

## **Project Report: REALM**

### **Centre for Economic and Social Development**

Period covering First Half of 2020

#### **Introduction**

The Centre for Economic and Social Development of Myanmar entered into partnership with the Development Economics Research Group of the Copenhagen University in 2018 to receive the grant from Danish Fellowship Centre to strengthen research capacity in Myanmar and to create new knowledge capable of alleviating development problems related to labour market reforms in Myanmar. The CESD collaborates with DERG in strengthening research capacity in Myanmar at policy, institutional and individual levels; produce innovative and relevant results; and make sure the results are usable for development practitioners and policy-makers.

#### **Activities and outputs in first half of 2020**

##### *Research preparations*

CESD and DERG agreed to focus on wages and labour market dynamics as the first output to inform the stakeholders in Myanmar. It also agreed to integrate gender dimensions in wage setting conditions as the country has a large gap of labour force participation between male and female populations as well as gender division of labour between different economic sectors. For instance, more male workers are found in the agriculture sector of Myanmar while the emerging garment sectors in urban areas employ more women than men. Although service sectors such as restaurants and dining services employ both male and female workers equally, there is a gap in the wages between male and female workers. Gender equality in wages is one of important policy issues for labour market reforms in Myanmar and CESD/DERG has agreed to analyze the issue systematically.

CESD approached the Ministry of Labour, Immigration and Population for the approval and commitment of the Ministry in conducting the analysis. It also requested research permits by submitting research plan to the Department of Labour in conducting necessary survey studies as well as handling privileged personal data of labour force surveys collected by the Department. The Department's labour statistic division reviewed the research questions and ethical standards observed by the CESD and approved the proposed research plans. In order to achieve these permits, the team undertook a few rounds of consultations with the responsible departments at the MOLIP on research agenda and possible authorization of use of government statistics for the research. CESD undertook the following specific activities under each work package:

##### **1: Social Security Provision**

CESD worked closely with the Social Security Board (SSB), the focal agency responsible for social protection in Myanmar, to support its preparedness in dealing with massive layoff of workers particularly in garment sector. The provision of social assistance to garment workers is a litmus test for strength of social protection system in Myanmar, as the coverage of social protection is strongest in garment sector. The employers of the industry adhered to international labour standards by providing

contributions to cover social insurance for the workers while complying with buyers' preferences over responsible business conduct. Under these circumstances, SSB was obliged to provide various compensations to the workers who lost their jobs during the COVID-19 pandemic. CESD plans to write up background papers and policy briefs in support of DERG's work package on social protection.

## 2: Skills Certified Worker Training

CESD also took a deeper study on the demand side of worker training by carrying out extensive focus group discussions among private sector associations. It gave particular attention to three important economic sectors such as garment, fishery and construction where most of industry functions are labour intensive. There are certain gaps between labour demand from private sector companies and supply of training services offered by government institutions, which prevented effective and efficient conduct of worker training programs. CESD plans to compile secondary data as well as inputs from private sector industry associations to collect primary data for further analyses.

## 3: Wages and gender

CESD and two research assistants from DERG held one round of final consultations on gender wage gap by doing issue clarifications, data cleaning and literature reviews. CESD researchers also helped secure the necessary data from relevant Myanmar organizations while clarifying on Myanmar contexts about the gender inequality. CESD also applied the concepts of gender wage gaps on the status of rural female labourers engaging in agriculture sector and undertook qualitative analyses on the previous research study undertaken in Ayeyawady region.

### *Capacity building*

In March 2020, CESD organized a training-of-trainers (TOT) course at the Ministry of Labour, Immigration and Population (MOLIP) in support of preparing labour force statistics and data analyses to ten officials of the Labour Statistics Division of the MOLIP. The training also look at the survey solution method for data collection utilized by the MOLIP in their transition from manual surveys into computer-assisted personal interview methods. The training session covered labour economics, survey methodology and quantitative analysis by using STATA software. The officials of MOLIP utilized CESD's input in the upcoming exercise on labour force survey around the country.

