



PAKISTAN EMPLOYMENT TRENDS 2008 (SERIES NO. 4)

**ACHIEVING MDG TARGET 1B –
“FULL AND PRODUCTIVE
EMPLOYMENT AND DECENT
WORK FOR ALL”**





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“FULL AND PRODUCTIVE EMPLOYMENT AND DECENT
WORK FOR ALL”**

November 2008

Labour Market Information and Analysis Unit
Ministry of Labour, Manpower and Overseas Pakistanis
Government of Pakistan

ISLAMABAD

TABLE OF CONTENTS

Foreword	iv
Message from the ILO Country Director	v
Message from the UNDP Country Director	vi
Executive summary	vii
List of acronyms	ix
Acknowledgements	x
1. Introduction	1
1.1 The Millennium Development Goals and Decent Work	1
1.2 The new MDG target, UN Reform and LMIA	4
1.2.1 The new MDG target	4
1.2.2 UN Reform	5
1.2.3 LMIA	7
1.3 Overview of employment trends	9
1.4 Structure of the analyses and data sources	12
2. Analysis of productive employment and decent work in Pakistan	13
2.1 Employment-to-population ratios for persons aged 15+ and youth	15
2.2 Vulnerable Employment	17
2.3 Working Poverty	22
2.4 Labour Productivity	25
3. Summary and conclusion	31
References	33
List of tables	
1. Economic growth (%)	9
2. Selected Key Indicators of the labour market (%)	10
3. Population and labour force (million)	14
4. Employment-to-population ratios by sex and age (%)	16
5. Share in vulnerable employment by sector (%)	18
6. Share in status groups of wage and salaried employment (%)	20
7. Bias in employment-to-population ratios	24
8. Selected indicators by sector, annual average growth rates between 1999/2000 and 2006/2007	27
9. Labour productivity “per hours” worked by sector (constant factor cost in PKR)	29

List of figures

1. Growth in GDP and selected indicators	14
2. Selected indicator by sector, 2006/2007	21
3. Economic growth and vulnerable employment	22
4. Working poor estimates (%)	25
5. GDP, employment and labour productivity growth	26
6. Labour productivity and skills, 2006/2007 (%)	29
7. Growth in real wages (of employees) and labour productivity growth in manufacturing (%)	30

List of boxes:

1. The Millennium Development Goals (MDG)	3
2. The decent work agenda and Pakistan's DWCP	6
3. What is Labour Market Information and Analysis (LMIA)?	8
4. Skills for full and productive employment and decent work	30

Annexes:

I. Decent Work Indicators for Asia and the Pacific	35
Box A1. Decent Work Indicators for Asia and the Pacific	36
II. Statistical Annex	37
Table A1. Employment-to-population ratios by province and age (%)	37
Table A2. Selected indicator by economic sector, 2006/2007(%)	37
Table A3. Vulnerable employment by age group (% and million)	38
Table A4. Employment by sector (%)	39
Table A5. Status of employment by sector (%)	40
Table A6. Hours of work (%)	41
Table A7. Excessive working hours by sector (%)	42
Table A8. Share of employed working excessive hours by sector (%)	43
Table A9. Enrolment by educational attainment level (%)	44
Table A10. Unemployment by educational attainment (%)	45
Table A11. Distribution of labour force with formal/vocational training by major occupational groups (%)	46

Foreword

Employment and labour policies that promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity should be based on up-to-date and timely Labour Market Information and Analysis. In order to meet these requirements the Ministry of Labour and Manpower established a Labour Market Information and Analysis Unit with the technical assistance of the ILO and funding support of UNDP. Labour market information and analyses through a series of Pakistan Employment Trends reports have been periodically published by the LMIA unit, since 2007.

This is the fourth issue in the series of *Pakistan Employment Trends* analyses entitled “Progress towards achieving MDG target – full and productive employment and decent work for all”. This target 1b is one of the key targets under Millennium Development Goal 1, to half the share of extreme poverty by 2015. The analyses of the report are based on four internationally recognized indicators which have been identified to monitor the fulfilment of target 1b worldwide.

I hope that this report, the main dissemination tool of the Labour Market Information and Analysis Unit, serves as a source for a number of researchers and policy makers and stakeholders in providing valuable information, aiming to alleviate poverty through “*full and productive employment and decent work for all*” as envisioned in the Pakistan Decent Work Country Programme (DWCP), Pakistan Employment Policy, Medium Term Development Framework (MTDF, 2005-10) and the Poverty Reduction Strategy Papers (PRSP).

I would like to express my appreciation to all those involved in the collection and dissemination of labour market information, particularly ILO and UNDP support. The publication of this report could not have been possible without the data collected and provided by the Federal Bureau of Statistics.

I am looking forward to continued collaboration with our national and international partners for further strengthening Labour Market Information Analysis in the country that will facilitate the promotion of “*full and productive employment and decent work for all, including women and young people*”.

Malik Asif Hayat
Federal Secretary
Islamabad

14th November 2008

Message from the ILO Country Director

I am pleased to see the fourth issue of *Pakistan Employment Trends* highlighting an important subject of “full and productive employment and decent work for all” within the context of Millennium Development Goals and especially the target 1b. I would like to congratulate Mr. Asif Hayat Malik, Secretary Ministry of Labour and Manpower for his excellent initiative of establishing a Labour Market Information and Analysis Unit within his Ministry, which frequently disseminates extremely useful analyses to a wider set of stakeholders. It gives me immense pleasure to see that the ILO is providing technical support to the LMIA unit as well as the reports. I would like to express my gratitude to UNDP for providing the needed financial assistance to the LMIA unit.

As a result of the global recognition of the fact that decent employment is the quickest way out of poverty, full and productive employment and decent work for all has been introduced as target 1b under Millennium Development Goal 1, to reduce extreme poverty by half by 2015. In order to facilitate a conducive environment for decent work in Pakistan, a Decent Work Country Program has been jointly developed by the Ministry of Labour, Employers Federation of Pakistan (EFP), Pakistan Workers Federation (PWF) and the ILO office in close consultation with other stakeholders.

In order to monitor the extent to which decent work objectives are achieved in Pakistan, there is a need to develop and use appropriate tools. One such tool is the labour market information and analysis that provides crucial up-to-date and timely information and analysis of the labour market that depicts the general employment trends in the country.

The ILO has developed a set of indicators, specifically to measure progress regarding target 1b. These indicators have been used by the LMIA unit for this issue of *Pakistan Employment Trends*. By identifying major challenges in creating decent work the government and international organizations can better help develop and adopt labour market policies, programmes and activities to help achieving MDG.

This report will also play an important role in providing information to the One UN Programme in Pakistan. Labour market information analysis, which was not available before in a systematic way could be taken into account by UN agencies under the One UN Programme, to help the country eradicate poverty.

The ILO stands ready to continue its technical support to the Ministry of Labour to further improve Labour Market Information Analysis in the country. I would like once again to appreciate the support of the Ministry of labour, Federal Bureau of Statistics, Employers and Workers’ Organizations and others who have supported the LMIA project.

Donglin Li
Country Director
ILO Office for Pakistan

Message from the UNDP Country Director

This edition of Pakistan Employment Trends, Towards Productive Employment and Decent Work for All, brings to light Pakistan's labour market issues in the face of a challenging economic scenario. It reinforces the need for analytical instruments to support national pro-poor policy making processes.

At a time when Pakistan is aiming to formalize its pro-poor strategies for the next PRSP cycle, this report is of particular use in highlighting key labour market concerns which need to be addressed by the Government in order to reap the demographic dividend.

This report makes a substantial contribution in Pakistan's reporting on the globally adopted Millennium Development Goal on decent work for all, including men and women, to eradicate extreme poverty and hunger. In the preparation of this report, labour market experts contributed important ideas with a view to mainstreaming labour-related indicators including measures of the working poor, vulnerable employment and labour productivity in national statistics instruments.

UNDP congratulates the Ministry of Labour, Government of Pakistan for producing the 4th Pakistan Employment Trends report. The Labour Market Information and Analysis (LMIA) team within the Ministry of Labour is a successful joint collaboration between the Ministry of Labour and Manpower, ILO and UNDP to analyze labour market information and trends. This partnership is an important entry point for developing a full scale Labour Market Information System in Pakistan, to help monitor the labour demand and supply situation, and to develop appropriate policy strategies to help combat poverty and unemployment in Pakistan.

Alvaro Rodriguez
Country Director
UNDP office Islamabad

Executive Summary

People experience development and globalization primarily through their work. It is not just about having a job. It is about the quality of employment that provides an adequate income to keep workers and their families out of poverty. It is about basic rights at work and a voice in decisions that affect their lives and livelihoods. It is about having security in times of misfortune. All these are key ingredients of a decent job which stands for dignity of work, promotes a sense of self worth and ensures family stability.

It has been acknowledged in a number of international forums, including the 2005 World Summit, the 2006 UN Economic and Social Council, the UN Chief Executives Board of 2007 and by the UN Commission for Social Development, that making *full, productive and decent employment for all* a central objective of relevant national and international policies and development strategies is the main route out of poverty for the world's poor. The United Nations system as well as the European Union (EU) have endorsed the *Decent Work Agenda* as contributing significantly to the achievement of the Millennium Development Goals, and in particular target 1b of MDG 1.

The ILO has developed a number of responses to assist international and national efforts to mainstream decent work objectives into their initiatives, including the development of *decent work indicators*, and a *decent work toolkit* to assist other agencies in the UN system to mainstream decent work objectives into their own policies and programmes.

Decent and productive employment is now a clearly reflected priority in Pakistan's national development agenda, in documents such as *Vision 2030* and the *Medium Term Development Framework (2005 – 2010)*, and is also a key theme in the *One UN Programme* in Pakistan.

This issue of *Pakistan Employment Trends, the fourth in the series*, analyses Pakistan's progress in creating "*full and productive employment and decent work for all including women and young people*", an a prerequisite for achieving Millennium Development Goal (MDG) 1, *to eradicate extreme poverty and hunger by 2015*.

The data presented, and its careful analyses can contribute to a better understanding of how development in Pakistan's labour market impacts the generation of decent work and therefore the achievement of the first Millennium Development Goal. By identifying decent work challenges the Government, employers and workers will be in a better position to develop and adapt labour market policies and action plans.

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. Increasingly, both the domestic and the global research community draws on the data published and the analyses provided for their research on critical labour market issues.

The analyses of Key Indicators of Decent Work for both men and women show that while improvements have been achieved in Pakistan major challenges remain. In this context some of the key findings of this report are:

- i. In line with a growing *labour force participation rate* (from 50.4 per cent in 1999/2000 to 52.5 per cent in 2006/2007), the *employment to population ratio* has steadily increased over the last ten years (from 46.8 per cent in 1999/2000 to 49.8 per cent in 2006/2007), especially for women, (from 13.7 per cent in 1999/2000 to 19.4 per cent in 2006/2007) reflecting the Governments efforts to create more employment opportunities for all.
- ii. At the same time, of concern are the still relatively high *employment-to-population ratios* of almost 80 per cent for men (15+) as they point towards a likely abundance of low quality jobs in the country.
- iii. Overall, men seem to benefit more from improvements in the labour market. In 2007, the share of men with a wage and salaried job was, at 41.5 per cent, almost double that of females, at 25.1 per cent, reflecting a situation in which the few wage and salaried jobs that are created tend to go to men rather than women.
- iv. Roughly six out of ten employed people in Pakistan (60.6 per cent) in 2006/2007 were considered to be vulnerable, meaning “at risk of lacking decent work”. The large share of female vulnerability (74.6 per cent) needs special attention. Also of concern is the large share of youth vulnerability (58.1 per cent). Although often better skilled than the rest of the labour force, young people seem to face similar labour market difficulties as adults.
- v. Pakistan has seen very low labour productivity growth (1.8 per cent per year on average) over the last decade. In addition the relatively low growth in labour productivity has not gone hand in hand with the increasing labour force (3.4 per cent per year on average) and employment growth (3.7 per cent per year on average). This development suggests that many new labour market entrants are taking on low-productivity, poorly remunerated work.

The findings suggest that the problem in Pakistan is not so much the absence of economic activity but is more the low quality and low productive nature of these activities which lead to low incomes in the country. Most poor and vulnerable people are working very hard and long hours but in very low productivity jobs, where social protection and safety nets and networks are most often inadequate or totally missing. Therefore, the majority of Pakistan’s population cannot afford to be unemployed and has to work to make a living for themselves and their families.

If people had a chance to be more productive and earn more through quality jobs, poverty and vulnerability in the country would further decline. This is why access to decent work and productive employment is essential as a sustainable way out of poverty and to meet the Millennium Development Goals. This is also why the World Summit requests all countries and international institutions to mainstream the decent work agenda into their policies and programs.

List of acronyms

DESA	Department of Economic and Social Affairs
DWCP	Decent Work Country Program
ECOSOC	United Nations Economic and Social Council
EFP	Employers Federation Pakistan
EMP	Employment
EPR	Employment-to-population ratio
EU	European Union
FBS	Federal Bureau of Statistics
GDP	Gross domestic product
HIES	Household Integrated Economic Survey
HRD	Human resource development
ICLS	International Conference of Labour Statisticians
ICSE	International Classification by Status in Employment
ILC	International Labour Conference
ILO	International Labour Organization
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
KILM	Key Indicators of the Labour Market
LMIA	Labour Market Information and Analysis
LF	Labour Force
LFS	Labour Force Survey
LFPR	Labour Force Participation Rate
MDG	Millennium Development Goals
MLMOP	Ministry of Labour, Manpower and Overseas Pakistanis
MTDF	Medium Term Development Framework
NAVTEC	National Vocational and Technical Education Commission
NWFP	North West Frontier Province
OECD	Organisation for Economic Co-operation and Development
PIDE	Pakistan Institute for Development Economics
PIHS	Pakistan Integrated Household Survey
PRSP	Poverty Reduction Strategy Paper
PSLM	Pakistan Social and Living Standards Measurement Survey
PWF	Pakistan Workers Federation
SMEs	Small and medium enterprises
SNA	System of National Accounts
TEVC	Technical and Vocational Competence
TVET	Technical and Vocational Education and Training
UN	United Nations
UNCEB	United Nations Chief Executives Board
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSTATS	United Nations Statistics Division
WTO	World Trade Organization

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This fourth issue of *Pakistan Employment Trends* is reporting on progress towards “*full and productive employment and decent work for all*” and was prepared by the Labour Market Information and Analysis Unit (LMIA) of the Ministry of Labour and Manpower with technical support from the International Labour Organization (ILO), and with funding from the United Nations Development Program (UNDP).

The report was the responsibility of Ms. Ina Pietschmann (ILO, Islamabad) and is the result of a strong technical collaboration between the Ministry of Labor and Manpower and Overseas Pakistanis under the able leadership of Mr. Malik Asif Hayat, Secretary Labour, the ILO Country Office Islamabad, under the guidance of the Country Director, Mr. Donglin Li, and the ILO Employment Trends Unit in Geneva. This publication would not have been possible without technical contributions from the LMIA Unit team: Saleem Afzal, Afsheen Ashraf, Fozia Aftab, Zeshaan Ahmad, Awais Malik, Nayyar Siddiqui and Muhammad Khan.

