

Labour Market Profile Pakistan – 2021/2022



This profile provides a comprehensive overview of the labour market's structure, development, and challenges.

*Danish Trade Union
Development Agency*



ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY

PREFACE

Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. This agency was established in 1987 by the two largest Danish confederations – the Danish Federation of Trade Unions (Danish acronym: LO) and the Danish Confederation of Professionals (Danish acronym: FTF). These confederations merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019. Formerly known as LO/FTF Council was replaced by DTDA.

The work of DTDA is in line with the global Decent Work Agenda (DWA) based on its pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective is to eradicate poverty and support the development of just and democratic societies by promoting the DWA.

DTDA collaborates with trade union organisations in Africa, Asia, Latin America, and the Middle East. The programmes' immediate objective is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and the labour-related Sustainable Development Goals (SDGs).

The Labour Market Profile (LMP) format provides a comprehensive overview of the labour market's structure, development, and challenges. In the framework of DWA and SDGs, LMPs follow several central indicators addressing labour market development aspects, especially the unionism evolution, social dialogue and bi-/tri-partite mechanisms, policy development, and legal reforms status vis-à-vis ILO conventions and labour standards, among others.

Primary sources of data and information for LMPs are:

- As part of programme implementation and monitoring, national partner organisations provide annual narrative progress reports, including information on labour market developments. Furthermore, specific data and information relating to central indicators are collected using a unique data collection tool.
- National statistical institutions and international databanks are used as a source for collection of general (statistical) data and information such as ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of Violations of Trade Union Rights, the U.S. Department of State, as well as other internationally recognised labour-related global indexes.
- Academia and media sources (e.g., Labour Start, national news, among others) are furthermore used in the available research on labour market issues.

The profile is regularly updated. The current version covers the period from 2021 to 2022. Labour Market Profiles for more than 30 countries are available on DTDA's website:

<https://www.ulandssekretariatet.dk/>.

DTDA prepared the Labour Market Profile with support from Pakistan Workers Federation (PWF) and Dr Javaid Iqbal Gills. If any comments arise to the profile, don't hesitate to contact Mr Kasper Andersen (kan@dttda.dk) from DTDA.

The front-page photo is a spray painter painting an old gas compressor in Shershah Kabari Market (scrapyard) in Karachi, Pakistan. The photo was taken by [danishkhan](#) and used with iStock credits.

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EXECUTIVE SUMMARY

The Islamic Republic of Pakistan's economy got hit in 2020 due to the global Covid-19 pandemic. It brought massive income losses, stalling the notable poverty reduction during the last two decades supported by real minimum wage hikes, the high inflow of personal remittances, and pro-poor oriented social safety net programmes.

Under the constitutional 18th Amendment in 2010, the provinces enacted their labour-related laws and policies. The complex legal framework has flaws to international standards, and the widespread informal economy further shadows the legislation application's scope in practice. Trade agreements with labour clauses have not created significant changes in working conditions. Amid abuse of the blasphemy laws in 2021, Pakistan's GSP+ status to the European Union gained pressure to implement core international conventions.

Expanding social dialogue through Joint Works Councils (JWCs) at the enterprises level is challenged by the secret ballot applications to determine the representativity as Collective Bargaining Agency; several professions are even excluded from entering collective bargaining, and the dominating small enterprises do not reach the JWC's enterprise-size threshold. Collective bargaining agreements focuses primarily on wage benefits and health/medical clauses, while gender-related clauses are ignored. Alternative Dispute Resolution (ADR) is gaining more attention, especially for contractual and commercial disputes, due to the formal dispute system being overwhelmed with cases.

Unionism faces legal hurdles along with the government's diligence. The country ranking on the Global Rights Index deteriorated, reaching 5 since 2020 (5+ is worst); by the same token, forced and bonded labour continues extensive in several industries. The trade unions' membership rate reached around 11% of employees. Employers consider cooperation in labour-employment relations at the low-medium level.

Pakistan's population is growing fast with a mounting youth bulge, improving life expectancy, and looming eldercare challenges. Small structural employment shifts were detected during the 2010s, mainly from the agricultural to service and industry sectors. During the last decade, informal employment in non-agricultural employment increased, blinding the relatively low unemployment rate at 4.7% in 2020. The NEET rate of 31% in 2018 with flat growth during the 2010s sticks to a deep gender gap: 7.6% for men and 55% for women. The government took strides by laws and policies to tackle the gender inequalities, but traditional practices continue to hinder women's role in the labour market.

Pakistan's high internally displaced persons rate put pressure on the social protection system. Although external emigration plummeted in 2020, the drift of personal remittances did not dwindle. The high influx of refugees from Afghanistan was protected by social services but could not work formally.

Pakistan's education system delivered meagre increases in school enrolment at all levels that have impeded labour productivity development; even seven out of ten women have less than basic education. It further involves the relatively high child labour at 11%, which most likely increased because of the unforeseen school closures in 2020. The technical vocational education and training system has been fragmented with low government expenditure. The country struggles to integrate Information and Communication Technology (ICT) in education.

Social protection progressed with new policies at the federal and provincial levels. Well-designed social protection and labour programmes and social safety net programmes have been rising during the 2010s. Other schemes linked to formal employment continue with very low coverages, e.g., just 9.2% of the population enrolled by at least one social protection benefit and 5.8% of older persons receiving a pension in 2020.

The table below provides an overview of key labour market indicators' status in the Decent Work Agenda framework.

On Page iv the second table presents an overview of the current value and targets of the Sustainable Development Goals' indicators concerning labour market issues.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Pakistan

Creating decent jobs	
Policy reforms addressing creation of decent employment.	A Minimum Wages policy is adopted, and a wide range of other labour-related policies are in progress.
ILO standard setting on improvement of status of workers from the informal economy.	National forums dealing with informal economy workers are in progress and specific policies addressing the status of informal economy workers are adopted in Pakistan.
Guaranteeing rights at work	
Growth in partner PWF trade union members.	6.3% from 2017 to 2020.
Violations of trade union rights.	Ranking 5 (5+ is worst) in 2021. *
New labour laws/decrees in 2019 and 2020.	New major laws/decrees were dealing with the Maternity and Paternity Leave Act, Punjab Domestic Workers Act, Sindh Agriculture Women Workers Act, the Punjab Workers Welfare Fund Act, the Punjab Occupational Safety and Health Act, and Sindh Home-Based Workers Act, all from 2019. Besides, the Covid-19 pandemic pushed through Administrative Orders dealing with employee retention due to imposing lockdowns and prohibiting employers from laying off workers in 2020.
Partner organisations with minimum 30% women representation in decision-making bodies.	No, just 8% of women in leadership positions and decision-making bodies in PWF.
Extending social protection	
Percentage of total population covered by Health Social Protection.	3% (8.6 million persons) in 2020.
Workers from the informal economy have access to national social security schemes.	No.
Promoting social dialogue	
Trade union density (%)	Estimations at 4.1% of total employment in 2016, while up at 11% among the statistically (formal) employees.
Cooperation in labour-employer relations.	103 out of 141 countries (1 is best) in 2019. **
Number of Collective Bargaining Agreements (CBAs).	PWF listed 362 CBAs in 2017, and it increased to 407 in 2020.
Workers' coverage of Collective Bargaining Agreements to employees.	PWF listed a covering of 821,000 workers, and it increased to around 898,000 workers in 2020, or around 2.8% of employees.
Bi-/tri- partite agreements concluded in recent years.	PWF registered two bi-/tri-partite Memorandum of Understandings in 2020. Tripartite social dialogue at the federal and provincial levels accelerated to find solutions to the challenges triggered by the Covid-19 pandemic. For example, the online meeting of the Federal Tripartite Consultative Committee was launched on April 16, 2020, to discuss the labour market impact of the pandemic in the country. Furthermore, EFP and PWF issued a joint declaration demanding the constitution of a special tripartite task force in each province for consultations on collective action and assistance in the execution of the plans for economic and social recovery in the aftermath of the Covid-19 pandemic.
* "No guarantee of rights": While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.	
** Based on survey data for employers' view. Source: The Global Competitiveness Report, 2019, 8 th pillar: Labour market efficiency	
Sources: DTDA, Pakistan: Data-collection tool 2019/2020; own calculations on trade union membership growth, trade union density, and ratio of informal workers affiliated to social security to vulnerable employment.	

Status of key Sustainable Development Goals in labour market related issues in Pakistan

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.9 PPP).	1.3%	2019	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.9 a day.
1.3.1: The population effectively covered by a social protection system, including social protection floors.	9.2% *	2020	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
5.5.2: Women share of employment in managerial positions (senior and middle management).	-	-	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
8.2.1: Annual growth rate of output per worker (GDP constant 2011 international \$ in PPP).	-1.6%	2019	Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.
8.3.1: Proportion of informal employment in non-agriculture employment.	72%	2018	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, through access to financial services.
8.3.1: Women	72%	2018	
8.3.1: Men	73%	2018	
8.5.1: Average hourly earnings of women and men employees (local currency).	90	2018	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.
8.5.2: Unemployment rate (Total, 15+)	4.1%	2018	
8.5.2: Women, 15+	4.6%	2018	
8.5.2: Women, 15-24 years	6.8%	2018	
8.5.2: Men, 15+	4.0%	2018	
8.5.2: Men, 15-24 years	8.2%	2018	
8.6.1: Proportion of youth (15-24 years) not in education, employment, or training).	31%	2018	By 2030, substantially reduce the proportion of youth not in employment, education, or training.
8.7.1: Proportion of children engaged in economic activity (aged 12-14 years).	10%	2018	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms.
8.7.1: Girls	7.8%	2018	
8.7.1: Boys	12%	2018	
8.8.1: Frequency rates of non-fatal occupational injuries per 100.000 workers, annual.	1,136	2018	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining)	4.2 **	2018	The exact measurement method and scoring for this indicator needs to be developed.
9.2.2: Manufacturing employment as a proportion of total employment.	16%	2018	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
10.4.1: Labour income share as a percent of GDP.	42%	2017	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

* Population covered by at least one social protection benefit (see more in Table 14).

** Level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation.

Source: ILO, Key Indicators of the Labour Market (KILM); ILO, World Social Protection Report 2017-2019.

COUNTRY MAP



Source: The Nations Online Projects, Pakistan.

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ECONOMIC PERFORMANCE

Pakistan is a lower-middle-income country ranked as the 42nd largest economy in 2020. After several experiments in economic restructuring, Pakistan currently operates with a mixed economy in which state-owned enterprises account for a large portion of gross domestic product (GDP).

During the 2010s, Pakistan's economic growth was high and steady, peaked at 5.5% in 2018. It was driven by consumption and an upsurge in the current account and fiscal deficits, triggering a boom-bust cycle in 2019. The economic growth further plummeted in 2020 as an impact of the global Covid-19 pandemic: GDP growth was expected to contract to -0.4% in 2020 but rebound at 1.5% in 2021.

The annual per capita growth has averaged less than half of the Southern Asia average, partly due to an under-reliance on investment and exports to drive economic growth as well as high population growth.¹ GDP per capita started to drop from 2018 to 2019 due to economic downturn and a further slump in 2020, reaching US\$1,255, significantly lower than the neighbouring countries: China (US\$10,500), India (US\$1,901), Iran (US\$2,283), except Afghanistan (US\$509).

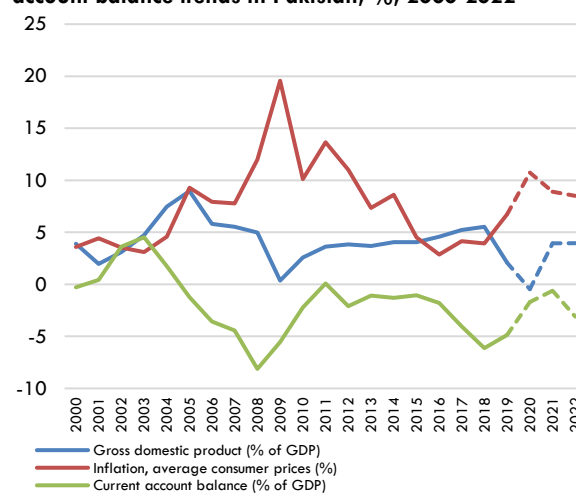
Inflation in consumer prices was kept below 5% since 2015 but rose significantly in 2019, peaking in 2020 at around 10%, mainly because of high food inflation. This current relatively high inflation has weakened workers' income purchasing power.

Table 1: Projections of Pakistan's key economic indicators, 2018-2022

Values	2018	2019	2020	2021	2022
GDP (current, billion, US\$)	313bn	277bn	262bn	N/a	N/a
GDP per capita (current, US\$)	1,558	1,353	1,255	N/a	N/a
Total investment (% of GDP)	17%	16%	15%	15%	16%
Gross national savings (% of GDP)	11%	11%	14%	15%	13%
General government total expenditure (% of GDP)	22%	22%	23%	22%	22%
General government gross debt (% of GDP)	72%	85%	88%	83%	81%

Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

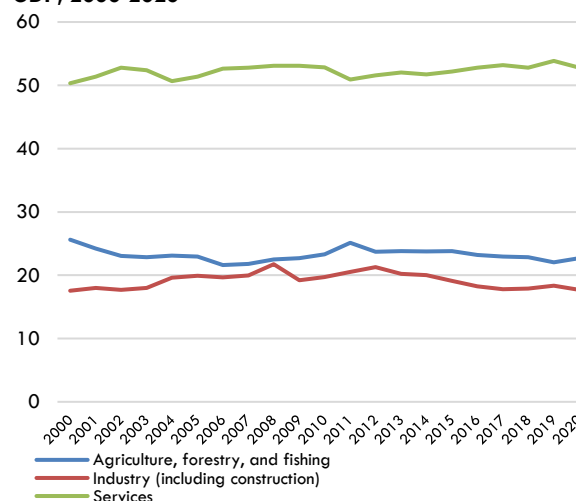
Figure 1: Gross domestic product, inflation, and current account balance trends in Pakistan, %, 2000-2022



Sources: International Monetary Fund, World Economic Outlook Database, October 2021.

Figure 2 below illustrates slight sectoral economic shifts in the country during the last two decades. The service sector has the highest value-added of GDP and slowly rising, and the agricultural sector is the second highest that was slowly declining. The industry sector's value-added also fell at the margin during the 2010s stick below 20%.

Figure 2: Pakistan's aggregate sectoral value-added, % of GDP, 2000-2020



Source: World Bank, World Development Indicators.

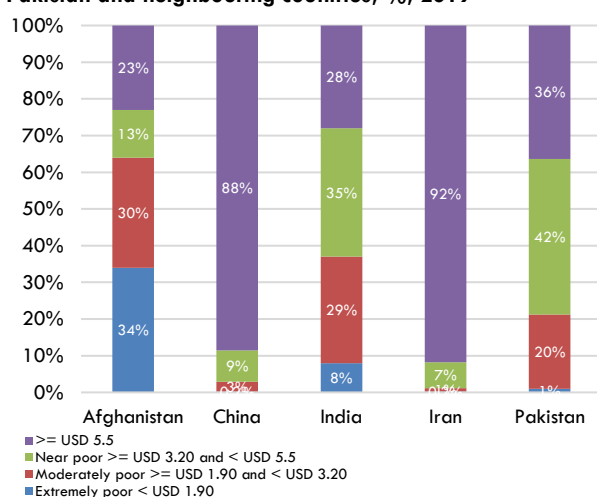
The informal economy is widespread, and the economy is haunted by corruption. Business regulations are cumbersome: the Doing Business Index ranked Pakistan 108 out of 190 countries (1st is best) in 2020. Out of ten indicators, the country's best ranking is protecting minority investors (28) and resolving insolvency (58). Several of the scales

were very poor, e.g., paying taxes (161), enforcing contracts (156), and registering property (151). See more details in Appendix Table 23.

The Human Development Index (HDI) ranks the country as medium human development, at 154 out of 189 (1 is best) in 2020. Inequality in the distribution of family income (Gini-index) slightly increased from 30 in 2010 to 32 in 2018 (i.e., 0 represents perfect equality, while an index of 100 represents high inequality) but stood significantly lower than the neighbouring countries (not including Afghanistan due to lack of data).²

Among Pakistan's employed population, estimations of working poor (<US\$3.1 per day) fell from 47% in 2010 to 22% in 2019. The near-poor and the middle-class groups increased, reaching 42% and 36% in 2019, respectively (Figure 3). This trend reinforces the fact that economic growth was pro-poor. The country's broader poverty headcount ratio at the national poverty line measured a drop from 64% in 2001 to 24% of the population in 2015, which was significantly lower than Afghanistan (55%) but higher than China (0.6%), India (22%), based on the latest data.

Figure 3: Projections of employment by economic class in Pakistan and neighbouring countries, %, 2019



Note: Data exclude the economically inactive population, covering 50% of the population (aged 15+) (see more in the Unemployment sub-section). The value is measured at Purchasing Power Parity (PPP).
Sources: ILO, Key Indicators of the Labour Market (KILM).

