



## ▶ ILO Brief

July 2023

# Myanmar: Labour market update 2023

### Key points

- ▶ The labour market in Myanmar has not yet recovered from the shocks of the military takeover nearly three years prior, the COVID-19 crisis and subsequent socioeconomic turmoil.
- ▶ Continuing civil and political conflict, rising public debt, an increasingly negative trade balance and rising inflation have taken their toll on the country's macroeconomic outlook. While recovered from the contraction in fiscal year 2021, GDP growth is estimated to remain low at 3 per cent in 2023. The effects of Cyclone Mocha in May 2023 could make even this low growth estimate unreachable given the additional pressure placed on livelihoods and resources required to promote recovery.
- ▶ Employment numbers have recently recovered in some sectors but have not kept pace with population growth. As a result, there has been a significant drop in the employment-to-population ratio from the pre-crisis period. The employment share in 2022, at 54.5 per cent, was 8.2 percentage points below the 2017 share, according to World Bank estimates. In conflict-prone regions, the drop in employment shares was even higher.
- ▶ Progress on the creation of decent jobs has been reversed. With job losses in the public sector and limited opportunities in manufacturing, more workers have turned to self-employment and to work in lower value-added sectors to generate income, even when returns are meagre.
- ▶ From 2017 to 2022, the share of individuals with a university or higher-level education working in agriculture rose by more than 10 percentage points. The share of employment in wage jobs decreased from 36.8 per cent in 2017 to 28.9 per cent in 2022.
- ▶ Women have been hit especially hard. At nearly 11 percentage points, the drop in the employment-to-population ratio of women in Myanmar between 2017 and 2022 was double that of men. With job losses in both the public and private sectors, female unemployment rate increased fivefold from 2 per cent in 2017 to 10.2 per cent in 2022.
- ▶ When terminated, women were also penalized in their access to severance payments; the average severance pay for men was around 42 per cent higher than for women.
- ▶ Real wages declined by 15 per cent between 2017 and 2022. Over 70 per cent of households stated they had resorted to liquidating assets, drawing down on savings, or borrowing as coping mechanisms to deal with wage and income losses.

## ► Introduction

Myanmar continues to face multi-dimensional fragility across political, economic, security, social and environmental dimensions. Amid its ongoing crisis, the country faces a volatile macroeconomic situation with severe livelihoods disruption, deteriorating labour market outcomes and reversal of pre-crisis developmental gains, including towards the Sustainable Development Goals (SDGs).

Now nearing three years since the military takeover on 1 February 2021, and in the aftermath of the COVID-19 pandemic, the humanitarian crisis in Myanmar has spiked. An estimated 17.6 million people – around one-third of the population – needs humanitarian assistance, with over 1.6 million internally displaced persons (IDP).<sup>1</sup> While IDPs are spread across Myanmar, the regions of Sagaing, Magway and Kayin have recorded especially high IDP numbers – in the hundreds of thousands owing principally to political conflict-related violence.<sup>2</sup> Furthermore, climate-related disaster events, like Cyclone Mocha which hit western Myanmar in May 2023, deepen fragility and have put additional pressure on households already at the brink.

Myanmar's civil conflict, which has intensified in the aftermath of the military takeover and in response to it, has severely disrupted the social and economic lives of the people. According to the Armed Conflict Location and Event Data Project, Myanmar has witnessed serious spikes in fatalities related to explosions or remote violence, violence against civilians, and riots from the first quarter of 2021 to the second quarter of 2023.<sup>3</sup>

This ILO brief draws together information from a multitude of sources to capture and present key insights on the economic and labour market situation in Myanmar against the continuing backdrop of unrest and socioeconomic turmoil.

<sup>1</sup> UN OCHA, *Myanmar humanitarian update No. 31*, 2023.

<sup>2</sup> *Ibid.*

<sup>3</sup>The Armed Conflict Location and Event Data Project (ACLED) is a disaggregated data collection, analysis and crisis mapping project. ACLED collects information on the dates, actors, locations, fatalities and types of all reported political violence and protest events around the world. ACLED figures are available at: <https://acleddata.com/>.

## ► Labour market outlook remains poor

### Slow economic growth and reversed development dividends

Disruption of economic activities and livelihoods are reflected by key macroeconomic indicators. The World Bank has estimated GDP growth of only 3 per cent for the years 2022 and 2023 as shown in Figure 1, following a contraction of 18 per cent in 2021 and reporting that output continues to remain around 10 per cent below 2019 levels.<sup>4</sup> Despite rising public debt, forecasted to reach over 62 per cent by 2023, spending on key social sectors such as health and education have declined.<sup>5</sup> While inflation is forecasted to moderate to 14 per cent in 2023, the rising trend to use central bank financing to cover public financing needs could continue to put upward pressure on prices and weigh down household incomes, consumption and investment levels.<sup>6</sup>

The adverse impacts faced by households and individuals in Myanmar in the aftermath of the pandemic and the military takeover are likely to have long-term negative consequences for human development. While limited availability of fresh data across different sectors prevent the production of up-to-date human development indicators, UNDP found that nearly three-fourths of households in Myanmar experienced a drop in income in 2021 and over one-fourth of households relied on liquidated assets as a coping mechanism.<sup>7</sup> In addition, food insecurity has risen and school attendance has dropped as households reeled under the impacts of the twin shocks of the pandemic and the military takeover.

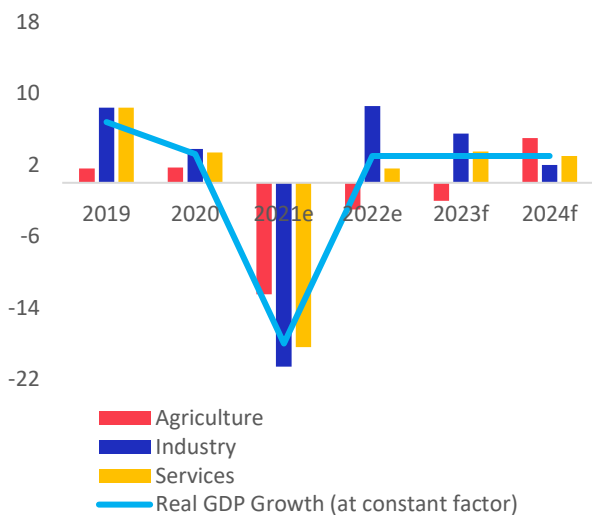
<sup>4</sup> World Bank *Myanmar Economic Monitor: A Fragile Recovery*, 2023.

<sup>5</sup> *Ibid* and World Bank *Myanmar Economic Monitor: Navigating Uncertainties*, 2023.

<sup>6</sup> *Ibid.*

<sup>7</sup> UNDP, *Myanmar at a crossroads: Past trends of human well-being and future outlook*, 2023. .

► **Figure 1. Annual real GDP and sectoral growth rates (percentage)**



**Note:** 2021 and 2022 figures are estimates and 2023 and 2024 figures are projections.  
**Source:** World Bank, Myanmar Economic Monitor: A fragile recovery, 2023.

## Measurement challenges in the absence of official statistics

The ILO produced three employment assessments in Myanmar (July 2021, January 2022 and August 2022) since the military takeover, navigating data gaps through estimation models.<sup>8</sup> Since the estimation model was designed to capture both the impact of the administration change and the effect of COVID-19 border closures and mobility limitations, the methodology was no longer relevant in the absence of COVID-19 conditions.<sup>9</sup> Rather than generate a new estimation model that would generate a break from previous estimates, and also given the increasing time span from the last “real” data point of the Myanmar Labour Force Survey<sup>10</sup> (and thus increased uncertainty in resulting

estimates), the ILO chose to discontinue the estimation series.

Fortunately, the World Bank had been involved in its own survey efforts, which has thus helped to fill the glaring information gap on the current situation of workers and enterprises in the country. The report – *Growing Crisis: Work, Workers, and Wellbeing in Myanmar*<sup>11</sup> – summarizes the results of a first round of the Myanmar Subnational Phone Surveys (MSPS) conducted between November 2022 to March 2023. The 2022/23 results are compared to employment indicators from 2017 that were generated from the Myanmar Living Conditions Survey (MLCS). Both surveys generated employment indicators at the subnational levels.

Additional insights on Myanmar’s labour market situation were gained through a survey of 1,500 Burmese workers who experienced employment termination or temporary suspension of work between the period 1 March 2020 and 28 February 2022.<sup>12</sup> The following sections summarize the latest findings of key labour market trends according to the information sources mentioned.

## Employment has yet to recover to pre-crisis trends

According to the World Bank survey findings, between 2017 and 2022, the labour force participation rate (LFPR), employment rate, and share of wage employment to total employment have all declined in Myanmar.<sup>13</sup> The LFPR, which stood at 64 per cent in 2017, dropped by 5.5 percentage points to 58.6 per cent in 2022 (Figure 2 and Table 1). The LFPR for women declined by 7.5 percentage points to 46 per cent.

The employment rate, based on the World Bank study, declined by 8.2 percentage points to 54.5 per

<sup>8</sup> The ILO’s rapid assessments are based on models that utilise estimation procedure to assess impact on employment and working hours, calibrated to the last available labour force survey data from Q1 2020. There were slight variations between the three studies in the explanatory variables used in the regressions to estimate working hours and employment.

<sup>9</sup> Two of the explanatory input variables – an indicator of mobility consisting of the average of workplace and retail mobility from Google Mobility and an indicator of the stringency of lockdown measures imposed by governments taken from the COVID-19 Government Response Tracker Database compiled by the University of Oxford being no longer relevant.

<sup>10</sup> Last run in first quarter 2020.

<sup>11</sup> The World Bank, *Growing Crisis: Work, Workers, and Wellbeing in Myanmar*, 2023.

<sup>12</sup> ILO, *Who pays the price of unemployment? Employment termination and income security in Myanmar*, 2023.

<sup>13</sup> World Bank, *A Growing Crisis: Work, Workers, and Well-being in Myanmar*, 2023.

cent in 2022 from 62.6 per cent in 2017 (Figure 2 and Table 1). The decline in employment rates exceeded 15 percentage points in the regions where continuing conflicts are more prevalent, namely in the eastern border regions of Kayah, Kayin and Tanintharyi and in Sagaing in the north. A one percentage point increase in the township-level share of conflict incidents between 2021 and 2023 was associated with an average of 2.6 percentage point reduction in the employment rate.

All metrics point to a labour market operating at a lower capacity in 2022 compared to 2017. Fewer jobs are being generated in the current slow growth and fragile macroeconomic context.

This message aligns with those of the ILO 2020 and 2021 assessments. In the latest edition, the ILO estimated that 0.7 million fewer women and men were employed in the first half of 2022, compared to 2021. The estimated employment loss over 2020 was 1.1 million.

► **Table 1. Summary statistics from World Bank labour market assessment**

	Total			Male			Female		
	2017	2022	2017–2022	2017	2022	2017–2022	2017	2022	2017–2022
Employed (million)	21.8	23.8	2.0m	12.0	14.0	2.0m	9.8	9.8	0.0m
Unemployed (million)	0.5	1.8	1.3m	0.3	0.7	0.4m	0.2	1.1	0.9m
Outside the labour market (million)	12.5	18.1	5.6m	3.7	5.3	1.6m	8.7	12.8	4.1m
Labour force (million)	22.3	25.6	3.3m	12.3	14.7	2.4m	10.0	10.9	0.9m
Unemployment rate (%)	2.2	7.0	4.8pp	2.4	4.7	2.3pp	2.0	10.2	8.2pp
Employment-to-population ratio (%)	62.6	54.5	-8.2pp	75.0	69.7	-5.3pp	52.4	41.5	-10.9pp
Labour force participation rate (%)	64.1	58.6	-5.5pp	76.9	73.6	-3.3pp	53.5	46.0	-7.5pp

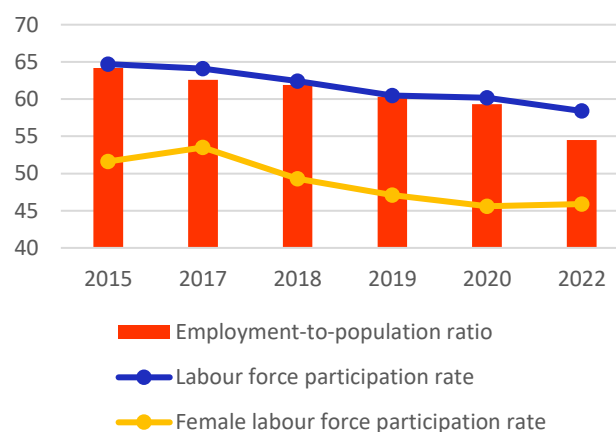
**Note:** m = millions; pp = percentage point. Rates are recalculated from the nominal figures provided in Figure 1 of the listed source. There are slight variations to what is presented as rates in same source (e.g., in the summary table 1). The “2017–2022” columns indicate the difference between those years in either nominal number (in millions) or percentage points.

**Source:** World Bank, *A Growing Crisis: Work, Workers, and Wellbeing in Myanmar*, 2023.

## Decline in the quality of jobs

Not only are employment prospects meager in Myanmar today compared to previous years, also the quality of jobs has declined. The World Bank study found a decline in the share of wage employment from 36.8 per cent in 2017 to 28.9 per cent in 2022. This means more workers have turned to self-employment as a means to generate income, even when returns are meager.

► **Figure 2. Labour force participation and employment rates, 2015–22 (percentage)**



**Notes:** Rates are recalculated from the nominal figures provided in Figure 1 of the listed source. There are slight variations to what is presented as rates in same source (e.g., in the summary table 1).

**Source:** World Bank, *A Growing Crisis: Work, Workers, and Wellbeing in Myanmar*, 2023.

The World Bank report did note a positive increase in the share of formal employment among wage employees (nearly doubling from 13 per cent in 2017 to 24.2 per cent in 2022), but this reflects a distributional effect rather than a durable positive

trends in increased formalization of work.<sup>14</sup> As more workers are pushed out of paid employment into self-employment (which is a realm that is synonymous to informal work), the share of informal employment in the country will have risen.

Notably, results from an ILO survey of “job losers” (those who experienced termination or temporary suspension of paid work) found that employment termination in the public sector – an important source of formal employment in Myanmar – rose sharply after the military takeover.<sup>15</sup>

A further negative trend comes in the form of reduced labour productivity, measured as real GDP per worker. ILO estimates showed a consistently rise in labour productivity between 2017 to 2020 followed by a notable decline into the first half of 2022. Estimates showed an 8 per cent drop in labour productivity in 2021 and a further 2 per cent loss in the first half of 2022.<sup>16</sup>

The World Bank finds that high quality human capital is being misallocated to the least productive sectors. Workers with more education and years of work experience are increasingly turning to low value added sectors such as agriculture. From 2017 to 2022, the share of high-educated individuals working in agriculture rose by 11 per cent. This included many workers formerly employed in the public sector.

When jobs are terminated, associated entitlements are often not granted. ILO’s survey of workers who lost jobs found that 42 per cent of surveyed dismissed workers were let go without any prior notice by their employer. Only 29 per cent of dismissed workers received any severance pay. Workers with written contracts, fixed-term contracts and social insurance coverage were more likely to have received severance.<sup>17</sup>

## Impact on women

Both information sources point to the pronounced adverse impact on women workers in Myanmar. In

the aftermath of the military takeover, rising security concerns and mobility restrictions seem to have affected women’s access to work and employment to a greater extent than men.

With zero gains to female employment between 2017 and 2022, the employment-to-population ratio of women in Myanmar declined by a sizable 10.9 percentage points (Table 1). In contrast, the male employment-to-population ratio decreased by half as much (by 5.3 percentage points). A growing gender gap in the employment ratio and LFPR is thus another negative consequence of circumstances in the country.

The ILO estimated employment losses in 2021 for women of 10.2 per cent compared to 8.9 per cent for men. The ILO assessments also pointed to the considerable adverse impact on employment in sectors with high shares of female employment – the garment manufacturing sector and the tourism and hospitality sector.

According to the World Bank, there are continued production and export declines in sectors such as garment manufacturing as well as tourism and hospitality sectors (see also Sectoral overview), which will continue to impinge on women’s employment opportunities. Job losses in both the public and private sectors where women’s work is concentrated shows up in the sharp jump in the female unemployment rate from 2 per cent in 2017 to 10.2 per cent in 2022 (Table 1), a fivefold increase. The male unemployment rate, while also seeing a twofold increase, was less than half that of the female rate, at 4.7 per cent in 2022.

When jobs are lost, women are also more likely to receive lower severance payments. The ILO survey found that the average severance pay for men was around 42 per cent higher than for women.

## Wage trends

The World Bank study also offers some insights into the recent wage trends in Myanmar. It found that

<sup>14</sup> In the World Bank study, formality is measured as the share of salaried workers with a written contract or receiving pension contributions from employers.

<sup>15</sup> ILO, *Who pays the price of unemployment? Employment termination and income security in Myanmar*, 2023.

<sup>16</sup> ILO, *Employment in Myanmar in the first half of 2022: A rapid assessment*, 2022.

<sup>17</sup> ILO, *Who pays the price of unemployment? Employment termination and income security in Myanmar*, 2023.

real wages declined by 15 per cent between 2017 and 2022. Furthermore, real wages in 2022 were lower than in 2017 levels across all states at the sub-national level, while wage reductions were sharpest in states and regions which had higher baseline wages.

Liquidating assets, drawing down on savings, and borrowing have been the main coping mechanisms of households that have suffered from income and wage losses. Over 70 per cent of households in every state and region stated they had resorted to at least one of the aforementioned coping strategies.

### Sectoral overview

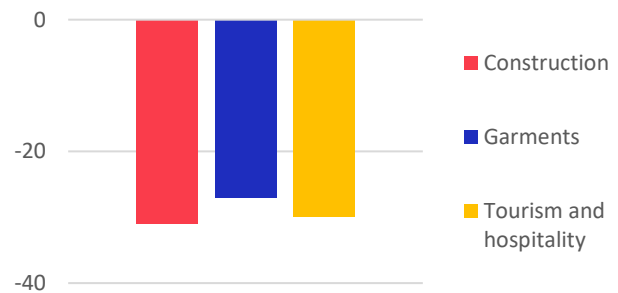
The ILO employment assessments took stock of employment changes in key sectors such as construction, garment manufacturing, and tourism and hospitality since the military takeover (Figure 3). In 2021, employment in construction, the garment industry, and the accommodation and food services sector declined by 31 per cent, 27 per cent, and 30 per cent respectively. Labour market disruptions in 2021 because of extensive work stoppages, job suspensions, and dismissals were also estimated to have impacted hundreds of thousands of workers in various services sectors such as public administration, banking, education and health care.

A “fragile recovery” is seen in the manufacturing sector and has brought with it an expansion in employment for the first time in 10-months, according to the World Bank.<sup>18</sup> While manufacturing activity improved during the first half of 2023, the sector continues to face challenges such as unreliable power supply, high input and transportation prices, and shortage of intermediary inputs.

On the other hand, manufacturing exports, which account for more than 50 per cent of Myanmar’s total exports, have declined by 11 per cent in the first five-months of 2023. Garment manufacturing also recorded a drop in exports. Additionally, a number of global brands have announced their exit

from Myanmar signaling further slumps in employment in the garment manufacturing sector in the near future.<sup>19</sup>

► **Figure 3. Decrease in employment in highly impacted sectors, 2021 (year-on-year percentage change)**



Source: ILO, *Employment in Myanmar in 2021: A rapid assessment*, 2021.

Construction sector indicators, such as the number of building permits issued, and imports and/or production of steel and cement have also risen together with their respective prices, indicating an overall uptrend in the sector. However, several large projects are reportedly stalled with the departure of foreign companies and the drop in foreign investments, and trade-related restrictions.<sup>20</sup>

While tourist arrivals have also shown signs of recovery very recently, international tourist arrivals was still at around 20 per cent of the pre-pandemic level, which is in sharp contrast to Myanmar’s peers in the ASEAN region.<sup>21</sup> This has a direct bearing on the entire tourism value-chain comprising of travel agencies, hotels and accommodation providers, food and beverage services, among others. Like in the garment sector, a number of international firms in the tourism sector have announced their exit from Myanmar citing security concerns and regulatory challenges.<sup>22</sup> Employment prospects in these dominant sectors do not look good.

According to the World Bank study, the shares of agricultural employment declined for both men and women between 2017 and 2022 (but more for the latter) (see Figure 4). While the share of employment in manufacturing declined for men, male

<sup>18</sup> World Bank *Myanmar Economic Monitor: A Fragile Recovery*, 2023.

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

<sup>21</sup> *Ibid.*

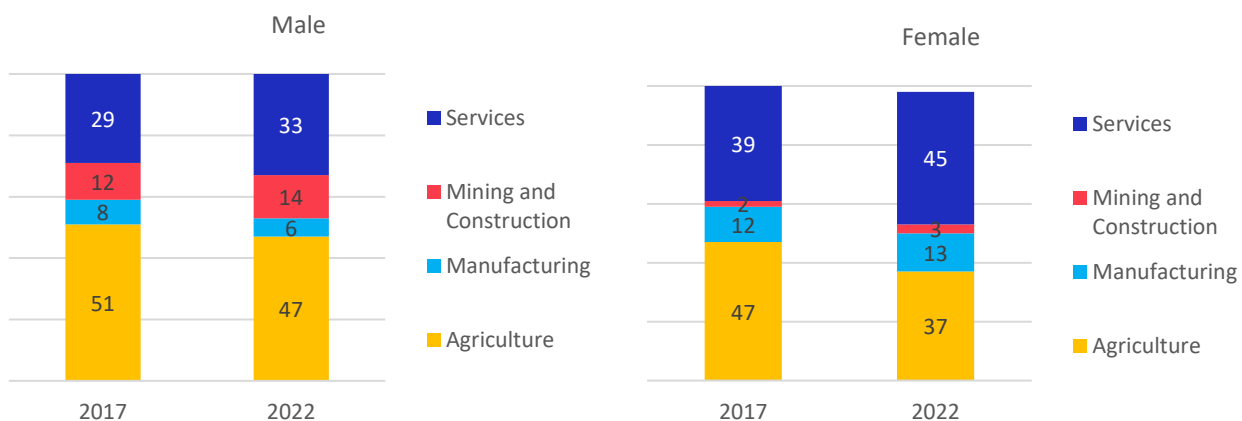
<sup>22</sup> *Ibid.*

employment shares in mining, construction and the aggregate services sector increased. For women, employment shares in manufacturing, mining and construction sectors recorded a one-percentage-point increase each whereas the share of employment in the services sector increased by 6 percentage points.

The report notes that [the rise of services sector](#)

[employment for both women and men cannot generally be associated with a positive structural transformation reflecting movement to higher value-added sectors primarily because the bulk of growth in service sector jobs has been in the wholesale and retail trade segment. Such sectors are typically low wage and low productivity.](#)<sup>23</sup>

► **Figure 4. Sectoral employment distribution over time, by sex (percentage)**



Source: World Bank, *A Growing Crisis: Work, Workers, and Wellbeing in Myanmar*, 2023.

The World Bank study also noted an increase in employment in the mining sector in townships that have a pre-existing mine. This could hamper longer term economic diversification and increase environmental hazards. Furthermore, it found that townships that have a higher likelihood of opium production have experienced large increases in agricultural activities mostly at the cost of mining

and construction related activities.

Overall, the drop in higher value-added manufacturing and services such as garment industry and tourism and hospitality as reported by the ILO aligns with the World Bank. [Both institutions point to an economy that is not favourably poised for positive structural transformation.](#)

## Enabling decent work outcomes in Myanmar

Nearly three years following the military takeover on 1 February 2021, Myanmar is entrenched in a continued political, socioeconomic and humanitarian crisis. Political instability, conflict and violence continue to dominate the landscape and forebode an uncertain future for many workers. Labour market conditions remain very fragile and the quality of jobs continues to decline, with women more heavily affected compared to men. If

unaddressed, these gaps and issues will become more deeply entrenched.

In its Resolution of 2021, the International Labour Conference called for the restoration of democratic order and civilian rule in Myanmar.<sup>24</sup> The restoration of democracy remains critical to the future prospects of Myanmar and its people and is a necessary pre-condition of decent work.

<sup>23</sup> ILO, *Asia-Pacific Employment and Social Outlook 2022: Rethinking sectoral strategies for a human-centred future of work*, 2022, section 3.

<sup>24</sup> [Resolution for a return to democracy and respect for fundamental rights in Myanmar](#), International Labour Conference, 109th Session, 19 June 2021.

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