

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

Overview



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Promoting resilience, equity and opportunity in Myanmar: The role of social protection¹

Myanmar is a country in transition and faces the following main challenges: a) reducing the incidence of poverty and improving human development outcomes, particularly for the poor and vulnerable; 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.

Social protection policies and programs can play an important role in Myanmar's strategy for poverty reduction and people-centered development. Many countries have used a range of programs to achieve their development goals, particularly on poverty reduction and inclusive growth. An effective social protection system can help the poor and vulnerable better manage the opportunities and risks arising from the ongoing reforms, and can help promote household and community resilience and social cohesion.

However, the present social protection system does not adequately address the needs of its people. While social protection policies have recently been formulated, the process is fragmented across ministries and there are important gaps:

- **Despite recent increases, government spending on social assistance is only 0.02 percent of gross GDP and reaching only 0.1 percent of**



1. This Note was prepared by Puja Vasudeva Dutta (World Bank) with inputs from Mariana Infante-Villarroel and Inge Stokkel (World Bank). Comments were received from Abdoulaye Seck, Carlo del Ninno, Christian Bodewig, Habib Rab, Jehan Arulpragasam, Nikolas Mynt, Philip O'Keefe, and Ruslan Yemtsov (World Bank). This Note provides an overview of the technical notes prepared in the Myanmar Social Protection Notes Series. Any comments and questions can be addressed to pdutta@worldbank.org. 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.

the population. This is well below the global average: on average, low-income countries spend 1.1 percent, while African countries spend 1.7 percent. To date, development partners (DPs) have largely been responsible for social assistance provision. This is slowly changing with the recent introduction of government pilot programs to ensure equitable and affordable access to health and education. Preliminary evidence indicates these are meeting the desired objectives.

- **Government spending on social security provisions for workers in the formal sector is about 0.6 percent of GDP, reaching just about 3 percent of the population.** While coverage and benefit levels are low, the proposed reforms raise concerns of fiscal sustainability. The proposed provisions carry the risk of crowding out social assistance spending while further straining developing delivery systems.

In the short to medium term, it will be important to start putting in place the core building blocks of an effective, responsive, and sustainable social protection system for Myanmar. These include the following:

- **A high-level policy coordination mechanism for policy coherence and sustainable financing.** This is critical to avoid the risk of costly and unsustainable parallel systems being developed for social security provision. It is also important to support social assistance expansion by pooling government and DP resources, and by strengthening the link between social protection and poverty reduction.
- **A substantial ‘social assistance block’, with the progressive expansion of social assistance coverage transitioning from DP-led to government-led social assistance provision.** This would include scaling up recently introduced pilot programs (such as stipends), as well as the introduction of new pilot programs that can address unmet needs. The most likely candidate for the latter is a PWP, given its dual objectives of employment generation and asset creation, and the positive experience of DPs in implementing PWPs in Myanmar.
- **A modest ‘social security block’ in the short to medium term, as the demographic outlook in Myanmar provides the space for a gradual expansion of social security coverage.** A gradual transition will also allow the space to build systems and capacity for managing and investing funds well, to avoid compromising the longer-term finances of the system (especially pensions). In the long term, gradual integration and coverage expansion in a sustainable manner.

Developing a social protection system can bring important payoffs to Myanmar’s development agenda. An effective social protection system will provide adequate coverage of beneficiaries in need of assistance, improve responsiveness of programs to accommodate those made newly vulnerable because of systemic shocks, and effectively connect beneficiaries of social protection programs to additional productive opportunities.

1. Overview

A reformist administration in Myanmar has embarked on rapid economic and political change that has the promise to unlock the country's tremendous development potential. In 2011, Myanmar started to move from military rule to democratic governance, from armed conflict to peace, and from a centrally controlled and closed economy to one that can end poverty and promote inclusive growth. Against this backdrop of broader social and political reforms, the country's development path has shifted towards opening and integration and towards inclusion and empowerment (World Bank, 2015b).

National policy frameworks identify people-centered development and poverty reduction as a central objective on the development agenda and suggest the use of social protection to help achieve it. The long-term National Comprehensive Development Plan (NCDP) identifies promoting human development and poverty reduction as one of its strategic objectives. The Framework for Economic and Social Reform (FESR) also identifies various social protection instruments as a necessary component of Myanmar's reform process (Planning Commission, 2013).

Many countries have used social protection to achieve broader development goals, particularly on poverty reduction and inclusive growth. Globally, social protection programs have been found to help households and communities build resilience to disaster and other risks; contribute to equity by preventing and alleviating economic and social vulnerabilities; and create opportunity through building community assets and enabling households to invest in their children's health and education and in productive investments. Social protection helps reduce poverty and increases so-

cial cohesion by ensuring poor and vulnerable groups benefit from economic prosperity.

This Note examines opportunities to develop an effective, responsive, and sustainable social protection system that contributes to Myanmar's development goals. Section 2 examines the patterns of poverty and vulnerability in Myanmar; this analysis suggests there is indeed a role for social protection as a core component of the country's strategy for poverty reduction and people-centered development.

Section 3 provides evidence from international experience to identify specific opportunities to promote resilience, equity, and opportunity in Myanmar through social protection policies and programs.

Section 4 provides a framework for building an effective and sustainable social protection system. It then reviews current social protection-related policies and programs in Myanmar, as well as their institutional arrangements and financing, using this framework.

Section 5 makes recommendations to develop an effective social protection system for Myanmar, with key considerations for the short to medium term as well as the long term.

Section 6 concludes with a summary of the main messages and considerations for the short term.

2. A profile of risk and vulnerability in Myanmar: identifying policy priorities²

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. Its 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. The poor fare worse when it comes to health, 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.

2.1 Overview

Despite recent gains, a substantial proportion of the population suffers from food insecurity and poverty. Several socioeconomic and human development indicators suggest standards of living in Myanmar lag behind those in other countries in the East Asia region. Although many people in Myanmar face constraints in accessing basic services, these are exacerbated for the poor. Three characterizations of poverty emerge: a) the ‘traditional’ poor, who 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; b) 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 c) 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 (World Bank, 2015b).

Myanmar is a culturally, ethnically, and geographically diverse country, and there are substantial disparities in living standards across states and regions.³ 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. Similar patterns can be seen for other human development indicators (World Bank, 2015b).

2.2 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. Several risks disproportionately affect people during certain parts of the lifecycle, while others affect everyone regardless of age.

Myanmar is still a relatively young country, with the 20-24 age group being the most populous. 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, 2015c).

2. See Note on ‘Risks and vulnerabilities along the lifecycle: Role for social protection in Myanmar’.

3. 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.

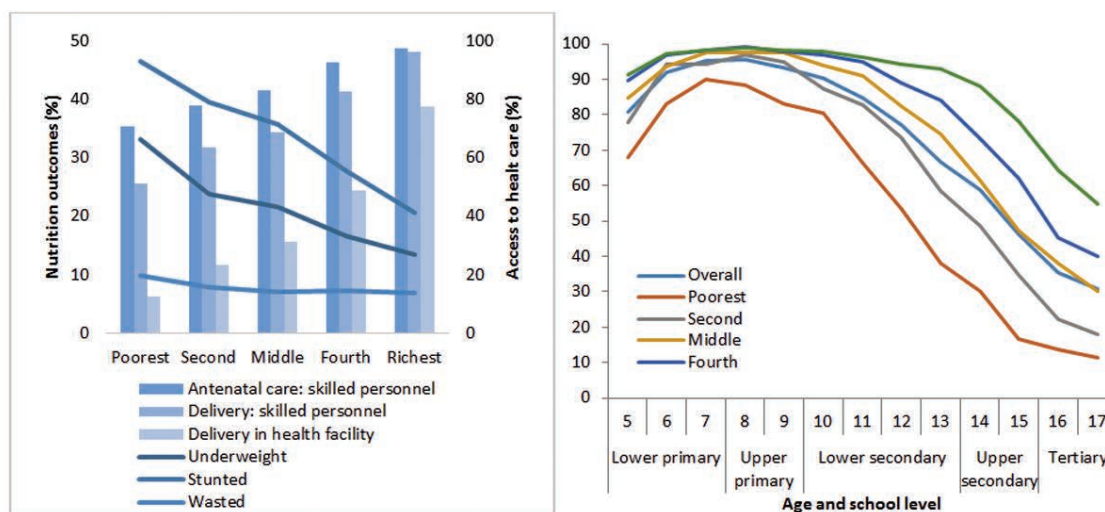
Despite improvements, child malnutrition in Myanmar remains high; young children from poorer households fare worse.

In 2009/10, 23 percent of children were underweight, 35 percent were stunted, and 8 percent wasted (UNICEF and MNPED, 2010).⁴ 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 1). There are also significant differences in access to health care before and during delivery.

Most children in Myanmar are enrolled in primary school, but many children, especially those from poorer families, drop out of school in the transition between primary and secondary school (see Figure 1). 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. Financial constraints play an important role (Enlightened Myanmar Research and



Figure 1: Children from poorer households fare worse

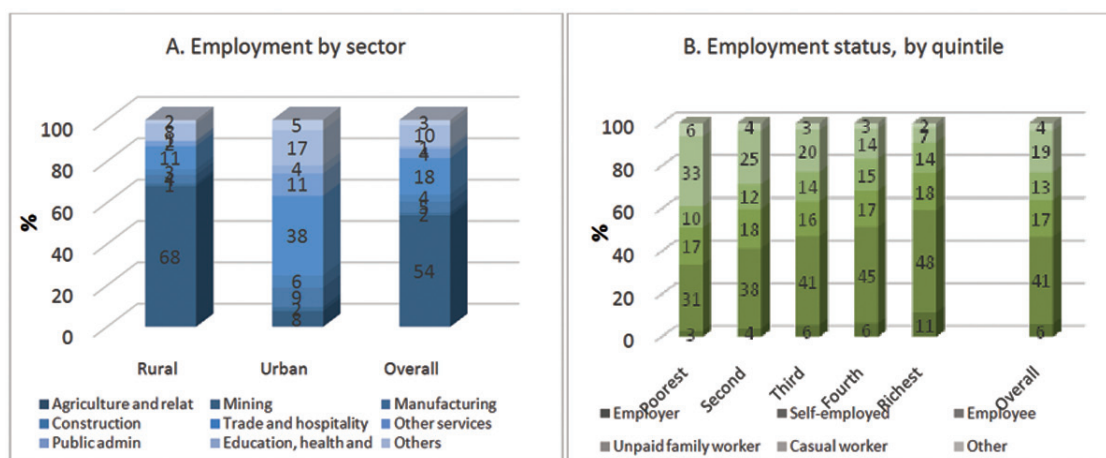


Notes: Nutrition outcomes – % of children under 5 malnourished; access to health care – % of pregnant women who have given birth in the two years preceding the survey, by wealth quintile; enrollment and dropouts – % of official school-age children enrolled in the corresponding level of school in the year preceding the survey, by wealth quintile.

Source: Nutrition and access to health care – UNICEF and MNPED (2010); education – staff calculations using 2009/10 Multiple Indicator Cluster Survey (MICS) data (UNICEF and MNPED, 2010).

4. 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, where 'low' is median minus two standard deviations, based on the World Health Organization (WHO) standard and using Multiple Indicator Cluster Survey (MICS) 2009/10 data (UNICEF and MNPED, 2010).

