

Welcome



**Impact of the twin crises on human welfare
in Myanmar.**





MLCS Poverty Profile,
June 2019

1. 2017 Myanmar Living Conditions Survey

Re-interviewed 2,000 of the MLCS 2017 respondents



HOUSEHOLD VULNERABILITY SURVEY (HVS)

Key Findings: Rapid assessment of the economic impact of COVID-19 restrictions on vulnerable households. December 2020.

2. September/October 2020 - how COVID-19 has affected their lives over the last six months

Compounding negative shocks and their impacts on Human Development in Myanmar, April 2021

DATA SOURCES

Impact of the twin crises on human welfare

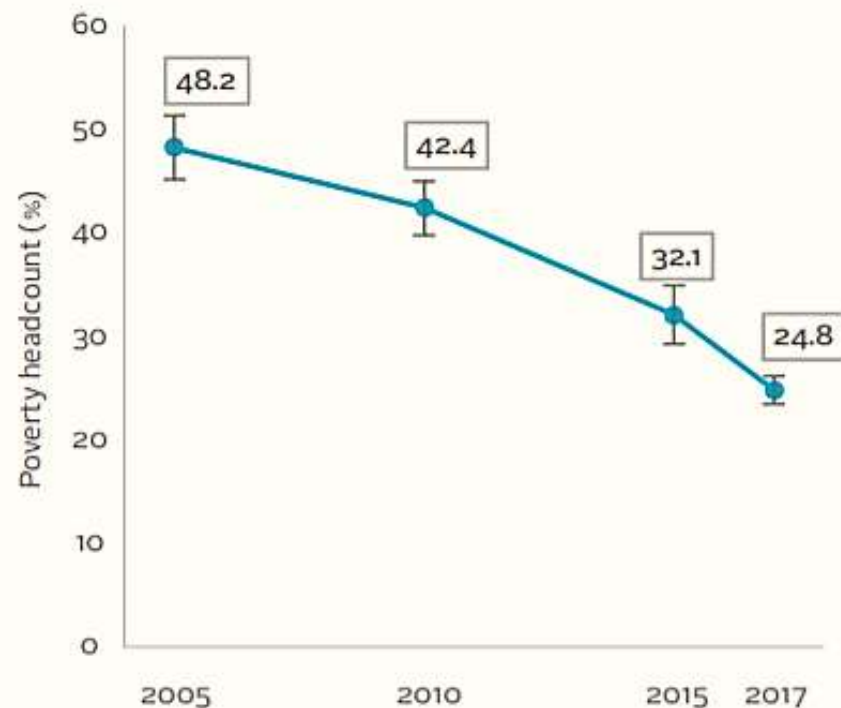


3. May/June 2021 - how COVID-19 AND COUP has affected their lives over the last two years

Impact of the twin crisis on human welfare in Myanmar, April 2021

MLCS Poverty Profile, June 2019

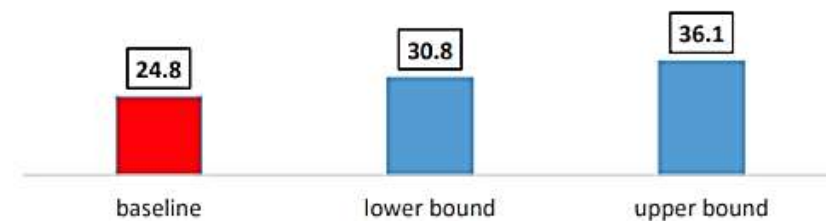
Trend in poverty headcount – Union level



32.9% of population are non-poor insecure (vulnerable).

