



International
Labour
Organization

WORLD EMPLOYMENT SOCIAL OUTLOOK

TRENDS
2017



WORLD EMPLOYMENT SOCIAL OUTLOOK

TRENDS **2017**

Copyright © International Labour Organization 2017

First published 2017

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Licensing), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: rights@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

World Employment and Social Outlook: Trends 2017
International Labour Office – Geneva: ILO, 2017

ISBN 978-92-2-128881-7 (print)
ISBN 978-92-2-128882-4 (web pdf)

International Labour Office

employment / unemployment / labour policy / economic recovery / regional development / Africa / Asia / Caribbean / Europe / EU countries / Latin America / Middle East / North America / Pacific

13.01.3

ILO Cataloguing in Publication Data

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and digital products can be obtained through major booksellers and digital distribution platforms, or ordered directly from ilo@turpin-distribution.com. For more information, visit our website: www.ilo.org/publns or contact ilopubs@ilo.org.

This publication was produced by the Document and Publications Production,
Printing and Distribution Branch (PRODOC) of the ILO.

*Graphic and typographic design, layout and composition,
proofreading, printing, electronic publishing and distribution.*

PRODOC endeavours to use paper sourced from forests managed
in an environmentally sustainable and socially responsible manner.

Code: CAF-WEI-ATA

Acknowledgements

The World Employment and Social Outlook 2017 – Trends was prepared by the Labour Market Trends and Policy Evaluation Unit (led by Steven Tobin) of the ILO Research Department. The report was produced by Stefan Kühn, Santo Milasi, Richard Horne and Sheena Yoon. Judy Rafferty provided valuable research assistance. The forecast data underlining this report are derived from the ILO's Trends Econometric Models, managed by Stefan Kühn and Steven Kapsos. The report would not have been possible without the feedback and baseline labour market information provided by the team led by Steven Kapsos, notably David Bescond, Evangelia Bourmpoula, Rosina Gammarano, Yves Perardel and Marie-Claire Sodergren of the ILO Department of Statistics. Excellent comments and suggestions were also provided by L. Jeff Johnson, Deputy Director of the Research Department, and Moazam Mahmood, Director a.i. of the Research Department.

The ILO Research Department wishes to acknowledge the comments and suggestions provided by Deborah Greenfield, Deputy Director-General for Policy, James Howard, Senior Adviser to the Director-General, and Sangheon Lee, Special Adviser to the Deputy Director-General for Policy. The team would like to acknowledge the input and suggestions of ILO colleagues including Laura Addati, Pedro Américo Furtado de Oliveira, Juan Chacaltana, Ken Chamuva Shawa, Marva Corley-Coulibaly, Guillaume Delautre, Elizabeth Echeverria Manrique, Ekkehard Ernst, Verónica Escudero, Valeria Esquivel, Nicholas Grisewood, Tariq Haq, Phu Huynh, Samia Kazi Aoul, Sameer Khatiwada, Takaaki Kizu, Elva López-Mourelo, Nicolas Maître, Rossana Merola, Tim De Meyer, Guillermo Montt, Annette Niederfranke, Shauna Olney, Francesco d'Ovidio, Natalia Popova, Mikhail Pouchkin, Catherine Saget, Daniel Samaan, Helmut Schwarzer, Pelin Sekerler-Richiardi, Kristen Sobeck, Sophie Soete, Akiko Taguchi, Rie Vejs-Kjeldgaard, Sher Verick, Christian Viegelahn, Zheng Wang, Thomas Wissing. Excellent comments were also received from Dawn Holland (United Nations Department of Economic and Social Affairs). The authors are also grateful for the suggestions from the ILO Regional Offices for Africa, the Arab States, Asia and the Pacific, Europe and Central Asia, and Latin America and the Caribbean.

Table of contents

Acknowledgements	iii
Executive summary	1
1. Global employment and social trends	5
Global economic outlook is set to improve but remains marred by uncertainties	5
Decent work deficits remain widespread	6
Unequal labour market opportunities for women persist	8
Discontent with the socio-economic situation is growing	9
A comprehensive approach to address cyclical and structural factors is needed to improve labour market and social outcomes on a sustainable basis	11
2. Employment and social trends by region	15
Africa	15
Americas	19
Arab States	22
Asia and the Pacific	24
Europe and Central Asia	27
Appendices	
A. Regional, country and income groupings	33
B. Labour market estimates, projections and scenarios	35
C. Labour market and social statistics by ILO region	39
Bibliography	55

Boxes

1. What are the drivers of the global growth slowdown?	5
2. The role of decent work in eradicating poverty	7
3. Gender dimensions of employment	8

Figures

1. Change in the social unrest index, 2015–16	10
2. Average willingness to migrate abroad permanently, 2009 and 2016	10
3. Net unemployment impact of different scenarios, 2017 and 2018	12
4. Gender and age decomposition of unemployment rates across regions with the widest gaps, 2016 (percentage points)	17
5. Long-term unemployment rate (27 weeks or more) in Canada and the United States, 2007 and 2016 (share of total unemployment, percentages)	20
6. Vulnerable employment rates, by sex and region, 2016 (percentages)	26
7. Involuntary temporary and part-time employment, 2015	29

Tables

1. Unemployment, vulnerable employment and working poverty trends and projections, 2007–18	6
2. The 2017 growth projections contained in each of the past editions of the IMF's October World Economic Outlook (year of WEO edition, percentages)	11
3. Unemployment, vulnerable employment and working poverty trends and projections, Africa, 2007–18	16
4. Unemployment trends and projections, Northern America, 2007–18	20
5. Unemployment, vulnerable employment and working poverty trends and projections, Latin America and the Caribbean, 2007–18	21
6. Unemployment, vulnerable employment and working poverty trends and projections, Arab States, 2007–18	23
7. Unemployment, vulnerable employment and working poverty trends and projections, Asia and the Pacific, 2007–18	25
8. Unemployment trends and projections, Northern, Southern and Western Europe, 2007–18	27
9. Unemployment, employment and vulnerable employment trends and projections, Eastern Europe and Central and Western Asia, 2007–18	30
B1. Global unemployment projections: Differences between the TEM 2016 and TEM 2015	38
C1. Unemployment rate and total unemployment: Trends and projections 2007–18	39
C2. Vulnerable employment rate and total vulnerable employment: Trends and projections 2007–18	40
C3. Working poverty rates and total working poverty: Trends and projections 2007–18	40

Executive summary

Economic growth continues to disappoint and deficits in decent work remain widespread

Global GDP growth hit a six-year low in 2016, at 3.1 per cent, well below the rate projected in the previous year. Looking ahead, global economic growth is expected to pick up modestly in 2017 (3.4 per cent) and 2018 (3.6 per cent). However, as this report highlights, the forecasts for growth for 2017 have continually been revised downwards over recent years (from over 4.6 per cent forecast in 2012 to 3.4 per cent forecast in 2016) and there is persistent elevated uncertainty about the global economy.

The rather disappointing economic performance in 2016 and the below-trend outlook for 2017 raise concerns about the ability of the economy to (i) generate a sufficient number of jobs, (ii) improve the quality of employment for those with a job, and (iii) ensure that the gains of growth are shared in an inclusive manner. Countries around the globe are facing the twin challenges of repairing the damage caused by the crisis and creating quality employment opportunities for new labour market entrants.

First, global unemployment is expected to rise by 3.4 million in 2017

Global unemployment levels and rates are expected to remain high in the short term, as the global labour force continues to grow. In particular, the global unemployment rate is expected to rise modestly in 2017, to 5.8 per cent (from 5.7 per cent in 2016) – representing 3.4 million more unemployed people globally (bringing total unemployment to just over 201 million in 2017). And while the global unemployment rate is expected to hold relatively steady in 2018, the pace of labour force growth (i.e. those in search of employment) will outstrip job creation, resulting in an additional 2.7 million unemployed people globally.

The increase in unemployment levels and rates in 2017 will be driven by deteriorating labour market conditions in emerging countries (as the impacts of several deep recessions in 2016 continue to affect labour markets in 2017). In fact, the number of unemployed people in emerging countries is expected to increase by approximately 3.6 million between 2016 and 2017 (during which time the unemployment rate in emerging countries is expected to climb to 5.7 per cent, compared with 5.6 per cent in 2016). Of notable concern are developments in Latin America and the Caribbean, where the unemployment rate is expected to rise by 0.3 percentage points in 2017, to reach 8.4 per cent – largely driven by rising unemployment in Brazil.

In contrast, unemployment is expected to fall in 2017 in developed countries (by 670,000), bringing the rate down to 6.2 per cent (from 6.3 per cent in 2016). In Europe, notably Northern, Southern and Western Europe, unemployment levels and rates are both expected to continue to fall, but the pace of improvement will slow, and there are signs that structural unemployment is worsening. The same applies to Canada and the United States. For example, in both Europe and Northern America, long-term unemployment remains elevated in comparison to pre-crisis levels and, in the case of Europe, it increased recently, despite the reductions in the unemployment rate. In fact, in the EU-28, the share of unemployed people who had been looking for a job for 12 months or longer reached 47.8 per cent in the second quarter of 2016, up from 44.5 per cent for the same quarter of 2012. Furthermore, in the second quarter of 2016, more than two-thirds of this group – a total of 6 million people – had been unemployed for over two years.

Unemployment levels in developing countries are also expected to increase in 2017 (by 450,000), with unemployment rates hovering at around 5.5 per cent in 2017 and 2018. For many developing and emerging countries, however, chronic poor-quality employment – as represented by high shares of own-account workers and contributing family workers (collectively classified as workers in vulnerable forms of employment) and working poverty – takes centre stage.

Second, vulnerable employment – at 1.4 billion worldwide – remains pervasive

Workers in vulnerable forms of employment are typically subject to high levels of precariousness, e.g. they often have limited access to contributory social protection schemes, which tend to be more common among wage and salaried workers. However, only marginal improvements in the share of workers in vulnerable employment are expected for the coming years: the rate of vulnerable employment is expected to fall by less than 0.2 percentage points per year over the next two years, compared with an average annual decline of 0.5 percentage points between 2000 and 2010. As such, vulnerable forms of employment are expected to remain above 42 per cent of total employment in 2017, accounting for 1.4 billion people worldwide. In fact, almost one in two workers in emerging countries are in vulnerable forms of employment, rising to almost four in five workers in developing countries. As a result, the number of workers in vulnerable forms of employment is projected to grow globally by 11 million per year. The two regions most affected by vulnerable employment are Southern Asia and sub-Saharan Africa.

Third, reductions in working poverty are slowing, endangering the prospects for eradicating poverty as set out in the Sustainable Development Goals

Working poverty remained a problem in 2016, with nearly half of workers in Southern Asia and nearly two-thirds of workers in sub-Saharan Africa living in extreme or moderate working poverty (i.e. living on less than US\$3.10 per day in purchasing power terms). Working poverty rates have been declining over the long term and this trend is expected to continue in 2017. In emerging and developing countries, the share of workers living in moderate or extreme poverty is expected to fall from 29.4 per cent in 2016 to 28.7 per cent in 2017. However, progress in reducing working poverty rates is slowing.

The absolute number of working poor has also been declining over recent years, but the rate of that reduction is now also slowing, and in developing countries the number is on the rise. While both the rates and numbers of working poor have been falling rapidly in emerging countries, progress in developing countries has been too slow to keep up with employment growth. Consequently, the number of workers earning less than US\$3.10 per day over the next two years is expected to increase by around 3 million per year in developing countries.

Finally, inequalities in opportunities and social discontent persist

Underlying these aggregate labour market and social trends are disparities, often wide, across a number of demographic groups. Of notable concern are gender disparities in labour market opportunities, which cut across and persist in a number of areas. For instance, in Northern Africa, women in the labour force will be twice as likely as men to be unemployed in 2017. The gap is even starker for women in the Arab States, who were more than twice as likely to be unemployed than men, with a gap of more than 12 percentage points. Vulnerable forms of employment are consistently higher for women across Africa, Asia and the Pacific and the Arab States. For example, in Southern Asia, close to 82 per cent of women were in vulnerable employment in 2016, compared with just over 72 per cent of men.

The gender gaps in the labour market also extend to differences in remuneration. As the recent ILO *Global Wage Report 2016/17* highlighted, the gap in hourly wages, which reaches as high as 40 per cent (e.g. in Azerbaijan and Benin), continues to persist despite improvements in equal pay legislation in a number of countries.

At the same time, in light of exacerbating global uncertainty, the risk of social unrest or discontent has heightened across almost all regions. The ILO's social unrest index, which seeks to proxy the expressed discontent with the socio-economic situation in countries, indicates that average global social unrest

increased between 2015 and 2016. In fact, between 2015 and 2016, eight out of 11 regions experienced increases in the measure of social discontent, most notably in the Arab States.

Discontent with the social situation and lack of decent job opportunities are both factors (among others) that play a role in a person's decision to migrate. In fact, between 2009 and 2016, the share of the working-age population willing to migrate abroad permanently increased in every region of the world except for Southern Asia and South-Eastern Asia and the Pacific. The largest increases over this period took place in Latin America and the Caribbean and the Arab States. Overall, the share of people willing to move abroad remained the highest in sub-Saharan Africa, at 32 per cent, followed closely by Latin America and the Caribbean and Northern Africa, at above 30 per cent and 27 per cent, respectively.

Policy efforts must focus on how to overcome structural impediments to growth, including inequality

Many of the recent labour market dynamics reflect both cyclical factors and structural factors – e.g. low productivity growth and widening income inequality – which may lead to secular stagnation. Under a scenario where secular stagnation intensifies, the ILO estimates that global unemployment could rise by an additional 1 million over the next two years. Developed economies would be most affected, while emerging and developing countries would benefit initially from higher capital inflows before also suffering from the negative spillover effects caused by lower trade and investment.

Achieving the right policy mix is essential. Accordingly, policies that address both the root causes of secular stagnation and structural impediments to growth need to be incorporated into macroeconomic policies and placed at the forefront of the policy agenda. The ILO estimates that a coordinated effort to provide fiscal stimulus – an increase in public investment – that takes into account each country's fiscal space would provide an immediate jump-start to the global economy. This could lower global unemployment, relative to the baseline, by 0.7 million in 2017 and 1.9 million by 2018. In the medium term, such efforts might also remove fears of low growth and, thereby, raise investment demand.

Looking ahead, long-term trends related to technological development and the accompanying structural changes are also likely to affect the nature of economic growth. In the context of its Future of Work initiative, the ILO will be examining in greater detail the implications of these developments on the world of work, including the impact of these structural factors on the quantity and quality of jobs.

1 Global employment and social trends

Global economic outlook is set to improve but remains marred by uncertainties

Global economic growth is expected to have remained relatively unchanged in 2016, at 3.1 per cent, compared with 3.2 per cent in 2015 (IMF, 2016a). The protracted slowdown since 2008 is being driven by several factors, including continued global uncertainty regarding the economic outlook and a range of potential policy shifts (e.g. interest rate movements), which have dampened investment and trade and, in turn, aggregate demand (box 1). However, economic growth is expected to pick up slightly in 2017 (to 3.4 per cent) and 2018 (to 3.6 per cent). The upward trend is largely being driven by anticipated improvements in emerging countries, notably in Brazil and the Russian Federation, where major contractions in 2016 dragged down economic growth. Furthermore, the negative impact of the sharp terms-of-trade shock experienced by commodity exporters is likely to reverse and an increase in capital inflows should help to buttress economic improvements.

Box 1

What are the drivers of the global growth slowdown?

Several drivers have continued to underpin slow economic growth. In particular, subdued private investment and trade flows have remained a major concern for both current economic conditions and the medium-term outlook. The trend decline in investment and trade is creating a large gap in aggregate demand, which cannot be fully offset by public spending because of the tight fiscal constraints (and is unlikely to be filled by private consumption due to sluggish employment and labour income growth). Moreover, forgoing investment today results in lower productive capital stock and productivity growth in the future, thus lowering income growth.

- *Weak productivity gains and slack investment growth are mutually reinforcing:* Slow productivity growth and subdued aggregate demand – exacerbated by policy uncertainty in some large economies – continue to hold back private investment, especially in developed countries.

Low commodity prices are likely to continue to restrain private investment in the extractive sectors, while overcapacity in some highly capital-intensive sectors is likely to constrain investment growth in China. Furthermore, fiscal policy remains tight in oil-exporter economies of the Arab States and in crisis-hit emerging countries (such as Brazil and the Russian Federation), which is likely to result in additional reductions in public investment in these countries.

- *Trade deceleration persists:* As aggregate demand – especially the more trade-intensive components – remains weak, trade volumes are unlikely to pick up in 2017. The global volume of trade in goods and services is estimated to have expanded by only 1.2 per cent in 2016, the slowest rate since 2009 and the third-lowest rate of trade growth over recent years.

Source: UN DESA, forthcoming.

For developed countries, the outlook for economic growth is also expected to improve, although growth rates are projected to remain below 2 per cent. Economic growth in these economies overall fell to 1.6 per cent in 2016 (from 2.1 per cent in 2015), but is expected to pick up to 1.8 per cent in 2017 (in comparison, between 2000 and 2007 economic growth averaged close to 3 per cent in developed economies). The slowdown in 2016 was in part driven by lower than expected performances in the United States and Europe. In both these cases, there is some uncertainty regarding the anticipated improvements in their economic outlook going forward, which could have wider implications for the global outlook.

Decent work deficits remain widespread

Given the disappointing global economic performance in 2016 and the below-trend outlook, progress on reducing decent work deficits has stalled, notably as concerns the ability (or inability) of the global economy to (i) generate a sufficient number of jobs, (ii) improve the quality of work for those with a job, and (iii) ensure that the gains of growth are shared in an inclusive manner (table 1). In particular, the following trends have been observed:

- *Global unemployment is rising, driven by increases in emerging economies:* Global unemployment levels and rates are expected to remain elevated and unlikely to dip below pre-crisis rates in the medium term as the global labour force continues to grow. In particular, the global unemployment rate is expected to rise modestly to 5.8 per cent in 2017 – representing an increase in the number of unemployed globally of 3.4 million compared with 2016 (bringing total unemployment to 201.1 million in 2017). The global unemployment rate is then expected to hold relatively steady in 2018, as the economic outlook improves, although the pace of labour force growth will still outstrip employment creation, resulting in an additional 2.7 million unemployed people. The increases in the global unemployment level and rate in 2017 are driven by deteriorating labour market conditions in emerging

Table 1

Unemployment, vulnerable employment and working poverty trends and projections, 2007–18

Country grouping	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
WORLD		5.7	5.8	5.8	197.7	201.1	203.8
Developed countries		6.3	6.2	6.2	38.6	37.9	38.0
Emerging countries		5.6	5.7	5.7	143.4	147.0	149.2
Developing countries		5.6	5.5	5.5	15.7	16.1	16.6
	Vulnerable employment rate, 2007–18 (percentages)				Vulnerable employment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
WORLD		42.9	42.8	42.7	1 396.3	1 407.9	1 419.2
Developed countries		10.1	10.1	10.0	58.1	58.2	58.1
Emerging countries		46.8	46.5	46.2	1 128.4	1 133.6	1 138.8
Developing countries		78.9	78.7	78.5	209.9	216.1	222.3
	Extreme and moderate working poverty rate, 2007–18 (percentages)				Extreme and moderate working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Total emerging and developing countries		29.4	28.7	28.1	783.0	776.2	769.4
Emerging countries		25.0	24.3	23.7	599.3	589.9	580.3
Developing countries		69.0	67.9	66.7	183.6	186.3	189.0

Note: Throughout this report, figures for 2017 and 2018 are projections. The working poverty rate is defined as the share of the employed population in extreme or moderate poverty, i.e. with per capita income or consumption of less than US\$3.10 per day. For details regarding the list of regional, country and income groups, see Appendix A.

Source: ILO's Trends Econometric Models, November 2016.

The role of decent work in eradicating poverty

As detailed in last year's *World Employment and Social Outlook: Transforming jobs to end poverty* (ILO, 2016a), addressing decent work deficits is a necessary condition for ending poverty in all its forms. One year on from the adoption of the 2030 Agenda for Sustainable Development, which established SDG1: "End poverty in all its forms everywhere", this notion merits further underscoring.

First, an underlying feature of the chronic nature of poverty is the persistence of poor-quality employment. In emerging and developing countries, people in vulnerable employment experience rates of extreme poverty that are three times as high as for wage and salaried workers. Similarly, in developed countries, workers in precarious employment conditions are more likely to be poor than those with stable jobs.

Source: ILO, 2016a.

Second, central to the problem is the narrow range of income sources accessible to the poor. In developing countries, the poor rely substantially on their labour incomes and have few opportunities to benefit from social transfers. Meanwhile, in a number of developed countries, social transfers are becoming less able to counteract the relative decline in labour incomes associated with precarious employment.

Third, economic growth alone is insufficient to eradicate poverty. This stems, in part, from inequitable transfers of natural resource wealth, and also from disconnections between the agricultural sector – where around two-thirds of the world's poor work – and export-led sectors. Even where better connections exist, decent jobs are not guaranteed and income inequality often worsens with economic growth.

countries, which are expected to see increases in unemployment in the order of 3.6 million between 2016 and 2017 (during which time their overall unemployment rate is expected to climb to 5.7 per cent, compared with 5.6 per cent in 2016). In contrast, in developed countries, unemployment is expected to fall in 2017 (by 670,000), bringing the rate down to 6.2 per cent. In developing countries, unemployment levels are expected to increase in 2017 (by 450,000), with unemployment rates hovering around 5.5 per cent in 2017 (and 2018).

- *Vulnerable forms of employment, i.e. own-account work and contributing family employment, remain pervasive:* Workers in vulnerable forms of employment are typically subject to high levels of precariousness, in that they often have only limited access to contributory social protection schemes (which tend to be more common among wage and salaried workers) (ILO, 2015a).¹ Importantly, only a marginal improvement in the share of workers in vulnerable forms of employment is expected in the coming years, which, given the projected expansion of the labour force, implies that the actual number of people in this employment category will increase. In particular, vulnerable employment as a share of total employment is expected to fall less than 0.2 percentage points per year over the next two years (compared with an average annual decline of 0.5 percentage points between 2000 and 2010). As a result, the share of vulnerable forms of employment is expected to remain above 42 per cent over the coming years, accounting for over 1.4 billion people worldwide in 2017. Significantly, almost half of all workers in emerging countries are still in vulnerable forms of employment, and almost four out of five workers in developing countries are in this employment category. As a result, the total number of workers in vulnerable employment is projected to grow by 11 million per year. This poses significant challenges as these workers have less access to social dialogue and are less likely to exhibit job security, regular incomes and access to social protection than their wage and salaried counterparts.
- *Working poverty continues to fall, but progress is stalling:* Working poverty is expected to continue its long-term decline, driven by reductions in both emerging and developing countries, decreasing from 29.4 per cent of the employed in emerging and developing countries in 2016 to 28.7 per cent in 2017 (at the extreme and moderately poor poverty threshold, i.e. living on less than US\$3.10 per day in purchasing power parity (PPP)).² While working poverty rates have continued to decrease, the reduction in absolute numbers of working poor is slowing (see table 1). In 2016, the emerging and developing economies were home to a total of 783 million working poor, a figure that is expected to fall to 776 million in 2017. While emerging countries are experiencing rapid reductions in both the rate and the number of working poor, progress in developing countries is too slow to keep up with population and employment growth. Consequently, the number of workers earning less than US\$3.10 per day is expected to increase by close to 3 million per year in developing countries until 2018. This will make it difficult to achieve the ambition of eradicating poverty as set out in the Sustainable Development Goals (SDGs), notably SDG 1 (box 2).

