

Released May 2020

DISCUSSION PAPER SERIES COVID-19 LOCKDOWN

PAKISTANI LABOR FORCE AT RISK

LET US MEASURE RISKS AND IMAGINE
OPPORTUNITIES FOR A FORWARD-
LOOKING REVIVAL

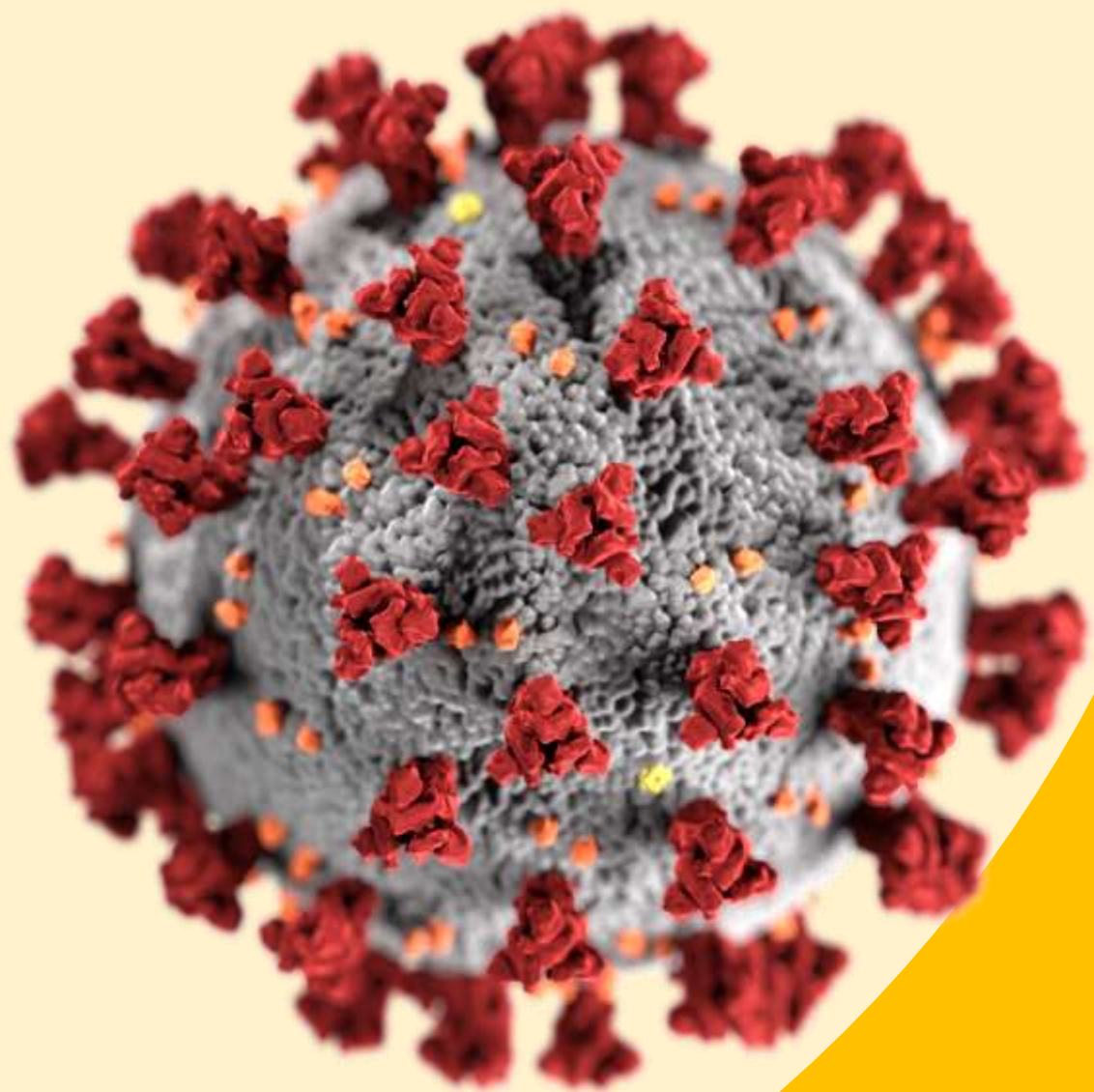
BACKGROUND PAPER # 1 FOR A DISCUSSION GROUP TO
MEASURE RISKS, IMAGINE AND ASSESS OPPORTUNITIES
FOR A FORWARD-LOOKING REVIVAL

WORK IN PROGRESS

1 June 2020



THIS RESEARCH BRIEF HAS BEEN PRODUCED BY DR. GHULAM MOHAMMAD ARIF JOINTLY WITH A RESEARCH TEAM LED BY BILAL GILANI, EXECUTIVE DIRECTOR OF GALLUP PAKISTAN. THE BRIEF WAS PRESENTED FOR ACADEMIC DISCUSSION AND CRITIQUE AT THE FIRST ONLINE MEETING OF THE '**INFORMAL DISCUSSION GROUP** ON ECONOMIC RISKS AND OPPORTUNITIES OF COVID-19' HELD ON MAY 22, 2020. THE BRIEF IS AN EARLY DRAFT OF WORK IN PROGRESS; IT IS SUBJECT TO CORRECTIONS AND REVISIONS IN THE LIGHT OF FURTHER COMMENTS AND CRITIQUE RECEIVED FROM COLLEAGUES. THE INFORMAL DISCUSSION GROUP INVITES RESEARCHERS TO PRESENT THE FINDINGS OF THEIR ONGOING RESEARCH ON THIS PLATFORM.



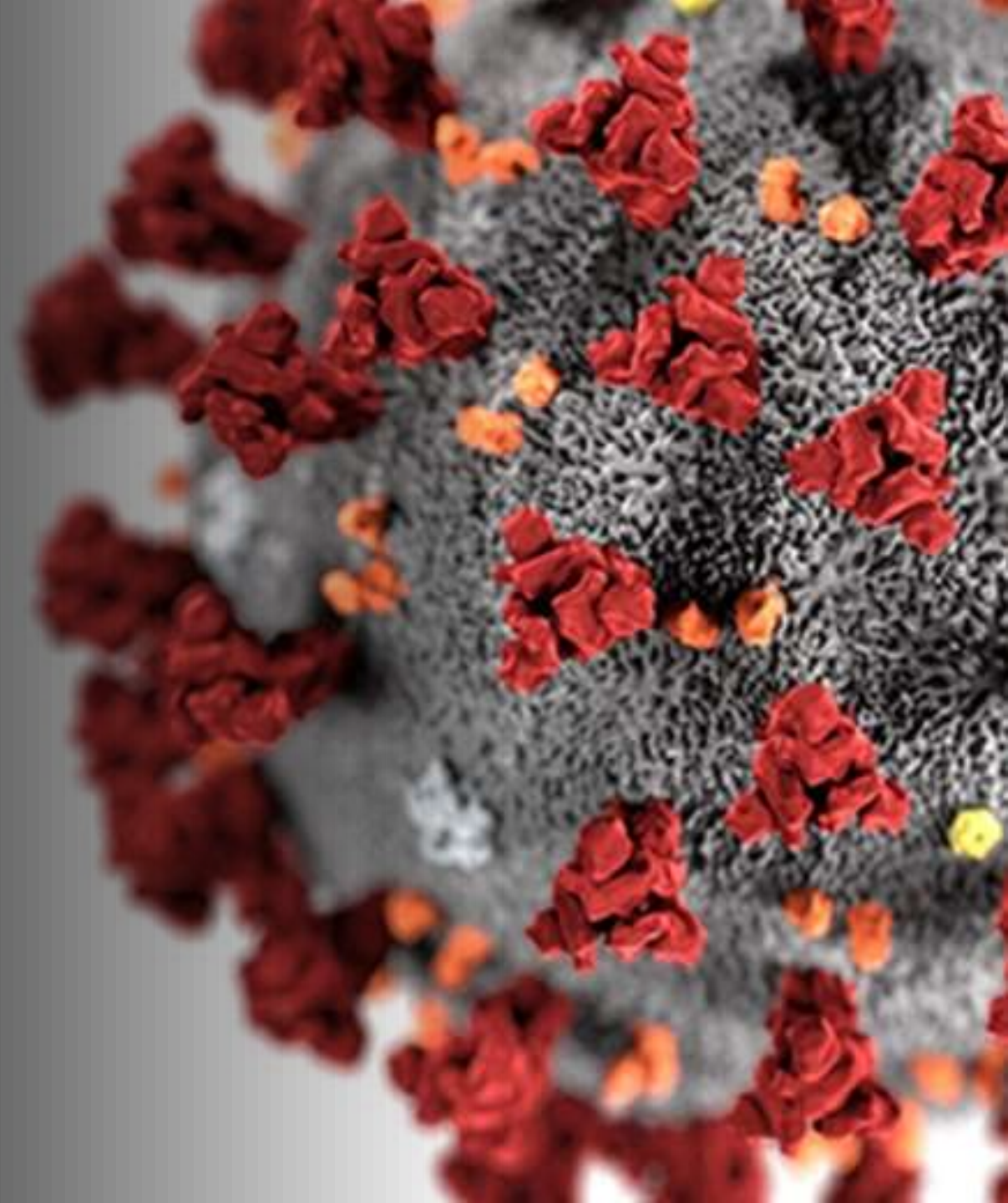
Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

THIS **INFORMAL DISCUSSION GROUP** ON ECONOMIC RISKS AND OPPORTUNITIES OF COVID-19 IS OPEN TO PARTICIPATION PLATFORM. IT IS DESIGNED TO DISCUSS NATIONAL AND GLOBAL ECONOMIC RISKS AND OPPORTUNITIES RESULTING FROM COVID-19.

THE PLATFORM AND ANY RESEARCH BRIEFS PRESENTED ON IT ARE A PUBLIC SERVICE ACTIVITY. THIS COLLEGIAL PLATFORM WILL GREATLY APPRECIATE PARTICIPATION AND PRESENTATIONS BY INTERESTED ACADEMICS AND RESEARCHERS. THE LOGISTICAL SUPPORT FOR THE PLATFORM IS BEING PROVIDED BY GALLUP AND GILANI RESEARCH FOUNDATION AS A PUBLIC SERVICE HOST.



INTRODUCTION AND BACKGROUND



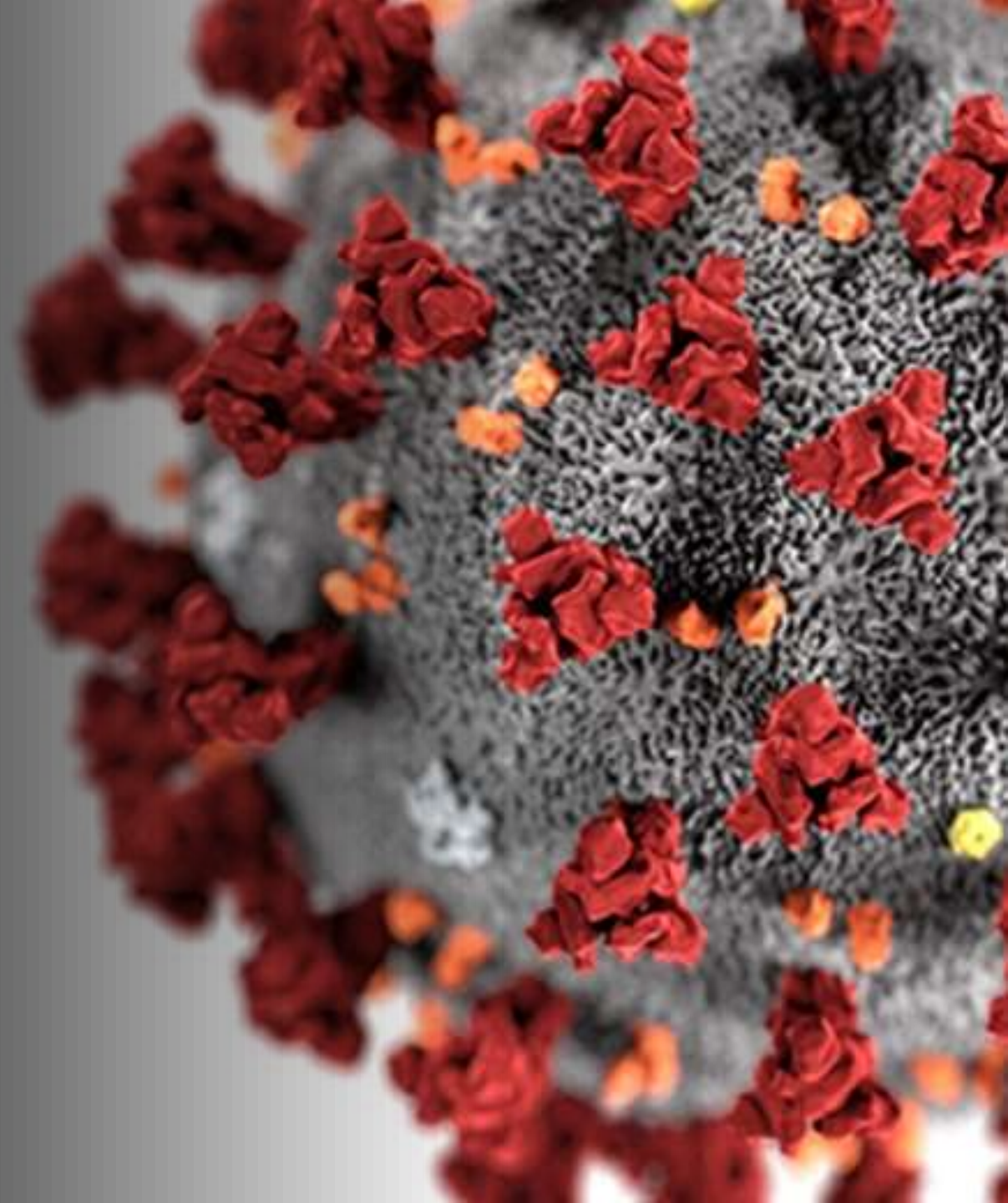
The COV-19 related lockdown in Pakistan has badly affected the livelihood of a large segment of the society because of pervasive joblessness and risk of falling into extreme poverty. This effect, however, may vary by the nature of job workers held before the COV-19 and across the geographical locations of their work/job. After recently-announced-relaxations in lockdown, the revival of economic activities and re-absorption or re-engagement of previously employed labour force is a serious concern for the economy and wellbeing of population. While the next Pakistan Labour Force Survey (LFS) will show the actual effect of COVID-19 on the labour market situation in Pakistan, the last LFS carried out in 2017-18 does enable to assess the risk-level of employed labour force. The LFS 2017-18 reveals the magnitude of total labor force as **65.5 million** in 2017-18. The number of employed labour force is estimated as **61.8 million**, and unemployed labour force is **3.7 million**. This brief note is **work in progress**.