Figure 2: 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 2009/10 Integrated Household Living Conditions Assessment (IHLCA) data (IHLCA Project Unit, 2010).

World Bank, 2015). 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.

There is a large informal sector in Myanmar.

More than 50 percent of the working population is employed in agriculture and related activities (see Figure 2). In 2009/10, 71 percent of workers aged 15-59 years were self-employed workers, unpaid family workers, or employed as casual workers. A large proportion of the population, particularly the poor, is dependent on seasonal employment 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 (Enlightened Myanmar Research and World Bank, 2015). Skill levels are low, especially among the poor; over half of the working-age population has either no formal education or only some primary education.

Most older people in Myanmar live with their families and rely on their families for support.

They also contribute in return, typically 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. Many older people also report poor health and functional limitations, particularly among those aged 80 and above (HAI, 2013). In the absence of mechanisms to promote savings, income insecurity can be an issue for older people whose family cannot support them.

2.3 Other common sources of risk and vulnerability

A large share of households is vulnerable to the danger of falling into poverty; volatility of household incomes and exposure to risks remain a serious concern. A large share of households are clustered very near the poverty line and may fall into poverty after exposure to large, severe, and/or frequent shocks. The common sources of risk and vulnerability that affect people of all ages include ill-health and exposure to natural hazards, disasters, and conflict.

Despite substantial improvements, health outcomes in Myanmar are poor relative to other ASEAN countries. 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. In addition, deficiencies associated with food security, access to safe water and sanitation, unsafe working conditions, and access to affordable good quality health care disproportionately expose poor and vulnerable households to illness, accident, and early deaths. 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 have been as high as 60 percent of total health expenditure in 2012/13 (World Bank, 2015d).⁵ Poor households often go into debt to treat illness and accidents. In the event of death, funeral expenses can be substantial.

Myanmar suffers from disaster losses every year caused by a range of hazards that have high immediate and long-lasting impacts on people, communities, and the economy. 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.⁶ Cyclone Nargis was the worst natural disaster in the history of Myanmar, generating a total loss of 21 percent of the country's 2007 gross domestic product (GDP) (ASEAN, 2008). Disasters disproportionately affect the poor (particularly women, children, the elderly, people with disabilities, migrants, and marginalized groups), who have less ability to cope with and recover from disasters. Environmental degradation and recurrent disasters further exacerbate vulnerability. For example, Nargis

severely damaged the ability of communities to recover on their own; they lost their productive assets, which exacerbated problems such as malnutrition and food insecurity, keeping them in a cycle of poverty (UNEP, 2009).⁷

In recent years, ceasefire agreements with ethnic insurgent groups have been signed but decades of conflict has exacerbated issues of income and food insecurity. Localized conflicts driven by ethnic tensions and fighting between government forces and armed groups have displaced over 200,000 people, primarily in western and northern Myanmar (WFP, 2013). 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, 2015b). Impoverished, with almost no job opportunities, most of the internally displaced people (IDPS) are wholly reliant on humanitarian assistance. Since the start of the peace process in 2011, bilateral ceasefires have been agreed with 14 of the 16 armed ethnic groups. 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 towards 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.

2.4 Coping with risk and vulnerability

Individuals and households in Myanmar often resort to potentially growth-reducing strategies in order to cope with risks. In particular,

5. Poor data quality imply these estimates may not be entirely accurate.

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

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

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.

dence from qualitative studies suggests these vary, depending on the extent of intra-community diversity, the degree and recentness of conflict-related impacts, and exposure to external assistance, among other factors (Enlightened Myanmar Research and World Bank, 2015). In the Dry Zone and Delta, for example, there are several examples of mechanisms to support the poor and vulnerable, such as funeral grants and grants to children from poor families to attend school (Thu and Griffiths, 2014).

Information on community-based social protection in Myanmar is patchy. The limited evi-

3. Role for social protection in Myanmar⁸

Social protection policies and programs can play an important role in Myanmar's strategy for poverty reduction and people-centered development. Many countries have used a broad range of social protection programs to achieve their development goals, particularly on poverty reduction and inclusive growth. These include cash transfers (CTs), school-feeding, public works programs (PWPs), social security and social welfare programs.

The multiple and pressing needs identified in the previous section call for a strengthening of Myanmar's social protection policies and programs. Global experience suggests a wide range of programs that can contribute to the government's poverty reduction, people-centered development, and national reconciliation agenda at the national level. These can also help tackle the development constraints facing communities and households in Myanmar. At the community level, social protection programs contribute to building productive assets and community resilience and stimulate the local economy. At the household level, they help households build resilience and avoid negative coping mechanisms, promote equity by building and protecting human capital through investments in health and education, and create

opportunity by promoting investments in productive activities. See Box 1 for common types of social protection program that have contributed to these goals.

Social protection programs are a growing element of the development agenda, being present in virtually every country worldwide. Social assistance programs alone cover nearly 1.9 billion beneficiaries globally. Developing countries spend an average of 1-1.7 percent of GDP on social assistance programs such as CTs and PWPs (see Box 2). Social assistance spending in East and South Asia ranges from 0.6 percent of GDP in Vietnam to 2 percent in India (see Figure 3). There is little difference between upper-middle-income countries and low-income countries in terms of spending on social as-

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

Box 1: Promoting resilience, equity, and opportunity through social protection

Resilience to risks and shocks can be built through social security and social assistance programs that minimize the negative impact of economic shocks on individuals and families. Examples of these programs include old-age pensions, unemployment and disability insurance, and scalable PWPs.

Equity for the poor and vulnerable can be achieved through social assistance programs such as CTs, food transfers, and welfare services that help protect against destitution, promote equality of opportunity, and address chronic poverty.

Opportunity for all is achieved by promoting equitable and affordable access to nutrition, health, and education services for all, including the poor and vulnerable, and by helping men and women access more productive employment.

Source: World Bank (2012a).

sistance, illustrating the affordability of safety nets and the role they play at various stages of development. Countries tend to increase their level of spending on social insurance programs as they get richer.

the government of Indonesia is undertaking a shift from spending on universal fuel subsidies to targeted household and community transfers that are well aligned with the government's overall development agenda (World Bank, 2015a).

3.1 At the national level

Countries that have invested in building social protection systems have seen significant reductions in poverty and inequality, translating into inclusive growth. For instance, Brazil's Bolsa Família conditional cash transfer (CCT) program contributed to halving extreme poverty (from 10 to 4 percent) and reducing inequality by 15 percent between 2003 and 2013. Mexico's Oportunidades (now Prospera) CCT program reduced incidence of poverty in rural areas by 8 percent (Fiszbein et al., 2011; Wetzel, 2013; World Bank, 2015a). In Thailand, unconditional cash transfers (UCTs) for older people (also referred to as social pensions) reduced poverty incidence among beneficiaries by 30 percent.⁹

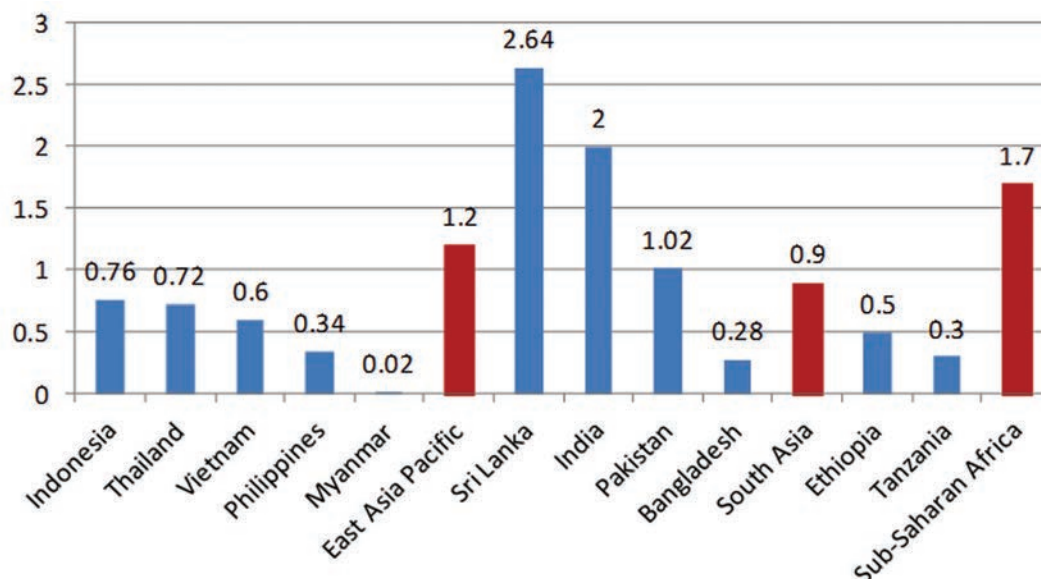
Governments have also used social protection to embark on growth-enhancing reforms and facilitate economic adjustments. For instance,

Social protection has contributed to facilitating social stability and long-lasting reconciliation in many conflict-affected contexts. For instance, Burundi introduced PWPs to support reinsertion and ensure long-lasting reconciliation in conflict-affected communities. El Salvador's Temporary Income Assistance Program provided cash assistance and job training to youth and women heads of households, who live in areas characterized by high levels of social exclusion and high rates of social and gender violence. The program has helped reduce the occurrence of violence and rebuild the social fabric in violent or at-risk communities (Andrews and Kryeziu, 2013).

Social protection can help people cope better and recover faster from disasters and other crises. For instance, Ethiopia's Productive Safety Net Program (PSNP), designed to create a predictable safety net for chronically poor households, has proven an effective means of responding to shocks. In response to the 2008

9. <http://datatopics.worldbank.org/aspire/>

Figure 3: Social assistance spending (% of GDP)



Sources: Andrews (2009), World Bank (2011, 2015a); Note on 'Inventory of social protection programs in Myanmar'.

food, fuel, and financial crisis, the PNSP's Risk Financing Mechanism (see Section 5.2) enabled the government to scale up the program and provide additional support to the over 4 million existing beneficiaries as well as temporary support to an additional 1.5 million individuals (World Bank, 2012b). In the Philippines, the government used the Pantawid Pamilya CCT to channel donor funding for emergency response efforts when Cyclone Haiyan hit.

3.2 At the community level

Social protection programs support community resilience and economic development through building community infrastructure and promoting connectivity. PWPs in particular not only create jobs for needy workers but also create and maintain small-scale community infrastructure (see Box 2). In Myanmar, PWPs implemented by development partners (DPs) have also created community assets that

support community development. In 2013, communities receiving World Food Programme (WFP) interventions benefited from the creation of 764 km of renovated road, 205 km of irrigation and contour trenches, 2,200 hectares of land development and agro-forestry, and 21 schools, among other local assets.

Social protection programs bring not only benefits to direct beneficiaries but also positive spill-over effects to the larger community, further supporting resilience and economic development. In Malawi, the welfare of non-participating poor households improved, through transfers from program beneficiaries as an informal support mechanism and through increasing purchasing power in the community (Alderman and Yemtsov, 2013).

Social protection programs support community cohesion by promoting the participation of the poor in community decisions. Communities often play a major role in the planning, implementation, and monitoring of PWPs. India's Mahatma Gandhi National Rural Employ-

ment Guarantee Scheme (MGNREGS) provides a central role to local governments in implementing the program and to communities in planning and monitoring implementation. Ethiopia's PSNP has brought together communities around the targeting process, promoting community consultation to identify beneficiary households (Subbarao et al., 2013).

