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Trends 2021

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Preface

Since its emergence in December 2019, it has been very clear that the threat posed by COVID-19 to public health would also be a threat to the world of work. Workplace closures and other measures necessary to curb the spread of the virus have wreaked havoc on enterprises and workers across the world. While signs of economic recovery are appearing as vaccine campaigns are ramped up, the recovery is likely to be uneven and fragile.

Indeed, one of the salient impacts of the COVID-19 crisis has been the worsening of long-standing structural challenges and inequalities in the world of work, undermining recent progress in poverty reduction, gender equality and decent work. The effects of the crisis continue to be highly uneven, with stark differences across countries and among workers depending on where they work, the type of work they do, and the characteristics of their job.

This year's *World Employment and Social Outlook: Trends* provides a comprehensive assessment of how the COVID-19 pandemic has affected the world of work. It analyses global patterns, regional differences, and outcomes across economic sectors and groups of workers. The report also presents projections for the expected labour market recovery. The world will emerge from this crisis, but we need to ensure that no one is left behind in the process. To that end, the report concludes with policy recommendations for achieving a broad-based, human-centred recovery.

The COVID-19 crisis has exposed and exacerbated long-standing decent work deficits. It is our hope that in building back from the crisis, governments in partnership with employers' and workers' organizations will come together to address these challenges with renewed purpose and impact in the months and years to come.

Guy Ryder
ILO Director-General

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Executive summary

The pandemic has brought unprecedented disruption that – absent concerted policy efforts – will scar the social and employment landscape for years to come

The COVID-19 pandemic has caused unparalleled disruption worldwide through its devastating impact on public health, employment and livelihoods. Governments and workers' and employers' organizations everywhere have taken immediate measures to tackle the crisis, preserve jobs and protect incomes, though these measures have differed in scope and generosity. While such measures have been crucial in mitigating the crisis, all countries have suffered a sharp deterioration in employment and national income, which has aggravated existing inequalities and risks inflicting longer-term "scarring" effects on workers and enterprises. A resolute policy response is required to address the fragility and unevenness of social and economic conditions and bring about a human-centred recovery.

In 2020, an estimated 8.8 per cent of total working hours were lost – the equivalent of the hours worked in one year by 255 million full-time workers. This summary indicator captures the various channels through which the pandemic has affected labour markets. Around half of the working-hour losses were due to the reduced hours of those who remained employed (and they can be attributed to either shorter working hours or "zero" working hours under furlough schemes). The remaining half were due to outright employment losses. Relative to 2019, total employment fell by 114 million as a result of workers becoming unemployed or dropping out of the labour force. Had there been no pandemic,

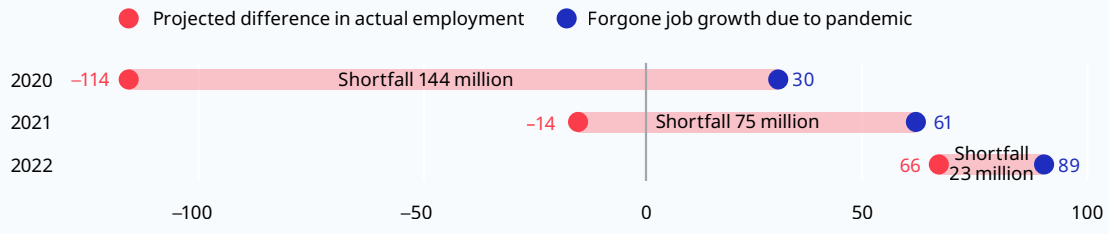
the world would have created an estimated 30 million new jobs in 2020. Taken together, these losses mean that the global shortfall in employment increased by 144 million jobs in 2020 (see the figure below), drastically exacerbating the shortage of employment opportunities that already existed prior to the pandemic.

Recurrent waves of the pandemic around the globe have caused working-hour losses to remain persistently high in 2021, leading to a shortfall in total working hours of 4.8 per cent in the first quarter that dipped slightly to 4.4 per cent in the second quarter. This shortfall – corresponding to the working-hours equivalent of 140 million full-time jobs in the first quarter and 127 million full-time jobs in the second quarter – highlights that as the first half of 2021 draws to a close, the crisis is far from over. Latin America and the Caribbean, and Europe and Central Asia, are the two worst-affected regions, with estimated working-hour losses in each case exceeding 8 per cent in the first quarter and 6 per cent in the second quarter of 2021.

The total working-hour losses have translated into a sharp drop in labour income and an increase in poverty. Global labour income, which does not include government transfers and benefits, was US$3.7 trillion (8.3 per cent) lower in 2020 than it would have been in the absence of the pandemic. For the first two quarters of 2021, this shortfall amounts to a reduction in global labour income of 5.3 per cent, or US$1.3 trillion. Relative to 2019, an estimated additional 108 million workers are now extremely or moderately poor, meaning that they and their family members are having to live on less than US$3.20 per day in purchasing power parity terms. Five years of progress towards the eradication of working poverty have been undone, as working poverty rates have now reverted to those of 2015.

Looking ahead, the projected employment growth will be insufficient to close the gaps opened up by the crisis. A process of globally uneven economic recovery can be expected to begin from the second half of 2021 onwards – driven by progress in vaccination and large-scale fiscal spending. These positive effects will mostly remain limited in their geographical scope without concerted international policy action on both vaccine distribution and fiscal support, including debt relief. Globally, the recovery is projected to result in the net creation of 100 million jobs in 2021 and an additional 80 million jobs in 2022. Projected employment in 2021, however, will still fall short of its pre-crisis level. In addition, it is likely that there will be fewer jobs than would have been created in the absence of the pandemic. Taking this forgone employment growth into account, the crisis-induced global shortfall in jobs is projected to stand at 75 million in 2021 and at 23 million in 2022 (see the figure below). The corresponding shortfall in working hours in 2021 amounts to 3.5 per cent – equivalent to 100 million full-time jobs. The slower-than-anticipated progress of vaccination campaigns, coupled with a resurgence of the pandemic in early 2021,

▶ Figure ES. Pandemic-induced global shortfall in jobs, relative to 2019 (millions)



Note: The red dots denote the projected difference in actual employment relative to 2019. The blue dots denote the development that would have been expected had there been no pandemic, hence showing forgone employment growth. The numbers inside the bars refer to the total pandemic-induced shortfall in jobs in a given year (that is, the shortfall due to the combination of actual employment losses and forgone employment growth).

Source: ILO estimates.

explains the ILO's downward revision of the recovery of working-hour losses by 0.5 percentage points since the seventh edition of the *ILO Monitor: COVID-19 and the World of Work* was issued in late January 2021. The new projection suggests that an additional 10 million full-time equivalent jobs will remain lost in 2021, giving a total of 100 million lost jobs, compared with 90 million prior to the revision.

The projected employment growth will be too weak to provide sufficient employment opportunities for those who became inactive or unemployed during the pandemic and for younger cohorts entering the labour market, who have suffered significant disruptions to their education and training. As a result, many previously inactive workers will enter the labour force but will not be able to find employment. This is expected to cause a sustained and pronounced increase in unemployment: from 187 million in 2019 to 220 million in 2020, 220 million in 2021 and 205 million in 2022. Prior to the COVID-19 crisis, the projected unemployment rate of 5.7 per cent in 2022 was last seen in 2013. In contrast to the situation during that year, unemployment is projected to be high in countries at all income levels in 2022, with middle-income countries being the most affected. Indeed, the recovery will be relatively faster in high-income countries. In low- and middle-income countries, the more limited access to vaccines and greater constraints on fiscal spending will dampen the employment recovery. At the same time, many of these countries have had no choice but to lift workplace closure measures early on, since public deficit and debt levels and the upsurge in poverty made it difficult for them to maintain lockdowns over extended periods.

To make matters worse, many of the newly created jobs are expected to be of low productivity and poor quality. Between 2019 and 2022, the average labour productivity growth rate is projected to fall below the pre-crisis rate for all but high-income countries. As a result of low growth in gross domestic product and a strong increase in the working-age population, the lack of productive employment opportunities will be most severe in low-income countries. In these countries, average annual labour productivity growth is projected to decline from an already meagre 0.9 per cent for the period 2016–19 to a negative rate of –1.1 per cent for 2019–22. This dramatic development renders the goal of eradicating poverty by 2030 even more elusive. The shift towards self-employment – which is disproportionately characterized by low-productivity, informal work – is yet another sign of deteriorating work quality. In 14 middle-income countries with available data, self-employment declined less in the second quarter of 2020 than wage and salaried employment. When employment picked up in the third quarter of 2020, this was again stronger for self-employment. Globally in 2020, job losses among wage and salaried employees were estimated to be twice as large as losses among the self-employed, causing a shift in the employment structure.

The highly uneven impact of the crisis exacerbates pre-existing decent work deficits and social inequalities

Many businesses, particularly micro and small enterprises, have already gone bankrupt or are facing a highly uncertain future, with negative consequences for their future productivity and their ability to retain workers. The problem is most pronounced in those sectors of economic activity that have been most affected by the crisis – that is, accommodation and food services, wholesale and retail trade, construction and manufacturing – and in activities where there is a large number of smaller enterprises. Such enterprises are less likely to have the financial means to withstand prolonged disruptions to their business operations. Those that have not closed have become saddled with high levels of debt that compromise their scope for future investments and productivity growth. According to an ILO survey of 4,520 businesses in 45 countries worldwide undertaken in the second quarter of 2020, 80 per cent of micro-enterprises and 70 per cent of small firms were facing significant financial difficulties. Informal enterprises are in the most precarious situation given their inability to access COVID-19-related government support or formal lines of credit.

Informal workers have also been affected disproportionately by the crisis. Roughly 2 billion workers – or 60.1 per cent of the globally employed – were working informally in 2019.

Informal employees were three times more likely than their formal counterparts, and 1.6 times more likely than the self-employed, to lose their jobs as a result of the crisis, thereby contributing to the observed shift towards self-employment. Moreover, because of their informal status, they were less likely to benefit from social protection. As many of these workers have lower savings rates, they have been more likely to fall deeper into poverty. Their already disadvantaged situation and the severe disruption to their working lives risk jeopardizing their future labour market trajectories. In addition, large regional variations in the prevalence of informality have contributed to the highly uneven impact of the COVID-19 crisis across countries.

Similarly, the non-uniform impact of the crisis interacts with skill level, thereby exacerbating social inequalities through yet another channel. Workers with higher skill levels tend to work in occupations that have been less affected by employment losses and that have benefited from options for working remotely. The ability to work from home in higher-skilled occupations, and in areas with readier access to the internet, has accentuated inequalities between the global North and the global South, between households with different socio-economic status, and between rural and urban areas. At the same time, moving to an online environment raises issues related to working conditions when working from home – particularly concerns about the blurring of boundaries between work and personal life, and increased childcare needs. Moreover, the shift to working from home can potentially weaken social cohesion, as workplaces have traditionally played an important role as venues for human interaction.

The crisis threatens to jeopardize progress on gender equality, as women have suffered disproportionate job losses while seeing their unpaid working time increase. The disruption to labour markets has had devastating consequences for both men and women, yet women's employment declined by 5 per cent in 2020 compared with 3.9 per cent for men. Additionally, 90 per cent of women who lost their jobs in 2020 exited the labour force, which suggests that their working lives are likely to be disrupted over an extended period unless appropriate measures are adopted. A cross-cutting issue affecting women in all countries, sectors, occupations and types of employment is that the burden of intensified childcare and home-schooling activities has disproportionately fallen on them, leading to a rise in unpaid working time for women that reinforces traditional gender roles. Moreover, women often work in front-line occupations, such as care workers or grocery clerks, that face elevated health risks and difficult working conditions. Setbacks in the advancement of gender equality are especially problematic in those regions where gender gaps were already extensive before the crisis.

The crisis has affected many young people at a critical moment in their lives, disrupting their transition from school or university to work. Evidence from previous crises shows that entering the labour market during a recession reduces longer-term employment probabilities, wages and the prospects for on-the-job skills development. This is because fewer jobs are available and unemployment is consequently higher, and also because those young people who find employment are more likely to be employed in temporary positions while business confidence remains shaken. Although recessions may also prompt young workers to invest more strongly in formal education, the share of young people not in employment, education or training increased between 2019 and 2020 in 24 out of 33 countries with available data. Moreover, the pandemic severely disrupted educational opportunities, particularly in those regions of the world that lack the digital infrastructure and capacity to switch to distance learning.

The COVID-19 crisis has further highlighted the vulnerable situation of migrant workers. Many migrant workers experienced an abrupt termination of their employment along with non-payment or delayed payment of wages, and at the same time often lacked access to social protection benefits that could make up for their income losses. This has aggravated the impact of the crisis in both destination countries and countries of origin. In destination countries, sectors reliant on seasonal migrant workers struggled to maintain their workforces because of the widespread travel restrictions. The decline in remittances negatively affected countries of origin. Remittances are a major source of income in many poorer countries, where they are key to supporting both household incomes and domestic demand. The shrinking of remittance flows has thus exacerbated poverty in migrants' countries of origin.

Preventing long-lasting damage to global economic and social outcomes requires a comprehensive and concerted human-centred policy agenda

Decent work deficits and inequalities transformed the COVID-19 pandemic from a public health crisis into an employment and social crisis that has upended the livelihoods of millions of workers. There is a genuine risk that without comprehensive and concerted policy efforts, widened inequality and reduced overall progress in the world of work will persist across multiple dimensions. International policy action is needed to ensure worldwide access to vaccines and financial assistance for developing countries – including through debt restructuring. Governments, in consultation with employers' and workers' organizations, need to seize the moment and tackle long-standing decent work deficits so that labour markets can be rebuilt in a more just and sustainable way. As stated in the ILO Centenary Declaration for the Future of Work (2019), such an endeavour involves "put[ting] workers' rights and the needs, aspirations and rights of all people at the heart of economic, social and environmental policies". A human-centred recovery should therefore seek to:

(1) *Promote broad-based economic growth and the creation of productive employment* through investment in sectors that can be a source of decent jobs and that support a just transition, gender equality and vibrant labour markets. Ensuring that countries have adequate fiscal space to address existing gaps in physical and social infrastructure, and that economies have sufficient liquidity to support access to credit needed by the private sector, is key to the recovery.

(2) *Support household incomes and labour market transitions, particularly for those most affected by the crisis*, through active labour market policies, public employment services and publicly provided, high-quality care services. Investment in these areas facilitates the participation of workers in the labour market, and allows them to improve their labour market prospects by acquiring higher skills.

(3) *Strengthen the institutional foundations of inclusive, sustainable and resilient economic growth and development* by enhancing social protection systems, promoting formalization, and ensuring that all workers, irrespective of their contractual arrangements, have the right to freedom of association and collective bargaining, enjoy safe and healthy working conditions and receive adequate minimum wages.

(4) *Engage in social dialogue to develop and ensure effective implementation of human-centred recovery strategies*. Such strategies are better designed and more effective when they are the fruit of dialogue and negotiation between governments and employers' and workers' organizations. Bipartite and tripartite negotiations should be conducted to address critical aspects of workplaces, especially occupational safety and health.

1 Global employment trends

Overview

The COVID-19 crisis sharply curtailed economic activity and demand for labour, resulting in an estimated 4.4 per cent reduction in total working hours worldwide in the second quarter of 2021, down from 4.8 per cent in the first quarter of 2021 and 8.8 per cent in 2020. The COVID-19 crisis is different from other crises, including the global economic crisis of 2008–09, in that many affected workers remained in employment but worked fewer hours or none at all. This was due in part to the implementation of employment retention schemes in some countries, but also because many self-employed workers needed to continue their activities, even if at a reduced rate. Employment losses therefore constitute a major part of the employment impact, but so do reductions in hours worked by the employed. Accordingly, this edition of *World Employment and Social Outlook: Trends* provides a breakdown of total working-hour losses that captures forgone job growth, direct employment losses and working-hour reductions.

Those who lost their jobs gave up looking for work or were unavailable to work owing to the pandemic, resulting in more people leaving the labour force altogether and becoming "inactive" rather than unemployed. Individuals are considered to be unemployed if they are actively searching for work and are available to work. Yet, because of the workplace closures associated with the pandemic, many workers could not actively search for work; others were not available to work as a result of increased caregiving responsibilities, including homeschooling their children. A total of 81 million workers (71 per cent of those who lost their jobs) left the labour force altogether, compared with 33 million who became unemployed.[1] Many of those leaving the labour force would be willing to work under normal circumstances, but could not do so because of the COVID-19 crisis.

It is expected that there will be a rebound in employment in 2021 and 2022, but that it will be insufficient to close the employment gap caused by the crisis. For 2021, employment growth is forecast at 100 million jobs, followed by a further 80 million in 2022. However, this will not be sufficient to accommodate those who have lost their jobs as well as new labour market entrants, given the growth of the working-age population. As a result, the pandemic-induced shortfall in jobs is projected to amount to 75 million in 2021 and 23 million in 2022. This shortfall exacerbates the precarious labour market situation that existed before the COVID-19 crisis. While the process of economic recovery will induce more individuals to re-enter the labour force, the lack of available jobs will increase unemployment. Indeed, global unemployment is expected to reach 205 million and the unemployment rate is projected to stand at 5.7 per cent in 2022. Excluding the COVID-19 crisis period, such a rate was last seen in 2013.

This chapter deals with the effect of the pandemic on key labour market indicators in 2020 and discusses various scenarios used to project the labour market outlook for the years to come. More specifically, section 1.1 looks at trends in hours worked by country income level group to assess the current state of the labour market and its evolution since 2019. Other traditional labour market indicators, including the employment and unemployment rates, are also considered in order to further describe how the overall drop in working hours has translated into either employment losses or reduced working hours among the employed. This first section also discusses the disproportionate impact of the crisis on different groups of workers, including women, young people and informal workers. Section 1.2 presents estimates of the fall in labour income and the increase in working poverty rates arising from the COVID-19 crisis. Section 1.3 offers three scenarios of how labour market outcomes could develop in the near future, arguing that the projected economic recovery is expected to be uneven across different regions, which would aggravate the disparities that have been widened by the crisis.

The analysis is refined further in the subsequent two chapters, with Chapter 2 examining the employment and social effects at the regional level, and Chapter 3 discussing the heterogeneous impact of the crisis across sectors, types of enterprise and groups of workers.

1 Among those who left the labour force, more than half became marginally inactive, meaning that they are either looking for a job or are available to work, but that they do not satisfy both criteria for being counted as unemployed. Marginal inactivity describes the potential labour force as defined by the Resolution concerning statistics of work, employment and labour underutilization, adopted by the 19th International Conference of Labour Statisticians in 2013.

▶ 1.1 The global labour market at a glance

The pandemic has brought widespread disruption to labour markets around the world. Compared with previous recessions, the pace and depth of the COVID-19 crisis have been unprecedented, with no country spared from the sharp deterioration in labour market conditions. Additionally, employment losses have been higher for those groups that already faced labour market disadvantages before the crisis (notably women and young people), and such losses have been particularly severe in sectors such as tourism and accommodation that were directly affected by the public health restrictions put in place to curb the spread of the virus. Because of the crisis, labour income has fallen and the number of employed individuals living in extreme and moderate poverty has increased, reversing the downward trend of previous years. It is likely that the effects of the crisis will make themselves felt in the organization and distribution of work for years to come (Dewan and Ernst 2020; Lee, Schmidt-Klau and Verick 2020).

Extraordinary policy efforts have been undertaken to tackle the crisis, yet they are insufficient on the whole. Governments, together with workers' and employers' organizations, have taken immediate measures to cope with the crisis and in particular to protect jobs, including the widespread use of employment retention schemes and financial support for businesses experiencing a sharp drop in revenues (ILO 2020a; ILO 2020b). The high level of policy action and coordination between governments and the social partners has been useful in addressing constructively the challenges posed by the crisis (ILO 2020c). However, the range of available policy options has been limited by budgetary constraints, especially outside high-income countries, and by the concurrent need to curb the spread of the virus (ILO 2020d; UN 2021). As a result, labour markets are still a long way away from their pre-crisis performance levels, and in all regions and country income groups, employment and social indicators have worsened.

The evolution of working hours provides the best reflection of the employment impact of the crisis. The economic contraction caused by the pandemic has taken different forms across countries, but its labour market impact is generally best captured by looking at the evolution of hours worked. Indeed, working-hour losses reflect both employment losses (that is, individuals moving from employment to either unemployment or inactivity after being laid off) and the reduction in hours worked for those who remain employed (both the self-employed and employees, the reduction being due either to shorter hours or to "zero working hours" under employment retention schemes). Whereas in previous crises the reduction in labour demand in many countries translated into a fall in employment and a strong parallel increase in unemployment, the dynamics of the COVID-19 crisis have been quite different (ILO 2020d; Lee, Schmidt-Klau and Verick 2020).

This is because many of the individuals who lost their jobs could not search for new ones owing to the public health restrictions imposed in several countries on the one hand, and the acute shortage in labour demand following the closure of a large number of businesses on the other. As a result, the workers moved directly from employment to inactivity.[2] In normal circumstances, many of them would have continued participating in the labour force. For this reason, in addition to the employment and unemployment rates, it is essential to consider the evolution of the labour force and potential labour force participation rates.[3] Furthermore, because governments in many countries introduced support measures for enterprises to prevent dismissals (for example, employment retention schemes) or imposed temporary bans on lay-offs, many job losses have been avoided. However, these policies have also substantially increased the share of the self-employed and dependent employees working shorter (or zero) hours.

2 Unemployed individuals are those who are not working in the reference week but who at the same time fulfil the following two criteria: they (a) are actively looking for a job, and (b) are available to work.

3 An individual is considered to be in the potential labour force if he or she is not working in the reference week, but meets one of the two conditions specified in note 2 above for being classified as unemployed. This is also referred to as "marginal inactivity".

The drop in working hours has been unprecedented. In 2020, the world lost an estimated 8.8 per cent of the total number of hours worked owing to the pandemic, which severely affected almost all countries. This figure has been computed by comparing the number of hours actually worked in 2020 with a counterfactual scenario that estimates the number of hours that would have been worked in that same year had there been no pandemic (see box 1.1).[4] By way of comparison, between 2008 and 2009, when the global economic crisis was at its peak, the number of hours worked actually increased globally (by 0.2 per cent), as workers, particularly the self-employed, tried to make up for income losses. Only in high-income countries was there a decrease in hours worked.

Regional variation in the lifting of workplace closure measures in early 2021 means that working-hour losses remain high in some regions, while they have been recouped in others. The global shortfall in working hours amounts to 4.8 per cent in the first quarter of 2021, and 4.4 per cent in the second quarter, corresponding to the full-time equivalent of 140 million and 127 million jobs, respectively (figure 1.1). Amidst resurging case numbers and workplace closures, the Americas and Europe and Central Asia are particularly plagued by continued working-hour losses, estimated at more than 8 per cent in the first and more than 6 per cent in the second quarter of 2021. In contrast, countries with a lower average income level were in many cases forced to lift such measures, which resulted in lost working hours being recovered more quickly, albeit often at the expense of job quality (including lower incomes) and with a concomitant increase in the risk of exposure to COVID-19.

The drop in working hours has been driven, to an almost equal extent, by a reduction in employment and by a reduction of the hours worked among those who remained employed. In 2020, when the direct labour market effects of the pandemic were at their height, the decline in hours worked corresponded to the equivalent of around 255 million full-time jobs being lost at the global level, assuming a 48-hour working week (figure 1.2). Around half of the working-hour loss (corresponding to 144 million jobs) materialized as an actual reduction in employment. This can be ascribed to a considerable increase in inactivity (by 81 million people) and to a smaller increase in unemployment (by 33 million). The remaining part of the working-hour loss (corresponding to 131 million jobs) was due to a reduction of working hours among those who remained employed. This global pattern holds largely for all the different country income groups, except for high-income countries, where the contribution of unemployment was more important than that of inactivity in determining the overall employment loss (ILO 2021, 8).

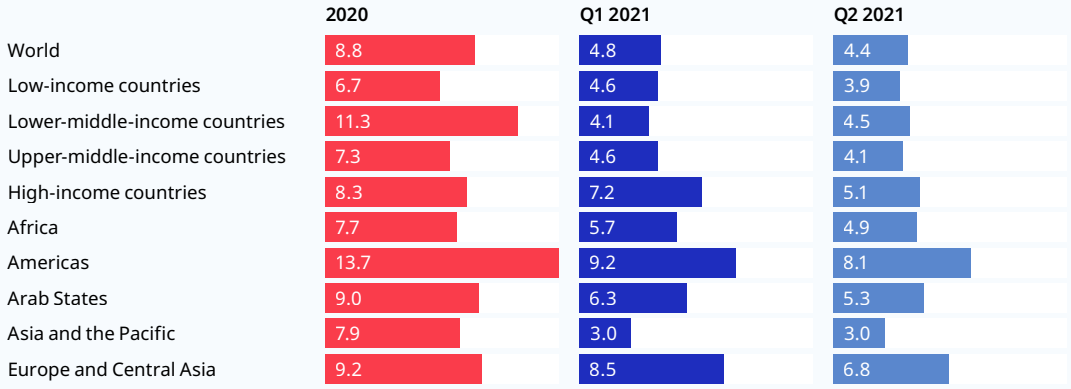
Between 2019 and 2020, the global employment-to-population ratio (EPR) decreased by 2.7 percentage points (table 1.1). Similar trends have been observed around the world, with all country income groups experiencing a sharp deterioration in employment. By way of comparison, between 2008 and 2009 the global EPR fell by

Box 1.1 Measuring the impact of a crisis using a no-pandemic scenario

Looking merely at the annual changes of a labour market indicator can prompt misleading conclusions about the impact of a crisis. For instance, total global employment never actually fell throughout the economic crisis of 2008–09. Nevertheless, the pace of the increase was much slower than previously projected, which, in combination with an expanding labour force, exacerbated the shortage of jobs and thereby pushed up unemployment and labour underutilization. Ratios of indicators – such as the ratio of the employment-to-population ratio to the unemployment rate – are much better suited to gauging the extent of a crisis. Moreover, the empirical values of labour market indicators can be compared with the projected values from a counterfactual scenario based on what one would have expected had the crisis not occurred. This report frequently refers to such a counterfactual scenario: the "no-pandemic scenario".

4 The counterfactual scenario in 2020 also serves to approximate the labour market situation right before the pandemic in the 4th quarter of 2019. Working-hour losses can also be seen relative to that quarter (as in ILO, 2021).

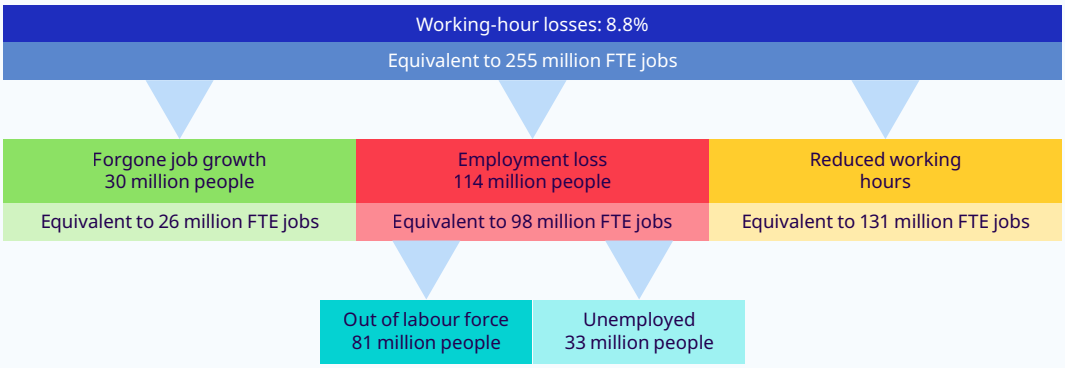
Figure 1.1 Working-hour shortfall relative to no-pandemic scenario, global and by country income group and region, 2020 and first and second quarters of 2021 (percentages)



Note: The decline in hours worked that can be attributed to the COVID-19 crisis was estimated using the hours worked that were projected for 2020 and 2021 under a no-pandemic scenario.

Source: ILOSTAT, ILO modelled estimates, April 2021.

Figure 1.2 Breakdown of global working-hour losses in 2020



FTE = full-time equivalent.

Note: The numbers of FTE jobs are calculated on the basis of a 48-hour working week. Working hours lost are computed by comparing levels in 2020 with the no-pandemic scenario for the same year. The employment loss – along with its decomposition into unemployment and inactivity (being out of the labour force) – is computed by comparing 2020 with 2019 (as in table 1.1).

Source: ILOSTAT, ILO modelled estimates, April 2021.

▶ Table 1.1 Labour market underutilization during the crisis, global and by country income group, 2019–20

Country income group	Ratio of total weekly hours worked to population aged 15–64			Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)		
	2019	2020	Change	2019	2020	Change
World	27.2	24.7	–2.5	2850	2617	–233
Low-income countries	23.5	21.9	–1.6	184	177	–7
Lower-middle-income countries	24.5	21.7	–2.8	949	854	–95
Upper-middle-income countries	30.1	27.8	–2.3	1251	1159	–92
High-income countries	27.8	25.4	–2.4	466	427	–39
	Employment-to-population ratio (percentages)			Employment (millions)		
	2019	2020	Change	2019	2020	Change
World	57.6	54.9	–2.7	3303	3189	–114
Low-income countries	63.9	61.7	–2.2	254	253	–1
Lower-middle-income countries	52.0	48.8	–3.2	1050	1003	–47
Upper-middle-income countries	61.2	58.7	–2.5	1400	1352	–48
High-income countries	58.0	56.0	–2.0	598	580	–18
	Unemployment rate (percentages)			Unemployment (millions)		
	2019	2020	Change	2019	2020	Change
World	5.4	6.5	+1.1	187	220	+33
Low-income countries	4.8	5.3	+0.5	13	14	+1
Lower-middle-income countries	5.1	6.3	+1.2	56	67	+11
Upper-middle-income countries	6.0	6.7	+0.7	89	97	+8
High-income countries	4.8	6.8	+2.0	30	42	+12
	Potential labour force rate (percentages)			Potential labour force (millions)		
	2019	2020	Change	2019	2020	Change
World	3.3	4.5	+1.2	118	162	+44
Low-income countries	5.2	5.6	+0.4	15	16	+1
Lower-middle-income countries	2.7	4.0	+1.3	30	45	+15
Upper-middle-income countries	3.6	5.3	+1.7	56	81	+25
High-income countries	2.6	3.2	+0.6	17	20	+3
	Labour force participation rate (percentages)			Labour force (millions)		
	2019	2020	Change	2019	2020	Change
World	60.8	58.7	–2.1	3490	3409	–81
Low-income countries	67.2	65.2	–2.0	267	267	0
Lower-middle-income countries	54.7	52.0	–2.7	1106	1071	–35
Upper-middle-income countries	65.1	62.9	–2.2	1489	1449	–40
High-income countries	60.9	60.1	–0.8	629	622	–7

Note: The potential labour force rate is the ratio of the potential labour force to the extended labour force, which in turn is the sum of the labour force and the potential labour force.

Source: ILOSTAT, ILO modelled estimates, April 2021.

0.7 percentage points. Even though, as mentioned above, changes in employment do not capture the full extent of the COVID-19 crisis, their magnitude points to an impact that dwarfs that of previous recessions. Furthermore, while the reduction in employment corresponds to a loss of 114 million jobs relative to 2019, this simple yearly difference understates the true impact of the crisis. A more accurate estimate is obtained by comparing the 2020 values with a counterfactual estimate for that same year – that is, by taking into account the increase in employment by 30 million that would have taken place, according to the ILO's estimates, in the absence of the pandemic. Relative to such a no-pandemic scenario, the employment loss in 2020 amounted to 144 million jobs.

Considering only increases in unemployment greatly understates the extent of labour underutilization. Between 2019 and 2020, global unemployment increased by 33 million, while an additional 44 million people became part of the potential labour force – those individuals who are outside the labour market but are either willing to work or looking for a job (table 1.1). In contrast, global unemployment increased by 22 million between 2008 and 2009, while the potential labour force rose by only 6 million over that same period. The present crisis is unique not only in sheer scale, but also in its effect on labour force participation. The labour force participation rate stood at 58.7 per cent globally in 2020 after a year-on-year decline of 2.2 percentage points. This drop is more than ten times greater than the drop in the labour force participation rate between 2008 and 2009.

The pandemic has accelerated a long-term trend of decreasing labour force participation at the global level. The drop in labour force participation in 2020 alone is roughly equal to the aggregate decline observed over the entire decade leading to 2019. This mirrors the above-mentioned trends in the evolution of working hours, pointing to the risk of a "lost decade" in terms of labour market progress if the recovery from the crisis is delayed. Overall, labour underutilization increased massively, adding to the estimated 471 million people worldwide who were already experiencing some form of labour underutilization in 2019.[5]

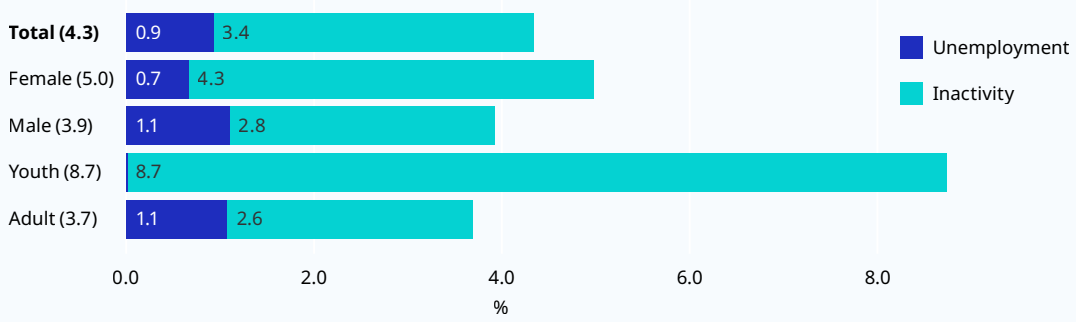
The impact of the crisis has been unequal across groups in the labour market. As discussed above, the crisis has severely disrupted labour markets around the world. However, its impact has not been uniform. While considerable differences emerge across regions (see Chapter 2), in general the groups hit the hardest within countries have been women, young people and informal workers, who have experienced the sharpest deterioration in labour market indicators. They started from an already unfavourable position in the labour market before the pandemic. As a result, the crisis is exacerbating long-lasting inequalities (discussed in greater detail in Chapter 3).

As far as women are concerned, the crisis is jeopardizing progress towards gender equality. The crisis has had devastating consequences for both men and women, but women have been affected disproportionately. Women's employment declined by 5 per cent as a result of the crisis, compared with 3.9 per cent for men (figure 1.3). Additionally, among those who lost their employment, almost nine in ten women have become inactive, compared with seven in ten men. This means that more women than men are not actively looking for re-employment or are not ready (or able) to engage in paid work. Their working lives are likely to be interrupted for an extended period if appropriate measures are not adopted.

Even before the crisis, women were less likely than men to be employed, to work full-time, or to occupy managerial positions. In all regions of the world, there is a gap between female and male employment rates, ranging from 15 percentage points in Europe and Central Asia to 57 percentage points in North Africa and the Arab States (ILO 2019a; see also Chapter 2 of this report). The crisis has exacerbated this divide, with women disproportionately affected by reduced inactivity as a result of increases in the burden of unpaid care work. During lockdowns, mothers in many cases provided childcare and homeschooling at the expense of their labour market activities, creating the risk of a "retraditionalization" of gender roles (Appelbaum 2020; Azcona et al. 2020; Allmendinger 2020). At the same time, women dominate certain occupations (notably in

5 Combined labour underutilization in 2019 was composed of 187 million unemployed, 118 million people in the potential labour force and 166 million people in time-related underemployment.

Figure 1.3 Decomposition of employment losses in 2020 into changes in unemployment and inactivity, by sex and age group (percentages)



Note: The percentages inside parentheses that appear after the names of the demographic groups indicate the employment loss for each particular group. Youth = aged 15–24 years; Adult = aged 25+ years.

Source: ILOSTAT, ILO modelled estimates, April 2021.

healthcare) that have been in high demand during the pandemic: this has exposed them to elevated health risks.

Young people risk being pushed out of the labour market. Even before the pandemic, unemployment rates were significantly higher for young workers (that is, those aged between 15 and 24 years) than for adult workers (those aged 25 years and above). Moreover, young people who were employed were more likely to be in less stable working arrangements. As a result of the crisis, young workers incurred an employment decline that was almost 2.5 times greater than that experienced by adults (figure 1.3). Young workers who lost their job have been more likely than their adult counterparts to become inactive, which further impairs their labour market prospects. In fact, though the number of young unemployed has remained essentially unchanged between 2019 and 2020 worldwide, this is only because many young people without a job stopped looking for one or have delayed their entry into the labour market.

Major economic crises can prompt young people to invest more in education, but this is not happening on a large scale in the present crisis. Crises can encourage young workers to invest more in formal education and training – because of the lower opportunity costs of not being in the labour force – potentially leading to positive long-term effects if the knowledge and skills gained improve their career prospects. Yet, this does not seem to be the case in the present crisis. Although global estimates for this indicator are not available, household surveys indicate that the share of young people who are not in employment, education or training (NEET) has increased in most of the countries for which data are available: 24 out of 33 countries have thus reported an increase in NEET rates for young men and women. In many cases these increases in the NEET rate may be driven by temporary shocks, especially school closures, but they can have long-term consequences if young people lose their attachment to the educational system or the labour market. Indeed, such missed opportunities are likely to negatively affect future job opportunities and skills development over the life cycle (box 1.2).

Around 2 billion workers (60 per cent of the total labour force) who were in informal employment in 2019 faced particular challenges when the COVID-19 crisis erupted. Informal workers, including both informally employed wage workers and own-account workers, make up the bulk of total employment in most geographical regions and they generally experience unfavourable working conditions, including lower incomes. At the global level, people living in rural areas are twice as likely to be in informal employment as those in urban areas (80 per cent versus 44 per cent), with the largest rural–urban divides

Box 1.2 Scarring effects of crises on workers' labour market outcomes

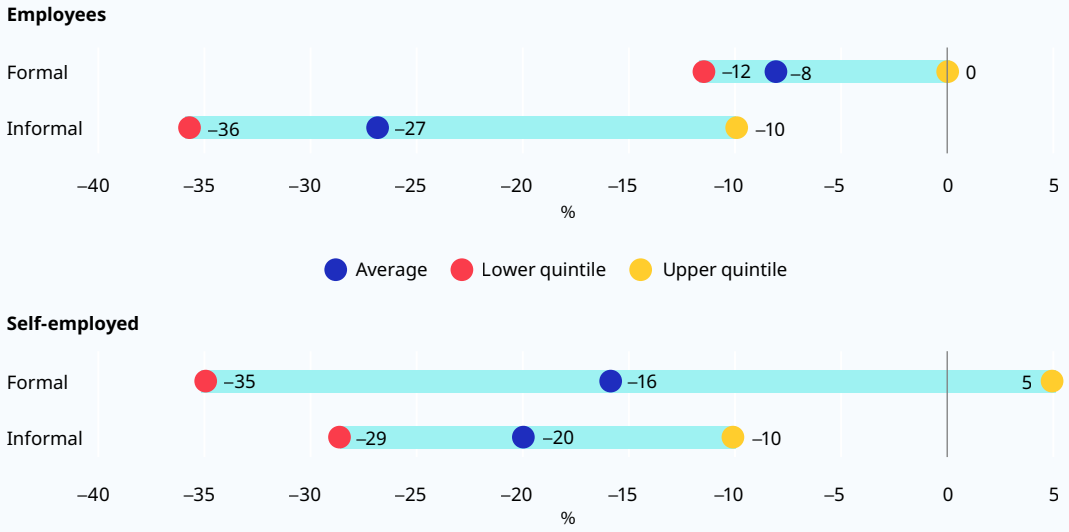
Recessions can cause major disruptions to labour market trajectories. Workers may experience periods of unemployment, become discouraged in their search for new jobs or feel compelled to accept jobs of low quality. Workers who become trapped in lower-quality jobs for a long time are often unable to acquire the on-the-job skills that could help them to access better opportunities (see ILO 2019b). These disruptions can have long-term negative consequences for workers, leaving a "scar" on their future employment trajectories. Such scarring effects persist even after macroeconomic conditions have improved again.

Scarring effects can be experienced by workers of all ages, including prime-age workers. However, the specific effects tend to depend on a country's income level, with workers in high-income countries being more likely to leave the labour force and workers elsewhere having to accept jobs of low quality. For example, Yagan (2019) found that individuals from areas in the United States of America more severely impacted by the global financial crisis of 2007–08 had lower employment rates in the long term, especially when they were adult or low-wage workers. This effect was largely due to discouraged workers exiting the labour force. In contrast, a major economic crisis in Indonesia in the late 1990s did not lead to large-scale employment losses. Instead, there was a drastic reduction in wages and a reallocation of workers towards self-employment and, among women specifically, towards contributing family work (Smith et al. 2002).

Scarring effects are particularly relevant if they occur at key stages in a person's life, such as the transition from school or university to work (Matsumoto and Elder 2010). During a recession, it may take longer for young people to secure a first job or they may have to accept a first job for which they are over-qualified. In addition, economic crises tend to affect already disadvantaged young people the most, including those with low educational attainment (see, for example, Scarpetta, Sonnet and Manfredi 2010). In the context of the COVID-19 crisis, the disruptions suffered by young people have been severe (ILO 2020e). Negative first labour market experiences of this kind can have ramifications that extend throughout their working lives.

For example, Cruces, Ham and Viollaz (2002) followed several cohorts of young Brazilian workers over time, focusing on those who experienced unemployment or informality at the beginning of their working lives. In early adulthood, the young workers were more likely to be unemployed or informally employed and had lower average wages. These effects tended to be greater for individuals with low formal qualifications. Scarring effects also matter in high-income countries. Individuals graduating from university in the United States at the time of the global financial crisis of 2007–08 subsequently had lower wages (an effect that disappeared ten years later) and employment probabilities (an effect that persisted with time) (Rothstein 2020). The Asian financial crisis of 1997–98 caused a long-term decline in employment rates and earnings among men in the Republic of Korea. Women, on the other hand, experienced a deterioration in labour market outcomes immediately after the recession, which prompted them to have children at an earlier age (Choi, Choi and Son 2020). Finally, a study of 19 high- and middle-income countries concluded that entering the labour market during a recession leads to lower cognitive skills later in life, especially among individuals with lower socio-economic status. This is because the young workers join firms in which skills development does not play such an important role (Arellano-Bover, forthcoming).

Figure 1.4 Year-on-year change in formal and informal employment, by status in employment, second quarter of 2020 (percentages)



Note: The chart shows the unweighted average employment growth with respect to the same quarter in 2019 across 11 countries and territories with available data for the second quarter of 2020: Argentina, Brazil, Chile, Costa Rica, Mongolia, North Macedonia, Occupied Palestinian Territory, Peru, Serbia, South Africa, Viet Nam. The lower and upper quintile show the value of the 20th and 80th percentile of observations, respectively.

Source: ILO calculations based on ILOSTAT harmonized microdata repository.

in terms of informality observed in the Americas, Asia and the Pacific, and Europe and Central Asia (ILO 2018, 20). As informal workers lack access to social security, they have not benefited from income support measures during the COVID-19 crisis unless specific steps have been taken to extend social protection coverage to them. In addition, many informal workers belong to the working poor (ILO 2018, 49), which implies that their personal savings are inadequate to cushion the blow of lost income.

Informal wage workers were on average three times as likely as their formal counterparts to lose their job in the immediate wake of the crisis in the 11 countries with available data (figure 1.4, upper panel). The absence of any employment protection, combined with the lack of access to potential employment retention schemes introduced by governments, means that informal employees were let go as soon as enterprises encountered operational difficulties. On average, the informal self-employed also experienced greater employment losses than their formal counterparts (figure 1.4, lower panel), even though the inverse holds in four out of 11 countries. Although employment losses for the informal self-employed were smaller than those faced by informal wage workers, it is likely that they substantially cut down their hours of work while maintaining their activity.

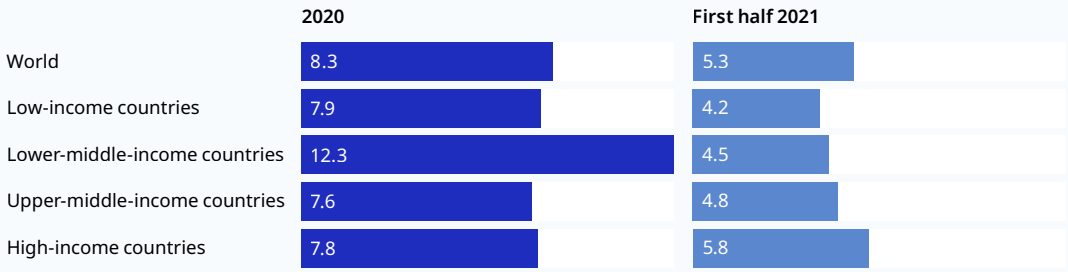
▶ 1.2 Trends in labour income

The deterioration of employment outcomes has resulted in a sharp fall in labour income around the world. In particular, global labour income – referring to any income related to formal or informal employment undertaken for pay or profit, but without considering any government transfers or benefits – decreased by 8.3 per cent in 2020, relative to a no-pandemic scenario without working-hour losses. This corresponds to a loss of US$3.7 trillion (using 2019 market exchange rates), or 4.4 per cent of global gross domestic product (GDP) in 2019 (figure 1.5). The labour income loss is estimated to stand at 5.3 per cent – equalling US$1.3 trillion – in the first two quarters of 2021. In addition, there are considerable differences across regions, with the most pronounced declines in labour income observed in the Americas and Africa (see Chapter 2).

The fall in labour demand is clearly the main driver behind these trends. However, the extent to which a given decrease in hours worked has generated a corresponding decrease in labour income is not necessarily the same across country income groups. In particular, high-income countries are the only ones that have experienced a reduction in hours worked that, at 8.3 per cent (see figure 1.1), is larger than the drop in labour income (7.8 per cent; see figure 1.5). In these economies, job losses were more likely to be concentrated in relatively low-skilled sectors (such as tourism and accommodation), where incomes were lower, whereas higher-income workers shifted to working from home. In other country income groups, the fall in labour income surpassed the reduction in working hours. For example, in low-income countries, incomes dropped by 7.9 per cent, compared with working-hour losses of 6.8 per cent. This reversed pattern can be explained by the lack of social protection and thus the need for workers to continue working, even though income-earning opportunities have shrunk (Parisotto and Elsheikhi 2020). Labour income can nevertheless fall even if working hours barely change, because employees may have to accept pay cuts (as in the case of informal employees without a contract), and self-employed individuals may experience a drop in revenue despite continuing with their economic activities. In many low-income countries, a significant share of the labour force is employed in agriculture. Although agriculture has been more resilient than other sectors during this crisis, incomes in the sector are low and activities consist mainly of subsistence farming by smallholders (see also Chapter 3).

