

Final report



Coping with COVID-19

Protecting lives,
employment, and
incomes in Myanmar



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October 2020

DIRECTED BY



FUNDED BY



Table of Contents

EXECUTIVE SUMMARY	4
1. THE IMPACT OF THE COVID-19 CRISIS IN MYANMAR SO FAR AND THE GOVERNMENT'S RESPONSE	11
A. THE HEALTH AND ECONOMIC IMPACTS OF COVID-19.....	11
<i>Health</i>	<i>11</i>
<i>Economic Growth, Employment, and Incomes</i>	<i>11</i>
B. THE SECTORAL IMPACTS OF COVID-19	13
<i>Agriculture</i>	<i>13</i>
<i>Garments and other factories.....</i>	<i>14</i>
<i>Retail and wholesale trade</i>	<i>15</i>
<i>Tourism.....</i>	<i>15</i>
<i>Remittances.....</i>	<i>15</i>
<i>Construction</i>	<i>16</i>
<i>Mining, oil, and gas.....</i>	<i>16</i>
C. GoM's COVID-19 ECONOMIC RELIEF PLAN	16
2. MINIMISING THE SPREAD OF COVID-19 AND MAINTAINING ECONOMIC ACTIVITY	20
<i>Good hygiene and social practices.....</i>	<i>20</i>
<i>Testing and tracing.....</i>	<i>21</i>
<i>Social distancing.....</i>	<i>22</i>
<i>Lockdown and restrictions on personal mobility</i>	<i>23</i>
<i>The COVID-19 vaccine campaign</i>	<i>24</i>
3. PROTECTING VULNERABLE HOUSEHOLDS.....	25
A. HOW TO HELP HOUSEHOLDS AND WORKERS.....	25
B. CASH AND IN-KIND TRANSFERS.....	26
<i>Merits of Cash versus In-Kind Transfers.....</i>	<i>26</i>
<i>Lessons from the recent food rations programme</i>	<i>28</i>
<i>Additional considerations for in-kind and cash transfer programmes</i>	<i>33</i>
C. EMPLOYMENT SCHEMES.....	38
<i>Types of Public Works Programmes.....</i>	<i>38</i>
<i>Implementation issues for employment schemes.....</i>	<i>41</i>
D. COSTING OF IN-KIND AND CASH TRANSFERS AND EMPLOYMENT SCHEMES	42
<i>In-kind transfers.....</i>	<i>42</i>
<i>Cash transfers</i>	<i>43</i>
<i>Employment schemes.....</i>	<i>44</i>
<i>Leakages and Mitigation Strategies.....</i>	<i>46</i>
<i>Summary</i>	<i>47</i>
4. IMPROVING GOVERNANCE IN MYANMAR TO HELP RESPOND TO COVID-19	47
5. BUILDING ON THE COVID-19 RESPONSE TO STRENGTHEN HEALTH AND ECONOMIC POLICY REFORM IN MYANMAR	49
6. CONCLUSIONS AND RECOMMENDATIONS.....	51
APPENDIX 1: DATA ON EMPLOYMENT BY SECTOR IN MYANMAR.....	53
APPENDIX 2: ESTIMATING WARD/VILLAGE TRACT POVERTY LEVELS TO INFORM ALLOCATION OF FUNDING	55
ENDNOTES	56

Abbreviations

CBM	Central Bank of Myanmar
CBO	community-based organisation
CDC	City Development Committees
CERP	COVID-19 Economic Relief Plan
CMP	Cutting, Making, Packaging
CSO	civil society organisation
DAO	Development Affairs Organisation
DRD	Department of Rural Development
DSW	Department of Social Welfare
EAO	Ethnic Armed Organisation
EHO	Ethnic Health Organisation
GAD	General Administration Department
GoM	Government of Myanmar
ICU	intensive care unit
INGO	international non-governmental organisation
LFS	Labour Force, Child Labour and School-To-Work Transition Survey
LIFT	Livelihoods and Food Security Fund
MCCT	maternal and child cash transfer
MDI	Myanmar Development Institute
MIS	management information system
MLCS	Myanmar Living Conditions Survey
MNSPSP	Myanmar National Social Protection Strategic Plan
MOC	Ministry of Commerce
MOHS	Ministry of Health and Sports
MOLIP	Ministry of Labour, Immigration and Population
MSDP	Myanmar Sustainable Development Plan
MSME	micro, small and medium-sized enterprise
NCA	National Ceasefire Agreement
NCDDP	National Community Driven Development Project
NRC	National Registration Card
NREGA	National Rural Employment Guarantee Act
PMT	proxy-means testing
PPI	Poverty Probability Index
PSNP	Productive Safety Net Program
PWP	Public Works Programme
SAZ	Self-Administered Zone
SME	small and medium-sized enterprise
SSB	Social Security Board
UBI	universal basic income
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
UMTA	Union of Myanmar Travel Association
VUP	Vision 2020 Umurenge Program
W/VTA	ward or village tract administrator
WASH	water, sanitation, and hygiene

Executive summary

Context

Myanmar has already experienced significant economic shocks as a result of COVID-19, due to both domestic and international effects. GDP growth for 2019/20 will be much lower than had been anticipated, and Myanmar may even go into recession. Some areas of the economy have been particularly badly affected, such as tourism, manufacturing, and remittances.

In April 2020 the Government of Myanmar (GoM) introduced a range of domestic restrictions on peoples' movement and economic activity and then, in the context of low rates of infection, was able to relax many of them. But after a second and much larger wave of cases started in August 2020 new restrictions have been enforced leading to renewed major economic disruptions. Further, Myanmar continues to be affected by international economic effects, e.g. a reduction in foreign tourists to Myanmar, restrictions on Myanmar migrants working in recipient countries, difficulty in accessing certain imports, barriers to exports, declines in foreign investment, and an overall global decline in aggregate demand.

Going forward, there remains a high level of uncertainty around the factors influencing virus transmission for COVID-19, a high level of uncertainty about the development of the pandemic around the world, and a high level of uncertainty for the global economic outlook. In addition, it is clear that how consumers change their behaviour with respect to issues such as visiting public spaces, and how much money they spend and what they spend it on, will play a huge role in determining the overall impact of COVID-19 on the Myanmar economy. All of this means that it is not possible to accurately predict the economic and health situation of Myanmar in 3 months', 6 months', or 1 years' time.

In the context of such a high level of uncertainty, it is more important than ever that policymaking in Myanmar is flexible, well-informed, and able to respond quickly to emerging trends. In particular and because GoM is quite constrained in the extent to which it can provide economic support to workers, households, and/or businesses, it will need to be very cautious about introducing health measures that have a large negative impact on economic activity, employment, and incomes. The social costs of health measures also need to be considered, for example increased domestic violence and child abuse as a result of stay-at-home orders, or negative social and educational impacts on children if schools are closed for extended periods. Clarity of communications and messaging to the public about the health situation, what is and what is not safe, what appropriate behaviour to follow, and about planned support measures will also be very important in building trust and influencing consumer behaviour.

COVID-19 Economic Relief Plan (CERP)

On 27 April 2020 GoM published, 'Overcoming as One: COVID-19 Economic Relief Plan' (CERP). CERP has a broad scope and effectively covers the main areas for which economic and other interventions are needed in response to COVID-19. In many cases the proposed actions outlined in CERP were very clear and could be implemented quickly. In other cases, further work has been required to clarify which policies and programmes should be prioritised for funding, and how they should be implemented. It is also important to carefully monitor the implementation and impact of actions under CERP so that modifications to the plan and future actions can be made, as needed, and to ensure transparency and accountability.

For CERP's goals one and two (improving the macro-economic environment and easing the impact on the private sector), the Central Bank of Myanmar has implemented a range of actions to provide a monetary stimulus to the economy. GoM has also implemented a range of fiscal measures including offering tax relief, credit support and loan relief, and simplification of processes for investment and trade. Some of these measures will need to be continued and even expanded including: ensuring that farmers have access to liquidity in time for planting and harvesting seasons; working with neighbouring countries to keep border trade in agricultural inputs and products flowing; and promoting the creation of 'safe corridors' or 'travel bubbles' for tourists from neighbouring countries with very low levels of COVID-19. In developing and implementing further such measures, it will be important to ensure that small and medium enterprises and those operating in the informal sector are both aware of the measures being offered by the government and able to benefit from them. GoM also needs to be cautious in providing additional tax incentives and should ensure that these are only for a limited time period, especially given that in recent years one of the biggest barriers to GoM improving tax collection has been the increasing number of tax incentives available to businesses under various laws and policies, whose effectiveness has often not been verified.

For CERP's goals three and four (easing the impact on workers and households), unemployed workers that are covered by the Social Security Board (SSB) have already benefited from a range of support measures, and the provision of up to 150 units of free electricity per month to all households connected to the electrical grid has recently been extended through to December 2020. However, only 6% of the labour force is covered by SSB and poor and vulnerable households are considerably less likely than average to be connected to the electrical grid. Cash transfers, in-kind transfers, and employment programmes all have much greater potential to benefit households that are most in need of assistance. In this regard the General Administration Department's (GAD) programmes first to distribute food rations during Thingyan and then to provide cash transfers to deserving households (including those that may inadvertently have been excluded from the initial food distribution) were all well-intentioned efforts to target relief to the poorest and most vulnerable households from which valuable lessons can be drawn to inform future programming, especially in ensuring that the assistance is provided to those most in need. Similarly, the public employment programme implemented by the Department of Rural Development (DRD) in 3,500 villages across Myanmar between June and September 2020 represents another step to try to support many of the poorest and most vulnerable households.

Finally for CERP's goals five, six and seven (promoting innovative products and platforms, health care system strengthening, and increasing access to COVID-19 response financing), it is already clear that the transition to a more digital environment in Myanmar is being accelerated with the adoption of more digital services to help reduce social interactions. GoM has also been able to reallocate part of the existing budget in support of COVID-related measures and to mobilise additional external financing. A substantial proportion of the additional financing will go to strengthen the capacity of the healthcare system to deal with the COVID-19 pandemic, including improvement of quarantine and other healthcare facilities, importation of key medical products, and preventive measures such as disinfection, establishment of handwashing stations, and lockdowns as and when needed. Policymakers should carefully evaluate whether the benefits to be derived from each potential health policy aimed at stopping the spread of COVID-19 are worth the economic and social cost that these measures may entail.

Minimising the spread of COVID-19

Promoting good hygiene and social practices is a low-cost intervention with a potential high impact and does not require the collection of data to verify whether it produces benefits or not. Prompt identification and isolation of positive cases is a key strategy to contain the contagion. Myanmar should continue increasing the number of tests it is conducting and adopt alternative approaches, such as targeted and pooled testing, when more general testing is not possible. In order to contain the spread of COVID-19, almost every country in the world has enforced, with different degrees of strictness, some kind of social distancing and mask wearing. Stricter measures such as lockdowns are likely to do more to directly limit the spread of COVID-19, but the social and economic costs that these entail must be carefully considered, for example if people are forced to stay at home without any source of income. As several candidate vaccines are already undergoing clinical evaluation, GoM should also start working with partners to secure access to the vaccine once it is ready and safety is assured. GoM should also promote public education about the potential vaccine to avoid disinformation and distrust among the population, and take all the preliminary steps to ensure a proper mass vaccination campaign.

Protecting vulnerable households

Myanmar currently has a very limited social protection system, which does not have the capacity to fully cushion the economic shocks experienced as a result of COVID-19. It is important that GoM continues to expand its social protection system in a coordinated and effective manner both to help households deal with the immediate impact of the COVID-19 crisis, and to strengthen the foundation for longer term security and poverty reduction. Cash and in-kind transfers to poor and vulnerable households and employment schemes are policy instruments that can help meet these immediate and longer-run goals. If implemented well, they can effectively target GoM's resources towards households that are most in need of assistance.

Cash and in-kind transfers

- Universal transfers are not affordable for Myanmar, and targeted transfers should be preferred – as in the case of GAD's food rations and cash transfer programmes. However, targeting is not easy, as has been clearly shown with the food rations programme where 19% of poorer households from the bottom welfare quintile received the transfer but 14% of the richest households from the top quintile also received the transfer. Going forward it is important that targeting is seen as fair, transparent, and reaching those in need. Important aspects of this include (but are not limited to):
 - Deciding on how much funding to allocate to each state/region, township and ward/village tract can be performed by GoM and its agencies, relying on detailed data, including the Multidimensional Disadvantage Index.
 - Identifying beneficiary households within each ward/village tract is best done by a group of people within that community, such as the W/VTAs, 100 household heads, leaders from *parahita* organisations, and religious leaders. A minimum level of female representation in these groups should be required.
 - The group of people within each ward/village tract that are responsible for identifying beneficiary households should be given clear budget ceilings, telling them how exactly many households they should identify, as well as identification criteria to ensure transparency and accountability.

- Given the fact that in-kind transfers can be implemented in a one-off fashion, or whenever required, without any long-term fiscal implication, they represent a useful policy tool to support the population in cases of food availability issues, due to supply chain disruptions or restrictions.
- Cash transfers can also be used as a one-off substitute for in-kind transfers. But if these transfers are one-off (or temporary), this needs to be clearly communicated so that recipients understand that the transfers are of an emergency nature and not the start of a more regular programme. Regular cash transfers represent a much larger and long-term fiscal commitment than one-off or temporary cash transfers for the government. Accordingly, regular cash transfers need to be very carefully designed – which is typically not feasible in situations of emergency.

Employment schemes

- In the short run, given the difficulties in quickly setting up and administering long-term nationwide public works programmes, GoM should promote short-term locally implemented public works programmes and labour intensification of government infrastructure spending. Such programmes can employ large numbers of daily-wage workers in a broad range of activities (e.g. local road and irrigation construction and maintenance; planting community forests; street cleaning and street painting; and other types of small-scale infrastructure). The public employment programme being implemented by DRD is a specific example.
- Such programmes do not need to be targeted specifically towards certain types of people, such as those from certain occupations, those that have lost their jobs, or returning migrants. Indeed such programmes can be self-targeting and require just that careful attention is paid to setting the wage rate – in low wage areas the daily wage should be the legal minimum wage (MMK 4,800), and in higher wage areas it should reflect the local prevailing wage. These types of programme should be supported in both rural and urban areas.
- In the long-run, GoM should consider introducing a nationwide Public Works Programme that guarantees a certain amount of daily wage work for those that want it and that can help address the massive deficit in local infrastructure in Myanmar. Such a programme is expensive, and quite complicated to run, but can have significant benefits. The decision on whether to implement such a programme should consider how it would relate to improving the social protection system, and what it can contribute to decentralisation goals.

The size of the COVID-19 outbreak in Myanmar makes it unlikely that the emergency will be over in a short period of time. Differently from other policy instruments such as cash transfers and a nationwide Public Works Programme, short-term employment and labour intensification programmes can build on systems that are already in place, be rolled out quickly, and be self-targeting. It is therefore recommended that GoM increases the priority given to such programmes in the short-term, as they can provide immediate and effective support to those most in need.

Digital delivery of transfers and payment of wages

Digital delivery of transfers and payment of wages offers a number of potential benefits compared to physically transferring cash, including the reduction of administrative costs and corruption. However, it is not yet appropriate to only provide cash transfers and wage

payments digitally. Thus, future cash transfers and increasing daily-wage programmes should adopt an approach tailored to the context.

- In locations where there is easy access to digital payments agents or high penetration of formal bank accounts, the first preference is to provide transfers and pay wages digitally. However, households and workers should also have the option to receive physical cash if they are not able to receive such transfers and payments digitally.
- In locations where there is not easy access to any source of digital payment physical cash transfers and wage payments will need to be used. Fortunately, a rapidly increasing proportion of the country now has the potential for digital access.

GoM should continue its work with private providers to rapidly expand the networks of digital payments agents in Myanmar and promote financial inclusion.

Strengthening governance

As is increasingly apparent from experience across the globe, effective governance perhaps more than overall level of development is the factor that matters most in determining how effectively a country copes with COVID-19. In this regard, GoM has clearly recognized that coping effectively with COVID-19 will require a whole of government approach and good coordination both across agencies and between different levels of government. Dedicated COVID-19 response committees have been put in place at union, state/region, district, and townships levels of the state to help provide for coordination of different government bodies and in some cases with non-government entities as well. For Myanmar to experience the full benefits of these committees it is important to ensure that civil society organisations and religious leaders are properly represented on all committees and that ethnic health organisations are also represented in areas in which they operate. Civil society organisations, community-based organisations and religious networks are highly trusted by citizens and already play a large role in providing basic services. Cooperating more thoroughly with them in the response to COVID-19 can help with the immediate response and contribute to greater cooperation on other aspects of governance in the future. Effective coordination with other external stakeholders including international donors is also of critical importance.

Within the existing structure of committees and agencies, giving greater authority to subnational and local authorities is likely to improve the overall ability of the system to cope with the COVID-19 pandemic. Relative to other countries Myanmar is a highly centralised country with around 90% of total government spending controlled by the union government. Moreover, at the township level where much government spending actually takes place, the spending of line departments is tightly controlled by line ministries in Nay Pyi Taw and there is very little coordination between line departments. As with many aspects of economic and social life in Myanmar, the COVID-19 crisis is having different kinds and degrees of impact in different locations, and governance can be more responsive to these different needs if greater authority is given to subnational levels of state.

Governance both during COVID-19 and beyond can also be enhanced by looking at intra-organisational issues and how well specific government agencies understand what their core missions, functions, and processes should be; what they can expend with; where technology can appropriately be used for business continuity and improved service delivery; and how management practices should be revised to complement these changes. This will involve looking at the interactions between the use of technology, workplace arrangements such as

staff rotations and remote-working, and management practices including incentive structures, performance management, and accountability mechanisms and their effects on teamwork, performance, well-being and inequality.

