COVID-19 Update:
Policy Responses in PEMNA

Public Expenditure Management Network in Asia

June 2020

PEMNA
Public Expenditure Management Network in Asia

COVID-19 UPDATES
OVERVIEW

The global economy has changed drastically since the novel coronavirus disease (COVID-19) pandemic spread around the world. While considerable uncertainty around the outlook remains, the PEMNA Budget CoP (B-CoP) Webinar was held for members to share information on implemented fiscal measures of each country in tackling the pandemic.

Prior to the *PEMNA B-CoP Webinar on Asia-Pacific Regions' Fiscal Response to COVID-19 Crisis* held on May 7, 2020, it was agreed at the B-CoP Leadership Team videoconference on April 13, 2020 to conduct a survey to assess the impact of the pandemic in each PEMNA member country.

This online survey was conducted from April 22 through May 6, 2020 using the Survey Monkey platform. It was carried out across the fourteen member countries of PEMNA: Brunei, Cambodia, China, Indonesia, Republic of Korea, Lao PDR, Malaysia, Mongolia, Myanmar, The Philippines, Singapore, Thailand, Timor-Leste, and Vietnam. Out of the fourteen, twelve countries[1] have participated in this survey[2].

The survey was composed of 35 questionnaires, mainly covering the following topics: (i) economic impact and fiscal impact, (ii) health and fiscal measures member countries have taken in response to the COVID-19 crisis, (iii) roles of the Ministry of Finance / Budget Department, and (iv) current and future challenges and issues.

This brief, ***COVID-19 Update: Policy Responses in PEMNA*** summarizes the result of the online survey and member countries' updates in response to the COVID-19 pandemic. Country updates capture economic and fiscal impacts of the pandemic in member countries, and their government's key responses, in particular, on fiscal measures to mitigate the damage.

This brief has been prepared based on the survey responses[3] submitted by each member country's Ministry of Finance (MOF) focal point for PEMNA, presentation materials from the B-CoP Webinar on May 7, 2020, and information presented on respective government websites. For countries that have not participated in this survey, data from international organizations such as the IMF, World Bank, ADB, and etc. has been used as reference.

The MOF staff of the member countries have been invited to review and comment on their country's part of the brief. This brief reflects the feedback received from the members. Member countries that were unable to provide their feedback at this time may do so afterward by contacting the PEMNA Secretariat at pemnasec@kipf.re.kr.

On behalf of the entire community, the PEMNA Secretariat is grateful to the members for their active participation in making of this product and offering greater value to the community.

1 Brunei, Cambodia, Indonesia, Republic of Korea, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam

2 At the time of the Webinar, only 10 countries submitted their responses, but 2 more came in after the Webinar.

3 Responses were received from April 24 through May 17, 2020.

COVID-19 UPDATES
SURVEY FINDINGS

Economic Impact

- All respondents expect their **GDP growth rate** to decline by at least 1.5% and up to 8.5% from its original outlook for 2020.

- While Indonesia, Laos, and Myanmar expect their **inflation rate** to increase from the original forecast, Korea, Malaysia, the Philippines, Singapore, and Thailand project that it will be subdued. Vietnam expects their inflation rate to remain the same for this year.

- Korea and Indonesia responded that COVID-19 triggered an increase in **unemployment rate** by 0.3 - 1.1%, whereas other countries responded that the impact on the unemployment rate is uncertain at this point.

- On the most affected sector(s), most of the countries responded that **Tourism** sector has been hit the hardest, followed by Aviation and Transportation, and Manufacturing.

Fiscal Impact

- On the **total revenue** for 2020, 6 countries project that they will lose revenue by 9.1 - 47% from the original estimate. Korea expects that the revenue for this year will increase by 0.1% from the original forecast. Estimates for the remaining member countries were unavailable at the time of the survey.

- On the expenditure side, 7 countries expect that their **total government expenditure** will increase by 2.9 - 31.25% from the initial estimate. The Philippines forecasts that the level of expenditure will remain the same, whereas Cambodia expects the expenditure will decrease by 11% from the original budget. Estimates for remaining member countries were unavailable.

Government Measures Against COVID-19

- Most countries responded that they plan to finance COVID-19 **health measures** with the 2020 budget apportioned to the Health sector, through reallocation of the 2020 budget, and use reserve funds (included budget for disaster relief) and financial aid from foreign countries or institutions.

- Eight countries responded that they are planning to draw up a **supplementary budget** to cope with COVID-19 challenges.

Table 1. Total Value of Supplementary Budget

(in USD)

Country	Total Value
Cambodia	0.41 billion
Indonesia	24.9 billion
Korea	15.7 billion
Lao PDR	0.33 billion
Malaysia	8.3 billion
Singapore	19.6 billion
Timor-Leste	0.25 billion
Vietnam	2.3 billion

- Six countries responded that they will **finance the supplementary budget** by cutting down capital spending; 5 countries responded that they plan to do

COVID-19 UPDATES
SURVEY FINDINGS

so by increasing government borrowing; 4 countries plan to use foreign assistance for financing. Other methods include issuing of government bonds, and use of a separate fund (i.e. Petroleum Fund).

- All countries have released or plan to release **stimulus package(s)** in response to the pandemic.

- Ten countries have responded that their stimulus package includes **cash handout**; among these, 5 countries said it is a **one-off handout**; Thailand responded that their cash handout is a **continuous** policy; and 4 countries responded that their cash handout is implemented in **both** ways.

- Except for Timor-Leste, the remaining 11 countries responded that their policy response to COVID-19 includes **tax measures**. Among the 11, 10 countries responded that their tax measures include tax deferrals; 9 responded tax exemptions and tax reduction; and 5 responded that tax rebate is included.

- In regards to the support for **households**, 9 countries responded through restructuring loan schemes (interest rates, loan period, etc.); 8 countries include loan deferment; 5 countries responded through easing liquidity constraints or soft loans.

- For **businesses**, 10 countries responded that they provide support through restructuring of loan schemes; 9 said through loan deferment; 8 responded through easing liquidity constraints or soft loans.

- In terms of the support for the affected **micro, small and medium enterprises (MSMEs)**, 9 countries responded that they provided soft loans for the affected MSMEs; 8 responded that the government provided wage subsidies; and 5 said they support by providing training and education programs to the affected employees.

- On **easing of financial regulations**, 7 countries responded that they have done so through easing Ministry spending limits and procurement of goods and services; 4 countries responded through easing government borrowing limits and Ministry expenditure reports.

- In mitigating the impact of COVID-19, most countries responded that cooperation with other relevant ministries, local governments to accelerate spending approvals and reallocate funds within the ministry budget was one of the **key roles of the MOF / Budget Department**. This was followed by reallocation of the 2020 budget by refocusing the priorities, monitoring and execution relevant to the COVID-19 pandemic, preparing supplementary budgets in response to the crisis, and immediate updates of the revenue and expenditure sides affected by COVID-19.

- On **challenges and issues** the MOF is facing, most countries responded that estimation for economic damages and financing the fiscal measures are the tasks that require their immediate attention. This was followed by negotiation and selection of policy options at the political level, swift implementation of approved measures, and monitoring an approved execution and policy response.

More information available at: PEMNA Website

COVID-19 UPDATES
BRUNEI

Introduction

Brunei has a population of 459,500 as of 2019. The proposed state budget for FY2020-21 is BND 5.86 billion and revenue is estimated at BND 4.05 billion with the Oil and Gas sector alone predicted at BND 2.91 billion. The fiscal deficit forecast for FY2020-21 is approximately BND 1.81 billion as of March 2020.

The Department of Economic Planning and Statistics within the Ministry of Finance and Economy (MOFE) predicts this year's GDP to range between 4.9% and 7.1%[4]. The IMF estimates Brunei's GDP growth to remain at 4.7%, taking into consideration various factors including the production of the Oil and Gas industry.

Since its first case of COVID-19 reported on March 9, 2020, the Brunei government has announced various measures to address the impact of pandemic within the economy. The total amount of economic stimulus packages adds up to BND 450 million as of May 7, 2020.

