

Socio-Economic Impact of COVID-19 in Myanmar

*Summary of findings
and analysis from
UN and non-UN
impact
assessments*

October 2020



UNITED NATIONS
MYANMAR



TABLE OF CONTENTS

INTRODUCTION	6
1. IMPACT ON THE MACROECONOMIC ENVIRONMENT	10
1.1 Economic growth.....	11
1.2 Trade	12
1.3 Tourism	13
1.4 Foreign Direct Investment	14
1.5 Remittances	14
1.6 Financial sector	15
1.7 Inflation.....	16
1.8 Public finances	16
2. IMPACT ON JOBS AND THE PRIVATE SECTOR.....	17
2.1 Jobs.....	18
2.2 Agriculture	20
2.3 Impact on private enterprises.....	23
3. IMPACT ON PEACE, SOCIAL COHESION & RULE OF LAW .	26
3.1 Impact on peace.....	27
3.2 Impact on social cohesion.....	28
3.3 Impact on governance and the rule of law	29
4. IMPACT ON PEOPLE.....	32
4.1 Poverty	33
4.2 Food security.....	35
4.3 Access to health care.....	36
4.4 Access to water and sanitation	37
4.5 Education outcomes.....	38
4.6 Gender equality	39
4.7 Internally Displaced People (IDPs), conflict-affected communities and returning migrants.....	41
ANNEX: LIST OF RESOURCES.....	42

LIST OF TABLES

Table 1: Estimates of COVID-19 impact on growth	11
Table 2: COVID-19 Impact on Agricultural Production & Income	21
Table 3: COVID-19 Impact on Business	23
Table 4: COVID-19 Impact on Agricultural Production & Income	34

LIST OF FIGURES

Figure 1: Channels of transmission of COVID-19 to Myanmar's development pathway	9
Figure 2: Projected sectoral growth for FY 2019/2020	12
Figure 3: Potential job disruption per industry (% of baseline employment)	19

LIST OF ACRONYMS

ADB	Asian Development Bank
AFPs	agency, funds and programmes
COVID-19	Corona Virus Disease 2019
CPRP	UNCT Country Preparedness and Response Plan in support of the health sector contingency plan for COVID-19 and other emerging respiratory disease outbreak response in Myanmar
CSO	Central Statistical Organization
CSOs	civil society organizations
DSW	Department of Social Welfare
DUHD	Department of Urban and Housing Development
FDI	foreign direct investment
GBV	gender-based violence
GDP	gross domestic product
FAO	Food and Agriculture Organization
HCT	Humanitarian Country Team
IDP	internally displaced population
IFI	international financial institution
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
LGBTIQ+	lesbian, gay, bisexual, transgender, intersex, queer and other orientations
LIFT	Livelihoods and Food Security Trust Fund
MCCT	maternal and child cash transfer
MHPSS	mental health and psycho-social support
HRP	Humanitarian Response Plan
MMK	Myanmar Kyat
MLCS	Myanmar Living Conditions Survey
MoALI	Ministry of Agriculture, Livestock and Irrigation
MoCOM	Ministry of Commerce
MoHS	Ministry of Health and Sports
MoHT	Ministry of Hotels and Tourism
MoE	Ministry of Education
MoLIP	Ministry of Labour, Immigration and Population
MoPFI	Ministry of Planning, Finance and Industry
MSWRR	Ministry of Social Welfare, Relief and Resettlement
MPF	Myanmar Police Force
MSME	micro, small and medium-sized enterprise
MS-NPAN	Multi-sectoral National Plan of Action on Nutrition (MoHS)

NGCA	non-government controlled areas
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
OHCHR	Office of the United Nations High Commissioner for Human Rights
PLHIV	people living with HIV/AIDS
PPE	personal protective equipment
RCCE	risk communication and community engagement
SDG	Sustainable Development Goal
SME	small and medium-sized enterprise
SOP	standard operating procedure
SSB	Social Security Board
UEC	Union Elections Commission
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCT	United Nations Country Team
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFPA	United Nations Populations Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UN-SERF	UN framework for the immediate socio-economic response to COVID-19 in Myanmar
UNSDCF	United Nations Sustainable Development Cooperation Framework
WASH	water, sanitation and hygiene
WFP	World Food Programme
WHO	World Health Organization

INTRODUCTION



A late, but increasingly threatening, spread of the pandemic in Myanmar

While Myanmar had been largely spared from the COVID-19 pandemic compared to most of South/South-East Asia, the virus is showing renewed circulation in the country since early September 2020. From 23 March 2020, when Myanmar confirmed its first case of the new coronavirus, and until 25 August, the number of positive cases stayed below 500 and was nearly stable (average daily increase in number of cases below 1%). The situation has suddenly worsened since the end of August and by 14 October, the total number of positive cases has increased by 600% (30,437 cases). The number of fatalities has reached 693 after plateauing at 6 for 4 months (April-August).¹ The pandemic is also spreading across the country, after it stayed cantoned largely to Yangon and Bago metropolitan areas for months. Nowadays, the highest number of cases is found in Yangon metropolitan area, followed by Rakhine State, and all 15 states and regions but Kayah State have reported cases. No cases have been reported yet in IDP camps but one case appeared in a relocation site for stateless non-displaced residents in Rakhine State.

Given that Myanmar performs poorly in term of preparedness to prevent, detect and respond to disease outbreaks and pandemics, and is especially exposed to risk factors (disasters, conflict, constrained public health system),² healthcare authorities have been preparing since March for a large increase in the number of suspected cases – and this could now happen in the coming weeks. The *Country Preparedness and Response Plan in support of the health sector contingency plan for COVID-19 and other emerging respiratory disease outbreak response (or CPRP)* predicted last April up to 120,000 - 240,000 people in the first wave under an optimistic scenario.³ The government suspended since 31 March most inbound international travel. Returning nationals and a few authorized foreigners must undergo strict quarantine periods at designated and controlled facilities.⁴ Stringent physical distancing measures have been imposed and a total lock-down happened mid-April 2020 for two weeks, followed by semi lockdowns in townships with cases. The recent case surge has led the government to take early September its toughest measures to date, banning all travel from Yangon, grounding all domestic flights and re-imposing partial lockdowns in 43 of Yangon's 44 townships, as in all of Rakhine State.⁵ Restrictions on business operations, eased over summer, are now being re-applied in certain areas, especially for the hospitality and entertainment industries. All public and private schools remain closed nationwide. Gatherings of more than 30 people are prohibited except in specific situations.⁶

A wide and multi-factorial transmission to the socio-economic life of the country

Despite the relatively mild spread of the disease until recently, Myanmar, as other countries, has not escaped the economic consequences of the measures taken in Myanmar and globally to control the epidemic. As shown in Figure 1 on the next page, the pandemic is creating destabilizing shockwaves across all dimensions of the social and economic life of the country, and is also putting strain on its peace and democratic governance pathway. The channels of transmission of the public health crisis to the socio-economic arena trigger increasing delivery challenges in the health and education systems bringing lower health and education outcomes, falling trade and tourism and supply chain disruptions. Lower internal consumption is increasing unemployment, disproportionately impacting women, youth and informal workers, unstable financial markets, lower foreign investment and remittances is putting the country's

1 All COVID-19 epidemiological indicators for Myanmar come from MoHS Situation Reports.

2 Myanmar is ranked 72 out of 195 countries on the Global Health Security Index.

3 UNCT Myanmar. "Country Preparedness and Response Plan (CPRP) in support of the health sector contingency plan for COVID-19 and other emerging respiratory disease outbreak response in Myanmar," Yangon, April 2020, p. 6.

4 Quarantine facilities (5,647 as of 5 October 2020) have been set up for returning Myanmar migrant workers, while foreigners must self-quarantine in designated hotels.

5 Voice of America. "Myanmar imposes COVID-19 restrictions as cases surge", VOA News, 11 September 2020.

6 work commutes and workplaces; medical emergencies; shopping at permitted markets; delivery of goods; public, private, and monastic schools; eating at restaurants that follow Ministry of Health guidelines; official COVID-19 control and protection activities; and funerals (Source: US Embassy in Myanmar).

macroeconomic stability under stress, and increased political and security tensions in the wake of the pandemic is undermining social cohesion. The pandemic will eventually reverse the progress that Myanmar has made over the past decade in reducing poverty, especially among landless and small-holder farmers in rural areas and poor households in urban areas and peri-urban informal settlements. As elsewhere in the world, the COVID-19 crisis is disproportionately affecting the most vulnerable segments and groups within the society, in particular those with limited cash buffers and in conflict zones, and it is revealing and compounding pre-existing marginalization, inequalities, and vulnerabilities.

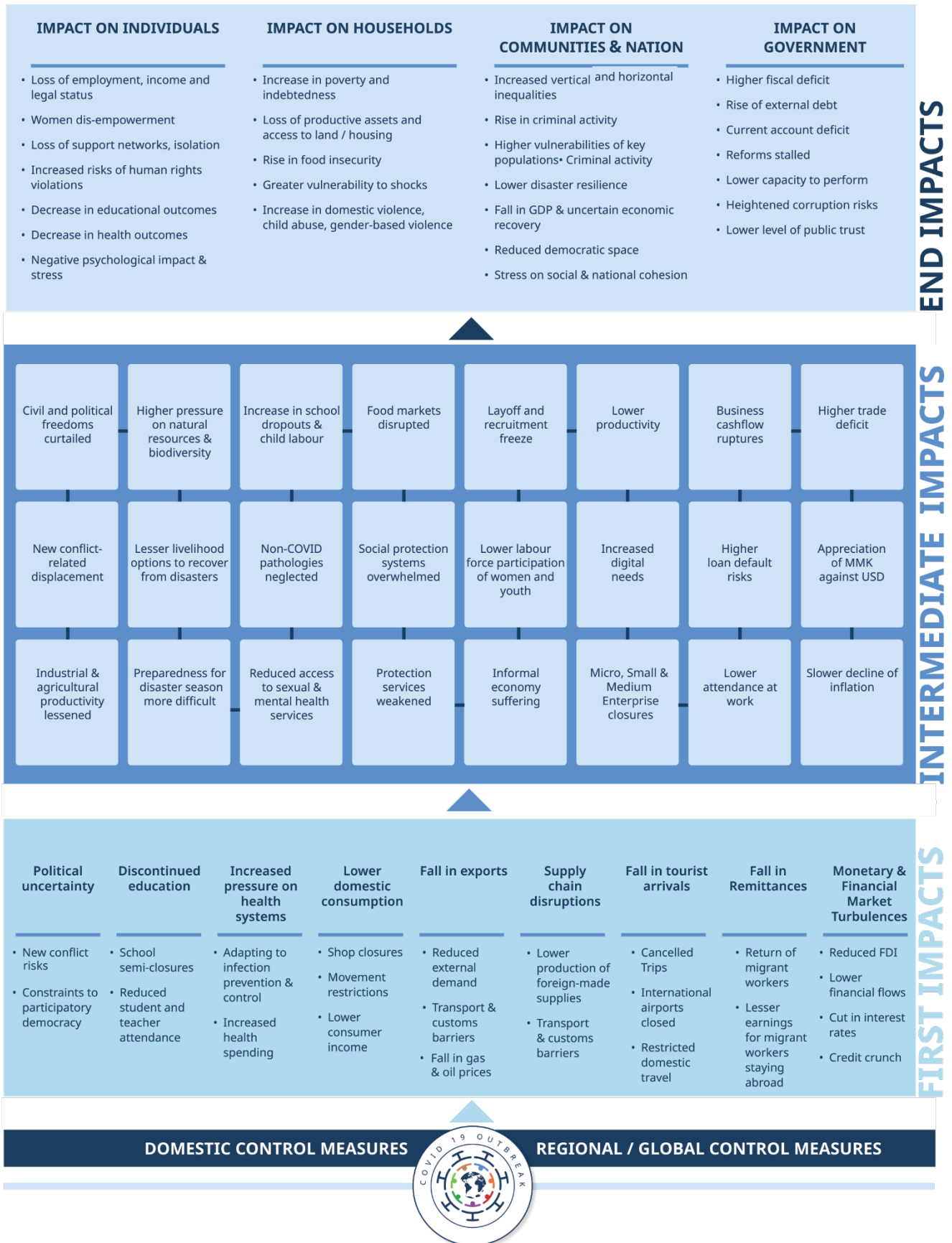
A complex impact analysis process

Understanding COVID-19 impacts across sectors, population groups, gender, and geographic areas is essential for designing effective policies and measures to mitigate the impact of the unfolding crisis and recover better. Yet, with an unpredictable spread of the disease in Myanmar – where cases are surging 6 months after the epidemic outbreak – the patterns of impact are changing with time and what was painted as a probable impact scenario a few months ago may need to be re-evaluated soon in the light of the current change in the country's epidemiological profile.

To contribute to an increased evidence-base and inform policymaking, UN Organizations, International Financial Institutions, bilateral development partners, government bodies, think-tanks, and I/NGOs in Myanmar have started undertaking a multitude of socio-economic impact assessments. Over the period from July to September 2020 alone, since the last issue of the UNCT COVID-19 Socio-Economic Impact Report, a total of 32 such assessments (19 by the UN family and 13 by non-UN entities) have been inventoried by the UN Resident Coordinator's Office. These range from modelling studies presenting trend forecasts and scenarios, to deep dives into sectoral impacts through field research, limited sample size surveys and analysis of response plans and policies. Several large size household and business surveys led by government are now underway and will help capture more solidly the actual impact of the pandemic on poverty, food security, living conditions, the satisfaction of social needs and even social cohesion. These studies will deliver results towards the end of the year and help paint a more evidence-based picture of post-COVID Myanmar.

This report is structured around four impact areas: macroeconomics, jobs and businesses, peace and governance, and finally people. Putting 'Impact on people' at the end is not minimizing it compared to other areas, on the contrary, it is showing how people in Myanmar are eventually affected from the multiple consequences of the COVID-19 crisis on the engines of stability and development in the country. As the report is an update of the first issue prepared in June 2020, certain sections read the same when no new impact data or analysis was available. A full list of sources used for this report is shown in Annex 1.

Figure 1: Channels of transmission of COVID-19 to Myanmar's development pathway



1. IMPACT ON THE MACROECONOMIC ENVIRONMENT



The COVID-19 pandemic is creating both supply and demand shocks, which are causing negative economic impacts mainly through a fall in trade in goods and tourism, manufacturing supply chain disruptions, and weaker domestic investment as well as decrease in consumption of goods, retail and transport services.



1.1 Economic growth

In the last quarter, the World Bank and the IMF have released estimates that Myanmar's growth will fall to between 0.5 – 1.8 % in FY2019/20, with significant risks on the downside (especially now that the epidemic outbreak is intensifying).⁷ Even under this baseline scenario,⁸ this represents a significant downward adjustment as compared with last year's forecast of 6.4 percent for FY2019/20. Both institutions predicted, prior to the latest epidemic surge, a short-lived negative impact of COVID-19, with growth levels recovering from FY 2020/21 and return to the anticipated growth path from FY2021/2022. Given that the global GDP is expected to contract by 5.2% in 2020, driven largely by contraction (7%) in developed economies, Myanmar seems nevertheless much more resilient to the economic impact of COVID-19 than many other countries. Compared with the East Asia Pacific region as a whole, Myanmar features averagely as the baseline forecast for this region in FY 2020 is 0.9%.⁹

Table 1: Estimates of COVID-19 impact on growth

Estimated GDP Growth (%)	2018/19e	2019/20f		2020/21f		2021/22f	
		Pre-COVID	Baseline	Pre-COVID	Baseline	Pre-COVID	Baseline
World Bank*	6.8	6.4	0.5	n/a	5.9	n/a	n/a
IMF**	6.5	6.4	1.8	6.0	5.9	6.2	6.2

Note: Myanmar's financial year runs from October – September. FY2019/20 is October 2019 to September 2020. GDP measured at constant factor prices.

