POVERTY AND THE HOUSEHOLD
ECONOMY OF MYANMAR:

a Disappearing
Middle Class

APRIL 2024

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Map 1: The States and Regions of Myanmar

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Abbreviations

CATI	Computer Assisted Telephone Interviewing
CBM	Central Bank of Myanmar
EAO	Ethnic Armed Organization
ETP	Employment-to-population
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HWS	Household Welfare Survey
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
MFI	Microfinance Institutions
MLCS	Myanmar Living Condition Survey
MMK	Myanmar Kyat
MSMEs	Micro, small, and medium enterprises
MSR	Myanmar Survey Research
FPCA	Principal component analysis
PDFs	Peoples Defence Forces
PPS	People's Pulse Survey
SMEB	Survival Minimum Expenditure Basket
UNDP	United Nations Development Programme
VCI	Vulnerability to Conflict Index

Executive Summary

The contraction of household incomes since the onset of the pandemic and the political crisis shows no sign of recovery. Respondents of the People's Pulse Survey 2023 (PPS), conducted between June and October 2023 by the United Nations Development Programme (UNDP), were asked how their household income had changed since January 2023; 57 percent reported that their income had remained the same, while 30 percent reported a decline. Rather than signalling a potential recovery, however, the more plausible explanation is that incomes have nearly hit the bottom. In addition, despite stable incomes, the prevailing economic conditions suggest that maintaining the status quo is becoming more difficult. Increasing money supply, depreciation of the kyat, and global commodity price rises are all contributing to the rapidly rising inflation, eroding real incomes.

The middle class in Myanmar is disappearing. Throughout the nation, median income was extremely low, close to the Survival Minimum Expenditure Basket (SMEB)[1]. Only the median of the highest asset quintile (Q5) reported a higher income per capita (116,667 MMK[2] per month), albeit well below what would be required for a middle-class standard of living.[3] Median income varies significantly across the states and regions.

The data suggests an exceptionally weak labour market with persistent wage stagnation, reduced income from job losses compounded with approximately half of all households lacking a secondary income source. Households without second incomes are vulnerable to income instability if any shocks hit their only source of income. The states/regions with highest rates of households lacking a secondary income were Kayah (67 percent), Chin (63 percent) and Sagaing (57 percent), which also have the lowest income per capita and experienced persistently high conflict throughout 2023. Monthly income per capita was not surprisingly found to be notably lower in conflict-prone areas.

The decline in incomes and limited income-generating capacity are pushing households to adopt negative coping mechanisms. For every state and region[4] and for every asset quintile, cutting non-food expenditure was the primary coping strategy. The resulting crowding out of human capital investment in health and education threatens to undermine the future re-emergence of a middle class.

The PPS paints a particularly worrying economic picture of Kayah State, which has the lowest income per capita, steepest income reduction (50 percent since January 2023), and largest reported job losses (58 percent). Kayah also had the highest concentration of households without secondary income (67 percent) and the widest array of coping mechanisms (on average 3), including dire strategies such as cutting food expenditure (52 percent). Despite also grappling with significant household pressures, the more peaceful states and regions exhibit relatively better performance, as evidenced by data from Ayeyarwady, Naypyidaw, and Yangon.

Nearly half of Myanmar's population (49.7 percent) was living below the national poverty line of 1590 Kyats a day by the end of 2023. This compares to 46.3 percent in 2022 and 24.8 percent in 2017. Thus, over the last six years, the share of Myanmar's population living in poverty has doubled.

Moreover, not only are there more poor people today, but they are also more deeply poor. The poverty gap - a measure of the average income shortfall of all those who are poor – stands at 24.4 percent. This compares to 18.5 percent in 2022 and 5.2 percent in 2017, an increase of over 6 percentage points since 2022. Poverty is deepening faster.

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[1]   The SMEB for Myanmar was 320,000 kyats per month for a household with five members, or, 64,000 kyats per individual, prescribed by the Inter-agency Cash Working Group in the country as of December 2023. The SMEB is updated every six months and varies by state/region.

[2]   Approximately USD 55 per month, or, USD 1.85 a day, on the basis of the official exchange rate of 2,100 kyats to the dollar.

[3]   The Boston Consulting Group defines the middle and affluent class as those with a monthly per capita income of more than USD 120. https://www.intergroup.asia/blog/the-rising-middle-class-in-myanmar

[4]   Myanmar comprises seven states (Chin, Kachin, Kayin (Karen), Kayah, Mon, Rakhine , and Shan) and eight regions (Ayeyarwady, Bago, Magway, Mandalay, Sagaing, Tanintharyi, Yangon and Naypitaw).

> " **Nearly half of Myanmar's population (49.7 percent) was living below the national poverty line of 1590 Kyats a day by the end of 2023. This compares to 46.3 percent in 2022 and 24.8 percent in 2017. Thus, over the last six years, the share of Myanmar's population living in poverty has doubled.** "

The situation is likely to have deteriorated further by the time of this report's release. An additional 25 percent of the population were hanging by a thread as of October 2023, just above the poverty line. Since that time, the intensified conflict has led to more displaced people losing their livelihoods, businesses shutting down, and supply chains disrupted in several parts of the country.

The crisis disproportionately affects women-headed households, whose members are 1.2 times more likely than those in male-headed ones to be poor. Over 50 percent of children in Myanmar are poor, and in high-conflict zones households are being pushed deeper into poverty, reflecting both hardship and inequality.

Though they have all but disappeared from global headlines, the people of Myanmar continue to face deep and persistent suffering. It is crucial for multilateral and bilateral development partners to refocus attention on the plight of the vulnerable in Myanmar. This calls for close collaboration with local organizations, civil society actors, the local private sector, and non-governmental organizations to respond effectively to the complex challenges faced by people across all parts of Myanmar. Rebuilding in the hardest hit locations will not be easy in a period of ongoing conflict, so negotiating with all parties to allow for access and support to the most vulnerable communities, irrespective of location, ethnicity or ideology, will be critical to halt the backslide and reinstate a return to human development progress, however limited at this time. In the absence of this, the humanitarian caseload will increase exponentially and the impact on human development will be inter-generational.

Introduction:
The People's Pulse Survey 2023

This report is one of a set of analytical reports produced by **UNDP** using the data collected in the **2023 People's Pulse Survey (PPS). The survey sought to provide a thorough assessment of public perceptions across a spectrum of issues and sectors. These included critical aspects such as security, economic conditions, public service delivery, governance, media accessibility, the role of women, and migration. The objective of this report is to provide an analysis of the "household economy" module of the survey, based on which the poverty headcount and depth were also estimated using microsimulation.**

The PPS tracked the outlook and perceptions of various population segments in Myanmar with a mix of qualitative and quantitative indicators aimed at constructing an evidence-based understanding of the current social and economic dynamics within the country. It is hoped that this information will assist in improving services and developing relevant and feasible interventions to reduce hardship. As the data was collected on the household and not the individual level, it is not possible to infer differences between women and men in the sample. However, the data has been disaggregated by male- vs female-headed households.

Data and Methodology

The PPS is a sample of 12,684 households. The survey was conducted using Computer Assisted Telephone Interviewing (CATI) and was carried out over three and a half months, from the June 15 to October 1, 2023. The survey covered every state and region within Myanmar, ensuring a complete representation of perspectives and sentiments across the nation. The sample questions were carefully designed to ensure robustness, allowing for individual analysis of each state/region, thereby fostering meaningful comparisons. In crafting the sample for each state/region, the aim was to obtain statistically reliable data, characterized by a 99 percent confidence interval and a margin of error of plus or minus 4 percentage points. A subsequent step involved distributing the sample for each state/region between urban and rural areas.

It may be noted that the last rigorous budget survey available in Myanmar is the Myanmar Living Standard Survey (MLCS) 2017. Although PPS was administered via telephone due to prevailing constraints, its size and scope come closer to MLCS 2017 than any other surveys since that date. Nevertheless, the PPS is not a full-scale budget survey, which would require an even more elaborate set of questions and in-person data collection.

Table 1 provides a summary of the main characteristics of the respondents. The table includes the urban/rural divide, the state/region of the respondents, gender, marital status, education status, and age.

Households were subsequently classified by asset quintiles. An asset index serves as a commonly employed method for categorizing households into wealth/prosperity quintiles. The asset approach offers a more resilient and enduring categorization, particularly in Myanmar, where income and expenditure exhibit high volatility due to various shocks. The asset index is calculated by applying the principal component analysis (PCA) to durable assets/items such as housing quality, appliances, vehicles, land ownership, etc.

The resulting asset quintiles (Q1-Q5) demonstrate a robust correlation with income and expenditure patterns, highlighting that households positioned at the lower end of the asset index (Q1) tend to have the lowest income and expenditure levels. This correlation underscores the reliability and effectiveness of the asset index as a tool for capturing the disparities in economic well-being within a population. As would become clearer in the subsequent analyses, mapping several of the survey indicators to asset quintiles offers more meaningful inferences than simple income or consumption quintiles.

Table 1: Summary of respondents' information

	Sample	%
National	12,684	100.0%
Urban/Rural		
Urban	4,556	35.9%
Rural	8,128	64.1%
State/Region		
Kachin	924	7.3%
Kayah	410	3.2%
Kayin	521	4.1%
Chin	407	3.2%
Sagaing	935	7.4%
Tanintharyi	612	4.8%
Bago	1,102	8.7%
Magway	1,026	8.1%
Mandalay	1,149	9.1%
Mon	674	5.3%
Rakhine	907	7.2%
Yangon	1,207	9.5%
Shan	889	7.0%
Ayeyarwady	1,161	9.2%
Naypyitaw	760	6.0%
Gender		
Male	6,298	49.7%
Female	6,372	50.3%
Marital status		
Single	4,315	34.0%
Married	7,742	61.0%
Other	627	4.9%
Education status		
No formal education	340	2.7%
Below primary education	2,580	20.3%
Completed primary school	3,271	25.8%
Completed middle school	4,492	35.4%
Completed high school	142	1.1%
Completed higher education	1859	14.7%
Age group		
18-20 years	1,119	8.8%
21-30 years	4,165	32.8%
31-40 years	3,233	25.5%
41-50 years	2,304	18.2%
51-60 years	1,358	10.7%
60+ years	505	4.0%
Household type		
Male-headed households	6,893	88.4%
Female-headed households	905	11.6%

The Status of the Household Economy

1. Sustained economic hardship

Myanmar has experienced no noteworthy economic rebound from its contraction to minus 17.9 percent in real gross domestic product (GDP) in 2021[5] due to the pandemic and the political crisis. This places the country firmly in the L-shaped[6] recession category, by far the worst recession path. Nominal GDP in 2022 hovered around the 2013 level.

The economy has suffered a permanent loss in output and is expected to grow at a persistently lower rate than prior to the crisis. The World Bank December 2023 Myanmar Economic Monitor states that "GDP is projected to grow by just 1 percent in the fiscal year ending March 2024. Even assuming no further escalation in conflict, growth is expected to remain subdued the following year."[7] The IMF provided a somewhat higher estimate of 2.6 percent growth in 2024.

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[5]   "World Economic Outlook, October 2023: Navigating Global Divergences", IMF, October 2023.
[6]   An L-shaped recession occurs when an economy has a severe recession and does not return to trend line growth for many years, if ever. The steep decline, followed by a flat line makes the shape of an L. This is the most severe type of recession.
[7]   Edwards,Kim Alan; Mansaray,Kemoh; Myint,Thi Da; Hayati,Fayavar; Maw,Aka Kyaw Min.
Myanmar Economic Monitor : Challenges Amid Conflict (English). Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099121123082084971/P5006631739fd70a01a66c1e15bf7b34917

The economic turmoil since 2021 has inflicted enduring structural damage on the economy's supply side.[8]

- Capital provided by international lenders has been constrained due to foreign exchange restrictions imposed by the Central Bank of Myanmar (CBM), coupled with the risks associated with currency fluctuations.[9] Concurrently, domestic banks have limited capacity and inclination to expand lending.
- The labour sector has witnessed a significant shift, with unemployed individuals disengaging from the labour market and opting for migration. As of April 2023, of the estimated 2.5 million migrants residing in Thailand, 75 percent are from Myanmar.[10]
- According to an ILO report on Myanmar, there has been a significant decrease in the employment-to-population rate (ETP), with a decline of over 7 percentage points compared to the pre-crisis period. The report also highlights that the reduction in the employment rate was more pronounced in regions and states prone to conflict, and that the decrease in the female employment rate was twice that for men.[11]
- An environment of political uncertainty compounded by economic concerns inhibits innovation and investment, notably business development and foreign direct investment (FDI). Since the military takeover, Myanmar has experienced a sharp drop in FDI commitments, which failed to reach USD 2 billion in 2021 (compared to USD 2.2 billion in 2020, down from a high of nearly USD 5 billion in 2017). Despite a partial recovery in 2022-23, average annual FDI commitments in the current period have dropped to well below the levels seen during the previous military rule.[12]

The L-shaped recession and the lasting structural damage to the economy have deeply impacted households, as reflected in the PPS data. As further discussed in Section 5 of this paper, poverty has increased. Half the population of Myanmar is living below the national poverty line in 2023, and the poverty gap is increasing at a faster rate than the poverty headcount.