The estimated number of employed individuals in extreme poverty – that is, earning less than US$1.90 per day in purchasing power parity

▶ **Figure 1.5 Share of labour income lost owing to working-hour losses in 2020 and the first half of 2021, global and by country income group** (percentages)



Note: Labour incomes have been aggregated using purchasing power parity exchange rates. Any income support measures (such as transfers and benefits) have not been taken into account.

Source: ILO estimates.

Box 1.3 The impact of the COVID-19 crisis on working poverty

The COVID-19 crisis significantly reduced household incomes around the world. The World Bank estimates that in 2020 an additional 78 million people were living in extreme poverty, defined as households with a per capita income of less than US$1.90 per day in PPP terms (Lakner et al. 2021). The crisis has pushed people out of work and into poverty. However, those people will not be counted as working poor because they are no longer employed. Nevertheless, working poverty is estimated to have increased significantly for two reasons. First, many workers have kept their jobs but worked fewer hours and earned a lower income. Second, multiple-earner households can fall below the poverty threshold when one or more earners lose their job: as a result, the remaining earners end up being counted as working poor. The estimates of working poverty presented in this report assume that the ratio of workers to non-workers in poor households, on average, remained unchanged in 2020 relative to 2019.

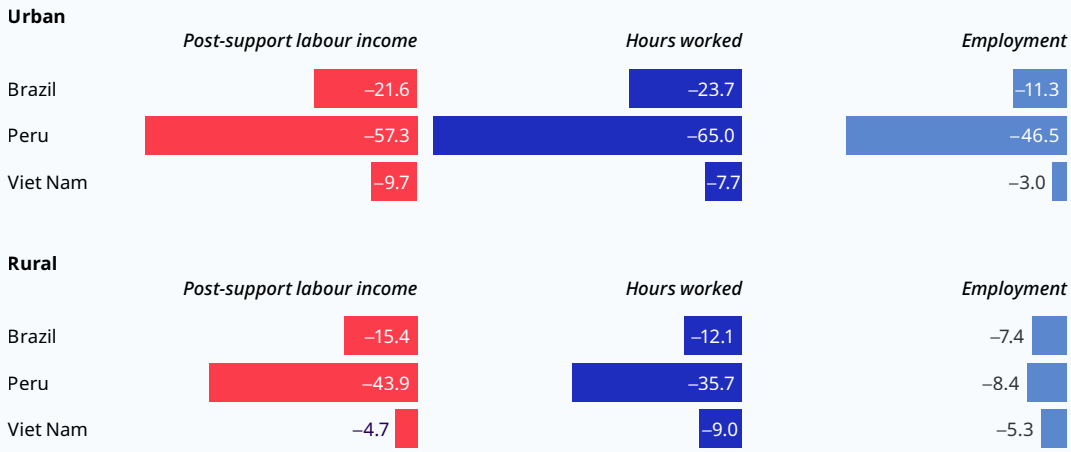
(PPP) terms – increased by 31 million worldwide between 2019 and 2020, bringing the extreme working poverty rate to 7.8 per cent (up from 6.6 per cent in 2019). Over the same period, the number of workers who are considered moderately poor – that is, those earning between US$1.90 and US$3.20 per day in PPP terms – has increased by around 77 million, resulting in a moderate working poverty rate of 14.2 per cent (up from 11.3 per cent in 2019). Reflecting a sharp deterioration in working conditions, these trends have reversed the progress made in reducing poverty; the current extreme working poverty rate resembles that of 2015. The increase in working poverty is due to both a reduction in working hours and a fall in earnings. Additionally, it should be noted that looking merely at the change in the number of working poor leads to an underestimate of the impact of the crisis on overall poverty, since this indicator does not include those who have become poor and are no longer in employment (see box 1.3). Taking the latter into account is particularly important given the massive job losses described above.

Survey data show significant distributional differences in the effects of the crisis on different groups, with young people, women and low-skilled workers experiencing the sharpest drops in disposable income. In the six countries with available data, the drop in post-support labour income[6] has been substantially larger among young workers than among their adult counterparts (ILO 2021). As young people are more likely to be on temporary contracts, they were less likely to be covered by employment retention schemes. Similarly, women have experienced a sharper fall in labour income than men in all the countries in the sample, except for the United Kingdom. Women were over-represented in the worst-affected sectors but also more likely than men to lose their job even within the same sector of employment (LMIC 2021). Finally, in all countries for which data are available, the reduction in post-support labour income has been greater among individuals employed in low-skilled occupations than among their counterparts in medium- and high-skilled occupations. Workers in high-skilled occupations are more likely to perform tasks that can be done remotely, in addition to possessing the technical knowledge and equipment that permits them to do so (Allmendinger 2020; ILO 2021).

The pandemic's direct effect on labour market outcomes has been more pronounced for individuals living in urban areas. Indeed, rural areas have performed relatively better than urban ones in selected countries with available data for the second quarter of 2020 (Brazil, Peru and Viet Nam – see figure 1.6). This is all the more important given that a large proportion of the population in emerging and developing economies lives in rural areas. In particular, the drop in labour income in rural areas has been smaller than in urban ones in Brazil (–15 per cent versus –22 per cent), Peru (–44 per cent versus

6 "Post-support labour income" is defined as the labour income available to individuals after having taken into account any government transfers and benefits. Survey data on post-support labour income are available for the following countries: Brazil, Italy, Peru, United Kingdom of Great Britain and Northern Ireland, United States, Viet Nam.

Figure 1.6 Changes in post-support labour income, hours worked and employment, by urban versus rural location, selected countries (percentages)



Note: The figure reports the percentage change between the first and second quarters of 2020 (except for Viet Nam, for which the second quarter of 2019 is used as a comparator because of the substantial effects of the pandemic in that country during the first quarter of 2020). The second quarter of 2020 was selected as the period most suitable for analysing the effects of the COVID-19 crisis because this was the period of maximum economic impact in the sampled countries.

Source: ILO calculations based on ILO harmonized microdata.

–57 per cent) and Viet Nam (–5 per cent versus –10 per cent). This can generally be ascribed to a smaller drop in working hours, although in Viet Nam working hours decreased slightly more in rural areas (figure 1.6). Rural areas have outperformed urban ones thanks to the importance of agriculture and the sector's greater resilience to the crisis.[7] Nevertheless, it should not be forgotten that decent work deficits and working poverty are comparatively higher in agriculture and the rural economy (see also ILO et al. 2020). Moreover, the increased return migration of urban workers to rural areas has put additional pressure on rural employment opportunities and incomes.

7 The relatively better performance of rural areas on the three indicators considered above is reversed, in general terms, if work in the non-agricultural sector alone is considered.

▶ 1.3 Outlook for the global labour market in the aftermath of COVID-19

Although a process of economic and labour market recovery is expected to begin in 2021, it will be uneven globally and almost certainly insufficient to close the gaps opened up by the crisis. The economic recovery hinges on the availability of vaccines, the extent of any future workplace closures and physical distancing measures, and monetary and fiscal policy. Vaccination campaigns and improved health and safety will allow more workplaces to open and will stimulate the consumption of goods and services, with positive effects on job creation and income recovery. Yet there has been a stark imbalance in countries' ability to access vaccines, which has been heavily skewed towards high-income countries. In addition, fiscal and monetary policies aimed at increasing investment and spending are essential. Unfortunately, many countries, especially low- and middle-income ones, are burdened with high public deficits and debt, limiting their ability to undertake the necessary policy efforts. Concerted international policy action is therefore key to the global labour market recovery.

The depth of the crisis has left enterprises and workers "scarred", making a recovery more difficult. Unemployment, underemployment, inactivity and the rise in poverty have disrupted the work trajectories of millions of workers, possibly resulting in long-term scarring effects on workers, which can persist even as macroeconomic conditions improve (see box 1.2). Enterprises face related challenges, with some having accumulated debts and others even having gone bankrupt. This reduces the scope for investment and makes it difficult to restore the lost jobs (ILO 2020f).[8] In addition, new behaviours adopted during the pandemic will negatively affect workers and firms in certain sectors and may persist afterwards to some extent. For example, the increase in online purchases has disrupted the wholesale and retail sector (A&M 2020), while the increase in telework arrangements could lead to a decrease in business travel (UN 2021, 12). At the same time, some of these behavioural changes are having positive effects on employment opportunities in certain sectors, such as information and communications technology, and they can also help to reduce carbon emissions (Cruickshank 2020).

The labour market recovery is expected to occur against the backdrop of a strong but incomplete recovery of economic growth. In January 2021, world GDP growth was projected to be 4.7 per cent in 2021 and 3.4 per cent in 2022, following a collapse of growth in 2020 to –4.3 per cent, which is 6.8 percentage points below the growth rate that had been expected before the crisis (UN 2021, 4). Projected growth is highest in middle-income countries (around 6 per cent in 2021 and 5 per cent in 2022), while output in low-income countries is expected to grow by 2.8 per cent and 4.0 per cent, respectively. The massive fiscal stimulus package adopted in January by the United States has led to a strong upward revision in expected GDP growth for that country (IMF 2021), which increases the expected average growth of high-income countries to 5.2 per cent and 3.0 per cent in 2021 and 2022, respectively. It is important to bear in mind, however, that growth in aggregate demand will be held back by the massive loss of labour income, which, when coupled with insufficient replacement income or low savings, reduces consumption demand.

The considerable uncertainties involved are reflected in the three scenarios developed for this report to make projections regarding the global labour market (see box 1.4). These uncertainties have to do with (a) the availability of vaccines; (b) the ability of the labour market to heal from the damage sustained during the crisis; and (c) the evolution of aggregate demand.

8 The ManpowerGroup Employment Outlook Survey conducted in 43 high- and middle-income countries shows that, at the end of the fourth quarter of 2020, 6 per cent more firms (in comparison to the 2012–19 average) were expecting to lay off workers rather than recruiting new ones. This was nevertheless a lower percentage than at the end of the second and third quarters (16 per cent and 10 per cent, respectively). These figures are simple, unweighted averages across the 43 countries. The survey results can be accessed at: https://www.manpowergroup.com/workforce-insights/data-driven-workforce-insights/manpowergroup-employment-outlook-survey-results#%20.

Box 1.4 Scenarios for global labour market projections

Three different scenarios – baseline, optimistic and pessimistic – have been developed as the basis for the global labour market outlook offered in this section of the report. The macroeconomic projections – and the related risk analysis – presented in *World Economic Situation and Prospects 2021* (UN 2021) underlie these scenarios.[a]

Baseline scenario

After the large-scale disruption suffered by labour markets in 2020, a number of positive developments can be expected in 2021 (ILO 2021; UN 2021; IMF 2021). One expectation is that an increased availability of effective vaccines in high-income countries will result in a lifting of workplace closure measures, thereby dampening the adverse labour market effects of the crisis in these countries. Triggered by this improved situation and, what is more, by a massive fiscal stimulus in high-income countries, economic recovery is likely to materialize from the third quarter of 2021 onwards.

There is a stark imbalance in the ability to access vaccines across countries, with high-income countries having pre-ordered the bulk of currently available vaccine supplies and their populations receiving vaccine doses significantly earlier and in larger numbers than in other countries (Kretchmer 2021). Nevertheless, economic and employment recovery is likely to be further accelerated as a result of many low- and middle-income countries having lifted workplace closure measures despite the ongoing pandemic. This was done to mitigate the severe economic effects of the crisis on their economies. Indeed, high levels of public deficits and debt and the upsurge in poverty make it difficult to maintain strict lockdown measures over long periods (ILO 2021; Parisotto and Elsheikhi 2020).

While many countries have ended workplace closures relatively early to prevent even more severe employment losses, these countries are seeing negative effects in other dimensions, notably in the quality of employment. Among the least developed countries, for instance, there is evidence that employment recovery is being accompanied by lower incomes and decreased job stability (Parisotto and Elsheikhi 2020). In addition, the fiscal space available to countries has been diminished by the pandemic, making resource mobilization for investments designed to promote sustainable development even more challenging than before (UN 2021).

Optimistic scenario

Under a more optimistic scenario, the virus will come under control more quickly thanks to the successful launch of easy-to-administer and effective vaccines, massively expanded vaccine production and equitable distribution. The improved situation in high-income countries will raise export demand worldwide, thereby boosting consumer and business confidence and triggering a quicker economic recovery. Global growth will exceed that projected under the baseline scenario by 1 percentage point in 2021 and by 0.6 percentage points in 2022 (corresponding to the optimistic scenario in UN (2021)). In addition, long-term adverse effects on employment and economic activity will turn out not to be severe. In this scenario, the disruptions were merely temporary. Effective fiscal and monetary policy responses will help to ensure a swift return to the pre-crisis situation.

Pessimistic scenario

Under a pessimistic scenario, it will not be possible to control the virus in the near future. This could be caused by disruptions to vaccine distribution, the unavailability of vaccines in developing countries, their ineffectiveness (also vis-à-vis new variants of the virus) and/or a reluctance of large numbers of people to be vaccinated. In addition, the crisis has negatively affected political stability and social cohesion in societies across the world (UN 2021). Global growth will be 2 percentage points below that projected in the baseline scenario for 2021, and 0.8 percentage points lower in 2022 (UN 2021). Labour market recovery will be severely hampered in these circumstances.

[a] The direct impact of the fiscal stimulus measures in the United States is taken into account.

Figure 1.7 Working-hour losses under three scenarios, 2020–22, global and by country income groups (percentages)

	Baseline scenario			Pessimistic scenario		Optimistic scenario	
Country income group	*2020*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*
World	8.8	3.5	0.9	4.3	2.7	3.2	0.0
Low-income countries	6.8	3.5	1.4	4.1	2.9	3.3	0.7
Lower-middle-income countries	11.4	3.6	1.2	4.0	2.7	3.3	0.3
Upper-middle-income countries	7.3	3.3	0.7	3.9	2.6	3.0	–0.1
High-income countries	8.3	4.0	0.3	5.7	3.1	3.6	–0.7

Note: Working-hour losses are expressed as a percentage difference between the projected number of total hours worked assuming that there had been no pandemic and total hours worked as projected under the three scenarios.

Source: ILOSTAT, ILO modelled estimates, April 2021.

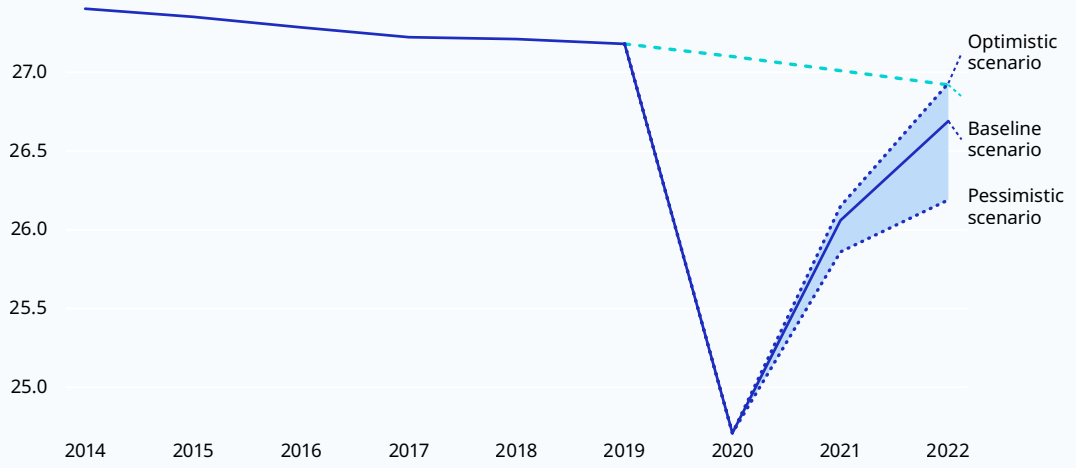
In sum, the global labour market recovery will almost certainly be insufficient to close the gaps opened up by the crisis. By 2022, the ratio of the total weekly hours worked to the population aged between 15 and 64 years, the employment-to-population ratio and the labour force participation rate are all projected to fall well short of their levels in 2019, even when allowance is made for long-term trends in these indicators. The deficit in jobs caused by the crisis is projected to stand at 23 million in 2022, with unemployment surpassing its 2019 level by 18 million.

Globally, total working hours are expected to fall short by 3.5 per cent in 2021 and by 0.9 per cent in 2022, relative to the no-pandemic scenario (figure 1.7). The full-time equivalent (FTE) of those working-hour losses hence declines from 255 million jobs in 2020 to 100 million jobs in 2021 and to 26 million jobs in 2022. Slow and unequal vaccination campaigns, combined with recurrent COVID-19 outbreaks, reduce the projected recovery of working hours between 2020 and 2021 by 10 million FTE jobs compared with ILO projections in January 2021 (ILO 2021), when working-hour losses in 2021 were projected to amount to 90 million FTE jobs. In absolute terms, the global ratio of total weekly hours worked to the population aged 15–64 is projected to rise to 26.1 hours per week in 2021 and to 26.7 hours per week in 2022, following the low point of 24.7 hours per week in 2020 (figure 1.8). Consequently, a substantial loss in paid work activities is expected to persist in 2022.

Under the pessimistic scenario, the remaining gap in working hours in 2022 – relative to the no-pandemic scenario – may be as much as 2.7 per cent. In that scenario, only half of the working-hour losses experienced in 2020 will be recovered in 2021, and the same recovery will also be limited in 2022. In the optimistic scenario, global working-hour losses could be recovered by 2022. This would require the absence of pandemic-related restrictions thanks to successful vaccination campaigns, coupled with strong policy support and vibrant job creation by enterprises. This optimistic scenario would result in total working hours overshooting in high-income countries, meaning that they would exceed the expected level of the no-pandemic scenario.

Low-income countries are projected to face the largest working-hour losses – with respect to the no-pandemic scenario – in 2022, at 1.4 per cent, whereas such losses are projected to fall to 0.3 per cent in high-income countries (figure 1.7)**.** Comparing the evolution of working hours across country income groups reveals that high-income countries are expected to exhibit stronger working-hour losses in 2021, as a result of stricter containment measures implemented in the first half of 2021. In low- and middle-income countries, on the other hand, there has been less of a curtailment in economic activities, largely because there are fewer public resources available to compensate enterprises and individuals during lockdowns. As the recovery gets under way, however, it is expected that high-income countries will

Figure 1.8 Ratio of total weekly hours worked to population aged 15–64 under three scenarios, global, 2014–22 (hours per week)



Note: The dashed line shows the evolution that was expected in the absence of a pandemic.

Source: ILOSTAT, ILO modelled estimates, April 2021.

recover more quickly, in part due to the greater availability of vaccines, but primarily because of important fiscal injections, especially in the United States, that will jump-start the economic and labour market recovery. Such fiscal interventions are likely to be more limited in low- and middle-income countries, thus dampening the labour market recovery.

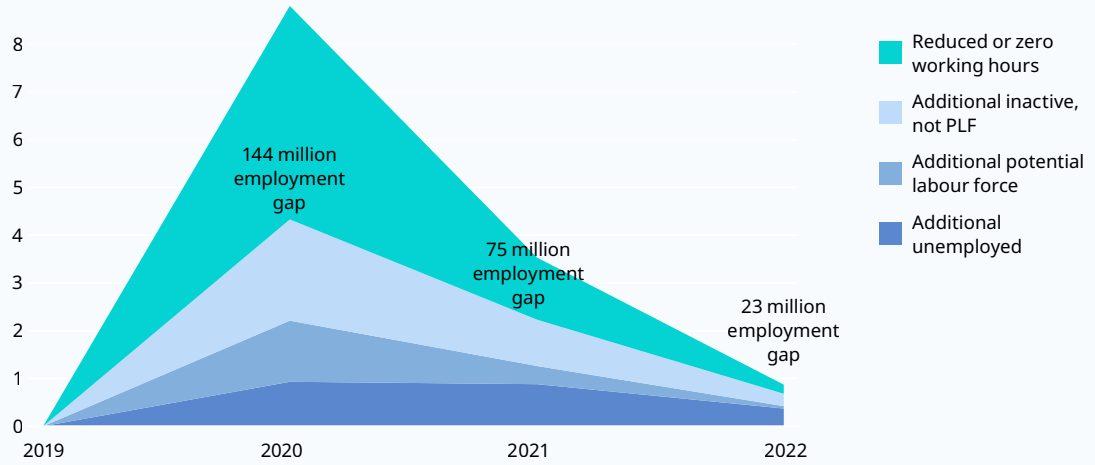
The recovery of working hours will be dominated by the return of furloughed workers, rather than by the creation of new jobs (figure 1.9). Enterprises will attempt mainly to raise working hours for furloughed workers before recruiting new workers. In addition, in regions with strong government support, a "bankruptcy backlog" has potentially built up that may materialize once companies cease to receive such support (Epiq 2021; Turner 2021). Thus, while those working fewer hours previously will increase the amount of hours that they work, the recruitment of new workers will be limited and bankruptcies will result in increased unemployment or inactivity.

Following the loss of 114 million jobs in 2020, employment is projected to increase by 100 million in 2021 and a further 80 million in 2022. This means that total employment in 2022 would surpass its 2019 level by 66 million. However, the catch-up in employment growth would still be insufficient to match the growth of the working-age population between 2019 and 2022 (see box 1.1 above). As a result, the pandemic-induced shortfall in jobs would still amount to 75 million in 2021 and 23 million in 2022 (figure 1.9). This shortfall comes on top of the high degree of unemployment and underemployment that would have persisted even in the absence of the pandemic, thereby exacerbating the lack of sufficient employment opportunities.

Unemployment, which accounted for only a small part of total working-hour losses in 2020, is projected to become the principal component of the crisis-induced jobs gap by the end of 2022. As the overall economic situation starts to improve and pandemic-related restrictions are lifted, large numbers of people who were previously inactive in the labour market will enter the labour force again. However, owing to the lack of sufficient jobs, the global unemployment headcount will remain elevated throughout 2021 and 2022 – at 220 million and 205 million unemployed, respectively.

Despite the projected improvements, crisis-induced challenges – as reflected in headline labour market indicators – will remain in 2022 and exacerbate the lack of employment opportunities that would have existed even without the pandemic. The employment-to-population ratio (EPR), the labour force participation rate

▶ Figure 1.9 Decomposition of working-hour losses, world, 2019–22 (percentages)



PLF = potential labour force.

Note: Additional unemployed, additional potential labour force and additional inactive (not in potential labour force) equal the total employment loss, whose value for specific years is shown by the number labels in the chart. Working hours were transformed into their employment equivalent using actual average hours worked. Losses were calculated with respect to the no-pandemic scenario.

Source: ILOSTAT, ILO modelled estimates, January 2021; ILO estimates.

and the potential labour force rate will improve, albeit without returning to the levels seen in 2019 (table 1.2). The global EPR is projected to remain 1 percentage point below its 2019 level at the end of 2022, while the labour force participation rate will fall short by 0.8 percentage points. Significantly, the unemployment rate is expected to stand at 5.7 per cent in 2022. Excluding the COVID-19 crisis period, such a rate was last seen in 2013. In contrast to that year, the elevated global unemployment level of 205 million in 2022 will be driven to a great extent by middle-income countries, while high-income countries are projected to reduce their unemployment rates more rapidly thanks to unprecedented policy support and privileged access to vaccines.

Global average labour productivity growth between late 2019 and late 2022 is expected to be 1.1 per cent, which is less than two thirds of its pre-crisis level. Reduced investment activity, the operation of many enterprises far below their capacity and the fact that many established enterprises have already gone out of business (even if they are eventually replaced by new businesses) are all expected to contribute to low growth in output per worker over this three-year period (see box 1.5).

An uneven global economic recovery would widen labour productivity gaps, with workers in low-income countries in particular falling further behind in their average earning potential. Large fiscal stimulus packages are set to boost both output and employment growth in high-income countries, thereby mitigating the impact of the crisis on average output per worker by 2022. This stands in stark contrast to the situation in most low- and middle-income countries. In these countries, poverty and the lack of social protection are pushing people into low-productivity, often informal, employment. While this may result in a recovery of employment, it comes at the expense of job quality. Unless concerted policy efforts are undertaken at the international level, the elimination of working poverty will become even more difficult and inequalities between countries will further increase.

Table 1.2 Employment-to-population ratio, unemployment rate, labour force participation rate and potential labour force rate, global and by country income group, 2019–22 (percentages)

Country income group	Employment-to-population ratio				Unemployment rate			
	2019	2020	2021	2022	2019	2020	2021	2022
World	57.6	54.9	55.9	56.6	5.4	6.5	6.3	5.7
Low-income countries	63.9	61.7	62.2	62.7	4.8	5.3	5.3	5.2
Lower-middle-income countries	52.0	48.8	50.7	51.3	5.1	6.3	5.9	5.5
Upper-middle-income countries	61.2	58.7	59.1	59.9	6.0	6.7	7.0	6.4
High-income countries	58.0	56.0	56.8	57.5	4.8	6.8	5.8	5.0
	Labour force participation rate				Potential labour force rate			
	2019	2020	2021	2022	2019	2020	2021	2022
World	60.8	58.7	59.7	60.0	3.3	4.5	3.7	3.3
Low-income countries	67.2	65.2	65.7	66.2	5.2	5.6	5.3	5.2
Lower-middle-income countries	54.7	52.0	53.9	54.3	2.7	4.0	3.1	2.8
Upper-middle-income countries	65.1	62.9	63.5	64.0	3.6	5.3	4.2	3.7
High-income countries	60.9	60.1	60.3	60.5	2.6	3.2	2.8	2.6

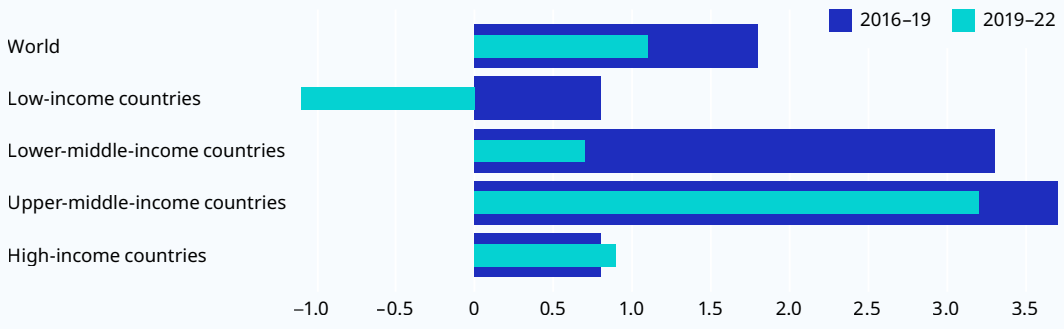
Note: Values for 2019 and 2020 are estimates, those for 2021 and 2022 are projections. The potential labour force rate is the ratio of the potential labour force to the extended labour force, which in turn is the sum of the labour force and the potential labour force.

Source: ILOSTAT, ILO modelled estimates, April 2021.

Box 1.5 Labour productivity during the COVID-19 crisis

The COVID-19 crisis has had a significant but non-uniform impact on average labour productivity because of the heterogeneous effect of the crisis across sectors (see Chapter 3). The resulting workforce composition effects suggest that average labour productivity probably rose in 2020 in those countries where enterprises and workers reduced activity in lower-productivity sectors. Once those enterprises and workers resume their activities, average labour productivity will very likely decline again. By the end of 2022, a large part of the workforce composition effects will probably have been reversed, although persistent structural shifts will have left some mark. Consequently, the large workforce composition effects seen in 2020 and 2021 should not affect the measure of average productivity growth between late 2019 and late 2022 to so great an extent.

Figure 1.10 Average annual growth of gross domestic product per worker, 2016–19 and 2019–22, global and by country income group (percentages)



Note: Gross domestic product has been aggregated using the market exchange rates applied in UN (2021).

Source: ILO calculations based on ILO estimates and UN (2021).

Low-income countries are bearing the brunt of the crisis, which is impacting their development progress. Labour productivity growth in these countries is projected to fall from an already meagre average value of 0.8 per cent over the period 2016–19 to a negative average of –1.1 per cent for 2019–22 (figure 1.10). By the end of 2022, GDP per worker in low-income countries will be on average 3 per cent below the level of 2019. This is likely to lead to an increase in working poverty and to jeopardize the achievement of the Sustainable Development Goals, notably the elimination of poverty (Goal 1) and the attainment of full and productive employment and decent work for all (Goal 8) by 2030.

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2 Employment and social impacts of the COVID-19 crisis at the regional level

Overview

This chapter provides an analysis of the impact of the COVID-19 crisis on labour markets at the regional level. It presents the most recent data on key labour market indicators alongside an assessment of the effects of the crisis on employment and social outcomes for each region. The chapter contains five sections corresponding to broadly defined regions of the world:[1] Africa (section 2.1), the Americas (section 2.2), the Arab States (section 2.3), Asia and the Pacific (section 2.4), and Europe and Central Asia (section 2.5). Within each section, the analysis goes down to the level of subregions comprising countries that are closer to one another geographically and, in many cases, economically too.

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

While many labour market impacts of the crisis are common to all regions, their scale and shape and the ensuing adjustments have varied significantly as a result of contextual and institutional factors. The chapter's emphasis on certain aspects of these impacts for a given region does not imply that they are specific to that region alone, or provide an exhaustive account of the impacts of the crisis on the region. Rather, the aim is to describe the most salient features of these impacts at the regional level. The analysis in each regional section is self-contained and can be read independently of the other sections. Each section contains a table showing trends and projections for the same set of indicators, presented for the years 2019 to 2022 in order to illustrate how the crisis affected the various regions in 2020. The chapter takes into account within-region heterogeneity in the impact of the crisis and in the response to it, and identifies vulnerable groups or those disproportionately impacted at the sub-regional level.

The COVID-19 crisis has exacerbated the pre-existing structural challenges and decent work deficits within regions, resulting in even greater inequalities across regions. In Africa, the pandemic and the associated containment measures took a significant toll on economies, leading to further labour market detachment in North Africa, and an increase in poverty in sub-Saharan Africa. In the Americas, the pandemic had a devastating impact on public health, and on workers and enterprises alike, resulting in significant working-hour losses, business closures and exits from the labour force. In Latin America and the Caribbean specifically, the informal economy was hit hard and could therefore not absorb displaced workers as in previous crises, resulting in a quite different pattern of labour market adjustment. In the Arab States, the pandemic compounded the hardship arising from ongoing crises in countries that are not members of the Cooperation Council for the Arab States of the Gulf (GCC). In addition, it had ripple effects through a decline in worker remittances from GCC countries. In the Asia and the Pacific region, heavily affected sectors included manufacturing, tourism and trade, which were impacted by supply chain disruptions and by travel restrictions and other containment measures. In Europe and Central Asia, the health impacts of the crisis were also substantial. The extensive use of job protection measures was able to mitigate job losses, but countless working hours were lost nonetheless.

Recovery from the COVID-19 shock remains highly uncertain and unequal across the world's regions, pointing to the continued need for fiscal policies, including income support and other measures, to address decent work deficits. Uncertainties arise from the future evolution of the pandemic, including the impact of new variants of the SARS-CoV-2 virus, the measures taken by countries in response, and the depth of the scars inflicted by the crisis on workers, enterprises and the economy as a whole. The unevenness of the recovery across regions stems, among other things, from disparities in access to vaccines and in fiscal space to promote an economic rebound. Interventions addressing decent work deficits include emergency measures to fill social protection gaps, which have played a major role in mitigating the impact of the crisis on people's health, jobs, incomes and livelihoods. In the recovery phase, a comprehensive set of economic, industrial and employment policies are needed to support job creation. The progress made in extending social protection to all, including also the coverage of vulnerable groups, should serve as a stepping-stone towards more robust and inclusive social protection systems. In addition to social protection gaps, there remain major deficits with respect to labour protection around the world that merit policymakers' attention: occupational safety and health risks, low wages, insecure employment arrangements, inability to exercise freedom of association, and limited collective bargaining rights. The general tenor of this chapter is that although the crisis has had devastating impacts on labour market performance worldwide, it can and should be regarded as an opportunity to tackle long-standing decent work deficits.

▶ 2.1 Africa

Even before the onset of the pandemic, Africa was facing significant economic and labour market challenges. High regional GDP growth in the past two decades had been largely driven by the extractive sector in the region's oil-producing countries, with limited spillovers into domestic economies. These countries were hit hard by the 2014 collapse in commodity prices and slowdown in global demand, which resulted in poorer export performance, limited net financial inflows and higher levels of debt. By and large, the structural transformation patterns that led, in Asian developing countries in particular, to a shift in jobs and employment from lower- to higher-value-added economic activities (such as manufacturing or knowledge-intensive services) were virtually absent in Africa. Many countries in the region were beset by limited public and private investment, high levels of debt, fragile fiscal situations, political instability and long-standing crises (as in the Sahel region), as well as low levels of human capital. A number of African economies were already in recession when the COVID-19 crisis began (IEJ 2020).[2] Owing to these structural challenges, the countries in question had very limited policy space to confront the pandemic.

The pre-COVID-19 labour market situation in the region was characterized by substantial decent work deficits, reflected in very high composite rates of labour underutilization in North Africa, and widespread poverty and informality in sub-Saharan Africa. This implies that large segments of the population were highly vulnerable to the economic shocks of the pandemic, not to mention its direct impact on public health in a context of limited government capacity and overstretched resources. Demographic trends – specifically, the large increases in the youth labour force emerging across much of the continent – had, moreover, been adding further pressure on labour markets.

Against this backdrop, the COVID-19 pandemic hit Africa hard. As global trade fell, supply chains were disrupted, investment decisions were reversed or postponed, remittances dwindled and tourism came nearly to a halt, affecting both enterprises and workers. Workplace closures, work stoppages and reduced working hours and productivity resulted in a decline in earnings and income. This further led to lower consumption and aggregate demand, reinforcing the downward cycle. Despite the relatively slower and more limited spread of the novel coronavirus across the continent,[3] governments – fully aware of the limited capacity of their healthcare systems – acted swiftly and decisively in the early stages of the crisis and implemented a range of measures including physical distancing, border closures, partial and full lockdowns, and states of emergency (AfDB 2020). These measures helped to limit the spread of the virus, but they had a devastating impact on economies, particularly for informal workers and enterprises. The high rates of poverty and informality across the continent, coupled with low social protection coverage, made containment measures difficult to sustain and enforce over a longer period of time.

A crisis-induced jobs gap of nearly 17 million is estimated for Africa in 2020, which includes jobs lost in 2020 combined with forgone job growth as a result of the crisis. Net job losses are estimated at 4 million relative to 2019, with a further 13 million forgone jobs that, in the absence of the pandemic, the region would have added because of rapid population growth. Employment is projected to grow strongly, by 18 million and 19 million in 2021 and 2022, respectively. However, in many low-income countries, few people can afford to be unemployed or out of the labour force, which means that working-age population growth, when not matched by a sufficient rate of creation of decent work, leads to the expansion of lower-quality employment. In line with

2 Among the member countries of the Southern African Development Community (SADC), Angola, Lesotho, Namibia, South Africa and Zimbabwe had all experienced negative annual growth during 2018 and 2019 and/or negative quarterly growth in the third and fourth quarters of 2019 and/or the first quarter of 2020 (recession being defined as two consecutive quarters of negative GDP growth) (IEJ 2020).

3 It is difficult to assess the situation in Africa because of the limited capacities for COVID-19 testing. Several factors may have contributed to making the spread of the disease less visible than in other regions, including the high proportion of young people.

▶ Table 2.1 Estimates and projections for working hours, employment, unemployment, labour force, informality and working poverty, regional and by subregion, Africa, 2019–22

Region/subregion	Ratio of total weekly hours worked to population aged 15–64				Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Africa	**23.7**	**21.9**	**22.7**	**23.3**	**362**	**343**	**366**	**386**
North Africa	19.1	17.1	18.1	18.8	59	54	58	61
Sub-Saharan Africa	24.9	23.1	23.9	24.5	303	289	307	325
	Employment-to-population ratio (percentages)				Employment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Africa	**58.8**	**56.7**	**57.4**	**58.1**	**457**	**453**	**471**	**491**
North Africa	40.0	37.9	38.6	39.3	65	63	65	68
Sub-Saharan Africa	63.8	61.6	62.2	62.9	392	390	406	423
	Unemployment rate (percentages)				Unemployment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Africa	**6.8**	**7.2**	**7.5**	**7.2**	**34**	**35**	**38**	**38**
North Africa	11.7	12.7	12.9	12.2	9	9	10	9
Sub-Saharan Africa	6.0	6.3	6.6	6.4	25	26	29	29
	Potential labour force rate (percentages)				Potential labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Africa	**5.9**	**6.8**	**6.3**	**6.0**	**31**	**36**	**34**	**34**
North Africa	10.9	12.8	11.5	11.0	9	11	10	9
Sub-Saharan Africa	5.0	5.7	5.3	5.1	22	25	24	24
	Labour force participation rate (percentages)				Labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Africa	**63.2**	**61.1**	**62.0**	**62.6**	**491**	**488**	**510**	**529**
North Africa	45.3	43.4	44.3	44.8	74	72	75	77
Sub-Saharan Africa	67.9	65.8	66.6	67.2	417	416	435	452
	Informality rate in 2019 (percentages, by sex)				Informality in 2019 (millions, by sex)			
	Total	Male	Female		Total	Male	Female	
Africa	**82.9**	**80.0**	**86.6**		**379**	**208**	**171**	
North Africa	70.8	72.3	64.5		46	37	9	
Sub-Saharan Africa	84.9	82.0	88.2		333	171	161	
	Extreme working poverty (<US$1.90 (PPP) per day)				Moderate working poverty (US$1.90–3.20 (PPP) per day)			
	(percentages)		(millions)		(percentages)		(millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
Africa	**31.8**	**34.0**	**145**	**154**	**24.1**	**26.2**	**110**	**119**
North Africa	2.3	2.5	1	2	14.6	17.4	9	11
Sub-Saharan Africa	36.7	39.1	144	153	25.6	27.6	100	108

Note: The potential labour force refers to non-employed persons who are looking for a job but would become available to work only within a short subsequent period, or who are not currently looking but want to be employed and are available to do so. Moderate and extreme working poverty rates refer, respectively, to the shares of workers living in households with a daily per capita income or consumption of between US$1.90 and US$3.20 in purchasing power parity (PPP) terms and less than US$1.90 (PPP). Totals can differ from the sum of sub-components due to rounding.

Source: ILOSTAT, ILO modelled estimates, April 2021; ILO (forthcoming).

the discussion in Chapter 1, job losses underestimate the overall impact of the crisis, which resulted in major declines in working hours and incomes. Given that only 17.4 per cent of the region's workers are effectively covered by at least one social protection benefit (compared with a global average of 46.9 per cent (ILO 2021a)), working-hour and income losses translate into increased poverty.

The COVID-19 crisis has reversed some of the progress made in reducing poverty in Africa by driving up the share of workers living in extreme poverty. The extreme working poverty rate is estimated to have risen from 31.8 per cent in 2019 to 34.0 per cent in 2020, while the moderate poverty rate is also estimated to have gone up from 24.1 per cent to 26.2 per cent over the same period. This is equivalent to 9 million additional workers living with their families in extreme poverty (below the international poverty line of US$1.90 per day) and 9 million additional workers living with their families in moderate poverty (between US$1.90 and US$3.20 per day) across Africa (table 2.1).

2.1.1 North Africa

In North Africa, decent work deficits predating the pandemic had mainly to do with high levels of labour underutilization, particularly among women and young people. This subregion had the highest unemployment rate among the 11 subregions of the world, with close to 12 per cent in 2019, and a female composite labour underutilization rate of 41.9 per cent (table 2.1; Appendix C, table C7). Large shares of workers were engaged in low-productivity employment in 2019, with an informality rate of 70.8 per cent (ILO, forthcoming).

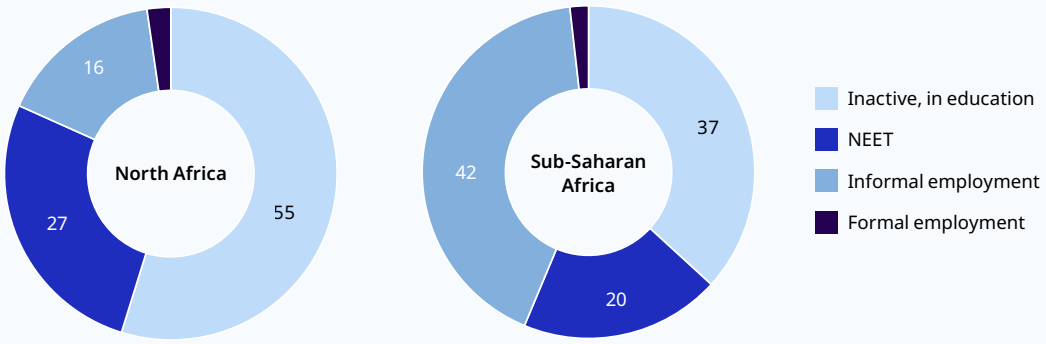
As a result of supply chain disruptions, a decline in aggregate demand, and containment measures, the pandemic had a strong negative impact across nearly all economic sectors in the subregion and led to significant hardship for workers and enterprises, both formal and informal (see Chapter 3). Based on ILO modelled estimates, the hardest-hit sectors in terms of net job losses relative to the no-pandemic scenario were wholesale and retail trade, construction, manufacturing, "other services", and accommodation and food services. The crisis resulted in a major decline in employment for wage and salaried workers and the self-employed, including employers and own-account workers, and reversed the pre-crisis trend of decreasing reliance on contributing family work (Appendix C, table C7).

A jobs gap of 3.2 million is estimated for the subregion in 2020 relative to the no-pandemic scenario, consisting of nearly 500,000 additional unemployed and 2.8 million people who dropped out of or refrained from entering the labour force. North Africa's already low labour force participation rate is estimated to have declined by 1.9 percentage points in 2020 relative to the no-pandemic scenario, while the rate of the potential labour force – made up of those not actively searching for a job but willing and available to work if the opportunity arises or, alternatively, searching for employment but being unable to work – is estimated to have increased by 1.9 percentage points (table 2.1). Job losses were compounded by a reduction in the working hours of those employed, resulting in a decline of 10 per cent in total working hours in 2020 relative to the no-pandemic scenario, the equivalent of 5 million full-time jobs (assuming a 48-hour working week).

While young people are at a disadvantage in comparison to adults in terms of labour market outcomes all over the world, their situation is particularly difficult in North Africa. Before the COVID-19 pandemic, North Africa had the highest youth unemployment rate among the subregions, and nearly 27 per cent of its young people were not in employment, education or training (NEET) (figure 2.1). One in five young people in the sub-region's extended labour force were in the potential labour force. Driven by high unemployment and potential labour force rates, total labour underutilization – as represented by the LU4 rate[4] – among North Africa's young people was the highest in the world, standing at 50.3 per cent of the extended labour force in 2019 (Appendix C, table C7).

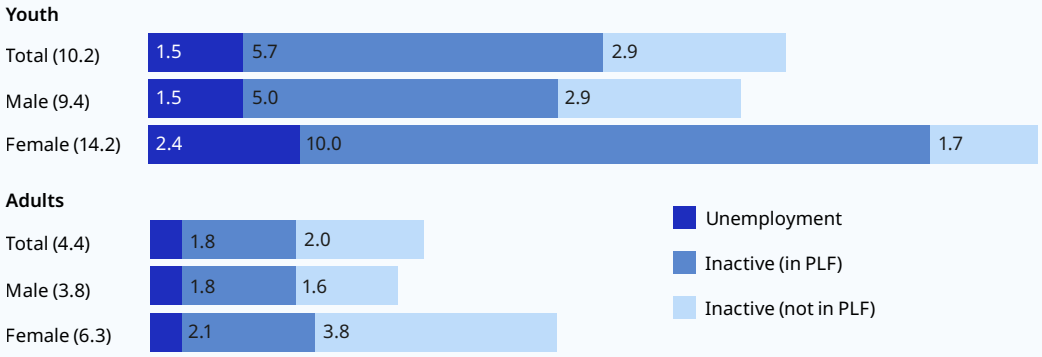
4 The composite measure of labour underutilization (LU4) is obtained by expressing the sum of the unemployed, the potential labour force and individuals in time-related underemployment as a share of the extended labour force (which is the sum of the labour force and the potential labour force).

Figure 2.1 Labour market overview for young people in North Africa and sub-Saharan Africa, 2019 (percentages)



Source: ILOSTAT; ILO (2018).

Figure 2.2 Decomposition of employment losses in North Africa in 2020 relative to the no-pandemic scenario, by demographic group (percentages)



PLF = potential labour force.

Note: "Youth" refers to the age group 15–24 years, and "adults" to the age group 25+ years. The percentages in parentheses represent each demographic group's net employment losses in 2020 relative to the no-pandemic scenario.

Source: ILOSTAT, ILO modelled estimates, April 2021.

The unsatisfactory labour market outcomes for young people in the subregion are reflected to a significant extent in persistent gender gaps in labour force participation and access to decent work opportunities. Despite some convergence between 2010 and 2017, these gaps were widening again even before the pandemic. In 2019, the unemployment rate for young women was nearly double that of young men. Moreover, young women were 2.5 times more likely to be part of the potential labour force and twice as likely to have NEET status.

Following the onset of the COVID-19 crisis, young women in the subregion incurred the largest decline in employment in 2020 – namely, 14.2 per cent compared with the no-pandemic scenario (figure 2.2). Young people in general were affected disproportionately, and for both

young men and young women, over 80 per cent of the jobs gap was accounted for by those who dropped out of, or delayed their entry into, the labour force. These impacts were compounded by major disruptions to learning, particularly since many schools in Africa lack the infrastructure and capacity to switch to distance education. The grave risk of the long-term effects of a prolonged recession on the career prospects of young people calls for concerted policy efforts to address decent work deficits among this vulnerable group during the recovery phase (see Chapter 1, box 1.2).

