

09 July 2020



Rapid information *from* household high-frequency monitoring

Summary of Results from Round 1
18 MAY 2020 — 03 JUNE 2020



This brief presents the main findings from the first of eight rounds of a nationally representative survey of 1,500 randomly selected households in all states/regions of Myanmar. The surveys were undertaken by conducting a 20-minute phone call between 18 May 2020 and 03 June 2020.

Key Messages



Adverse impacts on employment and labor income are significant. In half of the households surveyed, the main worker was not working in the last seven days. Since the end of March 2020, half of those still at work have experienced a decrease in income.



Households have less diversified livelihood sources. Participation in activities outside the household and in household businesses has declined, as have remittances.



Food security is not yet worrisome, but may become a concern for households who report limiting food consumption to cope with income shocks associated with COVID-19.



Myanmar's economy is expected to suffer greatly from the impacts of COVID-19. The global economic slowdown and national measures adopted to contain the outbreak are expected to result in GDP growth declining to a mere 0.5 percent in fiscal year 2019/2020¹. This crisis is expected to adversely affect households' livelihoods. The pandemic and related containment measures have been disrupting economic activity in large employment sectors such as whole-sale and retail trade, tourism-related services, manufacturing, and construction. As a result, households may suffer loss of employment or reductions in income. They could risk falling into poverty and facing challenges relating to food security.

Up-to-date evidence is key to assess the impact of the crisis and thus inform policies to protect poor and vulnerable households. In the absence of living conditions data more recent than 2017, the Myanmar Central Statistical Organization (CSO) and the World Bank partnered to conduct a high-frequency phone survey on households, with the aim of monitoring changes in employment, incomes, and poverty since March 2020.

In more than half of households, the main worker was unemployed. More than six

out of ten households' main workers engaged as casual labor in agriculture were not working in the last seven days. The same is true for 50 percent of those engaged in construction. Household breadwinners engaged in manufacturing and retail fare only mildly better: about 45 percent of them have not worked in the last seven days. Only four percent of households' main workers have switched jobs since March 2020.

Among those still employed, income losses are widespread across all sectors of employment, except public administration. Overall, more than half of households' main workers who are still working saw their income decline since March 2020. Across all sectors, between 50 and 68 percent of workers experienced a reduction in earnings. Only workers employed in "other services", which include public administration, have managed to maintain stable incomes.

Family-run small businesses were badly hit. They have been particularly exposed, as 60 percent of them are in the retail trade sector. Eight out of 10 reported earning less or no income at all since March 2020. The same is true for personal service businesses and agricultural businesses, but these represent a relatively small proportion of businesses.

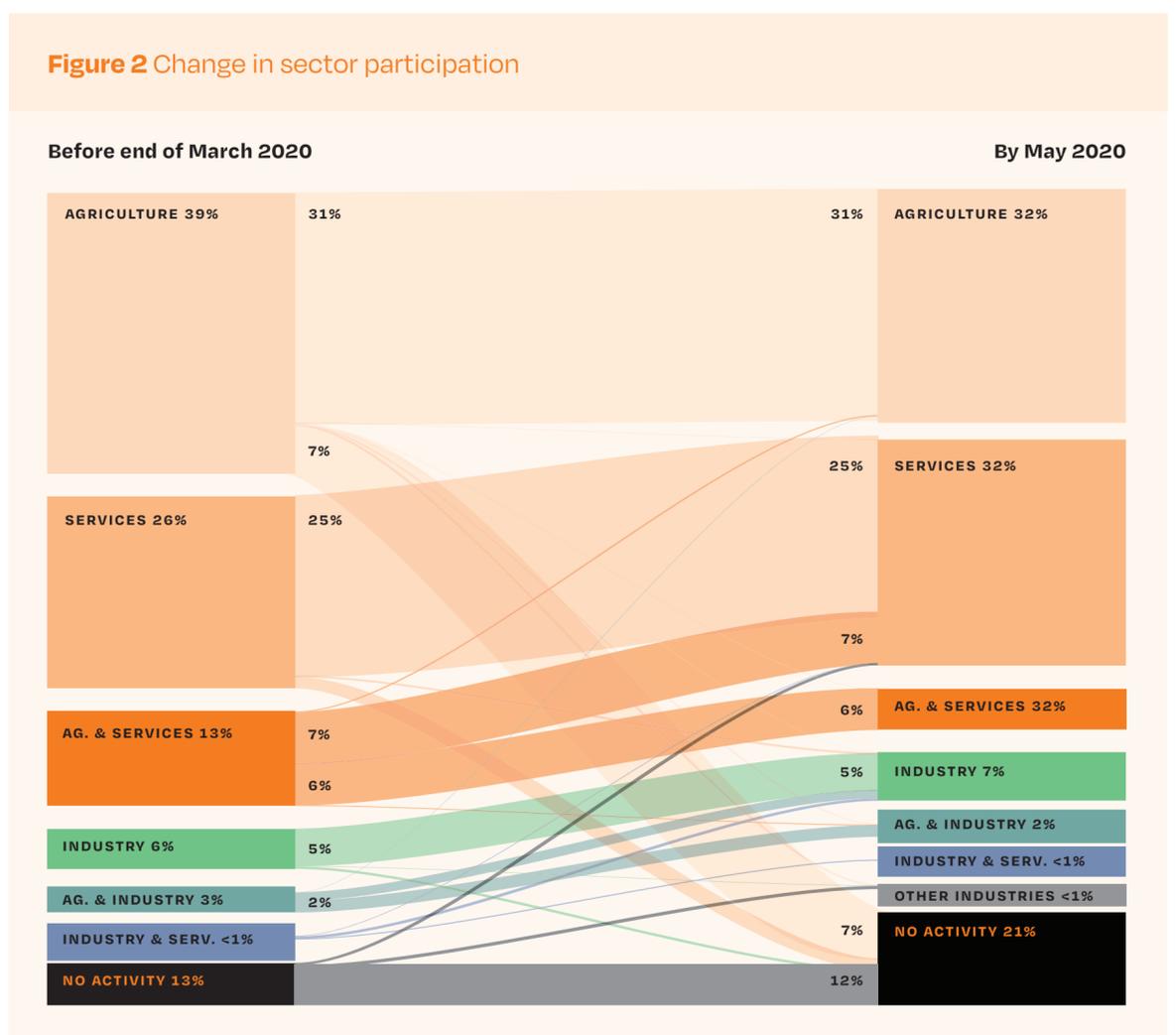
In addition, a large share of farming households has not been able to perform

