

# Evidence for supporting Myanmar workers affected by COVID-19

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Centre for Economic and Social Development  
International Growth Centre



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Joint Research Report

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International Growth Centre

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## Introduction

In Myanmar, as many as 50,000 female garment workers were laid off within four months of the outbreak of COVID-19 in March 2020 and, at least another 10,000 workers in construction industries have also lost their jobs according to the Social Security Board of Myanmar. Two sectors alone represent fifty percent of total job losses in the country.<sup>1</sup> In addition, thousands of workers in informal sector such as construction workers are also expected to be unemployed, however, most of these dismissals were not monitored by the labour office in Myanmar. Under these circumstances, this research report was aimed to collect reliable and first-hand evidence regarding types of workers being terminated during the early stage of COVID-19, effects of COVID-19 on workers' income and working conditions and coverage of government social insurance and their role during COVID-19.

In order to answer these research questions, CESD conducted two employee surveys on garment and construction workers from the month of August to December 2020 after undertaking a rapid assessment on the affected industries. The surveys collected information from over 600 garment workers and 100 construction workers who were still employed at the time of survey. The research found that the employers in both industries tend to terminate less skilled and entry-level workers, the operators in garment industry and general laborer in construction industry. In terms of wages and working hours, the workers in construction sector had experienced more profound impacts from the pandemic as they lost greater magnitude of monthly income up to one third of their average income in 2019, which stemmed from 46% of decrease in working days per month. In contrast, the garment workers experienced only 7% of income losses and 3% of working day shrinkage although one third of their income from overtime work had disappeared.

Despite of such heavy impacts of COVID-19 on construction workers, the industry lacked any meaningful social protection mechanisms available to the pandemic-affected workers. Only 28% of construction workers had access to the programs offered by the Social Security Board; however, most of them were skilled and management workers, leaving general laborers and daily wage construction workers with almost no social protection. On the other hand, the garment industry had the best social security coverage as 84% of its workers have access to social security services. However, the role of SSB during COVID-19 was limited to free general medical services to the eligible workers and the compensation of 40% of daily income to the workers affected by the government's sanctioned quarantine and lockdown procedures upon their workplaces. The survey found that only one third of garment workers had ever used the health care services offered by the SSB during the period, and only 14% of the workers received assistance, either cash or in-kind, from the government. Ironically enough, the construction workers did not receive any assistance from the government during the period while the employers in garment industry was eligible to receive special loans from the government to retain their workers.

In responding to the crisis, the international community has also set up several emergency programs to support the affected workers. For instance, the European Union created a Myan Ku ("Quick Assistance") Fund, an emergency cash fund of € 5 million (7.9 billion MMK), planned to disburse cash transfers to the garment workers to help them through this crisis. Myan Ku's cash assistance help the workers through the months of May, June and July in 2020; however, the industry experienced challenging disruptions

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<sup>1</sup> Social Security Board, "List of temporary and permanent closures of facility and number of affected workers," 27 July 2020. Unpublished government data.

from the pandemic with increasing cases of canceled, delayed and reduced orders from international buyers. The programs assisted three types of workers 1) to workers in crisis who are jobless and/or face eviction from their homes; 2) to workers whose contracts were illegally terminated, thereby also countering irresponsible practices, and; 3) to workers of Small and Medium Enterprises (SMEs) who agree to retain workers and to provide at least a matching support. Recipients are selected in consultation with trade unions and local civil society organizations.<sup>2</sup> In this regard, the findings from this survey was able to provide further evidence not only the EU and other international donor organizations to calibrate their humanitarian assistance programs but also civil society, employer association and workers unions that are trying to sustain industrial and economic activities amidst the COVID-19 pandemic.

The study provided a richer picture by comparing workers across two industries: garment (formal workers and receiving supports from foreign countries e.g. EU), and construction (informal workers with very little social protection or support mechanisms). Using these data, the study was able to provide further evidence and recommendations for effective compensation schemes of unemployment benefits, such as benefit thresholds and delivery mechanisms to these foreign donor institutions and advocated much needed social protection support to the construction workers. These dire needs of social protection for informal sectors such as construction industry and even for the garment industry with highest coverage rate made an urgent reminder to the government in times of crises, and pose a priority reform agenda for the future.

This project also supports strengthening institutional capacities by providing stakeholders' feedback on how vulnerable populations such as low-paid garment workers and informal daily construction laborers can be supported during the pandemic. The study provided early findings on the impact of COVID-19 on such vulnerable populations and contributed better information about the risks and vulnerabilities associated to the workers and their urgent needs particularly in the wake of ongoing lockdowns and other public health measures imposed by the government.

The study also took efforts in analyzing the digital literacy of workers and their readiness of using internet technology in receiving timely information about COVID-19 protection measures such as masking, social distancing and hand washing while receiving humanitarian assistance in terms of digital money, which became a safe and efficient channel of delivery. The survey findings were shared with key stakeholders to address the capacity gaps in utilizing digital platforms for cash transfer and other types of assistance such as skill training and knowledge sharing during the pandemic.

The following section of research report provides an account of how this research study was designed in a few stages, as there was no precedence of conducting large survey studies in midst of highly-infectious pandemic in the country. The next section discusses the context of COVID-19 impacts on two industries, garment and construction industries and what are the channels of impacts, starting with the initial disruption of supply chains and collapse of demand to the effects of government's lockdown and restrictions in the subsequent waves of pandemic. The third section focuses on the characteristics of workers who responded to the surveys, which provided detailed accounts of types of workers in two industries being affected by the pandemic. The findings of the survey are discussed at length for each type of industry worker, covering the impacts of COVID-19 on wages and income, working days and

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<sup>2</sup> European Union, "Garment workers receive first payment from EU's Myan Ku emergency cash fund," Yangon, 30 April 2020. Accessed at [https://eeas.europa.eu/delegations/myanmar-burma/78261/garment-workers-receive-first-payment-eus-myan-ku-emergency-cash-fund\\_en](https://eeas.europa.eu/delegations/myanmar-burma/78261/garment-workers-receive-first-payment-eus-myan-ku-emergency-cash-fund_en), last checked on May 30, 2021.

working conditions, available social protection mechanisms, peculiar effects of COVID-19, job search and status of financial inclusion and digital literacy. Further discussions on each salient issue of COVID-19 effects are presented in the next section, followed by the section on recommendations to the government agencies, donor institutions and local NGOs. A final conclusion is made at the end of the report, setting the baseline information about what could be further investigated and how the future relief efforts of the government, international organizations and NGOs can be adapted to the larger needs of the workers.

## Research Design

The study employed a combination of qualitative and small-scale quantitative methodologies, focused on research in Yangon's peri-urban and urban areas. The first stage of the study involved a desk review that analyzed the following contextual factors for the worker surveys:

- Rapid assessments in garment and construction industries in terms of the impact channels of COVID-19 and its implications on employment;
- Prevailing patterns of employer's responses to the pandemic in terms of workforce reduction and postponement of their operations;
- Relevant policies and plans, such as COVID-19 Economic Relief Plan, Myanmar Economic Recovery and Resilience Plan (MERRP), urban development plans of Yangon, investment plan of Yangon

The second stage of study involved a rapid survey of formal garment workers and informal construction workers regarding their employment status, working conditions, wages and income, and on how they cope with everyday costs of living and COVID-19 restrictions. Originally, the study aimed to conduct surveys in the hotel and tourism sector; however, most of these workers were no longer reachable after most of their hotels and travel destination sites were all closed under stringent public health measures adopted by the government.

Based upon in-house dataset of garment workers, which contain more than 10,000 contact numbers of workers collected over the last few years, CESD has randomly selected over 300 garment workers in Yangon and Bago region, and 60 construction workers in the same region via telephone interviews. Randomly selected telephone numbers from the database were distributed among the enumerators who made the initial calls to set the appointments for interviews until the response rates reached the targeted sample size. The response rate was about approximately 30% of respondents in the garment industry and 60% in the construction industry. The survey has collected information on (i) the workers' employment status, income and expenditure, and working and living conditions, (ii) workers' familiarity with banking and digital payment services and ICT utilization to receive public health notifications, social security services, and (iii) workers' expectation and plans during and after the COVID-19 crisis. CESD built the questionnaire based on the IGC's COVID-19 Survey Module to enable cross-country comparison of the data. The surveys were conducted from August to December 2020, first with garment workers and later with construction workers. In December 2020 and January 2021, CESD followed up with a few more in-depth personal interviews with workers and focus group discussions (FGD) with construction companies' executives who had previously implemented construction projects in Yangon region were asked about how they managed their projects and workforces.

There were certain limitations to the research due to overwhelming impacts of COVID-19 on industry, recall biases, limited coverage of the population and issues related to the representativeness of the

survey. The public health measures imposed by the government not only limited the scope of study and coverage of sampling populations but also affected the perceptions of respondents on the state of industry. Although the garment workers come from all sizes of their factories, the survey on construction workers did not cover workers from large projects as most of these projects were closed following the government's regulations on COVID-19 control measures.

Due to such limitations, more comparative research based on strategically chosen cases and additional coverage of large-scale projects of construction industry is necessary to build a clear understanding of how the impacts of COVID-19 vary across the country, and how public policies may improve the conditions of employment. The surveys were mostly focused on the interviews with the workers. There was no interview with the employers at the time of survey, and the interviews with the construction industry executives only focused on the industry trends but not on the worker retention plans because these contractors did not handle recruitment at the project sites. In this regard, the study lacks the perspectives of employers and recruiters on how they manage the challenges of workers retention during the contraction of their businesses affected by the pandemic. To support evidence-based policy formulation, it is necessary not only to analyse the drivers across periods and places, but more importantly to explain the reasons why the structural factors of specific industry are different across contexts and locations within the country.



## The Context of COVID-19 Impact

### Garment industry

In Myanmar, the impact of COVID-19 on the garment industry were channeled along both the supply- and demand-sides of the industry. On the supply-side, China's manufacturing industry plunged in the early phase of the pandemic, which disrupted the supply of inputs and forced the factories in Myanmar to default upon their scheduled deliveries. Although the challenges on the supply-side have eased during the second quarter, new challenges emerged on the demand side when the COVID-19 hit Europe and North America in the second quarter. The consumers deferred or stopped consumption due to uncertainty and job losses, leading to cancellation of orders from global brands and other sourcing companies around the world. The situations forced many garment factories to shut down their operations and dismiss hundreds of workers in Myanmar.

As Myanmar was hit by the second wave of pandemic in September, the garment sector was disproportionately hit by the lockdowns that lasted for nearly two months. This time, the experience of Myanmar was different from neighboring economies such as Cambodia and Vietnam where the virus was contained effectively, and the production were resumed to catch up with missed orders during the early stages of the pandemic. Some sourcing companies have cancelled their orders and shifted to the countries such as Vietnam where the lockdowns and pandemic control are much more predictable. As a result of combined effects of domestic lockdowns and relocation of orders, many garment manufacturers in Myanmar are fighting for survival and have been forced to shut down operations temporarily or permanently. The following table shows the list of closing factories, facilities and businesses and the number of workers who lost their jobs from respective industries.

*Table 1: Closures of facilities and dismissed workers as of end of July 2020*

	FACILITIES	WORKERS
<i>CUT-MAKE-PACK INDUSTRIES</i>	217	49,749
<i>FOOD PROCESSING</i>	2,420	34,256
<i>SERVICES</i>	2,412	25,602
<i>HOTEL AND TOURISM</i>	547	13,246
<i>CONSTRUCTION</i>	23	859 <sup>3</sup>
<i>TOTAL</i>	5,619	123,712

Source: Ministry of Labour, Immigration and Population, July 2020.

<sup>3</sup> The number of dismissed workers in construction sector represents only those formally employed by the companies, including engineers, architects, skilled workers and administrative staff. It is a prevailing practice in the industry to have about 10-50 permanent staff overseeing 100 to several thousand of temporary workers who are hired for daily-rated assignments. The data on services sector may have also omitted informal workers employed in restaurants and food vendors.

In April 2020, the government announced that two industries such as garment, hotel and tourism sectors as well as SMEs were most affected by the pandemic. The government announced a package of MMK 100 billion (US\$ 70 million) and offered emergency loans with very low interest rate of 1 percent for one year, which could only be used for paying salaries and allowances to workers and employees as “worker retention program.” In the first round of loan disbursements, 45 cut-make-pack factories, which consist mainly of garment factories in addition to bag, shoes, leather and electronics assemblies, receive the funds totaling MMK 6.3 billion or 6.24 percent of the total loan package. (Table 6) In the second round of disbursement that began from September till now, another 25 factories received the loan package.

