SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

SDGs FOR RECOVERY AND RESILIENCE
CASE STUDIES: PAKISTAN AND NEPAL

# TIME FOR

THE CLOCK IS TICKING FOR A NEW SOCIAL CONTRACT
CONTENTS

Foreword .........................................................................................................................4
Introduction .....................................................................................................................5

1. The socio-economic impact of Covid-19 in Asia and the Pacific.....6
   1.1. Impact on economic growth, poverty and inequalities.................................7
   1.2. Impacts on workers in the region ..................................................................7

2. Government responses for recovery and resilience and their consistency with SDG 8: case studies.................................................9
   2.1. Centrality of SDG 8 in boosting progress on the SDGs in Asia and the Pacific .................................................................10
   2.2. Government responses for recovery and resilience: case studies ..........11
       Pakistan: .............................................................................................................11
       Nepal: ................................................................................................................14

3. Conclusions and recommendations .................................................................18
   3.1. Recommendations to governments..............................................................19
   3.2. Recommendations to international cooperation donors .......................21
SDGs FOR RECOVERY AND RESILIENCE
CASE STUDIES: PAKISTAN AND NEPAL

This publication reflects the results of the study carried out by Dr. Javaid Iqbal Gill.
This study is available online:

Photo credits:
Cover: Marcel Crozet / ILO
Chapter 1: Maria Emeninta / KSBSI
Chapter 2: Pradip Shakya / ILO
Conclusions: Marcel Crozet / ILO

EN - D/2022/11.962/5

This publication has received financial support from the CSO Alliance for Development Effectiveness, the Swedish Government Agency for Development Cooperation (SIDA) and the European Union. The content and views shared in this publication do not necessarily reflect the views of these donors.
FOREWORD

The Covid-19 crisis has ravaged economies and societies in Asia and the Pacific with terrible consequences on the lives and livelihoods of workers. Over the last two and a half years, we have seen rising levels of poverty and inequalities throughout the region, coupled with increased violations of labour rights, a decline in employment and a deterioration of working conditions. New and converging crises have added on to an already precarious context and have shaken the foundations of our societies.

This research shows the challenges that workers in the region have faced due to the Covid-19 crisis with a specific focus on the cases of Pakistan and Nepal. These two case studies look into the degree of alignment of government measures with SDG 8 and the level of involvement of trade unions in each country, analysing the adequacy of responses in ensuring recovery and building resilience.

There is now no doubt that SDG 8 aligned responses to the crisis could have cushioned its consequences on workers and the most vulnerable populations. The study provides concrete recommendations for governments and development partners to ensure this alignment and guarantee that countries will recover better and have the necessary tools to respond to future crises.

A New Social Contract, with SDG 8 at the centre, would ensure decent climate-friendly jobs with just transitions, a labour protection floor with labour rights and living wages, universal social protection, equality and inclusion. These are much needed to build resilience in the region and will need to be part of government priorities to fulfil the ambition of building forward better.

Shoya Yoshida
General Secretary of the International Trade Union Confederation - Asia Pacific
This report is part of a series of studies carried out by the Trade Union Development Cooperation Network (TUDCN) of the International Trade Union Confederation (ITUC) during 2021. The studies were undertaken to highlight the importance of promoting recovery and resilience strategies aligned with the Sustainable Development Goals (SDGs), particularly SDG 8, based on an analysis of recovery policies implemented in selected countries.

The first part of the report analyses the socio-economic and labour consequences of the Covid-19 crisis during 2020 and 2021, as well as the projections for 2022.

The second part of the report considers government responses to Covid-19 against the UN’s 2030 Agenda and especially selected targets of SDG 8 on “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. It then provides an in-depth analysis of two target countries – Pakistan and Nepal.

Finally, the study puts forward recommendations for both governments and donors to promote a human-centred recovery and resilience aligned with SDG 8 in Asia and the Pacific.
1. The Socio-Economic Impact of COVID-19 in Asia and the Pacific
1.1. Impact on economic growth, poverty and inequalities

The Covid-19 pandemic caused unparalleled disruption in the Asia-Pacific region through its devastating impact on health, employment and livelihoods. The region’s Gross Domestic Product (GDP) fell from 5% in 2019 to -0.7% in 2020. While Asia had been on the path to recovery during 2021, with a GDP growth rate of 7%, this upturn slowed down in 2022 and the economy is now expected to grow by 4.3%. Moreover, higher levels of inequality both within and between countries have since emerged as a longer-term consequence of the pandemic.

Poverty levels increased dramatically. Covid-19 pushed 140 million Asians into poverty in 2020 and 8 million more in 2021. According to the International Labour Organization (ILO), “the pandemic is estimated to have driven over 2 million workers below the extreme poverty line in Asia and the Pacific in 2020, and another 1.6 million to fall below the moderate poverty line, reversing some of the progress made in poverty reduction over recent decades”.

Multidimensional poverty and inequalities also increased. Estimations pointed to 245 million new multidimensional poor in the region. According to UNESCAP, one third of Asia-Pacific countries had a Gini coefficient above 40 representing wide income gaps.

The pandemic also deepened the negative impact of the climate crisis on the living conditions of the population in Asia and the Pacific. The Asia-Pacific SDG Progress Report 2022 highlighted that every Asia-Pacific subregion regressed on responsible consumption and production (SDG 12) and climate action (SDG 13), while countries in the region continued to provide fossil fuel subsidies and finance coal-fired plants.