Specific objectives of this background paper are:

- 1. To assess the risk of joblessness (and also falling into extreme poverty) for the employed labour force because of COVID-19 lockdown;**
- 2. To give the magnitude of joblessness risks by province and administrative Divisions**
- 3. To explore the sectoral and occupational distribution of workers by risk-level and understand their key socio-demographic characteristics;**
- 4. To assess the potential of different sectors of economy to reabsorb or reengage the labour force working before the COVID-19 related lockdown; and**
- 5. To imagine opportunities for a forward-looking revival.**



METHODOLOGY



The universe for this note is the employed labour force of Pakistan; or in other words, the unemployed labour force is not included, for the time-being, in the analysis. The employed labour force is divided into three categories: workers at high-risk of losing job; workers at medium-level of risk; and workers in low- or no-immediate risk. This classification is based on four key labour market indicators – employment status, sectors of employment (industry), occupation, location of work (shop, factory, street/road, etc.) and periodicity of payment e.g. monthly, weekly, daily or piece rate.

The classification of workers in three categories is made as follows:

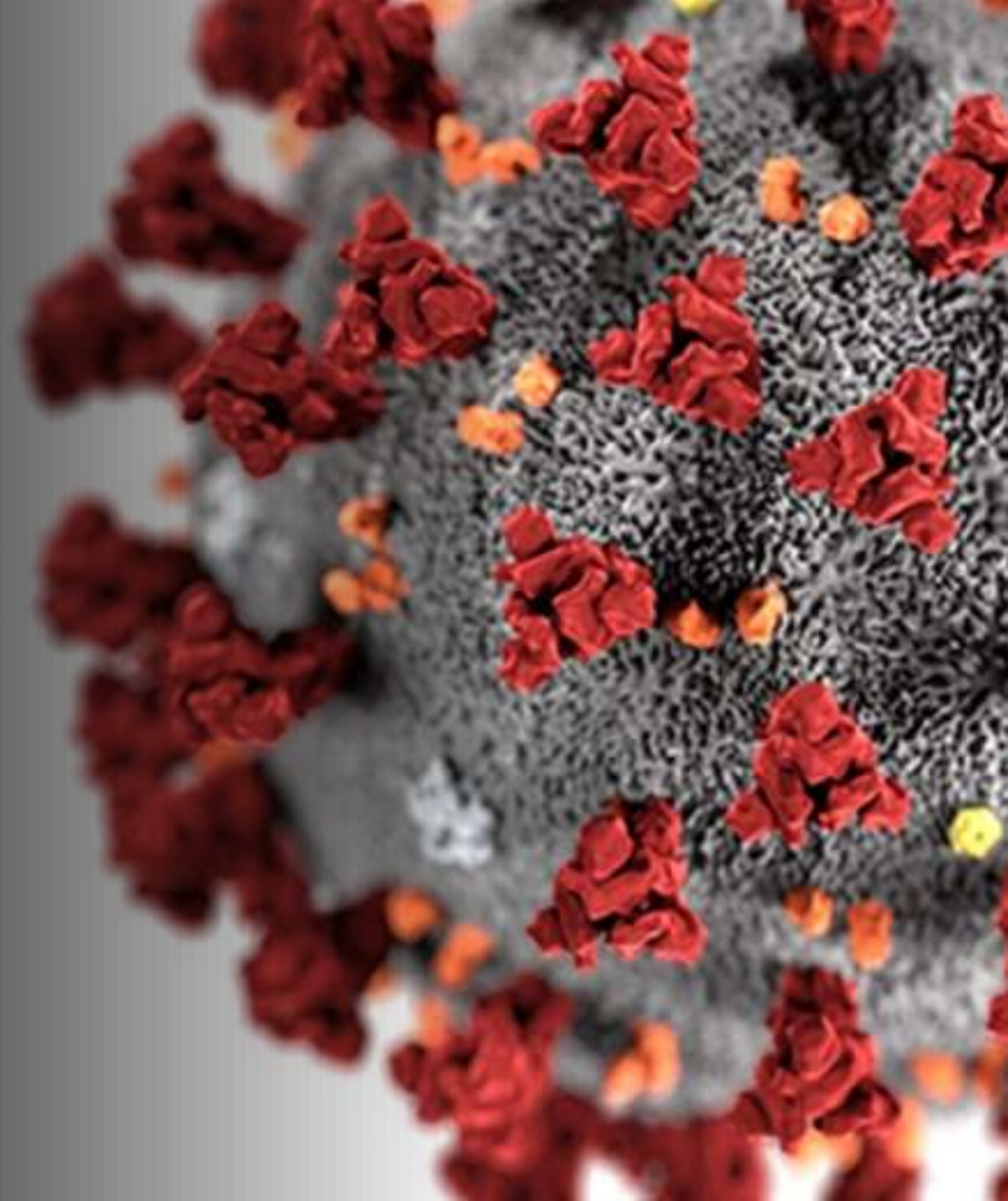
1. Workers at high-risk of losing jobs includes (i) 'casual paid employees', who are primarily paid on daily basis or weekly, (ii) piece rate workers, (iii) apprentice (or *shagirds* probably), (iv) only those own account workers who were working in streets/roads, and (v) sharecroppers. (Sharecroppers are among the poorest of the poor. They are more likely than other rural populations to be adversely affected by any contraction in the economy);
2. Workers at medium-level of risks include (i) non-agriculture own account workers, mainly shop keepers, owners of small manufacturing units etc., (ii) own account workers (agriculture), and (iii) contributing family workers in both agriculture and non-agricultural sectors; and
3. 'Paid employees with fixed wages', 'own cultivators', 'employers' and 'contract cultivators' are labelled as workers in low or no immediate risk.



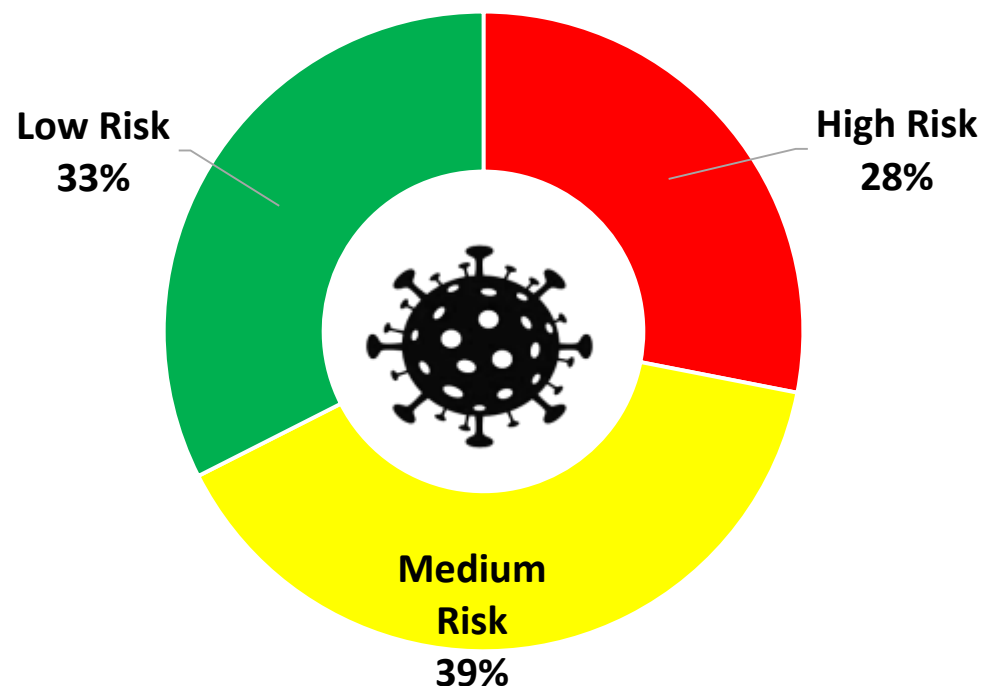
SECTION 1:

DISTRIBUTION OF WORKERS BY RISK-LEVEL

-
- 28% of the overall employed labour force of the country is at high-risk of losing jobs
 - In terms of number, 17.34 million employed labour force may lose their jobs because of the lockdown
 - If unemployed are included in the high-risk category, the number increases to 21.13 million or 32.3% of the total labour force
 - 40% of the labour force is estimated at the medium-level risk – a longer lockdown can affect their livelihood, or they are at the risk of falling into poverty
 - One-third of the labour force is classified at the low-risk, but low economic activity may also impact them adversely.



PAKISTANI LABOR FORCE AT RISK (PERCENTAGE)

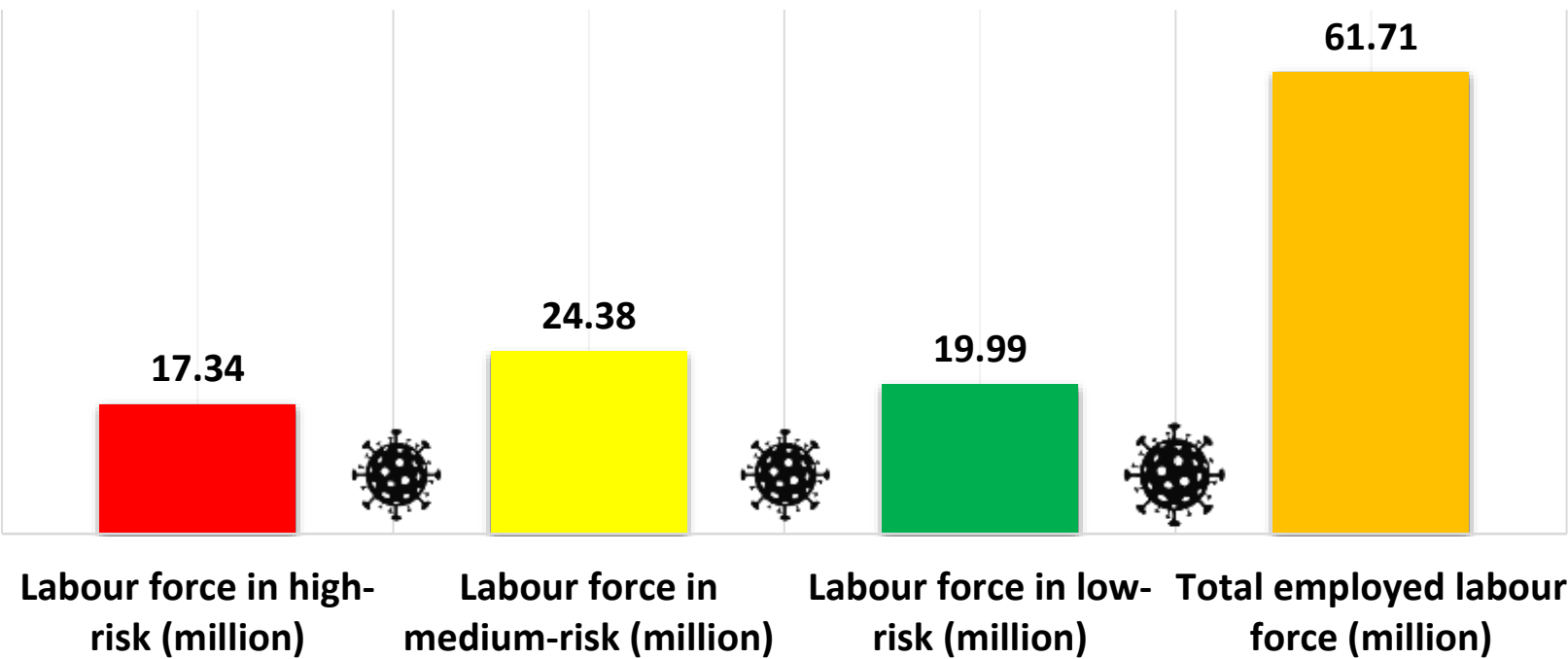


- 👉 *28% of the overall employed labour force of the country is at high-risk of losing jobs*
- 👉 *40% of the labour force is estimated at the medium-level risk – a longer lockdown can affect their livelihood, or they are at the risk of falling into poverty*
- 👉 *One-third of the labour force is classified at the low-risk, but low economic activity may also impact them adversely*

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

PAKISTANI LABOR FORCE AT RISK (IN MILLIONS)



- In terms of number, 17.34 million employed labour force may lose their jobs because of the lockdown. If unemployed are included in the high-risk category, the number increases to 21.13 million or 32.3% of the total labour force; and
- The combined first two categories (labour force high- and medium-risk) show that a longer duration of lockdown can place 42 million workers at the risk of joblessness and/or push into poverty.
- For classification of labour force in each risk category into agriculture and non-agriculture sectors, please see appendix



