

# Impact of Covid-19 on Decent Work

## May Wage Digitization Digest-15<sup>th</sup> 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 and agricultural value chains, with a focus on digital wages, gender equity, and worker wellbeing across Bangladesh, Ethiopia, India, Indonesia, Kenya, Nigeria, Pakistan, Tanzania and Uganda. This month's research covers news sources from May 1 – May 31, 2021.

### Author's Note

This 15<sup>th</sup> edition of the digest on the Impact of Covid-19 on Decent Work will conclude the series of monthly digests. We are grateful to our readers and hope these digests have been useful in your work. When the digest series began in May 2020, we aimed to build a body of knowledge which would spotlight the impact of Covid-19 on workers' lives and livelihoods. The themes covered in the digest were guided by which topics emerged most prevalently in daily media coverage. To wrap up the final edition of the digest, we have selected several highlights to share back:

#### Global economic impact of Covid-19:

Within the first few months of the pandemic, there were signs of the catastrophic impact of Covid-19 on global economies. The World Bank estimated that the Covid-19 pandemic pushed an additional 88 million to 115 million people into extreme poverty in 2020 (1.4% of the global population), with the total rising to as many as 150 million by 2021 ([World Bank](#)).

Contractions across global economies and reduced demand from consumers in developed countries contributed to widespread job loss for workers. Workers were often left with unpaid wages and sudden unemployment with little notice or retribution. The ILO estimates working hours lost in 2020 were equivalent to 255 million full-time jobs, leading to \$3.7 trillion in lost labor income ([ILO](#)). Though the hardships of the pandemic were felt across households globally, poor communities and workers were disproportionately vulnerable to the impacts of Covid-19.

#### Impact on Covid-19 on supply chains:

Garment factories, particularly located in the South Asian in-focus countries, were hit early and were hit hard by the economic impact of the pandemic. Due to the reduced global demand, major brands were forced to put orders on hold, cancel orders, or delay orders, leading to factory closures. Even as there were signals of economic recovery when countries in the Global North began to reopen in August 2020, small and medium size enterprises were unable to resume their operations, and many garment factory workers remained unemployed or under-employed ([The Daily Star](#)).

Factory and business closures due to Covid-19 had a rippling effect on the agricultural sector. During 2020, there was a rise in employment in the agricultural sector across the African continent. In 2020, 16% of households transitioned into agriculture in Ethiopia, 6% of households in Nigeria, and 5% of households in Uganda ([Brookings, World Bank](#)). However, it is worth noting that globally, agriculture value chains also experienced severe hardships due to locusts, rapid-spreading diseases across crops and animals, and drought, exacerbated by climate change.

### **Labor violation concerns against workers:**

The rapid globalization of supply chains, while decent work and social protections struggled to catch up, left workers susceptible to these consequences. In some ways, 2020 expedited slow-moving discussions around labor rights, social protections, and gender equity, igniting more collective action across union leaders and collective bargaining power with governments. In other cases, workers continued to carry the burden, forced to work under unsafe conditions, receiving reduced wages (or no wages at all), and with limited access to wage assistance resources.

Now, in 2021, a new challenge has emerged. Consumer demand has increased in the Global North, where access to vaccines is commonplace and Covid-19 rates continue to steadily decline. We have seen early signals that some garment factories intend to remain open with limited Covid-19 precautions in place, potentially creating unsafe health conditions for workers. Workers are faced with the difficult choice: stay at home to protect their wellbeing yet risk starvation or to return to work and sacrifice their health to provide for their families.

### **Worker unrest and organized protests:**

In response to their increased vulnerability in the face of Covid-19, workers organized protests and demonstrations to demand better working conditions and owed wages. For example, in India, a joint action committee of trade unions staged protests in from July 2020 until early 2021 condemning the central government's new labor policies that threaten workers' rights ([The Times of India](#)). Similarly, in Cambodia and Indonesia, hundreds of thousands of protesters participated in heated demonstrations to prevent revisions to laws that would ultimately reduce wages and erode workers' rights ([New York Times](#)). In many countries, as the pandemic continued, worker unions became more organized and served as a stronger voice of workers to put pressure on governments and factories to uphold worker protections.

### **Gendered impact of Covid-19:**

In the garment sector, where women make up the majority of the labor force, women were disproportionately affected by firings and were denied access to essential benefits. In India and Bangladesh, there were instances reported where women with children were denied maternity leave, subjected to intense physical labor even when pregnant, and laid off due to factory daycare suspensions ([Newage Bangladesh](#)).

The gendered impact of Covid-19 on workers is one of the topics that was covered extensively at a global level, but with limited information on the specific impacts for each in-focus country. One of the global reports, the "Women, Business and the Law 2021," shows how women across most in-focus countries face barriers in pay and parenthood, hindering gender equity in economic opportunity. The report highlights eight gender equity indicators across 190 countries to gauge women's economic opportunity based on women's interactions with the law ([World Bank](#)).

### **Adoption of digital wages:**

Studies provided by the Garment Worker Diaries throughout the pandemic documented the adoption of digital wage payments by workers, including the early uptick in usage in Bangladesh. In

the Bangladeshi garment sector, in April 2020, 1 in 4 workers (28%) were paid digitally, compared to 3 in 4 workers who were paid digitally (77%) in May and June 2020 ([Garment Worker Diaries](#)). The Garment Worker Diaries studies also highlighted the need for gender-intentional training programs for women, who faced additional challenges in navigating digital barriers.