1.2. Impacts on workers in the region

Covid-19 had a dramatic impact on the world of work. Net employment losses in the region amounted to approximately 58 million at the end of 2021. The impact of the pandemic was more severe on low-paid workers and small enterprises. Women, youth, and informal workers comprised a large share of the workforce in the tourism and wholesale trade, which were particularly affected by the pandemic in the region. Moreover, labour rights violations in many countries increased further during the time period.

The pandemic has further exposed gaps and challenges in the social protection landscape across the region. Only 44.1% of the population in Asia and the Pacific is effectively covered by at least one social protection benefit (SDG indicator 1.3.1.).

The pandemic had significant variable impacts across sectors in Asia and the Pacific. The region experienced the largest decline in manufacturing employment relative to total employment following the pandemic. Overall, labour market recovery lagged, indicating severe socio-economic challenges for large segments of the population.

Among the hardest hit categories of workers were:

• Women and girls: They constitute more than half of the workforce in the Asia-Pacific region and are disproportionately at risk. Representing more than 70% of health-care workers and 80% of nurses in the region, women were thus the most affected as frontline workers. Furthermore, they accounted for approximately 60% of the workforce in tourism and food accommodation in East Asia and South-East Asia. During lockdown, their unpaid work time at home increased, and they suffered growing levels of domestic violence and sexual harassment.
- **Young workers:** Youth are well represented in tourism, wholesale, and trade in the informal sector in all sub-regions of Asia-Pacific. They were particularly affected through job disruptions due to reduced working hours and layoffs, disruptions in education and training, and faced difficulties transitioning from school to work and moving between jobs. Accounting for nearly half (48%) of net job losses despite representing only 9% of the workforce, the number of youth not in employment, education or training (NEET) gradually rose in the region.

- **Informal economy workers:** Workers in the informal economy were three times more likely than formal workers, and 1.6 times more likely than the self-employed, to lose their jobs as a result of the crisis. This contributed to a shift towards self-employment. Moreover, because of their informal status, these workers were less likely to benefit from social protection. As many of them had lower savings, they were more likely to fall deeper into poverty. Their disadvantaged situation and the severe disruption to their working lives risked jeopardising their future labour market trajectories.

- **Migrant workers:** Their vulnerable situation was further exposed by Covid-19. Many experienced an abrupt termination of their employment along with the non-payment or the delayed payment of wages. At the same time, they also often lacked access to social protection benefits that could make up for income losses. This situation aggravated the impact of the crisis in both countries of origin and destination. In destination countries, sectors reliant on seasonal migrant workers struggled to maintain their workforces because of the widespread travel restrictions. On the other hand, the decline in remittances negatively affected countries of origin. The crisis also further exposed the phenomenon of “wage theft” against migrant workers, which trade unions and civil society were denouncing long before the outbreak of the pandemic. In addition, reported deaths and disappearances of migrant workers living in Asia and the Pacific increased from 562 in 2019 to 777 in 2021. Severe rises in numbers of recorded deaths and disappearances during migration were also seen for migrant workers who originated from the Asia-Pacific region and worked abroad, going from 272 in 2019 to 1046 during 2021.

- **Minority workers:** The pandemic has also aggravated levels of poverty and discrimination experienced by minority ethnic and religious groups. As reported by Oxfam, for example, cleaning and sanitation work in South Asia is mostly done by people from lower castes, often without adequate personal protective equipment (PPE). Such groups are also often excluded from accessing health and sanitation services.

- **Persons with disabilities:** Covid-19 negatively impacted the employment situation of persons with disabilities. For instance, in the Philippines the pandemic impacted the employment of 70% of the surveyed persons with disabilities. In Vietnam, 30% of persons with disabilities lost their jobs. Whereas, in Asia-Pacific countries with available data, only 21.6% of persons with severe disabilities obtained disability cash benefits. In South Asia, the coverage rate stood at only 6.8%.
2. GOVERNMENT RESPONSES FOR RECOVERY AND RESILIENCE AND THEIR CONSISTENCY WITH SDG 8: CASE STUDIES
2.1. Centrality of SDG 8 in boosting progress on the SDGs in Asia and the Pacific

SDG 8 is key for a human-centred recovery. With targets on jobs, workers’ rights, decent work, social protection, inclusive growth and environmental preservation, SDG 8 represents a multi-dimensional goal central to all the other SDGs and it, therefore, has the power to move the whole 2030 Agenda forward. The International Trade Union Confederation’s (ITUC) SDG 8 Global Monitor provides a world scale to analyse where countries stand with regards to the implementation of SDG 8 and allows for comparison across different regions of the world.

The ITUC Global Monitor’s most recent data on SDG 8 (2022) shows that Asia and the Pacific is performing below the world average (100), with a score of 95.57. Overall, the region’s performance on SDG 8 worsened compared to its pre-pandemic situation. Data from 2019 showed an average score for the region of 98.33, with 13 out of 24 countries below the world average. In 2022, the SDG 8 index score further decreased, and 16 out of 25 countries in the region found themselves below the world average.

A closer look at the subcomponents of the SDG 8 Monitor (Table 1), shows that over half of the countries in the region are above the world average in terms of economic wellbeing, employment quality and labour vulnerability. Nevertheless, the situation remains worrying in terms of their labour rights, with 21 out of the 25 countries analysed in 2022 below the world average. In addition, the region hosts 8 out of the 15 countries with the worst scores in terms of labour rights in the world.

