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Towards a sustainable market exchange
for Industrial Relations (IR) Training in Myanmar:

Findings of a feasibility study for an IR training mechanism



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ILO Country office for Myanmar
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Towards a sustainable market exchange for Industrial Relations (IR) Training in Myanmar: Findings of a feasibility study for an IR training mechanism

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Foreword

Strong industrial relations frameworks, policies and systems are essential to any country, including Myanmar, desirous to realize inclusive and sustainable socio-economic development. Many of the ILO core foundational documents, including the organization's constitution, the ILO Declaration on Fundamental Rights and Principles at Work, the ILO Declaration on Social Justice for a Fair Globalization and more recently the ILO Centenary Declaration for the Future of Work, highlight the importance of establishing, through the continuous and informed engagement of government, workers and employers' organizations representatives, industrial relations systems aiming for decent work, social justice and overall peace.

Over the past few years, Myanmar has engaged in a monumental transition, turning the page on sixty years of military governance to embrace the ideals of democracy, including industrial democracy and formally recognizing the contributing role that workers and employers' organizations can make to this new landscape. The ability of the ILO constituents to live up to what is expected from them in building an inclusive new Myanmar requires them to have the knowledge and skills to engage constructively.

Many donors and international organizations, including the ILO, have responded positively to this emerging demand for knowledge and capacity building. Significant investments have been made toward ensuring that the ILO tripartite constituents increasingly develop their abilities to build an industrial relations model aligned with the society they want going forward.

Currently, capacity development support from the ILO and others in the field of industrial relations training, generally focuses on ad hoc and direct support, where international experts are invited to deliver relatively short training courses for representatives from employers, workers and government officials. This training modality raises a number of questions in terms of quality, adaptability to the Myanmar context and overall sustainability.

In an earlier internal mapping exercise of the capacity building efforts made so far to support the transition Myanmar is going through, it was suggested that the ILO explores how it could better deliver training to achieve maximum reach of recipients and look into how training could be scaled up to gradually address the long term needs of the ILO constituent. With this in mind, the ILO recruited the services of its International Training Center (ITC-ILO) to first assess the local demand for and supply of industrial relations training and then propose scenarios for the long term and sustainable development of industrial relations training mechanism responsive to the ILO constituents' needs.

The promotion of sound and sustainable industrial relations is a priority of the Myanmar Decent Work Country Programme (DWCP). The ILO Myanmar Office has identified the development of a sustainable industrial relations training mechanism as one of the means of action to deliver this agenda. The ILO hopes that the conclusions of this assessment will contribute to the dialogue that the Myanmar government, the workers and employers organizations may want to have in designing industrial relations training models needed to sustain the dream millions of women and men have for decent work and a peaceful and inclusive country.

Donglin Li
Liaison Officer
ILO Yangon

Preface

Strong and efficient labour market governance structures are recognized as a precondition for sustainable socio-economic development. Sound industrial relations are an important building block of these labour market governance structures. The promotion of sound industrial relations is a priority of the Decent Work Country Programme (DWCP) for Myanmar, and the ILO Myanmar Office has identified the development of a sustainable market exchange for industrial relations training as one of the means of action to deliver this agenda. Currently, capacity development support from the ILO in the field of industrial relations training focuses on direct support, where the ILO - including the International Training Centre of the ILO (ITCILO) - deliver training courses for representatives from the local ILO constituency on strategies and tools for effective social dialogue and industrial relations. In the mid-term, the intention is to shift emphasis towards institutional capacity development support where ITCILO could advise local constituents on a mechanism to source high quality industrial relations training locally. Eventually, this market exchange for industrial relations training should self-maintain (sustain) itself independently from the ILO.

We would like to thank the many Myanmar constituents and stakeholders that have accepted our invitation to share their views on the best way to sustain the development of Myanmar industrial relations training services. Their expertise and suggestions have provided the canvass upon which the ITCILO has drawn the present report which we hope will guide further dialogue on this important topic.

We would also like to thank the staff of the ILO Improving labour relations for decent work and sustainable development in the Myanmar garment industry (ILO-GIP) first for initiating the study and then for their guidance and assistance throughout the project. In particular, we are grateful to Ms Catherine Vaillancourt-Laflamme, chief technical advisor, Ms Aye Thet Oo, national project coordinator for their technical expertise; Ms Thit Thit Su Mon, administration and finance assistant for the coordination of the many interviewees; as well as Mr Zaw Nain Htun for his interpretation and translation services.

Andreas Klemmer
Director of Training and leader of the research assignment
ITCILO

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Executive summary

The purpose of this scoping study was to assess the demand for and supply with industrial relations training in the Garment sector of Myanmar, in order to determine institutional mechanisms in support of a sustainable local market exchange. The study has three chapters: Chapter 1 lays out the analytical framework of the assessment; chapter 2 presents the market research findings and chapter 3 outlines two scenarios for potentially sustainable institutional mechanisms for industrial relations training in the Myanmar Garment sector.

Chapter 1: Analytical framework

In the context of this study, the term industrial relations refers to individual and collective relations between workers and employers at work and arising from the work situation, as well as the relations between representatives of workers and employers and industry and national levels, and their interaction with the State. Such relations encompass legal, economic, sociological and physiological aspects, and include the following issues: recruiting, hiring, placement, wages, overtime, bonus, profit sharing, education, health, safety, sanitation, recreation, housing, working hours, rest, vacation and benefits for unemployment, sickness, accidents, maternity, old age and disability. Industrial relations training is defined as learning activities on topics linked to industrial relations, delivered both face-to-face or via distance. The **market for industrial relations training** is thought to cover all stakeholders directly involved in the exchange of industrial relations training services, in the case of this study with focus on the Garment sector. Five principal stakeholder groups are distinguished: (1) Buyers: Any organization or individual procuring industrial relations training for their own use; (2) Providers: Institutions or individuals that deliver industrial relations training; (3) Facilitators: Organizations that broker the service transaction between buyers and providers; (4) Regulators: Government entities or industry self-regulatory bodies tasked with setting the rules of the game within which market transactions take place; and (5) Development partners: Any organization or individual sponsoring industrial relations training on behalf of buyers, facilitators or regulators.

The constellations linking the stakeholder groups above in a given market vary in line with the market development stage. Four stages are distinguished for the purpose of this study: (1) Nascent market: Low level of competitions among service providers and low number of transactions; weak regulators, weak (or no) facilitators and a very strong influence of development partners; (2) Emerging market: Fast growing number of service transaction and increasing level of competition due to market entry of new service providers, growing weight of regulators and facilitators and strong influence of development partners; (3) Markets in process of consolidation: Growing number of service transactions and strong competition among service providers, strong weight of facilitators and regulators and receding influence of development partners, and (4) Mature market: Stable number of service transactions and stable competition, strong weight of facilitators and regulators, low influence of development partners. The market for industrial relations training in the Myanmar Garment sector is classified as emergent.

In the context of this feasibility study, the term sustainability is defined as “endurance over time”, implying a system state rather than a final outcome. A sustainable industrial relations training mechanism, in this understanding is an institutional arrangement that manages to maintain (i.e. sustain) a market exchange for industrial relations training over time. Three dimensions are distinguished in the following

that are thought to determine sustainable performance of an industrial relations training mechanism: (1) a technical performance dimension that relates to the capacity of the mechanism to contribute to the increase performance of a critical mass of market stakeholders; (2) a financial performance dimension that relates to the capacity of the mechanism to generate revenue streams that allow it to recoup investment costs and recover operational costs; and (3) a governance performance dimension that relates to the capacity of the mechanism to operate according to standards deemed acceptable by market stakeholders. The three sustainability dimensions are separate but interlinked and mutually re-enforcing, i.e. in each dimension specific actions must take place to ensure dynamic balance while being mindful of circular cause-effect relationships playing out across dimensions.

In a nutshell, a sustainable industrial relations training mechanism in Myanmar would need to be able to offer a critical mass of beneficiaries with access to quality services (technical sustainability), while at the same time generating revenues that at least equal service delivery costs (financial sustainability) and while meeting with standards of good governance thought acceptable by local constituents (governance/institutional sustainability). Based on the market research findings, this study proposes two scenarios for a training mechanism that potentially conform with the sustainability criteria; see chapter 3 below for more information.

Chapter 2: The market for industrial relations training in the Myanmar Garment sector

The market research findings imply that the market for industrial relations training in the Myanmar Garment sector is emerging, with increasing demand for training services and a fast expansion and differentiation of the supplier base. The regulatory framework governing service transactions is still weak, though, the roles of providers and facilitators can overlap and development partners are instrumental to stimulate and maintain a market exchange.

Demand side

Customer segments

On the demand side of the market for industrial relations training in the Garment sector, the buyers of industrial relations training are the Garment factories. The total number of Garment sector enterprises including small-scale businesses producing for the domestic market is not known, but as of September 2018 the number of Garment factories associated with Myanmar Garment Manufacturers' Association (MGMA) stood at 518, covering the overwhelming majority of all enterprises producing for export – the main takers of industrial relations training at this stage of the market development process (see below). The majority of these export-oriented garment factories are concentrated in the Yangon region; another garment cluster mainly producing for the domestic market is located in the Mandalay region.

The sector has grown fast in recent years on the back of foreign investment foreign direct investment. As a direct result, the number of employees has increased from 95,000 workers in 2013 to at least 350,000 workers in 2017. The sector is considered strategic by the Government of Myanmar and has strong further growth potential.

The facilitators of industrial relations training comprise two principal customer segments, namely Employers' organizations and Workers' organizations. With regards to Employers organizations, the Myanmar Garment Manufacturers' Association (MGMA) is the main voice of organized local business in the Garment sector. MGMA members include Myanmar-owned and foreign-owned manufacturers as well as few other entities. MGMA represents the interests of Garment producers in the national umbrella body of organized business, the Myanmar Federation of Chambers of Commerce and Industry (UMFCCI). Next to MGMA, there are some other smaller business associations operating in the Garment sector that represent the interests of sub-groups of foreign investors, notably the Chinese Textile & Garment Association and the Korean Garment Association. At local level, there is at least one operative township garment employers' organization that is not affiliated to MGMA.

With regards to Workers organizations, no official statistics about the unionization rate in the Garment sector exists, but estimates put the share of Garment factories with basic labour organizations at 25 per cent and the ratio of unionized workers in the Garment sector workforce at around 8-10 per cent. At the national level, the Confederation of Trade Unions of Myanmar (CTUM) is officially recognized as the only trade union confederation in Myanmar. In 2016, CTUM had 8 federations with 783 factory unions as members, representing roughly 70,000 workers, including Garment workers. Not all union federations with outreach in the Garment sector are members of CTUM; important other federations are the Industrial Workers Federation of Myanmar (IWFM) and the Myanmar Industries Craft and Services Unions Federation (MICS).

The main **regulator** of industrial relations training market in Myanmar is the Ministry of Labour, Immigration and Population. Some regulatory functions are also exercised by other Ministries. With regards to the Ministry of Labour, Immigration and Population (MOLIP), three departments are of direct relevance for defining the policy, legal and regulatory environment governing industrial relations in the country, namely the Department of Labour; the Department of Labour Relations; and the Factory and General Labour Laws Inspection Department. At the regional and local/township level, these departments are represented through 78 labour offices. With regards to other Ministries, the Ministry of Public Finance, the Ministry of Industry, the Ministry of Education and the Ministry of Agriculture, Livestock and Irrigation are other Ministries with some regulatory functions. No self-regulatory body for industrial relations training exists in the Garment sector.

In the group of **development partners**, a further distinction is drawn in the report between technical cooperation agencies and funding agencies. With regards to technical cooperation agencies, a number of specialized multi-bilateral development cooperation agencies and international consultancy companies implement large capacity development projects with financial support from funding agencies. Smaller-scale initiatives and individual activities are implemented by international trade union alliances and national trade union federations with global outreach, political foundations, international human rights organizations, multi-stakeholder initiatives, and local NGO. Some international NGOs (INGO) have established their own offices in Myanmar and in few cases, they directly intervene as providers in the market exchange for industrial relations training. With regards to funding agencies, the main donor countries in the field of Industrial Relations are European countries, the United States and Japan – a part mirror of the overseas markets for Garments made in Myanmar; sometimes these countries finance the work of the technical cooperation partners, and sometimes they intervene with stand-alone grant schemes to finance local buyers. Other relevant Government players are Embassies of countries with investment interests in Myanmar. Multinational enterprises with business interests in Myanmar are another important sponsor for industrial training in the country.

Thematic priorities for industrial relations training

Generally speaking, the field of industrial relations does not rank among the top concern of managers of Garment factories who seem to often prioritize solving other impediments like lack of technical skills of the workforce and poor production support infrastructure. Nevertheless, when asked to specify priority topics within the field of industrial relations, the following themes were frequently referenced during the consultations: General awareness training about industrial relations; dispute settlement; remuneration; hours of work; right to organize; and employment conditions. Other topics frequently cited in the literature on Myanmar with the topic of industrial relations but not necessarily associated by stakeholders during the interviews with industrial relations are the promotion of gender equality and non-discrimination, the combat against child labour, and OSH.

Preferred training methods

All stakeholder across the customer universe of the market for industrial relations training in the Myanmar Garment sector agreed that training should be short and modular and be delivered in easily digestible volumes and preferably at the workplace to minimize disruptions to the daily work. Training should be material-based, with focus on compendia of case studies of good practice and practical guidelines and less emphasis on textbooks. There was some interest in online learning formats and in accessing digital learning media, including video testimonials or self-guided distance learning modules but stakeholders cautioned about power cuts, unreliable internet access and lack of IT equipment as possible training impediments.

There was again universal agreement among the stakeholders consulted during the research that training should be delivered in local language (whether online or face-to-face), particularly where interventions at factory level and at township levels are concerned. Where necessary, foreign expertise might be called in with interpretation services. Stakeholders also shared a strong sense that training should be at least co-delivered by local resource persons and that these local experts should have hands-on experience in the application of industrial relation approaches. It might therefore be considered to draw on local labour officials and former members of Arbitration Bodies, Township Conciliation Bodies and Workplace Coordination Committees as industrial relations consultants.

Willingness to pay

The findings of the market research imply that buyers, facilitators and regulators rely strongly on free or fully subsidized training, in the first instance delivered through in-house staff and in the second instance delivered through third parties sponsored by development partners. Less than one out of four Garment factories spend money on employee training, and only in very few cases invest in industrial relations training. For development partners, the picture is different. Where development partners procure industrial relations training on behalf of local buyers, facilitators or regulators, they pay market rates.

Reliance on service subsidies

The lack of priority attached to industrial relations training combined with the strong price sensitivity of buyers, facilitators and regulators already imply that the market exchange for industrial relations training strongly relies on transaction subsidies from development partners. This constellation is typical for emergent markets and means that is often more rational for local suppliers to market their

services to development partners rather than selling them on the open market. In Myanmar, this constellation is furthermore at least partly explained by general perception – including among many development partners – that industrial relations training has the quality of a public good and should be provided for free or at least at highly subsidized rates.

Supply side

Supplier spectrum

For the purpose of this supply side analysis, the supply side of the market is segmented into three groups: Governmental and quasi-governmental suppliers; commercial suppliers NGO operating without profit interest; and commercial suppliers. Another group of suppliers outside the market are technical cooperation projects directly supplying industrial relations training.

With regards to governmental and quasi-governmental organizations, no Government entity or quasi-governmental agency has specialized in industrial relations training. Also, none of the higher education institutions offers a dedicated diploma or certificate on industrial relations. One of the Government institutions organizing and sometimes also delivering ad hoc training on industrial relations is MOLIP. Some universities teach aspects of industrial relations in their academic courses.

With regards to NGO, numerous entities registered as not for profit entities deliver industrial relations training. In the case of membership-based organizations like MGMA, MICS and CTUM, the outreach of these training activities is usually limited to associated structures and training is delivered either through in-house trainers or through part-time resource persons from within the institutional network. In the case of local and international NGO's, training activities are usually ad hoc subject to funding from development partners, and often delivered with involvement of external resource persons. None of these organizations is specialized in industrial relations training. As already indicated above, some INGOs have established their own offices/local affiliates in Myanmar that intervene with industrial relations training courses. A number of NGO focused on higher education offer diploma and certificate courses in business strategy and business operations like human resource development. Some of these courses cover elements of the industrial relations syllabus. Some Embassies offer information for investors on Myanmar Labour Law.

With regard to commercial suppliers, the spectrum of commercial suppliers offering business development services in Myanmar is highly heterogeneous. The research carried out as part of this scoping study did not reveal any private sector entity specialized in industrial relations training for the Garment sector but many companies seem to offer training covering selected industrial relations topics. A large number of commercial training providers offer business management training that sometime includes industrial relations content. A number of consultancy companies have specialized in the provision of human resource management training including for the Garment sector. Several local companies, some of them in joint ventures with international businesses, offer legal advisory services, including on local labour law and labour disputes. A larger number of suppliers offer training on building safety and occupational safety and health training. Some foreign direct investors organize human resource management training courses for foreign supervisors deployed to their foreign-owned managed Garment factories; some of these induction courses could include sessions on industrial relations and local labour law.

Sometimes technical cooperation projects implemented under commission from development partners directly intervene as “substitute” suppliers of industrial relations training in the market exchange. For example, the SMART Myanmar project has set up a so-called SMART Management Systems Lab training series and the ILO-GIP project has established a Myanmar Industrial Relations Training Laboratory (MIR-Lab).

Delivery capacity

The current market outreach of training suppliers is limited. The overwhelming majority of commercial suppliers and not-for profit non-governmental organizations is located in the Greater Yangon area. Public sector agencies are more widely spread throughout the country but township level delivery capacity is curtailed by budget constraints and limited staff. Commercial suppliers and not-for profit non-governmental organizations emphasize on the group of export-oriented factories in the Garment sector, as a direct result of the focus of development partners and international buyers on this customer segment. By direct comparison, Garment factories producing for the domestic markets remain under-served.

The vast majority of the organizations offering industrial relations training rely non-expert staff trained as part-time trainers. Another common practice is to commission retired judges, active and former labour ministry officials and active or former members of Workplace Coordination Committees and Township Conciliation Bodies as resource persons-cum-trainers without proper induction in the use of learning methodologies and –technologies. This strong reliance on part-time trainers with limited experience raises quality concerns.

The level of service differentiation is limited, partly explained by the fact that there is no widely accepted definition of the term industrial relations, and no agreement about the building blocks of an industrial relations curriculum. None of the training suppliers assessed as part of this survey has specialized in industrial relations training, and many organizations – particularly government agencies but also NGO – rely on in-house staff with expertise in other fields broadly related to industrial relations like HR, OSH and legal services, trained as part-time trainers in industrial relations.

Subject to the availability of transaction subsidies from development partners, particularly commercial providers but also many NGO resort to foreign expertise to deliver training on industrial relations topics. Local experts are often considered biased in favour of one of the tripartite constituents, or their expertise is less trusted due to the lack of access to academic training on industrial relations during authoritarian rule.

There is no quality assurance framework in place to regulate service standards in the local market for industrial relations training, with the possible exception for training on OSH and selected legal services where credible international accreditation schemes are in place. The lack of standards for industrial relations training and, more in particular, the absence of an industry leader setting a benchmark for service quality in industrial relations topics like social dialogue, dispute settlement or wage negotiations techniques, lowers the barriers to market entry and stimulates price competition, but at the same time undermines trust among buyers and raises the bar for both financial and technical sustainability of the market exchange.

Chapter 3: Scenarios for a sustainable institutional mechanism to improve access to industrial relations training in Myanmar

Two scenarios for a potentially sustainable institutional mechanism in support of industrial relations training in Myanmar have been developed for further review and discussion. The first scenario assumes a strong role for the private sector and third sector while the second scenario relies more strongly on Government intervention. Both scenarios are designed along the performance vectors for a sustainable training mechanism outlined in chapter 1 and build on the market research findings discussed in the second chapter. Both scenarios are inspired by models that have proven to work in other countries in the region and worldwide.

Scenario I: A national association of industrial relations training providers

The first scenario evolves around the concept of a national network of organizations offering training in industrial relations topics. The network will be institutionalized through an entity registered as Association. The mandate of the Association is to promote awareness about industrial relations in Myanmar and to facilitate access for social partners and Government to affordable quality industrial relations training.

Governance dimension

The Association will be managed by a full-time director supported by one full-time general service staff. The staff of the Association will be based in a secretariat incubated for a period of at least 12 months by the ILO-GIP project and from year 2 onwards hosted by a local institution considered bipartisan by both social partners and Government, and also accepted as neutral by associated industrial relations training providers.

The Association will be governed by an advisory council. The advisory council will have a “tripartite+” composition, with representation from the social partners, Government and local NGOs. The council will be chaired by MOLIP. It might be considered to invite selected development partners with a mandate to promote sound industrial relations (like the ILO, the EU delegation, the Embassies of Japan, Sweden and the United Kingdom) as observers without voting rights to the Council.

Technical dimension

The direct target group of the Association are its member organizations, namely industrial relations training providers from the public sector, the private sector and the third sector. The intended or ultimate beneficiaries of the Association reached via its members are initially the eight customer segments in the market for industrial relations training in the Garment sector described in chapter 2, but eventually also market stakeholders in other sectors of the economy.

The Association will offer its members the following services:

- **Advocacy:** the Association will organize awareness-raising events about International Labour Standards, Myanmar labour law and the building blocks of an industrial relations system, these events will be physically delivered through members of the Association.
- **Product development:** The Association will broker access for associated members to industrial relations training product development support, including product research, product design and testing, joint training delivery and training monitoring and evaluation.

- **Trainer development:** The Association will broker access for associated members to training of trainers programmes convened by international training service providers worldwide and in Myanmar.
- **Marketing support:** The Association will brand industrial relations training on behalf of Association members and promote it to the ultimate training beneficiaries through targeted outreach campaigns.

