

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

***The Global Financial Crisis And Its Impact on The Global Economic Growth
and Employments In General And on The Unemployment on
The IDB Members Countries In Particular***

Presented

To

***EXPERT GROUP MEETING ON ADDRESSING UNEMPLOYMENT
IN IDB MEMBER COUNTRIES IN THE POST- CRISIS WORLD***

Jeddah-Kingdom of Saudia Arabia

9-10 May 2011

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Introduction

- ***The collapse of an American investment bank on 15 September 2008 caused a paralysis in the global financial system that transmitted into a global economic and jobs crisis that plagued the world through 2011.***
- ***The crisis spread rapidly across the globe, crippling economies, reducing enterprise capacities, and forcing millions of people out of work.***
- ***In addition, many workers have fallen into more vulnerable forms of employment which in turn has worsened decent work deficits, precarious employment situations have swollen and the ranks of the working poor have increased.***
- ***As the impact of the crisis deepened, government stimuli began to slow the decline in economic activity and lessened the initial impact in terms of global job destruction.***
- ***Although there have been signals indicating an economic turnaround in many countries, there is concern that investment and consumption patterns may take a long period to recover to pre-crisis levels.***

Aim of the Presentation:

- ***To presents an overview of the crisis impacts on the world economic growth and employment, with special attention on unemployment trends.***
- ***Outline the main causes of the crisis.***
- ***Presents regional experiences, with special attention on the IDB regions and countries.***
- ***Review some policy Responses and interventions adopted by international and regional organizations, with special attention to regions and countries of the IDB members.***
- ***Finally presents some major findings and recommendations.***

1) Global Economic Growth Trends

Growth Before The Crisis

- **Prior to the global economic crisis (2001- 2006) global GDP was growing at an average annual rate of more than 4 %, and at 5.3 % in 2007.**
- **Employment was growing at a slightly slower pace than labour productivity (1.9 % growth per year versus 2.2 %)**
- **However, these relatively global trends may indicate some imbalances in the global economy that grew significantly in the period prior to the global economic crisis , such as:**
 - **overreliance on exports , limited domestic consumption in many developing countries, overreliance on credit and consumption.**
 - **Unsustainable low savings rates in many developed economies.**
 - **In addition to, growing inflation in food and fuel prices.**

Growth After The Crisis

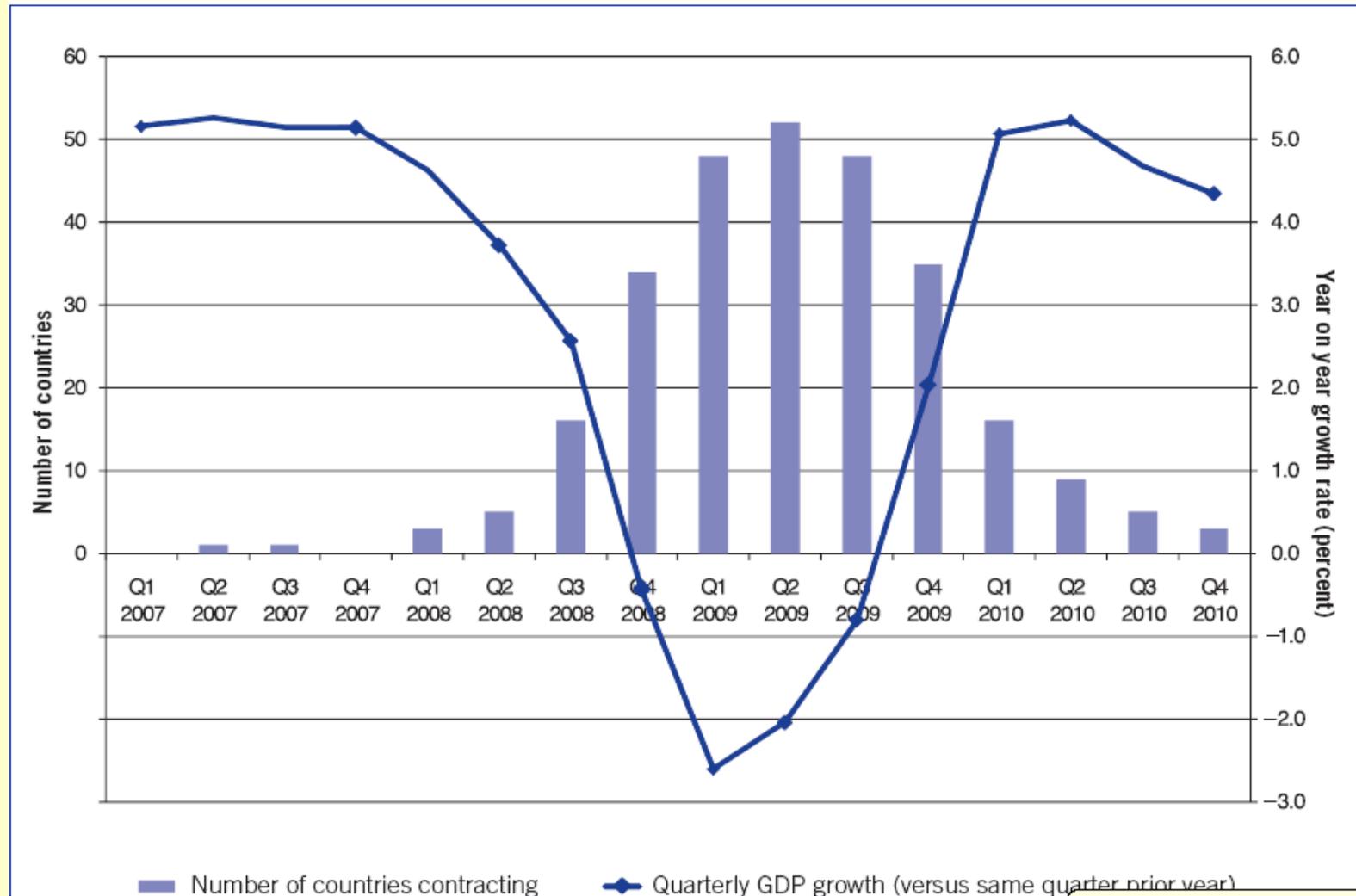
- **Global GDP growth rate fell sharply from 5.3 % in 2007 to 2.8 % in 2008 and contracting by further 0.6% in 2009 at the height of the crisis.**
- **The impact of the crisis in 2009 was the greatest in the Central and South-Eastern Europe (non-EU) and CIS region, where GDP contracted by 6.0%, the Developed Economies and European Union region, where growth contracted by 3.4%, and Latin America and the Caribbean, which saw a contraction of 1.7%.**
- **In other regions GDP did not actually contract over 2009, but growth fell significantly below pre-crisis trend rates.**

Table (1) Annual real GDP growth rates, world and regions (%)

Region	2005	2006	2007	2008	2009	2010*	2011*
World	4.6	5.2	5.3	2.8	-0.6	4.8	4.2
Developed Economies and European Union	2.6	2.9	2.6	0.3	-3.4	2.3	2.0
Central and South-Eastern Europe (non-EU) and CIS	7.0	8.2	7.9	4.3	-6.0	4.9	4.3
East Asia	9.5	10.8	12.1	7.8	7.0	9.8	8.6
South-East Asia and the Pacific	5.9	6.2	6.7	4.4	1.5	7.2	5.3
South Asia	8.7	9.0	9.1	5.9	5.5	8.9	7.7
Latin America and the Caribbean	4.7	5.6	5.7	4.3	-1.7	5.7	4.0
Middle East	5.4	5.6	6.1	4.8	1.3	3.6	5.1
North Africa	5.0	6.1	5.8	5.3	3.5	5.1	5.1
Sub-Saharan Africa	6.3	6.4	6.9	5.5	2.6	5.0	5.5

* 2010 are preliminary estimates; 2011 are projections.

