

RISK ASSESSMENT AND RISK MANAGEMENT PLAN

Risk Description	Rating	Mitigation Measures	Responsibility
A. Technical			
<p>Prolonged outbreak and resurgence of confirmed cases deepen an economic downturn. Myanmar has imposed several movement restrictions including the “stay at home” order and curfew in Yangon and a few other states and regions since 19 April 2020. However, with the unfolding health impact of COVID-19, the government will likely introduce more restrictive public health measures to contain the outbreak and avoid overwhelming of its public health systems. These measures may exacerbate the economic downturn, thereby affecting more vulnerable households and at-risk populations.</p>	S	<p>The government of Myanmar has announced the CERP. The economic stimulus plan seeks to mitigate the inevitable economic impact posed by the COVID-19 pandemic, while establishing foundations that will facilitate Myanmar’s rapid economic recovery, using all available policy instruments to the fullest possible extent, and as part of a coordinated whole-of-nation response.</p> <p>The CERP has set up the action plans that build on the government’s cash and in-kind transfers to vulnerable households and the populations at risk, including women, children, the elderly, and people with disabilities. It will ramp up the public health capacity through improved testing capacity, quarantine and intensive healthcare facilities, and increased medical staffing. In addition, financial assistance packages such as working capital loans, and tax relief will be provided to improve liquidity among MSMEs and workers. ADB will provide support for the government to set up a new government credit guarantee corporation, with due regard to bank credit risk practices and reporting.</p>	MOPFI, MSWRR, MOALI, GAD-MOUG
<p>Inadequate inter-agency coordination and coordinated responses to COVID-19 Inadequate coordination mechanisms among ministries and government agencies responsible for health and fiscal measures may cause implementation</p>	M	<p>The government has formed two national-level response committees to address the pandemic and oversee the implementation of the CERP: (i) the National Central Committee for COVID-19 Prevention, Control and Treatment chaired by the State Counsellor; and (ii) COVID-19</p>	National Central Committee for COVID-19 Prevention, Control and Treatment; COVID-19 Containment and

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and logistics delays, thereby aggravating the spread and social and economic impacts of COVID-19.		Containment and Emergency Response Committee chaired by Vice President 1. To ensure effective oversight of the COVID-19 responses, a monitoring matrix which define responsible ministries and agencies with the CERP action plans and performance indicators have been developed.	Emergency Response Committee; and the whole government
<p>Limited capacity and resources for effective public health responses and implementation of the CERP</p> <p>The health system has a chronic shortage of medical and other staff due to limited permanent staff positions and low compensation levels.</p>	S	The MOHS has planned to: (i) temporarily transfer health personnel from unaffected areas to support affected areas such as Yangon; (ii) mobilize community health volunteers, medical volunteers, and medical students and provide training on essential COVID-19 response, including surveillance, laboratory testing, and clinical care; and (iii) engage development partners to provide technical and operational support to MOHS, such as for procurement of medical products, civil works, and community mobilization.	MOHS
B. Economic and Financial			
<p>Banking system vulnerabilities worsen economic and financial shocks</p> <p>The banking sector has been characterized by relatively low capital adequacy and profitability prior to the COVID-19 pandemic. The banking sector is constrained by these vulnerabilities to restart the economy, thereby deepening the economic downturn.</p>	S	The CBM has introduced coordinated monetary policies to mitigate pressures on liquidity in the banking sector. The CBM reduced banks' deposit and lending rate ceilings by 3.0% and minimum reserve requirement on banks by at least 150 basis points in March–April 2020. The CBM allowed the banks to restructure and reschedule existing loans extended to MSMEs. The CBM targets to conduct credit auctions as necessary, to inject more liquidity into the banking and financial sector. It has also arranged to negotiate with private financial institutions to give more flexibility related to	CBM

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		<p>interest and mortgage payments for households that are most negatively affected by the COVID-19 pandemic. The government plans to allow the CBM's financing of the fiscal deficit to increase as necessary up to a suitable level consistent with a target growth in the money supply at the end of 2020. Before the end of 2020, the government plans to reduce temporarily treasury bond/bill auction sales to allow for effective expansionary fiscal stance</p>	
<p>Limited governance and transparency of public expenditures dilute effectiveness of health and fiscal responses Concerns regarding governance and budget transparency, and public expenditure accountability may undermine overall effectiveness of health and fiscal responses to COVID-19.</p>	S	<p>The Government of Myanmar has made significant efforts to improve governance and transparency as well as anti-corruption through wide-ranging economic, social, institutional, and governance reforms. ADB support will continue to be provided to improve capacity of OAGM. ADB has helped develop the financial audit guidelines aligned with International Standard for Supreme Audit Institution, and continued support will be provided to improve capacity of OAGM, especially for financial audit, governance, and transparency of COVID-19-related public expenditures.¹</p> <p>To ensure governance and transparency, the government plans to convene quarterly meetings with development partners and stakeholders to discuss and monitor implementation progress. The technical working groups will be tasked to engage with stakeholders and ensure effective and transparent</p>	MOPFI, OAGM

¹ ADB. 2020. *Technical Assistance for Policy Advice for COVID-19 Economic Recovery in Southeast Asia*. Manila.

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		implementation of CERP. In addition, the government plans to bring out quarterly publication of the CERP expenditures and OAGM's audited financial statement reports within 6 months after each fiscal year.	
<p>Limitations of PFM delay budget disbursement and public procurement Limitations of the PFM such as complex public procurement and limited budget management capacity, may cause slow budget disbursement and procurement for health and fiscal responses to COVID-19.</p>	L	<p>The government has taken several actions to improve procurement and budget disbursement for the COVID-19 responses. For example, the MOHS has enhanced procurement of the required medical products for COVID-19 prevention, control, and treatment with an expedited procurement process. The MOPFI has waived customs Duties and Commercial Tax related to the importation of critical medical supplies and products related to the prevention, control, and treatment of COVID-19. The MOPFI has introduced the automated financial information reporting system for the Treasury. To improve PFM systems, the MOPFI will move to the second phase of automation to unify budget and financial reporting. The development of a unified chart of accounts would also support the automation and close gaps with international reporting standards. The modernization of the PFM law building on preliminary findings of the PEFA would support such a process over the medium-term.</p>	MOPFI, MOHS

ADB = Asian Development Bank, CBM = Central Bank of Myanmar, CERP = COVID-19 Economic Relief Plan, COVID-19 = coronavirus disease, GAD-MOUG = General Administration Department of the Ministry of the Office of the Union Government, H = high, L = low, M = moderate, MOALI = Ministry of Agriculture, Livestock and Irrigation, MOHS = Ministry of Health and Sports, MOPFI = Ministry of Planning, Finance and Industry, MSME = micro, small and medium enterprises, MSWRR = Ministry of Social Welfare, Relief and Resettlement, OAGM = Office of the Auditor General of the Union of Myanmar, PEFA = Public Expenditure and Financial Accountability, PFM = public financial management, S = substantial.

Source: Asian Development Bank.