The PPS data shows a continued contraction of household incomes since the onset of the COVID-19 pandemic and the military takeover (see Figure 1). Respondents were asked how their household income had changed between January 2023 and the period of the interview, which spanned September and October 2023 (Appendix Table 3). About 30 percent

> " Despite the majority reporting stable incomes, prevailing economic conditions suggest that maintaining the status quo at a very low income level is becoming more difficult. Increase in money supply, depreciation of the kyat, and global commodity price rises, have all contributed to rapidly rising inflation. "

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[8] International Monetary Fund, World Economic Outlook Database, October 2023
[9] Edwards,Kim Alan; Mansaray,Kemoh; Myint,Thi Da; Hayati,Fayavar; Maw,Aka Kyaw Min. Myanmar Economic Monitor : A Fragile Recovery - Special Focus on Employment, Incomes and Coping Mechanisms (English). Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099062823041522943/P1791060533bdb01b0ae0a0c82f34c1c320
[10] Migrant Working Group (MWG). Coalition for the Rights of Refugees and Stateless Persons (CRSP), and Burma Concern Forum, The Situation of Migrant Workers and Refugees in Thailand: Policy Recommendations and Reform of Concerned Laws, June 8, 2023.
[11] ILO Brief July 2023 wcms_888644.pdf (ilo.org)
[12] Foreign investment by country | Directorate of Investment and Company Administration (dica.gov.mm)
[13] Myanmar_Survival_Minimum_Expenditure_Basket_SMEB_Technical_Note_CWG_Jun2023.docx

reported their income had dropped; 13 percent reported that it had increased; and the majority reported that their income had remained the same (57 percent). Rather than signalling a potential recovery, however, the more plausible explanation is that incomes have hit the bottom, confirming the L-shaped recession, as evidenced by income per capita figures hovering around the Survival Minimum Expenditure Basket (SMEB) amount.[13]

Despite the majority reporting stable incomes, prevailing economic conditions suggest that maintaining the status quo at a very low income level is becoming more difficult. Increase in money supply, depreciation of the kyat, and global commodity price rises, have all contributed to rapidly rising inflation. The price of rice, which accounts for 51 and 62 percent, respectively, of urban and rural calories consumed,[14] increased by 45 percent in 2022.[15] Within this context, the 57 percent who have maintained a stable household income would be feeling significantly poorer in real terms.

Kayah State reported the highest percentage of households (50 percent) with a decline in income (Kayah also recorded the lowest income per capita and the highest concentration of households without secondary income). Other areas reporting large declines were Sagaing (40 percent), Tanintharyi (37 percent), and Rakhine (36 percent).

Figure 1: Nominal income changes over surveys (%)
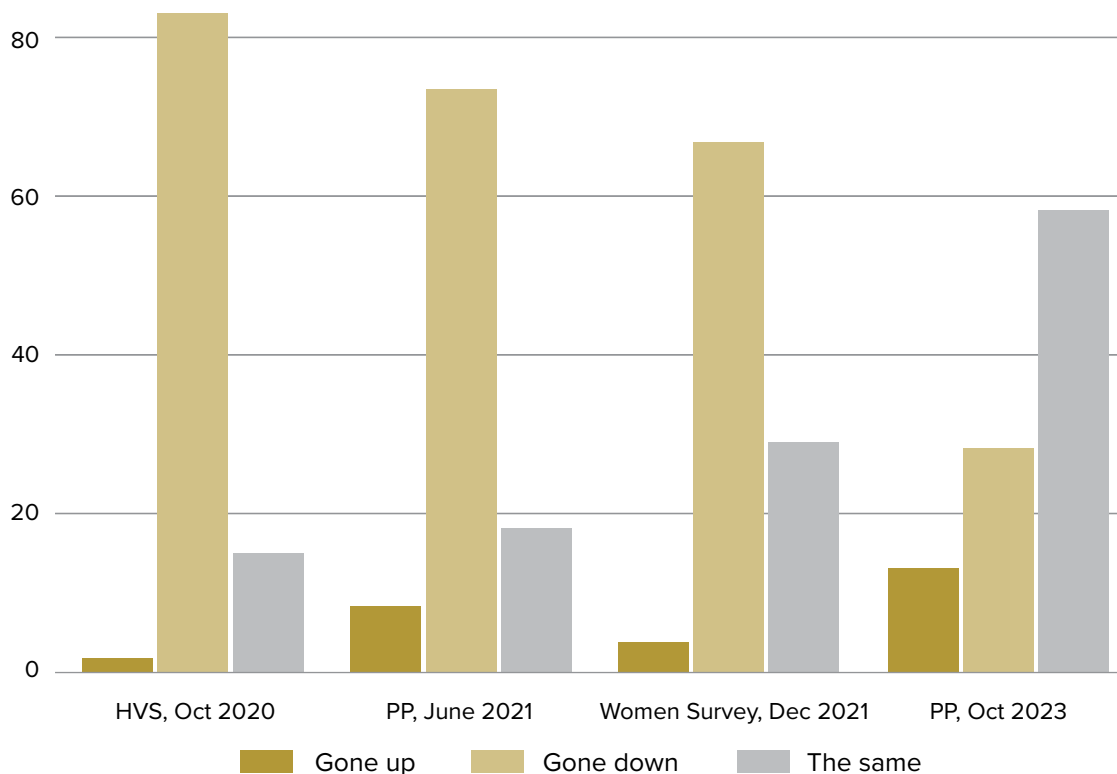
Source: UNDP
Note: HVS, Oct 2020 – Household Vulnerability Survey (September – October 2020)[16]; PP, June 2021 – People Pulse Survey (May – June 2021)[17]; Women Survey, Dec 2021 – Regressing gender equality in Myanmar (November – December 2021)[18]; PP, Oct 2023 – People Pulse Survey (September – October 2023)

13   Myanmar_Survival_Minimum_Expenditure_Basket_SMEB_Technical_Note_CWG_Jun2023.docx
14   Rice Productivity in Myanmar: Assessment of the 2023 Dry Season (ifpri.info)
15   Soaring Food and Fuel Costs Threaten Millions in Myanmar (irrawaddy.com)
16   https://www.undp.org/myanmar/publications/household-vulnerability-survey-2020
17   https://undp-mdo.org/analytical_product/myanmar_peoples_pulse/
18   https://undp-mdo.org/analytical_product/regressing-gender-equality-in-myanmar/

A comparable data source on recent income change is from the International Food Policy Research Institute's (IFPRI) Household Welfare Survey (HWS) Round 5,[19] conducted between March and June 2023, just before UNDP's PPS. One important distinction is that the IFPRI question comparing income change referred to a longer period, i.e., over the past 12 months from the moment of the survey (hence looking back to mid-2022), while the PPS had a shorter recall period (a few months). This may explain why the PPS had a larger percentage responding that household income had remained the same. Irrespective of this difference, it is interesting to note similar patterns in the areas reporting decline and increases. For instance, IFPRI reported Kayah State as having the deepest decline, with Rakhine and Sagaing in the top four, as also seen in the PPS results.

There is, however, an anomaly between the two data sets with respect to Chin State. The IFPRI data shows a much larger decline than the PPS for Chin State in comparison to the other states and regions (see Figure 2). While both data sets are representative at the state/region level, there were significant differences at the township level data collection which could explain this discrepancy. IFPRI's data was concentrated in townships such as Falam, Hakha, and Tedim, while in the PPS, the more peaceful Tonzang township had the most respondents.[20] Both data sets clearly convey that more peaceful areas experience less severe declines in income, with Naypyitaw, Yangon, Ayeyarwady, and Shan recording the lowest declines. With the severely changed conflict dynamics in Northern Shan State subsequent to these data collections, one can expect to see a significant worsening in income and related implications in any upcoming surveys.

As the PPS survey is conducted at the household level rather than the individual level, deducing variations in income changes between women and men is not possible. Nevertheless, it is possible to investigate differences between female- vs male-headed households. The findings reveal that a greater proportion of male-headed households (31 percent) experienced a decline in income in comparison to female-headed households (25 percent).[21] Consequently, a noteworthy percentage of female-headed households (63 percent) reported maintaining their income at the same level, contrasting with 56 percent for male-headed households. This difference may be attributed to the prevalence of male-headed households in sectors adversely affected by the current conflict, such as the disruption to supply chains and trade activity related to agriculture and non-farming businesses.

Surprisingly, the survey underscores that female-headed households (43 percent) exhibit a higher reliance on waged or salaried sources of income compared to their male-headed counterparts (37 percent). Analysis also reveals that households dependent on wages or salaries (26 percent) reported a lower proportion of income reduction compared to those relying on non-farming businesses (35 percent).

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[19] Myanmar's poverty and food insecurity crisis: Support to agriculture and food assistance is urgently needed to preserve a foundation for recovery (ifpri.org)

[20] The Zomi Revolutionary Army, which serves as a border guard force for the Indian government, has an Eastern Command that operates in Tonzang and has kept the township largely free from resistance fighters, both People's Defence Forces (PDFs) and Chin ethnic armed organizations.

[21] However, female-headed households are slightly poorer than male-headed ones, and the probability of an individual to be poor is 1.2 times higher if s/he belongs to a female-headed household.

State/region household income change comparison, PPS 2023 and HWS-5 (%)
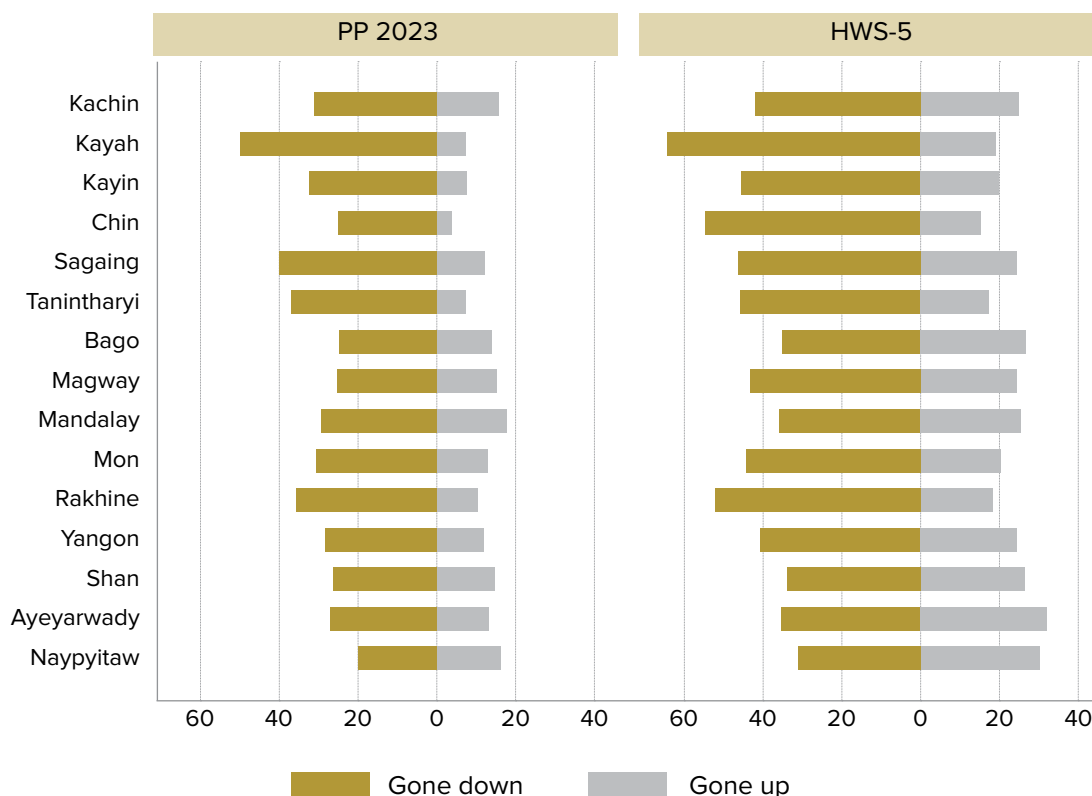
Source: UNDP and IFPRI
Note: PP 2023 – People's Pulse survey 2023 (UNDP); HWS-5 – Household Welfare Survey Round-5 (IFPRI)

No significant correlation could be determined from primary employment source and level of income, with the 30 percent reporting declining incomes distributed across different sectors of the economy. However, the wealthier asset cohort, Q5, showed lower levels of farming income (20 percent) and higher levels of non-farming business income (40 percent). Other key findings of the primary income sources (Appendix Table 2) from the PPS include the following (see Figure 3):

- The most common source of primary income was salary/waged labour (37 percent), followed by farming (30 percent) and non-farming (27 percent).
- Despite agriculture being a key sector of Myanmar's economy, only three regions had farming as the most common household primary income: Magway (48 percent), Sagaing (47 percent), and Ayeyarwady (38 percent). All other regions had salary/wage labour as the most common source of primary income.
- Although women in developing countries often exhibit greater involvement in the agricultural sector than men do, insights from the PPS indicate that female-headed households in Myanmar currently rely more on waged labour as their primary income source (43 percent) than their male-headed counterparts (37 percent). In contrast, 30 percent of male-headed households derive their primary income from agriculture, whereas the corresponding figure for female-headed households is 20 percent. This difference may partially explain why a higher percentage of male-headed households reported a decline in income compared to female-headed households.

Approximately half of households (48 percent) do not have a secondary income source.[22] This scarcity of job opportunities, along with the prevailing lack of wage growth amidst high inflation, underscores an exceptionally weak labour market. The World Bank's Myanmar Economic Monitor June 2023 report states that reduced labour productivity and a lack of labour demand, along with high inflation, caused workers' earnings to decline by 15 percent in real terms between 2017 and 2022.[23]

Households without second incomes are vulnerable to income instability if any shocks hit their only source of income. The concentration of households without secondary income was similar across urban (49 percent) and rural (47 percent) areas; however, there was a clear trend of higher asset quintiles having higher rates of secondary income sources. The percentage of households having a secondary income source is much lower among the poorer segments of the population (Q1; 41 percent) compared to the richest (Q5; 65 percent), as shown in Appendix Table 2. Herein lies the salience of the asset index: since the onset of COVID 19, selling productive assets such as land, motorbikes, or bicycles has been a common coping strategy. It is now being reflected in the fact that the asset-poor have both lower incomes and fewer income-earning options.

