

OVERVIEW

# MYANMAR'S URBANIZATION

CREATING OPPORTUNITIES FOR ALL



**WORLD BANK GROUP**  
Social, Urban, Rural & Resilience

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# INTRODUCTION

Myanmar has seen a rapid transformation over the past several years rooted in economic and political reforms which have created opportunities for many. This has been accompanied by growth and poverty reduction, with GDP growing by over 8 percent per year on average between 2005 and 2014, and poverty decreasing from 48 percent to 32 percent during the same period.<sup>1</sup>

Much of the growth is happening in cities, driven by an expansion in construction, services, and manufacturing. This has resulted in a faster increase in private expenditures, and a sharper decline in poverty in percentage point terms relative to rural areas. With approximately 30 percent of the population living in urban areas, Myanmar is still considered to be at a relatively early stage of urbanization, especially in relation to many other countries in the region. This means that the timing is critical for putting in place a strong foundation of urban governance and development that focuses on ensuring that urban growth is both inclusive and sustainable.

While urbanization often brings immense opportunity for urban dwellers, keeping pace with the growing needs of citizens in cities often presents a challenge. Inadequate planning, and a lack of investments in infrastructure and the provision of basic services can lead to sprawl, environmental pollution, congestion and inequality. Overtone inequality can undermine the benefits that urbanization typically brings as it can create or worsen social divisions, and contribute to rising crime and violence in cities. This accentuates the urgent need to focus attention on investing equitably in urban development.

<sup>1</sup> Ministry of Planning and Finance and World Bank. 2017b. Myanmar Poverty and Living Conditions Survey: Technical Poverty Estimate Report. Poverty estimate based on 2015 living conditions

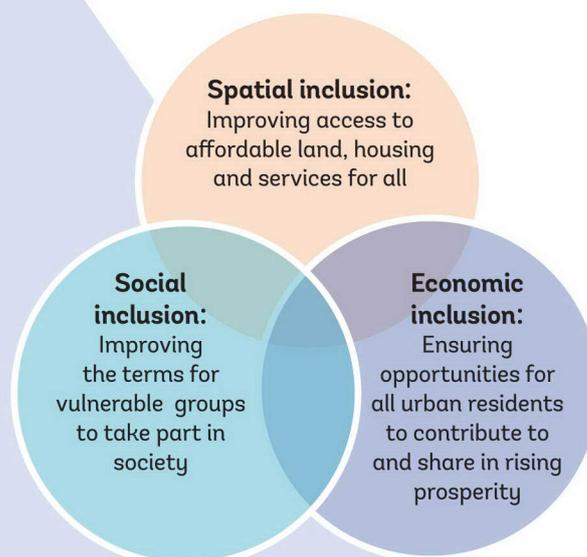
Furthermore, as Myanmar transitions from a complex history that has been characterized by decades of economic and political isolation, conflict, and underdevelopment, the importance of ensuring that growth is inclusive is ever more critical. A focus on inclusive urbanization can bring shared prosperity to citizens, contribute to peace and stability, and enhance urban productivity and competitiveness.

An inclusive urbanization framework is defined in this study to include three key dimensions; economic, social and spatial.

The three dimensions of inclusion are highly interlinked, and any approach to understand the

complexity of issues or develop solutions must consider all three. For example, challenges in accessing income earning opportunities may be linked to macro level problems in the economy and structural problems in the labor market, but also may be linked to where people live and the possibilities for affordable transport to jobs and markets, limited basic infrastructure for home-based work, and/or exclusionary policies or social practices for some groups that are discriminatory. In the case of urban areas in Myanmar, marginalized groups are identified as the urban poor, migrants, non-Bamar ethnic groups, religious minorities, women and the disabled, who face exclusion from jobs, housing, and infrastructure and social services for various reasons.

**Figure 1: Multi-dimensional Framework for Inclusive Cities**



Source: Adapted from World Bank 2015<sup>2</sup>

<sup>2</sup> This draws on the framework developed in World Bank, 2015, World Inclusive Cities Approach Paper, World Bank Report AUS8539, Washington, DC



## INCLUSIVE URBANIZATION HAS MANY BENEFITS FOR CITIZENS

This overview presents, presents key findings and policy recommendations on inclusive urbanization in Myanmar drawn from the main report entitled, Myanmar's Urbanization: Creating Opportunities for All. The report, which draws on numerous studies that have been carried out by development partners and researchers, aims to understand and analyze the challenges that cities in Myanmar currently face, using the lens of inclusive urbanization, and proposes a set of priority policy areas for Myanmar given the projected growth of cities. Many of the examples and the data used in the study are particularly focused on Yangon due to the availability of information. While substantial additional analysis on other urban areas is needed, many of the challenges are similar as those found in Yangon, though would be on a smaller scale given size. There are many areas that would benefit from further in-depth analysis, particularly using primary data analysis which was beyond the scope of this report, and are proposed for future analytical work.



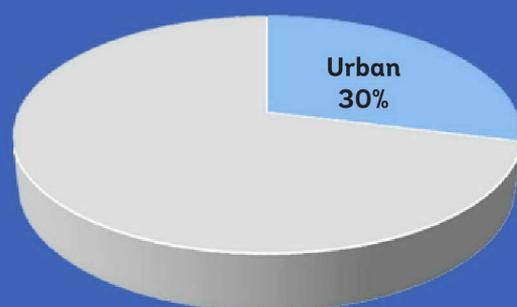


# KEY FINDINGS AND CHALLENGES

## URBANIZATION IN MYANMAR IS STEADILY ON THE RISE WITH NOTABLE REDUCTIONS IN POVERTY

Myanmar remains a predominantly rural country, with 15 million of the country's 51.5 million people living in urban areas. However, this figure is expected to change -- projections indicate that an additional 7.1 million of its current rural population will move to cities by 2050. Yangon is currently the country's most dominant city, driven by economic development given its role as the commercial and financial capital of Myanmar. With a population of over 5 million people in the city and 7.4 in the wider metropolitan region, Yangon is significantly larger than the country's second largest city, Mandalay (1.22 million), and contributes approximately 20-25 percent of the country's GDP.

