# THE CASE FOR TEMPORARY JOBS

## BACKGROUND ON TEMPORARY JOBS

The Khyber Pakhtunkhwa budget for 2020-21 is being drafted amidst a scenario of economic contraction in Pakistan as the COVID-19 pandemic has halted businesses and operations across the country. The scenario was implausible just months ago, yet the lockdowns are deemed to be critical to preserve public health and control the spread of the infection. The severe economic restrictions on exports and domestic productions have translated into an overall slowdown in the economy, which is expected to shrink by 1.5%¹ in the current fiscal year. Data projections estimate that the number of vulnerable workers in the informal sector in Khyber Pakhtunkhwa is around 3.9 million.² It is therefore expected that the budget 2020-21 will seek to stimulate economic growth by creating opportunities for new jobs while also ensuring the protection of existing jobs.

## SPENDING ON INFRASTRUCTURE PROJECTS

Typical infrastructure projects like roads and bridges, buildings for schools and hospitals, as well as irrigation channels and water reservoirs are characterised by heavy spending on construction material. The steel and cement industries are the major beneficiaries of such spending and both are non-labour intensive industries. The component of direct labour in the cost of infrastructure projects is usually under 15%.³ ⁴ The direct cost component of labour in infrastructure projects varies by a few percentage points depending upon the type of infrastructure and the region of the world where it is developed. Infrastructure projects at community level generate slightly more jobs. However, infrastructure projects are also constrained by slow speed of implementation since such projects go through an elaborate design process.

Therefore, we can conclude that a spending spree on infrastructure projects will not create a large number of jobs when compared to the number of people in vulnerable employment in Khyber Pakhtunkhwa.

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¹World Economic Outlook, International Monetary Fund, 14 April 2020.
In the case of government spending on temporary jobs in services like health, education and municipal services, 85% of the total spending is on labour and salaries. These temporary jobs are likely to have a more immediate and widespread effect as the wages and/or salaries are to be paid on a monthly basis, and the income benefits an estimated 5 individuals\(^5\) for every job created. The following table compares temporary public sector jobs and jobs created through infrastructure projects.

<table>
<thead>
<tr>
<th>IMPACT CRITERIA</th>
<th>INFRASTRUCTURE JOBS</th>
<th>SERVICES JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post approval time required to create jobs</td>
<td>Minimum 3 months</td>
<td>Less than 1 month</td>
</tr>
<tr>
<td>Geographical spread</td>
<td>Mostly limited to the specific location(s) of infrastructure development site</td>
<td>Across the entire province and as a proportion of population</td>
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<tr>
<td>Type of jobs</td>
<td>Mostly unskilled</td>
<td>Unskilled and skilled</td>
</tr>
<tr>
<td>Capital spending on labour</td>
<td>15% or less on labour</td>
<td>85% or more on labour</td>
</tr>
<tr>
<td>Development outcomes</td>
<td>Benefits associated with infrastructure development like increased economic activity</td>
<td>Better access to healthcare, education, sanitation and other basic services</td>
</tr>
<tr>
<td>Number of lives impacted, value for money and public visibility</td>
<td>Low to medium lives impacted, moderate visibility</td>
<td>Medium to very high number of lives impacted, high visibility</td>
</tr>
<tr>
<td>Long term employability of labour in private sector and skills development of workers</td>
<td>Low</td>
<td>High</td>
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</tbody>
</table>

The above comparative analysis clearly indicates that investment in temporary public services employment is the better fit for the current situation in Khyber Pakhtunkhwa. The temporarily created jobs will spur economic growth to help offset the economic impact of the crisis. Temporary jobs for development in municipal services, also known as cash-for-work, have been implemented by international development agencies such as GIZ\(^6\) and FAO\(^7\) with well-documented guidelines on how to implement them.\(^8\)

UNICEF proposes Alternative Learning Paths or “ALP” for the estimated 22.8 million out-of-school children.\(^9\) The temporary jobs in education proposed as a response to the economic crisis will not only provide jobs to the educated youth but will also provide and opportunity to increase enrollment of out-of-school children. The health indicators in Khyber Pakhtunkhwa (and in Pakistan) are among the worst in the region (infant mortality, stunted growth, malnutrition among women and children, and high incidences of infectious diseases\(^10\), and one of the major reasons is the low number of health workers per capita. The proposed initiative will create temporary jobs for “community health workers”.\(^11\)

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\(^5\) Labor Survey of Pakistan 2018 states 7.1 million employments in Khyber Pakhtunkhwa. Total population of Khyber Pakhtunkhwa is estimated at 35 million. Dividing 35 million population with 7.1 million employed results in 5 dependents per employed.

\(^6\) https://www.giz.de/en/ourservices/55932.html,


\(^8\) https://data2.unicef.org/en/documents/download/63383

\(^9\) http://www.unicef.org/pakistan/education


POLICY IMPLICATIONS FOR KHYBER PAKHTUNKHWA

1. The Government of Khyber Pakhtunkhwa should focus on creating temporary jobs in education, healthcare and municipal services. Creating such jobs will provide opportunity for the segment of the population, which does not qualify for the EHSAAS Programme or does not wish to receive a grant but rather want to work and earn their living.

2. An estimated five times more jobs are created through cash-for-work in public sector than the same amount spent on infrastructure projects. Therefore, the impact on household incomes is significantly higher in case of temporary jobs when compared with infrastructure projects.

3. Temporary jobs have a faster effect than jobs created through public sector infrastructure projects.

4. Temporary jobs would be created across all the villages, towns and cities of Khyber Pakhtunkhwa and therefore the impact will be widespread rather than limited to a few infrastructure project locations.

5. Temporary jobs thus created will have a measurable impact by helping to protect livelihoods and mitigate the economic shocks of the pandemic.

6. Temporary jobs will be created within the existing organisational hierarchies in the Education Department, Healthcare Department and Local Government and Rural Development Department of the Government of Khyber Pakhtunkhwa.