In the context of the extreme uncertainty with respect to COVID-19 and its impacts on the economic and health situation in Myanmar, it is even more pressing than ever for GoM at Union, state/region, and township levels to upgrade its ability to collect relevant and timely data, and to effectively analyse such data so that on-going programs can be effectively monitored and future policymaking and programme development can be better informed. In this context, there are a number of specific examples of data collection and analysis projects (e.g. in Mandalay) from which broader lessons can be learned. There are also many examples of innovative forms of data collection being put in place in a situation where more traditional forms of data collection, for example through on the ground surveys, may not be possible.

Finally, the experience of other countries (both developed and developing) is showing clearly that coping effectively with COVID-19 depends to a huge extent on effective leadership and the public at large having trust in government institutions. For many years, trust in institutions and other members of society has generally been low in Myanmar. But there are exceptions, with much of the population having a high level of trust in the State Counsellor and religious leaders. In addition, at ward and village levels, there is often a high level of trust and cooperation between residents. GoM should strategically use these channels to communicate information to the public and mobilise their response. Further, there is scope for government institutions that currently may not enjoy high levels of trust with the public – for example township authorities – to try and increase this by improving communication and participation in decision-making and providing services effectively.

From coping to recovery

As and when Myanmar can start looking ahead to moving from coping to recovery, it will be important to draw on good monitoring and evaluation of GoM's health and economic response to COVID-19 and consider the implications of the response for the design and implementation of GoM's longer term strategy as reflected in the Myanmar Sustainable Development Plan, 2018-30. In this regard, there are a number of clear examples:

- Strategy 1.2 to “promote equitable and conflict-sensitive socio-economic development throughout all states and regions” can benefit from the experience gained both in coordinating the response to COVID-19 and developing and implementing transfer and employment programmes to benefit poor and vulnerable households;
- Strategy 1.4 to “enhance good governance, institutional performance and improve the efficiency of administrative decision-making at all levels” can also benefit from the overall experience gained in coordinating the response to COVID-19, and including through the collection and analysis of relevant data for policy making;
- Strategy 1.5 to “increase the ability of all people to engage with government” can benefit from the experience gained with the COVID-19 response committees and how effectively they have been able to work with civil society and promote public engagement;
- Strategy 2.3 to “increase domestic revenue mobilization through a fair, efficient and transparent tax system” can be informed by the lessons learned from the array of fiscal measures GoM has taken in response to the crisis;

- Strategy 3.4 to “further reform our trade sector and strengthen regional and international cooperation and linkages” can benefit from the experience gained, including the Ministry of Commerce’s (MOC) intention to “review all export applications, licenses and permits, and remove those that are not required to maintain market access or to protect health, safety and security”;
- Strategy 4.2 to “strengthen health services systems enabling the provision of universal healthcare using a path that is explicitly pro-poor” can benefit enormously from the experience gained in implementing CERP’s overall goal of “health care systems strengthening”; and
- Strategy 4.3 to “expand an adaptive and systems based social safety net and extend social protection services throughout the life-cycle” can benefit greatly from the experience gained in implementing cash and in-kind transfers, employment programmes and other measures to support poor and vulnerable households.

1. The impact of the COVID-19 crisis in Myanmar so far and the Government's response

a. The health and economic impacts of COVID-19^a Health

While initially COVID-19 had limited spread in Myanmar, with only a few hundred recorded cases between March and August 2020, infections and deaths have quickly increased since, with 36,025 confirmed cases and 880 deaths recorded in mid-October. Testing has been quite limited – as of 18th October 2020 around 510,000 tests had been conducted in Myanmar¹ (including multiple testing of the same individuals), i.e. only around 0.9% of the population. It is therefore likely that the actual number of deaths and infections is higher than the official number of recorded cases.

Following the detection of the first cases of the virus at the end of March 2020,² and after community transmission had been confirmed, the Government of Myanmar (GoM) implemented quite strict restrictions on a wide range of social and economic activities during April and May 2020 – for example, a 10-day lockdown during the Thingyan festival period, and health inspections for all factories and workshops, in an effort to contain the spread of the epidemic. The implemented measures succeeded on the health side, with a low prevalence of the epidemic during the first half of 2020. As a result, GoM relaxed many of the domestic restrictions on peoples' movement and economic activity. However, after a second wave of cases started in August 2020 GoM has felt obliged to enforce new restrictions. It is also likely that, if data continue to show an acceleration of the contagion, GoM may need to place additional restrictions on forms of economic and social activity that pose a particularly large threat for spreading coronavirus, such as: work in enclosed/air-conditioned offices; nightclubs and karaoke venues (KTVs); restaurants, beer stations and tea shops that are not ventilated; sports events; large gatherings for various social or religious reasons.

While the health benefits of such restrictions are clear, these benefits need to be weighed against the costs to economic growth, employment, and incomes which are all already being negatively impacted by international economic effects, e.g. a reduction in foreign tourists to Myanmar, restrictions on Myanmar migrants working in recipient countries, difficulty in accessing certain imports, possible barriers to exports, possible declines in foreign investment, and the overall global decline in aggregate demand. To offset such costs GoM has already taken some significant steps to facilitate and promote economic activity in key sectors (e.g. food and healthcare supply chains) and to provide direct assistance to poor and vulnerable workers and households. But further action will be required, especially in the context of the acceleration of the contagion.

Economic Growth, Employment, and Incomes

With the onset of the COVID-19 pandemic Myanmar quickly experienced significant economic shocks, beginning in the first months of the year and with all sectors of the economy affected in some way.³ As a result, many households have been severely impacted, and have reported

^a We would like to thank Matthew Arnold, Siddharta Basu, Tom Coward, Giorgia Demarchi, David Ney, Ian Porter, Andrea Smurra, Matthieu Teachout, and Ildrim Valley for providing detailed and insightful feedback on a draft version of this report, and for engaging in lengthy correspondence with us on various issues covered here.

continuing income declines, less opportunity to diversify their income sources, and reduced food consumption.⁴

Continued uncertainties in the international and domestic climates means that it is difficult to estimate what Myanmar's GDP growth will be this year, but it will certainly be much lower than in recent years and may even be negative. The World Bank estimates of GDP growth for 2019/20 have been revised downwards from 6.4% to only 0.5%, with an acknowledgement that growth may be negative.⁵ Agriculture is estimated to grow by 0.7%, industry to contract by 0.2% and services to contract by 1.0%, with a significant rebound from 2020/21 onwards⁶ – although this remains very uncertain. These forecasts show a significant decline compared to figures from 2018/2019. The December 2019 Myanmar Economic Monitor reported that agriculture (accounting for 24% of GDP) grew at around 1.6% per annum, mostly driven by growth in paddy output of 3%, and rapid growth in certain smaller sub-sectors, e.g. raw rubber (50%) and fishery exports (44%). Industrial sector (37% of GDP) growth was 6.4% overall, mostly due to 8% growth in manufacturing and 60% growth in garments exports. The services sector (39% of GDP) grew by 8.4% overall, with income from tourism and related activities remaining unchanged, whereas wholesale and retail trade both expanded at around 7%.⁷

According to the World Bank, declines in expected growth in 2019/20 are mainly due to domestic containment measures implemented by GoM and changing consumer behaviours, jointly accounting for around 85% of the total impact, compared to external factors, accounting for only 15%. Additionally, new consumer behaviours, e.g. reduced visits to public spaces like hotels, restaurants, and transport, might last as long as there is a risk of contagion, regardless of the type of containment measures enforced by GoM, suggesting that consumer behaviour might have the longest impact on Myanmar's economy.⁸ A model from the International Growth Centre (IGC) shows that agriculture and manufacturing will be mostly affected by external factors and by the implementation of containment measures domestically, while services will be mostly impacted by changing consumer behaviours due to the fear of contracting the virus. Specifically, the reduction of demand for goods and services requiring face-to-face interactions will lead to a significant fall in employment in trade and warehousing, accommodation and food services, and recreational sectors.⁹

A slower (or declining) growth of key economic sectors negatively impacts livelihoods, especially if the affected sectors are the ones providing the majority of employment or contributing the most to households' finances. Around half of Myanmar's labour force is primarily employed in agriculture, around 14% in wholesale and retail trade, around 10% in manufacturing, 5-6% in tourism and related trades, around 5% in construction, and the remainder in other sectors, including mining. It should also be noted that the number of migrants from Myanmar currently working abroad is equivalent to almost 20% of the size of the Myanmar labour force,¹⁰ and many of them have now returned to Myanmar because of the COVID-19 crisis. In addition, while agriculture employs more than half of the workforce, Figure 1 shows that it contributes to only 21.9% of the income of an average household (14.1% from direct farming, 7.8% from agricultural wages). As would be expected, income from agriculture is a much higher share of average household income in rural areas (37%) than in urban areas (2.8%). Incomes from non-farm businesses (36.1%) and non-agricultural wages (27.7%) play a considerable role in the income portfolio. Remittances, both domestic and international, account for a further 8.5% average household income, and are particularly important for rural households.

Figure 1: Average household income shares



Source: Central Statistical Organization, UNDP and WB (2020) 'Myanmar Living Conditions Survey 2017: Socio-economic Report', Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning, Finance and Industry, UNDP and WB, p.116.

b. The sectoral impacts of COVID-19

Agriculture

Since the outbreak of the COVID-19 crisis, temporary barriers to Myanmar's border trade have been a problem for importing certain inputs required by Myanmar's farmers and for exporting agricultural produce. Temporary blockages on exports are a particular problem for exporters of perishable agricultural products, such as most fruits and vegetables. In addition, many farmers have faced difficulties in accessing key inputs such as fertilizer. The agricultural sector has also suffered from domestic COVID-19 related issues such as: voluntary and government-imposed restrictions on moving machinery between locations, falling demand for certain agricultural products due to declining incomes and temporary closure of markets, and the (temporary) closure of restaurants, beer stations and tea shops.¹¹ Although GoM has generally avoided placing restrictions on the internal movement of large trucks that only carry agricultural produce, the restrictions on long-distance passenger buses have also affected some small farmers' ability to send their produce to markets.¹² As a consequence, over 50% of firms in the agriculture sector reported falling in arrears and 39% experienced a reduction in access to credit.¹³

Rural labour markets are also likely to be affected. The supply of labour may increase, with unemployed migrant workers (both from urban areas and from other countries) returning to their home villages, as happened during the financial crises of 1997 and 2008.¹⁴ At the same time, demand for agricultural labour may shrink in some areas, due to possible falls in demand for certain products and/or a decline in remittances possibly affecting land-owners' ability to hire labour.

Myanmar's rice value chain is one of the key subsectors that has been heavily affected by the pandemic. Among interviewed rice millers from Ayeyarwady, Bago, and Yangon, (i) 80% of mills expect a revenue drop this year compared to 2019, with 60% expecting a drop of at least 30%; (ii) over half of them reported disruptions on the demand side, i.e. selling milled rice, and on the supply side, i.e. buying paddy; (iii) prices to purchase paddy and sell rice are slightly higher than in the 2019.¹⁵

Within agriculture, one of the fastest growing subsectors in recent years has been aquaculture, characterised by higher earnings per hectare than crop farming (USD 1,600/ha vs USD 380/ha), and wealthier households compared to the general population (USD 1,525 consumption expenditure per capita per year vs USD 718).¹⁶ Prior to the COVID-19 crisis, aquaculture exports were growing at a fast pace (44% in the first eight months of 2018/19), with growth particularly accelerating after Myanmar met the quality standards to be able to export to EU and Saudi Arabia.¹⁷ However, the COVID-19 crisis has resulted in falling demand for seafood within Myanmar. Further, seafood factories are facing a collapse of exports, after the cancellation of international orders.¹⁸ The highly perishable nature of aquaculture products means that this falling domestic and international demand is a serious threat to employment and incomes. Although only 800,000 people in Myanmar are employed full-time in fisheries and aquaculture, a further 2.4 million are employed part-time.¹⁹ Further, aquaculture is quite regionally concentrated, so negative shocks to the sector may have large effects on certain local economies. This sector is a particularly significant source of employment in Rakhine State and Tanintharyi, Ayeyarwady, and Bago Regions.

Agriculture is essential to ensure food security in Myanmar, and it employs more than half of the labour force. Therefore, GoM needs to strongly support the sector, as it has already begun to do.²⁰ Although threats to the agricultural sector cannot be completely controlled, there is scope for GoM to intervene to prevent a sustained and large fall in incomes – e.g. ensuring that farmers have access to liquidity in time for planting and harvesting seasons, and working with neighbouring countries to keep border trade in agricultural inputs and products flowing.

Garments and other factories

The garment sector employs over 700,000 workers²¹ and accounts for 10% of the country's export revenues.²² This sector was one of the first to face serious difficulties due to the COVID-19 pandemic. Myanmar garment manufacturers are heavily reliant on importing inputs from China, and experienced a supply shock from January 2020, as strict lockdown measures were enforced within China in the attempt to contain the coronavirus. As the contagion spread around the world, the sector has experienced a shock on the demand side as well, due to falling demand from Western countries and subsequent cancelled orders from international retailers.²³ This led to major job losses, with 25,000 laid off workers by the end of March and 350,000 workers at risk of being suspended without pay or losing their jobs permanently.²⁴

Many Chinese factories have now reopened, which should ease difficulties in sourcing inputs, although supply may take some time to fully return to normal levels and may be affected by temporary border closures.²⁵ However, predictions on when global demand for garments will return to normal are highly speculative, as it depends on several factors that GoM does not have any control over. The second wave of the COVID-19 pandemic that is hitting Europe and other regions could lead to lockdown measures being reintroduced, and therefore a new collapse of global demand. Demand will also depend on whether consumers from developed countries return to their previous spending patterns – this is currently quite uncertain.²⁶

Many factories in other sectors have also had to close due to inability to source inputs from abroad, globally declining demand for many manufactured goods, and/or new GoM regulations on ventilation and worker distancing. Generally, most firms in Myanmar suffered reduction in sales (88%), cash flow shortages (50%), and reduction in access to credit (29%).²⁷

Retail and wholesale trade

Many retailers and wholesalers in Myanmar rely on imported goods from China and, therefore, have seen a drop in their supplies as a result of China's restrictions on traders. Additionally, domestic demand has been hit by lockdown measures and social distancing rules enforced by authorities, declining income for consumers, and consumers' fear due to the COVID-19 outbreak. As a result, many street sellers and market traders in urban areas have had to close or start operating nomadically. Similarly, many tea shops and beer stations have had to close. How quickly this sector rebounds will depend to a large extent on what happens with government restrictions on traders and on physical movement of consumers, as well as on their income and confidence.

Tourism

The number of foreign tourists coming to Myanmar increased rapidly in recent years, with official estimates suggesting that there were 3.4 million foreign visitors in 2017, 4.3 million in 2019, and 5 million had been forecasted for 2020.²⁸ Despite the large increase in number of visitors, the income received by this sector has remained largely unchanged during this period, due to shifting patterns in which countries tourists to Myanmar come from.²⁹ Severe travel restrictions have been imposed throughout the world in response to COVID-19, badly affecting tourism. Consequently, the Union of Myanmar Travel Association (UMTA) fears that at least 500,000 of the 800,000 people directly employed in hospitality will lose their jobs, with the others at risk of severe salary cuts.³⁰ The dramatic decline in tourism will also affect employment and incomes for workers employed in allied trades.

It is difficult to predict when the tourism sector will be able to move back to normality. According to tourism operators, the industry is not expected to restart before the end of 2020, with at least two years predicted for a complete recovery.³¹ The evolution of the pandemic, abroad and in Myanmar, as well as governments' containment strategies, will play an important role. The performance of the sector during will be highly dependent on consumer choices – financial considerations mean that many tourists will prefer short-distance and low-cost holidays; and tourists will also judge potential destination countries on the perceived level of COVID-19 in a given country, and how the government is managing the response.

Most south-east and east Asian countries have successfully managed to contain the spread of the COVID-19 pandemic. It is therefore positive that GoM is trying to create 'travel bubbles' with countries such as Thailand and Vietnam.³² However, GoM should still expect to have to provide significant assistance to households depending on income from tourism and allied trades in the short run, and this is likely to need to continue in the medium-term as well given the sharp rise of confirmed cases since August.

Remittances

As indicated above, remittances play an important role for many Myanmar households' finances. There are around 4.25 million migrants from Myanmar living abroad, with 70% in Thailand, 15% in Malaysia, and 5% in China.³³ Estimates for 2015 suggest that remittances from Myanmar migrants working abroad are worth around USD 8 billion annually, or 13% of GDP.³⁴ The global economic crisis has forced many of these foreign migrants, especially the unskilled ones, to return to Myanmar due to job loss,³⁵ cutting the inflow of remittances.

Domestic remittances are also under threat as incomes decline for workers in sectors such as garments, retail trade, and tourism. For example, before the COVID-19 crisis, garment workers

in Yangon and the province of Bago were sending more than USD 46 million a month in remittances to their hometowns and villages,³⁶ but these transfers are now at risk.

The World Bank estimates that 73% of households that usually receive remittances have experienced a fall in remittances received since the first containment measures have been implemented.³⁷ The income shock caused by the fall in remittances varies considerably by location, with 40.8% of households in Mon State receiving remittances, and 40.2% in Kayin State, compared to 19.5% nationally.³⁸

The high level of importance of remittances for Myanmar's economy, and their recent decline, is a major threat for households, small farmers, and micro-enterprises and suggests the need for policies ensuring access to liquidity to sustain livelihoods and encourage productive activities as well as other types of government support.

