COVID-19 Policy Responses and Recovery Plan in PEMNA

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PEMNA
Public Expenditure Management Network in Asia

CONTENTS

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FOREWORD

The Public Expenditure Management Network in Asia (PEMNA) is a peer-learning network of public financial management (PFM) officials and experts in the Asia-Pacific region.

Established in 2012, PEMNA brings together officials from 14 member countries[1] and has been providing a unique learning environment for its members. The network aims to strengthen efficiency, effectiveness, and transparency of PFM systems in the region by helping members better understand the attributes of a sound PFM system, how they have been developed in other countries, and how those experiences can be applied in their own country.

In 2020, PEMNA has organized virtual meetings and produced materials for the members to share information about implemented fiscal measures of each member country tackling the novel coronavirus disease (COVID-19) pandemic.

Since the first PEMNA COVID-19 survey conducted in May 2020, the total confirmed cases of COVID-19 in the PEMNA region have increased drastically, prolonging the duration of the pandemic and creating unprecedented challenges globally. The extent of immediate impact varied depending on the country's reliance on trade and contact-intensive activities such as service or tourism, technological capacity, fiscal space to support COVID-19-related policies, and other factors.

To provide a forum for its members to discuss ways to enhance the effectiveness and sustainability of public finance to COVID-19, PEMNA held the 2020 PEMNA Online Plenary Conference on December 17-18, 2020.

Prior to this online conference, PEMNA conducted another survey which was modeled from the survey done for the PEMNA Budget CoP Webinar held in May 2020. The new survey aimed to find out how member countries have responded since May 2020 to mitigate the COVID-19 impacts and what their recovery plans are for the post-pandemic period.

This survey[2] was composed of a total of 65 questions, of which 58 were for Budget CoP (B-CoP) and 7 for Treasury CoP (T-CoP). This survey was distributed to officials of the Ministry of Finance (MoF) of PEMNA member countries on Nov 30, 2020, and the members were requested to complete the survey by Dec 8, 2020.

Out of the 14 member countries, ten countries participated in this survey, and they are: Cambodia, China[3], Indonesia, Korea, Lao PDR, Malaysia, Myanmar, The Philippines, Thailand, Timor-Leste, and Vietnam. At the time of the Online Plenary Conference, only seven countries participated in the survey. Additional time was given to those countries that did not complete the survey by the requested date.

The survey for B-CoP was composed of questionnaires covering (i) economic impact assessment, (ii) fiscal

1 Brunei, Cambodia, China, Indonesia, Korea, Lao PDR, Malaysia, Mongolia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam
2 The survey was conducted using the Survey Monkey platform.
3 China responded to the questionnaires only for T-CoP in this survey.

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impact assessment, (iii) government performance assessment, and (iv) plans for the post-pandemic period.

This time, the survey included a separate set of questions for the T-CoP as well, asking the Treasury Department (i) what kinds of challenges the Treasury is facing in financing COVID-19 related spending, (ii) ways to ensure liquidity to satisfy the government's payment obligations, (iii) ways to forecast daily cash balance position and cash flow requirements during the pandemic, (iv) changes in role and functions of the Treasury during the crisis, and (v) its plan to develop a more resilient and agile treasury system for the post-pandemic period.

COVID-19 Policy Responses and Recovery Plan in PEMNA, a sequel to the *COVID-19 Update: Policy Responses in PEMNA* published in June 2020, draws on the results of the aforementioned survey. In addition to the responses submitted by the MoF of member countries, this brief also includes country updates shared by the members at the 2020 PEMNA Online Plenary Conference and other materials retrieved from the member countries' MoF or COVID-19-related website. For countries that were unable to participate in this survey, their respective part of the brief has been prepared based on the data from their MoF websites or international organizations.

The MoF officials of each member country have been invited to review and share their comments on their country part of the brief. This version of the brief reflects feedback received from the members. For those who were unable to provide their comments previously but would like to do so now, please contact the PEMNA Secretariat at pemnasec@kipf.re.kr.

2020 has been a challenging year for all of us. While there was no face-to-face meeting last year and the prospect of us having one in the near future still seems to be weak, we hope that the members utilize the network PEMNA offers to continue peer-learning and remain connected.

The PEMNA Secretariat, on behalf of the whole community, would like to once again thank the members who participated actively in the survey and shared their valuable inputs while preparing this product.

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Economic Impact

Compared to the GDP growth for 2020 projected prior to the COVID-19 pandemic, the **growth rate projection** in PEMNA mostly declined by at least 2.7% to 17% points (%p) at the end of 2020. The projected growth rate for 2021 of PEMNA member countries ranges from 2.8% to 8.2%.

On identifying the three most **COVID-19 affected sectors,** eight out of ten countries that responded indicated **tourism** was one of the three. Among them, five countries (Cambodia, Korea, Laos, Myanmar, and Thailand) responded that tourism was the sector that was hit the hardest by the pandemic. Five respondents (Cambodia, Myanmar, Philippines, Thailand, and Timor-Leste) indicated **manufacturing** sector, and four (Indonesia, The Philippines, Thailand, and Vietnam) indicated **transportation** including aviation as the industry that has been hit severely by the crisis. Additionally, construction, retail and services, agriculture, and trade sectors of member countries also took a big hit. Some also indicated real estate (Cambodia) and mine and quarrying (Malaysia) as the sectors that had been affected adversely by COVID-19.

Fiscal Impact

On the **total revenue** (% of GDP) for 2020, most of the member countries expected to lose its revenues by 0.4-4.7%p at the end of the year. On the other hand, projection for Malaysia and Timor-Leste has increased by 0.6 and 20.6%p respectively compared to the pre-COVID-19 projection. For 2021, except for Korea, Lao PDR, Mongolia, Myanmar and Timor-Leste, the total revenue is projected to decrease by 0.2 - 6.4%p.

Total expenditure (% of GDP) for 2020 in most PEMNA member countries has increased compared to that of pre-pandemic period; the government spending projection increased by 0.1 - 13.7%p at the end of 2020. However, for Cambodia and Lao PDR, the projected expenditure decreased by 0.7, 1.2, and 1.1%p respectively. Compared to the expenditure projected at the end of 2020, the total expenditure in 2021 for most member countries is expected to decrease by 0.2 - 12.3%p whereas that of China, Korea, Malaysia, Myanmar, and Timor-Leste in 2021 is expected to increase by 0.5, 1.5, 3.4, 0.2, and 22.6%p respectively.

To address the economic effects of the pandemic, the government spending increased and revenue declined, resulting in rise of the **projected 2020 fiscal deficit** (% of GDP) in the PEMNA region by 0.5% - 14.6%p. In 2021, compared to the 2020 year-end projection, most countries are now expecting its deficit to be either reduced or remain the same whereas for Korea, Malaysia, the Philippines, and Timor-Leste, the deficit is expected to rise.

The pandemic triggered a surge in **debt** in 2020; overall, the debt-to-GDP ratio for PEMNA member countries last year are expected to increase by 0.5-16.6%p. While

4 Data set for some of the member countries' GDP growth, total revenue, total expenditure, fiscal balance, and debt retrieved from the PEMNA COVID-19 survey result was incomplete or unavailable for use. For these countries, IMF's World Economic Outlook Database (October 2019 and 2020) was used as the source

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trying not to increase the debt level, more than half of the member countries expect its government debt to rise in 2021 by 0.6-4.8%p, in comparison with the 2020 year-end projection.

Table 1. Economic Impact: GDP Growth Rate

(%)

Country	GDP Growth Rate			
	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
Brunei*	4.7	0.1	-4.6	3.2
Cambodia	-1.9	3.1	5.0	4.0
China*	5.8	1.9	-3.9	8.2
Indonesia	5.3	-1.7 ~ -0.6	-7.0 ~ -5.9	5.0
Korea	2.9	-1.1	-4.0	2.8
Lao PDR	6.5	3.3~3.6	-2.9 ~ -3.2	4.0
Malaysia	4.8	-4.5	-9.3	6.5 ~ 7.5
Mongolia*	5.4	-2.0	-7.4	6.0
Myanmar	7.0	4.3	-2.7	6.0
Philippines	6.5 ~ 7.5	-9.5**	-16.0 ~ -17.0	6.5 ~ 7.5
Singapore*	1.0	-6.0	-7.0	5.0
Thailand	3.2	-6	-9.2	3.5 ~ 4.5
Timor-Leste	6.0	-6.0	-12.0	3.9
Vietnam	6.8	2.9	--3.9	6.0

Source: PEMNA COVID-19 Survey, Dec 2020

Note: * IMF, World Economic Outlook Database, October 2019 and 2020

** Actual figure provided by the Philippine Department of Budget and Management

Table 2. Most Affected Sectors by COVID-19

Country	Tourism	Manufacturing	Transportation	Construction	Retail / Services	Agriculture	Trade	Others
Cambodia	◎	O						Real Estate
Indonesia	O		◎				O	Warehousing
Korea	◎			O	O			
Lao PDR	◎						O	
Malaysia				O	O			Mine & Quarrying
Myanmar	◎	O				O		
Philippines	O	◎	O					
Thailand	◎	O	O					
Timor-Leste	O					◎		Small to Medium Businesses
Vietnam	◎		◎					
Total	8	5	4	3	2	2	2	

◎ : indicates the sector that was affected by the pandemic the hardest in that country

Source: PEMNA COVID-19 Survey, Dec 2020

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Table 3. Fiscal Impact: Government Total Revenue

(% of GDP)

Country	Revenue			
	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
Brunei*	24.1	20.1	-4.0	22.7
Cambodia*	23.0	21.6	-1.4	21.4
China*	29.1	24.4	-4.7	25.0
Indonesia	12.8	10.8	-2.0	9.9
Korea	23.8	22.9*	-0.9	23.8
Lao PDR	15.9*	13.1	-2.8	15.1
Malaysia	15.2	15.8	0.6	15.1
Mongolia*	30.2	26.9	-3.3	30.2
Myanmar	21.2	20.8	-0.4	21.8
Philippines	16.7	15.9**	-0.8	14.4
Singapore*	18.6	17.7	-0.9	17.3
Thailand	17.5	21.0*	3.5	16.3
Timor-Leste*	25.9	46.5	20.6	52.9
Vietnam	22.2	22.1	0.1	15.5

Source: PEMNA COVID-19 Survey, Dec 2020

Note: * IMF, World Economic Outlook Database, October 2019 and 2020

** Actual figure provided by the Philippine Department of Budget and Management

Table 4. Fiscal Impact: Government Total Expenditure

(% of GDP)

Country	Expenditure			
	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
Brunei*	35.5	38.0	2.5	36.2
Cambodia*	24.7	24.0	-0.7	23.8
China*	35.5	36.3	0.8	36.8
Indonesia	14.5	17.4	2.9	15.6
Korea	25.3	26.1*	0.8	27.6
Lao PDR	20.0*	18.8	-1.2	17.3
Malaysia	15.0	18.5	3.5	21.9
Mongolia*	31.0	38.4	7.4	35.1
Myanmar	26.8	26.9	0.1	27.1
Philippines	19.9	23.5**	3.4	23.3
Singapore*	14.8	28.5	13.7	16.2
Thailand	20.5	26.2*	5.7	20.0
Timor-Leste*	57.3	64.1	6.8	86.7
Vietnam	25.7	26.2	0.5	19.5

Source: PEMNA COVID-19 Survey, Dec 2020

Note: * IMF, World Economic Outlook Database, October 2019 and 2020

** Actual figure provided by the Philippine Department of Budget and Management

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Table 5. Fiscal Impact: Fiscal Balance

(% of GDP)

Country	Fiscal Balance			
	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
Brunei*	-11.4	-17.9	-6.5	-13.5
Cambodia*	-1.7	-2.4	-0.7	-2.4
China*	-6.3	-11.9	-5.6	-11.8
Indonesia	-1.7	-6.6	-4.9	-5.7
Korea	-2.5	-3.2*	-0.7	-3.8
Lao PDR	-4.1*	-5.7	-1.6	-2.2
Malaysia	0.2	-2.7	-2.9	-6.8
Mongolia*	-0.8	-11.5	-10.7	-4.9
Myanmar	-5.6	-6.1	-0.5	-5.3
Philippines	-3.2	-7.6**	-4.4	-8.9
Singapore*	3.8	-10.8	-14.6	1.2
Thailand	-3.0	-5.2*	-2.2	-3.7
Timor-Leste*	-31.4	-17.5	13.9	-33.8
Vietnam	-3.5	-4.1	-0.6	-4.0

Source: PEMNA COVID-19 Survey, Dec 2020

Note: * IMF, World Economic Outlook Database, October 2019 and 2020

** Actual figure provided by the Philippine Department of Budget and Management

Table 6. Fiscal Impact: Government Debt

(% of GDP)

Country	Debt			
	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
Brunei*	2.7	3.2	0.5	2.9
Cambodia*	30.1	31.5	1.4	31.4
China*	60.9	61.7	0.8	66.5
Indonesia	29.4	38.7	9.3	40.7
Korea	39.8	48.4*	8.6	47.3
Lao PDR	65.0	68.0	3.0	69.0
Malaysia*	56.5	67.6	11.1	66.0
Mongolia*	83.7	N/A	N/A	N/A
Myanmar*	38.7	42.4	3.7	45.2
Philippines	41.5	54.5**	13.0	57.8
Singapore*	114.6	131.2	16.6	132.4
Thailand*	43.0	50.4	7.4	56.4
Timor-Leste*	6.1	11.7	5.6	15.6
Vietnam	48.5	55.8	7.3	41.9

Source: PEMNA COVID-19 Survey, Dec 2020

Note: * IMF, World Economic Outlook Database, October 2019 and 2020

** Actual figure provided by the Philippine Department of Budget and Management

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Government Measures

Stimulus Packages in Response to COVID-19

Nine out of ten responding countries said that their country has released more than one **stimulus package** that includes targeted fiscal spending to mitigate the adverse consequences brought by the pandemic.