Another core task of the Association will be the assurance of quality in the training services offered by its members. To this end, the Association will facilitate dialogue among service providers on a set of core standards for industrial relations training. Pending the willingness of associated members to subscribe to these standards, the Association will issue training certificates and might explore compliance audits on behalf of its membership. The Association will furthermore build a monitoring system to report training outreach and outcomes of associated members and, where applicable, also commission external evaluations of training impact with support from development partners.

Financial dimension

Based on first estimates, the Association will require about 10,000 USD to meet its establishment costs, and 65,000 USD in year 1 and 70,000 USD in year 2 to meet its fixed running costs, after deducting variable costs passed on the service providers. These costs will be recovered through once-off registration fees for association members, fixed/assessed contributions from ILO, voluntary contributions from development partners and service fees. It might furthermore be considered to establish a trust fund for the Association that generates income from interest on the fixed deposit.

Second scenario: An industrial relations training institute

The second scenario evolves around the concept of a training institute conceived as a centre of excellence for industrial relations training in Myanmar. The legal entity will be registered as a quasi-independent government organization linked to MOLIP.

Governance dimension

The Institute will be managed by a director nominated by MOLIP and approved by the Board. The director will be supported by a deputy director for administration and a deputy director for training. The deputy director for administration will manage the internal support services of the Institute, initially leading a team of three professional staff and three support staff to facilitate tasks linked to HR/ADMIN/FINANCE, quality assurance and Information & Communication Technology. The deputy director for training will manage the learning faculty of the Institute, comprising of four trainers and four support staff divided in two teams in charge of industrial relations trainer development and industrial relations training respectively.

The Institute will be hosted in a Government building and, through the host, will be able to draw on training rooms and accommodation and catering facilities for participants. The host of the Institute will be determined in consultation with MoLIP.

The Institute will be governed by an advisory council. The advisory council will have a “tripartite+” composition, with representation from the social partners and Government identified through the National Tripartite Dialogue Forum (NTDF). The council will be chaired by MoLIP. It might be considered to invite selected development partners with a mandate to promote sound industrial relations.

Technical dimension

The Institute has two target groups, namely (1) other industrial relations training providers seeking trainer development and institutional capacity development services, and (2) organizations or individuals seeking training on industrial relations topics:

With regard to the first target group of the Institute, the following services will be offered:

- **Advocacy:** the Institute will organize and deliver awareness raising events about International Labour Standards, Myanmar labour law and the building blocks of an industrial relations system.
- **Trainer development:** the Institute will develop and bring to market training of industrial relations trainers courses tailored to the needs of local training institutions.

With regard to the second target group, the Institute will offer training in industrial relations topics:

- **Training in industrial relations topics:** in partnership with local and - where applicable - international training providers, the Institute will develop selected industrial relations flagship training products, customized to the wants of the customers described in chapter 2.1. and with thematic focus on the priority themes identified in chapter 2.2.

An important task of the Institute will be to set an industry benchmark for industrial relations training. To this end, the Institute will seek international partnerships for its trainer development activities and to co-deliver these capacity development services in consortium with global industry leaders. Furthermore, the Institute will seek to accredit its industrial relations flagship products with local and where applicable international accreditation authorities, thus aligning its services with global industry standards.

In the same vein, the Institute will build an in-house quality assurance function in order to define an internal quality management system with several control points, including selection of participants, needs assessments prior to training, new knowledge acquisition tests at the end of training, and verification of new knowledge application rates after training. The findings of the monitoring and evaluation efforts will be documented in annual reports on training outreach and -impact.

Financial dimension

The establishment costs of the Institute are roughly estimated to amount to 20,000 USD. The fixed running costs of the entity are estimated at 300,000 USD per year for the first two years in operation. The Institute will rely on fixed contributions from ILO, fixed contributions from development partners, voluntary contributions from development partners and service fees to recover its running costs. As in scenario 1, it might optionally considered to establish a trust fund for the institute fed with pledges from development partners and that generates income from interest on the fixed deposit.

Cross-comparison of the two scenarios

The cross comparison of the two scenarios implies that the second scenario carries somewhat lower potential than the first scenario, mainly due to elevated sustainability risks in the financial dimension. This finding should not lead to the conclusion that an Association has higher sustainability potential than an Industrial Relations Institute, though. Both scenarios are potentially viable, provided that appropriate risk mitigation measures are taken but, for the second scenario to succeed, Government must take the lead and commit financially to the institution.

Next steps

In a next step, market stakeholders need to determine whether there is political will and financial commitment to accelerate the pace of development of the market for industrial relations training in Myanmar through the establishment of either a training institute or a training association. Stakeholders might alternatively decide to explore alternative institutional constructs or to rely on market forces for development. If a decision is taken to go for either scenario 1 or 2, the step after the next step is to commission a strategic plan and a draft Programme and Budget for the future mechanism, and to embark on consultations with future stakeholders of the entity in order to build ownership from the outset. It will furthermore be necessary to solicit firm commitments from Government and development partners to underwrite the assessed contributions required to establish either entity. Provided these conditions are addressed, a new mechanism could be established within a calendar year.

About the International training Center of the ILO

The ITCILO has the mandate and delivery capacity to carry out the proposed assignment. It is a global leader in the facilitation of institutional capacity-development services for ILO constituents and other ILO stakeholders to promote Decent Work worldwide for women and men. The promotion of good labour market governance is a thematic priority of the ITCILO service portfolio, and industrial relations training is one of its areas of expertise. The ITCILO can readily draw on a range of training products tailored to address the needs of industrial relations practitioners including global academies held in Turin, face-to-face training courses delivered in the field, and distance learning courses offered through an electronic campus.

The ILO in Myanmar

The International Labour Organization (ILO) is a specialized United Nations agency that aims to promote decent work. This includes opportunities for work that are productive and deliver a fair income; security in the workplace and social protection on for families; better prospects for personal development and social integration; freedom for people to express their concerns, organize and participate in the decisions that affect their lives; and equality of opportunity and treatment for all women and men. With its unique tripartite composition, the ILO is well placed to assist governments, workers and employers' organizations to address challenges related to sustainable development through sound industrial relations at the enterprise, industry and national levels. The ILO has an ongoing engagement with its tripartite constituents in Myanmar on the basis of an agreed Decent Work Country Programme and has been working to build the capacity of workers' and employers' organizations in Myanmar.

Disclaimer

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Abbreviations

ACT	Action, Collaboration Transformation
AFFM	Agriculture and Farmers Federation of Myanmar
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
ALR	Action Labour Right
BIF	Business Innovation Facility
BSCI	Business Social Compliance Initiative
BSR	Business for Social Responsibility
CESD	Centre for Economic and Social Development
CMP	Cut, Make, Pack (method of production)
CNTA	China National Textiles and Apparel Council
CTUM	Confederation of Trade Unions of Myanmar
DFID	Department for International Development
DLR	Department of Labour Relations
DOL	Department of Labour
DWCP	Decent Work Country Programme
ETI	Ethical Trade Initiative
EU	European Union
FES	Friedrich Ebert Foundation
FGLLD	Factories and General Labour Law Department
FOB	Freight On Board
FWF	Fair Wear Foundation
GEA	Gender Equality Assessment
GIZ	Gesellschaft für Internationale Zusammenarbeit
HR	Human Resources
IOE	International Organization of Employers
ILO	International Labour Organization
ILO-GIP	ILO Garment Industry Project
ILO-SCORE	Sustaining Competitiveness through Responsible Enterprises
ITCILO	International Training Centre of the International Labour Organization
ITUC	International Trade Union Confederation
IWFM	Industrial Workers Federation of Myanmar
MICS	Myanmar Industries, Crafts and Services
MGMA	Myanmar Garments Manufacturers Association
MOALIP	Ministry of Agriculture, Livestock and Irrigation
MOC	Ministry of Commerce
MOE	Ministry of Education
MOI	Ministry of Industry
MOLIP	Ministry of Labour, Immigration and Population
MIRI	Myanmar Industrial Relations Institute
NGO	Non-Governmental Organization
NDTF	National Tripartite Dialogue Forum
OECD	Organization for Economic Cooperation
OSH	Occupational Safety and Health
SMART	SMEs for environmental Accountability, Responsibility and Transparency
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry

CHAPTER 1

Description of the assignment





1. Description of the assignment

Introduction

This chapter outlines the objectives, target groups and analytical framework of the assignment.

1.1. Objectives of the assignment

The purpose of this scoping study is to assess the demand for and supply with industrial relations training in the Garment sector of Myanmar, in order to determine institutional mechanisms in support of a sustainable local market exchange. The study has three chapters: Chapter 1 lays out the analytical framework of the assessment; chapter 2 presents the market research findings and chapter 3 outlines two scenarios for potentially sustainable institutional mechanisms for industrial relations training in the Myanmar Garment sector.

1.2. Target group

The direct beneficiary of the feasibility study is the Working Committee on Industrial Relations and Social Dialogue of the National Tripartite Dialogue Forum. The intended or ultimate beneficiaries are representatives of ILO constituents and other ILO stakeholders in Myanmar mandated with the facilitation of social dialogue and industrial relations in the Garment sector and other sectors of the economy.

1.3. Analytical framework

1.3.1. Definition of the term industrial relations

Industrial relations is a function of labour administration. The general framework for labour administration is provided by Convention No. 150 which, together with Recommendation No. 158, defines the role, functions and organization of national systems of labour administration. Convention No. 150 defines the term “labour administration” as public administration activities in the field of national labour policy. It further defines “system of labour administration” to mean all public administration bodies responsible for and/or engaged in labour administration (Article 1), including ministerial departments and public agencies which have been set up by national laws and regulations to deal with labour matters, and the institutional framework for the coordination of their respective activities and for consultation with and participation by employers and workers and their respective organizations in the formulation and development of labour policy.

Convention No. 150 identifies certain functions that systems of labour administration must carry out regarding labour protection, employment, industrial relations and services for the social partners. In carrying out these functions, the competent bodies shall participate in the stages of preparation, administration, coordination, checking and review of national labour policy (Article 6, paragraph 1). Recommendation No. 158 lays down more detailed provisions in the areas of labour standards, labour

relations, employment and research in labour matters, which could be taken into account by member States in formulating policy.

In 1997, the ILO Committee of Experts on the Application of Conventions and Recommendations noted that the list of functions enumerated in the Convention is not exhaustive. In addition to those indicated above, the General Survey of 1997 identified other principal labour administration functions, which are widely practised in many member States. These cover areas such as Occupational Safety and Health (OSH), social security, minimum wage fixing machinery and human resource development. The principle of tripartism is also enshrined in the Convention. Accordingly, the various functions of labour administration should be carried out in a spirit of consultation, cooperation and negotiation with the social partners.

More specifically, industrial relations refers to “individual and collective relations between workers and employers at work and arising from the work situation, as well as the relations between representatives of workers and employers and industry and national levels, and their interaction with the State. Such relations encompass legal, economic, sociological and physiological aspects, and include the following issues: recruiting, hiring, placement, wages, overtime, bonus, profit sharing, education, health, safety, sanitation, recreation, housing, working hours, rest, vacation and benefits for unemployment, sickness, accidents, maternity, old age and disability”.¹

1.3.2. *Demarcation of the market boundaries for industrial relations training*

For the purpose of this study, training is understood in the following to comprise of learning activities involving a trainer and at least one learner, and delivered face to face or via distance. Training activities can involve both the training of trainees and training of trainers, and they might relate to training in technical content as well as the training in training delivery including training methodology and training technology. **Industrial relations training** is defined as training in topics linked industrial relations as per definition provided in chapter 1.3.1.

The **market for industrial relations training** covers all stakeholders directly involved in the exchange of industrial relations training services, in the case of this study with *focus on the Garment sector*. Five principal stakeholder groups are distinguished below:

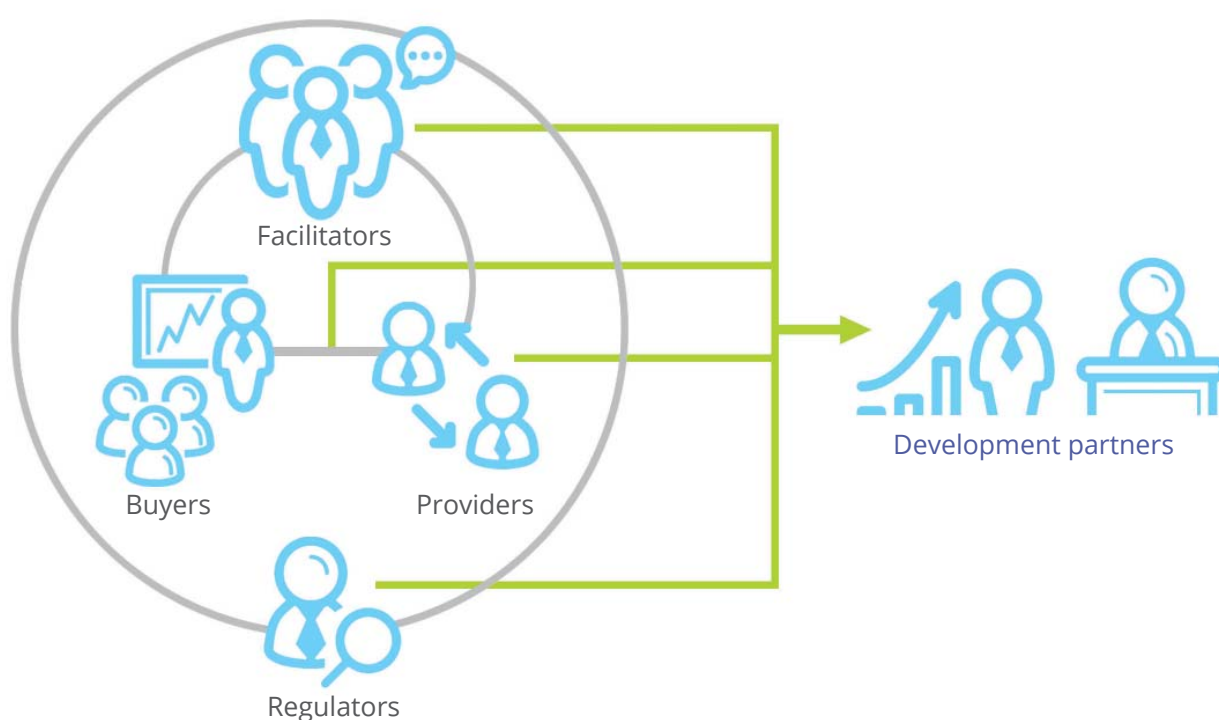
1. **Buyers:** Any organization or individual procuring industrial relations training. Examples for buyers of industrial relations training are factories procuring training for members for workplace coordination committee members. Sometimes, the procurement process involves transaction subsidies from a third party, called in the following development partner; refer below for more information on the role of development partners.
2. **Providers:** Institutions or individuals that deliver industrial relations; examples for training service providers are consultancy companies or quasi-governmental industrial relations training institutes;
3. **Facilitators:** Organizations that broker the service transaction between buyers and providers; examples for facilitators are (con)federations of employers and workers that broker access for their membership to industrial relations training.

¹ ILO/ITCLO 2017: International Labour Law Handbook, p.186

4. **Regulators:** Government entities tasked with setting the policy, legal and regulatory environment within which market transactions take place; examples for regulators are the Ministry of Labour, Immigration and Population (MoLIP).
5. **Development partners:** Sometimes, technical and financial support from development partners external to the market exchange is required to stimulate the market exchange. Examples for development partners are multi-bilateral donor agencies that have a mandate to promote Decent Work and Social Justice.

The interrelationships between the five stakeholder groups to the market exchange are illustrated below.

Figure 1. The parties to the market exchange for industrial relations training²



The constellations linking the stakeholder groups above in a given local context vary in line with the market development stage. Four stages are distinguished for the purpose of this study:

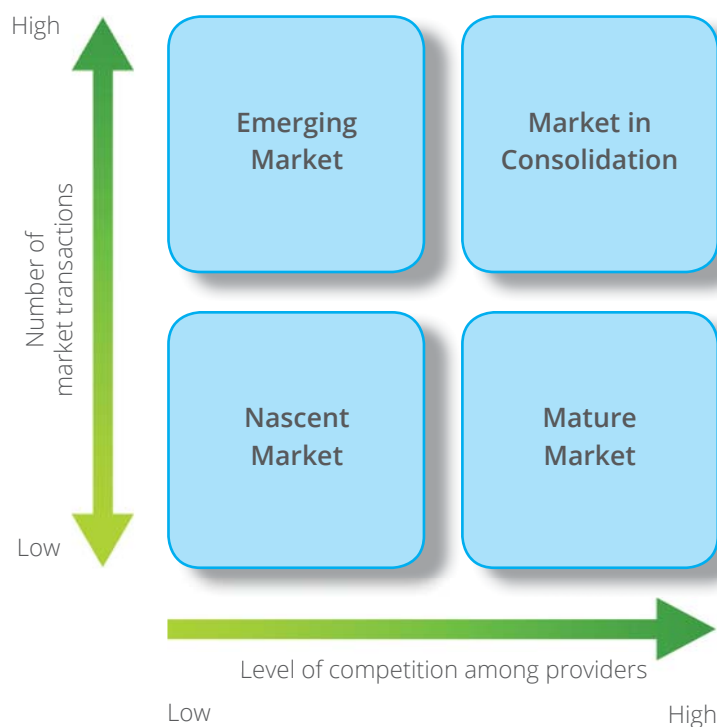
- **Nascent market:** Low level of competitions among service providers and low number of transactions; weak regulators, weak (or no) facilitators and a very strong influence of development partners;
- **Emerging market:** Fast growing number of service transaction and increasing level of competition due to market entry of new service providers, growing weight of regulators and facilitators and strong influence of development partners;

² Development partner are depicted as parties outside the boundaries of the market place, since they are technically speaking not part of the market exchange - even though in practice they are often material to its sustainability.

- **Markets in process of consolidation:** Growing number of service transactions and strong competition among service providers (sometimes involving a shakeout), strong weight of facilitators and regulators and receding influence of development partners;
- **Mature market:** Stable number of service transactions and stable competition, strong weight of facilitators and regulators, low influence of development partners.³

The typology of industrial relations training markets is illustrated on the next page. Refer to chapter 2 for more information about the quadrant in which the Myanmar Garment sector is currently positioned.

Figure 2. Typology of industrial relations training markets



1.3.3. The meaning of a sustainable industrial relations training mechanism in the context of this study

In the context of this feasibility study, the term sustainability is defined as ‘endurance over time’, implying a system state rather than a final outcome. A sustainable industrial relations training mechanism, in this understanding is an institutional set-up that manages to maintain (i.e. sustain) a market exchange for industrial relations training over time.

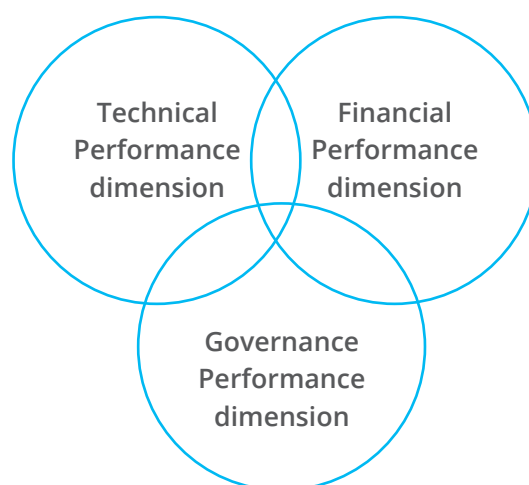
³ Notably, different market development stages can co-exist in different industries and/or different geographical zones. For example, rural markets for industrial relations training might be classified as nascent while the urban market next to it might be emerging, and the market for industrial relations training in the manufacturing sector might be mature while it is only emerging in retail and trade. Also, the market development process should not be assumed to be linear but might involve loops where development processes are at least temporarily reversed due to shocks.

Three dimensions are distinguished in the following that are thought to determine sustainable performance of an industrial relations training mechanism:

- **Technical performance dimension:** The technical performance dimension relates to the capacity of the mechanism to contribute to the increase performance of a critical mass of market stakeholders;
- **Financial performance dimension:** The financial performance dimension relates to the capacity of the mechanism to generate the revenue required to recoup investment costs and recover its operational costs;
- **Governance performance dimension:** The Governance performance dimension relates to the capacity of the mechanism to operate according to standards deemed acceptable by market stakeholders.

As illustrated in the graph below, the three sustainability dimensions are separate but interlinked and mutually re-enforcing, i.e. in each dimension specific actions must take place to ensure dynamic balance while being mindful of circular cause-effect relationships playing out across dimensions.