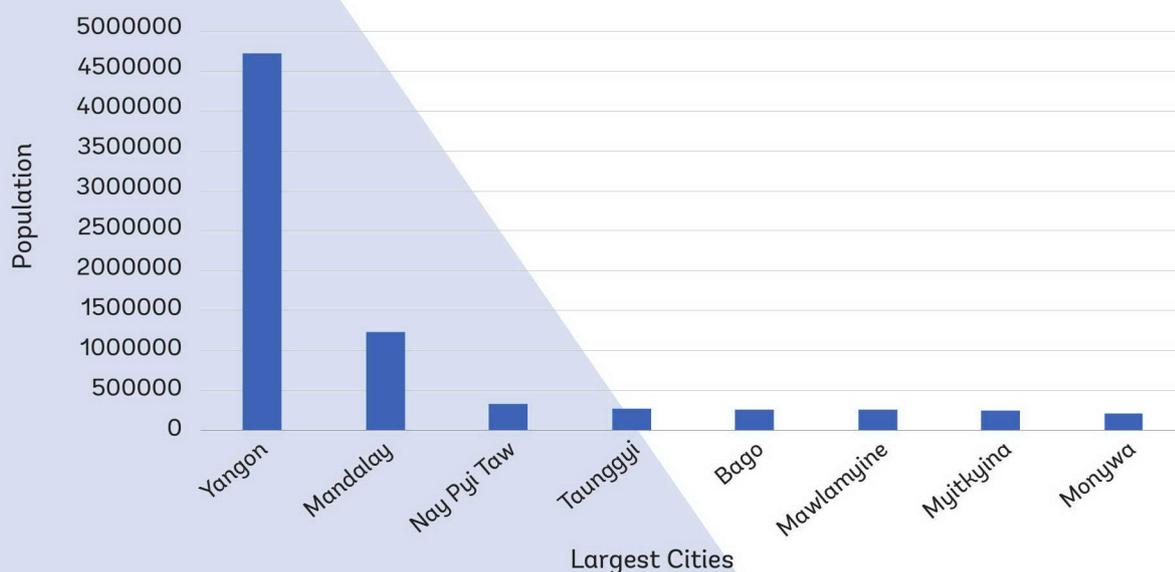
**Figure 2: Share of Urban Population**



Source: 2014 Census



**Figure 3: Yangon dominates among Myanmar's largest cities**



Source: 2014 Census

Much of the growth in urban areas is attributed to internal migration flows.<sup>3</sup> 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.

Urbanization thus far has brought reductions in urban poverty, with a substantial decline from 32.2 percent in 2004/5 to 14.5 percent in 2015.<sup>4</sup> Urban inequality is higher than in rural areas, with a Gini coefficient of 38.6 in 2015 (as compared to 28.3 in rural areas).<sup>5</sup> This is similar to many other countries, but cause for attention as urbanization increases

particularly given the potential links of inequality and social tensions in cities.

The increase in urban population has begun to put a severe strain on cities, particularly Yangon, 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 put a drag on opportunities for growth.

3 UNFPA, 2017, Myanmar 2014 Census, Thematic Report on Population Projections

4 MPLCS 2015 and 2017, World Bank Poverty Report. Estimate based on World Bank methodology

5 Data on trends is not available



# ECONOMIC INCLUSION

## CITIES ARE CENTERS OF ECONOMIC GROWTH BUT NOT EVERYONE BENEFITS

Cities are centers of economic activity and job creation, but for some, there are barriers in accessing income earning opportunities given issues linked to the labor market that result in high informality, low skills, or discrimination.

Growth is highest in the Yangon Region, which, with 13% of the total population in Myanmar, currently produces 25% of the country's GDP. Other growth centers include Mandalay, for its role in regional trade and logistics for Northern Myanmar and link to the Belt and Road Initiative, and Nay Pyi Taw because of its role as the capital. Smaller secondary cities also have an important role to play and would benefit from more detailed analysis.

Overall employment levels in urban areas are high, estimated at 78.2 percent for men and 53.5 percent for women.<sup>6</sup> This rate is higher than in 2005 for every age group, with the greater increases seen for women (though their overall rates are still lower than men). Urban workers spend long hours working, on average 53 hours, considerably higher than the national average of 40 hours per week.<sup>7</sup>

Yangon and Mandalay represent about a third of all firms in the country, but more than half of the number of formal sector workers (60 percent), and 50 percent of total value added and capital owned.<sup>8</sup> This high concentration is especially prevalent in manufacturing jobs, where Yangon represents 47 percent of all jobs, and Mandalay 16 percent. Most of the very large firms are located in Yangon given the concentration of industrial zones and more established infrastructure, particularly electricity. Despite the high employment rate and long hours worked, most of the jobs are low-productivity and low-paid jobs in household enterprises or small firms. Key constraints affect vulnerable groups in various ways as summarized below.



**21%**  
of workers in Myanmar had a high school education or above

## THE LACK OF SKILLS IS HINDERING BETTER JOBS FOR MANY

Firms have cited the lack of skills as a major obstacle which is also seen as a major deterrent for those entering the labor market.<sup>9</sup> Half of Myanmar's workers did not reach middle school. Twenty percent said that they never attended school (or only attended monastic schools) while another 39 percent did not complete primary school. Only 21 percent had a high school education or above.<sup>10</sup>

6 World Bank, 2017, Poverty Study

7 MPLCS, 2015

8 Myanmar Economic Monitor, 2018

9 Cunningham and Hertas 2017)

10 MPLCS, 2015

Among the more vulnerable groups, there are several specific factors that prevent higher educational achievement and skills development (though not specific to urban areas). For the poor, children dropout because they need to enter the labor market. For the disabled, studies show that children living with one or more disability have much lower rates of enrollment in education than those without. Even if enrolled, discrimination in school can cause children living with disabilities to drop out.<sup>11</sup>

## HIGH INFORMALITY CONSTRAINS INCLUSIVE GROWTH

The largest share of the population in cities, particularly the poor who typically have low educational attainment and skills, work in the informal sector, many in microenterprises. One survey estimated that approximately 95 percent of workers have no contracts, and that informal employment was the most common form of work among Myanmar's manufacturing enterprises.<sup>12</sup> Working in the informal sector can present challenges to inclusion as wages tend to be lower than the formal sector, and informal workers typically do not have social protections, labor regulations are often not adhered to, and there is increased vulnerability to external shocks and exploitation.<sup>13</sup>

Women overall earn about



# 30%

less than men, even when controlling for factors that may drive the wage differential

<sup>11</sup> Eden Center for Disabled Children, 2015

<sup>12</sup> 2017 survey of Myanmar's Micro, Small and Medium Enterprises, Ministry of Planning and Finance and UnU-WIDER, 2017)

<sup>13</sup> Baker and Gadgil, 2017

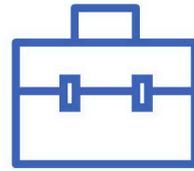


As in other developing countries, the widespread informal economy in Myanmar plays an important role in creating income for many in the labor market, but will require attention to ensure that more workers can gain access to markets, microfinance, and eventually transition to the formal sector.

For children with disabilities, discrimination begins at an early age with difficulties in accessing birth registration documents, enrolling in school, and staying in school. This then affects their ability to enter into the labor market and participate productively in society.

## DISCRIMINATION IN THE LABOR MARKET AFFECTS VULNERABLE GROUPS

Examples of discrimination affecting labor market entry and wages in Myanmar can be drawn from the literature. Women overall earn about 30 percent less than men, even when controlling for factors that may drive the wage differential.<sup>14</sup> Unlike most countries, Myanmar labor laws do not stipulate the principle of equal remuneration for work of equal value, and do not contain a provision of gender nondiscrimination in hiring, which may contribute to the wage discrepancies.



