



VITAL ECONOMIC OPERATIONS MANAGEMENT (VEOM)

PLANNING AND DEVELOPMENT DEPARTMENT, GOVERNMENT OF KHYBER PAKHTUNKHWA

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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.



Increase spending on infrastructure projects.



Create temporary jobs in health, education and municipal services.



Support small and medium enterprises and micro enterprises to retain current employment. This option will be discussed in detail in the upcoming editions.

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.”

¹World Economic Outlook, International Monetary Fund, 14 April 2020.

²Provincial impact of Coronavirus: Hafeez Pasha, Shahid Kardar: Business Recorder, 21 April 2020.

³Job creation through infrastructure investment in Middle East and North Africa: 22,353 jobs created / billion dollar spent on construction of paved roads. Office of Chief Economist, MENA Region, World Bank, <http://documents.worldbank.org/curated/en/974451468046133641/pdf/WPS6164.pdf>

⁴Employment impact of highway infrastructure investment: 13,000 job for 1 year on an investment of \$1 billion: Source: Council of economic advisors (CEA), Executive Office of the President, USA: <https://www.whitehouse.gov/blog/2011/09/09/american-jobs-act-state-state>. Jobs are defined as sum of direct, indirect and induced jobs.



CREATING TEMPORARY JOBS IN HEALTHCARE, EDUCATION & MUNICIPAL SERVICES

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 individuals⁵ for every job created. The following table compares temporary public sector jobs and jobs created through infrastructure projects.

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

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 GIZ⁶ and FAO⁷ 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 an 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 diseases¹⁰, 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

⁵Labor 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>,

⁷<http://www.fao.org/iraq/programmes-and-projects/success-stories/cash-for-work/en/>

⁸<https://data2.unhcr.org/en/documents/download/63383>

⁹<https://www.unicef.org/pakistan/education>

¹⁰Lady health workers in Pakistan, <https://cdn2.sph.harvard.edu/wp-content/uploads/sites/32/2014/09/HSPH-Pakistan5.pdf>

¹¹Pakistan's community health workers <https://pubmed.ncbi.nlm.nih.gov/9223980/>





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 EHSAAAS 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.