Despite the notable poverty reduction in Pakistan during the last two decades, the economic downturn since 2019 brought half of the working population's

job or income losses in limbo, especially informal and low-skilled workers employed in elementary occupations facing the most decisive loss in employment.³ The national poverty rate soared to 43% April 2020 but fell to 39% in May 2020.⁴ To tackle the current massive socio-economic detour, pushed the government to launch a comprehensive economic relief package to protect the most vulnerable consumer and business groups in the country, amounting around 2% of GDP. The cash transfers programme proved highly effective and led to an 11% reduction in the poverty rate during the pandemic (see more in the Social Protection section).

Industrial zones

Pakistan's first promulgation of law concerning Export Processing Zones (EPZs) was in 1980, including establishing the Export Processing Zones Authority (EPZA), an independent government-mandated agency. In 2012, the Special Economic Zones Act was endorsed, allowing the establishment and operation of Special Economic Zones (SEZs) by the federal and provincial governments to include private partners in the establishment. This Act is designed to put the tax incentives offered in 'industrial zones' on a more robust legal framework: Unlike EPZs, which must export at least 80% of their production, SEZs are available for investors seeking to sell into Pakistan's domestic market. It was further amended in 2016, removing customs on products from SEZs to Pakistan's domestic markets, aiming the law becoming more business-friendly and encouraging more foreign direct investments.⁵

In 2018, seven multiactivity SEZs were established by law in Pakistan, but six of them had converted their status as Industrial Estates (IEs) or Industrial Parks (IPs). The establishment of SEZs across the country took up the pace: In 2021, 22 SEZs have been approved, while 21 of them have been notified by the Board of Investment (BOI).⁶

The economic incentives offered in industrial zones include secure premises offered at competitive lease rates, tariff and tax reductions for inputs, exemption from currency exchange regulations and

the repatriation of capital and profits for foreign investors.

The 2012 Industrial Relations Act, which provided procedures for establishing trade unions and managing industrial disputes, was not extended to EPZs or SEZs. Nevertheless, the Special Economic Zones Act sets all labour and employment laws of Pakistan shall apply to SEZ in the same manner as they are to all territories within Pakistan. Thus, the only legal exception to core labour standards is among workers in EPZs that are denied the right to organise, the right to collective bargaining, and the rights to strike.

Based on the data available for EPZs/SEZs, around 880,000 employed in the export processing and industrial zones equalled 6.1% of total employees and contributed to around US\$8 billion.⁷ The EPZs/SEZs in the textile industry have included a social dialogue dimension.⁸ In May 2021, the industry sector prepared a deep cut of 15-20% jobs after Eidul Fitr in the wake of a slowdown in production amid the third wave of Covid-19 pandemic in Pakistan.

LABOUR LEGISLATION

Pakistan's labour-related legal framework governing workers' rights is complex through a wide range of laws covering abolition of bonded labour, employment of children, trade unions and worker-employer relationship, wages, and compensations, working conditions and workers' welfare, old-age benefits, and employment rights of disabled persons (see Appendix Table 17).

A series of reforms were launched, including significant constitutional change for devolving federal subjects to the provinces at the beginning of the 2010s (see more ahead). New laws/decrees were dealing with the Maternity and Paternity Leave Act, Punjab Domestic Workers Act, Sindh Agriculture Women Workers Act, the Punjab Workers Welfare Fund Act, the Punjab Occupational Safety and Health Act, and Sindh Home-Based Workers Act, all from 2019 (see more in Appendix Table 16). The Covid-19 pandemic

pushed through Administrative Orders dealing with employee retention by issuing departmental notifications imposing lockdowns and prohibiting employers from laying off workers in 2020 (see more in the Working Conditions and Social Protection sections).

The status of main labour-related laws is summarised below.

Constitution

The last amendment in the Pakistani constitution was in 2015. Still, the 18th Amendment of 2010 remains the most important constitutional change for the labour market.⁹ It expanded provincial autonomy in Balochistan, Khyber Pakhtunkhwa, Punjab, and Sindh. It led the provinces to enact their labour laws and industrial relations, devolving the policy development responsibilities of labour-related matters and enforcement to the regions.¹⁰ There were a few federal institutional exceptions, such as Employees Old-age Benefits Institution and National Industrial Relations Commission. The latter was limited to cases of unfair labour practice and matters relating to trade unions within the Islamabad Capital Territory and having membership in more than one province.¹¹

These decentralised institutional changes created challenges. For example, the federal government struggles to ensure that the provinces are framing laws according to international commitments and signed conventions, not to mention implementation in the proper sense. At the provincial level, laws providing collective bargaining rights excluded banking- and financial-sector workers, forestry workers, hospital workers, self-employed farmers, and persons employed in an administrative or managerial capacity.

Federal Industrial Relations Act (IRA)

The IRA from 2012 was adopted to update industrial relations after the 18th constitutional amendment of 2010. It consolidates the law relating to the formation of trade unions and federations, determining the collective bargaining agents, and regulating relations between employers and workers. It states that workers have

the right to form trade unions and join organisations of their choosing without previous authorisation. The act further provides how to avoid and settle any disputes or differences. The law placed the responsibilities and autonomy of labour issues and trade unionism in the domain among the provincial assemblies.¹²

Labour issues functioning in the Islamabad Capital Territory, or more than one province shall be governed by federal legislation. If the problems are only within the territorial limits of a province shall be governed by the concerned provincial authorities.

The law prohibits state administrators, workers in state-owned enterprises, EPZs, and public-sector workers from collective bargaining and striking. Provincial industrial relations' acts also address and limit strikes and lockouts.

The law further excludes workers from the agricultural sector in two provinces (Punjab and Khyber Pukhtunkhwa) and the federal along with education sectors that are not legally considered as "an industry" (see more details on the categories defined in Appendix Table 18). As an exception, Sindh Industrial Relation Act 2013 and Balochistan Industrial Relations Act 2010 extended their application to agriculture and fisheries. Ambiguity still prevails in this latter legislation concerning unionisation procedure for informal workers.¹³ In addition, the 2019 Sindh Women Agriculture Workers Act recognises the rights of women who work in farming, livestock, and fisheries. The law provides for minimum wages, sick and maternity leave, set working hours, written work contracts, the right to unionize, collective bargaining, and access to social security and credit, among other protections.

Factories Act

The Factories Act from 1934, last amended in 2012, was adopted by the provinces. The act consolidates and amends the law regulating factory labour in terms of inspections, Occupational Safety and Health (OSH) standards, working hours, time off, and child workers.¹⁴ The Mines Act can cover

workers who the Factories Act does not cover, and those engaged in shops and commercial establishments are covered by the West Pakistan Shops and Establishments Ordinance.¹⁵

Trade Organisations Act

The Trade Organisations Act from 2013 provides for the registration and regulation of trade organisations. It ensures appropriate representation of all genders and business sectors at all levels in trade organisations. That plays a significant role in developing a policy framework for improving Pakistan's business environment and economic growth.

Observations on labour legislation

The International Trade Union Council (ITUC) listed a series of flaws, inadequacies, and oppressive Pakistani labour-related laws concerning international standards. Some of the main issues are summarised below:¹⁶

- The law does not explicitly protect workers from anti-union discrimination.
- Formalities or requirements excessively delay or substantially impair the free establishment of organisations.
- Restrictions on trade unions' right to establish branches, federation, and confederation or affiliate with national and international organisations.
- Undue or excessive privileges granted to specific organisations.
- Restrictions on the right to elect representatives and self-administer in complete freedom.
- Restrictions on the right to freely organise activities and formulate programmes.
- Administrative authorities' power to unilaterally dissolve, suspend or de-register trade union organisations.
- The right to collective bargaining is recognised by law, but excessive requirements regarding trade unions' representativity or a minimum number of members are required to bargain collectively.

- Possibility to by-pass representative trade unions and bargain directly with workers' representatives.
- Compulsory conciliation or binding arbitration procedure in the event of disputes during collective bargaining, other than in essential services.
- Restrictions with respect to type of strike action (e.g., pickets, wild cat, working to rule, sit-down, go-slow).
- Authorities' or employers' power to unilaterally prohibit, limit, suspend or cease a strike action.
- Excessive civil or penal sanctions for workers and unions involved in non-authorised strike actions.

The U.S. Department of State's 2020 Country Reports on Human Rights Practices found that the Pakistani government did not effectively enforce applicable laws. The penalties were not commensurate with those for other laws involving denials primarily, such as discrimination. This weak enforcement of labour laws is mainly due to a lack of resources and political will, not to mention the widespread informal economy that creates ample loopholes in business and labour regulation due to workers' lack of awareness or incentives. Furthermore, as noted, the labour laws exclude the agricultural sector from its scope, except Sindh's and Balochistan IRA.¹⁷

Ratified ILO Conventions

International principles and rights at work are enumerated in the International Labour Organisation's (ILO) conventions. Pakistan ratified 36 conventions: 31 are in force, one denounced, and four instruments abrogated. The latest ratified conventions were the fundamental conventions of the Minimum Age Convention (C138) and the technical convention of Seafarers' Identity Documents Convention (C185), both in 2006. Appendix Table 20 shows that Pakistan ratified all eight fundamental conventions, just two out of four governance conventions, and 26 technical conventions, out of which five are up-to-date and actively promoted.

The independent ILO body, known as the Committee of Experts on the Application of Conventions and Recommendations (CEACR), noted that Pakistan's government has not responded to several conventions' previous observations and direct requests. Among others, CEACR registered allegations of anti-union measures by Pakistan International Airlines (PIA) in 2020, dealing with the termination of working agreements. The committee requested the government to provide its comments on these serious allegations.

Trade Agreements

The proliferation of global trade integrations pushes Pakistan to reshape the international trade policies and reassert its position in the region to follow the proactive approach to boost international trade performance.

Pakistan is a member of the World Trade Organisation. Pakistan signed 18 Free Trade Agreements (FTAs) with different countries and economic unions. The central bilateral FTAs are the Pakistan-China FTA, Pakistan-Sri Lanka FTA, and Pakistan-Malaysia FTA. At the regional level, the country has FTAs with the Gulf Cooperation Council, the Economic Cooperation Organisation, and the South Asian Free Trade Area (SAFTA). Other significant trade agreements are the Trade Preferential System of the Organisation of the Islamic Conference and the Preferential Tariff Arrangement-Group of Eight Developing Countries.¹⁸

Pakistan has been struggling to loosen the competitiveness of the local production and facing diversion in the domestic import substitution sectors due to competing imports coming from the FTA partners' economies. The country also holds considerable high costs of doing business, complex regulation, and infrastructure bottlenecks leading to a detrimental effect on trade and growth. Pakistan's trade regime and regulatory environment remain comparatively restrictive.¹⁹

In 2003, Pakistan launched its Vision East Asia policy to boost bonds with Southeast Asia and East

Asia. The cooperation remains underdeveloped, though. The country has mainly developed ties with other Muslim majority countries, including Indonesia and Malaysia, but weak connections in ASEAN beyond these two countries.

Many free trade agreements have provisions going far beyond tariff reductions, particularly in areas of regulatory coordination such as intellectual property rights (IPR) protection, investments, and labour standards. Generally, studies' empirical results for the four measures of labour conditions (i.e., mean real monthly earnings, mean weekly work hours per employee, fatal occupational injury rate, and the number of the ILO's Core Conventions ratified) found no evidence for possible pro-labour-condition effects of regional trade agreements labour clauses overall.²⁰ Other studies illustrate that benefits in terms of macroeconomic aggregates benefitted the Pakistan-Thailand FTA, modestly affected due to Pakistan-China and Pakistan Malaysia FTAs, and Pakistan-Sri Lanka FTA and Pakistan-Turkey FTA have no meaningful impacts.²¹

The European Union (EU) and Pakistan bilateral trade relations are governed by the Cooperation Agreement from 2004. Enhancing bilateral trade and investments is part of the EU-Pakistan Strategic Engagement Plan (SEP) reaffirmed in 2019. The SEP is based on the principles of the UN Charter, international norms and law, principles of mutual respect and trust, and shared interests. Pakistan was further accepted at the EU Generalised Scheme of Preferences Plus (GSP+) facility in January 2014. The country significantly benefitted from the scheme based on the duty-free access to the EU member states: Pakistan's exports to the EU grew by 65% from 2013 (before the GSP+) to 2019. Pakistan must keep ratification and effectively implement 27 core international conventions on human and labour rights, environmental protection, and good governance to maintain these preferences. The country went through a biennial assessment of GSP+ status by the European Commission in 2016, 2018, and 2020. The latest Joint Report to the European Parliament and the Council on the GSP+ covering the period 2018-2019 was relatively positive concerning cooperated and formulated

laws, developed policies and established institutions to implement the specific conventions related to GSP-Plus, but particularly noted that draft legislation on labour rights has not progressed as well as concerns had been raised regarding child labour, torture, media freedom and access to justice.²² In July 2021, amid abuse of the blasphemy laws and cases widely reported across Pakistan, the EU has recalled that Pakistan obliged to implement core international conventions on human rights, environmental protection, and good governance to keep GSP+ status.

The Pakistani government has worked on the 1st Five Year National Action Plan on Business and Human Rights (2021-2026) aims at ensuring observance of Pakistan's duty to protect against human rights abuses by third parties, including businesses, and creating an environment conducive to fostering corporate respect for human rights.²³

The United States is Pakistan's largest export destination country. Over the last two decades, the United States has been a central investor in Pakistan, with major U.S. investments concentrated in consumer goods, chemicals, energy, agriculture, business process outsourcing, transportation, and communications. The U.S. has wanted to deepen commercial ties with Pakistan, with senior officials from the U.S. Commerce Department and the U.S. International Development Finance Corporation (DFC) engaging with Pakistani leaders. However, Pakistan's cumbersome business climate, including regulatory barriers, weak intellectual property protections, and discriminatory taxation, have impeded U.S. firms' operations in the country.²⁴

SOCIAL PARTNERS

Social partners are central to promoting the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining in bi- and tripartite functions. These partners usually represent government institutions, trade unions, and employers' organisations.

Government

The 18th Amendment to the constitution in 2010 dissolved the federal Ministry of Labour and Manpower, resulting in the devolution of labour issues to the provinces. The role of the federal government remained unclear. The only federal government body with any authority over labour issues is the Ministry of Overseas Pakistanis and Human Resource Development, whose role in domestic labour oversight was limited to compiling statistics to demonstrate compliance with ILO conventions.

Many other of the 33 ministries are interlinked to labour-related issues such as Ministry of Commerce and Textile, Ministry of Federal Education and Professional Training, Ministry of Housing & Works, Ministry of Human Rights, Ministry of Industries and Production, Ministry of National Health Services, Regulations and Coordination.²⁵

Some labour groups, international organisations, and NGOs remained critical of decentralising labour issues (e.g., minimum wages, worker rights, national labour standards, and observance of international labour conventions) that could benefit at the federal government level. Observers also raised concerns regarding the provinces' varying capacity and commitment to adopt and enforce labour laws. On the other hand, some international organisations observed that giving authority to provincial authorities led to improvements in labour practices, including inspections, in some provinces.²⁶

Trade unions

The structure of trade unions is determined by IRA laws setting for regulating the work relations at a particular workplace. Trade unions are registered with the Registrar Trade Unions designated under IRA laws in the respective provinces. A union can apply to this registrar for the status of Collective Bargaining Agent (CBA) of a specific establishment by proving one-third of the establishment's employees as its own members. The CBA union is entitled to undertake collective bargaining at the workplace level with the employer on matters connected with employment, rights guaranteed, and award or settlement. More than one union can be

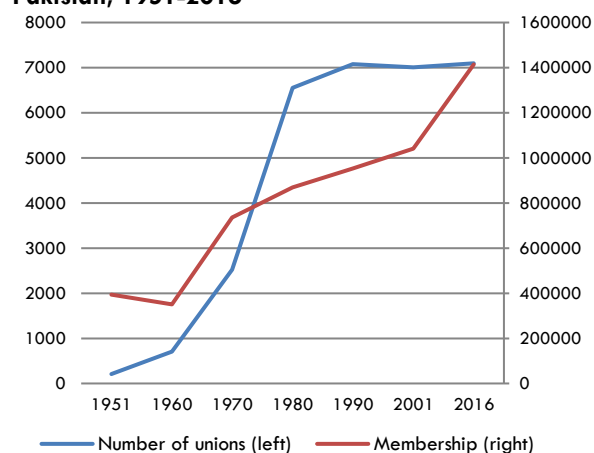
registered at a plant level but requires a secret ballot of making the application to determine the representative CBA.

At the federation level, members can belong to a variety of unions in industries or establishments, or unions and industrial federations of sectors, e.g., garment, textile, sugar, newspaper hawkers, construction. Federations are not directly part of collective bargaining. Federations support their member unions' functioning and developing capacities, represent them at the political and tripartite level dialogue, defend and promote workers' and unions' position in statutory tripartite bodies and the focal forums for consultations and decisions on labour issues.

Most functioning unions operate independently of government and political party influence. To prevent effective unionisation, labour leaders raise concerns regarding employers sponsoring management-friendly or only-on-paper worker unions – so-called 'yellow unions.'

