



**Women in Informal Employment  
Globalizing and Organizing**

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# **Informal Economy Budget Analysis in Pakistan and Ravi Town, Lahore**

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Based on research by Khawar Mumatz and Nadia Saleem



# WIEGO Budget Briefs

Budgetary analysis has been used widely to understand how government budgets differentially address the needs and interests of women and men, girls and boys. The global research policy network Women in Informal Employment: Globalizing and Organizing (WIEGO) has initiated a series of informal economy budget analyses (IEBAs). These aim to understand how government budgets address the needs and interests of informal workers, and also investigate what opportunities exist for informal workers, or their representatives, to participate at different stages of the budget process. WIEGO Budget Briefs provide popular versions of the longer country reports for wider dissemination of the research findings. The more detailed reports appear in WIEGO's Working Paper series - see [www.wiego.org](http://www.wiego.org).

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## Introduction

In Pakistan the informal sector accounts for nearly three-quarters (73%) of non-agricultural jobs. Informal sector workers include self-employed workers as well as wage workers doing jobs that range from petty trading to rickshaw drivers to shoe shiners. Their contribution to the economy is estimated to be 36.8% of gross national product.

Available statistics do not count all work done in the informal sector. In particular, the work of women is not counted well. Recent government documents such as the Medium Term Development Framework, Poverty Reduction Strategy Papers, the 1998 National Plan of Action for Women's Development and the National Policy for Women's Development and Empowerment of 2008 recognise that many women work in the informal sector. Yet government has very few interventions that assist these workers.

This booklet explores how local, provincial and national budgets directly or indirectly support or hinder informal workers, and especially women informal workers. It uses three groups of workers – home-workers, street vendors and waste pickers in Shahdara neighbourhood in Ravi Town of Punjab province's capital, Lahore – as case studies.

Section one of the booklet describes Pakistan's labour force. Section two describes the situation of the case study workers. Section three describes government budgets at federal, provincial and local level and identifies opportunities for budget advocacy that could assist women informal sector workers.

## Pakistan's labour force

### The statistics

Pakistan is the sixth biggest country in the world in terms of population, with about 162.4 million people, of whom 48% are female. About two-thirds of the population live in rural areas.

In 2001/02 official figures said that 34.5% of Pakistan's population was poor. Five years later, in 2006/07, the official figure was 22.3%. However many people say that the recent figures are based on a survey that interviewed a biased sample of households. 80% of Pakistan's poor people live in rural areas.

In 2007/08, there were about 51.8 million people in the country's labour force. The labour force includes people who were reported to be employed as well as those reported to be unemployed but looking for work. Only 21% of the recorded labour force was female. But women's participation in the labour force is increasing rapidly – in 2001/02 only 16% of the recorded labour force was female.

The increase in women's participation is happening for two reasons. Firstly, it is becoming more socially acceptable for women to be employed. Secondly, poverty is forcing more and more women to bring income into the family.

Pakistan's definition of the informal sector excludes agriculture. Using this definition, in 2007/08 19.8 million people worked in the informal sector. This is nearly 40% of all employment, and nearly three-quarters (73%) of non-agricultural employment.

In official statistics, almost 91% of documented informal sector workers are male. Over half of women informal sector workers are employees, 28% are self-employed, and 20% are unpaid workers in family businesses. No women are recorded as employers.

Nearly half (45%) of all employed people in Pakistan work in agriculture, with 35% in services and 20% in manufacturing. Women doing informal work in manufacturing include home-workers, who get work through out-putting or contracts, as well as unpaid workers in family-owned unregistered enterprises making goods such as trinkets, embroidery and prayer beads. In services, women work in jobs such as domestic work and tailoring.

## The situation of women informal sector workers

As seen above, the official statistics record very few women informal workers. But other studies – and our own observations – show that many women are working. For example, government's Participatory Poverty Assessment of 2003 found women working in all areas of the country. But their work is often not reported, because they do not seem to own businesses, because the work is often unpaid, and because the work is often done inside the home where it is invisible to the public and government.

There are several other studies that describe the situation of women informal workers. A 2001 study of women workers in Karachi found that informal workers had more children than formal workers. 37% of the workers were home-workers, compared to 32% who worked in small businesses and 31% in big businesses. Informal workers earned less money even though they worked longer hours than formal workers. Other studies show similar patterns.

## Punjab

More than half (55.6%) of Pakistan's population live in Punjab province. Lahore, the capital, is the country's second largest city.

