ROUND 1&2

# Myanmar High-frequency Monitoring of COVID-19 Impacts

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2020

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# Survey Firms

## Round 1 & 2 Comparison

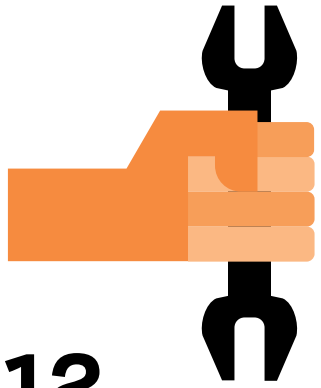
# Key Findings

- Firms re-open
- The hit to profits worsen
- Payment delays increase
- Business confidence improves BUT optimism of a recovery worsens
- Firms continue to adapt

# The only nationally representative survey of firms in Myanmar

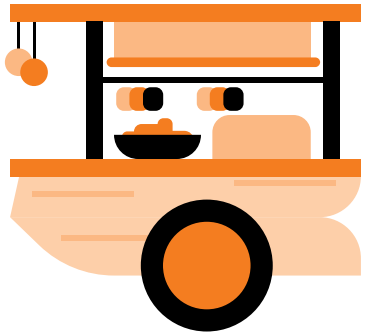
## 500 firms 8 rounds

The survey also covers all of Myanmar and is divided into 6 zones (**Yangon**, **Mandalay**, **Chin** and **Dry Zone**, **Delta** and **Costal Lowland**, and the **Hilly** zone.



## 12 sectors

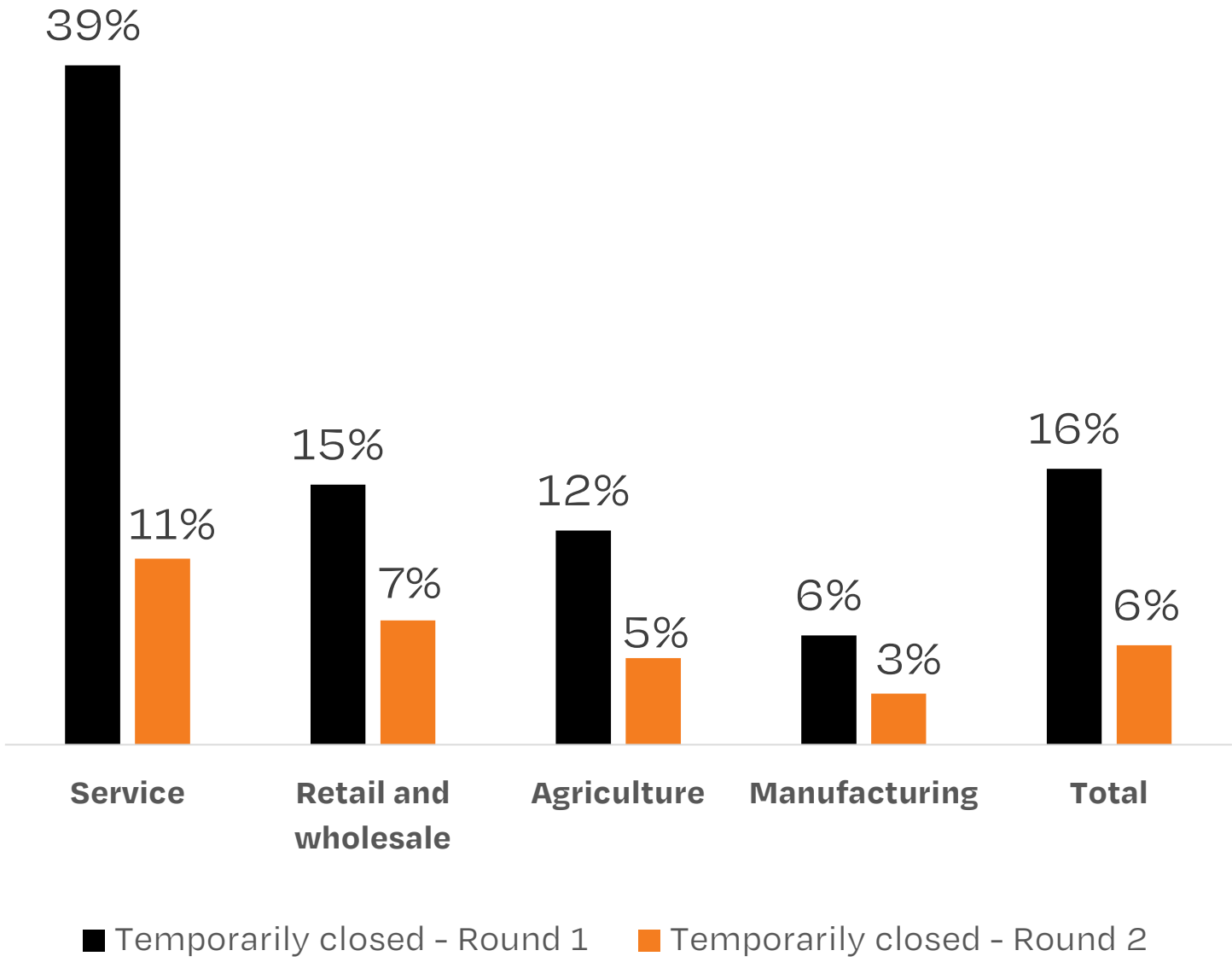
The survey is nationally representative and is the only enterprise survey that also covers the **Agriculture** sector (17%). **Manufacturing** (33%), **Retail** (17%) and **Services** (32%) are the other sectors.



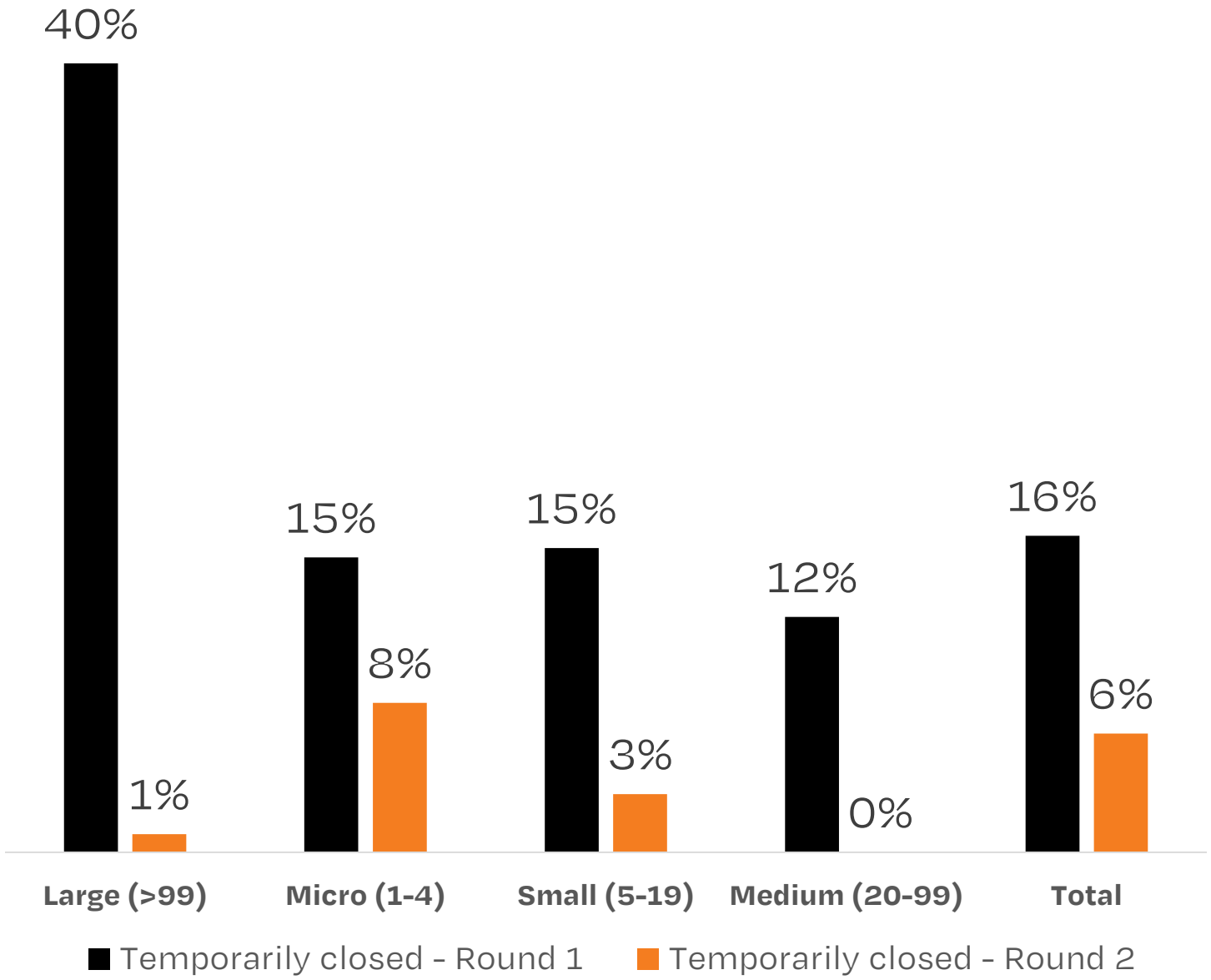
## Micro & Informal

The survey covered **micro** and **small** firms too and not just large and formal firms. 35% of the sample were micro firms and 40% were small firms. Medium firms were 19% and large firms 6%.

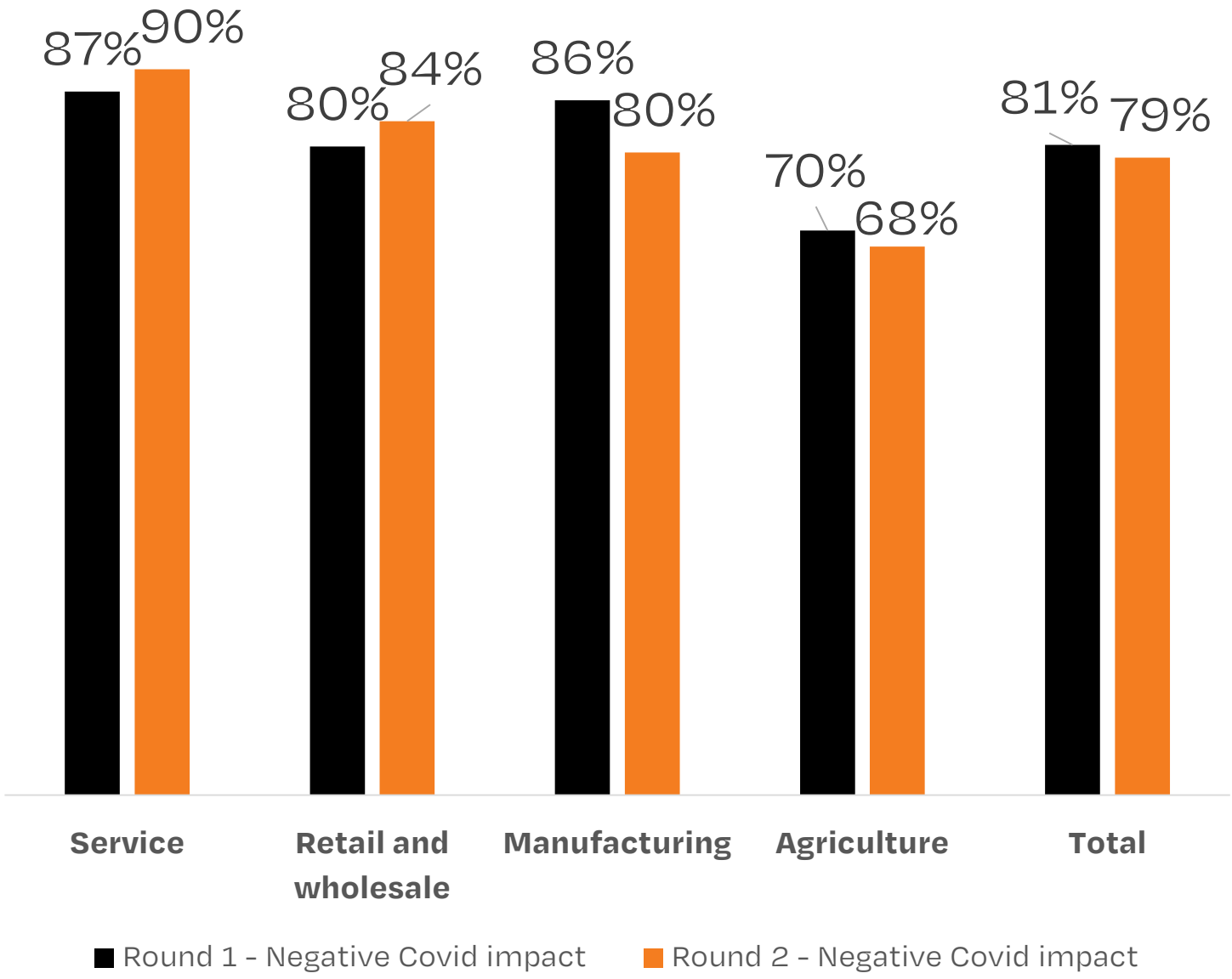
# Firms gradually returned to normal operation in May



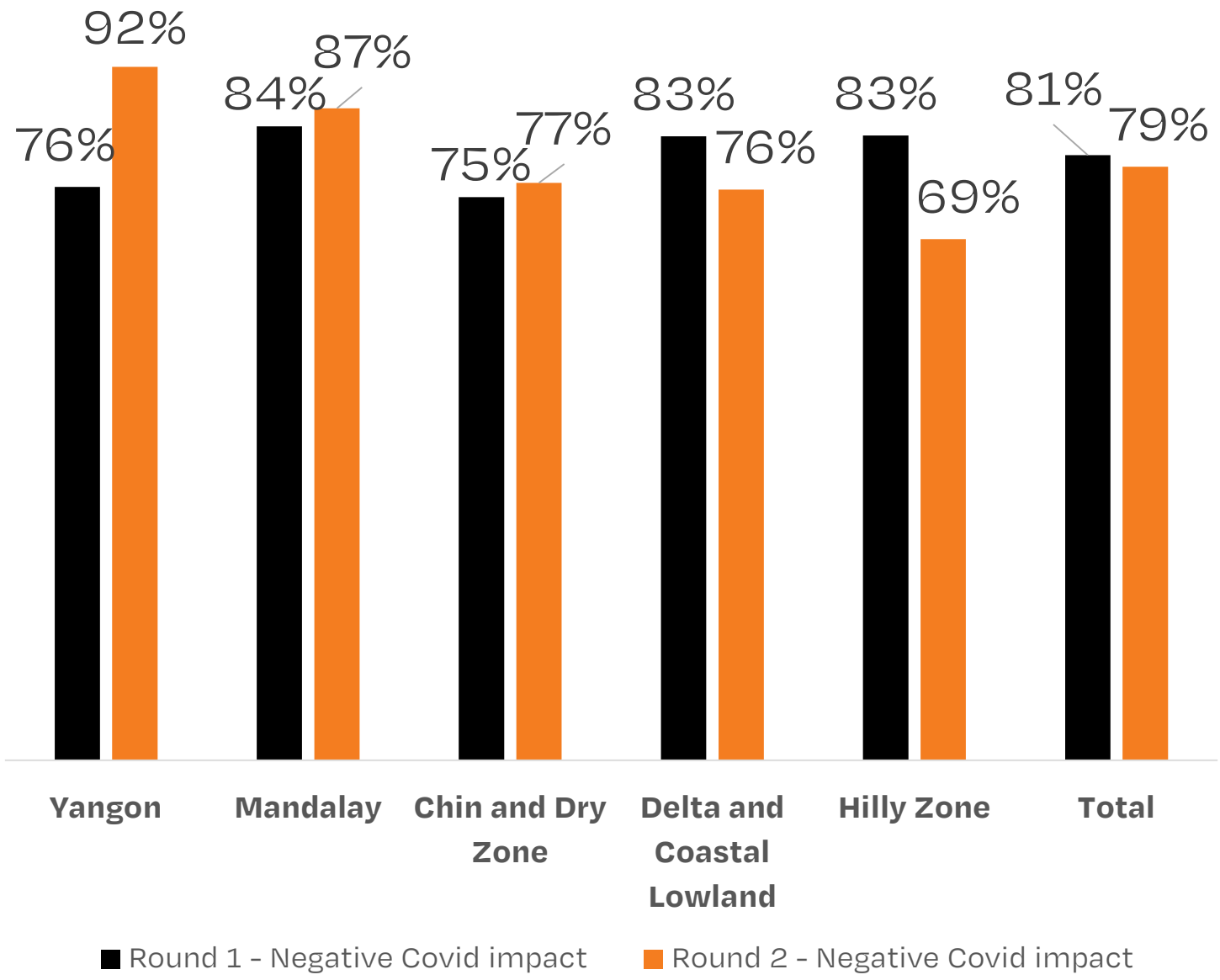
# 6% of firms are still temporarily closed



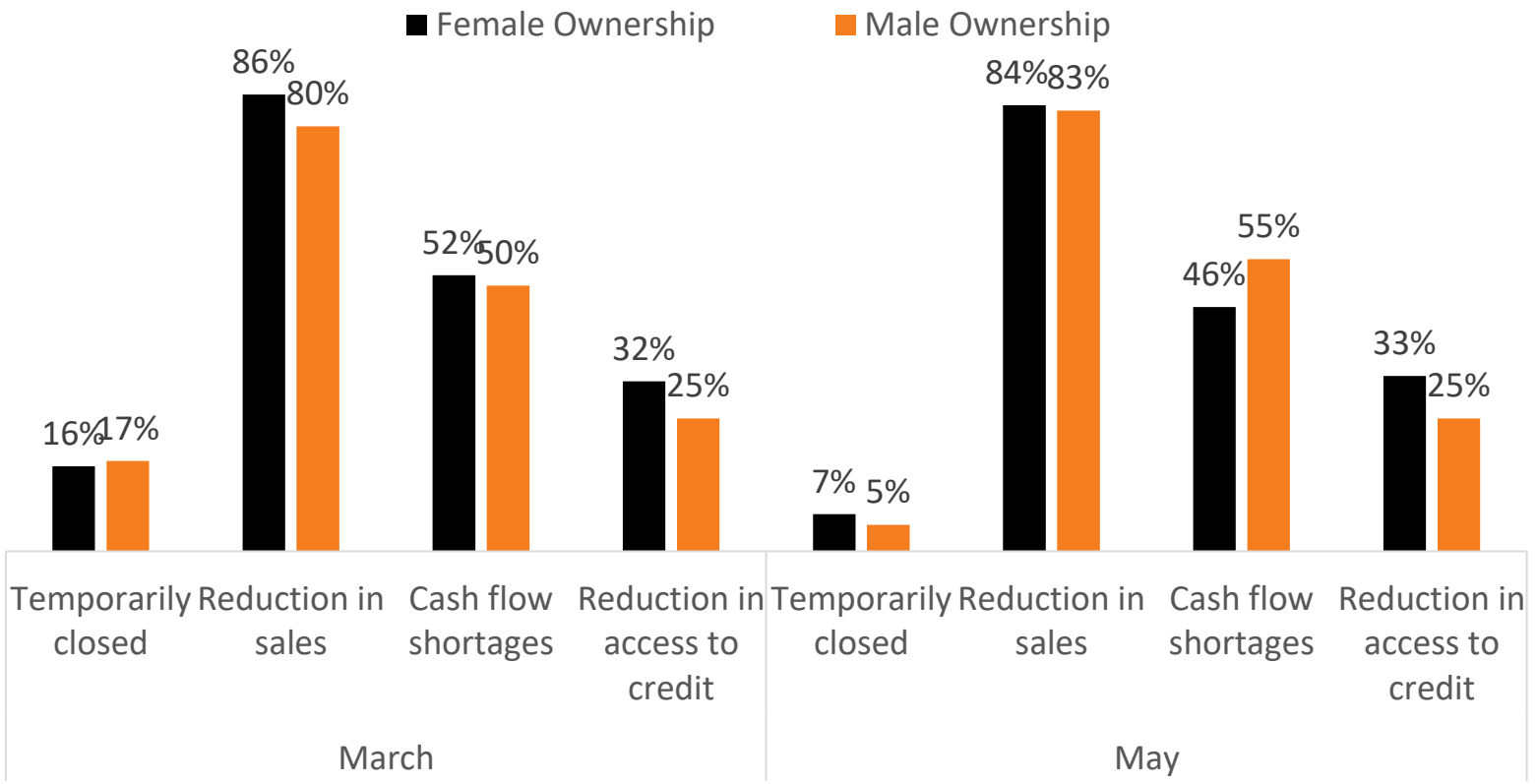
# The overall negative impact of COVID-19 remains unchanged



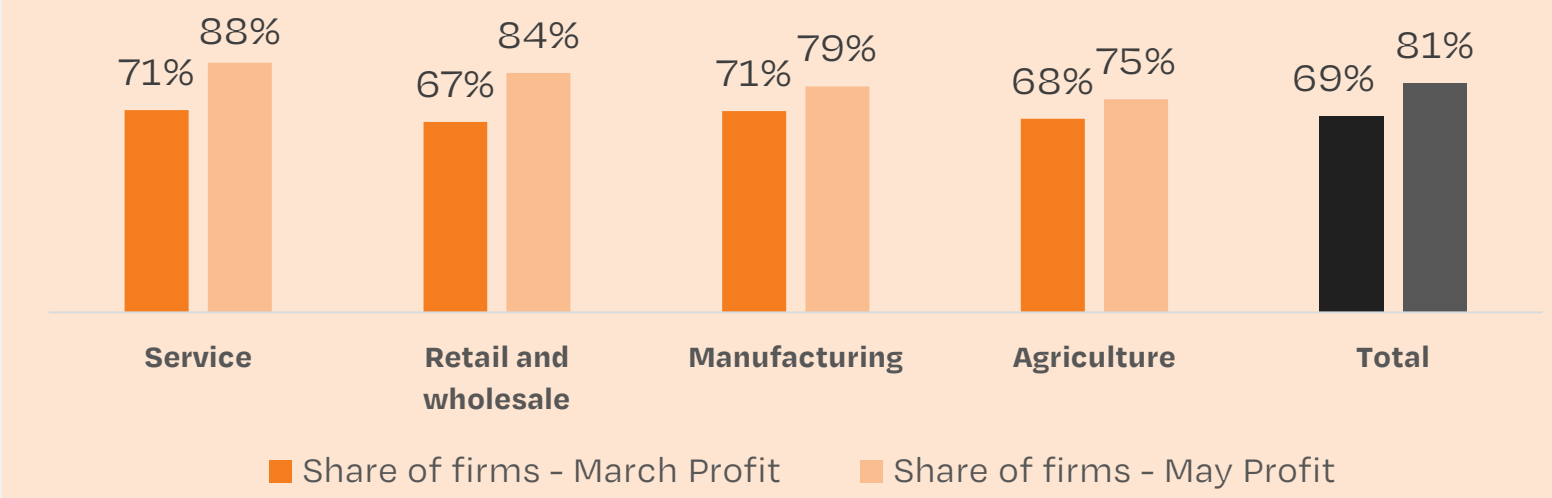
# Firms in Yangon are the worst hit from COVID-19

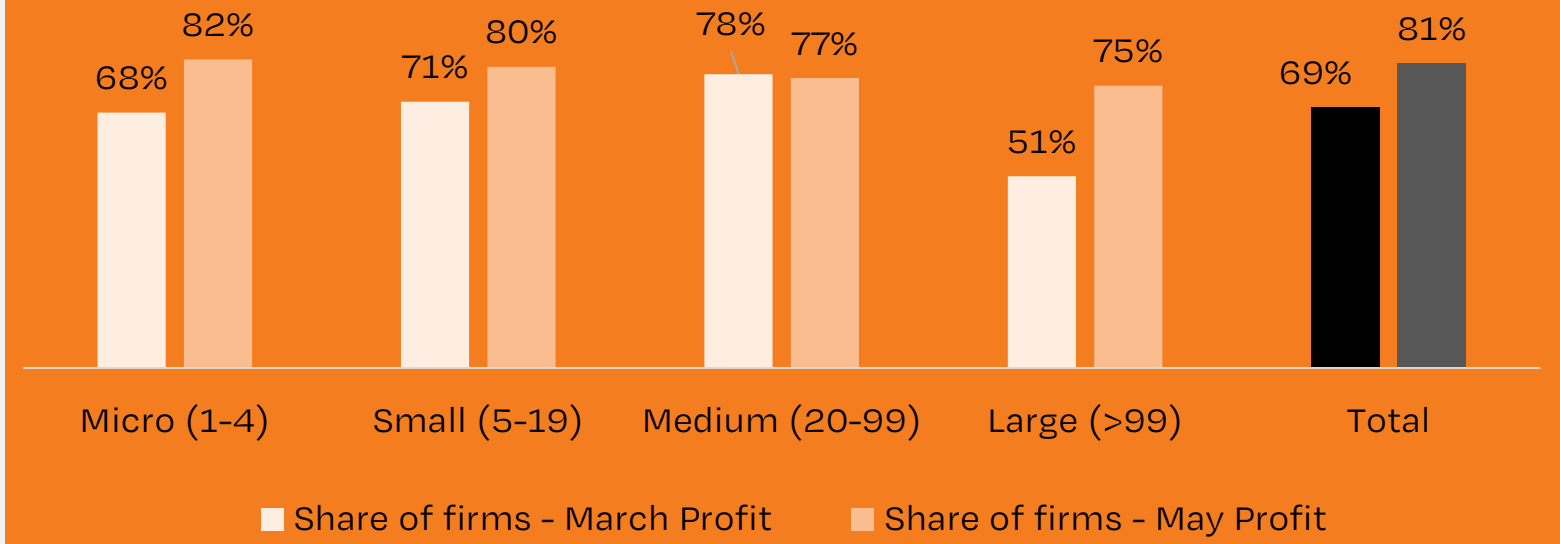


# Female owned firms continue to experience greater difficulty in accessing credit

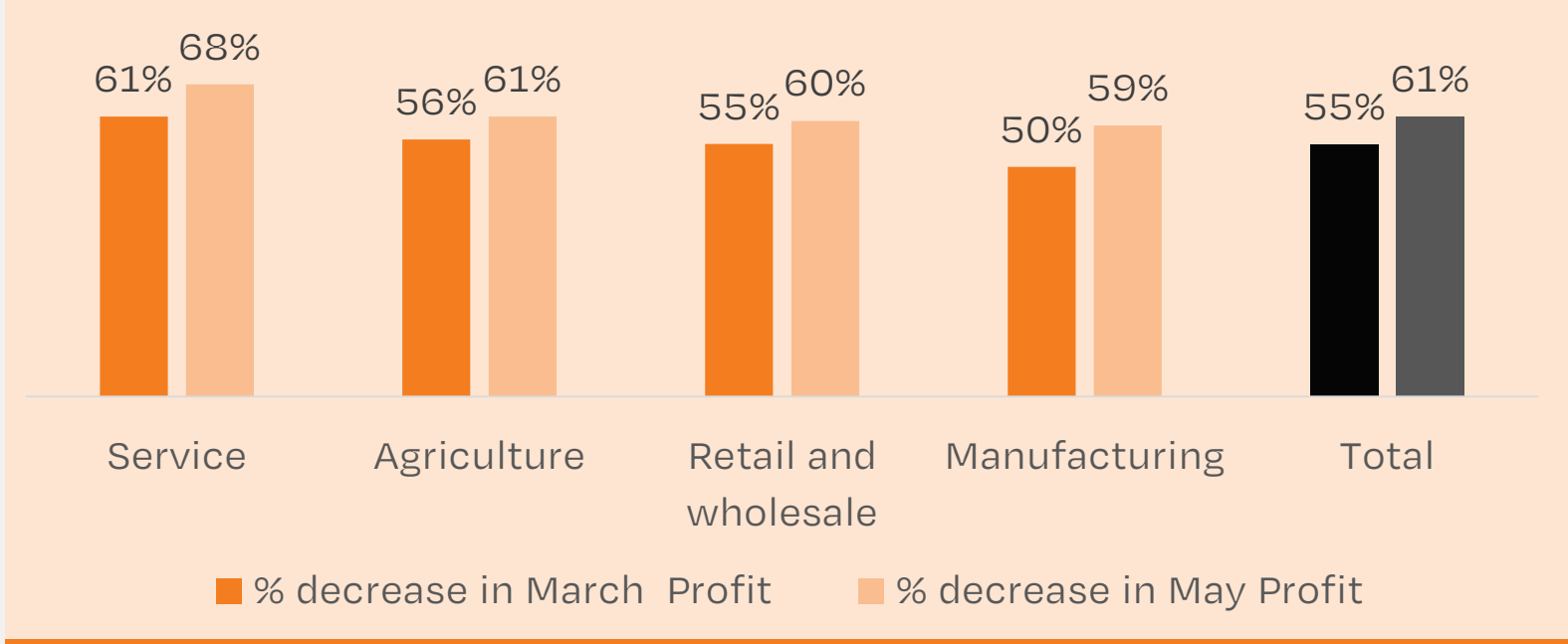


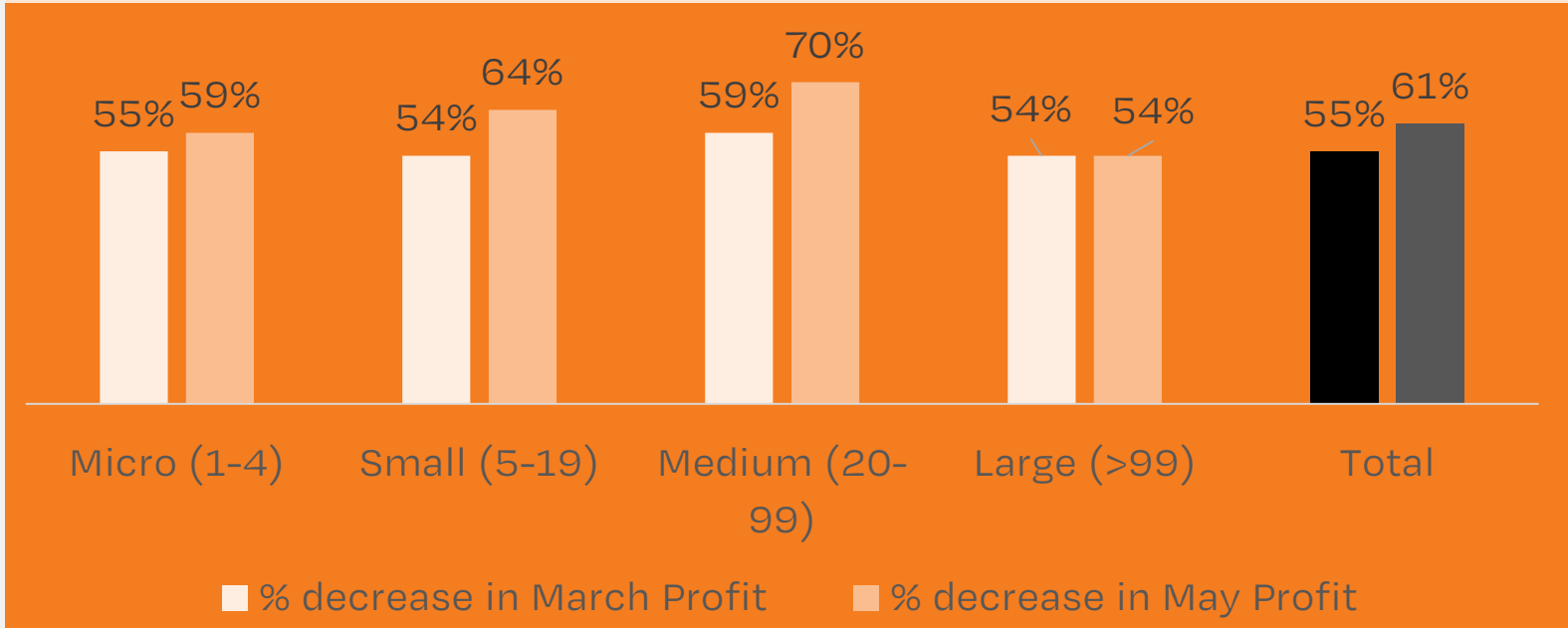
# In May, 81% of firms saw a decrease in profit compared to last year



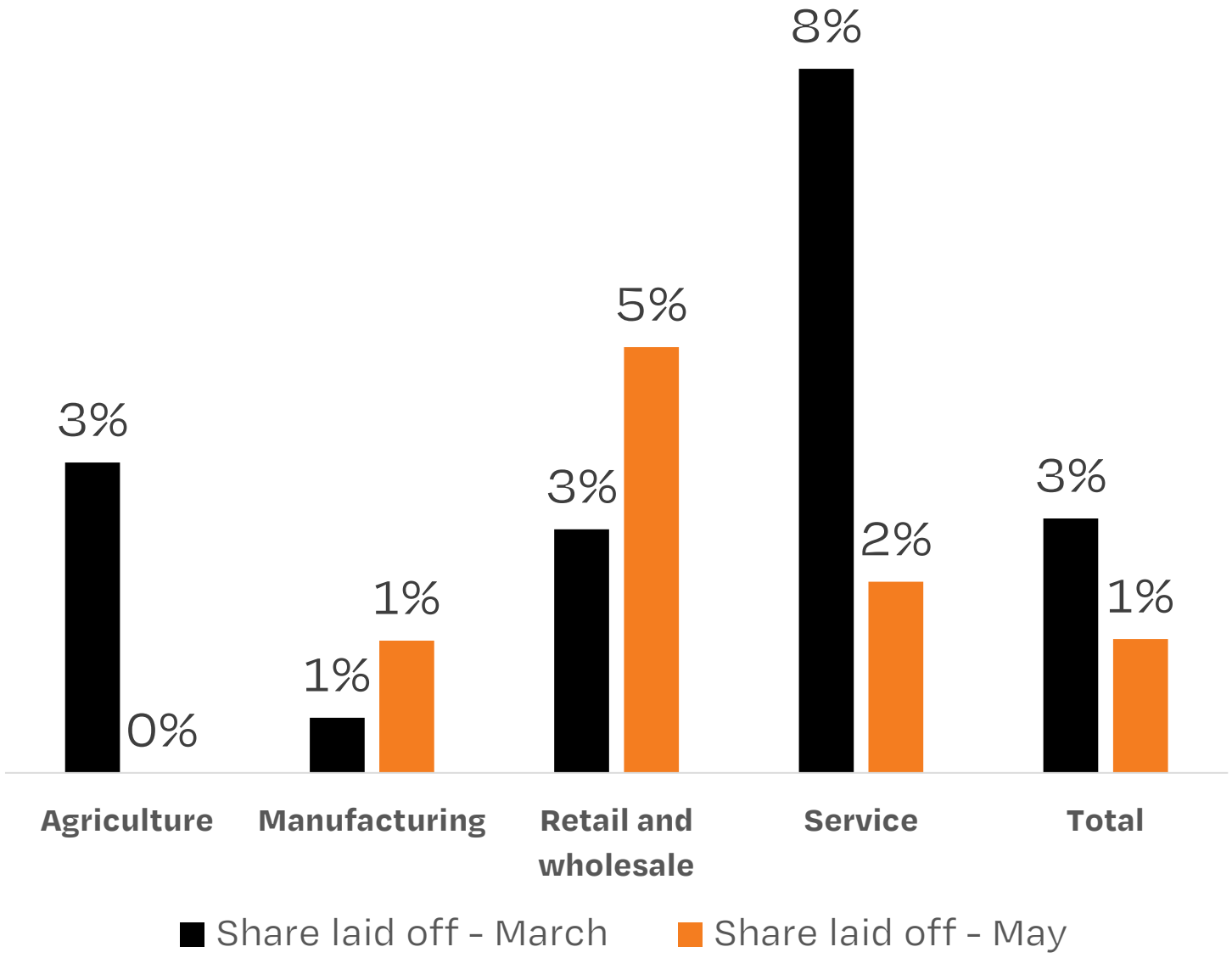



# The average decline in profits was 61%



# Service firms laid off the largest share of employees



# 35%

**of firms have outstanding loans**

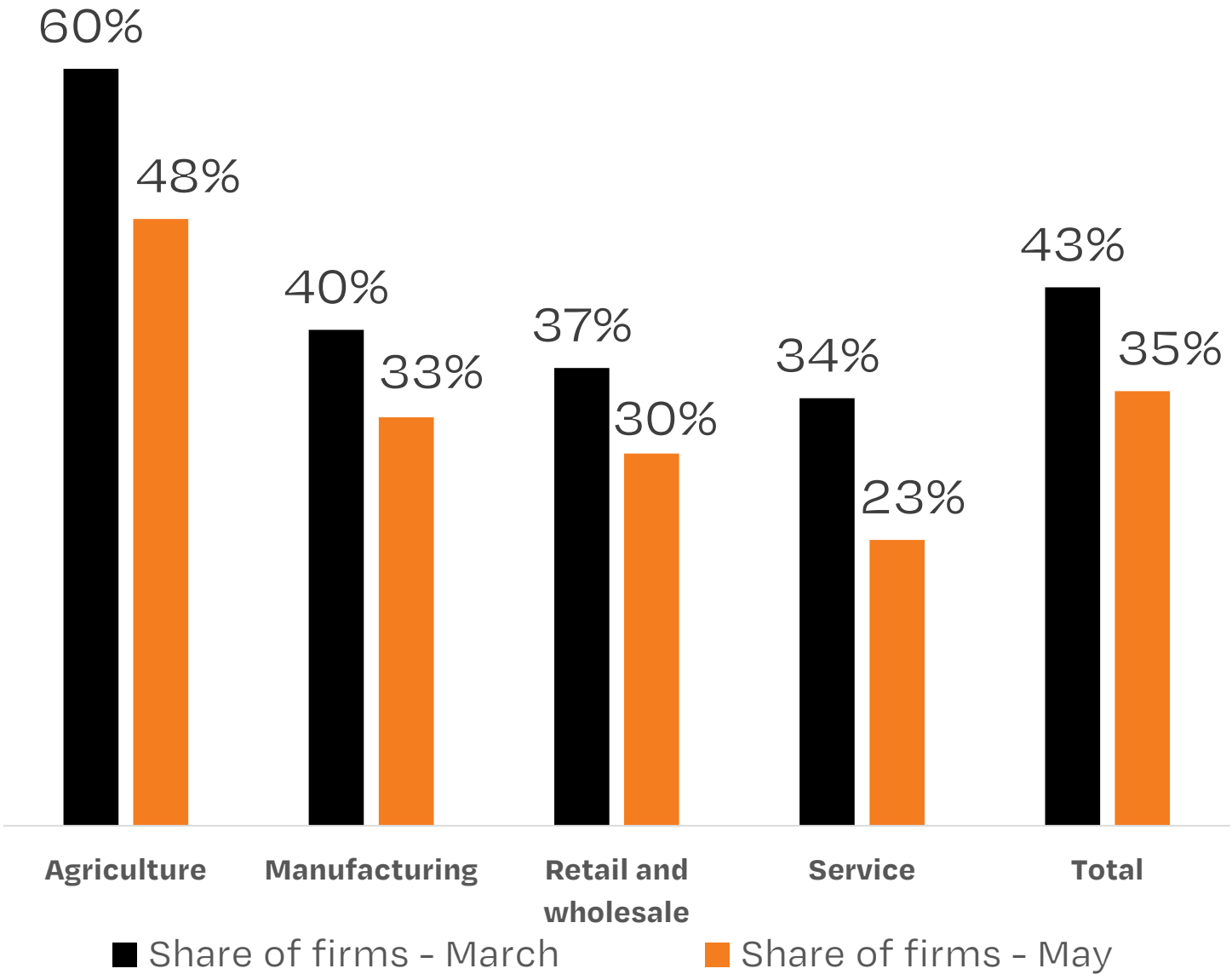
# 27%

**of firms delayed payments to their suppliers**

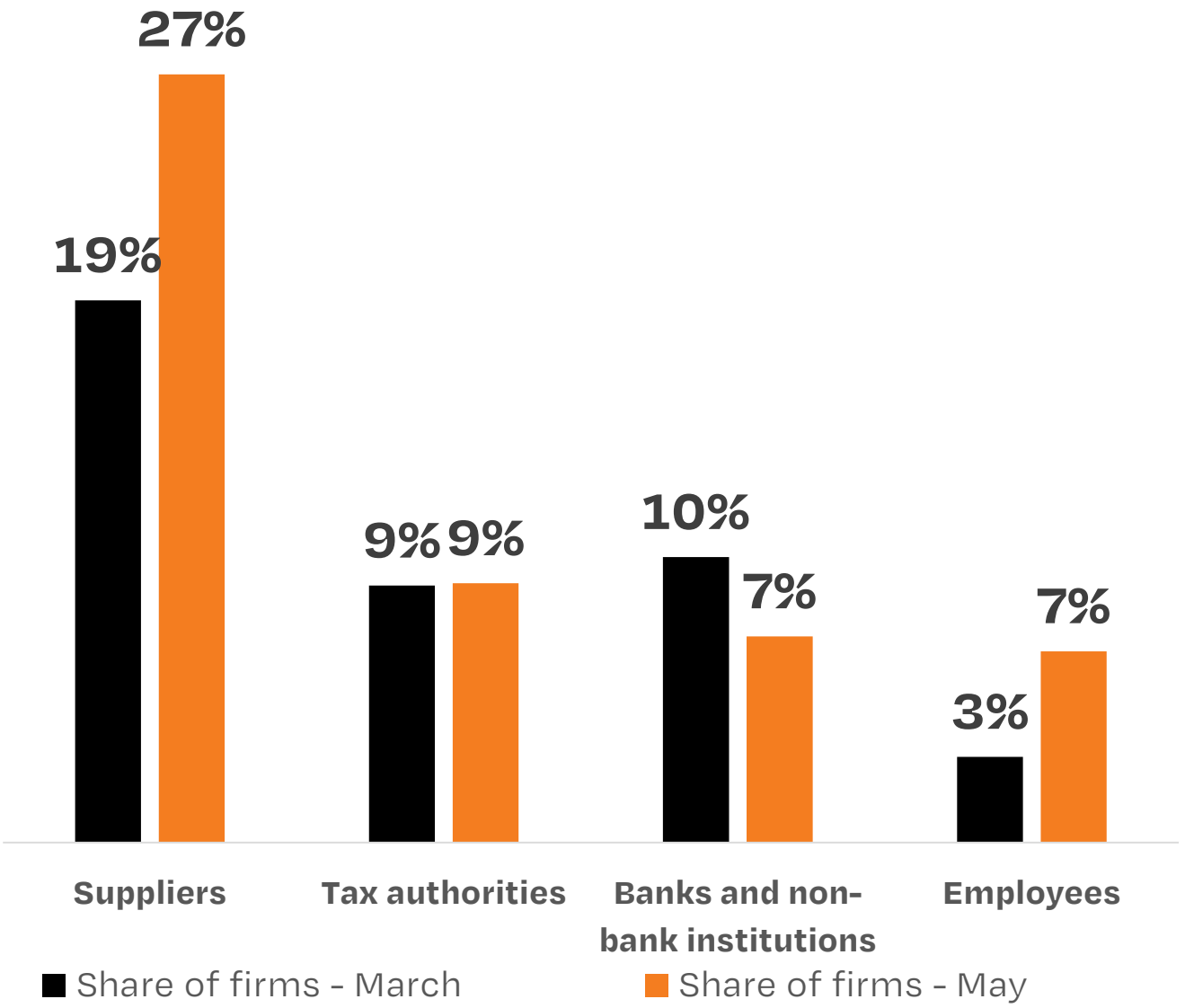
# 7%

of firms **delayed payments** to their **employees**

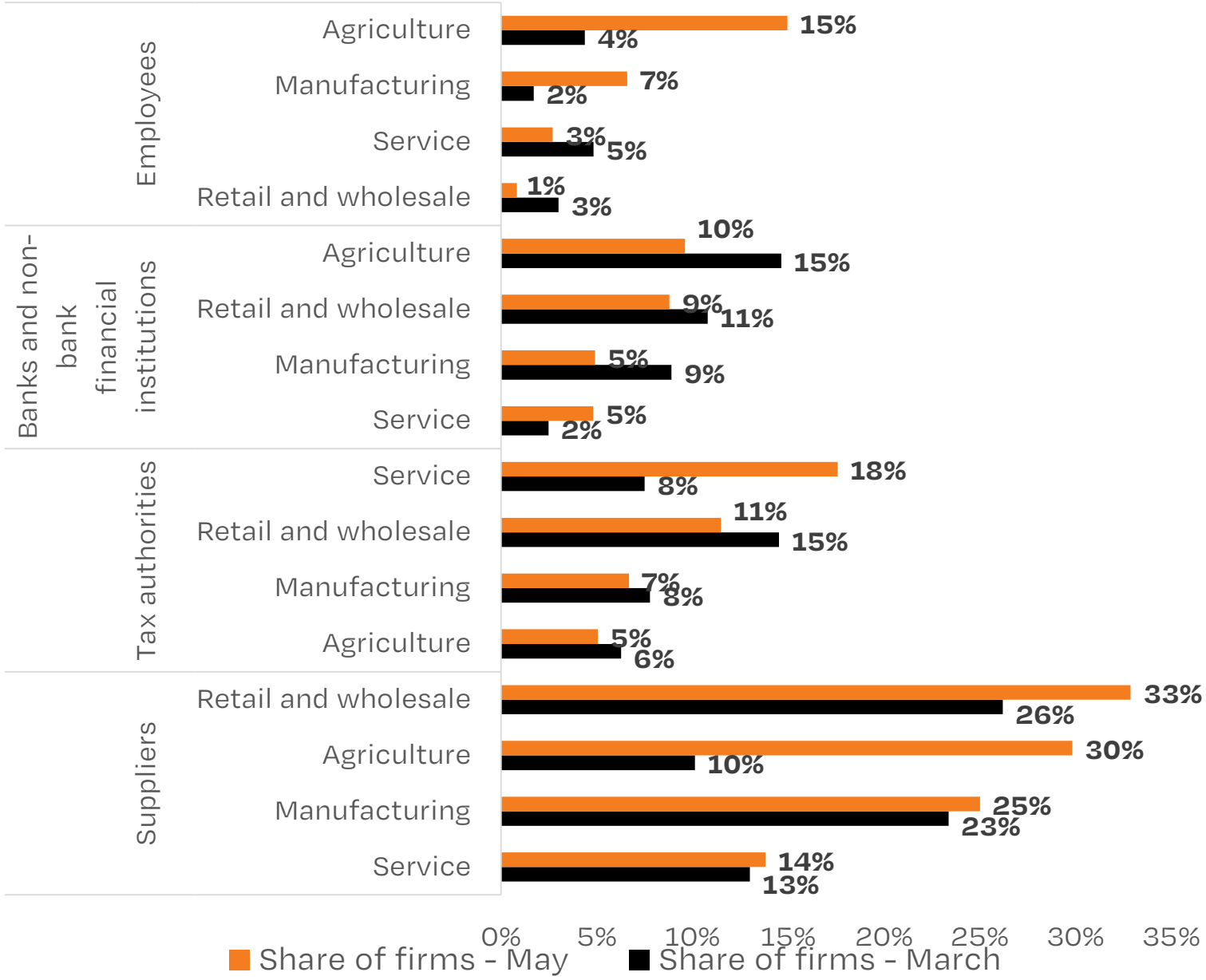
# Fewer firms have outstanding loans in May than in March



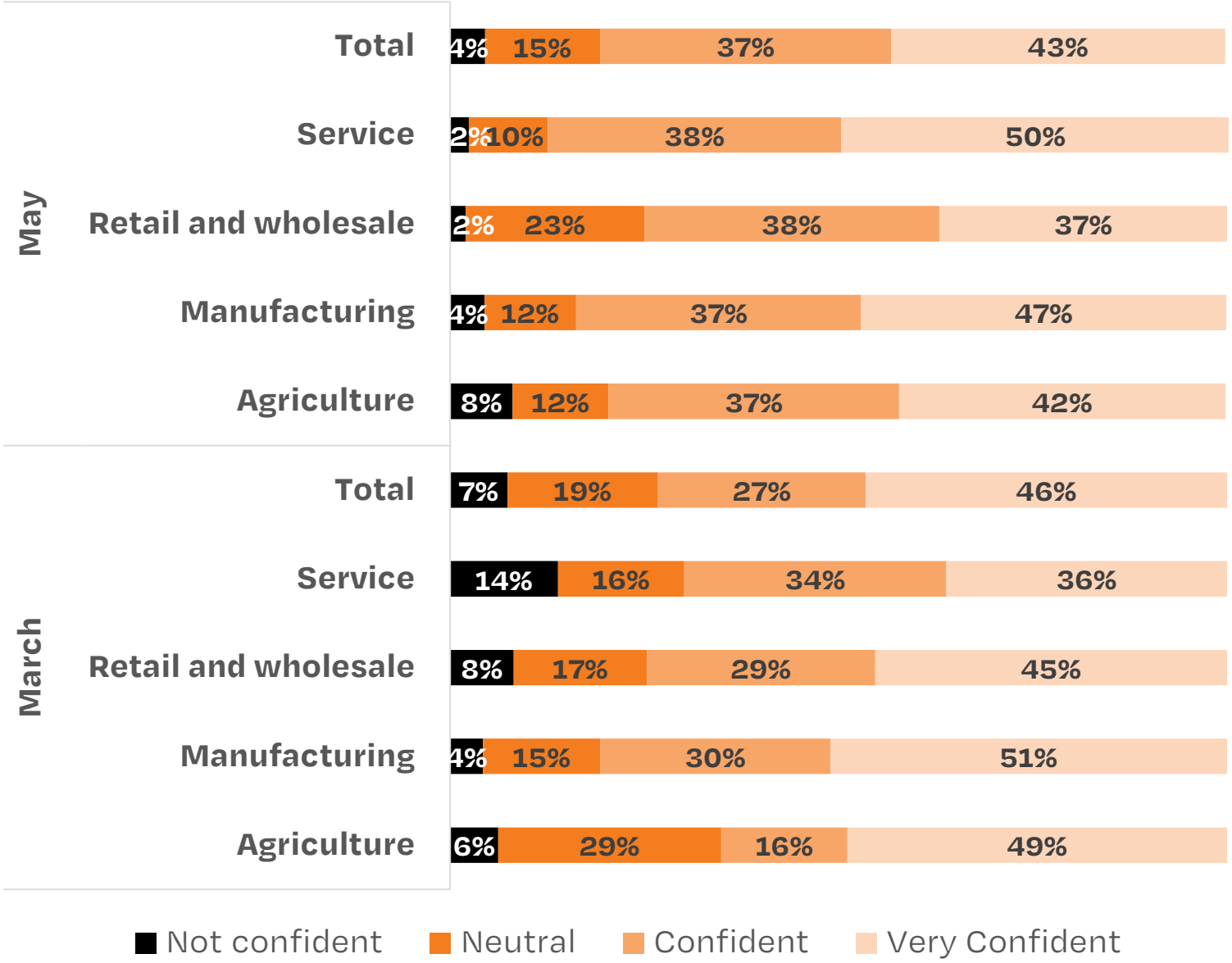
# Suppliers continue to receive most delayed payments



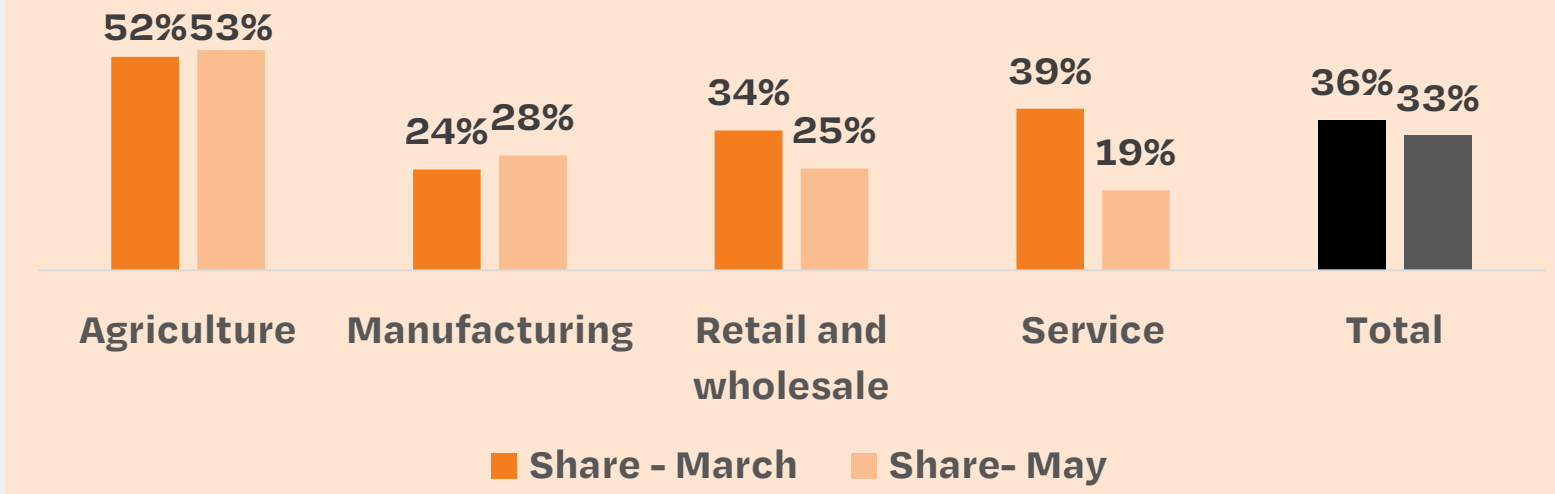
# In May payment delays increased more, for all types of firms

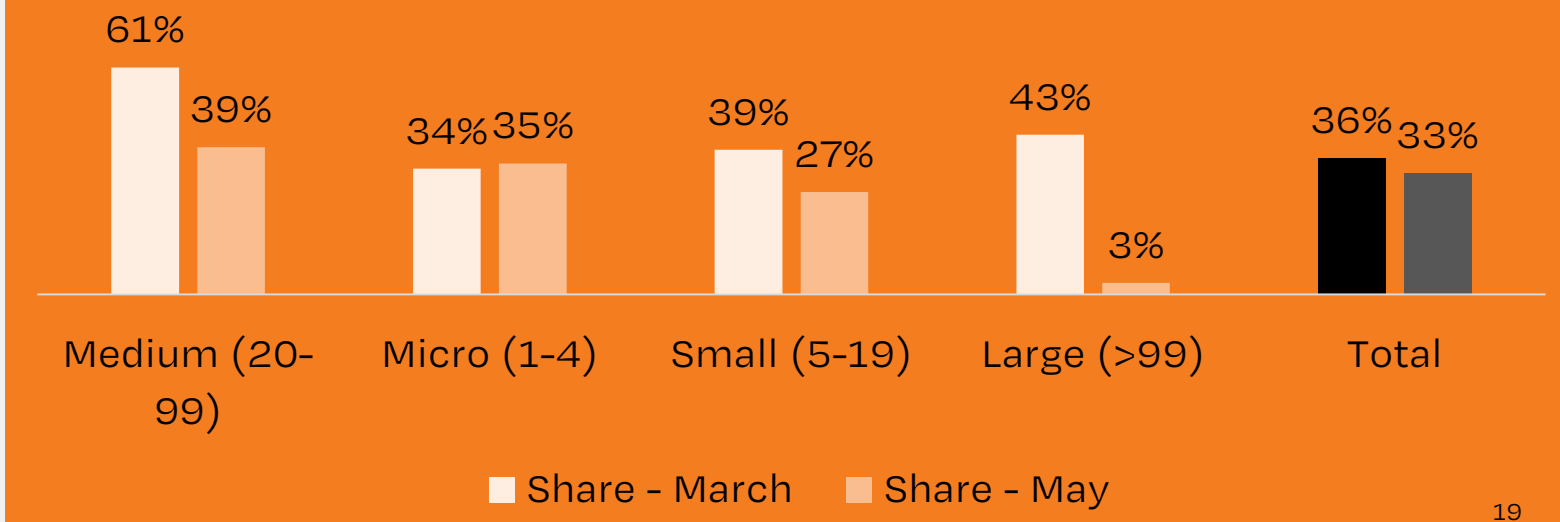


# Confidence of remaining in business increased by 7%



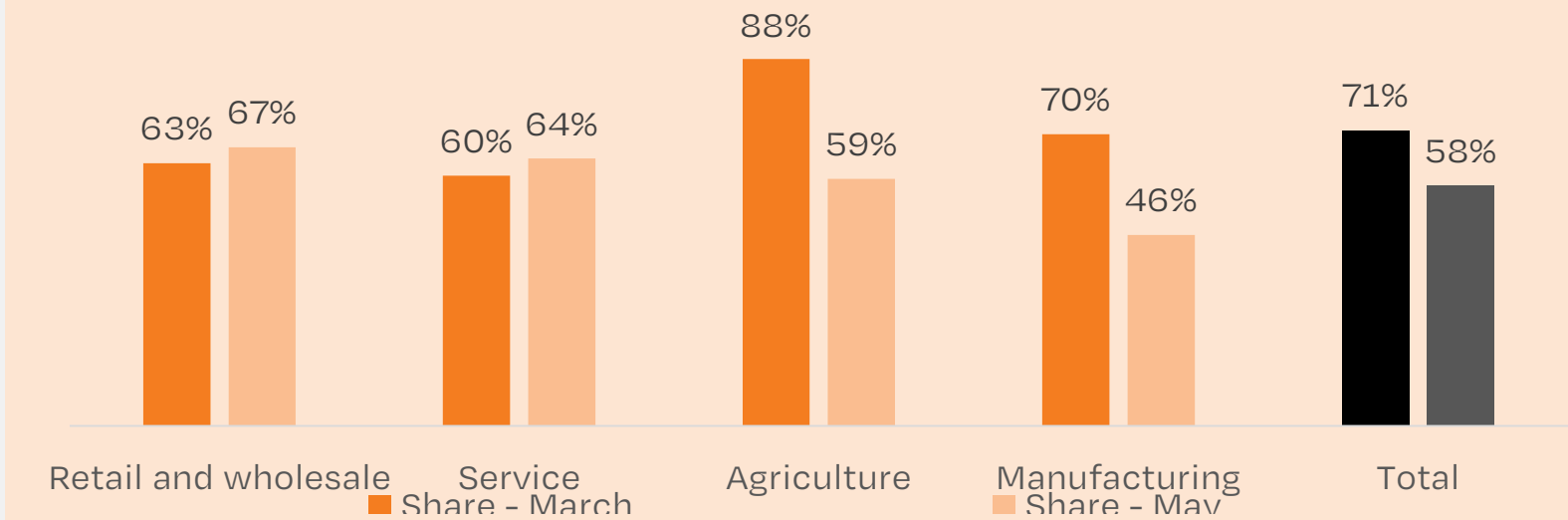
# Fewer firms expect to fall in arrears on outstanding liabilities

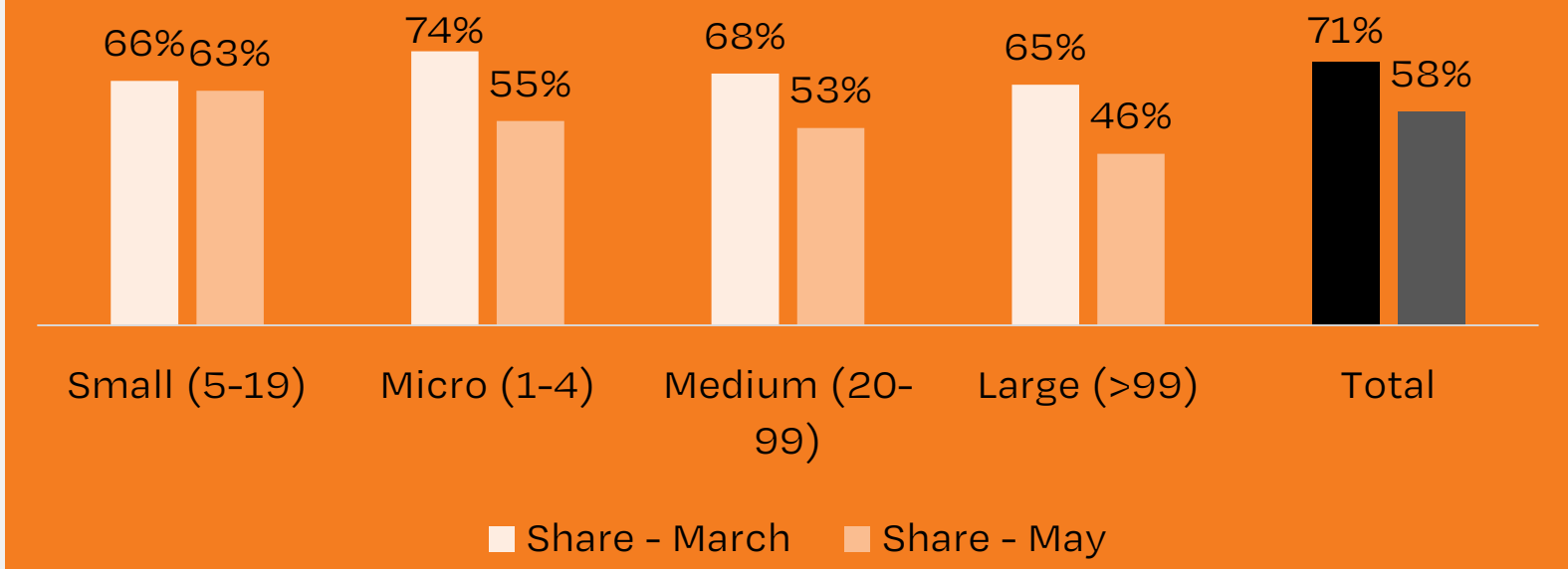


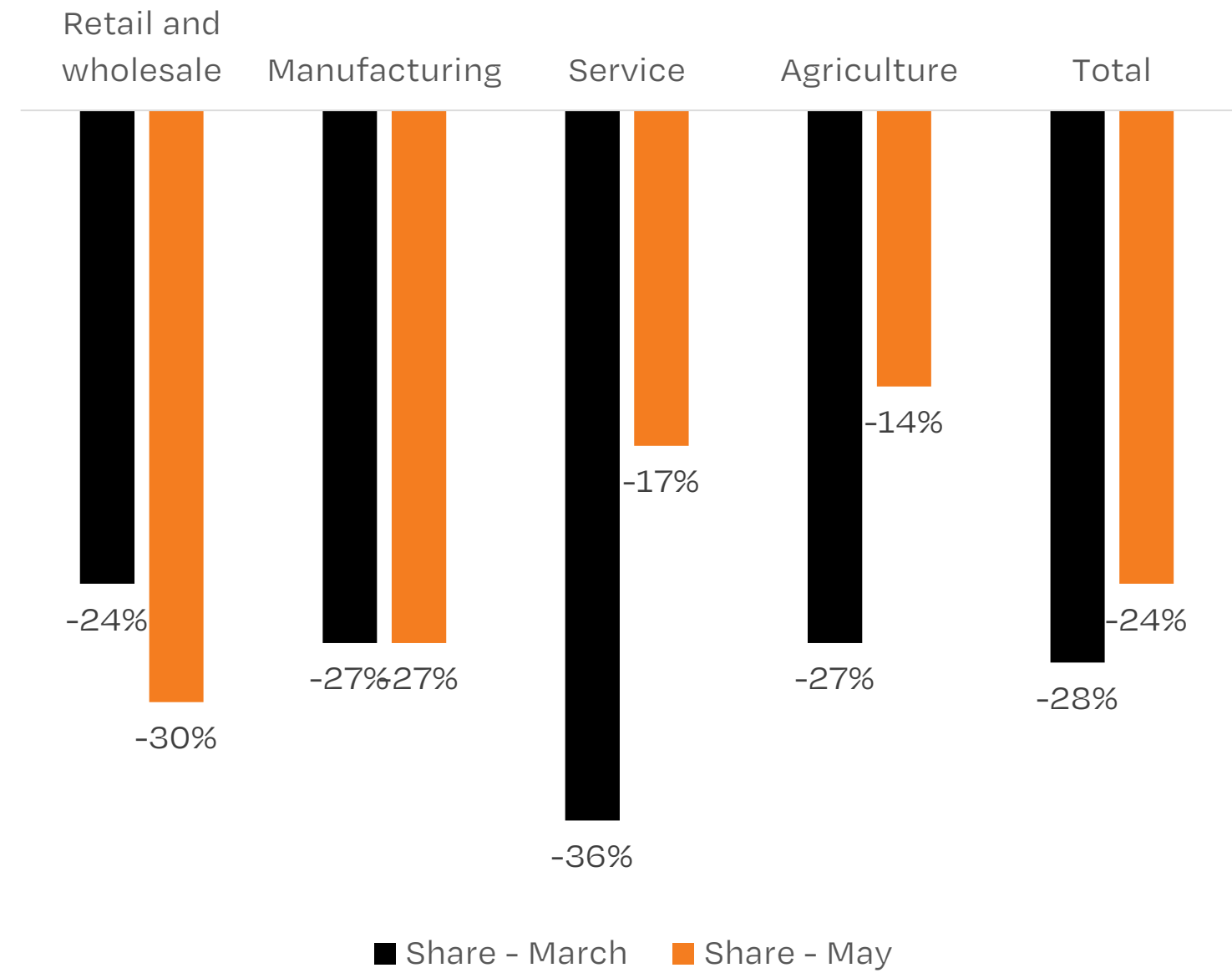
# BUT

## firms are less optimistic about recovery



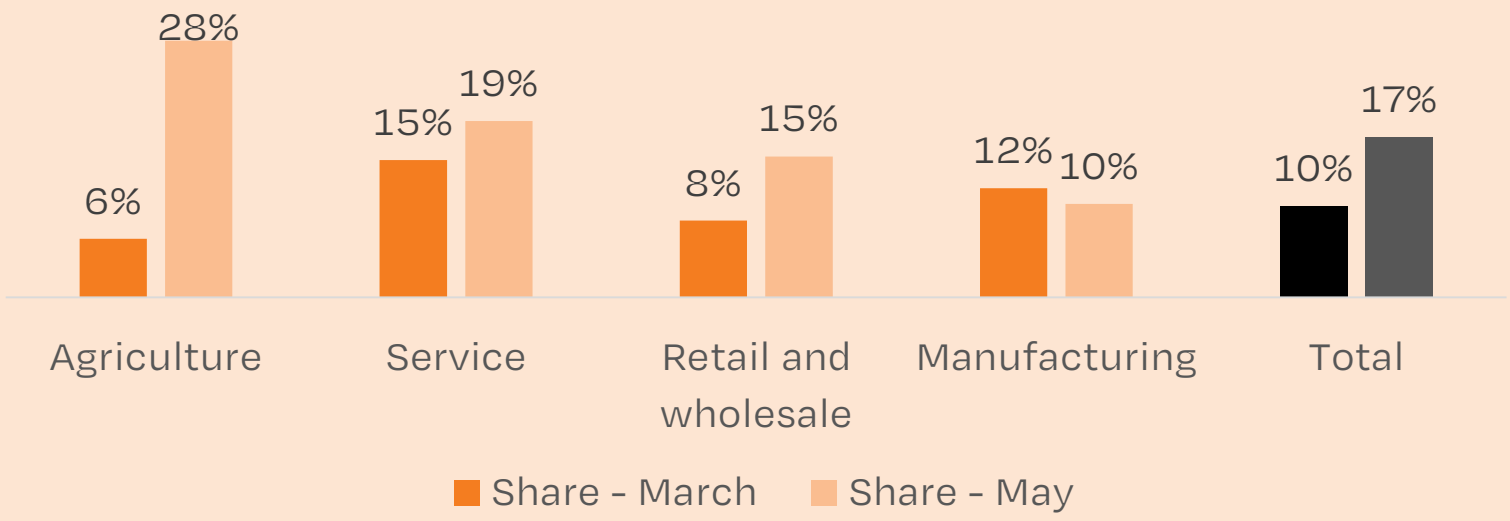



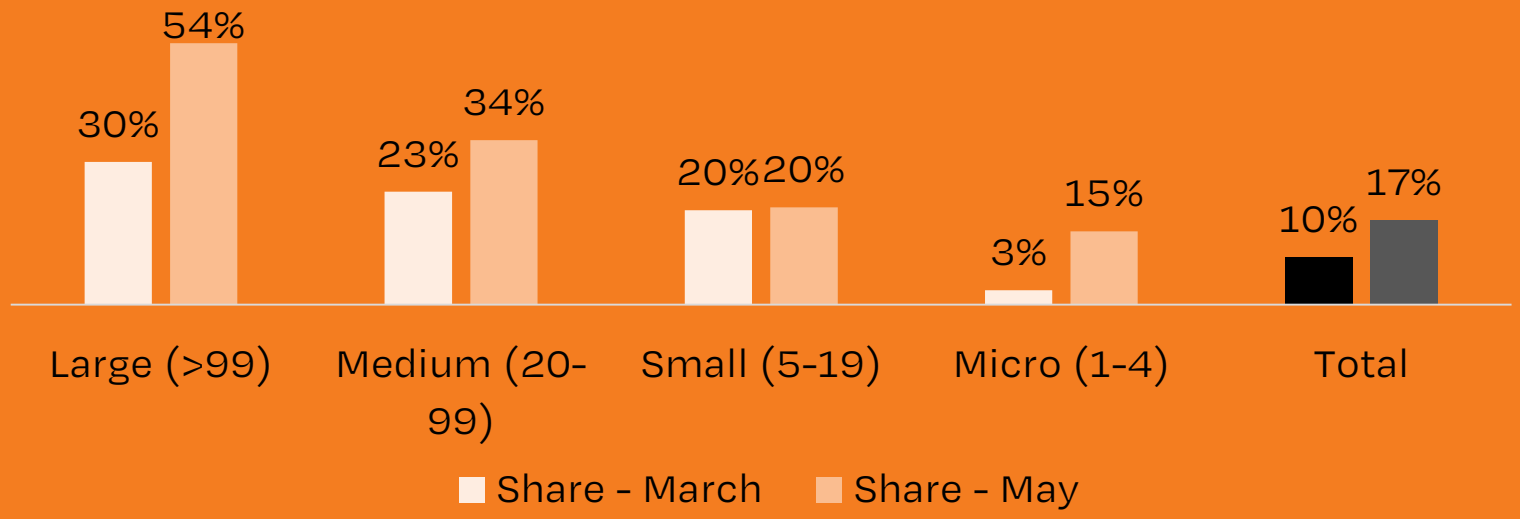
# Firms sales expectations for the next three months have improved



# 63%

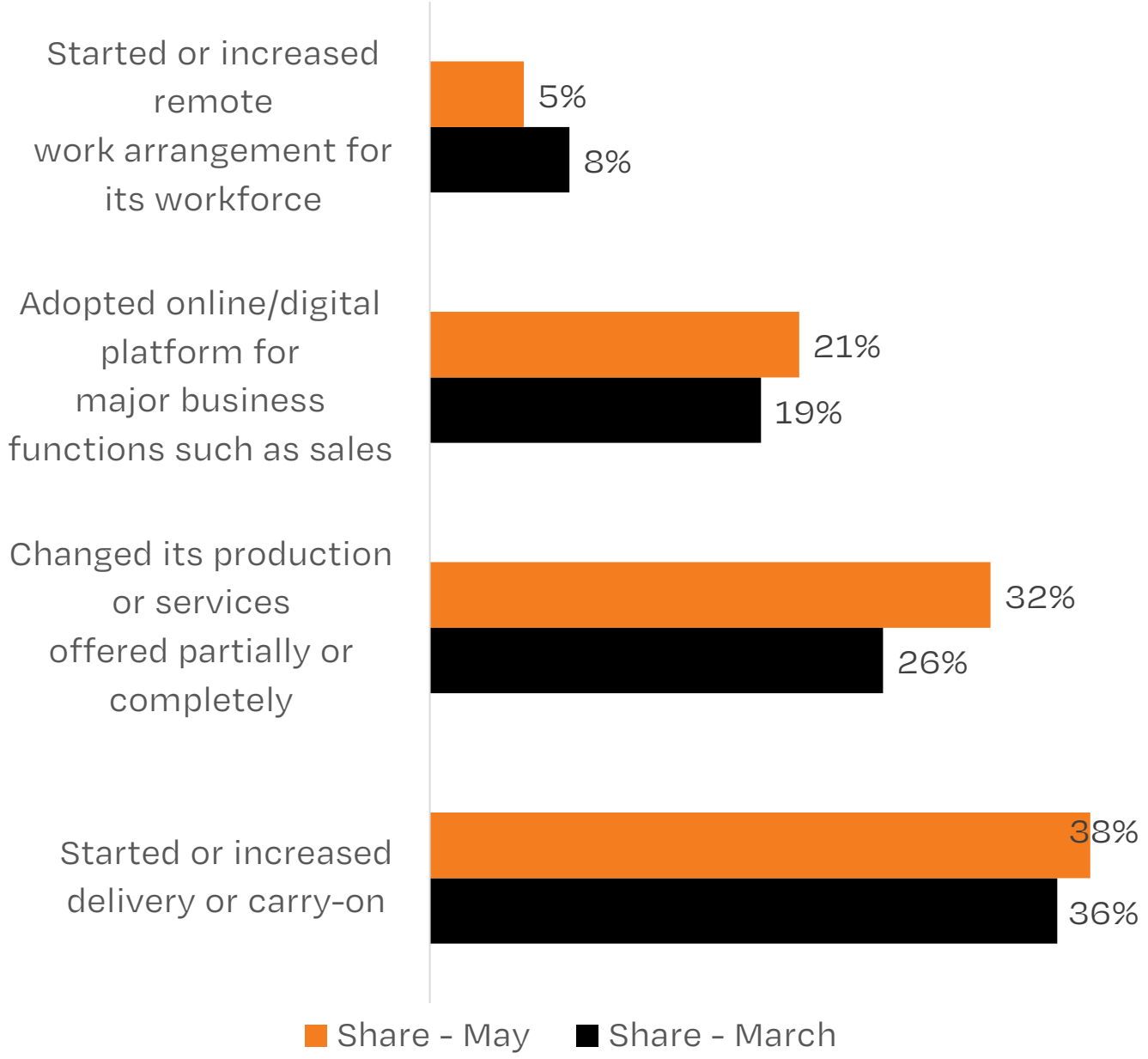
**of firms are aware of government policies for COVID-19 BUT only 17% applied**



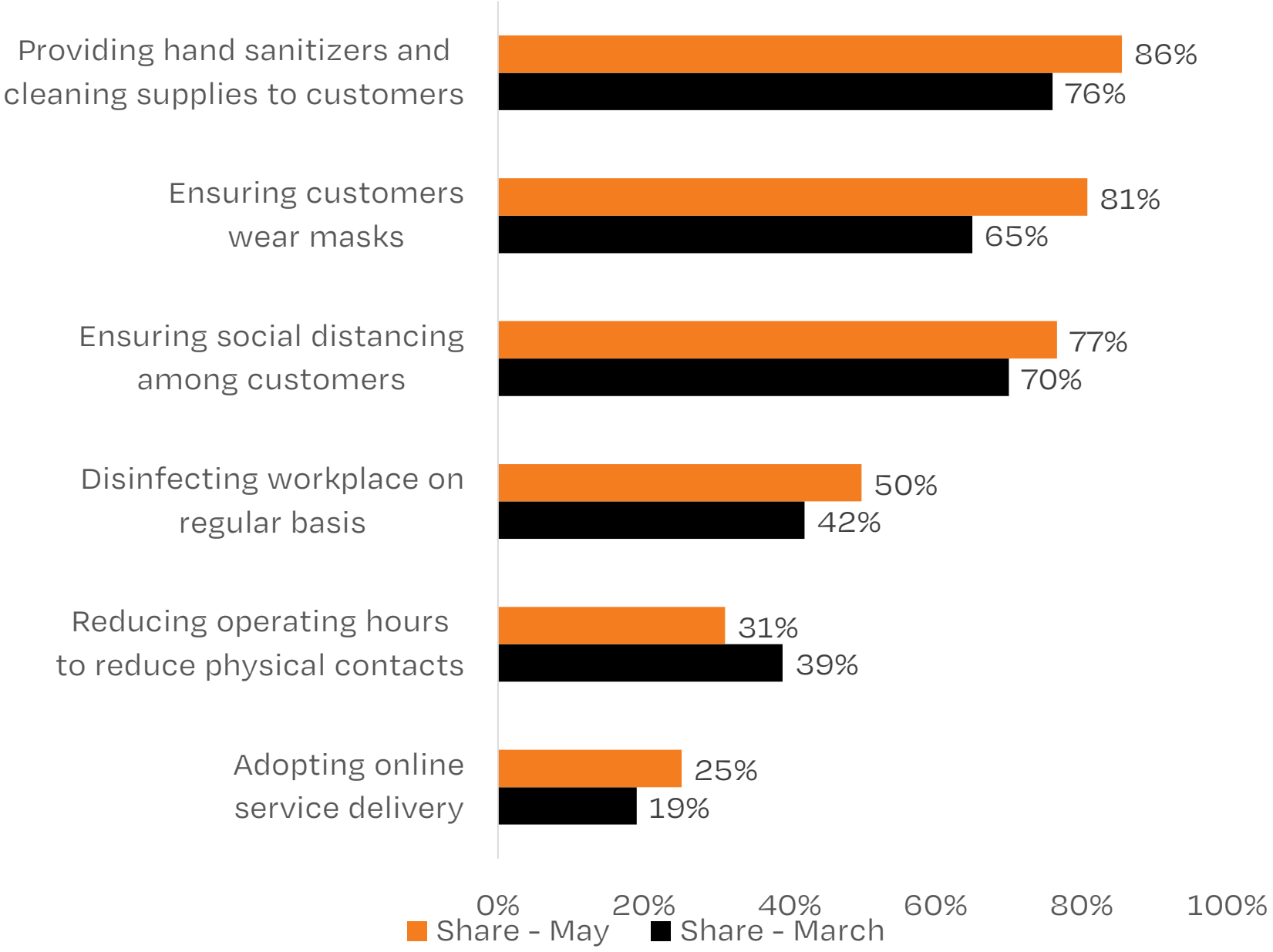



# 51% of firms said access to loans/credit guarantees were the most needed government support

# Use of adjustment mechanisms has increased



# Measures adopted for customer safety have also increased



# Next steps

**Round 3 collected (August)**
**Round 4 in process (Sept)**

# Myanmar
## high-frequency monitoring of COVID-19 impacts

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Round 2

# Background

- Myanmar's economy is expected to suffer greatly from COVID-19 with the GDP growth rate expected to fall to 0.5 percent in fiscal year 2019/2020.
- The pandemic and containment measures are likely to affect households' livelihoods through employment and income.
- Up-to-date data are required to robustly assess the impact of the crisis for informing policy choices to protect poor and vulnerable households.
- This presentation summarizes results from the 2nd round of survey data collection from June 2020.

# Myanmar COVID-19 Monitoring

## High-frequency phone survey (HFPS) – households

Monthly survey of 1500 households starting in May 2020 to monitor welfare changes.

## High-frequency phone survey – enterprises

Monthly survey of 500 enterprises starting May 2020 to monitor changes in economic activities and adaption.

## Community assessment

Key respondent interviews to assess community changes with respect to social cohesion.

# Highlights

## Employment and income

- Employment has improved with **fewer households' main workers** employed in March 2020 having **lost their employment** in June 2020.
- Some households' main workers who had lost their employment between March and May **had resumed work in June**.
- However, **income losses remained widespread** and there was no recovery of income for those households' main workers who lost income in the prior month of May.
- Household businesses continued to suffer reduced earnings: nearly **half** of household businesses that lost earnings between **March and May** experienced further decreases in earnings between **May and June**.
- Household businesses in the retail sector were particularly exposed with **8 out of 10** of them had no earnings between March and May 2020.

# Highlights

## Food access and security

- Food insecurity is getting worrisome with more than **18%** of households facing difficulties in securing an adequate diet.
- Half of the households who already faced some **difficulties securing an adequate diet** in May are still facing these difficulties in June.

## Financial security

- Households continued to **worry about having enough resources**.

## Coping strategies

- **Reducing food consumption** remained the most adopted coping strategy for households.
- Wealthier households are more likely to rely on **savings** as a key coping measure.
- Food assistance aside **Government assistance has not been pro-poor** as wealthier households were more likely to receive utility subsidies than poorer households.

# Employment & income

# 01

# In May 2020, employment losses and income reductions were high

- **54%** of households' main earners had stopped working between March and May 2020.
- **55%** of households' main earners who were still working had suffered income losses.
- Household businesses across all sectors had lost earnings.
- Farming households were facing barriers to planting rice.

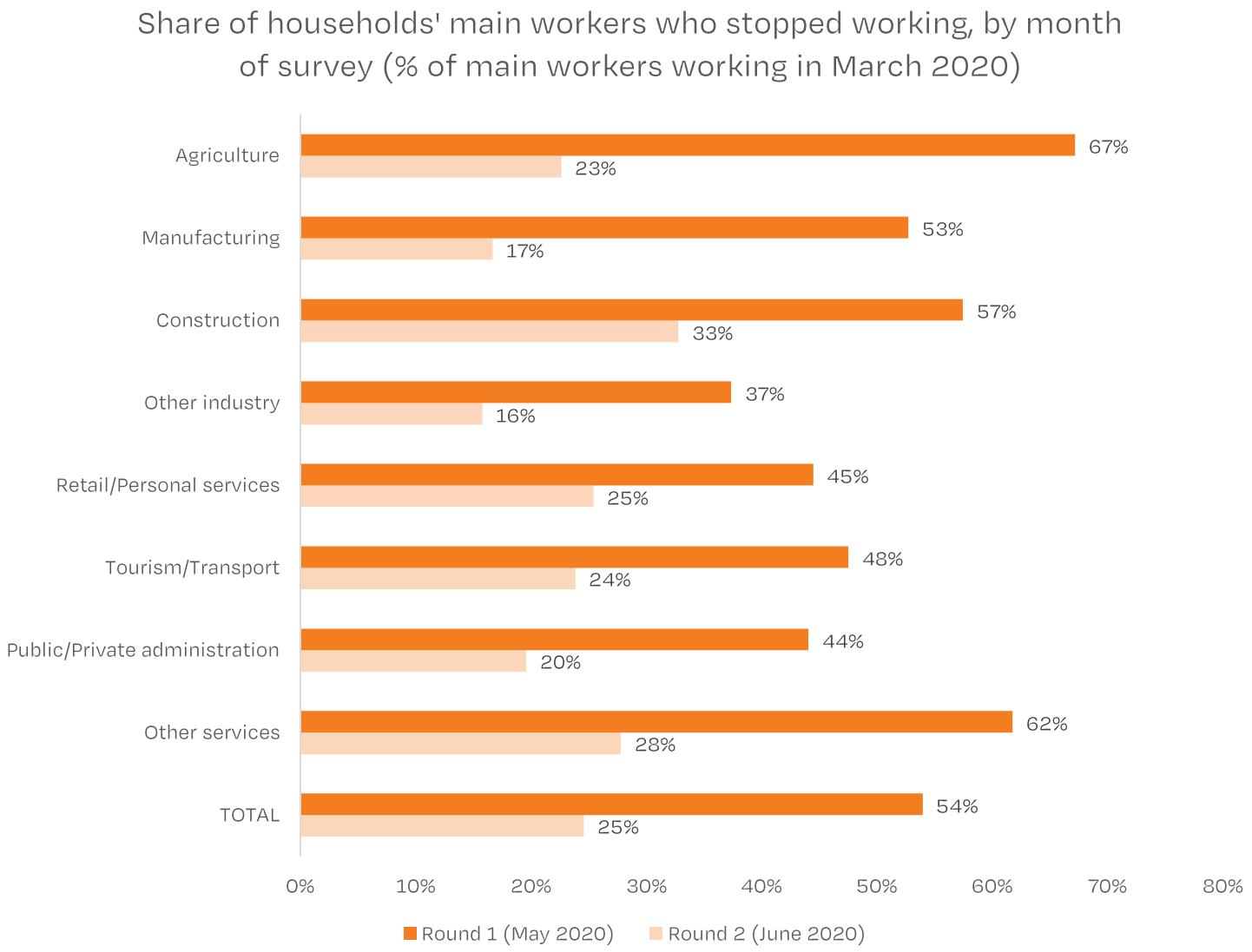
# Work disruption

- In June 2020, flexibility in the labor market and informality enabled workers to resume work.
- About one out of four households' main workers had stopped working in June 2020...

# Households' main workers with work in June 2020

Between March and May 2020, more than half of households' main workers had stopped working. However, in June 2020 this rate decreased to **25%.**

The agricultural sector had the most marked improvement: in June 2020, **23%** of households' main workers were not working in the prior 7 days compared to **67%** in May.

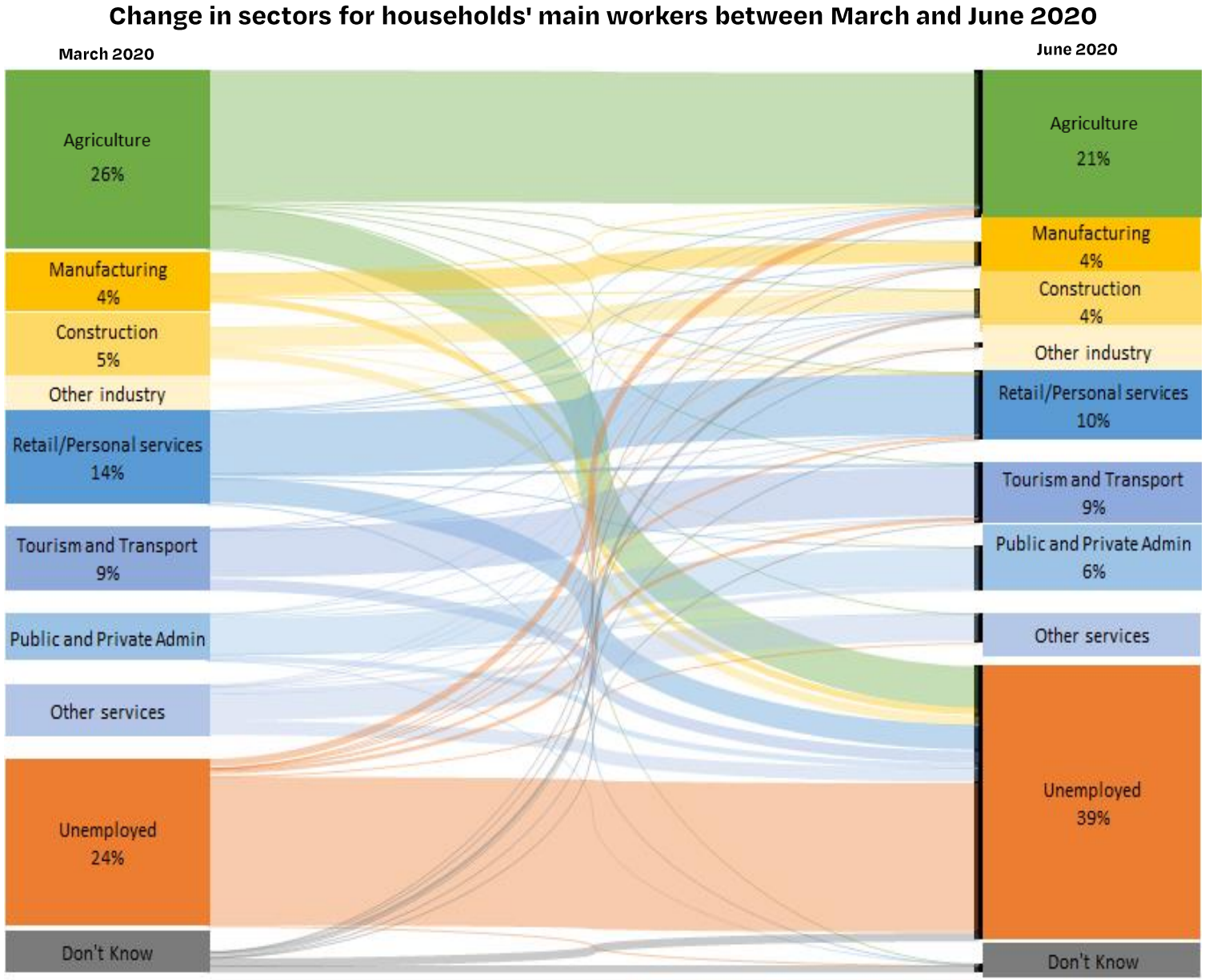


# Sector movements and unemployment between March and June 2020

Changes in employment sectors between March and June had been **minimal**: Households' main workers remained predominantly engaged in the same sector.

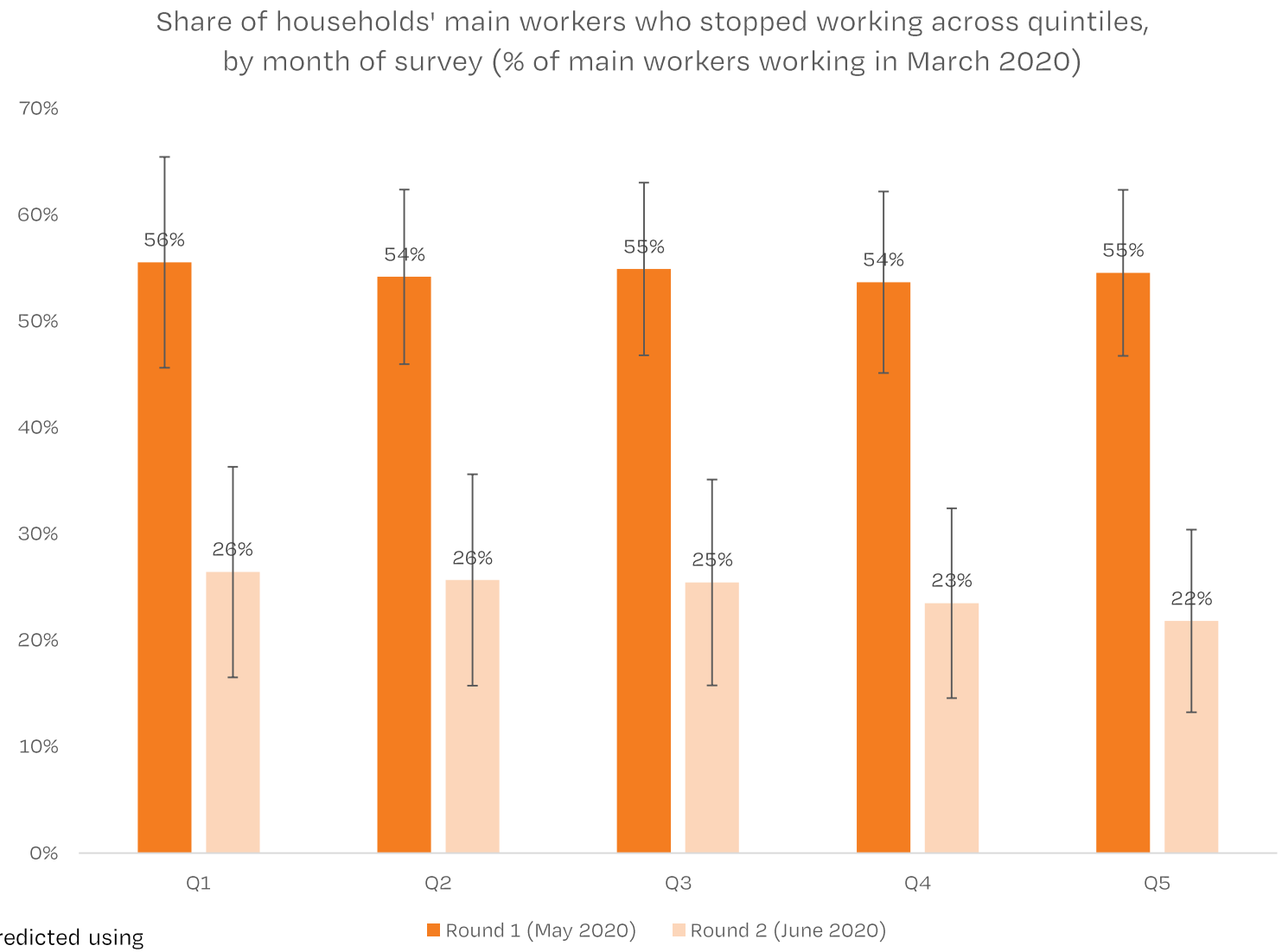
Most of the unemployed in March remained unemployed in June.

However, about **6%** of households' main workers engaged in agriculture before March 2020 were unemployed in June.



# Households' main workers with work in June 2020

Across all quintiles, fewer households' main workers had stopped working in June 2020 compared to March 2020.

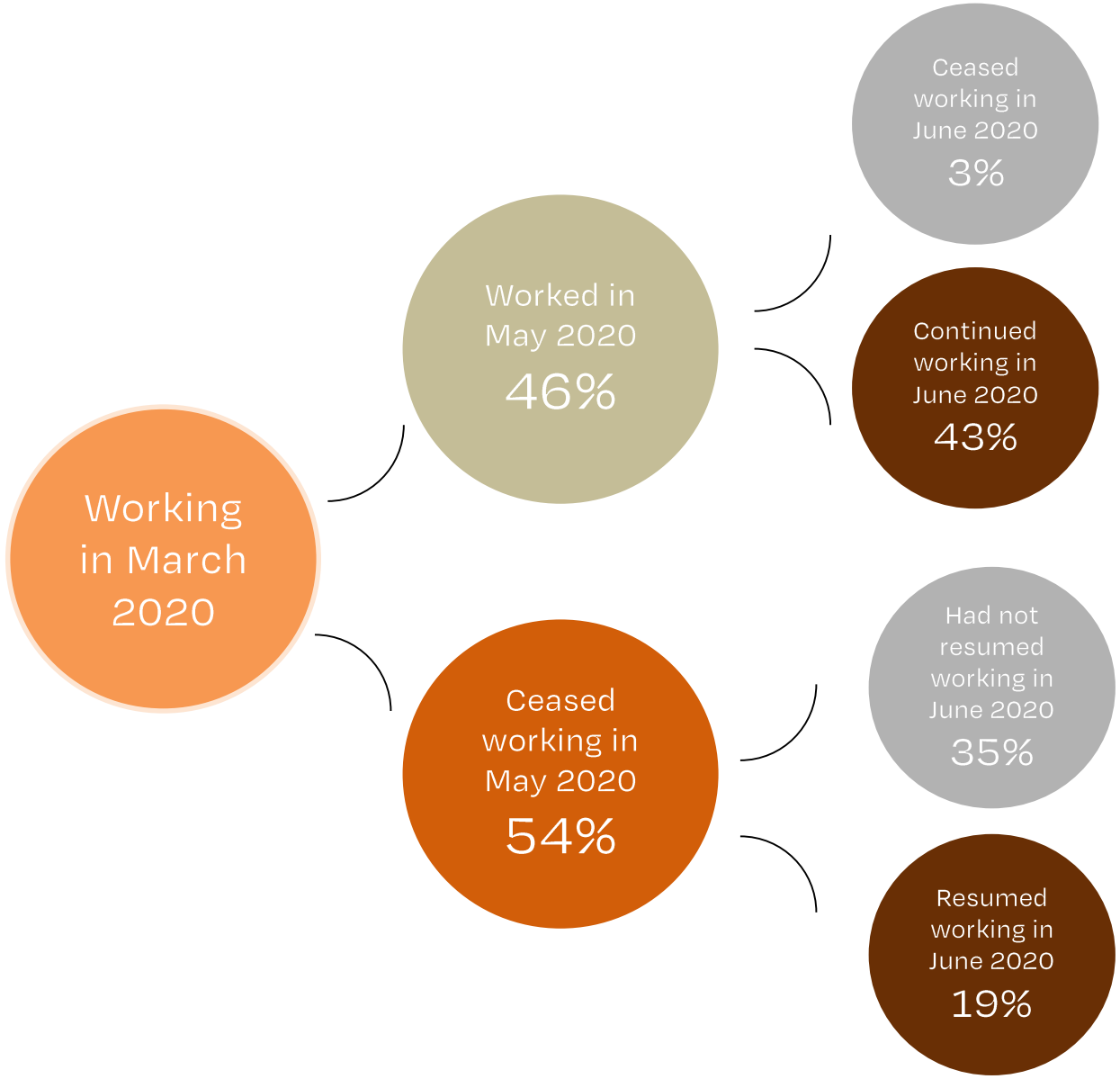



Welfare quintiles (Q1 to Q5) are measured using a consumption aggregate predicted using multiple imputations and stepwise regressions and dividing the whole consumption distribution with imputations into five continuous intervals

Of those households surveyed in May and June who worked in March 2020, about **19%** of their main workers had stopped working in May but had resumed work in June.

At the same time, **43%** of main workers worked in May but continued working in June.

But **13%** of households' main workers who did not work in March or May had resumed work in June.

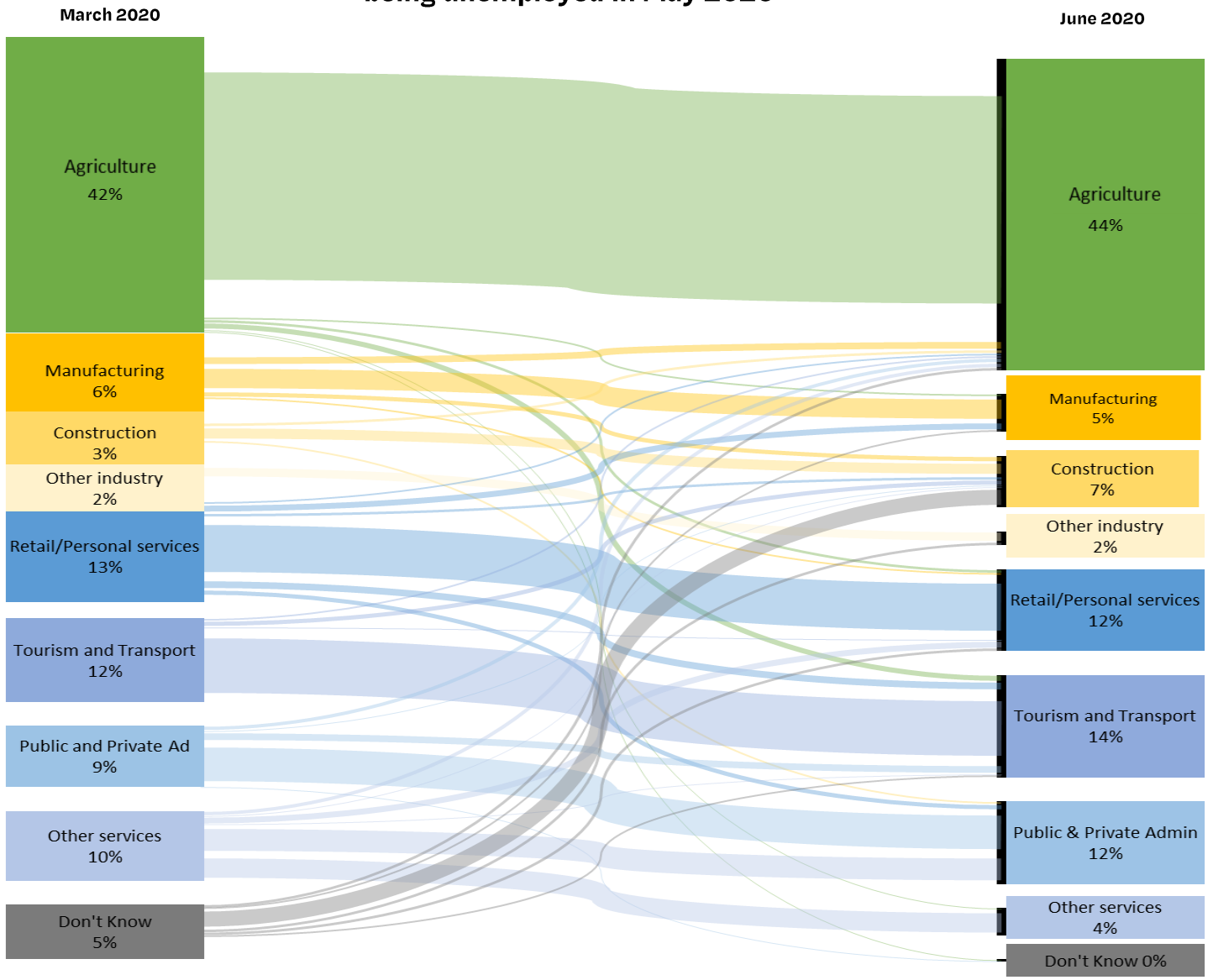


# Resumed work in June

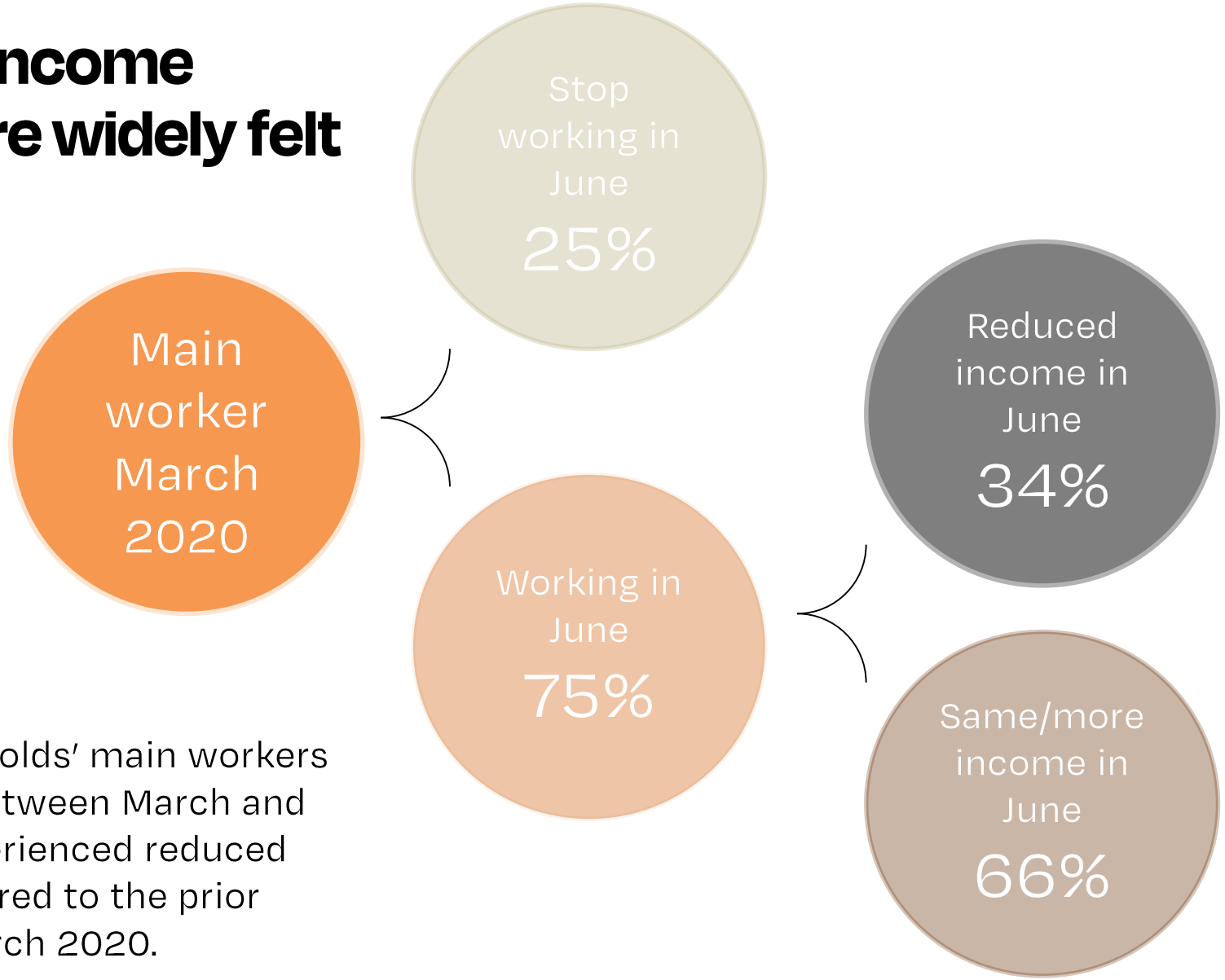
Households' main earners working in the agricultural sector in March 2020 were still working in agriculture, and **95%** of those who resumed work remained in the same sector.

**13%** of households' main workers engaged in retail before March 2020 resumed work in June 2020; over **two-thirds** returned to retail.

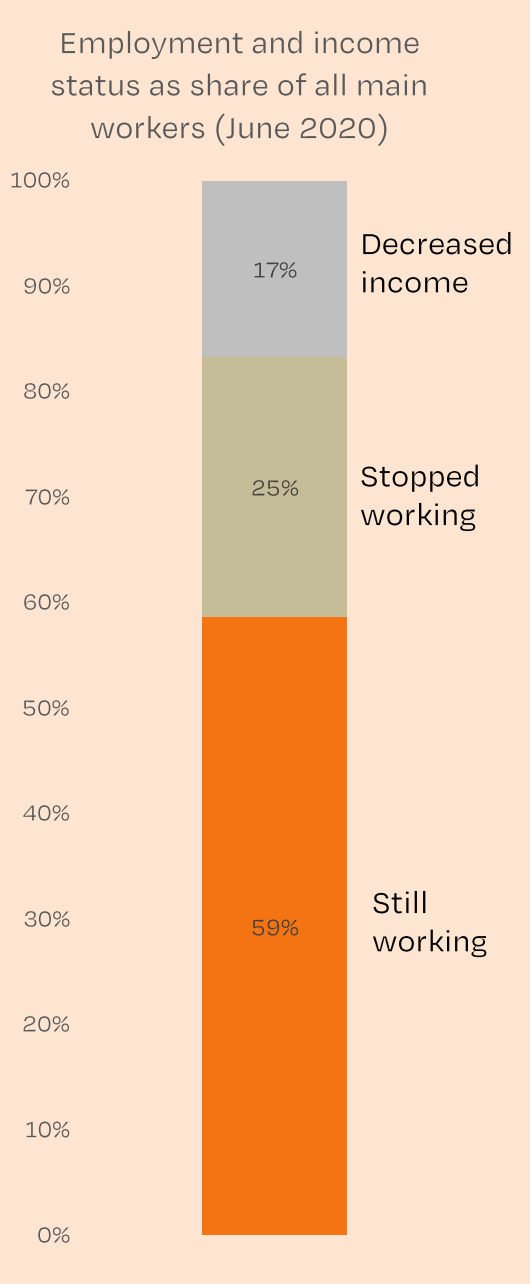
**Changes in sectors for households' main workers who resumed work in June 2020, after being unemployed in May 2020**



# However, income losses were widely felt



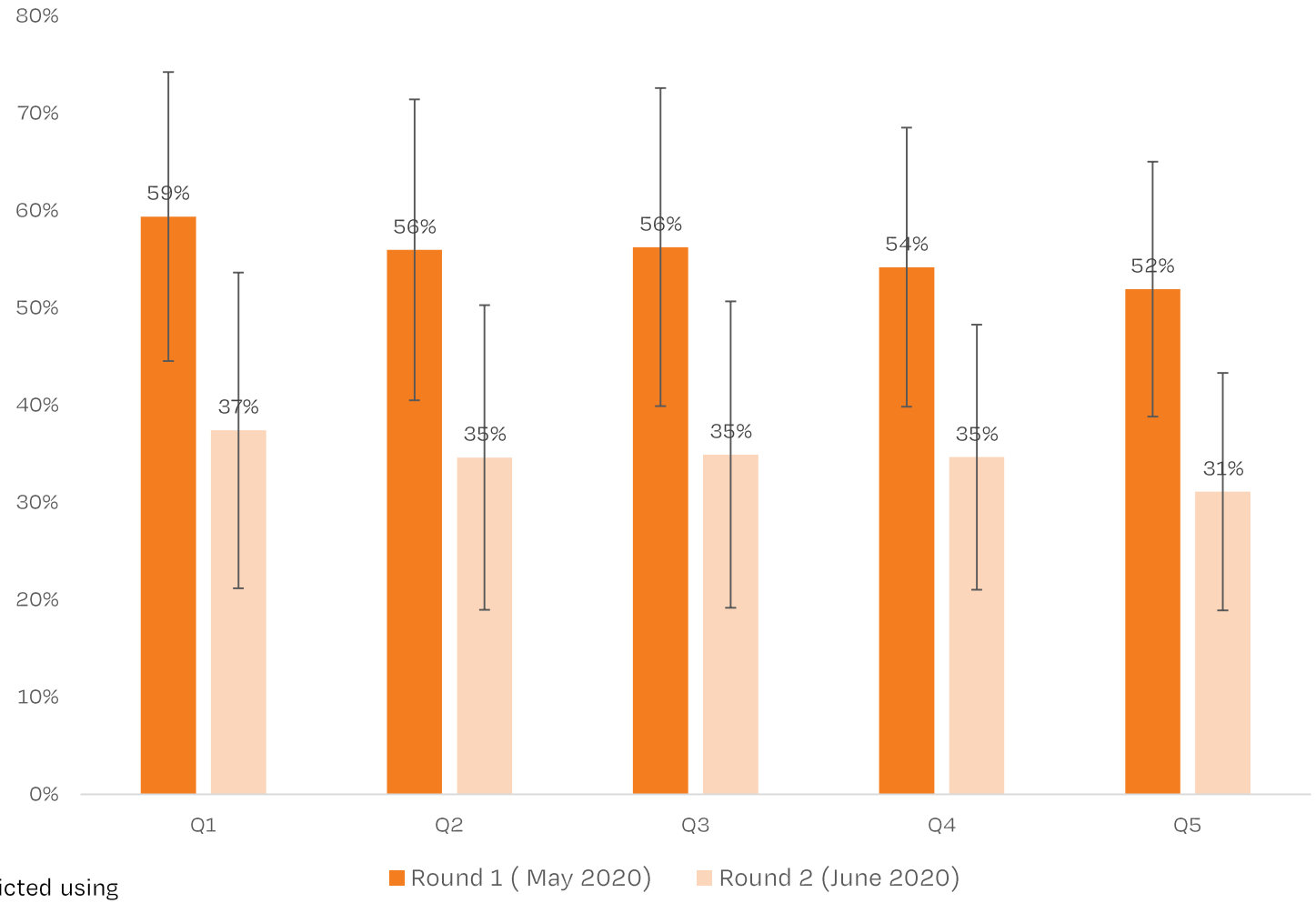

Among households' main workers who worked between March and June, **34%** experienced reduced income compared to the prior month and March 2020.



# Reduced income

A greater proportion of households' workers in lower welfare quantiles experienced **reduced income** than those in upper welfare quintiles.

Share of households' main workers with reduced income across quintiles, by month of survey (% of main workers working in March 2020)

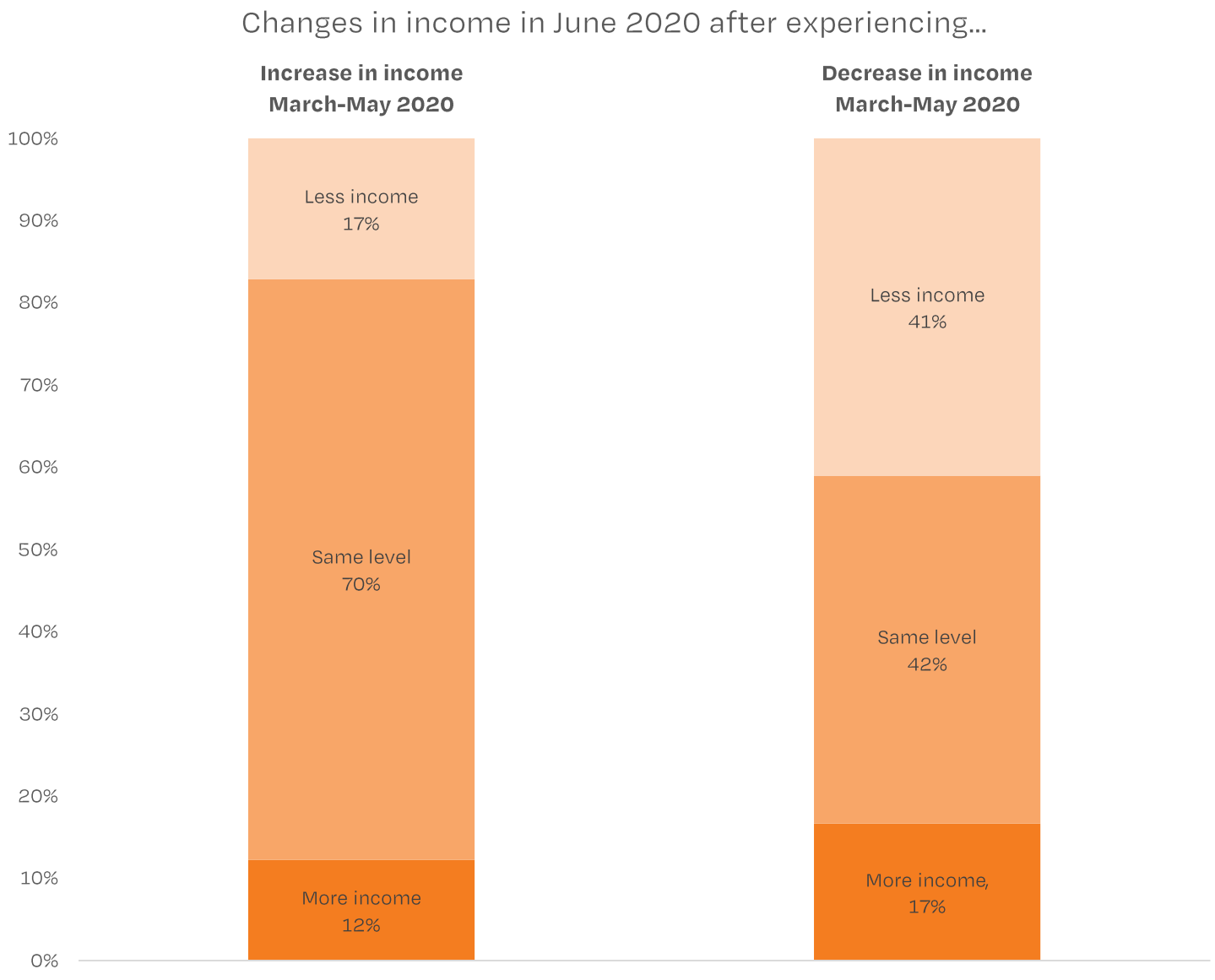



Welfare quintiles (Q1 to Q5) are measured using a consumption aggregate predicted using multiple imputations and stepwise regressions and dividing the whole consumption distribution with imputations into five continuous intervals

# For panel households, income levels remained below March 2020 levels

In June 2020, **85%** of households' main workers who had experienced a decrease in income between March and May had not restored their income back to pre-March levels.

Nearly **one third** of households' main workers had experienced a further decline in income.



# Household businesses

Household businesses continued suffering reduced earnings...

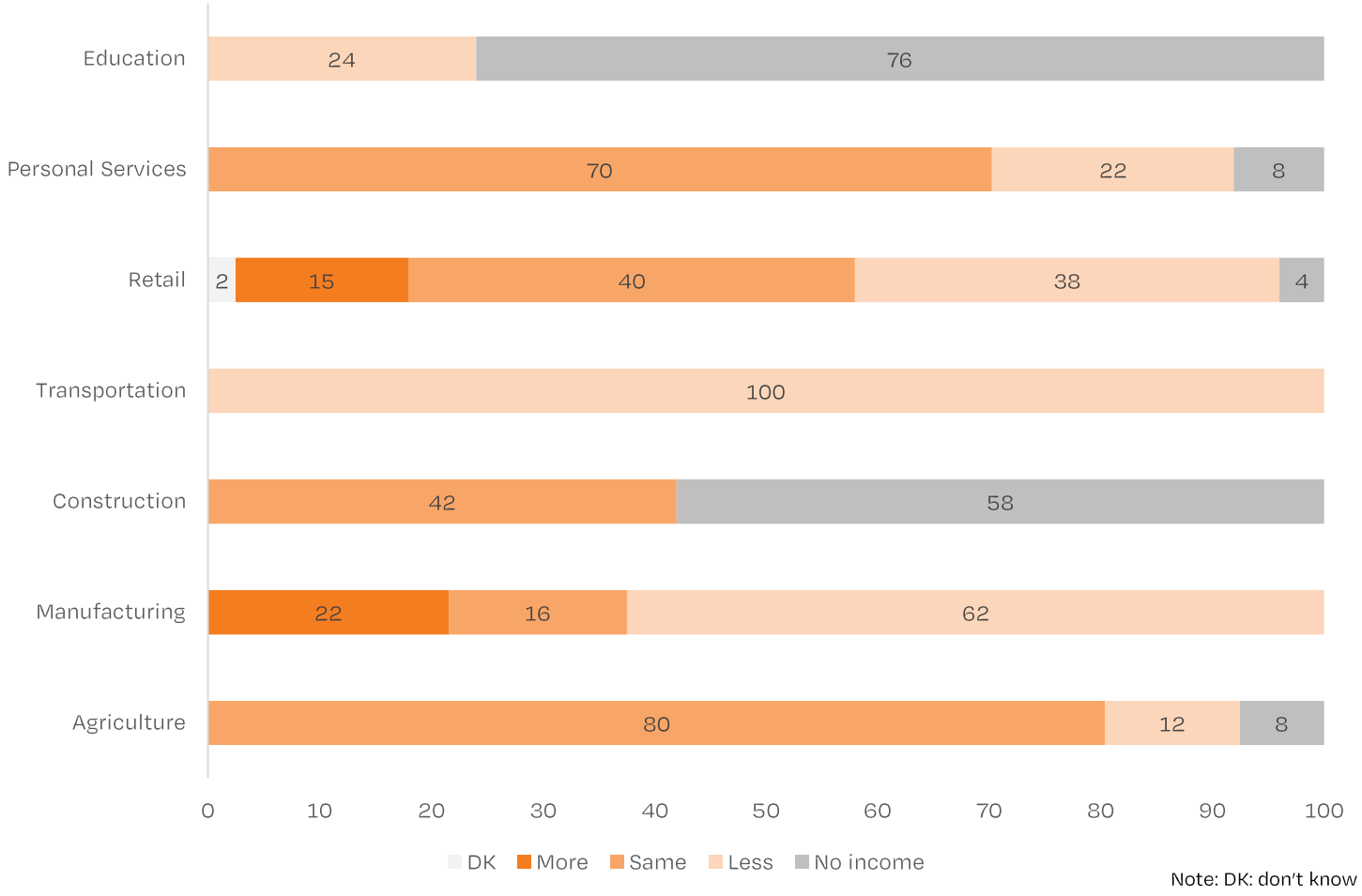
# Household businesses are losing earnings

Across all businesses, **38%** reported reduced business earnings in June compared to March/May.

Compared to May, fewer agricultural households reported business earnings less than the period of reference (**56%** in May versus **20%** in June).

**More than half** of households with a business in the construction sector reported zero earnings in June; a slight improvement compared to the losses sustained in May.

Share of households with business earnings in June, by business type (%)




Note: DK: don't know

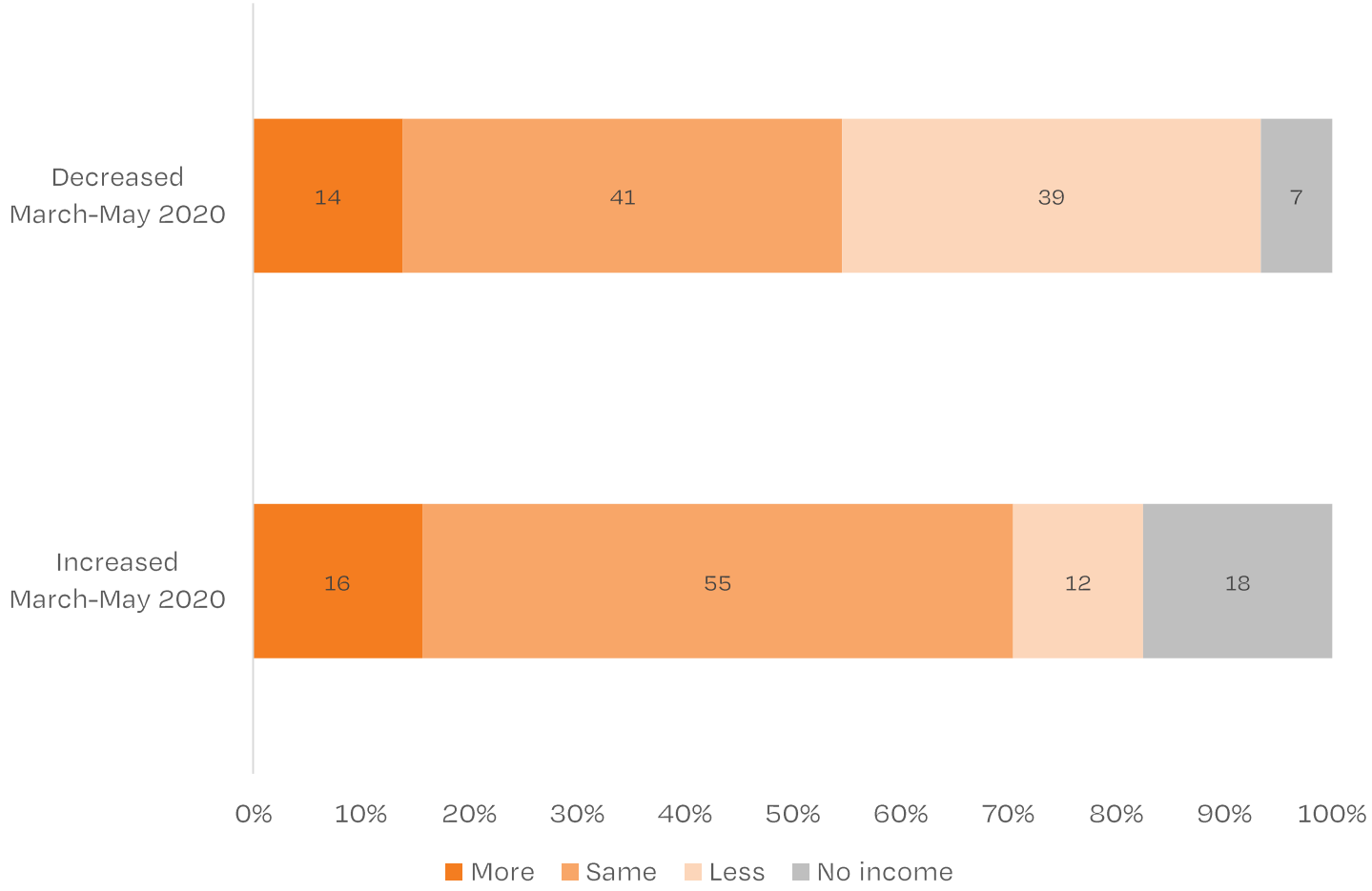
# For panel households, those with businesses that sustained losses continue to struggle

After losses between March and May, **46%** of businesses reported further losses in earnings.

About **14%** of household businesses had increased earnings in June 2020 after experiencing markedly lower earnings between March and May.

Nearly **1 out of 5** businesses with increased earnings between March and May reported no earnings in June.

Share of panel households with changes in business earnings in June 2020 after business earnings



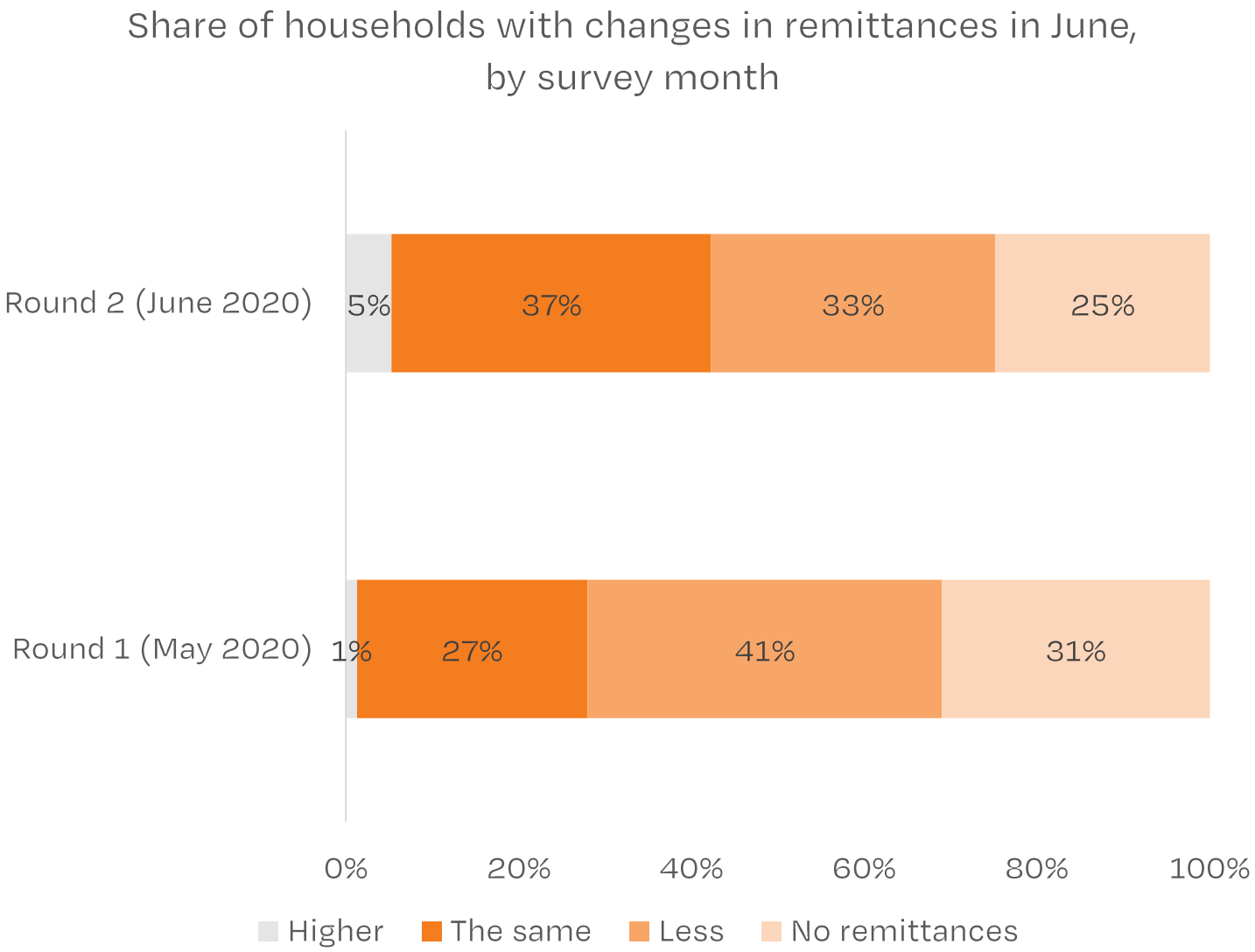
# Household remittances

Remittance flows had been disrupted as the pandemic affected all parts of the country and the global economy.

# Household remittances

Remittances had been received by **15%** of households in the last 12 months.

While **7 out of 10** households received lower or no remittances in May 2020, **58%** reported not benefiting from this additional source of income.



# Food access & security

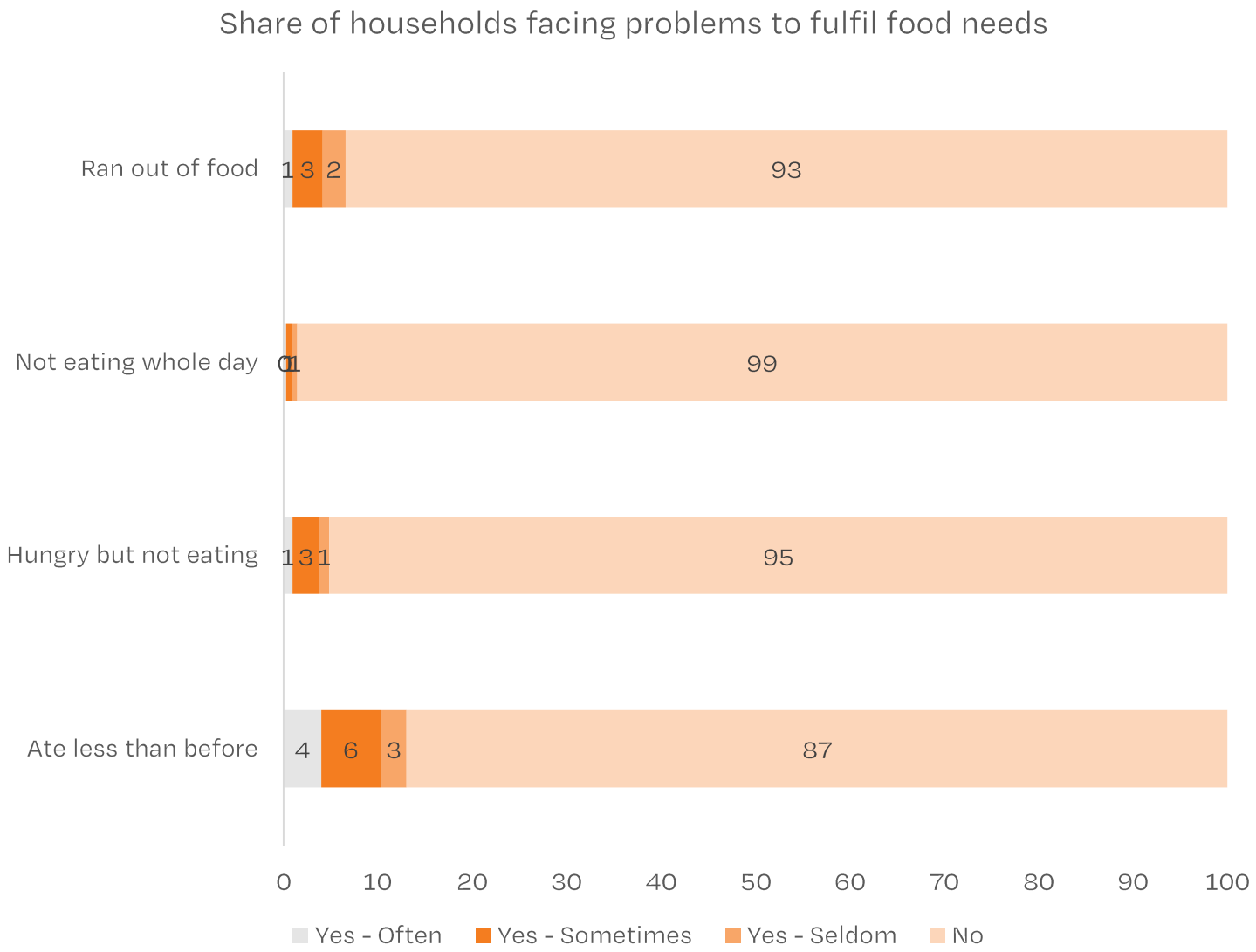
# 02

# Food access and security

Households did not report any issues to access staple food products (rice, chicken, seafood paste).

However in May, **16%** of households reported having at least one problem related to food security; this rate slightly increased to **18%** in June.

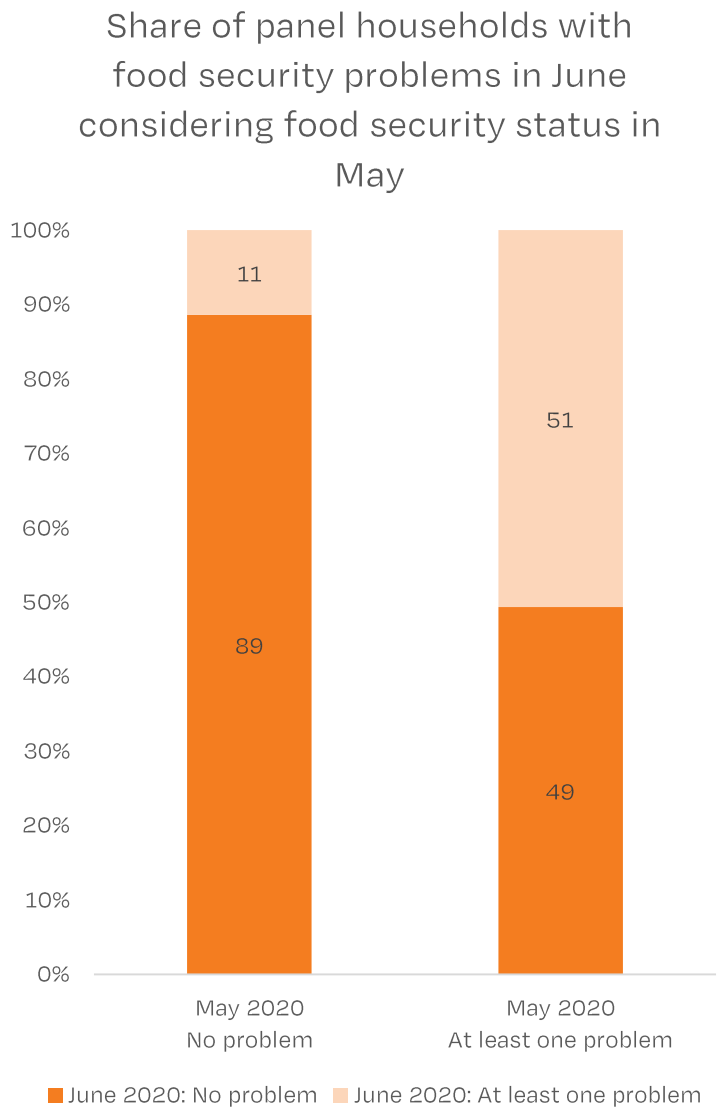
About **13%** of households reported eating less than before March 2020 (compared to **11%** in May).



# Food access and security for panel households

Nearly **half** of panel households who reported at least one problem related to food security **in May** continued to experience at least one problem related to food security **in June**.

However, **11%** of households who did not report food security problems in May reported at least one problem in June.




**65%** of households who reported facing at least one problem with food security in June had previously reduced food consumption to cope with COVID-19 impacts in May.

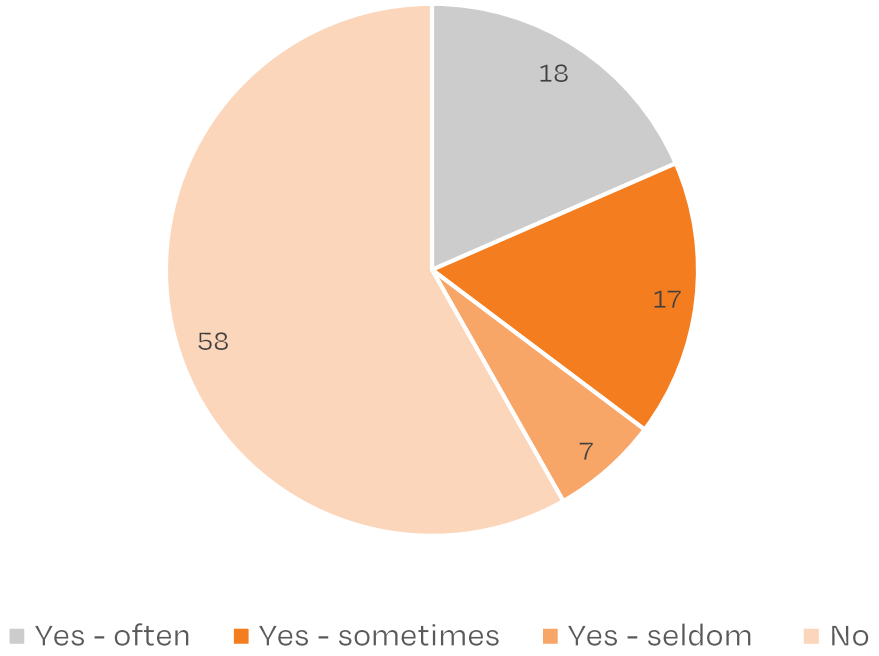
**77%** of households who reported facing food security problems in June had reduced consumption that same month as a coping strategy.

# Financial security

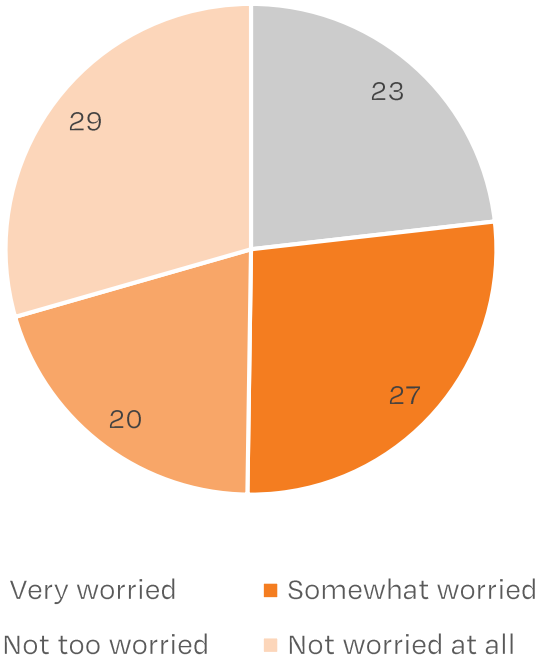
# 03

# Concerns regarding food and financial means for the following month

Worry about food for next 30 days




Worry about finances for next 30 days



# Coping strategies and assistance

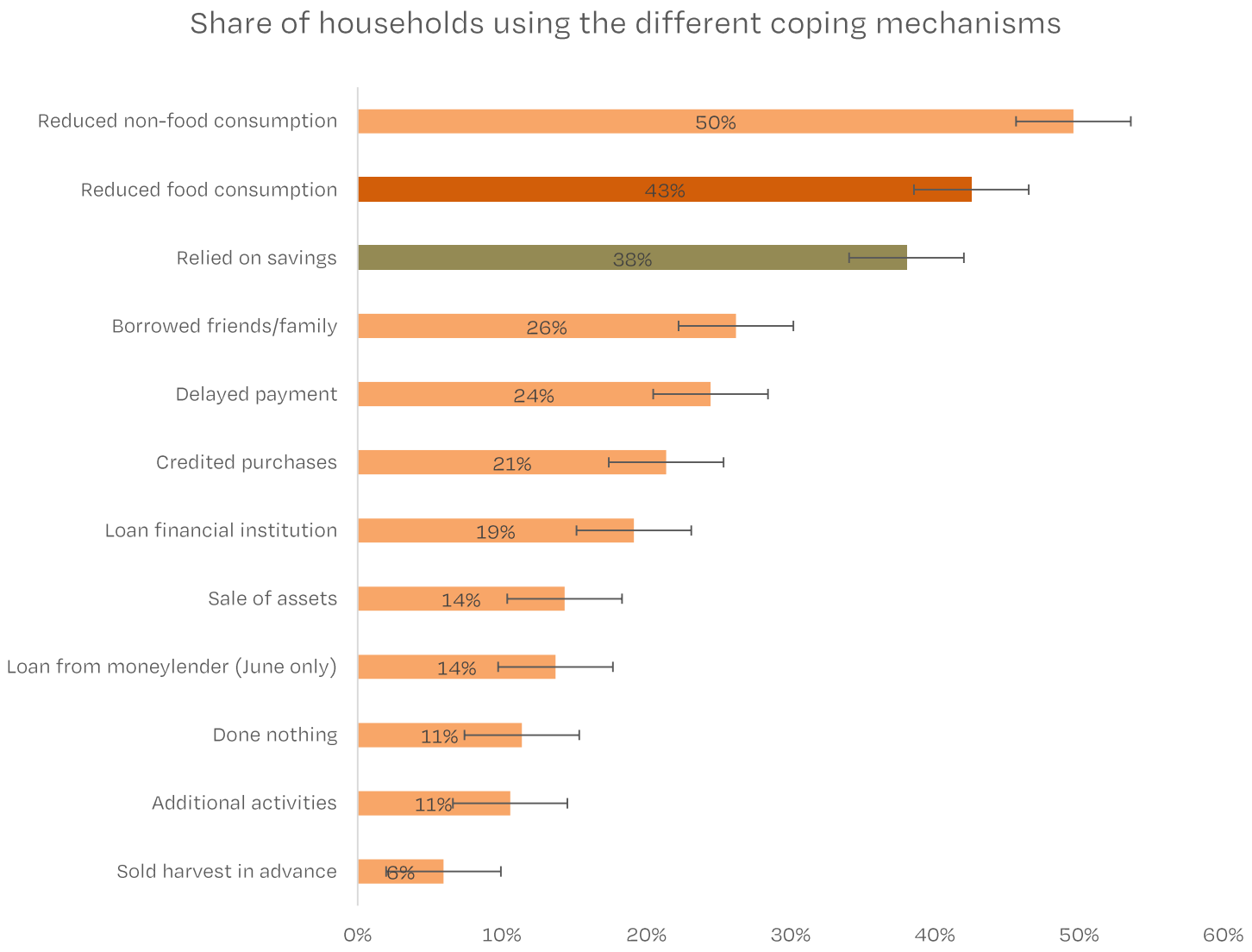
# 04

# Households' coping strategies

Households reported adopting coping strategies that could adversely affect their welfare in the long run.

**Half** reported limiting **non-food** consumption while **40%** reported reducing food consumption.

A **third** of households were relying on drawing from their **savings**.

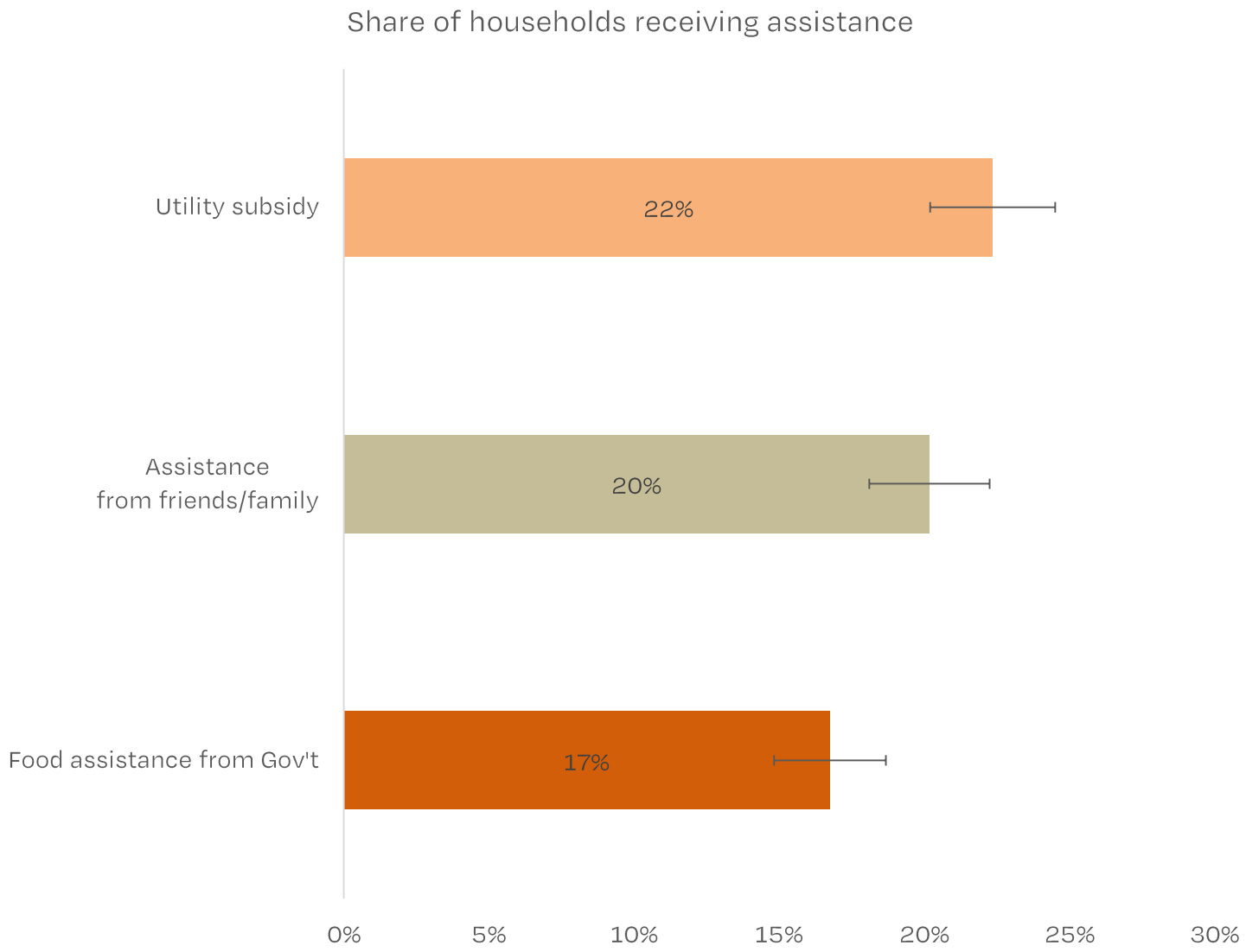


# Households have received limited assistance

The largest source of assistance came from the **free electricity** provided by the government.

In addition, **1 out of 5** households benefited from assistance from friends/family.

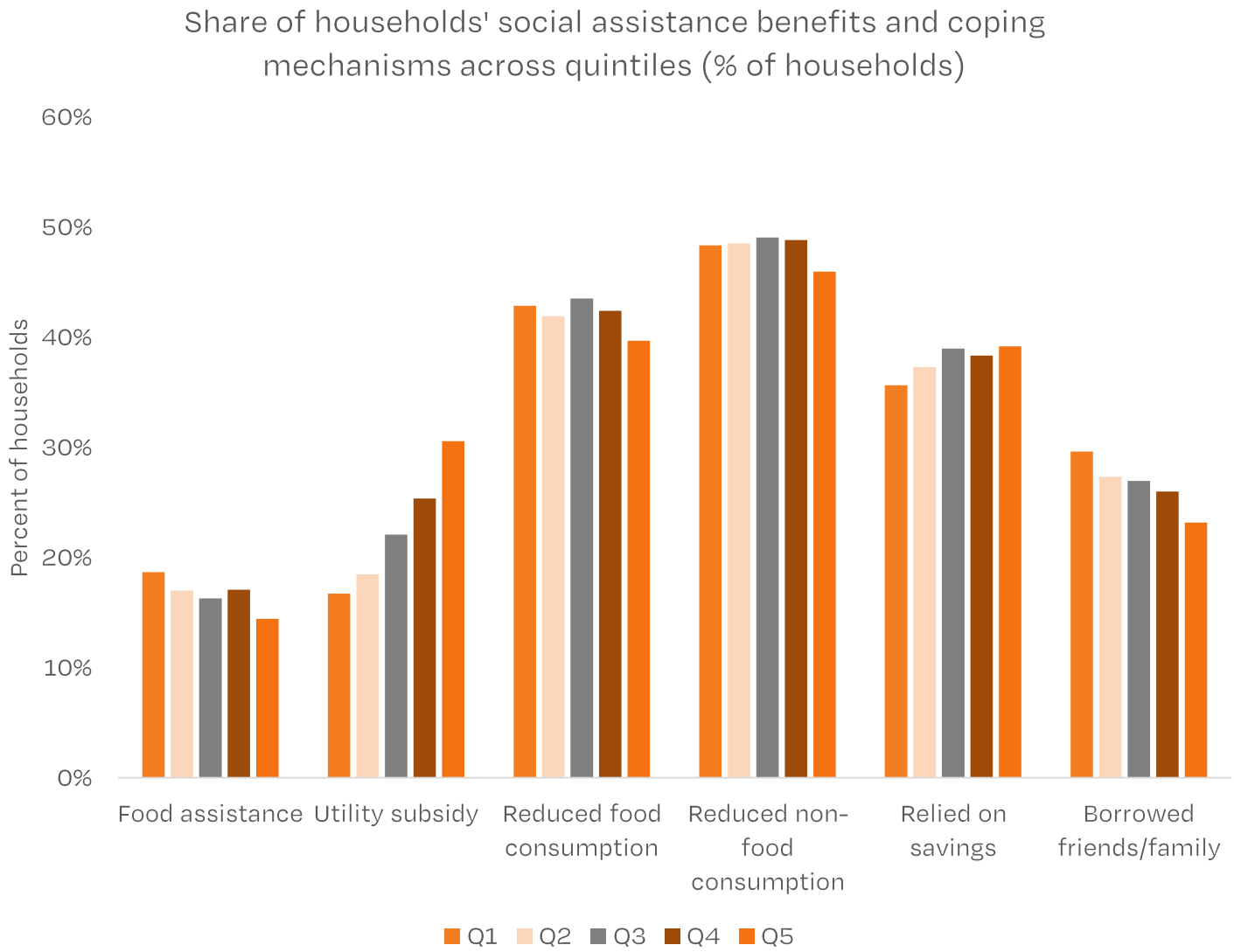
Food assistance from the government had reached **17%** of households.



# Social assistance and coping strategies across welfare quintiles

A greater proportion of poorer households had received food assistance from the  Government, however utility subsidies were not well-targeted.

Poorer households relied on restraint and consumption-limiting strategies with potentially negative long term effects.

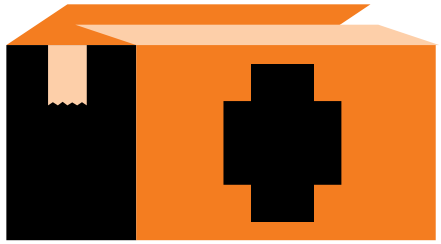



Welfare quintiles (Q1 to Q5) are measured using a consumption aggregate predicted using multiple imputations and stepwise regressions and dividing the whole consumption distribution with imputations into five continuous intervals

# Implications

## Employment & income losses

Informal employment may have helped partial recovery in June. However income losses remain of significant concern.



## Social assistance & coping mechanisms

While some poorer households receive government assistance, they typically rely on coping strategies with potentially negative impacts in the long run.

## Food security & financial uncertainty

Food security could worsen as households limit food consumption to cope with shocks. Close monitoring is required.

# Next steps

- Discussions with relevant counterparts with support from CSO

- HFPS activities
  - Round 3 data collection completed in August with upcoming results in October 2020.
  - Developing a health module to better assess the impact of local transmissions and new lockdown measures from Sept 2020 for Round 4.
  - Preparing for the new school year and adding questions regarding access to schools in survey rounds 4 or 5 depending on the resumption of schooling.
  - Developing thematic briefs on gender and agriculture using firm and household survey data, and community assessment with results in November 2020.

# Thank you

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Lwin Lwin Aung (WB)
Phyu Pyar Tun (CSO)
Win Zaw Oo (CSO)
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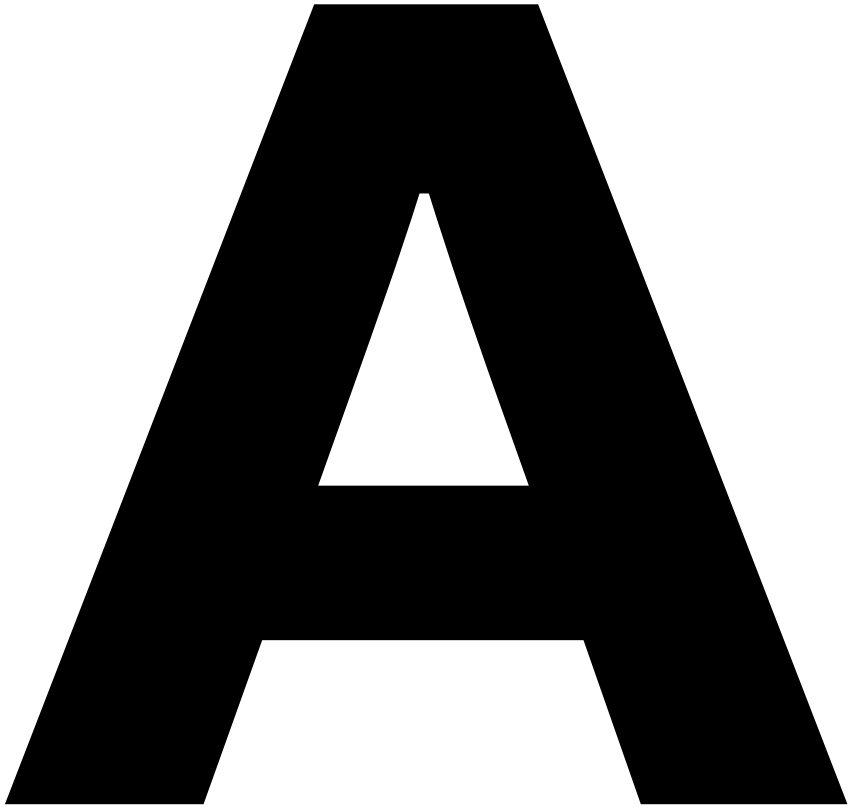
# ANNEXES

# Survey design and sampling



# Design

- **Method:** Panel surveys were conducted monthly through a 20-25 minute phone interview on 1,500 households starting May 2020. The Central Statistical Organization provided technical and implementation support.
- **Tracked indicators:** Labor market and livelihood strategies, food security and poverty and households' coping strategies are recorded in all survey rounds. Questions relating to behavioral changes, access to health and to education, and migratory trends will be asked in subsequent survey rounds as the pandemic situation unfolds.
- Respondents were sampled from an existing and consenting pool of respondents sourced from a private firm. Respondents were adult women and men, irrespective of their household responsibility status.
- Estimates were representative at the Union level.