1. This does not mean that wage and salaried workers are immune from being in precarious employment situations.

2. Throughout this report, working poverty figures are given in PPP terms.

Unequal labour market opportunities for women persist

Underlying these aggregate labour market and social trends are disparities, often wide, across a number of demographic groups (ILO, 2016b and 2016c). Of notable concern are gender disparities in labour market opportunities, which cut across and persist in several areas (box 3). In many instances, participation rates among women remain well below those for their male counterparts and, when they do participate, women face a higher likelihood of being unemployed or in more vulnerable forms of employment. Indeed, vulnerable employment is consistently higher for women across Africa, Asia-Pacific and the Arab States. This trend is largely driven by the over-representation of working women among contributing family workers, who often perform a disproportionate amount of unpaid care and household work (ILO, 2016b).³ As a result, women are often also less eligible for social protection coverage (including unemployment benefits, pensions and maternity protection) due to their lower rates of labour force participation, higher unemployment and higher likelihood of being in vulnerable forms of employment.

The unequal nature of labour market outcomes for women is most notable in the Arab States, Northern Africa and Southern Asia, where socio-cultural factors influence the participation of women (see Chapter 2). For instance, for Northern Africa it is expected that, in 2017, women in the labour force will be twice as likely as men to be unemployed. The gap is even starker for women in the Arab States, who in 2016 were more than twice as likely to be unemployed as men, with a gap of more than 12 percentage points. Southern Asia also exhibits one of the lowest rates of female labour force participation, at 28.5 per cent, while close to 82 per cent of working women in the region are in vulnerable employment. In fact, the female vulnerable employment rate in Southern Asia is the highest globally, slightly ahead of the second highest rate, in sub-Saharan Africa.

The gender gaps in the labour market also extend to the differences in remuneration between men and women across all levels of occupation and sectors. The ILO's *Global Wage Report 2016/17* (ILO, 2016d) details that in most countries, the gap in hourly wages continues to persist despite improvements in equal pay laws. Estimates from the report show wide cross-country variations in the gender hourly wage gap, ranging from zero in selected countries to over 40 per cent in Azerbaijan. Nonetheless, the "raw" values of the gender pay gaps are often difficult to interpret due to the wide range of gender dimensions (box 3), which disparately affect the labour market characteristics of men and women. Additionally, the gender wage gap is further magnified by the over-representation of women in low-wage jobs, raising their risk of poverty, which can also contribute to the over-representation of women in working poverty.

Box 3

Gender dimensions of employment

The world of work for women around the globe is affected by a range of dimensions, but two inter-related dimensions stand out. First, the division of labour by gender, indicated by occupational segregation and wage differentials, precipitates the inequalities that women face in the labour market. Women are frequently crowded into a narrow range of occupations and sectors, where they are over-represented in lower-paid and low-quality positions. To an extent, this segregation contributes to the large differences in earnings between men and women – while occupations considered to be female-dominated are consistently undervalued and incur wage penalties for both men and women within the occupation.

Second, socio-cultural norms and stereotypes shape gender roles that identify women with restrictive characteristics and capabilities in the labour market.

These norms reinforce existing inequalities by justifying discrimination in the labour market, despite improvements in education and skills, and, inevitably, shape women's engagement and preferences in the labour force. These rigid gender roles affect not only the types of work women and men do, but also the amounts of work they do, when considering that women bear the larger burden of unpaid care and household labour.

The interactions between these dimensions have led to the persistence of gender gaps in decent work opportunities. In this regard, the challenges facing women represent opportunities for targeted and well-designed policies to address each of the employment dimensions. These issues, and more, will be further discussed and elaborated upon during the ILO's World of Work Summit during the International Labour Conference in June 2017.

3. Women are likely to provide twice as much unpaid care work as men.

Moreover, where there has been progress for women, it has not always kept pace with that of their male counterparts. There are signs in places that gaps are widening. Accordingly, such trends underline the need for increased efforts to improve labour market opportunities for women. Increased access to decent work opportunities and social protection is fundamental to closing the persistent gender gaps in the labour market and making progress towards the achievement of the SDGs. Principally, reducing these inequalities will help to realize the achievement not only of the SDG on gender equality (SDG 5), but also those on poverty and inequality reduction (SDGs 1 and 2) and economic growth and decent work (SDG 8).

Discontent with the socio-economic situation is growing

As a response to the ongoing global uncertainty and the persistence of major economic challenges, the risk of social unrest or discontent has heightened across almost all regions. Indeed, based on the ILO's social unrest index, which measures the expressed discontent with the socio-economic situation in countries, the average global social unrest score increased by 0.7 points between 2015 and 2016, to 22.4 points (figure 1).⁴ This level – albeit lower than the post-crisis peak – remained above the long-term average (since 1980) of 21.9 points. In terms of regional developments, only three regions experienced declines in the index between 2015 and 2016, most notably Northern Africa. In contrast, eight regions experienced increases, with the largest rise taking place in the Arab States, followed by sub-Saharan Africa and Eastern Asia. However, regional averages can often hide large inter-country variations. For instance, the average index score for Latin America and the Caribbean increased only marginally, but there was a relatively large increase in the score for Brazil (5.5 points). While labour market problems are far from being the only driver of social unrest (others include personal freedom, living standards and democratic processes), they nevertheless represent an important component.

Discontent with the social situation and a lack of decent job opportunities are factors that play a role in a person's decision to migrate.⁵ Latest estimates suggest that there were more than 232 million international migrants in the world in 2013, of which some 207 million were of working age (ILO, 2015b). Almost two-thirds of these, or 150 million, were migrant workers, accounting for some 4.4 per cent of all workers (ibid.).⁶

Almost half of migrant workers live in high-income regions, particularly Northern America and Northern, Southern and Western Europe, which are estimated to be home to approximately 20 per cent and 16 per cent of total migrant workers, respectively. The share of migrant workers is highest in the Arab States, where migrant workers represent 35.6 per cent of all workers in the region. In other regions, such as Eastern Europe and South Eastern Asia and the Pacific, the shares are considerably lower, at below 9 per cent and 8 per cent, respectively.

Over the coming decade, the number of international migrants may increase further. In fact, between 2009 and 2016, the share of the working-age population willing to migrate abroad permanently increased in almost every region of the world, except Southern Asia and South-Eastern Asia and the Pacific (figure 2). People's inclination to move abroad increased the most in those regions where, in some of the respective countries, there was growing unemployment and slower growth in 2016. With respect to 2009, the largest increases took place in Latin America and the Caribbean and in the Arab States. Overall, the share of people willing to move abroad remained the highest in sub-Saharan Africa, at 32.1 per cent, followed closely by Latin America and the Caribbean and Northern Africa, at above 30 and 27 per cent, respectively. The fourth highest tendency to migrate abroad was found among the working-age population of the high-income Northern, Southern and Western Europe region. Conversely, the lowest inclination to migrate was found in Northern America and South-Eastern Asia and the Pacific, where only 11 and 10 per cent of the working-age population, respectively, were willing to move abroad permanently.

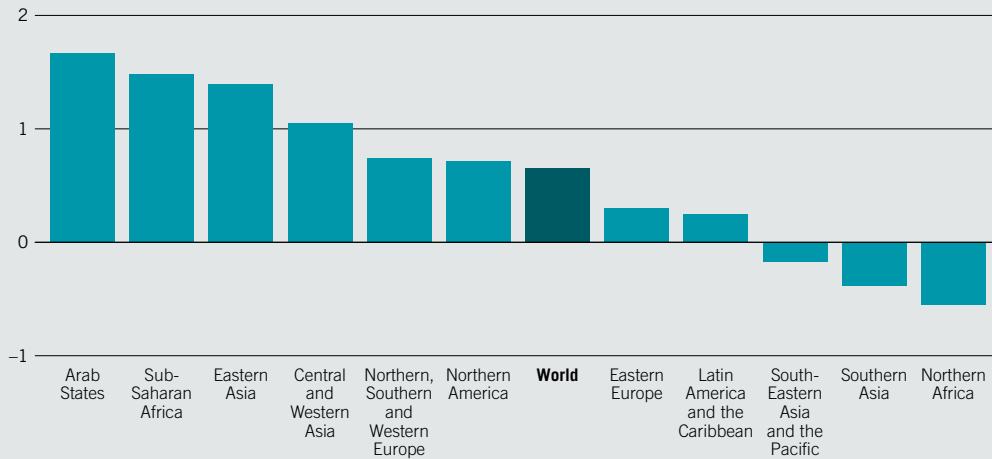
4. The index is based on a scale of 0 to 100 (where 100 denotes high social unrest).

5. Of course, there is also a growing number of people who migrate for other reasons, including, but not limited to, humanitarian reasons, the presence of armed conflicts, natural disasters, geopolitical tensions and persecution of cultural minorities in their countries of origin.

6. Migrant workers are defined as those international migrants who are currently employed or unemployed and seeking employment in their present country of residence.

Figure 1

Change in the social unrest index, 2015–16

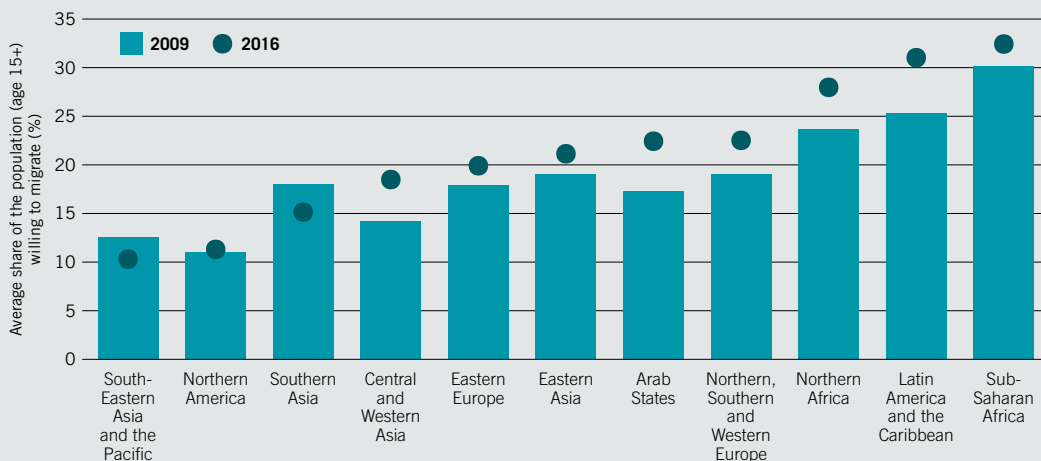


Note: The chart shows the change in the weighted average of the social unrest index from 2015 to 2016 by ILO region. The social unrest index is based on the share of protest events in total events, using Global Database of Events, Language, and Tone (GDELT) categories, and ranges from 0 (low) to 100 (high). For detailed information regarding the index and its calculation, please see Appendix B.

Source: ILO calculations based on GDELT global events database, November 2016.

Figure 2

Average willingness to migrate abroad permanently, 2009 and 2016



Note: The question asked was: "Ideally, if you had the opportunity, would you like to move permanently to another country, or would you prefer to continue living in this country?". The graph includes the percentages of respondents that answered "Would like to move to another country". Regional figures report the average share of people within a region who are willing to migrate permanently. As such, these cannot be interpreted as the propensity of people to migrate out of the region, but rather as their average tendency to move abroad, whether to another region or to another country within the same region.

Source: ILO calculations based on Gallup Analytics, 2016.

A comprehensive approach to address cyclical and structural factors is needed to improve labour market and social outcomes on a sustainable basis

As discussed above, the protracted slowdown in global economic activity has been a result of weaker than anticipated performance in key economic variables (see [box 1](#)). However, since the onset of the global economic crisis, there has been an overarching level of uncertainty – often difficult to assess quantitatively – that has also played a central role. For instance, in looking at the GDP forecasts for the year 2017, the projections have regularly been revised downward over the years ([table 2](#)). Between 2012 and 2014, the growth forecasts for 2017 were consistently above 4 per cent, but the most recent forecast is for 3.4 per cent. And while much of this is certainly due to the shocks that have pushed growth downwards, it raises the question of whether there are other issues underlying these developments; for example, potential growth may have fallen due to structural issues. This would have major consequences for achieving the SDGs, specifically but not limited to SDGs 1 and 8, and for the world of work in general.

Table 2

The 2017 growth projections contained in each of the past editions of the IMF's October World Economic Outlook (year of WEO edition, percentages)

2012	2013	2014	2015	2016
4.6	4.1	4.1	3.8	3.4

Source: IMF World Economic Outlook database (various editions).

There are several factors that could explain the slowdown in potential growth. The first is that weak trade growth over recent years does not appear to be entirely cyclical. The intensification of global supply chains has slowed down significantly since 2009 compared with the period 2000 to 2008 (Timmer et al., 2016), implying that trade volumes and global production could become increasingly disconnected from one another (Hoekman, 2015). Consequently, developed countries see much smaller potential productivity gains due to global supply chain intensification, while the potential for developing countries to benefit from innovation and technological diffusion and access to quality imports is diminished.

In addition, developed countries have experienced low growth in conjunction with extremely low interest and inflation rates – as well as extremely loose monetary policy – for several years in a row. Summers (2016) argues that these are symptoms of secular stagnation, whereby investment demand falls short of savings supply due to structural factors, perhaps most importantly – but not limited to – rising inequality, weak labour income growth, slow labour force growth and lower physical capital requirements of the new economy. Subsequently, low investment, being a seemingly cyclical drag on growth, could actually be caused by these structural factors. Furthermore, the underlying causes of secular stagnation as well as the slowdown of potential growth were already present before the onset of the financial crisis (Summers, 2016; IMF, 2015).

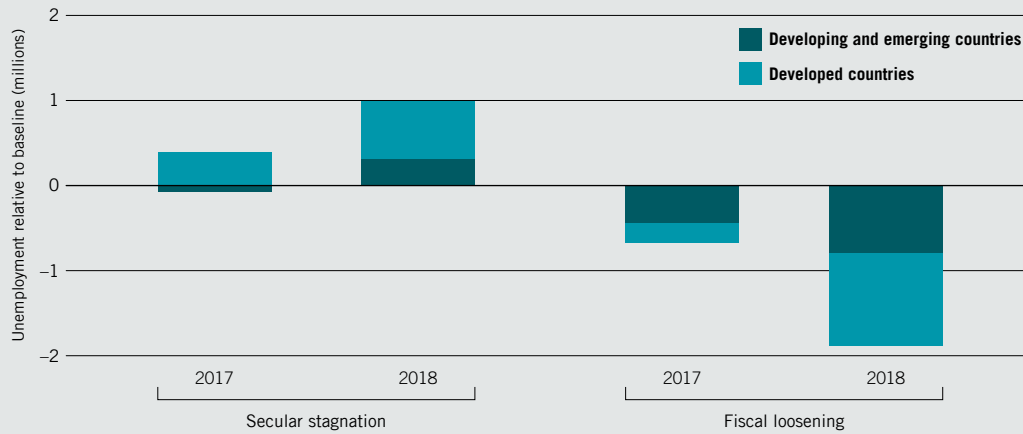
If secular stagnation (i.e. lower consumption and investment demand) does indeed intensify, global unemployment would rise by an additional 0.3 million in 2017 and almost 1 million in 2018 ([figure 3](#)). Under such a scenario, developed economies would be affected the most, while emerging and developing countries would benefit initially from higher capital inflows, but would then also suffer due to negative spillover effects caused by lower trade and investment.

However, a coordinated fiscal loosening would provide an immediate jump-start to the global economy, which in the medium term might remove fears of low growth and thereby also raise investment demand. The scenario assumes there is an increase in public investment outlays, but importantly it also takes into account each country's fiscal space. Under this scenario, global unemployment could be lowered, relative to baseline projections, by 0.7 million in 2017 and 1.9 million by 2018 ([figure 3](#)).

Boosting economic growth in an equitable and inclusive manner requires a multifaceted policy approach; one that addresses the root causes of secular stagnation, e.g. inequality, while also taking

Figure 3

Net unemployment impact of different scenarios, 2017 and 2018



Note: The chart shows the net unemployment impacts of two scenarios, (i) intensified secular stagnation and (ii) fiscal loosening, compared with the baseline projections for 2017 and 2018. See Appendix B for more details regarding assumptions and methodology.

Source: ILO Trends Econometric Models, November 2016 and Oxford Economics global scenario service, accessed October 2016.

account of country specificities. Importantly, it is not just about the level of growth, but how to ensure the equitable distribution of the gains, so that equity and growth are supported in a complementary way. For instance, well-designed and coordinated fiscal loosening could move the world economy into a self-sustaining (economic and environmental) cycle of increased aggregate demand. The long-term benefits of achieving the SDGs, particularly SDG 8 (productive employment and decent work for all), would yield significant social benefits, while also contributing to a strengthening and rebalancing of the global economy.

Looking ahead, long-run trends related to technological development and the accompanying structural changes are also likely to affect the nature of economic growth. In the context of its Future of Work initiative, the ILO will be examining in greater detail the implications of these developments on the world of work, including the impact of these structural factors on the quantity and quality of jobs.

2 Employment and social trends by region

Given the heterogeneity of labour market and social outcomes as depicted in Chapter 1, this chapter will assess both across and within regions (i) recent economic and labour market developments; and (ii) short-term employment and social prospects (see Appendix A for a list of ILO regional, country and income groupings).

Africa

The African economy is currently characterized by relatively weak economic growth in comparison to the average growth rate achieved in the continent over the past decade. The regional economy is expected to have expanded by only 2 per cent in 2016. Looking ahead to 2017, the economic outlook is expected to improve, with growth projected to reach 3.4 per cent in 2017 and 3.8 per cent in 2018 (dependent – at least in part – upon a recovery in commodity prices). Both in Northern Africa and sub-Saharan Africa there is a continuing need to ensure that growth is more inclusive, particularly in those economies driven by commodity exports. Indeed, during the most recent period of strong economic growth, particularly in sub-Saharan Africa, there was no commensurate improvement in work quality. The recent backdrop of weak growth means that overcoming the challenges of decent work deficits will be particularly challenging. Moving forward, greater diversification, particularly away from commodity exports, would not only bolster external resilience, but, if accompanied by skills development, could also provide avenues to facilitate gains in decent work and a reduction in poverty.

In the current context, the prevailing economic conditions are likely to correspond to only marginal improvements in the labour market (table 3). The unemployment rate for the continent as a whole is likely to remain unchanged from its 2016 rate of 8.0 per cent going into 2017, which, when applied to a rapidly growing labour force, corresponds to an increase in total unemployment of 1.2 million. A similar trend is observed with regard to vulnerable employment, with a slight decrease in the rate but an increase in the number of workers in this form of employment. Meanwhile, despite marginal decreases in extreme working poverty (i.e. individuals who live on less than US\$1.90 per day), the region – driven by trends in sub-Saharan Africa – is performing poorly with regard to moderate working poverty (i.e. those living on between US\$1.90 and US\$3.10 per day).

Table 3

Unemployment, vulnerable employment and working poverty trends and projections, Africa, 2007–18

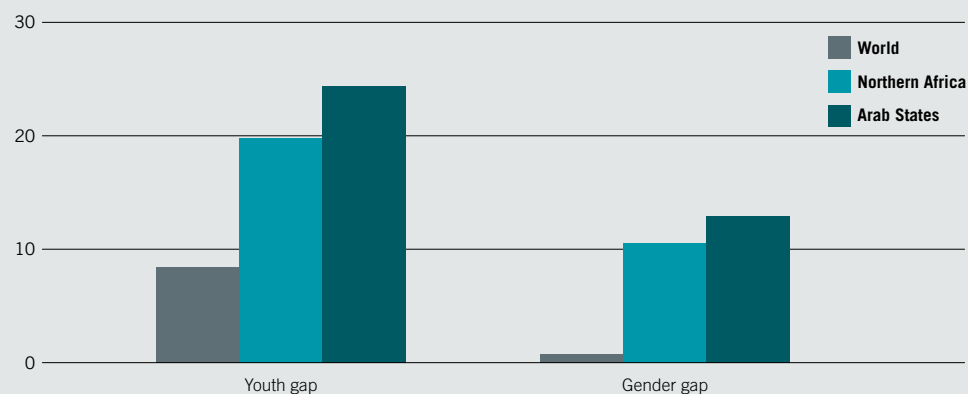
Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Africa		8.0	8.0	8.0	37.1	38.3	39.4
Northern Africa		12.1	12.0	11.9	9.0	9.1	9.2
Sub-Saharan Africa		7.2	7.2	7.2	28.0	29.1	30.1
South Africa		25.9	26.0	26.3	5.4	5.5	5.6
	Vulnerable employment rate, 2007–18 (percentages)				Vulnerable employment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Africa		62.6	62.5	62.4	268.2	275.7	283.3
Northern Africa		32.4	32.1	31.8	21.2	21.5	21.7
Sub-Saharan Africa		68.0	67.9	67.8	247.0	254.2	261.6
	Extreme working poverty rate, 2007–18 (percentages)				Extreme working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Africa		29.3	28.2	27.1	125.3	124.1	122.8
Northern Africa		5.3	5.3	5.2	3.5	3.5	3.5
Sub-Saharan Africa		33.6	32.3	30.9	121.9	120.6	119.2
	Moderate working poverty rate, 2007–18 (percentages)				Moderate working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Africa		28.3	28.7	29.0	121.2	126.4	131.6
Northern Africa		18.6	18.4	18.0	12.2	12.2	12.3
Sub-Saharan Africa		30.1	30.5	31.0	109.0	114.1	119.4

Note: Vulnerable employment rate is defined as the share of all own-account workers and contributing family workers in total employment. Moderate and extreme working poverty rates refer to the shares of workers living on income or consumption per capita between US\$1.90 and US\$3.10 per day (PPP) and less than US\$1.90 per day (PPP), respectively.

Source: ILO Trends Econometric Models, November 2016.

NORTHERN AFRICA

Northern Africa's economy is expected to have grown by 2.8 per cent in 2016, down from 3.5 per cent in 2015. Low commodity prices have impacted heavily on the region's exporters, and energy subsidies have weighed on public finances. Growth is expected to remain weak in oil-importing countries in the region, namely Egypt and Morocco, due to the slowdown in the European Union (EU) and the resultant fall in exports. And while GDP growth is anticipated to rebound to 4.1 per cent in 2017, a range of factors, including conflicts and geopolitical tensions, continue to undermine regional stability and economic prospects. In Tunisia, for instance, the tourism sector has been severely affected by recent developments: tourism receipts fell by half between January 2015 and January 2016 (Ministry of Tourism, Tunisia, 2016). As a result, stimulating sufficient job-led growth to address the elevated unemployment and wide disparities in the labour market will remain a challenge.

Figure 4**Gender and age decomposition of unemployment rates across regions with the widest gaps, 2016 (percentage points)**

Source: ILO Trends Econometric Models, November 2016.

Unemployment remains elevated and youth and gender disparities persist in the labour market

The unemployment rate for Northern Africa is expected to decline marginally between 2016 and 2017, from 12.1 per cent to 12.0 per cent, which equates to a total of 9.1 million unemployed in 2017. The elevated and persistently high unemployment rate represents a partial retraction of the progress achieved between 2000 and 2010, when the rate fell from a peak of around 15 per cent to a low of 10.3 per cent. The modest decline in the unemployment rate projected for 2017, against a relatively strong growth outlook, probably reflects the lower contribution to growth of some labour-intensive exporting sectors, notably tourism and related sectors, as well as lower public spending due to fiscal adjustments (IMF, 2016b).

