



**Employment, HRD and Migration
Issues and Policies
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This presentation

- **1. Introductory observations**
- **2. Overview of employment and labor market situation**
- **3. Key questions**
- **4. Employment and development potential**
- **5. Skills needed**
- **6. Key areas & issues to be addressed**
- **7. Conclusions**

Introductory observations - I

Turn around, vibrancy & wider optimism
☛ “growth consolidation”

MTDF & Vision 2030 ☛
“enhancing competitiveness”, policy Outcomes & eco governance

Infrastructure, human capital & technology ☛
Total factor productivity

Poverty reduction targets & MDGs integrated

Labour market indicators & Emp & HRD focus

Introductory observations - II

Macro & sectoral policies & PSDPs → emp outcome?

HRD → linkages with policies
→ Needs assessment?

Strengthening & better coordination of HRDU machinery

Labour market monitoring

Mismatch of educated and trained

Rising i) trade gap, ii) deficit, iii) prices

Overview of employment & LM situation - I

Low LFPR
☛ **high dependency ratio**
[but huge untapped reservoir]

1) under-utilization of 20%, 3.5mn UE; edu, trained & youth UE double
2) Hours worked
33% >65hrs
15% <15hrs

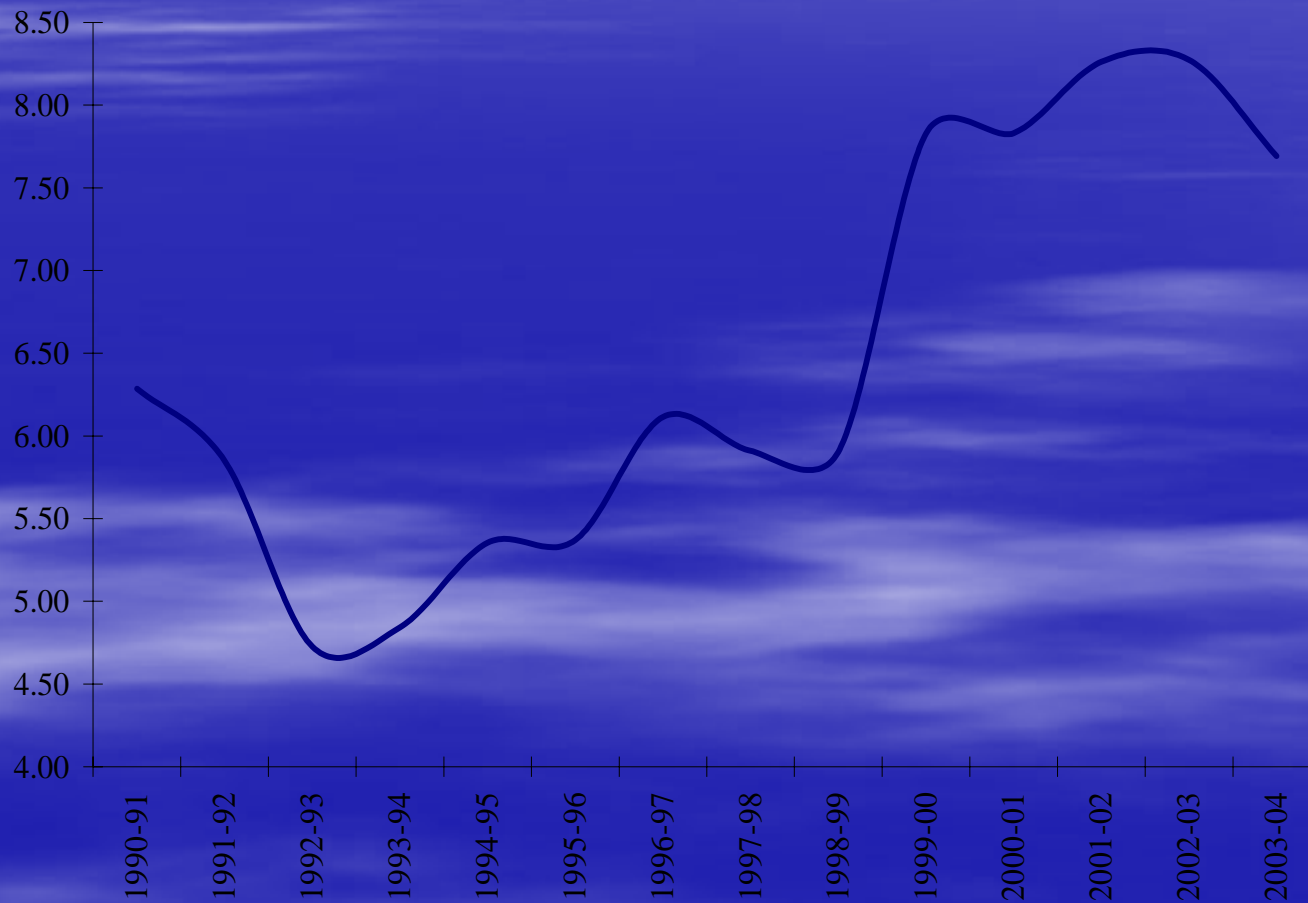
1) LF 13-14% manufac.,
2) 43% agr,
3) Largest in services & mainly in domestic commerce (IFS?)

