



INTERNATIONAL LABOUR ORGANIZATION

Regional Office for Africa

P.O. Box 2788/2532, Addis Ababa, Ethiopia

Tel: (251-11) 5510346/5514313, Fax: (251-11) 5513633/5511395,
email: addisababa@ilo.org

PRESS RELEASE

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Global unemployment rising again – What about Africa?

ADDIS ABABA (ILO News) – Global unemployment rose in 2012 and could further increase in 2013 with serious implications for Africa, the International Labour Organization (ILO) warned in a new report entitled *Global Employment Trends 2013*.

North Africa remains among the regions with the highest unemployment rates, and with little signs of improvement. The unemployment rate in North Africa gradually declined from a peak of 13.2 per cent in 2000 to 8.9 per cent in 2010, but sharply increased to 10.0 per cent in 2011. In 2012, the unemployment rate is estimated to have increased to 10.3 per cent.

North Africa faces several other labour market challenges besides the lack of employment opportunities. Although levels of working poverty at the US\$ 1.25 a day poverty line are low in the region, the working poverty rate at the US\$ 2 a day level is still high. In 2012, 19.7 per cent of the employed was living with their families below this poverty line.

Vulnerable employment in the region is expected to remain high and to recede only gradually starting in 2014, provided that no further risks will weigh on the growth outlook. In 2013, economic growth in the region is projected at 4.4 per cent, subject to the downside risks arising from continuous political uncertainty in some economies as well as depressed demand from the nearby Eurozone. The unemployment rate is projected to remain elevated at 10.3 per cent in 2013, which underlines the urgent need for inclusive decent work policies.

In view of the situation, several countries in North Africa have adopted national employment strategies including common elements such as infrastructure development, facilitation of investment, strengthening of the skills base, improving labour market intermediation and special measures targeting youth.

Positive Growth but slow productive transformation

Economic growth in Sub-Saharan Africa has continued its toughness in 2012, defying the impact of the Eurozone debt crisis. More than half of the countries in Sub-Saharan Africa registered growth rates of 4.5 per cent or more in 2012.

The ILO has recently argued that Sub-Saharan Africa's strong growth is not a new phenomenon, and can be viewed as a catch up for the 20 years of stagnation from the 1980s to the end of the 1990s (ILO, 2011b). But the decade of rapid growth does not necessarily signify the beginning of sustained structural transformation in the region and the region continues to suffer from large decent work deficits and the highly unequal distribution of the fruits of growth.

It is therefore urgent to redouble efforts to put in place pro-employment economic and social policies based on productive transformation and fast structural change, according to the report.

The region's working-age population is estimated to have reached 492 million in 2012, representing an increase of 137 million people since 2000 and an annual compound growth rate of 2.8 per cent.

The challenge in Sub-Saharan Africa is therefore not so much to get more people integrated in the labour market, but far more to improve labour productivity, conditions of work and the returns and benefits people derive from their work. However, labour productivity in Sub-Saharan Africa is still very low, particularly in the informal economy where many workers eke out a living, and the region continues to be at the bottom of the global chart in terms of labour productivity.

The basic growth story in Sub-Saharan Africa is one of low but rising labour productivity and a slow but steady structural shift of labour from agriculture to services, but without an expansion of the industrial sector.

The basic jobs story is one of persistently high levels of vulnerable employment that declined only modestly over the past two decades, despite high growth. In 2012, there were 247 million workers in vulnerable employment in Sub-Saharan Africa, 62 million more than in 2000 and at least 100 million more than in 1991.

Overall, in Sub-Saharan Africa, the youth unemployment problem is more of quality (underemployment, vulnerability and working poverty) than quantity. The Arab Spring that originated in North Africa and the Middle East region has also catalysed policy reactions in Sub-Saharan Africa with many governments taking pro-active measures to integrate the youth in the labour market through various active labour market policies.

The report said policy makers should focus on addressing rising labour market mismatch problems through training and re-skilling programmes; directing actions on youth joblessness; and mainstreaming employment in national employment policies and national development frameworks.

For more detailed info and interview requests:

ILO Africa Communication team in Addis Ababa (www.ilo.org/africa):

guebray@ilo.org , Tel: + 251/115-444415 or + 251/911-218115

rahel@ilo.org Tel: + 251/115/444454 or + 251/911-218113