Approximately

# 95%

of workers in Myanmar have no contracts. Informal employment is the most common work among Myanmar's manufacturing enterprises

<sup>14</sup> The gender wage gap and could be due to various factors stemming from the literature: "unobservable or unmeasured factors that lower women's productivity (such as intermittent labor force participation, ownership of factors of production particularly land in highly agricultural Myanmar), employer or family (or self) selection out of more lucrative jobs, or competing time demands linked to gender roles (homecare, childcare) (World Bank 2011)





## RISK TO NATURAL HAZARDS, ECONOMIC AND HEALTH SHOCKS ARE HIGH FOR THE URBAN POOR AND CAN HAVE DEVASTATING IMPACTS ON HOUSEHOLD WELFARE

Natural hazards and economic shocks have been shown to negatively impact economic inclusion and to slow poverty reduction. When a natural disaster hits, there is much volatility in the economy, and it is often the poor that are hardest hit. The urban poor are particularly vulnerable as they typically live in less desirable and higher risk locations such as hillsides and flood prone areas. Economic and health shocks are also significant. Low-income populations in cities often do not have safety nets, family networks, or agricultural production to fall back on as they would in rural areas leaving them at risk. Shocks that cause a change in incomes can reduce investment in productive assets and can affect the education of future generations.

Myanmar's high exposure to a range of natural hazards, including cyclones, earthquakes, floods, landslides, tsunamis, and volcanoes, puts the country near the top of many high risk lists. The main economy-wide shock households in Myanmar face is reported to be fluctuations in the prices of basic needs that stem from exchange rate shocks, supply shocks, or shocks to transport and logistic costs.

Increases in food prices and in the prices of other basic commodities and services make it harder for the working poor in both rural and urban areas, who are net "consumers", to meet their basic needs. At the household level, health shocks are the most frequently reported (at the national level). 80 percent of households in Myanmar report health care costs related to inpatient or outpatient care and, of these, nearly a fifth reported that the health shock faced by their household had a severe negative impact on welfare.<sup>15</sup>

<sup>15</sup> MOPF and World Bank, 2017, An Analysis of Poverty in Myanmar



# SPATIAL INCLUSION

## CHALLENGES IN THE DELIVERY OF AFFORDABLE HOUSING, BASIC INFRASTRUCTURE AND SERVICES PARTICULARLY AFFECT THE URBAN POOR AND RESULT IN DISPARITIES IN LIVING CONDITIONS

Given Myanmar's early stage of urbanization, there is an important opportunity to shape cities so that they are well-planned, allow for job creation, affordable housing, and the movement of goods and people. Patterns of spatial inequality that segregate groups can ripen the conditions for instability particularly in cities given the density. Vulnerable groups in Myanmar face challenges of spatial exclusion related to accessing urban land markets, housing, and basic services in large part due to where they live or their citizenship status.

## SPATIAL PLANNING IS LIMITED AND HAMPERED BY CAPACITY CONSTRAINTS

While a spatial planning policy has been developed at the national, regional and township levels, challenges to implementation exist. Most cities lack a comprehensive, integrated land use and infrastructure plan to guide urban growth. A lack of clarity in roles and responsibilities – both across different levels of government and within individual government bodies – also hampers implementation

of urban policies and plans. This is underscored by technical capacity constraints, with a small number of trained urban planners available to draw up and implement plans across all levels of government.

## URBAN LAND ADMINISTRATION IS COMPLEX AND RESULTS IN HIGH COSTS FOR LAND

Secure land tenure and property rights are essential to inclusive urban development, as they underpin economic development and social inclusion. When land is poorly managed, associated problems often lead to disputes and corruption, land degradation, and lost socio-economic opportunities. In Myanmar, for historical reasons, there are issues with insecure land and property rights which are linked to exclusion and can cause vulnerability to livelihoods.

Myanmar's current land administration challenges are legacies of the British colonial period and subsequent regimes and can be characterized by multiple and overlapping institutional mandates as well as a weak system of land classification. In 2016, the Government adopted the new National Land Use Policy (NLUP) which is promising, however, there are many complexities that make implementation difficult including indeterminate land entitlements; lack of a comprehensive land registry and geospatial information; lack of a formal method to protect and recognize customary land rights; lack of Free, Prior and Informed Consent (FPIC) process (critical for Myanmar's Indigenous population); excessive use of state power on eminent domain; and policies for land concessions that override customary rights and other rights holders.<sup>16</sup>

<sup>16</sup> FAO, 2016



Weak awareness and knowledge of land laws, land policies, and land regulations by government staff, business, civil society and professionals has contributed to disputes, conflicts, and confusion in Myanmar's land sector.<sup>17</sup>

Overall the supply of land for affordable housing is very limited and results in high housing prices. Large pieces of land were transferred to private developers and individuals associated with the military in 2010 and 2011, which led to a shortage of government-owned land to develop affordable housing.

Aspects of exclusion to land in cities noted in the literature relate to citizenship (or obtaining proof of citizenship through the Citizenship Scrutiny Card which can be more difficult for ethnic or religious minorities), documentation of inheritance, transfers and ownership, literacy in Burmese, and high costs of registering deeds which can be prohibitive for low or middle-income families.<sup>18</sup> Tenure security is also a major challenge for many particularly those living in informal settlements which prevents poor residents' access to legal documents and municipal services, prevents them from investing in the houses and improving their own living conditions, brings fear of eviction, creates high level of turnover, uncertainty, and tension, and hinders social cohesion.

## ACCESS TO AFFORDABLE HOUSING IS VERY LIMITED LEADING TO GROWING INFORMAL SETTLEMENTS

Given the recent urban population growth and high prices of urban land, there are major shortages in adequate and affordable housing in cities, especially Yangon. Since economic liberalization, much of the housing construction has been for high-rise apartments and condominiums, adding stress to the affordability of housing as well as the cities' basic infrastructure and services.

In Yangon, only 25% of the households reside in formal housing units such as condominiums, apartments, and brick houses (also categorized as "pucca"). The remaining 75% of households live in semi-pucca or temporary structures that require frequent upgrades and retrofitting. Furthermore, prices are on the rise forcing some low-income residents to move into cheaper (and often poor condition) rental units or in worse cases, out of the rental housing market to squat in informal settlements.<sup>19</sup>

<sup>18</sup> Rhoades, 2017, Literature review, social inclusion in Myanmar

<sup>19</sup> UN Habitat, 2018

While there is no national level statistic on urban populations living in informal settlements, it is estimated that slum residents account for at least 10-15 percent of Myanmar's population.<sup>20</sup> In Yangon, the total area occupied by informal settlements in Yangon is over 2,000 acres with approximately 475,000 people (or 155,000 households) living in such settlements.<sup>21</sup> About three quarters of informal settlements are located in peri-urban areas.<sup>22</sup> The housing conditions in the settlements are poor, with most households living in small, low-quality temporary houses, with limited access to basic services. To address the growing housing shortage, the government put forth a "Million Homes Plan" to develop one million new housing units by 2030 though implementation has been slow due to capacity and financial constraints.

Housing finance in Myanmar, both supply (financing for housing developers) and demand (financing for home buyers), remains underdeveloped. The general financial system in Myanmar is limited, with access to basic financial services extremely low. As with most banks, only higher income households qualify for a housing loan as prices for houses that can serve as an acceptable collateral for the loan are typically high which excludes lower income populations. In 2013, under the initiative of MoC, the Construction and Housing Development Bank (CHDB), as a development bank with semi-government ownership, to stimulate housing construction by providing affordable loans to potential developers and home owners though a huge unmet demand remains.

