

EXECUTIVE SUMMARY

MYANMAR'S URBANIZATION

CREATING OPPORTUNITIES FOR ALL



WORLD BANK GROUP
Social, Urban, Rural & Resilience

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CONTEXT

Urbanization in Myanmar is still in an early phase with slightly less than one-third of the population living in cities. This presents an enormous opportunity for the country. Cities are engines of growth and prosperity, which facilitate industries to grow jobs, services and innovations. Cities are also fundamental to lifting people out of poverty through increased employment opportunities and incomes to citizens. No country has reached middle income status without urbanizing.

That being said, the way that cities urbanize is important to growth, poverty and livability. If adequate investments are not made in basic infrastructure and services, urban planning, and in ensuring a governance and financing structure that can deliver for residents, cities instead can end up with major problems of congestion, pollution, sprawl, and inequality which can create or worsen social divisions, and potentially contribute to crime and violence.

The report, *Myanmar's Urbanization: Creating Opportunities for All* aims to understand urbanization in Myanmar drawing on the growing literature on the topic in Myanmar, especially for Yangon. It uses an inclusive urbanization lens and proposes a set of priority policy areas for urgent attention that will help to ensure the benefits of urbanization are widely realized given the projected growth of cities. An inclusion lens is particularly important in Myanmar as the country transitions from a complex history that has been characterized by decades of economic and political isolation, conflict, and underdevelopment.

Inclusive urbanization is reliant on three key dimensions; economic, social and spatial. Economic inclusion refers to equitable access to employment and income-generating activities in a city, and resilience to shocks. Spatial inclusion refers to equitable and affordable access to land, housing, infrastructure and basic public services. Social inclusion relates to individual and group rights, equity, security and dignity. Such aspects of social inclusion and exclusion are relevant to groups who are often marginalized in day-to-day urban life.

MAIN FINDINGS AND KEY CHALLENGES

Urbanization in Myanmar is steadily on the rise with approximately 30 percent of the population now living in cities. Much of this is attributed to internal migration flows. In Yangon, for example, 81 percent of the population growth between 2009 and 2014 was attributed to internal migration. The majority of migrants move to cities for employment. Other push factors of rural-to-urban migration include market shocks, rural poverty, landlessness and natural disasters.

The robust growth in recent years has brought a decline in urban poverty from 32.2 percent in 2004/5 to 14.5 percent in 2015. The economic growth in cities has been fueled by an expansion in construction, services, and manufacturing. Yangon is the country's most dominant city and contributes approximately 25 percent of the country's GDP.

Despite the positive benefits of growth, the increase in urban population has begun to put a strain on cities and the needs for affordable housing, infrastructure and services. In Yangon, for example, only 33 percent of the city's population have access to piped water, traffic congestion is on the rise, as is solid waste, flooding and pollution. There is also a rise in the number of informal settlements as new residents cannot afford the existing supply of housing. If left unaddressed, these infrastructure needs will lead to further congestion, slums, pollution, and growing inequality, putting a drag on opportunities for future growth and poverty reduction.



ECONOMIC INCLUSION

Economic inclusion in cities eludes many as they face challenges in the labor market related to: their lack of skills; high levels of informality; and discriminatory practices which particularly affect some subgroups. Levels of risk to natural hazards and economic shocks are high in Myanmar with the urban poor most acutely impacted. The lack of resilience to shocks affects their economic inclusion.

SPATIAL INCLUSION

Spatial inclusion is a challenge given high land and housing costs (e.g.in Yangon) and the overall lack of basic infrastructure and services in cities. The needs for urban transport, water and sanitation, solid waste services, and drainage are substantial. The lack of affordable housing, especially in Yangon, means that many end up in informal settlements, particularly in periphery areas away from the central business district where many jobs are located. Conditions in informal settlements can be extreme with access to even the most basic services being limited or unaffordable when purchased through small scale private providers. This can have negative outcomes on health indicators and ability to increase income generation from home-based microenterprises further exacerbating exclusion

SOCIAL INCLUSION

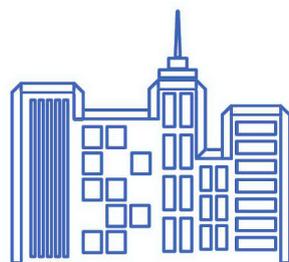
Social inclusion is also challenging for subgroups -- in the case of urban areas in Myanmar, these have been identified as the urban poor, migrants, non-Bamar ethnic groups, religious minorities, women and the disabled. These groups often face exclusion from jobs, housing, and infrastructure and social services for various reasons. Beyond the precarious living conditions facing low income populations (many of whom are migrants), there are challenges related to legal documentation, tenure security and crime leave many at high risk. Given the high costs in cities, the urban poor often must seek loans in the informal sector to cover illness, other unforeseen events, or to make ends meet. A survey of poor households in Yangon found that 86 percent had taken such loans, with interest rates in excess of 20 percent. High levels of indebtedness are thus widespread and can perpetuate the cycle of poverty.