* Source:

- World Bank (2019). "Myanmar Economy Monitor Dec 2019: Resilience amidst risk". December 2019.

- World Bank (2020). "Myanmar Economic Monitor June 2020: Myanmar in the time of COVID-19". June 2020.

** Source: IMF (2020). "Staff Report on Myanmar", IMF Country Report No. 20/215, July 2020 and IMF Myanmar Dashboard

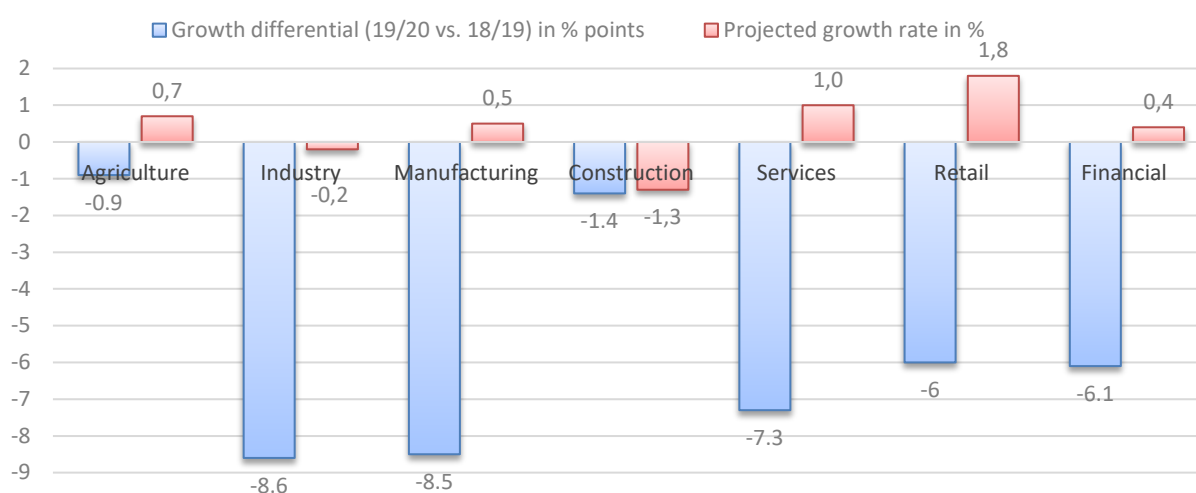
Sector-wise, as shown in Figure 2 below, the World Bank¹⁰ expects that the **industrial and services** sectors will be the most impacted, with respective growth differentials compared to FY2018/2019 of -8.6 and -7.3 percentage points, while the **agriculture sector** is scheduled to show more resilience (only -0.9 point differential and positive growth of 0.7% in FY 2019/2020).

⁷ In the WB's downside scenario, Myanmar's economy would contract by as much as -2.5 percent in FY2019/20.

⁸ Baseline refers to a scenario where containment of the pandemic allows a sustained recovery of activity, initially in China followed by the rest of the world, and where sizable fiscal and monetary policy support measures prevents any lasting impact of the pandemic on global activity.

⁹ World Bank (2020). "From Containment to Recovery", East Asia and Pacific Economic Update (October), World Bank, Washington, DC.

¹⁰ World Bank (2020). Myanmar Economic Monitor June 2020: Myanmar in the time of COVID-19, World Bank, Washington D.C., June 2020.

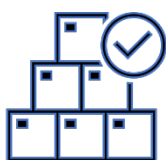
Figure 2: Projected sectoral growth for FY 2019/2020

Source:

- World Bank (2019). "Myanmar Economy Monitor Dec 2019: Resilience amidst risk". December 2019.
- World Bank (2020). "Myanmar Economic Monitor June 2020: Myanmar in the time of COVID-19". June 2020.

Within the **industrial sector**, the manufacturing sub-sector, suffering from the combined impact of international supply-chain disruptions,¹¹ domestic restrictions on economic activity, and falling external demand, is hit hardest. The construction sub-sector, despite its high growth potential, will experience recession in 2019/2020 due to declining demand and investments, but the growth differential compared to the previous year remains limited – not like for the manufacturing sector, meaning that the construction sector should suffer less in terms of company and job losses. The **services** sector is impacted by changes in consumer demand caused by the behavioural changes that COVID-19 has brought about. Demand for services including transportation, wholesale and retail commerce, hotels and restaurants, and entertainment has significantly declined, while the demand for ICT services has increased. The ICT sub-sector has therefore continued to perform well. Tourism and travel have been hard hit due to travel bans, movement restrictions, and reduced demand for these services resulting from precautionary behaviours.

Myanmar's lack of deep integration with global supply chains implies that the economy is less affected by external transmission channels relative to its more export-oriented regional peers. Nevertheless, measures taken domestically to respond to the pandemic and the associated fall in household income levels has decreased purchasing power resulting in a fall in private consumption, in particular of non-essential items.



1.2 Trade

Towards the end of FY 2019/20 (up to 12 Sep), Myanmar's goods trade has grown in real value by 2.82% compared to the same period in FY 2018/2019.¹² In comparison, total trade had grown by 4.46% between FY 2017/18 and FY2018/19, showing that trade has indeed been hard hit this year by COVID-19. The estimated growth in trade for FY 2019/20 is also far below potential without COVID-19 as in the first six months of FY 2019/20 (October 2019 – March 2020), trade was already 18 % higher compared to the same period in FY 2018/19. The negative effect of the pandemic on trade in the second half of FY2019/20 has been massive and will bring down the annual trade growth rate to approximately 3%. Much of the

¹¹ China provides 90 percent of the inputs for the garment manufacturing in Myanmar (Source: World Bank, June 2020).

¹² Trade data issued from Ministry of Commerce by 11/09/2020.

slowdown is driven by the impact of the pandemic on Myanmar's most important trading partners, China (accounting for a third of Myanmar's trade, a fifth of foreign tourists and up to 15% of FDI) and Thailand. Both these countries' economies have been hard hit by the pandemic, with GDP performance predicted to be lower than in decades.¹³ Border closures and extended inspections on traded goods at the outset of the pandemic caused cross-border trade with these countries to plummet – especially for agricultural exports to China (roughly half of all agricultural exports). Supply disruptions were also felt in several industrial branches and particularly in the garment industry.

The increase in trade volume for FY 2019/20 has been driven mostly by exports that grew overall by 4.98% until mid-September (or US\$0.79 billion) while imports increased only by 0.9% (or US\$1.16 billion) over the same period, due to lower internal demand (especially for intermediate goods) and manufacturing activity. This is a reversal of situation compared to the first 8 months of FY2019/20 (up to June 2020) when imports were growing faster (+20%) than exports (+16%). This shift has had a positive impact on the country's annual trade balance, as discussed below. If considered as a percentage of GDP, Myanmar export volume in FY 2019/20 (13.1%) is disappointing compared to FY2018/29 (15.3%) and is not predicted to return to pre-COVID-19 projected trend before 2022.

Overall, the hardest hit exports have been manufactured goods and especially garment products, due to a sharp decline in demand from the main European market for Myanmar (70% of all of garment exports),¹⁴ as well as natural latex and rubber products.¹⁵ Even after the trade rebound witnessed from April onwards, the garment industry is likely to continue to suffer as the demand from the EU market continues to be low and as trade costs remain at a higher level. In general, Myanmar's reliance on a few markets for its main export products (agriculture, gas and garment) puts pressure on exports of manufactured goods. A recent survey conducted with 266 export companies¹⁶ showed that more than half of them had experienced order declines in Spring and expected this trend to continue for at least one more quarter.¹⁷ In fact, the export increase witnessed overall in FY2019/20 has been driven by agricultural exports, minerals, marine products and other products – which compensated losses experienced in the manufacturing sector.

The trade deficit earlier in this fiscal year was on a course to an exponential raise but due a more pronounced impact of COVID-19 on imports than exports, according to IMF latest estimates,¹⁸ the trade deficit for FY 2019/20 (3.3% of GDP) has been brought back to a level similar to FY 2018/2019 (3.2%). Nevertheless, this better than anticipated trade deficit will not be sufficient to avert a large widening of the current account balance deficit (projected by the IMF at 4.0% for FY2019/20 against 2.6% for FY2018/19), driven by an important fall in incoming foreign direct investments, tourism receipts and remittances. Yet, if the actual current account deficit remains as projected, the situation for FY 2019/20 would still be more positive than it was two years ago (4.6% deficit in FY 2017/18).



1.3 Tourism

As in many other countries, tourism has been hard hit by the pandemic. Since April, all commercial flights to Myanmar have been suspended, and since early September, domestic flights are suspended as well. With an increase of 72% in tourist arrivals in the first quarter of 2020 compared to the same period the year before, tourism was on the rise before the pandemic. With the travel restrictions, this trend came to an abrupt halt. It is estimated that by the end of FY 2019/20, foreign tourist arrivals will have fallen by 40-

13 The World Bank has downgraded its 2020 growth estimate for China from 5.9% to 2.3% and expects Thailand's economy to contract by 3% in 2020 in their baseline scenario. Source: World Bank (2020). East Asia and the Pacific in the Time of COVID-19 – Regional Economic Update. April 2020.

14 EuroCham (2020). Garment Guide 2020. EuroCham Myanmar.

15 ITC (2020). The Impact of COVID-19 on Myanmar Export Sectors, International Trade Centre, 2020.

16 Ibid.

17 The same proportion of companies also reported increased delays in receiving inputs or exporting their goods.

18 IMF (2020). Myanmar: 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Myanmar. July 2020.

50%.¹⁹ With domestic travel also hard hit (since March, domestic land transportation is at least 30% below the previous year's baseline), the decline in tourism-related earnings from hotels, restaurants, rentals, overland transportation, and other services is further accentuated. The impact on the tourism sector disproportionately affects women, who represent 60% of employees engaged in food and accommodation services.²⁰ In a recent business survey, 87% of tourism companies consulted claim to have been strongly affected (ITC, 2020). This is likely to have a significant impact on the economy; if direct tourism revenues are estimated to account "only" for 2.7% of GDP, the combined earnings from hotels, restaurants, and transport activities which are partly supported by tourism are much higher, at 16% of GDP (MoCOM, 2019). Tourism receipts were estimated last Spring to be cut by 50% for 2020 by the government (Ministry of Hotel & Tourism – MoHT, 2020), but the actual figure at the end of the fiscal year could be much worse. The sharp decline in this sector affects both the international and domestic markets and recovery is expected also to be slower than in other sub-sectors of the economy even after restrictions are lifted.



1.4 Foreign Direct Investment

With the COVID-19 crisis, foreign investors move away from high risk markets, and multinational corporations halt their operations. In Myanmar, Foreign Direct Investment (FDI) inflows at the end of 2019 showed signs of recovery, following a record low value in 2018. Yet, in 2020, FDI inflows have slowed down again, especially in Q2, and, although FDI commitments have been picking up again in Q3 according to the Ministry of Investments and Foreign Economic Relations, a lower total FDI inflow for FY2019/20 can be expected. The effect of the latter is already visible in the garment industry, where about 50% of registered garment firms are fully or partially foreign owned. A high number of garment factories have already suspended operations. If garment exports continue to deteriorate it is likely to have a particularly negative impact on raising FDI. Actual investment flows in Q1 FY2019/20 were already 37.5% lower than a year before.²¹ A number of FDI projects are suspended or postponed, especially in the tourism sector. Projects in the natural gas sector, which accounted for 37% of total FDI inflows between 2011 and 2018, are also affected given the drop in hydrocarbon prices. Investments in the textile and garment industry, mostly coming from China, are also likely to halt in the short-term.²²

Despite the slump in FDI inflows due to COVID-19, as a marked fall in FDI outflows is also forecast (due to the economic slowdown in Myanmar overall), the IMF foresees a slight improvement of the net FDI balance in percentage of GDP for Myanmar, reaching -2.7% in 2019/20 compared to -3.1% the previous year.²³



1.5 Remittances

Before the pandemic, Myanmar had approximately 4.25 million migrants living abroad (one of the highest population shares in Asia) and the annual value of remittances from regular migrants was estimated to be about USD \$2.5 billion in formal remittances (2019), or about 4% of GDP.²⁴ Counting in informal remittances as well, the total contribution of migrant workers to Myanmar GDP could reach 13%.²⁵

19 World Bank, 2020.

20 CARE (2020). "Rapid Gender Analysis of COVID-19 in Myanmar", CARE & UN WOMEN, Yangon, August 2020

21 Ibid.

22 Working Committee to Address COVID-19 Economic Impact, The (2020). Protect, Revitalize, Recover, Prosper: Impact for COVID-19 on Myanmar Businesses and Policy Implications, Government of Myanmar, with support from DaNa Facility, ITC, UNCDF and UKAid, July 2020.

23 IMF (July 2020).

24 UNCDF (2020). "Impact of COVID-19 on Myanmar's Migrants and Remittances", Briefing, UNCDF, Yangon, June 2020.

25 IFPRI, "Assessing the Impact on Household Incomes and Poverty of Declines in Remittances Due to COVID-19", Strategy Support Program Policy Note 06, June 2020.

By 5 August 2020, it is estimated that about 3.5% (or 141,710 migrants) of Myanmar international migrants had officially returned through border checkpoints following the COVID-19 outbreak, mostly from Thailand (97,342 returns) and China (44,051 returns).²⁶ If unregistered returns are also counted, this number is likely to be much higher.²⁷ Inflows of returning migrants are expected to continue for months as fewer jobs are available in the receiving countries due to the economic slowdown. In addition, it is not only the returning migrants who have lost their jobs, many jobless migrants have continued to stay on in their host country. The decline in remittances is having an impact both at the macro and micro level. The World Bank projects that formal remittances for low- and middle-income countries will fall by 20 percent in 2020.²⁸ For Myanmar's economy, this would mean a significant loss to its foreign exchange earnings.²⁹ Furthermore, this loss may take a longer period of time to be reversed than the pandemics itself, as migrant receiving countries may tighten their immigration conditions in the future and their own economies may take time to recover. Hence, 55% of the migrants intend to re-migrate, with the majority wishing it to be as soon as possible.³⁰



1.6 Financial sector

In an unprecedented move the Central Bank of Myanmar (CBM) cut its interest rate in three stages in March and April to 7%. These were the first-rate cuts since 2012. The CBM has also temporarily lowered the reserve requirement ratio from 5 to 3.5% up to the end of September 2020. The IMF, in early July, considered that the current policy rate is sufficiently accommodative and recommended that further reductions only be assessed against macroeconomic developments should the economic crisis linger and deteriorate. Other policies were also taken to enable increased lending by banks. For example, banks can now, under certain conditions, reschedule MSME loans without classifying them as non-performing loans (NPLs). These measures significantly push credit to the private sector upward and the IMF foresees for FY2019/20 credit-to-private-sector to reach 29.4% of GDP against 27.7% in FY 2018/19.³¹ However, as about a third of the value of private bank's outstanding credit is in loans to the service sector and local stores and shops³², which are likely to be significantly hit by COVID-19, the risk that NPLs pose to financial sector stability will increase. Micro-finance institutions have also been growing fast over the last year, with a number of clients reaching 5.9 million in February 2020 (+ 35% in one year) and the share of NPLs also for the first time rose since several years (from 1% to 1.5%) in Q3 FY2019/20. In April 2020, MFIs reported delays in scheduled loan repayments from 10-15 percent of their four million low income clients.³³ The Livelihoods and Food Security Fund, or LIFT, estimates that its MFI partners faced a liquidity shortfall of \$160 million to \$200 million by end of Q3 FY 2019/20 and rationed credit as a result, leading to an estimated 60% decline in new loan disbursements during the same period.³⁴ The situation somehow improved over summer, with lesser default rate and renew increase in loan requests, but this positive rebound might be short-lived in the context of epidemic surge in the fall.