2.1.2 Sub-Saharan Africa

In sub-Saharan Africa, the pre-COVID-19 labour market was characterized by widespread poverty and informality. The subregion accounted for only 12 per cent of the global workforce in 2019, but was home to 60 per cent of the world's extreme working poor – that is, to 144 million workers living with their families below the international threshold of US$1.90 per day (table 2.1). Although the extreme working poverty rate declined by 8.9 percentage points over the past decade, it was still as high as 36.7 per cent in 2019. The share of workers with an income just above the extreme poverty line also remained high, with 25.6 per cent of the workforce living in moderate poverty (between US$1.90 and US$3.20 per day). Nearly 83 per cent of the subregion's workers were in informal employment, without access to any social protection (ILO, forthcoming). Since most people in sub-Saharan Africa cannot afford to be unemployed or without work, the most widespread form of labour underutilization is time-related underemployment, which is linked to the high prevalence of low-productivity work, often own-account or contributing family work, particularly in rural areas.

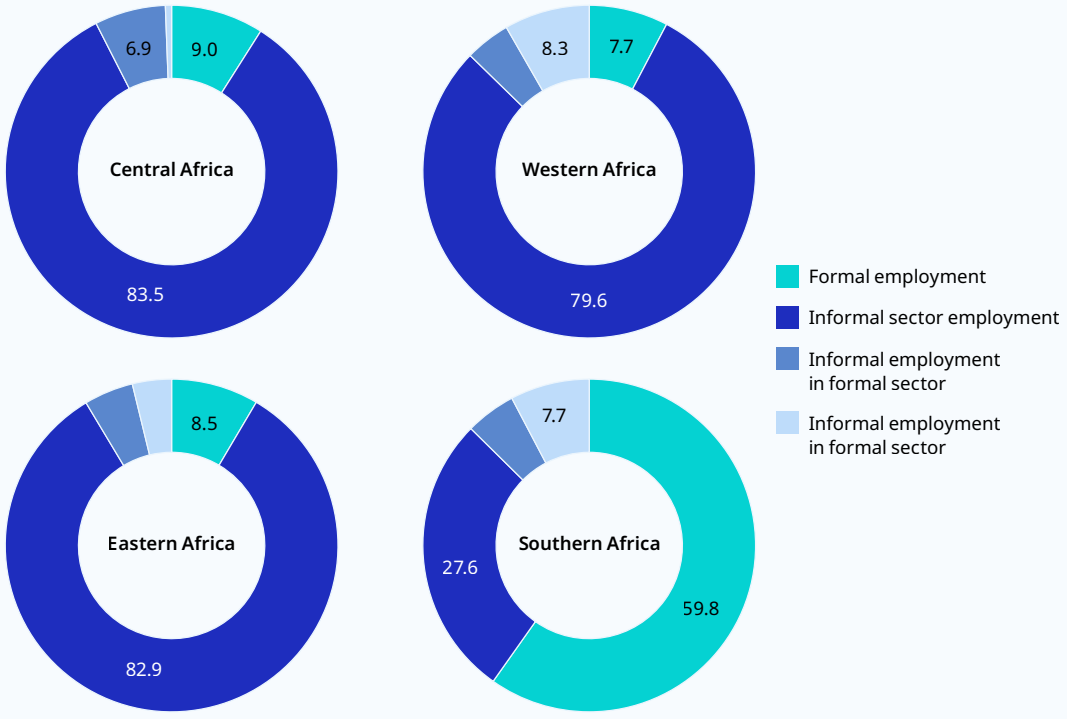
The COVID-19 crisis led to a reduction in working hours of 7.1 per cent in the subregion in 2020 relative to the no-pandemic scenario, equivalent to a loss of approximately 22 million full-time equivalent jobs. The employment-to-population ratio (EPR) declined by as much as 2.2 percentage points in 2020, reflecting a major increase in the gap between employment and population growth in the subregion (table 2.1). The decline in EPR was accompanied by a commensurate decline in the labour force participation rate. The crisis has had a disproportionate impact on women and young people, largely owing to their overrepresentation among informal workers in some of the most affected sectors (accommodation and food services, wholesale and retail trade, and other services), and in the case of young people, their over-representation among aspiring labour market entrants. The EPR declined by as much as 2.7 percentage points for women, and by 2.5 percentage points for young people in 2020 (Appendix C, table C8).

By pushing millions of additional workers under the poverty line, the crisis could reverse the significant progress made over the past years in reducing child labour.[5] The combined effect of school closures and increased financial hardship is likely to increase the need for children to contribute to earnings, at the expense of their education and general well-being. Given the limited resources and infrastructure (including digital infrastructure), along with the poor governance of education systems, online learning was accessible to only very few children in sub-Saharan Africa. Past experience (for example, from the Ebola pandemic in Western Africa in 2014) suggests that even temporary school closures can have lifelong implications for many of the children concerned (particularly for girls), who may not return to classrooms when schools reopen (ILO 2020a, 17).

Informal employment is the norm in sub-Saharan Africa, affecting approximately 85 per cent of workers, the rate being even higher among female workers and young workers (table 2.1). As the subregion's population continues to grow rapidly, informal employment has expanded to absorb the large numbers of labour market entrants. Although the informal employment rate in the subregion is particularly high owing to the prevalence of smallholder agriculture, it remains very high even when the agricultural sector is excluded, standing at

5 An upcoming ILO publication (June 2021) will provide updated estimates on the incidence of child labour, which will make it possible to quantify the impact of the COVID-19 crisis on this indicator.

Figure 2.3 Formal and informal employment across sub-Saharan Africa's subregions, 2016 (percentages)



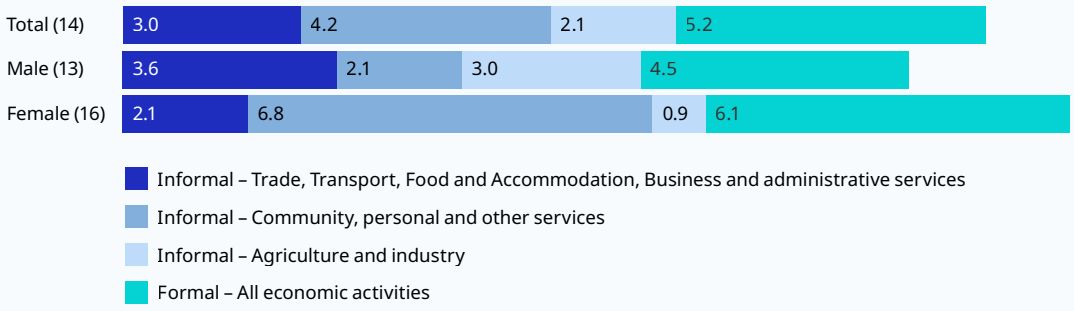
Note: Updated data will be available in ILO (forthcoming).

Source: ILO (2018).

76.8 per cent of non-agricultural employment (82.8 per cent for women, and 71.6 per cent for men) (ILO 2018, 28, table 2). As defined by the ILO, informal employment consists of three components: employment in the informal sector (that is, in informal enterprises), informal employment in the formal sector (that is, informally employed workers within formal enterprises) and employment in the household sector (mainly domestic workers). In sub-Saharan Africa, the first component is by far the most significant because of the magnitude of the informal economy. In Central, Eastern and Western Africa, the informal sector accounts for 80 per cent or more of total employment (figure 2.3). Southern Africa has the lowest informal sector share in employment among sub-Saharan Africa's subregions, at 27.6 per cent, but a relatively higher share of its informal workers are employed in the formal and household sectors. The figures for this subregion are largely influenced by South Africa, whose economic and labour market structure is different from that of most of its neighbours.

In addition to the lack of health and social protection, many features of Africa's informal economy made its workers particularly vulnerable to the pandemic. For instance, large numbers of poor and informal workers in urban areas reside in overcrowded slum dwellings (Schwettmann 2020). Moreover, owing to the nature of their work, which often requires personal interaction, and also because of their limited earnings and lack of savings or other coping mechanisms, physical distancing and self-isolation are effectively impossible for most of these workers (ILO 2020b).

Figure 2.4 Composition of employment losses in South Africa in the second quarter of 2020 relative to the fourth quarter of 2019, by informality status, sex and group of economic activity (percentages)



Note: The percentages in parentheses refer to the percentage drop in employment levels between Q4 2019 and Q2 2020 for each group. The bars represent the decomposition of these percentages into formal and informal job losses (informal employment is further decomposed by economic activity).

Source: ILO calculations based on the Quarterly Labour Force Survey of South Africa.

Containment measures – including lockdowns, workplace and border closures, and travel bans – had a devastating impact on sub-Saharan Africa's informal enterprises and workers. In South Africa, the only country in the subregion for which data are available for all four quarters of 2020, informal workers (both male and female) were disproportionately affected, particularly in the second quarter (figure 2.4). The worst-affected sectors in terms of informal employment losses were trade, transport, accommodation and food services, and business and administrative services for men; and social, community, personal and other services for women. As explained above, given that South Africa's informality rate is well below the regional average, the disproportionate impact of the pandemic on informal workers and enterprises in the rest of the subregion is likely to be even more pronounced. The ILO estimated a decline in revenue of 81 per cent for Africa's informal workers in the first month of the crisis (ILO 2020c, 1–2).

Governments in the subregion – often in coordination with international organizations, workers' and employers' representatives, and donors – implemented various measures to provide emergency support to vulnerable population groups, including, in a few cases, measures targeting informal workers. For instance, Burkina Faso suspended government fees covering rent, security and parking for informal sector operators in urban markets; Cabo Verde provided solidarity grants and one month of income support to informal workers, including domestic workers; Côte d'Ivoire established a support fund for the informal sector; Lesotho and Togo provided cash transfers to informal workers for a period of three months; and Mozambique extended social protection coverage to a subset of informal workers in peri-urban areas (Schwettmann 2020; World Bank 2020; Mozambique, MGCAS 2020). In the aftermath of the crisis, an urgent priority in Africa as a whole should be the development of effective and sustainable social protection systems – that is, going beyond measures for providing immediate support – in order to increase the resilience of individuals and communities to future shocks. This should be done in an inclusive manner, covering as much of the working population as possible (see box 2.1). It will also require collaboration and dialogue between governments, international and national players, and the social partners, together with the strengthening of national institutions to make them more accountable for their actions. There is also a need to expand policy space and build capacity for the implementation of countercyclical policies (for example, by establishing automatic stabilizers).

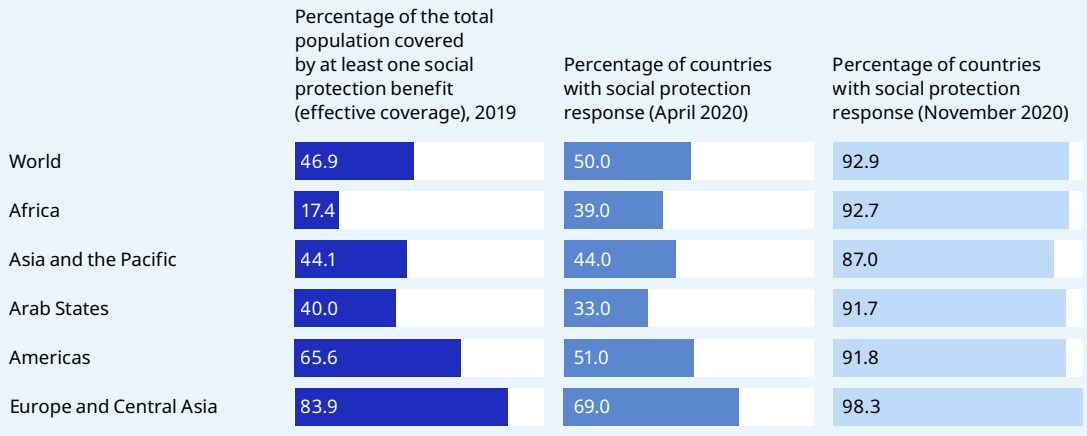
Box 2.1 New momentum for extending social protection, not least to informal workers

The COVID-19 crisis has confronted governments around the world with the dual challenge of protecting public health and curbing the spread of the virus while at the same time tackling the economic and social impacts of the pandemic. In the early stages of the crisis, in April 2020, around half of the world's countries had already announced social protection measures spanning many areas, including income support and job protection, access to healthcare and sickness benefits, and more. The share of countries with such measures varied across regions: 33 per cent in the Arab States region, 39 per cent in Africa, 44 per cent in Asia and the Pacific, 51 per cent in the Americas and 69 per cent in Europe and Central Asia (see the figure below). By November 2020, the share of countries with social protection measures had increased to 87 per cent in Asia and the Pacific; approximately 92 per cent in Africa, the Arab States and the Americas; and 98 per cent in Europe and Central Asia. Many countries that had robust health and social protection systems in place at the start of the crisis were able to respond fast by scaling up existing programmes and adapting them to cover vulnerable populations previously not covered (ILO 2021b). However, another key factor determining the social protection response, and its sustainability throughout the crisis and beyond, is the availability of fiscal space, which varies significantly across countries.

Even in advanced economies, the crisis exposed major gaps in social protection for some categories of workers – owing to the nature of employment relationships and work arrangements (as in the case of part-time workers, temporary workers and the self-employed) – that had to be addressed through various emergency measures. Examples of such measures included extending sickness benefits financed from general taxation to workers who would otherwise not be covered, extending unemployment benefits to the self-employed, relaxing eligibility criteria for access to social assistance or other tax-financed benefits, providing generalized income support to all residents through one-off payments, and introducing additional support for vulnerable population groups such as homeless persons (ILO 2020d).

In many developing and emerging economies, social security schemes cover relatively small

▶ **Figure 2.B1 Social protection response to the COVID-19 crisis, global and by region** (percentages)



Source: ILO (2017); ILO (2020d, 3); ILO (2020e, 2).

Box 2.1 (cont'd)

shares of the population, and non-contributory schemes and government assistance often target specific vulnerable groups, leaving wide social protection gaps that engulf large shares of the population (Blofield, Giambruno and Filgueira 2020). The disproportionate impact of the COVID-19 crisis on workers lacking access to social protection has highlighted the need to extend social protection coverage throughout the crisis and beyond. Positive efforts in this regard were made by various governments across Africa and Latin America and the Caribbean, through expanding the coverage of existing transfers and implementing new programmes, making use of technology and mobile banking (as in Mozambique and Togo), and establishing "demand-driven" mechanisms, whereby individuals who had lost their source of income could self-identify and apply (Blofield, Giambruno and Filgueira 2020; Mozambique, MGCAS 2020; Schwettmann 2020). In Latin America and the Caribbean, governments that established such demand-driven mechanisms "came closer to closing the protection gap" – a potential lesson for future crises (Blofield, Giambruno and Filgueira 2020).

Despite the apparent progress reflected in the figure above, it should be noted that response policies sometimes encountered implementation challenges and bottlenecks and were limited in their scale and reach, and that effective social protection coverage remains very low across many countries. Nevertheless, the unprecedented fiscal and social protection response to the COVID-19 crisis at the global level has created fresh momentum for extending protection to groups that are not typically covered and, in particular, doing so in a more sustainable manner. In some cases, the process of expanding coverage has resulted in more comprehensive, updated government registries and databases that can be used as a basis for further developing social programmes (Blofield, Giambruno and Filgueira 2020). The ILO has called for a social protection response that is geared towards developing universal and sustainable social protection systems, including social floors, in line with Sustainable Development Goal targets 1.3 and 3.8 (UN 2019; USP2030 Global Partnership 2019; ILO 2019a), rather than "stopgap" or fragmented measures to supplement market solutions for those who can afford them (ILO 2020d, 6). To be robust, inclusive and sustainable, such systems must be anchored in national legislation and policy frameworks, and financed in an equitable and sustainable way. A recent ILO report has estimated the financing gap for social protection floors at the regional level, and presented concrete actions to be pursued by governments and the social partners, including measures for maximizing domestic fiscal space, increasing official development assistance, and promoting transitions from the informal to the formal economy (Durán-Valverde et al. 2020).

Source: ILO (2020d); ILO (2021b); ILO (2020e).

▶ 2.2 Americas

The pandemic has had a major impact on the Americas region, which accounts for a large share of registered COVID-19 cases worldwide, thereby exacerbating pre-existing inequalities. In North America, unemployment rates surged in 2020, and in Latin America and the Caribbean, millions of small and medium-sized enterprises (SMEs) have disappeared and jobs have been lost. Across the region, the adverse effects of the pandemic on health and economic outcomes have been most severe for the poorer and more disadvantaged groups of the population. The pandemic further exposed racial and ethnic inequality in North America and had a major impact on the informal economy in Latin America and the Caribbean, resulting in a particular pattern of labour market adjustment for the subregion, as described below.

In general, the COVID-19 crisis exposed large gaps in social protection coverage in the Americas, where before the pandemic, 65.6 per cent of the total population were covered by at least one social protection benefit, and 17.1 per cent of unemployed persons received cash benefits (ILO 2021a). By way of comparison, in the Europe and Central Asia region, these shares were 83.9 per cent and 51.3 per cent, respectively.

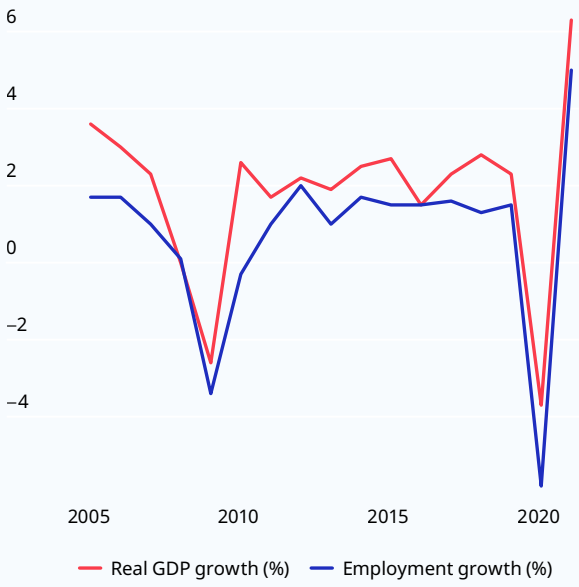
2.2.1 North America

Economic performance and labour market conditions in Canada and the United States before the pandemic were strong. North America had relatively low rates of labour underutilization. Unemployment, the region's main component of labour underutilization, had steadily declined from a high of 9.5 per cent in 2010 to a low of 3.9 per cent in 2019 (see Appendix C, table C10). Decent work deficits existed nevertheless in terms of differential access to decent work opportunities across groups, and such inequalities were aggravated during 2020.

Compounding its impact on public health, the pandemic caused North America to suffer a sharp decline in economic activity. Many companies found themselves faced with excess capacity and major liquidity shortages, which made it difficult for them to fulfil their commitments vis-à-vis their suppliers, lenders, investors, employees and the State (ILO and OECD 2020). This resulted in large-scale lay-offs and reductions in working hours, wages and earnings. The service sector, which has accounted for the largest share of the subregion's employment growth in the past decade, was particularly affected. While the global economic crisis of 2008–09 led to a decline in employment of –3.4 per cent in 2009, the drop has been even steeper in this most recent crisis, namely an estimated –5.8 per cent in 2020 (figure 2.5). In both Canada and the United States, the unemployment rate increased substantially more in 2020 than during the previous crisis – owing to both a greater surge in unemployment and a greater fall in labour force participation – and more than in many other advanced economies. The sharp increase in unemployment reflects the policy approach in Canada and the United States, which favoured an expansion of unemployment benefits for laid-off workers – and thus contributed to a wide use of lay-offs. In comparison, many European Union countries introduced employment retention schemes that avoided lay-offs by allowing workers to remain institutionally attached to their employers, even if their working hours were reduced to zero (ILO and OECD 2020).

The major hike in unemployment in North America in 2020 does not fully account for the employment impact of the crisis because of (a) the decline in labour force participation, and (b) increases in other forms of labour underutilization. The unemployment rate increased by 4.5 percentage points, equivalent to around 8 million additional unemployed people in 2020 (table 2.2). But behind the annual figure lies a strong quarterly effect, whereby unemployment increased threefold between the first and second quarters of 2020, before trending downwards by the fourth quarter. Because of the limited opportunities that were available during lockdowns and the additional duties arising from confinement measures (for example, in relation to childcare and

Figure 2.5 Growth of real gross domestic product and employment in North America, 2005–21 (percentages)



Source: ILOSTAT database; United Nations Department of Economic and Social Affairs; IMF World Economic Outlook Database, April 2021.

Figure 2.6 Growth of real gross domestic product and employment in Latin America and the Caribbean, 2005–21 (percentages)

Source: ILOSTAT database; United Nations Department of Economic and Social Affairs; IMF World Economic Outlook Database, April 2021.

homeschooling), many laid-off workers dropped out of the labour force instead of becoming unemployed (transitioning from employment to inactivity in the labour market). Similarly, unemployment rises were further dampened by jobseekers suspending their job search activities (shifting from unemployment to inactivity in the labour market). The subregion's labour force participation rate decreased by 1.2 percentage points (compared with a decline of 0.6 per cent during the global economic crisis of 2008–09), and the potential labour force rate increased by 0.3 percentage points in 2020. Nevertheless, North America is projected to experience the strongest labour market recovery among all the world's subregions, thanks to rapid vaccination campaigns and generous fiscal stimulus packages. The projected addition of 13 million jobs between 2020 and 2022 is expected to bring the unemployment rate down to 5.3 per cent in 2021 and 3.9 per cent in 2022.

Low-wage workers experienced the largest job losses. In the early stages of the crisis, in particular, Canada and the United States saw a compositional shift in employment due to greater job losses among low-skilled, low-paid occupational groups. For instance, in Canada, job losses among low-paid employees were more than twice as high as among all paid employees between February and April 2020 (ILO and OECD 2020, 14). This can be attributed partly to the sectoral distribution of low-wage workers, who tend to be in the worst-affected sectors, and partly to their occupational distribution (in low- and middle-skilled occupations), which makes them less likely to shift to working from home (see Chapter 3). In addition, many workers who kept their jobs had to reduce their hours of work. In total, there was a decline in working hours of 10 per cent, equivalent to a loss of 13 million full-time jobs, in North America relative to the no-pandemic scenario.

In the United States in particular, the COVID-19 pandemic, which came at a time of heightened racial tensions and political polarization, further exposed significant inequalities in

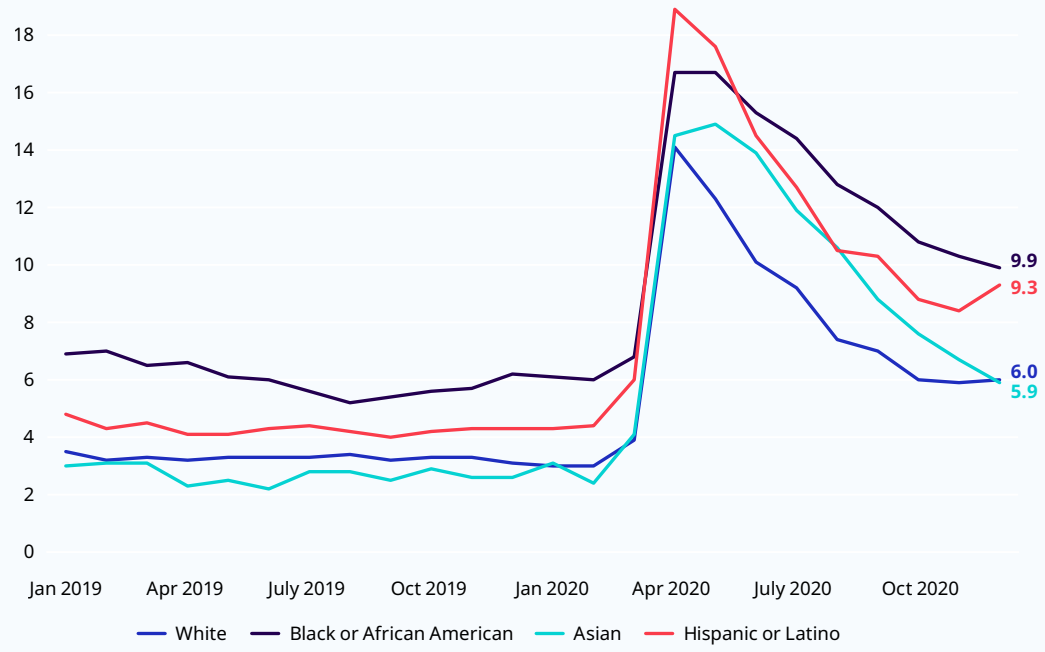
▶ Table 2.2 Estimates and projections for working hours, employment, unemployment, labour force, informality and working poverty, regional and by subregion, Americas, 2019–22

Region/subregion	Ratio of total weekly hours worked to population aged 15–64				Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Americas	**26.7**	**23.0**	**24.9**	**26.3**	**374**	**325**	**355**	**376**
Latin America and the Caribbean	26.2	22.0	24.0	25.8	237	201	221	239
North America	27.5	24.9	26.7	27.3	137	124	134	137
	Employment-to-population ratio (percentages)				Employment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Americas	**59.7**	**54.2**	**56.2**	**58.8**	**471**	**433**	**454**	**479**
Latin America and the Caribbean	59.2	52.9	54.7	58.1	290	262	275	295
North America	60.4	56.5	58.8	60.0	181	171	179	184
	Unemployment rate (percentages)				Unemployment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Americas	**6.4**	**9.6**	**8.9**	**7.0**	**32**	**46**	**44**	**36**
Latin America and the Caribbean	8.0	10.3	11.1	8.9	25	30	34	29
North America	3.9	8.4	5.3	3.9	7	16	10	7
	Potential labour force rate (percentages)				Potential labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Americas	**3.4**	**4.9**	**4.2**	**3.5**	**18**	**25**	**22**	**19**
Latin America and the Caribbean	4.9	7.2	6.1	5.0	16	23	20	17
North America	0.8	1.1	0.9	0.8	2	2	2	2
	Labour force participation rate (percentages)				Labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Americas	**63.8**	**60.0**	**61.7**	**63.2**	**503**	**479**	**498**	**515**
Latin America and the Caribbean	64.3	58.9	61.5	63.7	315	292	309	324
North America	62.9	61.7	62.1	62.4	188	186	189	191
	Informality rate in 2019 (percentages)				Informality in 2019 (millions)			
	Total	Male	Female		Total	Male	Female	
Latin America and the Caribbean	56.4	56.2	56.7		164	96	68	
North America	19.1	19.1	19.1		35	19	16	
	Extreme working poverty (<US$1.90 (PPP) per day)				Moderate working poverty (US$1.90–3.20 (PPP) per day)			
	(percentages)		(millions)		(percentages)		(millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
Latin America and the Caribbean	3.0	3.8	8.8	9.9	5.0	6.8	14	18

Note: The potential labour force refers to non-employed persons who are looking for a job but would become available to work only within a short subsequent period, or who are not currently looking but want to be employed and are available to do so. Moderate and extreme working poverty rates refer, respectively, to the shares of workers living in households with a daily per capita income or consumption of between US$1.90 and US$3.20 in purchasing power parity (PPP) terms and less than US$1.90 (PPP). Totals can differ from the sum of sub-components due to rounding.

Source: ILOSTAT, ILO modelled estimates, April 2021; ILO (forthcoming).

Figure 2.7 Unemployment rate by racial group in the United States, 2019–20 (percentages)



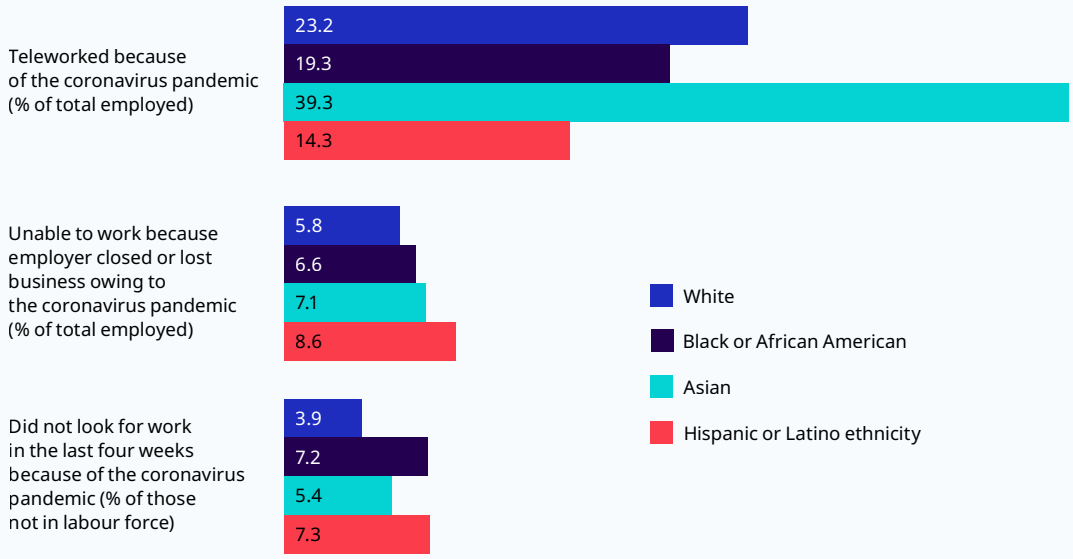
Source: US Bureau of Labor Statistics.

health and economic outcomes, linked to entrenched structural barriers. For instance, before the onset of the pandemic in December 2019, the unemployment rate of Black or African Americans was twice as high, and that of people of Hispanic or Latin American descent 1.4 times as high, as that of whites. Although the crisis resulted in job losses, an increase in unemployment and a decline in labour force participation across all ethnic groups, people of Hispanic or Latino ethnicity experienced the largest hikes in the unemployment rate (by nearly 13 percentage points, compared with approximately 10 percentage points for the other three groups) at the onset of the crisis in May 2020 (figure 2.7). This group was also over-represented among employed persons unable to work because their employer closed or lost their business during the pandemic (figure 2.8). Throughout 2020, among those still employed, people of Latin American or Hispanic ethnicity and Black or African Americans were the least likely to switch to telework owing to their occupational distribution (over-representation among low- and middle-skilled jobs in services and industry; see Chapter 3). They also exhibited a more pronounced discouragement effect in the sense that a greater share of those not in the labour force did not look for work owing to the pandemic.

In Canada, visible minorities and Indigenous peoples were among the population subgroups most vulnerable to the pandemic, and to the negative effects of the measures aimed at curbing it. A recent study (Hou, Frank and Schimmele 2020) found gaps in poverty rates between visible minorities and the White population in Canada, which decreased but remained large even when controlling for individual characteristics.[6] Similarly, indigenous

6 Individual characteristics included immigration status – as recently arrived immigrants were more likely to be in poverty than those who had been in the country for many years – knowledge of official languages, educational attainment, employment status and other demographic features. Poverty rate gaps were observed for all visible minority groups except for those of Filipino descent, and when adjusted to account for the control variables, those of Japanese origin as well.

Figure 2.8 Labour market impact of the COVID-19 crisis across racial groups in the United States, December 2020 (percentages)



Source: US Bureau of Labor Statistics.

persons – including members of the First Nations, Inuit and Métis communities – were far more likely than non-indigenous persons to be living below the national poverty line, and in food-insecure households (Arriagada, Hahmann and O'Donnell 2020). For these disadvantaged groups, staying at home means loss of income to cover basic needs such as rent, food and transport, and also limited learning opportunities for children in homes without access to a computer or the internet. The results of a crowdsourcing survey undertaken by Statistics Canada[7] suggest that Indigenous peoples and most visible minority groups experienced more job losses and reduced working hours and had more difficulty in meeting their financial obligations or essential needs than the non-indigenous and White populations (Hou, Frank and Schimmele 2020; Arriagada et al. 2020). Similarly, businesses majority-owned by visible minorities were found to be more likely to have incurred a decline in revenue, to have faced liquidity constraints and to have encountered greater difficulties in obtaining credit in the third quarter of 2020 (Tam, Sood and Johnston 2020). Moreover, data from the early phases of the pandemic suggest that the impact of the crisis on labour market outcomes may be longer-lasting for indigenous populations, for whom unemployment tended to remain elevated for a longer time period (Bleakney, Masoud and Robertson 2020).

7 The survey was completed online by 36,000 Canadians between 26 May and 8 June 2020. Because the survey data were not based on a random sample, the findings are only indicative, rather than representative of the overall Canadian population.

2.2.2 Latin America and the Caribbean

In contrast to North America, the macroeconomic and labour market situation in Latin America and the Caribbean before the COVID-19 crisis was characterized by weak economic growth together with high inequality and informality. In fact, there had even been negative growth in the years following the commodity price collapse in 2014 (see figure 2.6 above). Employment growth remained positive but limited, and the subregion continued to face long-standing challenges in terms of high inequality and informality. Although Latin America and the Caribbean includes many middle-income countries, before the onset of the COVID-19 crisis, approximately 23 million of the subregion's workers did not earn enough to live with their families above the poverty line, including 8.8 million living in extreme poverty (table 2.2). Labour underutilization was more significant than reflected in the unemployment rate alone, with a high rate of time-related underemployment (the second highest among the subregions after sub-Saharan Africa) and of potential labour force (following North Africa and the Arab States). Young people were a particularly vulnerable segment of the population, with an unemployment rate (18 per cent in 2019) three times as high as that of adults. The youth NEET rate was 21.5 per cent, which means that more than one in five young people were either unemployed or inactive and not in education or training. Women in the subregion continued to face obstacles in accessing decent work, as reflected in persistent gender wage gaps (ILO 2020f, 48–49).

In Latin America and the Caribbean, the effects of the crisis on labour markets were unprecedented in terms of both scale of impact and the pattern of adjustment.[8] **Enterprises across all economic sectors were heavily affected**, with large declines in output and sales figures, and significant liquidity shortages (ECLAC and ILO 2020). The permanent or temporary closure of many companies resulted in major job losses, even though enterprises used various ways of preserving employment relationships with their employees. These measures included advance leave, reducing working hours or wages, instituting employment retention schemes or temporary work suspensions (as in Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay), wage subsidies provided to enterprises or to workers directly (as in Argentina, Brazil, Chile, Colombia, Costa Rica, Peru and Uruguay) and other policies created specifically in response to this crisis (such as the extension of unemployment insurance in Chile and Uruguay to cover other events beyond termination) (Blofield, Giambruno and Filgueira 2020; ILO 2020g). In some countries – for instance, in Argentina – wage cuts were negotiated through collective agreements between workers and employers (ILO and OECD 2020). Some companies, particularly large ones, resorted to remote working, while smaller ones did so less frequently. Remote working was less feasible for the smaller companies because their sectors of activity often require direct personal interaction. Other adjustment mechanisms used by companies included online marketing and modifying their products or services. Support policies for enterprises deployed by governments in the region included cash transfers, the deferral of tax or loan payments and facilitating access to credit. Nevertheless, an estimated 2.7 million companies in the region closed down in 2020 as a result of the crisis (ECLAC and ILO 2020, 31).

Latin America and the Caribbean is estimated to have experienced the steepest drop in working hours among all of the world's subregions in 2020. The decline is equivalent to 36 million full-time jobs relative to the no-pandemic scenario and was driven by both exits from employment and reduced working time. In terms of net employment growth, the subregion is estimated to have lost 31 million jobs in 2020 relative to the no-pandemic scenario. This is despite the implementation of the above-mentioned response measures, which helped to mitigate cuts in formal jobs in many countries. In addition to the support measures for workers and enterprises, some governments (for example, in Argentina, the Plurinational State of Bolivia, and Mexico) prohibited lay-offs during the health emergency (Blofield, Giambruno and Filgueira 2020).

8 See also Maurizio (2021) for a detailed analysis of the employment crisis in Latin America and the Caribbean that draws on quarterly data.

In contrast to the subregion's previous labour market adjustment patterns, most of those who lost their jobs in 2020 exited the labour force instead of transitioning to unemployment or informal employment. Informal employment has often played a countercyclical role in Latin America and the Caribbean, absorbing displaced labour from the formal private sector in times of crisis. For instance, at the height of the global economic crisis of 2008–09, the subregion's GDP declined by 1.9 per cent, but employment growth remained positive at 1.1 per cent, its decline being offset by a shift of many displaced workers towards informal employment (see figure 2.6 above).

The COVID-19 crisis has been quite different, with informal employment being disproportionately affected. In the second quarter of 2020 in particular, when job losses peaked in the subregion, informal employment accounted for the bulk of net job losses in countries for which quarterly labour force survey data are available, ranging from 58 per cent in Brazil to 92 per cent in Argentina, with around 65 per cent for Chile, Costa Rica and Peru. This is because informal workers and enterprises in the subregion are concentrated in low-productivity services sectors, such as hotels and restaurants, retail trade and personal services, that require personal interaction, and these sectors were heavily affected by both the public health crisis and the measures to tackle it. Informal employment in these heavily impacted service industries alone represented nearly 75 per cent of total job losses in Argentina, 58 per cent in Peru, and 40–45 per cent in Brazil, Chile and Costa Rica (figure 2.9). Informal jobs were also disproportionately affected, since they fell outside the scope of employment retention schemes and other measures to maintain the employment relationship.[9]

The Caribbean countries were severely affected by the pandemic through the decline in tourism, but also through disruptions to trade and supply chains. International tourist arrivals declined by 39 per cent in the first quarter of 2020 relative to the same quarter in 2019, with a complete halt in April and May, before the region started opening up again in June 2020 (ILO 2020h, 18). In Grenada and Saint Lucia (tourism-oriented economies) and Jamaica (which combines tourism-oriented industries with other activities), a sharp decline in the employment-to-population ratio and in the labour force participation rate were observed, with young people being disproportionately impacted (ILO 2020h). In Saint Lucia – which, in contrast to most Latin American and Caribbean countries, has a lower incidence of informal employment in services than in other sectors (largely owing to formal jobs in tourism-related industries) – the initial impact of the crisis, during the second quarter of 2020, was a sharp drop (–41 per cent) in formal employment, partly offset by a 34 per cent increase in informal jobs as many of those who had lost their jobs shifted to informal employment.[10] By the third quarter, however, formal employment experienced a modest recovery, while informal employment declined.

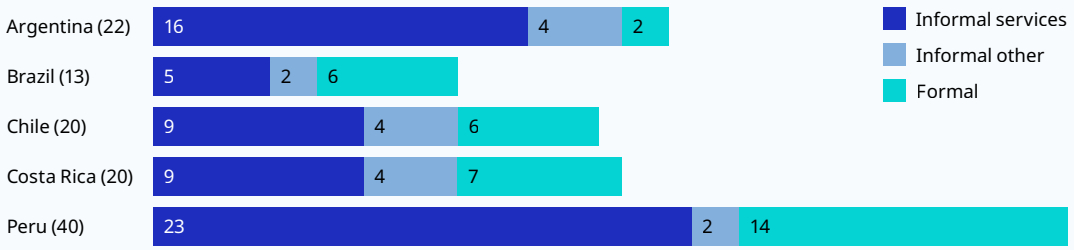
The lack of labour reallocation towards informal employment in Latin America and the Caribbean was reflected in staggering drops of 6.3 percentage points in the employment-to-population ratio and 5.4 percentage points in the labour force participation rate, while the unemployment rate increased by 2.3 percentage points in 2020 (table 2.2). Women experienced a steeper decline in employment, namely 11.6 per cent in 2020, compared with 8 per cent for men, and a more significant drop in labour force participation. Out of the net job losses of 13.9 million for women, 12.2 million (88 per cent) translated into exits from the labour force. By contrast, 10.4 million out of the 13.6 million job losses for men (76 per cent) resulted in labour force exits (Appendix C, table C9). This resulted in a decline in the size of the labour force of 9.2 per cent for women, and 5.7 per cent for men, aggravating pre-existing gender gaps in labour market outcomes.

Job and income losses ultimately result in rising poverty and inequality – particularly for informal workers, who lack social protection. It is estimated that an additional 4.4 million workers may have fallen below the poverty line in Latin America and the Caribbean in 2020, including 1.1 million additional workers in extreme

9 It is difficult to determine whether these patterns of adjustment differed among countries in the Caribbean, as most Caribbean countries suspended the conduct of regular household surveys during the pandemic.

10 ILO calculations based on labour force survey data.

Figure 2.9 Job losses in the second quarter of 2020 as a percentage of total employment in the fourth quarter of 2019, by formality status, selected countries in Latin America and the Caribbean (percentages)



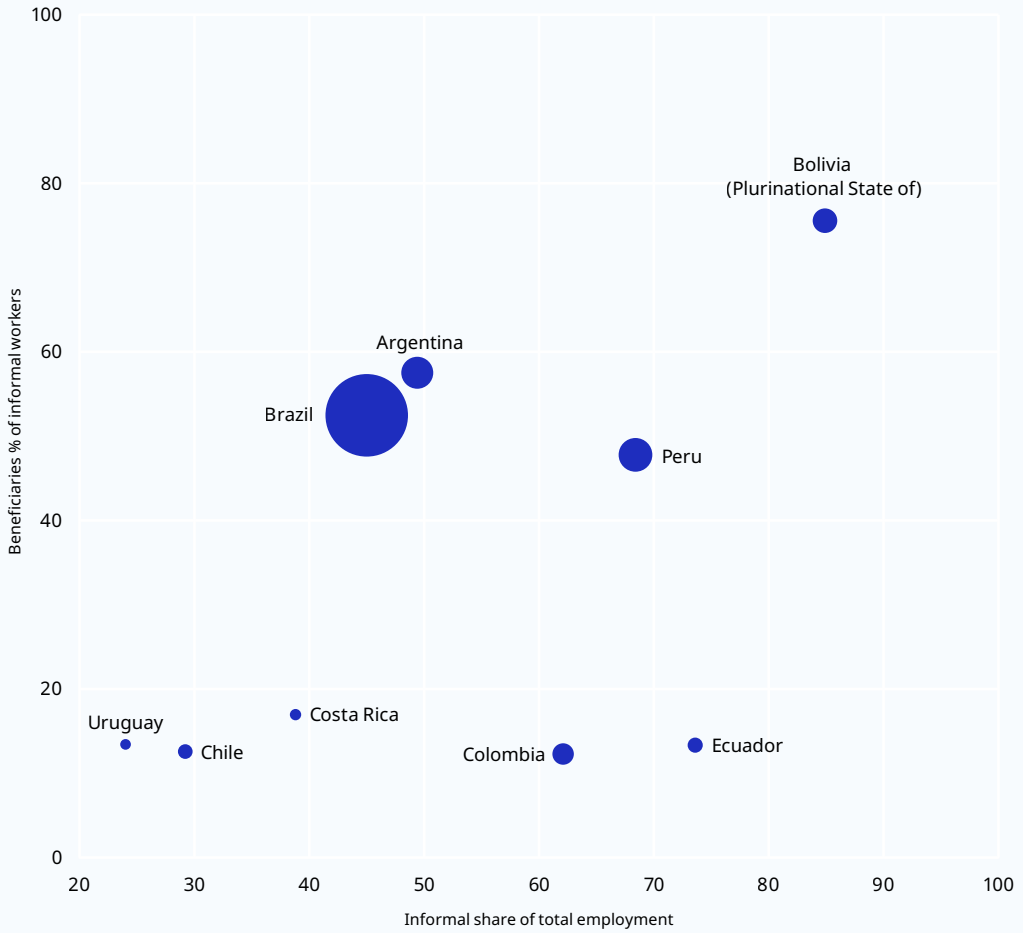
Note: "Informal services" refers to informal employment in the services sector, while "informal other" refers to informal employment in industry (manufacturing, mining, construction and utilities) and agriculture. "Formal" refers to formal employment across all sectors. Percentages in parentheses refer to the decline in total employment between Q4 2019 and Q2 2020, which is decomposed into three components. For instance, in Argentina, total job losses in Q2 2020 amounted to 22 per cent of the pre-crisis (Q4 2019) employment levels, out of which 74 per cent were informal jobs lost in services (equivalent to 16 per cent of employment levels in Q4 2019), 19 per cent were informal jobs lost elsewhere (equivalent to 4 per cent of employment levels in Q4 2019) and 8 per cent were formal jobs lost (equivalent to 2 per cent of employment levels in Q4 2019). Totals can differ from the sum of sub-components due to rounding.

Source: ILOSTAT, ILO modelled estimates, April 2021.

poverty (table 2.2). Surveys conducted in several countries of the region confirmed that job losses disproportionately affected workers earning below the minimum wage, and revealed polarization in terms of labour market outcomes whereby some workers and families continued to receive all or a large part of their income, while others did not (ILO 2020h). Recognizing the risk of increased inequality, poverty and food insecurity among informal workers, many governments in the subregion implemented measures to extend social protection to these workers. Notably, the Plurinational State of Bolivia, where informality is particularly elevated, covered over 75 per cent of its informal workers; Argentina managed to reach approximately 58 per cent; Brazil, 52 per cent; and Peru, 48 per cent. Owing to the sheer size of its population, the number of such beneficiaries in Brazil surpassed 45 million (figure 2.10).

The recovery in the subregion is expected to be slow, particularly for formal employment, potentially resulting in employment growth of a worse quality. The recovery is expected to be sluggish because of the disappearance of many companies and the limited creation of new ones. This is compounded by high levels of uncertainty. In particular, as in previous crises, formal sector employment is likely to lag behind the recovery of output. In 2021, as many of those who had exited rejoin the labour force, the unemployment rate is expected to remain elevated (at 11.1 per cent) and, provided that mobility restrictions and other barriers to informal work are lifted, informal employment is expected to surge. This effect can already be observed for countries for which data are available for the last two quarters of 2020. For instance, in the third quarter of that year, while formal employment continued to decline, informal employment increased by a modest 2 per cent for Brazil, 20 per cent for Costa Rica and as much as 33 per cent for Argentina, as some of those who had exited the labour force returned after the lifting of restrictions. In Chile, formal employment growth resumed in the third quarter of 2020, notching up 1.1 per cent, while informal employment bounced back by 11 per cent. Informal employment surged in the fourth quarter of 2020 for all of the subregion's countries with available data, increasing by 6 to 8 per cent in Brazil and Costa Rica, and by over 30 per cent in Chile and Peru.