Lit 50%, 1/3rd < mat, 10% mat, 4% each inter & degree, low voc & tech competence of LF
[1) 22.6M lit & edu 2) total enrolment 25.98M; 3M secondary & higher level but <1/2mn degree+]

Declining FS, public sector
Shedding emp & same for LSM
Self emp & unpaid FH,
3/5th IFS

Overview of employment & LM situation - II

- **Unemployment:** Rising UE arrested, double digit amongst youth, higher in rural areas and amongst males, majority of UE women in rural areas



Overview of employment & LM situation - III

- Significant proportion of employed earning subsistence wages
- 2/5th of employees getting < Rs 2,500; 75% of women
- Poverty wages more prevalent amongst women >half of them
- Wages of skilled & unskilled construction workers; rural non-farm & even in agr sector?
- [Monthly exp < 670/capita poverty line]

	All	Upto 1,500	1,501 - 2,500	2,501 - 4,000	4,001 & above
Total (000)	16,572	3,334	4,012	4,469	4,757
Male (000)	14,260	2,105	3,505	4,268	4,382
Fe- Male (000)	2,312	1,229	507	210	375

Overview of employment & LM situation - IV

- Overseas migration around 150,000 (return flow?)
- Availability of old age benefit (civilians): **public sector** employment 5.81mn in 2001-02 + **EOBI coverage** about 3mn
- Plethora of labor laws ➔ Complicated, duplicated and poorly implemented ... limited coverage; by-passing agri & IFS ... international obligations; ratification and compliance ... ***flexibility with employment protection***
- Annual flows to labor market 1.2 - 1.5mn; more than half literate, educated & trained


Key questions - I

- How to ensure productive employment of: a) new entrants (youth), b) backlog, c) under employed, d) **discouraged workers**, e) women & f) re-trenched?
- Where is employment and development potential? What are the sectors and activities?
- How to tap the potential of employment overseas? What shall we do with regard to feminization of migration – **untapped** vast employment potential?
- How to estimate/project manpower requirements (given data limitations)?
- Can we **broadly** match supplies with identified demand – in SMEs, agri, rural non-farm, urban IFS, manufac, domestic commerce, construction/housing, etc - by gender, education/literacy, training/skills of the work force?
- Do we have responsive education and training system to meet the requirements of the identified activities?

Key questions - II

- Do we have an institutional mechanism?
- How to integrate “decent employment”, poverty reduction and HRD with HRDU?
- How to link policy (ies) formulation with HRDU and ensure implementation with a focus on Coordination?
- How to address the disconnect ↪ policy (ies), education & training and industry/employer?
- How to address factors affecting growth and Pakistan’s ranking?

Employment and development potential - I

- Domestic commerce – whole sale & retail, ware housing, distribution - - - refrigerated transportation & transportation (inter & intra city) --- (Organized) street vending ... cold chain services - - - CNG kit installation & filling stations... (also food kiosks & nurseries at bus stops) [**Edu/lit, youth, females, males, clusters, skilled/lit/edu, return migrants (RMs)**]
- Consumer electronics & electrical appliances
- Call centers/PCOs, mobile phone sale & repairs, ISPs & broadband service providers (BBSPs), internet cafes, cable services] [**Edu/lit, youth, females, males**
 **workers retrenched/laid off, RMs]**
- ICT, Software houses, inward & outward call centers,...
- Housing and construction – housing schemes for large towns, tehsils, districts, metropolitan cities [**largely male construction workers**]

