

Building Resilience, Equity and Opportunity in Myanmar: The Role of Social Protection

Risks and vulnerabilities along the life cycle: Role for social protection in Myanmar¹

Myanmar is a country in transition with great regional diversity. It is still a relatively young country with the highest share of its population at active working age. Myanmar's more pressing needs are the following: a) reducing the incidence of poverty and improving human development outcomes, with a particular emphasis on reaching the poor and vulnerable. Children from poor families fare worse when it comes to nutrition, and education outcomes; and b) addressing the insecurity of incomes and developing mechanisms to reduce exposure to risks and ability to cope with ill-health, disasters and other shocks. This suggests a critical role for social protection policies and programs in Myanmar's strategy for poverty reduction and people-centred development.



1. This Note has been prepared by Puja Vasudeva Dutta (World Bank) with comments and inputs from Reena Badiani-Magnusson, Inge Stokkel, Mariana Infante-Villarroel, Jehan Arulpragasam, Pamornrat Tansanguanwong, and Nicolas Myint (World Bank). The team is grateful to the Ministry of Social Welfare, Relief and Resettlement and to the Ministry of Livestock, Fisheries and Rural Development for their inputs and facilitation of field trips for the entire assessment; and to the Ministry of Labor, Employment and Social Security, the Ministry of Finance and the Ministry of National Planning and Economic Development for their inputs and guidance. The team benefited from contributions and field support from WFP, ILO, UNOPS-LIFT, SC, HAI, ActionAid, IOM, MDRI, and several UN agencies and NGOs throughout the process. The team is grateful to the Rapid Social Response program and its five donors - the Russian Federation, Sweden, Norway, the United Kingdom and Australia - for funding this assessment.



1. A country in transition²

A reformist administration has embarked on rapid economic and political change that has the promise to unlock Myanmar's tremendous development potential. In 2011, Myanmar embarked on a triple transition 'from military rule to democratic rule, from 60 years of armed conflict to peace and from a centrally controlled and isolated economy to one that can end poverty and create real opportunities for all our people' (World Bank, 2015a). This shift in the country's development path towards opening and integration, and towards inclusion and empowerment, is happening against a backdrop of broader political reforms. Each of these transitions is complex, and is further complicated by the expediency driving the reform processes.

Despite recent gains, a substantial proportion of the population suffers from food insecurity and poverty. With a population of 51.4 million, the country has a per capita gross domestic product (GDP) of USD 1,105. Absolute poverty in Myanmar is estimated to be either 37.5 percent, using a methodology estimated by the World Bank, or 25.6 percent, using a UNDP/Government of Myanmar methodology.³ Food security assessments in the dry zone and other parts of Myanmar indicate high levels of food insecurity, especially at certain times of the year (WFP, 2014). Other socio-economic indicators also show high incidence of non-income poverty. For instance, housing indicators suggest standards of living in Myanmar lag behind in the region. Several surveys indicate that only about half of households in Myanmar live in houses with durable roofing, compared with more than 80 percent in neighboring Cambodia. At the same time, measured consumption inequality in Myanmar is relatively low compared with its neighbors. Estimates of consumption Gini range from 0.20 to 0.29 (World Bank, 2015a). This is much lower than the estimates for Vietnam (0.39), Thailand (0.40), and Indonesia (0.39).

There have been significant improvements in human development outcomes, but these remain low and progress towards the Millennium Development Goals (MDGs) has been mixed. Myanmar has made significant progress in reducing child mortality and increasing immunization, and some progress in combating HIV/AIDS, tuberculosis, and malaria. However, improvements on other MDGs, like infant and maternal mortality, have been slow, and childhood malnutrition remains persistent. While primary school enrollment has improved over the past two decades, a large proportion of children still drop out at higher levels of schooling. Myanmar was ranked 149th out of 186 countries on the 2013 Human Development Index.

Most people in Myanmar struggle with access to basic service delivery, and the poor particularly so. Given the low level of development, most people face challenges in terms of inadequate infrastructure, poor connectivity, low productivity, weak institutions, and limited service delivery. These constraints are exacerbated for the poor.

2. This section and the next draw on the World Bank's Systematic Country Diagnostic (World Bank, 2015a), supplemented by other secondary sources.

3. The share of the population considered poor includes those who are unable to meet their basic needs. The poverty rate reflects the definition of basic needs used, and there are multiple ways of defining an acceptable standard of living. In 2011, a group of international experts and advisers, working closely with the government of Myanmar and international organizations, estimated absolute poverty in Myanmar to have stood at 25.6 percent in 2009/10. In 2014, the World Bank estimated the poverty rate in 2010 at 37.5 percent. This higher estimate is based on a broader welfare aggregate that includes spending on health care and the use value of assets, and on alternative assumptions on adult equivalence scales and spatial price deflators. No trend data are available for this methodology. A nationwide household survey is being conducted to update both of these poverty estimates, working in collaboration with the government. The figures in this Note use the World Bank methodology.

This Note provides an overview of the risks and vulnerabilities facing individuals at different stages in their lifecycle. The aim is to identify opportunities to build household and community resilience in Myanmar, particularly through social protection policies and programs. See Annex 1 for the data sources used for this analysis, including the limitations current data constraints impose.

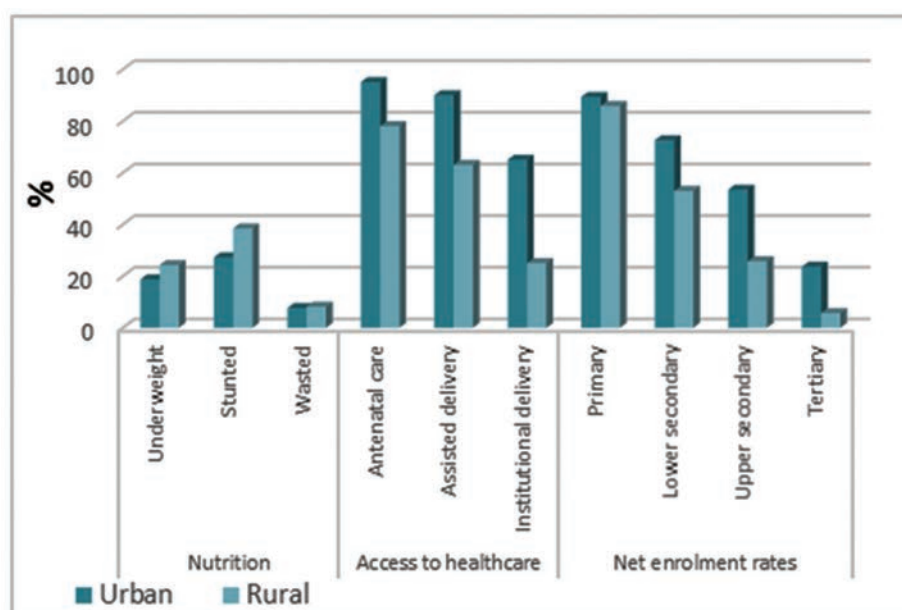
2. A profile of the poor and vulnerable

In Myanmar, standards of living are strongly affected by location, identity, and ownership of key assets such as land. The majority— about 76 percent — of the poor live in rural areas and rely primarily on agriculture and casual work for their livelihoods. Urban poverty is an increasing phenomenon, with high poverty incidence in cities like Yangon and Mandalay (see also WFP2014).