Economic Stimulus Packages

On March 21, the Ministry of Finance and Economy announced interim measures to help economic sectors affected by the pandemic. The objectives of these measures are to help Micro, Small and Medium-sized Enterprises (MSMEs) to sustain activity, secure local jobs and care for the citizens of Brunei. Some main components include a six-month deferment on TAP[5] and SCP[6] contributions for employees who receive less than BND 1,500 in the private sector, and government financing of SCP contributions for the self-employed. Other items consist of a 30% discount on rent on government-owned facilities for tourism, hospitality, restaurants and cafes, air and water transportation sectors; a 50% tax discount on corporate income tax; and a 15% discount on electricity and water bills for the abovementioned sectors. In addition, online services will be introduced to further promote businesses, and the government will provide a momentary exemption on customs and excise duties on hygiene products, e.g., soap and gloves. Furthermore, the aforementioned sectors will benefit from a 50% discount on taxes for FY2020.

Brunei released another set of additional measures the following week in order to protect the private sector, its employees, and to provide and secure jobs. Some features include developing resources for employee training in various sectors, the provision of a temporary salary subsidy of 25% to employees of certain MSMEs,

4 The revised GDP growth rate under the COVID-19 situation provided by the Ministry is not available.

5 Employees' Trust Fund
6 Supplemental Contributory Pensions

COVID-19 UPDATES
BRUNEI

free rent for a limited time for certain market businesses, extension of educational training opportunities and upgrading of the job search website, etc.

Besides the previously mentioned measures, the Government released an Economic Relief Package worth BND 250 million on April 1, raising the total amount of the COVID-19 related package to BND 450 million. This additional interim measure is aimed to extend the loan principal repayment period, restructure and extend the repayment period for personal loans and realty financing. Tourism, food and beverage, hospitality, event management and air transportation sectors, and importers of medical supplies and food will be provided with a six-month deferment on principal repayment. Furthermore, pending balance on credit cards may be switched to loans for self-employed private sector workers for a limited time, and various financial sector fees and charges will be removed.

Budget Financing

To fund health measures introduced in response to the pandemic, the Government plans to utilize the health sector budget, supplementary budget, and disaster relief budget, and also receive financial aid from foreign countries and institutions. In addition, the MOFE is raising funds through the COVID-19 Relief Fund from Brunei citizen donations, and more than BND 4 million has been collected as of April 7.

The supplementary estimates for COVID-19 will also be financed through buffers and reserve funds.

Further Work

The roles of the Brunei MOFE include cooperation with relevant ministries and governments, preparation of supplementary budgets, providing prompt updates of the state budget etc. The Government will need to work on estimating the magnitude of economic changes and monitoring the approved policy responses.

More information available at:

Ministry of Finance: mofe.gov.bn

Ministry of Health: moh.gov.bn

Department of Economic Planning and Statistics: deps.gov.bn

PEMNA B-CoP: Impact of COVID 19 on PFM Survey Results

P E M N A

02

CAMBODIA

COVID-19 UPDATES
CAMBODIA

Introduction

Cambodia, despite the relatively low number of confirmed cases of COVID-19 to date, might find itself among the region's most severely hit economies.

While bracing for the worst of COVID-19 pandemic, most of the Cambodia's economic damages are expected to be driven by the declining revenue of the tourism industry, which usually contributes almost one-third of the country's GDP, as well as the hardships in garment manufacturing sector, of which is tightly dependent on China for raw materials. As a result, the Government now expects this year's GDP growth rate at -1.9%, down from the initial projection of 6.5%.

With such inevitable turmoil expected to have influence on both the demand and supply of Cambodia's economy, the Government expects the total revenue to decrease by 35%, from initial projection of KHR 26,337 billion (USD 6,503 million) to KHR 17,191 billion (USD 4,245 million). In terms of the government expenditure, it also forecast a decrease from KHR 33,339 billion (USD 8,232 million) to KHR 29,623 billion (USD 7,314 million), a 11% decrease. Overall, as a result of the COVID-19 pandemic, Cambodia expects to see a decrease in both the revenue and spending, but to a greater degree for the revenue side.

Below are some of the noteworthy fiscal and monetary policy measures that the Cambodian government has prepared in response to the COVID-19 pandemic.

Financial Stimulus Packages

Cambodia has released more than three financial stimulus packages in response to the COVID-19. With the total size of stimulus package adding up to KHR 2,690 billion (USD 664 million), the funds will be directed towards providing suspended workers with income, offering tax relief to the affected industries, and extending low-interest loans to the Small Medium Enterprises (SMEs). In addition to these measures, the Government also plans to provide cash handouts to the affected households through deposit to the individual bank accounts.

To procure capital for the stimulus package, the Government plans to utilize different channels such as (i) mobilizing reserve fund in 2020 budget, (ii) reallocation of 2020 budget, (iii) receiving financial aid from foreign countries and institutions. Citizen contribution and the donation from the government officials are also expected to take parts in financing the measures introduced in the stimulus package.

COVID-19 UPDATES
CAMBODIA

Support for SMEs

While the Cambodia government's fiscal measures such as providing wage subsidies and training/education programs for those who are laid off seem to be proactive steps in the right direction, there still remain concerns that the most vulnerable groups - the informal sector workers - may be left unprotected.

With an estimate that 95% of SMEs are not officially registered, Cambodia has a large informal sector that also contributes substantially to the local economy. Given the significance of these SMEs in Cambodia's economy, the challenge rests upon the government to find ways to ensure that these SMEs, which is also the most negatively impacted sector by the COVID-19, receive full benefit from the financial stimulus packages. However, the Government seems to have taken rather a different approach by announcing that the benefit of COVID-19 stimulus package will only be given to those formally verified businesses that are legally registered under the government's system.

While this measure offers an opportunity for Cambodia to increase resilience in a longer-term by transforming the structure of its economy, the government will need to thread a fine line in encouraging SMEs to register without forcing them to pay the increased costs of becoming part of the formal economy.

Challenges and Opportunities

Cambodia, in its survey with the PEMNA, identified the following as the main challenges moving forward: (i) estimation for the magnitude of economic damages, (ii) swift implementation of approved measures against COVID-19, (iii) financing the fiscal measures, and (iv) overcoming the re-prioritization with the line ministries.

For a country whose economy is largely dependent on tourism and supply chain links to trading partners, the COVID-19 pandemic poses a severe threat to its economy. However, while the pandemic has caused heavy economic losses, it also creates an opportunity for Cambodia to re-examine its long-term priorities and to carry out reforms in the sectors where the weakness has been capitalized through this crisis.

More information available at:

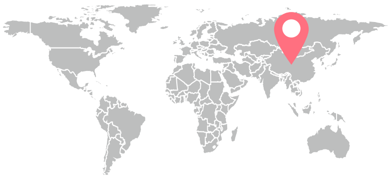
Ministry of Economy and Finance: mef.gov.kh

Ministry of Health and Welfare: mohw.go.kr

P E M N A

03

C H I N A



COVID-19 UPDATES
CHINA[7]

Introduction

Amid the global economic turmoil under the influence of COVID-19 pandemic, China's economy has been hit hard as well. According to the International Monetary Fund (IMF), China's GDP contracted by 6.8% year-on-year during the January-March period, the number also including a substantial decrease of 39.2% in Hubei province, which is the epicenter of the outbreak.

While the unpredictable nature of COVID-19 makes it harder to forecast the economic outlook, economists generally see economic contraction in 2020, followed by a recovery in 2021. Despite its economic contraction in the first quarter, the IMF projects the China's economy to grow by 1.2% for the year. While this projection is significantly lower than the initial projection of 6.2%, which was made before the COVID-19 outbreak, the number implies that China by and large has gotten the situation under control and its economy will recover by the end of the year.

Based on the IMF's re-adjusted projection after COVID-19, China's inflation rate is expected to record 3%, current account balance at 0.5% (of GDP), and unemployment rate at 4.3%. Among all economic indicators, excluding the GDP growth rate, general government net lending/borrowing showed the most significant drop after the re-adjustment from -5.7 to -11.2%.

Below are some of the fiscal and monetary and macro-financial measures taken by the Chinese government to counter the impacts of the COVID-19 outbreak.