*Table 2: Loan disbursements to worst-affected industries (first batch of COVID loans)*

	Businesses	Loan (mil K)	Percentage
<i>Garment sector</i>	45	6,312.00	6.24%
<i>Other CMPs</i>	2	75.00	0.07%
<i>Hotel</i>	340	15,720.74	15.55%
<i>Travel and tourism</i>	236	3,754.46	3.72%
<i>Restaurants</i>	220	5,182.00	5.12%
<i>Food and consumer goods</i>	2550	70,081.10	69.30%
<i>Total</i>	3,393	101,128.30	100%

Source: Notification No. 8/2020, July 8, 2020. MIFER, 2020

Although the garment industry was designated as most-affected sectors of the economy, the amount of emergency loans covered only 49 factories under the worker retention scheme. During this time, about 217 factories or 20 percent of the factories in the sector have been closed, suggesting that the emergency loan program meets only a fraction of the massive requirements of the sector. At this time of writing, full impact of the lockdowns imposed in the months of October and November begging to pushed the factories into a backlog of delayed production. Besides, given the magnitude of impacts during the first wave of pandemic, it is expected that the second wave would cause even more damaging consequences to the industry particularly in terms of its competitiveness to those of other countries such as Cambodia and Vietnam that did not experience deadly waves of COVID-19 pandemic.

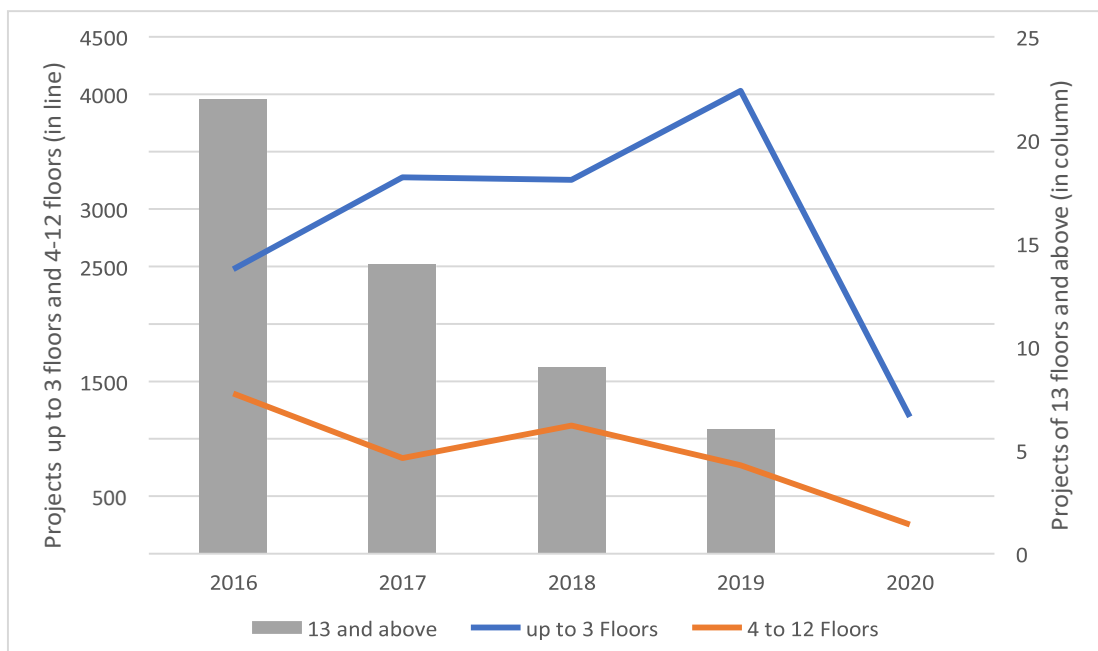
### **Construction Industry**

Before the COVID-19 hit the country, the construction sector had been subjected to stagnation of housing market for a few consecutive years since 2016, and slow implementation of Belt and Road Initiative-related infrastructure projects. Figure 2 shows the statistics of approved real estate projects in the last five years in Yangon region. It clearly showed that mega-projects such as building of tall office towers, complex high-story buildings and skyscrapers declined from a total of 22 projects in 2016 to 6 in 2019, while there was no project approved in 2020. These mega-projects, usually involving foreign investors or

multiple shareholders, are the ones that usually require large workforce and more importantly, skilled work force to work in high-end projects. There were signs of recovery in small residential projects up to 3 floor buildings during 2019; however, the demand was collapsed to less than 25% in 2020. A similar trend was also found in medium-sized projects such as building projects of units with 4 to 12 floors. From these trends, it can be analyzed that COVID-19 had suppressed demand for construction sector in Yangon region, declining to 25 percent of the level of dry seasons of 2019. The statistics from the Ministry of Construction also revealed that similar trends were also happening in two other urban cities such as Mandalay and Nay Pyi Taw.

When the COVID-19 hit the country in March, the impact was transmitted through both government lockdowns and supply chain disruptions affecting building materials. In mid-April, the government imposed the lockdowns of all commercial cities across the country, which also stopped major infrastructure and real estate projects. One of the shocking signs of slump in the sector was sudden drop of both domestic production and import of building materials such as steel, cement, sand and gravel. Also import of steel was not so dramatic, due to its durability and sustained demand from infrastructure projects, the import of cement dropped dramatically in the first six months of 2020. National steel consumption was peaked at nearly 1.3 million ton in 2016 with over 600,000 tons imported from overseas. From 2017 to 2019, the import had dropped nearly 30 percent within two years; however, the import has risen again from the construction season of October 2019. However, the recovery of construction sector was undercut by the COVID-19 in April 2020, the import of cement dropped 10% instantly. More importantly, the supply of gravel from was picked up only 10% of the consumption level in 2019 by May 2020. A very low supply of local gravel, which can be quickly produced on demand, suggested that major construction projects came to a near halt by May.

**Figure 2:** Building permits approved in Yangon Region



Source: Department of Housing and Resettlement, Ministry of Construction, 2020.

Table 3 summarizes the pattern of demand for building materials in the last five years of major items such as steel, cement and gravel. Here the import figures for steel and cement are mainly used as local production are rather insignificant. For gravel production, the figures from Ayeyarwaddy region, rather than other regions such as Mon State and Mandalay region, was used as it supplied mainly to the construction projects in Yangon region.

*Table 3: Demand for building materials*

<b>FISCAL YEAR</b>	<b>STEEL IMPORT (TON)</b>	<b>CEMENT IMPORT (TON)</b>	<b>GRAVEL PRODUCTION (TON)</b>
<b>2016-17</b>	660,579	2,151,110	78,830
<b>2017-18</b>	641,409	1,169,151	89,515
<b>2018 (6 MONTHS)</b>	307,380	361,737	90,555
<b>2018-19</b>	477,238	745,442	149,919
<b>2019-20</b>	560,426	661,073	16,916*

Source: Ministry of Construction, 2020

Note: \*Gravel production is only for Ayeyarwady region, covering October 2019 to May 2020.

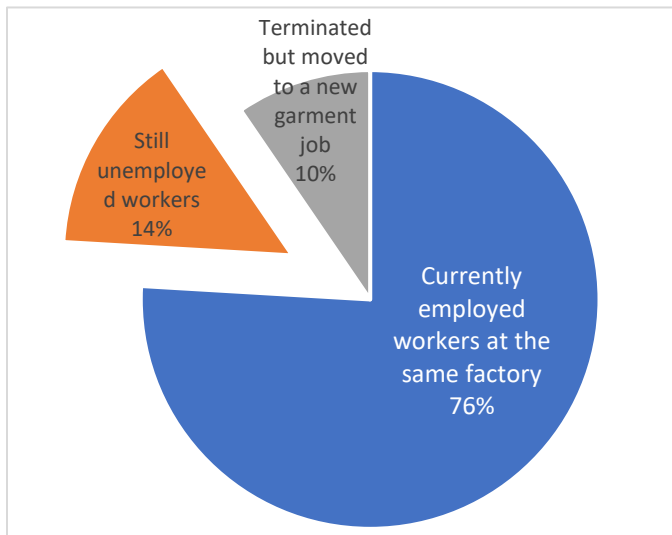
The effects of COVID-19 on construction industry was quite devastating for the sector that employed nearly 1 million workers according to labor force surveys in 2018. Since the pandemic hit more seriously on urban centers where construction projects were concentrated, the effects on the industries in cities like Yangon and Mandalay was quite devastating. As the construction sector contributed nearly 5 percent of GDP contribution, a near paralysis of the sector had serious implications on employment. Many firms have laid off their temporary and project workers while keeping only permanent and essential workers in their operations. When the lockdown period was extended to the middle of May, it became coincided with rainy season during which most local construction projects suspended their operations till the end of season in October. The combination of lockdowns and rainy season further suppressed construction activities for nearly six months now, and as a result, the industry experienced major challenges to recover from the crisis.

## Characteristics of respondents

The study found an interesting pattern of what types of workers were more likely to be terminated during COVID-19 pandemic and different magnitude of impacts on different types of workers in garment and construction industries. Since two industry can be contrasted in gender division of labour, garment industry with female-dominant workforce and construction industry with male-dominant workforce, it is also interesting to observe gender aspects of the impacts. While over 90 percent of garment industry's respondent are women, construction workers are all male. In case of garment sector, as many as 86 percent of respondents still had some form of employment in the industry, and 14 percent of respondents have no job at all at the time of interview. The survey could not determine the number of job losses in the construction sector, as most of them are informal and mobile and most of the interviewees were selected from the project sites the survey has chosen.

It is true that one gender dominates each sector before the COVID-19 pandemic; however, it is interesting to note that the pandemic has accentuated the gendered division. It means that a small percentage of male workers have been terminated from their jobs while almost all female workers have disappeared in the construction sector. When a male worker in garment industry was closely interviewed, he said that it became very difficult to find a new job as the employers "prefer female workers for their obedience to supervision and less possibility for job hopping."

*Figure 1: Employment status of garment workers*



In construction sector, most female workers tended to be the wives of male construction worker. Before the COVID-19 pandemic, the sector was relatively robust and the employers found it convenient to ask the male workers to bring their wives to the project site and to work side-by-side. During the pandemic, most construction projects were stopped and there were surplus of male workers. As a result, female workers were no longer recruited. One can conclude that in both feminine (garment) and masculine (construction) sectors, the minority gender found it more vulnerable to lose jobs and to face difficulties in finding an alternative job in the same industry.

In terms of age and marital status, garment workers, mostly females, are single while construction workers, mostly males, are married. The ratio for single and married status in garment industry is close to 70:30 while the reverse ratio is true for construction workers. While more young and single female workers in garment industry were recently terminated or still unemployed at the time of survey, suggesting their relatively inexperienced and unskilled profiles, young and single male workers seemed to be doing well in construction sector, suggesting their physical strength and nature of hard work. In this regard, young and inexperienced garment workers became vulnerable in the garment sector to lose jobs while older, married male workers in the construction workers were more vulnerable than their younger and unmarried coworkers due to the dependency of their family members on construction income. When a few employers in garment industry were followed up with their perception of whom they would choose to reduce their workforce,

they often point out that younger and inexperienced female workers were usually chosen by supervisors and human resource personnel for the termination list. Likewise, the project managers in construction industry often chose older and physically-weaker workers to lay off when the budget for project was cut.

Table 4: Age and marital status of respondents

Age groups	Currently employed garment workers		Recently terminated/ still unemployed garment workers		Currently employed construction workers	
	Single	Married	Single	Married	Single	Married
Overall	<b>69%</b>	<b>31%</b>	<b>67%</b>	<b>33%</b>	<b>30%</b>	<b>70%</b>
Under 25	35%	18%	62%	24%	47%	8%
25 and 30	39%	31%	33%	47%	41%	55%
31 above	26%	51%	5%	41%	12%	38%

In terms of education, female garment workers tend to have higher education level than male construction workers. The survey found only a very few female garment workers with no more than a primary level of education however, nearly one third of male construction workers have only primary level of education. Among female garment workers, the survey found nearly 20 percent of respondents were attending university level education, often taking distance education subjects, and the survey found a few university graduates among the workers. The survey did not find anyone who reached the university level education among construction workers though.