In the agricultural sector, there was a significant investment in the development of digital applications and payments to support farmer livelihoods and crop production across India, Indonesia, Kenya, and Uganda. These innovations aimed to provide better real-time information to farmers, purchasing transparency, and more secure payments. Furthermore, a World Bank report emphasized that high adoption rates of mobile money accounts is a key factor to increasing digital agricultural payments ([Times of India](#), [IPS](#), [World Bank](#), [Tech in Africa](#)).

### Looking forward to 2021 and beyond:

The most challenging chapter of catalyzing global economic recovery, while safeguarding workers' health, wellbeing, and right to decent work is yet to come. And we each have an active role to play to support workers facing the lasting impacts of Covid-19. To learn more about some of the ongoing efforts to support workers from the ILO, Better than Cash Alliance, BSR HERproject, and Microfinance Opportunities around decent work and wage digitization, visit our [landing page](#) and Executive Summary in our email.

## Major Stories

- 1. Tension remains around the Kenyan Tea Development Authority (KTDA) as the Kenyan government seeks to reform the KTDA's influence over the tea sector:** The 36 newly elected KTDA directors received a cold reception from factory management under the KTDA, coinciding with the vocal protest of the KTDA administration preceding the elections ([The Standard](#)). Meanwhile, the government reiterated its commitment to working with the new KTDA directors and reform the tea sector. A major goal is to reduce the presence of intermediaries. The Ministry of Agriculture stated to media that "tea does not belong to KTDA, it belongs to farmers." With new directors voted in, the government seeks to create greater transparency in the tea sector with a more inclusive priced setting process that maintains farmers' best interest. There have been allegations raised regarding price and auction manipulation in the KTDA; an investigation is ongoing ([Capital News](#)). However, the legality of police raids on KTDA offices under this investigation have been disputed by the court, which has restrained the attorney general from "invading... breaking into or remaining in the premises and places of operation" of KTDA Holdings, KTDA Management Services, and Chai Trading Limited ([The Star](#)).
- 2. The Nigerian government is reinvigorating interest in the cocoa value chain through a partnership with AFEX Exchange Limited and the Central Bank of Nigeria:** About 2,000 farmers in Osun state will benefit from a partnership with the government and AFEX Exchange Limited and the Central Bank of Nigeria for the 2021 Cocoa planting season. In an effort to increase cocoa production, the government will provide improved seedlings, access to credit facilities, and training on quality produce and maximizing profit. The goal is to encourage young farmers within the state and increase cocoa production in Nigeria with the hope raising to over 10,000 farmers in Osun state. AFEX already works with over 200,000 in 18 states ([Vanguard](#), [The Nation](#)).

3. **Palm oil is becoming a more popular agriculture value chain in Uganda as a joint government-private partnership demonstrates palm oil's potential in sustainable farmer income compared to coffee:** Originally launched in Kalangala, the government now wants to scale the project in other low-income communities around the Lake Victoria Basin. After a decade since the project began, around 1,850 smallholder growers now earn regular incomes from the sale of oil palm seed to OPUL, a joint venture between Kenya-based Bidco Oil and global palm oil behemoth Wilmar International, the government's private sector partner ([The East African](#)).
4. **The Bangladesh garment sector grappled to navigate wage payments, Eid bonuses, and Eid holidays amidst local lockdowns restricting factory capacity and travel:** 5 days before the government-set deadline of May 10 for factories to pay wages and Eid bonuses, Garment Sramik Karmachari Oikya Parishad (GSKOP), an alliance of 20 worker associations, alleged that over 30% of factories did not pay Eid bonuses while more than 75% are yet to disburse wages for the month of April. By May 11, the Bangladesh Workers Federation indicated that only about 200 factories had yet paid wages and allowances ([The Daily Star](#), [Dhaka Tribune](#), [The Daily Star](#)). The same day, the BGMEA reported that around 99% (1,882 factories) of member garment factories paid the festival allowance and 97.54% of factories paid workers' salaries ([The Daily Star](#), [Apparel Resources](#), [RMG Bangladesh](#)). This did not occur peacefully, media reported outbursts of garment worker protests across factories in the country demanding factory management to fulfill unpaid wages and the full amount for Eid bonuses. In addition, workers protested the 3-day government approved amount for Eid holidays. This was originally shortened by the government due to concerns that longer holidays and travels home would exacerbate the level of new Covid-19 cases. After multiple protests gone violent, many factories extended Eid holidays, at their discretion, to 5-10 days per worker demands ([Industrial](#), [Jagon News](#), [Bangla News](#), [Bangla News](#), [Dhaka Tribune](#), [The Daily Star](#), [Newage Bangladesh](#), [Dhaka Tribune](#)).
5. **After agriculture in rural areas were left relatively unscathed in 2020, India's current Covid-19 wave is creating new challenges for rural employment, especially for women:** While the first wave of Covid-19 largely impacted urban areas only, rural areas that account for 45% of the nation's income are now being impacted by this second wave ([The Telegraph](#)). This second wave is disproportionately impacting rural women employing, forming nearly 80% of job losses between March and April 2021. There are 6 million fewer farmers employed or contracted by farms and estates in April 2021 than in March 2021 ([Ms. Magazine](#)).
6. **Pakistan is facing a third wave of Covid-19 and textile industrialists prepared to slash 15-20% jobs after Eid, in the wake of a slowdown in production:** The estimated number of layoffs translates into millions, considering the industrial sector of the economy provides job opportunities to around 21% of the total labor force. Around 99% of textile processing industries in SITE industrial area (of Karachi) have halved their production time to 12 hours a day compared to 24 hours a day a few months ago ([The Express Tribune](#), [Global Village Space](#)). There are no clear media indicators on job loss actuals after Eid ended in mid-May.