In terms of the number of stimulus packages released just last year, Vietnam released five; Korea and Malaysia released four; Indonesia, Myanmar, and Thailand released three; and Philippines released two packages.

Table 7. Total Value of Stimulus Packages Released in 2020

Country	Total Value	
	USD	% of GDP
Indonesia	47.45 billion	4.4
Korea	66.7 billion	3.3
Malaysia	78 billion	21.8
Myanmar	1.92 billion	n/a
Philippines	10.5 billion	2.9
Thailand	65.7 billion	13.6
Vietnam	12.9 billion	4.8

Source: PEMNA COVID-19 Survey, Dec 2020

Eight out of the nine countries that released stimulus packages plan to **finance the measures** in these packages by reallocation of the 2020 budget and government borrowings. Among them, two countries (Laos and Myanmar), in addition to reallocation of the 2020 budget and government borrowing, also plan to obtain funds from financial aid from advanced countries and international organizations.

Other means to finance the measures the stimulus packages have been considered and implemented as well: (i) contributions from private and public institutions in non-monetary forms, such as moratorium, employer advisory services, and free internet (Malaysia); (ii) reallocation of the 2019 continuing appropriations, excess and new revenue collections, all amounts derived from the cash, funds, and investments held by any government-owned and controlled corporation or any national government agency (Philippines); (iii) reserve funds in the 2020 budget (Thailand), and (iv) over-realized revenue and expenditure savings of the central government in 2019 (Vietnam).

Government Performance

What Worked and What Didn't?

The survey asked member countries how they assess the government measures against COVID-19 in terms of inclusiveness, implementation, and effectiveness in supporting economic recovery. Eight[5] countries responded to this part of the survey.

On **inclusiveness,** 87% of the respondents either strongly agree or agree that the government's fiscal responses against COVID-19 have been **effective in supporting vulnerable households and businesses.**

5 Indonesia, Korea, Lao PDR, Malaysia, Myanmar, The Philippines, Thailand, and Vietnam

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87% responded that they either strongly agree or agree that the government's measures have been **effective in supporting economic recovery.**

In terms of **implementation,** 75% either strongly agree or agree that the government's fiscal measures have been effectively implemented as planned.

The following table introduces some effective key measures of member countries.

Table 8. Measures that Worked in Mitigating the Impact

Country	Government Responses
Indonesia	Measures that contribute toward improvement in health, social protection, sectoral issues of line ministries and local governments, and MSMEs clusters
Korea	Measures for prevention and control (support for distribution of face masks, COVID-19 Screening stations)
Lao PDR	Difficulties in meeting revenue target due to the pandemic, government moved 50% of payment of public investment management for 2020 to 2021; also, no new public investment plans for 2021 to reduce expenditure
Malaysia	Measures that aimed to spur the economy and to ensure businesses continuity
Philippines	Various Social Amelioration Programs, support for MSMEs, and provision of capital infusion to government financial institutions to allow them to lend more to small businesses and assist smaller banks
Vietnam	Measures with good implementation rate are: (1) Prevention and control of pandemic; (2) Extension of excise tax for domestically manufactured and assembled cars

Source: PEMNA COVID-19 Survey, Dec 2020

Below are the some of the measures that the respondents found challenging to implement.

Table 9. Measures that were Challenging in Implementation

Country	Government Responses
Indonesia	Measures in response to corporate financing cluster need fine tuning as only a few corporates have taken advantage of available fiscal stimulus during the pandemic
Korea	Implementation of emergency employment stability support funds faced procedural challenge such as lack of manpower and confusions in application process, and etc.
Philippines	Hiring of additional health workers has been slower than expected, and contact tracing capacity needs further improvement
Vietnam	Implementation rate of (i) extension of tax payment time for CIT, PIT, VAT, and land rental and (ii) cash subsidy for affected people is not high enough

Source: PEMNA COVID-19 Survey, Dec 2020

Challenges the members faced in implementing aforementioned measures are as follow:

- Identification of beneficiary targets and delayed implementations due to administrative bottleneck during preparation stage (Indonesia)
- Social disagreement in beneficiaries and size of assistance (Korea)
- Uncertainties in the development and impact of the pandemic; identification of beneficiaries and policy-implementing agencies for the informal sector; monitoring of implementation of approved government measures (Vietnam)

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Monitoring and Evaluation

On questions about government's **policy monitoring and evaluation (M&E)** framework to monitor implementation and effects of COVID-19 measures, eight[6] countries responded.

Of those, six have an M&E framework and two countries (Myanmar and Thailand) do not. M&E is performed both at the national and subnational-level in four countries, and two countries (Philippines and Vietnam) have a framework performed at the national-level.

Among the respondents with a **national-level** M&E framework, five countries' M&E performs both at the program and project-levels while Vietnam only has a program-level M&E.

Among the four countries (Indonesia, Korea, Laos, and Malaysia) that carry out a **subnational-level** M&E, three are performed both at the program and project-levels while Korea has an M&E performed only at the project-level.

Responsibilities of these M&E lie on various stakeholders:

- Committee appointed by the President (Indonesia)
- Planning and Coordination Department of each line ministries including the Ministry of Economy and Finance, Ministry of Interior and Safety, Ministry of Education, etc. (Korea)
- Line ministries and provinces (Lao PDR)
- LAKSANA, also as known as the National Economic Stimulus Implementation and Strategic Coordination Agency, a unit set up under the Ministry of Finance (Malaysia)
- Joint Congressional Oversight Committee established by the Congress under the Bayanihan II Act[7] (Philippines)
- Ministry of Labor, War Invalids and Social Affairs, the Ministry of Finance, Ministry of Planning and Investment, and relevant ministries (Vietnam)

6 Indonesia, Korea, Lao PDR, Malaysia, Myanmar, The Philippines, Thailand, and Vietnam

7 Under the said law, the President is mandated to submit a monthly report to the Congress and to the Commission on Audit of all acts performed pursuant to this law. This report includes targets and actual accomplishments of government programs, strategies, plans and efforts relative to the pandemic, among others.

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Some of the **challenges** these countries faced while conducting the policy M&E are:

- Coordination with various stakeholders to get immediate updates on the realization of COVID-19 related budget as well as to accelerate disbursement while at the same time maintaining governance and accountability (Indonesia)
- Availability of timely and accurate information coming from various government instrumentalities including local government units (Philippines)
- Evaluation of magnitude of damages for each business; no unified management agency for the targeted beneficiaries who migrate (Vietnam)

While Thailand and Myanmar do not have a M&E framework against COVID-19 measures, they still assess the policy impact through data such as national GDP growth (Thailand) or use a monitoring matrix[8] included in the relief plan (Myanmar).

Among the respondents, seven countries responded that they have stakeholders that are involved in **maintaining COVID-19 related spending accountable and free of mis-use.**

Table 10. Oversight Agency that Monitors COVID-19 Spending

Country	Oversight Agency
Indonesia	Supreme auditor, anti-corruption commission, and internal auditors
Korea	Board of Audit and Inspection
Malaysia	LAKSANA under the MOF
Philippines	Commission on Audit
Thailand	Supreme auditor, anti-corruption commission, internal auditors within Ministries for COVID-19 related expenditures
Timor-Leste	Commission C, Parliament, Council of Ministers
Vietnam	National Assembly and Government

Source: PEMNA COVID-19 Survey, Dec 2020

8 Myanmar launched the COVID-19 Economic Relief Plan (CERP) on Apr 27, 2020 to mitigate the economic and social impact of the pandemic. The CERP uses a monitoring matrix, which includes indicators to monitor the performances of each responsible stakeholder assigned to implement measures in the CERP.

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Table 11. COVID-19 Policy Monitoring and Evaluation in PEMNA

	Level of gov - M&E performed			To what level of **national** gov			To what level of **sub-national**			Responsible for the M&E
	National	Subnational	Both	Program	Project	Both	Program	Project	Both	
Indonesia			O			O			O	Committee appointed by the President for handling COVID-19
Korea			O			O		O		Planning and Coordination Department of each line ministries including the Ministry of Economy and Finance, Ministry of Interior and Safety, Ministry of Education, etc.
Lao PDR			O			O			O	Line ministries and provinces
Malaysia			O			O			O	LAKSANA under MOF
Philippines	O					O				Under the Bayanihan II Act, the President is mandated to submit a monthly report to Congress and to the Commission on Audit of all acts performed pursuant to the said law. The report shall include the targets and actual accomplishments of government programs, strategies, plans and efforts relative to the COVID-19 pandemic, among others. The law also requires Congress to establish a Joint Congressional Oversight Committee which shall determine whether the acts, orders, rules and regulations are within the restriction provided by law
Timor-Leste	O			O						Planning, Monitoring and Evaluation Unit (UPMA) within the Office of the Prime Minister and the Ministry of Finance
Vietnam	O			O						Ministry of Labour, War invalids and Social Affairs, Ministry of finance, Ministry of planning and investment and relevant ministries

Source: PEMNA COVID-19 Survey, Dec 2020

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Going Forward

Budget Priorities for 2021

Whereas a few member countries are still discussing **budget priorities for 2021,** some already defined their priority programs for the 2021 budget that are in line with the current COVID-19 responses as well as with the post-pandemic plan.

Below are budget priorities of some of the member countries for 2021.

Table 12. Budget Priorities for 2021

Country	Budget Priority
Indonesia	Continuation of the 2020 budget recovery program of COVID-19 impact as well as budget for reform in various sectors (e.g. redesign of budget systems)
Korea	Economy and Social Affairs sectors are still the priorities, but health has also been included for maintaining infectious disease prevention and control
Myanmar	Electricity and energy, transportation and communication, road · bridge, education, health and social protection expenditures
Philippines	Recovery from the COVID-19 pandemic: (i) containing spread of the virus and mitigating the effect; (ii) undertaking Recovery and Rehabilitation programs (improving health care systems, providing social safety nets for the affected individuals, ensuring food security, and advancing and promoting infrastructure development); (iii) facilitating transition to the post-pandemic life by enabling digital government and economy
Thailand	Projects related to economic recovery from COVID-19 and increased investment towards digital and medical industries to build up competitiveness
Vietnam	Same as 2020 priorities but boosting economic growth, increasing spending on health sectors, saving expenditures by not organizing conferences and postponing the increase in base salary

Source: PEMNA COVID-19 Survey, Dec 2020

Plans for Post-Pandemic Days

On the questions asking whether the 2021 budget includes a **recovery plan for the post-pandemic period,** eight countries responded yes. Of those eight, Laos, Myanmar, and Thailand are still discussing the size of the said plan.

Table 13. Recovery Plan in the 2021 Budget[9]

Country	Total Value	
	USD	% of GDP
Indonesia	25.5 billion	2.1
Korea	124.1 billion	n/a
Malaysia	4 billion	n/a
Philippines	90.1 billion	22.5
Timor-Leste	123.9 million[10]	7.8
Vietnam	0.7 billion[11]	2

Source: PEMNA COVID-19 Survey, Dec 2020

9 Among the eight countries that has a recovery plan in their 2021 budget, figures for Lao, Myanmar, and Thailand were not available at the time of the survey.
10 This value is for three years; 2021-2023. The percentage of GDP is based on the forecast GDP for 2021.
11 This figure is to be adjusted in 2021.

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Target segments of economy or sectors in the said recovery plan of the respondents are mostly social services, economic, or health sectors. These recovery plans include measures to contain the virus while at the same time aim to reduce economic costs and protect the vulnerable.

Table 14. Target Segments in the Recovery Plan

Country	Target Segments
Indonesia	Health, social protection, priority programs (such as tourism support, ICT support, and food security), MSMEs, corporate financing, as well as business incentives.
Korea	Employment, stimulus for consumption, R&D, Public infrastructure
Malaysia	Still in discussion, but economic and social sector will be the main target
Philippines	Social services (funding for health-related programs such as the implementation of the Universal Health Care (UHC) Act, purchase of the COVID-19 vaccine, and provision of personal protective equipment); Education-related programs (e.g. Universal Access to Quality Tertiary Education, Basic Education Learning Continuity Plan) Economic services sector (investment in public infrastructure) Information and Communications Technology spending (e.g. improve public wi-fi access and broadband infrastructures, develop e-platform and online systems for the new normal)
Thailand	Focus on supporting tourism, transportation, manufacturing, services, and provide support for unregistered labor
Timor-Leste	Economic development, social capital, institutional framework, and infrastructure development.
Vietnam	Support business and workers affected by COVID-19, mainly focusing on aviation, tourism, accommodation

Source: PEMNA COVID-19 Survey, Dec 2020

Treasury Functions in the Time of COVID-19

This survey included a separate set of questionnaires for the **Treasury CoP.**

This part asked the member countries about the challenges Treasury Department faces during the pandemic; ways to ensure liquidity to satisfy government's payment obligations; ways to forecast government's daily cash balance position and cash flow requirements during the crisis; whether there have been any changes in the process or role of the Treasury due to the pandemic; and government's plans to develop a more resilient and agile treasury system for the post-pandemic period.

