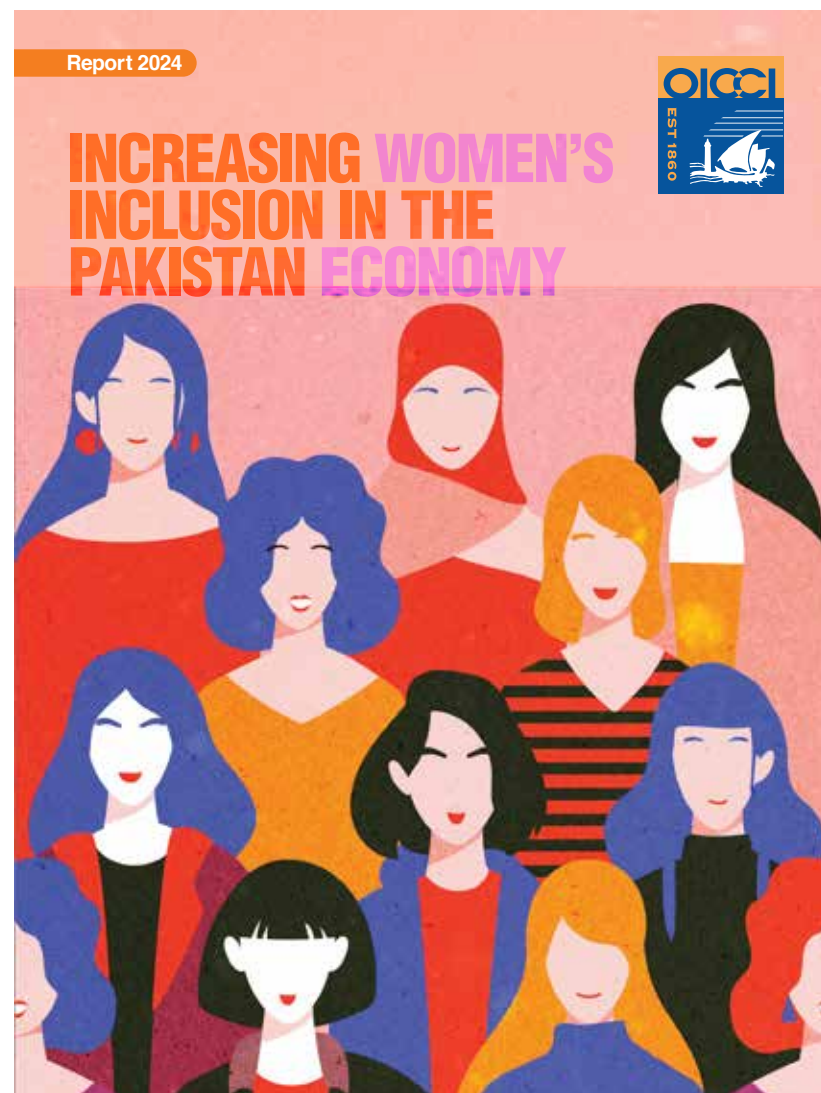


# INCREASING WOMEN'S INCLUSION IN THE PAKISTAN ECONOMY





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# FEMALE ECONOMIC EMPOWERMENT KEY TO GROWTH IN PAKISTAN

**“No nation can ever be worthy of its existence that cannot take its women along with the men. No struggle can ever succeed without women participating side by side with men.”**

– Quaid-i-Azam Muhammad Ali Jinnah

The founding father of Pakistan was clear, that without women playing an equal and active role in society, Pakistan will not be able to grow and prosper to the height of success. His visions from 1947 provide direction on where emphasis should be placed to enable progress for Pakistan, however as a nation we have thus far failed from bringing this vision to reality.

Empowerment of women and girls is a fundamental agenda for international development and growth and form a critical part of United Nations Sustainable Development Goals (SDGs). This white paper is based on the commitment of OICCI member companies to promote female empowerment and inclusion through advocacy and thought leadership. With the support of the Federal and Provincial governments we can create a conducive environment to adopt best practices and eliminate the gender gap in Pakistan.

