

**EXECUTIVE  
BOARD  
MEETING**

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Supplement 1

February 12, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Myanmar—Staff Report for the 2019 Article IV Consultation—Informational Annex**

Board Action:	Executive Directors' <b>consideration</b> (Formal)
Tentative Board Date:	<b>Friday, February 28, 2020</b>
Publication:	Not yet decided*
Questions:	Mr. De, APD (ext. 34869) Mr. Peiris, APD (ext. 34761) Mr. Deb, APD (ext. 39577)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration— Asian Development Bank, Asian Infrastructure Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Trade Organization

**\*At the time of circulation of this paper to the Board, the authorities have indicated that they need more time to consider whether they will consent to the Fund's publication of this paper. Publication will only proceed upon the receipt by the Fund of the member's explicit consent.**





# MYANMAR

## STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

February 11, 2020

Prepared By

Asia and Pacific Department  
(In consultations with other departments)

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## FUND RELATIONS

(As of December 31, 2019)

**Membership Status:** Joined on January 3, 1952; Article XIV.

### General Resources Account:

	SDR Million	Percent Quota
Quota	516.8	100
Fund holdings of currency (Exchange Rate)	516.8	100
Reserve Tranche Position	0	0

### SDR Department:

	SDR Million	Percent Allocation
Net cumulative allocation	245.76	100
Holdings	0.24	0.10

**Outstanding Purchases and Loans:** None

### Latest Financial Arrangements:

Type	Date of Arrangement	Expiration Date	Amount Approved (SDR Million)	Amount Drawn (SDR Million)
Stand-By	Jun 12, 1981	Jun 11, 1982	27.00	27.00
Stand-By	Jul 28, 1978	Jul 27, 1979	30.00	30.00
Stand-By	May 06, 1977	May 05, 1978	35.00	35.00

**Overdue Obligation and Projected Payments to the Fund<sup>1</sup> (SDR Million; based on existing use of resources and present holdings of SDRs):**

	Forthcoming				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Principal					
Charges/Interest	<u>1.84</u>	<u>1.82</u>	<u>1.82</u>	<u>1.82</u>	<u>1.82</u>
<b>Total</b>	<u>1.84</u>	<u>1.82</u>	<u>1.82</u>	<u>1.82</u>	<u>1.82</u>

<sup>1</sup> When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

**Implementation of HIPC Initiative:** Not Applicable

**Implementation of Multilateral Debt Relief Initiative (MDRI):** Not Applicable

**Implementation of Catastrophe Containment and Relief (CCR):** Not Applicable

### **Exchange Rate Arrangement**

The de jure exchange rate arrangement is classified as managed float, and the de facto exchange rate regime is classified as other managed, effective April 20, 2018. In 2018, the CBM made progress in allowing market forces to play a bigger role in determining the exchange rate. The FX reference rate largely followed a formula consisting of a weighted average of FX interbank and bank-customer market rates, with occasional small deviations. The CBM also abolished the trading band (reference rate +/- 0.8 percent) in August 2018. The CBM issued on February 4, 2019, a formal regulation announcing the transaction-based exchange rate, as the new reference rate. The CBM reserves the right to intervene to moderate excessive exchange rate volatility in the foreign exchange market.

Myanmar continues to avail itself of transitional arrangements under Article XIV, although it has eliminated all Article XIV restrictions. Myanmar has made significant progress toward satisfying Article VIII obligations, most recently by implementing a new auction mechanism and clear internal guidelines that remove the MCP which arose from the previous multi-price foreign currency auction. Myanmar does not engage in multiple currency practices or maintain exchange restrictions on payments and transfers for current international transactions, except for restrictions imposed solely for reasons of international or national security that have been notified to the Fund pursuant to Decision No. 144.

### **Article IV Consultation**

Myanmar is on the standard 12-month Article IV consultation cycle. The last Article IV consultation discussions were conducted on December 5-19, 2019 in Yangon and Nay Pyi Taw. The Executive Board concluded the 2019 Article IV consultation on Feb 28, 2020.