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1. Introduction

1.1 The Millennium Development Goals and Decent Work

Lack of satisfaction at the pace of human development in the 1980s inspired the UN to convene a series of global conferences in the 1990s to identify the problems involved, and to commit the world community to address those problems. These so called World Summits set a series of goals and targets that national leaders around the world pledged to achieve within specified time-frames. In 2000 the General Assembly of the United Nations incorporated the majority of these goals in its Millennium Declaration. The so called Millennium Development Goals with specific targets became the guideline for the UN and other agencies around which they have organized their development activities. (Box 1)

At the 2005 World Summit of the United Nations General Assembly, Heads of State and Government of more than 150 countries supported fair globalization¹ and adopted under goal 1 – to eradicate extreme poverty and hunger by 2015 – an additional target 1b, emphasizing the importance of “full and productive employment and decent work for all”. Further, they made a commitment to implement a wide ranging international decent work agenda requiring global, regional and national action. This commitment was reaffirmed in July 2006 at the high-level segment of the substantive session of the United Nations Economic and Social Council (ECOSOC) on the theme “Creating an environment at the national and international levels conducive to generating full and productive employment and decent work for all”, and its impact on sustainable development.

ECOSOC consequently requested the whole multilateral system, including the funds, programs and agencies of the United Nations system, and invited international financial institutions and the World Trade Organization (WTO) to support efforts to mainstream the target of “*full and productive employment and decent work for all*” into their policies, programmes and activities. Based on the request the UN Secretary-General, who chaired the first regular session of the United Nations Chief Executives Board (UNCEB) in 2007, promoted the develop a Decent Work “toolkit” to mainstream the objectives of “*full and productive employment and decent work for all*” in policies and programmes of all UN organizations. The “toolkit” was conceived along the structure of the Decent Work Agenda (Box 2) and could profitably be used in the United Nations Development Assistance Framework (UNDAF) and One UN pilot countries. The United Nations Chief Executives Board (UNCEB) gave its full endorsement to the “toolkit” and adopted it in April 2007.²

1 World commission on the Social Dimension of Globalization: A fair Globalization: Creating Opportunities for All (Geneva 2004); website: <http://www.ilo.org/public/english/employment/strat/wer2004.htm>.

2 See: <http://www.ilo.org/public/english/bureau/dgo/selecdoc/2007/toolkit.pdf>

Also the European Union has actively supported the uptake of decent work, as a global target under MDG goal 1. It is commonly accepted now, that decent work is the principal way out of poverty and fundamental to peace, security and dignity. Rights at work help empower individuals to escape poverty and guarantee a path of development that does not allow labour exploitation. Social protection, both at work and in the absence of work, safeguards against falling back into poverty. Social dialog is the basis for democracy and good governance, ensuring the participation of both “employers and workers” organizations in shaping government policies for poverty reduction.

The favorable reception of “*full and productive employment and decent work for all, including women and young people*” as vehicle of poverty alleviation resulted in a number of practical challenges to the International Labour Organization, which was tasked with developing a set of indicators that would allow measuring such multidimensional and complex concept as “*full and productive employment and decent work*”. In addition the linkages between decent and productive work and poverty reduction needed to be explained.

In response to this challenge, the ILO worked with its constituents as well as with the UN Department of Economic and Social Affairs, the UN Statistics Division, the World Bank and other specialized agencies to arrive at a widely accepted set of indicators to monitor the achievement of full and productive employment and decent work for all in the context of the MDGs. In early 2007 the following initial set of four indicators had been adopted.

- (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

Most of the indicators focus on the income component of decent work, but as will be discussed in the following chapters they often give an indication of other dimensions of decent work which are harder to measure in quantitative terms. Further, since the target is placed under MDG goal one which stresses income poverty, this justifies the focus on the income dimension of decent work to a certain extent. Nevertheless, the ILO is exploring ways to arrive at a more comprehensive measurement of decent work³

3 Just recently (in September 2008) the ILO hosted a conference for international statisticians and labour market experts to come up with ways to measure decent work even more appropriately.

Box 1
The Millennium Development Goals (MDGs)

In September 2000, the United Nations' member States unanimously adopted the Millennium Declaration. After consultations among international agencies including the World Bank, the International Monetary Fund, the Organisation for Economic Co-operation and Development, and the specialized agencies of the United Nations, the UN General Assembly recognized the Millennium Development Goals as part of the road map for implementing the Millennium Declaration.

The goals, along with the specific targets set for each one, commit the international community to an expanded plan of action aimed at encouraging sustainable and equitable development, one that promotes human development as the cornerstone for sustaining social and economic progress, and recognizes the importance of creating a global partnership for development. The goals set out below together with over 20 targets and 60 indicators, have been commonly accepted as a framework for measuring development progress.

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

Source: <http://www.un.org/millenniumgoals/>

Source: Reproduction of Box 1 in *Key Indicators of the Labour Market, Fifth Edition* (International Labour Office, Geneva, 2007)

1.2 The new MDG target, UN Reform and LMIA

1.2.1 The new MDG target

There is no single solution to wiping out poverty. But “*full and productive employment and decent work for all, including women and young persons*” – the promotion of rights, employment, social protection and dialogue- needs to be the heart of successful policies to get there.

Therefore, the endorsement of decent work has also become a top priority of the Government of Pakistan as reflected in a number of national policy documents including the Medium Term Development Framework (MTDF) for 2005-2010, documents related to employment creation (Labour and Employment Policies), poverty reduction (Poverty Reduction Strategy Papers) and human resource development (Skilling Pakistan).

The importance attached to the improvement of labour standards is also evident from the 100-Day Programme of the new Government, which was announced by Prime Minister Yousuf Raza Gilani in his very first speech to the public, at the beginning of 2008. Pakistan’s Government places highest importance to the creation of quality employment under conditions of freedom, equality and social protection.

The country’s Decent Work Program (DWCP) represents the implementation framework and spells out a strategy and plan of action to help the creation of “*full and productive employment and decent work for all*”. It has been jointly prepared by the Ministry of Labour Manpower and Overseas Pakistanis and the ILO, in close consultation with the national employers’ and workers’ federations, in 2005. The Decent Work Country Programme is a dynamic document which responds to changing labour market challenges. It constitutes an umbrella for a range of policy frameworks that are considered to be key instruments for its implementation.

In the context of the DWCP, a National Tripartite Forum on Employment and Skills was jointly organised by the Labour and Manpower Division of the Ministry of Labour, Manpower and Overseas Pakistanis (MLMOP) and the ILO in 2006. The Forum also aimed to provide a platform to examine the current employment and labour market challenges facing Pakistan, and to assist the Government, Employers’ and Workers’ representatives in the formulation and implementation of concrete decent work policies and programs.⁴

Generally, decent work can be promoted using a range of policies, programs and activities. Examples are public works programs, legislation and regulations concerning labour utilization and working conditions, education policies and skills development programs, social security legislation and support for social dialogue between workers, employers and the government. Furthermore, macroeconomic policies including fiscal, monetary and trade policies have important effects on labour markets, and can be made instrumental in achieving decent work objectives.

4 See: Ministry of Labour, Manpower and Overseas Pakistanis, 2006. For further information www.ilo.org.pk/?page=ilo_pakistan&sublink=dwcp

In order to inform these policies, *Labour Market Information and Analysis* is necessary to identify major decent work challenges, gaps and deficits in a permanently changing labour market under each of the four strategic objectives of decent work. (1) Fundamental principles, rights at work and international labour standards, (2) employment and income opportunities, (3) social protection and social security; (4) social dialogue and tripartism.

1.2.2 UN Reform

Governments globally have recognised that achieving the Millennium Development Goals and other widely internationally agreed development goals is central to global economic prosperity and stability. It is also recognised that the United Nations plays a crucial role in articulating the MDGs.

In November 2006 the UN Secretary General established High Level Panel on UN System-wide Coherence released its report on “Delivering as One”, which explored how the UN system could work more coherently and effectively across the world in the areas of development, humanitarian assistance and the environment. For development operations it arranged its proposals around four “ones”: One Programme, One Empowered Leader and Empowered Team, One Budgetary Framework and One Office. Among other suggestions the Panel proposed the launch of a set of “Delivering as One” pilot exercises in which self-selected governments and UN Country Teams would experiment with putting the four ones into practice.

In March 2007, the Prime Minister of Pakistan officially launched the UN Reform process in Pakistan, with a vision for the UN to deliver “as One” by overcoming systemic fragmentation in its efforts to support human development in Pakistan, especially the MDGs, as well as delivering humanitarian assistance where necessary.

In response to priorities identified in consultation with government and non-governmental organisation in Pakistan, and in line with the national development agenda articulated in documents such as Pakistan’s *Vision 2030* and the *Medium Term Development Framework (2005 – 2010)*, five thematic working groups (TWGs) were established to articulate the “Delivering as One” vision through Joint UN Programmes: (1) Agriculture, Rural Development and Poverty Reduction; (2) Education; (3) Health and Population; (4) Environment (MDG 7) and (5) Disaster Risk Management. Four cross cutting themes to promote gender equality, advocate for human rights, increase civil society engagement and address refugee issues have also been adopted. A One UN Programme document, extending the current UN Development Assistance Framework (UNDAF) to 2010 and providing the framework for the implementation of the Joint Programmes is in progress.

Box 2

The Decent Work Agenda and Pakistan's Decent Work Country Program

With “decent work” the ILO introduced to the world a concept that, in a short period of time, received significant recognition and was cited by the international community, researchers and the media. It is now common conviction that only by giving people a decent job – not just any job – they get a chance to avoid and/or escape poverty. A decent job for all is thereby the alternative to what can be observed throughout the world: a large number of people looking for a job but who cannot find work; an even larger number of discouraged people, who gave up the hope of being able to participate in labour markets; and, most importantly the large number of people who work – often long hours and often under poor conditions – but with low productivity jobs that make it impossible for them and their families to escape poverty. In other words, the potential of these individuals is either ignored or underutilized, whereas they could be contributing significantly to economic development by being provided with decent and productive work.

These arguments are the main reasons why decent work for all is the principal goal of the ILO. But what is decent work? It is work that gives people the opportunity to earn enough for themselves and their families to escape poverty, not just temporarily but permanently. But the concept is not limited to the income component. A decent job provides social security and ensures protection by labour laws, and a voice at work through freely chosen workers’ organizations. It gives the job a human face and makes sure that people can work in dignity and freedom.

The enabling conditions for the development of sustainable enterprises that create such jobs is especially important in times of rapid change as there is an increasing sense of insecurity associated with globalization. Underpinning the growth of more and better jobs in all countries are the ILO’s fundamental principles and rights at work. Decent work reflects the aspiration of men and women everywhere to obtain productive work in conditions of freedom, equity, security and human dignity.²

At the 13th Asian Regional Meeting of the ILO held in Bangkok in August, 2001, the tripartite delegates accepted the basic concept of decent work, emphasizing that it would be the key concept for integrating economic and social policies in Asia and the Pacific. During the meeting, delegates agreed that each country in the region should prepare a National Plan of Action for Decent Work (DWNPA) in order to operationalize the global decent work agenda. The ILO was asked to provide assistance to its tripartite constituents in designing such plans.

The Pakistan Decent Work Country Programme (DWCP) has been jointly prepared by the Ministry of Labour, Employers’ Federation of Pakistan (EFP), Pakistan Workers Federation (PWF) and the ILO Office in close consultation with civil society and academia. They reviewed national policies, programmes and on-going activities – within the overall framework of fundamental principles & rights at work and international labour standards; employment and income opportunities; social protection; and social dialogue and tripartism – in order to analyze decent work deficits/gaps/challenges and to formulate a plan for addressing these deficits. As a result of extensive nation-wide consultations, a consensus DWCP document was prepared in September 2005 and was jointly signed by the Secretary of Labour, President of EFP, General Secretary of PWF and the Country Director of the ILO office in Pakistan. The DWCP is a dynamic and live document that is subject to revision and change as and when deemed necessary by the tripartite constituents. The document covers the period up to 2010.

1. See http://www.unescap.org/stat/apex/2/APEX2_S.2_Report%20of%20FOC%20on%20MDGs.pdf.

2. For more details see: ILO: *Working out of Poverty*, Report of the Director-General Juan Somavia to the 91st International Labour Conference (Geneva, 2003): <http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-i-a.pdf>. Also: World Commission on the Social Dimension of Globalization: *A fair globalization: creating opportunities for all*; ILO (Geneva, 2004): <http://www.ilo.org/public/english/wcsdg/docs/report.pdf>. For a list of publications on the topic see: <http://www.ilo.org/public/english/bureau/integration/decent/publicat.htm>

3. See: <http://www.ilo.org.pk/DWCP%20Document.pdf>

Source: Reproduction of Box 1 in *Key Indicators of the Labour Market, Fifth Edition* (International Labour Office, Geneva, 2007)

In the process of developing the Joint Programme documents the thematic working groups have undertaken situation and (SWOT)⁵ analyses, and conducted priority and validation workshops as part of its inclusive approach to stimulate ownership and enhance sustainability. The Ministry of Labour has strongly supported the mainstreaming of Pakistan's *decent work objectives* and the incorporation of its *Decent Work Country Programme* into the Joint Programmes. The achievement of *full, productive and decent work*, in particular through skills enhancement and capacity development more generally are key areas highlighted by the government, workers' and employers' representatives and given prominence in the thematic areas.

1.2.3 LMIA in Pakistan

In 2006, the Ministry of Labour Manpower and Overseas Pakistanis established a Labour Market Information and Analysis Unit which aims to provide up-to-date and timely Labour Market Information Analysis, based on internationally accepted concepts and key labour market indicators. The analyses are published in the form of reports and inform policy makers and stakeholders about labour market changes and trends (Box 3).

Pakistan's Employment Trends reports, which are produced by the Labour Market Information and Analysis unit, provide policy makers, training providers and new entrants to the labour force with information about

- ✓ who enters the labour market,
- ✓ what occupations and skills are available,
- ✓ in which economic sectors can they be found,
- ✓ what people earn,
- ✓ how many hours they work,

and many of other useful information regarding labour markets.

Unfortunately, it has been very difficult until now to provide a full assessment of labour demand based on establishment surveys. But efforts are being made to close this data gap as soon as possible. The identification of labour supply and demand requires the use of a set of indicators in order to get a picture or diagnoses of a specific labour market phenomenon. Such indicators ideally include how to tackle policy processes such as formulation, implementation, monitoring and evaluation.

LMIA is also a necessary tool to monitor labour market achievements regarding "*full and productive employment and decent work for all, including women and young people*". Without labour market information analysis it will be difficult for policy makers and politicians, to develop strategies and concrete action plans to overcome persisting labour market problems, which hinder economic growth and efforts in poverty reduction.

⁵ A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis.

Box 3

What is Labour Market Information and Analysis (LMIA)?

Labour market information is what the term suggests: information about labour markets. This includes information about employment and jobs, wages, salaries and employment conditions; skills; where people work and in which sector; how many people are looking for a job; and so on.

