

**Position Paper**  
**Pakistan Workers Federation (PWF)**  
**Coronavirus-19 (from 15<sup>th</sup> March to 15<sup>th</sup> April, 2020)**

As of 15<sup>th</sup> April, 2020, there are nearly 1,979,477 confirmed cases of Coronavirus-19 pandemic worldwide.... Nearly 119,588 have lost lives in at least 190 countries... Pakistan also has nearly 5837 confirmed cases of which 96 have already passed away. Services sector is the hardest hit sector, especially tourism and hospitality, education transport and all sectors of both formal and informal economy. Workers on Contract basis, skilled, semi skilled, daily wage, piece rated workers as well as self-employed workers are the worst affected.

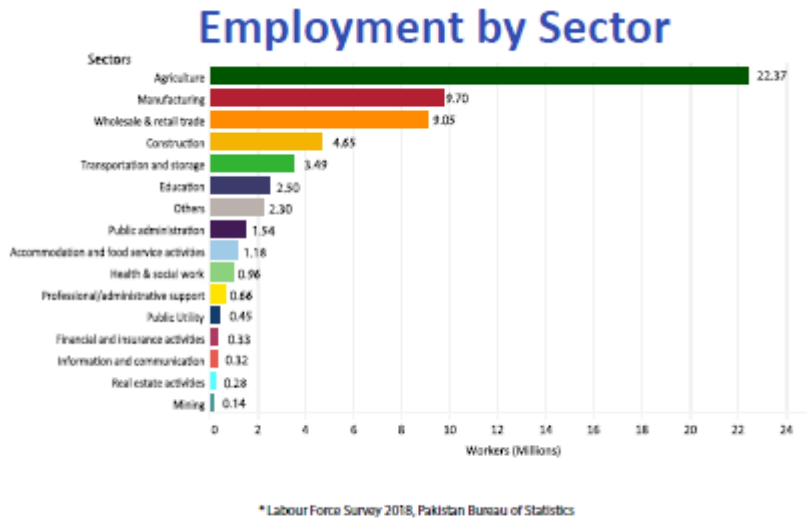
Due to this global crisis, all the **South Asian Countries**, the service industries have been sharply declining as of the restriction in movement and there is a disruption in the manufacturing sector exacerbating the situation of workers. The most vulnerable groups of workers – women, youth, older workers, migrant workers, self-employed and workers in precarious employment have been worst affected by the pandemic. Similarly, quarantines and lockdowns as a preventive measure imposed by some of the South Asian countries such as Bangladesh, India Nepal and Pakistan severely affected the economy and livelihoods of the workers. Many migrants from South Asian Countries (both internal and external) are currently stranded in transit or countries of destinations as government-imposed travel bans and close borders, while many others are stranded in countries of origin, awaiting deployment, not knowing if they still have the jobs to which they were to be deployed.

**Pakistan Situation**

**Covid19 including lockdown has hit hard workers of Pakistan in the shape of estimated layoffs as under:-**

<b>Sectors</b>	<b>Estimated Lay Offs</b>
Agriculture	5.6 Million
Manufacturing	2 Million
Accommodation /Food	1.17 Million
Construction	4.17 Million
Mining & Quarrying	1 Million
Wholesale	6 Million
Transport and communication	1.95 Million
Daily Wagers	20.27 Million
Workers	12.16 Million

Paid workers	5.6 Million
Street vendors	5.6 Million
Family Apprentices	0.3 Million



**Some other PWF few results based findings are:-**

- 1000 Power Loom Workers alone in Faisalabad have lost their jobs.
- Workers of Metro Group are sent on Leaves for which they will deduct their casual leaves and medical leaves, and afterword’s it will be unpaid leaves.
- 1800 thousand Bricklin workers alone in Punjab province have lost their livelihood as they earn per thousand brick rates.
- Pearl Continental Hotel and several other five stars/four stars / and hotels of below categories have sent their staff on unpaid leaves same is the situation, with restaurants, catering, take away service and others.
- Textile Industries have started Lay Off’s, particularly those whose export are cancelled.
- 30% of the mine’s workers in Balochistan have also lost their jobs. Lakera Coal Mines Fields (Sind) has more tremendous problems as highlighted by brother Qamos Gul Khattak, General Secretary, MLF statement in the attachment.
- Almost all restaurants and small shops have sent their employees on unpaid leaves.

- Due to lo Lockdown, the transport workers have also lost their livelihood, as they were mostly on daily remuneration.

Other than being a medical emergency, COVID-19 is also becoming a labour market emergency as tremendous workforce are losing their jobs. The more vulnerable are daily wage labourers and all such workers who are either working on a piece-rate basis and those working with on-demand service providers like Uber, Careem, Mauqua, Gharpar, etc. The **ILO** has estimated that the "economic and labour crisis created by the COVID-19 pandemic could increase global unemployment to 25 million".

### **Economic Impact of the Coronavirus-19 in Pakistan**

The economic impact of 186 countries under the crunch of Coronavirus is measured as tremendous. The worst hit countries have been the EU countries, USA and China. The consequences are that normal economic activity, both in the domestic economy of these countries and their external economic relations, (including Pakistan) has been severely disrupted. The magnitude of the negative economic impact globally is so large that some writers have suggested that it will be even worse than the Great Depression of 1929/1930, which began at that time in United States. This global depression of 1930's, declined Global GDP to 26.7% and the Global unemployment to 25%. The Moody's rating agency has forecast that the current COVID-19 would cause that instead of an over 3 percent growth of the global economy in 2020, it will now see very negative growth. Conditions accordingly are unlikely to improve till 2021. **The fundamental question, therefore, is what will be the impact of the Coronavirus on the Pakistan economy?** The problem is that there was already a slowing down of the growth momentum. The growth rate for 2019-20 was expected generally to be significantly lower than in 2018-19 and to come down to perhaps even below the target of 2.4 percent. In fact, the large-scale manufacturing sector has been exhibiting negative growth. Some of the major crops, especially cotton, are likely to see significant output declines and various service activities like domestic trade and transport are in a state of recession. Therefore, the economy is inherently unable to face the major shock of negative global growth caused by the Coronavirus. There is the risk of a further massive decline in domestic economic activity, especially in industry which makes the more dominant contribution to GDP growth. The conditions in developed country markets are already exerting a negative impact on our exports. The stock market continues to be under pressure, partly because of the withdrawal of portfolio funds by foreign investors. There is an outpouring of news of closures of a host of large, medium and small industries and commercial enterprises in a wide

range of sectors and the resulting heightening of risk perceptions. The large-scale continuing outflow of 'hot money', invested in Government short-term treasury bills, has already contributed significantly to a perceptible decline in foreign exchange reserves and an almost 7 percent depreciation in the value of the Rupee.

