which is not surprising, given that the LFPR is a very persistent variable. In all other cases, weighted multivariate estimation is carried out. Countries are divided into nine estimation groups, which were chosen on the combined basis of broad economic similarity and geographical proximity. On the basis of the data structure and the heterogeneity among the countries covered by the input data, the model was specified using panel data with country fixed effects. The regressions are weighted by the inverse of the likelihood of a labour force survey's availability. The explanatory variables used include economic and demographic variables. To produce estimates for 2020, a cross-validation approach is used to select the model that minimizes prediction error in that specific year. The tested models include annual averages of high-frequency indicators related to the evolution of the COVID-19 pandemic. The global figures are calculated using the benchmark population from the United Nations World Population Prospects and the LFPRs.

Rebalancing the estimates ensures that the implied total rate obtained from summing the demographic breakdowns matches the total rate derived from the labour force surveys or estimated.

Unemployment estimates

This model estimates a complete panel data set of unemployment rates disaggregated by sex and age (15–24, 25+). For countries for which at least one observation is reported,[1] regressions involving country fixed effects are used. Three models are combined with equal weighting in order to impute missing values. The models have been chosen based on pseudo-out-of-sample root mean square error and stability of results (judgemental assessment of the two components). For countries with no reported observations, models are selected on the basis of cross-validation. The evolution of the average unemployment rate of a particular demographic group in a particular region is highly predictive of the evolution of the unemployment rate of that particular group in a country in that region. A separate cross-validation approach is used to select the model that minimizes prediction error in the year 2020. The candidate models include annual averages of high-frequency indicators related to the evolution of the COVID-19 pandemic.

Rebalancing the estimates ensures that the implied total rate obtained from summing the demographic breakdowns matches the total rate derived from the labour force surveys or estimated.

Hours worked

The ratio of weekly hours worked to the population aged 15–64 is the target variable that is estimated for countries with missing data. Total weekly working hours are derived by multiplying this ratio by the estimate of the population aged 15–64.

For estimates up to and including 2019, the regression approach uses the share of the population aged 15–64 in the total population, the employment-to-population ratio and the rate of time-related underemployment to predict missing values. For countries with no observations of this indicator, the country intercept is estimated by combining the regional mean and the income group mean.

Working hours up to and including the third quarter of 2021 are estimated using the ILO nowcasting model. This is a data-driven statistical prediction model that draws on the values of high-frequency indicators in real time or with a very short publication lag in order to predict the current value of the target variable. The specific target variable of the ILO nowcasting model is the change in hours worked adjusted for population aged 15–64 relative to the fourth quarter of 2019 (seasonally adjusted). The model produces an estimate of the change in hours worked adjusted for population aged 15–64 relative to this baseline. In addition, a benchmark of weekly hours worked in the fourth quarter of 2019 is used to compute the full-time equivalent number of jobs corresponding to the changes in working hours adjusted for population aged 15–64. This benchmark is also used to compute the time series of average hours worked adjusted for population aged 15–64.

The ILO nowcasting model draws from multiple sources: labour force survey data up to the third quarter of 2021 and up-to-date high-frequency economic data such as retail sales, administrative labour market data and confidence survey data. Up-to-date mobile phone data from Google Community Mobility Reports and the most recent values of the COVID-19 Government Response Stringency Index (hereafter "Oxford Stringency Index") are also used in the estimates.

Drawing on available real-time data, the model estimates the historical statistical relationship between these indicators and hours worked per person aged 15–64 and uses the resulting coefficients to predict how hours worked adjusted for population aged 15–64 change in response to the most recent observed values of the nowcasting indicators. Multiple candidate relationships were evaluated on the basis of their prediction accuracy and performance around turning points to construct a weighted average nowcast. For countries for which high-frequency data on economic activity were available, but either data on the target variable itself were not available or the above methodology did not work well, the estimated coefficients and data from the panel of countries were used to produce an estimate.

An indirect approach is used for the remaining countries: this involves extrapolating the change in hours adjusted for population aged 15–64 from countries with direct nowcasts. The extrapolation is based on the observed decline in mobility, derived from the Google Community Mobility Reports, and

1 For ease of exposition, we abstract here from the case in which reported observations exist for some demographic groups but not for others in a given country and year.

the Oxford Stringency Index, since countries with comparable drops in mobility and similar stringent restrictions are likely to experience a similar decline in hours worked adjusted for population aged 15–64. From the Google Community Mobility Reports, an average of the workplace and "retail and recreation" indices is used. The stringency and mobility indices are combined into a single variable using principal component analysis.[2] For countries without data on restrictions, mobility data, if available, and up-to-date data on the incidence of COVID-19 were used to extrapolate the impact on hours worked adjusted for population aged 15–64. Because of countries' different practices in counting cases of COVID-19 infection, the more homogeneous concept of deceased patients is used as a proxy for the extent of the pandemic. The variable was averaged for each month, but the data were updated daily on the basis of the *Our World in Data* online repository.[3] Finally, for a small number of countries with no readily available data at the time of estimation, the regional average was used to impute the target variable.

Estimates of the distribution of employment by status, occupation and economic activity

The distribution of employment by status, occupation and economic activity (sector) is estimated for total employment and also disaggregated by sex. In the first step, a cross-country regression is performed to identify the share of each of the employment-related categories in countries for which no data are available. This step uses information on demography, per capita income, economic structure and a model-specific indicator with high predictive power for the estimated distribution. The indicators for each category are as follows:

- for status, the index called "work for an employer" from the Gallup World Poll;
- for occupation, the share of value added of a sector in which people with a given occupation are most likely to work;
- for sector, the share of value added of the sector.

The next step estimates the evolution of the shares of each category, using information on the economic cycle and also on economic structure and demographics. The third step estimates the change in the shares of each category in the years 2020 and 2021. Lastly, the estimates are rebalanced to ensure that the individual shares add up to 100 per cent.

The estimated sectors are based on an ILO-specific classification that ensures maximum consistency between the third and fourth revisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). The sectors A, B, C, F, G, I, K, O, P and Q correspond to the ISIC Rev.4 classification. Furthermore, the following composite sectors are defined:

- "Utilities" is composed of sectors D and E.
- "Transport, storage and communication" is composed of sectors H and J.
- "Real estate, business and administrative activities" is composed of sectors L, M and N.
- "Other services" is composed of sectors R, S, T and U.

The estimated occupations correspond in principle to the major categories of the 1988 and 2008 iterations of the ILO International Standard Classification of Occupations (ISCO-88 and ISCO-08). However, subsistence farming occupations were classified inconsistently across countries, and sometimes even within one country across years. According to ISCO-08, subsistence farmers should be classified in ISCO category 6, namely as skilled agricultural workers. However, a number of countries with a high incidence of subsistence farming reported a low share of workers in category 6, but a high share in category 9 (elementary occupations). This means that the shares of occupational categories 6 and 9 can differ widely between countries that have a very similar economic structure. It is not feasible to determine the extent of misclassification between categories 6 and 9. Consequently, in order to obtain a consistent and internationally comparable classification, categories 6 and 9 are merged and estimated jointly.

2 For the first three quarters of 2021, a dummy variable for developed countries to account for differential impacts of workplace mobility and stringency on working hours was also used, as well as a detrending procedure for Google Mobility Reports data.

3 Hannah Ritchie, Edouard Mathieu, Lucas Rodés-Guirao, Cameron Appel, Charlie Giattino, Esteban Ortiz-Ospina, Joe Hasell, Bobbie Macdonald, Diana Beltekian and Max Roser, "Coronavirus Pandemic (COVID-19)", *Our World in Data*, 2020.

Estimates of employment by economic class

The estimates of employment by economic class are produced for a subset of countries. The model uses the data derived from the unemployment, status and economic activity models as inputs in addition to other demographic, social and economic variables.

The methodology involves two steps. In the first step, the various economic classes of workers are estimated using the economic class of the overall population (among other explanatory variables). This procedure is based on the fact that the distribution of economic class in the overall population and the distribution in the working population are closely related. The economic class of the overall population is derived from the World Bank's PovcalNet database.[4] In general, the economic class is defined in terms of consumption, but in particular cases for which no other data exist income data are used instead.

Once the estimates from this first step have been obtained, a second step estimates the data for those observations for which neither data on the economic class of the working population nor estimates from step 1 are available. This second step relies on cross-validation and subsequent selection of the best-performing model to ensure a satisfactory performance.

In the present edition of the model, employment is subdivided into four different economic classes: workers living on US$0–1.90 per day, US$1.90–3.20 per day, US$3.20–5.50 per day and above US$5.50 per day, in purchasing power parity terms.