The regions with the highest rates of households lacking a secondary income were Kayah (67 percent), Chin (63 percent) and Sagaing (57 percent). This are also the three regions with the lowest per capita income, and where conflict has remained persistently high throughout 2023, impeding income-generating activities and reducing options for a secondary income. There is no substantial difference between male-headed households (51 percent) and female-headed households (55 percent) regarding the absence of a secondary income source.

> "Households without second incomes are vulnerable to income instability if any shocks hit their only source of income. The concentration of households without secondary income was similar across urban (49 percent) and rural (47 percent) areas; however, there was a clear trend of higher asset quintiles having higher rates of secondary income sources. The percentage of households having a secondary income source is much lower among the poorer segments of the population (Q1; 41 percent) compared to the richest (Q5; 65 percent)"

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[22] Due to methodological differences, this could not be compared to previous surveys.
[23] Edwards,Kim Alan; Mansaray,Kemoh; Myint,Thi Da; Hayati,Fayavar; Maw,Aka Kyaw Min.
      Myanmar Economic Monitor : A Fragile Recovery - Special Focus on Employment, Incomes and Coping Mechanisms
      (English). Washington, D.C. : World Bank Group. http://documents.worldbank.org/curated/en/099062823041522943/
      P1791060533bdb01b0ae0a0c82f34c1c320

Farming was not a preferred source of secondary income, even in rural areas. The rural economy, crucial for securing the country's food supply, has been facing a multitude of challenges due to lower land productivity, lower earnings, higher input costs (especially fertilizer), delayed access to markets, uncertainty concerning output markets (border trade), and slow payments for the previous season's crops.[24] These factors have reduced the ability of farmers to grow and harvest in full capacity. Smallholder farmers have been hit the hardest, and on-farm job opportunities have decreased for landless labourers,[25] explaining the lack of reported farming income. Both urban and rural areas showed salary/wage labour was the most common source of secondary income, followed by non-farming[26] - except for Chin, where farming was the most common (Figure 3 and Appendix Table 2).

Figure 3: Sources of income by national, urban/rural and asset quintiles
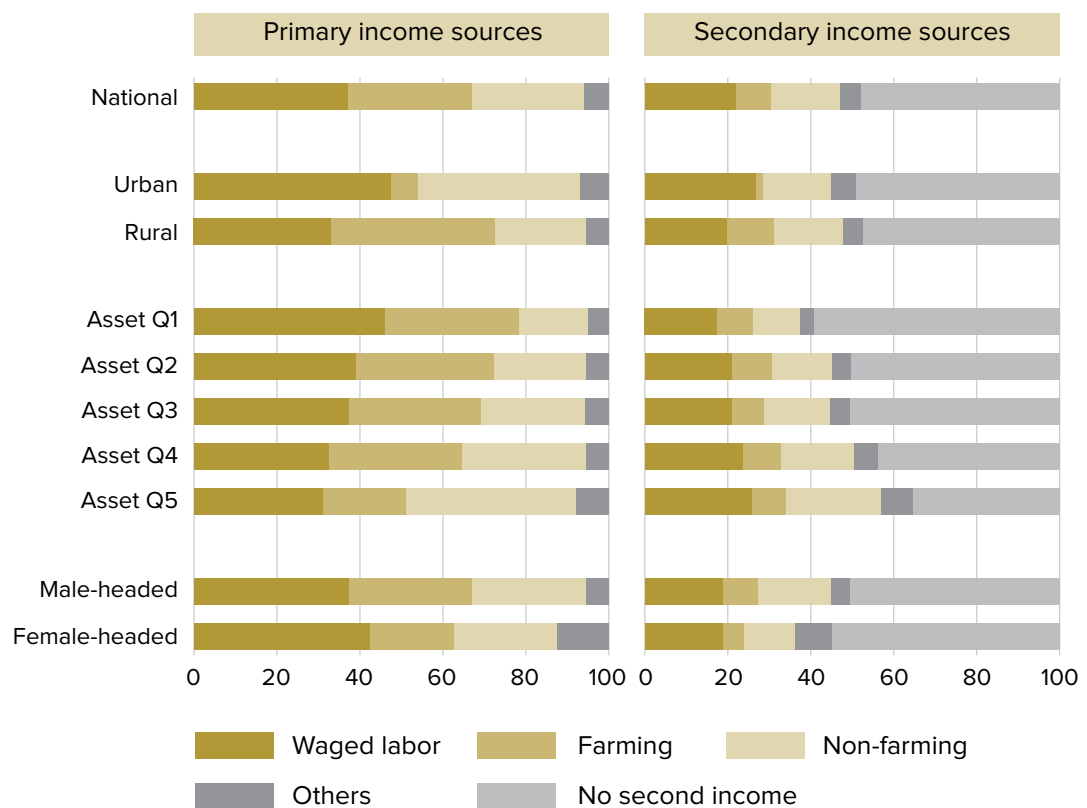
Source: People's Pulse Survey 2023 (UNDP)

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[24] Back in time: Resilience of Myanmar farmers tested as agricultural sector sinks amidst financial crisis | United Nations in Myanmar.
[25] Back in time: Resilience of Myanmar farmers tested as agricultural sector sinks amidst financial crisis | United Nations in Myanmar.
[26] Household business not related to farming in any way.

2. A disappearing middle class

In all states and regions, median income was below what an individual should earn based on the daily minimum wage of 4,800 MMK. Only the median of the highest asset quintile (Q5) reported income per capita (116,667 MMK per month) at a rate higher than a worker earning minimum wage; however, even this income is well below what would be required for a middle-class standard of living. The gap between incomes earned and the minimum wage is likely to have grown even larger after the survey period, with the National Committee for setting the minimum wage establishing a 1,000 MMK "additional allowance" in October 2023;[27] labour unions had requested that the minimum wage be set at 10,000 MMK.

The national median income per capita was only 75,000 MMK[28] per month. In rural areas the median was 24 percent less than urban areas and the range of income per capita was narrower, implying the limited options for earning higher income in rural Myanmar. Here again, the rationality of the asset quintile metric can be seen, with higher quintiles reporting a higher median income (Figure 4 and Appendix Table 1). Since the survey did not capture intra-household income distribution, it was not possible to compare income levels between women and men. However, no notable difference on income levels was found between female- vs male-headed households.

Figure 4: Monthly income per capita by national, rural/urban and socio-economic status

Source: People's Pulse Survey 2023 (UNDP)

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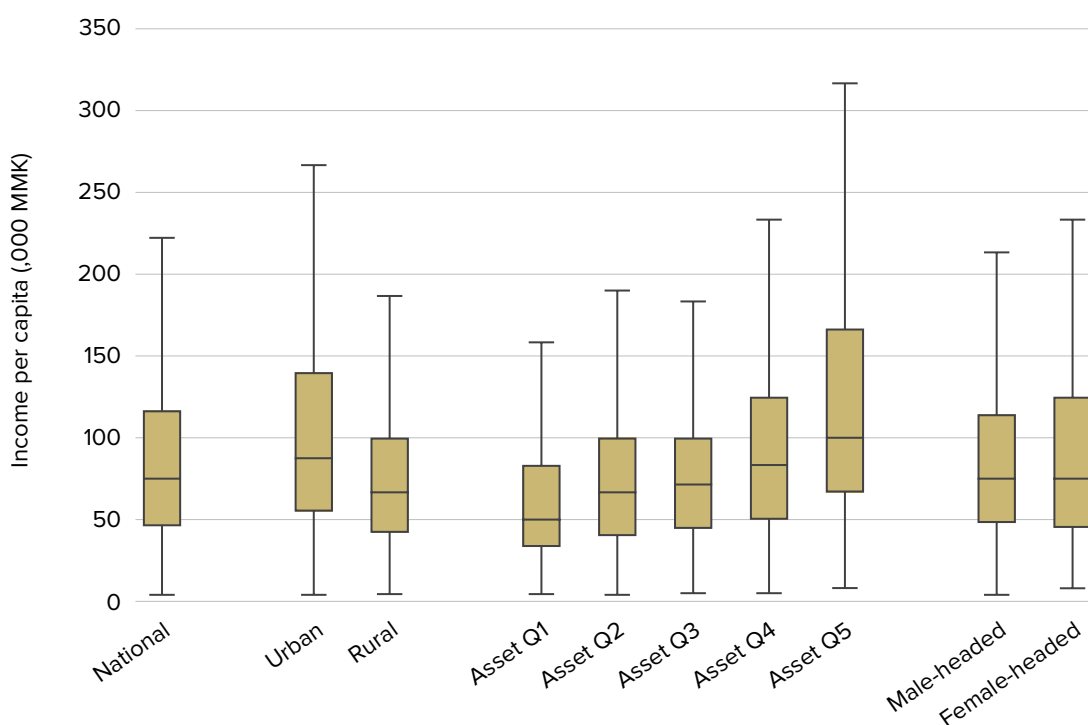
[27] https://www.frontiermyanmar.net/en/overworked-and-underpaid-junta-handout-robs-workforce-of-overtime/
[28] USD 35.71 at the official exchange rate of 2100 kyats to the dollar.

Kayah State reported the lowest monthly median income per capita (30,000 MMK), followed by Chin State (40,000 MMK). Worryingly, both are below the June 2023 Survival Minimum Expenditure Basket (SMEB), which requires 45,223 MMK and 55,211 MMK, respectively.[29] The SMEB is the absolute minimum amount required to maintain existence and cover lifesaving needs, without which there is a deprivation of the most basic requirements and well-being; it is provided by the inter-agency Cash Working Group.[30] This suggests that the majority of the populations of Kayah and Chin States are unable to cover basic living needs. As Figure 5 shows, median incomes and inter-quartile ranges are extremely low in these two states, implying that people are surviving at near-subsistence levels.

Figure 5: Monthly income per capita by state/region
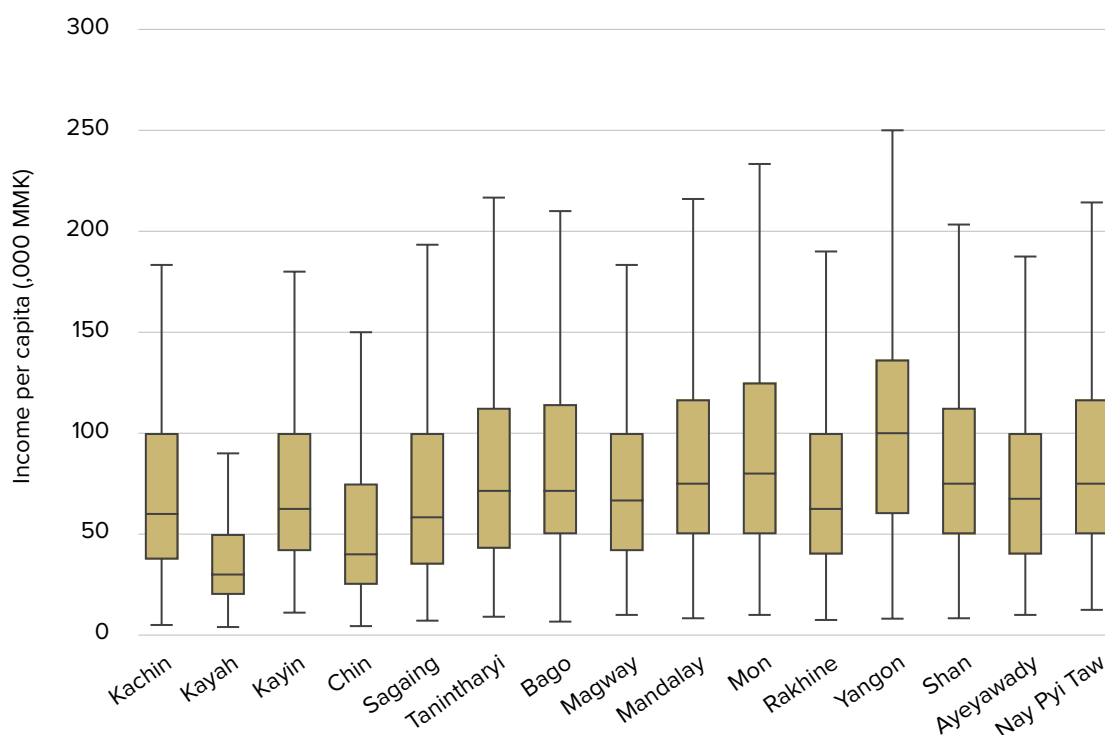
Source: People's Pulse Survey 2023 (UNDP)

Monthly income per capita is notably lower in all conflict-prone areas. Although PPS data collection concluded before the significant conflict escalation after October 2023, conflict levels had been consistently high in Kayah and Chin States before that date. This indicates that states and regions severely affected by conflict not surprisingly experienced more pronounced impacts on employment and income, resulting from a combination of weak employment opportunities, reduced working hours (underemployment), and an increased prevalence of casual or self-employed work.[31]

29   Myanmar_Survival_Minimum_Expenditure_Basket_SMEB_Technical_Note_CWG_Jun2023.docx (live.com)
30   The Myanmar Inter-Agency Cash Working Group (CWG) was formed in September 2013 to improve coordination and learning in the field of cash and voucher assistance in the country. The CWG develops minimum expenditure baskets for humanitarian cash transfers, which are used to assess the cost per recipient for various programmes such as the maternal and child cash transfer programme.
31   MyanmarEconomic-MonitorJune2023aFragileRecovery.pdf (worldbank.org)

The gravitation of income levels towards subsistence levels can be attributed to several years of insufficient (and, over the last three years, rapidly decreasing) economic opportunities. As shown in Figure 6, the PPS found that the top three income-reducing factors were poor business performance (42 percent), job losses (29 percent), and a reduction in household farm businesses (24 percent). Household businesses have been wracked by the instability.[32] Strengthening ailing micro, small and medium enterprises (MSMEs) requires development of the supporting industries, including microfinance. Microfinance institutions (MFIs) are grappling with a multitude of challenges from the impacts of a deteriorating economy, regulatory constraints, and conflict-related pressures; these factors are collectively exacerbating the decline in access to finance by MSMEs.