**The key future results can be rightly evaluated in Pakistan as:**

- (i) The GDP could fall by 4.6 to 9.5 percent in the fourth quarter of 2019-20.
- (ii) The rate of inflation could be as high as 16.1 percent.
- (iii) The possible increase in number of unemployed workers can be to almost 5 million. This is the unemployment caused by the likely slowdown of the economy and is of a more lasting nature. The temporary unemployment resulting from a lockdown / curfew could be of as much as 10.5 million workers, including daily wage and contract/casual and workers in informal economy.
- (iv) The number of people who could fall below the poverty line ranges from 9 to 15 million.
- (v) The volume of exports of goods and services could fall by almost 7 to 15 percent.
- (vi) The financial account of the balance of payments is likely to come under stress because of the big anticipated decline in foreign direct investment and continuing exit of portfolio funds. This could be partially mitigated by an increase in the inflow of borrowing from the IMF, World Bank and the ADB, although because of their internal institutional processing mechanisms they are more likely to become available in June or early next financial year. However, debt service payments will peak in the fourth quarter and consequently the surplus in the financial account may not be large enough to fully finance the current account deficit. Consequently, there could be some pressure on the foreign exchange reserves. Already, this process has begun, due initially to the exit of 'hot money'. The IMF program will need to be focused more on preventing the economy from going into a deeper recession.
- (vii) The big fall is going to be in the industrial sector of the economy. It could fall by as much as 14 percent, due to a decline in the volume of exports and fall in domestic consumer demand. The services sector could also see a big contraction of over 11 percent. This will be the case especially in wholesale and retail trade, transport and financial services.

**The estimated GDP loss in the fourth quarter of 2019-20 is potentially large. It has been calculated at Rs 891 billion to Rs 1602 billion at current prices. The tax revenue loss could range from Rs 150 billion to Rs 290 billion. However, this will be partially compensated for by a decline in the cost of debt servicing of Rs 90 billion over the next three months. Also, as the decline in the oil price gets reflected in imports the Petroleum Levy could yield additional revenues of Rs 100 billion by end-June 2020.**

## **Labour Market Landscape in Pakistan and Shocks of COVID-19**

Under the World bank data, Pakistan has a population of 210 million of which 20 million (about 10%) are elderly, aged 50 and above. Pakistan has a labour force of 65 million of which more than 4 million (6%) are already unemployed. The services sector, be it food and accommodation services (tourism and hospitality industry), educational institutions, retail, and the transportation sector, has been the worst hit. The share of services in total employment is nearly 40%. The Labour Force Survey of 2018 indicates that 1.18 million workers are engaged in the food and accommodation sector. Those working in the education sector are 2.5 million, while the transport and storage sector alone employs 3.5 million.

There are three aspects of COVID-19 which created labour market shock: the number of jobs is declining due to closures leading to increased unemployment and underemployment; **(please see the layoff data at page. 1&2)**. The quality of employment is worsening due to lack of income replacement programs in the event of sickness or unemployment, i.e., lack of social protection; and it is disproportionately impacting the already vulnerable including elderly, women, persons with disabilities and own-account workers.

COVID-19 is both a supply-side and demand-side shock and is poised to impact small and medium enterprises the most. Interestingly most of the enterprises in Pakistan are microenterprises, employing less than ten workers. These are also the enterprises which would find it challenging to comply with cumbersome legislative commandments. The private non-agriculture sector engages 29 million workforce. Of these, 25 million are working in enterprises employing less than five workers. Data further show that of the 25.7 million wage employees, only 14.6 are monthly paid workers. Remaining 11 million are either daily wagers (5 million), weekly earners (4 million) and piece-rated workers (1.8 million). Due to the closures, many of these casually and irregularly paid workers have lost their jobs. The estimated unemployment increase is at least 2 million (20% of the casually employed

workforce). These estimates are conservative since not taking into account livelihood losses for self-employed workers like street vendors and gig workers. Similarly, these estimates do not take into account much of the manufacturing sector, which will bear the brunt of shock once foreign orders has started cancelling. As estimated above, job losses can be more than 2 million. Generally, unemployed would engage in self-employment or move to another location. However, considering the imminent lockdowns and curfew-like situations, this might also not be possible.

More than 56% of overall employment in Pakistan is vulnerable employment (a combination of own account and contributing family workers). Vulnerable workers are less likely to have formal work arrangements leading to lack of decent working conditions, adequate social security and representation by trade unions and similar organizations. Vulnerable employment generally encompasses inadequate earnings, low productivity and difficult conditions of work. It is also a measure of precariousness of employment. Youth (15-24 years) unemployment rates have always been higher than the general unemployment rate. Youth unemployment is presently estimated at 11%. It will further increase after the COVID induced lockdowns.

Due to increased unemployment, poverty headcount is also at tremendous increase. The latest official figures on poverty are from 2016, which indicated that 24.3% of the total population was living below the national poverty line. The particularly vulnerable under the current condition are elderly and those with pre-existing health conditions, women workers (teachers, care workers, travel and tourism workers), persons with disabilities, and own-account (self-employed) workers like street vendors and gig workers engaged with different digital labour platforms. Corona virus has brought to the fore critical workplace issues. These include access to healthcare, paid sick leave, job security during illness, access to unemployment benefits, and access to safe workplaces along with free protective equipment.