20 International Growth Center, 2016

21 GAD, 2017

22 Mapping Yangon , UN-Habitat and Cities Alliance, 2017



## INFRASTRUCTURE AND BASIC SERVICE NEEDS IN URBAN AREAS ARE HUGE

One estimate finds that for Myanmar to keep pace with its infrastructure needs in large cities alone, approximately \$146 billion would be needed between 2010 and 2030.<sup>23</sup> According to this estimate, close to 60 percent of the urban capital investment would likely be required for residential housing; more than 10 percent for commercial real estate; over 20 percent for hard infrastructure such as water, sewage, power, waste, roads, and mass transit; and more than 5 percent for soft infrastructure including health care, education, public administration, and social services such as fire brigades and police buildings. While this estimate is very approximate and can be contested, there is no doubt that the investment needs in cities are massive.

Those living in informal settlements are most affected as access to even the most basic services is limited. These limitations have negative outcomes on health indicators and ability to increase income generation from home based microenterprises. For those living in periphery areas, the limited availability of roads or access to public transport makes access to job markets and some urban services prohibitive.

In general women are particularly affected by inadequate services. Women's safety is also placed at risk through inadequate sanitation infrastructure. In Myanmar's slums, open defecation, which often takes place at night for the sake of privacy, subjects women and girls to greater risk of attack.<sup>24</sup> Even when shared sanitation facilities are available, studies have shown that harassment and gender-based violence is more likely to occur at toilets that are located away from home.<sup>25</sup>

<sup>23</sup> McKinsey Global Institute, 2013, Myanmar's moment: Unique opportunities, major challenges. Note: These estimates assume that Myanmar's large cities reach infrastructure levels in 2030 similar to what we see today in cities of comparable size in China, Indonesia, South Africa, and other developing countries

<sup>24</sup> 2014 Myanmar Population and Housing Census Thematic Report on Housing Conditions and Household Amenities, published by the Government of Myanmar and UNFPA

<sup>25</sup> Tacoli, 2012, Urbanization, Gender and Urban Poverty: Paid Work and Unpaid Carework in the City. International Institute for Environment and Development: United Nations Population Fund, London, UK



## URBAN MOBILITY AND TRANSPORT ARE CHALLENGES FOR MANY

Urban mobility is essential to spatially inclusive urban development as it allows people to access jobs, services and city resources. If segments of the population have challenges in moving around due to access and where they live, cost, safety, or discriminatory practices, this can affect their inclusion in urban life. Conditions for Myanmar's urban transport have rapidly declined since 2012. With the economic recovery and 2011 relaxation of restrictions vehicular imports and licensing, the number of private vehicles has rapidly increase in major cities. In the case of Yangon, the vehicle fleet grew by 37% between 2012 and 2015 – the number of cars doubled. Outside of Yangon, cities are experiencing the rise of private motorcycles

(in Yangon, motorcycle share is low as they have been prohibited from entering the city center). With the rapid increase in personal vehicles as well as challenges in public transport, traffic congestion has emerged an urgent challenge.

Furthermore, the conditions of urban mobility remain a critical challenge in densely populated informal settlements and resettlement areas in Myanmar. In Yangon, 54% of the informal settlements have internal road networks provided by the government or built by the community, but most roads are unpaved and only 1.2 percent of the roads have drainage. Flooding is common during the rainy season in these areas which significantly affects mobility (among other things).<sup>26</sup>

26 UN-Habitat and Cities Alliance, 2017





## COVERAGE FOR URBAN WATER AND SANITATION IS LOW LEADING TO HEALTH RISKS

The urban access rate for water supply is 94 percent, yet only 18 percent have piped water supply to the premises.<sup>27</sup> While the accessibility data look comparable to those in other Southeast Asian countries, the health risks of diarrhea-related and water-related vector-borne diseases are significantly higher in Myanmar, due to underinvestment in preventive healthcare and water/sanitation infrastructure. Nearly all urban areas in Myanmar have suffered chronic under-investment in urban infrastructure though conditions are worst in smaller cities and towns. Thus, most urban water supply is untreated, and likely to be contaminated by bacteriological contaminants (and arsenic in the Ayeryawady delta groundwater). Networked services rarely exist in most smaller cities and many residents have developed their own private or shared water sources, which are often unsafe and not sustainable.<sup>28</sup> It is estimated that a third of urban

dwellers rely on bottled water for drinking.<sup>29</sup> Even in Yangon and Mandalay water is only partially treated.

With regard to sanitation, 96 percent of the population in urban areas have access to improved sanitation, either a flush toilet or water-sealed latrine (MPLCS, 2015) and only three cities (Yangon, Mandalay and Nay Pji Taw) have piped sewerage systems or centralized wastewater treatment systems. Most households outside of these three cities, in formal residential areas, have septic tanks but these are not routinely serviced or treated and there is no systematic collection and treatment of domestic wastewater. Households in informal settlements rely on improvised latrines and storm-water drains that carry untreated sewage in open channels. Furthermore, small-scale enterprises and industries often allow chemical waste (such as dyes for silk and weaving cloth) to run into the roadside drains, causing severe environmental impacts and pollution of water courses and ground water.

<sup>27</sup> UNICEF 2015, Delivering Results for Children 2015. Programme of Cooperation between the Government of the Union of Myanmar and UNICEF

<sup>28</sup> Ibid

<sup>29</sup> ADB, 2017



## SOLID WASTE MANAGEMENT SERVICES ARE LIMITED, PARTICULARLY IN SLUMS, AND CREATE URGENT CHALLENGES

Solid waste management (SWM) is essential to the functioning of cities and to individual's livelihoods as the absence of services will lead to serious environmental and public health issues. With rapid economic growth and shifts in consumption and production patterns since 2012, waste generation has significantly increased in Myanmar. Collection is labor intensive, landfills remain open dumping sites, recycling is undertaken mainly by informal sector, and large amounts of uncollected waste are open disposed in drains and canals, causing degradation of environment and public health, breeding opportunities for mosquitoes and other waterborne diseases, as well as increases in flood damages due to reduction of drainage capacity.<sup>30</sup> Safety measures

for SWM workers, where many of the urban poor work, are often inadequate.