Figure 3. The three performance dimensions of a sustainable industrial relations training mechanism



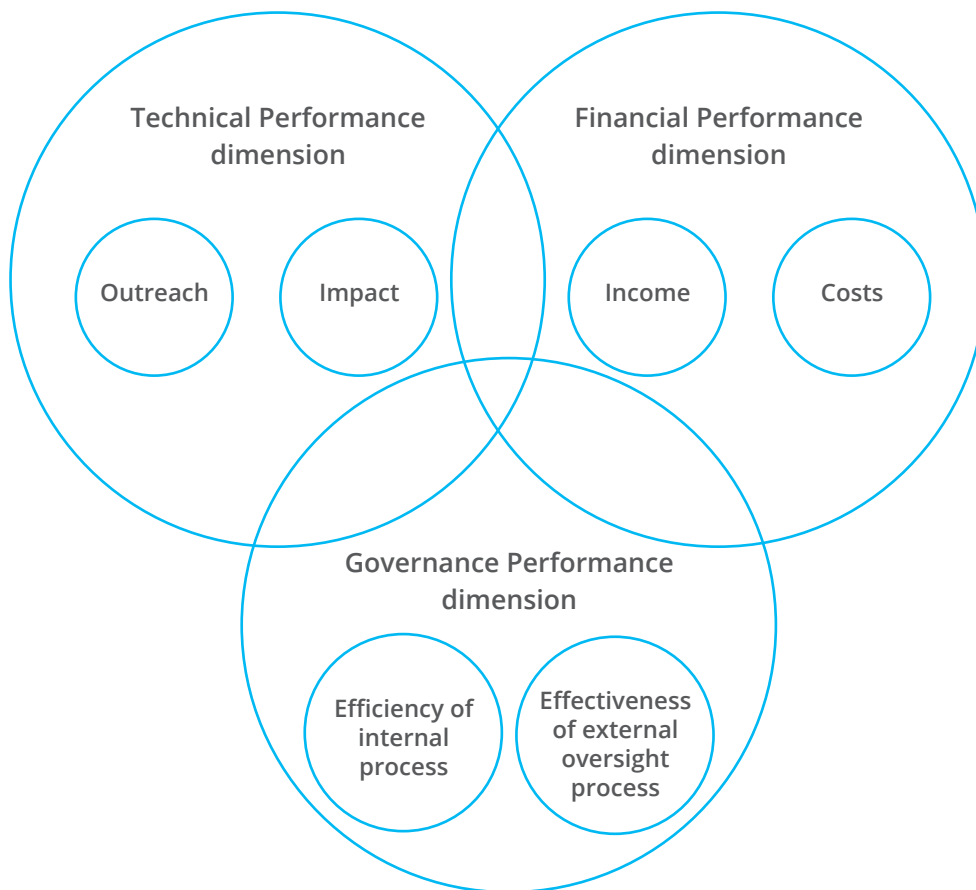
For the purpose of the proposed feasibility study, each performance dimension is in the following further specified along critically important result areas.

- For the dimension of technical performance, two result areas are defined, namely outreach and impact. Outreach relates to the number of beneficiaries reached through the market exchange; impact relates to the quality of the services traded, here measured along the vectors of customer satisfaction and new knowledge application rate after training.
- For the Finance dimension, two result areas are defined, namely income and costs. Income refers to revenue generated during the transaction process (whether from user fees or transaction subsidies), and costs relate to any expenditure incurred during transaction.

- For the Governance dimension, two result areas are distinguished for the purpose of this feasibility study, namely operational efficiency (doing things the right way) and effectiveness of external oversight mechanisms (doing the right things).

The critically important results areas for a sustainable market exchange for industrial relations training are illustrated below.

Figure 4. Critically important result areas for a sustainable market exchange



In a nutshell, in order for a market exchange for industrial relations training to be sustainable it needs to offer a critical mass of beneficiaries access to quality services, while generating revenue that is at least equal to service costs and while complying with standards of good governance thought acceptable by local constituents.

1.3.4. *Research methodology*

A combination of quantitative and qualitative evaluation methods was applied for this research:

Quantitative methods

- **Desk research:** the systematic analysis of existing documentation, including quantitative and descriptive information about the activities of other labour administration training providers in Myanmar (market supply).
- **Customer survey:** An online survey of training needs and wants of Government Ministries, public agencies and the private sector in Myanmar (market demand). The questionnaire was administered by way of an online survey on the basis of a pre-written and pre-coded questionnaire.

Qualitative methods

- **Interviews via telephone or face-to-face** with key informants in ILO Myanmar and ILO Geneva, Government Ministries, public agencies and corporate businesses who might procure MIRI training services in future. The interviews took place during the time period October-November 2018; refer to the Annex of the study for a list of key informants.
- **A focus group discussion** with a group of potential participants on which behalf the institutional clients might in future procure training services. The focus group discussion took place on 9th November 2018 in Yangon.
- Three **case studies** of current good practice in labour administration training in Myanmar.

The market research in Myanmar was implemented by the ITCILO in partnership with a senior national consultant identified in consultation with ILO Myanmar. The national consultant was supported through an ITCILO organizational development expert as part of a scoping mission that took place from 5 to 10 November 2018. The research findings were processed by the ITCILO with support from the national consultant.

The draft research report was submitted for review and comments to ILO-GIOP in December 2018, and validated by the NDTF in its meeting in January 2019. The final version of the document was submitted in March 2019.

CHAPTER 2

The market for industrial relations training in the Myanmar garment sector



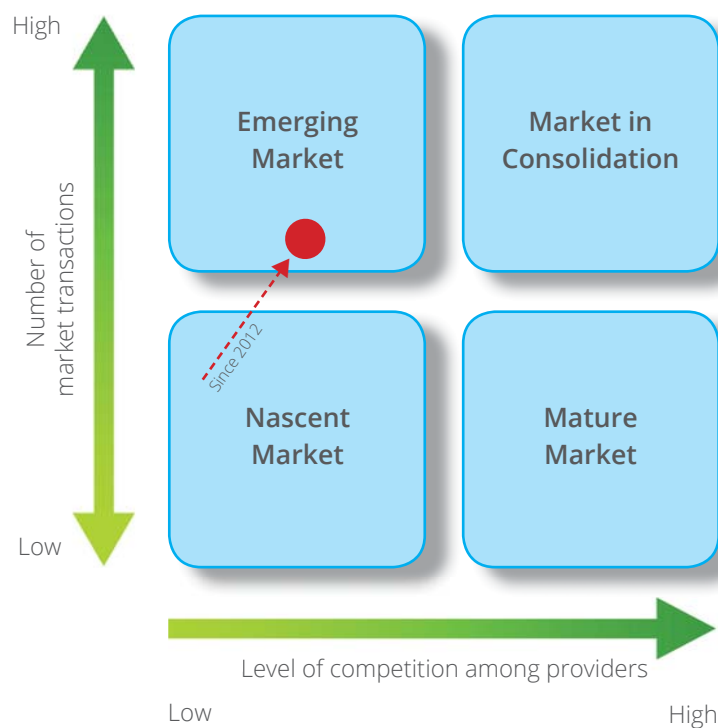


2. The market for industrial relations training in the Myanmar garment sector

Introduction

The findings presented in this chapter relate to the market for industrial relations training in the Myanmar Garment sector. The findings imply that the market for industrial relations training in the Myanmar Garment sector is emerging, with increasing demand for training services and a fast expansion and differentiation of the supplier base. The regulatory framework governing service transactions is still weak, though, the roles of providers and facilitators can overlap and development partners are instrumental to stimulate and maintain a market exchange. The development of the market has fast accelerated since the lifting of economic sanctions on Myanmar, driven by multinational enterprises sourcing in the country and followed closely by industry watchdogs in global Garments value chain.

Figure 5. The development stage of the market for industrial relations training in the Garment sector



2.1. Demand side

2.1.1. Main customer segments

Within the market boundaries determined in chapter 1.3.2, the following customer segments will be further analyzed:

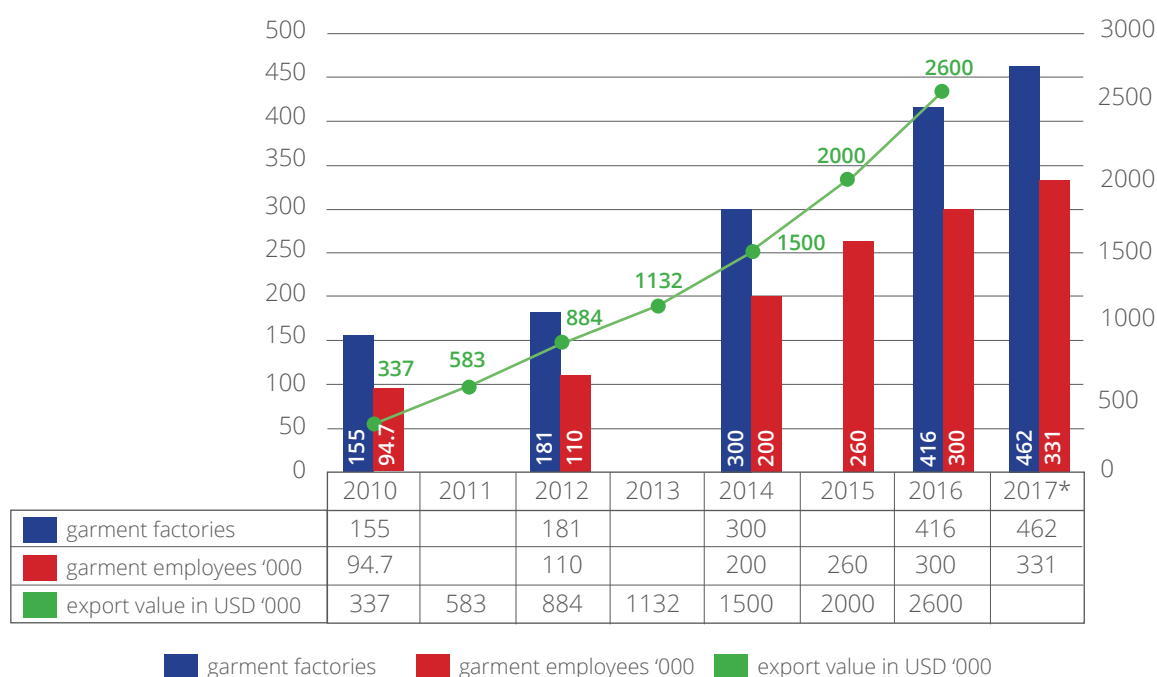
- Buyers: Garment factories;

- Facilitators, Sector-level Employers' Organizations and Workers;
- Regulators: MOLIP and other Ministries with regulatory functions for industrial relations training including in the Garment sector;
- Development partners: Technical Cooperation Agencies and Funding.

2.1.1.1. Buyers

As of September 2018, the number of Garment factories associated with the Myanmar Garment Manufacturers' Association (MGMA) stood at 518, covering the overwhelming majority of all enterprises producing for export.⁴ The majority of these export-oriented garment factories are concentrated in the Yangon region; another garment cluster mainly producing for the domestic market is located in the Mandalay region. The sector has grown fast in recent years on the back of foreign investment foreign direct investment.⁵ As a direct result, the number of employees has increased from 95,000 workers in 2013 to at least 350,000 workers in 2017.

Figure 6. The development of the Myanmar Garment Industry 2010-17



Source: Quoted from ILO 2018 (upcoming): *Synthesis report about the Industrial Relations in the Myanmar Garment Industry*, p.2.

⁴ <http://www.myanmargarments.org/wp-content/uploads/2018/10/MGMA-Member-List-up-to-30-Sept-2018.pdf>. MGMA membership is a prerequisite for an export license.

⁵ CESD/ILO/GIZ 2017: p.6. Before the imposition of sanctions in 2003, more than 50 per cent of Myanmar's garment exports were shipped to the United States. After 2003, foreign direct investment mainly originated from South Korea and Japan and exports went primarily to Japanese and Korean markets not affected by the embargo. After sanctions were lifted in 2013, foreign direct investment diversified including from China (both mainland China and Hong Kong), Europe and the US.

The overwhelming majority of the Garment sector employees (90+) are women directly involved in production, while only a small fraction of employees carries out professional and/or supervisory work or management tasks - according to the findings of a Garment factory survey carried out by the Centre for Economic and Social Development (CESD) in 2017, managers make up around 2.5 per cent of a typical company's total workforce while professionals account for about 6 per cent.⁶ In cases where companies employ foreign employees (one out of four cases) they mostly perform professional duties (like engineers or technicians) or management tasks.

Box 1.

Key findings from the 2018 Gender-Equality Assessment (GEA) of the Myanmar Garment sector

"The quantitative data from the GEA suggests that the typical woman who works in one of the 16 assessed garment factories came to Yangon from her natal state with the explicit purpose of working in a garment factory. She is a permanent employee in her factory and has been working in the Garment sector for fewer than three years. She is young, on average 24 years old, unmarried and does not have children. She works about 60 hours each week. The female employees tend to consider their employment to be short term – it is something they plan on doing while young, unmarried and without children. Many of the women give a significant percentage of their income to family members on a regular basis. Human resources managers who were interviewed support the view that female employees in their factories will cease working after they have had children.

Opportunities for the female employees to learn new skills or seek a promotion are limited. This is because the sector relies on most of its employees to complete relatively low-skill work tasks and because the organization of the labour force in the factories means there are few supervisory positions. Wages are linked to productivity targets. This encourages employees to master and repeat simple skills. It discourages them from investing time in acquiring new skills because this could result in a reduction in income during the learning period."

Source: Quoted from ILO Myanmar 2018: Gender behind the label Challenges and opportunities for the Myanmar garment industry, p. xiii. The findings are based on sample of 320 female workers and the additional 56 female workers who participated in focus group discussions.

The CESD survey results indicate that many managers feel that the skills base of their employees is inadequate. During the survey, they ranked the inadequately educated labour force as the most severe impediment to their operations.⁷ Lack of technical skills is also one of the reasons stated by MGMA on its website for the predominance of the lower value-adding Cut-Make-Pack (CMP) production model in Myanmar. Lack of knowledge about labour law and lack of a culture of industrial relations among workers, but also professional staff and managers are other concerns frequently raised during the interviews with key informants held as part of this market research. Refer to chapter 2.1.3. for more information about the thematic priorities for industrial relations training raised by local stakeholders.

⁶ CESD/ILO/GIZ 2017: Myanmar labour issues from the perspective of enterprises: Findings from a survey of food processing and garment manufacturing enterprises, p.viii. Please note here that the survey had a regional focus on Yangon Region and Mon State and covered 102 Garment factories with a bias towards export-oriented medium-scale and large-scale businesses, implying that some of the findings would need to be revisited for small-scale garment factors producing for the domestic market only.

⁷ CESD/ILO/GIZ 2017: p.viii.

Box 2.

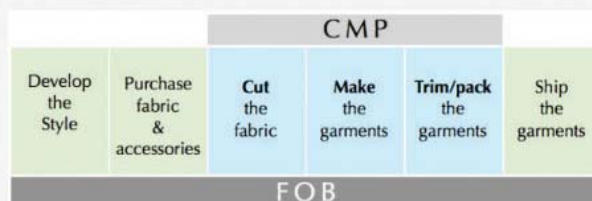
CMP vs FOB

CMP

The vast majority of Myanmar's garment factories operate under the Cut-Make-Pack (sometimes called Cut-Make-Trim) system. This is a form of contract work. Typically, a foreign buyer with the necessary financial and technical abilities will pay contracting fees to a garment factory in Myanmar to carry out the labour-intensive task of cutting the textile fabric, sewing garments together according to design specifications and then packing the garment for export to international markets.

FOB

The alternative is the FOB system. This means "free-on-board" or sometimes "freight-on-board". Under this approach – in the international garment industry – retailers simply place orders from highly-capable and well-financed factories in overseas markets. The factories are basically responsible for producing the garments in their entirety and arranging for shipment. The retailer makes a purchase and doesn't need to take as heavy-handed an involvement in the production process.



CMP factories predominate in Myanmar for a few reasons.

Chiefly:

Tax – The current system provides a tax exemption for CMP production. Garment producers in Myanmar must simply receive an endorsement certification from MGMA for 5,000MMK (about \$5, valid for 3 months with extensions possible) and subsequently they will receive an import license from the Ministry of Commerce which they can use to secure a tax exemption on imports through customs. Therefore, the current tax system favors CMP production over FOB, which does not receive such a tax exemption.

Finance – Factories in Myanmar lack access to financial products which are commonly used in other countries. Given recent & rapid improvements and reforms in Myanmar's banking sector, MGMA anticipates that banks, both local and possibly foreign owned, may soon make available such common financial instruments as letters of credit and back-to-back letters of credit.

Sourcing – Many locally owned factories lack the relatively sophisticated sourcing networks and knowledge necessary to adequately procure the raw materials for production.

Design & Style – There is a lack of knowledge in locally owned factories regarding fabric styles, patterns and fashion design.

Therefore, for the reasons outlined, Myanmar's garment factories primarily engage in CMP production. After 10 years exporting primarily to Japanese and Korean markets, many factories have developed rather exceptional product quality standards, but oftentimes production line efficiency is below that of competitors in neighboring ASEAN nations. The combination of a cost-effective labour force and a strict adherence to product quality are two important factors which make Myanmar an attractive place to source garment & apparel products.

Source: <http://www.myanmargarments.org/factory-information/cmp-versus-fob/>

2.1.1.2. Facilitators

The two principal customer segments in the stakeholder group of facilitators are employers' organizations and workers organizations. As of 2017, a total of 2,621 employers' and workers' organizations were registered for *all* sectors of the economy with MoLIP.⁸ The number at least of employers' organizations is likely higher since they might register with MoLIP or other regulators like the Ministry of Commerce (MoC), for example, MGMA is registered as an association with MoC and not MoLIP.

Table 1. Number of employers' and workers' organizations in Myanmar

Type of Organization	No. of labour organizations	No. of employers' organizations	Total
Basic Organizations	2,424	27	2,451
Township organizations	139	1	140
Region/State level	20	-	21
Federations	8	1	9
Confederation	1	-	1
Total	2,592	29	2,621

Source: MOLIP, quoted from ILO-GIP 2017, p.11.

⁸ ILO-GIP 2017: Synthesis Report: Industrial Relations in Myanmar's Garment Industry, p.11.

Employers organizations

MGMA is the main voice of organized local business in the Garment sector.⁹ MGMA members include Myanmar-owned and foreign-owned manufacturers as well as few other entities including design firms, commodities inspection companies, retail shops and a pattern-making training school. MGMA represents the interests of Garment producers in the national umbrella body of organized business, the Myanmar Federation of Chambers of Commerce and Industry (UMFCCI); MGMA also brokers linkages with international buyers, organizes local business events and represents local producers at international business events, generates and disseminates sector specific market information, maintains a Corporate Social Responsibility helpdesk for its members, and facilitates access for its members to capacity development services funded and delivered by third parties (see below under 'development partners' for more information). MGMA also operates a subsidiary, the Myanmar Garment Human Resources Development Center, that has specialized in vocational training and currently offers two courses free-of-charge for Garment sector workers, namely a 10-day basic sewing training and a 10-day supervisor training course.

Next to MGMA, there are some other smaller business associations operating in the Garment sector that represent the interests of sub-groups of foreign investors, notably the Chinese Textile & Garment Association in Myanmar and the Korean Garment Association in Myanmar. At local level, there is at least one township garment employers' organization operative in Hlaing Thar Yar township that is not affiliated to MGMA.

Workers organizations

The trade union movement in Myanmar is divided between unions that remained in the country during military rule from 1988-2012 and those that were founded in exile and came back to Myanmar after the beginning of the peace and reconciliation process in 2011. The number of workers organization has sharply increased since 2012, resulting in a trend towards fragmentation of the movement including in the Garment sector. No official statistics about the unionization rate in the Garment sector exists, but estimates put the share of Garment factories with basis labour organizations at 25 per cent and the ratio of unionized workers in the Garment sector workforce at around 8-10 per cent (figures for 2015).¹⁰

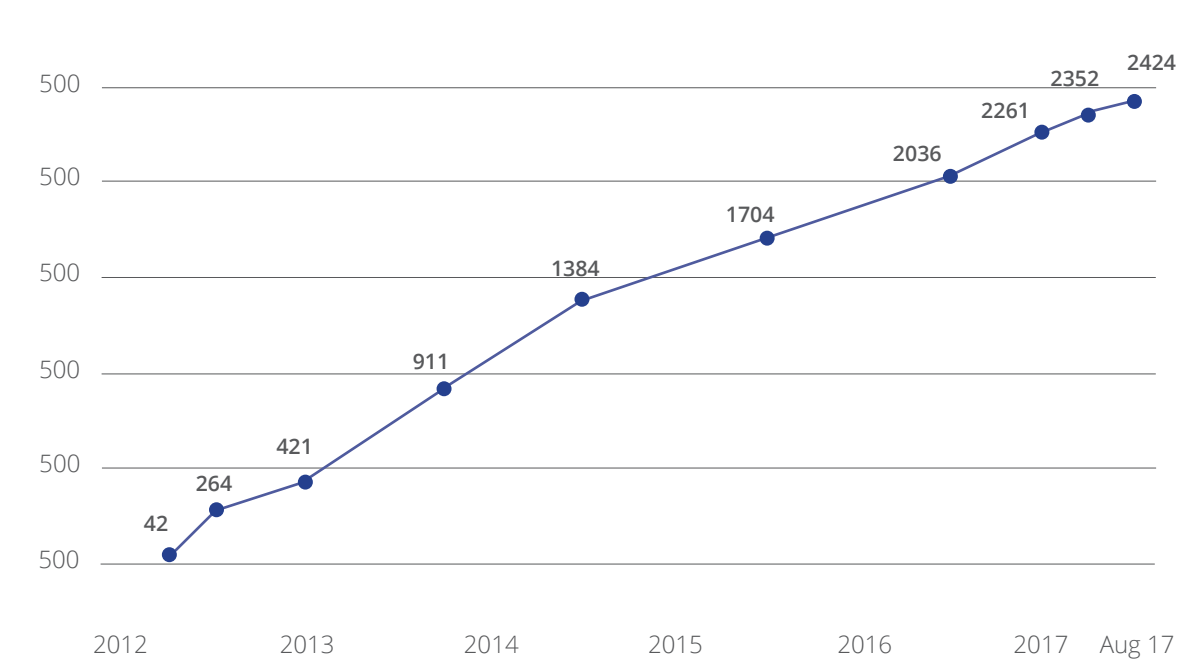
At the national level, the Confederation of Trade Unions of Myanmar (CTUM) is officially recognized as the only trade union confederation in Myanmar. In 2016, CTUM had 8 federations with 783 factory unions as members, representing roughly 70,000 workers.¹¹ Member federations include the Agriculture and Farmers Federation of Myanmar (AFFM), the Building and Wood Workers Federation of Myanmar (BWFM), the Industrial Workers' Federation of Myanmar (IWMF), Mining Workers' Federation of Myanmar (MWMF), Myanmar Transport and Logistics Federation (MTLF) as well as Public Sector and Education Sector Unions. Some of these federations are affiliated with global unions. CTUM is affiliated with the International Trade Union Confederation (ITUC).