Employment and development potential - II

- Security personnel and guards
- (Emerging but largely untapped) leisure industry – beauty saloons, barbers, health clinics, indoor swimming pools, message parlors, savanna/Jacuzzi,...
 - ☛ rising urban population, middle & low middle income groups and remittances receiving households**[Edu/lit, youth, females, males, clusters, skilled/lit/edu]**
- Education especially schools for boys & girls (and even tech edu & voc trg) ☛ private sector
- Health care & health related ☛ private sector
- Tourism & hospitality
- Advertising, marketing and creative services (including writing for computer games/others)

Employment and development potential - III

- Electronic and print media
- Banking, leasing and insurance
- Travel agencies, air line ticketing
- Printing & publication
[above potential exists in towns, urban centers & clusters for youth, males, females, skilled/lit/edu]
- Furniture, wood work and crafts [rural areas, towns & urban centers]
- Construction related industry – stone crushing, brick kilns, machinery & equipments, cement, steel, pipes & cables, sanitary wares, tiles, ceramics... [towns, urban centers, clusters, production workers, skilled/lit/edu]

Employment and development potential - IV

- Energy – renewable [bio-diesel, fuel ethanol, solar, wind, tidal (AEDB)] + LPG, CNG +++Coal [rural areas, towns, road networks, urban centers, production workers, skilled/lit/edu]

*Huge coal reserves ↪ 185 billion MT but current use only a fraction **but** 1/4th used imported; 99% deposits in Sindh; Low ash low sulphur lignite discovered in Tharparker – coal could be used as a fuel for sugar; saving 9 MT of bagasse that could be used for medium density fiberboard + gasification of coal can be used for chemicals including fertilizers +++ natural gas saved can be used for Tri-Ethylene Glycol **&** many other chemicals can be manufactured from the natural gas*

Employment and development potential - V

- Chemicals, fertilizers, pesticides (pharmaceuticals)
- Light engineering, industrial clustering & vendor industry
- Marble industry --- all processes
- Public works programs
- Water reservoirs
- Fruit & vegetable, livestock, sheep & goat, dairy & milk, fisheries, horticulture, floriculture, *olives, pomegranates, grapes, dates, figs* [rural areas/towns, urban centers, clusters, farmers, males, females, skilled/lit/edu]
- Feed mills

Employment and development potential - VI

- Cotton value added → ginning, thread, bleaching and coloring, textiles & clothing, garments, hosiery, bed linens,... [towns, urban centers, clusters, framers/cotton pickers, males, females, skilled/lit/edu]
- Sports, surgical and cutlery
- Leather – complete process
- Carpets & rugs
- Overseas migration: 1) Arab Gulf → \$1 trillion projects; more than half in construction - \$228bn oil & gas, \$106bn petrochemicals, \$70bn power & water dev – UAE alone \$300bn projects (The Engineer May 2006, p/4), 2) Others → repair & maintenance, industrial & health (nurses in particular) technicians, domestic maids, ICT related,....
- (other) Export oriented products

Harnessing employment and development potential

- Awareness about potential & constraints?
Actions/measures?
- Policy (ies) targeting potential?
- Policy (ies) inconsistencies?
- Regulatory framework, ownership titles, level playing field,?
- Infrastructure
- Institutional mechanism?
- Public-private partnership?
- Education and training system?

Skills needed - I

For manufacturing, repair & maintenance

- Foundry & pattern making, metallurgy, electroplating, tools & dies designing, moulding, melting & casting, metallic & composite material, installation and electromechanical & assembly systems maintenance
[TUSDEC centers for tools, dies & moulds reported to be in Karachi & Gujranwala]
- Welding; electric & gas (tigmig, seam & x-ray esp for pipelines)
- Computer aided design & manufac (CAD/CAM) - civil, electrical & mechanical – and computer numeric controlled manufacturing (CNC) [**edu/trained, males & also females**] [TUSDEC centers for CAD/CAM reportedly in 8 cities]
- Chip designing & testing [**edu/trained, males & females**]

Skills needed - II

For SMEs -1

- Light engineering
- Metal industry related
- *Diesel fuel skills*
- Mining & quarry
- ICT related skills

[above all needed in towns, urban centers, clusters, males, females, skilled/lit/edu]

- Garment making
- Printing process

Skills needed - III

For SMEs - 2

- Construction industry-related
- Steel fabrication
- Wooden furniture
- Marble finishing and processing
- Gems & jewelry
- Ceramics
- Cutlery
- Surgical
- Sports goods
- Leather products/technology
- Blue pottery

Skills needed - IV

For domestic commerce & service - 1

- Entrepreneurship development
- Starting and managing small business
- Running stores, shops, departmental stores, distribution, cold stores,....
- Book keeping and accounts [certified accountant for sales tax/income tax]
- Spoken English, correspondence
[above all needed in towns, urban centers, edu/trained, males & females, workers laid off/retrenched, employees having taken golden handshake]
- Pattern drafting & machine sewing/embroidery
- Repair & maintenance – auto mobiles, domestic appliances, ...