Social protection programs can also enhance the poverty reduction impact of community-driven development (CDD) platforms. For instance, Argentina's Trabajar program was able to reach the poorest effectively (85 percent of the beneficiaries fell in the bottom 20 percent of the income distribution) through a combination of focusing in poorer areas, setting wages that encouraged the poor to self-select into the program, and encouraging pro-poor infrastructure (potable water and social infrastructure, both labor-intensive and disproportionately benefiting the poor).

Box 2: PWPs – building community resilience through community infrastructure and household food security

PWPs, also known as workfare or labor-intensive rural works programs, can serve two objectives: creation of jobs for needy workers and creation and maintenance of small-scale community infrastructure. They provide temporary employment at low wages mainly to unskilled workers in rural areas. Such temporary employment during the slack season or during crisis will typically contribute to consumption-smoothing and poverty alleviation. Public works can also be used to promote social cohesion; they are now present in 94 countries. International experience with PWPs includes a diverse range of design features. For instance, India's MGNREGS guarantees 100 days of employment each year to all rural households that demand work. Ethiopia's PSNP, on the other hand, provides work to poor households in need.

Source: Subbarao et al. (2013).



3.3 At the household level

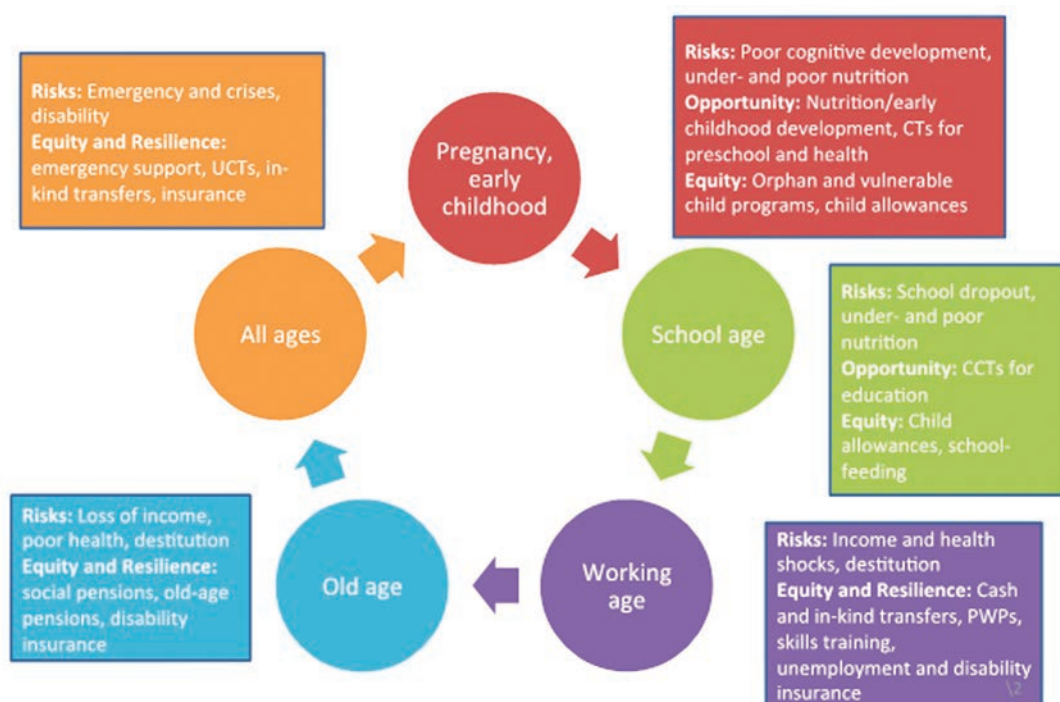
Many of the programs noted above also help address the risks and vulnerabilities facing households and individuals at different stages of the lifecycle as identified in the previous section (see Figure 4). For instance, school-feeding and CT programs support school-age children, whereas PWP, pensions, and social security programs support working-age and older people.

Programs such as CTs and school-feeding can be critical to prevent the intergenerational transmission of poverty by ensuring children from poor households have similar access to education and health services to the non-poor. UCTs in Ecuador and South Africa reduced child labor and increased children's schooling, health, and nutrition in recipient households (Baird et al., 2010); CCTs in Colombia and Mexico have improved the nutritional status of children in beneficiary households (Fiszbein et al.,

2011). Comparisons of six similar school-feeding interventions implemented in five countries (Bangladesh, Burkina Faso, India, Kenya, and Uganda) found they deliver similar positive impacts on school attendance, ranging from a 6- to a 20-percentage point increase (IEG, 2011). The Philippines Pantawid Pamilya CCT has increased primary school enrollment by 4.5 percentage points, pushing levels near universal enrollment, and reduced severe stunting of young children by 10 percentage points (World Bank, 2014b).

PWPs and social security programs can support the working-age population to avoid negative coping strategies by ensuring income security during shocks. PWPs can serve as unemployment insurance in times of economic downturns and high unemployment. Households benefiting from Ethiopia's PSNP for five years increased their food security by a month (Subbarao et al., 2013). Social security programs such as health and disability insurance help households manage sudden losses of in-

Figure 4: Social protection along the lifecycle



come and decreased out-of-pocket expenditure when experiencing health shocks (World Bank, 2014a).

A range of social protection programs can help ensure decent living standards in old age. Practically all countries have mandatory pension schemes, at least for civil servants. Most have mandates that cover at least some private sector workers. Different routes have been taken to expand coverage to workers in the informal sector, especially the poor and vulnerable. For instance, social pensions in Thailand and Chile reduced poverty incidence by 30 percent and 12 percent, respectively (World Bank, ASPIRE).¹⁰ Community-based care is also helping older people with their needs beyond income insecurity. The Voluntary Home Care Programme in Sri Lanka provides home-based support and basic health and nursing services (HAI, 2005).

For particularly vulnerable groups, such as women and people with disability or chronic illnesses, social protection programs can help improve welfare and promote inclusion. India's self-help groups for people with disabilities had a positive impact on people's awareness and access of government services, as well as on income-generating opportunities. PWP can be specifically designed to reach vulnerable groups that may be disadvantaged in the labor market. For instance, nearly half the employment generated in India's MGNREGS is for women; this addresses the issue of low labor market participation of women in rural areas.

Protecting households against shocks through social protection not only eases poverty momentarily but also enables growth by poor and near-poor households to make productive investments. Ethiopia's PSNP demonstrated that three in five beneficiaries avoided having to sell assets to buy food in times of drought (Devereux et al., 2008). Similarly, Mexico's Oportunidades program helped beneficiaries

invest 14 percent of the transfer amount in assets (mainly farm animals and land for agricultural production). In Brazil, the social pension program led to high incidence of investment in productive capital (Alderman and Yemtsov, 2013).

3.4 Evolution of social protection provision

Social protection provision typically evolves gradually to increase coverage and adequacy of support, as well as to address additional needs through increasingly sophisticated program design, institutional arrangements and delivery systems. Countries like the Philippines have seen a gradual expansion of social protection programs, building on the platform provided by the flagship program, the Pantawid Pamilya Program. This started as pilot in 2008 but was quickly expanded and the delivery system improved to respond to the consequences that the food, fuel and financial crises had on poor households. In 2014 the program reached 4 million poor households and it now serves as platform to roll out the National Household Targeting System for Poverty Reduction, known as Listahanan. In addition, the government used Pantawid Pamilyang along with the National Community Driven Development Program (NCDDP) to channel donor funding for emergency response efforts when Typhoon Yolanda (Haiyan) hit. The government is now working on the operational convergence of the Pantawid Pamilya and the NCDDP.

10. <http://datatopics.worldbank.org/aspire/>

4. Myanmar's current social protection system

Core building blocks of Myanmar's social protection system need to be further developed in order to address the following main challenges: providing adequate coverage of beneficiaries in need of assistance, improving responsiveness of programs to accommodate those made newly vulnerable because of systemic shocks, and effectively connecting beneficiaries of social protection programs to productive opportunities.

Social protection policies have recently been formulated, emphasizing the role of social protection in achieving Myanmar's goals of poverty reduction and inclusive growth. However, the process is fragmented across ministries and the social protection system does not yet fully address the priorities identified in the previous sections.

Despite recent increases, government spending on social assistance is only 0.02 percent of GDP – well below the global and regional average. Social assistance programs reach only 0.1 percent of the population. The government has recently introduced CT pilots to promote equitable and affordable access to education and health services. Preliminary evidence indicates these are meeting the desired objectives. In addition, DPs have extensive experience of implementing social assistance programs in Myanmar. These can provide valuable insights to the government in building the 'social assistance block' of the social protection system.

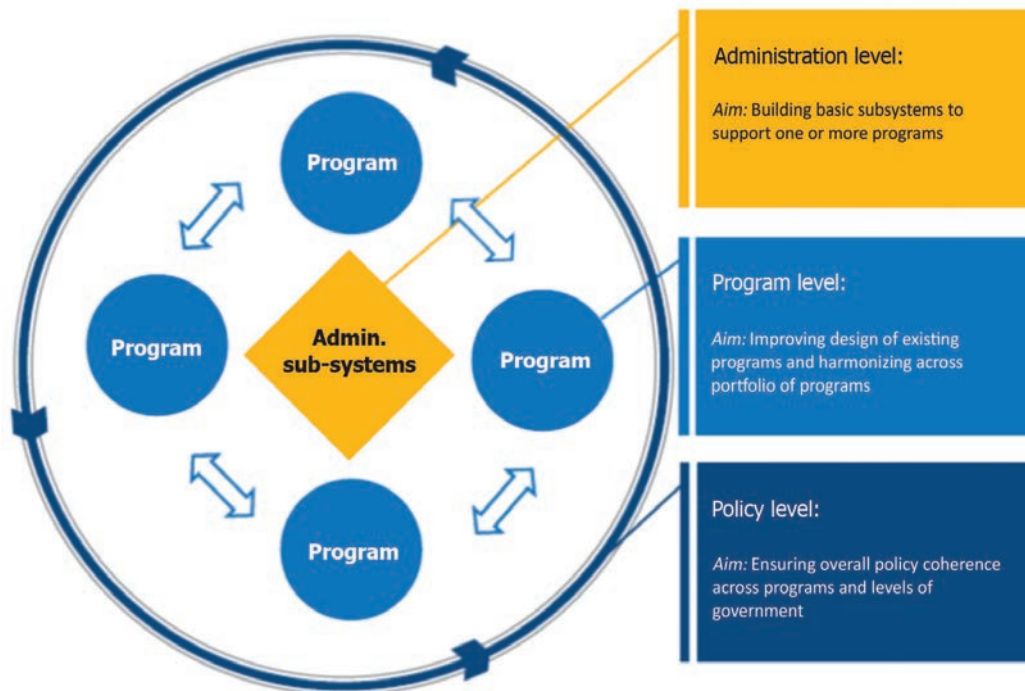
The 'social security block' of the social protection system is comparatively more developed, but faces the challenge of low coverage and benefit adequacy, while the proposed reforms raise further concerns of fiscal sustainability. Government spending on social security provisions workers in the formal sector is about 0.6 percent of GDP, reaching just about 3 percent of the population. Multiple and generous provisions carry the risk of crowding out social assistance spending while further straining developing delivery systems.