The following characterizations of poverty emerge:

- The **‘traditional’ poor**, who are heavily concentrated in rural areas, largely dependent on agriculture, and typically landless laborers or farmers with small plots of land and limited access to key productive assets and services such as land, a reliable water supply, and finance. The traditional poor have limited education, work long hours for little pay in agriculture or allied activities, and lack the training and skills necessary for jobs outside agriculture.

Figure 1: Rural-urban disparities in nutrition and access to health care and education



Notes: Nutrition: % children under five. Access to health care: % pregnant women. Net enrollment rates: % children of school-going age enrolled.

Source: Nutrition and access to health care: UNICEF and MNPED (2010). Net enrollment rates: staff calculations using 2009/10 MICS data.

- The **‘transition’ poor**, many of whom have transitioned out of agriculture and live in small towns and cities but still work in low-skill, casual employment, and – similar to their rural counterparts – are still constrained by limited education and job skills. High-paying jobs are in short supply, and the high cost of living in urban areas keeps them in poverty.
- The **‘excluded’ poor**, who typically do not have access to opportunities for productive economic activity, often by virtue of their location, ethnicity, gender, or other factors. Many live in conflict-affected and border states, suffer multiple disadvantages, and are exposed to multiple risks. Other groups, such as the indigent elderly, widows, orphans, disadvantaged youth, the disabled, and the geographically isolated, can also be among the excluded poor.

Human development outcomes are poorer in rural areas. Children living in rural areas are more likely to be malnourished: in 2009/10, 38 percent of children in rural areas were stunted compared with 27 percent in urban areas.⁴ Although primary school net enrollment rates in rural and urban areas (at 86 percent and 89 percent, respectively) are similar, the net enrollment rate in lower secondary and above is substantially higher in urban areas, at 73 percent relative to 53 percent in rural areas.

3. Regional disparities

Apart from urban–rural differences, there are substantial disparities in living standards across states and regions. Myanmar is a culturally and geographically diverse country, with about 135 different groups speaking over a hundred different languages and dialects. The country can be divided into four broad agro-ecological zones: the Hill Zone in the north, the Dry Zone in the center, the Delta in the south, and the Coastal Zone in the south and south-east.⁵ Incidence of poverty is highest in the Coastal Zone, lowest in the Dry Zone, and around the national average in the Delta and Hill Zones. Rakhine (in the Coastal Zone) and Ayeyarwaddy (in the Delta) both have high poverty incidence and a large share of the poor. However, the relatively high population density of the Dry Zone and the Delta means they are home to nearly two-thirds of the poor in the country (World Bank, 2015a).

Similar patterns can be seen for other human development indicators. For instance, incidence of stunting is highest in the Coastal and Hill zones, particularly Rakhine and Chin. However, the largest shares of children with moderate or severe stunting are found in the more populous states and regions in the Dry Zone and Delta areas, such as Ayeyarwaddy (Delta) and Mandalay and Sagaing (Dry Zone).

Physical remoteness and conflict in the border areas contribute to food and personal insecurity for those living there. This is particularly true for the large number of internally displaced people (IDPs). These are the least developed areas in Myanmar, with the constraints imposed by physical

4. Stunting refers to a height for age that is two (moderate) or three (severe) standard deviations below an international standard (see below).

5. The four broad agro-ecological zones are as follows: a) Hill: Chin, Kachin, Kayah, Kayin, Shan, and Sagaing; b) Dry: Bago, Magwe, and Mandalay; c) Delta: Yangon and Ayeyarwaddy; and d) Coastal: Rakhine, Mon, and Tanintharyi.

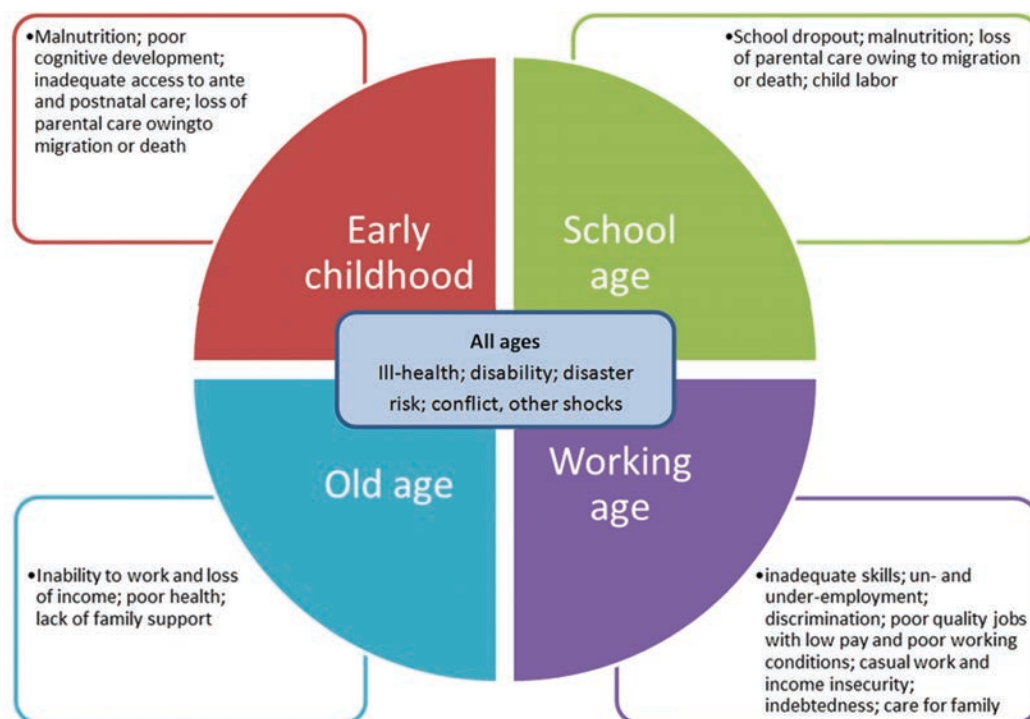
remoteness exacerbated by conflict and, consequently, low investment in connectivity and basic services and insufficient income-generating opportunities

4. Risks and vulnerabilities along the lifecycle

Individuals and households in Myanmar are exposed to a variety of risks, increasing their vulnerability to poverty and hardship. In Myanmar, a large share of households are clustered very near the poverty line and are vulnerable to falling into poverty as a result of crisis events or shocks. For instance, increasing the 2009/10 poverty line by 10 percent would result in an increase in poverty incidence of nearly 9 percentage points (World Bank, 2015a). As a result, regardless of the current poverty status of a household, households may fall into poverty after exposure to large, severe, and/or frequent shocks. Thus, volatility of household incomes and exposure to risks are a serious concern.

