

REGIONAL COOPERATION AND INTEGRATION ASSESSMENT SUMMARY

1. The coronavirus disease (COVID-19) is a major global crisis that calls for coordinated intervention to save lives, protect public health, and mitigate economic impacts. The numbers of confirmed cases and deaths in Myanmar are modest. Most of the confirmed cases are imported cases and have a close contact with confirmed cases. Although COVID-19 outbreak seems to be relatively small, the risk of community outbreaks remains high among vulnerable populations due to mobility, poor and crowded living conditions, and poor water and sanitation infrastructure. Examples include: (i) returning and internal migrant workers living in over-crowded urban and peri-urban areas in Yangon; and (ii) areas where basic livelihood and health care services are severely lacking.

A. THE IMPACT OF COVID-19 IN MYANMAR

2. Both limited capacity and inadequate facilities in health care system constitute the risk of Myanmar being overwhelmed by an outbreak of COVID-19, thereby also increasing health risks across the region. Government spending on health has significantly increased in recent years; however, health-related public expenditure per capita stood at \$8.6 respectively in 2017 and remained one of the lowest in the world.¹ Most facilities operate with inadequate buildings and equipment. The shortage in health care personnel has been a continuous challenge, particularly in poor, hard to reach areas. Many doctors, nurses, and other hospital staff have limited technical capacity to respond to COVID-19. The number of doctors (0.68), nursing and midwifery personnel (1.0), and hospital beds (0.9) per 1,000 population are all below the average for lower middle-income countries and the recommended levels by the World Health Organization (WHO). The laboratory capacity for COVID-19, the hospital service capacity including the number of beds, health staff, equipment and supplies need to be scaled up to prepare the system for a potential surge in service needs.

3. While the full extent of the public health impact is yet to be seen, Myanmar is expected to suffer economically as a result of disruptions to domestic economic activity as well as a downturn in trade and investment. There are three primary transmission channels through which COVID-19-induced economic shocks: (i) manufacturing and construction; (ii) travel and tourism; and (iii) trade and investment flows including declined remittances. Construction (6.1% of gross domestic product [GDP]) and manufacturing (25% of GDP) were the hardest hit by the two-week lockdown measures with sectoral GDP losses estimated at 82.9% and 40.7%, respectively.² Construction projects and contracts had to be postponed or canceled due to disruptions to material supplies and stay-home policies. Likewise, due to shortages of material and order cancellations from the European countries, the manufacturing sector especially cut-make-pack businesses and garment industries, were forced to close factories. By 10 May 2020, 175 out of 600 garment factories had closed because of COVID-19. In addition, travel bans, border closures, and visa suspension directly impacted the tourism sector which account for 6.8% of GDP and 5.9% of total employment. International tourist arrivals dropped by 68% year-on-year in the first quarter of 2020. The Ministry of Hotels and Tourism projected international arrivals would fall to 2 million travelers from the earlier estimate of more than 4 million in 2020. Lastly, COVID-19 has disrupted trade and investment flows. Both exports and imports showed signs of slowdowns, with growth rates declining to 0.13% and 0.16% in March 2020, respectively, from 1.7% and 1.5% in November 2019. The COVID-19 pandemic has disrupted investment flows. In October 2019–

¹ World Bank. [World Development Indicators](#) (accessed 16 May 2020).

² International Food Policy Research Institute. 2020. *Myanmar: Impacts of COVID-19 on Economy, Agri-food System, Jobs and Incomes*. Yangon.

June 2020, the Myanmar Investment Commission approved \$4.4 billion (MK6.1 trillion) in investments. However, total new investment commitments in FY2020 will most likely miss the target of \$5.8 billion given the overall sentiment.