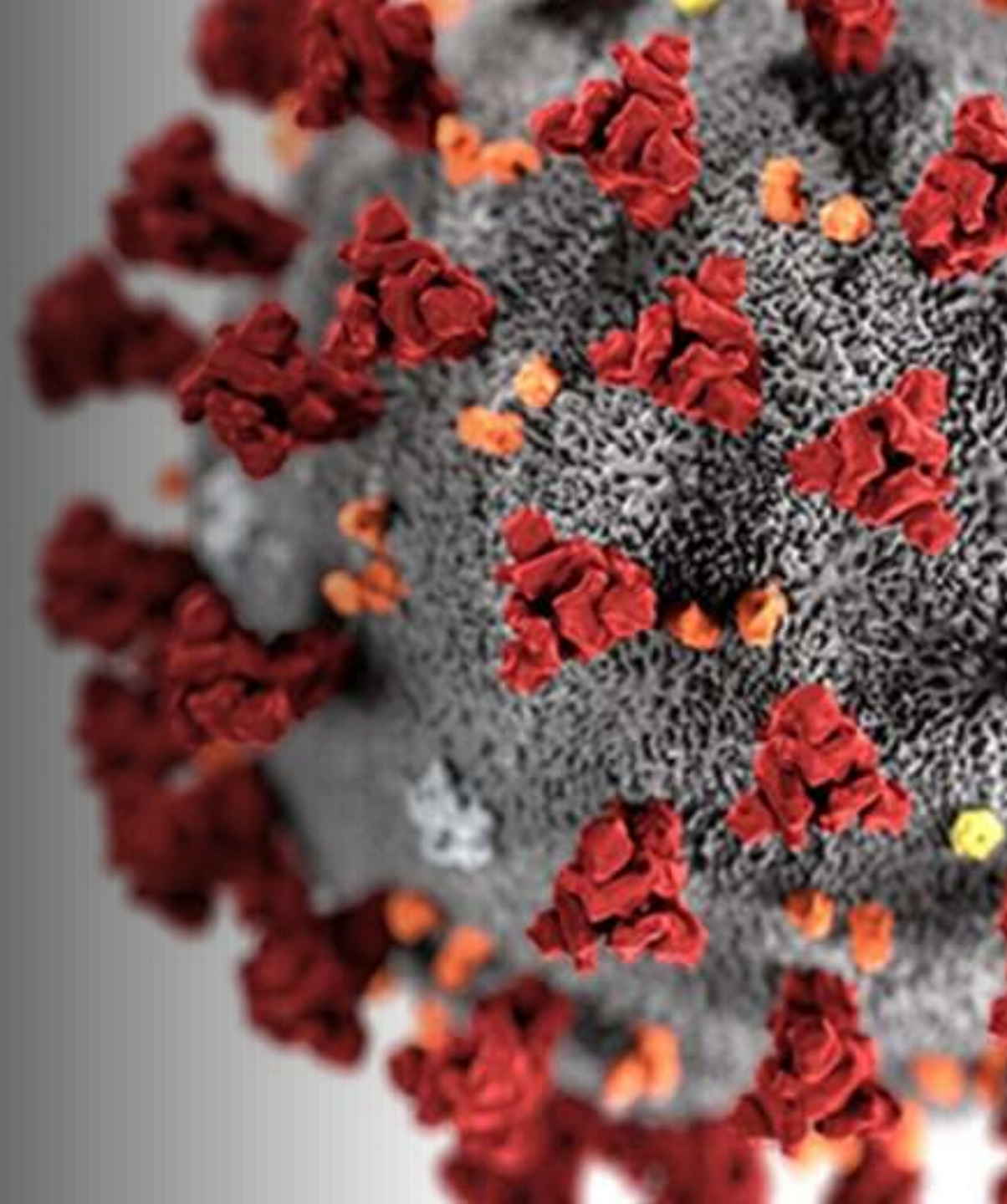
Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics) Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19





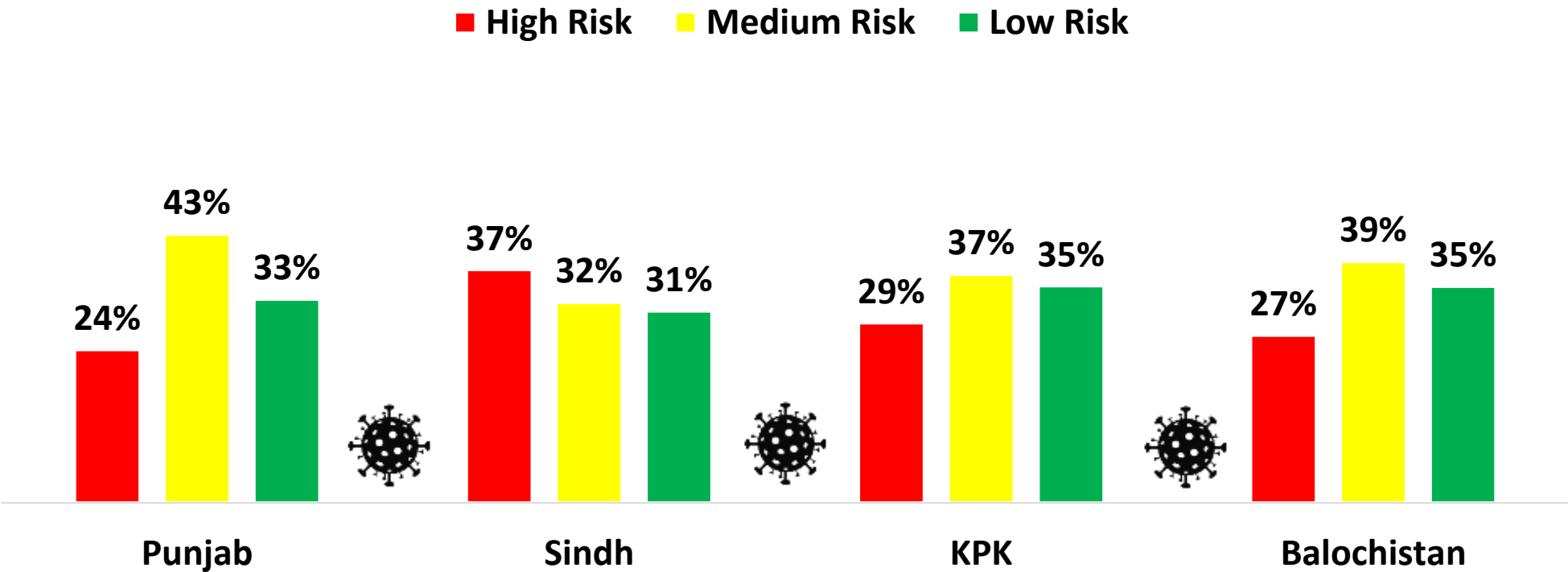
SECTION 2: GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

- Workers at high-risk are widely spread across the country; but relatively high proportion is found in Sindh (37% vs 28% at the national level)
- 51% of the labour force at high-risk of losing jobs is found in Sindh and South Punjab.
- In addition to Divisions of Sindh and South Punjab, Lahore, Gujranwala, Faisalabad, Rawalpindi, Peshawar, Hazara, Malakand, and Quetta Divisions have a considerably high proportion of workers at the high-risk.
- A high proportion of workers with low-risk (40%) are found in North, West and Central Punjab.



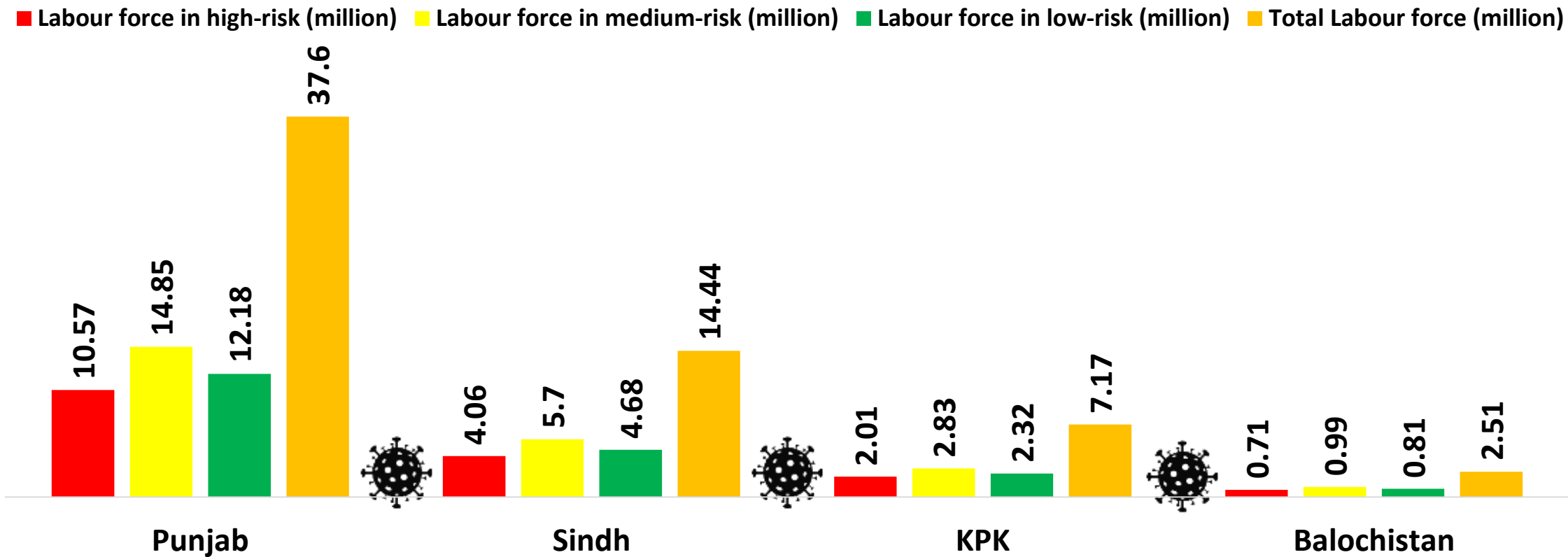
GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

PROVINCE-WISE LABOR FORCE AT RISK (PERCENTAGE)



- Workers at high-risk are widely spread across the country; but relatively high proportion is found in Sindh (37% vs 28% at the national level)
- Workers at medium-risk are relatively higher in Punjab

PROVINCE-WISE LABOR FORCE AT RISK (IN MILLIONS)



10.57 million employed labour force from Punjab, 4.06 million from Sindh, 2.01 million from KPK and 0.71 million are at high-risk of losing their jobs because of the lockdown



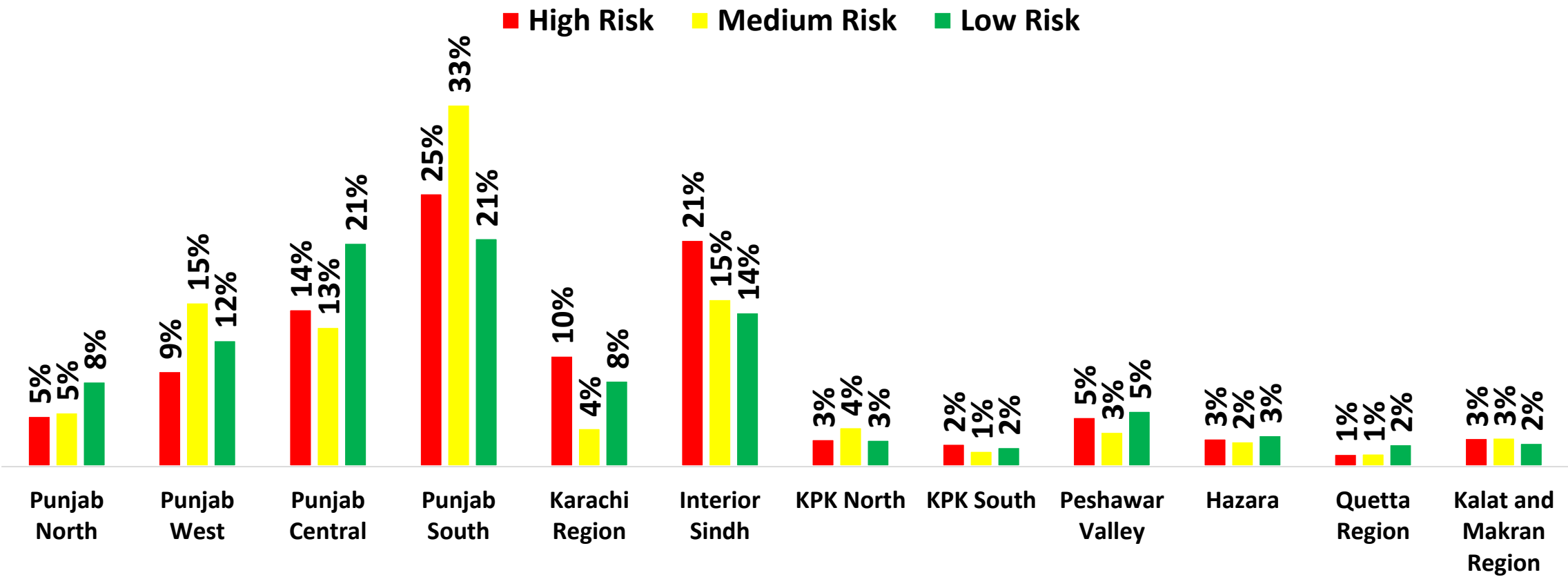
Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

12 REGION-WISE LABOR FORCE AT RISK (PERCENTAGE)



21% of the labour force at high-risk of losing jobs is found in interior Sindh and 25% in Punjab South. South Punjab also has a relatively high proportion among workers at medium risk



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics) Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



GEOGRAPHICAL CONCENTRATION OF WORKERS
BY RISK-LEVEL

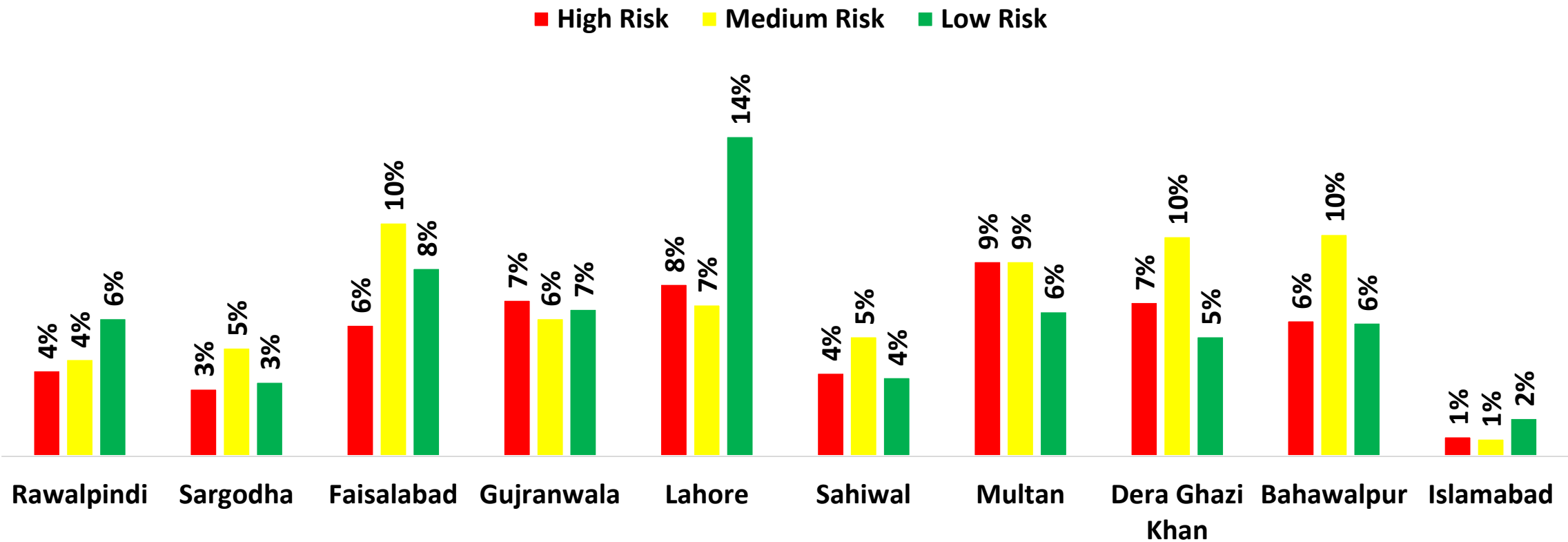
12 REGION-WISE LABOR FORCE AT RISK (IN MILLIONS)

Region	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Punjab North	0.82	1.22	1.57	3.61
Punjab West	1.53	3.69	2.33	7.54
Punjab Central	2.51	3.14	4.12	9.77
Punjab South	4.36	8.12	4.20	16.67
Karachi Region	1.78	0.87	1.59	4.23
Interior Sindh	3.62	3.76	2.84	10.21
KPK North	0.44	0.89	0.50	1.84
KPK South	0.37	0.36	0.37	1.10
Peshawar Valley	0.80	0.79	1.03	2.62
Hazara	0.45	0.58	0.58	1.61
Quetta Region	0.21	0.30	0.42	0.93
Kalat and Makran Region	0.46	0.66	0.44	1.57
All Pakistan	17.34	24.38	19.99	61.71



DIVISION-WISE LABOR FORCE AT RISK (PERCENTAGE)

PUNJAB DIVISIONS ONLY



In Punjab, Multan, Lahore, Gujranwala, Dera Ghazi Khan, Faisalabad, Bahawalpur Divisions have a considerably high proportion of workers at the high-risk.