### **Response of the Crisis under Current International Labour Standards for the World of Work**

The International Labour Organization maintains a system of international labour standards (ILS) aimed at promoting opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and dignity. Labour Standards are a useful decent work compass in the context of the crisis response to the COVID 19 outbreak. First, respecting key provisions of ILS relating to safety and health, working arrangements, protection of specific categories of workers, non-discrimination, social security or employment protection is the

guarantee that workers, employers and government maintain decent work while adjusting to the COVID-19 pandemic. Secondly, a wide range of ILO labour standards on employment, social protection, wage protection, SMEs promotion or workplace cooperation contain specific guidance on policy measures that would encourage a human-centred approach to the crisis and to its recovery. Their guidance extends to the specific situation of certain categories of workers, such as nursing personnel, domestic workers, migrant workers, seafarers or fishers, who we know are very vulnerable in the current context. Respect for these standards further contributes to a culture of social dialogue and workplace cooperation that is key to building the recovery and preventing a downward spiral in employment and labour conditions during and after the crisis. International labour standards illustrate expected conduct and embody resilience in front of concrete situations in the world of work and are fundamental to any long-lasting and sustainable response to pandemics reaffirmed that the setting, promotion, ratification and supervision of international labour standards is of fundamental importance to the ILO. All ILO legal instruments lay down the basic minimum social standards agreed upon by all the players in the global economy. Countries may implement higher levels of protection and enhanced measures so as to better mitigate the impact of the crisis, including the COVID-19. Developed and periodically reviewed and where needed revised over the past century, international labour standards respond to the changing patterns of the world of work, for the purpose of the protection of workers and taking into account the needs of sustainable enterprises. In 2019, the Centenary Declaration for the Future of Work.

The ILS contain specific guidance for ensuring decent work in the context of crisis response, including guidance that could be of relevance to the evolving COVID-19 outbreak. One of the most recent international labour standards, the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205) which was adopted by an overwhelming majority of all constituents, emphasizes that crisis responses need to ensure respect for all human rights and the rule of law, including respect for fundamental principles and rights at work and for international labour standards.<sup>1</sup> The Recommendation outlines a strategic approach to crisis response, including the adoption of a phased multi-track approach implementing coherent and comprehensive strategies for enabling recovery and building resilience that include:

- stabilizing livelihoods and income through immediate social protection and employment measures;
- promoting economic recovery for employment and decent work opportunities and socio-economic reintegration;

- conducting employment impact assessments of national recovery programmes;
  - providing guidance and support to employers to enable them to take effective measures to identify, prevent, mitigate and account for how they address the risks of adverse impacts on human and labour rights in their operations, or in products, services or operations to which they may be directly linked;
  - promoting social dialogue and collective bargaining;
  - building or restoring labour market institutions, including employment services, for stabilization and recovery;
  - developing the capacity of governments, including regional and local authorities, and of employers' and workers' organizations; and
  - taking measures, as appropriate, for the socio-economic reintegration of persons who have been affected by a crisis, including through training programmes that aim to improve their employability.
- Moreover, Governments should, as quickly as possible:
- seek to ensure basic income security, in particular for persons whose jobs or livelihoods have been disrupted by the crisis;
  - develop, restore or enhance comprehensive social security schemes and other social protection mechanisms, taking into account national legislation and international agreements; and
  - seek to ensure effective access to essential health care and other basic social services, in particular for population groups and individuals who have been made particularly vulnerable by the crisis.<sup>3</sup>
  - At the same time, respect for key provisions of ILS relating to OSH, social security, employment, non-discrimination, working arrangements and protection of specific categories of workers also contribute to maintaining decent work during the COVID-19 pandemic.

**Key measures for enabling recovery and promoting employment and decent work:** As mentioned earlier the ILO estimates that more than 25 million jobs could be lost worldwide as a result of the COVID-19 pandemic. Going forward, the promotion of full, productive and freely chosen employment (in accordance with the Employment Policy Convention, 1964 (No. 122)) will need to include selective measures to stabilize economies and address employment problems, including fiscal and monetary stimulus measures, aimed at stabilizing livelihoods and income as well as safeguarding business continuity.



- A phased multi-track approach to enabling recovery should include immediate social protection and employment measures promoting, among others, local economic recovery.
- In the context of an economic downturn, sustaining minimum wage levels is particularly relevant as, overall, minimum wages can protect workers in a vulnerable situation and reduce poverty, increase demand and contribute to economic stability.

**Employment suspension or Termination:** Workers whose employment is suspended, reduced or terminated due to the economic impact of COVID-19 or for health and safety reasons should be entitled to unemployment benefits or assistance to compensate for the loss of earnings incurred as a consequence, in accordance with the Employment Promotion and Protection against Unemployment Convention, 1988 (No.168)

- Workers who have lost their jobs should have access to employment promotion measures, including employment services and vocational training with a view to their reintegration into the labour market.
- With respect to individual termination, the Termination of Employment Convention, 1982 (No. 158) provides that, as a basic principle, the employment of a worker shall not be terminated in the absence of a valid reason for such termination connected with the capacity or conduct of the worker or based on the operational requirements of the undertaking. Temporary absence from work due to illness or family responsibilities do not constitute valid reasons for termination.
- With respect to collective dismissals, Convention No. 158 provides that an employer contemplating terminations for economic reasons shall provide workers' representatives with relevant information (including the reasons for the terminations contemplated, the number and categories of workers likely to be affected and the period over which the terminations are intended to be carried out) and give, in accordance with national law and practice, the workers' representatives concerned, as early as possible, an opportunity for consultation on measures to be taken to avert or to minimise the terminations and measures to mitigate the adverse effects of any terminations on the workers concerned such as finding alternative employment. The Convention also provides for notifying the competent authority, as prescribed, when terminations are contemplated.
- In this respect, the Termination of Employment Recommendation, 1982 (No. 166) highlights that all parties concerned should seek to avert or minimise as

far as possible termination of employment for reasons of an economic, structural or similar nature, without prejudice to the efficient operation of the undertaking, establishment or service, and to mitigate the adverse effects of any termination of employment for these reasons on the worker or workers concerned. It also provides that, where appropriate, the competent authority should assist the parties in seeking solutions to the problems raised by the terminations contemplated.

**Wage protection:** In the event of the bankruptcy or judicial liquidation of an undertaking (including resulting from the impact of COVID-19), the Protection of Wages Convention, 1949 (No.95) provides that employed workers shall be treated as privileged creditors for unpaid wages that are protected under the applicable national legislation.

**OSH (Employer Responsibility):** Employers have the overall responsibility of ensuring that all practicable preventive and protective measures are taken to minimize occupational risks (Occupational Safety and Health Convention, 1981 (No. 155)) Employers are responsible for providing, where necessary and so far as is reasonably practicable, adequate protective clothing and protective equipment, at no cost to the worker.