Models used to project labour market indicators

The ILO has developed projection models to estimate and forecast hours worked, employment, unemployment and the labour force for the years 2021 to 2023. In a first step, the hours worked are projected. In a second step, the projection of hours worked serves as a basis for the simultaneous projection of employment, unemployment and the labour force.

Projecting hours worked

The estimate of working hours in the fourth quarter of 2021 is based on a crisis recovery model. This is specified as an error correction model of the form

$$\Delta h_{(i,t)} = \beta_{(0,i)} + \beta_{(1,i)}\,\text{gap}_{(i,t-1)} + \beta_2\,\text{gap}^2_{(i,t-1)} + \beta_3 h_{(i,t-1)} + \beta_4\,\Delta\text{GDP}_{(i,t)} \quad (1)$$

The "gap" refers to the difference in the hours worked relative to a medium-term trend, $\text{gap}_{(i,t)} = h_{(i,t)} - \text{trend}_{(i,t)}$, where the evolution of the trend in working hours is determined by a geometric average of the long-run target and a function of the current working hours. The variable of interest, $\Delta h_{(i,t)}$, is the change in working hours per population aged 15–64. The crisis recovery mechanism works through the gap, whose parameters $\beta_{(1,i)}$ and β_2 determine the speed with which working hours increase to close the gap. The model mechanics are such that larger gaps result in a larger change in hours worked. In order to capture scarring or hysteresis, the medium-term trend is modelled to react to the gap with a parameter γ_1, but the medium-term trend also has a component reverting to its long-term target with a parameter γ_2. The country-specific constant, $\beta_{(0,i)}$, is calculated to imply zero change when the long-run target is achieved.

The parameters of the projection model are estimated empirically as far as possible. Equation (1) is estimated at quarterly intervals for 30 countries with suitable data up to 2019 using multilevel mixed-effects methods, which means that the distribution of the slope parameters for the gap is also estimated. This provides baseline estimates of the parameters. The impact of vaccination on the recovery speed parameter, $\beta_{(1,i)}$, is also estimated. This parameter is then adjusted for each country according to the projected progress in vaccination.

The scarring parameters are set to $\gamma_1 = 0.05$ and $\gamma_2 = 0.9$ for upper-middle- and high-income countries

4 The 2020–21 poverty data are from the World Bank, "Macro and Poverty Outlook: Country-by-Country Analysis and Projections for the Developing World", 2021, combined with World Bank estimates (June 2021) of the impact of COVID-19 on poverty. For a discussion of the methodology to estimate the impact, see Daniel Gerszon Mahler, Nishant Yonzan, Christoph Lakner, R. Andres Castaneda Aguilar and Haoyu Wu, "Updated Estimates of the Impact of COVID-19 on Global Poverty: Turning the Corner on the Pandemic in 2021?", *World Bank Blogs* (blog), 24 June 2021.

and to $\gamma_1 = 0.02$ and $\gamma_2 = 0.95$ for lower-middle- and low-income countries. The logic here is that, in the latter country groups, people are more likely to fall back on low-quality employment options out of necessity. This does not mean that the affected workers will be less scarred by an extended loss of activity; on the contrary, they may have an ever harder time getting back into quality employment the longer they remain in low-quality activities.

Projecting employment, unemployment and the labour force

The projection of employment, unemployment and the labour force involves two steps. The first step exploits quarterly data from the year 2021 that are available for 58 countries in order to improve the precision of the estimates for that year. The second step utilizes a projection model specified at the annual frequency to estimate and project the labour market indicators for the remaining countries.[5] Since the labour force equals the sum of unemployment and employment, one should only need to project two of the three indicators and could obtain the third as a residual. However, owing to the high uncertainty and the resulting large variance in the projections, all three indicators are rebalanced to ensure that the identity holds.

The quarterly projections for the unemployment rate use high-frequency data such as confidence indices in addition to economic growth forecasts in order to test a series of models. These models are evaluated using the model search routines described above, including splitting the data into training and evaluation samples. Because of the high serial correlation of quarterly unemployment rates, a block of observations before and after the time periods of the evaluation sample need to be excluded from the estimation in order to ensure the training sample's independence from the observation that is being evaluated. Models are combined using a "jackknife model-averaging" technique described by Hansen and Racine,[6] which essentially finds the linear combination of models that minimizes the variance of the prediction error.

The quarterly projection model for employment and the labour force focuses on the hours worked per employed person and the hours worked per person in the labour force. Those ratios have been strongly affected by the COVID-19 crisis, especially in countries where employment retention schemes and furloughs have been widespread. The projection model is based on the assumption that this ratio will return to its long-term trend. In essence, firms will realize how many workers they will need, and will adjust employment so that the hours worked per worker will recover. The speed of recovery is estimated using a multilevel mixed model quite similar to the one used to project the hours worked.

The annual projection model utilizes vector error correction models. In fact, two different models are estimated, whose projections are then averaged. In the first model the dependent variables are the change in the unemployment rate, the employment-to-population ratio and the labour force participation ratio. The independent variables are the lag of the respective variable, GDP growth and the lagged value of the change in one of the other variables. The second model uses the hours worked per employed person and the hours worked in ratio to the labour force, following the same reasoning as underpins the model estimated at quarterly frequency.

5 Although the year 2021 lies in the past at the time of this report's publication, the unavailability of real data spanning the entire year – at the time of writing – means that a projection model is needed to derive the estimates for the year 2021.

6 Bruce Hansen and Jeffrey Racine, "Jackknife Model Averaging", *Journal of Econometrics* 167, No. 1 (2012): 38–46.

▶ Appendix C. Tables of labour market indicators, world, by country income group and by region or subregion

Table C1. World

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	2548.3	2674.3	2797.5	2883.1	2653.3	2809.9	2908.3	2958.2
Ratio of total weekly hours worked to population aged 15–64	Hours	29.0	28.2	27.7	27.5	25.1	26.3	27.0	27.2
Labour force	Millions	2993.5	3157.3	3327.1	3473.2	3407.0	3471.4	3531.7	3577.8
Labour force participation rate	Per cent	63.7	62.2	61.1	60.5	58.6	59.0	59.3	59.4
Employment	Millions	2817.0	2971.0	3140.2	3287.3	3183.3	3257.2	3324.5	3375.1
Employment-to-population ratio	Per cent	59.9	58.5	57.7	57.3	54.8	55.4	55.8	56.0
Unemployment	Millions	176.5	186.2	186.9	185.9	223.7	214.2	207.2	202.7
Unemployment rate	Per cent	5.9	5.9	5.6	5.4	6.6	6.2	5.9	5.7
Wage and salaried workers	Millions	1282.3	1433.3	1620.5	1753.6	1693.0	1739.6		
Self-employed workers	Millions	1534.7	1537.8	1519.7	1533.7	1490.3	1517.7		
Share of wage and salaried workers	Per cent	45.5	48.2	51.6	53.3	53.2	53.4		
Share of self-employed workers	Per cent	54.5	51.8	48.4	46.7	46.8	46.6		
Extreme working poverty (<US$1.90 PPP per day)	Millions	533.6	416.7	246.0	220.3	228.5			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	18.9	14.0	7.8	6.7	7.2			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	1371.4	1335.4	1362.7	1388.0	2101.8	2071.6	2108.8	2143.7
Labour force participation rate	Per cent	47.8	46.0	46.4	46.6	73.3	71.3	71.7	72.0
Employment	Millions	1295.9	1249.3	1276.2	1303.8	1991.3	1934.0	1981.1	2020.7
Employment-to-population ratio	Per cent	45.2	43.0	43.4	43.8	69.4	66.6	67.3	67.9
Unemployment	Millions	75.5	86.1	86.5	84.2	110.5	137.6	127.7	122.9
Unemployment rate	Per cent	5.5	6.4	6.3	6.1	5.3	6.6	6.1	5.7
Wage and salaried workers	Millions	703.2	675.7	693.0		1050.4	1017.3	1046.6	
Self-employed workers	Millions	592.8	573.6	583.2		940.9	916.8	934.5	
Share of wage and salaried workers	Per cent	54.3	54.1	54.3		52.7	52.6	52.8	
Share of self-employed workers	Per cent	45.7	45.9	45.7		47.3	47.4	47.2	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	497.0	466.9			2976.2	2940.1		
Labour force participation rate	Per cent	41.2	38.6			65.7	63.9		
Employment	Millions	429.8	395.9			2857.5	2787.4		
Employment-to-population ratio	Per cent	35.7	32.7			63.1	60.6		
Unemployment	Millions	67.2	71.0			118.7	152.7		
Unemployment rate	Per cent	13.5	15.2			4.0	5.2		