# Country Deep Dives in Africa

## Ethiopia

Population (2019): 112.1M<sup>1</sup>

Employment in Agriculture (2013): 25.2M<sup>4</sup>

Labor Force (2020): 55M<sup>2</sup>

Employment in Garment (2019): 62,000<sup>5</sup>

Labor Force, % Female (2020): 46.5%<sup>3</sup>

Total Informal Employment: data unavailable

### Important note on limited news coverage:

The conflict throughout the Tigray region continues to dominate the news for Ethiopia ([DTNPF](#)). News coverage is being highly monitored by the Ethiopian government; reporters covering the conflict in Tigray have had their press credentials revoked and expelled from the country ([New York Times](#)).

**Agriculture:** As fighting continues in Ethiopia, food supplies dwindle. Many farmers also lack seeds and fertilizer ahead of planting season. The farming communities are struggling and can only afford two meals per day. The International Committee of the Red Cross (ICRC), in partnership with the Ethiopian Red Cross Society, is distributing seeds and two varieties of fertilizer to 16,000 families in central zone of Tigray Region." Additionally, an estimate one million displaced people are relying on host communities for support where resources are already limited, and many communities' food supplies are running low. Some communities are also being looted, compounding the problem ([Relief Web](#)).

## Kenya

Population (2019): 52.6M<sup>6</sup>

Employment in Agriculture: 12M<sup>9</sup>

Labor Force (2020): 24.7M<sup>7</sup>

Total Informal Employment: data unavailable

Labor Force, % Female (2020): 49%<sup>8</sup>

**Agricultural Economy:** A new study by the East African Business Council (EABC) with the support of the African Economic Research Consortium (AERC) and Bill and Melinda Gates Foundation recommends an increase of the Covid-19 Stimulus Package to the Agriculture Sector from 0.2% to 10% of the government stimulus total amount. Many of the previous Covid-19 restrictions have driven over 15 million agricultural households to poverty in East Africa. The number of food insecure

<sup>1</sup> World Bank Open Data, India. [Data.worldbank.org](https://data.worldbank.org)

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>5</sup> Improving Worker Wellbeing in Ethiopia's Garment Industry through the Model of Shared Responsibility, ILO Vision Zero Fund. 2020. [https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis\\_ababa/documents/publication/wcms\\_737627.pdf](https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis_ababa/documents/publication/wcms_737627.pdf)

<sup>6</sup> World Bank Open Data, Kenya. [data.worldbank.org](https://data.worldbank.org)

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> World Bank Open Data, Kenya. [Data.worldbank.org](https://data.worldbank.org)

\*Calculation based on ILO Employment in Agriculture (% of total employment), Employment to population ratio 15+, and total population 15-64.

people in East Africa has risen 13.5% to 65.1 million people in 2020. The pandemic also resulted in border closings which reduced agricultural imports and delayed international food assistance ([All Africa](#)).

- **Coffee:** Some of the coffee cooperative societies in the Nyeria, Embu, Murang'a, and Kirinyaga regions of Kenya are selling their produce directly to buyers instead of going through the Nairobi Coffee Exchange, also known as direct trade. This results in more money being paid directly to farmers, incentivizing them to increase production ([All Africa](#)).
- **Tea:** After the government raids of the Kenya Tea Development Agency Holdings (KTDA), the Kenyan court restrained the attorney general from "invading... breaking into or remaining in the premises and places of operation" of KTDA Holdings, KTDA Management Services, and Chai Trading Limited ([The Star](#)). 36 new KTDA directors were elected according to the government's set of reforms, however only two went to women. Factory senior managers were "unavailable" to welcome the new directors, interpreted as a cold reception coinciding with the vocal protest of the KTDA administration preceding the elections ([The Standard](#)). The government is committed to working with the new KTDA directors and reform the tea sector. Along with the new reform laws, they aim to reduce the presence of intermediaries aka "middlemen" from the supply chain. The Ministry of Agriculture reiterated that the government must work for the interest of farmers. "Tea does not belong to KTDA, it belongs to farmers." With new directors voted in, the government seeks to create greater transparency in the tea sector with a more inclusive priced setting process that maintains farmers' best interest. There have been allegations raised regarding price and auction manipulation in the KTDA; an investigation is ongoing ([Capital News](#)). A recent report shows that climate change is set to ravage tea production in Kenya. The country is likely to see the areas with optimal and medium tea-growing conditions shrink by about 25% and 40% respectively by 2050 ([Post Bulletin](#)). Tea prices at the Mombasa auction declined during the first week of May resulting in traders withdrawing 15% of the total tea for sale. The lower prices have been connected to increased volumes globally ([Business Daily](#)).

## Nigeria

Population (2019): 200.9M<sup>10</sup>

Employment in agriculture (2013): 22.1M<sup>13</sup>

Labor Force (2020): 61.4M<sup>11</sup>

Total Informal Employment: data unavailable

Labor Force, % Female (2020): 44.8%<sup>12</sup>

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<sup>10</sup> World Bank Open Data, Indonesia. [data.worldbank.org](https://data.worldbank.org)

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

**Agricultural Economy:** A mix of venture capital supported by unspecified crowd funding is helping farms like SGL Farms in Ogun State buy better machinery to increase production. Mechanization provides fast and efficient means for clearing and preparing land and crowd funding can help to source tractors, planters, sprayers, and more. The managing director at SGL Farms believes subsidized machinery through investment can embolden farmers to grow more types of food ([This Day](#)). The Nigerian government plans to pass the Plant Variety Protection (PVP) Bill, which will provide intellectual property protection to breeders and improve food security in Nigeria. The bill is currently awaiting Presidential assent. Protecting breeder rights protects the farmers and investors as well in an area where unpredictable government support, shifts in local and international markets, and weather leave smallholder farmers vulnerable ([All Africa](#)).