Some of the common **challenges** the Treasury Department of member countries face are as below:

- finding funding sources to support emergency spending has been challenging when domestic revenue dropped due to the pandemic and does not meet the revenue target;
- due to uncertainty of emergency spending, calibrating financing program with stimulus package has not been easy;
- aligning between policy, regulation, implementation and monitoring of the financing and spending for COVID-19 measures while at the same time planning for economic recovery is a challenge.

COVID-19 UPDATES
SURVEY FINDINGS

Ten[12] member countries have responded to this section of the survey, and more detailed responses submitted by the members can be found in each country part of this brief.

12 Cambodia, China, Indonesia, Korea, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand, and Vietnam

PEMNA

01

COVID-19 UPDATES
BRUNEI[13]

Economic and Fiscal Impact[14]

Fiscal deficit is expected to increase due to lower oil and gas prices driven by the pandemic as well as the oil price war. In the third quarter of 2020, Brunei recorded a widening fiscal deficit of BND 756 million. This was due to a large decline in the total revenue by BND 510 million and relatively a moderate decrease in expenditure by BND 157 million. Its GDP growth in 2021 is projected to be 3.2%.

Table 15. Economic and Fiscal Impact in Brunei

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	4.7	0.1	-4.6	3.2
Total Revenue	24.1	20.1	-4.0	22.7
Total Expenditure	35.5	38.0	2.5	36.2
Fiscal Balance	-11.4	-17.9	-6.5	-13.5
Government Debt	2.7	3.2	0.5	2.9

Source: IMF, World Economic Outlook Database, October 2019 and October 2020

Governments' COVID-19 Measures[15]

To address the impact of the pandemic, the Brunei government took various measures, and the key focus of these measures are to (i) protect public well-being; (ii) ensure job opportunities and supporting individuals; (iii) and support businesses.

As a measure to maintain public well-being, the Government provided a special allowance of BND 400 per month to frontline workers starting from March 2020. In addition, the Government continuously monitors the price of products such as rice, sugar and other essential items including hand sanitizers and face masks. The Government also strived to ensure sufficient stock of rice and sugar for the population's daily consumption.

To protect jobs and support individuals affected by the pandemic, the Government has provided online training courses and updated the Job Centre Brunei website to make job matching easier for both firms and job seekers.

In an effort to relieve financial burden on businesses and individuals impacted by the pandemic, Brunei's government announced an extension of various measures mentioned in the last PEMNA COVID-19 Update brief. Starting from April 2020, the Government decided to waive trade and payment transaction fees

13 This part of the brief draws heavily on reports from AMRO, IMF, and the Brunei Ministry of Finance's reports due to data availability.

14 Department of Economic Planning and Statistics, "Brunei Darussalam Key Economic Developments Q3 2020," http://www.deps.gov.bn/SitePages/Resource.aspx (accessed April 5, 2021).

15 Ministry of Finance and Economy Brunei Darussalam, "Measures Undertaken by the Government in Addressing the Impact of COVID-19 in Brunei Darussalam," Press release, April 27, 2020.

COVID-19 UPDATES

BRUNEI

for businesses related to tourism, restaurants, cafes, imports, and air transport industry until September 30, 2020. Additionally, the government announced a deferment on all bank and fee charges and restructuring applications until December 30, 2020.

Going Forward[16]

As the number of COVID-19 confirmed cases started to stay stable by early May 2020, the Government has gradually implemented the COVID-19 de-escalation measures. In an effort to maintain a downward trend, a contact-tracing application, "BruHealth", has also been implemented, which is a crucial pre-condition for resumption, to reduce the risk of a second COVID-19 wave.

Challenges and Further Work[17]

The major economic risks of Brunei in the short- to medium-term prospects are highly related to its heavy reliance on the gas and oil sector. In addition, weakening economic diversity could be other risks for Brunei, particularly in the medium to long term. The government of Brunei has made progress in diversifying its economy, however, there is still room for improvement by depending less on the oil and gas sector.

Useful Links

AMRO
ASEAN+3 and COVID-19: Panoply of Pandemic Policies

IMF
(i) Country Overview
(ii) Policy Responses to COVID-19

Department of Economic Planning and Statistics
Brunei Darussalam Key Economic Developments Q3 2020

16 IMF, "Policy Responses to COVID-19," https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B (accessed April 5, 2021).
17 AMRO, "Brunei Darussalam: Further Diversification Efforts Needed to Maintain the Momentum of Economic Recovery amid Strong External Headwind," Press release, August 31, 2020.

PEMNA

02

COVID-19 UPDATES CAMBODIA[18]

Economic Impact of COVID-19

Despite its effective emergency health response to the pandemic, the pandemic has caused a great economic fallout in Cambodia. Its adverse impacts still loom large on the country's key growth-driving sectors such as tourism, garment, and real estate, of which represented more than 70% of its GDP growth and 39% of total employment in 2019. Along with the risks, however, there are some signs of recovery, as its economic indicators improve and economic activity begins to pick up.

Cambodia's GDP growth rate is projected to recover to 4% in 2021. While its initial projection of the growth rate at the beginning of 2020 stood at -1.9%, the estimation has been revised to 3.1% by the end of the same year, which implies the economy is gradually recovering from the impact of the crisis. While the total volume of manufacturing exports has been hit hard by the pandemic, which left more than 55,000 workers without jobs as of November 2020[19], the exports of other items such as bicycles, electrical parts, vehicle parts and accessories are rising.

With the domestic tourism picking up, together with several favorable external factors such as the recent signing of the Cambodia-China Free Trade Agreement[20] and the Regional Comprehensive Economic Partnership, the Government has also carried out a huge government intervention that corresponds to 5% of its GDP in total value, to further stimulate its economy.

Attributed to the government intervention, which consists of direct fiscal support such as the income and revenue support to affected citizens and companies, as well as loan, equity and guarantee support, the domestic consumption is gradually returning.

Table 16. Economic and Fiscal Impact in Cambodia

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	-1.9	3.1	5.0	4.0
Total Revenue*	23.0	21.6	-1.4	21.4
Total Expenditure*	24.7	24.0	-0.7	23.8
Fiscal Balance*	-1.7	-2.4	-0.7	-2.4
Government Debt*	30.1	31.5	1.4	31.4

Source: PEMNA COVID-19 Survey, Dec 2020 Cambodia Ministry of Economy and Finance

Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

18 This section has been written based on the survey responses submitted by the Cambodia Ministry of Economy and Finance, and the data from international organizations and the local ministries of Cambodia.

19 *The Phnom Penh Post*, "Over 110 garment factories close," November 22, 2020, https://www.phnompenhpost.com/national/over-110-garment-factories-close (accessed February 15, 2021).

20 *ASEAN Briefing*, "The China-Cambodia FTA to Become Cambodia's First Bilateral Free Trade Agreement," October 15, 2020, https://www.aseanbriefing.com/news/the-china-cambodia-fta-to-become-cambodias-first-bilateral-free-trade-agreement/ (accessed February 15, 2021)

COVID-19 UPDATES

CAMBODIA

Stimulus Packages: Key Measures taken against the Pandemic

Cambodia has launched seven rounds of stimulus measures up to date, aimed at boosting the economic growth in preparation of the post-pandemic era. Still in its recovery phase, however, the main objective of these measures still remains as making sure the poor and vulnerable citizens who have been adversely impacted by the pandemic, continue to receive support.

Addressing some of the noteworthy measures taken across the affected industries, the latest round of measures was released on December 23rd, 2020, which extended the monthly financial aid of USD 40 to the suspended workers at the garment, textile, tourism and apparel manufacturing sectors. This program has been extended until the end of March 2021 and the workers are required to be registered with the Department of Labor and Vocational Training to be eligible for the financial aid.

In particular, the suspended workers from the textile and garment industries, which together account for 80% of the country's export, will continue to receive additional financial support of up to US 30 per month in addition to the above-mentioned amount, also until the end of March 2021.

The Government has also extended the tax exemptions for tourism and aviation industries until March, 2021. During this tax exemption period, hotels, guesthouses, travel agents, and restaurants located in the major cities such as Phnom Penh, Siem Reap, Sihanoukville, Kep, Kampot, Poi Pet, and Bavet will be exempt from paying the patent tax and the airline companies will be exempt from paying the 'Minimum Tax', which imposes one percent of the total revenue, excluding the value-added tax (VAT).

Informal sector workers account for a very large share of the workforce in Cambodia. Given the significance of the above-mentioned sectors to the local economy, the challenge rests upon the Government to find ways to encourage the informal sector workers to register and become part of the formal economy, as this may as well be a good opportunity for Cambodia to bring about structural reform and increase resilience in its economy.

Going Forward: Recovery Plan and Economic Outlook[21]

Despite the government's continued efforts to revitalize its economy, there still remains significant uncertainty to Cambodia's recovery outlook such as a deeper and prolonged decline in tourist arrivals, as well as expected difficulties in the procurement and distribution of the COVID-19 vaccines in the country, when it becomes available.

21 Ly,Sodeth; Hollweg,Claire Honore; Hebous,Sarah Waltraud; De Meneval,Philippe; Tran,Trang Thu; Cunningham,Wendy; Shrestha,Maheshwor; Karamba,R. Wendy; Tong,Kimsun; Vashakmadze, Ekaterine T.2020. *Cambodia Economic Update: Restrained Recovery - Special Focus Adapting to COVID-19 in an Uncertain World (English)*. Cambodia economic update Washington, D.C.: World Bank Group, 2020.

COVID-19 UPDATES
CAMBODIA

However, moving forward, the Cambodian government is committed to restoring jobs that were lost recently, by increasing its public investment in the labor-intensive sectors. Simultaneously, the Government also plans to capitalize on the two new bilateral and regional trade agreements by introducing new competitive investment laws, which could lead to new investment in the country's beneficial sectors such as agriculture while further integrating Cambodia in the regional value chains.

Useful Links

Ministry of Economy and Finance
PFM Reform Program

World Bank
Cambodia Economic Update

IMF
(i) Policy Response to COVID-19
(ii) Blog Posts

P E M N A
03

COVID-19 UPDATES
CHINA[22]

Economic Impact of COVID-19

Following an economic contraction in the first quarter of 2020, China's economy has rebounded faster than expected as the Government has gradually eased its COVID-19 restrictions. Compared to its projection prior to the pandemic, China's GDP growth projection decreased from 5.8% to 1.9% in 2020 and rebound to 8.2% in 2021.

Fiscal Impact of COVID-19

China's 2021 fiscal deficit, compared to the projection at the end of 2020, is expected to slightly reduce from 11.9% to 11.8% of GDP. The government debt is expected to increase to 66.5% of GDP in 2021 from 61.7% of GDP, its projection at the end of last year.

Table 17. Economic and Fiscal Impact in China

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	5.8	1.9	-3.9	8.2
Total Revenue	29.1	24.4	-4.7	25.0
Total Expenditure	35.5	36.3	0.8	36.8
Fiscal Balance	-6.3	-11.9	-5.6	-11.8
Government Debt	60.9	61.7	0.8	66.5

Source: IMF, World Economic Outlook Database, October 2019 and October 2020

Key Policy Responses

To mitigate the impact of COVID-19, the Chinese government's financial support is expected to increase. For instance, outside the budget support includes additional guarantees of RMB 400 billion (0.4% of GDP) for SMEs and fees and tariff reduction of more than RMB 900 billion (0.9% of GDP) for roads, ports, and electricity[23].

Following the government's fiscal and monetary measures, the following measures have been announced as an effort to grapple with the economic impact of COVID-19.

The Government issued local government special bonds worth about RMB 3.75 trillion to support infrastructure financing and RMB 1 trillion for special anti-pandemic government bonds. The Government also provided tax and fee reductions worth about RMB 2.5 trillion, including reducing the payroll contribution rate. To assure continuous operation, the Chinese government transferred over RMB 2 trillion directly to county-level governments. Furthermore, the Government continued to reduce interest rates and to maintain sufficient liquidity. The Central Bank has decided to cut interest rates on relending and rediscounting facilities as of July 1, 2020, to promote bank lending to small firms and rural farmers[24].

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22 This part of the brief draws heavily on the documents from World Bank, AMRO, and IMF due to data availability.
23 IMF, "Policy Responses to COVID-19," https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#C (accessed April 5, 2021).
24 AMRO, *ASEAN+3 and COVID-19: Panoply of Pandemic Policies,* AMRO, 2021.

COVID-19 UPDATES

CHINA

Treasury Functions in the time of COVID-19[25]

During the pandemic, the Treasury department faced challenges of declining taxes and increasing government spending due to a slowdown in economic growth and ensuring adequate liquidity has been extremely difficult during the pandemic. In response to the challenges, the Government issued special government bonds worth RMB 2 trillion to ensure liquidity to meet its payment obligations. As a method to estimate the government's daily cash balance and its cash flow requirements, the Government built a forecast model for treasury revenues and expenditures and modified it with the data of each receiving section. The Government also created a mechanism for direct financial funds to reach the public to assure that central funds are used in places where support is urgently needed due to the outbreak of COVID-19. Furthermore, to build a more agile and resilient system, the Chinese government plans to normalize direct financial resources to the mechanism.

Going Forward

The COVID-19 crisis has resurfaced preexisting vulnerabilities and external imbalances in China, further raising the urgency of accomplishing China's goal of rebalancing the economy toward more sustainable and inclusive growth. In addition, the global economy is forecast to remain highly uncertain, which requires an adaptive policy framework[26].