When assessing the situation by countries (see Figure 1), a grave disparity appears between the top four nations (New Zealand, Japan, Singapore and Australia), which are well above the world average and the four lowest achieving countries, which are markedly far below (Pakistan, Fiji, India and Afghanistan). It is worth noting that three countries in the region – Bangladesh, Myanmar, and The Philippines – are also listed among the 10 most dangerous countries for workers in the ITUC Global Rights Index 2022.
2.2. Government responses for recovery and resilience: case studies

While countries around the world responded similarly to the Covid-19 pandemic, there were fundamental differences in the support measures put in place. This was based not only on available resources but also on political choices. The following analysis of policies rolled out in Pakistan and Nepal highlights how the governments of these two South Asian economies responded to the crisis and the extent to which their recovery and resilience measures were in line with SDG 8.

Pakistan

a. Pre-pandemic context, impacts and the current situation

Pakistan is a lower middle-income country of the South Asian region. Agriculture is the major source of livelihood. The country relies mainly on foreign remittances and exports of textiles and textile-related products. In the pre-Covid period, the country was experiencing heavy foreign debt, a current account deficit, and an energy crisis.30

During the first two waves of Covid-19 in Pakistan, 27.6 million working people were affected; 20.6 million could not work due to lockdown, and the income of 6.7 million people decreased considerably.31 Of those workers who lost their jobs, 76% were working in the informal economy. Of them, 30% were self-employed workers, 29% were casual employees, and 15% were “piece-rate” workers. Sector wise, 80% of construction workers, 72% of manufacturing workers, 67% of transport workers, 63% of wholesale and trade workers, and 38% of mining workers were affected.32
Among the most affected workers were both paid and self-employed workers in the **non-agricultural informal sector**, who were unregistered, uncovered by social protection, and at high risk of losing their jobs and incomes due to the economic slowdown and the lockdown. **Micro, small and medium enterprises** that mainly operated in the informal economy and employed the bulk of unregistered workers, faced severe cash-flow problems due to the impact of lockdowns on the chain of payments, and this impeded the transfer of remunerations to workers. The pandemic also exposed and exacerbated deep-rooted **gender inequalities** within Pakistan in the form of disrupted employment and increases in gender-based violence against women.

Covid–19 had a severe, often devastating, impact on Pakistani **migrant workers**. It sparked large-scale layoffs, causing the return and repatriation of huge numbers of migrants from destination countries. Around 25,000 Pakistani migrant workers lost their jobs during the first wave of Covid–19. Many of them remained stranded, unable to return home. They also reported non-payment of wages by employers.

The pandemic stressed an already depressed economy. The **GDP growth** rate was -0.47% during 2020, pushing more of the population below the poverty line. In 2021, 3.7% of employed persons in Pakistan were under the extreme poverty line and inflation rose to more than 10%.

According to the ITUC Global Monitor on SDG 8 (Table 2), Pakistan’s SDG 8 composite indicator scores 83.38. This marks a reduction since 2019 when the rating was 90.05, and the country has performed poorly under all four sub-domains (economic well-being, employment quality, labour vulnerability and labour rights). The situation regarding labour rights is especially alarming with a score of 68.09, which places the country among the lowest performing in the world.

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic well-being</th>
<th>Employment quality</th>
<th>Labour vulnerability</th>
<th>Labour rights</th>
<th>Composite indicator SDG 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>92.98</td>
<td>89.97</td>
<td>84.85</td>
<td>68.09</td>
<td>83.38</td>
</tr>
<tr>
<td>Asia</td>
<td>103.26</td>
<td>100.35</td>
<td>98.29</td>
<td>83.28</td>
<td>95.57</td>
</tr>
</tbody>
</table>

Source: ITUC, 2022

**b. Analysis of measures to counter the impact of the crisis and boost recovery**

**Supporting workers’ incomes and social protection**

In Pakistan, the Ehsaas Emergency Cash Programme was introduced by the federal government as a special response to the Covid–19 crisis under the national programme of social protection and poverty eradication. Under this initiative, PKR179 billion (US$1.1 billion) was distributed among more than 14.8 million families at risk of extreme poverty as a one-time emergency cash assistance. Each eligible family received PKR12,000 (US$75) for immediate subsistence.

Another initiative, the “Mazdoor Ka Ehsaas” Programme, aimed to extend support to low-income labourers and daily-wage earners, including loaders, cleaning staff, contractual employees, piece-rate workers, street vendors, construction workers, painters, welders, mechanics, carpenters, domestic workers, drivers, etc.

The federal government put forward a relief package for consumers through the deferment of monthly and quarterly fuel adjustments in electricity bills for three months during lockdown. Support in the shape of food parcels were also distributed among marginalised segments of society during the lockdown. Provincial governments also supported workers through classifying lockdown period as leave with pay, facilitating the payment of salaries and the administration of Covid–19 vaccines.
A special initiative in the health sector called the “Sehat Saholat” was launched with an amount of PKR70 billion (US$437 million). This programme represented a major shift towards universal health coverage through a micro health-insurance scheme for the provision of health services to poor families in public and private hospitals. However, despite these initiatives, it must be noted that public sector expenditure in the health sector in Pakistan remained at just 1.2% of GDP.

Supporting SMEs and job creation

Measures to support small and medium enterprises (SMEs), protect and create jobs in the face of the pandemic included refinancing facilities on loans, monetary adjustments by the State Bank of Pakistan to provide relief to debtors, the settlement of foreign currency loans and a reduction in the interest rate “spread” for end users from 7% to 5%. The period for SMEs to repay loans was, therefore, extended, and the regulatory limit on the extension of credit to SMEs was also enhanced. Other important measures were the issuance of sukuk bonds, and support measures for consumer finance, housing finance, agriculture finance, and micro finance.