In slums, conditions are even worse with very limited access to municipal, community-organized, or private-sector led solid waste management services. Littering is widespread and waste is left uncollected, with most slum residents dumping their garbage in open spaces, roadsides, rivers, or ponds, further exacerbating poor sanitary conditions.<sup>31</sup> However, although large amounts of household solid waste remain uncollected, the informal plastic collection and recycling chain is sizable, helping to recycle plastic waste and providing a source of income to thousands of households in Myanmar.<sup>32</sup>

<sup>30</sup> ADB, 2017a

<sup>31</sup> UN-Habitat and Cities Alliance, 2017

<sup>32</sup> Netherlands Enterprise Agency, 2017



## DISASTER RISK MANAGEMENT IS EXACERBATED BY POOR DRAINAGE CREATING SUBSTANTIAL FLOOD RISK DURING THE MONSOON SEASON

A resilience lens is critical to an inclusive and sustainable urban development in Myanmar given its high exposure to natural hazards. In terms of infrastructure, most cities in Myanmar lack proper storm water drainage networks and face severe flooding during the monsoon season. In Yangon, inadequate tertiary drainage networks and blocked primary and secondary networks result in monsoon season flooding with inundations 0.5 to 1.0 meters deep. The drainage network and the capacities of pumping stations are insufficient to discharge excess water out of the city area.<sup>33</sup> Lack of dredging and maintenance of the storage ponds and canals also exacerbate the issue, particularly in combination with other urban sanitation challenges such as the dumping of solid waste. Mandalay and secondary cities share similar challenges.

Various development partners have highlighted the urgency of mainstreaming and strengthening resilience in Myanmar's urban development and are supporting investments in drainage, flood protection and improving of early warning systems though there is still much to be done, particularly in the vulnerable slum areas.

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33 ADB2017a



# SOCIAL INCLUSION

## INEQUITABLE OPPORTUNITIES AFFECT MANY

Social inclusion relates to fostering and enabling inclusive attitudes towards marginalized groups, regardless of differences in gender, ethnicity or region of origin. In Myanmar, there are a few subgroups that have been identified as vulnerable to exclusion in the urban context -- internal migrants, the urban poor, people with disabilities, and some ethnic and religious minorities. Exclusion also exists based on sexual orientation and gender identity minorities (SOGI) though information on this

subgroup was very limited.<sup>34</sup> The exclusion can affect access education, employment and health services.

Inequality, closely linked to social exclusion, is higher in cities, as well as more starkly evident given the density of people. Informal settlements exist side-by-side with better-off neighborhoods in larger cities. For subgroups, this plays out in various ways. For example, a citizenship scrutiny card (CSC) is needed to own property, practice law, access university, apply for electricity, and buy health insurance; those who lack one report difficulty in buying and selling land, accessing rights to security, legal protection, and inheritance; difficulties are also reported with getting cash transfers in social protection schemes, stipends, and scholarships (World Bank, 2017).

<sup>34</sup> World Bank, Social Inclusion in Myanmar, 2017 draft paper





## URBAN MIGRANTS

Most migrants in Myanmar move for work (56%), or to accompany those who move for work (38% move to join a family member). Many migrants work as micro entrepreneurs and only 7% of migrant workers had a written contract which exposes them to exploitation. Some literature points to various problems faced by immigrant entrepreneurs including poor knowledge about existing markets, limited access to finance and connections with the local population.<sup>35</sup>

Interviews with migrants as well as local government officials reflect gaps in access to services in urban areas.<sup>36</sup> Officials across ministries and regions all cited migration as an important phenomenon that has major impacts on the way they work for example with regard to urban planning, or the delivery of social services, but also reported that the lack of existing data made it difficult to know how and where to support migrants.



# 14%

of Myanmar migrant workers reported being in a situation of trafficking for forced labor

## THE URBAN POOR

Despite the significant decline in urban poverty in Myanmar, many poor households, mainly dwelling in fringes of cities, live in with much deprivation, struggling to meet basic needs for living. Data show these households grapple with almost chronic food insecurity and spend a disproportionate amount of income on healthcare.

Financial inclusion is another challenge among the urban poor. A survey of poor households in Yangon found that 86% had taken loans in the informal sector, with interest rates in excess of 20%. High levels of indebtedness and high-interest loans are thus widespread.

<sup>35</sup> Fairlie and Woodruff 2010, OECD 2010, Marchand and Spiegel 2014

<sup>36</sup> World Bank, 2016, A Country on the Move: Domestic Migration in Two Regions of Myanmar, A qualitative Social and Economic monitoring thematic study

Although the majority of informal settlers send their children to school, the number of children enrolled drops drastically after the age of 13 when many leave school to seek work in the informal sector.<sup>37</sup> Common informal work for girls includes employment in garment factories, or as housemaids, while boys tend to work as street vendors or casual laborers. Many girls also leave school to care for younger family members, allowing parents to go to work. Without an income, these girls are often considered a financial burden for their families.

Challenges related to legal documentation, tenure security, and crime also exist. A significant number of urban residents do not have legal identity documents. Residents in informal settlements have difficulties in accessing legal documents which in turn hinders their access to formal employment, municipal services and low-interest loans.<sup>38</sup> For example, a National Registration Certificate (NRC) is often required to be employed in larger factories. To obtain one, proof of a permanent address has to be shown, which is often not possible for those renting spaces in illegal settlements.

Crime and violence further affects vulnerable groups. Informal settlements, especially large ones such as Hlaing Thayar township, are infamous for high level of crimes. Many informal settlers themselves are victims of crimes. As police are not seen as playing a proactive role in upholding law and order, residents tend not to report crime to them or to other ward authorities, particularly when they have newly arrived in a settlement. Women, particularly single women and widows, are reported as being afraid to walk the streets of informal settlements alone at night. They are also less likely than men to report crimes, as they feel more vulnerable and fear revenge from the criminals.<sup>39</sup>

## PEOPLE WITH DISABILITIES

An estimated 2.3 million people, or some 4.6 percent of Myanmar's population, is reported to live with some sort of disability.<sup>40</sup> The disabled are excluded in various ways –many cannot access education, employment and health services.<sup>41</sup> Illiteracy levels among the disabled are more than 10 times as high as for those without disabilities. Children with disabilities may lack proper birth registration documents, which then constrains their access to services over the long term.

37 YCDC and Save the Children, 2016

38 Myanmar Ministry of Immigration and Population Report, 2015

39 DIIS, 2017

40 The definitions of disability used in the census were in line with international standards and UN recommendations, and consist of having self-reported difficulties with seeing, hearing, walking, and remembering or concentrating. These are four of the six developed by the Washington Group on Disability Statistics

41 Ministry of Labour, Immigration and Population, 2017



## GOVERNANCE AND FINANCING FOR URBAN DEVELOPMENT IS CHALLENGED IN FULFILLING KEY ROLES

Building inclusive and sustainable cities requires strong institutions and good governance at all levels of government, particularly at the local level. The 2008 Constitution laid the groundwork for increasing political (transfer of decision-making power and accountability), administrative (distribution of managerial responsibilities) and fiscal (expenditure responsibilities and corresponding financial resources) decentralization in Myanmar. State and region governments, for instance, were legally established, providing them the right to enact laws, prepare budgets, collect taxes, and manage entities under their control.

While urban service delivery functions have been devolved to subnational governments, in practice, local governance is often hampered due to limited implementation of policies/frameworks, financial resources, and technical capacities. Lack of transparency and fair decision making as well as insufficient resources to successfully implement programs and policies on the ground may lead to unequitable urban development and intra-city disparities, which may further lead to social tensions, crime and violence.

Subnational governments remain reliant on Union government transfers for revenue – currently 90% of revenues come from such transfers. In the larger cities of Yangon and Mandalay, half of the cities' revenues comes from transfers, while the remaining half are raised through own-source revenues. As tax administration is generally weak, property tax constitutes a small proportion of subnational revenue.