In the medium term, tackling joblessness among youth and women will remain a particular challenge. Youth unemployment is more than three times higher than adult unemployment, with a gap of almost 20 percentage points (figure 4). Similarly, despite improvements in educational attainment, women remain twice as likely to be unemployed as their male counterparts, with the female unemployment rate expected to be 20 per cent in 2017. The gender gap in unemployment currently stands at just over 10 percentage points, meaning Northern Africa has the second highest gap worldwide, after the Arab States. Moreover, the wide gender disparity in the unemployment rate only partially reflects the extent of the labour market challenges for women in the region. Indeed, the labour market participation rate for women will remain very low by international standards, at just under 23 per cent, which is less than half the world average of approximately 49 per cent among women and one-third the participation rate for men (74 per cent).

The number of workers in vulnerable employment is expected to increase from 21.2 million in 2016 to 21.5 million in 2017, when it will account for almost one-third of total employment (table 3). Women in the region continue to be more likely than men to be in vulnerable forms of employment, due largely to the higher share of women engaged in contributing family work. As a result, the vulnerable employment rate for women in the region in 2017 is projected to be just below 45 per cent, compared with almost 29 per cent for men.

The weak and uncertain economic conditions of recent years have also negatively weighed on the region's potential to eradicate poverty. Indeed, the share of workers living in extreme poverty (i.e. living on less than US\$1.90 per day) is expected to remain unchanged in 2017, at 5.3 per cent, and to change only marginally over the forecast horizon. In addition, over 18 per cent of the employed population are expected to be living in moderate poverty in 2017, which is equivalent to more than 12 million workers.

SUB-SAHARAN AFRICA

Diverging economic paths are seen across sub-Saharan Africa

At 1.6 per cent in 2016, economic growth in sub-Saharan Africa is at its lowest level in over two decades – a sharp contrast to the annual average of nearly 5 per cent over the past ten years. This downturn has largely been due to the effects of low commodity prices on resource-intensive countries, such as Angola, Nigeria and South Africa (with oil-exporting countries faring particularly poorly). The reductions in commodity revenues have typically led to fiscal tightening, amidst inflationary pressures and weaker terms of trade. For countries with high export dependence and resource intensity, the impact has been exacerbated by declining demand from China and Europe. Overall, growth in the region has been partially buoyed by the performance of non-resource-intensive economies. These economies have benefited from low prices for oil imports, and from continued investment in infrastructure despite the tighter global financing situation. For sub-Saharan Africa as a whole, a slight recovery to 2.9 per cent is anticipated for 2017, the achievement of which will rely on recoveries among commodity exporters, alongside elevated growth rates in a number of non-resource-intensive economies.

Poor-quality employment prevails for the rapidly growing working-age population

Sub-Saharan Africa's unemployment rate is forecast to be 7.2 per cent in 2017, unchanged from 2016. While the unemployment rate remains stable, the number of unemployed is expected to increase from 28 million in 2016 to 29 million in 2017 due to the region's strong labour force growth (table 3). However, the regional unemployment rate does not convey the considerable cross-country heterogeneity. In particular, it masks persistently high unemployment in South Africa, where the unemployment rate, which stood at over 25.9 per cent in 2016, is expected to continue to climb, to reach more than 26 per cent by 2018.

In the context of sub-Saharan Africa, however, poor-quality employment – rather than unemployment – remains the main labour market challenge. This problem is compounded by rapid population growth, specifically growth of the working-age population. For example, an additional 12.6 million youth in the region will enter the labour force over the next four years. As such, the region risks forgoing any gains from the potential “demographic dividend” unless sufficient productive opportunities are provided for young people. Across most of sub-Saharan Africa, the lack of productive opportunities for youth and adults alike means that 247 million people were in vulnerable employment in 2016, equivalent to around 68 per cent of all those with jobs. While a marginal decrease in the rate of vulnerable employment is anticipated over the next two years, due to growth in the working-age population, the number of people in vulnerable forms of employment is expected to increase by 14.6 million. The outlook is particularly challenging for women, who are more likely to be in vulnerable employment, largely as contributing family workers. The share of female workers categorized as contributing family workers, at 30.6 per cent, is more than twice the rate for their male counterparts, at 14.0 per cent, with women additionally over-represented in informal non-agricultural employment.⁷

Extreme working poverty is declining, but moderate working poverty is increasing

Interrelated with vulnerable employment is the issue of working poverty. Sub-Saharan Africa continues to be characterized by elevated rates of working poverty, with 33.6 per cent of all employed people living in extreme poverty in 2016 – i.e. on less than US\$1.90 per day – and an additional 30.1 per cent in moderate poverty – i.e. between US\$1.90 and US\$3.10 per day. This corresponds to over 230 million people in sub-Saharan Africa living in either extreme or moderate poverty. Encouragingly, decreases in the rate of extreme working poverty are outweighing growth of the working-age population, leading to a falling number of people living below this threshold. However, the rate of moderate working poverty is rising – it is projected to be 30.5 per cent in 2017, representing an increase of approximately

7. In sub-Saharan Africa in the 2004–10 period, some 76 per cent of women, but 58 per cent of men, in informal non-agricultural employment were self-employed (Vanek et al., 2014).

5 million people in one year (table 3). While this increase will include those graduating from extreme working poverty, it underscores the need for policies that allow working poor to move up the income ladder more quickly and permanently. Moreover, the challenge is particularly urgent for youth as the region continues to report the highest rate of youth working poverty globally, at almost 70 per cent in 2016, while facing rapid growth in the number of youth in the labour force.

Climate change also presents a significant challenge to poverty reduction efforts for sub-Saharan African countries. Many of the region's working poor and vulnerable employed work in the agricultural sector, with the majority being smallholder farmers, and women are overly represented in the sector. These workers are particularly exposed to external shocks, including extreme weather and natural disasters due to long-term climatic shifts.⁸ The decreased agricultural productivity and increased food insecurity that result from these shocks affect a large proportion of the population, aggravating their risk of poverty.⁹ For this reason, greening the agricultural sector and diversifying the economy present significant decent work opportunities for the region (see, for example, the ILO's Green Jobs Programme) on its path to achieving the SDGs.¹⁰ In the long term, failure to promote decent work opportunities also risks creating further incentive for workers to leave the region permanently.

Americas

Economic growth over the past year in both regions, i.e. Northern America and Latin America and the Caribbean, was slower than initially anticipated in 2016. In the case of Northern America, this has meant rather sluggish growth, but for Latin America and the Caribbean, it has entailed a recession. Going forward, both regions expect a pick-up in 2017.

NORTHERN AMERICA

Growth in Canada and the United States slowed considerably in 2016 but is expected to recover in 2017

Northern America recorded growth of 1.5 per cent in 2016 – substantially lower than the 2.5 per cent growth achieved in 2015. The slowdown in 2016 was driven principally by lower growth in the United States: GDP grew by 1.6 per cent in 2016, compared with 2.6 per cent in 2015. The slowdown in the United States, combined with lower commodity prices, has also dampened growth in Canada (an estimated 1.2 per cent in 2016, compared with 2.5 per cent in 2015).

Weaker than expected economic performance was accompanied by weak productivity gains, particularly in the first half of 2016 – placing further pressure to keep interest rates low. With investment growth still weak, due to lingering risk aversion associated with the global economic crisis and a climate of uncertainty, growth is likely to rely on domestic consumption and, to a lesser extent, on rebounding export growth. Growth is anticipated to pick up in 2017, with growth of 2.2 per cent projected for the region (2.2 per cent in the United States and 1.9 per cent in Canada).

8. About 95 per cent of agriculture in sub-Saharan Africa is rain-fed agriculture (as opposed to irrigation-based), the highest share globally (IMF, 2016a).

9. Over 53 per cent of total employment in sub-Saharan Africa depends on the agricultural sector.

10. The ILO estimates that a transition to a greener economy could create 15–60 million additional jobs over the next two decades, which would lift millions of workers out of poverty (ILO, 2012).

Table 4

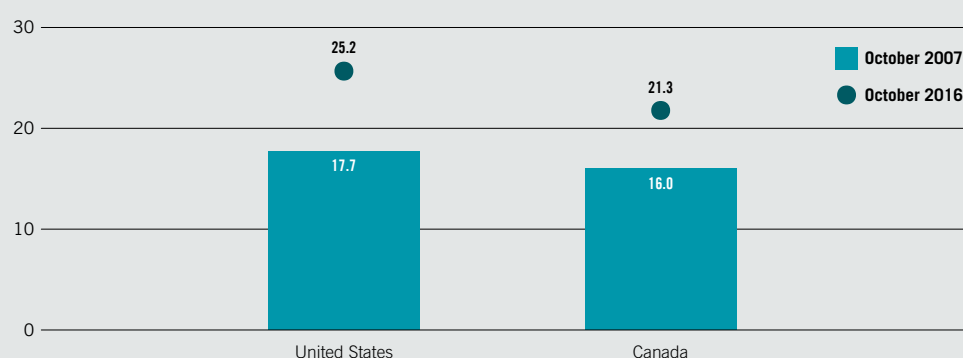
Unemployment trends and projections, Northern America, 2007–18

Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Northern America		5.1	5.1	5.3	9.4	9.5	9.7
Canada		7.1	7.1	7.1	1.4	1.4	1.4
United States		4.9	4.9	5.0	8.0	8.0	8.3

Source: ILO Trends Econometric Models, November 2016.

Figure 5

Long-term unemployment rate (27 weeks or more) in Canada and the United States, 2007 and 2016 (share of total unemployment, percentages)



Source: ILO calculations based on Statistics Canada and the US Bureau of Labor Statistics.

Unemployment is expected to stabilize at current levels, with a minor uptick expected in the United States

In both countries, the unemployment rate is expected to remain relatively stable as job creation rates keep pace with the number of people entering the labour force and seeking employment (table 4). In the case of Canada, unemployment is projected to remain stable throughout 2017 and 2018, at 7.1 per cent. For the United States, the rate is expected to remain at 4.9 per cent in 2017, rising moderately to 5 per cent in 2018.

Long-term unemployment remains high in both countries

Despite continued positive employment creation in both countries throughout 2016, one key challenge that continues to confront both countries is the extent to which long-term unemployment (i.e. unemployed for 27 weeks or more) continues to persist. In both cases, the share of long-term unemployment remains well above pre-crisis levels (figure 5). In the case of the United States, despite some significant declines in recent years (long-term unemployment reached more than 45 per cent in early 2010), more than one in four unemployed people have been without a job for longer than 27 weeks.¹¹ In the case of Canada, more than one in five unemployed people are long-term unemployed – a figure which has only modestly declined since it peaked (at 24 per cent) in 2011. Moreover, in both instances, the share of the long-term unemployed remains relatively unchanged with respect to the levels reached in mid-2015. In the case of Canada, following declines in the second half of 2015, the share of long-term unemployment has since begun to increase, rising from 17.6 per cent in February 2016 to over 21 per cent in October 2016.

11. Long-term unemployment in Europe refers to 52 weeks or more as opposed to 27 weeks or more in the case of Canada and the United States.

LATIN AMERICA AND THE CARIBBEAN

In 2016, the region entered recession for the second time in less than a decade

The recession experienced in the Latin America and the Caribbean region resulted in a contraction in GDP of 0.4 per cent in 2016, down from almost zero growth in 2015. This was largely driven by Brazil's poor economic performance (–3.3 per cent growth), due to the weight of its influence in the region and its impact on neighbouring export partners. For instance, the Caribbean and Central American subregions exhibited growth of 1.8 per cent and 2.4 per cent in 2016, respectively. In contrast, growth in the Southern American economies contracted by 1.8 per cent.

The medium-term outlook for the region looks more promising, as commodity prices are beginning to stabilize and political and macroeconomic uncertainties appear to have diminished. As a result, economic growth in Latin America and the Caribbean is anticipated to return to positive territory, at 1.6 per cent, in 2017.

Increases in unemployment are driven by deteriorating labour market conditions in Brazil – the region's largest economy

The unemployment rate for the region is expected to rise by 0.3 percentage points in 2017, to 8.4 per cent (table 5). This significant increase in the region's unemployment rate is largely being driven by Brazil, where the deeper than anticipated recession of 2016 will be playing out in 2017. Brazil's unemployment rate is expected to reach 12.4 per cent in 2017, almost 1 percentage point higher than the 2016 rate. The number of unemployed people in the region in the coming years will be further increased as labour force growth exceeds job creation. In Mexico, the region's second largest economy, the unemployment rate is expected to remain comparatively low in 2017, at 4 per cent, with a modest upturn anticipated in 2018, when job creation is expected to slow relative to labour force growth.

Table 5

Unemployment, vulnerable employment and working poverty trends and projections, Latin America and the Caribbean, 2007–18

Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Latin America and the Caribbean		8.1	8.4	8.5	25.1	26.6	27.1
Brazil		11.5	12.4	12.4	12.4	13.6	13.8
Mexico		4.0	4.0	4.2	2.3	2.4	2.5
	Vulnerable employment rate, 2007–18 (percentages)				Extreme and moderate working poverty rate, 2016–18 (percentages)		
	2007–2015	2016	2017	2018	2016	2017	2018
Latin America and the Caribbean		31.9	31.9	31.9	8.0	7.9	7.8

Note: Vulnerable employment rate is defined as the share of own-account workers and contributing family workers in total employment. Working poverty rate refers to the share of workers living on income or consumption per capita of less than US\$3.10 per day (PPP).

Source: ILO Trends Econometric Models, November 2016.

The improvements in work quality have stagnated

Vulnerable forms of employment in the region steadily declined between 2009 and 2014. However, since the onset of the slowdown in 2015, the share of workers in vulnerable employment has risen at a steady pace – climbing nearly a full percentage point between 2014 and 2016, from 31.0 per cent to 31.9 per cent (and anticipated to remain there through 2018). The number of people in vulnerable employment is expected to continue to increase, reaching over 93 million in 2018, up from 90.5 million in 2015.

Arab States

Growth will remain relatively weak amid structural adjustments in GCC countries and enduring geopolitical instability in the rest of the region

The economic outlook for the Arab States region is expected to improve gradually over the forecast horizon. However, it will remain relatively weak as a result of (i) fiscal adjustments in countries of the Cooperation Council for the Arab States of the Gulf (GCC), (ii) uncertainties surrounding the oil price outlook, and (iii) enduring geopolitical tensions in several countries of the region. Regional GDP growth is expected to have reached 2.5 per cent in 2016, up from 1.2 per cent in 2015, and is forecast to be 2.1 per cent in 2017 and 2.5 per cent in 2018.

The slowdown in recent years has been largely the result of depressed economic growth in GCC economies, where the decline in global oil prices has significantly affected revenues, public expenditure and investment. As a result, GDP growth in this region is expected to have bottomed out in 2016, at 1.7 per cent, down from 3.4 per cent in 2015. As oil prices are likely to rebound (or remain stable), growth rates in GCC economies will be in the order of 2–3 per cent over the next two years, but are unlikely to return in the medium term to the levels seen over the preceding decade (4.5 per cent annual average).

In non-GCC countries, long-lasting geopolitical concerns and, in some cases, active armed conflicts continue to restrain economic activity: GDP growth is expected to hover around 2 per cent over the forecast horizon. In non-GCC oil-exporting economies, especially in Yemen, security risks continue to challenge oil extraction and related investments and, in turn, medium-term recovery prospects.

The labour market outlook is stable, but substantial structural changes are needed for improvements in GCC countries

Labour market conditions are expected to remain relatively stable, with the regional unemployment rate projected to have reached 10.7 per cent in 2016 and then to gradually decline to 10.5 per cent by 2018 (table 6). However, large gender disparities persist. The unemployment rate for women in the Arab States remained almost 13 percentage points higher than that for men in 2016 (see figure 4), and the female labour market participation rate remained the lowest globally, at 21.2 per cent in 2016, against a world average of 49.5 per cent. Conversely, the male participation rate was slightly above the world average, at 76.5 per cent in 2016, against a global rate of 76.1 per cent. Such large gender disparities in labour market performance undoubtedly highlight the fact that although women have achieved high levels of education, this has not translated into their inclusion in the world of work. Likewise, gains in educational attainment more generally have not been reflected in improved labour market outcomes, including for youth. Active youth remain almost five times more likely to be unemployed than their adult counterparts, experiencing an unemployment rate of above 31 per cent in 2016, against 6.8 per cent among adults.

Across the GCC economies, the unemployment rate is projected to increase slightly, to 5.6 per cent in 2017, but should show some minor improvements in 2018 (table 6). However, the labour force participation rate for the GCC economies is projected to fall below 63 per cent over the next couple of years, the first such decline since 2003. Only a small part of this decline is due to falling participation rates among women, whose participation rate in 2016 stood at 27.6 per cent, only slightly higher than the regional average.

As tight public budgets are likely to continue to constrain hiring in the public sector, the medium-term labour market outlook in the GCC countries crucially depends on their potential to spur quality job creation in the private sector, especially for nationals. Indeed, the bulk of nationals in GCC countries remain employed in the public sector, whereas non-nationals typically account for 80 per cent or more of private sector employment (WEF, 2014). Many GCC countries have recently taken steps to foster the employment potential of the private sector by, for instance, developing plans to promote privatization and investment in emerging non-energy sectors, including tourism, financial services and health care. Meanwhile, several GCC countries have implemented measures to prioritize firms' use of the domestic workforce (e.g. Oman and Saudi Arabia) and/or create disincentives to hiring foreign workers (Bahrain, Oman and Saudi Arabia) (IMF, 2016b).

It is challenging to discuss labour market conditions in non-GCC countries due to the disruptive effects on economic activity of active wars and difficult security situations. Nevertheless, the unemployment rate for non-GCC countries is expected to remain high, at 15.2 per cent in 2017 (table 6), as spillover effects from armed conflicts in Iraq, the Syrian Arab Republic and Yemen are having negative

Table 6

Unemployment, vulnerable employment and working poverty trends and projections, Arab States, 2007–18

Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Arab States		10.7	10.6	10.5	5.8	5.9	5.9
GCC		5.5	5.6	5.5	1.4	1.5	1.5
Saudi Arabia		5.5	5.5	5.5	0.7	0.7	0.7
Non-GCC		15.5	15.2	15.0	4.4	4.4	4.5
	Vulnerable employment rate, 2007–18 (percentages)				Vulnerable employment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Arab States		17.8	17.9	18.0	8.6	8.8	9.1
GCC		2.7	2.7	2.7	0.7	0.7	0.7
Non-GCC		33.3	33.2	33.1	7.9	8.1	8.4
	Extreme working poverty rate, 2007–18 (percentages)				Extreme working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Arab States		4.2	3.9	3.7	2.0	1.9	1.9
GCC		1.9	1.8	1.8	0.5	0.5	0.4
Non-GCC		6.6	6.1	5.7	1.6	1.5	1.5
	Moderate working poverty rate, 2007–18 (percentages)				Moderate working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Arab States		17.2	16.9	16.7	8.3	8.4	8.4
GCC		5.9	5.8	5.7	1.4	1.4	1.4
Non-GCC		29.0	28.2	27.5	6.9	6.9	7.0

Note: Vulnerable employment rate is defined as the share of own-account workers and contributing family workers in total employment. Moderate and extreme working poverty rates refer to the shares of workers living on income or consumption per capita between US\$1.90 and US\$3.10 per day (PPP) and less than US\$1.90 per day (PPP), respectively. GCC aggregate refers to those countries belonging to the Cooperation Council for the Arab States of the Gulf, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. Non-GCC refers to the country group comprising Iraq, Jordan, Lebanon, Occupied Palestinian Territory, and Yemen.

Source: ILO Trends Econometric Models, November 2016.

repercussions on labour markets in neighbouring countries, such as Jordan and Lebanon. In addition, the labour force participation rate for non-GCC countries is projected to remain low by international standards, at around 44 per cent in 2017 – 18.3 per cent for women against 70.7 per cent for men.

Social conditions remain poor, with strong regional spillovers from armed conflicts

The number of workers in vulnerable employment in non-GCC countries is expected to have grown in 2016 for the fourth consecutive year (accounting for over one-third of total employment). As a result, working poverty concerns in non-GCC countries remain pressing. In 2016, almost 7 per cent of workers were estimated to be living in extreme poverty (i.e. living on less than US\$1.90 per day) and another 29 per cent in moderate poverty (i.e. living on between US\$1.90 per day and US\$3.10 per day). Moreover, countries such as Jordan and Lebanon are also facing the challenge of receiving a combined total of 1.7 million registered refugees from Iraq and the Syrian Arab Republic, who have contributed to increasing the populations of Lebanon by one-quarter and Jordan by one-tenth (Rother et al., 2016). As such, future labour market and social developments will depend on these countries' ability to integrate refugees into society.

In GCC countries, working poverty remains less of an issue, although some 7 per cent of all workers live in either extreme or moderate poverty. Moreover, and despite some recent actions to improve mobility of foreign workers across firms (e.g. Qatar and Saudi Arabia), non-nationals continue to have limited job security, no minimum wage coverage and no access to pension schemes, which has important negative repercussions for their social and/or labour market integration (ILO, 2014).

Asia and the Pacific

The Asia and the Pacific region continues to undergo major transformations, not least in the labour market, as strong economic growth rates are coinciding with ongoing structural changes. As a result, the challenge for the region as a whole remains less about the quantity of jobs and/or unemployment and more about the quality of employment and, more specifically, vulnerable employment and working poverty. Entering 2017, working poverty (both extreme and moderate) is projected to continue to decline, in both rate and absolute number, while vulnerable employment numbers look set to rise, despite decreases in the vulnerable employment rate, largely as a result of population growth, especially in Southern Asia.

China's domestic rebalancing continues to weigh on regional prospects

Economic growth in Asia and the Pacific has been relatively resilient, at 5.1 per cent in 2016 and 5.0 per cent anticipated in 2017. While buoyant – above 5 per cent forecast over the next five years – and following annual average growth of 5.6 per cent over the past decade, a slight easing of the region's economic growth reflects, in part, ongoing readjustment to China's "new normal" growth path. Eastern Asia's growth has declined from 7.9 per cent in 2010 to 4.6 per cent in 2016 (4.5 per cent forecast in 2017). Despite this, China continues to prop up regional exports, but pressure is mounting for countries with high export dependence on China to diversify both products and export partners. In the midst of the transition, India has stepped up, achieving 7.6 per cent growth in 2016, thus helping Southern Asia achieve 6.8 per cent growth in 2016 (6.9 per cent expected in 2017). This compares to 4.5 per cent in South-Eastern Asia and the Pacific in 2016 (4.7 per cent in 2017). Manufacturing growth has underpinned India's recent economic performance, which may help buffer demand for the region's commodity exporters.

Employment trends reflect ongoing structural transformation across the region

Accounting for nearly 60 per cent of the global workforce, the Asia and the Pacific region's net employment expanded by over 20 million in 2016, equivalent to growth of around 1.1 per cent, with a similar expansion anticipated in 2017. Southern Asia has created most of the new employment, with employment expanding by 13.4 million in 2016, underpinned by population-driven labour force growth. The majority of this new employment was created in India. Total employment expanded by around 5 million in South-Eastern Asia and the Pacific, equivalent to growth of 1.6 per cent, and is forecast to grow by another 4.5 million in 2017, with Indonesia and the Philippines accounting for the majority of employment growth in this subregion. In Eastern Asia, employment is growing the least, at less than half a percentage point each year, largely as growth of China's workforce starts to shrink.