Women may face security challenges in their communities as reported in numerous studies, and disabled are often excluded in accessing basic services. Ethnic and religious minorities also face challenges in accessing identification cards which are important to social inclusion.

Current structures of urban governance and finance have evolved to shift a number of political, administrative and financial responsibilities to

subnational governments which presents an opportunity to better reach urban residents. In practice, however, local governance is often hampered due to limited implementation of policies/ frameworks, financial resources, and technical capacities and is in much need of modernization. These challenges result in inadequate service delivery and financing to meet growing needs on the ground.



Approximately

30%

of Myanmar's population now reside in cities, much of which is due to internal migration flows

PRIORITIES FOR INCLUSIVE, SUSTAINABLE AND COMPETITIVE URBANIZATION

Given Myanmar's relatively early stages of urbanization, the policies and investments made today will shape cities for decades to come. Prioritizing an inclusive cities approach will help to ensure that cities grow in an equitable way, which will have significant benefits for livability, prosperity and competitiveness.

The framework of economic, spatial and social inclusion points to several priority policy recommendations that can be implemented in the short, medium and longer term (See Table below). Many of the recommendations come back to the need for investments in:

- i) sustainable urban infrastructure and urban upgrading to provide basic services for all and ensure mobility for the flow of people, goods and services;
- ii) building resilience to mitigate the impact of shocks on the economy and on people's livelihoods and health;
- iii) facilitating access to legal documentation for migrants and specific subgroups, and targeting social programs for those that are particularly vulnerable to exclusion and may not be able to benefit from urban opportunities; and
- iv) capacity building and new financing for urban development.



Taking these recommendations forward will require additional work to identify champions, find relevant entry points for private sector investment, and ensure a stable governance framework aligned with sufficient technical capacity and financing for implementation.

These are challenges that the World Bank and other development partners can support in partnership with the Government of Myanmar.

Priority Policy Recommendations for Inclusive Urbanization in Myanmar

Indicative Time Frame:
 Short term (S): 1-2 years
 Medium term (M): 2-3 years
 Longer term (L) 3-5 years

CHALLENGE	OUTCOME	PRIORITY ACTIONS	LEAD AGENCIES
Promoting economic inclusion to foster job creation and resilience to shocks			
High informality limits opportunities and links to exclusion	Improve opportunities for informal workers	<p>In-situ community based urban upgrading (M)</p> <ul style="list-style-type: none"> begin identification of high risk areas, needs and upgrading plan (S) secure financing (S-M) implementation (M-L) <p>Access to micro finance for small entrepreneurs (M-L)</p> <ul style="list-style-type: none"> develop enabling environment and incentives to foster micro finance (M-L) ensure gender equality in access (M) <p>Transport investments to enable mobility to jobs and markets (L)</p> <ul style="list-style-type: none"> Education and training for skills in urban jobs (L) prioritize vulnerable groups (S-M) investments in access and quality improvements (L) 	<ul style="list-style-type: none"> Development Affairs Organizations (DAOs)/ City Development Committees (CDCs) Ministry of Construction; Ministry of Education; Planning and Finance
Some areas in cities highly vulnerable to flooding and other natural hazards	Build resilience to natural hazards	<p>In-situ community based urban upgrading in high risk areas (S-M)</p> <ul style="list-style-type: none"> identify and prioritize investments (S) begin implementation (M) <p>Drainage/solid waste management (M-L)</p> <ul style="list-style-type: none"> identify and prioritize highest risk areas (S) implementation (M) <p>Early warning systems (S)</p> <ul style="list-style-type: none"> design and implement approach to reach the most vulnerable (S) 	<ul style="list-style-type: none"> DAOs/ CDCs Ministry of Construction Ministry of Social Welfare, Relief and Resettlement

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CHALLENGE	OUTCOME	PRIORITY ACTIONS	LEAD AGENCIES
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Promoting spatial inclusion to improve access to affordable land, housing and services for low income, and vulnerable populations

