

A national registry/database of Workers and Enterprises (Formal & Informal Economy) in Pakistan

BACKGROUND

Pakistan is a country with the 9th largest labour force in the world. However, a majority (almost 90%) of its 61.7 million workforce works in the informal economy – either in the informal sector or in the informal segment within the formal sector enterprises. Agriculture is the largest employment sector covering around 43% of the workforce and is generally informal in nature. Out of non-agricultural workers, 73.3% are engaged in the informal sector.

In so far, Pakistan has no comprehensive database or management information system (MIS) for all enterprises and workers¹ due to various reasons. This is not only a barrier in proper documentation of economy but also a barrier in undertaking effective labour inspection, and distribution of benefits to workers in cases such as the COVID-19 pandemic. So far no registry system covers the informal economy in the country. Some people are self-employed in the informal sector and they may find the registration too cumbersome or may want to avoid registration and taxation therefore, they want to stay undocumented. However, many people work in the informal sector through necessity, not by choice. Today, two features of the informal sector are well recognized. Firstly, much of the informal economy contributes greatly to the formal economy. Secondly, women constitute the majority of precarious, under-paid, informal economy workers.

A number of active social assistive programmes target the poor, destitute, orphans, widows and other vulnerable groups such as BISP, Sehat Sahulat, Waseela-e- Taleem, Zakat, Baitulmaal, Social Welfare etc. In 2019, all these programmes were anchored under the National Poverty Alleviation Programme, EHSAAAS². EHSAAAS envisions, universal coverage and adequacy of benefits through good governance, human capital development, jobs and livelihood and safety nets. These social assistance programmes are targeted programmes and aimed at the poor.

Labour assistive programmes cover those employed in the formal sector (or previously employed e.g. in the case of old age benefits). Conservative estimates suggest that as few as only 8% of workers in Pakistan have some form of social security coverage. Those in the informal economy are not entitled to these benefits by virtue of being excluded from the relevant laws, while it is anecdotally known that not all larger enterprises and/or all their workers are properly registered with relevant social security institutions.

Covid-19 hit the country and with lockdowns killing the income of millions of daily wage workers in the informal economy. In May 2020, the EHSAAAS Labour Welfare and Social Protection Expert Group (LEG) is in final stages of releasing a recommendations report. One of its recommendations, which involves incrementally bringing the informal workers into the social security framework, has been

¹ This includes all commercial entities as well private entities with workers/employees/self-employed. The term workers covers in this context all workers, including those with supervisory functions, but equally those that are currently unemployed and looking for jobs.

² <https://www.pass.gov.pk/home>

approved by the Cabinet for implementation. The policy entails mandatory bank accounts as the initial step to formalization and ensuring minimum wage. As part of its first charge and directions, the expert group was given a mandate to develop recommendations to bring the informal economy workers into the social protection framework.

This exploratory analysis is undertaken within and in support of the implementation of the project "Promotion of Decent Work Opportunities for the Economic Empowerment of Vulnerable Segments of Society" funded by the Italian Ministry of Foreign Affairs and International Cooperation (Second Component concerning social protection)

Strategic linkages

This analysis contributes to the Pakistan Decent Work Country Programme 2016-2020 (extended to 2022), Priority Area 4: "Extending Social Protection", with international Labour Standards being a cross-cutting theme.

Globally, this work contributes to Outcome 8 "Comprehensive and sustainable social protection for all" as envisaged in the ILO Programme and Budget for 2020–21.

In turn, the work would contribute to UN Strategic Development Framework 2018-2022 (Pakistan), Outcome 10 "Social Protection" and the SDG target 1.3

In Pakistan, this work contributes to the Government of Pakistan's EHSAAAS Programme in general and in particular to the 'Mazdoor-Ka-Ehsaas (MKE)' Policy recommendations. It is also aligned with the Policy recommendations of 'Socio-Economic Impact Assessment & Response Plan (SIEA&RP) of COVID-19 in Pakistan' – jointly developed by the Planning Commission of Pakistan and UN Agencies.