In June 2020, CESD organized two week training program for the graduate students of Yangon University of Economics and University of Yangon focusing on survey methodology for labour market. It developed a questionnaire regarding the impact of COVID-19 on three most affected industries in the country such as garment, hotel and tourism and construction sectors. The trainees of the program conducted telephone surveys on the recently-unemployed workers of these industries to find out about their conditions of unemployment, compensations for dismissal, social security coverage and their coping mechanisms and job search status during their unemployed situations.

### *Knowledge Sharing and Advocacy*

CESD participated in several labour market related knowledge sharing and advocacy events in order to influence ongoing policy formulations process related to labour market policies in Myanmar. In January, CESD organized a forum on gender equality by inviting like-minded research think-tanks, women entrepreneurs from Myanmar Women Entrepreneur Association, gender experts from Gender Equality

Network and distinguished panelists from Bangladesh to discuss the state of gender in Myanmar. CESD presented background presentation on the state of gender equality in economy, education and political fields while focusing on a case study of gender wage gap in agriculture sector.

In March, CESD participated in the National Minimum Wage Setting Committee meeting in Nay Pyi Taw to provide an expert opinion about setting minimum wage during the recessions. It explained the ILO's guideline on analyzing both macroeconomic and microeconomic or household conditions in the country to reach a suitable framework of setting minimum wage. CESD explained that the household conditions facing rising consumer prices and cost of living may suggest an increased living wage; however, the slowing of economic growth, poor competitiveness of Myanmar's industry sectors compared to neighboring economies, and unusual appreciation of domestic currencies can limit any upward adjustments on the minimum wage.

CESD also engaged a second consultation meeting with the UMFCCI and other private sector association on the same topic in March. As the private sector associations are concerned about the increase of minimum wage, it also lobbied for the segregation of minimum wage for different sectors or different regions. It took the rationale that regional minimum wage or sectoral minimum wage could insulate the sectors that do not need any adjustments while adjusting the wages in labour-intensive industries. CESD also explained various perspectives of minimum wage effects on labour market including light-house effects, wage protection for lowest-paid workers, enforcement complications and other factors to be taken into policy consideration.

In April, CESD went to Nay Pyi Taw and met with Director General and senior staff personnel of SSB to discuss on possible interventions of social security assistance to unemployed and dismissed labour in garment sector. The discussions focused on lack of unemployment compensation scheme for the due-paying members of social security funds, as the government has not been able to implement the unemployment benefit scheme due to ongoing disagreement between the trade unions and employer associations over the ratio of contributions. As a result, the unemployment benefit scheme was not available to cover the workers who were recently dismissed from the jobs. CESD had assured to the SSB to support its outreach to the donor community in mobilizing external financial assistance to cover the social protection needs of the workers.

Meanwhile, CESD participated in several rounds of COVID-19 related online meetings organized by the UMFCCI in May and June. There were about six roundtables attended by several leading industry associations such as Myanmar Industry Association, Myanmar Bankers Association, Myanmar Transport and Logistics Association, Myanmar Fishery Federation, Myanmar Construction Entrepreneurs Association and Myanmar Garment Manufacturing Association. CESD provided background information on the impact of COVID-19 on labour market and supply chain disruptions and discussed about urgent needs of fiscal stimulus or relief funds for the businesses.

In April, CESD had provided several inputs to the European Commission on the emergency assistance to the garment sector workers, whose dismissal were partly triggered by the cancellation of several buyers from EU. As EU represents the largest buyer of Myanmar garment, these sudden drop of demand had caused thousands of layoff, which in turn may trigger social unrest and total industry collapse under the weight of COVID-19. CESD was able to utilize the findings of its rapid assessments on the impact of COVID-19 on garment sector and presented possible options for such assistance. EU finally announced

that it would contribute 5 million Euro to support the plights of unemployed garment workers in Myanmar in May 2020.