## THE PROBLEM

Pakistan has only shown incremental progress in terms of women empowerment over the years. While the idea of increasing women's inclusion in the economy is well-defined, there are several limitations when it comes to implementation of female centric legislation, practices and policies. Pakistan lags behind when it comes to capitalizing on its female population for economic progression and expanding its skilled workforce. Statistics show that roughly 44 percent of Pakistan's population is earning in the low-income bracket, thus it is fundamentally critical to re-assess our drivers of economic activity.

While women make up 49 percent of Pakistan's total population, only 24 percent of the female population is actively involved in economic activity. Female labor force participation (FLFP) rate remains the lowest amongst regional peers, with only 21% of the eligible female workforce employed formally. In addition, for those women who do participate in paid employment, constraints limit their set of employment options. Altogether, this leads to a misallocation of talent. Pakistan displays far lower FLFP rates than a country with similar development levels. Suppressed female labor supply carries real costs to the economy, and for Pakistan to achieve higher growth it must mobilize and productively allocate the talent and resources of its female population.

Only 8 percent of micro-small and medium size enterprises (MSMEs) are owned by women, and only 1 in 100 women are entrepreneurs. Pakistan stands at 145th out of 146 countries according to the 2022 Global Gender Gap Report released by the World Economic Forum. Pakistan was included in the report in 2006 where it was ranked at 112 and since then the position has steadily deteriorated every year. The annual income per capita has declined over the years due to reliance on male income earners, and Pakistan's GDP could potentially increase by 60 percent by the year 2025 by simply closing the gender gap.

A further dive into socio-economic variables shows that only 3 percent of women, between the ages of 15-49 years, own a house while the same percentage for men stands at 72.

# OBJECTIVE AND OVERVIEW OF THE PAPER

Gender inequality is hindering the socio-economic development and growth of Pakistan. This policy paper presents key findings based on consultations with experts and industry leaders and best practices undertaken by OICCI members. OICCI also partnered with CIRCLE, a social enterprise working on women's economic inclusion and empowerment. For Pakistan to prosper and achieve a high growth dividend, we need to enable the full potential of women. The recommendations are addressed to both businesses and policymakers and embody SDG 5 & 8: Gender Equality and Inclusive Economic Growth.

This white paper responds to the growing emphasis on gender equality at an international level, as well as by members of OICCI, and takes existing initiatives and proposals a step further by articulating practical steps that can be taken by the government and businesses to further the empowerment of women and girls for economic growth in Pakistan.

These recommendations apply equally to all entities in both the public and the private sector, including government ministries and offices. In order to achieve and implement these objectives, it is proposed that an empowered working committee with government, public and private sector representation is established to engage on policy matters, work on initiatives, and prompt reforms in legislation towards gender equality.

## The paper presents its recommendations under six key themes:

1. Equal Opportunity & Promoting Career Progression
2. Address Gender Pay Gap: Equal Pay for Equal Work
3. Address Women Safety & Security against Workplace Sexual Harassment & Gender Based Violence ("GBV")
4. Create Enabling and Inclusive Workplaces
5. Ensure Digital, Financial and Economic Inclusion
6. Women's Health & Wellbeing in Work-Life Balance

# THEME 1: EQUAL OPPORTUNITY AND PROMOTING CAREER PROGRESSION OF WOMEN

Pakistan ranks second-to-last for women in leadership roles and only 8 percent of working females are working in top and middle level management roles. Government and businesses alike must address this critical disparity, and introduce immediate measures to encourage, promote and reward gender inclusivity, while ensuring equal employment and career growth opportunities throughout the country.

## Recommended Actions:

- **Set a mandatory target for 30% women in management roles by 2025**, for all public and private entities including Government entities and offices, and in all corporations employing more than 50 persons. The current number stands at around 19% and with growing importance being given to developing women leadership, this target benchmark is realistically achievable.
- Set a target for **45% women in labour force in Pakistan in line with "Vision 2025"** and mandate policies that facilitate meeting this target. Pakistan's labour force gap has increased by 2% over the last couple of years, thereby narrowing this gap is vital to implement "Vision 2025" in spirit.
- Entities must **establish coaching and mentoring programs** and ensure women are exposed to and engaged in high stakes projects and assignments. Entities must commit to develop women across the leadership pipeline and support the advancement of women's careers.