Existing Registries, Databases and MIS available in Pakistan

At present, following institutions maintain some sort of data and information, which may provide a strong foundation for developing a comprehensive Registry for Enterprises and Workers in Pakistan:

1. **National Database & Registration Authority (NADRA):** Pakistan has a very comprehensive and automated 'Civil Registry' system where the National Database & Registration Authority (NADRA) registers every Pakistani citizen right from the time of his or her birth and issue them a distinct registration number – commonly known as 'Computerized National Identity Card (CNIC)' number. These unique identification numbers can provide a strong foundation for developing any other national or institutional database/MIS /registry and can be cross-checked to avoid duplication/multiplicity of registration of beneficiaries (unnecessarily) with more than one institution.
2. **National Socio-Economic Registry (NSER) of Benazir Income Support Programme (BISP):** The NSER at BISP is the 2nd largest database of households in Pakistan which was established as a result of a 2010-11's nationwide Poverty Score Card (PSC) survey. Complete information on the socio-economic and welfare status of approximately 27 million household was collected under this PSC Survey. These data were then used to determine beneficiaries' identification and eligibility for BISP's 'Unconditional Cash Transfer (UCT) Payments'. This was done using a Proxy Means Test (PMT) targeting methodology. Furthermore, the data was used to determine eligibility of beneficiaries for 'Conditional Cash Transfer Program', 'Waseela-e-Taleem', and other 'Poverty- Exit' initiatives by BISP. Beyond BISP, more than 100 government

and non-government organizations have utilized this data to target beneficiaries for their respective programs. At present, the Government is updating NSER to get latest situation.

3. **Registered Enterprises with Securities & Exchange Commission of Pakistan (SECP), Departments of Labour, Department of Industries, Board of Revenue, etc.:** Different federal and provincial Ministries and Departments maintain lists of enterprises and establishments within their domain for their individual purposes – and there is no convergence of this data – neither there is a system to allocate any distinct universal identity number to such enterprises. This creates a potential significant confusion for various national and provincial institutions to ensure coverage of these enterprises and establishments and to identify number of workers employed in these enterprises. Therefore, there is a need for a single national registry of enterprises – to be hosted within one of the existing national institution – and other Federal and Provincial Departments may connect with this national registry for their individual purposes. This could save a lot of efforts spent on registrations by the various institutions and contribute to more updated databases/registries. .
4. **Workers Data with EOBI, ESSIs, etc:** Some of the Social Security Institutions including the Employees Old Age Benefits Institutions (EOBI) and the Employees Social Security Institutions (ESSIs) maintain database of workers and enterprises registered with these institutions. However, due to various reasons, their coverage has been extremely low and their database management is also not uniform – which has discouraged any previous effort to consolidate their databases in one place. Hence, a national registry/databases of workers – covering both formal and informal sector workers – could support the Social Security Institutions, if these were obligated to take data only from such national registry or database – having distinct record and background of work and with linkage to NADRA.
5. **Business Register.** The Pakistan Bureau of Statistics envisage a comprehensive database containing all significantly active businesses entities (establishments as well as enterprises) with their contact and classification information. According to the webpage³, the Register would include the following variables: name, address, kind of activity, legal status, type of ownership, employment size, sales/turnover and electricity consumption.
6. **Migrant/Returned migrant registration.** While MOPHRD maintains a database of outgoing migrants (regular migration), efforts are on-going to amend that with a facility to register returning migrants.

CHALLENGES

Despite the above-mentioned initiatives and registry systems, informal economy is still untraceable, beyond the Labour Force Survey. Much of the informal economy comprises unregistered workplaces, some intentionally hidden. Domestic service and homebased work are some of the types of work that take place in the privacy of the homes, as are traditional trades.