An effective and sustainable social protection system responds effectively to the needs of beneficiaries by adopting a harmonized approach at the policy, program, and delivery levels (see Figure 5). While priorities and the means to address them will evolve over time, it is important to gradually develop the building blocks of a responsive social protection system. This section examines Myanmar's current social protection system to understand the challenges and identify opportunities for strengthening policies, programs, and delivery systems in a systematic manner.

4.1 Overview

Social protection policies are currently being formulated, but in parallel processes across different ministries. The Rural Development Strategic Framework (RDSF) and the Social Protection Strategic Plan (SPSP) were developed by the Department of Rural Development (DRD) and the Ministry of Social Welfare, Relief and Resettlement (MSWRR), respectively, and endorsed in 2014. Both policy frameworks incorporate social assistance as a poverty reduction tool through a multi-sectoral approach.

Figure 5: Three levels of engagement of social protection systems



Source: World Bank (2012a).

The roles and responsibilities for coordination, design, and delivery of social protection under these frameworks are still being articulated. Sectoral policies in the Ministries of Education (MOE) and Health (MOH) continue to guide elements of social assistance provision, such as demand-side approaches to universal health coverage and education for all, whereas social welfare services fall under MSWRR. Though not yet introduced, both the RDSF and the SPSP assign the mandate for implementing PWP to the DRD. Social security provisions are legislated, with civil service pensions falling under the mandate of the Ministry of Finance (MOF) for pensions and other social security schemes for formal private sector workers under the Social Security Board (SSB), Ministry of Labor, Employment and Social Security (MOLESS).

Despite recent increases, total government spending on social protection remains very

low, at 0.57 percent as a share of GDP in 2014/15 (see Table 1). The bulk of this finances the government's social security programs. Spending on social assistance (0.02 percent of GDP) is extremely low. This finances two recent pilot programs, including stipends for poor and vulnerable students (MOE) and a maternal and child health voucher scheme (MCHVS) (MOH), as well as some small-scale social welfare programs (MSWRR).

Coverage of these social protection programs is low, reaching just about 3.2 percent of the population; social assistance programs reach only 0.1 percent of the population. In contrast, in other countries in the East Asia Pacific region, social protection programs reach 44 percent of the population on average, with social assistance reaching 39 percent of the population.¹¹

11. Estimates on the coverage of social protection programs in East Asia and the Pacific can be found at <http://datatopics.worldbank.org/aspire/region/east-asia-and-pacific>

In this context, DPs have played an important role in providing social assistance to vulnerable populations. Originally motivated by the need to provide emergency support and humanitarian relief in times of crises, many DP programs have been evolving to provide development-oriented support in recent years (see Figure 6). WFP and the Livelihoods and Food Security Trust Fund (LIFT) are the biggest financers of so-

cial assistance provision, reaching 3 percent of the population. WFP programs (food- and cash-for-work, early childhood nutrition programs, school-feeding, emergency relief including to IDPs) spent about MMK211 billion between 2013 and 2015 – that is, the annual budget for these programs was more than 5 times higher than government social assistance spending.¹²

Table 1 : Government and DP expenditure on social protection, 2014/15 (revised estimates)

Government programs	Total expenditure 2014/15 (MMK billion)	% government expenditure	% GDP	Estimated number of beneficiaries	% of eligible population covered (age group)
Civil service pensions (MOF)	362	1.65%	0.55%	843,000	1.6% (18.8%, old age)
Social security for formal sector workers (MOLESS)	4	0.02%	0.01%	765,000	1.5% (2.4%, working age)
Social welfare programs (Department of Social Welfare, MSWRRR)	10	0.05%	0.02%	25,000	0.05% (all age groups)
Stipends program (MOE)	3.1	0.014%	0.005%	37,000	0.07% (0.38%, school age)
Total social protection	379.1	1.73%	0.57%	1,670,000	3.2% (all age groups)
Total social assistance	13.1	0.06%	0.02%	62,000	0.12% (all age groups)
Largest DP programs					
WFP (all SA programs)	211 (2013-2015)	1,113,743	2.2% (all age groups)
LIFT (SP and other programs)	76 (2010-2014)	576,000 (hh)	1.1% (all age groups)

Notes: The Budget Department, MOF, does not compile disaggregated figures of other social protection programs; budget figures for MCHVS and MOLESS migrant services are small and will not significantly alter the analysis. MSWRR expenditure includes expenditure on supply of social welfare services. WFP programs include nutrition, asset creation (cash and food for work), school-feeding, emergency relief (including for IDPs), and food assistance for HIV/AIDS and tuberculosis patients. WFP and LIFT budgets and coverage are for the period between 2013-2015 and 2010 and 2014, respectively. Exchange rate: USD1=MMK1,034.13.

Source: Department of Budget and Department of Pensions (MOF), SSB (MOLESS), Department of Social Welfare (MSWRR), and Department of Planning (MOE), WFP, and LIFT. Coverage figures based on age-disaggregated population estimates of the 2014 Census (GoM, 2015).

12. See Note on 'Inventory of social protection programs in Myanmar'.

Figure 6: Summary of social protection programs by life cycle category

Early childhood (equity and opportunity)	School-age children (equity and opportunity)	Working-age population (equity and resilience)	Old age (equity and resilience)	All age groups (opportunity, equity and resilience)
<ul style="list-style-type: none"> • Institutional care for orphans (MSWRR) • Support for triplet and greater sets of newborns (MSWRR) • Maternal and child health vouchers (MOH) • Provision of food and micronutrient supplements for pregnant and lactating mothers, fortified food for children (MOH/ WFP) • Cash transfers (SC) 	<ul style="list-style-type: none"> • Stipends, scholarships, supply of textbooks (MOE) • School supplies and access to education for vulnerable children (UNICEF) • School-feeding (WFP) 	<ul style="list-style-type: none"> • Social security for formal workers (SSB) • Employment services for migrant workers (MOLESS) • Voluntary homes for women (MSWRR) • Food and cash for work (WFP, LIFT) • Other livelihood programs for vulnerable communities (LIFT and partners, ILO) • Migration centers (MOLESS/IOM, ILO) 	<ul style="list-style-type: none"> • Pensions for civil servants (MOF), defence (MOD) • Voluntary homes for the elderly (MSWRR) • Pensions for over 100 year olds (President's Office) • Support to old people self-help groups (MSWRR/ HAI) 	<ul style="list-style-type: none"> • Care for people with disabilities (MSWRR) • Welfare services for people with leprosy (MSWRR) • Rice donations to homes (MSWRR) • Cash and in-kind emergency support after disasters (MOBA, MSWRR) • Cash and in-kind support to internally displaced people (WFP and partners, HAI)

Notes: Programs covering more than 30,000 beneficiaries are highlighted in red.

Source: Note on 'Inventory of social protection programs in Myanmar'.

4.2 Social assistance provision in Myanmar¹³

Government spending on social assistance is low by international standards: Myanmar spends 0.02 percent of GDP; on average, low-income countries spend 1.1 percent, while African countries spend 1.7 percent (World Bank, 2015a). Government social assistance programs have so far been few and small in scale, and thus are far from providing a comprehensive safety net in the country. These include largely several small programs implemented by MSWRR to support groups such as vulnerable women, orphans, older people, and persons with disabilities with CTs, institutional care, and vocational training.

In recent years, spending on social assistance has increased, albeit from a low base, with the

introduction of CT pilots to promote equitable and affordable access to education and health services. These include the following:

- **MOE programs, including stipends for poor and vulnerable students, stipends to all primary school students, scholarships, and textbooks.** MOE's stipend program for poor and vulnerable students has two modalities of implementation: a) the 'national program' has been in operation since 2009/10 and is based on MOE's current guidelines for implementation, covering all townships at a small scale and prioritizing orphans; b) the 'pilot' program tests changes to the design and implementation of the national program – namely, criteria to prioritize townships and students, conditions, and increased benefit levels. These programs aim to encourage school enrollment and prevent dropouts, especially among the poor and vulnerable. For instance, the stipends pilot sets different

13. See Notes on 'The experience of public works programs in Myanmar' and 'The experience of cash transfers in Myanmar' for a detailed analysis.

benefit levels for primary, middle, and high school students to reflect how much more costly it is for families to send children to school as they grow older and to incentivize families to continue to send children to school at critical transition points (i.e. primary to middle school and middle to high school).¹⁴

- **MOH's pilot MCHVS promotes access to health services for poor pregnant women who cannot afford to access health services and who live in remote areas.** The program provides vouchers for mothers to cover transport costs to MOH health facilities as well as other costs for accessing antenatal care (ANC), delivery assisted by skilled birth attendants, and immunization of their children.

These pilot programs form a critical component of Myanmar's evolving social protection system. They address crucial development challenges of malnutrition and school dropouts, especially among children from poor households. These programs are consistent with the growing global spread of CTs that leverage human development outcomes and can be scaled up to cover a larger proportion of the population.¹⁵

In this context, the extensive experience of DPs in implementing CTs, PWPs, and other social assistance programs in Myanmar provides valuable insights to the government in scaling up coverage of social assistance. The largest DP-implemented programs are by WFP and LIFT. A number of other DPs and NGOs are also actively engaged in social assistance provision. At present, these programs cover selected townships in states and regions in the border areas, the Dry Zone, the Delta, and Rakhine. There is a range of programs used to address specific needs, including the following:

- **Cash and food transfers** for disaster and humanitarian response aim to provide short- to medium-term relief to affected households, assist with household food and income security, particularly during the lean season, and contribute to the dignity and income security of vulnerable groups. In recent years, with the increasing focus on medium- to long-term development objectives, CCTs to promote maternal and child health have also been piloted. For example, a maternal and child health pilot CCT was introduced by Save the Children (SC) in Rakhine in 2014 and may be scaled up.
- **C/FFW programs** have been developed to respond to the specific local context. For instance, C/FFW programs in the Dry Zone focus on ensuring seasonal food and livelihood security (especially during the agricultural lean season), CFW programs in the Delta focus mainly on post-disaster recovery, and C/FFW programs in conflict-affected areas in the Border States respond to multiple needs of communities, such as post-disaster recovery after Cyclone Giri (Rakhine) and reconciliation and social cohesion (Tanintharyi). In 2014, WFP's C/FFW programs helped address food security issues for 225,500 beneficiaries with 45 days of employment on average. LIFT supported several CFW schemes that reached more than 172,000 households until mid-2014, providing on average 25 days of household food security. Recent LIFT-supported PWPs as part of the Tat Lan Program in Rakhine provided a higher number of days (40-90). These also present an interesting model combining CFW with complementary CTs for those unable to work, ensuring broader community support.
- Various other programs, such as **school-feeding**, provision of school supplies, and language enrichment programs, comple-

14. See Note on 'Risk and vulnerability along the life cycle in Myanmar: The role of social protection'.

15. See Note on 'Framework for development of social protection systems'.

ment government efforts to facilitate access to education for vulnerable groups (food-insecure children, out-of-school adolescents, and ethnic minorities).