Labour Market Information and Analysis is more than information, as it aims to provide analyses of the labour market in its economic context. This means that labour market trends are examined, together with broader economic trends (e.g. economic growth, inflation). LMIA is an important tool to monitor the demand and supply of the labour market, investigate excess supply (e.g. in the form of unemployment and underemployment), and excess demand (e.g. in the form of unfilled vacancies). LMIA enables policy makers to develop policies which help people to find and securing a decent job.

An LMIA system consists of producers of analysis (labour market analysts, statisticians, etc.), but also includes institutional arrangements to feed information and analysis into policy processes, and receive feedback on the focus of the analysis. Such feedback is essential, as possibilities for analytical work are endless, even though such work will usually start from an agreed set of Key Indicators of the Labour Market. In Pakistan, the Advisory Panel has been established to bridge the gap between the analytical work and labour market stakeholders, including the social partners.

Depending on the focus and use of the LMIA system, data collection, analytical methods and institutional arrangements will vary. For example, to measure excess supply in the labour market, household surveys such as the labour force survey are an essential instrument. To gain insight in demand and supply for skills, a range of data collection instruments and analytical methods is often used, including establishment occupational and earnings surveys, establishment enquiries aiming to produce qualitative information on shortages, tracer studies and so on. The resulting Labour Market Information Analysis can only be used to inform skills policies and programs if institutional arrangements are in place which links the producers and users of such information, including social partners but also sector bodies, education and training providers, etc.

Overall the aim of an LMIA system is crucial to provide timely and up-to date LMIA that serve as an input into the formulation of numerous policies and programs aiming for decent employment, pro-poor, economic as well as human resource development. This also includes employment services and operations of the labour market supply and demand that range from labour exchange recruitment, offers of employment, hiring and separations to activities aiming at decreasing unemployment and to provide full and productive employment and decent work for all.

However, it needs to be mentioned that the main purpose of an LMIA System is not to exclusively inform job centers or employment exchanges about labour supply and demand. A LMIA system needs to be seen as tool that embeds labour market related issues into the broader context of macroeconomic development.

For further information, see: 2007. Pakistan Employment Trends 1, Government of Pakistan, Ministry of Labour, Manpower and Overseas Pakistanis, Islamabad,

1.3 Overview of employment trends

For Pakistan's economy 2007/2008 has been a problematic year, which was marked by difficult political conditions, law and order risks, supply shocks and soaring oil, food and other commodity prices. Despite these developments Pakistan showed a robust growth of 5.8 per cent against 6.8 per cent growth in 2006/2007. This provides, in combination with the renewed employment policy framework in recent years, a basis for a move towards the better realization of full and productive employment and decent work for all.

Table 1. Economic growth (%)

Pakistan	GDP growth	Agriculture	Manufacturing	Commodity producing sector	Services sector
1999/2000	3.9	6.1	1.5	3.0	4.8
2000/2001	2.0	-2.2	9.3	0.8	3.1
2001/2002	3.1	0.1	4.5	1.4	4.8
2002/2003	4.7	4.1	6.9	4.2	5.2
2003/2004	7.5	2.4	14.0	9.3	5.8
2004/2005	9.0	6.5	15.5	9.5	8.5
2005/2006	5.8	6.3	8.7	5.1	6.5
2006/2007	6.8	3.7	8.2	6.0	7.6
2007/2008	5.8	1.5	5.4	3.2	8.2

Source: Finance Division, 2008, *Economic Survey 2007-08*.

Information about the latest labour market trends is crucial to understanding the labour market analysis in regard to the issue of this report, embedded as it is in a broader labour market context. Building a comprehensive understanding of the labour market facilitates is needed, together with raising awareness about urgently needed investigations into enhancing the employability of people, and to improve the quality of work in order to promote decent work. Further, an extensive understanding of the labour market provides a foundation for targeted policy interventions.

The analysis of recent labour market trends⁶ indicates that considerable improvements have been achieved in Pakistan; especially with regard to employment opportunities and equity at work, but also that a number of challenges remain in order to achieve target 1b on “*full and productive employment and decent work for all*”.

Tables 2 shows that labour force participation, employment and unemployment indicators have changed in line with robust economic growth rates in recent years. Since 1999/2000, the labour force participation rate increased by 2.1 percentage points, but remains with 52.5 per cent (population 15+) low if considered from a global perspective. Globally, the labour force participation was 65.7 per cent for the age group 15 years and above in 2007.⁷

6 Analysis of Recent labour market trends are based on labour force survey data from 1999/2000 to 2006/2007. The Pakistan labour force survey is conducted on an annual basis from July to June of each year; the 2006-2007 survey was carried out from July 2006 to June 2007. The data analysed in this period are the most recent and were made available in January 2008

7 See: ILO *Global Employment Trends*, 2008

Table 2. Selected Key Indicators of the Labour Market

Pakistan (15+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	percentage point change from 1999/2000 to 2006/2007
Labour force participation rate						
Both sexes	50.4	50.5	50.7	53.0	52.5	+2.1
Males	83.2	82.7	82.7	84.0	83.1	-0.1
Females	16.3	16.2	18.0	21.1	21.3	+5.0
Employment-to-population ratio						
Both sexes	46.8	46.5	47.0	49.7	49.8	+3.0
Males	78.6	77.6	77.6	79.6	79.6	+1.0
Females	13.7	13.6	15.6	19.0	19.4	+5.7
Unemployment rate						
Both sexes	7.2	7.8	7.4	6.1	5.1	-2.1
Males	5.5	6.2	6.2	5.2	4.2	-1.3
Females	15.8	16.4	12.9	9.6	8.6	-7.2
Share of industry in total EMP						
Both sexes	18.2	21.0	20.6	21.2	21.4	+3.2
Males	19.8	22.0	21.7	22.7	23.5	+3.7
Females	8.4	14.8	14.9	15.1	12.6	+4.2
Share of agriculture in total EMP						
Both sexes	47.8	41.1	41.8	41.6	42.0	-5.8
Males	43.4	37.2	37.0	35.6	35.0	-8.4
Females	73.7	64.5	66.6	67.7	71.4	-2.3
Share of services in total EMP						
Both sexes	34.0	38.0	37.6	37.1	36.6	+2.6
Males	36.8	40.8	41.3	41.8	41.5	+4.7
Females	17.8	20.7	18.4	17.3	16.0	-1.8
Share of wage and salaried workers in total EMP						
Both sexes	35.9	40.4	38.5	38.4	38.3	+2.4
Males	36.4	40.9	39.8	41.2	41.5	+5.1
Females	33.1	37.1	31.5	26.6	25.1	-8.0
Share of own account workers in total EMP						
Both sexes	43.6	39.9	38.6	36.5	36.0	-7.6
Males	48.0	43.7	42.9	41.3	41.1	-6.9
Females	16.8	16.5	17.0	15.9	14.3	-2.5
Share of EMP in the informal economy						
Both sexes	65.0	63.8	69.4	72.3	71.5	+6.5
Males	65.0	64.1	69.9	72.2	71.6	+6.6
Females	63.9	60.8	64.5	73.0	69.9	+5.9
Share of the employed working 50 hours or more						
Both sexes	41.6	40.7	42.7	41.0	40.0	-1.6
Males	46.4	45.2	48.9	48.3	47.8	+1.4
Females	12.8	13.4	11.6	9.4	7.7	-5.1
Share of the employed in agriculture working 50 hours or more						
Both sexes	41.3	38.2	38.3	33.0	29.3	-12.0
Males	49.4	45.0	47.8	44.0	40.4	-9.0
Females	12.9	14.3	11.3	8.3	6.4	-6.5
Share of the employed in trade working 50 hours or more						
Both sexes	64.5	62.8	69.4	68.4	70.3	+5.8
Males	65.3	63.5	70.3	69.3	71.5	+6.2
Females	34.3	26.0	22.2	38.8	30.0	-4.3

Source: FBS, various years, *Pakistan Labour Force Survey*

However, the most recent survey year (2006/2007) shows a slight decline in labour force participation (0.5 percentage points) for the population aged 15 years and above, which is due to a decrease of male participation rates to almost the levels measured between 1999/2000 and 2003/2004. The female participation rate has continued to rise since the beginning of the decade, with a very small increase of 0.2 percentage points in the most recent survey year. (Table 2)

In Pakistan, the unemployment rate, measured on the basis of the relaxed definition, is the one most widely quoted⁸. In 2006/2007 it reached an historical low of 5.1 per cent, a 2.1 percentage point decline since 1999/2000, despite the increases in labour force participation since the beginning of the decade. (Table 2)

During the last few years, women particularly benefited from overall labour market developments in the country. The female unemployment rate at 8.6 per cent in 2006/2007, the lowest in recent years, should be seen in combination with an increase in the female labour force participation rate by 5.0 percentage points since 1999/2000. These positive developments are, to a large extent, due to an improvement of the labour market position of young women.⁹

Pakistan's labour market is undergoing structural changes, as reflected in the increasing share of the industry and the decreasing share of agriculture in total employment and in GDP. Contrary to the share of agriculture in GDP, which has been continuously declining since 1999/2000, the employment share in agriculture is increasing in the more recent years. (Table 1 and 2)

Available labour market indicators suggest that, despite gains in employment opportunities as reflected in labour force participation, and in employment to population ratios and unemployment rates, this structural transformation is not yet benefiting the majority of workers who lack decent employment.

Work in the informal economy increased from 65 per cent of non-agricultural employment in 1999/2000 to 71.5 per cent in 2006/2007.¹⁰ During the same period, wage and salaried employment increased by only 2.4 percentage points of the employed (15+), and the size of the status group of own-account workers decreased by more than seven percentage points.(Table 2)

The proportion of those working "excessive" hours has declined slightly since 1999/2000, but only because the proportion of females in total employment, who work less than 30 hours, increased. The proportion of male workers working "excessive" hours has risen by 1.4 percentage points since 1999/2000 (Table 2).

8 The standard definition that is used to measure the number of unemployed is those individuals without work, seeking work in a recent past period, and currently available for work. Labour market analysts often promote the measurement of unemployment according to the "relaxed definition", meaning relaxing the criterion of seeking work, in situations in which the application of this criterion is likely to underestimate the untapped human resources of a country

9 See: *Pakistan Employment Trends for Youth* (Islamabad, MOL, May 2008)

10 *ibid.* and *Pakistan Labour Force Survey 2006/07* (FBS, Islamabad, 2007) for the definition of the informal economy

In the most recent survey year the proportion of male workers working “excessive” hours declined slightly, by 0.5 percentage points. In the agricultural sector, the reduction in “excessive” hours of work since 1999/2000 continued into 2006/2007, but in trade it further increased to more than 70 per cent of all workers (Table 2).

Despite recent gains in terms of employment and unemployment, the reviewed labour market indicators highlight the gender gap. Women continue to be underutilized in the economy and labour market as reflected in their overall participation, as well as in the distributions in terms of economic sector and status groups. In line with the trend since 1999/2000, the proportion of women in the status group of wage and salaried workers decreased in the most recent survey year. Just a quarter of all women are now in a salaried position, as compared to a third at the beginning of the decade (Table 2).

1.3 Structure of the analyses and data sources

This issue of *Pakistan Employment Trends* examines the complex MDG target 1b on “*full and productive employment and decent work for all, including women and youth*”. While it is not possible to discuss all of the Pakistan’s economic and social challenges related to the target, the following chapters focus on four statistical indicators. They have been adopted by the international community to assess progress on the achievement of MDG 1.

The set of indicators is as follows: (1) employment-to population ratios (KILM 2), vulnerable employment (defined on the basis of status in employment - KILM 3), working poverty (KILM 20) and labour productivity (KILM 18). Together these four indicators provide a starting point for assessing labour underutilization and decent work deficits.

The assessment of these indicators in Pakistan involves using a number of statistical sources. Unless otherwise cited, labour market information was primarily taken from the *Labour Force Survey* conducted by the FBS. GDP data has been taken from the FBS, Finance Division. Global and regional estimates, including estimates of working poverty, are taken from the ILO, *Trends Econometric Models*, 2008.¹¹

11 See ILO, *Global Employment Trends*, 2008.

2. Analyses of full and productive employment and decent work in Pakistan

The creation of “full and productive and decent work for all” is a major challenge in Pakistan. Between 1999/2000 and 2006/2007 high population growth and a rising labour force participation account for an increasing labour force at an average annual growth rate of 3.4 per cent. This growing labour force is an asset for Pakistan’s labour market, and if effectively utilized it could contribute significantly to economic development in the country, and would help to fulfill MDG goal one to “eradicate extreme poverty and hunger”.

General labour market trends regarding employment opportunities suggest that Pakistan’s labour force participation as well as employment and unemployment have changed in line with high economic growth rates in recent years, reflecting a strong absorptive capacity of Pakistan’s economy. However, decreasing unemployment and rising female labour force participation also indicate that the creation of employment opportunities is not one of the core issues in Pakistan’s labour market.¹² (Figure 1 and Table 2)

When looking at additional aspects to draw a broader picture of existing labour market challenges, it is more the quality of employment that gives cause for concern. The 40.0 percent of the employed working “excessive hours” (50 hours or more) in 2006/2007 combined with the large proportion of people with less than one year of formal education (45.5 per cent in 2006/2007) can be associated with high vulnerability, low productivity levels and poor remuneration in wide parts of the country’s labour market.

The limited number of decent or quality jobs combined with a rapid growing labour force in Pakistan might become problematic especially for people who lack, skills, social networks and know-how, to market themselves as potential valuable wage and salaried workers. They could be left behind, joining the growing number of people who are forced to accept work under inferior conditions, or move into the informal economy.

Knowledge and skills can be seen as driving forces of economic growth and social development, since higher levels of educational attainment push productivity, increase levels of entrepreneurship and therefore improve the economic context of decent work.

The following section will analyse four indicators that have been selected to assess the progress made in the context of MDG target 1b. They will be used in conjunction with other common labour market indicators (including labour force participation, working hours, wages, sectoral employment) in order to identify the key labour market challenges in Pakistan.