Table 5: Educational status of respondents

Age groups	Currently employed garment workers			Recently terminated/ still unemployed garment workers			Currently employed construction workers		
	Middle School and below	High School	University and above	Middle School and below	High School	University and above	Primary and below	Middle School	High School and above
Overall	<b>25%</b>	<b>47%</b>	<b>19%</b>	<b>43%</b>	<b>34%</b>	<b>22%</b>	<b>30%</b>	<b>43%</b>	<b>27%</b>
Under 25	29%	27%	37%	40%	0.6	46%	18%	21%	20%
25 and 30	24%	44%	31%	48%	0.2	38%	59%	42%	60%
31 and above	46%	29%	31%	12%	0.2	15%	24%	38%	20%

In terms of human settlement, most garment workers are recent migrants while construction workers are local. However, the survey found that most construction workers who were working in Yangon region were former migrants who came from Ayeyarwady and other regions some time ago and found their

construction job very attractive in the booming years from the period of 2012 to 2017. Then, they got married and decided to settle in the region and did not return back to the places of origin. Whereas most migrant women in garment sector often are young single women who tend to contribute their income to the dependent families who are still living in rural areas outside Yangon region. They also have long holidays during traditional water festival when the employers close the factories to allow their home return.

*Table 6: Migrant status of respondents*

Age groups	Currently employed garment workers		Recently terminated/ still unemployed garment workers		Currently employed construction workers	
	Migrant	Non-migrant	Migrant	Non-migrant	Migrant	Non-migrant
Overall	<b>71%</b>	<b>29%</b>	<b>86%</b>	<b>14%</b>	<b>28%</b>	<b>72%</b>
Under 25	31%	28%	52%	25%	19%	20%
25 and 30	36%	34%	36%	38%	69%	44%
31 and above	33%	38%	12%	37%	13%	37%

When respondents were closely interviewed, the majority of those who were recently terminated, and still unemployed garment workers were migrant workers. Since they are also young, they found several challenges to stay over in Yangon to look for a substitute job as most employers tended to dismiss younger and inexperienced workers who also happened to be recent migrants from rural areas. Due to complete shut-down of transportation facilities in late April to the whole month of May, it was not only difficult to return to their rural origins, but they also faced challenges of finding the transportation arrangement to return to Yangon when garment factories were run again in July and August.

## Findings of the study

In this section, the findings of the survey are discussed at length for each type of industry worker, covering the impacts of COVID-19 on wages and income, working days and working conditions as well as coping mechanisms to the peculiar effects of COVID-19 with available social protection mechanisms and job search opportunities to recover from the impacts. The findings also include the status of financial inclusion and digital literacy among the workers, which enabled them to receive humanitarian and social assistance during the pandemic and improved their awareness of public health information and social distancing requirements.

### Garment Industry

The disruptive effects of COVID-19 on garment industry came from both supply chain and business downturns as well as from the lockdowns and quarantine procedures imposed by the government. The industry faced irreversible downturns when the buyers and brands all stopped ordering for the next seasons, and necessary adjustments on workforces were imperative. Then, the factories tried to cope with prolonged disruptions and order cancellation by terminating and furloughing the workers while coping with short disruptions and lockdowns by reducing wages and working hours of the workers.

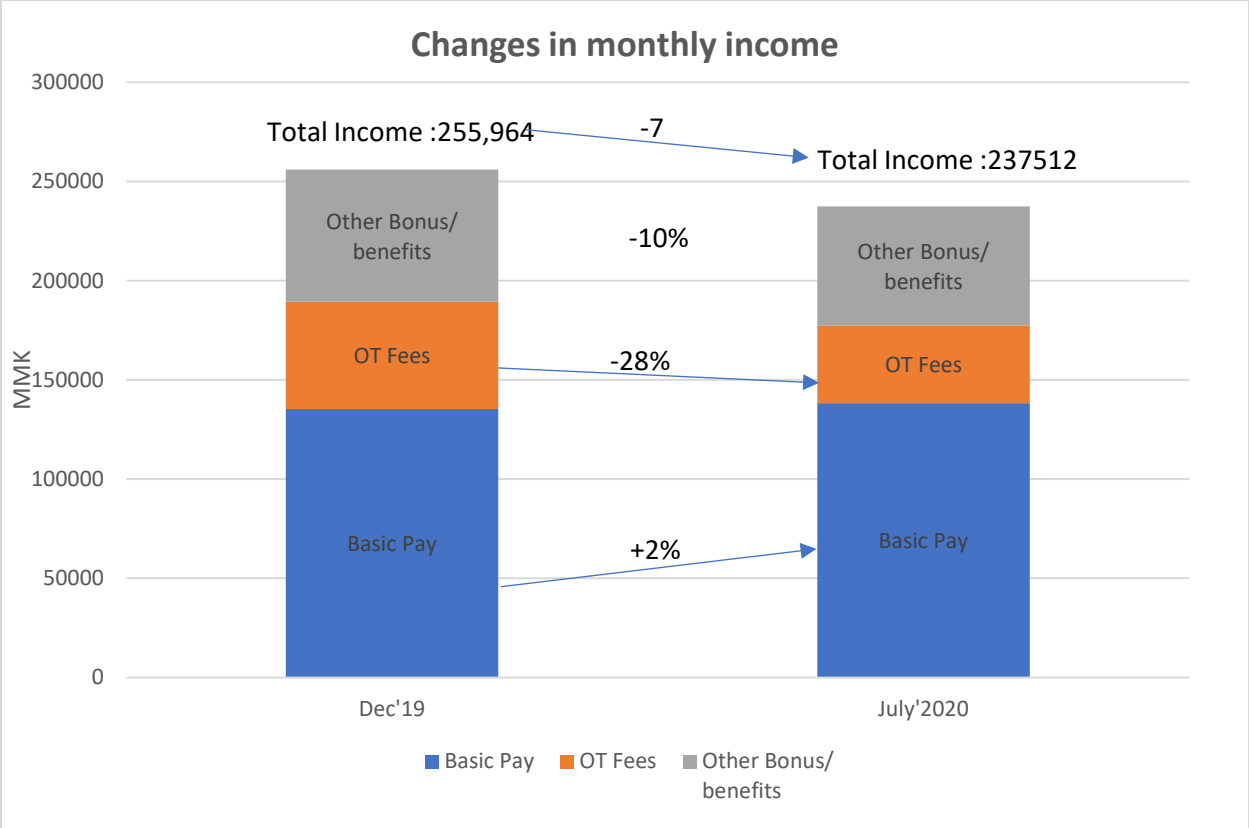
During the outbreak of COVID-19 in Myanmar, firms faced with difficulties in their business operations such as delayed in receiving raw materials, order cancellation and increasing in operational cost. In attempt for survival, firms respond by laying-off workers, adjusting working hours, and workers salaries. Therefore, some workers lost their job while the remaining workers salary decreased. Different organizations including the government of Myanmar attempted to help those were affected by COVID-19 in different forms. The survey asked what kind of supports both employed and unemployed garment workers received from different organization during the COVID-19 period.

#### *Changes in wages and income*

On average term among the respondents, the survey found that monthly income in July 2020 decreased 7% in comparison to the monthly income in December 2019. It was mainly caused by a sharp decrease in overtime wages and other bonus such as attendance, skills, productivity and loyalty bonus. Overtime fees was reduced by 28% while other bonus and benefits were reduced by 10%. Firms seemed to target add-on pays when they apply wage reduction as a strategy to cope with covid-19 effects while keeping the basic pay slightly above the minimum wage level in line with the existing labour regulations. Therefore, the total monthly income decreased although there were 2% increase in basic pay in July 2020.

*Figure 2: Changes in Monthly Income*

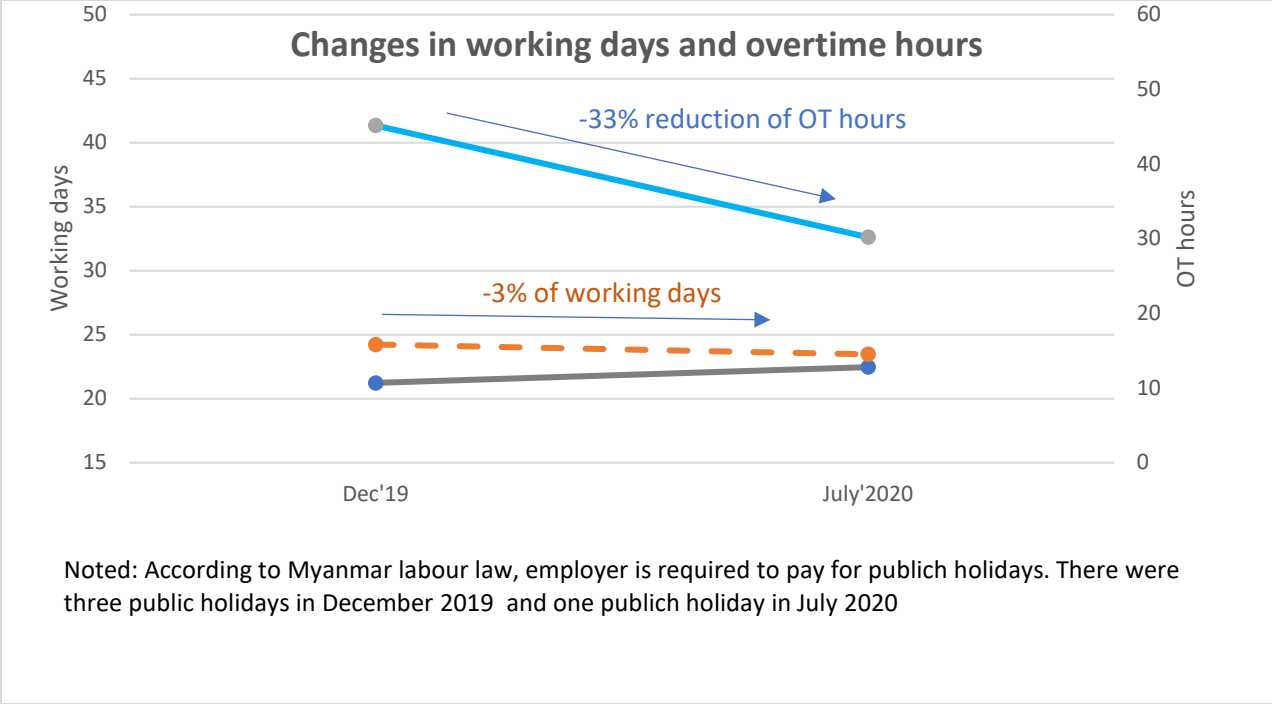




*Changes in Working Days and Working Conditions*

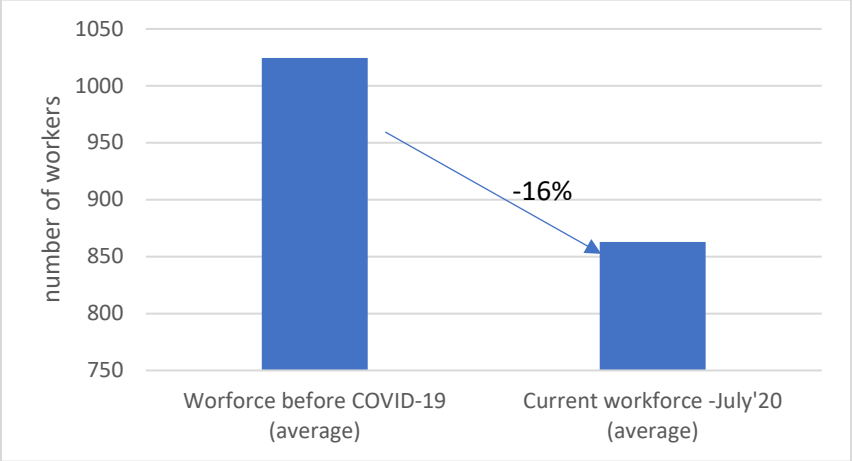
There was a sharp decline in overtime working hours in the industry during the outbreak of COVID-19. Compared to December 2019, average overtime working hours decreased 33% in July 2020. On the other hand, there was only a slight decrease in the normal working days, after public holidays were adjusted, in July 2020 compared to the December 2019 working days. The sharp decline in overtime working hours caused a large decrease in overtime payment for the workers. Since overtime pay rate is double the basic-pay rate, this caused a substantial decrease in the income of garment workers in average term during COVID-19 outbreak.

*Figure 3: Changes in Working Days and Overtime Hours*



Among the surveyed firms, the average workforce of individual firms was about 1,025 before the COVID-19 outbreak. However, the average workforce declined to 863 which was about 16% decrease during the outbreak of COVID-19. Overall, firms tend to adjust their workforce in response to emerging circumstances after the outbreak of COVID-19. From the interviews with the workers, the survey found that the firms tried to shed newly-appointed workers as most of them were still in the probation period; therefore, the firms did not incur any severance payments to dismiss them. Then, the line of fire came down along the tenure of the workers as the severance pays were also have to be calculated in accordance with the years of employment in the particular factory. In rare cases, the supervisors would recommend certain workers to be retained in the factory for their hard working and skill levels.