Moreover, human, technical and financial resource constraints have made it difficult for labour administrations and labour inspectorates to maintain enough qualified inspectors to cover formal economy establishments, let alone the home- and street-based businesses and services – often roaming – that may defy standards and regular forms of inspection. More importantly, however, legal constraints prevent their ability to inspect such work premises, as those businesses and services are explicitly or implicitly excluded from the laws. In many cases, national law is either silent on inspectors' rights to inspect such workplaces or deliberately limits the Inspectors' right of entry to

³ <http://www.pbs.gov.pk/content/business-register>

private households or to workplaces below a minimum number of employees. To date, national inspectorates have not, by and large, been successful in finding ways to target locations like these where informal economy flourishes, primarily because they are not clients of or they are not known to the inspectorates.

Among other challenges, are the following:

1. After devolution of labour matters in 2010, the subject was supposed to be managed by the Provincial Governments – but no such effort was made to develop comprehensive database(s) of enterprises and workers in any province.
2. Both employers and enterprises in formal and informal sector may have mistrust towards such databases/registries – which, they think could be used for institutional harassment and intimidation by taxation departments, labour inspectorates. These apprehensions will need to be addressed adequately to make any Registry functional and reliable . Another related area of possible concern is that of data security.
3. The workers in both formal and informal economy may not see any value in registering with social security institutions if they don't see any immediate benefits. However, the COVID-19 situation has brought a big opportunity to persuade employers and workers to get registered to possibly avail benefits. .
4. The usual registration procedures are very complicated and are not compatible with ground realities. Workers from poorer and un/underserved areas, including internet connectivity, with limited literacy and lack of access to Government institutions/facilities will often find it difficult to get registered with such registries. There should be simplified registration mechanism (linked to existing Civil Registry) and registrations should be doable with local shops / kiosks as was done by Pakistan Telecommunication Authority (PTA) to get biometric registration of all mobile phone users.
5. Push and pull factors: As mentioned above, the enterprises and workers would not necessarily register with any registry unless they clearly see it leading to some tangible benefits. Therefore, Government would have to adopt a stringent policy that only those enterprises /workers registered will be eligible for establish a business, gain access to bank loans, Social Security, etc.

OBJECTIVES OF EXPLORATORY STUDY ON A NATIONAL REGISTRY/DATABASE ON ENTERPRISES AND/OR WORKERS

In view of above situation, it is essential that the Government of Pakistan would have access to, and as the case maybe establish, amend and maintain a comprehensive registry of enterprises and workers. . The purpose of this study is to explore the current scenario in terms of existing and/or registries and databases of relevance to the labour market and to review the need for further expansion of the existing facilities or establishment of a separate register for enterprises, workers, including self-employed. The exploratory study is also intended to study issues such data/registry structures and interaction, level of information to be included, entry and retrieval of data, maintenance of data, accessibility, governance, data security, incentives/disincentives to register, cost estimates etc.

APPROACH

COVID-19 crisis has unfolded the long-time pending issues of documenting Formal and Informal economy Workers and Enterprises and Government of Pakistan is willing to utilise this opportunity to first identify and reach out to this segment. As mentioned above, EHSAAAS Labour Welfare and Social Protection Expert Group is in final stages of releasing its recommendations report. One of its recommendations, which involves incrementally bringing the informal workers into the social security

net, concerns the establishment of a new register for enterprises and workers (with particular focus on informal economy workers).

The purpose of such registry could serve, among other things the following purposes:

- To obtain comprehensive information on formal and informal economy workers and enterprises;
- To organise timely, adequately, sustainable and appropriate response at all levels to address the challenges of workers and enterprises in formal and informal economy;
- To support efforts for formalisation of informal economy;
- To establish a sustainable and transparent mechanism for enterprises and workers to update their employment data and ensure social security and protection of their workers

The present study would facilitate the clarification of whether a new register would be required or the existing could be amended, including amended in terms of responsibility for entry and maintenance of data and accessibility to data.

If a new registry would be required, the intention would be to effectively link it with existing registries and databases of NADRA, NSER, EOBI, ESSIs, SECP, FBR and other Federal and Provincial institutions – to ensure compatibility and convergence of data and avoiding duplication of efforts, double-reporting and transparency.