The government supported business and small enterprises to ensure that workers’ wages were paid and their jobs were secured during lockdown. The construction and agricultural sectors remained open during lockdown and industries relating to these sectors were also allowed to function so that daily wagers and various categories of casual and temporary workers could retain their livelihoods. Smart lockdown was introduced to close activities in Covid-affected areas only.

To support the youth, the federal government launched the “Kamyab Jawan” initiative for job creation and youth entrepreneurship development, under which soft loans of up to PKR25 million (US$156,000) were provided for youth business development.

Investing in digital technologies

The Digital Pakistan Policy, called “Pakistan Vision 2025”, involves a number of initiatives including a holistic digital strategy, digitisation in multiple sectors, e-marketing and e-commerce, focusing on youth, women and persons with disabilities, promoting innovative entrepreneurship, digital inclusion, e-governance and standardisation and the “Digital Pakistan” initiative for “Green Development”.

Investing in the care economy

Public primary health care in Pakistan is dominated by 125,000 Lady Health Workers. Prior to the pandemic, important progress was made, through an organised struggle, towards regularising their jobs and obtaining a salary package that included medical coverage and a pension. The Punjab Domestic Worker’s Act was launched in the province of Punjab. It allowed for some 70,000 domestic workers registered with the Punjab Employees’ Social Security Institution to access social security coverage.

Although these initiatives cushioned the effects of the crisis on certain care workers, the majority continued to work informally, as investments in the care economy were not sufficient. On top of these challenges, according to the United Nations Development Programme (UNDP), women in Pakistan spent nearly 10 times as many hours as men on unpaid care and domestic work.

Investing in the green economy

Priorities on climate change and the environment are addressed in the government’s twelfth Five-Year Plan 2018-2023. With respect to the green economy, Pakistan has announced a moratorium on coal-based energy. The government also initiated the Ten Billion Tree Plantation Programme and decided that 30% of Pakistan’s vehicles would be electric by 2030. However, trade unions warned that the government lacked a strategy to accommodate the needs of workers arising from this technological shift.
c. Is there social dialogue? The trade unions’ point of view

Trade unions in Pakistan were not consulted in the government’s efforts towards recovery and resilience. The participation of workers’ representatives is restricted to the tripartite consultative committees at provincial and federal levels only. For example, workers were not actively involved in the consultations on the Ehsaas programme, nor when the moratorium on coal-based energy was approved. The Pakistan Worker’s Federation expressed its discontent that advisory bodies and committees on the environment and the green economy lacked worker representation.

In the view of trade unions, the government’s efforts for skills development and job creation are limited, do not respond to current market requirements, and do not address the concerns of NEET youth, women, and marginalised segments of the workforce. They do not focus on ensuring decent work, safety at the workplace or the provision of labour rights.

Workers’ organisations have denounced the inflationary situation in the country, as a result of which workers cannot make ends meet and are being pushed into poverty. They continue to demand rises in real wages to ensure a living wage for all workers.

Trade unions also denounce that the recovery and resilience efforts in Pakistan are not integrated and aligned with the SDGs, particularly with SDG 8 (targets 8.5, 8.2, 8.3 and 8.4). Workers call for the existing social protection schemes, particularly, the Provincial Employees Social Security Scheme to be universal and comprehensive. Along with covering unemployment benefits, the scheme should also protect workers in the informal economy, agricultural sector, migrant workers, daily wagers, domestic workers and home-based workers. Social protection should be accessible to all, irrespective of employment status, contract type or level of remuneration. They stress the need to upgrade social protection programmes by ensuring access to benefits such as health-care services, paid sick leave, maternity and parental leave. Targeted policies should be put in place for the most vulnerable workers such as women, youth, older workers, migrant workers, and workers in the informal economy.

Trade unions in Pakistan are of the view that the Covid-19 outbreak has re-emphasised the importance of a multilateral approach to sustainable development, as well as the importance of combining social, economic and environmental priorities. It has also become imperative to invest in the care economy as one of the priority areas for the resilience strategy. Workers’ organisations are, therefore, eager to support government efforts for the realisation of targets under SDG 8 and to cooperate in key areas including the green economy, environmentally friendly initiatives, productive employment creation, skills development, efforts towards decent work and social protection for all.

Nepal

a. Pre-pandemic context, impacts and the current situation

Nepal is a landlocked nation included in the list of least-developed countries. Before the outbreak of the pandemic, Nepal’s performance towards alleviating poverty had been admired internationally. However, structural barriers still remained, such as “an increase in wealth inequality, a stalling in gender equality progress and an undue weight of remittances and donor funding in its economy.” Moreover, the economy remained largely dependent on foreign remittances (25% of GDP), tourism (8% of GDP) and agriculture (26% of GDP). Imports of essential items and supplies from outside made poor households and unskilled workers, including returnee migrants, particularly vulnerable to income losses.

