



# Decent work in Pakistan

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## Presentation Outline

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- **Indicators of Economic performance**
- **Basic structure of the labour market in Pakistan**
- **Decent work in Pakistan**
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  - International commitments
  - Policy framework regarding decent work
  - **Decent work Monitoring in Pakistan**
  - Decent work Monitoring and labour market information and analysis in Pakistan
  - The need for LMIA
  - What type of tools does LMIA use?
  - How LMIA coordinated with stake holders
  - **Overview of Publications**
  - **Progress towards Decent work (Analyzing the basic four components of Decent work )**
  - **What needs to be done?**

## Quick facts about Pakistan

➤ Official name	Islamic Republic of Pakistan
➤ Capital	Islamabad
➤ Location	Pakistan is situated in South Asia It has a 1,046 kilometers (650 mi) coastline along the Arabia sea and Gulf of Oman in the south. Pakistan is bordered by Afghanistan and Iran in the west, India in the east and the People's Republic of China in the far northeast. Tajikistan also lies very close to Pakistan but is separated by the narrow Wakhan Corridor.
➤ Area	7,096,95 sq km
➤ Population	163.75 million
➤ Population Growth rate	1.8 percent (2008 estimated)
➤ GDP per Capita	US\$ 1,046
➤ GDP growth rate	2.0 percent
➤ Literacy rate	56 percent

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## Economic Indicators

Years	Sectoral Share			Per Capita Income	GDP Growth Rate
	Agriculture	Manufacturing	Services		
	(%)	(%)	(%)	(\$US)	(%)
2003-04	22.9	25.5	51.6	669	7.5
2004-05	22.4	26.3	51.3	733	9
2005-06	22.5	25.9	51.7	833	5.8
2006-07	21.8	26.1	52.1	925	6.8
2007-08	21.3	25.7	53.0	1,042	4.1
2008-09	21.8	24.4	53.8	1,046	2.0

Source: Economic Survey of Pakistan, 2007-08

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## Basic structure of the Labour Market

15+	1999-2000	2007-2008	Change
<b>Labour force participation rate</b>			
Both sexes	50.4	52.5	2.1
Males	83.2	82.4	-0.8
Females	16.3	21.8	5.5
<b>Employment-to-population ratio</b>			
Both sexes	46.8	49.9	3.1
Males	78.6	79.1	0.5
Females	13.7	19.9	6.2
<b>Unemployment rate</b>			
Both sexes	7.2	5.0	-2.2
Males	5.5	4.0	-1.5
Females	15.8	8.7	-7.1
<b>Share of industry in total employment</b>			
Both sexes	18.2	20.6	2.4
Males	19.8	22.6	2.8
Females	8.4	12.2	3.8
<b>share of agriculture in total employment</b>			
Both sexes	47.8	42.8	-5.0
Males	43.4	35.2	-8.2
Females	73.7	73.8	0.1
<b>share of services in total employment</b>			
Both sexes	34.0	36.6	2.6
Males	36.8	42.2	5.4
Females	17.8	13.9	-3.9

Source: Labour Force Survey of Pakistan, various years

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## The Decent Work Agenda

Decent work is central to efforts to reduce poverty, and is a mean for achieving equitable, inclusive and sustainable development. Decent work is captured in four strategic objectives:

- S1.** Fundamental principles and rights at work and international labour standards;
- S2.** Employment and income opportunities;
- S3.** Social protection and social security;
- S4.** Social dialogue and tripartism.