- It shall be **mandatory that all public and private entities must have at least one woman in a succession program for leadership/director roles** and must institutionalize reporting on such targets for all entities.
- Hold company executives and directors accountable for a lack of adequate representation of women in managerial positions and **annually recognize organizations that are empowering women**.
- **Incentivize organizations toward Equal Opportunity:** Grant tax credits to entities/ employers that have an employment base comprised of 20% or more women.
- **Enhance human development - Invest in long-term Female Education:** Invest in public-private partnerships in education to increase the school enrollment of girls, facilitate e-learning for women, and for technical skills training for women.
- **Improve access by building schools** with female toilets in remote areas and set up **gender-based scholarships** for women in top universities.
- **Provide government sponsored women leadership/ coaching and education programs through industry experts and professionals.** These collaborations can be sponsored using the private sector for support as well.
- **Institutionalize the informal economic contribution of women**, particularly focusing on freelancing, home based work/ employment, and the rural economy addressing and rectifying the unpaid and unrecognized work by women in these sectors.

<sup>1</sup> World Bank Database 2021

## THEME 2: ADDRESS GENDER PAY GAP: EQUAL PAY FOR EQUAL WORK

As per the ILO Gender Wage Report 2019, Pakistan has the highest gender pay gap amongst 73 comparable countries. The gender gap in Pakistan is estimated to be 34%, and women account for the 90% bottom 1% of the wage earners in Pakistan.

To reduce the gap, wage transparency must be promoted, and entities may be required to collate and share gender-disaggregated data and policies. Entities should also strive to eradicate wage disparity, in order to improve productivity and economic prosperity in Pakistan.

### Recommended Actions:

- **Create an equal pay task force consisting of experts** from different entities, including businesses and governments with international best practice knowledge, **to devise strategies to combat wage discrimination in all entities**, including government offices and ministries. The task force shall be mandated to **devise an action plan within 120 days that must include action items to be undertaken within a prescribed timeframe, to strengthen and mandate equal pay objectives**.
- **Mandate wage disclosures and regular compensation audits** by employer to disclose wage disparities and strategies thereon to reduce the gender pay gap. Real-time gender disaggregated data should also be published on company websites and other public interfaces.
- **All provincial payment of wages acts, and related legislation must mandate equal remuneration for the same work** and ensure no wage discrimination prevails. The acts must set out penalties and fines for non-compliance.
- **Mandate Equal Pay for Equal Work** – All entities must adopt gender neutral compensation and benefit structures and ensure transparency in pay practices. Government to offer incentives to ensure compliance.
- **Introduce and enforce “glass ceiling reviews”:** **reviewing the artificial barriers to women’s growth**, to examine the advancement opportunities for women in the country. Stimulate all entities, including ministries and non-government institutions to devise strategies to combat the glass ceiling for women.
- **Entities to introduce gender specific recruitment guidelines to address bias**, including unconscious bias, and pay inequities. All entities to mandate gender sensitivity and unconscious bias trainings and ensure performance ratings are based on objective and verifiable criteria, free from bias which are available through various ERP systems.
- **Company-specific gender pay equity reviews must be conducted simultaneously with the annual remuneration review cycle** and employees must be informed of what targets and milestones must be achieved so they can receive a promotion or salary increase.
- **Gender pay equity review findings** should come from the CEO and executive leadership team to reinforce gender pay equity as a key strategic goal for the business.

# THEME 3: MITIGATING SEXUAL HARASSMENT AND GENDER BASED VIOLENCE (GBV) IN PAKISTAN

Harassment under section 509 of the Pakistan Penal Code is a criminal offence. Protection of Women against Harassment at the Workplace Act of 2010 (“WAHW Act”) as the name suggests, was enacted to protect women from harassment at the workplace. Whilst some necessary amendments have been made to the law in 2022, effective implementation of the law in true letter and spirit is still required.