The trade union movement in Pakistan can be traced back to the pre-independence period with India. During the last 50 years, this movement went through a growing number of trade unions, from 209 in 1951 to 7,096 in 2016. The trade union membership rate increased from 393,000 to 1.4 million during the same period, according to the National Industry Relations Commission (NIRC) register (Figure 4).

Figure 4: Number of Unions and Total Membership in Pakistan, 1951-2016



Source: National Industry Relations Commission (NIRC).

NIRC's register of trade unions and membership diverges significantly from the trade union federations' records. Based on data from 16 main federations, the trade union membership rate was around 2.8 million in 2016, double as high as NIRC's numbers. It suggests that NIRC and the Provincial Labour Departments do not tend to update their records.²⁷ The scope of the contrast is visible by data from three central federations – Pakistan Workers' Federation (PWF), Muttahida Labour Federation (MLF), and National Labour Federation (NLF) – that registered 800 unions with around 1.1 million members. At the same time, NIRC listed 605 unions and close to 600,000 members in 2016 (see more in Appendix Table 19).

Table 2 provides an overview of the status of unionism in Pakistan. The trade union density of employees diverged from 5.1% from NIRC to 11% among federations' registers in 2016. It is low compared with 33 developed countries at 25% on average in 2015, even taking into consideration Pakistan's relatively small group of employees (see Figure 6 ahead).²⁸ A broader trade union density of the total employment in Pakistan reaches around 4.1% based on federations' data.

Table 2: Status in Trade Unions in Pakistan, 2016

Indicators	Value
Number of trade unions (CBA status)	1,390
Number of trade unions (non-CBA status)	5,706
Trade Union members	2,755,352 *
Trade union density (employment)	4.1% *
Trade union density (employees)	11% *
Organised informal workers	5.2% **

* Covering data from 16 federations registers. ** Data from PWF.
Source: National Industry Relations Commission (NIRC); DTDA, Pakistan data collection tool, 2020; own calculations based on data from NIRC and ILOSTAT employment estimations.

In 2016, 20% of total membership was registered as collective bargaining agents (CBAs), and 80% were non-CBA unions. The CBAs are entitled to undertake collective bargaining with the employer on matters connected with employment, non-employment, and the terms of employment or any right guaranteed or secured to it or any worker by

or under any law along with any award or settlement. The non-CBAs remain a 'grey zone' since after the secret ballot is held to determine a CBA, the losing union(s) tend to become inactive and sometimes even cease to exist because their members automatically become members of the unions that win the CBA referendum.

Most organised workers operate in the formal sector with a significant share in public enterprises. The private sector is haunted by informal micro, small and medium enterprises (see more in the Workforce section).²⁹ Unionisation in the informal economy remains minimal; for example, PWF listed 5.2% of its members were organised workers from the informal economy in 2020.³⁰

The previously mentioned legal restrictions deprive many workers of the rights of association and collective bargaining; just a small group of workers can organise in unions. Another aspect is government labour departments' lack of attention and diligence to preserve union membership records.³¹ The registration of Trans-Provincial establishments is ambiguous, and the constitutional right of trade union formation has been suspended in the provinces. Besides, anti-union practices of employers are key impediments for the trade union movement (see more in the Trade Union Rights Violations section).

Employers' Organisations

Estimations suggest that 1.4% of the total employment in Pakistan represented employers in 2020, which is one percentage point lower than the Southern Asia average at 2.4% (see more in Figure 6 ahead).

The Global Competitiveness Index provides Pakistan employers' view on a wide range of aspects, including the labour market efficiency pillar. This particularly pillar's values are elaborated upon by surveys among employers and other statistical data. Pakistan ranks 120th out of 141 countries (1st is the best) in the mentioned pillar. Out of twelve indicators, the best rankings are hiring and firing practices (39) and active labour

market policies (54). The worst rankings are the ratio of wage and salaried female workers to male workers (138) and flexibility of wage determination (122) (see more in Table 3).

Table 3: Labour market efficiency in Pakistan, 2019

Indicator	Rank
Total	120
Redundancy costs (weeks of salary) **	114
Hiring and firing practices *	39
Cooperation in labour-employer relations *	103
Flexibility of wage determination *	122
Active labour market policies *	54
Workers' rights *	89
Ease of hiring foreign labour *	78
Internal labour mobility *	66
Reliance on professional management *	92
Pay and productivity *	63
Ratio of wage and salaried female workers to male workers **	138
Labour tax rate **	64

* Survey data. ** Ranked by per cent.

Note: Rank from 1 to 141 (1 is highest).

Source: The Global Competitiveness Report, 2019, 8th pillar: Labour market efficiency.

The status of the leading employers' organisation is summarised below.

Employers' Federation of Pakistan (EFP)

EFP was founded in 1950 to promote employers' interest at the national level. The organisation aims of keeping the Pakistani labour market stable and train and upgrade the managerial capabilities among Pakistani employers. EFP is a member of the International Organization of Employers (IOE), the Confederation of Asia Pacific Employers (CAPE), and the South Asian Forum of Employers (SAFE).

The federation comprises 810 multinational, large national and small and medium enterprises (SME) companies and 29 trade bodies, including large chambers and industrial associations contributing an outreach to employers employing over 2 million workforces throughout the country.³² The organisation also represents 30+ Associations and 500+ training activities (e.g., Webinar on World Day Against Child Labour 2021 or the one-day course on Industrial Relations & Labour Law

Challenges and Solutions in 2021, costing US\$76 (excl. taxes) for non-members).³³

SOCIAL DIALOGUE

Social dialogue encompasses all types of negotiation, consultation, or exchange of information between representatives of social partners on common interest issues relating to economic and social policy. It can be informal or institutionalised, and often it is a combination of the two. It can take place at the national, regional or enterprise level.³⁴

Pakistan has ratified ILO's Tripartite Consultation Convention (C144) but not the Collective Bargaining Convention (C154). The right to collectively bargain is governed under the Industrial Relations Act from each province.

Regarding workers' representation on an enterprise level, a single body, known as the Joint Works Council, is set up in any establishment employing 50 persons or more. It consists of no more than ten members, 40% of which are workers' representatives. The Convener of the Joint Works Council is from the management. It deals with matters such as the improvement in production, productivity and efficiency, provision of minimum facilities for those of the workers employed through contractors who are not covered by the laws relating to the welfare of workers. It has also taken up tasks of promoting the settlement of differences through bilateral negotiations, promoting conditions of safety and health for the workers, encouraging vocational training within the establishment, taking measures for facilitating excellent and harmonious working conditions in the establishment, and provision of educational facilities for children of workers.³⁵

Data availability of the number of Collective Bargaining Agents (CBAs) was scarce. PWF listed 362 CBAs in 2017, covering 821,000 workers, and it increased to 407 in 2020, representing around 898,000 workers, or approximately 2.8% of employees. A study of 82 Pakistani collective bargaining agreements found that monetary

benefits and health/medical clauses are prioritised while gender-related clauses are not included. Few (16%) of the agreements had night work premium, and one out of four provided for monetary tuition/subsidy for children's education. Some agreements reduced working hours to 40 from the legal 48. Others provide for up to 52 days of paid leave compared to the permitted 14 days.³⁶

Joint Works Councils at the enterprise level is challenged in Pakistan. As previously mentioned, many trade unions are side-lined through secret ballot applications to determine the representativity as CBA, and several professions are excluded from entering collective bargaining (revisit Appendix Table 18). In addition, small and medium enterprises (SMEs) (<99 employees) constitute nearly 90% of all the enterprises in Pakistan and employ approximately 80% of the non-agricultural workforce, and a majority being informal workers.³⁷ A large segment does not reach the Joint Works Council's enterprise size threshold.

Tripartite social dialogue at the federal and provincial levels accelerated to find solutions to the challenges triggered by the Covid-19 pandemic. For example, the online meeting of the Federal Tripartite Consultative Committee was launched on April 16, 2020, to discuss the labour market impact of the pandemic in the country. Furthermore, EFP and PWF issued a joint declaration demanding the constitution of a special tripartite task force in each province for consultations on collective action and assistance in the execution of the plans for economic and social recovery in the aftermath of the Covid-19 pandemic.

Central tripartite institutions

In the aftermath of the 18th amendment to the Pakistani constitution in 2010, decentralising labour matters under provincial governance reshuffled the tripartite institutions. The status of the central institutions is summarised below.

Pakistan Tripartite Labour Conferences (PTLCs)

The PTLCs operated at the national level without a statutory body, aiming to reach consensus on

ratification of ILO conventions, enactment of labour legislation and amendment into existing legislations. Some found the events more conflictive than progressive between workers and employers' stakeholders, reaching few results. It creates some minor improvements in the social dialogues' attitude of the tripartite partners.³⁸ Generally, the institution lost importance, especially in the aftermath of the 18th Amendment to the Pakistani constitution in 2010, labour came under provincial governance. Only Sindh Provincial Government reintroduced the forum in December 2017. Trade unions have supported this step and called for the rest of the provinces in Pakistan to follow this example.³⁹

National Industrial Relations Commission (NIRC)

The NIRC was established in 1972 in the provinces with a quasi-judicial authority (i.e., a non-judicial body which can interpret law). After the 18th Constitution amendment in 2010, NIRC came under the Ministry of Overseas Pakistanis and Human Resource Development. It deals with trans-provincial labour issues and in the Islamabad Capital Territory (ICT). These include industrial disputes, registration of trade unions, collective bargaining agreements, unfair labour practices, and advice to the government, among others.⁴⁰ The Commission can determine the outcome in any industrial dispute determined to be of national interest by the Pakistani government.

The 2012 Federal Industrial Relations Act stipulates that the commission may adjudicate and determine industrial disputes within the Islamabad Capital Territory. A trade union or federation is a party, and any other industrial dispute resolved by the government be of national importance. This provision does not provide a forum specifically for interprovincial disputes but appears to allow for the possibility that the commission could resolve such a dispute. Worker organisations noted the limited capacity and funding for labour relations implementation at the provincial level.⁴¹

Delays in NIRC challenge litigant cases. For example, over 2,500 cases were pending with the NIRC Lahore office back in 2015.⁴² There is no timeline for the decision of cases. In practice,

workers must struggle with the cases for years and yet get nothing at the end of the day. On the positive side, in a landmark judgment in 2017, NIRC in Islamabad ordered a company to include contractual employees as eligible voters in the upcoming CBA referendum, which has been applied as unfair practices.⁴³

Provincial Wage Advisory Board

Since 2011, when the Ministry of Labour's federal jurisdiction devolved to the provinces, minimum wages have been recommended by tripartite Provincial Minimum Wage Boards with coverage for all industrial establishments' employees, whether skilled or unskilled apprentices or home workers. These recommendations are based on advisory only; the provinces regularly adopt them and become enforceable when accepted and notified by their respective governments.

Workers Employers Bilateral Council of Pakistan

The WEB-COP is a bi-partite institution between PWF and EFP to debate relevant issues at the national and provincial levels. The council has played a significant role during the last two decades, including in 2020 launching a joint statement concerning the Covid-19 pandemic.

Other bi/tripartite organs

- Employees' Old-Age Benefits Institution.
- Provincial Employees' Social Security Institutions.
- Workers' Welfare Boards.
- Workers Welfare Fund.
- National Vocational and Technical Training Commission.

Dispute settlement

The Industrial Relations Act 2012 governs labour judiciary and industrial disputes of the federal government and each province.⁴⁴

Pakistan has a four-tiered labour judiciary system: Authority under the Payment of Wages Act and Workers Compensation Commissioners, Labour Courts, Labour Appellate Tribunals, and National Industrial Relations Commission. Members of the

court and tribunal included representatives of the employer, workers, and the government. However, the prevailing system has abandoned the tripartite system, and judges appointed by the provincial governments do the adjudication.

Collective industrial disputes are attempted to settle by a Works Council in the framework of the labour judiciary institutions in each province. The employer first decides an individual grievance, and the worker can appeal the decision to the National Industrial Relations Commission. Afterwards, the parties may notice strike or lockout a conciliator is appointed by the National Industrial Relations Commission to attempt to mediate the dispute. If mediation fails, the conciliator shall persuade the parties to refer the dispute to arbitration.

The proceedings in labour courts can be lengthy and expensive – organisations listed around 1.7 million cases pending in Pakistani courts. Cases span decades, sometimes outliving the litigants.⁴⁵ The courts are sometimes in another district and travel to attend court hearings considering the long working hours and a handful of holidays can prove very difficult to workers. NIRC has only one seat in every province, which means that workers must often travel hundreds of miles to file appeals and attend hearings.⁴⁶

Alternative Dispute Resolution (ADR) is gaining more attention, especially for contractual and commercial disputes since Pakistan's formal legal system is overwhelmed with cases. Recent legislation includes Islamabad's ADR Act, 2017; the Punjab Alternate Dispute Resolution Act, 2019; and the Code of Civil Procedure (Sindh Amendment) Bill, 2018. Since 2017, in the wake of judicial reforms, Lahore High Court (LHC) initiated mainstream "court-annexed mediation," a procedure whereby judges refer cases to mediators assigned by the LHC. The mediations take place at centres built within a court complex. Aggregated data are scarce, but since 2017 the Lahore High Court registered 30,688 cases referred to mediation, out of which 14,239 references had been successfully mediated by January 2019. Official ADR centres are operative

in all 36 districts in Punjab, manned by judges who serve as mediators.⁴⁷

TRADE UNION RIGHTS VIOLATIONS

Pakistan's ranking on ITUC's Global Rights Index deteriorated from category 4 in 2019 to 5 since 2020 (5+ is worst), i.e., no guarantee of rights: While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices.⁴⁸

From 2019 to 2020, ITUC listed a series of cases of trade union rights' violations dealing with Pakistani workers protest for an end to anti-worker policies; Pakistani union filed a complaint against a hydroelectric project; 1,600 Pakistani workers reinstated after 12-day highway blockade; police attack striking health workers; protesting teachers injured by police; young doctors sacked after protesting over non-payment; police attack sacked teachers; victimisation of trade unionists at State Life Insurance Company; and the management of Sakrand Sugar Mills refused.⁴⁹

Although trade unions were able to organise large-scale strikes, police often broke up the strikes, and employers used them to justify dismissals.

ILO's complaints procedures registered 38 freedom of association cases to Pakistan: two cases are active, four are listed as a follow-up, and 32 are closed.⁵⁰ Pakistan Workers Federation (PWF) raised the first active case, categorised as confidential. The other based on allegations from the International Union of Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUAF) dealing with anti-union actions by the management of the Pearl Continental Hotel Karachi and the failure by the Government to ensure the principles of freedom of association as set out in Conventions C087 and C098.

Pakistan has ratified ILO's Abolition of Forced Labour Convention (C105), and legislation on bonded and forced labour is encompassed in a series of national and provincial laws, including

cancels all existing bonded labour debts, forbids lawsuits for the recovery of such debts, and establishes a district "vigilance committee" system to implement the regulations. However, NGOs estimated that nearly two million persons were in bondage. A large proportion of bonded labourers are low-caste Hindus, Christians, and Muslims with lower socioeconomic backgrounds. Bonded labour was reportedly present in the agricultural sector, including the cotton, sugarcane, and wheat industries, and in the brick, coal, and carpet industries.⁵¹ The Global Slavery Index ranks Pakistan as 8 out of 167 countries (1 is worst) (3 out of 28 Asian and the Pacific countries) with an estimated prevalence at 17 victims per 1,000 population in 2018.⁵²

WORKING CONDITIONS

Minimum Wages are determined at the provincial level based on consultation with the social partners or unilaterally. The latest minimum wage increases at the joint provincial level of PKR 17,500 (US\$166) per month in 2019/2020 to some diverging levels in 2021: Punjab and Khyber Pakhtunkhwa reached PKR 21,000 (US\$132), ICT with a smaller hike grasping PKR 20,000 (US\$126), Sindh listed a significant hike to PKR 25,000 (US\$158); Balochistan did not raise the minimum wage that stood flat since 2019. Men employees in Pakistan earn about 18% more than their women counterparts on average across all sectors. Pakistan's average monthly minimum wage at US\$132 in 2021 is significantly higher than Afghanistan (US\$63) and India (US\$62) but lower than China (US\$382) and Iran (US\$558). Besides, the average salary in Pakistan is significantly higher, at PKR 81,800 per month (US\$515) (see Table 4).

The minimum wage level relative to the mean wage was around 60%. The yearly real minimum wage growth was estimated at 3.5% in the 2010s.⁵³ Workers in the widespread informal economy often do not comply with the wage regulations due to a lack of awareness or incentives. Generally, enforcement of minimum wage laws is uneven.

Table 4: Status of wages and earnings per month in Pakistan

	Current Pakistan Rupee	Current US\$
Typically earning (2021)	81,800	515
Minimum wage (2021)		
Balochistan	17,500 *	110
ICT	20,000	126
Khyber Pakhtunkhwa	21,000	132
Punjab	21,000	132
Sindh	25,000	158
Real minimum wage growth yearly on average, 2010-19	3.5%	

* Year: 2019.

Source: Wageindicator.org; Satary Explorer; ILO.