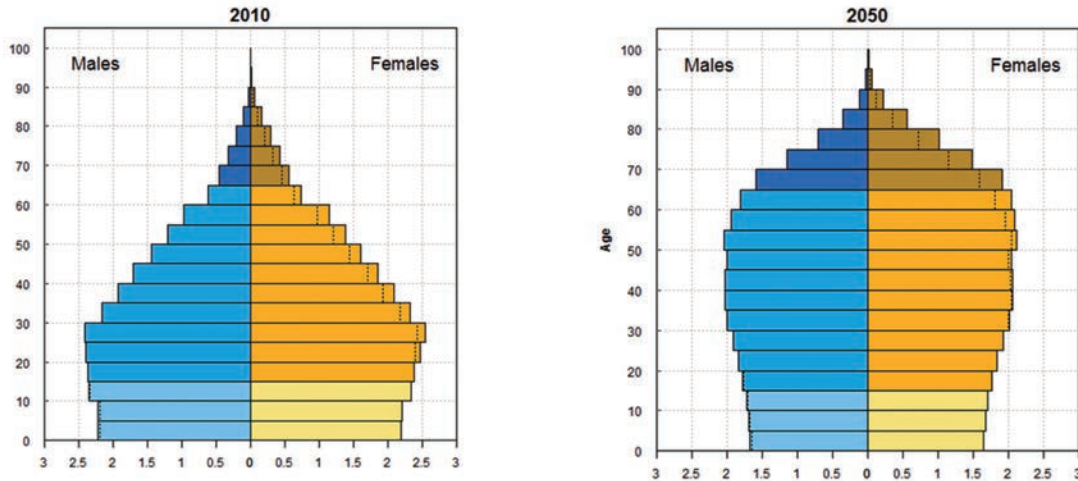
Several risks disproportionately affect people during certain parts of the lifecycle, whereas others affect everyone regardless of age. This section describes Myanmar's demographic profile and examines the range of risks and vulnerabilities facing individuals at different stages of the lifecycle, as Figure 2 illustrates. We define the different stages as follows: early childhood (infants and young

Figure 2: Risks and vulnerabilities along the lifecycle



Source: Adapted from World Bank (2012).

Figure 3: Myanmar's demographic changes



Note: UN total population figure was similar to the preliminary results of the 2014 Census (51.4 million).

Sources: Population pyramids from UN Population Prospects; projections based on the 1983 Census as age-disaggregated information has not yet been updated from the 2014 Census.

children aged 0-3 years), school age (children aged 4-15), youth and working age (aged 15 to 59), and old age (aged 60 and above).⁶

Myanmar has the advantage of a relatively young population, with the 20-24 age group the most populous and a large number of young people entering working age. Myanmar is experiencing a gradual demographic transition, with a significant decline in fertility and infant mortality rates and a slow increase in life expectancy. This decade, though, another transition commenced: the percentage of older people started to increase significantly (see Figure 3). In 2010, only 8 percent of the population was aged 60 or above, but this figure is projected to rise to 22 percent by 2050. However, life expectancy is not projected to increase rapidly: by 2050, life expectancy at birth in Myanmar will still be 70 years (compared with the present life expectancy of 65 years), whereas in Laos, Cambodia, Vietnam, and Thailand it will be close to 80 years. Although Myanmar will begin ageing quickly in coming decades, the share of the working-age population is not expected to shrink until after 2040 (World Bank, 2015b).

4.1 Infants and young children

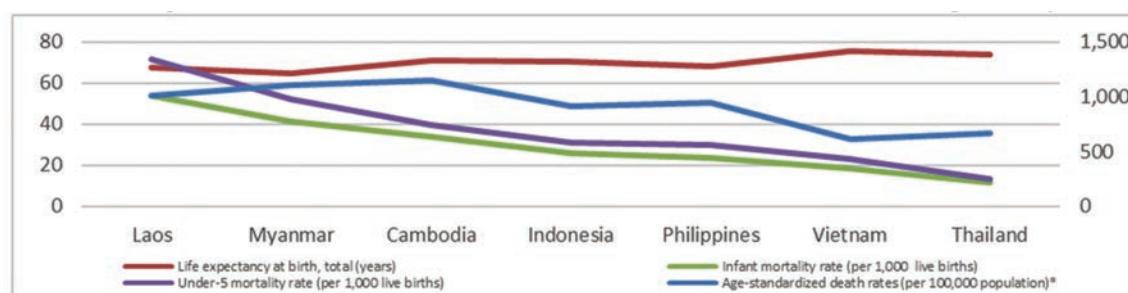
The first 1,000 days of a child's life are crucial. Disadvantages built early in life are costly, if not impossible, to remedy in the future. There is overwhelming evidence on the importance of adequate nutrition and stimulation during early childhood in developing a sound foundation for better health, higher cognitive skills, lifelong learning, and future earning ability. Malnourished chil-

6. Retirement age in the civil service Myanmar is 60 years.

dren are at higher risk of death from common childhood ailments; those who survive are at higher risk of disease and are slow in acquiring cognitive skills. In addition, there is intergenerational transmission of malnutrition as women who were malnourished in childhood tend to have children with low birth-weight and poor nutrition. Adults affected by malnutrition as a child also earn on average 20 percent less than healthier adults (Lancet, 2007, 2011). Investing in the nutrition and early development of young children can have significant long-term benefits, for the children themselves as well as the economy in terms of a skilled, healthier, and productive labor force.

Despite improvements since 2000, child malnutrition in Myanmar remains high relative to other Association of South-East Asian Nations (ASEAN) countries. In 2009/10, 23 percent of children were underweight, 35 percent were stunted, and 8 percent were wasted (UNICEF and MNPED, 2010; see Figure 4).⁷ Vitamin and mineral deficiencies are also pervasive in Myanmar, while youth and adult obesity has also been observed: 40 percent of those aged 15 and above were reported to be overweight or obese in 2009/10 and thus at greater risk of chronic diseases (World Bank, 2013). Various factors drive these poor nutrition outcomes, including characteristics of the mother, poor access to safe water and sanitation, inadequate breast feeding and inappropriate feeding practices, lack of medical attention at or immediately after delivery, and limited early childhood interaction (Lancet, 2013).

