

SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

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SUMMARY**

**SDGs FOR RECOVERY
AND RESILIENCE**
CASE STUDIES: BANGLADESH,
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TIME FOR



**THE CLOCK IS TICKING
FOR A NEW SOCIAL CONTRACT**



THE SDGS FOR RECOVERY AND RESILIENCE IN ASIA-PACIFIC – CASE STUDIES FROM BANGLADESH, INDONESIA AND MONGOLIA

As well as being the first region to be hit by Covid-19, Asia-Pacific has also suffered some of the most dramatic social, economic and health impacts of the pandemic, from increased poverty levels to severe global supply chain disruptions to weakened labour rights. According to the International Labour Organization (ILO), 81 million workers in the region lost their jobs in 2020. The Covid-19 crisis has also profoundly deepened inequalities both within and amongst the region's countries. On one hand, there are several East and Southeast Asian countries – including China, Singapore, Vietnam, and New Zealand – that have managed to keep the virus under control and have seen an uptick in GDP growth as a result. But there are also a number of South and Southeast Asian countries – such as Indonesia, India, the Philippines and Pakistan – that have registered huge numbers of infections and deaths, and that are now suffering from the economic fallout.

Asia's already limited progress in the implementation of the Sustainable Development Goals (SDGs) was further set back by the pandemic, with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) estimating in 2020 that the region would achieve less than 10 per cent of its SDG targets based on its current trajectory. One of the biggest areas of concern relates to SDG 8 (on decent work and economic growth). In response, the International Trade Union Confederation developed the SDG 8 Monitor based on data and statistical indicators under four major sub-domains: economic well-being, employment quality, labour vulnerability, and labour rights. It shows that 14 out of the 24 countries analysed in the Asia-Pacific region are below the world average and only three countries (Japan, New Zealand and Singapore) scored slightly above the average. Nineteen out of 24 countries scored below the world average on labour rights, and yet, most of these countries have been hailed for their economic development. This indicates that economic growth alone does not lead to the full realisation of SDG 8 and that there is still a long way for the region to achieve social and economic sustainability.

BANGLADESH

Most of the gains Bangladesh had made in employment and poverty reduction before Covid-19 were wiped out by the pandemic. The ready-made garment (RMG) sector, which accounts for some 84 per cent of exports in Bangladesh, contracted by more than 50 per cent due to the decline in global demand. Close to 2,000 factories closed in the first half of 2020 alone, and the Asian Development Bank predicted that one million out of four million garment workers would lose their jobs. To help lessen the worst impacts of the Covid-19 pandemic, the government launched a US\$3.4 billion stimulus program (accounting for one per cent of the GDP), which eventually ballooned to US\$12 billion (or 3.7 per cent of the GDP). The package allowed the government to respond to the widespread calls for assistance for the RMG sector, disrupted SMEs and displaced workers. However, the stimulus packages did not include investments in the green economy, and trade unions have not adequately been involved by the government in the formulation and implementation of the various measures, while labour rights violations are on the rise. That said, unions are still pushing for SDG 8 and its major development targets to serve as guideposts for sustainable economic recovery calling for a New Social Contract.

INDONESIA

Indonesia is the world's fourth most populous nation, the world's 10th largest economy and it has cut its poverty rate by more than half since 1999. However, in relation to the SDGs, Indonesia suffers from significant developmental deficits. The ITUC SDG 8 Monitor shows the country's deficits in the areas of economic well-being, employment quality, labour vulnerability and labour rights. Indonesia also suffered the largest number of Covid-19 infections in Southeast Asia. As a result, the Indonesian economy has been hit hard by the pandemic: as well as GDP contracting by 2.1 per cent in 2020, an estimated 5.1 million jobs were lost that year. In the second quarter of 2020, President Joko Widodo announced a US\$53 billion stimulus program, equivalent to 4.4 per cent of the GDP. About one-third of the target stimulus spending was allocated for social protection measures, such as food assistance, cash grants, wage subsidies for the lowest paid workers and vaccination support for the poorest families, but unions say this did not go far

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enough. Trade unions have also sounded the alarm on the government's failure to meaningfully engage in social dialogue on a number of crucial issues. This includes the need for the stimulus packages to be aligned with the SDG 8 framework, as well as the government's railroading of the passage of the "Omnibus Law" in 2020, which the government sees as a vital instrument for investment and job creation, but which unions and civil society have criticised due to its negative impacts on labour rights and environmental protections. Unions have, however, still been able to advocate for workers' priorities on critical policy issues. For example, thanks to the efforts of unions, the Ministry of Environment included a Just Transition clause in Indonesia's nationally determined contributions to reduce greenhouse gas emissions.