The shape of employment growth reflects the structural transformation taking place in the region; that is, the transfer of capital and workers from low to higher value added sectors. Since 2008, employment in agriculture has been shrinking across each of the Asia and the Pacific subregions, offset by expansion of employment in services and industry. These trends are expected to continue to different degrees over the next five years. The economic readjustment taking place in the region, in light of China's rebalancing, has a number of implications for the region's structural transformation. For China, it will be necessary to find alternatives to offset job losses in labour-intensive manufacturing and facilitate job creation in the service sector. Conversely, China's transition away from manufacturing may provide room for countries in South-Eastern Asia and the Pacific with low manufacturing costs to become more competitive and expand their market reach. This is, however, likely to depend largely on the degree of innovation and technological adoption and automation in China's manufacturing industry over the medium term.

At the same time, however, low female labour force participation continues to be a major challenge for a number of economies within the region, particularly in Southern Asia. In fact, Southern Asia exhibits the third lowest female labour force participation rate of all regions globally, only behind the Arab States and Northern Africa. With only 28.5 per cent of working-age women in Southern Asia active in the labour market, women are typically more reliant on their male counterparts as the main breadwinner of the household. At the same time, when women are in employment, they are more likely to be in vulnerable employment, particularly contributing family work (in 2016, as many as one in five women are contributing family workers, compared with less than 5 per cent of males in Asia and the Pacific). As shown in [figure 6](#), in 2016 some 81.7 per cent of all employed women in Southern Asia were in vulnerable forms of employment, compared to 72.4 per cent for their male counterparts. While the female vulnerable employment rate in South-Eastern Asia and the Pacific is also high, at 54.8 per cent, the gap between men and women is less marked.

Table 7

Unemployment, vulnerable employment and working poverty trends and projections, Asia and the Pacific, 2007–18

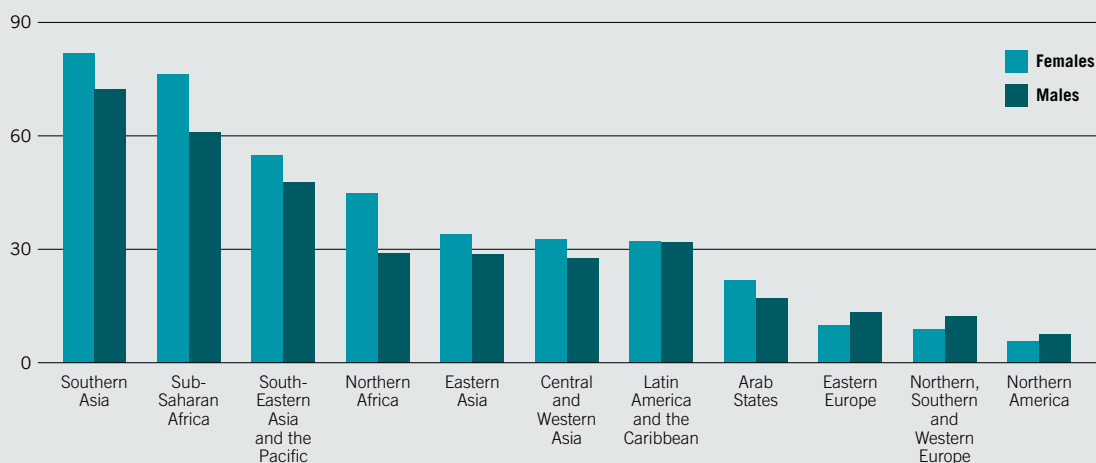
Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Asia and the Pacific		4.2	4.2	4.3	84.4	85.4	86.5
Eastern Asia		4.5	4.5	4.5	41.6	41.9	42.4
China		4.6	4.6	4.7	37.3	37.6	37.9
Japan		3.1	3.0	3.0	2.0	1.9	2.0
Korea, Republic of		3.7	3.6	3.7	1.0	1.0	1.0
South-Eastern Asia and the Pacific		3.8	3.8	3.9	13.3	13.7	14.0
Australia		5.7	5.5	5.3	0.7	0.7	0.7
Indonesia		5.6	5.8	5.9	7.1	7.4	7.7
Southern Asia		4.1	4.1	4.1	29.5	29.8	30.2
India		3.5	3.4	3.4	17.7	17.8	18.0
	Vulnerable employment rate, 2007–18 (percentages)				Vulnerable employment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Asia and the Pacific		50.1	49.8	49.4	959.0	961.6	963.8
Eastern Asia		30.9	30.6	30.3	276.1	273.4	270.8
South-Eastern Asia and the Pacific		50.8	50.2	49.5	171.4	171.5	171.6
Southern Asia		74.8	74.1	73.4	511.4	516.6	521.4
	Extreme working poverty rate, 2007–18 (percentages)				Extreme working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Asia and the Pacific		10.1	9.6	9.2	181.5	174.1	167.2
Eastern Asia		4.8	4.5	4.2	37.8	35.6	33.4
South-Eastern Asia and the Pacific		8.0	7.7	7.3	25.7	24.8	24.0
Southern Asia		17.3	16.3	15.5	118.0	113.7	109.8
	Moderate working poverty rate, 2007–18 (percentages)				Moderate working poverty, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Asia and the Pacific		17.7	17.4	17.0	317.7	314.7	311.2
Eastern Asia		5.9	5.4	4.9	46.8	42.4	38.5
South-Eastern Asia and the Pacific		16.8	15.7	14.7	53.7	51.0	48.1
Southern Asia		31.8	31.7	31.6	217.2	221.3	224.6

Note: Vulnerable employment rate is defined as the share of own-account workers and contributing family workers in total employment. Moderate and extreme working poverty rates refer to the shares of workers living on income or consumption per capita between US\$1.90 and US\$3.10 per day (PPP) and less than US\$1.90 per day (PPP), respectively. Working poverty figures exclude high-income countries in the regional and subregional aggregates.

Source: ILO Trends Econometric Models, November 2016.

Figure 6

Vulnerable employment rates, by sex and region, 2016 (percentages)



Source: ILO Trends Econometric Models, November 2016.

Growing prospects to further reduce vulnerable employment and working poverty

Asia and the Pacific accounts for around 63.5 per cent of the world's working poor (those living on less than US\$3.10 per day), compared with nearly 80 per cent at the turn of the century. In fact, the rate in 2016, at 27.8 per cent, represents a decrease of over 37 percentage points since 2000 (table 7). Eastern Asia has exhibited the greatest improvement in the working poverty rate (below US\$3.10 per day), with the rate falling by over 50 percentage points to 10.7 per cent in 2016, followed by: South-Eastern Asia and the Pacific, by 38.2 percentage points to 24.8 per cent in 2016; and Southern Asia, by 25.0 percentage points to 49.1 per cent in 2016. As this shows, despite progress, certain areas are still characterized by exceptionally high incidences of working poverty, particularly in Southern Asia. Moreover, reductions in working poverty in Eastern Asia and in Asia and the Pacific as a whole have largely been driven by improvements within China. This has been associated with improvements in agricultural productivity and thus reductions in rural poverty. While ongoing structural transformation and transitions to higher value added sectors can help to improve the quality of jobs, further investment in education and skills development for the most vulnerable groups remains a crucial issue.

As the institutional environment improves across most countries in the region, the scope for regular and/or more formal employment arrangements grows. Such developments are important in a region where less than half of workers are in wage or salaried employment, and more than half of workers are in vulnerable forms of work, namely own-account workers or contributing family workers. This is not to say there has been no progress; vulnerable employment as a share of total employment in the region as a whole decreased from nearly 60 per cent in 2000 to 50.1 per cent in 2016. However, within the region, vulnerable employment is still stubbornly high. For example, Southern Asia had an estimated rate of 74.8 per cent in 2016, compared with 30.9 per cent in Eastern Asia and 50.8 per cent in South-Eastern Asia and the Pacific.

Europe and Central Asia

NORTHERN, SOUTHERN AND WESTERN EUROPE

Factors supporting aggregate demand in 2016 are now beginning to wane, resulting in slower growth expectations

Economic activity in the Northern, Southern and Western Europe region is expected to continue to slow, with GDP growth forecast to reach 1.5 per cent in 2017, down from 1.7 per cent in 2016 and 2.1 per cent in 2015. The region's economic growth is set to pick up again in 2018, albeit only marginally. Several global and interlinked forces are weighing negatively on growth projections for 2017. First, the benefit of low energy prices, which supported regional aggregate demand throughout 2016, is expected to wane in 2017, as oil prices are likely to rebound (EC, 2016). Second, weaker aggregate demand by key trade partners, notably large emerging market economies, is weighing on export growth. In addition, the outcome of the United Kingdom's vote to leave the EU is likely to undermine investors' and financial markets' confidence in the medium term, both in the United Kingdom and in Europe. These downside risks are only partially offset by the expectations that expansionary monetary policy by the European Central Bank will continue and that EU countries will engage in more growth-oriented fiscal policy (ibid.).




Within the region, the largest downside revision to GDP growth concerns the United Kingdom, where growth in 2017 is projected to be 1.1 per cent, down from an average of 2.3 per cent between 2013 and 2016. Germany is also expected to see GDP growth decelerate, from 1.7 per cent in 2016 to 1.4 per cent in 2017. Economic growth is expected to remain rather stagnant in both Italy and Portugal, hovering around 1 per cent in 2017, whereas the economies of Greece and Spain are projected to expand by 2.7 per cent and 2.2 per cent, respectively.

Unemployment remains high, and only a few countries are expected to see significant unemployment reductions

As a result of the weak and uncertain economic growth, the pace of improvement in the regional labour market is now decelerating. The regional unemployment rate is projected to reach 9.1 per cent in 2017, down by 0.2 percentage points with respect to values anticipated for 2016 (table 8). Considering that the regional unemployment rate fell by almost 2 percentage points between 2013 and 2016, this represents an important slowing of the region's progress towards returning the unemployment rate to its pre-crisis level of 7.4 per cent (in 2008). Indeed, significant reductions in the unemployment rate are expected in only a few countries, including Croatia, Ireland, the Netherlands, Portugal and Spain. However, a small number of countries within the region, most notably the United Kingdom, are likely to see their unemployment rates edging upwards over the next couple of years.

Table 8

Unemployment trends and projections, Northern, Southern and Western Europe, 2007–18

Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Northern, Southern and Western Europe		9.3	9.1	8.9	20.2	19.7	19.4
France		10.0	9.8	9.8	3.0	2.9	2.9
Germany		4.3	4.2	4.2	1.8	1.8	1.8
Italy		11.5	11.4	11.1	2.9	2.8	2.8
United Kingdom		4.8	5.0	5.3	1.6	1.7	1.8

Source: ILO Trends Econometric Models, November 2016.

The slow healing of the labour market is partly a reflection of high structural unemployment. In fact, a large number of unemployed people continue to find it increasingly difficult to return to work, resulting in a persistently high incidence of long-term unemployment in the majority of countries in the region. For instance, the share of people who had been looking for a job for 12 months or longer in the EU-28 slightly increased in the second quarter of 2016, reaching 47.8 per cent of the unemployed, up from 38.7 per cent and 44.5 per cent in the same quarters of 2008 and 2012, respectively. More than two-thirds of this group had been unemployed for over two years, which equates to 6 million people in the EU-28 in the second quarter of 2016. Meanwhile, young people (aged 15–24) are expected to continue to fare worse than their adult (aged 25 and over) counterparts in the region. The regional youth unemployment rate is projected to fall only marginally in 2017, to 19 per cent, whereas the unemployment rate for adults is expected to fall by 0.3 percentage points, to 7.9 per cent.

Employment creation remains weak, and there are no substantial improvements in job quality

Employment growth is also expected to weaken, to a modest rate of 0.3 per cent in 2017, down from the average of 0.8 per cent per year recorded between 2014 and 2016. As a result, the regional employment-to-population ratio is projected to hover around 52 per cent over the next couple of years. The number of people in the labour force is also expected to remain broadly unchanged, with the regional participation rate standing at 57.5 per cent in 2016 and expected to decline gradually over the forecast horizon.

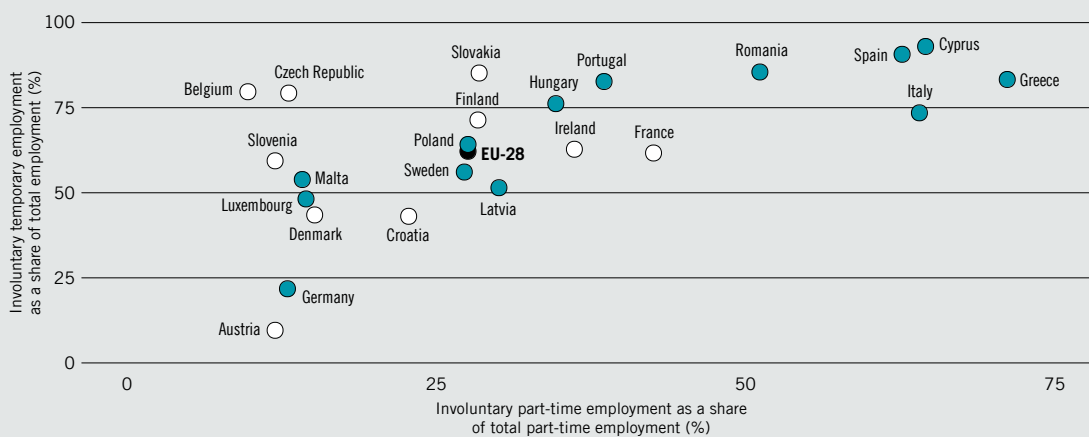
An analysis of recent job creation patterns confirms that part-time jobs are becoming increasingly prominent. For instance, between the second quarters of 2015 and 2016, almost 22 per cent of dependent jobs created in the EU-28 were part-time, whereas the share was just above 18 per cent over the period 2013 to 2015. As a result, part-time employment accounted for 20.5 per cent of total employment in the EU-28 in 2015, up from 18.2 per cent in 2008 and 19.5 per cent in 2011. The share of part-time employment is highest in some Central and Northern European countries, including Austria (28.5 per cent), Germany (28 per cent), the Netherlands (50.8 per cent) and Sweden (26 per cent). However, the biggest increases in the incidence of part-time employment in recent years have occurred in Southern European countries. For instance, between 2008 and 2015, the share of part-time employment in total employment climbed by 4 percentage points or more in Italy and Spain, to reach 18.5 per cent and 15.7 per cent, respectively.

In contrast, the use of temporary contracts appears to have now stabilized, partly as a result of policies recently implemented by a number of countries in an effort to reduce labour market duality between temporary and permanent employees. As of the second quarter of 2016, temporary employment in the EU-28 had stabilized at 14.3 per cent of total employment. However, in several countries, including the Netherlands, Portugal and Spain, the share remains well above 20 per cent, while in others, such as Croatia and France, the incidence of temporary employment appears to be on the rise.

The growth in the incidence of part-time and temporary employment has led many workers to take on such an employment status involuntarily, because they could not find any full-time or permanent employment opportunities. As of 2015, the shares of workers in the EU-28 who involuntarily worked in part-time or temporary employment were 27.5 per cent and 62.1 per cent, respectively. It is noteworthy that involuntary part-time employment is highest in countries where the incidence of part-time employment in total employment is below the EU-28 average (such as France, Greece, Italy and Spain) and is lowest in countries where part-time work arrangements are widely used. This suggests that the quality of part-time jobs on offer and the efficiency of labour market institutions in aligning workers' preferences with employers' demand are crucial factors in determining workers' attitudes towards part-time employment. Involuntary part-time and involuntary temporary employment are highly correlated, but, unlike the former, the latter tends to be the highest in countries where temporary employment accounts for a relatively large share of total employment.

Figure 7

Involuntary temporary and part-time employment, 2015



● denotes that the in-work at-risk-of-poverty rate is greater than the median value across EU-28 countries.

Note: Data on involuntary temporary employment in Germany refer to 2009, the latest year available. The in-work at-risk-of-poverty rate refers to the share of workers with an income below 60 per cent of the median income.

Source: ILO calculations based on Eurostat.

Overall, the fact that many workers are involuntarily employed in either part-time or temporary jobs suggests that these forms of employment rarely represent an opportunity to transition to better-paid and more stable jobs. In many countries in the region, temporary and part-time employment (particularly the latter) often offer lower wages, worse prospects for career advancement and less access to social security than full-time permanent contracts (OECD and ILO, 2014; OECD, 2015). In fact, as figure 7 demonstrates, countries across the EU-28 that have high shares of both involuntary part-time and temporary employment are typically associated with higher rates of in-work poverty (the blue dot denotes countries with values of at-risk-of-poverty in work that exceed the median value in the EU-28).

EASTERN EUROPE AND CENTRAL AND WESTERN ASIA

Economic growth in the region is projected to regain momentum

Economic growth in Eastern Europe returned to positive territory in 2016, at 0.8 per cent, following recession in 2015 (largely the result of the downturn in the economy of the Russian Federation, which accounts for a large share of the region's output, as well as being a major export partner for much of Eastern Europe and Central and Western Asia). The global oil price decline has weighed heavily on the Russian Federation's economy, combined with economic sanctions from the EU and the United States. Despite this, Central and Western Asia has not been affected to the same degree, exhibiting growth of 2.6 per cent in 2016, albeit down from 3.5 per cent in 2015. The cessation of sanctions against the Russian Federation, at least by the EU, starting in 2017, combined with a recovery in oil prices, is likely to help the region's recovery, with 1.9 per cent growth in Eastern Europe and 2.8 per cent growth in Central and Western Asia anticipated for 2017.

Table 9

Unemployment, employment and vulnerable employment trends and projections, Eastern Europe and Central and Western Asia, 2007–18

Country/region	Unemployment rate, 2007–18 (percentages)				Unemployment, 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Central and Western Asia		8.9	9.2	9.3	6.6	6.9	7.1
Turkey		10.3	10.8	11.0	3.1	3.3	3.4
Eastern Europe		6.2	6.1	6.0	9.1	9.0	8.7
Russian Federation		5.7	5.8	5.7	4.3	4.3	4.2
	Employment growth, 2007–18 (percentages)				Labour force growth, 2016–18 (percentages)		
	2007–2015	2016	2017	2018	2016	2017	2018
Central and Western Asia		1.6	1.3	1.0	1.7	1.4	1.3
Eastern Europe		-0.3	-0.3	-0.7	-0.4	-0.6	-0.7
	Vulnerable employment rate, 2007–18 (percentages)				Extreme and moderate working poverty rate, 2016–18 (percentages)		
	2007–2015	2016	2017	2018	2016	2017	2018
Central and Western Asia		29.7	29.5	29.2	6.6	6.3	5.9
Eastern Europe		11.2	11.3	11.3	3.2	3.1	3.1

Note: Vulnerable employment rate is defined as the share of own-account workers and contributing family workers in total employment. Working poverty rates refer to the shares of workers living on income or consumption per capita between US\$1.90 and US\$3.10 per day (PPP). Working poverty rates exclude G20 advanced countries.

Source: ILO Trends Econometric Models, November 2016.

The labour market is expected to respond weakly to the anticipated pickup in economic activity

As economic growth stabilizes in Eastern Europe, the unemployment rate is projected to decline, but only gradually, to reach 6.1 per cent in 2017. This reflects falling unemployment rates in most of the countries in the region, notably the Czech Republic, Hungary and Poland, largely offset by increasing unemployment in Bulgaria, Romania and the Russian Federation. Considering that regional employment growth is projected to remain in negative territory, the expected unemployment reduction is mainly attributable to a reduction in the labour force of 0.7 per cent per year between 2016 and 2018, partly explained by rising emigration rates. Meanwhile, the share of workers in vulnerable employment is expected to increase for the first time since 2009, reaching 11.2 per cent in 2016 and edging further upwards in 2017 (table 9).

Unlike in Eastern Europe, the relatively strong rebound in economic growth in Central and Western Asia is not matched by falling unemployment. The regional unemployment rate is indeed expected to increase from 8.9 per cent in 2016 to 9.2 per cent in 2017, driven by growing unemployment in Turkey, among other countries. This increasing unemployment rate reflects the relatively fast growth of the sub-regional labour force, which is expected to outpace the number of jobs created. This is mainly because economic growth is based on a narrow range of commodity sectors, which have limited potential to generate jobs. However, the share of people in vulnerable employment is projected to continue on a downward trend, remaining below 30 per cent of the employed population in 2017 – compared with 35 per cent a decade ago.

In light of the limited labour market improvements, social progress is stalling

The percentage of workers in moderate or extreme poverty (i.e. living on less than US\$3.10 per day) in Central and Western Asia is relatively low by international standards – estimated at 6.6 per cent of the working population in 2016 (table 9) – and is expected to continue to fall, but at a much slower pace than it did over the past decade. In non-EU Eastern Europe, the incidence of extreme and moderate working poverty should remain stable at around 3 per cent. Yet, relative poverty rates – i.e. the share of people living below 60 per cent of median disposable income – increased in 2015 in the majority of countries belonging to the EU, most notably Bulgaria, Hungary and Poland, while remaining below the average level in the rest of the EU.