Construction

The construction sector accounts for 7% of the total GDP and has been characterised by a slow growth in recent years (only 0.1% in 2018/2019).³⁹ Forecasts predicted an improvement in 2019/20, but the sector slowed by 30% during the early stages of the COVID-19 pandemic, due to shortages of imported building materials and cash flow problems.⁴⁰ Moreover, several construction sites experienced delays due to lack of a sufficient workforce after restrictions on movements were enforced in April. For these reasons, the sector is expected to take two years to fully recover.⁴¹

Mining, oil, and gas

Mining and trading of gems and minerals accounts for a fairly small share of employment in Myanmar (see Appendix 1), but is a major contributor to GDP.⁴² COVID-19 restrictions have not applied directly to mining work, and official data on this sector are highly unreliable. Nevertheless, it seems that this sector has been negatively impacted by the COVID-19 crisis. Jade and gems markets were closed for a period between March-May 2020, with expectations that prices would decline when they reopen.⁴³ Moreover, workers who had returned home at the beginning of the crisis could not go back to work because of restrictions on movement.⁴⁴

Global oil prices entered a precipitous decline prior to COVID-19 becoming a pandemic, with declining in prices leading to the shutdown of most oil-drilling in Magway Region. This has affected the employment and incomes of possibly hundreds of thousands of workers on the small-scale oil drilling operations in this area, and the businesses that service this sector.⁴⁵ Natural gas extraction employs relatively small numbers of workers in Myanmar, but is a major contributor to GDP and to GoM revenues.⁴⁶ Global gas prices have been in severe decline recently,⁴⁷ which can be expected to have negative consequences for GoM's revenues.

c. GoM's COVID-19 Economic Relief Plan

In response to the COVID-19 pandemic and its dramatic health and economic impacts, on 27 April 2020 GoM published, 'Overcoming as One: COVID-19 Economic Relief Plan' (hereafter 'CERP').^b This plan aims to tackle the threat that the pandemic poses for households, and for the Myanmar economy as a whole. CERP is composed of 7 main goals, covering a broad set of economic interventions. Table 1 summarises the main action plans under each goal.

^b N.b. Policymakers imagined CERP as a living document, and it is subject to future revision.

Table 1: Goals and main strategies of CERP.

Goal	Main strategies
Goal 1: Improve macroeconomic environment through monetary stimulus	<i>Lower interest rates, lower minimum reserve requirements</i>
Goal 2: Ease the impact on the private sector through improvements to investment, trade & banking sectors	<i>Loan fund for MSMEs; corporate income and commercial taxes deferral; provision of cash or loans to smallholder farmers for input purchases; simplified procurement, approval and import processes; reducing the need for export licenses</i>
Goal 3: Easing the impact on laborers and workers	<i>Extend terms of healthcare benefits for SSB members, implementation of community infrastructure projects</i>
Goal 4: Easing the impact on households	<i>Subsidised electricity for households, cash, and in-kind transfers</i>
Goal 5: Promoting innovative products and platforms	<i>Promotion of mobile, wire, and card payments and of e-commerce</i>
Goal 6: Health care systems strengthening	<i>Upgrade of health and quarantine facilities, recruitment of medical personnel, importation of medical products</i>
Goal 7: Increase access to COVID-19 response financing	<i>Budgets reallocation and increase the COVID-19 Fund and Contingency fund</i>

Source: adapted from *Overcoming as One: COVID-19 Economic Relief Plan*.

CERP has a broad scope and effectively covers the main areas for which economic intervention is needed in response to COVID-19. In many cases, the proposed actions were already clear and, in some cases, have already been implemented. In other cases, however, more work has been needed on the precise modalities for implementation and the likely costs before actions could be taken.

Goal 1 includes measures to provide monetary stimulus. Following the publication of CERP, the Central Bank of Myanmar (CBM) lowered the minimum bank deposit rate, the maximum lending rate for collateralized and non-collateralized loans, and interest rates for agriculture loans and savings accounts. Moreover, the CBM has reduced banks' minimum reserve requirement for customer deposits from 5% to 3.5% in an effort to provide them with additional liquidity.⁴⁸

Goal 2 includes measures to provide support to the private sector and promote investment and international trade. This goal includes strategies to provide fiscal stimulus, offering tax deferrals, waivers, and credit to private sector firms; the creation of a MMK 100 billion^c loan fund that micro, small and medium-sized enterprises (MSMEs) in the CMP (Cutting, Making, Packaging) and tourism sectors could approach to receive a 1-year loan at 1% interest rate per annum; lending support to smallholder farmers and agricultural businesses, and rural cash for work programmes; simplification of processes for investment, imports, and exports. However, for most firms, the proffered business support only establishes tax deferrals, and a

^c N.b. this loan fund is to be increased to MMK 200 – 500 billion before the end of 2020, depending on demand.

50% credit guarantee on any new loan if they manage to retain or rehire staff, which may not be enough. It also appears that a large majority of small and medium enterprises (SMEs) are currently unaware of the forms of support that they are entitled to apply for under CERP, and that those operating in the informal sector (around 83% according to OECD⁴⁹) might face additional barriers in accessing support schemes.⁵⁰ According to the World Bank only 17% of firms applied to local and national support programmes, despite over half of the firms being aware of these opportunities.⁵¹ GoM also needs to be cautious in providing additional tax incentives to businesses and should ensure that these are only for a limited time period, especially in a context in which a major barrier to improving tax collection has been the 'multiple' and 'generous' tax incentives available to businesses under various laws and policies.⁵² In this regard GoM should not move ahead with any reduction in the rate of corporate income tax (e.g. from 25% to 20% as recently proposed by UMFCCI):⁵³ companies that are currently losing money (i.e. the companies that are most in need of support) will not have to pay any corporate income tax for this year anyway, and reducing the tax that is collected from profitable companies would further weaken Myanmar's tax base. GoM should also focus on reducing the corporate tax exemptions that are already available under Myanmar's tax code, and severely weaken Myanmar's tax base.⁵⁴

Goal 3 focuses on reaching labourers directly, through cash for work programmes on community infrastructure projects, and support measures for unemployed workers that are covered by the Social Security Board (SSB), such as extended healthcare and travel benefits. However, only around 6% of the Myanmar labour force is covered by SSB.⁵⁵ Therefore, such measures reach only a small minority and are particularly unlikely to reach those most in need. By contrast, cash for work programmes on community infrastructure projects have the potential to be better targeted to workers and households that are most in need. One example is the cash for work programme implemented by DRD between June and September in 3,500 villages across Myanmar, reaching around 400,000 households, for a total expense of MMK 35 billion (USD 27 million). The programme has employed poor and vulnerable villagers, selected by the Village Development Committee, to work on the construction, maintenance, and renovation of infrastructure of public interest for the community. The identification of beneficiaries has focused on the most vulnerable (poor households, minorities, and women among others). However, the programme has not been able to reach remote and conflict areas where many of the people most in need come from. Section 3c of this report gives some suggestions on how these schemes can be implemented most effectively.

Goal 4 covers various forms of support, including cash and in-kind food transfers, emergency rations, and the provision of 150 free units of electricity per month in April and May, and 75 units in June,⁵⁶ subsequently renewed to provide an additional 150 free units per month from July until December 2020.⁵⁷ In this regard GoM will need to carefully prioritise among these various forms of support and bearing in mind their cost, the potential number and need of the beneficiaries, and the challenge of implementation. For example providing 150 free units of electricity per month is estimated to cost around MMK 10 billion (USD 7 million) on a monthly basis,⁵⁸ and poor and vulnerable households are considerably less likely than average to be connected to the electrical grid.⁵⁹ Cash and in-kind transfers have much greater potential to benefit poor and vulnerable households, but face considerable implementation challenges. In April 2020, the General Administration Department (GAD) implemented a one-off distribution of emergency food rations to households, and subsequently provided three rounds of cash transfers to needy households. For future transfers, clarifications around eligibility, frequency,

and size are needed to maximize support to those in need (see Section 3b for additional details and recommendations).

Goal 5 is focused on the development and adoption of innovative products and platforms, such as mobile payment services, and e-commerce. Myanmar has invested heavily to boost its financial technology industry since 2011, to the effect that, among people sending or receiving money, 80% of them do so using mobile money systems.⁶⁰ Given that the adoption of digital services reduce social interactions, and the risk of contagion, CERP aims at keeping this momentum going, accelerating the transition towards a more digital environment.

Goal 6 includes measures to strengthen the capacity of the healthcare system to deal with the COVID-19 pandemic. It mentions the improvement of quarantine facilities; importation of key medical products; preventive measures such as disinfection and establishment of handwashing stations; recruitment of personnel; upgrade of health facilities. Effective implementation of this goal will require cross-government support and will not be easy. For example the Ministry of Labour, Immigration and Population (MOLIP) is to be commended for announcing in April that all factories, workshops and departments should halt operations for 10 days (until end April) to allow inspections on measures such as arrangements for home-working, physical distancing, hygiene measures (related to both disinfection of public spaces and individual behaviours), transportation, and guidelines in case of staff sickness.⁶¹ However, by the end of April not all factories had been inspected, forcing MOLIP to announce an extension of the factory closures to May 15th,⁶² leading to further negative impacts on both the factories and the workers.

Goal 7 increases the COVID-19 Fund and Contingency Fund, through budget reallocation⁶³ and flexibility, and access to external development financing. GoM has suggested that it will seek USD 2 billion from international development organizations such as the World Bank, the International Monetary Fund (IMF), the Asian Development Bank (ADB), and the Japan International Cooperation Agency (JICA) to help fund its COVID-19 response.⁶⁴ The outlined plans aim at creating space for COVID-19-related policies, without increasing economic costs for the population or compromising the provision of fundamental services.⁶⁵ As GoM is increasing borrowing and reallocating existing budgets to meet new spending needs arising from the COVID-19 crisis, it is even more important that spending is prioritised according to need and the feasibility of implementation.

Section 1 has described the health, economic, and more specific sectoral threats facing Myanmar as a result of COVID-19 and what GoM has thus far done to try and mitigate these. Section 2 of this report goes on to discuss what GoM can do to minimise the spread of COVID-19, while also maintaining economic activity. Section 3 provides an overview of targeted policies that can potentially be implemented to protect poor and vulnerable households from economic shocks arising from COVID-19. Section 4 describes how implementing the policies discussed in Sections 2 and 3 can help feed into broader efforts to improve governance in Myanmar. Section 5 highlights how to strengthen health and economic reforms building from COVID-19 response and lessons learned. Section 6 concludes and highlights key policy recommendations

2. Minimising the Spread of COVID-19 and Maintaining Economic Activity

More than half of Myanmar's population is classified as poor or 'vulnerable',^{d,66} and will suffer badly if incomes decline for a sustained period of time. Tax revenues in Myanmar represent only 5.3% of official GDP⁶⁷ and government spending only accounts for around 10%⁶⁸ – a low figure, that indicates that GoM is quite constrained in the extent to which it can provide economic support to workers, households, and/or businesses. This means that GoM should be very cautious in introducing health measures that have large negative impacts on economic activity, employment, household incomes, as well as its revenues and capacity for providing support to those in need. Policymakers should carefully evaluate whether the benefits deriving from each potential health policy aimed at stopping the spread of COVID-19 are worth the economic and social cost that these measures entail.

GoM has already implemented a number of containment strategies with varying degrees of success. Figure 2 provides a summary of these interventions, which are described in more detail throughout the next subsections, along with recommendations for their implementation.

Figure 2: Summary of GoM's implemented containment strategies.



Source: Authors summary.

Good hygiene and social practices

Promoting good hygiene and social practices is in general a low-cost intervention with a potential high impact and does not require the collection of data to verify whether it produces benefits or not. It is estimated that for every USD 1 invested in water, sanitation, and hygiene (WASH) policies, there will be a return of USD 2-4 for water and USD 5-9 for sanitation, in terms of healthcare savings, reduced time off work, and increased productivity.⁶⁹ Additionally, such interventions are particularly relevant during the COVID-19 pandemic, given their past contribution to the containment of contagion during outbreaks of respiratory diseases.

^d N.b. persons are defined here as 'vulnerable' if they belong to a household in which average individual consumption is less than 50% above the poverty line.

Access to WASH services in Myanmar is still problematic both in rural and urban areas. Around 50% of schools and health facilities have limited access to these basic services, and the number of city dwellers without access to improved water sources has increased in the past twenty years.⁷⁰ This is particularly troublesome during the COVID-19 pandemic, since the situation might have worsened after the implementation of containment measures, and because COVID-19 has a higher fatal rate in case of comorbidities such as diarrhoea and stunting, which might be caused by insufficient sanitation.

Given the above-mentioned reasons, GoM should take action to ensure wider access to WASH services. In the short term, it should incentivise handwashing with soap through the deployment of appropriate facilities, such as water tankering, and soap stations. In the longer-term, GoM should (i) promote a regular and sustainable access to WASH services, through the distribution of loans and subsidies to have households connecting to WASH infrastructures; (ii) ensure service quality and fair tariff structures.⁷¹ Public messaging is essential to raise awareness among the population about COVID-related rules and recommendations, and this is especially relevant for promoting good hygiene measures. There are several channels that can be used for this purpose: (i) TV and radio addresses to the nation; ii) social media messaging; (iii) working with local (i.e. township, ward, village tract, and village level) GoM authorities; iv) working with civil society networks, religious leaders, and Ethnic Armed Organisations (EAOs). GoM has already been quite innovative in the use of social media, for example State Counsellor Daw Aung San Suu Kyi promoted an online homemade cloth face mask-making contest with a post on her Facebook account, receiving over 200,000 reactions and over 30,000 shares within nine hours.⁷² However, public messaging is being severely hampered in certain townships in Rakhine State and Paletwa Township in Chin State, by the continued shutdown of the internet.⁷³ Moreover, GoM needs to take specific action against the spread of fake news via social or print media, as this has the potential to undermine public messaging. However, it is important that such action is targeted carefully so as to protect independent media's right to expression and that such decisions are made in a transparent fashion – this has not always been the case so far.⁷⁴

With the reopening of factories, shops, and restaurant across Myanmar, it is especially important that GoM promotes and implements hygiene and social practices to mitigate the negative impact of reduced physical distancing in workplaces and entertainment venues, as well as in streets, markets, and public transport. GoM should also: promote disinfection of public spaces (including schools, markets, buses and trains), and provide guidelines on how to disinfect private spaces;⁷⁵ increase the provision of hand-washing stations, as stated under Goal 6 of CERP; promote, as mentioned under Goal 5 of CERP, the use of cashless and mobile payments, as attempted by the Yangon Bus Service and some Myanmar local banks;⁷⁶ promote temperature screening, and keep the order of mandatory use of face masks in public spaces,⁷⁷ enforcing compliance.⁷⁸ Mandatory face mask use should be supported by distribution of free masks and awareness campaigns explaining their importance, as has already been done in certain locations, such as Shan State.⁷⁹ A constant supply of face masks, at a controlled price, should also be guaranteed by domestic production.

Testing and tracing

Prompt identification and isolation of positive cases is a key strategy to contain the contagion. However, this activity is extremely complicated due to some intrinsic characteristics of the disease, e.g. its high level of contagiousness,⁸⁰ the presence of asymptomatic cases,⁸¹ and governments often having restricted capacity to efficiently procure and process diagnostic

tests. Myanmar has not been exempted from these difficulties. In fact, a shortage of testing kits (swabs and reagents) and the low number of laboratories able to perform tests for COVID-19 have led to only 510,000 tests performed by October 18th, out of a population of around 54 million.

In early October 2020 Myanmar has increased the number of tests it is conducting, from 5,000/day to 8,000,⁸² but it might not be enough in the case of rapid transmission of the virus – as now being experienced in the country. In this regard, the purchase of rapid antigen test kits⁸³ will help step up testing and promptly identify, and isolate, confirmed cases. Furthermore, GoM could cope with low testing capacity by adopting alternative approaches that can help identify the prevalence of the disease and potential hotspots, such as (i) targeted testing – prioritising specific categories of people like hospitalised patients, health workers, and individuals regularly visiting at-risk environments (e.g. wholesale markets) or interacting with many people (i.e. superspreaders); (ii) pooled testing – grouping individual specimens into pools, and screening the whole group only if a member tests positive.⁸⁴ Additionally, GoM could obtain insights into the transmission of the virus using other sources of data, such as (i) administrative data – e.g. monitoring data on ICUs admissions, as well as comparing the number of pneumonia cases to historical data; (ii) primary data – e.g. household phone surveys by community health workers.⁸⁵

Moreover, GoM should continue implementing, and even expanding, its contact tracing system. When an initial COVID-19 case is confirmed, contact tracing should begin in order to identify secondary cases, that is everyone who had close interactions with the primary case and might have been infected. These people should be quarantined until they can be tested to see if they are negative. Once quarantining and testing of the secondary cases has been completed, testing and tracing should ideally move on to those who have had close contact with the secondary cases – although there may not be the capacity to do this at all times. If the cluster of infection is too large for testing and tracing to be conducted, entire geographical units (such as townships or states/regions) can be shut down, although this carries significant economic and social costs. Lessons from other countries, like Vietnam, suggest that aggressive targeted testing, complemented by an effective contact tracing system, can help contain the contagion, especially if implemented during the early phases of an epidemic, when the amounts of required tests, tracing and quarantining are relatively small.⁸⁶ The Ministry of Health and Sports (MOHS) has published a protocol to trace suspected cases, which has supported the identification of clusters such as those linked to a religious event at the end of April, and to returnees from Malaysia and UAE in mid-May. However, cases of unidentified transmission chains are soaring, and much needs to be done to improve the quarantine system.⁸⁷

Social distancing

Physical distancing and shielding – high priority should be given to physical distancing between people, both in public and private places, as this significantly reduces the risk of infection.⁸⁸ GoM has recommended to keep a minimum distance of 6 feet (1.8 metre) in public spaces, including on public transport, and within workplaces; provided guidelines for businesses and employers on how to ensure distancing between workers, and with customers; and required to keep a safe distance of 1.8 metre between vendors in markets. Difficulties in enforcing compliance and the impossibility of adhering to social distancing rules in overcrowded urban and informal settlements have encouraged the adoption of simple innovative strategies. For instance, officials in Kalaw (Shan State) ensured distancing between

vendors in a street markets by creating personal areas through painted lines. Inspired by this example, authorities in Pantanaw Township (Ayeyarwady Region) and Myawaddy (Karen State) applied the same strategy to their local markets.⁸⁹ Physical distancing rules should be designed to minimise economic damage and disruption to businesses, markets, farmers, and key supply chains (such as food and health care), while ensuring public safety. For this reason, closures of schools, businesses, and markets, as enforced by GoM in April,⁹⁰ and then again in September,⁹¹ should be temporary. If distancing is not possible, GoM should promote shielding of vulnerable members of the population (e.g. elders), keeping in mind the high density that characterises dwellings in Myanmar.