While evidence on impact is patchy, qualitative assessments indicate the recent government pilot programs and DP programs are meeting the desired objectives. With respect to CTs, there is some evidence of increased ability to purchase food and increased utilization of health and education services, although government programs are in relatively early stages of implementation. For instance, MCHVS beneficiaries have increased their utilization of maternal and child health services (WHO, 2014). The stipends program so far has encouraged parents to get more involved in their children's education, to improve attendance, and to cover education costs such as stationery, uniforms, and transport with the stipend (SC, 2015). With respect to DP-implemented PWPs, there is evi-

dence of impact on promoting income and food security for beneficiaries, reducing reliance on negative coping mechanisms. For instance, WFP monitoring data show CFW beneficiaries spend on average 70 percent of the cash on purchasing food and 17 percent on accessing health and education services. At the community level, these programs have created local assets that support community development and enhanced community resilience against disasters (LIFT, 2013; WFP monitoring data).

4.3 Social security provision in Myanmar¹⁶

Though Myanmar's current social security system faces the threefold challenge of coverage, adequacy, and sustainability, the demographic



16. See Note on 'Strengthening social security provision in Myanmar' for a detailed analysis of the current system and proposed reforms.

outlook in Myanmar allows for a gradual expansion. In doing so, Myanmar can take advantage of the experience of its neighbors and avoid costly mistakes.

Although the pension and SSB programs represent the bulk of social protection spending in the country, they cover just about 3 percent of the population. Benefit levels are low and do not provide adequate income security for workers and pensioners. At present, only civil servants, military and political personnel, and employees of state economic enterprises (SEEs) are covered by an old-age pension scheme. The current pension scheme is a non-contributory and unfunded defined benefit (DB) plan based on a formula that provides a pension worth 50 percent of the final salary for a worker who spends 35 years in the civil service.¹⁷ Civil servants are also provided benefits in case of invalidity and work injury, death, or termination of employment. At present, there is no pension scheme operating for workers in the private sector.

Workers in the formal private sector are covered by a contributory social security scheme and provided medical care and five types of cash benefits for sickness, maternity/paternity, death (funeral grant), and work injury. These provisions were first introduced under the 1954 Social Security Act. The SSB (MOLESS) administers these schemes through a large network of SSB township offices and medical facilities.

In 2012, the government adopted a new Social Security Law, which extended social security provisions for formal sector workers in several ways. The Law introduced additional branches of social security – that is, family benefit, superannuation benefits (i.e. old-age savings scheme), disability and survivors' pensions, unemployment insurance, and housing ben-

efits. In addition, it increased the benefit levels of existing provisions and ramped up the total mandatory contribution rate from the current 4 percent to 13 percent. Moreover, it allows for a voluntary contribution of 25 percent by worker towards housing benefits (GoM, 2012). At present, workers in the informal sector are not covered, but the Law also introduces possible progressive extension of social security provisions to the informal sector.

The new Social Security Law was implemented in 2014, but in a phased manner. As of April 2015, only the existing branches of social security were covered. Cash benefits levels for existing provisions have been raised and collection has started of additional contributions from employers for the work injury fund. The total contribution currently is 5 percent.

Recent reforms

The government is considering reforms to the civil service pension scheme, including changes to the parameters of the existing DB scheme as well as more systemic reforms that will change the underlying architecture of the scheme. The MOF proposal covers two phases. First is a move from an unfunded to a partially funded DB scheme, with the government putting aside 10 percent of the wage bill for civil servants each year. The accumulated savings would be earmarked to pay future pension benefits in the existing DB pension scheme. Second is a traditional defined contribution (DC) scheme. In late 2014, an alternative proposal was put forward by an inter-ministerial committee set up by the President's Office. This proposes establishing a Myanmar Provident Fund (MPF) and diverting 5 or 10 percent of the civil servant's wage to two individual accounts; one for retirement and one for pre-retirement

17. Defined benefit (DB) is a guarantee by the pension agency that a benefit based on a prescribed formula will be paid. The benefit is generally expressed as a percentage of the salary. Defined contribution (DC) is a pension plan in which the periodic contribution is prescribed and the benefit depends on the accumulated contributions and the investment return.

withdrawals for education, health, and housing (GoM, 2014a, 2014b).

In principle, the move from an unfunded to a partially funded scheme can help the government reduce what is likely to be a rising pension bill by setting aside funds earmarked for this purpose. However, the challenges of a new defined contribution scheme for civil servants or an MPF are daunting at the present time. For both reforms, a number of conditions would have to be met in order to achieve their objectives (see below). In particular, using multiple instruments to provide pensions for the same group (i.e. civil servants) should be avoided. These proposals for parametric changes to the existing DB scheme, introduction of a DC scheme, and/or setting up the MPF need to be carefully considered to avoid the risk of duplication. Not only would this strain administrative capacity,¹⁸ but also the additional budgetary outlay for these multiple provisions would likely crowd out other social spending.

The 2012 Social Security Law aims to expand coverage and provide adequate benefits, but the financial sustainability of the proposed benefits is in question. The SSB has indicated its intent to revise the regulations and amend the law based on a more rigorous analysis and costing of the proposed provisions. The discussion below highlights the main areas that would benefit from a review.

The overall package of services and benefits is generous for a country at Myanmar's level of development and there are significant uncertainties on the financial obligation implied. The value of several benefits, including pensions and health services and benefits, is left open-ended in the Law and regulations, making

it difficult to estimate costs. Of particular concern is the provision on housing benefits. Global experience with publicly funded housing in social security schemes has been mixed at best and suggests such programs can present major governance challenges and absorb substantial resources that compromise the ability of funds to deliver on their other benefit commitments. It would be advisable to remove housing entitlements from the benefit package at this stage or, at a minimum, to tighten the regulations to prevent cost escalation and malfeasance.

In addition, concerns related to financing, governance arrangements, and investment policy are of relevance to the proposed civil service reforms and the Social Security Law:

- **Financing:** While a solid contribution base is important, high contribution rates can have adverse labor market and fiscal implications. Gradual accumulation of funds would be desirable in Myanmar's context, implying lower contribution rates and, in the case of the pension reforms, initial contribution only from new civil servants. It is also important to avoid, or at least to minimize, budgetary contributions for the proposed contributory pension scheme and subsidies to the SSB schemes that may have the unintended effect of crowding out other areas of social spending.
- **Managing and investing the funds:** There are serious concerns about the unconstrained and under-regulated investment policy in the 2012 Law.¹⁹ Given the dearth of liquid and tradable assets in Myanmar and the lack of experience in this area, it would be prudent to restrict investments. One option would be a special non-marketable gov-

18. Trying to pursue short-term social outcomes (education, health, and housing) and long-term income security (pensions) through the MPF will require a much higher degree of administrative capacity and record-keeping than a pure retirement account and adds to administrative costs.

19. The Law and regulations place few limits on the nature of investments the social security funds permit. Some of the permissible options are not commonly allowed in global social security schemes. For instance, investments in real estate and loans to third parties and in economic enterprises are generally best avoided altogether. These open possibilities for risky investment and potentially malfeasance at the cost of members and with a potential for budgetary bail-out affecting the wider population.

ernment bond issued expressly for the provident fund and linked to bank deposit rates, preferable to investing in illiquid assets. Appropriate governance arrangements will also need to be worked out.

4.4 Social protection delivery systems²⁰

The delivery of social protection programs comprises the following key processes, as illustrated in Figure 7: communications and outreach, beneficiary identification, eligibility and enrollment, transactions (in-kind or cash benefit transfers/contribution collections, etc.), grievance redress, and monitoring and evaluation (M&E). We focus on four key processes below, summarizing experience from government- and DP-led social protection provision in Myanmar.

Identification

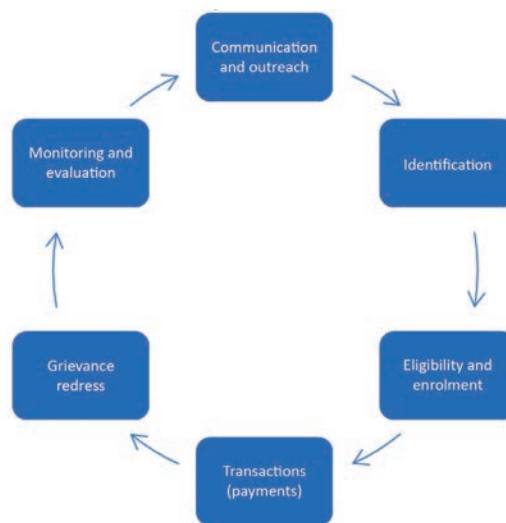
National identification exists in Myanmar but not all beneficiaries of social protection programs have it. Myanmar has a national identification system called the National Registration Card or Citizenship Scrutiny Card (CSC). All citizens of Myanmar are entitled to a national ID card from the age of 10. However, only 69 percent of those over 10 years of age possess one, with coverage particularly patchy in rural areas (GoM, 2015) and among vulnerable groups such as IDPs, migrants, and ethnic minorities. Beneficiaries who have a CSC use it as proof of ID to enroll in social protection programs; alternative ID mechanisms are used for those who do not have it (e.g. household list/book or statement from village administrators). The SSB at union level issues smartcards for beneficiary

identification in SSB schemes; the Myanmar Economic Bank (MEB) issues e-pension cards to pensioners in the civil service pension scheme.

Enrollment and verification of eligibility

Government and DP social assistance programs typically focus resources in selected areas and on specific groups. For social assistance programs, the methods used to identify program beneficiaries vary. Most programs use geographic targeting as a first step, reflecting the regional diversity of needs (see Section 2). Note that the exclusive use of geographic targeting needs to be carefully assessed keeping in mind political and social factors, particularly in conflict-affected areas. In particular, conflict-affected areas where non-state actors are actively providing services can generate dynamics that influence the way identifying poor areas and poor people is perceived.

Figure 7 : Social protection program delivery processes



20. See Note on 'Institutional landscape for implementation and financing of social protection programs: Towards effective service delivery in Myanmar'.

Most social protection programs typically rely on a combination of methods. These include geographic targeting in the first stage, combined with some form of household or individual targeting in a second stage. This can take the form of categorical targeting (i.e. all individuals in specific groups) or reliance of poverty and vulnerability criteria or a combination of the two. In determining eligibility criteria, programs could choose to cover all individuals belonging to selected groups in a small number of communities or only the poorest and most vulnerable but spread in many more communities, given a fixed budget and level of benefits. Government pilot programs follow the second option as these would be eventually scaled up nationwide.²¹ For instance, the MOE stipends program uses a simplified poverty scorecard (i.e. a set of indicators that are strongly correlated with poverty) and community validation of the beneficiary lists (GoM, 2014c). Eligibility verification and beneficiary enrollment typically happens at the local level, with communities playing an important role.

In contrast, social security programs enroll all individuals within groups, regardless of location, as defined by the legislation governing these schemes. SSB township offices are responsible for the registration of companies and workers. Civil servants are required to apply at the administrative unit of his or her department; authorization is centralized at the union level.

Transactions (including benefit payments, reimbursement, and contribution collection)

Social assistance programs in Myanmar use various payment modalities, such as cash, near cash (vouchers), and in kind (usually food).²²

Payment of benefits is usually made through direct distribution to beneficiaries. In the case of social assistance programs, this is typically the responsibility of local service providers. For instance, for MOE's stipend program, school heads collect funds at the township level and distribute cash to beneficiaries at the school. For the MCHVS, the MOH management agency provides reimbursement to the voucher distributors, and health care providers and midwives collect funds at health facilities and reimburse beneficiaries. While this arrangement is the currently the most feasible option, transparency can be increased by separating these roles of supply of services, program implementation, and payment distribution. Social security contributions are collected in cash from employers and cash benefits are paid to workers at the SSB township office. In the case of the civil service pensions scheme, however, payments are made electronically by a third party – MEB – to pensioner bank accounts.

