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June 25, 2020

**Statement by Ms. Levonian and Ms. Edwards on Myanmar  
(Preliminary)  
Executive Board Meeting 20/73  
June 26, 2020**

We thank staff for their well-written report and Ms. Mahasandana and Mr. Srisongkram for their insightful Buff statement.

Although Myanmar has had a low incidence of COVID-19 cases, the economy is being deeply affected by the pandemic as a result of weaker exports, decline in tourism and remittances, and restrained domestic demand on account of the virus containment measures. The authorities have responded with a COVID-19 Economic Relief Plan (CERP) comprising of several emergency fiscal, financial and monetary measures. The pandemic has created a balance of payments need and, as such, **we support the country's request for financial assistance under the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) for a disbursement of SDR 258.4 million (50 percent of quota).**

**We encourage the authorities to continue the reforms that were being implemented prior to the outbreak, once conditions permit.** We welcome their intention to make further progress on modernizing the tax system and improving public financial management (PFM), leveraging the capacity development and technical assistance provided by the Fund and other development partners. We note positively that the overall risk of debt distress remains low and that, notwithstanding, the authorities have requested debt service suspension under the Debt Service Suspension Initiative (DSSI).

**We encourage the authorities to closely monitor financial sector risks and strengthen the banking sector.** The authorities have announced policies to support bank lending, including by providing banks with a further three-year forbearance from prudential regulations. While such measures are warranted in the current circumstances, we support staff's recommendation to shorten the forbearance period in order to contain banking sector risks. Further, we note the intention of the authorities to guard against the risks of excessive monetization, to limit central bank financing and to gradually phase out monetary financing

as the economy begins to recover. Moreover, we encourage the authorities to address the gaps identified by the FATF in the AML/CFT framework.

**Appropriate safeguards are crucial for enhancing transparency in the management of resources.** In this regard, we welcome the authorities' commitment to publish quarterly reports and the results of a targeted audit on all COVID-19 related expenditures, and information on procurement contracts for crisis-related spending.