These include, Federal and Provincial governments ensure regular training and sensitization of ombudspersons, Federal Investigation Agency and police personnel and within the relevant authorities and require strict implementation of the law. Furthermore, legislation must be strengthened to protect survivors and ensure counterblast defamation laws are not misused to silence survivors.

## Recommended Actions:

1. **Stimulate and drive gender protection and support across the system, particularly in law enforcement agencies.** Sensitize and train public sector employees, judiciary and police force members to remove biases and deal appropriately and effectively to protect the victims of sexual offences, harassment and GBV.
2. **Strengthen federal and provincial mechanisms for reporting of, and promptly responding to sexual harassment and GBV,** including provision of legal advice, prevention, protection and facilitation for rehabilitation of survivors:
  - Ensure proper grievance mechanisms are in place and ensure cases reported to authorities are promptly handled with care and diligence.
  - Free counseling to be provided to women, men and transgender individuals seeking advice, and access to harassment rights/information. A government operated helpline with anonymity/privacy protected must be established across the country to give individuals access to counsel.
  - Governments to incentivize and/or mandate experienced lawyers provide pro bono legal assistance to survivors of sexual harassment and offences and require that a specified number of pro bono hours in this area be completed in order for a lawyer to be appointed as a Judge in the country.

3. **Raise awareness in public and stimulate public advocacy on discrimination, GBV, protection of women, and human rights protection** through education curriculum, educating children on what constitutes inappropriate behavior, community-based learning and wide engagement on laws and regulations.
4. **Make Public Transport Safer:** Improve transport infrastructure, ensure safety on roads. Introduce female only buses in all cities or designate at least 30% of space in public buses for female passengers. Government should support and promote ownership of micro-mobility solutions such as scooters, motorbikes and other micro mobility vehicles by providing easy loans and subsidies for women.
5. Set expectations and support leaders in **understanding how sexual harassment manifests in the workplace** and encourage companies to address sexual harassment as a workplace health and safety issue.
6. Entities to ensure all employees are **trained to understand what constitutes sexual harassment in all its forms.** They should be supported and encouraged to speak up about issues they experience or observe (with sensitivity to the wishes of the impacted person).
7. Companies that **provide medical, emotional and psychological support to survivors of sexual offences** and domestic violence must be recognised and incentivised.
8. Companies to put **robust mechanisms in place to support female employees** and ensure proper training is conducted for inquiry committee members.
9. **Government-aided legal support to labor unions** that wish to take legal action against employers for non-compliance with laws and regulations related to prevention of sexual harassment.
10. **Entities to promote a proactive culture:** Inform, empower, train and expect everyone to speak up and take action on sexual harassment in the workplace. Leaders should ensure that reporting of such incidents must be easy, accessible, non-threatening and free from retaliation.
11. Government to introduce measures to **ensure enforcement of existing laws to protect women against harassment, cyber bullying, cyber related abuse with strict deterrents and punishments in place.**
12. The 2022 WAHW Amendment recently recognized the prevalent misuse of counterblast defamation suits filed by accused. Now **punishment for misuse of criminal defamation laws and PECA 2016 by the accused used to silence victims in harassment, GBV and abuse cases** must be defined and enforced.
13. Government to monitor harassment complaints and actions taken thereon, particularly action taken by the FIA, to **ensure the systems in place are not being misused.**

## THEME 4: CREATE ENABLING AND INCLUSIVE WORKPLACES

Unsuitable work and travel conditions reduce female workforce participation. Amenities such as separate toilets, daycare centers/ mobile crèches should be encouraged and facilitated at workplaces. Public and private entities must ensure relevant practices and benefits are introduced to enable inclusive workplaces. These include remote and flexible working options, increased maternity leave, introduction of paternity leave in all provinces, facilitation for commuting and relocation assistance, and training of employees on the benefits of gender diversity, gender sensitivity and inclusivity. All entities must ensure reporting and public disclosure of their workplace policies for an inclusive and supportive culture.

