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2020

Navigating the crisis towards a human-centred future of work

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Foreword

The COVID-19 pandemic has levied a severe blow to the Asia–Pacific region. The crisis has left workers and enterprises reeling from the economic contractions felt in most countries after decades of strong growth. It is a reversal of fortune that few countries in the region stood ready to handle. Beyond the region's advanced economies, the coverage of the population benefiting from social protection measures remains low, and labour market institutions are still limited in their capacity to help enterprises and workers get back on their feet. This situation is compounded by the density of workers and enterprises that operate in the informal economy.

These deficiencies existed prior to the pandemic and have been an important reason for the region's record of insufficient decent work expansion and the limited progress made towards Sustainable Development Goal 8 on "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". The first edition of the *Asia–Pacific Employment and Social Outlook 2018* (APESO) highlighted this point. It called for accelerated action to overcome the unfinished business of investing in social protection, labour standards and social dialogue to foster sustainable and inclusive development and help the developing and emerging economies in the region break through the growth ceiling.

This second edition of the biennial APESO details the COVID-19 impact on employment and labour markets at the regional level. To date, we have benefited from national studies and impact estimates generated in the *ILO Monitors on COVID-19 and the World of Work*. However, the APESO report goes further. We can now clearly see how the health and economic shocks have transformed through the lockdowns and stunted production into massive income, working-hour and employment losses as well as increased inactivity.

The crisis has resulted in an estimated loss of 81 million jobs in 2020 over pre-crisis trends and an additional 22 million to 25 million employed persons pushed into the realm of extreme poverty, living with expenditure of less than $1.90 per person per day. Among the unfortunate consequences of this crisis are the particularly harsh impacts wrought on already-vulnerable population groups. We can expect to see a reversal of gains from previous decades on gender equality, working poverty, child labour and labour rights.

This situation can only be righted through a concerted and coherent "people first" policy response. The report calls it "navigating the crisis towards a human-centred future of work" and reminds us that the International Labour Organization's Centenary Declaration holds the elements that could help governments and social partners build together the "better normal" to which they aspire. Already, governments are making admirable efforts in their policy responses to help rebuild economies while supporting enterprises, workers and incomes. Yet, we must aim to go beyond the pre-crisis "normal", where decent work and inclusive growth remain out of reach for so many.

The elements for moving towards a human-centred future of work and structuring more-resilient economies that benefit all segments of the population are emphasized in this report. It is my sincere hope that we will see progress along these lines so that more positive labour market results for Asia and the Pacific can be presented in the next edition of the report.

Chihoko Asada-Miyakawa
Assistant Director-General and
Regional Director for Asia and the Pacific
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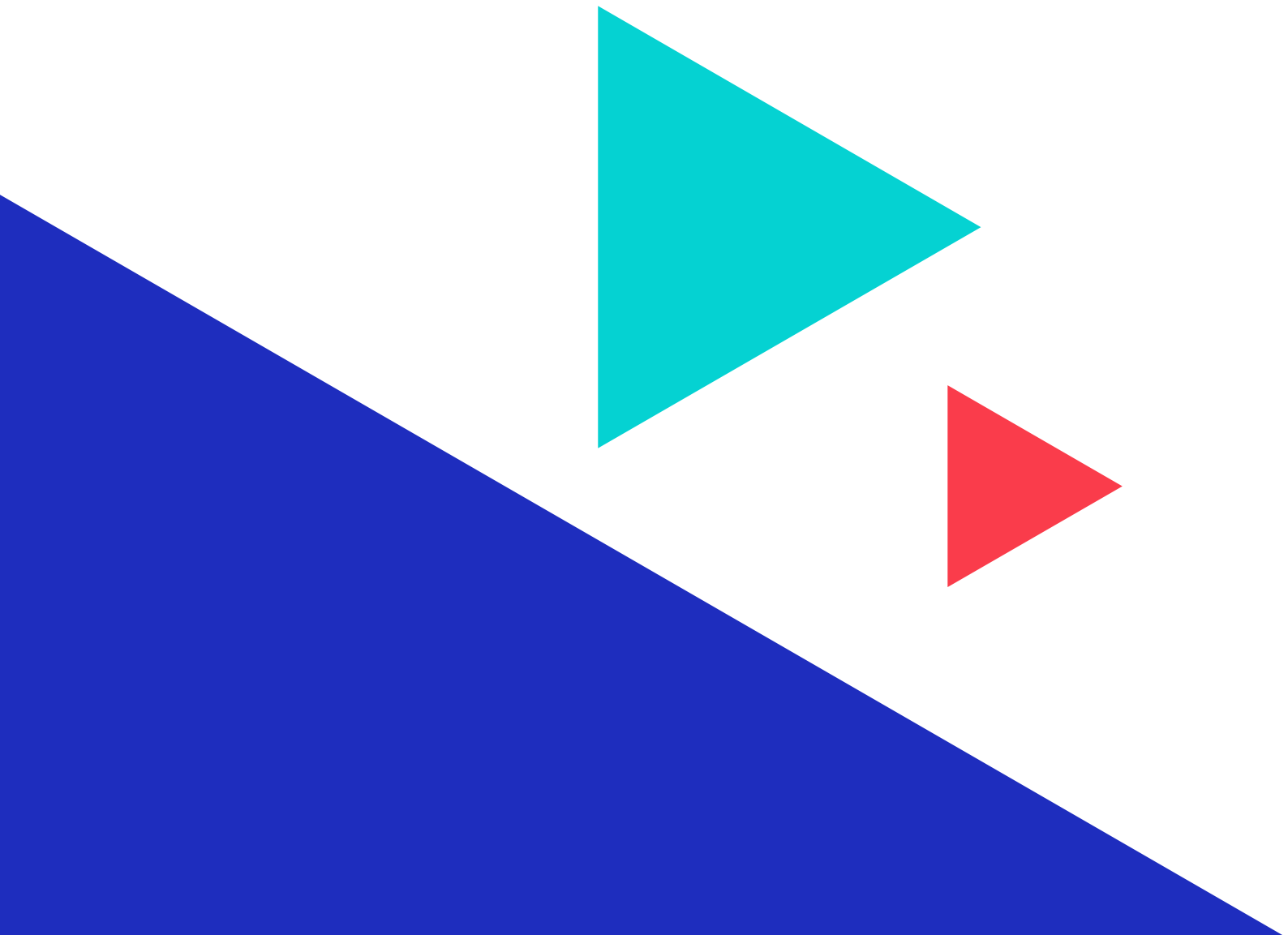

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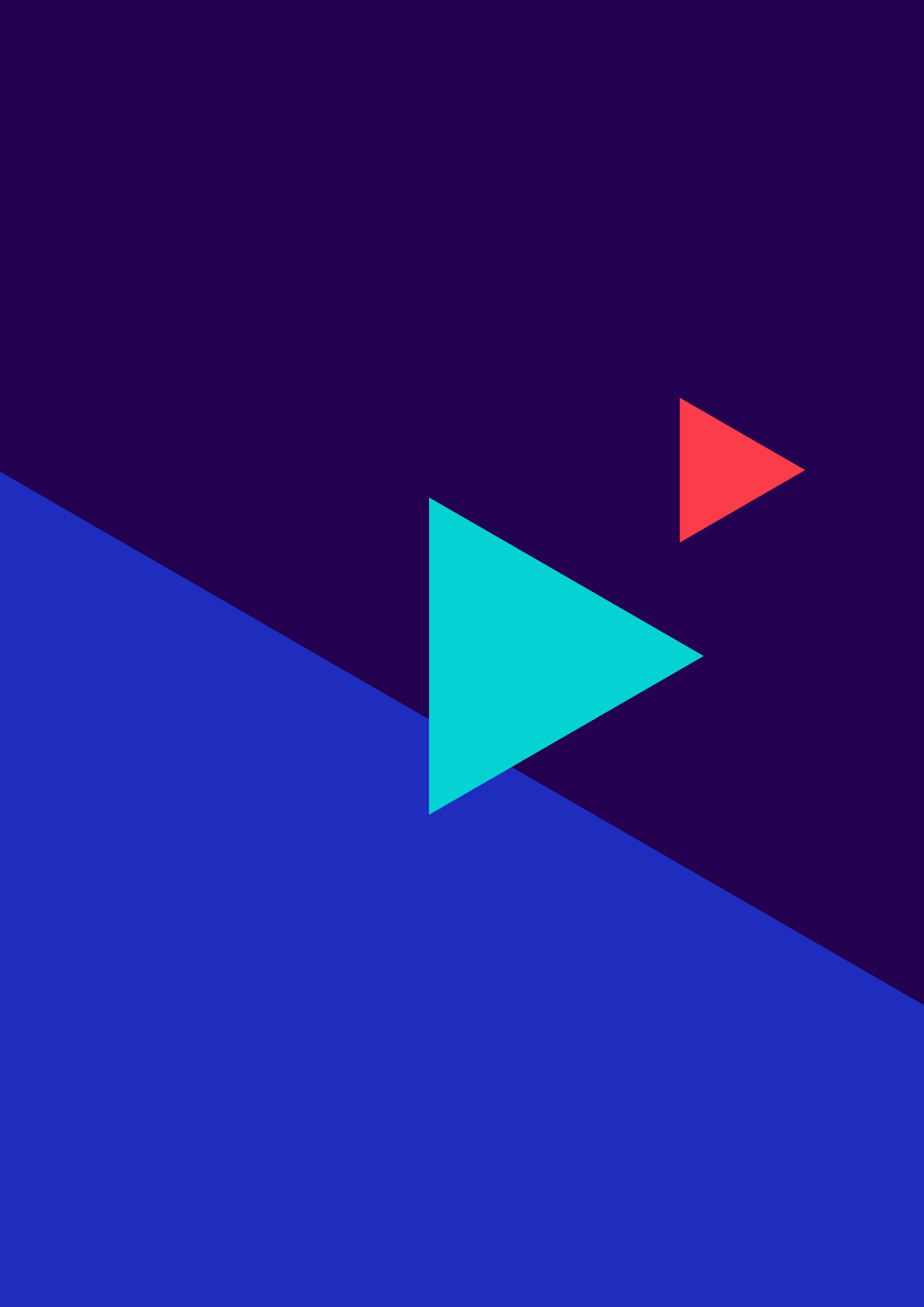

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Abbreviations

ASEAN	Association of Southeast Asian Nations
EPR	employment-to-population ratio
FDI	foreign direct investment
FTE	full-time equivalent
GDP	gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
YOY	year-on-year

Unless specified, all $ references refer to United States dollars.

Executive summary

The COVID-19 crisis exposes the wobbly foundations of decent work and inclusive growth in many Asian–Pacific economies.

With economic growth in the Asia and Pacific region already weak in 2019, the COVID-19 pandemic and ensuing economic crisis has hit economies, enterprises and workers in the region with a force that is pushing backwards some of the limited gains made in pursuit of decent work and inclusive growth in the previous decade.

Even in the best of times, when developing and emerging economies in the region saw economic growth rates in excess of 5 per cent annually in the previous decade, employment growth did not keep pace, and labour income shares stagnated or decreased. Among the subregions, only East Asia, the subregion that houses most of the region's advanced economies, saw an uptick in the average annual labour income share in the period 2011–17. In the other subregions, labour income shares fell – an indication that production has become increasingly capital-intensive, which has consequences in rising inequality.

The primary pre-crisis labour market challenges in the Asia–Pacific region related to issues of inequality that link to the quality of employment and the insufficiency of work to bring income security and dignity to all. The developing and emerging economies of the region saw relatively high growth numbers that were associated with flourishing private sectors and increasing numbers of higher-skill paid jobs that were boosted by foreign investment in industry and services and by the rapid expansion of urban centres. At the same time, these countries maintained large informal sectors made up of millions of low-skilled, low-waged labourers.

The Asia–Pacific region is home to 1.3 billion of the world's 2 billion informal workers. Despite its record as the region of fastest-economic growth in the world for at least the past decade, still two in three (68 per cent) of its workers are engaged in informal employment, and for some countries the ratio is as much as nine in ten. Gender inequalities remain another firmly rooted labour market issue in the region, with women still facing restricted access to employment, education and training opportunities, especially in South Asia, receiving lower pay then men and spending more time than men in unpaid care work.

Decent work deficits persist in all countries in the region. The result is that workers in the developing and emerging economies continue to be vulnerable to crises like the one currently experienced with the COVID-19 pandemic. As with previous shocks, too many workers have been pushed backwards into poverty, an outcome that relates in part to lacking or weak social protection systems and limited capacities of labour market institutions to deliver employment protection and employment services to both formal and informal workers and enterprises. In the absence of strong labour market institutions, including collective bargaining systems, that help to stabilize household income levels and ease labour income losses and without well-designed and implemented pro-employment macroeconomic policies that target the most vulnerable, the region's economies, workers and enterprises are struggling to bounce back from the crisis and to make progress towards inclusive growth.

Even before the COVID-19 pandemic, most countries were not on track to meet the criterion set by Sustainable Development Goal (SDG) 8 for "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Without the strong labour market institutions needed to promote decent work and inclusive growth, it should come as no surprise that the COVID-19 crisis is creating turmoil in labour markets throughout Asia and the Pacific. The negative impacts on the sustainability of enterprises and on the livelihoods of the region's 1.9 billion workers and households will be assessed throughout this report.

Working-hour losses have occurred on a massive scale.

The COVID-19 impact on the labour market was felt first and foremost through the reduction in working hours induced by national lockdown and containment measures. The Asia–Pacific region was the first to feel the sting of the virus in early 2020, and some countries reacted quickly with strict lockdown protocols to prevent further contagion. In the first quarter of 2020, total working hours across the region were already 7.3 per cent below the hours spent on work in the last quarter of 2019 (ILO 2020a). The loss of working hours in the first quarter was equivalent to a loss of 125 million full-time equivalent jobs (based on a 48-hour work week).

Results for the second quarter were significantly worse, with **working hours in Asia and the Pacific estimated to have decreased by 15.2 per cent from fourth quarter 2019**, which translates to a loss of 265 million full-time equivalent jobs. The largest loss in working hours across the world is estimated to have occurred in South Asia (with a decline of 27.3 per cent in the second quarter, equivalent to 170 million full-time jobs).

In Asia and the Pacific, the COVID-19 crisis has led to a gap of 81 million jobs, compared with pre-crisis numbers.

While the preliminary impact of the COVID-19 crisis has been on working-hour reduction, the longer the crisis continues, the harder it is for enterprises to survive while maintaining their full workforces, regardless of the level of government support. Inevitably, job losses will rise. By the second quarter of 2020, compared with the same period in 2019, working-hour losses were associated with falling employment in the majority of countries with available data, with the scale of contraction from 0.1 per cent to 19 per cent. Employment loss ramped up significantly in most of the economies between the first two quarters of the year.

Before 2020, employment in the region followed a steady upward trend, with annual employment growth rates of 0.7–0.9 per cent, which was disrupted sharply by the crisis. Using available Labour Force Survey data and additional input data in a nowcasting model**, the report estimates a resulting jobs gap in 2020 at the regional level of 81 million as a result of the crisis,** distributed as 32 million jobs for women and 49 million jobs for men.[1] This corresponds to a 4.2 per cent decline, compared with the pre-crisis trend for both sexes, a 4.6 per cent decline for female employment and a 4 per cent decline for male employment.

The regional jobs gap in 2020 is largely driven by South Asia, where the 2020 employment estimate is nearly 50 million jobs below the pre-crisis baseline, corresponding to a 7.4 per cent drop. East Asia is estimated to see a gap of 16 million jobs (1.8 per cent below the pre-crisis projection). South-East Asia and the Pacific Islands follow, with estimated 2020 jobs gaps of 14 million (4.3 per cent) and nearly 0.5 million (2.7 per cent), respectively.

Lost working hours brought devastating drops in labour income and increases in the incidence of working poverty.

Wages in many countries have stagnated or declined during the COVID-19 crisis. Overall, labour income is estimated to have declined by as much as 9.9 per cent in the Asia–Pacific region in the first three quarters of 2020, which is equivalent to a 3.4 per cent loss in gross domestic product (ILO 2020a). The estimated loss in labour income (before taking into account income support measures provided through fiscal stimulus packages) is highest in South Asia, at 17.6 per cent, followed by South-East Asia and the Pacific, with a 9.5 per cent decline and East Asia, at 7.2 per cent.

1 See Annex II for details on the methodology for the preliminary estimates of 2020 employment.

With so many workers on reduced hours or not working at all, there is another human cost to the crisis: increasing poverty. Based on World Bank estimates of increased poverty, the report estimates that **an additional 22 million to 25.4 million persons could be added to the number of working poor (living on less than $1.90 a day), increasing the working poverty rate by 1 percentage point to an estimated 5 per cent and bringing the working poor total in 2020 to an estimated 94–98 million.** The breakdown by subregion is an additional 4 million to 5.6 million working poor in East Asia and South-East Asia and the Pacific combined and 17.9 million to 19.8 million in South Asia.

Country-level analysis – although limited by data availability – offers important details of the COVID-19 labour market impact, including on population groups most affected.

Accurately assessing the impact that the COVID-19 pandemic is having on labour markets in the region is hampered by the difficulty in accessing data on a timely basis. The most relevant source of comparable labour market information come from Labour Force Surveys run by national statistics offices. Not all countries in the region conduct a Labour Force Survey on a regular basis, let alone monthly or quarterly, as would be best suited to allow for a quick assessment of the crisis' impact on jobs, workers and incomes. This report makes use of the few available quarterly and monthly data files amassed by the International Labour Organization's (ILO) Department of Statistics and uses this to delve deeper into the labour market impact of the crisis. There is an important shortcoming to flag which is the absence of quarterly data leading to the exclusion of Pacific Island countries, South Asian countries beyond Sri Lanka and the regional powerhouses of China and India from the labour market analysis of crisis impact. Nonetheless, much can be gained from the analysis of available economies, as the following highlights.

- **In all countries with data, the decline in working hours as a result of the crisis exceeded the decline in employment.** Most of the working hours lost has manifested through workers who were asked to work fewer hours per week or to not work at all for a period of time rather than persons moving into unemployment or outside the labour force. For those who have left or lost jobs, there were fivefold more who moved outside of the labour force (inactivity) than to unemployment (among 11 economies).
- **By second quarter 2020, working hour losses were associated with falling employment in all but three of the 15 economies with available data.** The scale of employment loss from second quarter 2020 and the same period in 2019 ranged from a contraction of 19 per cent in the Philippines to 0.1 per cent in Taiwan (China).
- The country-level results confirmed that **the sectors that experienced the largest impact in terms of lost production were also the sectors that experienced the largest shares of job loss.** The most impacted sectors include accommodation and food services, manufacturing, wholesale and retail trade, and real estate and business activities. In the Republic of Korea and Thailand, at least half of the employment loss between first and second quarters 2020 accrued to the high-risk sectors. The sectors also experienced high incidences of workers on reduced or zero hours.
- **The decline in working hours and employment were higher for women than men in most economies in second quarter 2020 over the previous year.** The crisis-induced increase in inactivity was also more female than male, while the increase in unemployment had a stronger male share.
- **Young people (aged 15–24) have also been disproportionately affected by both working-hour and employment losses:** The youth share in overall employment loss was 3 to 18 times higher than their share in total employment.
- On average across the available economies, the unemployment rate in the second quarter of 2020 was about 0.8 percentage points over the previous year. In the third quarter, the average unemployment rates increased about 1.3 percentage points over the previous year. Estimating at the regional level, **the 2020 unemployment rate is expected to reach 5.2–5.7 per cent from the 2019 rate of 4.4 per cent**.
- **Time-related underemployment – defined as working fewer than 35 hours per week but wanting and being available to work more hours – increased significantly during the second and third quarters of 2020.** To illustrate, time-related underemployment in the second quarter surged by 327 per cent in Viet Nam, 254 per cent in Hong Kong (China) and 149 per cent in Thailand.

- **Informal workers have experienced higher employment loss but fewer hour losses, compared to formal workers, which is a consequence of their limited protection by employment policies.** In Viet Nam, informal workers accounted for 61 per cent of job losses in the second quarter. The reduction in working hours, in contrast, was larger for formal than informal workers over the same period. By the third quarter, formal workers saw the larger decline in employment and working hours alike.
- **Micro and small enterprises have tended to be the first impacted by the economic consequences of the pandemic but the last to recover as business conditions improve.** In Viet Nam, in the second quarter of 2020, employment decreased year-on-year by 5.6 per cent in micro enterprises and 3.5 per cent in small enterprises compared to 1.5 per cent in medium-sized and large firms.
- **In the majority of the sample countries, average nominal wages, measured for paid employees, have stagnated or declined, although to varying degrees.** Wage decreases have been especially pronounced in some of the economic sectors most hard hit by the impacts of the pandemic.

Regional fiscal expenditure is not enough to offset the extent of labour market disruption.

Governments in Asia and the Pacific are responding to the needs of workers, enterprises and households arising from the COVID-19 health and economic crises to the best of their abilities. The expansionary fiscal policy response in Asia and the Pacific have been critical for countering the slowdown in economic activity and stemming losses in jobs and working hours. There is some evidence from the analysis of available economies that policies to support enterprises to retain workers, albeit on reduced hours, have worked to prevent what would otherwise be larger job losses.

The composition of fiscal policy packages varies greatly across countries. Especially in the realm of social protection and support to enterprises, countries are doing a great deal. Yet, with advanced economies able to dedicate substantially more funding to their COVID-19 policy response than lower-income economies, inequalities between countries in the region are exacerbated. The fiscal policy package gap by income levels is considerable: The median fiscal expenditure as a share of GDP for the available high-income economies in the Asia–Pacific region is 24 per cent, compared with 7 per cent for the low- and lower-middle-income economies.

Given the scope of the damage to labour markets measured in the employment-loss equivalent of working-hour losses, the overall size of the fiscal response in the region is shown to be insufficient. The fiscal stimulus response (taking the employment equivalent in terms of their output) for the region as a whole equates to an estimated 4 per cent of total working hours in 2019, the baseline from before the onset of the COVID-19 pandemic.[2] By comparison, an estimated 11 per cent of working hours were lost during the first three quarters of 2020 (average of three quarters) due to the impact of the crisis. The result is a sizable fiscal expenditure gap, with 60 per cent of the employment equivalent of working-hour losses during the first three quarters of 2020 left beyond the reach of the fiscal stimulus package.

Countries can navigate towards recovery with the elements of a human-centred agenda for the future of work.

Labour markets in the Asia–Pacific region are in turmoil. A key challenge faced in many countries in the region is continuing their response to the immediate needs of workers, enterprises and the population at large while at the same time laying the foundation for a sustainable and inclusive recovery. As countries consider what they want a post-COVID-19 future of work to look like and make policy choices accordingly, the hope is that they will take up the opportunity to address the long-term socio-economic weaknesses that have been laid bare in the current crisis. Focusing on a recovery that aims for a **human-centred future of work** can help to shape a fair, inclusive and secure future of work that aligns to the vision of the 2030 Agenda for Sustainable Development.

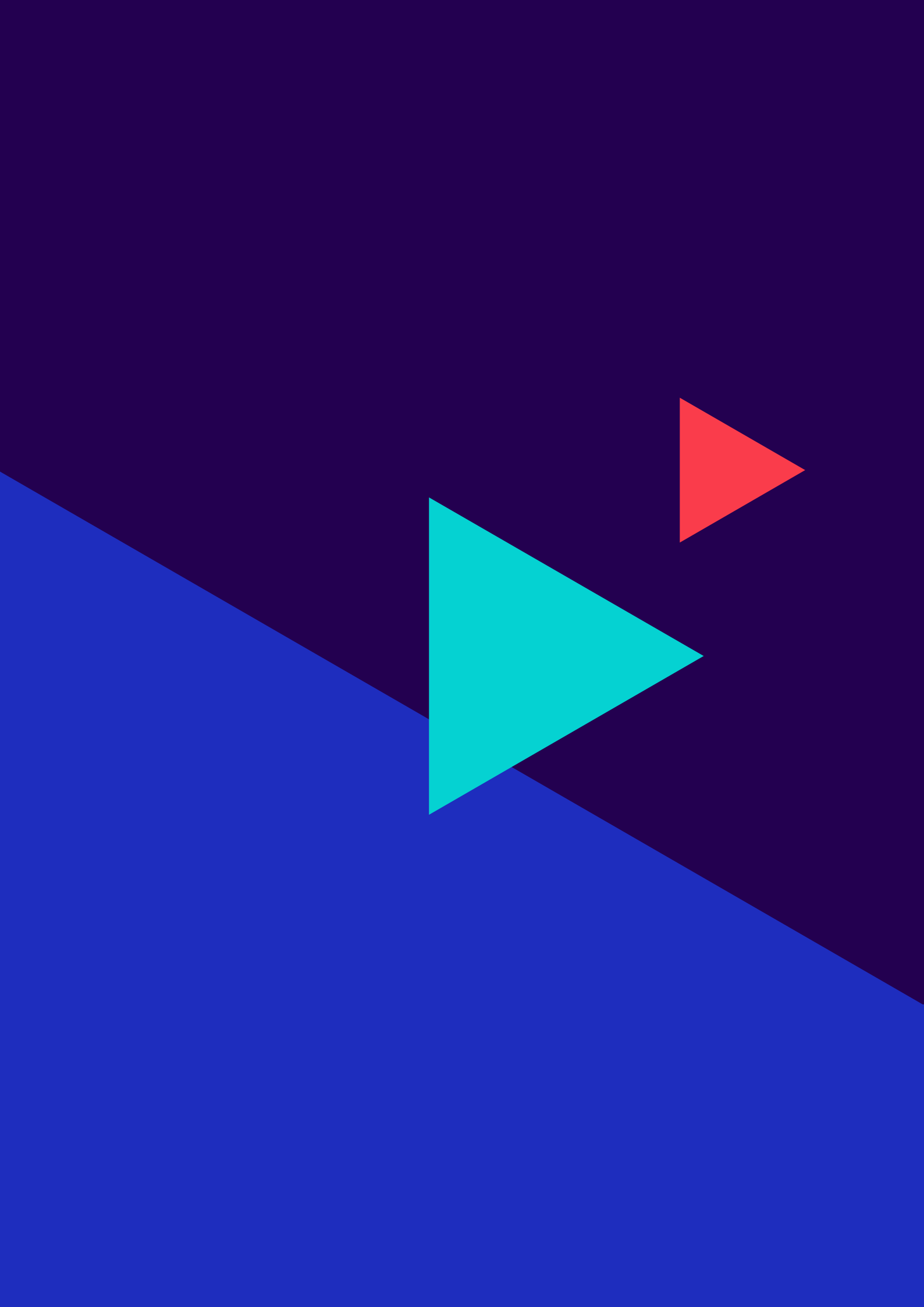
2 The methodology is explained in section 5.1.

The combined effects of the crisis on working-hour and job losses, the increased poverty and the difficulties that countries in the region now confront in creating adequate decent job opportunities are almost certain to push the 2030 Agenda for Sustainable Development out of reach without a redoubling of policy action. But countries have the potential to "think big" in their efforts to revitalize their economies and shape a recovery that reaffirms their commitments to sustainable development and inclusive growth. Governments, workers and employers can collaborate towards a better future of work after the pandemic, in part by promoting action towards the human-centred future of work outlined in the ILO Centenary Declaration and its three areas: (i) increasing investment in people's capabilities, (ii) increasing investment in the institutions of work and (iii) increasing investment in decent and sustainable work.[3]

In the decades before the COVID-19 pandemic, many countries in the region lagged in their capacity to bring all workers closer to conditions of decent work despite strong economic growth rates. The lingering decent work deficits, including gender gaps, stubbornly high rates of informal employment and weak labour relations, have dragged on the development trajectories of developing and emerging economies. Additionally, the low levels of investment in labour market institutions, including social protection systems, have left many countries unprepared to stabilize household income levels and ease the impact of the current crisis.

There are lessons to be learned as countries navigate towards recovery. Given the devastation brought to workers and enterprises over the course of the COVID-19 crisis, countries can choose to embrace a path to recovery that bolsters the foundations for a human-centred future of work. Doing so will increase the resilience of economies and put the region on the pathway towards inclusive economic growth, breaking from past weaknesses and emerging from the COVID-19 crisis with a "better normal".

3 ILO Centenary Declaration for the Future of Work, adopted at the International Labour Conference, 108th Session, Geneva, 21 June 2019.



1

Introduction

The COVID-19 pandemic has reversed the decades-long record of strong economic growth in the Asia–Pacific region. As governments continue their struggles to contain the health pandemic through various lockdown and containment measures, the social and economic disruptions have adversely affected labour markets, with consequences to enterprises, workers and the incomes of women and men throughout the region. Countries doing better now in terms of the health crisis are still reeling from the impact on businesses and jobs and struggling to return to some semblance of normalcy in a time of great uncertainty around how, when and even if recovery will start to take hold.

This report examines in detail how the COVID-19 pandemic is impacting labour markets in the Asia–Pacific region. Section 2 sets out the pre-crisis picture, with a focus on the disconnect between economic growth, decent work and inclusive growth in many countries. Section 3 summarizes the economic impact of the COVID-19 crisis from which the employment, labour market and social consequences of the crisis stem, including the devastating working-hour, employment and income losses that are examined in detail in section 4. Section 5 examines the scope and scale of policy responses initiated by governments in support of enterprises, workers and households and examines whether the fiscal responses applied by countries are sufficient to offset the given labour market disruption. Finally, section 6 proposes the action areas of the International Labour Organization's (ILO) Centenary Declaration as a road map for putting the COVID-19 recovery on track to a human-centred future of work.

2

Regional labour market baseline in 2019

The majority of persons aged 15 years and older in Asia and the Pacific were in employment.

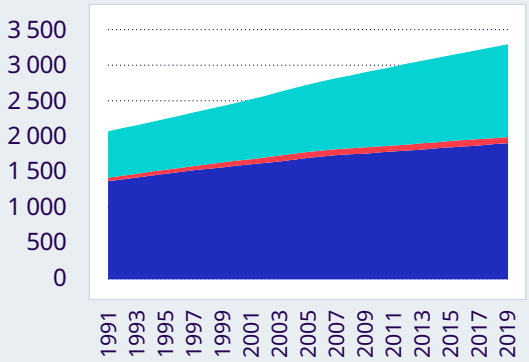
In 2019, regional economic growth rates were already slowing, and despite the decades of impressive growth, too few countries had managed to overcome the duality of labour market conditions. It remained characteristic of the developing and emerging economies of the region to have flourishing private sectors and increasing numbers of paid jobs – both highly and poorly paid – that were boosted by foreign investment in industry and associated services and also by the rapid expansion of urban centres. At the same time, most countries were still functioning with large informal sectors that housed a surplus of low-skilled, low-waged labourers.

There were 1.9 billion persons employed, 1.3 billion persons outside the labour force and 87 million unemployed persons across the Asia–Pacific region in 2019. Over time, the proportion of the population who are outside the labour force (also called "inactive") has increased, while the employment share has decreased, largely due to the increased enrolment of youth in school (figure 1, panel A). In 2019, the employment-to-population ratio was 57.9 per cent, nearly 7 percentage points below the ratio in 1999 and close to par with the ratio at the global level (57.6 per cent). By subregion, the variation in employment ratios is wide. The highest ratio in 2019 was 66.1 per cent in South-East Asia, followed by 64.7 per cent in East Asia, 59.9 per cent in the Pacific Islands[4] and then, at a much lower level, 48.2 per cent in South Asia (figure 1, panel B). The low employment ratio in South Asia reflects the very small (and decreasing) employment share of women (at 22 per cent in 2019), which is also reflected in the subregion's large employment gender gap (at 51 percentage points) shown in figure 1, panel C.

4 Throughout this report, Pacific Islands is presented as a separate subregion, thanks to recent efforts towards the production of labour market statistics at the national level, which then provides sufficient coverage for the estimation of a subregional aggregate. Where the report refers to South-East Asia and the Pacific and a subregion, it is referring to statistics produced before sufficient information existed to make the Pacific Islands a stand-alone area.