Figure 2.10 Informal workers receiving government transfers following the COVID-19 crisis, selected countries in Latin America and the Caribbean, 2020 (percentages)



Note: The sizes of the bubbles reflect the estimated number of informal beneficiaries in each country, the largest being those for Brazil (46.7 million), Peru (7.3 million) and Argentina (6.5 million). The numbers of informal beneficiaries are computed as follows: for Argentina, all Emergency Family Income (IFE) beneficiaries who are not Universal Child Benefit (AUH) or Universal Pregnancy Allowance (AUE) beneficiaries; for the Plurinational State of Bolivia, the total amount of beneficiaries of the Bono Universal; for Brazil, the beneficiaries of Auxilio Emergencial who are not beneficiaries of the Bolsa Familia programme; for Chile, beneficiaries of Emergency Family Income (IFE 2.0) who are not beneficiaries of the Family Subsidy (SUF) or beneficiaries of the Basic Solidarity Pension (PBS) aged over 69 years; for Colombia, all beneficiaries of the Ingreso Solidario; for Costa Rica, all beneficiaries of the Bono Extraordinario and the Bono Proteger reported as informal or temporary workers (23% of beneficiaries), plus the 51% of independent workers who are beneficiaries of these two programmes (38% of the total); for Ecuador, the total amount of beneficiaries of the Bono de Protección Familiar; for Peru, the beneficiaries of the Bono Yo Me Quedo En Casa, the Bono Independiente, the Bono Rural and the Bono Familiar Universal who are not beneficiaries of the Juntos or Pensión 65 programmes; and for Uruguay, the beneficiaries of the Emergency Food Basket programme.

Source: ILOSTAT; Blofield, Giambruno and Filgueira (2020).

▶ 2.3 Arab States

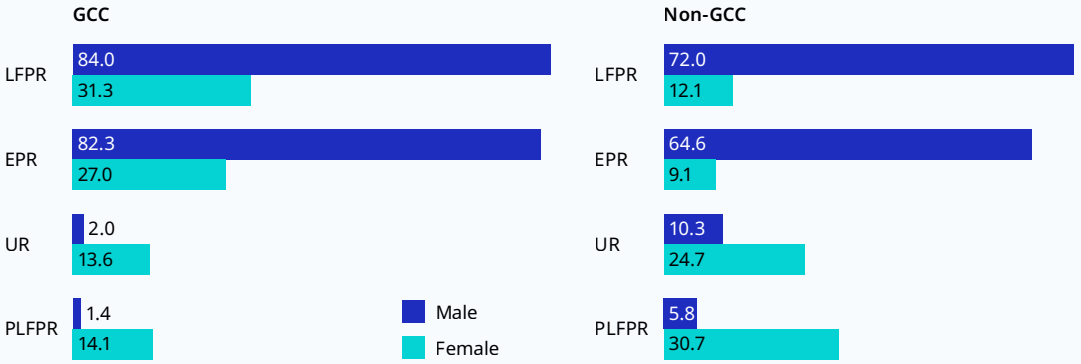
Before the onset of the pandemic, the Arab States region was already facing multiple crises. In countries not belonging to the Gulf Cooperation Council (GCC), protracted conflict, war, economic and financial instability and large inflows of refugees and displaced persons had taken a significant toll on economies and labour markets. Deteriorating living conditions led to renewed social unrest. The COVID-19 crisis exacerbated existing hardship in the Occupied Palestinian Territory, where mobility restrictions already had a major impact on livelihoods before COVID-19-related lockdowns (ILO 2019b); in Iraq and the Syrian Arab Republic, both beset by years of conflict; and in Yemen, which is mired in a devastating humanitarian crisis. In Lebanon, the pandemic came a few months after mass protests demanding major political reforms and against a backdrop of deep recession, a banking crisis, rapid currency depreciation, and hyperinflation. Lebanon has the highest number of refugees per capita in the world – equivalent to a quarter of its population – and this is putting a massive strain on its already fragile social services and institutions. The pandemic compounded the country's financial and economic crises, further threatening the viability of businesses and the livelihoods of workers. In addition, the explosion in the port of Beirut in August 2020 caused immense damage in terms of lost lives and livelihoods and led to further emigration and "brain drain" (World Bank 2021). In Jordan, another country with a large population of Syrian refugees, the crisis has also exacerbated pre-existing challenges, since employment growth was insufficient to absorb the increased numbers of jobseekers, affecting disproportionately young and female workers.

Not unrelated to these political, economic and security challenges, non-GCC Arab countries exhibited decent work deficits as reflected in low labour force participation rates and employment-to-population ratios and high unemployment and labour underutilization rates. Many workers were employed in low-productivity, low-wage jobs and sectors, characterized by a high prevalence of informality and low social protection coverage, where they are particularly vulnerable to economic shocks and crises. Nearly one third of workers in non-GCC Arab States were estimated to live with their families under the poverty line in 2019.

The situation in the GCC countries differs from that of the other Arab States: in addition to having relatively more robust labour markets, GCC countries have greater political stability and fiscal space, which make it easier for them to implement effective policies in response to the crisis. Nevertheless, their labour market challenges prior to the pandemic stemmed from a weakening of global demand for oil and a commensurate drop in prices as well as the continued long-term challenge of a lack of economic diversification. In particular, GCC countries have dual labour markets, with an over-reliance on public sector jobs and elevated unemployment rates for nationals (for whom the public sector is seen as an employer of first and last resort), while private sector employment consists largely of migrant workers. Migrant workers make up a large share of the population in these countries and are often employed in services and construction (ILO 2020f). Notably, in Kuwait, Qatar and the United Arab Emirates, the migrant worker share of private sector employment is well over 90 per cent (Carvalho, Youssef and Dunais 2018).

Sustainable development in the region requires structural transformation and the creation of high-value-added jobs in the private sector that are attractive to nationals. Over the past years, GCC countries have pursued plans to "nationalize" private sector employment (a trend referred to as "Saudization", "Emiratization", "Omanization" and so on) and to reduce the reliance of nationals on public sector employment, albeit with limited success. These objectives will become even more urgent under the increased pressure on public finances caused by the COVID-19 crisis. A prolonged global recession and depressed oil prices would necessitate public spending cuts in the medium to long run, including reduced spending on employment in the public sector. In parallel, serious efforts are required to tackle the dual structure of labour markets in GCC countries, both from the demand and supply side perspective.

Figure 2.11 Gender gaps in Arab States labour markets, by members and non-members of the Gulf Cooperation Council (GCC) and by sex, 2019 (percentages)



Note: "GCC" aggregates are for the member countries of the Cooperation Council for the Arab States of the Gulf (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. "Non-GCC" refers to the country group comprising Iraq, Jordan, Lebanon, the Occupied Palestinian Territory, the Syrian Arab Republic and Yemen. "LFPR" stands for the labour force participation rate, "EPR" for the employment-to-population ration, "UR" for the unemployment rate, and "PLFPR" for the potential labour force participation rate.

Source: ILOSTAT, ILO modelled estimates, April 2021.

In terms of decent work deficits, the Arab States region as a whole also has a persistent youth unemployment problem and exhibits some of the largest gender gaps in labour force participation and employment in the world (figure 2.11). Various factors have contributed to these deficits over the years, including insufficient demand for labour and a lack of availability of productive jobs, skills mismatches, societal trends and norms, and the absence of family-friendly policies. In addition to women, young people and informal workers, other groups in the Arab States region who were heavily affected by the crisis are low-income migrant workers, including domestic workers, and refugees and displaced persons as further described below.

The COVID-19 crisis had a devastating impact on the region, compounding ongoing crises. Countries across the region took a variety of measures to contain the virus, including airport and border closures, curfews and lockdowns. In GCC countries, the employment-to-population ratio (EPR) dropped by 2.7 percentage points and the labour force participation rate by 1 percentage point, while the unemployment rate climbed up 2.6 percentage points (table 2.3). The sectors most affected by the crisis in these countries were those with high shares of migrant workers, namely construction; other service activities, including domestic work and other personal services; accommodation and food services; and wholesale and retail trade. In non-GCC countries, a relatively smaller decline in the EPR (1.5 percentage points) translated largely into a decline in labour force participation and an increase in the potential labour force. In these countries – where labour underutilization, informality and working poverty were already relatively high and social protection coverage very low – the crisis manifested itself mainly in income losses and deteriorating livelihoods.

The labour market impacts of the COVID-19 crisis were more pronounced for young people and women, who were already at a significant disadvantage in the Arab States region. The year-on-year decline in employment in 2020 was –4.1 per cent for women, compared with –1.9 per cent for men, and –8.2 per cent for young people, compared with –1.3 per cent for adults (Appendix C, table C11). The corresponding declines in the EPR, however, were larger among men and adults because of the disproportionate size of these demographic groups (and, conversely, the under-representation of women and young

▶ Table 2.3 Estimates and projections for working hours, employment, unemployment, labour force, informality and working poverty, regional and by country group, Arab States, 2019–22

Region/subregion	Ratio of total weekly hours worked to population aged 15–64				Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Arab States	**25.9**	**23.3**	**24.4**	**25.4**	**50**	**46**	**49**	**52**
GCC	34.8	31.1	32.9	33.9	28	25	27	28
Non-GCC	17.0	15.5	15.9	16.8	22	21	22	24
	Employment-to-population ratio (percentages)				Employment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Arab States	**47.1**	**45.1**	**45.8**	**53.6**	**52**	**55**	**57**	**46**
GCC	62.8	60.1	61.2	61.5	28	28	28	29
Non-GCC	36.9	35.3	35.9	36.7	25	25	26	27
	Unemployment rate (percentages)				Unemployment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Arab States	**8.1**	**9.9**	**9.5**	**8.9**	**4.7**	**5.8**	**5.7**	**5.5**
GCC	4.0	6.6	5.6	4.9	1.2	1.9	1.7	1.5
Non-GCC	12.4	13.3	13.4	12.8	3.6	3.8	4.0	4.0
	Potential labour force rate (percentages)				Potential labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Arab States	**7.2**	**8.8**	**7.8**	**7.4**	**4.5**	**5.6**	**5.1**	**4.9**
GCC	3.8	4.6	4.2	3.9	1.2	1.4	1.3	1.2
Non-GCC	10.4	12.8	11.1	10.5	3.4	4.2	3.8	3.7
	Labour force participation rate (percentages)				Labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Arab States	**51.3**	**50.1**	**50.6**	**50.8**	**58**	**58**	**60**	**62**
GCC	65.4	64.4	64.8	64.7	29	29	30	31
Non-GCC	42.1	40.8	41.5	42.1	29	29	30	31
	Informality rate in 2019 (percentages)				Informality in 2019 (millions)			
	Total	Male	Female		Total	Male	Female	
Arab States	60.2	61.1	55.6		32	28	4	
	Extreme working poverty (<US$1.90 (PPP) per day)				Moderate working poverty (US$1.90–3.20 (PPP) per day)			
	(percentages)		(millions)		(percentages)		(millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
Non-GCC	17.6	18.7	4.5	4.7	14.9	17.0	3.8	4.2

Note: The potential labour force refers to non-employed persons who are looking for a job but would become available to work only within a short subsequent period, or who are not currently looking but want to be employed and are available to do so. Moderate and extreme working poverty rates refer, respectively, to the shares of workers living in households with a daily per capita income or consumption of between US$1.90 and US$3.20 in purchasing power parity (PPP) terms and less than US$1.90 (PPP). "GCC" aggregates are for the member countries of Cooperation Council for the Arab States of the Gulf: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. "Non-GCC" refers to the country group comprising Iraq, Jordan, Lebanon, the Occupied Palestinian Territory, the Syrian Arab Republic and Yemen. Totals can differ from the sum of sub-components due to rounding.

Source: ILOSTAT, ILO modelled estimates, April 2021.

people) in the region's labour force. Women and young people had greater-than-average increases in labour underutilization indicators that take into account the size of the labour force (as opposed to the population), namely the unemployment rate and the potential labour force rate. This is unsurprising in a region with underdeveloped care economies (including publicly provided child and elderly care) and limited job opportunities for youth and women.

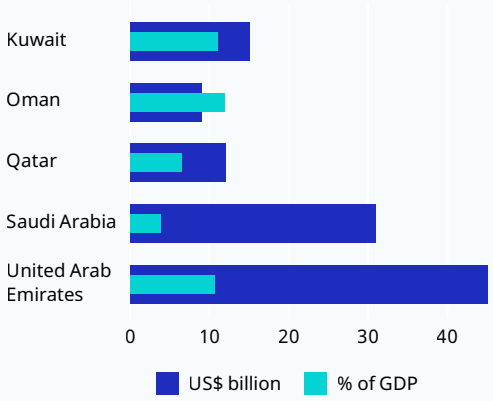
Working-hour and job losses have resulted in increased poverty and vulnerability in a region where social protection systems are weak. In the course of 2020, the extreme working poverty rate in the non-GCC countries is estimated to have increased by 1.1 percentage points, and the moderate poverty rate by 2.1 percentage points, resulting in approximately 670,000 additional workers living with their households below the poverty line. The increase in working poverty compounds the poverty impact of job losses across the region. The Arab States region has the highest social protection floor financing gap as a share of the tax burden, estimated at approximately 45 per cent in 2019 (Durán-Valverde et al. 2020, 46). In that regard, there is an urgent need for the governments of non-GCC countries in particular to implement, in cooperation with the social partners, strategies to finance the emergency measures required to prevent large segments of the population from falling below poverty lines. These countries also need to rapidly implement national social protection floors containing basic social security guarantees, while paving the way for the development of solid, comprehensive and sustainable social protection systems in the longer run.

The Arab States region is host to a large number of migrant workers, including domestic workers, who were heavily affected by the COVID-19 crisis (see Chapter 3). Migrant workers in GCC countries are employed in economic sectors that were highly impacted, as mentioned above, but also where exposure to the virus is high. Many women, in particular, are employed as domestic workers and in other services requiring personal interaction, and large numbers of men work in the construction sector and reside in densely populated migrant labour camps where sanitary conditions are poor (Pattison and Sedhai 2020). In many cases, migrant workers who lost their jobs and wished to leave the destination country could not do so owing to airport closures and flight cancellations, not to mention their lack of resources. In Lebanon, for instance, as the pandemic aggravated the economic crisis that was already under way, household incomes plunged further and some migrant domestic workers suffered abrupt termination of contracts, non-payment and partial or delayed payment of salaries. Several were left stranded in the country with limited access to medicines and food (ILO 2020i; ILO 2020j).

The decline in employment, working hours and incomes of migrant workers in GCC countries will have a repercussion on their countries of origin. The large migrant populations in GCC countries include workers from South Asia and North Africa, and also young people from other Arabic-speaking countries in the region where employment opportunities are limited. Migrant remittance inflows into non-GCC countries (from all sources, including a large share from GCC countries) were estimated at 9 per cent of GDP for Jordan in 2020, 17 per cent for the Occupied Palestinian Territory, and at as much as 33 per cent for Lebanon (figures 2.12 and 2.13). Migrant worker remittances, which often play a countercyclical role in times of crisis and act as a lifeline for vulnerable populations in the region, have been significantly affected by the pandemic (figure 2.14). Remittance inflows into the Arab States are estimated to have declined by 11.7 per cent in 2020 (ILO calculations based on World Bank, Global Knowledge Partnership on Migration and Development). The decline in remittances will contribute to an increase in poverty in the region as a whole.

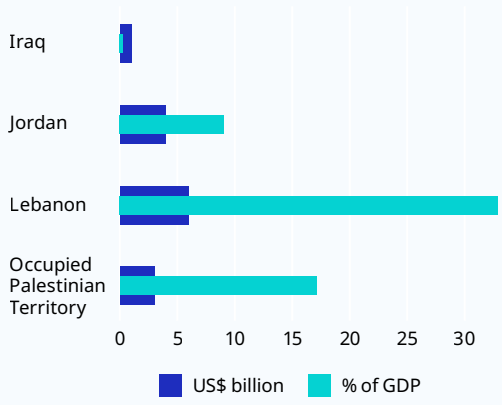
Among the groups most vulnerable to COVID-19 in the Arab States region are the large numbers of refugees and displaced persons, who already before the pandemic often experienced worse labour market outcomes and conditions than their national counterparts and faced discrimination and unequal treatment (ILO 2020j). This includes the Syrian refugees in Lebanon (1.5 million) and Jordan (650,000), who are more likely to be unemployed than the nationals of those countries. Those refugees who do have jobs are usually in low-wage informal work and are often employed on a daily, temporary or seasonal basis without work permits, formal contractual

▶ Figure 2.12 Migrant remittance outflows from Gulf Cooperation Council countries, 2019



Source: World Bank, Global Knowledge Partnership on Migration and Development.

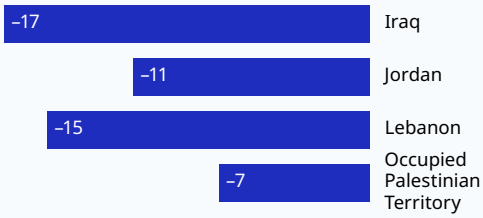
▶ Figure 2.13 Migrant remittance inflows into non-member countries of the Gulf Cooperation Council, 2020



Note: The migrant remittance inflows for 2020 were estimated. The figure refers to countries belonging to the Arab States that are non-member countries of the GCC.

Source: World Bank, Global Knowledge Partnership on Migration and Development.

▶ Figure 2.14 Year-on-year change in migrant remittance inflows into non-member countries of the Gulf Cooperation Council, 2019–20 (percentages)



Note: The migrant remittance inflows for 2020 were estimated. The figure refers to countries belonging to the Arab States that are non-member countries of the GCC.

Source: World Bank, Global Knowledge Partnership on Migration and Development.

arrangements or access to social security (Kebede, Stave and Kattaa 2020a; 2020b). A survey of a sample of Syrians and Jordanians selected from databases of ILO projects and programmes in Jordan that was conducted at the early stages of the COVID-19 crisis (in April 2020) found that 35 per cent of Syrians employed before the crisis had permanently lost their jobs, compared with 17 per cent of Jordanians. Syrians also incurred more pronounced income losses, their average income falling below Jordan's statutory minimum wage (Kebede, Stave and Kattaa 2020a).

Despite being disproportionately impacted by the crisis, refugees and migrant workers along with other informal economy workers are generally not covered by the government support measures meant to alleviate the impact of the crisis. During the recovery, efforts must be aimed at instituting policies to tackle the various labour market challenges in the region and strengthen social protection systems, through the use of tripartite consultation and dialogue. Any such interventions should be guided by international labour standards, notably the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Social Protection Floors Recommendation, 2012 (No. 202), the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), the Employment and Decent Work

for Peace and Resilience Recommendation, 2017 (No. 205), the Migration for Employment Convention (Revised), 1949 (No. 97), the Migrant Workers Recommendation, 1975 (No. 151), and other relevant instruments and provisions (such as the Guiding Principles on the Access of Refugees and Other Forcibly Displaced Persons to the Labour Market).

The large disparity in income levels between GCC and non-GCC countries raises concerns regarding an unequal recovery, in which the poorer countries, which lack the fiscal space required to finance large-scale stimulus packages, are left behind and suffer the scarring effects of the crisis for years to come. Such disparities will also affect the extent of vaccination, the ability of governments to continue to control the pandemic and to implement the measures required for a quick and inclusive labour market and economic recovery. An effective and sustainable recovery in the region depends not only on the resurgence of individual economies but also on renewal of the trade and aid flows between Arab States. The crisis has highlighted how interdependent the economies of the region are, be it in terms of remittance, trade or investment flows. These lessons must inform the strengthening of regional cooperation and solidarity in a bid to create a resilient regional economy that can weather future crises of a similar scale.

▶ 2.4 Asia and the Pacific

In the decade before the COVID-19 pandemic, the Asia and the Pacific region experienced some of the highest economic growth rates in the world. Structural transformation – driven by a confluence of factors, including technological change, trade and greater integration into global and regional value chains – has been accompanied by rising inequalities across groups of workers based on geographical location and skill level, but also more generally across demographic groups, with employment outcomes being on average worse for women and young people (ILO 2020f). In many countries of the region, the labour share of income had declined between 2011 and 2017, reflecting production shifts towards more capital-intensive industries (ILO 2020k). Urban centres saw increases in private sector employment, including medium- and high-skilled jobs in industry and services, boosted by foreign investment. They also experienced increases in informal employment in low-productivity service industries that absorbed the growing labour force displaced from agricultural employment. The growing urban–rural gap in labour market outcomes has been exacerbated by technological change in the region (ILO 2020f).

At the onset of the crisis, countries in the region had among the highest labour force participation and employment rates in the world, and relatively low rates of labour underutilization. **However, these indicators mask considerable levels of hardship.** This includes a high incidence of working poverty, informality, low wages and poor working conditions. Despite substantial progress in poverty reduction over the past two decades, around 300 million workers in the region were still living with their families in poverty, including some 58 million in extreme poverty in 2019 (table 2.4). Approximately two thirds of workers were still engaged in informal employment – with a far greater share in some countries – and social protection systems were absent or underdeveloped. Large shares of the population therefore remained highly vulnerable to crises like the COVID-19 pandemic.

The COVID-19 crisis hit Asia and the Pacific hard, although the impact differed greatly across subregions owing to the actual spread of the virus, the stringency and scope of the measures adopted to curb transmission, and the different composition of output, exports and employment across countries. In general, the slump in global demand, lockdown measures, travel bans and mobility restrictions greatly affected the region, which is highly integrated into global and regional supply chains, and in which tourism makes an important contribution to local economies. Although no country in the region was spared by the crisis, the hardest-hit countries included those doubly impacted by the collapse

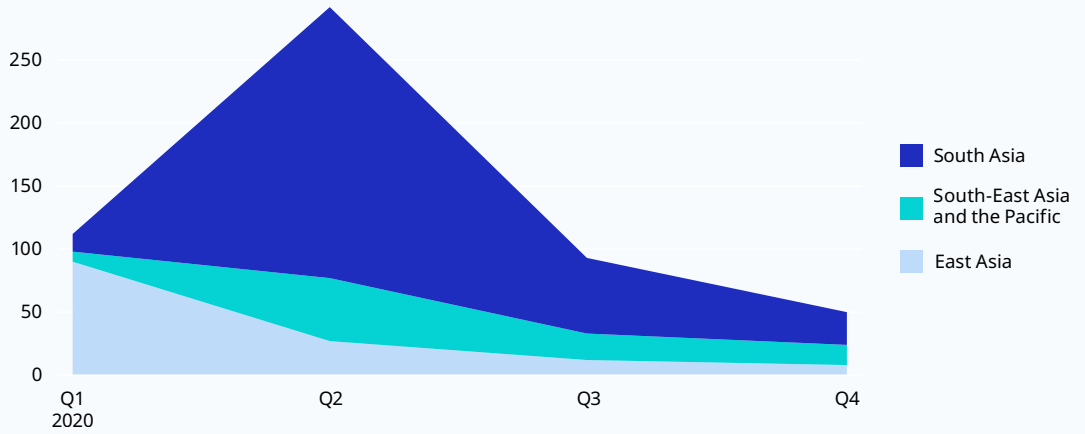
▶ Table 2.4 Estimates and projections for working hours, employment, unemployment, labour force, informality and working poverty, regional and by subregion, Asia and the Pacific, 2019–22

Region/subregion	Ratio of total weekly hours worked to population aged 15–64				Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Asia and the Pacific	**28.7**	**26.3**	**27.8**	**28.1**	**1739**	**1607**	**1709**	**1745**
East Asia	34.1	32.5	33.5	33.6	830	791	812	814
South-East Asia and the Pacific	29.4	27.0	28.0	28.9	291	270	282	294
South Asia	23.4	20.4	22.6	23.1	617	547	614	636
	Employment-to-population ratio (percentages)				Employment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Asia and the Pacific	**57.9**	**55.4**	**56.5**	**56.7**	**1907**	**1845**	**1902**	**1931**
East Asia	64.7	63.2	63.5	63.3	895	879	887	888
South-East Asia and the Pacific	65.7	63.5	63.9	64.6	345	338	345	353
South Asia	48.2	44.6	46.8	47.5	666	628	670	690
	Unemployment rate (percentages)				Unemployment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Asia and the Pacific	**4.4**	**5.2**	**5.0**	**4.7**	**87**	**101**	**99**	**95**
East Asia	4.4	4.8	4.6	4.5	41	44	43	41
South-East Asia and the Pacific	2.6	3.2	3.6	3.2	9	11	13	12
South Asia	5.3	6.8	6.1	5.7	37	46	44	41
	Potential labour force rate (percentages)				Potential labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Asia and the Pacific	**2.4**	**3.6**	**2.7**	**2.4**	**49**	**73**	**54**	**50**
East Asia	2.5	3.7	2.7	2.6	24	36	26	25
South-East Asia and the Pacific	2.8	3.7	3.2	2.9	10	13	12	11
South Asia	1.9	3.5	2.3	2.0	14	24	17	15
	Labour force participation rate (percentages)				Labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Asia and the Pacific	**60.5**	**58.4**	**59.4**	**59.5**	**1994**	**1946**	**2001**	**2025**
East Asia	67.6	66.4	66.6	66.3	936	923	930	929
South-East Asia and the Pacific	67.4	65.6	66.2	66.7	354	350	357	365
South Asia	50.8	47.9	49.9	50.3	703	674	713	731
	Informality rate in 2019 (percentages, by sex)				Informality in 2019 (millions, by sex)			
	Total	Male	Female		Total	Male	Female	
Asia and the Pacific	**67.0**	**70.0**	**61.7**		**1278**	**853**	**424**	
East Asia	50.9	52.3	48.8		456	262	192	
South-East Asia and the Pacific	69.1	69.4	68.5		238	138	100	
South Asia	87.6	87.2	89.3		584	452	132	
	Extreme working poverty (<US$1.90 (PPP) per day)				Moderate working poverty (US$1.90–3.20 (PPP) per day)			
	(percentages)		(millions)		(percentages)		(millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
Asia and the Pacific	**3.0**	**4.4**	**58**	**82**	**12.7**	**16.6**	**242**	**307**
East Asia	0.5	0.8	5	7	2.9	3.9	26	34
South-East Asia and the Pacific	2.6	3.9	9	13	11.0	14.0	38	47
South Asia	6.7	9.8	45	62	26.7	35.9	178	225

Note: The potential labour force refers to non-employed persons who are looking for a job but would become available to work only within a short subsequent period, or who are not currently looking but want to be employed and are available to do so. Moderate and extreme working poverty rates refer, respectively, to the shares of workers living in households with a daily per capita income or consumption of between US$1.90 and US$3.20 in purchasing power parity (PPP) terms and less than US$1.90 (PPP). Totals can differ from the sum of sub-components due to rounding.

Source: ILOSTAT, ILO modelled estimates, April 2021.

Figure 2.15 Working-hour losses in Asia and the Pacific in 2020 relative to the pre-crisis baseline (full-time equivalent jobs)



Note: The vertical axis represents working-hour losses converted to full-time equivalent job losses using a conversion factor of 48 hours worked per week. The fourth quarter of 2019 is used as the pre-crisis baseline.

Source: ILOSTAT, ILO modelled estimates, April 2021.

of tourism and the disruption of manufacturing supply chains, such as Malaysia, the Philippines and Thailand (ILO 2020k). Labour markets in the Pacific Islands, which are highly dependent on tourism and its spillovers to other economic sectors, were heavily impacted as well (ILO 2020k).

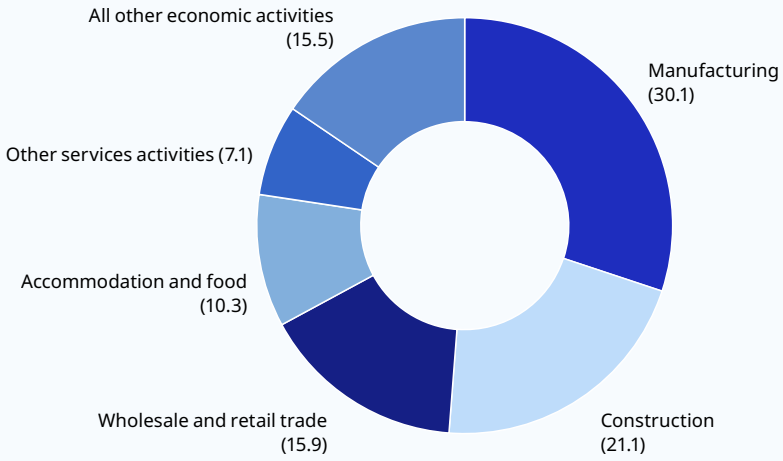
The initial labour market impacts on Asia and the Pacific in the first quarter of 2020 were reflected in significantly reduced working hours, equivalent to 115 million full-time jobs. These losses were primarily incurred in East Asia (figure 2.15). In the second quarter, working-hour losses in East Asia had declined, but those of the other two subregions increased significantly, resulting in a total loss equivalent to 295 million full-time jobs across the region, the largest share of which occurred in South Asia. By the second quarter, working-hour losses were accompanied by employment decreases in most countries of the region (ILO 2020k). The outlook started to improve in the third and fourth quarters of 2020, with progressively smaller working-hour losses over time. In terms of net job losses (actual, not full-time equivalent jobs), the ILO estimates point to a jobs gap of 73 million at the regional level in 2020 relative to the no-pandemic scenario, which may be broken down into 47 million in South Asia, 15 million in East Asia, and 11 million in South-East Asia and the Pacific Islands.[11]

The labour market recovery is being facilitated by the region's relative success in containing the pandemic, but it is nevertheless expected to be held back by global factors, including a slump in tourism. Indeed, a significant part of the recovery projected to occur between 2020 and 2021 had already been achieved by the end of 2020, with working-hour losses amounting to just over one third of the average working-hour losses experienced during the entire year. The further progress of the recovery will depend on continued success in containing the pandemic – among other things, through vaccination campaigns – and on concerted policy action (see Conclusions).

At the regional level, the manufacturing sector accounted for over 30 per cent of estimated net job losses in 2020 relative to the no-pandemic scenario. The construction sector accounted for a further 21 per cent, the wholesale and retail trade

11 These revised estimates of the regional and subregional jobs gaps are lower than the estimates presented in ILO (2020k, 20–21), mainly because of a downward revision of working-hour loss estimates.

▶ Figure 2.16 Share of net job losses in 2020 relative to the no-pandemic scenario, by sector, Asia and the Pacific (percentages)



Note: The classification of activities underlying this figure is detailed in Appendix B. The no-pandemic scenario is defined by the expected evolution in the absence of the pandemic.

Source: ILO estimates.

sector for 16 per cent, accommodation and food services (mainly tourism and hospitality-related industries) for 10 per cent, and "other services" (including personal services) for 7 per cent (figure 2.16). Two sectors that normally play a countercyclical role in absorbing displaced workers (construction and wholesale and retail trade) also accounted for major shares of employment loss in this crisis. Nevertheless, there is some evidence that the agricultural sector in the region maintained its traditional countercyclical role, as reflected in the limited but positive employment growth there in relation to the no-pandemic scenario for 2020.

Women in the region were on average affected by working-hour and employment losses to a greater extent than men, largely owing to their over-representation in most of the heavily impacted sectors. Women were also far more likely than men to exit the labour force, while men accounted for a larger share of the increase in unemployment. **Young people in the region were also more heavily impacted by job losses**, with a 10.3 per cent decline in employment in 2020, compared with 2.4 per cent for adults. A severe discouragement effect may be observed among young people who lost their jobs, but also among those already unemployed, as many stopped their job search activities and dropped out of the labour force during the pandemic because of the lack of opportunities. This is reflected in an increase in the youth unemployment rate despite a net decline in the number of unemployed. The impact of the crisis on young people in the region is thoroughly described in the *Asia–Pacific Employment and Social Outlook* report for that year (ILO 2020k).

Migrant workers from the Asia and the Pacific region were another group that was highly affected by the crisis. These workers include many employed in GCC countries (see section 2.3) and Europe, and also in other countries of the region (particularly Australia, Brunei Darussalam, Japan, Malaysia, New Zealand, the Republic of Korea, Singapore and Thailand). The crisis resulted in significant return migration and a sharp decline in remittances to some countries in the region. For instance, India used special flights and shipping vessels to repatriate over 600,000 stranded migrant workers (Ratha et al. 2020, 33). As of October 2020, over 230,000 overseas Filipino workers had returned to the Philippines, representing nearly half of migrant workers from that country who had lost their jobs. Approximately 120,000 migrant workers are estimated to have returned to Cambodia from Thailand (Ratha et al.

Box 2.2 The COVID-19 crisis and the future of global supply chains

In 2020, the COVID-19 crisis severely disrupted trade and investment across the world, with localized impacts having "ripple effects" across global supply chains (GSCs),[a] spreading within and across industries and borders (ILO 2020l; ILO 2020m). The pandemic had a strong impact on the supply side in its early stages, with factory closures in China resulting in shortages of intermediate inputs in downstream industries and causing firms in these industries to limit or cease operations. This effect was then compounded by its impact on the demand side as the crisis evolved, affecting enterprises and workers at all levels of the supply chains. The disproportionate impact of the crisis on manufacturing in the Asia and the Pacific region has once again highlighted the vulnerability of micro and small enterprises in GSCs, which have limited access to resources and finance, and of their workers, who have limited health and other social protection coverage (see Chapter 3). In the aftermath of the crisis, greater efforts will be necessary to tackle decent work deficits in GSCs, ideally through multi-stakeholder approaches and social dialogue involving all firms within the supply chain, governments and the social partners.

For many countries, the pandemic has also highlighted the importance of economic diversification to mitigate the effects of external shocks. In particular, owing to the magnitude of its impact on GSCs, the crisis could precipitate certain trends or structural changes, such as reshoring or "near-shoring" (which involves shifting elements of the production process closer to end users, with particular emphasis on regional supply chains), supplier diversification, increased inventories of critical parts and product components, and automation so as to limit human contact (ILO 2020n). All of these changes could have significant and enduring impacts on regional employment in supplying countries. It is therefore essential for countries in Asia and the Pacific to consider the COVID-19 crisis as a wake-up call regarding the need to diversify their economies away from an over-reliance on export-led growth towards more sustainable and inclusive structural transformation (ILO 2020n).

[a] Global supply chains can take the form of foreign direct investment by multinational firms (for example, through wholly owned subsidiaries or joint ventures, where workers are employed directly), or production networks through which lead firms outsource elements of their production processes to first-tier suppliers, which then resort to subcontractors for various inputs (ILO 2016).

2020, 6). Remittances to East Asia and the Pacific are estimated to have declined in 2020 by 7.9 per cent to US$136 billion (Ratha et al. 2021, 3).

The crisis further exposed huge inequalities in the region, disproportionately affecting lower-skilled workers and informal workers living in poverty or on the margins of poverty. Lower-skilled workers accounted for 49 per cent of job losses among women and for 47 per cent of job losses among men in 2020 relative to the no-pandemic scenario. Micro and small enterprises, often operating in the informal sector, were also disproportionately affected, particularly in the second quarter of 2020, and are likely to take longer to recover (ILO 2020k). Evidence from countries for which labour force survey data are available suggests that informal workers accounted for a large share of the job losses across many sectors, owing to the limited employment protection that is available to them. For instance, in Viet Nam, informal workers accounted for 61 per cent of job losses in the second quarter of 2020, while formal workers experienced relatively larger reductions in working hours (ILO 2020k, 43). By the third quarter, however, as formal enterprises struggled to maintain their workforces, both working-hour and job losses were larger for formal than for informal workers. This suggests some labour reallocation towards informal work as many who had exited the labour force began re-entering it.

Lost working hours and jobs resulted in major declines in incomes and a deterioration of livelihoods in Asia and the Pacific. The labour income in 2020 is estimated to have declined

by 6.6 per cent at the regional level. In terms of subregions, and before accounting for the offsetting impact of income support measures, the decline was estimated as 13.4 per cent for South Asia, 5.0 per cent for South-East Asia and the Pacific, and 4.1 per cent for East Asia. The extreme working poverty rate – that is, the share of workers living with their households on less than US$1.90 per day – is estimated to have increased by 1.4 percentage points in 2020, which translates into an additional 24 million workers (table 2.4). The moderate poverty rate is also estimated to have increased, namely by 3.9 percentage points, which is equivalent to approximately 65 million additional workers living with their families on between US$1.90 and US$3.20 per day. Many governments stepped up their assistance to enterprises and workers during the crisis, and in some cases, contributory and non-contributory social protection schemes were broadened to cover previously excluded groups. **The crucial institutional challenge facing the region now is how to translate short-term emergency support during the crisis into the creation of more adequate social protection systems in the medium to long term** (see ILO and ESCAP (2020)).

▶ 2.5 Europe and Central Asia

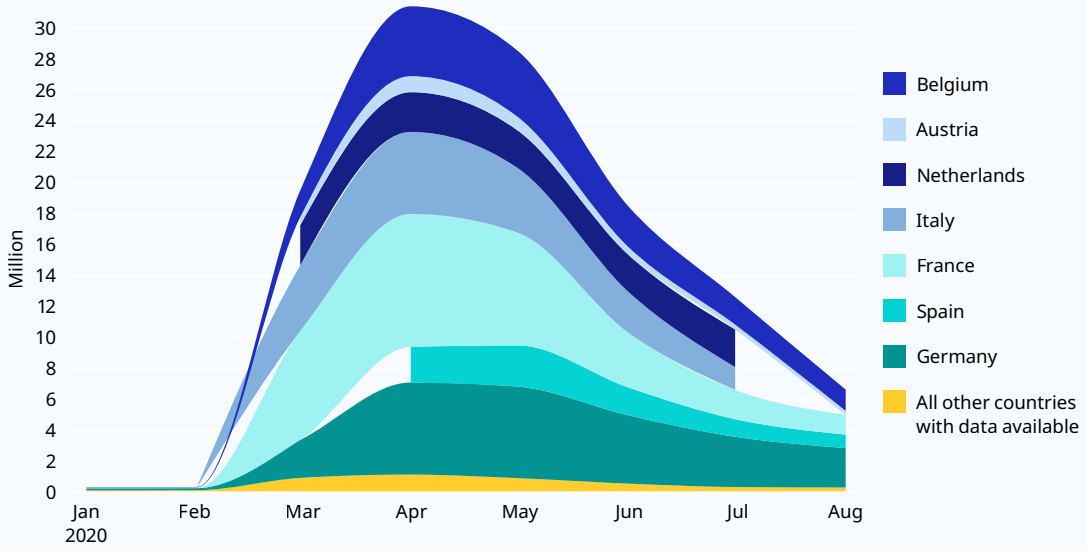
In Europe and Central Asia, the ageing population and workforce in many countries – already a concern for policymakers before the COVID-19 crisis – exacerbated the public health challenge posed by the pandemic. While the older population has faced more severe health risks, on average, young people have also been facing a difficult situation because of a narrowing of opportunities and a general shift towards non-standard forms of employment[12] particularly in some of the region's countries (ILO 2020f). The labour market challenges for young people are reflected in school-to-work transitions that are less than ideal, lower-quality jobs, and high youth unemployment, underemployment and NEET rates, notably in Central and Western Asia.

The crisis has had a severe but heterogeneous effect on countries and sectors in the region. This has been due to a variety of factors, including different health impacts and healthcare system capacities across countries, changes in global and domestic demand, disruptions to production and supply chains, higher health risks associated with specific activities, and the various government measures to contain the spread of the virus, including international travel restrictions, lockdowns and other mobility restrictions. The Northern, Southern and Western Europe subregion had the highest number of registered COVID-19 cases in the world at the early stages of the pandemic (in March–April 2020) and the number of registered cases surged again during a second wave starting in October 2020. The second wave has taken a significant economic toll on Eastern Europe and Central Asia, where in some middle-income countries fiscal space to respond to the crisis was more limited, narrowing further as the crisis continued (ILO 2020o). In most countries of the region, following the onset of the pandemic, enterprises and governments – often through social dialogue – activated measures to preserve jobs to the extent possible, for example by reducing working hours and using furloughs or temporary lay-offs. Figure 2.17 shows the extent of these measures during the first half of the year. Of course, not all countries within the region had the same fiscal space, and the extent of coverage of workers and enterprises by such measures differed greatly across countries. Notwithstanding these measures, job losses increased over time, as enterprises struggled to maintain their workforces in the face of limited revenues.

Many micro, small and medium-sized enterprises were particularly affected (see Chapter 3). These enterprises had limited financial buffers and preparedness for the crisis, together with less access to support funds (owing to eligibility criteria

12 Non-standard forms of employment include temporary employment (such as under fixed-term or project-based contracts), part-time and on-call work, and other non-permanent and non-traditional contractual relationships.

Figure 2.17 Total number of jobs supported by government measures in local economic units (jobs in short-term work or temporary lay-off schemes), selected countries in Europe and Central Asia, January–August 2020



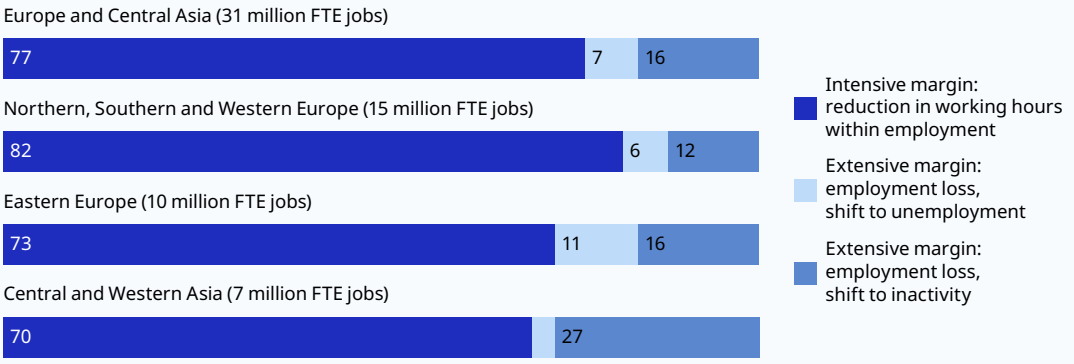
Note: Data were collected on a monthly basis starting from January 2020. The figures are provisional and subject to revisions. "All other countries with data available" refers to Bulgaria, Croatia, Cyprus, Estonia, Finland, Greece, Hungary, Ireland, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

Source: Eurostat, collected from national public authorities such as the unemployment or employment offices (as in the case of Belgium, France and Luxembourg) or tax authorities (Estonia and Ireland, for example). Data on the total number of jobs in a given economy come either from the country's national statistical office or from the European Union Labour Force Survey (in this case they refer to Q1 data for January–March 2020 and to Q2 data for the remainder of the months, i.e. they are not month-specific).

but also to resource constraints in navigating the bureaucratic processes involved). Moreover, they were over-represented in highly affected sectors (OECD 2020a). At the regional level, the hardest-hit sectors in terms of job losses in 2020 were manufacturing, accommodation and food services (including the tourism and hospitality industry), "other service" activities (including personal and community services), arts and recreation, and wholesale and retail trade. The healthcare and social work sector, which has been pivotal in the crisis response, has also been heavily affected and, what is more, faces long-standing challenges related to understaffing and underpaid personnel in many countries (OECD 2020b).

The decomposition of working-hour losses by intensive and extensive margins of labour adjustment reflects the heavy reliance on measures to preserve jobs in Northern, Southern and Western Europe (figure 2.18). Specifically, the intensive margin of adjustment (whereby firms resort to reducing working hours rather than to lay-offs, and similarly, self-employed workers register fewer working hours but remain employed) accounted for as much as 82 per cent of total working-hour losses in 2020 relative to the no-pandemic scenario, while the extensive margin, encompassing employment losses, accounted for the remaining 18 per cent of working-hour losses. Nevertheless, employment in the subregion declined by 3.8 million relative to the no-pandemic scenario, out of which around 30 per cent (or 1.2 million) joined the ranks of the unemployed, and 70 per cent exited the labour force. Overall, working hours declined by 9.6 per cent in 2020, an equivalent of 15 million full-time equivalent jobs (table 2.5).

Figure 2.18 Decomposition of working-hour losses into intensive and extensive margins of adjustment, regional and by subregion, Europe and Central Asia, 2020 (percentages)



Note: Total working-hour losses relative to the no-pandemic scenario are given in parentheses, expressed as full-time equivalent jobs assuming a working week of 48 hours. Intensive margins refer to reduced working hours within employment, extensive margins to employment losses (which were converted from estimated working-hour losses using average actual hours worked).

Source: ILOSTAT, ILO modelled estimates, April 2021.

In Eastern Europe and in Central and Western Asia, countries also made use of employment retention schemes, albeit to a more limited extent. In these subregions, the reduction in working hours in employment accounted for 73 per cent of total working-hour losses in Eastern Europe, and for 70 per cent in Central and Western Asia (figure 2.18). In Eastern Europe, out of the 2.4 million net job losses relative to the no-pandemic scenario in 2020, as many as 1.3 million workers (or 56 per cent) transitioned into unemployment, while the remaining 44 per cent exited the labour force. In this subregion, where informal employment is relatively high, net job losses understate the impact of the crisis, as the decline in employment was dampened by a considerable shift from wage and salaried employment to own-account and contributing family work. In particular, the number of contributing family workers in the subregion is estimated to be 20 per cent higher than in the no-pandemic scenario for 2020, and the number of own-account workers increased by 5 per cent, partly offsetting job losses for wage and salaried workers and employers in SMEs.

In Central and Western Asia, a significant discouragement effect can be observed, as a mere 4 per cent of the 3.2 million net job losses relative to the no-pandemic scenario in 2020 was reflected in a rise in unemployment, while the remaining 96 per cent of workers who lost their jobs exited the labour force. In some countries in the subregion, social protection systems face relatively greater challenges in terms of the coverage, sustainability and adequacy of benefits (ILO 2017). For instance, the percentage of unemployed persons receiving unemployment cash benefits in Central and Western Asia was only 12.0 per cent in the latest year for which these data are available, compared with 56.5 per cent in Eastern Europe and 46.2 per cent in Northern, Southern and Western Europe (ILO 2017).

Central and Western Asia is estimated to have the largest social protection floor financing gap as a percentage of GDP, at 5.3 per cent in 2019, and the second highest (after the Arab States) as a percentage of the tax burden, at 32.4 per cent (Durán-Valverde et al. 2020). As further described below, migrant workers from the subregion, who make up a large proportion of its workforce, were among the groups most severely affected by the crisis: they were often left stranded in either their country of origin or their destination country, and were not necessarily covered by the national social protection system in either case.