In Punjab, the urban poverty rate is 26% and the rural rate is 36%. Most poor people in urban areas are found in the slums and *kachi abadis*.

43% of Punjab's labour force works in agriculture, 13% in the formal sector, and 43% in the informal sector. In 2007-08, about a quarter of Punjab's total labour force of 42 million was female. Of these women, 71% worked in agriculture, 6% in the formal sector, and 23% in the informal sector.

Of Punjab's women informal sector workers, 52% are employees, 27% self-employed and 22% unpaid workers in family businesses.

# Home-workers, street vendors and waste pickers in Ravi Town

Shahdara is a large, busy union council on the edge of Lahore. It is very close to the city dump.

Ravi Town's population is a mix of rural migrants and local inhabitants. The mean income per month of residents is Rs.1,771 and 20% have incomes of less than Rs.750 per month. Very few households receive remittances from overseas or from workers in other parts of Pakistan. The unemployment rate is very high, but nearly three-quarters of households own their dwellings. About 5% of inhabitants still own agricultural land.

For this study, the researchers conducted a small survey of 61 workers. 22 (including 7 women) were vendors, 24 (7 women) were waste pickers, and 15 (all women) were home-workers.

## Waste pickers

Waste picking in Ravi Town is mainly done by Afghan families who came to Pakistan because of the war in their country. Men, women and children collect waste, but there are fewer women than men who do this work. Some men will not admit that women in their family collect waste even though one can see the women doing this work.

The waste pickers collect and sort solid waste from streets, markets and neighbourhood dumps. They look for recyclable items such as paper, glass, bottles and broken mirrors, steel scrap, hospital waste and plastic bags. In the evening the male head of the family sorts and sells the collected waste to local dealers. The local dealers then sell the materials to industries for recycling or other purposes.

Waste pickers carry heavy loads. The work can be dangerous, for example in the case of hospital waste.

The pickers from Shahdara are forced to pay commission for the right to collect waste from the weekly bazaars set up by government to provide cheap goods to residents. The bazaars are organised by voluntary market committees nominated by the *nazim* (mayor). The organisers charge commission from both vendors and waste pickers, although this is illegal.

Waste picker families earn between Rs.6,000 and Rs.8,000 per month. Women's earnings are not kept separate from family earnings.

## Home-workers

The home-workers of Shahdara have low educational levels, below grade 5. They work mostly on a piece rate basis, and their income is low and irregular. They depend on the contractor to give them work.

The surveyed women were doing stitching, embroidery, carpet weaving, making costume jewellery, printing suits, washing syrup bottles, preparing henna cones, cooking, and assembling energy savers. Those stitching clothes could earn up to Rs.7,000 per month. But irregular work

means that they do not often get this much money. Washing syrup bottles with caustic soda is dangerous, and the women get paid only Rs.0.50 per bottle. They must wash hundreds of bottles to earn a decent income. The jewellery makers were the biggest earners in the sample, with a regular income of Rs.100–200 per day.

Home-workers complained about poor working conditions. They also complained about verbal and physical abuse by the contractor and by men within the family. Demands for better jobs and skill training centres were common.

## Vendors

In Shahdara, male vendors are found in the streets, market places, bus station, and recreational places. They sell their goods on foot, with hand- or animal-driven carts, and on bicycles. Women vendors are found only in the weekly bazaars held on Tuesdays, Fridays and Sundays.

About a quarter of the vendors in the Tuesday market at which the survey was conducted were women. The women were selling farm products, vegetables such as garlic, lemons and ginger, fruits and pickles. They were illiterate and belonged to families in which men were also working as vendors in the same bazaar. The women reported sales of Rs.1,500–Rs.6,000 per month. They said that they paid commission for a stall of Rs.100 per day or Rs.1,000 per month. Sometimes officials throw vendors out or confiscate their goods even when they have paid the commission. A specific complaint of these women workers is the lack of childcare facilities.

Across the three groups, poverty was a shared problem. Families were large, but only one-tenth of the workers were in families with more than two earners. The families of most workers were struggling to repay loans taken from relatives, employers, micro-credit organisations and banks, and from homeworker contractors.

For most of the women, this was their first income-generating activity. Many of the women did not have full control over their earnings. The women waste pickers did not even know how much the family earned from their work.

In meetings with groups of informal workers, participants agreed that government had failed to provide social protection and safety nets for them. Some workers knew about the Khushali Bank and micro-credit organisations, but few home-workers were using these facilities.