Compounding negative shocks and their impacts on Human Development in Myanmar, April 2021

Figure 2: Impact of COVID-19 on the poverty rate in Myanmar (percent)²²

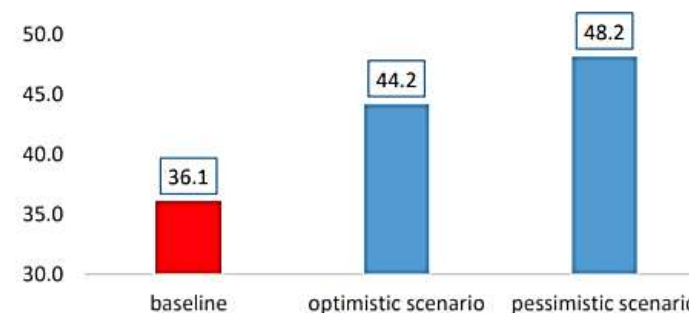


Baseline = 24.8 percent, MLCS 2017

Lower bound = a one unit drop in income results in a 0.2 unit drop in consumption

Upper bound = a one unit drop in income results in a 0.35 unit drop in consumption

Figure 3: The compounded effect of the *coup* on the poverty rate in Myanmar (percent)⁴⁷



Baseline = 36.1 (upper bound of poverty increase as a result of COVID-19)

Permanent income shock = a one unit drop in income results in a one unit drop in consumption

IMPACT OF THE TWIN CRISES ON HUMAN WELFARE

Impact of the twin crises on human welfare

COVID-19 shock - assumed to be temporary.

Coup shock - assumed to last longer and be more severe and lead to a permanent downward shift in consumption patterns.

Assumptions

50% Reduction in income of non-farm businesses

25% Reduction in agricultural income

25% Reduction in wages

10% Reduction in remittances and social transfers

= **income drop of 22.3 percent** as a result of the economic crisis associated with the coup.



One kyat loss of income = one kyat loss in consumption, having a profound impact on consumption and, therefore, poverty rates.