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

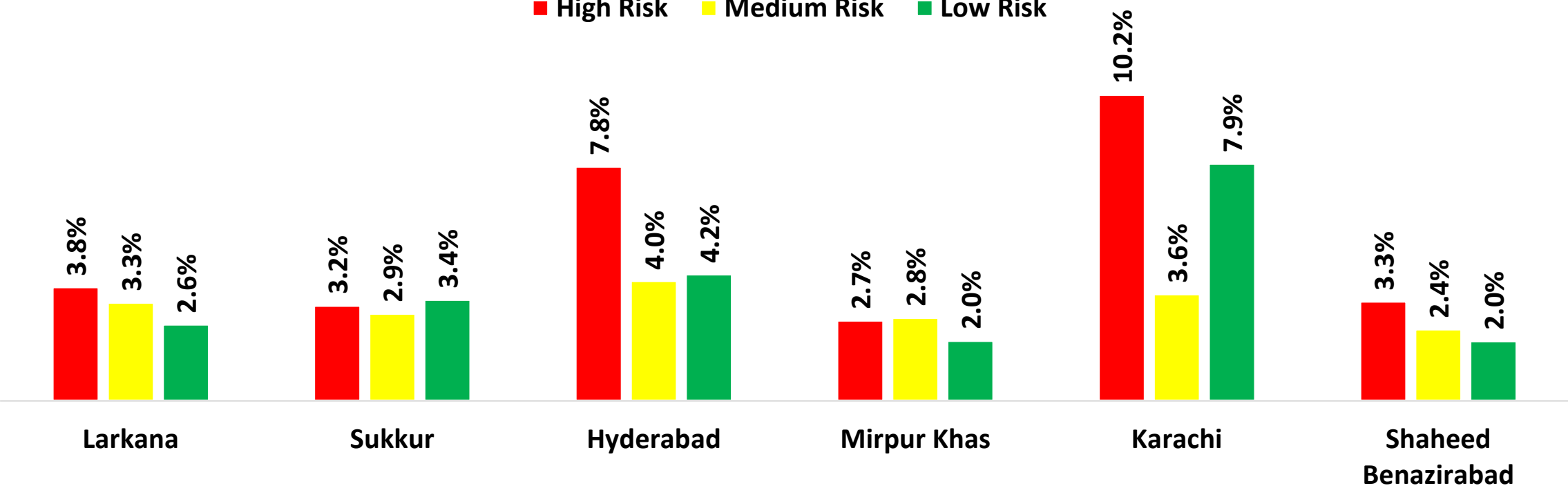


GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

DIVISION-WISE LABOR FORCE AT RISK (PERCENTAGE)

SINDH DIVISIONS ONLY

■ High Risk ■ Medium Risk ■ Low Risk



👤 In Sindh, Karachi and Hyderabad Divisions have a considerably high proportion of workers at the high-risk.



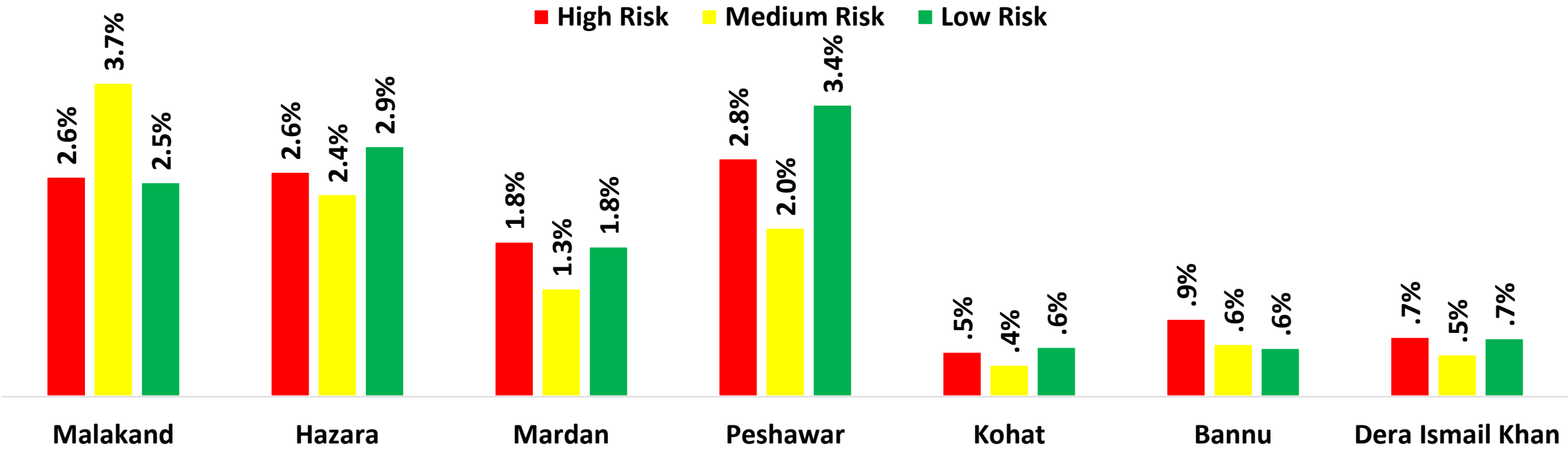
Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics) Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

DIVISION-WISE LABOR FORCE AT RISK (PERCENTAGE)

KPK DIVISIONS ONLY



In KPK, Malakand, Hazara and Peshawar Divisions have a considerably high proportion of workers at the high-risk.



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

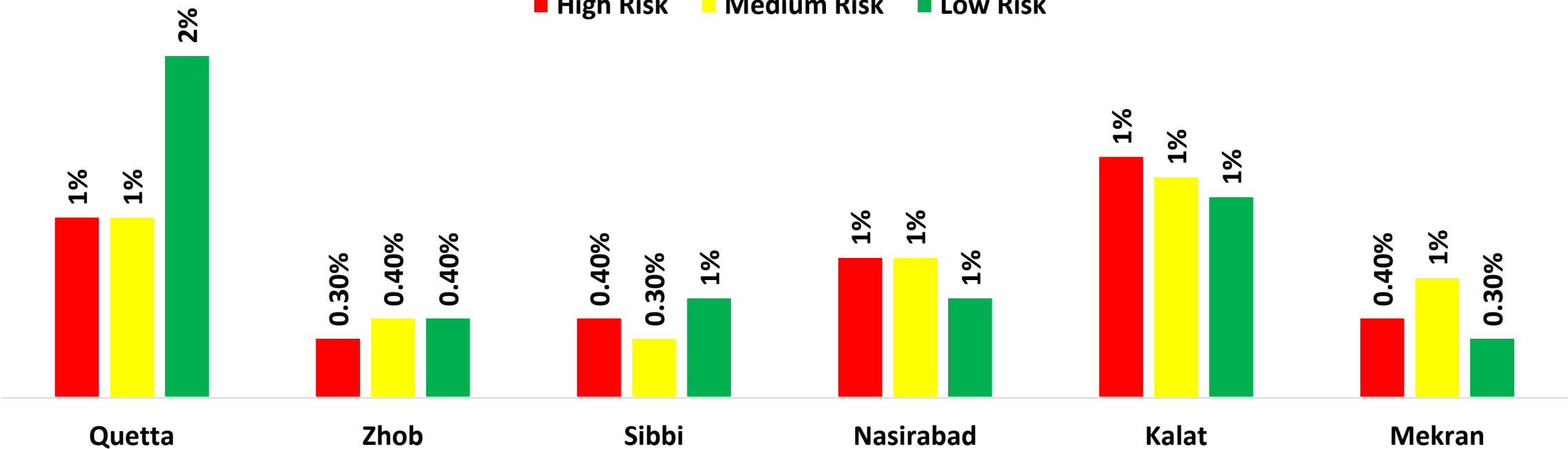


GEOGRAPHICAL CONCENTRATION OF WORKERS BY RISK-LEVEL

DIVISION-WISE LABOR FORCE AT RISK (PERCENTAGE)

BALUCHISTAN DIVISIONS ONLY

■ High Risk ■ Medium Risk ■ Low Risk



👤 In Baluchistan, Quetta and Kalat have a considerably high proportion of workers at the high-risk.



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics) Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



DIVISION_WISE LABOR FORCE AT RISK (IN MILLIONS)

Region	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Malakand	0.44	0.89	0.50	1.84
Hazara	0.45	0.58	0.58	1.61
Mardan	0.31	0.31	0.35	0.97
Peshawar	0.48	0.48	0.68	1.64
Kohat	0.09	0.09	0.12	0.30
Bannu	0.16	0.15	0.11	0.42
Dera Ismail Khan	0.12	0.12	0.14	0.38
Rawalpindi	0.65	1.04	1.22	2.91
Sargodha	0.52	1.17	0.66	2.35
Faisalabad	1.01	2.51	1.67	5.19
Gujranwala	1.20	1.49	1.29	3.98
Lahore	1.32	1.65	2.83	5.79
Sahiwal	0.64	1.29	0.70	2.63
Multan	1.49	2.10	1.28	4.86
Dera Ghazi Khan	1.18	2.35	1.05	4.58

More than a million workers are found in high-risk category in each of the 8 Divisions: Karachi, Multan, Hyderabad, Lahore, Faisalabad, Gujranwala, DG Khan and Bahawalpur

(table continued next slide.....)



GEOGRAPHICAL CONCENTRATION OF WORKERS
BY RISK-LEVEL

DIVISION_WISE LABOR FORCE AT RISK (IN MILLIONS)

Region	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Bahawalpur	1.04	2.38	1.17	4.59
Larkana	0.66	0.80	0.51	1.97
Sukkur	0.55	0.71	0.68	1.94
Hyderabad	1.36	0.98	0.85	3.18
Mirpur Khas	0.47	0.68	0.40	1.55
Karachi	1.78	0.87	1.59	4.23
Shaheed Benazirabad	0.58	0.58	0.40	1.56
Quetta	0.16	0.21	0.33	0.70
Zhob	0.05	0.09	0.09	0.23
Sibbi	0.06	0.07	0.10	0.24
Nasirabad	0.12	0.17	0.09	0.38
Kalat	0.21	0.28	0.20	0.69
Mekran	0.07	0.14	0.05	0.26
Islamabad	0.16	0.18	0.35	0.70
All Pakistan	17.34	24.38	19.99	61.71

More than a million workers are found in high-risk category in each of the 8 Divisions: Karachi, Multan, Hyderabad, Lahore, Faisalabad, Gujranwala, DG Khan and Bahawalpur