### Recommended Actions:

- 1. Mandate creation of day-care centres with private nursing areas in all workplaces with at least 50 female employees.**
  - a. Offer subsidies to businesses for establishing amenities such as day-care centres for working parents or develop public private partnerships to offer safe and affordable solutions.
  - b. Compensate working parents on money spent for day-care expenses where the employer has not provided the day-care facility.
  - c. Revise, update and implement the Day Care Centre Bill 2018 to mandate good quality Government established day care centers across Pakistan and require uniform legislation across the provinces.

- 2. Increase maternity leave across all provinces in Pakistan to at least 6 months paid maternity leave and offer at least 30 days paid paternity leave as per law.**
  - a. Offer tax credit to employers that give at least 6 months of maternity leave.
  - b. Pass uniform legislation in all provinces in Pakistan and notify requisite rules, regulations etc., to govern provisions of maternity and paternity benefits to employees.
  - c. Amend the Maternity and Paternity Act 2020, West Pakistan Maternity Benefit Ordinance 1958 and all applicable legislation to update the law relating to employment of women and to enhance work-life balance for employees. The laws shall protect pregnant women and new mothers from arbitrary dismissal – and require that the employment contract of a female employee cannot be terminated from the start of her pregnancy [or up to one year after childbirth] without sufficient cause. The law shall be made applicable to all women employees across various forms of employment.
  - d. Develop programs and assign mentors to support women’s transition back to work after maternity leave.
- 3. While some provinces have recently amended the labour laws such as the Factories and Shops and Commercial establishment acts, governments should ensure that all applicable provincial laws are amended:**
  - a. Revise clauses in the provincial acts which prohibit women from working at factory sites post 7 pm, such that all women should have the right to work at night if they wish to, and the companies shall ensure safe transportation, lodging, and a safe working environment.
  - b. Mandatory provision of transportation for pick and drop services from the women employee’s place of residence to the workplace, at commencement and conclusion of the shift.
  - c. Extend the benefits provided under labor laws to female workers to apply equally across the board to all women employees including managerial executive and, supervisor staff hired by the company, whether directly or through third party sub-contractors.
- 4. Expand paid leave options to include family sick leave, elderly-care leave, and bereavement leave for employees.**
- 5. Health coverage for employees and their families**, including all doctor appointments, mental health and wellbeing and dental coverage, along with mandatory pension funds for all employees must be introduced. In the case of unmarried employees, insurance coverage provided by entities shall be extended to cover the parents.
- 6. Companies shall make flexible work policies with regard to work hours**, and location (working on the go) which shall be implemented across the board in the organization, such that the policy would not stigmatize flexible working needs.

## THEME 5: ENSURE DIGITAL, FINANCIAL, AND ECONOMIC INCLUSION

Due to the systemic under representation of women in society, their voices are not included at key policy forums, including financial, digital and economic policy platforms in the nation. According to a 2018 IMF study, Pakistan is among those countries where enhancing financial inclusion would increase female workforce representation.

Pakistan's policymakers and businesses must incorporate diversity and gender equality objectives for all policy making and should encourage inclusive, accessible and affordable financial products and policies, and encourage investment in women-led businesses. Many women contribute to the household income through informal channels such as domestic work, homebased businesses or freelance work, livestock rearing, and fieldwork in the rural agricultural economy. Despite this contribution, women largely remain excluded from technology ownership, without bank accounts and formal acknowledgment of their economic contribution.

### Recommended Actions:

1. Account for and **safeguard against gender bias and discrimination** when formulating government policies to ensure financial, economic and digital inclusion for all.
2. **Regularize the informal economy** especially focusing the rural and agricultural economy so that women receive fair wages and can avail economic opportunities, allowing their contribution to Pakistan's economy through this sector to be recognized.
3. Formalize the informal sector of home-based and **informal careers by incentivizing and providing ease of business** for women from home and reducing barriers to entry in the value chain.
4. **Incentivize Financial institutions** to create solutions for financial inclusion of women involved in home-based business by **introducing women centric services and financial products, including loans, investment and savings options.**
5. Financial institutions to design and offer women specific micro-finance services as per SBP's Banking on Equality policy, focusing on **providing subsidized soft loans for women-led micro-enterprises and home-based businesses.**