Figure 4: Nutrition outcomes and access to health care before and during delivery

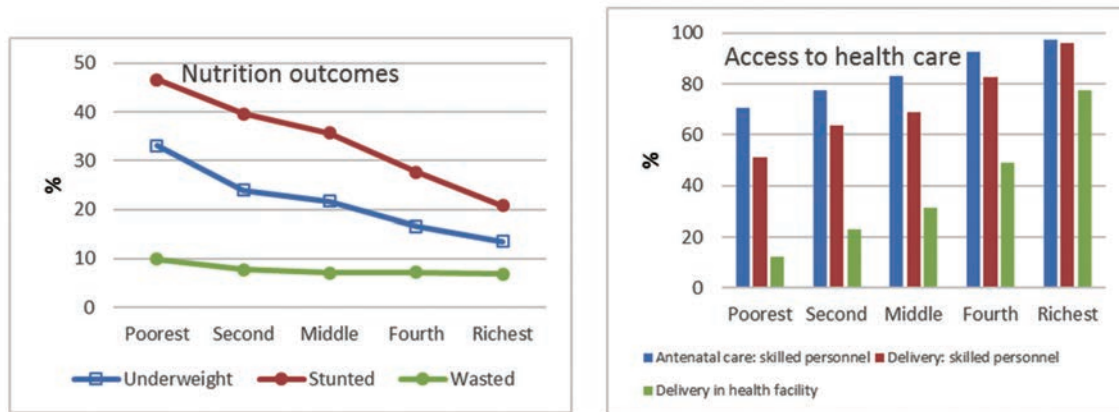


Source: World Bank (2015c).

Children and pregnant women from poorer households fare worse. There are significant disparities in nutritional outcomes and access to care before or during delivery, depending on socio-economic status and other household characteristics. As many as 33 percent of children from households in the poorest wealth quintile were underweight compared with only 14 percent of children from the richest quintile (see Figure 5). The differences in access to antenatal care for pregnant women and assisted delivery, particularly by medical professionals in a health facility, are particularly stark: only 13 percent of pregnant women from the poorest households gave birth in a health facility in 2010, compared with 78 percent of those in the richest households. However, there are no significant gender disparities (see Box 1).

7. These refer to anthropometric indicators for children: underweight is low weight-for-age, stunting is low height-for-age, and wasting is low weight-for-height. The common reference standard defining what is meant by 'low' is median minus two or three standard deviations, based on a well-nourished reference population. The first threshold measures moderate, the second severe under nutrition. The figures cited above refer to moderate under nutrition based on the WHO standard, and using MICS 2010 data.

Figure 5: Disparities in nutrition outcomes and access to health care, by socio-economic status



Notes: % of children under 5 malnourished and access to health care for pregnant women who have given birth in the two years preceding the survey, by wealth quintiles. The wealth index is constructed based on ownership of six assets: watch, bicycle, motorcycle or scooter, animal-drawn cart, car or truck, and boat with a motor.

Source: UNICEF and MNPED (2010).

4.2 Children

Equitable access to good-quality education is essential in building human capital and reducing the risk of current and future poverty. International evidence indicates that education directly contributes to productivity and earnings – students who complete more years of schooling earn a higher income. For example, in Myanmar, on average, completing one more year of schooling is associated with 6.7 percent higher income (World Bank, 2014a). Having more years of education also helps individuals benefit from economic opportunities and protect against shocks: educated workers are more likely to be employed and to have relatively secure jobs with good working conditions and decent pay. Thus, education can help lift households out of poverty and also guard against them falling into poverty. For poor people, education represents an opportunity to break the intergenerational transmission of poverty and to participate more effectively in public policy as empowered and informed citizens.

Most children in Myanmar are enrolled in primary school, but many children, especially those from poor families, drop out of school in the transition between primary and secondary. In 2009/10, as many as 86.7 percent of children aged 6–10 were enrolled in primary school. However, the net enrollment rate dropped to 58 percent and 33 percent by secondary and high school, respectively.⁸ Children from poorer families were less likely to enroll in primary school and more likely to drop out earlier than other children (see Figure 6). Only 29 percent of children from households in the poorest quintile were enrolled in secondary school, compared with 80 percent of those from the richest quintile. Administrative data from the Ministry of Education estimates that approximately 1 million primary school-age students are not in school. The main reasons re-

8. Primary school comprises Grades 1–5, secondary school Grades 6–9, and high school Grades 10–11.

ported for dropping out of school for school-age children are the high cost of education, lack of interest or poor grades (which could reflect poor school quality), and the need to supplement household income by working (see Figure 7). Qualitative studies reveal that, while parents understood and valued the long-term benefits of secondary education, they also considered it a significant burden in the short term, and the opportunity costs of sending children to secondary school can be high (Enlightened Myanmar Research and World Bank, 2015).

Figure 6: Many children, especially from poorer households, drop out before over secondary school

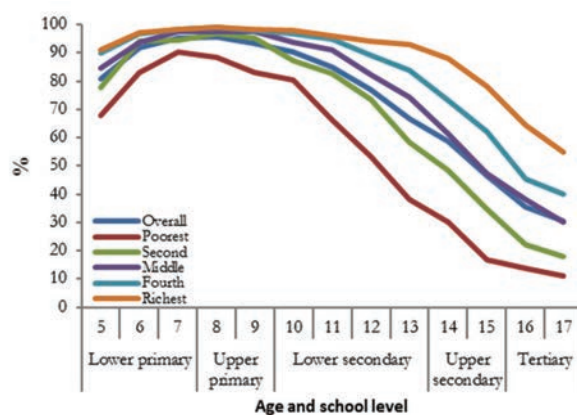
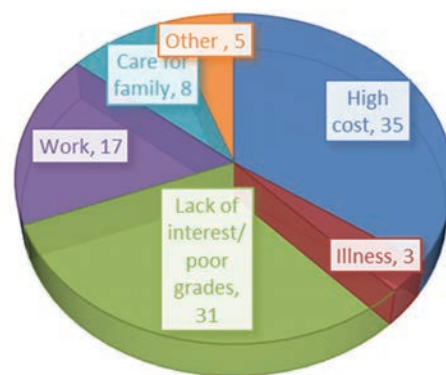


Figure 7: High cost of schooling is a key factory



Notes: % of official school-age children enrolled in the corresponding level of school in the year preceding the survey, by wealth quintiles.

Source: Figure 6: Staff calculations using 2009/10 MICS data. Figure 7: using 2010 IHLCA data.

Box 1: No significant differences between girls and boys

There is a high degree of gender equality in human development outcomes in Myanmar, with no significant differentials in nutrition outcomes or in net enrollment rates between girls and boys (see below). The slightly higher enrollment rates of girls at higher levels of education owe partly to higher male wages in the labor market, imposing greater pressure on boys to drop out and work to support their families.