Contrarily to other regional currencies, the Myanmar kyat (MMK) has appreciated against the US dollar since the beginning of the COVID-19 outbreak, rising by 4.4% during the Jan-May 2020 period. This followed a year of continuous appreciation (in 2019) due to the weakening dollar related to US monetary policy.³⁵ It is likely that the aggressive interest rate cuts implemented by the US Federal Reserve since late 2019 (which have kept the USD weak in relative terms), will help prevent a depreciation of the MMK throughout 2020. The real effective exchange rate also appreciated during

26 IOM (2020). "COVID-19 Response: Situation Report #11". 6 August 2020.

27 An unofficial estimate of unregistered returns by 28 May stood at 70,000 workers (Source: UN OCHA).

28 World Bank (2020). COVID-19 Crisis Through a Migration Lens. Migration and Development Brief, No. 32, WB, Washington, DC.

29 Working Committee to Address COVID-19 Economic Impact, The (2020).

30 IOM (2020).

31 IMF (July 2020).

32 IMF (March 2020).

33 Opportunity Now (ONOW) in partnership with UNCDF Internal report, April 2020

34 Working Committee to Address COVID-19 Economic Impact, The (2020).

35 World Bank (June 2020).

the same period by 4.5% - which could undermine Myanmar's exports competitiveness. Given the uncertain length of the pandemic, lack of market access, and heightened external and banking sector vulnerabilities, bringing reserves from the already low pre-COVID level of 3.4 months of imports to an adequate level - about 5 months of imports or 20 percent of broad money – will be critical to maintaining stability (IMF, July 2020).



1.7 Inflation

The pandemic has helped bring down the levels of inflation as the lower oil and gas prices and the overall slowdown in economic activity exert a downward pressure on consumer prices. From 8.5% in FY 2018/2019, end-of-year inflation is scheduled to reach 5.9% for FY 2019/20.³⁶ Food-price inflation rate fell from 7.8% in December 2019 to 4% up to April 2020, reflecting lower prices for basic food staples, while non-food inflation fell from 12.3 percent to 7.5 percent over the same period.³⁷ While the core inflation rate remained high at around 13 percent in April 2020, the World Bank projects it to moderate from July onward. Inflation was scheduled to remain stable throughout FY 2020/21 at 6.3%.³⁸



1.8 Public finances

Before the COVID-19 outbreak, Myanmar's public finances were in a relatively good state. In FY2018/19, the fiscal deficit was about 4.0% of GDP, and general government gross debt at 38.8% of GDP,³⁹ which led the IMF to assess Myanmar to be at low level of external debt distress. However, in the wake of the pandemic as economic activity decelerates the Government's budget is likely to be significantly impacted. The IMF projected in July the fiscal deficit for FY2019/20 to reach 5.8% of GDP, accounting for the approximately 1% of GDP extra expenditures incurred with the COVID-19 Economic Response Plan (CERP) that fiscal year, while the World Bank had a bleaker forecast with a deficit reaching between 7 to 8% of GDP, well above the target of 5.0% of sustainable fiscal deficit adopted by the government in its medium term fiscal framework. Government revenues are contracting due to COVID-19, reflecting lower revenues from falling price of natural gas (non-tax revenues are slated to fall by 12% year on year in FY 2019/20)⁴⁰ as well as lower income and commercial tax revenue, including targeted tax relief measures announced by the government in its CERP (projected to decline by 6.0% and 1.5 percent of GDP in FY2019/20).⁴¹ For FY 2020/21, the IMF foresees the same level of deficit, with renewed income growth but higher costs of the economic recovery plan to the national budget (up to 2% of GDP). The total government gross debt would reach 42.7% in FY 2019/20 and 44.7% in FY 2020/21 (IMF, 2020).

³⁶ IMF (July 2020).

³⁷ World Bank (June 2020).

³⁸ IMF (July 2020).

³⁹ IMF (July 2020).

⁴⁰ World Bank (June 2020).

⁴¹ Ibid. and IMF (July 2020).

2. IMPACT ON JOBS AND THE PRIVATE SECTOR



Private businesses, farm and non-farm, have seen their operations heavily disturbed during the lockdown period before and during Thingyan due to government restrictions on movement and business operations, measures taken for workers' safety, workers' absenteeism, lack of demand, insufficient cash flow and supply shortages. According to the Social Security Board, the crisis has led to temporary closures during that period of more than registered 5,100 firms, mostly in the Yangon and Mandalay area.⁴² Different business surveys conducted during the same period also report wide scale closures and/or almost systematic reduced earnings – and only few businesses were able to continue operating through tele-working. The relaxing of lockdown rules in May has allowed most businesses to re-open. Nevertheless, the great majority of firms, large or small, and across sectors, were anticipating a decrease in profits for this fiscal year. The return of the pandemic late August and the new restrictions taken to control it, especially for the tourism and transport industries, raises the spectrum of a much deeper impact on the private sector and jobs than initially anticipated.

Please note: This section is primarily based on evidence coming two recent medium-scale business surveys: the Myanmar Business Environment Index (MBEI)⁴³ and the World Bank Firm-level COVID-19 Impact Survey (FCIS).⁴⁴



2.1 Jobs

Myanmar's labour force stood at close to 24.7 million people in 2019, which represents 67.7% of the population aged 15-64.⁴⁵ Nationwide, nearly half of the employed population (48.9%) worked in agriculture and allied activities while 78.9% of non-agricultural jobs were in the informal economy.⁴⁶ Unemployment benefits do not exist in Myanmar. Women's labour force participation remains low compared to men's (54.7% vs. 78.4%) and women represent 60% of all workers in vulnerable employment.⁴⁷ The high degree of informality in the economy and the lack of protection of workers leaves businesses and workers highly vulnerable to shocks such as those related to COVID-19. At the onset of the COVID-19 crisis in Myanmar, according to the ILO, nearly 19.9 million women and men worked in sectors exposed to a medium to high risk of economic disruption, including agriculture.⁴⁸

According to ILO estimates, up to 37% of pre-crisis employment (or 7.3 million jobs) could be disrupted in 2020.⁴⁹ Disruptions include workers having to take unpaid leave, reduced earnings and working hours, or complete loss of employment and income source. For the latter, an early estimate published

42 ILO (2020). "COVID-19 Impact on Employment and Labour Market in Myanmar", ILO Liaison Office for Myanmar, July 2020.

43 Myanmar Business Environment Index (2020). "COVID-19 Impact on Businesses: A Survey", The Asia Foundation, DaNa Facility, UKaid, 5 June 2020. The survey interviewed 750 businesses from April 28 to May 10, chosen randomly from a larger size sample of 5,605 businesses interviewed in February 2020 for MBEI 2020. Businesses interviewed had to have at least 4 employees including at least one paid. Businesses operating in the primary sector (agriculture, fisheries, mining, and forestry) were excluded.

44 World Bank, The (2020). The Firm-Level Impact of the COVID-19 Pandemic: Summary of Results from Second Round (English). Myanmar COVID-19 Monitoring, Washington, D.C., September 2020. For this survey, 500 businesses were interviewed in two rounds (end of March and end of May). Firms were randomly selected from a frame of about 170,000 firms across all sectors (including the primary sector), formal/informal businesses, and from micro to large enterprises. All regions of Myanmar are also represented in the survey sample.

45 World Bank Development Indicators.

46 UN Global SDG Database, SDG Indicator 8.3.1. Accessed 06/05/2020.

47 World Bank World Development Indicators.

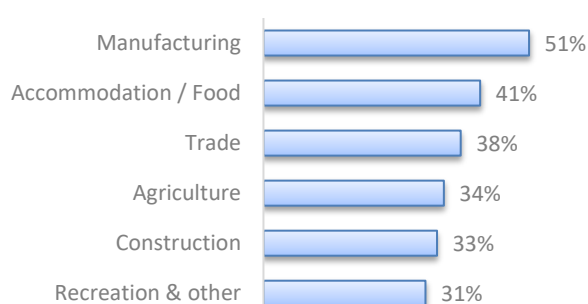
48 ILO (July 2020).

49 Ibid.

by IFPRI⁵⁰ predicted that up to 5.3 million non-farm jobs could be wiped out, while the MBEI indicated that, on average, businesses had laid off 16% of their employees due to COVID-19 from March to May (which would be equivalent to 2.01 million jobs lost in the non-farming sector if extrapolated to the whole country). This finding is also confirmed by the FCIS, which found that 21% of firms reported laid-off employees in March and only 10% in May. Geographically-targeted surveys have reported even higher figures for lay-offs (37% in Kachin State⁵¹ and 29% in Rakhine State).⁵² From the employee's side, 65% of respondents in a recent UNICEF survey of household level changes (120 units across Kachin, Shan, Kayin, Rakhine, Yangon, Mandalay), reported that their work situation had changed due to COVID-19 (daily wagers and self-employed were the most affected).⁵³

Workers in the manufacturing, travel and tourism, food and beverage, trade, agriculture and construction industries are the most impacted by job disruptions (see Figure 3). In absolute terms, the agriculture sector is the one that would see the highest number of jobs disrupted (3.5 million), especially for landless households, followed by trade (1.5 million), manufacturing (1.2 million), construction and transport (0.4 million each).⁵⁴

Figure 3: Potential job disruption per industry (% of baseline employment)



Source: ILO, June 2020 0%

Moreover, the crisis brings decreases in earnings, as working hours are reduced for a large number of workers. Any decrease, even temporary, can be catastrophic for household well-being given the already low level of wages in at-risk sectors. On average, employees in the six highlighted industries (Figure 3) earned merely 173,000 Kyats per month (or approximately US\$114) before the onset of the COVID-19 crisis.⁵⁵ In both agriculture and recreation and personal services, average wages were considerably lower. In Rakhine State, where poverty is the highest in Myanmar, a recent survey by UNDP reported local estimates that wage earnings for those still hired had fallen by 63% in average.⁵⁶

In such a crisis context, competition for new job opportunities is high, but it is even higher in Myanmar given the return of more than 150,000 migrant workers by early August (and possible up to double this figure by reporting time and accounting for illegal returns), who find themselves in urgent need of livelihood means back home. In Rakhine alone, it is estimated that 78% of returned migrants are in dire need of livelihood opportunities, including employment. At the same time, casual labour opportunities are reported to have been reduced drastically, by 70%.⁵⁷

Layoffs and job losses are impacting workers in vulnerable employment the hardest. Official data show that two-thirds of workers in the most at-risk sectors are self-employed and among these, the majority work informally. For example, in the garment industry, nearly 40% of jobs are self-employment, and three in four employees in this sector work in unregistered enterprises with no social protection at all.⁵⁸ In the agriculture sector, only 21.3% of employment is wage-based. Myanmar's tourism industry is also

50 IFPRI (2020). "Assessing the Impact of COVID-19 on Myanmar's Agri-Food System", June 2020.

51 Humanity Institute (2020). "A Study on the SMEs' Landscape in Kachin State and the Impacts of COVID-19 on SMEs".

52 UNDP (2020). Rapid Socio-Economic Impact Assessment of COVID-19 on Rural Communities in Rakhine, United Nations Development Programme Myanmar, September 2020.

53 UNICEF (2020). "Rapid Monitoring of Household-level Changes". May 2020.

54 ILO (July 2020).

55 As a point of reference, the statutory minimum wage in Myanmar, which was set in mid-2018, is 4,800 Kyats per day or an estimated 104,000 Kyats per month (assuming 5 working days per week and 4.33 weeks each month).

56 UNDP (2020).

57 Ibid.

58 ILO (July 2020)

characterized by low earnings, minimal protections, widespread informality (nearly three in five workers in the accommodations sub-sector are working in unregistered establishments) but also a high level of variability in employment status and earnings between businesses. In a survey of COVID-19 on the tourism sector,⁵⁹ 42% of businesses had asked their employees to take unpaid leave and 28% had reduced the number of temporary workers. The MBEI also showed that 84% of laid-off employees, for those companies who had to lay off staff (permanently or temporarily), were low-qualified / manual workers – who are also those with the least resources to overcome unemployment.

Women, who represent 60% of all workers in vulnerable employment in Myanmar (and 86% of workers in the manufacturing sector for example), face a structurally higher exposure to unemployment, underemployment and under-pay in Myanmar. Consequently, they are disproportionately impacted by disruptions to employment due to this crisis, including for reduced working hours (70.6% of women workers worked less since COVID-19 against 56.6% of men in a recent small-scale business survey).⁶⁰ An estimated 90% of the 700,000 people employed in the garment sector are women. The devastating impact of the COVID-19 pandemic on the garment sector renders women particularly vulnerable. Women are also deprioritized for new employment opportunities, whether informal or formal.⁶¹ More women will also leave the workforce (i.e. cease working for paid work) as they are primary caretakers in the household and will opt to stay home, more than men, to look after children out-of-school (nearly 50% of the schools are reported closed since September 2020) and family members who need medical support.⁶²

Youth, who like women face higher combined rates of unemployment and underemployment, and make up approximately one in six employees in the workforce in at-risk industries (including one in four in recreation and personal services),⁶³ are another category hit hard by employment disruption due to COVID-19. Businesses tend to lay off in priority temporary workers, who are often youth, and youth are also more exposed to pay cuts. Young people could face weaker career prospects or long-term discouragement especially if the crisis becomes protracted and the recovery is delayed.

On the positive side, the different business surveys conducted since COVID-19 started show that majority of businesses have taken **measures to protect their employees** (and customers by the same occasion) from COVID-19. MBEI results show that a staggering 92% of businesses required employees to practice hand-washing, 83% to wear a mask and 72% practiced social distancing. Similar results are reported through different other surveys (72% of tourism businesses have provided protective equipment to their staff and 97% in the food and beverage processing sector).⁶⁴ Some businesses also make efforts in facilitating their staff work by offering more flexible working hours, as in the food processing sector (65% of businesses adopted a staggered shift work) and tourism sector (50%).⁶⁵ Conversely, according to the FCIs, only few companies adopted teleworking nationally (8% in March-April and 5% in May) – although this rate goes higher when looking at Yangon-based service sector only.⁶⁶

59 ILO (2020). "COVID-19 Survey on SCORE HoCo-trained Hotels and Restaurants in the Tourism sector in Myanmar". ILO Yangon, May 2020.

60 Hill E., M. Bird and S. Seetahul (2020). Myanmar and COVID-19: Impact on the Private Sector. Investing in Women Asia, Australian Aid, Business Coalition for Gender Equality and The University of Sydney, August 2020.

61 In Rakhine, 63% of interviewed women consider that there are less employment opportunities for them in agriculture (against 50% for both sexes) and in MSMEs (54% against 50% for both sexes).

62 In a limited scale business survey, nearly 40% of women employees felt more domestic work pressure since COVID-19 started against 30% of women (Hill et al., 2020).

63 ILO (July 2020)

64 ILO (2020). "COVID-19 survey on SCORE-trained Food and Beverage Processing factories and on HoCO-trained Hotels and Restaurants in the Tourism Sector", ILO Liaison Office in Myanmar, Yangon, May 2020.

65 Ibid.

66 In the limited-size survey by Hill et al. (2020), 4 in 5 companies allowed employees to telecommute during lockdown, but less than 10% of employees reported receiving technical or financial support for remote working.



2.2 Agriculture

The agriculture sector in Myanmar has been affected by export reductions, reduced trading volumes due to closure of restaurants and food services, transport and market access restrictions, workers' and consumers' movement limitations, suspended development projects, reduced extension activities and more difficult access to microfinance, all caused by COVID-19. A limited growth of the agriculture GDP is forecasted for FY2019/2020 (+0.7%),⁶⁷ but if one considers the agri-food system as a whole (including food processing, food trade and transport, food services), a contraction is projected (-1.8%).⁶⁸ Agriculture companies are also those declaring in the FCIS the highest level of threat of falling in arrears in Q3 2020 (53% vs. 33% for all sectors). As agriculture (including livestock rearing and fisheries) in Myanmar is dominated by smallholders, this raises concerns about the welfare of rural populations and the ability of the agricultural sector to absorb lost non-farm jobs.