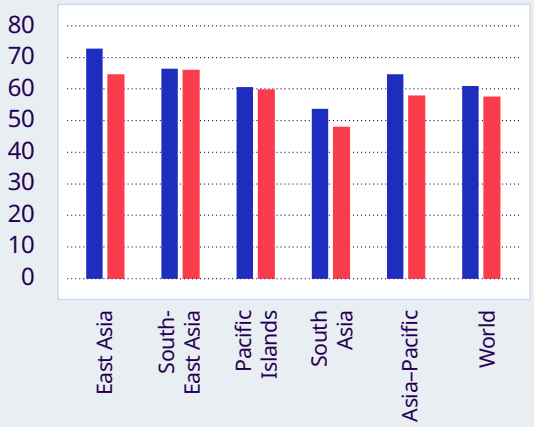
Figure 1. Key labour market indicators for the Asia–Pacific region

Panel A. Persons employed, unemployed and outside the labour force, 1991 to 2019 (millions)



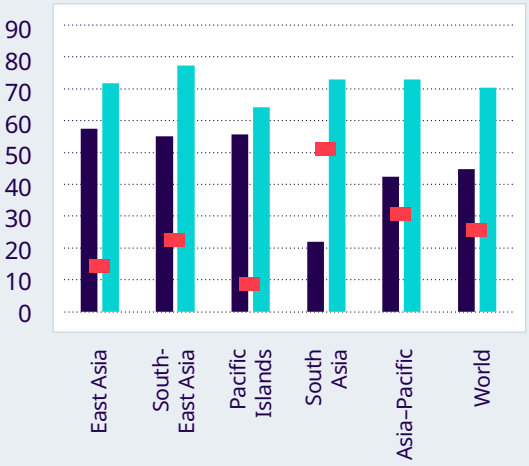
- Employment
- Unemployment
- Outside the labour force

Panel B. Employment-to-population ratio, by subregion, 1999 and 2019 (percentages)



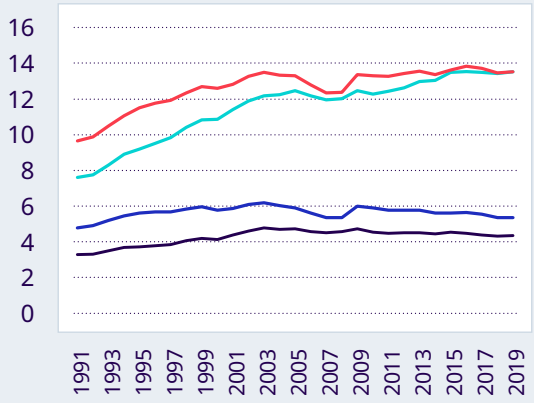
- 1999
- 2019

Panel C. Male and female employment-to-population ratio, by subregion, 2019 (percentages)



- Female
- Male
- Male-female gap (pp)

Panel D. Global and regional unemployment rate, youth and total, 1991 to 2019 (percentages)



- Asia–Pacific total
- World total
- Asia–Pacific youth
- World youth

Note: pp = percentage point. Total refers to persons aged 15 and over and youth to persons 15–24.
Source: ILO modelled estimates, October 2020 revision.

Unemployment is low in most countries in the region; youth unemployment is the exception.

The region's unemployment rate remained comparatively low, at 4.4 per cent in 2019, compared with 5.4 per cent at the global level and with little change over the past decade. By subregion, the unemployment rate in 2019 was highest in South Asia, at 5.3 per cent, followed by 4.6 per cent in the Pacific Islands, 4.4 per cent in East Asia and 2.5 per cent in South-East Asia (see Annex I, tables A3-A7).

The majority of countries recorded unemployment rates below 5 per cent (Annex I, table A8). The exceptions, nevertheless, included the Islamic Republic of Iran (at 11.1 per cent), Mongolia (at 10 per cent) and Samoa (at 14.5 per cent). The gender gap in the unemployment rate was marginal – differing by 1 percentage point or less – in around half of the countries (not shown). However, in some Pacific Island countries, unambiguous disparities were glaring. For instance, the female–male gap in the unemployment rate exceeded double digits in Samoa (at 11 percentage points) and Tuvalu (at 12 percentage points).

The youth unemployment rate, in contrast with the overall rate, showed a steadily increasing trend over the decade. By 2019, the youth unemployment rate, at 13.5 per cent, had converged with the global rate for the first time since the availability of estimates in 1991.

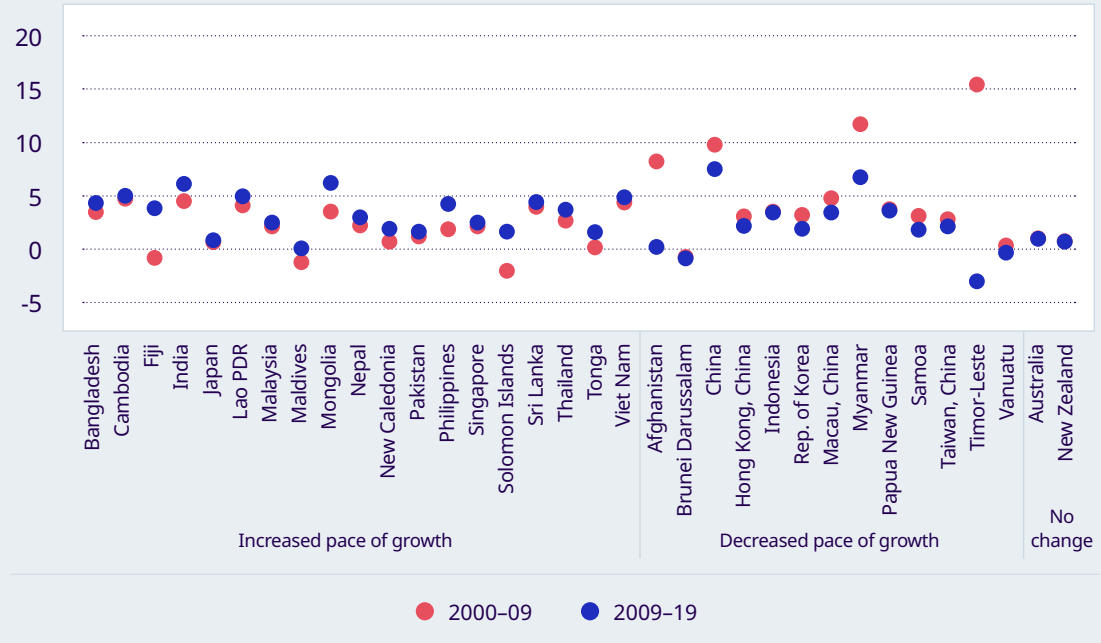
Sustainable Development Goal indicators linked to decent work reveal a lack of progress.

While the unemployment rate is included as one measure of progress towards the Sustainable Development Goals (SDG) of the 2030 Agenda for Sustainable Development, a wider array of SDG indicators is available to monitor the extent to which countries are following a decent work-led pathway to sustained, inclusive and sustainable economic growth (ILO 2018a). The following assessment of trends per SDG indicator serve as a warning that **even before the COVID-19 crisis, most countries in the Asia–Pacific region were not on track to meet the criteria set by Goal 8 and linked objectives of the 2030 Agenda:**

1. **Working poverty (SDG indicator 1.1.1)**, at least at the most extreme level (living on less than $1.90 a day) was declining before the COVID-19 pandemic. The regional share of workers living below the international $1.90 poverty line fell from 5.5 per cent in 2016 to 4.2 per cent in 2019. Five countries stood out for reducing the working-poverty rate by more than 3 percentage points during that three-year period: Afghanistan, Bangladesh, Cambodia, India and Lao People's Democratic Republic. Yet, working poverty rates remain high in the fragile states like Afghanistan, Papua New Guinea and Timor-Leste.
2. Low wages are an important cause of working poverty. Although data on average hourly wages or earnings are limited for countries in Asia and the Pacific, a few middle-income countries point to a concerning dynamic of instances of extremely low paid employment. The nominal **average hourly wage (SDG indicator 8.5.1)** was around $1 in Indonesia ($1.20), Pakistan ($0.70) and Viet Nam ($1.20). Conversely, the nominal mean hourly earnings was significantly higher in Brunei Darussalam ($6.40) and the Republic of Korea ($19.80), both high-income economies. Intra-regional wage disparities have been a factor in increasing foreign direct investment (FDI) to developing economies and the associated growth of low labour cost manufacturing. There are additional consequences to low median wages in economies that include rising income inequality, slower productivity growth and limited structural transformation-linked economic growth. Many countries in the region have established or strengthened minimum wages to limit unduly low pay, yet gaps continue to exist in terms of institutions, minimum wage-setting processes and compliance.
3. **Social protection coverage (SDG indicator 1.3.1)** has increased in many countries since 2016, and most countries with data coverage demonstrate a pattern of increase over time in the population covered by at least one social protection benefit. Yet overall, social protection coverage reaches less than half of the population in the Asia–Pacific region, and low- and middle-income countries remain far behind high-income countries in terms of coverage. This low coverage is strongly related to the significant underinvestment in social protection and to the large shares of informal sector that remain outside the social protection systems.

4. Most countries have experienced economic and job growth since 2016, but still the increase in the number of decent jobs, characterized in general terms as adequately paid work in the formal sector,[5] are insufficient to meet the expected progress needed to acheive SDG 8. Informality still accounts for the majority of all non-agricultural employment in the bulk of countries with comparable data. Measured at the regional levels, the share of **informal employment (SDG indicator 8.3.1)** in total non-agricultural employment was 59.2 per cent of all workers in the Asia–Pacific region (ILO 2018b). When including agriculture, the share jumped to 68.2 per cent.
5. Although not a part of the SDG measurement framework, the number of **temporary employees** as a share of total employees is an important indicator of decent work, and, specifically, the precariousness and instability of employment. The level of temporary employment is heterogeneous across the Asia–Pacific region, ranging from less than 20 per cent in the Lao People's Democratic Republic, Maldives, Republic of Korea, Samoa and Tonga to more than 70 per cent in India, Indonesia, Nepal and Pakistan.
6. The situation for young people in regards to their shares **not in employment, education or training (NEET) (SDG indicator 8.6.1)** has shown improvement in some Asia–Pacific countries. For example, the NEET rate decreased by 2–4 percentage points in Myanmar, Philippines and Sri Lanka between 2017 and 2019. On the other hand, youth in Viet Nam faced growing challenges as the NEET ratio increased by 5.2 percentage points over the same period. In some Pacific Island and South Asian countries, youth NEET rates remained higher than 30 per cent, largely due to the exclusion of young women from education and labour market opportunities (Afghanistan, India, Pakistan, Samoa and Tonga).
7. Labour productivity growth in the Asia–Pacific region has slowed in recent years. From a longer-term view, **labour productivity (SDG indicator 8.2.1)** increased at a faster rate in the period 2010–19 than in 2000–09 for more countries (at 19) than saw a deceleration (at 13) (figure 2). By subregion, only South-East Asia experienced an acceleration of labour productivity growth in the latter period over the former (figure 3). The countries with an estimated nearly twofold increase in labour productivity from 2010 to 2019 were Cambodia, China, India, Lao People's Democratic Republic, Mongolia, Myanmar and Viet Nam.

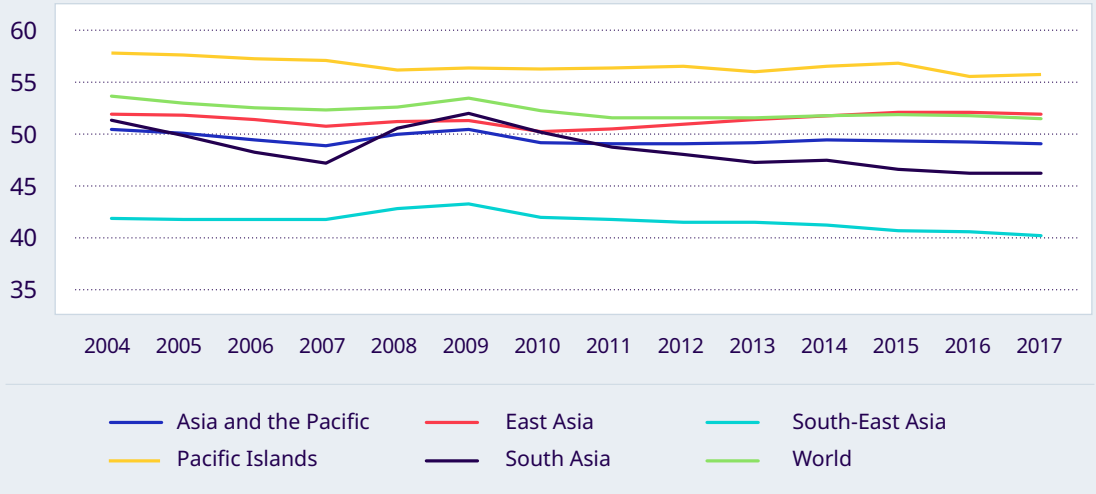
▶ Figure 2. Average annual growth in labour productivity, by economy, 2000–09 and 2010–19 (percentages)



▶ Note: Labour productivity is measured as GDP per person employed (GDP constant 2011 international $ in PPP).
Source: Calculations based on ILO modelled estimates, November 2019, available in ILOSTAT database.

5 There is sufficient evidence to show that even paid work in the formal sector does not meet all the criteria of "decency", if viewed in terms of job security (length of contract), access to entitlements (paid leave and social protection, for instance) and the level of wages. Nor does paid work in the formal sector bring with it an assurance of representation and voice. Nonetheless, given the lack of detailed data, paid and formal sector work can serve as general indicators. See ILO (2018a), section 1.4.4 for more information.

▶ Figure 3. Labour income shares, by region and subregion, 2004–17 (percentages)



▶ Note: Labour income share in GDP is the ratio, in percentage, between total labour income and GDP.
Source: ILO modelled estimates, July 2019, ILOSTAT database.

8. While labour productivity in many countries in the region has increased, growth in labour income shares has not kept pace, which is a factor behind the growing inequality. For the Asia–Pacific region, the **labour income share (SDG indicator 10.4.1)** – the share of national income paid in wages, including benefits, to workers – has held steady at around 49 per cent between the period 2010–17, but among the subregions, declining trends are evident in South-East Asia, the Pacific Islands and South Asia (figure 3). The decline in South Asia was as much as 4 percentage points. Declining labour income shares mean that the gains of economic growth are moving increasingly away from the pockets of workers to the owners of capital. Only East Asia experienced an uptick in in the labour income share from 50 per cent in 2010 to 52 per cent in 2017. Among the advanced economies of Australia, Hong Kong (China), Japan and Republic of Korea, labour income accounted for a considerable share of gross domestic product (GDP), ranging from 54 per cent to 57 per cent. Conversely, labour income represented less than 40 per cent of GDP in a number of developing economies, including Cambodia, Indonesia, Islamic Republic of Iran, Nepal, Papua New Guinea, Philippines and Sri Lanka.

9. Although data coverage is extremely limited and inadequate to provide rigorous regional trends analysis, a few countries offer illustrative examples of income-inequality trends. From 2016 to 2018, **inequality, measured as the proportion of persons living on income below 50 per cent of median income (SDG indicator 10.2.1),** increased in Thailand and Viet Nam by 0.5 percentage points and 0.6 percentage points, respectively. In Mongolia, however, the share decreased only slightly, from 10.2 per cent to 9.9 per cent.

The main labour market challenges centre on the quality of employment and the insufficiency of work to bring income security and dignity to all.

To summarize, although the aggregate labour market picture for many countries in the Asia–Pacific region was one of positive economic and employment growth in the decades before 2019, the region was still lagging in its capacities to bring all workers closer to conditions of decent work. The firmly rooted disadvantages faced by women in particular are shown to start from a young age and continue through the years of labour market experiences (box 1). Decent work deficits persist in all countries and have continued to weigh heavily on development trajectories. In the developing economies, workers remain vulnerable to household crises that could push them backwards into poverty, and few countries stood ready with fully functioning social protection systems to stabilize household income levels and ease the impact of economic shocks, such as what was to come in 2020 with the onset of the COVID-19 pandemic.

▶ Box 1. Little progress towards gender equality in the world of work

Women remain disadvantaged in the labour markets of Asia and the Pacific. The gender gap in labour force participation rates did not improve over the past decade, remaining at 32 percentage points and well above the global gap of 27 points. The gender gap in labour force participation in 2019 was relatively low in the Pacific Islands (at 9 percentage points) and East Asia (at 16 points). But with a gender gap of 54 points in South Asia, there remains an important challenge when it comes to providing women equal access to labour market opportunities and decent work.

Women continue to shoulder a disproportionate share of the unpaid care and domestic work. In Cambodia, China and Japan, women spent around 14–15 per cent of their **time on unpaid care and domestic work (SDG indicator 5.4.1)**, which was 9–12 percentage points more than the proportion for men. In addition, more than two thirds of working-age women in Cook Islands, Lao People's Democratic Republic, Mongolia, Nepal and Tonga, on average, were doing unpaid work as their sole activity, while this ratio for men was only 41 per cent.[1]

Shares of women in leadership positions remain small. In the Asia–Pacific region, about one quarter of all **managerial positions were held by women (SDG indicator 5.5.2)**. Trends indicate pay gaps are actually increasing in some countries (Malaysia and Pakistan). Across the region, without exception, young women are more likely than young men to be **not in employment, education or training (NEET) (SDG indicator 8.6.1)**, with the starkest differences found in countries of South Asia.

[1] ILO, "Millions of Hours Spent Daily on Unpaid Work: Evidence from Asia and the Pacific", *ILOSTAT Blog*, 2020.

3

The economic impact of the COVID-19 crisis in Asia and the Pacific

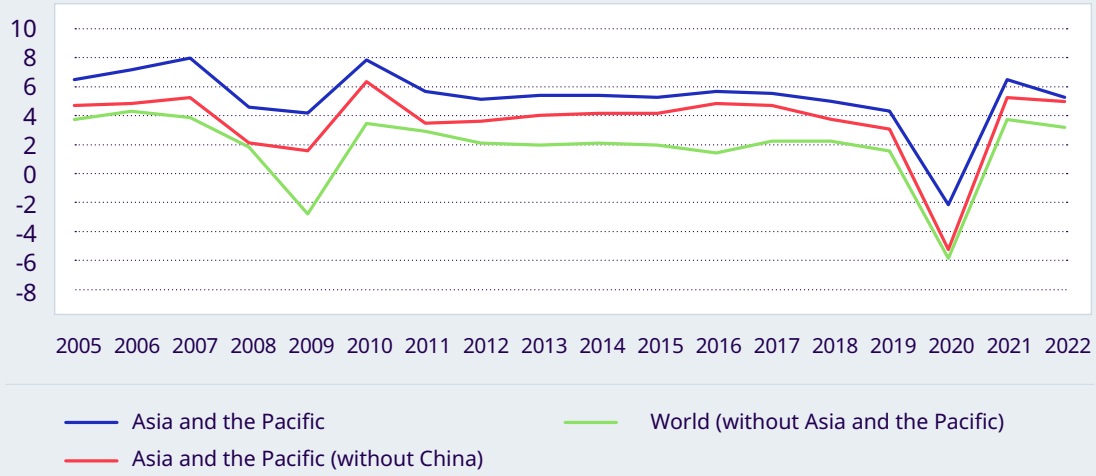
The Asia–Pacific region's booming record of economic growth has encountered a reversal of fortune.

Although economic growth in the Asia and the Pacific region had already shifted downwards from 5.1 per cent in 2018 to 4.4 per cent in 2019, the decline was significantly amplified as a result of the COVID-19 pandemic (figure 4). COVID-19 infections continue to spread in many countries of the region. In the month of September 2020, the number of cases at the regional level reached 716 per 1 million population. As of November 2020, the share had declined to 509 cases per 1 million population.[6]

The continuing spread of the virus across the globe and associated economic turmoil weigh heavily on domestic and foreign consumer demand, production, investment and tourism. As a result, economies in the Asia–Pacific region are expected to shrink by 2.2 per cent in 2020, which is the first negative economic growth rate seen in the region for decades and a drop of nearly 7 percentage points from the growth rate of 2019. The downturn is considerably stronger than during the global financial crisis in 2008–09, when growth remained positive and fell 4 percentage points from the start of the crisis. It remains an open question whether the region will see a strong rebound in 2021 or whether the crisis will linger for longer. The International Monetary Fund (IMF) estimates a rebound to 6.7 per cent growth in 2021, but with circumstances changing daily, the projection must be viewed with caution.

6 Calculations based on data from the European Centre for Disease Prevention and Control.

▶ Figure 4. Global and regional GDP growth (percentages)



▶ Source: Calculations based on IMF, World Economic Outlook database, October 2020.

South Asia is the hardest-hit subregion.

Among all subregions, South Asia is experiencing the most severe consequences as a result of the COVID-19 pandemic. Economic growth is expected to be at negative 7.7 per cent in 2020 (table 1). Also, the Pacific Islands is expected to experience negative economic growth of 4.6 per cent, largely driven by Australia and New Zealand, but also some of the island countries that have been suffering particularly from the collapse of tourism. South-East Asia is expected to reach a growth rate of negative 3.5 per cent in 2020. Only in East Asia does the estimated growth rate remain positive, at 0.2 per cent.

▶ Table 1. Global, regional and subregional GDP growth (percentages)

Region	2018	2019	2020	2021	2022
World	3.5	2.8	-4.4	5.2	4.2
Asia and the Pacific	5.1	4.4	-2.2	6.7	5.4
East Asia	5.1	4.7	0.2	6.8	4.9
South-East Asia	5.2	4.5	-3.5	6.1	5.5
Pacific Islands	2.9	2.0	-4.6	3.2	2.8
South Asia	5.0	3.9	-7.7	7.2	7.1

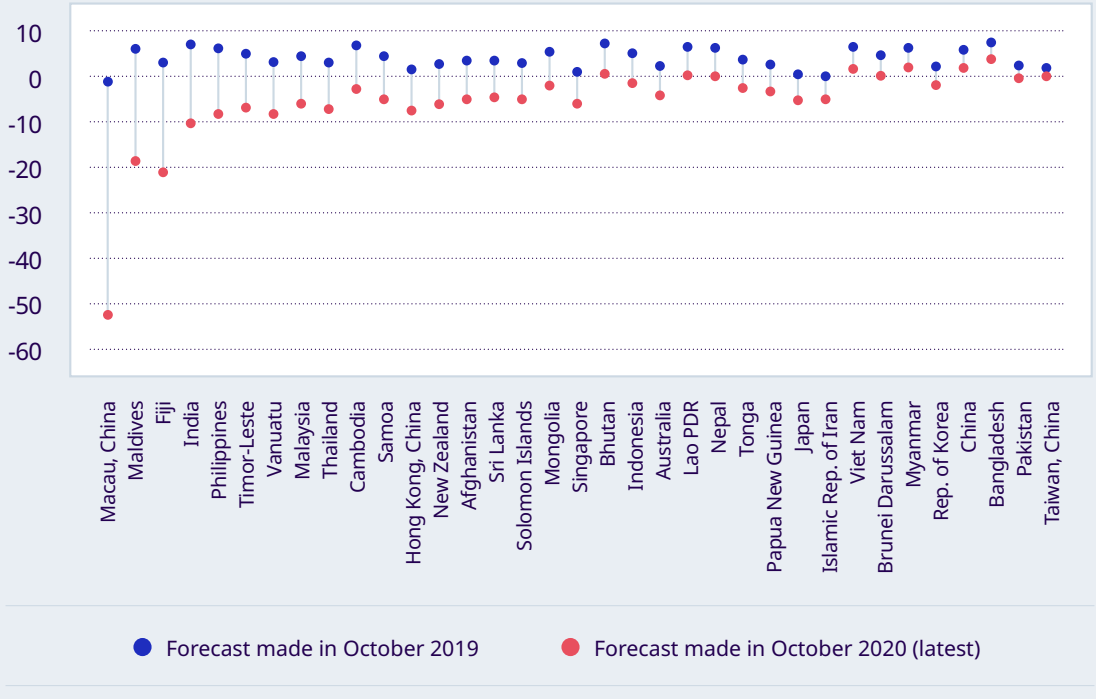
Source: Calculations based on IMF, World Economic Outlook database, October 2020.

Not a single country in the region has been spared by this crisis.

One remarkable characteristic of the COVID-19 crisis is that not a single country has been spared in terms of economic loss. Nonetheless, the magnitude of the impact has varied to a large extent among countries. An idea of the overall economic impact on different countries can be derived by comparing the most recent economic growth estimates for 2020 with those produced by the IMF in October 2019, before the pandemic started. The results in figure 5 reveal Macau (China) and the Maldives, which are heavily dependent on tourism, as having the largest downward revisions of economic growth, with their economies expected to shrink by 52 per cent and 19 per cent, respectively, in 2020. Among the economies in the Pacific Islands subregion, Fiji and Vanuatu are projected to shrink the most, with a stark downward revision from the solid positive economic growth rates expected before the crisis. Within South-East Asia, Malaysia, Philippines and Thailand were among the hardest-

hit countries. These are countries that are doubly impacted by the collapse in tourism and by the interlinkages of their manufacturing sectors through supply chains (ILO 2020b; ILO 2020c; ILO 2020d). Also, Cambodia's and Timor Leste's growth prospects have been revised substantially downwards.

Figure 5. Change in 2020 GDP growth forecast between October 2019 and October 2020 (percentages)

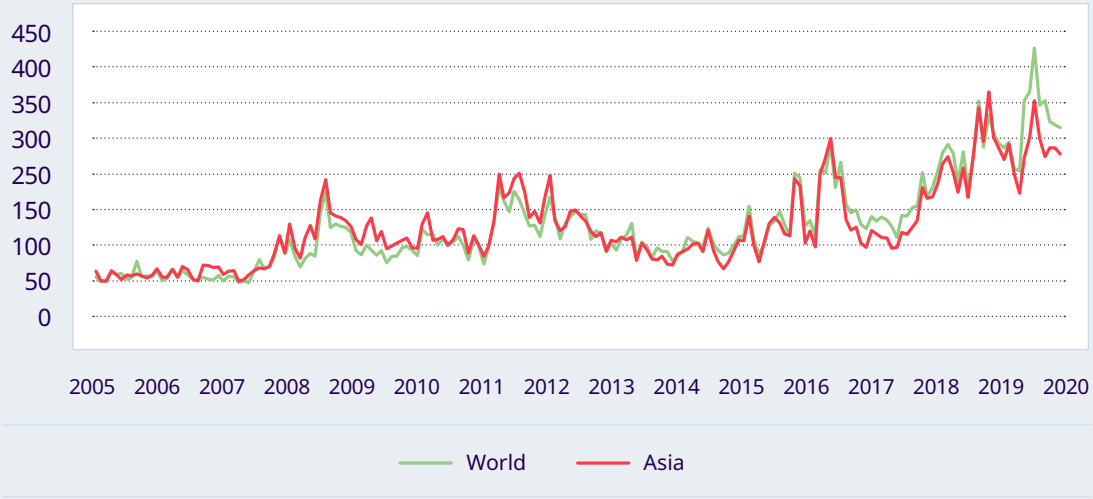


Notes: Economies are sorted according to the size of the difference between the October 2020 forecast and the October 2019 forecast of GDP growth in 2020.
Source: IMF, World Economic Outlook database.

Increased uncertainty is a major factor weighing on economic growth.

There is a large amount of economic policy uncertainty related to the future of the pandemic but also to the effectiveness and fiscal sustainability of policies put in place to mitigate its adverse impacts on economies. Economic uncertainty was already high in 2019, largely driven by geopolitical tensions and trade wars. During the COVID-19 crisis, with the adverse impacts on consumption and investment, economic uncertainty has risen further (Baker et al. 2020; figure 6). Although many governments stepped in to support their economy with monetary and fiscal stimulus measures, which included unprecedented support of workers and enterprises (as discussed in section 5), it remains unclear how long government assistance will be needed and how long governments will actually manage to keep up the same level of expenditure, especially when fiscal space narrows for some countries.

▶ Figure 6. Economic policy uncertainty index



▶ Note: The economic policy uncertainty index combines information on stock market volatility, newspaper-based economic uncertainty and subjective uncertainty in business expectation surveys. The index shown for Asia corresponds to the simple average of the country-level indices for China, India, Japan and the Republic of Korea.
Source: www.policyuncertainty.com.

Domestic demand has recovered to some extent but is still below pre-crisis levels in many countries.

Consumption has been recovering from the lowest points observed earlier this year, when most countries in the region had strict lockdown and containment measures in place. China began to see positive growth rates in retail sales in August and September 2020. However, year-on-year growth rates are still lower than during the same months in 2019. With the exception of Hong Kong (China) and the Republic of Korea among the economies with available data, retail sales in August and September remained below those from one year prior (table 2).

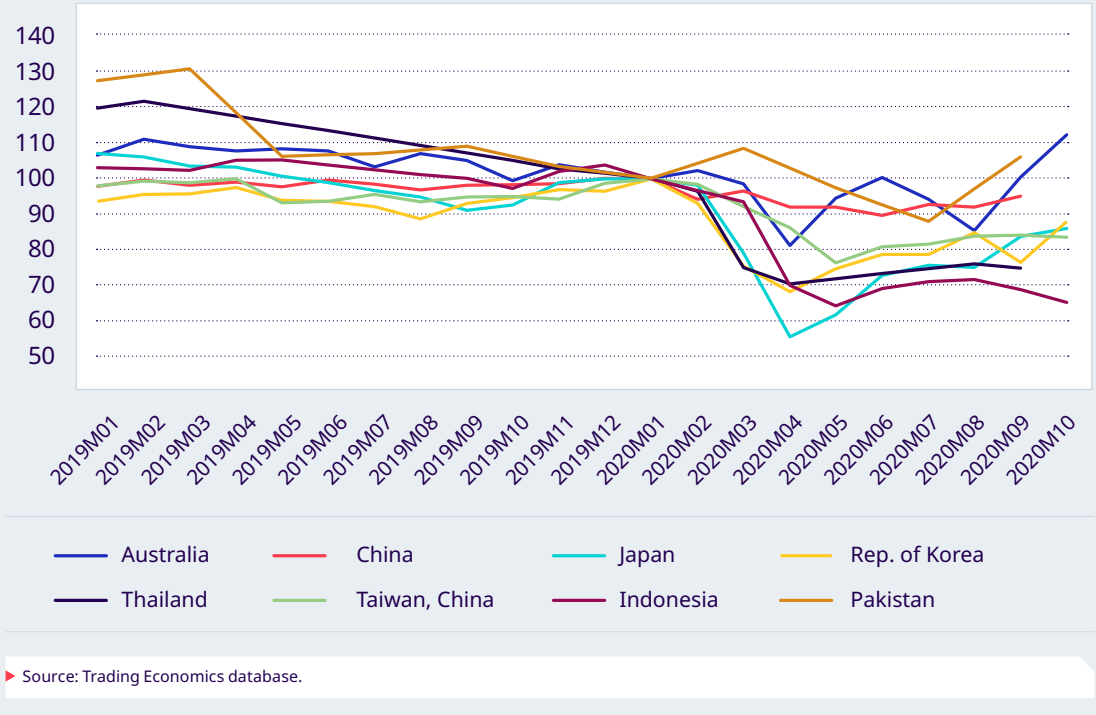
With widespread job, working-hour and income losses (see section 4), purchasing power and consumer confidence is down in many countries, relative to before the crisis (figure 7). Only consumers in Australia and Pakistan (among available economies) reflected a higher confidence index in the months of third quarter 2020 than in the previous year. In recent months, there have been signs that confidence is slowly recovering in other economies as well, including China. In many countries, however, consumers are still hesitant to purchase non-essential items like cars or electronics due to the uncertainties of future economic prospects. While non-essential businesses in most of the region were forced to close in April 2020 due to lockdown orders mandated by governments, many have since reopened, albeit with strict physical distancing guidelines and hygiene safety measures to follow that can hamper the return to normalcy.

Table 2. Year-on-year retail sales growth, by month, available economies

	2019												2020								
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9
China																					
Hong Kong, China																					
Indonesia																					
Japan																					
Malaysia																					
Philippines																					
Rep. of Korea																					
Singapore																					
Thailand																					
Taiwan, China																					
Viet Nam																					

Note: Different shades of red colour indicate negative growth, with more negative growth rates marked in darker shades of red. Different shades of yellow colour indicate a growth of around zero. Different shades of green colour indicate positive growth, with more positive growth rates marked in darker shades of green.
Source: Trading Economics database.

Figure 7. Consumer confidence, available economies (Index: 100 = January 2020)



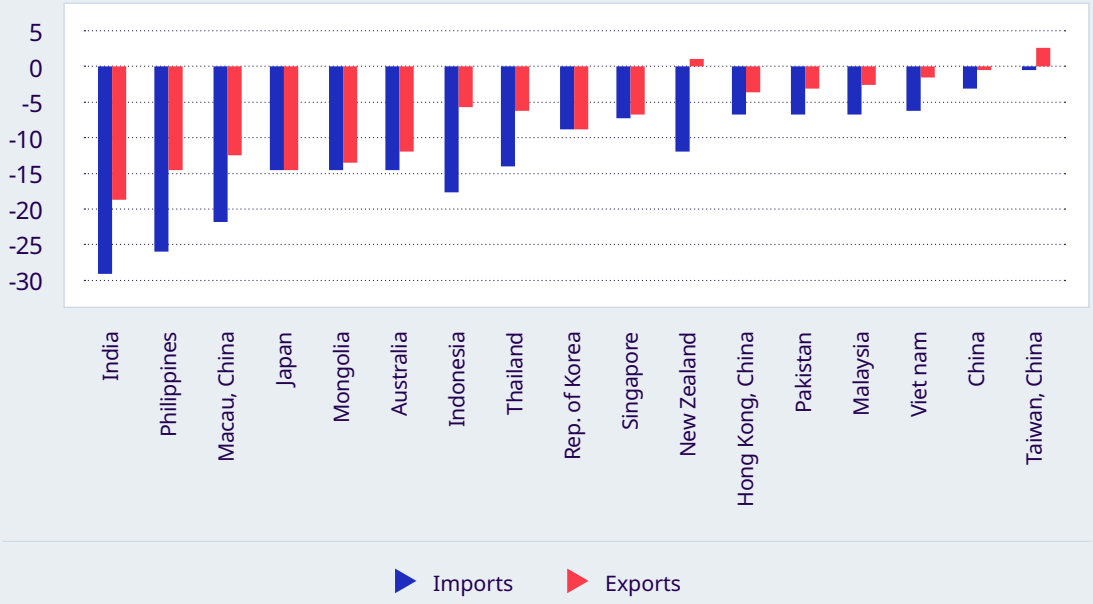
Source: Trading Economics database.