	Nutrition			Primary	Net enrollment rates		
	Underweight	Stunted	Wasted		Lower secondary	Higher secondary	Tertiary
All	22.6	35.1	7.9	86.7	58.0	33.3	10.5
Girls	22.1	5.6	33.4	87.1	58.1	34.6	11.8
Boys	23.0	5.6	36.7	84.4	58.0	32.0	9.1

Source: UNICEF and MNPED (2010) and staff calculations using 2009/10 MICS data.

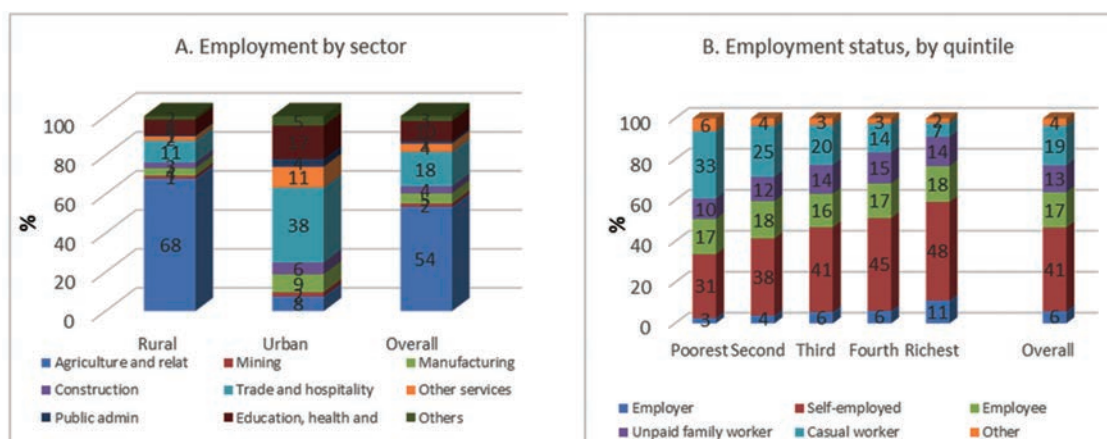
4.3 Working age adults

Working age adults face the challenge of securing good and stable jobs and ensuring income and food security for their families. As noted above, a large number of young people are entering working age. How Myanmar copes with this youth bulge will determine whether it is able fully to exploit its favorable demographics, or whether the potential ‘youth dividend’ becomes instead a source of social and economic pressure. Shifting labor from low- to high-productivity jobs, typically from agriculture to manufacturing and services, will drive growth and facilitate the creation of more, better, and more inclusive jobs in Myanmar.

Myanmar remains largely dependent on agriculture, where labor productivity is very low. Growth has accelerated since 2011, averaging about 6.5 percent per year, but structural transformation has proceeded slowly to date. In 2012, agriculture still accounted for 36 percent of GDP, compared with 37 percent for services and 26 percent for industry (World Bank, 2015a). More than 50 percent of the working population (more than 65 percent of the rural population) is employed in agriculture and related activities (Figure 8A). Studies point to improvements in income from farming and increasing diversification into non-farm activities. However, small landowners and casual workers find it difficult to change agricultural patterns of invest in non-farm opportunities (Enlightened Myanmar Research and World Bank, 2015; LIFT, 2013). Traditional gender roles limit female land ownership and investments (e.g. access to credit for purposes other than buying food) despite women's prominent role in agricultural activities such as weeding, transplanting and harvesting (World Bank and Myanmar Development Research, 2013).

There is a large informal sector in Myanmar. In 2009/10, 71 percent of workers aged 15-59 years were self-employed workers, unpaid family workers, or employed as casual workers (see Figure 8B). Those in the poorest quintile are more likely to be engaged in casual work relative to others. Thus, a large proportion of the population, particularly the poor, is dependent on seasonal em-

Figure 8: Most workers are employed in the informal sector



Notes: % of individuals aged 15-59, by sector of employment and rural/urban location, and by employment status and consumption quintiles.

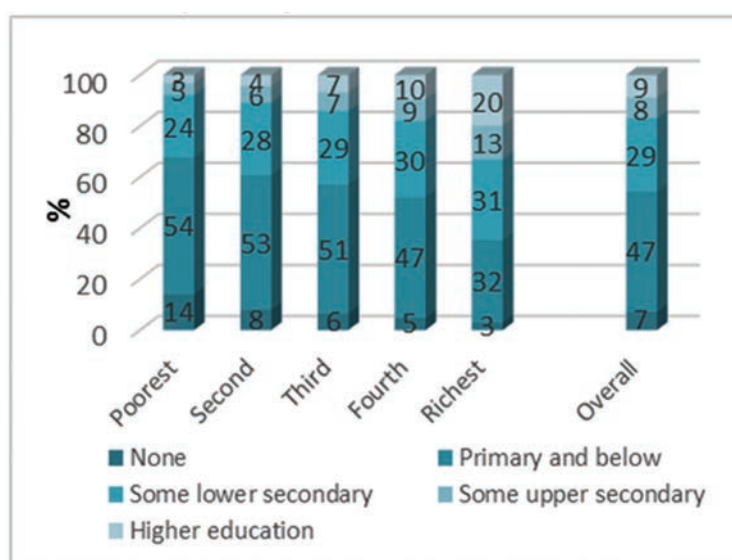
Source: Staff calculations using 2010 IHLCA data.

ployment in agriculture and on insecure casual work in the informal urban economy. Underemployment and incidence of working poor is high, especially in the lean agricultural season (LIFT, 2013).

Skill levels are low, especially among the poor. The majority of the working-age population has either no formal education or some primary education (see Figure 9). This is especially true for the poor: 13 percent of the poor have no formal education, whereas the majority – 54 percent – have received at most some primary education. The corresponding figures for the richest quintile are 3 percent with no education and 32 percent with only primary education or less.

Most workers in the labor market lack the skills employers seek. The recent Investment Climate Assessment finds employers in Myanmar more often consider the inadequately educated workforce a major obstacle than their competitors in Vietnam, Philippines, Indonesia, or China. Every fourth firm in Myanmar considers inadequate skills an important obstacle, with manufacturing firms, young and medium-sized firms, and firms that are innovating and expanding the hardest hit. If left unaddressed, this skills shortage may well constrain future investment and economic growth (World Bank, 2014b).⁹ This study also finds employers complain about technical skills when hiring for skilled jobs as well as basic social and behavioral skills when hiring for unskilled jobs. These highlight the importance of investing in the nutrition, health, and education of young children so as to develop the cognitive and non-cognitive skills required in the labor market. Further diagnostic work on the profile of jobs, workers, and employers, and on the drivers of growth and employment, is required to identify what it will take to create more, better, and more inclusive jobs in Myanmar.

Figure 9: Majority of working age adults have primary education or less



Notes: % of individuals aged 15-59 who have completed at least some years in the specified school level, by consumption quintiles.