Different farmers' surveys conducted union-wide or in a specific region, are showing a definite impact on farming income, at least for Q2 2020, as shown below. Crop production seems to be more affected than animal production (fisheries, livestock).

Table 2: COVID-19 Impact on Agricultural Production & Income

Variable	Proximity Finance ⁶⁹	Mercy Corps ⁷⁰	FAO Communities ⁷¹	Fishing	UNDP Dry Zone ⁷²
# respondents	6,277	661	120 communities		650
Location	Union-wide	Ayeyarwady Region	Yangon Region Ayeyarwady Region Rakhine State		Mandalay Region
Negative impact on production & income	87% (June)	53% (May)	47% (April) 14% (August)		75% (August) - Crops (86%) - livestock (36%)

The largest survey (Proximity Finance) also showed growing confidence of interviewed farmers towards the end of Q2, as the epidemiological situation in Myanmar remained under control, of a rapid return to normal (43% of interviewees thought so). Yet, this result, as well as all the other surveys presented above, spoke to a context where the pandemic seemed really under control – while it is clear not the case anymore.

Different reasons are brought up by actors of the agricultural sector to explain the negative impact on production (aside from lower demand, principally in agricultural export sectors):

- Lack of **working capital** to go through the planting and harvesting season. In the Proximity Finance survey, 66% of farmers reported struggling to get by and 20% stated needing additional/emergency to sustain their working capital to go through the wet season.⁷³ Even more farmers in the Delta area (76%) anticipated difficulties ensuring sufficient cash flow to meet their working capital needs and 44% expected their debt level to increase.⁷⁴ Animal productions needing large amounts of working capital, such as poultry farming, are also cash strapped.⁷⁵

67 World Bank (June 2020)

68 IFPRI (2020). "Impacts of COVID 19 on Economy, Agri Food System, Jobs & Incomes", May 2020.

69 Proximity Finance (2020). "FY20 Q4 Quarterly Report", Yangon, July 2020.

70 Mercy Corps (2020). Delta Rapid Market Assessment Report: Understanding the impacts of COVID-19 on rural smallholders and food systems in the Ayeyarwady Delta, Yangon, May 2020.

71 FAO (2020). "Assessing the Impact of Covid-19 on the Fishing and Aquaculture Sectors in Myanmar", FishAdapt Project, Yangon, August 2020.

72 UNDP (2020). "COVID-19 and Rural Farmers in the Dry Zone of Myanmar: Results of a Rapid Assessment", UNDP Myanmar, Yangon, September 2020.

73 Proximity Finance (2020).

74 Mercy Corps (2020)

75 In peri-urban Yangon, 64% of poultry farmers that have closed business in April / May (or 24% of all farms), reported serious cashflow problems. In IFPRI (2020). "Monitoring the Impact of COVID-19 in Myanmar: Yangon peri-urban poultry

- Reduced access to **farm inputs**: seeds and agro-chemicals are becoming harder to get because of breakdowns in their supply chains and, for seeds, lower yields. A survey of input retailers across the country,⁷⁶ showed that nearly all of them have experienced disruption due to the crisis, and 40% reported an increase in wholesale price for their merchandises, especially seeds and fertilizers, which led also to lower sales volumes for these items. Other smaller-scale surveys confirmed similar trends.⁷⁷
- Reduced use of **farm machinery**: movement restrictions, expectations of lower end-of-year income, limited extension services and the preferential use by farmers of available cashflow towards operating expenses have also led to farmers to reduce their purchase of farm machinery. About 75% of machinery retailers reported sales at least divided by half compared to a year earlier in a targeted survey by IFPRI.⁷⁸ At the same time, government's extension and mechanization services have also been halted during lockdown and function at reduced level since then due to mobility constraints.
- **Access to markets** has been very difficult during lockdown, as reported by 77% of agricultural commodity traders surveyed in 4 states and regions.⁷⁹ Those dealing with international trade (import/export) are also 68% to report a decline of goods movement and sales during and in the aftermath of the lock down period (Mercy Corps, 2020). This is compounded by uncertainty on the demand for agricultural products linked to the income impact of the crisis on households, especially in urban areas. As a result, agricultural market actors are shifting their stocking practices and reduce their trading volume.

The crisis has heightened farmers' needs for **credit** but they will face a more difficult access in the current conditions. Farmers usually get obtain loans from informal lenders and micro-finance institutions, and, in a lesser extent from the Myanmar Agricultural Development Bank (MADB) or other commercial banks.⁸⁰ in the only Union-wide farming survey so far (Proximity Finance, 2020), 66% of farmers declared needing emergency loans; the same result appeared in UNDP's Dry Zone survey (64%). Farmers expressed confidence after the first lockdown period in their capacity to access credit from their usual suppliers,⁸¹ while agricultural firms (including food processors) were less positive and reported reduced access to credit (FCIS, May 2020). Indeed, usual lenders, an in particular MFIs have concern about their own financial position and ability to continue lending in the current risky environment and a growing rate of non-performing loans (30% raise in NPLs in rural areas since COVID-19 started).⁸² The lack of liquidity as in fact forced MFIs to ration credit, leading to an estimated 60% decline in new loan disbursements (June 2020). Informal credit is also more sparingly offered, including for traders and suppliers of agricultural inputs and products (Mercy Corps, 2020). A relief plan for agriculture lending is contained in the government's CERP (600 bn MMK to be disbursed through the MADB and the Myanmar Economic Bank), which is critical to keep short-term financing accessible to farmers and let them obtain the working capital they need to perform as normal in the new planting season.

Barriers to agricultural production, uncertainties in marketing and a declining / shifting demand, with lower export opportunities, has led in general to a reduction in **market prices** for main agricultural

farmers", by Fang P., B. Belton, H.E. Win, K.Z. Win, and W. Zhang, IFPRI, Strategy Support Program Policy Note 11, June 2020.

76 IFPRI. "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Input Retailers", by Goeb J., D. Boughton and M. Maredia, Strategy Support Program Policy Note 08, IFPRI, June 2020.

77 In the Delta, 81% of input merchants experienced supply ruptures and 66% of seed suppliers (Mercy Corps, 2020); in the Dry Zone (UNDP, August 2020), farmers needed additional input support to overcome growing supply issues on the private market.

78 IFPRI. "Monitoring the Impact of COVID-19 in Myanmar : Agricultural Equipment Retailers", by Takeshima H., M.T. Win and I. Masias, IFPRI, Yangon, June 2020.

79 IFPRI (2020). "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Commodity Traders", by Goeb J., D. Boughton, M. Maredia, A.M. Su and N.L.K. Synt, Strategy Support Program Policy Note 10, IFPRI, Yangon, May 2020

80 52% of farmers have access to formal bank accounts and financial services www.unCDF.org/article/5612/myanmar-financial-inclusion-roadmap-20192023.

81 87% of farmers in Delta saw no threats to credit access during crisis (Mercy Corps, 2020), 79% of fishermen did the same (FAO, August 2020) and 90% of poultry farmers (IFPRI, June 2020).

82 Working Committee to Address COVID-19 Economic Impact, The (2020).

products. From the supply side (farmers and traders), available field studies report that a majority of farmers sell at lower prices this year, especially for oilseed, pulses, chickens, eggs, fish while price increases have been reported in general for maize or been stable for other livestock products. This is also confirmed at a macro-level through the country's monthly Consumer Price Index surveys, which report a decline of the food-price inflation between December 2019 to April 2020 by 3.8 percentage points (from 7.8% to 4%) due to lower prices on staple food (rice, oil, chicken, eggs, vegetables).⁸³ Such price drops, even if it could be expected that prices have returned to pre-crisis level during summer, have dire consequences on farming household income as detailed further down in Chapter 4.



2.3 Impact on private enterprises

Over 90% of all businesses in Myanmar are Micro, Small and Medium Sized Enterprises (MSMEs). These have been hit hard by the sudden demand reduction due to closures, loss of productive assets, operational restrictions and low consumer confidence. Furthermore, they are concurrently struggling with supply-side issues due to disrupted supply chains. Temporary **business closures** have happened on a significant scale due to COVID-19. The MBEI survey found that 29% of businesses had closed for at least 8 weeks after the adoption of COVID-19 related restrictions by government late March, but businesses mostly re-opened afterwards as the FCIS reports only 6% of firms still closed at the end of May. Firms in the services sector have been the most prone to closing (39%) for 8 weeks, followed by the retail/wholesale sector (15%), agriculture firms (12%) and manufactures (6%). The highest recorded rate of business closures has been, expectedly, in the tourism / hospitality sector with 94%.⁸⁴ Closures have been more pronounced during the peak of the crisis in the Hilly Zone (Kachin, Shan and Kayah State), followed by Yangon and Mandalay. By May, all regions were more or less on par with between 4 to 6% of businesses reporting closed (FCIS). Finally, the smaller the firms, the highest the closure rate. The first impact of COVID-19 has been, naturally, on **sales and profitability** levels, as shown below.

Table 3: COVID-19 Impact on Business Results

Variable	Myanmar Business Environment Index	Firm-level COVID-19 Impact Survey
# respondents	750	500
Location	Union-wide	Union-wide
Sectors	Only secondary and tertiary sectors	All sectors
Reduced sales	92% (74% over 50% fall)	88% Average sales decline: 57%
Reduced profitability (forecast)	78%	80% Average profit drop: 61%
Prospects	50% at moderate to high risk of bankruptcy.	40% expect not to recover from crisis

Sector-wise, the FCIS shows that service firms were the most frequently hit by sales decline (99%), followed by manufacturing (93%), retail (88%) and agriculture (78%) sectors. National-level figures are

⁸³ World Bank (June 2020).

⁸⁴ ILO (2020). "COVID-19 Survey on SCORE HoCo-trained Hotels and Restaurants in the Tourism sector in Myanmar". ILO Yangon, May 2020.

confirmed by localized surveys as well.⁸⁵ Firms mainly dealing with the export sector are also hard hit (76%).⁸⁶ **Size-wise**, while at the beginning of the crisis, smaller sized firms seemed less affected than larger ones, by May SMEs were significantly worse off than large firms. For example, only 3% of large firms reported a risk of falling in arrears at the end of May against about 35-40% among SMEs (FCIS).

This drastic impact on sales and profitability has created serious **cash flow** problems for many businesses, with 50% (FCIS) to 67% (MBEI) expecting deadly cash flow problems soon. The same study estimates that in average businesses need MMK 18 million in additional cash flow, equivalent to \$0.6 to 1.5 bn or 0.7 to 1.7% of GDP for FY2019/20. Hence, **access to credit** is critical to the survival of a good share of Myanmar businesses, especially in sectors that will feel longer the impact of restriction measures, such as transport, tourism, food and beverages, and manufacturing for export products. More and more businesses are turning to borrowing to sustain in emergency their cashflow. Nationwide, 38% of firms had an outstanding loan in May (FCIS), with rates going higher in the tourism (56%), agricultural (46%) and manufacturing (44%) sectors – both with important working capital needs. Cash-flow loans are even more common in the tourism (56%) and food processing (77%) sectors, according to ILO surveys.⁸⁷ MSMEs, including non-registered ones, that had never taken a loan before had to in order to survive this crisis.⁸⁸ If access to credit in general has been reported as unchanged during COVID-19 period by a majority of firms and even easier for some (22% of businesses surveyed for the MBEI stated they could get loan without collateral against 11% pre-COVID), access to credit remains nonetheless a real problem for about a third of companies, particularly for women owned businesses and companies in the agriculture sector (FCIS).

Another important feature of the credit situation is the shift in the **borrowing behaviour** of businesses. With the arrival of many new MSME credit seekers on the market – meaning MSMEs that had never used borrowing before as a means to either sustain their cashflow or invest – and their need for short-term emergency loans rather than capital investment loans, there has been a tendency to privilege informal lenders or micro-finance institutions among businesses facing cashflow shortages – even though they charge higher interest rates than from commercial banks. According to the MBEI, the rate of businesses depending on formal bank lending has shifted from 68% pre-COVID to 41% during and right after lockdown, while the use of MFIs and informal lenders has increased. The FCIS also reports that the use of commercial banks for loans has decreased during the crisis for all sectors. Except for the service sector, informal lenders have become the main source of credit for businesses from March to May, followed by MFIs (it is the opposite for service businesses). In terms

The impact of the crisis on **micro-finance providers** could be dire. Apart from the few large and well-capitalized MFIs, the majority (165 out of 200) will face a growing challenge of rising non-performing loans. The rise of payment defaults in urban areas, where the majority of MSMEs are located, has been 50%⁸⁹ and the liquidity of many MFIs has been affected (according to the LIFT, MFI partners face a liquidity shortfall of \$160 to 200 m).⁹⁰ As a result, MFIs have started rationing credit and new loan disbursements have been reduced by 60%.

Besides contracting loans, businesses have also taken **other measures to adjust their operations during** this difficult period. The most common measure has been to shift to delivery and carry-on sales for 38% of firms (FCIS) and to change production or services partially or completely for 32%. Digitalization is slow to progress but nonetheless, 21% of firms have adopted digital / online platforms for major business functions, including sales, by end of May compared to 19% in March.

Woman-owned businesses seem to have a more difficult time navigating through this crisis and receiving adequate support. They are more likely to report negative effects from COVID-19. For example, among export businesses, 41% of woman-headed firms reported being strongly affected

85 In Kachin State, 86% experienced lower sales, including 45% by more than 50% (Source: Humanity Institute) and in Rakhine State, 95% of MSMEs have seen sales going down, with early estimates at 40 to 60% decline (Source: UNDP).

86 ITC (June 2020).

87 ILO (2020). "COVID-19 survey on SCORE-trained Food and Beverage Processing factories and on HoCO-trained Hotels and Restaurants in the Tourism Sector", ILO Liaison Office in Myanmar, Yangon, May 2020.

88 In Kachin, 50% more MSMEs had active loans than a year before (Humanity Institute, July 2020); in Rakhine (UNDP, 2020), accessing credit is the most often cited need by local MSMEs (46%).

89 Working Committee to Address COVID-19 Economic Impact, The (2020).

90 Ibid.

against 25% by man-headed ones.⁹¹ In the FCIS, 32% of woman-owned firms reported a reduction in access to credit, compared to 25% of firms owned by men.⁹²

With its **COVID-19 Economic Relief Plan (CERP)**, the government of Myanmar has taken important steps to ease the burden of the crisis on MSMEs in the country.⁹³ Measures taken to ease strains on the banking sector (in particular the impact of NPLs), promote investments and international trade, and reduce the crisis impact on workers and households, in particular lowering electricity bills, all also can concur to cushion the crisis impacts on the private sector. The success of this plan depends on how quickly and easily it is accessible to end beneficiaries – chief among them being MSMEs – and, of course, how far the latter are aware of its existence and attached modalities. In this regard, the MBEI survey shows that at the beginning of May (one month after its launch), 67.1% of businesses had not yet heard of the emergency loan scheme, and among those that were aware, only 6.1% had applied for a loan and a paltry 0.1% had received one (MBEI). The situation improved by the end of May with now only 40% of the businesses not aware of the CERP measures (FCIS) and 21% of applications.⁹⁴ Access to loans and credit guarantee is by far the most demanded support by businesses (51%), far before tax measures (12%) and utility subsidies (7%).⁹⁵ If early May 92% of businesses reported satisfaction with the government response to the economic impact of the crisis so far – though at the same time, two-thirds of respondents in the same MBEI were unaware of the specific measures included in the CERP – in Kachin State in July, this rate fell to 21% only.