MONGOLIA

Although Mongolia – a large, landlocked country with a sparse population of over 3.3 million – had one of the world's lowest Covid infection rates in 2020, it was still badly impacted by the pandemic. The economy contracted severely, and there has been rising unemployment and declining labour force participation amongst young people. The government responded to the pandemic with heavy fiscal spending on the health sector and on measures to save jobs and businesses. According to the World Bank, Mongolia's relief and recovery spending reached over nine per cent of GDP, one of the highest rates in Asia-Pacific. Mongolia's stimulus measures were the result of tripartite consultations in the first quarter of 2020, in which trade unions played an important role. The resulting "Decree on Stimulus Package for Economic Recovery and Protection of Citizen's Health, Income and Employment" increased child allowances, uplifted pensions, distributed the dividends from state-owned enterprises to all citizens and allowed for various temporary tax exemptions and tax refunds, amongst other measures. Throughout the pandemic, the social partners – the Confederation of Mongolian Trade Unions (CMTU), the Mongolian Employers' Federation (MONEF) and the Ministry of Labour and Social Protection (MLSP) – have maintained and even deepened the dialogue process. For example, a new tripartite agreement between the CMTU, MONEF and MLSP offers important proposals on how the government can strengthen its plans to increase incomes, salaries, pensions and benefits for the working people of Mongolia. The CMTU believes that this historic agreement will help enhance labour standards and promote collective bargaining between employers and unions.

CONCLUSIONS

These case studies illustrate the critical importance of allowing government-trade union dialogue to steer national responses to the Covid-19 crisis. They also demonstrate the consequences of the failure of some governments to use the SDGs, particularly SDG 8, to guide policy responses. The best responses to the crisis require a transparent and sustained participatory process that involves the social partners. This is best exemplified by Mongolia, where social dialogue has not only minimised job losses and the negative impact of Covid-19 on workers but has also resulted in the approval of a landmark agreement that provides social protection for all during an unprecedented public health and economic crisis. A truly inclusive recovery must be based on a New Social Contract with SDG 8 at the centre. This requires the creation of decent, climate-friendly jobs with Just Transition strategies that have been negotiated with the social partners and the formalisation of the informal economy in line with ILO Recommendation 204; guaranteed labour rights and the implementation of a labour protection floor with specific measures to tackle the growing labour rights violations; universal social protection and the strengthening of social protection systems and floors, in line with ILO Convention 102 on social security and ILO Recommendation 202; equality for all; an end to all forms of discrimination; and commitment to an inclusive development model. The role of international cooperation in supporting these recovery and resilience strategies will be vital in the years ahead. Although the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) donors have increased their official development assistance budgets in 2020 to reach the highest level of expenditure ever seen – US\$161 billion – this amount is equivalent to only 1.37 per cent of DAC countries' own fiscal measures to fight the Covid-19 crisis. Greater effort should therefore be made by DAC members to reach the 0.7 per cent target of gross national income for development assistance that would have ensured an additional US\$188.6 billion in aid in 2020 at a time when developing countries need it most.

NEW SOCIAL CONTRACT: Five workers' demands for recovery and resilience

- 1. Creation of climate-friendly jobs with Just Transition.** Job-creating industrial transformation to achieve net-zero carbon emissions, along with jobs in health, education and other quality public services.
- 2. Rights for all workers,** regardless of their employment arrangements, to fulfill the promise of the ILO Centenary Declaration with its labour protection floor including rights, maximum working hours, living minimum wages and health and safety at work.
- 3. Universal social protection,** with the establishment of a Social Protection Fund for the least wealthy countries.
- 4. Equality. Ending all discrimination,** such as by race or gender, to ensure that all people can share in prosperity and that the appalling concentration of wealth in the hands of a few at the expense of the many is undone.
- 5. Inclusion. To combat the growing power of monopolies and oligarchs,** ensure that developing countries can actually develop their economies and guarantee tax systems that provide the income vital for governments to meet the needs of people and the planet. An inclusive approach to tackling the COVID-19 pandemic is paramount, both in terms of economic support as well as universal access to testing, treatment and vaccines.

The full report can be found at:

<https://www.ituc-csi.org/sdgs-for-recovery-and-resilience-in-latin-america>



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