⁹ <http://www.myanmargarments.org/about/about-mgma>

¹⁰ ILO-GIP 2017, p.26

¹¹ <https://www.opendemocracy.net/sabrina-zajak/trade-union-building-in-myanmar>

Figure 7. Increase in number of basic labour organizations (all sectors) since 2012



Source: Quoted from ILO-GIP 2017, p.11.

Not all union federations are members of CTUM. Important other federations with outreach in the Garment sector are the Industrial Workers Federation of Myanmar (IWFM) and the Myanmar Industries Craft and Services Unions Federation (MICS):¹²

- IWFM covers workers in the manufacturing industries (garments, shoes and food processing) and is affiliated with CTUM and IndustriALL. In 2015, IWFM had 40 affiliated basic labour organizations and a total membership of 9,604.
- MICS covers the following sectors: commodity goods production; lead, steel & iron; food & beverage; services (hotels and restaurants); construction, fishery, loading, garment, textiles & leather, oil & gas; mining; and cement. As of March 2016, MICS had 70–75 affiliated unions with a combined membership of 10150 members. At township level, MICS had eight affiliated unions. In April 2016, MICS was officially recognised by the Myanmar Government. MICS is not yet affiliated with any global union federation. MICS has been acknowledged in 2017 by MGMA as the voice of organized labour in the Garment sector.

A general observation made throughout the literature and in interviews with key informants, including union representatives is the limited institutional capacity of workers organizations at local level and the fragmentation of the movement including at sector level. Refer to the chapter about thematic priorities for industrial relations training for further information.

¹² This paragraph draws on data from a Fair Wear Foundation report; Fair Wear Foundation 2016: Myanmar Country Study, p. 21.

2.1.1.3. Regulators

The Ministry of Labour, Immigration and Population (MOLIP) is the main government body responsible for the regulation of the labour administration system administration. A number of other Ministries are also assigned regulatory functions with view to industrial relations training.

MOLIP

Three MOLIP departments are of direct relevance for defining the policy, legal and regulatory environment governing industrial relations in the country:

- the Department of Labour (DOL): DOL is responsible for the implementation of the Labour Organization Law (LOL) and the Employment and Skill Development Law (ESDL). At the township level, DOL labour offices' responsibilities include the issue of the registration of employees, trade union / employers' organization registration, research and planning, employment and skills development.
- the Department of Labour Relations (DLR): DLR is, among others, responsible for industrial relations, the settlement of disputes and collective bargaining. DLR is in charge of the Labour Dispute Settlement Law (LDSL).
- the Factory and General Labour Laws Inspection Department (FGLLID): (FGLLID) is responsible for factories and labour inspection; thus, it is the department for labour law enforcement.

At regional and local/township level, these departments are represented through labour offices. In 2016, 78 labour offices were in operation across the country.

Other Ministries

As the executive body for labour policies, laws and regulations, MOLIP is also coordinating its work with other Government Ministries mandated to facilitate an enabling policy, legal and regulatory environment for employment rich and equitable growth under pillar 2 and 3 of the 2018-20 NCDP. Goal 3 under pillar 2 focuses on job creation and private sector growth, and calls for the introduction and enforcement of regulations and protections related to workplace safety, inclusivity and non-discrimination in all forms, and the practice of equal pay for work of equal value (3.2.3.); and to support the emergence of inclusive business and trade associations, representative employers' organizations and trade unions (3.2.5.). The Ministries referenced as owners of these actions are MOLIP, the Ministry of Public Finance (MoPF), the Ministry of Industry (MoI), and the Ministry of Agriculture, Livestock and Irrigation (MoALI).¹³ Each of these entities consequently has a mandate to support sound industrial relations in Myanmar, including through the stimulation of a market exchange for industrial relations training.

In the case of MoI, the mandate potentially extends further to the provision of industrial relations training via its industrial training centres.

¹³ 2018-20 NCDP

Box 3.**About the Industrial Training Centres operated by Mol**

The Directorate of Industrial Collaboration under MoIND operates six industrial training centres in Sinde, Mandalay, Thagaya, Pakoku, Magway and Myingyan. These centres offer vocational training for machine tools operators, machine fitters, tools makers, mechanical draughtsmen, pattern makers, automobile mechanics, electricians, electronic mechanics, CAD/CAM, CNC operators, welders and foundry men. The training courses combine lectures with practice sessions. Each centre accepts 150-200 trainees per year.

During the interviews, MoIND confirmed its interest to facilitate access for vocational trainers employed in its industrial relations training centres to training of trainers seminars in industrial relations training. The idea is to either integrate industrial relations training topics into the syllabus of the vocational training courses or alternatively to offer stand-alone short training courses on industrial relations after school hours or on weekends. Also refer to chapter 2.1.3. for more information about thematic priorities in industrial relations training for more information.

Source: Interview held on 8th November 2018 with Ms Daw San San, Director, Industrial Training Centers in the Mol

Another Ministry with a potential mandate to regulate the market for industrial relations training through the definition of learning standards is the Ministry of Education (MoE). In the consultations held with the Department for Higher Education in MoE, this discussion was deferred to the level of higher education institutes, here the University of Economics and the University of Yangon. During the interviews, both universities have confirmed their interest in introducing to market certificate-level industrial relations training programmes tertiary education.¹⁴ Refer to the chapter on thematic priorities for industrial relations training for further information.

Box 4.**Are students of social sciences potential buyers of industrial relations training?**

One of the issues discussed during the consultations with the University of Economics and the Faculty of Law was the question whether students would be willing to pay for industrial relations certificate-level training. For public universities like the University of Yangon, revenue is largely limited to stamp fees, i.e. certificate-level study programmes would have to rely on transaction subsidies from MoE or a development partner. In turn, for private universities these restrictions do not apply and enrolment fees are significantly higher but, as the example of other certificate-level studies on productivity and quality management run by the University with GiZ show, some transaction subsidies are nevertheless needed to keep the offer affordable.

¹⁴ The interviews with Dr. Thein Win (Director-General of the Department of Higher Education) in MoE on 7 November 2018, with Dr. Tin Win (Rector of the University of Economics), with Dr. Khin Mar Yee (Professor and Head of Department of Law) and Ms Ma Ma Thant (Designated Associate Professor, Myanmar Japan Legal Research Centre) from the University of Yangon on 9 November 2018 refer.

Another role in the regulator function of MOLIP is the promotion of tripartism. In 2015, MOLIP has established the National Tripartite Dialogue Forum (NTDF) as a platform for social partners and Government to meet and discuss issues related to industrial relations. The NTDF doubles as steering committee of the Decent Work Country Programme (DWCP) launched in 2018 and to be implemented with technical support from ILO; the DWCP identifies industrial relations as a results area and specifies a series of actions linked to labour law reform, industrial relations training and capacity development support for social partners, among others, in support of industrial relations.

The NTDF has established a tripartite working group to steer these actions in close consultation with ILO over the coming years. The members of the NTDF and its working groups constitute other potential buyers of industrial relations training.

Box 5.

References in the DWCP to industrial relations training

Priority 2 of the DWCP states that the application of fundamental principles and rights at work is strengthened through improved labour market governance, with thematic focus on consolidating freedom of association, building the capacity of social partners, strengthening social dialogue at all levels and more effective dispute settlement mechanisms. (DWCP, p.23). Outcome indicators 2.1.1.-2.1.6 and 2.3.1.-2.3.4. linked to priority 2 directly reference industrial relations topics (p.32), calling for capacity development training in the field of industrial relations, including training. Social dialogue and tripartism is also referenced as a cross-cutting issue whereby the success of the DWCP relies on its ownership by Myanmar's national constituents, and social dialogue and tripartism will be essential vehicles for achieving its intended results. (p.30).

Source: DWCP (2018-21), p. 29ff

2.1.1.4. Development partners

As illustrated in the first chapter, development partners are considered external to the market exchange for industrial relations since (in theory) they do not directly engage in the service transaction process. Development partners are nevertheless captured in this demand side analysis because they effectively stimulate service uptake with transaction subsidies (i.e. procure on behalf of buyers). Also, some development partners expressed demand for industrial relations training in their own right during the interviews. Furthermore, few of these development partners – among them ILO- directly intervene in the market exchange by funding and delivering industrial relations training as ‘substitute’ suppliers.

A distinction is drawn in the following paragraphs between development partners providing technical cooperation support in the field of industrial relations training, and development partners funding industrial relations training.

Technical cooperation partners

The main technical cooperation provider in the market for industrial relations training is the International Labour Organization (ILO). ILO runs a number of development cooperation projects directly linked to the promotion of labour market governance and industrial relations training, notably the ILO- Labour Law project financed by the Government of Japan and the ILO-GIP-project financed jointly by the EU, the Government of Sweden and H&M. ILO furthermore runs a capacity development project targeted at MGMA.

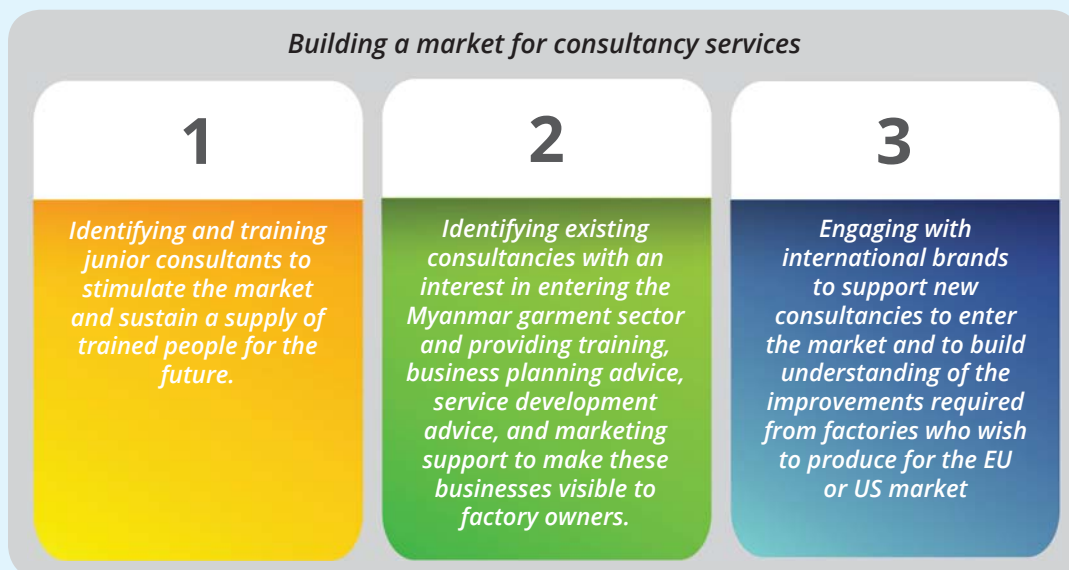
Other technical cooperation partners implementing large projects with a direct bearing for the market of industrial relations training are PricewaterhouseCooper in charge of the Business Innovation Facility (BIF), the DaNa facility implemented by Dai International and KPMG and the Pyoe Pin Programme of the British Council all financed by the Government of the United Kingdom, the Gesellschaft für Internationale Zusammenarbeit (GIZ) implementing a vocational training and education project under commission from the Government of Germany, and the sequa GmbH implementing the SMART project with funding from the European Union and additional funding from the Government of Germany. Other smaller initiatives are a project implemented by Solidaridad to create an enabling environment for constructive social dialogue in Myanmar funded by the Ministry of Foreign Affairs of the Netherlands.

Box 6.

Increasing the provision of consultancy services to Myanmar garment factories with support from the Business Innovation Facility (BIF)

In Myanmar there are significant skills gaps around management and HR capability, as well technical expertise in productivity improvement. This means that garment factories are unable to access the skills and experience they need in order to improve their productivity, management and labour standards. There are a number of reasons why this skills gap exists. Firstly, there is low demand for such services, and secondly, training and education programmes in Myanmar are not well set up to equip people with these specific skills. In addition, the consultancy market is highly under-developed with few domestic consultancies in business, and few if any of the international consultancies that are working in the country serving the Garment sector. This means the necessary expertise is not readily available either within Myanmar or externally. Poor management skills exacerbate productivity and compliance issues, further impeding business growth and reducing profitability.

To address this issue, BIF directly supports the development of new consultancy skills and capabilities in the market by establishing new local consultancies as well as encouraging more regional and international consultancies to offer services to garment factories in Myanmar. BIF will also engage international brands to support consultancies to enter the market.



Through this intervention, BIF aims to make commercially sustainable, affordable consultancy services readily available; help factories in Myanmar to become more technically advanced; and benefit workers in the factories through better HR and management practices, leading to better working hours, pay and treatment at work.

Source: <http://www.bifprogramme.org/projects/increasing-provision-consultancy-services-myanmar-garment-factories>

Other technical cooperation partners with activities in Myanmar are: international trade union alliances like IndustriALL; national trade union confederations like the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the Japanese Industrial Labour Foundation; political foundations like the Friedrich Ebert Stiftung (FES); international human rights organizations like Human Rights Watch (HRW); multi-stakeholder initiatives like the Fair Wear Foundation (FWF), the Fair Labour Association and Business Social Responsibility (BSR); and local non-governmental organizations with a focus on labour rights like Action Labour Rights (ARL), 88 Generation, the Centre for Responsible Business and Labour Rights Defenders & Promoters.¹⁵ These organizations assist social partners in Myanmar to carry out research, advocate for their membership, and to facilitate or physically deliver industrial relations training services. For example, since 2016 FWF runs factory audits in Garment factories from which FWF members source, has set up a local complaints helpline for workers and has established a Workplace Education Programme.¹⁶ In some instances, international non-governmental organizations like Solidary have established their own offices/local affiliates in Myanmar. In exceptional cases, they directly intervene as providers in the market exchange for industrial relations training; one example is the vocational training centre Aung Myin Hmu set up with funding support from the DANA facility and the British Government.

Funding agencies

The main funding agencies in the field of Industrial Relations are the European Union, and the Governments of Denmark, Germany, Japan, Netherlands, Sweden and the United Kingdom; sometimes these Governments finance the work of the technical cooperation partners, and sometimes they intervene with stand-alone grant schemes to finance local buyers.¹⁷ Other relevant Government players are Embassies of countries with investment interests in Myanmar, including the Embassies of China and South Korea.

The corporate sector also provides funding support for the development of a market exchange for industrial training. For example, H&M co-finance the ILO-GIP project, and Tchibo and H&M support the responsible sourcing initiative run by BSR.¹⁸

2.1.2. Thematic priorities for industrial relations training

The market research revealed a number of thematic priorities for industrial relations training, some of them specific to a customer segment and other shared across segments in the customer universe.

The following thematic priorities emerged during the interviews and will be further discussed in this chapter:

- General awareness training about industrial relations
- Dispute settlement
- Remuneration

¹⁵ For a list of technical cooperation activities refer to Solidaridad 2016, p. 7.

¹⁶ Fair Wear Foundation 2016: Myanmar Country Study, p. 4.

¹⁷ One example for a grant scheme is the Responsible Business Fund financed by the Government of Denmark, refer www.rbfmyanmar.com/

¹⁸ <https://www.bsr.org/en/collaboration/groups/myanmar-responsible-sourcing>

- Hours of work
- Right to organize
- Employment conditions.

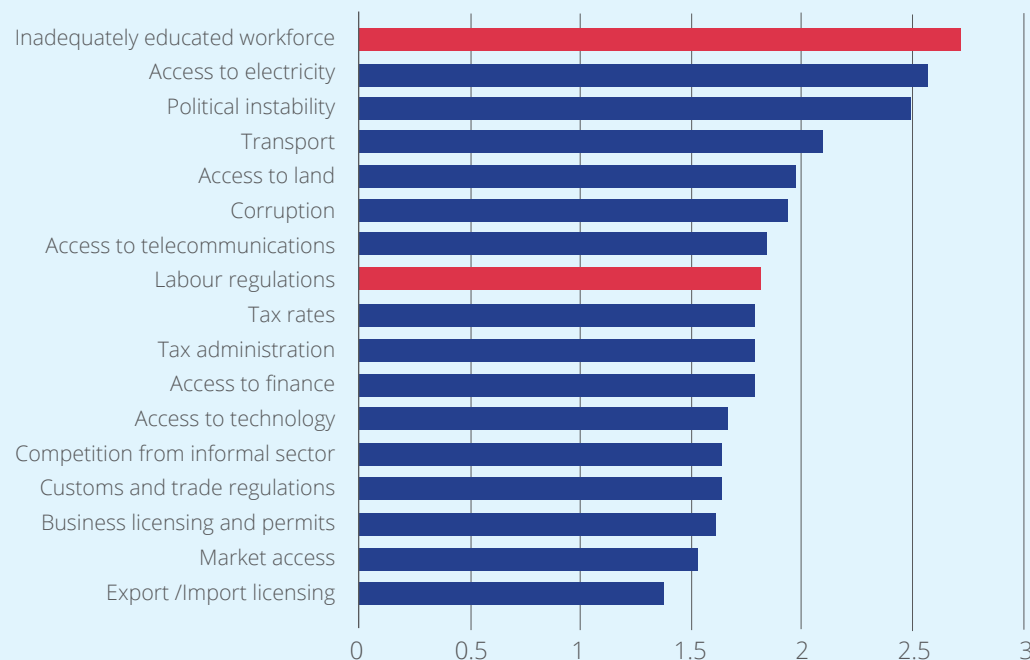
Other topics frequently associated in the literature on Myanmar with the topic of industrial relations but not explicitly referenced by stakeholders during the interviews as thematic priority are the promotion of gender equality and non-discrimination in the workplace, the combat against child labour, and occupational safety and health.¹⁹ The relevance of these topics in local context will be briefly discussed in a separate sub-chapter.

Box 7.

A word of caution

Industrial relations does NOT rank as a top concern of managers of Garment factories. As indicated in the 2017 CESD survey, the main concerns of respondents were related to lack of technical skills of the workforce, political instability and production support infrastructure. This observation could help explain the current reluctance of buyers to invest in staff development interventions at this point in time. Also refer to chapter 2.1.5. for more information about current investments in industrial relations training at firm level.

Impediments to operating as per views of respondents to the CESD Garment factory survey



Note: Respondents were asked to rate each of these possible impediments to operating on a scale from 1 to 5 where 1= obstacle - 5 very severe obstacle; the figures presented here are average scores.

Source: CESD enterprise survey.

¹⁹ The classification takes inspiration from the list of generic OECD guidelines for responsible supply chains in the Garment sector with its list of generic human rights and labour rights related risks in the Garment sector; refer to OECD 2017, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, p.48.

2.1.2.1. General awareness training about Industrial relations

All customer segments referenced in chapter 2.1.2. unanimously agree about the need for awareness raising training about the link between sustainable development, social peace and sound industrial relations, and the building blocks of a functioning industrial relations system and the principles of social dialogue and tripartism underpinning it.

As pointed out for example by representatives from the Australian Embassy and the Swedish Embassy during the interviews, particularly tripartism is a concept largely unknown to Myanmar due to the country's recent history of authoritarian rule.²⁰ There is consequently need to nurture a culture of appreciation for tripartism and social dialogue. This could be achieved by means of stakeholder-group specific awareness raising sessions that advocate the 'business case' for collaboration between the State and its social partners, for example by way of sharing good practice from other countries. These advocacy interventions should go hand in hand with information sessions on the Myanmar labour law. These sessions should be customized to the needs of buyers, facilitators, regulators (other than MOLIP) and where applicable development partners. It might be considered to train enumerators from MOLIP to perform or co-deliver this capacity development task, and the sessions might be eventually imbedded into an induction training package for members of township level conciliation bodies and members of workplace coordination committees (see below under 'dispute settlement').

Further to the lack of awareness about Myanmar labour law, the facilitators interviewed for the purpose of this feasibility pinpointed sub-groups with particularly high need of training: MGMA leaders pointed towards Chinese foreign-owned managed Garment factories, highlighting the frequency of workplace disputes in these factories and identifying foreign supervisors with lack of knowledge about Myanmar labour law and its application in local cultural context as a root cause.²¹ In turn, CTUM and MICS singled out the members of township conciliation bodies but also members of workplace coordination committees as two groups at the frontline of the dispute settlement system often lacking the requisite expertise to settle workplace disputes.²²

Linked to the stated lack of awareness about the Myanmar labour law, all stakeholder groups highlighted the need to clearly draw a link between domestic labour law and international labour standards. Lack of knowledge about the global normative framework governing the world of work was highlighted by regulators and development partners as another impediment to the adoption of global good practice in industrial relations. As an interim mitigation measure, CTUM and MGMA suggested to expose their leadership to short international training courses on industrial relations training including academies and seminars offered by ITCILO.

In the mid-term, they requested ILO to facilitate the development of a certificate-level industrial relations programme offered by a local university, where applicable in partnership with the ITCILO. The consecutive interviews with the University of Economics and the University of Yangon reconfirmed latent demand from labour market practitioners for higher education in industrial relations systems and approaches.²³

²⁰ Interviews with Ms Esther Sainsbury and Mr Win Aung Oo from the Australian Embassy on 5 November 2018 and with Ms Maria Hauer (First Secretary) and Mr Anders Frankenberge (Head of Development Cooperation Counsellor) from the Swedish Embassy on 7 November 2018.

²¹ Interview with Mr U Myint Soe (Chairman, MGMA) and Mr U Tun Tun (Central Executive Committee, MGMA) on 6 November 2018.

²² Interview with Ms Phyo Sandar Aung from CTUM on 6 November 2018, and Mr Nzw Aung and Mr Nzy Lin from MICS on 7 November 2018.