Both international and domestic private resource flows have increased significantly in Myanmar since 2011. In terms of international private resource flows, foreign direct investment (FDI) grew more than six-fold between FY 2012/13 FY and FY 2015/16. While the share is small compared to FDI, domestic private investments have also increased incrementally, especially in the sectors of real estate, transport, and manufacturing. This growing appetite presents an opportunity for cities to leverage the private sector in financing inclusive and sustainable urban development.



# 90%

of subnational government revenues come from Union government transfers



# PRIORITIES FOR INCLUSIVE, SUSTAINABLE AND COMPETITIVE URBANIZATION

Given Myanmar's relatively early stages of urbanization, investments and policies 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 sustainability, prosperity and competitiveness.

The framework of economic, spatial and social inclusion used in the report points to several priority policy recommendations, outlined in the table below including indication of short, medium and longer term prioritization. Many of the recommendations come back to the need for:

- investments in sustainable urban infrastructure and in-situ community based urban upgrading to provide basic services for all, ensure mobility for the flow of people, goods and services;
- building resilience to mitigate the impact of shocks on people's livelihoods and health;
- reforms to policies in order to facilitate access to legal documentation for migrants and specific subgroups, and targeted social programs for those that are particularly vulnerable to exclusion and may not be able to benefit from urban opportunities; and
- capacity building and new financing for urban development

Taking these recommendations forward will require additional work to identify champions, key stakeholders, 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.

## PROMOTING ECONOMIC INCLUSION TO FOSTER JOB CREATION AND RESILIENCE TO SHOCKS

From a broad policy perspective, there are many opportunities for promoting economic inclusion through better access to and quality of education for all, and addressing issues in the macro economy and labor market to create increased opportunities for employment and income generation. At the urban level using an economic inclusion lens, two key priorities stand out: addressing the high levels of informality; and improving resilience to natural hazards and economic shocks.



## CREATING OPPORTUNITIES FOR THOSE IN THE INFORMAL SECTOR.

A full discussion of issues in the labor market that may contribute to high levels of informality is beyond the scope of this report. Myanmar still has major work in addressing bottlenecks to improving the environment for the private sector which will attract more and diversified foreign investments to sustain job creation (World Bank, 2018b). For those groups that are more prominent in the informal sector (e.g. the urban poor, migrants, and women), opportunities to enhance their income and access to the formal sector include: urban upgrading to provide better infrastructure services that will enable more home based work; better transportation to enable mobility to jobs and markets; education and training programs that are linked to the skills needs in urban based industries; and micro finance for small entrepreneurs.

Such investments will have complimentary impacts, though implementation will require a phased approach as outlined in the summary table below.

## BUILDING RESILIENCE

Given Myanmar's exposure to risk, building resilience, particularly for marginalized groups who are often hit the hardest by disasters or shocks will be important to economic inclusion. Building resilience can be achieved by ensuring infrastructure investments are resilient, by creating insurance and catastrophic risk pools, and through strengthening disaster planning and early warning systems in urban areas. The Myanmar Southeast Asia Disaster Risk Management Project aims to build resilience through improving drainage services, and the structural performance of selected public facilities in Yangon, and enhancing the capacity of the Government to facilitate disaster response.

For the urban poor and other marginalized groups who are typically at highest risk, key priorities include in-situ community based urban upgrading, and programs that invest in early warning systems which can help plan for shocks and mitigate impacts on the population.





## PROMOTING SPATIAL INCLUSION TO IMPROVE ACCESS TO AFFORDABLE LAND, HOUSING AND SERVICES FOR LOW INCOME, AND VULNERABLE POPULATIONS

The current needs in Myanmar's cities are substantial. Investing in affordable, safe, and reliable housing, sustainable infrastructure, and transportation services, particularly in underserved areas, can reduce spatial inequality, open up new employment opportunities, and reduce health and disaster risk. Building capacity to carry out integrated planning is also essential. Sustainability, in the case of Myanmar, particularly includes resilience, but given the lock-in effects of infrastructure, approaches for compact low carbon urban development are also critically important.

## INVESTING IN EQUITABLE ACCESS TO SUSTAINABLE INFRASTRUCTURE AND AFFORDABLE HOUSING

Infrastructure needs exist across sectors including affordable housing, urban transport, water, sanitation, solid waste, and drainage. Such needs

are particularly acute for those living in informal settlements. Addressing some of the fundamental building blocks related to land administration, urban and land use planning will be essential, and improving access to affordable and reliable transportation will help to open better access to employment opportunities, services and amenities for many. Together, these investments can help to reduce spatial disparities within cities.

In-situ urban upgrading of low income areas would have a significant impact on promoting spatial inclusion and help to address existing inequalities. Participatory approaches are important to ensuring community needs and those of vulnerable groups such as women or the disabled are addressed. This may include universal access, better street lighting for safety, or other approaches. Community participation has been demonstrated to have better outcomes in terms of sustainability of interventions.

As the population in cities rise, the needs for affordable housing are also on the rise. The deficit particularly in Yangon is substantial. Several existing initiatives, such as the "Million Homes Plan" or slum upgrading programs are important to addressing housing needs and need to be scaled up. Ensuring that affordable housing options are linked to reliable and affordable transport will be critical to ensuring spatial and economic inclusion for those living in the periphery. A number of examples such as the Vietnam Urban Upgrading or the Indonesia Approach to Affordable Housing and Slum Upgrading are highly relevant for Myanmar.

## IMPROVING INTEGRATED URBAN PLANNING WHICH IS COORDINATED WITH CAPITAL INVESTMENT PLANS

The physical layout of a city is one of several factors that can impact access to jobs and services. Residents of a low-income area with no direct access to transport routes, for instance, have considerably fewer opportunities for employment and income-generation. Adopting an integrated planning approach is one key way to ensure that there is more equitable access to infrastructure and amenities. Robust urban planning can also preemptively mitigate some of the challenges commonly associated with a quickened pace of urbanization, such as sprawl, congestion and the proliferation of informal settlements.

Building capacity for integrated urban planning is important for Myanmar, particularly considering its complex subnational governance structures and the current practice of urban planning being carried out at different levels of government, often without coordination. The finalization of the National Urban Development Strategy presents an entry point for further engagement in this regard. The Singapore experience is one that demonstrates how integrated planning has effectively been carried out, and the strong role of participation in the planning process.





## PROMOTING SOCIAL INCLUSION TO IMPROVE CONDITIONS FOR VULNERABLE GROUPS TO FULLY PARTICIPATE IN SOCIETY

For the subgroups in cities that do not fully benefit from urbanization due to the many reasons discussed in this overview, targeted social programs, and policies to allow for the formalization of their identity in the city, will help to promote social inclusion.

## TARGETING SOCIAL PROGRAMS

Programs that reach marginalized groups such as the disabled or new migrants that may not have the skills or networks to find employment are in need. For the disabled in urban areas, there are good practice examples from other countries that use universal design approaches to planning to implement technical standards for accessible infrastructure and transport. Specialized school programs would allow many children, who are currently unable to attend school, to attend.

