

# MADE in Myanmar – Frequently Asked Questions

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## Frequently Asked Questions

### 1) What is the MADE Project?

The Multistakeholder Alliance for Decent Employment in Myanmar ('MADE in Myanmar') is a four-year project (December 2022- December 2026), formally launched in March 2023, which is primarily funded by the European Union with the objective of strengthening responsible business practices in the textile, clothing and footwear sector, achieving critical industry improvements and protecting livelihoods of hundreds of thousands of families. Specifically, it aims to:

- strengthen economic resilience and transparency practices across the Myanmar apparel industry.
- support worker access to functional and credible grievance mechanisms at both factory and, eventually, industry level.
- promote industry best practices with regards to occupational safety and health, social compliance, and environmental management.
- facilitate and nurture dialogue between employers, workers, and international stakeholders.
- provide enhanced support to women workers to advance their positions and standing in the workforce.

MADE has **three components**:

- 1) The SMART Factories Programme**, a series of enterprise advisory modules and workshops continuing from prior phases of the SMART Myanmar project (2013-2022). The SMART Factories Programme focuses on social compliance and environmental performance in the Myanmar textile, clothing and footwear industries, especially occupational safety and health, conformance with UN Guiding Principles on Business and Human Rights, and international retailer codes of conduct.
- 2) The Forum on Supply Chain Conduct** – This is intended to promote and nurture cross-sectoral dialogue between business associations, trade union federations and labour rights groups and international retailers for the benefit of workers in the industry and more responsible industrial development.
- 3) The Centres for Women's Advancement** – This will support two Women's Community Centers to provide special outreach and educational and social support to women workers, in particular young migrants.

## 2) Who funds the MADE project?

Core funding of 3 million euro is provided by the European Union. Larger private sector apparel retailers (brands, buyers) which join the Alliance are expected to co-fund with additional contributions ranging from 10,000 to 50,000 EUR annually, based on company size and size of operation in Myanmar. Companies with smaller volumes in production (e.g. sourcing from 3 or fewer factories in Myanmar or own manufacturers) can participate vis-à-vis their membership in EuroCham. Retailer contributions are used to co-fund the entire project and, eventually, to expand the scope of enterprise advisory services, training workshops and services on offer by the project's women's centres.

## 3) Who are the implementing partners?

Implementing partners are sequa gGmbH and EuroCham Myanmar.

MADE has a Steering Committee chaired by the EU Delegation in Myanmar with membership from sequa, EuroCham and the Myanmar Centre for Responsible Business, and a Secretariat provided by the MADE team. Additional independent members may be invited to join the Steering Committee.

## 4) What is the relationship between the MADE in Myanmar project and SMART Myanmar?

MADE continues and expands on the earlier SMART projects, incorporating 'SMART 3', the Factories Programme. However, it introduces two new components (the Forum on Supply Chain Conduct, and the Women's Centres), and a new 'Alliance' between the project and participating brands. This is based on feedback from stakeholders and intended to address the current situation in Myanmar since the 1 February 2021 coup.

## 5) Does the EU Myan Ku Fund still exist?

The European Union provided 10 million EUR in support to workers who lost their jobs during COVID. This 'Myan Ku' Fund ran from April 2020 to December 2022 and was administered by UNOPS utilizing staff capacities and networks within the SMART project.

Myan Ku supported approximately 90,000 garment, textile and footwear sector workers with direct cash assistance through mobile money disbursements, as well as 400,000 EUR in food vouchers and direct food aid funded by private sector retailers.

About a third of Myan Ku's cash and voucher assistance went to around 3,000 young mothers from the sector, many of whom received cash assistance for half a year or more during their pregnancy and/or after delivery. Doctors and nutritionists from Myan Ku provided nutritional counseling support to the women, and several other smaller programmes were also administered on vocational training and alternative skilling for unemployed factory workers.

Some of the capacities developed under Myan Ku are now continued within MADE under the Centres for Women's Advancement. One of the nutritionists runs a nutrition help-desk and provides in-factory technical assessments focused on enhancing worker nutrition and medical provision (clinic capacity assessments, canteen review, support to develop breastfeeding rooms for young mothers and related activities). Civil society partners also continue to administer psycho-social counseling and sexual and reproductive health counseling to interested current and former garment workers.

## 6) Does MADE cooperate with or provide funds to the military regime?

The European Union's cooperation work in Myanmar is solely conducted by means of *Special Measures* for the direct benefit of the Myanmar population and civil society, without collaboration and engagement with State authorities/governmental structures.

The EU does not foresee the MADE project will involve any policy discussion with, and/or direct financial contributions to, State authorities/governmental structures.