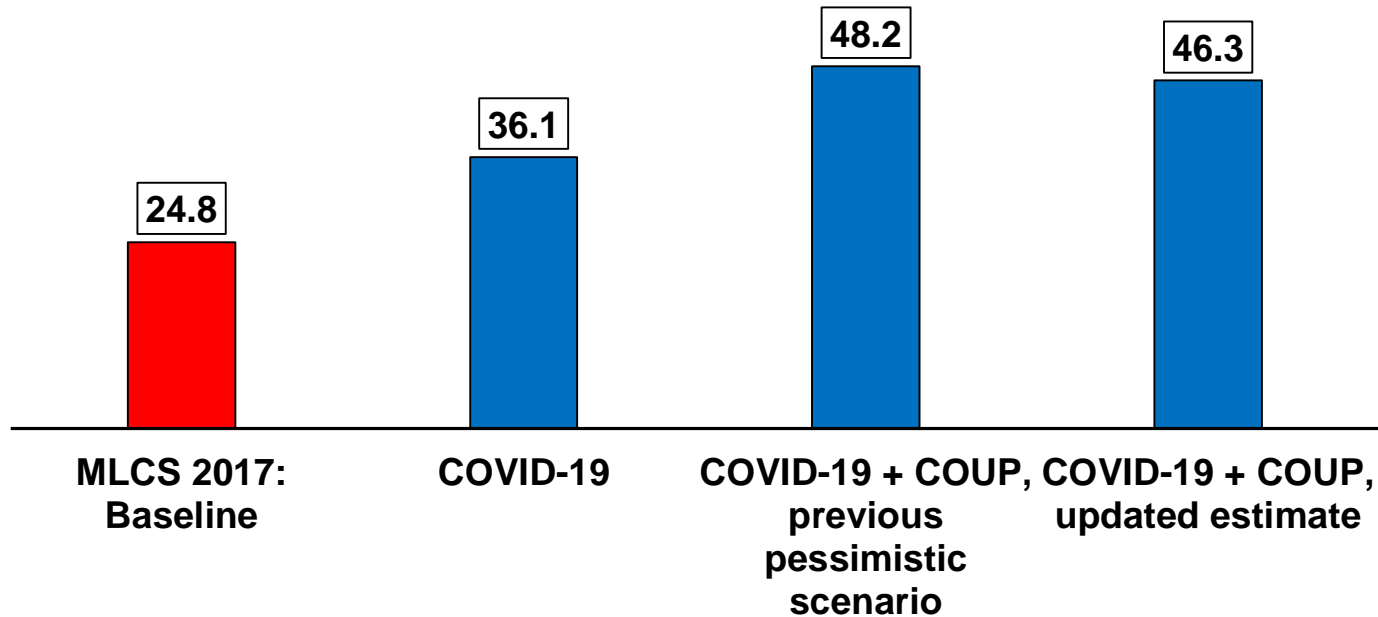
ASSUMPTIONS

Impact of the twin crises on human welfare

Used the national poverty line and newly calculated consumption aggregates to compute poverty headcount rates which take into account the compounded effect of COVID-19 and the coup.

The **poverty headcount** is likely to return to that of sixteen years ago.

Figure 4: Impact of COVID-19 and the coup on the poverty rate in Myanmar (percent)



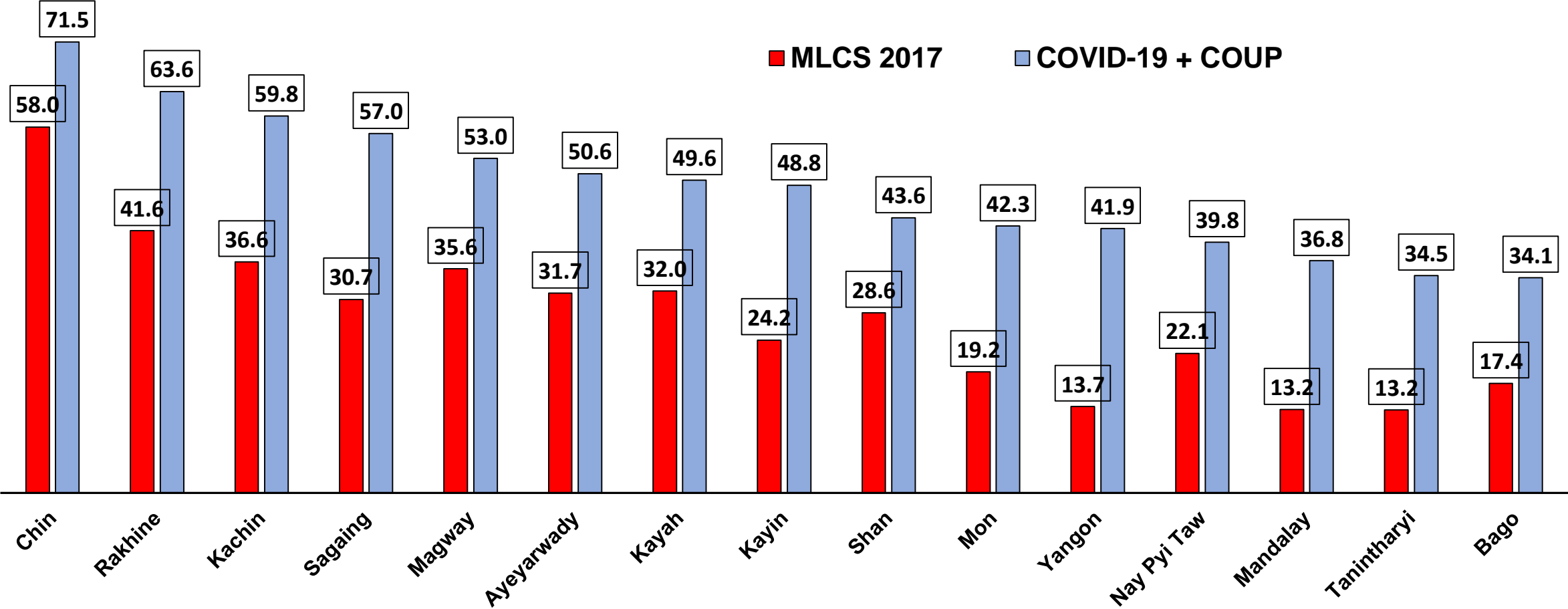
WORLD BANK: Myanmar Economic Monitor July 2021: Progress Threatened; Resilience Tested

“The share of Myanmar’s population living in poverty is likely to more than double by the beginning of 2022, compared to 2019 levels”.