91 ITC (2020).

92 Ibid.

93 Tax and social security deductible waivers and deferrals, emergency loans, credit guarantee; a special package was also designed for farmers and agribusinesses, which gathers the largest share of the CERP envelope (MMK700bn)

94 In Kachin State, only 26% of surveyed businesses knew about the CERP by the end of June and 7% had received a loan, but 83% had benefitted from electricity subsidies (Humanity Institute, 2020).

95 FCIS, June 2020.

3. IMPACT ON PEACE, SOCIAL COHESION & RULE OF LAW



The multiplicity of sub-national conflicts in Myanmar, some of which date back nearly 70 years, means that outbreak of COVID-19 has been spreading amid a context of multiple deprivations, human rights and gender-based violations, and displacement. The risks that already vulnerable and traumatized populations in hard to reach rural areas, camps but also urban informal settlements and towns, suffer disproportionately from this crisis are high. Initial analysis show that the pandemic has had mixed impacts on a set of disparate conflicts, some negative, some more positive, but mostly, it has highlighted deep fragmentation across Myanmar society. The crisis is also creating a threatening environment over civil liberties and the democratic transition, given that 2020 is an important electoral year. On the side of governance, the pandemic requires maximum responsiveness of the government policy and delivery machineries but at the same time places them under the same constraints, in terms of functionality, as the rest of society.



3.1 Impact on peace

COVID-19 hit Myanmar when the country was experiencing a steady increase in active conflict and a slowdown of progress in the peace process.⁹⁶ On the eve of the pandemic, thousands of people across Myanmar were living in conditions of displacement and without access to reliable health and sanitation services. About 986,000 people were estimated by the UN to need humanitarian assistance.⁹⁷ This figure includes 284,000 IDPS and returnees, 470,000 non-displaced stateless people and 232,000 people affected by conflict.

The arrival of the pandemic has coincided with a worsening of the **conflict between the Myanmar Armed Forces and the Arakan Army (AA)** in Rakhine and southern Chin States, despite the call by the UN Secretary General for a global ceasefire. The national ceasefire announced by the military in early May does not seem to apply to this area where the army remains actively engaged in fierce fighting with the Arakan Army, which has been moving further into central and southern areas, leading to reprisals by the Tatmadaw. Since the beginning of 2020, the number of civilian casualties has risen significantly as more air and artillery attacks occurred that damaged and destroyed civilian infrastructure and forced people out of their homes during the past months.⁹⁸ Nearly 90,000 people are currently newly displaced across the Rakhine and Chin states due to this conflict⁹⁹ and the UN has expressed deep concern about the ongoing humanitarian impact and the killings of civilians.¹⁰⁰

The escalating violence situation in Rakhine State is now compounded by a **surge in COVID-19 transmission** since the end of August. As of 18 September, there were 854 local cases reported in all 17 townships of Rakhine State – but with so far only one case detected among the displaced population (in a relocation site for Rohingyas).¹⁰¹ Humanitarian assistance has been constrained by cases among humanitarian personnel as well and strict quarantine measures.

With the conflict raging in Rakhine, the **peace process** has been further stalled by the pandemic. It was already in a bad shape since October 2018 when the Karen National Union and the Restoration Council of Shan State withdrew from the ceasefire agreement mechanisms. There has been renewed formal meetings between the ethnic armed organizations (EAOs), government and political parties in

96 Asia Foundation, The and Smart Peace (2020). How have Myanmar's conflicts been affected by COVID-19 and what should be done about it? COVID-19 and Conflict in Myanmar Briefing Paper Series, No.1, The Asia Foundation, Yangon, August 2020.

97 OCHA (2019). Humanitarian Response Plan 2020, Myanmar. Myanmar Humanitarian Country Team and partners, Yangon, December 2019.

98 ICG (2020). "Conflict, Health Cooperation and COVID-19 in Myanmar", International Crisis Group, Briefing N°161/Asia, 19/05/2020.

99 OCHA (2020). "Myanmar Armed Forces & Arakan Army conflict-generated displacement in Rakhine and Chin States (as of 7/09/2020)".

100 OCHA (2020). "Myanmar: Protection of civilians", Daily noon briefings, 9/09/2020.

101 OCHA (2020). "Myanmar, Rakhine State: COVID-19, Situation Report No. 09", Yangon, 18 September 2020.

early 2020 but by March 2020, face-to-face meetings and domestic travel had become almost impossible. The Panglong Conference scheduled for April 2020 was postponed until August.¹⁰² Hopes for short-term progress in the ongoing peace process dialogues are now extremely low.

At the same time, the pandemic has opened the door for the increase **collaboration of government and EAOs**, which may have positive spill-overs on the peace process. The National Ceasefire Agreement includes a provision on cooperation around service delivery, which has been largely under implemented. Given the necessity of collaboration between the state and EAOs around the health response, this provision is now being tested in practice. At the onset of the crisis, prevention and health response measures, including stepped-up control at border crossing points, taken by the Union government and EAOs were largely uncoordinated.¹⁰³ A major step towards a more collaborative approach, across conflict lines, happened on 27 April when the government set up a “Committee for Coordinating and Cooperating with EAOs for Prevention, Control and Treatment of COVID-19”. Also, the country’s COVID-19 response plan was revised to stress the importance of a “unified response” and “inclusive mechanisms and processes that encourage coordination” with these organisations. As a result, ethnic health providers have been included on proposed state and region level coordination bodies. The plan also proposed that government staff provide support in building their capacity and working with them to deploy rapid response teams and mobile clinics to treat vulnerable populations in conflict-affected areas. However, a few months later, the agreement is reported to have resulted in a handful of joint pandemic responses so far, including agreements to set up screening check points, share personal protective equipment, and coordinate efforts to screen and quarantine suspected cases.



3.2 Impact on social cohesion

As seen above, Myanmar remains traversed by divisive forces as politicized ethnicity represents a powerful driver, pitting social groups against each other as well as against the government. COVID-19 has not helped abating the several armed conflicts experienced in the country. In fact, the Covid-19 response has highlighted deep fragmentation across Myanmar society, in particular along ethnic lines. Large parts of the population, especially in rural and ceasefire areas, have had only limited access to government health services and support and instead relied on civil society or ethnic armed groups.¹⁰⁴ Most assistance towards EAO areas to fight the pandemic came at first from donor agencies and multilateral funds, along with local and international NGOs. A handful of joint pandemic responses between the Tatmadaw and certain EAOs¹⁰⁵ happened afterwards but whether this will be enough to rebuild trust remains to be evaluated.

In and outside of conflict zones, communities face significant stress as a result of the pandemic on a competitive labour market, with large-scale lay-offs in the most affected sectors and the return of tens of thousands of migrant workers. In urban areas, informal settlements and slums suffer disproportionately from this crisis due to their dense populations, inadequate housing, water and sanitation, little or no waste management, overcrowded public transport and limited access to social services. This toxic mix of vulnerabilities places considerable strain on social cohesion, magnifying existing fault lines and inequalities, and creating new ones. A recent UNDP survey in Rakhine State shows for example that 80% of Village Tract Administrators consider that relationships within and across villages have deteriorated due to limited social interactions.¹⁰⁶ While the same VTAs did not report rising tensions and conflicts among villagers, they warned that this could change as people’s livelihoods deteriorate and they continue to accommodate a growing number of returned migrant workers. UNDP’s survey in the Dry Zone (UNDP, September 2020) reported also that 63% of

102 Wunna S. “Pandemic delays Myanmar peace talks”, Myanmar Times, 26/03/2020.

103 ICG (2020).

104 Asia Foundation (The) and Smart Peace (2020).

105 Mon S.L., “More ethnic armed groups enlist in COVID-19 fight in Myanmar”, Myanmar Times, 25/05/2020.

106 UNDP (2020). Rapid Socio-Economic Impact Assessment of COVID-19 on Rural Communities in Rakhine, United Nations Development Programme Myanmar, September 2020.

interviewed households consider that their level of interactions in the community has suffered from the pandemic. The same was noted in the Western part of the country, and Ayeyarwady Region where 46% of communities reported an increase in unemployment, which they largely imparted on the return of migrants.¹⁰⁷ These communities also deplored the fact that community life was deeply affected by both the decrease of community funds (fed by household contributions) and restriction measures, which meant that local festivals were cancelled, worship places remain closed and local school and health centres' operations, which normally depend also on villagers' contributions, will not be able to function properly this year.

Fuelled by disinformation, rumours and hate speech, prejudice is growing against certain groups (e.g. medical workers, religious minorities, ethnic groups, migrant workers),¹⁰⁸ adding to existing stigma and discrimination. For example, after a total of 65 people were tested positive after a Christian mass at Insein (after social distancing measures were declared by the government), which triggered a wave of hate speech on social media against Christians. This has led the President's Office to issue an order on April 21 instructing state and region governments to encourage public servants to denounce and prevent all forms of hate speech.¹⁰⁹ A common thinking across the country is also that the epidemic would be stopped if no one could enter the country anymore. A UNESCO survey last April also showed that 44% of interviewed youth consider it a positive thing to address people with COVID-19 as "spreader of the virus". With the new sudden rise in the number of patients in the country, and the fact that the surge has been more prominent in Rakhine State, hate speech and discrimination are gaining new strength.



3.3 Impact on governance and the rule of law

Managing a crisis of such complexity and far-reaching consequences, while public officials and government workers have also to protect themselves from the disease and avoid spreading it, is a real test for Myanmar's political and administrative institutions – as is the case in all other countries. There has been no statistics coming from government – or independent bodies – on the scale of the impact of the social distancing and travel restriction measures on **government business**, but anecdotal surveys and studies show that certain front-line services are indeed highly disturbed. For example, in the Delta area, agriculture extension officers have not been able to provide any support to farmers since the pandemic started, according to a Mercy Corps survey. Union government offices in Nay Pyi Taw are only accessible in shifts by civil servants and barred from visits by any outsiders, whether experts, donors, or civil servants from other departments. Business is supposed to be taking place on-line, but neither are staff sufficiently equipped to work remotely nor are business processes in the Myanmar public administration tailored to function virtually (the e-governance development index of Myanmar remains very low at 0.4316 and ranking of 146 of 193 countries).¹¹⁰ There are hints in fact that the pandemic may set back further a number of important governance reforms in the country. For example, one of the two civil service training centres of the country, run by the Union Civil Service Board, has just been repurposed as a medical facility to handle the rising number of cases,¹¹¹ while the country remains in urgent need of seeing the ambitious civil service reform adopted in 2017 to be implemented in earnest.

A major feature of how governance systems respond to any crisis is how well **roles and responsibilities are divided between Union and sub-national authorities** and how resources are

¹⁰⁷ FAO (2020). "Assessing the Impact of Covid-19 on the Fishing and Aquaculture Sectors in Myanmar", FishAdapt Project, Yangon, August 2020.

¹⁰⁸ Mon, Ye. "Patients, medical workers battle discrimination as well as disease," Frontier Myanmar, 4 May 2020.

¹⁰⁹ Ibid.

¹¹⁰ <https://publicadministration.un.org/egovkb/en-us/Data/Country-Information/id/117-Myanmar>

¹¹¹ Oo Poe and KE S. Ram, "Stepping up civil service reforms in Myanmar", Asia Pathways, Blog, ADB Institute, 17/09/2020.

shared to respond to threats and crisis impacts. So far, it seems that the management of the COVID-19 crisis is not having an empowering impact on decentralization in Myanmar. For example, States and Regions have in principle access to a 1 billion MMK contingency fund from the Union budget but many S/R officials are unfamiliar with procedures needed to draw from this reserve to support their local response and funds remain overwhelmingly disbursed through the central level.¹¹² Lower down, at the **Township level**, each Township has a COVID-19 Response Committee, bringing together all concerned Township departments. A recent report issued by the Municipal Accountability, Governance and Inclusive Communities (MAGIC) project¹¹³ show that these township committees replicate decisions taken from higher above, are not given real decision-making authority, are ill-equipped to respond properly and have almost no coordination with the response organized by the civil society. Township authorities are reported to have an inadequate communication with the public, which is not effective to build trust in the government response to the crisis. Insufficient funding and equipment, and capacity support, is received at Township level, to adapt basic services to COVID-induced needs. In Yangon Region where the government has ordered townships to open quarantine centres, media reports that in fact, local Township officials, for lack of receiving additional financial support from the Union budget, have been forced, consequently, to solicit donations from cash-strapped businesses to run these quarantine centres.¹¹⁴

The **democratic transition** in Myanmar, which has reached a momentous year in Myanmar with an 8 November general election for all its parliaments at Union and State/Region level (1,100 parliamentary seats), could also be impacted by the pandemic. Social distancing measures could complicate legitimate political campaigning and civic dialogue activities in the run-up to the elections, and preparing a fair, inclusive election amid such crisis poses a toughest test in years to the country's democratic transition.¹¹⁵ The fight against the pandemic is diverting attention and resources – already scarce – of local administrations that are asked to prepare the elections. The civil society is equally overloaded with the response to COVID-19. The pandemic has sharpened tensions between communities and fuelled hate speech across communal lines. The raging conflict in Rakhine poses serious risks to the inclusiveness of these elections. Already, mobile internet restrictions in the state (imposed under the excuse of breaking the insurgents' communications system) and COVID-19 measures have combined to make a free and fair election in Rakhine very difficult according to some analysts.¹¹⁶ COVID-19 also seems to have given renewed clout to the military over the country's political life – for instance, half of the membership in the COVID-19 Control and Emergency Response Committee at the Union-level are military-appointed. From a simple logistical point of view, organizing such massive elections in the current context is daunting. For example, the Myanmar Police Force is supposed to recruit and train 48,000 auxiliary police force for election security – doing this in any time is difficult but even more when the police must also enforce COVID restrictions.¹¹⁷

According to civil society and human rights defenders, COVID-19 seems to embolden the government (and military) to **restrict freedom of information** and the number of lawsuits filed against journalists, artists and human rights defenders has risen in recent months making it more unsafe to criticize, openly discuss or attempt to raise awareness about the response to the COVID-19 pandemic.¹¹⁸ The COVID-19 pandemic also multiplies the risks of political exclusion created by violent conflict. At the end of March, hundreds of local civil society groups voiced concern that COVID-19 risks deepening the desperation and exclusion of marginalized communities such as minority groups and people displaced from their homes from the electoral process.

112 Jollans et al. (2020).

113 MAGIC Project (2020). "Municipal services and COVID-19 Emergency Response – A learning journey". VNG International, LOka Ahlinn, Yangon, July 2020.

114 Aung H.L. (2020). "Ignored by government, local officials seek donations to run quarantine centres", Frontier Myanmar, 18/09/2020.

115 Sein K.K. (2020). "The Coronavirus Challenges Myanmar's Transition", United States Institute of Peace, 26/5/2020.

116 Naing K.H. (2020). "'Having to run with your legs tied': Rakhine parties cry foul over election curbs", Frontier Myanmar, 25/09/2020.

117 Sein K.K. (2020)

118 Committee to Protect Journalists (2020). "Myanmar news editor sentenced to 2 years in jail over COVID-19 report," 22/5/2020.

One of the concerns of societies exposed to complex crisis systems, such as COVID-19, which impact all institutions of the country, government, civil society and business alike, is that it invites a surge in **criminality**. Complete police statistics for the past months are not available to confirm or infirm this trend for Myanmar. Crimes against property seems not to have increased through as the Myanmar Business Environment Index survey, conducted in May 2020, shows that businesses report the same level of criminality (theft, break-in) against private businesses (about 10%) as a year ago. At the same time, there are indications that the production and trafficking of narcotics, especially synthetic drugs, appears to have been highly resilient in the face of the Covid-19 closure of borders and transport networks. Major seizures of drugs and precursor chemicals in Myanmar and the region suggest that production has continued, and possibly even consolidated and expanded in new areas – taking advantage of Covid-19 disruptions to law enforcement and criminal justice systems. Methamphetamine seizures between January and April 2020 exceeded the volume seized over the entire year 2019, and a series of major seizures were recorded in May and June this year. Other forms of crime, such as the trafficking of illegally logged timber, seems to have been more affected by the closure of formal border trade, as illicit timber products are usually concealed within the legal flow of timber. However, there are reports of illegal logging continuing, with stockpiles ready for smuggling once the situation allows. There are concerns that broader economic hardships and job insecurity will incentivize people to engage in illicit activities and be used by criminal organization for recruitment, in particular in parts of the country where the illicit economy is already a major factor and licit job perspectives are more limited, such as parts of Shan State.

