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# **The impact of COVID-19 in Myanmar: a study of workers laid-off in the garment sector**

ILO Liaison Office in Myanmar



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## Foreword

The COVID-19 pandemic has significantly impacted the garment sector and has been felt in every part of the global supply chain. Myanmar's garment sector, a major contributor to jobs and livelihoods for the country, has been no exception, and faces significant challenges to recover and respond to the pandemic.

The ILO with funding support from Deutsche Gesellschaft Fur Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development commissioned two studies on the impact of COVID-19 on the garment sector.

This study, undertaken by Centre of Economic and Social Development (CESD), provides important insights into the consequences of COVID-19 for workers' job security. It illustrates the particular vulnerabilities of laid-off workers, who used severance payments for food, remittances, and accommodation. Laid-off workers also often borrowed money from informal lenders with high interest rates.

This report illustrates the role and relevance of short-term cash transfers for affected workers meet their basic needs. It also puts into sharp focus the critical role of long-term social security measures, such as establishing a comprehensive unemployment insurance scheme, to manage future economic shocks that threaten livelihoods everywhere.

I hope this report contributes to continued efforts to respond and recover from the global pandemic and other serious challenges affecting sector in 2021.

**Mr. Donglin Li**

**Liaison Officer/Representative**

**ILO Yangon**

# Table of Contents

1. Introduction	1
2. Purpose of the study	2
2.1 Methodology	2
2.2 Characteristics of respondents	3
3. Overview	5
3.1 The global state of the garment sector during COVID-19	5
3.2 Myanmar's garment sector and the impact of COVID-19	5
4. Challenges faced by laid-off workers	7
4.1 Experiences of laid-off workers	7
4.2 Migrant experiences	11
4.3 Remittances and family support	11
4.4 Coping strategies	12
5. Re-employment experiences	14
5.1 Conditions of new employment	15
6. Conclusions	17
7. References	18





## ▶ 1. Introduction

In 2019, the Asia the Asia and the Pacific region engaged 75 per cent of global garment workers<sup>1</sup>, and the global pandemic has significantly affected an estimated 65 million workers' source of livelihoods<sup>2</sup>. In Myanmar, 685 export-oriented factories were employing approximately 630,000 workers, constituting three per cent of the country's labour force recorded at the end of 2019. Export-oriented factories' primary business model was driven by exports rather than the domestic market. Myanmar's Export Strategy (2015-2019) identified the garment and textile industry as a priority sector, citing it as a significant driver of employment<sup>3</sup>. Over the years, the garment sector has generated momentum as a critical contributor to Myanmar's economic development; however, COVID-19 threatens to destabilize the industry's future growth prospects.

One of the direct consequences of COVID-19 at the global, regional, and national level has been a decline in job security among the garment workers, which has resulted in both a temporary and permanent loss of jobs. According to a recent study by CESD-ILO (2020), among garment factories in Myanmar that were operating, the existing workforce has reduced by at least 10 per cent<sup>4</sup>. Thus, understanding the situation of laid-off workers' is critical in developing policies and strategies to safeguard their well-being and preserve their dignity.

This research study explores the experiences of laid-off workers to better understand the most urgent areas requiring intervention. CESD conducted a survey of 150 workers in August and September 2020, conducted five semi-structured interviews with laid-off workers, and presents the data collected from quantitative and qualitative interviews. This study also provides an overview of the impact of COVID-19 on garment workers in the garment industry as well as an analysis that aims to understand the challenges facing laid-off workers. It also explores the job search process by laid-off workers, their probability of being re-employed, and the experiences of migrant workers. Finally, this report presents key findings and connects them with policy recommendations on how laid-off workers can be better supported now and in the future.

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1 Garment sector here refers to textiles, apparel, leather/footwear, however for the context of this report the garment sector in Myanmar only refers to clothing industry.

2 ILO, 2020, p.2.

3 NES, 2015, p.84.

4 Centre for Economic and Social Development and the International Labour Organisation. 2021. The impact of COVID-19 in Myanmar: a study of income loss of workers in the garment sector.

## ► 2. PURPOSE OF THE STUDY

### 2.1 Methodology

This study relies on data from a garment worker survey conducted by CESD in August and September 2020, semi-structured interviews with laid-off workers, and focus group discussions (FGDs) with labour union representatives from the garment industry. The survey covered 150 garment workers who were laid off due to the COVID-19 pandemic from 60 garment factories (representing 12 per cent of active CMP garment factories in Myanmar<sup>5</sup>) located in Yangon (see Table 1). Due to the lack of a sampling frame, the respondents in this study were not selected based on random sampling. The respondent eligibility criteria for the survey were respondents laid off during COVID-19 pandemic (from February onwards). Half of the respondents were contacted based on the CESD's workers' contact list, and the other half were from the Smart TaG – Myan Ku workers list (a project funded by EU). This survey collected information about:

- (i) workers' experiences after being laid-off;
- (ii) their coping strategies;
- (iii) the impact of lay-offs on remittance flows; and
- (iv) workers' experiences of job-searches and associated barriers.

The quantitative survey questionnaire was informed by literature focusing on crisis assessment, laid-off workers, migration and labour market barriers, and the findings of ILO-CESD's study on the impact of COVID-19 on the garment sector in Myanmar. The questionnaire was consulted with ILO specialists. Before data collection, the questionnaire was tested with six recently laid-off workers to check its validity.

Discussions (FGDs) and in-depth Key Informant Interviews (KIIs) were intended to place with laid-off workers' families and their communities in the Ayeyarwady Region. Unfortunately, due to the second wave of COVID-19 in Myanmar, this could not be carried out.