Restrictions on large meetings and events – banning or limiting attendance at mass gatherings can reduce social interactions without causing excessive social or economic damages. GoM has already introduced some restrictions, such as forbidding gatherings of more than five people, and the cancellation of celebrations for the Thingyan Water Festival in April. It should now continue restrictions on large religious and sporting events, like the cancellation of Taungbyone festival in August.⁹² Furthermore, the November 2020 General Elections pose a particularly relevant threat to public and individual health. During an election it might not be possible to keep physical distancing and observe good hygiene practices, as millions of people visit crowd polling stations and touch voting materials. The introduction of special voting arrangements, such as allowing voting over multiple days or alternative ways and locations to cast the ballot, can help mitigate the health risk that such activity entails and promote voting participation through a reduction of the fear of contagion.⁹³

Outdoor and ventilated areas – the coronavirus spreads mainly through the air,⁹⁴ transmission is more likely to occur within indoor environments,⁹⁵ and the risk is exacerbated where there is poor ventilation. In order to safely maintain social and economic activities, GoM should promote natural ventilation, when possible, and review ventilation strategies to maximise indoor-outdoor exchange of fresh air.⁹⁶ In this regard, restrictions on air-conditioned offices have a high health benefit to economic cost ratio – ventilation in air-conditioned offices is typically poor and quite large numbers of people from different households meet there; at the same time most office work can be performed remotely, and particularly in a country such as Myanmar, most office workers are from relatively well-off households. MOHS has already promoted homeworking in its guidelines for workplaces and should maintain this recommendation as much as possible.

Lockdown and restrictions on personal mobility

Given the damage that strict lockdown measures cause to social and economic life, going forward GoM should adopt a local approach to containment and design lockdowns based on the extent of clusters of infection in specific areas. This happened within Yangon in May⁹⁷ and September 2020⁹⁸ and in Rakhine State in August 2020.⁹⁹ Even when strict lockdown measures (e.g. stay at home orders) are necessary, it is important to protect key supply chains (e.g. food, health care), allowing movement of essential workers and goods and hindering price speculation on essential goods,¹⁰⁰ and support the most vulnerable and those directly affected by the containment measures, such as factory workers¹⁰¹ and street sellers.¹⁰² It is also important to take steps to mitigate the social costs of lockdown, like the increase in domestic violence.¹⁰³ GoM should partner with local community-based organisations (CBOs) and civil society organisations (CSOs) to support victims, and organise public awareness and communication campaigns to denounce violence against women and children.¹⁰⁴ This crisis might also impact people's mental health, already under strain in situation of isolation, poverty,

and political conflict.¹⁰⁵ Finally, it is important to regulate public transport and migration. Public transport is fundamental to maintain and revamp economic activities. However, it is also a high-risk vehicle of contagion, especially in cases of poor ventilation (for example air-conditioned buses) and in overcrowded buses. For these reasons, it is recommended to keep the same service supply for critical routes, or even expand it, to allow workers to commute while maintaining physical distancing.¹⁰⁶ Restrictions, such as quarantine on arrival, will be needed on international migration into Myanmar, especially for migrants coming from countries with high rates of COVID-19, or on domestic migration originating from high-prevalence areas. The broad restrictions on internal movement that were adopted in many areas of Myanmar in April and May 2020 imposed very high social and economic costs and should only be used again if there is clear evidence that such dramatic action is necessary and limited to those areas where the community transmission cannot be controlled with alternative measures.

Collection and analysis of current high-quality data are necessary to support decisions around the implementation, and intensity, of the above-mentioned strategies, since they can provide information on (i) the evolution of the pandemic; (ii) the capability of the health system; (iii) the impact of containment strategies on specific economic sectors and on the population.¹⁰⁷ The collection of local health data is essential to understand the spread of the disease and support localised containment strategies where needed. Data on the economic impact can help policymakers understand the damage caused by measures implemented both externally and domestically, and can inform decisions on design, implementation, and lifting of containment measures, and economic support for firms and households.

Additionally, data are extremely important to make public messaging clear, consistent, and effective in order to secure community support. The success of hygiene and containment measures will depend on the trust that the community has in the government, on the acceptance of its decisions, and, consequently, on individual compliance. GoM will need to convince citizens of the gravity of the situation and on the importance of individual actions in a context of constrained resources. To ensure that messaging penetrates even the most rural areas, GoM should involve local leaders in the dissemination of public messages and work closely with village health volunteers. With the majority of the population living in rural areas in Myanmar, a lack of support from local communities will likely cause a failure of any containment strategy.¹⁰⁸

The COVID-19 vaccine campaign

As several candidate vaccines are already undergoing clinical evaluation,¹⁰⁹ GoM should start working with partners to secure access to the vaccine, once ready, as well as promoting education among the population to avoid disinformation and distrust,¹¹⁰ and take all the preliminary steps to ensure a proper mass vaccination campaign.

Daw Aung San Suu Kyi has declared that Myanmar will quickly get a vaccine once confirmed to be safe.¹¹¹ Therefore, GoM should work closely with the WHO to assure prompt access to a safe and effective vaccine, with enough provisions to run a mass immunisation campaign. The adoption of a high-quality vaccine is necessary to avoid negative effects not only on the health of those receiving it, but also on public trust about vaccines. The success of mass vaccination campaigns heavily depends on people's acceptance.¹¹² Therefore, it is necessary that GoM promotes early and transparent communications with the population to reduce possible hesitancy.

Finally, even in case of a safe and working vaccine and wide public acceptance, several steps need to be taken to ensure that it is accessible to the population, e.g. procurement and distribution.¹¹³ Thus, it is crucial that GoM starts setting up all required systems and works with all relevant actors, including EAOs, to ensure that the whole country could be covered during the campaign.

3. Protecting vulnerable households

a. How to help households and workers

The COVID-19 crisis has affected some sectors of Myanmar's economy much worse than others, and GoM, through CERP, has established a number of instruments to provide support to workers and households in need, like cash and food transfers, cash for work programmes, and community infrastructure projects (see Section 1). Moreover, GoM is closely working with international organisations to better support specific sectors. In May 2020 it was announced that GoM would take a USD 200 million loan from the World Bank to fund interventions supporting smallholder farmers in the purchase of inputs, and the set-up of rural cash for work programmes.¹¹⁴ The Livelihoods and Food Security Fund (LIFT) announced a funding of USD 9 million to support mothers, pregnant women, and elderly.¹¹⁵ The EU has performed over 70,000 digital cash transfers totalling MMK 5.4 billion (USD 4.2 million) to garment, footwear, and textile workers that have lost their jobs or are underemployed.¹¹⁶ Factory employment is relatively well-suited to this approach – the government is in contact with the majority of factory owners and can work with them to identify workers that need support. This is less true for sectors such as agriculture, construction, and retail trade. Even in the garment sector this approach may not be able to reach the workers employed in more informal factories, and in most other sectors the level of informality is much higher. Rather than trying to target workers in specific sectors, most of GoM's support should be targeted to poor and vulnerable households regardless of which sector they are employed in, as it has been doing through the in-kind and cash transfers from the GAD and the cash-for-work programme of the DRD. In addition to food and cash transfers and employment programmes supported by GoM, many local CSOs/parahita organisations, private companies, and individual donors have been providing cash and/or in-kind benefits to households seen as needing assistance. Such initiatives are welcome but cannot meet all of the needs of affected households and should not be seen as an adequate substitute for additional government support.

In recent decades many developing countries have replaced blanket subsidy programmes (such as petrol or electricity subsidies), with programmes that are more specifically targeted towards supporting poor and vulnerable households; and governments in other countries have recently used such programmes to support poor households impacted by COVID-19. For example, the Government of Laos has recently approved a cash transfer programme for workers affected by the COVID-19 crisis as part of its Social Security Scheme; and Bangladesh has been holding market sales of rice at reduced prices to guarantee food consumption.

Blanket subsidies are often regressive¹¹⁷ – i.e. they give more subsidy to wealthier households than to poorer households. For example, richer households tend to consume more petrol and more electricity than poorer households. Myanmar ended what were in effect blanket petrol

subsidies in 2005 and then again in 2007,^{e,118} and in 2019 dramatically reformed what had previously been (near) blanket electricity subsidies for household consumers that are connected to the National Grid.^{f,119} However, Myanmar has only recently started to provide forms of social protection, and these programmes are still limited, e.g. pensions to those aged 85 and over, and a maternal and child cash transfer (MCCT) programme. The former programme provides MMK 10,000/month transfers throughout Myanmar to any citizen older than 85 years old registered with the Department of Social Welfare (DSW). The latter is an economic support programme for pregnant women and mothers of child under two years old, through monthly cash transfers of MMK 15,000, conditional on participation on relevant health checks. DSW has been implementing MCCT in Rakhine and Chin States and Naga Self-Administered Zone (SAZ) since 2017 and extended it to Kayah and Kayin States in 2019. Moreover, DSW provided a one-time support (MMK 30,000 cash transfer) in 54 IDP camps in Kachin and Shan State during the COVID-19 crisis, as one of the first measures to mitigate the negative impact of the pandemic on the most vulnerable (the transfer reached 1,402 individuals for a total expense of around MMK 42 million, or USD 31,000).¹²⁰ Save the Children, with funding from LIFT, is implementing MCCT in Pauktaw (Rakhine), Labutta (Ayeyarwady), and in the Dry Zone.

Myanmar can respond to the economic shocks currently posed by COVID-19 *and* help prepare for future shocks by expanding its existing social welfare programmes and providing new forms of cash, in-kind, and employment support to households. Economic support to poor and vulnerable households in Myanmar to help respond to the COVID-19 crisis can help contribute to Myanmar's long-term goal of expanding social protection. Additional support should be designed to help redistribute resources towards 'the needs of the poorest and most vulnerable,' and help respond to disasters and shocks, as described in the Myanmar National Social Protection Strategic Plan (MNSPSP).¹²¹ As well as directly helping poor and vulnerable households meet their consumption needs, well-designed and implemented support to these households has the potential to strengthen relations between citizens and the state.

As highlighted in CERP, economic support to poor and vulnerable households can take three main forms: i) in-kind transfers; ii) cash transfers; iii) employment schemes. Such support can form an important part of Myanmar's move towards providing a comprehensive social protection system.

b. Cash and In-Kind Transfers

Merits of Cash versus In-Kind Transfers

As part of CERP and as noted above, GoM has already provided both in-kind and cash transfers to needy households impacted by COVID-19. International experience shows that cash transfers are usually found to be better value for money than in-kind transfers.¹²² Cash transfers allow households to decide what to buy and so are highly responsive to their needs, in a way that is not possible to achieve with government-provided in-kind transfers. Voucher

^e Since 1980 GoM had provided a petrol/diesel ration entitlement to all households in Myanmar, which enabled them to purchase petrol/diesel at a fixed price, that was substantially below the global price and the domestic (black market) price. For source, see endnote.

^f Prior to the 2019 reform, the electricity tariff was 35 MMK per unit for the first 100 units, 40 MMK for the next 100 units, and 50 MMK for all consumption beyond that. Although this pricing schedule was mildly progressive, even the highest rate was well below the cost of production, and 63% of the subsidy was received by the richest 20% of households. Whereas the pricing schedule introduced in 2019 is much more steeply progressive, with a top rate of 125 MMK per unit. For source, see endnote.

schemes represent a halfway approach, in that households are only allowed to spend their vouchers on certain types of goods (such as food and medicine) but can choose themselves what exactly they want to buy and in what quantities. However, voucher schemes can be more complex to administer, and there is little evidence that there is a need to restrict what recipient households spend their money on – contrary to the expectations of some people, there is little evidence that cash transfers are used by recipients to increase their consumption of ‘bad’ goods, such as tobacco or alcohol.¹²³

International experience shows that fears that cash transfers will lead beneficiaries to reduce their rate of employment are also generally unfounded. In fact in some cases cash transfers have enabled households to increase their level of employment and/or shift into more productive forms of employment.¹²⁴ Cash transfers also tend to have greater positive spillovers on the local economy than food transfers – i) a lot of the additional consumption by beneficiaries as a result of receiving cash transfers tends to be spent with local producers and petty traders; ii) cash transfers can also encourage investment in small-scale business activities. The benefits of cash transfers have resulted in them becoming increasingly popular in recent decades, and they are recommended by many economists, including recent Nobel prize winners Abhijit Banerjee and Esther Duflo.¹²⁵ Cash transfers have been widely used by governments around the world to respond to the economic shocks caused by the COVID19 crisis.¹²⁶ They are a suitable option for Myanmar as well and indeed three rounds of cash transfers to poor households have been implemented by the GAD as part of CERP.

Cash transfers can be conditional or unconditional. Conditions are most commonly attached to cash transfers when certain changes in health or educational outcomes are desired, and for example Myanmar already has a couple of (mildly) conditional cash transfer programmes, e.g. the school stipends programme, and the maternal and child cash transfer.¹²⁷ Conditions are more commonly used as a part of longer term social protection interventions than for shorter-term humanitarian response.¹²⁸ However, evidence shows that unconditional cash transfers may manage to bring the greatest number of people out of poverty (3.7%) compared to conditional ones (0.8%).¹²⁹

Universal transfers are one possible alternative to targeted transfers – i.e. instead of only making the transfer available to a specific group, such as the poor and vulnerable, the transfer is provided to all individuals or households. Such a transfer for developing countries is sometimes referred to as an ‘universal basic income’ (UBI). This approach has certain advantages, including saving on the cost and difficulty of accurately targeting a specific group. However, given that the resources that (developing) countries can allocate to social assistance programmes, such as cash transfers, are limited, preferring UBI over targeted transfers necessarily involves that the transfer per individual decreases. Moreover, while the cost of the targeting process – e.g. a census – may sound high, in reality it is largely overcome by the benefits generated.¹³⁰ Therefore, UBI is not a feasible and preferable option for Myanmar to pursue, at least in the near term.

Differently from cash transfers, in-kind transfers involve the physical distribution of goods to beneficiaries. Those favouring cash transfers stress how in-kind transfers are affected by low quality of supply, and require the active involvement of the public administration, unaccountable and with weak capacity at the local level. Supporters of in-kind transfers, instead, highlight the risks connected to cash transfers, such as misuse of money and price fluctuations.¹³¹ Although cash transfers are usually a more cost-effective way of providing

support than in-kind transfers,¹³² the latter can be an effective option in disaster situations when supply chains are disrupted and key goods (such as food) are difficult to produce or procure locally. In this situation cash transfers will not help residents to meet their basic needs and are likely to result in inflation. In-kind transfers may also be preferable to cash transfers in remote communities where supply is permanently restricted.¹³³ By contrast, ‘where markets are functioning’ even organizations like the World Food Program may find it preferable to provide cash rather than in-kind transfers.¹³⁴

Lessons from the recent food rations programme

On 6th April 2020, GoM’s Central Committee on Prevention, Control and Treatment of COVID-19 announced that they would provide emergency food rations across the country to low-income households that did not have regular income.¹³⁵ The food rations per eligible household comprised 10.4 kg rice, 1.6 kg pulses, 1.6 kg onions, 0.8 kg oil, and 0.8 kg salt.¹³⁶ This food package was to be delivered prior to the *Thingyan* new year holiday period (12th – 16^h April), when GoM had banned celebrations and planned to impose stay-at-home measures and travel restrictions.

GoM faced foreseeable challenges in implementing the programme. There was not an existing subsidised or free food distribution network, and GoM (and in particular GAD which was responsible for implementing the programme) has limited experience with transfer programmes. Further, there was very limited time to roll out the programme. There was less than one week between the announcement of the programme and the beginning of the holiday period. If planning for food distribution took too long, the holiday stay-at-home measures would have kicked in and food rations would not have reached needy households on time. It is therefore unsurprising that the programme faced some implementation challenges. This section of the report explores these challenges, and how future transfer programmes can learn from these experiences.

The information on how the food rations programme was implemented is primarily taken from conversations with government officials, ward/village tract administrators (W/VTAs), household heads, and civil society leaders that were well informed about the food rations programme in their townships across Ayeyarwady Region, Mandalay Region, Mon State, and Shan State.

Eligibility criteria – W/VTAs were primarily responsible for compiling a list of eligible households for the food rations programme, and then submitting it to township authorities for checking. It is positive that GoM had a bottom-up approach to beneficiary identification (i.e. by having W/VTAs compile the initial list of eligible households). The following paragraphs discuss how this process could be improved in the future.

The Central Committee’s guidelines specified that recipients should be at the bottom of the income pyramid without regular income.¹³⁷ Thus, the programme rightly targeted at poor and vulnerable households. However, it was often unclear to W/VTAs how eligible households should be defined in practice. In some locations W/VTAs were issued with a list of the eligible occupations of household member(s)⁹ and/or instructions that the ownership of certain assets should make a household ineligible for the programme. It was unclear from our conversations

⁹ N.b. it is not clear from the instructions how this was defined and is potentially open to different interpretations, e.g. i) all household members that are active in the labour force; ii) any household member that is active in the labour force; or iii) the household head.

whether these instructions (where they were given) were issued by individual state/region governments or by individual township authorities.

Having a fixed list of occupations as eligibility criteria is overly rigid and likely to miss out on certain households that need assistance. People working in the same occupation can belong to households with considerably different income/wealth levels. Similarly, the use of overly simplistic measures of asset ownership as a proxy for income/wealth can be problematic. For example, in a township in Mon State, W/VTAs were told not to include any households that own a motorbike, but this excluded some of the very poorest households, that owned old motorbikes of very low value. More generally, relying on the ownership of assets is not a good way of measuring need in a time when many households' incomes have fallen – this is discussed in more detail below.