The substantive narrative presented here is simple but urgent. The United Nations in Myanmar will start by **protecting the health system** itself during the COVID-19 crisis. At the same time, and equally urgent, it will help defend people through **supporting the provision of social protection and basic services**. It will **protect jobs, small and medium-sized enterprises and vulnerable workers** in the informal sector. The United Nations will help guide the necessary **surge in fiscal and financial stimulus** to make the macroeconomic context work for the most vulnerable and foster sustainable development and strengthen multilateral and regional responses. It will **promote social cohesion** and build trust through social dialogue and political engagement and **invest in community-led resilience and response systems**. These five pillars (see chart) are connected by strong imperatives in environmental sustainability, peacebuilding, human rights and gender equality with the goal of not just building back, but building back better.

4. IMPACT ON PEOPLE



Myanmar's population is estimated at 53.6 million (2018), including 19.7 million people aged between 0 to 19 (37%), and an urban share of 17 million (30%). An estimated 22.7 million people (44%) suffer from some form of vulnerability related to human development gaps and/or exposure to active conflict and violence.¹¹⁹ Likewise, according to the Multidimensional Disadvantage Index, using 2014 Census data, 40% of the population suffers from marked deprivation in three or more of their basic needs. Some 84% of the labour force work informally, without social protection coverage and limited protection under labour law. Coverage by public social protection programs remains low. Social security benefits cover 6.4% of the working population (1.4 million workers; 2.7% of the total population), given the informal nature of Myanmar's economy, though system expansion has been achieved year on year. Social assistance programs have limited coverage (less than 1% of the total population and 0.3% of the vulnerable one). Informal workers, those being laid-off in times of crisis, and their families are particularly vulnerable to shocks. Vulnerable individuals and households have limited capacity to protect themselves from shocks such as those resulting from the COVID-19 situation and the resulting lay-offs, reduced off-farm employment opportunities, closures of businesses, food insecurity, worsening access to social services, raising social divisions and issues like domestic violence – as well as violence and displacements caused by renewed conflicts in certain parts of the country. The pandemic exacerbates drivers of vulnerability and marginalization and could lead to increased poverty levels and inequalities



4.1 Poverty

According to the latest union-wide poverty assessment (Myanmar Living Conditions Survey, MLCS, 2017),¹²⁰ the country has managed to bring down its poverty rate (relative to the national poverty line) from 48% in 2005 to 24.8% in 2017. In 2017, the absolute poverty rate (less than \$1.9/person/day at 2011 PPP) was estimated at 2% of the population. If rural poverty was higher (30.2%) than urban poverty (11.3%) in 2017,¹²¹ inequality levels were higher in urban areas and the population living in informal urban settlements has grown, especially in Yangon, reaching 8% of the city's population in 2018.¹²² Poverty rates and differences between households are also linked to factors including location, religion, language, citizenship and documentation status, gender and others. According to MLCS 2017 results, those living in coastal zones, in Chin and Rakhine States, religious minorities, those who do not speak Myanmar and those who lack ID cards are still disproportionately affected by poverty, even as poverty has declined overall.¹²³

The COVID-19 pandemic is expected to regress substantial gains Myanmar has made in poverty reduction over the past decade. Strong economic growth, remittances and the resilience of a large informal economy had contributed to poverty reduction so far (much more than social protection policies for example); however, these drivers of poverty reduction are now directly impacted by the pandemic:

- **Growth:** as seen in Chapter 1, the estimated growth rate will fall to 0.5 to 1.8% compared to 6.3% in FY 2018/19. Part of this reduction is due to changes in domestic consumption. For a country still classified as least-developed, any such changes, even if small, can have a dire impact on livelihoods and poverty levels.
- **Remittances:** an estimated 18.5% of the population receives remittances from a migrated household member and this accounts for half of the household income in poor households (MLCS, 2017). In certain parts of the country (Dry Zone, Mon State, Southern Shan State), remittances

119 MIMU (2018). Vulnerability in Myanmar - A Secondary Data Review of Needs, Coverage and Gaps, Yangon.

120 Central Statistical Organization, UNDP and World Bank, The (2018). Myanmar Living Conditions Survey 2017: Poverty Report, Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning and Finance, UNDP and WB, June 2019.

121 Ibid.

122 UN-Habitat. "Yangon Informal Settlements – Resettlement Programme" Yangon, 2018, p. 3.

123 World Bank, The (2018). Myanmar: Economic Transition Amid Conflict, A Systematic Country Diagnostic. World Bank Group, Washington D.C., 2018.

provide from 38 to 54% of rural household income (poor and non-poor).¹²⁴ In the Dry Zone, a recent survey (UNDP, 2020) showed that 100% of remittance-receiving households declare a loss of income due to COVID-19. Rural and non-poor households are more likely than the poor to receive international remittances. However, since poor households that receive remittances have a higher level of reliance on these transfers, any reduction of these could push them further into poverty.¹²⁵

- **Resilience of the informal economy:** compared to large firms, micro and small enterprises, including in the agricultural sector, most of which remain informal and provide a living and jobs for the poor and near-poor, seem to suffer more from the crisis (FCIS) and threaten the resilience of lower income groups. For example, in a survey in fishing communities across Myanmar at the end of July (FAO), only 10% of them reported having alternative sources of income (down from 17% in the first survey round end of April), highlighting a weakening of their resilience. Among farming communities of the Dry Zone, 94% of farmers say that they are able to cope by eating less food and reducing their expenses, while only 32% are able to contract loans (UNDP, 2020). In Yangon's informal settlements (UN-HABITAT, May 2020), 90% of households reported having no alternative sources of income.¹²⁶ Unofficial calculations using MLCS data also show that 87% of the non-poor insecure work in five more impacted economic sectors according to projected sectoral GDP figures: agriculture, garments, retail/wholesale trade, manufacturing and tourism and allied.

Until household expenditure / income surveys are completed to measure more precisely COVID-19 impact, one can find **income reduction self-reported** in several recent field surveys and studies (see below).

Table 4: COVID-19 Impact on Agricultural Production & Income

Variable	Mercy Corps	UN-HABITAT Informal Settlements	FAO Fishing Communities	UNDP Rakhine	UNDP Dry Zone ¹²⁷
# respondents	661	100 households	120 communities	20 communities	650 households
Location	Ayeyarwady Region	Yangon City	Yangon Region Ayeyarwady Region Rakhine State	Rakhine State	Mandalay Region
Household income reduction	53% (May)	25% or higher for 89% of HH	For 86% of communities	By 56%	By 41-50% for 66% of HH.
Consumption		69% of HH take a loan for basic consumption needs			Reduced by more than 40% for 77% of HH

The aggregate impacts of COVID-19 on **financial poverty levels** in Myanmar cannot yet be reliably measured but only estimated. An early projection came from IFPRI which predicted 23.5% increase in extreme poverty (USD 1.9/person/day), bringing it to 2.5% (from 2%) in the country as a result of COVID-19, and an even worse increase in urban contexts (+30.8%).¹²⁸ IFPRI also considered that their anticipate drop in remittances (see further up) would push 65% of low-income rural households into poverty.¹²⁹ Notwithstanding these early projections, what is certain is that, with 32.9% of the

124 IFPRI (2020). "Strengthening Smallholder Agriculture is Essential to Defend Food and Nutrition Security and Rural Livelihoods in Myanmar against the COVID-19 Threat Elements for a Proactive Response", Strategy Support Program Policy Note 02, IFPRI, April 2020.

125 According to IFPRI, with a fall of international remittances by 50% and domestic remittances by 30%, 60% of poor and low-income rural households would experience a reduction of total income of more than 15% (and 20% of households a total income reduction by 30-50%).

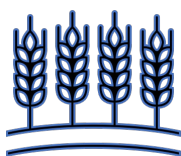
126 UN-HABITAT (2020). "Rapid Assessment of Informal Settlements in Yangon: COVID-19 and its impacts on residents of informal settlements". June 2020.

127 UNDP (2020). "COVID-19 and Rural Farmers in the Dry Zone of Myanmar: Results of a Rapid Assessment", UNDP Myanmar, Yangon, September 2020.

128 IFPRI (2020). "Assessing the Impacts of COVID-19 on Myanmar's Economy", IFPRI, Yangon, May 2020.

129 IFPRI (April 2020). "Assessing the Impact of COVID-19 on Household Incomes and Poverty from Falling Remittances", June 2020. Findings based on microsimulation model using the Myanmar Poverty and Living Conditions Survey (MPLCS 2015) data.

population considered as non-poor insecure (MLCS, 2017) – meaning earning just above the national poverty line¹³⁰ – resilience of a shock of the scale of COVID-19 is thin in Myanmar. Considering just one factor of household income reduction (lower remittances), 8% of near-poor households could already immediately fall into poverty due to reduced or stopped remittances.¹³¹ The World Bank projected in July 2020 that poverty rates will not return to pre-crisis levels until FY2021/22 in the most optimistic baseline scenario. Under the downside scenario, poverty rates would remain above their pre-crisis level until at least FY2022/23.¹³² UNICEF also projected an increase of up to over 10% increases in child poverty by end of 2020, as a direct result of the crisis. Beyond the poor and non-poor, the economic slowdown and outbreak containment measures are expected to hit a large share of Myanmar households, given high reliance on the most affected economic activities for employment and incomes.¹³³



4.2 Food security

Myanmar ranked 68 out of 119 countries in the 2018 Global Hunger Index, meaning that the country is still afflicted by significant levels of hunger. However, undernourishment has significantly declined to 10.6% in 2017, down from 48.3% in 2000. Before the COVID-19 crisis started, 1.4 million stunted children and seven percent of children 6-59 months were affected by acute malnutrition. Pockets of high wasting in certain areas and nutrition disparities remain persistent and widespread, with much higher undernutrition in Chin, Kayin, Rakhine and Shan States and the Ayeyarwady Region. According to food security and poverty estimates, 22.3% of Myanmar's rural population has an inadequate diet, with significant variation by geographic location.

As explained in Chapter 2, the food system is significantly affected overall by the COVID-19 pandemic, through falling consumer and export demand, more difficult access to inputs, credit and extension services, and more difficult market access. This has a direct impact on the food security of people – and first of farming households. Large-scale data on the population's nutritional status since COVID-19 started is not yet available but projects projections on possible consequences of the economic downturn on key health indicators. IFPRI predicts for instance that a reduction in GDP by 5%, which is equivalent to the current baseline scenario used by the World Bank and IMF (see Chapter 1), would increase infant mortality (from the combination of severe malnutrition and communicable diseases) by 23% point – and up to 46% point increase in case Myanmar's GDP recedes by 10% (equivalent to the WB's downside scenario).¹³⁴ Beyond child mortality, deep and protracted losses in income will also increase child stunting prevalence and micronutrient deficiencies.

In the absence of recent nutrition indicators, the possible nutritional consequences of the crisis can be predicted from a closer look at the change in food consumption habits that can be linked to the crisis and the loss of income and food accessibility that it triggers. In April 2020, close to 50% of the surveyed households in UNICEF's rapid assessment of household changes had experienced an increase in the price of their daily consumable items and 20% reported that some products had become unavailable. Consequently, 37.5% reported that they had changed their eating habits. Households in urban areas reported eating more food due to spending more time at home – and due to the belief that it would also boost their immune system. Conversely, in rural areas were not eating more but had changed the types of foods eaten due to price raises and lack of availability.¹³⁵ By May 2020, in the survey's second round, 65.8% of respondents reported that daily consumables could be accessed easily, and in the same manner as before the pandemic, indicating a restoration in access to food. It seems probable that the situation remained the same during summer. Also, the fact that staple food prices remained stable throughout the crisis – and in fact have decreased temporarily in many locations – has helped minimize a negative impact on food security.

Zooming in to more vulnerable populations, food security was a top concern for residents in informal settlements of Yangon last as 100% of households there worried their stock of food would run out

¹³⁰ Equivalent to a per adult daily expenditures below 1.5 times the poverty line (i.e. between 1,590 and 2,385 kyat).

¹³¹ World Bank (2020). Myanmar Economic Monitor June 2020: Myanmar in the time of COVID-19, June 2020.

¹³² Ibid.

¹³³ World Bank (June 2020).

¹³⁴ IFPRI (2020). "Maintaining food and nutrition security in Myanmar during the COVID-19 crisis", Strategy Support Program Policy Note 01, IFPRI, Yangon, April 2020. The projection is based on historical model from India.

¹³⁵ UNICEF (2020). "Rapid Monitoring of Household-level Changes", Yangon, May 2020.

before their income sources are restored. 61% of the households reported having taken a loan in the past 30 days to buy food, while 60% reported receiving food assistance from the Government.¹³⁶ In the rural communities of Rakhine surveyed by UNDP in August, while income had fallen sharply for half of the households, no food shortages were reported yet as farmers resorted to self-producing more of their food needs. If, back in April, food insecurity was only reported as a major problem by 5% of the fishing communities surveyed by the FAO, this rate went up to 17% in August. Meals have been reduced from the usual three means a day and there is less quantity and variety.¹³⁷ On the other hand, the same communities were 93% to report receiving support from government and NGOs (including as food), but this rate at dropped to 26% in August. In the Delta, food security was in May a concern for the near future for 39% of farmers, should the crisis continue for another 6 months. The situation became direr in the Dry Zone where the UNDP survey shows that 99% of farming households reported in August that their food security was impacted negatively due to income shortages. At the same time, the survey happened at the planting season which is typically a time of heightened food insecurity. More in-depth food security data is therefore needed and should be available soon from large-scale surveys conducted by WFP and the FAO in Q3.



4.3 Access to health care

Despite improvements in health outcomes in recent years, challenges in the health system remain and health service utilization remains low. For example, critical health care interventions such as skilled birth attendance and antenatal care consultation are low with Myanmar having the highest maternal mortality rate in the region, standing at 250 out of 100,000 live births. Part of the challenge in the coverage of health services is related to the low level of government spending on health, which is estimated to be around \$11 per capita/year in 2018.¹³⁸ This has translated into limited physical access to facilities, illustrated by the fact that for 28% of women age 15-48, the distance to the nearest health facility is a problem when trying to access care.¹³⁹ Financial barriers are also important, with more than 70% of funding for health services coming from direct payment made by individuals. Despite recent substantial efforts in increasing the fiscal space for health in the country, the chronic under-investments resulted in insufficient health staff in facilities,¹⁴⁰ shortages of medicines and the need to upgrade medical equipment. Moreover, health services management is often fragmented system inefficiencies can lead to suboptimal performance.

So far, the pandemic situation has highlighted the challenges faced in preparedness in the Myanmar health system to respond effectively to the potential emergency (even in the most optimistic scenario) but also to ensure continuity of services in areas not concerned with the epidemic. For example, for services that directly influence child survival and malnutrition status, a Lancet article¹⁴¹ showed that the decrease in access and utilization of high-impact interventions in the Reproductive, Maternal, Neonatal, Child and Adolescent Health (RMNCAH) continuum of care may increase child deaths by at least 300 a month in Myanmar. Also, the stress test conducted when the epidemics modelling was initiated¹⁴² showed that COVID-19 related activities could eventually compromise the continuity of care of other health interventions, which could be fatal to many in a country where the prevalence of non-communicable diseases is growing and accounting for 68% of total deaths (2018).¹⁴³

Statistical data on changes in access to healthcare due to COVID-19 (for non-COVID ailments) is not yet available on a large scale. Localized surveys show that access to healthcare remains a major

136 UN-HABITAT (2020).

137 FAO (2020). "Assessing the Impact of Covid-19 on the Fishing and Aquaculture Sectors in Myanmar", FishAdapt Project, Yangon, August 2020.