Table C2. Low-income countries

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	117.7	135.1	153.8	173.6	166.9	175.4	185.7	194.7
Ratio of total weekly hours worked to population aged 15–64	Hours	24.3	24.0	23.5	23.5	21.9	22.3	22.9	23.2
Labour force	Millions	172.1	195.7	224.2	252.7	253.4	262.9	273.4	283.1
Labour force participation rate	Per cent	69.7	68.3	67.4	67.3	65.4	65.7	66.2	66.4
Employment	Millions	163.9	186.0	213.2	240.3	239.1	247.5	257.0	267.0
Employment-to-population ratio	Per cent	66.4	64.9	64.1	64.0	61.7	61.9	62.2	62.6
Unemployment	Millions	8.2	9.7	11.0	12.4	14.2	15.4	16.4	16.1
Unemployment rate	Per cent	4.8	4.9	4.9	4.9	5.6	5.9	6.0	5.7
Wage and salaried workers	Millions	25.1	31.9	39.7	46.8	44.1	46.9		
Self-employed workers	Millions	138.8	154.1	173.4	193.6	195.0	200.6		
Share of wage and salaried workers	Per cent	15.3	17.2	18.6	19.5	18.5	18.9		
Share of self-employed workers	Per cent	84.7	82.8	81.4	80.5	81.5	81.1		
Extreme working poverty (<US$1.90 PPP per day)	Millions	85.9	87.1	89.7	94.7	96.8			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	52.4	46.8	42.1	39.4	40.5			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	111.6	110.9	115.1	120.1	141.1	142.5	147.8	153.3
Labour force participation rate	Per cent	58.6	56.4	56.8	57.4	76.2	74.5	74.9	75.2
Employment	Millions	106.0	104.5	108.1	112.6	134.3	134.7	139.5	144.4
Employment-to-population ratio	Per cent	55.7	53.2	53.3	53.8	72.6	70.5	70.7	70.8
Unemployment	Millions	5.6	6.5	7.1	7.5	6.8	7.8	8.3	8.9
Unemployment rate	Per cent	5.0	5.8	6.1	6.2	4.8	5.5	5.6	5.8
Wage and salaried workers	Millions	12.8	11.9	12.7		33.9	32.2	34.2	
Self-employed workers	Millions	93.2	92.5	95.3		100.4	102.5	105.3	
Share of wage and salaried workers	Per cent	12.1	11.4	11.8		25.3	23.9	24.5	
Share of self-employed workers	Per cent	87.9	88.6	88.2		74.7	76.1	75.5	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	66.6	64.8			186.1	188.6		
Labour force participation rate	Per cent	50.8	48.1			76.1	74.6		
Employment	Millions	61.2	58.9			179.2	180.3		
Employment-to-population ratio	Per cent	46.6	43.7			73.3	71.3		
Unemployment	Millions	5.5	5.9			6.9	8.3		
Unemployment rate	Per cent	8.2	9.1			3.7	4.4		

Table C3. Lower-middle-income countries

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	924.0	1004.1	1065.3	1124.9	1014.8	1080.5	1142.3	1175.2
Ratio of total weekly hours worked to population aged 15–64	Hours	27.2	26.7	25.8	25.5	22.7	23.8	24.8	25.1
Labour force	Millions	1043.8	1122.7	1191.9	1262.0	1230.5	1263.2	1300.0	1326.6
Labour force participation rate	Per cent	59.5	57.7	55.7	54.8	52.5	53.0	53.6	53.8
Employment	Millions	985.6	1065.3	1130.1	1198.0	1149.1	1188.9	1227.6	1254.8
Employment-to-population ratio	Per cent	56.2	54.8	52.8	52.0	49.0	49.9	50.6	50.9
Unemployment	Millions	58.3	57.4	61.8	64.0	81.4	74.4	72.4	71.8
Unemployment rate	Per cent	5.6	5.1	5.2	5.1	6.6	5.9	5.6	5.4
Wage and salaried workers	Millions	272.4	316.2	386.8	437.5	413.5	431.0		
Self-employed workers	Millions	713.2	749.2	743.2	760.5	735.6	757.9		
Share of wage and salaried workers	Per cent	27.6	29.7	34.2	36.5	36.0	36.3		
Share of self-employed workers	Per cent	72.4	70.3	65.8	63.5	64.0	63.7		
Extreme working poverty (<US$1.90 PPP per day)	Millions	284.5	222.6	143.5	115.4	121.1			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	28.9	20.9	12.7	9.6	10.5			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	398.4	382.9	395.6	409.4	863.6	847.6	867.7	890.6
Labour force participation rate	Per cent	35.0	33.1	33.6	34.2	74.2	71.5	72.0	72.6
Employment	Millions	377.3	359.6	372.1	385.8	820.7	789.5	816.8	841.8
Employment-to-population ratio	Per cent	33.2	31.1	31.6	32.2	70.5	66.6	67.8	68.7
Unemployment	Millions	21.1	23.3	23.5	23.6	42.8	58.1	50.9	48.8
Unemployment rate	Per cent	5.3	6.1	5.9	5.8	5.0	6.8	5.9	5.5
Wage and salaried workers	Millions	125.0	115.3	120.2		312.6	298.2	310.8	
Self-employed workers	Millions	252.3	244.3	251.8		508.2	491.3	506.0	
Share of wage and salaried workers	Per cent	33.1	32.1	32.3		38.1	37.8	38.0	
Share of self-employed workers	Per cent	66.9	67.9	67.7		61.9	62.2	62.0	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	207.6	193.8			1054.4	1036.7		
Labour force participation rate	Per cent	35.2	32.6			61.6	59.3		
Employment	Millions	176.1	161.6			1021.9	987.5		
Employment-to-population ratio	Per cent	29.9	27.2			59.7	56.5		
Unemployment	Millions	31.5	32.1			32.5	49.2		
Unemployment rate	Per cent	15.2	16.6			3.1	4.7		

Table C4. Upper-middle-income countries

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	1 092.5	1 115.9	1 140.5	1 127.2	1 048.1	1 112.9	1 125.3	1 128.3
Ratio of total weekly hours worked to population aged 15–64	Hours	32.5	31.5	31.1	30.5	28.3	30.0	30.3	30.3
Labour force	Millions	1 229.1	1 263.5	1 315.7	1 341.6	1 311.8	1 329.6	1 339.9	1 346.3
Labour force participation rate	Per cent	68.7	66.7	66.3	65.5	63.6	64.0	64.1	64.0
Employment	Millions	1 155.6	1 191.7	1 241.0	1 261.5	1 223.3	1 240.0	1 252.1	1 261.0
Employment-to-population ratio	Per cent	64.6	62.9	62.5	61.6	59.3	59.7	59.9	59.9
Unemployment	Millions	73.4	71.9	74.7	80.1	88.4	89.7	87.8	85.4
Unemployment rate	Per cent	6.0	5.7	5.7	6.0	6.7	6.7	6.6	6.3
Wage and salaried workers	Millions	548.0	628.9	708.6	753.1	733.8	750.8		
Self-employed workers	Millions	607.7	562.8	532.4	508.4	489.5	489.1		
Share of wage and salaried workers	Per cent	47.4	52.8	57.1	59.7	60.0	60.6		
Share of self-employed workers	Per cent	52.6	47.2	42.9	40.3	40.0	39.4		
Extreme working poverty (<US$1.90 PPP per day)	Millions	163.1	107.0	12.7	10.2	10.6			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	14.1	9.0	1.0	0.8	0.9			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	587.0	569.5	577.5	583.1	754.6	742.3	752.1	756.8
Labour force participation rate	Per cent	57.0	54.9	55.3	55.5	74.1	72.4	72.8	72.8
Employment	Millions	552.3	531.9	537.9	544.3	709.3	691.4	702.0	707.8
Employment-to-population ratio	Per cent	53.6	51.3	51.5	51.8	69.6	67.4	68.0	68.1
Unemployment	Millions	34.8	37.6	39.6	38.8	45.4	50.8	50.1	49.0
Unemployment rate	Per cent	5.9	6.6	6.9	6.7	6.0	6.8	6.7	6.5
Wage and salaried workers	Millions	330.2	320.3	326.8		422.9	413.5	424.0	
Self-employed workers	Millions	222.0	211.6	211.1		286.4	278.0	278.0	
Share of wage and salaried workers	Per cent	59.8	60.2	60.8		59.6	59.8	60.4	
Share of self-employed workers	Per cent	40.2	39.8	39.2		40.4	40.2	39.6	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	158.8	147.1			1 182.8	1 164.7		
Labour force participation rate	Per cent	46.2	43.1			69.4	67.7		
Employment	Millions	135.4	123.1			1 126.1	1 100.3		
Employment-to-population ratio	Per cent	39.4	36.0			66.1	63.9		
Unemployment	Millions	23.4	24.0			56.7	64.4		
Unemployment rate	Per cent	14.7	16.3			4.8	5.5		

Table C5. High-income countries

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	414.1	419.2	437.8	457.4	423.5	441.1	455.1	460.0
Ratio of total weekly hours worked to population aged 15–64	Hours	26.6	25.9	26.7	27.8	25.7	26.8	27.7	28.0
Labour force	Millions	548.5	575.4	595.4	616.9	611.3	615.7	618.5	621.7
Labour force participation rate	Per cent	60.4	60.4	60.2	61.0	60.2	60.3	60.3	60.4
Employment	Millions	511.9	528.1	555.9	587.4	571.7	580.9	587.9	592.2
Employment-to-population ratio	Per cent	56.4	55.4	56.2	58.1	56.3	56.9	57.4	57.5
Unemployment	Millions	36.6	47.3	39.5	29.5	39.6	34.8	30.5	29.5
Unemployment rate	Per cent	6.7	8.2	6.6	4.8	6.5	5.6	4.9	4.7
Wage and salaried workers	Millions	436.9	456.3	485.3	516.2	501.5	510.9		
Self-employed workers	Millions	75.0	71.8	70.7	71.2	70.2	70.0		
Share of wage and salaried workers	Per cent	85.4	86.4	87.3	87.9	87.7	87.9		
Share of self-employed workers	Per cent	14.6	13.6	12.7	12.1	12.3	12.1		

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	274.3	272.1	274.4	275.5	342.6	339.3	341.2	342.9
Labour force participation rate	Per cent	53.8	53.1	53.3	53.3	68.4	67.4	67.4	67.5
Employment	Millions	260.4	253.3	258.1	261.1	327.0	318.4	322.8	326.8
Employment-to-population ratio	Per cent	51.0	49.4	50.2	50.5	65.3	63.2	63.8	64.3
Unemployment	Millions	14.0	18.7	16.3	14.4	15.5	20.9	18.5	16.1
Unemployment rate	Per cent	5.1	6.9	5.9	5.2	4.5	6.2	5.4	4.7
Wage and salaried workers	Millions	235.2	228.2	233.3		281.0	273.4	277.6	
Self-employed workers	Millions	25.2	25.1	24.8		46.0	45.1	45.2	
Share of wage and salaried workers	Per cent	90.3	90.1	90.4		85.9	85.9	86.0	
Share of self-employed workers	Per cent	9.7	9.9	9.6		14.1	14.1	14.0	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	63.9	61.2			553.0	550.1		
Labour force participation rate	Per cent	45.6	44.1			63.5	62.7		
Employment	Millions	57.1	52.3			530.3	519.4		
Employment-to-population ratio	Per cent	40.7	37.7			60.9	59.2		
Unemployment	Millions	6.9	8.9			22.6	30.7		
Unemployment rate	Per cent	10.8	14.5			4.1	5.6		

Table C6. Africa

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	252.5	292.7	328.4	364.4	345.7	365.0	386.0	402.6
Ratio of total weekly hours worked to population aged 15–64	Hours	24.2	24.5	24.0	23.9	22.1	22.7	23.3	23.7
Labour force	Millions	345.4	391.1	439.1	487.6	489.2	507.2	526.0	543.3
Labour force participation rate	Per cent	64.9	64.4	63.2	62.8	61.2	61.7	62.3	62.6
Employment	Millions	320.8	365.5	409.7	453.6	451.2	466.1	484.0	501.7
Employment-to-population ratio	Per cent	60.3	60.2	58.9	58.4	56.5	56.7	57.3	57.8
Unemployment	Millions	24.6	25.6	29.4	34.1	38.0	41.1	41.9	41.6
Unemployment rate	Per cent	7.1	6.5	6.7	7.0	7.8	8.1	8.0	7.7
Wage and salaried workers	Millions	81.2	98.5	116.0	133.3	127.3	133.0		
Self-employed workers	Millions	239.6	267.0	293.7	320.2	323.9	333.0		
Share of wage and salaried workers	Per cent	25.3	27.0	28.3	29.4	28.2	28.5		
Share of self-employed workers	Per cent	74.7	73.0	71.7	70.6	71.8	71.5		
Extreme working poverty (<US$1.90 PPP per day)	Millions	139.5	142.8	138.4	144.5	149.5			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	43.5	39.1	33.8	31.9	33.1			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	212.0	211.6	219.8	228.9	275.7	277.6	287.4	297.1
Labour force participation rate	Per cent	54.0	52.4	53.0	53.7	71.8	70.3	70.7	71.1
Employment	Millions	196.0	194.0	200.5	209.0	257.6	257.2	265.6	275.0
Employment-to-population ratio	Per cent	49.9	48.1	48.3	49.0	67.1	65.1	65.3	65.8
Unemployment	Millions	16.0	17.6	19.3	19.9	18.1	20.4	21.8	22.1
Unemployment rate	Per cent	7.6	8.3	8.8	8.7	6.6	7.4	7.6	7.4
Wage and salaried workers	Millions	39.9	37.5	39.2		93.4	89.7	93.8	
Self-employed workers	Millions	156.1	156.5	161.2		164.2	167.4	171.8	
Share of wage and salaried workers	Per cent	20.4	19.3	19.6		36.3	34.9	35.3	
Share of self-employed workers	Per cent	79.6	80.7	80.4		63.7	65.1	64.7	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	111.2	108.9			376.4	380.3		
Labour force participation rate	Per cent	44.2	42.2			71.7	70.3		
Employment	Millions	98.4	95.3			355.1	355.9		
Employment-to-population ratio	Per cent	39.1	36.9			67.6	65.8		
Unemployment	Millions	12.8	13.6			21.3	24.4		
Unemployment rate	Per cent	11.5	12.5			5.7	6.4		

Table C7. North Africa

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	45.3	53.5	55.4	58.4	53.1	56.2	59.3	61.0
Ratio of total weekly hours worked to population aged 15–64	Hours	19.0	20.1	19.1	18.8	16.8	17.5	18.2	18.4
Labour force	Millions	58.0	65.9	70.3	71.9	70.9	72.7	74.7	76.3
Labour force participation rate	Per cent	46.8	47.8	46.5	44.2	42.8	43.0	43.4	43.5
Employment	Millions	50.6	58.9	61.0	63.9	61.8	63.3	65.3	67.1
Employment-to-population ratio	Per cent	40.8	42.8	40.4	39.3	37.3	37.4	37.9	38.2
Unemployment	Millions	7.4	7.0	9.2	8.0	9.1	9.4	9.4	9.3
Unemployment rate	Per cent	12.8	10.6	13.2	11.1	12.8	12.9	12.6	12.1
Wage and salaried workers	Millions	27.9	34.2	36.2	40.6	39.8	41.0		
Self-employed workers	Millions	22.6	24.7	24.9	23.3	22.0	22.2		
Share of wage and salaried workers	Per cent	55.3	58.0	59.2	63.5	64.4	64.9		
Share of self-employed workers	Per cent	44.7	42.0	40.8	36.5	35.6	35.1		
Extreme working poverty (<US$1.90 PPP per day)	Millions	2.6	1.8	1.0	1.6	1.7			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	5.2	3.0	1.6	2.5	2.7			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	16.8	16.4	16.8	17.4	55.1	54.5	55.8	57.3
Labour force participation rate	Per cent	20.6	19.6	19.8	20.1	68.0	66.1	66.4	66.8
Employment	Millions	13.3	12.5	12.8	13.3	50.6	49.3	50.5	52.0
Employment-to-population ratio	Per cent	16.3	15.1	15.1	15.4	62.5	59.7	60.0	60.6
Unemployment	Millions	3.5	3.8	4.0	4.1	4.5	5.2	5.4	5.3
Unemployment rate	Per cent	20.8	23.3	23.9	23.4	8.1	9.6	9.6	9.3
Wage and salaried workers	Millions	7.8	7.4	7.6		32.8	32.4	33.4	
Self-employed workers	Millions	5.5	5.1	5.1		17.9	16.9	17.1	
Share of wage and salaried workers	Per cent	58.9	59.4	59.8		64.7	65.7	66.1	
Share of self-employed workers	Per cent	41.1	40.6	40.2		35.3	34.3	33.9	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	9.7	9.2			62.2	61.7		
Labour force participation rate	Per cent	24.1	22.6			50.8	49.3		
Employment	Millions	7.2	6.5			56.8	55.3		
Employment-to-population ratio	Per cent	17.8	16.0			46.4	44.2		
Unemployment	Millions	2.6	2.7			5.4	6.4		
Unemployment rate	Per cent	26.3	29.3			8.7	10.3		