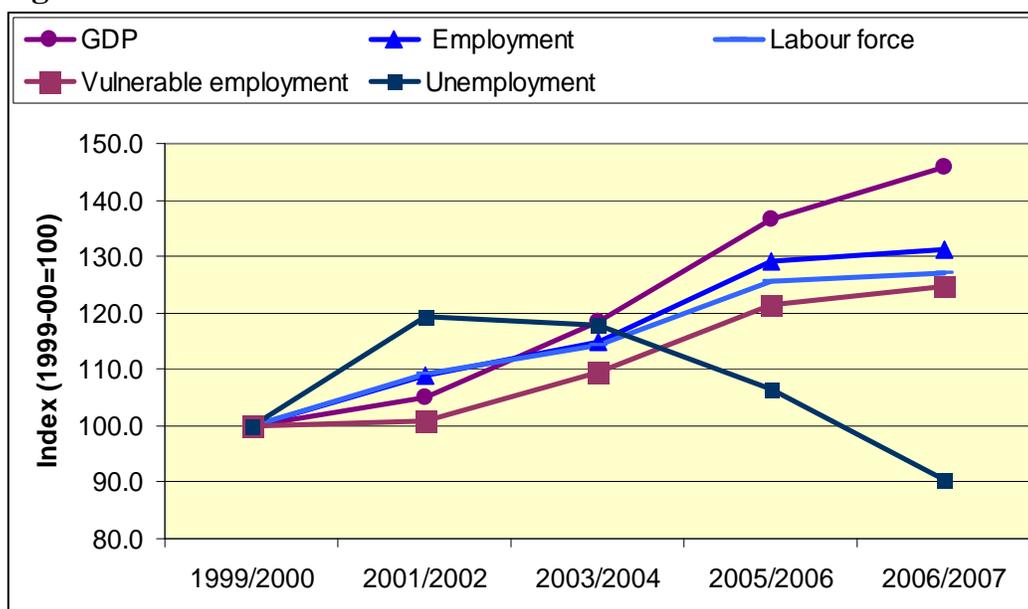
12 Especially women profited from the improvement in labour market performance. The female unemployment rate almost halved from 15.8 to 8.6 per cent while female labour participation increased from 16.3 to 20.3 percent, between 1999/2000 and 2006/2007 (Table 2)

Table 3. Population and labour force (millions)

Pakistan	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	change in million from 1999/2000 to 2006/2007
Total population	136.01	145.8	148.7	155.4	158.2	+22.2
Urban	43.0	47.4	49.7	52.1	52.5	+9.4
Rural	93.0	98.4	99.0	103.3	105.7	+12.7
Population 15+	74.3	81.2	84.3	88.7	90.5	+16.2
Punjab	46.3	47.7	48.5	50.8	52.2	+5.9
Sindh	15.8	19.2	21.2	22.1	22.1	+6.3
NWFP	9.3	10.9	10.9	11.9	12.3	+3.0
Balochistan	2.9	3.4	3.8	3.9	3.9	+1.0
Labour force 15+	37.5	40.9	42.8	47.0	47.6	+10.1
Punjab	24.5	25.5	26.3	28.4	29.1	+4.6
Sindh	7.4	9.1	9.9	11.0	11.0	+3.7
NWFP	4.3	4.7	4.8	5.5	5.4	+1.1
Balochistan	1.3	1.7	1.8	2.1	2.0	+0.7

Source: FBS, various years, *Pakistan Labour Force Survey*

Figure 1. Growth in GDP and selected indicators



Source: FBS, various years, *Pakistan Labour Force Survey*

2.1 Employment-to-population ratios for persons aged 15 and over and youth (age 15-24 years)

As an indicator, the employment-to-population ratio provides information on the ability of an economy to create jobs; it is often more insightful than the unemployment rate especially in a country like Pakistan, where hardly anyone can afford not to have a job. In statistical terms the employment-to-population ratio is defined as the proportion of the working population that is employed. (The youth employment-to-population ratio is the proportion of the youth population- persons 15-24 years- that is employed).

Although a high overall ratio is typically considered “good”, the indicator alone is not sufficient to assess all dimensions of decent work or decent work deficits. Employment-to-population ratios do not provide any information on labour market problems such as low earnings, underemployment, poor working conditions, or the existence of a large informal sector. Therefore, the analysis of employment-to-population ratios must be done in conjunction with other indicators that give more insights of the quality of employment.

In line with a growing labour force participation rate, employment to population ratios steadily increased over the last decade for the working population aged 15 years and above, reflecting high population growth as well as the Governments efforts to create more employment opportunities in the country. Nevertheless, the employment-to-population ratio (EPR) in Pakistan is relatively low when compared to the rest of the world, although it has increased by 3.0 percentage points since 1999/2000 (Table 2 and Table 3).

When comparing with regional estimates, the male EPR in Pakistan for the age group of 15 years and above is close to the average in South Asia in recent years, but the difference in the female EPR between Pakistan and South Asia is around 22 percentage points. In comparison with the East Asian female EPR, this gap is more than 50 percentage points for each of the years 2000, 2002, 2004, 2006 and 2007.

Disaggregated, employment-to population ratios in Pakistan reveal major gender biases in the country’s labour market activities. Although, the gender gap narrowed significantly by 5.7 percentage points until 2005/2006, the trend seems to have slowed down. In 2006/2007 female employment-to-population ratios were still almost four times lower than the ones for men in 2006/2007 (Table 4).

For youth, the employment-to-population ratios also increased steadily between 1999/2000 and 2005/2006 but lately the ratios for young females stagnated, which is perhaps more surprising than the recent decline in the employment-to-population ratio for young men given the large gaps between the two ratios. This reversing trend in line with the declining unemployment rates¹³ for youth is positive, as it reflects the higher participation of both young males and females (as share of their age group) in education,

13 Since 1999/2000, youth unemployment almost halved from 13.3 to 7.5 per cent in 2006/2007. See: *Pakistan Employment Trends for Youth* (Islamabad, MOL, May 2008), chapter 3.4.

which means less young people are employed (not counted in the numerator) but still part of the population (in the denominator).

Attention should be paid to the relatively high employment-to-population ratios of almost 80 per cent for men (15+) in the country, because this is indicating a high rate of low quality jobs. As main bread winners of most families in Pakistan, men have to work to make their and their families living, even if conditions are bad.

Table 4. Employment-to-population ratios by sex and age (%)

Pakistan	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	percentage point change from 1999/2000 to 2006/2007
15+						
Both sexes	46.8	46.5	47.0	49.7	49.8	+3.0
Males	78.6	77.6	77.6	79.6	79.6	+1.0
Females	13.7	13.6	15.6	19.0	19.4	+5.7
15-24						
Both sexes	35.1	37.6	38.5	42.0	40.9	+5.8
Males	61.6	61.8	62.7	66.1	64.2	+2.6
Females	7.2	11.8	13.7	16.8	16.8	+9.6
South Asia (15+)	2000	2002	2004	2006	2007*	
Both sexes	62.5	62.7	61.8	62.1	62.4	
Males	84.9	84.9	83.2	82.5	82.3	
Females	38.9	39.3	39.4	40.7	41.5	
East Asia (15+)	2000	2002	2004	2006	2007*	
Both sexes	77.6	77.4	77.2	77.0	76.8	
Males	84.5	84.2	83.9	83.6	83.4	
Females	70.4	70.4	70.3	70.2	70.1	
South Asia (15-24)	2000	2002	2004	2006	2007*	
Both sexes	42.9	44.3	42.1	41.7	41.6	
Males	59.3	61.2	58.4	57.6	57.4	
Females	25.1	25.9	24.4	24.4	24.5	
East Asia (15-24)	2000	2002	2004	2006	2007*	
Both sexes	60.3	57.9	55.8	54.2	53.6	
Males	56.9	54.3	52.0	50.2	49.3	
Females	64.1	61.9	59.9	58.6	58.4	

*2007 are preliminary estimates.

Source: FBS, various years, *Pakistan Labour Force Survey and ILO, Trends Econometric Models, 2008*; for further information see <http://www.ilo.org/public/english/employment/strat/wrest.htm>.

2.2 Vulnerable employment

Decent work or the quality of employment is what is of concern all over the world, especially in relation to fair globalization, productivity, economic growth and poverty reduction. It is assumed that as result of labour related vulnerabilities, people are socially weaker, as they cannot exercise their rights as citizens because of limited or missing rights as workers. They cannot provide a better future to their families, since they do not earn enough to make their living, and they cannot hope for income security, when they age as they do not have access to social protection. Labour market vulnerabilities can lead to a loss of self esteem, social exclusion, impoverishment, idleness, potential attraction to illicit activities and finally to feelings of frustration with their situation and to directing their frustration against the society that created it.¹⁴

Vulnerable employment is based on the idea that true decent work could only be assured in a society that would allow labour market outcomes to provide equal opportunities and equitable incomes to various social groups, regardless of their age, sex, and biological attributes, social, ethnic or political backgrounds. This framework allows assessment of the labour market that goes beyond an exclusive focus on unemployment rates, which do not provide much insight beyond the fact that some parts of the population are not employed nor seeking work; this is inadequate to monitor all dimensions of decent work.¹⁵ Consequently, the ILO defines a vulnerable person as one who is vulnerable to working under inadequate conditions because of weak institutional employment arrangements, and therefore is under risk of lacking decent work.

The indicator of vulnerable employment is based on the status of employment indicator (KILM 3), that distinguishes between three broad categories of employment. These are (a) wage and salaried workers also known as employees); (b) self-employed workers that include self-employed workers with employees (employers), self-employed workers without employees (own-account workers) and members of producers cooperatives; and (c) contributing family workers (also known as unpaid family workers).

In order to enhance decent work in Pakistan, vulnerable groups or individuals on the labour market need to be identified and monitored. The question is how this can be done in quantitative terms, while most of the dimensions are of qualitative nature? Due to shortages in the availability of comprehensive statistics in many countries, the indicator of vulnerable employment is a proxy measured as the proportion of own-account workers and contributing family workers, in total employment.

14 ILO, *Global Employment Trends for Youth*, 2006

15 R.Husmanns, F. Mehran and V. Verma: *Surveys of economically active population, employment, unemployment and underemployment: An ILO manual on Concepts and Methods* (Geneva, ILO, 1990), p 44.

Table 5. Share in vulnerable employment by sector (%)

15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	percentage point change from 1999/2000 to 2006/2007	Average annual growth rate
Agriculture							
Both Sexes	87.1	87.6	89.0	90.0	90.9	+3.8	+2.5
Male	89.5	89.9	90.8	90.0	90.9	+1.4	0.0
Female	78.6	79.2	84.1	90.0	91.0	+12.4	+9.6
Mining							
Both Sexes	5.7	6.5	15.8	5.4	13.6	+7.8	+22.6
Male	6.1	6.7	16.8	5.5	13.7	+7.6	+22.6
Female	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing							
Both Sexes	35.7	31.7	31.8	31.1	28.1	-7.6	+2.9
Male	34.0	28.6	26.5	25.8	24.5	-9.6	+0.5
Female	50.6	49.9	56.9	52.9	45.7	-4.8	+12.2
Electricity, gas and water							
Both Sexes	2.0	0.2	4.2	0.6	0.8	-1.2	-7.7
Male	2.0	0.2	4.2	0.6	0.7	-1.4	-11.3
Female	0.0	0.0	0.0	0.0	12.5*	12.5	0.0
Construction							
Both Sexes	9.6	5.6	7.1	7.3	7.0	-2.5	+1.3
Male	9.6	5.5	7.1	7.3	6.7	-2.9	+0.5
Female	8.7	25.1	13.1	10.2	26.7	18.0	+32.2
Wholesales and retail trade							
Both Sexes	82.3	78.0	78.1	77.4	78.3	-4.0	+4.2
Male	82.0	77.9	77.9	77.2	77.9	-4.1	+4.1
Female	94.1	86.4	89.9	83.2	90.6	-3.4	+6.7
Transport and communication							
Both Sexes	35.8	34.7	39.0	38.3	42.6	+6.8	+7.5
Male	35.9	34.8	39.0	38.4	42.7	+6.8	+7.4
Female	17.1	31.3	28.7	25.6	28.4	+11.3	+13.7
Finance							
Both Sexes	21.2	26.7	40.9	38.8	43.0	+21.8	+18.7
Male	21.2	26.4	41.0	39.5	43.3	+22.1	+18.9
Female	22.1	54.6	31.7	18.4	30.9	+8.9	+9.5
Social services							
Both Sexes	24.8	24.3	25.5	25.2	24.1	-0.7	+3.8
Male	26.5	26.6	27.8	27.2	26.4	-0.2	+3.7
Female	15.1	12.9	14.8	16.2	13.3	-1.9	+4.4
Other							
Both Sexes	95.8*	0.0	3.9	1.2	1.2	-94.6	-17.0
Male	95.8*	0.0	3.9	1.2	1.3	-94.5	-17.0
Female	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All sectors							
Both Sexes	63.1	58.7	60.6	60.4	60.6	-2.5	+3.2
Males	62.5	58.1	59.0	57.5	57.3	-5.2	+1.6
Females	66.7	62.6	68.4	73.0	74.6	7.9	+9.5

Source: FBS, various years, *Pakistan Labour Force Survey*

* Large shares are result of low response rates for the indicated categories.

It is presumed that the categories of own-account workers and contributing family workers are likely to be weak, as such workers are more likely to (1) lack contractual arrangements which can lead to a lack of job security and (2) lack the degree of social protection and social safety nets that govern wage and salaried workers and are therefore not likely to benefit from social security, health or unemployment coverage.¹⁶

As mentioned before, Pakistan's labour market is undergoing structural changes that are reflected in employment shifts away from agriculture to the industrial and service sectors. These shifts are accompanied by changes in the employment status of the currently economic active population aged 15 years and older. Hand in hand with industrialization, the share of workers in wage and salaried employment increased from 35.9 to 38.3 per cent since 1999/2000.

Table 5 shows cross-tabulations of employment by sector and vulnerability status. It can be seen that, in line with structural transformation of the labour market, the share of vulnerability across all sectors decreased by 2.5 percentage points between 1999/2000 and 2006/2007, and in the case of males by 5.2 points. At the same time vulnerable employment of females increased by 7.9 percentage points, mainly due to a large number of women, who newly entered the labour market to work primarily as contributing family workers in the agricultural sector, which provides the vast majority of jobs to them. In 2006/2007, 7 out of 10 women (71.4 per cent) worked in agriculture, predominantly in subsistence-level farming under harsh conditions and with little or no economic security. The share has slightly decreased over time (from 73.7 in 1999/2000 to 71.4 in 2006/2007), but the move of male workers away from agriculture has occurred at a much quicker pace.

Apparently, men benefit more from improvements in the employment status and sectoral distribution. In 2007, the share of men with a wage and salaried job was with 41.5 per cent almost double the share of 25.1 per cent for females, reflecting a situation, in which the few wage and salaried jobs that are created tend to go to men rather than women. As one can expect, the positive development for men, which makes up an overwhelming majority of total employment, reduced vulnerable employment during this process. In the case of women, recent industrialization in the country resulted primarily in increases of labour market vulnerabilities. Women in Pakistan, who want to work, often have no other choice than accepting vulnerable working conditions, although they are less viable given the necessity to earn some income.

