GEFONT Position Paper

Decent Work and Green Jobs in Nepal

Background

Nepal has recorded 27 million people of different caste/ethnic groups with around US$ 742 per capita income. It ranks at 157 out of 187 countries on the Human Development Index as one of the poorest countries but with high potential in the world.

The country is making significant progress in the peace building process since 2006, including improvements on some of the Millennium Development Goals - MDGs (maternal and infant mortality, reducing inequality and some other measures of poverty). Conversely, a study estimates that 47 percent of children under-five suffer from malnutrition (World Bank, 2012).

Economic growth in Nepal has been slow; real Gross Domestic Product (GDP) growth averaged between 3 to 4 per cent over the last decade (IMF, 2011). From 1995/1996 to 2010/2011, percentage of households receiving remittance increased from 23 per cent to about 56 per cent and the share of remittances in household income increased from about 27 per cent to about 31 percent (CBS, 2011). During this period, remittances become a major source of national income which boosted domestic consumption. There are serious concerns on workers’ recruitment procedures, working conditions, workers’ rights, and decent working condition at the workplace.

The percentage of agricultural households is declining gradually. Average size of agricultural land and number of parcels per holding has also reduced in the last 15 years. The proportion of households with livestock or poultry also decreased during that period. Likewise, average number of livestock per holding has gone down (CBS, 2011). This information indicates that there is ample opportunity to create green jobs in agricultural and allied sector.

Furthermore, the country has been facing critical problem on power shortage. Despite promising prospects, Nepal has not been able to harness its renewable energy sources. The renewable and alternative energy sources are both clean and eco-friendly. However, more than 86 per cent of the total population is dependent on the subsistence use of traditional forms of energy such as firewood, agricultural residues, animal waste and only around one percent of people have access to renewable energy mainly because of high cost during the initial stage. The current electricity demand stands at around 12,000 megawatts (MW) while the supply is only 750 MW. Some 270,000 households are using bio-gas at present in the country, and about 400,000 households are using solar energy to light up their houses (The Kathmandu Post, 2012) alone or/and to subsist the loadsheding.

Economic growth in Nepal *inter alia* depends heavily on priorities given to agriculture sector. Although the majority of people live in rural areas and depends upon agriculture, the share of this sector in wage employment has been gradually declining from 53 per cent in 1995/96 to 35 per cent in 2010/11. At the same period, the wage employment in the non-agricultural sector increased from 47 to 65 per cent. Still majority of the agricultural activities depend upon the mercy of the sky. Unavailability of quality fertilizer and seeds, inadequate technical support, farmer-friendly financial support in time, continue to be critical elements to increase agricultural productivity, incomes and livelihood of rural people. Geophysical landscapes and presence of majestic Himalaya ranges positively impact on the tourism industry. So far, foreign direct investment (FDI) in Nepal is only 0.1 percent, in spite of the government’s FDI ‘friendly’ policy.
Similar to that of many developing countries, Nepal’s labour market is characterized by high level of disguised employment but massive under-employment. Every year, more than 450 thousand youth are entering into the labour market. More than 90 per cent informal economic activity, uncertain work and very low wages are some of the features of the labour market in Nepal. Violations of workers’ fundamental rights are widespread, including gender-based discrimination. Socio-economic relations in Nepal continue to be governed by deeply entrenched ethnic, caste and gender-based hierarchies. Child labour continues to be a major social issue and national challenge, though the rate of child labour has considerably decreased.

Youth unemployment and underemployment dictate the future course of development, stability and prosperity of the country. According to the Three Year Plan (2010-2013), it is the need of the day to develop the youths as a potential source of energy and catalysts to build a ‘New Nepal’ by providing them with skills and appropriate opportunities for employment and self-employment (NPC, 2010). The plan has also envisaged a youth employment program whose result has not been realized yet in practice.

Nepal has a history of occasional adjustments to the minimum wage; over the past three decades, the minimum wage has been adjusted just 11 times. Of late (2010/11), in a nominal term, the minimum wage increased by 30 per cent, but the time lags between adjustments have significant impact on reduction in the real value of the minimum wage and workers’ purchasing power, followed by fairly significant wage jumps to catch up lost ground.

