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Global Employment Trends: Brief, October 2005

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Global Employment Trends: Brief, October 2005

Abstract

[Excerpt] The region affected by the tragic earthquake that struck on October 8 has large numbers of poor with little savings and who therefore rely heavily on their own labour for their survival. Therefore, one piece of information that is both crucial for the region's recovery and central to the mission of the ILO is how the earthquake has damaged people's ability to earn an income and to provide for themselves and their families. To help piece together this vital information, the ILO has undertaken a rapid employment assessment to provide key information about the affected labour markets and to estimate the number and share of jobs that were lost due to the earthquake.

Keywords

International Labour Organization, ILO, labor market, development, economic growth, Pakistan, earthquake



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GLOBAL EMPLOYMENT TRENDS *BRIEF, October 2005*

Employment Impact in Pakistan of South Asia Earthquake

Introduction

The tragic earthquake that struck Pakistan and other parts of South Asia on October 8 has left tens of thousands dead or injured, devastating families and communities throughout the region. The search for survivors continues and the urgent task of providing food, water, shelter, medical care and counselling to those who survived has begun. While we are far from having a clear picture of the full extent of the damage, UN agencies, other international organizations, NGOs and local governments are fully engaged in assessing and addressing the needs of the affected individuals, so that help can be directed where it is most needed in a rapid and effective manner.

Because the regions affected by the earthquake have large numbers of poor with little savings and who therefore rely heavily on their own labour for their survival, one piece of information that is both crucial for the region's recovery and central to the mission of the ILO is how the earthquake has damaged people's ability to earn an income and therefore to provide for themselves and their families. To help piece together this vital information, the ILO has undertaken a rapid employment assessment to provide key information about the affected labour markets and to estimate the number and share of jobs that were lost due to the earthquake.

Rapid Employment Assessment

The ILO estimates that over 1.1 million jobs and livelihoods were wiped out in the affected areas in Pakistan – including the North West Frontier

Province (NWFP) and Pakistan-administered Kashmir – as a result of the earthquake (see table 1). This would account for nearly half of the total employment that existed in the region before the earthquake. An important challenge following the initial relief effort is to provide income-generating activities in order for people to rebuild their destroyed homes and lost assets. With most infrastructure and shops destroyed in the towns and heavy loss of livestock and agricultural implements in the rural areas, people need substantial support to rebuild their income-generating prospects.

The areas affected are amongst the poorest in the country, with a poverty rate above the national average. The ILO estimates that total employment in the affected districts was around 2.4 million at the time of the disaster; over 2 million of these workers and their families were living below the US\$2 per day poverty line *before* the disaster struck. Most jobs in the affected areas are in the less productive sectors of the economy such as agriculture and services. They are mainly informal and thus without social safety nets. For the vast majority of those who had a job prior to the disaster, their work only provided them and their families a mechanism for survival, not the means to build up sufficient savings upon which they can now rely. Thus by losing their employment, even for a short period of time, workers in the affected districts have likely already fallen into extreme poverty.

Prior to the earthquake, each employed person in the region had to support themselves and, on average, more than two *additional* dependants. This means that the 1.1 million workers who lost their employment not only provided their own

livelihoods, but also the livelihoods of an additional 2.4 million people, over half of whom were estimated to be under the age of 15. Thus, the widespread loss of income from work has the potential to be a tremendous burden for literally millions of people throughout the affected areas.

Reviving the rural economy where most people in the affected areas live and work is both urgent and challenging. Prior to the earthquake nearly 1.4 million workers in the area were engaged in agricultural activities, an estimated 40 per cent or more of whom are now without work. Livestock, which provides essential dairy products and the animal power to cultivate the land, has also suffered badly. The land itself has been ravaged by landslides and falling rocks. Stored agricultural inputs and rudimentary agricultural implements have been buried in collapsed houses and stores. The small roads and paths to farms no longer exist.

The medium- and small-sized towns in the area which provided jobs and incomes to almost a third of the population lie in ruin. Even the informal economy where most people worked in the urban areas needs a minimum of support infrastructure to operate. This too has been destroyed. Rebuilding the minimum of assets to revive the urban informal economy requires urgent support. In total, the ILO estimates that around 730,000 workers were employed in the service sector (many in the informal economy), while 230,000 worked in industry (comprised of construction, manufacturing, utilities and mining) (see table 2). Taken together, more than half of these workers have likely lost one of their primary sources of income.

Employment-Focused Response Needed Urgently

The essential point is that the rehabilitation and reconstruction efforts that will follow the massive relief operation now under way must recognize the urgent need to generate employment. This will not happen automatically. Employment support services are needed to provide both information and short-term training for the jobs that will be generated through the reconstruction effort. Financial and institutional support will be needed to rebuild the small businesses and income-generating assets in both the rural and urban areas. Financial support from the outside world, including remittances from overseas must – after meeting

badly and urgently needed basic needs – be channelled into building sustainable businesses and jobs. Institutional mechanisms to ensure that this happens need to be planned from the start.

Rebuilding the basic infrastructure – roads, utility services, schools and hospitals – can create employment. But this means ensuring that decent and productive yet labour-intensive methods of construction are utilized. Local contractors with a good knowledge of the available local labour force should be given a major part in the reconstruction effort. This would also encourage the use of local raw materials and that local means are utilized to transport them. Training for local contractors and ensuring that the contracting procedures put in place favour displaced workers, or at a minimum not place them at a disadvantage, is essential if the maximum beneficial impact of infrastructure development is to be realized.

This devastation will also aggravate the already vulnerable position of children, many of whom may be left orphaned, homeless, and out of school in the wake of the disaster, and force them to seek alternative forms of support. In addition, women and youth in the region have traditionally found it particularly difficult to find decent employment opportunities and to secure a life outside of poverty. Without immediate help, poverty among these groups will grow, leaving thousands more young people and women with little hope for the future.

Working in the aftermath of this earthquake will not be easy. Occupational safety and health considerations need to be given very high priority. This will require both training in these procedures and ensuring mechanisms are in place to see that they are being enforced. Workers will need suitable protection if more casualties are to be avoided. Monitoring the employment situation in the impacted areas will be critical over the course of the next several months.

These are proud people who have over generations fought against the region's difficult terrain to earn for themselves and their families a decent and productive living. Much of their hard-built assets have been destroyed. What is needed urgently is to support the creation of decent jobs and livelihoods in the future.

Table 1. Estimated employment loss, total and by sector (in thousands)

Geographic area	Total employment	Employment by sector			
		Agriculture & livestock	Industry	Services	Other
North-West Frontier Province	580	260	110	200	20
Pakistan-administered Kashmir	530	320	40	180	-
Total	1'110	580	150	380	20

Table 2. Baseline labour force and employment data, 2005 (in thousands)

Geographic area	Total labour force	Total employment	Employment by sector			
			Agriculture & livestock	Industry	Services	Other
North-West Frontier Province	1'410	1'300	680	180	410	40
Pakistan-administered Kashmir	1'170	1'080	700	50	320	-
Total	2'580	2'380	1'380	230	730	40