POVERTY HEADCOUNT

- **Urban poverty rising threefold;**
- **Child poverty** even higher with **over half of children in Myanmar likely to be poor;**
- **Female headed households** are also likely to be pushed in poverty;

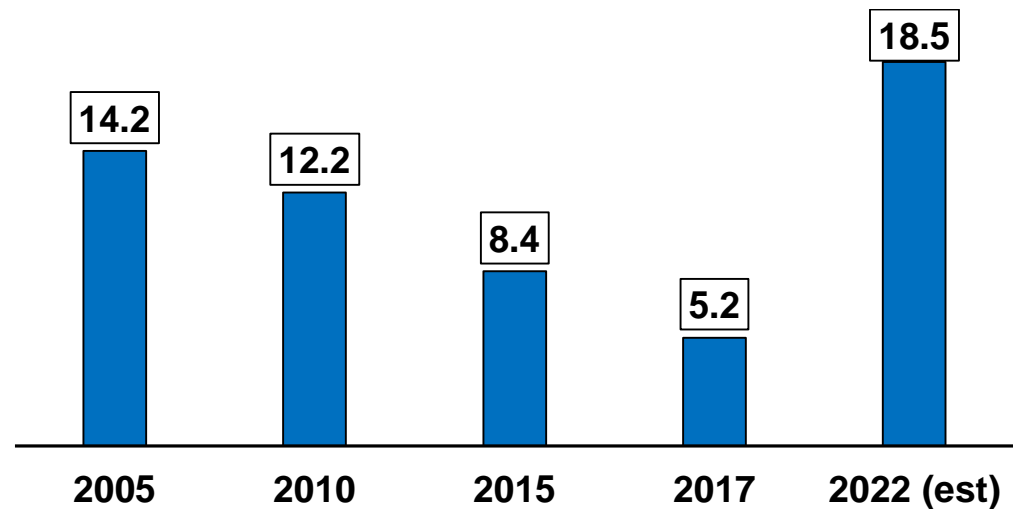
Figure 5: Impact of COVID-19 on the poverty headcount rate by state/region (percent)



POVERTY
HEADCOUNT

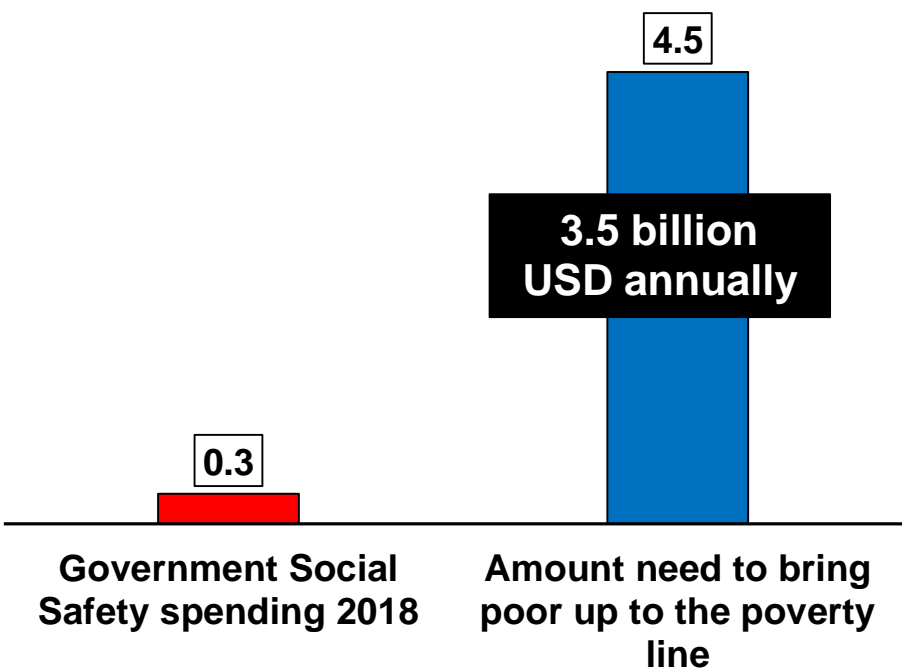
Similarly, **poverty depth** will revert to levels not seen since 2005.