The programme guidelines instructed local GAD officials to consult with a somewhat broad spectrum of stakeholders in beneficiary identification. The instructions issued by the national committee stipulated that the identification of beneficiaries for the food rations should be led by W/VTAs, but include consultation with village elders, 100 household heads, 10 household heads, the Red Cross and auxiliary fire brigade.¹³⁸ However, W/VTAs typically had only 24-48 hours to compile a list of beneficiaries, and so were often unable to consult with all of these suggested persons. The absence of consultation with other stakeholders could have seriously restricted the necessary information available to them. In fact, W/VTAs acknowledged that this could lead to incomplete and/or biased lists.

The inclusion of other stakeholders could also have enhanced the programme transparency and thus the public's trust. Indeed, several W/VTAs recommended having greater involvement of CSOs in beneficiary identification in the future. Thus, for future identification efforts, it is recommended that W/VTAs are required to consult with a wider group of representative leaders from within their community, for example by including the leading members of community *parahita* organisations^h and religious leaders. W/VTAs should also be given more time to compile the list of beneficiaries so that they can consult properly with the leaders listed in the instructions.

W/VTAs were not told in advance how many households in their wards/villages could have a food ration provided by the scheme. This typically resulted in W/VTAs submitting a long list of households that they thought were eligible to township GADs, and township GADs then deciding which households on the list to provide rations to and which households to exclude. In some cases, Township GAD decided which households to include and which to remove from the list of eligible households in close coordination with W/VTAs, but this seems not to have been the case in all townships. Based on our conversations, it appears that only around 10% of households initially deemed eligible by W/VTAs were finally approved in a township in Mon State, around 20% in the Taunggyi Township in Shan State, and that in some townships in Bago and Ayeyarwady Regions less than half were approved. These problems can be avoided by giving W/VTAs a 'hard budget ceiling' for this programme – i.e. telling each W/TA in advance how many households in their W/TA they can provide support to, and local leaders then identifying exactly that number of households. This is discussed further below in this section, under the 'budgeting and fund transfer' heading, and in Appendix 2.

^h N.b. *parahita* organisations are local voluntary CBOs in Myanmar, that can take a wide range of form and function.

W/VTAs responded in different ways to being told that not all of their proposed list of beneficiaries would receive the rations. Some W/VTAs from Mon State decided not to distribute rations to any households in their village tract due to the fear of a potential conflict between proposed ineligible households and the administrator, and between beneficiaries and non-beneficiaries. Other W/VTAs responded in various ways, including: reducing the quantity and quality of rations per household so more households could receive something; collecting donations from local residents so there was more to provide to beneficiaries; using their judgement to identify which households were most in need, and giving full rations to them.

In addition to the guidelines for beneficiary identification being unclear to W/VTAs, the eligibility criteria and the approval rates were not communicated clearly to the public. Many members of the public did not understand that only a very small percentage of households were eligible for the ration. This failure of communication contributed to discontent amongst some members of the public and created friction between the public and W/VTAs. This has led many W/VTAs to view potential future rounds of food or cash transfers with some trepidation.

In summary, the food rations programme had many desirable features as well as areas for improvement for future programmes. Its objective of targeting poor and vulnerable households is a desirable objective. However, using occupations and asset ownership as criteria was too rigid to reflect rapidly evolving circumstances at the local level. A bottom-up identification of eligible households is an appropriate approach in a context of information constraints and a rapidly evolving situation. However, the lack of clear budget ceilings for W/VTAs, unclear communication to the public, and the inadequate participation by important stakeholders weakened the beneficiary identification process.

Consequently, the programme partially failed to fulfil its objective of distributing food rations to poor households without a regular income. In fact a recently completed survey by the World Bank shows that while 19% of poorer households from the bottom welfare quintile received the transfer, 14% of the richest households from the top quintile also received the transfer – despite the fact that the programme was explicitly targeted at the most vulnerable.¹³⁹ Therefore, it is important that future rounds of transfers more effectively reach those most in need to achieve the biggest impact.

Targeting – there are three potential approaches to target poor and vulnerable households at the local level: proxy-means testing (PMT), community-based targeting, and self-targeting. PMT uses a set of questions administered to households and a scorecard to decide eligibility. In Myanmar, Innovations for Poverty Action has made a Poverty Probability Index (PPI) based on the 2017 Living Conditions Survey. It has ten simple questions, including the agri-ecological zone that a household is located in, the number of young children, access to electricity, and household construction materials. Conceivably, W/VTAs can administer PPI to determine the eligibility of households.

However, although PMT methods can reliably distinguish between poor and non-poor households in normal times, they are less accurate in a situation where circumstances are rapidly changing, and many households are experiencing a negative income shock. Myanmar is currently in a rapidly evolving situation due to COVID-19. Further, although PMT methods are easy to administer using the scorecard, how the scorecard is constructed is a highly technical exercise and will not be clearly understood by most local leaders and residents. This tends to reduce programme transparency and public trust.¹⁴⁰

Community-based targeting methods require the community to decide which households are the poorest/most vulnerable/most in need of assistance. It is normally not practical to have every member of the community, or even every household in the community, involved in beneficiary identification. However, it is much better to have a broader range of people involved in this process at the community level than just the W/VTAs, as typically occurred with Myanmar's *Thingyan* food transfers.

In doing community-based targeting, the union or state/region governments should outline basic guidelines for how to conduct the identification process, and who should be involved in this. It is also appropriate for there to be some form of auditing system organised by the higher levels of the state. However, wards/village tracts should be given considerable freedom over who they identify as the households most in need of assistance. Studies from Indonesia suggest that community-based targeting is roughly as accurate as PMT measures in targeting those most in need, a lot more transparent to households and local leaders, and preferred by them.¹⁴¹

One downside/risk of community-based targeting is that it is possible that PMT approaches will lead to the exclusion of already marginalised social groups (see the end of Section 3b for further detail). Community-based targeting may also be difficult to implement in certain wards in Myanmar – i.e. wards with the low levels of community cohesion and/or where community leaders have highly imperfect knowledge about the socio-economic status of local households. This is more likely to be the case in urban settings.

Self-targeting approaches to beneficiary identification require households that want to receive the programme to nominate themselves by applying to local authorities, and these applicant households are then assessed using the PPI scorecard to establish whether they are poor enough to qualify. This approach has some technical advantages over the standard PMT approach for targeting, especially at a time of negative income shocks, and can be better at including households that live on the fringes of villages. However, this method is likely to result in some very poor families being excluded, due to them not being confident to apply for the programme, or not having the time to apply.¹⁴² This programme also relies on the PPI scorecard, which, as noted above, is not very transparent for local residents and leaders.

Although none of the approaches listed above are perfect, community-based targeting appears to be best suited to the Myanmar context and the existing challenges highlighted by the food rations programme. It is appropriate for a context in which there is low trust in state institutions, and employment and income shocks are affecting some households considerably more than others. If correctly implemented, it can also reduce communication problems with the public. Specifically, rules should be issued instructing that this process is conducted not only by W/VTAs but also including other local leaders – where local *parahita* organisations are present, leaders from these groups should also be involved. It may be a good idea to also include 100 household heads, 10 household heads and religious leader(s). There should also be a provision to ensure that there is a minimum level of female representation in the group responsible for leading the identification process. Broadening community inputs into beneficiary identification enhances information, transparency, and the public trust in programmes.

Procurement and distribution – The food rations programme required public procurements of large quantities of food and thereby necessitated difficult trade-offs between transactions costs and redistribution. To avoid multiple transactions, authorities may have preferred large traders

who could supply large procurements. In Tanintharyi Region, the food for the ration programme was procured by the regional government and then distributed to townships. In most other states/regions, food was typically procured by township GADs from traders within their townships, although in some cases township authorities asked state/region-level authorities to assist them in procuring certain items.ⁱ These processes will tend to benefit a small number of relatively wealthy traders at the township and state/region levels, while possibly reducing the amount of money that people spend with small-scale food sellers within their local community. Whereas (as noted above) cash transfers are more likely to benefit local economies and small-scale traders rather than wealthy elite traders.

Distributing large quantities of food rations to households was a logistical challenge, particularly given the disruptions to the movement of people and goods at this time. W/VTAs were responsible for collecting rations from the township collection points. Any charges that W/VTAs incurred for transporting the rations or repackaging them had to be paid out of their own pockets. W/VTAs were not given clear and consistent instructions on how to distribute the rations within their ward/village tracts. Some W/VTAs delivered rations to each beneficiary household while wearing protective equipment, but others instructed beneficiaries to come to a specific collection point (such as the ward/VT office), which resulted in crowds of people at the office, in contravention of the official social distancing measures that were supposed to be in place at the time.

In short, the procurement and distribution of the food rations programme suggest important considerations for future programmes. First, food transfer programmes can involve trade-offs between transaction costs and desirable distributive effects. Second, administrative costs should be considered in budgeting for future programmes. Third, social distancing guidelines in collecting and distributing transfers are needed for the foreseeable future.

Monitoring & evaluation – In the instructions for the food rations programme, GoM highlighted the necessity for accountability, e.g.:

‘...To prevent unwanted waste, delays and corruption during this process, the list of beneficiaries will be collected under the supervision of state/regional governments, and packaging, transportation and distribution etc. [of rations] will be conducted in collaboration with government institutions, UMFCCL, elders of the community, social organizations and youth philanthropists.’¹⁴³

However, this instruction was quite vague, and in practice township authorities typically conducted no public monitoring, nor any other monitoring mechanism. The lack of proper monitoring and grievance mechanisms meant that local communities typically used Facebook to express their disagreement and displeasure. This in turn placed local authorities, including those who implemented the programme with due fidelity, under severe social pressure, leading some to anticipate future programmes with trepidation.

An exception to this general trend was Taunggyi Township. In Taunggyi Township volunteers were assigned to accompany ward administrators to distribute rations, monitor the process, and inspect if rations were genuinely provided to the most vulnerable. This seems to have been fairly effective in wards where the ward administrator undertook door-to-door distribution, because the volunteers could then observe the type of housing that beneficiary households

ⁱ This was reported to us in Labutta Township, Ayeyarwady Region.

lived in. This enabled volunteers to report any misallocation of rations to township authorities. However, in wards where households were expected to come to the ward office to collect their rations, it was much harder for volunteers to estimate the socio-economic status of the beneficiaries.

Improving accountability mechanisms for future transfer programmes is in the interest of GoM, W/VTAs, and the public. Having internal monitoring and grievance handling mechanisms ensures that problems are identified and tackled in a timely manner. In fact, a few existing public programmes such as the National Community Driven Development Project (NCDDP) already have experience with implementing internal monitoring and grievance handling mechanisms that future transfer programmes can learn from. Some key considerations include a centralized management information system (MIS) and multi-level grievance handling mechanisms. Collaboration with external partners (e.g. CSOs, CBOs, religious and youth organizations) in programme implementation monitoring is a key aspect of enhancing accountability. External monitoring and evaluation will also matter. In this regard, making programme information widely available enables media and civil society organizations not involved in programme implementation to execute their watch-dog roles.

Additional considerations for in-kind and cash transfer programmes

This section reviews some additional and crucial implementation considerations for both in-kind and cash transfer programmes (such as the one recently implemented by GAD) based on the lessons from the food rations programme and salient contextual elements in Myanmar as well as international experience. They include considerations on (i) fairness and perceptions of fairness, ii) fund transfer, iii) the role of GoM and non-GoM actors, iv) the limitations of digital transfers, and v) the risks of exclusion error.

Fairness and perceptions of fairness - in-kind and cash transfers have the potential to provide economic support to households that need it. Cash transfers are well suited to Myanmar's current situation and are already listed as long-term strategies for improving social protection in the MNSPSP. These programmes also have the potential to strengthen citizen-state relations. However, for this to happen it is important that they are fair and perceived as such. The fairness of these schemes depends on issues such as:

- Whether intended beneficiaries are seen as deserving – in most countries it is fairly uncontroversial to give transfers to groups such as mothers of young children and old age pensioners. In many countries giving direct assistance to poor and vulnerable households is also perceived as fair, although this is sometimes more contested than giving assistance to mothers or old age pensioners.
- The size of the transfer – large transfers can be seen as unfair, particularly by those who are just above the cut-off point for income/poverty level and do not receive the transfer.
- The type of transfer – whether the transfer is provided as in-kind assistance, a conditional cash transfer, an unconditional cash transfer, can affect its perceived fairness.
- Transparency, e.g. how well-publicised and easy to understand the beneficiary selection criteria are.
- How effectively the transfer is targeted to the intended beneficiaries – if the transfer is not accurately targeted, it is more likely to be perceived as unfair.
- The level of corruption that occurs as part of the programme.

Budgeting & fund transfer – the lack of a clear budget ceiling for W/VTAs under the food rations programme contributed to inaccurate targeting of beneficiaries and conflict within communities. An appropriate way to prevent these challenges is to give clear information to W/VTAs on how many households in their ward/village tracts that they can provide transfers to, and then tell them to identify the same number of households that most strongly match the criteria for receiving the transfer, e.g. the most in need, or the poorest.

To do this, GoM also needs to set up a clear, rules-based process for deciding how much to allocate to each ward/village tract. For the food rations programme, it was not clear how the union government decided how much to allocate to each state/region, district, township, and then ward/village tract. Some suggestions for how to do this in the future are shown in Figure 3.

Figure 3: Deciding on Transfer Allocations for Cash or In-Kind Transfers to Each Ward/Village Tract.

Union to states/regions: How much to transfer to each state/region could be based on a simple formula that incorporates: i) state/region population size, and ii) state/region poverty rate or poor + vulnerable rate.



States/regions to townships: How much to transfer to each township could be determined by a formula based on population size, and the Multidimensional Disadvantage Index developed by the Ministry of Labour, Immigration, and Population in collaboration the World Bank using the 2014 Census data (See appendix 2 for some further details and limitations).



Township to ward/village tract: One way to decide how much to transfer to each ward/village tract could be to base this simply on population size. However, it is also possible to try to make this more targeted by incorporating rough estimates of ward/village tract poverty levels – options for doing this are discussed in Appendix 2.

Source: Authors recommendations.

An important long-term priority for Myanmar is to significantly raise state/region governments' and Development Affairs Organisations' (DAOs) revenue collection.¹⁴⁴ However, at a time of possibly declining household incomes and rising indebtedness, it is not advisable for township departments to collect additional fees from local residents. Indeed, it may even be appropriate for certain fees to be temporarily reduced or suspended to provide relief to households and promote certain kinds of economic activity. Therefore, funding for in-kind or cash transfers to households and/or for creating employment will need to be primarily provided from the Union government.

Finally, it is recommended that in-kind and cash transfers, both in urban and rural areas, are provided by departments that report ultimately to head offices at the Union level (such as the GAD, the DRD, and the DSW), to maximise their effectiveness.

The roles of non-GoM actors – in implementing future transfer programmes, it is crucial to clearly understand the important roles that CSOs, CBOs, religious networks, and the service provision arms of EAOs already play in local communities; and the potential ways in which these organisations can positively contribute to future GoM programmes.

CSOs, CBOs, and religious networks play a huge role in providing services, sharing information, and mobilising community action in wards and villages throughout Myanmar.¹⁴⁵ They are well known to local residents, highly trusted, and have the potential to play an important role in working with GoM to collect information, participate in decision-making, co-provide services, and monitor service delivery. In some townships, local GoM has collaborated extensively with local civil society and religious organisations in their COVID-19 response, including them being represented on the leading township committee for COVID-19 response.¹⁴⁶ Such cooperation can hopefully continue and be expanded into other areas. However, so far, such cooperation has been limited in other townships.

In many conflict-affected townships of Myanmar, EAOs provide a range of social services and governance functions, and in some locations, residents have little or no interaction with GoM service providers. In these townships, a comprehensive and effective COVID-19 response will depend to a considerable extent on the coordination and cooperation efforts between GoM and EAO service departments to reach all township populations, especially those in more remote and conflict-affected areas. So far, 'Coordination and cooperation [between GoM and Tatmadaw and EAOs] has been strong in some areas, whereas in others it has been non-existent or undermined by ongoing violence, including Tatmadaw attacks on EAO responders.'¹⁴⁷ To stop the possible spread of COVID-19, it is important that cooperation between local authorities, Tatmadaw, and EAOs is improved, and particularly that Ethnic Health Organisations (EHOs) are able to fulfil their role unimpeded.

Article 25 of the 2015 National Ceasefire Agreement (NCA) suggests that GoM and NCA-signatory EAOs will coordinate with each other on various governance activities in areas that EAOs operate in, including health, education and socio-economic development – this part of the NCA is often referred to as 'interim arrangements'. In-kind and cash transfers could come under the socio-economic development part of Article 25. However, implementation of Article 25 has so far been extremely limited, with EAOs and GoM finding it hard to agree on the terms of cooperation, as well as there being tensions over other aspects of the peace process.¹⁴⁸ In the longer-term it may be possible for GoM and EAOs to mutually agree on how to jointly provide cash transfers to poor households in EAOs areas. However, in the near term it would be better for GoM to gain more experience of providing cash transfers in GoM areas, and any initial attempts at expanding cooperative service provision between GoM and EAOs to focus on services that GoM and EAOs have more experience in providing. The ability of GoM and EAOs to cooperate on service provision in EAO areas, will depend not only on being able to find a mutually acceptable framework for how their cooperation on service delivery should be structured, but also by broader political developments.