Appendix A. Regional, country and income groupings

Africa

Northern Africa

Algeria
Egypt
Libya
Morocco
Sudan
Tunisia
Western Sahara

Sub-Saharan Africa

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

Americas

Latin America and the Caribbean

Antigua and Barbuda
Argentina
Bahamas
Barbados
Belize
Bolivia, Plurinational State of
Brazil
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti
Honduras
Jamaica
Mexico
Netherlands Antilles
Nicaragua
Panama
Paraguay
Peru
Puerto Rico
Saint Kitts and Nevis
Saint Lucia
Saint Vincent and
the Grenadines
Suriname
Trinidad and Tobago
United States Virgin Islands
Uruguay
Venezuela, Bolivarian
Republic of

Northern 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

Eastern Asia

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

South-Eastern Asia and the Pacific

Australia
Brunei Darussalam
Cambodia
Cook Islands
Fiji
French Polynesia
Guam
Indonesia
Kiribati
Lao People's Democratic
Republic
Malaysia
Marshall Islands
Micronesia, Federated
States of
Myanmar
Nauru
New Caledonia
New Zealand
Palau
Papua New Guinea
Philippines
Samoa
Singapore
Solomon Islands
Thailand
Timor-Leste
Tonga
Tuvalu
Vanuatu
Viet Nam

Southern Asia

Afghanistan
Bangladesh
Bhutan
India
Iran, Islamic Republic of
Maldives
Nepal
Pakistan
Sri Lanka

Europe and Central Asia

Northern, Southern and Western Europe

Albania
Andorra
Austria
Belgium
Bosnia and Herzegovina
Channel Islands
Croatia
Denmark
Estonia
Finland
France
Germany
Greece
Iceland
Ireland
Italy
Latvia
Liechtenstein
Lithuania
Luxembourg
Macedonia, the former
Yugoslav Republic of
Malta
Monaco
Montenegro
Netherlands
Norway
Portugal
San Marino
Serbia
Slovenia
Spain
Sweden
Switzerland
United Kingdom

Eastern Europe

Belarus
Bulgaria
Czech Republic
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

Developed countries (high income)

Andorra
Antigua and Barbuda
Argentina
Australia
Austria
Bahamas
Bahrain
Barbados
Belgium
Brunei Darussalam
Canada
Channel Islands
Chile
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
French Polynesia
Germany
Greece
Guam
Hong Kong, China
Hungary
Iceland
Ireland
Israel
Italy
Japan
Korea, Republic of
Kuwait
Latvia
Liechtenstein
Lithuania
Luxembourg
Macau, China
Malta
Monaco
Netherlands
Netherlands Antilles
New Caledonia
New Zealand
Norway
Oman
Poland
Portugal
Puerto Rico
Qatar
Saint Kitts and Nevis
San Marino
Saudi Arabia
Seychelles
Singapore
Slovakia
Slovenia
Spain
Sweden
Switzerland

Taiwan, China
Trinidad and Tobago
United Arab Emirates
United Kingdom
United States
United States Virgin Islands
Uruguay

Emerging countries (middle income)

Albania
Algeria
Angola
Armenia
Azerbaijan
Bangladesh
Belarus
Belize
Bhutan
Bolivia, Plurinational State of
Bosnia and Herzegovina
Botswana
Brazil
Bulgaria
Cabo Verde
Cambodia
Cameroon
China
Colombia
Congo
Cook Islands
Costa Rica
Côte d'Ivoire
Cuba
Djibouti
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Fiji
Gabon
Georgia
Ghana
Grenada
Guatemala
Guyana
Honduras
India
Indonesia
Iran, Islamic Republic of
Iraq
Jamaica
Jordan
Kazakhstan
Kenya
Kiribati
Kyrgyzstan
Lao People's
Democratic Republic

Lebanon
Lesotho
Libya
Macedonia, the former
Yugoslav Republic of
Malaysia
Maldives
Marshall Islands
Mauritania
Mauritius
Mexico
Micronesia, Federated
States of
Moldova, Republic of
Mongolia
Montenegro
Morocco
Myanmar
Namibia
Nauru
Nicaragua
Nigeria
Occupied Palestinian Territory
Pakistan
Palau
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Romania
Russian Federation
Saint Lucia
Saint Vincent and
the Grenadines
Samoa
Sao Tome and Principe
Serbia
Solomon Islands
South Africa
Sri Lanka
Sudan
Suriname
Swaziland
Syrian Arab Republic
Tajikistan
Thailand
Timor-Leste
Tonga
Tunisia
Turkey
Turkmenistan
Tuvalu
Ukraine
Uzbekistan
Vanuatu
Venezuela, Bolivarian
Republic of
Viet Nam
Western Sahara
Yemen
Zambia

Developing countries (low income)

Afghanistan
Benin
Burkina Faso
Burundi
Central African Republic
Chad
Comoros
Congo, Democratic
Republic of the
Eritrea
Ethiopia
The Gambia
Guinea
Guinea-Bissau
Haiti
Korea, Democratic People's
Republic of
Liberia
Madagascar
Malawi
Mali
Mozambique
Nepal
Niger
Rwanda
Senegal
Sierra Leone
Somalia
Tanzania, United Republic of
Togo
Uganda
Zimbabwe

Appendix B. Labour market estimates, projections and scenarios

The source of all global and regional labour market estimates in this *World Employment and Social Outlook* report is ILO, Trends Econometric Models (TEM), November 2016. The ILO has designed and actively maintains econometric models which are used to produce estimates of labour market indicators in the countries and years for which country-reported data are unavailable. These allow the ILO to produce and analyse global and regional estimates of key labour market indicators and related trends.

The TEM is used to produce estimates and projections – disaggregated by age and sex as appropriate – of unemployment, employment and status in employment. The output of the model is a complete matrix of data for 188 countries. The country-level data can then be aggregated to produce regional and global estimates of labour market indicators, such as the unemployment rate, the employment-to-population ratio, status in employment shares and vulnerable employment rate.

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

- With regard to the first criterion, in order for data to be included in the model, they must be derived from either a labour force survey or a population census. National labour force surveys are generally similar across countries, and the data derived from these surveys are more readily comparable than data obtained from other sources. A 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 based on population censuses. Consequently, due to the need to balance the competing goals of data comparability and data coverage, some population census-based data are included in the model.
- The second criterion is that only nationally representative (i.e. not prohibitively geographically limited) labour market indicators are included. Observations corresponding to only urban or only rural areas are not included, as large differences typically exist between rural and urban labour markets, and using only rural or urban data would not be consistent with benchmark data such as GDP.
- The third criterion is that the age groups covered by the observed data must be sufficiently comparable across countries. Countries report labour market information for a variety of age groups and the age group selected can have an influence on the observed value of a given labour market indicator.

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

- United Nations World Population Prospects, 2015 revision for population estimates and projections;
- ILO Economically Active Population, Estimates and Projections (EAPEP) for labour force estimates and projections;
- IMF/World Bank data on GDP (PPP, per capita GDP and GDP growth rates) from the World Development Indicators and the World Economic Outlook October 2016 database;
- World Bank poverty estimates from the PovcalNet database.

Estimates of labour market indicators

The TEM produces estimates of unemployment rates to fill in missing values in the countries and years for which country-reported data are unavailable. Multivariate regressions are run separately for different regions in the world in which unemployment rates, broken down by age and sex (youth male, youth female, adult male, adult female), are regressed on GDP growth rates. Weights are used in the regressions to correct for biases that may result from the fact that countries which report unemployment rates tend to differ (in statistically important respects) from countries that do not report unemployment rates.¹² For 2016, a preliminary estimate is produced, using quarterly and monthly information available up to the time of production of this *World Employment and Social Outlook* report (November 2016).

The model also estimates employment by status using similar techniques to impute missing values at the country level. In addition to GDP growth rate, the variables used as explanatory variables are the

12. For instance, if simple averages of unemployment rates in reporting countries in a given region were used to estimate the unemployment rate in that region, and the countries that do not report unemployment rates should happen to differ from reporting countries with respect to unemployment rates, without such a correction mechanism the resulting estimated regional unemployment rate would be biased. The “weighted least squares” approach adopted in the TEM corrects for this potential problem.

value added shares of the three broad sectors in GDP, per capita GDP and the share of people living in urban areas. Additional econometric models are used to produce global and regional estimates of working poverty and employment by economic class (Kapsos and Bourmpoula, 2013).

Projections of labour market indicators

Unemployment rate projections are obtained using the historical relationship between unemployment rates and GDP growth during the worst crisis/downturn period for each country between 1991 and 2005, and during the corresponding recovery period.¹³ This was done through the inclusion of interaction terms of crisis and recovery dummy variables with GDP growth in fixed effects panel regressions.¹⁴ Specifically, the logistically transformed unemployment rate was regressed on a set of covariates, including the lagged unemployment rate, the GDP growth rate, the lagged GDP growth rate and a set of covariates consisting of the interaction of the crisis dummy and the interaction of the recovery-year dummy with each of the other variables.

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

- (1) geographic proximity and economic/institutional similarities;
- (2) income levels;¹⁵
- (3) level of export dependence (measured as exports as a percentage of GDP).¹⁶

The rationale behind these groupings is as follows. Countries within the same geographic area or with similar economic/institutional characteristics are likely to be similarly affected by the crisis and have similar mechanisms to attenuate the impact of the crisis on their labour markets. Furthermore, because countries within given geographic areas often have strong World Trade Organization (WTO) and financial linkages, the crisis is likely to spill over from one economy to its neighbour (e.g. Canada's economy and labour market developments are intricately linked to developments in the United States). Countries with similar income levels are also likely to have similar labour market institutions (e.g. social protection measures) and similar capacities to implement fiscal stimulus and other policies to counter the impact of the crisis. Finally, as the decline in exports was the primary crisis transmission channel from developed to developing economies, countries were grouped according to their level of exposure to this channel, as measured by their exports as a percentage of GDP. The impact of the crisis on labour markets through the export channel also depends on the type of exports (the affected sectors of the economy) involved, the share of domestic value added in exports and the relative importance of domestic consumption (for instance, countries such as India and Indonesia, with a large domestic market, were less vulnerable than countries such as Singapore and Thailand). These characteristics are controlled for by using fixed effects in the regressions.

In addition to the panel regressions, country-level regressions were run for countries with sufficient data. The ordinary least squares country-level regressions included the same variables as the panel regressions.

To take into account the uncertainty surrounding GDP prospects, as well as the complexity of capturing the relationship between GDP and unemployment rate for all the countries, a variety of ten (similar) multilevel mixed-effects linear regressions (varying-intercept and varying-coefficient models)

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

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

15. The income groups correspond to the World Bank income group classification of four income categories, based on countries' 2008 gross national income (GNI) per capita (calculated using the Atlas method): low-income countries, US\$1,025 or less; lower middle-income countries, US\$1,026–US\$4,035; upper middle-income countries, US\$4,036–US\$12,475; and high-income countries, US\$12,476 or more.

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

are utilized. The main component that changes across these ten versions is the lag structure of the independent variables. The potential superiority of these models lies in the fact that, not only is the panel structure fully exploited (e.g. increased degrees of freedom), but it is also possible to estimate the coefficients specifically for each unit (country), taking into account unobserved heterogeneity at the cluster level and correcting for the random effects approach caveat that the independent variables are not correlated with the random effects term.

Overall, the final projection was generated as a simple average of the estimates obtained from the three group panel regressions and also, for countries with sufficient data, the country-level regressions. For a selection of countries (41 out of 188), an average of another set of forecast combinations was made according to judgemental examination in order to represent more realistically the recent trends observed in each country's economic forecast.

Short-term projection model

For 41 countries, the preliminary unemployment estimate for 2016 and the projection for 2017 are based on results from a country-specific short-term projection model. The ILO maintains a database on monthly and quarterly unemployment flows that contains information on inflow and outflow rates of unemployment, estimated on the basis of unemployment by duration, following the methodologies proposed by Shimer (2012) and Elsby, Hobijn and Sahin (2013). A multitude of models are specified that either project the unemployment rate directly or determine both inflow and outflow rates, using ARIMA, VARX and combined forecast techniques. The short-term projection model relies on several explanatory variables, including hiring uncertainty (Ernst and Viegelaahn, 2014), policy uncertainty (Baker, Bloom and Davis, 2013), macroeconomic forecasts by Oxford Economics and the Manpower Employment Survey Outlook. All estimated models are evaluated on an eight-quarter ahead rolling pseudo out-of-sample forecasting evaluation starting in Q1 2009, among which five models are selected using a weighting of the mean and maximum forecast error. The top five model forecasts are then averaged.

Social unrest indicator

The social unrest index is an indicator that provides a reflection of social health at the national level. The index uses data from the Global Database of Events, Language, and Tone (GDELT) project on events around the world classified as "protests" (code 14 in the database). Many different types of protest behaviours are recorded, such as street protests, riots, rallies, boycotts, road blockages and hunger strikes.

The index ranges from 0 to 100 and is computed from a log transformation of the share of protest events in the total number of events in a year and country, as reported by the GDELT project. An index of 100 corresponds to protest events having a share of 15 per cent or more in total events.

Social unrest is a relative concept across countries. An equal value of the underlying absolute metric in two countries does not imply identical conditions of social unrest in these countries due to inherent differences in countries' culture, history and reporting. The social unrest index allows a cross-country comparison in terms of identifying which countries or regions are currently experiencing periods of heightened unrest. However, it is conceptually incorrect to state that one country experiences, say, 10 per cent more unrest than another.

Changes to the estimates and projections: Trends Econometric Models (TEM) 2016 vs 2015

As for the previous editions of the TEM, global and regional unemployment levels and rates have been revised to take into account new information on unemployment rates as well as revisions to labour force and economic growth historical data and projections. Sources of discrepancy between the TEM November 2016 and the TEM November 2015 unemployment figures may be summarized as follows:

New unemployment rate data entries reported in national labour force surveys: Overall, the TEM November 2016 shows 260 new reported observations, of which 103 are recent (2014 or 2015), as compared with the TEM November 2015. Three countries have information on unemployment rates that before had none, most prominently Myanmar.

Table B1

Global unemployment projections: Differences between the TEM 2016 and TEM 2015

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Unemployed (millions)										
Nov. 15	197.7	195.1	193.8	195.2	198.6	196.4	197.1	199.4	200.5	202.4
Nov. 16	197.4	195.0	195.2	195.5	197.1	194.0	194.5	197.7	201.1	203.8
Unemployment rate (per cent)										
Nov. 15	6.2	6.1	6.0	6.0	6.0	5.8	5.8	5.8	5.7	5.7
Nov. 16	6.2	6.1	6.0	6.0	5.9	5.8	5.7	5.7	5.8	5.8

Source: ILO calculations based on Trends Econometric Models, November 2016 and November 2015.

Backward revisions to historical unemployment rates: Some 61.7 per cent (512 observations) of the unemployment rates observed in the TEM November 2016 between 2008 and 2014 have been subject to backward revisions. Yet, the magnitude of these changes is negligible in the large majority of cases. In only 10.7 per cent of cases (89 observations) were revisions larger than 0.1 percentage points, and in only 15 cases were they larger than 1 percentage point. Notably, these include: Costa Rica (2010–2012), Paraguay (2011), Israel (2008–2011) and Mongolia (2011).

Revisions to past and projected GDP growth rates: Between the IMF World Economic Outlook (WEO) October 2015 and the WEO October 2016 updates, the forecast for global real GDP growth rate in 2016 was revised downward by 0.5 percentage points, while it was revised downward by 0.4 percentage points for 2017. Regarding the historical series, real GDP growth was revised upward by 0.1 percentage points for 2015. These changes to GDP growth past data and projections have led to small revisions in the estimated relationship between unemployment rate and GDP growth rate.

As a result of the changes described above, the baseline projection for the global unemployment rate was revised downward by 0.1 percentage points for the year 2016 and upward by 0.1 percentage points for the years 2017 and 2018 (see [table B1](#)).

Methodological approach to scenarios

This subsection describes the methodology used to estimate the expected impact on unemployment of the two alternative scenarios described in this report and presented in [figure 3](#). Both scenarios are derived from the Global Scenarios Service provided by Oxford Economics, which details the underlying assumptions as well as the implemented shocks on GDP for both the scenario on “secular stagnation” and that on “fiscal loosening”. The estimates of GDP and the components of aggregate demand provided by Oxford Economics under each scenario are then used as inputs in the ILO’s TEM November 2016 to estimate the alternative unemployment developments. [Figure 3](#) then illustrates the difference between the estimates of unemployment of the baseline and the alternative scenarios in 2017 and 2018.

Appendix C. Labour market and social statistics by ILO region

Table C1

Unemployment rate and total unemployment: Trends and projections 2007–18

Unemployment developments, 2007–2018 Country/region	Percentages				Millions		
	2007–2015	2016	2017	2018	2016	2017	2018
WORLD		5.7	5.8	5.8	197.7	201.1	203.8
Developed economies		6.3	6.2	6.2	38.6	37.9	38.0
Emerging markets		5.6	5.7	5.7	143.4	147.0	149.2
Developing economies		5.6	5.5	5.5	15.7	16.1	16.6
Arab States		10.7	10.6	10.5	5.8	5.9	5.9
Saudi Arabia		5.5	5.5	5.5	0.7	0.7	0.7
Eastern Asia		4.5	4.5	4.5	41.6	41.9	42.4
China		4.6	4.6	4.7	37.3	37.6	37.9
Japan		3.1	3.0	3.0	2.0	1.9	2.0
Korea, Republic of		3.7	3.6	3.7	1.0	1.0	1.0
Eastern Europe		6.2	6.1	6.0	9.1	9.0	8.7
Russian Federation		5.7	5.8	5.7	4.3	4.3	4.2
Central and Western Asia		8.9	9.2	9.3	6.6	6.9	7.1
Turkey		10.3	10.8	11.0	3.1	3.3	3.4
Latin America and the Caribbean		8.1	8.4	8.5	25.1	26.6	27.1
Brazil		11.5	12.4	12.4	12.4	13.6	13.8
Mexico		4.0	4.0	4.2	2.3	2.4	2.5
Northern Africa		12.1	12.0	11.9	9.0	9.1	9.2
Northern America		5.1	5.1	5.3	9.4	9.5	9.7
Canada		7.1	7.1	7.1	1.4	1.4	1.4
United States		4.9	4.9	5.0	8.0	8.0	8.3
Northern, Southern and Western Europe		9.3	9.1	8.9	20.2	19.7	19.4
France		10.0	9.8	9.8	3.0	2.9	2.9
Germany		4.3	4.2	4.2	1.8	1.8	1.8
Italy		11.5	11.4	11.1	2.9	2.8	2.8
United Kingdom		4.8	5.0	5.3	1.6	1.7	1.8
South-Eastern Asia and the Pacific		3.8	3.8	3.9	13.3	13.7	14.0
Australia		5.7	5.5	5.3	0.7	0.7	0.7
Indonesia		5.6	5.8	5.9	7.1	7.4	7.7
Southern Asia		4.1	4.1	4.1	29.5	29.8	30.2
India		3.5	3.4	3.4	17.7	17.8	18.0
Sub-Saharan Africa		7.2	7.2	7.2	28.0	29.1	30.1
South Africa		25.9	26.0	26.3	5.4	5.5	5.6

Note: See Appendix A for the list of country groups by geographic region and income level.

Source: ILO Trends Econometric Models, November 2016.

Table C2

Vulnerable employment rate and total vulnerable employment: Trends and projections 2007–18

Country/region	Percentages				Millions		
	2007–2015	2016	2017	2018	2016	2017	2018
WORLD		42.9	42.8	42.7	1 396.3	1 407.9	1 419.2
Developed countries		10.1	10.1	10.0	58.1	58.2	58.1
Emerging countries		46.8	46.5	46.2	1 128.4	1 133.6	1 138.8
Developing countries		78.9	78.7	78.5	209.9	216.1	222.3
Arab States		17.8	17.9	18.0	8.6	8.8	9.1
Central and Western Asia		29.7	29.5	29.2	20.2	20.2	20.3
Eastern Asia		30.9	30.6	30.3	276.1	273.4	270.8
Eastern Europe		11.2	11.3	11.3	15.5	15.5	15.4
Latin America and the Caribbean		31.9	31.9	31.9	91.2	92.2	93.4
Northern Africa		32.4	32.1	31.8	21.2	21.5	21.7
Northern America		6.6	6.6	6.6	11.5	11.6	11.6
Northern, Southern and Western Europe		11.3	11.2	11.2	22.2	22.2	22.2
South-Eastern Asia and the Pacific		50.8	50.2	49.5	171.4	171.5	171.6
Southern Asia		74.8	74.1	73.4	511.4	516.6	521.4
Sub-Saharan Africa		68.0	67.9	67.8	247.0	254.2	261.6

Note: See Appendix A for the list of country groups by geographic region and income level.

Source: ILO Trends Econometric Models, November 2016.

Table C3

Working poverty rates and total working poverty: Trends and projections 2007–18

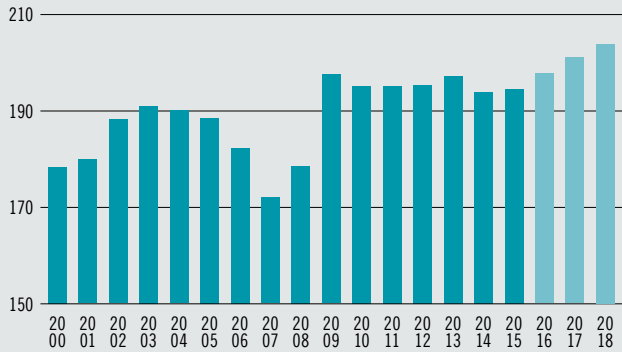
Country/region	Extreme and moderate working poverty rate 2007–18 (percentages)				Extreme and moderate working poverty 2016–18 (millions)		
	2007–2015	2016	2017	2018	2016	2017	2018
Total emerging and developing countries		29.4	28.7	28.1	783.0	776.2	769.4
Emerging countries		25.0	24.3	23.7	599.3	589.9	580.3
Developing countries		69.0	67.9	66.7	183.6	186.3	189.0
Arab States		21.4	20.9	20.4	10.3	10.3	10.3
Central and Western Asia		6.6	6.3	5.9	4.2	4.0	3.8
Eastern Asia		10.7	9.9	9.1	84.6	78.0	71.9
Eastern Europe		3.2	3.1	3.1	3.1	3.0	2.9
Latin America and the Caribbean		8.0	7.9	7.8	23.0	22.9	22.8
Northern Africa		24.0	23.6	23.2	15.6	15.8	15.8
South-Eastern Asia and the Pacific		24.8	23.4	22.0	79.4	75.8	72.1
Southern Asia		49.0	48.1	47.1	335.2	335.0	334.4
Sub-Saharan Africa		63.7	62.8	61.9	230.9	234.7	238.6

Note: See Appendix A for the list of country groups by geographic region and income level. Extreme and moderate working poverty refer to workers living on income or consumption per capita of less than US\$3.10 per day (PPP).

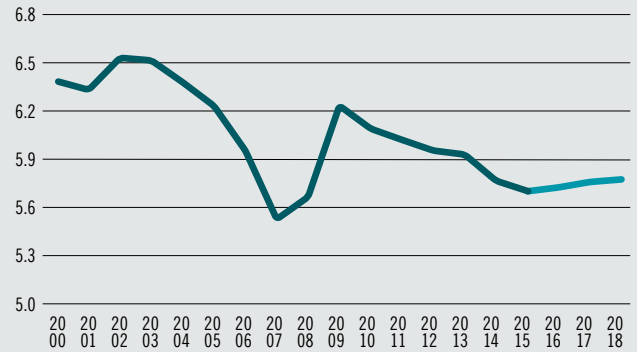
Source: ILO Trends Econometric Models, November 2016.