Figure (1)
Changes of the quarterly economic growth rates during 2007-2010



2) Causes of the crisis (Macroeconomics shocks)

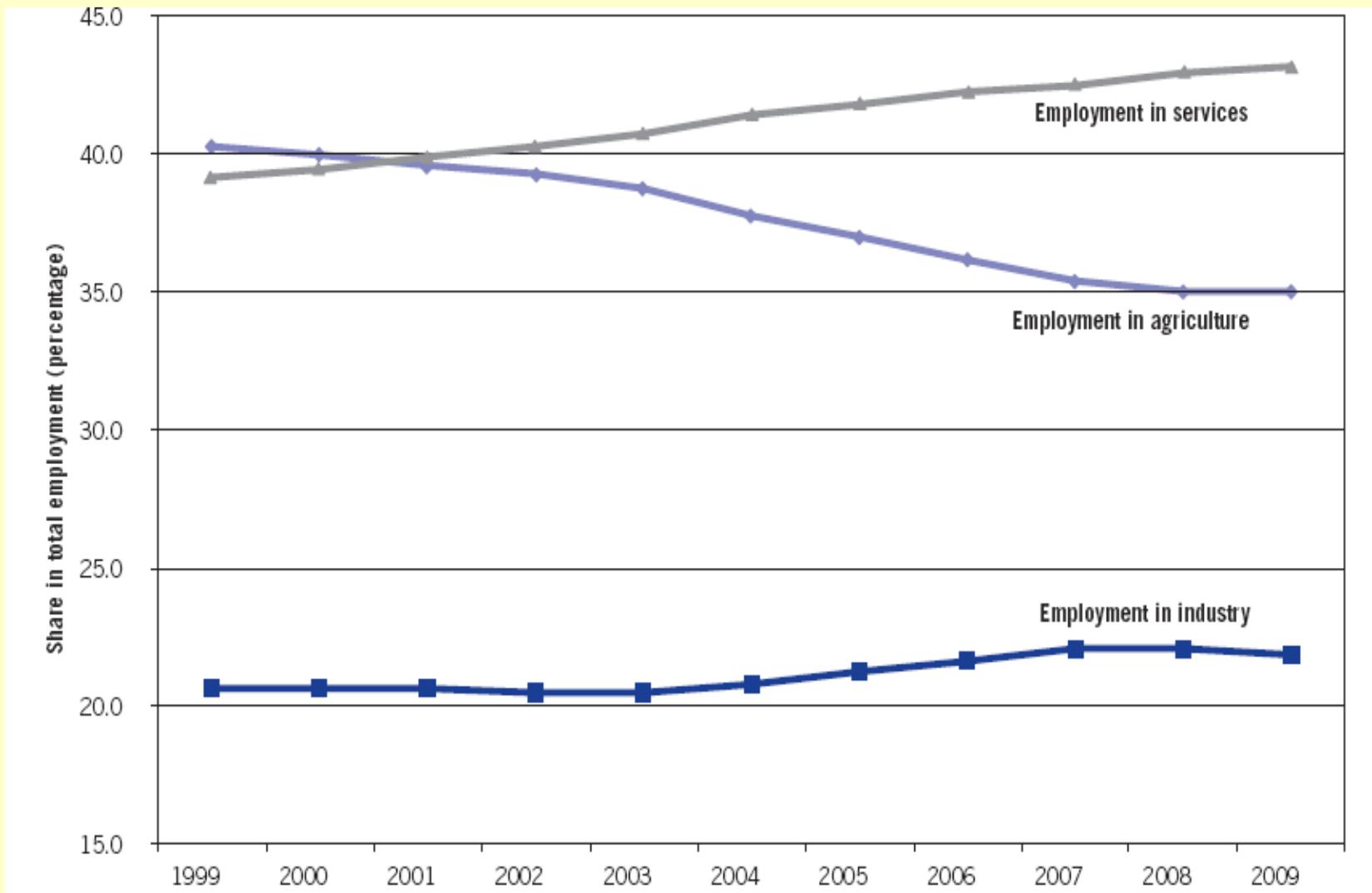
- *The crisis is a situation that initially appeared to be a containable sub-prime mortgage-linked banking crisis in the United States rapidly spread into a full-blown global economic crisis, with sharp contractions in output, trade and investment.*
- *In another word, it is a decline in aggregate demand that was primarily transmitted through declining exports and falling levels of investment.*
- *This resulted in a tremendous negative shock to firms and workers around the world.*
- *Global unemployment increased, with a particularly large rise in many developed economies.*
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- *Other labour market indicators revealed additional forms of severe labour market distress such as:*
- *falling employment-to-population ratios, increases in vulnerable forms of employment, stagnant labour productivity growth, and rising discouragement—particularly among youth.*

Employment Trend By Sector

Figure (2) bellow shows :

- **At the global level, a long-term trend is observed in which employment in agriculture has been on a steady downward trend in terms of the share of total employment, while employment in services has steadily risen.**
- **Employment in services surpassed employment in agriculture in 2001 and the gap between the two has grown ever since.**
- **Employment in industry shows more variation at the global level, with little change between 1999 and 2004 and then a moderate increase between 2004 and 2007.**