Potential and limitations of digital cash transfers – existing GoM cash transfer programmes typically distribute physical cash to recipients, for example the old age pension is transferred by the DSW to the township GAD. The township office then distributes the money to W/VTAs, who distribute the pensions to the beneficiaries. The pension recipient, their W/VTA, and a staff member from the department of education all then have to sign a receipt, and submit this to the township office where the township administrator then also signs the receipt.¹⁴⁹ This

process is time-consuming, expensive, and places burdens on already overstretched staff. Direct cash distribution systems also carry a risk of extortion or inaccurate payments,¹⁵⁰ and may be more likely than digital transfers to lead to delays in beneficiaries receiving their money.¹⁵¹ Digital cash transfers have the potential to significantly reduce administrative costs in delivering cash transfers. They also have the potential to reduce corruption, although it should be noted that they do not eliminate this opportunity, and the registration of beneficiaries needs to be monitored carefully to limit corruption.

Mobile phone ownership in Myanmar has increased dramatically since telecoms liberalisation in 2014, and by 2017, 81.5% of the population lived in a house that owned at least one mobile phone.¹⁵² However, this figure was only 76.6% for the rural population and only 64.3% for poor households.¹⁵³ Although mobile phone ownership rates are likely to have risen further since 2017, there are still likely to be a significant number of households that do not own a phone, and poor households are disproportionately likely to be in this category. Further, some remote rural villages are still not connected to any of Myanmar's networks.

Another barrier to implementing digital transfers in Myanmar is that many villages do not have a digital payments agent present. For example, in Save The Children's pilot MCCT programme in Ayeyarwady Region in late 2017/early 2018, less than 25% of recipients had a Wave Money agent in their village,^j and almost 70% of recipients had to spend MMK 1,000 or more on transportation charges to reach their nearest Wave Money agent.¹⁵⁴ Wave Money, and other leading digital payments networks, expanded their networks considerably since 2018, but a considerable number of villages are still not covered.

Digital transfers potentially offer numerous benefits over cash transfers. However, Myanmar is not yet ready to move to a fully digital system, and physical cash transfers will need to continue to be used to reach areas that do not have mobile phone coverage. Physical cash transfers are also likely to need to be used alongside digital transfers to ensure that those living in villages without easy access to a digital payment point, and those that live in a household that does not own a mobile phone, are still able to receive transfers. For households that live in a ward/village that has easy access to a digital payments agent, but the household(s) is unable to receive digital payments, digital payment can be made to the W/VTAs or village leader, and they can then distribute the cash to the beneficiary household(s).

Risks of exclusion – beneficiary identification risks excluding vulnerable households through several different mechanisms:

- Some people in Myanmar do not have National Registration Cards (NRCs), but these have been required for registration in previous cash transfer programmes in Myanmar, such as the old age pension.¹⁵⁵
- Some households are not recorded on the household list, and being registered on the household list has also been a condition of previous cash transfer programmes, such as the old age pension.¹⁵⁶ It is particularly common for migrant workers and squatters to be excluded from household lists.¹⁵⁷ Households that are not on the household lists, and people that do not have NRCs, are probably disproportionately likely to be poor or vulnerable.

^j N.b. Wave Money is one of the leading digital payments networks in Myanmar, and was the sole chosen network for this program.

- Community-led identification of beneficiaries may lead to exclusion of already marginalised groups. This may occur in a variety of ways, but to give just two examples: i) in some predominantly ethnic Mon or Kayin villages in South East Myanmar that are also home to Bamar migrant workers, it may be unpopular among the Mon/Kayin majority to include Bamar households on the beneficiary list at the expense of Mon/Kayin households; ii) in many communities there is likely to be social pressure not to include Muslim households on the beneficiary list.

Table 2: summary of design features for consideration and avoidance

Program design area	Consider	Avoid
Budgeting & fund transfer	<i>Provide an indicative budget ceiling to each state/region, township, and ward/village tract</i>	<i>Failing to give a clear budget ceiling to W/VTAs</i>
	<i>Base union to state/region transfers on a simple formula incorporating state/region population size and state/region poverty rate (or plus vulnerable rate)</i>	
	<i>Base states/regions to townships transfers on a formula using township population size and the township Multidimensional Disadvantage Index</i>	
	<i>Base townships to ward/village tracts transfers on a formula using W/VT population size (and estimated W/VT poverty rate)</i>	
	<i>Publicize the indicative budget ceiling for each W/VT widely using various communication platforms</i>	
Eligibility criteria & targeting	<i>Continue to target poor and vulnerable households</i>	<i>Rigid eligibility criteria that cannot account for local differences and rapidly evolving circumstances for households</i>
	<i>Continue to use bottom-up beneficiary identification</i>	<i>Insisting on formal identification requirements such as NRCs, or presence on official 'household lists' – these have the potential to disproportionately exclude poor and vulnerable households</i>
	<i>Use a community-based targeting approach with guidelines for minimum-level broad participation by W/VTAs, CSOs, CBOs, religious leaders, and women.</i>	
	<i>Enforce broad participation guidelines</i>	

	<i>Monitor for potential problems with the community-based targeting and exclusion errors</i>	
	<i>Publicize eligibility criteria and beneficiary identification method widely using various communication platforms</i>	
Procurement & distribution	<i>Include administrative costs of programme implementation into budgeting</i>	<i>The collection and distribution of transfers without appropriate social distancing measures</i>
	<i>Issue social distancing guidelines for the collection and distribution of transfers as necessary</i>	
	<i>Issue guidelines for minimum-level broad participation by W/VTAs, CSOs, CBOs, religious leaders, and women's representatives</i>	
	<i>Use digital transfers for cash transfers, where populations have wide access to telecommunication networks, mobile phones, and digital payment agents</i>	<i>Digital transfers being the only way that recipients can access transfers.</i>
	<i>Supplement digital transfers with other methods including transfers to township bank branches and in-cash transfers where necessary</i>	
Monitoring & evaluation	<i>Install a central Management Information System (MIS) and multi-level grievance handling mechanisms, such as those used by the NCDDP</i>	<i>Using a single channel for monitoring and evaluation</i>
	<i>Enforce guidelines on broad participation in M & E at the various stages of program implementation</i>	
	<i>Publicize programme information and grievance handling mechanisms widely using various communication platforms</i>	
	<i>Publicize success stories from successful states/regions, townships and wards/village tracts, and encourage a race-to-the-top</i>	

Source: Authors recommendations.

C. Employment Schemes

Types of Public Works Programmes

Using employment schemes as a form of social protection is typically done through a public employment or public works programme (PWP), for which the main aim is providing

employment to those that need it at a prescribed wage rate and for the creation public goods, such as local small-scale infrastructure. There are different types of PWPs, and they can differ in various ways, including duration, scale, targeting, and implementation approach. Different types of PWPs can serve different purposes and it is crucial that this diversity is acknowledged to avoid the implementation of programmes that are not appropriate to achieve the desired outcome. Among the main types of PWPs, there are large-scale government programmes offering an employment guarantee, those offering short-term employment, and those promoting labour intensification of government infrastructure spending.¹⁵⁸

Large-scale government employment programmes are usually implemented in contexts presenting high and continuous unemployment and poverty rates. The key characteristic of these programmes is the increase of public expenditure to provide jobs to those that would otherwise be unemployed, with the objective of promoting employment on a sustained basis. India's rural employment guarantee scheme (NREGA) is one of the most famous examples of a large scale PWP, guaranteeing, as it does each rural household an entitlement to 100 days of work per year, at a minimum wage, and to be provided within 5 km of their residence and within 15 days of them applying for the work.¹⁵⁹ Such large scale PWPs, may also have spillover effects on labour markets, and lead to an increase in wages of low-skilled workers and a subsequent redistribution of income from richer households to poorer ones, as in the case of NREGA.¹⁶⁰

PWPs offering short-term employment are typically implemented in cases of major temporary disruptions to livelihoods and labour markets. Like large-scale programmes, their objective is to increase aggregate employment. However, they plan to achieve this result only temporarily, in order to provide an income to those that need it during the duration of a crisis. These types of PWP fit with CERP's goal 3.1.2, to 'Implement labour-intensive community infrastructure projects for those laid off, or for returning migrants';¹⁶¹ and with the public employment programme recently implemented by the DRD. However, note that it is not necessary or desirable to stipulate that workers employed by the programme must be laid off and/or return migrants – if the wage rate is set at the correct level it will effectively target those who need it without additional complications being required.

Programmes promoting labour intensification are mostly related to small scale infrastructure and their main objective is to increase labour usage during the construction of public goods, with the final goal of providing a wage to those that do not have any other source of income. There are many examples of such programmes in Myanmar including those implemented by DAOs, those implemented by local communities, and those implemented through a partnership between local communities and government.

A crucial advantage of PWPs is that if they are correctly designed, they 'self-select' the poor and the vulnerable into participation. For instance, if employment in daily wage work is offered at the rate typically paid for low-skilled casual labour in a particular location, needy households are far more likely than well-off households to take up these jobs. In fact in comparison with targeted in-kind and cash transfers which typically require extensive data collection and checking to identify which households should receive assistance (a time-consuming process and difficult to do accurately), PWPs require much less data and often perform better on targeting than cash transfers or in-kind transfers.¹⁶²

While PWPs can reduce complexity in targeting, there may still be a need for some geographic selection of villages and communities. In addition and because of expenditures on construction

materials etc, on average less money makes it through to recipients under PWPs than cash transfers.¹⁶³ It should also be noted that while PWPs should have the additional bonus of providing useful public goods, international experience shows that such programmes may not always be very effective in producing such goods.¹⁶⁴

For PWPs and other employment schemes it is crucial that the wage is set at the right level. If the wage rate is too low, it will not be worthwhile for poor and vulnerable people to do the work. If the wage rate is too high it is likely to reduce the level of employment in the private sector as local wages rise, and will also result in the programme being less well targeted to poor and vulnerable households (because members of better-off households will also want to do this work). Setting the wage rate at the legal minimum wage can help raise market wages to the legal minimum level in areas where prevailing market wage rates are currently below the legal minimum level.¹⁶⁵ The identification of the right wage depends on the features of the programme, as well as the context where it is implemented. For example, for programmes implemented in rural Myanmar with a self-selection approach, WFP has been setting wages below the market rate to prevent people from leaving agricultural labour to join PWPs, and to limit oversubscription. ILO instead, for its programme implemented in Tanintharyi, set wages above the market rate to compete with the wages offered in neighbouring Thailand.¹⁶⁶ For GoM supported schemes it is recommended that the wage rate paid be set at the state/region or township level, in accordance with the local labour market conditions. No worker employed by a government work scheme should receive less than the national daily minimum wage (MMK 4,800), and in low wage areas such as Ayeyarwady Region, Magway Region, and Rakhine State it will probably be best to pay the legal minimum wage. However, in higher wage areas such as Tanintharyi Region, Yangon Region, and Shan State, it is likely to be better to pay more than the minimum wage.¹⁶⁷

During periods of temporary major labour market disruptions, like the current COVID-19 pandemic situation in Myanmar, short-term and labour intensification programmes (as opposed to a large scale nationwide PWP) are likely to represent the best option to reach quickly and effectively those needing immediate support in both rural and urban areas. They can create additional demand for labour of poor and vulnerable households (and including workers returning from urban areas or other countries), they can employ large numbers of daily-wage workers in a broad range of activities (e.g. local road and irrigation construction and maintenance; planting community forests; street cleaning and street painting), and if well designed and implemented they can result in useful small scale infrastructure and other public goods being built/maintained/provided. Unlike a nationwide PWP, which would take a long time to properly set up, such programmes can be rolled out quickly and build on existing schemes in urban and rural areas that involve hiring daily-wage workers to build infrastructure or do maintenance work – as in the case of the public employment programme recently implemented by DRD. Such programmes can also be more responsive than a nationwide PWP to the amount of funding available to GoM. Additionally, these programmes could be significantly important in conflict affected areas, as they provide gainful employment and develop small scale infrastructure, both of which are scarce in conflict affected areas.

As Myanmar moves to the recovery post-pandemic phase further thought should also be given to designing and implementing a long-term nationwide PWP as a possible future aspect of the country's social protection system. In the situation of high levels of underemployment that Myanmar faces, especially among the poor,¹⁶⁸ and that is likely to have been exacerbated by the COVID-19 crisis (see Section 1b) – especially with the return to rural areas of many

workers from urban areas and other countries – a large-scale nationwide programme will have a much bigger impact. It can contribute to post-disaster recovery, building community resilience and social cohesion, and, ultimately, a reduction of unemployment. However, such PWP schemes are quite complex to administer and are difficult to set up quickly so very careful thought needs to be given to their design.

Implementation issues for employment schemes

In the context of CERP, GoM has clearly recognized that the implementation of employment schemes can have a big impact on the lives of the most vulnerable people, and on those that were affected the most during the COVID-19 crisis; and has taken action through the public employment programme implemented by DRD. However, such programmes are not immune from potential implementation issues that could limit their success.

Identification and targeting of beneficiaries – as mentioned above, setting the right wage is fundamental to reach those most in need. Setting the wage too low might not attract poor and vulnerable people, while setting it too high might attract better-off workers, as well as add pressure on wages offered by the private sector. It is recommended that GoM set the wage to the locally prevailing daily wage, where local rates are higher than the minimum wage; and set the wage to the minimum wage, where prevailing local rates are lower than or equal to the minimum wage.

Limited resources – governments have limited human and financial resources. In the case of PWPs, trying to reach as many people as possible may result in negative impacts on the type and quality of goods and services provided, due to a reduction of allocated funds for inputs other than wages. Additionally, lower wages might be unable to guarantee decent working conditions.¹⁶⁹ Moreover, the administrative burden of such programmes might cause late payments, which would undermine the overall objective of providing immediate liquidity to those in need.

Mismanagement and corruption – the private sector might try to hinder employment schemes, in the attempt to prevent any effect on the labour markets. Moreover, with these types of programmes, it is also important to guard against corruption and misappropriation of resources.¹⁷⁰ If correctly applied, technology can help increase transparency and accountability, as happened in India where digital payment of wages contributed to a reduction of corruption and administrative fees.¹⁷¹

Coordination – while the implementation of a large nationwide PWP would require a high level of coordination between different actors, like central and local institutions, local stakeholders, and donors, whose relationships are often characterised by conflicting interests, short term employment and labour intensification programmes are likely to require much less high-level coordination, especially if they rely on approaches already in place at the local level. These include community-led approaches where the community receives funds, or mobilises them itself, and chooses what infrastructure or projects should be implemented based on community needs.¹⁷² The Myanmar Sustainable Development Plan promotes the adoption of community-led approaches in Strategy 3.1.8, which aims to ‘enable and empower rural communities to initiate locally-generated, inclusive and consultative development initiatives.’ Short term employment and labour intensification programmes also include employment schemes in rural areas provided by departments that report ultimately to head offices at the Union level (such as the GAD, the DRD, and the DSW) either on their own or in partnership with communities.

In addition, they include employment schemes in urban areas provided by City Development Committees (CDCs) and DAOs, both of which report to state/region level only.

Fiscal costs – implementing employment programmes, especially at a large scale, can have a significant fiscal cost. Myanmar can use low-cost bilateral or multilateral funding to finance such programmes. However, in the long run, these programmes should be funded out of the country's own budget to be sustainable. Thus, the choice of the programme and the extent of its implementation are affected by Myanmar's fiscal space. Given the fall in revenue collection during the COVID-19 pandemic, GoM might need to rely for longer on external funding.

Gender equity – employment schemes can exacerbate disparities between men and women. For example, women may be employed only in 'socially-acceptable' types of work, and/or receive lower wages. Further, local decision-making bodies in Myanmar tend to be extremely male dominated,¹⁷³ and so there is the potential for women being excluded from influencing decisions on what public goods will be created under PWP.¹⁷⁴ To tackle the potential gender equity risks of implementing PWPs, government supported programmes should pay equal daily wage rates to women and men in any given location, and there should be provision to ensure a minimum level of female representation on local decision-making committees as is the case, for example with the DRD's NCDDP.

The protection of employment through PWPs and employment guarantee schemes is a useful policy tool to assist vulnerable people, especially in cases of economic shocks like the one caused by the COVID-19 pandemic. However, in order to achieve a larger and long-lasting impact it will be important that such schemes are eventually considered as part of a comprehensive set of interventions, that should also include social protection policies, fiscal stimulus interventions, and unemployment protection measures.

d. Costing of in-kind and cash transfers and employment schemes

The World Bank estimates that as currently planned the implementation of in-kind transfers, cash transfers, and employment schemes under CERP will cost around USD 310 million (USD 210 million for in-kind and cash transfers, and USD 100 million for labour intensive community infrastructure projects). At 15/20% of the cost for the full implementation of CERP (USD 1.5/2 billion),¹⁷⁵ these allocations may, if anything, be on the low side. It should also be noted that the cost of the full implementation of CERP at 2-3% of GDP is in line with the size of the response packages put in place by neighbouring countries – 1.9% in Lao PDR, 1% in Vietnam, 3% in Cambodia.¹⁷⁶

This section provides some cost estimates for in-kind and cash transfers and for employment schemes. Unfortunately, it has not been possible to access all the necessary data. Therefore, the estimates provided here are intended to give indicative figures of the approximate costs, rather than being precise cost estimates.

