

Call for expression of interests

Consultancy on gender pay gap analysis and report in Pakistan

Supported by the International Labour and Environmental Standards Application in Pakistan's SMEs (ILES) project and Better Work Programme

How to submit

Interested organizations/individuals are requested to submit the proposal by email **addressed to khemphone@ilo.org by 20th August 2023 at 5 pm**, with ILES/ILO/2023 "Consultancy on gender pay gap analysis and report in Pakistan" mentioned in the subject of email/submission along with the following supporting documents:

- Maximum two-page summary, setting out the consultant(s)/organization(s)' relevant qualifications and experience/expertise.
- Budget expressed in PKR based upon given number of workdays (for individuals, a daily rate should be quoted), and for company overall budget breakdown with daily rate should be mentioned
- CVs of lead consultants/consultant

Please Note:

Expression of interest not meeting the basic content above and received after the deadline will not be considered.



Terms of Reference

1. Introduction

Wages play an important role for economic progress and social justice. For workers, it is the main income source, and it is fundamental to living standards and welfare of his/her family. For employers, it is an important component of production cost, which closely link to productivity and competitiveness. For government, it is an important policy tool for promoting inclusive economic growth and reducing poverty and inequality.

The gender pay gap represents one of today's greatest social injustices, and its eradication has become a key policy objective for many countries around the world. Sustainable Development Goal (SDG) target 8.5 calls, among other things, for equal pay for work of equal value within the framework of the United Nations 2030 Agenda for Sustainable Development. The achievement of SDG Target 8.5 would by itself considerably reduce the gender pay gap; empirical reports that analyse the evolution and characteristics of the gender pay at country level should be part of the strategy to achieve target 8.5.

Using country-specific empirical evidence on the gender pay gap is a key step to address the problem in the labour market. Using appropriate data (in particular, appropriate population-representative survey data) can help countries estimate the magnitude of the gender pay gap, the factors that lie behind these gaps and provide a better understanding on the part of the gender pay gap that cannot be explained by these so called observed factors. Learning what lies behind the gender pay gap is a first step to act at reducing it, whereas estimating the pay gap across time and sub-groups provides evidence to monitor the evolution of the pay gap and take necessary action to address it.

Based on the labour forced survey 2020-2021, the overall gender wage gap in Pakistan is 18%. At sectoral level, it is the highest in the agriculture sector (37%) and the lowest in services sector (12%). The industrial sector had a gender wage gap of 32% in 2021. At occupational level, the highest gender wage gap is observed for Craft and related trade workers²⁰ (52%), followed by skilled agriculture workers (45%) and elementary occupations²¹ (41%).



While the Labour Force Surveys of Pakistan help in estimating instances of the gender pay gap, the comments from the Committee of Experts on Application of Conventions and Recommendations (CEACR) 2022 (published 2023) indicated that the country needs to collect and compile information disaggregated by sex, on the levels of remuneration of men and women, if possible, by sector of the economy or occupational category, and provide them together with any available information on the gender pay gap. The CEACR also recommended the government to take the necessary measures to address the gender pay gap, in particular measures to address gender occupational segregation

In response to the request from the government, led by Ministry of Overseas Pakistani and Human Resource Development, the ILO Country Office for Pakistan, through its International Labour and Environmental Standards Application in Pakistan's SMEs (ILES) project and Better Work Programme, will support the gender wage gap analysis to collect and analysis the situation and the patterns at the country level and across other disaggregates as well as the existing gender equality policies and practices to provide policy recommendations for policy discussion and future reform.

2. Objective

The objective of this consultancy is to conduct a gender pay gap analysis and produce a report on the gender pay gaps in Pakistan based on quantitative and qualitative evidence. The analysis report should contain at least the following four key areas and an introductory segment setting the context of the report including a brief analysis on economic and labour market situation and overall wage trends and patterns:

- an empirical analysis of the gender pay gap and the patterns at the country level and across other disaggregates;
- a discussion that reviews the empirical evidence on existing gender equality policies at the country level.
- a section that puts together the views from employers, workers and other relevant policy agents on matters related to the gender pay gap and ways to address them; and
- a final section that should provide concluding remarks and policy recommendations.