The further breakdown by economic sectors shows that vulnerability decreased especially in sectors, which generated a large number of jobs over the last couple of years. This is true for manufacturing, wholesale and retail trade together accounting for more than a third of the employed in 2006/2007. It also declined in small sectors such as electricity, gas, water and construction. However in transport, services, and in particular financing, vulnerability increased in the latter sector by 21.8 percentage points, by far the largest change between 1999/2000 and 2006/2007.¹⁷

16 International Labour Office (ILO). 2007. *Key Indicators of the Labour Market*, Fifth Edition, International Labour Office, Geneva

17 *ibid*

The large increase in vulnerability in the finance sector is most likely reflecting an increase in own account workers engaged in entrepreneurial activities, characterized by growth potential, different to own-account workers, engaged in subsistence activities. This demonstrates well the desired sensitivity of results, when assessing vulnerability just with the help of the status of employment indicator and the exclusive focus on own account and contributing family work. The concept is widely accepted but can be misleading in two ways:

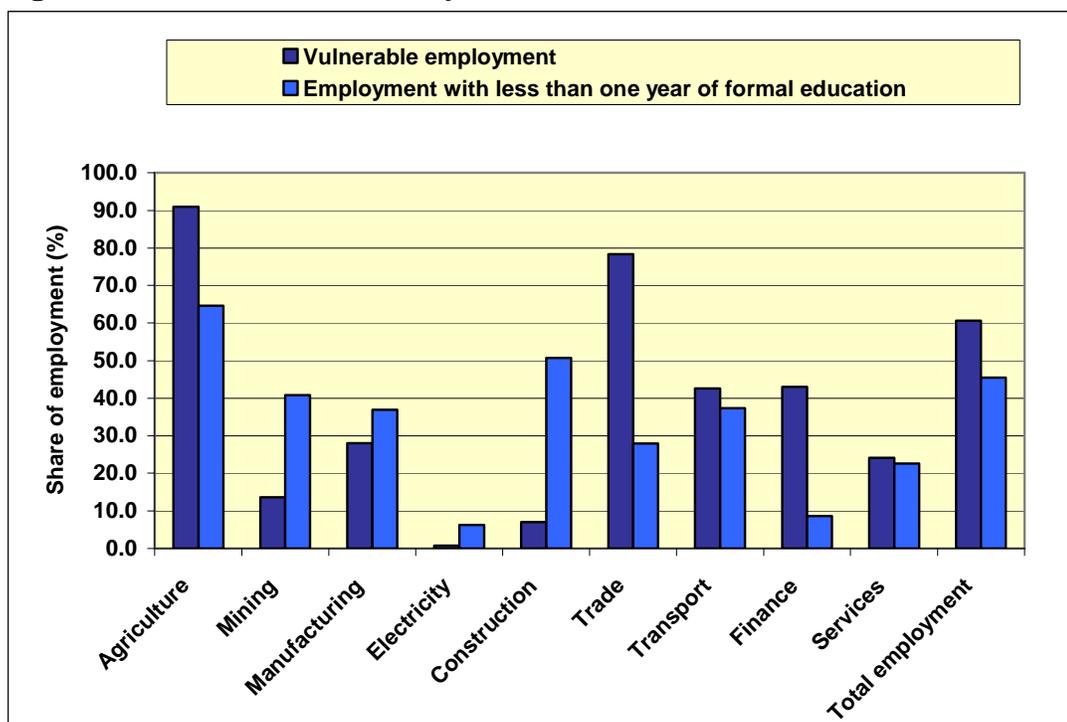
(1) People at “risk of lacking decent work” are very often poorly skilled and do not bring the required qualifications, needed to follow the classic economic development with shifts in employment from the agricultural sector into industry and service sectors, accompanied by increases in decent work opportunities. But own account work as such is not always vulnerable work. It has a highly heterogeneous status, often consisting of a mix of subsistence and entrepreneurial activities that can be found in all sectors, even in high-level jobs, where marketable skills are required like in Pakistan’s finance sector. A key challenge in identifying vulnerable groups in the labour market is to find out how to distinguish between these two groups of activities.

Table 6. Share in status groups of wage and salaried employment %)

Employed 15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	percentage point change from 1999/2000 to 2006/2007
Total wage and salaried employment						
Both sexes	35.9	40.4	38.5	38.4	38.3	2.4
Male	36.4	40.9	39.8	41.2	41.5	5.1
Female	33.1	37.1	31.5	26.6	25.1	-8.1
Regular paid employees with fixed wage						
Both sexes	51.7	49.1	50.8	55.5	52.8	1.2
Male	54.4	50.7	52.3	57.1	54.2	-0.2
Female	34.0	38.4	41.4	45.2	43.5	9.4
Casual paid employees						
Both sexes	25.5	26.2	27.7	26.3	26.8	1.3
Male	26.5	28.7	29.8	27.8	28.6	2.2
Female	18.8	10.0	14.2	16.2	14.0	-4.9
Paid workers by piece rate or worked performed						
Both sexes	21.9	23.6	20.7	17.4	19.6	-2.3
Male	18.1	19.5	17.1	14.3	16.4	-1.8
Female	46.9	51.3	44.2	38.2	42.1	-4.8
Paid non-family apprentice						
Both sexes	0.9	1.0	0.7	0.8	0.7	-0.2
Male	1.1	1.1	0.8	0.9	0.8	-0.3
Female	0.2	0.4	0.2	0.5	0.5	0.3

Source: FBS, various years, *Pakistan Labour Force Survey*

Figure 2. Selected indicator by sector, 2006/2007 (%)



Source: FBS, various years, *Pakistan Labour Force Survey*

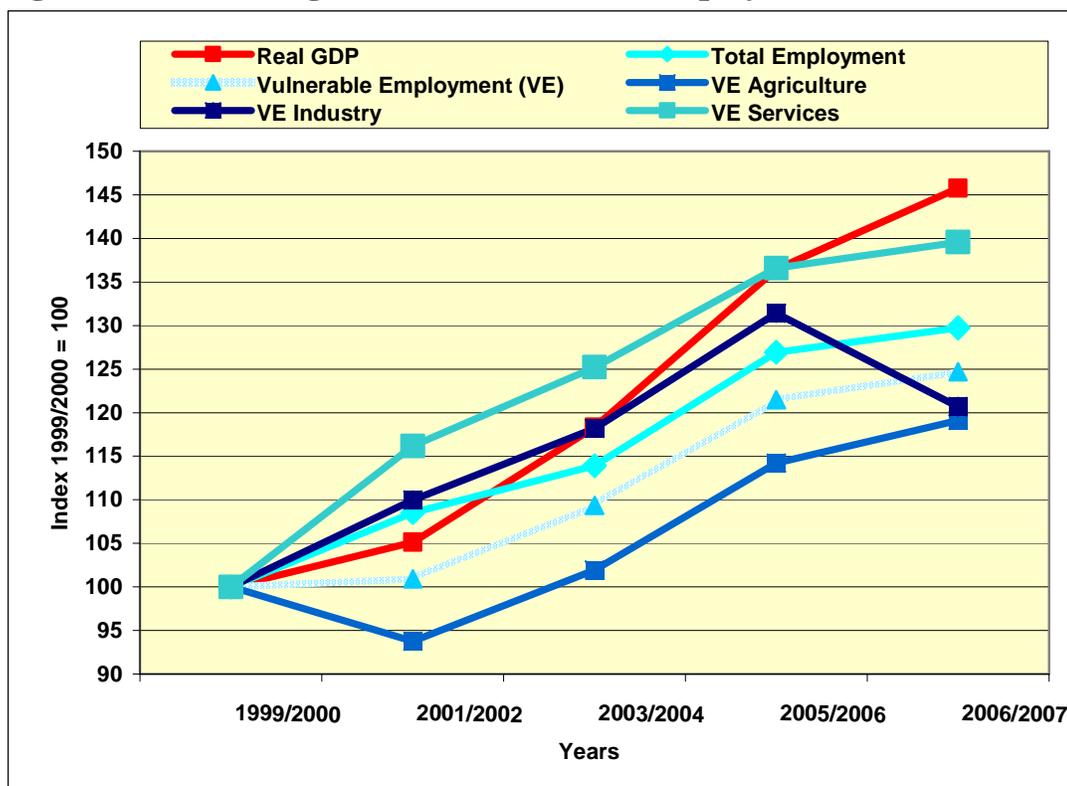
(2) The indicator of vulnerability insinuates wage and salaried work as equal to decent work. This is of course not the case and even more so in a country like Pakistan, where almost half (47.2 per cent) of the wage and salaried workers are irregularly paid employees with unfixed wages and salaries, who are likely to fall short of decent work objectives in terms of protection against dismissal, social protection or rights at work. (Table 6)

Regardless of the complexity of vulnerability concepts and the slight differentiations, which are likely to occur when measuring it, in 2006/2007 roughly six out of ten employed people in the country (60.6 per cent) were at “risk of lacking decent work”. Surprisingly, vulnerable employment among youth (58.1 per cent) is significantly lower than among adults (61.7 per cent). This can be partly explained by increasing enrolment in education (Annex Table A3 and A9).

Furthermore, the analyses highlight that the structural changes in Pakistan’s labour market are combined with changes in both, conditions of employment and conditions of work. Many of these changes like the trend towards more wage and salaried employment for men in the industry and service sector, as well as a steady increase in female labour force participation; reinforce the need to promote greater investment in skills and training, so that men and women have enhanced and equal access to productive and decent work. In short these changes alongside with other economic measures towards competitiveness have a significant impact on labour productivity.¹⁸

Pakistan's recent labour market trends underline the need for human resource development as prerequisite to overcome labour market vulnerabilities, and therefore to support "full and productive employment and decent work for all". As side effect of recent developments, the growing needs for marketable skills in Pakistan tend to widen the gap between the "working-rich" and the "working-poor".

Figure 3. Economic growth and vulnerable employment



Source: FBS, various years, *Pakistan Labour Force Survey*

2.3 Working Poverty

Working poor estimates are another way to identify deficits or progress towards the MDG target 1b on: "full and productive employment and decent work for all" since the opportunities of people to earn an income that allows living above the poverty threshold are a core element of decent work.

Working poor figures are based on poverty data, but also take into account countries' specific labour market characteristics, such as the size of the working age population, the labour force participation rate and the unemployment rate. By combining these labour market factors with poverty data, working poverty estimates give a clearer picture of the relationship between poverty and employment, than that which is provided by using standard poverty data alone. Evaluating these two components side by side also provides a more detailed view of the incidence of poverty throughout Pakistan as employment and poverty are sturdily coherent.

The idea of working poor was introduced in the 1990s as a tool to disaggregate total employment by linking it to earnings and consumption levels. Ever since, a number of experts debated on how to measure working poverty nationally and internationally. As a result, ILO describes the working poor as the proportion of those employed living in a household, whose members are estimated to be below the poverty line¹⁹. This benchmark may be the official poverty line or the US\$1 or US\$2 a day absolute poverty line, or 50 per cent of median per capita consumption (expenditures). The household is the unit of reference, and the definition simply links household poverty to the number of employed persons in the household, rather than individual pay to the person employed.

Pakistan's labour force survey (LFS) is designed to divide the working-age population (categorized as the population aged 10 years and above), into three exclusive groups, (1) the employed, (2) unemployed and (3) economically inactive. It also collects detailed data on other key employment indicators, to monitor the quantity and quality of work, but is not equipped to provide reliable estimates of the poverty status of people. Albeit the LFS provides information regarding the income from employment, it misses out other sources of earnings and benefits.

In turn the Household Integrated Economic Survey (HIES) as part of the PSLM for Pakistan is made for national accounts, and to study general income and expenditure pattern of the population. Against this background, the HIES income module contains four questions regarding the employment situation of people living in one household, mainly to find out, how many members contribute financially to the families income. The HIES allows the calculation of poverty lines, household based poverty ratios and headcounts for various target populations. The reliance, either on the LFS or HIES, to generate working poverty data, is likely to result in incorrect poverty or employment estimates, which would reduce the trustworthiness of the calculated working poor figures.

More reliable working poor estimates for Pakistan could be derived by combining statistical information on employment and poverty, collected from the same households through so called "dedicated" surveys for each of the topics, like the Labour Force Survey (LFS) for the employment, and the Pakistan Social and Living Standards Measurement Survey (PSLM), with its Household Integrated Economic Survey (HIES) for the poverty part.

For that reason it would be ideal, if HIES and LFS would use the same sample units, taken from the country's "Master Sample" of households, based on the most recent Population Census. Successful merging of the two datasets also requires, as a precondition, employment and poverty information for the same years. Until 2006/2007, Pakistan's HIES and the LFS have been conducted alternately (with exception of the year 2005/2006), which also gives away the option to create a synthetic dataset through "statistical matching"²⁰ as alternative methodology, to correspond information on

19 For more information on the ILO's estimates of the Working Poor, also see S. Kapsos: Estimating growth requirements for reducing working poverty: Can the world halve working poverty by 2015? (Geneva, ILO, 2004). For more information on the World Bank's poverty estimates, see S. Chen et al.: How have the world's poorest fared since the early 1980s? (Washington D.C., World Bank, 2004).

20 Statistical matching is a series of methods for data integration from two or more data sources. The prerequisites for each of the data sources to be statistically matched are to have (a) the same target populations; (b) different sampling units; (c) a subset of

employment and poverty, although the records belong to different sample units (households).

But this is not the only hurdle. Another major challenge is the harmonization of variables, concepts and reference periods of the two surveys, in order to allow “statistical matching”. For example, unlike the Labour Force Survey the HIES (due to its nature) does not fully capture contributing family work, whereas this type of work needs to be accounted for by international standards. This argument counts even more, when applying the vulnerability criteria, whereby contributing family workers are considered to be at risk of being working poor.

The existing bias between HIES and LFS is echoed in the diverse employment to population ratios in Table 7, whereby female employment ratios are overestimated in the HIES and male ratios slightly underestimated when compared to the LFS. What exactly drives the bias and how this could impact the calculation of working poor estimates needs some further research before a possible correction mechanism can be applied.

Table 7. Bias in employment-to-population ratios

15+	Labour Force Survey (LFS) 2005/2006	Household Integrated Economic Survey (HIES) 2005/2006
Both Sex	43.2	41.1
Male	68.1	64.2
Female	17.2	18.4

Source: FBS, various years, *Pakistan Labour Force Survey 2005/2006* and *Pakistan Household and expenditure survey 2005/2006*

As a result of existing disharmonies between LFS and HIES, Pakistan’s Federal Bureau of Statistics may also consider the possibility of revising the HIES questionnaire, and harmonizing the employment section with the LFS, in order to obtain more consistent employment estimates across the two surveys. Nevertheless, in order to give concrete recommendations further research, regarding the significance of HIES, derived working poverty rates would be necessary.

In the current absence of “micro” level working poor figures for Pakistan, estimates have been taken from the *ILO Trends Working Poor Model*. These working poor shares are based on assumptions on the correlation between poverty and employment. The “macro” methodology used by the ILO Employment Trends Team is primary designed for producing aggregated approximations, in order to provide a broad representation of trends in the number and share of workers, living in poverty in different regions of the world.