Figure (2) Employment by sector (share of Total), 1999–2009

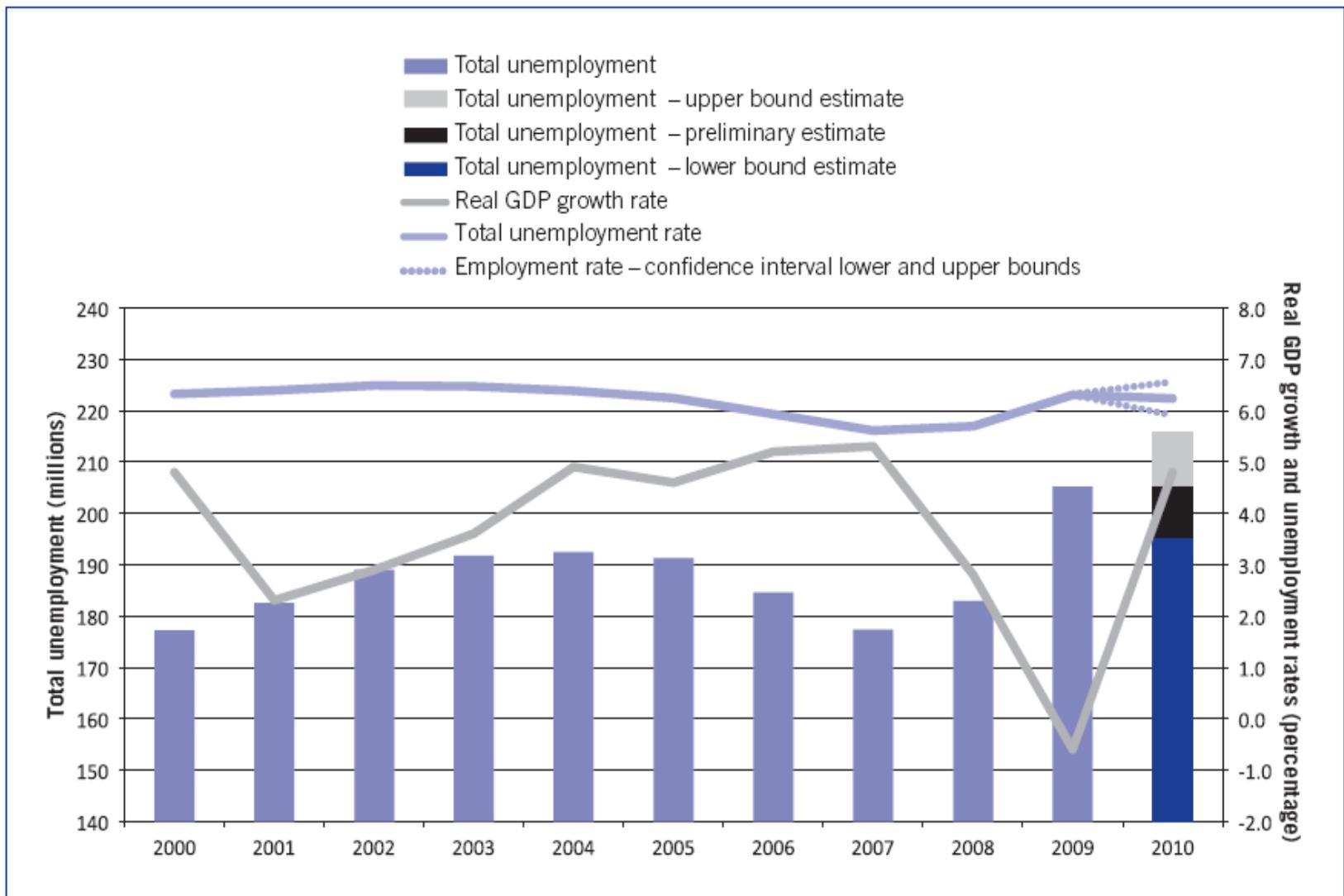


Unemployment

Figure (3) below shows that:

- Despite the rapid recovery in the global economy that took place in 2010, following two years of severely adverse labour market conditions, global unemployment remained high in 2010.
- The number of unemployed stood at 205 million in 2010, essentially unchanged from the year earlier and 27.6 million higher than in 2007.
- Given that the number of unemployed increased by more than 22 million in 2009 alone, 2010 brought about a halt to the surge in unemployment in the world as a whole, but conditions in labour markets did not improve enough to significantly roll back any of the damage that had been done.
- The global unemployment rate stood at 6.2% in 2010 versus 6.3 % in 2009 and 5.6 % in 2007.
- While the global unemployment rate halted its rise in 2010, regional estimates reveal a clear divergence between developed and developing regions .

Figure (4) Global Unemployment Trends, 2000–10



* 2010 are preliminary estimates.

- In the Developed Economies and European Union region, which saw the largest regional increase in the unemployment rate between 2007 and 2009 (2.6 percentage points, the unemployment rate continued to increase in 2010, rising 0.4 percentage points, to 8.8 %.
- In Central and South-Eastern Europe (non-EU) and CIS and East Asia, unemployment rates declined in 2010.
- All other regions saw little change in the incidence of unemployment.
- Hence, a picture emerges of a continued rise in joblessness in the developed regions versus a steady to slightly improving unemployment picture in the developing regions.
- The number of unemployed around the world increased from 177.3 million in 2007 to 205.2 million in 2009, an increase of 27.9 million.

Table (2) bellow shows that:

- The global unemployment rate increased to 6.3%, from 5.6 % in 2007.**
- The downturn in the global labour market also registered through the discouraged worker effect through decreases in the labour force participation rate and the employment-to-population ratio.**
- The hardest hit regions in terms of unemployment were the Developed Economies and European Union and Central and South-Eastern Europe (non-EU) and CIS, where the unemployment rate rose by 2.6 and 1.7 percentage points, respectively, between 2007 and 2009.**
- Followed by Latin America and the Caribbean, where the unemployment rate rose by 0.7 percentage points to 7.7 % in 2009.**

Table (2) Unemployment rate, world and regions (%)

Both sexes	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	6.3	6.4	6.2	5.9	5.6	5.7	6.3	5.9	6.2	6.5
Developed Economies and European Union	6.7	7.2	6.9	6.3	5.8	6.1	8.4	8.5	8.8	9.1
Central and South-Eastern Europe (non-EU) and CIS	10.9	9.9	9.4	9.3	8.6	8.6	10.4	9.1	9.6	10.1
East Asia	4.5	4.3	4.1	4.0	3.8	4.3	4.4	3.9	4.1	4.3
South-East Asia and the Pacific	4.9	6.4	6.3	6.0	5.4	5.3	5.2	4.8	5.1	5.4
South Asia	4.5	4.7	4.8	4.6	4.5	4.3	4.4	3.9	4.3	4.6
Latin America and the Caribbean	8.5	8.4	7.9	7.6	7.0	6.6	7.7	7.2	7.7	8.1
Middle East	10.6	11.2	11.2	10.7	10.5	10.2	10.3	9.6	10.3	10.9
North Africa	14.1	11.9	11.6	10.5	10.2	9.6	9.9	9.1	9.8	10.5
Sub-Saharan Africa	9.0	8.6	8.6	8.0	7.9	7.9	7.9	7.6	8.0	8.4

Table (3) Unemployment rate for youth, world and regions (%)