Figure 4: Change in Workforce



From the focus group discussions with HR managers of the firms, the survey found that the employers responded to COVID-19 effects with two basic strategies—one is to readjust wage payments by reducing overtime hour and others bonus pays and the other is to reduce their workforce. Table 7 compares the working experience and income of employed garment workers and laid-off workers for various position in garment industry to understand how both strategy works. From the table, those who were not laid-off and having continuous employment have a significantly longer tenure at the factory and monthly earnings compared to those who were laid-off by firms during the COVID-19. In the follow up interviews with the employer representatives, the survey could also confirm that it was a prevailing practice across the industry to lay-off the workers in accordance with its tenure in the factory due to lesser amount of compensation incurred to the employer.<sup>4</sup>

*Table 7: Comparison among Employed Workers and Laid-Off Workers*

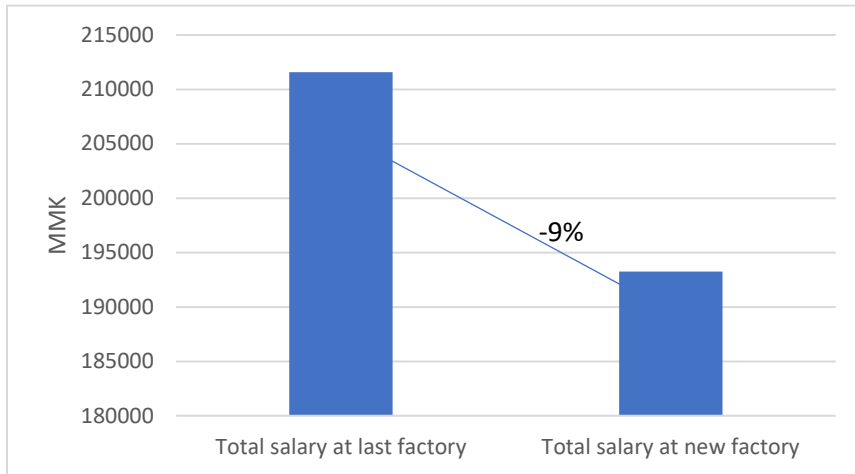
	Employed workers		Laid-off workers	
	<i>Tenure at current factory (in months)</i>	<i>Monthly total salary for July'20 at current factory (MMK)</i>	<i>Tenure at the time of dismissal (Average month) (laid-off workers)</i>	<i>Last month total salary at the time of dismissal (MMK)</i>
1.Skilled Sewing Machine Operator	48.8	234,050	13.0	222,500
2.Semi-Skilled SMO	19.6	208,757	10.8	194,096
3.Leader/Supervisor	66.9	297,149	11.0	231,383
4.Ironer/cutter/packaging/QC	29.4	217,124	9.5	222,444
5.Mechanic	17.3	266,911	8.0	250,000
6.Others	26.8	249,519	10.8	221,360

In average, the tenure in the current firm for those who have maintained their employment was 4 years for skilled SMO, 1.5 years for semi-skilled SMO, 5.5 years for leader or supervisor, 2.5 years for ironer, cutter, packager, and quality controller, 1.5 years for mechanic and 2.1 years for others position such as driver or security officer. For laid-off workers, their tenure at the time of dismissal was at least 1 years or less than a year on average for all positions. The comparison of respective earnings between the two groups suggests that the total salary of an employed workers is higher than those laid-off workers for almost all positions except the category for ironer cutters, packagers, and quality controllers. This implies two preferred options of the employers: the firms preferred to keep their experienced workers even if

<sup>4</sup> According to labour regulations on the wages, the compensation for termination is calculated upon the tenure of the workers in a given facility, which increased the compensation amount from half month-salary to six month salaries in accordance with years of employment.

they have to pay them higher wages than less experienced workers and firms preferred to allocate overtime hours to these experienced workers as well if they have to call for overtime works.

Figure 5: Salary Differential for Re-employed Garment Workers



Another interesting finding of the survey was the salary attrition from job hopping. The garment industry was known to have experienced with job hopping among the workers, as they tend to search for the popular factories where over-time and bonus payments were better than their currently employed factories. As a result, there was a frequent turnover of workers when the industry was peak at the boom time after the US government lifted the sanctions in September 2016 with rapidly increasing orders from the buyers and the factories were on frenzy hiring. However, the COVID-19 made the reverse trend for the employers who now found recently-laid-off workers susceptible to accept lower wages to reenter into the workforce.

The survey found that those who were laid-off and re-employed at garment industry in other firms earned 9% less than their previous salary on average term. The lower scale of wage was offered by the firms regardless of working experience and skill level of the applicant. While the garment worker will have to restart as a new worker with lower pay scale and may not earn certain types of bonus payments associated with the tenure of their work, which used to receive in the previous position. In this regard, the employers are now in a bargaining position to employ relatively skilled and experienced workers at the lower bands of wages as other firms were dismissing the workers. Unfortunately, this trend could become an emerging strategy for the firms to keep labour costs at minimum to sustain their businesses albeit at the expenses of the welfare of the workers.

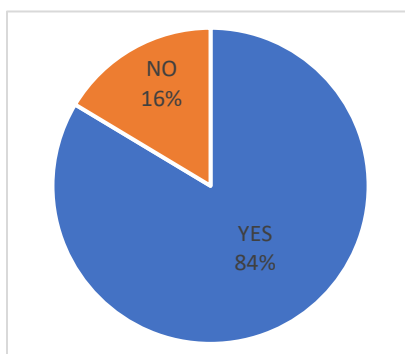
#### *Status of social protection*

The COVID-19 crisis has severely affected garment workers' economic security than any other type of workers, as Myanmar garment industry was hit hard by both disruptions in the global supply chains as well as complex emergencies at home. In this regard, social protection is critical in supporting struggling garment workers in time of crisis. In Myanmar social protection covers the garment workers in three forms:

- a) Social insurance schemes through contribution programs such as those under Social Security Board (SSB), to which many garment workers are currently entitled. In Myanmar, the private sector stakeholders and employers placed high priority in extending their workers under the SSB scheme as it meets the compliance with labor standards set by the global sourcing firms and brands. In fact, the coverage of SSB schemes in garment industry is the highest among industry sectors, the analysis of how such coverage translate into actual protection of the welfare of garment workers during the pandemic can inform future reforms to have more inclusive social insurance programs.
- b) Social assistance as part of overall government programs or international humanitarian assistance programs. In Myanmar, the government’s cash transfer and in-kind distribution of essential food items covered the entire country. Myanmar government launched the COVID-19 Economic Relief Plan (CERP) in April 2020, which provided one-off cash transfers through maternal and child cash transfer programs under the supervision of Social Welfare Department as well as low-income household programs under the General Administration Department. The European Union also provided Euro 5 million worth of emergency cash assistance directly to the recently terminated and furloughed garment workers while the Livelihoods and Food Security Fund (LIFT) had also supported cash assistance to certain communities of vulnerable and marginal populations where some of garment workers came from.
- c) Workers’ retention loans disbursed by the Ministry of Planning, Finance and Industry of the government to local garment firms that were obliged to retain workforce during the pandemic. The government has disbursed a total of MMK 200 billion under the CERP in 2020 to several hundreds of SMEs that also included a few local garment and textile companies. The extent of the impact of such loans were not observable at the time of conducting this survey as the disbursement of loans were rather slow in the process.

Status of workers receiving social insurance benefits

Figure 6: Garment Workers with Social Security Card



As expected, the survey found that the SSB coverage among respondents were 84% where all of them holding a valid social security card. Although those who do not hold a valid social security card were 16%, some of them have already registered and awaiting issuance of the card during the interview and a few of them have just started their application process with the employers. In this regard, the coverage would be closer towards 90%. The remaining 10% of the respondents were either newly-recruited workers who were still at the probation period or those who were non-operation staff of the

garment industry. However, the survey also find a few workers who were simply unaware of the SSB eligibility and therefore, could not comment on why they were not part of the schemes.

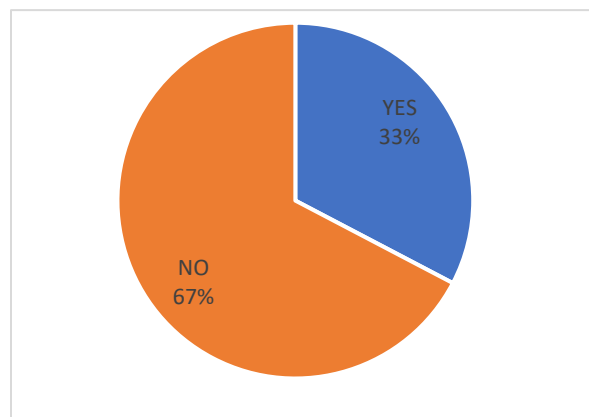
Table 8: Monthly SSB Contribution by Employment Positions

Worker Positions	Average monthly contribution (MMK)
------------------	------------------------------------

Skilled SMO	2,854
Semi-skilled SMO	2,740
Leader/Supervisor	3,148
Ironer/cutter/ packaging/QC Mechanic	2,773
Others	2,854
	2,760

According to social security law, 5% of total salary shall be contributed to SSB where employers are responsible for 3% while employees are responsible for 2% of the contribution. Therefore, the higher the salary earned by a garment worker, the higher the amount they have to contribute to social security coverage while receiving higher contribution from the employers. From the survey, garment workers who have registered for social security scheme contribute at least 2,700 MMK to 3,200 MMK on average which varies depending on the amount of monthly income they can earned from their work. (Table 8) Upon follow up interviews, the workers expressed appreciation for social security benefits from the SSB, as these benefits covered at least 60 percent of their basic pay for the duration of lockdowns and quarantine period. Compared to what they had contributed in monthly dues for social security fund, the compensation benefit was critical in sustaining their lifelines during the pandemic.

Figure 7: The Use of SSB Clinic by Registered Workers



Another important social insurance program is medical coverage of the beneficiaries, as SSB members can access to public health facilities operated under the Health Division of SSB. Although SSB clinics were not easily accessible for the workers in the industrial zones, they provided important services such as medical reimbursements for eligible out-of-pocket payments at private clinics and more importantly, issuance of medical certificates that are required for the workers to apply for medical leaves at their companies. For those who hold a valid social security

card, the survey asked them whether they have ever visited to SSB clinics in the past 18 months of 2019 and 2020. Among them, only 33% have at least visited once to clinics operated by SSB service in the past 18 months. On the other hand, 67% have never visited to those clinics in the past 18 months.

Table 9: Reason for Visiting SSB Clinic

Reason	Percentage
To receive medical treatment	62

To get medicine	2
To request leave	30
To get compensation from SSB	6

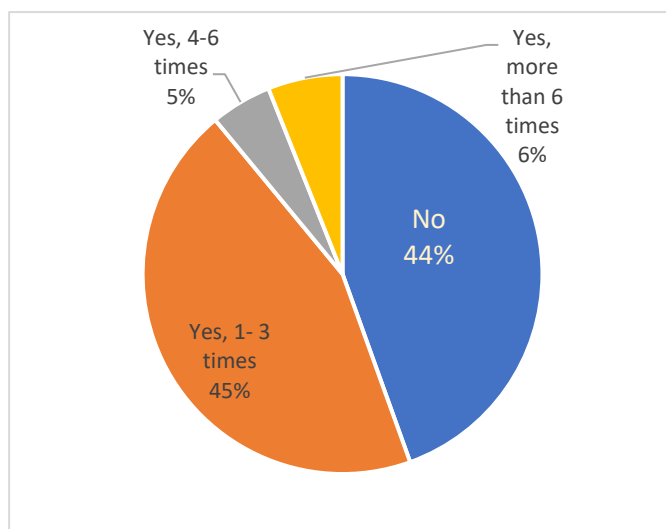
Among the respondents who have visited SSB clinic once in the past 18 months, 62% of them visited to receive medical treatment followed by 30% to request medical certificate to have formal leave permission from the employers, 6% to reimburse compensation from SSB for out-of-pocket payments at private clinics, and 2% to receive medicines respectively.

Table 10: Reason for Not Visiting SSB Clinic

Reasons	Percentage
It is far	8
It takes long waiting time	12
Don't like SSB services	1
I don't have health issues	60
Others	19

When the survey requested the reasons from those who have never visited to SSB clinics in the past 18 months, 59.8% stated that they don't have any health issues to visit SSB clinics. Nearly 20% of those who did not visit SSB clinics provided various reasons under the category of "others," followed by 11.76% for long waiting time, 7.84% for distance of SSB clinics away from their residences, and 1% dislike the SSB services as their reasons for not visiting the clinic.