- **Cocoa:** Following higher rainfall, Nigeria's mid-crop cocoa output is expected to rise, boosting output for the 20/21 season to an estimated 320,000 tons. Nigeria is the world's 5th largest cocoa producer, but output had been expected to drop due to the pandemic. Demand for cocoa has been lower with many factories still carrying cocoa from 2019 ([Reuters](#)). About 2,000 farmers in Osun state will benefit from a partnership with the government and AFEX Exchange Limited and the Central Bank of Nigeria for the 2021 Cocoa planting season. In an effort to increase cocoa production, the government will provide improved seedlings, access to credit facilities, and training on quality produce and maximizing profit. The goal is to encourage young farmers within the state and increase cocoa production in Nigeria with the hope raising to over 10,000 farmers in Osun state. AFEX already works with over 200,000 in 18 states ([Vanguard, The Nation](#)).
- **Tea:** As of July 2020, Unilever announced that it plans to separate its global tea business. On May 14, Unilever Nigeria's Board of Directors approved the steps required to officially separate Unilever's tea business in Nigeria and transfer it to a newly incorporated tea company in Nigeria, New TeaCo. New TeaCo is held under a newly incorporated tea holding company called TeaCo Group to create a dedicated tea group within the Unilever Group ([Unilever](#)).

## Tanzania

Population (2019): 58M<sup>14</sup>

Employment in agriculture (2014): 14.4M<sup>17</sup>

Labor Force (2020): 28.1M<sup>15</sup>

Total Informal Employment (2014): 19.2M<sup>18</sup>

Labor Force, % Female (2020): 48.1%<sup>16</sup>

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<sup>14</sup> World Bank Open Data. [data.worldbank.org](https://data.worldbank.org)

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>18</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys. <https://ilostat.ilo.org/data/>

**Coffee:** On May 11, 2021, the government of Tanzania outlined five measures aimed at reviving coffee production in Kilimanjaro Region. Measures include recuperating the Kilimanjaro Cooperative Union (KNCU) and strengthening the Tanzania Coffee Research Institute (TaCRI). Government is also aiding farmers distribute seedlings and revive Coffee Processing Units owned by small scale farmers in the Hai District. These measures are being taken due to a decline in production. They've also promised a review of levies charged on coffee sales to increase farmer incomes ([The Citizen](#)).

**Public Health:** A special committee established by Tanzania's new president is recommending restrictions to combat the third wave of Covid-19 in the country. The committee also recommended the country join COVAX, a vaccine sharing initiative and that the country distribute health information and begin reporting cases again. The previous president stopped reporting cases and largely ignore WHO Covid-19 guidelines instead urging natural and spiritual remedies. Tanzania has already been hit by two major waves of the virus. While the committee does not recommend lockdowns due to the economic disruption for many citizens, they do recommend an education campaign on prevention ([CNN](#), [All Africa](#)).

## Uganda

**Population** (2019): 44.3M<sup>19</sup>

**Employment in agriculture** (2017): 4.2M<sup>22</sup>

**Labor Force** (2020): 17.4M<sup>20</sup>

**Total Informal Employment** (2017): 8.1M<sup>23</sup>

**Labor Force, % Female** (2020): 49.3%<sup>21</sup>

**Cocoa:** Cocoa farmers and experts, including the East African Business Council, in the Kasese District are demanding the establishment of an independent authority to oversee crop production. They believe this can improve both the quality and production of cocoa in Uganda. It is suggested that intermediaries take advantage of farmers' lack of knowledge in quality and that greater oversight of the value chain would benefit farmers. Additionally, streamlining the marketing process where farmers can directly sell their product in the market would benefit farmers. In addition to oversight, farmers recommend that the independent authority could also provide education on improving production quality and set fair prices for produce ([The Independent](#)).

**Palm Oil:** Originally launched in Kalangala, a government project is helping Uganda smallholders cultivate palm oil and gain direct market access Palm oil. After a decade since the project began, around 1,850 smallholder growers now earn regular incomes from the sale of oil palm seed to OPUL, a joint venture between Kenya-based Bidco Oil and global palm oil behemoth Wilmar International,

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<sup>19</sup> World Bank Open Data. [data.worldbank.org](https://data.worldbank.org)

<sup>20</sup>Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>23</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys. <https://ilostat.ilo.org/data/>



the government's private sector partner. The government is now seeking to scale the project in other low-income communities around the Lake Victoria Basin. National NGOs have voiced their concerns around scaling the cultivation of palm oil in the country. Some of their concerns include the need to protect local land ownership ([The East African](#)).

**Coffee:** Uganda's coffee exports in April 2021 jumped 49% from the same period last year as new, productive trees reached maturity and favorable weather helped drive up shipments, according to the state-run coffee regulator ([Market Screener](#)). Last year, Uganda still experienced a large increase in coffee exports, with June 2020 numbers showing an all-time high of 5.10 million 60 kg bags. Export earnings also increased \$85 million over the previous year (2019). Prior to this, the National Union of Coffee Agribusiness and Farm Enterprises states that coffee exports had been stagnant due to Coffee Wilt disease and exploitative middlemen. In the last few years, many farmers have created and joined advocacy groups. Some farmers now have relationships with buyers directly and are increasing their profits. The article suggests that Uganda could soon overtake Ethiopia as Africa's largest producer of coffee ([All Africa](#)).