In-kind transfers

As mentioned in the previous section, GoM distributed free food during the Thingyan holiday in April. The programme consisted of a one-time transfer of a food package, including eight pyi (10.4 kg) of rice, 50 tical (0.8 kg) of cooking oil, 50 tical of salt, one viss (1.6 kg) of beans and a viss of onion, to every family who lost their income during the pandemic. We could not confirm how many households received the transfer. However, based on some communications we had with officials in Nay Pyi Taw, we estimate that around 30% of

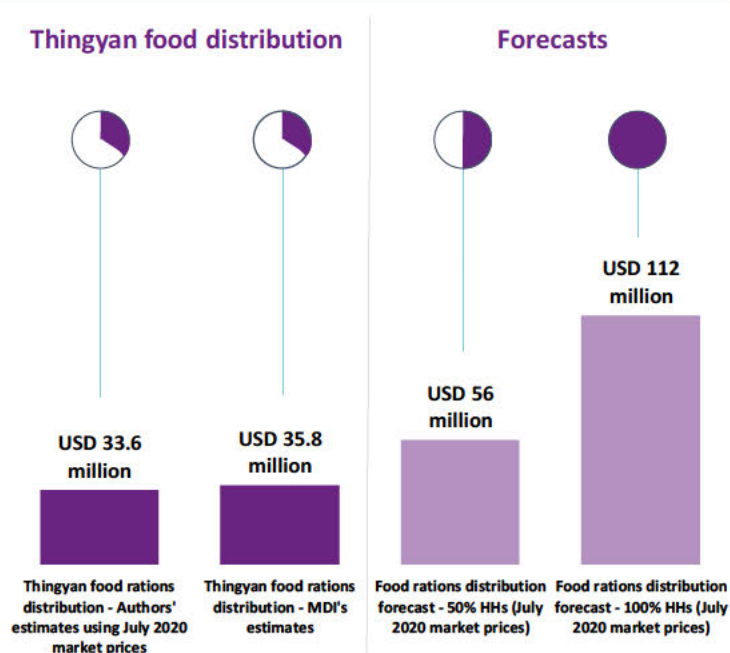
households received the package. Given that the 2014 Census states that there are around 10.9 million households in Myanmar, we estimate that around 3.27 million households received the food transfer. Using CSO's July 2020 average retail prices of commodities in Yangon,¹⁷⁷ we were able to calculate the total cost per package, MMK 14,200 (USD 10.3).^k Therefore, we estimate that the distribution of the food package to 3.27 million households in need during the Thingyan holiday cost MMK 46.4 trillion to GoM, or USD 33.6 million. This is in line with figures from MDI, that estimated a transfer worth MMK 12,600 to 3.9 million households,¹⁷⁸ for a total value of MMK 49 trillion (USD 35.8 million). This in-kind transfer programme was implemented during the Thingyan holiday, when

GoM enforced a strict 10-day nationwide lockdown. Therefore, it also responded to the need of limiting non-essential movements and ensuring supplies in case of supply chain disruptions. GoM has initially eased most of the restrictions it had enforced, but it has re-introduced some containment measures such as localised lockdown and mobility restrictions after a fresh outbreak erupted in August, originating in Rakhine State and quickly spreading across the country. Given the emergency situation that Myanmar is facing, and the fact that containment measures might affect the food supply chain, threatening households' food security, another round of food transfer might represent a source of temporary relief during the implementation of these strategies. Assuming that GoM would distribute the same food package if it was to implement the same programme, a further transfer would cost around MMK 14,000 (around USD 10) per household – meaning that if in total around half of all households benefited from such a programme, the total cost would be USD 56 million.

Cash transfers

CERP mentions the provision of cash transfers to households in need under Goal 4; and as noted above three rounds of cash transfers have now been made by GAD. Based on communications we had with officials in Nay Pyi Taw, we estimate that in the first round, approximately 20% of households across the country were provided with an unconditional cash transfer of MMK 15,000 (USD 11). This is in line with our estimates of the value of the food package, i.e. MMK 14,200. While the transfer had been planned to reach those eligible for the food package but that did not actually receive it, there might have been cases in which

Figure 4: Cost of food transfer interventions (30%, 50%, 100% HHs).



Source: Authors estimates; Cash and in kind transfers for the vulnerable households in response to COVID-19 in Myanmar, Myanmar Development Institute, 2020, p.26.

^k This estimate might be a bit overestimated, since most likely GoM will have access to commodities at a cost lower than the average retail price in Yangon.

some households received both the in-kind and cash transfers, while other households that should have been eligible received neither transfer. There is also likely to have been inconsistency between different wards/village tracts, townships, and states/regions. Given that some 2.18 million households received the cash transfer, the total amount transferred was around USD 23.8 million.

According to the World Bank, CERP commits to transfer around USD 210 million to 5 million households, through cash and in-kind transfers,¹⁷⁹ meaning USD 42 per household. Based on our knowledge, in the first round of transfers (in-kind and cash) GoM transferred around USD 57.4 million, leaving a total of around USD 150 million to be allocated. In the second and third rounds our understanding is that GoM transferred MMK 20,000 to some 4 million low-income households in each round, for a total expense of MMK 160 billion (USD 118 million).¹⁸⁰ This would leave a total of around USD 35 million still to be allocated. In this regard, careful consideration will need to be given to whether these funds are used to mitigate the economic hardship caused by already enforced and future lockdowns or provided in the form of a further round of cash transfers.

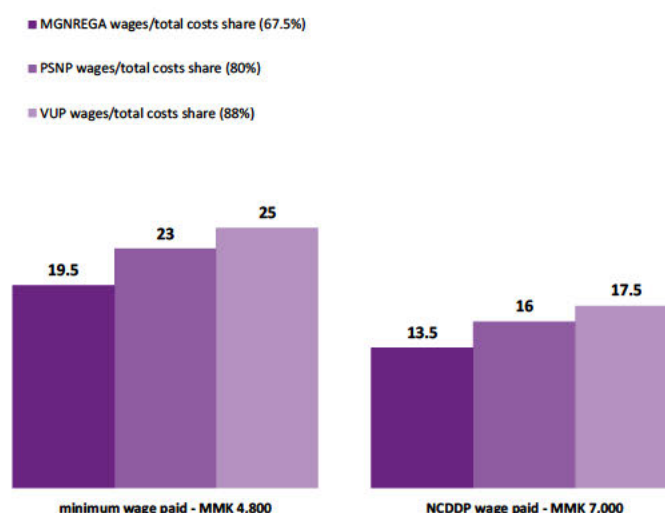
Going forward, careful thought will also need to be given to whether and how best to continue such a programme. In particular, and because the beneficiaries of these cash transfers are not just those directly impacted by COVID-19 but rather the broader group of poor and lower income families in Myanmar, it is important to recognize that an expectation of a continuation of such a programme may be created with potentially major long-term fiscal implications. For example, if such a programme comes to be seen more as a poverty reduction programme, then the World Bank estimates that a cash transfer of MMK 7,500 per capita per month targeted to the poorest 25% of the population would allow a return to the pre-COVID path in the poverty headcount within a year.¹⁸¹ But the cost of such a programme (assuming a population of 54 million) would be USD 73.7 million per month, or USD 884 million annually. While such a cost is not at all unreasonable as a proportion of GoM's overall expenditure programme and could be a very important component of an enhanced social protection strategy, it would be very important that the necessary time is taken to adequately prepare for such a programme and address the implementation challenges noted earlier.

Employment schemes

The World Bank June 2020 Myanmar Economic Monitor estimates that around USD 100 million will be spent to implement labour-intensive community infrastructure projects. Around USD 27 million has already been allocated to fund DRD's cash-for-work programme between June and September 2020. Under this programme, that covered 3,500 villages across Myanmar, around 400,000 households received an income to provide support to subprojects concerning the development of basic infrastructure, mainly related to transport and water and

sanitation.¹⁸² As these funds will need to cover all costs that the projects will face, including all the necessary costs to build the infrastructure, only a smaller amount will be received by the individuals in the form of wages. In this regard we use as benchmarks figures from the MGNREGA project in India, where 67.5% of the resources were used to pay wages,¹⁸³ from the Ethiopia's Productive Safety Net Program (PSNP), where 80% of the resources financed wages, and from the Rwanda's Vision 2020 Umurenge Program (VUP), where the figure rose to 88%.¹⁸⁴ In terms of

Figure 5: Millions of days of work created.



Source: Authors estimates.

the actual amount of the wages, we use two different scenarios. First, we use the minimum wage in Myanmar for an 8-hour workday, that is MMK 4,800 (USD 3.5). Second, we use the median wage paid in the NCDDP, that is MMK 7,000 (USD 5).¹

Figure 5 summarises days of work (in million) created under different combinations of share of wages on total cost and wages paid.

We do not know how many people will be reached with the programmes implemented by GoM. However, table 3 shows how many days of work will be created per household under the different scenarios, assuming that only one person per household could take part in the programme and that GoM provides USD 100 million in funding.

Table 3: Days of work created per household.

	Minimum wage paid – MMK 4,800			NCCDP wage paid – MMK 7,000		
	MGNREGA (67.5%)	PSNP (80%)	VUP (88%)	MGNREGA (67.5%)	PSNP (80%)	VUP (88%)
10% HHs – 1.09 million	18 days/HH	21 days/HH	23 days/HH	12.5 days/HH	15 days/HH	16 days/HH
25% HHs – 2.73 million	7 days/HH	8.5 days/HH	9 days/HH	5 days/HH	6 days/HH	6.5 days/HH
50% HHs – 5.45 million	3.5 days/HH	4 days/HH	4.5 days/HH	2.5 days/HH	3 days/HH	3.5 days/HH

Source: Authors estimates.

¹ This represents the median value of wages paid during year 5 of the project.

Table 4 shows how much each household would earn from this programme under the different scenarios described above.

Table 4: Income per HH from labour-intensive infrastructure projects.

	MGNREGA (67.5%)	PSNP (80%)	VUP (88%)
10% HHs – 1.09 million	MMK 86,400/HH	MMK 100,800/HH	MMK 110,400/HH
25% HHs – 2.73 million	MMK 33,600/HH	MMK 40,800/HH	MMK 43,200/HH
50% HHs – 5.45 million	MMK 16,800/HH	MMK 19,200/HH	MMK 21,600/HH

Source: Authors estimates.

Leakages and Mitigation Strategies

In considering the costs of in-kind transfers, cash transfers, and employment schemes, GoM will also need to factor in the costs of administering each of these schemes. In addition, it will need to bear in mind and endeavour to minimise the costs of potential mismanagement and corruption that could occur with all three schemes and can be considerable.

Experiences from other countries show that the issue of ‘leakages’ applies to both transfers and employment schemes. In this regard there are three main sources of leakage that need to be considered: (i) targeting leakage; (ii) illegal diversion; (iii) inefficient delivery systems. The literature also shows that leakage rates are variable and can be significant. For example, in a food subsidy programme in Indonesia, eligible households received only a third of the intended subsidy.¹⁸⁵ Leakages are also common in employment schemes. A 75% leakage rate was experienced in Orissa for the implementation of NREGA.¹⁸⁶ In a village road project in Indonesia, 24% of funds were lost due to corruption.¹⁸⁷

International experience also suggests that there are several potential mitigation strategies that can help address the issue of leakages and improve the effectiveness of programmes. During the food subsidy programme in Indonesia, researchers showed that service delivery can be improved with the provision of information. Mailing identification cards to beneficiaries and informing them on eligibility and entitlement led to an increase in subsidy obtained by eligible households, without affecting ineligible households, suggesting that cards and the provision of information can reduce leakages.¹⁸⁸ Generally, service delivery largely depends on the role played by bureaucrats in screening suppliers, and, therefore, on their skills. Providing a well-detailed framework of rules or targeted training can compensate inefficiencies deriving from low-skilled agents.¹⁸⁹ Finally, ensuring inclusiveness, capacity, and accountability of economic and political institutions can lead to a reduction of illegal diversion.¹⁹⁰

Summary

The cost of the in-kind transfers implemented during the Thingyan holiday has been very limited in size compared to the overall budget for implementing CERP (around 2%). This kind of programme has the advantage that it can be implemented in a one-off fashion, or whenever required, without any long-term fiscal implications. It therefore represents a useful policy tool to support the population in cases of food availability issues, due to supply chain disruptions or restrictions – as long as the poorest and most vulnerable are successfully targeted.

In specific circumstances cash transfers can be used as a one-off substitute for in-kind transfers, as the government has already done, and the cost of these transfers has also been relatively limited (USD 142 million). However, any more regular programme of cash transfers could easily result in an expectation that such a programme would continue beyond COVID-19, particularly in a context where it is not technically possible to clearly target only those that have been directly affected by the crisis. This would have much longer-term fiscal implications, reinforcing the need for very carefully monitoring and evaluating the programme and considering whether and how it could be incorporated into GoM's overall social protection strategy.

As mentioned above, employment schemes can reduce administrative complexity in targeting, and short-term employment and labour intensification schemes can utilise and build on the many such schemes that are already under implementation in Myanmar. Given that CERP allocates a fixed amount (USD 100 million) to this type of intervention, such schemes are likely to be the most responsive intervention to the amount of funding available. As they build on systems already existing, they can be rolled out quickly and endeavour to maximise the ratio wages/total costs, ensuring that most funds are used to pay workers' wages.

Going forward, therefore, and in a context where the COVID-19 emergency is unlikely to be over soon, short-term employment and labour intensification programmes are most likely the best policy tool that GoM can adopt to provide immediate and effective support to those in both rural and urban areas that are most in need.

4. Improving Governance in Myanmar to Help Respond to COVID-19

As is increasingly apparent from experience across the globe, effective governance perhaps more than overall level of development is the factor that matters most in determining how effectively a country copes with COVID-19. In this regard the diverse experience of countries in Southeast Asia is particularly interesting with the Philippines and Indonesia having over 2,000 and nearly 700 cases per million populations by early September, whereas the comparable figures are substantially lower in Thailand (49) and Vietnam (11).¹⁹¹ To a large extent these differences appear to reflect differences in the nature and quality of governance arrangements.¹⁹² For instance, the effectiveness of the COVID-19 response by the Vietnamese government, which has received global plaudits, has a lot to do with its investment in improving national and local governance institutions over time.¹⁹³ Thailand is also recognized globally for the quality of its public health system, and including for the role played by village health volunteers.

GoM has clearly recognized that coping effectively with COVID-19 requires a whole of government approach and good coordination both across agencies and between different

levels of government. Dedicated COVID-19 response committees have been put in place at Union, state/region, district, and township levels of the state, to help provide for coordination of different government bodies, and in some cases with non-government entities as well. However, the involvement of non-government entities has so far been significantly below what was proposed in GoM's Health Sector Contingency Plan, finalised in March 2020. This plan assigned prominent roles for religious leaders, private sector representatives, INGOs, CSOs, and EHOs on the key committees at state/region, district, and township levels.¹⁹⁴ GoM's committee structure at all levels of the state has ended up being somewhat different to that originally envisaged in the Health Sector Contingency Plan, and the committees that have now been created do not have mandated involvement of non-government entities. As a result, there is considerable inconsistency between different states/regions, districts, and townships for which committees and how many committees are in place for responding to COVID-19, and who is represented on those committees. In some states/regions, districts, and townships key committees for COVID-19 response include a range of relevant non-government entities, but this is not the case in many locations.¹⁹⁵ For Myanmar to experience the benefits of a 'whole country' response to COVID-19, GoM should ensure that civil society organisations and religious leaders are properly represented on key COVID-19 committees in all states/regions, districts, and townships; and that EHOs are also represented in areas in which they operate. As described in section 3b, CSOs, CBOs, and religious networks are highly trusted by citizens, and already play a large role in providing basic services – cooperating more thoroughly with them in the response to COVID-19 can help not only with the immediate response, but also contribute to greater cooperation on other aspects of governance in the future.

Within the existing structure of committees and agencies, giving greater autonomy to subnational and local authorities is likely to improve the overall ability of the system to cope with the COVID-19 pandemic. Relative to other countries, Myanmar is a highly centralised country with around 90% of total government spending controlled by the Union government and only around 10% by state/region governments.¹⁹⁶ Further, at township level, where most government spending actually takes place, line departments' spending is tightly controlled by the line ministry in Nay Pyi Taw. There is also very little coordination between line departments at local levels, with their operations being highly siloed.¹⁹⁷ As with many aspects of economic and social life in Myanmar, the COVID-19 crisis is having different kinds and degrees of impact in different locations, and governance can be more responsive to these different needs if greater authority is given to subnational levels of the state. This can be done by giving greater spending powers and authority for service provision to State/Region governments; allowing line departments at Township level a certain degree of discretion (within certain limits) to reallocate spending between budget lines; and helping state/region governments, CDCs, and DAOs improve their revenue collection. In the longer term, if township level government is made directly democratically accountable to local residents, then it would also be appropriate to assign far greater authority over spending and revenue collection to this level of the state.

Governance both during COVID-19 and beyond can also be enhanced by looking at intra-organizational issues and how well public organisations understand what their core missions, functions, and processes should be; what they can expend with; where technology can be appropriately used for business continuity and improved service delivery; and how management practices should change to complement these changes. This will involve looking at the interactions between the use of technology, workplace arrangements such as staff rotations and remote-working, and management practices including incentive structures, performance management, and accountability mechanisms and their effects on teamwork,

performance, well-being, and inequality.¹⁹⁸ In this regard, the public sector both internationally and in Myanmar seems to be lagging behind the private sector in organisational re-imagination and innovations to cope with the impact of COVID-19 – thus, much can be learned from the lead of private organisations.¹⁹⁹

GoM has long collected large quantities of data but its usefulness for policymaking purposes has suffered from a lack of digitisation, the data that is collected not always being the most relevant, and only a small number of civil servants having been trained in how to effectively analyse data for policy-making purposes. As noted in Section 1a of this report, we cannot accurately predict the economic and health situation of Myanmar in 3 months', 6 months' or 1 year's time. This unpredictability makes it more pressing than ever for GoM at union, state/region, and township levels to upgrade its ability to collect relevant and timely data, and to effectively analyse this to inform policy making. A small data collection and analysis pilot is being developed in Mandalay, designed to help guide decision making regarding COVID-19. This is just one example of the kind of data that can be collected to make governance more responsive to the changing needs of the population. Data collection under this scheme includes:

- Weekly health data from GP clinics, pharmacies, social organisations, and funeral organisations – e.g. patients reporting relevant symptoms, medicine sales and availability, mortality rates, number of patients seeking medical advice.
- Weekly social data from shops/markets, social organisations, local police stations, and township/ward/village tract authorities – e.g. food prices and food consumption, homelessness, crime rates.
- Regular economic data from businesses – e.g. on employment, output, identifying companies and sectors which can change to producing different goods and services, identifying needed public infrastructure investments.

