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Risk Analysis on Myanmar in the post-COVID world

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Myanmar: Alongside the pandemic's effects on the economy and the politics, the NLD government faces greater hurdles in 2021

- The pandemic has severely affected Myanmar's feeble economy and unstable politics.
- The economic and public health policies set by the government are poorly executed and ineffective.
- While the inefficiencies highlight the government's incompetence, greater challenges wait for it in the post-COVID world.

Introduction

Despite the NLD (National League for Democracy) government's ineffective response to the second wave of the pandemic, it won a record number of seats in the national election held in November 2020. Although the government failed to contain the spread of the virus and revitalize the crippling economy, the public support for the NLD government seems stronger than ever going into 2021. However, the prolonged decline of the economy leaves little room for error and the government faces greater challenges in the post-COVID world.

Background

As of December 16, 2020 Myanmar, has had 1,11900 COVID-19 cases and 2,364 deaths within a population of 54 million.¹ The Covid-19 pandemic has exposed a chronically under-funded and under-staffed healthcare system in Myanmar. According to the World Bank, Myanmar has 0.677 physicians per 10,000 population in 2018.² This is evidence of the lack of sufficient healthcare personnel even in normal times. As of March 2020, the MOHS (Ministry of Health and Sports) reported that there was an average of 0.71 ICU beds and 0.46 ventilators per

¹ (MINISTRY OF HEALTH AND SPORTS [www.mohs.gov.mm], *COVID-19 (CORONAVIRUS DISEASE 2019) ACUTE RESPIRATORY DISEASE*)

² The World Bank, "Physicians (per 1,000 People) - Myanmar," The World Bank, 2018, <https://data.worldbank.org/indicator/SH.MED.PHYS.ZS?locations=MM>.

100,000 population.³ This is insufficient even for a normal infectious disease outbreak. While the under-funded healthcare system cannot be fixed abruptly, the government's response has further strained the health care system.

As these numbers indicate, the lack of healthcare infrastructure has forced the government to resort to makeshift hospitals and quarantine centers to treat COVID-19 patients. However, this effort is stunted by the scarcity of medical staff overwhelmed by the increasing caseloads. The government has utilized volunteers to implement contact tracing and an increasing number of cases means increased hospitalization.⁴ Volunteers are not trained properly or provided with enough personal protective Equipment (PPE). This means untrained personnel are exposed to the virus, which will have further complications.

The NLD government's policy response to the pandemic has highlighted the lack of a cohesive and effective workforce within the government. The government has failed to contain the spread of the virus even after issuing a stay-at-home order in Yangon since September 20.⁵ This reflects that either the government is not enforcing the order or simply does not have the means to enforce it. As a result, people are unnecessarily going out and not following social distancing guidelines. The failure to contain the spread of the virus while issuing a stay-at-home order reflects poorly on the political image and competence of the NLD government.

While the political damage can be reversed, the effects of the order on the economy are detrimental. The businesses that are under the effect of the order continue to struggle with the question of reopening. As the second wave has dragged on, some small- and medium-sized enterprises (SMEs), workplaces, and cut-make-pack (CMP) factories have asked for permission to reopen.⁶ Considering that businesses need to operate in order to stay afloat and maintain the livelihood

³ The World Bank, "Myanmar COVID-19 Emergency Response Project (P173902)," The World Bank, April 3, 2020, <http://documents1.worldbank.org/curated/en/178971586428026889/pdf/Project-Information-Documents-Myanmar-COVID-19-Emergency-Response-Project-P173902.pdf>, 9.

⁴ Zaw Zaw Htwe, "Myanmar Volunteers Play Vital Role in Yangon's Battle Against COVID-19," The Irrawaddy, October 28, 2020, <https://www.irrawaddy.com/specials/myanmar-covid-19/myanmar-volunteers-play-vital-role-yangons-battle-covid-19.html>.

⁵ Zaw Min Naing, "One Month into Stay-Home Program, Yangon Yet to See COVID-19 Cases Drop," Eleven Media, October 23, 2020, <https://elevenmyanmar.com/news/one-month-into-stay-home-program-yangon-yet-to-see-covid-19-cases-drop>.