Key Policy Responses

China does not have a separate financial stimulus package put in place yet but it announced several fiscal and monetary measures worth RMB 3.6 trillion in total.[8] Some of the key fiscal measures focus on mobilizing more financial resources towards (i) epidemic prevention and control; (ii) production of medical equipment, (iii) accelerating disbursement of unemployment insurance and extension to migrant workers, and (iv) tax relief and waived social security contributions. To alleviate financial burdens on businesses, China has waived social insurance and social security payments and deferred the collection of housing provision taxes.

In terms of the monetary and macro-financial measures, the People's Bank of China (PBC) provided policy support to sustain the market stability such as (i) liquidity injection of RMB 4.2 trillion into the banking system (ii) RMB 1.8 trillion-worth support towards manufacturers of medical supplies and daily necessities and affected SMEs, (iii) cutting reserve requirements ratio (RRR) by 50-100 bps for the large- and medium-sized banks and thereby enabling banks to lend and offer low-cost loans for SMEs and (iv) RMB 350 billion-worth policy banks' credit extension to micro- and small enterprises. In addition, some municipal authorities have issued pre-

7 "COVID-19 Updates: China" draws heavily on the IMF's summary of China's policy responses to COVID-19 (https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C) due to data availability.

8 An estimate provided by the IMF's Policy Tracker as of June 8, 2020.

COVID-19 UPDATES
CHINA

paid vouchers or consumer coupons to boost retail spending, a strategy proven effective during the Great Financial Crisis in 2008.

Reopening of the Economy

Since mid-February, the Chinese government has gradually lifted the mobility and activity restriction while also attempting to reopen the essential sectors and industries based on ongoing risk analysis. With the movement restrictions being re-imposed on two cities in Jinlin province following reports of new infections, resurgence or so-called the second wave of the COVID-19 pandemic is still a concern. Nevertheless, due to its size of economy, China's success in reopening the economy is expected to have positive impacts on revitalizing the global economy.

In the meeting of the Political Bureau of the Communist Party of China Central Committee on April 17, Liu Kun, the current Minister of Finance in China, listed out "six priorities" of which the post-COVID19 fiscal policy will be built upon: (i) safeguarding employment, (ii) people's livelihoods, (iii) development of market entities, (iv) food and energy security, (v) stable operation of industrial and supply chains, and (vi) smooth functioning of society. In his speech, Liu also mentioned the future direction of China's fiscal policy that the Government will be (i) moderately raising the fiscal deficit ratio, (ii) issuing special bonds, and (iii) continuing to implement tax and fee cuts to counter the impact of COVID-19 and offset the economic downturn.

More information available at:

International Monetary Fund (IMF): Imf.org

China Internet Information Center: china.org.cn

COVID-19 UPDATES
INDONESIA

Introduction

Indonesia's economy has been estimated to be hit hard by the pandemic with its expected GDP growth rate for 2020 to decrease from 5.3% to 2.3%. The estimated inflation rate for 2020 was originally 3.1%, but is now predicted to reach 3.9%. Unemployment rate, which was projected at 4.8 - 5.0% for this year, is now forecasted to range from 5.9% to 6.1%.

All 34 provinces are affected with the highest number of cases in Jakarta and East, West, and Central Java. More than 12,000 flights, both domestic and international, have been cancelled during January and February, and lost income from aviation services for those months amounts to IDR 207 billion. The country has also seen a drastic decrease in travelers with the number dropping by 6,800 persons per day as of April 2020.

In efforts to revive the economy and alleviate the impact of COVID-19, the government has issued 'PERPPU' No. 1/2020, now UU No. 2/2020 - a Government Regulation in Lieu of Law[9] - to ease regulations and laws on state financial policy and financial sector policy in tackling the pandemic. In addition, as of May 7, the Government has announced three stimulus packages totaling IDR 436.1 trillion (approximately USD 24.92 billion), which is roughly equal to 2.5% of the national GDP.

9 Source: https://www.kemenkeu.go.id/publikasi/siaran-pers/siaran-pers-pemerintah-terbitkan-perppu-untuk-tangani-dampak-ekonomi-akibat-covid-19/

Economic Stimulus Packages

The Indonesian government released three stimulus packages in February, March, and April 2020 respectively, totaling IDR 436.1 trillion. The first package - Stimulus I - worth IDR 8.5 trillion was announced to strengthen domestic economy by spurring spending through accelerating disbursement of social assistance and capital expenditure, and to protect the low-income citizens and unemployed through an expenditure stimulus.

Stimulus II includes measures worth IDR 22.5 trillion to preserve the purchasing power of Indonesia's citizens and to support businesses. The below four tax incentives are measures to bolster purchasing power and maintain economic stability.

1. Article 21 income tax (PPh-21) will be relaxed for certain manufacturing sector employees, taxpayers of import and export purposes (WP KITE[10]), and taxpayers of import and export purposes for small and medium industries (WP KITE IKM[11]) with annual gross income less than IDR 200 million for a total of six months from April to September 2020, worth IDR 8.6 trillion.

2. Article 22 income tax on import will be exempt to 19 sectors, WP KITE and WP KITE IKM for the same six months amounting to IDR 8.15 trillion.

3. Article 25 income tax will be reduced by 30% to 19 sectors, WP KITE and WP KITE IKM for the same six months, totaling IDR 4.2 trillion.

10 WP KITE: Wajib Pajak Kemudahan Impor Tujuan Ekspor

11 WP KITE IKM: Wajib Pajak Kemudahan Impor Tujuan Ekspor - Industri Kecil dan Menengah

COVID-19 UPDATES INDONESIA

4. VAT refunds will be expedited for the abovementioned sectors for six months as well, valued at IDR 1.5 trillion.

The latest stimulus package worth around IDR 405.1 trillion was issued to support the economy and preserve financial stability through PERPPU No. 1/2020 (now UU No. 2/2020). The contents of Stimulus III are listed as below.

1. Health related support is estimated at IDR 75 trillion, including medical personnel incentives and health management expenditures related to COVID-19 and others.

2. IDR 110 trillion will be provided for additional social safety net spending such as the Conditional Cash Transfer Program (PKH[12]), pre-employment cards programs, electricity tariff exemption or discount for targeted customers etc.

3. Industrial support worth IDR 70.1 trillion toward tax and import enticement, credit stimulus, promoting tourism, sustaining SMEs etc.

4. Stimulate economic recovery by providing aid toward national economic recovery programs amounting to IDR 150 trillion.

Budget Financing

Health measures will be financed through the health sector budget allocated for 2020, reserve fund including budget previously earmarked for disaster relief, reallocation of the 2020 state budget, and loans from international organizations.

The Government will finance its supplementary fiscal measures for COVID-19 by issuing government bonds, cutting capital spending and transfers to regions, and through government borrowing.

The central and local governments are cooperating to reapportion the budget for Transfers to the Regions and Village Funds (TKDD[13]), and the central government will provide grants to local governments in order to help regions better deal with the impact of COVID-19.

Further Work

The Government continues to cooperate with relevant ministries and local governments to reallocate funds, monitor budget execution, provide updates to the state budget, and stimulate the social safety programs, as well as escort national economic recovery programs. Going forward, the Government will need to put in more effort in focusing on estimating the magnitude of the economic damages, negotiating and selecting policy responses, efficiently financing and swiftly implementing the fiscal measures, and monitoring the executed policies.

More information available at:

Ministry of Finance: kemenkeu.go.id

12 PKH: Program Keluarga Harapan

13 TKDD: Transfer ke Daerah dan Dana Desa

P E M N A

05

K O R E A

COVID-19 UPDATES
REPUBLIC OF KOREA

Introduction

While the COVID-19 pandemic is an ongoing crisis and the assessment of its economic impacts continues to be re-evaluated, Korea is forecast to keep its economic impact minimal compared to other severely hit economies. The Korean government expects this year's GDP growth rate to be -1.2%, down from the initial prediction of 2.2% at the beginning of this year.

Looking into how the COVID-19 outbreak has influenced other economic indicators compared to the initial forecast that was released before the COVID-19 crisis, the Korea government now expects the inflation rate to decrease from 1.1% to 0.3% and the unemployment rate to slightly increase from 3.9% to 4.2%.

