

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Myanmar	Project Title:	COVID-19 Active Response and Expenditure Support Program
Lending/Financing Modality:	Countercyclical Support Facility	Department/ Division:	Southeast Asia Department/ Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General intervention

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The COVID-19 Active Response and Expenditure Support Program (CARES program) will help the Government of Myanmar (i) mitigate the health and social impact posed by the coronavirus disease (COVID-19) pandemic, and (ii) establish the necessary foundations to facilitate the country's rapid economic recovery, using a coordinated whole-of-nation response. The program will support the government's COVID-19 Economic Relief Plan (CERP),^a which aims to flatten the pandemic curve and mitigate COVID-19's negative socioeconomic impacts. The CERP outlines 36 action plans (structured under 7 goals)—ranging from an array of cash and in-kind support to vulnerable households, to health sector responses, and economic stimulus measures—that will collectively address socioeconomic exigencies while also positioning Myanmar to bounce back to inclusive growth, poverty reduction, and social development trajectories targeted under the Myanmar Sustainable Development Plan, 2018–2030. Under the umbrella of the CERP, the CARES program will focus support on health, cash and in-kind support programs, and economic measures to assist micro, small, and medium-sized enterprises (MSMEs) and workers. While the program is an emergency response, it also aligns with ADB's country partnership strategy (CPS) 2017–2021,^b which aims to promote sustainable and inclusive growth, job creation, and poverty reduction, and includes support to communicable disease prevention and control as a regional public good. It will complement ongoing and planned investment project and technical assistance support in key sectors, and will promote operational priorities in ADB's Strategy 2030 by addressing remaining poverty and reducing inequalities, accelerating progress in gender equality, promoting rural development and food security, and fostering regional cooperation and integration.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. COVID-19 threatens to overturn Myanmar's significant progress in poverty reduction in recent years, with large poor and vulnerable populations least able to cope with direct and indirect impacts from the pandemic. The 2017 poverty headcount ratio indicates that 19.3% of Myanmar's population lived under the poverty line of \$3.2 per day.^c Agriculture accounts for half of the working population. Moreover, informal employment is prevalent in all sectors: 61.8% of working females and 54.1% of working males are own-account workers or engaged in family businesses (including unpaid work, particularly among females). The shares of adults age 18–60 who had an employer-provided written contract, pension coverage, or medical benefits in 2017 were only 4.8%, 3.8%, and 6.2%, respectively, for males and 5.1%, 4.2%, and 5.1%, respectively, for females. Only 17.0% of all households have a bank account. Lower income and rural households have the least savings and access to formal financial institutions while simultaneously facing the greatest vulnerability to shocks. In view of such factors, a worsening COVID-19 epidemic could have devastating and long-term impacts on much of Myanmar's population, particularly on disadvantaged groups. Despite relatively limited outbreaks to date, COVID-19 has already caused dramatic declines in employment and income in many households, and ADB estimates that the pandemic will slash 1.2 million–2.1 million jobs (nearly 10% of total employment). Job losses could be most marked for females, who comprised roughly 60% of pre-pandemic employment in accommodation and food services and nearly 90% in the garment industry.^d While agricultural work has not yet been so hard hit, many rural households suffer from weakened access to markets, price fluctuations, and falling remittances from migrant workers in-country and abroad, which had been critical to their income increase and diversification. The CERP and the proposed program will thus be critical to minimize the pandemic's spread and help mitigate its impacts on poverty through these channels.

2. Beneficiaries. Beneficiaries of the program will include individuals (particularly low-income and vulnerable households, those working in hard-hit sectors, and frontline health workers) as well as MSMEs. The program will particularly address vulnerabilities faced by females. In addition to targeted interventions, it will help minimize infection risks faced by health sector workers (nearly three-quarters of whom are female), and employment and income losses in female-dominated sectors including garments and tourism. Government institutions will also benefit from measures taken to mitigate shocks to the economy.

3. Impact channels. The program directly supports the CERP and the government's response to COVID-19 and will thus help to mitigate the pandemic's impacts on health, livelihoods, and the economy. This will include addressing potential immediate to short-term impacts on: (i) health, by bolstering preventative and treatment capacities and access to services; (ii) employment and livelihoods via a combination of cash and in-kind transfers to vulnerable groups and other support; and (iii) vulnerable enterprises and their workers with a focus on MSMEs, which are a critical engine for Myanmar's growth and job creation. It will also have broader and longer-term impacts particularly in protecting poor and vulnerable populations, who (in the absence of support) may be forced to adopt coping strategies with adverse long-term impacts: e.g., decreasing consumption of nutritious foods (particularly for pregnant and lactating women and young children) and removing children from school to support the family can lead to a vicious cycle of intergenerational poverty.