⁶ Thiha Ko Ko, "Permission for Some Businesses to Reopen in Yangon 'Appropriate': UMFCCI," The Myanmar Times, October 12, 2020, <https://www.mmtimes.com/news/permission-some-businesses-reopen-yangon-appropriate-umfcci.html>.

of their employees and their businesses. The effects of the pandemic on the local economy have been exacerbated by the government's inflexible response.

The crunch of the local economy extends to the national economy. The World Bank predicts that Myanmar's GDP growth rate is expected to drop from 6.5 percent in FY 2018/19 to 0.5 percent in FY 2019/20.⁷ This huge drop in GDP growth is reflective of the drastic effect that the pandemic has had on the country. Myanmar's dependence on its exports of natural gas and oil have also proven to be unsustainable. With the global oil price decline, natural gas, which constitutes 40% of the country's exports and accounts for 20% of the GDP, has also declined in price.⁸ The pandemic's effects on the global economy have bigger implications in Myanmar where diversification of economic activity is scarce.

The government's response to the COVID economic slump remains insufficient and messy. The Covid Economic Relief Plan (CERP) released in April 2020 included plans to alleviate the impact of COVID on vulnerable households by handing out cash and emergency rations.⁹ While cash handouts can be the most effective way of getting people to spend the money, the question of which household fits the criteria and the method of delivering the handouts are important. The government's limited capacity causes it to only extend cash handouts to vulnerable households and some are complaining that they didn't receive the K40,000 (US\$31) even though they meet the criteria.¹⁰ This highlights the lack of a digitized infrastructure to keep track of the population that can assist in getting the cash handouts to the most vulnerable populations.

The CERP also includes other plans to increase the emergency short-term capacity of the healthcare system. The plans include recruiting more medical staff

⁷ *Myanmar Economic Monitor : Myanmar in the Time of COVID-19 (English)*. Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/806001593183687694/Myanmar-Economic-Monitor-Myanmar-in-the-Time-of-COVID-19>.

⁸ Jayendu De and Sanaa Nadeem, "Six Charts on Myanmar's Economy in the Time of COVID-19," International Monetary Fund, July 7, 2020, <https://www.imf.org/en/News/Articles/2020/07/07/na70720-myanmars-economy-in-the-time-of-covid19-six-charts>.

⁹ *Overcoming as One: COVID-19 Economic Relief Plan § (2020)*. [https://www.mopfi.gov.mm/sites/default/files/COVID-19%20Economic%20Relief%20Plan\(CERP\)-Eng_0.pdf](https://www.mopfi.gov.mm/sites/default/files/COVID-19%20Economic%20Relief%20Plan(CERP)-Eng_0.pdf), 9.

¹⁰ Htinn Lynn Aung, "Millions of Families Get First Cash Handouts under COVID-19 Relief Scheme," Frontier Myanmar, August 1, 2020, <https://www.frontiermyanmar.net/en/millions-of-families-receive-first-cash-handouts-under-covid-19-relief-scheme/>.

and volunteers, enhancing the skills of healthcare workers for the short-term, and updating hospitals and healthcare centres.¹¹ These simply constitute the basic necessities that a government should do during the outbreak of a pandemic. It is certainly difficult to enhance the skills of healthcare personnel in a country in the short-term let alone recruiting more medical staff. The government's intent to appear responsive certainly seems misdirected and puts more strain on the country's limited infrastructure and capacity to carry out an effective and sustainable response to the pandemic.

Transition to the Post-Covid World

The NLD government faces a myriad of challenges in 2021. The country hosted its national elections in November 2020. The NLD party won a record number of seats, 396 out of 476, which outperformed its 2015 victory.¹² The public support for the NLD government is still strong despite the inability to control the pandemic. This indicates how important it is for the government to get the pandemic under control and commence the economic recovery as quickly as possible. Public patience will run out as the effects of the pandemic on society and economy cuts deeper.

The NLD government has the public support in states dominated by the Burmese people, but its image in the ethnic states has been tarnished due to its handling of the national election. The UEC (Union Election Commission) fully suspended the election in 15 entire townships, and parts of 42 others in Kachin, Kayin, Mon, Rakhine, and Shan States.¹³ There are armed conflicts between the Burmese Army and the Arakan Army in Rakhine State that have displaced thousands of people. **While** the UEC cancelled elections in Rakhine citing conflicts, critics have voiced that the NLD government is silencing political opponents. The pandemic was not the reason for the cancellation, the political image of the NLD

¹¹ Overcoming as One: COVID-19 Economic Relief Plan § (2020). [https://www.mopfi.gov.mm/sites/default/files/COVID-19%20Economic%20Relief%20Plan\(CERP\)-Eng_0.pdf](https://www.mopfi.gov.mm/sites/default/files/COVID-19%20Economic%20Relief%20Plan(CERP)-Eng_0.pdf), 10.

