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June 25, 2020

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

We thank staff for the informative set of reports and Ms. Mahasandana and Mr. Srisongkram for their helpful Buff statement. Myanmar is expected to be severely hit by the COVID-19 pandemic through the export, tourism, and remittances channels, and domestic demand is expected to be dampened by containment measures. The country faces sizeable balance of payments and fiscal financing gaps in the near term, and external support from development partners is crucial for meeting these needs. We support the request for disbursement under the Rapid Credit Facility (RCF) and purchase under the Rapid Financing Instrument (RFI) and hope the Fund's support can catalyze additional multilateral and bilateral support.

The near-term priority remains to be containing the spread of the virus, strengthening healthcare, and providing relief to those vulnerable and in need. The authorities have laid out a comprehensive set of measures in the COVID-19 Economic Relief Plan (CERP), and we encourage the Fund to provide the authorities with assistance as needed to strengthen their capacity to implement these measures. On the fiscal front, effective prioritization of spending would be critical, especially in case conditions worsen and additional rationalization of expenditures becomes necessary. Further progress in key fiscal structural reforms would also be conducive to more efficient use of resources and enhancing governance. In this vein, we welcome the authorities' commitment to ensuring crisis-related resources are used transparently and effectively. We also take positive note of the authorities' use of mobile technology to extend the reach of their assistance to informal workers. Additional improvements to social safety nets would help ensure assistance can more effectively reach those who are most in need.

The authorities have taken steps to ease financial conditions and support the flow of bank credit to the economy. While financial sector policies may be warranted at this juncture given the challenges posed by the pandemic, care should be exercised to avoid exacerbating

existing fragilities in the financial system. We welcome the authorities' continued engagement with banks to promote prudence, as well as their intention to work closely with the Fund on financial sector reforms and contingency planning. We also take positive note of the authorities' commitment to addressing gaps in the AML/CFT framework and the recent progress achieved.

Going forward, it would be important for the authorities to continue to adapt their fiscal, monetary, and financial policies to evolving developments. Beyond the pandemic, we encourage the authorities to build on the important advancements achieved and make further progress on their reform agenda to achieve sustainable and inclusive development. We encourage staff to continue to maintain close engagement with the authorities to support their policy efforts, including to address weaknesses in the banking system, strengthen the management of public finances, and to enhance the economy's resilience to future shocks. Finally, we take positive note of the authorities' acceptance of obligations of Article VIII, Sections 2, 3, and 4.

With these remarks, we wish the authorities every success in their policy endeavors during this challenging time.