It was suggested that the withdrawal of financial support needs to progress gradually, focusing on the shift from a traditional grey infrastructure to a more green investment. Furthermore, market-oriented reforms integrated with fiscal policy measures for rebalancing the economy to domestic consumption and demand would be helpful to prevent a further decrease in potential growth and build up the foundation for a more inclusive and resilient economy[27].

Useful Links

Ministry of Finance:
(i) News
(ii) Policies

AMRO
ASEAN+3 and COVID-19: Panoply of Pandemic Policies

World Bank
(i) China Economic Update (July 2020)
(ii) China Economic Update (Dec 2020)

IMF
(i) Policy Responses to COVID-19
(ii) Country Report
(iii) World Economic Outlook

25 China's Treasury Functions in the time of COVID-19 has been prepared based on the PEMNA COVID-19 survey (Dec 2020) response submitted by the Treasury Department of China MOF.
26 World Bank, *China Economic Update; December 2020: From Recovery to Rebalancing – China's Economy in 2021*, World Bank, 2020.
27 World Bank, *China Economic Update; July 2020: Leaning Forward – COVID-19 and China's Reform Agenda,* World Bank, 2020.

PEMNA

04

COVID-19 UPDATES INDONESIA

Economic Impact

The COVID-19 pandemic has had a detrimental impact on most national economies, including Indonesia. The country's GDP growth rate has seen the sharpest fall in about 20 years since the Asian financial crisis. The 2020 year-end GDP growth rate was estimated to range between -1.7% and -0.6% as of November 2020, a significant decline from its original projection of 5.3% at the beginning of the year. The GDP growth rate for 2021 is forecast at 5.0%.

The three most affected sectors of the Indonesian economy are transportations and warehousing, accommodations and food-beverages, and trading.

Fiscal Impact

The estimated value of total government revenue for 2020 based on the last revision of 2020 Budget (Presidential Regulation 72/2020) was IDR 1,699.9 trillion (10.8% of GDP), a 2%p decrease compared to the beginning of the year. Revenue is expected to reach IDR 1,743.6 trillion (9.9% of GDP) in 2021 Budget. Total government expenditures for 2020 had been projected to reach IDR 2,739.2 trillion at the end of 2020, and is expected to total IDR 2,750 (15.6% of GDP) for FY 2021. The 2020 year-end fiscal deficit was forecast to total 6.6% of GDP and is expected to fall to 5.7% of GDP in 2021.

Total government debt for 2020, which was initially projected at 29.4% of GDP, rose to 38.7% at the end of the year and is estimated to amount to 40.7% of GDP in 2021.

Considering that the Indonesia's fiscal rule limits outstanding government debt to 60% of GDP, the Government puts much effort into managing its debt portfolio by considering various financing sources, including government bonds, foreign and domestic loans.

Table 18. Economic and Fiscal Impact in Indonesia

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	5.3	-1.7 ~ -0.6	-7.0 ~ - 5.9	5.0
Total Revenue	12.8	10.8	-2.0	9.9
Total Expenditure	14.5	17.4	2.9	15.6
Fiscal Balance	-1.7	-6.6	-4.9	-5.7
Government Debt	29.4	38.7	9.3	40.7

Source: PEMNA COVID-19 Survey, Dec 2020; Indonesia Ministry of Finance

During the first half of 2020, the Government released three stimulus packages[28], with its most recent package totaling IDR 695.2 trillion equivalent to 4.4% of GDP. These packages will be financed through reallocation of the 2020 budget and government borrowing. Also, Bank of Indonesia has purchased securities issued by the government and has agreed to share the interest to meet the needs for tackling the pandemic.

28 Stimulus I (USD 0.58 billion), Stimulus II (USD 1.54 billion), Stimulus III (USD 47.45 billion)

COVID-19 UPDATES

INDONESIA

Government Performance Assessment

The government considers its fiscal measures to have been effective in alleviating the adverse impacts of the pandemic. These measures include providing relief to health, social protection, sectoral issues of line ministries and local governments, MSMEs (Micro, Small & Medium Enterprises), and business incentives clusters. However, budget responses in the corporate financing cluster need fine tuning, since only a few corporate companies have taken advantage of the available fiscal stimulus during the pandemic. Besides that, some errors were observed in including and excluding particular beneficiaries, and accordingly, the government has decided to unify and continuously update its database.

Regular monitoring and evaluation (M&E) meetings are held among technical and high-level authorities, including the president's cabinet meeting. The abovementioned meetings are held at both national and sub-national levels, and M&Es for measures in response to COVID-19 are performed both at program and project levels. Coordinating with various stakeholders to obtain prompt updates on the realization of the COVID-19 budget and simultaneously accelerating disbursement and maintaining governance and accountability are some of the challenges the MOF faces in conducting M&E.

Additionally, the Supreme Audit Institution, Anti-Corruption Commission, and internal auditors are involved in keeping COVID-19 related expenditures accountable and free of misuse.

Treasury Functions in the Time of COVID-19

With Indonesia's domestic tax revenues decreasing in 2020, governments at the central and local levels have prioritized health and social protection support. The National Economic Recovery Program, which focuses on two sections—Public Goods and Non-Public Goods—has been put together to support social protection, health, and sectoral support for line ministries and local governments (Public Goods), as well as MSMEs and corporations (Non-Public Goods). To finance these programs, the Cash Management Division of the Treasury communicates actively with the Debt Management Division and the Central Bank.

One strategy to ensure liquidity management implemented by Cash Management of the Treasury is to separate financial transactions into Regular[29], Public Goods, and Non-Public Goods to effectively monitor each group's cash flow. Additionally, Cash Management monitors the cash inflow, outflow, and balance of the three groups on a daily, weekly, and monthly basis. If a mismatch occurs, SAL (Accumulated Budget Surplus) is used to buffer the cash.

Cash Management of the Treasury also corresponds with units involved in government revenues and expenditures through the Cash Planning Information Network forum. Coordination meetings at the technical level are held weekly, and revenue/expenditure units update their projections daily. In addition, the

29 Regular transactions are common government transactions not related to COVID-19 emergency expenditures and National Economic Recovery program.

COVID-19 UPDATES

INDONESIA

Asset & Liability Management meeting chaired by the Minister of Finance is conducted each month to examine Indonesia's cash projections. Moreover, Cash Management's role is to oversee cash balances and realize revenues and expenditures of the Regular, Public Goods, and Non-Public Goods groups, and analyze their transactions before providing future estimations.

Consequently, Cash Management actively communicates with related units to manage liquidity and forecast cash flow to tackle the COVID-19 situation. For example, an online system is used to communicate more efficiently with other units, and Cash Management is requesting spending units to prioritize payment request submission for emergency expenditures.

To strengthen the treasury system, the government plans to enhance the SPAN (Sistem Perbendaharaan dan Anggaran Negara)—Indonesia's IFMIS—to provide improved services to line ministries and spending units during the state budget disbursement process and simplify and modernize the state budget disbursement. Furthermore, the government will develop a business intelligence database system to support cash forecasting in the future.

From the chart of accounts perspective, budgets for alleviating the pandemic and the National Economic Recovery Program are executed precisely and transparently according to regulations.

The chart of accounts has been updated to incorporate the COVID-19 Special Account, which includes specific transactions regarding items for tackling the pandemic. Information such as the impact of COVID-19 on related policies, government measures, reallocation of spending budgets, changes in macroeconomic conditions, and others are disclosed in the financial statements.

Going Forward

Budget priorities for 2021 include continuing the recovery plan for COVID-19 initiated in 2020. The budget allocated for the 2021 recovery plan as of November 2020 was approximately IDR 372.1 trillion (2.1% of GDP), focused on health, social protection, priority programs (such as tourism support, ICT development, and food security), MSMEs support and corporate financing, as well as business incentives. These measures will be financed by reallocating the state budget and through government borrowing.

Next, the central government expenditure for 2021 will focus on redesigning the budget system to enhance accuracy and flexibility of planning and budgeting, strengthening implementation of performance-based budgeting, and improving the quality of budget documents.

Useful Links

Indonesia Ministry of Finance
Indonesia State Budget Law and Financial Notes 2021 (local language)
Financial Notes / APBN / Lapsem Law
Determination of the State Budget (APBN)

COVID-19 Website
Indonesia COVID-19 Information

PEMNA

05

COVID-19 UPDATES
SOUTH KOREA

Economic Impact of COVID-19

Being one of the first countries hit by the COVID-19 pandemic, Korea has suffered a financial loss of great scale. Yet, a prompt and effective policy response allowed to contain the spread of the virus and escape the worst economic fallout. Together with the government measures to protect the affected industries and households, the damage taken to the domestic economy has been less severe compared to other major economies[30].

The Korean government expects the GDP growth rate for 2020 at -1.1%, down from the initial projection of 2.9%. Entering the recovery phase, however, Korea now sees the GDP growth rate of 2.8% for 2021.

In terms of the impact of COVID-19 across industries, tourism, retail, and construction were identified as the three most affected sectors, respectively in order of magnitude of its loss and the need of recovery.

Fiscal Impact

The estimates for the total revenue and expenditure for 2020 stand at KRW 437.8 trillion and KRW 501.1 trillion respectively, which proves that the pandemic's economic impact, like most economies, has translated into decline in government revenue and increased spending which in turn pushed up the government debt. The total revenue and total expenditure for 2021 are both expected to increase, but to a greater degree for the latter, as it needs to spend more to not only support but also boost the economy. Compared to the value submitted in the 2020 original budget, the revenue for 2021 is expected to increase from KRW 481.8 trillion to KRW 482.6 trillion and expenditure from KRW 512.3 trillion to KRW 558 trillion. Under this forecast, the fiscal deficit is also expected to deteriorate from KRW 30.3 trillion to KRW 75.4 trillion in 2021.

As for government debt, the amount submitted in the 2020 original budget is KRW 805.2 trillion, which corresponds to 39.8% of the GDP. Although the medium-term implications for increased debt has to be monitored carefully, such sound public finance has provided the government with more fiscal space in a major economic crisis. With additional fiscal measures in place towards recovery, it expects the debt-to-GDP ratio to reach 47.3%, KRW 956 trillion in total value, in 2021.

Table 19. Economic and Fiscal Impact in Korea

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	2.9	-1.1	-4.0	2.8
Total Revenue	23.8	22.9*	-0.9	23.8
Total Expenditure	25.3	26.1*	0.8	27.6
Fiscal Balance	-1.5	-3.2*	-1.7	-3.8
Government Debt	39.8	48.4*	8.6	47.3

Source: PEMNA COVID-19 Survey, Dec 2020; Korea Ministry of Economy and Finance

Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

30 OECD, OECD Economic Surveys: Korea 2020, OECD, https://doi.org/10.1787/2dde9480-en (accessed February 7, 2021).

COVID-19 UPDATES

SOUTH KOREA

Supplementary Budget: Stimulus Packages

Korea has implemented a wide range of measures to mitigate the pandemic's impact on the affected households, Small and Medium Enterprises (SMEs) and industries. So far, four supplementary budgets totaling KRW 66.7 trillion, which correspond to 3.3% of GDP, were passed by the National Assembly as below:

Table 20. Total Value of Supplementary Budgets

No.	Domestic Currency (Won)	USD	% of GDP
1	11.7 trillion	$ 13.4 billion	0.6%
2	12.2 trillion	$ 13.9 billion	0.6%
3	35 trillion	$ 40 billion	1.7%
4	7.8 trillion	$ 8.9 billion	0.4%

At the center of the aforementioned stimulus packages, the Government announced the Korean New Deal (K-New Deal), a national development strategy to serve as a guide during the post-COVID-19 era. Aimed at revitalizing the economy and creating jobs, the K-New Deal proposes two main policies: Digital New Deal and Green New Deal. In its survey with PEMNA, the Korean government identified reallocation of the 2020 budget and government borrowing as the two main sources to finance these measures.

Performance Assessment: What Worked Well and What Didn't

Unfolding the economic impact of the pandemic, the poor have been more strongly affected, both within and across countries. The Korean government has put great effort towards carrying out transparent and accurate government performance assessment to ensure that fiscal support goes to those people in need of assistance. The paragraphs below summarize the Korean government's responses to the 'government performance assessment' section of PEMNA survey.

Overall, the Korean government agreed that its fiscal responses against the COVID-19 pandemic have been effective in terms of implementation and supporting vulnerable households and businesses, however, to a lesser degree for the effectiveness in supporting economic recovery.

In assessing the policy responses that worked and those that didn't, the Government pointed out successful procurement of funds for urgent matters such as securing the supply of face masks and installing walk-in screening stations as a policy that 'worked' and the execution of the emergency employment stability support fund as a policy that 'didn't work'. For the latter, the Government faced difficulties during the execution phase such as lack of manpower and confusion in the application process. A true challenge, however, lied in reaching a social consensus on beneficiaries of the aforementioned fiscal support, as drawing a clear line among the people standing in the 'grey area' required meticulous planning and execution.

COVID-19 UPDATES
SOUTH KOREA

In terms of the monitoring and evaluation (M&E) system, the Korean government has its framework put in place at both national and subnational levels. Mainly carried out by the Ministry of Economy and Finance, Ministry of the Interior and Safety, Ministry of Education, and Planning and Coordination Department of each line ministries, Korea's M&E system at the national-level operates at both program-level and project-level, whereas it only runs at the project-level in the subnational-level M&E system. When asked how challenging it was to monitor the implementation of COVID-19 response measures, the Government answered 'very challenging', as it often had difficulties collecting information from the local governments that are at the forefront of the implementation.