### **Technical Assistance**

Myanmar is one of the largest recipients of IMF technical assistance (TA). Delivery is through a mix of resident advisors; regional advisors based in the IMF Capacity Development Office in Thailand (CDOT) and short-term HQ and expert missions. The key areas of focus are:

- Central Banking: a resident foreign exchange advisor, a resident advisor on accounting and internal audit and a monetary operations advisor based in CDOT provided hands-on training and frequent responsive advice, supported by HQ missions. In addition, the CBM is now being assisted by a resident financial management advisor to strengthen the CBM's accounting framework and systems.

- **Financial Sector Supervision:** work in this area is led by a resident advisor in Yangon supported by HQ and expert missions. AML/CFT TA is delivered by HQ staff and short-term expert.
- **Revenue Reform:** a resident tax administration advisor is supported by HQ and expert missions aimed at modernizing the Internal Revenue Department (IRD), including to support the preparation of a Medium-Term Revenue Strategy. A resident custom advisor supports the Myanmar Customs Department (MCD) on compliance measurement, management control, risk Management and the development of MCD audit and anti-smuggling strategies. Work on tax policy is delivered through HQ missions, and include the preparation of the new income tax law (LEG) and modernization of the tax regime for extractive industries.
- **Public Financial Management:** the focus is on capacity development of the Treasury Department, following its establishment in September 2014, which was led by PFM advisors (two) based in CDOT and supported by HQ and expert missions. Work on public investment management, budgeting and fiscal risks from PPPs is delivered through HQ missions.
- **Statistics:** the work plan in this area has been developed following a multi-sector diagnostic mission in 2013. As a result, external sector and government finance statistics advisors (two) have taken up duties in CDOT and expert visits continue to assist in the development of price statistics. A rebased CPI was released in August 2016. Assistance in developing GDP statistics was provided during 2019.
- **Macroeconomic Management:** an advisor based in CDOT leads the work on developing a macroeconomic framework and other analytical tools and providing customized macroeconomic courses and workshops, which is closely integrated with the broader IMF training program.

In all areas, the IMF coordinates closely with other development partners. In the financial sector, the IMF team has assisted the Central Bank of Myanmar in developing a framework for coordination of international technical assistance.

### **Resident Representative**

Mr. Neil Saker has been the Resident Representative of the country and stations in Yangon, since September 2019.

### **IMF Capacity Development Office in Thailand (CDOT)**

Mr. David Cowen, Director, has headed the office since September 2015. CDOT (formerly TAOLAM) provides technical assistance and training in macroeconomic management and statistics, supported by resources from the Government of Japan and the Bank of Thailand. Currently, seven TA advisors are based in the office, covering public financial management (PFM), monetary and foreign exchange operations, macroeconomic management, government financial statistics, and external sector statistics for Myanmar, as well as Cambodia, Lao P.D.R., and Vietnam under most of CDOT's capacity development projects.

Myanmar: Key Technical Assistance by the Fund During 2019		
Department	Topic	Period
CDOT	Monetary Operations	Jan 16 – 18
CDOT	ESS follow-up (Trade in Services, Administrative Data)	Jan 22 – 24
STA	e-GDDS	Jan 23 – 29
CDOT	Monetary Operations	Jan 22 – 25
CDOT	Treasury Operations (Debt Accounting & Reporting)	Jan 28 – Feb 1
CDOT	PFM/Treasury Operations (Financial Reporting, COA)	Feb 4 – 8
FAD	MCD: Training Manual and Promotion Policy	Feb 11 – 22
CDOT/STA	GFS follow-up	Feb 11 – 15
CDOT	Macroeconomic Core Group	Feb 20 – 21
CDOT/STA	ESS FDI survey for DICA mainly on energy sector	Feb 20 – 22
FAD	IRD: Compliance Risk Management and Intelligence	Feb 25 – Mar 15
CDOT	Monetary Operations	Feb 26 – Mar 1
CDOT	ESS follow up (Trade in Services and Border Trade)	Mar 4 – 7
CDOT	PFM/Treasury Operations (Automation/COA)	Mar 5 – 8
MCM	Monetary TA assessment and Road Map	Mar 6 – 13
FAD	IRD: Brief Assessment	Mar 18 – 21
FAD	Fiscal Regime on Extractive Industry	Mar 20 – 29
FAD	MCD: Quick Review (Law Enforcement)	Mar 25 – 26
MCM/LEG	COFTAM	Mar 25 – 26
ICD	JSA TA needs discussion/ COFTAM	Mar 25 – 26
MCM	Bank S/V and Regulation	Mar 25 – Apr 4
CDOT	Monetary Operations	Mar 28 – 29
CDOT	Macroeconomic Core Group meeting	Apr 3 – 5
CDOT/STA	ESS (FDI Survey for DICA)	Apr 10 – 12
CDOT	Monetary Operation	Apr 25 – 26
MCM	TA on Contingency Planning	Mar 31 – Apr 10
FAD	IRD: Communications and change management	May 6 – 17
CDOT/STI	Financial Programing and Policy course (FPP)	May 6 – 17
FAD	MCD: Training Policy & Manual	May 12 – 24
CDOT	PFM for treasury issues	May 13 – 17
CDOT/FAD	PFM/Treasury Operations: (FIRST follow up)	May 14 – 31
CDOT	Monetary Operations	May 22 - 24
CDOT	GFS follow up	May 27 – 29
CDOT	Monetary Operations	May 28 – 31
FAD	IRD: Centralized Taxpayer Services	May 13 – Jun 4
FAD	IRD: Risk Management & Compliance Strategy	May 20 – Jun 7
FAD	IRD: Annual Review mission	May 21 – Jun 4
CDOT	ESS ((Trade in Goods and Services))	June 3 - 5
CDOT	Macroeconomic Core Group meeting	June 19 - 21