**Public Health:** Uganda is experiencing a third wave of Covid-19, exacerbated by emerging variants. This comes after the government eased restrictions from a lockdown in April over the course of the month. Most businesses could operate with social distancing by May 26; gyms, bars, and salons were to remain closed through June 8. However, by the last few days of May, the government announced tighter enforcement of curfews and potential lockdowns. The government is utilizing TV broadcasting to highlight the initial impact of a third wave, but overall Ugandans seem uncertain about what mitigation plans are in place ([The East African](#)).

# Country Deep Dives in Asia

## Bangladesh

Population (2019): 163M<sup>24</sup>

Employment in Agriculture (2017): 24.7M<sup>27</sup>

Labor Force (2020): 71.2M<sup>25</sup>

Employment in Garment (2019): 4.2M<sup>28</sup>

Labor Force, Female (2020): 21.8M (30.6%)<sup>26</sup>

Total Informal Employment (2017): 57.6M<sup>29</sup>

**Garment Economy:** Export earnings rose six times year-on-year to hit \$3.13 billion in April 2021 thanks to the rebound of apparel shipment with the reopening of the US and European economies. Of the total earnings from the garment sector, some \$13.99 billion came from shipment of knitwear items, registering a 15.34% year-on-year positive growth, while earnings from woven shipment fell 2.71% year-on-year to \$12 billion. The demand for casual knitwear items continued to increase ([The Daily News](#)). The U.S. is Bangladesh's single largest export destination and is responsible for a large surge of queries for U.S.-bound work orders. Some of the leading exporters are reporting that they are full on orders up to July ([The Daily Star](#)). Meanwhile, the BGMEA is again proposing the government grants tax cuts for the apparel industry from the existing 0.5% to 0.25% for the next five years and not to deduct income tax against this source tax due to Covid-19 losses. It has also proposed that the apparel sector be allowed to repay their incentive loans through 30 installments in three years instead of 18 installments in two years. The recommendations included forming a special fund for the micro and medium enterprises to recoup their losses from the Covid-19 pandemic and thus restore their production ([Apparel Resources](#), [Dhaka Tribune](#)). Meanwhile, due to Covid-19 cases rising in Bangladesh, most RMG factories have yet to fully re-open. Some are going to open in phases and go into full scale operations by the week of May 24<sup>th</sup> ([Dhaka Tribune](#)). According to the new BGMEA president Faruque Hassan, who replaced Rubana Huq at the end of her term in April 2021, a full recovery in garment export may take place by October this year ([The Daily Star](#)). Faruque Hassan previously held the role of Managing Director of Giant Group, a Bangladesh based garment and textile conglomerate. Faruque Hassan outlined his top priorities in an interview with an overarching theme of addressing and minimizing Covid-19 impacts: Covid-19 economic recovery for factories, health and safety protocols in factories, availability of capital liquidity or funds for factories, and diversification of product categories ([Apparel Insider](#)). Rubana Huq was the first female BGMEA president elected in 2019 to the two-year position. During her tenure, she prioritized worker health and safety as well as women's economic empowerment, catalyzing wage digitization efforts in factories. She also helped the garment industry navigate the major impacts of Covid-19 in 2020, advocating for government stimulus packages that provided factories and garment workers with loans and wage assistance respectively.

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<sup>24</sup> World Bank Open Data, Bangladesh. [data.worldbank.org](https://data.worldbank.org)

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>28</sup> Asia-Pacific Garment and Footwear Sector Research Note, Issue 8, October 2017. ILO.

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_581466.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_581466.pdf)

<sup>29</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys. <https://ilostat.ilo.org/data/>

According to a study from the Centre for Policy Dialogue, 25% of garment factories that received loans from the taxpayer-backed stimulus package dismissed their workers in a breach of conditions. The factories had agreed that they would not lay off anybody while availing the stimulus fund. According to the study, 59% of workers who lost their jobs received only their salary without any severance, while 18% received nothing from their employers. Only a fifth of the unemployed workers received a some support from the government and NGOs. In the absence of unemployment insurance, cash and in-kind support helped the unemployed to survive ([The Daily Star](#)).

**Wages:** Ahead of Eid, the government demanded that factories pay worker wages and Eid bonuses by May 10. While some trade unions rejected this call, citing that wages must be paid within 7 days per law, many trade unions and worker associations decided to focus on ensuring that factories keep to this May 10 deadline. With 5-6 days left before Eid-ul Fitr, Garment Sramik Karmachari Oikya Parishad (GSKOP), alleged that over 30% of factories did not pay Eid bonuses while more than 75% are yet to disburse wages for the month of April, totaling to around 200 factories, even though only 5-6 days are left for Eid-ul Fitr. They also said that even though the workers kept apparel factories operational by risking their lives amid the Covid-19 pandemic, "intelligence reports" indicate many factories are unlikely to pay the wages and allowances before the Eid ([The Daily Star](#), [Dhaka Tribune](#), [The Daily Star](#)). Media reports that according to the BGMEA, around 99% (1,882 factories) of member garment factories have paid the festival allowance and 97.54% of factories have paid workers' salaries, as of May 11 ([The Daily Star](#), [Apparel Resources](#), [RMG Bangladesh](#)).