- Employers are responsible for providing adequate information and appropriate training on OSH; consulting workers on OSH aspects associated with their work; providing measures to deal with emergencies; and notifying the labour inspectorate of cases of occupational diseases.

**Workers' rights and responsibilities during the outbreak:** Workers are responsible for cooperating in the fulfilment by their employer of the OSH obligations placed on them, complying with the prescribed safety measures, taking reasonable care for the safety of others (including avoiding exposing others to health and safety risks), and use safety devices and protective equipment correctly. These are:

- OSH measures shall not involve any expenditure for workers.
- Arrangements in workplaces shall mandate workers to report to their immediate supervisor any situation which they have reasonable justification to believe presents an imminent and serious danger to their life or health. Until the employer has taken remedial action, if necessary, the employer cannot require workers to return to a work situation where there is continuing imminent and serious danger to life or health.
- Workers should be informed in an adequate and appropriate manner of the health hazards involved in their work.

**Can COVID-19 as occupational disease?** The dependent family members (spouses and children) of those who die from COVID-19 contracted in the course of work-related activities are entitled to cash benefits or compensation, as well as to a funeral grant or benefit. COVID-19 and post-traumatic stress disorder, if contracted through occupational exposure, could be considered as occupational diseases. Workers who suffer from these conditions and are incapacitated for work, as a result of work-related activities, they should be entitled to cash compensation and medical and allied care, as set out in the Employment Injury Benefits Convention, 1964 (No.121)

**Leave entitlements and special working arrangements:** Workers who have contracted COVID-19 should be entitled to paid sick leave or sickness benefits as long as they are incapacitated to work, to compensate for the suspension of earnings they suffer as a consequence.

- Workers who are absent from work for the purpose of quarantine or for undergoing preventive or curative medical care and whose salary is suspended should be granted a (sickness) cash benefit (the Medical Care and Sickness Benefits Recommendation, 1969 (No. 134)
- It should be possible for a worker with family responsibilities in relation to a dependent child – or another member of the worker's immediate family who needs that worker's care or support – to obtain leave of absence in the case of the family member's illness, as recommended in the Workers with Family Responsibilities Recommendation, 1981 (No. 165).

Whenever practicable and appropriate, the special needs of workers, including those arising from family responsibilities, should be taken into account in shift-work arrangements and assignments to night work. Workers who have to care for sick family members should also be provided with help.

- Employers should not *unilaterally* require workers to use their annual holiday in case of a decision that leave is necessary as a precautionary measure to avoid potential exposure: the Holidays with Pay Convention (Revised), 1970 (No.132) provides that the timing of holidays is to be determined by employers *after consultation* with the worker. In fixing the time at which the holiday is to be taken, work requirements and the opportunities for rest and relaxation shall be taken into account.

**Labour Standards and telework arrangements:** Telework is being used as a means to avoid the spread of the virus in many enterprises and public institutions. ILS do not specifically address the issue of telework. However, the Committee of Experts has dealt with telework in the framework of its General Survey on Working Time instruments as well as its most recent General Survey on Employment and Decent Work in a Changing Landscape.

**Protection of migrant workers:** Pursuant to the Migration for Employment Convention (Revised), 1949 (No. 97), Governments shall maintain appropriate medical services for migrant workers. These services are responsible for conducting medical testing, for example for COVID-19, and for ensuring that migrant workers and their families enjoy adequate medical attention and good hygienic conditions at the time of departure, during the journey and upon arrival.

- The Migrant Workers Recommendation, 1975 (No. 151) provides that all appropriate measures should be taken to prevent any special health risks to which migrant workers may be exposed.
- Governments shall maintain an adequate and free service to provide migrant workers with accurate information. These services should advise migrant workers and their families (in a language which they can understand) on health conditions in the place of destination.
- At work, employers should take measures so that migrant workers fully understand instructions, warning and symbols related to safety and health at work, including related to COVID-19.
- Migrant workers who are lawfully in a State's territory and their families should have the same rights as its nationals as regards social security coverage and access to benefits (in cash or in kind, including medical care).
- Migrant workers who have been unlawfully employed or are not lawfully residing in the country, as well as their families, should also enjoy equal treatment in respect of rights arising out of past employment for which they have been affiliated to social security.
- Migrant workers admitted on a permanent basis and the members of their families shall not be returned because the migrant worker is unable to follow his or her occupation by reason of illness contracted subsequent to entry (including COVID-19), unless the person concerned so desires or an international agreement so provides.

- In addition, migrant workers who have resided legally in the territory for the purpose of employment, shall not be regarded as being in irregular situation for the mere fact that they have lost their employment (for instance as a result of the economic impact of the COVID-19).<sup>73</sup> The loss of employment shall not in itself imply the withdrawal of the authorization of residence or work permit. Migrant workers who have lost their employment should be allowed sufficient time to find alternative employment and the authorization of residence should be extended accordingly.
- Migrant Workers shall enjoy equality of treatment with nationals in respect of guarantees of security of employment, the provision of alternative employment, relief work and retraining.
- More generally, when a migrant worker has been regularly admitted, the Government should, as far as possible, refrain from removing such person or the members of his or her family from its territory on account of his or her lack of means or the state of the employment market.

**Rights of domestic workers:** Domestic workers and caregivers may be particularly vulnerable to exposure to COVID-19 and often do not have adequate access to health services or social protection.

- States that every domestic worker has the right to a safe and healthy working environment and effective measures should be taken, with due regard for the specific characteristics of domestic work, to ensure the OSH of domestic workers.
- **The Domestic Workers Convention, 2011 (No. 189)**
- Members giving consideration to medical testing for domestic workers should consider, in accordance with the Domestic Workers Recommendation, 2011 (No. 201).