Source: Staff calculations using 2009/10 IHLCA data.

9. This is likely an underestimate, given that the survey captures perceptions of firms currently operating in Myanmar, omitting those that decided not to establish or to quit because the constraints (potentially including skill shortages) they faced were too large.

4.4 Older people

Myanmar is ageing at lower income levels than its more developed neighbors, and may well ‘get old before getting rich’ (OECD, 2013). The share of older people in the population is projected to increase to about 22 percent by 2050. While an ageing population can increase the burden on economic support and health care, older people also continue to contribute to their families and to society.

At present, most older people in Myanmar live with their families and rely on them for support while contributing in return. A survey of older people indicates that the majority live with their children or very close: about 86 percent live in households with more than one generation (HAI, 2013). This survey also finds that older people receive considerable support from their families. Those with children who have migrated to urban areas or other countries typically send money home. Their families, particularly women, also provide personal care. In turn, older persons also contribute both economically and by providing care for grandchildren, particularly when parents migrate for work. Older people in Myanmar also tend to continue working after the age of 60: nearly a third continue working for another decade.¹⁰ Given that pensions are very rare in Myanmar, income insecurity in older age can be an issue for older people whose family cannot support them. Many older people also report poor health and functional limitations, particularly among those aged 80 and above.

Photo - Meriem Gray/World Bank



10. Staff estimates from 2009/2010 IHLCA data.

5. Other sources of risk and vulnerability

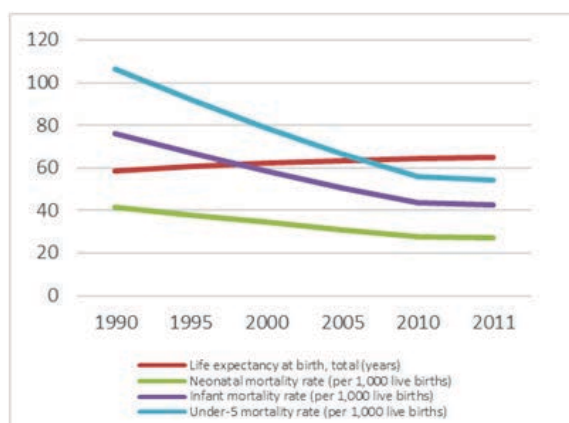
Individuals of all age groups in Myanmar are exposed to a variety of risks, increasing their vulnerability to poverty and hardship. Several risks disproportionately affect people during certain parts of the lifecycle as noted above, whereas others affect everyone regardless of age. Shocks have the potential to push those already living in poverty even deeper into it. And they can be just as debilitating to those around or above the poverty line, increasing their exposure to hardship. The common sources of risk and vulnerability that affect all ages include ill-health, exposure to disasters, and conflict.

5.1 Catastrophic health shocks

Despite improvements since 1990, health outcomes in Myanmar are poor, relative to other ASEAN countries. For instance, though life expectancy at birth increased from 59 to 65 years between 1990 and 2011, it is the lowest among the ASEAN countries (see Figures 10 and 11). Similarly, the infant mortality rate, a widely accepted indicator of the general health of the population and the quality of health care services available, also declined substantially, from 76 to 42 per 1,000 live births, in the same period. However, it is considerably higher than in neighboring Thailand (11) and Cambodia (34). Age-standardized death rates in Myanmar are also among the highest in the region, indicating a high number of deaths that could potentially be prevented. Myanmar faces a double burden of disease, with widespread prevalence of both non-communicable diseases and infectious diseases. These diseases and malnutrition contribute to disability and premature death.

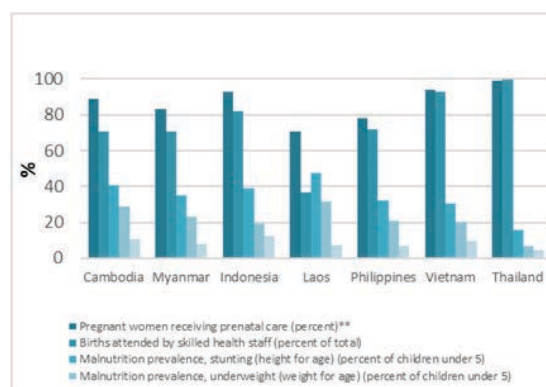
Weaknesses in the public health environment also increase exposure to health risks. For instance, deficiencies associated with food security, water, sanitation, and hygiene, unsafe working

Figure 10: Health status improving over time ...



Source: World Bank (2015c).

Figure 11: ... but still poor compared with other ASEAN countries



conditions, and access to affordable good-quality health care disproportionately expose poor and vulnerable households to illness, accident, and early deaths. These challenges are exacerbated in conflict-affected areas.

Ill-health can be a catastrophic shock for households. Various qualitative studies and field observations for this report suggest health shocks are the most commonly experienced household-level shocks (Enlightened Myanmar Research and World Bank, 2015; LIFT, 2013). The effects of an illness, accident, or death of the income earner can be devastating to poor and vulnerable households in terms of the expenses associated with health care and lost income. Out-of-pocket private health expenditure in Myanmar is estimated to be as high as 60 percent of total health expenditure in 2012/13 (World Bank, 2015c).¹¹ Poor households often go into debt to treat illness and accidents. In the event of death, funeral expenses can also be significant.

5.2 Exposure to natural hazards and disaster risk¹²

Myanmar suffers from disaster losses every year caused by a range of hazards that have high immediate and long-lasting impacts on people, livelihoods, and the local and national economy. Its coastal regions are exposed to cyclones, storm surges, and tsunamis, and major parts of the country are at risk of earthquakes and fires. Rainfall-induced flooding is a recurring event across the country, and some parts of the country are exposed to landslides and droughts (GoM, 2012). In the past 25 years, Myanmar has suffered 32 disaster events (seismic activity, epidemic, flood, landslides, and storms) affecting more than 4 million people and causing USD 4.7 billion in damages.¹³ Cyclone Nargis was the worst natural disaster in the history of Myanmar, generating a total loss of 21 percent of the country's 2007 GDP (ASEAN, 2008). Annual expected losses are approximately USD 184.8 million, equivalent to 0.9 percent of the country's GDP in 2008.

Environmental degradation and recurrent disasters exacerbate people's vulnerability. Experiences in Cyclone Nargis demonstrate that pre-existing environmental degradation in the Ayeyarwaddy Delta in turn led to increased vulnerability to disasters. The cyclone resulted in further environmental damage and increased exposure to flooding owing to erosion and destroyed embankments, jeopardizing sustainable livelihoods. Nargis severely damaged the ability of communities to recover on their own; they lost their productive assets, which further exacerbated problems such as malnutrition and food insecurity, keeping them in a cycle of poverty (UNEP, 2009).