**Worker Unrest:** Garment workers from different factories erupted in protest ahead of Eid, demanding payment for unpaid wages, timely and full payment of Eid bonuses, and extended Eid holidays beyond the 3 days mandatory leave declared by the government for factory workers. This was originally shortened by the government due to concerns that longer holidays and travels home would exacerbate the level of new Covid-19 cases. There were also four media reports of protests due to sudden layoffs from four different factories across Bangladesh ([Jagon News](#), [Bangla News](#), [Bangla News](#), [Dhaka Tribune](#), [The Daily Star](#)). After the extended Eid holidays for garment workers were reduced to three days, the IndustriALL Bangladesh Council reached an agreement with the factory owners' association BGMEA to jointly call on employers to announce a minimum of five to ten days. When the Ha-meem group of factories announced just three days of holidays, a spontaneous protest erupted, resulting in 22 workers being injured ([Industrial](#)). After garment workers across key factory hubs demonstrated to extend the three-day Eid holidays, with some protests turning violent after police used force to disperse protesting workers, the government decreed that individual factories could extend Eid holidays at their discretion ([Newage Bangladesh](#), [Dhaka Tribune](#)). Another protest turned violent was a garment worker protest due to sudden lay-offs at the Radisson factory in Gazipur's Tongi on May 10. The Radisson factory in question laid off 21 workers during the Eid holidays and then after the protest, declared an indefinite lay-off ([BD News](#), [The Daily Star](#)).

**Government Aid:** Among the garment sector, 58% of the garment manufacturing firms received the stimulus package, whereas this rate is 40% for the textile and 30% for the leather industry. Mostly larger firms had greater access to the stimulus package ([Dateline](#)). According to the central bank, the

government provided a total of Tk5,000 crore (\$750M USD) as three months' salary-allowance for garment workers from the 2020 stimulus, which benefitted about 3.8M people ([Dhaka Tribune](#)).

**Tea:** The apex trade body of tea producers in Bangladesh have asked the government to continue providing wheat at a subsidized rate for tea workers. The tea industry is still suffering from Covid-19 impacts and workers are facing massive income loss and food insecurity. Cash flow and financial capacity of the tea industry have declined, making it difficult to pay wages and maintain jobs. More than 115,000 permanent workers and over 350,000 dependents (affiliated family members that are not employed by the gardens) live in tea garden areas ([The Financial Express](#)).

**Public Health:** The Bangladesh government extended the lockdown beyond May 16 till May 30 to curb infections from emerging Covid-19 variants in the region is likely to extend lockdowns in Bangladesh beyond 16 May ([Aninews](#)). The BGMEA has demanded the Bangladesh government prioritize garment workers for COVID-19 vaccinations, considering them front liners who have been doing their jobs amid the pandemic to protect the economy of the country ([Newage Bangladesh](#)).

## India

**Population** (2019): 1,366.4M<sup>30</sup>

**Employment in agriculture** (2018): 156.2M<sup>33</sup>

**Labor Force** (2020): 501M<sup>31</sup>

**Employment in garment** (2018): 12.9M<sup>34</sup>

**Labor Force, % Female** (2020): 19.9%<sup>32</sup>

**Total Informal Employment** (2018): 319.6M<sup>35</sup>

**Garment Economy:** India's GDP growth for projected for financial year 2022 will be 9.2%, with 10.2% still projected in April. This assumes that lockdowns would be rolled back in June ([Fibre2Fashion](#)). Throughout the month of May, some Indian states eased state restrictions while others continued to enforce lockdowns to decrease Covid-19 infections, creating an uneven experience for garment workers across the country. In Karnataka, the state government cleared factories to function ([Sourcing Journal](#)). Meanwhile, garment units in Tirupur in the state of Tamil Nadu were ordered to close from May 12 until May 24 due to an alarming rate of garment employees testing positive. The closure was then extended another week. The closure will impact the delivery schedules and may affect the reputation and future orders ([Times of India](#), [Hindustan Times](#)). Amidst state lockdowns in Uttar Pradesh, garment factories are left with 40-50% workers where they are able to remain open and report losing around 20% of their business to other countries such as Bangladesh, Sri Lanka, and Vietnam ([Nyoooz](#)).

**Job Loss:** This recent rise in Covid-19 cases and lockdowns across different Indian states has left many factories operating at half or less capacity, strapped for cash, and contemplating job cuts. Kalyanram,

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<sup>30</sup> World Bank Open Data, India. [data.worldbank.org](https://data.worldbank.org)

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>34</sup> Government of India, Ministry of Textiles. “Annual Report 2017-2018

<sup>35</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys. <https://ilostat.ilo.org/data/>

a jeans garments producer, claims that the pandemic has affected more than 35,000 workers in the district of Rayadurg and also jeans production, which declined by 50% ([The Hans India](#)). Micro, small and medium enterprise (MSME) manufacturers of the Indian domestic garment industry are once again faced with a massive challenge caused by the current wave of Covid-19, with 77% of manufacturers contemplating reducing their staff by more than 25%. Uncertainty is looming large for these manufacturers, as 72% of the respondents have seen more than 50% of their orders on hand being cancelled by their buyers. Those surveyed by the Clothing Manufacturers Association of India expect May to be worse than April for returns and do not expect recovery until next year ([BOF](#), [Fibre2Fashion](#)).

**Government Assistance:** The surging number of Covid-19 cases across the country is once again forcing migrant workers to go back to their hometowns. The Stranded Workers Action Network (SWAN) has urged the Union government to provide a wage compensation of Rs 7,000 (\$95.52 USD) for the next three months to all priority households and migrant workers to help them tide over the unfolding crisis ([The Wire](#)). While the national government has yet to employ another stimulus, state governments such as Karnataka state government announced a special package of Rs 1,250 crore (\$170,567 USD) to low-income individuals whose income has been affected due to the state-wide lockdown. Garment workers will be given Rs 2,000 (\$27.29 USD) in relief compensation, which will go directly into the bank accounts of the beneficiaries ([City Today](#)). The Tirupur Exporters Association (TEA) requested the Union Finance Minister Nirmala Sitharaman announce an economic stimulus package for MSMEs in the garment sector, who have been struggling to sustain business due to lockdowns ([DT Next](#)). After significant pressure, the national government began discussing another round of stimulus measures that could include direct benefit transfers and increased infrastructure spending. While the first wave of Covid-19 largely impacted urban areas only, rural areas that account for 45% of the nation's income are now being impacted by this second wave ([The Telegraph](#)). However, no new stimulus disbursement has been made as of May 30 from the national government.