Countries with large export shares are vulnerable to declines in foreign demand.

Not only domestic but also foreign demand has collapsed, especially in the second quarter of 2020, exposing the vulnerability of those economies that crucially depend on their contribution to global production through supply chains. Overall, Australia, India, Japan, Macau (China), Mongolia and Philippines all experienced double-digit negative growth rates in their exports in the first three quarters of 2020 (figure 8). The monthly pattern of export growth indicates some signs of recovery, albeit only in recent months. Similarly, imports dropped sharply during the first three quarters of the year. Some countries, especially those in the Pacific Islands subregion, experienced difficulties importing essential goods, including medical supplies, due to travel restrictions impacting air and sea schedules (Veve 2020).

Some manufacturing sectors, such as garments, electronics and motor vehicles, have been more harshly affected by the drop in global consumer demand than others. The enterprises and workers in these sectors are thus especially vulnerable to the crisis impact (see section 4.2.4). In some countries, the COVID-19 crisis has exposed the lack of diversification of the export sector, which can be linked to low levels of resilience to a crisis (ILO 2020e). Not only does the drop in consumption continue to weigh on manufacturing production but so does the risk of disrupted input supply, induced by mandatory workplace closures implemented throughout the world to curb the spread of the pandemic. Shortages of input and raw materials are other factors preventing factories from returning to pre-crisis production levels (Martin 2020).

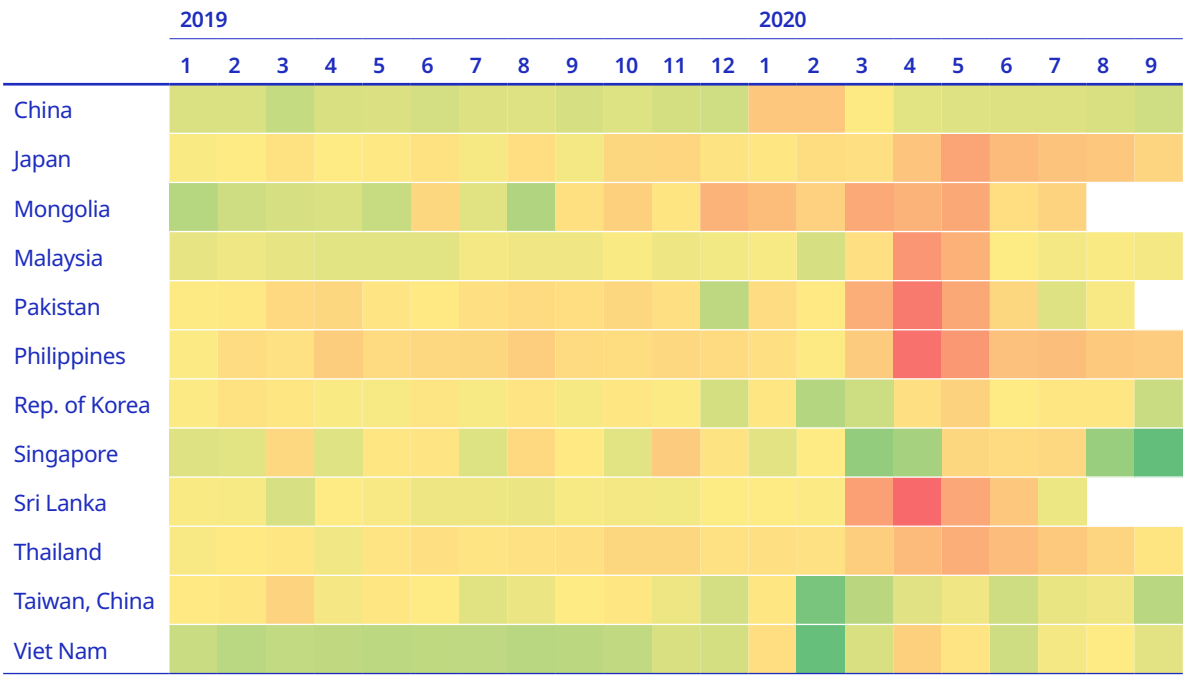
Figure 8. Export and import value in January–September 2020, change relative to January–September 2019, available economies (percentages)



Source: Trading Economics database.

Industrial production declined sharply in early 2020. Some economies have in the meanwhile seen a modicum of recovery in industrial production, with positive year-on-year growth rates in recent months (table 3). In particular, China has had a strong recovery in industrial production, with year-on-year growth rates in August and September 2020 that outpaced the 2019 rates. However, Japan, Philippines and Thailand still had negative industrial production growth rates in September 2020.

▶ Table 3. Year-on-year industrial production growth, by month, available economies



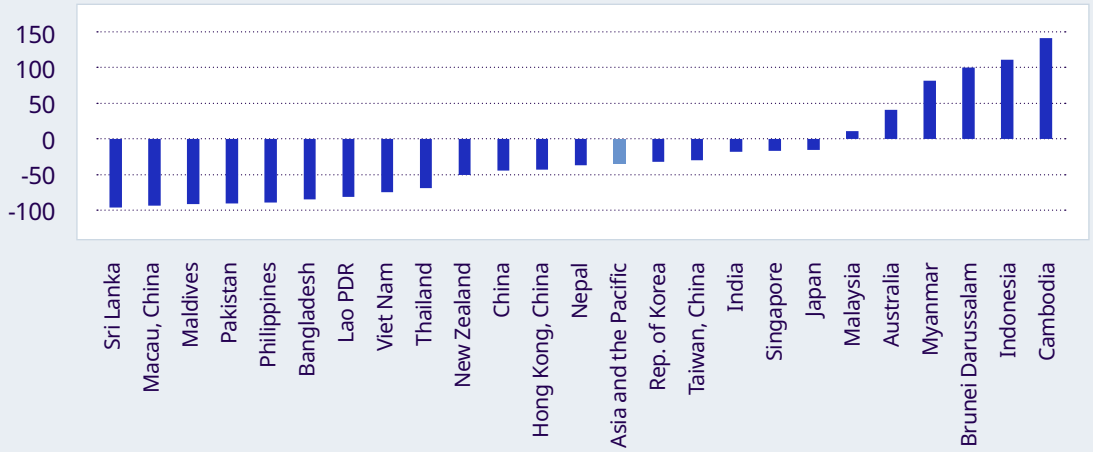
Note: Different shades of red colour indicate negative growth, with more negative growth rates marked in darker shades of red. Different shades of yellow colour indicate a growth of around zero. Different shades of green colour indicate positive growth, with more positive growth rates marked in darker shades of green.
Source: Trading Economics database.

Foreign direct investment has dried up.

The increased uncertainty about the viability of future investment projects has caused a drying up of FDI in the Asia–Pacific region (UNCTAD 2020). On the whole, the region experienced a decline in foreign greenfield investment in the first half of 2020, at 34 per cent, compared with the year before.[7] The drop was 41 per cent for extraregional FDI, while intraregional FDI dropped by 26 per cent. Of 25 economies for which data are available, only six showed an increase in greenfield investment during the same time period. Macau (China), Maldives, Pakistan, Philippines and Sri Lanka reflected the largest decline in greenfield investment, ranging from 84 per cent to 89 per cent (figure 9).

7 UNCTAD (2009) defines greenfield FDI as relating to "investment projects that entail the establishment of new entities and the setting up of offices, buildings, plants and factories from scratch. It is a kind of working capital. The direct investment enterprise established through greenfield FDI can be a branch, an unincorporated enterprise or an incorporated enterprise (that is, a separate unit maintaining its own accounting books)."

Figure 9. Greenfield foreign direct investment in January–June 2020, annual growth in capital expenditures, available economies (percentages)

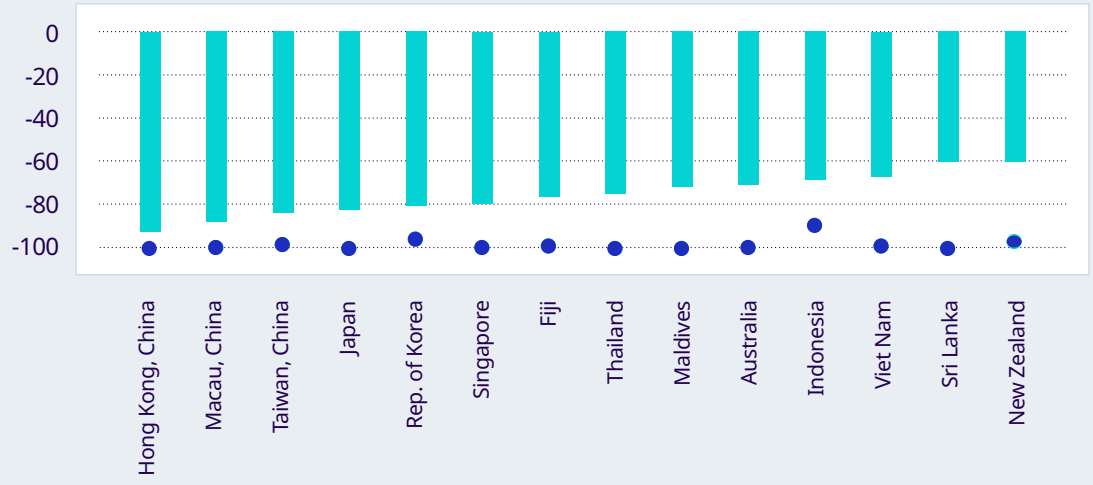


Source: Calculations based on fDi Markets.

International tourism has collapsed.

Many countries are largely dependent on tourism (ILO 2020f). While some governments in the region have made efforts to promote domestic tourism, international tourism has collapsed due to COVID-19. This is the result of travel restrictions and strict quarantine rules imposed by governments as well as commercial flight bans. In economies with available data, there have almost been no international tourist arrivals except in Indonesia and the Republic of Korea. Also in these countries, tourist arrivals declined by more than 89 per cent in the first eight months of 2020, compared with the same period in 2019 (figure 10). The lack of international tourism has been devastating to the enterprises and workers in the sector, and many tourism enterprises now rely on government support to survive. The decline in retail sales (see table 2) in tourism-rich economies can be partially explained by the collapse of tourism.

Figure 10. Change in international tourist arrivals, available economies (percentages)



Source: Trading Economics database.

4

Labour market and social consequences of the crisis

4.1 Introduction

The region has weathered severe economic crises before. With the Asian financial crisis of 1997 and the global financial crisis of 2008, there are precedents for how severe demand shocks unfold in the labour market. Still, every crisis is different, and the COVID-19 crisis has certain peculiarities that distinguish it from previous crises. What began as a health pandemic quickly turned into an economic crisis when governments imposed unprecedented lockdown and containment measures that invoked workplace shuttering as well as closure of international borders. The supply- and demand-side shocks have resulted in economic uncertainties that are further reflected in depressed consumption and investment. The transmission of the economic impact to the labour market thus comes through a multitude of channels, making the COVID-19 crisis more complex than previous ones.

This section examines relevant labour market indicators to home in on the extent of employment and labour market impact of the COVID-19 crisis. Section 4.2 presents the actual and estimated results of working-hour losses, employment losses and increases in unemployment and inactivity. Section 4.3 discusses the impact on labour income and working poverty, and finally, section 4.4 focuses on the crisis impact on the most vulnerable groups, including informal workers, women, youth and migrant workers.

4.2 COVID-19 impact on working hours and job loss

4.2.1 Impact on working hours

Working-hour losses are the most widespread effect of the crisis on labour markets, affecting millions of workers.

The lockdown measures in response to the COVID-19 pandemic have resulted in unprecedented reductions in hours worked across the region, affecting workers of all ages. As shown in table 4, the ILO estimates that 7.3 per cent of working hours were lost in Asia and the Pacific during the first quarter of 2020, equivalent to 125 million full-time equivalent jobs (based on a 48-hour work week), relative to the fourth quarter of 2019 (ILO 2020a). Results for the second quarter are significantly worse, with working hours estimated to have decreased by 15.2 per cent from fourth quarter 2019, which translates to a loss of 265 million full-time equivalent jobs. The largest loss in working hours across the world is estimated to have occurred in South Asia (with a decline of 27.3 per cent in the second quarter, equivalent to 170 million full-time jobs).

In the third quarter, with lockdown measures eased in many countries of the region and retail and industrial activities restarting, although at muted levels, working-hour losses are expected to be lower than in the second quarter. Still, working hours in the third quarter at the regional level are expected to remain at 10.7 per cent below those of fourth quarter 2019, equivalent to the loss of 185 million full-time equivalent jobs.

▶ Table 4. Working-hour losses, by region and subregion, first three quarters of 2020

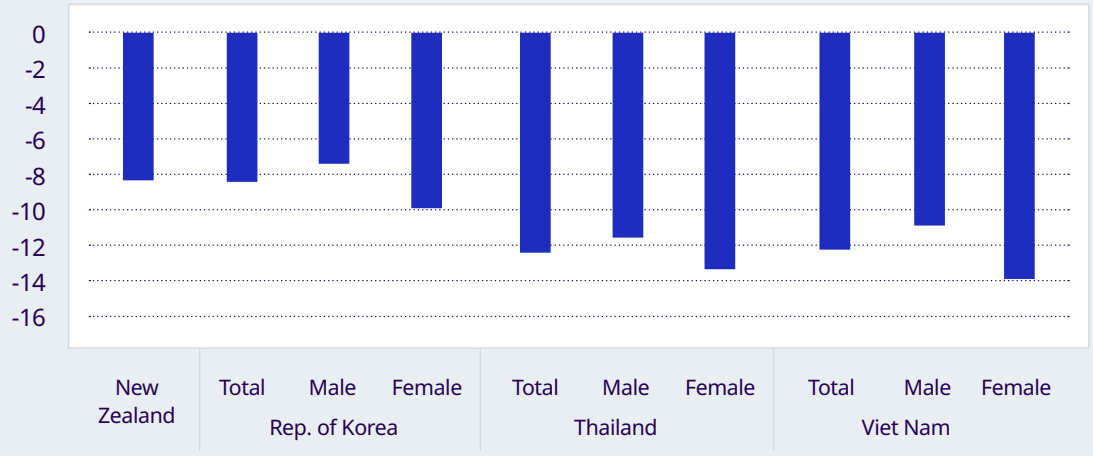
Region and subregion	2020 Q1		2020 Q2		2020 Q3	
	Percentage working hours lost	Equivalent number of FTE (48 hours/ week) (millions)	Percentage working hours lost	Equivalent number of FTE (48 hours/ week) (millions)	Percentage working hours lost	Equivalent number of FTE (48 hours/ week) (millions)
Asia and the Pacific	7.3	125	15.2	265	10.7	185
East Asia	12.0	100	5.5	45	4.9	40
South-East Asia	3.4	9	17.1	48	10.9	30
Pacific Islands	0.9	0	8.7	1	6.5	1
South Asia	3.1	19	27.3	170	18.2	115
ASEAN	3.4	9	17.2	48	10.9	30

Note: The figures in the table cover all workers (aged 15+) and refer to changes in comparison with the fourth quarter of 2019. Values of full-time equivalent (FTE) jobs lost at more than 50 million are rounded to the nearest 5 million; values below that threshold are rounded to the nearest million. The equivalent losses in full-time jobs are presented to illustrate the magnitude of the estimates of hours lost. The FTE values are calculated on the assumption that reductions in working hours were borne exclusively and exhaustively by a subset of full-time workers and that the rest of the workers did not experience any reduction in hours worked. The figures in this table should not be interpreted as numbers of jobs actually lost or as actual increases in unemployment. See the Technical Annex I of ILO (2020a) for a more detailed explanation on methodology.

Source: ILO 2020a.

Figure 11 shows the country-level situation, based on the few data sets available at the time of writing. The scale of lost working hours relative to last quarter 2019 were 8.3 per cent in New Zealand, 8.4 per cent in the Republic of Korea, 12.4 per cent in Thailand and 12.2 per cent in Viet Nam. In the three countries with available data by sex, working-hour losses were steeper for women than men.

▶ Figure 11. Change in total working hours, Q4 2019 to Q2 2020 (percentages)

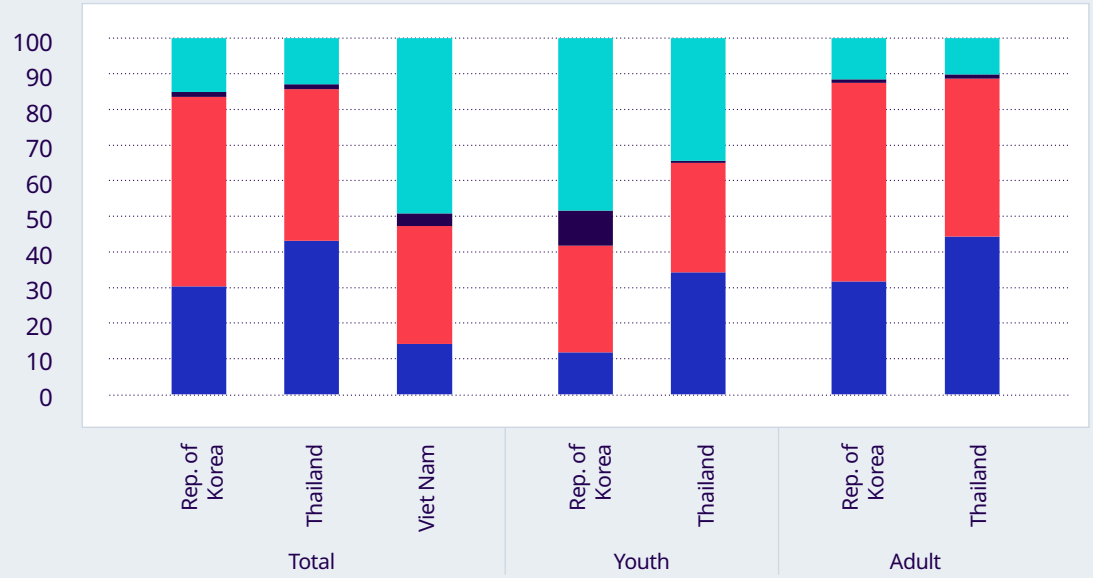


▶ Note: New Zealand refers to December (Q4) and March (Q2).
Source: Calculations based on the micro datasets of national Labour Force Surveys, except for New Zealand, which comes from online releases of Statistics New Zealand.

Countries with different labour market institutions show diverse results on how working-hour losses have been distributed during the COVID-19 crisis. Following the previous example of ILO (2020f), it is possible to examine working-hour losses by four components: (i) shorter hours: a drop in average weekly hours worked compared with the pre-crisis situation; (ii) employed but not working: workers who remain attached to their job but do not engage in any work at all – they are employed but not at work or are temporarily absent from work (furloughed workers and workers on sick leave); (iii) job loss leading to unemployment; and (iv) job loss leading to a withdrawal from the labour force (inactivity).

At the time of writing, data allowing for decomposition were available for the Republic of Korea, Thailand and Viet Nam, comparing the second quarters of 2019 and 2020. Figure 12 illustrates that in the Republic of Korea, most of the working-hour losses were due to workers engaged in reduced hours (at 53 per cent of the reduced working hours), followed by job furloughs, which mean workers remained attached as employees but were temporarily not working (at 30 per cent). Only 15 per cent of working hours lost were due to persons moving into inactivity and 1 per cent into unemployment. Thailand shows a similar dominance of persons remaining employed (at 43 per cent of persons on reduced hours and 43 per cent of persons working zero hours), with 13 per cent of lost hours due to persons moving into inactivity and 1 per cent into unemployment. Viet Nam was different, with the largest share of working-hour losses due to persons moving into inactivity (at 49 per cent), followed by 33 per cent of persons working reduced hours and 14 per cent employed but not at work.

Figure 12. Decomposition of working-hour losses, by age cohort, Republic of Korea, Thailand and Viet Nam, Q2 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. Youth are aged 15–24 and adults are 25 and older. Data for Viet Nam does not allow for reliable estimation by age group.
Source: Calculations based on the micro datasets of national Labour Force Surveys.

Young people (aged 15–24) have experienced the loss of working hours in different ways than adults (aged 25 and older). Working-hour losses have been greater for youth than adults (in available economies), and working-hour losses are more likely reflected in outright job loss than temporary job suspension for youth than for adults, as shown for the Republic of Korea and Thailand in figure 12. Measured outright, the total working time for young workers in the Republic of Korea decreased by 24 per cent between the second quarters of 2019 and 2020, compared with 13 per cent for adults. In Thailand, the loss in working hours was on a scale of 17 per cent for youth and 12 per cent for adults.

In the Republic of Korea and Thailand nearly half (48 per cent) and one third (34 per cent), respectively, of working hour losses among young people was due to their entry into inactivity. These figures were three to four times larger than the shares among adults. When it comes to recovery, all eyes will be on the extent to which young people are reactivated into work, especially knowing that the longer they remain in unemployment or inactivity, the greater will be the "scarring", with future negative impacts on earnings and career pathways over the lifetime (ILO and ADB 2020).

The capacity of both Korean and Thai employers to retain workers (and to a lesser degree in Viet Nam), albeit on reduced hours, through the second quarter, reflects in part the countries' institutional structure of employment protection as well as the effectiveness of measures to support employment retention.[8] In the Republic of Korea, worker dismissal is strictly regulated under article 24 of the Labour Standards Act. In Thailand, section 75 of the Labour Protection Act stipulates that if an employer cannot operate business normally for reasons other than force majeure, the employer may temporarily suspend the business in whole or in part but must continue to cover at least 75 per cent of the wages of employees. Both governments launched numerous measures to support employment security during the COVID-19 period, including the introduction of flexible work arrangements (Republic of Korea), increased employee retention subsidies (both countries) and more.[9]

Although comparable data on the size of working-hour losses cannot be presented here, government reports in Singapore have stated that shorter work weeks and unpaid leave were among the most utilized cost-saving measures of enterprises, in keeping with the country's collective agreement that requires enterprises to do everything possible to retain workers.[10] Half of workers most affected by the measures were in three sectors: accommodation and food services, construction, and wholesale and retail trade. Even with strong support measures in place, the number of retrenchments of workers in Singapore in the second quarter of 2020 were double that of the previous quarter and three times more than in the second quarter of 2019 (Government of Singapore 2020a).[11]

For comparison, ILO (2020f) provides the decomposition of working-hour losses in five other countries. Among them is the United States, where the ease at which enterprises can shed workers (specific to the national labour legislation) is reflected in the 46 per cent of working-hour losses attributed to increased unemployment.

Rising time-related underemployment is another symptom of working-hour losses.

Trends in time-related underemployment further demonstrate the labour market impact that COVID-19 has had on working hours. Because reduced working hours have significant consequences on labour income, many workers view the circumstance negatively and state they would prefer – and are available – to work additional hours. For all six Asia–Pacific economies with available data, time-related underemployment (defined as working fewer than 35 hours per week but wanting and being available to work more hours) increased considerably during the second and third quarters of 2020.[12] To illustrate, time-related underemployment in the second quarter expanded by 327 per cent in Viet Nam, 254 per cent in Hong Kong (China) and 149 per cent in Thailand (figure 13). Time-related underemployment also increased in Australia, Republic of Korea and New Zealand, although at a less-pronounced rate.

Two other dynamics were generally consistent across the sample economies. With the exception of Australia, in five of the six economies with available data, the rate of expansion in time-related underemployment was greater for women than for men. This was especially the case in Hong Kong (China), where the gender-based difference was striking. Second, the impact of the COVID-19 crisis on time-related underemployment may have reached the lowest point in the second quarter for most of the economies. In Viet Nam, for example, the year-on-year trend in time-related underemployment actually reversed and contracted by 23 per cent in the third quarter.

8 Another institutional factor that is likely to influence the results of working-hour losses is the scale of the informal sector in a country. Section 4.5 investigates the results of working-hour losses of informal workers.

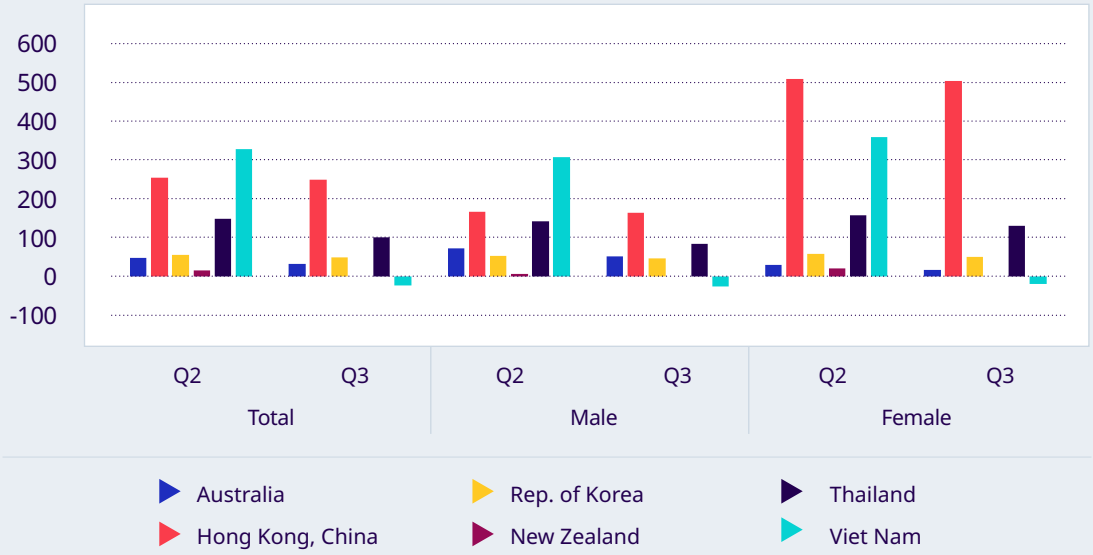
9 See Country policy responses collected and regularly updated by the ILO.

10 A tripartite advisory on managing excess human resources and responsible retrenchments required that employers notify the Ministry of Manpower if cost-cutting measures affecting workers' salaries, including retrenchment, were taken (Government of Singapore 2020b). See also "Updated Advisory on Salary and Leave Arrangements", accessed 7 October 2020.

11 Statistics on retrenchments cover private enterprises with at least 25 employees. Ministry of Manpower data are available at https://stats.mom.gov.sg/Pages/Retrenchment-Summary-Table.aspx, accessed 26 August 2020.

12 The working-hour threshold for time-related underemployment in New Zealand is based on the definition of part-time employment (fewer than 30 hours per week).

Figure 13. Change in time-related underemployment, by sex, available economies, Q2 and Q3 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. The working hour threshold for time-related underemployment is less than 35 hours per week except in New Zealand (less than 30 hours per week). Third quarter estimates for New Zealand are not available.
Source: Calculations based on quarterly data available in ILOSTAT database.

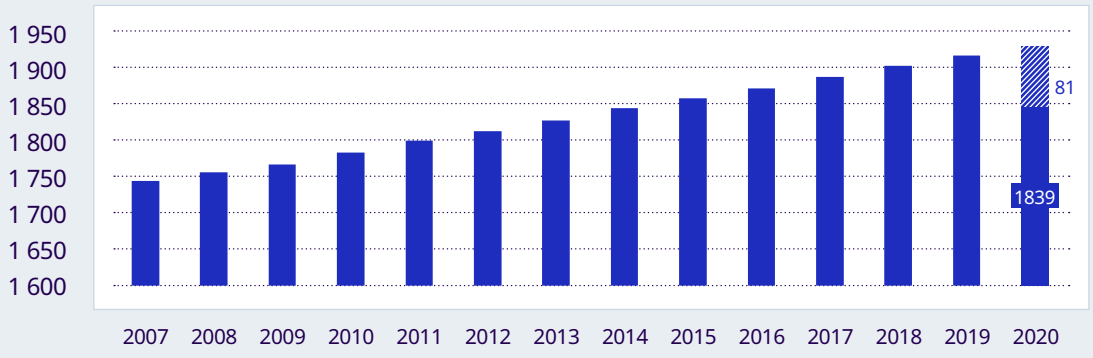
4.2.2 Impact on employment at the regional level

In Asia and the Pacific, the expected jobs gap in 2020 due to the crisis is 81 million.

Before 2020, employment in the region followed a steady upward trend, with annual employment growth rates of 0.7–0.9 per cent. That positive regional employment trend has been disrupted by the current crisis.

Using available labour market information and applying a nowcasting model, it is possible to generate a preliminary regional jobs gap estimate for 2020 (all quarters). The results, highlighted in figure 14, indicate that employment in the Asia–Pacific region in 2020 is an estimated 1.839 billion persons, which is a significant drop (4.2 per cent) from the pre-crisis estimate of 1.920 billion employed. This implies an expected jobs gap of 81 million across the region due to the effects of the COVID-19 crisis.

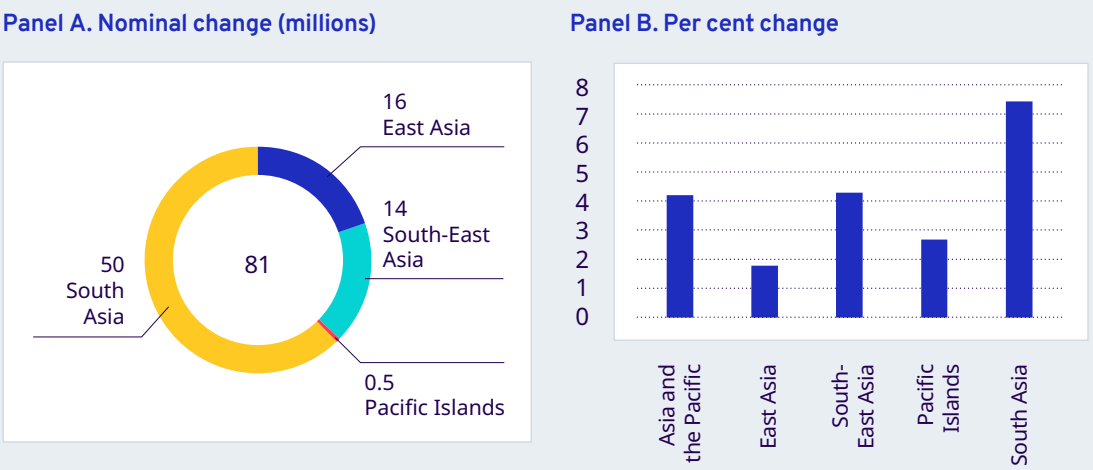
Figure 14. Employment, Asia–Pacific region, 2007–20 (millions)



Note: The job loss of 81 million corresponds to the difference between the current ILO projection of 2020 employment and a pre-COVID-19 projection of 2020 employment. The 2020 estimates are preliminary.
Source: ILO estimates. See Annex II for details on the estimation model.

The regional employment loss is largely driven by South Asia, where the 2020 jobs gap comes to 50 million jobs, corresponding to a 7.4 per cent drop from the pre-crisis trend (figure 15). This is in line with the sharp decline in estimated working-hour losses in the subregion presented in section 4.2.1. The jobs gap in East Asia is estimated at 16 million jobs (1.8 per cent below the pre-crisis projection). South-East Asia and Pacific Islands follow, with jobs gap estimates at 14 million (4.3 per cent) and 0.5 million (2.7 per cent), respectively.

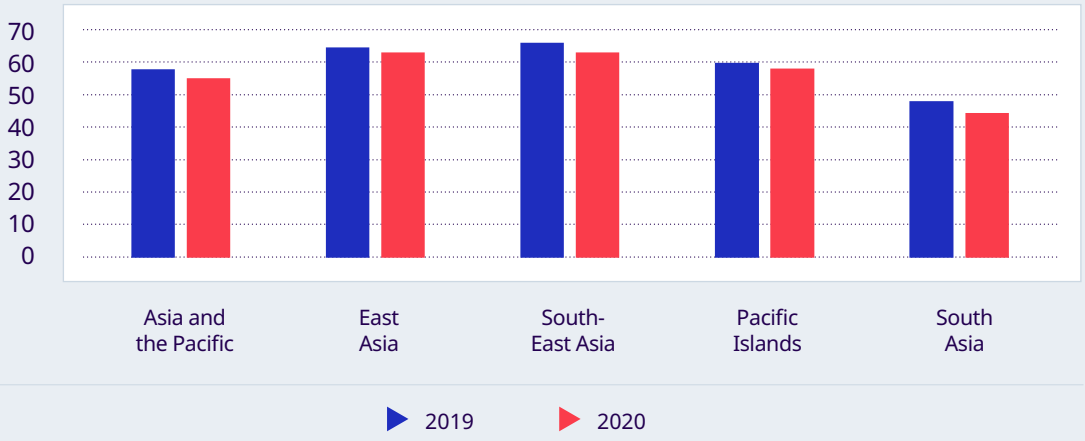
Figure 15. Estimated jobs gap in 2020, by subregion (percentages and nominal)



Note: The jobs gap is the difference between the ILO preliminary projection of 2020 employment and a pre-COVID-19 employment projection for 2020.
Source: ILO estimates. See Annex II for details on the estimation model.