The labour regulations provide a maximum workweek of 48 hours (54 hours for seasonal factories) with rest periods during the workday and paid annual holidays. They further require time off on official government holidays, overtime pay, annual and sick leave, health care, education for workers' children, social security, old-age benefits, and a workers' welfare fund. However, the low coverage of collective bargaining agreements keeps many employees from the formal sector with no benefits beyond basic wages or no long-term job security.

The national labour regulations do not apply to agricultural workers, establishments with fewer than ten employees, or domestic workers. Workers in these types of employment also lacked the right to access labour courts to seek redress of grievances and were highly vulnerable to exploitation. Reports found that the industry-specific nature of many labour laws and the lack of government enforcement give employers in many sectors relative impunity about working conditions, treatment of employees, work hours, and pay.⁵⁴ As an exception, the 2019 Sindh Women Agriculture Workers Act provides for minimum wages, sick and maternity leave, set working hours, written work contracts, among others.

Pakistan has ratified the Labour Inspection Convention (C081) and Tripartite Consultation (ILS) Convention (C144), guiding the development of the labour inspection system. Labour departments in each of the four provinces are responsible for enforcing laws to monitor working conditions and have powers to initiate an enforcement action. Since

2014, the government started an ambitious plan to reform the entire Labour Administration system. It includes that the federal government and the four provinces operate with Tripartite Consultative Committees used to advise measures on Labour Administration. One of the central areas was to reform the existing Labour Inspection system that has been ineffective and haunted by corruption allegations. In 2012, there were around 337 labour inspectors in the country but rose to 547 in 2017, equalling one inspector per 51,000 employees (or 124,000 of total employed). In contrast, the ILO recommends one inspector per 40,000 workers in less developed countries.⁵⁵

A brief overview of the working condition regulations in Pakistan is available in Table 5 below.

Table 5: Working Conditions in Pakistan

Indicator	Value
Fixed-Term Contracts Prohibited for Permanent Tasks	Yes
Maximum Length of a Single Fixed-Term Contract	9 Months
Maximum Number of Working Days per Week	6 Days
Premium for Overtime Work (% of Hourly Pay)	100 %
Paid Annual Leave (Average Working Days with 1, 5 & 10 Years of Tenure)	14 days
Length of Maternity Leave	180 days *
Amount of Maternity Leave Benefits	100% of Wage
Source of Maternity Leave Benefits	Employer
Unemployment protection after one year of employment	No

* For the first child (see more in the Social Protection section).

Source: World Bank, Doing Business, Labour Market Regulations in Pakistan.

In the outbreak of the Covid-19 pandemic in 2020, the provincial labour departments, including Islamabad, instructed employers not to terminate workers' employment contracts during the lockdown and pay full wages to the workers. In practice, 74% (19 million) of the wage employees are working without any contract. This stance limits these instructions real impact. Instead, just 5.3 million workers have permanent employment contracts and pensionable employment, a considerable majority of which work in the public sector and large private sector enterprises. Some provinces have asked employers to consider the period of lockdown as "paid leave", the province of Khyber has notified

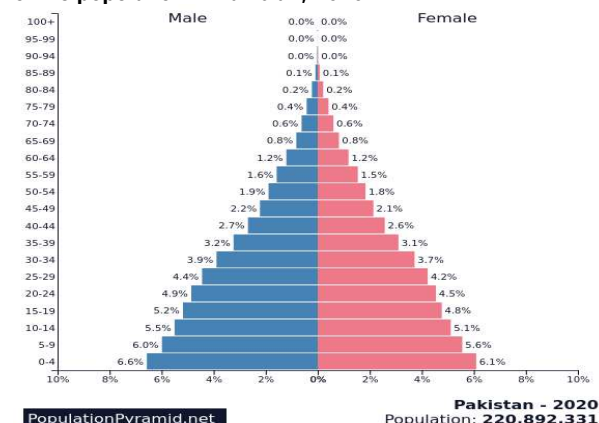
these days (more than six consecutive weeks) as public holidays. The province of Balochistan has required employers to pay at least the minimum wages (PKR 17,500) to their workers (irrespective of their contract status) regularly during the lockdown period without any deduction. The Tripartite Committee for Implementation of Labour Laws has asked the employers in the Sindh province to implement the government orders of salaries to all their staff during the lockdown period. The tripartite committee is monitoring the payment of wages and the ban on dismissal of workers during this period.⁵⁶

WORKFORCE

Pakistan is the fifth largest country in the world by population. The population growth demonstrated a declining trend from 3.2%, on average, in the 1980s to 2.1% in the 2010s, reaching 221 million Pakistanis in 2020. It continues, though, as one of the highest population growth rates worldwide outside of Africa. The country's population is estimated to reach 403 million by 2050.

The fertility rate (births per woman) fell from 6.4 in the 1980s to 3.7 in the 2010s on average, supported by the rise in the use of family planning. However, the still high population growth concerns the low quality of family-planning services, cultural and poverty aspects (e.g., a strong preference for sons because they will take care of the parents in old age and early marriage), by the same token, low education levels. In 2019, Pakistan's Supreme Court urged rule limiting families to two children to combat overpopulation and lift the country out of poverty. The life expectancy rate increased from 58 years to 66 in the same period. Around 35% of the population are below 15 years old; 61% are of working age (15-64), and 4.4% are 65 and above (see more in Figure 5). The old-age dependency ratio – the proportion of people aged 65+ vs 15-64 – is currently around 7%, and it is expected to increase to about 30% by 2100. Thus, Pakistan faces the looming challenge of an ageing population like Asian economies, mounting financial pressure on social protection such as health and eldercare pensions.

Figure 5: Population pyramid based on the age-sex structure of the population in Pakistan, 2020



Source: PopulationPyramid.net, Pakistan.

Pakistan's employment reached 154 million workers in 2018, concentrated in Punjab (57%) and Sindh (23%); Khyber Pakhtunkhwa represents 14% and Balochistan of 5.5%. Projections suggested that Pakistan's employment-to-population ratio stood at around 50% in 2019, falling to 48% in 2020. The country's women employment-to-population ratio has a significantly lower proportion than men, like the Southern Asia average. Pakistan's relatively high youth employment-to-population ratio is linked to the country's lower school enrolment rates (Table 6 and see more in the Education section).

Table 6: Estimations of employment-to-population ratio in Pakistan and Southern Asia, Age and sex distribution, %, 2019

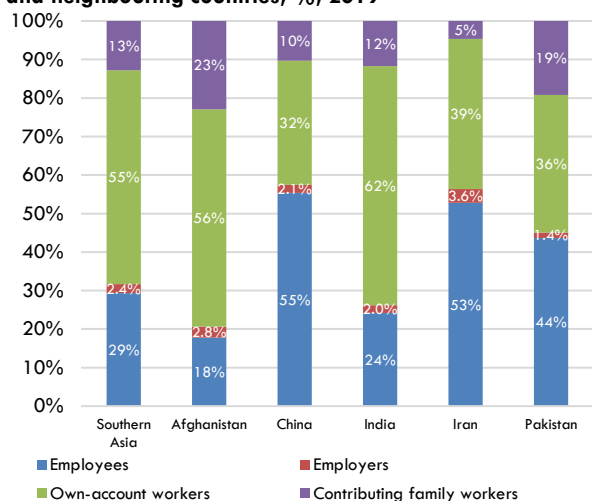
Sex	Age	Pakistan	Southern Asia
Total	Total 15+	50%	48%
	Youth 15-24	38%	26%
Men	Total 15+	79%	73%
	Youth 15-24	58%	38%
Women	Total 15+	21%	22%
	Youth 15-24	17%	12%

Source: ILO, Key Indicators of the Labour Market (KILM).

Imputed observations in Pakistan's employment status suggested changes. The employees' group increased from 37% in 2010 to 44% in 2019, at a significantly high level compared to the regional average but lower than the neighbouring countries like China and Iran. Pakistan's employers stood at approximately 1.4%. Own-account workers represented 36% flat growth while contributing

family workers dropped by eight percentage points, reaching 19% in 2019. These two latter groups are characterised as “vulnerable employment”: they are less likely to have formal work arrangements and are more likely to lack decent working conditions adequate (see more in Figure 6).

Figure 6: Projections of status in employment in Pakistan and neighbouring countries, %, 2019

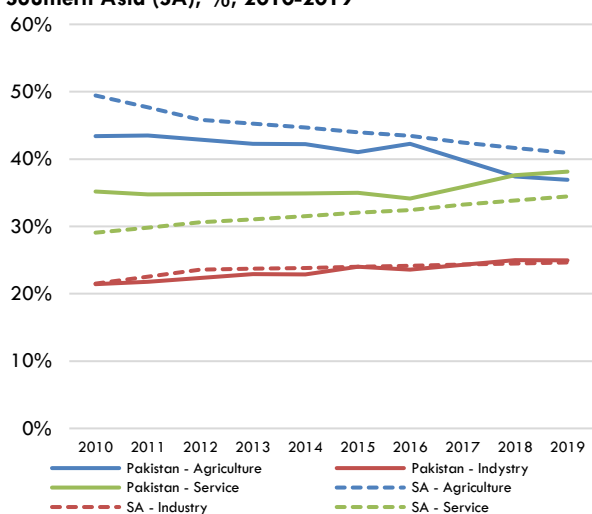


Note: The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

Figure 7 below shows that the employment rate in the agricultural sector was declining during the 2010s, a similar trend in the Southern Asia region. Instead, the industry and service sectors detected some upsurges.

Figure 7: Employment aggregate sector in Pakistan and Southern Asia (SA), %, 2010-2019

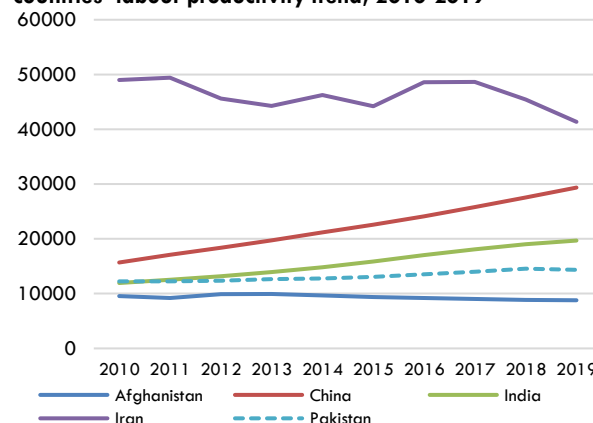


Source: ILO, Key Indicators of the Labour Market (KILM).

Manufacturing employments represent around 16% of total employment, and its share grew just by one percentage point from 2013 to 2018. It points toward that Pakistan is confronted with difficulties to reach the SDGs targeting inclusive and sustainable industrialisation (see more in the SDG table, Indicator 9.2.2, Page iv). Generally, large scale manufacturing (LSM) covers 9.7% of GDP and accounting for 76% of the manufacturing sectoral share. LSM qualifying for registration having ten or more employees. Small scale manufacturing contains all such manufacturing establishments not covered in LSM. Generally, LSM was growing during the 2010s, except it started to drop in 2019 by -2.3%, and even fell at -5.1% in 2020, reflected in downturns in wholesale and retail trade followed by manufacturing and construction and transport. Manufacturing rebounded significantly in July-March FY 2020/21, reaching 9.0%.⁵⁷

Pakistan's labour productivity stays low compared to the neighbouring countries, except Afghanistan (Figure 8). Interestingly, the country's labour productivity stood at the same level as India in 2010, but the latter grew by 65% while the former with just 17% during the 2010s. Some of the reasons for this relatively low labour productivity in Pakistan concerns limited access to the education system, substandard quality of education, lack of vocational training and skill-building programmes (see more in the Education section).

Figure 8: Projections of Pakistan and neighbouring countries' labour productivity trend, 2010-2019



Note: This measure of labour productivity is calculated using data on GDP (in constant 2011 international dollars in PPP). The presented data are based on imputed observations and subject to uncertainty; it should only be used as proxy indicator.

Source: ILO, Key Indicators of the Labour Market (KILM).

The recent Pakistan Economic Survey 2020-2021 found that at least 3.25 million micro, small and medium enterprises (MSMEs) constitute nearly 90% of all enterprises, contributing to around 40% of GDP. Approximately 97% of MSMEs are under individual ownership and mainly working in the informal economy. Since most MSMEs are not documented (other than those workers registered under Employees' Old-Age Benefits Institution (EOBI) or a social security programme), they are not protected against loss of employment.⁵⁸ Studies found that Pakistan's policy measures to develop the small and medium enterprise ecosystem has been weak caused by lack of coordination and standard information exchange mechanism among institutions.⁵⁹ This stance further glimpses the difficulties in organising workers at the enterprise level in the private sector and scuffles the labour and business regulations as well as social dialogue.

The outbreak of the Covid-19 pandemic especially hit hard many MSMEs in Pakistan, facing a lack of financial sources, supply chain disruption, decrease in demand, reduction in sales and profit. Most enterprises were neither prepared nor had any plan to handle such a situation.⁶⁰ Besides, Pakistan's gig economy is on the rise, including due to large-scale layoffs by firms caused by the Covid-19 pandemic. The country even turned into one of the fastest-growing freelancing nations, with a surge in new freelancers benefiting from government investment in enhancing digital skills through online education and unprecedented 4G coverage (see more in the Vocational Training sub-section). The gig economy workers operate as independent contractors, relieving themselves of any employment responsibilities and side-lined for a social protection programme. They primarily provide geographically tethered services like transportation; delivery of items and domestic work services were significantly affected amid lockdowns triggered by the Covid-19.

Unemployment

Unemployment is on the rise in Pakistan, and statistical filters blind its actual scope. The latest Pakistan Labour Force Survey 2018-2019

registered the unemployment rate increased from 5.8% in 2017-18 to 6.9% in 2018/19, representing 4.7 million workers. First, women's unemployment rate is more pronounced than men, 10% vs 5.9%, respectively. Second, it is more prevalent in urban zones than rural areas, 7.9% vs 6.4%, respectively. Third, youth are more prominent in unemployment than adults, which is typical for most countries and linked to school-to-work challenges.⁶¹ No official data are available of the unemployment rate in 2020. However, studies found that the Covid-19 pandemic led to an unprecedented level of economic insecurity, resulting in widespread job loss, business closures, the slowdown in business activity, and reduced working hours.⁶²

ILO's modelled estimations suggested the unemployment rate stood flat at 4% at the end of the 2010s but slightly ascended in 2020 because of the Covid-19 pandemic. It stayed lower than the regional average (see more details in Table 7 and Figure 9). In addition, the aggregate measure of the labour underutilisation rate was also lower than the regional average, 6.2% vs 10%, respectively, in 2019 (Table 7). Labour underutilisation refers to a mismatch between labour supply and demand, leading to an unmet need for employment among the population.

Table 7: The unemployment rate in Pakistan and Southern Asia, by sex and age, %, 2020

Type	Gender	Pakistan	Southern Asia
Unemployment	Total	4.7%	6.8%
	Men	3.9% *	7.0%
	Women	4.3% *	5.9%
Youth Unemployment	Total	7.8% *	18% *
	Men	8.2% *	18% *
	Women	6.5% *	18% *
Composite rate of labour underutilisation **	Total	6.2%	10%
	Men	5.4%	9.8%
	Women	9.5%	11%

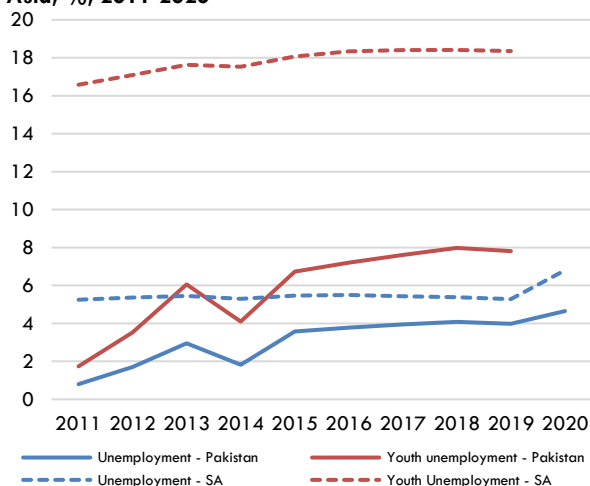
* Year: 2019.

** The share of the extended labour force that are in unemployment, time-related underemployment, or the potential labour force.

Note: unemployment rates based on ILO modelled estimates.

Source: ILO, Key Indicators of the Labour Market (KILM).

Figure 9: Unemployment trends in Pakistan and Southern Asia, %, 2011-2020



Source: ILO, Key Indicators of the Labour Market (KILM).

Pakistan's relatively low unemployment rate is shadowed by the fact that few workers can afford to remain off the work since the social security coverage is very narrow stifled by the widespread informal economy. Also, common agricultural employment is merged in subsistence farming related during planting and harvesting but not engaged full-time during the entire year, creating some "disguised unemployment." Another issue is that unemployment is statistically a part of the employed population. In Pakistan, around 50% of the working-age population was projected as economically inactive persons in 2019, excluded from the unemployment rate, and dominated by women.

Migration

Migration flows in Pakistan is linked with internal migration, out-migration), and refugeeing.