Figure 8: Frequency of Visiting Private Clinics



Regardless of holding a valid social security card or not, the survey asked all the survey respondents whether they have visited private clinics and the frequency in the past 18 months. Among them, 44% have never visited private clinics in the past 18 months while 45% of them have visited at least once to 3 times. There were 5% of them visited private clinics 4 to 6 times and 6% visited more than 6 times in the past 18 months. SSB has set up eligibility schemes for the workers to reclaim medical expenses if they could not come to the SSB clinics but went to private clinics of urgent medical treatments. In this regard, the

medical coverage of workers were covered partially for the expenses of eligible treatments and

procedures. In consultation with the private medical service providers, SSB is now expanding its contracted clinics throughout the city.

#### Status of workers receiving social assistance

As the social insurance schemes can cover up to 60% of the monthly basic pay of the insured members of SSB, which covers only 30-40% of the total income of garment workers, it became critical that other types of social assistance are available to the workers particularly for those who are not presently covered under the SSB programs. The survey tried to find out what kind of organizations are providing social assistance to the garment workers, and the findings are recorded in Table 11 and 12.

*Table 11: Supports Received by Employed Workers from Different Organizations*

<i>Source of Support</i>	<i>Percentage of cases</i>
Support from government (In kind)	7.65
Support from government (In cash)	7.1
Support from Myan Ku (EU program)	15.3
Support from Unions	7.65
Support from NGOs	4.37
Support from individual donor	4.92
Others	11.48
Nothing	51.91

Table 11 lists the types of organization supporting employed workers during the COVID-19 period. They are currently employed where some are kept by firms even their firms have laid-off some workers and the others were re-employed workers at a different garment factory after being laid-off by their previous employer. Among the respondents who are currently employed, 51.91% of them did not receive any supports from any organization while 15.3% of them received supports from Myan Ku. Myan Ku is a program sponsored by European Union and its partners to support cash assistance to garment workers who were either laid-off or salaries reduced. On the other hand, less than 10% received either in-kind or cash supports from government while less than 5% received supports from NGO's or individual donors. Nearly 8% of them received supports from Labor Unions and 11.48% received supports from "others."

*Table 12: Supports Received by Unemployed Workers from Different Organizations*

<i>Type of organization</i>	<i>Percentage of cases</i>
Support from government (In kind)	12.07
Support from government (In cash)	0
Support from Myan Ku	27.59
Support from Unions	3.45



Support from NGOs	1.72
Support from individual donor	0
Others	5.17
Nothing	55.17

Table 12 lists the type of organizations that were supporting unemployed garment workers with social assistance. It is alarming to find out that 55.17% of these unemployed workers did not receive any supports from any organizations during the COVID-19 period—the rate higher than those that are still employed. It suggested that once the workers became unemployed, they were lost in touch with their former employers, labour unions and other support networks that could have assisted them to receive the assistance. However, higher percentage of workers or 27.59% of them received supports from Myan Ku while 12.07% received in-kind supports such as food supplies from government. Ironically, the employed workers could receive cash transfer through various programs deployed by the government ministries, but they lost the opportunity to receive any assistance once they became unemployed. It is because the government’s cash assistance program often run through employers. It is a serious shortcoming on part of public social assistance programs to identify the needy populations like recently dismissed or unemployed workers to receive cash assistance, and they could establish direct links with the workers rather than handing out through the employers. In smaller ways, 3.45% of unemployed workers received supports from Labor Unions followed by 1.72% from NGO’s and 5.17% from “others” respectively.

#### *Peculiar effects of COVID-19*

COVID-19 can have impacts on socio-economic conditions of a worker as well as can caused changes in working conditions and workplace environment. These can be stressful for workers and thus we have asked the respondents whether their stress level increased compared to prior COVID-19 period. Among the respondents, 23% stated that their stress level stays the same while 60% reported that their stress level increased. Moreover, 17% of respondents reported that their stress level increased significantly during the COVID-19 period.

Figure 9: Stress Level of Workers Compare to Before COVID-19 Period

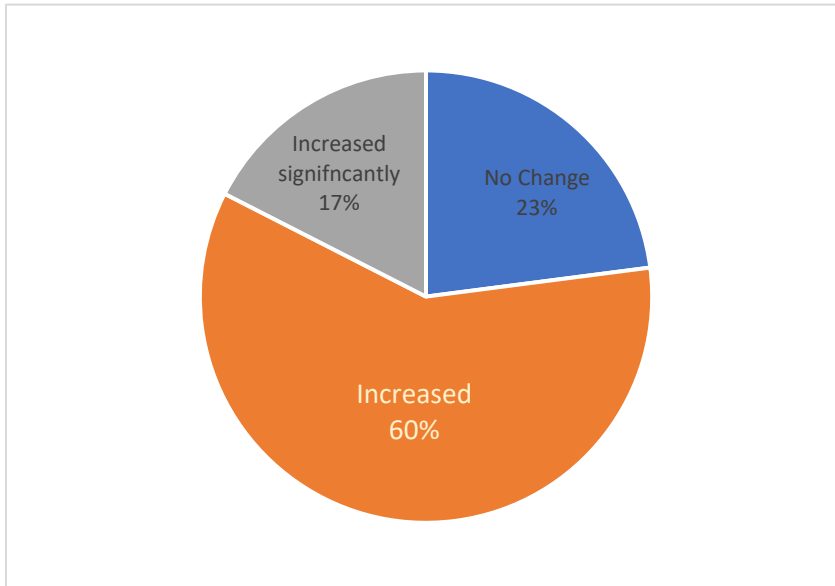


Table 11 counts workers’ opinion on policies changes in their workplace during the COVID-19 period. In response to provision of drinking water at the workplace, 54% stated improved while 42% stated no change and less than 2% stated worst or getting worse. Moreover, 63% stated that washroom sanitation has improved while 33% stated no change and less than 4% stated worst or getting worse. In term of airflow in workplace, 44% stated that it has improved while 54% stated no change and less than 1.5% stated worst or getting worse. On workplace cleanness, 64% stated that it has improved while 34% stated no change and less than 2% stated worst or getting worse. Sixty seven percent of respondents stated workplace healthcare has improved while 31% claimed no change and less than 1.5% stated worst or getting worse. Furthermore, 75% of respondents think that workplace rules and regulations have improved while 31% stated no change and less than 1.5% stated getting worse.

However, less than 50% of respondents think that there is improvement with provision of ferry and communication with manager. Provision of ferry was an important obligation on part of the employers given that social distancing rule was broken when the workers were transported on crowded ferries. On the other hand, the government was also slow in recognizing the challenges facing the employers in securing enough ferries due to shortage of cash or bus and some form of government assistance was needed in this area. Since public schools were closed during the pandemic, the government could coordinate among different ministries and levels of government to provide public transportation arrangements for the workers with resources that were not utilized in different public sectors such as city government.

Table 13: Changes in Workplace Environment

	Policies changes (before COVID-19 and during)					
	Very improved	Improved	No Change	Getting worse	Worst	Don't know
Drinking water	6.1	49.7	42.5	1.1	0.6	

Washroom sanitation	3.3	59.6	33.3	2.2	1.6	
Airflow in workplace	3.3	41.7	53.9		1.1	
Workplace cleanliness	3.3	61.2	33.9		1.6	
Workplace healthcare service	2.8	64.8	31.3		1.1	
Workplace rule and regulations	5.5	70.0	23.5	1.1		
Provision of transportation ferry		37.7	46.5	2.2	3.8	9.8
Communication with manager	2.2	21.3	66.7	8.7	1.1	

Table 12 represent COVID-19 prevention measures at workplace. The government of Myanmar provided guidelines on prevention measures that must be undertaken at workplace. Among the survey respondents, 87.43% stated that they had to measure their body temperature at the factory entrance and exist. 96.72% of respondents stated that their factory provide hand washing soap and/or hand sanitizer at workplaces while 86.89 stated that their factory provides mask and face shield at the work place. Regarding the sanitization at workstation, 55.74% stated that their factory increases sanitization places while 65% also stated that the factory display or provide COVID-19 related information, education, and communication materials (such as wall posters on proper use of mask and social distancing requirements) at the workplace. However, only 44.81% stated that their factory arranges for social distancing with 6 feet working distance and 18.58% stated that their factory introduced shift times.

*Table 14: COVID-19 Prevention at Factory*

<b>COVID-19 prevention at factory</b>	<b>Percent of cases</b>
Measure the body temperature in the entrance and exit	<b>87.43</b>
Provide hand washing soap and/or hand sanitizer	<b>96.72</b>
Increase the sanitization of workstation	<b>55.74</b>
Arrange social distancing with 6fts working distance	<b>44.81</b>
Provide Masks/face shield	<b>86.89</b>
Provide COVID-19 related IEC (such as wallpaper)	<b>65.57</b>
Introducing shift times	<b>18.58</b>
Others	<b>1.09</b>

COVID-19 effects working conditions in garment industry such as firms reduce overtime working hours, introduce stricter rules in workplace and tried to adjust their profit margin by reducing bonus that were usually provided to workers before the pandemic. Table 13 represent worker opinion on whether there were any changes in working conditions after the outbreak of COVID-19 in Myanmar. Among the respondents, 11.67% respond that there is no effect of COVID-19 on working conditions while 59.44%

stated that overtime working hours has reduced followed by 31.11% stating decline in bonus pays and 42.78% stating that firm introduced stricter rules in workplace. Stricter rules include workers are not allowed to talk each other as well as they are not allowed to have lunch face to face. On the other hand, 16.67% stated that they did not want to take unpaid leave as before for the fear of disciplinary actions from the employers while 12.78% stated that working days has reduced and 8.89% responded that regular working hours have reduced. However, when they were asked whether their salaries were delayed and any increase in tension with employer or supervisor at workplace, 2.22% responded that their salary were delayed and 5% responded that tension with employer or supervisor increased at workplace.

*Table 15: COVID-19 Effect on Working Conditions*

<b>COViD-19 effect on work</b>	<b>Percentage of cases</b>
No effect	11.67
Reduced OT hours	59.44
Reduced working days	12.78
Reduced regular working hours	8.89
Reduced Other bonus/benefits	31.11
Unpaid leave	16.67
Delayed salary	2.22
More restricted rules in workplace	42.78
Tensions with employer/supervisor	5
Others	6.67

### *Job search*

The survey also seeks to understand how recently dismissed workers got a new job in garment sectors and whether unemployed workers are still looking for job actively or not, and what channels of job search they were using to get a job.

*Table 16: Channel used currently unemployed workers in job search*

<b>Channels used in job search</b>	<b>Percentage of cases</b>
I am looking for a job (by myself at industrial zones)	48.6
I am looking for a job (through social media)	8.6
I am looking for a job (with the assistance of relatives/friends)	45.7
I am not looking for a job	25.7

Table 16 represent whether the unemployed workers are actively looking for job or not and what search mode they used in searching for a job. Among them, 74.3% are still actively looking for job while 25.7% of them are no longer looking for a job. Those who are actively looking for job, 48.6% are looking for job by themselves while 45.7% of them are looking for job with the assistance of relatives or friends. Only 8.6% of them used social media in searching for a job.

Table 17: Job search channels

Channels used in job search	Percentage of cases
Myself	34.78
Through Social Media	4.35
Friends/relatives	60.87

Table 17 represent the channels of job search used by recently re-employed workers when they were searching for a job in garment industry after the workers lost their previous jobs in the industry during the pandemic. Among them, 34.78% find their current employment by themselves while 60.87% of them acquired their current employment with assistance from friend or relatives. Only 4.35% have found their new job through social media. Given that, having a personal connection is still vital in searching for a job within the garment industry.

#### *Status of financial inclusion and digital literacy*

Status of financial inclusion and digital literacy is particularly relevant during the pandemic period, as there are many COVID-19 related health education and notification available online while the workers' familiarity with digital payment systems could help them receive social assistance and cash transfer easily. Table 18 shows the status of financial inclusion and digital literacy among survey respondents in garment industry. Among them, 43.1% have a bank account and 36.7% have experience with using ATM to withdraw or transfer cash. However, only 9.9% have experience with using mobile banking. On the other hand, 78.5% have experienced with using digital payment transfer services such as wave money or OK dollars. Overall, although the digital literacy rate among garment workers is low, their experience with using digital payment transfer services is very high.