138 MoHS (2020). National Health Accounts 2016-18, Draft Report (final report to be published in June 2020), Myanmar

139 Myanmar Demographic and Health Survey 2015-16

140 With just 10 nurses and 9 hospital beds per 10,000 people, Myanmar ranks among the lowest in SE Asia. Its standing on the ratio of physicians per 10,000 people (8.6) is however in the upper bracket for the region (Source: COVID-19 and Human Development: Exploring Preparedness and Vulnerability, UNDP, 2020).

141 Robertson et al., "Early estimates of the indirect effects of the COVID-19 pandemic on maternal and child mortality in low-income and middle-income countries: a modelling study", The Lancet Global Health 2020.

142 A modelling exercise was conducted by the MoHS with support from WHO at the beginning of April 2020 to simulate the effects of public health interventions and measure the capacity of the system to cope with the outbreak. The expected caseload of this modelling was used for the CPRP costing.

143 https://www.who.int/nmh/countries/mmr_en.pdf

concern for local populations in rural poor areas, but it was already difficult for them prior to COVID-19 and this concern is only amplified by the crisis. In Rakhine State, UNDP survey showed that 80% of surveyed communities put health and healthcare as their number one worry during the pandemic (this figure reaches 100% in the similar survey done by UNDP in the Dry Zone), while 30% of the surveyed population lived more than 30 min away from the nearest healthcare facility.¹⁴⁴ For 25% of communities, the financial capacity to access health care was also a concern. In Rakhine State as well, there are reports that local clinics have closed as government funds are diverted towards the COVID-19 response and community funds are not sufficient to keep these clinics open.¹⁴⁵ Problems in keeping village health clinics open due to reduce community contributions were also reported among fishing communities in the Ayeyarwady Delta (FAO, 2020).

On the other hand, there was a very high level of trust on the level of adherence of healthcare staff with COVID-19 hygiene measures (only a concern for 4% of respondents).



4.4 Access to water and sanitation

According to a 2017 UNICEF-WHO Joint Monitoring Report, 79% of the population used basic drinking water services in the dry season (nearly double since 2000) and 64% used basic sanitation services, with open defecation at just nine percent. While only 55% of people have access to improved water sources on-premises, 79% can use a basic handwashing facility (with water and soap) at home. Access to WASH services remains highly unequal between rural and urban areas, with a 40 percentage-point difference in access to piped water on premises and 18 points difference in use of basic handwashing facilities.¹⁴⁶ Poverty is an important factor limiting access to improved WASH services in Myanmar. The poorest households rank five points below the national average in access to improved water sources in the dry season.¹⁴⁷ In addition, poor households are more likely to experience discontinuity in their access to water, as limited income often precludes them being able to repair pipe networks and buying fuel to operate water pumps. Given the widespread income reduction experienced by poor and near-poor households, their access to WASH services could be directly impacted by COVID-19. IDPs in camps also face a critical WASH situation and require specific attention that will be provided mostly through the humanitarian response. In urban areas, access to WASH services remains particularly deficient in dense informal settlements and for vulnerable communities, including the homeless.¹⁴⁸

Statistical data at the Union-level on the impact of COVID-19 on WASH services are not yet available, but a few localized surveys give anecdotal evidence. UN-HABITAT's survey in informal settlements of Yangon showed that, while households had a high awareness of three key actions for the prevention of COVID-19, including for handwashing, 23% of them reported not being able any more to buy soap or hand sanitizers, this varied across townships. Also, among the 69% of households most affected in their income level by the crisis, and who had to take a loan to cover their basic needs (in April 2020), only 12% of them spent this money on water supply, the majority spending it on food purchases instead. IDPs in camps in Kachin State have also reported not being able to fill in basins meant to provide water for handwashing due to water shortages and lack of funds to buy water from trucks – and lack of outside support – and not being able to afford hand sanitizers or masks either.¹⁴⁹ Unfortunately, in situation of severe financial restrictions, access to WASH services is deprioritized against other basic needs such as food or medicine.

144 In contrast, residents of informal settlements in Yangon, while also considered poor, live for 90% within 15 minutes of a health facility (Source: UN-HABITAT, May 2020).

145 CARE (2020). "Rapid Gender Analysis Myanmar – Rakhine State", CARE & UN WOMEN, Yangon, August 2020.

146 Progress on household drinking water, sanitation and hygiene 2000-2017. Special focus on inequalities. New York: United Nations Children's Fund (UNICEF) and World Health Organization, 2019.

147 Central Statistical Organization (CSO), UNDP and WB (2019). Myanmar Living Conditions Survey 2017: Socio-Economic Analysis, Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning and Finance, UNDP and WB.

148 In a survey conducted by UN-Habitat in 2019 in Hlaing Thar Yar area in peri-urban Yangon (major area for informal settlements), 85% of household respondents relying on truck delivery for their drinking water needs, and, 41% on tube well outside of their compound for domestic water needs.

149 https://kachinnews.com/2020/04/02/not-enough-water-to-wash-our-hands-say-kachin-idps-bracing-for-covid-19/?doing_wp_cron=1601373713.1230208873748779296875



4.5 Education outcomes

Before COVID-19, participation in formal education in Myanmar varied widely. For example, 85% of children and young adults (aged 5-29) in Mongkhet Township in Shan State never attended school compared to 4.77% in the Yangon Region and 28.78% in Shan State overall.¹⁵⁰ Key factors for these regional differences were mostly linked to students' economic background, remoteness, school density and the impact of conflict and displacement. National net enrolment rates for primary, lower secondary and upper secondary education were respectively 97.9%, 67.6% and 42.3%. While at primary and lower secondary levels, there is only a marginal difference between boys' and girls' enrolment rate (Gender Parity Index at 0.95), the gap in dropout rate widens to a GPI of 0.6 in upper education (for every 100 boys dropping out, only 60 girls do).¹⁵¹

COVID-19 related, countrywide school closures, including of tertiary education, have coincided with the academic year holidays. Some education institutions have re-opened in June but several have closed again at the end of August when the epidemics started surging in the West and in urban areas. An unofficial estimate of school closures mid-September stands at 50%. Official country-wide statistics on the number of schools closed, schools implementing distance learning and school children dropout rates, are not yet available from the Ministry of Education. In these conditions, learning needs to shift from traditional classroom teaching to remote learning but the great majority of schools, teachers and students, especially among vulnerable groups, are not equipped for on-line learning. Just from the point of view of access to technology, only half of the households in Myanmar have access to grid electricity (public or community) and the gap is significant between rural areas (33.8%) and urban areas (89%).¹⁵² Differences exist between States and Regions too, with 81% of households in Yangon Region connected to the grid whereas only 19.5% are in the Ayeyarwady Region. Furthermore, in 2017, only 30% of the population was using the internet.¹⁵³

UNICEF's rapid monitor of household-level changes (April 2020) showed that 84% of the children spent their time at home due to school closures and that 33% of the parents were worried about their children's learning outcomes.¹⁵⁴ In the Dry Zone, in August, 98% of households surveyed by UNDP reported disruptions to the schooling system and concerns for their children's education. School enrolment also suffers from the crisis' impact on household budgets. In 73% of fishing communities surveyed by the FAO, households are reported no to have sufficient income to meet household needs, including schooling expenses. Also, the schooling system suffers in rural areas, especially in remote locations where communities usually contribute a substantial amount of their own funds to maintaining village schools in operation, from the income contraction experienced by most households. School parent-teacher associations are not able to organize social activities and school repairs as usual and religious schools also suffer from lower donations from local communities.

Consequently, COVID-19 risks increasing the number of school dropouts. This is particularly visible for the transition from primary to middle school; pre-COVID, only 52% of children in the poorest households (lowest consumption quintile) are enrolled in middle school compared with 77.4% of the wealthiest households (highest quintile). Forty percent of school dropouts list affordability of schooling as the main reason for dropping out, followed by the need to work (25%). Already, there are anecdotal evidence of an increase in child labour due to school dropouts. In the FAO study in Rakhine and Yangon area, 22% of fishing communities report an increase in child labour due to COVID-19. Apart from children working in family businesses whilst schools are closed, some children are engaged in cash work such as carrying baskets or even migrate to Yangon to find work in retail shops. Other children have just been replacing paid day labourers in the family aquaculture business whilst school was closed but return studying when schools re-open. Given the increase in domestic care work during restriction periods, more girls are also drawn into helping their mothers and may face more challenge getting their families sending them back to school once the crisis is over, according a study

150 MIMU (2018). "Vulnerability in Myanmar - A Secondary Data Review of Needs, Coverage and Gaps", Yangon.

151 Source: Department of Basic Education, 2020.

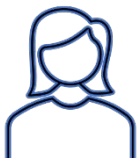
152 Central Statistical Organization, UNDP and World Bank, The (2019). Myanmar Living Conditions Survey 2017: Socio-Economic Report, Myanmar: Ministry of Planning and Finance, UNDP and WB, Nay Pyi Taw and Yangon, February 2020.

153 ITU, <https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>

154 UNICEF (2020). Rapid Monitoring of Household-level Changes. May 2020.

done in Rakhine by CARE & UN-Women. In addition, the economic instability caused by COVID-19 could increase the risk for parents to resort to negative coping mechanisms such as early and forced marriage, which could have a disproportionate impact on girls in terms of the risk of domestic and sexual violence, disruptions to girls' education, and economic prospects.¹⁵⁵

School closures and other restrictions on recreational activities and movements, also have a toll on children and youth mental health status. A survey conducted in May 2020 on 10,302 youth (15-34)¹⁵⁶ shows that 65% felt an impact of restrictions and school closures on their mental health. This impact was felt more strongly among older youth. Feelings most invoked were constant worries (especially for livelihood aspects), boredom and frustration. Girls and young women tend to have suffered more mentally during this period, than boys and young men (66% vs. 62%).



4.6 Gender equality

Women are more exposed to negative impacts of the crisis on their physical, mental and socio-economic wellbeing, due to structural gender inequalities in Myanmar society. These negative impacts are compounded by intersecting inequalities, such as those related to ethnicity, disability, socioeconomic status, age, geographic location, socioeconomic status, age, and others. As a result, risks are even more exacerbated for vulnerable women such as female sex workers, migrant workers, women from ethnic minority groups, women with disabilities and chronic diseases, pregnant and lactating women, and others. Women's rights and women empowerment across the country may also witness a setback due to the crisis.

Regarding **employment**, women have more risks of being furloughed or permanently laid off by enterprises experiencing sales and profitability drops that motivate them to reduce their workforce. This is, *first*, because women represent 60% of all workers in vulnerable employment (and 90.7% of working women are in the informal economy against 77.4% of men),¹⁵⁷ including a high share of the employment in sectors most directly hit by the crisis, such as the garment industry (88%) and retail/trade (69%),¹⁵⁸ but also because, *second*, for structural reasons as men are seen as more worthy of employment than women. In a time like COVID-19, where domestic and care work is increased by other disturbances caused to household life (e.g. children and old parents staying at home, need to grow more food to cut down on expenses and start home-based and cottage productions to complement dwindling wage income), women are also not as available to work regular hours and may be turned away from looking for work once they have been laid off, meaning that women's labour force participation in Myanmar could diminish, as well as their opportunities for upward job mobility, as a result of the pandemic. Furthermore, the gender pay gap – at 24% less pay per hour in 2017¹⁵⁹ – could widen further. In UNICEF rapid assessment of household-level changes, 73% of women reported an increase in their domestic work due to COVID-19 (UNICEF, 2020).¹⁶⁰ The same is reported in Rakhine communities surveyed by UNDP (UNDP, September 2020) and CARE (Care, August 2020), where educated working women opt to stay at home as well to ensure home schooling. In Rakhine too, the reduction in employment opportunities was perceived as higher for women in most sectors compared to men. In Yangon informal settlements, the job loss rate was found 13.2 points higher among women than men (UN-HABITAT, May 2020).

Income-wise, women are also more prone to experiencing income losses than men and of a higher magnitude. According to MLCS data, women-headed households are 69% more likely to depend on remittances for their household income than male-headed households (MLCS, 2017). According to IFPRI projections, the effect of the remittance shock caused by COVID-19 would be larger for female-headed low-income rural households, and 80% of them could fall under the poverty line as a result.¹⁶¹ In the Dry Zone, more women farmers in proportion (79%) have reported large income losses (41 to 50%) compared to male-headed households (66%) due to COVID-19 (UNDP, September 2020). In

155 CARE (2020).

156 U Report and UNICEF (2020). "COVID-19 and Mental Health of Young People", UNICEF, Yangon, May 2020.

157 CARE (2020). "Rapid Gender Analysis of COVID-19 in Myanmar", CARE & UN WOMEN, Yangon, June 2020.

158 Women represent only 23% of workers in the tourism sector but could nonetheless be made redundant in priority before men.

159 Central Statistical Organization, UNDP and World Bank, The (2019).

160 UNICEF (2020). "Rapid Monitoring of Household-level Changes". May 2020.

161 IFPRI, "Assessing the Impact on Household Incomes and Poverty of Declines in Remittances Due to COVID-19", Strategy Support Program Policy Note 06, June 2020.

fishing communities in Yangon Region, 39% of communities considered that income losses were affecting women more than men (FAO, August 2020). Women-headed households also felt at higher risk of eviction from their accommodation in Yangon's informal settlements compared to men (57% vs. 49%, Source: UN-HABITAT).

Access to basic and social services is also in general more impacted for women due to COVID-19:

- Among non-COVID **health services** that could be deprioritized by health authorities due to the pandemic feature sexual and reproductive health services and a close monitoring of access data is required.¹⁶² Some local clinics are closing and some mobile health services are suspending their operations. This is particularly detrimental to women's healthcare needs as they often have additional restrictions on their movements compared to men (CARE, July 2020). These difficulties are even bigger on female sex workers who face discrimination by health care providers in normal times, but even more during COVID-19 (CARE, July 2020). There are already reports that the medical supply chain has been affected in parts of the country with reports of stock outages for contraceptives (CARE, July 2020). Women, including when pregnant, are also turned away or refrain from visiting such service facilities for fear of infection by COVID-19. This could increase an already-high maternal and infant mortality rate. Among fishing communities surveyed by the FAO, while the majority of communities did not see any difference in health impact among men and women, 13% did report a higher impact on women (against 5% for men). The greatest differential was found in Yangon Region (24% greater impact for women).
- Regarding **education**, while girls are better represented in general across the schooling system than boys, and hence should in principle be less exposed to be taken out-of-school. Yet, the economic pressure on poor and near-poor households, who experience the heaviest income falls due to COVID-19, fuels the risk of early marriage for girls. Child marriage is known to increase in times of crisis in Myanmar, such as during conflicts, when for example child marriages increased by 3.1% between 2018 and 2019 (CARE, August 2020). Disruption to school and economic hardships in poor households are also fertile ground for child trafficking, especially of girls, which has been on the rise in recent years in Myanmar and could benefit from the disorganization of several government services caused by the pandemic. There are already reports that it has not abated during the first months of the crisis.¹⁶³
- While access to WASH services may not necessarily be heavily impacted due to COVID-19 (except in communities where water access was already scarce and was an important household expenditure), the fact that only 7.9% of households have piped water into their dwelling (MLCS, 2017) and that one of the main prevention measures is regular hand washing, women and girls face a spike in the water fetching domestic chore. This requires in certain communities long walking distances and increases risks of assault on women and girls. Difficulty in accessing menstrual hygiene products is also reported, for example, for women and girls in IDP camps in Rakhine.

