

Project Report: REALM

Centre for Economic and Social Development

Period covering Second Half of 2020

12 February 2021

Introduction

The Centre for Economic and Social Development (CESD) of Myanmar entered into partnership with the Development Economics Research Group (DERG) of the Copenhagen University in 2018 and received a grant from FFU Danida administered by the Danish Fellowship Centre (DFC) 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 skill training and labour market dynamics as the second output to inform the stakeholders in Myanmar. It also agreed to look at the returns of training to both employees and employers of manufacturing sector in Myanmar. CESD will provide further insights of the impact of training on the workers and the firms particularly in garment industry, which is in fact one of the largest labour-intensive manufacturing industries in Myanmar. The earlier insights of garment industry provided some tentative observations about lackluster approach to training from both employers and employees in the garment industry. First, for the employers, high turnover rate of their employee was one of the reasons that contributed to lack of investment in training. Second, for the employees, they thought that training wasted their time because it did not lead to any raise in their salary. The research study plans to explore these phenomenon in the manufacturing sector.

CESD consulted the Ministry of Labour, Immigration and Population for the role of government in sponsoring training programs at the private sector companies. Although the government is committed to set skill standards and skill certificates to the workers, the situation at the workplaces requires more intervention from the government to emphasize the training as the way to boost productivity within the manufacturing sector. This research study plans to provide further evidence of the importance of training in manufacturing sectors of Myanmar and the important role of government in addressing the labour market inefficiency in reaping the benefits of training to the industry.

CESD 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, particularly in their needs assessment of garment sector workers under the COVID-19 pandemic. The pandemic shed nearly 80,000 jobs from garment sector, which is the highest among the manufacturing jobs. As the coverage of social protection is much stronger in garment sector compared to other labour-intensive industries or manufacturing sector, the way the SSB extended its social insurance to the garment workers set the bar for the industry. CESD collected the data of SSB in extending social insurance to the garment industry and compared them with other industries. The preliminary findings showed that slightly more than 50 percent of garment factories received some form of social assistance for the workers who happened to miss their workdays due to closures of factories by the government's decree. Other industry received far less than 50 percent protection, as less than 20 percent of factories in the food processing sector received social insurance. CESD has written up one background paper about the impact of COVID-19 on garment industry and one policy brief in analyzing the role of SSB in extending social protection during the COVID-19.

2: Skills Certified Worker Training

CESD has already drafted a study on the demand side of worker training in three manufacturing industries such as garment, fishery and construction; however, the impact of COVID-19 has generally dampened the positive views about the training. The study was based on extensive focus group discussions among private sector associations as well as worker groups from three industries where most of industry functions are labour intensive. The study found that there is a huge gap 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. In addition, most of the government training programs are outdated while their schools and institutions are understaffed with less budget. Lack of incentives for training on the demand side as well as poor supply of training resources from the government undermine the potential growth of manufacturing sectors in Myanmar; and it is therefore, important to advocate the importance of training in boosting the productivity of current manufacturing processes in Myanmar.

3: Wages and gender

As CESD has been undertaking analyses on the impact of COVID-19 on women workers particularly in manufacturing sector, and the issue of gender and the implications of COVID-19 on women-dominated sectors such as garment industry is thoroughly investigated. The survey found that not only many women workers have lost their jobs in the garment industry but also many who are currently retained in the industry experienced substantial reduction of their wages as the employers made large wage cut among the work forces. The wage cut usually come from the reduction of bonus payments and overtime work; however, many women also experienced the cut from their basic pay. CESD plans to write a draft about the particular impact of COVID-19 on manufacturing sector wages.

Capacity building

In September 2020, CESD organized a special training program on the survey design of analyzing the impacts of COVID-19 on labour market, coping mechanisms of workers who are laid off from their manufacturing jobs, and job search and re-employment patterns within the manufacturing sectors. It also trained several trade union workers regarding their awareness of job markets so that they could also help fellow workers in terms of job search.

In October 2020, CESD organized one week training program for the staff on qualitative interview design as to encourage the researchers to do more small-n study as the COVID-19 situation made large survey design unfeasible. The staff learned the importance of case study approach and other methodologies of applying qualitative analysis on the given problems. CESD research teams will write up two case studies about the impact of COVID-19 on living conditions of manufacturing workers in urban Yangon areas as well as the informal workers in terms of their bargaining with job contractors or agents during the pandemic.

Knowledge Sharing and Advocacy

CESD continued to engage with the Myanmar Garment Manufacturer Association, the Myanmar Construction Entrepreneur Association, and the Myanmar Fisheries Federation in analyzing the impact of second wave of COVID-19, which came to Myanmar in July. As the government imposed complete lockdowns in late April to mid-May for a month in the first wave of pandemic, many manufacturing industries suffered a great deal of problems from cancellation of orders and inability to ship their merchandise. The CESD discussed with the private sector associations regarding the costs of lockdown procedures and compiled experiences of each industry in dealing with the impacts. It used these materials in communicating with the responsible government to minimize the negative impact of lockdown procedures on the factories in the future waves.

CESD also participated in several labour market related media interviews and advocacy events in order to influence ongoing policy formulations process related to the recovery process of economy. As the government has adopted the COVID-19 Economic Relief Plan to help the manufacturing sectors with 200 billion kyat of emergency loan (approximately \$ 140 million), CESD made analyses and encouraged the government to increase the size of loan package available to the private sector. For instance, within the garment sector, only about 10 percent of factories received the emergency loan and the remaining 90 percent still suffered from supply chain disruptions, order cancellations and demand collapse.

In end of July, CESD also participated in the roundtable meeting in Yangon together with representatives of donor agencies, workers unions, employer associations and NGOs in discussing the impacts of COVID-19 on the garment sector, and how to support the industry to be more resilient against the future waves of pandemic and to develop a recovery plan in the post-COVID situations. CESD presented its early observations of the donor assistance program particularly that of "Myanku," a cash assistance program contributed by the European Union for the garment workers. The program covered at least 60 percent of the unemployed labour that was dismissed from their jobs. The amount of payment was jointly calculated by the CESD and other NGOs to help determine the minimum cash requirement of a worker without family to survive during the pandemic while he or she was searching for a new job.

Meanwhile, CESD participated in several rounds of COVID-19 related online meetings organized by the private sector associations in October and November, as the second wave of COVID-19 also prompted a stringent enforcement of lockdown procedures on the economy by the government during this time. CESD used the observations of similar lockdowns in the first wave to explain to the relevant government ministries as well as to the media about how the lockdowns negatively affected the SMEs and incurred heavy costs on the SMEs.

In December, CESD travelled to Nay Pyi Taw and debriefed the officials of the Ministry of Labour, Immigration and Population regarding the impact of social security provisions to the dismissed workers from the garment industries where the rate of workforce reduction was the highest among manufacturing sectors. CESD has debriefed the discrepancy between the workers who received SSB payments and those who did not and explained the reasons why some of these workers were denied from compensations. CESD tried to encourage the SSB to undertake necessary reforms so that public services for social protection could be improved particularly in the context of COVID-19.