3. Specific Tasks

- Develop an overall implementation plan of the research project including table of content of the report, research tool and methodology, identified key informants (KI), discuss and agree on the plan with the ILO.
- Carry out desk review and analysis on the situation and the patterns at the country level and across other disaggregates as well as the existing gender equality policies and practices to provide policy recommendations for policy discussion and future reform that can directly contribute to the ongoing labour reform proposals of the Government and to provide evidence that help facilitate designing policy and programs to address gender based wage disparities and promote equal pay for work of equal
- Carry out desk review and analysis on the current national policies and legislations and gaps related to gender pay gap. Identify gender pay gaps in the sector and how they affect women's and men's conditions.
- Submit first draft report to the ILO and MOPHRD for review and comments.
- Revise the draft analysis report incorporating comments from the ILO and MOPHRD.
- Prepare a Power Point Presentation and present the draft report at the validation workshop of tripartite constituents.
- Facilitate the discussion at the validation workshop, collect inputs from the consultations
- Incorporate inputs from the validation workshop to finalize the report (consistent with ILO style guide) and submit to the ILO and MOPHRD.

4. Deliverables

- a) Report on the gender pay gap, including an Executive Summary. The report must comply with the minimum requirements included in Annex I to 1 to this TOR "Generic TOR to elaborate an empirical analysis on the gender pay gap".
- b) An infographic and power point deck containing the methodology and findings of the report
- c) Prepare a short policy brief and recommendation for textile and garment sector based on the findings of the analysis report.
- d) Presentation of the report during the report launch.



5. Arrangements and support from ILO

The ILO will provide support to the consultant in identifying and arranging consultations with tripartite constituents and stakeholders.

Consultant shall contact the ILES Project Manager in ILO CO for Pakistan on this consultancy and the ILO Wage Specialist and Gender Specialist for DWT for South Asia/ Delhi to seek technical inputs on gender.

6. Duration

The service is expected to start from 1st August 2023 and complete by 31st December 2023.

7. Required Qualification and Experiences:

The Consultant is expected to possess the following qualifications:

Education: Advance university degree in economics or relevant filed

Experience:

- At least 5 years of extensive experience in applied microeconomics and management and analysis of large data sets.
- Previous experience in undertaking research in gender and wage issues in Asia and the context of Pakistan would be a strong asset.
- Ability to interact with Government, employer and worker organisations as well as the business sector.
- Strong analytical skills and ability to integrate diverse and complex quantitative and qualitative data from a wide range of sources.
- Understanding of ILO, ILO Conventions and Recommendations and supervisory system and core international human rights instruments.
- Ability to work under time pressure and deliver work of outstanding quality.
- Ability to present results to a high-level audience.

Please note that:

- Individual consultants will be responsible for own health insurance and need to provide information regarding insurance to the ILO at the time of contracting.
- Individual consultants upon selection also need to complete the UNDSS BSAFE field security training (online training) unless already holding a valid certificate from UNDSS. SSAFE certification would be an advantage.



International
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Funded by the European Union

Budget. The analysis will be covered by the ILES project and Better Work Programme.

Annex I.

Generic terms of reference to elaborate an empirical analysis (a report) on the gender pay gap at country level

Wage team

INWORK, February 2023

Introduction

This document describes steps to guide researchers in the production of a comprehensive report on the gender pay gap, including what data should be used to estimate pay gaps (and other inequalities), the proposal of a battery of estimates useful to understand difference between women and men in terms of labour market outcomes; a heuristic description of how to go about estimating equal pay for work of equal value; and a proposal to gather the views from policy makers (including workers' and employers' organizations) to help better understand the policy path followed by countries in matters of eradicating pay discrimination in the labour market. This document, therefore, should help construct a report on pay gaps at country level that helps policy makers at designing effective policies to address the gender pay gap.