World

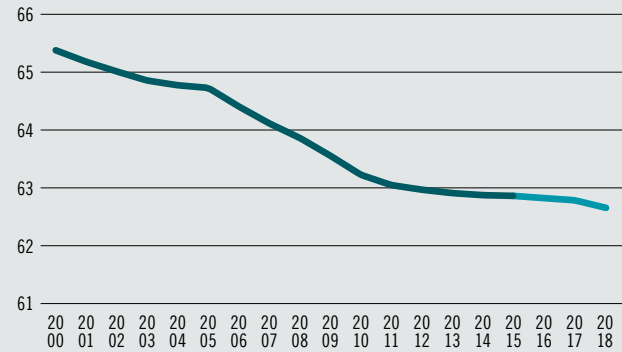
Total unemployment (millions)



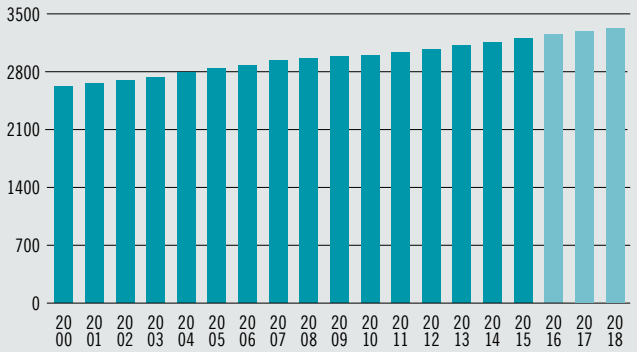
Total unemployment rate (%)



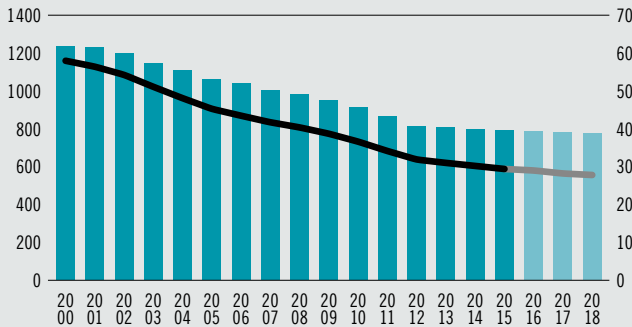
Labour force participation rate (%)



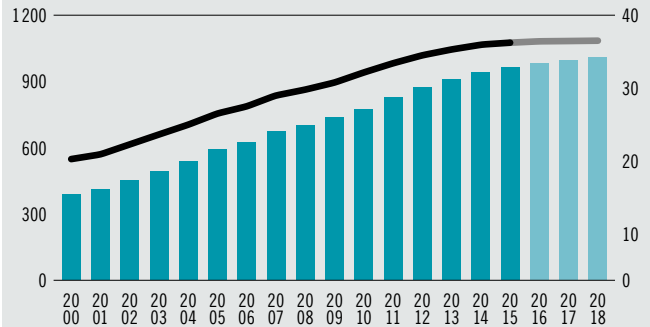
Total employment (millions)



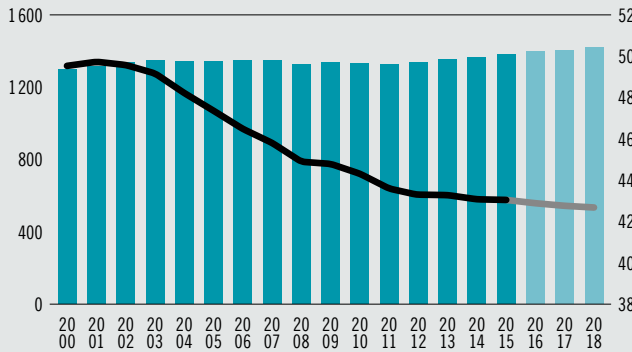
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



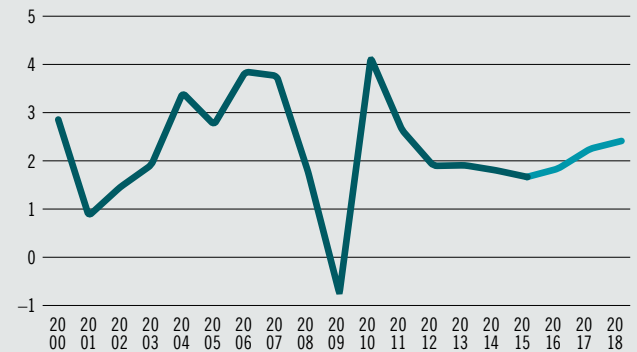
Developing middle class: 5-13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

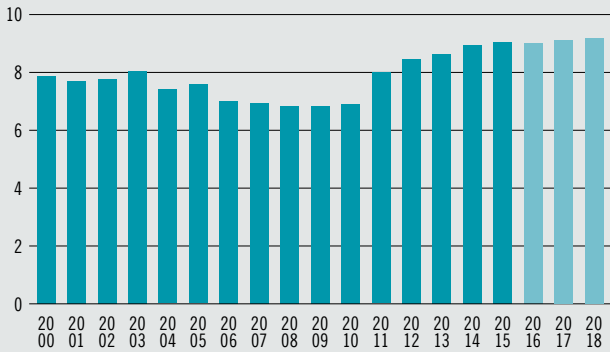


Productivity growth (%)

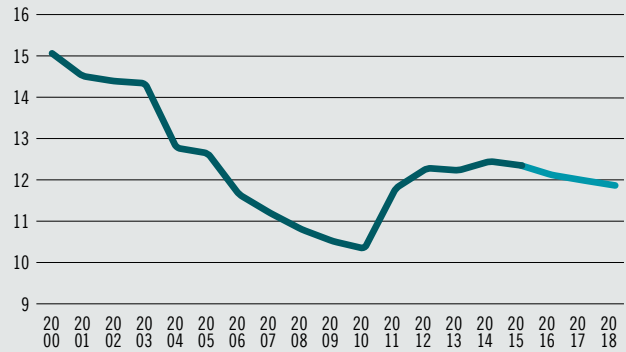


Northern Africa

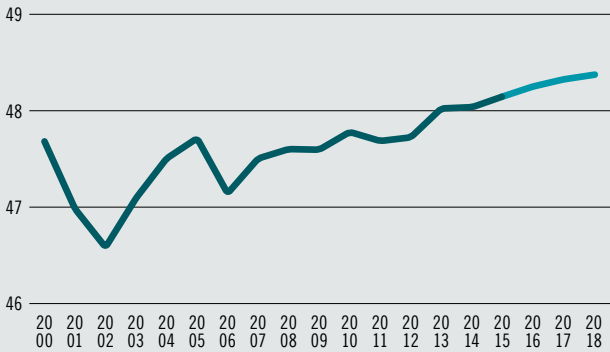
Total unemployment (millions)



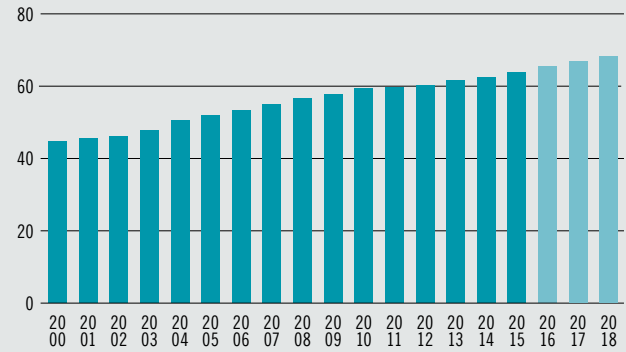
Total unemployment rate (%)



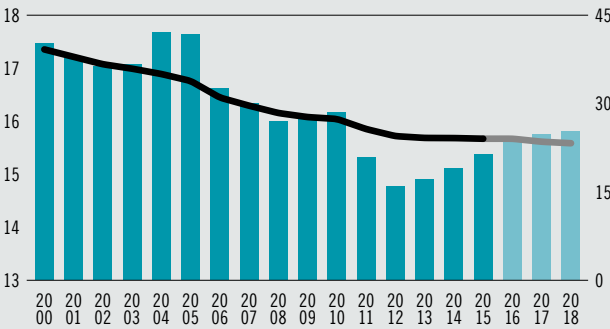
Labour force participation rate (%)



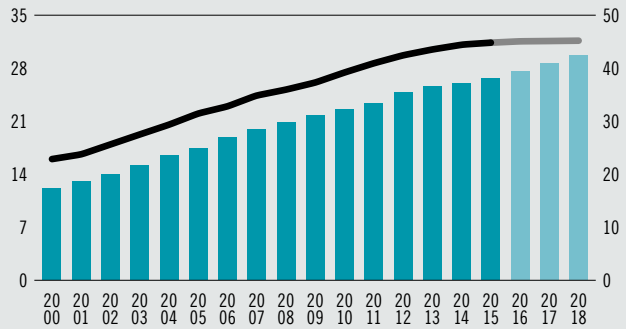
Total employment (millions)



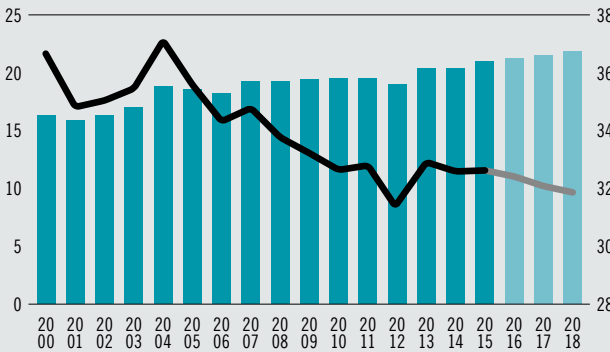
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



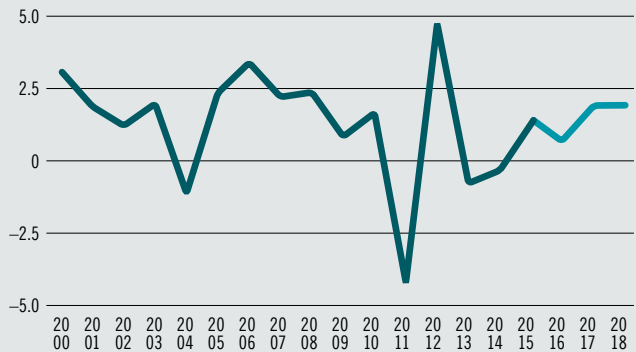
Developing middle class: 5–13 US\$ PPP/ day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

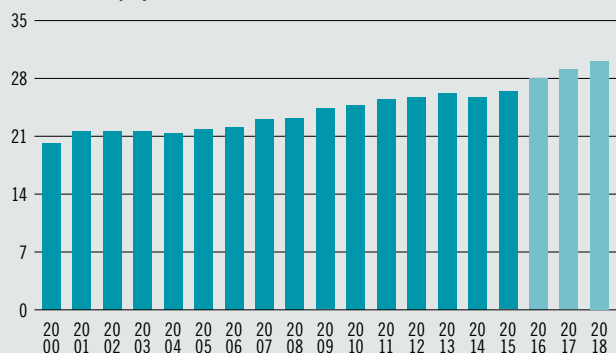


Productivity growth (%)

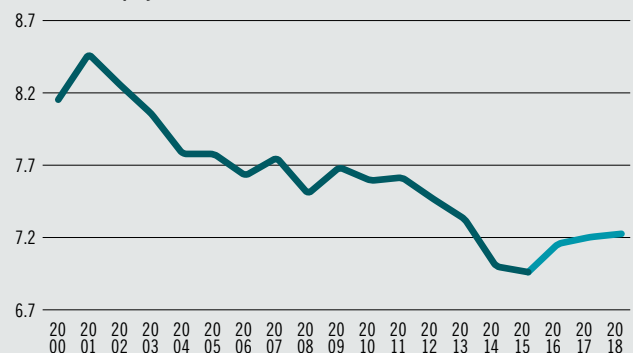


Sub-Saharan Africa

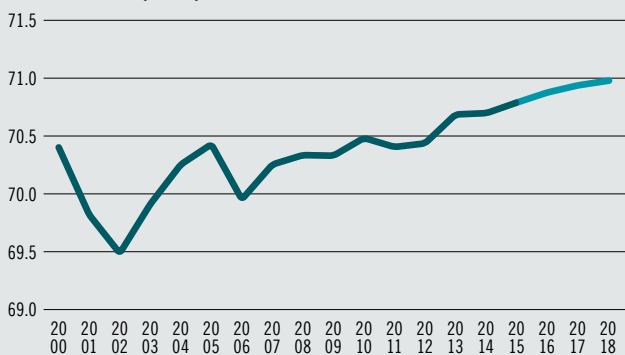
Total unemployment (millions)



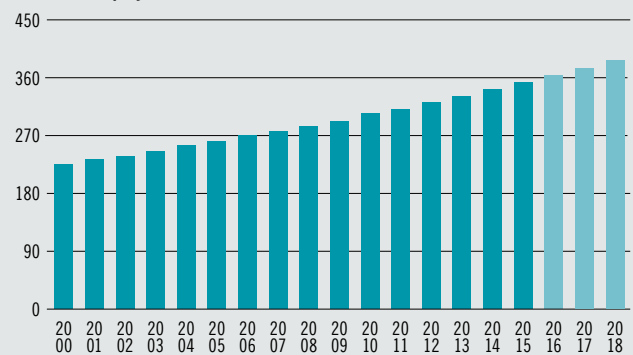
Total unemployment rate (%)



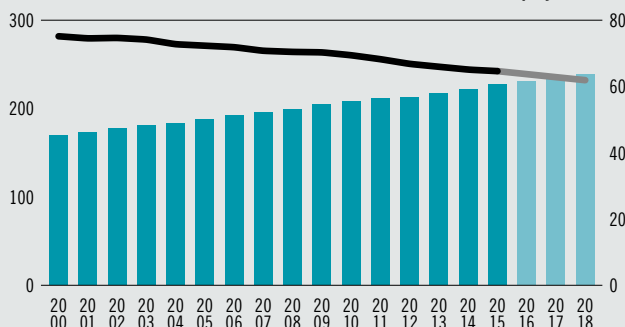
Labour force participation rate (%)



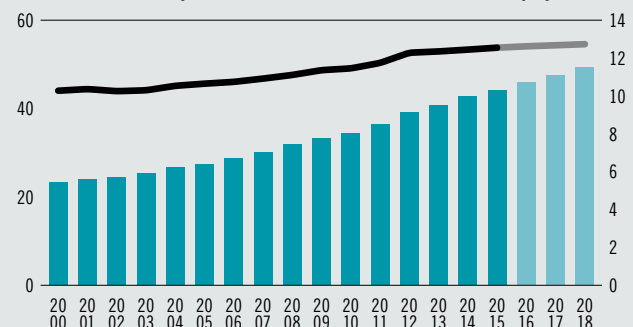
Total employment (millions)



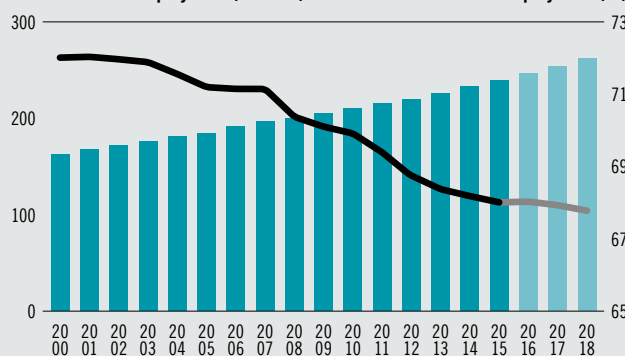
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



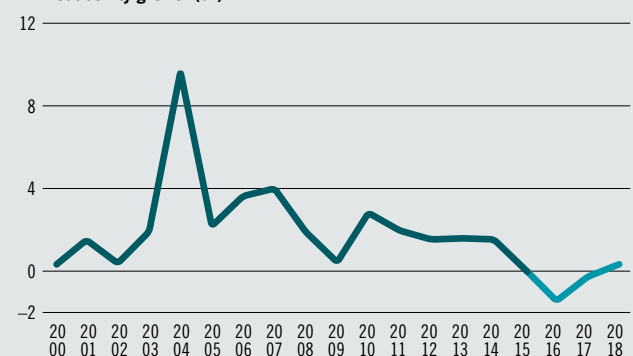
Developing middle class: 5–13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

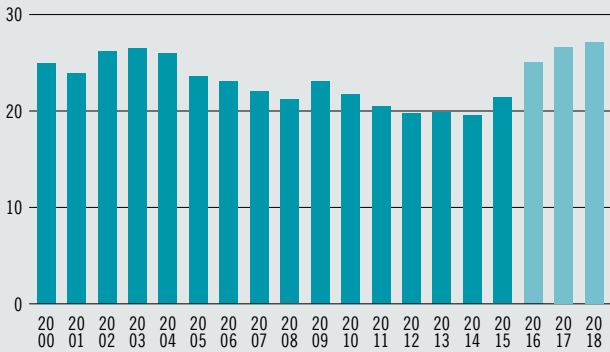


Productivity growth (%)

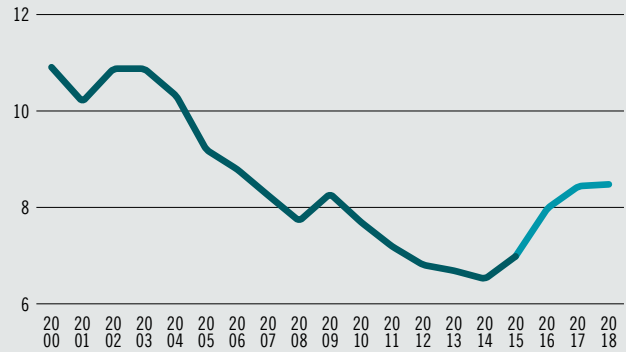


Latin America and the Caribbean

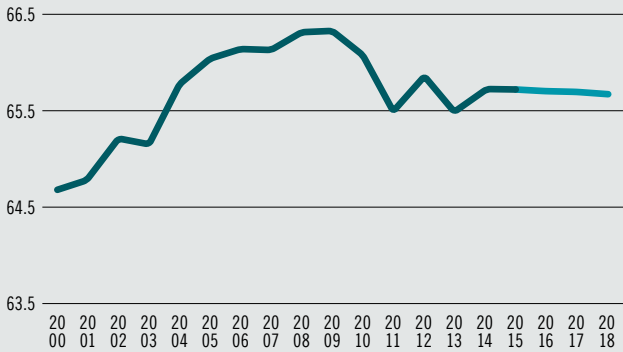
Total unemployment (millions)



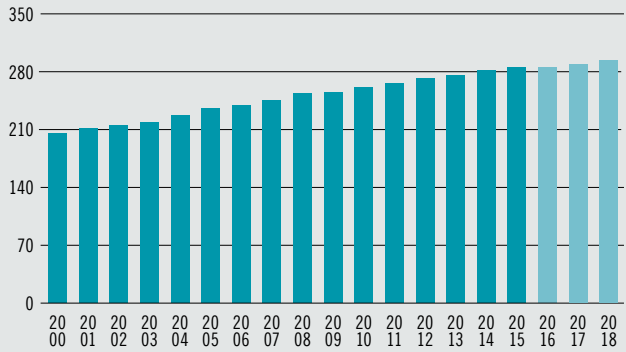
Total unemployment rate (%)



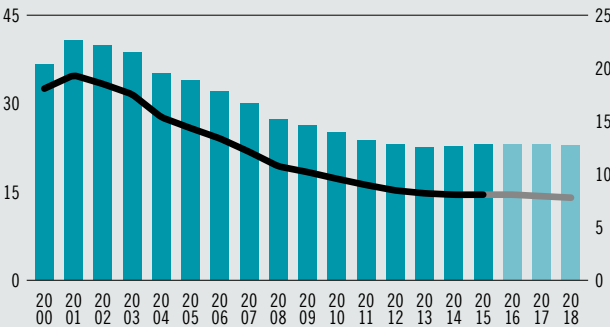
Labour force participation rate (%)



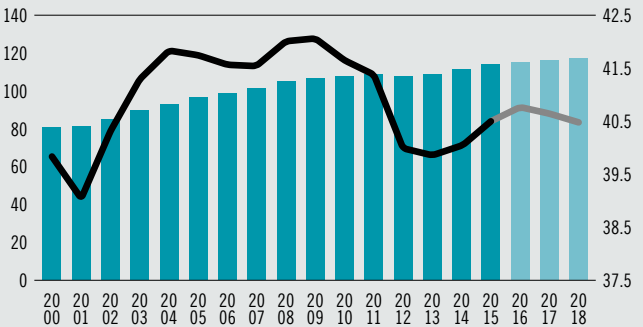
Total employment (millions)



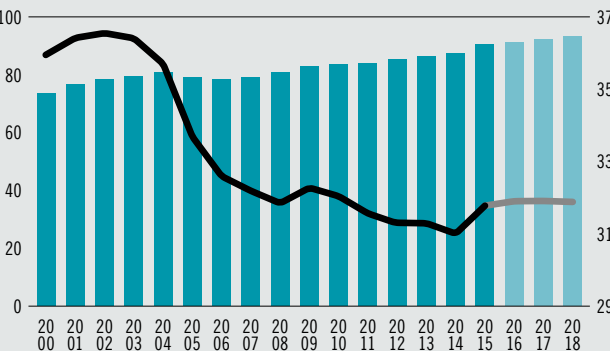
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



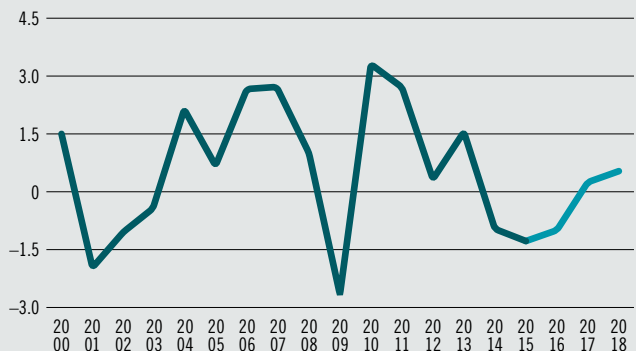
Developing middle class: 5–13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

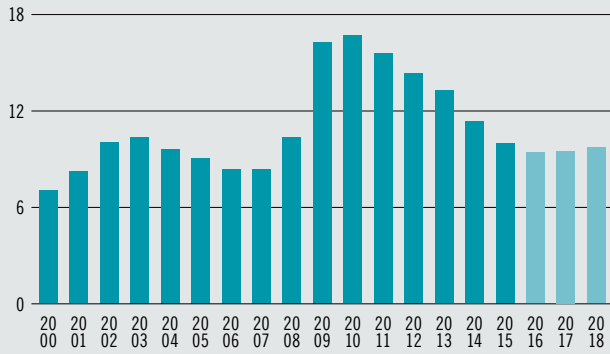


Productivity growth (%)

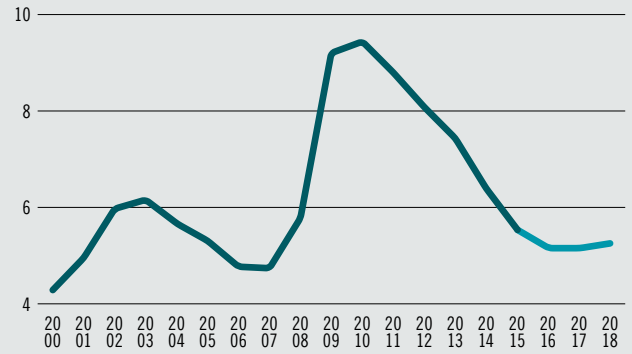


Northern America

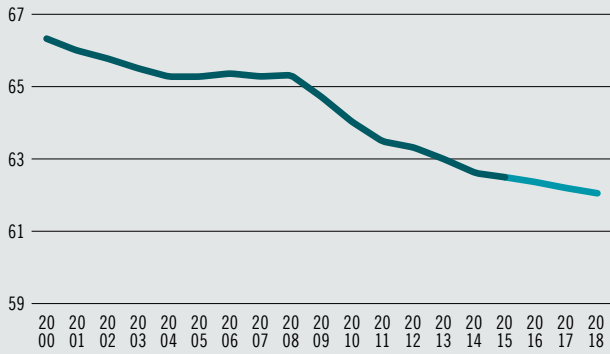
Total unemployment (millions)



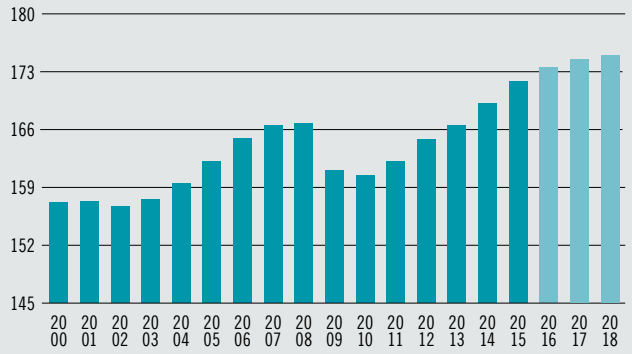
Total unemployment rate (%)