**Figure 6: Poverty Gap:
Impact of COVID-19 and the coup in Myanmar (percent)**



Closing the poverty gap would require spending **4.5 percent of 2019 levels of GDP.**

Figure 7: Social safety net spending (pre-COVID-19) and total amount of money needed to bring the poor to the poverty line, in percent of GDP



POVERTY GAP

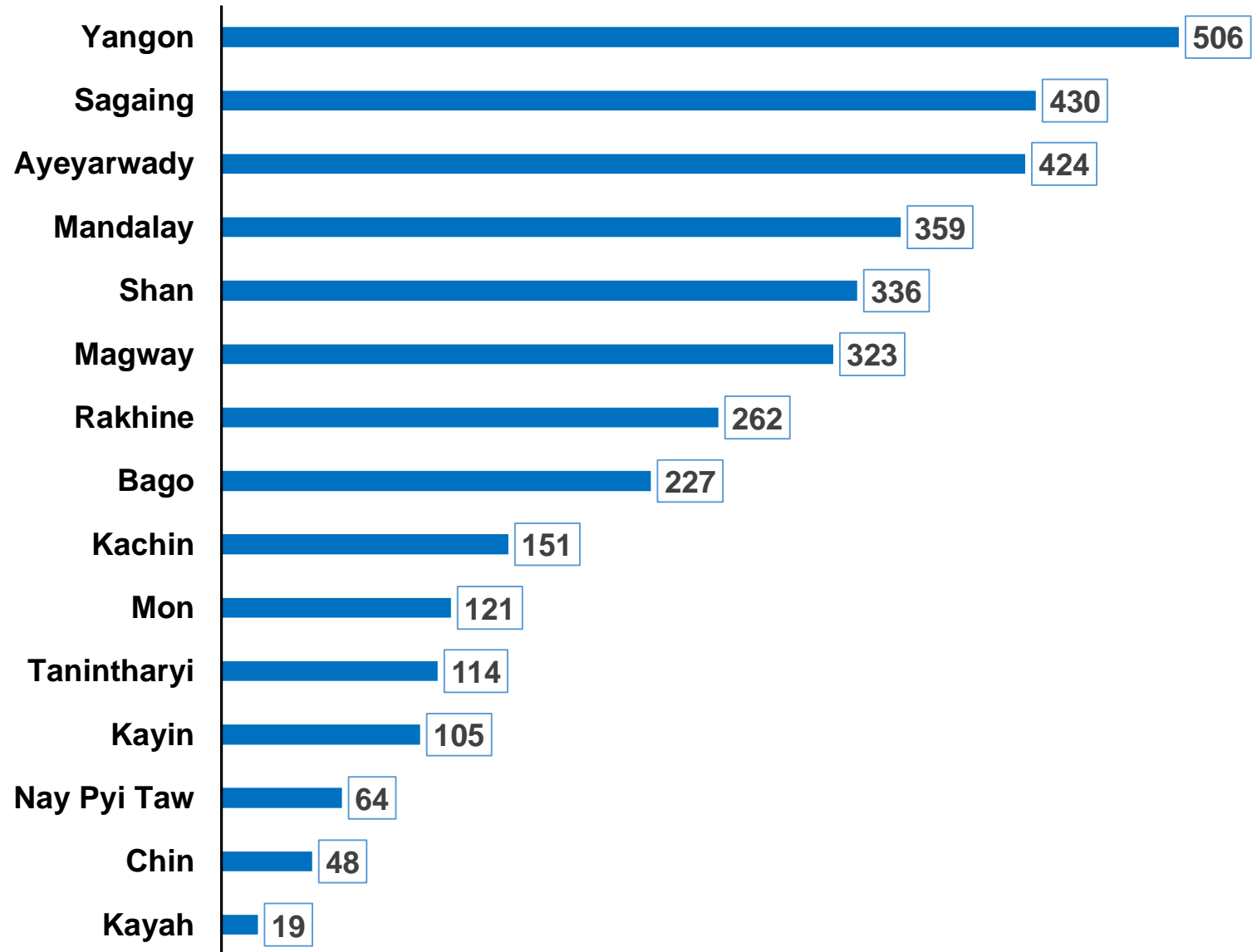
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POVERTY GAP

