

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Presentation of
Draft National Employment Policy

by

Sabur Ghayur

Chairman

Policy Planning Cell

**M/O labor, Manpower and
Overseas Pakistanis**

PIDE Nurturing Minds

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This Presentation



- Main tasks of the PPC
- NEP formulation process
- Main focus of the draft NEP
- Contents of the draft NEP
- NEP policy relevance, LM issues
- Understanding the problem
- Draft NEP & employment
- Supporting measures
- Conclusions

PPC Tasks



- **1. National employment policy**
- **2. National (overseas) migration policy**
- **3. National HRD policy**
- **4. Recommendations on simplification and rationalization of labor laws and classification into 5-6 categories**
- **5. Recommendations on sustainability & more effective/beneficial use of pension and workers welfare funds as well as extending SS coverage**



NEP Formulation Process

- ❖ Stakeholders consultations; 14 cities
- ❖ Meetings >>> employers (EFP), workers (PWF), WEBCOP, some Universities, AERC, PILER, ...
- ❖ Draft outline widely circulated mid-2006
- ❖ Draft policy widely circulated mid-2007
- ❖ Stakeholders consultations in provincial capitals on NEP draft July-August '07
- ❖ Meetings with Provincial Governments July-August 2007
- ❖ National consultation 31st December 2007

NEP Main Focus



- ❖ Growth oriented (productive employment)
- ❖ Decent work for All
"Bawaqar Rozgar Sub Kay Leeay"
- ❖ Sectoral approach – issues & bottlenecks identified and policy recommendations made
- ❖ Targeted measures
- ❖ Institutional mechanism & other supporting measures



Contents of the Report

- 9 Chapters
- Charters 1 & 2 on: Introduction and understanding the problem
- Charters 3-6 Focusing on employment Expansion in: a) rural areas, b) agriculture and allied sectors, c) industrial sector, d) services sector
- Charter 7 Dealing with targeted measures
- Charter 8 Focusing on supporting measures
- Charter 9 Conclusions

Policy Relevance

[With Global Employment Agenda (GEA)]

1. Making employment **central** in economic and social policy making
2. **Emphasis** on both the quantity and quality of jobs
3. **Increasing employment intensity** of growth and creation of decent employment through appropriate macro, trade, labor market and sectoral policies
4. **Strengthen** institutions to create an efficient and equitable labor market
5. **Active involvement** of employers' and workers' organisations and civil society in formulation of employment policy
6. **Create favourable conditions** for growth of the private sector especially SMEs and other labor absorbing sectors
7. Create a **competitive and productive** world class labor force
8. **Strengthen** institutional machinery for employment policy making, HRD and monitoring labor market developments



Current Policy Focus

Centrality
of
employment
and poverty
reduction

Raising
productivity &
TEVT
Competence

Macro eco
stability, fiscal
prudence &
deregulation,
privatization &
liberalization

The Vision 2030,
MTDF & PRSP
stress "creating a just
& sustainable eco
system

- Economy in high growth trajectory ??
- Availability of fiscal space ??
- Unleashing demographic dividend

Understanding Problem



1. Huge IFS (72%); self emp though dominant **but** declining **and** UPFH rising
2. 53.7% of employees draw < Rs. 4,000 (**76% Fe**); 46.2% of female employees draw < Rs1,500/month
3. 15.3% employed work < 35hrs/week (agr, manufacturing & services); 42.3% work > 48hrs/week (transport in the lead)
4. Lit 53.1%, 35% below matric, 10% matric, 4.1% Intermediate & 3.8% degree holders (0.3% no formal edu)
5. Unemp 6.2%, U 8% & R 5.4% >> 80% of Unemp in core group 16-60; 7.8% in 10-14 & 12% in 61+; **Unemp > a year 39.5**
6. **Historically, unemp highest in NWFP followed by Punjab & lowest in Sindh followed by Balochistan**
7. Male unemp **↑↑** 1996-97 to 2005-06 & Female unemp **↓↓**
8. **43.8%** unemp illiterates; 34.7% Ma & 64.6% Fe; **1/5th** below Mat, **1/10th** Middle, **15%** Mat, **6%** each Inter & Degree



Key Labor Market Challenges

1. Low absorptive capacity of the formal sector and increasing share of informal sector
2. Decent work opportunities **commensurate with annual flows** - over 1mn; number expected to increase further not only due to the demographic composition of pop but also an increasing LFPR and more so of the females
3. Rising female LFPR and matching work with "preferences"
4. Tackling unemployment of illiterates and educated
5. Enhancing TEVT competence