Supplementary data drew on three FGDs completed with labour union representatives from the garment industry, all facilitated by ILO Yangon, and follow up interviews with a labour union representative and a government labour official. All survey data was collected via telephone using the KoBoToolbox survey<sup>6</sup> to control the quality of data.

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5 According to MGMA, there were 488 active CMP garment factories as of March 2020.

6 The tool is described as follows, "KoBoToolbox is a suite for field data collection for use in challenging environments. Our software is free and open source. Most of our users are people working in humanitarian crises, as well as aid professionals and researchers working in developing countries. Our teams of developers and researchers are based in Cambridge, MA and many other places around the world" (KoBoToolbox, 2020)

**Table 1: Location of surveyed worker's factories**

<b>Townships</b>	<b>Number of workers interviewed</b>
Hlaing Thar Yar	83
East Dagon	12
North Okkalapa	12
Mingalardon	9
South Dagon	8
Dagon Seikkan	7
Hmawbi	5
Shwe Pyi Tar	3
South Okkalapa	3
Other Townships	8

## 2.2 Characteristics of respondents

This study covers 150 laid-off workers from 60 garment factories located in Yangon, primarily in industrial zones. Among them, 84 per cent of the respondents were female workers. As described in Table 2, over two-thirds of the respondents were single, of which 66 per cent were under 25 years old. Notably, just seven per cent of respondents were over 35 years of age, many of whom were native to Yangon. Among married respondents, 49 per cent had children under 16, of which 68 per cent of children were under five years old. Among interviewed laid-off workers, 17 per cent had completed high school and a higher qualification while 44 per cent had middle school and lower level qualifications.

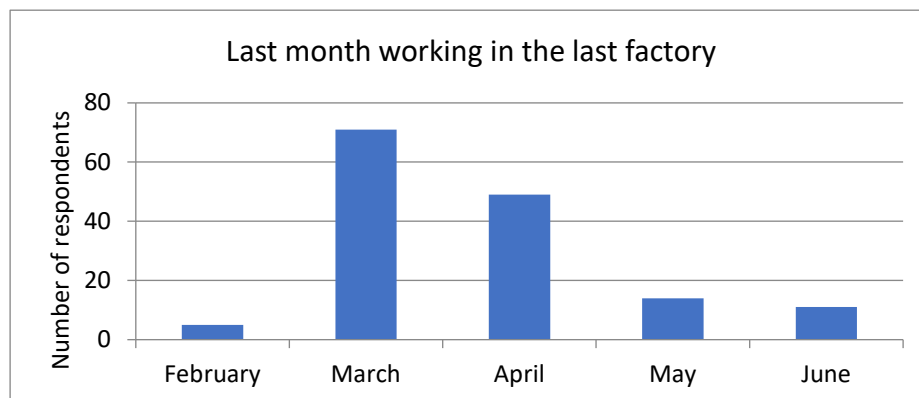
Over half of respondents were from large or extra-large factories<sup>7</sup>, (i.e. more than 600 workers and 1,200 workers respectively). For this study, the firm size was strictly defined based on the worker/staff basis, not other variables such as sales revenue and production levels. When respondents were asked about factory ownership, 37 per cent of workers were from Chinese owned factories, followed by Myanmar owned CMP factories (21 per cent) and other foreign-owned factories (14 per cent). In addition, 10 per cent were from Myanmar owned sub-contracting factories, seven per cent from Korean owned factories, six per cent from ASEAN owned factories, and five per cent from joint-venture factories. Interestingly, 15 per cent of laid-off workers in small factories were under 20 years of age, while only five per cent of respondents in extra-large factories were under 20. The surveyed laid-off workers worked on average for 20 months at the last factory, of which younger people worked for a shorter duration than older people.

<sup>7</sup> According to Myanmar Small and Medium Enterprise Development Law (2015) under Chapter I: Name and Definition a small enterprise in the labour intensive sector is defined as having less than 300 workers. A medium enterprise is defined as having workers that do not exceed 600. The law however does not provide more definitions for enterprises with workers that exceed 600. For the purpose of this study in our analysis we define enterprises with 601 – 1200 workers as large and those than exceed 1200 as extra-large.

**Table 2: Characteristics of respondents**

Age	Marital Status (%)			Education (%)			Factory size (%)				Experience at current factory (months)
	Single	Married	Other	Middle school and below	High school	High school and above	Small	Medium	Large	Extra large	
	67	31	3	44	39	17	18	22	31	29	20
< 20	11	4	0		10	4	15	9	9	5	11
>= 20 & <25	55	24	0	3	41	72	26	47	40	57	14
>= 25 & <35	30	5	75	44	44	20	41	41	47	31	25
> 35	4	13	25	11	5	4	19	3	4	7	31

As shown in Figure 1 below, 81 per cent of the respondents in this survey reported that their last working month prior to being laid off was March and April 2020. The majority of the respondents were not native to the Yangon region and came from across the country, mainly from Ayeyarwady (33 per cent), Bago (nine per cent), Magway (17 per cent), and Rakhine (10 per cent). The average family size of interviewed laid-off workers was 5.3 persons, and among them, 2.5 persons had an income-earning job (including the garment worker before they were laid-off). Among interviewed laid-off workers, 74 per cent were insured under the SSB scheme while working at their last factory. In addition, 23 per cent of the respondents were a labour union member.