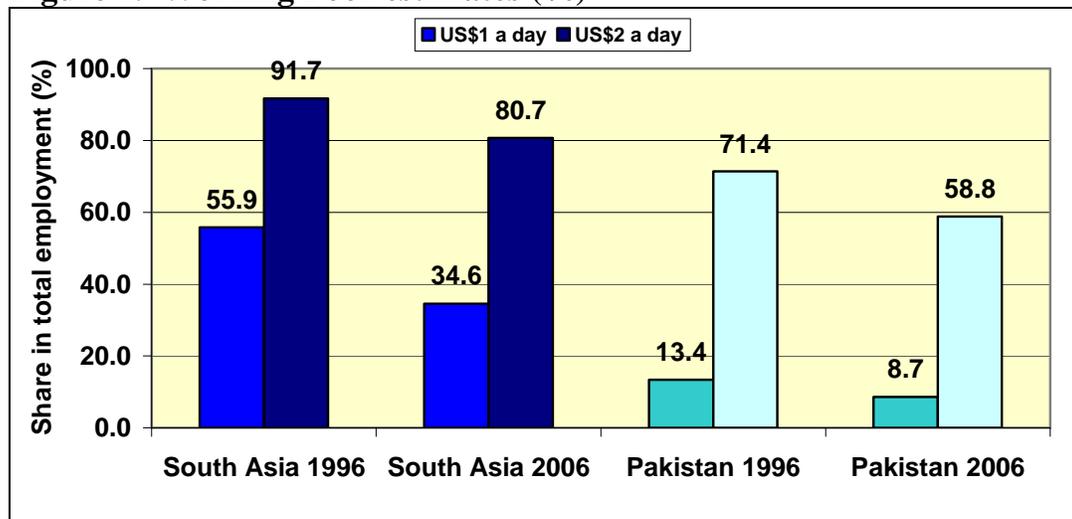
Using the “macro” approach to estimate working poverty for Pakistan, the results indicate that in 2006, almost one out of ten workers (15+) was unable to lift themselves and their

common variables (X variables) that characterize the data sources of interest; (d) a distinct set of variables (Y variables in the recipient file and Z variables in the donor file) that are needed for the analysis; and (e) explicit or implicit assumption of conditional independence between Y and Z given X. See; S. Kapsos: *Micro- and Macro-based Approaches for estimating working poverty* (Bangkok, ILO and ESCAP 2007)

families above the poverty threshold of US\$1 per day.²¹ This is, however, a decrease of almost five percentage points since the beginning of the decade, when this measure of working poverty stood at 13.4 per cent. (Figure 4)

When compared to the regional average, Pakistan’s estimated working poverty rates are below the average in South Asia. Nevertheless, there are causes for concern, considering as well the massive labour vulnerability in the country, indicating that 6 out of ten workers are poor. This is especially true with regard to the recent dramatic surge in food prices in the country.

Figure 4. Working Poor estimates (%)



Source: ILO, *Working Poverty Model*, October 2007, Geneva

2.4 Labour Productivity

Economic growth in a country or sector can be ascribed either to increased employment or to more effective work by those who have to. The latter effect can be expressed through statistics on labour productivity. Labour productivity (representing the amount of output per unit of input) is a vital determining factor in the competitiveness of both, national economies and individual enterprises. Its growth is essential for creating quality jobs, since increased labour productivity can lead to higher wages, better working conditions, and more investment in human resources. It therefore provides a sustainable route out of poverty. There are strong linkages between vulnerable employment, working poverty, and labour productivity. Like mentioned before, working poor do not suffer from an absence of work, but rather from low productivity and resulting low remuneration, which they receive for their labour.

Conceptually, there are a number of ways of measuring labour productivity. The most common is to measure the output per worker in a country or economic sector, either as gross value added “per person employed” or gross value added “per hour worked”. Both methods provide an indication of productivity growth, but the “per hour” measure does

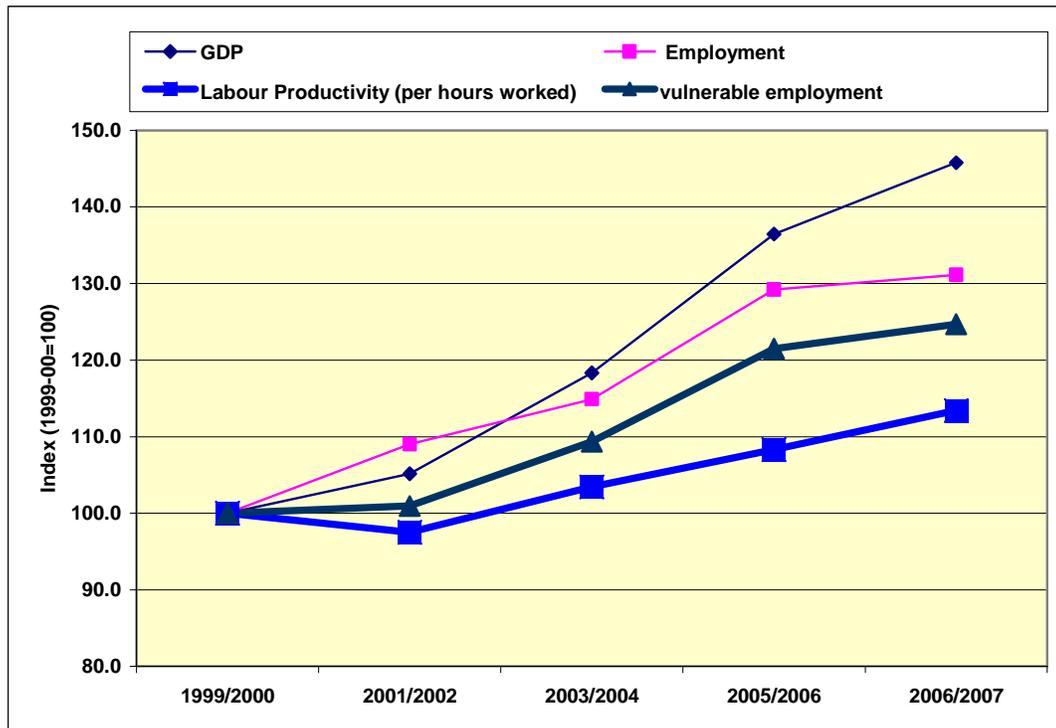
²¹ Data are based on the ILO Working Poverty Model, October 2007 (see Global Employment Trends, ILO, Geneva, January 2008).

have advantages especially in a country like Pakistan, with 86.2 per cent of the employed working more than the 35 hours, which are considered as full-time work. (Annex Table A6)

The “per worker” measure has the disadvantage, that it can be easily affected by changes in the employment composition. For example, if there is a move to increased working time in a certain sector, through a mismatch of skill supply and demand, one could have a scenario whereby employment increased moderately in line with the move away from employment in agriculture into industry and service sectors, but total hours worked in the sectors grew at a much faster pace. A “per worker” measure of productivity would suggest that output per worker increased; by comparison, the “per hour” measure would accurately say that labour productivity decreased.

Labour productivity in this chapter corresponds to the gross value added “per hour worked”²², and is presented in the national currency (Pakistani Rupee) at constant factor cost, which is the total production value minus the value of intermediate inputs, such as raw materials, semi finished products, services purchased and energy inputs in constant prices. Value added, called “gross domestic product” (GDP) in the national accounts, represents the compensation for input of services from capital (including depreciation) and labour directly engaged in production.²³

Figure 5. GDP, Employment and labour productivity growth (%)



Source: FBS, various years, *Pakistan Labour Force Survey*

22 Refers to the average annual hours actually worked (calculated on the base of the LFS)

23 See: International Labour Office (ILO). 2007. Key Indicators of the Labour Market, Fifth Edition, International Labour Office, Geneva

Over the last decade Pakistan experienced very low productivity growth, irrespective of whether it is measured as output “per hour worked” or (1.8 per cent per year on average) or output “per worker” (1.7 per cent per year on average). In addition, this base growth has not gone hand in hand with labour force (3.4 per cent per year on average) and employment growth (3.7 per cent per year on average) between 1999/2000 and 2006/2007. This development is somehow worrying, as it suggests that many new labour market entrants are taking on low-productive work, which is very often not decent as well. Since productivity growth is a key ingredient for sustainable poverty reduction, it raises concerns that the number of poor and working poor in the country might increase. (Figure 5)

Striking differences emerge when looking at the recent labour market performance, in terms of both, employment growth and labour productivity improvements, by economic sector. For example: labour productivity decreased by 8.3 per cent in the electricity, gas and water sector, whereby employment in this sector grew by 4.8 per cent over the same years.²⁴ The same contrary movements in employment and labour productivity can be found in mining, transport, wholesales and retail, finance, as well as in construction,(Table 8) where labour productivity (output per hour worked) declined while employment grew at the same time.

Table 8. Selected indicator by sector, annual average growth rates between 1999/2000 to 2006/2007 (%)

15+	Employment growth (%)	GDP value added growth (%) (constant factor*)	Labour Productivity growth (%) (output per worker, (constant factor*))	Labour Productivity growth (%) (output per hour, (constant factor*))
National	3.7	5.4	+1.7	+1.8
Agriculture	1.9	2.9	+1.0	+2.2
Mining	10.3	7.0	-3.3	-3.5
Manufacturing	6.3	9.1	+2.8	+2.5
Electricity, gas and water	4.8	-3.4	-8.2	-8.3
Construction	5.7	5.4	-0.3	-0.8
Wholesales and retail trade	4.9	5.0	+0.1	-0.3
Transport and Communication	5.0	3.9	-1.0	-1.7
Finance	8.6	8.7	+0.1	-0.9
Social Services	4.2	6.4	+2.2	+1.7

Source: FBS, various years, *Pakistan Labour Force Survey*

*constant Pakistan Rupee for the year 1999

24 These opposed trends reflect government initiatives to electrify very labour extensively remote villages without producing surplus electricity (-3.4 average annual GDP growth). In addition this reflects the difficulties Pakistan’s electricity supplier (WAPDA) faces, due to numerous line losses over the last couple of years. (Pakistan Economic Survey, 2007/2008)

These trends highlight quite well the rise of low productive employment in the country, and point at widespread low quality jobs created in a number of non-agricultural sectors. The movement of workers from low productivity employment to industry and services is not an automatic development process. Its speed and extent reflects both the incentive and the ability of workers to move toward higher productivity sectors, which are most often also the once with the modern state of the art production processes.

Pakistan's high demand for skilled labour, especially in high technology sectors, with significant economic growth but limited supply of qualified, workers, is reflected in long working hours for the ones who are employed and skilled enough, to work in these, sectors, in order to fully utilize the capacities of modern technology.

Figure 6, demonstrates well that in sectors with high proportions of workers with more than matric education, labour productivity is due to excessive working hours of the employed still very low. For example, this is the case in finance as well as in wholesale and retail trade and service sectors²⁵.

Encouraging are the improvements in labour productivity in manufacturing (+2.5 per cent per year on average) and services (+1.7 per cent per year on average). Like mentioned before, Pakistan is facing changes in the structure of employment, which are going hand in hand with shifting away from relatively low-productivity agricultural jobs towards higher value added industrial or service sector jobs. Such jobs require highly qualified workers.²⁶ With higher labour productivity in industry and services sectors one could also expect improved wages, since low incomes are often synonymous with poor working conditions, a lack of social protection and an absence of benefits such as sick leaves and paid holidays.

Paradoxically, this is not always the case. For example: Pakistan's manufacturing sector, where remuneration of the employees is relatively low compared to other sectors, saw hardly any increases in real wages²⁷ despite a significant labour productivity growth over the last decade, pointing at low cost production mainly through cheap labour, as national and international competitive booster. The deterioration in incomes, regardless of the increasing efficiency of labour in the manufacturing sector, also shows, that productive employment does not guarantee higher wages or improvements in quality of work. (Figure 7)

In the context of a globalizing world, a key factor for productivity growth is the availability of workers with appropriate skills and investments in modern technologies. Without inadequate education and skills of the labour force, Pakistan will keep trapped in a vicious circle of low education, low productivity and low incomes, which makes it hard for the people to escape poverty. The upgrading and enhancement of skills as well as improved access to skills for women and men, no matter which age, are a necessity to enter a virtuous circle of higher productivity, employment, incomes growth, and development.

25 The finance and service sectors depend highly on new Information and Communication Technology (ICT)

26 Pakistan Employment Trends for Youth (Islamabad, MOL, May 2008)

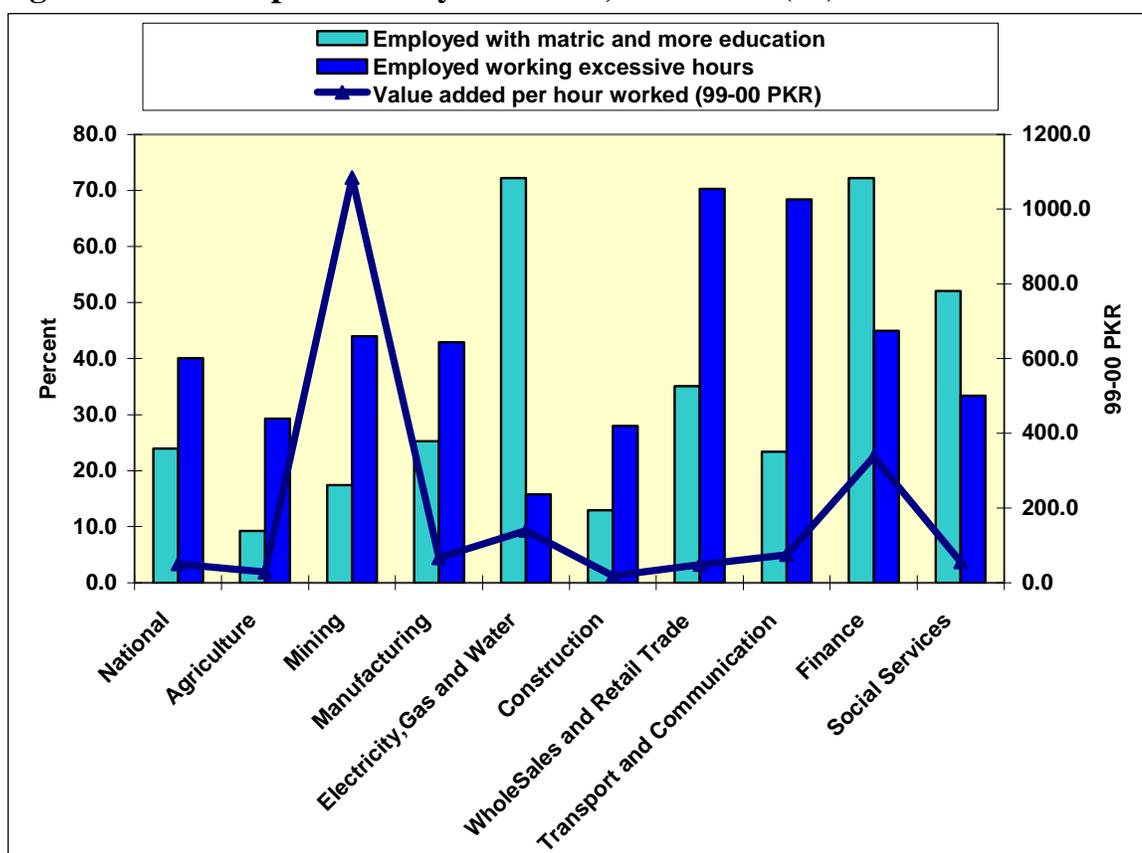
27 Real wages refer to the employment status group of wage and salaried workers.