Trust in institutions and other members of society is generally low in Myanmar, which is a challenge for effective governance. However, there are certain exceptions, with much of the population having a high level of trust in the State Counsellor and religious leaders, and there often being high levels of trust and cooperation between residents at ward and village level.²⁰⁰ GoM should strategically use these channels – i.e. the State Counsellor, religious leaders and existing community networks at ward and village levels – to communicate information to the public and mobilise their response. Further, there is scope for government institutions that currently may not enjoy high levels of trust with the public – for example township authorities – to try and improve this by improving communication and participation in decision-making and providing services effectively.

5. Building on the COVID-19 Response to Strengthen Health and Economic Policy Reform in Myanmar

GoM's 'Myanmar Sustainable Development Plan, 2018-30' (MSDP) lays out the development vision for the country, under five goals: 1) Peace, National Reconciliation, Security and Good Governance; 2) Economic Stability and Strengthened Macroeconomic Management; 3) Job Creation and Private Sector-Led Growth; 4) Human Resources and Social Development for a 21st-Century Society; 5) Natural Resources and the Environment for Posterity of the Nation.²⁰¹ Multiple 'strategies' are listed under each goal. GoM's economic and health response to the COVID-19 crisis will impact on all of the MSDP goals and strategies to some extent. In this

regard, it will be important to carefully monitor and evaluate the impact of the policies and programmes adopted as part of the response to the COVID-19 crisis and then consider their implications for the MSDP. Below we highlight a few specific strategies for which GoM's health and economic response to COVID-19 may have a particularly large impact.

Strategy 1.2 of MSDP is to, 'Promote equitable and conflict-sensitive socio-economic development throughout all States and Regions'. Progress towards this strategy can benefit from decentralising greater authority to state/region and township levels of the state, as a means of responding to COVID-19, and has been encouraged at various points in our report – see especially Section 4. Strategy 1.2 can also be strengthened by ensuring that funding for in-kind transfers, cash transfers and employment schemes is allocated efficiently, equitably, and transparently between different states/regions, townships, village tracts/wards.

Strategy 1.4 of MSDP aims to, 'Enhance good governance, institutional performance and improve the efficiency of administrative decision making at all levels.' Section 4 of our report describes how GoM can improve the effectiveness, efficiency, and responsiveness of its governance across a broad range of dimensions, which can contribute to this strategy. Indeed, if seized upon, COVID-19 could be a catalyst to review the role of government and the nature of its service delivery ultimately to increase public sector effectiveness, accountability, and trust in government.²⁰² This could include reviewing: i) horizontal and vertical coordination mechanisms, ii) public financial management, iii) revenue mobilization, iv) public employment and management, v) service delivery, and vi) transparency and accountability.²⁰³ Changes such as the establishment of a new national Emergency Management System could also be tested using scenario-based game plays.²⁰⁴

Strategy 1.5 of MSDP describes an aim to, 'Increase the ability of all people to engage with government'. Section 3b of our report describes how civil society and citizen involvement should be expanded, for beneficiary identification, implementation, and monitoring of in-kind and cash transfer programmes. Section 2 described how similar processes of civil society and public engagement should be expanded as part of the health response to COVID-19.

Strategy 2.3 of MSDP is to, 'Increase domestic revenue mobilisation through a fair, efficient and transparent taxation system.' As noted in Section 1c of our report, some of the steps taken so far to provide tax relief to businesses may hinder this effort, further eroding GoM's ability to collect corporate income tax. Further, the increase in subsidies to households connected to the national power grid is a significant drain on the government's financial resources, while not being well-targeted to households that are most in need of assistance. These electricity subsidies should not be repeated in the future, and clear steps should be made to reduce the tax exemptions that have been granted to domestic and foreign companies in recent years.

Strategy 3.4 of MSDP is to, 'Further reform our trade sector and strengthen regional and international cooperation and linkages.' Goal 2.4.3 of CERP is well matched to this, describing GoM's intention for the Ministry of Commerce to, 'Review all export applications, licences and permits, and remove those that are not required to maintain market access or to protect health, safety and security.'²⁰⁵

The health response to COVID-19 should contribute towards the MSDP goal 4.2, 'Strengthen health services systems enabling the provision of universal healthcare using a path that is explicitly pro-poor'. And, the options of in-kind transfers, cash transfers, and employment schemes described in Section 3 of this report can help make progress towards MSDP goal

4.3, 'Expand an adaptive and systems based social safety net and extend social protection services throughout the life-cycle'.

6. Conclusions and Recommendations

Myanmar has already experienced significant economic shocks as a result of COVID-19, due to both domestic and international effects. GDP growth for 2019/20 will be much lower than had been anticipated, and Myanmar may even go into recession. Some areas of the economy have been particularly badly affected, such as tourism, manufacturing, and remittances. Going forward there also remains a high level of uncertainty with respect to the spread of the virus within Myanmar as well as globally and what this will mean for the economic and the health situation of the country. In this context it is more important than ever that policymaking in Myanmar is flexible and able to respond quickly to emerging trends.

GoM has responded to the crisis by producing in April 2020 its CERP, a plan of broad scope that effectively covers the main areas for which economic and other interventions are needed. In many cases the proposed actions outlined in CERP were very clear and have now been implemented. In other cases, further work has been done to clarify which policies should be prioritised for funding and to provide more detail on how policies should be implemented. It will also be important to carefully monitor the implementation and impact of actions under CERP so that modifications to the plan and to future actions can be made, as needed.

With respect to minimising the spread of COVID-19, promoting good hygiene and social practices is a low-cost intervention with a potential high impact and a key component of government policy. Prompt identification and isolation of positive cases is also a key strategy to contain the contagion. In addition, Myanmar like almost every country in the world has enforced, with different degrees of strictness, some kind of social distancing as well as stricter measures such as lockdowns that are likely to do more to directly limit the spread of COVID-19. However, the social and economic costs that lockdown measures entail must be carefully considered, for example if people are forced to stay at home without any source of income. As several candidate vaccines are already undergoing clinical evaluation, GoM should also start working with partners to secure access to the vaccine once it is ready. GoM should also promote public education about the potential vaccine to avoid disinformation and distrust among the population and take all the preliminary steps to ensure a proper mass vaccination campaign.

GoM has implemented a range of monetary and fiscal measures to improve the macroeconomic environment and ease the impact on the private sector. These include offering tax relief and credit support as well as the simplification of processes for investment and trade. Some of these measures will need to be continued and even expanded. GoM also needs to ensure that SMEs and those operating in the informal sector are both aware of the measures being offered by the government and able to benefit from them. In addition, GoM needs to be cautious in providing additional tax incentives and should ensure that these are only for a limited time period, especially given that in recent years one of the biggest barriers to improving tax collection has been the increasing number of tax incentives available to businesses under various laws and policies.

Easing the impact of COVID-19 on workers and households is another critical component of CERP and a range of measures have already been introduced. Some, such as the support measures for unemployed workers covered by the SSB and the provision of 150 units of free

electricity each month, benefit a relatively small proportion of those most vulnerable. Much more important are GAD's programmes first to distribute food rations during Thingyan and then to provide cash transfers to deserving households that may inadvertently have been excluded from the initial food distribution. These were both well-intentioned attempts to target relief to the poorest and most vulnerable households from which valuable lessons can be learned, including how to ensure to the greatest extent possible that the targeting effectively reaches those most in need, and that it is seen as fair and transparent. The potential longer-term fiscal implications of cash transfer programmes also need very careful consideration. The public employment programme implemented by DRD in 3,500 villages across Myanmar between June and September 2020 represents another step to support many of the poorest and most vulnerable households. These types of programme can build on systems that are already in place and do not need to be targeted specifically towards certain types of people. Rather what is critical is that careful attention is paid to setting the wage rate – for example in low wage areas setting the wage at the legal minimum wage and in higher wage areas reflecting the local prevailing wage. It is therefore recommended that GoM implements short-term employment programmes and labour intensification of government infrastructure spending during the COVID-19 crisis, as such schemes can provide immediate and effective support to those in both rural and urban areas that are most in need.

As is increasingly apparent from experience across the globe, effective governance perhaps more than the overall level of development is the factor that matters most in determining how effectively a country copes with COVID-19. In this regard, GoM has clearly recognized the importance of a whole of government approach and has set up dedicated COVID-19 response committees at Union, state/region, district, and township levels of the state. To experience the full benefits of these committees it is important to ensure that civil society organisations and religious leaders are properly represented as well as ethnic health organisations in areas in which they operate. In addition and within the existing structure of committees and agencies, giving greater authority to subnational and local authorities is likely to improve the overall ability of the system to cope with the pandemic, especially in a context where relative to other countries Myanmar is highly centralised. Governance both during COVID-19 and beyond can also be enhanced by looking at intra-organisational issues and how well specific government agencies understand what their core missions, functions, and processes should be and how they can best be improved. In the context of the extreme uncertainty surrounding all aspects of COVID-19 it is even more important for government at all levels to upgrade its ability to collect relevant and timely data and to effectively analyse such data to inform policymaking. Finally, the experience of other countries is showing clearly that coping effectively with COVID-19 depends to a huge extent on effective leadership and the public at large having trust in government institutions. In this regard much of the population has a high level of trust in the State Counsellor and religious leaders and these channels should be used as much as possible to communicate information to the public and mobilise their response.

One final recommendation. As and when Myanmar can start looking ahead to moving from coping to recovery it will be important that policymakers are able to draw on the findings of effective monitoring and evaluation of both the health and economic response to COVID-19 and can consider the implications of such findings for the design and implementation of GoM's longer term strategy as reflected in the MSDP. In this regard and with respect to most if not all the goals and strategies of the MSDP valuable lessons can be learned to inform future policymaking and programme development.

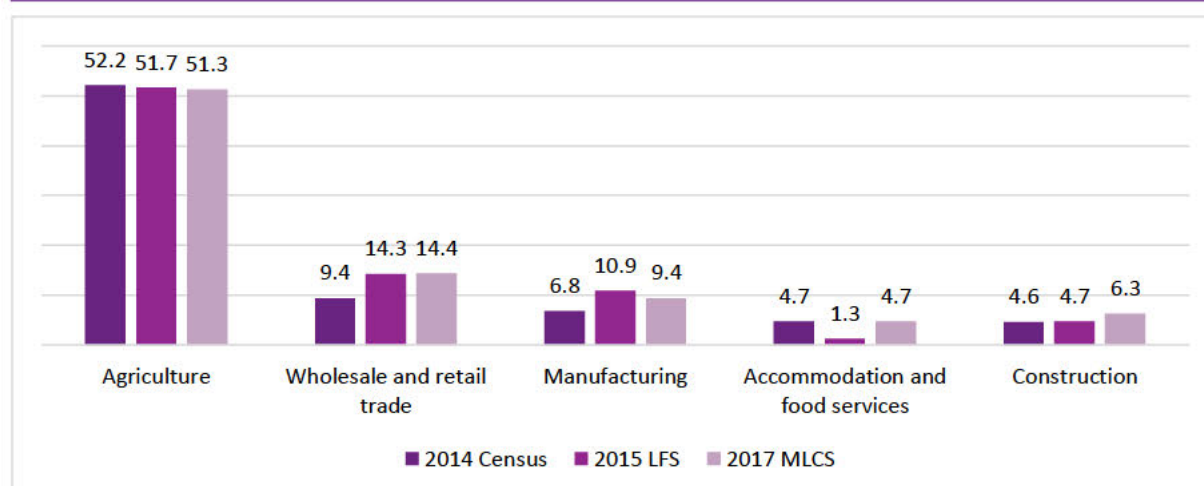
Appendix 1: data on employment by sector in Myanmar

Based on data collected through 2014 Myanmar Census the sector employing the biggest number of people, aged 15 or more, is 'agriculture, forestry and fishing', accounting for 52.2% (10.7 million) of the total (20.5 million). This figure is largely driven by statistics from rural areas, where the rate rises to 68.8%. The other main sectors in terms of employment rate are 'wholesale and retail trade; repair of motor vehicles and motorcycles' (9.4%), 'manufacturing' (6.8%), 'accommodation and food service activities' (4.7%) and 'construction' (4.6%).

Data from 2015 LFS confirm the importance of 'agriculture, forestry and fishing' (51.7%) as the main industry in Myanmar in terms of employment rate, followed by 'wholesale and retail trade; repair of motor vehicles and motorcycles' (14.3%) and 'manufacturing' (10.9%).

Figures from 2017 MLCS tend to confirm employment rates highlighted by the other surveys. In fact, 'agriculture, forestry, fishing' accounts for 51.3% of labour force participation, followed by 'wholesale and retail trade' (14.4%), manufacturing (9.4%), 'transportation, food services, information' (7%), and 'construction' (6.3%).

Figure 6: Labour force participation (%) – 2014 Census, 2015 LFS, 2017 MLCS comparison.



Source: Government of Myanmar - Department of Population, *The 2014 Myanmar Population and Housing Census: The Union Report: occupation and industry* (2016), p.11; MOLES, Central Statistical Organization, and ILO, *Myanmar Labour Force, Child Labour and School-To-Work Transition Survey, 2015: Executive Summary Report* (2017), p.7; Central Statistical Organization, UNDP and WB (2020) *'Myanmar Living Conditions Survey 2017: Socio-economic Report'*, Nay Pyi Taw and Yangon, Myanmar: Ministry of Planning, Finance and Industry, UNDP and WB, p.77.

Discrepancies among the datasets, as stressed by the ILO, may arise because of different methodologies, timing, and coverage, as well as because of the dynamism of the labour markets.

The Census, LFS, and MLCS reports use the same or very similar definitions for most sectors of the economy. However, one significant difference is that whereas the 2014 Census and 2015 LFS have a similar category for accommodation and food services, the 2017 MLCS also includes transportation and information within the same category. For each survey, this category is the closest we have to a measure of those employed in tourism and related trades – i.e. one of the sectors worst affected by the COVID-19 crisis.

In terms of actual data on labour force participation, agriculture contributes to over half of it according to all datasets. Significant differences arise when we look at 'wholesale and retail

trade', 'manufacturing' and 'accommodation and food services'. For the first two categories, the most recent surveys (2015 LFS and 2017 MLCS) provide higher estimates than 2014 Census. For the latter category, 2015 LFS assign a significantly lower estimate than the other two surveys. Given the growing importance that services, and the industrial sector are playing in Myanmar, we believe that contributions to the labour force participation from 'wholesale and retail trade' and 'manufacturing' are more likely to be in line with the estimates of 2015 LFS and 2017 MLCS. Given the boost that the tourism and food services sectors experienced in Myanmar in recent years, we believe that figures of the 2015 LFS for the category 'accommodation and food services' are largely underestimated. Since 2017 MLCS data for the same category is dependent on a larger set of activities, we believe that an adequate estimate is somewhere between the 2014 Census 4.7% and 2017 MLCS 7%.

According to data from the 2015 LFS, 0.9% of the workforce is employed in mining and quarrying, while data from the 2014 census and the 2017 MLCS suggest 0.8%. These figures entail a mining workforce of around 175,000-210,000 across the whole of Myanmar. This does not fit with common estimates of there being over 300,000 informal jade pickers in Hpakant alone. Therefore, it seems likely that official figures considerably underestimate the proportion of the population employed in mining. Nevertheless, it still seems reasonable to assume that this sector still employs far fewer workers than sectors such as agriculture; retail trade; and tourism and associated activities.²⁰⁶

Appendix 2: estimating ward/village tract poverty levels to inform allocation of funding

Section 3 gave some broad suggestions for how funding allocations for cash or in-kind transfers could be determined for each of the following stages: i) union to state/region; ii) state/region to township; and iii) township to ward/village tract.²⁰⁷ For stage iii), the simplest method would be for each township to give an equal share of funding to each ward/village tract. However, given that GoM already has quite accurate data on the population size of most ward/village tracts,^m the transfer should also account for the population size of each ward/village tract, with larger wards/village tracts receiving proportionately more than smaller wards/village tracts.

Further, we would also like to make the transfer from township to ward/village tract level sensitive to the estimated poverty level of that ward/village tract – the level of poverty varies considerably between different wards/village tracts, and transfers should ideally be sensitive to these differences, so that poor households in all locations are equally likely to receive the transfer. If transfers calculated solely on ward/village tract population size, then poorer households within relatively wealthy wards/village tracts will be more likely than equally poor households in less wealthy wards/village tracts to be approved as beneficiaries for the transfer. GoM does not already have data on the poverty levels of each ward/village tract. However, there are several possible options for trying to account for ward/village tract poverty levels in the allocation decision, such as:

1. Use a formula to decide how much to allocate to each ward/village tract, based on: i) population size; ii) multidimensional welfare index score. Note that multidimensional welfare index scores are not as accurate for assessing wards/village tracts as they are for assessing townships, and it would be useful for GoM and civil society leaders at township level to check and validate the multidimensional welfare index score given to each ward/village tract by data analysts, and adjust them if they are deemed to be seriously inaccurate. Moreover, the 2014 Census on which the index is based is not representative of some regions of Myanmar, especially the conflict-prone areas. The 2014 Census also did not include people from some ethnic groups due to the definition of citizenship.
2. Have a group of GoM and civil society leaders at township level rank all of the wards and village tracts in their township according to their perceived poverty level, and then do one of the following:
 - a. Rank all of the wards/village tracts in that township according to their joint ranking for: i) rank by population size (50% of joint ranking score); ii) rank by perceived poverty level (50% of joint ranking score).
 - b. Use a formula to decide how much to allocate to each ward/village tract based on: i) population size, and ii) rank by perceived poverty level.

^m Within areas of Myanmar that are fully under control of GoM, the main exception to this are certain wards in large cities that have large numbers of recent migrants and/or squatters, such as Hlaing Thar Yar Township in Yangon.

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