**Figure 1: Respondent's reported last month prior to being laid-off**

## ▶ 3. OVERVIEW

### 3.1 The global state of the garment sector during COVID-19

Garment workers are the backbone of the apparel industry, and COVID-19 has demonstrated the sectors' vulnerabilities. In August 2020, "nearly 32 million garment workers, which is about 50 per cent of total garment employment in the Asia and Pacific region, lived in countries with mandatory closures of all but essential workplaces"<sup>8</sup>. Furthermore, according to the ILO, within this region, "the typical worker lost out on at least two to four weeks' of work and saw only three in five of [their] co-workers called back to the factory."<sup>9</sup> Factories either temporarily or permanently stopped their operations. A decrease in the garment workforce means some workers are left without jobs with no stable income source during a global pandemic. Some international partners have explained how "retaining and supporting the workforce is vital for the industry's future recovery"<sup>10</sup>. Furthermore, there has been a call for the garment industry players to consider how "sustainable fashion" needs to intrinsically encompass garment workers' well-being<sup>11</sup>.

Order cancellations in different garment exporting countries are estimated to have resulted in a total loss of USD 16.2 billion in the United States and European Union in April to June 2020, and April to May 2020 respectively<sup>12</sup>. Anner, Nova and Foxvog (2020) calculated that 10 per cent of this amount represents about USD 2 billion in workers' wages. Although this calculation only considers two export markets, it is evident of a more significant pattern that has emerged in the global garment sector during this pandemic. The reduction in orders directly impacts the suppliers and the workers who lose their source of livelihoods. Another group to consider among garment workers are internal migrant workers, who constitute a significant portion of the garment sector workforce. Internal migrants are "... an increasingly important part of the workforce within the global garment industry."<sup>13</sup>

### 3.2 Myanmar's garment sector and the impact of COVID-19

The garment sector has been a significant source of jobs in Myanmar, and the losses of jobs during this pandemic have been a reversal of the progress made. The World Bank's 'Myanmar's Future Jobs: Embracing Modernity' report identifies how "firms in textile and garment industries employ the largest share of workers in Myanmar's non-farm, non-government, non-micro enterprise private sector, and contributed the most to net job creation"<sup>14</sup>. Efforts will need to be geared towards preserving this industry.

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8 ILO, 2020, p.2.

9 ILO, 2020, p.2.

10 CARE, 2020.

11 Clean Clothes Initiative, 2020

12 Anner, Nova & Foxvog, 2020

13 Maher, 2009, p.5.

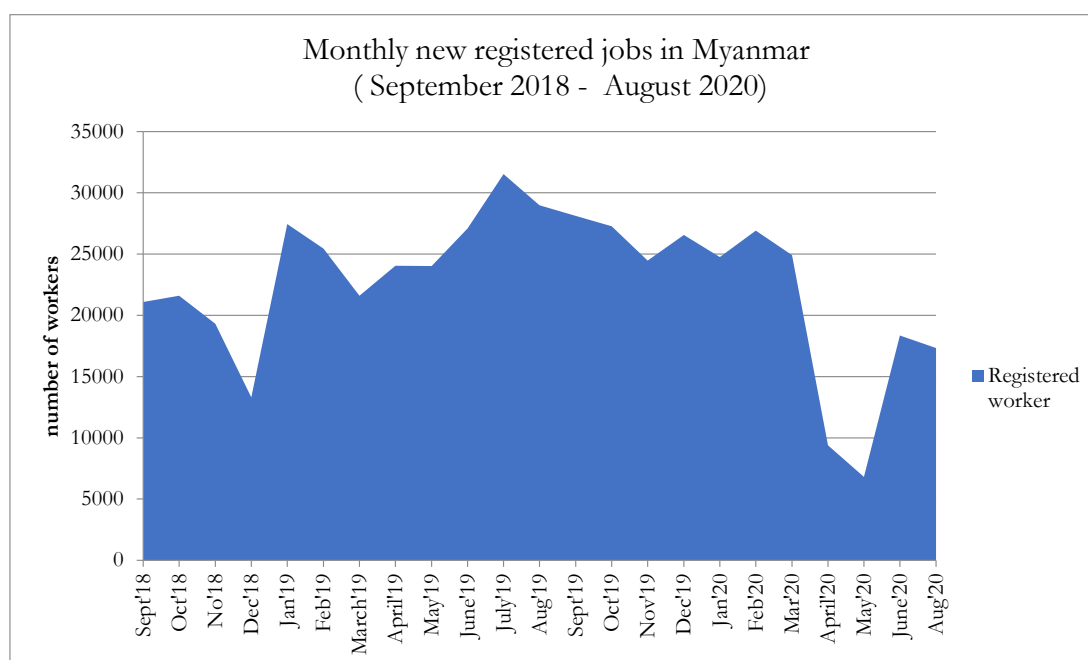
14 Cunningham et. al, 2018, p.110.

According to the Myanmar Social Security Board, as of 15 May 2020, over 150,000 insured workers in Myanmar were laid off between April and May 2020 because of temporary or permanent factory closures. Recently, the Permanent Secretary of the Ministry of Labour, Immigration and Population (MoLIP) shared that from January to 23 September, 2020, over 230 factories closed and reduced its workforce. As a result, over 73,000 workers in Myanmar were laid-off.<sup>15</sup> These figures both demonstrate the magnitude of job losses in Myanmar due to COVID-19 pandemic. It is important to note that 81.5 per cent of Myanmar's labour force are in the informal sector and official data reflects workers in the formal sector.

Workers are required to register with Labour Exchange Offices (LEOs) under MOLIP's Department of Labour<sup>16</sup>. LEOs also record new jobs created in Myanmar every month for both the public and private sectors. Figure 2 provides an overview of number of new jobs registered as formal workers and illustrates a significant slow-down between April and May and an increase between June and August 2020. However, it is evident that the number of new jobs is still relatively low (i.e. about 40 per cent lower in August 2020 compared to August 2019).