### **ILO Specific Response to COVID-19:**

ILO – both globally as well as in Pakistan – actively responded to the situation emerging after COVID-19 in Pakistan. A snapshot of specific response activities at global and national levels is presented as follows:

#### **1) Global Activities:**

- a. Dedicated web-page/information portal on COVID-19 and the World of Work;
- b. Policy framework: COVID-19 & the World of Work: Impacts & Responses;

- c. Compilation of Country Policy Responses to COVID-19;
- d. Guidelines for Employers, and Workers during COVID-19;
- e. Guidelines and checklists for Safety & Health in workplaces during COVID-19;
- f. Framework for Rapid Assessment of national Social Protection Systems to respond to COVID-19 situation;
- g. Weekly ILO Monitor: COVID-19 and the World of Work

## 2) **In Pakistan:**

- a. Produced preliminary statistical assessments of jobs-disruption and effects of COVID-19 on Labour Market in Pakistan;
- b. Supported Planning Commission of Pakistan to develop 'Employment & Enterprises' Chapter in the 'Socio-Economic Impact Assessment of COVID-19 in Pakistan';
- c. Developed and disseminated more than eight (8) infographics for awareness-raising among Employers and Workers during COVID-19. The message has reportedly reached out to 1.5 million workers through Trade Unions and Employers and more than 1000 employers (including SME's);
- d. Wrote a letter to Tripartite Stakeholders suggesting for a Tripartite Dialogue on COVID-19. The Federal Tripartite Consultative Committee (FTCC) meeting is planned on 16<sup>th</sup> April 2020;
- e. Developed compilation of all Government notifications and response packages for COVID-19
- f. Developing a Guide for Protecting Workers in Textile/Garment/ Readymade Factories against COVID-19;
- g. Helped PWF for procuring Personal Protective Equipment (PPE) (masks and sanitizers) for most vulnerable workers (newspaper hawkers and sanitation/cleaning staff working at municipalities);
- h. Employers Federation of Pakistan (EFP) developed a special page on COVID-19 for its members with technical support of ILO;
- i. Provided technical assistance to PWF in updating their social media and website to reach out to the stakeholders and raise awareness on COVID-19; and,
- j. Supported PWF to prepare a list of the TU leadership for Whatsapp based transmission of the information. Non-PWF affiliates receive such IEC material separately and are disseminating among their membership.

### **National Labour Legislation (Protection) in Pakistan and COVID-19**

Beside the International Labour Standards, the Labour legislation in Pakistan does have the provision for paid sick leave for eight days (on full wages) or 16 days (on half wages). Employment is secured only for these days. If a worker is registered

with a social security institution, they have access to 121 days of sickness benefit. Workers, once registered with social security institutions, also have access to healthcare through state-run hospitals. A 2017 report by ILO, however, indicated that less than 2 million workers are registered with social security institutions. While legislation requires free protective equipment to the worker dealing with hazardous substances, there has been no notification from provincial labour departments requiring employers to provide masks and hand sanitizers after the outbreak of COVID-19. There is no unemployment benefit system in Pakistan; hence, those losing their jobs are on their own with ultimate to really become vulnerable.

### **ITUC and global unions** **statement to the IMF and World Bank**

The International Trade Union Confederation (ITUC) and Global Unions issued a statement to the IMF and World Bank and urged them to act on the recommendations for a coordinated international response to the global economic and public health crisis. **The main features of the Statement are as under:**

The Spring Meetings should result in a two-part plan, comprised of an issuance of IMF Special Drawing Rights (SDR) and an agreement for coordinated fiscal stimulus that is designed to preserve employment and the real economy. ASDR allocation was a key response to the global financial crisis, and the issuance this time should be consistent with the scope of the crisis and the needs of developing countries.

Developing countries will also need debt relief that goes beyond the limited existing structures. Global Unions call for a twin approach of sweeping debt relief linked with the Sustainable Development Goals and a sovereign debt workout mechanism.

With the social and economic dislocation of the crisis and the disruption of supply chains, public health systems and social protection are the first line of defence. We must leave no one behind in the response, and build universal social protection including floors, and universal health coverage. Income support must be expanded to meet the rising unemployment, with no barriers to access for informal and non-standard workers. This is the moment for necessary ambition, with no time for piecemeal solutions or programmes that exclude the needy with narrow targeting and shift risks onto workers alone.

With regards to IFC response funding, ITUC call for requirements on borrowers to provide paid sick leave for all and childcare support for essential workers. IFC should closely monitor, in dialogue with workers and trade unions, respect for the IFC Performance Standards on occupational health and safety, retrenchment, and collective bargaining.

## **Government Initiatives and Responsibilities**

The Federal Government of Pakistan has announced a PKR 900 billion (USD 5.6 billion) economic and social protection package, including PKR 200 billion (\$1.25 billion) for low-income groups, particularly labourers, apart from significant reduction in petroleum prices. In addition, PKR 100 billion are allocated for SMEs and Agriculture. The State Bank of Pakistan, has revised downward interest rate by 150 points and offered concessional loans for Industries/Employers to pay wages to their workers. However, estimates of data about workers as well as the absence of a detailed list of workers in formal as well as informal economy is a great challenge. Prime Minister of Pakistan has announced a relief package that focuses on labourers and daily wagers. However, estimates of data about workers is a great challenge. Emphasizing the importance recognize the magnitude of problem, experts are of the view that it seems this magnitude has under-estimates about labour workforce.

Informal sector is not getting any wages and we are not sure how this relief package will reach to the right ones during lockdown. Apart from daily wagers, unregistered small businesses are also severely impacting during lockdown. There are a lot of daily wagers who are not registered in socio-economic registry and accommodating them for the aid is a challenge.

Currently, the government is relying on two datasets available for the distribution of this package. Database of 2010 has 27 million poor people across Pakistan at a cut off 16.17% and below. Another dataset is based on census of 2017. Data repository is updated, and payments has started to release instead of giving them food items.

Apart from Federal Government, the Provincial Governments are also considering different measures to support industries and ensure protection of workers and their wages. The Governments of Sindh and KPK have issued notifications to the Employers to continue paying wages to their workers – however, employers are feeling uneasy in this regard – particularly due to uncertain situation. It is yet to be seen how effective these notifications are going to be.

The Government of Punjab announced relief package for poor and vulnerable segments of the society, including workers in addition to the package announced by the Federal government. The Government of Punjab has launched a Mobile Application which aims at reaching out to 2.5 million people of Punjab who have been worst affected by COVID-19 lockdown. A total budget of 10 billion rupees has been allocated, and PKR 4,000 per month will be given for the next four months.



The KP Government on 23<sup>rd</sup> March 2020 announced that the period from 24<sup>th</sup> March to 28<sup>th</sup> March should be public holidays. The measure was then extended from 29<sup>th</sup> March to 20<sup>th</sup> April 2020.