Impact of the twin crises on human welfare

Figure 8: Millions of USD needed annually in each State/Region to close the Poverty Gap



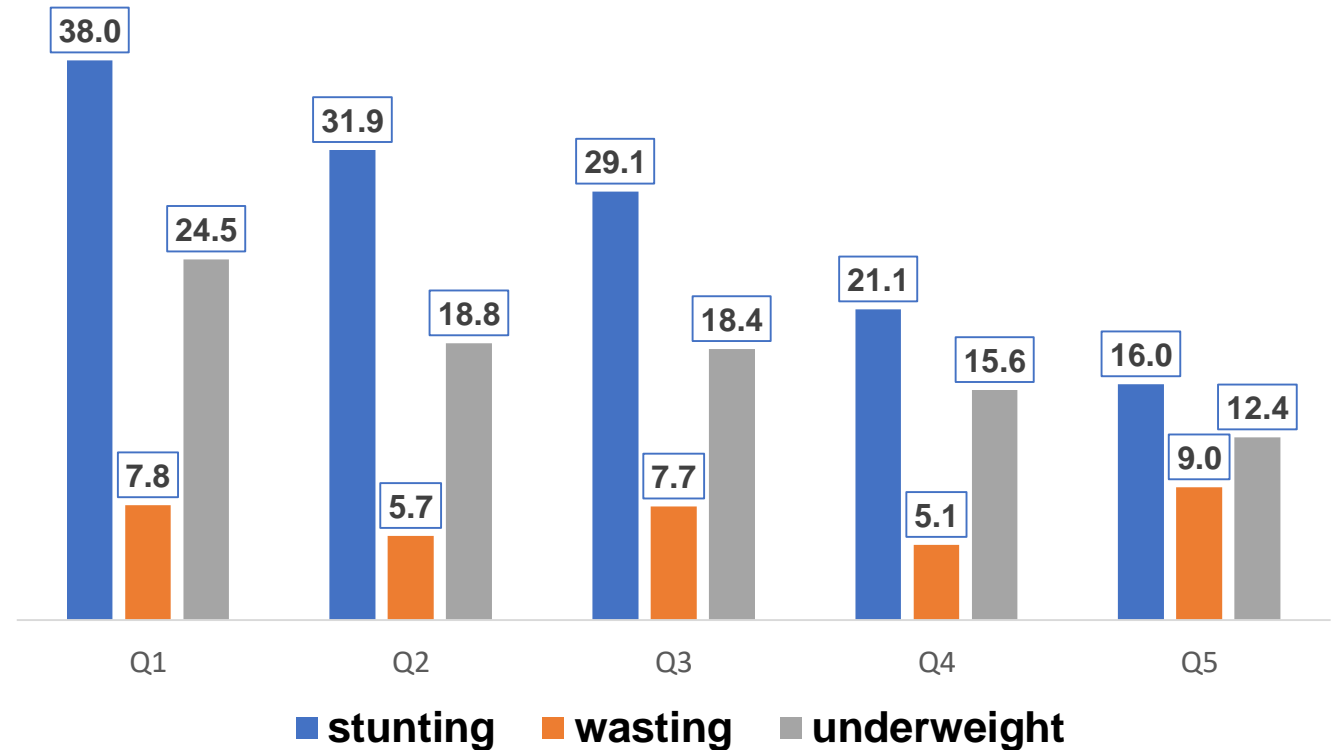
Longer-term effects: Nutrition

Link between poverty and **negative nutrition outcomes (e.g. stunting)**.