To assist those impacted by stay-at-home orders implemented by the Government, MoLIP announced at the beginning of September 2020 that it would provide support to workers who were registered with the Social Security Board (SSB), enabling them to receive 40 per cent of their salary for September 2020.<sup>17</sup> In addition, the Government shared a plan to provide workers who were not registered with the SSB in October 2020 to receive a one-time payment of 30,000 MMKs (US\$ 22).<sup>18</sup> However, at the time of preparing this report, it was not clear if this initiative would cover all non-SSB workers or only non-SSB workers in the manufacturing sector or casual workers.

**Figure 2: Monthly registration of new jobs (September 2018 - August 2020)**



Source: MoLIP (2020)

15 One news Myanmar (2020).

16 The Employment and Skills Development Law (2013) and Employment Restriction Act (1959)

17 Notification letter (169/2020), MoLIP [https://ssb.gov.mm/portal/announcement\\_detail?id=4c02e315-c09e-427e-b966-64084887ede5](https://ssb.gov.mm/portal/announcement_detail?id=4c02e315-c09e-427e-b966-64084887ede5)

18 <https://burmese.voanews.com/a/myanmar-covid-assistance/5615020.html>

## ► 4. CHALLENGES FACED BY LAID-OFF WORKERS

This section presents an analysis of the research findings and gives a snapshot of the situation of laid-off workers in the garment sector amid COVID-19. First, this section provides an overview of the status laid-off workers. It also provides information on whether laid-off workers received their severance pay and how they spent it. Finally, it provides an analysis of internal migrant's experience and shows that migrant workers who were laid off faced more significant hurdles during the pandemic compared to other workers.

### 4.1 Experiences of laid-off workers

As referred to earlier, according to MoLIP, between January to September 2020, over 73,000 workers were laid off in Myanmar. Due to the lack of disaggregated data, it is difficult to estimate the number of workers laid-off in the garment sector. At the time of preparing this report the EU's Myan Ky fund had supported over 34,000 garment, footwear, and textile workers (who were laid-off or did not receive wages),<sup>19</sup> of which, approximately 70 per cent were from the garment sector. Some reports have described the situation of the laid-off garment workers as facing immense challenges in finding full-time employment or other employment opportunities to sustain their livelihoods<sup>20</sup>.

Eligibility for severance pay is calculated based on workers' last wages (without overtime fees) and the duration of continuous employment in the workplace<sup>21</sup>. As shown in Figure 3, over half of the surveyed laid-off workers (55 per cent) reported that they had received severance pay from their factory. However, 45 per cent of the workers reported not getting any form of severance pay for various reasons. It was observed that misinterpretation of regulations, workers' understanding of legal rights, and consequences of stay-at-home measures are the main reasons.

Among laid-off workers that received severance pay, Table 3 shows the reported severance pay by the duration and a workers' position at the factory. Respondents who were previously working as a skilled sewing machine operator, line leader, or supervisor received the highest severance payment (USD 239). Those who worked as a quality controller or a mechanic received the second-highest amount (USD 191), and workers and other categories received USD 107. Severance pay based on the duration of employment shows that laid-off workers who had worked for two to three years received the highest payment (USD 214), followed by those working more than three years (USD 205). Workers who were employed for less than a year received the lowest payment (USD 136). Therefore duration of continuous employment influences the level of payment. Whether or not workers had received the correct level of severance pay was, however, not considered in this study.

19 Smart Textile & Garments, Sequa, EU Nexus Response for Myanmar and UNOPS, 2020.

20 Remington, 2020

21 Notification No. 84/2015, Ministry of Labour, Immigration and Population.

This study also shows an observable difference between union and non-union members. Twenty-three per cent of respondents were union members. Respondents who belonged to a union were more likely to get severance pay than those who are not. Sixty-five per cent of union members received their severance pay, while only 53 per cent of non-union members received their severance pay.

**Table 3: Reported Severance Amounts by Experience and Position**

Severance pay according to duration of employment			Severance pay according to position held		
Duration	MMK	US\$* <sup>22</sup>	Position	MMK	US\$
Less than a year < 12	190,225	136	Skilled-SMO/Line Leader/Supervisor	334,357	239
12 months to 23 months	247,046	177	Semi-Skilled SMO/Helper	193,550	138
24 months to 35 months	299,450	214	Ironer/Cutter/Packaging/ Storekeeper	218,271	156
Three years and above	286,250	205	QC/Mechanic	267,455	191
			Others	148,825	107