Covid-19 negatively impacted the growth and development of Nepal’s economy. The country’s growth became negative for the first time in three decades, with GDP growth falling from 6.7% in 2019 to -2.4% in 2020. Unemployment, poverty and inequality rose because various sectors of the economy, including production, distribution and the labour market were affected. The pandemic hit low-income earners particularly hard, as well as impacting informal and non-standard contract workers, women, migrants, children and youth, and those with disabilities and chronic health conditions.
The World Bank’s projections do not expect a recovery in Nepal until the fiscal year for 2022, with the fall in economic growth fluctuating between 1.5% and 2.8%, mainly due to decreases in remittances, trade, and tourism, along with a contraction in services and industrial production, among other disruptions that occurred during 2020. Growth also remained subdued during the fiscal year for 2021 due to the lingering effects of the pandemic.65

During the lockdown in 2020, 31.5% of workers lost their jobs and 74% did not get paid.66 Self-employed workers were far more likely to report income losses than wage workers (60% versus 23%), highlighting the risk of permanent losses in physical capital and investment, financial assets, and even entrepreneurial skills in the productive sector.67 In terms of sectors, the large-scale disruption of jobs were registered in the wholesale and retail trade, manufacturing sector, construction sector, transport sector, and accommodation and food services.68

The pandemic impacted women workers more severely than men. More women permanently lost their jobs and reported loss of earnings. Given that 90.45% of working women in Nepal are engaged in informal employment, they also had less access to income support.69 In addition, the structural gender pay gap compounded inequality. In Nepal, for every 100 rupees that a man earns, a woman earns only 70 rupees.70 Additionally, women’s responsibilities at home increased during the lockdown due to the closure of schools and day-care centres, while gender-based violence escalated significantly.71

Home-based workers are also a vulnerable group. They account for approximately 1.4 million workers in Nepal and are mainly women. Their main source of income relies on the production of goods for export, the demand for which has significantly dropped and will remain distorted in the long run due to stagnating global supply chains.72

The situation of Nepalese workers abroad was alarming during the first wave of Covid-19. According to the ILO, some 1.3 million Nepali migrant workers wanted to return home due to the vulnerability of their situations in host countries.73 Nepali migrant workers were also subjected to various forms of exploitation, such as the forced termination of contracts, expulsion from employment, deprivation of basic services, arbitrary detention, ill-treatment, stigmatisation, and discrimination.74

In terms of the pandemic’s impact on SDG 8, according to the 2022 ITUC SDG 8 Global Monitor (Table 3), Nepal’s performance was 99.01, slightly below the world average (100), and comparatively better than other South Asian countries (see Figure 1).

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic well-being</th>
<th>Employment quality</th>
<th>Labour vulnerability</th>
<th>Labour rights</th>
<th>Composite indicator SDG 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>99.6</td>
<td>102.82</td>
<td>87.73</td>
<td>106.91</td>
<td>99.01</td>
</tr>
<tr>
<td>Asia</td>
<td>103.26</td>
<td>100.35</td>
<td>98.29</td>
<td>83.28</td>
<td>95.57</td>
</tr>
</tbody>
</table>

Source: ITUC, 2022
b. Analysis of measures to counter the impact of the crisis and boost recovery

Supporting workers’ income and social protection

Nepal responded to the Covid-19 crisis by implementing fiscal and monetary measures, focusing on immediate health and safety, ensuring food distribution to households and economic support to severely affected firms. Along with free health care for those who tested positive for Covid-19, the government-initiated response measures for frontline workers and vulnerable segments of the workforce, including an insurance package of NPR2.5 million (US$20,833) for health-care and security workers involved in treating Covid-19 patients.

Moreover, the government covered the equivalent of 100 days’ wages to affected workers under the Prime Minister’s Employment Programme. Specific measures were initiated to ensure the uninterrupted payment of wages to workers during lockdown from mid-March of the fiscal year 2020-2021. Social security allowances amounting to NPR5,838.7 billion (US$48.3 billion) were distributed to 3,150,111 beneficiaries including senior citizens, single women, persons with disabilities, endangered ethnic groups and children. Relief to poor households was also provided in the shape of waivers of public utility fees, transportation costs and tax deferrals.

Tripartite social dialogue also started in the midst of Covid-19 in Nepal to explore the possibilities of covering informal economy workers, agricultural workers, home-based workers, domestic workers, and migrant workers under the social security scheme.

Supporting SMEs and protection jobs

In order to provide relief to employers, the government temporarily deposited employers’ contributions to the Social Security Fund (SSF) during the crisis. As of mid-March 2021, NPR208.8 million (US$1.7 million) in credits were disbursed to Covid-19-affected businesses including tourism, cottage and SMEs to ease the payment of salaries and protect businesses. Entrepreneurs of small businesses benefited from a relaxation on the repayment of loans, support for enterprises in the most-affected sectors, such as tourism and transportation, as well as subsidised funding.

An allocation of NPR13 billion (US$107 million) was made in the budget of 2020-21 to provide concessional loans at 5% interest rate to micro, small and medium-sized enterprises, commercial agriculture, youth enterprises, women’s enterprises and persons returning from foreign employment.

Investing in the care economy

Investing in the care economy has not been considered a priority area by the government of Nepal. A 53,000-strong group of women Community Health Volunteers form the backbone of the existing primary health-care system and operate under poor working conditions, without pay and limited allowance. These workers reflect the delicate situation of paid and unpaid care workers in Nepal, many of whom lack any legal and socio-economic protection.