Table 18: Status of financial inclusion and digital literacy

	YES	No
Do you have bank accounts (%)	43.1	56.9
Have you ever used ATM (%)	36.7	63.3
Have you ever used mobile banking (%)	9.9	90.1
Have you ever used digital payment transfer services (such as wave money) (%)	78.5	21.6

## Construction Industry

The disruptive effects of COVID-19 on construction industry came from both supply chain and business downturns as well as from the lockdowns and quarantine procedures imposed by the government. The industry faced irreversible downturns when the government also cut large chunk of budget on infrastructure development and capital investments in 2020 budget as well as in the COVID-19 economic relief plan (CERP).

During the outset of COVID-19 in March and April, firms faced with difficulties in receiving building materials imported from neighboring economies while the government's lockdown had stopped ongoing construction projects. Then the industry entered into a rainy-season break from May to October, and faced a serious downturn when the government announced the new budget without much provisions for public works and infrastructure development. As in the case of garment industry, the employers in construction industry also tried to cope with the situation and attempted to finish up the ongoing projects in a similar ways of cutting the labour costs, which translated into reduction of wages and working time for the construction workers.

### *Changes in wages and income*

Figure 10: Changes in Monthly Income and Daily Wage Rate

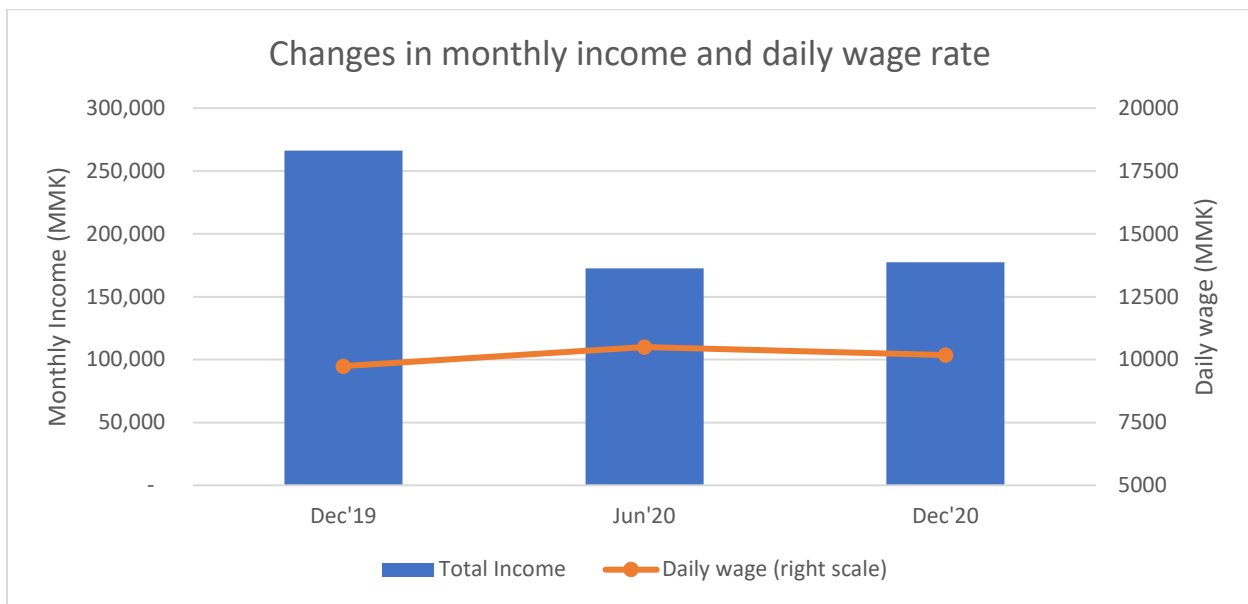


Figure 10 represent the changes in monthly income and daily wage rate of construction workers before COVID-19 and after COVID-19 period. There was a sharp decline in monthly income of construction workers throughout 2020. Before COVID-19, the monthly average income of a construction workers was 266,000 MMK. However, it decreased to around 180,000 MMK during the COVID-19 period, representing 31% drop in monthly average income. On the other hand, there is only a slight change occurred in the daily wage of a worker in construction industry. Daily wage in construction worker is roughly about 10,000 MMK per day. According to the follow up interviews, 10,000 MMK became an industry norm for the daily wages, not from the reduction of daily wage rate. During the pandemic, most operations of construction

projects slowed down, if not stopped entirely, and the employers tried to reduce the hiring days of the workers to minimize their costs.

Figure 11: Change in Monthly Income by Job Type and Workforce Size

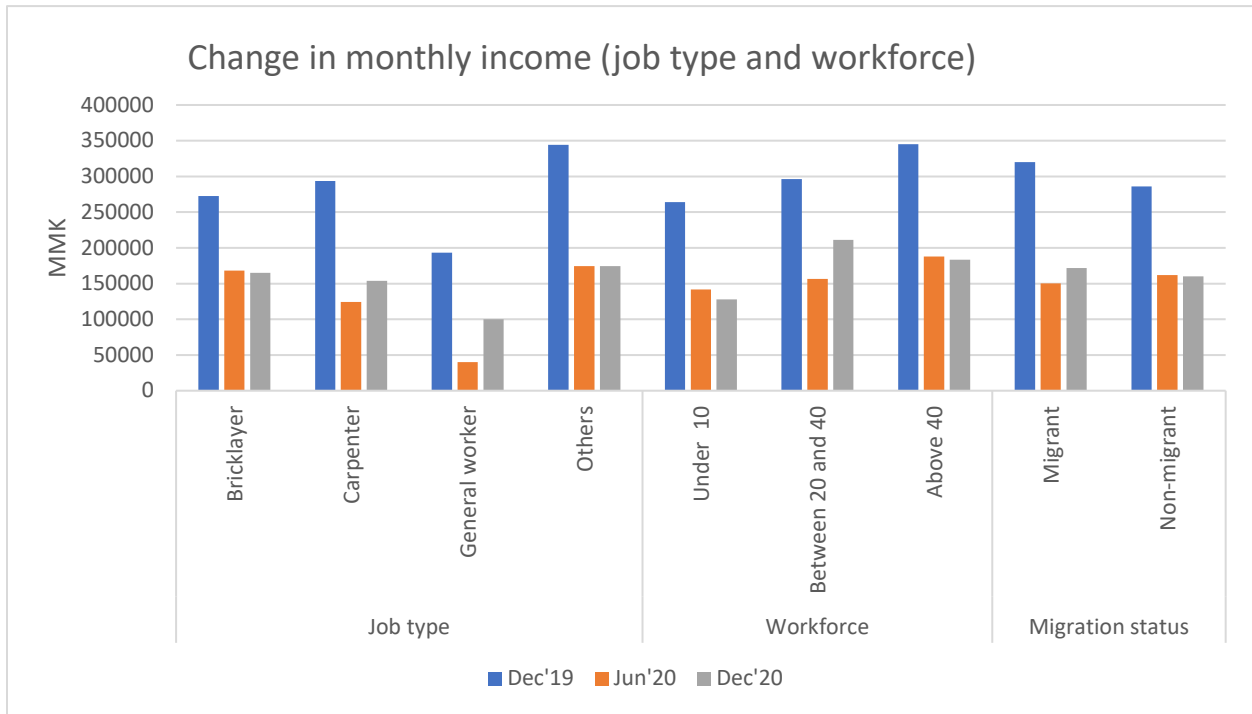
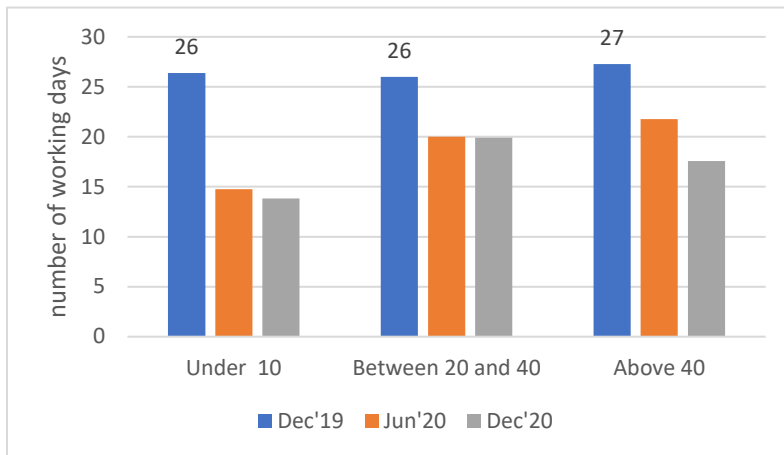


Figure 11 represents the change in monthly income by type of job a worker performed and workforce size. From the figure, monthly earning of construction worker declined sharply during the COVID-19 period regardless of their position and type of work they performed. Moreover, the rate at which the decline in earning during COVID-19 period does not significantly related with the type of work they performed, workforce size or migration status. Though, a construction worker will earn lesser than its counterparts if he or she is a general worker at a construction site with less than a workforce size of 10 workers. General workers, unlike their skilled counterparts such as carpenters, bricklayer and masonry specialists, tend to get terminated first among the workforce as they are often replaceable and other workers in the work team could substitute their general work.

*Changes in working days and working conditions*

Figure 12: Change in Working Days by Workforce Size

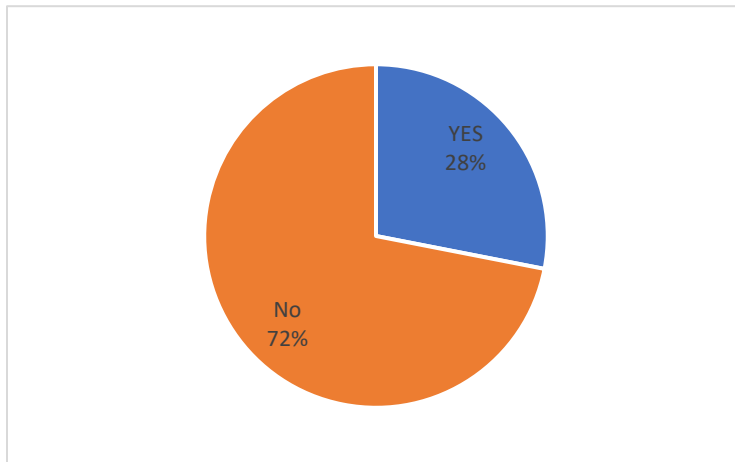


The decline in monthly earning of a construction worker and general workers working in a construction site with less than 10 workers is due to the decline in working days. Figure 12 represent the changes in working days by workforce size where decline in working days during the COVID-19 pandemic tend to be lower for construction sites with larger workforce. From the figure, there were 46% decreased in working days

for workforce with less than 10 workers while there were only 23% declined in working days for workforce with more than 20 workers on average term.

*Status of social protection*

Figure 13: Construction workers with social security card

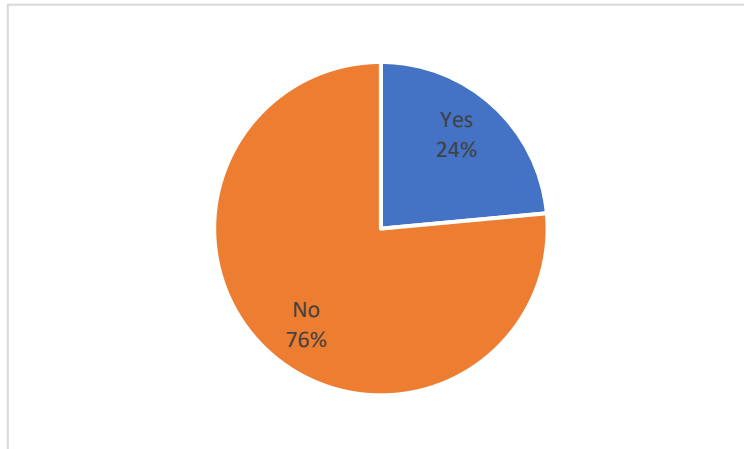


Unlike the garment industry, the social security coverage in construction sector is significantly lower. Among the respondents, only 28% has a valid social security card while 72% do not have it. This may relate with the nature of construction industry where there are many informal workers as well as unregistered business operating along the supply chain of the industry. Furthermore, there are many small businesses with less than 15 workers in

the industry in which they entitle exemption from social security law. When follow-up interviews were conducted, the survey also found that most of the workers who hold the SSB cards were non-operational staff and skilled supervisors of the construction companies, and they were retained as full-time employees thus eligible for SSB membership. In this regard, it can be concluded that almost all of construction workers engaging at the project sites as daily laborers lack any type of social protection coverage.