## 7) Does MADE recognize that there are severe constraints on freedom of association, particularly since February 2021?

Yes, partners in the MADE project believe that there are very severe constraints to freedom of association, and to the operation of trade unions and non-governmental organizations (NGOs) and civil society in Myanmar. It was this which prompted the Governing Body of the International Labour Organization (ILO) in 2022 to establish a Commission of Inquiry in respect of the non-observance of International Labour Standards in Myanmar, in particular [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No. 87\)](#) and the [Forced Labour Convention, 1930 \(No. 29\)](#).

However, despite the severe challenges to freedom of association, trade unions still legally exist at factory level, and at federation level. Organisations and individuals committed to supporting workers rights continue to operate, despite the difficult circumstances. MADE aims to support their resilience, and their ability to engage with business to resolve grievances.

## **8) How does MADE engage with the Myanmar Garment Manufacturers Association (MGMA) and foreign garment associations in Myanmar?**

MADE recognizes the essential role that factories play in ensuring decent labour conditions and adherence to international standards. It will continue to engage with MGMA and foreign garment associations active in Myanmar with the aim of improving industry standards and practices.

## **9) What is the 'Alliance'?**

The 'Alliance' is a new element of the MADE programme which is intended to promote cooperation and joint commitments by the project and participating private sector companies. These address: heightened human rights due diligence; communication and transparency; industry-level and bipartite cooperation and collective action including on issues such as wages and take-home pay, grievance handling, freedom of association and environmental performance.

## **10) Can non-European companies join the Alliance?**

Yes, providing they make the same commitments and financial contribution.

## **11) What happens if retailers who join the Alliance do not meet the commitments they have made?**

Where a Member Company fails to live up to their commitments, they will be suspended from the Alliance through a process overseen by the MADE Steering Committee. The process and timeline for suspension will depend on how serious and/or persistent the failings are.

## **12) How does MADE work with other initiatives (e.g. Fairwear Foundation, Ethical Trading Initiative)?**

MADE and partners will engage with all organisations with an interest in the Myanmar apparel sector. It will also make use of previous experience and guidelines from other initiatives such as FWF, ETI and Clean Clothes Campaign.

## **13) Why are exports from Myanmar increasing?**

Apparel exports from Myanmar in 2022 were estimated at approximately USD 9.3 billion. While this is the highest level to date, cumulative sector exports would have been expected to have reached over USD 14 billion by 2022, based on prior growth trends, and the total stock of existing manufacturing investments. The disruption caused by the pandemic and political crisis has therefore significantly reduced the expected growth of the sector, by around 35%.

What growth has taken place in 2022 appears to be due to significant latent industrial capacity which was started pre-pandemic. During 2019 and 2020 alone, 220 new apparel manufacturers registered investments with the Directorate of Investment and Companies Administration in Myanmar. These ranged from small to very large factories, the majority of which had planned to employ a thousand or more workers at full capacity. It takes several years to bring a large manufacturing enterprise into full operation. The increase in exports seen in 2022 is therefore likely to be due to some of these pre-2021 investment decisions coming on-stream.

Whether or not the growth of the sector continues, MADE intends to support existing and new brands and their suppliers to undertake heightened human rights due diligence and establish effective HR management and workplace relations, and improve social and environmental performance, including decent wages.

## **14) Does MADE contradict those calling for withdrawal of all foreign investment from Myanmar?**

Yes. The EU and MADE partners believe that the interests of workers in Myanmar are best served by ongoing sourcing from Myanmar, provided that this is pursued responsibly and creates decent jobs. The objective of MADE is to support the hundreds of thousands of factory workers who would be left unemployed by a major withdrawal of investment in the sector, and the family members they support. Roughly 380,000 jobs across Myanmar's apparel sector are directly reliant on EU trade and would be at acute risk if European trade and buyer engagement in the sector reduces.

## **15) How will MADE promote freedom of association?**

The MADE project team, and members of the Alliance, are committed to supporting freedom of association, consistent with international labour conventions and with the Guidelines on Freedom of Association in Myanmar ('FoA Guideline') negotiated in 2019 under the ACT on Living Wages programme.

Member Companies which join the Alliance must also make a commitment to communicate to suppliers and other business partners that they expect practices to be in conformance with the principles contained in the FoA Guidelines.

The MADE project will support the implementation of the principles and recommendations contained in these Guidelines through training in its factory programmes. Furthermore, under the SMART Factories Programme, the right of factory workers to freely associate is monitored and supported.

Freedom of association will be an ongoing topic for MADE's Forum on Supply Chain Conduct. Actions could include making collective statements in support of FoA principles and labour rights defenders.