²³ Interviews with Dr. Tin Win, Rector of the University of Economics of Myanmar, Dr. Khin Mar Yee, Professor and Head the Law Department in the University of Yangon, and Ms Ma Ma Thant, Designated Associate Professor, Myanmar Japan Legal Research Centre, on 9 November 2018.

Box 8.**Intrinsic demand in the Myanmar Garment sector for awareness training on International Labour Standards**

To date, Myanmar has ratified only 23 of the 189 ILO conventions, including three out of the eight universally binding core conventions, far below average among ASEAN Member States. Myanmar also remains largely on the sidelines of the international discourse on sustainable business practices and human rights that has found its expression in multilateral guidelines that are legally non-binding, but nevertheless relevant for companies integrated (or seeking to integrate) into global supply chains including for garments. Among these guidelines are the “United Nations Guiding Principles for Business and Human Rights” adopted in 2011, the “OECD Guidelines for Multinational Enterprises” last updated in 2011, the ILO “Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy” updated in 2017, and the “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector” released in 2017. There seems a strong case to increase local awareness about the normative framework for doing sustainable global business.

Another element brought up during the discussions with development partners was the need to define industrial relations terminology in Myanmar language, and to train social partners and Government in the use of these technical terms. By extension, it might be important to train a network of translators/interpreters in the use of industrial relations terminology, in order to facilitate communication among local and foreign stakeholders.

2.1.2.2. Dispute settlement

All stakeholder groups consulted for the purpose of this study agreed that the current dispute settlement system is partly ineffective in reconciling or arbitrating workplace conflict in the Garment sector. The four levels of the dispute settlement system are illustrated overleaf.

Table 2. The levels of the dispute settlement system in Myanmar

Mechanism	Types of disputes	Issues and Roles	Duration
Workplace coordinating committee <ul style="list-style-type: none"> • Equal representation of workers and employer • 1-year term 	Individual or collective dispute	<ul style="list-style-type: none"> • Right to collective bargaining and conclusion of collective agreement • Negotiation and coordination of employment, terms and conditions and occupational safety, health welfare and productivity. 	5 days
Township Conciliation Body <ul style="list-style-type: none"> • Tripartite structure <ul style="list-style-type: none"> • 3 government representatives • 3 employers' representatives • 3 workers' representatives • 2 public interest representatives • 2-year term 	Individual or collective dispute	<ul style="list-style-type: none"> • Determining the types of disputes (individual/collective) • Conciliating the issues • Concluding agreement if the case settled 	3 days (extension available if parties agree)
Competent Court	Individual dispute	<ul style="list-style-type: none"> • If worker/employer not satisfied with the outcome of conciliation, they may apply to the competent court in person or by their legal representative 	
Regional/state dispute settlement Arbitration Body <ul style="list-style-type: none"> • Tripartite structure <ul style="list-style-type: none"> • 3 government representatives • 3 employers' representatives • 3 workers' representatives • 2 public interest representatives 	Collective dispute	<ul style="list-style-type: none"> • Decision-making on dispute case 	7 days
Arbitration Council and tribunal <ul style="list-style-type: none"> • Tripartite structure <ul style="list-style-type: none"> • 5 government representatives • 5 employers' representatives • 5 workers' representatives 	Collective dispute	<ul style="list-style-type: none"> • Social justice, decent work and principles of equity in making decisions • Forming the tribunal in accord with the stipulations • Prescribing the working methods, procedures and programmes to be performed by the Arbitration Body and Tribunal 	7 days (essential service sectors) 14 days for non-essential service sector

Source: ILO-GIP 2015, quoted in ILO-GIP 2017, p.38.

The number of cases heard at each level of the dispute settlement system has fast grown in recent years. In 2016, Township Conciliation Bodies throughout the country heard 1,238 cases (up from 965 in 2013), Arbitration Bodies heard 184 cases (up from 122 in 2013) and the Arbitration Council heard 61 cases (up from 24 in 2013). Notably, 40 per cent of all cases heard between 2013-2017 relate to the garment, textile and footwear sector and out of these cases almost 90 per cent are settled at the level of Township Conciliation Body. The overwhelming majority of cases brought to the level of a regional Arbitration Body relate to the Yangon region and many of them involve foreign owned companies.. Most of the cases heard by the national Arbitration Council relate to unfair dismissal, followed by disputes around wages and allowances.

Some observers read the growth of cases brought up for formal dispute settlement as an indication of the increasing maturity of the system.²⁵ However, most parties interviewed during the scoping mission interpret it as a sign of lack of capacity of the workplace coordination committees, township conciliation bodies and regional arbitration bodies to settle disputes at their level, and/or lack of awareness among complainants about their rights and obligations under the labour law.²⁶ As evidence, they point towards a series of strikes in recent months that were called without seeking recourse to conciliation first, or while the outcome of the conciliation process was pending.²⁷ As CTUM put during the interview, as a result of the backlog in dispute settlement cases, and because of 'arbitrary' rulings the labour movement has become more militant and the willingness to resort to irregular strike action outside the stipulations of the Settlement of Disputes Law is increasing.

To address these capacity gaps, MoLIP called in the interviews for the upgrading and rollout of the existing MoLIP awareness raising sessions targeted at members of the township conciliation bodies. MoLIP also proposed to upgrade the in-service training for newly recruited labour officials prior to their deployment at township level. The Danish Embassy representative recalled the pilot training for township conciliation bodies run by the Danish Solidarity Centre and proposed to analyze this model for its upscaling and replication potential.²⁸ CTUM requested training of members of the Arbitration bodies.

²⁴ UKI-GIP 2017, p.39.

²⁵ See for example the article from Jacob A. Cleer, manager of the SMART project in the Myanmar times released on 2 November 2018: "Ending EU perks to hurt human rights".

²⁶ This view was for example expressed by Mr. Yuta Isozaki (Second Secretary), Ms. Akiko Tomita (Coordinator for Economic Cooperation) and Ms Naoko Fujiwara (Second Secretary) from the Embassy of Japan interviewed on 7 November 2018.

²⁷ For example, on Tuesday, 10 July 2018, workers from the British owned Young Clothing Ltd. garment factory took to the streets in Myanmar's largest city Yangon to protest against the increase of hourly production targets coupled with a cutback of the production bonus. The company's management justified the measures taken by referring to the recently revised minimum wage. On Monday, 16 July 2018, another strike broke out at Myan Mode Co. Ltd, a garment factory in Hlaingtharyar township in Yangon when dozens of workers protested against increases in production targets in response to increased minimum wage levels. Myan Mode figures on the supplier list of C&A.

Source: SOMO 2018: Higher minimum wage in Myanmar: bad news for workers? <https://www.somo.nl/higher-minimum-wage-in-myanmar-bad-news-for-workers/>

²⁸ Interview with U Win Shein (Director, Department of Labour) and Mr U Tin Ko Ko Naing (Deputy Director, Department of Labour Relations) from MOIP on 8 November, and interview with Ms Nana Nanna Sars-Schwewitsch (Counsellor, Labour Market Affairs) in the Danish Embassy on 7 November 2018.

Box 9.**Other recommendations for the improvement of the dispute settlement system**

A 2017 report commissioned by C&A Foundation from BSR on the dispute settlement system in Myanmar issued the following recommendations: “Stakeholders provided recommendations for improvement of the dispute resolution process in the following areas: (1) clear boundaries regarding what types of disputes should be heard, (2) consistency and professionalism in the decision-making process; (3) effective enforcement of decisions, (4) fair selection of tripartite members, (5) effective administration and capacity, and (6) improved transparency and accountability. In particular, concerns from stakeholders over the selection process for Arbitration Council members in late 2016 have shaken worker confidence in the legitimacy of that body.”

Source: Quoted from BSR 2017: Labour Disputes in Myanmar: From the Workplace to the Arbitration Council. An Overview of Myanmar's Labour Dispute Resolution Process in Practice, p. 4.

2.1.2.3. Remuneration

Remuneration of workers in the Garment sector remains a major concern. The national minimum wage last reviewed in 2017 remains among the lowest in ASEAN countries after Bangladesh, and the provisions of the labour law and the minimum wage acts neither extend to workers in businesses employing less than 15 people, nor to short-term workers, apprentices, workers on probation and daily workers.

Box 10.**Minimum wage setting mechanism for regular workers in the Garment sector**

The minimum wage setting mechanism is determined by the Myanmar Labour Law, including the Minimum Wage Act (2013) and Payment of Wages Law (2016). The current country's minimum wage is set to Myanmar Kyat (MMK) per day, MMK 450 per hour or MMK 108,000 per month. The minimum wage covers employers with 15 employees or more. The daily rate is based on an 8-hour day and does not include overtime, bonuses, incentives, or any other allowance. Part-time workers must be paid on a pro rata basis.

In the Garment sector, MGMA has committed that while employers may establish higher wages/compensation than the minimum wage through employment contracts and collective agreements, they may not pay less than the minimum wage for standard working hours, with two major exceptions: for an initial training period of up to three months, and a successive probation period of up to another three months, workers may be compensated at no less than 50 per cent and 75 per cent of the minimum wage respectively. Short-term workers, daily workers, workers on apprenticeship/training or probation period as well as workers in Special Economic Zones (SEZ) are not covered by the MGMA's commitment. SEZs have “Management Committees” that determine the minimum wage inside the zone.

A National Minimum Wage Fixing Committee (NMWFC) formed in 2014 was reactivated in February 2017 in line with the stipulation of the Myanmar Labour Law to review the minimum wage for workers every three years. The 27-member committee comprises representatives of Government, labour organizations, employers and minimum wage experts. In May 2018, the legal minimum wage in Myanmar was raised from 3,600 kyat (US\$ 2.30) a day to 4,800 kyat (US\$ 3.00).

Source: ILO-GIP 2017

Above the minimum threshold stipulated by law, wages are typically determined individually and at Garment factory level; collective bargaining agreements are infrequently used in the Garment sector, and mainly used to settle individual workplace disputes or to agree on non-wage benefits.²⁹ To promote the application of collective bargaining agreements, MICS has built an in-house training function through which it offers short modular courses on leadership, negotiation and bargaining for members of its affiliated basic labour organizations. During the interviews, a request was put forward by MICS to upgrade the technical and didactical skills of its in-house trainers.³⁰

2.1.2.4. Right to organize

The growth of the number of trade unions since 2012, when the Labour Organization Law was passed, would want to imply that the right to freedom of association and the right to organize is widely exercised in the Garment sector. In some cases, though, the registration of labour organizations through township level MoLIP offices seems to have been slowed down by administrative process; in other instances, there have been complaints about the establishment of 'yellow unions.' As indicated by both CTUM and MICS, training is therefore needed for workers and employers, and workers and employers organizations about the role of unions and the stipulations of the labour law regards the registration and rights of basic labour organizations.

Box 11.

What are yellow unions?

According to a 2016 report released by Solidaridad, yellow unions – unions set up or controlled by the employer to prevent the establishment of a genuine trade union – form a problem. Solidaridad cites a report compiled by a group of labour rights NGOs according to which in one of the research areas, 50 per cent of those interviewed who knew that labour unions existed, expressed that they did not want to join a union because they were controlled by the employer.

Source: Solidaridad 2016, p. 5.

²⁹ ILO-GIP 2018, p.33.

³⁰ Interview with Mr. Naw Aung and Mr. Nay Lin from MICS on 7 November 2018.

2.1.2.5. Employment conditions

Before 2015, a major concern in the employment conditions of local Garment workers was lack of access to formal employment contracts. The use of Standard Employment Contracts has since become mandatory and employers are required to submit a copy to MoLIP's local township labour office. The 2017 CESD survey implies compliance with this law at least in export oriented medium-sized and large-scale garment factories – according to the respondents almost all workers hold a formal employment relationship.³¹ It must be assumed, though, that compliance rates in small-scale garment businesses producing for the local market (not covered by the survey) are lower as these factories are receiving far less attention from local and international media. Other issues related to the employment conditions of workers and classified as areas of concern in the 2017 ImpactTT study were rest and leisure, safe working conditions and working free from discrimination.³²

2.1.2.6. Hours of work

All reports agree, and stakeholders confirm during the interviews, that long working hours and night and weekend shifts are a very common practice in the industry. In 2013, a Garment worker worked on average 11 hours a day (including overtime), for six days a week – a violation of the maximum threshold stipulated in the labour law. According to MGMA, the situation has since improved, comparing average monthly overtime in August 2015 with average monthly overtime in March 2016, overtime fell by 18.3 hours.³³ Nevertheless, a gender equality assessment of garment workers commissioned by ILO -GIP in 2018 found that the women interviewed for the report worked on average 60 hours per week. According to some reports, surveyed workers frequently reported to be “unable to refuse working excessive hours”, implying incidences of forced overtime.³⁴

Excessive hours of work was not referenced as a priority theme for industrial relations training during the consultations with stakeholder groups. Training of workers and supervisors could go some way in sensitizing both groups for their rights and obligations under the labour law and to make a link between excessive hours of work, low productivity and high labour turnover.

2.1.2.7. Other industrial relations themes not referenced during the interviews

Gender equality and non-discrimination

The 2018 ILO-GIP Gender-Equality Assessment of the Myanmar Garment sector reaffirms the feminization of the occupational profile of a shop floor worker, and points towards the glass ceiling separating an overwhelmingly female workforce from mostly male managers and supervisors.

The 2017 Impacttt report states a low level or absence of activity in garment factories to empower women in the workplace and to combat discrimination and abuse of female workers.

³¹ ILO-GIP 2018, p. 23 ff.,

³² Impacttt 2017

³³ MGMA 2016, quoted from ILO GIP 2017 p. 21.

³⁴ ILO GIP 2018, p. 21.

Child labour

The Factory Act (amended in 2015) sets the minimum age for employment to 15 years but allows children between 13 and 15 to do non-hazard work of no more than 4 hours a day, but not at night (6pm to 6am) subject to a medical certificate. “Adolescents between 16 and 17 may work longer hours but also require a social security board certification (medical certificate).

According to the official labour survey with data from 2015, 1,278,909 children out of 12.1 million children in Myanmar are working – among them more than 120,00 in the manufacturing sector.³⁵ An ILO rapid assessment on child labour in Hlaing Thar Yar Industrial Zone¹⁸⁴ in Yangon from October 2015 has shown that garment factories are unlikely to be affected by child labour, even though the survey found cases of children aged 13 and above.³⁶

2.1.3. Preferred training methods

The bulk of the suggestions made by stakeholders during the interviews relate to curriculum design; a separate sub-chapter is dedicated to the views of stakeholders about face-to-face training versus distance learning.

2.1.3.1. Curriculum design

All stakeholder across the customer universe of the market for industrial relations training in the Myanmar Garment sector agreed that training should be modular, comprising of one or several sessions per module. Facilitators speaking on behalf of workers and factory owner-managers shared the view that training for WCC members should not exceed one session per learning unit, while induction training for the members of Township Conciliation Bodies might comprise several sessions bundled in one-day learning modules with a combined duration not exceeding five days and staggered over several weeks. In both cases, the intention should be minimize disruptions to the factory operations and to package learning content in easily digestible volumes and formats. The same observation applies for the induction training for local labour officials suggested by MoLIP - short, modular training of a duration not exceeding one week and possibly staggered in a series of one-day modules.

For university-level certificate studies on industrial relations MoLIP suggested to limit the duration to a maximum of three-months, and delivered in several modules. **CTUM**, **MICS** and **MGMA** reconfirmed their preference for certificate level training not exceeding three months.

In cases, where labour market practitioners would seek higher diploma-level or masters-level qualification, they might be referred to the Industrial Relations Training Masters Programme and Diploma courses offered by the ITCILO.

³⁵ Republic of the Union of Myanmar, (2016b): “Myanmar labour force, child labour and school to work transition survey”, published by the Ministry of Labour, Employment and Social Security (MoLES) and the Central Statistical Organization in collaboration with the ILO, http://www.mol.gov.mm/en/wp-content/uploads/downloads/2017/03/LFS-English-Report_17-11-2016.pdf

³⁶ Source: C&A Foundation 2016, p. 23;

Training should be material-based, with focus on compendia of case studies of good practice and practical guidelines and less emphasis on textbooks (with the exception of the certificate-level training course). There was some interest in accessing digital learning media, including video testimonials or self-guided distance learning modules but stakeholders cautioned about power cuts, unreliable internet access and lack of IT equipment as possible training impediments.

There was again universal agreement among the stakeholders consulted during the market research that training should be delivered in Myanmar (whether online or face-to-face), particularly where interventions at factory level and at township levels are concerned. Where necessary, foreign expertise might be called in with interpretation services. For university-level certificate training in industrial relations, it might be considered to deliver training in English and Myanmar.

Stakeholders shared a strong sense that training should be at least co-delivered by local resource persons and that these local experts should have hands-on experience in the application of industrial relation approaches. It might therefore be considered to draw on local labour officials and former members of Arbitration Bodies, WCCs, Township Conciliation Bodies and Arbitration Bodies as industrial relations consultants. For example, the Department of Labour Relations already organizes a one-day induction training for members of the WCCs and Township Conciliation Bodies through members of the Arbitration Council; this good practice could be replicated.

Foreign experts commissioned to deliver industrial relations training in Myanmar should combine expertise on theoretical concepts with experience about the application these concepts in the world of work and draw extensively on examples of good global practice. There was a sense during the interviews that too often foreign experts would lack this practical experience.

Another remark frequently raised by stakeholders relates to the training venue. It was repeatedly pointed out that training for WCC members should take place at the shop floor and that training for Township Conciliation Body members and local labour officials should take place in local labour offices or other township level venues. Certificate level training could take place in Yangon and be offered as a residential event. International Masters Programmes and diploma studies would likely involve travel abroad.

2.1.3.2. Face-to-face training versus distance learning

There was also widespread agreement that the emphasis should be on face-to-face training and not distance learning, bearing in mind poor internet connectivity, limited access to IT equipment, a digital skills gap and a preference among learners for direct interaction. The example of the American Centre was cited that had unsuccessfully tried in the recent past to launch an online diploma programme in Myanmar. The Dean of the Faculty of Law also cautioned the low prestige associated by many students with the distance learning courses offered by the Distance Learning University of Myanmar.

Box 12.**A matter of perception: Distance learning versus online learning**

During the interviews, it clearly emerged that local stakeholders make a distinction between distance learning and online learning. Traditionally, distance learning is associated with self-guided learning, supported by printed reference materials and organized along a series of written assignments completed from home and to be submitted by mail. Only once, ahead of the final exam, learners interact with tutors face-to-face. This tele-college approach enjoys limited prestige.

In turn, online learning is based on the principle of tutor-supported learning via the internet, involving extensive use of digital learning media and frequent online interaction with a trainer-teacher. Online learning is not widely used in the country, but seems to meet strong demand particularly from younger learners. One example cited by the Dean of the Law Department of the University of Yangon was the Bachelors of Law online course and the postgraduate degree in Law online course offered by the University of Distance Education. According to her account these course are heavily over-subscribed.

Among the service suppliers, the manager of the Ever Up college, one of the commercial training institutes consulted during the market research, highlighted that depending the target group, it might be considered to offer participants a blended learning experience where self-paced distance learning is combined with modular face-to-face training (also see below for more information on modular training).³⁷ The Director of CESD interviewed as another key informant during the also supported the notion of blended training, highlighting emerging demand for distance learning among younger age cohorts with internet access through their smart phones.³⁸ In this understanding, an infusion of an element of distance learning could further enhance the service offering and lower the barrier to joint delivery of training in partnership between local and international suppliers.

2.1.4. Will they pay?

A critically important criterion for the establishment of a sustainable market exchange for industrial relations training is mechanism for recovering the service transaction costs, where applicable including the upfront investments in new product development and training of trainers. Two aspects are analyzed further in the following, namely the current expenditure for industrial relations training as a proxy to project future sales of an industrial relations training institution, and the perceptions held by stakeholders towards the nature of industrial relations training being a public good.

³⁷ Interview with Mr. U Nyi Nyi Maung, Managing Director, Ever Up College, on 6 November 2018.

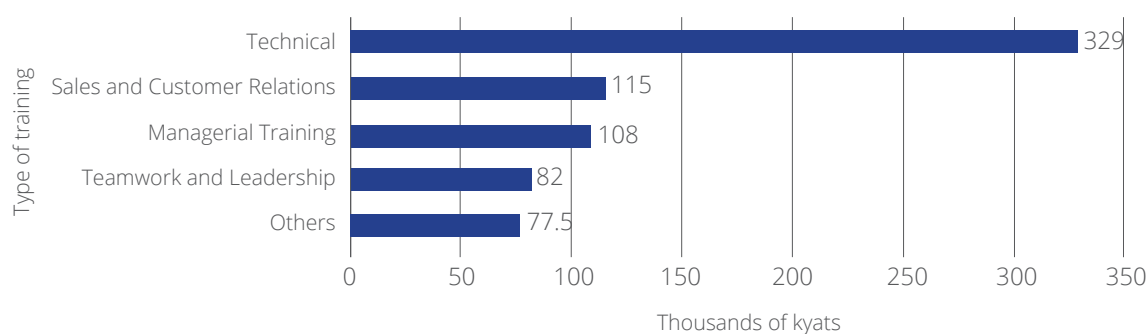
³⁸ Interview with Dr. Zaw Oo, Executive Director, CESD, on 7 November 2018.

2.1.4.1. Current expenditure for industrial relations training

The findings of the market research imply that buyers, facilitators and regulators rely strongly on free training either delivered through in-house staff or through third parties sponsored by development partners.

The current expenditure by buyers for industrial relations training is low. The CESD enterprise survey results indicate that less than one out of four enterprises (22 per cent) reported spending money on employee training. The companies that invested in staff training usually focused on procuring technical training and sales and marketing training.

Figure 8. Average expenditure on different types of training, 2014



Source: CESD 2017, p. 21.