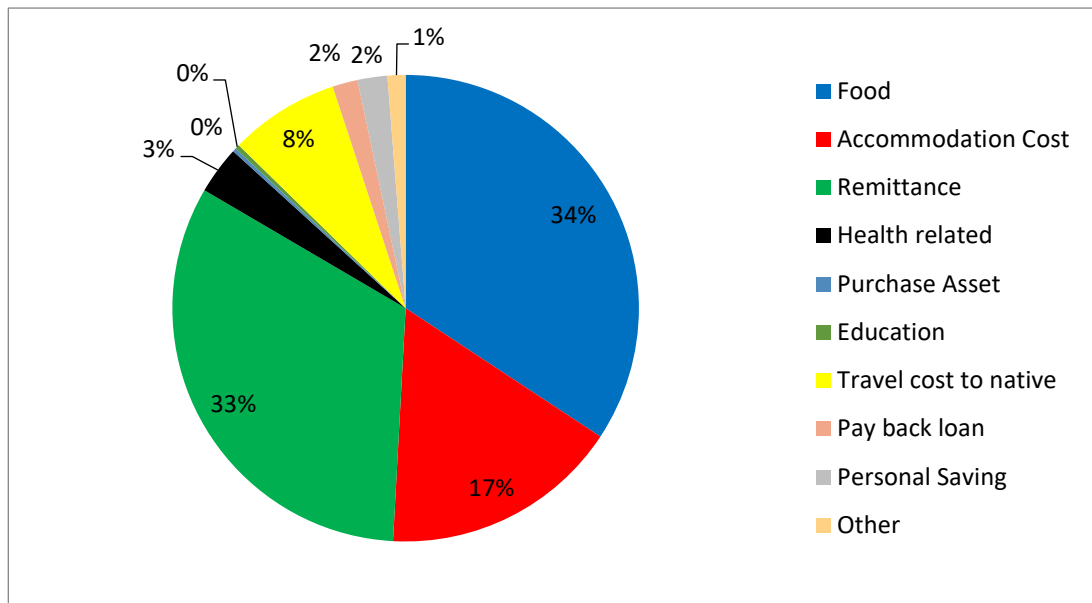
Figure 4 shows a breakdown of how laid-off workers spent their severance pay. More than one-third of the respondents indicated that they used their severance for food (34 per cent), and another one third spent it on remittances (33 per cent). This suggests that spending prioritised basic needs and survival. The continued remittance of funds by workers who were unemployed also indicates their families' dependency on their income. The average income dependency ratios of respondents' families were 0.53<sup>23</sup>. Without a stable income, these laid-off internal migrant workers would find it challenging to provide support for their families. The third highest expenditure was on accommodation (17 per cent). In previous interviews, some workers described how accommodation had been the greatest cost to maintain while unemployed. One workers' roommate had not returned from her native town, meaning she had to shoulder the total accommodation cost of 70,000 MMK per month instead of sharing it with her roommate<sup>24</sup>.

22 Any figures expressed in MMK during the course of the study were converted to USD using the Central Bank Rate of USD 1: 1,396.38 MMK, an average exchange rate of the month of June 2020 . Figures rounded.

23 Based on data on total household members and those who have a job with income. The ratio of income earners to total members in a household.

24 CESD-ILO, 2020. Key Informant Interview.



**Figure 4: Severance pay expenditure**

Eight per cent of respondents spent their severance pay on transport to return to their homes. Only 2 per cent of the laid-off workers reported that they used their severance pay for savings. This suggests that this money was used for their urgent, day-to-day needs.

The research sought to understand how laid-off workers fared following their employment loss. Table 4 provides an overview of the responses of some of the actions taken by these workers according to their status as internal migrants<sup>25</sup>. The respondents were categorized into three groups; those who were native to Yangon, those temporary internal migrants who stayed alone in Yangon, and migrants living with family members in Yangon. The findings show that internal migrants most commonly returned to their native homes. Sixty per cent of internal migrants who stayed alone in Yangon returned to their homes while 43 per cent of internal migrants living with family members also returned to their homes. The reasons for returning include the fact that that internal migrant workers could no longer afford to be in Yangon without any income source, thus returning to their native home. Another reason was the fear of COVID-19 transmission in Yangon. Searching for other job opportunities was another priority action that was undertaken by laid-off workers. Internal migrants living with family members in Yangon (39 per cent) were searching for other job opportunities more than migrants without family members in Yangon (29 per cent). Another important action taken by Yangon native and internal migrants who stayed alone in Yangon was to join a family business.

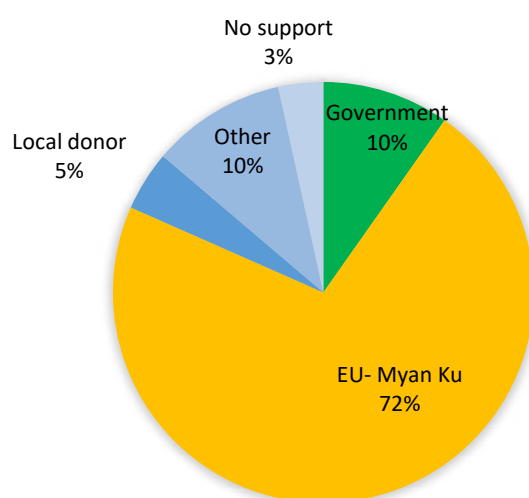
<sup>25</sup> Respondents were allowed to select up to two responses and based on that a calculation of the % of responses is provided

**Table 4: Actions taken within a month of being laid off**

Action taken	Yangon native	Migrant, staying alone	Migrant, with a family member
No action	14%	4%	14%
Searched for another job	55%	29%	39%
Returned to home state or territory of origin	7%	60%	43%
Joined family business	14%	4%	0%
Other	10%	3%	4%

Understanding the support available to laid-off workers during the pandemic provides an insight into some of the initiatives launched to support workers. As shown in Figure 5, a large number of respondents reported that they received support from the European Union-Myan Ku Fund. The EU launched a multi-stakeholder and collaborative initiative in April 2020 to respond to the adverse impact COVID-19 was having on the garment sector. At the time of preparing this report, Myan Ku had supported 34,000 garment, footwear or textile workers, with 84 per cent of the beneficiaries being women<sup>26</sup>. A total of 60,464 support payments had been distributed using Wave Money ranging from 30,000 MMK (USD 22) to 225,000 MMK (USD 161), amounting to a total of 4.6 billion MMK (USD 33 million).

Ten per cent of respondents reported that support came from the Government. The Government's support included a food assistance programme for households in the lower-income groups. This consisted of supplying rice, cooking oil, salt, lentils and onions to households, but only 10 per cent of the garment workers said they received this form of support. An interviewed female worker shared that she didn't know why they are not eligible to receive support from the Government. She assumed that migrant workers without household registration in Yangon were not eligible to receive support from the Government even though they are vulnerable during the COVID-19 crisis. Overall, the forms of support were usually one-off assistance.