## **16) Does MADE promote Workplace Coordination Committees, as a replacement for trade unions?**

No. The MADE programme encourages and supports the implementation of the Freedom of Association Guidelines, and international FoA standards. MADE believes that strong and well-functioning trade unions are an essential part of a responsible apparel sector in Myanmar, including at the level of federations.

As part of its training programme on compliance with Myanmar laws, MADE, through its SMART Factories Programme, trains factories and workers on the Myanmar legal obligation for all companies to establish Workplace Coordination Committees (WCCs). This obligation has been in place since 2012. According to the Settlement of Labour Disputes Law, factories with trade unions are required to have trade union representatives sit on the WCC to represent workers. In the absence of a trade union, management are called upon to organize an election among the workforce to select worker representatives.

However, MADE does not believe that Workplace Coordination Committees (WCCs) are a replacement for trade unions. This is why its training seeks to empower workers to be aware of their rights to participate in trade unions and/or Workplace Coordination Committees (WCCs). Workshop training materials used by MADE for teaching on FoA and strengthening WCCs were originally developed by the International Labor Organization (ILO) for use in Myanmar. This includes the toolkit "Improving industrial relations through effective workplace cooperation: A toolkit for WCC members."

In principle, WCCs can be a useful and necessary mechanism for factories to receive and remediate many worker grievances at factory level, and receive employee suggestions for enterprise improvements. However, MADE recognizes that in reality, many WCCs operate under the influence of the employer, if at all. There are multiple reasons for this which need to be addressed, including by buyers. This will be a topic for MADE's Forum on Supply Chain Conduct.

When the SMART Factories Programme reviews factories' policies and systems for workplace communications and social dialogue, including WCCs it examines:

- If there is an established trade union in the factory and whether they have their legally entitled seats on the WCC;
- If worker representatives on WCCs been elected on a regular basis, normally once per 2 years.
- If the factory has an effective policy for ensuring workers regularly elect their own WCC representatives.
- WCC meetings are conducted using an effective approach and structure. Meeting minutes are kept and shared.
- Ideally, the WCC jointly reviews suggestions received in the company suggestion box.
- Worker representatives on the WCC are empowered to discuss grievances without intimidation or fear of reprisal from factory management.
- The WCC receives feedback or reports from factory management on other systems the company uses for receiving worker grievances, such as smartphone apps or drop-ins to the HR department.

## **17) What will MADE do to improve grievance handling and complaints?**

MADE believes that, in accordance with the UN Guiding Principles on Business and Human Rights, companies have a responsibility to provide for, or cooperate through legitimate processes in, the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

To underpin this, Member Companies of the Alliance are expected to commit to supporting freedom of association; to have, and require business partners to have, effective grievance handling mechanisms; to monitor their effectiveness; and to ensure rapid action once grievances are raised.

Furthermore, MADE will be an opportunity for companies to share current practices for grievance handling and worker engagement and lessons learned with other companies, as well as with trade unions and labour organisations, in MADE's Forum on Supply Chain Conduct.

## **18) Will MADE establish a sector-wide grievance mechanism?**

Given that not all brands and their suppliers are expected to be a part of MADE, a sector-wide grievance mechanism is unlikely to be achievable. Nonetheless, MADE and Member Companies will explore the scope for sectoral approaches to grievance handling and worker engagement, drawing on lessons from other initiatives, e.g. Fairwear Foundation, and advice from trade unions and labour rights organisations.

## **19) What will MADE do to keep participating workers safe?**

MADE emphasises workplace safety, through a variety of methods and approaches, including technical evaluations, and training which involves workers in creating a safety culture in the workplace.

Staff of MADE/SMART Factories Programme provide their business cards to workers participating in interviews and focus groups and encourage them to get in contact if they experience any problems related to participation in the programme. In reality, this has rarely, if at all, been the case for workers in the hundreds of factories with whom SMART has previously engaged. Indeed, participation usually empowers workers to raise issues with management and secure improved conditions, through better access to, and understanding of, their legal entitlements.

A more systematic grievance hotline will be established for the MADE project, to include the Factories Programme. Retailers participating in MADE must commit to ensure the safety of complainants within their supply chain.

## **20) How will MADE support improvements in social compliance?**

The SMART Factories component of MADE improves working conditions in garment factories through a combination of assessment, advisory, and training services. One way that SMART Factories improves social compliance in factories is by conducting assessments to identify areas where factories are not meeting local and international labour standards. The assessments cover areas such as wages and benefits, working hours, occupational health and safety, and freedom of association. The findings from the assessments are shared with factory management, workers, and other stakeholders, and used to develop action plans to address the identified issues. SMART Factories also provides advisory services to factories to help them implement the action plans and improve their social compliance performance.