These objectives hold for all workers, women and men, in both formal and informal economies; in wage employment or working on their own account; in the fields, factories and offices; in their home or in the community

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## MDGs

After the adoption of the Millennium Declaration in September 2000 by the United Nations' member states, the Millennium Development Goals were recognized as a road map for implementation of Millennium Declaration. The Goals with specified targets are to:

1. Eradicate extreme poverty and hunger

Target 1a: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$ 1 a day

**Target 1b: Achieve full and productive employment and decent work for all, including women and young people.**

Target 1c: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

## The Millennium Development Goals and Decent work

- The inclusion of Target 1b (*Achieve full and productive employment and decent work for all, including women and young people*) in the Millennium Development Goals further re-enforced the fact that decent work is principal way out of the poverty. In early 2007 the ILO came up with the widely accepted four set of indicators to monitor the achievements of full and productive employment and decent work for all in the context of MDGs:

1. Employment-to-population ratios for persons aged 15 years and over and youth (age 15-24 years)
2. Vulnerable Employment
3. The share of working poor (US Dollar 1 a day) in total employment
4. Labour productivity

## Decent work in Pakistan

- The government is strongly adhered to the commitments regarding the achievement of decent work objectives which can be gauged through:
  1. Constitutional provisions
  2. International commitments
  3. National policy framework

## Decent work in Pakistan

### 1. Constitutional Provision:

Right to work and earn a decent living under conditions of freedom and dignity is recognized as one of the fundamental human rights:

- i. Article 37c states that 'the state shall make provision for securing just and humane conditions of work...'
- ii. According to Article 3 the state 'shall ensure the elimination of all forms of exploitation and the gradual fulfillment of the fundamental principle, from each according to his ability, to each according to his work'.
- iii. Article 11 of the Constitution prohibits all forms of slavery, forced labour and child labour ;

## Decent work in Pakistan

### ...Continued

- iv. Article 17 provides for a fundamental right to exercise the freedom of association and the right to form unions ;
- v. Article 18 proscribes the right of its citizens to enter upon any lawful profession or occupation and to conduct any lawful trade or business ;
- vi. Article 25 lays down the right to equality before the law and prohibition of discrimination on the grounds of sex alone ;
- vii. Article 37(e) makes provision for securing and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment .

Accordingly these constitutional provisions are stipulated in the legislative framework through **Labour Laws**.

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## Decent work in Pakistan

### 2. International commitments

- i. Pakistan is a signatory to both, the UN Universal Declaration of Human Rights 1948 that recognizes the right to work, to freely choose employment and to have just and favorable working conditions.
- ii. The 1998 ILO Declaration on Fundamental Principles and Rights at Work that pledges to 'promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.
- iii. Pakistan has ratified 35 ILO Conventions, including eight core labour rights Conventions.

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## Decent work in Pakistan

### 3. National policies and Programs:

- i. **Decent Work Country Program (DWCP)**
  - The Decent Work Country Program has been jointly prepared by the Ministry of Labour, Employers' Federation of Pakistan, Pakistan Workers' Federation and ILO office In close consultation with civil society and academia.
  - The program was finalized in 2005 and covers the period up to 2010.
- ii. **Mid-Term Development Frame Work (MTDF, 2005-10)**
  - The availability of decent work is ensured in MTDF which includes: flexible employment relationship (high level of labour and job turnover);
  - Economic and social security of employees (unemployment benefit system);
  - Employment activation policy( skill development of the unemployed)
- iii. **Poverty Reduction Strategy Papers**
  - **The government's "9-point"** Plan includes reforms in the area of social protection and human capital development
- iv. **Vision 2030**
  - The vision 2030 envisages the employment generation, and matching of skills with demand in a changing workplace main factor to poverty reduction, economic growth and social stability.

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## Decent Work Monitoring in Pakistan

- Decent work monitoring is an important component to bridge the gap between policy and practice and achieve of decent work objectives.
- The Ministry of Labour has strongly supported the mainstreaming of decent work objectives in policies and programs.
- In order to proceed further in this direction a Labour Market Information and Analysis Unit (LMIA&U) was established in the Ministry in 2006.

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## Decent work Monitoring and Labour Market Information and analysis in Pakistan

The LMIA Unit is aimed at achieving certain objectives. These objectives are:

- To provide up-to-date and timely Labour Market Information and Analysis disaggregated by sex, age and area.
- To identify the gaps between labour demand and supply in the context of skill.
- To provide information based on internationally accepted concepts and key labour market indicators.
- To serve as an input into the formulation and monitoring of pro-poor and decent work, HRD and other policies.
- To provide on-job-training of LMIA unit and capacity building of the MOLP and the FBS.