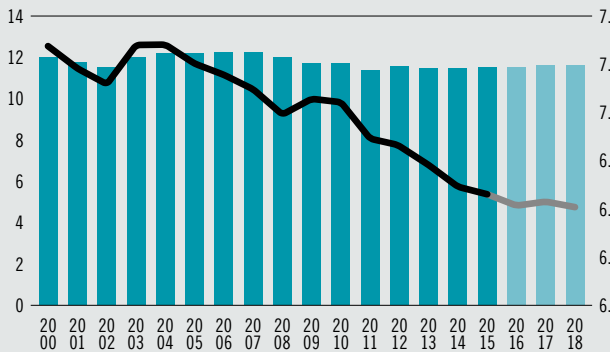
Labour force participation rate (%)



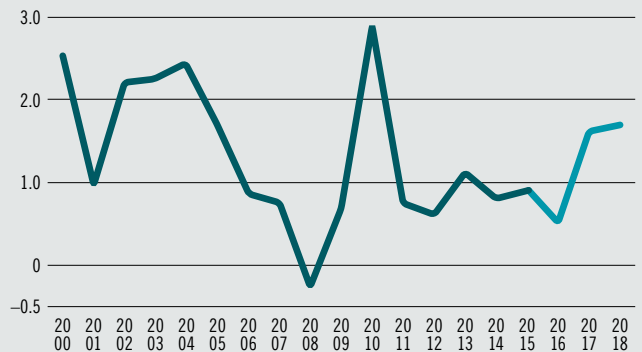
Total employment (millions)



Vulnerable employment (millions) — Share of vulnerable employment (%)

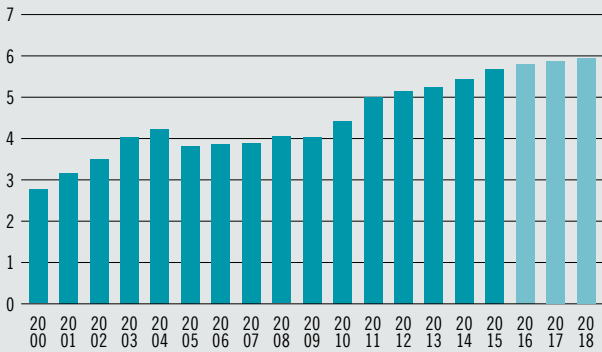


Productivity growth (%)

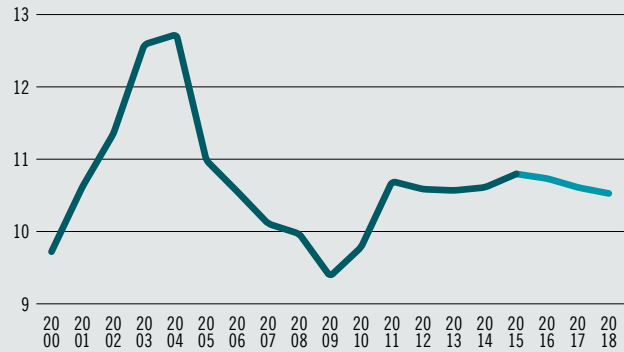


Arab States

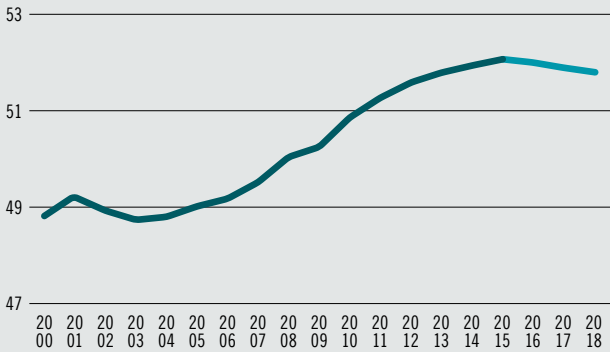
Total unemployment (millions)



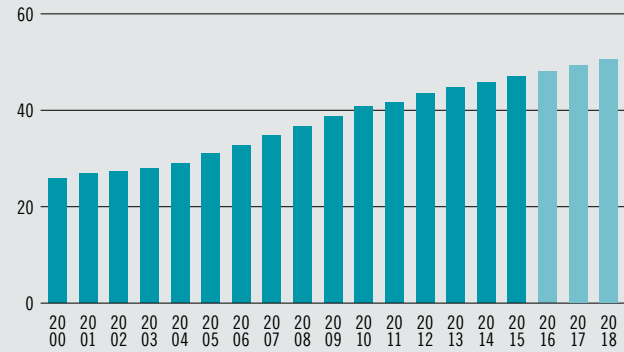
Total unemployment rate (%)



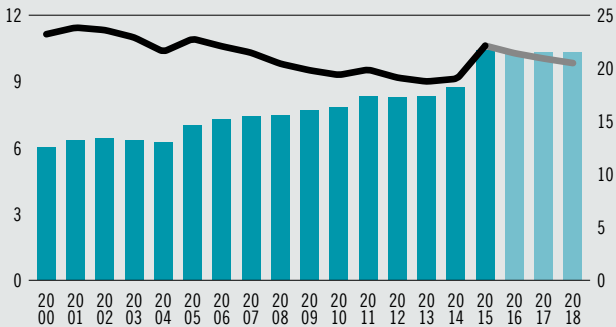
Labour force participation rate (%)



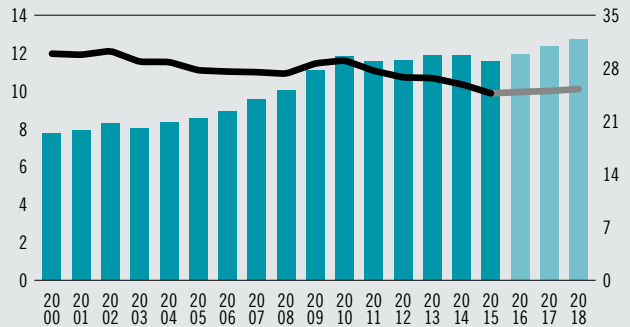
Total employment (millions)



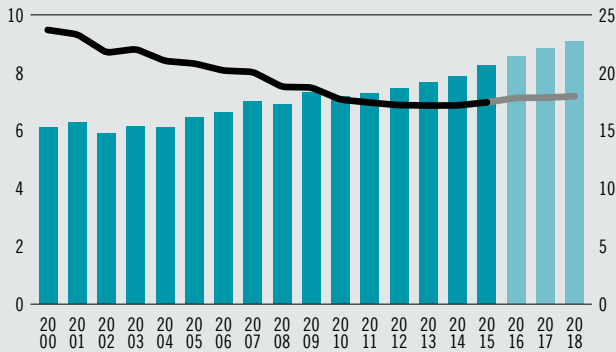
Working poor: <US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



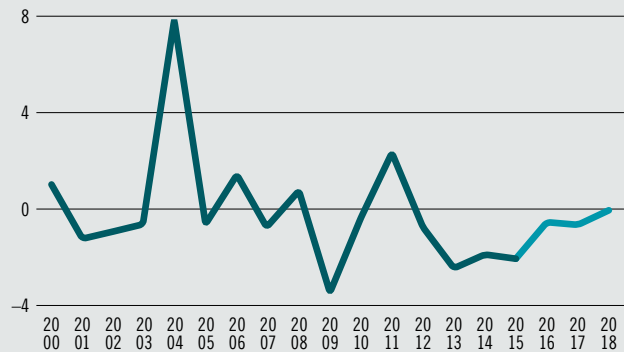
Developing middle class: 5–13 US\$ PPP/ day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

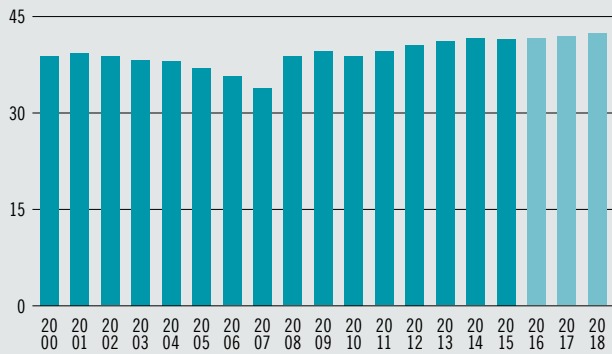


Productivity growth (%)

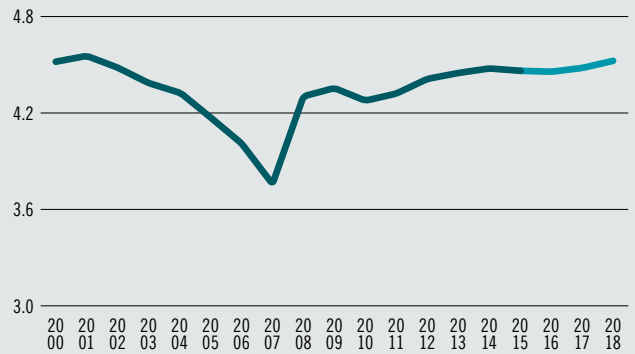


Eastern Asia

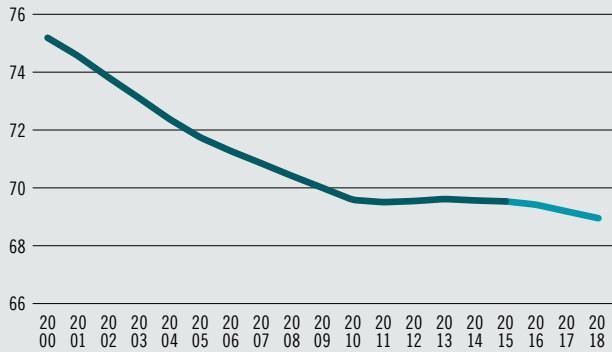
Total unemployment (millions)



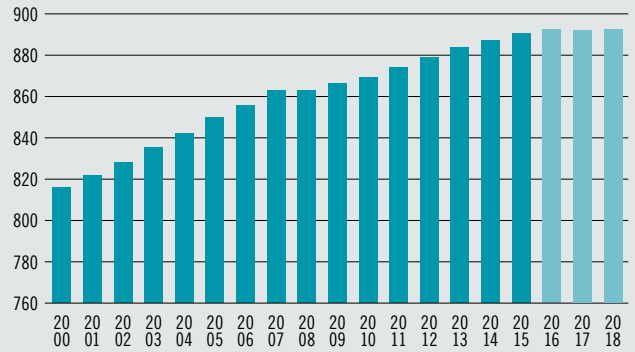
Total unemployment rate (%)



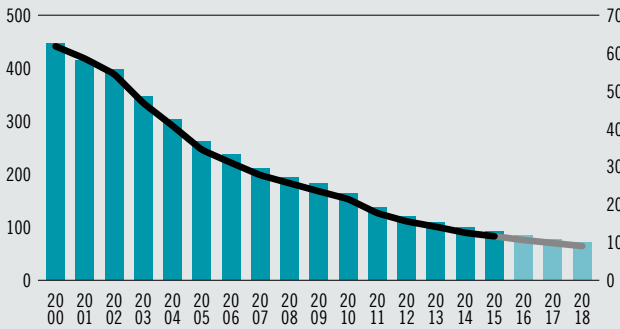
Labour force participation rate (%)



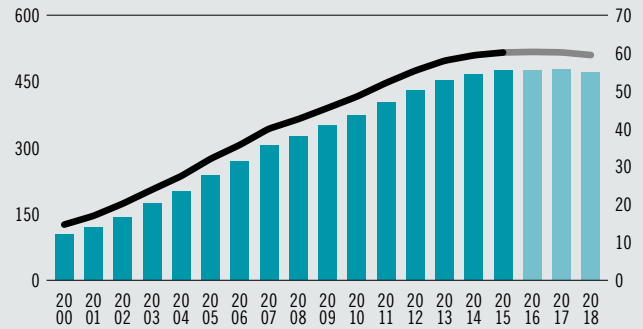
Total employment (millions)



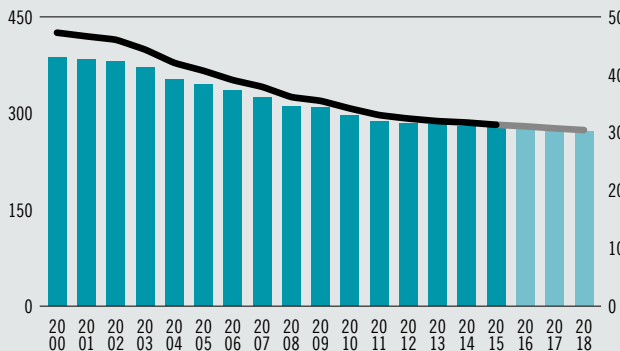
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



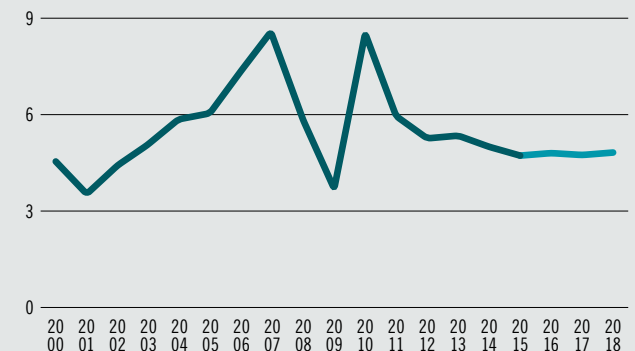
Developing middle class: 5-13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

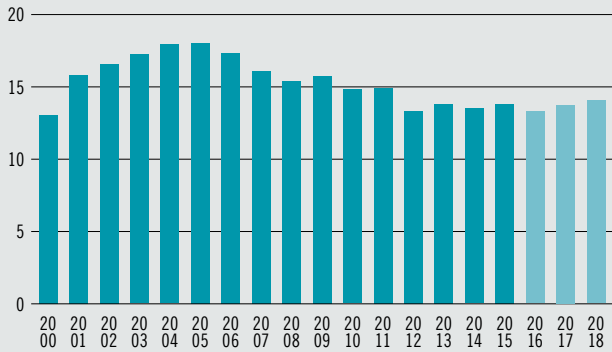


Productivity growth (%)

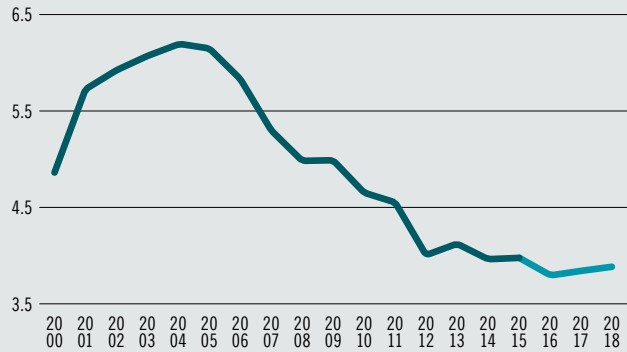


South-Eastern Asia and the Pacific

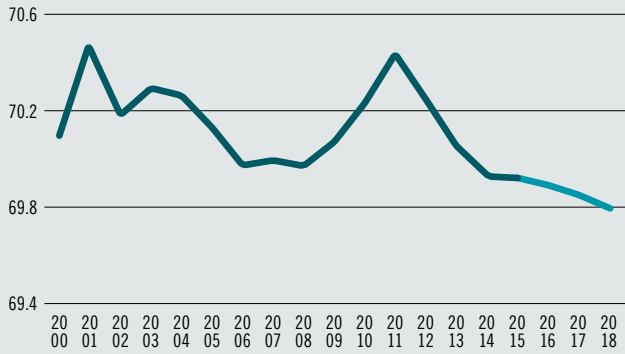
Total unemployment (millions)



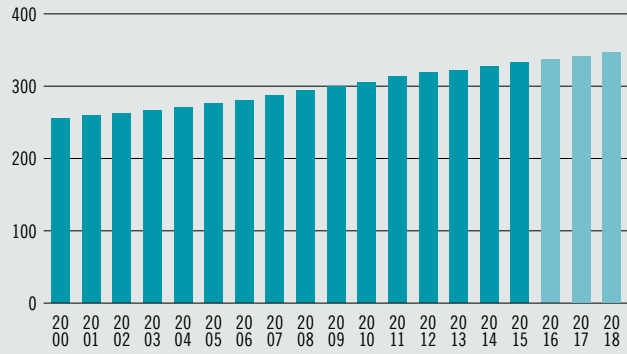
Total unemployment rate (%)



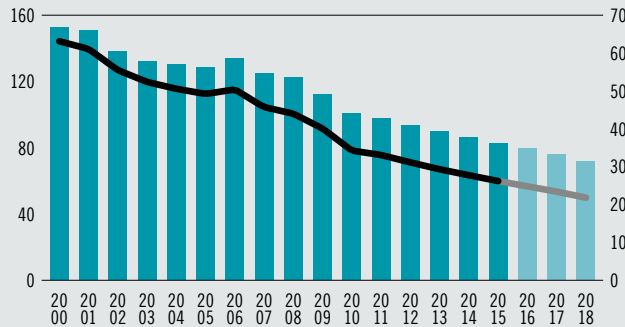
Labour force participation rate (%)



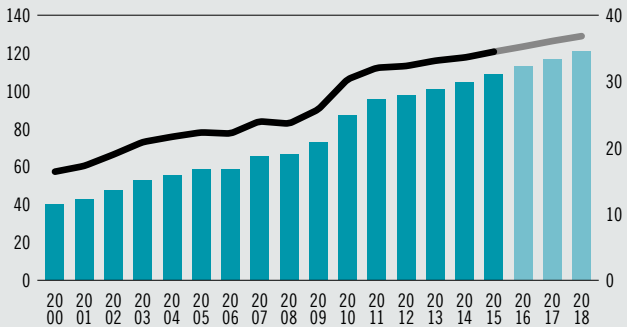
Total employment (millions)



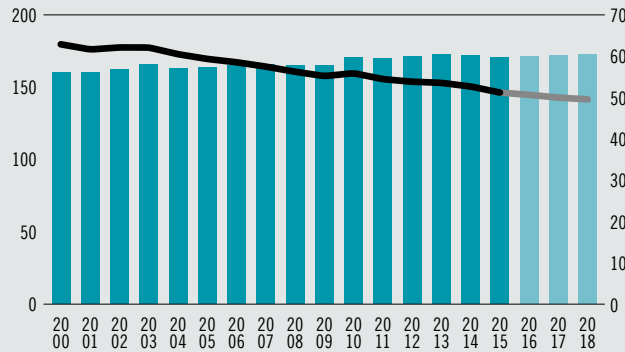
Working poor: < US\$ PPP 3.10/day (millions) — Working poor as a share of total employment (%)



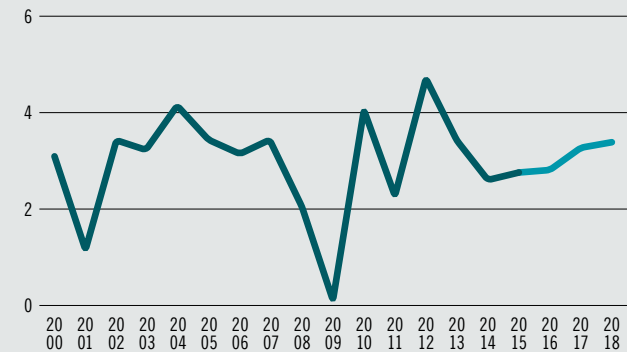
Developing middle class: 5–13 US\$ PPP/ day (millions) — Developing middle class as a share of total employment (%)



Vulnerable employment (millions) — Share of vulnerable employment (%)

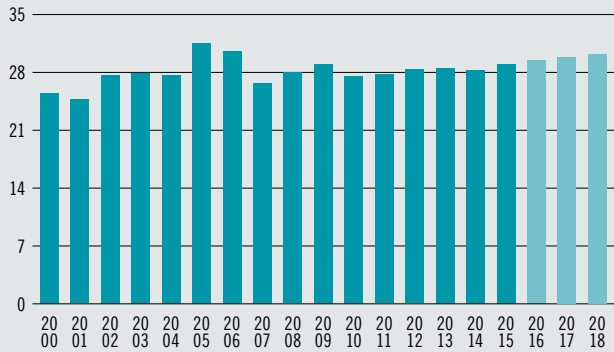


Productivity growth (%)

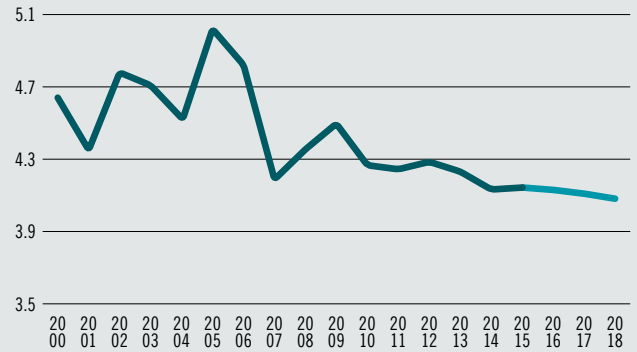


Southern Asia

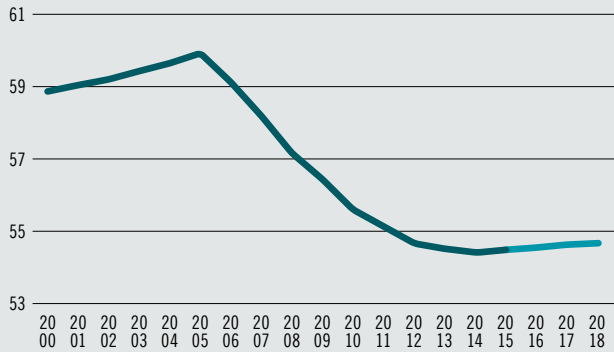
Total unemployment (millions)



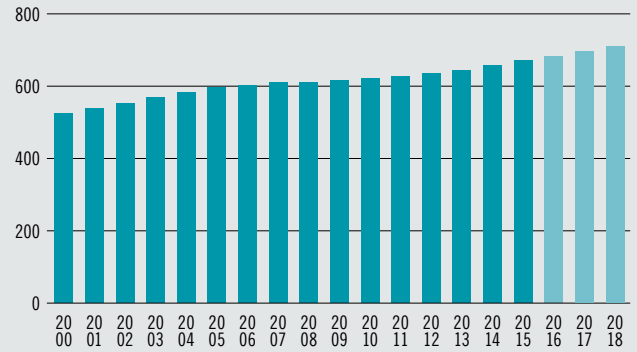
Total unemployment rate (%)



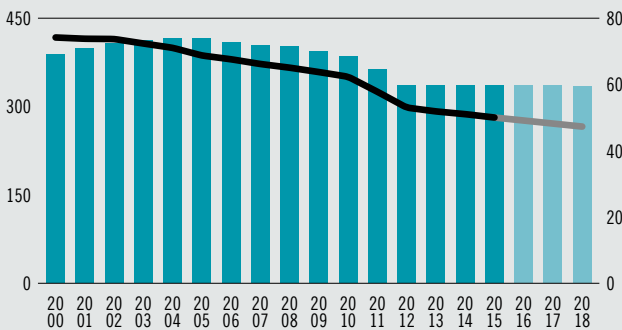
Labour force participation rate (%)