¹² Cape Diamond and Yuichi Nitta, "Suu Kyi's NLD Confirms 396 Seats, Surpassing 2015 Landslide Victory," Nikkei Asia, November 14, 2020, <https://asia.nikkei.com/Politics/Myanmar-election/Suu-Kyi-s-NLD-confirms-396-seats-surpassing-2015-landslide-victory>.

¹³ Sithu Aung Myint, "In Rakhine, Cancellations Leave Little Space for Political Compromise," Frontier Myanmar, November 2, 2020, <https://www.frontiermyanmar.net/en/in-rakhine-cancellations-leave-little-space-for-political-compromise/>.

government depends on urging the Burmese army and the involved Ethnic Armed Organizations (EAOs) in agreeing to a ceasefire agreement. This will allow the UEC to host the election. This is politically vital for the government as it has to prove that it is indiscriminate of the diverse ethnicities that reside within the country.

China's fast economic recovery from the pandemic will be challenging for Myanmar because China's investments in the post-COVID world will be tempting for Myanmar, which is eager to revitalize its economy and attract foreign investments. Myanmar has suspended one of the biggest dams, MyitSone Dam, which is a Belt and Road Initiative (BRI) project and has downscaled Kyauk Phyu Deep Sea port over claims of debt trap and environmental concerns.¹⁴ China can simply make tempting investment offers to the government in return for those projects to proceed forward under its terms.

As Myanmar does not have the capacity to develop its own vaccine, it will have to import a vaccine. Yang Jiechi, a member of the Political Bureau of the Chinese Communist Party's (CCP) Central Committee, on a visit to Myanmar promised that it is a priority in China's list once an effective vaccine is developed.¹⁵ China's vaccine diplomacy is a double-edged sword for Myanmar. It will help the country, but implicitly gives China more political leverage. Myanmar's economic and political dependence on China is irreversible, but it remains vital for the government to diversify its options to buy the vaccine for COVID-19.

The most difficult task for the government is to revitalize the economy. The World Bank talks about how the pandemic threatens Myanmar households that have just escaped the poverty line.¹⁶ The government needs to utilize effective monetary and fiscal policies to kickstart the economy in order to help the most vulnerable population. Cash handouts are useful for the short term but given the country's limited resources and priorities for other pandemic-related expenses it will be unable to sustain itself. Transitioning away from the export of natural

¹⁴ Tom Fawthrop, "Myanmar's MyitSone Dam Dilemma," *The Diplomat*, June 3, 2020, <https://thediplomat.com/2019/03/myanmars-myitSone-dam-dilemma/>.

¹⁵ CGTN, "China Vows to Prioritize Myanmar in Sharing COVID-19 Vaccine," *China Global Television Network*, September 2, 2020, <https://news.cgtn.com/news/2020-09-02/China-vows-to-prioritize-Myanmar-in-sharing-COVID-19-vaccine-TsEetlqmAw/index.html>.

¹⁶ *Myanmar Economic Monitor : Myanmar in the Time of COVID-19 (English)*. Washington, D.C. : World Bank Group. <http://documents.worldbank.org/curated/en/806001593183687694/Myanmar-Economic-Monitor-Myanmar-in-the-Time-of-COVID-19>.

resources will be vital alongside the diversification of the economy in 2021. Effective policy responses to the pandemic are more necessary in Myanmar as it does not have much resources to rely on.

Conclusion

2021 will be a more difficult year for the NLD government. As much as its party politics seems promising, it faces greater challenges in attaining domestic stability, ethnic reconciliation, curbing the spread of COVID-19, buying vaccines, revitalizing the economy, and redoing the elections in states where elections were postponed or fully suspended. The government must devise a more effective and dynamic foreign policy against China. The post-COVID world provides more challenges and the NLD government must surely rise up to the occasion.

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