Youth	2000	2004	2005	2006	2007	2008	2009	2010*		
								CI lower bound	Preliminary estimate	CI upper bound
World	12.8	13.0	12.9	12.4	11.8	11.9	12.8	11.9	12.6	13.3
Developed Economies and European Union	13.5	14.6	14.2	13.3	12.4	13.3	17.4	17.6	18.2	18.7
Central and South-Eastern Europe (non-EU) and CIS	20.4	19.9	19.2	19.0	18.1	17.6	20.8	18.1	18.9	20.0
East Asia	9.0	8.6	8.3	8.0	7.7	8.7	8.9	7.9	8.3	8.7
South-East Asia and the Pacific	12.9	16.6	17.4	16.8	14.5	14.2	13.9	13.3	14.2	15.0
South Asia	10.2	9.8	10.1	10.0	9.9	9.5	9.9	8.8	9.5	10.2
Latin America and the Caribbean	15.7	16.5	15.7	15.3	14.2	13.8	15.7	14.3	15.2	16.1
Middle East	23.7	24.9	25.3	24.4	24.5	24.5	24.9	23.5	25.1	26.7
North Africa	29.5	26.0	26.7	24.4	24.3	22.6	23.4	22.1	23.6	25.1
Sub-Saharan Africa	13.8	13.2	13.1	12.2	12.1	12.1	12.1	11.7	12.3	12.9

4) Regional Economic and Unemployment Developments

•South Asia:(Afghanistan,Bangladesh,Bhutan,India,Maldives,Nepal,Pakistan,SirLanka)

Economic Growth

- The economies of the South Asia region have largely held up well due to less reliance on exports than the highly export-dependent East and South-East Asia regions, the region has resumed rapid economic growth in 2010.**
- Economic growth in the region as a whole declined from 9.1 % in 2007 to 5.9 % in 2008 and to 5.5 % in 2009.**
- It is estimated that the region's economy grew by 8.9% in 2010, led by India, which registered rapid growth of 9.7% in 2010.**
- The Maldives, Nepal and Pakistan are lagging.**
- In Pakistan, where the ILO estimates that severe floods have directly affected 4.7 million workers, the economy grew by 4.8% in 2010.**
- In the Maldives, an economy highly dependent on a tourism industry that has been adversely affected by the global economic crisis, growth is estimated at 3.4 % in 2010.**
- In Nepal, growth is estimated at 3.0%,mainly due to reduced remittances and foreign trade, both stemming from the crisis.**

Unemployment challenges :

- ***The region's unemployment rate has been fairly stable in recent years, including the period of the global economic crisis, ranging from 4.5 % in 2007 to 4.3 % in 2010.***
- ***This indicates that unemployment is not the main labour market challenge in the region , For example:***
- ***In Sri Lanka, while there was a spike in the unemployment rate between the first and second quarters of 2009 (from 5.3 % to 6.3%), the pre-crisis unemployment rate was above 6 % and, as of the second quarter of 2010, the rate was down to 5.4 %.***
- ***But it is important to note that youth unemployment in the country has not recovered to pre-crisis levels, as the youth unemployment rate stood at 20.7% in the second quarter of 2010, versus 18.0 % in the third quarter of 2008. Across the region as a whole, young people are 3.5 times more likely than adults to be unemployed, with a youth unemployment rate of 9.5 % in 2010.***
- ***Successfully tackling the challenge of generating sufficient decent and productive employment opportunities is crucial in a region in which nearly 50% of the population is below the age of 30 (ranging from a low of 41% in Sri Lanka to a high of 58 % in Afghanistan).***

Gender-based inequities in the labour market remain a primary concern throughout South Asia.

Labour force participation among women stood at less than 40% in 2009 – a gap of around 43 percentage points relative to men.

This gap is larger than in all other regions in the world except the Middle East and North Africa.

Recent years have brought some progress for women in terms of increased employment: For instance in 2000, only 33.9 % of working-aged women were employed in the region, but by 2010 this figure had risen to 38.0%.

A much larger share of women (71.2 %) works in the agricultural sector relative to men (45.5 %).

As this sector typically has the lowest average levels of labour productivity (in Sri Lanka, for instance, labour productivity in agriculture is only around one-quarter of the level in the services sector).

- **This provides strong evidence that women who do manage to work are disproportionately engaged in low-productivity employment.**
- **Also more than 84 % of women are engaged in vulnerable employment, versus less than 76% of men, with gender-based gaps particularly large in Nepal, Pakistan..etc.**

South Asia has the highest rate of vulnerable employment among all regions in the world, at 78.5 % of total employment in 2009.

The rate has declined modestly in recent years, down from 81.1 % in 1999.

- **Nevertheless, given South Asia's high rates of employment growth, this suggests that employment growth does not automatically equate to positive labour market trends.**
- **Poverty and widespread low productivity employment are also linked with the problem of child labour, and the largest numbers of child labourers are found in the South Asia region.**
- **Bangladesh and Pakistan both devote only around 2.7% of their national income to education. India invests a smaller proportion of national income (around 3.3%) than the median among countries in sub-Saharan Africa.**

Policy Considerations:

- ***There is a need to focus on expanding wage employment opportunities for the increasingly educated workforce.***
- ***The large share of workers in vulnerable employment in South Asia also confirms the need for expanded social protection measures.***
- ***At the same time, a high incidence of working poverty in most countries in the region demonstrates the need for a continued focus on increasing labour productivity growth.***
- ***Prioritizing public expenditure on education and ensuring that children are in school and out of work is essential to overcoming the problem of child labour.***
- ***This, in turn, is crucial for laying the foundation for increased human capital and higher levels of labour productivity in the region.***
- ***Given the large number of workers in poverty and vulnerable employment in the region, a key risk in 2011 is inflation, particularly in the price of food and basic commodities, therefore, policy-makers should pay more attention to this regard and, where fiscal space allows, they should look to further expand social protection for the poorest and an expansion of wage employment and social safety nets is needed to reduce the region's large decent work deficits.***

- **North Africa: (Algeria, Egypt, Libya, Morocco, Sudan, Tunis)**

Economic Growth:

- In general, North Africa was not hit as hard as other regions by the economic and financial crisis.
- In the crisis year 2009, GDP growth was 3.5% (ranging between -2.3 % in Libya and 4.9 % in Morocco).
- This relatively strong GDP growth is partly due to the fact that markets in the region are not fully integrated into international markets, but also governments responded rapidly to soften the impact of the crisis through stimulus packages.
- These packages had a strong infrastructure component aiming to quickly create jobs and at the same time to invest in future economic development.
- In 2010, GDP growth in the region exceeded 5 per cent again (with the Libya at the high end with 10.6 % economic growth and Tunisia and Algeria at the bottom end with 3.8 % growth).
- The increase in GDP was the result of stronger oil exports, an increase in tourism revenues for Egypt, Morocco and Tunisia, as well as a recovery of domestic consumption and exports.