Re-adjustment has been made in terms of the government's revenue and expenditure as well. The Government's current projection shows that the revenue collection will increase slightly from KRW 481.8 trillion (USD 393.1 billion) to KRW 482.2 trillion (USD 393.5 billion) and the expenditure increase from KRW 512.3 trillion (USD 418 billion) to KRW 531.1 trillion (USD 433.4 billion). Overall, as a result of the COVID-19 outbreak, the Korean government expects to see an increase in both the revenue collection and spending, but to a lesser degree for the former.

Korea identified tourism, aviation, and dining industries to be the three most affected sectors from the COVID-19 outbreak. Below are some of the economic and fiscal measures introduced by the Korean government in its efforts to minimize the impacts on the economy.

Financial Stimulus Packages

Korea has released four financial stimulus packages as of date. On April 8, 2020, the Government made an announcement of the fourth stimulus package. This KRW 150 trillion worth package will be allocated towards (i) financial stability measures (KRW 100 trillion); (ii) measures to stimulate real economy (KRW 32 trillion), and (iii) additional reinforcement measures (KRW 20 trillion).

To finance these measures, the National Assembly of Korea has approved two supplementary budgets, worth KRW 11.7 trillion and KRW 7.6 trillion respectively. Passed at the National Assembly on April 30, the source of finance for the second supplementary budget of KRW 7.6 trillion will be a combination of spending restructuring and government debt issuance.

In addition to the financial stimulus packages, the Government implemented various policy measures to combat the COVID-19 outbreak such as (i) running the drive-through testing stations where more than 20,000 tests have been executed per day, (ii) making pre-payments in the severely hit industries such as aviation, auto-mobile, and agriculture, and (iii) lowering rent fees for small businesses.

Emergency Disaster Relief Money

After a long discussion in its political arena surrounding the recipients of the Emergency Disaster Relief Money, the Korean National Assembly has reached an agreement to pay out the funds totaling KRW 14.3 trillion to all households on April 30. Aimed at encouraging consumption activity and reviving the local economy,

COVID-19 UPDATES
REPUBLIC OF KOREA

the standard for providing the funds is as follows: KRW 1,000,000 for households with four or more, KRW 800,000 for households with three, KRW 600,000 for households with two, and KRW 400,000 for single-person households.

On May 4, the payments of the one-off cash handouts started with 2.8 million households who are in the lowest income bracket (13 % of the total) that require urgent financial aids. These first-group households received their emergency disaster relief money to the bank accounts they are already using to receive the government subsidies.

While the same amount of emergency disaster relief money will be provided for the rest of the households that do not belong in the first-group recipients, they are asked to apply either via online or phone call, in order to receive the funds. For these households, the funds are provided in the form of credit/debit card points, regional gift certificates or prepaid cards.

Support for SMEs

Among industries that are facing difficulties under the impacts of COVID-19 pandemic, smaller businesses are more likely to become cash-strapped than larger companies. Acknowledging the importance of the SMEs in its economy, the Government has prepared measures to support them in various ways.

Together with the provision of emergency relief fund, Korea's fiscal policy responses for affected SMEs include (i) wage subsidies, (ii) soft loans, (iii) market development and innovation support, and (iv) training/education programs support. Furthermore, for building owners that reduce rental fees for affected micro-business tenants will receive a 50% tax relief.

Looking into the tax relief responses for the SMEs, Korea (i) extended the deadline of filing and paying internal and local tax returns, (ii) postponed tax investigations and (iii) applied a grace period for collecting taxes and any arrears.

With the global travel restriction posing threats to the exports, Korea also prepared measures specifically addressing the challenges with exports. The Government is working with export-related government agencies to arrange virtual consultations for those companies affected by the cancellation of exhibits where usually served as a venue for SMEs to expand abroad. This virtual consultation, scheduled to be held at least twice a month over the period of April to July, will not only provide consultation but also invite buyers from abroad and match them to the local SMEs, thereby helping regain vitality in exports.

Further Work

Recognizing that the fight against COVID-19 is an ongoing challenge with the possibility of resurgence, Korea published a report in its efforts to achieve resilient recovery. In this report, it lists out the challenges and further works that need to be done by each affected sector.

More information available at:

Ministry of Economy and Finance: moef.go.kr

Ministry of Health and Welfare: mohw.go.kr

Government Updates on COVID-19: ncov.mohw.go.kr

COVID-19 UPDATES
LAO PDR

Introduction

While the number of confirmed cases of COVID-19 in Lao PDR is the lowest among PEMNA member countries, the pandemic has inflicted high costs for the country nonetheless. As a result of the pandemic, Laos' economy is projected to contract; the Government now forecasts its GDP growth rate for 2020 to decrease from 6.5% to 3.3%. The Government also revised its projection for inflation rate from 5% to 6.14% for this year.

In addition, the Laos government expects to lose revenue by 30%, making the new estimate of total revenue LAK 20,666 billion (USD 2.29 billion). The total expenditure for 2020 was LAK 35,693 billion (USD 3.96 billion), but is now forecasted to decrease to LAK 32,769 billion (USD 3.64 billion), which is down by 10% from the original outlook.

With its Tourism, Manufacturing, and Agriculture Sectors being hit the hardest by the crisis, the Government is making various efforts to ensure that the citizens of Lao are able to meet their needs and that businesses stay afloat throughout and after the pandemic.

Currently, the Government is preparing to introduce a supplementary budget of LAK 30 billion (USD 0.33 billion) for mitigating the impact of COVID-19 and boosting the economy. It plans to issue government bonds, increase government borrowing, receive financial aid from foreign organizations, and also cut capital spending to finance the emergency initiatives.

Economic Stimulus Package

On April 2, 2020, the Prime Minister's Cabinet endorsed a proposal of 13 measures to stimulate the economy. This stimulus package includes the forming of a Task Force to address the economic impact of COVID-19 and implementing a new electricity tariff, to ensure supply of electricity, in effect from May 1, 2020 to December 31, 2025.

Other economic stimulus measures were launched through the Bank of Lao PDR(BOL)'s Decree on Credit Policy to Address the Effects and Consequences Caused by the COVID-19 Outbreak (No.238). Decree No.238 recommends commercial banks and financial institutions to postpone loan payment period including loan principals and interests for affected borrowers; restructure existing loan arrangements; decrease interest rates and fees for borrowers as appropriate and in consistent with the ability to pay of the borrowers; and issue a new loan to a COVID-19 affected individual or business. Under this Credit Policy, banks and financial institutions that implement the aforementioned measures would be granted with regulatory forbearance on loan classification and provisioning.

The total amount of this package is worth around LAK 2,900 billion (USD 322.2 million).

COVID-19 UPDATES
LAO PDR

Tax Relief Measures

Under Decision No.31 issued by the Prime Minister on April 2, 2020, several tax measures have been implemented to assist businesses that are affected by the COVID-19 outbreak. These measures include income tax exemptions for microenterprises, civil servants, and employees of private sectors; microenterprises with annual income between LAK 50-400 million will be exempted from paying business income tax for three months, from April to June 2020; and all civil servants and employees of private sector earning less than LAK 5 million will be exempted from paying personal income tax for a 3-month period, from April to June 2020.

Furthermore, to support the tourism-related businesses, their tax payments have been deferred for 3 months from April through June 2020. Deadline for payment of road fees have been extended too from March 31 to April 30, 2020.

The Government also extended the submission due date of FY2019 financial statements for businesses from March 30, 2020 to May 29, 2020.

Other Key Responses

The Government is seeking to reduce water and electricity price and lengthen the due date of payments of electricity and water bills for both households and businesses.

Mandatory contribution to social security from affected businesses have been postponed for three months, from April through June 2020.

Going Forward

Going forward, Laos has identified several issues to delve into: (i) estimation for the magnitude of economic damages; (ii) negotiation and selection of policy responses at the political level; (iii) swift implementation of approved measures to overcome the COVID-19; (iv) financing fiscal measures; and (v) monitoring approved execution / policy responses.