Another way that SMART Factories improves social compliance in factories is by providing training and capacity building to workers, factory management, and other stakeholders. The training covers topics such as labour laws and regulations, workers' rights, workplace safety, and environmental sustainability. SMART Factories also works with factory management to develop policies and procedures to address social compliance issues and helps them to implement these policies effectively. The training and capacity building programs aim to create a culture of continuous improvement in factories, where workers and management are empowered to identify and address social compliance issues proactively.

Full-time technical experts in the SMART Factories programme are experienced and qualified factory assessors and engineers, with strong technical knowledge in their subject areas.

## **21) How will MADE support improvements in environmental management?**

MADE promotes full conformance with the Globally Harmonized System for chemical management, conformance with the Zero Discharge of Hazardous Chemicals protocol, education about HiGG FEM requirements, a phase-out of coal boiler fuel in favor of solar thermal, biomass waste products (such as rice husks and wood scrap) and, in general, resource efficient, waste-minimizing factory production systems.

Alliance Member Companies commit to achieve full compliance among suppliers with the globally harmonized system (GHS) for chemical inventory management and labelling by 31 December 2023. (GHS compliance is a legal requirement in Myanmar under the 2013 Chemical and Related Substances Act. Factories with substantial chemical storerooms are generally required to be compliant with storage, labelling and safe use requirements).

Furthermore, the climate crisis requires strong action to phase down carbon emissions. Alliance members commit to work towards a complete phase out of coal boiler fuel in Myanmar by 31 December 2025, including in the suppliers used by Member Companies.

The MADE project employs several technical staff (electrical engineers, textile engineers, chemical management specialists) focused on safe and efficient chemical management, energy efficiency, promotion of renewable energy solutions (solar PV, biomass, solar thermal, etc.), water efficiency and solid waste management.

An added benefit of technical work on energy efficiency and chemical management is expert capacity within the project for technical safety evaluations of boiler and steam systems, electrical systems, ventilation systems, chemical storeroom management practices and compressed air systems, among other areas. The project's engineers often discover and work to remediate major safety issues in factories receiving energy audits and chemical management assessments. Many such safety issues are not observed by typical social compliance auditors, as they require more specialized equipment used by project engineers, including data loggers, thermal imaging cameras, Volatile Organic Compound spectrometers (VOC meters) and more.

## **22) How can retailers work with MADE?**

Retailers wishing to join the MADE Alliance, which gives access to priority placement for their supplier factories within the project's various programmes and workshops, are required to sign an MoU. This outlines

joint commitments of the parties. Retailers are also expected to financially contribute to the project in a manner consistent with their production volumes in Myanmar, to supplement the EU's contribution to the programme.

Enrollment is open to all retailers willing to make the commitments outlined within the project's MoU. Retailers signing earlier will receive support for their suppliers on a first-come, first-serve basis. Those signing later in the year are very likely to be waitlisted until additional technical experts can be adequately developed and/or contracted.

Factories supplying non-member retailers can participate in some modules of the project, but priority placement is given to factories supplying members of MADE.

### **23) Does participating in MADE satisfy a company's expected Human Rights Due Diligence obligations?**

No. Participating in MADE should contribute to a company's heightened due diligence of their Myanmar supply chain by helping them better engage with rights holders and understand human rights risks and how to mitigate them, individually and collectively. But each retailer needs to examine their own supply chain and its unique risks.

Participating in MADE is not intended to fulfil any 'safe harbour' requirements currently being discussed related to company participation in multistakeholder initiatives (MSI).

### **24) How many factories can participate in MADE?**

It is expected that a minimum of 50 factories per year will participate in MADE's on-site advisory modules, which require substantial engagement, involving corrective action plans, on-site training, follow-up assessments and other support. Up to 200 factories per year might join off-site workshops and seminars. The project will seek to expand programmes to cover more than this if and when a critical mass of retailers have formally joined the project.

As of early 2023, the MADE project has 18 full-time, experienced trainers, engineers and factory assessors, many of whom have a decade of experience advising factories in the garment industry. The project also works with several part-time trainers and consultants. Implementing partners sequa and EuroCham also have several other staff who support the project but are not full-time dedicated for project activities. While there is already a strong team, further expansion will likely be needed.

Managers and workers from 85 factories have already participated in MADE factory assessment and/or training programmes during the first half of 2023. In previous years, SMART worked with approximately 400 factories in various programmes between 2013 and 2022.

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