

Upgrading social protection in Myanmar: a discussion piece

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This informal note offers some reflections and ideas contributing to the process of shaping a National Social Protection Strategy in Myanmar. It would like to the ongoing support creative enquiry into policy and programme options, which might be able to respond to socio-economic challenges and current policy development in the country.

The paper begins with a brief discussion of the policy context (section I), and then presents a range of possible approaches towards – gradually - building a system of social protection (section II). In tune with the government's position, social protection is understood politically as policies that can address economic and social vulnerabilities, promote access to essential services and economic opportunity, and facilitate the ability to cope with shocks. The paper also recognises an angle of social inclusion and nation building as possible considerations when designing a social protection strategy.

Technically social protection is defined here as comprising formal sector, contributory social insurance and tax financed non-contributory social assistance. A brief scan of socioeconomic challenges (section III) serves as the basis for proposing a selection of social assistance transfers and providing rough estimates of their cost over the next six years (section IV). This paper is interested specifically in social protection, and within that in social assistance.

Scenarios for social security, health insurance, integrated social services, and other, broader areas of economic and social policy – which are equally important and urgent - are not addressed. The paper also does not assess the comparative merits and demerits of potential interventions in terms of the impact they might be able to achieve. Both areas of reflection will be needed in the process of fine-tuning a transformative social protection strategy.

I. Policy context

Myanmar is in an intensive phase of political, economic, and social reform and restructuring, and is currently working on developing a Social Protection Strategy (Masterplan 2014). In a context of rapid change, the population of Myanmar has high expectations for immediate, concrete outcomes and visible improvements, which puts much pressure for success on the groups in power and the political elite, both to offer “quick wins”, and to install a far-reaching strategy to address poverty and vulnerabilities.

The policy reforms initiated by the government are, among other things, directed at decreasing poverty and food insecurity, enhancing livelihoods and increasing incomes and income security, addressing low productivity in the rural economy, and working towards social inclusion in all regions of the country. Specifically, the government of Myanmar announced a number of overarching priorities, including sustainable agricultural development, promoting development among regions and states, inclusive growth, and building quality statistical systems (Ministry of Planning and Economic Development 2012). This is in tune also with the objectives spelt out in the 2013 Nay Pyi Taw Accord for Effective Development Cooperation (President Office 2013).

The government had convened a high-level conference on social protection in 2012. It outlined the factors necessary for creating a “Myanmar Social Protection System,” based on the needs of different social groups and sectors, including children and women, the vulnerable, the aged and people with disabilities. Points made include:

- “recognizing the basic needs of every citizen for comprehensive health care and education as well as income security and job security;
- promoting rights of workers and farmers on the establishment of universal health system;
- ensuring that social protection policy be developed and aligned with the second phase of the Government's overall reform strategy, People Centered Development approach, and specifically linking social protection with the Rural Development and Poverty Alleviation Strategy;

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- encouraging energetic cooperation, including with bilateral and multilateral organizations and NGOs, for an integrated and all inclusive social protection system;
- creating a national high-level institution (committee) for the coordination of social protection to ensure its policy formulation, and monitoring implementation to inform the policy makers and the public.
- developing a comprehensive social protection policy and strategies.” (UNICEF Myanmar 2012b).²

In the Government’s 2014 Masterplan, social protection is understood as “policies, legal instruments, programmes, benefits and services for individuals and households that prevent and alleviate economic and social vulnerabilities, promote access to essential services and infrastructure and economic opportunity, and facilitate the ability to better manage and cope with shocks that arise from humanitarian emergencies and sudden loss of income.” (Masterplan 2014: 1). A National Technical Working Group and a drafting team have been established, and numerous consultations at policy and technical levels are underway in the assessment-based national dialogue (ABND), to be completed by December 2014.

In this paper, at the technical level, in line with standard definitions, social protection is defined as comprising contributory social insurance – or social security – on the one hand, and tax-based social assistance on the other. In order to create a social protection system, two things are important. Firstly, the formal-sector, contributory social insurance system needs to be overhauled. It has been in place since 1956, but covers only a fraction of the population – those employed in the government, large firms, and the army. Secondly, new social assistance interventions to reach and adequately cover the entire population need to be introduced. Currently, very few social assistance transfers exist.

The international “state of the art” position³ concerning social protection is to universalise social protection and to create a unified system of universal coverage, to be achieved progressively as resources permit, to address poverty, vulnerability and social exclusion. This position directly corresponds to the definition of the Myanmar Government.

In the Government’s 2014 Masterplan, social protection is conceptualised as a right (Masterplan 2014: 1). This then suggests a universal approach, with a gradual but progressive, constant realisation, as fiscal resources and administrative capacity evolve. In light of the great expectations, nationally and internationally, regarding the country’s socio-economic progress, a universal, rights based system is politically important. Since Myanmar is a wealthy nation in terms of its resource base (Cammack 2012; UNICEF Myanmar 2013b; UNICEF Myanmar 2014), it is in a position to develop a comprehensive social protection system, which would be fiscally sustainable.