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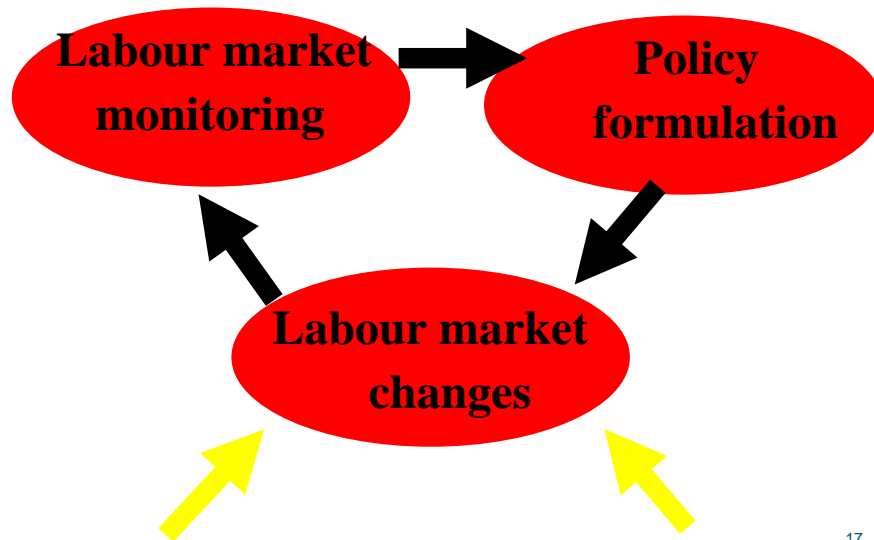
## Decent work Monitoring and Labour Market Information and analysis in Pakistan

### ... Continued

- adopted set of key labour market indicators.
- To produce national LMIA reports (Pakistan Employment Trends) on regular basis to review labour market in Pakistan in recent years according to the international best practice in statistical analysis and presentation.
- To collaborate with the Federal Bureau of Statistics (FBS) to Improve the data collection, in particular through refinement and extended coverage of the labour force survey.
- To serve as a necessary tool to establishment of LMIA database containing an internationally accepted set of Key Indicators of Labour Market to monitor labour market achievements regarding “full and productive employment and decent work for all, including women and young people”.

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## The need for LMIA informing policy processes



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## What type of tools does LMIA use?

- At the moment only supply side data ([Labour Force Survey](#)) is available for labour market analysis. The LFS is conducted by the national statistical agency i.e. Federal Bureau of Statistics.
- The LMIA Unit has done time series analysis using Software Package for Social Sciences (SPSS). The LMIA uses two sets of tools for data analysis and presentation:
  - i. LMIA Database---** the database contains the information regarding the internationally recognized key indicators of labour market. These indicators have been analyzed and discussed at length in a series of publications of LMIA Unit.
  - ii. Publications----**The LMIA Unit has produces a series of reports on the Labour Market in Pakistan entitled *Pakistan Employment Trends*. These reports are issue based and six issues have been published so far. These issues cover General labour market trends in Pakistan, Skills, Youth, MDGs, Employment trends for women and School to work transition respectively. The future issues will be based on the analysis of the 'informal economy and wages in Pakistan.

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## How LMIA coordinated with stakeholders?

An *Advisory Panel* has been constituted which brings together labour market stakeholders and social partners. The Advisory Panel:

- Reviews the outputs and activities of the Unit on a regular basis;
- Fosters linkages between data collection, analysis and policy development at the national and provincial level.

In this way the Panel ensures continued policy relevance, ownership and sustainability of the Unit.