Figure 14: Utilization of SSB Clinics by construction workers in 2020

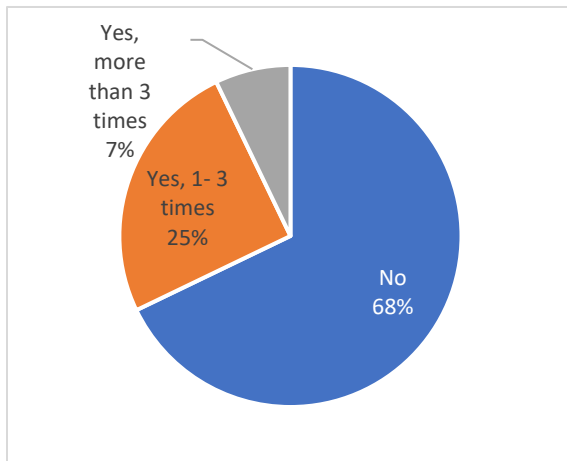


Not only few construction workers hold a valid social card, but also fewer of them visited to SSB clinics in the 2020. Figure 14 represent whether they have visited SSB clinics in 2020. Among those with a valid social security card, only 24% have visited SSB clinics at least once in 2020 while 76% have never visited. Full-time construction company staff experienced more flexible leave policy with their HR department, as their “regular attendance” did not translate

into bonus payments as the practice previously undertaken in garment sector. Therefore, they have less reasons than medical matters to bring their visits.

The procedures for taking paid-medical leave is vastly different from garment industry. In garment industry, when a worker wants to take sick leave, they require approval from SSB clinics to request for leaves officially from the employer, as the workers are eligible to have bonus payments on “regular attendance” while their paid-leave periods are covered under basic pay of the month. In construction industry, it is more informal because most job are undertaken at daily or piece rate and SSB approvals are not required.

Figure 15: Frequency of visiting private clinics by construction workers in 2020



The survey also asked whether they have visited private clinics regardless of having registered for social security scheme or not. Among the respondents, 25% have visited private clinics at least once to 3 times in the year 2020 while 7% have visited more than 3 times. On the opposite, 68% have never visited private clinic in 2020. In fact, the percentage of construction workers not visiting the clinics, either public or private, was higher than garment workers. During the focus group discussions, several workers admitted that they did not afford to go to the private clinics, and they relied more on buying medicines from street vendors and stores

locally to treat their illnesses.

Figure 16: Work-related accidents in the last 12 months

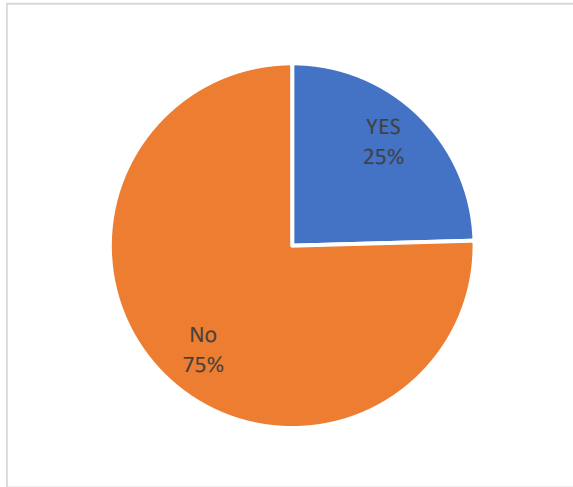
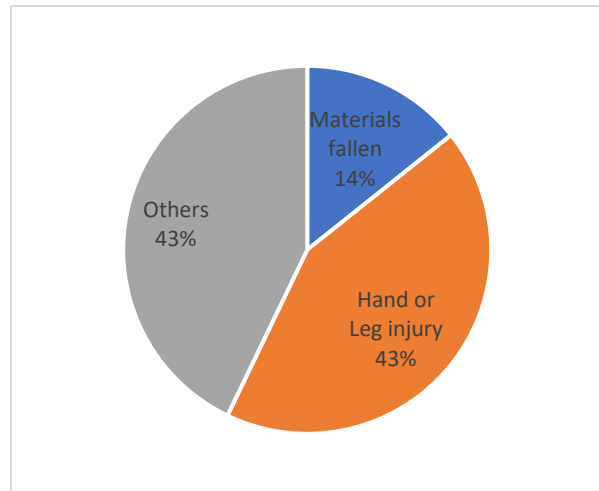
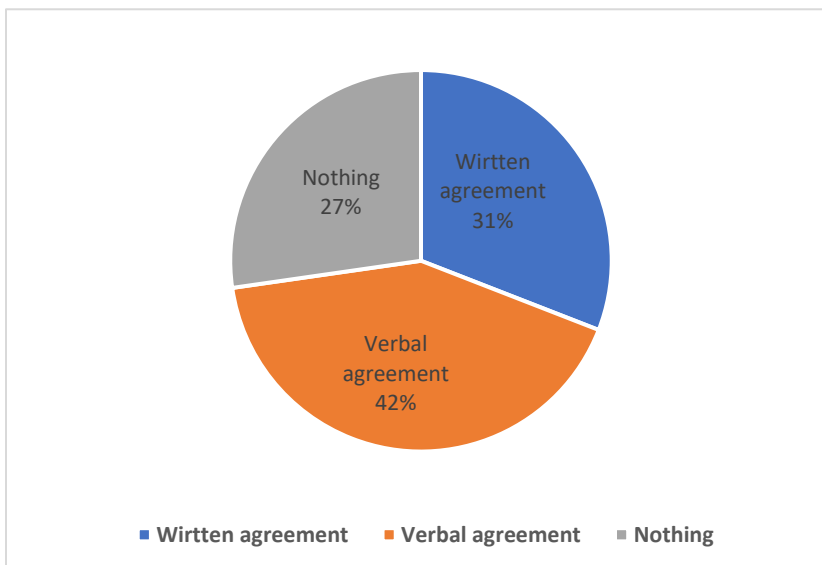


Figure 17: Type of Injuries Incidences



One major concerns of workers had to do with their susceptibility to work-place injuries. In fact, construction industry is one of the industry sectors, which is prone to work-place injuries. Figure 16 represent the injuries and minor accidents happened at workplaces by construction workers in 2020. Among the respondents, 25% of them have experienced at least one injury at workplace in 2020 while 75% of them have never experienced it in 2020. Figure 17 represent the type of injuries occurred. 43% of respondent stated that they had hand or leg injuries while 14% got injuries caused by materials fallen on their bodies. Another 43% also experienced other type of injuries at their workplace. Lack of social protection or insurance for occupational hazards and accidents among construction workers need urgent attention from the employers and relevant government agencies since the incidence of injury among the workers are quite high.

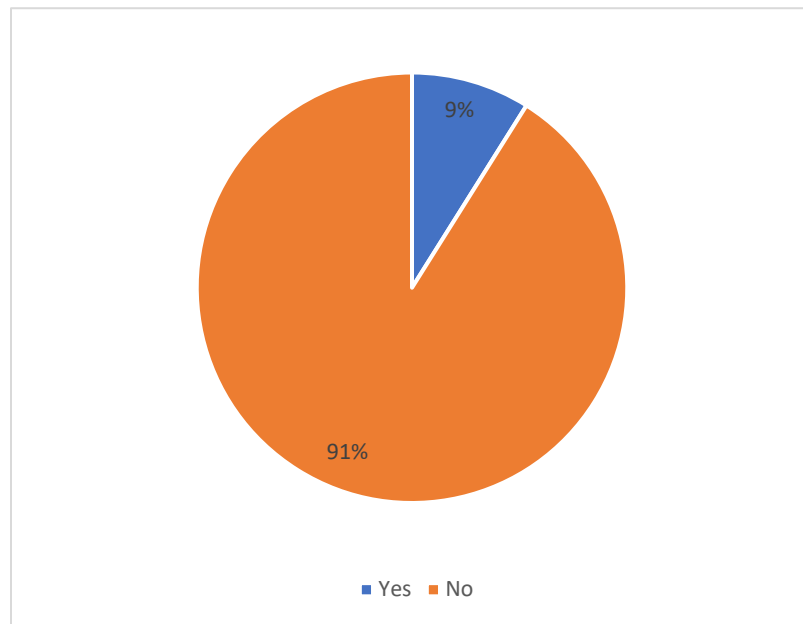
Figure 18: Work Agreement with Employer/Leader



As mentioned earlier, construction works is known to be informal in Myanmar. Therefore, the survey asked workers to confirm whether they have any formal employment agreement with their employer or not. Overall, 31% of respondents have written agreement with their employers while 42% work through verbal agreement. Most of those who have written agreements are all office staff or skilled technicians. Out of all respondents, 27% of

respondents do not have any agreement at all with their employers for their work performed. In this regard, nearly 70% of all construction workers, who are mostly daily-wage workers, have no binding contracts with their employers.

Figure 19: Employer unfairly breaking work agreement in 2020



Having formal employment contract can protect workers from unfair termination and labor exploitation. However, most daily-wage construction workers do not have any binding agreements with their employers. The survey followed up with the workers and asked whether their employer unfairly broken or terminate work agreement in 2020 during the COVID-19 period, only 9% responded that they have experienced such breach of agreement.

#### Status of social assistance

The survey also tried to monitor the status of social assistance received by the construction workers from a range of government agencies or non-profit organizations. Among the respondents, 43.64% have received some form of supports, whether in-kind or cash assistance, from government during COVID-19 pandemic. In addition, there were 1.82% and 7.27% of respondents who have received supports from their employer or individual donor. However, 49% of surveyed construction workers did not receive any supports from any organizations during the pandemic. Unlike garment industry, there is no assistance available for the construction workers from international organizations or domestic NGOs; highlighting why urgent attention is needed to uplift the plights of informal workers who needed more help than their fellow workers from the formal sectors.

Table 19: Type of organizations supporting social assistance to construction workers

Type of supporting organizations	Percentage of cases
Nothing	49.09
Support from government	43.64

Support from employer	1.82
Support from individual donor	7.27

*Peculiar effects of COVID-19*

Table 20 represents types of COVID-19 prevention measures implemented at the construction sites. The government of Myanmar provided guidelines on prevention measures that must be undertaken at workplace including construction sites. Among the survey respondents, 43.86% stated that they have to measure their body temperature at the entrance and exit at construction site. 61.4% of respondents stated that their employer provide hand washing soap and/or hand sanitizer at workplace while 59.65% stated that their employer provides mask and face shield at the workplace. Regarding the sanitization at workstation, only 17.54% stated that their employer increase sanitization places while 29.82% also stated that the employer display or provide COVID-19 related IEC (such as wallpaper) at the workplace. However, only 17.57% stated that their employer arranged for social distancing with 6 feet working distance. Unfortunately, 28.07% responded that there was no such COVID-19 prevention measures at their sites, suggesting that the government should step up their surveillance on construction project sites.

*Table 20: COVID-19 prevention measures at construction sites*

<i>Types of preventive measures</i>	<i>Percentage of cases</i>
Measure the body temperature in the entrance and exit	43.86
Provide hand washing soap and/or hand sanitizer	61.4
Increase the sanitization at worksites	17.54
Arrange social distancing with 6fts working distance	17.54
Provide Masks/face shield	59.65
Provide COVID-19 related IEC (such as wallpaper )	29.82
Others	1.75
Nothing	28.07

Table 21 represents the effect of COVID-19 on working conditions in construction industry. Among the survey respondents, 25.93% experienced reduction in overtime working hours while 57.41% experienced reduction in working days. Moreover, 24.07% faced with suspension or termination of work activities during the COVID-19 period. On wage and bonus matters, only 1.85% stated that their wages decrease followed by 11.11% stating their bonus or benefits has decreased. In construction industry, most workers received the same wage as they used to receive before the COVID-19; however, the challenge is the reduction of working days and working hours, which affected their income in a very negative way. On the other hand, 9.26% responded that their employer introduced stricter rules at the construction site while

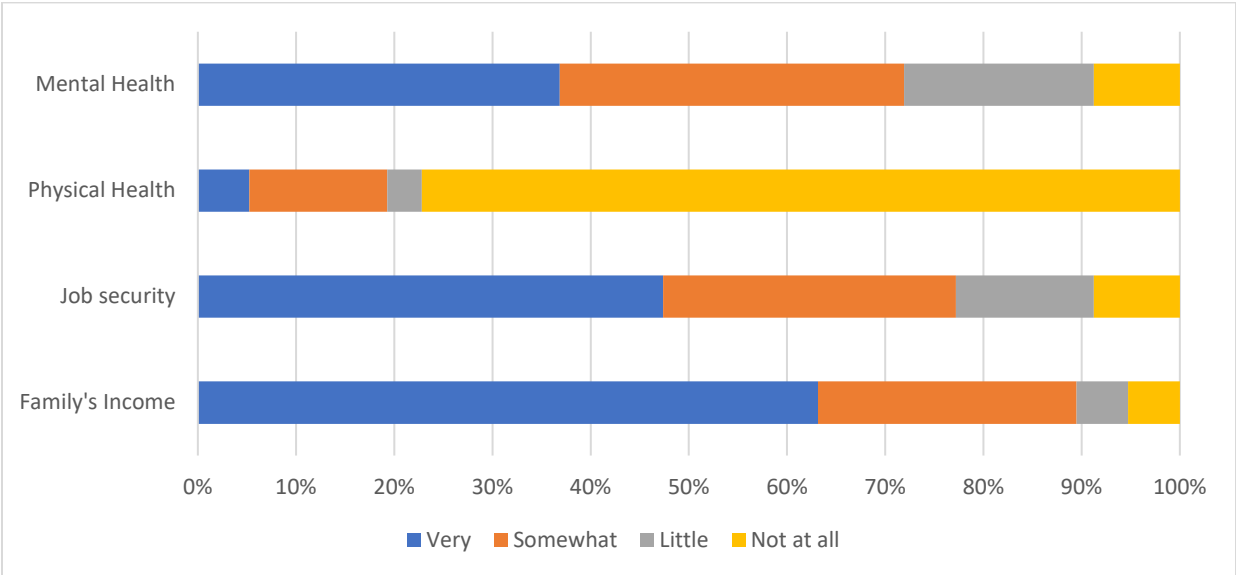
only a fraction of respondents such as 5.56% of respondents suggesting no effects on their working conditions. In this regard, almost 95% of respondents felt they were very much affected by the disruptions of COVID-19 on their working environment.