- ***Table (1) above indicates, the economic outlook for the region is favourable, with growth projected at 5.1% in 2011.***
- ***Capital flows to the region are expected to grow, with remittances having already picked up.***
- ***Oil exporters are also expected to see increased demand, helping to improve fiscal as well as external balances, even though diversification is important for economic development in these countries.***
- ***For oil importers in the region, growth is expected to rebound through increasing exports and increased domestic demand.***
- ***However, economic growth rates are not likely to be sufficient to reduce the large decent work deficits in the near future in any of the North African economies.***
- ***The region's unemployment rate is projected to remain unchanged at 9.8 percent in 2011.***

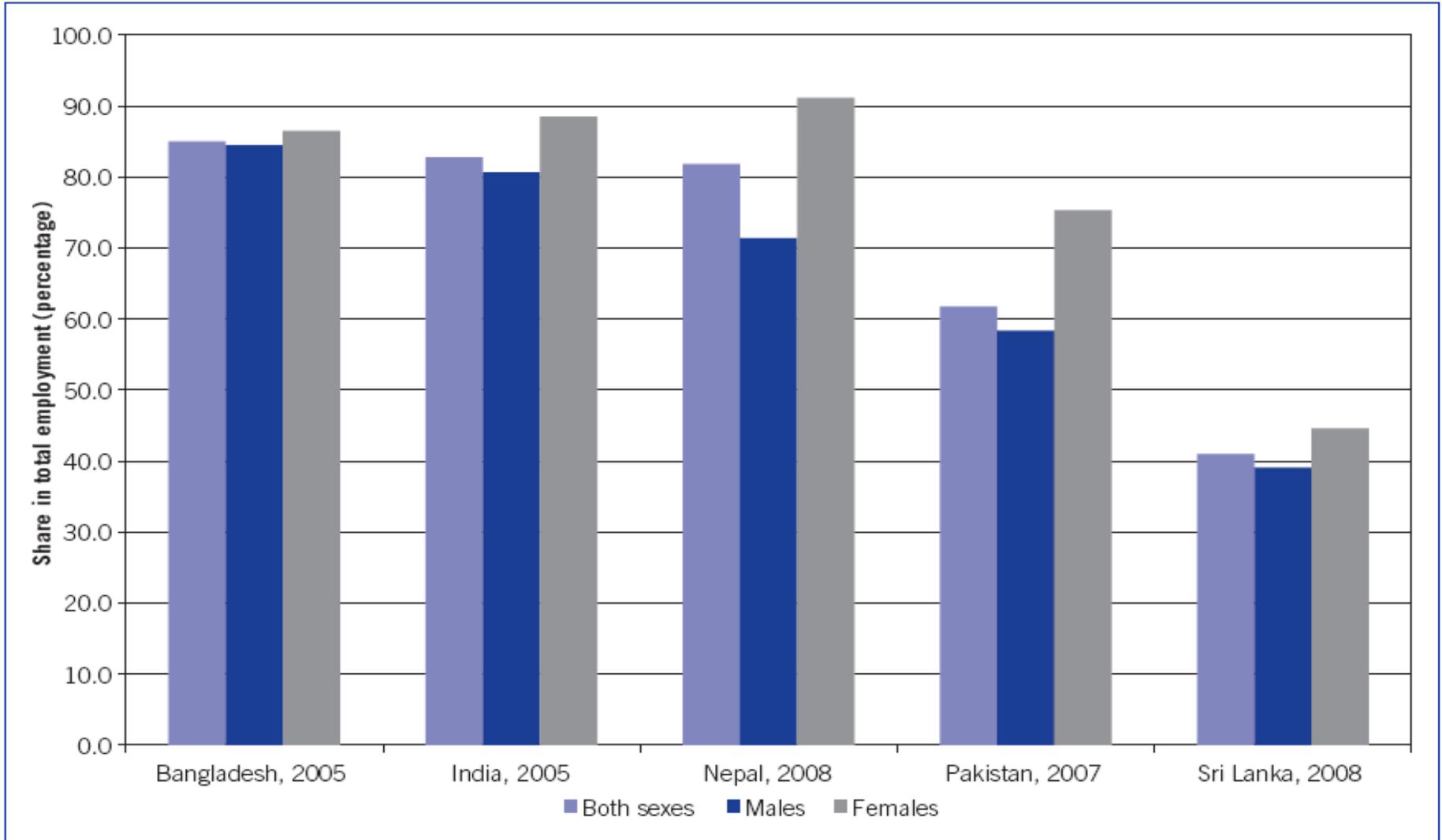
Unemployment challenges:

- ***Despite the relatively strong economic performance of North Africa, pre-crisis labour market challenges have persisted, including high unemployment rates (especially for young people and women), very low female labour force participation, overreliance on the informal sector for job creation, slow progress toward reduction of working poverty (at the US\$ 2 a day level) and wide-spread vulnerable employment.***
- ***Decent work deficits in the region remain substantial.***
- ***The unemployment rate in North Africa continues to be one of the highest in the world at 9.9 % in 2009 and an estimated 9.8 % in 2010.***
- ***The high overall rate is primarily the result of an extremely high unemployment rate for young people, which reached 23.4 % in 2009 and is estimated at 23.6 % in 2010.***
- ***The situation for women is worse than for men: in 2010 the unemployment rate for women was estimated to be 15 %, compared to 7.8 % for men.***
- ***The gender gap in unemployment rates is substantial both among adults and young people.***

- ***The high number of unemployed people (especially for youth and women) represents only a small part of the problem, since many of the existing jobs are of low quality, underpaid, insecure and without respect for basic labour standards or representation of workers.***
- ***This is reflected in the high share of the informal sector in many countries in the region, and the persistence of working poverty.***
- ***Also, North Africa is the third fastest-growing region in terms of population growth, with the working-age population growing by 27.8 % between 2000 and 2010.***
- ***GDP growth rates of 4 to 5 % are not sufficient to create productive and decent jobs for this growing population, which is reflected in very low labour productivity growth rates.***
- ***Labour productivity growth continues to be sluggish at 1.6% in 2009 and an estimated 2.4 percent in 2010.***
- ***Even though productivity growth during the crisis in 2009 could be considered relatively favourable, the rate for 2010 is the lowest in the world after the Middle East and Sub-Saharan Africa.***

Figure (6)

Share of workers in vulnerable employment by sex, selected countries in South Asia



Policy considerations:

- ***Despite the relatively strong economic performance of North Africa, pre-crisis labour market challenges have persisted (especially for young people and women), which require policies focusing on more employment generation in the formal sector, particularly for youth, increase female labour force participation, and increase decent work.***
- ***In another word, there is a need for macroeconomic policies in the region focusing on expanding productive employment opportunities and quality and improving social protection.***

Middle East: *(Bahrain, Islamic Republic of Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, West Bank and Gaza Strip, Yemen)*

Economic growth:

- The impact of the financial and economic crisis was slower on the Middle East economic growth than most of the regions (due to the surplus liquidity built up from high oil prices and the relative insulation of some economies in the region from global markets).
- Nonetheless, the region of the Middle East was not isolated from a growth slowdown during the crisis, the GDP growth decreases from 6.1 % in 2007 to 4.8% in 2008, then to 1.3 % in 2009.
- However, the region strongly benefited from the rebound of oil prices and a rapid fiscal policy response to the crisis, particularly in oil-exporting economies.
- The regional economic growth in 2010 is estimated at 3.6 %, and projected at 5.1% in 2011.
- Several countries are estimated to have registered GDP growth of 5% or higher, including Lebanon (8.0 %), Qatar (16.0 %), Syrian Arab Republic (5.0 %) and Yemen (about 8.0%), but the larger economies, such as the Islamic Republic of Iran and Saudi Arabia, recorded much lower growth rates, at 1.6 and 3.4 %, respectively.
- The unemp. rate is projected to be 10.0% in 2011, versus 10.3% in 2010.
- No significant change is expected in the region's youth unemp. rate and, consequently, major challenges will remain to address youth unemp. and the integration of women in labour markets.