Internal migration flows are in inter-provincial and rural to urban. These concepts are rising in Khyber Pakhtunkhwa and Sindh while recedes in Punjab and Balochistan, dealing with a positive relationship with urbanisation and economic development. Generally, rural-to-urban migration accounts for about 15% of the total flow of migrants within and between areas. The latest LFS 2018-19 registered that marriage (33%) and movement with parents (20%) constitute the main reasons for internal migration; found a job (6.5%) and searching for a

job (4.3%) were not central drivers.⁶³ Overall, Pakistan's urbanisation rate grew slowly from 35% in 2010 to 37% in 2020, stands higher than Afghanistan (26%) and India (35%) but substantially superseded by China (64%) and Iran (76%).⁶⁴

During the 2010s, Pakistan became home to one of the world's largest internally displaced persons (IDPs). A decade-long militant insurgency with many military operations in the northwest has displaced many people from their homes. Data show that IDPs stock for conflicts peaked at 1.9 million persons in 2014 and 907,000 new displacements, but they fell steadily afterwards, reaching the lowest registered at 104,000 and 390, respectively, in 2020.

The country is highly prone to natural disasters such as drought, floods, heatwaves, extreme cold, and earthquakes. According to the Climate Risk Index 2021, Pakistan ranks eighth for countries most affected by severe weather events between 2000 and 2019, which led to massive displacement.⁶⁵ Concerning IDPs stock for disasters was particularly in 2010, hitting 11 million people due to monsoon floods causing enormous destruction. At the end of the 2010s, the stock was low, but in 2020, 829,000 new displacements were listed affected by monsoon.⁶⁶

Pakistan's out-migration (emigration) flow is high and spread around the world. A large majority of Pakistani migrant workers is concentrated in Gulf Cooperation Council (GCC) countries, especially Saudi Arabia and United Arab Emirates. More than 11 million Pakistanis have been provided manpower to other countries from the last five decades. Despite the Covid-19 pandemic, the trend of intending migrant workers was observed towards Oman, Qatar, and Bahrain. Apart from GCC Countries, Malaysia and Iraq were also destination countries for Pakistani manpower in 2020.⁶⁷

Emigrants are mostly low-skilled and semi-skilled seasonal migrants. Their migration is short-term and typically lasts for four or five years. Remarkably

few Pakistani women turn emigrants, just around 0.2% of the total flows. This situation links to the 1979 Emigration Rules, whereby the minimum age for women to work abroad as domestic workers are 35 years, and this constrains their possibility to migrate regularly.⁶⁸

Pakistan's net migration has been quite unbalanced during the last two decades. The high emigration flow sticks to internal conflicts, job-seeking with higher wages in neighbouring countries, and environmental migration due to natural disasters. At the beginning of the 2010s, the registered emigration flow was rising, peaked at close to one million workers in 2015. It dropped suddenly in 2017/2018 to the GCC region that entered economic downturns affected by low oil prices leading to budget cuts in the infrastructure sector, reduced job opportunities in the construction sector. Pakistan's emigration flow rebounded in 2019 but was disrupted during 2020 due to the global Covid-19 pandemic. Generally, a combination of factors motivated migrant workers' return to Asian countries, including the fear of a worsening Covid-19 situation, job losses or expected job losses, or expiration of work permits.

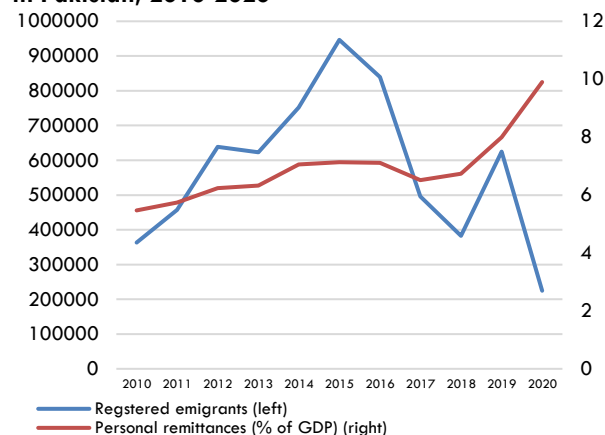
Personal remittances accounted for around 7.7% of GDP on average from 2016 to 2020, boosting the economy and around seven percentage points higher than foreign direct investments, and stood significantly higher than the Southern Asia average at 3.9%. The global economic downturn in 2020 did not appear to batter the personal remittances flow, even increased by 17% from 2019 to 2020 (see details in Table 8 and Figure 10).

Table 8: Status of net migration flow, personal remittances, and refugee population in Pakistan

Theme	Value
Net migration rate per 1,000 population	-1.016 (2020) -1.127 (2015) -0.696 (2010)
Personal remittance (received), % of GDP (2016-2020 av.)	7.7%
Refugee population by country or territory of asylum (2020)	1,438,955

Source: World Bank, World Development Indicators; Macrotrends, Pakistan - Net migration rate; UNHCR, Operational Data Portal.

Figure 10: Emigration and personal remittances trends in Pakistan, 2010-2020



Source: Bureau of Emigration & Overseas Employment (HQ, Islamabad); World Bank, World Development Indicators.

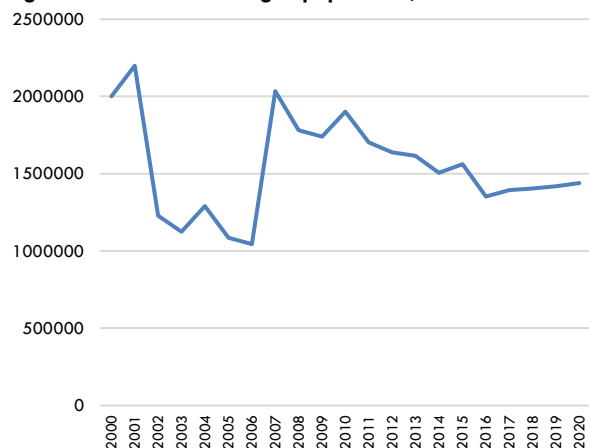
An increasing number of migrant workers from Pakistan are using official channels, either through licenced overseas employment agencies or bilateral national arrangements. The processes' costs and time and insufficient assurances of its conditions keep many using irregular channels, which create a market for smugglers and informal brokers, using dangerous routes.⁶⁹

The Emigration Ordinance 1979 and its accompanying rules make up the framework that governs the codes of conduct for overseas labour recruitment in Pakistan. Since the Bureau of Emigration and Overseas Employment's (BE&OE) promulgation, 11 amendments in Emigration Ordinance 1979 and 101 in Emigration Rules have been implemented. There is no formal labour emigration policy in the country. Still, a draft focused on three areas: labour emigration and recruitment, the welfare of overseas migrants, and the return and reintegration of overseas migrants. The draft policy is in the advanced stage of approval.⁷⁰

Pakistan has hosted Afghan refugees for more than 40 years. Currently, it holds 1.4 million registered refugees, making it the third-largest host country of refugees in the world. Approximately one million additional refugees are unregistered Afghans. From 2002 to 2021 (September), close to 4.4 million Afghan refugees facilitated voluntary repatriation.⁷¹ While Pakistan provides refugees and asylum seekers access to social services, they

hold no official status and cannot work legally. Pakistan is not a signatory to the 1951 Refugee Convention and has no national refugee legislation.

Figure 11: Pakistan's refugee population, 2000-2020



Source: World Bank, World Development Indicators.

A 2008 census of three million Afghan refugees found that 53% of households relied on daily wages, and only 8% of the household heads reported being employed. Those employed are found from day wage labourers in the construction and agricultural sectors to small scale workers in carpet-weaving, fresh fruits, heavy machinery, and honey beekeeping, not to mention some in remote areas, doing menial jobs or as nomads or herders.⁷²

Informal Economy

Pakistan's informal economy is widespread, sticking to working poverty, limited access to labour welfare services, child and bonded labour, and gender-based discrimination. Its magnitude varies; it is often cited at 32% of GDP in 2015, falling by five percentage points since 2000. It continues substantially higher than China (12%), India (18%), and Iran (18%).⁷³ However, depending on the methodology adopted, other estimations suggest its size go up to 50-60% of GDP.⁷⁴

Informal employed in non-agricultural employment increased from 68% in 2010 to 72% in 2018 (Table 9). If all nonwage workers are assumed to have casual jobs, the share of informal employment to all workers is about 82%. The stubborn high informal employment suggests that Pakistan's

labour market structure is not developing in the proper direction to reach the SDG target dealing with development-oriented policies and formalisation of SMEs (see SDG table, Indicator 8.3.1, Page iv). Some of the issues concern limp technology-driven application and lack of skilled-based upgrading of economic activities or scaling up the operational size of small enterprises. The economic downturn since 2020 due to the Covid-19 pandemic cost many formal jobs, forcing many to enter the informal economy, leading to lower daily incomes and difficulty due to weak coverage on social safety nets.

Table 9: Status of Pakistan's informal economy, latest data

Indicators	Per cent
The informal economy's share of GDP (2015)	32%
Informal employed in non-agricultural employment (2018)	72%
Informal payments to public officials (% of firms) * (2013)	46%

* Informal payments to public officials are the percentage of firms expected to make informal payments to public officials to "get things done" regarding customs, taxes, licenses, regulations, services, and the like.

Sources: IMF, Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?, IMF Working Paper, January 2018; Ministry of Planning, Development & Special Initiatives Pakistan Bureau of Statistics, Pakistan Labour Force Survey 2018-19; World Bank, World Development Indicators.

Informal payments to public officials stood high at 46% of firms to "get things done" about customs, taxes, licenses, regulations, services, and the like, which was notably higher than the neighbouring countries like China (11%), India (17%), and Afghanistan (39%) (see Table 9).

The key sectors of non-agricultural employment in the informal economy are wholesale and retail trade manufacturing, community/social and personal services, construction, and transport.

Few policies are geared to protect informal workers in Pakistan. The Punjab Labour Policy in 2018 aims at expanding rights and entitlements of informal economy workers but focused on workers in home-based contracting, construction, and agriculture, excluding street vending. In addition, the Domestic Workers (Employment Rights) Act

2013 was approved to provide labour protections to domestic workers employed in Islamabad Capital Territory. However, it took another six years for similar legislation to be passed in Punjab, while there are no such provisions in the other provinces. The Punjab Domestic Workers Act of 2019 makes provisions for sickness and medical care, accident compensation, disability payments and survivor pensions in line with the Punjab Social Security Ordinance 1965. It also institutes a minimum wage as prescribed as well as a cap of a maximum eight-hour workday. In practice, grievance and redressal mechanisms remain untested.⁷⁵ National forums dealing with informal economy workers are in progress, and specific policies addressing the status of informal economy workers are adopted in Pakistan.⁷⁶

The government's national strategy to the informal economy was linked to the closure of illicit economic activity and taxation. This approach negatively affected the incentives to formalise informal enterprises, not to mention a general lack of awareness or tedious and complicated procedures (revisit Appendix Table 23). Regarding paying income taxes, the number of registered taxpayers peaked at 2.7 million in 2020, about 1.8% of total employment, glimpsing the narrow tax collection. The government's target is to raise total revenue to 3% of GDP over the next three years, and the need to improve formalising the informal economic activities is becoming a priority. Besides, this informal working ecosystem further challenges the attention of industrial relations, organising workers, and performing with collective bargaining through social dialogue.

The country's social insurance programmes operate in the formal sector of the economy, excluding the informal workers. The widespread informal economy keeps most workers in vulnerable employment with weak social protection: just 6.4% of the population is covered by social insurance programmes, and 2.7% of employed are covered in the event of a work injury (see Table 14 ahead).

Child Labour

Around 36% of Pakistan's population is 0-14 years old, and this segment continues the rise (revisit Figure 5). The country ratified ILO's two conventions on effective abolition of child labour, C138 and C182 (see Appendix Table 20). The labour legislation framework prohibits the worst forms of child labour. Under enacted legislation, the minimum age for employment is 14 years in Khyber Pakhtunkhwa and Sindh, 15 years in Punjab. The minimum age for hazardous work is still 14 years in Balochistan and ICT, but it has been raised to 18 years in Khyber Pakhtunkhwa, Punjab, and Sindh. Employers are required to arrange the working hours of adolescents (15 to 18 years) in such a manner so that these are not in conflict with school hours.

In response to the fatal beating of an 8-year-old domestic worker by her employer, the Islamabad Capital Territory banned child domestic labour under age 14 in the capital territory in 2020. It was the first time, passing an amendment that makes it illegal for children to participate in domestic labour. The Pakistani government further added domestic labour to the list of occupations defined as hazardous work prohibited for children under the Employment of Children Act 1991.

Various factors can compound vulnerability to child labour in Pakistan, such as poverty, religious minority and caste status, and weak school enrolment and attainment. Child labour is mostly in agriculture, brick kiln, fisheries, poultry, mining, construction, domestic labour, and carpet-making industries frequently failed to follow labour laws with no or little government oversight. Employed children are often in small- and medium-sized businesses, particularly those operating in private homes and not subject to inspections. Generally, children work in the informal economy and are sidelined of labour regulations. Many children in Pakistan are even subject to the worst forms of child labour, including commercial sexual exploitation, forced domestic work, or human trafficking.

Pakistan's child labour rate was registered at 11% in 2017/18, much higher than the Asia and the

Pacific average (Table 10). The economic downturn and complications in the education system since 2020 triggered by the Covid-19 pandemic are most likely to increase child labour.

Table 10: Status of child labour in Pakistan and Asia & the Pacific

Country/ Region	Type	Rate
Pakistan (2017/18)	Children in employment	-
	Child labour	11%
	Hazardous work	-
Asia & the Pacific (2020)	Children in employment	-
	Child labour	5.6%
	Hazardous work	2.6%

Note: Children in employment: unpaid family workers are people who work without pay in a market-oriented establishment operated by a related person living in the same household. Child labour: work that is mentally, physically, socially, or morally dangerous and harmful to children; and interferes with their schooling. Hazardous work: children in dangerous and unhealthy conditions that can lead to a child being killed, injured, or made ill because of poor safety and health standards or employment conditions.

Sources: UNICEF Child Labour Database based on Pakistan Labour Force Survey 2017-18; ILO and UNICEF, Global estimates 2020, trends and the road forward, 2021.

Provincial labour inspectorates do not receive sufficient resources to enforce laws prohibiting child labour adequately, and the federal and provincial governments did not publicly release information on their labour and criminal law enforcement efforts. In addition, police corruption, particularly the taking of bribes from suspected perpetrators to ignore child labour crimes and lack of willingness to conduct criminal investigations, hindered Pakistan's ability to address the problem throughout the country.⁷⁷

Gender

Pakistan has adopted several international commitments to gender equality and women's human rights: the Universal Declaration of Human Rights, Beijing Platform for Action, the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), and the Sustainable Development Goals.

The Constitution of Pakistan grants all citizens the right to conduct lawful business. The government promotes a National Policy for Development and

Empowerment of Women, Protection against Harassment of Women at Workplace Act, Criminal Law (Amendment) (Offences in the name or pretext of Honour) Act, Criminal Law (Amendment) (Offences Relating to Rape) and a National Plan of Action on Human Rights. Local commitments adopted include Gender Equality Policy Frameworks and Women's Empowerment Packages and Initiatives.

Despite the gender policy commitments, the country's ranking for gender equality remains one of the lowest in the world.⁷⁸ Among others, women and men are not equal in marriage, divorce, custody rights and inheritance, side-lining CEDAW's commitments. In addition, although Pakistani law grants women the same rights as men with ownership and access to property other than land, women face obstacles with customary law and traditional practice that inhibits their possibility of gaining ownership. Just around 3% of women are landowners in Pakistan. And for those who own land, it is common that they do not have actual control of it as the husband or male relative manages it. Even though all women are entitled to financial and banking services, most women cannot access these in practice because of a lack of collateral. Besides, common Pakistani social norms dictate that the responsibility of women is to be a wife and mother, and many women face harassment when moving around in the public sphere. This situation greatly affects women's mobility as well as the ability to conduct and expand businesses.⁷⁹

Pakistani women further carry the 'double-burden', i.e., women's workload weighing on employment along with unpaid care and domestic responsibilities. The patriarchal ethos brings many families discouraging daughters and wives from becoming entrepreneurs, and many women have mobility restrictions due to security issues. Women often are discouraged from participating in decision-making processes and entering leadership positions. Traditional cultural stereotypes are more present in rural areas and among specific ethnic groups.

The global Gender Inequality Index (GII) reflects the scope of gender disparities, ranking Pakistan

135 out of 162 countries (1 is best) in 2019. This relatively low ranking is mainly due to women's low labour force participation rate as well as their low-slung secondary education. Instead, it scores somewhat better concerning maternal mortality ratio and adolescent birth rate.⁸⁰ The other Global Gender Gap Index (GGGI) 2021 ranks Pakistan 153 out of 156 countries (1 is best). The country scores very low at health and survival (153), economic participation and opportunity (152), and educational attainment (144), while political empowerment at the medium level (98).⁸¹

The scope of gender labour-related inequalities is visualised in the wage gender gap: Pakistan women employees' average hourly earnings were 76% of men in 2018. The highest gender wage gaps are among skilled agricultural workers and craft and related trades workers, 39% and 44%, respectively, while service and sales workers are up at 103%. The general wage gender gap widened by five percentage points from 2016 to 2018. This trend challenges the country's pace to reach the SDGs target to reach decent work for all workers (see SDGs table, Indicator 8.5.1, Page iv).