II. Approaches to building a system of social protection

In a steadily increasing number of countries (ILO 2014; Hanlon et al 2010), social protection is coming on stream as a legally binding system, with entitlements and benefits based on a notion of social solidarity. Governments are increasingly framing social protection as a right, with the government as the duty bearer. Many programmes, especially in Asia and Europe, attempt to combine social protection programmes with special efforts to reach excluded and vulnerable groups. In some countries and regions, notably ASEAN and the European Union, discussions are underway to find ways to also include residents in parts of the social protection system.⁴ In some cases, social protection is conceptualised as a means to address income inequalities, by directly linking the introduction of social protection with tax reform. Other principles include transparency and accountability, and financial, fiscal and economic sustainability. Monitoring and periodic evaluations, and citizens’ complaint and appeal mechanisms need to be built into the system. There is also a general agreement that social protection needs to be in coherence with and support other economic and social policies, such as high-quality, genuinely inclusive public services, and progressive macroeconomic policies committed to supporting employment and decent work. A simplistic checklist with regards to social protection is attached as an Annex.

A well-designed social protection system takes institutional capacity and financial resources into account. In terms of funding modalities for social protection, there is an emerging international consensus in policy circles that social *assistance* should be government funded, i.e. from revenues from

² On the political process, also see President U Thein Sein 2012 a and b. On the case for economic reforms, see von Hauff 2009.

³ See especially ASEAN 2013; ESCAP 2011; Handayani 2011; UN Asia Pacific 2012 Also see ILO 2014, ILO 2012; UNICEF 2012; European Commission 2012, World Bank 2012. Murthy et al 2012 trace the evolution of social protection systems in a number of countries.

⁴ See ASEAN 2013 at the normative level. The system of health insurance coverage in Thailand is an example.

taxes, levies, and other sources of public finance, for which fiscal space is available in most settings. This is because recipients of social assistance are, generally speaking, not in a position to pay contributions, because of their very low income levels, and because they are in the informal sector with unsteady incomes. Also, funding from taxation, as opposed to external sources of finance such as ODA, ensures continuity.⁵ Formal sector social *security* or *insurance* on the other hand is to be contributory, with employers and employees paying into the scheme, with possible government co-contributions. Some countries are introducing modalities whereby interested individuals in the informal economy can pay into formal social security on a voluntary basis.⁶

There is a wide range of approaches and options to select from when building a social protection system (see table 1 below), gradually merging the social insurance and social assistance “wings” of social protection. One approach is to progressively universalise social protection, starting from and building on a set of social assistance transfers. This is often referred to as horizontal extension of social protection, because it expands coverage across income groups and regions. A related, horizontal option is to extend an existing social insurance arrangement, to progressively and steadily cover increasing shares of the population. A vertical extension of social protection refers to a deepening of the entitlements of social security, and generally requires a move of the economy from a predominance of the informal sector, to its formalisation.

A third, related approach would be to work with the social protection floor. It proposes a parallel development of *social assistance horizontal extension (broadening)* and *social security vertical extension (deepening)*, along the lines of the Recommendation adopted by the ILO Assembly in 2012. It adopts a life cycle approach, organizing social protection along the life course from childhood to old age, with access to health services cutting across (ILO 2014). The social protection floor recommendation document recommends “four guarantees” which can be introduced or enhanced consecutively, as resources permit (ILO 2012: 3):

- (1) access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- (2) basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services;
- (3) basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- (4) basic income security, at least at a nationally defined minimum level, for older persons.

The life cycle approach to planning and implementing social protection is highly intuitive, as it is a way to conceptualise a sequence of interventions for an individual’s entire life, from birth – or even before, to death – or even including funeral expenses.

A much wider, inter-sectoral approach would combine social security, social assistance, and health services access with the “supply” side: consolidating basic education, health, and basic social infrastructure, and include social services delivery. This would correspond to the first item on the social protection floor approach. Another, even more complex and ambitious approach would be to complement the social protection floor approach with decent work initiatives.⁷ All such approaches need to involve all concerned line ministries.

This paper looks only at points (2), (3) and (4) of the social protection floor recommendation, because they pertain specifically to social transfers, and easily relate to the life cycle approach. The paper is limited to a discussion of social assistance.

The above approaches are not mutually exclusive, but the choice of the entry point for creating a system will have some impact on the actual evolution and design of the system. Within each approach, various interventions and combinations of interventions, and decisions regarding their respective size and sequencing, are conceivable. In practice, the different approaches will tend to be simultaneous. Over time, the social security and social assistance measures need to be brought together into an interrelated and cross-referenced system.

⁵ Nevertheless, it can make sense, especially at the design stage, for social assistance pilot schemes and capacity building processes to be funded or co-funded by bilateral or multilateral agencies through a grant or a soft loan.

⁶ Myanmar is among the countries considering this option.

⁷ The ILO (ILO/EU 2013) has piloted this approach in three countries, including in Cambodia. It entails coordinating social protection-related interventions of the social welfare ministry, social security board and related entities with interventions on employment, work conditions and wages, generally under the ministry of labour.