The fact that the women work in their homes or family businesses makes their voice weaker. There have been at least two attempts to organise homeworkers into a union so as to have a louder voice. One attempt was made by HomeNet, a network for home-based workers. The other attempt was by the Women Workers Helpline. These initiatives did not include waste pickers and vendors, or women who do home-based work that is not on contract or from out-putting.

# Government budgets

## Budgets and revenue of the different levels of government

In Pakistan's government administration, each province is divided into districts, each district is divided into *tehsils*, and each *tehsil* is divided into union councils. In large metropolitan areas such as Lahore the three levels are known as city district, towns and union councils. The main local government budget is at district level.

Punjab has 35 districts. Lahore is a city district with 9 towns. It has a population of more than 12 million people of whom 28% live in peri-urban areas.

At district level, the *zila nazim* is the head of the elected district assembly (*zila council*) as well as the executive head of the district administration. The *zila council* has three main functions:

- legislative (including levying local taxes and making by-laws)
- monitoring the district administration
- approving district budgets and development plans.

At each level of government, one third of the council seats are reserved for women. There are also reserved seats for peasants and workers.

Districts get a lot of their money from the province, and the province gets much of its money from the central (federal) government.

The National Finance Commission determines the provincial share of the budget. In 2008/09 provinces received Rs.213,896 million – 8.4% of the total national budget – for development projects. 60% of the development budget was allocated for infrastructure, and only 12% for social development, which covers things such as education and health.

Provinces also generate their own funds through taxes on luxury goods, sales tax, property tax, leasing of agricultural lands to cultivators, stamp duties on land registration and transfers among others. The provincial governments also receive funds through vertical programmes that the federal government funds in all provinces of the country. The vertical programmes include education and health sector reforms.

The Provincial Finance Commission decides how much money will be allocated to each district. 90% of the district's finances come from the province. Some of this money is further distributed to Punjab's 289 union councils. One part of this money is shared equally between the union councils. The second part is distributed according to need as described in the districts' Annual Development Plans.

The district government also raises some money through taxes, including taxes on informal sector activities. These taxes are a small proportion of the total revenue of the district, but may not seem small to a worker with low earnings. The table below shows the amounts that Ravi Town hoped to collect in 2008/09 through taxes that can affect informal sector workers.

## Local taxes affecting informal sector workers in Ravi Town, 2008-09

Tax	Rs.
Animal fee	9,000,000
Tax on hand carts	200,000
<i>Tonga</i> / cart tax	150,000
Car parking / cycle/ motor cycle fee	1,800,000
Fine on stray cattle	300,000
Total revenue	157,880,000

At district level, the development budget is made up of the money left over after the district has paid for operating costs such as salaries and any money it owes. Since 2001, at least 25% of the development budget must be spent through Citizen Community Boards. In every union, *tehsil*, town, and district a group of non-elected citizens can establish and register as a Citizen Community Board. The Citizen Community Boards help design the project, and also help implement, manage and monitor implementation.

Below the district, each union council receives an equal payment from the provincial government that is meant to be used to address community needs.

## Budget allocations for informal sector workers

The research found almost no budget allocations – at federal, province, or local level – that directly target or assist informal sector workers. But this does not mean that there are not opportunities for such allocations.

The government agencies that could help in having budgets that assist informal sectors workers include:

- The Finance Ministry at the federal level, as it allocates funds and makes the national budget
- The Planning Commission and Punjab Planning & Development department, as they are responsible for development planning
- Labour and Women Development Ministries (federal) and departments (provincial)
- The Department of Trade and Industry
- The district government.

The *Ministry of Finance* received 3% of the total federal budget in 2008-09. Besides its overall role in budget-making, the Ministry of Finance also manages several programmes and schemes. The largest programme is the Benazir Income Support programme. The programme was allocated Rs.34,000 million in 2008-09 – less than the Rs.50,000 million of the previous year. This programme provides cash grants to families with incomes below Rs.6,000 per month and to widowed and divorced women in families that do not have adult males or have a disabled or



chronically ill member. Women must have the national identity card to obtain the grant. This requirement is a problem for many poor women.

For informal workers, possible sources of support are the budget lines of ‘Supporting participatory policy for SMEs (Small and Medium Enterprises)’ and ‘Technical Assistance for Gender and Governance’. The first of these was allocated only Rs.77 million in 2008-09, much less than the Rs.5,533 million of 2007-08. The second also saw a big decrease in its budget – from Rs.858 million in 2007-08 to Rs.63 million in 2008-09.

