

COVID-19 and Protecting Construction Workers



Issue

Nearly 8% (4.65 million) of currently employed labour force (59.80 million) in Pakistan is engaged in the construction sector. Of these, 4.4 million (95%) are working in the informal sector. Nearly 90% are casually employed, paid on daily and weekly basis. The sector's share in the GDP is 2.82%. It has maintained a growth rate of over 9% in recent years.

Construction is the hardest hit sector which came to a grinding halt from 22 March 2020 when provinces announced lockdowns due to the COVID-19 outbreak.

On 3 April 2020, Prime Minister announced an incentive package for the construction industry in order to spur employment opportunities in the country in the wake of coronavirus outbreak. The main incentives include:

- Construction sector to be given the status of an industry.
- A subsidy of Rs30 billion to be given for the Naya Pakistan Housing Scheme.
- People carrying out construction in the Naya Pakistan Housing Scheme for the poor will only have to pay 10 per cent of the fixed tax.
- Withholding tax will be waived off for all construction sectors except the formal sectors of steel and cement.
- Construction Industry Development Board to be set up to support the sector.
- All the people investing in the construction sector this year will not be questioned about their source of income.

What is New?



Situation on the Ground

Construction is one of the most hazardous sectors with high incidence of occupational injuries and accidents. It is largely informal and unregulated. There is no regulation on the terms and conditions of employment (minimum wage, health benefits, or social security) or for contracting and subcontracting. Construction work is full of decent work deficits.



Creating employment opportunities in the construction sector would not be enough. The work must be productive and decent. It is high time the construction sector was brought under the full jurisdiction of labour legislation. Policy Action 47 in Ehsaas Program also refers to construction workers in the informal settings and bringing them under the cover of social protection.

Relevance



How to Protect Construction Workers?

Fixing the Public Sector Contracting system

Public Sector Development Programme (PSDP) for 2019-20 amounts to Rs1.863 trillion (includes Federal and Provincial ADPs). Infrastructure development is the major activity in PSDP.

Government must require all public sector contractors to follow labour legislation and grant all workplace rights to workers in government contracts. It can start with conclusion of employment contracts, payment of minimum wages and registration with social security institutions.

Necessary amendments in PPRA rules would be required.
(Lowest cost often means NO rights)

Regulating the Construction Sector

Enact standalone legislation to protect the rights of construction sector workers. The special legislation (can be enacted through Ordinance) should refer to the basic workplace rights including right to employment contract, decent working hours, minimum wage, safe and healthy working conditions, social protection and the right to freedom of association and collective bargaining.

Social Protection Levy (Private Sector)

Impose social protection levy (1-2%) on the overall value of construction projects for all commercial and residential projects in the urban areas. The approach is already applied in Indonesia and India. The levy can cover occupational injury, health/life insurance, old age benefits and flat rate unemployment benefits. (either through EOBI/ESSI or Insurance