Disasters disproportionately affect the poor (particularly women, children, the elderly, people with disabilities, migrants, and marginalized groups). These groups often live in places more exposed to hazard risks, partly because of environmental degradation from over exploitation of land, and have less ability to cope with and recover from disasters. Rural households with higher in-

11. Poor data quality implies these estimates may not be entirely accurate.

12. See Note on 'Social protection for disaster risk management: Opportunities for Myanmar'.

13. Emergency Events Database (EM-DAT): <http://www.emdat.be>

comes have a higher ability to diversify livelihood activities to reduce risks, while informal safety nets on which the poor depend (such as borrowing food) become stretched when shocks affect the whole community.



Photo - Khin Aye Yee/World Bank

5.3 Conflict

In recent years, ceasefire agreements with ethnic insurgent groups have been signed. Since the start of the peace process in 2011, bilateral ceasefires have been agreed with 14 of the 16 armed ethnic groups. A national ceasefire process was initiated in 2013, with roundtable discussions including all armed groups as opposed to a series of bilateral discussions. While differences remain between the government and the armed groups, and conflict continues in some areas (e.g. Kachin state), there is a shared commitment to a peaceful solution. As of 30 March 2015, peace negotiators agreed to the draft text of a historic nationwide ceasefire agreement, bringing the country closer to ending decades of conflict.

However, decades of conflict in the border areas (and more recently in Rakhine) have exacerbated issues of income and food insecurity. Localized conflicts driven by ethnic tensions and fight-

ing between government forces and armed groups have displaced over 200,000 people, primarily in western and northern Myanmar. Although the size of this population is unclear, estimates indicate over 80,000 people have been displaced since 2011 in Kachin and northern Shan states. In Rakhine state, over 125,000 people have been displaced by inter-communal conflict since mid-2012. Recurrent outbreaks of religious violence, primarily targeted at the country's Muslim minorities, have been recently reported particularly in Rakhine (World Bank, 2015a). Impoverished, with almost no job opportunities, most of the IDPs are wholly reliant on humanitarian assistance (WFP 2013). Gender-based violence has been reported in conflict-affected areas (The Border Consortium, 2014).

6 Coping with risk and vulnerability

Individuals and households in Myanmar often resort to potentially growth-reducing strategies in order to cope with these risks. Exposure to risk leads households to adopt ex-ante coping strategies that may mitigate risk but often imply lower returns. At the same time, some ex-post coping mechanisms can have adverse long-term impacts, sometimes leading to poverty traps. In particular, poor and vulnerable households have limited capacity and fewer options for mitigating risks and coping with shocks. The most common coping mechanisms, particularly among the poor, are adjustments to household labor supply (e.g., working longer hours, taking children out of school and putting them to work, and migrating for work), incurring debt (usually in the form of high cost loans from the informal sector), reducing household consumption and selling assets.

6.1 Migration

Migration for work is a key coping mechanism, particularly for the poor. Internal migration from rural areas to towns and cities in Myanmar is common, particularly among young men. International migration is also significant: Thailand alone hosts about 2.3 million Myanmar migrants, who remit about USD 1.7 billion annually (Enlightened Myanmar Research and World Bank, various years; IOM, 2013). Poor families often cannot afford the costs of regular international migration, typically mediated through brokers; irregular migrants can face exploitation in the destination country. Although the benefits from migration can be high, the risk of failed migration can be daunting. Women migrants are generally more vulnerable than men, in terms of physical, sexual and verbal abuse during travelling and at the place of destination.

Qualitative research indicates large differences in migration patterns across Myanmar. For instance, in the states bordering Thailand (such as Mon and Kayin), migration is a two way process – out-migration of locals to Thailand, Malaysia, and other countries and in-migration from other parts of Myanmar to fill the labor force shortages created by out-migration of locals. In these states, remittances seem to be an important source of household welfare. In some cases, they facilitate investment in land and other productive assets, and in others they also support left-behind families in basic needs (Enlightened Myanmar Research and World Bank, various years).

6.2 Community-based coping mechanisms

Information on community-based social protection in Myanmar is patchy, but the limited evidence from qualitative studies suggests variations across states and regions. Several factors likely influence community-based support, including level of ethnic and religious diversity within the village, scale of internal migrants to locals, degree and recentness of conflict-related impacts, and exposure to external assistance, among other factors (Enlightened Myanmar Research and World Bank, 2015).

For instance, in border states like Mon and Kayin, communities face rapid and frequent change owing to high levels of internal and external migration and have limited exposure to external assistance. Anecdotal evidence suggests these communities have not developed informal mechanisms to provide regular or emergency support to vulnerable groups.

In contrast, in the Dry zone and the Delta, where communities are relatively homogenous (at least in terms of presence of internal migrants), social trust is relatively high, and there is some sustained exposure to external assistance, informal coping mechanisms seem to be more wide-spread. There are also several examples of mechanisms to support the poor and vulnerable (typically women, children, and old people), either through the monastery system or through other village organizations in these regions. One study finds evidence of systematic contributions by villagers for cash grants to children from poor households to meet vaccination and schooling expenses (Thu and Griffiths, 2014). The most common form of support was funeral grants (Enlightened Myanmar Research and World Bank, 2015).

In addition to the local context, as noted above, the nature and duration of assistance can play a role. Further analysis is required to better understand the nature of these community-based mechanisms, particularly in the context of introducing formal social protection programs.

7. Implications for social protection provision in Myanmar

This analysis of risks and vulnerabilities suggests there is indeed a role for social protection as a core component of Myanmar's strategy for poverty reduction and people-centered development. Globally, social protection programs have been found to improve resilience to natural disasters and build productive assets in local communities. They have also enabled households to invest in their children's health and education, access better jobs, and make productive investments.¹⁴ For Myanmar to achieve its poverty reduction targets, a broad set of policies will be needed to make households and communities more resilient to current and future poverty. These would include, among other things, improving equitable and affordable access to good-quality basic services, promoting livelihoods and income security, and rural and urban development. However, these efforts would need to be complemented by focused support to protect against vulnerability and increase access to opportunities for all.

14. See Note on 'Framework for the development of social protection systems: Lessons from international experience'.

The analysis also sheds some light on the nature of the support that is most needed in Myanmar. In summary, Myanmar is still a relatively young country, with the highest share of its population of active working age. Poverty incidence is relatively high and human development outcomes are poor, despite recent improvements. There are wide disparities across different regions and groups. Most people in the country face constraints in accessing basic services, the poor even more so. In particular, the poor fare worse when it comes to health, nutrition, and education outcomes. A large share of households are vulnerable to the danger of falling into poverty; volatility of household incomes and exposure to risks remain a serious concern. Informal coping mechanisms provide limited support and can have adverse long-term impacts.