A focus on migrant populations is important for social inclusion in urban areas. International evidence shows that policies to remove obstacles linked to migration status for access to services, and addressing various forms of economic, political, and cultural discrimination against migrants are important as are tackling stereotypes and promoting intercultural dialogue and understanding. For Myanmar, there are important opportunities for such awareness raising, targeted programs in linking migrants with job opportunities, facilitating migration through affordable loans or subsidy programs, and ensuring rental and affordable housing options can facilitate their transition to the city. Vietnam, for example, offers several types of financial assistance to migrants, including loans with preferential conditions and a program which pays travel-related expenses and provides preferential credit to poor workers. In the China Rural Migrant Project (through the Government of China with World Bank support), information, employment assistance, and other services are used to enhance migration as a jobs strategy. Such programs could be adapted for the Myanmar context.

## FACILITATING ACCESS TO LEGAL DOCUMENTATION

Evidence from other countries shows that enabling the flow of people through migration, particularly when driven by economic forces, is a positive and selective process (World Bank, 2009). Stemming the flow of people can create unnecessary friction and impose the cost of forgone opportunities for economic growth and convergence in living standards. By removing obstacles linked to migration status for access to basic services such as health and education, and addressing various forms of economic, political, and cultural discrimination against migrants, governments can foster economic growth and promote social inclusion.

Given the difficulties in obtaining legal documents by certain minorities in Myanmar, reforms are needed, for example, for the National Registration Certificate (NRC) which is often required to be employed in larger factories but only available for those with a permanent address. Such policies are a deterrent to inclusion and can perpetuate the cycle of poverty.

## FOSTERING GOOD GOVERNANCE AND FINANCING TO CREATE THE BASIS FOR INCLUSIVE, COMPETITIVE AND SUSTAINABLE CITIES

As Myanmar transitions from a highly centralized system, strong institutions and good governance that include transparency and fairness in decision making will be important at the local level to foster an inclusive approach. It is also essential to sustainability and city competitiveness goals. Among key priorities are improving coordination and operational processes for urban planning, management and local service delivery, ensuring local participation, and developing a more comprehensive approach to improving financing for urbanization.

## STRENGTHEN COORDINATION BETWEEN THE VARIOUS GOVERNMENT AGENCIES AND STREAMLINE OPERATIONAL PROCESSES RELATED TO URBAN PLANNING, MANAGEMENT AND LOCAL SERVICE DELIVERY

Currently the lack of integrated planning and budgeting with little vertical/horizontal coordination and cross-sectoral planning between government agencies hampers planning and service delivery. Strengthening horizontal/vertical/cross-sectoral coordination and streamlining operational processes are critical to improving the efficiency of local service delivery. In parallel, efforts are needed to build capacity to implement such priorities through training and technical assistance programs.

## STRENGTHEN PARTICIPATORY PLANNING INVOLVING COMMUNITIES AND CITIZENS FOR STRONGER LOCAL GOVERNMENT ACCOUNTABILITY FOR INCLUSIVE URBAN DEVELOPMENT

Engaging communities and citizens in decision-making processes is important in strengthening policies, enhancing service delivery, and ensuring social stability in cities. Enhancing community participation ensures that priority needs are identified and that local governments are held accountable. Currently, the TDACs of DAOs are composed of seven members, of which four are indirectly-elected community representatives. This can be further enhanced to allow for stronger community participation.

## DEVELOP A COMPREHENSIVE APPROACH TO IMPROVING FINANCING MECHANISMS FOR INCLUSIVE URBAN DEVELOPMENT

A holistic approach to improve the SNG financial mechanism, including revenue allocation, budgeting, and financing capacity is urgently needed to enable municipalities to fulfill their service delivery responsibilities. Among key elements are: intergovernmental fiscal transfer mechanisms to improve disparities across SNGs; increasing own-source revenue generation to allow SNGs to have higher discretion over the use of funds to meet local needs; strengthening the property tax system so that it can over time become a major revenue source for sub-national governments; increasing opportunities for private sector financing for inclusive urban development; and utilizing innovative financing mechanisms such as Land Value Capture.

# CONCLUSIONS

This report has brought together a substantial amount of accumulated knowledge from recent studies. The information provides a basis for understanding key issues facing inclusive urbanization in Myanmar, with a particular emphasis on Yangon. As discussed above, there is much work to be done in increasing investments in cities and in implementing reforms. The World Bank and other donors are increasingly engaging in the urban sector in Myanmar, with scope for scaling up to assist with the reform process. This will take further coordination, and a strong commitment from government for implementing a bold reform agenda as summarized in the table below.



**Table 1. 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
<b>Promoting economic inclusion to foster job creation and resilience to shocks</b>			
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"> <li>begin identification of high risk areas, needs and upgrading plan (S)</li> <li>secure financing (S-M)</li> <li>implementation (M-L)</li> </ul> <p>Access to micro finance for small entrepreneurs (M-L)</p> <ul style="list-style-type: none"> <li>develop enabling environment and incentives to foster micro finance (M-L)</li> <li>ensure gender equality in access (M)</li> </ul> <p>Transport investments to enable mobility to jobs and markets (L)</p> <ul style="list-style-type: none"> <li>Education and training for skills in urban jobs (L)</li> <li>prioritize vulnerable groups (S-M)</li> <li>investments in access and quality improvements (L)</li> </ul>	<ul style="list-style-type: none"> <li>Development Affairs Organizations (DAOs)/ City Development Committees (CDCs)</li> <li>Ministry of Construction;</li> <li>Ministry of Education; Planning and Finance</li> </ul>
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"> <li>identify and prioritize investments (S)</li> <li>begin implementation (M)</li> </ul> <p>Drainage/solid waste management (M-L)</p> <ul style="list-style-type: none"> <li>identify and prioritize highest risk areas (S)</li> <li>implementation (M)</li> </ul> <p>Early warning systems (S)</p> <ul style="list-style-type: none"> <li>design and implement approach to reach the most vulnerable (S)</li> </ul>	<ul style="list-style-type: none"> <li>DAOs/ CDCs</li> <li>Ministry of Construction</li> <li>Ministry of Social Welfare, Relief and Resettlement</li> </ul>

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
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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"> <li>• identify and prioritize needs with targeting of areas for greatest impact (S-M)</li> <li>• ensure participatory design that is gender, disabled-informed (S)</li> <li>• begin implementation (M-L)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Construction;</li> <li>• Ministry of Natural Resources and Environmental Conservation (MOREC)</li> </ul>
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"> <li>• diagnostic needs assessment and development of affordable housing plan (S)</li> <li>• ensure target is for low income populations (S)</li> <li>• create enabling environment for housing supply and demand (M)</li> <li>• develop approach to incentivize private sector for low income market (S-M)</li> <li>• implementation (L)</li> </ul> <p>Implement the National Land Use Policy (S-M)</p> <ul style="list-style-type: none"> <li>• enable and train staff for implementation (S-M)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Construction;</li> <li>• Construction and Housing Development Bank (CHDB);</li> <li>• Ministry of Planning and Finance</li> </ul>
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"> <li>• set up coordination mechanism (S)</li> <li>• invest in geospatial data and sharing platforms (e.g. plan for national spatial data infrastructure) (S)</li> <li>• Ensure planning is gender and disability-informed</li> </ul> <p>Capacity building (M-L)</p> <ul style="list-style-type: none"> <li>• identify needs and develop longer term strategy (M)</li> <li>• implementation (L)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Construction</li> <li>• Ministry of Social Welfare, Relief and Resettlement</li> </ul>