Of the total new entrants in the labour market around two-thirds seek overseas employment. Due to low domestic wages, poor employment prospects and demonstration effect, some 3 million workers are estimated to be working abroad. It is estimated that about 75 per cent of the registered overseas workers are engaged in unskilled low paying jobs (World Bank, 2011). These works are generally known to be difficult, dangerous and dirty and far from enjoying a decent work environment. The workers are abused and have to work in a poor working condition. Such situations are the key concerns for trade unions in Nepal. Labour-related institutions are weak, and the social security system has been inadequate to address several key problems such as exploitation of contract workers, avoidance of minimum wage payments, evasion of labour laws, insufficient social protection, and poor mechanisms to resolve workplace and industrial disputes. As a result, workers resort to strike action (Kyloh, 2008).

Resolving these problems will have a profound positive result in terms of economic confidence, social development, investment and growth, law and order, political stability, and the continued success of the peace process. The close relationship between more mature industrial relations and peace has been recognized by all the political parties in Nepal. The Comprehensive Peace Agreement (CPA) of November 2006 explicitly states the need for an improved industrial relations environment. Both the CPA and Interim Constitution of January 2007 commit the new Nepal to respect international labour standards concerning collective bargaining and workers’ rights (ILO, 2011).

Rationale of the Paper

ILO is implementing the Green Jobs in Asia project in partnership with the Government of Nepal, Employers’ and Workers’ Organizations. The project is based on the Green Jobs initiative, a partnership established in 2007 between the ILO, the United Nations Environment Programme and the International Trade Union Confederation. The International Organization of Employers joined in 2008. It was launched to mobilize governments, employers and workers and engage them in dialogue on coherent policies and effective programmes leading to a green economy with green jobs and decent work components. The project is funded by the Australian Government and the ILO and is running for two years from December 2010 to June 2012.
Nepal is highly vulnerable to the adverse impacts of climate change, employment and livelihoods. Green jobs are a key component of this strategy, pivotal in achieving socio-economic development that is also environmentally sustainable. The promotion of green jobs depend on an integrated and timely response supported by active labour market policy measures, based on labour market information and built up in collaboration among all the stakeholders.

The Government of Nepal has implemented strategies, including targeting public expenditures, policy reforms and regulatory changes to promote further investment and initiatives by the private sector and civil society to address climate change. Already, decision makers in Nepal are taking bold measures i.e. participation in the meetings of the United Nations Framework Convention on Climate Change (UNFCCC) and signed the Convention on 1992 during the Rio de Janeiro Earth Summit, which entered into force on 1994 and signed the Kyoto Protocol on 2005, which entered into force on 14 December 2005.

Currently, studies on the green economy and green jobs are lacking and as a result, case studies on green jobs remain largely unknown. It is therefore necessary to present the position of the GEFONT and undertake relevant research and document works.

**Existing Situation**

A recently launched study ‘Growing Green and Decent Jobs’ reveals that if the government of Nepal invests at least 2 per cent of its GDP continuously for five years, no one will have a need to go abroad in search of work (ituc-csi.org-ITUC, 2012). Permanent workers in the formal sector have been contributing to a Social Security Fund though few have benefited yet. There is a need to extend social security contributions and entitlements to all the workers irrespective of their working status. Without clear legal backing, the collected fund has not been in use till date.

University employees, civil servants, armed forces, etc., have their own health services and medical treatment facilities in case of need. But so far, workers have neither such services and medical treatment facilities system nor any special provisions in this regard.

Massive awareness campaigns and trainings on occupational safety and health (OSH) are urgently required to protect workers’ life and increase their productivity covering all workers especially focusing those working under high risk areas. Only some workers have a chance to learn knowledge and skill. For human resource development, there is no system and mechanism of workers’ skill test and certification, promotion, and regular training and retraining. Prevailing practice of discriminatory maternity leave exists, and, generally, no paternity leave is granted.

After the 2006 people’s movement, decision making has incorporated people from different walks of life such as genders, castes, ethnicities, regionalities, etc., but workers are not included in important policy making. This issue is prominently raised by GEFONT.

The understanding of green jobs issues are still in their infancy among stakeholders. It is the necessity of the day to deepen better understanding on the green economy, components of decent work, green jobs and sustainability. There is a dearth of detailed analytical studies covering all components of labour rights to minimize short and long-term impacts on workers and to promote their healthy and happy life.