Table C8. Sub-Saharan Africa

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	207.2	239.1	273.0	306.0	292.5	308.8	326.7	341.7
Ratio of total weekly hours worked to population aged 15–64	Hours	25.7	25.8	25.4	25.2	23.4	24.0	24.6	25.0
Labour force	Millions	287.4	325.3	368.9	415.8	418.3	434.5	451.3	467.0
Labour force participation rate	Per cent	70.5	69.3	67.8	67.7	66.1	66.6	67.1	67.4
Employment	Millions	270.3	306.6	348.7	389.6	389.4	402.8	418.7	434.6
Employment-to-population ratio	Per cent	66.3	65.3	64.1	63.5	61.5	61.7	62.3	62.7
Unemployment	Millions	17.2	18.7	20.2	26.1	28.9	31.7	32.6	32.3
Unemployment rate	Per cent	6.0	5.7	5.5	6.3	6.9	7.3	7.2	6.9
Wage and salaried workers	Millions	53.3	64.4	79.9	92.7	87.5	92.0		
Self-employed workers	Millions	217.0	242.3	268.8	296.9	301.9	310.8		
Share of wage and salaried workers	Per cent	19.7	21.0	22.9	23.8	22.5	22.8		
Share of self-employed workers	Per cent	80.3	79.0	77.1	76.2	77.5	77.2		
Extreme working poverty (<US$1.90 PPP per day)	Millions	136.9	141.0	137.4	142.9	147.8			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	50.6	46.0	39.4	36.7	38.0			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	195.2	195.2	203.0	211.5	220.6	223.1	231.5	239.8
Labour force participation rate	Per cent	62.8	60.9	61.5	62.2	72.8	71.4	71.8	72.1
Employment	Millions	182.7	181.5	187.7	195.7	207.0	207.9	215.1	223.0
Employment-to-population ratio	Per cent	58.8	56.6	56.8	57.5	68.3	66.5	66.7	67.1
Unemployment	Millions	12.5	13.8	15.3	15.8	13.6	15.2	16.4	16.8
Unemployment rate	Per cent	6.4	7.0	7.6	7.5	6.2	6.8	7.1	7.0
Wage and salaried workers	Millions	32.1	30.1	31.6		60.7	57.4	60.4	
Self-employed workers	Millions	150.6	151.4	156.1		146.3	150.5	154.7	
Share of wage and salaried workers	Per cent	17.6	16.6	16.8		29.3	27.6	28.1	
Share of self-employed workers	Per cent	82.4	83.4	83.2		70.7	72.4	71.9	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	101.5	99.7			314.3	318.6		
Labour force participation rate	Per cent	48.0	45.9			78.1	76.7		
Employment	Millions	91.3	88.8			298.3	300.6		
Employment-to-population ratio	Per cent	43.2	40.8			74.1	72.3		
Unemployment	Millions	10.2	10.9			15.9	18.0		
Unemployment rate	Per cent	10.1	11.0			5.1	5.7		

Table C9. Latin America and the Caribbean

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	195.3	211.5	226.1	234.8	198.9	226.5	237.2	241.1
Ratio of total weekly hours worked to population aged 15–64	Hours	26.4	26.3	26.2	26.0	21.8	24.6	25.5	25.8
Labour force	Millions	247.3	269.6	289.9	307.2	286.6	302.5	310.0	314.8
Labour force participation rate	Per cent	63.5	63.2	62.7	62.7	57.8	60.2	61.0	61.2
Employment	Millions	227.9	251.3	270.7	282.8	257.8	272.4	281.2	287.2
Employment-to-population ratio	Per cent	58.5	58.9	58.5	57.8	52.0	54.2	55.3	55.8
Unemployment	Millions	19.4	18.3	19.2	24.3	28.8	30.1	28.8	27.6
Unemployment rate	Per cent	7.9	6.8	6.6	7.9	10.1	10.0	9.3	8.8
Wage and salaried workers	Millions	138.5	157.9	172.5	176.5	160.0	166.7		
Self-employed workers	Millions	89.4	93.3	98.2	106.3	97.8	105.7		
Share of wage and salaried workers	Per cent	60.8	62.9	63.7	62.4	62.1	61.2		
Share of self-employed workers	Per cent	39.2	37.1	36.3	37.6	37.9	38.8		
Extreme working poverty (<US$1.90 PPP per day)	Millions	14.6	8.6	6.1	8.1	8.6			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	6.4	3.4	2.2	2.9	3.3			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	128.5	117.5	125.2	129.1	178.6	169.1	177.2	180.9
Labour force participation rate	Per cent	51.1	46.1	48.5	49.4	75.1	70.1	72.6	73.2
Employment	Millions	116.2	103.6	109.9	114.3	166.6	154.2	162.5	166.9
Employment-to-population ratio	Per cent	46.2	40.6	42.6	43.7	70.0	63.9	66.5	67.5
Unemployment	Millions	12.3	13.9	15.4	14.8	12.1	14.9	14.7	14.0
Unemployment rate	Per cent	9.5	11.8	12.3	11.5	6.8	8.8	8.3	7.7
Wage and salaried workers	Millions	74.2	66.3	68.7		102.3	93.7	97.9	
Self-employed workers	Millions	42.0	37.3	41.1		64.3	60.6	64.5	
Share of wage and salaried workers	Per cent	63.9	64.0	62.6		61.4	60.7	60.3	
Share of self-employed workers	Per cent	36.1	36.0	37.4		38.6	39.3	39.7	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	52.7	46.6			254.5	240.0		
Labour force participation rate	Per cent	48.8	43.4			66.6	61.7		
Employment	Millions	43.2	36.7			239.6	221.1		
Employment-to-population ratio	Per cent	40.1	34.2			62.8	56.9		
Unemployment	Millions	9.5	9.9			14.9	18.9		
Unemployment rate	Per cent	18.0	21.2			5.8	7.9		

Table C10. North America

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	122.2	118.4	128.6	137.3	125.2	132.3	136.9	139.0
Ratio of total weekly hours worked to population aged 15–64	Hours	26.7	24.7	26.1	27.5	25.0	26.4	27.3	27.7
Labour force	Millions	169.5	176.0	179.9	187.4	184.8	186.2	187.4	189.3
Labour force participation rate	Per cent	65.2	64.0	62.2	62.6	61.2	61.2	61.1	61.3
Employment	Millions	160.6	159.4	170.1	180.1	169.7	175.6	179.3	181.5
Employment-to-population ratio	Per cent	61.8	57.9	58.8	60.1	56.2	57.7	58.5	58.8
Unemployment	Millions	8.9	16.7	9.8	7.3	15.2	10.6	8.2	7.7
Unemployment rate	Per cent	5.3	9.5	5.5	3.9	8.2	5.7	4.3	4.1
Wage and salaried workers	Millions	147.2	146.6	157.5	167.4	157.3	162.5		
Self-employed workers	Millions	13.3	12.8	12.6	12.8	12.4	13.1		
Share of wage and salaried workers	Per cent	91.7	92.0	92.6	92.9	92.7	92.5		
Share of self-employed workers	Per cent	8.3	8.0	7.4	7.1	7.3	7.5		

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	87.0	85.7	86.4	86.9	100.4	99.1	99.9	100.5
Labour force participation rate	Per cent	57.1	55.8	55.8	55.8	68.2	66.8	66.8	66.7
Employment	Millions	83.7	78.5	81.6	83.3	96.4	91.2	94.0	95.9
Employment-to-population ratio	Per cent	54.9	51.1	52.7	53.5	65.5	61.5	62.9	63.7
Unemployment	Millions	3.3	7.3	4.7	3.6	4.0	7.9	5.9	4.6
Unemployment rate	Per cent	3.8	8.5	5.5	4.1	4.0	8.0	5.9	4.5
Wage and salaried workers	Millions	78.8	73.6	76.5		88.6	83.7	86.1	
Self-employed workers	Millions	4.9	4.9	5.2		7.9	7.5	7.9	
Share of wage and salaried workers	Per cent	94.2	93.8	93.7		91.8	91.8	91.6	
Share of self-employed workers	Per cent	5.8	6.2	6.3		8.2	8.2	8.4	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	25.0	24.0			162.4	160.8		
Labour force participation rate	Per cent	52.1	50.2			64.6	63.3		
Employment	Millions	22.9	20.3			157.2	149.4		
Employment-to-population ratio	Per cent	47.6	42.4			62.5	58.8		
Unemployment	Millions	2.2	3.7			5.1	11.5		
Unemployment rate	Per cent	8.6	15.5			3.2	7.1		

Table C11. Arab States (non-GCC)