SCOPE OF WORK

For this purpose, ILO intends to engage a team of one international technical consultant (lead consultant) and one national consultant to undertake an exploratory study to explore and review current registers/databases in Pakistan and the scope for amendments of those to serve the need or if establishment of (a) new register(s) would be required. The exploratory study will focus on providing background information enabling further policy recommendations and studies on the matter.

The study will draw upon similar experiences in other countries as well as inputs from all relevant stakeholders including tripartite constituents (including representatives of informal economy workers and employers), National Information Technology Board (NITB), Poverty Alleviation and Social Safety Division (PASSD), Benazir Income Support Programme (BISP), Pakistan Bureau of Statistics (PBS) and other stakeholders (e.g. Academia, Civil Society Organizations, etc.) keeping in view the existing laws, its coverage and benefits.

The team of technical consultants will be required to study and examine following important measures, which could be taken into consideration for the purpose of ensuring (and possibly establishing) a registry of both formal and informal economy workers and enterprises.

- ✓ To study similar registries/databases in other countries and discuss their strengths and weaknesses in terms of designing, implementation and utility for public service;
- ✓ To review legal, administrative and governance framework of such registries and databases and identify gaps that will need to be addressed through amendments or a new registry;
- ✓ To study other existing registries/databases in Pakistan and identify how they are performing in providing timely, reliable and comprehensive information for policy and operational decision-making;

- ✓ To outline amended registries/databases or new registry to provide information on enterprises and workers – and which has connections to existing registries/databases of PBS, NADRA, NSER, EOBI, ESSIs, P-DOLs, SECP, FBR, etc.
- ✓ To discuss and determine eligibility criteria for future registration to discuss and determine most efficient and effective ways on collection of data, including suitable technology and simplified procedures.
- ✓ To discuss and determine incentive/disincentives to businesses and workers to register.
- ✓ To address apprehensions of employers/enterprises/workers about data-security, and other matters such as concerns ;
- ✓ To address challenges of employers/enterprises/workers to access registry and easily get registered – without incurring any costs or hardships;
- ✓ To suggest other ‘pull-and-push’ factors which should ensure the participation of enterprises/employers and workers to register in this registry.

Terms of Reference for Technical Consultants

The Consultants will be required to undertake following assignments:

International Technical Consultant (lead consultant):

- Lead consultant will be responsible for the overall assignment, production of final report and taking inputs from national consultant;
- Coordinate with ILO Office, National Consultant and other stakeholders for timely information gathering;
- Desk review of global and national literature, good practices, and previous analytical work done on the subject in Pakistan and other countries
- Identify existing Registries and Databases of Workers and Enterprises (Formal and Informal) in other countries and discuss their strengths and weaknesses;
- Develop strategy outline – adequately covering all areas mentioned above
- Work with National Consultant to undertake individual consultations with all relevant stakeholders (Federal Government, Provincial Governments, Employers and Workers’ Organizations, representatives of Employers and Workers from Informal Economy; NITB, PBS, PASSD, BISP, SECP, FBR, P-DOLs, Academia / Experts; and Civil Society Organizations)
- Develop a draft exploratory study
- Present findings of exploratory study in stakeholders workshop and get feedback
- Finalize the study.

National Technical Consultant:

- Assist the lead consultant in desk review of global and national literature, good practices, and previous analytical work done on the subject in Pakistan – by sharing information from country.
- Provide inputs and assist in developing study outline – adequately covering all areas mentioned above
- In close coordination with the lead consultant, plan and undertake individual consultations with all relevant stakeholders (Federal Government, Provincial Governments, Employers and Workers’ Organizations, representatives of Employers and Workers from Informal Economy; NITB, PBS, PASSD, BISP, SECP, FBR, P-DOLs, Academia / Experts; and Civil Society Organizations)
- Collect other relevant information from other sources to present a comprehensive picture of the situation and clear recommendations to develop NERWE in Pakistan
- Provide inputs to develop a draft Study

- Design, coordinate and facilitate in undertaking the validation workshop with all stakeholders and get feedback
- Finalize the Study in consultation with lead consultant.