regular farming activities nor to plant rice since virus containment measures were introduced. About half of households have a farm activity and plant rice (43 percent of farming households). But these farming households and – more worryingly – rice-growing farmers, have not been able to perform activities typical of this time of the year: 75 percent of rice-growing farmers have not started planting rice for the upcoming season. All rice-growing farmers report being unable to work as much as would be required for a successful rice harvest. They add that delays in rain onsets are an additional concern.

Households have less diversified livelihood sources. Before March 2020, 17 percent of households were engaged in two sectors and about 13 percent did not work in any sector. After March 2020, about 8 percent of households are engaged in two sectors whereas the share of household with no livelihood generating activity has risen sharply to 21 percent. In addition, households have lost non-labor income through a significant decline in remittances. With the return of Myanmar migrants from abroad since early March, three out of four households who usually receive remittances have received less or no remittances.

Food security is an emerging concern as households report reducing their food consumption to cope with income losses. Even after March 2020, most households have been able to buy rice and protein (chicken). However, in 11 percent of households, at least one adult member has eaten less than usual in the last 30 days. Over the same period, 7 percent of households have reportedly run out of food. About half of households report reducing their food consumption to cope with shocks, which threatens food security and human development in the long term. Since March 2020, only 15 percent of households received food assistance from the government.

¹ Myanmar Economic Monitor: Myanmar in the Time of COVID-19: Myanmar Economic Monitor June 2020 (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/806001593183687694/Myanmar-Economic-Monitor-Myanmar-in-the-Time-of-COVID-19>





The Firm-Level Impact of the COVID-19 Pandemic

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The World Bank commissioned a firm-level survey to provide quantitative evidence of the COVID-19 pandemic. The nationally representative survey¹ included 500 firms spanning a wide range of industries and firm sizes, as well as the formal and informal sectors. The first round was completed in May, and seven subsequent rounds conducted between June and December 2020 will provide continuous in-

formation on the evolving impact of the COVID-19 pandemic.

Overall, 16 percent of firms reported temporarily closing their operations for an average of eight weeks, and representatives of closed firms estimated that an average of four weeks would be required to resume their operations. Firms in the service sector were worst hit by COVID-19, with 39 percent of respondents reporting temporary closures (Figure 1). The three most commonly reported impacts of COVID-19

were lower sales, cashflow shortages, and reduced credit access. Overall, 83 percent of firms experienced reduction in sales, 51 percent of firms experienced cash flow shortages and 29 percent of the firms experienced reduction in access to credit (Figure 2).

¹ The survey was nationally representative and included firms from a wide range of sectors. Whereas firm-level surveys in Myanmar tend to focus on the manufacturing, retail/wholesale, and service sectors, the World Bank survey provided a more accurate cross-section of Myanmar's firms that encompassed the agricultural sector, small and medium enterprises (SMEs), and informal firms.