Table 1. Overview of approaches towards building a system of social protection			
Type	Objective	Advantages	Shortcomings
Social <i>assistance</i> extension	Looks at current social assistance transfers, introduces new ones, and ensures their coordination and consolidation	Simple and logical in terms of using the existing transfers as building blocks for a system	Risks maintaining the separation between social security and social assistance systems
Social <i>security</i> extension and deepening	Uses existing social security system and explores coverage extension	Reaches from the existing, small, formal system into the informal economy	Likely to be very slow and costly, and interventions to include the informal economy, or to tackle social exclusion, may not be available. In the long run will result from development of the formal economy.
Social protection floor, using a life cycle approach	Uses “four guarantees approach” for social protection extension	Could be a combination of the social security extension and social assistance deepening and extension	Would require mobilising considerable resources – which are however available considering the country’s resource base
Social protection floor, using a life cycle approach, plus supply side interventions	Combines “four guarantees approach” for social protection extension with social services delivery improvement	Comprehensive approach, looks at monetary transfers as well as services delivery (health, education and others).	Would require mobilising considerable resources. Complex to negotiate and deliver; requires cooperation among many line ministries
Social protection floor plus decent work	Ditto, and includes interventions for employment generation under decent work conditions	Addresses broad range of socio-economic challenges - poverty, exclusion, unemployment. Could be especially geared to address youth unemployment	Complex to initiate and coordinate.
Social health insurance	Create a universal health system.	Addresses health expenditures which often trigger or exacerbate poverty notably in low-income households.	Complex to design and implement.
Source: Koehler 2012			

Social protection systems, in any country, are the result of its specific institutional history, and influenced by political processes and the political economy. Building on existing traditions, and interventions in place, an emerging set of social protection measures needs to be designed with the final system already in mind, so that the social transfers, introduced perhaps as building blocks, ultimately create a comprehensive, connected, inclusive and efficient system with universal coverage. It is crucial to have mechanisms to examine and compare potential impact of interventions selected, so that the policy and programme choices are outcome-related. As the programme unfolds, it will be equally important to systematically assess the actual impacts, and adjust interventions accordingly. At the same time, there is a politics of social protection, in the sense that programmes may be desirable from a rights and social inclusion point of view, regardless of their measurable impact, and beyond cost-benefit types of considerations.

To promote a system of social protection requires that individual social protection interventions be referenced to each other so that they do not result in a fragmented arrangement. Costing of, and then budgeting for, the various approaches in the fiscal budget, and introducing dedicated budget lines is a key component of the process.⁸ And: it will be important to have a good public communications strategy, to build political support, and to ensure that all entitlement holders are aware of the social protection schemes advanced.

III. A rough sketch of socioeconomic challenges and social protection priorities

Myanmar is a country in transition, facing complex socioeconomic and political challenges. Per capita incomes remain low, poverty data need to be updated, and precise data are lacking for many economic

⁸ See UNICEF Myanmar 2013a and UNICEF Myanmar 2014 for an analysis of the fiscal budget of Myanmar. For examples of other costing approaches, see ILO 2008 and ILO Regional Office for Asia and the Pacific 2012.

indicators and regarding population statistics. The just-released census shows a lower population than expected, and population pyramids and population growth trends will need to be adapted accordingly (Government of Myanmar and UNFPA 2014).

Using 2010 documentation, roughly 25 per cent of the population are estimated to live under the national poverty line of 376 151 kyats per year (2010). The food poverty line was 274 990 kyat per person per year (Ministry of National Planning and Economic Development and UNDP, 2011a: 6; 12). A more realistic, higher poverty line might acknowledge far larger sections of the population as living in poverty. For many of the human development indicators, Myanmar performs far below its potential, and lags behind most countries in the region. However, in terms of its economic potential, the country could afford a generous system of social services and transfers (UNICEF Myanmar 2013a and b; UNICEF Myanmar 2014).

Evidence from a number of studies suggests that several socio-economic groups would merit particular priority in terms of social assistance. Pending further needs assessments and gap analyses, groups that are especially vulnerable include:

➤ The rural poor

The majority of the country's population lives and works in the rural economy. Poverty incidence is estimated at 29% - almost double urban poverty. There are moreover large differences in poverty incidence, ranging from over 70% in Chin State, 44% in Rakhine State, and around 33% in Tanintharyi Region, Shan State and Ayerwaddy Division, to below 15% in some of the other regions/states (Ministry of National Planning and Economic Development and UNDP, 2011a: 12f). Rural food poverty too is double the urban rate, with food poverty incidence at 5.6% (Ministry of National Planning and Economic Development and UNDP, 2011a: 6f). Migrant workers, internally displaced people and landless farmers are especially vulnerable.

There are many reasons for rural poverty. They include low agricultural productivity, insecurity over land titles, outright landlessness, and recently also land grabbing. There is also a lack of non-agricultural employment in rural and in remote areas; and, depending on the region, a lack of agricultural, economic and social infrastructure. Health shocks are a particular threat to low-income rural households. Expenditures on health services and medication are generally paid out of pocket and easily consume large shares of income or even savings, exasperate existing rural poverty and can bring households into poverty that were hitherto above the poverty line.

➤ Ethnic minorities

Rural poverty is compounded in remote and border areas where ethnic and language minorities live. They are, generally speaking, also religious minorities. The ethnic minority regions are partly difficult to reach because of the terrain and lack of passable roads and transport. Several regions remain in open or latent armed conflict or situations of tension – although cease fire agreements are under negotiation. Social exclusion is a major concern. The outcomes on nutrition, on maternal and child health, and on education in ethnic minority areas are systemically worse than in the country's central plains, and need to be redressed urgently.

➤ People in environmentally fragile zones

Another, less easily demarcated, vulnerable group is those people living in regions especially susceptible to natural disasters such as cyclones, floods, drought and other environmental hazards. The 2008 cyclone had brought this into sharp relief.