With regards to **gender-based violence**, it is unclear how far the situation has further exacerbated during the COVID-19 outbreak, as data currently available is limited and at times contradictory, with some informants and communities reporting increases in GBV incidence while others report a decrease or similar levels. Certain organizations that work with gender-based violence indicates that the number of calls to hotlines has doubled since the start of lockdown. On the other hand, some social workers of the Department for Social Welfare and specialized NGOs, as well as female sex workers, reported fewer GBV cases. This could be linked to different factors, such as lesser capacity of specialized institutions to perform sufficient outreach and group activities, which serve as entry points for GBV case disclosure, difficulty in accessing available GBV services due to movement restrictions, or the fact that during lockdown and after, due to the closing of bars, alcoholism is decreasing among men and with it, the domestic violence that it often triggers. However, comprehensive and reliable statistical analysis of the situation with regards to GBV in the times of COVID-19 is not yet available.

As a result of all the additional hardships faced by women due to COVID-19, various studies have shown that their **mental health** is also more impacted than men's. With increased domestic work, loss

¹⁶² According to CARE Rapid Gender Analysis (July 2020), health workers interviewed have reported that antenatal care had been suspended or reduced (for example, fewer opening days/hours) in some locations. Some SRH awareness sessions and events such as mothers' support groups have also been suspended.

¹⁶³ Zaw T.M. (2020). "COVID-10 not deterrence to Myanmar human traffickers", Myanmar Times, 05/05/2020.

of employment opportunities, the fact that women are usually those caring more for family budget and intra-family support, and increased gender-based violence in some settings, women are more prone to stress and anxiety. The U-Report survey¹⁶⁴ showed that 66% of girls and young women (15-34) feel mentally affected by the pandemic and its consequences, compared to 62% of boys and men. Another study on employees in the service sector in Yangon showed that they are four times more likely to rate mental health as their greatest challenge during this period, than their men colleagues.¹⁶⁵

Finally, in terms of **decision-making**, women's role is often relegated to in the domestic sphere, while men usually would be responsible for high-level decisions (especially of an economic nature) and play leadership roles in the public sphere. In public affairs, a study by VNG¹⁶⁶ reports that women are highly under-represented in Township-level (and sometimes District-level too) COVID-19 Control and Emergency Response Committees and hence that women needs may be under-estimated in the response planning. Women with specific vulnerabilities such as women with disabilities, sex workers and other marginalized groups are even more likely to be underrepresented in the COVID-19 prevention and response decision-making.¹⁶⁷ Women-led CSOs, who are often at the forefront of crisis response in Myanmar, and as such, they also play a critical role in the response to COVID-19, especially in addressing GBV and in organizing volunteers in the fight against COVID-19 at the community level. Despite this, a significant lack remains in meaningfully engaging women-led and women rights CSOs in Myanmar's COVID-19 response, including in decision-making bodies. In response to this gap, twelve women-led and women rights CSOs have released an advocacy statement in September which calls on the government and development and humanitarian partners to ensure the government's CERP is engendered and women's CSOs are equitably included the in the implementation of the CERP. In the private sector, among companies in Yangon surveyed by 'Investing in Women' (Hill et al., Aug. 2020), 75% of them had included women in their COVID-19 Task Force or equivalent.



4.7 Internally Displaced People (IDPs), conflict-affected communities and returning migrants

According to the COVID-19 Addendum to the Humanitarian Response Plan¹⁶⁸ of the Humanitarian Country Team released at the end of June, there are 960,861 people in need of humanitarian assistance in the context of the COVID-19 pandemic, including 335,827 IDPs, 470,000 non-displaced stateless persons (principally Rohingyas), 95,034 conflict-affected people and 60,000 migrants¹⁶⁹. In fact, the actual number of migrants who have returned went up since the HRP Addendum was issued and was officially 150,000 by early August (and possible up to double this figure by the time of reporting, including illegal returns), including an estimated 35% of women.

More than a third of the migrants are **IDPs** staying in camps with minimal hygiene conditions, facilities and healthcare, which makes them particularly vulnerable to a spread of the virus and its socio-economic consequences. They have been relying on humanitarian aid for years, as long-term solutions have yet to be achieved. Up to mid-September, no cases of COVID-19 had been detected among IDP populations in camps, but the risk level of community transmission remains very high in crowded camps, especially as Rakhine State – where 62% of IDPs reside – has become one of the epidemic hotspots in the country. IDPs, who usually work as day laborers and without social protection, are among the first to lose their job and rarely have alternative sources of income. In Kachin State, reports from IDP camps are dire whereby many IDP families can hardly afford their daily

164 U Report and UNICEF (2020). "COVID-19 and Mental Health of Young People", UNICEF, Yangon, May 2020.

165 Hill E., M. Bird and S. Seetahul (2020). Myanmar and COVID-19: Impact on the Private Sector. Investing in Women Asia, Australian Aid, Business Coalition for Gender Equality and The University of Sydney, August 2020.

166 MAGIC Project (2020). "Municipal services and COVID-19 Emergency Response – A learning journey". VNG International, LOka Ahlinn, Yangon, July 2020.

167 Care (2020), "Rapid Gender Analysis of COVID-19 in Myanmar", Care International & UN Women.

168 OCHA (2020). COVID-19 Addendum to the 2020 Myanmar Humanitarian Response Plan April – December 2020, on behalf of the Humanitarian Country Team, Yangon, June 2020.

169 Note that these numbers apply to the areas covered under the HRP: Rakhine, Kachin, Northern Shan and some townships of Kayin and Chin.

food anymore and receive little to no support from government (Humanity Institute, 2020). They also cannot afford masks or sanitizing solution and rely only on donations from local charities. Women and children in IDP camps are among the most vulnerable but COVID-19 has restricted their access to coping mechanisms and survivors of gender-based violence and abuse also see themselves cut off from key support services.¹⁷⁰

Conflict-affected communities are already among the most deprived in the country and experienced regular movement restrictions before COVID-19 – which have now been stiffened. This makes access to basic services, including healthcare even more difficult, not mentioning the fact that these populations are now also harder to reach by humanitarian agencies on which severe quarantine and movement restrictions (especially in active combat zones of Rakhine) apply.

Returning migrants are in principle quarantined for two weeks upon their return in one of the 5,647 quarantine facilities run by government (as of 5/10),¹⁷¹ often with minimal hygiene and service conditions and limited food supply. After release from quarantine, migrants go back to their community of origin where they can become a burden to their families, but migrants could also contribute to the recovery efforts if they have savings and skills, and adequate reintegration support is provided. It is the financial and economic impacts of COVID that poses challenges/ burdens to both migrants and their families. In Rakhine State, UNDP survey (UNDP, September 2020) showed that 78% of returned migrants require support in the form of food, employment, cash-for-work or cash transfers. In fishing communities of the Ayeyarwady Region, FAO survey (FAO, August 2020) showed that 31% of returned migrants remained unemployed. A recent assessment by IOM¹⁷² among 2,311 migrants in 10 States/ Regions areas showed that 24% of them were experienced psychological stress and 15% stigma and discrimination. Reports from migrants in Kachin State not being paid by their new employers are also coming in (Humanity Institute, 2020). Therefore, given the hardship they must face back in their homeland, 55% of migrants expressed their intention to re-emigrate as soon as possible. Migrants are also often in need to civil documentation but may find it more difficult to obtain as civil registry offices have scaled down their activities. Without proper documentation, they face challenges accessing necessary healthcare and social protection. Many may also not be able to register on time on voters' list for the general election in November 2020, as local electoral offices are not functioning properly, like many other government services due to COVID-19.

170 CARE (2020). "Rapid Gender Analysis Myanmar – Rakhine State", CARE & UN WOMEN, Yangon, August 2020.

171 Source: MoHS COVID-19 Situation Report

172 IOM (2020). "COVID-19 Response Situation Report No. 11", IOM Myanmar, Yangon, 6/8/2020.

ANNEX: LIST OF RESOURCES



Asia Foundation, The and Smart Peace, *How have Myanmar's conflicts been affected by COVID-19 and what should be done about it?* COVID-19 and Conflict in Myanmar Briefing Paper Series, No.1, The Asia Foundation, Yangon, August 2020.

CARE, "Rapid Gender Analysis of COVID-19 in Myanmar", CARE & UN WOMEN, Yangon, June 2020.
— "Rapid Gender Analysis Myanmar – Rakhine State", CARE & UN WOMEN, Yangon, August 2020.

Central Statistical Organization, UNDP and World Bank, The, *Myanmar Living Conditions Survey 2017: Poverty Report*, Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning and Finance, UNDP and WB, June 2019

Food and Agriculture Organization, The, "Assessing the Impact of Covid-19 on the Fishing and Aquaculture Sectors in Myanmar", FishAdapt Project, Yangon, August 2020.

Goeb J., D. Boughton and M. Maredia, "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Input Retailers", Strategy Support Program Policy Note 08, IFPRI, June 2020.

Hill E., M. Bird and S. Seetahul, *Myanmar and COVID-19: Impact on the Private Sector*. Investing in Women Asia, Australian Aid, Business Coalition for Gender Equality and The University of Sydney, August 2020.

Humanity Institute, "A Study on the SMEs' Landscape in Kachin State and the Impacts of COVID-19 on SMEs", July 2020.

International Crisis Group, "Conflict, Health Cooperation and COVID-19 in Myanmar", International Crisis Group, Briefing N°161/Asia, 19/05/2020.

International Food Policy Research Institute, "Maintaining food and nutrition security in Myanmar during the COVID-19 crisis", Strategy Support Program Policy Note 01, IFPRI, Yangon, April 2020.

— "Strengthening Smallholder Agriculture is Essential to Defend Food and Nutrition Security and Rural Livelihoods in Myanmar against the COVID-19 Threat Elements for a Proactive Response", by Boughton D., J. Goeb, I. Lambrecht, D. Mather and D. Headey, Strategy Support Program Policy Note 02, IFPRI, Yangon, April 2020.

— "Impacts of COVID 19 on Economy, Agri Food System, Jobs & Incomes", Feed the Future Myanmar Policy Support Activity Police Note, IFPRI, Yangon, May 2020.

— "Assessing the Impacts of COVID-19 on Myanmar's Economy", IFPRI, Yangon, May 2020.

— "Assessing the Impact on Household Incomes and Poverty of Declines in Remittances Due to COVID-19", IFPRI Strategy Support Program Policy Note 06, Yangon, June 2020.

— "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Input Retailers", by Goeb J., D. Boughton and M. Maredia, IFPRI Strategy Support Program Policy Note 08, Yangon, June 2020.

— "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Equipment Retailers", by Takeshima H., M.T. Win and I. Masias, IFPRI Strategy Support Program Policy Note 09, Yangon, June 2020.

— "Monitoring the Impact of COVID-19 in Myanmar: Agricultural Commodity Traders", by Goeb J., D. Boughton, M. Maredia, A.M. Su and N.L.K. Synt, Strategy Support Program Policy Note 10, IFPRI, Yangon, May 2020

— "Monitoring the Impact of COVID-19 in Myanmar: Yangon peri-urban poultry farmers", by Fang P., B. Belton, H.E.Win, K.Z.Win, and W. Zhang, IFPRI, Strategy Support Program Policy Note 11, Yangon, June 2020.

International Labour Organization, "COVID-19 Survey on SCORE HoCo-trained Hotels and Restaurants in the Tourism sector in Myanmar". ILO Liaison Office for Myanmar, Yangon, May 2020.

— "COVID-19 Survey on SCORE-trained Food and Beverage Processing factories in Myanmar". ILO Liaison Office for Myanmar, Yangon, May 2020.

— "COVID-19 Impact on Employment and Labour Market in Myanmar", ILO Liaison Office for Myanmar, Yangon, July 2020.

International Monetary Fund, "Myanmar: 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Myanmar", IMF Country Report No. 19/215, March 2020,

Washington D.C.

— “Myanmar: 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Myanmar”, Country Report No. 20/2015, June 2020.

International Organization for Migration. “COVID-19 Response Situation Report No. 11”, IOM Myanmar, Yangon, 6/8/2020.

International Trade Center, *The Impact of COVID-19 on Myanmar Export Sectors*, ITC, 2020.

International Organization for Migration, “COVID-19 Response: Situation Report # 11”, IOM, 6 August 2020.

Jollans D. and J. Owen. “Overcoming as 14: The Role of State and Region Governments in Supporting Myanmar’s Covid-19 Economic Response Plan”, The Asia Foundation & the Renaissance Institute, Yangon, July 2020

MAGIC Project, “Municipal services and COVID-19 Emergency Response – A learning journey”. VNG International, Loka Ahlinn, Yangon, July 2020.

Mercy Corps, *Delta Rapid Market Assessment Report: Understanding the impacts of COVID-19 on rural smallholders and food systems in the Ayeyarwady Delta*, Yangon, May 2020.

Myanmar Business Environment Index, “COVID-19 Impact on Businesses: A Survey”, The Asia Foundation, DaNa Facility, UKaid, 5 June 2020.

Proximity Finance, “FY20 Q4 Quarterly Report”, Yangon, July 2020.

United Nations Capital Development Fund, “Impact of COVID-19 on Myanmar’s Migrants and Remittances”, Briefing, UNCDF, Yangon, June 2020.

United Nations Development Programme, *Rapid Socio-Economic Impact Assessment of COVID-19 on Rural Communities in Rakhine*, UNDP Myanmar, Yangon, September 2020.

— “COVID-19 and Rural Farmers in the Dry Zone of Myanmar: Results of a Rapid Assessment”, UNDP Myanmar, Yangon, September 2020.

United Nations Habitat, “Yangon Informal Settlements – Resettlement Programme” Yangon, 2018.

United Nations Office for the Coordination of Humanitarian Affairs, *Humanitarian Response Plan 2020, Myanmar*, Myanmar Humanitarian Country Team and partners, Yangon, December 2019.

— “Myanmar COVID-19 Situation Report No. 04”, Yangon, 18/5/2020.

— *COVID-19 Addendum to the 2020 Myanmar Humanitarian Response Plan April – December 2020*, Myanmar Humanitarian Country Team and partners, Yangon, June 2020.

— “Myanmar: COVID 19, Situation Report No. 07”, Yangon, 10/08/2020.

— “Myanmar, Rakhine State: COVID-19, Situation Report No. 09”, Yangon, 18/09/2020.

U Report and UNICEF, “COVID-19 and Mental Health of Young People”, UNICEF, Yangon, May 2020.

Working Committee to Address COVID-19 Economic Impact, The, *Protect, Revitalize, Recover, Prosper: Impact for COVID-19 on Myanmar Businesses and Policy Implications*, Government of Myanmar, with support from DaNa Facility, ITC, UNCDF and UKAid, Yangon, July 2020.

World Bank, The, *Myanmar: Economic Transition Amid Conflict, A Systematic Country Diagnostic*, Washington D.C., 2018.

— *Myanmar Economic Monitor Dec 2019: Resilience Amidst Risk*, Washington D.C., 2019.

— *Myanmar Economic Monitor: Myanmar in the Time of COVID-19*, Washington D.C., 2020.

— *The Firm-Level Impact of the COVID-19 Pandemic: Summary of Results from Second Round (English)*. Myanmar COVID-19 Monitoring, Washington, D.C., September 2020.

— “From Containment to Recovery”, East Asia and Pacific Economic Update (October), World Bank, Washington



UNITED NATIONS
MYANMAR



United Nations Myanmar
No. 6, Natmauk Road, Tamwe Township
Yangon, Myanmar
Phone: +95 1 542911-9
For more information: mm.undp.org Facebook: UN4Myanmar
Twitter: UNinMyanmar

Copyright 2020, UN Myanmar