Table 11 displays Pakistan's gender gaps in employment structures. There are significantly fewer women in employment than men, and the former is more prevalent in 'vulnerable employment' (unskilled labourers, traders, artisans, or subsistence farming) than the latter. This situation makes many women more vulnerable to discrimination, marginalisation, and physical and sexual abuse.

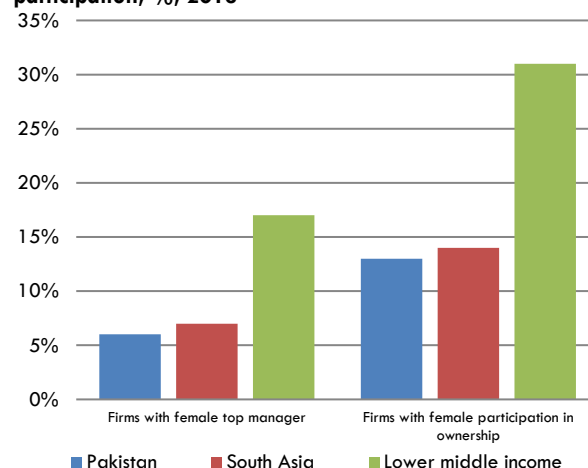
Table 11: Estimation of workforce key indicators gender gaps in Pakistan, 2019

	Men	Women	Men/women ratio gap, percentage point (p.p.)
Employment	79%	21%	+58 p.p.
Unemployment	3.9%	4.3%	-0.4 p.p.
Employees	47%	30%	+17 p.p.
Employers	1.7%	0.1%	+1.6 p.p.
Vulnerable employment *	51%	70%	-19 p.p.

* Aggregated own-account workers and contributing family workers.
Source: ILO, Key Indicators of the Labour Market (KILM).

Women as an employer are rare in Pakistan. The latest Pakistan Enterprise Survey from 2013 shows that Pakistani women are scoring low as top managers and participation in ownership compared to lower-middle-income countries, but only slightly lower than the South Asia average (Figure 12).

Figure 12: Enterprise Survey in Pakistan, Women participation, %, 2013



Source: World Bank, Pakistan Enterprise Survey, 2013.

Youth

Pakistan has one of the world's largest youngest populations, with 64% under the age of 30 on absolute terms with a mounting 'youth bulge.' Currently, youth (15-24 years old) represent 19% of the population and around 37% of the employment in 2020. This youth population group is in multiple transitions in roles as students, workers, migrants, spouses, parents, and citizens. Youth is also a diverse social group with different characteristics and attitudes about work between the provincials.

Since the Ministry of Youth Affairs decentralisation as part of the constitutional 18th Amendment of 2010, the responsibility for youth issues was moved to the provincial level. The four provincial governments launched youth policies: Punjab was the first in 2012, followed by Balochistan in 2015, Khyber Pakhtunkhwa in 2016, and Sindh in 2018.⁸² Generally, the federal and provincial governments have launched many initiatives to empower youth, mainly targeted at unemployed, less educated, and unprivileged/poor youth. Despite these positive

initiatives, the results' scopes are somewhat contested by structural deficiencies in the education system and the widespread informal economy. Other issues like health, reproductive health, family planning, sports, and particularly politics are neglected.⁸³

The youth got hit harder by the economic downturn in 2020/2021. For example, young people face a more adverse scenario for their opportunities for educational continuity and entry into the labour market. It will affect their social and labour inclusion trajectories, especially those belonging to the low-income segment. In March 2021, the Government of Pakistan embarked on a countrywide exercise to determine the needs of Pakistani youth and the barriers to actualising their potential. Considerable deliberations, consultations and groupthink were organised to understand why Pakistan has been unable to convert its youth bulge into economic dividends. It led to several strategies: Realigning Kamyab Jawan Programme for Covid-19 Response; providing income and livelihood support to Covid-19 affected workers; supporting the implementation of Prime Minister's Corona Tiger Force Initiative; developing Matric-TECH Pathways for integrating TVET in Formal Education. Furthermore, the federal government promoted several other plans; see Appendix Table 21.⁸⁴

On the school-to-work transition stages, Pakistan shows that 20% are students in the labour force, 53% unemployed school leavers, 11% school leavers in non-stable or non-satisfactory employment, wanting to change job, and 16% school leavers in the potential labour force or aiming to look for work later.⁸⁵

Many young people struggle to find work that matches their skills and education in the formal sector, particularly industry. It has questioned the education system's capacity to improve youths' insertion in the labour market, and their ability to engage in entrepreneurial initiatives is particularly acute. It is worthwhile to mention that Pakistan's youth employment-to-population ratio dropped only slightly by four percentage points during the

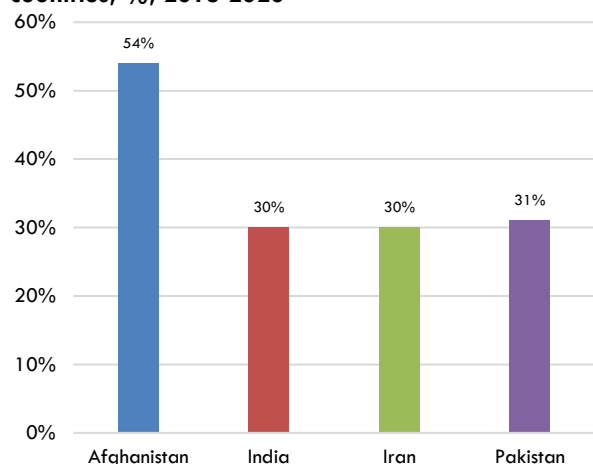
2010s, linked to the weak rise in school enrolment rates (see more in the Education section).

A large part of youth in Pakistan starts their career early. In general, these young people face a higher unemployment rate at the start of their career, which gradually decreases with age increases. Data suggest that the youth unemployment rate rose during the 2010s but continues substantially lower than the Southern Asia average (revisit Figure 9). There is a higher incidence of unemployment among educated youth or living with educated parents. Instead, youth with a lower level of education are more likely to be engaged in economic activities since they have much fewer options in search of better jobs.⁸⁶

Studies found that Pakistani youth are not much introduced to volunteering. Those motivated towards general areas of volunteering are in medical centres or educational institutions and have been involved in religious activities. Generally, Pakistan is haunted by a lack of volunteerism opportunities and awareness.⁸⁷

The insufficient job creation in the formal sector and cultural aspects make many youths discouraged and withdraw from the labour market, becoming economically inactive. An overview of this phenomenon in Pakistan is illustrated in the NEET rate (i.e., those not in employment, education, or training), estimated at 31% in 2018. Data reveal that the NEET rate stood flat during the 2010s. The rate sticks to a stark gender gap: 7.6% for men and 55% for women.⁸⁸ However, adjusting the women's NEET rate with household work most likely brings the rate down. Another aspect is that Pakistan's NEET rate is in line with India (30%) and Iran (30%) but lower than Afghanistan (54%) (Figure 13). Reaching the specific SDG goal targeting 2030 to reduce the NEET rate substantially appears to be stalled in Pakistan (see more in SDG Table, Indicator 8.6.1, Page iv). The negative economic downturn triggered by the Covid-19 pandemic further deteriorated the process.

Figure 13: The NEET rate in Pakistan and neighbouring countries, %, 2018-2020



Note: NEET rate is the proportion of youth not in employment, education, or training. China's NEET rate was not available.

Source: ILO, Key Indicators of the Labour Market (KILM).

EDUCATION

Education is a fundamental right integrated in Pakistan's constitution. The 18th Constitutional Amendment from 2010 decentralised the educational system to the provincial governments. The four provincial areas diverge significantly in reaching compulsory education: Balochistan (56%), Khyber Pakhtunkhwa (71%), Punjab (70%), and Sindh (61%).

The education system reflects large gaps between private and public education. The public education system is the largest provider and consists of 12 academic years, including primary and higher secondary school. Around a third of children are enrolled in primary schools in private schools. The private schools can be divided into those that follow the official Pakistani national curricula and the most exclusive ones that follow the Cambridge International Examinations curricula. The latter is typically for children belonging to the economic middle- and higher-middle-income families in Pakistan.

The 'Deeni Madrassas', which are religious schools, often offers free admission, boarding, and lodging funded through community and religious donations. These types of primary and secondary education cater to different geographical, cultural, and economic strata, and it has been argued that it is a

major reason for continued economic inequalities and behavioural divisions, causing social conflict in the Pakistani society.⁸⁹

Pakistan's government expenditure on education was slightly lower at 12% of total government expenditure on average during the 2010s than the Southern Asia average of 14%. Still, it has been rising in recent years. A central problem for the Pakistani educational system is not funding but misusing funds along with corruption and teachers' absenteeism. Between 2010 and 2016, Pakistan doubled its budget for education. However, teachers often have close ties to politicians that function as patrons, and the teachers do not have to show up for work regularly. Instead, many teachers act as political mobilisers, especially in rural and semi-urban areas. Besides, teachers' salaries are high enough to pay off administrative personnel, so they do not report the absence.⁹⁰

The education system reached some improvements but continues to be haunted by too heavily on outdated teaching and examination methods, especially public schools in rural areas, struggling to use more modern teaching and examination methods. The education system is somewhat elitist, leaving the best educational opportunities primarily available to the more affluent or well-connected.⁹¹

Some small strides have been made in improving literacy: the literacy rate for the population 15+ increased from 50% in 2005 to 59% in 2017. It stood significantly lower than China (97%), India (74%) and Iran (86%) but higher than Afghanistan (43%). While literacy rates in cities like Lahore, Islamabad, and Karachi are close to 75%, these rates can be as low as 9% in the "tribal regions" of Baluchistan, Pakistan's largest and poorest province. In addition, Pakistan's Labour Force Survey data revealed that not even half of total employment by education had less than basic education, at 45%. Around 27% of employment have basic education; at intermediate and advanced levels have 19% and 8.4%, respectively. Very high gender gaps are present, except at the advanced level (Table 12).

Table 12: Employment by education, age 15+, % of employment distribution in Pakistan, 2018

	Less than basic	Basic	Intermediate	Advanced
Total	45%	27%	19%	8.4%
Men	38%	31%	23%	8.7%
Women	70%	15%	8.0%	7.4%

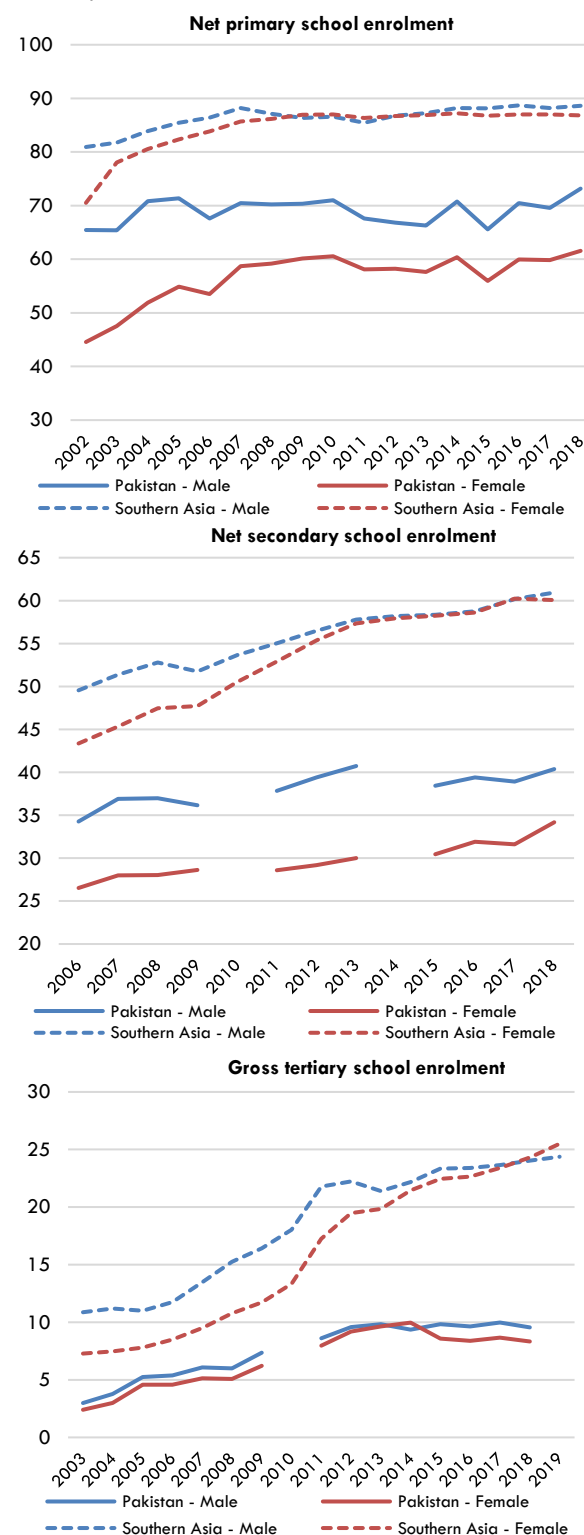
Source: ILO, Key Indicators of the Labour Market (KILM).

Education in Pakistan is free and compulsory for all children between the ages of five and 16 or up through grade 10, but it is far reached universal so far. Figure 14 shows some changes and their scope in the enrolment rate at all levels. Concerning the net enrolment in primary education, the main achievement was a significant hike among girls during the 2000s curbing a tad the gender gap, but it stalled in the 2010s; boys' rate did not progress, except for an upturn at the end of the 2010s. This trend was similar in Southern Asia but hovering above Pakistan's rates. Although the enrolment in secondary education level grew for both boys and girls during the last two decades, the gender gap rests deep. It evolved faster in the region, though, even curbing the gender gap. The enrolment in tertiary education level did not rise in Pakistan during the 2010s, staying far below the widening gap with the regional rates.

An alarming factor is that Pakistan has one of the highest numbers of out-of-school children worldwide: around 22.7 million Pakistani children aged five to 16, equal to 44% of this age group, did not participate in education in 2017, stick to striking inequalities based on sex and socioeconomic status.⁹²

The Covid-19 pandemic brought abrupt and unforeseen challenges to follow the education plan. The government closed schools in 2020. Lessons were given via educational TV and radio and were not compulsory. It turned out challenging for many children in some regions to have access to these programmes. It has also complicated many children to complete the curriculum, stalling ongoing education reforms. The training of teachers, students' digital experience, and other associated matters such as internet access, computer availability, and so on also played a role (see ahead).

Figure 14: Enrolment in primary, secondary, and tertiary education in Pakistan and Southern Asia, %, male and female, 2002-2019



Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100 %.

Source: World Bank, Education Statistics.

Considering the youth bulge and abovementioned school enrolment trends signal some worrisome rising risks of losing ground regarding the development of workforce's productivity compared to the regional, not to mention facilitating social mobility to a satisfactory degree.

Vocational Training

Pakistan's Technical Vocational Education and Training (TVET) system is provided in various forms, from informal industry-based apprenticeship programmes to secondary-level skills certificate and diploma programmes of one or two years and 10+3 programmes linked to secondary and post-secondary levels.

TVET programmes are promoted at technical secondary schools, trade schools, polytechnics, technical colleges, most public institutions. World Education Services listed more than 3,600 vocational and technical institutions in the country in 2018, enrolling over 400,000 students, most of them concentrated in cities and provinces like Punjab and Sindh. Enrolment in TVET increased substantially from 2013 when there were 1,650 institutions with approximately 315,000 students.⁹³

Despite the growing enrolment in vocational training, the TVET sector accommodates 13% of the nearly three million young people who enter the job market each year. Low enrolment persists despite the high demand for skills training among both genders. The government is currently trying to create a system to accommodate 20% of all school leavers by 2025.

Table 13 below depicts the scope of Pakistan's vocational training. For example, the share of all students in secondary education enrolled in vocational programmes grabbed 3.3% on average during the 2010s, relatively high compared to Southern Asia average at 1.7%. On the other hand, Pakistan government expenditure on secondary vocational education is low at 0.1% of GDP, much lower than neighbouring countries like India (0.4%) and Iran (0.4%).

Table 13: Pakistan's vocational training programmes status

Indicators	Value
Share of young adult population enrolled in TVET (2019)	13%
Share of all students in secondary education enrolled in vocational programmes (2010s average)	3.3%
Share of all students in upper secondary education enrolled in vocational programmes (2010s average)	7.5%
Government expenditure on secondary and post-secondary non-tertiary vocational education (% of GDP) (2013-17, average)	0.1%

Sources: World Bank, Education Statistics; Pakistan Ministry of Planning Development & Special Initiatives, Youth Initiatives.