➤ Children

In Myanmar, children under 5 are seriously affected by malnutrition (35%), and household income poverty is correlated with child malnutrition, lack of or low quality of education, and violence against children. Affecting all children is the inequity in access to and the quality of social services, notably education and health, but especially for children living in low income quintile households and in particular geographic areas, including those with higher poverty incidence, or remote ethnic minority areas (see Ministry of National Planning and Economic Development and UNICEF, 2011; Ministry of National Planning and Economic Development and UNICEF 2012). For school-aged children, the net completion rate of primary school is only 54%, and there are particular vulnerabilities in the transition from primary to secondary school (Ministry of National Planning and Economic Development and UNICEF, 2011). All children, and these sub-groups among them, merit prioritised attention when designing a social protection policy.

➤ Senior citizens

Poverty among senior citizens is not well documented in Myanmar. However, one does know that the majority of older people (60 years and above) live with the family of one of their children, and that, roughly from the age of 70 onwards, the older generation tends to become economically dependent on their adult children (HelpAge, 2013).

➤ People with disabilities

There are as yet no statistics on the number of people with disabilities in Myanmar. Global averages from the WHO estimate that 15% of a population tend to face disabilities. Since this population group in most instances will face difficulties in terms of earning an income, a disability benefit would be called for. It could be based on medical certification.

➤ Youth

Youth is another highly vulnerable group in Myanmar. Again, precise data are missing, but it is known that large numbers of working age youth are unemployed, and need to rely on their families for income support. The lack of decent work opportunities for young people would however be better addressed via active labour market and decent work policies, such as general and youth employment creation schemes; vocational or on-the-job training opportunities; and job matching exercises and the like, rather than by social protection interventions.

These groups appear particularly vulnerable, and the government needs to consider human development programmes combining different elements of social and economic policy. Some options related to the social protection components of broader social and economic policies are presented for discussion in section IV.

IV.) Ideas for social assistance transfers and their respective costs

In Myanmar, for example, *social security*, in the form of contributory systems in the formal economy under the Social Security Board (SSB), was introduced soon after independence, and was maintained, albeit with an extremely low coverage rate, throughout the country's socialist and autocratic eras. Coverage appears to remain low. Only 900 000 persons receive a government pension, for example (Masterplan 2014: 2). A new Social Security Act was adopted in 2012, covering old age, survivors, disability, family benefits and unemployment insurance on a contributory basis for employees in the formal economy (Ministry of Labour 2012; ILO 2014: 189, 195). The SSB plans to offer an arrangement for voluntary contributions into the new social security system from persons outside the formal economy.

Social assistance, in Myanmar as in most low-income countries, has a broad range of forms, and includes schemes that are community- or faith-based, as well as a few, ad-hoc government schemes provided by line ministries, primarily the Ministry of Social Welfare (Nishino and Koehler 2011; Masterplan 2014). One of the largest social assistance schemes is the education grant with roughly 11 000 recipients (Masterplan 2014: 2). A focus on social assistance would therefore entail introducing new social protection transfers, as well as consolidating and regularising existing and emerging social assistance programmes and interventions. It would be important to ensure their coordination, by having a common coordinating mechanism, ideally at a high government level, such as the Cabinet or a specially created body with formalised access to the president's office and the cabinet, which is a proposal contained in the Masterplan 2014. There is also a need to draft and adopt pertaining legislation.

If one were to specifically choose the social protection floor, with its life cycle approach (ILO 2014), one would be working towards a universal system comprising three or all four of its elements, and could then opt for their sequential introduction. Thus, the government could first introduce a child grant, and/or old age social pensions, or combinations thereof. Social assistance for the active age population, which would require a larger financial outlay, might be phased in later.

Alternatively, one might start with social transfers to address the rural economy, hard-to-reach and remote areas, and the informal economy. A social transfer for rural areas would be more costly than, for example, a child grant, unless a very small benefit level is chosen which would then make it less effective. If such an income transfer were directed only to the very lowest income groups, for example, the lowest quintile rather than the lowest 30%, it would require some form of means testing, which would make it more difficult to administer. A rural income grant would however bring economic support to the country's worst-off communities and regions, conceivably help improve productivity, and politically would be in tune with the government's Rural Development and Poverty Alleviation Strategy. A sub-form of an income transfer would be to introduce social health insurance for all rural citizens as a first step to address one of many key factors in creating poverty in Myanmar, and thus correspond to the government's commitment to a universal health system.

Whichever interventions are introduced as starting points for expanding social assistance, their rationale would be to respond to poverty, social exclusion, and child wellbeing, and build on a specific needs assessment and gap analysis, to make sure the most urgent social protection requirements are prioritised. The selection process would need to build in an analysis of potential impact, to allow for comparisons among approaches.

Given the extent and depth of rural poverty, building an equitable social protection system will require a concerted effort to extend coverage to rural areas in a systematic and transparent fashion so that it becomes universal in the foreseeable future. It would be desirable that benefit amounts are sufficient to bring households at the very least up to half of the currently defined poverty line of 31 000 kyat per person per month,⁹ which would correspond to roughly 15% of per capita GDP. Hence a suggested benefit level of 16 000 kyat, approximating half of an assumed 31 000 kyat poverty line. This is a very modest amount, which, in further discussions, needs to be revisited carefully, firstly to respond to the emerging, more sensitive poverty line measurements, and secondly because evaluations in other countries show that benefit levels that are too low fail to have any impact whatsoever.