Table 21: Disruptive effects of COVID-19 on working conditions

Types of effects	Percentage of cases
No effect	5.56
Reduced OT hours	25.93
Reduced working days	57.41
Reduced wages	1.85
Reduced other bonus/benefits	11.11
More restricted rules in workplace	9.26
Terminated/ suspended work activities	24.07
Others	9.26

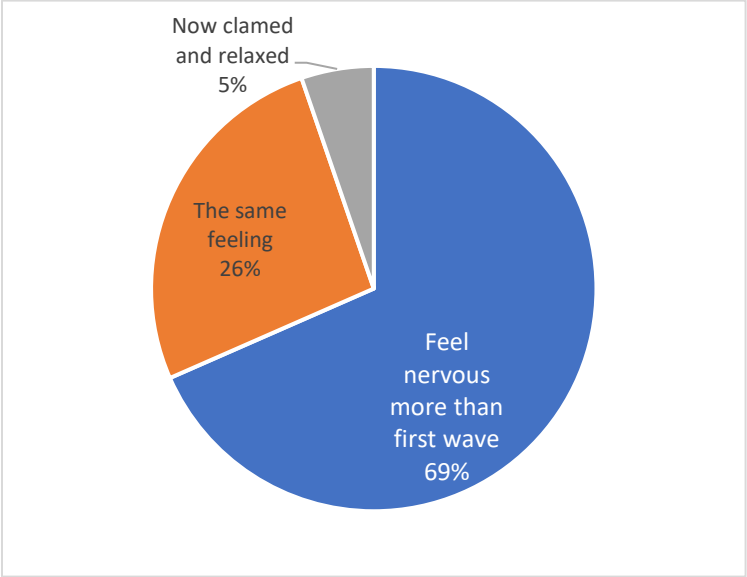
The survey also asked construction workers the extent to how COVID-19 was affecting both their physical and mental health as well as job security and family income. As described in Figure 20, almost 80% of construction workers do not feel that COVID-19 is affecting their physical health. However, over 60% of them respond that COVID-19 is going to affect seriously on their family income while nearly 50% are feeling very worried about job security during the pandemic. Regarding mental health effects, almost one third of respondents felt that COVID-19 has negative effects on their mental well-being.

Figure 20: Perceptions on how COVID-19 affected individuals and family members



The survey also asked construction workers opinion toward the comparison of disruptive effects between first (April-May) and second waves (August-September) of COVID-19 pandemic on them in general. As described in Figure 21, 69% of respondents felt that there were more negative effects during the second wave; therefore, they felt more nervous during the second wave than that of first wave, while 26% felt the same and only 5% thought that they had become calmer and relaxing during the second wave.

Figure 21: Construction Workers Opinions towards the Second Wave of COVID-19



*Status of financial inclusion and digital literacy*

Table 22 represents the status of financial inclusion and digital literacy among survey respondents in construction industry. Among them, 12.28% have a bank account and 8.77% have experience with using ATM to withdraw or transfer cash. This rate is relatively lower compare to the rate in garment industry. Moreover, only 3.51% of the respondent have experience with using mobile banking. Despite the fact that very few construction workers have bank account and have experience with using ATM or mobile banking, 68.42% have experienced with using digital payment transfer services such as wave money or OK dollars. In comparison, this is only 10% lower than the workers in garment industry; however, the access to formal banking institutions is much more limited among construction workers than garment workers.

Table 22: Status of financial inclusion and digital literacy

	YES	No
Do you have bank Account (%)	12.28	87.72

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Have you ever used ATM (%)	8.77	91.23
Have you ever used mobile banking (%)	3.51	96.49
Have you ever used digital payment transfer services (such as wave money) (%)	68.42	31.58

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## Research Discussions

### ***Wages and Income***

Monthly income of workers from both garment and construction industry decreased significantly during the COVID-19 period. On average term, the decline in income from construction workers is higher than the garment workers. The decline in income is related to decrease in overtime working hours in garment industry while it is more related with decrease in working days in construction industry. Since the majority construction workers are informal, it is not surprising to see that their daily wages did not fluctuate much during the COVID-19 period, but their working days decreased significantly.

### ***Change in Workforce***

In the garment industry, employees with less than 12 months of working experience with the firms have higher probability to be laid-off during the COVID-19 pandemic. Furthermore, they are less likely to receive overtime working hours thus their total earning will be relatively lower than their counterparts who have longer tenure in the same factories. However, construction industry differs from garment industry in term of workforce reduction. In construction industry, the arrangement is more likely of “no-work, no-pay” scheme. Workers did not lose their jobs or their contracts were terminated when their construction site was closed down due to business decisions or government orders, as they could resume their work once the site was reopened again. The only challenge was when the project was suspended, they no longer earn any income for the days until the site was reopened. Since most of the construction sites around Yangon were all suspended at the same time, the chances of getting an alternative income was much limited in the construction sector than the garment sector.

### ***Social Security Coverage of the Workers***

The SSB scheme covered nearly 85% of workforce in garment industry. SSB contribution from garment workers are common where they contribute 2% every month. Moreover, they are more familiar with the use of SSB services. On the one hand, the survey found that all daily workers in construction sector did not have any social security coverage. Even among the office staff and technicians of construction companies who had the SSB cards, fewer workers utilize SSB clinics. Access to social security programs has to do with formality of work; as most workers in garment industry have formal employment contracts, which are largely absent in construction industry. The nature of construction industry is more informal because an engineer, a carpenter, and a mason can form a group with less than 15 person and can work in a large construction site without any formal contracts. By social security law, these small groups are exempted from SSB enrollment as well.

### ***Social Assistance Available to the Workers***

Roughly 50% of respondents from both industries received at least one form of social assistance from different organizations during the COVID-19 period. However, workers from garment industry seemed to have a better chance to receive support since they have multiple organizations including foreign donors and international organizations to help them. For example, European Union and its partners are providing cash assistances to garment workers as well as labor unions are helping them. In contrast, there were no international donor agencies or domestic NGOs that were engaging in the provision of social assistance to the construction workers.



### ***COVID-19 Prevention at Workplace***

Garment industry is doing well with COVID-19 prevention at workplace. Over 85% of workforce receive COVID-19 prevention supplies such as mask, face shield, hand-gel from their employers. Moreover, the employer conduct temperature check at the entrance and exist of workplace. On the one hand, about 60% of construction workers received COVID-19 prevention supplies from their employers which is relatively lower than the garment industry. An alarming situation warranted for urgent attention from the government was high percentage or 28% of respondents from construction industry stating that they had never experienced any measures of COVID-19 prevention at their workplace.

### ***Financial Inclusion and Digital Literacy***

More portion of garment workers are more familiar with digital literacy while their financial inclusion is much stronger since they have also obtained bank accounts, experienced with ATM usage in addition to mobile banking applications. The difference can be explained by the fact that many garment firms are transferring worker salaries through the banks and ATM machines as well as digital banking lately whereas the construction industry is still using traditional method of “pay-by-cash” transactions. However, the construction workers nowadays were also using Wave Money and other digital payment platforms since they also tend to send remittances to their family members in rural areas. In term of using the digital payment transfer services, there is only 10% difference between garment and construction industries.

## **Recommendations**

- The government should step up the social security coverage of workers in garment industry particularly in terms of improving access to medical services by accelerating the recent reforms on outsourcing medical services to private clinics.
- The government should also follow up on the SME loans program specifically tailored as “worker retention emergency loans” to monitor the compliance of employers in respecting the existing labour laws and regulations on layoffs and compensations, and if necessary, to transform this loan program into direct cash transfer for the affected workers.
- The government should also begin the tripartite dialogue between the employers, the employees and relevant government agencies to accelerate the implementation of unemployment schemes already prescribed in the Social Security Law of 2013.
- The government should also support the construction industry’s efforts to formalize its workforce in line with the standards and regulations used by public works department that also use daily-wage workers to establish social safety net available to construction workers.
- The government is urged to put more efforts on vaccination programs so that many workplaces can restart as quickly as they can work along with the COVID-19 control measures in place.
- The government and private sector can work together to accelerate the adoption of digital solutions including digital payment programs for the workers while providing digital literacy training for the workers to utilize these services.
- The development partners can also increase their support beyond garment workers who have already enjoyed social security coverage from the government to help those in other sectors such as food processing and other manufacturing industries, who lost their jobs and faced with significant decline in their living incomes given their exposures to supply chain disruptions, order

cancellations and unfair termination of purchase agreements from the buyers originating from the countries of development partners.

- Last but not least, the development partners can also step up their support for the private sector companies that are utilizing informal and temporary workforces to promote decent work conditions and adequate social protection for the workers while assisting the public sector institutions to strengthen labour laws and standards governing such type of workers.

## Conclusion

The COVID-19 pandemic occurs not only as a public health challenge globally, but also has a serious impact on country economy and labour markets. International Labour Organization (ILO) announced that about 190 million workers already lost their jobs and income (UN News, April 2020). Several international organizations observed and estimated that up to over 300,000 workers in Myanmar would lose jobs due to COVID-19 pandemic. Under this circumstance, effective social protection systems are an indispensable part of policy response against COVID-19 crisis, to ensure people can assess health while protecting employment and minimum income security.

The Government of Myanmar adopted several policy measures such as SME loan program incentivizing workers' retention, provision of social security benefits to the workers affected by temporary closure of workplaces and direct cash and food assistance programs to minimize the impact of crisis. The survey found that both social security coverage and social assistance delivery were effective in case of supporting thousands of garment workers while those in informal sector such as construction industry lacks both social security coverage and social assistance outreach. In addition, Myanmar has not implemented unemployment insurance schemes already enacted by the Social Security Law of 2013, and the COVID-19 gave a wakeup call to materialize this social protection mechanism in the near future.

In this regard, this research report informs several ways of strengthening institutional capacities by providing stakeholders' feedback on Myanmar's existing public services of social protection as well as available mechanisms where development partners can channel their humanitarian assistance to complement the national systems of social protection. The report also contributes to better understanding of the risks and vulnerabilities associated to the workers and their urgent need due to COVID-19 pandemic that will help in designing programs and policies within the limited resources available to national and international stakeholders.

Like in many developing countries, Myanmar faces mounting challenges to scale up the system quickly to respond to the crisis due to limited institutional capacities, limited resources and large informal sector. Even when institutional framework and resources were available to the sectors such as garment industry, there are practical challenges of designing and delivering assistance to meet the needs of beneficiaries.

Unlike other crises, the relief efforts cannot be done in usual ways for COVID-19 crisis and it requires reducing human interaction physically, which means the use of technology is crucial to deliver the assistances. This study has also given some form of baseline information about the readiness of using technology (such as digital payment system) among the workers and innovative ways, in order to deliver

the assistance to the targeted workers quickly. Thus, the ample of evidence provided in this report should inform future policy making of relevant government agencies and international organizations in supporting the needs of workers in Myanmar.

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