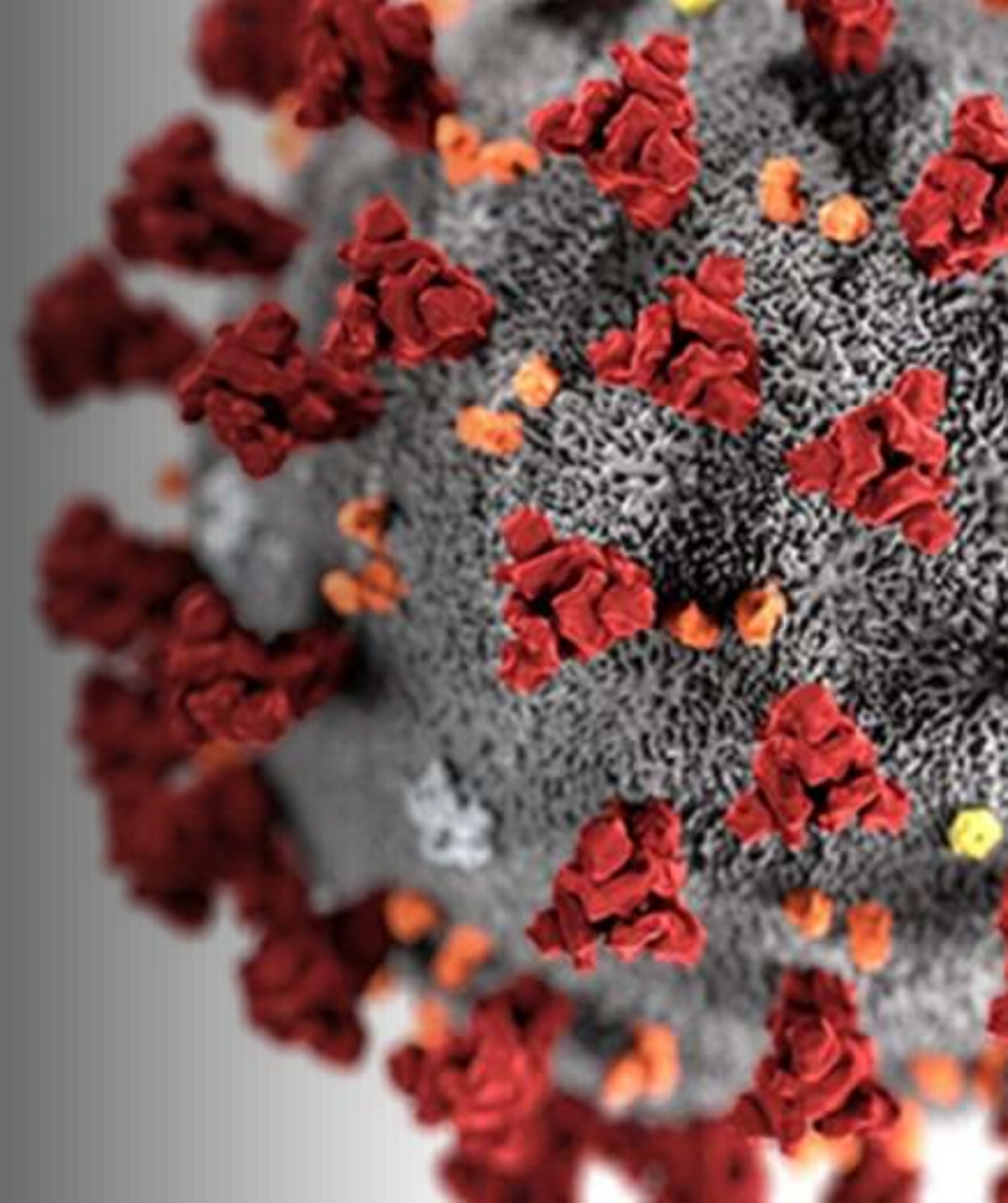




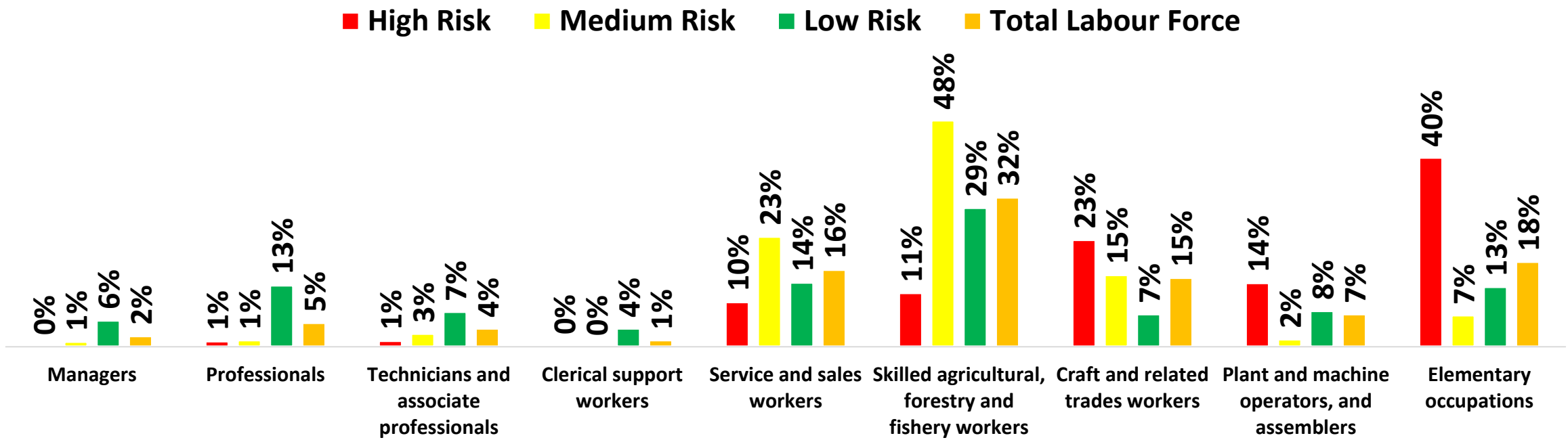
SECTION 3:

SECTORS OF EMPLOYMENT AND OCCUPATION BY RISK- LEVEL

-
- Workers at high-risk are found in agriculture (25%), construction (24%), manufacturing (20%), trade (10%) and transport (14%) sectors;
 - Workers at medium-risk are found in agriculture (53%), trade (23%) and manufacturing (13%); and
 - Workers at low-risk are found in agriculture (32%), manufacturing (16%), education (12%), trade (9%) and public administration (8%).
 - Majority of workers at high risk have 'elementary occupation (labourers)' and craft and trade related occupation.



OCCUPATION-WISE LABOR FORCE AT RISK (PERCENTAGE)



Majority of workers at high risk are found in five occupations: 'elementary (labourers)', 'craft and related trade', 'plant and machine operators', 'skilled agriculture workers' and 'service and sale workers'.



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)



OCCUPATION-WISE LABOR FORCE AT RISK (IN MILLIONS)

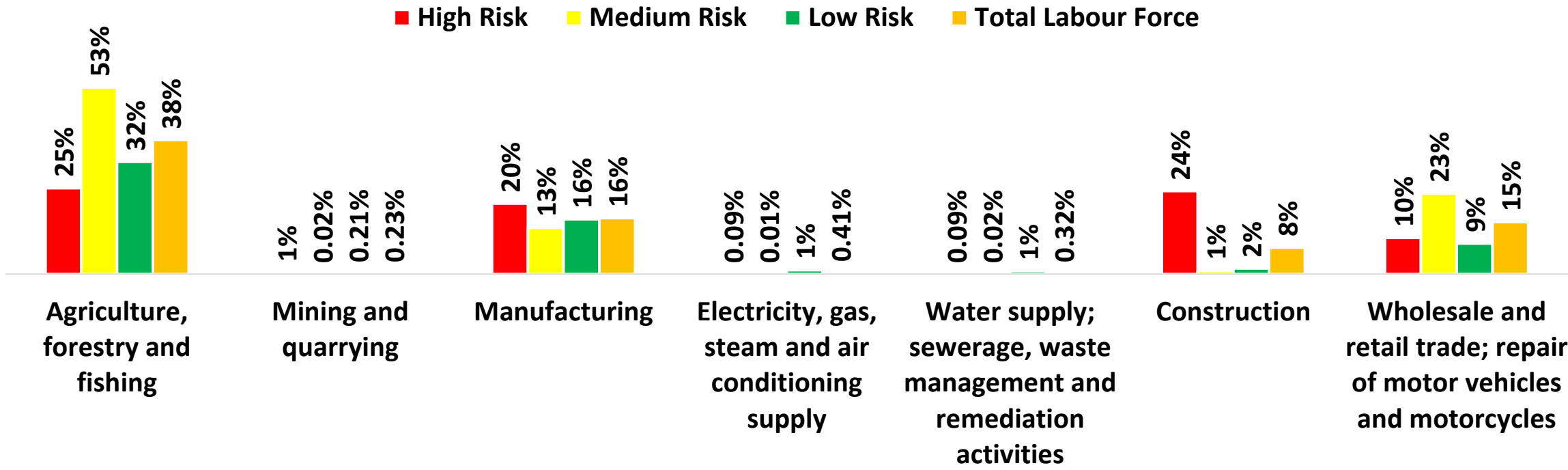
Occupations	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Managers	0.03	0.26	1.11	1.41
Professionals	0.21	0.34	2.59	3.15
Technicians and associate professionals	0.22	0.67	1.48	2.38
Clerical support workers	0.06	0.02	0.78	0.87
Service and sales workers	1.65	5.68	2.72	10.04
Skilled agricultural, forestry and fishery workers	1.98	11.68	5.87	19.53
Craft and related trades workers	3.92	3.70	1.37	8.99
Plant and machine operators, and assemblers	2.34	0.40	1.53	4.26
Elementary occupations	6.93	1.63	2.54	11.09
All Pakistan	17.34	24.38	19.99	61.71

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



SECTOR OF EMPLOYMENT-WISE LABOR FORCE AT RISK (PERCENTAGE)



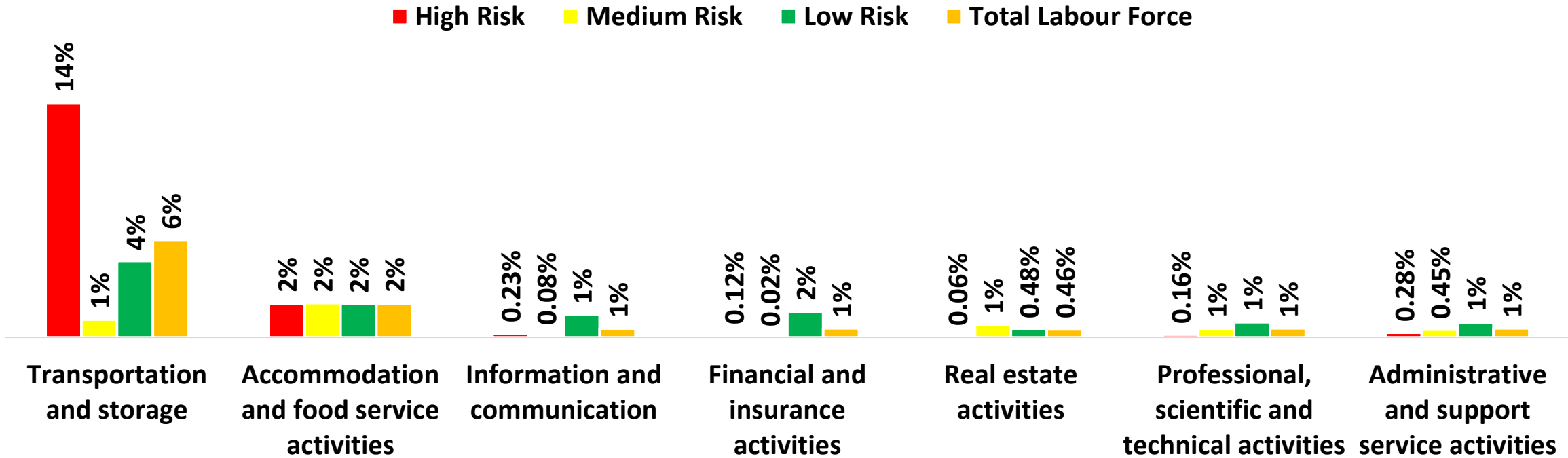
- Workers at high-risk are found in agriculture (25%), construction (24%), manufacturing (20%), trade (10%) and transport (14%) sectors;
- Workers at medium-risk are found in agriculture (53%), trade (23%) and manufacturing (13%); and
- Workers at low-risk are found in agriculture (32%), manufacturing (16%), education (12%), trade (9%) and public administration (8%).

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

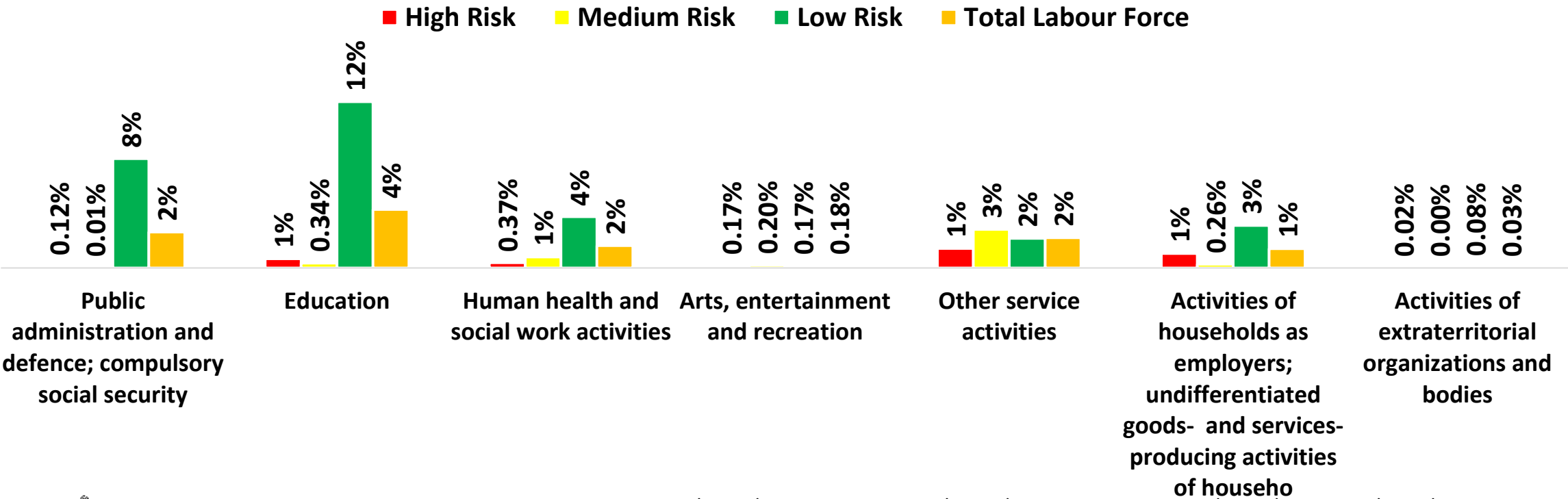


SECTOR OF EMPLOYMENT-WISE LABOR FORCE AT RISK (PERCENTAGE)



- Workers at high-risk are found in agriculture (25%), construction (24%), manufacturing (20%), trade (10%) and transport (14%) sectors;
- Workers at medium-risk are found in agriculture (53%), trade (23%) and manufacturing (13%); and
- Workers at low-risk are found in agriculture (32%), manufacturing (16%), education (12%), trade (9%) and public administration (8%).

SECTOR OF EMPLOYMENT-WISE LABOR FORCE AT RISK (PERCENTAGE)



- Workers at high-risk are found in agriculture (25%), construction (24%), manufacturing (20%), trade (10%) and transport (14%) sectors;
- Workers at medium-risk are found in agriculture (53%), trade (23%) and manufacturing (13%); and
- Workers at low-risk are found in agriculture (32%), manufacturing (16%), education (12%), trade (9%) and public administration (8%).



Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



SECTORS OF EMPLOYMENT
BY RISK-LEVEL

SECTOR OF EMPLOYMENT-WISE LABOR FORCE AT RISK (IN MILLIONS)

Sectors of employment	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Agriculture, forestry and fishing	4.27	13.04	6.44	23.75
Mining and quarrying	0.10	0.00	0.04	0.14
Manufacturing	3.51	3.24	3.15	9.91
Electricity, gas, steam and air conditioning supply	0.02	0.00	0.23	0.25
Water supply; sewerage, waste management and remediation activities	0.02	0.00	0.17	0.20
Construction	4.14	0.23	0.33	4.70
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.81	5.65	1.76	9.21
Transportation and storage	2.36	0.25	0.89	3.50
Accommodation and food service activities	0.34	0.49	0.39	1.22
Information and communication	0.04	0.02	0.26	0.32
Financial and insurance activities	0.02	0.00	(table continued next slide.....) 0.30	0.33

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19



SECTORS OF EMPLOYMENT
BY RISK-LEVEL

SECTOR OF EMPLOYMENT-WISE LABOR FORCE AT RISK (IN MILLIONS)

Sectors of employment	Labour force in high-risk (IN MILLIONS)	Labour force in medium-risk (IN MILLIONS)	Labour force in low-risk (IN MILLIONS)	Total labour force (IN MILLIONS)
Real estate activities	0.01	0.18	0.10	0.28
Professional, scientific and technical activities	0.03	0.12	0.18	0.33
Administrative and support service activities	0.05	0.11	0.17	0.33
Public administration and defense; compulsory social security	0.02	0.00	1.51	1.54
Education	0.11	0.08	2.30	2.50
Human health and social work activities	0.06	0.18	0.71	0.96
Arts, entertainment and recreation	0.03	0.05	0.03	0.11
Other service activities	0.23	0.65	0.41	1.29
Activities of households as employers; undifferentiated goods- and services-producing activities of households	0.17	0.06	0.59	0.83
Activities of extraterritorial organizations and bodies	0.00	0.00	0.02	0.02
Total	17.34	24.38	19.99	61.71

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics) Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

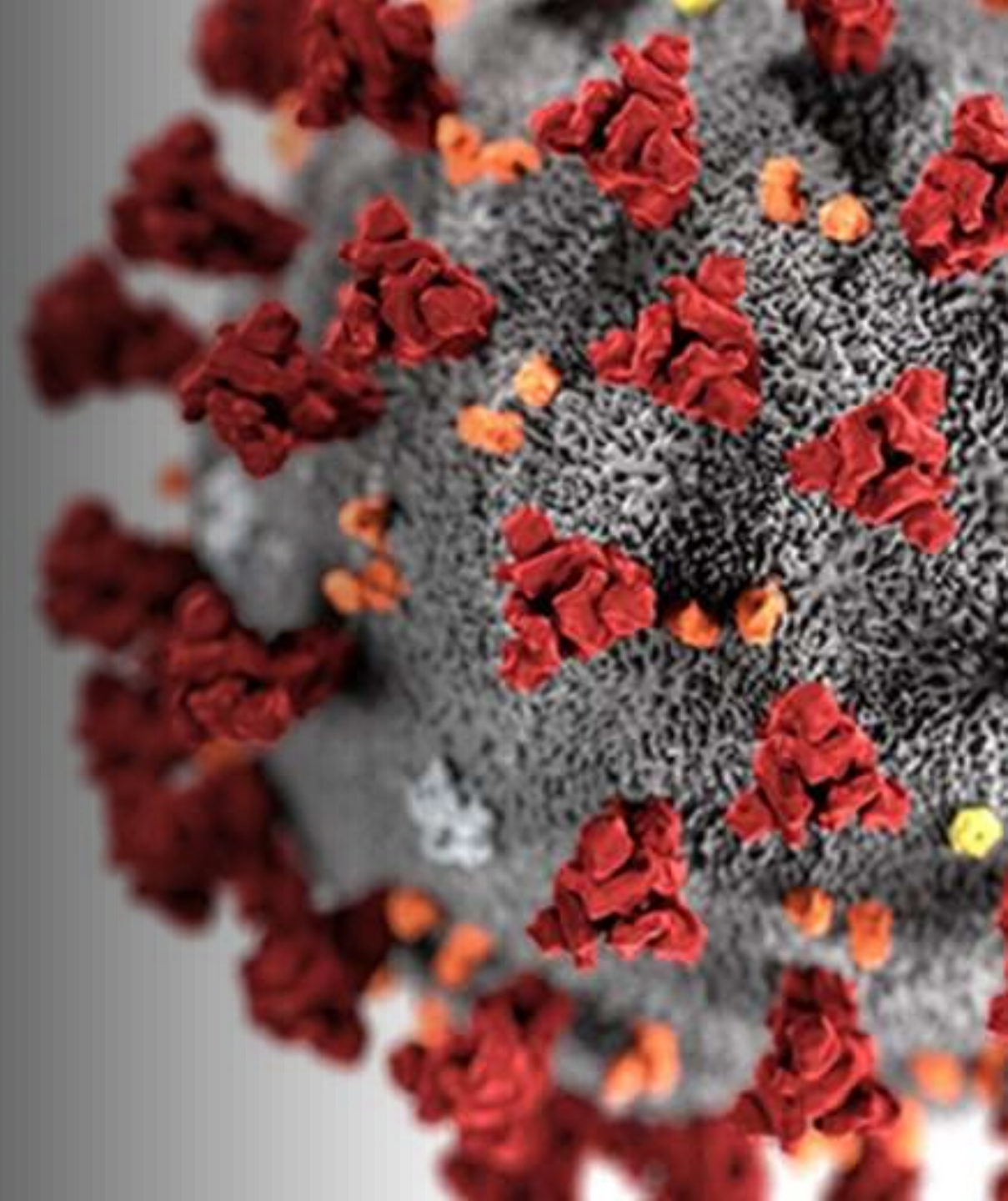




SECTION 4:

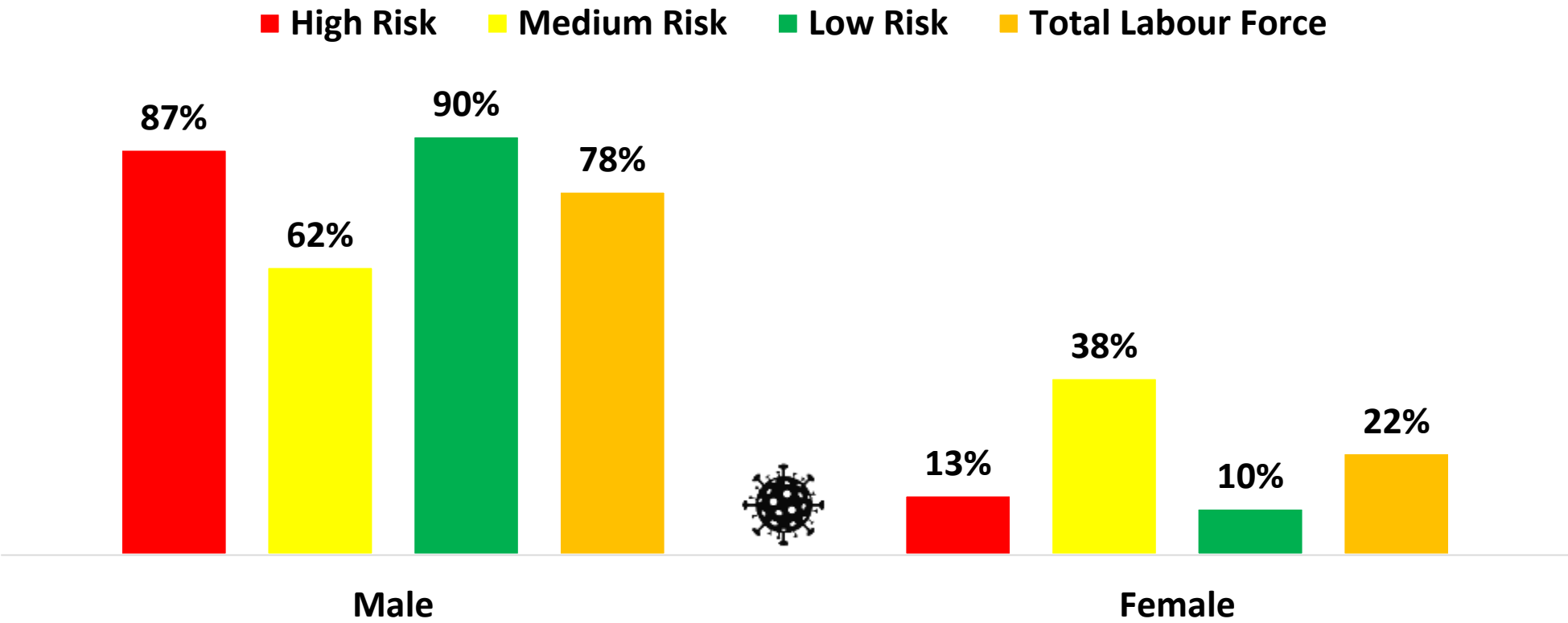
SOCIO-DEMOGRAPHIC CHARACTERISTICS BY RISK- LEVEL

- 38% of workers in medium risk are women, who primarily work as unpaid family helpers
- 80% of the employed labour force in all categories is from rural areas
- Majority of workers is in 21-50 years age group
- About half of the workers at high- and medium-risk have no formal education while the corresponding proportion is 28% for the workers in low-risk
- In contrast, compared to only 2% of workers at high-risk, 18% of the workers with low-risk have Bachelor or higher-level education



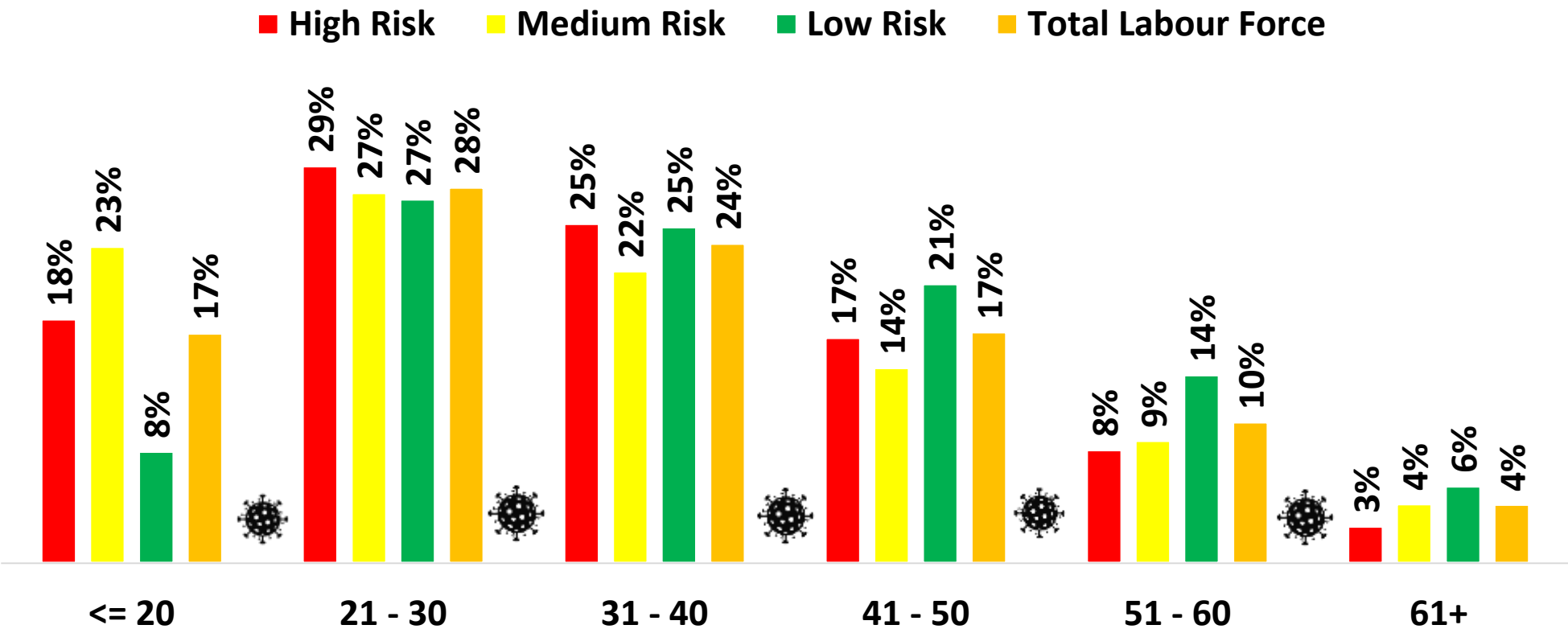
SOCIO-DEMOGRAPHIC CHARACTERISTICS BY RISK-LEVEL

GENDER-WISE LABOR FORCE AT RISK (PERCENTAGE)



🦠 38% of workers in medium risk are women, who primarily work as unpaid family helpers

AGE-WISE LABOR FORCE AT RISK (PERCENTAGE)



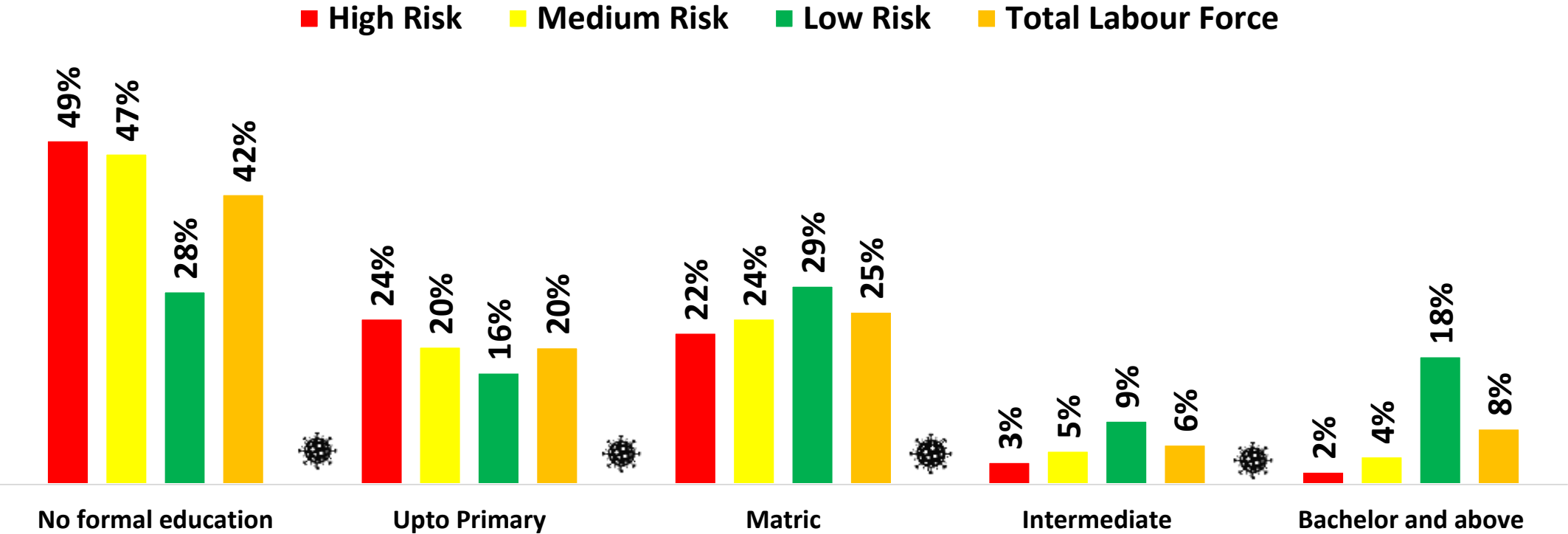
🦠 Majority of labour force workers in 21-50 years age group

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19

SOCIO-DEMOGRAPHIC CHARACTERISTICS BY RISK-LEVEL

EDUCATION WISE LABOR FORCE AT RISK (PERCENTAGE)



- About half of the workers at high- and medium-risk have no formal education while the corresponding proportion is 28% for the workers in low-risk
- In contrast, compared to only 2% of workers at high-risk, 18% of the workers with low-risk have Bachelor or higher-level education.