In light of these identified needs, what is the appropriate mix of social protection policies and programs for Myanmar? There are a number of feasible options. However, the needs identified above are numerous and varied; some prioritization and sequencing will be necessary keeping in mind fiscal and implementation constraints.

The following priorities emerge in the short to medium term:¹⁵

- **Investing in the health, nutrition, and education of young children.** Social protection programs can help address malnutrition, school dropouts, and other development challenges. Cash transfers (sometimes combined with behavioral interventions) can address financial and other barriers that constrain access to services, especially for the poor and vulnerable. These can complement government's efforts to improve the supply and quality of education and health services. Together, these policies would lead to reduced intergenerational poverty and better human development outcomes and contribute to inclusive economic growth. The government has recently introduced pilot programs to promote access to education and health-care for children and pregnant women from poor households. These can provide the basis for large-scale national programs.
- **Addressing seasonal unemployment and income and food insecurity.** Social protection programs like public works programs (PWPs) can be used to provide food and income security to landless and land-poor casual workers and farmers in rural Myanmar, while at the same time building community assets. By helping stabilize incomes at source, these programs can also contribute to reducing distress migration. The assets created can also reduce disaster risk and build community resilience. Globally, PWPs have had a positive impact on food security and poverty. In Myanmar, development partners have implemented PWPs for emergency relief, food security, and rural development for several years. This experience can provide the basis for developing a more stable safety net, financed and implemented by government. However, given the regional diversity across Myanmar's agro-climatic zones, feasibility studies would be required to assess the costs and benefits of a PWP pilot, as well as appropriate platforms (e.g. community-based platforms, see below).

15. See Notes on 'Inventory of social protection programs in Myanmar', 'The experience of public works programs in Myanmar', and 'The experience of cash transfers in Myanmar' for further details on the listed priorities.

The following additional priorities emerge for the long term:¹⁶

- **Mitigating and coping with disaster risk:** In the medium to long term, greater coordination between social protection and disaster risk management (DRM) policy frameworks would be required. In particular, a flexible and scalable social protection program that can be activated by early warning triggers would help reduce the economic impact of disasters on households. This would enable better risk coping during response and early recovery, while also reducing disaster risk and building household and community resilience in Myanmar.
- **Strengthening and expanding existing programs that help people save for old age and protect against sudden drops in income and welfare due to health and other shocks.** The experience of other Asian countries, where children have been responsible for the well-being of their parents, suggests a greater role for government support in the future. According to an international survey, only 4 or 5 percent of the Chinese and Korean population believed children should be responsible for providing income to retirees. They now transfer the responsibility to the retirees themselves and the government (Jackson, 2013). This could also be the case in Myanmar. As a result, the government will need to design programs to promote savings, in order to smooth consumption over the lifecycle and prevent a sharp decline in consumption during old age or in the event of death, disability, or illness. The challenge will lie in expanding the coverage of the existing social security programs to workers in Myanmar's large informal sector.

The wide disparities in economic, social, and political context across Myanmar's 14 states and regions implies diverse social protection needs and feasible mechanisms for support, raising challenges and opportunities in designing a national social protection system. Three main implications emerge. First, for Myanmar's social protection system to be effective, it needs to address local needs and priorities. This, in turn, suggests a greater role for subnational stakeholders in the design and delivery of social protection policies and programs. Even greater flexibility would be possible by exploring financing social protection through intergovernmental transfers for states and regional governments, or even through community block grants. Second, while political imperatives might encourage coverage of all states and regions, the spatial patterns of poverty and vulnerability suggest targeting areas most in need could yield greater impact with limited resources. Third, formal social protection programs need to complement and build on local institutions and community-based mechanisms for collective action and social protection as relevant.¹⁷

16. See Notes on 'Social protection for disaster risk management: Opportunities for Myanmar' and 'Strengthening social security provision in Myanmar' for more detail.

17. See Notes on 'Institutional landscape for implementation and financing of social protection programs: Towards effective service delivery in Myanmar', 'Social protection delivery through community-driven development platforms: International experience and key considerations for Myanmar', and 'Reaching the poor and vulnerable in Myanmar: Lessons from a social protection and poverty reduction perspective' for more detail.

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Annex 1:

Data constraints in Myanmar

The analysis in this Note draws on the following sources of information: the 2009/10 Integrated Household Living Conditions Assessment (IHLCA) survey, the 2009/10 Multiple Indicators Cluster Survey (MICS), Livelihoods and Food Security Trust Fund (LIFT) surveys, several qualitative studies, particularly the Qualitative Social and Economic Monitoring (QSEM), observations from field visits for this assessment, and other secondary sources. However, serious data limitations constrain the analysis.

There is a limited amount of recent reliable data on the basis of which to examine social protection needs and formulate policies in Myanmar. In particular, setting priorities and sequencing support becomes difficult in the absence of recent disaggregated information on poverty, vulnerability, and human development outcomes. In addition, data limitations severely constrain the ability to identify and reach the poor and vulnerable through targeted programs.

For instance, until recently there had been uncertainty around Myanmar's population figure, with numbers ranging from 48 to 61 million based on projects from the 1983 Census. In 2014, a Population Census was conducted; preliminary results put the figure at 51.4 million. Age-disaggregated data from the new Census have not yet been released.

Similarly, a direct comparison of incidence of poverty in Myanmar with that in other countries, using a 2005 purchasing power parity (PPP) USD 1.25 a day line, is not possible because there are no reliable price survey-based estimates of the 2005 PPP conversion factors for Myanmar.

There are a number of nationally representative household surveys, including two rounds of the IHLCA surveys (2005 and 2010) and the MICS (2004/5 and 2009/10). Although these are a rich source of information on a range of questions, these surveys may not be necessarily representative of the population, for two reasons. First, because of the lack of a recent Census, the sampling frames were drawn using an imperfect frame, notably updated population estimates from the Department of Population. Second, the 2010 surveys were unable to cover some of the border areas as a result of the conflict. As such, some of the results appear to be inconsistent with other available data regarding public service delivery and infrastructure and caution is urged in the interpretation of data.

However, data constraints in Myanmar are changing rapidly, providing opportunities to employ more rigorous tools for identifying the nature of the support that is most needed and the groups that most need it. The government is making concerted efforts to strengthen its statistical capacity and the quality of its administrative data. New sources of information will become available in late 2015 with full data from the 2014 Population Census and the most recent nationally representative household survey, the Myanmar Poverty and Living Conditions Survey, due to become available in late 2015. National food security assessments by the Department of Rural Development are also currently underway.

'Risks and vulnerabilities along the lifecycle: Role for social protection in Myanmar' is the first note in the series Building Resilience, Equity and Opportunity in Myanmar: the Role of Social Protection. All notes are available at www.worldbank.org/myanmar.

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5. The experience of cash transfers in Myanmar: Lessons from a social protection and poverty reduction perspective
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