Moreover, among the small proportion of enterprises that reported investments in workforce training, the average expenditure was very low (at about US\$ 700 per enterprise in 2014). Accordingly, the number of employees who benefit from paid external training is very small (on average only around 3.5 per cent of enterprises' workforces).

On the upside, almost half of the sample enterprises provided some kind of in-house training and many companies drew on free training offered by government agencies. As highlighted in the CESD survey, "in-house training seems to be perceived as a cost effective way for enterprises to upgrade their employees' skills without needing to reduce their working hours much (as would be the case if workers have to attend training outside the company's premises)."³⁹ Important here, it appears that most of the training interventions offered through in-house resource persons or sourced for free from outside parties were in the areas of soft skills like supervisory competencies, or training on hygiene and safety.

The evidence thus points towards the fact that some form of industrial relations training does take place but that buyers rely strongly on free training either delivered through in-house staff or through external parties (see next chapter for more information about the suppliers spectrum). This phenomenon is indicative of a strong price sensitivity of buyers, driven by the conviction that particularly industrial relations is an enhancing soft skill and not a mandatory hard skills. It is also a recognition that buyers are indeed able to access industrial relations training for free. Refer to chapter 2.1.5.2. for further details on who sponsors industrial relations training.

³⁹ CESD 2017

For facilitators and regulators, a similar picture emerges. Where employers' and workers' organizations and MoLIP co-invest together with their development partners in industrial relations training, including training of in-house industrial relations trainers, the investment is usually in-kind, with focus on allocation of staff time, training venues, or cost-sharing of transport costs. In cases where MGMA, CTUM, MICS and MoLIP embark on industrial relations training on their own, the intervention is typically delivered through their own staff.

For development partners, the picture is different. Where development partners procure industrial relations training on behalf of local buyers, facilitators or regulators, they will usually pay local market rates or pending the assignment international market rates. Funding agencies might choose to channel these subsidies via technical development cooperation partners like ILO or to alternatively offer direct financial support through grant schemes, assessed contributions or voluntary contributions.

As indicated earlier, several international development partners have established local subsidiaries that sometimes offer industrial relations training for local buyers; these subsidiaries compete for local contracts and charge local rates, but sometimes enjoy a competitive advantage due to their proximity to the development partner community. For example, local organizations like the Aung Myin Hmu vocational training centre for women garment workers has been established with seed finance from a number of development partners and receives assessed contributions to co-finance its operations, allowing it to offer highly subsidized training services that might be perceived by some local competitors as market distortion.⁴⁰ Another example is the Centre for Responsible Business, a local NGO set up by a former British Embassy official set receives financial support through the DANA facility to support its operations.⁴¹

2.1.4.2. Level of reliance on service subsidies

As indicated above, the market exchange for industrial relations training strongly relies on transaction subsidies offered by development partners, at least where a transaction between a buyer and an external supplier is involved. Various reasons have been discussed earlier, including the price sensitivity of local buyers and the opportunity costs of industrial relations training versus technical training. Also, expenditure levels are low because industrial relations training is available for free or almost for free through local suppliers supported by development partners with fixed/assessed contributions. In this market constellation, it is economically more reasonable for local suppliers to market their services to development partners than to local buyers, and to focus on mobilization of transaction subsidies rather than to secure service fees from end users.

Another reason for the limited willingness of local buyers to pay for industrial relations training is a strong perception across stakeholder groups that this type of service is to be classified as public good. In this tradition of thought, the role of Government goes beyond ensuring an enabling policy, legal and regulatory environment, but might involve facilitation of access to training services and even direct provision of free or highly subsidized services. One of the scenarios presented in chapter 3 of this report takes this assumption of an interventionist role of Government into account.

⁴⁰ Interview with Ms Sue Tym, Garment Sector Specialist from Aung Myin Hmu Training Centre on 9 November 2018.

⁴¹ Interview with Ms Myo Myo Myint from the DANA facility on 6 November 2018.

2.2. Supply side

2.2.1. Supplier spectrum

For the purpose of this supply side analysis, the supply side of the market is segmented into three groups:

- Governmental and quasi-governmental suppliers
- Commercial suppliers
- Non-Governmental suppliers operating without profit interest.

2.2.1.1. Governmental and quasi-governmental suppliers

According to the supply side diagnosis carried out by CESD as part of this scoping study, no Government entity or quasi-governmental agency specialized in industrial relations training exists. Also, none of the higher education institutions offers a dedicated diploma or certificate on industrial relations.

One of the Government institutions organizing and sometimes delivering ad hoc training on industrial relations is MoLIP. As indicated in chapter 2.1, MoLIP offers in-service induction training for newly recruited labour officials at departmental level that seems to comprises of three weeks of theory plus one week of practice (shadowing?) and that supposedly covers aspects of industrial relations. The Department of Labour Relations commissions Labour Arbitration Council members to organize one-day induction training for members of the WCCs and the Township Conciliation Bodies.

MoLIP furthermore conducts short awareness training sessions for members of Workplace Coordination Committees through an interdepartmental mobile labour inspection team, and convenes training courses for members of Township Conciliation Bodies in at least one industrial zone with support from a Danish NGO and financed by the Danish Embassy. The interventions are infrequent visits and do not cover all zones due to lack of resources; also, beneficiaries sometimes seem to lack interest to participate.⁴²

Some universities teach aspects of industrial relations in their academic courses. For example, the Yangon University of Economics, Meikhila University of Economics and Manguna University of Economics incorporate selected industrial relations topics in their Masters' Programmes and certificate studies on human resource development and business administration. The University of Yangon, through its Department of Law, offers a bachelors on Labour Law and certificate studies on human rights. The Department hosts a Rule of law centre established with support from UNDP. The University of Distance Education offers an online Bachelor of Law and an online postgraduate degree in law that covers labour law as one topic.

⁴² Focus group discussion with War Bo Bo (Assistant Director, MOI), U Aung Zaw Min (Labour Officer) MOLIP/DOL, Ms Kyi Kyi Win (Deputy Director) MOLIP/DOL, Ms Me Me Khin (Deputy Director), MOLIP, Ms Thinzar Aung (Staff Officer, MOLIP, DOLR), Mr Aung Naing (Deputy Director, FGLLID, MOLIP), and Ma Yin Myo Yan (Assistant Labour Officer, DOLR) on 9 November 2018.

The Ministry of Commerce has established a private-public partnership called the Trade Training Institute (TTI) to promote trade relations. The Institute offers certificate studies in International Trade that cover topics like corporate social responsibility and sustainable business practices in global supply chains. It could not be confirmed, but it might be assumed that the certificate courses run by the Graduate School of Administration and Development under the Ministry of Planning and Finance, and the induction training for civil servants offered by the Union Civil Servant Board include topics related to industrial relations training.

2.2.1.2. Non-Governmental suppliers operating without profit interest

Numerous NGOs and other not for profit organizations incorporated as associations facilitates and/or physically delivers industrial relations training. MICS organizes industrial relations training courses with support from the Danish Solidarity Centre and the Australian Solidarity Centre. MICS runs its own in-house training one full time training officer supported by external resource persons from the union network. The beneficiaries of the MICS training activities are leaders from associated unions. MICS currently offers three training courses on labour law, leadership training and negotiation and bargaining. The course duration is between one day and five days, depending on the amount of subsidies contributed by development partners. Training is for free.

CTUM conducts industrial relations workshops including with a tripartite set up together with INDUSTRIALL and financed by the Japanese Industrial Labour Foundation. CTUM also has received funds from the Danish Government to organize bipartite training for township level conciliators. CTUM is currently developing in-house training materials on Industrial Relations. CTUM employs no full-time trainer but commissions external resource persons from its union network. CTUM is in the process of developing a cadre of in-house trainers and wants to eventually establish a training institute for the labour movement. CTUM draws on the support from the Danish Solidarity Centre to access teaching methodology and training aids. CTUM also invites resource persons from other organizations both locally and abroad.

MGMA is not systematically involved in the provision of IR training but organizes ad hoc training courses, with technical and financial support from ILO, ITCILO, the EU and other agencies. MGMA would be interested in setting up a more systematic training programme targeted at line managers. MGMA organizes activities to raise awareness about industrial relations among employers, and sometimes draws on consultancy companies to deliver training on its behalf. MGMA members sometimes draws on the services of the UMFFCI training institute to access training courses on human resource development. UMFFCI also carries out training on labour law. MGMA collaborates with MOLIP and MICS to jointly deliver training for a tripartite audience. Sometimes, training activities organized by UMFFCI are bi-partite or tripartite.

Several local NGO with a focus on labour rights are involved in advocacy activities that can involve an element of industrial relations training, among them Action Labour Rights (ARL), 88 Generation, the Centre for Responsible Business and Labour Rights Defenders & Promoters. Also, several international associations and foundations like the FLA, the FWF, BSR and FES get directly involved in capacity development activities involving industrial relations topics. FWF has set up a local complaints helpline for workers and has established a Workplace Education Programme.

In some instances, international non-governmental organizations (INGO) like Solidary have established their own offices/local affiliates in Myanmar that intervene with industrial relations training courses. Also, some technical cooperation agencies have facilitated the establishment of local NGOs that combine in-house vocational training with access to industrial relations training. Two examples are the vocational training centre Aung Myin founded with support from the DANA facility and the Centre for Vocational Training established with support from the Swiss Government.

A number of non-governmental and not for profit higher education institutes like Strategy First and the National Management Degree College, offer diploma and certificate courses in business strategy and business operations like human resource development. Some of these courses cover elements of the industrial relations syllabus. Some Embassies offer information for investors on Myanmar Labour Law. For example, the Embassy of Japan provides Japanese investors with labour related information and offers three information meeting per year.

2.2.1.3. Commercial suppliers

The spectrum of commercial suppliers offering business development services in Myanmar is highly heterogeneous. The research carried out as part of this scoping study did not reveal any private sector entity specialized in industrial relations training for the Garment sector but many companies seem to offer training covering selected industrial relations topics.⁴³

A large number of commercial training providers offer business management training that sometime includes industrial relations content. For example, the SCORE (Sustaining Competitiveness through Responsible Enterprises) training course developed by ILO and introduced to Myanmar via a network of private sector companies contains a module on workplace collaboration; the package is currently only used in the tourism sector of Myanmar but has also been successfully applied in other countries to the Garment sector.⁴⁴

Several local companies, some of them in joint ventures with international businesses, offer legal advisory services, including on local labour law and labour disputes.⁴⁵ None of these companies seem to have specialized on the Garment sector but bearing in mind the number of sector-specific labour disputes it can be assumed that Garment factories are among the clients.

⁴³ Also see BIF 2016, p. 20.

⁴⁴ Refer to <http://siyb.com.mm/en/score-tourism/> for more information on SCORE Myanmar, and go to <https://www.ilo.org/empent/Projects/score/lang-en/index.htm> for more information on the global SCORE Programme.

⁴⁵ For a list of labour lawyers go for example to <https://www.hg.org/law-firms/labor/myanmar/yangon.html>

Box 13.**The profile of a private sector business development training provider: Ever Up College**

Ever Up College is a private sector training institute that provides short, modular training courses of a duration of one or two days on human resource development and business management. Some of these courses also cover industrial relations topics like labour law, wage negotiation and employment contracts. Ever Up College also offers a 15-month Masters' Programme on business administration in collaboration with the University of Science and Technology in Malaysia.

The main target group of Ever Up College are owner managers of small-medium scale businesses. Training is delivered in local language. Ever Up College charges the equivalent of about 100 US Dollars for a two-day non-residential training delivered on its city campus, including lunch and refreshments. The College employs 13 resource persons and runs its own training facility in the city centre, with offices, two classrooms and a small canteen. Ever Up College does not offer online training, citing limited demand, power cuts and poor internet connectivity as reasons.

Source: Interview with U Nyi Nyi Maung (Master Trainer of ILO SIYB SMEs; Managing Director Ever Up College on 6 November 2018. For more information go to <https://everup.college/>

Some international companies have set up local offices offering compliance auditing services either directly through the local business community, but more likely under commission from international associations and industry self-regulatory bodies like FLA and FWF. One example is SLP Environmental, a consultancy company specialized in the provision of environmental, social, health, safety and risk management consulting and advisory services for clients throughout South East Asia.⁴⁶

Box 14.**What is compliance auditing?**

"Compliance auditing involves an examination of how well factories are complying with rules, regulations and instructions around labour standards, efficiencies, quality, pay, health and safety, accounting and record keeping. Standards for compliance can be set by government regulations, international or industry-wide standards such as from the International Labour Organization (ILO) and by customers.

In the wider garment industry, compliance audits are performed by specialist companies and agents as well as by buyers themselves. The results of audits are loaded onto databases and checked by buyers in head office locations. Buyers may also send their own teams for spot checks or additional audits throughout the year. The auditors carry out visual observations on site as well as performing document reviews and interviews with workers and management. Most brands and other buyers do not trust common audits and so insist on collecting their own data. This means factories are subjected to high numbers of

⁴⁶ <https://www.slpenvironmental.com/environmental-consultants-asia/>

repeated audits against different criteria and standards. At present in Myanmar there is no local auditing body and government regulations are not well enforced (e.g. Health and Safety is in theory meant to be enforced by the Fire Brigade but they are reported to be ineffective and occasionally corrupt). Audits are generally performed on a fly in and fly out model. In other countries where there are longer-term relationships with brands, especially Western brands, these brands offer support to address compliance failures. Given the lack of commercial relationships with Western brands in Myanmar this support is also missing for most factories.”

Source: BIF 2016, p.19

A number of consultancy companies have specialized in the provision of human resource management training including for the Garment sector.

Box 15.

Case study: CCR CSR Human Resource Training in Myanmar

CCR CSR, in partnership with Business Innovation Facility (BIF) is offering a training course on human resource management in Myanmar’s Garment sector. The training is meant to result in: **improved HR services:** In particular, services related to age verification and ensuring that child labour is prevented in one’s own companies and among sub-suppliers and sub-contractors; **strong child labour prevention and remediation systems:** A robust system that ensures child-labour free facilities all the way to the sub-contractor level; and **inclusive production:** A strong focus on creating an inclusive production environment that can support the integration of juvenile workers and pregnant workers who might have shorter hours and higher requirements in terms of health and safety.

CCR CSR services involve: **Assessments:** CCR CSR will conduct an assessment in the factory to find out the strengths and weaknesses of the factory HR management system and next develop the proposal for the training and consult with the factory based on the assessment results; **Factory Training:** The training will be conducted based on the assessment and the training duration will be based on the needs of factory; and **Monitoring & Evaluation:** The training project will be closely monitored and a comprehensive evaluation will be carried out upon closure of the training.

The training is designed for the following factory team members: HR team, production managers and line leaders and supervisors. CCR CSR will compile a customized training package based on clients’ needs, but can include any or all of the following:

- HR concept and HR function in the garment industry
- How to control labour turnover/ migration
- Mechanisms for reducing or managing absenteeism
- Effective communication skills
- Supervisory skills development
- Effective orientation of new employees

- Promotion and appraisal system
- Grievance handling
- Exit interview
- Solid internal system for child labour prevention
- Effective recruitment mechanism for child labour prevention
- Age verification
- Immediate action when child labour is found
- Best practices of child labour remediation
- Sub-contractor and supplier management
- Position mapping (skill requirements & work condition)
- Hazardous work identification
- Assigning the right job to the right people
- Production management and planning
- Skill matrix and skill upgrading
- Problem solving.

Source: <https://www.cccsr.com/resource/834>

A larger number of suppliers offer training on building safety and occupational safety and health training.⁴⁷ Also, some foreign director investors organize human resource management training courses for foreign supervisors deployed to their foreign-owned managed Garment factories; some of these induction courses could include sessions on industrial relations and local labour law.⁴⁸

2.2.1.4. Others

Sometimes, the technical cooperation agencies implementing capacity development initiatives on behalf of development partners directly intervene as suppliers into the market exchange. For example, the SMART Myanmar project has set up the so-called SMART Management Systems Lab series. In 2018, two technical experts from the SMART Myanmar team led three group workshops on HR management and related workplace management topics between May and July.⁴⁹ First, a one-day session was provided for local HR managers on workplace communications and social dialogue on 3 May 2018, in response to a request from several factories to assist them in preparation for the minimum wage increase. On 11 and 12 May, SMART led a two-day workshop with the Ethical Trading Initiative (ETI) and the China National Textile and Apparel Council (CNTAC) on the topic of Social Dialogue, Labour Laws and Managing Across Cultures. From 16 to 18 July, the HR training team conducted another three-day "HR Management Level 1" workshop for HR managers and staff.

⁴⁷ For more information on selected local OSH training providers, go to <https://www.oshatrain.org/pages/atp/myanmar.html>, and <https://osheservices.com/training-programs/> for an overview of the OSH system go to <https://www.jisha.or.jp/international/training/pdf/myanmar2017.pdf> and <https://www.ilo.org/safework/countries/asia/myanmar/lang--en/index.htm>. Some information on building fire safety training is provided at <http://www.myanmargarments.org/factory-information/osh/factory-fire-safety-information/>

⁴⁸ Interview with Mr Tobias Fischer (H&M) and Ms Icy Liu (Myanmar Business Manager) on 7 November 2018.

⁴⁹ <https://www.smartmyanmar.org/en/news/3-more-hr-management-and-social-dialogue-workshops-conducted-during-may-june-july>, also <https://www.ethicaltrade.org/training/context-communication-and-dialogue-myanmar>

The ILO-GIP project has established a Myanmar Industrial Relations Training Laboratory (MIR-LAB) and commissioned the services of an industrial relations expert from ILO-ITC to run a face-to-face industrial relations training programme comprising a series of four-day industrial relations training modules and HR training modules for a tripartite audience. The first four-day course took place in July 2018 in Yangon, reaching out to thirty representatives of the government, workers' and employers' organizations to discuss systems and practices for sound industrial relations in the Myanmar garment industry. The second course was convened in October 2018, and the third intervention is scheduled for January 2019.⁵⁰

2.2.2. Delivery capacity

The current delivery capacity of industrial relations training providers is analyzed in the following from three different perspectives:

- Market outreach
- Level of service differentiation
- Quality.

2.2.2.1. Market outreach

The current market outreach of training suppliers is limited. The overwhelming majority of commercial suppliers and not-for profit non-governmental organizations is located in the Greater Yangon area. Public sector agencies are more widely spread throughout the country, but township level delivery capacity is curtailed by budget constraints and limited staff. Commercial suppliers and not-for profit non-governmental organizations emphasize on export-oriented factories in the Garment sector, as a direct result of the focus of development partners and international buyers on this customer segment. By direct comparison, the vast majority of smaller-scale companies producing for the domestic market appears largely under-served – or at least these services go undocumented in the literature and unnoticed by stakeholders.

The vast majority of the organizations offering industrial relations training operate with limited in-house staff and often rely on in-house staff trained as part-time industrial relations trainers. Another common practice is to commission retired judges, active and former labour ministry officials and active or former members of WCCs and Township Conciliation Bodies as resource persons-cum-trainers without proper induction in the use of learning methodologies and technologies. This strong reliance on part-time trainers with limited experience raises quality concerns (see chapter 3).

⁵⁰ https://www.ilo.org/yangon/press/WCMS_635134/lang--en/index.htm

2.2.2.2. Level of service differentiation

The level of service differentiation is limited, partly explained by the fact that there is no widely accepted definition of the term industrial relations, and no agreement about the building blocks of an industrial relations curriculum.

None of the local training suppliers assessed as part of this survey has specialized in industrial relations training, and many organizations – particularly government agencies but also NGO – rely on in-house staff with expertise in other fields broadly related to industrial relations like HR, OSH and legal services, trained as part-time trainers in industrial relations. Subject to the availability of transaction subsidies from development partners, particularly commercial providers but also many NGO resort to foreign expertise to deliver training on industrial relations topics. Local experts are often considered biased in favour of one of the tripartite constituents, or their expertise is less trusted due to the lack of access to academic training on industrial relations during authoritarian rule.

2.2.2.3. Quality

There is no quality assurance framework in place to regulate service standards in the local market for industrial relations training, with the possible exception for training on OSH and selected legal services where credible international accreditation schemes are in place and also enforced (for legal professions). The lack of standards for industrial relations training, and more in particular the absence of an industry leader setting a benchmark for service quality in industrial relations topics like social dialogue, dispute settlement or wage negotiations techniques, lowers the barriers to market entry and stimulates price competition but at the same time undermines trust among buyers and raises the bar for both financial and technical sustainability of the market exchange.

CHAPTER 3

Towards a sustainable market exchange for industrial relations training in Myanmar





3. Towards a sustainable market exchange for industrial relations training in Myanmar

Introduction

This chapter presents two scenarios for a potentially sustainable institutional mechanism in support of industrial relations training in Myanmar. The first scenario assumes a strong role for the private sector and third sector while the second scenario more strongly relies on Government intervention. Both scenarios are designed along the performance vectors for a sustainable training mechanism outlined in chapter 1 and building on the market research findings discussed in the second chapter. Both scenarios are inspired by models that have proven to work in other countries in the region and worldwide.

3.1. First scenario: A national industrial relations training association

3.1.1. Overview

The first scenario evolves around the concept of a national network of organizations offering training in industrial relations topics. The network will be institutionalized by way of an Association led by a manager and supported by an office. The mandate of the Association is to promote awareness about industrial relations in Myanmar and to facilitate access for social partners and Government to affordable quality industrial relations training.

3.1.2. Governance dimension

3.1.2.1. Internal governance

The legal entity will be established as an Association, a construct under Myanmar law distinct from an NGO or a commercial provider.

Box 16.

Associations under Myanmar law

Associations are governed by the Association Registration Law released in 2014. Associations are a legal form adopted by many local non-governmental and not-for-profit organizations due to the faster and easier registration process. Associations are widely regarded as a common legal form for organizations working in development. The not-for-profit status of an association largely rules out commercial and for-profit activities, but in turns provides the organization with exemption from taxation under certain conditions.