Treasury Functions in the Time of COVID-19

With increased government expenditures from the four supplementary budgets, the COVID-19 pandemic has put the Korean government treasury to the test. In its effort to keep its treasury agile amid global economic uncertainty, the Government has made some adjustments to its treasury operation. To ensure an adequate level of liquidity, for example, the Government has set a cap on the temporary borrowing limit for government expenditure and its daily cash balance position is being closely monitored through d-Brain, the Digital Budget Accounting System. While no significant changes have been observed in the role of the Treasury, it also aims to further improve efficiency by updating fiscal rules.

Going Forward: Recovery Plan

Following last year's first-ever GDP contraction of 1.1% since the 1997-98 Asian financial crisis, Korea is planning to implement various measures this year to maintain economic recovery momentum and prepare for a post-pandemic era. The government's commitment to economic recovery is well-reflected in the proposed budget for FY2021, as it allocated a total of KRW 124.1 trillion under the recovery plan for the post-pandemic period. With its foremost priority being infectious disease prevention and control, the majority of this recovery package will be directed towards employment, promotion on consumption, Research and Development, and social overhead capital projects.

Another critical pillar of the recovery plan lies in external relations. Especially for an export-dependent economy like Korea, further disruptions in global trade could be very harmful. In this respect, recent signing of several bilateral free trade agreements, most recently with Indonesia[31], will build up its resilience over time by diversifying Korea's trade relations.

Useful Links

Korea Ministry of Economy and Finance
Press Release (English)

PEMNA Issue & Talk:
Korea's K-New Deal Government updates on COVID-19

31 Korea Ministry of Trade, Industry, and Energy, "Korea, Indonesia sign CEPA," Press release, December 18, 2020.

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COVID-19 UPDATES
LAO PDR

Economic and Fiscal Impact

While the infection rates have been low, Lao PDR was still greatly affected by the COVID-19 crisis. Like most countries, Laos face the pandemic-induced economic downturn; it forecasts its GDP growth to decrease to 3.3-3.6% from the initial estimate of 6.5% and expects to lose its revenue around 6.3 billion Kip in 2020. Accordingly, the government has requested the National Assembly to approve the revised 2020 Budget Plan to lower the revenue target by 30% and expenditure by 20-30% from its original plan.

With widening deficit and increase of government debt, the Lao government plans to reprioritize government expenditures and mobilize resources to support the COVID-19 affected groups. For this, the government reallocated the 2020 budget and plans to increase revenue collection and decrease expenditure in the 2021 budget. Compared to projections at the end of 2020, the Government expects the state revenue target to be increased by 2%p to 15.1% of GDP and expenditure target to be decreased by 1.5%p to 17.3% of GDP in 2021. The fiscal deficit for 2021 is projected to be kept at 2.2% of GDP, which is 3.5%p lower than previous year-end projection.

For 2021, the Lao government projects the GDP growth to be increased to 4%, and it expects that the share of GDP for agricultural, industrial, services sector, and taxes on products and import duties will increase by 2.3%, 3.4%, 4.9%, and 5% respectively.

Table 21. Economic and Fiscal Impact in Lao PDR

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	6.5	3.3~3.6	-2.9~ -3.2	4.0
Total Revenue	15.9*	13.1	-2.8	15.1
Total Expenditure	20.0*	18.8	-1.2	17.3
Fiscal Balance	-4.1*	-5.7	-1.6	-2.2
Government Debt	65.0	68.0	3.0	69.0

Source: PEMNA COVID-19 Survey, Dec 2020; Lao Ministry of Finance
Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

Mitigating the Impact of COVID-19

The Lao government aims to provide immediate economic relief for those who are affected by the pandemic while supporting recovery and fostering resilience of its economy both in the medium and long terms.

Given the limited fiscal space, the Government considers reprioritizing government expenditure and mobilizing additional resources in the medium-term is crucial to provide necessary social assistance to the affected households and businesses. In the long term, the Lao government plans to strengthen economic and social resilience by accelerating reforms to promote diversification and improve competitiveness in the private sector, supported by improved connectivity. The government also plans to invest further in human capital and social protection which will eventually lead

COVID-19 UPDATES
LAO PDR

to helping households better handle the impacts of shocks in the future.

There have been three decrees[32] issued by the Prime Minister's office since the pandemic. Under these decrees, various measures to tackle the COVID-19 outbreak have been implemented by the government. A total of 50 billion Kip has been allocated for these measures, of which will be financed by the combination of Government Reserve Funds (or Contingency Funds) and social contribution.

Treasury Functions in the Time of COVID-19

While there weren't any changes in the process or the role of the Treasury because of COVID-19, the Treasury Department faced challenges in revenue collection for pandemic-related emergency spending. Failure to achieve the revenue target made it difficult to implement COVID-19 related measures in a timely manner. The government opened an account just to receive donations from the society, private sectors, and international organizations. The funds in this account were used to buy equipment for tackling COVID-19.

Furthermore, to ensure the liquidity is adequate to satisfy the government's payment obligations, the Lao government issued a decree that prioritizes government spending. The first priority goes to medical supply and next are salary, subsidy, and pension for the civil servants.

In terms of forecasting the government's daily cash balance position and its cash flow requirements during the pandemic, Treasury Department coordinates with the Revenue Department and banks for revenue forecast, and with budget department and budget units of line ministries on expenditure side.

Monitoring and Evaluation to Monitor COVID-19 related measures

The Lao government uses a monitoring and evaluation (M&E) framework to monitor the implementation and effects of COVID-19 response measures, and this M&E is carried out by the related line ministries and provinces. The government also established a steering committee for monitoring, managing the concern activities. Said steering committee operates at two levels: one at central-level and the other one at the local-level. The central-level steering committee is composed of line ministries and led by the Deputy Minister of Planning and Investment. At the local-level, the Deputy Governor of each province leads the committee.

32 Under these decrees, Special Committee on COVID-19 prevention, Special Committee on COVID-19 impact evaluation, and Special Committee on Action Plan have been established and tasked with providing appropriate measures to mitigate the impact improve economic recovery.

COVID-19 UPDATES

LAO PDR

Fiscal Strategy for Sustainable and Resilient Recovery from COVID-19

According to the 9th National Socio-Economic Development Plan (2021-2025), expected increase in revenue is at least 2% of GDP in five years, with an average 10-13% year-on-year revenue growth.

To achieve this goal, the Lao government plans to set up a modern and secure state budget and treasury management system to integrate with its revenue management system, banking system and budgetary units. It also plans to develop a revenue collection system through the banking system, such as Smart Tax, Easy Tax, Tax RIS, SAMS and Smart, for the citizens to pay tax, customs and fees. Furthermore, a mobile banking payment channel will be developed for collecting road tax and land tax. Moreover, the Lao government will continue to effectively manage the current government spending with monitoring and inspecting measures and mechanisms.

The government is currently developing a recovery plan for the post-pandemic period beyond 2021. This recovery plan will be financed mostly by government borrowing and financial aid from foreign advanced countries or international organizations.

Useful Links

Official Government Updates

COVID-19 Updates in Lao PDR

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COVID-19 UPDATES
MALAYSIA

Fiscal Impact of COVID-19

A year-long battle with COVID-19 has taken a heavy toll on the Malaysian government. The government revenue for 2020, initially projected to reach USD 58.4 billion, now stands at USD 54.1 billion (15.8% of GDP). The introduction of several measures to cushion the impact of the pandemic has led to a sharp increase in government spending. The government expenditure for 2020 in Malaysia increased to USD 70.7 billion (18.5% of GDP) from the initial forecast (USD 57.4 billion). With this, the fiscal deficit for 2020 reached 2.7% of GDP.

The Malaysian government proposed an expansionary budget for 2021 to counter the impact of the pandemic. The government expenditure is projected to reach USD 74.8 billion (21.9% of GDP) in 2021; and the government revenue is expected to decline to USD 56.4 billion (15.1% of GDP).

At the end of 2020, its government debt reached 67.6% of GDP, which was 11.1%p higher than the original forecast. For 2021, the debt-to-GDP ratio is expected to decline to 66.0%. The Government recently increased its debt ceiling from 55% to 60% of GDP until 2022 as part of the Temporary Measures for Government Financing (Coronavirus Disease 2019 Act 2020).

Table 22. Economic and Fiscal Impact in Malaysia

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	4.8	-4.5	-9.3	6.5 ~ 7.5
Total Revenue	15.2	15.8	0.6	15.1
Total Expenditure	15.0	18.5	3.5	21.9
Fiscal Balance	0.2	-2.7	-2.9	-6.8
Government Debt*	56.5	67.6	11.1	66.0

Source: PEMNA COVID-19 Survey, Dec 2020; Malaysia Ministry of Finance

Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

Stimulus Packages

The Government has delivered a series of stimulus packages to ease the impact of this pandemic. Since the publication of the first COVID-19 update in June 2020, the Malaysian government announced two more stimulus packages[33]: (i) PENJANA (on June 5, 2020) and (ii) KITA PRIHATIN (on September 23, 2020). In total, the Government has rolled out four stimulus and economic recovery packages in 2020. Each of these packages aims to protect people's well-being and supports business continuity.

33 For more information on Malaysia's stimulus packages announced in the first half of 2020, please refer to COVID-19 Update: Policy Responses in PEMNA (https://pemna.org/bbs/BBSMSTR_000000000037/view.do?nttId=B000000001006Qu4sR9z&mno=sub03_04), published in June 2020

COVID-19 UPDATES
MALAYSIA

The below table summarizes the value of each stimulus package launched by the Malaysian government:

Table 23. Value of Stimulus Package

No.	Stimulus Package	Value	% of GDP*
1.	Economic Stimulus Package 2020	RM20 billion (USD 5 billion)	1.4%
2.	PRIHATIN Package	RM250 billion (USD 62 billion)	17.3%
3.	PENJANA	RM35 billion (USD 9 billion)	2.5%
4.	KITA PRIHATIN	RM10 billion (USD 2 billion)	0.6%
	TOTAL	RM315 billion (USD 78 billion)	21.8%

Note: GDP figure based on Malaysia Fiscal Outlook 2021 (Constant 2015 price) which is forecasted at RM1,450 billion or at USD 358 billion.

To support these measures, the Government reallocated the 2020 budget and increased government borrowing. Also, it has taken several measures through private and public institutions (e.g., Bank Negara Malaysia) and the Employees Provident Fund (EPF)—i.e., i-Lestari, i-Sinar, Employer Advisory Services.

Treasury Functions in the Time of COVID-19

Calibrating a financing program for stimulus packages introduced by the Government was one of the challenges the Treasury Department faced during the pandemic. Flexibility became a key in emergency spending, especially during the early stages of the stimulus package program. In fact, the Treasury Department adjusted the financing program three times in 2020.

Also, the Treasury aims to provide adequate liquidity to satisfy the Government's payment obligations. Cash requirements increased tremendously to support the stimulus package announced. For an immediate response, the cash buffer level at the Treasury Single Account (TSA) was revised. Recalibrating the cash buffer level was required due to uncertain events while forecasting cash flow becomes more challenging because of unpredictable cash needs and fall in revenues. At the same time, the expected revenues from government investment companies are urged to be paid out immediately.

In addition, the Treasury strives to update the cash forecasting daily to meet the cash flow requirements. Due to the shortage of cash inflows, the Government plans to focus more on the cash outflow projection during the pandemic. However, challenges remain in forecasting cash outflows. The changes in budget activities and the trend of cash outflows for previous years were no longer relevant. For this, the Treasury has strengthened its engagement with budget division and line ministries. The Treasury communicates with these

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MALAYSIA

parties through multiple channels (e.g., online meetings, emails, calls) and draws valuable insights into cash requirements. Moreover, the Treasury has strengthened the internal protocol for cash management. Line ministries are required to inform the Treasury in advance for one or two days before proceeding with large payments.

With the spread of the pandemic, a more proactive role is expected of the Treasury. In order to fulfill heightened expectations, the Government plans to strengthen the collaboration among strategic parties to make better decisions and conduct comprehensive monitoring of the fiscal and cash management planning. In doing so, the Government expects to help increasing the flexibility in investing the cash balances at TSA and reducing the opportunity cost.

Monitoring and Evaluation

To facilitate effective and timely implementation of the stimulus packages, the MoF established *LAKSANA*, also known as Economic Stimulus Implementation and Coordination Unit between National Agencies. The unit coordinates monitoring and reporting of COVID-spending by following the three key approaches:

(i) Control Tower to engage Implementing Agencies (IAs) in a centralized and integrated approach;

- Onboard 53 IAs to set expectations and agree on the progress update reporting process
- Engage IAs on weekly basis to obtain progress updates and address implementation issues
- Facilitate cross IAs coordination to address issues in an integrated manner

(ii) Digital Dashboard to facilitate centralized data repository and reporting;

- Digital dashboard has been developed as a central point of data repository and reporting.
- The digital dashboard enables drill down of beneficiary data at various levels (e.g., state, sector, income levels, etc.).

This allows LAKSANA to track delivery of COVID initiatives to the target beneficiaries.

(iii) Survey and site visit as well as face-to-face engagement activities to assess impact of the COVID initiatives

- Surveys were conducted to assess how COVID initiatives have benefited the recipients and identify areas of delivery enhancement.
- More than 11,000 Rakyat and 2,000 businesses of respondents were covered.
- Based on an analysis of the survey responses, a site visit as well as face-to-face engagement with selected respondents were conducted to deep dive on key issues.