Unemployment challenges:

- **Unemployment is a major concern in the Middle East since the rate is more than 10 %.**
- **During the years leading up to the global economic crisis, from 2004 to 2008, the unemployment rate decreased by 1 percentage point, then the downward trend stood at 10.3% in 2009, and estimated at 10.3% for 2010.**
- **This means that the Middle East unemployment rate is the highest regional rate in the world.**
- **Also Unemployment is harming the labour market prospects of youth.**
- **Although youth unemployment rates are generally higher than adult rates, the youth unemployment rate in the Middle East is almost four times the adult rate.**
- **In 2010, an estimated one out of four youth in the labour market was unemployed.**
- **The youth unemployment challenge is further aggravated by one of the highest regional growth rates of the working-age population, which is second only to the growth rate in Sub-Saharan Africa.**
- **The high unemployment rates in the Middle East, together with low labour force participation rates, result in very low employment-to-population ratios.**

- ***The regional employment-to-population ratio stood at 45.4% in 2010, meaning that fewer than one out of two persons of working age actually work.***
- ***The gap between male and female employment-to-population rates closed by 8.7 percentage points since the beginning of the 1990s, but at 47.2 percentage points continues to be twice the global average.***
- ***The large gap between male and female employment ratios, which is also evident in other labour market indicators, reflects the strong cultural, social and economic gender divisions in the Middle East.***
- ***Trends in vulnerable employment and working poverty in the Middle East are moving in the right direction, but progress is slow.***
- ***Vulnerable employment decreased by 3 percentage points between 2000 and 2009, and stood at just below a third of all workers by the end of this period.***

Policy considerations:

- ***Employment objectives should be included in policy designs, for example through the use of fiscal policies in the pursuit of growth and equity.***
- ***Also, there is a need for social protection and safety net measures to support the large number of employed and unemployed living below the poverty line in many countries in the region.***
- ***The unemployment level and Large decent work deficits, particularly between youth, will continue to characterize the labour market in the Middle East, which require better employment policies, focusing on expanding productive employment opportunities and improving social protection.***
- ***In another word, accelerating the progress on the achievement of employment and decent work in the region requires more resources and better economic and social policies.***

- **Sub-Saharan Africa: (Total Number is 45 States, it includes about 22 States of the IDB members countries)**

Economic Growth:

- **Sub-Saharan Africa has rebounded from the global economic crisis, although the region has not yet fully returned to pre-crisis rates of economic growth.**
- **Before 2007, economic growth in the region exceeded 6 %, then slowing to 5.5% in 2008 and slowing further to 2.6 % at the height of the global crisis in 2009.**
- **Also the region's economic growth in 2010 is estimated at 5.0 %, supported by exports and commodity prices in oil-exporting and middle-income economies.**
- **The impact of the economic crisis has generally been less severe in low-income economies, mainly due to their more limited trade and financial linkages with the global economy.**

- ***Economic growth in Sub-Saharan Africa's low-income economies dropped from 5.8% in 2008 to 4.5% in 2009 (1.3 percentage points), compared with a decrease of 2.4 percentage points for oil-exporting economies and 5.4 points for medium-income countries, respectively.***
- ***The acceleration in growth rates during the global recovery was also more limited in low-income economies, with economic growth in 2010 at 4.9%, 0.4 percentage points higher than in 2009.***
- ***In Ghana, for example, economic growth dropped from 7.2% in 2008 to 4.1 in 2009, but a sharper decline in output was prevented in part due to the stable performance of the relatively large agricultural sector.***
- ***Another factor helping to mitigate the downward effect of the global economic crisis on Ghana's economic growth rate was the continued inflow of foreign direct investment, which increased by 38% in 2009. For 2010, the country is estimated to grow by 5.0%.***

Unemployment challenges:

- ***Despite the fact that the level of the unemployment rates was slowing down prior to the crisis and the young unemployment rate was almost stable, but current projections of the unemployment rate show little change between 2010 (8.0 %) and 2011 (7.9%).***
- ***Therefore, unemployment level and Large decent work deficits will continue to characterize the labour market in the Sub-Saharan Africa region.***
- ***High rates of economic growth are necessary to raise per capita incomes, both in view of the high growth rates of the working-age population in Sub-Saharan Africa, estimated at 2.7 % annually, and to address the region's large decent work deficits.***
- ***In 2009, more than three-quarters of workers (75.8 %) were in vulnerable employment, a rate significantly exceeding all other regions except South Asia.***
- ***Due to the global economic crisis, the vulnerable employment rate is estimated to have increased by 0.5 percentage points in 2009, which is the first increase since 2001.***
- ***Sub-Saharan Africa is also characterized by very high working poverty rates, and in 2009 around four out of five workers were among the ranks of the working poor (US\$ 2 a day).***
- ***Also, gender differences in terms of access to labour markets are limited in Sub-Saharan Africa, at least in comparison with other regions.***

- **In 2009, the share of women in vulnerable employment was 84.0%, as compared with 69.5 per cent of male workers.**
- **Shares of wage and salary workers and employers in total employment (the non-vulnerable status in employment categories) were both higher for men, as was the own-account work category.**
- **Even though own-account work is considered vulnerable, as especially in the Sub-Saharan African context this work often lacks elements of decent work such as social protection, it generally still compares favourably with contributing family work.**
- **In a similar vein, working poverty rates disaggregated by sex underline the disadvantaged position of women. For 22 out of 27 countries with country-level estimates, female working poverty rates (at the US\$ 1.25 a day level) exceed male rates.**
- **Although in terms of GDP some countries experienced an increasing share of the industrial sector, especially in oil-exporting economies, the regional share of industrial employment has not changed much in the past 20 years.**

Policy considerations:

- ***Accelerating the progress on the achievement of employment and decent work in Sub-Saharan Africa requires more resources and better economic and social policies.***
- ***In the macroeconomic strategy, employment objectives should be incorporated in policy designs, for example :***
 - ***Through the use of fiscal policies in the pursuit of growth and equity.***
 - ***Also, the need for social protection and safety net measures.***
- ***Focusing on projects that combine job creation and conditional cash transfers as part of a social protection strategy.***
- ***More generally, the gradual introduction of a social protection floor – which guarantees at least basic social services and basic income security – needs to be prioritized in policy agendas.***