Figure 6: Reasons why household income has gone down (%)
(see also Appendix Table 4)
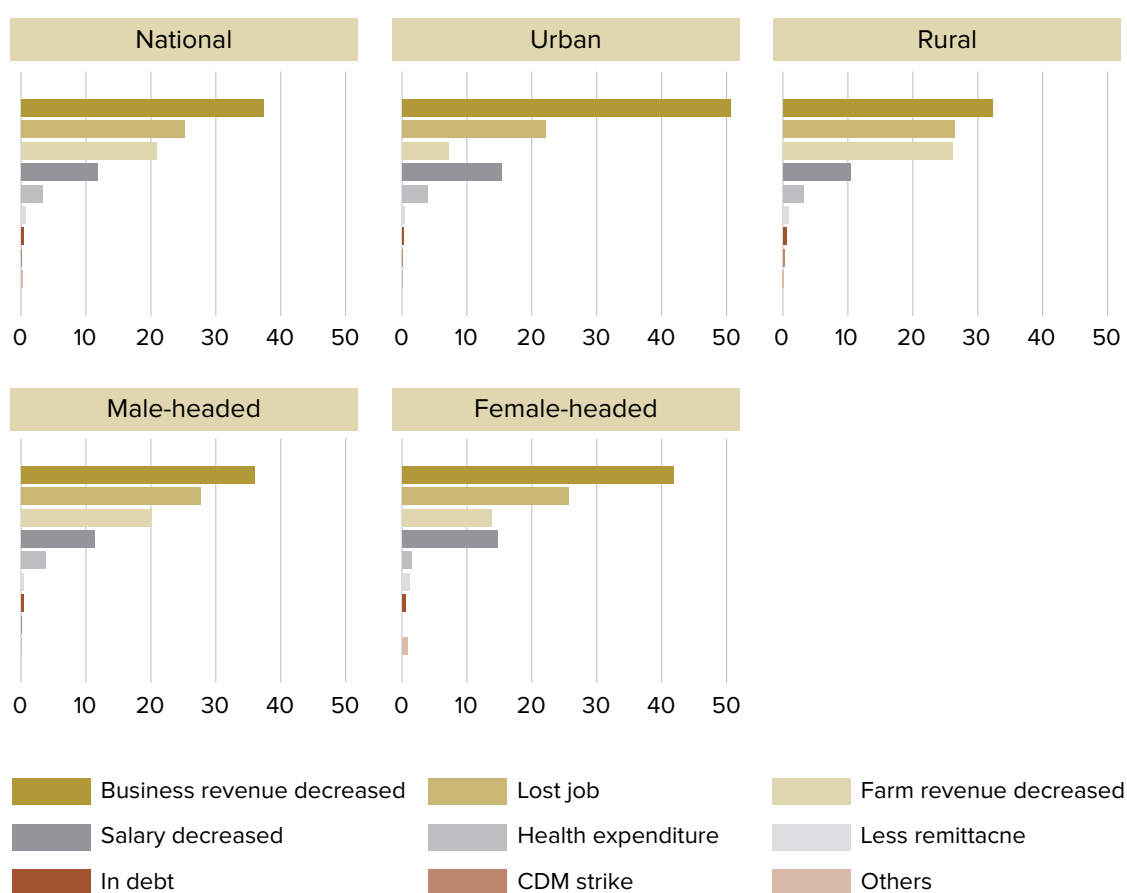
Source: People's Pulse Survey 2023 (UNDP)

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[32] As MSMEs (micro, small, and medium enterprises) are the economic driving forces for developing nations it is imperative to conduct additional data collection to gain a comprehensive understanding of the challenges faced by MSMEs.

There are significant geographic variations in the cause of declining incomes:

- Kayah (58 percent), Chin (45 percent) and Kayin (38 percent) had the highest percentage of households where income was affected by a rise in job loss. International Labour Organization (ILO) research has found that a one percentage point increase in township-level incidence of conflict between 2021 and 2023 was associated with an average 2.6 percentage point reduction in the employment rate.[33]

- Yangon region stands out as having had the lowest income reduction due to job losses (18 percent) but the highest decline in business profit (57 percent). Yangon-based *large* businesses are less likely to be affected directly by the conflict-driven economic crises, with the region experiencing less severe power outages, logistic challenges, displaced labour force, and fuel shortages than other parts of the country. However, the decline in *small and medium* business profits indicates a weakening of the overall economic environment and economic stability, as well as household-level challenges that most employers and employees are encountering.

- Magway (37 percent) and Sagaing (36 percent) emerged as areas where a majority of households reported a decline in farming-related income. Rising prices of inputs, unfavourable weather conditions, high fuel prices, pests/diseases, and the ceiling price imposed by the Myanmar Rice Federation[34] were the top reasons highlighted for a decline in farming income.[35] Concerns about landmines, actions of military troops, and armed conflicts in the central Myanmar regions of Sagaing and Magway, which rank as the third and fifth largest paddy production areas in the country, further exacerbated the situation.[36]

- For the 13 percent that did report an increase in income, there was a significant urban/rural divide. In urban settings, the primary driver for increased income was obtaining a better job, cited by 71 percent of those respondents. Conversely, in rural areas, the predominant factor contributing to enhanced income was improved farm earnings, with 62 percent of those respondents attributing their increased income to agricultural gains. Despite the seemingly universal scarcity of opportunities, the marked disparity in sources of livelihood improvement emphasizes the distinct economic dynamics between urban and rural environments (see Appendix Table 5), with some rural households being able to fall-back on farm-based incomes.

Overall, median per capita monthly incomes in every state and region are extremely low. This indicates a disappearing middle class and growing polarization in the society.

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[33] ILO Brief July 2023 wcms_888644.pdf (ilo.org)
[34] Myanmar Junta Slaps Struggling Farmers with Price Controls (irrawaddy.com)
[35] Vulnerability and welfare: Findings from the fourth round of the Myanmar Household Welfare Survey (October to December 2022) | IFPRI : International Food Policy Research Institute
[36] https://mizzima.com/article/myanmar-paddy-production-8-cent-below-five-year-average-fao-report

3. Budget bites: Crowding out of household human development expenditures

For all regions and for all quintiles, food made up the majority of household expenditure (see Figure 7). IFPRI documents the increase in food inflation, noting in the fifth-round report released in September 2023 that "rice is the largest contributor to rising food costs in the past year, with long grain prices increasing by 87.6 percent between Round 2 and Round 5, while vegetable prices increased by 61.0 percent, pulses by 43.1 percent". As high food inflation outstrips incomes, households inevitably have less to spend on health (except the most essential curative expenses, particularly for the elderly), education, and other non-food expenses.

Compared to pre-2022 data, evidence shows a crowding out of human capital investment. For example, MLCS 2017 suggests that spending on education was 5.1 percent of the total budget – 2 percentage points higher relative to the latest available data. The predominance of basic survival expenditure thus undermines future prospects for the re-emergence of an educated and productive middle class.

Chin State had the lowest percentage spending on food (53 percent), which likely reflects its agriculture-based economy and prominent levels of home gardening. At the national level, the other main expense categories were non-food expenses (20 percent) and health (16 percent). Yangon had the highest non-food expenditure (24 percent) and smallest health expenditure (13 percent), which perhaps reflects the high rental costs and social activities in Yangon, and possibly greater relative accessibility of public health care leading to lower out-of-pocket health expenditures (see Appendix Table 7).

Urban households spend an average of 7.4 million MMK per year, compared to 5.8 MMK spent by rural households. However, differences in the expenditure composition are clearly demonstrated when reviewing the asset quintiles. There is a big gap between Q1 (4.1 million MMK) and Q5 (10.7 million MMK). Indeed, the spending for food among those in Q5 is higher than the total spending of Q1. There is a clear correlation observed for food and non-food expenses, where the poorer the household, the higher the percentage spent on food and the lower the percentage on non-food items.[37]

The health expenditure dynamic is noteworthy. There is only a one percentage point difference between the highest and lowest asset households (17 percent and 18 percent respectively). But the purposes of health spending may vary significantly, with those in the highest asset quintile investing in preventive measures, while the poorest households use their funds primarily for unavoidable curative purposes.

Education expenditure further highlights disparities. The lower the asset quintile, the smaller the percentage spent on education. Households in the lowest asset quintile allocate only 2 percent of their total expenditure to education, while this figure doubles to 4 percent for wealthier households. Given Myanmar's high level of out-of-pocket public education expenses, this spending discrepancy can contribute to the perpetuation of income inequalities. Higher education is crucial for accessing better employment opportunities and achieving higher earnings, underscoring the need for targeted

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[37] Indeed, this is a global trend known as Engel's Law.

interventions to address these disparities.[38] Section 5 of this paper reports significant correlation between education and poverty, with the probability of living in poverty decreasing as the education level of the household head increases.

Figure 7: Daily per capita total expenditure in kyats and its composition in %: by national, urban/rural, state/region and asset quintiles
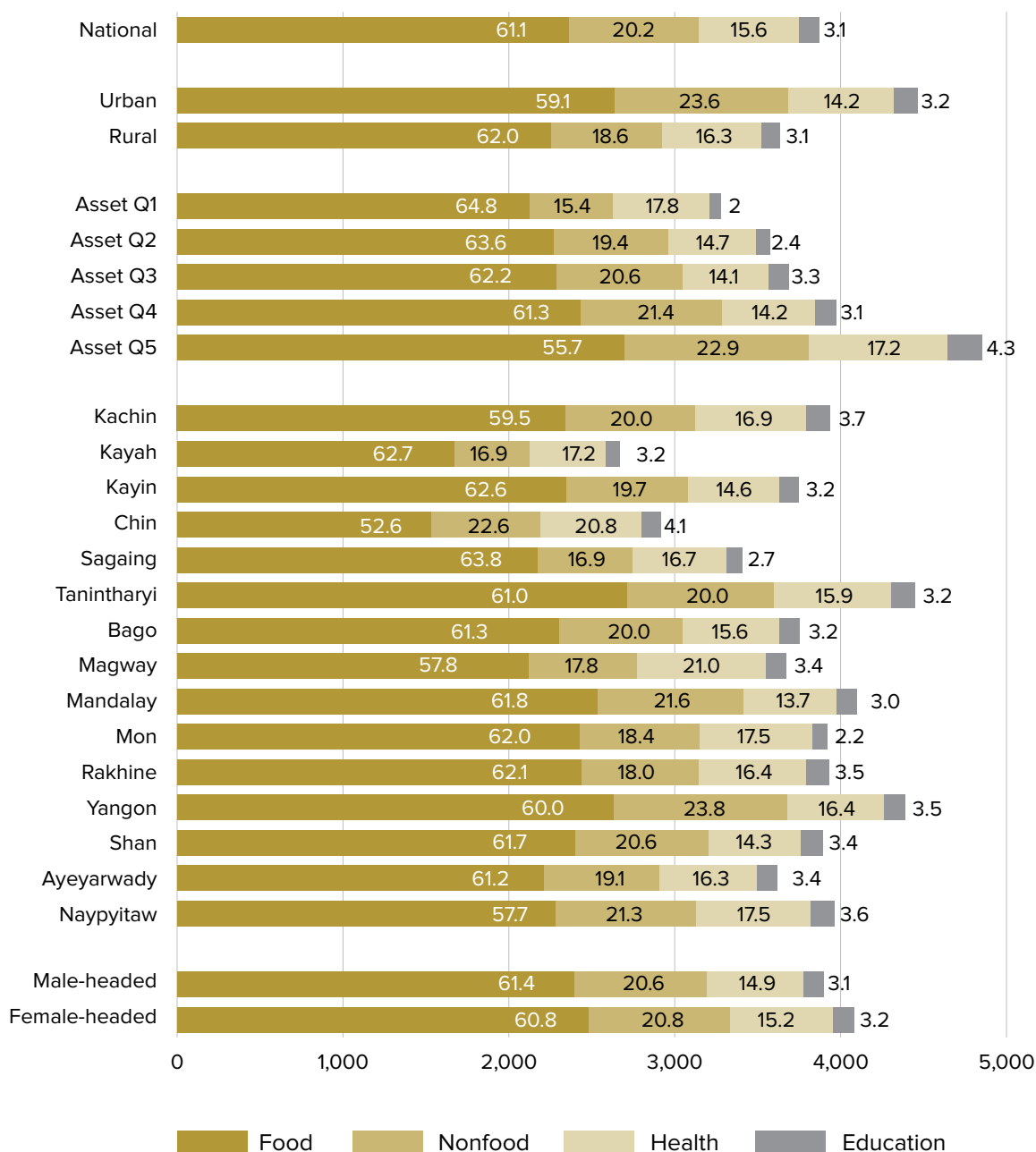
Source: People's Pulse Survey 2023 (UNDP)

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[38] Indicator A4. What are the earnings advantages from education? | Education at a Glance 2021 : OECD Indicators | OECD iLibrary (oecd-ilibrary.org)

4. Intensifying social consequences: exhausting coping mechanisms and alternatives

Respondents have adopted a range of strategies to cope with the extraordinarily low per capita incomes (stagnant or declining), high inflation, limited income source opportunities and worryingly tight budgets (see Appendix Table 6).

A substantial majority of households (83 percent) employed at least one coping mechanism to address their economic challenges (see Figure 8). The data validates an ILO survey in 2023, which found that over 70 percent of households in every state and region have used at least one coping strategy in 2023.[39] This indicates a prevalent need for adaptive strategies among households to navigate their financial difficulties. Understanding the specific coping mechanisms adopted by these households and the extent to which coping strategies have been fully utilized over the last three years (since the challenges of the pandemic and military takeover) can provide valuable guidance in developing support systems and interventions to enhance household resilience.