This allows LAKSANA to identify key insights and provide recommendations on COVID initiatives refinement and as input to Budget 2021 initiatives. Also, LAKSANA is mandated to assess and improve government's delivery channels as well as provide transparent and reliable communication of the stimulus packages.

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MALAYSIA

Going Forward: Recovery Plan

The Government has allocated RM 15 billion (USD 4 billion) in Budget 2021 to accelerate its recovery plan for the post-pandemic period. The recovery plan aims to prop up Malaysia's economic and social sectors. These measures will be financed through revenue collection, government borrowing, and budget recalibration.

Useful Links

Ministry of Finance
Malaysia Stimulus Package – PENJANA
Prinhatin - LAKSANA Report
Budget 2021

Central Bank of Malaysia
COVID-19 Measures

PEMNA

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COVID-19 UPDATES
MONGOLIA[34]

Introduction

Hit severely by the pandemic, the GDP growth of Mongolia is estimated to be -2.0% at the end of 2020. However, with the government's stimulus package to boost domestic economy and expectations of vaccines lifting activities, Mongolia's economy is projected to rebound in 2021. In 2021, the growth rate of GDP is projected to increase to 6%. A key driver for growth would be private finances from Foreign Direct Investment, particularly in mining, transport services, and manufacturing sectors. Inflation is likely to stay low due to the drop in international oil prices and weak domestic demand[35].

Fiscal Impact of COVID-19[36]

Mongolia's revenue target is expected to remain the same as the one prior to the pandemic, 30.2% of GDP. Meanwhile, the expenditure is expected to increase to 35.1% of GDP, a 4.1%p increase from the projection before the COVID-19. Government debt level was at 83.7% of GDP before the pandemic, but it is expected to decline in the next few years, decreasing to 64% of GDP in 2025.

The Government decided to expand Bank of Mongolia (BOM)'s role during the pandemic. In particular, the Government asked BOM to provide debt relief to senior citizens and subsidize housing finances. However, changing the credit risk and fiscal costs to the BOM could decrease transparency, damage the balance sheet of the BOM, and undermine monetary policy effectiveness. Against this backdrop, the IMF and BOM consented to: (i) limit all BOM's quasi-fiscal activities; (ii) stop all BOM's quasi-fiscal spending starting from January 2021; and (iii) entirely disclose the spending in its financial statements.

Table 24. Economic and Fiscal Impact in Mongolia

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	5.4	-2.0	-7.4	6.0
Total Revenue	30.2	26.9	-3.3	30.2
Total Expenditure	31.0	38.4	7.4	35.1
Fiscal Balance	-0.8	-11.5	-10.7	-4.9
Government Debt	83.7	N/A	N/A	N/A

Source: IMF, World Economic Outlook Database, October 2019 and October 2020

34 This part of the brief draws heavily on the documents from IMF and World Bank due to data availability.
35 World Bank, "Mongolia: Shift from Relief to Resilience Crucial to Economic Recovery," Press release, February 5, 2021.
36 IMF, Mongolia: *Request for Purchasing Under the Rapid Financing Instrument-Press Release; Staff Report; and Statement by the Executive Director for Mongolia,* IMF Country Reports 20/205, IMF, 2020

COVID-19 UPDATES

MONGOLIA

Key Fiscal Policy Responses[37][38]

The Government announced a budget relief package for 2020, which includes tax cuts (2.8% of GDP) and expanded social transfers and health spending (2.6% of GDP). These measures are designed to provide targeted support for individuals financially affected by COVID-19.

On August 5, 2020, the Government announced the extension of its fiscal measures in response to the COVID-19 until the end of 2020. These fiscal measures include: (i) support for child allowance; (ii) corporate income tax exemption; (iii) rent income tax exemption; and (iv) customs duty and VAT exemption on certain imported products. The Government also modified the following measures: (i) expanding food stamp allowance; (ii) expanding social welfare pension; and (iii) lowering social security contribution. To finance these measures, on August 28, 2020, the Parliament approved a supplementary budget to the amount of around 7.5% of GDP in total.

Furthermore, on December 2, 2020, the Government announced additional COVID-19 measures, including: (i) providing MNT 3 billion support for specific provinces impacted by domestic transmissions; (ii) allowing temporary exemption of tax penalties and late payment charges; and (iii) granting coal briquette price subsidy to ger districts in Ulaanbaatar. On December 13, 2020, measures which will be financed by chosen state-owned enterprises, were announced; and these measures are (i) waiving utility bill payments to business and households and (ii) lowering the coal briquettes price by 75%.

Going Forward: Recovery Plan for Post-Pandemic[39]

Mongolia has taken various restrictive measures to contain the spread of COVID-19, and they have been effectively limited the number of confirmed cases. In addition, the Mongolian government's economic stimulus measures have been successful in supporting many businesses and households.

In 2021, the Government hopes to engage in fiscal consolidation, which will prevent further rise in the public debt, if done correctly. Furthermore, as a post-pandemic recovery plan, the Government will strive to rebuild fiscal and financial buffers and conduct banking reforms when the pandemic ends.

Useful Links

World Bank
Mongolia Economic Update

IMF
(i) IMF Country Report
(ii) Policy Responses to COVID-19

37 IMF, *Mongolia: Request for Purchasing Under the Rapid Financing Instrument-Press Release; Staff Report; and Statement by the Executive Director for Mongolia*, IMF Country Reports 20/205, IMF, 2020
38 IMF, "Policy Responses to COVID-19," https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M (accessed April 5, 2021).
39 World Bank, "Mongolia: Shift from Relief to Resilience Crucial to Economic Recovery," Press release, February 5, 2021.

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COVID-19 UPDATES
MYANMAR

Fiscal Impact of COVID-19

Facing a series of challenges posed by the pandemic, Myanmar saw some changes in its forecast of government revenue and expenditure for 2020. The Myanmar government originally estimated to collect MMK 25.200 trillion (21.2% of GDP) for 2020; yet, with the outbreak of the pandemic, the Government now expects to collect MMK 24.725 trillion (20.8% of GDP). As for government spending, the government expenditure is now forecast to be MMK 32.034 trillion (26.9% of GDP) for 2020, an increase from the original forecast, MMK 31.919 trillion. With this, the fiscal deficit for 2020 is expected to reach 6.1% of GDP.

Looking ahead, both revenues and expenditures for 2021 are expected to increase. The government revenue for 2021 is forecast to be MMK 27.471 trillion, and government expenditure is projected to stand at MMK 34.131 trillion. The fiscal deficit for 2021 is estimated to reach 5.3% of GDP, slightly lower than 2020.

The limit on government debt is set by the Union Budget. According to the Union Budget Law for FY 2020-21, the total domestic and foreign financing shall not exceed MMK 11,000 billion. Outstanding as of FY 2019-2020, Myanmar's debt-to-GDP ratio stands at 42.4%.

The following paragraphs give an overview of policy responses made by the Myanmar government in fighting the pandemic and its progress.

Table 25. Economic and Fiscal Impact in Myanmar

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	7.0	4.3	-2.7	6.0
Total Revenue	21.2	20.8	-0.4	21.8
Total Expenditure	26.8	26.9	0.1	27.1
Fiscal Balance	-5.6	-6.1	-0.5	-5.3
Government Debt*	38.7	42.4	3.7	45.2

Source: PEMNA COVID-19 Survey, Dec 2020; Myanmar Ministry of Planning, Finance, and Industry

Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

Stimulus Packages

The Government of Myanmar has implemented several measures to mitigate the impact of the pandemic. Some of these measures include: (i) reducing the interest rate; (ii) establishment of the COVID-19 Fund; (iii) exemption of electricity bill for households and fees for tourism license; (iv) provision of cash assistance to vulnerable populations; (v) provision of loans to affected businesses; and (vi) allocating expenditures for medical supplies and control. To execute these measures, the Government has reallocated the budget for 2020, used government borrowing, and utilized financial aid from foreign countries and institutions.

COVID-19 UPDATES
MYANMAR

Monitoring and Evaluation

The Government of Myanmar rolled out the COVID-19 Economic Relief Plan (CERP)[40] on April 27, 2020. The CERP includes goals, strategies, action plans, and actions to mitigate the economic and social impact of the pandemic. It also proposes a matrix to measure the performance of each entity responsible for executing the plan. Based on this matrix, the Government conducts monitoring and evaluation at national and sub-national levels. The Government also assesses the progress at program and project levels.

Going Forward: Recovery Plan

The Myanmar government aims to prioritize economic recovery in its Union Budget for FY 2020-2021. In particular, expenditures for (i) electricity and energy; (ii) transport and communication; (iii) construction; (iv) education; (v) health and social protection will be prioritized. Also, the Government is in the process of developing a recovery plan for the country to boost its economy in the post-pandemic era.

Useful Links

IMF
Policy Tracker (Myanmar)

40 For more information on the COVID-19 Economic Relief Plan, please refer to *COVID-19 Update: Policy Responses in PEMNA (https://pemna.org/bbs/BBSMSTR_000000000037/view.do?nttId=B000000001006Qu4sR9z&mno=sub03_04)*, published in June. 2020.

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COVID-19 UPDATES
THE PHILIPPINES

Fiscal Impact of COVID-19

Tackling the COVID-19 pandemic called for consistent and strong policy responses from the government. The pandemic, as a result, has affected the Philippine government's revenues and spending for the year 2020. The Philippine government saw a decline in revenue collection, from the pre-COVID estimate of PHP 3,492.0 billion to actual collection of PHP 2,856.0 billion (USD 57.1 billion). The government expenditure for 2020, on the other hand, has increased from the pre-COVID estimate of PHP 4163.2 billion to PHP 4,227.4 billion (USD 84.5 billion). With this, the fiscal deficit for 2020 is expected to reach 7.6% of GDP.

Both revenues and expenditures for 2021 are expected to increase, according to the Philippine government's forecasts. The Government expects revenues to increase to PHP 2,881.5 billion (USD 57.6 billion) and expenditures to increase to PHP 4,662.3 billion (USD 93.2 billion). This year's budget deficit is estimated to reach 8.9% of GDP.

The pandemic has also pushed the country's debt-to-GDP ratio to 54.5% as of the end of 2020, and is expected to hit 57.8% this year. Although the Philippines does not have specific fiscal rules on limiting the debt level, the country's Development Budget Coordination Committee (DBCC) has agreed to maintain the debt-to-GDP ratio to 60% of GDP or below. The Government has embarked on a fiscal consolidation strategy to ensure that the debt ratio does not exceed 60% of GDP over the medium-term, even with the higher deficit program.

The following paragraphs review the Philippine government's efforts made in 2020 to mitigate the socio-economic impact of the pandemic and introduce some of the recent policy responses against COVID-19.

Table 26. Economic and Fiscal Impact in the Philippines

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Actual	Diff (%p)	
GDP Growth Rate	6.5 ~ 7.5	-9.5	-15.0 ~ -17.0	6.5 ~ 7.5
Total Revenue	16.7	15.9	-1.0	14.4
Total Expenditure	19.9	23.5	3.4	23.3
Fiscal Balance	-3.2	-7.6	-4.4	-8.9
Government Debt	41.5	54.5	13.0	57.8

Source: PEMNA COVID-19 Survey, Dec 2020; Philippine Department of Budget and Management

Stimulus Package: Bayanihan to Recover as One Act

Following the Bayanihan to Heal as One Act[41] in March 2020, the Bayanihan to Recover as One Act (No. 11494) was enacted in September, 2020. Each valued at PHP 386.1 billion (USD 7.7 billion) and PHP 140 billion (USD 2.8 billion), these two packages aim to i) address the

41 For more information on the Bayanihan I Act, please refer to COVID-19 Update: Policy Responses in PEMNA (https://pemna.org/bbs/BBSMSTR_000000000037/view.do?nttId=B000000001006Qu4sR9z&mno=sub03_04), published in June 2020.

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THE PHILIPPINES

social and economic needs of the public and ii) mitigate the adverse impact of the various quarantine protocols to contain the spread of the virus on the execution of the budget and the economy.

To support these measures, the Philippine government has reallocated the 2020 Budget and made use of the government borrowing. The Government also reallocated the 2019 Continuing Appropriations and collected excess and new revenues. Lastly, all amounts derived from the cash, funds, and investments held by any government-owned and controlled corporates, or national government agencies, were used to finance these policy measures.

The Bayanihan to Recover as One Act (Bayanihan II) is, in fact, considered as a supplementary budget worth PHP 140 billion. Under Bayanihan II, the following measures are included: (i) the healthcare system; (ii) cash for work programs; (iii) provision of emergency subsidy to areas under granular lockdown; (iv) capital infusion for Government Financial Institutions (GFIs), especially for Micro, Small, and Medium Enterprises (MSMEs); (v) assistance to State Universities and Colleges for the development of smart campuses, etc.

Treasury Functions in the Time of COVID-19

New spending measures require the backing of the corresponding revenue measures. Although no significant changes have been observed in the role of the Treasury, the scale of financing has certainly increased, requiring more aggressive actions from the Treasury in raising funds. As the policy responses to the pandemic evolves, the Philippine Bureau of the Treasury (BTr) is experiencing significant liquidity, forecasting, and operational challenges.

Finding funding sources to support expenditure bills while complying with the Constitutions was, above all, the biggest concern that the Treasury had. Fortunately, the Philippines had adequate liquidity to satisfy the government's payment obligations. The Treasury generated a substantial cash buffer prior to the pandemic, which enabled the Treasury to afford sufficient time for the market to calm down before raising the financing. As for the cash forecasting, the Treasury uses the worst-case scenarios for operational planning—luckily, these worst-case scenarios have not occurred. Despite these challenges, BTr aims to continue its successful performance and enhance operational efficiency at the same time.