Substantial infrastructure deficits limiting successful urbanization and contributing to poor living conditions	Invest in equitable access to sustainable urban infrastructure	<p>Infrastructure investments needed in water, sanitation, roads, drainage, solid waste management (M-L)</p> <ul style="list-style-type: none"> • identify and prioritize needs with targeting of areas for greatest impact (S-M) • ensure participatory design that is gender, disabled-informed (S) • begin implementation (M-L) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Construction; • Ministry of Natural Resources and Environmental Conservation (MOREC)
Shortage of affordable housing, large and growing number of informal settlements	Improve and expand affordable housing	<p>In-situ upgrading of existing stock and slum areas (M-L)</p> <ul style="list-style-type: none"> • diagnostic needs assessment and development of affordable housing plan (S) • ensure target is for low income populations (S) • create enabling environment for housing supply and demand (M) • develop approach to incentivize private sector for low income market (S-M) • implementation (L) <p>Implement the National Land Use Policy (S-M)</p> <ul style="list-style-type: none"> • enable and train staff for implementation (S-M) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Construction; • Construction and Housing Development Bank (CHDB); • Ministry of Planning and Finance
Limited urban planning results in congestion, sprawl, hazard risk, inequality, and can affect city growth opportunities	Improve integrated spatial planning for inclusive and resilient urban development	<p>Align plans across agencies (land use, transport, environment, disaster risk) (S)</p> <ul style="list-style-type: none"> • set up coordination mechanism (S) • invest in geospatial data and sharing platforms (e.g. plan for national spatial data infrastructure) (S) • Ensure planning is gender and disability-informed <p>Capacity building (M-L)</p> <ul style="list-style-type: none"> • identify needs and develop longer term strategy (M) • implementation (L) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Construction • Ministry of Social Welfare, Relief and Resettlement

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Promoting social inclusion to improve conditions for vulnerable groups to fully participate in society

Some are not able to fully participate in job markets or access services	Target social programs to marginalized groups (migrants, ethnic groups, disabled, women)	<p>Targeted programs designed to: link migrants with job opportunities, and provide assistance for disabled (M)</p> <ul style="list-style-type: none"> • identify and prioritize needs (S) • program design, implementation (M) <p>Addressing gender and other discrimination (S-M)</p> <ul style="list-style-type: none"> • awareness raising, education (S) • policy reform (M) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Labor, Immigration and Population; • Ministry of Social Welfare, Relief and Resettlement
Lack of documentation and identification can prevent citizens from accessing jobs, services.	Facilitate access to legal documentation	<p>Reform of identification card system to ensure equity and remove obstacles linked to migration status (M)</p> <ul style="list-style-type: none"> • identify equitable approach and design system (S) • implementation (M) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Labor, Immigration and Population; • Home Affairs

Ensuring good governance and finance for urban development is fundamental to creating inclusive, competitive and sustainable cities

Fragmented governance hampers decision making and improvements on the ground.	Strengthen coordination between government agencies for decision making and urban management	<p>Streamline processes for urban management, delivery (S)</p> <ul style="list-style-type: none"> • carry out diagnostic assessment of processes and develop recommendations for efficiency for core urban services (S) • implement changes in a phased manner (S-M) <p>Horizontal and vertical coordination needed (S-L)</p> <ul style="list-style-type: none"> • carry out institutional mapping and assessment for core agencies and recommend reforms (S) • implement changes in a phased manner (M-L) <p>Invest in capacity building for implementation (M-L)</p>	<ul style="list-style-type: none"> • DAOs/ CDCs • Relevant sectoral Ministries
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Urban plans and programs can be disconnected from citizen's needs.	Strengthen participatory planning for urban development	Engage communities and citizens to help to promote inclusion (S) <ul style="list-style-type: none"> • mainstream participation in urban planning and program design (S) • train relevant staff (S) • ensure low income communities are included (S) 	<ul style="list-style-type: none"> • DAOs/ CDCs • Ministry of Construction
Strengthen participatory planning for urban development	Develop a holistic and equitable approach to financing for urban development	<p>Utilize intergovernmental fiscal transfer mechanisms to equalize regional disparities (M)</p> <ul style="list-style-type: none"> • diagnostic work to identify approach for reform (S) • implementation (M) <p>Strengthen local revenue generation (M-L)</p> <ul style="list-style-type: none"> • diagnostic work to develop proposals for increasing property tax revenues (S) <p>Allow more local discretion over funds use (S)</p> <ul style="list-style-type: none"> • Develop transparent decision making and implementation process (S) <p>Scale up private sector financing through improvements in enabling environment (M-L)</p> <ul style="list-style-type: none"> • Address existing bottlenecks through reform (M-L) • Invest in capacity building (S-M) <p>Explore use of Land Value Capture for larger cities (S-M)</p> <ul style="list-style-type: none"> • Carry out diagnostic work to identify key opportunities (S) • Implementation (M) 	<ul style="list-style-type: none"> • Ministry of Planning and Finance; • Ministry of Commerce



For more information and the full report, please visit:
www.worldbank.org/myanmar



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