The decrease in employment in 2020 lowers the region's employment-to-population ratios (EPR) (figure 16). The overall EPR is expected to decline by 2.7 percentage points, from 57.9 per cent in 2019 to 55.2 per cent in 2020. In line with the high magnitude of job losses, South Asia is expected to see an EPR decline by 3.7 percentage points, from 48.2 per cent in 2019 to 44.5 per cent in 2020. The decrease in EPR in South Asia is especially noteworthy, given it was already among the world's lowest due entirely to the low employment rate of women. A reduction in the EPR by 2.9 percentage points between 2019 and 2020 is expected for South-East Asia, while a reduction by 1.8 and 1.5 percentage points, respectively, is expected for the Pacific Islands and East Asia.

Figure 16. Employment-to-population ratio, by region and subregion, 2019 and 2020 (percentages)



Note: The 2020 estimates are preliminary.
Source: ILO estimates. See Annex II for details on the estimation model.

When it comes to the estimated 2020 jobs gap by sex, there is an expected difference between women and men. Comparing new estimates against the pre-crisis 2020 estimates, the female jobs gap is greater than the male jobs gap, at 4.6 per cent below the pre-crisis trend, compared with 4 per cent for men (figure 17). The estimated 2020 gap is thus 32 million jobs for women and 49 million jobs for men, which together sums to the overall jobs gap of 81 million.

While the scale of differences by sex is not wide, there is a strong difference between expected job losses in 2020 of young workers and adult workers. Relative to the pre-crisis trend, there is an expected 8 per cent jobs gap for young workers, corresponding to 17 million jobs. This is much larger than the estimated 2020 jobs gap of 3.7 per cent for adult workers, implying a loss of 63 million jobs.

▶ Figure 17. Estimated jobs gap in 2020, by sex and age group (percentages)

▶ Note: The jobs gap is the difference between the ILO preliminary projection of 2020 employment and a pre-COVID-19 employment projection for 2020. Youth are aged 15–24 and adults are 25 and older.
Source: ILO estimates. See Annex II for details on the estimation model.

4.2.3 Country-level impact on employment, unemployment and inactivity

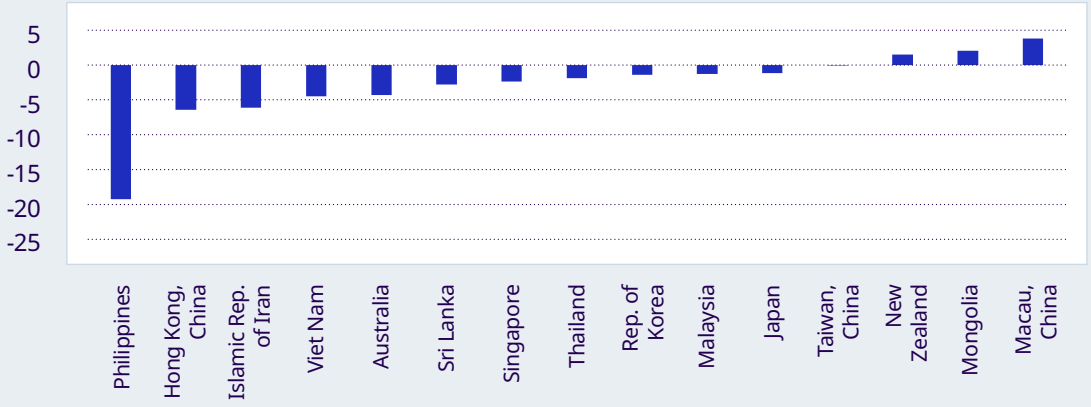
Employment shrank in almost all countries.

By second quarter 2020, the working-hour losses were associated with falling employment in all but three economies (Macau (China), Mongolia and New Zealand) among the 15 with available data.[13] The scale of employment loss from second quarter 2020 and the same period in 2019 ranged from a contraction of 19.2 per cent in the Philippines to 0.1 per cent in Taiwan (China) (figure 18, panel A). Employment loss ramped up significantly in most countries in the second quarter of the year over the first quarter (not shown).

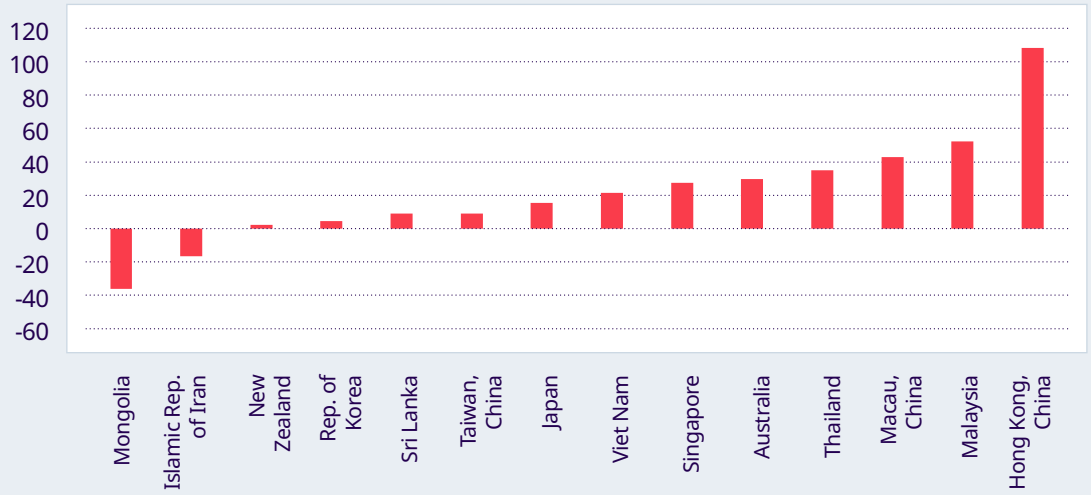
13 Unfortunately, no data were accessible at the time of writing to include Pacific Island countries in the analysis, nor the region's largest countries, China and India. For South Asia, only Sri Lanka is represented. Boxes 2 and 3 attempt to redress these shortcomings with some information on what has been happening in the labour markets of China, India and the Pacific Islands.

▶ Figure 18. Change in employment, unemployment and persons outside the labour force, available economies, Q2 2020 YOY (percentages)

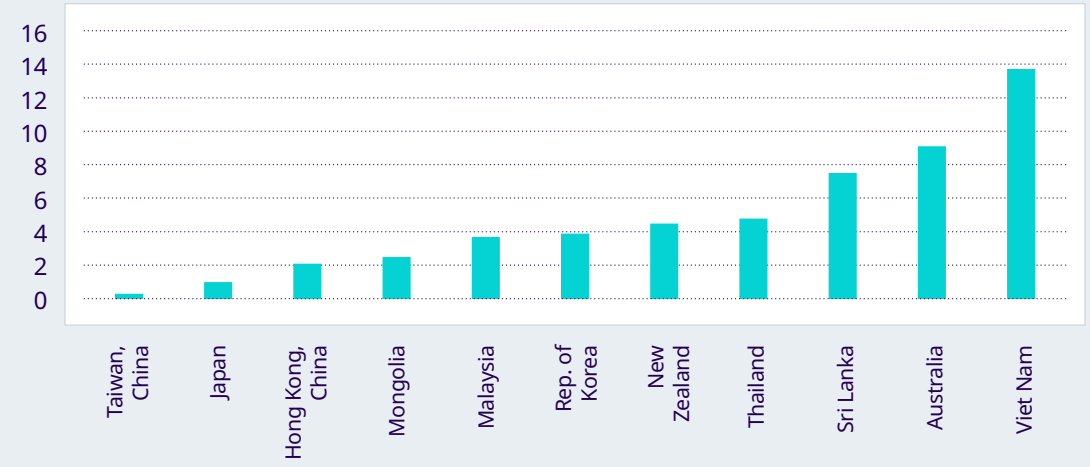
Panel A. Employment



Panel B. Unemployment



Panel C. Persons outside the labour force



▶ Note: YOY is year-on-year, meaning the change from the same period one year prior. Data on persons outside the labour force are not available for Singapore. For the Philippines (panel A), the second quarter refers to April and for New Zealand (all panels), the second quarter refers to March.
Source: Calculations based on quarterly data available in ILOSTAT database and online sources of the national statistics offices.

More job losers have moved outside the labour force than to unemployment.

As employment has declined in the sample of economies, the numbers of unemployed persons and persons outside the labour force have increased (figure 18, panels B and C). Except in Mongolia, New Zealand, Republic of Korea and Sri Lanka, the percentage increase in unemployment was greater than the increase in inactivity (persons outside the labour force). In raw numbers, however, the number of persons leaving the labour force remains significantly higher (table 5). The 11-economy cumulative sum of increased unemployment was 1.3 million persons, compared with 6.5 million additional persons pushed to exit the labour force during the crisis period – a fivefold difference. The data thus confirm the messages of *ILO Monitors* that focusing alone on changes to unemployment can give an incomplete picture.

Overall, the sharp fall in employment and subsequent rise in either unemployment and inactivity have had a central role in driving income losses (as discussed in section 4.4).

▶ **Table 5. Nominal change in employment, unemployment and persons outside the labour force, by sex and age group, available economies, Q2 2020 YOY (thousands)**

Economy	Total			Male			Female			Youth		
	EMP	UNE	OLF	EMP	UNE	OLF	EMP	UNE	OLF	EMP	UNE	OLF
Australia	-555	208	633	-291	121	309	-263	87	325	-270	42	199
Hong Kong, China	-249	125	55	-147	70	41	-104	57	14	n.a.	n.a.	n.a.
Islamic Rep. of Iran	-1 499	-494	n.a.	-815	-158	n.a.	-685	-336	n.a.	n.a.	-164	n.a.
Japan	-780	260	430	-380	200	160	-400	60	270	-270	50	140
Macau, China	15	3	n.a.	11	2	n.a.	4	2	n.a.	-3	0	n.a.
Malaysia	-194	271	263	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mongolia	23	-47	21	21	-31	1	2	-16	20	20	-8	14
New Zealand	40	3	53	32	0	17	7	3	36	n.a.	n.a.	n.a.
Rep. of Korea	-395	52	629	-155	0	306	-240	52	323	-116	-13	-63
Singapore	-90	27	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sri Lanka	-226	38	582	-15	35	180	-211	3	402	n.a.	n.a.	n.a.
Taiwan, China	-16	40	24	-5	15	19	-10	25	5	-22	-5	-81
Thailand	-702	98	879	-302	71	351	-400	26	528	-218	2	106
Viet Nam	-2 262	225	2 978	-1 057	120	1 357	-1 205	105	1 622	n.a.	n.a.	n.a.

Note: YOY is year-on-year, meaning the change from the same period one year prior. EMP = employment, UNE = unemployment, OLF = outside the labour force, n.a. = not available. Youth refers to persons aged 15–24.

Source: Calculations based on quarterly data available in ILOSTAT database and online sources of the national statistics offices.

▶ Box 2. Evidence on COVID-19 labour market impact in China and India

China and India are the largest economies of the Asia–Pacific region, accounting together for 59 per cent of the region's gross domestic product and 65 per cent of the region's employment in 2019.[1] Because of the size of these economies and their connection with other economies in the region through global supply chains, investment, tourism and other economic ties, the impact that the COVID-19 crisis has had on each country largely determines the overall impact for the region.

For China, the COVID-19 crisis had a major impact on employment, especially in the first quarter of this year, during which China implemented strict lockdown measures to curb the spread of the virus. Nearly all sectors were hit, with accommodation and food service activities, wholesale and retail trade and construction experiencing the largest output losses.[2] In a survey of 299 firms conducted by the China Enterprise Confederation, 97 per cent indicated a drop in profits, while 62 per cent indicated that they had to reduce their workforce or stall new hiring. Female workers as well as internal migrant workers were among the workers in China who were hardest hit because many of them had jobs in the sectors most affected by the crisis.

Over the course of the crisis, the urban unemployment rate jumped from 5.3 per cent in January to 6.2 per cent in February 2020.[3] Average weekly working hours of employees of enterprises stood at 46.7 in January 2020, but dropped to 40.2 in February 2020.[4] More recently, the Chinese economy and labour market have seen a gradual recovery, with urban unemployment rates steadily declining and reaching the pre-crisis level of 5.3 per cent in October 2020. The latest data indicate that working hours have returned to pre-crisis levels, reaching the average weekly hours of 46.7 in October 2020. These trends are in line with the gradual and at least partial recovery of industrial production and consumption observed in recent months (see section 3).

India has taken a major hit by the COVID-19 pandemic as the country with the second-largest number of detected COVID-19 cases worldwide. India implemented one of the strictest lockdowns among the large middle-income countries, which has impacted its workforce heavily.[5] With the livelihoods of millions of casual urban workers affected by the lockdown measures, many of them were forced to return to rural areas. An estimated 364–429 million workers have been adversely affected by the lockdown measures.[6]

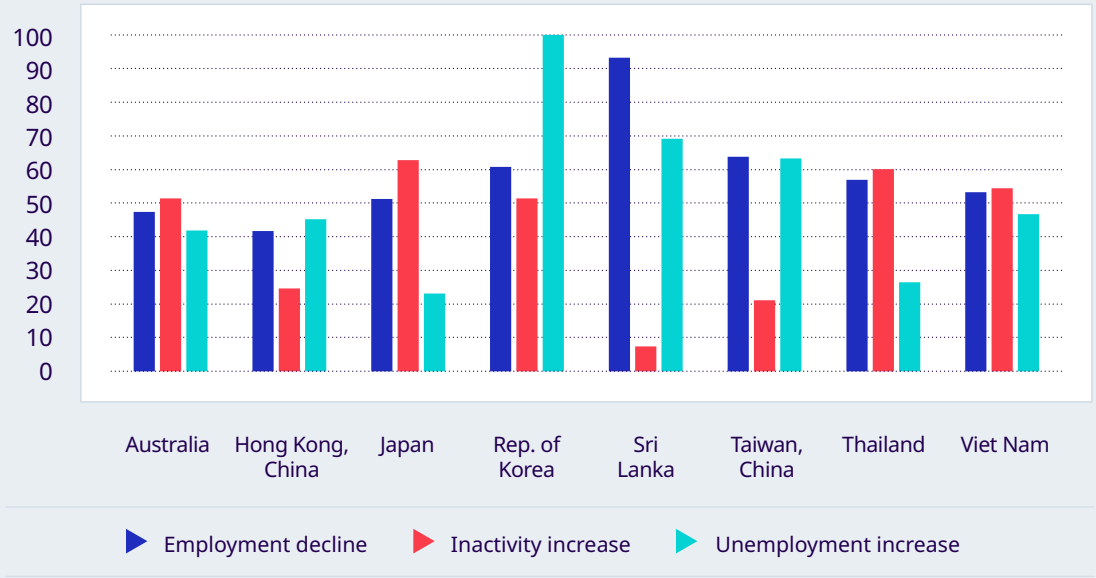
While the Indian economy is still largely operating in crisis mode, there are some early signs of recovery. For example, Indian exports in September 2020 experienced positive year-on-year growth for the first time since the start of the COVID-19 pandemic.[7]

1 Figures are for 2019. Calculations for GDP are based on data from the World Bank's World Development Indicators database. Calculations for employment are based on data from ILO modelled estimates, October 2020 revisions.
2 ILO, *Rapid Assessment of the Impact of the COVID-19 Crisis on Employment: China*, 2020.
3 Trading Economics database.
4 Monthly statistical press release of National Bureau of Statistics of China.
5 ILO, *Rapid Assessment of the Impact of the COVID-19 Crisis on Employment: India*, 2020.
6 Ibid.
7 Trading Economics database.

In all economies with available data, the COVID-19 crisis has disproportionately hit both women and young people. Among the eight economies with available data by sex, the year-on-year employment loss (second quarter 2019 to 2020) was higher for women than men in all but Australia and Hong Kong (China) (figure 19).[14] At the most extreme was Sri Lanka, where nine in ten of persons losing or leaving employment over the period were women. At the same time, for the majority of economies (with Hong Kong (China) and Taiwan (China) as exceptions), the increases in inactivity accrued more to women than men. Only in the Republic of Korea and Taiwan (China) was the female share in the unemployment increase greater than the male share, and in the Republic of Korea, the gap was extreme: Nearly all of the gains in unemployment (99.5 per cent) in the second quarter were accounted for by women.

14 Mongolia and New Zealand are not included in the figure because employment increased over the period. The employment gains in both countries were primarily for men.

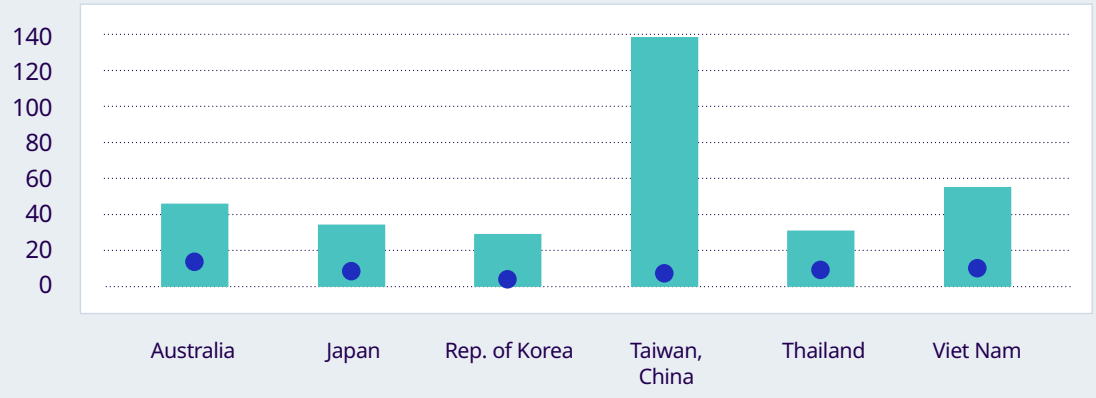
Figure 19. Female share in employment decline, inactivity increase and unemployment increase, available economies, Q2 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior.
Source: Calculations based on quarterly data available in ILOSTAT database.

Young people (aged 15–24) are also especially affected: The youth share in overall employment loss was 3–18 times greater than their share in total employment (figure 20). For instance, in Japan, one in three jobs (34.6 per cent) lost were held by a young person, even though the youth share in total employment in the country was fewer than one in ten (8.9 per cent). In Taiwan (China), the entirety of job losses over the period were those held by youth. Employment of adults even increased in the same period by 6,000, while youth employment declined by 22,000. Evidence from past crises have shown that, confronted with a challenging job market, some young people – primarily those who benefit from the financial support of their family – delay labour market entry until they feel their prospects are better.

Figure 20. Youth share in employment loss in Q2 2020 YOY and youth share in total employment in Q2 2019 (baseline), available economies (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. Youth refers to persons aged 15–24.
Source: Calculations based on quarterly data available in ILOSTAT database.

Unemployment rates have increased but are not yet beyond what was seen in previous crises.

Among the 16 economies with available data, the unemployment rate increased over the year (from second quarter 2019) in all but the Islamic Republic of Iran and Mongolia, with the scale of increase ranging from 0.2 percentage points in the Republic of Korea to 3.3 points in Hong Kong (China) (table 6). In Indonesia and the Philippines, the only two countries to measure "open unemployment" (which includes persons not actively seeking work, a criterion of unemployment, as per the standard international definition), the unemployment rates are higher than in the other countries and more volatile. In the Philippines, the unemployment rate increased 12.6 percentage points between April 2019 and April 2020.

Among the 11 economies with both second and third quarter 2020 data, six showed a continuation in the increase of the unemployment rate (between the two quarters) and five had a decrease. In Australia, Hong Kong (China), Indonesia, Japan, Singapore and Thailand, the rate increased in the third quarter over the second quarter, and in China, Malaysia, Philippines, Republic of Korea and Viet Nam, the rate decreased. On average across the available economies, the unemployment rate in the second quarter was about 0.8 percentage points over the previous year. In the third quarter, the average unemployment rates increased about 1.3 percentage points. Based on the assumption that fourth quarter unemployment rates will match closely those of the third quarter and that rates in missing countries will follow the average of available economies, the regional unemployment rate in 2020 is projected to reach 5.2–5.7 per cent (from the 2019 rate of 4.4 per cent).

▶ **Table 6. Unemployment rate, by quarter, available economies, Q1 2019 to Q3 2020**

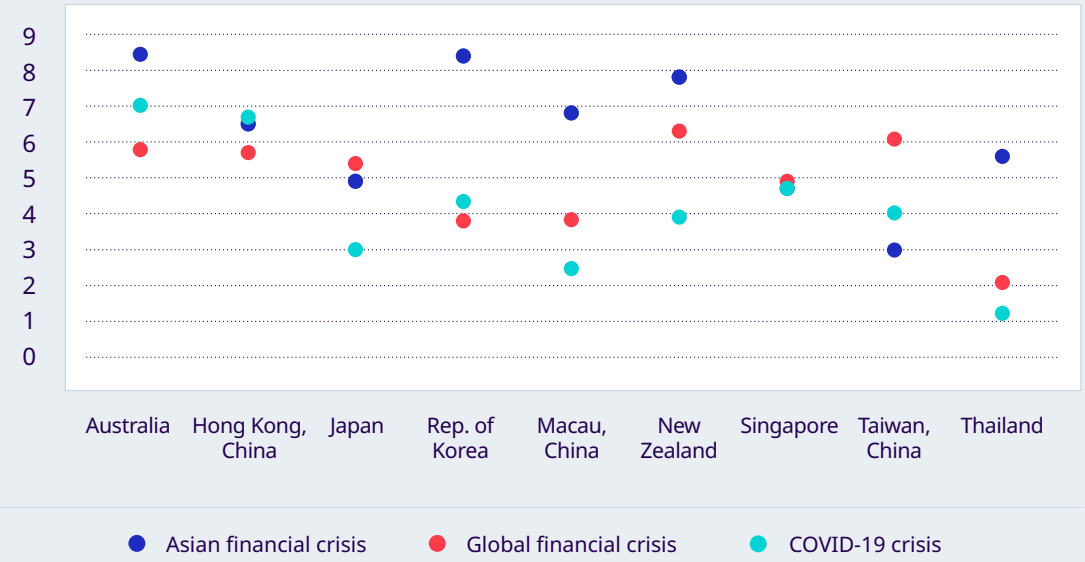
Economies	Unemployment rate (%)							Change (YOY, percentage point)	
	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q2	2020 Q3
Australia	5.4	5.2	5.2	4.9	5.6	6.9	7.0	1.7	1.8
China	5.2	5.0	5.2	5.1	5.8	5.9	5.6	0.9	0.4
Hong Kong, China	2.7	2.9	3.1	3.1	4.2	6.2	6.7	3.3	3.6
Indonesia	3.4	n.a.	3.9	n.a.	3.1	n.a.	n.a.	n.a.	n.a.
Indonesia (open)	5.3	n.a.	5.0	n.a.	5.0	n.a.	7.1	n.a.	2.1
Islamic Rep. of Iran	12.1	10.9	10.5	10.9	11.9	9.8	n.a.	-1.1	n.a.
Japan	2.4	2.4	2.3	2.2	2.4	2.8	3.0	0.4	0.7
Macau, China	1.7	1.7	1.9	1.7	2.0	2.5	n.a.	0.8	n.a.
Malaysia	3.3	3.3	3.3	3.3	3.5	5.0	4.7	1.7	1.4
Mongolia	11.8	10.1	9.9	8.1	6.6	6.6	n.a.	-3.6	n.a.
Myanmar	0.3	n.a.	0.7	n.a.	1.6	n.a.	n.a.	n.a.	n.a.
New Zealand	4.4	3.9	4.0	4.0	4.4	3.9	n.a.	0.0	n.a.
Philippines	2.0	2.2	2.6	2.1	2.6	n.a.	n.a.	n.a.	n.a.
Philippines (open)	n.a.	5.1	5.4	n.a.	n.a.	17.7	10.0	12.6	4.6
Rep. of Korea	4.5	4.1	3.3	3.1	4.1	4.3	3.6	0.2	0.2
Singapore	3.1	3.1	3.2	3.2	3.3	3.8	4.7	0.7	1.5
Sri Lanka	4.7	4.9	5.1	4.5	5.7	5.4	n.a.	0.5	n.a.
Taiwan, China	3.7	3.7	3.8	3.7	3.7	4.0	n.a.	0.3	n.a.
Thailand	0.7	0.7	0.8	0.7	0.8	1.0	1.3	0.3	0.5
Viet Nam	2.1	2.0	2.0	2.0	2.1	2.6	2.5	0.5	0.5

Note: YOY is year-on-year, meaning the change from the same period one year prior. n.a. = not available. New Zealand quarters refer to March, June, September and December. Philippines (open) second quarter refers to April and third quarter refers to July. Indonesia (open) first quarter refers to February and second quarter to August. Open unemployment in Indonesia and the Philippines (both as reported by national statistics offices) refer to persons without work and available for work; in other words, the looking-for-work criterion applied in other countries is relaxed.

Source: Quarterly data available in ILOSTAT database and online sources of the national statistics offices.

Because the COVID-19 crisis is ongoing, it is not yet possible to judge when the unemployment rate will peak. Regardless, a preliminary comparison is made with the peak quarterly unemployment rate of the two previous crises impacting the region: the Asian financial crisis of 1997 and the global financial crisis of 2008. Figure 21 shows the results for nine economies with quarterly time series that are comparable over time. Among the sample, only in Hong Kong (China) is the unemployment rate in the current crisis higher than the peak rates of the previous two crises. In the other economies, the current unemployment rate has not yet surpassed those of the previous crises.

Figure 21. Unemployment rates at peak of Asian financial crisis and global financial crisis and current high between Q2 and Q3 2020, available economies (percentages)

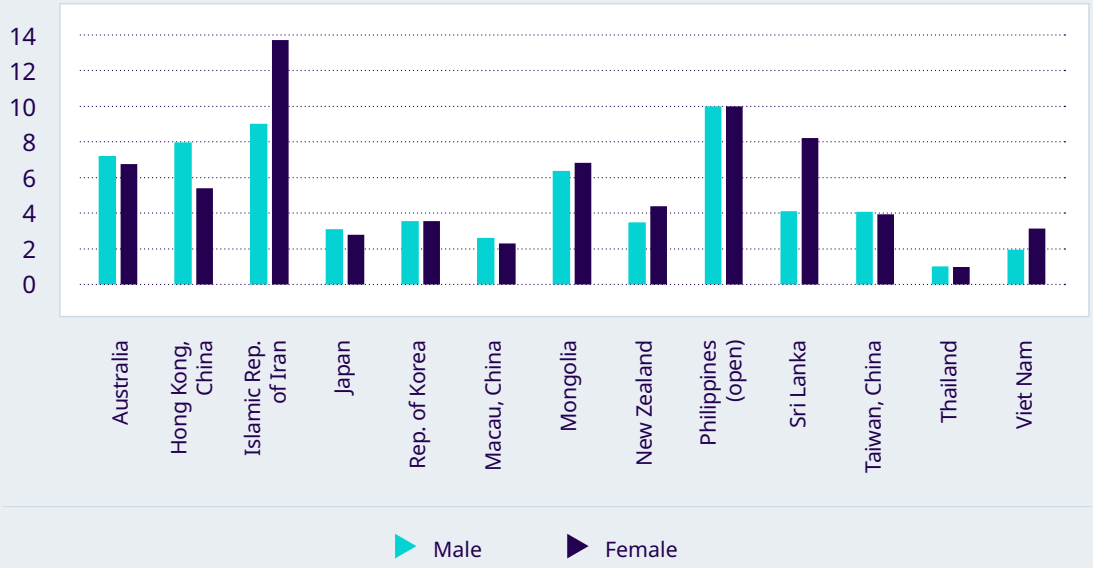


Note: The rates shown are the highest quarterly rates between 1997 and 1999 (Asian financial crisis), 2008 and 2009 (global financial crisis) and the higher between Q2 and Q3 2020 (COVID-19 crisis).
Source: Quarterly data available in ILOSTAT database.

Unemployment rates are not the best indicator for judging the gender impact of the crisis, in part because women who lose employment have a higher tendency to move into inactivity than men, as shown in figure 19. Most economies with data available by sex do not show a significant difference between the unemployment rates of men and women. Exceptions are the South Asian countries, Islamic Republic of Iran and Sri Lanka, where the female unemployment rate was 1.5 times and 2 times higher than the male rates, respectively (figure 22). Female unemployment rates in the subregion are historically much higher than the male rates, and the same is likely to hold during the current crisis period. Among the other economies outside South Asia, the female unemployment rate was higher than that of men in the second quarter of 2020 only in Mongolia, New Zealand and Viet Nam. In the remaining economies, the male rate was higher or there was no difference between the sexes.

Comparisons between youth and adults based on the trends in unemployment rates are not straightforward. Results for the change in unemployment rates between the second quarters of 2019 and 2020 are shown for youth and adults in ten economies in figure 23. In three economies – Australia, Hong Kong (China) and Republic of Korea, the youth unemployment rate increased by nearly double the increase among adults. In the remaining economies, however, the increase in the unemployment rate was close to that of the adult rate (Japan), the adult unemployment rate increased by more than the youth rate (Macau (China) and Viet Nam), the youth unemployment rate improved while the adult unemployment rate declined (New Zealand, Taiwan (China) and Thailand) or both rates decreased by the same amount (Mongolia). With the significant differences in the size of the labour force and with a higher tendency for young people to move into inactivity than adults, as with the sex differences, making comparisons of unemployment rates between youth and adult cohorts can be misleading. It is always advisable to review a broader array of labour market indicators.

Figure 22. Unemployment rate, by sex, Q2 2020 (percentages)



Note: New Zealand refers to June and the Philippines refers to April. Open unemployment in the Philippines (reported by national statistics offices) refers to person without work and available for work; in other words, the looking for work criteria, applied in other countries, is relaxed.
Source: Quarterly data available in ILOSTAT database and online sources of the national statistics offices. See also Annex I table A1.

Figure 23. Change in youth and adult unemployment rates, Q2 2020 YOY, available economies (percentage point)

Note: YOY is year-on-year, meaning the change from the same period one year prior. New Zealand refers to June. Youth refers to persons aged 15–24 and adults to persons aged 25 and older.
Source: Quarterly data available in ILOSTAT database and online sources of the national statistics offices. See also Annex I table A1. Youth unemployment rates are shown in Annex I table A2.

▶ Box 3. COVID-19 and its impact on labour markets in Pacific Island countries

The spread of COVID-19 within most countries of the Pacific Islands subregion has been limited so far, with few detected cases. The exceptions are Australia, which experienced a wave of infections between July and September 2020 now seemingly under control, as well as Guam and French Polynesia. Most governments in the subregion adopted strict travel restrictions and quarantine requirements for incoming travellers as measures to contain the spread of the pandemic. This resulted in large declines in the number of incoming international tourist arrivals (see section 3), which has had large adverse impacts on their economies and labour markets.

Pacific Island economies largely depend on tourism. In the Cook Islands, tourism accounts for 87 per cent of GDP. For Niue and Vanuatu, the share is 40 per cent. As for employment, 10–12 per cent of all workers rely on the tourism sector for employment in Fiji and Samoa.[1] These are among the region's largest tourism employment shares, yet, are still likely to understate the importance tourism has for the local labour market, where workers in other sectors also depend on tourism. For example, also agricultural workers – while not counted as working in the tourism sector – need tourists to buy their products.

Business and worker surveys conducted in Fiji and Samoa, as part of a rapid assessment revealed that the impact of the COVID-19 crisis had hit labour markets hard, with resulting job losses, reductions in incomes and wages.[2] In Fiji, 50 per cent of surveyed workers indicated to have lost their jobs. In Samoa, 26 per cent of workers in surveyed businesses faced job losses. Moreover, a large share of businesses in these two countries had either closed or were operating only partially, with the risk of shutting down.

Pacific migrant workers overseas are also affected by the COVID-19 crisis. Many of them are seasonal workers in countries like Australia, New Zealand or the United States, which are heavily impacted by the crisis. In many cases, these migrant workers were not able to return to their family in their home country as a result of border closures and travel restrictions, which can increase anxiety levels. Although some are able to continue working, their earnings and hence remittances are down, which is exacerbated by their exclusion in some cases from the national support measures extended in their host country.