**Institutional Roles and Responsibilities**

GEFONT, established on 20th July 1989 in an underground existence as a reorganized Trade union centre from the tradition of early 1947 trade union movement, has developed very fast at the institutional as well as at policy intervention & movement level. After its Fifth National Congress, the structure of the GEFONT
expanded from national level to local plant and even unit levels. The vision of GEFONT is reflected in the long-run slogan "Dignified, prosperous and creative life for the working class."

GEFONT has expanded itself to cover all three areas of employment - agriculture, industries and services with its 29 affiliate federations set in nine different union councils under which the affiliates represent manufacturing, textiles and garment, carpet, transport, hotels, restaurants and catering, tourism, printing, auto-mechanics, food production, breweries, chemical and metal industry, rickshaw pullers, tea plantations, street vendors, private schools, hair dressers & beauticians, employees of security sector, thangka painting, tax-service, courier & cargo service, gold & jewellery work, construction, agriculture, domestic workers, home-based workers, health volunteers, financial and cooperative sector employees.

As the largest trade union confederations in Nepal it represents over 353,242 members and among them 64,290 (18%) are women. In its National Executive Committee from its 5th National Congress, 34 per cent of women have been elected.

GEFONT is one of the founding member organizations of the international trade union body- the International Trade Union Confederation (ITUC) established November 2006. It has been elected in General Council both at International and Asia-Pacific Regional level from the world congress of ITUC. In June 2011 GEFONT was elected to the ILO Governing body. GEFONT affiliates are affiliated with various Global Union Federations (GUFs) and have also been represented in various bodies as well.

Among its area of activities and functioning of National affiliate federations, the issue of climate change, environmental degradation and adverse effects on employment & lives of the workers have been included as significant ones. From the very beginning, GEFONT has been working on the issues of Occupational Safety & Health. Safe and healthy workplaces where accident prevention measures are satisfactory have been the demand related to workers' health. A number of training programmes have been organized by GEFONT for the leaders of the national affiliates as well as to the grass root activists both on its own and in collaboration with other partners. GEFONT gives high priority to the health of the workers. In large number GEFONT has worked on OSH to train activists jointly with NTUC-I and LO-FTF Council, under which the campaign could produce awareness/training materials and has trained nearly 1400 activists nationwide.

While Participating in COP 15 in Copenhagen, Denmark, GEFONT produced a short 10-minute documentary in order to sensitize workers on the issue of climate change. GEFONT started a campaign named Save Climate – Save Himalayas. GEFONT published posters under this campaign and distributed them. Under the same campaign, the GEFONT-ITUC Joint initiative set to air the flag of the trade union movement at the top of the world on the Mount Everest. Up to now the flags of GEFONT, ITUC, UNITRAV, CUPPEC, BWI, NATU, IMF and IndustriAll have been aired at the Summit of the Mount Everest. The campaign is ongoing. The national Affiliate of GEFONT UNITRAV has been conducting a Himalaya cleaning campaign every year for the last 6 years as a part of climate change campaign.

In May 2012, A Nepal Country Report on Green and Decent Jobs was launched under Trade Union Initiatives. The ITUC has conducted global research and produced a consolidated report and at the same time 12 country case studies were included in the analysis. Nepal was one of them. Hence the report has been made public in Nepal after handover to the President of the Republic and Prime Minister.

We have been participating in ILO programs and initiatives on green job issue and increasing the capacity on green job and environment related matters of concern.
Key Issues and Recommendation

As a new initiative, green jobs combined with the Decent work agenda has been taken seriously by GEFONT. As agriculture is the main occupation and single largest sector contributing GDP in Nepal, the green economy is our natural concern. As we are working on all three major/broader areas of employment – agriculture, industries and services, we are committed towards making agri-jobs more gainful, nature/environment friendly and labour intensive job increases in industries and environment friendly growth of service sector with fruitful job generation.