Table 9. Labour productivity “per hours” worked, by sector (constant factor cost in PKR)

National(15+)	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007
National	44.3	43.2	45.9	48.0	50.3
Agriculture	24.8	26.7	26.6	28.1	28.9
Mining	1389.3	1421.7	1855.0	1129.6	1084.1
Manufacturing	56.5	49.6	56.8	63.4	67.1
Electricity, gas and water	250.7	157.9	249.6	155.8	140.1
Construction	19.5	17.4	15.7	17.2	18.4
Wholesales and retail trade	50.1	45.3	48.0	47.2	49.1
Transport and communication	84.9	70.7	73.7	68.3	75.2
Finance	360.2	314.6	248.7	317.7	337.3
Social Services	49.6	45.9	50.1	53.5	55.7

Source: FBS, various years, *Pakistan Labour Force Survey*
 *constant Pakistan Rupee for the year 1999

Figure 6. Labour productivity and skills, 2006/2007 (%)



Source: FBS, various years, *Pakistan Labour Force Survey*

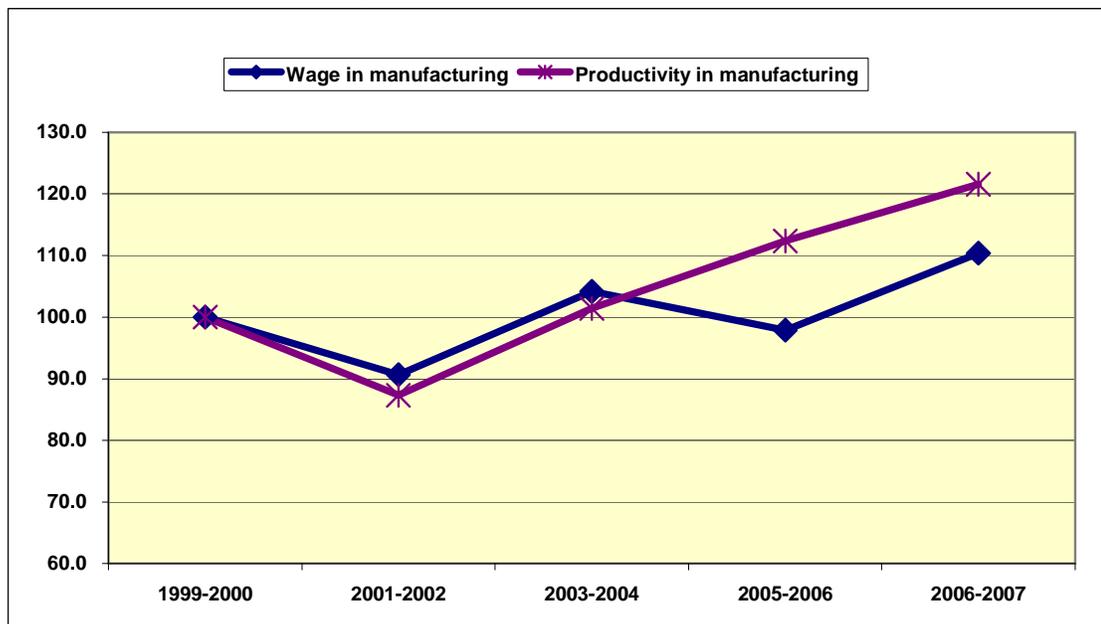
Box 4
Skills for full and productive employment and decent work

“Skills are the most important determinants of a countries capacity to compete in world markets and to make use of technological advances.”

The ILO Resolution of 2000 concerning human resources training and development recognized that “Education and training are a means to empower people, improve the quality and organization of work, enhance citizens’ productivity, raise workers’ incomes, improve enterprise competitiveness, and promote job security and social equity and inclusion”. Education and training (skills) are therefore a prerequisite to access and establish decent work. For example, the right to work itself depends on worker’s quality of skills and training. Productive work is essential for the well being of workers, their families and society as a whole. A well trained worker is more likely to be an empowered person in the workplace. Similarly a trained worker is expected to enjoy better terms and conditions and is more likely to hold collective negotiation and social dialogue.

Sources: ILO, 2006, *Key indicators of the Labour Market, Fourth Edition*, International Labour Office, Geneva and Skills and Employability Department: International Labour Organization 2008, *Report for discussion at the 97th Session of the International Labour Conference 2008*: <http://www.ilo.org/public/english/employment/skills/index.htm>

Figure 7. Growth in real wages (of employees) and labour productivity growth in manufacturing (%)



Source: FBS, various years, Pakistan Labour Force Survey

3. Summary and conclusions

The preceding chapters of the report reflect the challenges Pakistan faces, in order to achieve “*full and productive employment and decent work for all including women and young people*” as main route out of poverty.

There is no doubt, progress has been made over the last decade towards achieving target 1b, but some challenges like the significant imbalances in Pakistan’s labour market persist, and are evident among economic sectors, employment structure and productivity levels. It is well known, that economic development does not automatically lead to improvements in the quality of work and consequently to poverty reduction. For that reason, employment and labour market concerns need to be central to macroeconomic policies, so as to ensure that economic progress is inclusive and does not lead to rising inequalities. Only if Pakistan’s labour market is used to make growth inclusive, it will be possible, to make the progress toward achieving MDG goal 1 sustainable.

This fourth issue of *Pakistan’s Employment Trends* identifies several issues that deserve closer attention by policy makers and politicians:

1. With almost six out of ten people in vulnerable employment situations, there is evidence that the decent work deficits in Pakistan are immense. Special attention needs the large share of female vulnerability (74.6 per cent) in 2006/2007. Also of concern is the large share of youth vulnerability (58.1 per cent). Although, often better skilled than the rest of the labour force, young people seem to face similar labour market difficulties than adults.
2. The movements of workers from low productivity employment to industry and services are not resulting automatically in a development process. Its speed and extent reflects both, the incentive and the ability of workers, to move toward higher productivity sectors. Better labour market information, regarding skill demand, job opportunities and provision of training for jobs available in various sectors, could accelerate the process.
3. While competitiveness is crucial for growth and development, especially in a globalizing world, productivity improvements should not be pursued through low cost labour. For a qualified and spirited labour force in the years to come, equal investment in education and technical vocational training for women and men is needed in order to achieve full and productive employment for all, in Pakistan.
4. It is apparent that Pakistan faces a special gender challenge. The analyses point to several persisting gender gaps, which need to be closed, in order to fully utilize Pakistan’s labour potential. The gender issue as a cross cutting theme needs to be strengthened in policies, in order to improve the situation for women in the labour market with regard to labour market access and quality of jobs.
5. This report like the foregoing issues of Pakistan employment trends revealed some challenges in the youth labour market, which require the immediate attention of policy makers, in order to capitalize on the demographic dividend.

Appropriate cross cutting policies should be developed, that support youth, for example for entering into entrepreneurship, as the current labour market appears to fall short in creating non-vulnerable employment.

6. Since the working poor indicator is an important tool, in order to identify decent work deficits as well as lack of income poverty, serious efforts need to be undertaken to allow the calculation of meaningful estimates as soon as possible.

Taking all the above mentioned factors into account, it becomes clear that Pakistan features a vast and untapped labour potential. Particularly, women and youth do not have equal chances to participate in the labour market. Furthermore, it can be assumed that all people in vulnerable employment situations and all person working, but still earning less than 1 US Dollar a day to feed themselves in their families, are working either less than desired or have a very low productivity job (working long hours, but not efficiently because of lack of education and skills or technology and equipment) and are, therefore, underutilized labour force.

The global Decent Work Agenda contributes to all 8 MDGs in the global fight against poverty. Goal 1 and Goal 8 are overarching goals towards poverty reduction. They, along with Goal 7 on sustainable development, rely on decent work for their attainment. Decent Work for parents, smooth school to work transition and the elimination of child labour are essential to attain the goal of universal primary education (Goal 2). Achieving Goal 3 on gender equality is a condition for meeting all the MDGs whereas gender mainstreaming is embedded in Decent Work. Social protection contributes directly to the health-related MDGs (Goals 4, 5 and 6), and other aspects of the Decent Work Agenda contribute indirectly.

Decent Work has been underpinned at almost all the recent world forums, relevant UN sessions and donor meetings. The UNCEB has observed that it could profitably be used in the UNDAF and One UN pilots. The MTDF stresses on creating a just and sustainable economic system for reducing poverty and achieving the Millennium Development Goals (MDGs). “All the employment opportunities generated in the society need to be ‘decent’ in nature”, MTDF asserted. Pakistan Decent Work Country Programme should be focused in all the development action plans to be developed under UN Reform, the federal secretary Labour recommended while highlighting the priorities of the government of Pakistan. Effective dialogue between government, employers’ and workers’ organizations supports inclusive policy reform. Institutions that foster social dialogue support improved governance and social stability -- necessary conditions for achieving all of the MDGs.

The utilization of the labour potential and promotion of decent work agenda in the country could be the key to sustainable growth and poverty reduction. The analyses of this report suggest that Pakistan’s economic growth and development could benefit if everyone would have access to decent work.

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Annex I

Improving data on decent work

Reliable statistical information is vital to achieve decent work. However, most countries in Asia and the Pacific lack such information. This is mainly because the traditional focus of data collection has been on employment and unemployment, while information on rights at work, social protection, and voice and representation are very limited. The ILO has therefore launched an initiative to identify and measure a set of Decent Work Indicators (DWI).

A Task Force on Decent Work Indicators was set up in the Asia-Pacific region to assess the availability of basic information for the construction of DWI for the countries in the region; establish a regional DWI database; and provide technical advice and support to countries to develop national data compilation capacity.

The Decent Work Indicators are neither intended nor possible to be used as cross-country comparative indices. They are a tool for each of the countries to promote decent work, as defined within their specific economic and social contexts. The DWI are grouped under the four aspects of decent work, which are rights at work, employment, social protection and social dialogue.²⁸

The Task Force identified an initial core set of 23 DWI that would be developed for the region, and also selected an initial list of countries for technical assistance to develop and compile DWI.

Eight DWI country reports were subsequently completed in the region (in Bangladesh, Cambodia, India, Indonesia, the Islamic Republic of Iran, Pakistan, Sri Lanka and Viet Nam) to examine availability, definitions used and applicability of the 23 DWI within the national context. The initial set of DWI was modified following the findings of the country reports and took on its current state. (See: Box A1)

In addition to information on the different aspects of decent work, it is also important to have statistics providing supplementary information on the social context of countries such as migration, poverty, income inequality, participation in micro-insurance and income support schemes, depending on the availability and relevance of the data in each country.

Each country involved in the DWI program is preparing an inventory of data sources for DWI. This will be followed by data compilation from available statistical sources such as surveys, publications, reports, and administrative records. In addition, some countries have decided to collect parts of the data for DWI through redesigned labour force surveys.²⁹

²⁸ ILO, Labour and social Trends in Asia and the Pacific, Bangkok 2006

²⁹ See: ILO, Labour and social Trends in Asia and the Pacific, Bangkok 2006 and Decent work indicators for Asia and the Pacific: a guidebook for policy-makers and researchers, ILO, Regional Office for Asia and the Pacific, Bangkok: ILO, 2008

List of decent work indicators

Box A1 Decent Work Indicators for Asia and the Pacific

Rights at work

1. Child labour
 - 1a. Economically active children aged 10-14
 - 1b. Child school non-enrolment rate 5-14 years (from UNESCO)
2. Women in the workplace
 - 2a. Female share of employment by 1-digit ISCO
 - 2b. Female share of employment by 1-digit ISIC
 - 2c. Gap between female and male labour force participation rates
3. Complaints/cases brought to labour courts or ILO

Employment

4. Labour force participation rate
5. Employment-to-population ratio
6. The working poor
7. Wages
 - 7a. Number and wages of casual/daily workers
 - 7b. Manufacturing wage indices
8. Unemployment
 - 8a. Total unemployment rate
 - 8b. Unemployment by level of education
9. Youth unemployment
10. Youth unemployment
 - 10a. Youth inactivity rate
 - 10b. Youth not in education and not in employment
11. Time-related underemployment
12. Employment by status of employment and branch of economic activity
13. Labour productivity
14. Real per capita earnings (from national accounts)

Social protection

15. Informality and social protection
 - 15a. Informal employment
 - 15b. Social security coverage (for wages and salary earners)
16. Rates of occupational injuries (fatal/non-fatal)
17. Hours of work
 - 17a. Usual hours of work (in standardized hour bands)
 - 17b. Annual hours worked per person

Social dialogue

18. Trade union membership rate
19. Number of enterprises belonging to employer organizations
20. Collective bargaining coverage rate
21. Strikes and lockouts: Rates of days not worked

Source: Reproduction of Box 1.2 in: *Decent work indicators for Asia and the Pacific: a guidebook for policy-makers and researchers*, ILO, Regional Office for Asia and the Pacific, Bangkok: ILO, 2008

Annex II

Table A1. Employment-to-population ratios by province and age (%)

	Youth (15-24)			15+		
	1999/ 2000	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)	1999/ 2000	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
National	35.1	40.9	+5.8	46.8	49.8	+3.0
Punjab	37.6	43.7	+6.1	48.8	52.9	+4.1
NWFP	32.0	40.2	+8.2	45.2	48.2	+3.0
Sindh	29.1	30.3	+1.2	40.6	39.4	-1.2
Balochistan	30.5	42.9	+12.4	43.4	51.2	+7.8

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A2. Selected indicators by economic sector, 2006-2007 (%)

Pakistan 15+	Vulnerable employment	Employment for less than 1 year formal education
Agriculture	90.9	64.6
Mining	13.6	40.8
Manufacturing	28.1	36.9
Electricity, Gas and Water	0.8	6.3
Construction	7.0	50.7
Wholesales and Retail Trade	78.3	28.0
Transport and Communication	42.6	37.4
Finance	43.0	8.7
Social Services	24.1	22.6
Other	1.2	8.9
Total employment	60.6	45.5

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A3. Vulnerable employment by age group (% and million)

	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
Percent						(percentage points)
15+						
Both sexes	63.1	58.7	60.6	60.4	60.6	-2.5
Male	62.5	58.1	59.0	57.5	57.3	-5.2
Female	66.7	62.6	68.4	73.0	74.6	+7.9
15-24						
Both sexes	60.0	55.8	59.1	59.1	58.1	-1.9
Male	60.1	55.5	57.5	56.4	54.9	-5.3
Female	59.1	57.3	66.2	70.4	71.1	+12.0
25+						
Both sexes	64.1	59.8	61.2	60.9	61.7	-2.5
Male	63.3	59.0	59.6	57.9	58.3	-5.1
Female	68.4	64.8	69.4	74.2	76.2	+7.8
Million						(million)
15+						
Both sexes	21.9	22.2	24.0	26.7	27.4	+5.4
Male	18.6	18.8	19.5	20.6	20.9	+2.3
Female	3.3	3.3	4.5	6.1	6.5	+3.2
15-24						
Both sexes	5.2	5.9	6.8	7.8	7.6	+2.4
Male	4.7	5.0	5.4	6.0	5.7	+1.0
Female	0.5	0.9	1.3	1.8	1.9	+1.4
25+						
Both sexes	16.7	16.2	17.2	18.9	19.8	+3.0
Male	13.9	13.8	14.1	14.6	15.1	+1.2
Female	2.8	2.4	3.1	4.2	4.6	+1.8

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A4. Employment by sector (%)