**Migrant Workers:** A survey conducted by the Stranded Workers Action Network reports that 81% of migrant workers who were interviewed said their work has stopped because of local lockdowns. The workers reported that they have not had work for 19 days on average. 68% of the workers interviewed said they have received either full or partial wages for the last month, and only 18% had received any money from their employer after work stopped. These are similar problems that migrant workers faced in the 2020 lockdown ([Scroll.In](#), [The Indian Express](#)).

**Labor Rights & Concerns:** Many garment workers are falling sick due to inadequate safety measures inside factories. A study by All India Central Council of Trade Unions (AICCTU) in Bengaluru found that most workplaces fail to provide adequate safety measures including masks and sanitizers, and since most workers don't have access to regular testing or adequate access to health care, the majority of them are vulnerable to being infected. Meanwhile, migrant workers' who are unfamiliar with local languages face hurdles in accessing medical and health services ([Indian Express](#)). Another study conducted in Tamil Nadu found similar circumstances with lack of social distancing norms in factories garment works lacking access to health care and efficient medical infrastructure. Workers reported

that companies did little to create any awareness around what to do if workers had Covid-19 symptoms ([Delhi Post](#)).

**Workers Unrest:** Farmer protests that began in November 2020 are still ongoing despite Cyclone Tauktae and the rising Covid-19 cases. Farmers report that they will protest until the agricultural reforms are repealed. Protest sites are setting up their own health facilities to help keep the situation under control and have requested vaccines from the government but were met "with silence" ([DW](#)). Tens of thousands of farmers are living in tents outside of New Delhi and have called for a mass day of protest on May 26. However, the government has tried to dissuade the farmers out of fear that the protests could become "superspreaders." ([CNN, Al Jazeera](#)). Farmers union, Samyukta Kisan Morcha (SKM) wrote a letter to Prime Minister Modi asking to resume talks between the govt and protestors. The last talk was in January. The letter also warns of "further intensification" and the next phase of their struggle if they do not receive a constructive and positive response by May 25 in addressing their demands to repeal the agricultural reform laws ([The Times of India](#)).

**Gender Equity:** The first lockdowns last year had a severe impact on India's labor market and particularly its vast informal workforce. Job losses were more severe in states with high infection rates and women faced a more severe situation. The Center for Sustainable Employment at Azim Premji University found in a report that only 19% of women remained employed during lockdown and 47% suffered permanent job loss ([Counterview](#)). Furthermore, while the agriculture sector was able to cushion the blow of the pandemic's first wave, this second wave is disproportionately impacting rural women employing, forming nearly 80% of job losses between March and April 2021. There are 6 million fewer farmers employed or contracted by farms and estates in April 2021 than in March 2021 ([Ms. Magazine](#)).

**Tea:** India along with other tea producing countries are facing many problems due to climate change. A recent report by Christian Aid shows that the Assam region, the single largest tea growing region in the world, is vulnerable. Nearly 90% of plantation managers and 97% of smallholders say that challenging climate conditions are a threat to tea production ([Weather.com](#)).

## Indonesia

Population (2019): 270.6M<sup>36</sup>

Employment in Agriculture (2018): 37.2M<sup>39</sup>

Labor Force (2020): 136.7M<sup>37</sup>

Employment in Garment (2016): 2.24M<sup>40</sup>

Labor Force, % Female (2020): 39.3%<sup>38</sup>

Total Informal Employment (2019): 104.6M<sup>41</sup>

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<sup>36</sup> World Bank Open Data, Indonesia. [data.worldbank.org](https://data.worldbank.org)

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>40</sup> Asia-Pacific Garment and Footwear Sector Research Note, Issue 8, October 2017. ILO. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_581466.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_581466.pdf)

<sup>41</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys. <https://ilostat.ilo.org/data/>

**Garment Economy:** The garment industry is a critical one for the Indonesian economy because this industry ranks among the country's biggest foreign exchange earners (thanks to strong exports), while also providing jobs to more than 3.7 million Indonesians. However, the Covid-19 pandemic has resulted in 65% of garment workers being furloughed/sent home temporarily. It is unclear how many have been reinstated as orders return. Additionally, a lack of new investment in the industry makes it difficult for Indonesia to compete within the industry, particularly with China ([Indonesia-Investments](#)).

**Palm Oil:** Indonesian lawmakers appear outraged at a scheme within the Omnibus law they already passed that grants amnesty to palm oil plantations operating illegally inside forest areas. The amnesty scheme gives the operators a grace period of three years to apply for the proper paperwork, including a redesignation of the forest they are illegally occupying to a non-forest designation. The lawmakers, who overwhelmingly approved the law last November despite near-universal criticism, have called the scheme "whitewashing" and "eco-terrorism." One even expressed his own regret at not being a "forest thief" had he only known how lucrative it would be ([Mongabay](#)). Buying interest for palm oil has decreased as buyers are watching for a potential cut to the export levy that Indonesia charges to subsidize its national bio-diesel program ([S&P Global](#)).