For every state and region and for every asset quintile, cutting non-food expenditure was the primary coping strategy (54 percent). Other common coping strategies were using savings (36 percent), borrowing from friends and family (36 percent), and eating less (28 percent). This implies that some of the less challenging coping strategies such as family support and selling assets and stored crops have already been fully utilized.

The severity of coping mechanism employed is correlated with the asset quintiles. For respondents within Q1, borrowing from a non-family source (31 percent) was more common than using savings (28 percent). It can be reasonably assumed that households lying in the lower asset quintiles had less savings or none left to spend, limited options of borrowing from family or friends, and were unlikely to meet the lending criteria of an MFI; therefore, the borrowing source is likely to be an informal money lender charging high rates, leading to long-term debt traps. The percentage of households not using any coping mechanisms increased in higher asset quintiles, with more than 24 percent of households not using any in Q5. Seen differently, it also shows that even in the wealthiest group of households, as much as 75 percent of the households are adversely affected by loss of current income and therefore forced to use negative coping mechanisms. Eating less was the third most common coping strategy for households in the first and second asset quintiles, 42 percent and 34 percent respectively, compared to 16 percent of households in Q5. The high rates of eating less in the bottom asset quintiles could affect the health of household members, particularly younger generations. IFPRI reported households mainly reduced their consumption of meat, fish, oils, and fats, which are needed for a balanced diet.[40]

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[39] wcms_888644.pdf (ilo.org)
[40] Vulnerability and welfare: Findings from the fourth round of the Myanmar Household Welfare Survey (October to December 2022) | IFPRI : International Food Policy Research Institute

Figure 8: Household coping strategies by socio-economic status (%)
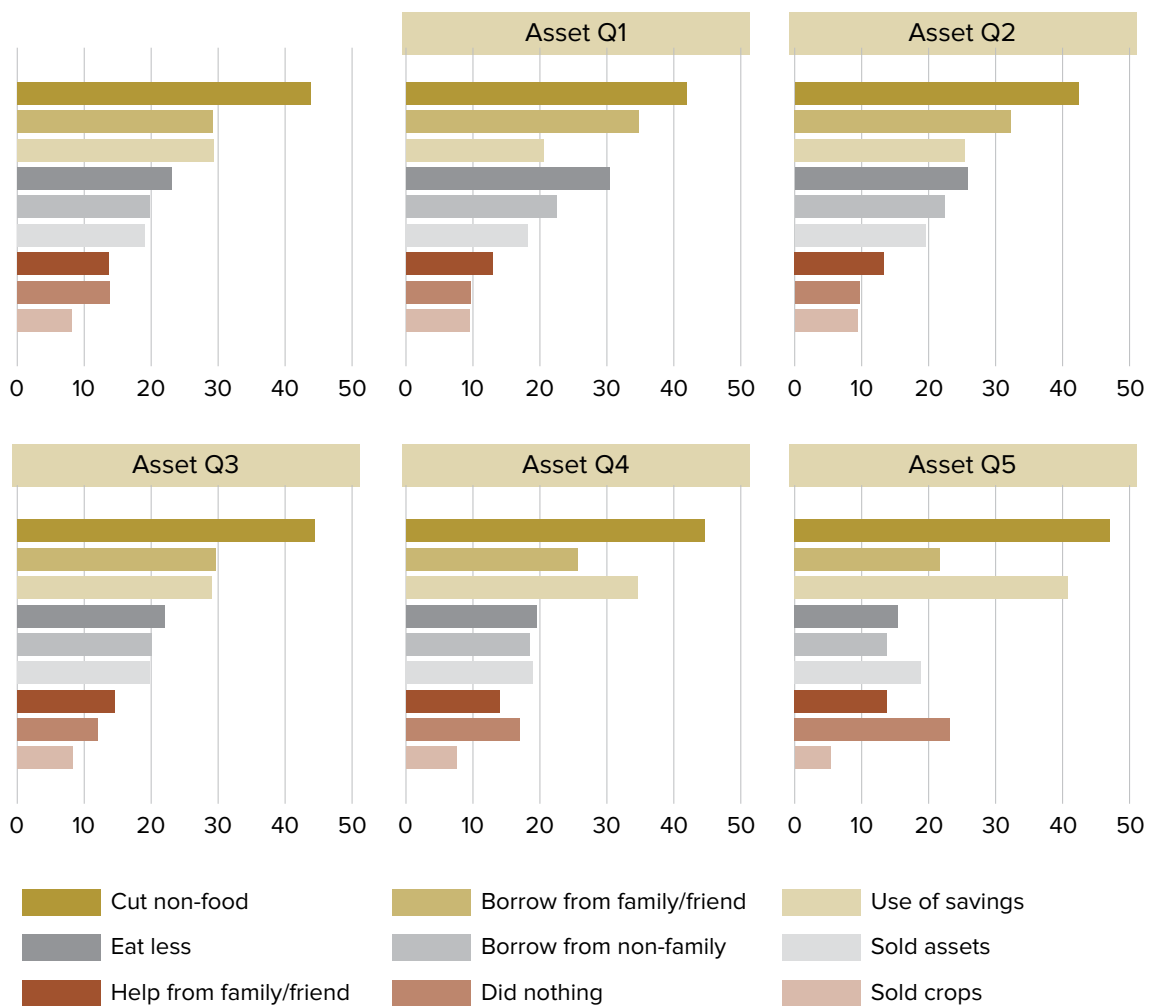
Source: People's Pulse Survey 2023 (UNDP)

Among states and regions, Kayah was the state showing most distress. The state showed (see Figure 9):

- the lowest percentage of households not using coping mechanisms was in Kayah (4 percent), while Kayin (10 percent) and Chin (8 percent)had the second and third lowest rates, respectively;
- the largest percentage of households (52 percent) cutting food expenditure, followed by Tanintharyi, with 44 percent; and
- the largest percentage of households selling assets (29 percent), compared to Chin, which had the lowest (14 percent), and the national average of 24 percent. Gold, followed by livestock and motorbikes, were the top three assets sold.

The conflict in Kayah State has a profound impact on the local population, leading to significant humanitarian suffering and displacement. Decades of conflict have left several thousand people internally displaced within Kayah State, while thousands more have fled into neighbouring Thailand seeking safety. The violence and instability have resulted in vulnerable conditions for the internally displaced persons (IDPs), who face risks of torture, murder, and rape. It has the highest percentage

of IDPs to total population (32 percent) of any state or region (Sagaing is a distant second, with 19 percent). IDP movement is heavily restricted, with relocation sites lacking basic necessities such as sanitation facilities, electricity, and safe drinking water. The land surrounding these sites is often barren and overpopulated, limiting opportunities for farming and employment. Moreover, the conflict has caused a severe shortage of food and medicine, exacerbating the already dire situation for the displaced population.

Figure 9: Household coping strategies by state/region (%)
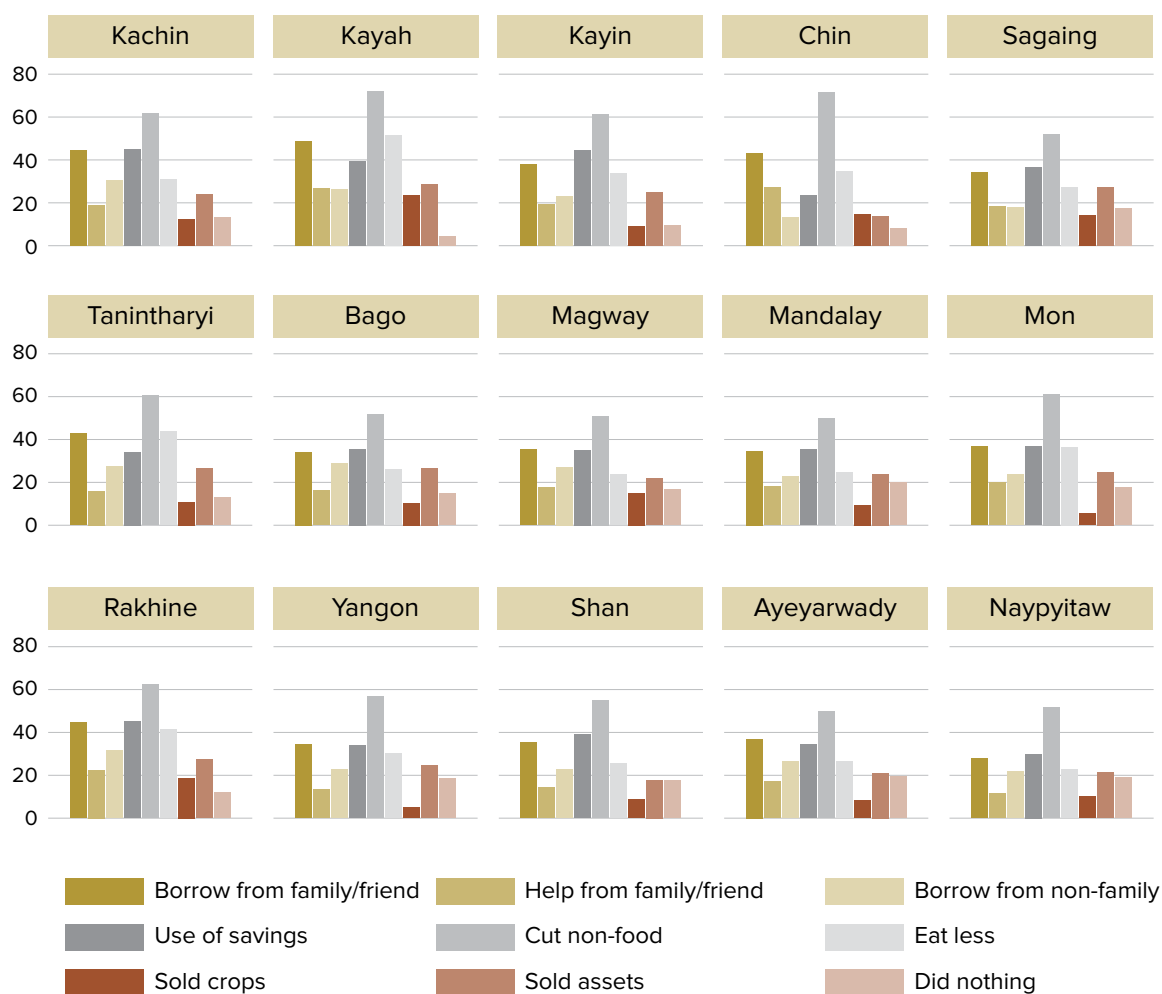
Source: People's Pulse Survey 2023 (UNDP)

5. Poverty

The interplay of the processes described above (further reduction in income coupled with a depletion of the available coping mechanisms) is resulting in an increase in both the poverty headcount and poverty gap. UNDP assessments of the 'twin crises' (Covid-19 and the military takeover), conducted in April[41] and December[42] 2021, had pointed to a sharp increase in poverty. The December 2021 analysis further suggested that Myanmar was rapidly moving towards the 'pessimistic' scenario offered in the April 2021 poverty diagnostic study. The poverty rate for Myanmar has not been updated since late 2022. The exception to this has been a 2023 IFPRI report estimating income poverty in the country to have risen to 61 percent.[43]

Against this background, one of the main objectives of this UNDP study is to provide a snapshot of the poverty headcount rate and poverty gap for 2023. The exercise builds on the data and analyses conducted by UNDP in April 2021 and October 2021, and updates some of the assumptions used previously.

The income data from the PPS shows that:

- The majority of households (57 percent) experienced no change in income from January 2023. This stands in stark contrast to data from end 2021, which suggested that over three-quarters of households experienced income decline, while fewer than one in ten had no change in income since February 2021.
- A third of households continued to experience a reduction in income. Among those households that suffered a reduction, about half experienced a drop in income of less than 30 percent, suggesting a plateauing in income reduction.
- The remaining households have experienced increases in income.
- The aggregate impact of the income shock will depend not only on the duration and intensity of the shock but also on how households cope with it. The survey indicates a drop in the share of households relying on negative coping strategies. Household coping strategies reported in 2023 appear to converge with those used prior to 2021.

These findings provide guidance on the microsimulation modelling approach in updating the poverty figures. The changes of income (reduction, increase or no change) and the smoothing parameters were randomly applied to a subset of households in the baseline[44] in order to estimate the new consumption level and, in turn, the new poverty rate.[45]

Based on the national poverty line, poverty in Myanmar has been increasing. In 2023, an estimated half of the population (49.7 percent) was living below the national poverty line,[46] compared to 46 percent and 27 percent in 2022 and 2017, respectively (see Figure 10).

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[41] https://www.undp.org/asia-pacific/publications/covid-19-coup-detat-and-poverty-compounding-negative-shocks-and-their-impact-human-development-myanmar

[42] https://www.undp.org/sites/g/files/zskgke326/files/2022-07/UNDP-MMR-Impact-of-Twin-Crises-on-Human-Welfare-in-Myanmar-2021-EN.pdf

[43] IFPRI COUNTRY SUPPORT PROGRAM | WORKING PAPER 44 STRATEGY SUPPORT PROGRAM | WORKING PAPER, Vulnerability and Welfare SEPTEMBER 2023

[44] The baseline data here is MLCS adjusted for the double shock – Covid-19 and the military takeover.

[45] All metrics used in the analysis (income, consumption, national and international poverty lines) were also adjusted for the most up-to-date inflation data for the period 2017-2023, taken from the most recent World Bank Economic Monitor (https://documents1.worldbank.org/curated/en/099121123082084971/pdf/P5006630739fd70a00a66c0e15bf7b34917.pdf)

[46] 1590 kyats in 2017 prices

In addition to the poverty headcount, the depth of poverty has also been on the rise, increasing by over 6 percentage points since 2022. The ongoing rise in the depth of poverty indicates that those who were poor are being pushed further into poverty, thus decreasing their chances of emerging from a life of destitution.