Hence for Green & Decent Jobs, our main concern is focused on these key issues:

- Workers registration at the local bodies to ensure identity (ID) cards.
- Implementation of minimum wage and regular/systematic adjustment with prices.
- Idle position of already collected Social Security Fund in the absence of appropriate mechanism and legal backing.
- Absence of comprehensive workers’ welfare schemes.
- No knowledge or adequate knowledge concerning OSH and personal protection equipment among workers and employers.
- No reliable skill test mechanisms and certification systems in place for workers with regards to their entry and reentry in any occupation as well as promotion, training and retraining.
- Discriminatory practice of maternity leave and undermined paternity leave.
- Lack of workers’ representation in decision making bodies from local (Village Development Council) to national level (Parliament).
- Need of investment-friendly policies and practices to create and promote more green jobs in the days to come through renewable/alternative energy and natural resources.
- Non-existence of a clear understanding and policy to create green jobs in the world of work among the stakeholders.
- Poor understanding and awareness on green jobs among all stakeholders.
- Absence of detail and analytical study of occupational diseases among workers in Nepal.

Recommendations

- As a part of the Vital Registration System, workers registration should be made compulsory at the local bodies particularly in Village Development Committees and Municipalities. Based on the registration, identity cards (IDs) should be issued by the concerned authority to the registered workers.
- Regular adjustments of a minimum wage of workers at an interval of every two years, if not annually, should be ensured. It should be based on the Consumer Price Index in order to better support the living standards of workers as well as to avoid sharp upward shocks to labour costs.
- The existing Social Security Fund should immediately be brought into operation in order to provide workers with equitable benefits from already collected but so far lying ideal sum. The commitment of 20% of the basic wage to be deposited by the employers in the Fund and equal contribution by the state should be enforced as soon as possible. The social security law should be enacted and schemes should be designed and implemented.
- In addition to the Social Security system, effective welfare schemes under a separate social protection framework which is under exercise in National Planning Commission should come into practice as soon as possible, so that those who are not benefitted by the Social Security Fund could be protected through the broader social protection framework. Health protection should be given the highest priority and medical treatment can be provided through all hospitals for workers based on their ID cards if they are not covered by any health benefit schemes.
With regards to OSH matters, accidental benefits should be provided through workplace injury schemes, and a provision of life insurance should be made compulsory to all workers.

With regards to promotion, training and retraining of workers and skill test as well as certification, existing system of Centre for Technical Education & Vocational Training (CTEVT) should be revised for a wide coverage with effective mechanisms.

Equal maternity leave to all in every sector of employment covering both white-collar and blue-collar jobs should be assured by the government including arrangement of equal paternity leave for the male workers.

In order to make the poverty alleviation program effective, workers’ representation in decision making body from local Village Development Committees & Municipalities to national level Parliament should be instituted. There should be a separate Labour Desk to address workers’ issues at the National Planning Commission as well.

Government should create investment-friendly policy and invest at least 2 per cent of GDP to promote green jobs through bio-diesel production and organic farming, which could generate multiple positive effects in employment creation, reduction in emissions, overall climate change, and minimization of health hazards.

For employment generation, heavy reliance on a factory system of industrial production should be changed. Employment generation in the agricultural sector to make agricultural employment attractive to the young generation is extremely necessary.

Construction sector is the most important sector with a number of labour intensive sub sectors for absorption of workers on a massive scale. With fast increasing urbanization and infrastructural building work, the construction sector is emerging as the single largest job provider to the workers both skilled and unskilled. Also it is a fact that the high potential hydro electricity sector needs large construction work, where the degree of absorption of workers naturally becomes high. Green job strategies may be fruitful in the construction sector.

The heavy expansion of the service sector with numerous type of sub sectors ranging from simple & traditional services to complex & highly technical modern services is a reality of the current time. Ensuring environment-friendly employment in the service sector is our emphasis. Cleaning industry as a component of fast growing services is directly associated with green job frame. Focus on expansion of cleaning industry is essential including cleaning of the High Himalayas. Similarly many other services both in rural and urban areas are under our observation, where organizing and educating workers will be our priority.

Intensive awareness campaigns on green jobs should be conducted for all stakeholders with major focus on workers in addition to managers and employers. Without increased costs or with nominal costs, there may be possibilities of green job expansion, where investors, managers and employers can take good initiatives.

A detailed study of occupational diseases is necessary as there is absence of analytical research in this regard.

References


Kyloh, Robert (2008). From Conflict to Cooperation: Labour market reforms that can work in Nepal ILO.


The Kathmandu Post, Tuesday, May 8, 2012

Website: