



Impact of Covid-19 on Decent Work

September Wage Digitization Digest- 7th Edition

The Wage Digitization Digest is a monthly desk-based intelligence report produced by Synergos that sources from English-language media spanning a monthly timeframe specified in the digest. The report covers the impact on workers during Covid-19, in garment, coffee, and tea industries, with a focus on digital wages, gender equity, and worker wellbeing across Bangladesh, Cambodia, Ethiopia, India, Indonesia, Pakistan, and Viet Nam. This month's research covers news sources from Aug 29 - Sep 28, 2020.

Macro Global Trends

- 1. Economy/jobs:** There have been signals of economic recovery in some countries, such as Bangladesh, where export earnings rose by almost 3% in August compared to the same time last year, after witnessing a sharp decline for the prior four months ([Dhaka Tribune](#)). However, even though work orders from international buyers are coming back, small and medium size enterprises are struggling to resume operations. In Cambodia, despite the continued challenges faced by the garment sector, the Asian Development Bank revised its estimates on the expected contraction of the economy from 5.4% to 4% ([Asia Nikkei, Ecotextile](#)). India's factory output grew for the first time in five months upon easing lockdown restrictions.
- 2. Labor Concerns:** There are concerns that the negative economic impacts of Covid-19, combined with fluctuating demand and falling prices for key export commodities, will make it more difficult to eliminate child and forced labor across Asian and African commodity supply chains. The closing of schools during the pandemic is another factor contributing to child labor as families struggle with poverty, bringing children out of school back into cheap labor ([New York Times](#)). In India, the government has introduced labor codes on social security, industrial relations and occupational safety that can threaten employee security. Once enacted, the codes will allow firms to fire workers, to close units, and reduce union presence in companies without government approval.
- 3. Gender Inequality:** In Bangladesh, various studies have revealed that women have been the hardest hit both economically and socially. According to a Bangladesh Mahila Parishad survey, 52% of women reported being in financial crisis and 67% are facing domestic violence during the pandemic ([Newage Bangladesh](#)). A new report by the ILO and UN Women revealed that 25% of Bangladesh garment worker respondents cited violence and harassment in the workplace as the main reason for leaving jobs ([Newage Bangladesh](#)). Globally, new data from UN Women and UNDP showed that the pandemic will push 47M more women and girls below the poverty line. Projections also show that women's employment is 19% more at risk than men and are less likely to be covered by social protection measures ([Newage Bangladesh](#)).
- 4. Unpaid Wages:** In Vietnam, hundreds of garment workers from went on strike, after receiving August wages which were 15-30% lower than usual due to a change with no warning to payment based on piece-rates rather than time-rates. In Cambodia, a study found that: 1 in every 4 workers reported receiving no salary in April, compared to 1 in every 25 workers in January; workers without a formal contract had lower wages than formal workers, and this gap has widened further between January and April; workers in the provinces generally reported larger reductions in salary than those in Phnom Penh ([VOD](#)).

5. **Worker Unrest:** Across in-focus countries, the standoff between workers/unions and employers has continued, with widespread protests. In Bangladesh, the situation has yet to improve with continued protests following the breakdown of negotiations at the Ministry of Labor. In India, unions have organized nationwide protests, attended by thousands of workers to demonstrate against three major labor law amendments that threaten employee job security and rights.

Bangladesh

Economy: Bangladesh's export earnings rose by almost 3% in August compared to the same time last year, after witnessing a sharp decline for four months ([Dhaka Tribune](#)). There is a glimmer of hope as work orders are reinstated; Rubana Huq, BGMEA president, said that 80% to 90% of the \$3.18 billion cancelled work orders have been reinstated ([The Daily Star](#)). Manufacturers made clear that although production has recovered, prices continue to be very low ([The Daily Star](#)). Even though work orders from international buyers are coming back, small garment factories are struggling to resume operations and are in dire need of financial support. According to BGMEA, about 300 small and medium garment factories were closed, causing a \$1 billion loss in the sector's annual export value and 50,000 workers lost jobs ([The Daily Star](#)).

Labor Concerns: The risk of modern slavery in Asian manufacturing hubs has surged and is set to worsen with the economic impact of Covid-19, increased labor rights violations and poor law enforcement. Countries such as Bangladesh, China, Myanmar, India, Cambodia, Vietnam and Indonesia are at increased risk of slave labor. Both India and Bangladesh dropped into the 'extreme risk' category of the Modern Slavery Index for the first time ([Reuters](#)).

Gender Inequality: Various studies have revealed that women have been the hardest hit both economically and socially. According to a Bangladesh Mahila Parishad survey, 52% of women reported being in financial crisis and 67% are facing domestic violence during the pandemic ([Newage Bangladesh](#)). A new report by the ILO and UN Women revealed that 25% of Bangladesh garment worker respondents cited violence and harassment in the workplace as the main reason for leaving jobs ([Newage Bangladesh](#)).

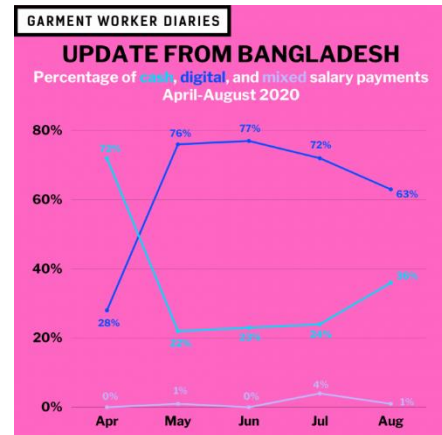
Unpaid wages: Terminated workers from Debenhams' Bangladesh office are demanding full wage payments and other monetary benefits totaling to around \$1 million in salaries after being fired illegally three months prior to the office closing notice. While Debenhams continues to take orders from garment factories in Bangladesh, it still owes a staggering \$66 million to its suppliers in the country ([The Daily Star](#)). Nine small and medium-sized garment factories in Bangladesh are currently struggling as Colloseum, a German retailer, is yet to pay them over \$150,000 worth of orders received before the Covid-19 crisis ([Global May Day](#)).

Worker Unrest: The standoff between workers and management from Dragon Sweater in Bangladesh has yet to improve with continued protests following the breakdown of negotiations at the Ministry of Labor. Workers are demanding their full wages and compensation after being allegedly illegally laid off. Worker representatives across the world have extended solidarity with the workers ([101, Newage Bangladesh, Global May Day](#)).

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Wage Assistance: Laid-off garment workers have been waiting three months to receive assistance from the €117 million fund from the European Union, which has experienced significant delays due to complications regarding the definition of "jobless workers" and determining the number of laid-off garment workers ([Apparel Resources](#), [Fibre2Fashion](#)). Despite garment exports showing signs of recovery, garment factory owners have asked for more time to repay the loans disbursed by the government ([bdnews](#)).

Digital Wages: In the early months of the pandemic, wage digitization spiked as a safer alternative to cash payments for workers receiving wage payments from employers even while they worked reduced hours or not at all. Government incentives also assisted in the digital payment boost as the government's Covid-19 support package for the garment sector required employers to pay their workers digitally to receive financial aid ([MasterCard Center for Inclusive Growth](#)). However, the month of August saw a dip of more than 10% compared to May in digital salary payments. It is unclear why digital payments have dipped; Microfinance Opportunities will continue to monitor this trend ([Garment Worker Diaries](#)). In a digital wages webinar that took place on September 28th, hosted by MasterCard Center for Inclusive Growth and BSR, an a2i representative speaking from the Bangladesh context noted the importance of product design and expanding the digital ecosystem for more use cases to increase incentives for sustained adoption of digital salary payments ([MasterCard News](#)).



Migrant Workers: The government is creating a database on the 111,000+ Bangladeshi migrant workers who are returning from abroad to provide proper assistance. Imran Ahmad, Expatriates' Welfare and Overseas Employment Minister, demanded that the Covid-19 test fee for returning migrant workers be fixed at Tk 100, the same as for nationals ([Dhaka Tribune](#)).

Tea: Despite tea production resuming, the demand for tea has decreased by about 67%, ultimately affecting the payment of salaries and allowances to tea garden workers, who are already paid a fraction of what is paid to garment workers ([The Daily Star](#), [Daily Industry](#)). Government assistance to the tea sector has varied. The Bangladesh's Joint Programme (JP) for Integrated Social Protection was designed to enhance social protection for female tea garden workers and their families in Sylhet Division, including policy advocacy to ensure Tea Garden Workers' health services and social protection ([Joint SDG Fund](#)).

Cambodia

Economy: Cambodia has found temporary relief in U.S. orders, which has resulted in a reduction in the domestic product order contraction projected by the Asian Development Bank, from 5.4% to 4% ([Asia Nikkei](#), [Ecotextile](#)). The export-oriented garment industry is still struggling, with only 35% of garment factories securing enough orders until the end of the year ([Asia Times](#)).

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Poverty: A new report on the impacts of Covid-19 workers found that forced closures and layoffs caused 100,000 workers to lose their jobs. Around 58% of the garment workers' experienced contract suspensions and ~13% of the garment workers' surveyed experienced layoffs ([Focus on Global South](#)). Many workers are experiencing worse conditions than before the pandemic and expressed that the \$2 minimum wage increase does not reflect workers' reality ([RFA.org](#)).

Jobs: According to the Ministry of Labor, 491 garment factories in Cambodia have suspended operations and 81 have permanently closed. These long-term and short-term suspensions, which took place from February to September, affected around 290,000 workers. 60,000 workers lost their jobs permanently or temporarily ([RFA.org](#), [VOD](#)). Despite continued job loss across the garment sector, a few new investments promise new jobs and demand for workers. A medical mask and glove factory in Krakor are set to open by the end of October and will generate at least 3,000 jobs for locals. ([KHMER Times](#)). MARVEL Garment Co. Ltd will start production in Phnom Penh Special Economic Zone in October and plans to recruit 5,000 workers ([KHMER Times](#)).

Labor Concerns: Unions have settled on a recommended minimum wage increase of around \$12, totaling \$203.35 per month ahead of three-party discussions with factory and government representatives that will determine the base salary for Cambodia's garment and footwear industry workers for 2021 ([CUMW](#), [KHMER Times](#)). Unions expressed that increasing garment workers' minimum wage was simply symbolic, as it remains under inflation ([Cambodianess](#)). Six unions boycotted a meeting with the Labor Ministry where they were to discuss the proposal to remove mandatory overtime rates for people working overnight and on holidays, which they already made clear in other meetings. The meetings took place without the unions ([VOD](#)).

Unpaid Wages: The Future Forum Asia and Angkor Research and Consulting found that wage workers in Cambodia experienced an approximate 30% drop in salary between January and April 2020. The study found that: 1 in every 4 workers reported receiving no salary in April, compared to 1 in every 25 workers in January; workers without a formal contract had lower wages than formal workers, and this gap has widened further between January and April; workers in the provinces generally reported larger reductions in salary than those in Phnom Penh ([VOD](#)).

Worker Unrest: Over 6,000 garment workers continue to protest, demanding the reinstatement of jobs, union leaders, benefits, and unpaid salaries as various factories continue to layoff workers without paying multiple months of salaries. Reported factories include Pactics (Cambodia) Co., Y&W Garments, Sepia Garment, Hung Wah Garment, and Violet Apparel ([Central Cambodia](#), [Camboja News](#), [Camboja News](#), [Twitter](#)). Mr. Julian Hill, Australian MP, has sent letter to Nike Australia about the Violet Factory case, to call on the brand to ensure that workers are paid ([CATU](#)).

Activists continue to demand the release of union leader Rong Chhun after his arrest in late July ([Camboja News](#)). According to Licadho, 19 activists, artists, and human rights defenders have been detained for exercising their constitutional rights since his arrest ([Camboja News](#), [Cambodianess](#)). The EU and United Nations High Commissioner for Human Rights has expressed concerns over the slew of arrests and the UN called upon the government to immediately release the activists detained on

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incitement charges and to end its intimidation of civil society organizations ([VOA, Camboja News, VOA Cambodia](#)). Cambodia denied the UN statement's claims in a reply ([Cambodianess](#)).

Wage Assistance: The Ministry of Economy and Finance has announced that the government has distributed \$78 million to vulnerable families who have been severely affected by the pandemic ([KHMER Times](#)). However, local authorities have warned that strict selection criteria regarding the government's aid program for vulnerable families is leaving many families, who urgently need relief, without sufficient aid (\$70 subsidy) ([KHMER Times](#)). The union requested the Ministry issue a letter ordering employers to reinstate laid off workers ([The Phnom Penh Post](#)).

Migrant Workers: Cambodian migrant workers in Thailand are facing difficulties amidst the pandemic due to lack of jobs, however, the situation seems more favorable than Cambodia though, as migrant workers from Cambodia continue to attempt to enter Thailand through informal routes. At least 100,000 migrant workers have returned to Cambodia from Thailand since March. The Cambodia government has urged migrant workers to farm, however, migrant workers pointed out that they would need government subsidies. ([VOD](#)).

Ethiopia

No relevant English reported media from 9/1-9/11 & 9/21-9/29

Economy: Jobs are picking back up in the garment and coffee sector in Ethiopia. In Hawassa, it's expected that 30,000 new jobs will be created through the first Ethiopian-owned Garment Park in Hawassa ([Capital Ethiopia](#)). Bench Maji Coffee Producers Cooperative Union announced that 16 new coffee washing plants would become operational soon; the union is working tirelessly to bring the coffee production up to international standards ([Ethiopian Herald](#)).

Labor Concerns (coffee): There are concerns that the negative economic impacts of Covid-19, combined with fluctuating demand and falling prices for key export commodities, will make it more difficult to eliminate child and forced labor in African commodity supply chains in the near term ([Verisk Maplecroft](#)).

India

Economy: India's factory output grew for the first time in five months with the easing of lockdown restrictions. Despite the promising numbers, analysts do not expect a quick turnaround in the economy, which contracted at its steepest pace on record last quarter ([The Daily Star](#)). Garment factories have started to reopen but are facing issues due to lack of funds and labor shortage. Experts estimate that India's economy will shrink by almost 10% during the current fiscal year ([Fibre2Fashion](#)).

Labor Concerns: India's government has introduced three labor codes on social security, industrial relations and occupational safety that can threaten employee security. Once enacted, the codes will

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give flexibility (without government approval) for firms to fire workers, to close units, and reduce trade union influence in companies, which will pave the way for state-level labor reforms ([LiveMint](#)).

Worker Unrest: Trade unions organized nationwide protests, attended by hundreds of thousands of workers to demonstrate against three major labor law amendments that threaten employee job security and rights (*see labor concerns*) ([Industrial](#), [The Daily Star](#), [Aljazeera](#)). Debt relief protests organized by All India Progressive Women's Association and All India Agricultural and Rural Labour Association are also taking place nationwide, demanding lockdown relief on loan installments, period interest, recovery periods, reduced MFI interest rate, and the halt of harassment against women. The demonstrations were heavily attended by women, migrant workers and rural workers, who demanded debt relief and jobs ([Twitter](#)).

Tea: Tea garden workers are facing unsanitary conditions in the gardens and are forced to work without the PPE, leaving workers at high risk of Covid-19. ([Global Voices](#)). A 2018 study conducted in Assam interviewing 60 workers found that violations of human rights are seen as common occurrence with Adivasi workers ([Online Library](#)). Government wage assistance is finally reaching tea gardens; the Assam government announced that it will deposit Rs 3,000 in the bank accounts of around eight lakh tea garden workers by Nov 15 ([News18 India](#)). After negotiations, the Puja bonus for the tea garden workers of the Hills was confirmed at 20% and will be disbursed in two installments ([Times of India](#), [Newsmove](#)).

Coffee: Tata Coffee focused this year on alleviating some of the social ills that beset coffee plantation workers. A major focus area has been the prevention of sexual harassment of women at the workplace ([National Herald of India](#)).

Migrant Workers: A new bill presented to Parliament aims to stipulate journey allowance for migrant workers and mandates that the Central and State governments maintain a database or record on migrant workers for establishments that had ten or more inter-state migrant workers employed of the last twelve months ([Tiny Letter](#)). Trains that aim to help migrant workers rejoin work in other states will start running from 12 September given that workers were unable to find jobs in their home states ([Times of India](#)).

Indonesia

Economy (garment): Covid-19 has severely affected Indonesia's textile and garment industry due to lower demand from global markets. The industry declined by 14% year on year in the second quarter of this year compared to last year's 21% growth rate ([Fibre2Fashion](#)).

Labor Concerns: Workers in Indonesia's industrial zones are at risk of Covid-19 infections in their workplace, as virus clusters have emerged in factories. These clusters have prompted calls for tighter government supervision and better compliance of health protocols from companies. The country's most populous province, West Java, has seen at least three big clusters with a total of 541 cases emerging in the last weeks of August. Jumisih, from Inter-Factory Labourers Federation (FBLP), called

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on the government to intervene to support workers who cannot continue to survive on reduced wages ([The Jakarta Post](#)).

Pakistan

No relevant English reported media from 9/1-9/6, 9/12-9/26.

Economy: Pakistan's garment sector is calling on the government's help as the industry continues to struggle from the impacts of Covid-19. Worker associations are urging government to reduce taxes, reduce energy costs and provide factories with targeted subsidy support. Many factories are still struggling as orders have not quite yet returned after the suspension or reduced purchases from many major buyers due to the pandemic's economic impacts ([Just Style](#)).

Labor Concerns: Pakistan Institute of Labour Education and Research (PILER) held a seminar on Occupational Safety and Health (OSH) on the occasion of 8th anniversary of Baldia Factory Fire incident yesterday at Karachi Press Club, where 260 workers lost their lives. Union leaders made clear that millions of workers in Pakistan are still not registered with any social security institution ([The International News](#)).

Viet Nam

Economy (garment): Vietnam's garment industry continues to suffer from an ongoing shortage of orders, only partly mitigated by the export of PPE. Manufacturers are hopeful that exports will pick up by next year due to the EU-Vietnam free trade agreement, which took effect in August ([Just Style](#)). According to the Ministry of Industry and Trade, Vietnam's textile and apparel sector has declined by over 12% from January until July, compared to the same period last year ([Fibre2Fashion](#)). Vietnam's textile and garment industry has called for greater cooperation with India, a partnership which will help contribute to the recovery of the garment sector in both countries ([Fashionating World](#)).

Jobs: The number of applications for unemployment benefits in Hanoi as of Sept 10 has risen 22% year-over-year to nearly 60,000 ([VN Express](#)). Two groups of garment factories have signed a multi-company collective bargaining agreement which aims to secure the jobs and improve the working conditions of nearly 5,000 garment workers in the country ([CNV International](#)).

Unpaid Wages: Hundreds of workers from Mai Lan Anh garment factory, located in Khanh Hoa province, went on strike, after receiving August wages which were 15-30% lower than usual. Workers explained the company announced that their August salary would be paid based on piece-rates, rather than time-rate with no warning of the change. Overtime payments have also been reduced. There are also other issues at the factory, such as not being given written contracts, social insurance not being paid, and forced overtime (if workers refuse they are either fired or locked in). Workers have also discovered that their social insurance contributions from their salaries have not been paid to the social insurance fund ([Tiny Letter](#)).

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Coffee: With increasing numbers of people working home during Covid-19, consumption of instant coffee is rising in Japan, with the trend resulting in Vietnam becoming the world's biggest producer of robusta and Japan's top supplier of coffee beans ([VN Explorer](#)).

Additional Recommended Reading

1. **Bangladesh:** MasterCard Center for Inclusive Growth, "[Scaling the Impact of Digital Financial Services: The Opportunity and Imperative during COVID-19](#)," Payal Dalal, Sep 25, 2020. Web.
2. **Cambodia:** VOD, "[Wages Fall Hard for Workers with Low Income, Education](#)," Danielle Keeton-Olsen, Sep 9, 2020. Web.
3. **Ethiopia:** Capitol Ethiopia, "[Ethiopian investors stitching money in the garment industry](#)," Sep 13, 2020. Web.
4. **India:** LiveMint, "[Amid Opposition's protests, govt introduces three labour codes in Lok Sabha](#)," Sep 19, 2020. Web.
5. **Global:** BSR HERProject, MasterCard Center for Inclusive Growth, "[Digitizing for Inclusion: Insights from Wage Digitization in the Garment Sector](#)," Sep 2020. PDF.

About the Digest

This digest is produced by the Advisory arm of [Synergos](#), which provides strategic counsel, research, and insights for socially minded organizations. If you would like to be added to the mailing list, please contact advisory@synergos.org. All information is public and can be forwarded.

This digest is commissioned by the Bill & Melinda Gates Foundation as a component of ongoing dialogue on the importance of wage digitization to accelerate financial inclusion and promote women's economic empowerment. You can learn more about responsible wage digitization by visiting: [BSR HERProject](#), [Better than Cash Alliance \(BtCA\)](#), and [Microfinance Opportunities \(MFO\)](#).



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