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

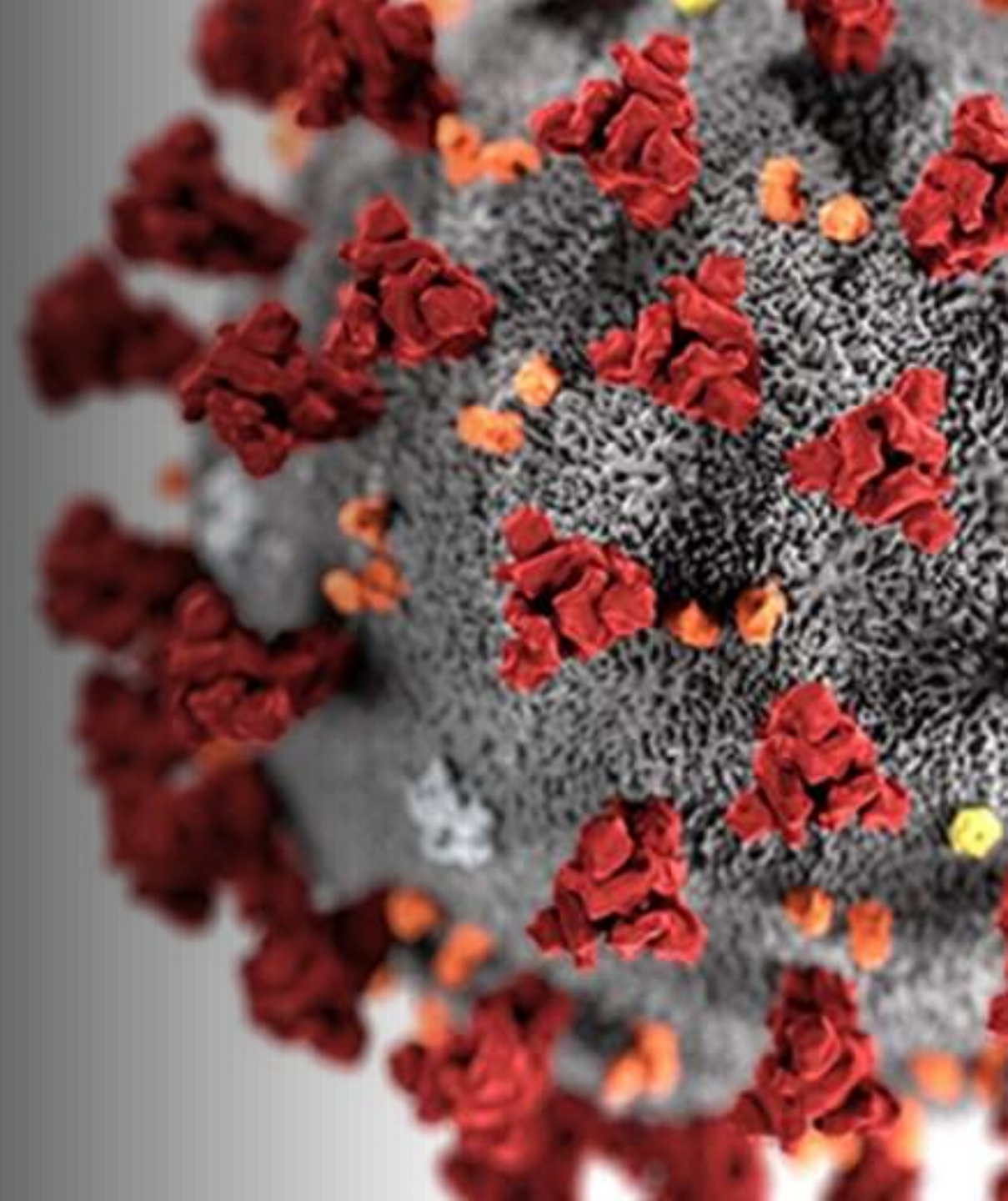
Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19





SECTION 5:

ASSESSING THE RE-ENGAGEMENT OF WORKERS IN ECONOMIC ACTIVITIES AFTER RELAXATION IN LOCKDOWN



WORKERS AT THE HIGH-RISK INCLUDE (I) 'CASUAL PAID EMPLOYEES', PRIMARILY DAILY WAGERS, (II) PIECE RATE WORKERS, (III) APPRENTICE (OR *SHAGIRDS* PROBABLY), (IV) OWN ACCOUNT WORKERS WHO WERE WORKING IN STREETS/ROADS, AND (V) SHARECROPPERS.

1. It appears that the first effect of lockdown on sharecroppers is not very serious probably because of its short duration; and they are likely to continue their farming activities, without any major shock, although majority of them is likely to remain in poverty for near future. However, the second effect – spill over risk - could adversely affect their farming activities, which may depend largely overall economic activities and on the decision of their respective landlords
2. It is assumed that majority of workers working in street/roads e.g. *rerhi walay, rakshaw drivers', shoe-menders* will resume at earliest their pre-lockdown activities

(continued.....)

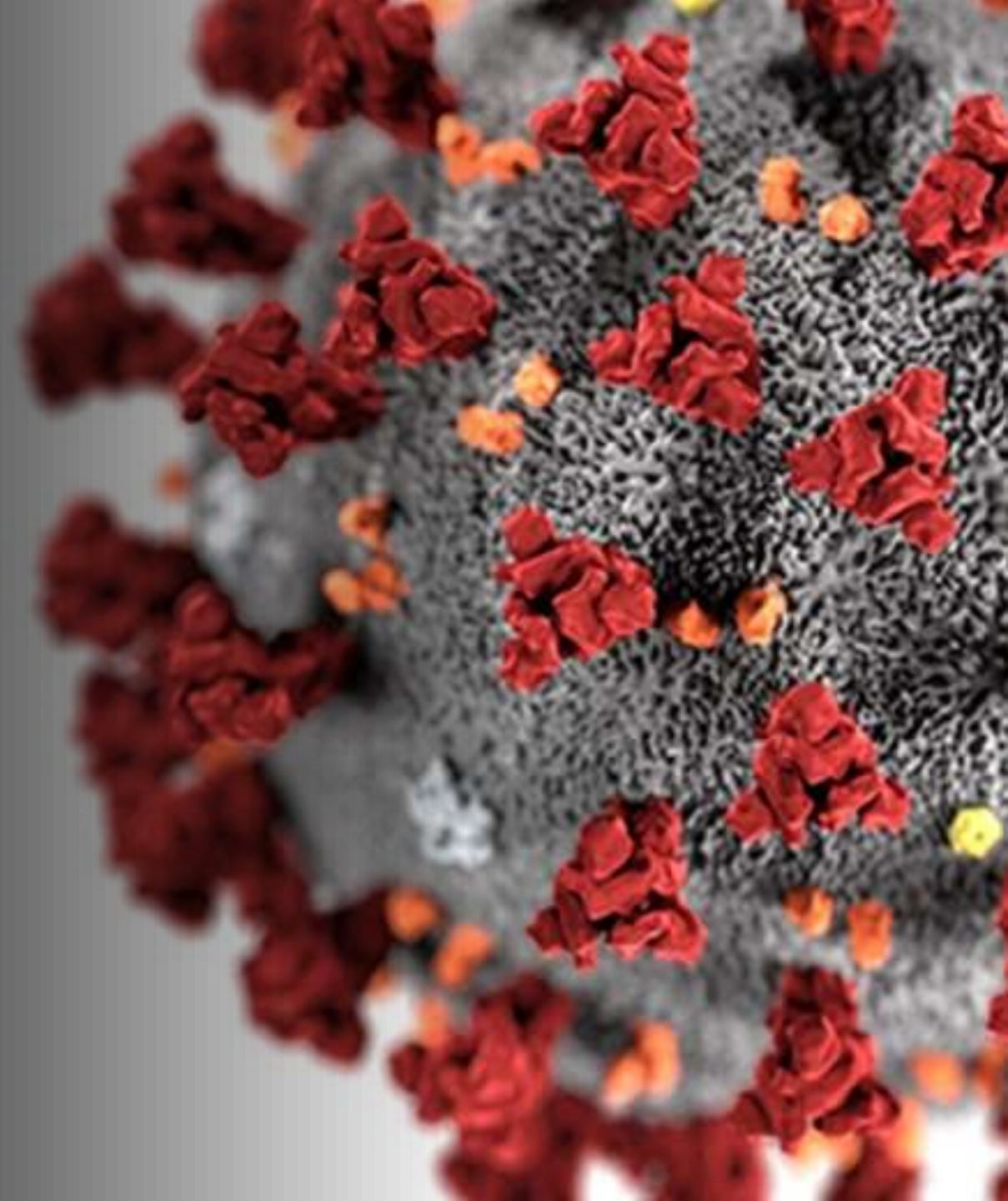
- 1. The real issue is the re-engagement of 'casual paid employees' and 'piece-rate workers', constituting more than 70% of the workers at high-risk. Their re-engagement will depend on the recovery of their sectors of employment - construction, manufacturing, trade and transport.**
- 2. It is estimated that re-engagement or reabsorption of 9-10 million workers at high-risk (casual paid employees and piece rate workers) depends on the speed of recovery/revival of these sectors of the economy**
- 3. Considering the projected slow or negative economic growth, the re-engagement process is likely to be gradual and may take 6-12 months**
- 4. Return of workers who moved from their workplaces (mainly urban) to rural areas may take longer time because of the fear of covid-19, slowness in economic activities, poverty and affordability of re-migration to workplaces.**

ABOUT 90% OF WORKERS IN MEDIUM RISK ARE IN THREE SECTORS: AGRICULTURE (53%), WHOLESALE AND RETAIL TRADE (23%) AND MANUFACTURING (13%)

- 1. Majority of workers engaged in the agriculture sector are contributing family workers or unpaid family helpers. Continuity in agricultural activities are crucial for the sector, concerned households and these unpaid helpers**
- 2. Relaxation in lockdown has opened the opportunity of recovery for the manufacturing and trade sectors; *a quick recovery of manufacturing and trade sectors is necessary to reduce the risk of losing jobs of workers engaged in these sectors before the covid-19***
- 3. However, the projected slow economic growth may have an adverse impact for some workers to retain their jobs in the manufacturing and trade sectors**



SECTION 6: POLICY STEPS AND RECOMMENDATIONS



POLICY STEPS BY THE GOVERNMENT

1. CASH TRANSFER PACKAGES
2. DAILY WAGER SUPPORT
3. CONCESSIONS TO CONSTRUCTION SECTOR
4. CONCESSIONAL LOANS TO SMEs
5. RELAXATION IN LOCKDOWN AND RESUMPTION OF ECONOMIC ACTIVITIES, AT LEAST PARTIALLY

POLICY STEPS BY THE COMMUNITIES

1. EARLY PAYMENT OF PRIVATE ZAKAT
2. FOOD SUPPORT IN RAMADAN IN PARTICULAR

KEY POLICY QUESTIONS

- How to support in this crisis the workers at high-risk?
- How to protect the workers at medium-risk from losing the sources of their livelihood or from falling into poverty?
- How to encourage the workers in low-risk to contribute in economic activities?