▶ Table 2.5 Estimates and projections for working hours, employment, unemployment, labour force, informality and working poverty, regional and by subregion, Europe and Central Asia, 2019–22

Region/subregion	Ratio of total weekly hours worked to population aged 15–64				Total working hours expressed as full-time equivalent jobs (FTE = 48 hours/week) (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Europe and Central Asia	**25.7**	**23.3**	**24.2**	**25.3**	**326**	**295**	**306**	**319**
Northern, Southern and Western Europe	25.8	23.3	24.3	25.5	157	142	148	154
Eastern Europe	26.7	24.6	25.3	26.3	109	100	101	104
Central and Western Asia	23.9	21.0	22.5	23.4	60	53	58	61
	Employment-to-population ratio (percentages)				Employment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Europe and Central Asia	**54.4**	**53.0**	**53.1**	**53.6**	**415**	**406**	**407**	**412**
Northern, Southern and Western Europe	54.1	53.1	53.2	53.7	208	205	206	208
Eastern Europe	56.0	54.8	54.7	55.0	137	133	133	133
Central and Western Asia	52.0	49.6	50.0	50.9	70	68	69	71
	Unemployment rate (percentages)				Unemployment (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Europe and Central Asia	**6.7**	**7.4**	**7.5**	**6.9**	**29.6**	**32.3**	**32.8**	**30.6**
Northern, Southern and Western Europe	7.0	7.6	7.7	7.1	15.6	16.8	17.0	15.9
Eastern Europe	4.8	5.7	5.4	4.9	6.8	8.1	7.6	6.9
Central and Western Asia	9.3	9.8	10.6	9.9	7.1	7.4	8.2	7.8
	Potential labour force rate (percentages)				Potential labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Europe and Central Asia	**3.5**	**4.8**	**3.9**	**3.5**	**16.0**	**22.1**	**18.0**	**16.1**
Northern, Southern and Western Europe	4.1	5.2	4.5	4.1	9.7	12.1	10.4	9.6
Eastern Europe	2.0	3.0	2.3	1.9	2.9	4.4	3.3	2.8
Central and Western Asia	4.3	7.0	5.3	4.4	3.5	5.7	4.3	3.7
	Labour force participation rate (percentages)				Labour force (millions)			
	2019	2020	2021	2022	2019	2020	2021	2022
Europe and Central Asia	**58.2**	**57.2**	**57.4**	**57.6**	**444**	**438**	**440**	**443**
Northern, Southern and Western Europe	58.2	57.4	57.6	57.8	224	221	223	224
Eastern Europe	58.8	58.2	57.9	57.9	143	142	140	140
Central and Western Asia	57.3	55.0	55.9	56.5	77	75	77	79
	Informality rate in 2019 (percentages)				Informality in 2019 (millions)			
	Total	Male	Female		Total	Male	Female	
Northern, Southern and Western Europe	17.5	16.1	19.1		36.4	18.1	18.3	
Eastern Europe	21.7	23.3	19.8		29.7	16.8	12.9	
Central and Western Asia	45.1	43.4	47.7		31.5	18.7	12.9	
	Extreme working poverty (<US$1.90 (PPP) per day)				Moderate working poverty (US$1.90–3.20 (PPP) per day)			
	(percentages)		(millions)		(percentages)		(millions)	
	2019	2020	2019	2020	2019	2020	2019	2020
Central and Western Asia	1.6	1.9	1.1	1.3	6.1	7.4	4.3	5.0

Note: The potential labour force refers to non-employed persons who are looking for a job but would become available to work only within a short subsequent period, or who are not currently looking but want to be employed and are available to do so. Moderate and extreme working poverty rates refer, respectively, to the shares of workers living in households with a daily per capita income or consumption of between US$1.90 and US$3.20 in purchasing power parity (PPP) terms and less than US$1.90 (PPP). Totals can differ from the sum of sub-components due to rounding

Source: ILOSTAT, ILO modelled estimates, April 2021.

▶ Figure 2.19 Quarterly employment, labour force, and unemployment growth for EU-27 countries, first, second and third quarters of 2020 (percentages)

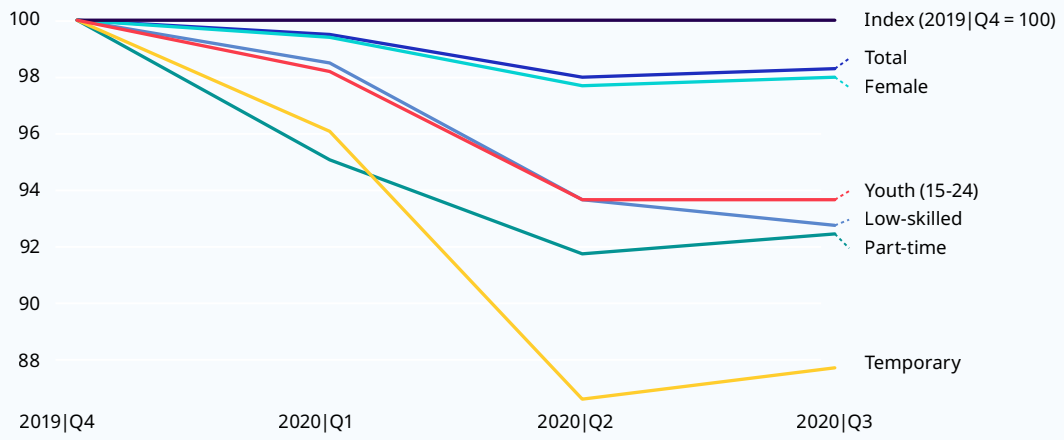
Source: Eurostat

Employment losses in the Europe and Central Asia region were most substantial during the second quarter of 2020 and were accompanied by a large decline in labour force participation and rise in unemployment. In the third quarter, positive employment growth resumed in many countries, but unemployment further surged as many who had exited the labour force rejoined, as shown for the subgroup of 27 European Union member countries (EU-27) in figure 2.19. The unemployment rate indicator often lags behind the recovery of output after a recession, as a result of those who have left the labour force returning to it and also because enterprises tend to wait for more stability before beginning to recruit workers again.

Europe and Central Asia is the only region in the world for which a further decline in employment is projected in 2021, owing to new lockdowns adopted by some countries in response to the second and third waves of the pandemic in the first half of the year. Improvements in the second half of the year should pave the way for significantly higher employment numbers and declining unemployment in 2022. Nevertheless, the recovery is likely to be incomplete, with an additional 2 million unemployed projected in 2022 relative to 2019, and a further 2 million having left the labour force.

The crisis highlighted inequalities across and within the region's countries. Disaggregated data from the EU-27 show the extent to which some groups of workers were more heavily affected than others (figure 2.20). Those with temporary contracts and also part-time workers experienced the greatest job insecurity. These two groups experienced the steepest drops in employment at the onset of the crisis in the first quarter of 2020, and in the case of temporary workers, even steeper drops in the second quarter. The other two groups of workers that suffered significant declines in employment (in percentage terms) are young and low-skilled workers (these categories

Figure 2.20 Employment level index (Q4 2019 = 100) by worker group, EU-27 countries, first, second and third quarters of 2020



Source: Eurostat.

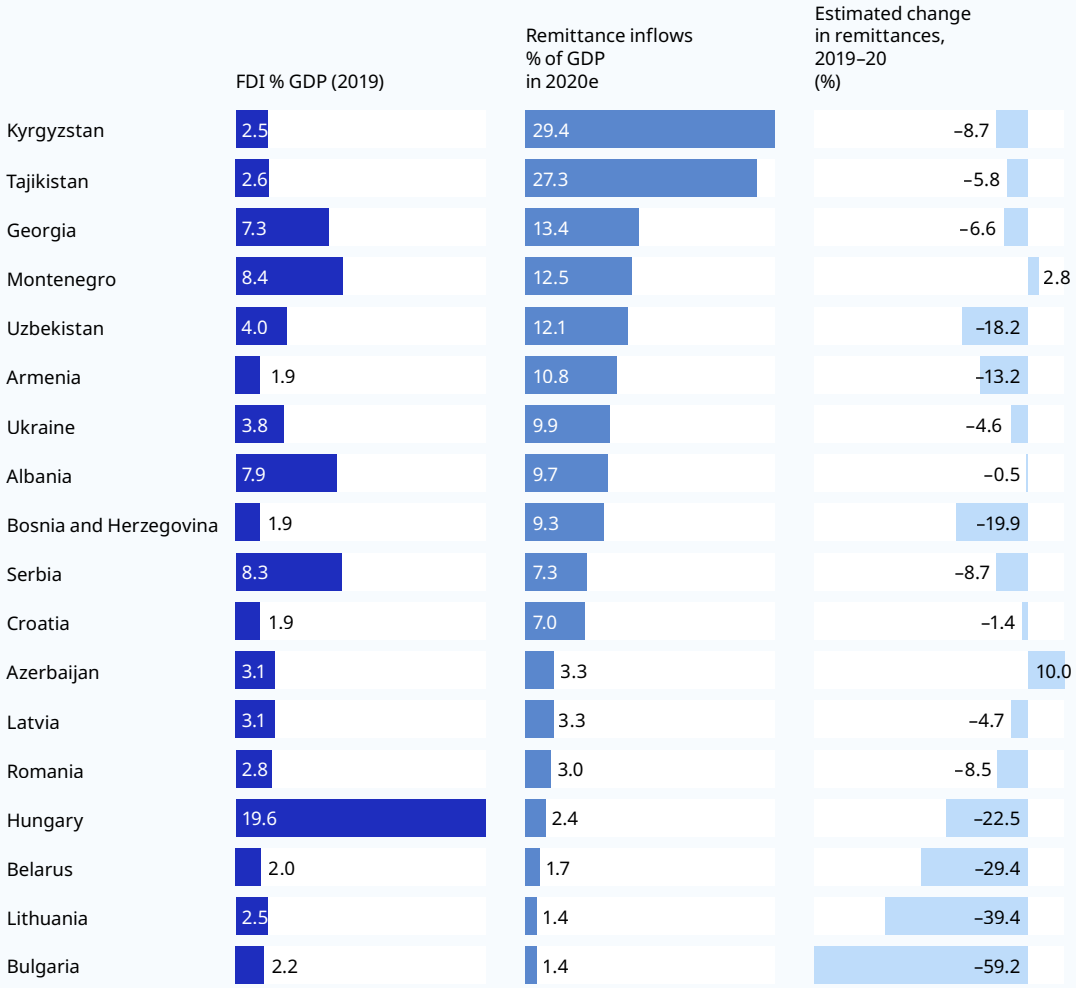
overlap, as young people are over-represented among both temporary and low-skilled workers, particularly in some of the worst-affected sectors, such as accommodation and food services, and retail trade).

Young people were additionally impacted by the crisis because of disruptions to their education and training, as were women, particularly on account of the sectoral composition of female employment. Figure 2.20 shows that while positive employment growth resumed for all other groups in the third quarter of 2020, low-skilled workers continued to incur job losses. In particular, lower-skilled manual workers in occupations requiring physical proximity were more heavily affected than white-collar workers, who often were able to work remotely. Moreover, the nature of their jobs means that the lower-skilled workers are more exposed to the virus. As in most other regions, women were also affected by the crisis differently owing to their sectoral distribution of employment and their over-representation in unpaid care work. Although employment losses, relative to the size of the working-age population of each group, were similar across the sexes at the aggregate level, women experienced a greater decline in labour force participation (see Chapters 1 and 3 for more on the gender impact of the COVID-19 crisis).

Several low- and middle-income countries in the region are the source countries of a large number of migrant workers, including circular[13] and seasonal workers, who have been particularly affected by the COVID-19 crisis. These workers include many young people driven to migration by the relatively higher wages in destination countries, and their poor career prospects, insecurity and perceptions of corruption and injustice in source countries (EBRD 2018; ILO 2020f). In many source countries, remittance inflows can be far larger than investment flows, and they may represent a significant source of income for many households and communities that are dependent on this money received from abroad. For instance, in Tajikistan and Kyrgyzstan, remittances were estimated at more than 25 per cent of GDP in 2020 (figure 2.21). In comparison, foreign direct investment inflows into these two countries represented about 2.5 per cent of their GDP in 2019. Remittances are generally considered a stable source of funding that plays a countercyclical role by remaining constant or even increasing during economic downturns in source countries (EMN 2020).

13 Circular migration can be defined as a form of temporary migration that allows some degree of mobility back and forth across borders (see Wickramasekara 2011).

Figure 2.21 Foreign direct investment and migrant remittance inflows into low- and middle-income countries in Europe and Central Asia, 2019–20 (percentage of GDP)



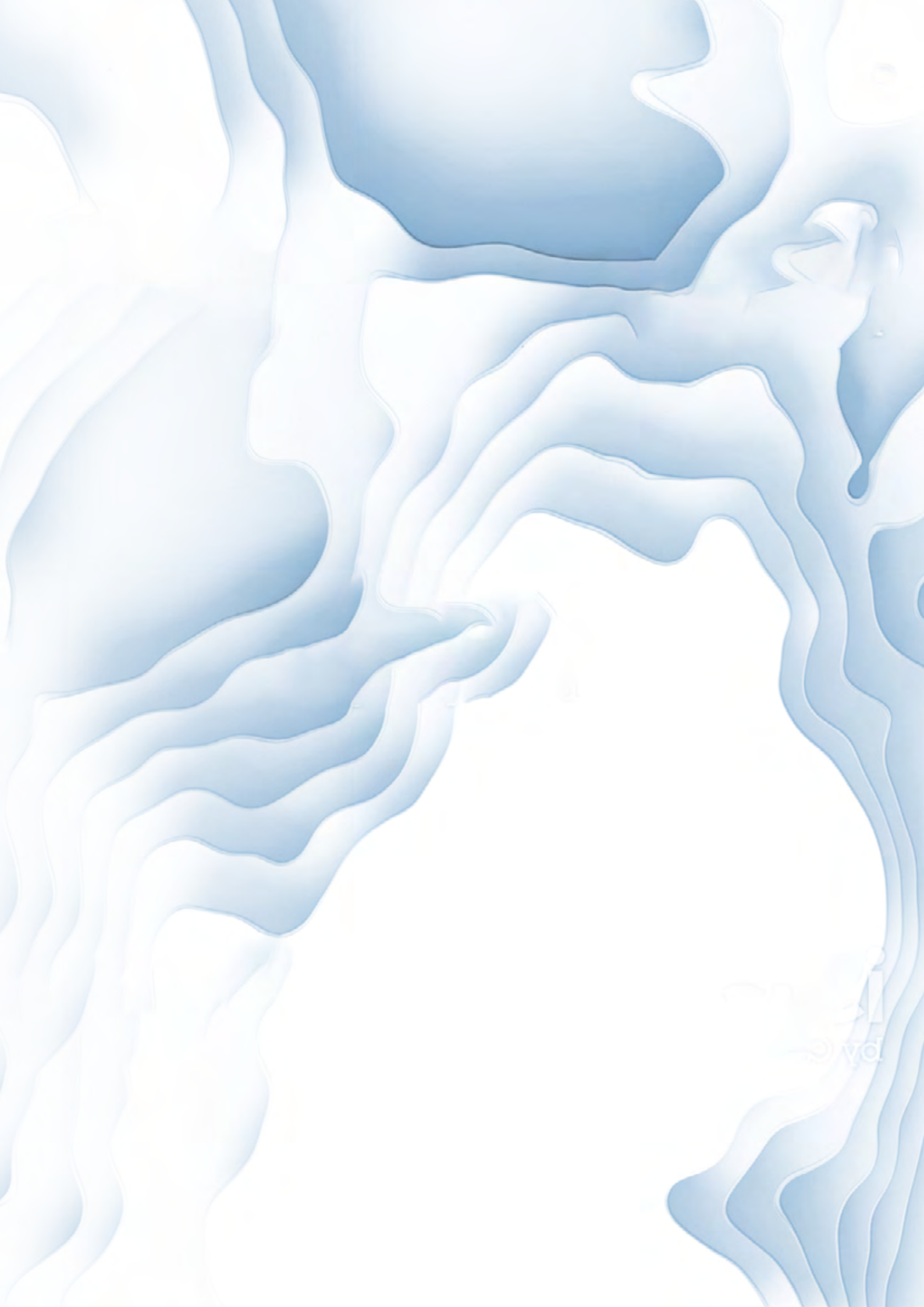
Note: "FDI" refers to foreign direct investment, net inflows, and "GDP" to gross domestic product.

Source: World Bank, Global Knowledge Partnership on Migration and Development and World Development Indicators database.

The COVID-19 crisis, however, hit countries of both migrant origin and destination. In destination countries, sectors heavily reliant on migrant workers struggled to maintain their workforce; many of these workers were faced with a drop in their income and could no longer afford to send remittances home. Migrant workers were hit particularly hard by the crisis because they were often in informal work arrangements, and were therefore not covered by adequate occupational safety and health measures and had limited access to social protection and support in their host countries. As travel restrictions were imposed, some circular migrants became stuck in host countries and others in their home countries, where already struggling labour markets and weak social protection systems compounded the challenge of reintegrating these workers. This is particularly difficult considering the scale of labour migration in some of these countries. For instance, in Uzbekistan, labour migration is estimated at 19 per cent of total employment (Papa et al. 2020, 9).

The job and income losses of migrant workers translated into shortfalls in remittances for the region's low- and middle-income countries, further aggravating the devastating impact of the crisis on their economies and increasing the share of their population at risk of poverty. At the regional level, Europe and Central Asia is expected to register a steep drop in remittance inflows, with a decline of 9.7 per cent in 2020 (Ratha et al. 2021, 3). In some of the region's countries, the decline in remittances is estimated to have been even greater (for example, 59 per cent for Bulgaria, 39 per cent for Lithuania, 29 per cent for Belarus, 23 per cent for Hungary and 20 per cent for Bosnia and Herzegovina) (figure 2.21). Europe and Central Asia is the only region with growth in remittance flows projected to remain negative in 2021, and even in 2022 (Ratha et al. 2021, 3).

The impact of the COVID-19 crisis on migrant workers has further exposed the social protection gaps faced by this category of workers in many national contexts. Some countries, such as Portugal, extended social protection coverage to all foreign nationals, granting them the same rights as permanent residents in terms of access to healthcare, housing, social security, employment and banking (Mamede, Pereira and Simões 2020). The momentum generated by extending social protection to this vulnerable group should be harnessed in efforts to close social protection gaps further in the aftermath of the pandemic (see box 2.2).



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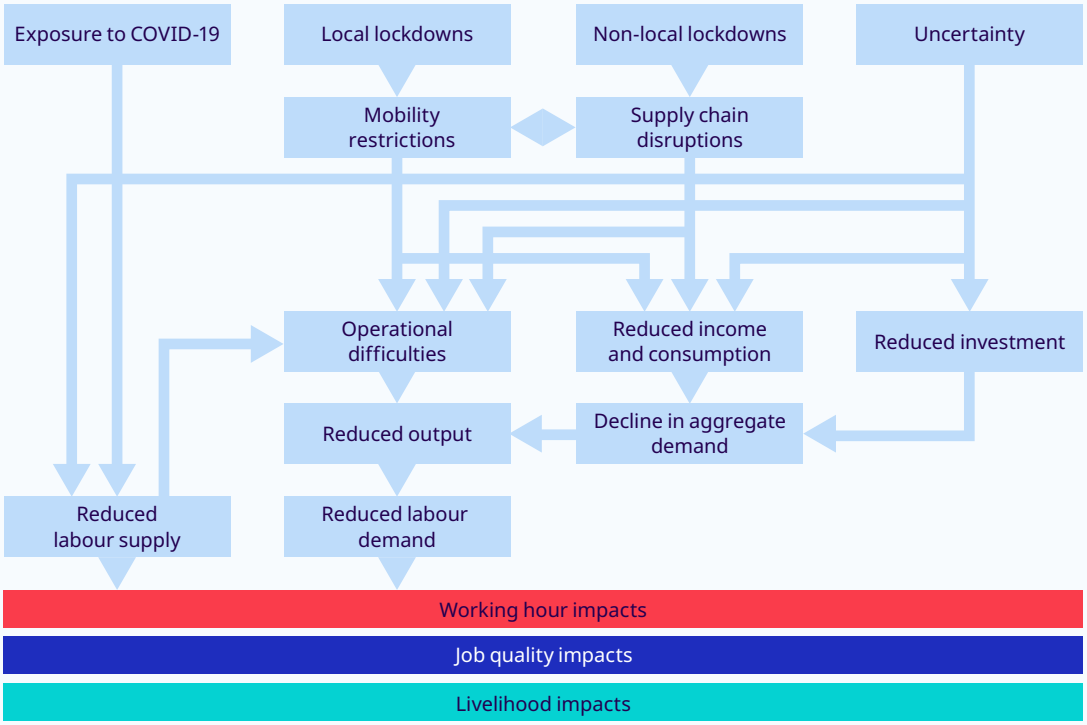
3 Heterogeneous impact on enterprises and workers

Overview

The supply and demand shocks caused by the COVID-19 crisis have reverberated across economies and labour markets, sparing few enterprises and workers. The degree of such impacts, however, has varied according to enterprise and worker characteristics, but also across countries depending on their level of income and economic structure. A key factor influencing outcomes is the economic sector in which a firm operates or an individual works (section 3.1). There are also considerable differences between specific categories of enterprises and workers (sections 3.2 and 3.3). Figure 3.1 below presents a basic framework for understanding the various ways in which different workers and enterprises have been and continue to be affected by the crisis. Awareness of these mechanisms is important when designing policy responses.[1]

1 This framework does not consider country or income group specificities, but can still be helpful to understand the mechanisms through which the pandemic's economic and social impacts have manifested themselves. It is nonetheless important to bear in mind that the effect of the different mechanisms varies across regions and income groups, as discussed in Chapter 2.

▶ Figure 3.1 Impact channels of the COVID-19 crisis



Source: ILO depiction.

One clear consequence of the crisis is the way in which it has interacted with and exacerbated inequalities, both between and within countries, further widening divides already present in labour markets around the world. The crisis has highlighted the urgency of providing all workers with labour and social protection and of upholding the fundamental principles and rights at work as laid down in international labour Conventions and Recommendations. It has also drawn attention to the key role of social dialogue in realizing these objectives.

The first impact channel of the crisis is direct exposure to COVID-19, which by May 2021 had infected upwards of 150 million individuals, resulting in over 3 million deaths (WHO, n.d.). While most infected individuals have not developed severe symptoms, many patients have required medical attention, including intensive medical care, and the effects of the virus continue to linger in some patients. Even when cases have not been severe, contracting the virus has usually resulted in temporary health restrictions, such as quarantine, interrupting the work of individuals whose physical presence is required. In addition, the pandemic has proved particularly challenging for front-line and other essential workers, who have continued to work in their workplaces despite facing a disproportionate risk of falling ill (see section 3.3 for details).

Second, national or local restrictions, especially business closures, have affected the performance of enterprises and the supply of and demand for labour, leading to ripple effects on global supply chains, international trade and foreign direct investment (ILO 2020a). The peak of these restrictions occurred in April 2020, when more than 70 per cent of the global labour force were living in areas where all but essential workplaces were shut. Since then, restrictions in many areas have been repeatedly lifted only to be reintroduced soon afterwards (ILO 2020b). These

direct constraints on work activities have led to disruptions in supply, aggravating demand shocks caused by rising business uncertainty.[2] In addition, the recessionary impacts of the crisis have reduced demand for a wide range of consumer goods, leading to job losses in factories, particularly in the global South. Countries heavily reliant on export processing, particularly in the readymade garments industry, have seen orders cancelled or left unpaid, resulting in loss of income for supplying firms and job losses, especially at the lower tiers of the supply chain (Anner 2020). Fortunately, by the third quarter of 2020, merchandise trade had rebounded strongly. Foreign direct investment flows, on the other hand, dropped by almost 50 per cent in the first half of 2020 (UNCTAD 2020) and have recovered more slowly.

A third factor is a change in consumer behaviour with regard both to the types of goods and services purchased during the pandemic and to the purchasing methods used by consumers. Stay-at-home measures have increased reliance on the internet (including digital platforms) for the purchase of most basic goods (such as food and household wares), especially in high- and middle-income economies (ILO 2021a). At the same time, spending on certain goods (such as machinery and vehicles) and services (notably tourism and hospitality) has fallen drastically.

Finally, growing uncertainty has had a major impact on labour markets. In the first months of the pandemic, uncertainty revolved mostly around the spread of the virus (concerning the contagiousness and lethality of COVID-19) and the duration of the health restrictions put in place to limit its transmission. In the first half of 2021, there is additional uncertainty regarding the availability and take-up of vaccines, and regarding the emergence of new variants of the virus that might reduce vaccine efficacy. Uncertainty has an economic impact, as consumers tend to postpone non-essential expenditure, while businesses reconsider investment decisions. Since the crisis has highlighted the risks associated with just-in-time production and with relying on suppliers located in distant parts of the world, there may be a redirection of future business investment, with important consequences for economies and workers that have hitherto been highly dependent on export-led growth strategies. At the individual level, uncertainty disrupts critical life decisions, including decisions about schooling, starting a family, labour market entry and job transitions.

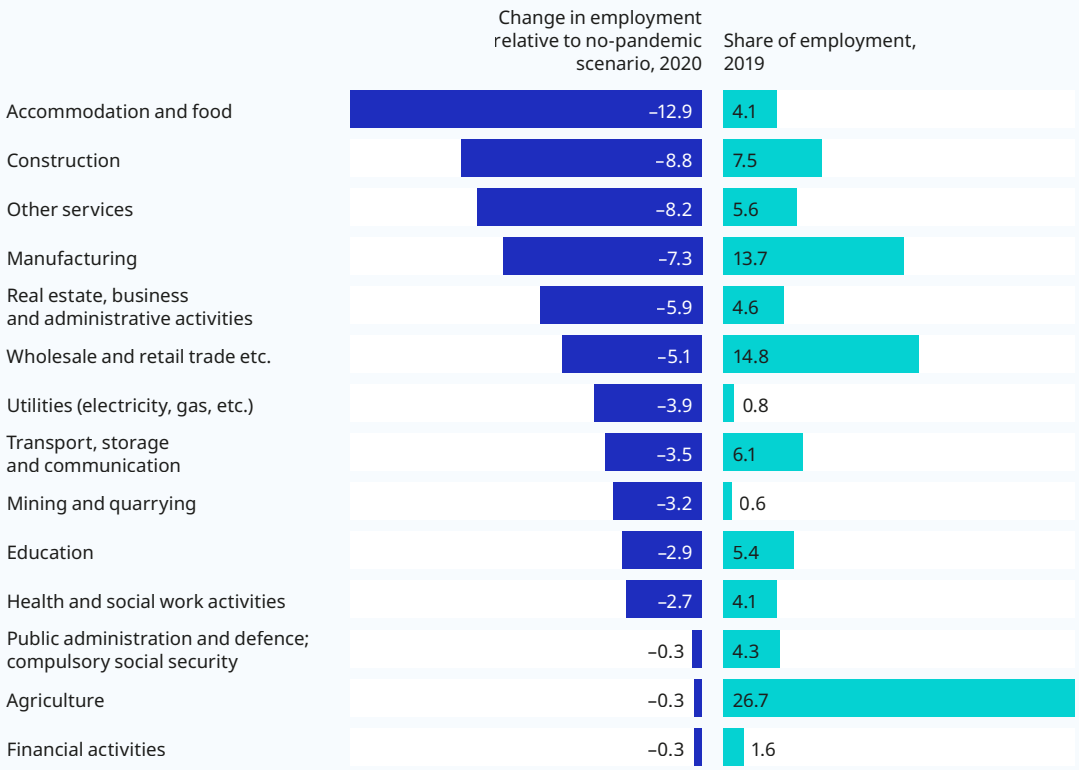
▶ 3.1 Impact by sector of economic activity

Perhaps the most telling characteristic influencing how an enterprise or worker was affected by the COVID-19 crisis was the economic sector in which they operated. The employment losses of some sectors have been ruinous, whereas others have been less affected, or even experienced growth. In those sectors where their activities require that the enterprises and workers continue to function, the workforce have been confronting exposure to COVID-19 on a daily basis. This includes not only enterprises and workers in the healthcare sector but also those in other sectors such as retail trade, whose jobs require interaction with the public.

Worldwide, employment in the accommodation and food services sector is estimated to have been the worst affected by the crisis. ILO projections suggest a decrease in employment of nearly 13 per cent in this sector relative to the no-pandemic scenario for 2020 (figure 3.2). In a sector that before the crisis accounted for 4.1 per cent of total employment, this decrease represents 18 million people worldwide. The sector is also used as a proxy for the tourism industry, and in 2019 around one in ten workers worldwide were directly or indirectly linked to tourism-related industries (ILO 2020c, 1). The tourism industry as a

2 Schools and universities closed in many countries in the early stages of the pandemic – affecting approximately 84.5 per cent of the student population worldwide in April 2020 (UNESCO, n.d.) – and in some countries they remain closed. This has had an impact on the ability of many adults to participate in the labour market, especially those with young children who needed to provide homeschooling and childcare. The burden of these duties has disproportionately been borne by women around the world.

Figure 3.2 Impact of the COVID-19 crisis on global employment in 2020 relative to the no-pandemic scenario and pre-crisis distribution of employment, by sector (percentages)



Source: ILOSTAT, ILO modelled estimates, April 2021.

whole includes the airline industry, which employs over 10 million workers around the world (ILO 2020d, 2), as well as the 144 million workers engaged worldwide in the accommodation and food services sector. Workers in tourism are particularly at risk owing to the mainly small-scale nature of tourism enterprises. It is estimated that around 30 per cent of all those employed in tourism work in micro-enterprises – that is, enterprises with between two and nine employees. A further challenge is the high incidence of informality, due in part to the seasonal nature of the work and in part to inadequate regulation of the sector, particularly in low and middle-income countries.

The wholesale and retail trade sector was also heavily impacted, with a 5.1 per cent decrease in employment as a result of the crisis (figure 3.2). The severity of this decline is all the more striking given that, in 2019, this sector accounted for almost 15 per cent of total employment worldwide (second only to agriculture at around 27 per cent). Accommodation and food services, and wholesale and retail trade are both sectors typically dominated by informal employment in many low- and middle-income countries. Because of the crisis, these two sectors saw significant reductions in hours worked that are not reflected in the employment decline. Other market services also incurred employment losses: this was the case, for example, with financial activities (–0.3 per cent) and real estate, business and administrative activities (–5.9 per cent), but these two sectors accounted for a smaller share of total employment before the crisis (1.6 per cent and 4.6 per cent, respectively).

Manufacturing and construction are estimated to have incurred a significant decline in employment as a result of the crisis, bearing the brunt of the impact in the industry sector.

Employment in manufacturing is estimated to have contracted by 7.3 per cent in 2020 relative to the no-pandemic scenario, while employment in construction is estimated to have decreased by 8.8 per cent. Construction is sensitive to economic cycles. Very few construction jobs can be done remotely and the impact of the crisis on construction enterprises has been significant, with many facing liquidity problems as well as supply chain disruptions (ILO 2021b). Two other industrial sectors also incurred employment losses, albeit to a lesser extent: mining and quarrying (–3.2 per cent) and utilities (–3.9 per cent); before the crisis, these two sectors accounted for smaller shares (0.6 per cent and 0.8 per cent, respectively) of total employment than either manufacturing or construction.

The manufacturing sector was heavily impacted by input supply disruption following the adoption of containment measures around the world, though operational continuity in the second half of 2020 reduced the severity of the impact. In June 2020, enterprises in the manufacturing sector experienced, on average, a disruption of around 35 per cent of their imported input supply as a result of closures of all but essential workplaces in most countries of the world. Around 255 million workers at the time, or nearly 70 per cent of manufacturing employment, were in sectors with a high or medium vulnerability to disruptions of their imported input supply (ILO 2020e, 8–9). However, in the second half of the year many manufacturing industries were able to operate more effectively again, which helped to mitigate supply chain disruptions.

The construction sector has an advantage in that governments can stimulate demand and job creation directly through investment in public infrastructure. This provides a means of bolstering the sector, while at the same time serving as a tool for providing jobs for workers displaced from other sectors. The diverse nature of work in the construction sector means that it can absorb workers from other sectors with similar task and skill requirements, allowing governments to target areas where support is most needed (ILO 2021b). This is particularly relevant for countries undergoing structural transformation processes that may involve significant investments in infrastructure.

The drop in consumer demand has affected entire supply chains, threatening jobs across sectors and borders. Consumption demand shocks propagate through the supply chains for manufactured goods in particular, since the inputs for these goods come from other countries and sectors, including agriculture and services. The ILO estimates that nearly 200 million jobs in global supply chains for manufacturing have suffered a high or medium adverse impact from reduced consumer demand.[3] Around 40 per cent of the jobs that have been highly impacted by the drop in consumer demand for manufactured goods are located in the services and agricultural sectors (ILO, forthcoming a).

Agriculture is estimated to have suffered a relatively small impact in terms of total job losses, reflecting its role as a contingency form of work in many low- and middle-income countries. Total employment in agriculture declined only marginally – by 0.3 per cent in 2020 relative to the no-pandemic scenario. This can be ascribed partly to labour reallocation after job losses in industry and services, and partly to the need to absorb ongoing population growth, reflecting the contingency role played by agriculture, especially in a number of African countries (see Chapter 2). Although agriculture has incurred relatively lower employment losses, it is also a sector with low average wages and high informality rates; those employed in it are often smallholder subsistence farmers.

Local containment measures have brought some business operations to a halt, forcing the suspension of activities or the reduction of services to ensure compliance with physical distancing rules. Operational difficulties reduce output, which in turn reduces the demand for labour (as illustrated in figure 3.1). In addition, even when firms are able to continue operating, local containment measures affect consumption patterns, further contributing to reduced output and, subsequently, reduced labour demand. This leads to firms furloughing or laying off staff. Government assistance can help to mitigate the impact on firms and workers. Income support, especially wage subsidies, has been indispensable in enabling enterprises to retain workers. Such policies have also helped to stabilize the incomes

3 Impact is evaluated using data on retail sales, average growth of working hours in manufacturing subsectors in February 2021, and the stringency of lockdown measures. For more information, see Appendix 1 in ILO (forthcoming a).

of consumers, thereby propping up demand for goods and services during crises (ILO 2020f). In Asia, subsidized credit schemes and loan assistance were key measures that helped to support enterprise cash flows and retain workers (ILO 2020g).

Retail firms are among the most negatively affected by local containment measures, which has had a disproportionate impact on female workers. Containment measures have directly and negatively affected firms in the wholesale and retail trade sector. There are also knock-on effects on the workers in these firms' supply chains, both within the same country and in other countries. The impact on wholesale and retail trade is borne disproportionately by women owing to their higher share in this sector (see section 3.3.2).

In contrast, food retail and grocery stores in high- and middle-income countries have experienced increased consumer demand, resulting in greater demand for workers in these sectors. This has been driven by demand for food and other essentials among those having to stay at home and by the closure and reduced capacity of businesses in the hospitality sector, such as bars and restaurants. Food retail companies have increased their recruitment of workers – for both warehouse staff and front-of-shop roles – in order to meet increased demand, including a surge in online deliveries (see box 3.1) (ILO 2020h).

Containment measures have greatly impacted culture and the arts, threatening the very existence of enterprises and workers' employment in that sector. The culture and arts industry faces a prolonged impact owing to the difficulties in maintaining physical distancing among artists, personnel and audiences and also owing to the financial losses resulting from cancelled productions (ILO 2020i). Live performances have been prohibited in many countries, and even when they have been allowed to go ahead, attendance has been low because of the risks associated with confined and poorly ventilated spaces. While the roll-out of vaccines will help raise audience numbers, it is not yet clear to what degree precautions will continue to be required or how the sector will evolve. Workers in the cultural sector are particularly vulnerable owing to the large share of temporary employment.

Box 3.1 Platform-based services during the COVID-19 crisis

Platform-based services – which include online, web-based platforms and location-based platforms, such as transport and delivery platforms – have expanded as a result of the pandemic. However, the new types of jobs they provide do not always offer decent working conditions and pose a challenge to labour regulation.

As a result of local containment measures, there has been a sharp increase in the use of location-based platforms, particularly those specializing in the delivery of food and other essential items. These platforms have helped to facilitate the continued operation of some businesses, especially small enterprises, and to maintain their links with consumers.

The increased demand for platform services has also created new employment opportunities for those displaced from other jobs. However, ILO surveys have found that in a number of locations the surge in the number of workers offering their services via such platforms may have resulted in less work per worker because of the increase in labour supply. Moreover, the policy of certain platforms to allow workers to set their own fees (mainly freelancing platforms) has forced some workers to offer lower prices in order to outbid their competitors, resulting in lower hourly earnings. It is also worth noting that demand for platform-based services has not increased across the board: many workers providing services via these platforms, such as taxi drivers, have in fact experienced substantial dips in demand and therefore incomes.

At the same time, significant job quality issues are faced by many workers offering platform- based services, including irregular flows of work and income, poor working conditions (leading, for example, to occupational safety and health risks), lack of social protection, and the inability to exercise such fundamental rights at work as freedom of association and the right to collective bargaining.

Source: ILO (2021a).

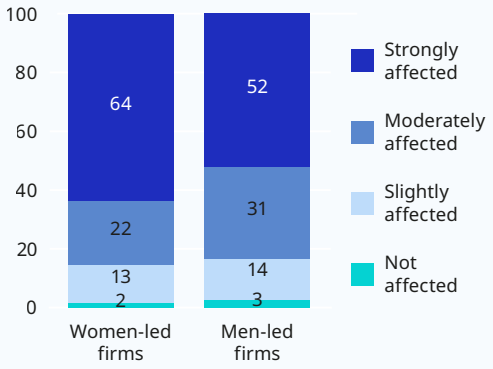
▶ 3.2 Impacts on enterprises

Firms are the first "level" of impact for much of the labour market. Indeed, how wage and salaried workers are impacted by the COVID-19 crisis depends to a great extent on how their employers have been affected, the resources available to these employers to respond to the crisis, and the support provided to employers by a country's government through loans and employment retention schemes, among other measures. Although the specific sector of a firm plays a decisive role, other characteristics, notably the firm's size, also matter.

The sector of economic activity has implications because of the distinct characteristics of employers and firms in each sector. A COVID-19 Business Impact Survey conducted by the International Trade Centre (ITC) found that women-led firms were more likely to state that their business operations had been strongly impacted by COVID-19, at 63 per cent, compared with around 52 per cent of men-led firms (ITC 2020) (figure 3.3). This is probably due to multiple factors, including the sectors in which women business owners are more likely to be engaged (particularly retail), the size of firms, and differences in access to capital and credit between women business owners and their male counterparts.

Small and medium-sized enterprises have been most impacted by local containment measures. In the COVID-19 Business Impact Survey conducted by the ITC across 132 countries between April and June 2020, two thirds of micro and small enterprises reported that the COVID-19 crisis was strongly affecting their business operations, compared with around 40 per cent of large firms (ITC 2020). Smaller businesses are less likely to have the required financial resources to survive a prolonged disruption of business operations. An ILO survey of 4,520 businesses in 45 countries worldwide found that nearly 80 per cent of micro-enterprises and over 70 per cent of small firms claimed to lack sufficient funds for business continuity (ILO 2020i, 14). Figure 3.4 shows how the share of enterprises reporting sufficient funding in that survey increases as their size increases; even so, larger firms are more likely to report insufficient funding than medium-sized enterprises.

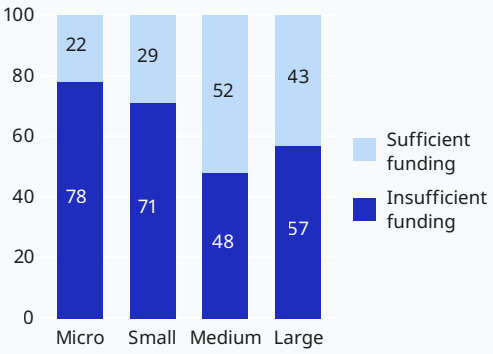
▶ Figure 3.3 Degree of impact of the COVID-19 crisis on the business operations of women- and men-led firms, 2020 (percentages)



Note: Respondents were asked: "How have your business operations been affected by the coronavirus (COVID-19) pandemic?" and "What is the gender of the top manager of the business?". The survey covered 2,109 businesses in 120 countries. Response rates vary across countries and regions. To control for sector composition, shares were calculated at the sectoral level and then aggregated using simple averages. Further details on the sample can be found in ITC (2020).

Source: ITC (2020).

▶ Figure 3.4 Sufficiency of funding for business continuity, by size of enterprise, 2020 (percentages)



Note: Enterprises were asked whether sufficient funding was available to them to support business continuity.

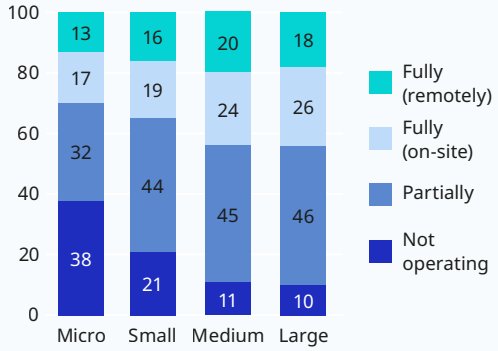
Source: Adapted from ILO (2020i, 14, figure 7, panel B).

Firms in the informal sector face a number of challenges and are less likely to qualify for government support. Informal firms are particularly at risk, with a quarter of those surveyed as part of the ITC's COVID-19 Business Impact Survey stating that the crisis was bankrupting them (ITC 2020). Informal firms are less likely to be eligible for COVID-19-related government support and relief schemes, in addition to being less likely to offer benefits and support to their own workers.

Enterprise investments have been diverted to personal protective equipment and other precautionary measures, to the detriment of investments in capital equipment, or research and development, with possible negative implications for future productivity growth. A study using data from the United Kingdom pointed to a possible reduction in total factor productivity owing to the crisis, partly as a result of the increased intermediate costs borne by businesses (Bloom et al. 2020). This increase in costs is due to the need to purchase personal protective equipment (PPE) and the greater unit costs arising from measures such as physical distancing. At the same time, future productivity may be undermined by reduced spending on research and development (Bloom et al. 2020). Nevertheless, for certain sectors – particularly those where workers are able to work from home – there is the potential for longer-term productivity increases as a result of information technology system upgrades in response to the COVID-19-related changes in the workplace, even if these initially entail higher costs for firms.

Micro and small enterprises have been the least able to continue working when local containment measures have been in place, partly because of the difficulties in adjusting business operations (including working from home). As already mentioned, smaller firms face greater financial constraints and have fewer technological and digital resources, which may have contributed to their reduced ability to respond to disruptions of business operations. An ILO survey carried out during the second quarter of 2020 with over 4,500 enterprises in 45 countries found that medium-sized and large firms were more likely to be able to continue operating fully (accounting for 44 per cent of those surveyed in each size category), compared with 35 per cent of small enterprises and 30 per cent of micro-enterprises (figure 3.5). Significantly, the survey found that

▶ **Figure 3.5 Operational status of enterprises during the COVID-19 crisis, by size, 2020** (percentages)



Note: The survey question was: "Is your enterprise currently in operation?".

Source: Adapted from: ILO (2020i, 5, figure 1, panel B).

38 per cent of micro-enterprises and 21 per cent of small enterprises were not operating at all, while 32 per cent and 44 per cent, respectively, were operating only partially (ILO 2020i, 5). One factor determining whether firms could operate fully was whether their workers were able to work from home (box 3.3). The share of enterprises surveyed whose staff were working from home was highest for medium-sized and large firms, at 20 per cent and 18 per cent respectively, and lowest for micro-enterprises (13 per cent).

The imposition of local containment measures suggests that new types of working arrangements may have to be maintained for some time yet, which implies a need for adjusted governance mechanisms to protect and support firms and workers. While the deceleration in the spread of COVID-19 brought about by the introduction of vaccines and other preventative measures will help economies and labour markets to recover, certain work-related patterns are likely to continue for longer. Teleworking arrangements are one such example (ILO 2020j). Governments and the social partners will need to work together to develop legislation, regulations and guidance for the protection and support of workers and enterprises under these novel working arrangements.

▶ 3.3 Impacts on workers

Throughout this report it has been emphasized how the COVID-19 crisis has impacted differently on different groups in the labour market. This has to do with the various impact channels outlined in figure 3.1 above, with the level of income of a country (see Chapter 1), the specific features of its labour market (particularly the level of informality), the response measures adopted by the national government, and the systems in place for social protection (Chapter 2). This section elaborates on the way in which workers have been affected differently depending on the nature of their work, their occupations and other characteristics.

3.3.1 Occupation and skill levels

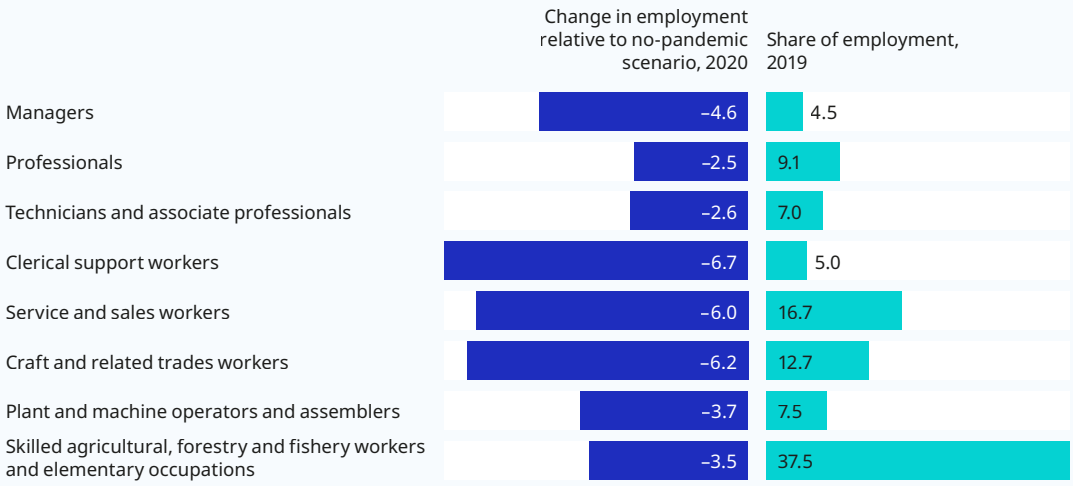
As one would expect from the sectoral data, the occupational category of service and sales workers has been greatly affected, experiencing an employment decline of 6 per cent, which translates into 36 million job losses. Around 17 per cent of all workers in 2019 were employed as service and sales workers, which means that the decline in this occupational group has resulted in a major drop in employment. Indeed, this group accounted for nearly a quarter of all estimated job losses in 2020 relative to the no-pandemic scenario. Craft and related trades workers are estimated to have suffered a 6.2 per cent decline in employment; losses have also been incurred by clerical support workers (–6.7 per cent) and by plant and machine operators and assemblers (–3.7 per cent) (figure 3.6). Although the estimated decline in employment among skilled agricultural, forestry and fishery workers and elementary occupations, at 3.5 per cent, is not as large as for other occupational categories, the size of employment in this group means that the job losses it has incurred account for nearly a third of the total decrease in employment relative to the no-pandemic scenario.[4]

Healthcare workers of various kinds are particularly at risk of contracting COVID-19, including more severe forms of the illness. Healthcare workers, including doctors, nurses, paramedics and home health aides, work in close proximity to others and are typically more exposed to disease and infections in their everyday work (box 3.2). These workers fall into several occupational categories, ranging from elementary occupations to technicians and professionals. They are among the most exposed to the virus, all the more so since their work is an essential service and has continued without interruption while other sectors of the economy have been closed following the adoption of containment measures. There is also some evidence that healthcare workers are at risk of falling ill with more severe forms of COVID-19. A study based on UK data, for instance, found that healthcare workers were seven times more likely to be exposed to severe cases of the disease than non-essential workers (Mutambudzi et al. 2020). Support personnel are also at risk through contact transmission, including laundry staff, cleaners and those working in the disposal of clinical waste (ILO 2020k).