Pakistan's government recognised that the TVET sector is highly fragmented and unstructured and requires reforms at all levels, from policy formulation to delivery. The Covid-19 pandemic transformed a health issue into a national economic and labour market crisis. It took its toll on young people dealing with unemployment, access to lower quality informal jobs, and weak transitions to education, skills development, employment counselling, and decent work. Reforms based on the principles of quality, access and relevancy have been identified under National Skill Strategy (NSS) and need to be diligently followed instead of the Covid-19 reality shift.⁹⁴

The National Vocational Qualification Framework (NVQF) was initiated in 2009 to create a system of competency-based, nationally standardised TVET qualifications aligned with international standards. Among others, they reached standardisation of skills qualification under the NVQF and development of curricula for Job Placement Centres (JPCs) and Vocational Counselling Centres (VCCs). In 2019-20, the government established at least 100 JPCs and VCCs across the country. The government further presented new labs and workshops in public sector schools and colleges prepared to ensure the provision of integrated TVET to youth into the General Education stream. The target youth after Grade 8 will be enrolled on the same pattern of general education.⁹⁵

The demand for digital services – such as mobile cellular, internet, and other digital payments – increases worldwide. At the education level, Information and Communication Technology (ICT) has been embraced by Pakistani teachers. Still, the country continues far behind in the integration process, and poor ICT-related development is observed. Studies found the country lacked a unified policy at the government level to effectively integrate technology into teaching and learning. Traditional methods, which are almost obsolete in developed countries, continue being practised. Most of Pakistan's schools in rural areas face a lack of physical and technical infrastructure and facilities supportive of ICTs. Poor school buildings, limited electricity supply, and poor telecommunication links are major obstacles schools face. Capacity-building in different areas like professional development of teachers, technical support, specialist, and content development are also tasks faced by the country's education sector.⁹⁶

Pakistan has experienced a slow-growing application for ICT aspects during the 2010s. For example, individuals using the internet increased from 8% in 2010 to 17% of the population in 2019. In this internet user indicator, the country is far below neighbouring countries like China (71%), India (41%) and Iran (84%). Pakistan's demands for mobile cellular subscriptions grew from 55 in 2010 to 80 per 100 people in 2020, again lower than the neighbouring countries, except Afghanistan.

SOCIAL PROTECTION

Pakistan's social protection systems are still evolving. The country has ratified ILO's Equality of Treatment (Social Security) Convention (C118) but leaving out six other relevant, up-to-date specific social security conventions. Social protection is enshrined in the country's constitution as a policy principle rather than an enforceable right.

Pakistan's federal government launched the Ehsaas Strategy (Compassion Strategy) in 2019 outlines the vision for creating a welfare state. It led to the Ehsaas Programme, a social safety nets and poverty alleviation programme, not to mention

human capital development. Pakistan further established the Poverty Alleviation and Social Safety Division (i.e., the Ehsaas Ministry) in 2019 to manage the institutional structure of the Ehsaas Strategy. New initiatives were launched that provided a one-off cash payment to those most severely affected by the Covid-19 pandemic. Additionally, the Mazdoor Ka Ehsaas Programme is in the planning stage, a contributory social security scheme for workers in the informal economy. At the provincial level, a series of new social protection laws, policies, institutions are programmes have been in progress (see more in Appendix Table 22).

Despite the progress in the social protection framework, the population continues underserved by the public sector and highly vulnerable to economic and health-related shocks. Launching large-scale social protection initiatives was mainly in the last decade.⁹⁷ The scope of social protection coverage is depicted in Table 14; for example, <10% of the population are covered by at least one social protection benefit, and vulnerable persons protected by social assistance reached just 3% in 2020. Pakistan mainly stands below all social protection indicators' scope compared to the neighbouring countries.

Table 14: Proportion of population covered by social protection systems in Pakistan, %, 2020

Indicator	Coverage
People covered by Health Social Protection, % of population	3.0%
Population covered by at least one social protection benefit	9.2%
Proportion of older persons receiving a pension	5.8%
Persons with severe disabilities collecting disability social protection benefits	1.7%
Unemployed receiving unemployment benefits	0%
Employed covered in the event of work injury	2.7%
Children/households receiving child/family cash benefits	5.4%
Poor persons covered by social protection systems	69% *
Vulnerable persons covered by social assistance	5.0%

* Year: 2018.

Source: ILO, Key Indicators of the Labour Market (KILM); DTDA, data collection tool 2020: Pakistan.

Data show that coverage of social protection and labour programmes grew from 9.3% in 2007 to 22% of the population in 2018. Concerning the range of social insurance, programmes fell by 0.4 percentage points in the same period, reaching just 6.4% of the population. These latter programmes are haunted by a deep gap between the richest and poorest quintiles, 12% and 1.9%, respectively. On the other hand, coverage of pro-poor oriented social safety net programmes increased from 2.6% in 2007 to 10% in 2018: poorest quintile at 21% compared to richest at 0.8% of the population in 2018.⁹⁸

Several aspects disturb the social protection coverages in Pakistan. First, the weak range of social insurance programmes concerns employment-based contributory schemes that only cover formal sector workers. As previously mentioned, at least seven out of ten (72%) of the non-agricultural workforce operate in the informal economy without any form of coverage. Second, lack of awareness of the social protection system or somewhat thwarted in trust dealing with flaws in the testing-based targeting system, leading to technically exclusion errors for many potential beneficiaries. Third, the social protection schemes' low benefit amounts generally eroded incentives to enrolment in schemes.⁹⁹ These factors expose the massive challenges to reach the SDG's social protection goal concerning, by 2030, achieve substantial coverage of the poor and the vulnerable (see more in SDG Table, Indicator 1.3.1, Page iv).

Pakistani people covered by health social protection is low at 3% in 2020. The country's health expenditures grew from 2.6% in 2010 to its, so far, peak at 3.2% of GDP in 2018 (Table 15). This rate on average at 2.7% during the 2010s has been considerably lower than the neighbouring countries: Afghanistan (9.5%), China (4.8%), India (3.4%), and Iran (7.4%). Likewise, Pakistan's health expenditure per capita was on the rise during the 2010s but also continued lower than the neighbouring countries, not to mention not yet reached the US\$44 per capita threshold defined by the High-Level Task Force on Innovative International Financing for Health Systems (HLTF).¹⁰⁰

Table 15: Status of expenditure on health and social contribution in Pakistan and Southern Asia, average, 2010-2018

Service	Pakistan	Southern Asia
Total health expenditure, % of GDP, 2010-2018 average	2.7%	3.4%
Current health expenditure per capita, US\$ current, 2010-2018 average	US\$34	US\$53

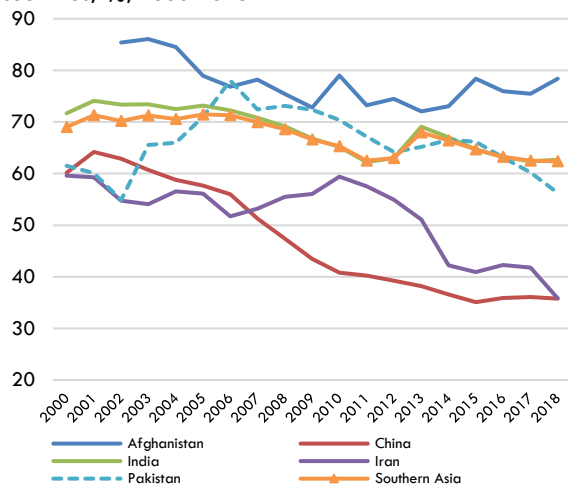
Source: World Bank, World Development Indicators.

Health services have been on the rise in Pakistan, reflected in some health improvements: The maternal mortality rate fell from 286 in 2000 to 140 deaths per 100,000 live births in 2017, staying significantly low compared to Southern Asia average at 163. In contrast, the child mortality rate (under five) dropped from 108 in 2000 to 67 deaths per 1,000 live births in 2019, superseding the regional average at 40.

There are significant disparities in health when it comes to the rural-urban divide. For example, women living in rural and remote areas face several challenges in poverty that make them work longer than men. The dominance of patriarchal power results in gender inequality and denies them access to the social sphere, giving them less access to healthcare.¹⁰¹

Pakistan's National Health Vision (2016-2025) focuses on improving the health of all Pakistanis, particularly women and children. It aims at universal access to affordable quality essential health services and delivered through a resilient and responsive health system, ready to attain Sustainable Development Goals and fulfil other global health responsibilities. Figure 15 shows the country's share of healthcare expenditure financed by private households' out-of-pocket payments fell during the 2010s, linked to somewhat increased health expenditure. The out-of-pocket health payments reached 56% in 2018, which was lower than the Southern Asia average.

Figure 15: Out-of-pocket expenditure as a percentage of total expenditure on health in Pakistan and neighbouring countries, %, 2000-2018



Note: Out of pocket expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of the health status of individuals or population groups. It is a part of private health expenditure.

Source: World Bank, World Development Indicators.

Pakistan has typically relied on its family care system and provide support for people in their older age. However, Pakistan's looming challenge of an ageing population is linked to urbanisation and the changing family system in the wake of rapid modernisation, putting pressure on the public support of the living conditions and quality of life of the elderly. Besides, the widespread informal economy and relatively high inflation negatively affected incomes' purchasing power, making it increasingly difficult for families to care for older relatives, leading to increased stress and anxiety. Generally, the development of eldercare pension funds in Pakistan has been largely neglected, inefficient, and poorly regulated. Persons above retirement age receiving a pension rose from 2.3% in 2010 to 5.8% in 2020 (revisit Table 14 above). Compared to the neighbouring countries reflects how low it is in Pakistan: Afghanistan (25%), China (100%), India (43%), and Iran (21%).

Pakistan only has two pension schemes. One is a tax-funded scheme for government employees. The other is a contributory Employee Old Age Benefit Institute (EOBI) scheme for employees in the private sector. If employees make the minimum contribution, they will receive PKR 8,500 (US\$52) a month on

retirement, representing less than half the minimum wage. Mainly the cost of the public pension for government employees is exclusively funded through the national budget and by far the government's most prominent social protection expenditure. In the 2019-20 budget, the Federal Government allocated 5.7% of the total current expenditure in the federal budget or about 3.2% of GDP. Estimations based on current population trends suggest it is likely to increase to around 11% of GDP by 2050. Even though the cost of pension payments is relatively high, the real coverage stays less than 10% of retirees, as mentioned above. This situation is critically looming the pension system's financial sustainability.¹⁰²

The new Maternity and Paternity Leave Act from 2020 sets private and public sector employers under the administrative control of the federal government are required to provide periods of paid maternity and paternity leave to employees as part of efforts to enhance work-family balance:

- Women employees are entitled to take fully paid maternity leave up to 180 days for the first child's birth, 120 days for the second, and 90 days for the third. For additional children, unpaid leave could be granted.
- Men employees are entitled to take up to 30 days of fully paid paternity leave for the first three separate births. For additional children, unpaid leave could be granted.
- Employers who do not comply face up to six months of imprisonment and/or a fine of PKR100,000 (US\$619).

The implementation of the maternity/paternity leave regulations has not been well-enforced in practice. Only workers who pay voluntary contributions and are employed in formal businesses benefit from the social security scheme. There is no reliable data on the number of women accessing maternity leave and benefits in Pakistan. However, the widespread informal economy and the social protection indicators scope at Table 14 above provides a proxy indication suggesting the maternity/paternity leave rates are low. It is further supported by the fact that workers can also be

registered with the provincial social security institutions (PESSIs), but a 2017 ILO report revealed that just close to 204,000 workers were registered; PESSIs covers only 16% of the women engaged in the formal sector. A central aspect of Pakistan's system has been that employers must pay workers their wages during maternity leave, except those registered with PESSIs. These liability schemes have worked against women entering formal employment or often discharged as soon as they get married or pregnant.¹⁰³

Pakistan's constitution mandated the state to provide necessities of life for all such citizens who are permanently or temporarily unable to earn their livelihood on infirmity, sickness, or unemployment. However, there is no explicit provision by law for unemployment insurance and benefits, nor does it have an employment policy in place to comply with this constitutional mandate.¹⁰⁴

When Covid-19 surfaced in Pakistan in 2020, the federal government announced a comprehensive

economic relief package to protect the country's most vulnerable consumer and business groups, costing over 2% of GDP. Some of the most extensive measures covered are relief to daily wage workers, cash transfers to low-income families, accelerated procurement of wheat, electricity bill payments relief, and financial support to SMEs. For example, through Administrative Orders, provincial labour departments in all provinces, including Islamabad, have instructed employers not to terminate workers' employment contracts during the lockdown and pay full wages to the workers. In practice, around three out of four workers operated in the informal economy without any contract, losing access to public initiatives, not to mention there were reports of mass dismissals like in the textile sector.¹⁰⁵ The service sector is the hardest hit, especially tourism and hospitality, education, and transport industries. Daily wage workers and self-employed workers are the worst affected.

APPENDIX: ADDITIONAL DATA

Table 16: List of approved labour related legislations in Pakistan, 2014-2021

Year / Theme	Law/decree
2014	
General provisions	The Balochistan Borstal Institutions Act 2014 (Act No. XXIII of 2014).
	The Protection of Pakistan Act, 2014 (X of 2014)
	The Khyber Pakhtunkhwa Local Government (Amendment) Act, 2014 (Act No. XXI of 2014)
	The Balochistan Domestic Violence (Prevention and protection) Act (No. 7 of 2014)
	The Civilian Victims of Terrorism (Relief and Rehabilitation) Act (No. 4 of 2014)
	Khyber Pakhtunkhwa Promotion, Protection and Enforcement of Human Rights Act, 2014 (Act No. III of 2014)
	Anti-terrorism (Amendment) Act, 2014 (VI of 2014)
	Anti-terrorism (Second Amendment) Act, 2014 (VII of 2014)
Elimination of child labour, protection of children and young persons	Punjab Free and Compulsory Education Act 2014 (XXVI of 2014)
	Sindh Child Marriages Restralt Act, 2013 (Act No. XV of 2014)
	Protection of Breast Feeding and Nutrition for Infants and Young Children Act (No. 1 of 2014)
	The Balochistan Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act (No. 3 of 2014)
	The Compulsory Education in the province of Balochistan Act (No. 5 of 2014)
Equality of opportunity and treatment	National Commission on the Status of Women Rules, 2014 (S.R.O. 959 (I)/2014).
	Khyber Pakhtunkhwa Regulation of Lady Health Workers Program and Employees (Regularization) and Standardization Act, 2014 (Act No. XXVI of 2014)
	The Punjab Fair Representation of Women Act 2014 (Act IV of 2014)
	Punjab Commission on the Status of Women Act 2014 (Act No. I of 2014)
	Punjab Free and Compulsory Education Act 2014 (XXVI of 2014)
Education, vocational guidance and training	The Balochistan Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act (No. 3 of 2014)
	The Compulsory Education in the province of Balochistan Act (No. 5 of 2014)
	The Khyber Pakhtunkhwa Higher Education Scholarship Endowment Fund Act, 2014 (Act No. V of 2014)
Conditions of employment	Punjab Payment of Wages (Amendment) Act 2014 (VII of 2014)
Occupational safety and health	The Sindh Environmental Protection Act, 2014 (Act No. VIII of 2014)
Social security (general standards)	Khyber Pakhtunkhwa Pension Fund (Amendment) Act, 2014 (Act No. XLIII of 2014)
	Khyber Pakhtunkhwa Civil Servants Retirement Benefits and Death Compensation Act, 2014
	The Khyber Pakhtunkhwa Deserving Widows and Special Persons Welfare Foundation Act, 2014 (Act No. VI of 2014)
	Sindh Employees Old-Age Benefits Act, 2014 (Sindh Act No. X of 2015).
Migrant workers	Punjab Overseas Pakistanis Commission Act 2014 (XX of 2014)
Specific categories of workers	Khyber Pakhtunkhwa Civil Servants Retirement Benefits and Death Compensation Act, 2014
	Sindh Civil Servants (Amendment) Act, 2014 (Act No. XIX of 2014)
	The Sindh Civil Servants (Regularization of Adhoc Appointments) (Amendment) Act, 2014 (Act No. XII of 2014)
	Balochistan Hotels and Restaurants Act 2014 (Act No. XVII of 2014).
2015	
General provisions	Punjab Information of Temporary Residents Act 2015 (VIII of 2015).
	The Balochistan Local Government (Amendment) Act (Act No. I of 2015).
	The Constitution (Twenty-first Amendment) Act, 2015 (Act No. I of 2015)
	General Elections 2013 Inquiry Commission Ordinance, 2015 (VII of 2015)
Elimination of forced labour	Khyber Pakhtunkhwa Bonded Labour System (Abolition) Act, 2015 (Act No. XIV of 2015)
Education, vocational guidance and training	Punjab Higher Education Commission Act, 2014 (I of 2015)
Social security (general standards)	The Federal Employees Benevolent Fund and Group Insurance (Second Amendment) Act, 2015 (Act No. IX of 2015)
	The Federal Employees Benevolent Fund and Group Insurance (First Amendment) Act, 2015 (Act No. VIII of 2015)
	Punjab Social Protection Authority Act 2015 (XXII of 2015)
	Khyber Pakhtunkhwa Health Care Commission Act, 2015 (Act No. V of 2015)
	Sindh Workers Welfare Fund Act, 2014 (Sindh Act No. XXXIII of 2015).
Maternity protection	Khyber Pakhtunkhwa Protection of Breast-Feeding and Child Nutrition Act, 2015

