

**Policy Review**  
**Mitigation Against COVID-19**  
**and its Implications for**  
**Pakistan's Labour Market**  
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## **Introduction**

The ongoing COVID-19 outbreak has exposed the fragility of labour markets around the world. It might be the world's biggest emergency in terms of job losses. Increasingly, there is a huge trade-off between ensuring adequate health care for containing the coronavirus (i.e. flattening the curve) and keeping the economy afloat.

This policy review highlights the implications for Pakistan's labour market as a result of the measures to contain Coronavirus. It aims to identify which segments of Pakistan's labour force are most vulnerable to be laid-off or get unemployed and how the government can ensure an effective social protection assistance for those who are the most affected. It further analyzes the government's targeting mechanism to reach out to the most vulnerable communities in the light of the Prime Minister's Stimulus Package for relief.

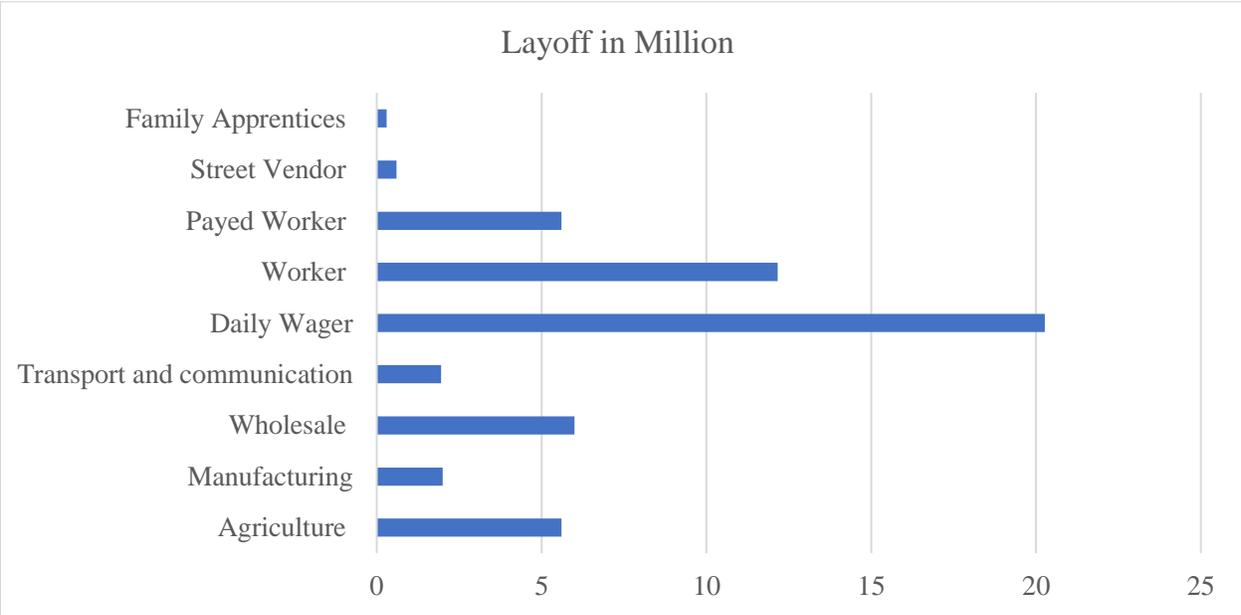
## **Discussion & Analysis**

In today's volatile scenario, the primary question is how the Government of Pakistan can ensure maximum financial protection to the vulnerable and poor segments of the society. The economic impact may be divided into three phases.

Each phase has different impacts on different groups. The most vulnerable groups are: daily wagers, fruit and vegetable sellers, domestic workers, vendors, construction workers, etc. According to estimates, Pakistan may lose one million jobs in phase-I, 12 million in phase II, and 18 million in Phase III as a result of complete lockdown (Nasir, M, Faraz, N & Khalid, M 2020. 2020).