•South-East Asia and the Pacific (Total Number is 14 States, only Indonesia and Malaysia are of the IDB members countries)

Economic Growth:

- *The region, being highly dependent on foreign trade and investment, was heavily affected by the global economic crisis and the region grew only by 1.5% in 2009 comparing to 4.4% in 2008.*
- *The region recovered strongly and economic growth in 2010 is estimated to have reached 7.2%, the highest rate since 1996.*
- *Growth has been supported by significant stimulus packages undertaken in many countries in the region and a pick up in private consumption and investment, as well as from rebounding demand in the wider Asia and the Pacific region as China and India in particular.*
- *The larger economies in the region where GDP contracted in 2009 experienced a strong rebound.*
- *Malaysia's economy grew by 6.7% in 2010 compared to -1.7% in 2009, Singapore's economy grew by 15.0% in 2010 versus -2.2 in 2009 and Thailand's economy grew by 7.5 % compared with -2.2% in 2009.*
- *Smaller economies such as Brunei Darussalam, Fiji and the Solomon Islands, whose economies also contracted in 2009 but are less economically integrated into the regional economy, only experienced a modest rebound.*

Unemployment challenges:

- ***Despite the strong recovery in economic growth in the region, the unemployment rate is estimated to decrease slightly from 5.2 % in 2009 to 5.1 % in 2010.***
- ***Though there are some countries in the region continued to decline in unemployment rate during the crisis period such as Indonesia, from 8.5% in 2008 to 7.4 % in 2010.***
- ***Also, Young women and men in the region continue to face significant challenges in securing decent and productive jobs, and are 4.7 times more likely to be unemployed than adults. This ratio is the highest among the regions of the world.***
- ***In Indonesia and Malaysia sectoral shifts have also continued into 2010. In Indonesia the employment share in industry has remained flat between 2008 and 2010 (18.1 % in 2008 to 18.0 % in 2010), while the share of workers in services has risen from 40.1 % in 2008 to 42.2 % in 2010.***

- *In Malaysia, the share of those employed in manufacturing fell from 18.8 % in the first half of 2007 to 16.8% in the first half of 2010, whereas the share of those employed in services increased from 56.4 to 59.1 % during the same time.*
- *Such trends can be part of the long-term structural shift from industrial production to services, but a rapid shift during a period of labour market weakness may also reflect movement of workers from relatively high value-added (and hence higher paid) manufacturing jobs to relatively low value-added (and hence lower paid) activities in the services sector; in both Malaysia and Indonesia, labour productivity in manufacturing is significantly higher than in services.*
- *The unemployment rate in Indonesia continued to fall between 2008 and 2010; but during this period there was considerable movement in the labour market, particularly the movement of workers into and out of vulnerable employment.*

Policy Considerations:

- ***There are two important issues related to the labour market developments in the region:***
- ***The first is that, despite strong economic growth, employment growth has been weak, even prior to the crisis and in the current strong economic rebound.***
- ***This suggests that there is a need for macroeconomic policy frameworks of the countries in the region to better integrate full and productive employment as a core macroeconomic policy goal.***
- ***The second important issue relates to job quality, since the majority of workers in the region in vulnerable employment and a large share of working poor, there is a need to sustain growth in labour productivity in order to improve job quality.***
- ***Also, strengthening the social protection floor, education and skills development, in addition to ensuring a stronger link between productivity growth and wage growth, are important means through which job quality in the region can be enhanced while at the same time supporting more balanced sources of growth that many countries in the region are seeking to foster.***

- **Unemployment Challenges in the Arab Countries Labour Market (as one group):**
- **The unemp. rate is estimated at 14.8 % comparing to 13.7 % in 2007, which is an average that is larger than any region in the world.**
- **This rise in unemp. rate is parallel with the rise in the world (the world average unemployment rate rose from 5.8 in 2008 to 6.6 % in 2009).**
- **The total unemp. number is estimated to be around 14 million in 2009 (about 7 % of the world total number), (Egypt and Sudan came first where its total number reached about 4.7 million unemp.).**
- **The impact of the crisis on the unemp. rates in some Arab countries such: Egypt from 8.8 % in 2008 to 9.4 % in 2009, United Arab Emirates from 3.7% to 3.9%, Bahrain from 3.8% to 4% and Jordan from 12.7% to 12.8% in 2008 and 2009 respectively**
- **.**
- **This rise in unemp. rates in some Arab countries stopped the down trend in this countries prior to the crisis due to enhance in economic growth and the set back fertility rates and people in working age.**
- **The rise in unemp. rates in recent years also due to different reasons such as the impact of the local sectors that its activities related to the international market changes. For instance, the structure and mortgage sectors in some Arab Gulf countries were impacted due to the low local lending growth rates, which is due to balances impact for some banks after the setback of the value of its invested assets in the international financial markets .**

- ***Also, the rise in unemp. rates in some other countries were due to the setback in the local industries performance, particularly, those dependent heavily on export in light of the world demand decrease during the crisis, in addition to, the slow down of the activities volume which are related to the foreign investments and companies working inside these countries.***
- ***The impact of the world crisis is not only confined on the unemp. in the arab labour markets, but it goes to:***
 - ***the employment volume,***
 - ***women labour force participation,***
 - ***gender unemployment rates,***
 - ***youth unemployment rates,***
 - ***employment in informal sector and employment in vulnerable jobs, For instance:***
 - ***in Egypt, female unemp.rate rose during the first year of the crisis from 18.8 % to 23.2 % and a decrease in the labour participation rate due to some group discouragement from getting job opportunities.***
- ***Also, there was a rose in the vulnerable employment in the Arab countries since the beginning of the crisis from 38 % to more than 39 %.***
- ***Despite all of that, and comparing to what happened to economies of the developed and developing countries, the impact of the world crisis on the unemp. rates in the Arab countries was limited due to many reasons such as:***

- The weak linkages of many Arab countries to the world economy.

- The important governments role in employment.

- Due to the steps and procedures that were taken by many Arab countries, particularly, through activities policies for enhancing the economy and to hail the negative impact of the crisis on the investment, production and employment.