**Figure 5: Forms of support received by laid-off workers<sup>27</sup>**

26 Smart Textile & Garments, Sequa, EU Nexus Response for Myanmar and UNOPS, 2020.

27 Respondents could select two options and then the calculation were based on 100% of the responses

## 4.2 Migrant experiences

As referred to earlier, a significant number of garment workers and laid-off workers are internal migrant workers. The inclusion of the migrant experience is essential to understand the challenges they face. Over half of the respondents (52 per cent) indicated that their main reason for moving to Yangon was to find a job. Ten per cent of respondents stated they had moved because they followed their family members and educational opportunities.

Table 5 shows migrant characteristics according to the state or region of origin. Over half of the migrant respondents (63 per cent) were alone in Yangon while the rest (37 per cent) stayed with family members. At the time of the interview, over half of the respondents (52 per cent) stated that they had returned to their state or region of origin. The highest number of internal migrants came from Ayeyarwaddy (32 per cent) and Magway (23 per cent).

**Table 5: Status of migrant workers in Yangon by region or state of origin**

State or region of origin	Stay alone in Yangon (%)	Stay with family members in Yangon (%)
	63	37
Rakhine	15	7
Bago	11	11
Magway	23	18
Ayeyarwaddy	32	50
Other States/regions	20	14

## 4.3 Remittances and family support

Previously, the data indicated that 33 per cent of laid-off workers spent their severance pay on remittances to their families, demonstrating how laid-off workers families' livelihoods depend on their incomes. Table 6 compares workers' remittances in 2019 to that between March and August 2020. In 2019, a higher number of respondents (78 per cent) indicated that they were able to remit, whereas, during the pandemic between March and August 2020, only 55 per cent of respondents remitted money.

Given the total amount of money respondents remitted in the 2019 year, the table below offers an adjusted amount of how much respondents would have remitted in six months in 2019 to make a fair comparison with the amount remitted in the last six months during COVID-19. In this regard, the seasonality effect was not considered for the comparison due to a lack of data. According to the findings, the average amount remitted decreased by 56 per cent in the last six months (March to August 2020), compared to six months in 2019. The most significant decrease (-69 per cent) was among laid-off migrant workers with three years or more experience at their factory. For them, they had previously remitted USD 753 within six months, while during 2020, they had only managed to remit USD 235. The group of migrants who had the smallest decrease (-41 per cent) in remittances were those working at their factory for almost two years.

**Table 6: Remittances before and during COVID-19**

Duration of work	Amount remitted in 2019 (Jan-Dec) (MMK) <sup>28</sup>	US\$	Amount remitted during 2019 half-year (adjusted: Total amount in 2019 divided by two)	US\$	Amount remitted within the last six months (March-August, 2020) (MMK)	US\$	% change
Less than a year	984,286	705	492,143	353	223,710	160	-55%
12 months to 23 months	1,008,077	722	504,039	361	299,444	214	-41%
24 months to 35 months	1,291,667	925	645,834	463	333,333	239	-48%
Three years and above	2,104,286	1,507	1,052,143	753	328,750	235	-69%

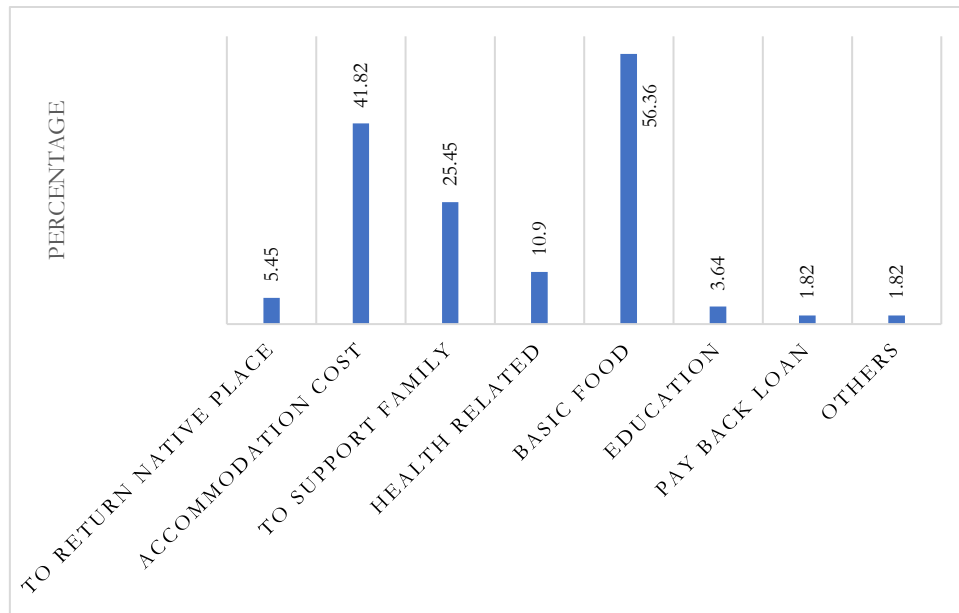
#### 4.4 Coping strategies

To survive, laid-off workers employed various strategies, one of which included borrowing money. Over a third of the respondents (37 per cent) indicated they borrowed money in the last six months (March to August 2020). Out of those who borrowed, almost half (47 per cent) borrowed less than USD 72, a further 27 per cent borrowed between USD 73 and USD 143, and 26 per cent borrowed more than USD 144. Of those who borrowed money, 80 per cent said that they still have these debts at the time of the survey. Respondents indicated that the average interest rates on these loans, mainly from informal money lenders, was 10.3 per cent per month<sup>29</sup>. With such high-interest rates and lack of income, the laid-off workers are vulnerable to falling into a debt cycle.