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## Labour Market Information and Analysis

### Overview of key labour market indicators

- KILM 1. Labour force participation rate
- KILM 2. Employment-to-population rate
- KILM 3. Status in employment
- KILM 4. Employment by sector
- KILM 5. Part-time workers
- KILM 6. Hours of work
- KILM 7. Employment in the informal economy
- KILM 8. Unemployment
- KILM 9. Youth unemployment
- *KILM 10. Long-term unemployment*
- KILM 11. Unemployment by educational attainment
- KILM 12. Time-related underemployment
- KILM 13. Inactivity rate
- KILM 14. Educational attainment and illiteracy
- *KILM 15. Manufacturing wage indices*
- *KILM 16. Occupational wage and earning indices*
- *KILM 17. Hourly compensation costs*
- KILM 18. Labour productivity
- *KILM 19. Employment elasticities*
- *KILM 20. Working poverty*

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## Overview of issues (Published)

Pakistan Employment Trends reports have been published frequently since the beginning of 2007 and have become an important medium to inform policy makers, stakeholders and the wider public within and outside the country on labour market developments

Reports	Date	Indicators/analysis	Main topics
Report 1 PET-General	June 2007	Selected key indicators of the labour market KILM 1, KILM 2, KILM 3, KILM 4, KILM 6, KILM 7, KILM 8, KILM 9, KILM 11, KILM 14. [nat./prov. Level, 10]	Decent work (selected dimensions)
Report 2 PET-Skill	Dec. 2007	Selected key indicators of the labour market and indicators to monitor skill supply KILM 1, KILM 2, KILM 3, KILM 4, KILM 6, KILM 7, KILM 8, KILM 9, KILM 11, KILM 14 [nat./prov. Level, 10]	Decent work Skills development
Report 3 PET-Youth	May 2008	Selected key indicators of the labour market for the age group 15-24 and concept of school to work transition KILM 1, KILM 2, KILM 3, KILM 4, KILM 6, KILM 7, KILM 8, KILM 9, KILM 11, KILM 13, KILM 14 [nat./prov. Level, 11]	Decent work for youth (15-24). The first report in the history of Pakistan focusing on labour market issue of youth

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## Overview of issues (Published)

Reports	Date	Indicators/analysis	Main topics
Report 4 PET-MDG target-1-B	Dec. 2008	Standard set of key indicators to monitor MDG target 1b KILM 2, KILM 3, KILM 18, KILM 20 [nat. level, 4]	Full and productive and decent employment for all including women and young people
Report 5 PET-women	May 2009	Selected key indicators of the labour market KILM 1, KILM 2, KILM 3, KILM 4, KILM 5, KILM 6, KILM 7, KILM 8, KILM 9, KILM 11, KILM 12, KILM 13, KILM 14, KILM 18. [national level, 14]	Decent work for one of the most vulnerable groups. Pakistan employment trends for women
Report 6 PET-Brief	Oct. 2009	First district level LMIA Internationally recognized concepts to monitor school to work transition [district level]	School to "decent work" transition of young people

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## Progress towards Decent work

### S1. Rights At Work:

#### i. Child labour:

- a) Economically active children aged 10-14
  - Increased from 10.9 percent in 2000 to 13.6 percent in 2008.
- b) Child school non-enrolment rate 5-14 years
  - Declined from 41.3 percent in 2000 to 31.4 percent in 2008 (declined by 8.8 percentage points during)

#### ii. Women in the workplace:

- a) Female Sectoral share of employment
  - The share in industrial employment has increased from 8.4 percent to 12.2 percent during 2000-2008 (increased by 3.8 percentage points)
- b) Female share in wage and salaried employment
  - Declined from 33.1 percent to 22.9 during 2000-2008 (Decreased by 10.2 percentage points due to increasing share in vulnerable employment during 1999-2008).
- c) Gap between female and male labour force participation rates declined by 6.3 percentage points during 2000-2008 (from 66.9 percent in 2000 percent to 60.3 percent in 2008).

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## Progress towards Decent work

#### iii. Complaints/cases brought to labour courts

During 2008 total number of cases brought to National Industrial Relations Commission were 3,464, while 1,159 cases were disposed off. The ratio of cases disposed off to the total number of cases brought to NIRC remained the lowest in 2008 compared to the previous years.