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
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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"> <li>• identify and prioritize needs (S)</li> <li>• program design, implementation (M)</li> </ul> <p>Addressing gender and other discrimination (S-M)</p> <ul style="list-style-type: none"> <li>• awareness raising, education (S)</li> <li>• policy reform (M)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Labor, Immigration and Population;</li> <li>• Ministry of Social Welfare, Relief and Resettlement</li> </ul>
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"> <li>• identify equitable approach and design system (S)</li> <li>• implementation (M)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Labor, Immigration and Population;</li> <li>• Home Affairs</li> </ul>

**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"> <li>• carry out diagnostic assessment of processes and develop recommendations for efficiency for core urban services (S)</li> <li>• implement changes in a phased manner (S-M)</li> </ul> <p>Horizontal and vertical coordination needed (S-L)</p> <ul style="list-style-type: none"> <li>• carry out institutional mapping and assessment for core agencies and recommend reforms (S)</li> <li>• implement changes in a phased manner (M-L)</li> </ul> <p>Invest in capacity building for implementation (M-L)</p>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Relevant sectoral Ministries</li> </ul>
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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
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**Ensuring good governance and finance for urban development is fundamental to creating inclusive, competitive and sustainable cities**

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"> <li>• mainstream participation in urban planning and program design (S)</li> <li>• train relevant staff (S)</li> <li>• ensure low income communities are included (S)</li> </ul>	<ul style="list-style-type: none"> <li>• DAOs/ CDCs</li> <li>• Ministry of Construction</li> </ul>
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"> <li>• diagnostic work to identify approach for reform (S)</li> <li>• implementation (M)</li> </ul> <p>Strengthen local revenue generation (M-L)</p> <ul style="list-style-type: none"> <li>• diagnostic work to develop proposals for increasing property tax revenues (S)</li> </ul> <p>Allow more local discretion over funds use (S)</p> <ul style="list-style-type: none"> <li>• Develop transparent decision making and implementation process (S)</li> </ul> <p>Scale up private sector financing through improvements in enabling environment (M-L)</p> <ul style="list-style-type: none"> <li>• Address existing bottlenecks through reform (M-L)</li> <li>• Invest in capacity building (S-M)</li> </ul> <p>Explore use of Land Value Capture for larger cities (S-M)</p> <ul style="list-style-type: none"> <li>• Carry out diagnostic work to identify key opportunities (S)</li> <li>• Implementation (M)</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Planning and Finance;</li> <li>• Ministry of Commerce</li> </ul>

Table 2. Priority Policy Recommendations by Time Frame

THEMATIC AREA	SHORT TERM YEARS 1-2	MEDIUM TERM YEARS 2-3	LONG TERM YEARS 3-5
<b>ECONOMIC INCLUSION</b>	<b>In Situ Community Based Urban Upgrading</b>		
	Identify high risk areas, needs and upgrading plans		
	●	●	●
		Secure financing	Begin implementation
	<b>Microfinance for small entrepreneurs</b>		
		Ensure gender equality in access	Develop enabling environment and incentives to foster microfinance
		●	●
			<b>Transport investments to enable mobility to jobs and markets</b>
			<b>Education and training for skills in urban jobs</b>
	Prioritize vulnerable groups		Invest in access and quality
	●		●
			<b>Drainage/solid waste management</b>
	Identify and prioritize high risk areas	Begin implementation	
	●	●	
			<b>Early warning systems</b>
	Design and implement		
	Ensure approach to reach the most vulnerable		
	●		

THEMATIC AREA	SHORT TERM YEARS 1-2	MEDIUM TERM YEARS 2-3	LONG TERM YEARS 3-5
<b>SPATIAL INCLUSION</b>	<b>Invest in infrastructure needs - water, sanitation, roads, drainage, solid waste management</b>		
	<b>In-situ upgrading of existing housing stock and slum areas</b> Create enabling environment for housing supply and demand  Diagnostic needs assessment and development of affordable housing plan  Ensure target is for low income populations  Develop approach to incentivize private sector for low income market		
	●	●	Begin implementation ●
	● <b>Implement the National Land Use Policy</b>  Enable and train staff for implementation	<b>Align plans across agencies (land use, transport, environment, disaster risk)</b>  Set up coordination mechanism  Invest in geospatial data and sharing platforms (e.g. plan for national spatial data infrastructure)  Ensure planning is gender and disability-informed  ●	

THEMATIC AREA	SHORT TERM YEARS 1-2	MEDIUM TERM YEARS 2-3	LONG TERM YEARS 3-5
<b>SOCIAL INCLUSION</b>	Identify and prioritize needs	<b>Targeted programs designed to: link migrants with job opportunities, and provide assistance for disabled</b> Program design and begin implementation	
	<b>Addressing gender and other discrimination</b> Awareness raising, education	Program design and implementation Policy Reform	
	Identify equitable approach and design system (S)	<b>Reform of identification card system to ensure equity and remove obstacles linked to migration status</b> Begin implementation	
<b>GOVERNANCE AND FINANCE</b>	<b>Streamline processes for urban management, delivery</b> Carry out diagnostic assessment of processes and develop recommendations for Prioritize efficiency for core urban services		
	Carry out institutional mapping and assessment for core agencies and services	<b>Horizontal and vertical coordination needed</b> Implement Changes in a phased manner Invest in capacity building	
	<b>Engage communities and citizens to help to promote inclusion</b> Mainstream participation in urban planning and program design Train relevant staff Ensure low income communities are included		

THEMATIC AREA	SHORT TERM YEARS 1-2	MEDIUM TERM YEARS 2-3	LONG TERM YEARS 3-5
<b>GOVERNANCE AND FINANCE</b>	Invest in capacity building	<p><b>Utilize intergovernmental fiscal transfer mechanisms to equalize regional disparities</b></p> <p>Improvements in enabling environment Address existing bottlenecks through reform</p>	
	Diagnostic work to identify Approach for reform	<p><b>Utilize intergovernmental fiscal transfer mechanisms to equalize regional disparities</b></p> <p>Begin implementation</p>	
	Diagnostic work to develop proposals for increasing property tax revenues	<p><b>Strengthen local revenue generation</b></p>	
	Develop transparent decision making and implementation process	<p><b>Allow more local discretion over funds use</b></p>	
	Invest in capacity building	<p><b>Scale up private sector financing through improvements in enabling environment</b></p> <p>Address existing bottlenecks through reform</p>	
	Carry out diagnostic work to identify opportunities	<p><b>Explore use of Land Value Capture for larger cities</b></p> <p>Implementation</p>	



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