Figure 10: Poverty headcount and depth over time at the national poverty line (%)
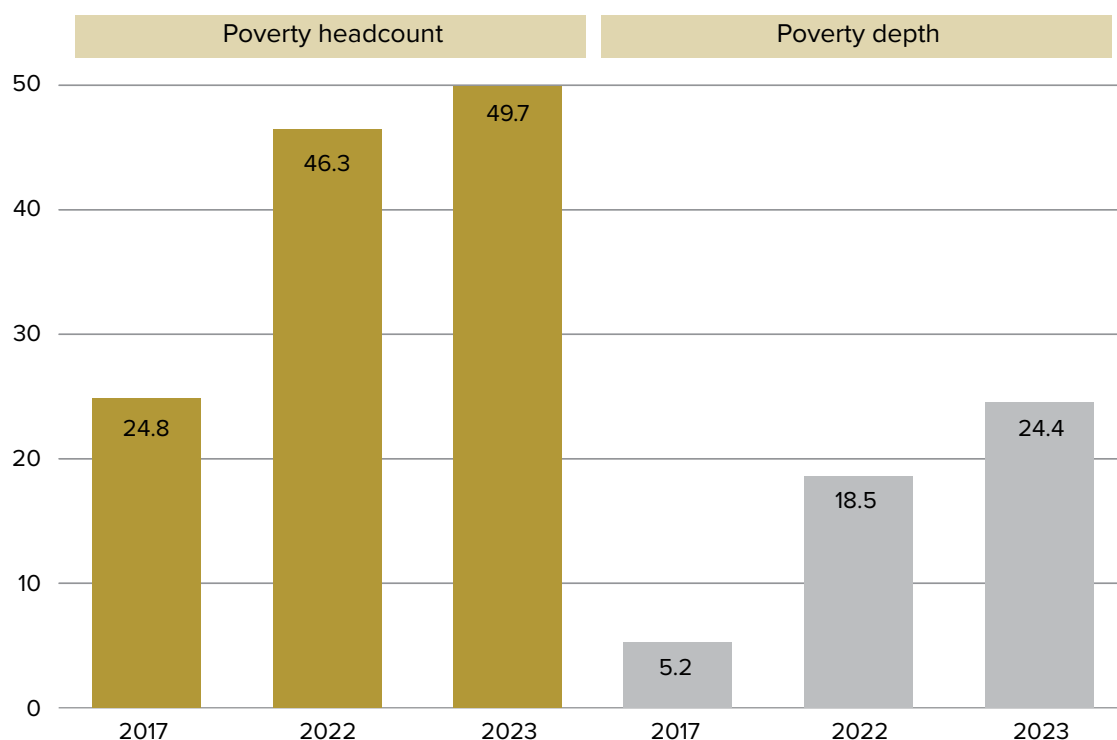
Source: UNDP estimates

In addition to the national poverty headcount and poverty gap, the study assessed the share of individuals vulnerable to poverty. The continuing reductions in income-generating capacity and the depletion of coping mechanisms available to households could tip more of the population below the national poverty line. The depth of poverty implies USD 4 billion would be required for perfectly targeted cash transfers to bring everyone up to the national poverty line.

In assessing vulnerability to poverty, the definition of 'non-poor but insecure' was used. These are households that live between the national poverty line and 1.5 times above it.[47] A slight reduction in spending ability of these households could result in an increase in the national poverty headcount. There is also third population group, 'non-poor and secure,' defined as people that live above 1.5 times the national poverty line and arguably have lower vulnerability to poverty.

[47] A similar approach was previously applied using the MLCS 2017 data. https://documents1.worldbank.org/curated/en/151001580754918086/pdf/Myanmar-Living-Conditions-Survey-2017-Socio-Economic-Report.pdf

The results presented in Figure 11 summarize the three population groups over three periods of time – 2017, 2022, and 2023. The analysis reveals that the rate of poor people (poverty headcount) has been increasing over time. Between 2022 and 2023, there was a slight change in the share of non-poor but insecure (28.8 percent in 2022 and 27 percent in 2023). But the share of the population that is non-poor but secure is continuing to be squeezed: in 2017, 42.3 percent of the population was non-poor and secure, as compared to less than a quarter of the population (23.3 percent) in 2023.

Figure 11: Vulnerability to poverty at the national poverty line (%)
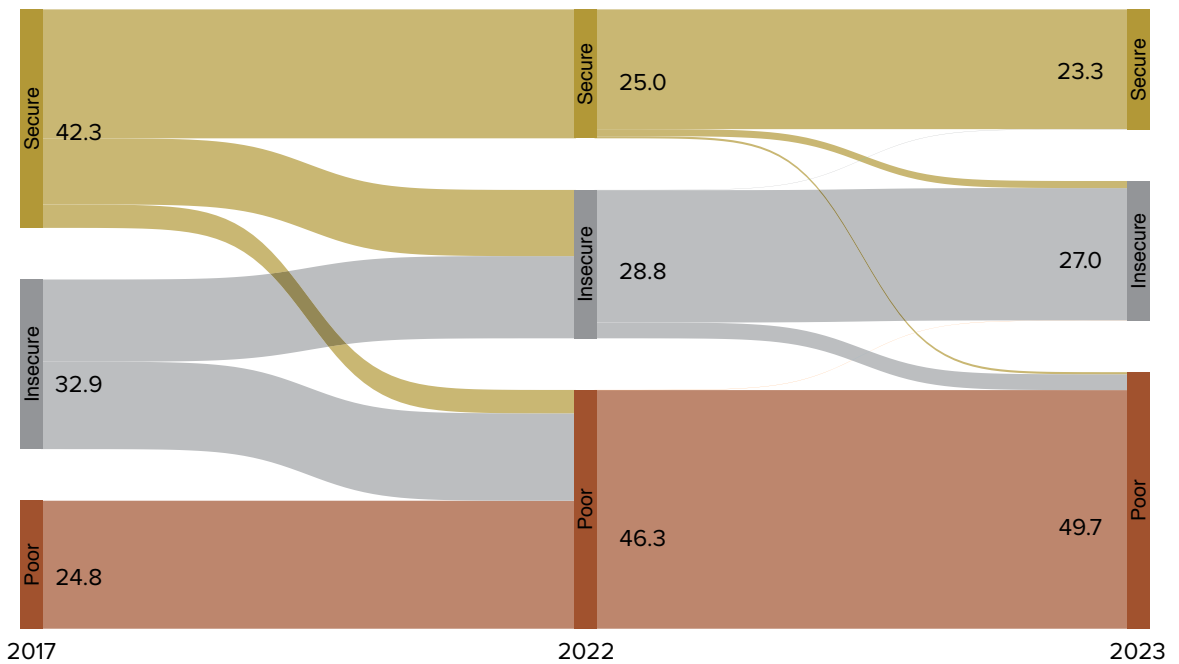
Source: UNDP estimates

Table 2 shows that the poverty headcount has increased across states and regions, even in some of the richer states (e.g., Mandalay, Yangon). The depth of poverty has increased everywhere, but a relatively higher percentage change was observed in Yangon, Tanintharyi, and Sagaing. The map below shows the 2023 poverty headcount across the states and regions, indicating Chin has the highest poverty headcount (73.4%), followed by Rakhine (66.9%), Kachin (63.8%) and Sagaing (60.3%).

Map 2: 2023 Poverty headcount by state/region

Kachin
63.8

Sagaing
60.3

Chin
73.4

Shan
47.4

Mandalay
40.6

Magway
55.7

Nay Pyi Taw
42.8

Rakhine
66.9

Kayah
52.1

Bago
38.5

Ayeyarwady
52.6

Yangon
45.7

Kayin
52.1

Mon
45.9

Tanintharyi
39.4

38.5 - 42.8
42.9 - 47.4
47.5 - 55.7
55.8 - 66.9
67.0 - 73.4
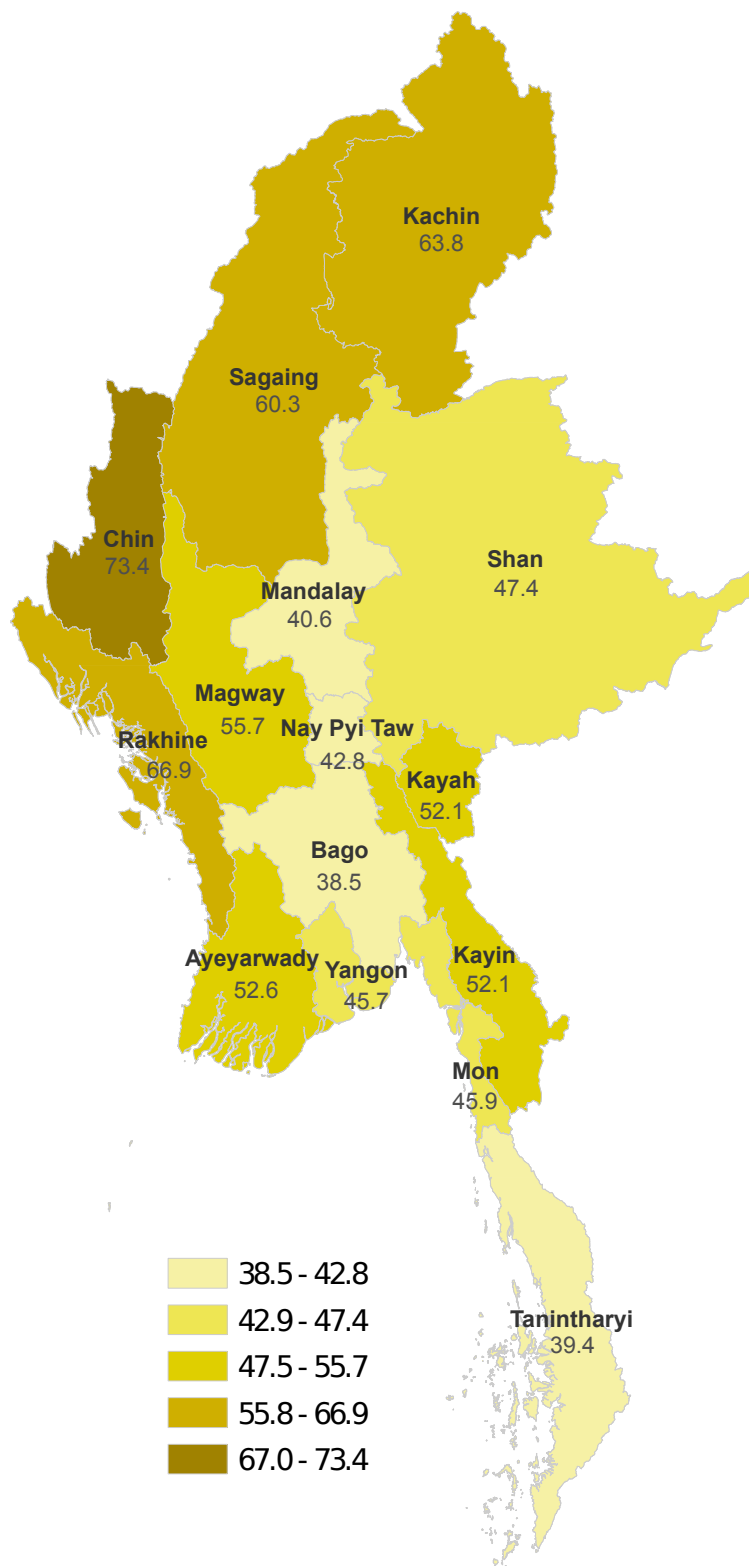
Table 2:	Poverty headcount and depth at the national poverty line by state/region (%)

	Poverty headcount					Poverty depth				
	2017	2022	% change[48] (2017-22)	2023	% change[49] (2022-23)	2022	2022	% change (2017-22)	2022	% change (2022-23)
National	24.8	46.3	21.5	49.7	3.4	5.2	18.5	13.3	24.4	5.9
Rural	30.2	49.9	19.7	52.9	3.0	6.4	18.3	11.9	23.1	4.8
Urban	11.3	37.2	25.9	41.8	4.6	2.3	19.2	16.9	27.9	8.7
Kachin	36.6	59.7	23.1	63.8	4.1	10.0	24.4	14.4	29.5	5.1
Kayah	32.0	49.6	17.6	52.1	2.5	8.4	17.2	8.8	22.7	5.5
Kayin	24.2	48.8	24.6	52.1	3.3	4.1	18.0	13.9	23.8	5.8
Chin	58.0	71.5	13.5	73.4	1.9	18.7	28.4	9.7	33.1	4.7
Sagaing	30.7	57.0	26.3	60.3	3.3	6.4	22.2	15.8	30.3	8.1
Tanintharyi	13.2	34.5	21.3	39.4	4.9	2.5	22.5	20.0	28.5	6.0
Bago	17.4	34.1	16.7	38.5	4.4	3.8	12.7	8.9	16.9	4.2
Magway	35.6	53.0	17.4	55.7	2.7	7.6	22.6	15.0	28.9	6.3
Mandalay	13.2	36.8	23.6	40.6	3.8	2.3	15.9	13.6	22.8	6.9
Mon	19.2	42.3	23.1	45.9	3.6	4.2	16.1	11.9	24.4	8.3
Rakhine	41.6	63.6	22	66.9	3.3	7.0	22.5	15.5	28.5	6.0
Yangon	13.7	41.9	28.2	45.7	3.8	2.7	18.8	16.1	26.8	8.0
Shan	28.6	43.6	15	47.4	3.8	6.8	15.8	9.0	19.2	3.4
Ayeyarwady	31.7	50.6	18.9	52.6	2.0	6.3	18.8	12.5	22.8	4.0
Nay Pyi Taw	22.1	39.8	17.7	42.8	3.0	4.1	14.7	10.6	19.1	4.4

Source: UNDP estimates

The poverty headcount has been consistently rising among children as well. In the context of low- and middle-income countries, child poverty tends to be higher than the national headline poverty rate. Table 3 provides the state/region differences in child poverty rates.

