

August 2017

AN ANALYSIS OF POVERTY IN MYANMAR

PART
01

TRENDS BETWEEN
2004/05 AND 2015

Executive Summary



Ministry of
Planning and Finance



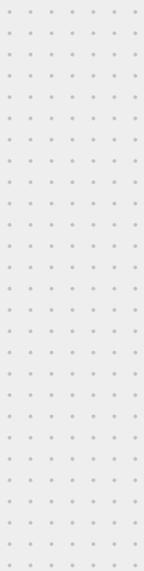
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A joint analysis of poverty and living standards was conducted by a technical team from the Ministry of Planning and Finance, Government of Myanmar, and the Poverty and Equity Global Practice of the World Bank.

The findings of the joint analysis are summarized in a two-part report:

- 1 Part One** puts forward trends in poverty over time. Annexes include the technical details of the poverty measurement exercise. This report also makes recommendations on the need to revise the poverty measure used to reflect the needs of the population a decade after poverty was first measured in Myanmar.
- 2 Part Two** (forthcoming) presents the poverty profile for 2015 based on the new poverty line.



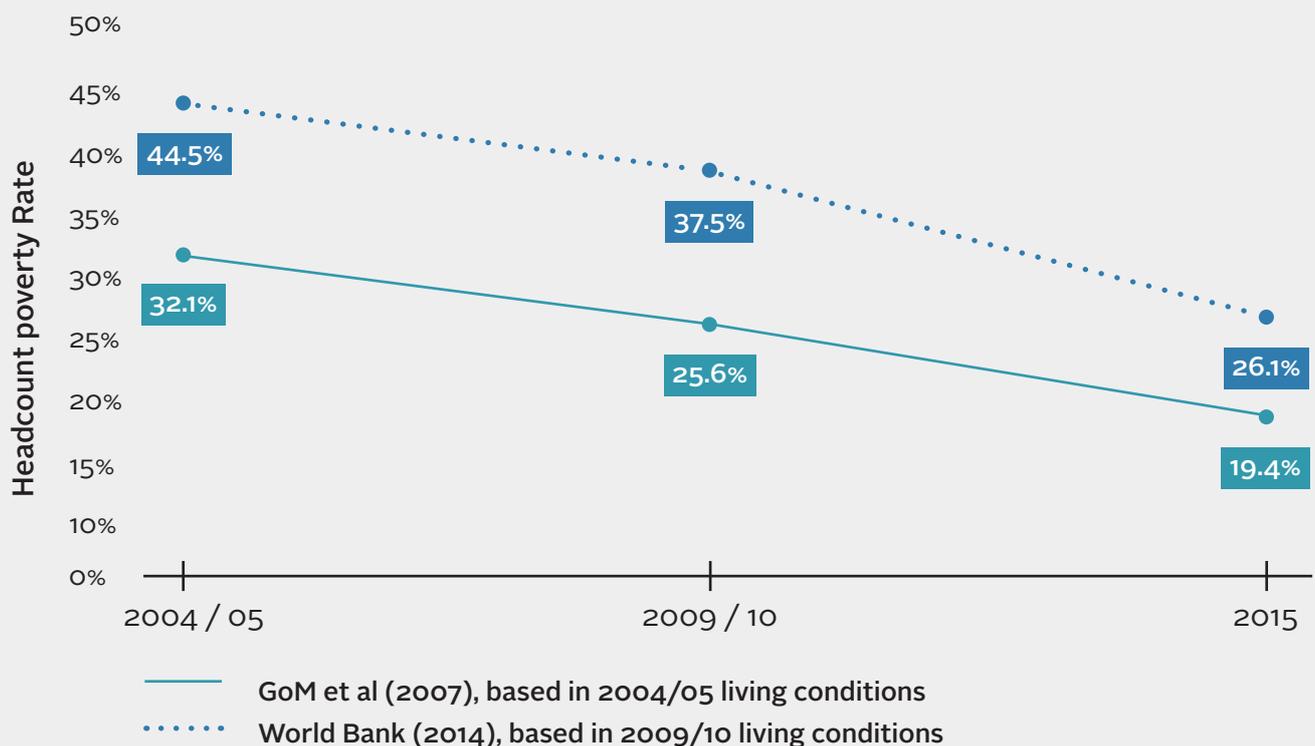
Poverty has previously been estimated using data from the Integrated Household Living Conditions Survey conducted in 2004/05 and 2009/10. A key objective of this part one report was to give an assessment of poverty in 2015 using data from the Myanmar Poverty and Living Conditions Survey.