Given the significance of the tourism industry in Laos, the Government is committed to support the sector by vigorously assessing its damage from the crisis, and develop short-term and long-term responses. It is planning to issue recommendations for tourism-related businesses on how to resume tourism activities after the COVID-19 crisis: emphasis will be put on increasing domestic tourism and attracting foreign visitors during the high season in the last three months of 2020, boosting confidence of travelers, and improving hygiene and safety policies.

More information available at:

IMF: COVID-19 Policy Tracker

COVID-19 UPDATES
MALAYSIA

Introduction

While the full economic effects from the COVID-19 pandemic remain uncertain, the economic outlook for Malaysia has changed since the Government's initial forecast in 2019 for the year 2020. The Government of Malaysia initially set the GDP target of 4.8% for 2020; however, the Government now predicts the GDP growth rate to be between -2.0% and 0.5%. The Government also readjusted the country's projection of inflation and unemployment rates for the year. The inflation rate is expected to fall from 2% to between -1.5% and 0.5%. The unemployment rate is projected to remain below 4%, a slight increase from the initial projection of 3.3%.

The forecasting of government revenue and expenditure is also affected. The Malaysian government originally expected to collect MYR 244.53 billion (USD 56.27 billion) in revenue in 2020 and had planned to expend MYR 241.02 billion for the year. Now, the Government expects to see a decline in the revenue collection and an increase in government spending (MYR 275 billion).

Below are some of the fiscal measures introduced by the Government of Malaysia to protect its people and to ease the economic impact of this pandemic.

PRIHATIN Rakyat Economic Stimulus Package ('PRIHATIN')

Three economic stimulus packages are put in place in Malaysia as of date. On March 27, 2020, Malaysia introduced a major economic stimulus package ('PRIHATIN') worth MYR 250 billion to mitigate the burden of its people and the affected businesses in the community.

Of the total, Malaysia plans to spend MYR 128 billion for public welfare, MYR 100 billion for supporting businesses, and MYR 2 billion to revive the economy. The remaining MYR 20 billion was spent as part of the first economic stimulus package announced earlier in February.

Malaysia introduced an additional measure for PRIHATIN or PRIHATIN PLUS on April 6, 2020, aimed at easing the financial burden of small and medium-sized enterprises (SMEs). The additional package is valued at MYR 10 billion.

The Malaysian government plans to finance these measures through government borrowing and cutting down capital spending.

Support for Affected Individuals and Households

In an effort to protect its people, the Malaysian government provides a one-off cash assistance, Bantuan Prihatin Nasional (BPN), to low- and middle-income households. Based on the level of income, the Government plans to provide MYR 500 to MYR 1,600 per household.

Table 2. Malaysia's Bantuan Prihatin Nasional

Beneficiaries	Total (MYR)
Households earning ≤MYR 4,000/month	1,600
Households earning MYR 4,001-8,000/month	1,000
Single individuals earning ≤MYR 2,000/month	800
Single individuals earning MYR 2,001-4,000/month	500

Source: PRIHATIN Rakyat Economic Stimulus Package 2020

COVID-19 UPDATES

MALAYSIA

The BPN payments will be made to eligible beneficiaries through direct deposit into the individuals' bank accounts or via e-wallet. In total, the Government has allocated MYR 10 billion for BPN.

Besides BPN, Malaysia offers measures such as i) job retention program, (ii) tax exemption on pre-retirement withdrawals, (iii) exemptions or postponement on housing and business premise rentals, (iv) discounts on electricity bill, and (v) free internet service to all customers to assist vulnerable groups.

Support for SMEs

Manufacturing, tourism, agriculture, and other sectors in Malaysia are affected due to the outbreak of the pandemic and were identified as prioritized sectors that need recovery. To support the business sector, the Malaysian government has increased its support for SMEs. Malaysia has increased the size of the Special Relief Facility (SRF) from MYR 2 billion to MYR 5 billion. The Government has also increased the size of the All Economic Sector Facility fund to MYR 6.8 billion as well as providing additional funds under the Micro Credit Scheme to better support SMEs.

To assist companies' cash flow, businesses will be allowed to defer payments for the Employee Provident Fund (EPF) and reschedule their contributions to the EPF. Also, Malaysia introduced several measures for loan deferments and tax deductions. For example, the Government will allow the postponement of income tax installment payments to all SMEs for three months starting April 1, 2020. SMEs are also exempted from paying the Human Resources Development Fund for six months starting April 2020.

In addition, the banking industry, including the central bank, Bank Negara Malaysia (BNM), has offered measures to further help individuals and businesses manage the impact of the COVID-19 pandemic. The banking institutions will provide a 6-month moratorium as well as the converting of credit card balance to term loans. These measures will be vital for businesses to retain employment and resume their activities.

Further Work

Malaysia's PRIHATIN provides comprehensive measures to support its people as well as affected businesses in the country. To ensure that all the assistance provided by the Government reach the targeted outcome, Malaysia has identified the following as remaining tasks that require further work.

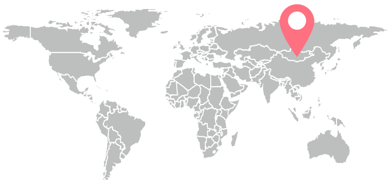
- Estimation for the magnitude of economic damages
- Negotiation and selection of policy responses with the political level
- Swift implementation of approved measures to overcome COVID-19
- Financing the proposed fiscal measures
- Monitoring an approved execution/policy response

More information available at:

Ministry of Health: moh.gov.my

National Security Council: mkn.gov.my

Ministry of Finance: pre2020.treasury.gov.my



COVID-19 UPDATES MONGOLIA[14]

Introduction

The ongoing COVID-19 pandemic has affected the economic outlook for Mongolia. According to the World Bank's recent publication, Mongolia's real GDP growth is projected to decelerate to 2.4% in 2020. The report attributes this downward revision to the following factors: a decline in commodity prices, the potential impact of COVID-19 global pandemic (including the ban on coal exports), and limited buffers to accommodate sizable stimulus. Mining and services sectors were found to be the most affected sectors due to this recent pandemic. However, growth in these sectors is expected to recover in 2021-22, building on a stronger impetus in the mining sector, particularly through enhancing the quality of key minerals.

A decline in the mining sector is likely to affect the Government's fiscal performance as well. With the robust revenue performance and steady implementation of fiscal consolidation reforms, Mongolia showed strong fiscal performance in 2019. Nevertheless, the decline in mineral export growth is likely to affect the government's revenue, thereby causing a deterioration in the fiscal balance. The World Bank projects that the mineral export growth will improve in 2021-22 and gradually reduce the current account deficit.

Fiscal Policy Response to COVID-19

The following paragraphs draw mainly on the IMF's summary of Mongolia's key policy responses to tackle COVID-19. The summary below provides Mongolia's key policy responses as of May 7, 2020.

On April 13, 2020, the Government of Mongolia announced a comprehensive set of fiscal measures to protect vulnerable households and businesses and to support the economy against the COVID-19 pandemic. These measures include tax exemptions on several imported food and medical items, an increase of child allowance and unemployment benefits, exemption on corporate and personal income taxes, and an increase in credit guarantees to SMEs and soft loans to cashmere producers.

The Government of Mongolia announced a second fiscal stimulus package on May 6, 2020. This package includes the Government's plan to further increase the allowances for children and food stamps. The package also suggests an increase in the social welfare pensions provided for the elderly and vulnerable groups in the society. The Government expects to fully finance these measures through expenditure cuts.

14 "COVID-19 Updates: Mongolia" draws heavily on the World Bank's East Asia and Pacific Economic Update (April 2020) and the IMF's summary of Mongolia's policy responses to COVID-19 (https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19) due to data availability.

COVID-19 UPDATES
MYANMAR

Introduction

Myanmar saw strong economic performance in the first quarter of FY2019/2020 (October 2019 to September 2020); however, due to the impact of the COVID-19 pandemic, Myanmar's growth is estimated to slowdown for the remainder of the year 2020. According to the World Bank's recent projection[15], real GDP growth is projected to decline to 2 - 3% in FY2019/20 and gradually recover to 6% in the following fiscal year. The inflation rate is estimated to moderate to 7.5% in FY2019/20 from 8.5%.

Also, the Government is expecting a decline in the revenue collection as it introduced several fiscal measures to ease the economic impact posed by the pandemic. The Government deferred the payment period of income and commercial taxes, as well as the rental fees of government-leased hotels, and tour businesses are exempted from paying the license fees for one year.

The outbreak of COVID-19 has elevated the uncertainty in the global economy and posed significant risks to Myanmar's economic outlook. Responding to these challenges, the Government announced an economic stimulus plan, and the details are summarized below.

COVID-19 Economic Relief Plan

The Government issued the COVID-19 Economic Relief Plan (CERP), a comprehensive economic stimulus plan to mitigate the economic impact of the pandemic, on April 27, 2020. The CERP consists of 7 goals, 10 strategies, 36 action plans, and 76 actions that cover a broad range of fiscal measures. The CERP aims to not only ease the immediate impact posed by the pandemic but also establish a foundation for the country's economic recovery.

The Government of Myanmar plans to finance these measures through budget reallocation, cutting the capital spending, and taking loans from international financial institutions. For example, 10% of the total FY2019/20 Union expenditure (except loans and grants) will be reduced and reallocated for preventive and containment measures of COVID-19.

15 World Bank, East Asia and Pacific Economic Update, April 2020. https://openknowledge.worldbank.org/handle/10986/33477

COVID-19 UPDATES
MYANMAR

Actions on Economics

CMP[16] businesses, tourism, and SMEs are among the most affected sectors in the country. To support firms in these sectors, the Government established a COVID-19 Fund to provide loans with concessional interest rates. In addition, the Government has deferred corporate income tax and commercial tax until September 30, 2020. The affected firms (e.g., the government-leased hotels) are exempted from paying the rental fees for six months.

Myanmar also aims to provide assistance to vulnerable households, especially those without a regular income, through the state and regional governments. In-kind food transfers to vulnerable households and at-risk populations will be provided. Basic food supplies such as rice, cooking oil, salt, lentils, and onions will be given. Also, to ease the impact on households, electricity tariffs for all households (excluding embassies and international organizations) will be exempted up to 150 units per month (for the month of April and May).

The CERP proposes actions to improve the macro-economic environment through monetary stimulus, promoting investment and international trade, enhancing the healthcare system, etc.

Challenges and Further Work

Myanmar's COVID-19 Economic Relief Plan (CERP) shows the country's effort to mitigate the economic shocks inflicted by the current pandemic. The relief plan aims to provide practical support for vulnerable households and affected businesses. However, further work remains to identify ways to finance these support measures. Also, the full economic impact of the COVID-19 pandemic on Myanmar's economy is not yet known. Hence, estimating the full economic impact of the current pandemic will require further efforts.

More information available at:

President Office: president-office.gov.mm

Ministry of Planning, Finance and Industry: mopfi.gov.mm

16 Cutting, Making, and Packaging (CMP) of garment and textile

COVID-19 UPDATES
THE PHILIPPINES

Introduction

Reported with more than 21,000 confirmed COVID-19 cases as of date, the Philippine government has been taking various measures to contain the virus and its damage to the economy. The country's projected real GDP growth rate for 2020 has been decreased to -3.4 - -2.0% from its original target range of 6.5 - 7.5%. It also modified its initial forecast for the inflation rate from 2 - 4% to 1.75 - 3.75%.

The COVID-19 pandemic made an impact on the country fiscally as well. Total revenue for 2020 was readjusted to PHP 2,612.6 billion (USD 51.9 billion), which is PHP 879.4 billion (USD6.3 billion) or 25.4% less than the original outlook, PHP 3,492 billion (USD 68.9 billion). Meanwhile, the Philippine government's disbursement program is pegged at PHP 4,225.2 billion (USD 83.9 billion), equivalent to 21.9% of GDP. Owing to its fiscal actions taken under COVID-19, it plans to increase the size of government borrowing. As a result, the fiscal deficit for 2020 is expected to reach PHP 1,612.6 billion (USD 32.0 billion), equivalent to 8.4% of GDP, which is an increase by 5.2%p from its original outlook, 3.2% of GDP (PHP 671.2 billion). The combination of higher deficit and lower projected economic growth will result to an end-of-year debt-to-GDP projection of 49.8%, but the Government anticipates that this is affordable considering the conservative fiscal stance it has been implementing since 2010.

Below are the major fiscal responses from the Philippine government against COVID-19 in line with the aforementioned scenario.

Stimulus Package: *Bayanihan to Heal as One Act*

On March 24, 2020, the Congress passed the Republic Act (RA) No. 11469 or the *Bayanihan to Heal as One Act* to address the social and economic needs of the public, in particular the most vulnerable segments throughout and after the pandemic. This temporary law authorizes the President to reprioritize the budget for appropriated programs and activities under the executive branch, including government-owned and -controlled corporations, to augment the allocation for any item directly related to support operations and response measures that are necessary to address the COVID-19 crisis.

Consistent with this law, the Government released a stimulus package amounting to PHP 354.6 billion (USD 7.0 billion) as of May 28, 2020. This package includes the PHP 205 billion (USD 4 billion) emergency subsidy for 18 million low-income households in the form of cash handouts, for two months. Through this one-off cash program, those who are eligible will receive support either in a real time cash payment from the local administrative office or as deposits made to their individual bank account.

Support for the MSMEs

The Philippine government is making various efforts to help the Micro, Small and Medium Enterprises (MSMEs), which is one of the most affected sectors.

Through the Bayanihan law, the Government launched a PHP 51 billion (USD 1 billion) wage subsidy for 3.4 million employees of small business for two months. Moreover, a mandatory 30-day grace period was given to MSMEs on their commercial rent within the period of the Enhanced Community Quarantine (lockdown) without interests and penalties.

The Government also implemented a PHP 120 billion (USD 2.3 billion) credit guarantee program for affected small businesses to provide them with easier access to bank financing and enable them to pay for fixed costs.

COVID-19 UPDATES
THE PHILIPPINES

Another economic relief program for affected MSMEs is the COVID-19 Assistance to Restart Enterprises (CARES) Program, which is a PHP 1.2 billion (USD 23 million) facility set up by the Small Business Corporation under the guidance of the Department of Trade and Industry. Micro and small enterprises with at least one-year continuous operation prior to March 2020, and whose business has been hit hard in sales during the pandemic may apply for the loan fund.

Table 3. The Philippines' CARES Program

Enterprise Size	Loanable Amount	Interest Rate & Grace Period
Micro enterprises with asset size of not more than PHP 3 million	PHP 100,000 - PHP 200,000	• 0.5% per month (discounted basis) • 6 months maximum grace period on principal repayment
Small enterprises with asset size of not more than PHP 10 million	Up to PHP 500,000	

Source: Department of Trade and Industry

Financing the COVID-19 Emergency Initiatives

To finance the support for the vulnerable groups and individuals who have been affected by the pandemic, the Government plans to reallocate the existing budget for 2019[17] and 2020, increase government borrowing, and use the unutilized budget, reserve fund and financial aid from foreign organizations.

Additionally, projected official development assistance (ODA) of PHP 436.9 Billion (USD 8.7 billion) from multilateral and bilateral sources, Central Bank (BSP)'s purchase of government bonds amounting to PHP300 billion (USD 5.9 billion) will be used for its economic recovery plan.

Going Forward

On March 27, 2020, the Government created a Technical Working Group on Anticipatory and Forward Planning (TWG-AFP). The TWG-AFP is in charge of formulating plans and strategies for the 'new normal' scenario with the objective of rebuilding the economy and helping the worst-affected sectors recover. They will also come up with policy recommendations that will help the Government continue its operations and implement its priority programs and projects in the post-COVID-19 world. Their recommendations will be considered during the preparation of the FY2021 National Budget.

Moving forward, the Philippine government emphasized that estimation for the magnitude of economic damages and swift implementation of approved measures to overcome the COVID-19 are issues that they need to work further on.