# Implementation plan

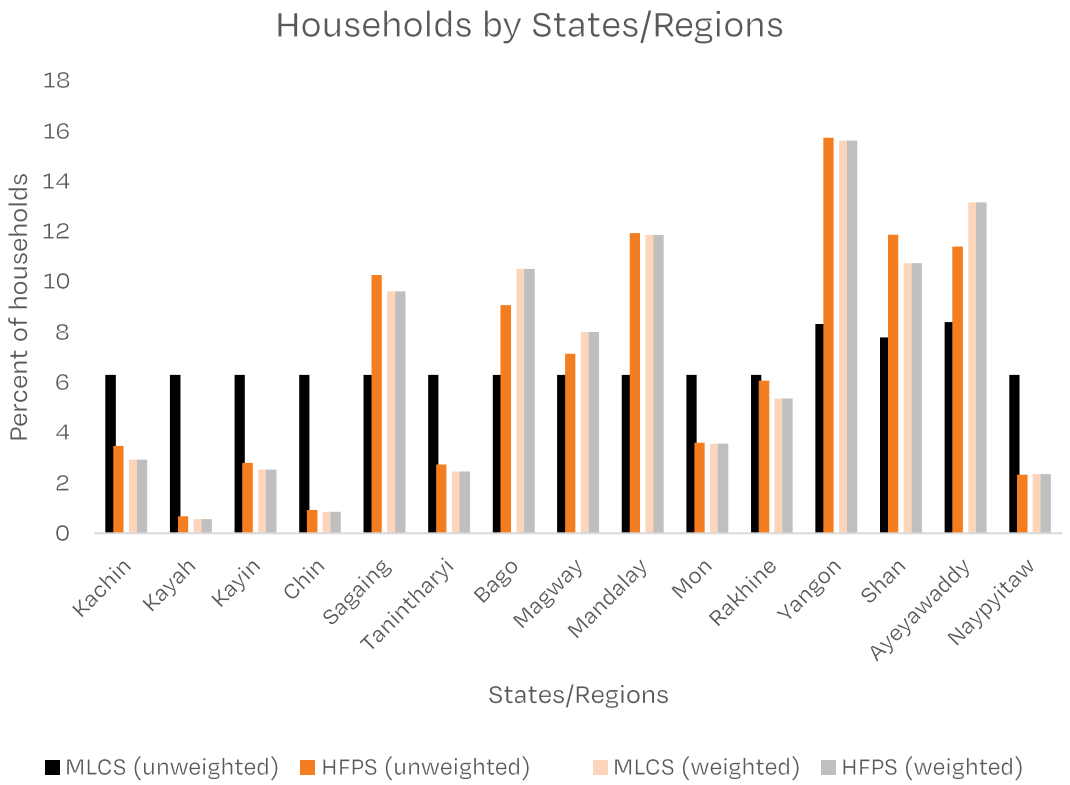
**Round 1**
18 May – 03 June
Indicators:
employment, coping, food security, asset ownerships

**Round 2**
15 – 30 June
Indicators:
employment, coping, behaviors, migration, food access & security

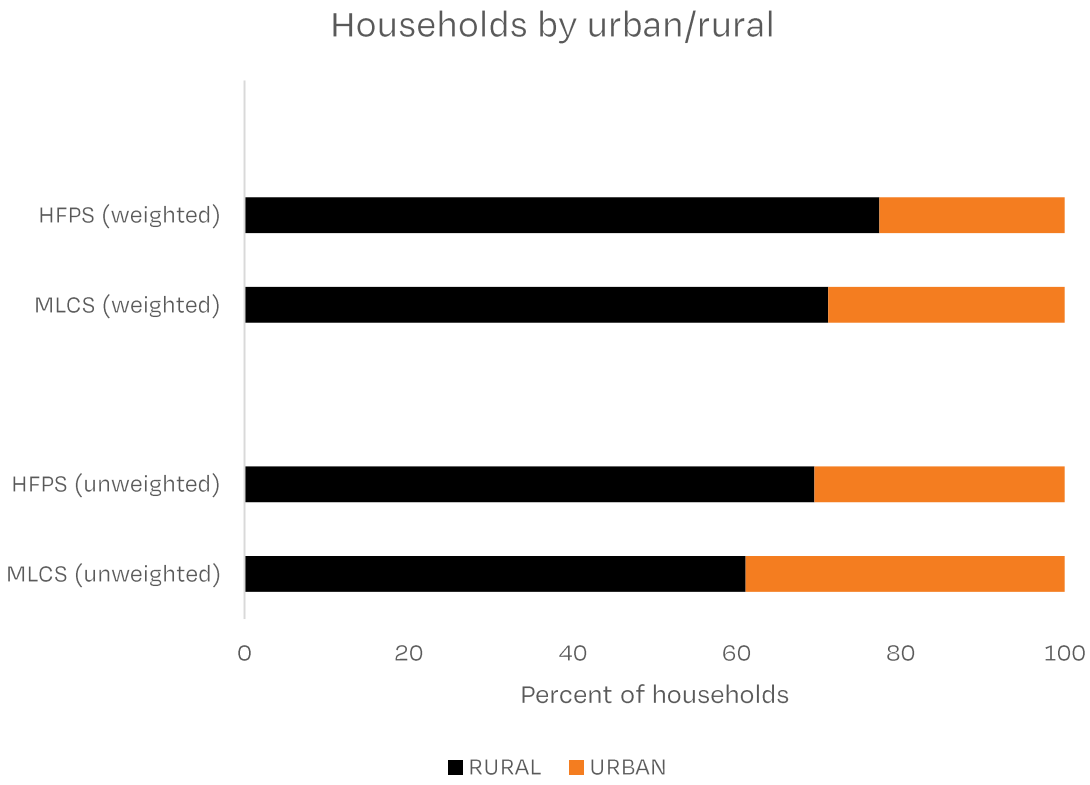
**Round 3**
August 2020
Indicators:
employment, agriculture, coping, migration, food access & security

**Round 4 to 8** by end of November 2020

# Similarity of sample distribution of MLCS 2017 and HFPS 2020...

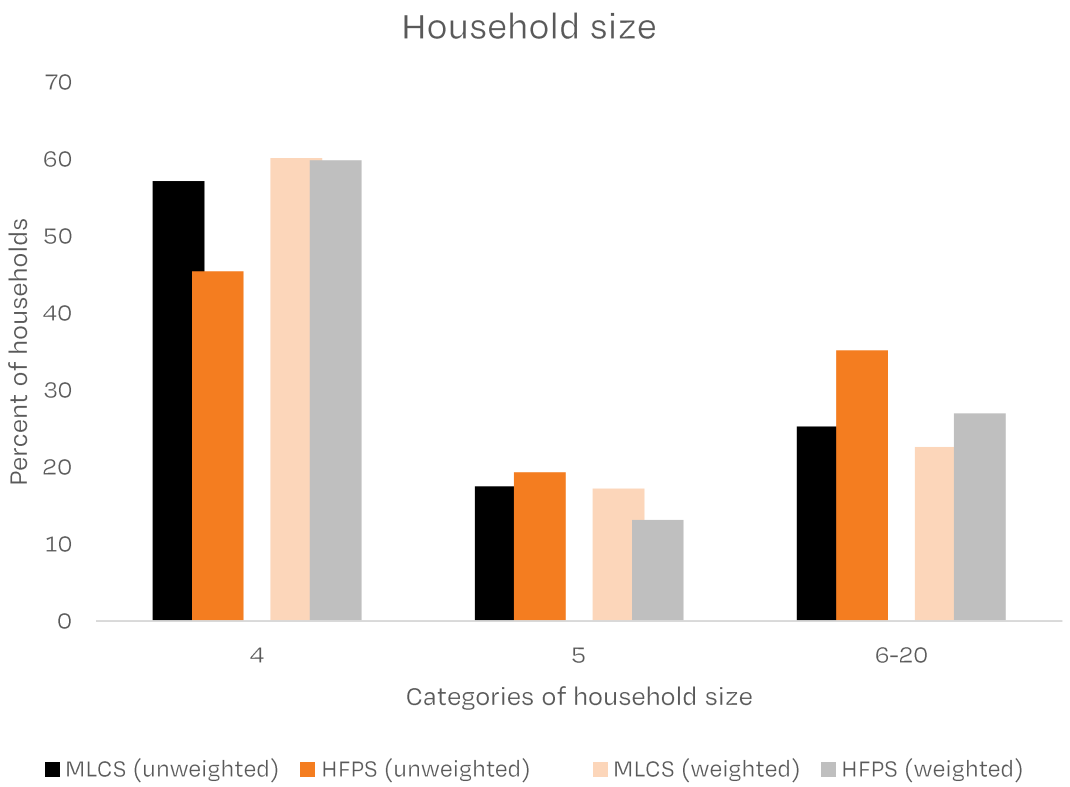



MLCS: Myanmar living conditions survey (2017))
HFPS: High-frequency phone survey (2020)




MLCS: Myanmar living conditions survey (2017))
HFPS: High-frequency phone survey (2020)

# ... strengthening confidence of representativeness of the HFPS




MLCS: Myanmar living conditions survey (2017))
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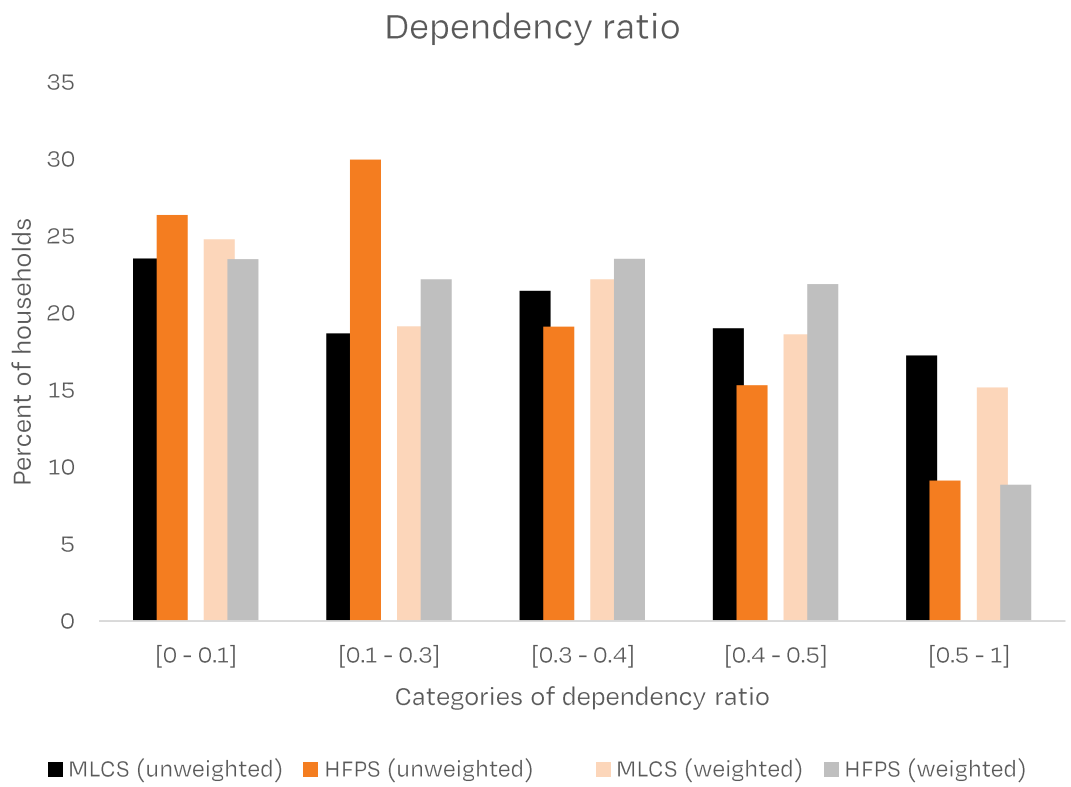
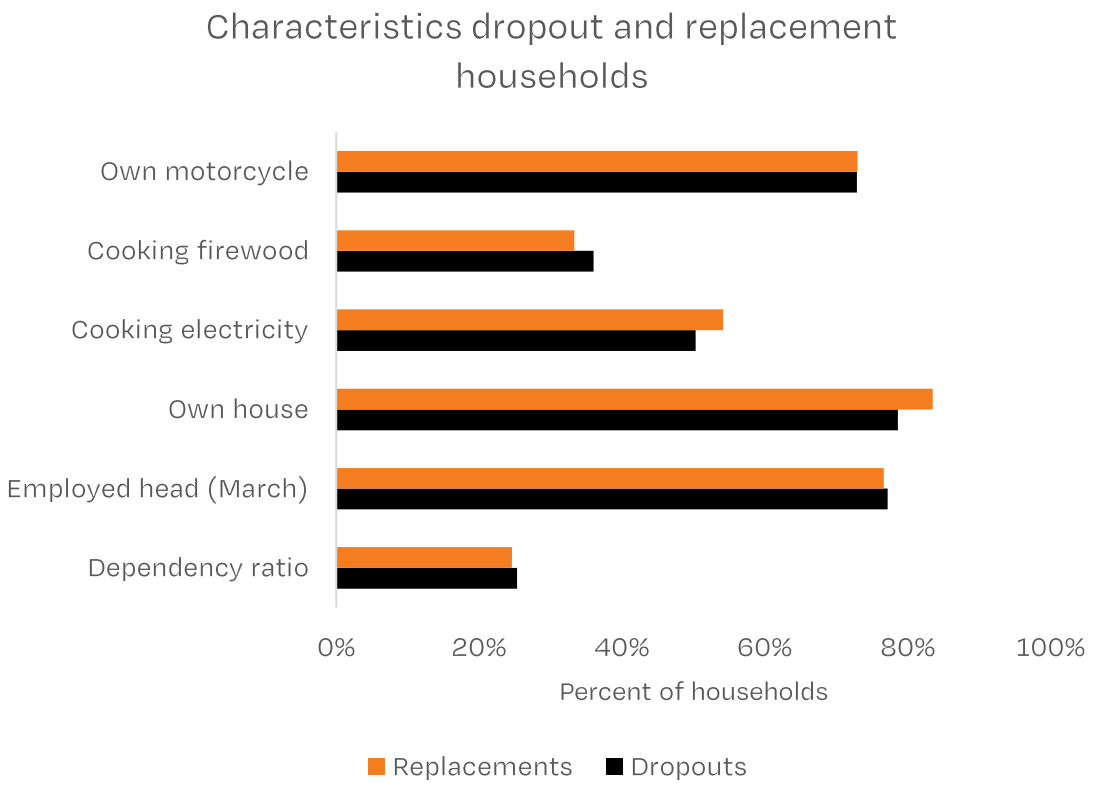
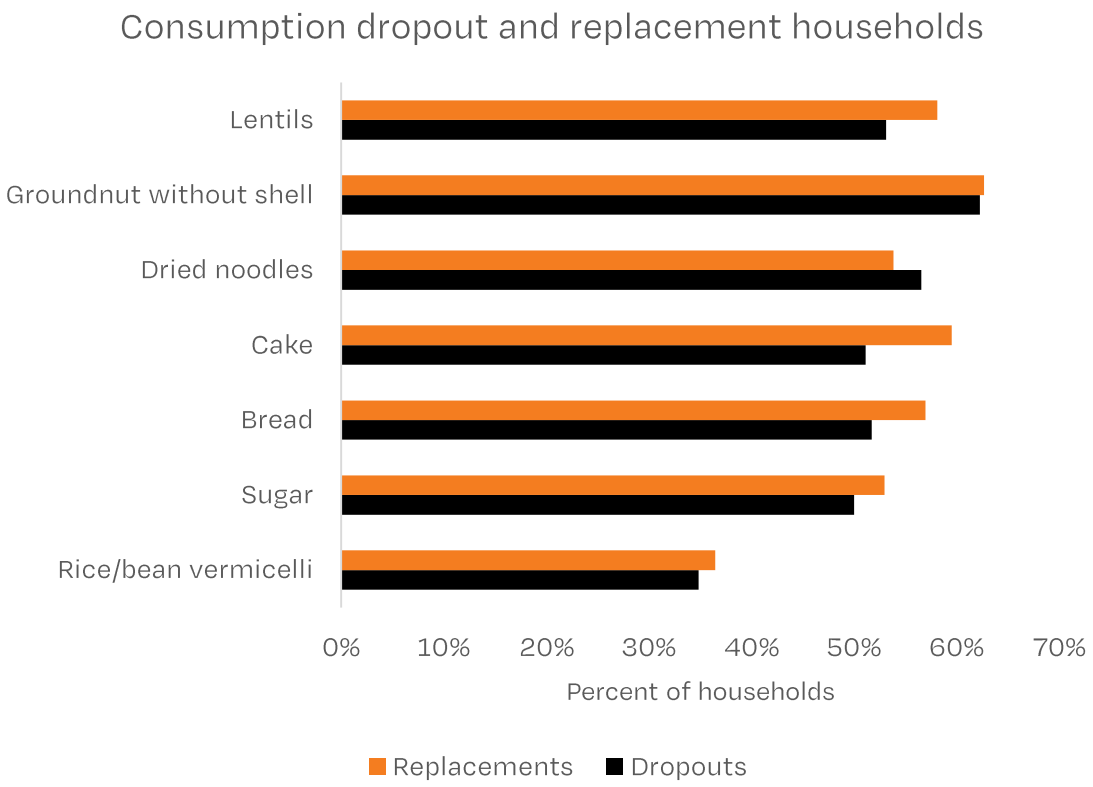



Dependency ratio: share of children (0-14 years old) and elderly (65 years old and over) over adults

# Although attrition was at 24%, weights corrected any selection bias



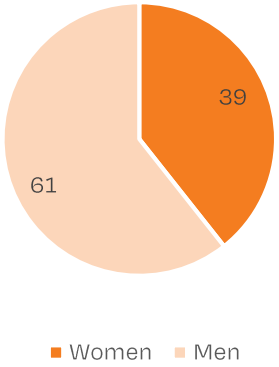



# Characteristics of surveyed population

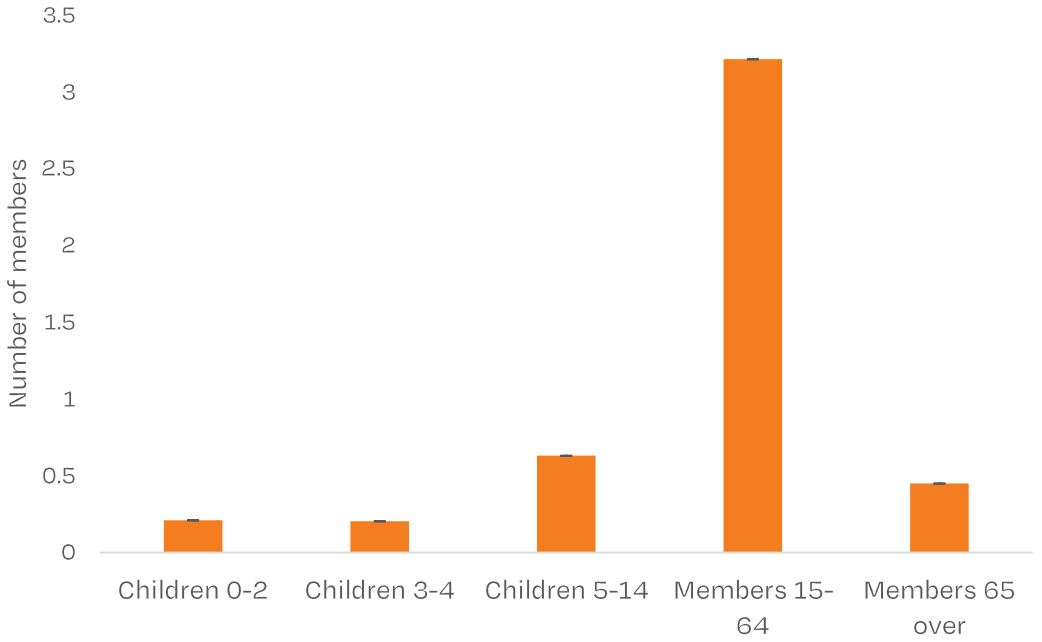
# B

# The HFPS drew from a representative and diverse sample of respondents and households

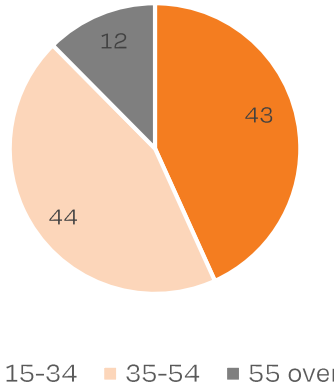
Gender



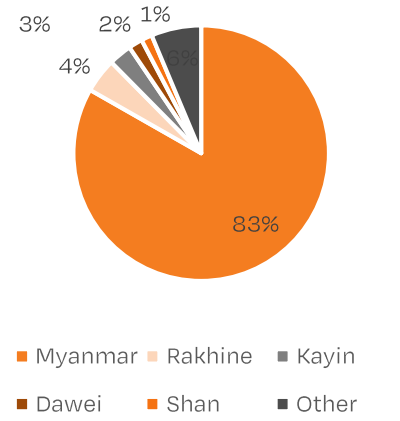

Household composition



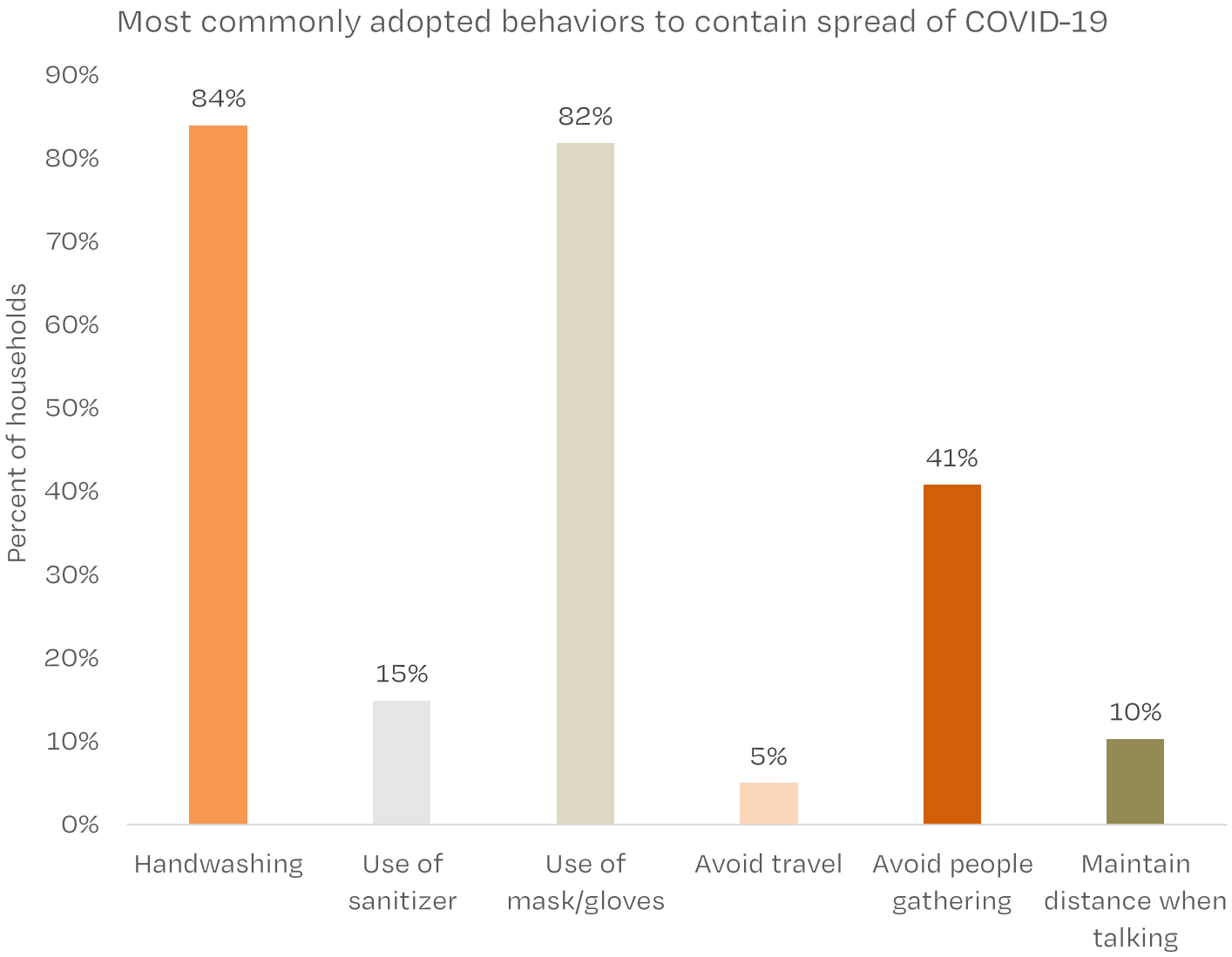

Age groups




Main language spoken



# Knowledge of COVID-19 measures

A large share of households (**85%**) were familiar with and had adopted behaviors to mitigate the spread of COVID-19, with handwashing and use of masks and gloves being among the most common measures.

Nearly **two thirds** of households were familiar with government advised measures, such as being quarantine, stay-home directives, and travel restrictions.