Investing in the green economy accompanied by just transition measures

During 2021, Nepal adopted the Green, Resilient and Inclusive Development (GRID) approach to systematically address the impacts of Covid-19 and the country’s structural challenges, such as slow domestic job creation, high vulnerability to climate change and environmental degradation, low rates of inclusion, and large infrastructure gaps. According to the World Bank, this approach involves a fundamental shift, from one reliant on reactive responses to one based on deliberate, proactive recovery strategies for long-term green growth, climate action, and sustainable development.
**Investing in digital technologies**

Nepal is struggling to cope with the rapid pace of technological change and global digitalisation. For example, the growth of e-commerce in Nepal is inhibited due to the lack of a supporting ecosystem, such as limited digital payment options and poor connectivity. Despite these limitations, the country has successfully set up smart classrooms, online learning platforms, mobile learning apps, and biometric and e-attendance systems during Covid-19, which have brought about a remarkable reform of the traditional education system.63

**c. Is there social dialogue? The unions’ point of view**

Major workers’ organisations, particularly the General Federation of Nepalese Trade Unions (GEFONT) and the Nepal Trade Union Congress (NTUC), regret that the government has not taken all key stakeholders, including trade unions, into account during its recovery and resilience initiatives. These are aimed at addressing the high degree of vulnerability and unequal opportunities for certain social groups and in geographically rural areas.

Trade unions in Nepal consider that the government underestimated the impact of Covid-19, especially on marginalised segments of the workforce, including workers in rural tourism, agriculture, the informal economy, and women workers.

Concerning the health-care system, unions have highlighted a number of challenges, including poor governance and service delivery, inefficiency and a lack of sustainability. In addition, they have highlighted how the multiplicity and overlaps between public health insurance schemes leads to limitations in coverage and creates confusion among the population.

Unions in Nepal appreciated the government’s support to SMEs and employers of the formal sector, through the provision of soft loans and the extension of financial support to employers for their contribution to the Social Security Fund. These initiatives indirectly benefited workers, as they meant wages were paid on time during the lockdown period, their jobs were secured and they could access benefits from the Social Security Fund. Trade unions also, however, warned that social security and employment schemes (PMEP) faced setbacks due to a lack of coordination among federal, provincial and local governments. For example, social security benefits could not reach all targets due to the poor registration of vulnerable populations at the local level.64 In particular, unions in Nepal criticised the exclusion of informal economy workers and demanded they be covered under the Social Security Fund. They also stressed the need for all workers in the informal economy to be eligible for benefits and to transition from the informal to the formal economy in accordance with ILO Recommendation 204. Unions expect the new government to restart negotiations initiated by its predecessor to extend the social security scheme to cover informal economy workers.

Concerning migrant workers, Nepalese trade unions remain concerned about working conditions, remuneration, terms of engagement, social protection and compensatory measures for Nepalese migrant workers in recipient countries. They call for the government to raise the matter with destination countries. The government should also support the case for the social protection of migrant workers, so that workers in destination countries are protected during injury and illness and their families in Nepal are taken care of.

Workers are critical of the government’s efforts towards a green economy, the poor investments in the care economy, and the poor implementation of specific policies to promote decent work for women, and other vulnerable segments of society including persons with disabilities and minorities.65 Concerning digitalisation, according to the unions, e-commerce in Nepal faces structural problems, such as a lack of proper links between e-retailers and producers.66

Workers’ organisations in Nepal support the centrality of SDG 8 and call on the government to put in place specific measures for the enforcement of labour laws, the protection of women workers, investment in the care economy, digitalisation of the economy and measures towards the green economy through social dialogue.
3. CONCLUSIONS AND RECOMMENDATIONS
Even before the pandemic, the Asia-Pacific region was producing high economic growth but job quality and living standards for most people lagged behind. Although Covid-19 further exposed this situation, in its aftermath, governments are offered an opportunity to change this for the better.

Given the importance of the ILO Decent Work Agenda to achieving the 2030 Agenda, the SDGs, and SDG 8 in particular, provide guidance for a sustainable recovery. However, as the findings of the ITUC SDG 8 Global Monitor show, the region falls below the world average in terms of achieving SDG 8. This reflects a broad regional reticence towards the 2030 Agenda as highlighted by the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) in its SDG Progress Report 2022. The report states that: “at its current pace, Asia and the Pacific is now only expected to achieve the 17 Sustainable Development Goals by 2065 – three-and-a-half decades behind the original goal.”

Recovery efforts should be based on a **New Social Contract with SDG 8 at its centre**. It is through this approach that the region could achieve the objective of climate-friendly jobs with just transitions, guaranteed labour rights, universal social protection, minimum living wages and equal pay; ensuring equality and eliminating discrimination, and promoting an inclusive development model.

### 3.1. Recommendations to governments

- **Invest in decent, climate-friendly jobs with just transitions.** In order to build forward sustainably, countries need to make further investments in **decent climate-friendly jobs**. Governments should understand that a green recovery would entail a holistic, inclusive, environmental-friendly approach encompassing key sectors. In the efforts towards recovery, the countries of the region should collaborate and learn from each other’s experience. For example, Pakistan is investing in tourism and, thus, could learn from the Nepalese experience of “community tourism”, in which sustainable tourism has been used to revitalise a village, empower local women and improve its infrastructure. Investments in innovation and new technology are essential to making the shift to a sustainable recovery in the region, while creating decent and climate-friendly jobs. Because a shift to new sectors could entail job losses, such processes should be framed as a **just transition**, negotiated with the relevant social partners, supported through social protections and ensuring skilling and re-skilling for alternative job arrangements. A just transition is urgently needed to stop the adverse effects of climate change which are increasingly affecting countries like Pakistan.

- **Rights-based digitalisation** can be a game changer. While most Asia-Pacific countries face youth bulge, digital and technological transformation in line with labour standards would bring more and better job opportunities for new entrants to the labour market. Digitalisation also contributes to economic growth. For instance, the World Bank estimates that a 10% increase in access to broadband can accelerate GDP growth by up to 1.3%. Workers’ organisations in the region believe that there is an urgent need to extend legal coverage to teleworking and flexible work-time arrangements. These have flourished during the pandemic and could be a major source of employment in the coming years. However, they are currently undermined by decent work deficits, which need to be properly addressed.