4. Broad-based slowdown in the economy brings high risk of unemployment and income losses. Women represent 60% of employees in food and accommodation services and 70%–90% for street food vendors, while women constitute a majority of employees in the garment industry. This suggests that women are more vulnerable to unpaid leave or unemployment. The closing of non-essential businesses in the neighboring countries, especially People's Republic of China (PRC) and Thailand, have brought about job losses among migrant workers who rely on daily wages earned through casual labor. The International Organization for Migration estimated that as of 12 June 2020, 103,163 migrant workers have returned from Thailand, PRC, and other countries to Myanmar.³

B. STRATEGIC CONTEXT

5. The regional cooperation and integration (RCI) is a strategic operational priority to enhance connectivity and competitiveness, promote regional public goods, strengthen cooperation in the finance sector, and strengthen subregional initiatives.⁴ The rapid spread of COVID-19 to become a global pandemic highlights the need to consider and adopt cross-border perspectives and cooperation to mitigate further spread. Cross-border cooperation is also required to address the immediate economic and social impacts, plan a safe return to economic activity, and mitigate against such events in the long term.

6. As a member of the Association of Southeast Asian Nations (ASEAN) and Greater Mekong Subregion (GMS), Myanmar is committed to responding to the impacts of COVID-19 through regional collaboration. Myanmar is committed to sharing knowledge on effective responses to COVID-19, maintaining essential cross-border supply chains and working coherently with external parties such as WHO.⁵ Since 1992, more than \$20 billion in financing from ADB and other development partners has been channeled through the GMS Program, supporting RCI through subregional projects in agriculture, energy, environment, human resource development, information and communication technology, tourism, transport, transport and trade facilitation, and urban development.

C. REGIONAL COOPERATION AND INTEGRATION RESPONSES TO COVID-19

1. Health

7. GMS countries acknowledge the critical need for regional public goods that address the threats to health and security flowing from enhanced connectivity and competitiveness. The COVID-19 pandemic reinforces these concerns. Drivers of these threats are numerous. Economic opportunities within the subregion have led to an increase in cross-border population movement and an associated increase in risks for cross-border spread of diseases. Myanmar is one of the highest intra-ASEAN migration and total international immigrant stocks numbered approximately 2.9 million in 2017. Nonetheless, the Ministry of Immigration and Population estimated that the

³ International Organization for Migration (IOM). 2020. *COVID-19 Response Situation Report No. 4*. Yangon.

⁴ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

⁵ ADB. 2019. [Greater Mekong Subregion Health Cooperation Strategy 2019–2023](#). Manila.

actual number will be up to 4.25 million if the number are more accurately counted.⁶ The employment disruptions caused by the pandemic in the host countries, especially in Thailand and PRC, forced migrants to be homecoming in recent months. From 22 March to 28 May 2020, a total of 70,905 migrants returned to Myanmar from Thailand, PRC, and Lao People's Democratic Republic (PDR).⁷ The government opened community quarantine centers for returning migrants and strict quarantine measures are used as containment purposes. Even with such measures, cross-border movement increases the risk of spread of COVID-19 within Myanmar.

8. With increasing number of returning migrants, especially to rural areas, and existing weak health system are creating significant high risk during a global public health crisis. Moreover, marginalized, mobile, and poor people are also especially vulnerable during the pandemic outbreak. In response to the potential for regional health threats, GMS countries have committed to the implementation of a regional health cooperation strategy (footnote 5). The strategy outlines areas for health cooperation programming under three pillars: (i) health security as a regional public good; (ii) health impacts of connectivity and mobility; and (iii) health workforce development. RCI-linked support under each pillar plays a central role in tackling the regional threat posed by COVID-19.

9. ADB approved an additional financing of \$2 million grant for the ongoing technical assistance supporting health cooperation in the GMS. The assistance is funding the development of recommendations for improved outbreak investigation and surveillance, including in rural areas, and the strengthening of health systems' resilience and capacity for epidemic response and is supporting the procurement of diagnostic and laboratory equipment for rapid testing to help combat the outbreak.

10. The virtual meeting of GMS Working Group on Health Cooperation (WGHC) discussed ways of strengthening regional collaboration and addressing common capacity constraints hampering the effective response to COVID-19 both at the regional and country levels. The meeting discussed regional cross-border challenges, areas where equipment and technical support are needed, and coordination with the ASEAN Secretariat. As the Secretariat for the WGHC, ADB facilitates this working group.

