EXECUTIVE BOARD MEETING

BUFF/21/15
Correction 1

September 16, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **Statement by the Staff Representative on Brunei Darussalam—Executive Board Meeting—September 1, 2021**

Board Action:	The attached correction to BUFF/21/15 (8/25/21) has been provided by the staff:
Factual Errors Not Affecting the Presentation of Staff's Analysis or Views	**Page 2**
Questions:	Mr. Furceri, APD (ext. 35854)

(TAP) of 5 percent and Supplemental Contributory Pensions (SCP) of 3.5 percent for local workers earning less than BND1,500 per month in the affected sectors under the category of micro, small and medium-size enterprises (MSMEs) with less than 100 employees; 25 percent salary subsidy provision for local workers in MSMEs with less than 100 employees; government funding for SCP Contributions to the self-employed, at least 30 percent discount on rental rates on government buildings for MSMEs in affected sectors; 50 percent tax discount on corporate income tax for the 2022 assessment to affected sectors; 20 percent discount on water and electricity bills for affected companies within affected sectors; and temporary exemption of customs and excise duties for personal hygiene products. These measures took effect on August 1 and will be in place until December 31. Staff estimates, based on the budget execution of these measures during the first wave, suggest that the fiscal impact likely be modest. Furthermore, the Brunei Darussalam Central Bank (BDCB) has announced that the assistance offered by the banking sector to affected businesses and individuals will be extended until December 31—such as the deferment of principal repayments on loans and financing, restructuring of personal loan/financing and hire purchase such as car financing for a period not exceeding 10 years, and waiver of fees and charges for local online interbank transfers.

5. **While it is too early to assess the economic impact of the new outbreak, downside risks have increased**. The recent resurgence of the pandemic and associated containment measures is expected to slow the recovery, especially in contact-intensive sectors. The impact on growth will depend on the duration of the second wave. As an indication of the potential impact, stringent containment measures implemented in the first wave negatively affected contact-intensive sectors which contracted by 1.6~~1.4~~ percent (yoy). However, the ability of the economy to live with the pandemic has improved (including through digitalization), and the strong and timely health, fiscal and regulatory policy responses should help sustain production and household income and consumption. Stronger vaccine rollouts and energy prices could surprise to the upside.