Further analysis of the reported reasons for borrowing indicates that over half of the respondents borrowed money to cover necessary food expenses (56 per cent). Previous results suggest that most laid-off workers spent their severance money on food (34 per cent). For workers to prioritize food demonstrates the urgency to meet their basic needs. Another reason why some respondents borrowed money was to meet the costs of accommodation. As mentioned earlier, accommodation costs have become higher, especially for those who had to pay rent alone after migrant roommates did not return. A quarter of the respondents (25 per cent) borrowed money to support their family. Laid-off workers have a great deal of responsibility to continue supporting their families. These workers have a double burden of ensuring not only their well-being but that of their families.

28 One of the limitation of this analysis is it did not account for any changes due to seasonality.

29 In most cases these loans came from informal lending institutions or informal money lenders.

**Figure 6: Reported Reasons for Borrowing**

To further illustrate the importance of financial support to family members, 89 per cent of internal migrants stated it was essential for them to remit to their family members. Similarly, most Yangon native respondents (81 per cent) indicated it was important to provide family support. Despite the on-going pressures brought by COVID-19 and losing their jobs, laid-off workers were still having to meet the demands of providing for their families.

## ► 5. RE-EMPLOYMENT EXPERIENCES

This section describes how laid-off workers searched for other job opportunities. Amid a pandemic and in an industry like the garment sector, respondents are faced with the choice of being re-employed at their previous workplace if opportunities were available or searching for a new job. This study found that among laid-off workers, 70 per cent of respondents were still without employment, and 16 per cent were re-employed at their previous workplaces. The remainder, 14 per cent, were currently working in a new job (either in another garment factory or in another sector). Those workers who were temporarily laid-off and then re-employed at their previous workplaces were mostly from Yangon (27 per cent), followed by Bago (23 per cent) and Ayeyarwaddy (17 per cent).

None of the laid-off workers from Rakhine<sup>30</sup> could be re-employed or find a new job, meaning they were still unemployed. Laid-off workers in Yangon and Ayeyarwaddy have closer proximity to where most of the jobs are concentrated. Laid-off workers from Rakhine were at a disadvantage, especially if they had travelled back to their native homes when the stay-at-home measures came into effect. The stay-at-home policies have adversely impacted the workers' livelihoods and ease of mobility within the country. Another reason to consider is that at the beginning of September 2020, Rakhine State experienced a surge of cases that effectively saw the state under a stay-at-home order with a ban on unauthorized travel<sup>31</sup>.

**Table 7: Employment status by origin of respondents**

	Rakhine	Bago	Magway	Ayeyarwaddy	Other States/ Regions	Yangon
	10%	9%	17%	33%	14%	18%
Re-employed in the old factory	0%	23%	16%	17%	10%	27%
Re-employed in a new job	0%	23%	16%	10%	24%	12%
Still unemployed	100%	54%	68%	73%	67%	62%

30 14 respondents identified Rakhine State as their native state out of 150 surveyed then laid-off workers.

31 Devdiscourse, 2020.

## 5.1 Conditions of new employment

According to the data collected, a majority (81 per cent) of the previously laid-off workers indicated that their new jobs were in the garment sector. Interestingly, only a few moved to work in the agricultural sector. When asked about how long it took them to get the new job, almost half of the respondents (48 per cent) stated it took them less than a month. For others, it took 1-2 months (43 per cent), and a smaller group of respondents (10 per cent) indicated it took two months. When it came searching for jobs, the strength of social networks was still very apparent as most respondents (57 per cent) said found work with assistance of friends and relatives. At the same time, a third of the respondents indicated that they had found a job themselves.

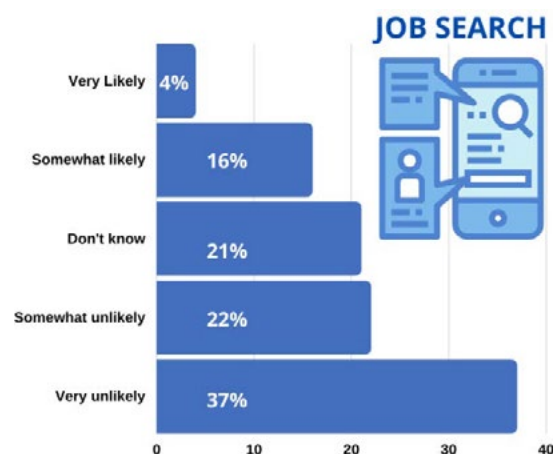
**Table 8: Changes in the salary before being laid-off and in a new position**

	Salary before being laid-off	US\$	New salary	USD	% change
Re-employed by previous workplace	201,208.3	144	175904.3	126	-13%
Employed in a new job	212,640	152	185000	132	-13%

Table 8 shows the changes between the salaries of laid-off workers who were re-employed by their previous workplace and workers employed in a new job. The respondents' data shows that respondents who were re-employed and those who got a new job equally experienced a decline in their pay. This reflects the overall trend in the garment sector during COVID-19 whereby workers' income generally decreased.