As mentioned above, policy makers have acknowledged that rural poverty is a key policy challenge in Myanmar. Less visible in public discourse is how rural poverty is compounded by vulnerabilities due to remoteness, ethnic conflict or tensions, and environmental disasters and hazards. Frequently, migration is used as a coping strategy; such distress migration is generally associated with low wages and a lack of income, job and personal security prevailing in the communities concerned – and then replicated in the destination communities. Social protection cannot substitute for policies and measures to create decent work and employment. However, if well designed, competently delivered and sufficiently resourced, it might help avoid distress migration, child labour and trafficking, and in ideal situations might enable households or communities to take up small investments that might contribute to stabilising their income. Social protection can also be used to help bridge income losses and poverty due to natural disasters.

Given the many decades of ethnic strife, and its impact on social and economic outcomes, social protection interventions could consider developing supplementary provisions within the transfers introduced generally, in support of ethnic minority regions. The objectives could be to accelerate human development outcomes in these disadvantaged areas, and at the same time support national identity and help the country move towards sustainable inclusive peace and social justice. Conceivably, discussions on the best format of this element in social protection could become part of ceasefire and peace negotiations.

Provisions might range from dedicated information campaigns in local languages, through a pegging of the benefit level to local CPIs, or more generalised monetary top-ups of the benefit levels. Some countries have ethnicity- or identity-based social transfers, which however carry a considerable risk of stigmatising the groups concerned, and thus creating new problems. Alternatively, social assistance could be in the form of geographical targeting, such that all residents of disadvantaged areas are entitled to higher benefits; again, however, that may not be desirable, or feasible, for political reasons.

In any case, income poverty benefits need to be combined with special efforts for outreach to disadvantaged regions and communities, such as information campaigns to overcome language barriers, and institutional provisions to address access in the more difficult terrain, and the remoteness and dispersion of the population. Moreover, the political and geographic challenges in such regions imply higher administrative costs for social protection interventions, which need to be factored into costing estimates in the form of allowances for transaction costs.

Using the social protection floor approach, conceivable social protection interventions to address the priority groups are sketched out and tentatively costed (see tables 2 and 3 below). In this note, the projection exercise is divided into two parts: firstly, projecting the underlying factors (demographic and macroeconomic), and secondly, with a set of specified assumptions on the benefit parameters (eligibility conditions, coverage, benefit level etc.), projecting beneficiaries, benefit levels, and overall costs over the next 6 years.

For the demographic projection, the study uses the medium-variant population projection made available by the United Nations Department of Economic and Social Affairs, Population Division (United Nations 2013). The data set is disaggregated by sex and single-year age.

⁹ This is 2010 data, with 376 151 kyat per year giving 31 345 kyat per month.

For the macroeconomic model, the study uses the IMF's medium-term forecast for the real GDP growth rate, inflation rate, and fiscal budget to GDP ratio, which covers until 2018 (IMF 2014). From 2018 to 2020, the rates are fixed at the rate of 2018. GDP in current prices and per capita GDP are calculated for the projection period using the standard relationship under the neoclassical long-run path of economic growth.

The purpose of this – rough and selective – costing is to get a first *feeling* for orders of magnitude and comparative expenditure sizes of various types of social assistance transfers.

The potential interventions, and their respective rationales, include:

- **Basic income security for children**

Income security for children in the form of a child grant would correspond to the first of the cash-based elements in the life-cycle oriented social protection floor approach. One argument for selecting a child benefit as a starting point in a nascent social assistance system could be that it can serve as a symbol of social solidarity. Moreover, in a period of transition and reform, a child benefit can support national unity and nation building, because most households have children. Thus, many households would be likely to benefit from a universal child benefit, regardless of their location, ethnicity and income, thus making it a type of transfer that most families can relate to and identify with, and would then perhaps associate positively with the reform efforts.¹⁰ As poorer families and remote areas tend to feature larger family size and more children (Government of Myanmar and UNFPA 2014: 13)

From a rights-based perspective, a child benefit could help to ensure child well-being – an important consideration since interventions for child welfare cannot be postponed without damaging or jeopardising the child's development and potential. A link could be made to birth registration, which is low, especially in low-income households, rural areas and ethnic minority areas (see UNICEF Myanmar 2012a); such a step would however need to be deliberated carefully so as to not lead to new processes of discrimination and social exclusion. A child benefit also could have advantages at the technical (delivery) level, because it could be simply based on child registration. Operationally, it could build on, expand and modify the existing grant for mothers with three and more children. Another option would be to combine a maternal and a young child benefit to cover the first 1000 days in a child's existence.

A child benefit would also be meaningful because of the high levels of child malnutrition and low educational retention and attainment in Myanmar