6. Create platforms for **young women entrepreneurs to train them on business planning skills, marketing and value addition**, providing opportunities to attract trade mentors, investors, partners and marketplaces to support women-led businesses and initiatives.
7. **Establish special economic zones and one-window operations for women entrepreneurs.**
8. Explore and design **tax rebates incentives for women-led micro-enterprises including home-based businesses and SMEs.** Create an enabling policy and regulatory environment to help register women-led home-based SMEs, **bringing the cottage industry into the formal sector.**
9. Design and offer digital literacy programs for women. **Specific subsidized products and services such as business registration, legal aid, technology and internet services**, and micro-loans should be offered for women.
10. **Encourage and incentivize entities to design and deliver mentoring programs**, and CSR programs designed to support women, particularly within the underprivileged strata of society.
11. **Removing barriers to entry for women:**
  - a. Developing Industrial Linkage Programs for mainstreaming women-led enterprises and businesses into the formal economy.
  - b. Creating vendor development programs for capacity building and certification.



## THEME 6: IMPROVING FEMALE HEALTH AND WORK–LIFE BALANCE

Without adequate access and support, working women with their multiple responsibilities can risk their health and wellbeing. Whilst the private sector does provide some healthcare/ insurance benefits to employees, the women centric benefits specifically are often at a basic level.

As a result, all public and private entities must mandate health and wellness initiatives such as gym memberships, annual health checks, menstrual health and female hygiene, sexual health awareness and agency, maternal health support and counselling, breast cancer awareness and free screenings and mammograms to educate and encourage employees to prioritize their health and ensure women have access to such facilities.

Employers need to provide flexible working hours, a reduction in the frequency of overtime, flexible work schedules, training and development of supportive supervisors and promote a positive organizational culture for employee wellbeing. Such measures can enhance the productivity and work efficiency of employees and are crucial for human development.

### Recommended Actions:

1. **Launch large scale awareness campaigns throughout the country** regarding family planning, menstrual health, sexual and reproductive rights, pregnancy and childbirth, nutrition, female health and mental health through public institutions.
2. **Governments to establish a task force/ working committee focused on improving the health and work-life balance** of all women regardless of marital status. The task force shall provide a framework with recommendations for policies and infrastructure developments for women and girls, including family planning, health care, counselling, nutrition, reproductive health, mental health, and pre & post-natal health awareness and improvements.
3. **Mandate insurance coverage provision for employees by all entities**, which shall include annual medical check-ups, complete pre & post-natal maternity coverage, all medical and blood tests, mental health and wellness coverage for all employees, and particularly health Coverage for women for illness/injury caused at or through work.
4. **Incentivize insurance companies and other relevant stakeholders** to design and introduce women health care and insurance products and sharia-compliant health insurance framework for female health protection programs.
5. **Build a female health scorecard and stimulate data collection and accountability** across country in the public and private sectors, so as to track health initiatives for women and adequate insurance coverage.
6. **Introduce wellness initiatives at work, including providing coverage for gym and wellness program memberships, discounts and incentives to position wellness as a requirement of good performance.** Entities to hold awareness days for breast and cervical cancer whilst also offering free mammograms and pap smears for female employees.
7. **Encourage 80% utilization annual leave policy and managers to track compliance.**

## CONCLUSION

Women continue to face challenges across Pakistan in both public and private sectors, simply promoting their employment or even setting quotas is not enough. In order for women and for the country to reach its full potential, we must enforce policies and procedures that empower women across the value chain in terms of employment, business, rural work and home-based work, even where it is unpaid and typically unrecognized work.

This requires investing time, effort and money in the areas highlighted through this paper. We must commit to changing mindsets in order to enhance gender balance across all levels. Addressing the gender pay gap, preventing gender-based violence, including harassment at workplaces, supporting women's rights, provision of education, skills training and opportunities will all help to proactively set women on an empowerment path and give them an equal chance at success. Supporting women in both public and private sectors through policy enhancement and mindful intervention to be more financially and economically empowered will benefit not only the individuals and their families but will lead to the financial and economic growth of the country.

## ENDNOTES

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