Transmission mechanisms include:

- Inadequate intake of food rich with micronutrients;
- Lack of sufficiently diversified diet;
- Skipping meals altogether;

Figure 9: Malnourishment indicators in Myanmar, children under 5, by wealth quintile (percent)



Source: DHS 2015

NUTRITION

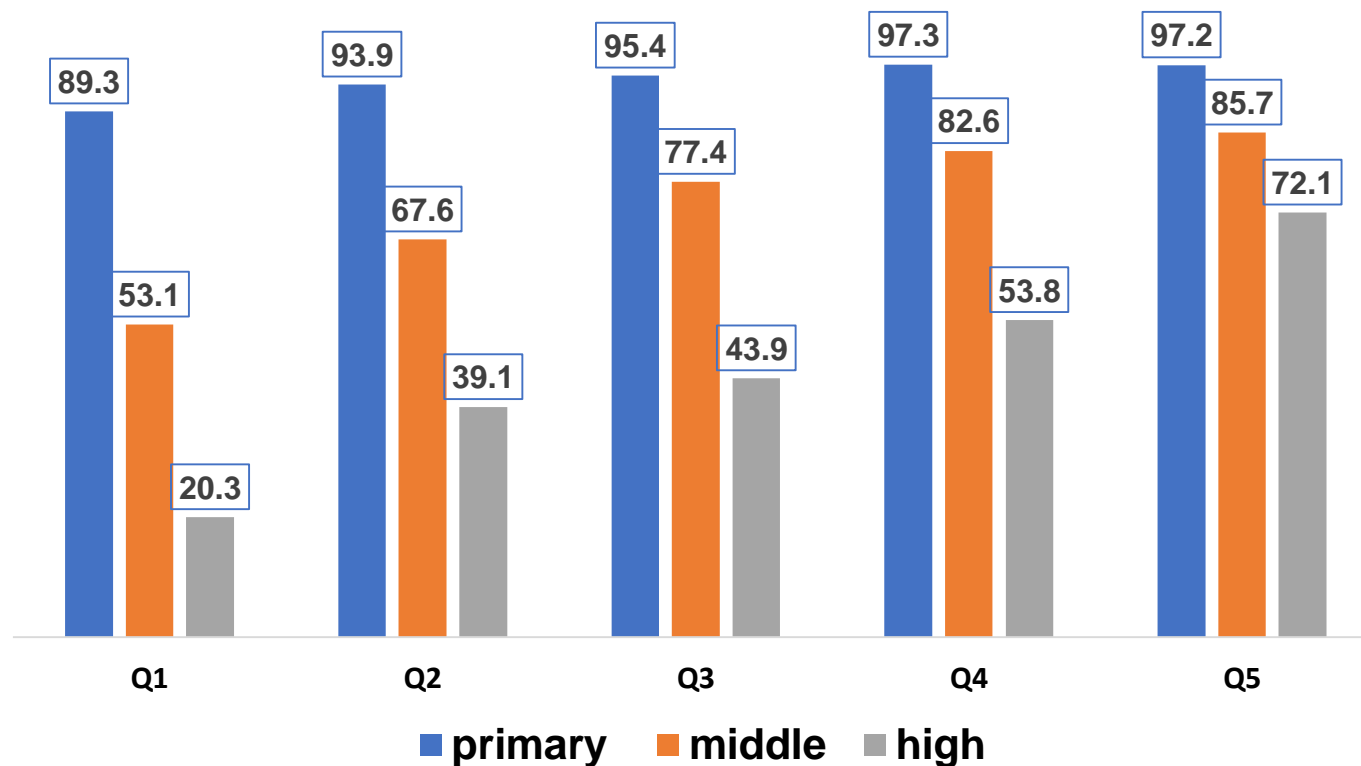
Longer-term effects: Education

Poverty is **negatively associated with education outcomes**.