- **Invest in universal social protection and access to health care.** Throughout the crisis, **social protection** has been the only lifeline for all categories of workers. Rapid-response social protection measures need to be combined with mid- to long-term approaches to building resilience. Trade unions demand the introduction of broader income support to those affected the most, as well as adequate funding to fill the coverage gap in statutory benefits. The governments of the region must **invest more on social protection and ensure an inclusive approach in coordination with trade unions**. Responses to the impact of the devastating floods that Pakistan suffered in 2022 require climate action and more effective social protections systems. Governments should work towards strengthening universal and gender responsive social protection systems and floors in line with ILO Convention 102 and ILO Recommendation 202 to build resilience to current and future crises. Moreover, Covid-19 has shown that the region needs huge **investments in the health-care system**. Governments must also introduce adequate measures for the protection and health and safety of health-care workers. Terms and conditions of employment in this sector must be improved so that workers’ lives are not at risk in service of the community.
d. **Formalisation and extension of social protection to all workers.** The two case studies from South Asia show that workers in the informal economy and non-standard employment, the self-employed and own-account workers are among the most vulnerable segments of the workforce. They remain unregistered and uncovered under existing social protection schemes. They are thus hit particularly adversely in the event of a crisis or a natural disaster. In consultation with trade unions, governments should develop strategies to support the transition of informal economy workers to the formal economy and extend coverage to them under social security schemes, in light of ILO Recommendation 204.

e. **Migrant workers** also deserve special attention. Both countries of origin and destination must collaborate on the creation of decent productive employment opportunities and respect of labour rights in accordance with ILO Conventions and the Decent Work Agenda.

f. **Labour rights.** The ITUC Global SDG 8 Monitor shows the huge challenges that many countries in the region currently face with respect to labour rights. Fundamental labour rights, including occupational health and safety, the eradication of child and forced labour, freedom of association, addressing discrimination in employment and remuneration must be prioritised by decision makers to make up for deficits in this area. A determination to address these factors should not be compromised on the pretext that a lack of action positively impacts the “ease of doing business”.

g. **Social dialogue** is key for sustainable solutions to both national and workplace-related issues that have emerged in the wake of Covid-19. Governments must strengthen social dialogue institutions and practices to progress in the implementation of the 2030 Agenda. Social dialogue and collective bargaining will be key features in establishing minimum living wages that are necessary in any coherent government strategy aimed at fighting poverty and inequalities.

h. **Investing in care** should be at the core of recovery strategies that recognise unpaid care work, contribute to formalising informal care work, provide for decent working conditions to care workers, and ensure that the pressing needs for care in societies are responded to.

i. **Strengthen women’s participation in a safe labour market.** Specific policies have to be put forward to support women’s participation in the labour market, including policies that guarantee the equal sharing of care responsibilities. Governments must ensure the urgent ratification and implementation of the ILO Convention 190 on violence and harassment at work to advance towards workplaces that are free from gender-based violence and harassment.

All of the above measures will only be possible if governments create the necessary fiscal space to put them in place. Progressive taxation will be key for domestic resource mobilisation. In developing countries, the road to achieving the 2030 Agenda will require international support, as encouraged in SDG 17 on partnerships.
3.2. Recommendations to international cooperation donors

Covid-19 is too big a crisis for developing countries in the Asia-Pacific region to face alone. Support from Official Development Assistance (ODA) is, therefore, crucial for recovery processes and building resilience and should be increased to 0.7% of donors’ Gross National Income (GNI). The provision of basic health services, the administration of vaccines and protection measures from the pandemic should be among the immediate priorities.

Development aid should provide for a central focus on decent work and should be consistent with international labour standards. There should be close coordination of and complementarity among crises responses, in particular between humanitarian and development assistance, for the promotion of full, productive, freely chosen employment and decent work for peace and resilience.

By focusing on SDG 8, donors will promote the four pillars of the Decent Work Agenda – social dialogue, social protection, rights at work and employment – which are indispensable building blocks of sustainable development and must be at the centre of policies for strong, sustainable and inclusive growth.

Social protection is central to an inclusive and resilient recovery. Covid-19 has triggered an unprecedented response from governments in the form of non-contributory cash transfers, expanded health benefits, and unemployment insurance. In many cases, the responses have been ad hoc and short-term, and reflect a lack of effective and adequate social protection systems. Donors should scale up funding to social protection to reach at least 7% of their ODA by 2030 and 14% beyond. They should also link funding to social protection with development action plans and strategies for contributory universal social protection. Donors should commit to a Global Social Protection Fund that will support the building of social protection floors in countries most in need in the region through specific funding and technical support. The Global Accelerator on Jobs and Social Protection for Just Transitions, launched by the UN Secretary General in September 2021, provides a key framework for action towards recovery and resilience that promotes the necessary investments in jobs and social protections.

In pursuit of the Paris agreement on climate change, transitions to environmentally sustainable economies can become a strong driver for job creation, job upgrading, social justice and poverty eradication. Greening all enterprises and jobs by introducing more energy and resource-efficient practices, avoiding pollution, and managing natural resources sustainably leads to innovation, enhances resilience, and generates savings which together drive new investment and employment. Climate finance needs to ensure the imperative of a just transition which requires the involvement of workers and their representatives, as well as affected communities, in finding joint and inclusive solutions to climate challenges.