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	15.9	18.1	20.6	22.2	20.7	21.7	23.1	24.3
Ratio of total weekly hours worked to population aged 15–64	Hours	17.4	16.9	16.7	16.5	14.9	15.3	15.8	16.1
Labour force	Millions	19.9	22.3	26.0	28.3	28.3	29.3	30.5	31.6
Labour force participation rate	Per cent	42.8	40.9	41.4	41.1	40.1	40.3	40.7	41.0
Employment	Millions	17.8	20.0	22.9	24.6	24.3	25.1	26.3	27.4
Employment-to-population ratio	Per cent	38.4	36.7	36.5	35.8	34.4	34.5	35.1	35.6
Unemployment	Millions	2.1	2.3	3.0	3.7	4.0	4.2	4.2	4.2
Unemployment rate	Per cent	10.4	10.2	11.7	13.0	14.2	14.3	13.8	13.1
Wage and salaried workers	Millions	10.8	12.9	15.0	16.1	15.9	16.5		
Self-employed workers	Millions	7.0	7.1	8.0	8.5	8.4	8.5		
Share of wage and salaried workers	Per cent	60.8	64.7	65.2	65.6	65.5	66.0		
Share of self-employed workers	Per cent	39.2	35.3	34.8	34.4	34.5	34.0		
Extreme working poverty (<US$1.90 PPP per day)	Millions	0.3	0.3	1.9	4.1	4.7			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	1.5	1.4	8.4	16.5	19.3			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	4.2	4.1	4.3	4.5	24.1	24.2	25.0	26.0
Labour force participation rate	Per cent	12.2	11.7	11.7	11.9	70.0	68.5	68.8	69.4
Employment	Millions	3.1	3.0	3.1	3.3	21.4	21.3	22.0	23.0
Employment-to-population ratio	Per cent	9.1	8.5	8.5	8.7	62.4	60.3	60.5	61.4
Unemployment	Millions	1.0	1.1	1.2	1.2	2.6	2.9	3.0	3.0
Unemployment rate	Per cent	25.0	26.9	27.7	26.9	10.9	12.0	12.1	11.5
Wage and salaried workers	Millions	2.6	2.5	2.5		13.6	13.4	14.0	
Self-employed workers	Millions	0.6	0.5	0.5		7.9	7.8	8.0	
Share of wage and salaried workers	Per cent	81.7	82.2	82.6		63.3	63.2	63.7	
Share of self-employed workers	Per cent	18.3	17.8	17.4		36.7	36.8	36.3	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	5.8	5.6			22.5	22.7		
Labour force participation rate	Per cent	27.1	26.0			47.3	46.3		
Employment	Millions	4.2	4.0			20.4	20.3		
Employment-to-population ratio	Per cent	20.0	18.7			42.8	41.3		
Unemployment	Millions	1.5	1.6			2.2	2.4		
Unemployment rate	Per cent	26.4	28.3			9.6	10.7		

Table C12. Arab States (GCC)

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	13.7	21.1	25.4	27.6	25.3	26.5	27.9	28.7
Ratio of total weekly hours worked to population aged 15–64	Hours	28.1	30.9	30.6	30.5	27.5	28.5	29.6	30.0
Labour force	Millions	13.9	21.0	26.4	30.1	30.5	31.0	31.9	32.6
Labour force participation rate	Per cent	57.4	62.0	64.1	66.8	66.5	66.6	67.3	67.9
Employment	Millions	13.3	20.2	25.4	28.9	28.9	29.4	30.4	31.2
Employment-to-population ratio	Per cent	54.8	59.6	61.8	64.3	63.1	63.1	64.1	64.9
Unemployment	Millions	0.6	0.8	1.0	1.1	1.6	1.6	1.5	1.5
Unemployment rate	Per cent	4.6	3.8	3.7	3.7	5.2	5.2	4.8	4.5
Wage and salaried workers	Millions	12.5	19.2	24.5	27.9	27.4	27.9		
Self-employed workers	Millions	0.7	0.9	0.9	1.0	1.5	1.5		
Share of wage and salaried workers	Per cent	94.5	95.3	96.5	96.5	94.9	94.9		
Share of self-employed workers	Per cent	5.5	4.7	3.5	3.5	5.1	5.1		

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	5.3	5.8	5.8	6.0	24.7	24.7	25.2	25.9
Labour force participation rate	Per cent	33.5	35.8	35.5	35.8	85.0	83.2	83.6	84.7
Employment	Millions	4.6	4.9	4.9	5.1	24.3	24.0	24.5	25.2
Employment-to-population ratio	Per cent	28.9	30.5	29.9	30.5	83.6	80.8	81.3	82.7
Unemployment	Millions	0.7	0.9	0.9	0.9	0.4	0.7	0.7	0.6
Unemployment rate	Per cent	13.7	14.8	15.6	14.9	1.6	2.9	2.8	2.4
Wage and salaried workers	Millions	4.4	4.5	4.5		23.5	22.9	23.4	
Self-employed workers	Millions	0.2	0.4	0.4		0.8	1.1	1.1	
Share of wage and salaried workers	Per cent	96.1	91.6	92.2		96.5	95.6	95.4	
Share of self-employed workers	Per cent	3.9	8.4	7.8		3.5	4.4	4.6	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	2.2	2.2			27.8	28.2		
Labour force participation rate	Per cent	30.1	31.3			74.0	73.0		
Employment	Millions	1.9	1.8			27.0	27.1		
Employment-to-population ratio	Per cent	26.0	25.4			71.8	70.0		
Unemployment	Millions	0.3	0.4			0.8	1.2		
Unemployment rate	Per cent	13.8	18.9			2.9	4.1		

Table C13. East Asia

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	845.0	843.6	847.0	824.7	790.3	821.4	822.7	820.9
Ratio of total weekly hours worked to population aged 15–64	Hours	36.2	34.8	34.5	33.8	32.5	33.9	34.0	33.9
Labour force	Millions	906.1	914.1	938.7	947.0	939.9	941.5	942.5	943.3
Labour force participation rate	Per cent	72.2	69.6	69.2	68.4	67.6	67.4	67.2	67.0
Employment	Millions	865.7	872.8	896.9	906.4	895.2	898.4	900.5	902.3
Employment-to-population ratio	Per cent	69.0	66.5	66.1	65.5	64.4	64.3	64.2	64.1
Unemployment	Millions	40.4	41.3	41.9	40.6	44.7	43.1	42.0	41.0
Unemployment rate	Per cent	4.5	4.5	4.5	4.3	4.8	4.6	4.5	4.3
Wage and salaried workers	Millions	362.3	418.5	476.8	517.2	514.2	524.4		
Self-employed workers	Millions	503.4	454.2	420.0	389.1	381.0	374.0		
Share of wage and salaried workers	Per cent	41.8	48.0	53.2	57.1	57.4	58.4		
Share of self-employed workers	Per cent	58.2	52.0	46.8	42.9	42.6	41.6		
Extreme working poverty (<US$1.90 PPP per day)	Millions	150.2	101.0	9.2	4.6	4.6			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	17.3	11.6	1.0	0.5	0.5			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	424.1	418.6	419.3	420.4	522.9	521.3	522.2	522.1
Labour force participation rate	Per cent	61.9	60.8	60.7	60.6	74.7	74.2	74.0	73.7
Employment	Millions	408.1	401.2	402.2	403.8	498.2	494.0	496.2	496.7
Employment-to-population ratio	Per cent	59.6	58.3	58.2	58.2	71.2	70.3	70.3	70.1
Unemployment	Millions	15.9	17.4	17.1	16.6	24.7	27.3	26.0	25.4
Unemployment rate	Per cent	3.8	4.2	4.1	3.9	4.7	5.2	5.0	4.9
Wage and salaried workers	Millions	231.3	229.4	234.0		285.9	284.9	290.4	
Self-employed workers	Millions	176.8	171.8	168.2		212.3	209.1	205.7	
Share of wage and salaried workers	Per cent	56.7	57.2	58.2		57.4	57.7	58.5	
Share of self-employed workers	Per cent	43.3	42.8	41.8		42.6	42.3	41.5	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	96.3	91.5			850.7	848.5		
Labour force participation rate	Per cent	48.9	47.0			71.6	70.9		
Employment	Millions	86.5	81.2			819.9	814.1		
Employment-to-population ratio	Per cent	43.9	41.7			69.0	68.1		
Unemployment	Millions	9.8	10.3			30.9	34.4		
Unemployment rate	Per cent	10.2	11.3			3.6	4.1		