Freedom of association, collective bargaining and industrial relations	The Balochistan Industrial Relations (Amendment) Act (Act No. XV of 2015)
Elimination of child labour, protection of children and young persons	The Khyber Pakhtunkhwa Prohibition of Employment of Children Act, 2015 (Act No. XIX of 2015)
Equality of opportunity and treatment	Sindh Commission on the Status of Women Act, 2015 (Sindh Act No.XX of 2015).
Employment policy, promotion of employment and employment services	Sindh Differently Able persons (Employment, Rehabilitation and Welfare) Act, 2014 (Sindh Act No.XVI of 2015).
Education, vocational guidance and training	The Khyber Pakhtunkhwa Technical Education and Vocational Training Authority Act, 2015 (Act No. XII of 2015). Punjab Higher Education Commission Act, 2014 (I of 2015).
Conditions of work	The Khyber Pakhtunkhwa Shops and Establishment Act, 2015 (Act No. XX of 2015).
Occupational safety and health	The Balochistan Boilers and Pressure Vessels Act (Act No. XVI of 2015).
Maternity protection	Khyber Pakhtunkhwa Protection of Breast-Feeding and Child Nutrition Act, 2015 (Act No. VII of 2015).
Migrant workers	Punjab Information of Temporary Residents Act 2015 (VIII of 2015). -
Specific categories of workers	The Federal Employees Benevolent Fund and Group Insurance (Second Amendment) Act, 2015 (Act No.IX of 2015) The Federal Employees Benevolent Fund and Group Insurance (First Amendment) Act, 2015 (Act No.VIII of 2015). The Khyber Pakhtunkhwa Shops and Establishment Act, 2015 (Act No. XX of 2015). The Balochistan Civil Servant (Amendment) Act 2015 (Act No. III of 2015).
2016	
General provisions	Punjab Civilian Victims of Terrorism (Relief and Rehabilitation) Ordinance 2016 (X of 2016). Punjab Protection of Women against Violence Act 2016 (XVI of 2016). The Criminal Law (Amendment) Act, 2016 (Act No.VI of 2016).
Elimination of forced labour	The Sindh Bonded Labour System (Abolition) Act, 2015 (Sindh Act No.XX of 2016).
Elimination of child labour, protection of children and young persons	The Balochistan Child Protection Act (Act No. VII of 2016). Punjab Restriction on Employment of Children Act 2016 (L of 2016). Punjab Prohibition of Child Labour at Brick Kilns Act 2016 (XXXVII of 2016).
Equality of opportunity and treatment	Criminal Law (Amendment) (Offences Relating to Rape) Act, 2016 (Act XLIV of 2016). The Khyber Pakhtunkhwa Commission on the Status of Women Act, 2016 (Act No. XXVIII of 2016). Criminal Law (Amendment) (Offences in the Name or on pretext of Honour) (Act XLIII of 2016). Punjab Protection of Women against Violence Act 2016 (XVI of 2016). The Balochistan Protection Against Harassment of Women at Work Place Act (Act No I of 2016).
Education, vocational guidance and training	The Karachi Institute of Technology and Entrepreneurship Act, 2015 (Sindh Act No.XXV of 2016).
Employment security, termination of employment	The Balochistan Employees' Efficiency and Discipline (Amendment) Act, 2016 (Act No. VI of 2016).
Conditions of employment	Sindh Companies Profits (Workers Participation) Act, 2015 (Sindh Act No.XVIII of 2016). Sindh Terms of Employment (Standing Orders) Act, 2015 (Sindh Act No.XI of 2016). Sindh Factories Act, 2015 (Sindh Act No. XIII of 2016) Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No.XII of 2016). Minimum Wages for Unskilled Workers (Amendment) Act, 2016 (Act No.VII of 2016). Sindh Minimum Wages Act, 2015 (Sindh Act No.VIII of 2016).
Conditions of work	Sindh Factories Act, 2015 (Sindh Act No. XIII of 2016). Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No.XII of 2016).
Occupational safety and health	The Khyber Pakhtunkhwa Boilers and Pressure Vessels Act, 2016 (Act No. XXXI of 2016).
Social security (general standards)	The Sindh Employees Old-Age Benefits (Amendment) Act, 2016 (Sindh Act No.XXIII of 2016). The Sindh Senior Citizens Welfare Act, 2014 (Sindh Act No.XXI of 2016). Sindh Employees Social Security Act, 2016 (Sindh Act No.VI of 2016). Sindh Workers Compensation Act, 2016 (Act No.VII of 2016),
Specific categories of workers	Punjab Civil Administration Ordinance 2016 (XX of 2016). The Khyber Pakhtunkhwa, Appointment of GAVI, JICA, Adhoc and Contract Employees Act, 2016 (Act No. VIII of 2016). Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No. XVII of 2016). The Khyber Pakhtunkhwa Public Service Commission (Amendment) Act, 2016 (Act No. III of 2016).

	Sindh Shops and Commercial Establishment Act, 2015 (Sindh Act No.XII of 2016).
	The Civil Servants (Amendment) Act, 2016 (Act No. IX of 2016).
	Punjab Special Protection Unit Act 2016 (II of 2016).
2017	
General provisions	Elections (Second Amendment) Act, 2017 (Act No. XXXVII of 2017). Elections (Amendment) Act, 2017 (Act No.XXXV of 2017). The Elections Act, 2017 (Act No. XXXIII of 2017). National Counter Terrorism Authority (Amendment) Act, 2017 (Act No.XXVI of 2017). Witness Protection, Security and Benefit Act, 2017 (Act No.XXI of 2017). Alternative Dispute Resolution Act, 2017 (Act No.XX of 2017). Companies Act, 2017 (Act No.XIX of 2017) Constitution (Twenty-third Amendment) Act, 2017 (Act No.XII of 2017). Hindu Marriage Act, 2017 (Act No.VII of 2017). Criminal Laws (Amendment) Act, 2017 (Act No. IV of 2017). The Code of Criminal Procedure (Sindh Amendment) Act, 2017 (Sindh Act No.IV of 2017). The Sindh Prohibition of Corporal Punishment Act, 2016 (Sindh Act No.VII of 2017). The Khyber Pakhtunkhwa Police Act, 2017 (Act No. II of 2017).
Freedom of association, collective bargaining and industrial relations	Alternative Dispute Resolution Act, 2017 (Act No.XX of 2017).
Elimination of child labour, protection of children and young persons	The Khyber Pakhtunkhwa Free Compulsory Primary and Secondary Education Act, 2017 (Act. No XII of 2017). The Sindh Prohibition of Corporal Punishment Act, 2016 (Sindh Act No.VII of 2017) The Sindh Prohibition of Employment of Children Act, 2017 (Sindh Act No.III of 2017).
Equality of opportunity and treatment	Punjab Women Protection Authority Act 2017 (X of 2017).
Education, vocational guidance and training	The Khyber Pakhtunkhwa Technical Education and Vocational Training Authority (Amendment) Act, 2017 (Act No. VI of 2017).
Conditions of employment	The Sindh Payment of Wages Act, 2015 (Sindh Act No.VI of 2017).
Occupational safety and health	The Sindh Occupational Safety and Health Act, 2017.
Specific categories of workers	The Khyber Pakhtunkhwa Employees of Health Department (Regularization of Services) Act, 2017 (Act. No VII of 2017). The Khyber Pakhtunkhwa Police Act, 2017 (Act No. II of 2017).
2018	
Elimination of forced labour	The Punjab Bonded Labour System (Abolition) (Amendment) Act, 2018
2019	
Specific categories of workers	The Punjab Domestic Workers Act, 2019 Home Based Workers Act Sindh.
Occupational safety and health	The Punjab Occupational Safety and Health Act, 2019.
2020	
General provision	Code of Civil Procedure (Amendment) Act, 2020 (No. VII of 2020).
Equality of opportunity and treatment	Enforcement of Women's Property Rights Act, 2020 (Act No. XII of 2020).
Specific categories of workers	Federal Government Employees Housing Authority Act, 2020 (Act No. IV of 2020).
Maternity protection	Maternity and Paternity Leave Act from 2020
2021	
General provision	The Balochistan Factories Act, 2021 The Balochistan Payment of Wages Act, 2021 The Balochistan Shops and Establishments Act, 2021 The Balochistan Minimum Wages Act, 2021 The Balochistan Industrial and Commercial Employment (S.O) Act, 2021
Elimination of forced labour	The Balochistan Bonded Labour System (Abolition) Act, 2021
Elimination of child labour, protection of children and young persons	The Balochistan Employment of Children (Prohibition and Regulation) Act, 2021

Sources: ILO, NATLEX, Country Profile, Basic Laws, Pakistan; DTDA SRO-Asia, Pakistan: Data-collection tool, 2019/2020; Dr. Javaid Iqbal Gill.

Table 17: Examples of Pakistan's main labour laws

Employees' Old Age Benefits Act.
Provincial Employees' Social Security Ordinance.
The Industrial and Commercial Employment (Standing Orders) Ordinance.
Workers' Children (Education) Ordinance.
Minimum Wages Ordinance.
Payment of Wages Act.
Workmen's Compensation Act.
The Factories Act.
Punjab Shops and Establishments Ordinance.
Companies' Profits (Workers' Participation) Act.
Disabled Persons (Employment and Rehabilitation) Ordinance.
Apprenticeship Ordinance.
West Pakistan Maternity Benefit Ordinance.
Workers' Welfare Fund Ordinance.
Punjab Industrial Relations Act.
The Industrial Relations Act.

Note: Provinces have their own legislation, and a full list would be very long. This table gives just a glimpse of the labour markets legal myriad of subjects.

Source: Official Gateway to the Government of Pakistan.

Table 18: Sectors excluded from Unionism under Industrial Relations Laws in Pakistan

Sectors
Government Services (Provincial)
Federal Government
Defence Lines Pakistan Railways
Self-employed Persons
Hospitals and Clinics
Education Institutions
Export Processing Zones and specific public sector enterprises falling into this category
Pakistan Security Papers
Pakistan Security Printing Corporation
Wah Ordinance Factory
Pakistan Council of Scientific and Industrial Research
Defence Housing Authority, Karachi
National Logistic Cell
Civilians of the Defence Services
Watch and Ward, Security or Fire Service of Oil, Gas, Seaport or Airport

Source: ILO, A profile of Trade Unionism and Industrial Relations in Pakistan, 2018

Table 19: Membership of leading trade union federations, 2016

	NIRC		Federations		Differences in registered unions and members	
	No. of unions	Members	No. of unions	Members	No. of unions	Members
PWF	341	510,280	396	840,570	55	330,290
MLF	134	44,537	204	140,200	70	95,663
NLF	130	42,210	200	132,500	70	90,290
Total	800	597,027	800	1,113,270	195	516,243

Source: ILO, A profile of Trade Unionism and Industrial Relations in Pakistan, 2018

Table 20: Ratified ILO Conventions in Pakistan, August 2021

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1951
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1952
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1957
	C105 - Abolition of Forced Labour Convention, 1957	1960
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	2006
	C182 - Worst Forms of Child Labour Convention, 1999	2001
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	2001
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1961
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	1953
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	Not ratified
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1994
Technical Conventions (Up-to-date)		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	1923
	C106 - Weekly Rest (Commerce and Offices) Convention, 1957	1960
Social Security	C118 - Equality of Treatment (Social Security) Convention, 1962	1969
Employment policy and promotion	C159 - Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983	1994
Seafarers	C185 - Seafarers' Identity Documents Convention (Revised), 2003	2006

Source: ILO, NORMLEX, Pakistan.

Table 21: Pakistan's federal plans for youth, 2021-2023

Intervention
Implementation of following three components of Kamyab Jawan Program Initiative
Roll out of Prime Minister's Skills for All Program at estimated cost of Rs. 9,880.00 million focusing on 14 skill interventions.
Provision of training to young people in entrepreneurship and launch start-ups under Prime Minister's Start-up Pakistan (target: one million trained and 10,000 start-ups by 2023)
Provision of loans to young people under Prime Minister's Youth Entrepreneurship Scheme (YES) for successful business development.
Other Skill Development Programs/Interventions
Introduction of Matric-Tech pathways for integrating TVET and formal education at estimated cost of Rs. 315.00 million.
Improvement of livelihood and well-being of Female Home-Based Workers (FHBWs) in Sindh province at estimated cost of Rs. 541.086 million. *
Covid-19 Specific Measures
Review and re- alignment of Kamyab Jawan Program with Covid-19 responsive national action plan.
Provision of e-learning mode for conventional and High-End/High-Tech trades under "Skill for All" programme.
Establishment of Business incubation Centres (BICs) for provision of virtual training.
Development of mechanisms to facilitate distance-learning, accreditation and monitoring of learning outcomes.
Provision of support to Prime Minister's Corona Tiger Force to provide relief works during the lockdown under present situation of Covid-19.
Training of female entrepreneurs suffering significant economic loss due to Covid-19.
Provision of compensation packages and relief measures for workers with period of closure considered by the employers as paid leave.
Inclusion of vulnerable groups including youth in informal economy in the "Ehsaas programme".

* Provincial plan. Source: Government of Pakistan, Youth Initiatives, 2021.

Table 22: Summary of Pakistan's federal and provincial social protection initiatives

Federal	
Law / strategy / policy	Pakistan's federal government launched the Ehsaas Strategy (Compassion Strategy) in 2019 outlines the vision for creating a welfare state. It led to the Ehsaas Programme, a social safety nets and poverty alleviation programme, not to mention human capital development. The programme has introduced innovations, adopted technology, and aimed to streamline systems.
Institutional arrangements	Pakistan established the Poverty Alleviation and Social Safety Division (i.e., the Ehsaas Ministry) in 2019 to manage the institutional structure of the Ehsaas Strategy.
New social protection initiatives	Central longstanding initiatives include Pakistan Bait-ul-Mal, the Zakat and Ushr Programmes, the Employees' Old-Age Benefits Institution, the Workers' Welfare Fund, and provincial Employees' Social Security Institutions.
Islamabad Capital Territory	
Law / strategy / policy	Bills on both domestic and home-based workers tabled in the National Assembly for Islamabad Capital Territory.
Punjab	
Law / strategy / policy	In 2019, Punjab developed a new draft Social Protection Policy and with progress to address gaps in social security coverage by registration of workers from the informal economy, most notably Punjab's Domestic Workers Act of 2019.
Institutional arrangements	The Punjab Social Protection Authority was created in 2015 to coordinate and consolidate social protection in the province.
New social protection initiatives	Punjab's Social Protection Authority has launched Ehsaas Punjab, modelled on the federal Ehsaas Programme. New initiatives being implemented include monthly stipends for elderly women (Ba-Himmat Buzurg), widows and orphans (Sarparast) and transgender persons (Musawat). In 2021, Punjab launched a pilot project to extend social security coverage to domestic workers and introduced an Amnesty Scheme to promote social security obligations among employers in the formal sector.
Sindh	
Law / strategy / policy	Sindh's Home-Based Workers Act of 2018 is considered a progress in social security coverage by registration of workers from the informal economy.
Institutional arrangements	Sindh set up a Social Protection Strategy Unit in 2019.
New social protection initiatives	Sindh has made progress with amendments to the law governing the Sindh Employees' Social Security Institution in 2019, plans to develop a provincial social registry, and steps to strengthen governance and boost confidence in schemes' transparency. The Benazir Mazdoor Card, introduced in 2021 in place of the existing manual system, aims to close loopholes and end misappropriation in the system to provide social security for workers and their families.
Khyber Pakhtunkhwa	
Law / strategy / policy	Khyber Pakhtunkhwa is revising its draft Social Protection Policy, initially devised in 2014.
Institutional arrangements	Khyber Pakhtunkhwa established a Social Protection Reform Unit in 2012 (later renamed the Public Policy and Social Protection Unit) and a Gender and Social Protection Section in 2020.
New social protection initiatives	A major new initiative in Khyber Pakhtunkhwa is Sehat Sahulat, a health insurance scheme for all provincial domicile holders.
Balochistan	
Institutional arrangements	Balochistan began the process of setting up a Poverty Alleviation and Social Protection Authority to consolidate and expand social protection initiatives.
Other areas	
Law / Strategy / policy	Azad Jammu and Kashmir also developed a draft Social Protection Policy in 2019.

Source: ILO, *A social protection profile of Pakistan Building an inclusive social protection system*, 2021.

Table 23: Ease of Doing Business in Pakistan, 2020

Topics	Value
Overall	108
Starting a Business	72
Dealing with Construction Permits	112
Getting Electricity	123
Registering Property	151
Getting Credit	119
Protecting Minority Investors	28
Paying Taxes	161
Trading Across Borders	111
Enforcing Contracts	156
Resolving Insolvency	58

Note: Doing Business 2020 indicators are ranking from 1 (top) to 190 (bottom) among countries.

Source: World Bank, Ease of Doing Business 2020 in Pakistan.

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