*“The war for
employment generation
and poverty alleviation
has to be fought
and
successfully won
in rural areas
and
surrounding small towns”
National Manpower Commission 1989*

Employment in Rural Areas

- **Establish** 3-tier “Growth Triangles” (GTs) to tackle **development bottlenecks** by coordinating activities ranging from production, processing and marketing to services and maintenance through Integrated Rural Development Centers (IRDCs)
- Development of handicrafts and cottage industry - **Aik Hunar Aik Nagar Authority (AHANA)** – is established to concretize “One-Product-One-Village” concept

*Rural Employment Guarantee Scheme (REGS),
Cash for Work,
Roads - repair, maintenance & construction –
Other Public Works Programs,
provision of social infrastructure*

The Growth Triangles



- The first tier - a **focal point** in each UC by establishing a **Village Support Center (VSC)**
- The second tier - a **growth center** in the form of Multipurpose Industrial and Rural Development Support Center (MIRDSC) in a **cluster** of 10-15 VSCs
- The third tier - a Small Industrial Estate (SIE) in a cluster of 10-15 MIRDSCs

The GTs - managed by private sector or local communities/bodies - is an important initiative in tackling development bottlenecks and ushering an era of equitable & meaningful process of development

Employment in Agriculture



Sustaining Growth in Agriculture Requires

- 1) availability and efficient use of water, 2) a network of supporting infrastructure, 3) zoning of cropping areas with greater use of approved varieties in the designated zones, 4) modernization of agro processing, 5) diversification towards high value crops, 6) timely availability of quality inputs, 7) availability and access to institutional credit, 8) availability and access to extension services, 9) better and timely information, 10) storage facilities, 11) cold storages, ...

Employment in Agriculture

Sustaining Growth in Agriculture

also Requires

- A Land Bank for productive use of unutilized government land to increase output – land provided to landless farmers on contract or long term lease/loan.

Many services required for the agriculture can be provided rather effectively by the 1st and 2nd tiers of the GTs

Employment in Horticultural Crops

Horticultural Growth Requires

1. **Refrigerated transportation and cold storage**
2. **Proper packaging**, cleaning and grading
3. **Certification** of fruit plants & registration of private fruit nurseries, establishing uniform & disease free orchards,
4. **Hybrid seeds** - insects & disease resistant hybrid - for veg & flowers with longer shelf lives and processing

Relevance with the GTs



Livestock and Dairy Development

- Besides *huge export market* for livestock esp in ME, Afghanistan, etc. benefit from demand of sacrificial animals during Haj - negotiate with Saudi authorities to let us *supply animals only for Pakistani Hajjies*.
- clean milk production at farm level, 2) **milk chilling at village level**, 3) product diversification towards high value addition & extraction of byproducts

Fisheries Development Requires



1. improvement of fishing boats and nets,
2. better fish handling, processing & marketing practices,
3. Development of aquaculture – priority to **commercial shrimp aquaculture on Sindh Coast near Indus Delta,**
4. Strengthening/establishment of shrimp/prawn hatcheries,
5. Establishment of network of diagnostic laboratories, and
6. Development of fish feed industry

Textiles: Policy Recommendations



- Revitalize institutional structure to strengthen skills & HR capabilities
- Enable ind to move into a higher technological orbit - JVs
- Country-specific strategies
- **Establish Corporate Marketing Company**
- Textile cities in Faisalabad, Lahore and Karachi
- CFCs - providing essential machining facilities & other common services, helping in gaining greater competitive strength & developing collective efficiencies
- Co-operatives for power/auto looms sector to develop common manuf facilities (CMFs)
- A technology up-gradation fund - exclusively focusing on "textile industry"

Leather Industry



Main Policy Issues

- Improper slaughtering, preservation techniques and diseases damage a higher proportion of hides & skins
- About 130 different chemicals used are imported

Policy

Recommendations

- Reduce or eliminate import duties on tannery machines, spare parts and raw materials
- special incentives for setting up industries for the manufacture of international quality trimming, accessories, component and inputs required by the leather industry
- Declare **Kasur and Sialkot** as “**Leather Cities**” to promote leather industry

Engineering Goods Industry



Major Policy Areas

- Poor quality culture
- Lack of R & D, design and support facilities resulting in inadequate vending/sub-contracting facilities
- Lack of entrepreneurship and management skills

Policy Recommendations

- LT industrial policy with sector specific incentives
- JVs with large MNCs to invest & make Pakistan member of the global supply chain
- Partners to permit exports (of tractors, cars, etc.) from Pakistan
- Remove discrepancies/anomalies of preferential treatment for duty free imports of products
- HRD Boards for each sector, Internship,