Department	Topic	Period
APD	Staff Visit	June 20 – 27
CDOT	Monetary Operations	June 20 - 21
CDOT	DSA Workshop	June 24 - 26
CDOT	Monetary Operations	June 25 - 28
CDOT/STA	ESS (FDI Survey for DICA)	July 1 – 5
FAD	MCD: Annual Review mission	July 2 – 15
CDOT	PFM/Treasury Management	July 9 - 23
CDOT	Monetary Operations	July 11 – 12
CDOT	ESS (Reporting and Use of FET Data from Banks)	July 22 - 24
CDOT	“FIRST” Support Mission	Jul 17 - Aug 14
CDOT	GFS follow-up	Aug 12-15
CDOT	Budget Restructuring and Analysis Tools Workshop	Aug 15
LEG	Tax Policy and Administration Strengthening	Aug 13- 16
CDOT	ESS (FDI survey for DICA)	Aug 19 - 23
CDOT	Monetary Operations	August 22 – 23
FAD	Tax Policy and Administration Strengthening - RMTF	Aug 26-30
CDOT	Monetary Operations	August 29 – 30
CDOT	ESS (FET data validation techniques)	Sep 4 - 6
CDOT	ESS (FET Workshop)	Sep 7
CDOT	ESS (Coverage Adjustments and Tourism Survey)	Sep 8 – 11
MCM/LEG	AML/CFT	Sep 9 -18
FAD	Tax administration visit	Sep 9 - 27
CDOT/FAD	PFM/Treasury Operations (COA)	Sep 10-24
FAD	Tax Policy Mission	Sep 16-27
MCM	Implementation of IFRS and modernizing Internal Auditing	Sep 18 - Oct 1
STA	Monetary Operations	Sep 26 – 27
STA	Quarterly National Accounts Statistics and Measuring Natural Resources in National Accounts	Sep 30-Oct 11
CDOT	GFS and Public Sector Debt Statistics (PSDS)	Oct 7 - 11
CDOT	Monetary operations	Oct 8 - 9
FAD	JSA9 Regional Workshop on customs administrations	Oct 8-10
MCM	Risk-based supervision manual	Oct 16 - 29
FAD	Centralized Taxpayer Services function	Oct 21 - Nov 8
CDOT	PFM Treasury Operations and UCOA	Oct 22 - 25
CDOT	Macroeconomic Core Group on the macroeconomic framework	Oct 22-24
CDOT	ESS (Data Sources and Compilation Framework)	Oct 28 - Nov 1
FAD	SAS expansion plan	Oct 28 - Nov 8