- ***The challenge of the labour force growth rate remained high at yearly average about 3.6 %, which surpass the registered in other world regions, which are 2.6% in North Africa, 2.2% in the Arab Eastern countries.***
- ***Also Arab countries registered the highest youth unemp. rate (15-24 year), which reached an average about 50 % in 2009.***
- ***These high unemp. between youth, demand jobs for the first time and the university graduates (represents fifth the total unemployment number) indicates that labour market in the Arab countries are not able to absorb the new entrants to the labour force.***
- ***The distribution of the unemp. rate are:***
- ***Group one: countries with unempl. rate are above 15 % that characterized by the lowest income such as Jeupoty, Sudan, Mauritania, Yemen.***
- ***Group tow: countries that its unemp. rates between 6% and less than 15 % such as: Jorden,Tunisia, Algeria, Syria, Iraq, Lebanon, Egypt, and Morocco.***
- ***Group three: countries with low unemp. rates less than 6% such as: the Gulf Arab countries.***

Major Findings and Challenges

1) In general

- **Despite the fact that, there have been signals indicating an economic turnaround in some regions and countries, there is concern that investment and consumption patterns may take a long period to recover to pre-crisis levels.**
- **According to the IMF projects that; global economic growth of 4.2 % in 2011, down from 4.8 % in 2010, which means that downside risks will continue to be the dominant concern, particularly for:**
 - **Regions and countries where the effects of fiscal stimulus began to decrease and that increased private sector investment is not enough to fully compensate for reduced government expenditures.**

- **Also this means decelerations in growth are expected to occur in most regions except for some regions such as: the Middle East and Sub-Saharan Africa ,where growth is expected to increase and North Africa, where growth is expected to remain roughly constant.**
- ***Also on the basis of the macroeconomic forecasts, the global unemployment rate is projected at 6.1 percent in 2011 versus a rate of 6.2 percent in 2010.***
- ***These unemployment projections have a substantial degree of uncertainty given the risks that remain to the overall macroeconomic outlook.***
- ***Given these highly elevated level of unemployment in many regions and countries coupled with diminished fiscal space, may lead to a slow reduction in unemployment coinciding with a gradual recovery in labour markets.***

2) *Major findings and Challenges in the IDB Regions/ Members*

- In general, countries with limited trade and financial linkages with the global economy have less impact of the crisis on their economics, such as:
 - Many countries in the Middle East and North Africa comparing to those in which the impact of the crisis was sever such as many countries in the South-East Asia and the Pacific.
- Countries in North Africa region was not hit as hard as other regions by the economic and financial crisis. in the crisis year 2009, GDP growth was 3.5 % (ranging between -2.3% in Libya and 4.9 % in Morocco).
- Despite the relatively strong economic performance of North Africa, pre-crisis labour market challenges have persisted, including:
 - High unemployment rates (especially for young people and women),
 - Very low female labour force participation,
 - Overreliance on the informal sector for job creation,
 - Slow progress toward reduction of working poverty (at the US\$ 2 a day level)
 - Wide-spread vulnerable employment.

- **The impact of the financial and economic crisis was slower on the Middle East economic growth than most of the regions, which is due to:**
 - **The surplus liquidity built up from high oil prices**
 - **The relative insulation of some economies in the region from global markets.**
 - **Quick responses by many governments in the region.**
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- **Nonetheless, the region of the Middle East was not isolated from a growth slowdown during the crisis.**
- **Unemployment is a major concern in the Middle East since the rate is more than 10 % .**
- **During the years leading up to the global economic crisis, from 2004 to 2008, the unemployment rate decreased by 1 percentage point, then the downward trend stood at 10.3% in 2009, and estimated at 10.3% for 2010.**
- **The Middle East unemployment rate (10.3%) is the highest regional rate in the world.**
- **Also Unemployment is harming the labour market prospects of youth.**

- ***Also, it is concluded that the main causes of the continuously large deficit of decent work (in particular, for young people and women) in most of the IDB members countries are due to many factors such as:***
 - ***Economic growth does not create sufficient high-quality jobs,***
 - ***An unsustainable rate of population growth,***
 - ***The mismatch between skills in demand and skills offered by young people is growing such as the high and increasing unemployment rates of university graduates in many countries.***
- ***In many countries, the matching process between labour supply and demand is a challenge, for instance;***
 - ***Many young people complain that they would be willing to work if they knew where to find a job, at the same time, many enterprises complain that they cannot find young people who are willing to work.***
- ***In addition to that, what the labour market is offering in many countries is very different from the expectations that young people have when they are looking for jobs, for instance;***
 - ***Traditional government jobs have become scarce, while such jobs are what most young people aspire to.***

Some Recommendations for the IDB Regions and Members

A need to promote more balanced growth strategies, and a set of policy options designed to reduce the historical time lag between economic recovery and employment recovery in many countries, particularly those with low income and high population growth rates.

- In another word, policies that focus on stimulating economic growth, generating jobs and providing protection to working people and their families
- Youth employment in the IDB members should be considered as a top priority in the national and regional development plans, for instance an important part of the national plan or strategy should be focusing on:
 - Enhancing skills, especially technical, IT and language skills,.....etc.
 - Generating jobs in the formal sector.
 - Integrate people working in the informal sector into the formal sector.
 - Support for self-employment as well as job creation in modern economic activities such as: jobs in the IT sector , in tourism sector, small and medium size projects,...etc.

- Also, strengthening social dialogue should be a priority to reduce mismatches and help facilitate the creation of more decent and productive work.
- Production diversification is also important for economic development in the IDB members.
- And finally, More cooperation and coordination are required at the IDB members levels.
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***THANK YOU
FOR LESTINING***

Recommendations:

- ***Policy makers in the Arab countries should pay more attention to economic growth that create jobs opportunities and support youth employment programs, since the continuous of the current situation is risky and dangerous on the stability and pace of the society (for instance, what is happening lately in many Arab countries such as: Tunis, Egypt, Libya, Yemen, Syria,...etc, may give us good examples).***
- ***Also More coordination actions and plans between regions and countries in the Arab world should be considered whether on the economic side or on the labour market issues.***

Unemployment in Saudi Arabia

figure (7) below shows that:

- Unemployment among Saudi nationals—and particularly Saudi youth – was high even during the extraordinary years that preceded the financial crisis.**
- At 30.2%, the unemployment rate of Saudi youth in 2009 was almost three times that of Saudi nationals.**
- While there has not been a noticeable impact of the crisis on employment in the form of decreases, some companies either stopped paying bonuses or changed working hours.**
- Saudi Arabia should be able to continue to absorb the employment impact of the crisis on its nationals, provided that the private sector generates in large numbers the types of jobs that appeal to the increasingly educated Saudis.**
- However, the future ability of the private sector to create decent jobs in adequate numbers could be a challenge, given that past efforts to “Saudi-ize” the labour force have produced only limited results.**
- Megaprojects undertaken by construction conglomerates have historically been associated with limited trickle down to SMEs and few employment gains for nationals.**
- The previous (8th) Five-Year Plan (2005–09) aimed to reduce unemployment to 140,000 by 2009 (i.e. by almost half compared to 270,000 in 2004), but unemployment during this period actually increased to more than 400,000.**
- In addition, participation of women in the Saudi labour market remains particularly low.**
- Women account only for 15% of the Saudi labour force, split roughly equally between expatriates and nationals.**
- Significant gender disparities in employment persist, though some recent policy**

Figure (7) Unemployment rates in Saudi Arabia, 2006–09