Figure 1 Share of firms reporting temporary closures

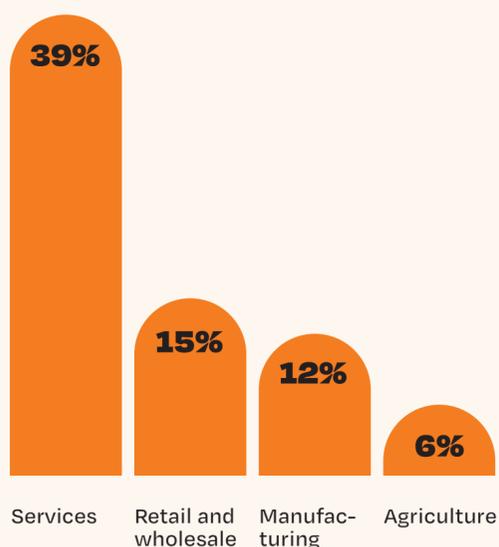
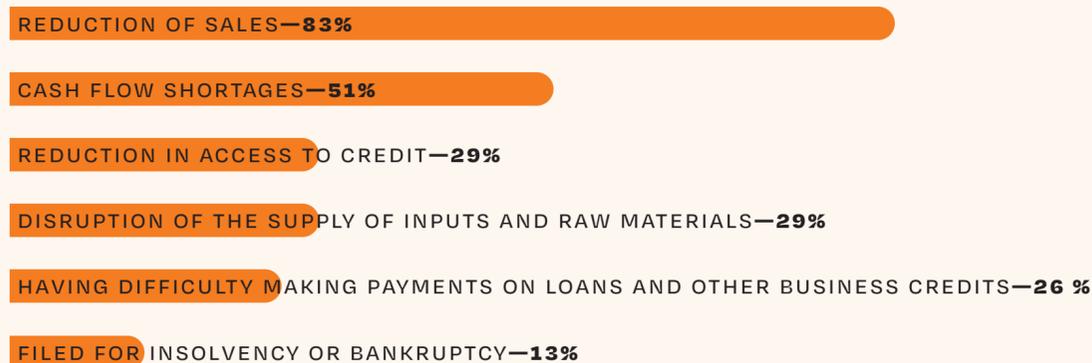


Figure 2 Effects of COVID-19 on firm operations



Agriculture firms were the most likely to report cashflow shortages and diminished access to credit, reflecting their greater vulnerability to economic crises. Cashflow shortages affected one-half of firms across the country, but this share rose to two-thirds among agriculture firms (Figure 3). In addition, 42 percent of agriculture firms experienced a reduction in access to credit, versus 29 percent of all firms, due to their financial insecurity, frequent informality, and general lack of access to finance compared to firms in other sectors. On gender-imbalances, female-owned firms were more likely to report diminished sales (86 percent), cashflow shortages (52 percent), and reduced access to credit (32 percent) than their male-owned counterparts (Figure 4). This pattern reflects underlying challenges facing female entrepreneurs in Myanmar, and it underscores the importance of crafting COVID-19 response programs that effectively reach vulnerable firms, including female-owned firms and SMEs, which face especially severe challenges during economic crises.

Among the firms experiencing cashflow shortages, loans from friends and family was the principal mechanism to deal with operational cashflow shortages. Some 60 percent of firms reported loans from friends and family as the major mechanism for mitigating operational cash shortages (Figure 5). Firms' profits are down 69 percent compared to the same quarter last year and the average decline in profits was

55 percent (Figure 6). It is projected that 36 percent of firms expect to fall into arrears in the next three months, with over half of those working in agriculture (Figure 7).

Most firms were not able to adapt operations to the operational and financial impacts of COVID-19. Starting or increasing delivery services was the most common adjustment mechanism adopted by firms in response to COVID-19 impacts - with 36 percent of firms reporting introducing this measure (Figure 8). Most firms continue their conventional production or services delivery model as only 26 percent of firms reported a partial or complete change to existing operating models. Only 19 percent of firms adopted digital platforms or online systems to perform business functions, and a mere 6 percent embraced remote-work arrangements. Agriculture and micro-sized firms were the least likely to report adopting new mechanisms to cope with COVID-19.

More than half of the firms were aware of economic support programs offered by local and national governments, but most had not applied for government support. While 60 percent of firms were aware of programs designed to mitigate the impact of COVID-19 on firms, only 9 percent of firms reported applying for public support. Most firms suggested that access to loans and credit guarantees, tax deferrals, or tax relief were the most urgently needed forms of government support (Figure 9).