Table C14. South-East Asia

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	225.2	254.5	266.9	277.2	257.3	261.5	274.9	283.5
Ratio of total weekly hours worked to population aged 15–64	Hours	29.7	30.7	29.9	29.7	27.3	27.5	28.6	29.3
Labour force	Millions	263.8	293.1	316.7	332.6	329.7	334.5	339.5	345.2
Labour force participation rate	Per cent	67.1	68.1	68.0	67.4	65.9	66.0	66.1	66.4
Employment	Millions	252.1	283.7	307.6	324.4	319.8	324.0	329.2	335.6
Employment-to-population ratio	Per cent	64.1	65.9	66.0	65.7	63.9	63.9	64.1	64.6
Unemployment	Millions	11.6	9.4	9.1	8.2	9.9	10.5	10.4	9.7
Unemployment rate	Per cent	4.4	3.2	2.9	2.5	3.0	3.1	3.1	2.8
Wage and salaried workers	Millions	97.7	119.0	149.7	163.8	158.9	162.5		
Self-employed workers	Millions	154.4	164.7	158.0	160.6	161.0	161.5		
Share of wage and salaried workers	Per cent	38.8	42.0	48.6	50.5	49.7	50.1		
Share of self-employed workers	Per cent	61.2	58.0	51.4	49.5	50.3	49.9		
Extreme working poverty (<US$1.90 PPP per day)	Millions	42.6	25.4	13.6	7.6	8.5			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	16.9	9.0	4.4	2.3	2.6			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	139.5	138.1	140.4	142.6	193.1	191.6	194.1	196.9
Labour force participation rate	Per cent	55.9	54.6	54.8	54.9	79.1	77.4	77.4	77.5
Employment	Millions	136.3	134.2	136.3	138.5	188.1	185.7	187.7	190.7
Employment-to-population ratio	Per cent	54.6	53.1	53.2	53.4	77.0	75.0	74.8	75.1
Unemployment	Millions	3.3	3.9	4.1	4.1	4.9	5.9	6.4	6.3
Unemployment rate	Per cent	2.3	2.9	2.9	2.9	2.5	3.1	3.3	3.2
Wage and salaried workers	Millions	62.5	60.6	61.9		101.3	98.3	100.5	
Self-employed workers	Millions	73.7	73.6	74.3		86.9	87.4	87.2	
Share of wage and salaried workers	Per cent	45.9	45.2	45.5		53.8	52.9	53.5	
Share of self-employed workers	Per cent	54.1	54.8	54.5		46.2	47.1	46.5	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	50.7	48.4			281.9	281.3		
Labour force participation rate	Per cent	46.1	44.1			73.5	72.0		
Employment	Millions	46.2	43.6			278.2	276.3		
Employment-to-population ratio	Per cent	42.0	39.7			72.5	70.7		
Unemployment	Millions	4.5	4.8			3.7	5.1		
Unemployment rate	Per cent	8.9	10.0			1.3	1.8		

Table C15. South Asia

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	563.4	592.5	624.3	654.6	576.8	626.0	662.3	678.5
Ratio of total weekly hours worked to population aged 15–64	Hours	27.6	26.2	25.2	24.8	21.5	23.0	24.0	24.3
Labour force	Millions	598.7	624.9	653.1	687.0	657.9	676.6	699.1	711.6
Labour force participation rate	Per cent	56.8	53.4	50.7	49.6	46.7	47.3	48.1	48.2
Employment	Millions	566.9	592.5	618.1	650.9	608.9	635.9	659.8	672.3
Employment-to-population ratio	Per cent	53.8	50.6	47.9	47.0	43.3	44.5	45.4	45.5
Unemployment	Millions	31.9	32.3	35.1	36.0	48.9	40.7	39.3	39.4
Unemployment rate	Per cent	5.3	5.2	5.4	5.2	7.4	6.0	5.6	5.5
Wage and salaried workers	Millions	119.9	132.6	166.5	192.6	177.9	187.2		
Self-employed workers	Millions	447.0	459.9	451.6	458.3	431.1	448.7		
Share of wage and salaried workers	Per cent	21.1	22.4	26.9	29.6	29.2	29.4		
Share of self-employed workers	Per cent	78.9	77.6	73.1	70.4	70.8	70.6		
Extreme working poverty (<US$1.90 PPP per day)	Millions	178.6	134.4	74.4	49.6	50.8			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	31.5	22.7	12.0	7.6	8.3			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	158.4	144.3	150.5	157.7	528.6	513.5	526.1	541.4
Labour force participation rate	Per cent	23.5	21.1	21.6	22.3	74.4	71.0	71.6	72.5
Employment	Millions	149.6	135.1	141.8	148.9	501.3	473.8	494.1	510.9
Employment-to-population ratio	Per cent	22.2	19.7	20.4	21.1	70.5	65.5	67.3	68.4
Unemployment	Millions	8.8	9.2	8.7	8.8	27.2	39.7	32.0	30.5
Unemployment rate	Per cent	5.6	6.4	5.8	5.6	5.1	7.7	6.1	5.6
Wage and salaried workers	Millions	39.8	33.9	36.1		152.8	144.0	151.1	
Self-employed workers	Millions	109.7	101.2	105.7		348.6	329.8	343.0	
Share of wage and salaried workers	Per cent	26.6	25.1	25.5		30.5	30.4	30.6	
Share of self-employed workers	Per cent	73.4	74.9	74.5		69.5	69.6	69.4	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	106.9	96.1			580.0	561.7		
Labour force participation rate	Per cent	30.6	27.3			56.1	53.2		
Employment	Millions	87.3	76.8			563.6	532.2		
Employment-to-population ratio	Per cent	24.9	21.8			54.5	50.4		
Unemployment	Millions	19.7	19.3			16.4	29.6		
Unemployment rate	Per cent	18.4	20.1			2.8	5.3		

Table C16. The Pacific

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	11.6	12.3	13.1	14.0	13.6	14.0	14.2	14.5
Ratio of total weekly hours worked to population aged 15–64	Hours	25.8	24.9	24.7	25.2	24.3	24.7	24.8	25.1
Labour force	Millions	16.0	17.4	18.8	20.1	20.1	20.5	20.7	20.9
Labour force participation rate	Per cent	64.2	62.9	62.5	63.1	62.3	62.7	62.3	62.2
Employment	Millions	15.3	16.5	17.8	19.2	19.0	19.5	19.7	20.0
Employment-to-population ratio	Per cent	61.3	59.7	59.1	60.2	58.8	59.8	59.5	59.4
Unemployment	Millions	0.7	0.9	1.0	0.9	1.1	1.0	0.9	0.9
Unemployment rate	Per cent	4.5	5.0	5.5	4.7	5.6	4.7	4.6	4.5
Wage and salaried workers	Millions	10.6	11.9	13.0	14.0	13.8	14.2		
Self-employed workers	Millions	4.7	4.6	4.8	5.1	5.2	5.3		
Share of wage and salaried workers	Per cent	69.3	72.0	73.2	73.3	72.8	72.8		
Share of self-employed workers	Per cent	30.7	28.0	26.8	26.7	27.2	27.2		
Extreme working poverty (<US$1.90 PPP per day)	Millions	1.2	0.8	0.7	0.7	0.7			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	8.0	4.8	3.9	3.5	3.9			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	9.4	9.4	9.6	9.7	10.7	10.7	10.9	11.0
Labour force participation rate	Per cent	58.7	57.9	58.4	58.0	67.7	66.8	67.1	66.7
Employment	Millions	9.0	8.9	9.2	9.3	10.2	10.1	10.3	10.4
Employment-to-population ratio	Per cent	56.0	54.8	55.9	55.6	64.5	63.0	63.8	63.5
Unemployment	Millions	0.4	0.5	0.4	0.4	0.5	0.6	0.5	0.5
Unemployment rate	Per cent	4.5	5.5	4.4	4.2	4.8	5.8	5.0	4.8
Wage and salaried workers	Millions	6.7	6.6	6.8		7.3	7.2	7.4	
Self-employed workers	Millions	2.2	2.3	2.4		2.9	2.9	3.0	
Share of wage and salaried workers	Per cent	74.9	74.3	74.3		71.9	71.4	71.5	
Share of self-employed workers	Per cent	25.1	25.7	25.7		28.1	28.6	28.5	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	3.4	3.3			16.7	16.8		
Labour force participation rate	Per cent	56.4	54.9			64.7	64.1		
Employment	Millions	3.0	2.9			16.1	16.1		
Employment-to-population ratio	Per cent	50.5	48.2			62.4	61.3		
Unemployment	Millions	0.4	0.4			0.6	0.7		
Unemployment rate	Per cent	10.5	12.2			3.5	4.4		