Public emergency services workers are often in close physical contact with carriers of the virus and therefore have higher exposure. These are mostly public sector workers carrying out front-line duties as part of the response to the COVID-19 crisis; in legislative texts, public emergency services are often referred to as "essential services" (ILO 2020l). Such services include the police force, firefighters and other emergency units. Police officers are particularly at risk because they need to physically impose restrictions on movement and, in some cases, to confront members of the public who resist. Public emergency services workers are also exposed to the virus through contaminated materials, especially in areas where PPE is in short supply (ILO 2020l).

4 Skilled agricultural, forestry and fishery workers are included in the same group as elementary occupations owing to data limitations that do not always allow one to distinguish between unskilled agricultural workers (elementary occupations) and skilled agricultural workers. The difference between these two subgroups is most pronounced in high-income countries, but it should also be borne in mind that these countries have the lowest number of workers in agricultural occupations. Accordingly, skilled agricultural workers have been considered together with elementary occupations for the purposes of this report.

Figure 3.6 Impact of the COVID-19 crisis on global employment in 2020 relative to the no-pandemic scenario and pre-crisis distribution of employment, by occupational group (percentages)



Source: ILOSTAT, ILO modelled estimates, April 2021.

Passenger transport systems have been indispensable for front-line and other essential workers to be able to get to and from work. Yet, both the users of such systems and the workers operating them face higher exposure. Urban passenger transport has been heavily impacted by the crisis owing to significant decreases in revenue from fares (with some countries introducing quotas on the number of passengers) and the increased costs of cleaning and disinfection. Many countries have adopted measures to protect drivers and other staff. However, in some parts of the world, urban passenger transport systems rely largely on informal workers. These workers, particularly taxi and e-hailing drivers, do not have the option of cutting back on their services as a precautionary measure against COVID-19 and may not have access to PPE (ILO 2020m). A number of location-based platforms – including transport-based platform services, such as delivery – have undertaken specific measures to mitigate occupational safety and health risks among workers, including the provision of safety training and PPE. However, around half of the respondents in a survey of workers offering their services via location-based platforms stated that the quantity and/or quality of PPE they had been provided with was inadequate, and 80 per cent of respondents had incurred costs stemming from the obligation to purchase PPE themselves (ILO 2021a, 25).

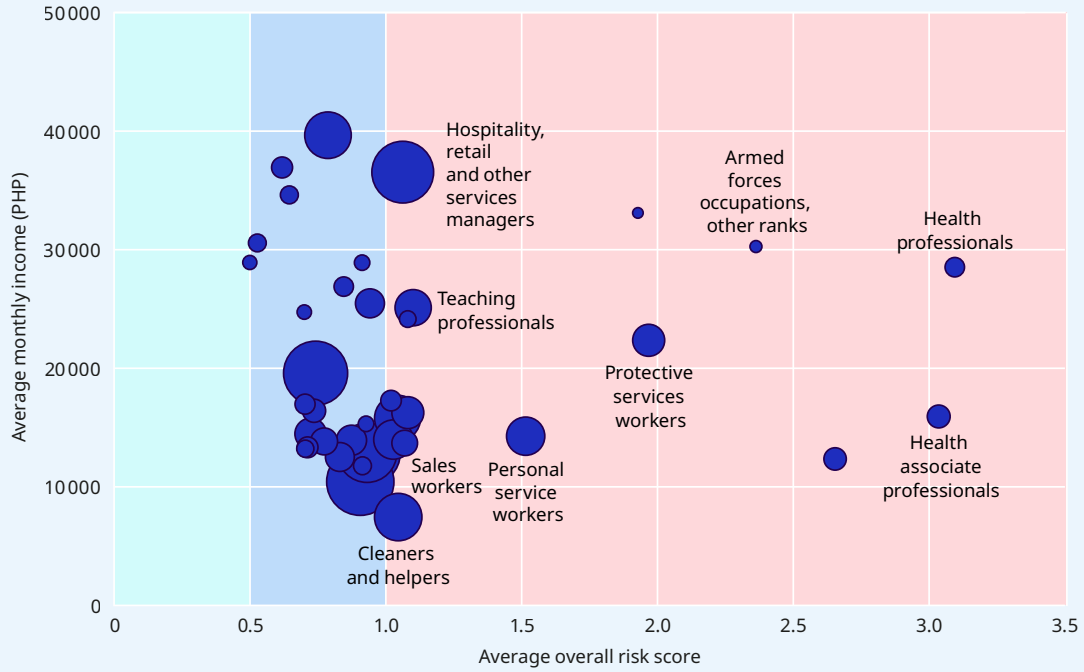
Virtual learning has helped to keep the education sector afloat, allowing the sector's workers to keep working, but it has come at the expense of widening inequalities. The ability to work from home is a key factor in determining how resilient the various occupations in a given sector are to local containment measures (see box 3.3). Nationwide closures have resulted in many education systems deploying distance learning, including the use of videoconferencing and online learning platforms (ILO 2020i). Virtual learning does, however, perpetuate educational inequalities within countries – particularly for rural and marginalized communities – and also between countries, especially given the more limited access to technology and a reliable internet connection in developing countries (ILO 2020i). While switching to virtual learning is likely to have accelerated technological adoption in many schools, the costs of computers and related technology will have been out of reach for a large proportion of households. According to AfDB (2021), millions of children in Africa have already lost half a year

Box 3.2 Occupational classifications and potential exposure to COVID-19

The degree of a worker's exposure to COVID-19 can be determined using criteria such as whether physical proximity or interpersonal tasks are part of the job and, if so, the regularity of contact with others. Assessing occupations according to such criteria gives the degree of exposure to COVID-19 based on occupation alone. A number of researchers have used the O*NET database, which captures occupational information for the United States only, and applied it to labour market data from other countries. The job characteristics in O*NET probably better reflect the realities of high-income countries than those of low or middle-income ones, but variations of the O*NET approach have nevertheless been applied to middle-income countries, including the Philippines. The figure below displays occupational exposure to COVID-19 in the Philippines for selected categories of workers.

While the figure shows that healthcare occupations are the most exposed to COVID-19, the earnings of workers have some bearing on their vulnerability in different occupations. For instance, personal care workers and health professionals are both considered to be at high risk (albeit to varying degrees), but health professionals enjoy better working conditions (as proxied by higher earnings). Cleaners and helpers, on the other hand, are also considered to be at high risk, yet their relatively low earnings correspond with more limited access to benefits. Moreover, many such workers are subcontracted and are often not represented by a trade union, which reduces their ability to negotiate improved protective measures that would help to mitigate the risk of COVID-19 exposure.

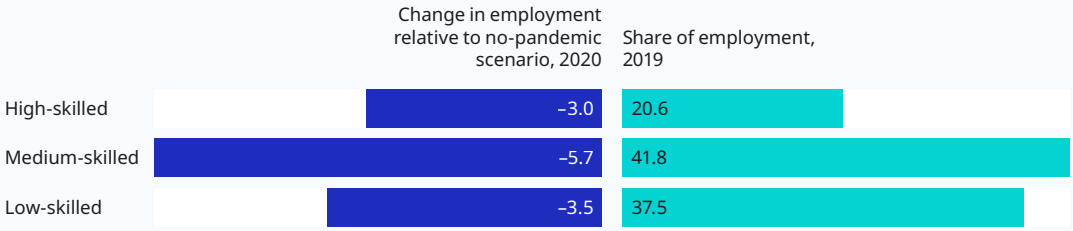
▶ **Figure 3.B2 Occupational exposure to COVID-19 and average income in the Philippines**



Note: Low risk is denoted by light green shading, moderate risk by blue, and high risk by light red. The sizes of the bubbles are proportional to the number of people employed in each occupational group in the Philippines as determined from 2018 labour force survey data. "PHP" stands for Philippine pesos.

Source: University of the Philippines COVID-19 Pandemic Response Team (n.d.).

Figure 3.7 Impact of the COVID-19 crisis on global employment relative to the no-pandemic scenario in 2020 and pre-crisis distribution of employment, by occupational skill level (percentages)



Source: ILOSTAT, ILO modelled estimates, April 2021.

of learning as a result of the crisis, and this has disproportionately affected the poor. Such a disruption to learning can contribute to an increase in child labour, and this can be aggravated when households are incurring significant income losses at the same time (ILO 2020n; BHRRC 2020). The disruption also affects adult workers because of training providers having to close, leading to interruptions in work-based learning, professional development and other types of education, which has a tremendous impact on human capabilities. Moreover, digital and distance learning solutions to mitigate learning losses among adult workers have benefited high-income countries and groups disproportionately: existing inequalities have thus been exacerbated by the digital divide (ILO 2021c).

Higher-skilled workers have incurred relatively smaller employment losses as a result of the crisis, which partly reflects their greater ability to work from home. Figure 3.6 shows that employment in all occupational groups was negatively impacted in 2020; however, it is telling that the two higher-skilled groups ("professionals" and "technicians and associate professionals") were the least affected (see also figure 3.7). Together with "managers", in 2019 these higher-skilled workers accounted for the lowest share of employment worldwide among all the occupational categories, namely 20.6 per cent, but as a group they also exhibited the lowest decline in employment relative to the no-pandemic scenario, at 3 per cent. These workers have been better able to continue working during the different phases of the COVID-19 crisis (see box 3.3), regardless of the specific channels of impact, including local containment measures such as lockdowns.

From the onset of the crisis, employment losses were far smaller in occupations where telework was feasible, and that this differential effect existed both within and across industries (ILO 2021d; Dey et al. 2020). Specifically, higher-skilled "white-collar" workers (managers, professionals and technicians) were far more likely to be able to work from home during the pandemic than "blue-collar" workers (middle-skilled occupations in production, construction or manufacturing) and workers in low-skilled service occupations involving manual tasks and personal interaction. By mitigating job losses among higher-skilled workers, relative to lower- and middle-skilled workers, telework during the COVID-19 crisis is yet another channel through which technological change can impact workers differently depending on the skill content of their occupation (see, for example, Autor, Levy and Murnane 2003; Goos, Manning and Salomons 2014). The increasing take-up of telework in occupations where it is feasible has raised the question whether this trend will persist beyond the pandemic as enterprises and workers become accustomed to such working arrangements (Dey et al. 2020). Being able to work from home does, however, entail a number of implications, not least for women (box 3.3).

Box 3.3 The wider implications of working from home

The degree to which work can be done from home has implications for employment retention and thus also for an economy's resilience during the COVID-19 pandemic. Before the onset of the crisis, an estimated 8 per cent of workers worldwide were working from home on a permanent basis (ILO 2020a, 2). This includes not only "teleworkers" (that is, those working remotely) but also industrial outworkers, self-employed business owners and artisans. The number of teleworkers has increased exponentially since then. Several studies have looked at this phenomenon, most of them drawing from Dingel and Neiman (2020), who examined which jobs could be done from home.

The ILO has undertaken similar research, categorizing occupations according to criteria related to the feasibility of working from home. It has been found that higher-skilled and therefore higher-paid workers are more likely to be in occupations that can be carried out from home, which means that the COVID-19 crisis may in fact be exacerbating inequality within countries (ILO 2020a, 2). At the same time, not all countries have the infrastucture – such as access to information and communications technologies – to enable workers to work from home. Technology is skill-biased and this has major implications for between-country inequality as well as within-country inequality. Not only does technology complement the skills of the higher-skilled, it is also allowing them to continue working while low- and middle-skilled workers suffer greater disruptions to their work.

Recent estimates based on labour force survey data suggest that in the second quarter of 2020, approximately 17 per cent of the world's employed population were working from home, equivalent to around 560 million people (ILO 2021d, 11). The proportion of workers working from home varies significantly depending on the income level of the country. Although data are not available for all country income groups for the second quarter of 2020, the potential for home-based work ranges from 27 per cent of the workforce in high-income countries, through 17 per cent in middle-income countries, to only 13 per cent in low-income countries (ILO 2021d, 11).

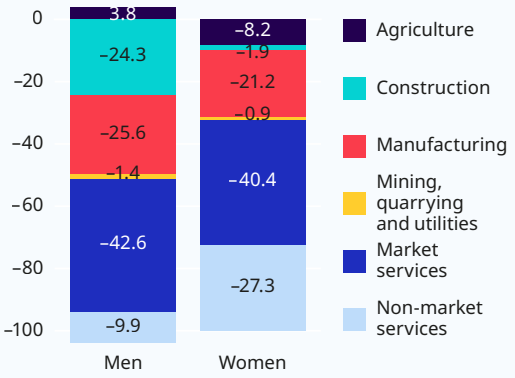
While working from home can facilitate employment retention, it presents a number of challenges in relation to decent work. The boundaries between paid work and unpaid care work can become blurred, with the burden of such unpaid work (including homeschooling) falling disproportionately on women. Moreover, there are aspects of social cohesion and stability associated with workplace interactions that cannot be replicated in the digital workplace. The ILO Home Work Convention, 1996 (No. 177), provides guidance on improving the situation of those working from home, including teleworkers, who do so on a continual basis.

3.3.2 Women and men

The services sector accounted for the greater part of net job losses among both sexes, but as women are over-represented in services, they were affected to a relatively greater extent. Before the crisis, around 45 per cent of all male workers and 60 per cent of all female workers were employed in the services sector. Services – which include market services (such as wholesale and retail trade) and non-market services (public administration, community, social and other services and activities) – accounted for 53 per cent of the employment change for men and 67 per cent for women (figure 3.8). However, there are differences within the services sector, with market services incurring disproportionate job losses, whereas the risk of job loss was comparatively smaller in non-market services (ILO 2020o).

Across most occupational groups, women have borne a higher share of the total employment impact than men, except for some higher-skilled occupations. As shown in figure 3.9, women have been disproportionately impacted

Figure 3.8 Impact of the COVID-19 crisis on global employment relative to the no-pandemic scenario in 2020, by sex and broad economic sector (percentages)

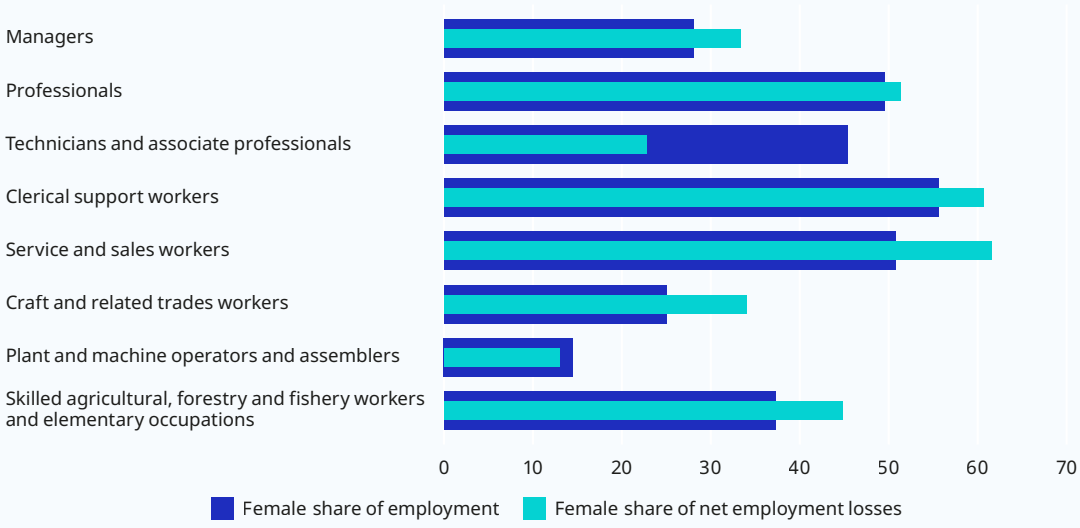


Source: ILOSTAT, ILO modelled estimates, April 2021.

across almost all occupational categories – notably among service and sales workers, where women accounted for nearly 62 per cent of the job losses despite accounting for just over half of jobs in that occupational group. A third of all job losses among craft and related trades workers were incurred by women, although they account for just a quarter of all employment in that occupational group. Women have fared better than men in the occupational category of professionals and, in particular, in the technicians and associate professionals group.

Women are more likely than men to be exposed to COVID-19 owing to their higher share of the healthcare workforce. Women make up the majority of workers in the healthcare sector, accounting for more than 75 per cent of health associate professionals and almost 70 per cent of health professionals (figure 3.10). This proportion does vary by occupation within the sector, with women more likely to be nurses, midwives and community health workers, and men more likely to be employed in higher-paid occupations, such as physicians, dentists and pharmacists (UN 2020). Women also make up the majority of staff in

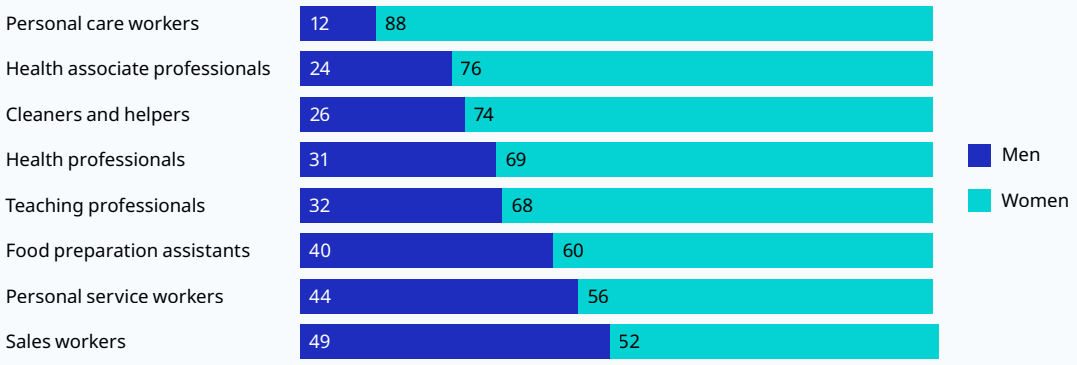
Figure 3.9 Female share of employment in 2019 and female share of net job losses relative to the no-pandemic scenario in 2020, by occupational group (percentages)



Note: Net job losses have been estimated relative to a no-pandemic scenario for 2020. The chart presents the global estimate, excluding the United States, since the application of the 2018 revision of the standard occupational classification system in the labour force surveys of 2020 created a structural break in the US data.

Source: ILOSTAT, ILO modelled estimates, April 2021.

▶ Figure 3.10 Male and female shares of employment in selected occupations (percentages)



Note: The data refer to occupations at the two-digit level of the International Standard Classification of Occupations 2008 (ISCO 08).

Source: ILO (2020p).

health facility services, such as cleaning, laundry and catering services, further highlighting the disproportionate exposure of women in healthcare (UN 2020).

Women make up the vast majority of personal care workers, who face elevated exposure to COVID-19 in their day-to-day work. Around nine in ten personal care workers are estimated to be women.[5] The care workforce is composed of a wide range of workers, from qualified nurses to workers without any formal care training. These workers provide patients, elderly people, convalescent individuals and persons with disabilities with basic healthcare, personal care, and assistance with mobility and the activities of daily living (ILO 2012, 254). Such services have played a vital role during the COVID-19 pandemic, yet many workers providing home or institution-based care were at first not identified as front-line workers and were therefore not taken into account in the policies adopted during the early stages of the response. This contributed to a lack of access to PPE and testing (ILO 2020q). Women also often bear the burden of informal and unpaid voluntary care work in their own families and communities (box 3.4) (ILO 2019).

Box 3.4 The gender impact of closures of schools and childcare facilities during the COVID-19 crisis

Women already shoulder a disproportionate burden of unpaid care work in normal circumstances. The COVID-19 crisis has seen them take on more such work. Schools and childcare facilities are job-enabling in that they allow parents, particularly women, to participate in the labour market (Appelbaum 2020). Their closure during the pandemic has made women's participation in the labour market that much more difficult. In Canada, for instance, it has been found that single mothers of children aged under 6 years have incurred a 28 per cent decline in working hours as a result of the crisis (LMIC, 2021). Such drastic shifts have reverted progress on gender equality, with women returning to more traditional roles (see Allmendinger 2020).

5 Based on data for 121 countries, excluding China and India. See ILO (2020p).

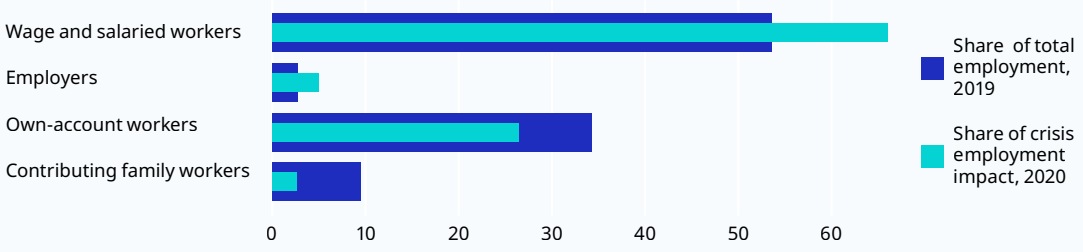
3.3.3 Status in employment

Status in employment has significant implications for the impact of the COVID-19 crisis on individual workers. Aggregate global data indicate that employees incurred a disproportionate share of job losses, accounting for over 75 per cent of the total estimated employment impact of the crisis, although they only constituted around 55 per cent of total employment before the crisis (figure 3.11). In contrast, own-account and contributing family workers are more likely to have had to continue working during the crisis because of the lack of alternative income sources, including access to social protection. Many of these workers are engaged in activities necessary for survival, which they had no choice but to keep up in order to weather the crisis (ILO 2020r).

Those in diverse forms of employment, such as temporary and casual workers, have suffered disproportionately. Another group of workers who have been particularly vulnerable to the effects of the crisis consists of temporary workers and, more generally, workers in non-standard forms of employment, defined as workers with working arrangements that are either not full-time, bilateral or on an indefinite basis (such as those working on a temporary, part-time, seasonal or on-call basis or temporary agency workers). As has occurred in other crises, employment losses among temporary and part-time workers have been greater than among employees with regular contracts (Soares and Berg, forthcoming). The nature of their working arrangements means that they often also have limited social protection coverage, such as unemployment and sickness benefits.

There are also signs that self-employment may be absorbing displaced employees. The share of total employment accounted for by employees decreased in 2020, while that accounted for by the self-employed increased marginally, having fallen in previous years. Quarterly data for middle-income countries with available data (figure 3.12) indicate that job losses were greater in the second quarter of 2020 for employees, and that the partial employment recovery in the third quarter was skewed towards self-employment. This suggests that self-employment acted as a buffer for workers who lost their job and found themselves without sufficient sources of income. In such situations, the work undertaken is usually of lower productivity and lower remuneration and cannot compensate for the loss in income. This finding has two important policy implications. First, it is necessary to stimulate investment in order to jump-start economic activity and encourage firms to start recruiting again so that some of these workers can recover their old jobs or take up other waged employment opportunities. Second, efforts should be stepped up to establish, strengthen and progressively expand social protection systems,

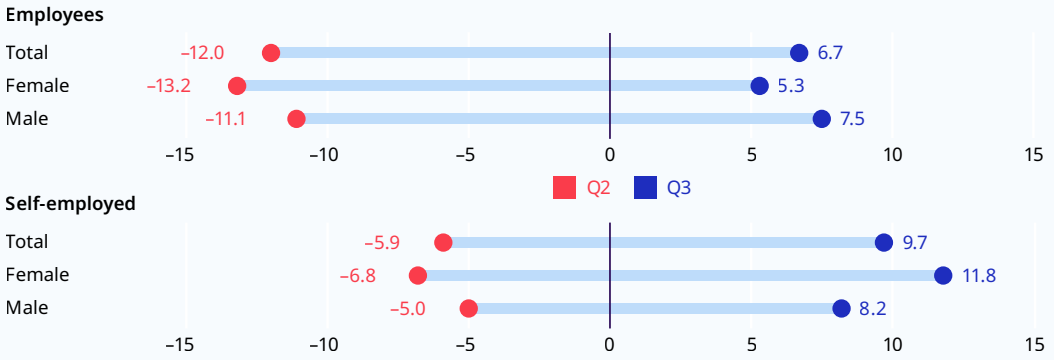
▶ **Figure 3.11 Impact of the COVID-19 crisis on global employment relative to the no-pandemic scenario in 2020 and pre-crisis distribution of employment, by status in employment** (percentages)



Note: Crisis employment impact refers to the estimated employment levels relative to the no-pandemic scenario for 2020.

Source: ILOSTAT, ILO modelled estimates, April 2021.

Figure 3.12 Average employment growth of employees and the self-employed in selected middle-income countries, by sex, second and third quarters of 2020 (percentages)



Note: The figure shows the unweighted average of employment growth for employees and the self employed in the second (blue) and third (red) quarters of 2020 across 21 middle-income countries and territories with available data (Argentina, Brazil, Bulgaria, Colombia, Costa Rica, Ecuador, Georgia, Indonesia, Mexico, Montenegro, North Macedonia, Occupied Palestinian Territory, Paraguay, Peru, Republic of Moldova, Saint Lucia, Serbia, South Africa, Thailand, Turkey, Viet Nam).

Source: ILO harmonized microdata repository.

including social protection floors, in line with the Social Protection Floors Recommendation, 2012 (No. 202). Such a floor would lessen the pressure on workers to switch to informal self-employment out of necessity, while ensuring that those who are in informal employment also benefit from income support during a crisis.

Informal wage workers, who include those informally employed and those formally employed but working in the informal sector, have been disproportionately impacted by the crisis. While informal wage workers are often covered by labour and social protection legislation, in practice the law is rarely enforced. This means that many such workers do not enjoy basic worker rights and protections associated with the employment relationship. They cannot exercise the right to bargain collectively; the minimum wage is often not applied; they may have to do unpaid overtime work; and there may be significant occupational safety and health risks in their work. In the present crisis, the greatest problem has been the lack of access to sickness benefits and unemployment insurance: informal employees were left without income support if they fell ill from COVID-19 or lost their job.

Meanwhile, the lack of social protection among own-account and contributing family workers – the other two categories of informal workers – has rendered them highly vulnerable to the health and economic impacts of the crisis. Around 34 per cent of the global workforce are own-account workers and around 10 per cent are contributing family workers (figure 3.11).[6] Most informal own-account workers have low incomes, while contributing family workers typically do not receive an income at all. As they are not in an employment relationship, they are not covered by the protections of labour law, and their informal status means that they cannot benefit from social protection either. They too have therefore often found themselves without protection during the crisis in the event of illness or the loss in incomes associated with the crisis. Moreover, many informal workers work in crowded settings (such as street markets) and communities, making it less easy for them to follow physical distancing protocols.

6 See also the WESO Data Finder at: www.ilo.org/wesodata. Employment data can be visualized according to status in employment, among other characteristics.

There are a number of relevant policy considerations based on international labour standards. First of all, in accordance with international guidelines on health and safety at work – including the Occupational Safety and Health Convention (No. 155) and Recommendation (No. 164), 1981 – maximum efforts are required to protect workers in situations where exposure to COVID-19 is unavoidable. Policymakers should also pay particular attention to the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205), which deals with disaster situations similar to that created by the current crisis. The Recommendation provides governments, employers and workers with detailed guidance on how to both prevent and recover from such situations. The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), is also highly relevant given that the persisting inequalities faced by informal workers have been exacerbated by this crisis.

3.3.4 Migrant workers

Certain labour market groups have been impacted by the COVID-19 crisis in unique ways. Migrant workers in particular merit attention on account of the range of occupations, sectors and locations in which they are to be found, and also because of the implications not only for the workers themselves but also for their countries of destination and origin. Accordingly, they are discussed in more detail here, though this is of course not meant to detract from workers in other groups who have been impacted significantly by the crisis.

COVID-19-related containment measures have disproportionately impacted migrant workers owing to the disadvantaged position of many of them. For instance, a study focusing on the European Union found that migrant workers were more likely to be in temporary employment, to earn lower wages and to have jobs that were less suited to working from home – all characteristics tied to a greater degree of disadvantage (Fasani and Mazza 2020). Elsewhere, particularly in low- and middle-income countries, migrant workers are often likely to be working in the informal sector (ILO, forthcoming b; ILO 2020s) and, therefore, to have limited – if any – access to social protection, savings and to contingency measures that would allow them to support themselves during periods without work. In a survey of migrant workers in the Association of Southeast Asian Nations (ASEAN) region, a third of those interviewed said that they had not received adequate PPE from their employers, while 97 per cent of the unemployed migrant workers interviewed did not have access to any social security (ILO 2020t). Meanwhile, many migrant workers in member countries of the Cooperation Council for the Arab States of the Gulf are concentrated in low-skilled occupations in construction, agriculture and domestic work (see box 3.5). The nature of their work has required them to continue working despite the pandemic, thereby putting them at greater risk of becoming infected and spreading the virus. In East Africa and the Horn, migrant workers have struggled to pay their rent and to cover their living costs after the introduction of containment measures preventing them from pursuing their livelihood (ILO, forthcoming b).

Those migrant workers who return home, be it voluntarily or against their will, are often faced with a lack of employment and livelihood opportunities, which is all the more poignant given that many of them originally emigrated in search of such opportunities. Mass deportations by some destination countries have aggravated the situation of migrant workers and pose enormous challenges for their countries of origin, which have had to set up centres to provide medical checks and other measures in order to receive returning migrants safely. Some low-income countries have limited quarantine facilities and insufficient resources and have not always been able to institute adequate provisions to ensure the safe entry of returning migrants. Moreover, migrants frequently left their countries of destination without having received all or part of the wages and benefits that were due to them, and in most cases they lack access to redress mechanisms.

The channels for seasonal labour migration have also been affected, with implications for both the livelihoods of seasonal migrant workers and the business operations of their employers. For instance, in the Sudan–Ethiopia corridor, an estimated 400,000 Ethiopian seasonal migrant workers travel to Gedaref State in the Sudan every year to work in agriculture (ILO,

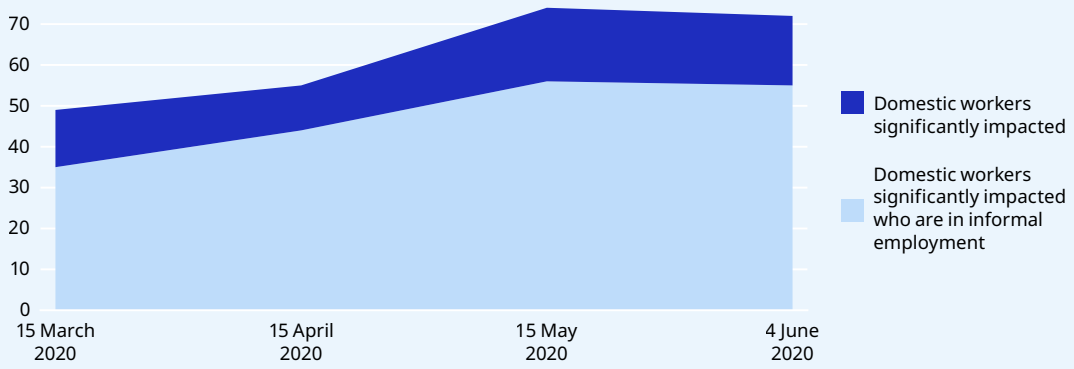
Box 3.5 Domestic workers and seafarers

The COVID-19 crisis has also affected domestic workers and seafarers in specific ways. For many domestic workers, the impact on employment has taken the form of lay-offs and reduced working hours. The fact that an estimated 76 per cent of domestic workers are in informal employment makes the impact even more pronounced, since many of them are not eligible for social security or unemployment benefits. Live-in domestic workers, who are often migrants, have faced additional challenges as a result of COVID-19, partly because of the nature of their work in private households. They have experienced longer working hours as a result of their not being able to leave the premises of their employer. Non-payment of wages and the closure of remittance services have impacted their families as well. Moreover, those domestic workers who are migrants with irregular status are likely to suffer exclusion from COVID-19 testing or medical treatment – on the one hand, because they are afraid of being detained or deported if they are registered by the national authorities, and, on the other, because they may not actually be recognized as workers in labour legislation (ILO 2020s).

The impact of the COVID-19 crisis on manufacturing has been outlined in various places in this report – particularly the disruptions to global supply chains and cross-border trade. In that respect, it is important to note that approximately 90 per cent of all merchandise trade is transported via shipping. As defined in the Maritime Labour Convention, 2006, the term "seafarer" refers to "any person who is employed or engaged or works in any capacity on board a ship". There are an estimated 1.5 million seafarers worldwide (ILO, n.d.) and these workers have faced unique challenges as a result of the COVID-19 pandemic, including extended periods when they have been trapped at sea – in some cases, far longer than their original tours of duty and without access to shore-based leave or medical care. At the same time, there are large numbers of seafarers on land waiting to join ships in order to assume their duties. Accordingly, the Governing Body of the International Labour Office has taken the exceptional step of adopting a resolution to address the situation of these seafarers.[a]

[a] Resolution concerning maritime labour issues and the COVID-19 pandemic, GB.340/Resolution (Rev.2), adopted on 8 December 2020.

▶ **Figure 3.B5 Share of domestic workers worldwide impacted in the early stages of the COVID-19 crisis** (percentages)



Note: ILO calculations based on national labour force surveys or similar household surveys from 137 countries representing 91 per cent of global employment. Absolute numbers expressed in thousands extrapolated for 2020. "Significantly impacted" refers to a reduction in the number of hours of work, a reduction in earnings and job losses.

Source: ILO (2020u).

forthcoming b). Border closures have deprived them of that annual source of income. This has fuelled irregular migration flows across the border, undermining the containment measures and also exposing workers to vulnerability on account of their irregular status. Moreover, many farmers in the Sudan have been forced to seek alternative ways of cultivating and harvesting crops – among other things, reducing the areas under cultivation and using mechanical methods. This may potentially reduce the demand for migrant labour in subsequent years. Local workers have also been found to be working longer hours because of the lack of available migrant workers (ILO, forthcoming b).

Border closures have made migrant workers more vulnerable to the risks associated with smuggling routes, including being exploited by traffickers and irregular immigration status. Border closures have resulted in a number of complications for migrant workers. One is being stranded on the way to their home countries, or in their countries of destination, often without access to work that would enable them to support themselves. This has led to significant loss of income, leaving migrant workers dependent on aid from local organizations for subsistence. This precarious situation has prompted some migrant workers to have recourse to smugglers in order to return home (Mbiyozo 2020), exposing them to hazardous routes and to being exploited by traffickers (David, Bryant and Joudo Larsen 2019). Moreover, many migrant workers have overstayed their visas and work permits, becoming irregular as a result (ILO, forthcoming b). Migrant workers with irregular status are disproportionately affected by lay-offs, poor working conditions and lack of social protection. That being said, a number of countries have introduced procedures for automatically extending the visas and permits of migrant workers in order to prevent such situations (David, Bryant and Joudo Larsen 2019).

Migrant workers also face stigmatization and harassment when returning to their home countries. It has been reported that migrant workers in many countries have suffered harassment and abuse prompted by apprehensions about their spreading the virus in local communities. In East Africa and the Horn, there were also reports of harassment and abuse along migration channels. This has contributed to migrant workers having reduced access to medical care and being left stranded on their way home (Yee and Negeri 2020). Nevertheless, the official policy of most countries has been to offer healthcare without distinction to irregular and regular migrant workers alongside nationals (ILO, forthcoming b). Several countries, including the Republic of Korea, have set up "firewalls" between health service providers and immigration enforcement authorities to ensure that migrant workers with irregular status can access treatment for COVID-19 without risk of exposure, detention or deportation. At the same time, returning migrant workers can face stigmatization and harassment upon arrival in their countries of origin because they are perceived to be potential spreaders of the disease. Many also feel ashamed of having returned home empty-handed.

Given the economic impact of the COVID-19 crisis, with more migrant workers having to return to their home countries or being prevented from going abroad for work, low-income countries will see a decline in remittances. As a result, not only their families but also the economy as a whole in their countries of origin will lose a vital source of support. Remittances to Africa are already estimated to have declined from US$85.8 billion in 2019 to US$78.3 billion in 2020 (AfDB 2021, 19; see also Chapter 2).

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Conclusions

The COVID-19 pandemic is having a profound and ongoing impact on the world of work. In 2020, an estimated 8.8 per cent of global working hours were lost as a result of working-hour reductions. In contrast, working hours remained essentially stable during the global financial crisis that shook the world economy over a decade ago. The present crisis has proved to be one of unprecedented scale. In 2020, working-hour losses were divided between those who lost their jobs or livelihoods, including some who exited the labour market altogether, and those who were still employed but working fewer or no hours. While a recovery is expected from the second half of 2021 onwards, it is likely to be fragile and globally uneven. Projected employment growth will be insufficient to close the gaps opened up by the crisis.

In addition, the crisis has also generated, and continues to generate, highly disparate effects on workers and enterprises, with those already disadvantaged prior to the crisis being most affected. In that sense it has exacerbated pre-existing social and economic inequalities, undone a great deal of earlier progress in the world of work, and made it considerably more difficult to implement the 2030 Agenda for Sustainable Development. These intensified social and economic inequalities and decent work deficits will result in long-term "scarring" of economies and societies unless targeted efforts are undertaken by policymakers to ensure that the recovery is as broad-based and human-centred as possible. The return of strong GDP growth, while necessary, is not likely to be sufficient in itself to prevent scarring and the loss of considerable human and economic potential.

This report has explored how the effects of the crisis have varied depending on sector of economic activity, type of enterprise and worker profile. The analysis reveals the greater risk of long-term economic and social scarring for the following:

- **Micro and small enterprises.** The crisis has had a devastating and disproportionate impact on micro and small enterprises, especially in the hardest-hit economic sectors, that is, in accommodation and food services, wholesale and retail trade, construction and much of manufacturing. Evidence from a recent survey indicates that such enterprises are over 50 per cent more likely than larger firms to have been strongly affected by the crisis, with almost three quarters reporting severe financial difficulties. Many have already gone out of business or are heavily in debt and face an uncertain future. The weakened financial position of enterprises of all types, but particularly of micro and small enterprises, has negative implications for investment, productivity and job creation.
- **Informality.** Informal workers and enterprises have been hit especially hard. Informal employees have been three times more likely to lose their job during the crisis than their formally employed counterparts. The roughly 2 billion informal workers worldwide have in the main found themselves without access to social protection that might – at least partly – make up for their lost income. Surveys suggest that a quarter of informal enterprises are facing imminent bankruptcy, many of them being ineligible for government support in cases where such support has been made available to enterprises.
- **Lower-skilled workers.** Lower-skilled workers have suffered greater job losses than higher-skilled workers. Those who have remained employed are often to be found in front-line occupations – in the health, transport, retail and personal care service sectors – and have thus been disproportionately exposed to COVID-19. Higher-skilled workers, on the other hand, are concentrated in occupations that are more amenable to telework, which has helped to mitigate some of the employment losses. The differential effects of the crisis on lower- and higher-skilled workers have exacerbated labour market inequalities, while the ability of workers in countries in the global North to switch more easily to working (and studying) from home than those in the global South has increased inequalities between countries.
- **Women.** During the pandemic, female employment has declined by 5 per cent, compared with 3.9 per cent for men. Nearly 90 per cent of women who have lost their jobs have subsequently left the workforce – a far higher rate of inactivity than for men. Since the burden of childcare and homeschooling activities is shouldered disproportionately by women, these trends are creating the risk of a re-entrenchment of traditional gender norms that hinders the integration of women into the labour market and the promotion of gender equality.
- **Youth.** Young people have also been disproportionately impacted by the crisis. The drop in the employment rates of young workers has been 2.5 times greater than that incurred by adult workers during the pandemic, and a larger share of young workers have become inactive. In addition, the pandemic has severely disrupted education and training and has negatively affected the transition of many individuals from school, vocational training or university to the labour market. This has negative implications for the longer-term employment probabilities, wages and skills development of a substantial cohort within the workforce. Because of these trends, the share of young people not in employment, education or training has increased markedly in 24 out of 33 countries with available data.

These disparities in working-hour and employment losses have translated into similar disparities in income losses across groups of workers and countries. Global labour income fell by 8.3 per cent, or by US$3.7 trillion, during 2020. Young, female and lower-skilled workers have been disproportionately affected. The lack of adequate support measures has resulted in a significant expansion of poverty, mainly in low-income and lower-middle-income countries. The number of workers living in extreme or moderate poverty – that is, living on a daily income of, respectively, less than US$1.90 or less than US$3.20 (in purchasing power parity terms) – increased by more than 100 million between 2019 and 2020, to 700 million, thereby effectively reversing five years of progress towards the eradication of poverty.

This expansion of working poverty, which includes an increase of 30 million in the number of workers living in extreme poverty, is partly due to highly unequal access worldwide to support measures that can make up for labour income losses. Numerous countries have implemented employment retention schemes and other support measures, though they vary in scope and generosity. Such measures have to some extent compensated for the loss of pre-support labour income. However, they are more likely to be found in countries with a higher income level and for the most part apply only to formal workers, which means that informal workers and those living in poorer countries have had to bear the brunt of the labour income loss arising from reduced working hours.

Inequalities in access to social protection benefits, which provide income support for those who have lost their labour income, depend on the country in which workers live, and, within countries, on the extent to which social protection systems cover workers in different contractual arrangements. Once again, informality and a country's fiscal capacity are key determinants of the unequal impact of the crisis on livelihoods. In addition, pre-existing inequalities in the labour market – along dimensions such as gender, age and migrant status – are often reflected in lack of access to social protection. Underdeveloped and underfinanced social protection systems, which are widespread in many parts of the world, constrain the ability of the countries concerned to reduce poverty and inequality.

The trends identified in this report suggest that the crisis is likely to aggravate inequality within and between countries for years to come. In that sense, it poses the risk of creating an additional dimension of economic and social scarring at the international level that will manifest itself in slower and more uneven progress towards poverty reduction, a deceleration of convergence in incomes between developing and developed countries, and obstacles to the achievement of the Sustainable Development Goals (SDGs) by 2030. The increased disparities between countries risk being perpetuated by the highly unequal access to vaccines.

Without a comprehensive and concerted policy response, the differential effects of the crisis are likely to leave an enduring scar on the overall macroeconomic performance of economies as well. The disproportionate impact of the crisis on young people, women and lower-skilled, informal and poorer workers – including with respect to the pace of their acquisition of skills and their health status – implies a significant decrease in labour force participation and reduction in productivity growth. Lower labour force participation and productivity growth over an extended period will, in turn, undermine the growth potential of individual economies and the world economy as a whole. Current trends are not encouraging in this regard. Labour force participation is projected to remain below the 2019 level well into 2022 for countries at all stages of economic development, creating a risk of "hysteresis" – an entrenchment of suppressed levels of participation – in the labour market for several years to come. Global labour productivity growth is also projected to remain at less than two thirds of the pre-crisis level. This deceleration is expected to be most pronounced in low-income and lower-middle-income countries, amounting to 1.9 and 2.6 percentage points, respectively. The combination of widespread lower productivity and labour force participation implies a stunting not only of human potential in the working-age population of many countries but also of the growth potential of the world economy. This in turn implies a slower pace of global poverty reduction and progress towards the SDGs – a scarring of global growth and development during this "Decade of Action" in which efforts to eliminate poverty (Goal 1) and achieve the other SDGs by 2030 were meant to have been intensified.

The extraordinary developments of 2020 analysed in this year's *World Employment and Social Outlook: Trends* report point to a real risk that – absent comprehensive and concerted policy efforts – the COVID-19 crisis will leave behind a legacy of widened inequality and reduced overall progress in the world of work across multiple dimensions. As countries contend with the crisis and begin to recover from it, monitoring the evolution of these differential impacts and marshalling a sustained policy response to mitigate and counter them will require unflagging priority attention by policymakers. To that end, governments should develop, through social dialogue, human-centred recovery strategies that promote the broadest possible enhancement of productive employment, income and security within their countries' societies. International cooperation should prioritize the

provision of support to developing countries that seek assistance in developing and implementing their responses. The overriding goal of all such human-centred recovery strategies should be to ensure that improvements in headline gross domestic product growth and unemployment indicators are accompanied by commensurate improvements in relation to decent work, incomes and social security for all groups of workers and their households within individual countries and across all regions of the world.

In some cases, efforts to minimize scarring in the world of work and ensure that no one is left behind during the recovery will require extending the duration of policy measures adopted in the early stages of the crisis. In others, it will require modifying these measures or creating new ones. The task at hand is essentially to implement the ILO Centenary Declaration for the Future of Work (2019), which calls upon ILO Member States to contribute, "on the basis of tripartism and social dialogue", to the realization of a human-centred future of work that "puts workers' rights and the needs, aspirations and rights of all people at the heart of economic, social and environmental policies". Accordingly, the human-centred recovery strategies adopted by countries should seek to:

(1) *Promote broad-based economic growth and the creation of productive employment.* Bringing about widespread improvement in decent work opportunities will require accommodative monetary policy to be maintained along with fiscal policies and investments that can propel job creation, particularly in those economic sectors that have the greatest potential to create decent work, including the care economy and green infrastructure. For low-income and some middle-income countries, international policy action is required to provide them with the fiscal space necessary for making such investments – including through debt restructuring and other forms of financial assistance. Employment-intensive investments favour local labour and resources and develop the skills of local communities. In the process, they generate much-needed employment and income, reduce costs, save foreign exchange and support local industries. Physical and social infrastructure deficiencies beset many parts of the world before the crisis; the recovery thus presents an opportunity to fill these gaps and build back better. Comprehensive national employment policies can play a critical role in bringing together, in a coherent and integrated manner, the various interventions required to support a sustained, inclusive and job-rich recovery.