Figure 3 Most commonly reported impacts of COVID-19 by sector



Figure 4 Most commonly reported impacts of Covid-19 by Female Ownership

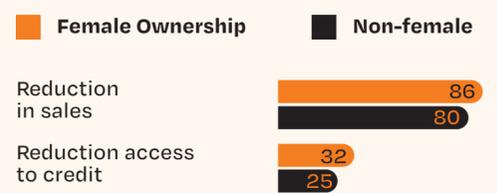
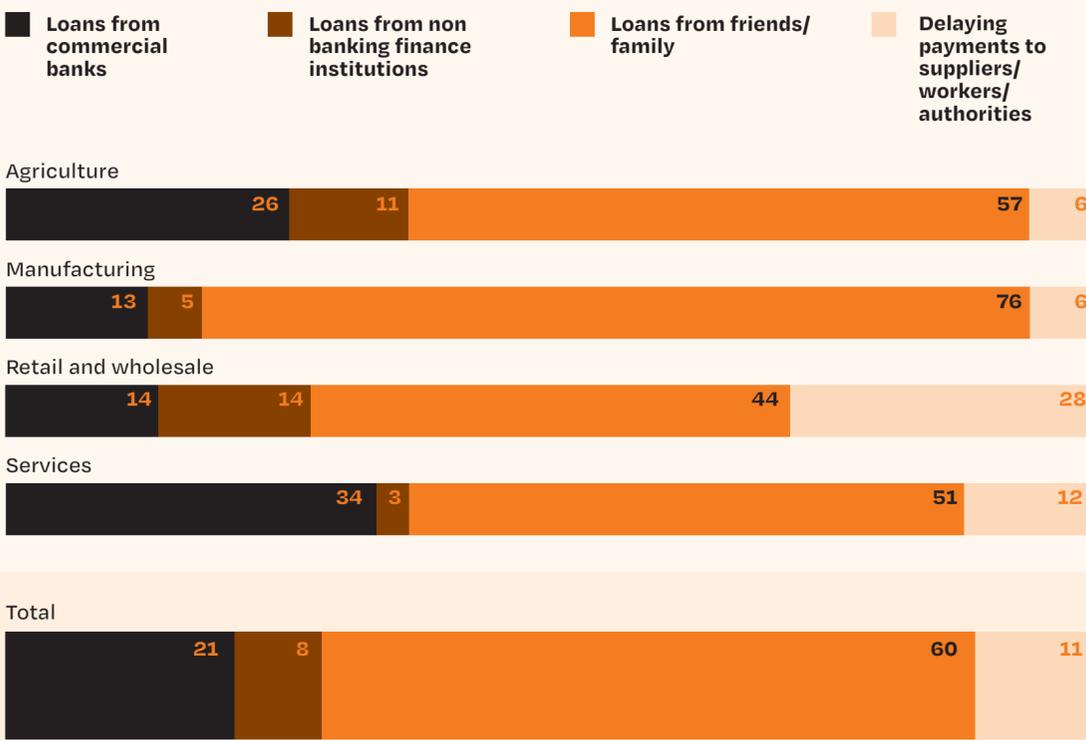


Figure 5 Most commonly reported impacts of COVID-19 by sector



Source: The World Bank's COVID-19 firm survey

Figure 6 Firms who saw a reduction in profits compared to last year



Figure 7 Firms who believed they would go into arrears in 3 months by sector

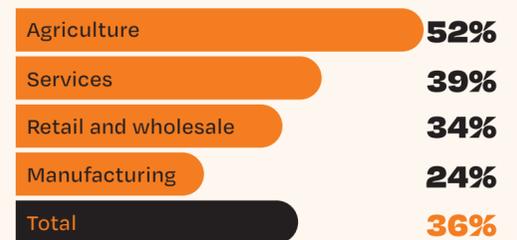
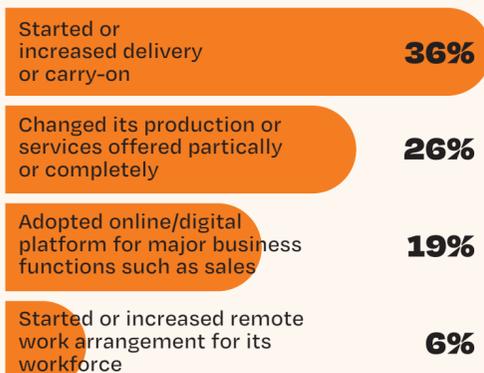


Figure 8 Most common ways firms have adapted to COVID-19



Source: The World Bank's COVID-19 firm survey

Figure 9 Most urgent government policy response



Source: The World Bank's COVID-19 firm survey