Surgical Instruments, Medical Devices and Appliances Industry

Policy Areas

- Low value added & inferior quality.
- Neither product nor market diversification
- This industry is not developed as a modern medical devices and appliances industry

Policy Recommendations

- A policy >>> higher technology orbit through product diversification
- **Value addition in disposable instruments**
- Diversification towards I) allied products e.g. plastic disposable products, hospital textiles, hospital furniture, etc, & II) non-steel medical devices and electro-medical appliances
- Developing Pakistan as the supplier of surgical instrument kit



First Aid Box in Every Vehicle

A mandatory first aid box in every vehicle is of vital importance for meeting emergencies. It also helps in promoting health edu. A policy in this regard would also help in expanding the local ind. The box may contain imp medicines useful in accidents & for some minor sicknesses.

Mines: Policy Recommendations



- **Model Mines** in PPP with latest methods & machines to provide a high tech marble mining and processing facility to be used as platform for trg quarry masters & as demonstration project for mining & processing industries
- **Wastage Control** average global quarry wastage is 41 to 50% of gross amount produced; in Pakistan quarry loss approaches 70% & with high amount of waste in processing industry, total wastage of marble stone from extraction to final consumer can be 85%
- **Marketing** is a v weak point; few Pakistani producers go to trade shows, it needs to be taken up by the TDAP on priority basis
- **Marble City**, the Govt has established "marble city" at Hub Chowki; it needs to be fully developed on priority basis with operationlizing "one window" & creating entire necessary infrastructure including state of art trg facilities

Education Sector



1. A chapter on “**entrepreneurship**” added at each level in post primary edu for motivating & promoting entrepreneurship
2. Matric Tech scheme and gradual vocationalization of post primary education
- 3. 1 teacher 1 class made mandatory**
- 4. *Transportation for School Children***



Public Libraries, National Centers, IT Boards & IT Centers

- *Establishment of Public Libraries & National centers to increase awareness and literacy as well as providing a platform to local population for networking - in each city and small town, even at the 1st tier of proposed GTs.*
- **Establishment of IT Development Board** empowered to implement IT policy and promote IT industry.
- **Establishment of IT Centers:** state of art centers with all IT related services established in private sector at different locations in cities & first tier of "GTs" with high connectivity.

Housing and Construction



- “Housing for all” policy
- Housing Finance
- Smooth Functioning of Land Markets by: i) clearly defining ownership rights, ii) regulating working of housing societies, iii) tax laws and other standards - **with clearly defined & implemented property rights** – enforced, iv) transparency in procedures for disposal of government land
- Housing societies

Housing and Construction



1. **New Cities**
2. **Regularization of Kachi Abadies** *in all major cities & provision of basic facilities, such as: electricity, gas, water, roads, schools, health and commercial areas*
3. **Area Development Schemes:** *On the pattern of CDA, the Govt to introduce area dev schemes in all major cities through City Dev Authorities >>> should develop land, provide all amenities, develop standard housing maps with choices & facilitate construction*
4. **Housing for Public/Private Sector Employees/General Public**

Urban Transport Policy Recommendations



- **Mass Transit System >>>** in the first phase, an integrated mass transport system in Rawalpindi/Islamabad, Lahore, Gujranwala, Sialkot, Faisalabad and Karachi
- **Revitalization of Karachi Circular Railway:** originally put into operation in 1964 ceased operations in 2000 needs to be “restarted” with greater participation of private sector
- **Lahore Light Rail Transit System:** time has come to implement such a project to keep pace with growing needs of the city. Based on the experience gained, such system needs to be replicated in other cities

Domestic Commerce



An ignored sector, despite possessing large potential for emp generation & growth. Organized domestic commerce does demonstrate huge potential, among others, for local products development, better quality and standards, and even affordable/cheaper goods. Currently, about 14 percent of the workforce are earning livelihood from this sector

Domestic Commerce: Policy Areas

Promotion of domestic commerce is **crucially linked with a simultaneous focus on tackling issues of:** 1) real estate prices, 2) ownership titles, 3) supply chains, 4) warehouses, 5) refrigeration, 6) transportation including refrigerated transport, 7) smuggling, 8) taxation structure, 9) infrastructure, 10) human resources, 11) finance to small and medium businesses, and 12) banking system in small cities, towns & village clusters

Domestic Commerce: Policy Recommendations

- A time bound task force
- A “Domestic Commerce Promotion Authority” (DCPA) with sole objective of promoting businesses & trade is established. Its main task in addition to acting as a lobbyist for promotion and modernization of business & trade DCPA would also be: i) facilitate business start ups, ii) help in developing necessary infrastructure, and iii) act as a source of information, counseling and guidance.
The goal of DCPA should be to create an environment whereby an intending businessman simply walks into the designated facilitating officer and leaves with options and readily available facilities through an operationalized “one window”. The proposed “GTs” can be an important facilitating partner.