11. The existing GMS Regional Health and Security Project in Cambodia, Lao PDR, Myanmar, and Viet Nam, approved in November 2016 for \$125 million, continues implementation with resources now being programmed to prioritize COVID-19 response. The project is working with national health authorities to strengthen public health security mechanisms including surveillance and outbreak response, laboratory quality and biosafety, and health services access. As a result of these early actions, under the GMS program, ADB has reallocated \$6.6 million for thermal scanners, personal protective equipment, laboratory equipment, and intensive care unit respiratory ventilators to Myanmar.

12. ADB is supporting the GMS Healthy Border Special Economic Zones Project at \$72 million combined to support the Governments of Cambodia, Lao PDR, and Myanmar to enhance regional integration and economic cooperation in the GMS. This project will improve access to health services for men and women migrant workers in the GMS border special economic zones through social infrastructure development and health financing support. The proposed project showcases the comparative advantage of ADB in the GMS, building on ongoing support for health security, migrant population health, communicable disease control, and health systems strengthening.

⁶ UNESCO. [Overview of Internal Migration in Myanmar](#). Bangkok.

⁷ IOM Myanmar. 2020. *COVID-19 Response Situation Report 7*. Yangon.

13. The GMS WGHC will continue to support longer-term pandemic resilience through the implementation of the GMS Health Cooperation Strategy. The GMS WGHC takes a One Health, multisector approach to the strategy, for example, linking animal health and human health and working with the transport and tourism sectors. The GMS WGHC will continue to coordinate its work plan with ASEAN commitments on cooperation for COVID-19 response and align with the WHO's International Health Regulations.

2. Trade Facilitation and Cross-Border Transport Corridors

14. The implementation of the GMS Cross-Border Transport Facilitation Agreement (CBTA) plays a significant role in providing information amongst GMS closures and openings in response to COVID-19 which is critical for reducing the economic impact of COVID-19.⁸ The transport and trade facilitation (TTF) under CBTA ensures the safe movement of goods across Myanmar's borders. With the dramatic impacts of the pandemic on supply chains within the region, such program can support Myanmar continue to adapt to a new normal during the pandemic and to strengthen resilience for the future.

15. With the purpose of facilitating the improvement of supply chains within the region, the National Transportation Facilitation Committee will hold a meeting to discuss the following plans: (i) updates from GMS countries on border closures (or changes); (ii) coordinated plan and timetable for adjustment and/or reopening of borders; (iii) information exchange on additional health measures (as required) at the border; and (iv) how can GMS TTF support.

16. In the medium term, the GMS program could support the GMS countries to respond to COVID-19 in trade facilitation by scaling up current technical assistance or developing new assistance based on recent projects Advancing Time Release Studies in Southeast Asia (of which Cambodia is a current recipient) and Support for Implementing the Action Plan for Transport and Trade Facilitation in the GMS.⁹ With sea transportation that will remain the major mode to connect Myanmar with the world economy, including Southeast and South Asia, GMS Economic Corridors create significant possibilities in the development of agriculture, industry, and tourism. Taking advantage of its central location, efficient transport corridors would enable Myanmar to participate in regional and global value chains and access global markets. The investment in the corridors will supplement with complementary investments in urban and rural development along the corridors to create a conducive environment for the development of agriculture, agribusinesses, industry, services, and tourism. Local small and medium sized enterprises (SMEs) could be encouraged to partner with foreign investors in either joint ventures or as part of supply chains to accelerate integration into regional production networks. Public and private investments in tourism along the corridors could be supported through urban-rural transport infrastructure, sanitation, and clean water supply in towns and the protection of natural resources and cultural heritage assets. This would include support for employment-intensive activities.

3. Agriculture and Livestock

17. The GMS Working Group on Agriculture (WGA) and its work with the GMS governments, producer cooperatives, and contract farming arrangements to support agriculture and livestock

⁸ Intraregional trade as a share of overall trade grew from 5.1% in 2008 to 9.8% in 2018; value increased from \$416 billion in 2016 to \$555 billion in 2018. ADB. 2019. *Asian Economic Integration Report 2019/2020: Demographic Change, Productivity, and the Role of Technology*. Manila.