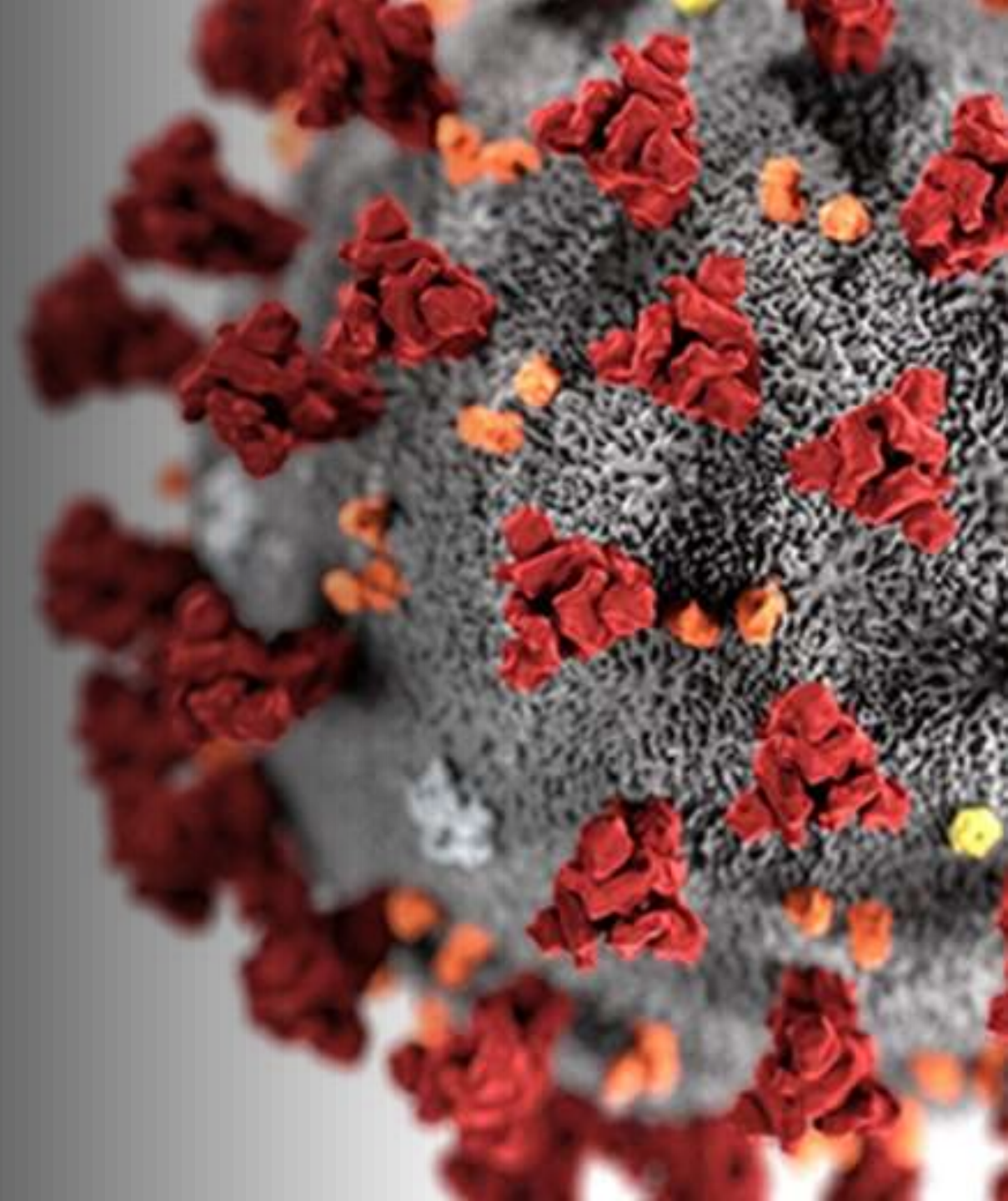
RECOMMENDATIONS

- ‘Casual paid employees’ and ‘piece rate workers’, who are jobless after the lockdown, may need financial support in future as well
- To avoid a wide-spread unemployment, four sectors of the economy needs special attention – agriculture, construction, manufacturing, and trade
- In addition to implementation of the already-announced packages, new venues may be explored to support activities in these sectors of the economy

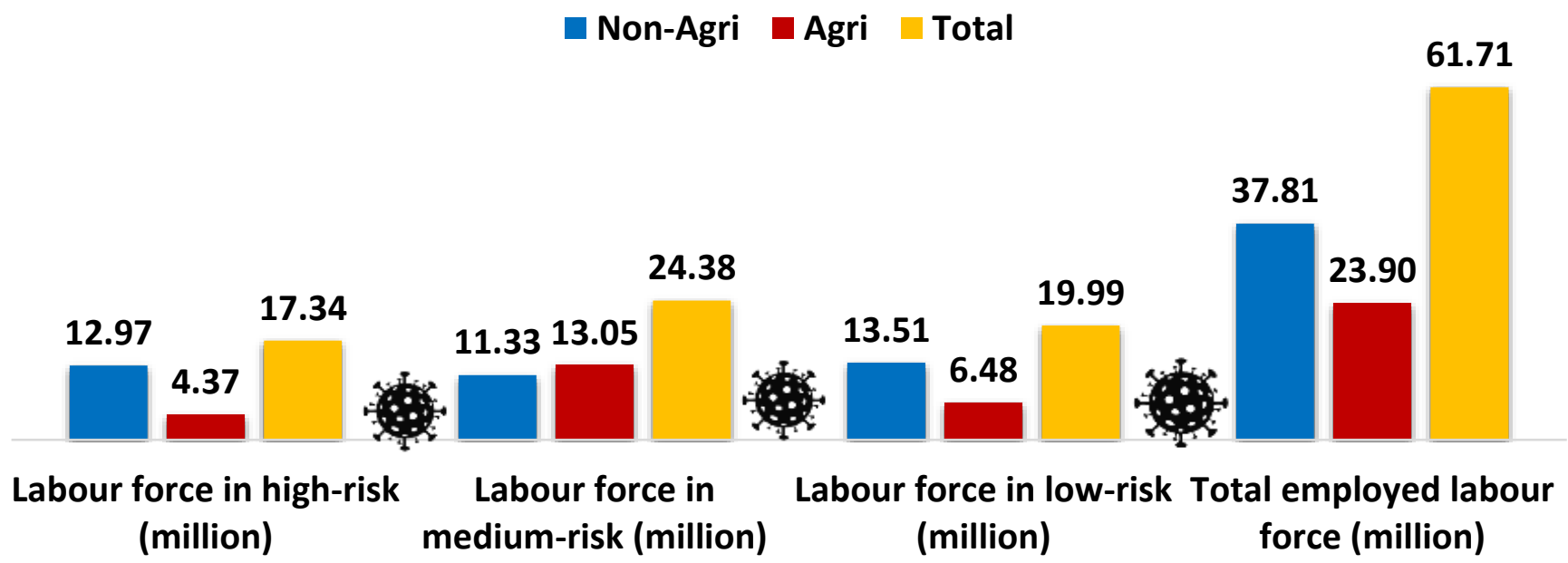


APPENDIX # 1:

DISCUSSION ON RISK OF CORONA VIRUS ON AGRI AND NON-AGRI SECTORS



PAKISTANI LABOR FORCE AGRI AND NON-AGRI AT RISK (IN MILLIONS)



*Note: Agri sector includes Agriculture, forestry and fishing and Mining and quarrying sector

- 👤 In terms of number, **12.97 million** employed labour force at **NON-AGRI** sector and **4.37 million** at **AGRI** sector may lose their jobs because of the lockdown.
- 👤 In **NON-AGRI** sector (high and medium risk): **12.97 million + 11.33 million = 24.30 million** employees can be at the risk of joblessness and/or push into poverty.
- 👤 In **AGRI** sector (high and medium risk): **4.37 million + 13.05 million = 17.42 million** employees can be at the risk of joblessness and/or push into poverty.

Source: Labour Force Survey 2017-18 (Pakistan Bureau of Statistics)

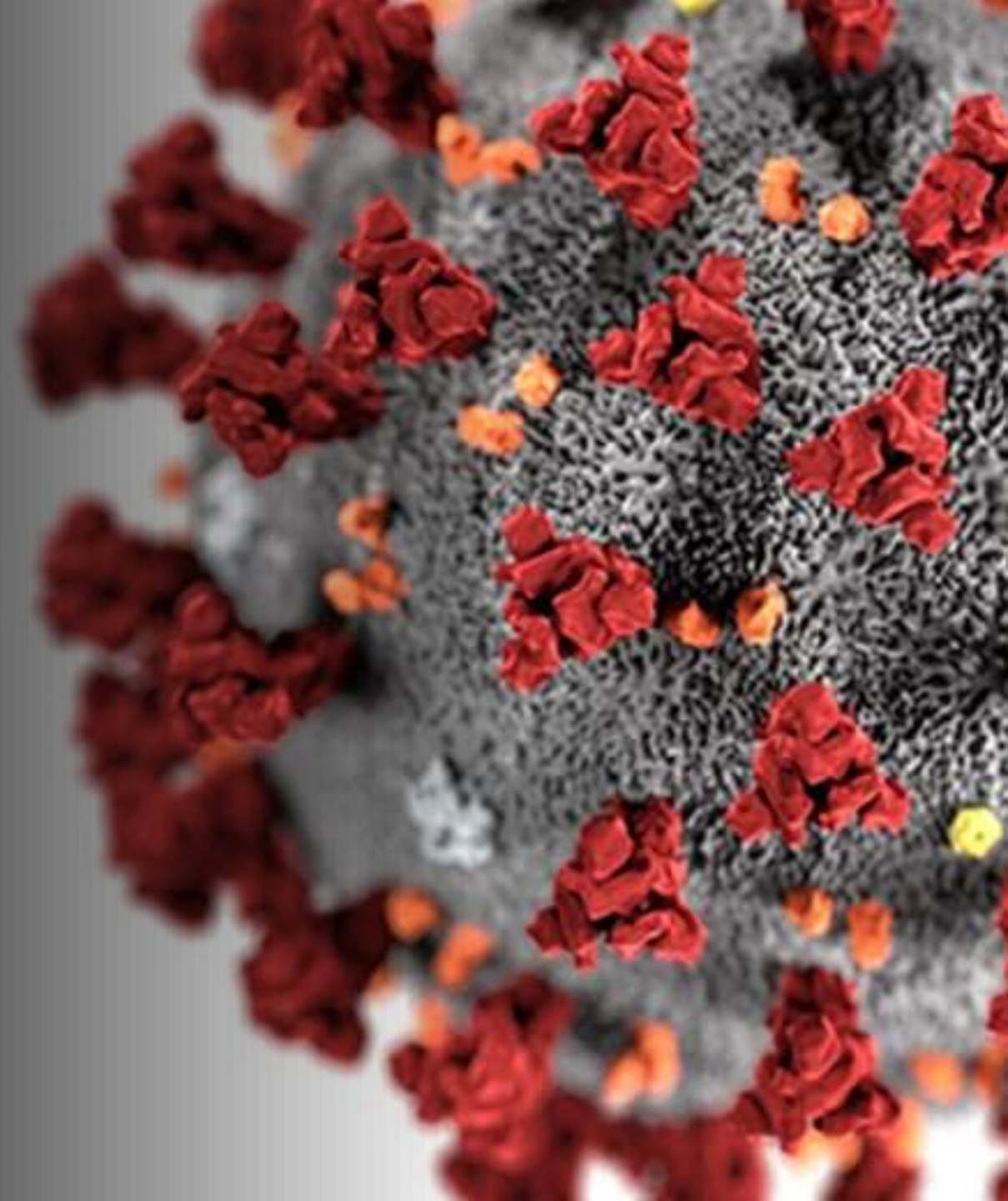
Informal Discussion Group on ECONOMIC RISKS AND OPPORTUNITIES OF COVID- 19





APPENDIX # 2:

LOOKING AHEAD:AGENDA FOR DISCUSSION PAPER # 2



In the light of feedback from the Discussion Group held on May 22, below is a tentative agenda for points to be researched for Discussion Paper # 2.

We have identified TWO key directions of enquiry. Others might be addended as we proceed. The first if the two relates to providing further refinements to segmentation of risk effects by Agri and Non-Agri sectors, formal and informal sectors of the economy. This type of segments might help policymakers to customize their SOPs as well as other financial and regulatory measures customized by different geographic, sectoral, and social segments of the economy.

The second deals with Pathways to recovery. What path to choose, as well as the measurement and assessment of capabilities and possibilities of accomplishing the path one chooses.

We hope to work actively with our colleagues in this public service activity for the achievement of these objectives.

1. EFFECTS OF COVID19 ON AGRI AND NON AGRI SECTORS OF PAKISTAN'S ECONOMY: Further refinement.

The above classification of the labour force shows a meaningful distinction between the Agricultural and Mining sectors on the one hand and all other sectors related to Manufacturing Trade and Services on the other. The latter group can be found in both the urban and rural locations, even though its presence, especially in value terms, is heavily urban. We will explore exact numbers on this issue in our Discussion Group paper # 2.

2. DISTINCTION BETWEEN FIRST ORDER EFFECTS OF CORONA VIRUS ON THE NON-AGRI SECTOR AND THEIR SPILLOVER INTO SECOND ORDER EFFECTS IN BOTH AGRI AND NON-AGRI SECTORS

In our informed assessment, the first-order effects of Corona, by way of the potential for job loss are not absent in the rural areas, but at this stage, they seem to be heavily concentrated in the large cities. Corona related job losses in the Agri sector and rural areas are possibly subdued, less known and less appreciated. We must nevertheless recognize that the first-order effects emerging from urban areas have every potential to spill over into second-order effects through the loss of jobs and closure of businesses anywhere in the country. The loss of remittances to rural areas by the returning domestic and overseas workers will affect rural purchasing power. The unemployed workforce from urban Pakistan and abroad will congregate in their rural communities of last resort. All of this is a sign of creating a serious recession. Wisdom suggests that we should recognize, assess, and boldly prepare to fend and face the looming crisis. We will explore these subjects in greater detail in our planned Discussion paper # 2. We hope to conduct its research and analysis over the next two months, during June and July of 2020.

The data and analysis contained in Paper # 1 would guide us in distinguishing between current and future effects of Corona on the labour force of Pakistan. We hope to deepen our understanding of first and second-order effects while proceeding to explore different paths to the revival of the economy back to normal and beyond.

3. PATHWAYS TO REVIVAL

Measuring and assessing what goes into strategies of re-absorption-engagement and re-imagining of a labour force at risk.

The research data in this briefing paper provides convincing evidence that a large section of Pakistan's total labour force faces the reality or threat of dislocation. What lies beyond this phase? On this view may differ on whether one should aim to restore the status quo or to aim higher by way of turning this disruptive dislocation into an opportunity for an economy better than the previous status quo. The latter approach opens the door for re-imagining beyond conventional assessments for policymaking. Discussion paper #2 will carry forward what we learnt from feedback and critique of Round # 1. Also, we will aim to imagine and assess different paths to the revival.

4. LEARNINGS FROM DISCUSSIONS IN ROUND # 1

Our colleagues in the Round # 1 discussion process raised extremely valuable points on at least four counts,

- Firstly: How to distinguish Economic risks between Agri and Non-Agri as well as rural and urban sectors of the economy;
- Secondly: How to distinguish Corona effects on formal and informal sectors;
- Thirdly: How to understand the reality of disruption; and
- Fourthly: How to imagine different paths for revival beyond disruption.

Discussion paper#2 will attempt to work with our colleagues on all if the four research issues.

5. WORK IN PROGRESS

The Discussion paper series may please be treated as work in progress.

As we begin to research for Discussion paper # 2, we will organize our measurements, assessments and imagination in the light of what we learnt from Round#1. We will greatly appreciate further feedback from our colleagues and other stakeholders on Paper#1 which is a work in progress. We are keen to correct any errors and to incorporate fresh ideas offered from within members of the Discussion Group and from colleagues among whom we have the pleasure and honor of circulating the Paper#1. We are looking forward to pitching in our modest share by joining hands with all stakeholders to collectively face the risks of dislocation among an already vulnerable labour force of our country (end).



www.gallup.com.pk/



[/GallupPak](https://www.facebook.com/GallupPak)



[@GallupPak](https://twitter.com/GallupPak)



isb@gallup.com.pk

CONTACT US