Record-keeping, management information systems (MIS), and monitoring

Systems for record-keeping and information management are largely paper-based and implemented locally. Individual-level information on beneficiaries remains at the facility (school

21. An example from the stipends program illustrates this trade-off between broad vs. narrow eligibility criteria. For instance, if all 8 million grade 1-11 students were to be provided stipends at the current level of benefits, an estimated budget of MMK500 billion would be required. The budget in 2014 was MMK3 billion; even with the doubling to MMK7 billion in 2015, the current outlay is only about 1.5 percent of the estimated budget required for categorical targeting of all school-age children.

22. The experience of social protection implementation in Myanmar suggests cash-based support is feasible in most contexts in the country. There are some circumstances where food-based benefits are more appropriate, such as in remote areas or areas with insecurity and/or social tensions. It is important for new programs to assess local contexts to determine which transfer modality is the most appropriate. See Notes on 'The experience of cash transfers in Myanmar' and 'Developing scalable and transparent benefit payment systems in Myanmar'.

or health clinic) or township level; the union level has access only to aggregate indicators, making tracking of beneficiaries difficult. Some improvements are evident already, with recent initiatives towards automation. For instance, MEB has implemented an e-pension database that issues e-pension cards to eligible pensioners, lowering the number of visits to the bank branch from two visits to one. The SSB is currently piloting a new computerized informa-

tion system to support program implementation and monitoring. Systems for internal and external monitoring are also gradually being strengthened. For instance, the stipends pilot program has set up a system of process monitoring and spot-checks by third parties, with systematic institutional arrangements to facilitate the feedback of monitoring information to policy-makers.

5. Opportunities and challenges in building an effective social protection system for Myanmar

Developing a social protection system can bring important payoffs to a country's development agenda. For Myanmar, this will mean putting the core building blocks in place to address the risks and vulnerabilities facing its people.

At the program level, this would imply the following: a) In the short to medium term, progressive development and expansion of social assistance coverage through government systems. This would include scaling up recently introduced pilot programs (such as stipends), as well as the introduction of new pilot programs that can address unmet needs. The most likely candidate for the latter is a PWP, given its dual objectives of employment generation and asset creation, and the positive experience of DPs in implementing PWPs in Myanmar; b) in the long term, gradual integration and coverage expansion of the pension and SSB schemes in a sustainable manner.

Taking this system-oriented approach in Myanmar will need the involvement of several institutions and require coordination within government, rather than introducing several uncoordinated programs supported by DPs.

5.1 Overview

Developing a social protection system can bring important payoffs to Myanmar's development agenda. The analysis of poverty and vulnerability identified a wide range of priorities for social protection policies and programs; many of these needs are not adequately addressed at present. This section provides some recommendations for developing an effective social protection system in Myanmar, based on priori-

tization and sequencing, consistent with fiscal and implementation constraints. The following criteria were used to arrive at the short to medium term recommendations:

- **Building on existing government policies and programs, and drawing on relevant experience from Myanmar and globally:** The RDSF and the SPSP provide the policy frameworks for expansion of social assistance provision in Myanmar and clarify institutional mandates to do so. In this context, building capacity

and systems through existing government programs and platforms is desirable. The extensive experience of DPs in implementing social assistance in Myanmar also provides useful insights. Similarly, global experience provides useful lessons for the social security policy reforms being proposed.

- **Finding the right balance between addressing multiple needs and fiscal sustainability:** Myanmar's multiple and pressing needs call for strengthening social protection delivery on several fronts. However, fiscal sustainability calls for the identification of the most efficient and effective interventions to both address the needs of those most in need and to help lay a foundation for delivery systems for future coverage expansion.
- **Finding the right balance between comprehensive programs and operational complexity:** The proposed 'social assistance building block' (see below) would ideally consist of programs that address multiple constraints, e.g., CTs that support both poverty reduction and human capital development and PWPs that address income insecurity and local asset creation. At the same time, it will be important for the government to start with simple models at the pilot stage while delivery systems are being developed and tested as part of government systems. Expanding coverage and scope of existing programs and introducing new programs and entitlements could come in the medium and long term.

Based on these criteria, the following recommendations emerge as the most important in putting in place the core building blocks of an effective, responsive, and sustainable social protection system for Myanmar in the short to medium term. The government's existing programs provide the basis to do so, although the opportunities and challenges vary across social security provision and social assistance provision (see Figure 8).

Setting up a high-level policy coordination mechanism can facilitate evidence-based and systematic policy development, harmonize programs and delivery systems, and develop mechanisms to pool government and DP resources sustainably. This is particularly critical for ensuring coherence in the current policy developments in social security schemes and mitigating the risk of parallel systems for subgroups of the population that would be difficult to reconcile in the future. In addition, inefficiencies arising from this component of Myanmar's social protection system could crowd out resources for the expansion of social assistance coverage. For social assistance, such a mechanism would provide an opportunity to expand coverage by pooling government and DP resources.

Rebalancing the program mix to increase the share of social assistance spending is an immediate priority for Myanmar. The current social protection system (see Section 4) places greater emphasis on social security provisions, whereas the priorities identified make a strong

Figure 8: Putting in place the core building blocks in short to medium term

High-level policy coordination and sustainable financing		
Social assistance programs (stipends, MCHVS; currently in pilot stage)	New social assistance programs (PWPs; currently DP-led)	Social security programs (civil service pensions and SSB schemes)
<ul style="list-style-type: none"> • Address school dropouts and malnutrition • MOE, MOH 	<ul style="list-style-type: none"> • Address seasonal unemployment and income insecurity • Pilot implementation through DRD (potentially through NCDDP) 	<ul style="list-style-type: none"> • Help save for old age and protect against sudden drops in income • MOF, SSB

case for substantially greater investments in social assistance programs. Both the RDSF and the SPSP emphasize the need to transition to government-led social assistance provision in the short to medium term. There are several elements that can strengthen this transition:

- First, the recent pilot programs (such as stipends) that help promote equitable and affordable access to services provide a promising basis for large-scale national programs. The short-term priority will be to strengthen delivery systems and carefully evaluate and monitor implementation. In the medium run, these programs can scale up and expand coverage to a larger share of the population.
- Second, it will be important to pilot a modified PWP to address seasonal unemployment and income and food insecurity, while also building community infrastructure and resilience to disaster risk. This can be designed and piloted in the context of existing CDD platforms (such as the National Community-Driven Development Project (NCDDP)) to provide locally relevant support at community level.
- Third, strengthening systems and ensuring fiscal sustainability should be a priority in civil service pension and SSB reforms before implementing new provisions that may strain current systems and crowd out fiscal space for the above. The demographic outlook in Myanmar provides the space for such a gradual expansion of social security coverage.

The following sections provide the rationale for these short-term recommendations and discuss how these building blocks can gradually evolve into a robust social protection system.

5.2 Policy coherence and sustainable financing

There is a strong case for expansion of social assistance coverage in the short to medium term; this will require a coherent action plan, increased government budget, and effective mechanisms for pooling government and DP resources. In this context, it would be more efficient and fiscally sustainable to build on existing programs (e.g. additional benefits and coverage for maternal and child health through an expanded/modified platform of the MCHVS and MOH; for school-age children through stipends and MOE) and platforms (e.g. the NCDDP for introducing a new pilot PWP; see below). DPs can also help co-finance government programs, thereby facilitating harmonization and providing an opportunity to ensure institutional and financial sustainability in social protection delivery. Programs such as the stipends and the NCDDP have already facilitated pooling resources from various DPs to supplement the government budget. In the long term, this can be taken a step further to develop scalable programs for more effective emergency response. Ethiopia's PNSP demonstrates how an ad hoc emergency response can be transformed into a comprehensive, sustainable, and scalable social protection program by providing a platform to pool DP resources (see Box 3). It also provides an example of gradual strengthening of social protection provision through the strengthening and expansion of a core program.²³

With respect to social security provision, the immediate priority in the short term is to assess the fiscal implications of the proposed policy reforms and develop appropriate coordination mechanisms to avoid multiple schemes. This coordination goes beyond social protection. For instance, the pension policy reforms need to be aligned with the government's over-

23. Trying to pursue short-term social outcomes (education, health, and housing) and long-term income security (pensions) through the MPF will require a much higher degree of administrative capacity and record-keeping than a pure retirement account and adds to administrative costs.

Box 3: Ethiopia's PSNP – from ad hoc emergency response to comprehensive, sustainable, and scalable social protection provision

Embedded in the government's strategy and policy for food security and eradication of extreme poverty, the PNSP represented a pivotal shift from annual emergency food aid appeals to a planned approach to food security and predictable drought risk management.

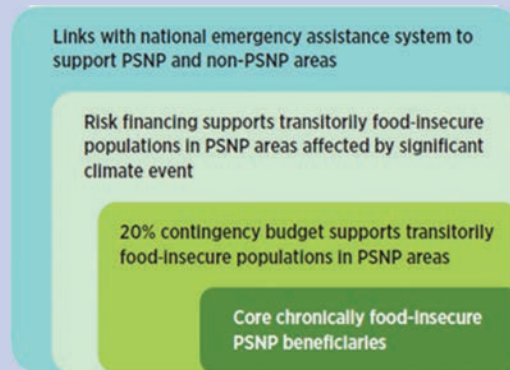
The PSNP provides long-term support to chronically food-insecure rural households to help them cope with shocks, reduce disaster risk through asset creation and rehabilitation of their natural environment, and build household resilience. It consists of CFW projects to improve environmental assets (60 percent of projects in soil and water conservation); unconditional food/cash transfers for the poorest 10 percent unable to work; an insurance for work scheme in a particularly disaster-prone area; a contingency budget to respond to sudden emergency needs; and the Risk Financing Mechanism (RFM) for use when the contingency fund is insufficient.

Evolution of PSNP

The program has evolved significantly over the past decade and has become the backbone of social protection provision in the country. Phase I (2005-2006, USD70 million) focused on transition from emergency relief to a productive and development-oriented safety net. Phase II (2007-2009, USD200 million) significantly expanded program coverage and focused on strengthening program procedures and delivery systems, increasing the productivity of public works, and developing more efficient financing instruments for risk management to ensure predictable and timely responses to shocks. Phase III (2010-2015, USD850 million) continues to consolidate program performance and maximize long-term impacts on food security by ensuring effective coordination with other critical interventions. The program's next phase will further strengthen systems for social protection and DRM. It will be implemented in 411 districts, reaching up to 10 million food-insecure people per year, and has a total budget of approximately USD3.6 billion from the government and 11 development partners.

Scalability of PSNP

The financing mechanisms allow the program to scale up to also provide assistance to risk-prone households when necessary. The RFM ensured financial commitments from donors were put in place before any crises occurred. In 2008, in response to increasing food prices and the failure of the belg rains, the government used the RFM to provide additional transfers to 4.43 million existing PSNP beneficiaries and 1.5 million individuals who had not previously participated but who were negatively affected by the crisis. The RFM was again used in 2009 to provide additional transfers to 6.4 million PSNP participants.