Skills needed - V

For domestic commerce & service - 2

- Hospitality industry – hotels, restaurants, caterers, chefs, tourist guides, butlers/cooks
- Health related – x-ray & laboratory technicians, nurses, dispensers, midwives, pharmacists, dental care, ...
- Optical technicians
- Leisure industry/activity-specific
- Event management
[above all needed in rural area except leisure industry, towns, urban centers, clusters, males, females, skilled/lit/edu]
- Security personnel and guards

Skills needed - VI

For agriculture

- Seed technology
- Crop planning and production
- Plant protection, integrated pest management
- Balanced application of chemical fertilizers and pesticides
- Land reclamation, farming & precision land leveling
- Pressured irrigation systems, tube wells and ponds
- Farm forestry
- High value crops, fruits and vegetables (seasonal and off season through tunnel farming)
- Certified fruit and vegetable nurseries
- Floriculture (cut-flower)

Skills needed - VII

For agro-related

- Farm machinery
- Processing industry (fruits, vegetables, oilseeds, pulp)
- Inedible oil extraction from rice bran (important raw material in manufacturing of soap, washing powder, etc)
- Ginning
- Grading, packing, processing and waxing of fruits - mango, orange, dates, etc

Skills needed - VIII

For non-farm sector

- **Livestock development (dairy farming, animal fattening, breeding through artificial insemination and meat processing)**
- **Fisheries (farms, processing and preservation of fish and shrimps)**
- **Forestry and agro-forestry products**

For overseas migration

- **Skills as indicated in the “potential”**

Key areas and issues to be addressed - I

Favorable environment for domestic commerce and SMEs development

- Product/activity specific policies as well as for developing markets/malls,...
- Tackling 1) largely indifferent attitude towards domestic commerce, and 2) poor quality output, marketing bottlenecks, lack of integration, linkages and absence of a voice
- Access to infrastructural support, finance and input market
- *Building institutional mechanism; government supported & private sector led [SMEDA?; SMEDA alone!]*

Key areas and issues to be addressed - II

Technical education and vocational training -1

- Low enrolment, low capacity, qualified instructors & career progression, relevance to market needs, equivalence, rigid enrolment and examination system
- Central control and guidance
- Coordination, standardization, regulation & certification
- Materials & equipments
- Autonomy & flexibility (within set standards)
- Role of private sector, CC&Is, business associations, exporters [OEPs & Business organizations abroad]
- OJT, apprenticeship, mobile training especially for the IFS, rural areas and small repair/manufacturing, “Ostad-Shagird” system (its up-gradation?), replication of TREE of ILO
- Cost sharing (stipend)

Key areas and issues to be addressed - III

Technical education and vocational training - 2

- Skills dev/upgradation of workers retrenched/laid off due to restructuring & privatization, and of return migrants
- **Targeting schools drop outs + those not enrolled** ➔ **Untapped vast reservoir of manpower and potential for TEVT**
- Stock taking of skills dev – formal, non-formal & informal
- Assessing skills and training needs [& shortages] ➔ industry, banking & finance, tourism, elec & print media, SMEs including domestic commerce, agriculture related, agro processing, cottage ind, rural non-farm, ...