(2) *Support household incomes and labour market transitions, particularly for those most affected by the crisis.* Employment and social protection policies should seek to facilitate the transition of workers – particularly the most vulnerable and hardest-hit such as women, young people and lower-skilled and informal workers – to new jobs and livelihoods, while supporting their households throughout the adjustment process. Active labour market policies and public employment services aimed at reskilling and upskilling people, at improving career development services and at enhancing job search, matching and skills capabilities will be crucial. Young people in particular require targeted interventions that enable their effective integration into productive employment and reduce the number of those who are not in employment, education or training. Efforts to achieve gender equality should be intensified to prevent an enduring setback in that respect as a result of the crisis. Investments in high-quality publicly delivered healthcare and social care – including childcare, support for the elderly and long-term care – could allow women (and men) to participate more actively in the labour market and at the same time generate opportunities for decent employment in the care sector.

(3) *Strengthen the institutional foundations of inclusive, sustainable and resilient economic growth and development.* Countries with robust social protection systems have been more agile in their response to the crisis and better able to protect their workers. Strengthening such systems in countries where they are underdeveloped should be a central priority. The establishment of a universal social protection floor ensures that all workers, including those in the informal economy, can enjoy at least a minimum set of protections – notably access

to healthcare and basic income security – that are designed to help them to weather economic hardships. The starkly uneven impact of the crisis has highlighted the need to address inequalities in working conditions. All workers – regardless of their contractual arrangements, and thus including workers in diverse forms of employment – have the right to freedom of association and collective bargaining, to safe and healthy workplaces, to an adequate minimum wage, and to a world of work free of discrimination, forced labour and child labour. International labour standards contain guidance that can help ILO Member States to design – on the basis of social dialogue – laws and regulations that best fit their national contexts, together with strategies for their effective implementation. Greater investment in skills development and lifelong learning, along with efforts to foster an enabling environment for sustainable enterprises, can also help to pave the way towards more resilient growth.

(4) *Engage in social dialogue to develop and ensure effective implementation of human-centred recovery strategies.* Efforts to promote broad-based economic and social recovery from the shock inflicted by the pandemic on the world of work will have a better chance of success if they are shaped by social dialogue at all levels. Governments and employers' and workers' organizations should work together to design and implement the human-centred policies required to respond to the crisis, while strengthening the overall resilience of their countries' economies. Collective bargaining is a particularly flexible tool that can respond to the demands of specific workplaces, occupations and economic sectors. Its use, however, hinges on effective implementation of the right to freedom of association and collective bargaining. Bipartite and tripartite negotiations should be conducted to address critical issues such as occupational safety and health measures to protect workers who are exposed to the virus and other hazards, and equal treatment of those working from home and other wage earners.

Appendices

▶ Appendix A. Country groupings by region and income level

Africa

Northern 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
Congo, Democratic Republic of the
Côte d'Ivoire
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
Tanzania, United Republic of
Togo
Uganda
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
Hong Kong, China
Japan
Korea, Democratic People's Republic of
Korea, Republic of
Macau, China
Mongolia
Taiwan, China

South-East Asia and the Pacific
Australia
Brunei Darussalam
Cambodia
Fiji
French Polynesia
Guam
Indonesia
Lao People's Democratic Republic
Malaysia
Myanmar
New Caledonia
New Zealand
Papua New Guinea
Philippines
Samoa
Singapore
Solomon Islands
Thailand
Timor-Leste
Tonga
Vanuatu
Viet Nam

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
Moldova, Republic of
Poland
Romania
Russian Federation
Slovakia
Ukraine

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

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

Data collection and evaluation

The ILO modelled estimates are generally derived for 189 countries and territories (hereafter referred to simply as "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 using only rural or urban data would not be consistent with benchmark data such as gross domestic product (GDP). Nonetheless, when the data are explicitly to be broken down by urban versus rural location, geographically limited data covering the area of interest are included.

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 if 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.

Models used to estimate historical labour market indicators up to 2019

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 squared 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 could differ depending on 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, only the historical ILO modelled estimates up to and including the year 2019 are based on the traditional methods and models. The ILO has developed an altogether new nowcasting approach to estimate the evolution of labour market indicators in 2020 and a new projection model for the years 2021 and 2022.

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. First, a model is used to estimate and project the labour force participation rates disaggregated by sex and five-year age groups. These estimated and projected rates are applied to the estimates for the working-age population in order to obtain the labour force. Second, another model is used to estimate the unemployment rate disaggregated by sex and for young people (15–24) and adults (25+). Combining the unemployment rate with the labour force estimates, the numbers of employed and unemployed are obtained. Third, yet another model is used to estimate the labour underutilization rates (LU2, LU3 and LU4 rates – see further down), from which the time-related underemployment and the potential labour force can be derived. Fourth, the distribution of employment as a function of four different indicators is estimated using four different models. These indicators are: employment status, economic activity (sector), occupation, and economic class (working poverty). Fifth, a model is used to estimate the share of the youth population not in employment, education or training.

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.

Labour force estimates and projections

The ILO labour force estimates and projections (LFEP) are part of a broader international campaign to obtain demographic estimates and projections to which several United Nations agencies contribute. Estimates and projections are produced by the United Nations Population Division for the total population, and for its sex and age composition; by the ILO for the employed, unemployed and related populations; by the Food and Agriculture Organization of the United Nations (FAO) for the agricultural population; and by the United Nations Educational, Scientific and Cultural Organization (UNESCO) for the school-attending population.

The basic data used as input for the relevant model are single-year labour force participation

rates disaggregated by sex and age groups, of which ten groups are defined using five-year age intervals (15–19, 20–24, and so on until 60–64) and the last age group is defined as 65 years and above. The underlying methodology has been extensively assessed in terms of pseudo-out-of-sample performance. However, the LFEP model and the model used to estimate the labour income share are the only two models described in this appendix that do not automatically carry out model specification searching.

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 labour force participation rate 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. In terms of model specification, after taking into account the data structure and the heterogeneity among the various countries in the input data used, it was decided to use panel data techniques with country-fixed effects. The regressions are weighted by the non-response likelihood. The explanatory variables used include economic and demographic variables. The estimates are produced using the detailed five-year age intervals. The global figures are calculated using the benchmark population from the United Nations World Population Prospects and the detailed rates.

Unemployment estimates

This model estimates a complete panel data set of unemployment rates disaggregated by sex and age (15–24, 25+). Real observations are more likely to exist for the total unemployment rate than for the rate disaggregated by sex and age. In order to maximize the use of real information, the model first estimates the total rate. Next, the rates for male and female employment, and for youth and adult employment, are estimated separately. These estimates are then rebalanced so that the implied total rate matches the total rate estimated in the first step. A similar procedure is used in the final step for the unemployment rates among male and female young people, and among male and female adults.

The estimation of each indicator is performed in a two-step process. In the first step, a cross-country regression is carried out to identify the level of the unemployment rate in 2018 in countries with completely missing data. This step uses information on demography, per capita income, economic structure and an employment index from the Gallup World Poll. In the second step, the evolution of the unemployment rate is estimated, using information on the economic cycle and also on economic structure and demographics. The two-step process has the advantage of treating two very different econometric problems using separate approaches.

Estimates of labour underutilization (LU2, LU3 and LU4 rates)

The target variables of the model are the measures of labour underutilization defined in the resolution concerning statistics of work, employment and labour underutilization adopted by the 19th International Conference of Labour Statisticians (ICLS) in October 2013. These measures include the combined rate of time-related underemployment and unemployment (LU2), the combined rate of unemployment and the potential labour force (LU3), and the composite measure of labour underutilization (LU4). The measures are defined as:

$$\text{LU2} = \frac{\text{Unemployed} + \text{Time-related underemployment}}{\text{Labour force}}$$

$$\text{LU3} = \frac{\text{Unemployed} + \text{Potential labour force}}{\text{Labour force} + \text{Potential labour force}}$$

$$\text{LU4} = \frac{\text{Unemployed} + \text{Potential labour force} + \text{Time-related underemployment}}{\text{Labour force} + \text{Potential labour force}}$$

Persons in time-related underemployment are defined as all persons in employment who, during a short reference period, wanted to work additional hours, whose working time in all their jobs was below a specified threshold of hours, and who were available to work additional hours if they had been given the opportunity to do so. The potential labour force consists of people of working age who were actively seeking employment, were not available to start work in the reference week, but would become available within a short subsequent period (unavailable jobseekers), or who were not actively seeking employment but wanted to work

and were available in the reference week (available potential jobseekers).

The model uses the principles of cross-validation and uncertainty estimation to select the regression models with the best pseudo-out-of-sample performance, not unlike the unemployment rate model. The labour underutilization model, however, has three very specific features. First, all demographic groups are jointly estimated, using the appropriate categorical variable as a control in the regression, because the groups are interdependent (and data availability is roughly uniform across breakdown). Second, the model incorporates the information on unemployment and labour force into the regressions (used alongside other variables to reflect economic and demographic factors). Finally, the LU4 rate is uniquely pinned down by the LU2 and LU3 rates, since it is a composite measure based on the two indicators.

The resulting estimates include the LU2, LU3 and LU4 rates and the level of time-related underemployment and of the potential labour force.

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.

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 without any observations of this indicator, the country intercept is estimated as a combination of a regional and an income group mean.

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 the total 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 with completely missing data. 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, an index of 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. 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 for 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.

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. 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 five 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, US$5.50–13.00 per day, and above US$13.00 per day, in purchasing power parity terms.

Estimates related to youth not in employment, education or training

The target variable of the model is the share of youth not in employment, education or training (NEET):

$$\text{NEET share} = \frac{\text{Youth not in employment, education or training}}{\text{Youth population}}$$

It is worth noting that, by definition, 1 minus the NEET share gives the share of young people who are either in employment or enrolled in some sort of educational or training programme. The NEET share is included as one of the indicators used to measure progress towards the achievement of the Sustainable Development Goals, specifically of Goal 8 ("Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all").

The model uses the principles of cross-validation and uncertainty estimation to select the regression models with the best pseudo-out-of-sample performance, not unlike the unemployment rate model. The NEET model estimates all demographic groups jointly, using the appropriate categorical variable as a control in the regression, because the groups are interdependent (and data availability is roughly uniform across breakdown). The model incorporates the information on unemployment, labour force and enrolment rates into the regressions (used alongside other variables to reflect economic and demographic factors). The resulting estimates include the NEET share and the number of young people with NEET status.

Models used to estimate labour market indicators in 2020

The estimation of labour market indicators for the year 2020 follows a different approach from that used for the historical estimates. The estimation target is the percentage change in the indicator that can be attributed to the COVID-19 outbreak. This is equivalent to the gap with respect to a projected value of the indicator in the absence of the pandemic – a projection that is in effect very close to the value in the fourth quarter of 2019. First, the gap is estimated for the ratio of weekly hours worked to the population aged 15–64, which provides an estimate of working-hour losses. Second, the working-hour losses are used to estimate the employment losses. Third, employment losses are decomposed into shifts to unemployment, inactivity and the potential labour force. Fourth, the distribution of employment losses across sectors, occupations and status is estimated.

Nowcasting of working-hour losses

Working-hour losses up to and including the first quarter of 2021 are estimated using the ILO nowcasting model, which means drawing 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 basis for the estimation of working-hour losses was the observed mobility decline from the Google Community Mobility Reports[1] and the Oxford COVID-19 Government Response Stringency Index, since comparable drops in mobility and similarly stringent restrictions are likely to lead to a similar decline in hours worked. An average of the workplace and "retail and recreation" indices from the Google Community Mobility Reports was used.

The stringency and mobility indices were combined into a single variable[2] using principal component analysis. Additionally, 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.[3] Because of countries' different practices in counting cases, the more homogenous concept of deceased patients was used as a proxy of the extent of the pandemic. The variable was computed at an equivalent monthly frequency, but the data were updated daily, the source being the European Centre for Disease Prevention and Control. 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.[4]

The approach is based on a regression analysis of the effect of the most comprehensive available indicator on hours worked as captured by available quarterly labour force surveys. In addition, to capture the time-varying effect of lockdowns on hours worked, the explanatory variables are made to interact with a binary variable indicating whether the period in question is the second quarter of 2020 or later. To account for country-specific effects – as far as they can be observed through available labour force surveys – the estimated values were corrected as a function of the observed difference in past quarters between the estimated and the labour force survey-based number of hours worked for each individual country.

Employment, unemployment, labour force and distribution of employment

In general, the estimation of labour market indicators for 2020 is performed by identifying the parameters of statistical relationships between observed labour market indicators derived from

1 The Google Community Mobility Reports are used alongside the Oxford COVID-19 Government Response Stringency Index to take into account the differential implementation of containment measures. The mobility variable has only partial coverage for the first quarter of 2020, and so only the stringency and COVID-19 incidence data are used in producing working-hour loss estimates for that quarter. The data source for mobility is available at: https://www.google.com/covid19/mobility/.

2 Missing mobility observations were imputed on the basis of stringency data.

3 For the following countries and territories, the estimate is based on the incidence of COVID-19 only: Armenia, Comoros, Equatorial Guinea, French Polynesia, Maldives, New Caledonia, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, United States Virgin Islands, Western Sahara.

4 For the following countries and territories, the estimate is based on detailed regional averages: Channel Islands, Democratic People's Republic of Korea, Samoa.

labour force surveys and explanatory variables. There are observations of quarterly labour market indicators from 68 countries. Explanatory variables include labour market characteristics before the crisis (informality; employment in the sectors "accommodation and food services", "wholesale and retail trade" and "other services"; own-account and contributing family work; unemployment rate; and social protection coverage), GDP per capita, the share of government spending in GDP, and the Oxford COVID-19 Government Response Stringency Index. For the labour market estimates, a multitude of statistical relationships are identified and tested for their out-of-sample performance. The result of this procedure, called cross-validation, is then taken into account in selecting and weighting the statistical relationships to be used to predict labour market indicators for missing observations.

For aggregate employment, the relationship between the percentage loss in hours worked and the percentage loss in employment is identified as a function of the above-mentioned explanatory variables. This pass-through from hours to employment can be smaller or larger depending on a country's circumstances. Subsequently, the excess employment loss of women with respect to men is estimated, as is that of young people with respect to adults. This excess employment loss, given the aggregate employment loss, uniquely determines the employment losses of the various demographic groups.

Employment loss must necessarily equal the increase in unemployment plus the increase in inactivity. The ratio of those two changes is estimated so that both can be determined jointly. For the female–male breakdown, the ratio of the change in female unemployment to that of male unemployment is estimated, and likewise for inactivity. Those estimates are then rebalanced so that the aggregate unemployment and inactivity changes are equal to the sum of the changes for women and men, but also so that the changes in male and female employment are equal to the respective changes in unemployment and inactivity. A similar approach is used for the youth–adult breakdown. The change in the potential labour force is estimated as a function of employment losses, taking also the estimated change in the labour force into account.

The distribution of employment by sector, status and occupation is estimated separately for each category. For example, the contribution of each sector to total employment loss is estimated as a function of the aggregate employment loss, the sectoral employment share and a set of explanatory variables as described above. Those individual employment losses are then adjusted so that the implied total employment loss equals the aggregate employment loss that has been identified in a previous step. For disaggregation by sex, the target variable to be estimated is the excess relative employment loss of women over men.

Models used to project labour market indicators

The ILO has developed projection models to forecast hours worked, employment, unemployment, the labour force and the potential labour force for the years 2021 and 2022. In a first step, the loss of working hours relative to a no-pandemic scenario is projected. Second, those projections are used to project the employment loss relative to the no-pandemic scenario. The third and final step involves projecting the individual components of the projected employment losses.

Projecting working-hour losses

The estimate of working hours in the first quarter of 2021 is based on the nowcasting model described above. Using a pooled regression model, the relationship between losses of hours worked and high-frequency indicators is estimated for the crisis period between the second and fourth quarters of 2020. For the second quarter of 2021, the nowcasting model is also used for countries that tightened containment measures at the end of March or in early April in response to a third wave of case numbers.

A crisis recovery model underlies the projection of hours worked as of the second quarter of 2021 for the remaining countries, and as of the third quarter for all countries. The model is specified as an error correction model of the form

$$\Delta h_{(i,t)} = \beta_{(0,i)} + \beta_{(1,i)}\, gap_{(i,t-1)} + \beta_{(2)}\, gap^2_{(i,t-1)} + \beta_{(3)}\, \Delta GDP_{(i,t)} \qquad (1)$$

The gap is given by the difference of relative hours worked to the trend: $gap_{(i,t)} = h_{(i,t)} - trend_{(i,t)}$, where the evolution of the trend is determined by

$$Trend_{(i,t)} = (0.5*trend_{(i,t-1)} + 0.5*gap\_GDP + g\_1\,(h_{(i,t)} - trend_{(i,t-1)}))^{(g\_2)} \qquad (2)$$

The variable of interest $\Delta h_{(i,t)}$ is the change in working hours relative to a long-run trend, which as of 2020 is assumed to equal the estimate for the no-pandemic scenario. The gap refers to the working hours relative to that long-run trend, and this term appears in equation (1) in its first and second power. The crisis recovery mechanism in this model works through this gap, where the size of parameters $\beta_{(1,i)}$ and $\beta_{(2)}$ determine the speed with which working hours increase to close the gap when such a gap exists. Moreover, the larger the gap, the larger the change in hours worked. The gap is a function of the trend (which has a steady state of 1 since the model is specified in relative terms). In order to capture scarring or hysteresis, the trend is modelled to react to the gap through the parameter g_1, but it also has a mean-reverting component g_2. In addition, the trend of hours worked is also influenced by the gap in GDP from its pre-crisis trend, which will effectively slow down the recovery of working hours in countries that do not succeed in recovering lost GDP quickly. The gap in GDP is adjusted for a country's income level to take into account the fact that the employment elasticity is much lower for low-income countries than for high-income ones. The historical long-term trend in hours worked is estimated using the Hodrick-Prescott filter with very high smoothing.

The parameters of the projection model are estimated empirically as far as possible. Equation (1) is estimated at the quarterly frequency for 26 countries with suitable data up to 2019 using multilevel mixed-effects methods, meaning that the distribution of the slope parameters for the gap is also estimated. This provides baseline estimates of the parameters, which actually imply a relatively slow recovery speed. However, thanks to considerable relaxation of COVID-19-related restrictions, some countries managed to achieve extra-fast recovery speeds in the course of 2020. This high recovery speed parameter is also estimated. The progress already made and the prospects for vaccinating a country's population then determine the weights in estimating the average of the baseline and the high recovery speed parameter that applies in a given quarter. For those countries that have already made significant progress in vaccination,[5] the point in time at which the ratio of vaccine shots administered to population would reach 1.5 (equivalent to vaccinating 75 per cent of the population with a two-shot vaccine) is extrapolated. Furthermore, the higher the ratio of confirmed vaccine delivery contracts to a country's population,[6] the higher the weight of the high recovery speed parameter. The underlying assumption is that even in the absence of current vaccination progress, a large number of secured doses should eventually lead to swift vaccination.

For upper-middle- and high-income countries, the scarring parameters are set as follows: $g\_1=0.05$ and $g\_2=0.9$; while for lower-middle- and low-income countries they are set as follows: $g\_1=0.02$ and $g\_2=0.95$. The logic here is that people in these last two country income groups are more likely to fall back on low-quality employment options. This does not mean that the workers concerned will be less scarred by an extended loss of activity; on the contrary, they may find it even more difficult to re-enter quality employment the longer they remain in low-quality activities.

The optimistic and pessimistic scenarios differ from the baseline scenario in that they incorporate, respectively, an upward and a downward adjustment to the recovery speed parameter β_1. A higher recovery speed could come about if workers return quickly to their activity despite

5 Data on progress in vaccination are taken from the Our World in Data portal.

6 Data on confirmed vaccination delivery contracts are taken from the Launch and Scale Speedometer, which is led by the Duke Global Health Innovation Center, with support from the Bill & Melinda Gates Foundation.

the continuing output gap, thereby boosting demand and employment. A lower recovery speed would occur if the long-term impact of the crisis on potential aggregate demand and economic structures turns out to be worse than in the baseline scenario, thereby reducing the job creation potential even further. Specifically, the parameter β_1 is adjusted upward or downward by 0.25 times its estimated standard deviation, which corresponds to either the 40th or the 60th percentile of its estimated distribution, instead of the 50th percentile used in the baseline scenario.

The scenarios of GDP growth are taken from the United Nations *World Economic Situation and Prospects 2021* report. The pessimistic scenario subtracts 0.5 percentage points of growth per quarter in 2021, and 0.2 percentage points per quarter in 2022, from the baseline projection of *World Economic Situation and Prospects 2021*, thereby replicating that report's downside scenario. In the optimistic scenario, GDP growth is increased by 0.4 percentage points as of the second quarter of 2021, and by 0.15 percentage points in 2022.

Projecting employment losses

The projection of hours of work lost serves as the primary input for projecting the employment loss relative to the no-pandemic scenario. The primary variable of interest is the loss ratio, which is the ratio of relative employment lost to relative hours lost. This loss ratio has been quite small in many countries, especially those with comprehensive furlough schemes in place. However, it is likely that the loss ratio increases over time. First, the creation of new jobs is strongly diminished, which leads to actual employment losses that are not covered by furlough schemes. Second, enterprises gain a better understanding of which jobs are viable in the longer term and will therefore shed excess workers.

The loss ratio has indeed increased, on average, between the third and fourth quarters of 2020. The speed of this change has been estimated by regressing the logarithmic transformation of the loss ratio onto working-hour losses; that change has then been applied throughout the years 2021 and 2022. The result is a time series of the loss ratio that increases over time and converges towards unity. In short, projected lost hours of work decline, but they translate into employment losses to a greater extent, which on the whole means that projected employment losses are large relative to working-hour losses in 2021 but are set to decline strongly in 2022.

Projecting unemployment, labour force and potential labour force

Changes in unemployment, the labour force and the potential labour force all follow from the employment losses – depending on whether people remain available for a job and search for one (unemployed), whether only one of those two conditions is fulfilled (potential labour force), or whether neither applies (out of the extended labour force). For the projections, shifts out of the labour force or into the potential labour force in response to employment loss are estimated on the basis of historical data from earlier crises. For the year 2021, the relationship between (potential) labour force change and employment loss is a weighted average of the relationship in 2020 and the long-run relationship. This means that the labour force reaction approaches a more "normal" reaction during a time of crisis, moving away from the extraordinary impact that occurred in 2020. For the year 2022, the correlation between employment loss and labour force exit diminishes further, reflecting the fact that people re-enter the labour market in search of employment. The projected evolution of the labour force determines jointly with employment the trajectory of unemployment.

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

C1. World

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	2504.0	2632.0	2758.0	2850.0	2617.0	2785.0	2878.0
Ratio of total weekly hours worked to population aged 15-64	Hours	28.4	27.8	27.4	27.2	24.7	26.1	26.7
Labour force	Millions	2996.0	3173.0	3344.0	3490.0	3409.0	3509.0	3574.0
Labour force participation rate	Per cent	63.7	62.5	61.4	60.8	58.7	59.7	60.0
Employment	Millions	2819.0	2986.0	3156.0	3303.0	3189.0	3289.0	3369.0
Employment-to-population ratio	Per cent	60.0	58.8	57.9	57.6	54.9	55.9	56.6
Unemployment	Millions	177.0	188.0	188.0	187.0	220.0	220.0	205.0
Unemployment rate	Per cent	5.9	5.9	5.6	5.4	6.5	6.3	5.7
Potential labour force	Millions	96.0	104.0	111.0	118.0	162.0	134.0	124.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	8.8	8.9	8.7	8.5	10.7	9.7	8.9
Total labour underutilization	Millions	413.0	447.0	459.0	471.0			
Composite rate of labour underutilization (LU4)	Per cent	13.4	13.7	13.3	13.0			
Wage and salaried workers	Millions	1323.0	1479.0	1648.0	1768.0	1701.0		
Self-employed workers	Millions	1496.0	1507.0	1508.0	1535.0	1488.0		
Share of wage and salaried workers	Per cent	46.9	49.5	52.2	53.5	53.3		
Share of self-employed workers	Per cent	53.1	50.5	47.8	46.5	46.7		
Occupations requiring low skill	Millions	1245.0	1255.0	1228.0	1239.0	1199.0		
Occupations requiring medium skill	Millions	1086.0	1174.0	1298.0	1382.0	1317.0		
Occupations requiring high skill	Millions	488.0	556.0	630.0	682.0	673.0		
Share of occupations requiring low skill	Per cent	44.2	42.0	38.9	37.5	37.6		
Share of occupations requiring medium skill	Per cent	38.5	39.3	41.1	41.8	41.3		
Share of occupations requiring high skill	Per cent	17.3	18.6	20.0	20.6	21.1		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	533.0	419.0	248.0	218.0	252.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	562.0	514.0	439.0	375.0	453.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	18.9	14.0	7.8	6.6	7.9		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	19.9	17.2	13.9	11.4	14.2		

C1. World (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	1358.0	1313.0	2132.0	2096.0	496.0	457.0	2994.0	2953.0
Labour force participation rate	Per cent	47.4	45.2	74.3	72.1	41.2	37.8	66.1	64.2
Employment	Millions	1283.0	1229.0	2020.0	1960.0	429.0	390.0	2874.0	2799.0
Employment-to-population ratio	Per cent	44.7	42.3	70.4	67.5	35.6	32.2	63.4	60.8
Unemployment	Millions	75.0	84.0	113.0	136.0	67.0	67.0	120.0	154.0
Unemployment rate	Per cent	5.5	6.4	5.3	6.5	13.5	14.6	4.0	5.2
Potential labour force	Millions	64.0	79.0	54.0	83.0	41.0	51.0	77.0	111.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.8	11.7	7.6	10.0	20.1	23.2	6.4	8.6
Total labour underutilization	Millions	211.0		259.0		139.0		331.0	
Composite rate of labour underutilization (LU4)	Per cent	14.9		11.9		26.0		10.8	
Wage and salaried workers	Millions	701.0	673.0	1067.0	1029.0				
Self-employed workers	Millions	582.0	557.0	952.0	931.0				
Share of wage and salaried workers	Per cent	54.6	54.7	52.8	52.5				
Share of self-employed workers	Per cent	45.4	45.3	47.2	47.5				
Occupations requiring low skill	Millions	469.0	449.0	770.0	750.0				
Occupations requiring medium skill	Millions	517.0	484.0	865.0	833.0				
Occupations requiring high skill	Millions	297.0	296.0	385.0	377.0				
Share of occupations requiring low skill	Per cent	36.6	36.5	38.1	38.3				
Share of occupations requiring medium skill	Per cent	40.3	39.4	42.8	42.5				
Share of occupations requiring high skill	Per cent	23.1	24.1	19.0	19.2				

C2. Low-income countries

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	126.0	144.0	163.0	184.0	177.0	185.0	194.0
Ratio of total weekly hours worked to population aged 15-64	Hours	24.3	23.9	23.6	23.5	21.9	22.7	23.2
Labour force	Millions	184.0	209.0	238.0	267.0	267.0	272.0	283.0
Labour force participation rate	Per cent	69.8	68.4	67.4	67.2	65.2	65.7	66.2
Employment	Millions	175.0	198.0	226.0	254.0	253.0	258.0	268.0
Employment-to-population ratio	Per cent	66.3	64.9	64.0	63.9	61.7	62.2	62.7
Unemployment	Millions	9.0	11.0	12.0	13.0	14.0	14.0	15.0
Unemployment rate	Per cent	5.1	5.2	5.1	4.8	5.3	5.3	5.2
Potential labour force	Millions	9.0	11.0	13.0	15.0	16.0	15.0	16.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.6	9.9	9.8	9.7	10.6	10.3	10.1
Total labour underutilization	Millions	38.0	44.0	51.0	57.0			
Composite rate of labour underutilization (LU4)	Per cent	19.5	20.2	20.5	20.4			
Wage and salaried workers	Millions	27.0	34.0	42.0	50.0	50.0		
Self-employed workers	Millions	143.0	158.0	177.0	197.0	197.0		
Share of wage and salaried workers	Per cent	15.7	17.5	19.2	20.2	20.1		
Share of self-employed workers	Per cent	84.3	82.5	80.8	79.8	79.9		
Occupations requiring low skill	Millions	123.0	136.0	151.0	169.0	169.0		
Occupations requiring medium skill	Millions	38.0	46.0	55.0	63.0	63.0		
Occupations requiring high skill	Millions	8.0	11.0	13.0	15.0	15.0		
Share of occupations requiring low skill	Per cent	72.7	70.5	68.8	68.5	68.6		
Share of occupations requiring medium skill	Per cent	22.4	24.0	25.1	25.6	25.5		
Share of occupations requiring high skill	Per cent	4.9	5.5	6.1	6.0	5.9		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	89.0	90.0	93.0	99.0	107.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	42.0	50.0	62.0	69.0	75.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	50.8	45.5	41.2	39.1	42.5		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	23.8	25.2	27.4	27.0	29.6		

C2. Low-income countries (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	117.5	115.9	149.5	151.4	70.5	68.4	196.5	198.9
Labour force participation rate	Per cent	58.2	55.7	76.4	75.0	51.1	48.3	75.7	74.1
Employment	Millions	111.7	109.8	142.4	143.3	64.9	62.4	189.2	190.7
Employment-to-population ratio	Per cent	55.4	52.8	72.8	71.0	47.1	44.1	72.9	71.1
Unemployment	Millions	5.7	6.1	7.1	8.1	5.6	6.0	7.2	8.2
Unemployment rate	Per cent	4.9	5.3	4.8	5.3	8.0	8.7	3.7	4.1
Potential labour force	Millions	8.8	9.3	5.7	6.5	6.7	7.2	7.9	8.6
Combined rate of unemployment and potential labour force (LU3)	Per cent	11.5	12.3	8.3	9.2	15.9	17.5	7.4	8.1
Total labour underutilization	Millions	29.0		28.3		21.2		36.1	
Composite rate of labour underutilization (LU4)	Per cent	23.0		18.2		27.5		17.7	
Wage and salaried workers	Millions	15.0	14.0	35.0	35.0				
Self-employed workers	Millions	94.0	92.0	104.0	105.0				
Share of wage and salaried workers	Per cent	13.6	13.5	25.4	25.1				
Share of self-employed workers	Per cent	86.4	86.5	74.6	74.9				
Occupations requiring low skill	Millions	78.0	77.0	91.0	92.0				
Occupations requiring medium skill	Millions	26.0	25.0	38.0	38.0				
Occupations requiring high skill	Millions	5.0	4.0	10.0	10.0				
Share of occupations requiring low skill	Per cent	72.2	72.4	65.6	65.6				
Share of occupations requiring medium skill	Per cent	23.6	23.5	27.1	27.1				
Share of occupations requiring high skill	Per cent	4.2	4.2	7.4	7.3				

C3. Lower-middle-income countries

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	775.0	843.0	897.0	949.0	854.0	946.0	984.0
Ratio of total weekly hours worked to population aged 15-64	Hours	26.1	25.6	24.8	24.5	21.7	23.6	24.1
Labour force	Millions	913.0	980.0	1043.0	1106.0	1071.0	1133.0	1162.0
Labour force participation rate	Per cent	59.6	57.6	55.6	54.7	52.0	53.9	54.3
Employment	Millions	867.0	933.0	990.0	1050.0	1003.0	1067.0	1098.0
Employment-to-population ratio	Per cent	56.6	54.8	52.7	52.0	48.8	50.7	51.3
Unemployment	Millions	47.0	47.0	53.0	56.0	67.0	66.0	64.0
Unemployment rate	Per cent	5.1	4.8	5.1	5.1	6.3	5.9	5.5
Potential labour force	Millions	21.0	24.0	27.0	30.0	45.0	36.0	33.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	7.2	7.1	7.5	7.6	10.1	8.7	8.1
Total labour underutilization	Millions	108.0	115.0	125.0	133.0			
Composite rate of labour underutilization (LU4)	Per cent	11.6	11.4	11.7	11.7			
Wage and salaried workers	Millions	224.0	262.0	316.0	366.0	343.0		
Self-employed workers	Millions	648.0	677.0	680.0	690.0	667.0		
Share of wage and salaried workers	Per cent	25.7	27.9	31.7	34.7	34.0		
Share of self-employed workers	Per cent	74.3	72.1	68.3	65.3	66.0		
Occupations requiring low skill	Millions	507.0	542.0	529.0	540.0	518.0		
Occupations requiring medium skill	Millions	270.0	272.0	318.0	353.0	336.0		
Occupations requiring high skill	Millions	95.0	125.0	149.0	164.0	157.0		
Share of occupations requiring low skill	Per cent	58.2	57.7	53.2	51.1	51.2		
Share of occupations requiring medium skill	Per cent	30.9	28.9	31.9	33.4	33.2		
Share of occupations requiring high skill	Per cent	10.9	13.3	15.0	15.5	15.5		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	266.0	206.0	135.0	104.0	125.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	287.0	299.0	281.0	249.0	306.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	30.7	22.1	13.6	9.9	12.5		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	33.2	32.1	28.4	23.7	30.5		

C3. Lower-middle-income countries (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	333.0	316.0	773.0	754.0	183.0	162.0	922.0	909.0
Labour force participation rate	Per cent	33.4	31.1	75.5	72.4	34.9	30.5	61.7	59.5
Employment	Millions	315.0	298.0	735.0	705.0	156.0	137.0	894.0	867.0
Employment-to-population ratio	Per cent	31.6	29.4	71.8	67.7	29.6	25.8	59.8	56.8
Unemployment	Millions	18.0	18.0	38.0	49.0	28.0	25.0	28.0	42.0
Unemployment rate	Per cent	5.3	5.8	4.9	6.5	15.1	15.4	3.0	4.6
Potential labour force	Millions	16.0	19.0	15.0	26.0	14.0	18.0	17.0	27.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.6	11.1	6.7	9.6	21.0	23.8	4.8	7.4
Total labour underutilization	Millions	49.0		84.0		51.0		82.0	
Composite rate of labour underutilization (LU4)	Per cent	14.1		10.6		25.7		8.8	
Wage and salaried workers	Millions	103.0	96.0	264.0	247.0				
Self-employed workers	Millions	216.0	205.0	474.0	461.0				
Share of wage and salaried workers	Per cent	32.2	32.0	35.8	34.9				
Share of self-employed workers	Per cent	67.8	68.0	64.2	65.1				
Occupations requiring low skill	Millions	178.0	168.0	362.0	350.0				
Occupations requiring medium skill	Millions	87.0	82.0	266.0	254.0				
Occupations requiring high skill	Millions	54.0	52.0	109.0	105.0				
Share of occupations requiring low skill	Per cent	55.7	55.7	49.1	49.3				
Share of occupations requiring medium skill	Per cent	27.3	27.2	36.1	35.8				
Share of occupations requiring high skill	Per cent	17.0	17.1	14.8	14.8				

C4. Upper-middle-income countries

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	1179.0	1217.0	1251.0	1251.0	1159.0	1209.0	1240.0
Ratio of total weekly hours worked to population aged 15-64	Hours	31.7	30.9	30.5	30.1	27.8	28.9	29.6
Labour force	Millions	1338.0	1397.0	1455.0	1489.0	1449.0	1476.0	1497.0
Labour force participation rate	Per cent	67.8	66.6	65.9	65.1	62.9	63.5	64.0
Employment	Millions	1255.0	1316.0	1372.0	1400.0	1352.0	1373.0	1402.0
Employment-to-population ratio	Per cent	63.5	62.7	62.1	61.2	58.7	59.1	59.9
Unemployment	Millions	83.0	81.0	82.0	89.0	97.0	103.0	95.0
Unemployment rate	Per cent	6.2	5.8	5.7	6.0	6.7	7.0	6.4
Potential labour force	Millions	48.0	51.0	53.0	56.0	81.0	64.0	58.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.5	9.1	9.0	9.4	11.6	10.9	9.9
Total labour underutilization	Millions	196.0	199.0	200.0	214.0			
Composite rate of labour underutilization (LU4)	Per cent	14.1	13.7	13.3	13.9			
Wage and salaried workers	Millions	628.0	720.0	795.0	828.0	800.0		
Self-employed workers	Millions	627.0	597.0	577.0	573.0	553.0		
Share of wage and salaried workers	Per cent	50.0	54.7	58.0	59.1	59.1		
Share of self-employed workers	Per cent	50.0	45.3	42.0	40.9	40.9		
Occupations requiring low skill	Millions	547.0	509.0	476.0	457.0	441.0		
Occupations requiring medium skill	Millions	520.0	598.0	657.0	689.0	661.0		
Occupations requiring high skill	Millions	188.0	209.0	239.0	254.0	251.0		
Share of occupations requiring low skill	Per cent	43.6	38.7	34.7	32.6	32.6		
Share of occupations requiring medium skill	Per cent	41.4	45.4	47.9	49.2	48.9		
Share of occupations requiring high skill	Per cent	14.9	15.9	17.4	18.2	18.5		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	178.0	122.0	20.0	15.0	19.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	233.0	165.0	96.0	57.0	72.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	14.2	9.3	1.4	1.0	1.4		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	18.5	12.5	7.0	4.1	5.3		

C4. Upper-middle-income countries (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	629.0	606.0	860.0	843.0	177.0	164.0	1 312.0	1 285.0
Labour force participation rate	Per cent	54.8	52.3	75.5	73.5	44.5	41.5	69.5	67.3
Employment	Millions	592.0	566.0	809.0	787.0	150.0	137.0	1 250.0	1 215.0
Employment-to-population ratio	Per cent	51.6	48.9	71.0	68.5	37.8	34.7	66.2	63.6
Unemployment	Millions	37.0	40.0	51.0	57.0	27.0	27.0	62.0	70.0
Unemployment rate	Per cent	5.9	6.6	6.0	6.7	15.1	16.2	4.7	5.5
Potential labour force	Millions	30.0	40.0	26.0	41.0	16.0	22.0	40.0	59.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	10.2	12.4	8.7	11.0	22.3	26.0	7.5	9.6
Total labour underutilization	Millions	99.0		115.0		53.0		161.0	
Composite rate of labour underutilization (LU4)	Per cent	15.1		13.0		27.6		11.9	
Wage and salaried workers	Millions	346.0	332.0	482.0	468.0				
Self-employed workers	Millions	246.0	234.0	327.0	319.0				
Share of wage and salaried workers	Per cent	58.4	58.7	59.6	59.5				
Share of self-employed workers	Per cent	41.6	41.3	40.4	40.5				
Occupations requiring low skill	Millions	185.0	176.0	272.0	264.0				
Occupations requiring medium skill	Millions	288.0	270.0	402.0	391.0				
Occupations requiring high skill	Millions	120.0	119.0	135.0	132.0				
Share of occupations requiring low skill	Per cent	31.2	31.2	33.7	33.6				
Share of occupations requiring medium skill	Per cent	48.6	47.8	49.7	49.7				
Share of occupations requiring high skill	Per cent	20.2	21.0	16.6	16.7				

C5. High-income countries

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	424.0	429.0	447.0	466.0	427.0	445.0	460.0
Ratio of total weekly hours worked to population aged 15-64	Hours	26.6	25.9	26.7	27.8	25.4	26.5	27.5
Labour force	Millions	560.0	587.0	608.0	629.0	622.0	628.0	633.0
Labour force participation rate	Per cent	60.3	60.3	60.2	60.9	60.1	60.3	60.5
Employment	Millions	523.0	539.0	568.0	598.0	580.0	591.0	601.0
Employment-to-population ratio	Per cent	56.2	55.3	56.3	58.0	56.0	56.8	57.5
Unemployment	Millions	37.0	48.0	40.0	30.0	42.0	37.0	31.0
Unemployment rate	Per cent	6.7	8.2	6.6	4.8	6.8	5.8	5.0
Potential labour force	Millions	17.0	19.0	19.0	17.0	20.0	18.0	17.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.4	11.0	9.5	7.2	9.7	8.5	7.4
Total labour underutilization	Millions	71.0	90.0	82.0	66.0			
Composite rate of labour underutilization (LU4)	Per cent	12.4	14.8	13.1	10.3			
Wage and salaried workers	Millions	444.0	463.0	494.0	524.0	509.0		
Self-employed workers	Millions	79.0	75.0	74.0	74.0	72.0		
Share of wage and salaried workers	Per cent	84.9	86.0	87.0	87.6	87.6		
Share of self-employed workers	Per cent	15.1	14.0	13.0	12.4	12.4		
Occupations requiring low skill	Millions	68.0	69.0	71.0	73.0	71.0		
Occupations requiring medium skill	Millions	258.0	259.0	268.0	277.0	258.0		
Occupations requiring high skill	Millions	197.0	212.0	229.0	249.0	251.0		
Share of occupations requiring low skill	Per cent	12.9	12.7	12.5	12.2	12.3		
Share of occupations requiring medium skill	Per cent	49.4	48.0	47.2	46.2	44.5		
Share of occupations requiring high skill	Per cent	37.6	39.3	40.3	41.6	43.2		

C5. High-income countries (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	278.4	275.3	350.1	347.2	65.7	62.7	562.9	559.8
Labour force participation rate	Per cent	53.5	52.6	68.5	67.6	45.9	44.2	63.3	62.6
Employment	Millions	264.4	255.5	334.1	324.7	58.5	53.3	540.0	526.9
Employment-to-population ratio	Per cent	50.7	48.8	65.4	63.3	40.9	37.6	60.8	58.9
Unemployment	Millions	14.1	19.8	16.0	22.5	7.2	9.3	22.9	32.9
Unemployment rate	Per cent	5.1	7.2	4.6	6.5	10.9	14.9	4.1	5.9
Potential labour force	Millions	9.2	10.9	7.5	9.4	3.9	4.6	12.8	15.8
Combined rate of unemployment and potential labour force (LU3)	Per cent	8.1	10.7	6.6	8.9	16.0	20.7	6.2	8.5
Total labour underutilization	Millions	33.8		32.4		14.1		52.2	
Composite rate of labour underutilization (LU4)	Per cent	11.8		9.1		20.2		9.1	
Wage and salaried workers	Millions	238.0	230.0	286.0	279.0				
Self-employed workers	Millions	26.0	26.0	48.0	46.0				
Share of wage and salaried workers	Per cent	90.1	90.0	85.6	85.8				
Share of self-employed workers	Per cent	9.9	10.0	14.4	14.2				
Occupations requiring low skill	Millions	29.0	28.0	44.0	44.0				
Occupations requiring medium skill	Millions	117.0	107.0	160.0	151.0				
Occupations requiring high skill	Millions	119.0	121.0	130.0	130.0				
Share of occupations requiring low skill	Per cent	10.9	10.8	13.2	13.5				
Share of occupations requiring medium skill	Per cent	44.3	41.9	47.8	46.5				
Share of occupations requiring high skill	Per cent	44.8	47.3	39.0	40.0				

C6. Africa

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	252.0	291.0	326.0	362.0	343.0	366.0	386.0
Ratio of total weekly hours worked to population aged 15-64	Hours	24.1	24.3	23.9	23.7	21.9	22.7	23.3
Labour force	Millions	344.0	391.0	439.0	491.0	488.0	510.0	529.0
Labour force participation rate	Per cent	64.7	64.4	63.2	63.2	61.1	62.0	62.6
Employment	Millions	320.0	366.0	410.0	457.0	453.0	471.0	491.0
Employment-to-population ratio	Per cent	60.1	60.2	59.0	58.8	56.7	57.4	58.1
Unemployment	Millions	24.0	26.0	29.0	34.0	35.0	38.0	38.0
Unemployment rate	Per cent	7.1	6.5	6.7	6.8	7.2	7.5	7.2
Potential labour force	Millions	23.0	24.0	27.0	31.0	36.0	34.0	34.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	12.9	11.9	12.1	12.4	13.6	13.4	12.8
Total labour underutilization	Millions	78.0	86.0	99.0	112.0			
Composite rate of labour underutilization (LU4)	Per cent	21.3	20.7	21.3	21.5			
Wage and salaried workers	Millions	79.0	98.0	117.0	137.0	134.0		
Self-employed workers	Millions	241.0	268.0	293.0	320.0	319.0		
Share of wage and salaried workers	Per cent	24.6	26.8	28.6	29.9	29.7		
Share of self-employed workers	Per cent	75.4	73.2	71.4	70.1	70.3		
Occupations requiring low skill	Millions	201.0	224.0	243.0	270.0	269.0		
Occupations requiring medium skill	Millions	81.0	97.0	116.0	133.0	131.0		
Occupations requiring high skill	Millions	38.0	45.0	51.0	54.0	53.0		
Share of occupations requiring low skill	Per cent	62.7	61.2	59.2	59.0	59.4		
Share of occupations requiring medium skill	Per cent	25.5	26.6	28.4	29.1	28.8		
Share of occupations requiring high skill	Per cent	11.8	12.2	12.3	11.9	11.8		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	138.0	141.0	138.0	145.0	154.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	73.0	83.0	97.0	110.0	119.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	43.3	38.6	33.6	31.8	34.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	22.7	22.7	23.6	24.1	26.2		

C6. Africa (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	212.0	209.0	279.0	280.0	112.0	109.0	378.0	379.0
Labour force participation rate	Per cent	54.0	51.7	72.5	70.8	44.6	42.3	72.0	70.1
Employment	Millions	197.0	193.0	260.0	260.0	100.0	96.0	357.0	357.0
Employment-to-population ratio	Per cent	50.1	47.8	67.8	65.8	39.7	37.3	68.0	66.0
Unemployment	Millions	15.0	16.0	18.0	20.0	13.0	13.0	21.0	22.0
Unemployment rate	Per cent	7.3	7.6	6.5	7.0	11.2	11.8	5.5	5.9
Potential labour force	Millions	19.0	20.0	12.0	15.0	13.0	14.0	18.0	22.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	14.7	15.8	10.5	11.8	20.2	22.0	9.9	11.0
Total labour underutilization	Millions	57.0		55.0		38.0		74.0	
Composite rate of labour underutilization (LU4)	Per cent	24.8		18.9		30.4		18.7	
Wage and salaried workers	Millions	42.0	41.0	95.0	93.0				
Self-employed workers	Millions	154.0	152.0	166.0	167.0				
Share of wage and salaried workers	Per cent	21.4	21.4	36.3	35.9				
Share of self-employed workers	Per cent	78.6	78.6	63.7	64.1				
Occupations requiring low skill	Millions	124.0	122.0	146.0	147.0				
Occupations requiring medium skill	Millions	51.0	49.0	82.0	81.0				
Occupations requiring high skill	Millions	22.0	21.0	32.0	32.0				
Share of occupations requiring low skill	Per cent	63.0	63.4	56.0	56.4				
Share of occupations requiring medium skill	Per cent	25.9	25.5	31.6	31.3				
Share of occupations requiring high skill	Per cent	11.2	11.1	12.5	12.3				