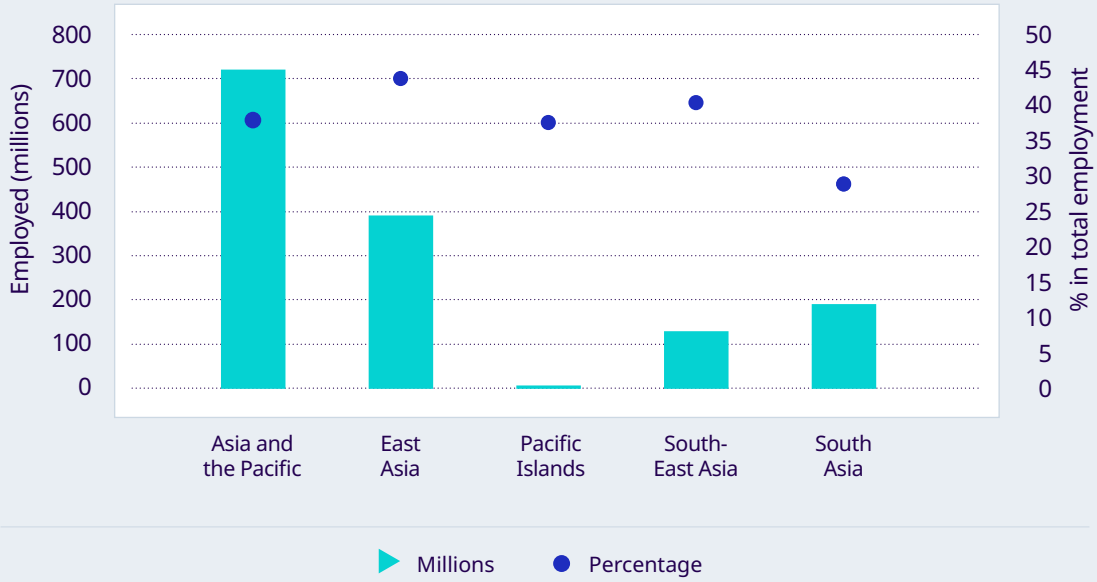
[1] ILO, *COVID-19 and Employment in the Tourism Sector: Impact and Response in Asia and the Pacific*, 2020.
[2] ILO, *Impact of COVID-19 on Employment and Business in the Pacific: Findings of the Rapid Assessment (RA) in Fiji and Samoa*, 2020.

4.2.4 Impact on employment by sector and status

Job losses are greater in the high-risk sectors.

At the regional level, **a total of 716 million workers (37.6 per cent of total employment) were employed in the sectors that were most exposed to the collapse of productive activities** (figure 24). The assessment of the economic sectors deemed most vulnerable to demand and supply shocks caused by the COVID-19 pandemic follows the guidance of the *ILO Monitor*, second edition (ILO 2020g). The four high-risk sectors are: accommodation and food services, manufacturing, wholesale and retail trade, and real estate and business activities. By subregion, the largest share of workers in the more exposed sectors in 2019 was East Asia (at 43.4 per cent) and then South-East Asia (at 40 per cent).

Figure 24. Employment (millions) and employment share (percentages) in high-risk sectors, by region and subregion, 2019



Note: The sectors identified as most vulnerable to a severe decline in economic output during the COVID-19 crisis include accommodation and food services, manufacturing, wholesale and retail trade, and real estate and business activities. Baseline data on sectoral distribution of employment are based on ISIC Rev. 4.
Source: Calculations based on ILOSTAT database.

With second quarter data by detailed sector of employment available for the Republic of Korea, Thailand and Viet Nam, it is possible to verify whether employment loss was indeed concentrated in the sectors qualified as the most harshly hit.[15] In two of the countries – the Republic of Korea and Thailand – at least half of employment loss between the first and second quarters of 2020 accrued to the six high-risk sectors (table 7). In Viet Nam, results are skewed by the sizable decline of 1.3 million workers in the agriculture sector.[16] Taking agriculture out of the results, the remaining job losses were 60 per cent in the high-risk sectors, which thus aligns to the results of the other two countries. In the Republic of Korea, more than two in five jobs lost over the same period were in these sectors (with the largest loss of jobs, at 193,000, in the accommodation and food services sector, for a decline of 8 per cent). In Thailand, two in five jobs lost were in the high-risk sectors, with the most sizable decline in employment in the manufacturing sector (278,000 jobs lost). Viet Nam also experienced a significant decline in manufacturing employment (321,000 jobs lost).

Although not shown in table 7, an interesting result in Thailand when reviewing the change in employment between the first and second quarters of 2020 is the 6.6 per cent jump in employment in the agriculture sector. This is most likely a reflection of the thousands of persons who returned to rural areas to wait out the lockdown period, although the capacity of rural areas to support additional workers remains questionable.[17] It will be of interest to test whether the agriculture sector served as a back-up absorber of crisis-impacted labour in other developing and emerging economies in the region. It seems to be the case in both the Philippines and Sri Lanka. In the former, the share of persons employed in agriculture in total employment increased by 4.4 percentage points, and in Sri Lanka, employment in agriculture increased by 8.5 per cent in second quarter 2020 (year-on-year). On the other hand, Viet Nam showed a large decline in agricultural employment over the crisis period.

15 The impact on the sectors is not reserved to employment loss alone but also includes the incidence of workers on reduced or even zero hours. Evidence from Thailand in box 4 illustrates that the high-risk sectors are also those in which shortened working hours are concentrated.

16 Employment in the agriculture sector increased slightly in third quarter 2020 to nearly 14 million, but this is still lower than the figures for 2019.

17 Peter Janssen, "No Rural Refuge for COVID-19 Unemployed Thais", *Asia Times*, 1 May 2020; Thana Boonlert, "Thousands Flee City for provinces in buses", *Bangkok Post*, 23 March 2020.

▶ **Table 7. Change in employment, by detailed industrial sector, Republic of Korea, Thailand and Viet Nam, Q2 2020 YOY (percentages and nominal)**

Sector (ISIC Rev.4)	Impact of crisis on economic output	% change			(thousands)		
		Rep. of Korea	Thailand	Viet Nam	Rep. of Korea	Thailand	Viet Nam
C. Manufacturing	High	-1.2	-4.4	-2.9	-55.3	-277.7	-321.3
G. Wholesale and retail trade; repair of motor vehicles and motorcycles	High	-4.4	-1.0	-1.4	-162.3	-64.0	-97.6
I. Accommodation and food service activities	High	-8.4	-2.8	-5.7	-193.3	-80.0	-156.9
L. Real estate activities	High	-7.3	14.3	-5.6	-40.7	26.9	-17.5
M. Professional, scientific and technical activities	High	1.1	-1.7	7.9	12.3	-6.5	24.5
N. Administrative and support service activities	High	0.2	-14.2	-10.3	3.2	-84.6	-37.2
H. Transportation and storage	Medium-high	3.1	0.1	0.5	44.5	1.0	10.5
J. Information and communication	Medium-high	-0.3	27.9	-11.4	-2.5	52.0	-42.2
R. Arts, entertainment and recreation	Medium-high	4.7	13.2	-9.3	22.6	32.2	-26.2
S. Other service activities	Medium-high	-6.5	-8.3	4.4	-81.7	-83.0	41.1
T. Activities of households as employers [...]	Medium-high	46.3	-3.6	-17.6	30.0	-8.0	-41.4
B. Mining and quarrying	Medium	-5.6	2.6	-20.4	-0.8	1.6	-43.8
F. Construction	Medium	-3.0	-6.3	2.5	-60.4	-148.8	110.1
K. Financial and insurance activities	Medium	-1.8	-2.0	-6.4	-14.7	-10.4	-30.9
A. Agriculture; forestry and fishing	Low-medium	4.0	-0.3	-9.3	59.5	-31.6	-1 362.0
D. Electricity; gas, steam and air conditioning supply	Low	3.6	1.8	-10.0	2.4	2.0	-19.1
E. Water supply; sewerage, waste management and remediation activities	Low	13.3	-2.5	-3.8	17.6	-2.3	-6.6
O. Public administration and defence; compulsory social security	Low	-1.9	0.1	-3.8	-21.4	1.4	-55.9
P. Education	Low	-5.1	1.0	-6.0	-96.2	12.4	-122.7
Q. Human health and social work activities	Low	5.6	1.5	-10.4	124.0	10.0	-67.9
Total employment loss					-729.3	-841.4	-2 449.2
Total employment gain					334.2	139.4	186.8
% of employment loss in high-impact sectors in total employment loss					61.9	60.9	25.7*

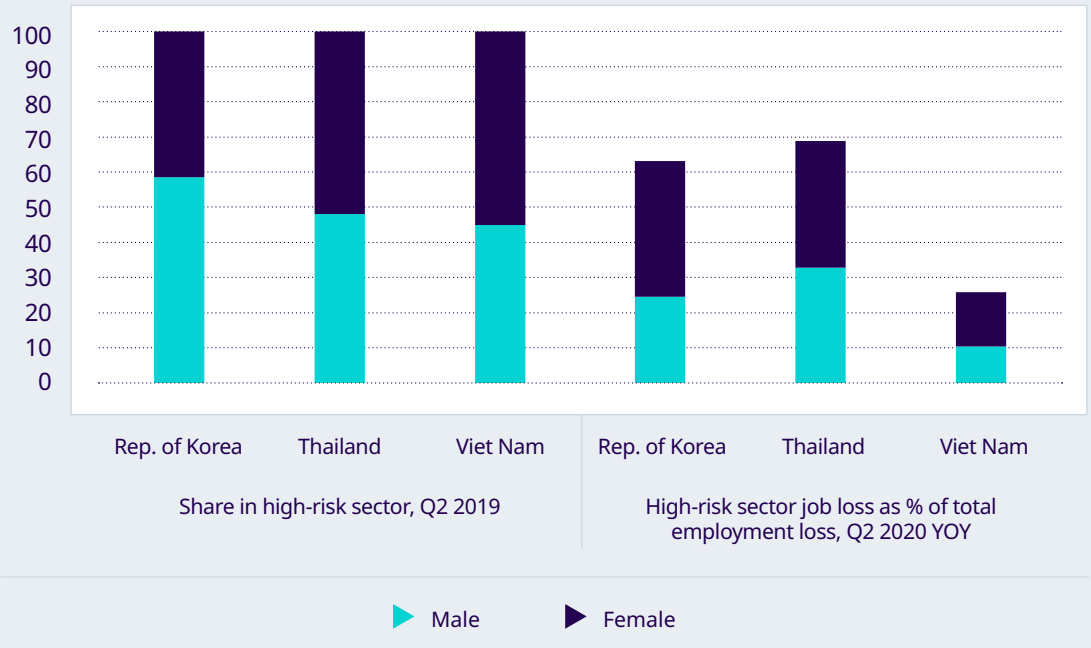
Note: * The share of employment loss in high-impact sectors is 58 per cent if the agriculture sector is excluded. YOY is year-on-year, meaning the change from the same period one year prior.

Source: Calculations based on quarterly data available in ILOSTAT database.

The share of men and women working in the high-risk sectors is a possible determinant of the results of employment loss by sex in the various economies. In the Republic of Korea, Thailand and Viet Nam, employment loss between the second quarters of 2019 and 2020 was more female than male (see figure 19). In Thailand and Viet Nam, the larger female than male share of employment in the high-risk sectors (figure 25) could help to explain both the greater loss in jobs held by women within the high-risk sectors and also the larger shares of women in employment loss overall. The female share of employment in the high-risk sectors in the two countries was 52 per cent and 55 per cent, respectively, in the second quarter of 2019.

With fewer women than men working in the high-risk sectors in the Republic of Korea, there should be other factors behind the larger female share in the overall employment loss. At the same time, with the decline of employment for women in the high-risk sectors greater than the decline for men (at 39 per cent and 25 per cent of employment loss, respectively) despite the fewer numbers of women than men employed there at the start of the crisis, it appears that Korean women were disengaged more easily from affected enterprises during the hard times.

Figure 25. Male and female share of employment in high-risk sectors, Q2 2019, and employment loss in high-risk sectors as share in overall employment loss, Q2 2020 YOY, Republic of Korea, Thailand and Viet Nam (percentages)

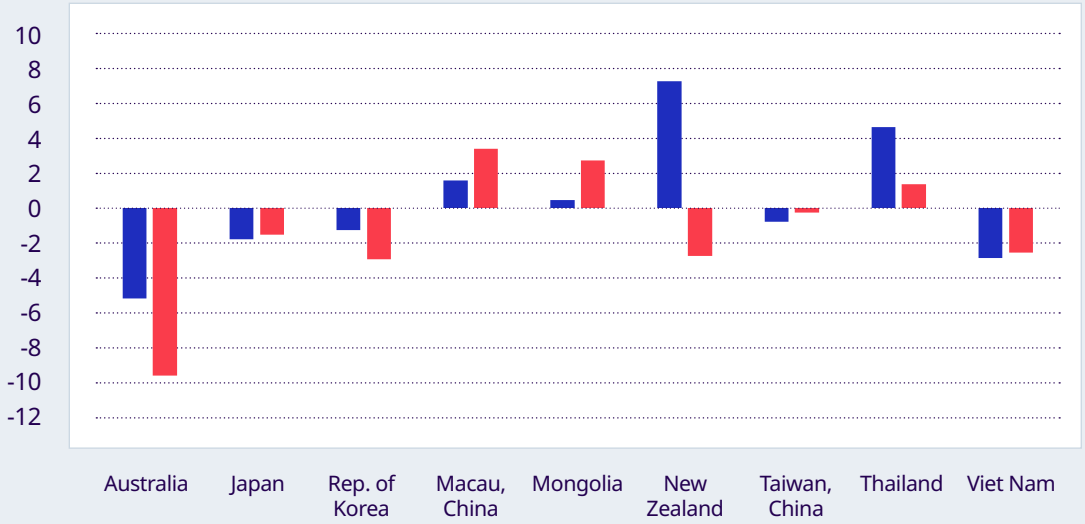


Note: YOY is year-on-year, meaning the change from the same period one year prior.
Source: Calculations based on quarterly data available in ILOSTAT database.

The sector discussion is complemented by data on a handful of additional economies with quarterly data available at a more aggregate level (figure 26). Among the economies with data, the year-on-year change in manufacturing employment between the second quarter of 2019 and 2020 was negative for Australia (-5.2 per cent), Japan (-1.8 per cent), Republic of Korea (-1.2 per cent), Taiwan (China) (-0.8 per cent) and Viet Nam (-2.9 per cent). In contrast, there was an increase in manufacturing employment over the same period in Macau (China), Mongolia, New Zealand and Thailand. The increase was especially large, with growth of 7.3 per cent, in New Zealand, and 4.6 per cent in Thailand.

Although not shown here, third quarter data reflect that manufacturing employment had not yet recovered in Australia and the Republic of Korea, remaining below the numbers of jobs in the comparison to both first quarter 2020 and third quarter 2019. Only in Viet Nam was some revival of manufacturing jobs seen in the third quarter of 2020.

Figure 26. Change in employment in manufacturing and trade, transportation, accommodation and food, and business and administrative services (aggregate sectors), available economies, Q2 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. Second quarter data for Australia refer to the month of May and for New Zealand to the month of June.
Source: Calculations based on quarterly data available in ILOSTAT database.

Box 4. Reduced hours and consequences by sectors in Thailand

In Thailand, the sectors that were most impacted by decreasing working hours during the second quarter of 2020 mimic closely the sectors identified in table 7 with the most severe job loss. The figure below shows the sectors in which more than 10 per cent of workers clocked zero hours during the second quarter. In four sectors – sports activities and amusement, accommodation, creative arts and entertainment, and travel agency and tour operators – more than two in five workers had zero hours of work per week. For jobs related to the tourism sector, there was a 17 per cent increase in the share of workers on zero hours between the second quarters of 2019 and 2020. For jobs outside the tourism sector, the increase was 4 per cent, which includes a 3 per cent increase in persons working zero hours in the manufacturing sector and a 5 per cent increase in the retail sector.

The increase in persons with zero hours worked offers an important danger sign: The longer that demand remains depressed in these sectors, the more likely the workers on reduced or zero hours will be retrenched as enterprises find themselves unable to meet their payroll expenses indefinitely.

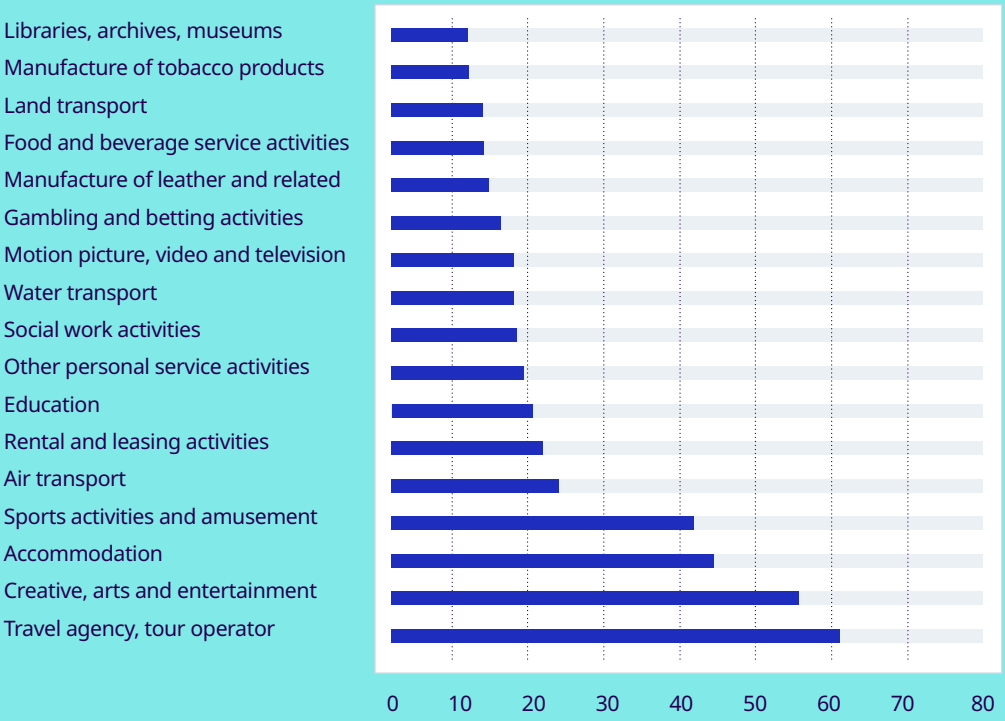
By occupations, those associated with the various retail and services sectors that were unable to operate during the strictest period of the country's emergency lockdown measures were those with the highest incidence of job furloughs in the second quarter. This includes food preparation assistants (most likely in restaurants and hotels), customer service clerks and legal, social, cultural and associated professionals (from closed shops) and teaching professionals (from schools on summer break or remote learning), each of which had more than 20 per cent of professionals working zero hours during the crisis period.

▶ **Box 4. (cont.)**

The overall impact of decreased working hours is also illustrated by increased time-related underemployment. The number of employed women and men in Thailand who worked fewer than 35 hours per week but desired and were available to work more hours increased significantly in the second quarter 2020. On a year-on-year basis, the number of time-related underemployed workers increased by 472,000, or 149 per cent, compared with the level in the second quarter of 2019.

▶ **Thailand: Sectors and occupations with more than a 10 per cent share of workers working 0 hours per week, Q2 2020**

Sector, 2-digit ISIC



Occupation, 2-digit ISCO

Note: ISIC = International Standard Industrial Classification, Revision 4; ISCO = International Standard Classification of Occupations, 2008.
Source: Calculations based on Thailand Labour Force Survey, Q2 2020.

Both wage workers and self-employed workers are affected by job loss.

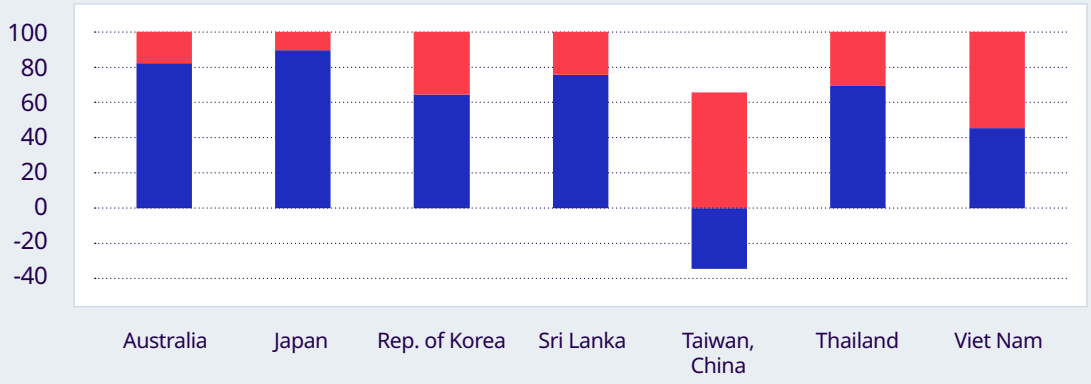
Employment losses in nominal terms among the seven economies with available data were greater among wage workers (employees) than the self-employed[18] in all but Taiwan (China) and Viet Nam when comparing second quarter 2020 to one year prior (figure 27, panel A). In Australia, Japan, Sri Lanka and Thailand, 75 per cent or more of total employment loss involved wage workers. But viewed across categories, in more economies than not (among those with available data), the scale of decrease in self-employment exceeded that of wage workers over the time period.

The number of self-employed workers dropped by 5 per cent in Australia and Viet Nam compared to 4 per cent for wage workers (not shown). In the Republic of Korea, self-employment declined by 2 per cent, compared to 1 per cent of wage employment, and in Japan, both categories declined by 1 per cent. Only in Sri Lanka and Thailand were wage workers seen to take the harder hit, declining by double the percentage loss of self-employed workers.

Within the subgroups of self-employment, changes were steeper among contributing family workers than own-account workers. Contributing family workers work without pay in family establishments and are frequently women who combine such duties with unpaid care work. It is a category that hovers on the fringe of economic activity. During economic crises, contributing family workers are typically among the first to withdraw into inactivity. Almost all economies – Australia (men and women) and the Republic of Korea (men) as exceptions – saw a decline in the number of contributing family workers during this same period (especially among women). Results were more mixed when it came to own-account workers (figure 27, panel B). In Australia and Viet Nam, own-account work declined by 8 per cent and 4 per cent for men, respectively, and 3 per cent and 5 per cent for women, respectively. Other economies showed less decline (men in Taiwan, China) or an increase (both sexes in Japan, Republic of Korea and Thailand).

▶ Figure 27. Employment by status, available economies

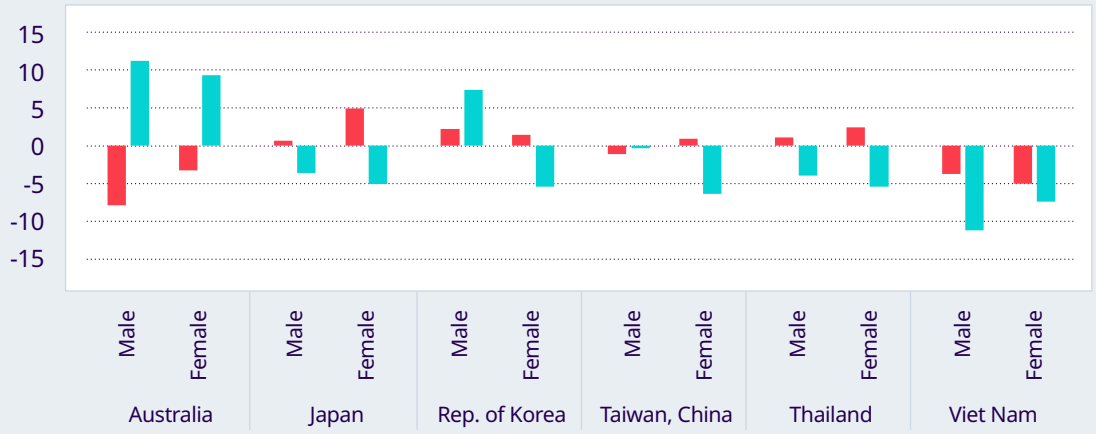
Panel A. Wage employment and self-employment as share in total employment loss, Q2 2020 YOY (percentages)



18 Self-employment includes employers, own-account workers and contributing family workers.

▶ **Figure 27. (cont.)**

Panel B. Change in employment by status and sex, Q2 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. In Panel A, self-employment is the sum of employers, own-account workers and contributing family workers. Data on employment by status for Sri Lanka is not available by sex.
Source: Calculations based on quarterly data available in ILOSTAT database.

4.3 Is the second quarter the nadir of employment losses?

Most countries in the region relaxed elements of their lockdown policies by July, including the reopening of retail and entertainment venues. With the upturn in retail sales – although available figures are still depressed from those of one year prior – and limited returns to work, it was expected that employment figures would increase slightly in the third quarter of 2020, in line with the projected slight decline in working hours lost (see table 4). At the time of writing, third quarter data were available for a handful of economies:[19] Australia, Hong Kong (China), Japan, Malaysia, New Zealand, Philippines, Republic of Korea, Singapore, Thailand and Viet Nam. Among them, all but New Zealand and Singapore showed a slight rebound in the number of persons employed between the second and third quarters (table 8). In the Philippines, employment numbers jumped 22 per cent between the two quarters, after the dramatic decline of the second quarter. Nonetheless, comparing with the third quarter of 2019, employment numbers in the available economies remained smaller (New Zealand and Thailand being the exceptions).

▶ **Table 8. Change in employment, inactivity and unemployment, available economies, Q2 and Q3 2019 and 2020 (percentages and nominal)**

Economy	Nominal value (thousands)				% change		
	2019 Q2	2019 Q3	2020 Q2	2020 Q3	Q2–Q3 2020	2020 Q2 YOY	2020 Q3 YOY
Employment							
Australia	12 881	12 886	12 326	12 521	1.6	-4.3	-2.8
Hong Kong, China	3 869	3 854	3 620	3 625	0.1	-6.4	-6.0
Islamic Rep. of Iran	24 462	24 751	22 963	n.a.	n.a.	-6.1	n.a.
Japan	67 290	67 500	66 510	66 730	0.3	-1.2	-1.1
Macau, China	387	387	402	n.a.	n.a.	3.8	n.a.
Malaysia	15 078	15 162	14 884	15 096	1.4	-1.3	-0.4
Mongolia	1 162	1 156	1 185	n.a.	n.a.	2.0	n.a.

19 Unfortunately, with no countries in South Asia or the Pacific Islands.

▶ Table 8. (cont.)

Economy	Nominal value (thousands)				% change		
	2019 Q2	2019 Q3	2020 Q2	2020 Q3	Q2–Q3 2020	2020 Q2 YOY	2020 Q3 YOY
New Zealand	2 680	2 694	2 720	2 701	-0.7	1.5	0.3
Philippines	41 770	42 521	33 764	41 306	22.3	-19.2	-2.9
Rep. of Korea	27 355	27 475	26 960	27 180	0.8	-1.4	-1.1
Singapore	3 735	3 763	3 645	3 613	-0.9	-2.4	-4.0
Sri Lanka	8 203	8 155	7 977	n.a.	n.a.	-2.8	n.a.
Taiwan, China	11 484	11 515	11 468	n.a.	n.a.	-0.1	n.a.
Thailand	37 782	37 486	37 080	37 927	2.3	-1.9	1.2
Viet Nam	50 346	50 450	48 084	49 990	4.0	-4.5	-0.9
Inactivity							
Australia	6 959	7 026	7 592	7 389	-2.7	9.1	5.2
Hong Kong, China	2 584	2 594	2 639	2 638	0.0	2.1	1.7
Islamic Rep. of Iran	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Japan	41 850	41 740	42 280	41 970	-0.7	1.0	0.6
Macau, China	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Malaysia	7 088	7 089	7 351	7 325	-0.4	3.7	3.3
Mongolia	834	850	855	n.a.	n.a.	2.5	n.a.
New Zealand	1 184	1 184	1 237	1 231	-0.5	4.5	3.9
Rep. of Korea	15 940	16 134	16 569	16 633	0.4	3.9	3.1
Singapore	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sri Lanka	7 776	7 865	8 358	n.a.	n.a.	7.5	n.a.
Taiwan, China	8 258	8 221	8 281	n.a.	n.a.	0.3	n.a.
Thailand	18 481	18 839	19 360	18 462	-4.6	4.8	-2.0
Viet Nam	21 793	22 164	24 771	22 512	-9.1	13.7	1.6
Unemployment							
Australia	700	703	908	943	3.9	29.7	34.2
Hong Kong, China	116	122	241	260	7.9	108.2	112.8
Islamic Rep. of Iran	2 999	2 894	2 505	n.a.	n.a.	-16.5	n.a.
Japan	1 680	1 610	1 940	2 040	5.2	15.5	26.7
Macau, China	7	7	10	n.a.	n.a.	42.9	n.a.
Malaysia	521	512	792	745	-5.9	52.1	45.5
Mongolia	131	127	84	n.a.	n.a.	-35.9	n.a.
New Zealand	109	113	112	144	29.4	2.3	28.3
Rep. of Korea	1 171	941	1 223	999	-18.3	4.4	6.1
Singapore	98	64	125	71	-43.1	27.6	11.1
Sri Lanka	420	438	458	n.a.	n.a.	9.1	n.a.
Taiwan, China	440	459	480	n.a.	n.a.	9.1	n.a.
Thailand	278	291	376	494	31.5	35.3	69.9
Viet Nam	1 041	1 023	1 266	1 280	1.1	21.6	25.2

Note: YOY is year-on-year, meaning the change from the same period one year prior. n.a. = not available.
Source: Calculations based on quarterly data available in ILOSTAT database and online sources of the national statistics offices.

When it comes to unemployment, economies may have not yet seen the worst. While three countries – Malaysia, Republic of Korea and Singapore – showed an improvement in unemployment numbers between the second and third quarters of 2020, unemployment in the remaining economies continued to increase. At the same time, all economies showed a sizable jump in unemployment in both the second and third quarters of 2020 over the previous year (table 8). The number of persons outside the labour force decreased slightly from the second to third quarter 2020 in all economies except Hong Kong (China) and the Republic of Korea, where the number of inactive persons, respectively, did not change and increased. Still, the number of inactive persons was larger than the previous year in all economies but Thailand. Putting all three indicators together, it is clear that while employment loss may have peaked in the second quarter, there remain signs that still all is not yet well. Most economies in the region are unlikely to see an expansion to the degree needed to absorb the newly bloated potential labour force[20] for some time to come.

4.4 COVID-19 impact on wages, labour income and working poverty

4.4.1 Labour income loss and working poverty

With lost working hours comes significant losses in labour income. *ILO Monitor* (2020a) reports an estimated labour income decline of 9.9 per cent in the Asia–Pacific region for the first three quarters of 2020, equivalent to a 3.4 per cent loss in GDP. The estimated loss in labour income (before taking into account income-support measures) was highest in South Asia, at 17.6 per cent, which was behind only the estimated losses in Latin America and the Caribbean. South-East Asia and the Pacific recorded a 9.5 per cent decrease in labour income for the first three quarters of 2020, while the estimated loss in East Asia was 7.2 per cent (table 9).

▶ Table 9. Labour income loss from Q1 to Q3 2020, by region and subregion

	Labour income loss, billion 2019 US$	Labour income loss, % of labour income	Labour income loss, % of GDP
Asia and the Pacific	870	9.9	4.1
East Asia	480	7.2	3.3
South-East Asia and the Pacific	140	9.5	3.9
South Asia	250	17.6	8.1

Note: Labour income losses in US billion dollars are rounded to the nearest $5 billion. Subregions might not add up to the regional figure due to rounding.
Source: ILO 2020a, table A2.

Countries are engaging in fiscal stimulus to try to counteract income losses (see section 5.2), but the effectiveness of such measures can be hampered by a lack of policy infrastructure (limited or lack of social protection systems, for example) and by the share of persons earning income outside the formal economy. In the absence of institutionalized support, households rely on limited savings to cover their basic needs. The risk of poverty increased significantly in 2020 in the Asia–Pacific region, with the World Bank (2020a) estimating a first increase in global poverty since the Asian financial crisis. According to the World Bank estimates, the number of persons living in extreme poverty (living on less than $1.90 a day) in the Asia–Pacific region could increase by nearly 55 million through the end of 2020. The number of additional poor persons increases to 66 million in the "downside" scenario.[21] South Asia is expected to be the region hardest hit, with 49 million additional people (almost 57 million under the downside scenario) pushed into extreme poverty.

20 The "potential labour force" consists of persons outside the labour market who would like to work and are available to work but do not actively seek it (available potential jobseekers) or who seek work but are not available to take up the new work (unavailable jobseekers). During a period of economic crisis, the number of available potential jobseekers are likely to increase. If sizable as a portion of the population or current labour force, the potential labour force can represent a significant problem of labour underutilization (ILO 2018a).

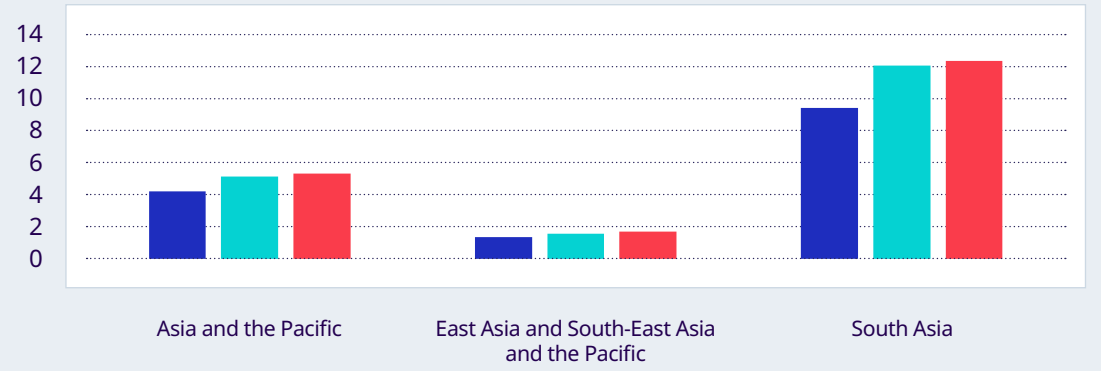
21 The World Bank's different scenarios are based on GDP projection: contraction in global per capita GDP growth of between 5 per cent (in a baseline scenario) and 8 per cent (in a downside scenario) during 2020.