The PSNP's long-term support has helped reverse the trend of deteriorating livelihoods despite climatic shocks. Timely and predictable assistance has enabled households to manage risk more effectively and avoid negative coping strategies and food insecurity. Thanks to economic growth and programs like the PSNP, 2.5 million people have been lifted out of poverty since 2005 and the share of the population below the poverty line fell from 38.7 percent in 2004/05 to 29.6 percent in 2010/11.

Source: World Bank (2014d).

all plans for civil service human resource management. Similarly, the SSB reforms, especially with regard to health care services, need to be considered in the context of the government's broader efforts to ensure universal health coverage. Tight coordination and planning are important to avoid inefficiencies in the delivery system and in the use of public resources. In the absence of such mechanisms, there is a risk of parallel systems for subgroups of the population that would be difficult to reconcile in the future. In addition, inefficiencies arising from this component of Myanmar's social protection

system could crowd out resources for the expansion of social assistance coverage.

Implementing Myanmar's poverty reduction and development agenda will be greatly facilitated by an overarching coordination mechanism that goes beyond ministerial mandates.

This will require strong political leadership at the union level, particularly in strengthening the links between social protection and rural development. Indonesia's model of high-level policy coordination that links social protection to poverty reduction objectives and provides

Box 4: Indonesia's National Team for Accelerated Poverty Reduction (TNP2K)

Indonesia has a comprehensive strategy for accelerating poverty reduction that is coordinated centrally by TNP2K. TNP2K was established under the Vice-President's Office through a Presidential Decree in 2010. It is a central body that is responsible for a) developing poverty reduction policies and programs; b) synergizing poverty reduction programs among ministries/agencies through synchronization, harmonization, and integration; and c) supervising the implementation of poverty reduction programs and activities. TNP2K provides high-value expert input into national discussions on policy design and implementation. It is assisted by the Control Working Group, which coordinates and controls the implementation of poverty reduction programs. Apart from providing expert advice to policy design, TNP2K is responsible for delivering funds where budgeting of line ministries is insufficient and filling staffing gaps.

TNP2K coordinates all four components of Indonesia's comprehensive acceleration of poverty reduction strategy: a) household-based social protection programs, including a CCT (PKH), a UCT, in-kind assistance (e.g. Raskin), and support to vulnerable groups, such as the disabled, senior citizens, orphans, etc.; b) CDD programs such as PNPM Mandiri; c) livelihood promotion programs for small and micro enterprises; and d) programs to increase access to basic services and improve the quality of life for the poor.

Source: www.tnp2k.go.id/en/acceleration-policies/strategy-to-accelerate-poverty-reduction/overview-of-the-acceleration-strategy/

strategic direction is relevant for Myanmar (see Box 4).

Subnational roles and financing

Wide disparities in social protection priorities across Myanmar's 14 states and regions suggests a national social protection system would need to balance a coordinated national approach with sufficient flexibility for locally relevant programs. A more prominent role for region/state governments and local-level structures in social protection programming, financing, and delivery would lead to an effective and sustainable social protection system that addresses local priorities and increases accountability to citizens.

At present, social protection programs are financed by the union-level social budget and implemented through ministerial structures. This approach is appropriate in the case of social security programs, as pooling risks of disability, death, and longevity is more effective and there are significant economies of scale in administration. This approach is also appropriate for the pilot social assistance programs – stipends and the MCHVS – that aim to promote access to services, at least in the short

run. These are recently introduced programs, and implementation systems are being gradually developed. As a result, these programs are currently implemented by service providers (schools, health clinics, midwives), with some support and oversight from township officials. In the long run, separation of these roles of supply of services, program implementation, and payment distribution would be desirable. Global experience indicates there are economies of scale in setting up centralized delivery systems for CTs within ministerial structures; more sophisticated coordination mechanisms are required for multi-sectoral CTs that address multiple objectives.

However, programs that address issues of food and income security need to be strongly rooted in local needs and preferences, the local socioeconomic context, and existing community-based mechanisms for support. In the medium term, there are opportunities for financing social protection through intergovernmental transfers for states and regional governments (such as the Poverty Reduction Fund) for locally relevant programs. Going one step further, even greater discretion can be provided to local communities by providing community block grants that incorporate some elements of social protection (see Section 5.4).

5.3 Rebalancing the program mix to address social protection priorities

In light of needs identified in Section 2, what is the appropriate mix of social protection policies and programs for Myanmar? The current social protection system (see Section 4) places greater emphasis on social security provisions, whereas the priorities identified make a strong case for substantially greater investments in social assistance programs. There is thus an imbalance in the mix of social protection policies and programs, which needs to be corrected. Global experience as described in Section 3 suggests a number of program options to address Myanmar's needs over time. The emerging priorities and program options are prioritized based on the criteria noted above.

The following priorities emerge in the short to medium term:²⁴

Scaling up existing cash transfers to invest in the health, nutrition, and education of young children

Investing in the health, nutrition, and education of 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. The first 1,000 days of a child's life are crucial in developing a sound foundation for better health, higher cognitive skills, lifelong learning, and future earning ability. Equitable access to good-quality education is essential in building human capital and reducing the risk of current and future poverty.



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

Social protection programs such as CTs (sometimes combined with behavioral interventions) can help address malnutrition, school dropouts, and other development challenges.

The experience of other countries and the pilots in Myanmar suggest CTs can reduce financial and other barriers that constrain access to services, especially for the poor and vulnerable. These can complement efforts to improve the supply and quality of education and health services. Together, these policies would help reduce intergenerational poverty and promote better human development outcomes and inclusive growth.

In Myanmar, the recently introduced pilot programs – MOE’s stipends and MOH’s MCH-VS – aim to promote access to education and health care for children and pregnant women from poor households, and can provide the basis for large-scale national programs. The government has made commitments to ensuring education for all and providing universal health coverage. Meeting these goals will require a combination of quality service provision and well-designed CTs to ensure equitable and affordable access to services (see also Planning Commission, 2013). The short-term priority for both programs will be to strengthen delivery systems and carefully evaluate and monitor implementation in order to continually improve program design and delivery. In the short to medium run, these programs could gradually scale up and expand coverage to a larger share of the population in need. In the long run, Myanmar can draw lessons from other countries, such as Indonesia, that have built on the experience of implementing school stipends to design more complex, multi-sectoral (health and education) CCT models.

Addressing seasonal unemployment and income and food insecurity, and building resilient communities

PWPs can be effective poverty reduction mechanisms that protect households, help build resilient communities, and promote social cohesion in Myanmar. The RDSF and the SPSP identify PWPs as key instruments to address the vulnerabilities of the rural population in Myanmar. They can be used to address issues of seasonal unemployment and food and income insecurity faced by 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. PWPs can contribute to emergency response, post-disaster recovery, and building community resilience. Lastly, they can play a particularly important role in national reconciliation efforts by providing practical approaches to peace-building and social cohesion among communities affected by conflict.

The experience of the PWP models implemented by DPs in Myanmar 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, pilot PWP programs would need to be designed to address specific local needs, based on detailed feasibility assessments. A key design question will relate to setting an appropriate balance between objectives of asset creation and employment generation in terms of the nature and labor-intensity of projects.

A pilot PWP can test mechanisms to inform design and implementation arrangements for a national program to respond to desired objectives. In terms of design, the pilot would need to determine eligibility (i.e. whether the pilot would allow people to self-select into

the program or focus on the poorest and most vulnerable) and appropriate mechanisms for beneficiary selection, timing, and benefit levels (e.g. that minimize distortions to local labor markets yet provide an attractive alternative to migration), and the nature of community infrastructure assets. Two implementation modalities can be explored:

- **A national/regional PWP pilot model based on current DP/NGO models. In current PWP, project management structures do not explicitly make the linkage with government structures.** There is potential to explicitly link PWPs to village and village tract structures and build capacity beyond single-project implementation, and also to support the delivery of quality infrastructure through PWP models by linking with technical entities in government (e.g. DRD and other township-level officials).
- **A second option is to introduce key elements of traditional PWP models in community-based models of local infrastructure development.**²⁵ This could be achieved by strengthening the emphasis on pro-poor investments and resilience-building in infrastructure development programs such as the NCDDP. For instance, the NCDDP already works through village tract administrators and supports engagement and capacity-building in the delivery of basic infrastructure. It also generates important employment opportunities for local communities, with 80 percent of assets built directly by communities. This platform can be extended to provide social protection. For instance, including features of PWPs such as labor-intensive approaches and encouraging the participation of the poor, including of women, through poverty targeting could provide a safety net for income- and food-insecure

households as part of CDD platforms. In addition, the effort made by the program to meaningfully include women in project committees presents an opportunity to achieve gender-sensitive community choices as part of an expanded menu. Finally, as the program expands to conflict-affected areas, PWPs can help with reconciliation efforts by including ex-combatants and ethnic minorities in community development efforts.

The following additional priorities emerge for the medium to long term:²⁶

Mitigating and coping with disaster risk

In the medium to long term, greater coordination between social protection and DRM policy frameworks would be required. In particular, a flexible and scalable social protection program (such as Ethiopia's PNSP, see Box 3) 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.

Expanding social security coverage to the rest of the population

An additional priority for the long term would be to strengthen and expand existing programs that help people save for old age and protect against sudden drops in income and welfare owing to health and other shocks. Current social security programs cover just about

25. See Note on 'Social protection delivery through community-driven development platforms: International experience and key considerations for Myanmar'.

26. See Notes on 'Social protection for disaster risk management' and 'Strengthening social security provision in Myanmar' for more details.

3 percent of the population, and the vast majority of workers employed in the informal sector have little income security. Pensioners and workers in Myanmar will come to expect more government support in coming years, reflecting likely changes in family support for older people and high out-of-pocket health expenditure. The government needs to develop a long-term roadmap for expanding social security coverage based on a careful assessment of feasible options, including modeling of the fiscal implications of alternative options.

A key consideration for Myanmar will be addressing the three aspects of coverage, adequacy, and sustainability through an integrated national strategy. Introducing multiple schemes using different delivery systems can create inequities and increase administrative costs. In the long run, a national pension scheme can in principle be introduced. The private pension scheme under the SSB has not yet been defined, nor is implementation planned in the short term. Ideally, a fully integrated system that harmonizes scheme design, institutional arrangements, and delivery systems will be achieved. At a minimum, even if design parameters cannot be harmonized, there are likely to be important synergies as well as advantages from interoperability between the two public and private (parallel) delivery systems. A growing number of countries globally and in the region (e.g. Vietnam and Hong Kong) have retroactively integrated partially or fully their civil service and private sector pension and other social security schemes. Doing so retroactively can be both difficult and costly.

In the long run, the challenge will lie in expanding the coverage of the existing social security programs to workers in Myanmar's large informal sector, particularly the poor and vulnerable. For Myanmar, the most feasible option is likely through a non-contributory transfer rather than an expansion of the current payroll tax-financed system. This could take the form of social pensions (i.e. budget-financed transfers to older people above a cer-

tain age, sometimes with additional poverty criteria) or a household-based CT that includes older people as beneficiaries because they live in poor households rather than because they are above a certain age. For instance, MSWRR is planning a social pension pilot program for older people (aged above 90 years). A key consideration would be fiscal affordability of these options and interactions with elements of the social protection system, including civil service pensions, SSB schemes, and social assistance programs.