⁹ ADB. 2017. *Technical Assistance for Advancing Time Release Studies in Southeast Asia*. Manila; and ADB. 2014. *Technical Assistance for Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion*. Manila.

producers play a role in COVID-19 response in ensuring safe and adequate food supply and trade across the subregion. Under the framework of the current GMS 5-year strategy for agriculture, a primary focus has been on the promotion of safe and climate-friendly agriculture value chains. The WGA will continue to serve as a platform for policy dialogue between the GMS countries to align efforts in how to ensure and maintain food security through natural disasters such as drought or flooding or in health pandemics such as COVID-19. The WGA will further discuss additional measures that may be required related to COVID-19 in its upcoming virtual working group meeting. As the Secretariat for the WGA, ADB facilitates this meeting.

18. The GMS Cross-border Livestock Health and Value Chains Improvement Project is currently being prepared and to be implemented in Cambodia, Lao PDR, and Myanmar with approval in 2021. The project will focus on: (i) livestock health and value chain infrastructure in priority border areas; (ii) improved capacity for production of healthy livestock and livestock products; and (iii) policy support for better supply, health, safety, and trade in livestock and livestock products.

19. ADB supported Myanmar's agriculture sector and food security through Climate-Friendly Agribusiness Value Chains Sector Project. The project will increase climate resilience for critical rural infrastructure, promote quality and safety testing capacity, strengthen technical and institutional capacity for climate-smart agriculture, and create an enabling policy environment for climate-friendly agribusinesses. The project will reduce food insecurity and rural poverty, increase smallholders' incomes and access to markets, and improve resource efficiency and environmental sustainability for agribusinesses.

4. Private Sector Development

20. The private sector development plays a vital role in Myanmar economic growth in recent years and one of the top priority goals described in Myanmar Sustainable Development Plan 2018–2030 Myanmar is one of the most difficult places to do business, currently ranked 165 out of 190 countries in the World Bank Doing Business survey. The private sector is facing many challenges including the lack of an enabling business environment and limited access to inputs. Among these constraints, access to finance stands out as the number one constraint. The getting access to credit score was the lowest among its regional peers and ranked 181 among 190 countries.

21. Given the importance of the private sector development as a growth engine in Myanmar, ADB's support to the sector's development will help to accelerate economic recovery during and in the post COVID-19 period, which is expected to start with nursing the domestically owned SMEs. ADB proposed Enhancing Financial Access through Public Credit Guarantee Scheme Project will support micro, small and medium enterprises (MSMEs) financing through a credit guarantee scheme. The project will be to enhance the inclusive private sector-led growth which is in line with the economic policy of Myanmar. The project will provide a \$60 million loan to the government, of which \$57 million will be channeled to a proposed credit guarantee corporation to provide credit guarantees to MSMEs. The remaining \$3 million will be earmarked for capacity development and project implementation. The project will develop financial education material for MSMEs, including accounting, financial planning and management, and consumer protection.

22. The GMS Corridor Towns Development Projects strengthen the competitiveness of the GMS economic corridors through investing in urban infrastructure in corridor towns. The third GMS Corridor Towns Development Project, mainly focus on Myanmar, will upgrade basic infrastructure and strengthen urban management capacities to develop the towns situated along

the corridors areas as competitive economic nodes along the GMS East West Economic Corridor. The project supports the strategic thrusts of the GMS Strategic Framework 2012–2022 namely: (i) strengthening infrastructure linkages; (ii) facilitating cross-border trade, investment, and tourism; (iii) enhancing private sector participation and competitiveness; (iv) developing human resources; and (v) protecting the environment and sustainable use of shared natural resources. The project is in line with the ADB’s medium-term goal in Myanmar outlined in the interim country partnership strategy, to promote sustainable and inclusive economic growth in support of the government’s objectives of poverty reduction and national reconciliation.¹⁰

¹⁰ ADB. 2016. [Third Greater Mekong Subregion Corridor Towns Development Project: Initial Poverty and Social Analysis](#). Manila.