By applying the World Bank estimates of persons added to extreme poverty in 2020 to the ILO estimates of working poverty (applying the estimated 2020 shares of persons in employment shown in figure 14), it is possible to estimate the regional increase in working poverty.[22] For the region as a whole, an additional 22 million to 25.4 million persons (baseline and downside scenarios, respectively) could be added to the number of working poor (living on less than $1.90 a day), increasing the working poverty rate by 1 percentage point to an estimated 5.1 per cent (5.3 per cent, downside scenario; figure 28, panel A).

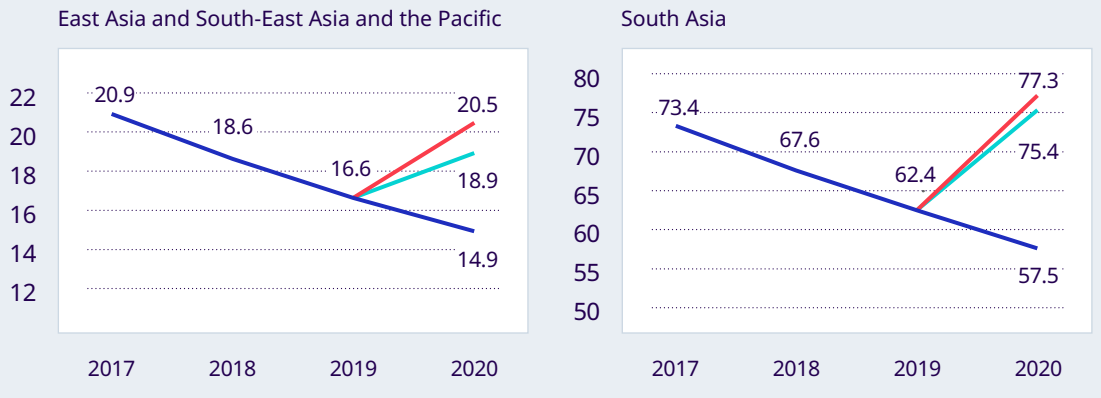
The breakdown by subregion is an additional 4 million to 5.6 million working poor in East Asia and South-East Asia and the Pacific combined and 17.9 million to 19.8 million in South Asia (figure 28, panel B). The estimated working poverty rates for the baseline scenario for 2020 are 1.6 per cent in East Asia, South-East Asia and the Pacific (up from the pre-COVID-19 estimate of 1.3 per cent) and 12 per cent in South Asia (up from the pre-COVID-19 estimate of 9.4 per cent).

Figure 28. Estimated extreme working poverty, by region and subregion

Panel A. Share of working poor in employed population, 2020 (percentages)



Panel B. Working poor, by subregion, 2017–20 (millions)



Note: The extreme working poverty rate is the share of persons working and living in households with daily per capita expenditure of less than $1.90. Calculations are based on the World Bank's estimates of the additional total poor in 2020 in the region and adjusted by age and the ILO estimated 2020 employment shares to estimate poverty of the working-age (15+) employed population. The baseline and downside scenarios are described in World Bank (2020). The ILO subregions of East Asia and South-East Asia and Pacific are combined to match with the World Bank grouping of East Asia and Pacific.

Source: Calculations based on World Bank 2020a, and employment data from ILO modelled estimates, October 2020 revisions (see Annex I table A3 and Annex II for methodology).

22 World Bank total poverty estimates are first adjusted to the working-age population (15+) and then to the employed population, applying the ILO modelled estimates of the employment-to-population ratio for 2020 by subregion (explained in section 4.2.2 and Annex II). Because the World Bank groups ILO subregions of East Asia and South-East Asia and the Pacific together, a separate estimate for the two subregions is not possible.

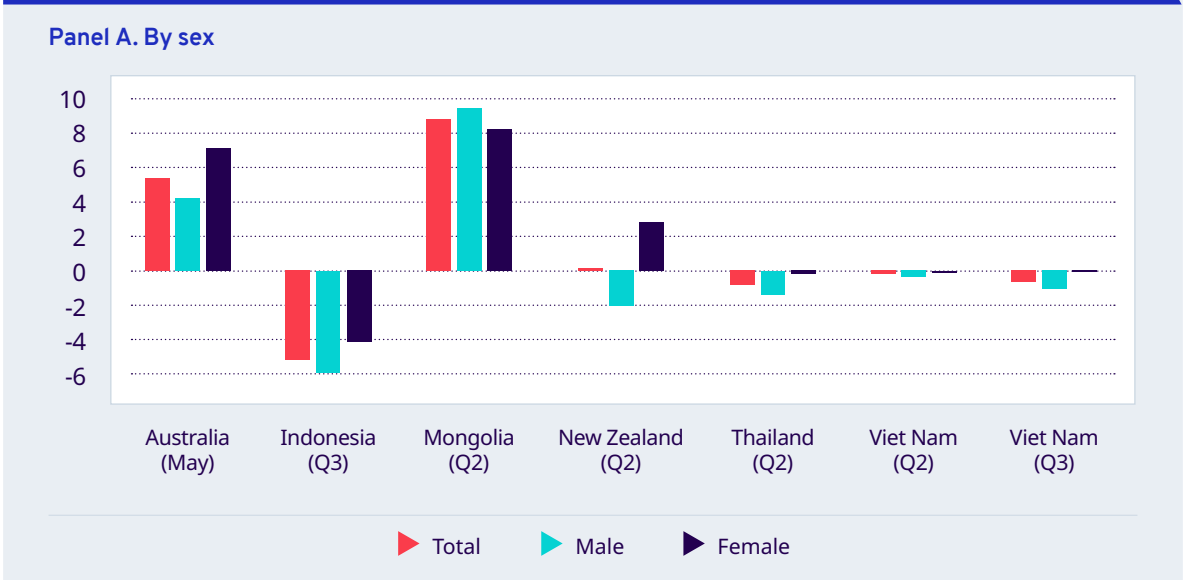
4.4.2 Recent wage trends at country-level

The substantial impact of COVID-19 on labour income at the regional level is further corroborated by the wage dynamics in the handful of countries with available data for the second and third quarters of 2020. In the majority of those countries, average nominal wages, measured for paid employees, stagnated or declined, although to varying degrees (figure 29, panel A). In Indonesia, average nominal wages in the third quarter contracted by 5.2 per cent overall. In comparison, wage growth in New Zealand was mostly flat in the second quarter, while in Thailand, average wages decreased by 0.8 per cent. In Viet Nam, as job losses softened from the second to third quarter, downward pressure on average nominal wages intensified. In all four countries, a common pattern emerged along gender lines: Wage decreases among men were consistently greater than for women.

Conversely, average wages of paid employees increased in Australia (at 5.4 per cent) and Mongolia (at 8.8 per cent). In Australia, the overall year-on-year increase in May – during a critical period in which COVID-19 heavily affected labour market dynamics and reduced labour demand – may seem counterintuitive, but it masks underlying compositional changes. These compositional changes include variations from the previous year in the shares of full-time, part-time and casual employees and the aggregate shifts in the occupational and sectoral distribution of employment.[23] In addition, while some employees saw decreases in their earnings and hours during that period, others, particularly part-time and junior employees, benefited from wage increases as a result of the relative contribution of the JobKeeper payment, a wage subsidy scheme introduced in response to the pandemic (see section 5.2).

The strong wage trends in Mongolia reflect both high inflationary pressure on consumer prices and dynamics in some key economic sectors, including manufacturing and wholesale and retail trade (figure 29, panel B). Sector wage analysis, however, reveals that in the other countries, falling labour demand via decreased wages is evident in some of the economic sectors hard hit by the impact of the pandemic (see section 4.2.4). For example, average nominal wages in the accommodation and food services industry declined considerably, contracting by 17.2 per cent in Indonesia in the third quarter and by 10.5 per cent in Thailand and Viet Nam in the second quarter. Likewise, manufacturing wages in Indonesia decreased by 7 per cent year-on-year and by 4 per cent in Thailand.

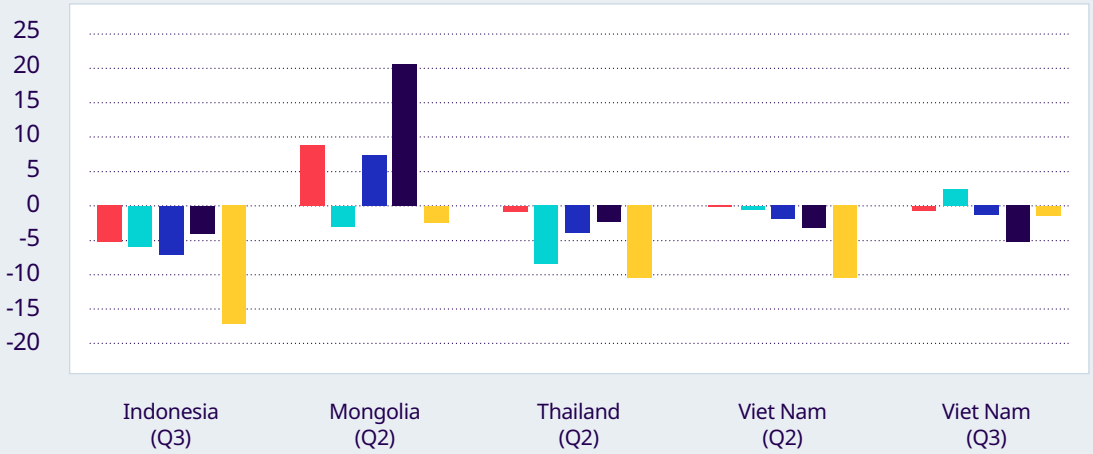
▶ Figure 29. Change in average nominal monthly wages, available economies, Q2 and Q3 2020 YOY (percentages)



23 Australia Bureau of Statistics, "Average Weekly Earnings, Australia", May 2020.

Figure 29. (cont.)

Panel B. By selected economic sector



Note: YOY is year-on-year, meaning the change from the same period one year prior. Australia indicates average weekly earnings.
Source: Calculations based on quarterly data available in ILOSTAT database and online sources of the national statistics offices.

4.5 COVID-19 labour market impact on vulnerable groups

With the massive disruption in economies and labour markets, the COVID-19 crisis has exacerbated existing vulnerabilities for workers already at risk of poverty. Among the most vulnerable workers are women, young people, migrants, persons with disabilities, indigenous and ethnic groups and persons with diverse sexual orientations and gender identities, many of whom earn a living through micro and small enterprises in the informal economy and remain outside the realm of social safety nets. The COVID-19 impact on some of the specific vulnerable groups are discussed in this subsection.

Informal workers have experienced greater employment loss but fewer hours lost than formal workers.

The ability of workers and enterprises to withstand shocks has much to do with how the labour market is structured in a country. There are exogenous factors driving the degree of crisis-driven labour market disruption in a country – for example, the extent to which the economy and employment are concentrated in the hardest-hit sectors – and endogenous factors that can influence the speed and effectiveness of the crisis response. One of the more obvious examples here is the scale and scope of the national social protection systems. Another variable of interest is the incidence of informal employment in a country as a signal of the strength or weakness of labour institutions.

The informal economy tends to have greater resilience than the formal economy when it comes to adding and shedding jobs. In the dualistic labour markets of the developing and emerging economies of the region, few people work in the formal sector with paid jobs and regular entitlements, while many work in the informal economy (with priority for the formal jobs going to the higher-educated, male and older workers). In developing economies with no unemployment insurance, most people do not engage in lengthy job searches but rather move between jobs in the informal sector, so there is little correlation between informality and unemployment. There is, however, a likely positive correlation between informality and job loss, given the ease with which informal jobs are shed and regained, especially with many informal workers in own-account work that they can leave and reopen based on current demand.[24]

24 Evidence of informal employment as a buffer during periods of financial crises are presented in Colombo, Menna and Tirelli (2019).

The Asia–Pacific region is home to 1.3 billion of the world's 2 billion informal workers, which is one reason why its countries are so harshly hit by economic crises (previous and current).[25] The share of workers in informal employment (including agriculture) was estimated at 50.7 per cent for East Asia in 2016, compared with 75.2 per cent for South-East Asia and the Pacific and 87.8 per cent for South Asia (ILO 2018b). The informal employment rate for the Asia–Pacific region overall was 68.2 per cent.

Given that the majority of informal workers remain outside the limited systems of social protection and also health protection (despite some national efforts to extend assistance during the crisis period), ILO (2020i) estimated that earnings of informal workers in the region were at risk of declining by 22 per cent in the first month of the crisis.

Only in Viet Nam were sufficient data and variables available (at the time of writing) to facilitate a quantitative isolation of the share of informal workers among all persons who lost their jobs between the first quarter and second quarter 2020 (figure 30). The largest decrease in employment in Viet Nam in the second quarter (over the first quarter) was in the agriculture sector, with a decline of 721,000 employed persons. Nearly all of the jobs lost in the sector (at 99 per cent) were the jobs of informal workers. In the sectors of human health and social services, other services activities (including arts, entertainment and recreational activities), construction and utilities, the totality of job losses was among informal workers.

▶ Figure 30. Viet Nam: Informal employment share in overall employment loss, by sector, Q1–Q2 2020 (percentages)

▶ Note: Where the share is given at 100 per cent for a sector, it indicates that all of the employment decline between the quarters accrued to informal workers while the sector showed some gains in jobs of formal workers. Where the share is 0 per cent, there was a positive growth of informal jobs in the sector, although formal sector jobs may have declined.
Source: Calculations based on micro data sets of the Viet Nam Labour Force Survey.

25 Informal employment is measured according to the guidelines recommended by the seventeenth International Conference of Labour Statisticians. The calculation includes the following subcategories of workers: (a) paid employees in "informal jobs", or jobs without social security entitlement, paid annual leave or paid sick leave; (b) paid employees in an unregistered enterprise with size classification of fewer than five employees; (c) own-account workers in an unregistered enterprise with size classification of fewer than five employees; (d) employers in an unregistered enterprise with size classification of fewer than five employees; and (e) contributing family workers. Subcategories (b) to (d) are used in the calculation of "employment in the informal sector", subcategory (a) applies to "informal job in the formal sector" and subcategory (e) can fall within either grouping, dependent on the registration status of the enterprise that engages the contributing family worker. See ICLS, Guidelines Concerning a Statistical Definition of Informal Employment, October 2003.

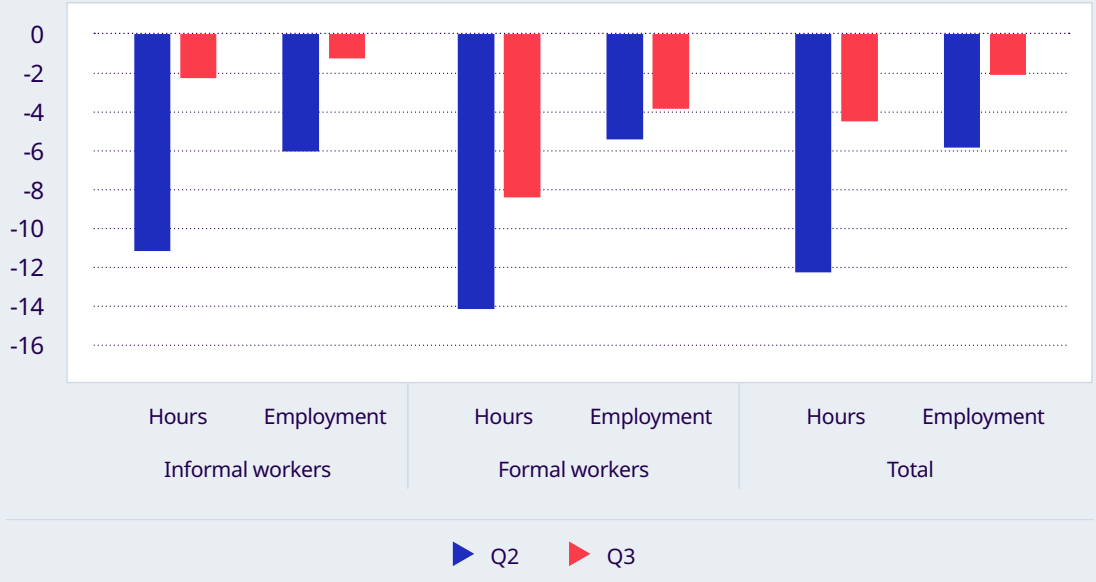
Overall, informal workers accounted for 61 per cent of employment losses in the second quarter in Viet Nam, and half of the economic sectors (7 of 14) showed stronger losses of jobs among informal than formal workers. Between the second and third quarters, however, when there was again positive growth in employment in Viet Nam, the majority (86 per cent) of jobs gained (or regained) were in the informal economy.

Taking the last quarter of 2019 as a baseline (as done in the *ILO Monitor* and reflected in section 4.2.1), the sharpest decline in working hours in Viet Nam was among formal workers in the second quarter, at 14 per cent (figure 31). Over the same period, there was an 11 per cent loss of working hours among informal workers. By the third quarter, working hours among informal workers were 2 per cent less than the fourth quarter figure, and hours worked by formal sector workers were 8 per cent less. Between the second and third quarters, there was also a 10 per cent increase in the number of hours worked among informal workers, compared with a 7 per cent recovery of hours worked for persons in formal jobs.

The reduction in working hours exceeds the reduction in employment in both quarters over the fourth quarter of 2019 for both formal and informal workers. Unlike for working hours, the second quarter of 2020 saw a larger reduction in employment for informal workers (at 6 per cent) than formal workers (at 5.4 per cent). By the third quarter, however, it was the formal workers who saw the larger decline in employment and working hours alike.

The results for employment loss and working-hour loss in Viet Nam reflect the nature of informal employment and its existence outside the realm of labour market institutions. At the point of economic contraction, many formal workers were protected from firing by legislation and government job-retention support programmes (see section 5.2). Many workers were retained by enterprises but with reduced hours. In contrast, informal workers were not protected by legislation and could be released easily from informal enterprises or shut their own informal enterprise (if an own-account worker) when required by the lockdown rules. The impact for informal workers, compared to formal workers, in the COVID-19 crisis has thus been greater on employment loss and lighter on hour losses. As the lockdown measures eased but demand remain depressed, informal workers were reabsorbed into informal enterprises or went back into operation in their own enterprise, while some formal enterprises had increasing trouble holding onto their workforces and shed some workers. The balance on the whole on whether or not the share of informal employment increased in other countries and the region will be investigated further as more data points are available with time.

Figure 31. Viet Nam: Working hour losses and employment losses in Q2 and Q3 2020 (over Q4 2019) for formal and informal workers (percentages)



Source: Calculations based on microdata sets of the Viet Nam Labour Force Survey.

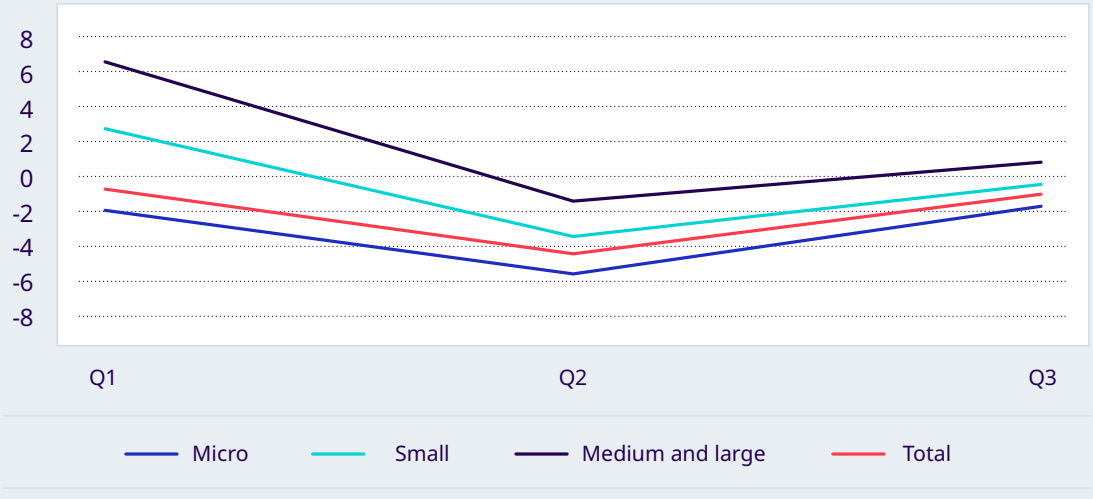
Impact has been felt first and foremost by micro and small enterprises.

Throughout developing Asia and Pacific, micro and small enterprises are critical for economic growth and are the primary source of jobs. In Viet Nam, for example, micro and small enterprises, which employed fewer than 10 workers and 10–49 workers, respectively, in the third quarter of 2020, accounted for around 80 per cent of total employment.[26] The fallout of the COVID-19 pandemic is devastating countless micro and small firms. With containment measures adversely affecting business continuity and reducing customer demand, many of these enterprises suffered sizeable decreases in revenue. Consequently, severe cash flow constraints have threatened their viability, and some have struggled to cope through workforce adjustments.

While some micro and small enterprises have tried to manage by reducing working hours and asking staff to take unpaid leave or accept reduced pay, others have had to resort to permanent layoffs. In Viet Nam, job losses during the COVID-19 crisis have disproportionately impacted micro and small enterprises, in comparison to medium-sized and large firms (figure 32). In the first quarter of 2020, when initial signs emerged that the public health crisis was starting to spill into the labour market, employment contracted slightly overall, weighed down by the falling labour demand in micro enterprises. By contrast, small, medium-sized and larger establishments continued to see employment growth. However, in the second quarter as the crisis worsened, job losses mounted at a staggering pace. Employment decreased year-on-year by 4.5 per cent overall, but by 5.6 per cent in micro enterprises, 3.5 per cent in small enterprises and 1.5 per cent in the medium-sized and large firms.

These dynamics seem to reveal that micro and small enterprises tended to be the first impacted by the economic consequences of the pandemic but the last to recover as business conditions improved.

Figure 32. Change in employment, by firm size, Viet Nam, Q1–Q3 2020 YOY (percentages)



Note: YOY is year-on-year, meaning the change from the same period one year prior. Firm size is based on the number of employees in the establishment and is defined as micro (1–9 employees), small (10–49 employees), and medium-sized and large (50+ employees).
Source: Calculations based on micro data sets of the Viet Nam Labour Force Survey.

26 ILO estimates from Viet Nam Labour Force Survey microdata.

In some of the economic sectors most at risk during the COVID-19 crisis (see section 4.2.4), micro and small enterprises have accounted for an even larger share of employment than the overall average. To illustrate, in Viet Nam, the share of employment in micro and small establishments was 95.4 per cent in wholesale and retail trade, 96.5 per cent in accommodation and food services, and 88.9 per cent in real estate activities in the third quarter 2020.[27] In this uncertain context, targeted policy support for micro and small enterprises, both in the formal and informal economy, is critical in Viet Nam and throughout the Asia–Pacific region. Such measures include schemes that facilitate access to cash and ease operational costs, promote employment retention through wage and training subsidies and support improved workplace safety and health protocols (see section 5.2 for more on policy responses).[28]

Gender equality faces a setback.

The COVID-19 pandemic is having an adverse impact on many women workers in the Asia–Pacific region. Even before the crisis, some gender gaps in the labour market of the region – for example, the differences between male and female labour force participation rates – were widening, especially in South Asia (ILO 2018a; see also box 1). The COVID-19 pandemic is now likely contributing to a further increase in gender inequalities.

Female workers in the region have been disproportionately affected by the crisis, as signalled in section 4.2.3, with available-data economies showing greater job loss among women than men and higher increases of inactivity for women. The disadvantages for women arrive through multiple channels (ILO 2020f). First, a large share of women in the region works in sectors that are severely affected by the crisis (see sections 4.2.4). In Asia and the Pacific, 297 million women worked in high-risk sectors in 2019, which corresponds to 43.3 per cent of female employment (compared with 37.6 per cent for all workers). The garment sector alone, which has been particularly hard hit by the drop in global consumer demand for garments, employed 35 million women in 2019 in the region, making it one of the manufacturing sectors with the largest share of women (ILO 2020j).

Second, increased care demands in many cases affect women disproportionately, also in the Asia–Pacific region. Schools and childhood education centres in many countries were closed as part of the lockdown measures to prevent further spread of the coronavirus. The resulting increased demand for unpaid care work, which evidence has shown falls more heavily on the shoulders of women (see box 1), requires a flexibility from family members that is difficult to reconcile with the job demands from a paying employer. Many women have reported feeling especially burdened with the increased juggling of paid and unpaid care work (ILO 2020h). There is also early evidence indicating that COVID-19 has contributed to an increase in violence against women, as suggested by an increase in calls and reports to helplines (UN Women 2020).

Pathways for youth are disrupted.

The prospects of young workers in the Asia–Pacific region are at risk because of the crisis. Young people have been hit hard by the pandemic, mainly through three channels (ILO and ADB 2020). First, young workers are facing significant employment and associated income losses. As shown previously in countries with available data (section 4.2.1), working-hour losses have been greater for youth than adults. Moreover, young workers are estimated to have incurred relatively more job losses than adult workers, likely due to lack of work experience and often less permanent working contract arrangements with employers, which made young workers in many cases among the first laid-off in the crisis.

Second, young people have been affected through disruptions to education and training systems. Online learning has in many instances replaced in-person classes. While the development of digital learning platforms has been successful in many contexts, providing additional opportunities for young people to acquire different types of skills, access to the platforms has not been available for everyone. Young people who cannot afford the necessary IT equipment and lack internet access, which is still scarce especially in the rural areas of some countries, have been thus newly disadvantaged with the closure of schools. The existing inequalities of opportunities have been exacerbated. In South-East Asia, only Brunei Darussalam, Malaysia and Singapore are reported to have internet penetration rates greater than 80 per cent (Jalli 2020). There is a further unfortunate consequence that comes from school closures, the lost livelihoods and increased poverty caused by the COVID-19 crisis, which is the risk of millions of children being pushed to work at an early age or under hazardous conditions. Additionally, those already in child labour may need to work more hours or work under worse conditions (ILO and UNICEF 2020).

27 ILO estimates from Viet Nam Labour Force Survey microdata.

28 For a quantitative assessment of the COVID-19 impact on enterprises in eight countries, see "ILO SCORE Global COVID-19 Enterprise Survey: How are Enterprises Affected and How Can We Support Them?", 15 May 2020.

Finally, young workers who finished education are entering the labour market at this time of crisis with low prospects for finding a first job. The school-to-work transition has become a challenge for many young workers, as have career transitions among youth already working and seeking to move up the career ladder or transition to other work. A prolonged spell of unemployment in the beginning of a career can result in "scarring", with subsequent impact on their future employment prospects and earnings.

Migrant workers are among the hardest hit in this pandemic.

The ILO estimated in 2017 that the Asia–Pacific region hosts 25 million migrant workers, who account for more than 15 per cent of all migrant workers worldwide (ILO 2017). Most of them (11.6 million) are based in South-East Asia and the Pacific. Migrant workers in the region have been among the hardest hit during this pandemic, with origin, transit and destination countries for migrants all affected by COVID-19 (ILO 2020k). They typically work in sectors suffering economically due to the pandemic, causing job and income losses, which is adversely affecting migrant workers' remittances to their family members and communities at home. Moreover, migrants often only have limited access to social protection in their host countries, which can create additional barriers to accessing health care.

In some countries, migrants endure poor living and working conditions that do not allow for applying basic prevention measures or practising physical distancing. Due to language barriers, migrants might not be aware of their rights and support schemes available to them. Finally, travel restrictions have kept many migrants in their host countries, even in the absence of any work and income. After returning to their country of origin, many have encountered economies under distress because of the pandemic, further reducing the opportunities for migrants to reintegrate into their home labour market.

5

Lessons from COVID-19 policy responses in support of workers, enterprises and income

To the best of their abilities, most governments are responding to the needs of workers, enterprises and households arising because of the COVID-19 health and economic crises. The composition of fiscal policy packages varies greatly across countries, as does the amount of funding committed. This section attempts to digest the vast array of policy responses that can influence the capacities of workers and enterprises to withstand the effects of the COVID-19 crisis. The fiscal expenditure of governments is addressed in section 5.1 while section 5.2 looks at the typology of response measures. Finally, section 5.3 acknowledges the breadth of work that remains for evaluating policy effectiveness with the aim to generate lessons on "what works" in support of workers, enterprises and incomes during periods of crises.

5.1 Are countries spending enough to negate labour market disruption?

National policy responses have been driven by fiscal capacity and institutional constraints.

Advanced economies have been able to dedicate more funding to the COVID-19 policy responses. Among the 38 economies in the region with comparable data, the median fiscal policy package amounted to 12.4 per cent of GDP (figure 33). The average fiscal expenditure as a share of GDP for the high-income economies was 24 per cent, compared with 7 per cent for the low- and lower-middle-income economies. In the high-income economies of Hong Kong (China) and Japan, the expenditure as of mid-September totalled a staggering 52 per cent and 65.5 per cent of 2019 GDP, respectively. Conversely, less than 1 per cent of GDP had been committed in the Lao People's Democratic Republic and Myanmar. In both countries, the COVID-19 response has been supported widely through international assistance. In total, the amount received in the form of loans and grants from multilateral development banks at the time of writing equalled around fourfold the fiscal policy commitment in the Lao People's Democratic Republic and 17-fold in Myanmar.

Among the three-largest developing Asian–Pacific economies, China announced a total policy response of $2.4 trillion (17.3 per cent of GDP), which was second to Japan (at $3.4 trillion) in the entire region in terms of the magnitude of the aggregate package. India committed $376 billion (13.4 per cent of GDP), and Indonesia signalled a package of $115.8 billion (10.9 per cent of GDP).

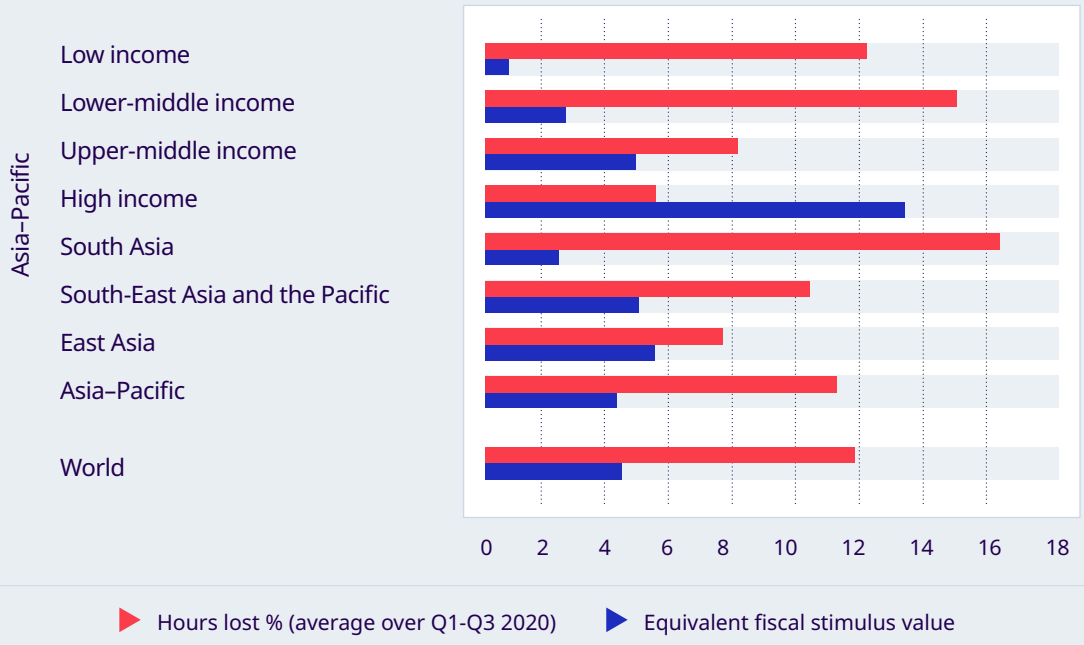
▶ Figure 33. Total COVID-19 fiscal policy response package (percentage of 2019 GDP)

▶ Note: The total policy response package includes fiscal expenditure announcements for (i) liquidity support, (ii) credit creation, (iii) direct long-term lending, (iv) equity support, (v) government support to income and revenue and (vi) other expenditures without breakdowns. Excludes announcements of international assistance provided to other economies. The value of GDP is the 2019 US dollar estimate from ADB.
Source: Compilation based on ADB, COVID-19 Policy Database.

The expansionary fiscal policy response in Asia and the Pacific has been critical for countering a slowdown in economic activity and stemming losses in jobs and working hours. Yet, the fiscal stimulus imbalance is clear: High-income countries account for a disproportionate share of the fiscal commitments while sizeable gaps remain in a bulk of the developing economies of the region. Based on the same methodological approach used in *ILO Monitor,* sixth edition (2020a), the following analysis examines the size of the fiscal stimulus expenditure relative to the labour market disruption, measured in working-hour losses, due to COVID-19 in the Asia–Pacific region and highlights the support needed to fill the stimulus gap, particularly in the developing economies.