Poverty in Myanmar has previously been estimated using two different approaches.

Poverty was initially measured by the Government of Myanmar and its development partners using data from IHLCA-I; this first measure of poverty based the poverty line and estimate in the living conditions of 2004/05. Poverty was estimated to be 32.1 percent in 2004/05 and was estimated to have dropped to 25.6 percent in 2009/10 (GOM et al, 2007 and GOM et al, 2011). A poverty estimate based on 2009/10 standards of living was put forward by the World Bank in 2014, using data from the IHLCA-II. The World Bank estimated poverty to be 37.5 percent in 2009/10 (World Bank, 2014).

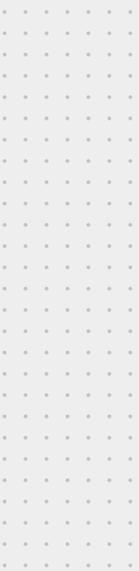
This report finds that living standards have improved in Myanmar between 2004/05 and 2015, and that poverty has declined.

Poverty is estimated to have declined from 32.1 percent in 2004/05 to 25.6 percent in 2009/10 and to 19.4 in 2015 using the method first proposed by the Government of Myanmar and its development partners in 2007, based on living standards from 2004/05. Similarly, a decline was registered using the methodology put forward in World Bank (2014): using this second method, poverty is estimated to have declined from 44.5 percent in 2004/05 to 37.5 percent in 2009/10 and to 26.1 percent in 2015.



Increases in well-being were seen across a number of indicators.

These improvements in well-being are also reflected in multiple measures of welfare, including average consumption expenditures and asset ownership.



Urban areas have seen faster expenditure growth than rural areas.

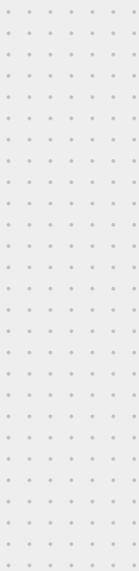
While living standards in rural areas have seen substantial improvements, the changes have been more limited than those seen in Myanmar's cities and towns. The share of the population working in agriculture has remained broadly constant between 2004/05 and 2015, and growth in agriculture has been more limited than growth in manufacturing and services.

Measures of inequality rose over the last five years, albeit from a low base.

The rise in inequality is noteworthy but unsurprising, as individuals with better education and more capital to invest benefitted more from the early liberalizations and reforms. The rise in inequality replicates the experience of reform periods seen in multiple countries in the region. While the inequality figures in Myanmar are not at levels that stand out from a regional or global perspective, it will be important to monitor reform efforts to ensure that they have the potential to reach the entire population. Supporting stronger growth in Myanmar's farms and villages will be vital, both for reducing poverty and for keeping inequality in check.

The joint assessment recommends that the Government of Myanmar consider revising and rebasing its poverty measure in order to better reflect living standards and the needs of the poor in 2015.

Myanmar's poverty estimates are currently based on living conditions in 2004/05, when poverty was first measured in Myanmar. Since Myanmar and the needs of its poor have changed in multiple ways since 2004/05, this joint technical analysis recommends rebasing and revising Myanmar's consumption aggregate and poverty line. Updates to a country's welfare aggregate and poverty line are recommended approximately

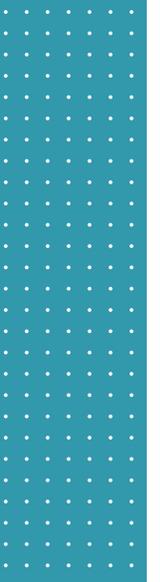


every ten years to reflect changes in living conditions, such as an increase in the non-food share, and to reflect changes in survey and poverty estimation methodology. This revision is suggested at the end of the period of reporting for the Millennium Development Goals, and at the beginning of the new period of international monitoring for the Sustainable Development Goals.

Living conditions and the needs of the poor have changed in three ways since poverty was first measured in 2004/05.

First, the share of food in a household's basket has declined while non-food items have become more diverse, raising the need to capture a greater diversity of non-food items. Second, and related, the number and variety of goods has increased, particularly for household assets. Third broad reforms have changed the spending patterns of households, as government resources to key services have increased allowing households to diversify the range of items they spend resources on. This report therefore recommends revising the consumption aggregate and poverty line to reflect the needs of the population in 2015.

Following acceptance of the recommendation to revise and rebase the national poverty measure, Part Two of the poverty assessment (forthcoming) will present a comprehensive poverty profile using a revised and rebased new poverty measure for Myanmar.





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