15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)
Agriculture						
Both Sexes	47.8	41.1	41.8	41.6	42.0	-5.8
Male	43.4	37.2	37.0	35.6	35.0	-8.4
Female	73.7	64.5	66.6	67.7	71.4	-2.3
Mining						
Both Sexes	0.1	0.1	0.1	0.1	0.1	0.0
Male	0.1	0.1	0.1	0.1	0.1	+0.1
Female	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing						
Both Sexes	11.5	13.8	13.8	14.0	13.7	+2.3
Male	12.0	13.7	13.6	13.9	14.1	+2.1
Female	8.0	14.4	14.6	14.6	12.0	+4.0
Electricity, gas and water						
Both Sexes	0.7	0.8	0.7	0.7	0.8	+0.1
Male	0.8	1.0	0.8	0.9	1.0	+0.1
Female	0.1	0.1	0.1	0.0	0.1	0.0
Construction						
Both Sexes	5.9	6.3	6.0	6.4	6.8	+0.9
Male	6.9	7.2	7.2	7.8	8.3	+1.4
Female	0.3	0.3	0.3	0.4	0.5	+0.2
Wholesales and retail Trade						
Both Sexes	13.6	15.1	15.1	15.0	14.8	+1.2
Male	15.5	17.3	17.7	17.9	17.8	+2.3
Female	2.5	2.0	1.8	2.2	2.4	-0.1
Transport and Communication						
Both Sexes	5.2	6.1	5.9	6.0	5.6	+0.5
Male	6.0	7.0	7.0	7.3	6.9	+0.9
Female	0.2	0.4	0.1	0.4	0.2	0.0
Finance						
Both Sexes	0.9	0.9	1.1	1.2	1.2	+0.3
Male	1.0	1.1	1.3	1.4	1.4	+0.5
Female	0.2	0.1	0.1	0.2	0.2	0.0
Social Services						
Both Sexes	14.4	15.8	15.4	14.9	14.9	+0.5
Male	14.3	15.5	15.1	15.0	15.3	+1.0
Female	14.9	18.3	16.4	14.5	13.3	-1.7
Other						
Both Sexes	0.0	0.0	0.1	0.0	0.1	+0.1
Male	0.0	0.0	0.1	0.1	0.1	+0.1
Female	0.0	0.0	0.0	0.0	0.0	0.0

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A5. Status of employment by sector (%)

15+	1999/2000		2006/2007		Change in own account and contributing family workers between 1999/2000 and 2006/2007 (Percentage points)
	Wage and salaried workers and employers	Own account and contributing family workers	Wage and salaried workers and employers	Own account and contributing family workers	
Agriculture					
Both sexes	12.8	87.2	8.9	91.1	+4.0
Males	10.4	89.6	8.9	91.1	+1.5
Females	21.4	78.6	8.8	91.2	+12.6
Mining					
Both sexes	94.3	5.7	86.4	13.6	+7.8
Males	93.9	6.1	86.3	13.7	+7.6
Females	100.0	0.0	100.0	0.0	0.0
Manufacturing					
Both sexes	64.0	36.0	71.8	28.2	-7.8
Males	65.7	34.3	75.4	24.6	-9.8
Females	49.4	50.6	54.3	45.7	-4.8
Electricity					
Both sexes	98.0	2.0	99.2	0.8	-1.2
Males	98.0	2.0	99.3	0.7	-1.4
Females	100.0	0.0	87.5	12.5	+12.5
Construction					
Both sexes	90.1	9.9	93.0	7.0	-2.9
Males	90.1	9.9	93.3	6.7	-3.2
Females	91.3	8.7	73.3	26.7	+18.0
Trade					
Both sexes	17.5	82.5	21.6	78.4	-4.1
Males	17.8	82.2	22.0	78.0	-4.2
Females	5.9	94.1	9.4	90.6	-3.4
Transport					
Both sexes	64.1	35.9	57.4	42.6	+6.8
Males	64.0	36.0	57.3	42.7	+6.7
Females	82.9	17.1	71.6	28.4	+11.3
Finance					
Both sexes	78.5	21.5	56.7	43.3	+21.7
Males	78.5	21.5	56.4	43.6	+22.1
Females	77.9	22.1	69.1	30.9	+8.8
Services					
Both sexes	74.9	25.1	75.5	24.5	-0.6
Males	73.1	26.9	73.2	26.8	-0.1
Females	84.7	15.3	86.4	13.6	-1.7
All Sectors					
Both sexes	36.8	63.2	39.1	60.8	-2.4
Males	37.3	62.7	42.5	57.5	-5.2
Females	33.2	66.8	25.2	74.8	+8.1

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A6. Hours of work (%)

15+	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007	Change 1999/2000 to 2006/2007 (percentage points)
Less than 20 hours						
Both Sexes	2.1	3.0	2.7	3.1	2.6	+0.6
Male	1.2	1.9	1.5	1.3	1.2	0.0
Female	7.3	9.4	8.8	10.7	8.7	+1.4
20-29 hours						
Both Sexes	6.3	5.9	6.1	6.8	6.9	+0.6
Male	3.5	3.4	3.0	3.3	2.8	-0.6
Female	23.4	21.0	22.3	22.3	24.2	+0.8
30-34 hours						
Both Sexes	4.9	4.3	4.8	4.0	4.3	-0.6
Male	3.9	3.3	3.1	2.9	3.0	-0.9
Female	11.0	10.3	13.4	8.5	9.5	-1.6
35-39 hours						
Both Sexes	9.9	9.7	9.6	11.5	12.1	+2.2
Male	8.3	8.3	7.9	8.5	9.1	+0.8
Female	19.4	18.3	18.3	24.6	24.4	+5.1
40-44 hours						
Both Sexes	14.6	15.4	13.3	13.4	13.4	-1.3
Male	14.3	15.0	12.7	12.9	12.9	-1.4
Female	16.6	18.2	16.1	15.8	15.4	-1.3
45-49 hours						
Both Sexes	20.4	20.9	20.6	19.7	20.1	-0.3
Male	22.2	22.8	22.8	22.3	22.6	+0.5
Female	9.3	9.4	9.6	8.5	9.4	+0.1
50-59 hours						
Both Sexes	20.5	20.8	21.0	18.2	17.7	-2.9
Male	22.5	22.7	23.6	20.9	20.7	-1.8
Female	8.5	9.8	8.2	6.3	4.8	-3.7
60 hours and more						
Both Sexes	21.4	20.0	21.8	23.3	23.0	+1.7
Male	24.2	22.7	25.4	27.9	27.6	+3.5
Female	4.4	3.7	3.5	3.3	3.7	-0.8
All hours						
Both Sexes	100.0	100.0	100.0	100.0	100.0	
Male	100.0	100.0	100.0	100.0	100.0	
Female	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A7. Excessive working hours by sector (%)

15+	1999/2000	2001/2002	2003/2004	2005/2006	2006/2007	Change 1999/2000 to 2006/2007 (percentage points)
Agriculture						
Both Sexes	47.5	38.5	37.5	33.6	30.7	-16.7
Males	46.2	37.0	36.2	32.4	29.6	-16.6
Females	74.1	68.4	64.5	59.7	59.5	-14.6
Mining						
Both Sexes	0.0	0.0	0.0	0.2	0.1	+0.1
Males	0.0	0.1	0.0	0.2	0.1	+0.1
Females	0.2	0.0	0.1	0.0	0.0	-0.2
Manufacturing						
Both Sexes	10.5	12.7	13.3	13.7	14.7	+4.3
Males	10.7	12.8	13.1	13.7	14.8	+4.1
Females	5.8	12.3	16.3	13.2	12.5	+6.8
Electricity						
Both Sexes	0.2	0.4	0.3	0.3	0.3	+0.1
Males	0.2	0.4	0.3	0.3	0.3	+0.1
Females	0.0	0.3	0.0	0.0	0.2	+0.1
Construction						
Both Sexes	2.8	3.1	3.3	4.0	4.7	+1.9
Males	2.9	3.3	3.5	4.2	4.9	+1.9
Females	0.8	0.4	0.0	0.8	2.0	+1.2
Trade						
Both Sexes	21.1	23.3	24.5	25.0	26.0	+4.8
Males	21.8	24.2	25.5	25.7	26.6	+4.8
Females	6.6	3.9	3.4	9.1	9.2	+2.6
Transport						
Both Sexes	7.5	9.3	8.7	10.0	9.6	+2.1
Males	7.8	9.7	9.1	10.3	9.9	+2.1
Females	1.1	1.0	0.9	1.9	2.0	+1.0
Finance						
Both Sexes	0.5	0.5	1.0	1.2	1.3	+0.9
Males	0.5	0.5	1.1	1.2	1.4	+0.9
Females	0.0	0.4	0.5	0.3	0.5	+0.4
Services						
Both Sexes	9.9	12.2	11.3	12.1	12.4	+2.5
Males	9.8	12.1	11.2	12.0	12.4	+2.5
Females	11.4	13.4	14.5	15.0	13.9	+2.6
Others						
Both Sexes	0.0	0.0	0.0	0.0	0.0	+0.0
Males	0.0	0.0	0.1	0.0	0.0	+0.0
Females	0.0	0.0	0.0	0.0	0.2	+0.2
Total						
Both Sexes	100.0	100.0	100.0	100.0	100.0	
Males	100.0	100.0	100.0	100.0	100.0	
Females	100.0	100.0	100.0	100.0	100.0	

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A8. Share of the employed working excessive hours by sector (%)

15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006/2007 (percentage points)	Average annual growth rate
National	41.6	40.7	42.8	41.0	40.1	-1.5	3.2
Agriculture	41.3	38.2	38.3	33.0	29.3	-12.0	-3.0
Mining	22.1	28.2	19.2	66.2	44.0	+21.9	20.1
Manufacturing	37.9	37.6	41.1	39.9	43.0	+5.0	8.1
Electricity, gas and water	12.4	19.2	18.5	18.3	15.7	+3.4	8.3
Construction	19.8	20.3	23.3	25.7	27.9	+8.2	10.6
Wholesales and retail trade	64.5	62.8	69.4	68.4	70.3	+5.8	6.1
Transport and communication	60.7	62.4	62.8	67.8	68.4	+7.7	6.7
Finance	22.1	20.2	39.5	42.3	44.9	+22.8	18.7
Social Services	28.6	31.3	31.6	33.1	33.4	+4.8	6.4

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A9. Enrolment by educational attainment level (%)

Enrolment 15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006-2007 (percentage points)
Less than one year of education						
Both Sexes	0.0	0.0	0.0	0.0	0.0	0.0
Males	0.0	0.0	0.0	0.0	0.0	0.0
Females	0.0	0.0	0.0	0.0	0.0	0.0
Pre primary education						
Both Sexes	0.0	0.0	0.0	0.0	0.0	0.0
Males	0.0	0.0	0.0	0.0	0.0	0.0
Females	0.0	0.0	0.0	0.0	0.0	0.0
Primary but below middle						
Both Sexes	0.0	0.0	0.0	0.0	0.0	0.0
Males	0.0	0.0	0.0	0.0	0.0	0.0
Females	0.0	0.0	0.0	0.0	0.0	0.0
Middle but below matric						
Both Sexes	0.9	0.9	1.1	1.1	1.2	+0.3
Males	1.1	1.1	1.3	1.3	1.4	+0.4
Females	0.7	0.7	0.8	0.8	0.9	+0.2
Matric but below intermediate						
Both Sexes	3.2	3.2	3.2	3.3	3.6	+0.4
Males	4.1	4.2	3.9	4.1	4.4	+0.3
Females	2.3	2.2	2.4	2.5	2.8	+0.4
Intermediate but below degree						
Both Sexes	2.4	2.4	2.5	2.3	2.4	0.0
Males	3.0	3.0	3.0	2.6	2.8	-0.2
Females	1.8	1.7	2.0	2.0	2.0	+0.3
Degree						
Both Sexes	1.5	1.4	1.7	1.8	1.9	+0.4
Males	1.8	1.7	2.0	2.0	2.1	+0.3
Females	1.2	1.0	1.5	1.5	1.7	+0.4
All education levels						
Both Sexes	8.0	7.9	8.5	8.5	9.1	+1.1
Males	10.0	10.0	10.2	10.0	10.8	+0.8
Females	6.0	5.6	6.8	6.9	7.4	+1.4

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A10. Unemployment by educational attainment (%)

Unemployment 15+	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006- 2007 (percentage points)
Less than one year of education						
Both Sexes	6.2	6.9	6.0	5.5	4.8	-1.4
Males	3.9	4.5	4.2	4.1	3.5	-0.5
Females	13.4	14.8	11.1	8.7	7.6	-5.7
Pre primary education						
Both Sexes	6.3	7.2	7.4	5.2	4.6	-1.7
Males	5.6	6.8	7.1	4.8	4.2	-1.3
Females	19.3	13.3	12.4	9.7	8.3	-11.0
Primary but below middle						
Both Sexes	7.0	7.4	6.3	6.0	4.3	-2.7
Males	5.6	6.4	5.3	5.5	3.7	-1.9
Females	30.3	19.0	16.5	9.8	9.6	-20.7
Middle but below matric						
Both Sexes	10.1	9.3	8.8	5.8	5.4	-4.7
Males	9.1	8.4	8.5	5.5	5.0	-4.0
Females	34.5	23.1	15.4	10.5	10.9	-23.6
Matric but below intermediate						
Both Sexes	9.0	9.7	10.4	7.6	6.2	-2.9
Males	7.7	8.2	9.4	6.9	5.3	-2.3
Females	27.0	25.3	20.9	14.6	15.3	-11.7
Intermediate but below degree						
Both Sexes	8.7	10.0	11.2	8.1	6.5	-2.2
Males	7.3	8.3	9.8	6.9	5.6	-1.7
Females	22.6	20.3	22.0	16.5	13.9	-8.7
Degree						
Both Sexes	6.7	8.5	8.8	7.0	5.4	-1.2
Males	5.7	7.4	7.2	5.9	4.6	-1.2
Females	13.6	15.3	17.1	12.5	9.7	-3.8

Source: FBS, various years, *Pakistan Labour Force Survey*

Table A11. Distribution of labour force with formal/vocational training by major occupational groups (%)

Occupations(15+)	1999/ 2000	2001/ 2002	2003/ 2004	2005/ 2006	2006/ 2007	Change 1999/2000 to 2006-2007 (percentage points)
Legislators	8.8	9.7	9.6	13.1	12.3	+3.5
Professionals	6.8	7.4	3.5	5.1	6.6	-0.3
Technicians	14.6	19.6	13.0	22.6	25.8	+11.2
Clerk	2.8	3.2	3.3	5.3	4.1	+1.3
Service	2.1	2.1	2.5	4.1	2.1	0.0
Agriculture	8.3	5.4	6.6	5.3	5.8	-2.5
Craft	33.9	26.3	37.3	20.9	24.3	-9.7
Plant	11.5	14.5	9.7	12.9	9.5	-2.0
Elementary Occupations	2.5	3.1	4.4	2.4	1.5	-0.9
Unclassified	8.6	8.6	10.2	8.2	8.0	-0.6
Total	100.0	100.0	100.0	100.0	100.0	