Moving towards the sectoral analysis, complete lockdown will impact different sectors differently as mentioned in the table below:

Sectors	Lay Offs (in millions)
Agriculture	5.6
Manufacturing	2
Wholesale	6
Transport and communication	1.95
Daily Wagers	20.27
Workers	12.16
Paid workers	5.6
Street vendors	5.6
Family Apprentices	0.3



Targeted policies to identify the beneficiary groups should be devised immediately. In comparison to the world, Pakistan's economic system lacks a strong formal sector in identifying its human resources in multiple sectors. In this scenario, Pakistan has to adopt a mixed kind of approach: Firstly, by scaling up the existing social safety net programmes mainly Benazir Income Support Program (BISP) and Bait-ul-Mal, and secondly, by identifying beneficiaries in their database at provincial level.

Policy-based mechanism is critical to recognize the magnitude of this dimension, which requires an action at federal level and provinces need to feed into it. At the same time, the ground realities must not be ignored, where provinces and the local governments are closest to the people.

Most of the people involved in the informal sector are not part of any beneficiary of any social safety net programme. They must be identified and BISP can play an active role in doing so.

## **Conclusion**

Prime Minister of Pakistan has announced a relief package that focuses on labourers and daily wagers. However, estimates of data about workers is a great challenge. Emphasizing the importance recognize the magnitude of problem, experts are of the view that it seems this magnitude has under-estimates about labour workforce.

Informal sector is not getting any wages and we are not sure how this relief package will reach to the right ones during lockdown. Apart from daily wagers, unregistered small businesses are also severely impacting during lockdown. There are a lot of daily wagers who are not registered in socio-economic registry and accommodating them for the aid is a challenge.

Currently, the government is relying on two datasets available for the distribution of this package. Database of 2010 has 27 million poor people across Pakistan at a cut off 16.17% and below. Another dataset is based on census of 2017. Beneficiaries will be given aid in next 15 days (March end to mid-April 2020). Data repository is updated, and payments will be released instead of giving them food items.

## **Policy Recommendations**

Following policy actions are recommended to facilitate workers, daily wagers, etc.

- At this moment, a coordination between federal and provincial governments is crucial, that's why a central policy is the need of hour to identify and target the beneficiaries. In this regard, digital financial inclusion should be magnified.
- There is need for price control by the price control committees with the help of district management.
- EOBI pensions should be increased and its scope should be enhanced.

- Private sector should retain its employees instead of sending them to homes after the lockdown.
- COVID-19 is too big a crisis to be left to the government alone. The need for social distancing should not abstain us from our social responsibilities. Rich people and philanthropic bodies should come forward in these troubled times to provide relief to the needy during a lockdown. This relief, however, should be channeled through a single government agency to ensure a targeted disbursement. Online training should be imparted to the youth immediately so that they might serve as volunteers to enforce the lockdown on the one hand and distribute rations and continue supplies on the other.
- The interest rate should not be business stimulus. Right now, the interest rate should be reduced to support govt's debt servicing and provide cushion to the industry enhancing the economic relief package. This type of fiscal slippage would be accommodated by the IMF and we should utilize this opportunity to take care of our daily wagers in informal sector who are otherwise not covered through social safety nets.
- Macroeconomic framework needs to be revisited with the IMF, because the IMF also has a \$50 billion facility under which four to five options are available.
- There should be very intensive discussions with the fund and we need a much bigger package to rescue our people during the lockdown phase.

Taking the telecom sector on board, the government can easily enhance its reach-out to the needy and there is a need to enhance the internet speed so we can timely update our database. There is a need to improve the quality of our internet service providers.

- Health response system should be well placed, and well-coordinated with transparency.
- Be sure that this preparation is for the next 10 years, as these pandemics come after every few years incurring health emergency and financial crisis. So, we need to learn from this and build upon it.

**NOTE:** This policy review is the outcome of an online roundtable of experts held at Sustainable Development Policy Institute (SDPI) in connection with COVID-19: Challenges and the way Forward.

**List of Panelists:**

- Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute
- Dr. Shamshad Akhtar, former governor of State Bank of Pakistan
- Waqar Sherazi, Implementation Specialist, BISP
- Shahrukh Wani, Economist, International Growth Centre
- Dr. Mahmood Khalid, Senior Economist, PIDE
- Dr Muhammad Nasir, Senior Economist PIDE.
- Ayesha Qaisrani, Sustainable Development Policy Institute
- Moazzam Bhatti, Sustainable Development Policy Institute
- Maryam Shabbir, Sustainable Development Policy Institute