In Baluchistan, the Chief Minister has stated that Provincial Government would announce tax exemption for the industries of Baluchistan to continue production, while also referring to the difficulties of the daily-wage workers becoming jobless with no resources to feed their families. Establishment of a ration distribution system is among the proposed measures. The Department of Labour (DoL) has issued a notification on 22<sup>nd</sup> March 2020 to ensure payment of the minimum wages during this crisis period, whereas, another notification was issued by Government of Baluchistan on 30<sup>th</sup> March to establish District based Food Security Committee to collect the data of eligible beneficiaries and facilitate in delivering the food Package.

### **Pakistan Workers Federation Initiatives**

**Soon after the crisis the PWF together with Employers Federation of Pakistan (EFP) jointly issued the Statement, the salient features are as under:-**

The Employers Federation of Pakistan (EFP) and Pakistan Workers Federation (PWF) have taken cognizance of the challenging situation created by COVID-19 scenario and have decided to adopt the following declaration as a guideline for the employers and workers in order to lead them through the turbulent times. The declaration proposed as under:

1) For the last two months COVID-19 has turned into the biggest human tragedy of the 21<sup>st</sup> century by travelling into 196 countries of the world, effecting millions of people bringing airline, hospitality, services, manufacturing and other sectors to a standstill, causing irreparable damage to economic and development activities and creating abominable issues of social protection globally. Pakistan is among one of the most affected countries by the outbreak of COVID-19.

2) In order to check the onslaught of COVID-19, the Provincial Governments in Sindh, Punjab, Balochistan and those of AJK and GB have been forced to announce complete lockdown. This situation has resulted in closure of factories and industries in the private and public sector and massive unemployment particularly in case of temporary, part-time and daily wage workers in the formal and informal sector.

3) In this alarming situation the EFP and PWF as the most representative organization of employers and workers in Pakistan have decided to extend their full cooperation to the Federal and Provincial Governments in executing their action plan for combating the menace of COVID-19. While doing so, we have resolved to work jointly with the employers and business community on one hand and the workers and trade unions on the other to address the emerging issues arising out of this scenario in an amicable manner and through social dialogue.

3) The Prime Minister of Pakistan has announced a special economic package for providing economic relief to the poor and down trodden people of Pakistan including the low-income workers.

4) EFP has requested the employers and business community of Pakistan to realize that they are passing through an unusual economic and social challenge which needs to be met with extreme passion, caution, restraint and understating. They not only need to bear economic consequences of this challenging time but also have to show their genuine concern for social protection and Safety Net of their workers by going beyond law and keeping humanitarian consideration in view while dealing with their workers. EFP has also issued specific guidance to the employers for taking all precautionary and safety measures to ensure the health and safety of their workers particularly in essential operations which have been allowed to work during the lockdown to ensure that basic necessities of people are met.

5) The PWF has also taken measures to step up awareness program for workers so that they fully cooperate with the employers and governments in taking precautionary measures and using all protective instructions necessary for their health and safety at the workplace. In case of workers who are required to stay at home because of the lockdown, they have been instructed to completely limit their movements so as to ensure that the objective of the lockdown is met and outbreak of COVID-19 may be significantly reduced and controlled.

6) The EFP and PWF also call upon the Federal and Provincial Governments to constitute a special tripartite taskforce in each province for consultations on collective action and assistance in execution of the plans for economic and social recovery once the pandemic is controlled. Since it will require long and short-term measures to mitigate the long-lasting consequences of the current scenario, it is imperative that such a task force initiates a social dialogue at the bilateral and tripartite levels. The task force should be given the assignment to frame its recommendations which may be placed for consideration and adoption

as a national recovery plan at a National Labor Conference with Federal and Provincial participation immediately after Ramadan so that it can be made a part of the Federal and Provincial budgets.

**Further to above joint statement with Employers Federation of Pakistan (EFP), the Pakistan Workers Federation (PWF) initiatives are as under:**

- PWF and affiliates organizations prepared and adapted several IEC materials, including videos, and is raising awareness among its members and non-members as well. (20th march to date)
- PWF is coordinating with other TU's and federations to prepare a consolidated response and to be able to reach out to the workers as much as possible.
- PWF organized a series of press conferences (also with other TU's/federations) to raise concerns about the issues and keep all stakeholders updated on the ground realities and situation of Job loss.

PWF is planning to launch a Helpline on Corona Virus to help support workers losing jobs and are short of Grocery.

PWF is planning to work on website/information page and provision of medical supplies to workers (essential service). These include both formal and informal economy.

All the offices of PWF are Open with One person coming physically to the office and rest are working from home to extend the support in crisis times.

The PWF Baluchistan Office is in direct liaison with the government and advocated for financial support for the daily wage workers. The government has announced to pay 15000 to all the daily wage workers who have been unemployed in his crisis. A form is made for this purpose. The workers will fill out that form and will submit it to the provincial labour department.

**PWF together with its Provincial and Regional branches has called on the Government of Pakistan to take the following tangible measures:**

- Wherever possible, instead of layoffs, repurpose textile manufacturing away from luxury and into essential textile production to fulfill the needs of this crisis, such as the production of masks and other protective equipment, which can also be exported if supply exceeds local demand. These industrial units must maintain full safety standards for the workers as demanded by the situation.
- That all textile and garment industry workers in all sizes of industry and including small and medium enterprises, regardless of employment status and whether their names are on the register at the provincial Labour Departments or not, be placed on leave with full pay rather than be fired.

- That all workers who are sent home be paid their full daily/monthly wages until the re-opening of the industrial unit.
- That business that refuse to comply with paying wages be strictly penalized.
- That the loans provided by IFIs for this crisis be interest-free since the funds are to be used for workers' welfare. That there be no more future borrowing from IFIs but reliance on national resources. That unproductive expenditure be cut, and funds diverted to universal income support.

In order to implement these proposals the PWF made an interaction:

- That the trade union representative federations, the Federal and Provincial Ministries of Labour and its Department, immediately call a tripartite labour conference and form a Textile Sector Monitoring Body.
- That the Textile Sector Monitoring Body has the dual purpose of re-purposing of factories and distribution of full wages to all current textile workers.