More information available at:

COVID-19 Website: COVID19.gov.ph

Department of Finance: 4-Pillar Strategy

Department of Budget and Management: Status of FY2019 and FY2020 GAA

Department of Trade and Industry: COVID19 Assistance

17 Under the RA No. 11464, the Philippine Government extended validity of 2019 budget till December 31, 2020.

COVID-19 UPDATES
SINGAPORE

Introduction

Inflicted by the COVID-19 pandemic, Singapore is expecting an economic slowdown in 2020. Singapore has downgraded the GDP forecast from between -0.5% and 1.5% to between -1% to -4%, and revised the country's projection of inflation rate for the year: from between 0.5% to 1.5% to between -1% to 0%. The Government also expects to see changes in the government's revenues and expenditures as well as the labor market in the country due to this pandemic.

Tourism, aviation, retail sectors are directly affected by the spread of the COVID-19. Responding to challenges posed by the pandemic, the Government of Singapore has proposed multiple fiscal measures to protect its businesses, workers, and households. The Singapore government introduced a series of fiscal measures worth a total of SGD 59.9 billion (approximately USD 42.18 billion). Below is an overview of key fiscal policy responses taken by the Government of Singapore.

Unity, Resilience, and Solidarity Budgets[18]

On February 18, 2020, the Government announced the 'Unity Budget,' which included measures to stabilize the economy and support workers and enterprises, and provide support to families. An additional supplementary 'Resilience Budget'—the landmark package valued at SGD 48.4 billion— was announced on March 26, 2020 to support workers, protect livelihoods and help enterprises overcome immediate challenges. Subsequently, the Government launched the 'Solidarity Budget' on April 6, 2020, to provide additional support for the people and businesses during the circuit breaker period between April 7 – May 4, 2020. During this period, Singaporeans were advised to stay home as much as possible to reduce the risk of infection.

To support these fiscal measures, the Government of Singapore plans to draw from Past Reserves as well as deploying its fiscal space. The Government also introduced a supplementary supply bill to finance these additional spending.

18 The Government of Singapore announced the fourth Budget ('Fortitude Budget') on May 26, 2020. The brief does not include information about the Fortitude Budget.

COVID-19 UPDATES
SINGAPORE

Support for Workers and Firms

Due to the pandemic, Singapore is likely to see a sharp contraction in its economy. To recover from the economic slowdown, Singapore will prioritize sectors closely intertwined with global supply chains, such as precision manufacturing, biopharmaceuticals, and petrochemicals. The Government will assist workers and businesses through multiple measures. The measures aim to help firms with business costs, cash flow, credit, etc.

To help businesses retain their employees, the Government is providing wage subsidies to firms that may not be able to operate or can only at a much-reduced level. Wage subsidies of 75% are given to employers in all sectors during the circuit breaker period, income tax collections are deferred, and property tax rebates are given support businesses with the cash flow. Singapore has also enhanced loan schemes with higher Government risk-share. For the unemployed and self-employed, additional schemes were introduced to give income support. Furthermore, Singapore has enhanced training support for workers, including online courses. The training will focus on priority and emerging skills that the sector requires. These measures are designed to help businesses and workers preserve their capacity and capabilities during the circuit breaker period.

Support for Families

Singapore is helping families through multiple measures. First and foremost, the Government is providing support for families through direct financial assistance—from the Unity Budget and Resilience Budget, as well as the latest from the Solidarity Budget. The Singapore government provided a one-off cash payout (SGD 300 to 900) based on income levels, under the Resilience Budget. Also, every adult Singaporean will receive additional cash assistance following the Solidarity Budget. The Government is providing additional help for families with young children, lower-wage workers, and citizens aged over 50 years old as well. For example, the Government is supporting Singaporeans with their daily expenses, especially the cost of food through grocery vouchers.

Challenges and Further Work

Further work remains to be done as Singapore prepares to reopen its economy. Singapore reported its first case of COVID-19 earlier in January and has since announced comprehensive measures to support its people and businesses. The government of Singapore has introduced several measures, including direct cash assistance, wage subsidies, soft loans, training support, etc. since the outbreak. The swift implementation of these approved measures has been the country's key priority. Also, estimating the full magnitude of economic damages inflicted by the current pandemic will be important as the country seeks to recover from this unprecedented challenge.

More information available at:

Budget 2020: singaporebudget.gov.sg/budget_2020

COVID-19 UPDATES
THAILAND

Introduction

While the analysis of COVID-19 pandemic's impacts on Thai economy is an ongoing work, with its already struggling economy, many economic indicators are implying that the timing of this COVID-19 outbreak could not have been worse for Thailand.

The Thai government initially set this year's target GDP growth rate at 3.2% late last year, however now predicts the economy will experience contraction of 5.3% this year, a rather generous figure compared to the IMF's forecast of 6.7% contraction. This projection makes Thailand the worst affected economy among ASEAN region.

Taking a closer look at how other economic indicators have been influenced by the COVID-19 outbreak, compared to the initial projection which was released before the crisis, the headline inflation rate is expected to decrease to -1% from its initial projection of 0.5%-1.5%. Mirroring the 1997 Asian financial crisis and 2007 global financial crisis, of which the unemployment rate showed sharp increase in both, this year's unemployment rate is also likely to spike once more.

Thailand identifies the three most affected industries as aviation, hotels, and retails. In its efforts to support its economy, Thailand expects the government expenditure for this year to increase by 31.25% compared to the initial projection at the beginning of the year, from THB 3.2 trillion (USD 97 billion) to THB 4.2 trillion (USD 127 billion).

While Thailand still shows a relatively low number of infections compared to the neighboring countries, the precarious nature in the spread of COVID-19 calls for early intervention by the government.

Financial Stimulus Packages

Thailand approved a fiscal package with phases I, II, and III, amounting to THB 2.2 trillion (USD 67.7 billion) in total. Most recently, the Government issued the phase III on April 7, valued at THB 1.9 trillion (USD 57.6 billion), to (i) strengthen the public health sector and (ii) counter the economic impact from the COVID-19 outbreak. Phases I and II were announced in early and late March 2020, respectively.

Phase III of the fiscal package is to be supported by three executive decrees. With the first decree, the Government will be able to borrow THB 1 trillion through bond issuance. Of this amount, THB 600 billion will be allocated for health-related plans and financial assistance for affected individuals. The remaining THB 400 billion will be used for economic and social rehabilitation through projects aimed at creating jobs, strengthening communities, and building infrastructure.

Another executive decree includes THB 500 billion in soft loans aiming to support SMEs. The Bank of Thailand (BOT) will provide soft loans to financial institutions at an annual interest rate of 0.1% who will in turn extend to SMEs with an annual interest rate of 2%. Acceleration of VAT refund (for 'Good Exporter') and extension of tax filing period are also in place to further support businesses. The businesses under the 'Good Exporter' program may receive the VAT refund via the e-filing system within 15 days (shortened from 30 days in usual).

In addition, legislation to transfer budgets worth around THB 80 - 100 billion from ministries to finance measures handling the COVID-19 outbreak will also be enacted in June while other measures to mitigate living expenses will be implemented gradually.

COVID-19 UPDATES
THAILAND

In financing such measures, Thailand plans to (i) mobilize the disaster relief fund from the reserve, (ii) reallocate its budget for 2020, and (iii) direct financial aids from foreign countries and institutions to carry out the policy measures.

Cash Handout for Farmers

In its recent effort to counter the impact of the COVID-19 outbreak, Thailand plans to provide 10 million farming households with a cash handout of THB 15,000, the size adding up to approximately USD 4.6 billion in total.

While this cash handout to the farmers has just begun in May, Thailand already had a separate cash handout program in place for people who do not have access to the social security fund, of which the government estimates to be around 16 million people. In procuring the finance for these cash giveaway funds, Thailand plans to mobilize the already planned borrowing of THB 1 trillion for its stimulus package.

Almost 30 million in the country of 69 million people have applied for the existing cash program, but the debate on the recipients of these funds continues in the political arena as many who applied failed to qualify.

Challenges and Further Work

Thailand's low number of infections is largely attributed to the government's decree of state emergency. Nevertheless, Thailand is in a difficult position to reopen its economy over concerns that a surge of new cases is possible and that the impacts of the second wave could be far worse than the first one.

Reflecting such situation, in its survey with the PEMNA, Thailand pointed out 'negotiation and selection of policy responses with the political level', along with the 'financing the fiscal measures', as the main tasks that the country need to focus on in moving forward.