**Labor Rights & Concerns:** The new Omnibus Law on Job Creation passed in controversy, leading some to feel it may not be as successful as the government says. Overall, the government states that the law seeks to keep worker protections in place while changing the labor code to boost Indonesia's international competitiveness. The bill will cut severance payments by roughly half, an unpopular measure sure the public. Government claims that this is in line with other countries in the region. This bill will also change the rules governing the minimum wage increase. Future minimum wage increases will be based on either local inflation or economic growth (whichever is higher). Foreign Direct Investment (FDI) reform laws were cut substantially ([East Asia Forum](#)).

## Pakistan

Population (2019): 216.6M<sup>42</sup>

Employment in agriculture (2018): 22.4M<sup>45</sup>

Labor Force (2020): 75.9M<sup>43</sup>

Employment in garment (2015): 2.27M<sup>46</sup>

Labor Force, % Female (2020): 20.5%<sup>44</sup>

Total Informal Employment (2018): 48.9M<sup>47</sup>

**Garment Economy:** Textile exports grew from \$10.41 billion last year to \$11.35 billion (July20-Mar21). Some experts state this growth is deceptive since last year's fiscal year was impacted by Covid-19 and orders that typically would have gone to other countries pushed to Pakistan, as a result of rising COVID-19 rates and concerns about their fulfillment capability ([Daily Times](#)). However, as Pakistan is

<sup>42</sup> World Bank Open Data, Pakistan. [data.worldbank.org](https://data.worldbank.org)

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys. <https://ilostat.ilo.org/data/>

<sup>46</sup> Asia-Pacific Garment and Footwear Sector Research Note, Issue 8, October 2017. ILO.

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---travail/documents/publication/wcms\\_581466.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_581466.pdf)

<sup>47</sup> ILOSTAT – Informal employment by sex and economic activity (thousands) from Labor Force Surveys.

<https://ilostat.ilo.org/data/>

facing a third wave of Covid-19 in April and May 2021, industrialists are now considering slashing 15-20% jobs after Eid, in the wake of a slowdown in industrial production this past month. Around 99% of textile processing industries in SITE industrial area (of Karachi) have halved their production time to 12 hours a day compared to 24 hours a day a few months ago ([The Express Tribune](#), [Global Village Space](#)). There are no clear media indicators on job loss actuals after Eid ended in May.

**Cotton:** The cotton market remained very low as of Friday April 30 (reported May 1), due to fear in the garment industry over increasing lockdowns. According to Pakistan's Central Cotton Committee, the government is considering supporting cotton prices to aid farmers during this historical cotton price low. Additionally, Pakistan's Cotton Ginners Forum will hold awareness seminars for farmers regarding increased crop production ([Business Recorder](#)). The cotton market remained sluggish at the beginning of May for several factors: Dollar depreciation, dwindling yarn demand, and the 2nd pandemic wave which saw many ginneries closing their operation ([The News](#)). The cotton trading market remained low ahead of Eid in the first week of May. The federal government has waived customs duties on import of cotton yarn under most circumstances and this waiver will remain in effect until the end of June ([Business Recorder](#)).

**Public Health:** Pakistan's third wave of Covid-19 brought the total death toll as of May 23 to 20,308 and the cases at 903,599 ([Daily Pakistan](#)). On Saturday, May 8<sup>th</sup>, the Pakistan government instituted a 9-day lockdown ahead of Eid. While mosques will remain open, hotels, restaurants, markets, and parks, mass transport, and borders were closed ([Aljazeera](#), [VOA](#)). After May 17, Pakistan eased restrictions as less than 100 deaths per day had been recorded May 14 – 17. Offices and businesses reopened while following Covid-19 guidelines, but tourism activities were still banned until further notice. Public transport opened at 50% capacity ([World Asia](#)). On May 22 and 23, Lahore, Islamabad, and several other major cities instituted a two-day lockdown due to cases rising again in these provinces ([Dunya News](#)). Media coverage does not clarify if these lockdowns required garment and textile factories to be closed.



## Additional Recommended Reading

1. Mr. Duncan Kayiira, "[Impact of Covid-19 on Agriculture and Food Security in the EAC](#)," East African Business Council, April 26, 2021. Pdf.
2. Dr. Khondaker Golam Moazzem, "[Corporate Accountability of the RMG Sector in view of COVID Pandemic: Challenges in Ensuring Workers' Well-being](#)," Centre for Policy Dialogue, May 8, 2021. Pdf.
3. "[Migrant Workers Stranded Yet Again](#)," Stranded Workers Action Network, May 5, 2021. Pdf.
4. "[Impact of the 2<sup>nd</sup> Wave of the Covid-19 Pandemic on Workers in Bengaluru](#)," All India Central Council of Trade Unions, May 2021. 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](mailto: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: [ILO Global Centre on Digital Wages for Decent Work](#), [BSR HERProject](#), [Better than Cash Alliance \(BtCA\)](#), and [Microfinance Opportunities \(MFO\)](#).



### Appendix: Country Data Sources

Population, Labor Force, Labor Force (% Female): World Bank Open Data

Labor Force definition per World Bank: Labor force comprises people ages 15 and older who supply labor for the production of goods and services during a specified period. It includes people who are currently employed and people who are unemployed but seeking work as well as first-time job seekers. Not everyone who works is included, however. Unpaid workers, family workers, and students are often omitted, and some countries do not count members of the armed forces. Labor force size tends to vary during the year as seasonal workers enter and leave.

Employment in garment: mixed. See footnotes.

Employment in agriculture: ILO Employment in Agriculture (%); ILOSTAT – Employment by sex and economic activity (thousands) from Labor Force Surveys and Household Surveys

Total Informal Employment: ILOSTAT – informal employment by sex and economic activity (thousands) from Labor Force Surveys