Transmission mechanisms include:

- Inadequate stimulation at home;
- Inability to pay fees;
- Removing children from school as a (negative) coping mechanism;
- For every 10 percent increase in the prevalence of poverty there was a 6.4 percent decrease of children entering the final grade of primary school.

Figure 10. Total primary, middle, and high school net enrolment rates, by consumption quintile (percent)



Source: MLCS, 2017

EDUCATION

Longer-term effects: Health

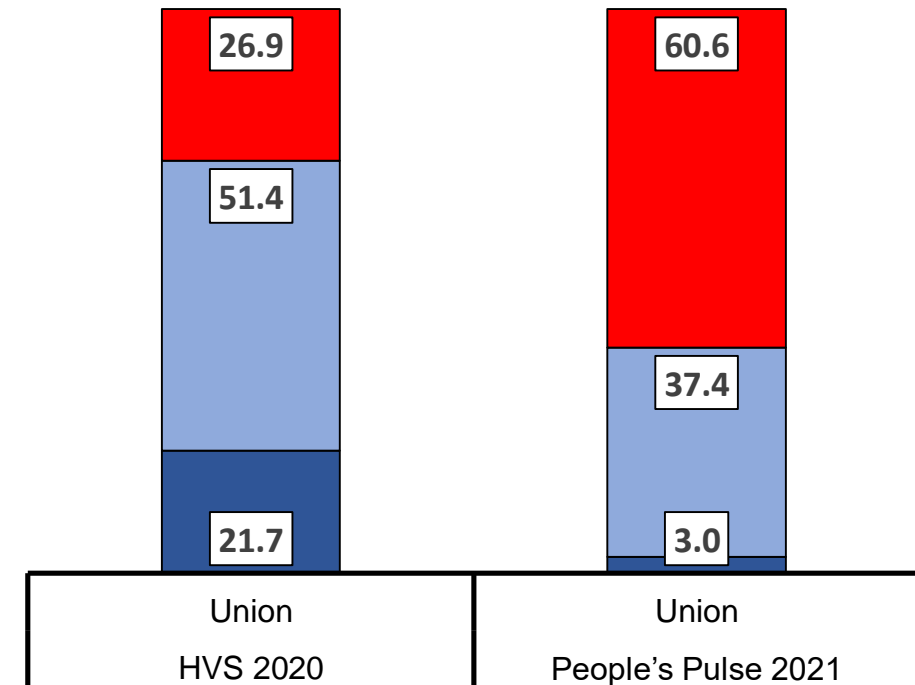
Poor households have more **limited access to healthcare**.

A robust link between poverty and access to **child related healthcare services**.

Some of the studied healthcare services include:

- Access to antenatal care and skilled assistance during birth
- Immunization
- Regular use of insecticide-treated nets for the prevention of malaria
- Care-seeking for common childhood illnesses

Figure 11: Opinion about accessing health services in the last month (percent of households surveyed)



■ More difficult than before

■ No change

■ Easier than before

HEALTH

CONCLUSIONS



- **COVID-19 + Coup** likely to have a **huge effect on poverty levels** – with nearly half of the population living below the national poverty line.
- **Poverty levels will go back to those in 2005**, effectively erasing all of the gains made since then.
- **Poverty depth will revert to levels not seen since 2005** and 4.5% of pre-COVID-19 GDP would be needed to bring the poor above the poverty line.
- Child poverty likely to increase, **with over half of children living in poverty**
- **Urban poverty is likely to increase three-fold**, leading to spikes in poverty rates in states/regions that are more urbanised.
- Without remedial actions, Myanmar could see a slide in human development that may not be reversible within the 2030 SDG timeframe.

CONCLUSIONS

Thank you!