**(A detail initiative of PWF reported by its regional branches / unions as until 10<sup>th</sup> April, 2020 is separately attached with this position paper)**

### **Policy Recommendations to Government by PWF**

**The following policy actions are recommended to the Government of Pakistan to facilitate industries and workers particularly, daily wagger, etc.**

- COVID-19 is too big a crisis to be left to the government alone. The need for social distancing should not abstain us from our social responsibilities. Rich people and philanthropic bodies should come forward in these troubled times to provide relief to the needy during a lockdown. This relief, however, should be channeled through a single government agency to ensure a targeted disbursement. Online training should be imparted to the youth immediately so that they might serve as volunteers to enforce the lockdown on the one hand and distribute rations and continue supplies on the other.
- At this moment, a coordination between federal and provincial governments is crucial, that's why a central policy is the need of hour to identify and target the beneficiaries. In this regard, digital financial inclusion should be magnified.
- There is need for price control by the price control committees with the help of district management so that prices of the essential commodities are not increased.
- EOBI pensions should be further increased and its scope should be further enhanced. Currently there are around half million pensioners under EOBI and gets just Rs. 8,500. These pensioners still work after their retirement age as 60 years. They are now jobless as well but Government of Pakistan has taken them out from the announced package relief. These pensioners or other pensioners who are

drawing less than ten thousand rupees as pension should be made accessible to all relief packages of the Government.

- Private sector should retain its employees instead of sending them to homes after the lockdown.
- The interest rate should not be business stimulus. Right now, the interest rate should be reduced to support govt's debt servicing and provide cushion to the industry enhancing the economic relief package. This type of fiscal slippage would be accommodated by the IMF and we should utilize this opportunity to take care of our daily wagers in informal sector who are otherwise not covered through social safety nets.
- Macroeconomic framework needs to be revisited with the IMF, because the IMF also has a \$50 billion facility under which four to five options are available.
- There should be very intensive discussions with the fund and we need a much bigger package to rescue our people during the lockdown phase.
- Taking the telecom sector on board, the government can easily enhance its reach-out to the needy and there is a need to enhance the internet speed so we can timely update our database. There is a need to improve the quality of our internet service providers.
- Health response system should be well placed, and well-coordinated with transparency.
- Be sure that this preparation is for the next 10 years, as these pandemics come after every few years incurring health emergency and financial crisis. So, we need to learn from this and build upon it.

**Implement WHO guidelines at workplaces** to protect workers and minimize the direct effect of coronavirus. While provinces of Punjab and Sindh have already enacted occupational safety and health legislation, other provinces are still lagging. Trade Unions with its works council, provided under the Industrial Relations legislation, as well as OSH Committees, to be constituted under the OSH legislation can play a role in awareness-raising on social distancing and other hygiene measures at workplaces. Health and safety provisions from Factories legislation should be applied earnestly.

**PWF is deeply concerned over the relief package for Rs.3000/-** per family to the extent of 10 Billion PKR as announced by PM Imran Khan, which would be distributed among households affected due to the lock down in wake of corona virus. Almost 15000 factories out of 20,000 are shut down as non-essential industries alone in Punjab, there have been 20 days of shut down, and there is no immediate relief for the layoff workers. Rapid studies shows the number from 12.3

Million to 18.5 Million lays off in different sectors. Job losses have begun in sectors like wholesale, retail trade, textile, brick kiln, agriculture, transportation. This instant loss of jobs and wages will within a week raise food and housing security to emergency levels which will shortly cause a panic.

Further staying on the right side of its benefactors at the IMF, the Government has employed somewhat a sleight of hand in claiming that it has tabled a massive diversified economic relief and stimulus package of more almost Rs. 1.2 trillion. Several of the proclaimed incentives do not in any significant way burden the Federal budget, e.g:

- a) Support to beneficiaries of BISP and Ehsaas programs (already budgeted) and there being little, if any, additional liability due to earlier underutilization.
  - b) Deferment of bills of low-end consumers of utilities (they would still have to eventually discharge their liability), an action already rejected by Karachi Electric Corporation.
  - c) Deferment of loans, the cost to be picked up by the banks, assuming there is no compounding of interest charges on the delayed servicing of the debt.
  - d) Procurement of wheat, the cost of the bulk of the built-in subsidy to the farmer will be picked up by the provincial governments.
- **Protect employment through incentives.** Those workers and enterprises negatively impacted by the coronavirus, especially in the manufacturing and services sectors, should be protected through the extension of paid sick leave to one month. Governments should ensure that workers suffer no wage losses due to lockdown quarantine or isolation.
  - The government should reduce or waive off payroll taxes for March and April to those enterprises who retain their workforce. The government may also announce time-bound tax relief measures for enterprises who announce job-sharing schemes. Similar financial benefits can be announced for all such enterprises which register their workers with social security institutions. Labour legislation in Pakistan provides a procedure for laying-off workers in the event of a catastrophe or an epidemic. Under this, workers are allowed 50% of their wages during the first 14 days of lay-off. The government should enforce this provision of labour law.

- **Provide Unemployment benefits.** The Government can start giving unemployment benefits (at least equivalent to a minimum wage of 17,500 per month) to unemployed and initiating public employment programmes. Local government system can help in identifying individuals who lost their employment due to the enterprise closures or cancellation of public events. Workers Welfare Fund, an attached department of Ministry of Overseas Pakistanis and Human Resource Development, has an available fund of 120 billion rupees. An unreconciled amount of above than 50 billion rupees of the Workers Welfare Fund is also available in the un-utilized Federal Consolidated Fund which is managed by the Finance Division. This can be used to initiate the emergency unemployment benefits program in the country. Later on, the unemployment benefits can be based on the social insurance system where both workers and employers should contribute.
- **Make Social Protection a Fundamental Right.** Recently, the Ehsaas Policy Statement had mentioned the government's aspiration to introduce a new constitutional amendment to move article 38(d) from the "Principles of Policy" section into the "Fundamental Rights" section. This change would make provision of food, clothing, housing, education and medical relief for citizens who cannot earn a livelihood due to infirmity, sickness or unemployment, a state responsibility. The time to introduce such constitutional change is now since healthcare, sickness benefits and unemployment benefits are the most needed now.
- **Give legal cover to the teleworking and flexible work.** There is a dire need to give legal cover to teleworking and flexible work time arrangements, not only for the duration of the coronavirus pandemic but for the later times to reconcile work and family.
- **Engage in Social Dialogue.** Tripartite social dialogue, both at the federal and provincial level, must be initiated to develop sustainable solutions to the various workplace issues emerging in the wake of COVID-19. Pakistan already has federal and provincial tripartite committees (although the committee at the Sind province is represented by NGO rather than proper workers representatives) whose online meetings must be called at the earliest to discuss issues of health and safety, paid sick leave and its extension, job losses, unemployment benefits, and issues of workplace discrimination and stigmatization due to infection.
- Taking these steps, government can still limit the negative impact of COVID-19 on the labour market in Pakistan. Social Protection Framework is still

pending approval of the Prime Minister. Social protection should be accessible to all irrespective of employment status, contract type or level of remuneration.