Source: British Council 2018: *Social Enterprise Landscape in Myanmar*, p.30; also British Council/ESCAP 2018: *ASEAN Social enterprise structuring guide*, 146ff. also <https://www.charltonsmyanmar.com/myanmar-introduces-association-registration-law/>

The negotiations between social partners and Government in the run-up to the registration of the association will be led by the ILO-GIP project under the guidance of the NTDF. The ILO-GIP project will also support the registration process of the entity and call for the constitutive meeting of the advisory council of the organization (see chapter 3.1.2.2. external oversight).

The association will be managed by a full-time director supported by one full-time general service staff. The staff of the association will be based in a secretariat incubated for a period of at least 12 months by the ILO-GIP project and from year 2 onwards hosted by a local institution considered bipartisan by both social partners and Government, and also accepted as neutral by associated industrial relations training providers. This future host of the secretariat will be determined in a consultative process facilitated by the newly recruited director of the association; and eventually endorsed by the advisory council of the organization. Pending the recruitment of additional professional and general service staff in future years (subject to organizational performance during the incubation phase), it might be considered to move the secretariat to a separate office.

3.1.2.2. External oversight

The association will be governed by an advisory council. The advisory council will have a “tripartite+” composition, with representation from the social partners, Government and local NGO. The council will be chaired by MoLIP. It might be considered to invite selected development partners with a mandate to promote sound industrial relations (like ILO, the Embassies of Japan, Sweden and the United Kingdom) as observers without voting rights to the Council.

The advisory council will meet once a year. In its constitutive meeting facilitated by the ILO-GIP project, the council will approve the constitution of the entity, sign off on the Programme and Budget for the first calendar year and agree on the nomination of a director. From the second council meeting onwards, the office of the Association will serve as the secretariat of the Council and be put in charge of organizing the meetings, preparing council reports and drafting meeting protocols.

3.1.3. Technical dimension

3.1.3.1. Outreach

The direct target group of the Association are its member organizations, namely industrial relations training providers from the public sector, the private sector and the third sector. The universe of potential association members is estimated to less than ten government organizations, less than 100 NGOs and other not-for-profit organizations, and less than 1,000 commercial service providers. Refer to chapter 2 for a description of the potential members of the association.

The intended or ultimate beneficiaries of the Association reached via the Association members are initially the stakeholder groups in the market for industrial relations training in the Garment sector described in chapter 2, but eventually also market stakeholders in other sectors of the economy. This customer universe is estimated to comprise of owner-managers and supervisory staff in at least 500 Garment factories, at least 350,000 Garment workers, at least three sector-level employers' organization and several township level employers organizations, at least two sector-level workers organizations and dozens of township level labour organizations, MOLIP structures, structures of at least four other Ministries with regulatory functions in the labour market, more than 20 technical cooperation agencies and at least ten funding agencies, in the latter two cases mostly with latent

demand for awareness training on industrial relations training and labour law. Refer to chapter 2 for profiles of these groups. The universe of ultimate beneficiaries in other sectors of the economy is not known at this point.

Further to the direct target group of the Association, the following services will be offered: Advocacy; Product development; Trainer development; Product development; Marketing support; and Quality assurance:

- **Advocacy:** the Association will organize awareness-raising events about International Labour Standards, Myanmar labour law and the building blocks of an industrial relations system. These awareness-raising events will be delivered by associated members under commission from the Association. The Association through its director will furthermore advocate for industrial relations training on workshops, conferences and seminars on labour market reform and sustainable business development in Myanmar and in the sub-region, and vis-à-vis international self-regulatory industry bodies, INGOs, political foundations and multi-bilateral development partners. The Association will furthermore represent the interest of associated training providers in the NTDF.
- **Product development:** The Association will broker access for associated members (where applicable with support from development partners) to industrial relations training product development support, including product research, product design and testing, joint training delivery and training monitoring and evaluation. As part of this brokering support, the Association will facilitate product development consortia among local service providers, and negotiate partnerships with international training service providers like ITCILO.
- **Trainer development:** The Association will broker access for associated members to training of trainers programmes convened (where applicable with support from development partners) by international training service providers worldwide and in Myanmar, with a dual focus on learning methodology and learning technology. One focus of these value-added trainer development services is the exposure of local trainers to online training modalities (see textbox overleaf).
- **Marketing support:** The Association will brand industrial relations training on behalf of Association members and promote it to the ultimate training beneficiaries through targeted outreach campaigns. As part of this marketing support, the Association will set up and operate an industrial relations training portal for Myanmar, including a registry of local service providers. The Association will furthermore negotiate training funding agreements for its associated members with development partners.
- **Quality assurance:** See below chapter 3.1.3.2.

Mindful of limited staff capacity and budget during the incubation phase, the Association will in the first year of its operations organize at least 1 awareness raising event per month for market stakeholders; participate in at least four conferences and seminars; facilitate the development of at least one new industrial relations training product; organize at least two Training of Trainers seminars; develop and launch a brand support strategy; develop an online marketing portal; negotiate at least one funding agreement with development partners; and facilitate an agreement on certification standards for at least one flagship training product offered by associated members. From the second year onwards, the activities in the field of product development support, trainer development, marketing support

and quality assurance will be stepped up, subject to funding support from development partners and pending recruitment of additional staff.

3.1.3.2. Impact

A core task of the Association will be the assurance of quality in the training services offered by its members. To this end, the Association will facilitate dialogue among service providers on a set of core standards for industrial relations training, starting with the determination of basic certification criteria for selected training courses. It is proposed to initially make a distinction between a certificate of participation in any type of training course offered by associated members, and a certificate of achievement issued pending compliance with a set of criteria like minimum number of hours of learning, proper selection of participants, and verification of newly acquired knowledge through a capstone project or a test.

Pending the willingness of associated members to subscribe to these standards, the Association will in a next step issue training certificates and might explore compliance audits on behalf of its membership. The Association will furthermore build a basic monitoring system to report training outreach and outcomes of associated members, and where applicable also commission external evaluations of training impact with support from development partners.

3.1.4. Financial dimension⁵¹

3.1.4.1. Costs

The Association will have to bear the following costs:

- **Upfront establishment costs:** The upfront investment costs are incurred to procure office assets, for legal fees to register the Association, fees linked to the office lease (including deposit), and for activities leading towards the constitution of the Association. The upfront investment costs are estimated to be 10,000 USD.
- **Fixed running costs:** The fixed running costs relate to fixed staff costs to cover the salaries of the director and the general service staff, and costs for office rent, utilities, communication, stationery, printing, tax advisory services, missions and provisions for unforeseen expenditure. The fixed running costs of the Association are estimated at 50,000 USD in years 1 and 2 respectively.⁵²
- **Variable running costs:** The variable running costs depend on the number and scope of activities foreseen in the annual workplan and relate to factors like costs of resource persons, venue costs, activity related travel and where applicable tax. Based on the projections of activities in year 1 made in chapter 3.1.31, the variable running costs are estimated at 150,000 USD in year 1 and 200,000 USD in year 2. Note here that the bulk of these costs is pass-through, i.e. these costs will be passed on to associated members in order for them to

⁵¹ Cost and income projections presented in chapters 3.1.4.1 and 3.1.4.2. are rough estimates to provide a general sense of direction only; more precise figures would need to be calculated as part of a Programme and Budget development exercise

⁵² Here assuming salary costs of 30,000 USD for the manager and 10,000 USD for the support staff. The balance is to cover all other office running costs. Figures are averages.

carry out training activities on behalf of the Association. The variable costs remaining with the Association after pass-through are estimated at 10 per cent of total variable costs, or 15,000 USD in year 1 and 20,000 USD in year 2.

Based on the projections above, the running costs after establishing the entity with an investment of 10,000 USD are estimated to reach 65,000 USD in year 1 and 70,000 USD in year 2.

3.1.4.2. Income

The Association will rely on the following finance mix to recoup its costs:

- **One-off registration fees for association members:** Every industrial relations training provider joining the Association will be expected to pay an admission fee. After admission, no further membership fees apply, but the Association reserves the right to charge commissions for selected services (see below). Assuming a membership of 50 organizations in the first year and an admission fee of 100 USD, the income from registration fees in year 1 would amount to 5,000 USD; in future years, up to 4,000 USD annual income might be generated through the admission of 40 new members per year.
- **Assessed contributions from ILO during the incubation phase in year 1 and during the start-up phase in year 2:** The Association will receive an assessed contribution from ILO (stipulated in a binding agreement) to cover investment costs in fixed assets, and to absorb running costs including staff costs, office rent and other overhead costs. The assessed contributions from ILO will phase out after 24 months. The total income from assessed contribution will be 30,000 USD in year 1 and decreasing to 20,000 USD in year 2.
- **Voluntary contributions from development partners:** Voluntary contributions from development partners to the Association will be earmarked for activities delivered directly by the Association, like quality assurance tasks or advocacy. It is estimated that the Association will mobilize voluntary contributions amounting to 10,000 USD in year 1 and 20,000 USD in year 2.
- **Service fees:** The Association will charge service fees for its activities, either billing members directly or deducting commissions from funding agreements brokered with development partners on behalf of members. Pending the introduction of a unified certification scheme (see chapter 3.1.3.2 above), the Association might furthermore consider stamp fees for the production and distribution of certificates, or to charge service fees for compliance audits and evaluations either directly to members or to development partners supporting them. It is estimated that the Association will generate revenue from commissions amounting to 10 per cent of the value of the funding agreements brokered for its members, equal to 15,000 USD in year 1 and 20,000 USD in year 2. It is furthermore projected that the Association will generate another 5,000 USD in year 1 and 6,000 USD in year 2 from service fees like stamp fees, and enrolment fees for awareness raising events.

Based on the projection above, income in year 1 is estimated to reach 65,000 USD, increasing to 70,000 USD in year 2. It might optionally considered to establish a trust fund for the association fed with pledges from development partners and that generates income from interest on the fixed deposit. For example, the interest generated on a deposit of 100,000 USD might result in another 5,000 USD revenue for the Association.

Box 17.**Case study of the SIYB Sri Lanka Association**

The "Start and Improve Your Business (SIYB)" Programme of the International Labour Organization is a system of inter-related practical management-skills training package for small-scale enterprise owners and managers. It encompasses a range of cost-effective and practical training, monitoring and evaluation methodologies and instruments which were designed to meet the management training needs of potential and existing small business persons.

The overall objective of the SIYB Association is to contribute to the economic development and to the creation of new and better jobs in Sri Lanka and abroad. The immediate objective of the Association is to enable local Business Development Services (BDS) organizations (intermediate beneficiary) to effectively and independently implement business start-up and improvement training for potential and existing entrepreneurs (ultimate beneficiaries) in order to enable the latter start and grow their own business and to create quality employment for others in the process.

The Association was registered in 2003, and initially incubated by the ILO-facilitated SIYB Sri Lanka project before eventually recruiting its own staff and moving into its own offices in Colombo. The Association offers two types of memberships. Individual membership of SIYB trainers and corporate membership for SIYB partner organizations. The Association is managed by a director supported by general service staff and an accountant, and is governed by a council of comprising of representatives from SIYB training organizations and other partners.

The Association maintains a registry of SIYB training providers, provides brand support for SIYB products, liaises between local stakeholders and the ILO including the global SIYB programme coordinator, brokers access to training contracts funded by development partners and offers quality assurance services including monitoring and evaluation of training activities. The Association furthermore organizes SIYB Training of Trainers seminars implemented through associated SIYB Master Trainers, sometimes in collaboration with SIYB (Senior) Master Trainers from abroad. The Association has a license to produce and sell SIYB training manuals to local partner organizations with a mark-up, and also prints and distributes to authorized SIYB partner organizations for a stamp fee training certificates authenticated by ILO. The Association organizes annual events and award ceremonies for SIYB trainers.

The Association is self-financed through interest generated on a trust fund established in 2003, admission fees for SIYB partner organizations, commissions on SIYB products sold, and voluntary contributions from service contracts with development partners, including to carry out market assessments and develop training products.

For more information about the SIYB Sri Lanka Association go to http://siybsrilanka.org/index.php?option=com_content&view=featured&Itemid=101

3.2. Second scenario: An industrial relations training institute

3.2.1. Overview

The second scenario evolves around the concept of a training institute conceived as a centre of excellence for industrial relations training in Myanmar. The institute will be established as a quasi-independent government organization and intervene in the market as a supplier of industrial relations training.

3.2.2. Governance dimension

3.2.2.1. Internal governance

The legal entity will be registered as a quasi-independent government organization linked to MoLIP. The registration process will be facilitated by MoLIP, where applicable with financial and technical support from the ILO-GIP project.

Box 18.

What are quasi-independent government organizations

A quasi-independent government agency (sometimes also called quasi-government organization) is a legal entity in the private sector that is backed by a branch of government that has a public mandate to provide a given service. Quasi-independent government agencies tend to operate with fewer restrictions and greater cost effectiveness than normal public institutions; they may qualify for government funding not accessible for other private sector entities. In cases where quasi-independent government agencies receive government funding, these usually consist of regular fund transfers intended to compensate for persistent losses incurred as a result of offering services considered as public goods at prices which are lower than their average costs of production.

The Institute will be managed by a director nominated by MoLIP and approved by the Board (see III.1.2.2.). The director will be supported by a deputy director for administration and a deputy director training. The deputy director for administration will manage the internal support services of the Institute, initially leading a team of three professional staff and three support staff to facilitate tasks linked to HR/ADMIN/FINANCE, quality assurance and Information & Communication Technology. The deputy director training will manage the learning faculty of the Institute, comprising of four trainers and four support staff divided in two teams in charge of industrial relations trainer development and industrial relations training respectively.

The Institute will be hosted in a Government building and through the host will be able to draw on training rooms and accommodation and catering facilities for participants. The host of the Institute will be determined in consultation with MoLIP.

Box 19.**Could the University of Yangon become the host of the Institute?**

The University of Yangon is an autonomous public higher education institution under the supervision of the Ministry of Education and funded by Government. As described in chapter 2, the Law Department in the University offers Bachelors Programmes, Magister Programmes and Doctorate Programmes and also certificate level training courses including on labour law and covering selected industrial relations topics, but has not yet any offering specifically addressed to the subject of industrial relations.

The Law Department already hosts several entities dedicated to the promotion of respect for rights including rights at work, like the Myanmar-Japan Legal Research Centre supported by the Government of Japan and the Rule of Law Centre established with support from UNDP. Through the Law Department, a newly established Industrial Relations Institute could access the physical training infrastructure of the University and readily draw on academic experts in labour law and other legal matters related to industrial relations. The University is also widely considered by stakeholders involved in the market exchange for industrial relations training as bipartisan and neutral party. The university has a brand identity and particularly the Law Department enjoys high recognition in the local market.

The public mandate of the University is a part-safeguard against the risk of inflated overheads of an Industrial Relations Institute linked to office rent, utilities, and security, among others. Office space could be readily occupied after minor refurbishment.

3.2.2.2. External oversight

The Institute will be governed by an advisory council. The advisory council will have a 'tripartite+' composition, with representation from the social partners and Government identified through the NTDF. The council will be chaired by MoLIP. It might be considered to invite selected development partners with a mandate to promote sound industrial relations (like ILO, the Embassies of Japan, Sweden and the United Kingdom) as observers without voting rights to the Council.

The advisory council will meet once a year. In its constitutive meeting facilitated by the ILO–GIP project, the council will approve the constitution of the institute, sign off on the Programme and Budget for the first calendar year and agree on the nomination of a director. From the second council meeting onwards, the secretariat of the Institute will serve as the secretariat of the Council and be put in charge of organizing the meetings, preparing council reports and drafting meeting protocols.

3.2.3. Technical dimension

3.2.3.1. Outreach

The Institute has two target groups, namely (1) other industrial relations training providers seeking trainer development and institutional capacity development services, and (2) organizations or individuals seeking training on industrial relations topics:

1. The first target group of the Institute are industrial relations training providers from the public sector, the private sector and the third sector. The universe of potential association members is estimated to less than ten government organizations, less than 100 NGO and other not-for-profit organizations, and less than 1,000 commercial service providers. Refer to chapter 2.2 for a description of the customer universe
2. The second target group are initially the eight customer segments in the market for industrial relations training in the Garment sector, but eventually also market stakeholders in other sectors of the economy. The universe of ultimate beneficiaries in the Garment sector is estimated to comprise of owner-managers and supervisory staff in at least 500 Garment factories, at least 350,000 Garment workers, at least three sector-level employers' organization and several township level employers organizations, at least two sector-level workers organizations and dozens of township level labour organizations, MoLIP structures, structures of at least four other Ministries with regulatory functions in the labour market, more than 20 technical cooperation agencies and at least ten funding agencies, in the latter two cases mostly with latent demand for awareness training on industrial relations training and labour law. The universe of ultimate beneficiaries in other sectors of the economy is not known at this point. Refer to chapter 2.1 for profiles of the eight customer segments in the Garment sector.

Further to the first target group of the Institute, the following services will be offered:

- **Advocacy:** the Institute will organize and deliver single-session awareness raising events about International Labour Standards, Myanmar labour law and the building blocks of an industrial relations system. These awareness-raising events will be paid directly by buyers, facilitators, regulators and development partners. The Institute through its director will furthermore advocate for industrial relations training on workshops, conferences and seminars on labour market reform and sustainable business development in Myanmar and in the sub-region, and vis-à-vis international self-regulatory industry bodies, INGOs, political foundations and multi-bilateral development partners.
- **Trainer development:** The Institute will develop and bring to market training of industrial relations trainers courses tailored to the needs of local training institutions, with a dual focus on learning methodology and learning technology. One focus of these value-added trainer development services is the exposure of local trainers to online training modalities. Refer to chapter 2.2.2 for more information on the profile of the industrial relations trainers to be reached with the trainer development courses.

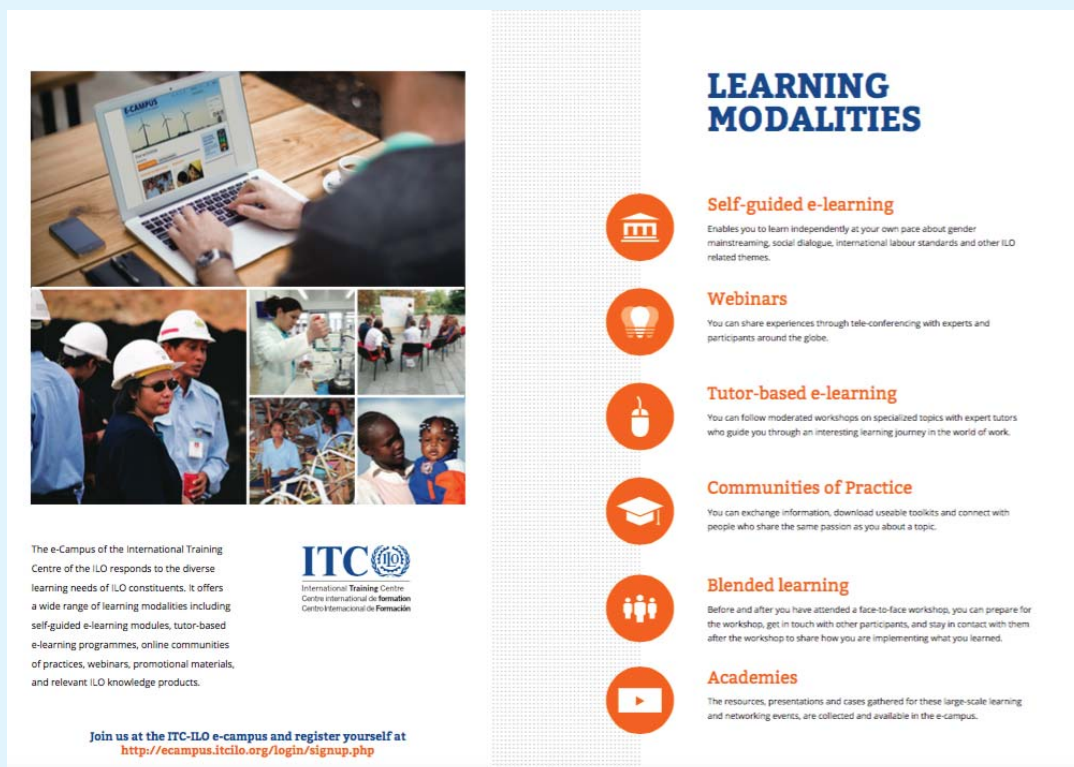
Equipped with two trainers and two support staff in the trainer development branch, in the first and second year of its operations (see above chapter 3.1.2.2.), the Institute will run at least 1 awareness raising event per month for market stakeholders; and develop and deliver at least two Training of Trainers seminars in year 1 and at least three Training of Trainers seminar in year 2.

Box 20.

Online learning modalities on the e-campus of ITCILO

Distance learning has a long history in ITCILO. The Distance Education and Learning Technology Applications (DELTA) introduced distance learning on an experimental basis more than 15 years ago and has since step-by-step expanded the related service portfolio as technology matured and internet connectivity improved.

In 2013, the Centre decided to bundle its distance learning offering on an electronic campus, or short e-campus. The e-campus serves as portal to reach ITCILO clients worldwide with distance learning activities in a cost-effective and customer-oriented manner, and complementing the face-to-face training courses.



LEARNING MODALITIES

- Self-guided e-learning**
Enables you to learn independently at your own pace about gender mainstreaming, social dialogue, international labour standards and other ILO related themes.
- Webinars**
You can share experiences through tele-conferencing with experts and participants around the globe.
- Tutor-based e-learning**
You can follow moderated workshops on specialized topics with expert tutors who guide you through an interesting learning journey in the world of work.
- Communities of Practice**
You can exchange information, download useable toolkits and connect with people who share the same passion as you about a topic.
- Blended learning**
Before and after you have attended a face-to-face workshop, you can prepare for the workshop, get in touch with other participants, and stay in contact with them after the workshop to share how you are implementing what you learned.
- Academies**
The resources, presentations and cases gathered for these large-scale learning and networking events, are collected and available in the e-campus.