Key areas and issues to be addressed - IV

Technical education and vocational training - 3

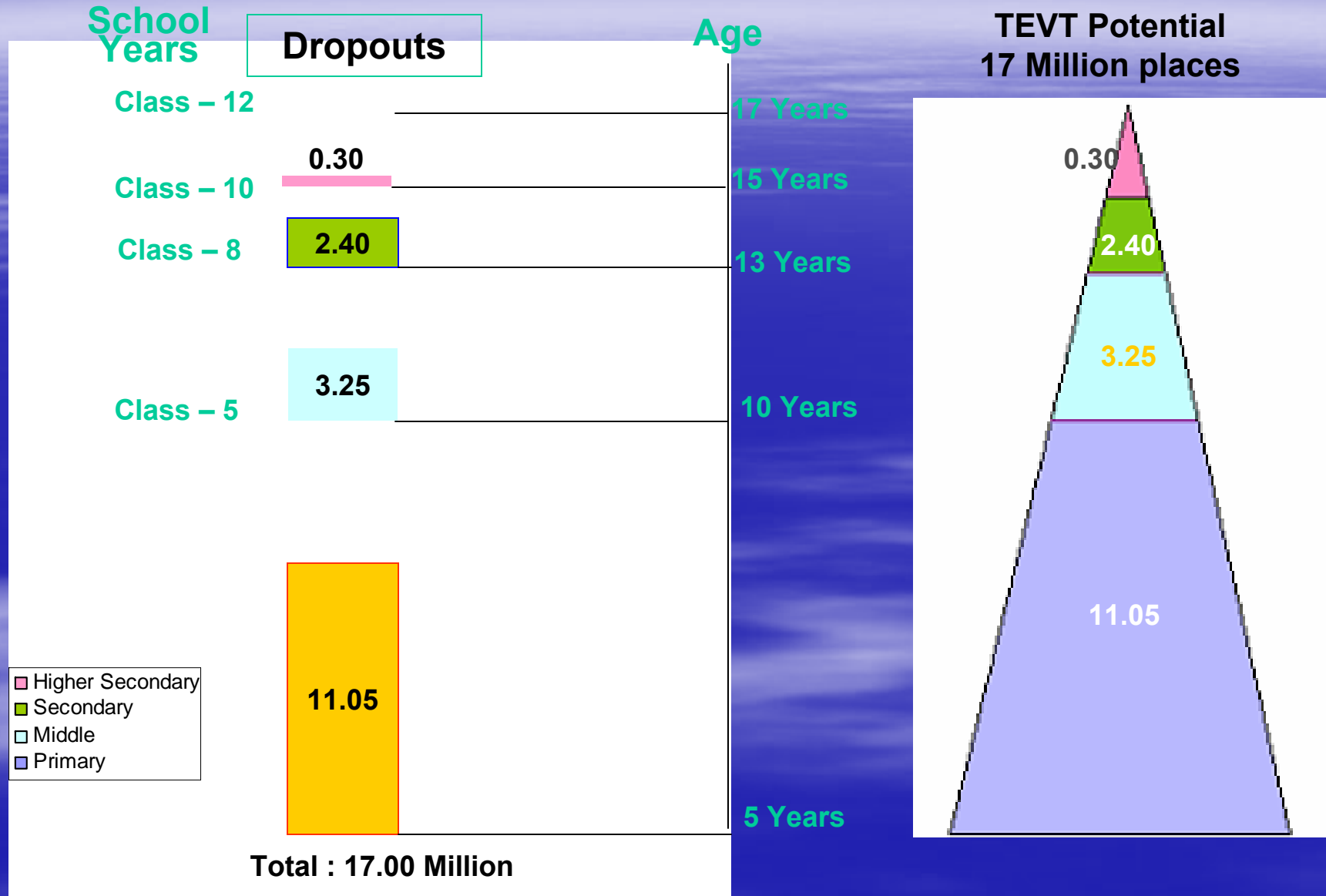
- **Introduction of technology, vocational & commercial stream in school education (or integration?) – what, why, where & how?**
- **Designing skills dev strategy – overall & sectoral - with adequate considerations on public-private partnership, OJT, Ostad-shagird system**

TEVT institutions: type, numbers and Capacity

Province	Type of Institute	No. of Centre	Capacity
TEVTA Punjab	Technical and Vocational	402	83,000
Punjab Training Council	Vocational	60	15,000
DMT Sindh	Vocational	33	3,740
Directorate of Technical Education	Technical	53	9293
TE and M&T NWFP	Technical and Vocational	35	3,300
DMT Balochistan	Vocational	12	1,730
Skill Development Council	Technical and Vocational	Contractual Basis	25,000
Federal	Ministry of Labour	2	1,500
Federal	Ministry of Education	2	1,400
Private Sector & Apprentice			70,000
Total		599	213,670

DMT = Directorate of Manpower and Training of Labour Source : ADB (2005)

TEVT potential



Key areas and issues to be addressed - V

Overseas migration

- Retaining share in the traditional markets and exploring markets in Far East Asia, East Asia and countries with point system
- Effective utilization of an increasing feminization of migration
- Sufficiently trained, disciplined and adequately informed intending workforce
- Effective monitoring of markets overseas
- Timeliness in demand processing
- Working and living conditions overseas
- Managing reverse flow and productive utilization of remittances