- The industries operating essentially in the domestic market will need to be focused more on, by permitting delays in the deposits of their tax liabilities, reduction in tax rates (especially through the halving of the minimum turnover tax). This includes cement, iron and steel, fertilizer, chemicals, paper and board, etc.
- The profitability and liquidity of export industries will need to be enhanced by the restoration of the zero-rating facility, at least until the end of June 2020; to be replaced next year by a cash incentive of 10 percent which would be payable automatically to the exporter by SBP on receipt of export proceeds in lieu of other incentives. Estimates suggest that this measure, while improving the timely availability of liquidity to the exporter will also be revenue neutral.
- Reduce energy tariff to reflect the reduction made by the government in the domestic prices of oil and the decline in the import price of coal.
- The proposed credit flows to SMEs and large enterprises in the formal sectors of the economy would be needed by them to finance wages, rental costs and debt servicing obligations. This assistance can be for a period of say 6 months to be repaid over a 3-5 year period. The portion pertaining to wages should be paid directly into the bank accounts of individual members of their labour force (using personal CNIC and EOBI data). Contractual agreements with these firms would have in-built penalties in case money is not targeted properly. This measure could serve as an attractive incentive for SMEs to opt for a more acceptable degree of documentation.
- Since the above referred additional World Bank, ADB and IMF support is not likely to be available until June or early next financial year, it is proposed the deferral of remittances of all categories of dividends, reserves, technical and royalty fees (including any payments connected with take or pay contracts) using the good offices of the



SBP to persuade the enterprises to postpone the associated outflows for the remainder of this year and the first quarter of next year.

- The construction industry will also have to be activated by a strong package of incentives and tax breaks as promised. This will require early finalization of foreclosure laws, housing loans at low interest rates below 7 percent and reduction in taxes on building inputs. (This has been announced by the Government already and as commendable).
- The tax credit on charitable donations to recognized Civil Society organization including Trade Union and to the Government's proposed Special Fund may be raised to 40 percent as per Section 61 of the Income Tax Ordinance. .
- Full restoration of the initial depreciation allowance and tax credit for balancing, modernization and replacement in income tax.
- It has been known that those migrant workers returned and are jobless are out on the basis of holding a passport. This is discrimination and needs to be rectified as they became jobless while abroad and they are jobless on return to Pakistan. The Newspaper Hawkers are also out as they have motorcycles for their professional duties to carry the Newspapers for deliveries. These are real workers of the informal sector in Pakistan.

The above proposals and the proposals further by PWF will involve some additional expenditure or foregone revenues. Fortunately, agreement has been reached with the IMF that the costs of the relief and incentive package will not be included in the calculation of the budget deficit. As such, deficit financing from the SBP can be resorted to up to 1.5 percent of the GDP. This will ensure that inflationary pressures remain low.

### **PWF Further Suggestions & Demands**

The PWF beside the suggestions already submitted above has additional submission as under:-

- As already highlighted Promote social dialogue to address social and economic health impacts in the face of COVID-19 in both an open and transparent way;
  - Strengthen occupational health and safety measures for all workers, especially those working on the front line dealing with hazards, and ensure the provision of sufficient and adequate protective equipment;
  - Upgrade social protection programmes by ensuring health care services, paid sick leave, maternity/parental leave, etc. The most vulnerable groups of workers such as women, youth, older workers, migrant workers, workers in informal sectors should be paid more attention to;
  - Increase cooperation and engagement among countries to fight COVID-19 collectively. In particular, supports for countries with less effective healthcare systems are essential in stopping the global pandemic;
  - Ensure migrant workers and their families are well-protected from the virus and any economic hardship and, if necessary, to return to their home country in cooperation between sending and destination countries; and
  - Ensure that the returnee migrant workers from the infected countries can access health care including testing and treatments for COVID-19.
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- Bargain with trade unions regarding the impact of COVID-19 on the workplace to protect the health and safety of all workers and their family members, as well as to mitigate the negative impacts of the virus while avoiding any lay-offs;
  - Work together with trade unions to ensure that governments' measures are implemented for all workers;
  - Ensure the non-stigmatisation, non-discrimination or non-disadvantaged against any worker under the pretext of dealing with the virus;
  - Needed health insurance for all frontline staff and testing and mobile health camps everywhere and safe shelters for affected persons
  - Employers must not use the crisis to make profit through tax breaks unless these directly go to full employment measures
  - There will be a food crisis without removing small farmer debt, blocks on transport, and other things steps are needed accordingly.
  - Specifically, from the workers side we need an abolition of Daily Wage and Contract Employment System and We emphasize on registration of all workers in the country with health insurance and food security
  - The amount of 4000 Rs. should be increased to the 1 month minimum wage - Rs. 17,500, and should be a monthly payment till the economy is full

restored, and immediate disbursement shall be made through the Labour Department.

- Rs.4000 shall be provisioned simply for the waiver of electricity & gas bills up to Rs 3000 per affected family keeping in view that these services are neither taxed nor monitored.
- Labour department should be liable to issue an immediate Notification for the SOP's for factories to shut down, on the condition that they will not lay off their workers and pay the full salaries.
- Safety of workers is the responsibility of employer therefore the factories who are working should ensure compliance of provision of PEP equipment to all the workers, especially frontline workers.
- Health insurance and PEP immediately provided to all nursing and health care sector workers.
- All workers, formal and informal, domestic and agricultural, as well as migrant and homeless, must be registered, so as to benefit from any relief package.
- All home-owners should be registered banned from evicting renters. Failure to register will amount to seizing the house.