The fiscal stimulus response for the region as a whole amounted to around 4.1 per cent of total working hours in 2019, which is the baseline before the onset of the COVID-19 pandemic (figure 34).[29] By comparison, an estimated 11.1 per cent of working hours were lost during the first three quarters of 2020 (average of the three quarters) due to the impact of the pandemic, revealing a gap in which fiscal measures have not been sufficient to fully offset working-hour losses. Another way of looking at it is that the fiscal expenditure in the region was sufficient to offset only approximately 40 per cent of the total working-hours lost (measured in full-time equivalent of employment) during the first three quarters of 2020, which leaves a 60 per cent fiscal expenditure gap.

▶ Figure 34. Working hours lost (% of total, average over first three quarters of 2020) and equivalent fiscal stimulus value



Note: The basis for calculating equivalent fiscal stimulus is average output per full-time equivalent employment, at 48 hours per week.
Source: ILO 2020a, table A3.

In East Asia, the equivalent fiscal stimulus gap measured about one third of working-hour losses, while in South-East Asia and the Pacific, fiscal stimulus equalled around half the level of working-hour losses. The fiscal gap was the widest in South Asia, where decreases in working hours (at 16.2 per cent) were countered by just 2.3 per cent of equivalent fiscal stimulus value, thus leaving a fiscal stimulus gap of 86 per cent.

29 The methodology entailed the following steps. First, the fiscal stimulus was divided by output per worker (in 2019 United States dollars) at the country level, which generated an estimate of the number of employed equivalent (in terms of their output) to the level of fiscal stimulus commitments. This was carried out for 169 countries worldwide, including 33 Asia–Pacific economies. Next, the derived employment figures were adjusted using 2019 baseline estimates for country-level hours of work and converted to full-time employment (FTE) jobs, assuming a 48-hour work week. This enabled a direct comparison of FTE stimulus with the average FTE job losses over the first three quarters of 2020.

Imbalance in fiscal policy responses highlights opportunities for intraregional cooperation and solidarity.

Low- and lower-middle-income countries have had a clear disadvantage, given their limited fiscal space, and have been unable to match the level of fiscal expansion needed to counter the widespread labour market disruption. For the low-income countries, the full-time equivalent jobs fiscal stimulus value to date amounts to only 0.7 per cent of baseline working hours, compared with the 12 per cent average decrease in working hours. Although middle-income countries have had greater fiscal space for expansionary policies to cushion the blow of COVID-19, questions remain on their capacity to sustain the efforts through a prolonged crisis. In the high-income economies of the region, in contrast, the fiscal expenditure equivalence has been more than sufficient to respond to the decrease in working hours of 5.4 per cent. This regional imbalance highlights the potential of intraregional cooperation and partnership to collectively combat the economic and job impacts of the COVID-19 pandemic. For example, within the Association of Southeast Asian Nations (ASEAN), numerous pledges have been made – including among labour ministers – to work together on mitigating the impact of the crisis and promoting solutions for recovery.[30]

The *ILO Monitor* (2020a) reported a total fiscal stimulus gap of $982 billion in low-income and lower-middle-income countries across the globe. With many developing countries in the Asia–Pacific region, such stark figures point to the challenges that countries have with adequate financing the measures needed to keep enterprises, workers and households afloat through the crisis period. Filling this stimulus gap calls for urgent mobilization of official development assistance and greater international solidarity in support of the national prioritization of public financing towards improved outcomes in jobs and income support.

5.2 National policy responses

Sustaining consumption through social protection measures (including universal transfers) has been key to minimizing economic slowdown.

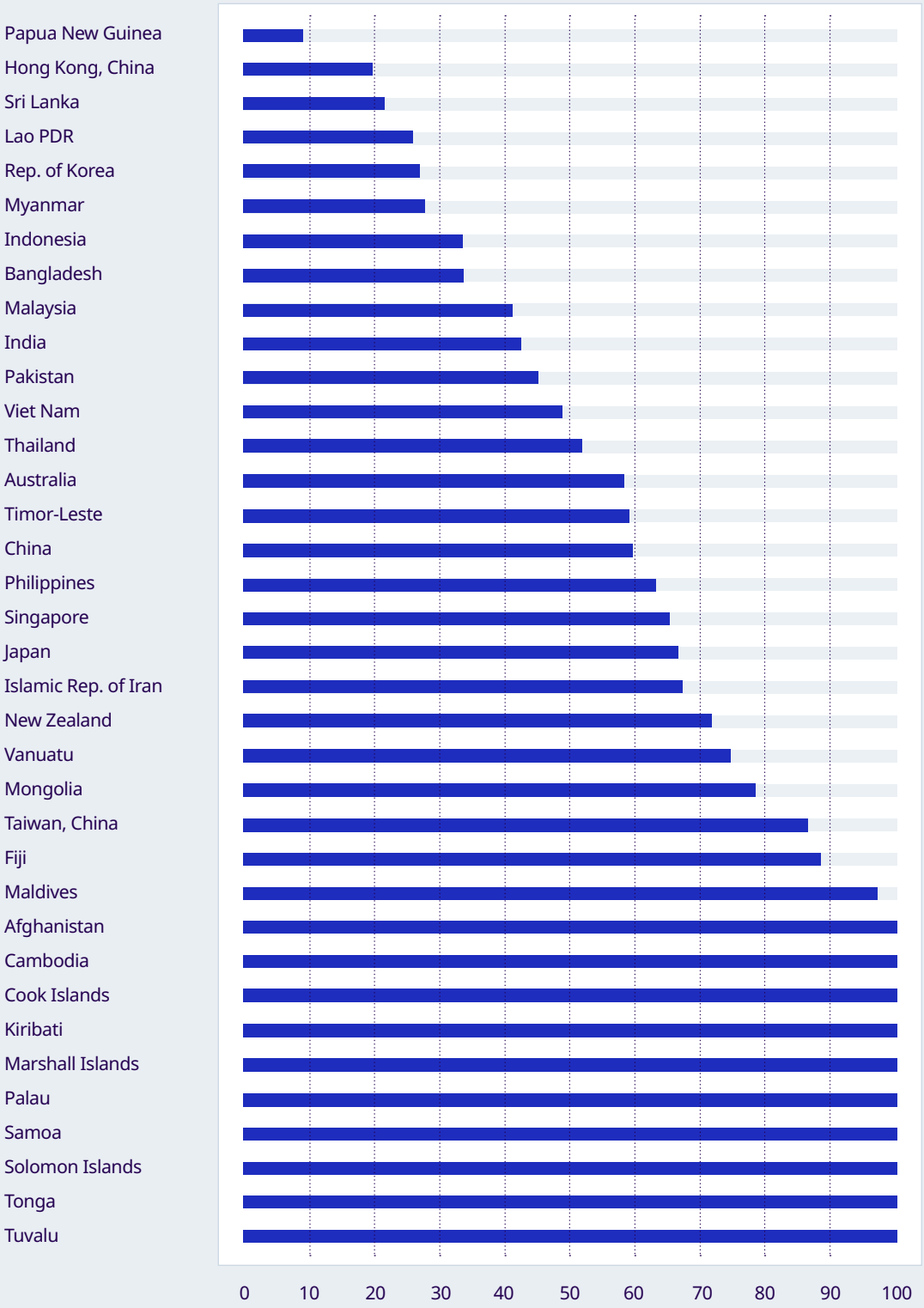
Supporting workers and enterprises through income and revenue assistance is a key element of an inclusive recovery (ILO 2020l). If well designed and implemented, this strategy can help sustain household consumption, especially for the most vulnerable families, and boost domestic demand and economic activity, which are critical for supporting jobs and enterprises. Of the 36 economies in the Asia–Pacific region with comparable data, ten have dedicated COVID-19 response resources to supporting incomes and revenue (figure 35). The ten – Afghanistan, Cambodia, Cook Islands, Kiribati, Marshall Islands, Palau, Samoa, Solomon Islands, Tonga and Tuvalu – are small developing economies, most with extremely limited fiscal space, which they thus have chosen to focus entirely to bolstering the incomes of people most in need.

By comparison, six economies – Hong Kong (China), Lao People's Democratic Republic, Myanmar, Papua New Guinea, Republic of Korea and Sri Lanka – had committed less than 30 per cent of their overall policy packages to income or revenue support at the time of writing. High-income Hong Kong (China) and Republic of Korea have spread their stimulus more broadly across other policy areas, including an array of fiscal policies (liquidity support, credit creation, direct long-term lending, using the Asian Development Bank categorization in their policy inventory[31]). The totality of COVID-19 fiscal response in Myanmar and Papua New Guinea is spread between two areas alone: direct long-term lending and government support to income and revenue, with the majority of funds going to the former. In the Lao People's Democratic Republic and Sri Lanka, the divide is between government support to income and revenue and credit creation through financial sector lending. For the region as a whole, the median commitment to income or revenue assistance as a share of the total fiscal response is currently at 65 per cent.

30 See the Joint Statement of ASEAN Labour Ministers on Response to the Impact of Coronavirus Disease 2019 (COVID-19) on Labour and Employment, 14 May 2020. See also the Statement of the ASEAN Economic Ministers' Retreat, 8–10 March 2020, on Strengthening ASEAN's Economic Resilience in Response to the Outbreak of the Coronavirus Disease (COVID-19), which reaffirmed the commitment of keeping the ASEAN market open for trade and investment while strengthening supply chain resilience and sustainability.

31 ADB, COVID-19 Policy Database.

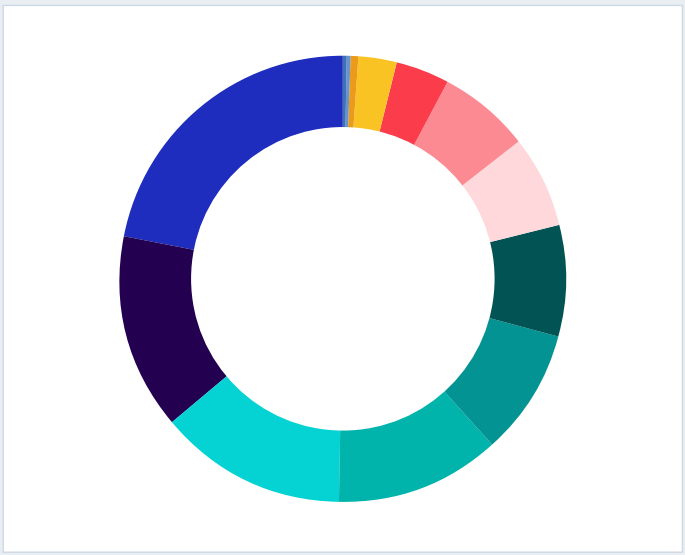
▶ Figure 35. Government support to income or revenue (percentage of total COVID-19 policy expenditure)



▶ Note: Cambodia, India, Malaysia and Taiwan (China) also includes other expenditures without breakdowns.
Source: Compilation based on ADB: COVID-19 Policy Database.

A strong majority (87 per cent) of countries in the Asia–Pacific region have included social protection as part of their COVID-19 policy response. In total, the region (as of mid-September 2020) had announced 309 social protection measures in response to the COVID-19 pandemic, with the largest share going to special allowances and grants (at 21.7 per cent) followed by health (at 14.2 per cent) and income and jobs protection (at 13.6 per cent) (figure 36). This again shows that governments are prioritizing and ensuring that income and consumption needs are covered as a channel to sustain the economy and jobs while also prioritizing health protection during the pandemic.

Figure 36. Distribution of social protection responses to COVID-19 pandemic, by type of measure (percentages)



Note: The figure is the aggregate of all Asian–Pacific economies with information available in the database.
Source: ILO, Social Protection Monitor Database.

As part of their overall response, advanced economies like Japan and the Republic of Korea sent all citizens a one-time universal transfer to prop up consumption. This accords well to the "transfer now, target later" proponents who contend that it is better to push money out quickly and broadly rather than taking the time to coordinate the multitude of databases across agencies to target the liquidity flows to those most in need.[32] There is, however, an additional constraint in many countries to quickly extend financial assistance to the entire or targeted populace, which is the existing infrastructure for delivery of payments that links to issues of financial inclusion, national identification systems and digitalization (World Bank 2020b).

Employment protection, including wage subsidies and paid leave schemes, have helped stem job losses but depend on formal mechanisms and institutions.

Many countries have devoted a considerable portion of their relief packages to bolstering and expanding the measures that assist enterprises to retain workers – for example, by increasing the scope and scale of wage subsidies. The delivery of such services along with the regulations on their usage are dependent on the strength of a country's labour market institutions and can have an important role in a country's record of employment protection and minimizing working-hour losses over the course of an economic crisis.

Country-level examples of such programmes are highlighted in the many ILO references listed in box 5, with one specific example elaborated here – the Australian JobKeeper Programme.[33] This programme, estimated at $81 billion, is a wage subsidy programme designed to benefit around 6 million workers through biweekly

32 See box 1 in OECD (2020) as well as Furman (2020).

33 Details available at the website of the Treasury of the Australian Government.

payments extended through their employer. The scheme has been expanded to include the self-employed and extended through March 2021. For the moment, it appears that Australia's economy has fared better than other advanced high-income countries overall. With job losses seemingly reaching their lowest point in the second quarter (see section 4.3), it appears that the Government's decisive fiscal policy choices have proven effective at protecting jobs and incomes, although direct causality remains to be tested.

Targeting support for key sectors can have positive impacts on the most vulnerable, including micro, small and medium-sized enterprises, women and youth.

Targeting is no easy matter. Nonetheless, in countries with limited finances available, oftentimes choices must be made and based on logical priorities, such as preventing widespread growth of extreme poverty through targeted assistance of persons engaged in the most-affected sectors. Throughout the region, there are examples of countries trying to bolster enterprises in specific hard-hit sectors, such as the tourism and the garment sectors or others deemed important to the economy:[34]

- In Australia, the Government announced a 250 million Australian dollar stimulus package to support the cultural and creative sectors, whose work contributes AU$112 billion to the economy.
- The Thai Government issued stimulus packages worth 22.4 billion Thai baht to revitalize its tourism industry. The packages aim at boosting domestic travel by subsidizing hotel accommodation, airline tickets and facilities in tourist destinations around the country.
- Both the Cambodian and Indonesian governments reduced corporate taxes for garment industry enterprises by 30 per cent (ILO 2020j). The Singapore Government in August 2020 extended an additional 187 million Singaporean dollars in support to the ailing airlines industry. The support package includes cost relief through landing and parking rebates and rent relief for airlines, ground handlers, cargo agents and other airport partners at the country's two airports.

5.3 The future research agenda on evaluating policy response effectiveness

Labour income impacts are severe and complicated by the limits that the crisis has brought to what would normally be fallback options for households needing to smooth income during shocks: Casual work and migration (external and internal) options are limited by the lockdowns, slow domestic recovery and border closures; borrowing money from social networks is also limited by the universality of negative impacts. Government social assistance to the COVID-19-affected households has therefore become of vital importance to help mitigate some of the worst consequences of this crisis. It is perfectly understandable that lower-income countries in the region have prioritized their available fiscal support in this direction.[35] This approach is also appropriate for low-income countries, given their higher levels of informal employment, which prevent support through the formal labour market mechanisms (wage subsidies, sick leave pay, unemployment insurance, etc.).

Alternatively, governments have made policy choices regarding the orientation and composition of fiscal measures, attempting to find a balance between targeting support to households and enterprises (and indirectly to workers primarily in the formal sector). Many countries have opted to invest in workforce-retention programmes and have extended social assistance to help at-risk workers and households. Supporting worker retention can encourage a relatively seamless resumption of production once demand resumes, helping enterprises to avoid transaction costs of hiring and training new workers later down the line. A potential downside in focusing support on worker-retention programmes is the exclusion of informal enterprises and informal workers. Some literature argues that there are longer-term benefits to targeting worker-retention policies at formal sector enterprises (typically larger enterprises) because formal workers experience longer search time after losing their job, which will hence drive up the numbers and the costs of unemployment.[36]

Some countries have prioritized their support in other directions. China, for example, has responded to the crisis by striving to minimize the loss of economic activity, offering cheap credit and pushing public investment

34 Unless otherwise mentioned, information comes from the ILO collection of Country policy responses, which is updated on a regular basis.

35 For details on the national social assistance programmes offered during the COVID-19 crisis, see Gerard et al. (2020) as well as the various ILO sources mentioned in box 5.

36 The debate is highlighted in Gerard et al. (2020).

and construction spending. Policy responses have thus been geared primarily towards helping businesses; recent recovery in industrial production and trade figures seem to indicate that the strategy has helped and that recovery is on the way, hopefully with trickle-down benefits to workers.

With so few timely data points available across the region, it is too early to generate valid evaluations of the policy measures proving to be the most beneficial to supporting enterprises, jobs and income. Countries are putting forth an astounding array of programmes, each working to the best of their capacity to safeguard lives and their economy through the difficult days of the crisis. There are many noteworthy programmes that are certain to have had positive effects on the capacity of enterprises to remain viable and retain workers. Over the course of the next few years, there will be a strong appetite to closely examine the direct impacts of countries' portfolios of policy measures, with the ultimate aim of learning valuable lessons that might be adapted to future crisis scenarios.

▶ Box 5. Additional ILO references on COVID-19 policy responses

The ILO has published numerous knowledge products and policy tools specific to addressing and mitigating the impacts that COVID-19 have brought to the world of work. The following short list makes for easy reference:

General

- A Quick Reference Guide to Common COVID-19 Policy Responses
- A Policy Framework for Tackling the Economic and Social Impact of the COVID-19 Crisis

Social protection

- Extending Social Protection to Informal Workers in the COVID-19 Crisis: Country Responses and Policy Considerations
- COVID-19 and the World of Work: Social Protection Responses in Asia–Pacific
- The Role of Social Dialogue in Formulating Social Protection Responses to the COVID-19 Crisis
- Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of the COVID-19 Crisis and Beyond

Supporting enterprises and jobs

- Enabling Environment for Sustainable Enterprises and the Post-COVID-19 Rapid Response
- National Employment Policies for an Inclusive, Job-Rich Recovery From the COVID-19 Crisis
- COVID-19: Public Employment Services and Labour Market Policy Responses

Vulnerable groups and sectors

- Impact of Lockdown Measures on the Informal Economy
- The COVID-19 Response: Getting Gender Equality Right for a Better Future for Women at Work
- COVID-19 and Employment in the Tourism Sector: Impact and Response in Asia and the Pacific
- The Supply Chain Ripple Effect: How COVID-19 is Affecting Garment Workers and Factories in Asia and the Pacific
- Protecting Migrant Workers During the COVID-19 Pandemic
- Protecting the Rights at Work of Refugees and Other Forcibly Displaced Persons During the COVID-19 Pandemic
- Tackling the COVID-19 Youth Employment Crisis in Asia and the Pacific (ILO and ADB)
- COVID-19 and Child Labour: A Time of Crisis, a Time to Act (ILO and UNICEF)

Country impact assessments

- China
- India
- Myanmar
- Philippines
- Republic of Korea
- Thailand
- Viet Nam

6

Recovering towards a human-centred future of work

Countries were quick in the design of their COVID-19 stimulus and relief measures. But as the crisis lengthens, questions are likely to arise on the effectiveness of measures to reach the most vulnerable and also on the capacity of governments to sustain fiscal expansion. The previous section looks in brief at some elements of current national policy responses. Here, the discussion turns to specific guidance to consider as governments move away from their immediate support objectives to their mid- to long-term COVID-19 recovery phases.

The ILO Centenary Declaration provides a road map for COVID-19 recovery and a human-centred future of work.

Fortunately, there is no need to start from scratch when it comes to designing a framework for a post-COVID-19 future of work that addresses outstanding challenges and promotes a better-balanced, human-centred agenda. In June 2019, ILO Member States adopted the **ILO Centenary Declaration for the Future of Work** at the 108th International Labour Conference (ILO 2019b). The Declaration was subsequently endorsed by the United Nations General Assembly, which called on United Nations bodies to consider integrating the Declaration's policy proposals into their work.[37]

The Centenary Declaration was not designed with a health pandemic in mind. But it nonetheless offers the building blocks on which to orient a human-centred recovery that can leave economies, enterprises and workers on a stronger footing to face whatever the future of work may bring, including future crises, technological advancements, demographic shifts and environmental degradation. The Declaration urges governments, workers and employers to strive "to shape a fair, inclusive and secure future of work with full, productive and freely chosen employment and decent work for all" because, in so doing, countries can progress towards sustainable development.

The Declaration's human-centred approach focuses on three areas of action: (i) increasing investment in people's capabilities, (ii) increasing investment in the institutions of work and (iii) increasing investment in decent and sustainable work.[38] Each element and its relevance to recovery from the current crisis are addressed to formulate a "better normal" and a human-centred agenda for the future of work.

The first pillar, **increasing investment in people's capabilities**, puts forth four recommendations that move beyond the traditional human capital development paradigm to include a rights-based approach to development, such that individuals' opportunities to realize their full potential and improve well-being are broadened. These include effective lifelong learning, strengthening institutions and policies to support people through their future work transitions, implementing a transformative agenda for gender equality and strengthening social protection systems through basic universal protection coverage from womb to tomb.

37 See "UN General Assembly Endorses ILO Centenary Declaration for the Future of Work", Press release, 16 September 2019.

38 The Centenary Declaration reflects recommendations outlined in the report of the ILO Global Commission on the Future of Work, *Work for a Brighter Future*, 2019.

The value propositions behind the components of this pillar are confirmed as elements for promoting a recovery from the current crisis that boosts future resilience. Elements include:

- ***Invest in lifelong learning ecosystems:*** COVID-19 joins the waves of disruption, including technological changes and climate change, sweeping through the world of work, which together add urgency to addressing issues of future skills needs and how to build skills systems that prepare workers to be agile and mobile in the face of shocks. The pandemic has elevated the importance of reskilling, especially for workers in impacted sectors like tourism and manufacturing who could be trained for future growth sectors. Yet, few countries are ready to support the training and retraining of workers on a large scale.[39] What is more, the crisis has laid bare the persistent inequality in education and training systems throughout the region linked to the digital divide, as discussed in section 4.5. To meet the skills challenges in particular, countries need new skills and lifelong learning ecosystems that form an integral part of their economic, fiscal, social and labour market policies and programmes. Training systems need to be flexible and in sync with the changing demands of industry, which necessitates their formulation in sustained dialogue with stakeholders from the world of work, notably employers and workers (and their representative organizations).
- ***Supporting people through their future of work transitions.*** As people undergo the many transitions of their working lives – from school to work to parenthood, changing jobs and then retiring – they can be assisted by various institutions that help them along the way. In the context of the COVID-19 crisis, young people face a challenging road ahead as they attempt their transition into the world of work. A comprehensive approach to supporting youth employment can involve a range of youth-targeted active labour market programmes, including support of young entrepreneurs, the implementation of which requires effective labour market institutions (further addressed under pillar 2).
- ***Tackling gender equality once and for all.*** COVID-19 has exacerbated the challenges that women habitually face. Gender pay gaps, unequal distribution of unpaid care work, discrimination in access to decent jobs, violence and harassment – none of these are new issues, but the disproportionate impacts on women in the current crisis raise the level of urgency to tackle the barriers that result in such unequal outcomes. Delivering on a transformative agenda for gender equality requires the implementation of a package of integrated, inclusive and transformative policies and measures, informed by the relevant international labour standards.
- ***Protect the health and well-being (including financial resilience) of populations through social protection floors.*** The COVID-19 crisis, like crises before it, underscores the value to countries of having well-designed, coordinated social protection systems to draw upon for rapid outreach to persons in times of hardship. The heightened demand for the services embedded in social protection systems during the COVID-19 crisis show that it is now time for countries to go beyond emergency or transitory measures.[40] Comprehensive social protection systems, including floors, can serve as an integral component of the efforts to build back better, not only to tackle underlying issues of poverty and inequality but as an essential element to boost aggregate demand and support the economy to bounce back.

The second pillar recommends **increasing investments in the institutions of work**, with a view to fortifying and revitalizing them as core components of the brighter future of work. More specifically, it points towards the need to respect the fundamental rights at work and to ensure an adequate minimum wage, statutory or negotiated, a maximum limit on working time and protection of safety and health at work. Responding quickly and effectively to labour market needs during times of crisis depends to a large extent on the existing labour market institutions and drawing on existing employment policies and social protection systems that can be expanded and scaled up. Here also the Centenary Declaration covers what will be critical elements to guide a way out from the current crisis and how strengthening the institutions of work can foster positive change in the following areas:

39 ILO (2019a) examines how countries in the region (ASEAN +6) were preparing themselves for the future of work, including through an examination of their skills and training systems. See also Sakamoto and Sung (2018).

40 The ILO partnered with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP and ILO 2020) to highlight the situation regarding social protection in the region and make recommendations for enhancing investments in national social protection programmes.

- ***Strengthening wage policies and other labour market policies.*** Minimum wage institutions have taken on increased relevance during the crisis and its aftermath as protection for the most vulnerable, as has increasing the reward of critical or essential workers. Wage policies have extended beyond minimum wages, with outcomes hinging in part on the effectiveness of collective bargaining and national institutions for freedom of association. The labour income shares that were falling in the region before the crisis was a sign of insufficient growth in wage employment and also the insufficient quality of paid jobs. Weak labour relations in many countries have contributed to declining labour income shares. Governments that are serious about reversing such trends and promoting a wider distribution of the benefits of growth in recovery will do well to strengthen their support of their collective bargaining system.

  Public employment services are proving central in the execution of active labour market policies to support jobseekers, workers and employers during the crisis period (ILO 2020m). But such services are typically underfunded in developing economies, hampering their effectiveness to cope with the scale of services needed in these extraordinary times. As instruments of critical importance, governments are called upon to significantly increase their investment in public employment services, including in the development of digital services, so that they are not left catching up in times of economic difficulties.

- ***Accelerating occupational safety and health as a fundamental labour right.*** Perhaps one of the least surprising priority areas of action coming out of the COVID-19 pandemic has been the implementation of proactive occupational safety and health (OSH) preventive measures. As a next step, upgraded OSH measures and renewed commitment for protecting workers from future pandemic and emerging OSH hazards and risks are required. A global survey of employer and business membership organizations revealed that six out of ten of them consider developing capacities on safety and health as a top priority (ILO and IOE 2020).

- ***Regulating telework.*** With the COVID-19 pandemic lockdowns, working from home – telework – has received much attention and speculation as to what degree it will constitute an element of the "better normal". Whether a person teleworks occasionally or does so on a permanent basis can have important implications for their working conditions. Ensuring daily and weekly working hour limits as well as developing, implementing and monitoring working time arrangements, in line with medical and OSH advice, and with clear assignments of responsibilities on costs can help institutions and organizations begin to adapt to the current world of work.

- ***Safeguarding labour rights, including for migrant workers.*** During this crisis, some national debates emerged around the adaptability of legislative provisions in support of enterprises' facilitation of business continuity. Some governments and social partners agreed on temporary measures to relax legislated obligations in ways that enabled businesses to implement flexible work arrangements (ILO 2020n). Temporary measures allowing for variations on the terms and conditions of employment and collective agreements have been introduced on such matters as work from home, use of paid sick leave during COVID-19 treatment and quarantine periods and more. In the post-COVID-19 era, some countries may be impelled to undergo legislative reviews on areas of labour laws and regulations to (re)balance between the need for promoting employment creation and safeguarding workers' rights in an era of technological and health-driven disruption. The danger here is when labour law reforms are pushed through without adequate consultation with social partners and when areas of labour protection are misguidedly weakened in the name of expected boosts to competitiveness.

- ***Framing solutions through social dialogue.*** Several countries in the region – those with dialogue structures or initiatives in place – have successfully used social dialogue processes to address not only labour policy issues but also to shape the responses to the crisis (ILO 2020o; ILO, OECD and Global Deal 2020). Tripartite- or bipartite-negotiated strategies for coping with workers' salaries have been useful at the sector level, including in the heavily impacted garment sectors of Bangladesh, Myanmar and Sri Lanka (ILO 2020j). Consensus-based policies are needed not only for economic recovery but also for labour market governance based on international labour standards to counteract conflicts that can affect productivity and become hurdles in the recovery process. To make progress in this direction, many countries in the region will benefit from strengthening their bipartite workplace consultations and cooperation mechanisms and collective bargaining for seeking and implementing together solutions to the specific challenges facing workers and enterprises.

The third and final pillar aligns with the 2030 Agenda for Sustainable Development, with the recommendation to **increase investment in decent and sustainable work.** Such investments, including in the rural economy as well as in the construction of physical and digital infrastructures, are viewed as key to advancing developmental goals while also creating a large number of jobs and new opportunities for individuals as well as micro, small and medium-sized enterprises. The pillar also includes the aim to further promote the transition from the informal to the formal economy and to define policies and measures that respond to challenges and opportunities in the world of work relating to the digital transformation of work, including platform work. Linked to this pillar are:

- ***The post-COVID debates around models of growth.*** Trade tensions, policy uncertainty, efficiency factors and natural disasters were already pushing certain enterprises towards consolidating their supply chains and moving closer to consumers or nearer to where product design and technologies are developed. With COVID-19 amplifying the vulnerabilities associated with international trade, some countries are encouraging policy discussions on alternative options for growth models that would lessen dependence on trade.

  The strategic responses towards reorienting growth will differ based on the national pre-COVID-19 circumstances; some countries – for instance, those in South-East Asia – might consider adopting policies that deepen trade ties subregionally and reorienting production to the domestic market. The Regional Comprehensive Economic Partnership between the ten ASEAN Member States and Australia, China, Japan, New Zealand and Republic of Korea, signed on 15 November 2020 to go into effect in two years, is expected to result in the largest free-trading bloc in the world. Employment in the larger economies of the bloc could see positive growth as a result.

  Developing and emerging economies that were less export-oriented to start with and more import-dependent will have less wherewithal to articulate a post-COVID-19 reorientation of the economy towards greater self-reliance and localization. Some major South Asian economies and the low-income economies in the broader region fall within this group. The domestic crises of such countries are arguably the most severe and also potentially the most difficult to bounce back from. For these countries, switching production to increase the domestic content of growth, diversifying output and reducing external risks can best be seen as longer-term goals. These would require deep structural and sectoral changes and shifts in the composition of trade itself and will be not be feasible in the short run. Nonetheless, policy focus and investments are required now to support the long-term changes.

- ***Accelerating the transition from the informal to the formal economy.*** The magnified vulnerabilities of workers in the informal sector have drawn escalated attention to the need for formalization. Some countries in the region were quick to adapt existing social assistance programmes to informal workers and firms (ILO 2020p). Maintaining the support for informal workers and enterprises in the longer term is now an issue of heightened importance, with the aim to recover as inclusive economies and resilient societies. Now is the time to look at formalization, not as a law and order issue or as an opportunity to earn government revenues but as investment towards development.[41]

- ***Strengthening the focus on green jobs and sustainability.*** Environmental impacts moderated during the COVID-19 pandemic. Keeping the momentum towards improved environmental outcomes will depend on the choices to be made following the crisis. With economic growth models in question, there is great uncertainty over how industry sectors will restructure and secure decent work for the many millions of workers and suppliers whose livelihoods rely on economic growth. In the Asia–Pacific region, there is a need for economies involved in production activities to analyse the risks and opportunities that new production and consumption patterns could represent. The newly formed Climate Action for Jobs Initiative aims to keep environmental sustainability among the primary objectives of inclusive economic pathways of the future.[42]

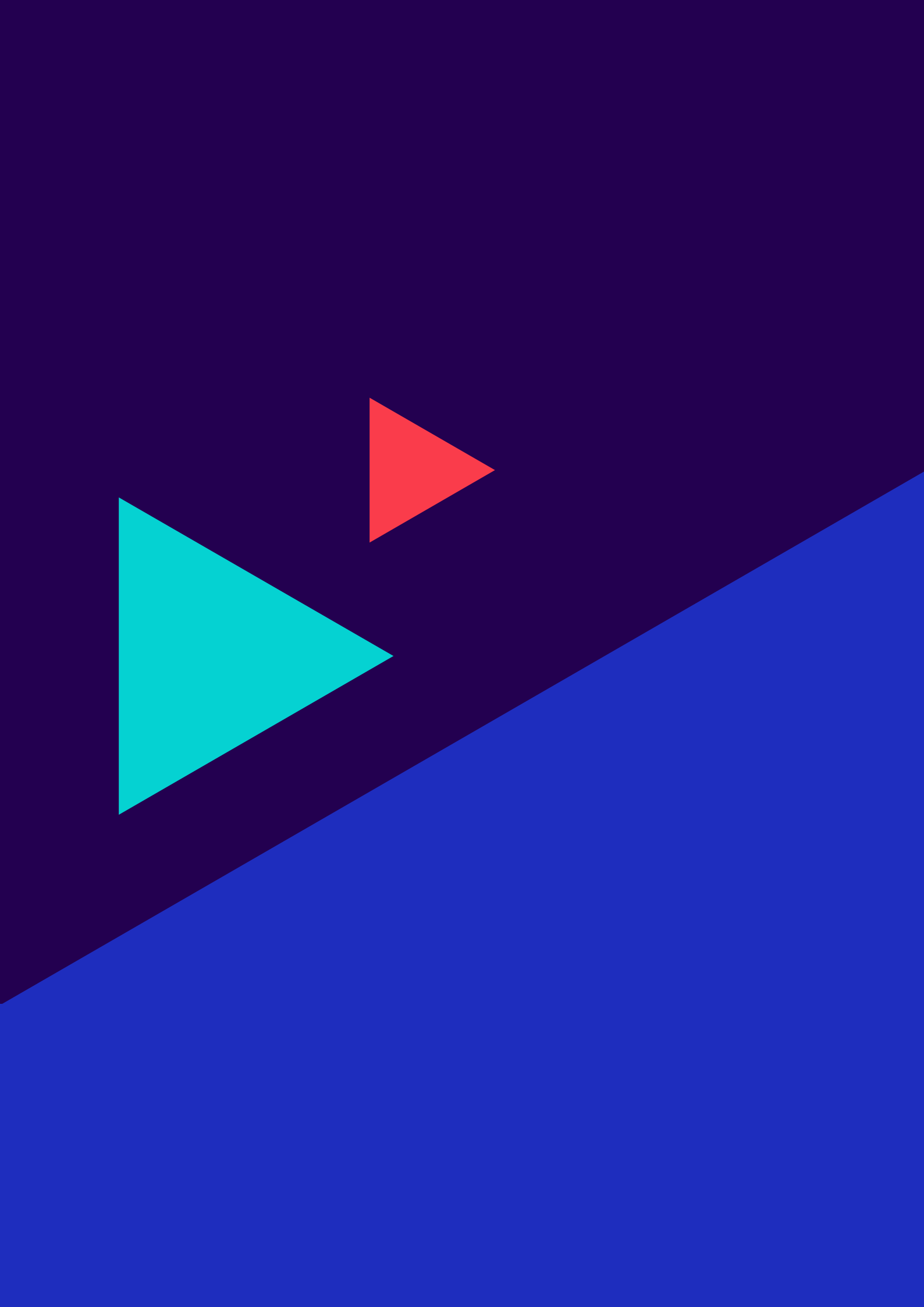
41 The ILO continues to develop tools to support an integrated policy framework to support the institutionalization of Recommendation No. 204 concerning the Transition from the Informal to the Formal Economy.