Last but not the least, rights-based digitalisation of economies, promotion of decent employment for youth, and the inclusion of informal economy workers and those in new work arrangements (including platform and gig-economy workers) are also important priorities. These should all include a crosscutting gender perspective and be coupled with initiatives that specifically respond to the needs of women workers in developing countries.

Development cooperation support will need to be coupled with broader development finance policies to create the fiscal space to implement an SDG 8-led recovery. These measures should include international support to domestic resource mobilisation through progressive taxation. Furthermore, they must include international coordination to tackle tax evasion, tax avoidance and illicit financial flows; debt relief, restructuring and cancellation; increased ambition in the allocation and rechannelling of special drawing rights; and strengthened business accountability when mobilising private finance.
Endnotes

1 Asian Development Bank (ADB), *Developing Asia Outlook*, 2022.
2 International Monetary Fund (IMF), *World Economic Outlook*, 2022.
3 World Bank, database 2022.
5 UNDP, *Multidimensional Poverty Index*.
8 For instance, in 2020 five out of the top ten countries providing fossil fuel subsidies (as a share of GDP) were from the Asia and the Pacific region. ADB, ADB Institute Working Paper Series “Building forwards better: enhancing resilience of Asia and Pacific economies in a post-COVID-19 world”, Zhenqian Huang and Sweta C. Saxena No. 1239 March 2021.
12 ITUC, *Global Rights Index 2022*.
15 Ibidem.
17 UN WOMEN also offered an interesting insight on the gender biased effect of COVID in the region in the publication “Unlocking the lockdown: The gendered effects of Covid-19 on achieving the SDGs in Asia and the Pacific”, July 2020.
19 Ibidem.
25 The ITUC Monitor of SDG 8 is focused on an SDG 8 composite indicator developed by the ITUC to show the centrality of the social and labour dimensions within the 2030 Agenda. More on “SDG Decade of Action: Trade Union Policy Responses”, 2020.
26 Value 100 represents the world average, with no value-based connotation. This method was chosen because it does not need the definition of quantitative targets, especially when not explicitly included within the 2030 Agenda. Therefore, the whole rating system aims at showing if countries are progressing or not towards a balanced and inclusive sustainable development path based on the four sub-domains which will lead to the realisation of SDG 8 and the 2030 Agenda as a whole. The methodology of the ITUC SDG 8 Global Monitor is explained in, ITUC, “SDG Decade of Action: Trade Union Policy Responses”, June 2020.
28 The subdomain of the ITUC SDG8 Global Monitor is based in the ITUC Global Rights Index, which rates countries depending on their compliance with collective labour rights and document violations by governments and employers of internationally recognised rights. See ITUC Global Rights Index.
29 Ibidem.

Ibidem.


Pakistan Workers Federation (PWF), Impact of Covid-19 on the world of Work with A Special Focus on Pakistan, a position paper, May 2020


ILO, SDG indicator 1.1.1.


Government of Pakistan, PASS Division.


Government of Pakistan, Seha Sahulat Program.


A sukuk is an Islamic financial certificate, similar to a bond in Western finance, that complies with Islamic religious law.


Ibidem.

Youth Affairs Division, Government of Pakistan.

Government of Pakistan, Ministry of Planning, Development & Special Initiatives, Pakistan 2025: One nation – one vision.


PSI, 2021: Submission to ILO General Survey on the Nursing Personnel Convention, 1977 (No. 149) and the Nursing Personnel Recommendation, 1977 (No. 157) From Community Health Workers in India, Nepal, Pakistan, Philippines, Malawi, South Africa and Zambia.

Government of Punjab, Labour and HR Department, the Punjab Domestic Workers Act, 2019.

UNDP, Development Advocate- Pakistan: Womenomics: Women powering the economy of Pakistan, March 2021.

Government of Pakistan, 12th Five Year Plan.


Pakistan Worker's Federation, The Transition to Green Economy in Pakistan and How to Secure a Just Transition?, 2021.


OECD-DAC, DAC List of ODA Recipients, Effective for reporting on 2022 and 2023 flows.

According to the World Bank, multidimensional poverty was reduced from 39.1% in 2011 to 17.4% in 2019.


World Bank, Database, GDP growth (annual %) – Nepal.


70 Ibidem.

71 UNDP, *Country team in Nepal*, March 2021


73 Ibidem.


79 Findings of the virtual interviews conducted by the author with the Nepalese worker’s organisations during March, 2022.


81 PSI, 2021: Submission to ILO General Survey on the Nursing Personnel Convention, 1977 (No. 149) and the Nursing Personnel Recommendation, 1977 (No. 157) From Community Health Workers in India, Nepal, Pakistan, Philippines, Malawi, South Africa and Zambia.

82 World Bank, *Nepal’s Transition to Green, Resilient, and Inclusive Development (GRID) for Sustainable Recovery, Growth, and Jobs*, 23 September 2021.


85 Findings of the virtual interviews conducted by the author with the Nepalese worker’s organisations during March, 2022.


89 Ibidem.

90 ILO, *ILO Recommendation 205, Employment and Decent Work for Peace and Resilience Recommendation, 2017 (No. 205)*, June 2017

# TIME FOR 8
THE CLOCK IS TICKING
FOR A NEW SOCIAL CONTRACT

SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

With the support of the European Union

#Timefor8 is a campaign of the International Trade Union Confederation

Responsible editor: ITUC • Boulevard du roi Albert II, 5, 1219 Brussels • Belgium • dcc@ituc-csi.org