- One option could be a **universal child benefit**. It could be categorically targeted to children under 1, or under 2, as this is the most vulnerable phase of life; or to children under 5, until they reach school age. Another design option would be to extend the child benefit until the age of 15, to cover early childhood as well as school age, and could address access to nutrition, health and education services, and social services, and thus function also as an income support, notably for low income families.¹¹
- An alternative, or complementary idea would be a “bridging” grant for children in the vulnerable phase of transitioning from primary to middle school (age 10-14), because many children drop out of school before or at the end of primary school, due to the costs, or distance of, secondary schools, or because they are expected to contribute the family's care work or income generation.¹²
- The child benefit could be accompanied by special measures to address the particular challenges to child health and nutrition, and education exclusion, in remote and ethnic minority areas. This could be in the form of geographical targeting via top-ups – higher benefit amounts in these regions. As mentioned above, there would definitely need to be dedicated public information campaigns.
- In this exercise, the potential grant is estimated for children under 2 years and under 5 years, and the benefit level is set at an initial level of 8000 kyat per child per month. Since most families with children are likely to have more than one child, the cumulated income from child benefits over time could contribute to increasing or at least stabilising family income in poor households. By 2020, the benefit amount would roughly double, if indexed by per capita GDP. The estimates show that in 2014, it would take 0.27% of GDP for a universal benefit for under-2s, and 0.66% for an under-5 benefit. Depending on the indexation rule applied, by CPI or GDP, in 2020, a child benefit for children under 2 would correspond to between 0.17 to 0.24% of GDP, and between 0.6% and 0.8% of the fiscal budget.

¹⁰ If average family size in low-income and ethnic minority groups is larger than in the population as a whole, a child grant would more than proportionally benefit these groups, creating the additional effect of higher economic support to disadvantaged groups. There could however be concerns whether maternal or child benefits might incentivise larger family size. Based on experience in other countries, this would presumably only be the case if the benefit level is high enough to substitute for wage income, and if attractive, trustworthy child care structures are in place and equitably accessible.

¹¹ Those high-income, OECD countries that have child benefits extend them til 15 or even age 18 years.

¹² The Ministry of Education planned to pilot a school grant for 5000 children, 1000 children per school grade (Ministry of Education, August 2012).

- **Basic income security for the working age population**

Basic income security is the core section of the social protection floor. In light of the income disparities and scale of poverty notably in many of the rural areas of Myanmar, this would be a large transfer.

- There could be a **rural income support benefit**, for example for the lowest income quintile or lowest income third, as per the rural poverty rate, with the objective to address income poverty and livelihood vulnerabilities and risks. Given the extent and depth of rural poverty, it will be important to ensure that benefit amounts are sufficient to bring households at the very least to the poverty line. It could either be universal in the form of geographically targeted social assistance to the country's regions with the highest poverty rates, which were Chin State, Rakhine State, and Tanintharyi Region, Shan State and Ayerwaddy Division as per the study cited above. Alternatively, it could be in the form of a means tested benefit applicable in the country as a whole. This mode would be chosen with a view to being economically just, and would perhaps be less divisive politically than a geographically targeted grant. It could be in the form of direct income transfers to households, or in the form of a social health insurance.¹³ Such a grant could easily be scaled up when natural disasters affect an area. If sufficiently resourced, predictable and reliable, they could help bridge income losses and poverty due to natural disasters, and perhaps offer an alternative to distress migration. As argued in the case of a child support benefit, an income support benefit could conceivably have particular features for ethnic minorities, such as a higher benefit level. It would certainly want to include special information campaigns to overcome language barriers and ensure that all who are entitled are aware of the grant. The difficult terrain, remoteness, and dispersion of the population are likely to result in higher administrative costs in ethnic minority areas to ensure that the benefit is paid accurately, safely, and on time to all entitlement holders.
- In this exercise, the benefit level is calculated as a means tested one for the entire country. It is set at an initial level of 15000 kyat per month per household for a 2014 estimate. By 2020, it would increase to 21 000 kyat or 29 300 kyat per household, respectively, if indexed with an estimated CPI, or by GDP. The cost estimate shows that it would take 2.8% of the current fiscal budget and 0.8 of 2014 GDP. Depending on the index, by CPI or GDP, in 2020, it would correspond to between 0.6% to 0.9% of GDP, and between 2.0% and 2.9% of the fiscal budget.
- A **maternity benefit** could enable expectant mothers to seek health services, and at least cover the costs of some of her supplementary nutrition, medical fees and transportation, and other expenses related to pregnancy or to child care for the family's older children. It could thus indirectly address maternal mortality, which remains very high in Myanmar. If this were combined with a child benefit covering the first two years, one would be providing **income support for the first 1000 days** of a child's life, which is a particularly decisive, and vulnerable, period for mother and child.
- In this exercise, a pregnancy benefit is calculated at 15 000 kyat for 2014 from the second trimester of pregnancy, universal for all pregnant women. In analogy to the estimates for a rural household income benefit, by 2020, it would rise between to 21 000 kyat or 29 300 kyat respectively, if indexed with an estimated CPI, or by GDP. Depending on the index used, in 2020, it would amount to between 0.06 and 0.09 of GDP and between 0.2 to 0.3% of the fiscal budget. Because of the small number of estimated beneficiaries – less than 700 000 women per year, it is the smallest of the benefits proposed – and perhaps the easiest to introduce, as it could be linked to maternity check-ups.
- A **benefit for people with disabilities** could be introduced in both rural and urban areas. In this exercise, a prevalence of extreme disability of 5% of the population is assumed. The benefit could be tied to medical certification and an entitlement to free medical attention. The benefit level is set at an initial level of 15 000 kyat per month, covering the age group from 5 years to 69 years, with the assumption of a universal social pension, which would automatically include people with disability, becoming available from age 70 onwards. In 2014, a disability grant would cost 0.8% of GDP, and between 0.6 and 0.9 in 2020, and 2.9% of the 2014 fiscal budget.
- **Basic income security in old age.**
The fourth element in the social protection floor would be in the form of universal, **social pensions** distributed to senior citizens by virtue of their age. In analogy to the child benefit, it could have a nation building effect as a citizen right, as every older person would receive such a transfer.
 - Social pensions could start at age 60, 65, 70 or 75.¹⁴ The higher the age threshold, the more regressive the pension may become, as people from more privileged income and educational backgrounds tend to have higher longevity, while people from low income groups are likely to have died before they would reach a high pension age threshold. In this exercise, the benefit

¹³ This form of income support has been introduced in Thailand.