<p>4. Other social and poverty issues. The program principally focuses on immediate response to the COVID-19 pandemic. It will be complemented by other longer-term investments by the government under the Myanmar Sustainable Development Plan (MSDP), ADB, and other development partners to address broader social and poverty issues. ADB will continue to support government-led reforms and investments to spur inclusive growth through critical energy and transport infrastructure, agriculture and rural development, and human capital, including via support to broader health system strengthening and ongoing reforms to align secondary education and technical and vocational education, and training to evolving skill demands.</p> <p>5. Design features. The program will support Myanmar's COVID-19 response under the umbrella of the CERP, with a focus on (i) providing social assistance to vulnerable groups and populations at risk; (ii) strengthening the health system, including supporting improved medical and quarantine facilities, medical equipment, and human resources in disease prevention and control; and (iii) safeguarding MSMEs and supporting manufacturing workers.</p>
<p>C. Poverty Impact Analysis for Policy-Based Lending</p> <p>1. Impact channels of the policy reforms. The countercyclical development expenditure program will strengthen the government's ability to respond to the COVID-19 pandemic and mitigate adverse social and economic impacts on local businesses, workers, and the population at risk.</p> <p>2. Impacts of policy reforms on vulnerable groups. Positive impacts include medical and humanitarian support as well as cash and in-kind (food) transfers to vulnerable populations and to those who have been most impacted by loss of employment, particularly women, children, the elderly, people with disabilities, and smallholder farmers.</p> <p>3. Systemic changes expected from policy reforms. The program contributes to the goals of the MSDP 2018–2030 and the CPS related to poverty reduction and inclusive economic growth.</p>
<p align="center">II. PARTICIPATION AND EMPOWERING THE POOR</p> <p>1. Participatory approaches and project activities. Given the urgency of the program and need to align with Myanmar's government-led response under the CERP, the program has principally been designed based on high-level discussions with government stakeholders and ADB staff analysis. It has also drawn on broader consultative processes linked to recently developed or approved programs in key sectors including health and finance, which involved a wide range of relevant stakeholders, including the government, the private sector, and nongovernment organizations (NGOs). ADB will also support the government in strengthening engagement with stakeholders (e.g., communities, vulnerable groups, and selected stakeholders) during CERP implementation.</p> <p>2. Civil society organizations. The program will support government-led processes to engage with various stakeholders including the government, the private sector, and NGOs.</p> <p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):</p> <p align="center">(M) Information gathering and sharing (L) Consultation (NA) Collaboration (NA) Partnership</p> <p>4. Participation plan.</p> <p><input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. The program supports the government's consultation and participation processes.</p>
<p align="center">III. GENDER AND DEVELOPMENT</p> <p>Gender mainstreaming category: Effective gender mainstreaming</p> <p>A. Key issues.</p> <p>Females face particularly vulnerabilities, including in terms of employment, with women particularly likely to be engaged in informal employment: e.g., 36.9% of females age 18–60 work as unpaid household workers, compared to 16.7% among males. Female employment is also heavily concentrated in industries that are expected to be hardest hit: e.g., females comprise roughly 60% of pre-pandemic employment in accommodation and services and nearly 90% in the garment industry, hence females have been particularly impacted by closures and job cuts in these sectors. There is also some evidence to suggest that female-owned MSMEs may be particularly credit-constrained. At the same time, women also face disproportionate risks of infection due to their role as frontline workers: e.g., females comprise 65% of health sector professionals. Within the household, women are also likely to bear a disproportionate share of the burden of caring for family members (including children unable to attend preschool or schooling and elderly family members facing particular risk from COVID-19) and such roles may place them at greater risk of infection. Finally, international experience demonstrates that crises and conflicts exacerbate risks faced by females in terms of gender-based violence, sexual exploitation, and trafficking.</p> <p>B. Key actions.</p> <p>The CARES program will support the government's commitment to addressing the gender-specific impacts of COVID-19 through three channels of support. First, social assistance will be extended including: (i) cash support to 1.55 million smallholder farmer families, including at least 50% female household members affected by decreased sales and/or cash flows; (ii) a one-time payment to 457,000 pregnant women and children under 2 years of age; and (iii) the provision of food and cash transfers to 5.5 million vulnerable households; of which, 50% of beneficiaries will be women. Second, the program will ensure that: (i) communities have access to COVID-19 quarantine centers that are segregated, secure, and accessible for male and female patients; and (ii) healthcare workers undergo routine testing to reduce asymptomatic transmission, recognizing that 65% of healthcare workers are women and culturally responsible for unpaid care of family members. Finally, the government has provided low-interest working capital loans and nonrefundable tax credits for MSMEs (30% of MSMEs are women-owned), recognizing that limited access</p>

to credit during the COVID-19 recovery period. Program monitoring will include data disaggregated by sex and other relevant socioeconomic dimensions. A gender monitoring matrix has been prepared.