42 The Initiative aims put people's jobs and well-being at the centre of the transition to carbon-neutral and climate-resilient economies, including in actions to ensure an inclusive and sustainable recovery from the COVID-19 pandemic. ILO, "New Climate Action for Jobs Board Calls for a Sustainable Recovery From the COVID-19 Crisis", 9 September 2020.

Will COVID-19 and its policy response increase progress towards the human-centred future of work?

At this stage, it is too early to tell which policy approaches will promote a faster economic and labour market recovery. But there is something to be said for governments that are focusing on how to replace their crisis support measures with broader policy reforms that address the long-term stagnant growth trajectories that the Asian–Pacific economies faced before the pandemic. By putting the spotlight on a country's long-term socio-economic weaknesses and adding urgency to coming up with durable solutions that will promote a human-centred future of work, the COVID-19 crisis has the potential to raise the value of social dialogue and to trigger shifts in fiscal expenditure towards the investment areas most needed to bring the human-centred agenda for the future of work into play. Countries have the potential to think big in efforts to revitalize their sustainable growth objectives built on the foundations of the Decent Work Agenda.

History will tell if the opportunities were grasped and countries in the region were able to emerge from the COVID-19 crisis towards a better normal.



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Annex I. Key labour market indicators for Asia and the Pacific: Additional tables

▶ Table A1. Male and female unemployment rates, by quarter, available economies, 2019 and 2020

Economy	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Male							
Australia	5.3	5.1	5.3	5.1	5.6	6.9	7.2
Hong Kong, China	3.3	3.6	3.6	3.8	4.9	7.3	8.0
Indonesia	3.6		4.0		3.5		
Islamic Rep. of Iran	10.7	9.4	8.6	8.9	10.7	9.0	
Japan	2.6	2.5	2.5	2.4	2.6	3.1	3.1
Macau, China	2.0	2.0	2.3	2.2	2.6	2.6	
Mongolia	12.8	10.8	10.9	9.5	7.6	6.4	
Myanmar	0.3		0.6		1.1		
New Zealand	4.0	3.6	3.7	3.9	4.1	3.5	
Philippines	2.0	2.1	2.3	1.9	2.4		
Philippines (open)			5.4			18.9	10.0
Rep. of Korea	4.4	4.3	3.5	3.3	4.0	4.4	3.6
Sri Lanka	3.4	3.4	3.3	3.2	3.7		
Taiwan, China	3.8	3.9	3.9	3.8	3.8	4.1	
Thailand	0.7	0.7	0.8	0.7	0.8	1.0	
Viet Nam	2.2	2.0	1.9	2.1	1.9	2.5	1.9
Female							
Australia	5.5	5.2	5.0	4.7	5.6	6.8	6.8
Hong Kong, China	2.1	2.3	2.5	2.5	3.5	5.2	5.4
Indonesia	2.9		3.8		2.7		
Islamic Rep. of Iran	18.4	17.3	18.3	17.3	17.2	13.7	
Japan	2.2	2.3	2.1	2.0	2.2	2.5	2.8
Macau, China	1.3	1.4	1.5	1.2	1.6	2.3	
Mongolia	10.7	9.4	8.7	6.6	5.5	6.8	
Myanmar	0.4		0.8		2.3		
New Zealand	4.9	4.2	4.3	4.2	4.8	4.4	
Philippines	2.1	2.5	3.0	2.6	2.9		
Philippines (open)			5.4			15.7	10.0

▶ Table A1. (cont.)

Economy	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Rep. of Korea	4.5	3.8	3.1	2.9	4.3	4.3	3.5
Sri Lanka	6.9	7.5	8.5	6.9	9.6		
Taiwan, China	3.5	3.5	3.8	3.6	3.6	3.9	
Thailand	0.7	0.8	0.8	0.7	0.7	1.0	
Viet Nam	2.0	2.1	2.1	1.9	2.4	2.6	3.1

Note: Indonesia refers to February and August and New Zealand to March, June, September and December. Philippines (open) second quarter refers to April and third quarter refers to July. Open unemployment in the Philippines (reported by national statistics offices) refers to person without work and available for work; in other words, the looking-for-work criterion applied in other countries is relaxed.

Source: Quarterly data available in ILOSTAT database and online sources of the national statistics offices.

▶ Table A2. Youth unemployment rates, by quarter, available economies, 2019 and 2020

Economy	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Australia	11.8	10.7	9.9	10.0	11.8	14.3	13.6
Hong Kong, China	5.5	5.6	8.1	7.9	9.4	13.3	18.3
Indonesia	11.3		15.1		11.1		
Japan	3.2	3.9	3.6	3.4	3.5	4.4	4.4
Macau, China	2.7	4.4	7.1	3.3	3.3	4.6	
Mongolia	29.6	26.1	29.7	17.4	12.3	22.9	
Myanmar	1.2		2.2		6.3		
New Zealand	13.1	11.0	10.6	10.6	12.1	10.2	
Philippines	6.8	7.8	9.5	8.8	8.7		
Rep. of Korea	10.1	10.9	9.4	8.3	10.4	11.4	8.6
Taiwan, China	11.4	11.3	14.2	12.6	11.8	11.3	
Thailand	4.6	6.2	5.7	4.9	4.1	5.9	
Viet Nam	6.6	6.6	7.2	7.2	8.3	7.1	10.0

Note: Indonesia refers to February and August and New Zealand to March, June, September and December.

Source: Quarterly data available in ILOSTAT database.

▶ Table A3. Key labour market indicators, Asia–Pacific region

Indicator	Sex	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Labour force participation rate	Total	%	65.5	63.3	61.7	61.3	61.0	60.7	60.5	
	Female	%	49.9	47.1	45.2	44.8	44.6	44.3	44.1	
	Male	%	80.7	79.1	77.7	77.3	77.0	76.7	76.5	
	Youth	%	50.9	46.2	40.9	40.0	39.5	38.8	38.4	
Labour force	Total	Millions	1 787	1 862	1 938	1 950	1 965	1 978	1 994	
	Female	Millions	670	682	699	703	707	711	716	
	Male	Millions	1 117	1 180	1 238	1 247	1 257	1 267	1 278	
	Youth	Millions	352	325	275	267	262	258	254	

▶ Table A3. (cont.)

Indicator	Sex	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Employment-to-population ratio	Total	%	62.4	60.4	58.9	58.5	58.3	58.1	57.9	55.2
	Female	%	47.6	45.1	43.3	43.0	42.8	42.6	42.4	40.1
	Male	%	76.8	75.3	74.0	73.7	73.5	73.2	73.0	69.9
	Youth	%	44.5	40.6	35.4	34.6	34.1	33.6	33.2	30.2
Employment	Total	Millions	1 702	1 777	1 850	1 863	1 878	1 893	1 907	1 839
	Female	Millions	639	653	670	674	679	684	688	658
	Male	Millions	1 062	1 124	1 179	1 189	1 199	1 209	1 219	1 181
	Youth	Millions	308	285	238	231	227	223	220	200
Unemployment rate	Total	%	4.8	4.6	4.5	4.5	4.4	4.3	4.4	
	Female	%	4.5	4.2	4.2	4.1	4.0	3.9	4.0	
	Male	%	4.9	4.8	4.7	4.7	4.6	4.6	4.6	
	Youth	%	12.5	12.3	13.5	13.5	13.5	13.4	13.5	
Unemployment	Total	Millions	85	85	88	88	86	85	87	
	Female	Millions	30	29	29	29	28	28	28	
	Male	Millions	55	56	59	59	58	58	59	
	Youth	Millions	44	40	37	36	35	35	34	

Note: p = preliminary.
Source: ILO modelled estimates. See Annex II for details on the estimation model for employment in 2020.

▶ Table A4. Key labour market indicators, East Asia subregion

Indicator	Series	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Labour force participation rate	Total	%	71.8	69.8	68.9	68.6	68.3	68.0	67.6	
	Female	%	64.4	62.0	61.1	60.8	60.5	60.2	59.8	
	Male	%	79.1	77.5	76.5	76.2	75.9	75.6	75.3	
	Youth	%	57.5	54.3	48.2	47.3	46.6	46.1	45.7	
Labour force	Total	Millions	901	917	935	936	937	937	936	
	Female	Millions	399	403	410	410	410	410	409	
	Male	Millions	502	515	525	526	526	527	527	
	Youth	Millions	151	140	103	98	94	92	90	
Employment-to-population ratio	Total	%	68.7	66.7	65.8	65.6	65.4	65.2	64.7	63.1
	Female	%	61.9	59.6	58.7	58.5	58.3	58.0	57.5	55.7
	Male	%	75.2	73.6	72.8	72.6	72.4	72.2	71.7	70.4
	Youth	%	52.0	49.0	43.3	42.5	41.9	41.6	40.9	39.1
Employment	Total	Millions	861	876	893	895	897	898	895	878
	Female	Millions	384	387	394	395	395	395	394	383
	Male	Millions	478	489	499	501	502	503	501	495
	Youth	Millions	137	126	92	88	85	83	81	76

▶ Table A4. (cont.)

Indicator	Series	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Unemployment rate	Total	%	4.4	4.5	4.4	4.3	4.2	4.1	4.4	
	Female	%	3.9	3.9	3.9	3.8	3.7	3.6	3.8	
	Male	%	4.9	5.0	4.9	4.8	4.6	4.5	4.8	
	Youth	%	9.5	9.7	10.3	10.2	10.0	9.7	10.4	
Unemployment	Total	Millions	40	41	41	41	40	38	41	
	Female	Millions	16	16	16	15	15	15	16	
	Male	Millions	25	26	26	25	24	24	25	
	Youth	Millions	14	14	11	10	9	9	9	

Note: p = preliminary.
Source: ILO modelled estimates. See Annex II for details on the estimation model for employment in 2020.

▶ Table A5. Key labour market indicators, South-East Asia subregion

Indicator	Series	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Labour force participation rate	Total	%	67.6	68.7	68.2	67.8	67.4	67.8	67.7	
	Female	%	54.4	56.5	56.2	55.9	55.6	56.2	56.4	
	Male	%	81.1	81.1	80.5	80.0	79.6	79.5	79.3	
	Youth	%	52.9	51.0	48.8	48.0	47.4	46.9	46.4	
Labour force	Total	Millions	266	295	318	321	324	330	334	
	Female	Millions	108	123	132	134	135	138	141	
	Male	Millions	157	173	186	187	189	192	194	
	Youth	Millions	57	55	54	53	52	52	51	
Employment-to-population ratio	Total	%	64.6	66.5	66.3	65.9	65.6	66.0	66.1	63.1
	Female	%	51.8	54.6	54.7	54.5	54.2	54.8	55.0	52.2
	Male	%	77.8	78.5	78.1	77.6	77.4	77.3	77.3	74.3
	Youth	%	46.2	46.2	44.0	43.4	42.9	42.5	42.3	38.4
Employment	Total	Millions	254	286	309	312	315	321	326	316
	Female	Millions	103	119	129	130	131	135	137	132
	Male	Millions	151	167	180	181	184	186	189	184
	Youth	Millions	50	50	48	48	47	47	47	42
Unemployment rate	Total	%	4.4	3.2	2.9	2.8	2.7	2.7	2.5	
	Female	%	4.9	3.3	2.7	2.6	2.5	2.5	2.3	
	Male	%	4.1	3.1	3.0	3.0	2.8	2.8	2.5	
	Youth	%	12.8	9.5	9.9	9.6	9.5	9.6	8.9	
Unemployment	Total	Millions	12	10	9	9	9	9	8	
	Female	Millions	5	4	4	3	3	3	3	
	Male	Millions	6	5	5	6	5	5	5	
	Youth	Millions	7	5	5	5	5	5	5	

Note: p = preliminary.
Source: ILO modelled estimates. See Annex II for details on the estimation model for employment in 2020.

▶ Table A6. Key labour market indicators, Pacific Islands subregion

Indicator	Series	Unit	2005	2010	2015	2016	2017	2018	2019
Labour force participation rate	Total	%	64.3	62.9	62.4	62.4	62.6	62.8	62.9
	Female	%	57.5	56.9	57.2	57.4	57.7	58.1	58.3
	Male	%	71.2	69.0	67.7	67.4	67.5	67.6	67.4
	Youth	%	62.3	58.2	56.6	56.2	56.0	56.5	56.3
Labour force	Total	Millions	16	17	19	19	19	20	20
	Female	Millions	7	8	9	9	9	9	9
	Male	Millions	9	10	10	10	10	11	11
	Youth	Millions	3	3	3	3	3	3	3
Employment-to-population ratio	Total	%	61.4	59.8	59.0	59.1	59.4	59.8	59.9
	Female	%	54.8	54.0	54.1	54.4	54.8	55.4	55.7
	Male	%	68.0	65.6	64.0	63.9	64.1	64.3	64.2
	Youth	%	56.4	51.8	50.0	49.8	49.8	50.5	50.4
Employment	Total	Millions	15	17	18	18	18	19	19
	Female	Millions	7	8	8	8	9	9	9
	Male	Millions	8	9	10	10	10	10	10
	Youth	Millions	3	3	3	3	3	3	3
Unemployment rate	Total	%	4.5	5.0	5.5	5.2	5.0	4.8	4.6
	Female	%	4.6	5.1	5.4	5.1	5.0	4.7	4.5
	Male	%	4.5	4.9	5.5	5.2	5.1	4.9	4.8
	Youth	%	9.4	11.0	11.7	11.3	11.2	10.5	10.4
Unemployment	Total	Millions	0.7	0.9	1	1	1	0.9	0.9
	Female	Millions	0.3	0.4	0.5	0.5	0.5	0.4	0.4
	Male	Millions	0.4	0.5	0.6	0.5	0.5	0.5	0.5
	Youth	Millions	0.3	0.4	0.4	0.4	0.4	0.4	0.3

Note: p = preliminary.
Source: ILO modelled estimates. See Annex II for details on the estimation model for employment in 2020.

▶ Table A7. Key labour market indicators, South Asia subregion

Indicator	Series	Unit	2005	2010	2015	2016	2017	2018	2019	2020p
Labour force participation rate	Total	%	57.2	54.0	51.7	51.4	51.2	50.9	50.8	
	Female	%	30.3	26.1	23.7	23.5	23.5	23.2	23.3	
	Male	%	82.6	80.3	78.2	77.7	77.5	77.0	76.9	
	Youth	%	44.5	38.2	33.5	32.8	32.5	31.8	31.4	
Labour force	Total	Millions	603	632	666	675	685	692	703	
	Female	Millions	155	149	149	150	153	154	157	
	Male	Millions	449	483	518	524	532	538	547	
	Youth	Millions	141	127	115	113	113	111	110	
Employment-to-population ratio	Total	%	54.1	51.2	48.9	48.5	48.5	48.1	48.2	44.5
	Female	%	28.5	24.7	22.2	22.0	22.1	21.9	22.0	19.6
	Male	%	78.3	76.2	74.1	73.6	73.4	73.0	72.9	68.0
	Youth	%	37.5	32.0	27.4	26.8	26.5	26.0	25.6	22.4
Employment	Total	Millions	571	599	630	638	648	655	666	626
	Female	Millions	146	140	139	141	144	145	148	134
	Male	Millions	425	458	491	497	504	510	518	492
	Youth	Millions	119	106	94	92	92	90	90	79
Unemployment rate	Total	%	5.4	5.3	5.5	5.5	5.4	5.4	5.3	
	Female	%	5.9	5.6	6.3	6.3	6.1	5.9	5.8	
	Male	%	5.2	5.2	5.2	5.3	5.3	5.2	5.1	
	Youth	%	15.6	16.3	18.1	18.3	18.4	18.4	18.3	
Unemployment	Total	Millions	32	33	36	37	37	37	37	
	Female	Millions	9	8	9	9	9	9	9	
	Male	Millions	23	25	27	28	28	28	28	
	Youth	Millions	22	21	21	21	21	20	20	

Note: p = preliminary.
Source: ILO modelled estimates. See Annex II for details on the estimation model for employment in 2020.

▶ Table A8. Unemployment rate, by economy (percentages)

Subregion	Series	Economy	2005	2010	2015	2016	2017	2018	2019	Break in series	Difference to ILO definition or coverage
East Asia	Total	China	4.2	4.1			3.9	3.8	5.2		Yes
	Total	Hong Kong, China	5.6	4.3	3.3	3.4	3.1		3.0		Yes
	Total	Japan	4.4	5.1	3.4	3.1	2.8	2.4	2.4		
	Total	Macau, China	4.1	2.8	1.8	1.9	2.0	1.8	1.7		Yes
	Total	Mongolia		6.5	4.9	7.2	6.4	5.4	10.0		
	Total	Rep. of Korea	3.7	3.7	3.5	3.7	3.7	3.8	3.7		
	Total	Taiwan, China	4.1	5.2	3.8	3.9	3.8	3.7	3.7		
South-East Asia	Total	Brunei Darussalam					9.3	8.7	6.9		
	Total	Cambodia		0.8	0.4	0.7				2010–15	
	Total	Indonesia	7.9	5.6	4.5	4.3	3.9	4.4	3.6	2010–15	
	Total	Lao PDR	1.4	0.7			9.4			2005–10	
	Total	Malaysia	3.5	3.4	3.1	3.4	3.4	3.3	3.3		Yes
	Total	Myanmar			0.8		1.6	0.9	0.5	2005–15	
	Total	Philippines	3.8	3.6	3.1	2.7	2.6	2.3	2.2		
	Total	Singapore	5.6	4.1	3.8	4.1	4.2		3.1		Yes
	Total	Thailand	1.4	0.6	0.6	0.7	0.8	0.8	0.7		
	Total	Timor-Leste		3.3		4.7					
	Total	Viet Nam		1.1	1.8	1.8	1.9	1.2	2.0		
Pacific Islands	Total	Australia	5.0	5.2	6.1	5.7	5.6	5.3	5.2		
	Total	Fiji	3.9	8.9		4.3					
	Total	Guam	7.0	8.2	6.9	5.4					Yes
	Total	Kiribati	14.7	30.6	9.3						
	Total	Marshall Islands	25.4								Yes
	Total	New Zealand	3.8	6.6	5.4	5.1	4.7	4.3	4.1		
	Total	Palau	4.2								Yes
	Total	Papua New Guinea		2.0							
	Total	Samoa					14.5				
	Total	Tonga						3.1			
	Total	Tuvalu				8.5					Yes
	Total	Vanuatu		1.8							
South Asia	Total	Afghanistan					11.2				
	Total	Bangladesh	4.3	3.4		4.3	4.4			2005–10	Yes
	Total	Bhutan	3.1	3.3	2.5						Yes
	Total	India	2.4	2.4				5.3			
	Total	Islamic Rep. of Iran	12.1	13.5	11.1	12.4	12.1	12.1	11.1		Yes

▶ Table A8. (cont.)

Subregion	Series	Economy	2005	2010	2015	2016	2017	2018	2019	Break in series	Difference to ILO definition or coverage
South Asia	Total	Maldives				6.1					
(cont.)	Total	Nepal			3.1		11.4				
	Total	Pakistan	7.1	0.7	3.6			4.1		2005–10, 2010–15	Yes
	Total	Sri Lanka	7.7	4.8	4.5	4.2	4.0	4.3	4.8	2005–10, 2010–15	Yes
East Asia	Female	Hong Kong, China	4.4	3.5	3.2	3.1	2.8		2.4		Yes
	Female	Japan	4.2	4.6	3.1	2.8	2.7	2.2	2.2		
	Female	Macau, China	3.8	2.1	1.6	1.5	1.6	1.3	1.3		Yes
	Female	Mongolia		5.9	4.3	5.9	5.7	4.8	8.9		
	Female	Rep. of Korea	3.4	3.3	3.5	3.5	3.5	3.7	3.6		
	Female	Taiwan, China	3.9	4.5	3.4	3.6	3.5	3.5	3.6		
South-East Asia	Female	Brunei Darussalam					10.0	10.1	8.3		
	Female	Cambodia		0.8	0.5	0.9				2010–15	
	Female	Indonesia	10.1	6.4	4.4	3.9	3.6	4.2	3.4	2010–15	
	Female	Lao PDR	1.4	0.7			7.8			2005–10	
	Female	Malaysia	3.7		3.4	3.9		3.6			Yes
	Female	Myanmar			0.9		2.0	1.0	0.6	2005–15	
	Female	Philippines	4.2	3.8	3.2	2.8	2.7	2.7	2.5		
	Female	Singapore		4.4	4.0	4.5	4.4				Yes
	Female	Thailand	1.2	0.6	0.6	0.7	0.8	0.7	0.7		
	Female	Timor-Leste		4.3		6.3					
	Female	Viet Nam		1.1	1.7	1.7	1.7	1.0	2.0		
	Female	Australia	5.2	5.4	6.1	5.8	5.7	5.3	5.1		
	Female	Fiji	5.2			5.5					
	Female	Guam	7.7	9.3							Yes
	Female	Kiribati	18.2	34.1	5.6						
	Female	New Zealand	4.1	6.9	5.9	5.5	5.2	4.5	4.4		
	Female	Palau	4.9								Yes
	Female	Papua New Guinea		1.3							
	Female	Samoa					21.3				
	Female	Tonga						3.6			
	Female	Tuvalu				16.2					Yes
	Female	Vanuatu		1.6							
South Asia	Female	Afghanistan					14.0				
	Female	Bangladesh	7.0	4.4		7.3	6.7			2005–10	Yes
	Female	Bhutan	3.3	4.0	3.1						Yes
	Female	India	2.9	3.3				5.3			

▶ Table A8. (cont.)

Subregion	Series	Economy	2005	2010	2015	2016	2017	2018	2019	Break in series	Difference to ILO definition or coverage
South Asia (cont.)	Female	Islamic Rep. of Iran	18.2	20.7	19.5	20.7	19.9	18.9	18.0		Yes
	Female	Maldives				5.6					
	Female	Nepal			2.9		13.1				
	Female	Pakistan	12.1	0.6	6.1			4.6		2005–10, 2010–15	Yes
	Female	Sri Lanka	11.9	7.4	7.3	6.7	6.2	6.9	7.4	2005–10, 2010–15	Yes
East Asia	Male	Hong Kong, China	6.5	5.0	3.4	3.7	3.4		3.6		Yes
	Male	Japan	4.6	5.4	3.6	3.3	3.0	2.6	2.5		
	Male	Macau, China	4.4	3.5	2.0	2.3	2.4	2.3	2.1		Yes
	Male	Mongolia		7.1	5.4	8.4	7.0	5.9	11.0		
	Male	Rep. of Korea	4.0	4.0	3.6	3.7	3.8	3.9	3.9		
	Male	Taiwan, China	4.3	5.8	4.0	4.2	4.0	3.9	3.9		
South-East Asia	Male	Brunei Darussalam					8.8	7.7	6.0		
	Male	Cambodia		0.7	0.3	0.6				2010–15	
	Male	Indonesia	6.8	5.1	4.6	4.6	4.1	4.5	3.8	2010–15	
	Male	Lao PDR	1.4	0.8			10.7			2005–10	
	Male	Malaysia	3.4		2.9	3.1		3.1			Yes
	Male	Myanmar			0.7		1.2	0.7	0.4	2005–15	
	Male	Philippines	3.5	3.5	3.0	2.6	2.5	2.1	2.0		
	Male	Singapore		3.9	3.6	3.8	4.0				Yes
	Male	Thailand	1.5	0.6	0.6	0.7	0.8	0.8	0.7		
	Male	Timor-Leste		2.9		3.3					
	Male	Viet Nam		1.1	2.0	2.0	2.0	1.3	2.1		
Pacific Islands	Male	Australia	4.9	5.1	6.0	5.7	5.5	5.3	5.2		
	Male	Fiji	3.3			3.7					
	Male	Guam	6.4	7.3							Yes
	Male	Kiribati	12.3	27.6	11.9						
	Male	New Zealand	3.5	6.2	4.9	4.7	4.2	4.2	3.8		
	Male	Palau	3.7								Yes
	Male	Papua New Guinea		2.7							
	Male	Samoa					10.6				
	Male	Tonga						2.6			
	Male	Tuvalu				4.6					Yes
	Male	Vanuatu		2.1							

▶ Table A8. (cont.)

Subregion	Series	Economy	2005	2010	2015	2016	2017	2018	2019	Break in series	Difference to ILO definition or coverage
South Asia	Male	Afghanistan					10.4				
	Male	Bangladesh	3.4	3.0		3.1	3.3			2005–10	Yes
	Male	Bhutan	2.9	2.7	1.8						Yes
	Male	India	2.2	2.2				5.3			
	Male	Islamic Rep. of Iran	10.5	11.9	9.3	10.5	10.2	10.4	9.4		Yes
	Male	Maldives				6.4					
	Male	Nepal			3.4		10.3				
	Male	Pakistan	6.0	0.7	2.8			4.0		2005–10, 2010–15	Yes
	Male	Sri Lanka	5.5	3.4	2.9	2.8	2.8	2.9	3.3	2005–10, 2010–15	Yes
East Asia	Youth	Hong Kong, China	10.7	12.2	10.5	9.8	8.7		8.6		Yes
	Youth	Japan	8.7	9.4	5.5	5.1	4.6	3.6	3.8		
	Youth	Macau, China	8.2	5.5	4.5	4.8	5.3	5.3	4.9		Yes
	Youth	Mongolia		14.8	13.1	20.8	17.9	16.8	25.3		
	Youth	Rep. of Korea	10.2	9.7	10.0	10.3	9.9	10.2	10.0		
	Youth	Taiwan, China	10.6	13.1	12.1	12.1	12.0	11.4	11.9		
South-East Asia	Youth	Brunei Darussalam					28.9	29.9	21.4		
	Youth	Cambodia		1.0	0.7	1.1				2010–15	
	Youth	Indonesia	26.2	17.6	17.0	15.8	14.7	16.2	13.5	2010–15	
	Youth	Lao PDR		1.8			18.2				
	Youth	Malaysia			10.7	10.5		10.9			Yes
	Youth	Myanmar			1.6		4.0	2.0	1.5	2005–15	
	Youth	Philippines	9.6	9.9	8.5	7.7	7.5	6.7	6.8		
	Youth	Singapore		9.9	9.3	9.1			11.5		Yes
	Youth	Thailand	4.8	2.5	3.1	3.7	4.4	4.0	4.2		
	Youth	Timor-Leste		12.4		13.2					
	Youth	Viet Nam		3.6	6.7	7.2	7.3	4.8	6.9		
Pacific Islands	Youth	Australia	10.6	11.6	13.1	12.6	12.6	11.8	11.7		
	Youth	Fiji	9.8			15.4					
	Youth	Kiribati	39.3	54.0	17.1						
	Youth	New Zealand	9.8	17.4	13.8	13.4	12.9	11.7	11.1		
	Youth	Papua New Guinea		3.6							
	Youth	Samoa					31.9				
	Youth	Tonga						8.9			
	Youth	Tuvalu				20.6					Yes
	Youth	Vanuatu		4.8							

▶ Table A8. (cont.)

Subregion	Series	Economy	2005	2010	2015	2016	2017	2018	2019	Break in series	Difference to ILO definition or coverage
South Asia	Youth	Afghanistan					17.6				
	Youth	Bangladesh	9.3	6.4		11.4	12.8			2005–10	Yes
	Youth	Bhutan		9.2	10.7						Yes
	Youth	India	7.5	9.0				22.5			
	Youth	Islamic Rep. of Iran	24.2	28.7	26.1	29.2	28.4	27.6			Yes
	Youth	Maldives				15.9					
	Youth	Nepal					21.4				
	Youth	Pakistan		1.3	6.6			7.8		2010–15	Yes
	Youth	Sri Lanka	26.4	19.0	20.1	21.0	18.0	21.1		2005–10, 2010–15	Yes

Source: ILOSTAT database, Unemployment Rate by Sex and Age.

Annex II. Estimating the employment impact of the COVID-19 crisis

Introduction

The COVID-19 crisis is unique in its impact on labour markets because the restrictions on economic activity to curb the pandemic put many workers in what are normally economically viable jobs on hold. Aside from the universal reduction of working hours, country circumstances have had a major role in determining whether those working-hour losses translate into employment losses, unemployment or inactivity. For this reason, working-hour losses are the ILO's headline indicator of the global labour market impact, presented in multiple editions of the *ILO Monitor*. Global and regional estimates of employment losses were not yet attempted in the absence of more real data points as of the sixth edition *ILO Monitor* (ILO 2020a). For the purpose of this report, with an increasing number of country-level employment variables available for the second and third quarters of 2020, preliminary regional and subregional estimates for 2020 employment were produced and presented. The estimation methodology is discussed here.

Data and explanatory variables

The target variable was quarterly employment relative to the pre-crisis trend. The series was seasonally adjusted,[43] and then the relative employment compared with the pre-crisis trend was computed. For the male–female breakdown and the youth–adult breakdown, the target variable was computed as the ratio of relative employment of men (adults), compared with pre-crisis over the relative employment of women (youth), compared with the pre-crisis trend. This ratio corresponded to the excess employment loss of women (youth) as opposed to men (adults).

The principal explanatory variable was quarterly working-hour losses as estimated by the ILO nowcasting model and presented in *ILO Monitor* (2020a). Further explanatory variables, available at the country level for 2019 or latest available, were GDP per capita; the share of agriculture employment; the share of employment in the sectors of food and accommodation, retail trade and other services; the share of own-account and contributing family workers; the unemployment rate; the share of informal employment; and the degree of social protection coverage. GDP per capita was taken from the World Development Indicator Database, while all labour market indicators were from the ILOSTAT database.

Those indicators were selected because they potentially have an impact on how working-hour losses pass through to employment losses.

Estimation methodology

The methodology was for estimating a range of candidate models of different combinations of explanatory variables using ordinary least squares. For each candidate model, the leave-one-out cross-validation errors were computed. Those errors were then used for model evaluation and model averaging. This ensured that the models that best predict the data out of sample were used for the final prediction.

For aggregate employment, the hours-lost variable was used in all candidate models because it represented the primary driver of employment losses. For the male–female and youth–adult breakdown, the estimated aggregate employment loss was used in all candidate models. The predictions for the subpopulations were adjusted to ensure that the employment loss of women and men or youth and adults equalled the aggregate employment loss.

43 JDemetra+ is used for seasonal adjustment and univariate forecasting of the trend. More information on JDemetra+ is available at https://jdemetradocumentation.github.io/JDemetra-documentation/.

Asia–Pacific Employment and Social Outlook 2020
Navigating the crisis towards a human-centred future of work

The *Asia-Pacific Employment and Social Outlook* 2020 report pulls together the most recent statistics to generate an assessment of the impact that the COVID-19 pandemic has had so far on employment and labour markets in the most populous and dynamic region of the world. With economic growth in the Asia and Pacific region already weakening in 2019, the current crisis has hit economies, enterprises and workers in the region with a force that is reversing some of the limited gains made in pursuit of decent work and inclusive growth in the previous decade.

With an estimated 81 million jobs lost in 2020 and working-hour losses pushing an additional 22–25 million employed into working poverty, the report warns that the overall size of the fiscal response in the region has been insufficient to offset the costs of labour market turmoil. As countries in Asia and the Pacific continue to propagate policies to support recovery, the report promotes the areas of investment needed to navigate the crisis towards a human-centred future of work that aligns to the vision of the 2030 Agenda for Sustainable Development.

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