¹⁴ The Ministry of Social Welfare has worked with HelpAge regarding the feasibility of a social pension.

level is again set at 15 000 kyat per person per month, and the pension is calculated for age 65 and above, and age 70 and above. In 2014, it would cost 0.8% or 0.5% of GDP respectively, and in 2020 (indexed with per capita GDP) is estimated to amount to 1.0% for over 65, or 0.5% of GDP for over 70, which would be 3.25% and 1.75 % of the fiscal budget respectively.

Discussion of the options presented

This is a set of rough estimates, and will need to be adjusted once the detailed findings of the 2014 census are available; the tables below are using data as available in mid-2014.

Table 2 (see end of document) shows the estimates for 2014, while table 3 (see end of document) shows estimated shares for 2020, using a scenario where benefits are indexed by GDP per capita. Administrative costs are estimated at 20%. Annex 1 (Rabi 2014) provides a table and a set of illustrative graphs which presents a complete time line from 2014 through 2020, with information on population development, the evolution of total costs, and of the benefit levels indexed for GDP and for the consumer price index (CPI).

As tables 2 and 3 show, applying very modest benefit levels, in 2014 the fiscal budget expenditures for any of the options would range from 63 billion to 514 billion Kyat, constituting between 0.1% and 0.85 % of GDP. For 2020, any of the options would be roughly equivalent to a minimum of 0.09% of GDP to a maximum of 1.0% of GDP, if one indexes the 2014 benefit levels for GDP per capita growth. In other words, even the most costly of intervention types, on its own, would correspond to only 1% of GDP, under the assumptions made in these calculations, and using the information available before the census.

Looking at the calculations for the options, in 2014, the disability grant would be the most costly of the benefit types estimated, despite the low prevalence rate assumed. Conceivably, it could therefore be introduced in the lowest income districts initially, and gradually scaled up as fiscal space increases with improved tax compliance and tax reform.

Support to rural households is the second largest item in 2014, only insignificantly less than the disability grant (at 510 versus 514 billion kyat). If the projected population dynamics are still valid, despite the smaller total population, this item would constitute the largest expenditure head under social assistance in 2020. However, assuming positive economic, social and political development, by 2020, the share of the rural population requiring such an income support measure would hopefully have decreased from the initial level of 30% of the population used in these calculations.

Child benefits are less costly options, especially if designed for the age group of 0 to 2 years only, amounting to an estimated 160 billion kyat expenditure in 2014. Over time, it would compare “favourably”, in terms of expenditure, with social pensions, as the population pyramid shifts, reaching an estimated 299 billion kyat expenditure in 2020 (if indexed with per capita GDP).

A conceivable “1000 days mother and child benefit” to cover the second trimester of pregnancy through the child’s first two years, would cost an estimated 224 billion kyat in 2014, and 415 billion kyat in 2020 (using GDP per capita indexed benefit level) and together constitute only 0.37% of GDP in 2014, and 0.33% in 2020. Politically, this could offer a strong message of enhancing incomes for a population group whose entitlements every citizen – and policy maker - would want to support.

Another scenario could be a combined effort to address the very young and the very old, in the form of a child benefit for children under 2 years and a social pension for persons over 70. Such a package would still be easy to finance, at roughly 0.76% to 0.78% – i.e. less than 1% - of GDP, and cost roughly 2.6% of the fiscal budget in 2014, marginally decreasing to an estimated 2.5% of the budget in 2020. It would cover a significant group of the population and notionally reach almost all households.

Any of these approaches would be a modest “burden” for resource-rich Myanmar (see UNICEF Myanmar 2013 a and b; UNICEF Myanmar 2014); they could thus be fiscally, and politically, feasible. In fact, benefit levels could be raised or coverage could be extended, for more impact of the benefits in *monetary* terms for the household. In *political* terms, this could help the government convince of its stated commitment to social and economic reform, and within that a universal, rights-based social protection strategy.

These initial, rough cost assessments clearly need to be complemented by a more systematic actuarial exercise, which would take economic and social specificities of Myanmar into account, allow for more precision on the population dynamics, and most importantly impute the new census data. Based on those

data, it will then be possible to build more precise scenarios, with a range of projections to offer a bandwidth of cost developments over time.

Similarly, the ongoing political reform process and ceasefire and peace agreements in minority areas which are likely to have an effect on the population need to be factored into the exercise. There could be returnee migrants, if new employment opportunities crop up and Myanmar achieves sustained peace in all regions. Conversely, if the political situation does not develop favourably, more people might out-migrate. As citizens, migrants remain eligible for benefits, but may not be in a position to claim them. The design of benefit entitlements also needs to be sensitive to emerging issues, such as current religious-ethnic tensions, and to come in a form that can neutralise animosities and create a unifying momentum for Myanmar.

Beyond the costing, an important exercise would simultaneously look at potential outcomes or impact of the various interventions proposed, and a selection of actual social protection programmes will need to be based on a combination of needs analysis, programme impact assessment, cost estimates, and political economy and human rights considerations.