(1) What should be included in a report on the gender pay gaps at country level?

The report should contain at least the following four parts: *(a) an empirical analysis of the gender pay gap at country level, (b) a discussion that reviews the empirical evidence in (a) against existing gender equality policies at country level; (c) a section that puts together the views from employers, workers and other relevant policy agents on matters related to the gender pay gap; and a final section (d) should provide concluding remarks and policy recommendations.*

(a) Contents of an empirical analysis on the gender pay gap at country level



The empirical analysis should be based on the use of survey data typically based on labour force surveys and/or household surveys. The empirical evidence should go beyond estimating the gender pay gap; it should include for example both employment and pay gaps, as well as trends comparing women and men over time – e.g., over 10 to 15 years. Trends help to understand how women’s and men’s participation in wage employment has changed between periods.

Likewise, trends on the gender pay gaps should be estimated (if possible, covering the same period as those covered by other labour market trends) considering the various methods available to estimate pay gaps – raw mean and median gender pay gaps as well as factor weighed gender pay gaps (see ILO, 2018) and gender pay gaps across the wage distribution. Some factors are particularly determinant of the gender pay gap: age, education, occupational category, economic sector, institutional sector, and hours worked. It would therefore be recommended to estimate the pay gaps between women and men – across periods – for sub-groups according to such factors.

Finally, estimating the gender pay gap (across time, by sub-groups, using different methods) provides evidence to quantify the evolution and the state of pay differences between women and men. However, such quantification does not explain what lies behind the gender pay gap. Therefore, a comprehensive report with sound empirical evidence should include the decomposition of the gender pay gap between that part that can be objectively explained by observed factors, and that part that is attributable to structural differences between women’s and men’s pay scale (i.e., the part unexplained by observed factors). The decomposition should consider estimating the gender pay gap across quantiles of the wage distribution and identifying the explained and unexplained part at each quantile. Likewise, it would help estimating the explained and unexplained parts (at different quantiles) comparing two points in time to understand the evolution of the two parts across time.

All the above mentioned empirical analysis requires the use of micro-data that helps identify women and men in the labour market, their earnings, their attributes and the basic characteristics of their jobs and workplaces. Labour force surveys should be the first source of information, while using appropriate weights should ensure that all empirical elements are representatives of the



underlying population. In some countries labour force surveys do not include earnings information – example, the quarterly South African labour force surveys. In these cases, household surveys would be an alternative source of information to capture labour earnings – and perhaps the use of labour force surveys can complement the analysis to provide trends on labour market outcomes..

Who should enter the analysis? Gender pay gaps are frequently estimated for the purpose of reducing and eliminating pay discrimination between women and men with policies that can effectively change the wage determination process. These are policies that have an impact on wage employees; therefore, for purpose of policy, the gender pay gap should be estimated using wage employees only. Estimating pay difference using all workers (i.e., including own account workers, unpaid family workers, employers) remains an interesting exercise that could be done and relegated to an appendix. But the inclusion of alternative employment modalities (other than wage employees) distorts the estimation of gender pay gaps that can be effectively addressed by wage policies, which by definition impact primarily on wage employees (e.g., the minimum wage, the design of collective pay agreements, the design of pay policies that consider corporate responsibility at the top end of the wage distribution, etc.)

What measure of earnings? The gender pay gap can be based on ‘hourly wages’ – therefore excluding the gap in ‘time’ worked between women and men – or based on earnings that include both the gender gap in hourly wages and the gender gap in amount of time worked. For example, when estimating the gender pay gap using monthly earnings this includes the gap in hourly wages together with the gap in hours and days worked per month. Considering that (on average) women tend to work less time per month than men (e.g., due to their greater role in unpaid care work compared to men) the gender pay gap using monthly earnings is often higher than that based on hourly wages. Both hourly wages and monthly earnings should be used to estimate gender pay gaps because they complement each other. However, when estimating the pay gap across the wage distribution and for purpose of decomposition, it is recommended that hourly wages are used: these estimates are clean from the gap due to difference in working time between women and men, while ‘time’ is often one of the factors included when decomposing the gender pay gap. One final note on earnings: most surveys provide earnings as a single variable either in gross terms (before



deducting income tax) or net from social security contributions. However, in some surveys (e.g., SES) earnings are provided in more detail form (basic pay, regular benefits, irregular benefits, etc.) We highlight that when estimating the gender pay gap (e.g., hourly wage) the variable should include all the components that make up the remuneration of individuals at a point in time.¹