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THE PHILIPPINES

Monitoring and Evaluation

The Philippine government monitors and assess the implementation and the impact of these COVID-19 related measures through mechanisms mandated by the Bayanihan Acts. Both Bayanihan I and II Acts mandate that the President submit reports to Congress of all acts performed under the said law. The Bayanihan I Act requires the President to submit a *weekly* report to Congress. These reports include the amount and corresponding utilization of the funds used, augmented, reprogrammed, reallocated, and realigned.

The Bayanihan II Act likewise mandates the President submit *a monthly* report to Congress and the Commission on Audit of all acts performed under the said law. These reports include the targets and actual accomplishments of government programs, strategies, plans, and efforts related to the COVID-19 pandemic. The Law also requires Congress to establish a Joint Congressional Oversight Committee, which shall determine whether the acts, orders, rules, and regulations comply with the restriction stated in the law or not.

These weekly and monthly reports issued are available at the government's official COVID-19 response website.

Performance Assessment: What Worked Well?

The Philippine government's responses to mitigate the impact of the pandemic have worked, albeit at varying degrees. For instance, the Government's support toward Social Amelioration Programs and MSMEs have shown progress. The capital infusion to GFIs has worked well as it enabled these institutions to lend more to small businesses and assist smaller banks. The hiring of additional health workers has been slower than expected; yet, it has shown steady progress. Also, the contact tracing capacity can be further improved.

Going Forward: Recovery Plan

The proposed budget for 2021 is anchored on the Administration's key priorities to help the country rapidly recover from the pandemic. The Government considers the proposed budget for 2021 (PHP 4.506 trillion / USD 90.1 billion) as a recovery measure against the COVID-19 pandemic. The entire budget saw the shifting of priorities and realignment of spending policies to contain the spread and mitigate the effects of the pandemic. The proposed budget aims to support the restart of the economy, create jobs, and attract investments. The transition to the post-crisis recovery environment is also considered in the budget.

The bulk of the 2021 proposed budget aims to support both social services and sectors. Funding for health-related programs such as the implementation of the Universal Health Care (UHC) Act, purchase of the

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COVID-19 vaccines, and provision of personal protective equipment will be prioritized. For education programs, the Government will prioritize the implementation of Universal Access to Quality Tertiary Education and the Basic Education Learning Continuity Plan program to ensure continuity in learning in this time of crisis. The economic services sector also remains to be a budgetary priority. To drive economic growth, the Government plans to provide continuous support to public infrastructure investment. For example, the Government will fund Information and Communications Technology expenditures to improve the country's wi-fi access and broadband infrastructures and develop e-platform and online systems.

In addition to the proposed budget for FY2021, the passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act serves as another stimulus package for the country's recovery from the COVID-19 pandemic. The measure aims to reduce the corporate income tax outright from 30% to 25%, as soon as it is made effective. This will help businesses continue operations and retain jobs while also enhancing the flexibility of the country's tax incentives system in order to aggressively pursue investments and generate employment and livelihood opportunities.

Useful Links

Philippine COVID-19 Dashboard

Budget Documents for FY2021:
The President's Budget Message
Technical Notes on 2021 Proposed National Budget
2021 People's Proposed Budget

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COVID-19 UPDATES SINGAPORE[42]

Introduction

Due to a decrease in community infection rates, a three-phased approach to resume economic activities starting from June 02, 2020 was announced by the Government of Singapore. On June 19, phase two was implemented as the community transmission rate had been generally stable and low. Subsequently, phase three was commenced on December 28[43].

Economic Impact of COVID-19[44]

Singapore faced the worst contraction since its independence due to the pandemic. In 2020, the GDP growth is estimated to be -6.0%. In addition, overall budget deficit for 2020 is expected to reach SGD 64.9 billion, which is also the largest figure since its independence.

Stimulus Package: Fortitude Budget

Along with the third stimulus package (known as Solidarity Budget), the Government of Singapore announced its fourth stimulus package (Fortitude Budget) worth SGD 33.0 billion on May 26, 2020. The measures include additional financial support to businesses, which are not yet allowed to reopen, and supporting employment through job creation and vocational training[45]. Overall, in 2020, the Singapore government has committed about SGD 100 billion to COVID-19 support measures and has drawn SGD $52 billion from the past reserve[46].

Table 27. Economic and Fiscal Impact in Singapore

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	1.0	-6.0	-7.0	5.0
Total Revenue	18.6	17.7	-0.9	17.3
Total Expenditure	14.8	28.5	13.7	16.2
Fiscal Balance	3.8	-10.8	-14.6	1.1
Government Debt	114.6	131.2	16.6	132.4

Source: IMF, World Economic Outlook Database, October 2019 and October 2020

42 This part of the brief draws heavily on the documents from IMF, AMRO, and the Singapore Ministry of Finance's Budget Speech and Key COVID-19 Support Measures due to data availability.
43 IMF, "Policy Responses to COVID-19," https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S (accessed April 5, 2021).
44 Ministry of Finance Singapore, "Budget Speech for Budget2021," https://www.mof.gov.sg/singaporebudget/budget-speech (accessed April 5, 2021).
45 AMRO, *ASEAN+3 and COVID-19: Panoply of Pandemic Policies,* AMRO, 2021
46 The Straits Times, "Key Covid-19 support measures," February 6, 2021, https://www.mof.gov.sg/news-publications/media-articles/key-covid-19-support-measures (accessed April 5, 2021).

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SINGAPORE

Support Workers and Businesses[47]

On September 4, the Government allocated SGD 1 billion for the Jobs Growth Incentive (JGI) scheme to assist companies to accelerate their hiring plans. In particular, for firms that hire job seekers aged over 40 during the period between September 2020 and February 2021, the Government will provide 50% of these job seekers' monthly salaries, a maximum of the first SDG 5,000, for up to 12 months.

On October 5, the Government extended the Temporary Bridging Loan Programme (TBLP) for an additional six months, at reduced levels, until September 2021.

On December 16, the Government announced the COVID-19 Recovery Grant to support low- to middle-income workers. The amount of financial support would be a maximum SGD 700 per month for three months given to individuals who remain significantly impacted by the COVID-19 outbreak while actively looking for a job or training opportunities.

Key Financial Policy Responses[48]

On November 23, the Monetary Authority of Singapore announced that up to RMB 25 billion (SGD 5.1 billion) would be provided to banks in Singapore. This measure aims to improve renminbi liquidity and strengthen banks' capability to meet the increasing renminbi business needs of the customers in the region and Singapore.

Government Policy Assessment[49]

In February 2021, the Ministry of Finance (MOF) released an assessment of the budget measures against COVID-19. The early findings demonstrate that the government responses including fiscal, monetary, and transitional measures, have helped prevent the worst economic contraction, avoid job losses, and relieve inequality.

In addition to fiscal measures, monetary measures were also helpful in supplementing these policies by easing cash flow constraints and ensuring liquidity. The MOF estimated that its GDP would have fallen by at least 12.4% without the monetary and fiscal policy measures.

47 AMRO, *ASEAN+3 and COVID-19: Panoply of Pandemic Policies,* AMRO, 2021
48 IMF, "Policy Responses to COVID-19," https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S (accessed April 5, 2021).
49 Ministry of Finance Singapore, "Budget Speech for Budget2021," https://www.mof.gov.sg/singaporebudget/budget-speech (accessed April 5, 2021).

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SINGAPORE

The Government's total fiscal support including the Jobs Support Scheme is projected to have created an average of 155,000 jobs in 2020-21, preventing the unemployment rate from increasing a further 2%p in 2020.

2021 Budget and Recovery Plan[50]

In 2021, the Government committed to setting aside SDG 11 billion for a new COVID-19 Resilience Package to grapple with the immediate challenges of the pandemic. The package will be used to maintain public health and support businesses and individuals.

Furthermore, the MOF stated that the Government's priorities for the next few years would be (i) to continue offering COVID-19 relief in the short-term; (ii) to invest for growth and carry forward economic transformation in the mid-term; and (iii) to pave the way for positioning Singapore for the long term and build a sustainable home.

Useful Links

AMRO
ASEAN+3 and COVID-19: Panoply of Pandemic Policies

IMF
Policy Responses to COVID-19

Ministry of Finance
(i) Budget Speech
(ii) Key COVID-19 Support Measures

50 Ministry of Finance Singapore, "Budget Speech for Budget2021," https://www.mof.gov.sg/singaporebudget/budget-speech (accessed April 5, 2021).

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THAILAND

Economic Impact of COVID-19

Thailand's economy was severely hit by the COVID-19 pandemic and is now estimated to record negative GDP growth of 6.0% in 2020, significantly lower than the initial projection of 3.2% growth, mainly attributed to the drop in international tourist arrivals, and depressed exports and consumption from domestic mobility restrictions. With its outlook still remaining highly uncertain amid the ongoing pandemic, the Thai government projects the economy to expand to 3.5-4.5% in 2021.

Addressing the pandemic's impacts on the labor market, Thailand identified the three most affected industries as tourism, transportation, and manufacturing.

Fiscal Impact: Stimulus Packages

The fiscal deficit was estimated at 3.0% of GDP prior to the pandemic. At the end of 2020, Thailand expects its government deficit to widen to 5.2% of GDP. In mitigating the economic damage inflicted by this unprecedented crisis, perhaps only rivaled by the Asian Financial Crisis of 1997 in scale, the Thai government has taken unparalleled measures.

Thailand has issued three major stimulus packages totaling over USD 65.7 billion (13.6% of GDP) up to date. The ongoing fiscal stimulus measures include various schemes to ramp up consumption, domestic tourism and investment. Most recently the Thailand's Board of Investment, the government agency responsible for promoting foreign investments in Thailand, has issued its latest stimulus package mainly focusing on providing soft loans and additional tax incentives such as corporate income tax for small and medium-sized enterprises (SMEs).

Under this latest stimulus package released on December 21, 2020, selected BOI-approved projects worth at least THB 1 billion (USD 33 million) are eligible for a corporate income tax (CIT) deduction of 50% on profits made for a period of five years. What differentiates this recent stimulus package from the previous ones, however, is that the Government started moving forward from its damage-recovery phase, where it injected financial aid to those affected industries and people, to promoting reform-driven growth.

For example, the Government has decided to provide CIT exemptions for businesses seeking to adopt digital technologies in their operations. In addition to such measures, the Government has also granted the establishment of a new economic zone for the genomic industry, located at the Burapha University in the Eastern Economic Corridor. Ranging from cancer detection to the development of vaccines and bio-products, the government of Thailand is pushing medical industry to be a major contributor to its economy.

However, the widened fiscal deficit during the pandemic, which was financed by domestic borrowing, has led to a sharp rise in public debt; The total amount of Thailand's public debt prior to the pandemic was 43.0% of GDP. Exactly a year after, it stands at 50.4% of GDP and expects to increase to 56.4% in 2021.

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Table 28. Economic and Fiscal Impact in Thailand

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	3.2	-6.0	-9.2	3.5~4.5
Total Revenue	17.5	21.0*	3.5	16.3
Total Expenditure	20.5	26.2*	-5.7	20.0
Fiscal Balance	-3.0	-5.2*	-2.2	-3.7
Government Debt*	43.0	50.4	7.4	56.4

Source: PEMNA COVID-19 Survey, Dec 2020; Thailand Bureau of Budget, Office of the National Economic and Social Development Council of Thailand

Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

Performance Assessment

According to its survey with PEMNA, Thailand does not have a separate monitoring and evaluation framework that directly concerns the assessment of the above-mentioned measures. However, the Government is closely monitoring various economic indicators such as national GDP growth, to better assess the impact of the policy measures.

In order to avoid the mis-use of the COVID-19 related expenditures, the Government has devised relevant measures and safety mechanisms such as no-omittance of supreme auditor, anti-corruption commission, or internal auditors for the expenditures that go into the measures against the COVID-19 pandemic. For example, the Ministry of Finance of Thailand runs 'We Travel Together' program under the supervision of the Prime Minister, which requires the ministry officials to track and monitor the hotels and airline companies receiving support from the stimulus packages.

Going Forward: What's next?

Thailand's economy is expected to recover gradually over the coming years, supported mainly by (i) the recovery of the global economy and its trade volume, (ii) the government stimulus measures, and (iii) the rebound of domestic private demand. However, with the pandemic still surging globally, the outlook remains uncertain.

Overcoming such pessimism that prevails the economy, the Government has given foremost budget priorities this year to those projects that concern the recovery of the affected sectors. Moving forward towards achieving a sustained recovery from the pandemic while managing the challenges, the Government also allocated more resources towards newly emerging sectors such as the digital and medical industries which will build up the country's competitiveness by bringing about the structural reform of the society in the longer term.

Useful Links

Office of the National Economic and Social Development Council:
Macroeconomic Planning

Bank of Thailand:
(i) Key Economic Indicators
(ii) Monetary Policy

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TIMOR-LESTE

Economic Impact

The Timor-Leste government's projected GDP growth rate fell from 6.0% at the beginning of 2020 to -6.0% at the end of the year and is likely to reach 3.9% in 2021. The inflation rate, which had initially been estimated at 2.7% for 2020, was altered to 0.3% and is forecast to be 1.3% for 2021.

The three most affected sectors from the COVID-19 pandemic are agriculture, tourism, and small to medium businesses such as hotels and restaurants.