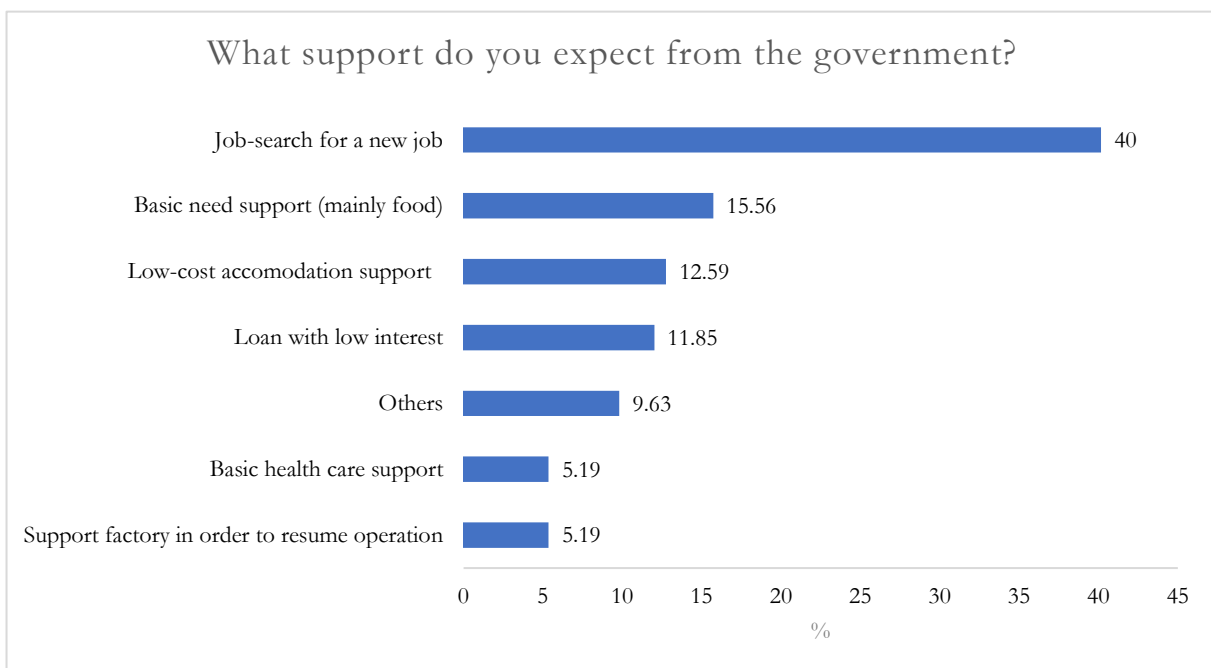
Unlike the laid-off workers who managed to get a new job, those who were still without employment expressed concern about the likelihood of getting a job. Among laid-off workers, 43 per cent of the respondents indicated that they were looking for a job. As shown in Figure 7, when asked whether they thought they could be recruited again in their previous workplace, 37 per cent indicated it was improbable. In contrast, a smaller per cent (4 per cent) still thought there was a possibility.

**Figure 7: Workers' perceptions of likely re-employment in previous workplace**



Respondents were very clear on their expectations of the type of support they wanted to receive from the Government (see Figure 8). Over half of the respondents (64 per cent) indicated that they expected support from the Government. Respondents' greatest priority was job search (40 per cent) followed by basic needs such as food (16 per cent) and loans with lower interest rates (12 per cent). The workers' urgent need to access new employment opportunities indicates the importance of developing a COVID-19 job creation strategy for garment sector workers and other significantly impacted sectors. As shown in the previous findings, most workers used both their severance pay and money they got through loans to buy food. Once again, this demonstrates the vulnerability of laid-off workers and their inability to provide for their basic livelihoods and that of their families.

**Figure 8: Type of support expected by laid-off workers**





## ▶ 6. CONCLUSIONS

This report demonstrates the precarious position faced by Myanmar's garment sector workers in 2020.

With no job and no income sources, in 2020 laid-off workers were very vulnerable and cannot provide for their basic needs such as food and accommodation. Laid-off workers resorted to getting loans with high-interest rates as a means of survival. With the absence of an unemployment scheme and limited access to formal credit, a number of laid-off workers borrowed from informal lenders. Thirty-seven per cent of respondents indicated they borrowed money between March and August 2020, with an average interest of 10.3 per cent per month. At the time of the survey, many of them had not been able to repay the loans.

This research study found that 45 per cent of the laid-off workers did not receive severance pay. It was observed that misinterpretation of regulations, workers' understanding of legal rights, and consequences of lockdown measures were the main factors. For those who did receive the severance payment, a majority of it was spent on food (34 per cent), remittances (33 per cent), and accommodation (17 per cent).

Their migrant status, coupled with the nation-wide lockdown and constrained mobility, meant that laid-off migrants were at a greater risk. At the time of the survey, 52 per cent of the non-Yangon native respondents stated that they were back in their place of origin. Also, data collected indicated a 56 per cent decrease in the amount of remittances that laid-off workers remitted. Some laid-off workers borrowed money to remit money to their families in their hometowns. For the money that was borrowed by 33 per cent was put towards sending remittances. Migrants face a double burden to provide for their well-being and that of their family during a pandemic.

The recovery phase of the industry in late 2020 remained highly uncertain. In addition, due to lack of access to formal credit, a significant number of those laid-off workers resorted to getting loans with high-interest rates, and many are not in a position to pay back their loans. Given this situation, an income support scheme for those losing jobs is critical in mitigating the livelihood hardship of laid-off workers and their families. The EU's emergency "Myan Ku" fund provided important support to workers in 2020.

COVID-19 illustrated the need for a robust unemployment insurance scheme to provide better support for laid-off workers. Although there is a provision under the Myanmar Social Security Law for an unemployment insurance scheme, it has not been established.

At the time of preparing this report in late 2020, about 70 per cent of laid-off workers were likely to remain unemployed for some time. The findings indicated that 42 per cent of those laid-off workers were not looking for a job at the time of the survey. Many respondents indicated that job search support should be prioritized by the Government.

This study also illustrates the importance of creating job opportunities through skills enhancement programmes or assisting laid-off workers into other sectors to diversify their skills and match the job market demands and supply of services and skills.

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