V. Conclusions

This note for discussion has presented ideas that could perhaps contribute to the discussions on the 2014 Masterplan for Developing a Social Protection Strategy for Myanmar. It offers a range of ideas on conceivable types of social transfers, and possible “packages” – such as for young mothers and children, or for children and senior citizens, using the framework of the social protection floor in a life cycle mode.

The social assistance transfers proposed have been costed, as a way to provide an idea of the order of magnitude of various conceivable options, and to show how they might compare across options in terms of the expenditures entailed. More detailed work will be needed to reach a proper basis for decision making. Notably it will be important to revisit proposed benefit levels and take into consideration revised poverty lines and the findings from the census.

But as a first sketch of scenarios, this paper will hopefully be useful, in showing that categorically-structured social protection could be rapidly achieved for far less than 1 per cent of GDP, a life cycle approach seems to make sense, and various social assistance transfers can cohere over a predictable period of time into a system of universal social protection.

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Table 2. Overview of potential benefits, estimates, 2014

Intervention	Challenge to be addressed	Group addressed	Benefit level per month kyat	Total cost billion kyat	Cost as share of GDP %	Cost as share of fiscal budget %
Basic income security for children: child benefits and education grants	Child poverty	Children				
Benefit for children under 2		Universal 1 399 000 children	8 000	161	0.27	0.92
Benefit for children under 5		Universal 3 498 000 children	8 000	403	0.66	2.30
Basic income security for active age groups						
Income benefit for rural households	Income poverty in rural areas. Social exclusion of ethnic minorities. Communities living in fragile zones	Means tested, covering 30% of all households 2 362 000 households	15 000	510	0.84	2.92
Income support to pregnant women	Maternal mortality	Pregnant women from 4 th month 696 000 women	15 000	63	0.1	0.36
Disability benefit	Potential income poverty Social exclusion	People with acute disabilities, estimated at 5% of the population, age group 5-69 2 380 000 persons	15 000	514	0.85	2.94
Basic income security in old age: social pensions						
Social pension over 65 yrs	Old age poverty	Persons over 65 2 279 000 persons	15 000	492	0.81	2.81
Social pension over 70 yrs	Old age poverty	Persons over 70 1 395 000 persons	15 000	301	0.4950	1.72
Source: Rabi 2014						

Table 3. Overview of potential benefits, benefit indexed by GDP per capita, estimates for 2020						
Interventions	Challenge to be addressed	Group addressed	Benefit level per month, indexed GDP p.c. kyat	Total cost Billion kyat	Cost as share of GDP %	Cost as share of fiscal budget %
Basic income security for children: child benefits and education grants	Child poverty	Children				
Benefit for children under 2		Universal 1 328 000 children	15 651	299	0.24	0.78
Benefit for children under 5		Universal 3 357 000 children	15 651	757	0.61	1.98
Basic income security for active age groups						
Income benefit for rural households	Income poverty, Social exclusion, environmental hazards	Rural areas, ethnic minorities, communities living in fragile zones Means tested, covering 30% of households 2 614 000 households	29345	1 105	0.89	2.89
Income support to pregnant women	Maternal mortality	Pregnant women from 4 th month 696 000 women	29345	116	0.09	0.30
Disability benefit	Potential income poverty Social exclusion	People with acute disabilities, estimated at 5% of the population, age group 5-69 2 498 000 persons	29345	1 055	0.85	2.76
Basic income security in old age: social pensions						
Social pension over 65 yrs	Old age poverty	Persons over 65 2 936 000 persons	29345	1 241	0.99	3.25
Social pension over 70 yrs	Old age poverty	Persons over 70 1 578 000 persons	29345	667	0.54	1.75
Source: Rabi 2014						

Social Protection Design Checklist

Four sets of criteria					
<i>I. Vision and Goals of Social Protection (Rights based-Universal Coverage)</i>					
Rights based - Universal Coverage					
Citizenship- or residence- based					
Built on the notion of social solidarity					
Integrates social inclusion considerations, notably for gender, ethnicity, minority status, age, etc					
Addresses crises, chronic poverty, vulnerabilities, inequalities, political and environment crises					
Legally binding					
Empowerment: guaranteeing space for civil society and public action, monitoring and control					
<i>II. Strategic Priorities, Policy Coherence and Support Mechanisms (Coherence with other Policy Areas)</i>					
Systemic – uniting fragmented programmes within social assistance, and also gradually linking social assistance and social security					
Contains protection, prevention, promotion and transformation levels					
Accompanied by supply side measures (social services, health and education, etc.)					
Accompanied by decent work and policy action/active labor market policies and interventions					
Coherent with other policy areas					
<i>III. Fiscally anchored and Sustainable</i>					
Sustainable, predictable, meaningful benefit levels and universal coverage (or its gradual realization)					
Affordable and long-term sustainability					
Tax financed, and linking social protection reform and tax reform					
<i>IV. Technically Sound</i>					
Well-publicized entitlements and special efforts to reach disadvantaged households/communities					
Where possible, uses a lifecycle approach , such as the Social Protection Floor Framework					
Advanced IT for beneficiary registration and tracking					
Advanced technology, for benefit disbursements and monitoring					
Monitoring and evaluation systems					
Transparency and right to information					
Accountability and complaints and appeals mechanisms					