What age range? A final advice is with respect to 'age'. According to the ILO, and to promote international comparability, the working-age population is often defined as all persons aged 15 and older. However, when studying the gender pay gap at country level (particularly for a single country report) it may be recommended to consider only those aged 15 to 70, inclusive – in high income countries the advice would even shorten the age group to cover up to the age of retirement, e.g., up to 65 in most European countries. The reason why we may want to cut the upper end of the age distribution is because these are often very few individuals with very particular endowments and probably receiving earnings that are likely to be outliers. Likewise, among contemporaneous populations, men tend to be over-represented among wage employees above the age of retirement (or in general, above the age of 70). Cutting the working age population to cover up to the age of 65 (high income countries) or 70 at most (all countries) reduces the chances of having values at the extreme of age distribution biasing the overall gender pay gap. On the other hand, the advice is to always include the youngest groups of wage employees (15 and above) because (contemporaneously) there seems to be a comparable share of women and men among youth wage employees while it is interesting to see how the pay gap varies between new entries into the labour market and older age groups.

List of estimates and indicators to be included in the report.

¹ Surveys are not usually detailed enough, and they ask individuals to declare their 'gross earnings' or their 'take home pay' (disposable income after deductions). In most countries the question refers to the 'last calendar month' or the 'last calendar year'. The answer will have to be combined with 'number of hours worked during the last calendar month' to arrive at an estimate of hourly wages. In this case it would be the assumption that workers work 4.33 weeks per month often applies. When more detailed information is provided then it is recommended to be used to come up with a more accurate measure of hourly wages. In this case it is important to take into account the ILO's definition of 'remuneration' which is as follows: defined in Convention 100 to include "the ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment"



- Share of women and men participants in the labour market (how does the proportion of paid working women change compared to that of men, over time?) – participants include workers and the unemployed.
- The distribution of women and men of working age by labour market status (unemployed, working, out of the labour force)
- The distribution of working women and men according to employment status (wage employee, employer, own account worker, unpaid family worker or working in cooperatives)
- Considering only wage employees: share of women (within working age women) and share of men (within working age men), over time, and also according to the following sub-classifications.
 - By age groups (<=24, 25-35, 36-45, 46-55, 56+)
 - By educational category
 - By experience (or tenure within the enterprise)
 - By occupational categories
 - By economic sector
 - By size of enterprise
 - By public versus private sector
 - By formal versus informal sector
 - By full versus part time
 - By union membership
 - By motherhood and fatherhood status

The above indicators provide an overall picture of how women and men evolve between periods with regards to key factors that underline the wage determination process in labour markets across the world. Having estimated such characteristics, we can then go on to study wages, including estimates of the gender pay gap. The following indicators would apply:

- a) The evolution of mean and median hourly wages comparing women and men wage employees to the overall hourly wage trends (among wage employees) in the population.
- b) The evolution of mean and median monthly earnings among wage employees (also separating women and men and estimating overall monthly earnings trends among wage employees).