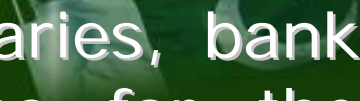
Tourism

Policy Recommendations



Local Tourism

- Conducted tours and safaris
- Packaged tours for different tourist sites
- Special incentive packages to set up hospitality businesses at tourist attractions, preferences to local area people but open to all citizens
- Training programs for tourism related businesses
- Availability of all facilities in the area so that people plan for longer stay
- Development of recreational facilities at affordable rates at the tourist sites for children, adults, males and females

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- Internet cafes, pay phone booths, libraries, bank kiosks, guide maps & other facilities for the convenience of tourists
 - Availability of recreational and gaming equipments on rent/purchase
 - Arrangements of special programs, fairs, exhibitions and festivals to attract more tourists.

International Tourism

- **A small booklet introducing Pakistan & its tourist attractions >>>** to be prepared & distributed in the PIA international flights; it should be in addition to PIA monthly magazine "Hamsafar"
- **Attractive packages for Pakistani families living abroad** to spend holidays and other festivals in Pakistan

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- Painting tourism related slogans, special announcements and programs on the PIA planes to attract international tourists
 - **Special kiosks at airports, major railway stations and bus terminals** (if possible) with representatives from tourism departments equipped with flyers, maps and other material to guide and facilitate tourists
 - Targeting tourists from Japan, Korea, Malaysia, Hong Kong, Taiwan, Singapore and Arab countries will be more plausible at present time. A large number of tourists are flocking to tourist destinations
 - **Developing collaboration with tourism agencies of different countries, and**
 - **Developing regional tourism packages**

Employment for All: Targeted Measures

1. The unemployed are: i) mostly illiterate and unskilled (47.4%), ii) only 6.4% have degree level education, iii) about 15.4% primary pass, iv) 10.2% middle pass, v) 14.8% secondary certificate, & vi) 5.9% higher secondary certificate.
2. *1/5th of unemployed have preference for private sector jobs and about 7.5 percent are looking for self-employment*
3. *Location-, trade-, gender-, edu/lit specific targeted employment programs*
4. **Self employment**
5. **Extending the Coverage of National Internship Program (NIP)**
6. **National Training Program (NTP)**
7. **Employment Guarantee Scheme (EGS) for Rural Areas >>> PWPs**


Supporting Measures

I: An Institutional Mechanism

- A **Cabinet committee on “Human Resource Development and Utilization (HRDU)”** is clearly warranted >>> Ministry of Labor, Manpower and Overseas Pakistanis acting as its secretariat
- A **“Human Resource Development and Utilization Cell” (HRDUC)** in the Planning Commission with participation of concerned ministries, academia, experts, R&D institutions and industry representatives. The HRDUC ideally should look into: i) addressing the “dis-connect” and developing greater linkages, coordination and information sharing, ii) study and identify sectors, areas, activities and occupations having employment and development potential, iii) work out employment outcomes of development schemes, and iv) carry out exercises of manpower projections.


II: Gender Mainstreaming

- Full time govt jobs preferred by 2/5th unemp women >>> about 1/4th indicated preference for self employment
- Emp & working conditions in public sector carry facilities & protections largely unmatched by other formal sector employers. Hence, it could be a "role model" for "women emp & career development"
- Workplace gender-related issues, such as: harassment, discrimination, equal pay for equal work, day care centers, availability of toilets, maternity leave and rationalizing the procedure are some of the important interventions



III: Development of a Comprehensive Labor Market Information System (LMIS)

- A functioning LMIS is key to an institutional mechanism looking into emp generation & HRD. The LMIS is crucial for policy makers/planners in getting feedback on changing needs of the economy & labor market as well as labor market monitoring, labor market analysis, emp services & placement, voc guidance & emp counseling. It also needs to generate detailed & disaggregated information.
- Effectiveness of an employment policy is crucially linked with sufficiently available, reliable and disaggregated information on the employed and unemployed.
- The LMIS is crucial for policy makers/planners in getting feedback on the changing needs of the economy and labor market as well as labor market monitoring, labor market analysis, employment services and placement, vocational guidance and employment counseling.