Key areas and issues to be addressed - VI

- Rural areas

“War for employment generation and poverty reduction” has to be fought and successfully won in rural areas and surrounding small towns, National Manpower Commission 1989

- ☛ Confronted with “development bottlenecks”

- ☛ Conditions that help in raising non-farm activities crucial

- ☛ Conditions that help in raising agricultural productivity and remove impediments

Can “growth triangles” – govt supported & private sector managed - in the form of 1) a focal point in a cluster of villages, 2) a multi-purpose rural development and industrial support centre (RDISC) in a cluster of focal points, and 3) a mini/small industrial estate in a cluster of RDISCs be an answer to create conditions and tackling bottlenecks?

Key areas and issues to be addressed - VII

Setting up a well functioning LMIS

- Capable of 1) generating detailed and disaggregated reliable data, 2) undertaking employment counseling and vocational guidance, 3) providing feedback to education and training institutions, and 4) providing employment services
- Strengthening and streamlining of employment exchanges

A well integrated and coordinated 4-tier LMIS with a focal point as suggested by the NMC & others needs to be carefully looked into

Local bodies

- Important player in suggested 4-tier LMIS & growth triangles as well as for Tameer-e-Pakistan and Khushal Pakistan programs
- Strengthening capacity

Key areas and issues to be addressed - VIII

Minimum wages

- Applicable at all work places
- Fixation mechanism consultative/tri partite

Balanced labor policy

- Minimum standards & safeguards; global compliance
- Flexibility with protection
- Labor inspection participative & not intimidating; conditions of work, OHS measures, social security...

“Labor regulations and strong protection of workers’ rights key factors in achieving equitable growth and development --- LM are generally not competitive ... and can lead to unfair and inefficient outcomes when bargaining position of workers is weak --- countries should not introduce reducing emp protection without improving social protection and job creation schemes” WDR 2006

In conclusion; collaborative efforts are needed for:

- 1. ➤ preparing an employment policy that not only provides guidelines but a mechanism that facilitates generation of **productive and decent** employment opportunities.
- 2. ➤ preparing an overseas migration policy that helps in tapping (vast) employment potential overseas. An institutional mechanism with public-private partnership that also ensures 1) regular monitoring of development in the major labor importing countries, and 2) practices of other labor exporting countries
- 3. ➤ Consolidating, simplifying and classifying labor laws thereby furthering cordial industrial relations and conducive working environment as well as meeting international obligations in a globalizing environment
- 4. ➤ developing best practices in the area of social security and related funds
- 5. ➤ developing a mechanism for the universal availability of old age benefit
- 6. ➤ preparing HRD policy with a focus on demand driven skills development with a mechanism that ensures well integrated and coordinated delivery of vocational training, and technical and commercial education
- 7. ➤ Making suggestions in tackling the **disconnect** between macro & sectoral policy formulations with the users (employers) and producers (education & training institutions)


Thank You



(Planned) Output of the PPC

- 1. ☛ **Employment policy draft**
- 2. ☛ **(Overseas) Migration policy draft**
- 3. ☛ **HRD policy draft**
- 4. ☛ **Recommendations on simplification and rationalization of labor laws and classification into 5-6 categories**
- 5. ☛ **Recommendations on sustainability & more effective/beneficial use of pension and workers welfare funds as well as extending coverage**

Ranking in Terms of Key Factors Affecting Growth

Category	Country	Technology Index	Macro-Economic Environment Index	Public Institution Index	Business Competitiveness Index (BCI)	Global Competitiveness Index	Human Development Index (HDI)	Engineers & Scientists of Availability	Growth Competitiveness Index-(GCI)
Leaders	Finland	3	3	3	2	2	13	2	1
	USA	1	15	21	1	1	8	8	2
	Israel	8	43	24	21	22	22	3	19
	Korea	9	35	41	24	26	28	52	29
	Ireland	37	21	17	22	27	10	26	30
Potential leaders	Malaysia	27	20	38	23	23	59	43	31
	China	62	24	55	47	32	94	67	46
Dynamic adopters	India	63	52	53	30	37	127	<u>1</u>	55
	Turkey	52	84	62	52	67	88	42	66
	Pakistan	87	67	102	73	87	142	61	91

Source: Global Competitive Index, World Economic Forum, 2005

Building virtuous circle of links