- c) Taking two points in time (perhaps first period available and last period available) estimate the average hourly wage according to the following groups:
- By age groups (<=24, 25-35, 36-45, 46-55, 56+)
 - By educational category
 - By experience (or tenure within the enterprise)
 - By occupational categories
 - By economic sector
 - By size of enterprise
 - By public versus private sector
 - By formal versus informal sector
 - By full versus part time
 - By union membership
 - By motherhood and fatherhood status
 - Take the first year for which there is data and the latest year: using deciles of the wage distribution estimate the share of women and men wage employees at each decile.
- d) The evolution of the gender pay gap using (i) raw mean gender pay gaps, (ii) raw median gender pay gaps and (iii) the ILO's factor weighted gender pay gap – for the latter see the methodology in ILO, 2018, particularly Section II.
- e) Using two points in time – e.g., first period available and latest period – estimate and compare the gender pay gap across the wage distribution. One way to do this is to estimate pay gaps at each decile of the wage distribution, with a preference for gender pay gaps to be defined at the threshold of each decile.
- f) Using the method by Fortin, Lemieux and Firpo (2011) decompose the gender pay gap at each decile of the hourly wage distribution to separate the composition and structural parts of the gender pay gap at each decile of the wage distribution. Do the decomposition using first available period and latest period.
- g) Using range of ages that distinguish between younger and older groups, estimate the gender pay gap at each age-group and superpose the share of women and the share of men of working age that participate in the labour market. Compare first period and latest available period. This



estimate is equal to that in figure 35 in ILO, 2018. It helps identify the effect of motherhood on gender inequalities (the gap and participation).

- h) Estimate the relation between degree of feminization and pay. This can be done by estimating the share of women by occupation and sector and plotting it in a scatter diagram against average wage for each of the sub-groups identified by the combination between the variables occupation-economic sector. See figure 5.6 in ILO, 2022

A note on quantifying equal pay for work of equal value – this is not the same as measuring the gender pay gap.

Convention 100 – Equal Remuneration Convention, 1951 (No. 100) – calls on the principle of equal pay for work of equal value. When applied to gender equality, it means that women and men should receive equal remuneration (...ordinary, basic, or minimum wage or salary and any additional emoluments...) established without discrimination based on sex.

The remuneration of a wage employee – for given characteristics – is established at the level of the enterprise; considering that enterprises vary in terms of productivity and added value per worker, the principle of equal pay for work of equal value is one that should be applied at the level of the enterprise – considering the legal framework that may be established at country level.² It means that two enterprises can pay differently women and men that have similar ‘job functions’ but such difference can be justified because there is a difference in labour productivity between enterprises. This is clearly not a case of pay discrimination.

Following from the above clarification, labour force surveys (or household labour surveys, or even matched employer-employee surveys) cannot be used to quantify if women and men are paid according to the principle of equal pay for work of equal value. Instead, enterprise-specific data should be collected to (i) identify the different job functions within an enterprise, (ii) quantify the ‘value’

² For example, if a country with a statutory minimum wage that applies universally to all wage employees, then the legal floor applies in all enterprises irrespective of the sector where they operate or their added value per worker. Likewise, if wage scales are determined through collective bargaining, this will be binding among enterprises to which the agreement applies.



that each function implies to the enterprise, (iii) compare pay between job functions that have similar value and (iv) identify if gender drives the gap in pay between similar valued job functions.

A report on the gender pay gap should include at least a description of how to go about identifying the principle of equal pay for work of equal value at enterprise level using available literature. The report should highlight that eradicating pay gaps due to gender driven unequal pay for work of equal value can help reduce the gender pay gap as described previously, but it does not necessarily eliminate the pay gap at country level. For example, if highly feminized sectors continue to be associated with low-pay, even if equal pay for work of equal value is achieved at the level of the enterprise, the pay gap will continue to be positive as result of women's overrepresentation in low paid sectors. The report on the gender pay gap should use parts of section (a) to explain: (i) the concept behind Convention 100; (ii) key steps to measure and estimate the principle of equal pay for work of equal value; (iii) the relation between equal pay for work of equal value and the population gender pay gap; (iv) propose ways to estimate the causal effect between reducing pay discrimination at enterprise level and reducing the gender pay gap at country level.

See the following reference for more information; ILO, 2013.

(b) Discussing the empirical evidence from (a) against existing gender equality policies at country level

Once the empirical evidence are produced, the report should review the relation between such evidence in light of the policies that would have aimed at reducing gender inequalities in the country's labour market. The following could be considered:

- Describe (perhaps using a timeline) the policies that have been established at country level to reduce gender inequalities in the world of work, if any.
- What was the background leading to such policies? E.g., social movements, requests from social partners, change of governments, institutional mandates (e.g., EU directives), etc.