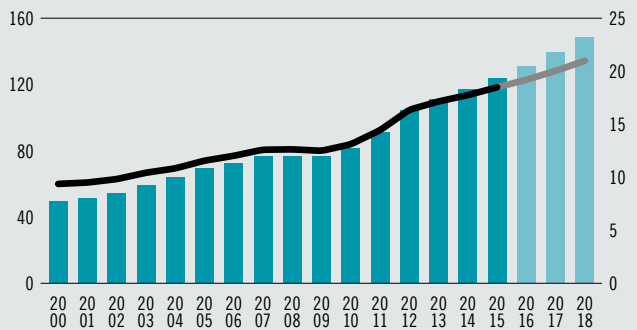
Total employment (millions)



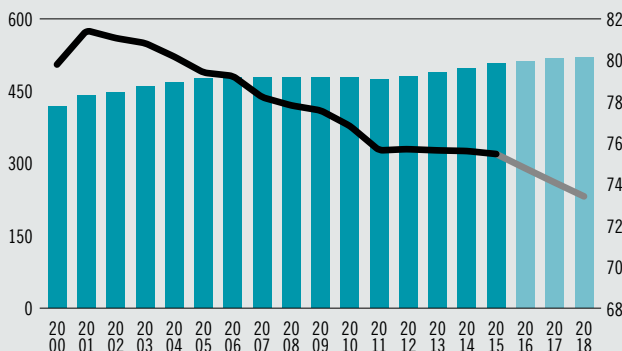
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



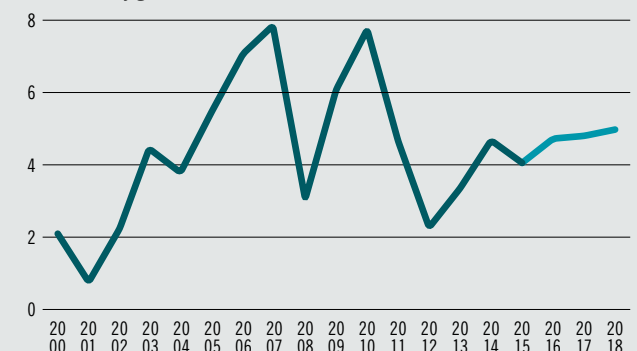
Developing middle class: 5–13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

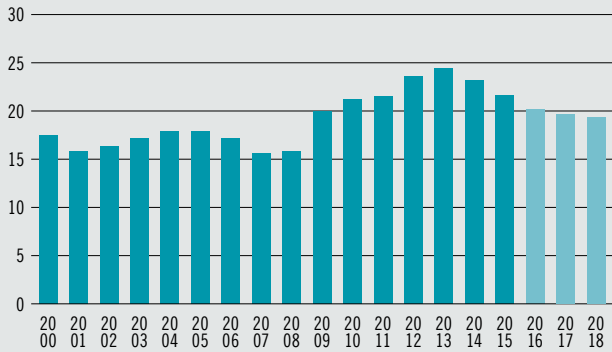


Productivity growth (%)

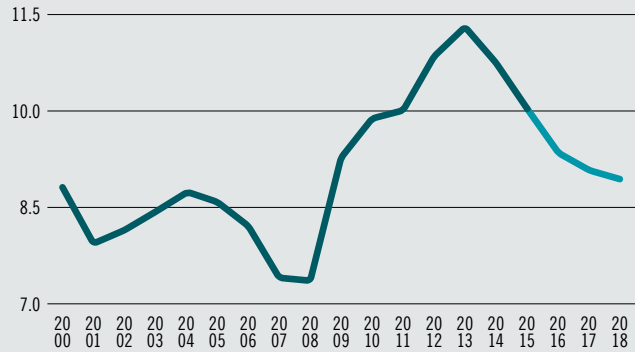


Northern, Southern and Western Europe

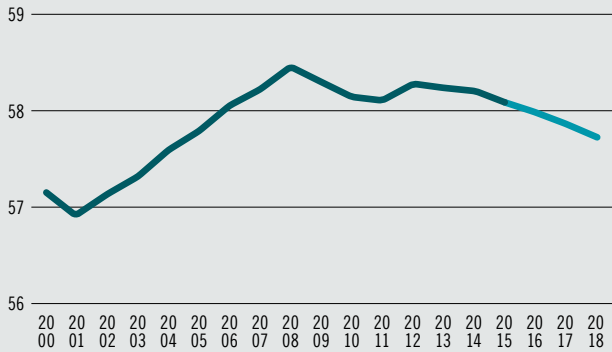
Total unemployment (millions)



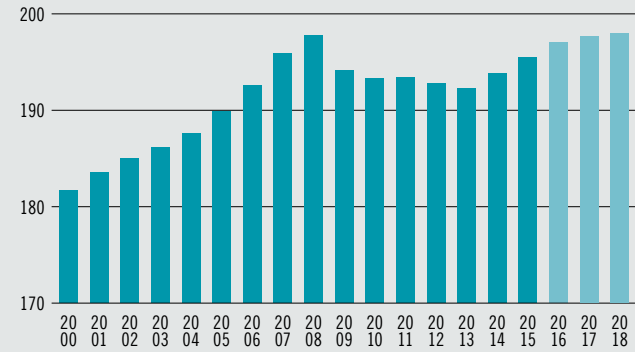
Total unemployment rate (%)



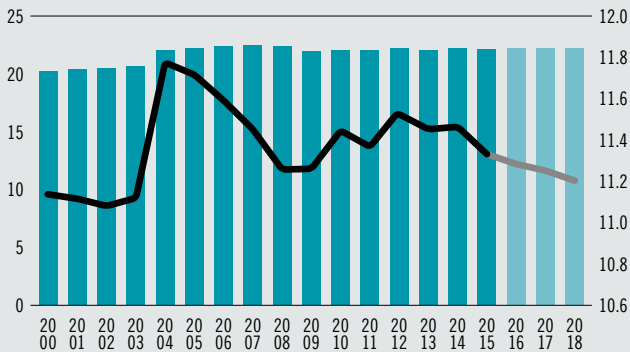
Labour force participation rate (%)



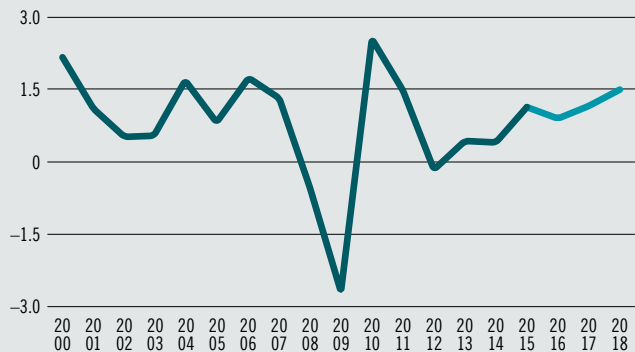
Total employment (millions)



Vulnerable employment (millions) ■ Share of vulnerable employment (%)

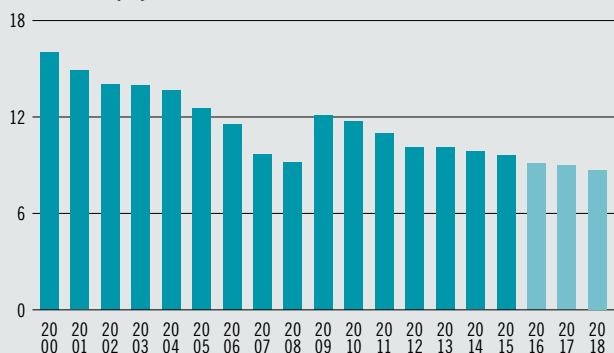


Productivity growth (%)

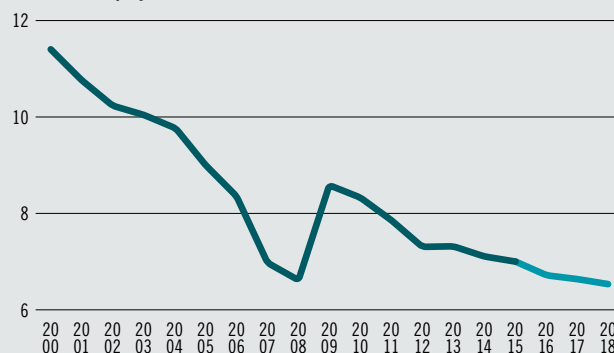


Eastern Europe

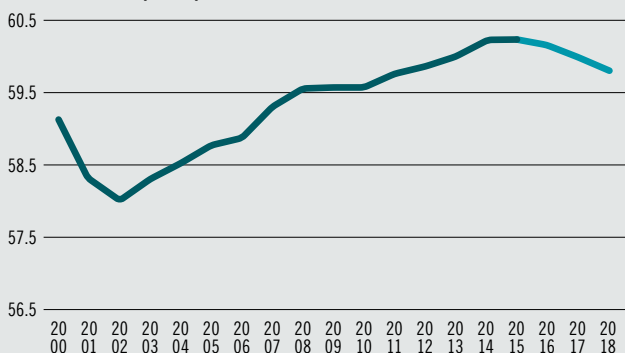
Total unemployment (millions)



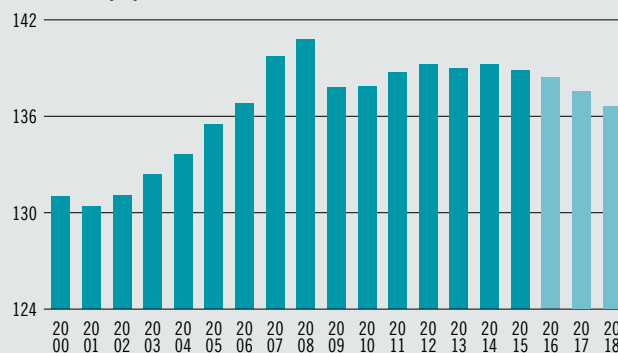
Total unemployment rate (%)



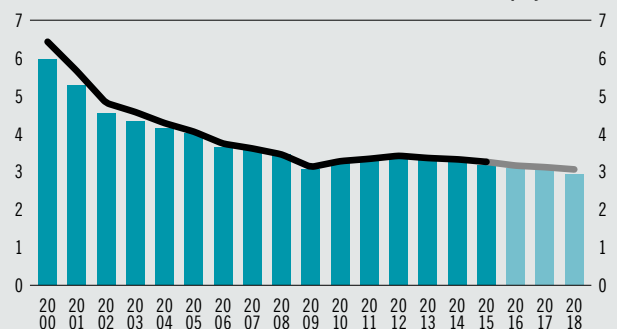
Labour force participation rate (%)



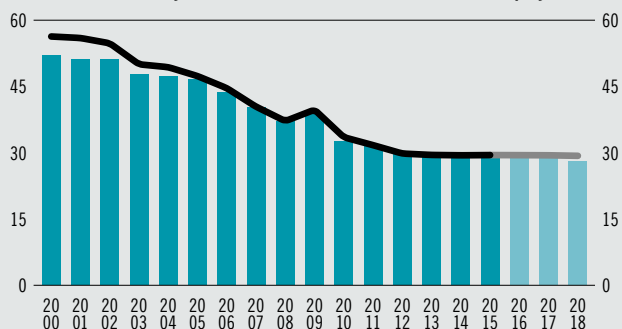
Total employment (millions)



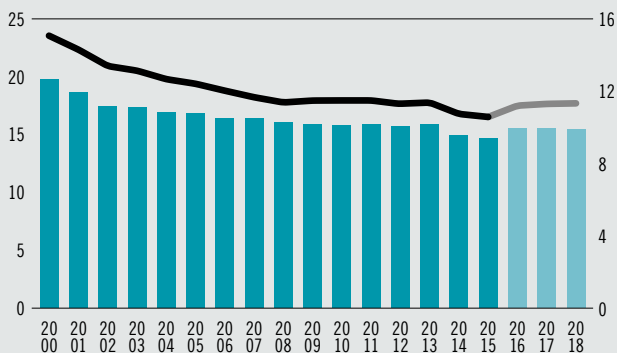
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



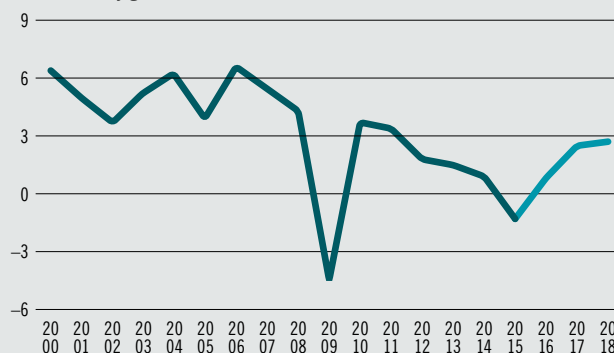
Developing middle class: 5–13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)

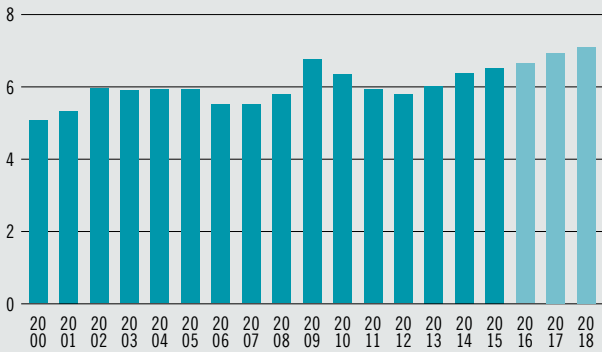


Productivity growth (%)

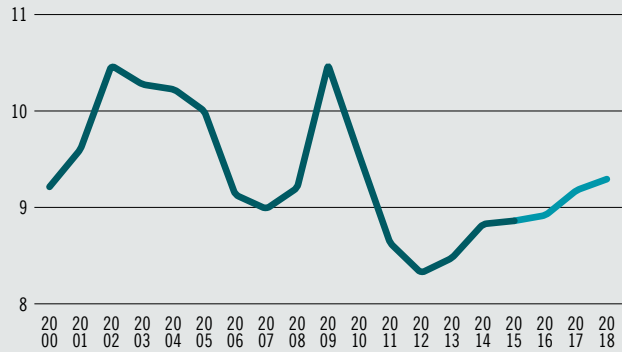


Central and Western Asia

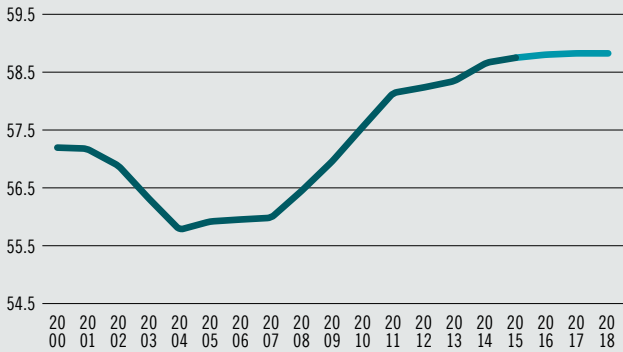
Total unemployment (millions)



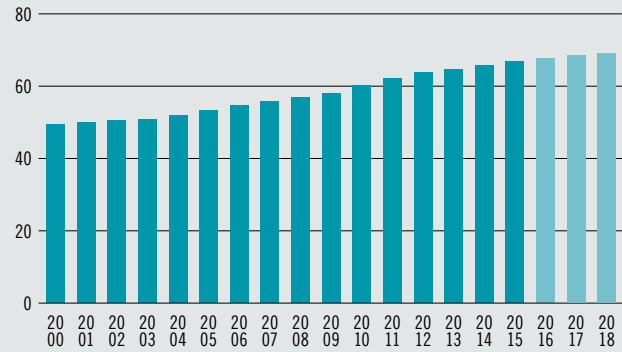
Total unemployment rate (%)



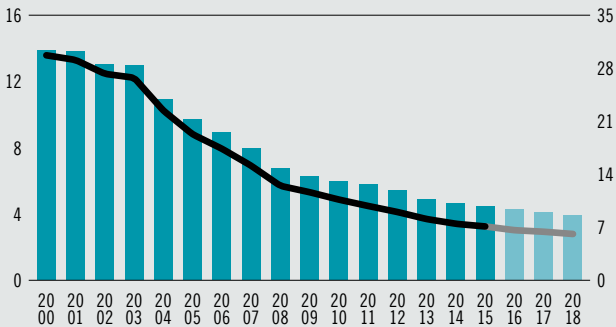
Labour force participation rate (%)



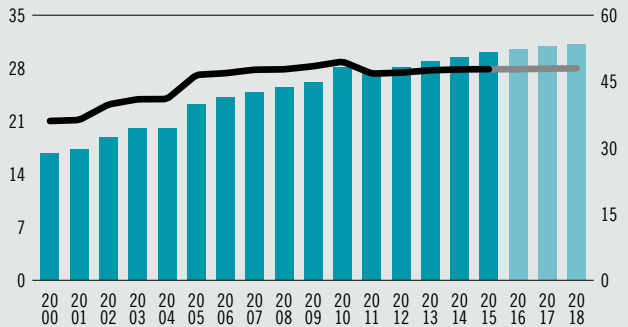
Total employment (millions)



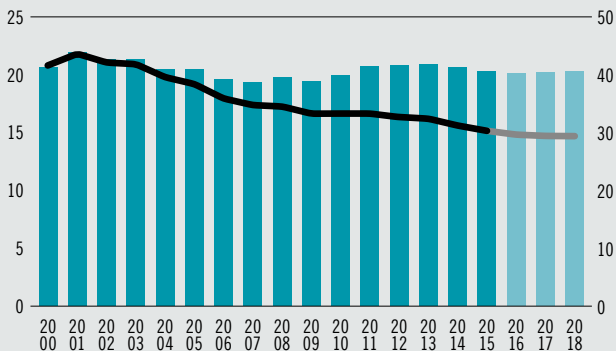
Working poor: < US\$ PPP 3.10/day (millions) Working poor as a share of total employment (%)



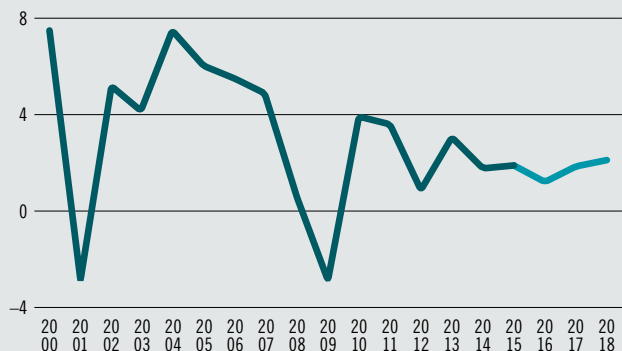
Developing middle class: 5–13 US\$ PPP/day (millions) Developing middle class as a share of total employment (%)



Vulnerable employment (millions) Share of vulnerable employment (%)



Productivity growth (%)



Bibliography

- Baker, S.; Bloom, N.; Davis, S. 2013. *Measuring economic policy uncertainty*. Working Paper 21633, NBER Working Paper Series. Available at: www.policyuncertainty.com/media/BakerBloomDavis.pdf [9 Dec. 2016].
- Elsby, M.; Hobijn, B.; Sahin, A. 2013. "Unemployment dynamics in the OECD", in *Review of Economics and Statistics*, Vol. 95, No. 2, pp. 530–548.
- Ernst, E.; Viegelaahn, C. 2014. *Hiring uncertainty: A new labour market indicator* (ILO, Geneva). Available at: <http://www.policyuncertainty.com/media/HiringUncertainty.pdf> [9 Dec. 2016].
- European Commission (EC). 2016. *European economic forecasts: Spring 2016*, European Economy Institutional Paper No. 25 (Luxembourg).
- Hoekman, B. (ed.). 2015. *The global trade slowdown: A new normal?*, VoxEU.org eBook (London, Centre for Economic Policy Research (CEPR)).
- International Labour Office (ILO). 2012. *Working towards sustainable development: Opportunities for decent work and social inclusion in a green economy* (Geneva).
- . 2014. *Fair migration: Setting an ILO agenda*, Report of the Director-General, Report 1(B), International Labour Conference, 103rd Session, Geneva, 2014 (Geneva).
- . 2015a. *World Employment and Social Outlook 2015: The changing nature of jobs* (Geneva).
- . 2015b. *ILO global estimates on migrant workers: Results and methodology* (Geneva).
- . 2016a. *World Employment and Social Outlook 2016: Transforming jobs to end poverty* (Geneva).
- . 2016b. *Women at Work: Trends 2016* (Geneva).
- . 2016c. *World Employment and Social Outlook: Trends 2016* (Geneva).
- . 2016d. *Global Wage Report 2016/17: Wage inequality in the workplace* (Geneva).
- International Monetary Fund (IMF). 2015. "Where are we headed? Perspectives on potential output", in *World Economic Outlook, April 2015: Uneven growth, short- and long-term factors* (Washington, DC), Chapter 3, pp. 69–110.
- . 2016a. *World Economic Outlook, October 2016: Subdued demand, symptoms and remedies* (Washington, DC).
- . 2016b. *Regional Economic Outlook: October 2016: Middle East and Central Asia* (Washington, DC).
- Kapsos, S.; Bourmpoula, E. 2013. *Employment and economic class in the developing world*. ILO Research Paper No. 6. Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_216451.pdf [9 Dec. 2016].
- Organisation for Economic Co-operation and Development (OECD). 2015. *In it together: Why less inequality benefits all* (Paris). Available at: <http://dx.doi.org/10.1787/9789264235120-en> [9 Dec. 2016].
- ; International Labour Office (ILO). 2014. *Promoting better labour market outcomes for youth*, report on youth employment and apprenticeships prepared for the G20 Labour and Employment Ministerial Meeting, Melbourne, 10–11 Sep. 2014.
- Rother, B.; Pierre, G.; Lombardo, D.; Herrala, R.; Toffano, P.; Roos, E.; Auclair, G.; Manasseh, K. 2016. *The economic impact of conflicts and the refugee crisis in the Middle East and North Africa*, IMF Staff Discussion Note SDN/16/08 (Washington, DC, International Monetary Fund).

- Shimer, R. 2012. "Reassessing the ins and outs of unemployment", in *Review of Economic Dynamics*, Vol. 15, No. 2, pp. 127–148.
- Summers, L. 2016. *The age of secular stagnation*. Available at: <http://larrysummers.com/2016/02/17/the-age-of-secular-stagnation/> [9 Dec. 2016].
- Timmer, M.P.; Los, B.; Stehrer, R.; de Vries, G.J. 2016. *An anatomy of the global trade slowdown based on the WIOD 2016 release*, Groningen Growth and Development Centre (GGDC) Research Memorandum No. 162 (Groningen, University of Groningen).
- Tunisia, Republic of. 2016. *Tourism in figures*, Ministry of Tourism and Handicrafts (Tunis). Available at: <http://www.tourisme.gov.tn/en/achievements-and-prospects/tourism-in-figures/figures-2016.html> [9 Dec. 2016].
- United Nations Department of Economic and Social Affairs (UN DESA). Forthcoming. *World Economic Situation and Prospects* (New York).
- Vanek, J.; Chen, M.; Carre, F.; Heintz, J.; Hussmanns, R. 2014. *Statistics on the informal economy: Definitions, regional estimates and challenges*, WIEGO Working Paper (Statistics) No. 2 (Cambridge, MA, Women in Informal Employment: Globalizing and Organizing (WIEGO)). Available at: <http://wiego.org/sites/wiego.org/files/publications/files/Vanek-Statistics-WIEGO-WP2.pdf> [9 Dec. 2016].
- World Economic Forum (WEF). 2014. *Rethinking Arab employment: A systemic approach for resource-endowed economies* (Geneva).