More information available at:

Fiscal Policy Office: fpo.go.th

Office of the National Economic and Social Development Council: nesdc.go.th

Bank of Thailand: bot.or.th

P E M N A

13

TIMOR-LESTE

COVID-19 UPDATES
TIMOR-LESTE

Introduction

Like other member countries, Timor-Leste has also been hit hard by the COVID-19 pandemic. The Timor-Leste government now expects its GDP growth rate to decrease from 5.1% to -3%. The Government also revised its inflation rate for the year from 2.7% to 2.4 - 2.7%.

In terms of fiscal outlook, the Government now projects total revenue to decrease by 47% from its original forecast, USD 210.5 million. Due to the plummeted oil price and falling of U.S. stock market, the Government forecasts that, while yet uncertain of the scale, it will also lose revenue from the Petroleum Fund for this year.

For total expenditure, with the State Budget for 2020 failing to pass the parliament, the Government is currently implementing the Duodecimal budget from the 2019 budget. This means that the Government is currently operating on monthly installments of one twelfth of the 2019 budget.

Economic Stimulus and Response Package

On April 20, 2020, the Government approved the economic stimulus and response package worth USD 150 million to counteract the economic damage brought by COVID-19. Among the 19 strategic measures, below are some of the key fiscal responses the Timor-Leste government has taken to protect its people, save jobs, sustain consumption, and provide aid to the private sector.

As part of this package, the Government will implement a universal cash transfer program, which will provide a monthly basic income to over 318,000 households for two months. These one-off real cash payments will be made starting from May, and beneficiaries will receive their payments from the local administrative office.

The Government will also provide wage subsidies (60% of the wage cost) for formal sector employees who may be quarantined or stay at home during the pandemic. There will also be credit programs, including reduced interest rates and credit guarantees for importers of essential goods. Going forward, the Government plans to develop a strategy to support households that are affected.

Moreover, the Government will partially waive the payment of electricity (USD 15 per month), water bills, social security contributions, and rent on state properties, for two months from March to April 2020.

To prevent any potential food shortage during the pandemic, the Government is committed to purchase rice in case of an emergency. A food supply program will also be launched in the South Coast and Viqueque to ensure the availability of agriculture, livestock and fisheries. To ensure connectivity, the government will implement transportation subsidy programs; air and maritime transportation channels will be subsidized to maintain delivery of essential goods and medical supplies.

In addition, more than 4,200 Timorese students living abroad will be provided with stipends and students in Timor-Leste will be provided with internet subsidies for online education.

Financing the Emergency Budget

To finance the expenditure for the emergency fiscal initiatives, the Government plans to utilize the Government's Petroleum Fund, receive financial aids from foreign countries or organizations, and also use the balance of 2019 budget.

Cooperation with the LGUs and Line Ministries

In order to support the most adversely affected sectors – Agriculture and Construction – the central government and the local government units (LGUs) are coordinating in reconciling data of the households and businesses that may be eligible for government subsidy during the lockdown.

Additionally, on April 20, 2020, the Technical Secretariat Management for COVID-19 composed of the Ministry of Finance and other line ministries was established for coordination among ministries in implementing these measures, reallocating funds within the ministry's budget, and accelerating spending approvals.

Going Forward

Moving forward, the Government identified estimation of magnitude of economic damages, negotiation and selection of policy responses at political level, and swift implementation of approved measures to overcome the COVID-19 as the key issues that Timor-Leste needs to work on.

More information available at:

Government of Timor-Leste: Stimulus Package

COVID-19 UPDATES
VIETNAM

Introduction

Vietnam has enjoyed robust economic momentum during the last few years, with its GDP growth rate reaching 7.02% in 2019. Due to the current circumstances, however, the Vietnamese government has revised the 2020 GDP growth rate from 6.8% to 5%-5.3%. The estimated inflation rate (CPI) is now expected to be kept below 4%, consistent with the full year target.

The government's total estimated revenue for FY2020, VND 1,512.3 trillion (roughly USD 65.3 billion), has been modified to VND 1,400 trillion, which is a near 10% decrease of the total revenue. Total expenditure, on the other hand, is expected to increase from VND 1,747.1 trillion (USD 75.5 billion) to VND 1,800 trillion, increasing by roughly 3%.

Vietnam has taken aggressive measures to fight COVID-19 pandemic and seems to have succeeded in containing the outbreak within low levels. With a population of more than 95 million, the confirmed number of infections remains low at 271 patients with no new cases detected in communities for 18 consecutive days as of May 4, 2020 (new cases are those who entered Vietnam and remained in the concentrated isolation lowering the possibility of the spread to wider community). Under the COVID-19 pandemic, the Government has issued more than three stimulus packages reaching a total of nearly VND 500 trillion (USD 22 billion).

Economic Stimulus Package

Starting from April, the Government introduced a number of measures to mitigate the impact of COVID-19 in Vietnam. On April 3, 2020, a VND 250 trillion (USD 11 billion) worth stimulus package including credit support was announced. This was followed by a package of VND 180 trillion (USD 8 billion) on April 8 aimed to provide an extension for paying taxes and land rent. The next day, the Government introduced a VND 62 trillion (USD 3 billion) package to support its citizens that are facing hardship amid the crisis. Other measures include trade tax exemptions on certain items and regions, and furthermore, the Government is looking into executing tax benefits to micro and small enterprises.

These stimulus packages will be financed by issuing government bonds and through government borrowing and financial aids from overseas.

Tax Relief Measures

In response to the pandemic, the Vietnamese government has allowed for an extension of deadline for payment of Value Added Tax, Corporate Income Tax, Personal Income Tax, and land rent. In addition, medical supplies that are needed to diagnose, prevent, and treat COVID-19 will be exempted from import duties. Furthermore, various fees and charges will be reduced until 2020 year-end: a 50% decrease in fees and charges in the security sector, a 50% reduction in fees to establish and operate bank/non-bank credit institutions, a 50% discount for fees in the construction and travel sector.

Social Protection Measures

The Vietnamese government is planning to release a package worth VND 62 trillion (USD 3 billion) to help financially distressed citizens. Workers whose contracts have been suspended or have been forced to take unpaid leave for more than one month will receive VND 1.8 million per month, and employees who lost jobs during the crisis will receive VND 1 million per month for up to three months. In addition, individual business

COVID-19 UPDATES
VIETNAM

households with a taxable turnover of less than VND 100 million that have suspended business will be supported with VND 1 million per household per month for up to three months.

Meritorious individuals who served in the revolution and social protection beneficiaries that are currently receiving allowances will be entitled to an additional VND 500 thousand per month from April to June 2020.

Troubled businesses that have been affected by the COVID-19 pandemic will be entitled to a 0% interest rate on payroll loans, and households living in poverty or low-income households will receive VND 250 thousand per person per month until June 2020.

Table 4. Vietnam's Social Protection Measures

Beneficiaries	Total (MYR)
Employees whose contracts are suspended or have been forced to take unpaid leave	1,800,000/month
Employees that have lost their jobs	1,000,000/month
Household business with less than VND 100 million taxable turnover	1,000,000/month
Meritorious people and social protection beneficiaries	Additional 500,000/month
Households living in poverty or low-income households	250,000/month
Troubled businesses (Applicable to payroll loans)	0% interest rate loan

Source: Vietnam MOF, MOLISA, and SBV

Further Work

The future roles of the Vietnamese government include cooperation among ministries and local governments for the reallocation of necessary funds and monitoring of the execution of funds. Also, the Government will need to provide prompt updates on its revenue and expenditure budgets.

Further challenges are estimating the magnitude of the economic damages, financing fiscal measures, and monitoring its approved execution/policy responses.

More information available at:

General Statistics Office of Vietnam: gso.gov.vn

Government Portal: chinhphu.vn

Ministry of Finance: mof.gov.vn

COVID-19 Update:
Policy Responses in PEMNA

Public Expenditure Management Network in Asia

PEMNA
Public Expenditure
Management Network
in Asia

PEMNA Secretariat
10F, Seoul Regional Public Procurement Service
217, Banpo-daero, Seocho-gu, Seoul, 06578, Republic of Korea
T: +82-44-414-2392 W: www.pemna.org