Figure 12 suggests that by 2023, well over half of the children in Myanmar were living below the national poverty line. It also estimates a higher share of children to be living below the national poverty line, compared to both individuals of working age and the elderly. This suggests that children in Myanmar are at higher risk of living in poverty, with negative implications for the future of human capital in the country. Table 3 provides the state/region differences in child poverty rates.

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[48]   Between 2017-22.
[49]   Between 2022-23. Similarly for Poverty depth.

Figure 12: Poverty headcount over time by age group at the national poverty line (%)

| Under 18 | 18 to 64 | 65 and above |
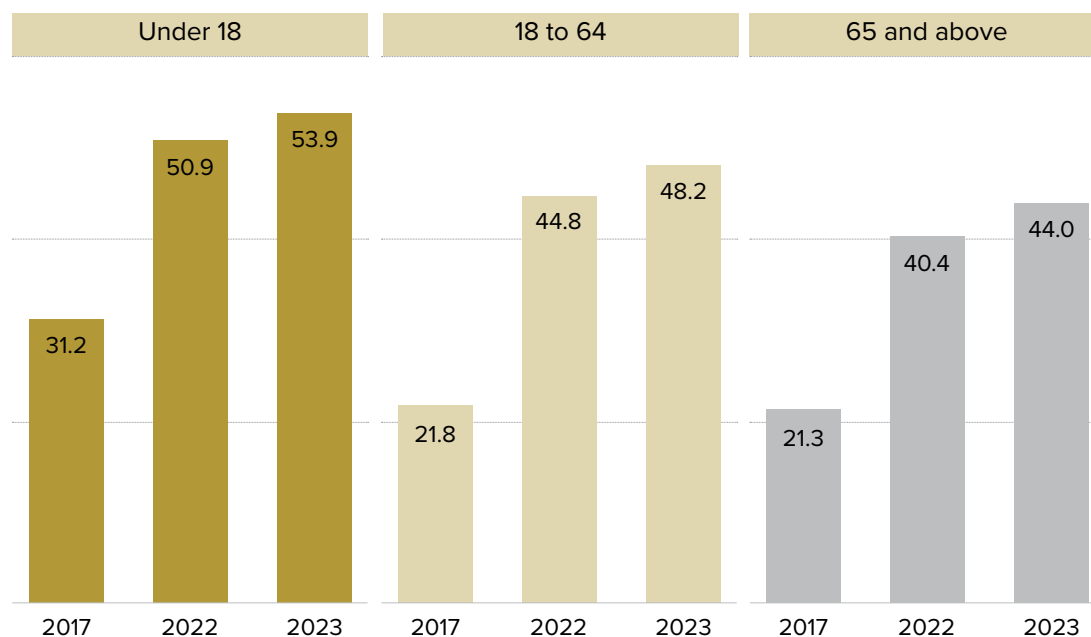
Source: UNDP estimates

Table 3: Child poverty headcount at the national poverty line by state/region (%)

	2017	2022	% change	2023	% change
National	31.2	50.9	19.7	53.9	3.0
Rural	36.4	54.3	17.9	57.0	2.7
Urban	15.4	40.5	25.1	44.6	4.1
Kachin	41.7	62.7	21.0	66.6	3.9
Kayah	38.2	53.7	15.5	55.0	1.3
Kayin	31.4	55.1	23.7	57.9	2.8
Chin	63.4	75.9	12.5	77.4	1.5
Sagaing	37.4	61.8	24.4	64.1	2.3
Tanintharyi	15.6	36.9	21.3	41.4	4.5
Bago	21.2	36.0	14.8	40.2	4.2
Magway	41.8	58.9	17.1	61.4	2.5
Mandalay	16.5	39.6	23.1	42.5	2.9
Mon	23.8	44.7	20.9	48.7	4.0
Rakhine	49.1	68.6	19.5	71.8	3.2
Yangon	20.1	46.5	26.4	49.6	3.1
Shan	34.5	47.9	13.4	51.6	3.7
Ayeyarwady	39.6	56.8	17.2	58.7	1.9
Nay Pyi Taw	28.8	45.1	16.3	47.2	2.1

Source: UNDP estimates

Source: UNDP estimates

This updated assessment of the poverty rate in Myanmar also includes an exercise on correlates of poverty. Understanding correlations can offer guidance on which segments of the population are more prone to poverty and help direct future poverty alleviation measures. The results, based on a logit regression model using the national poverty line, suggest that:

- There is a trend towards feminization of poverty. Women-headed households are 1.2 times more likely than male-headed households to be living in poverty. This finding is consistent with previous assessments of poverty increases in Myanmar.[50]
- The probability of living in poverty decreases as the education level of the household head increases.
- The employment status of the household head (either employed or unemployed) is not a significant correlate of poverty.
- Household size is a significant correlate of poverty status. Living in larger households with more children is usually associated with higher odds of living in poverty. This finding elucidates the notion of intergenerational transmission of poverty.

The research outlined some of the ways in which poverty could impact the human capital development of the next generation. These include nutrition (e.g., increased rates of stunting and wasting), education (e.g., a spike in the school dropout rate and absences) and health (e.g., lower utilization of preventative and curative care, particularly for children under five).

The intertwining of conflict and poverty is evident across various facets of Myanmar's socio-economic landscape. Internal conflicts have exacerbated the plight of already vulnerable communities.

The Vulnerability to Conflict Index (VCI) was created by UNDP primarily through an analysis of armed conflict location and event data focusing on events where civilians were the primary group affected by violence. Key indicators were measured as the cumulative number of events or fatalities occurring between April and September 2023, aligning with the survey period. These indicators were then normalized and averaged using equal weights to construct the VCI. The scores lie between 0 and 100, with lower scores implying lower vulnerability to conflict.

The surveyed townships were classified into three distinct groups using the VCI: high conflict vulnerability, low conflict vulnerability, and no reported conflict. Townships without any reported conflicts were designated as 'no conflict reported,' while those with VCIs below the average were grouped as 'low conflict vulnerability' and those with VCIs above the average as 'high conflict vulnerability'.

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[50] UNDP (2021). Impact of the Twin Crises on Human Welfare in Myanmar. December 2021. https://www.undp.org/publications/impact-twin-crises-human-welfare-myanmar

Figure 13: Change (2017 - 2023) in poverty headcount and poverty depth at the national poverty line in relation to conflict vulnerability (%)
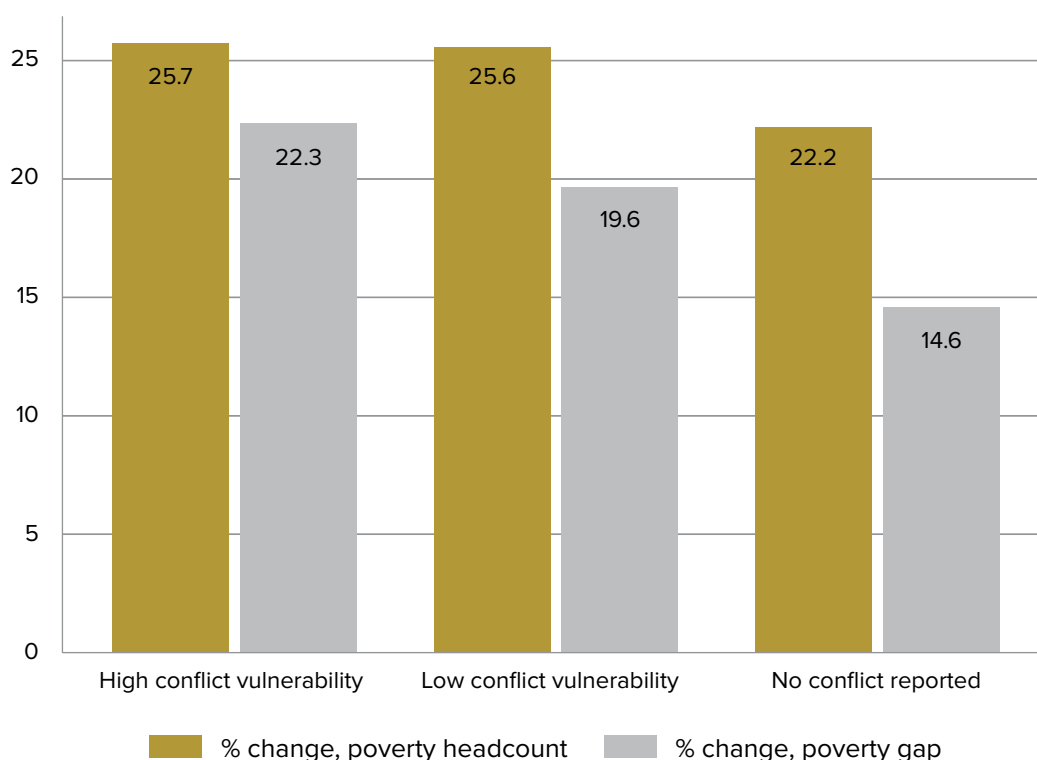
Source: UNDP estimates

While there is no significant difference in terms of poverty headcount among areas with high, low, or no reported conflict, variations emerge when considering poverty depth (Figure 13). Between 2017 and 2023, areas without reported conflict experienced a 14.6 percentage point increase in poverty depth, whereas areas with high conflict incidences saw a more substantial 22.3 percentage point rise, and those with low conflict witnessed a 19.6 percentage point increase over the same period.

6. Conclusion

The PPS depicts a nation grappling with serious socio-economic challenges at the household level. These findings, together with the macro-economic challenges that Myanmar is facing at this time, indicate rising patterns of vulnerability and development losses that may take years to reverse. Conflict in many parts of the country has intensified since October 2023. The provision of basic goods and services and the availability of livelihoods are most adversely affected in high-conflict areas.

The data paints an especially worrying economic picture in Kayah State, which has the lowest income per capita, the furthest below the Survival Minimum Expenditure Basket. Income reduction in 2023 was highest in Kayah among all states and regions, mostly caused by the largest reported job losses. The state had the highest concentration of households lacking secondary income and resorting to the widest array of coping mechanisms, including the extreme measure of cutting food expenditure.

Although Rakhine was relatively conflict-free during the survey period, the situation has changed dramatically since October 2023. Conflict in the state is now intense. Most external assistance has been either paused or significantly downscaled. Having just started to rebuild after cyclone Mocha, this downturn in support will be another major setback for the state.

Despite struggling with significant household pressures, the more peaceful states and regions exhibit relatively better performance. Ayeyarwady, Naypyidaw, and Yangon emerge as less adversely affected states and regions, albeit with concerning indications of low household economic stability. Nationally, pressures on the household economy are likely to worsen throughout 2024. The economic outlook for Myanmar in 2024 is challenging, with slow growth and various obstacles hindering recovery. Myanmar's economy is projected to grow only between 1-2.6 percent (World Bank and IMF estimates, respectively) in 2024, with rising conflict, trade disruptions, kyat volatility, and high inflation negatively impacting businesses and households. The ongoing conflict, logistics disruptions, and high costs of doing business are limiting productivity and investment, affecting the country's longer-term recovery potential.

> **Myanmar's economy is projected to grow only between 1-2.6 percent (World Bank and IMF estimates, respectively) in 2024, with rising conflict, trade disruptions, kyat volatility, and high inflation negatively impacting businesses and households. The ongoing conflict, logistics disruptions, and high costs of doing business are limiting productivity and investment, affecting the country's longer-term recovery potential.**

The intertwining of slow growth, conflict and loss of livelihoods has manifested in a rise of both the poverty headcount and its depth. There is also a vulnerable cohort of people hanging by a thread just above the poverty line – a thread which can snap at any time in the extremely volatile environment.

Abysmally low median incomes in most states and regions indicate a disappearing middle class. The clustering of the population near the bottom of the income distribution implies a crowding out of investment in human capital (i.e., education, healthcare, and nutrition). This, in turn, will perpetuate inequality in the nation and lower the growth potential by reducing productivity of the future workforce.

As supported by the findings and analysis, official development assistance remains a critical pathway to support the growing number of vulnerable communities and households across Myanmar. While the International Donor community must continue to provide sufficient immediate humanitarian relief to those displaced and in need of life saving support, they should also expand their assistance to include enhancement of food security and livelihoods and to build up resilience among populations deeply impacted by multiple shocks. Localized, area-based programmes that are designed for specific micro contexts and climates can go a long way to help the people of Myanmar.

Myanmar has already lost a decade or more of human development investments and capabilities. Unlike its neighbors, it is struggling to recover from COVID 19 setbacks, as it has also been grappling with a political crisis and natural disasters. To support local capacities to recover in this context would mean direct support to communities and their businesses, with skills and small infrastructure to restore markets for food and essential items, energy and water supply, and essential services of health and education. Rebuilding in the hardest hit locations will not be easy in a period of ongoing conflict, so negotiating with all parties to allow for access and support to the most vulnerable communities, irrespective of location, ethnicity or ideology, will be critical to halt the backslide and reinstate a return to human development progress, however limited at this time. In the absence of this, the humanitarian caseload will increase exponentially and the impact on human development will be inter-generational.

