Welcome

Impact of the twin crises on human welfare in Myanmar.
DATA SOURCES

Impact of the twin crises on human welfare

1. 2017 Myanmar Living Conditions Survey
   - Re-interviewed 2,000 of the MLCS 2017 respondents

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

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

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>Reduction in income of non-farm businesses</td>
</tr>
<tr>
<td>25%</td>
<td>Reduction in agricultural income</td>
</tr>
<tr>
<td>25%</td>
<td>Reduction in wages</td>
</tr>
<tr>
<td>10%</td>
<td>Reduction in remittances and social transfers</td>
</tr>
</tbody>
</table>

= 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.

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)**

- **MLCS 2017: Baseline**
  - Poverty headcount: 24.8%

- **COVID-19**
  - Poverty headcount: 36.1%

- **COVID-19 + COUP, previous pessimistic scenario**
  - Poverty headcount: 48.2%

- **COVID-19 + COUP, updated estimate**
  - Poverty headcount: 46.3%

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**Impact of the twin crises on human welfare**

- **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;

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

Impact of the twin crises on human welfare

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

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

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

2005: 14.2
2010: 12.2
2015: 8.4
2017: 5.2
2022 (est): 18.5

**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**

- Government Social Safety spending 2018: 0.3
- Amount need to bring poor up to the poverty line: 4.5
- 3.5 billion USD annually
Figure 8: Millions of USD needed annually in each State/Region to close the Poverty Gap

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Annual Need (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yangon</td>
<td>506</td>
</tr>
<tr>
<td>Sagaing</td>
<td>430</td>
</tr>
<tr>
<td>Ayeyarwady</td>
<td>424</td>
</tr>
<tr>
<td>Mandalay</td>
<td>359</td>
</tr>
<tr>
<td>Shan</td>
<td>336</td>
</tr>
<tr>
<td>Magway</td>
<td>323</td>
</tr>
<tr>
<td>Rakhine</td>
<td>262</td>
</tr>
<tr>
<td>Bago</td>
<td>227</td>
</tr>
<tr>
<td>Kachin</td>
<td>151</td>
</tr>
<tr>
<td>Mon</td>
<td>121</td>
</tr>
<tr>
<td>Taninthary</td>
<td>114</td>
</tr>
<tr>
<td>Kayin</td>
<td>105</td>
</tr>
<tr>
<td>Nay Pyi Taw</td>
<td>64</td>
</tr>
<tr>
<td>Chin</td>
<td>48</td>
</tr>
<tr>
<td>Kayah</td>
<td>19</td>
</tr>
</tbody>
</table>
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
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.

*Source: MLCS, 2017*
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)](image-url)
• **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.
Thank you!