The e-campus of the International Training Centre of the ILO responds to the diverse learning needs of ILO constituents. It offers a wide range of learning modalities including self-guided e-learning modules, tutor-based e-learning programmes, online communities of practices, webinars, promotional materials, and relevant ILO knowledge products.

ITC
International Training Centre
Centre International de Formation
Centro Internacional de Formación

Join us at the ITC-ILO e-campus and register yourself at
<http://ecampus.itcilo.org/login/signup.php>

The offering of the e-campus has since further expanded with the introduction of Mass Open Online Courses and the launch of online learning platform linked to the standard courses of the Centre. In 2018, the e-campus of the Centre has registered more than 7,000 active learners.

Further to the second target group, the Institute will offer training in industrial relations topics:

- **Training in industrial relations topics:** In partnership with local and where applicable international training providers, the Institute will develop selected industrial relations flagship training products, customized to the wants of the customers described in chapter 2.1. and with thematic focus on the priority themes identified in chapter 2.2.

Equipped with two trainers and two support staff in the industrial relations training branch, the Institute will develop at least one flagship industrial relations training product per year, and deliver at least four industrial relations training courses in year 1 and at least eight industrial relations training courses in year 2.

3.2.3.2. *Impact*

An important task of the Institute will be to set an industry benchmark for industrial relations training. To this end, the Institute will seek international partnerships for its trainer development activities, and to co-deliver these capacity development services in consortium with global industry leaders. Furthermore, the Institute will seek to accredit its industrial relations flagship products with local and where applicable international accreditation authorities, thus aligning its services with global industry standards

In the same vein, the Institute will build an in-house quality assurance function in order to define an internal quality management system with several control points, including selection of participants, needs assessments prior to training, new knowledge acquisition tests at the end of training, and verification of new knowledge application rates after training. The findings of the monitoring and evaluation efforts will be documented in annual reports on training outreach and -impact.

3.2.4. *Financial dimension*

3.2.4.1. *Costs*

The Institute will have to bear the following costs:

- **Upfront establishment costs:** The upfront investment costs are incurred to procure office assets, for legal fees to register the Institute, fees linked to the office lease and for activities leading towards the constitution of the organization. The upfront investment costs are estimated to be 20,000 USD.
- **Fixed running costs:** The fixed running costs relate to fixed staff costs to cover the salaries, and indirect costs for office rent, utilities, communication, stationery, printing, tax advisory services, missions and provisions for unforeseen expenditure, among others. The fixed running costs of the Institute are estimated at 300,000 USD in years 1 and 2 respectively.⁵³
- **Variable running costs:** The variable running costs depend on the number and scope of activities foreseen in the annual workplan and relate to factors like costs of resource persons, venue costs, activity related travel and where applicable tax. Based on the projections of activities in year 1 made in chapter 3.2.3.1, the variable running costs are estimated at 46,000 USD in year 1 and 76,000 USD in year 2.

Based on the projections above, the running costs after establishing the entity with an investment of 20,000 USD are estimated to reach 346,000 USD in year 1 and 376,000 USD in year 2.⁵⁴

⁵³ Here assuming 10,000 USD annual salary costs per support staff x six staff, 20,000 USD annual salary costs per trainer per six trainers and 30,000 USD annual salary costs per manager x three managers. The balance is attributed to indirect costs. All figures are averages.

⁵⁴ Here assuming budgets of 500 USD per awareness raising event, 10,000 USD per TOT seminar and 5,000 USD per industrial relations training seminar. All figures are averages.

3.2.4.2. Income

The Institute will rely on the following finance mix to recoup its costs:

- **Assessed contributions from ILO:** The Institute will receive an assessed contribution from ILO (stipulated in a binding agreement) to cover the establishment costs, and to absorb 50 per cent of the running costs in year 1 and 25 per cent of the running costs in year 2. The assessed contributions from ILO will phase out after 24 months. The total income from assessed contribution will be accordingly 160,000 USD in year 1 and decreasing to 90,000 USD in year 2.
- **Assessed contributions from MoLIP:** The Institute will receive an assessed contribution from MoLIP amounting to 25 per cent of the annual running costs from year 1 onwards, equal to 80,000 USD in year 1 and 90,000 USD in year 2.
- **Voluntary contributions from development partners:** Voluntary contributions from development partners will be earmarked for selected activities of the Institute including related to awareness raising activities, trainer development and industrial relations training. It is estimated that the Institute can mobilize contributions amounting to 25-30 per cent of its running costs in year 1 and 50-60 per cent of its running costs in year 2, amounting to roughly 100,000 USD and 190,000 USD respectively.
- **Service fees:** The Institute will charge service fees for its trainer development activities. It is estimated that the Institute can recoup up to 50 per cent of its variable costs related to trainer development, amounting to roughly 5,000 USD in year 1 and 10,000 USD in year 2. It is furthermore projected that the Institute can generate another 1,000 USD in year 1 and in year 2 from enrolment fees for awareness raising events.

Based on the projection above, income in the first year of operations is estimated to reach 346,000 USD, and increasing to about 380,000 USD in year 2.

As in scenario 1, it might optionally considered to establish a trust fund for the association fed with pledges from development partners and that generates income from interest on the fixed deposit. For example, the interest generated on a deposit of 100,000 USD might result in another 5,000 USD revenue for the Institute.

Box 21.

Looking across the border: The Industrial Relations Institute in Bangladesh

The Industrial Relations Institute (IRI) was established in 1963 and is located in the outskirts of Dhaka on a small campus that offers training rooms and accommodation facilities for around 50 participants. The IRI mandate is to provide training and education on Industrial Relations with a view to developing dialogue driven labour management relations and to facilitate a climate favourable for increasing productivity and national progress. IRI is a quasi-governmental body placed under the Ministry of Labour and Employment and supervised by the Department of Labour.

The IRI faculty consists of one principal, eight lecturers, one audio-visual officer, two research officers, one librarian, two audio-visual artists and two research assistants. IRI draws on a roster of external resource persons to deliver training, among them senior Government officials, doctors, and private sector consultants. IRI has three satellite training centres in the country (one in Chittagong). IRI does not cooperate with any development partners except ILO.

The IRI target group are government officials, trade union leaders and employers' representatives. IRI offers two types of courses, namely one week-long worker education courses and four week long industrial relations courses for a tripartite constituency. On average, IRI conducts 4-5 long-term residential courses on its campus and around 20 short-term courses in the factories for around 30 participants each per year. This corresponds to the maximum IRI handling capacity at current staff levels.

IRI depends 100 per cent on assessed contributions from Government. All IRI courses are free of charge. IRI does not offer any online training.

Source: ITCILO capacity needs assessment

3.3. Cross-comparison of the two scenarios

3.3.1. Overview

In this final chapter, the two scenarios presented in chapter 3.1 and 3.2. are compared along the performance vectors for a sustainable industrial relations training institution described in chapter 1.4.3. For each vector or criteria, the sustainability potential is ranked on a colour scale where 'red' denotes high sustainability risk, 'yellow' denotes medium sustainability risk and 'green' denotes low sustainability risk. Note here that even a green score carries at least residual sustainability risk, i.e., both scenarios have 'certain uncertainties' that will need to be born in mind when taking a decision about the way forward.

3.3.2. Which institution has the higher sustainability potential?

Table 3. Cross-comparison of the two scenarios along their sustainability potential

	Technical dimension		Financial dimension		Governance dimension	
	Outreach	Impact	Income	Costs	Internal governance	External oversight
Scenario 1	Green	Yellow	Yellow	Green	Green	Green
Scenario 2	Yellow	Green	Yellow	Red	Yellow	Green

The cross comparison of the two scenarios implies that the second scenario carries somewhat lower potential than the first scenario, mainly due to elevated sustainability risks in the financial dimension:

- **Technical dimension:** The first scenario allows for higher outreach due to the multiplier effect of working through a national network of industrial relations training providers, but at the expense of full control over the quality of the training service; the second scenario foresees lower outreach due to reliance on direct service provision but allows for direct control over service standards.
- **Financial dimension:** The first scenario has significantly lower running costs than the second scenario; the second scenario furthermore strongly relies on assessed contributions from Government while in the first scenario the finance mix is more diversified. In any case, both scenarios foresee assessed contributions from Government and ILO, implying that whatever the choice of institutions, they will depend in the medium term partly on subsidies to part-finance their running costs.
- **Governance dimension:** The ranking indicates that the internal governance architecture of an Industrial Relations Training Institute tends to be more challenging to the higher complexity of the organizational structures; in turn, the external oversight functions are equally lean (or equally complex) for both entities. A word of caution relates to the oversight of a quasi-independent government institution proposed in scenario 2 where evidence shows that political influence over the entity is higher and can reduce agility.

The findings should not lead to the conclusion that an Association has higher sustainability potential than an Industrial Relations Institute; in fact both scenarios are viable provided that appropriate risk mitigation measures are taken. It is true, though, that in the second scenario significantly higher investment is required to arrive at the expected outcomes.

Also, for the second scenario to succeed, Government must take the lead and commit financially to the institution and ILO needs to technically and financially support the start-up phase of the Institute. There is also a possibility that the second scenario requires ILO to set aside assessed contributions for more than two years.

3.3.3. Next steps

In a next step, market stakeholders need to determine by way of tripartite dialogue also involving the third sector and development partners whether there is political will and financial commitment to accelerate the pace of development of the market for industrial relations training in Myanmar through the establishment of either a training institute or a training association. Stakeholders might alternatively decide to let supply and demand for industrial relations training play out without further shaping institutional structure; or to focus on strengthening regulatory or facilitation functions only; or to explore other options like the establishment of a commercial training provider or the implant of a training subsidiary under either one of the facilitators. These scenarios were pre-assessed as part of this scoping study and discarded due to their relatively higher sustainability risk but might be once again reviewed.

If a decision is taken to go for either scenario 1 or 2, the step after the next step is to commission a strategic plan and a draft Programme and Budget for the future institution, and to embark on a series of consultations with future stakeholders of the entity in order to build ownership from the outset. It will furthermore be necessary to solicit firm commitments from Government, ILO and where applicable development partners to underwrite the assessed contributions required to establish the entity and to support it throughout the start-up process. Provided these conditions are addressed, a new institution could be established within a calendar year.

Box 22.

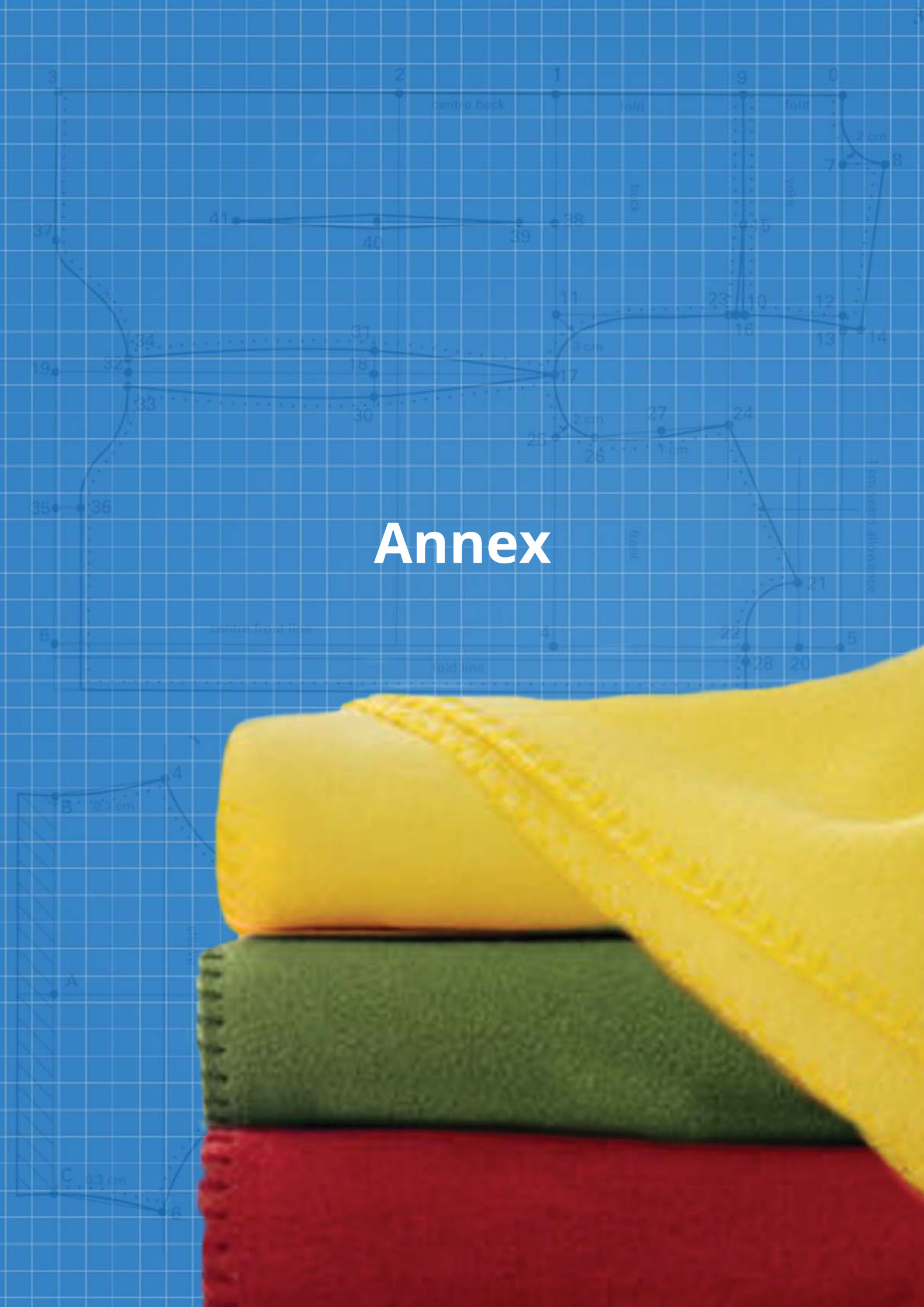
Beware of the need for assessed contributions!

The African Regional Labour Administration Centre (ARLAC) based in Harare, Zimbabwe has the mandate to strengthen the labour administration systems in member countries through training, research, consultancy, advisory services and publications. ARLAC was constituted in 1974 with capacity building support from ILO through a formal agreement ratified by member countries. 19 countries have ratified the ARLAC Agreement and four other countries have observer status. ARLAC provides training in the following areas: Labour Administration, Labour Inspection, OSH, Employment Issues, Training of Trainers and Social Dialogue. ARLAC is furthermore mandated to carry out research.

ARLAC relies on a heterogeneous finance mix including transaction subsidies from ILO, membership fees and earned income to finance its operations. As a 2017 capacity assessment carried out by ITCILO has shown that this model bears significant risk. Several members are in arrears with their fees and revenue from earned income is negligible due to reluctance of many customers to pay for training. ILO likewise cut its contribution after 40 years, exposing ARLAC to severe budget constraints.

Source: ITCILO 2017: Realigning the African Regional Labour Administration Centre (ARLAC), feasibility commissioned by the ILO Regional Office for Africa; for more information about ARLAC go to <http://arlac.co.zw/>

Annex



Annex A:

Bibliography of documents analyzed during the desk research

Action Labour Rights 2016: Under pressure: A Study of Labour Conditions in Garment Factories in Myanmar which are wholly Korean owned or in a Joint Venture with Korean Companies

Bertelsmann Stiftung Transformation Index 2016: Myanmar Country Report

British Council 2013: Social Enterprise Landscape in Myanmar

British Council/ESCAP 2018: ASEAN Social Enterprise Structuring Guide

Business Innovation Facility (BIF) Myanmar 2016: Garments, Market Analysis and Strategy

Business Social Responsibility (BSR) 2017: Labor Disputes in Myanmar: From the Workplace to the Arbitration Council. An Overview of Myanmar's Labor Dispute Resolution Process in Practice

Centre for Economic and Social Development (CESD) 2017: Industrial Relations in Myanmar, POLICY BRIEF No. 1

Decent Work Country Programme (DWCP) for Myanmar (2018-21)

Fair Wear Foundation 2016: Myanmar Country Study

Government of Myanmar 2015: National Export Strategy 2015-2019,

Government of Myanmar 2016: Myanmar Industrial Policy

Government of Myanmar 2016b: 'Myanmar labour force, child labour and school to work transition survey

Government of Myanmar. 2017. "The 2014 Myanmar Population and Housing Census: Thematic Report on Labour Force

Government of Myanmar 2018: National Comprehensive Development Plan of the Government of Myanmar (2018-30)

Human Rights Watch (HRW) 2015: Cambodia Garment Sector Report

HRW 2015: Bangladesh Garment Sector Report 2015

ILO/Pyoe Pin/MGMA 2015: "MSG Report on Training and Education for the Myanmar Garment sector

ILO 2015b: Myanmar Garment Sub-Sector Value Chain Analysis

ILO/GIZ7IDRC/CESD 2017: Myanmar labour issues from the perspective of enterprises: Findings from a survey of food processing and garment manufacturing enterprises

ILO 2017: Guide to Myanmar Labour Law

ILO/ITCILO 2017: International Labour Law Handbook

ILO-GIP 2017: Synthesis report about the Industrial Relations in the Myanmar Garment Industry

ILO-GIP 2018: Gender behind the label Challenges and opportunities for the Myanmar garment

industry: Findings from a gender-equality assessment in selected factories

Impactt 2016: 'From Boycott to Boom? A Socio-Environmental Map of Myanmar's Garment Industry in 2016

MGMA 2015: Myanmar Garment Industry, ten year strategy 2015-24

Organization for Economic Cooperation and Development (OECD) 2017, Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

OXFAM's Made in Myanmar Garment Sector Report 2015

Progressive Voices 2016: Raising the Bottom: A Report on the Garment Industry in Myanmar

Solidaridad 2016: Baseline Report: Constructive Social Dialog Training and Education for the Myanmar Garment Sector

Annex B: Organizations and people interviewed during data collection process

Governmental institutions

Ministry of Labour, Immigration and Population	<p>Interviews</p> <ul style="list-style-type: none"> - Win Shein, Director General, Department of Labour - Ko Ko Naing, Department of Labour Relation <p>Focus group discussion with Ministry of Industry</p> <ul style="list-style-type: none"> - Aung Zaw min, Labour Officer, Department of Labour - Kyi Kyi Win, Deputy Director, Department of Labour - Me Me Khin, Deputy Director - Thinzar Aung, Staff Officer, Department of Labour Relations - Aung Naing, Deputy Director, Factory General Labour Law Inspection Department - Yin Myo Yan, Assistant Labour Officer, Department of Labour Relations
Ministry of Education	<ul style="list-style-type: none"> - Thein Win, Director General, Department of higher education
Ministry of Industry	<p>Interview</p> <ul style="list-style-type: none"> - San San, Director, Industrial Training Center <p>Focus group with Ministry of Labour, Immigration and Population</p> <ul style="list-style-type: none"> - War Bo Bo, Assistant Director

Trade union organizations

Confederation of Trade Union in Myanmar (CTUM)	<ul style="list-style-type: none"> - Phyto Sandar Aung
Myanmar Industries Crafts and Service	<ul style="list-style-type: none"> - Naw Aung - Nay Lin

Employers' organization

Myanmar Garment Manufacturers Association and Union of Myanmar Federation of Chamber of Commerce and Industry	<ul style="list-style-type: none"> - Myint Soe, Chairperson, MGMA - Tun Tun, Central Executive Committee, MGMA - Khin Maung Aye, Executive committee and owner Lat War factory, MGMA - Me Me Aung Myint, Staff UMFCCI
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Multilateral organizations and donors

Swedish Embassy	<ul style="list-style-type: none"> - Maria Hauer, First Secretary - Anders Frankenberg, Head of Development Cooperation
Danish Embassy	<ul style="list-style-type: none"> - Nana Sars Schewitsch, Labour Market Affairs
Australian Embassy	<ul style="list-style-type: none"> - Esther Sainsbury, First Secretary - Win Aung Oo, Senior Business Development Manager
Delegation of the European Union to Myanmar	<ul style="list-style-type: none"> - Delphine Brissonneau, Programme manager - Paing Thu Thet
Japanese Embassy	<ul style="list-style-type: none"> - Yuta Isozaki, Second Secretary - Akiko Tomita, Coordinator for Economic Cooperation, - Naoko Fujiwara, Second Secretary
UNESCO	<ul style="list-style-type: none"> - Esther McFarlane

University/Academic institutions

Yangon University of Economic	<ul style="list-style-type: none"> - Tin Win, Rector
University of Yangon - Law Department	<ul style="list-style-type: none"> - Khin Mar Yee, Professor and Head of Department - Ma Thant, Designated Associate Professor, Myanmar Japan Legal Research Centre

Garment brands

H&M	<ul style="list-style-type: none"> - Tobias Fischer, Country representative
C&A	<ul style="list-style-type: none"> - Kent Qu, Production - Icy Liu, Myanmar Business Manager

Garment related organizations

Aung Myhn Hmu	- Sue Tym, Garment Sector Specialist
Smart Myanmar	- Jacob Clere, Team Leader
Business Innovation Facility	- Sebastien Moineau, Team Leader

Other organizations

GIZ	- Jeanette Burmester, Head of Project Promotion of Technical Vocational Education and Training - Naing Yee Mar, GIZ TVET program
Every Up College	- Nyi Nyi Maung, Managing director
Dana Facility	- Myo Myo Myint
Center for Economic and Social Development	- Zaw Oo, Executive Director

Notes

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