Appendix Tables

Appendix Table 1: Income per capita

	mean	median	minimum	maximum
National	108,219	75,000	4,000	12,500,000
Urban/Rural				
Urban	131,856	91,667	4,000	12,500,000
Rural	98,372	70,000	4,444	10,000,000
State/Region				
Kachin	101,007	62,500	5,000	2,075,000
Kayah	44,540	30,000	4,000	500,000
Kayin	116,116	66,667	11,111	3,000,000
Chin	61,967	40,000	4,444	500,000
Sagaing	100,986	60,000	7,143	10,000,000
Tanintharyi	112,748	75,000	9,091	6,250,000
Bago	104,737	75,000	6,667	2,000,000
Magway	95,721	66,667	10,000	2,000,000
Mandalay	115,033	81,818	8,333	2,160,000
Mon	105,477	83,333	10,000	1,000,000
Rakhine	97,379	66,667	7,500	1,800,000
Yangon	133,745	100,000	8,125	12,500,000
Shan	104,545	75,000	8,333	1,600,000
Ayeyarwady	98,371	73,333	10,000	3,750,000
Naypyitaw	106,239	80,000	12,500	750,000
Asset quintile				
Q1	71,756	50,000	4,444	2,000,000
Q2	86,613	66,667	4,000	1,250,000
Q3	94,060	72,000	5,000	1,500,000
Q4	110,219	83,333	5,000	3,750,000
Q5	176,470	116,667	8,125	12,500,000
Type of household	106263	75000	4000	10000000
Male-headed	106220	75000	8000	2000000
Female-headed	106263	75000	4000	10000000

Appendix Table 2. Sources of income (primary and secondary) by state/region

	Primary Source				Secondary Source				
	Waged/ salary	Farming	Non-farming	Others	Waged/ salary	Farming	Non-farming	Others	None
National	37.22	29.98	26.82	5.98	21.88	8.64	16.44	5.24	47.81
Urban/Rural									
Urban	47.57	6.47	38.90	7.05	26.73	1.89	16.42	5.87	49.08
Rural	33.02	39.53	21.92	5.54	19.91	11.38	16.44	4.99	47.29
Asset quintile									
Asset Q1	46.13	32.19	16.45	5.23	17.38	8.83	11.13	3.55	59.11
Asset Q2	39.01	33.44	22.02	5.53	21.11	9.49	14.64	4.47	50.30
Asset Q3	37.26	32.05	25.04	5.66	21.09	7.81	15.91	4.60	50.59
Asset Q4	32.68	32.02	29.84	5.47	23.82	8.98	17.73	5.69	43.77
Asset Q5	31.03	20.22	40.77	7.99	25.98	8.07	22.78	7.91	35.26
State/Region									
Kachin	33.96	27.81	31.34	6.90	18.93	9.39	21.93	4.54	45.21
Kayah	44.94	33.24	16.14	5.67	13.24	10.50	6.35	3.38	66.53
Kayin	41.11	19.90	27.65	11.34	19.86	4.84	18.46	6.24	50.61
Chin	39.72	38.73	12.92	8.64	11.54	13.47	7.84	4.28	62.87
Sagaing	28.25	46.98	21.71	3.06	16.30	10.49	12.08	3.85	57.28
Tanintharyi	34.99	24.05	35.94	5.02	20.01	9.24	18.48	5.41	46.86
Bago	34.17	31.75	25.64	8.44	23.49	8.79	16.44	6.99	44.28
Magway	29.21	47.84	17.53	5.43	18.52	15.28	13.95	6.64	45.62
Mandalay	39.54	27.11	29.40	3.96	20.60	7.67	17.70	4.18	49.86
Mon	40.06	20.26	28.84	10.84	21.78	6.24	17.61	9.04	45.33
Rakhine	30.95	28.47	30.66	9.92	16.43	10.29	16.39	7.46	49.42
Yangon	55.34	6.01	33.20	5.45	30.39	1.87	16.39	5.09	46.25
Shan	36.31	33.54	25.53	4.62	28.57	9.39	15.40	3.70	42.93
Ayeyarwady	29.77	38.07	25.77	6.39	16.97	11.12	19.83	5.09	46.99
Naypyitaw	43.52	25.60	25.78	5.10	24.17	9.07	17.40	3.82	45.54
Type of household									
Male-headed	37.41	29.68	27.26	5.64	18.79	8.65	17.48	4.59	50.50
Female-headed	42.55	20.18	24.67	12.60	18.92	5.02	12.21	9.13	54.73

Appendix Table 3. Income gone up or down, National, urban/ rural, by state/region and by socio-economic status

	Gone down	Gone up	Same
National	29.54	13.31	57.14
Urban/Rural			
Urban	28.99	12.70	58.30
Rural	29.77	13.56	56.67
Asset quintile			
Asset Q1	34.67	8.72	56.61
Asset Q2	29.88	10.40	59.73
Asset Q3	30.56	13.02	56.43
Asset Q4	26.53	14.67	58.79
Asset Q5	26.09	19.75	54.16
State/Region			
Kachin	31.27	15.53	53.20
Kayah	49.96	7.33	42.71
Kayin	32.35	7.49	60.16
Chin	25.19	3.61	71.20
Sagaing	40.23	12.08	47.69
Tanintharyi	37.04	7.12	55.83
Bago	24.88	13.82	61.31
Magway	25.43	15.05	59.52
Mandalay	29.46	17.63	52.91
Mon	30.57	12.79	56.64
Rakhine	35.71	10.32	53.97
Yangon	28.33	11.80	59.87
Shan	26.33	14.72	58.96
Ayeyarwady	27.17	13.11	59.72
Naypyitaw	20.04	16.21	63.75
Type of household			
Male-headed	30.92	13.12	55.96
Female-headed	25.49	11.64	62.86

Appendix Table 4. Reasons income has gone down, National, urban/rural, by state/region and by socio-economic status

	Loss job	CDM	Health issues	Indebt	Revenue business decreased	Revenue farm decreased	Less remittances	Reduced salary	Others
National	28.58	0.17	3.83	0.48	42.39	23.59	0.81	13.35	0.18
Urban/Rural									
Urban	24.83	0.06	4.47	0.30	56.81	8.12	0.39	17.28	0.17
Rural	30.07	0.21	3.57	0.55	36.69	29.71	0.98	11.80	0.19
Asset quintile									
Asset Q1	42.52	0.28	4.76	0.50	27.45	24.44	0.60	12.92	0.24
Asset Q2	29.27	0.05	4.98	1.14	34.52	26.23	1.27	16.24	0.26
Asset Q3	28.57	0.00	3.00	0.38	43.17	25.03	0.81	15.13	0.15
Asset Q4	19.24	0.01	3.54	0.28	50.44	25.68	0.62	11.67	0.26
Asset Q5	18.77	0.53	2.52	0.00	62.16	15.64	0.76	10.25	0.01
State/Region									
Kachin	36.89	0.00	5.84	0.75	38.53	25.66	0.21	6.71	0.38
Kayah	58.26	0.27	5.23	0.20	32.75	24.70	0.00	5.16	0.31
Kayin	37.77	0.00	2.17	0.00	37.15	10.45	3.69	14.50	0.66
Chin	44.82	1.69	7.89	0.00	27.10	19.63	2.27	8.02	0.00
Sagaing	23.89	0.26	1.89	0.00	38.37	35.85	0.72	17.26	0.07
Tanintharyi	33.40	0.00	4.38	0.00	52.17	27.40	0.30	13.60	0.08
Bago	34.27	0.61	1.89	0.61	38.03	18.44	0.66	13.36	0.76
Magway	31.33	0.00	3.81	0.64	28.63	37.11	0.89	9.17	0.39
Mandalay	31.74	0.00	7.21	0.24	40.31	21.29	1.40	14.15	0.05
Mon	20.03	0.00	5.24	1.21	50.55	13.63	1.87	20.68	0.00
Rakhine	30.90	0.00	3.91	1.38	43.78	23.80	0.85	10.85	0.00
Yangon	18.27	0.43	4.24	0.42	57.05	10.02	0.24	18.65	0.06
Shan	22.79	0.00	1.59	0.00	47.49	23.94	0.00	8.60	0.00
Ayeyarwady	34.20	0.00	4.70	1.13	36.14	29.17	0.91	9.00	0.08
Naypyitaw	34.87	0.42	1.31	1.27	45.62	16.87	0.00	11.60	0.45
Type of household									
Male-headed	31.42	0.14	4.32	0.46	41.03	22.96	0.51	12.96	0.11
Female-headed	28.38	0.00	1.70	0.62	46.23	15.20	1.36	16.19	0.86

Appendix Table 5. Reasons income has gone up, National, urban/rural, by state/region and by socio-economic status

	Better job	Re business increased	More inter remittances	More local remittance
National	48.41	54.53	3.73	0.31
Urban/Rural				
Urban	70.69	34.35	2.61	0.30
Rural	39.94	62.21	4.15	0.31
Asset quintile				
Asset Q1	62.23	41.96	2.04	0.57
Asset Q2	47.92	51.89	5.89	0.36
Asset Q3	47.76	54.11	3.40	-
Asset Q4	47.14	58.18	3.69	-
Asset Q5	43.94	59.03	3.57	0.59
State/Region				
Kachin	52.79	56.15	0.00	0.00
Kayah	42.34	72.62	0.00	3.20
Kayin	63.75	30.56	11.56	0.00
Chin	23.24	52.54	24.22	0.00
Sagaing	31.32	74.96	0.85	0.00
Tanintharyi	43.97	53.42	6.23	0.00
Bago	38.05	59.22	6.26	0.00
Magway	35.43	62.29	7.23	0.00
Mandalay	61.75	48.53	3.17	0.29
Mon	50.68	42.78	11.19	0.00
Rakhine	42.97	54.58	7.21	0.00
Yangon	77.50	23.79	1.00	0.00
Shan	31.02	70.09	0.54	1.09
Ayeyarwady	45.46	61.92	3.72	0.60
Naypyitaw	62.60	42.16	5.60	1.36
Type of household				
Male-headed	49.16	56.02	3.74	0.32
Female-headed	51.02	50.43	6.07	0.00

Appendix Table 6. Coping strategies, National, urban/rural, by state/region and by socio-economic status

	Family borrow	Family help	Non-family borrow	Saving	Cut non-food	Eat less	Sold crop	Sold assets	Did nothing
National	36.11	16.91	24.38	36.36	54.27	28.54	10.06	23.54	17.06
Urban/Rural									
Urban	33.17	17.59	20.24	36.10	54.02	27.55	4.47	22.71	19.77
Rural	37.30	16.64	26.05	36.46	54.37	28.94	12.33	23.88	15.96
Asset quintile									
Asset Q1	47.20	17.56	30.53	27.95	57.08	41.48	12.85	24.75	13.08
Asset Q2	42.91	17.67	29.72	33.78	56.32	34.26	12.44	25.96	12.82
Asset Q3	37.88	18.70	25.68	37.12	56.84	28.07	10.62	25.28	15.45
Asset Q4	29.97	16.29	21.63	40.50	52.20	22.88	8.83	22.08	19.82
Asset Q5	22.59	14.34	14.31	42.45	48.92	15.99	5.57	19.64	24.14
State/Region									
Kachin	44.55	18.73	30.75	44.80	61.96	31.12	12.50	23.89	13.25
Kayah	48.69	26.78	26.27	39.28	72.06	51.70	23.72	28.68	4.27
Kayin	38.07	19.20	23.29	44.47	61.40	33.78	9.18	24.76	9.60
Chin	43.12	27.23	13.13	23.55	71.62	34.63	14.92	13.90	8.16
Sagaing	34.35	18.38	18.15	36.84	52.03	27.34	14.14	27.35	17.65
Tanintharyi	42.84	16.07	27.62	34.22	60.46	43.86	10.95	26.51	12.89
Bago	34.18	16.29	28.94	35.58	51.70	25.92	10.31	26.67	14.87
Magway	35.26	17.71	27.09	35.19	51.01	23.67	15.12	21.79	16.72
Mandalay	34.54	18.13	22.85	35.35	49.82	24.82	9.48	23.98	19.92
Mon	36.82	20.04	23.65	36.66	61.14	36.58	5.37	24.91	17.50
Rakhine	44.78	22.40	31.33	45.03	62.40	41.26	18.71	27.34	11.87
Yangon	34.50	13.35	22.84	33.82	56.66	30.19	4.75	24.36	18.66
Shan	35.46	14.17	22.83	39.10	54.84	25.49	8.85	17.78	17.54
Ayeyarwady	36.92	17.18	26.22	34.29	49.80	26.49	8.12	21.04	19.56
Naypyitaw	27.79	11.47	21.65	29.88	51.59	22.73	9.98	21.27	19.05
Type of household									
Male-headed	38.95	17.12	26.93	33.17	54.04	31.16	9.47	23.92	15.19
Female-headed	40.19	20.52	26.82	28.56	51.95	33.39	13.02	25.72	16.97

Appendix Table 7. Daily per capita expenditure and composition of the expenditure, National, urban/rural, by state/region and by socio-economic status

	Food	Non-food	Health	Education
National	61.05	20.21	15.61	3.12
Urban/Rural				
Urban	59.11	23.55	14.18	3.16
Rural	62.02	18.55	16.32	3.11
Asset quintile				
Asset Q1	64.79	15.39	17.83	1.99
Asset Q2	63.55	19.38	14.71	2.37
Asset Q3	62.15	20.57	14.01	3.27
Asset Q4	61.29	21.40	14.17	3.14
Asset Q5	55.65	22.85	17.18	4.32
State/Region				
Kachin	59.48	19.95	16.92	3.65
Kayah	62.70	16.92	17.21	3.17
Kayin	62.56	19.71	14.56	3.17
Chin	52.58	22.56	20.80	4.05
Sagaing	63.75	16.88	16.68	2.69
Tanintharyi	60.96	19.99	15.88	3.17
Bago	61.29	19.95	15.55	3.20
Magway	57.77	17.82	21.04	3.37
Mandalay	61.82	21.53	13.69	2.95
Mon	61.96	18.36	17.48	2.21
Rakhine	62.14	17.99	16.38	3.49
Yangon	59.99	23.84	13.26	2.91
Shan	61.73	20.64	14.25	3.38
Ayeyarwady	61.24	19.14	16.27	3.36
Naypyitaw	57.67	21.25	17.48	3.60
Type of household				
Male-headed	61.41	20.58	14.87	3.14
Female-headed	60.84	20.81	15.19	3.16