### S2. Employment and income opportunities :

#### i. Labour force participation rate:

- Increased from 50.4 percent in 2000 to 52.5 percent in 2008.

#### ii. Employment-to-population ratio:

- Increased from 46.8 percent in 2000 to 49.9 percent in 2008

#### iii. The working poor: 58.8 percent US\$2 a day and 8.7 percent US\$ 1 a day for year 2006 (ILO, working poverty estimates, 2007)

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## Progress towards Decent work

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### iv. Wages

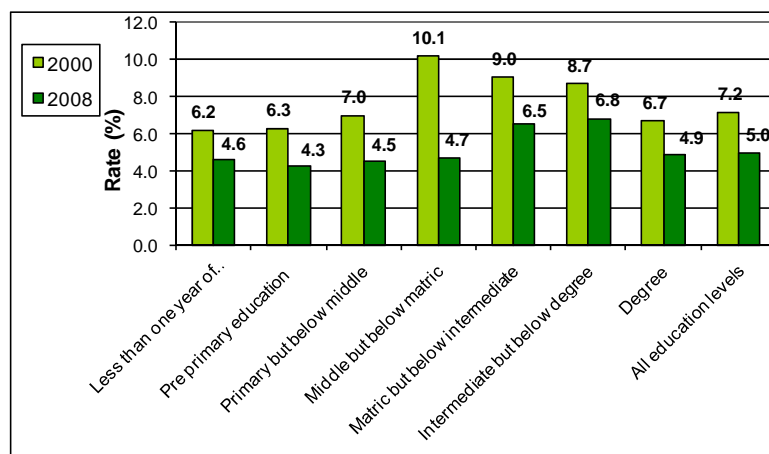
- Average wages declined for skilled females since 2000, at an annual average rate of 2.5 percent while the wages for skilled males increased at annual average rate of 1.9 percent during the same period.

### v. Unemployment

- **Unemployment rate**...decreased by 2.2 percentage points during 2000-2008( from 7.2 percent to 5.0 percent)
- **Unemployment by level of education**...The unemployment rates increase with the level of education.

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## Unemployment Rate by educational attainment (%)



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## Progress towards Decent work

### vi. Youth unemployment

- **Youth unemployment rate**...decreased from 13.3 percent in 2000 to 7.7 percent in 2008 (declined by 5.6 percentage points)
- **Youth inactivity rate**... declined from 59.5 percent in 2000 to 56.3 percent in 2008.
- **Youth not in education and not in employment**...Decreased from 36.4 percent to 29.8 percent during 2000-2008.

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## Progress towards Decent work

... Continued

**vii. Time-related underemployment:** declined from 13.17 in 2000 to 12.63 in 2008

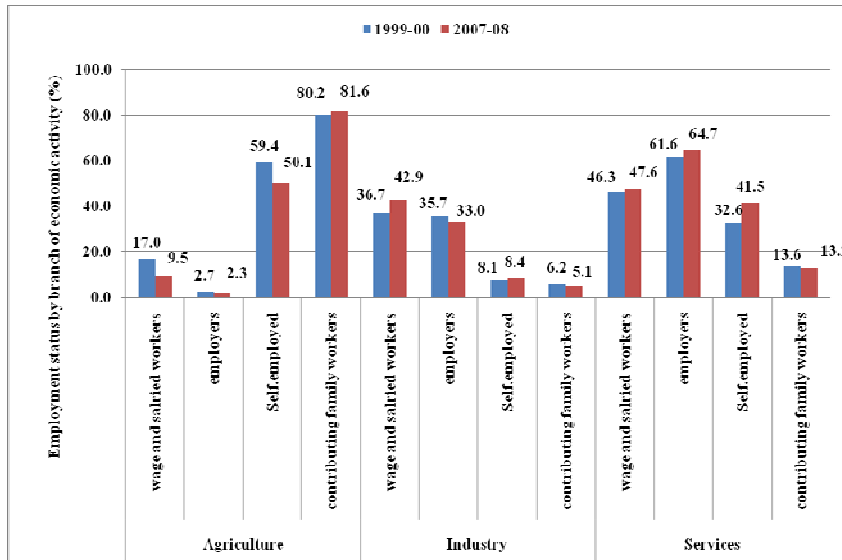
### ix. Labour productivity:

Output per hour worked increased from 44.3 PKR in 2000 to 51.2 PKR in 2008 (at Average annual growth rate of 1.8 percent) , while the output per worker increased from 115,124 to 118,357 PKR (at Average annual growth rate of 1.6 percent) (constant factor cost).

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## Progress towards Decent work

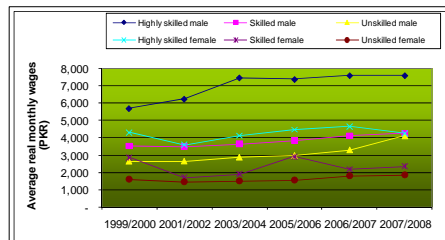
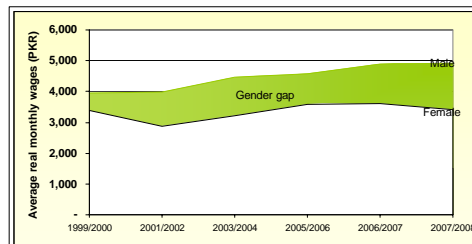
### x. Employment by status and branch of economic activity



## Progress towards Decent work

### xi. Real per capita earnings

- In general women earned almost one third less than their male counter parts.
- The wage gap significantly widened since the beginning of the decade.
- The wages declined for skilled females while opposite holds for males in the same category.
- The wages of the highly skilled females are comparable to those of skilled males and the wages of unskilled females are far below than their male counterparts.



## Progress towards Decent work

... Continued

### S3. Social protection and social security:

#### 1. Informality and social protection:

- **The share of informal sector employment.....** remained 72.4 percent of the non-agriculture sector employment in 2008. The share of informal sector employment increased by 7.4 percentage points during 2000-2008
- **Social security coverage .....**Number of registered establishments increased from 59,232 in 2006-07 to 61,706 in 2007-08 while total number of secured workers are 1,102,668.

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## Progress towards Decent work

#### 2. Rates of occupational injuries :

A downward trend has been observed in occupational injuries since 2006 where 419 injuries were reported during the year 2007.

#### 3. Hours of work:

The share of employed working excessive hours was 37.5 percent in 2008, declined by 4.1 percent during 2000-2008.

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## Progress towards Decent work

... Continued

### S4. Social Dialogue:

#### 1. Trade union membership rate

- Number of registered trade unions declined from 7,183 to 7,051 during 2003 to 2007.
- Number of reporting trade unions declined from 2,493 to 2,404 during 2003 to 2007.
- Membership of reporting trade unions declined from 503,450 to 455,770 during the same period.

#### 2. Number of enterprises belonging to employer organizations:

#### 3. Collective bargaining coverage rate:

#### 4. Strikes and lockouts: Rates of days not worked :

- Number of work stoppage in terms of 'man days lost' remained 47,719 in 2003 while the same remained 28,693 in 2007.


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## What needs to be done?

The LMIA Unit has made valuable inputs regarding decent work policy formulation and strengthening of LMIA. These inputs mainly focus on:

- The sustainability in the process of LMIA in order to achieve better linkages between labour market monitoring and policy formulation.
- Enhancing the LMI&A system to support Employment and HRD policy formulation and monitoring progress towards decent work at national and provincial levels.
- Development of the *LMIS based on education and skills*, using labour force data as well as other sources of information.

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For further information regarding Decent Work and Labour Market Information Analyses (LMIA) in Pakistan please check:

[www.lmis.gov.pk](http://www.lmis.gov.pk)

[www.molm.gov.pk](http://www.molm.gov.pk)

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**Thank You**

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