- Are there any studies that show the effectiveness of these policies? Provide a summary of these
- Looking at the empirical evidence gathered in (a), do they reveal a change in line with the policies implemented at the country? Note that perhaps it affects only particular economic sectors, institutional sectors or occupations, in which case it would be important to review the estimates by such factors to come up with sector or occupation specific evidence to highlight the possible impact of the policies.

We note that some of the policies could have been implemented in recent times – in relation to the time when the report on pay gaps is produced. Therefore, it may not be possible to see the effect of such policies on the empirical evidence. Nevertheless, the report should mention these policies – irrespective of how recent they are – and provide some expected outcome as result of the policies perhaps using external literature or examples from countries with similar policies, particularly if such countries have conducted empirical evaluations.

Note: evaluating the impact of a policy on a particular outcome (e.g., gender pay gaps) would require the use of causal analysis using specific data (e.g., time series or time series panel data) that covers a period before and after the policy. It is not the intention of a report on the gender pay gap to extend into detailed causal analysis that would require more time and more resources. However, the report could mention ways in which causal analysis can help at estimating the impact of a policy and perhaps review existing literature for the country to find out if such policy evaluation has been carried out by others.

(c) The views from employers, workers and other relevant policy agents on matters related to the gender pay gap

The report should include a section that gathers the views from worker' and employer's association on matters related to gender inequalities including on the gender pay gap. These views could be obtained through interviews as well as reports that might have been published by unions, employer's organizations, the corresponding national authorities (e.g., the Ministry of Labour or governmental institutions directed to gender equality, etc.) Points that could be of interest:



- When workers and employers design collective agreements, are gender issues (gender equality, the gender pay gap, etc.) part of such agreements? Are there examples of these?
- To what extent are work-life balance policies part of collective pay agreements?
- Is the representation of women and men equal within worker' and employer's association?
- To what extent do workers or employers view gender inequalities as a detriment to labour market outcomes?
- Does the government perceive to be doing enough to deal with gender inequality in the world of work?
- Is the educational establishment promoting gender equality among young women and men before they reach the labour market? (e.g., policies to promote STEM equally among women and men?)
- Are there policies that play a role against gender equality in the country? E.g., women not being able to work in specific sectors or at specific shift-hours? If so, are the authorities taking steps at eliminating such policies to help equalize the chance of women and men in the labour market?

The above are just some of the questions that would be useful to gather information from social agents (and government authorities) to construct a narrative that helps policy makers understand the view and stand on matters of gender equality (including the gender pay gap) among those that are more likely to influence the labour market.

(d) Conclusions and policy recommendations

Produce a final section that reflects on sections (a) to (c) as a way of concluding the report. Using other sources of information (e.g., other country reports but also the reference below) provide a comparative analysis to show the position of the country analysed against others. A final paragraph on the way forward (see ILO, 2018, section III) would be a good way to close the report.

Note: Additional appendix and bibliography should complete the report.

Reference:

ILO 2013, Equal Pay: an introductory guide. Martin Oelz, Shauna Olney, Manuela Tomei; ILO 2013

ILO 2018, ILO Global Wage Report 2018/19: What lies behind the gender pay gap, ILO 2018.

ILO 2022, The gender pay gap in the health and care sector: a global analysis in the time of COVID-19, ILO-WHO 2022.

Fortin, N; Lemieux, T; Firpo, S. 2011 'Decomposing methods in economics', in O. Ashenfelter and D. Card (eds): Handbook of Labour Economics, Amsterdam, Elsevier, pp. 1-102

Note: all STATA programs for the estimation of the gender pay gap, including the programs to estimate the factor weighted gender pay gap and the decomposition of the gender pay gap across the quantiles of the wage distribution, can be obtained on request to Vazquez-alvarez@ilo.org.