C7. Northern Africa

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	46.0	54.0	56.0	59.0	54.0	58.0	61.0
Ratio of total weekly hours worked to population aged 15-64	Hours	19.3	20.4	19.4	19.1	17.1	18.1	18.8
Labour force	Millions	58.2	65.9	70.8	73.8	71.9	74.9	77.1
Labour force participation rate	Per cent	47.0	47.8	46.8	45.3	43.4	44.3	44.8
Employment	Millions	50.7	58.9	61.5	65.1	62.8	65.2	67.7
Employment-to-population ratio	Per cent	41.0	42.8	40.7	40.0	37.9	38.6	39.3
Unemployment	Millions	7.5	7.0	9.3	8.7	9.1	9.7	9.4
Unemployment rate	Per cent	12.8	10.6	13.1	11.7	12.7	12.9	12.2
Potential labour force	Millions	7.1	7.4	8.7	9.0	10.5	9.7	9.5
Combined rate of unemployment and potential labour force (LU3)	Per cent	22.3	19.6	22.6	21.3	23.9	23.0	21.8
Total labour underutilization	Millions	17.6	17.8	21.5	21.1			
Composite rate of labour underutilization (LU4)	Per cent	26.9	24.3	27.1	25.5			
Wage and salaried workers	Millions	28.0	34.0	36.0	41.0	39.0		
Self-employed workers	Millions	23.0	25.0	25.0	24.0	23.0		
Share of wage and salaried workers	Per cent	55.0	57.7	59.0	62.4	62.7		
Share of self-employed workers	Per cent	45.0	42.3	41.0	37.6	37.3		
Occupations requiring low skill	Millions	22.0	25.0	23.0	24.0	23.0		
Occupations requiring medium skill	Millions	18.0	23.0	25.0	28.0	26.0		
Occupations requiring high skill	Millions	10.0	11.0	14.0	13.0	13.0		
Share of occupations requiring low skill	Per cent	43.5	41.9	36.7	36.6	37.4		
Share of occupations requiring medium skill	Per cent	36.4	39.2	41.1	43.0	42.2		
Share of occupations requiring high skill	Per cent	20.1	18.9	22.2	20.4	20.4		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	3.0	2.0	1.0	1.0	2.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	10.0	9.0	7.0	9.0	11.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	5.2	2.9	1.6	2.3	2.5		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	19.8	14.5	11.4	14.6	17.4		

C7. Northern Africa (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	17.4	16.8	56.4	55.2	10.3	9.6	63.5	62.4
Labour force participation rate	Per cent	21.3	20.1	69.6	66.9	25.5	23.5	51.9	49.9
Employment	Millions	13.7	12.9	51.4	49.9	7.4	6.5	57.7	56.3
Employment-to-population ratio	Per cent	16.8	15.5	63.5	60.4	18.3	16.1	47.2	45.0
Unemployment	Millions	3.7	3.8	5.0	5.3	2.9	3.0	5.7	6.1
Unemployment rate	Per cent	21.2	22.8	8.8	9.7	28.5	31.5	9.0	9.8
Potential labour force	Millions	5.1	5.5	3.9	5.0	3.1	3.5	5.9	7.1
Combined rate of unemployment and potential labour force (LU3)	Per cent	39.0	41.9	14.7	17.2	44.9	49.8	16.8	19.0
Total labour underutilization	Millions	9.4		11.7		6.7		14.4	
Composite rate of labour underutilization (LU4)	Per cent	41.9		19.4		50.3		20.8	
Wage and salaried workers	Millions	8.0	8.0	33.0	32.0				
Self-employed workers	Millions	6.0	5.0	19.0	18.0				
Share of wage and salaried workers	Per cent	59.1	60.4	63.3	63.2				
Share of self-employed workers	Per cent	40.9	39.6	36.7	36.8				
Occupations requiring low skill	Millions	6.0	6.0	17.0	17.0				
Occupations requiring medium skill	Millions	4.0	3.0	25.0	23.0				
Occupations requiring high skill	Millions	4.0	4.0	9.0	9.0				
Share of occupations requiring low skill	Per cent	46.7	47.6	33.9	34.7				
Share of occupations requiring medium skill	Per cent	25.6	24.2	47.7	46.9				
Share of occupations requiring high skill	Per cent	27.7	28.1	18.4	18.5				

C8. Sub-Saharan Africa

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	206.0	236.0	270.0	303.0	289.0	307.0	325.0
Ratio of total weekly hours worked to population aged 15-64	Hours	25.5	25.5	25.1	24.9	23.1	23.9	24.5
Labour force	Millions	286.0	325.0	368.0	417.0	416.0	435.0	452.0
Labour force participation rate	Per cent	70.1	69.3	67.7	67.9	65.8	66.6	67.2
Employment	Millions	269.0	307.0	348.0	392.0	390.0	406.0	423.0
Employment-to-population ratio	Per cent	65.9	65.3	64.0	63.8	61.6	62.2	62.9
Unemployment	Millions	17.0	19.0	20.0	25.0	26.0	29.0	29.0
Unemployment rate	Per cent	5.9	5.7	5.4	6.0	6.3	6.6	6.4
Potential labour force	Millions	16.0	16.0	18.0	22.0	25.0	24.0	24.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	10.9	10.2	10.0	10.7	11.7	11.6	11.1
Total labour underutilization	Millions	61.0	68.0	78.0	91.0			
Composite rate of labour underutilization (LU4)	Per cent	20.1	20.0	20.1	20.7			
Wage and salaried workers	Millions	51.0	64.0	81.0	96.0	95.0		
Self-employed workers	Millions	218.0	243.0	268.0	296.0	295.0		
Share of wage and salaried workers	Per cent	18.9	20.9	23.2	24.5	24.3		
Share of self-employed workers	Per cent	81.1	79.1	76.8	75.5	75.7		
Occupations requiring low skill	Millions	178.0	199.0	220.0	246.0	246.0		
Occupations requiring medium skill	Millions	63.0	74.0	91.0	105.0	104.0		
Occupations requiring high skill	Millions	27.0	34.0	37.0	41.0	41.0		
Share of occupations requiring low skill	Per cent	66.4	64.9	63.2	62.7	62.9		
Share of occupations requiring medium skill	Per cent	23.4	24.1	26.2	26.8	26.7		
Share of occupations requiring high skill	Per cent	10.2	10.9	10.6	10.5	10.4		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	136.0	140.0	137.0	144.0	153.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	63.0	74.0	90.0	100.0	108.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	50.5	45.5	39.2	36.7	39.1		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	23.3	24.3	25.7	25.6	27.6		

C8. Sub-Saharan Africa (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	194.6	192.0	222.2	224.5	102.0	99.6	314.7	316.9
Labour force participation rate	Per cent	62.6	59.9	73.3	71.8	48.3	45.8	78.2	76.3
Employment	Millions	182.9	180.0	209.0	210.2	92.4	89.7	299.5	300.6
Employment-to-population ratio	Per cent	58.9	56.2	69.0	67.2	43.7	41.2	74.4	72.3
Unemployment	Millions	11.7	12.0	13.2	14.2	9.6	9.9	15.2	16.3
Unemployment rate	Per cent	6.0	6.3	5.9	6.3	9.4	9.9	4.8	5.2
Potential labour force	Millions	13.4	15.0	8.5	10.3	9.5	10.7	12.4	14.6
Combined rate of unemployment and potential labour force (LU3)	Per cent	12.1	13.0	9.4	10.5	17.2	18.7	8.4	9.3
Total labour underutilization	Millions	47.7		43.3		31.2		59.7	
Composite rate of labour underutilization (LU4)	Per cent	22.9		18.8		28.0		18.3	
Wage and salaried workers	Millions	34.0	33.0	62.0	62.0				
Self-employed workers	Millions	149.0	147.0	147.0	148.0				
Share of wage and salaried workers	Per cent	18.6	18.6	29.7	29.4				
Share of self-employed workers	Per cent	81.4	81.4	70.3	70.6				
Occupations requiring low skill	Millions	117.0	116.0	128.0	129.0				
Occupations requiring medium skill	Millions	47.0	46.0	58.0	58.0				
Occupations requiring high skill	Millions	18.0	18.0	23.0	23.0				
Share of occupations requiring low skill	Per cent	64.2	64.5	61.4	61.6				
Share of occupations requiring medium skill	Per cent	25.9	25.6	27.6	27.6				
Share of occupations requiring high skill	Per cent	9.9	9.8	11.0	10.8				

C9. Latin America and the Caribbean

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	196.0	212.0	227.0	237.0	201.0	221.0	239.0
Ratio of total weekly hours worked to population aged 15-64	Hours	26.5	26.4	26.3	26.2	22.0	24.0	25.8
Labour force	Millions	250.0	273.0	295.0	315.0	292.0	309.0	324.0
Labour force participation rate	Per cent	64.1	64.0	63.8	64.3	58.9	61.5	63.7
Employment	Millions	230.0	254.0	275.0	290.0	262.0	275.0	295.0
Employment-to-population ratio	Per cent	59.1	59.5	59.6	59.2	52.9	54.7	58.1
Unemployment	Millions	20.0	19.0	20.0	25.0	30.0	34.0	29.0
Unemployment rate	Per cent	7.9	6.9	6.7	8.0	10.3	11.1	8.9
Potential labour force	Millions	12.0	13.0	13.0	16.0	23.0	20.0	17.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	12.2	11.2	10.6	12.5	16.7	16.5	13.5
Total labour underutilization	Millions	51.0	53.0	52.0	66.0			
Composite rate of labour underutilization (LU4)	Per cent	19.6	18.5	17.0	20.0			
Wage and salaried workers	Millions	139.0	160.0	175.0	180.0	162.0		
Self-employed workers	Millions	90.0	94.0	100.0	110.0	100.0		
Share of wage and salaried workers	Per cent	60.7	62.9	63.7	62.1	61.9		
Share of self-employed workers	Per cent	39.3	37.1	36.3	37.9	38.1		
Occupations requiring low skill	Millions	75.0	77.0	79.0	82.0	74.0		
Occupations requiring medium skill	Millions	109.0	124.0	139.0	148.0	132.0		
Occupations requiring high skill	Millions	46.0	52.0	57.0	60.0	57.0		
Share of occupations requiring low skill	Per cent	32.7	30.5	28.5	28.3	28.2		
Share of occupations requiring medium skill	Per cent	47.4	48.9	50.6	51.0	50.1		
Share of occupations requiring high skill	Per cent	19.8	20.6	20.9	20.7	21.7		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	15.0	9.0	7.0	9.0	10.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	21.0	16.0	13.0	14.0	18.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	6.5	3.6	2.5	3.0	3.8		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	9.2	6.3	4.7	5.0	6.8		

C9. Latin America and the Caribbean (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	132.2	120.0	182.7	172.3	53.2	46.4	261.7	245.9
Labour force participation rate	Per cent	52.5	47.1	76.8	71.5	49.4	43.2	68.5	63.2
Employment	Millions	119.6	105.7	170.2	156.6	43.6	36.7	246.2	225.6
Employment-to-population ratio	Per cent	47.5	41.4	71.5	65.0	40.5	34.2	64.5	58.0
Unemployment	Millions	12.6	14.3	12.5	15.7	9.6	9.7	15.5	20.4
Unemployment rate	Per cent	9.5	12.0	6.9	9.1	18.0	20.8	5.9	8.3
Potential labour force	Millions	10.2	13.1	6.0	9.5	6.0	7.7	10.2	15.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	16.0	20.6	9.8	13.9	26.3	32.0	9.5	13.6
Total labour underutilization	Millions	34.6		31.6		20.3		46.0	
Composite rate of labour underutilization (LU4)	Per cent	24.3		16.8		34.3		16.9	
Wage and salaried workers	Millions	76.0	68.0	104.0	95.0				
Self-employed workers	Millions	44.0	38.0	66.0	62.0				
Share of wage and salaried workers	Per cent	63.4	64.0	61.2	60.4				
Share of self-employed workers	Per cent	36.6	36.0	38.8	39.6				
Occupations requiring low skill	Millions	29.0	25.0	53.0	49.0				
Occupations requiring medium skill	Millions	62.0	53.0	86.0	79.0				
Occupations requiring high skill	Millions	29.0	28.0	31.0	29.0				
Share of occupations requiring low skill	Per cent	24.4	23.8	31.1	31.1				
Share of occupations requiring medium skill	Per cent	51.5	50.0	50.7	50.3				
Share of occupations requiring high skill	Per cent	24.1	26.3	18.2	18.6				

C10. North America

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	122.0	118.0	129.0	137.0	124.0	134.0	137.0
Ratio of total weekly hours worked to population aged 15-64	Hours	26.7	24.7	26.1	27.5	24.9	26.7	27.3
Labour force	Millions	169.0	176.0	181.0	188.0	186.0	189.0	191.0
Labour force participation rate	Per cent	65.2	63.9	62.4	62.9	61.7	62.1	62.4
Employment	Millions	161.0	159.0	171.0	181.0	171.0	179.0	184.0
Employment-to-population ratio	Per cent	61.8	57.8	59.0	60.4	56.5	58.8	60.0
Unemployment	Millions	9.0	17.0	10.0	7.0	16.0	10.0	7.0
Unemployment rate	Per cent	5.3	9.5	5.5	3.9	8.4	5.3	3.9
Potential labour force	Millions	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.2	10.7	6.5	4.7	9.5	6.2	4.6
Total labour underutilization	Millions	12.0	21.0	14.0	10.0			
Composite rate of labour underutilization (LU4)	Per cent	7.1	12.0	7.4	5.4			
Wage and salaried workers	Millions	147.0	146.0	158.0	168.0	158.0		
Self-employed workers	Millions	13.0	13.0	13.0	13.0	12.0		
Share of wage and salaried workers	Per cent	91.7	92.0	92.6	92.9	92.8		
Share of self-employed workers	Per cent	8.3	8.0	7.4	7.1	7.2		
Occupations requiring low skill	Millions	15.0	15.0	17.0	18.0	19.0		
Occupations requiring medium skill	Millions	75.0	72.0	75.0	77.0	66.0		
Occupations requiring high skill	Millions	70.0	72.0	79.0	86.0	86.0		
Share of occupations requiring low skill	Per cent	9.6	9.5	9.8	10.0	11.0		
Share of occupations requiring medium skill	Per cent	47.0	45.2	43.8	42.3	38.6		
Share of occupations requiring high skill	Per cent	43.4	45.4	46.3	47.7	50.5		

C10. North America (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	87.2	86.0	101.2	100.2	25.7	24.4	162.6	161.8
Labour force participation rate	Per cent	57.2	56.0	68.8	67.5	53.5	51.1	64.7	63.7
Employment	Millions	83.9	78.6	97.2	92.0	23.5	20.7	157.5	149.9
Employment-to-population ratio	Per cent	55.0	51.2	66.0	62.0	48.9	43.2	62.6	59.0
Unemployment	Millions	3.3	7.5	4.0	8.3	2.2	3.8	5.1	11.9
Unemployment rate	Per cent	3.8	8.7	4.0	8.2	8.6	15.4	3.1	7.4
Potential labour force	Millions	0.8	1.0	0.8	1.1	0.6	0.7	1.0	1.4
Combined rate of unemployment and potential labour force (LU3)	Per cent	4.6	9.7	4.7	9.3	10.6	17.8	3.7	8.2
Total labour underutilization	Millions	4.7		5.6		3.0		7.3	
Composite rate of labour underutilization (LU4)	Per cent	5.3		5.5		11.6		4.4	
Wage and salaried workers	Millions	79.0	74.0	89.0	85.0				
Self-employed workers	Millions	5.0	5.0	8.0	7.0				
Share of wage and salaried workers	Per cent	94.2	93.8	91.9	92.0				
Share of self-employed workers	Per cent	5.8	6.2	8.1	8.0				
Occupations requiring low skill	Millions	5.0	5.0	13.0	13.0				
Occupations requiring medium skill	Millions	36.0	29.0	41.0	36.0				
Occupations requiring high skill	Millions	43.0	44.0	43.0	42.0				
Share of occupations requiring low skill	Per cent	6.3	6.8	13.2	14.5				
Share of occupations requiring medium skill	Per cent	42.5	37.3	42.2	39.7				
Share of occupations requiring high skill	Per cent	51.2	55.9	44.6	45.8				

C11. Arab States

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	30.0	39.0	46.0	50.0	46.0	49.0	52.0
Ratio of total weekly hours worked to population aged 15-64	Hours	21.2	22.4	22.3	22.1	20.1	21.0	21.6
Labour force	Millions	34.1	44.0	53.4	58.4	58.2	60.3	62.1
Labour force participation rate	Per cent	48.3	49.8	51.4	51.3	50.1	50.6	50.8
Employment	Millions	31.4	40.9	49.5	53.6	52.5	54.6	56.6
Employment-to-population ratio	Per cent	44.4	46.3	47.6	47.1	45.1	45.8	46.3
Unemployment	Millions	2.7	3.1	4.0	4.7	5.8	5.7	5.5
Unemployment rate	Per cent	8.0	7.1	7.4	8.1	9.9	9.5	8.9
Potential labour force	Millions	2.9	3.4	4.0	4.5	5.6	5.1	4.9
Combined rate of unemployment and potential labour force (LU3)	Per cent	15.2	13.8	13.9	14.7	17.9	16.5	15.6
Total labour underutilization	Millions	7.4	9.0	11.0	12.6			
Composite rate of labour underutilization (LU4)	Per cent	20.1	19.0	19.2	20.0			
Wage and salaried workers	Millions	24.0	33.0	41.0	44.0	43.0		
Self-employed workers	Millions	8.0	8.0	9.0	10.0	10.0		
Share of wage and salaried workers	Per cent	75.0	80.1	81.9	81.7	81.8		
Share of self-employed workers	Per cent	25.0	19.9	18.1	18.3	18.2		
Occupations requiring low skill	Millions	8.0	9.0	12.0	13.0	13.0		
Occupations requiring medium skill	Millions	17.0	22.0	25.0	27.0	26.0		
Occupations requiring high skill	Millions	7.0	10.0	13.0	14.0	14.0		
Share of occupations requiring low skill	Per cent	24.4	22.9	24.1	24.4	25.0		
Share of occupations requiring medium skill	Per cent	53.5	53.9	50.3	50.4	49.2		
Share of occupations requiring high skill	Per cent	22.1	23.3	25.7	25.2	25.8		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	0.0	0.0	2.0	4.0	5.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	2.0	2.0	4.0	4.0	4.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	0.9	0.7	3.4	8.3	8.9		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	6.6	4.4	7.7	7.2	8.2		

C11. Arab States (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	9.1	9.1	49.2	49.1	8.0	7.6	50.4	50.7
Labour force participation rate	Per cent	18.2	17.7	77.5	75.6	27.9	26.5	59.2	57.7
Employment	Millions	7.4	7.1	46.2	45.3	6.1	5.6	47.5	46.9
Employment-to-population ratio	Per cent	14.8	13.9	72.7	69.8	21.4	19.6	55.8	53.4
Unemployment	Millions	1.7	2.0	3.0	3.8	1.8	2.0	2.9	3.8
Unemployment rate	Per cent	18.6	21.7	6.2	7.7	23.1	26.0	5.8	7.5
Potential labour force	Millions	2.7	3.0	1.9	2.7	1.6	2.0	2.9	3.7
Combined rate of unemployment and potential labour force (LU3)	Per cent	37.0	40.9	9.6	12.5	36.0	41.3	10.9	13.7
Total labour underutilization	Millions	4.9		7.7		3.9		8.7	
Composite rate of labour underutilization (LU4)	Per cent	41.3		15.1		40.6		16.3	
Wage and salaried workers	Millions	7.0	7.0	37.0	36.0				
Self-employed workers	Millions	1.0	1.0	9.0	9.0				
Share of wage and salaried workers	Per cent	92.3	91.8	80.0	80.1				
Share of self-employed workers	Per cent	7.7	8.2	20.0	19.9				
Occupations requiring low skill	Millions	2.0	2.0	11.0	11.0				
Occupations requiring medium skill	Millions	2.0	2.0	25.0	24.0				
Occupations requiring high skill	Millions	3.0	3.0	10.0	10.0				
Share of occupations requiring low skill	Per cent	25.9	26.8	24.1	24.7				
Share of occupations requiring medium skill	Per cent	31.6	30.0	53.4	52.2				
Share of occupations requiring high skill	Per cent	42.4	43.2	22.5	23.0				

C12. East Asia

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	845.0	844.0	847.0	830.0	791.0	812.0	814.0
Ratio of total weekly hours worked to population aged 15-64	Hours	36.2	34.8	34.5	34.1	32.5	33.5	33.6
Labour force	Millions	901.0	917.0	935.0	936.0	923.0	930.0	929.0
Labour force participation rate	Per cent	71.8	69.8	68.9	67.6	66.4	66.6	66.3
Employment	Millions	861.0	876.0	893.0	895.0	879.0	887.0	888.0
Employment-to-population ratio	Per cent	68.7	66.7	65.8	64.7	63.2	63.5	63.3
Unemployment	Millions	40.0	41.0	41.0	41.0	44.0	43.0	41.0
Unemployment rate	Per cent	4.4	4.5	4.4	4.4	4.8	4.6	4.5
Potential labour force	Millions	17.0	21.0	22.0	24.0	36.0	26.0	25.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.2	6.6	6.7	6.8	8.3	7.2	6.9
Total labour underutilization	Millions	101.0	104.0	105.0	104.0			
Composite rate of labour underutilization (LU4)	Per cent	11.0	11.1	11.0	10.9			
Wage and salaried workers	Millions	403.0	460.0	498.0	522.0	516.0		
Self-employed workers	Millions	458.0	416.0	396.0	374.0	363.0		
Share of wage and salaried workers	Per cent	46.8	52.5	55.7	58.3	58.7		
Share of self-employed workers	Per cent	53.2	47.5	44.3	41.7	41.3		
Occupations requiring low skill	Millions	399.0	355.0	322.0	300.0	294.0		
Occupations requiring medium skill	Millions	348.0	398.0	431.0	444.0	435.0		
Occupations requiring high skill	Millions	114.0	123.0	141.0	151.0	151.0		
Share of occupations requiring low skill	Per cent	46.3	40.5	36.0	33.5	33.4		
Share of occupations requiring medium skill	Per cent	40.4	45.5	48.2	49.6	49.4		
Share of occupations requiring high skill	Per cent	13.2	14.1	15.7	16.8	17.1		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	150.0	103.0	9.0	5.0	7.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	174.0	118.0	59.0	26.0	34.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	17.4	11.7	1.0	0.5	0.8		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	20.2	13.4	6.6	2.9	3.9		

C12. East Asia (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	409.5	400.6	526.7	522.2	90.0	85.9	846.2	837.0
Labour force participation rate	Per cent	59.8	58.2	75.3	74.3	45.7	44.1	71.2	70.0
Employment	Millions	394.0	383.7	501.4	495.0	80.6	76.3	814.8	802.4
Employment-to-population ratio	Per cent	57.5	55.8	71.7	70.4	40.9	39.2	68.6	67.1
Unemployment	Millions	15.5	16.8	25.3	27.2	9.3	9.6	31.5	34.5
Unemployment rate	Per cent	3.8	4.2	4.8	5.2	10.4	11.1	3.7	4.1
Potential labour force	Millions	10.9	15.2	13.6	20.6	5.6	7.6	18.9	28.2
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.3	7.7	7.2	8.8	15.6	18.3	5.8	7.2
Total labour underutilization	Millions	45.9		58.5		19.6		84.8	
Composite rate of labour underutilization (LU4)	Per cent	10.9		10.8		20.6		9.8	
Wage and salaried workers	Millions	227.0	223.0	295.0	293.0				
Self-employed workers	Millions	167.0	161.0	206.0	202.0				
Share of wage and salaried workers	Per cent	57.5	58.0	58.9	59.2				
Share of self-employed workers	Per cent	42.5	42.0	41.1	40.8				
Occupations requiring low skill	Millions	130.0	127.0	170.0	167.0				
Occupations requiring medium skill	Millions	196.0	188.0	249.0	246.0				
Occupations requiring high skill	Millions	68.0	69.0	83.0	82.0				
Share of occupations requiring low skill	Per cent	33.1	33.1	33.9	33.7				
Share of occupations requiring medium skill	Per cent	49.7	49.0	49.6	49.8				
Share of occupations requiring high skill	Per cent	17.2	17.9	16.6	16.6				

C13. South-East Asia and the Pacific

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	237.0	267.0	280.0	291.0	270.0	282.0	294.0
Ratio of total weekly hours worked to population aged 15-64	Hours	29.4	30.4	29.6	29.4	27.0	28.0	28.9
Labour force	Millions	282.0	313.0	337.0	354.0	350.0	357.0	365.0
Labour force participation rate	Per cent	67.4	68.3	67.9	67.4	65.6	66.2	66.7
Employment	Millions	269.0	302.0	327.0	345.0	338.0	345.0	353.0
Employment-to-population ratio	Per cent	64.4	66.1	65.8	65.7	63.5	63.9	64.6
Unemployment	Millions	12.0	10.0	10.0	9.0	11.0	13.0	12.0
Unemployment rate	Per cent	4.4	3.3	3.0	2.6	3.2	3.6	3.2
Potential labour force	Millions	12.0	12.0	13.0	10.0	13.0	12.0	11.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	8.2	6.9	6.5	5.3	6.8	6.7	6.0
Total labour underutilization	Millions	36.0	35.0	35.0	32.0			
Composite rate of labour underutilization (LU4)	Per cent	12.1	10.9	10.0	8.9			
Wage and salaried workers	Millions	109.0	132.0	163.0	179.0	175.0		
Self-employed workers	Millions	161.0	171.0	163.0	166.0	163.0		
Share of wage and salaried workers	Per cent	40.3	43.6	50.0	51.8	51.8		
Share of self-employed workers	Per cent	59.7	56.4	50.0	48.2	48.2		
Occupations requiring low skill	Millions	134.0	142.0	139.0	137.0	133.0		
Occupations requiring medium skill	Millions	102.0	120.0	137.0	154.0	152.0		
Occupations requiring high skill	Millions	33.0	40.0	50.0	55.0	54.0		
Share of occupations requiring low skill	Per cent	49.9	47.1	42.6	39.6	39.2		
Share of occupations requiring medium skill	Per cent	37.8	39.6	42.1	44.5	44.9		
Share of occupations requiring high skill	Per cent	12.3	13.3	15.3	15.9	16.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	44.0	26.0	14.0	9.0	13.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	73.0	63.0	51.0	38.0	47.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	16.4	8.7	4.4	2.6	3.9		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	27.3	20.9	15.6	11.0	14.0		

C13. South-East Asia and the Pacific (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	149.9	147.0	204.4	202.6	54.4	51.2	299.9	298.4
Labour force participation rate	Per cent	56.5	54.6	78.6	76.9	46.9	44.2	73.2	71.6
Employment	Millions	146.2	142.5	198.9	195.8	49.5	46.1	295.7	292.2
Employment-to-population ratio	Per cent	55.1	52.9	76.5	74.3	42.7	39.8	72.2	70.1
Unemployment	Millions	3.7	4.5	5.4	6.7	4.9	5.1	4.3	6.1
Unemployment rate	Per cent	2.5	3.1	2.6	3.3	8.9	10.0	1.4	2.1
Potential labour force	Millions	5.8	7.0	4.3	6.3	3.9	4.8	6.3	8.5
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.1	7.5	4.7	6.2	15.0	17.8	3.4	4.8
Total labour underutilization	Millions	15.1		17.3		11.4		21.0	
Composite rate of labour underutilization (LU4)	Per cent	9.7		8.3		19.6		6.9	
Wage and salaried workers	Millions	70.0	68.0	109.0	107.0				
Self-employed workers	Millions	77.0	74.0	90.0	89.0				
Share of wage and salaried workers	Per cent	47.7	47.8	54.8	54.6				
Share of self-employed workers	Per cent	52.3	52.2	45.2	45.4				
Occupations requiring low skill	Millions	52.0	50.0	84.0	82.0				
Occupations requiring medium skill	Millions	67.0	66.0	86.0	86.0				
Occupations requiring high skill	Millions	27.0	26.0	28.0	28.0				
Share of occupations requiring low skill	Per cent	35.8	35.4	42.4	42.0				
Share of occupations requiring medium skill	Per cent	45.9	46.1	43.5	44.0				
Share of occupations requiring high skill	Per cent	18.3	18.5	14.1	14.1				

C14. South Asia

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	519.0	551.0	585.0	617.0	547.0	614.0	636.0
Ratio of total weekly hours worked to population aged 15-64	Hours	25.4	24.4	23.6	23.4	20.4	22.6	23.1
Labour force	Millions	603.0	632.0	666.0	703.0	674.0	713.0	731.0
Labour force participation rate	Per cent	57.2	54.0	51.7	50.8	47.9	49.9	50.3
Employment	Millions	571.0	599.0	630.0	666.0	628.0	670.0	690.0
Employment-to-population ratio	Per cent	54.1	51.2	48.9	48.2	44.6	46.8	47.5
Unemployment	Millions	32.0	33.0	36.0	37.0	46.0	44.0	41.0
Unemployment rate	Per cent	5.4	5.3	5.5	5.3	6.8	6.1	5.7
Potential labour force	Millions	9.0	11.0	12.0	14.0	24.0	17.0	15.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.8	6.9	7.1	7.1	10.1	8.3	7.6
Total labour underutilization	Millions	63.0	66.0	69.0	73.0			
Composite rate of labour underutilization (LU4)	Per cent	10.3	10.2	10.2	10.2			
Wage and salaried workers	Millions	121.0	134.0	166.0	195.0	175.0		
Self-employed workers	Millions	450.0	465.0	463.0	471.0	453.0		
Share of wage and salaried workers	Per cent	21.1	22.4	26.4	29.3	27.9		
Share of self-employed workers	Per cent	78.9	77.6	73.6	70.7	72.1		
Occupations requiring low skill	Millions	340.0	361.0	347.0	352.0	334.0		
Occupations requiring medium skill	Millions	183.0	169.0	197.0	217.0	201.0		
Occupations requiring high skill	Millions	49.0	69.0	86.0	98.0	93.0		
Share of occupations requiring low skill	Per cent	59.5	60.3	55.1	52.9	53.1		
Share of occupations requiring medium skill	Per cent	32.0	28.2	31.2	32.5	32.1		
Share of occupations requiring high skill	Per cent	8.5	11.6	13.7	14.6	14.8		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	178.0	135.0	76.0	45.0	62.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	210.0	226.0	210.0	178.0	225.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	31.3	22.6	12.0	6.7	9.8		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	36.8	37.8	33.4	26.7	35.9		

C14. South Asia (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	157.0	144.0	547.0	530.0	110.0	91.0	594.0	582.0
Labour force participation rate	Per cent	23.3	21.0	76.9	73.3	31.4	26.0	57.4	55.1
Employment	Millions	148.0	135.0	518.0	493.0	90.0	75.0	577.0	553.0
Employment-to-population ratio	Per cent	22.0	19.8	72.9	68.1	25.6	21.2	55.8	52.4
Unemployment	Millions	9.0	9.0	28.0	37.0	20.0	17.0	17.0	29.0
Unemployment rate	Per cent	5.8	5.9	5.1	7.0	18.3	18.4	2.9	5.0
Potential labour force	Millions	6.0	8.0	8.0	17.0	7.0	9.0	7.0	15.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	9.3	10.8	6.5	9.8	23.0	26.0	4.0	7.4
Total labour underutilization	Millions	18.0		55.0		31.0		42.0	
Composite rate of labour underutilization (LU4)	Per cent	11.3		9.8		26.2		7.1	
Wage and salaried workers	Millions	39.0	35.0	156.0	141.0				
Self-employed workers	Millions	108.0	101.0	363.0	352.0				
Share of wage and salaried workers	Per cent	26.7	25.5	30.1	28.6				
Share of self-employed workers	Per cent	73.3	74.5	69.9	71.4				
Occupations requiring low skill	Millions	96.0	88.0	257.0	245.0				
Occupations requiring medium skill	Millions	30.0	27.0	186.0	175.0				
Occupations requiring high skill	Millions	22.0	20.0	76.0	72.0				
Share of occupations requiring low skill	Per cent	64.7	65.0	49.5	49.8				
Share of occupations requiring medium skill	Per cent	20.5	19.9	35.9	35.5				
Share of occupations requiring high skill	Per cent	14.7	15.1	14.6	14.7				

C15. Northern, Southern and Western Europe

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	148.0	148.0	149.0	157.0	142.0	148.0	154.0
Ratio of total weekly hours worked to population aged 15-64	Hours	24.6	24.2	24.4	25.8	23.3	24.3	25.5
Labour force	Millions	207.0	215.0	219.0	224.0	221.0	223.0	224.0
Labour force participation rate	Per cent	57.2	57.6	57.7	58.2	57.4	57.6	57.8
Employment	Millions	189.0	193.0	197.0	208.0	205.0	206.0	208.0
Employment-to-population ratio	Per cent	52.3	51.9	51.9	54.1	53.1	53.2	53.7
Unemployment	Millions	18.0	21.0	22.0	16.0	17.0	17.0	16.0
Unemployment rate	Per cent	8.7	9.9	10.0	7.0	7.6	7.7	7.1
Potential labour force	Millions	10.0	10.0	11.0	10.0	12.0	10.0	10.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	12.9	14.0	14.4	10.8	12.4	11.8	10.9
Total labour underutilization	Millions	35.0	43.0	46.0	35.0			
Composite rate of labour underutilization (LU4)	Per cent	16.0	19.2	19.9	15.1			
Wage and salaried workers	Millions	158.0	162.0	166.0	177.0	174.0		
Self-employed workers	Millions	31.0	31.0	31.0	31.0	30.0		
Share of wage and salaried workers	Per cent	83.4	84.0	84.4	85.0	85.2		
Share of self-employed workers	Per cent	16.6	16.0	15.6	15.0	14.8		
Occupations requiring low skill	Millions	25.0	24.0	24.0	25.0	23.0		
Occupations requiring medium skill	Millions	90.0	89.0	89.0	92.0	88.0		
Occupations requiring high skill	Millions	75.0	80.0	84.0	92.0	93.0		
Share of occupations requiring low skill	Per cent	13.0	12.6	12.4	11.8	11.3		
Share of occupations requiring medium skill	Per cent	47.4	46.0	45.2	44.1	43.0		
Share of occupations requiring high skill	Per cent	39.6	41.3	42.4	44.1	45.7		

C15. Northern, Southern and Western Europe (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	103.6	102.3	120.2	119.0	21.7	20.9	202.0	200.4
Labour force participation rate	Per cent	52.4	51.7	64.3	63.4	44.0	42.6	60.3	59.6
Employment	Millions	96.1	94.4	112.1	110.2	18.5	17.4	189.7	187.2
Employment-to-population ratio	Per cent	48.7	47.7	59.9	58.7	37.5	35.4	56.6	55.6
Unemployment	Millions	7.5	8.0	8.1	8.8	3.2	3.5	12.4	13.2
Unemployment rate	Per cent	7.2	7.8	6.7	7.4	14.9	16.9	6.1	6.6
Potential labour force	Millions	5.4	6.5	4.3	5.6	2.2	2.7	7.5	9.3
Combined rate of unemployment and potential labour force (LU3)	Per cent	11.8	13.3	9.9	11.5	22.7	26.5	9.5	10.8
Total labour underutilization	Millions	18.9		16.4		7.0		28.3	
Composite rate of labour underutilization (LU4)	Per cent	17.3		13.2		29.1		13.5	
Wage and salaried workers	Millions	85.0	84.0	92.0	90.0				
Self-employed workers	Millions	11.0	10.0	21.0	20.0				
Share of wage and salaried workers	Per cent	88.9	88.9	81.7	82.0				
Share of self-employed workers	Per cent	11.1	11.1	18.3	18.0				
Occupations requiring low skill	Millions	12.0	11.0	13.0	12.0				
Occupations requiring medium skill	Millions	40.0	39.0	51.0	49.0				
Occupations requiring high skill	Millions	44.0	45.0	48.0	48.0				
Share of occupations requiring low skill	Per cent	12.1	11.4	11.5	11.2				
Share of occupations requiring medium skill	Per cent	42.1	40.8	45.9	44.9				
Share of occupations requiring high skill	Per cent	45.7	47.7	42.7	43.9				

C16. Eastern Europe

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	107.0	109.0	110.0	109.0	100.0	101.0	104.0
Ratio of total weekly hours worked to population aged 15-64	Hours	24.6	25.0	25.9	26.7	24.6	25.3	26.3
Labour force	Millions	145.6	147.6	146.5	143.5	141.5	140.4	140.1
Labour force participation rate	Per cent	57.8	58.8	59.2	58.8	58.2	57.9	57.9
Employment	Millions	132.9	135.8	136.8	136.6	133.4	132.8	133.2
Employment-to-population ratio	Per cent	52.8	54.1	55.3	56.0	54.8	54.7	55.0
Unemployment	Millions	12.7	11.8	9.7	6.8	8.1	7.6	6.9
Unemployment rate	Per cent	8.7	8.0	6.6	4.8	5.7	5.4	4.9
Potential labour force	Millions	4.7	4.4	3.5	2.9	4.4	3.3	2.8
Combined rate of unemployment and potential labour force (LU3)	Per cent	11.6	10.6	8.8	6.7	8.6	7.6	6.8
Total labour underutilization	Millions	19.5	18.3	15.1	11.1			
Composite rate of labour underutilization (LU4)	Per cent	13.0	12.0	10.0	7.6			
Wage and salaried workers	Millions	114.0	118.0	120.0	120.0	117.0		
Self-employed workers	Millions	19.0	18.0	17.0	17.0	17.0		
Share of wage and salaried workers	Per cent	85.4	86.7	87.5	87.7	87.5		
Share of self-employed workers	Per cent	14.6	13.3	12.5	12.3	12.5		
Occupations requiring low skill	Millions	25.0	23.0	20.0	18.0	18.0		
Occupations requiring medium skill	Millions	62.0	62.0	62.0	63.0	61.0		
Occupations requiring high skill	Millions	46.0	51.0	54.0	56.0	55.0		
Share of occupations requiring low skill	Per cent	18.6	16.6	14.7	13.3	13.1		
Share of occupations requiring medium skill	Per cent	46.9	45.6	45.5	46.1	45.7		
Share of occupations requiring high skill	Per cent	34.5	37.8	39.8	40.6	41.2		

C16. Eastern Europe (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	67.7	66.6	75.8	74.9	9.2	8.6	134.3	132.9
Labour force participation rate	Per cent	51.5	50.8	67.3	66.7	32.4	30.8	62.3	61.7
Employment	Millions	64.5	62.7	72.1	70.7	7.9	7.3	128.7	126.1
Employment-to-population ratio	Per cent	49.1	47.9	64.0	62.9	27.9	26.1	59.7	58.6
Unemployment	Millions	3.1	3.8	3.7	4.3	1.3	1.3	5.6	6.8
Unemployment rate	Per cent	4.6	5.8	4.9	5.7	13.9	15.5	4.1	5.1
Potential labour force	Millions	1.5	2.2	1.4	2.2	0.6	0.6	2.3	3.8
Combined rate of unemployment and potential labour force (LU3)	Per cent	6.7	8.8	6.6	8.4	19.2	21.2	5.8	7.7
Total labour underutilization	Millions	5.4		5.8		2.1		9.1	
Composite rate of labour underutilization (LU4)	Per cent	7.7		7.5		21.0		6.7	
Wage and salaried workers	Millions	58.0	57.0	62.0	60.0				
Self-employed workers	Millions	6.0	6.0	10.0	10.0				
Share of wage and salaried workers	Per cent	90.1	90.1	85.5	85.2				
Share of self-employed workers	Per cent	9.9	9.9	14.5	14.8				
Occupations requiring low skill	Millions	8.0	8.0	10.0	9.0				
Occupations requiring medium skill	Millions	24.0	23.0	39.0	38.0				
Occupations requiring high skill	Millions	32.0	31.0	24.0	24.0				
Share of occupations requiring low skill	Per cent	13.1	12.9	13.4	13.3				
Share of occupations requiring medium skill	Per cent	37.5	37.0	53.8	53.3				
Share of occupations requiring high skill	Per cent	49.4	50.1	32.8	33.3				

C17. Central and Western Asia

Indicator	Unit	Total (15+)						
		2005	2010	2015	2019	2020	2021	2022
Total weekly hours worked (48 hour FTE)	Millions	48.0	52.0	58.0	60.0	53.0	58.0	61.0
Ratio of total weekly hours worked to population aged 15-64	Hours	24.0	23.6	24.4	23.9	21.0	22.5	23.4
Labour force	Millions	59.0	65.2	72.5	77.1	75.0	77.2	79.0
Labour force participation rate	Per cent	55.5	55.9	57.3	57.3	55.0	55.9	56.5
Employment	Millions	53.6	59.5	66.7	70.0	67.6	69.1	71.2
Employment-to-population ratio	Per cent	50.3	51.1	52.7	52.0	49.6	50.0	50.9
Unemployment	Millions	5.5	5.7	5.8	7.1	7.4	8.2	7.8
Unemployment rate	Per cent	9.3	8.7	8.0	9.3	9.8	10.6	9.9
Potential labour force	Millions	3.0	3.4	3.5	3.5	5.7	4.3	3.7
Combined rate of unemployment and potential labour force (LU3)	Per cent	13.7	13.2	12.3	13.2	16.1	15.3	13.9
Total labour underutilization	Millions	10.2	11.7	12.1	13.2			
Composite rate of labour underutilization (LU4)	Per cent	16.4	17.0	16.0	16.4			
Wage and salaried workers	Millions	30.0	36.0	43.0	47.0	46.0		
Self-employed workers	Millions	24.0	24.0	24.0	23.0	22.0		
Share of wage and salaried workers	Per cent	55.8	59.8	64.5	67.1	68.0		
Share of self-employed workers	Per cent	44.2	40.2	35.5	32.9	32.0		
Occupations requiring low skill	Millions	24.0	24.0	25.0	24.0	23.0		
Occupations requiring medium skill	Millions	18.0	22.0	26.0	28.0	27.0		
Occupations requiring high skill	Millions	12.0	13.0	16.0	17.0	17.0		
Share of occupations requiring low skill	Per cent	44.4	41.0	37.2	34.7	34.6		
Share of occupations requiring medium skill	Per cent	34.0	36.5	39.1	40.7	40.1		
Share of occupations requiring high skill	Per cent	21.6	22.5	23.7	24.6	25.3		
Extreme working poverty (<US$ 1.90 PPP per day)	Millions	6.0	3.0	2.0	1.0	1.0		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Millions	7.0	6.0	5.0	4.0	5.0		
Extreme working poverty (<US$ 1.90 PPP per day)	Per cent	11.5	5.8	2.6	1.6	1.9		
Moderate working poverty (US$ 1.90–3.20 PPP per day)	Per cent	12.3	10.4	7.9	6.1	7.4		

C17. Central and Western Asia (cont'd)

Indicator	Unit	Female		Male		Youth		Adult	
		2019	2020	2019	2020	2019	2020	2019	2020
Labour force	Millions	30.2	28.9	46.9	46.0	12.1	11.0	65.0	64.0
Labour force participation rate	Per cent	43.7	41.3	71.6	69.3	42.4	38.8	61.3	59.2
Employment	Millions	27.2	26.0	42.7	41.6	9.9	8.9	60.1	58.7
Employment-to-population ratio	Per cent	39.4	37.1	65.3	62.7	34.8	31.5	56.6	54.3
Unemployment	Millions	3.0	2.9	4.2	4.4	2.2	2.1	5.0	5.3
Unemployment rate	Per cent	9.8	10.2	8.9	9.6	17.9	18.8	7.6	8.3
Potential labour force	Millions	2.1	2.9	1.4	2.7	1.0	1.6	2.5	4.0
Combined rate of unemployment and potential labour force (LU3)	Per cent	15.6	18.5	11.5	14.6	24.1	29.3	11.0	13.7
Total labour underutilization	Millions	6.3		7.0		3.6		9.6	
Composite rate of labour underutilization (LU4)	Per cent	19.4		14.4		27.9		14.2	
Wage and salaried workers	Millions	18.0	18.0	29.0	28.0				
Self-employed workers	Millions	9.0	8.0	14.0	13.0				
Share of wage and salaried workers	Per cent	66.5	67.7	67.6	68.1				
Share of self-employed workers	Per cent	33.5	32.3	32.4	31.9				
Occupations requiring low skill	Millions	10.0	10.0	14.0	14.0				
Occupations requiring medium skill	Millions	9.0	8.0	20.0	19.0				
Occupations requiring high skill	Millions	8.0	8.0	9.0	9.0				
Share of occupations requiring low skill	Per cent	38.2	37.4	32.4	32.9				
Share of occupations requiring medium skill	Per cent	32.4	31.9	45.9	45.2				
Share of occupations requiring high skill	Per cent	29.3	30.7	21.6	21.9				

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The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.

In addition to being a health crisis, the COVID-19 pandemic is also an employment crisis. Lockdowns and other measures adopted to curb the spread of the coronavirus have disrupted labour markets worldwide, leaving few workers unaffected. This report details the effects of the crisis on the world of work, examining global and regional trends in employment, unemployment, labour force participation and productivity, alongside such dimensions of job quality as employment status, informal employment and working poverty. It also offers an extensive analysis of the differential impact of the crisis on enterprises and workers.

The report provides forecasts of the post-pandemic employment recovery, which though predicted to be strong, will nonetheless be insufficient to close the gaps opened up by the crisis. Workers whose labour market situation was most disadvantageous before the crisis – women, young people, migrants, informal workers and those in lower-skilled occupations – have suffered disproportionately from the fallout of the crisis. In view of these pressing challenges, the report proposes a human-centred recovery strategy to prevent the "scarring" of global labour markets for years to come.

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