Table 29. Economic and Fiscal Impact in Timor-Leste

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	6.0	-6.0	-12.0	3.9
Total Revenue*	25.9	46.5	20.6	52.9
Total Expenditure*	57.3	64.1	6.8	86.7
Fiscal Balance*	-31.4	-17.6	13.8	-33.8
Government Debt*	6.1	11.7	5.6	15.6

Source: PEMNA COVID-19 Survey, Dec 2020; Timor-Leste Ministry of Finance
Note: *IMF, World Economic Outlook Database, October 2019 and October 2020

Fiscal Impact

For 2020, budgeted revenue was USD 182.9 million whereas the actual collection was USD 182.6 million. However, the total revenue[51] for 2021 is estimated to reach USD 190.6 million. Estimated expenditures for 2020, which also include loans, declined from USD 1,668 million to USD 1,497 million, and the proposed government expenditure for FY 2021 is USD 1,895 million.

Whereas the government deficit in the original budget had been projected to reach USD 920.8 million, the year-end deficit was estimated to decrease to USD 780.4 million and is to widen again in 2021 to USD 1,156.5 million.

The Government introduced the COVID-19 fund in 2020, with a total budget of USD 333.2 million. The purpose of the fund is to finance expenses related to prevention and tackling COVID-19, namely, the acquisition of medicines, materials and medical equipment used to prevent and fight the spread of the pandemic, the installation and maintenance of quarantine and isolation facilities, training of health professionals, mitigating the effects of economic and social aspects of the COVID-19 pandemic, including economic recovery packages. The most extensive expenditure related to the COVID-19 fund in 2020 was USD 310.3 million distributed for the acquisition of medical equipment and materials and for services related to COVID-19 mitigation and prevention, such as setting up isolation centers and supporting staff

51 Domestic revenues only, not including petroleum revenues.

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TIMOR-LESTE

training. As of mid-December, 2020, 50% of the budget was executed (and 58% by December 31). A total of USD 5 million of the fund was allocated toward the agricultural sector program and USD 18 million toward improving access to goods and services during the pandemic. By December 15, budget execution of these two packages had reached 43% and 95%, respectively.

During 2020, the COVID-19 fund account directly received a total of USD 0.75 million of contribution from ILO to support operational expenses related to the payment of economic stimulus packages to Timor-Leste households. Apart from this support, the COVID-19 fund was mainly financed through extraordinary transfers from the Petroleum Fund[52].

Government Performance Assessment

Among the budget responses targeted to tackle the impact of the pandemic, direct transfers, electricity subsidy packages to low-income households, and free internet services to students taking online classes were considered to be particularly helpful.

Timor-Leste has a monitoring and evaluation (M&E) framework named the Dalan Ba Futuru Timor-Leste (DBFTL) system used to monitor the implementation and effects of the COVID-19 response measures. This M&E is performed at the program-level within the national-level of the government, and the Planning, Monitoring and Evaluation Unit (UPMA) within the Office of the Prime Minister and the Ministry of Finance take responsibility.

Policy impact of measures were assessed by evaluating the number of households that received social transfers and electricity subsidies. However, some of the challenges of M&E identified by the MoF are not having sufficient data nor a team dedicated to working solely on the COVID-19 crisis.

To monitor COVID-19 related expenditures, Commission C (Committee on Economy, Finance and Anti-Corruption) of the National Parliament and Council of Ministers are involved in maintaining accountability.

Treasury Functions in the Time of COVID-19

To improve treasury functions during the crisis, the Government plans to expand the Financial Management Information System's coverage to the Special Economic Zone, such as Special Administrative Region of Oecusse-Ambeno (RAEOA). Furthermore, the Treasury now takes responsibility for managing the COVID-19 Fund, including preparing its financial statements.

52 The government deposits surplus income generated by petroleum and gas into the Petroleum Fund.

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TIMOR-LESTE

Going Forward

Budget 2021 shows an increase in health expenses and includes the economic recovery package to effectively alleviate the impact of the pandemic. The multi-year recovery plan will be adjusted according to the priorities of the government for each year. The Economic Recovery Plan (ERP) was approved at USD 123.9 million for spending between 2021 and 2023, which is 7.8% of GDP for FY 2021. This recovery plan aims to 1) increase employment, 2) realize and consolidate public social investment programs in education, health, housing and social protection, and 3) review productive sectors and promote areas that stimulate economic growth.

This plan will focus on economic development, social capital, and infrastructure development.

For economic development, the Government will promote sustainable livestock production, improve access to microcredit, create mobile training, organize career fairs, conduct research on potential employment opportunities, and organize technical vocational and professional training programs. It will also promote small and micro businesses; develop web services to support tourism related business; create a tourism authority and tourism zone; increase production and diversification of agricultural products; revamp business registration services; and improve access to seeds and machinery.

Measures for social capital include reforestation and rehabilitation of degraded areas, development of water supply systems for agriculture, building additional Centres of Learning and School Training (CAFE) schools, improving training programs for teaching degrees (INFORDEPE: National Institute for Training of Teachers and Education Professionals), and constructing health posts and specialized clinics, and others.

To improve the institutional framework, approval will be given to regulations of the land law, regulatory framework for the business environment will be prepared, improvements will be made to the functionality of the legal system, and public administration reform will be promoted.

Finally, the Government will (i) invest in tourist and cultural infrastructure; (ii) improve sanitation, bio-fuels and new storage methods; and (iii) construct and rehabilitate infrastructure at the municipality level and build industrial centers.

The abovementioned measures of the recovery plan will be financed through excess withdrawals from the Petroleum Fund.

Useful Links

Ministry of Finance
2021 State Budget Book

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Economic Impact

Vietnam's GDP growth estimate for 2020 declined from 6.8% at the beginning of 2020 to 2.9% as of December 2020. For 2021, the government forecasts a 6% growth rate.

In terms of the impact of the pandemic across industries, Vietnam government identified transportation (aviation), tourism (accommodation services) as the most affected sectors.

Fiscal Impact Assessment

The state budget revenue for 2020 had been projected to be 22.2% of GDP (VND 1,512.3 trillion), and the projection has been revised to 22.1% of GDP at the end of 2020. It is expected that the state budget revenue will be 15.5% of GDP for 2021. The state budget expenditures for 2020 rose slightly from 25.7% to 26.2% of GPD, and total expenditures for 2021 is projected to be 19.5% of GDP.

The 2020 fiscal deficit widened from 3.5% to 4.1% of GDP during the pandemic and is projected to stay at 4% for 2021. Total government debt also escalated from 48.5% to 55.8% during 2020 but is forecast to decline to 41.9% of GDP[53] in 2021.

Vietnam's public debt is kept well below the range stipulated in the Law on Public Debt Management, which states that public debt, government debt, and foreign debt shall not exceed 65%, 55%, and 50% of GDP, respectively.

Table 30. Economic and Fiscal Impact in Vietnam

(%, % of GDP)

Country	2020			2021
	Pre-COVID estimate	Post-COVID estimate	Diff (%p)	
GDP Growth Rate	6.8	2.9	-3.9	6.0
Total Revenue	22.2	22.1	-0.1	15.5
Total Expenditure	25.7	26.2	0.5	19.5
Fiscal Balance	-3.5	-4.1	-0.6	-4.0
Government Debt	48.5	55.8	7.3	41.9

Source: PEMNA COVID-19 Survey, Dec 2020; Vietnam Ministry of Finance

Since early 2020, the Vietnamese government released several stimulus packages that focus mainly on supporting enterprises and households, preventing the pandemic, and supporting individuals facing difficulties amid the crisis. Details of these measures include time payment extensions on corporate income tax (CIT), personal income tax (PIT), value added tax (VAT) and land rentals, and an extension of payment time on excise tax for domestically manufactured and assembled cars. Additionally, exemptions were given to taxes on environmental protection, imports and exports, and cash subsidies were provided to individuals in need. The size of each stimulus package ranges from

53 Since 2021, Vietnam has used revised GDP data to calculate the macroeconomic indicators, whereby the scale of GDP increased by about 25% compared to previously calculated GDP figures.

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0.11% to 3% of GDP[54], with the largest valuing VND 180 trillion (USD 8 billion). The packages will be financed through reallocation of the 2020 budget and through government borrowings.

Supplementary budgets, which are part of the abovementioned stimulus packages, amount to VND 42.7 trillion (USD 1.9 billion) and are focused on prevention and control of COVID-19, purchasing supplies such as medical and testing equipment, support toward vulnerable social groups, and others.

Government Performance Assessment

As of October 31, 2020, specific regime in preventing and controlling the pandemic, extensions on paying excise taxes for domestically manufactured and assembled cars, and exemptions from taxes (CIT, PIT, environmental protection, imports and exports), fees, and land rentals have been implemented at a relatively high rate.

On the other hand, extensions on tax payments for CIT, PIT, VAT, land rentals, and cash subsidies for those in need show a lower implementation rate. The reason for this is that the Government has difficulty in identifying beneficiaries and policy-implementing agencies for the informal sector and in monitoring implementation of approved policies. To solve these issues, authorities have looked into supplementing policies to ensure those facing COVID-19 difficulties are subsidized, strengthening coordinate agencies and producing periodic reports.

Vietnam conducts monitoring and evaluation on the implementation and effects of the measures against the pandemic, which is under the purview of the Ministry of Labour, War Invalids and Social Affairs, Ministry of Finance, Ministry of Planning and Investment, and other relevant ministries. This policy M&E is conducted at the program-level for the national-level government.

In terms of challenges in administering M&E, the Vietnam government faces difficulties from evaluating the magnitude of damage of each business and the lack of management agencies to keep track of government-supported individuals that migrate to a new address.

The National Assembly and Government appoint agencies in charge of implementing particular policies and those agencies that coordinate. These coordinating agencies provide information to the implementing agencies to gather information and report to the National Assembly and the Government. This process helps to ensure accountability of COVID-19 expenditures.

54 Package 1: VND 180 trillion (USD 8 billion, 3% of GDP)
Package 2: VND 18 trillion (USD 0.8 billion, 0.3% of GDP)
Package 3: VND 51 trillion (USD 2.2 billion, 0.81% of GDP)
Package 4: VND 36 trillion (USD 1.6 billion, 0.57% of GDP)
Package 5: VND 6.7 trillion (USD 0.3 billion, 0.11 of GDP)

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Treasury Functions in the Time of COVID-19

While experiencing fluctuations in state revenues and expenditures, the Vietnam State Treasury (VST) faced difficulties in predicting COVID-19 related emergency expenditures and ensuring funds for responding promptly to pandemic prevention expenses.

Government bonds worth approximately VND 333 trillion (USD 14.5 billion) were issued for 2020 to finance the State budget. The average maturity of bonds is on an increasing trend while rates have declined over the years, which reduces overall borrowing costs. The Treasury plans to monitor investor demands, budget revenues and expenditures, and regulate government bond rates to achieve stable market operations and integrate budget management, cash management, and public debt management in the long run.

Next, the Treasury continues to preserve financial and fiscal stability while supporting the economy during the pandemic. Budget collection and expenditures are monitored closely and reported to the Ministry of Finance (MOF). Cash flow is managed to meet state agencies' payment obligations and distributed toward social welfare for individuals.

All cash balances are transferred to the State Bank of Vietnam via the Treasury Single Account at the end of the day, enhancing efficiency between monetary policy operations and cash management.

Additionally, the State Treasury checks the daily cash flow of its quarterly cash plan. It works closely with the MOF agencies such as the State Budget Department, Department of Debt Management and External Finance, General Department of Taxation, General Department of Customs to project and plan future cash flow and management.

The Treasury also guides subordinate government units that offer resolutions such as extending tax payment periods, promoting disbursement of public investment capital to alleviate businesses and individuals' struggles during these times. Moreover, the Treasury strives to implement, monitor, and provide valid information to maximize management and administration. In addition, the Treasury has adopted the application of IT to enhance online transactions with other units and improve working conditions, and most budget spending units have participated in public services using online tools. It also directs local state treasuries to disburse payments in a timely manner and minimizes administrative procedures related to budget spending to enhance budget unit efficiency.

In the future, the Treasury is planning to increase online services by building a digital state accounting and budget management information system. By 2030, all activities of management, administration and other services of the VST, including data sharing with other ministries, branches, and units, will be carried out using this system.

The Treasury will aim to ensure publicity, transparency and application of IT in cash management, closely monitor budget revenues and expenditures to improve quality of cash forecasts, and strengthen coordination between cash management and monetary policy

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implementation. It will also strengthen the linkage between cash management, state budget management and debt management to enhance government liquidity.

Going Forward

Budget priorities for 2021 will focus on allocating resources for expenditures on investment for economic growth. Additionally, funds will be distributed to the health sector to prevent and control the pandemic and to purchase medical and protection equipment for medical staff. Lastly, the Government plans to cut spending on organizing conferences and seminars, expenses on domestic and foreign work that are not necessary, and postpone the increase in base salary.

The total value of the recovery plan for 2021 is approximately VND 17 trillion[55] (USD 700 million), 2% of GDP that targets businesses and workers affected by the crisis; mainly for the aviation, tourism, and accommodation sectors through exemption or reduction of taxes, fees, and charges. The recovery plan will be financed by reallocating the budget, government borrowing, and financial aid from foreign countries and institutions.

Useful Links

Ministry of Finance
State Budget 2021

55 This is not an officially approved number but is likely to be adjusted in 2021.

COVID-19 Policy Responses and Recovery Plan in PEMNA

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