The *Planning Commission* received 5% of the federal budget in 2008-09. The Commission’s functions include, among others, development and monitoring of the development budget, economic research and support for poverty reduction. The Commission could include the informal sector in its ongoing research and planning.

The federal *Department of Labour and Manpower* received less than 1% of the federal budget in 2008-09. The Department has established five Skill Development Councils, one each in Islamabad, Karachi, Lahore, Peshawar and Quetta. These councils train workers for the industrial and commercial sectors. To date they have trained 46,674 workers. In future, they could find ways of including home-based workers in their training programme.

Punjab’s *Labour Department* allocates Rs.163,389 million for Micro-finance for Household Enterprises. This money could be made available for home-based workers alongside other enterprises.

The Punjab Centre for the Improvement of Working Conditions and Environment (CIWCE) is part of the Punjab Labour Department. It does research and training and also implements projects from the provincial government’s own funds. This money could be used for special interventions targeting home-based workers.

CIWCE is also responsible for drafting new laws. Between 2007 and 2009 it drafted two laws. In 2008-09 the provincial government allocated Rs.13 million for development of the Occupational Safety and Health Act, 2009. This Act, once it is passed, should improve the contractor-worker relationship and will make factories responsible for contract workers. But the current draft does not offer protection to home-workers.

The federal *Ministry of Women Development* uses its budget to fund programmes for women. The Ministry could include a special initiative for home-workers. And it could use some of the money allocated to the Capacity Building of Women programme budget for skills building of home-workers.

Punjab’s *Women Development Department* implements the projects developed by the Ministry. At present this department is weak and has few staff. At the district level women’s development falls under the Community Development Department.

The *Department of Trade and Industry* allocated Rs.35.7 million in 2008/09 for women business development. This amount is less than half a percent of the total budget of the Department. The One Village One Product programme provides skills training for rural informal workers. It was allocated Rs.500 million in 2008/09. A similar programme could be implemented in urban areas.

The *Lahore City District* budget for 2008/09 does not seem to have any allocations that could assist informal sector workers in relation to their work. The budget has a small allocation of Rs.0.2 million for women's welfare. It is not clear how the district planned to use this money.

The total Ravi Town budget for 2008-09 was Rs.15.6 million. This small amount does not provide much space to address the needs of informal sector workers.

## The way forward

For the immediate future, advocacy should focus on women home-workers. The reasons for this recommendation are:

- There are more women doing this work in Pakistan than other types of work, and home-workers are found across all urban and peri-urban areas of the country.
- The women who do this work are poor and they and their families will benefit from fair payment and decent work.
- A draft policy has already been developed and has support within government. The Ministry of Women Development has worked with the National Commission on the Status of Women to develop the policy. But the Labour Ministry has not done anything about the issue. And it has not signed and ratified the relevant ILO Convention.
- There have been several studies of home-workers that have shown the need for action. Both local and international organisations are interested in the issue. The local organisations include HomeNet, Women Workers Helpline, Pakistan Institute of Labour Education and Research, Sungi Foundation and Aurat Foundation.

In terms of the budget, advocacy can motivate for allocations at district, provincial and federal levels. Budgets could be allocated to address home-workers' isolation, low remuneration, irregular availability of work, and collective bargaining capacity.

A programme could be piloted in Shahdara based on the Women-Friendly Spaces established after the Pakistan earthquake. A women-friendly space for home-based workers could provide somewhere for women to meet, for capacity building and for provision of work. Activities would be planned by the home-based workers with the help of a trained coordinator. The coordinator would be supported by a women workers advisory committee.

Only a small amount of money would be needed to fund the pilot programme. Remuneration for the coordinator, an administration and accounts person, a guard and cleaners would not be more than Rs.100,000 per year. The total budget would not need to be more than Rs.0.5 million per year. Funding might be available from donors who have funded research on home-based workers.

**About Inclusive Cities:** The Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs. For more information visit: [www.inclusivecities.org](http://www.inclusivecities.org).

**About WIEGO:** Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: [www.wiego.org](http://www.wiego.org).

**Shirkat Gah Women's Resource Centre** aims to catalyse women's empowerment for social justice and social justice for women's empowerment. Operating from 3 offices - Lahore, Peshawar and Karachi - Shirkat Gah works across the country with over 50 local partners on issues affecting women's lives. Its grassroots generated evidence feeds into advocacy from local to international levels and builds grassroots-focused capacity through its thematic areas of rights, governance and livelihoods. Shirkat Gah increases women's access to information, resources, skills and decision-making supported by research and documentation, extensive publications and intensive networking.