☐ Gender action plan ☒ Other actions or measures (gender monitoring matrix) ☐ No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement **Safeguard Category:** ☐ A ☐ B ☒ C ☐ FI

1. **Key impacts.** The program will not involve civil works, land assets acquisition, or involuntary resettlement.

2. **Strategy to address the impacts.** Not applicable.

3. **Plan or other Actions.**

☐ Resettlement plan ☐ Combined resettlement and indigenous peoples plan

☐ Resettlement framework ☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement ☐ Social impact matrix

☒ No action

B. Indigenous Peoples **Safeguard Category:** ☐ A ☐ B ☒ C ☐ FI

1. **Key impacts.** Is broad community support triggered? ☐ Yes ☒ No

2. **Strategy to address the impacts.** Not applicable.

3. **Plan or other actions.**

☐ Indigenous peoples plan ☐ Combined resettlement plan and indigenous peoples plan

☐ Indigenous peoples planning framework ☐ Combined resettlement framework and indigenous peoples planning framework

☐ Environmental and social management system arrangement ☐ Indigenous peoples plan elements integrated in project with a summary

☐ Social impact matrix

☒ No action

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. **Relevance of the project for the country's or region's or sector's labor market**, indicated as high (H), medium (M), and low or not significant (L).

☒ unemployment (H) ☒ underemployment (H) ☒ retrenchment (M) ☒ core labor standards (L)

2. **Labor market impact.** If unmitigated, COVID-19 is expected to significantly impact the labor market, particularly in the case of a severe and/or prolonged pandemic, including increased unemployment and underemployment, lower earnings, and suppressed livelihoods. Prior to the pandemic, the labor market was dominated by informal employment, and a small minority of workers has a written contract, coverage under social protection, etc. The proposed program will focus on measures to mitigate impacts on workers, including those in the informal sector and smallholder farmers, with a particular focus on hard-hit sectors including garments, tourism, and construction.

B. Affordability

Not applicable.

C. Communicable Diseases and Other Social Risks

1. **The impact of the following risks** are rated as high (H), medium (M), low (L), or not applicable (NA):

☒ Communicable diseases (H) ☐ Human trafficking ☐ Others (please specify) _____

2. **Risks to people in project area.** Not applicable. The program will be national in scope, and supported measures will directly mitigate health and other social impacts related to COVID-19.

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** Relevant gender and socioeconomic targets and indicators are included in the program's design and monitoring framework and an accompanying gender monitoring matrix.

2. **Required human resources.** One ADB, a multisector and thematic team composed of staff from the headquarters and resident missions, has been put together for the design of the program. Additional resources for technical assistance have been mobilized by ADB to ensure timely and effective implementation and monitoring of the program's social- and gender-related design features and, equally important, assess the social- and gender-related impacts of COVID-19 emergency response, including this program.

3. **Information in the project administration manual.** Not applicable.

4. **Monitoring tools.** The program will utilize monitoring tools under the CERP and will draw on data and reporting by agencies implementing interventions supported under the program as well as planned development partner-supported surveys/data collection. Monitoring tools will be based on the design and monitoring framework and Gender monitoring matrix. Sex disaggregated data of beneficiaries will be collected and regularly reported.

^a Government of the Republic of the Union of Myanmar. 2020. *Overcoming as One: COVID-19 Economic Relief Plan*. Nay Pyi Taw.

^b ADB. 2017. *Country Partnership Strategy: Myanmar, 2017–2021—Building the Foundations for Inclusive Growth*. Manila.

^c The national poverty rate fell from 48.2% to 24.8% in 2005–2017. In the 2011 purchasing power parity terms, 19.3% and 60.8% of the population lived on less than \$3.20/day and \$5.50/day. See MOPFI, UNDP, and World Bank. *Myanmar Living Conditions Survey 2017: Socioeconomic Report*. Nay Pyi Taw and Yangon.

^d Unless otherwise noted, employment-related figures herein are based on ADB staff estimates using data from the Ministry of Labour, Immigration and Population's 2017 Labour Force Survey.

Source: Asian Development Bank.