5.4 Strengthening delivery systems

The implementation of the policies and programs described above has several implications for the gradual evolution of delivery systems in Myanmar. First, delivery systems for the civil service pensions and SSB schemes will need to be strengthened through process simplification and automation (see Box 5). Second, delivery systems for pilot CTs will need to be further developed to support scale-up of these programs. Third, for all government programs, these systems will evolve gradually as changes in the external macro environment (e.g. financial and telecommunication networks, regulatory and supervisory frameworks, etc.) provide opportunities for further improvements. Fourth, these evolving program-specific delivery systems need to be developed in a coordinated manner that facilitates harmonization in the medium to long run. While the relevant sectoral ministries would guide the evolution of program-specific processes, an overarching coordination mechanism can provide a platform for sharing information and lessons learned and facilitate the development of harmonized systems.

Effective delivery systems ensure eligible beneficiaries receive the correct amount of ben-

Box 5: Strengthening social security delivery

For pensions and SSB schemes, the main priority in the short to medium term would be to build on existing initiatives to further simplify and automate processes. In the long run, these delivery systems need gradually to become more client-centered through further simplification, with greater transparency, and with minimal compliance burden.

Conversely, some of the reforms under consideration cannot be implemented without the right processes and systems. In the medium to long term, substantial improvements will be required. For example, introducing a new DC scheme rests on the ability to track individual civil servants' salaries, contributions, and pensions, so that contributions and accumulated benefits can be tied to individual accounts. As a result, investments will be required to upgrade the human resource MIS, an activity that has implications beyond pensions. Capacity for managing and regulating pensions and SSB funds will also need to be gradually developed.

Source: ILO and MDRI (2015), Note on Strengthening social security provision in Myanmar.

fits at the right time and with the right frequency, while minimizing the cost to both the program and beneficiaries (Grosh et al., 2008).

Myanmar can take advantage of the innovative ideas, the emerging emphasis on a coordinated social protection provision, and the technological solutions that have helped many countries strengthen their social protection delivery systems.

These delivery system challenges differ between social security programs and social assistance pilot programs.

For the former, the short-term priority is simplifying procedures and reducing the burden on pensioners and SSB affiliates to enroll and receive their benefits (see Box 5). For the latter, the immediate priority is to establish these systems, which will eventually form the basis for large-scale national programs as the pilots scale up.

There is scope to strengthen all stages of the delivery systems for government social protection programs, as follows:

- Beneficiaries require **identification** when enrolling for the program and for receiving benefits. Current systems for identifying beneficiaries rely on local functionaries, given gaps in the coverage of national ID cards, particularly among the rural population and among the poorest and most vulnerable. Using a unique personal identifier (such as an
- ID card number) for program enrollment and payments can help track beneficiaries across programs.
- **Selecting program beneficiaries** can gradually become more evidence-based, effective, and systematic, with a more harmonized approach across programs. Given current data and other constraints, a phased approach will be needed. In the short to medium term, a common platform for geographic targeting will need to be developed within the government. However, the exclusive use of geographic targeting needs to be carefully assessed keeping in mind political and social factors, particularly in conflict-affected areas. Most social protection programs will typically rely on a combination of methods, including geographic targeting in the first stage, combined with some form of household or individual targeting in a second stage. In the medium to long term, household targeting systems will need to be further strengthened, initially in the context of specific programs but gradually evolving into an integrated system for reaching the poor and vulnerable.
- In the short to medium term, government social protection programs will likely continue to deliver **payments** in cash. Scaling-up would require systems to be in place to ensure accountability, transparency, and security of funds. In the medium to long term, there is potential for a gradual transition to

more electronic payment systems, once the financial and telecommunications markets develop and adequate legal and regulatory frameworks are in place. This will make the delivery of payments cheaper, quicker, safer, and more transparent. In addition, increasing the connectivity of the people of Myanmar, especially the poor and vulnerable, to financial services will not only accelerate poverty reduction but also promote inclusive economic growth.

- The emerging systems for **communication and outreach, grievance redress, record-keeping, and M&E** will also need to be further developed. Providing public information and having grievance and redress systems in place can improve transparency and creates confidence in the program. Better record-keeping of beneficiary information and MISs also help improve accountability and transparency. These provide opportunities to partner with DPs, non-governmental organizations (NGOs), and community-based organizations (CBOs) that have been active in social protection provision in Myanmar. The role of communities in raising awareness of programs and services, validating beneficiary selection, local-level oversight, and monitoring will remain central.

These program-specific systems should ideally develop in a coordinated manner, such that common tools and platforms emerge to support various programs and harmonization is feasible in the long run. The number and scale of government programs and services are expected to continue to expand. The introduction of different delivery mechanisms can lead to unnecessary and costly duplication of efforts on the part of program implementers and potential confusion on the part of communities and potential beneficiaries.

Increased role for subnational and other stakeholders

The roles of three key subnational stakeholders could be strengthened. First, township offices already perform a number of often-unfunded delivery functions. Increasing technical support to these offices and ensuring functions are adequately funded will be an important priority for the respective sectoral ministries (MOE, MOH, and SSB). Second, the General Administration Department (GAD) is already an important stakeholder at local level; building on its technical functions but ensuring support to the redefinition of its relationship with local communities around service delivery can support the institutional-strengthening of ministries and subnational units. Third, a minimal but increasingly important form of subnational government, village tract and village levels, exists but so far has a limited role in the implementation of social protection programs; strengthening these structures to support social protection delivery can promote accountability to citizens and locally relevant schemes.

DPs, NGOs, and CBOs can also support the transition to government-led social assistance in several ways. This includes for example, partnership with government as technical resource persons or in specific stages of delivery, such as grievance and redress mechanisms, monitoring, and communication and outreach activities. The private sector can also play an important role, particularly in paying benefits and upgrading program information systems. In all cases, support needs to be framed within government-led priorities and programs, with decision-making processes ultimately falling in government hands.

Finally, the role of non-state actors in previously conflict-affected areas will need to be articulated with subnational leadership. Non-state systems will continue to operate, at least in the short term (Jolliffe, 2014), thus the initial focus can be on establishing institutional ar-

rangements that a) build on existing foundations for service delivery that minimize disruption in provision, support a smooth transition, and avoid reigniting grievances; and b) recognize the need for locally adapted approaches to service delivery. In addition, social protection programs can address the needs of particularly vulnerable groups such as conflict-affected communities and ex-combatants.

Piloting social protection provision through CDD platforms²⁷

The RDSF provides an opportunity to explore operational synergies between poverty reduction and social protection programs; social protection programs such as PWPs could be delivered through CDD platforms. Embedding social protection programs as part of CDD platforms can be an effective approach while delivery systems are still evolving. This is especially relevant for PWPs, as noted above, where a gradual transition from DP-led provision to a more sustainable government-led system is needed. Providing options for testing locally relevant social protection models can facilitate the emergence of responsive schemes and can build on local institutions and community-based mechanisms for collective action and social protection (see Box 6).

In this context, DRD could explore the feasibility of embedding social protection programs in the NCDDP platform to enhance poverty reduction impact. Options to do so include strengthening the emphasis on pro-poor investments in infrastructure development and offering communities an expanded menu of options that includes social protection interventions. For instance, pro-poor asset creation can be encouraged through active participation of poor households in community decision-making processes and a pro-poor menu of projects.

Box 6: Synergies between household-based and area-based poverty reduction programs

Global experience suggests increasing synergies between area-based poverty reduction programs and social assistance programs is proving effective to enhance the effectiveness of both approaches in achieving poverty reduction. Poverty reduction strategies in several countries identify area-based programs along household-based social protection programs as necessary instruments to reach the poor. In practice, however, both approaches have been implemented separately as institutional mandates often belong to different ministries.

China has integrated social protection programs in area-based development programs since 1986. Impressive results in poverty reduction have been achieved, but, by design, the poor outside the designated 'poor' villages have not been covered. From this perspective, the government's new rural poverty strategy points the way to greater convergence over time of area- and household-based programs, including social assistance, social services, and anti-poverty programs.

Countries like Indonesia have pioneered an even more integrated approach, by making both CDD programs (such as PNPM Mandiri and Generasi) and household-based programs (e.g. PKH) follow centrally defined objectives of poverty reduction, with discretion on how to achieve this locally in the case of PNPM Generasi. This has unleashed synergies at local level that promote more targeted and locally relevant solutions to social protection provision.

Source: Note on 'Framework for the development of social protection systems'.

In addition, using labor-intensive approaches (where wage rates are used as a mechanism to increase the participation of the poor and vulnerable) can directly provide income security to beneficiaries. In addition, interventions for vulnerable groups (e.g. older people with no family support) or to cope with specific shocks (e.g. funeral grants) beyond pro-poor infrastructure could be considered based on local priorities and delivery capacity.

27. See Note on 'Social protection delivery through community-driven development platforms: International experience and key considerations for Myanmar'.

6. Conclusions

Countries that have invested in building social protection systems have seen significant reductions in poverty and inequality, translating into inclusive growth. Global experience suggests that these programs can facilitate community cohesion and support peace building efforts. Having scalable social protection programs and delivery systems in place can help people cope better and recover faster from disasters and other crises. Programs like PWPs support community resilience and economic development through building community infrastructure and promoting connectivity. These also help address the risks and vulnerabilities facing households and individuals at different stages of the lifecycle: school-feeding and CT programs support school-age children, whereas PWPs, pensions, and social security programs support working-age and older people.

Myanmar's national policy frameworks include social protection as a core component of its people-centered development and poverty reduction strategy. While a broad set of policies will be needed to make households and communities more resilient to current and future poverty, as the RDSF and the SPSP emphasize, these efforts would need to be complemented by social protection programs to guard against vulnerability and increase access to opportunities for all.

An effective social protection system can help the poor and vulnerable in Myanmar better manage the opportunities and risks arising from the ongoing reforms, and can help promote household and community resilience and social cohesion. Myanmar can avoid mistakes other countries have made and that have prompted years of fragmented and ineffective social protection provision elsewhere, by a) building a comprehensive system with a focus on pro-poor investments right from the start through expanding social assistance; b) explor-

ing complementarities between community development programs and social protection programs for comprehensive poverty reduction; and c) ensuring social security provision is sustainable and delivers promised benefits to workers and older people.

In the short to medium term, it will be important to start putting in place the core building blocks of an effective, responsive, and sustainable social protection system for Myanmar. The government's existing programs provide the basis to do so, although the opportunities and challenges vary across social security provision and social assistance provision. These include:

- **At the policy level:** Setting up a high-level policy coordination mechanism that can avoid the risk of costly and unsustainable parallel systems being developed and develop mechanisms to pool government and DP resources sustainably;
- **At the program level:** Rebalancing the program mix to increase the share of social assistance spending, building on government current pilot programs (such as stipends) and introducing a PWP pilot to build the foundation of large-scale national programs;
- **At the delivery level:** a) Establish and gradually strengthen delivery systems for social assistance delivery through government systems, including through platforms such as the NCDDP; b) simplify processes and automate systems for the more established social security programs.

Developing a social protection system can bring important payoffs to Myanmar's development agenda. In the long run, an effective social protection system for Myanmar will provide adequate coverage of beneficiaries in need of assistance, improve responsiveness of programs to accommodate those made newly vulnerable because of systemic shocks, and effectively connect beneficiaries of social protection programs to additional productive opportunities.

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2. **Framework for the development of social protection systems: Lessons from international experience**
3. **Inventory of social protection programs in Myanmar**
4. **The experience of public works programs in Myanmar: Lessons from a social protection and poverty reduction perspective**
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