The above outputs may be completed within a period of 2 months. Exact number of workdays required for the assignment will be shared by Consultants.

Deliverables

Consultants will be required to deliver the following:

1. After literature review, share draft 'Exploratory Study Outline' for technical review and inputs by ILO;
2. After completing stakeholders consultations, share draft 'Study' for technical review and inputs by ILO;
3. Provide a final report and proposed strategy for the way forward after incorporating all inputs by stakeholders (in validation workshop) and by ILO technical specialists.

Responsibility Framework

1. Consultants will be responsible to:
 - a. Bring/procure required technical expertise for all elements of the study;
 - b. Identify most relevant and recent literature and tools related to the subject;
 - c. Develop mechanisms to effectively consult relevant stakeholders and get adequate benefits in a respondent-friendly manner;
 - d. In view of travel restrictions and other SOPs due to COVID-19 pandemic, make sure to use appropriate technologies and means of communication that suits the requirements of relevant stakeholders;
 - e. Share all important legislations, regulations, documents and information obtained during consultancy assignment, which are not available online, with ILO;
 - f. Make a presentation on proposed Strategy for validation workshop;
 - g. Ensure timely submission of deliverables;
 - h. Ensure full compliance with ILO and stakeholder inputs in the study and proposed strategy forward;
 - i. Take all necessary measures to complete the assignment within given resources and timeframe;
2. ILO will be responsible for;
 - a. Prepare a contracts for the consultants and effectuate payments on different intervals – based on deliverables;
 - b. Provide an introductory letter to consultants – which will help them to introduce themselves to relevant stakeholders;
 - c. Provide contact details of various relevant stakeholders;
 - d. Where possible, extend support in facilitating meetings with relevant stakeholders;
 - e. Provide technical inputs the study, on outline and the prosed strategy forward within a reasonable time;
 - f. ILO will manage the 'Validation Workshop'. If, due to COVID-19 lockdown situation, the workshop has to be online, ILO will provide IT platform for meeting. In case of

face-to-face meeting, ILO will manage the entire event including content, venue, and logistics etc.

Special Provisions

- **COVID-19:** Consultants will be required to fully comply with applicable UN and Government regulations and SOPs for prevention against spread of COVID-19 and organize work in such a way to ensure safety of self and other stakeholders.
- **Security:** As per UN regulations, if the assignment includes traveling to any city other than Islamabad, Lahore or Karachi, the consultants will have to complete a Security Training Course (SSAFE) before starting the assignment. ILO will facilitate enrolment of the consultants to the course (and will pay for the course) – but these training days will not be paid by ILO in terms of fees.
- **Reporting:** The consultants will be required to report only to ILO. All materials produced by consultants will be reviewed by ILO for technical quality assurance and will be shared with Governments as ILO product.

Required Qualification and Experience

The consultants should have the following qualification and experience:

1. Post-graduation in social policy or subjects related to labour, industrial relations, social protection or social sciences;
2. Strong knowledge on databases and registry systems;
3. Minimum 10 year experience of dealing with matters related to social protection, labour and registry system development at national and international level;
4. National consultant should be well aware of institutional and organizational situations of Ministry of OPHRD, PBS, PASSD, BISP, social security, Industrial Relations, and labour administration system in Pakistan, while international consultant should be familiar with the general layout of labour administration systems;
5. Previous work experience with UN System in general and with ILO in particular, will be added advantage;

How to submit:

Interested individuals are requested to submit the Expressions of Interest, along with following supporting documents (duly dated and signed) through email to: islamabad@ilo.org, cc: ahmadbilal@ilo.org by **Friday, 7th August 2020**.

- Provide CV or profile of the individual
- Provide brief methodology to carry out the assignment (not more than 1 page);
- Number of workdays required to complete this assignment
- Fee per day (in PKR) – exclusive of all taxes and other expenses

Any offer received after the official closing time and date will not be accepted.

Questions and replies:

Should you have any questions, please contact us at the latest by date only by email (islamabad@ilo.org; cc ahmadbilal@ilo.org) quoting the RFQ reference.