Table C17. Northern, Southern and Western Europe

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	148.1	148.1	148.8	156.9	144.1	151.8	156.6	157.7
Ratio of total weekly hours worked to population aged 15–64	Hours	24.6	24.2	24.4	25.8	23.7	25.0	25.9	26.1
Labour force	Millions	207.7	215.0	219.7	224.7	222.7	224.3	224.9	225.3
Labour force participation rate	Per cent	57.3	57.7	57.9	58.4	57.8	58.0	58.1	58.1
Employment	Millions	189.8	193.8	197.8	209.1	206.4	207.8	209.7	210.4
Employment-to-population ratio	Per cent	52.4	52.0	52.1	54.4	53.5	53.8	54.1	54.2
Unemployment	Millions	17.9	21.2	21.9	15.6	16.3	16.5	15.2	14.9
Unemployment rate	Per cent	8.6	9.8	10.0	6.9	7.3	7.3	6.8	6.6
Wage and salaried workers	Millions	158.4	162.8	166.9	177.8	176.0	178.2		
Self-employed workers	Millions	31.4	31.0	30.9	31.3	30.4	29.6		
Share of wage and salaried workers	Per cent	83.5	84.0	84.4	85.0	85.3	85.8		
Share of self-employed workers	Per cent	16.5	16.0	15.6	15.0	14.7	14.2		

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	104.4	103.7	104.6	104.9	120.3	119.0	119.6	120.0
Labour force participation rate	Per cent	52.9	52.4	52.8	52.8	64.3	63.4	63.6	63.6
Employment	Millions	96.9	96.0	96.6	97.5	112.2	110.4	111.2	112.2
Employment-to-population ratio	Per cent	49.1	48.5	48.7	49.1	60.0	58.9	59.1	59.4
Unemployment	Millions	7.5	7.8	8.0	7.5	8.1	8.5	8.5	7.8
Unemployment rate	Per cent	7.2	7.5	7.7	7.1	6.7	7.2	7.1	6.5
Wage and salaried workers	Millions	86.2	85.4	86.5		91.6	90.6	91.7	
Self-employed workers	Millions	10.7	10.5	10.1		20.6	19.9	19.5	
Share of wage and salaried workers	Per cent	88.9	89.0	89.5		81.7	82.0	82.5	
Share of self-employed workers	Per cent	11.1	11.0	10.5		18.3	18.0	17.5	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	21.7	20.8			203.1	201.8		
Labour force participation rate	Per cent	43.9	42.4			60.6	60.0		
Employment	Millions	18.5	17.4			190.7	189.0		
Employment-to-population ratio	Per cent	37.4	35.3			56.9	56.2		
Unemployment	Millions	3.2	3.5			12.4	12.8		
Unemployment rate	Per cent	14.8	16.6			6.1	6.4		

Table C18. Eastern Europe

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	107.1	109.2	109.9	108.9	102.1	105.2	106.1	106.0
Ratio of total weekly hours worked to population aged 15–64	Hours	24.6	25.0	25.9	26.7	25.3	26.3	26.8	26.9
Labour force	Millions	146.0	147.9	146.9	145.0	143.4	142.5	142.1	141.5
Labour force participation rate	Per cent	58.0	58.9	59.4	59.4	59.0	58.7	58.7	58.5
Employment	Millions	133.2	136.0	137.2	138.1	135.4	134.9	135.1	134.8
Employment-to-population ratio	Per cent	52.9	54.2	55.5	56.6	55.7	55.6	55.8	55.8
Unemployment	Millions	12.8	11.8	9.7	6.8	8.0	7.5	7.0	6.7
Unemployment rate	Per cent	8.7	8.0	6.6	4.7	5.6	5.3	4.9	4.7
Wage and salaried workers	Millions	113.6	117.9	120.1	121.2	119.7	120.4		
Self-employed workers	Millions	19.6	18.1	17.1	16.9	15.7	14.6		
Share of wage and salaried workers	Per cent	85.3	86.7	87.5	87.8	88.4	89.2		
Share of self-employed workers	Per cent	14.7	13.3	12.5	12.2	11.6	10.8		

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	68.6	67.8	67.4	67.2	76.4	75.6	75.1	74.9
Labour force participation rate	Per cent	52.2	51.8	51.6	51.6	67.8	67.3	67.0	67.0
Employment	Millions	65.4	64.1	63.8	63.9	72.7	71.3	71.1	71.2
Employment-to-population ratio	Per cent	49.8	49.0	48.8	49.0	64.5	63.5	63.5	63.7
Unemployment	Millions	3.1	3.7	3.6	3.3	3.7	4.2	3.9	3.7
Unemployment rate	Per cent	4.6	5.5	5.3	4.9	4.8	5.6	5.2	4.9
Wage and salaried workers	Millions	59.0	58.2	58.4		62.2	61.6	61.9	
Self-employed workers	Millions	6.4	5.9	5.4		10.5	9.7	9.2	
Share of wage and salaried workers	Per cent	90.2	90.7	91.5		85.6	86.3	87.1	
Share of self-employed workers	Per cent	9.8	9.3	8.5		14.4	13.7	12.9	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	9.4	8.8			135.5	134.6		
Labour force participation rate	Per cent	33.4	31.5			62.8	62.5		
Employment	Millions	8.1	7.5			130.0	128.0		
Employment-to-population ratio	Per cent	28.8	26.7			60.3	59.4		
Unemployment	Millions	1.3	1.4			5.5	6.6		
Unemployment rate	Per cent	13.8	15.4			4.1	4.9		

Table C19. Central and Western Asia

Indicator	Unit	Total (age 15+)							
		2005	2010	2015	2019	2020	2021	2022	2023
Total weekly hours worked (FTE @ 48 hours/week)	Millions	48.3	52.1	58.4	60.3	53.4	58.1	60.4	61.5
Ratio of total weekly hours worked to population aged 15–64	Hours	24.1	23.6	24.4	24.0	21.0	22.6	23.4	23.6
Labour force	Millions	59.2	65.0	71.8	76.4	73.8	75.5	77.2	78.4
Labour force participation rate	Per cent	55.6	55.7	56.7	56.8	54.1	54.6	55.2	55.4
Employment	Millions	53.6	59.3	66.0	69.2	66.6	68.1	69.5	70.8
Employment-to-population ratio	Per cent	50.4	50.9	52.2	51.4	48.9	49.3	49.7	50.0
Unemployment	Millions	5.5	5.7	5.8	7.2	7.2	7.4	7.7	7.6
Unemployment rate	Per cent	9.3	8.7	8.1	9.4	9.7	9.8	10.0	9.7
Wage and salaried workers	Millions	29.6	35.2	42.1	45.6	44.5	46.0		
Self-employed workers	Millions	24.1	24.1	24.0	23.7	22.1	22.1		
Share of wage and salaried workers	Per cent	55.1	59.4	63.7	65.8	66.8	67.6		
Share of self-employed workers	Per cent	44.9	40.6	36.3	34.2	33.2	32.4		
Extreme working poverty (<US$1.90 PPP per day)	Millions	6.2	3.4	1.7	1.1	1.1			
Share of extreme working poverty (<US$1.90 PPP per day)	Per cent	11.6	5.7	2.6	1.6	1.6			

Indicator	Unit	Female (age 15+)				Male (age 15+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	30.0	28.6	29.3	30.1	46.4	45.2	46.2	47.2
Labour force participation rate	Per cent	43.4	40.8	41.3	42.0	70.8	68.1	68.6	69.2
Employment	Millions	27.0	25.7	26.3	26.9	42.2	40.9	41.8	42.6
Employment-to-population ratio	Per cent	39.1	36.8	37.1	37.6	64.5	61.6	62.1	62.5
Unemployment	Millions	3.0	2.8	3.0	3.2	4.2	4.4	4.4	4.6
Unemployment rate	Per cent	9.9	9.9	10.2	10.5	9.0	9.6	9.5	9.7
Wage and salaried workers	Millions	17.6	17.2	17.7		27.9	27.4	28.3	
Self-employed workers	Millions	9.4	8.6	8.6		14.3	13.5	13.5	
Share of wage and salaried workers	Per cent	65.2	66.7	67.4		66.2	66.9	67.7	
Share of self-employed workers	Per cent	34.8	33.3	32.6		33.8	33.1	32.3	

Indicator	Unit	Youth (age 15–24)				Adult (age 25+)			
		2019	2020	2021	2022	2019	2020	2021	2022
Labour force	Millions	11.7	10.6			64.7	63.2		
Labour force participation rate	Per cent	41.1	37.3			61.0	58.5		
Employment	Millions	9.5	8.5			59.7	58.1		
Employment-to-population ratio	Per cent	33.5	30.1			56.3	53.8		
Unemployment	Millions	2.2	2.0			5.0	5.1		
Unemployment rate	Per cent	18.6	19.3			7.7	8.1		

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