- 
- It also needs to be capable of generating detailed and disaggregated information. A four-tier LMIS is suggested for this purpose with Districts (District Governments) being the focal point,
 - The framework for LMIS suggested here is considered to respond to these requirements. The suggested LMIS is cost effective and requires neither much additional financial resources nor a major restructuring of existing institutions.

Public Employment Services

- An institutional mechanism is needed to provide necessary employment services as well as monitor labor market developments at the local - at least district - level.

LMI, LM diagnosis/monitoring & LM intermediation are different aspects of LMIS. This policy recommends 1) development of a 4-tier well coordinated and integrated – horizontally and vertically – LMIS, and 2) revival of the employment exchanges but with adequate participation of the private sector

IV: Establishment of Growth Triangles

V: Labor Market Policies

- Response to emp challenge also needs to accompany measures to improve quality of jobs, productivity & conditions of work.
- Increase in informal sector emp & hiring of contract workers in organized sector
- Important initiatives taken are: 1) Labor Protection Policy (LPP) 2006 and Labor Inspection Policy 2006, 2) ESCA draft prepared, 3) DWCP launched >>> framing of rules and implementation would need priority attention
- Dev of an efficient LM based on social dialogue & strong supporting LM institutions including employers' & workers' org is stressed

VI: Fixation of Minimum Wages and Extension of Minimum Wages to Rural Workers

- *Mandatory minimum wage - applicable to all - has to be made a reality in all work places. It may however be different for different areas. **Fixation mechanism however needs to be tripartite.***



VII: Social Protection

This document strongly recommends developing a mechanism that provides social protection to the population. We need to address ourselves as how to i) bring more workers under the EOBI and ESSIs, ii) make old age benefit coverage universal, and iii) make use of pension funds and social security contributions effective and productive.

This policy highlights the need to identify & rectify major issues on the functioning & management of workers' pension & welfare funds and social security in the country.

VIII: Human Resource Development (HRD) and Raising the Technical and Vocational Competence of the Workforce

IX: Overseas Migration

Managing overseas migration has two dimensions i) maintaining share in traditional markets & also responding to changing demand pattern ... it also relates to exploring avenues in non-traditional markets in E&SEA and to them are added countries with point system for "immigration", and ii) management of the "reverse flow" i.e. productive re-integration of returning migrants with different skills and professions. Related to that is the productive utilization of the remittances that are now reaching US\$ 5 billion.



X: Pilot Projects

1. Projects proposed to be implemented in six Districts. While existing infrastructure is used in the first instance; need for new structure however can not be ruled out.
2. Cost of the creation of new structure is proposed to be met from the allocations under the already PSDP funded projects and more so that are at local level and involve public representatives.
3. **A block allocation of Rs 5 Bn** is proposed for initiating “pilot testing” of 6 proposals. Each province should have at least one “pilot project”

Pilot Projects



- Growth Triangles in a District of Punjab and Sindh,
- LMIS in a District of Punjab and Sindh,
- Tourism in a District of NWFP,
- Gem and Jewelry in a District of NWFP,
- Employment Guarantee Scheme in Rural Areas of a District in Sindh,
- Fruit Processing in a District of Balochistan, and
- Fisheries in a District of Balochistan.

XI: Implementation Mechanism



Establishment of Policy Planning and Implementation Cell – responsible for implementation and monitoring of policies being prepared in the Labor and Manpower Division, such as HRD, Migration, etc.

For an effective implementation of the policy and ensuring greater linkages and coordination with other ministries/policies, establishment of inter-ministerial coordination committee at the federal and provincial level



conclusions



Most imp fundamental right >>> productive employment

Emp & poverty reduction at center stage

Raising productivity & TEVT competence

Macro eco stability, fiscal prudence & deregulation, privatization & Liberalization >> Reinforced

Huge employment & development potential exists but largely remains untapped

• **Establish study groups and/or task forces** for identifying: 1) bottlenecks, 2) remedial measures, 3) employment potential, action plans, 4) and 5) even road maps

In Conclusions

Employment
& HRD-led with
macro-economic
stability and
LM policies

Thank You



PPC NEP Core Team



Chairman

Dr. Sabur Ghayur

Tele: 9252535

Fax: 9252063

saburghayur@yahoo.com

Director (Policies)

Dr. Zafar Mueen Nasir

Tele: 9252532

zfrnasir@yahoo.com

Assistant Director (Data Management)

Mansoor Zaib Khan

Tele: 9252597

mansoorkhus@yahoo.com