Department	Topic	Period
CDOT/STI/MCM	Workshop on Monetary and Exchange Rate Operations and Policy	Oct 30 - Nov 1
FAD	Integrity Action Plan and the MCD Discipline and Grievance processes.	Nov 4 - 15
CDOT	Monetary Operations	Nov 13 - 15
STA	CPI rebasing	Nov 18 - 29
FAD	MCD Risk Management Strategy.	Nov 25 - 29
CDOT	Monetary Operations	Nov 28 - Dec 6
CDOT	GFS and PSDS follow up	Dec 2 - 5
CDOT	ESS (Compilation of travel credits and other issues)	Dec 5 – 13
CDOT	PFM Treasury Operations and Unified COA and IA Manual	Dec 16 -24
CDOT	PFM (ICT for the FIRST)	Dec 16 - 17
CDOT	Monetary Operations	Dec 17 - 20

## RELATIONS WITH OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

World Bank: <http://www.worldbank.org/en/country/myanmar>

Asian Development Bank: <https://www.adb.org/countries/myanmar/main>

## MAIN WEBSITES OF DATA

**Central Bank of Myanmar (<https://www.cbm.gov.mm>)**

Government Securities

Deposit Auction

**Central Statistical Organization ([www.csostat.gov.mm](http://www.csostat.gov.mm))**

Consumer Price Index

**Myanmar Statistical Information Service ([www.mmsis.gov.mm](http://www.mmsis.gov.mm))**

National accounts

Population census

Labor and employment

Socioeconomic survey

Household income and expenditure survey

**Ministry of Commerce (<https://www.commerce.gov.mm>)**

Foreign trade

**Directorate of Investment and Company Administration (<https://www.dica.gov.mm/en>)**

Investment

# STATISTICAL ISSUES

As of December 31, 2019

I. Assessment of Data Adequacy for Surveillance
<p><b>General:</b> Data provision has serious shortcomings that significantly hamper surveillance. Data are not provided in a timely manner, and official and independent estimates of key macroeconomic variables differ widely.</p>
<p><b>National Accounts:</b> Myanmar's national accounts follow the 1968 System of National Accounts. National accounts data are only available on an annual basis up to FY 2017/2018. Compilation of quarterly data commences in FY 2018/19 at new base-year, 2015/2016, price. Gross Domestic Product (GDP) estimates are compiled at current and constant prices by production and expenditure approaches. Significant discrepancies exist between the two approaches. GDP is estimated at producer prices, instead of the internationally recommended market prices. The quality of the GDP measures is hampered by inadequate source data and the lack of relevant price indexes, such as the producer price index. National accounts estimate do not completely account for informal sector activity. Estimates of some economic activities, particularly in agriculture, construction, and public administration, need major improvement. Resource constraints at the Planning Department and the Central Statistical Organization, along with the lack of interagency coordination and a clear delineation of responsibilities, limit the conduct of surveys and other data collection. Technical assistance (TA) is being provided by the Asian Development Bank (AsDB) to improve the national accounts through the compilation of supply and use tables and to implement the 2008 SNA. The IMF has provided TA on quarterly national account statistics and measures of non-renewable natural resources in national accounts and plans to provide follow-up TA.</p>
<p><b>Price Statistics:</b> The IMF Statistics Department (STA) has provided TA to develop a new Producer Price Index (PPI) in 2018, but these data are not yet released. The assistance included the PPI questionnaire, pilot data collection, index calculation sheets and other needs of the development work. A new Household Income and Expenditure Survey was conducted in 2017. Results from this survey will be used to update the CPI basket and weights in 2020.</p>
<p><b>Government Finance Statistics:</b></p> <p>There is no comprehensive monthly or quarterly compilation of fiscal data. Monthly cash-based budget execution data are available in local language but are not published. Annual comprehensive data with a public sector coverage are being compiled in the GFSM format, but financing data are incomplete, and some transactions of state economic enterprises are recorded partly on an accrual and partly on a cash basis. Fiscal and monetary data are not consistent. In addition, recording of debt statistics is not comprehensive.</p> <p>Myanmar is participating in a two-year STA program funded by the government of Japan designed to improve government finance statistics in the Asia and Pacific Region with a GFS advisor based in CDOT. Regular TA visits to the country are undertaken by the GFS Advisor. In late 2017, the authorities established a fiscal reporting team who compiled annual GFS data with a wide coverage of the public sector for a 6-year period and reported these data to the Fund; and in 2018 have disseminated these data domestically on the Ministry of Finance website.</p>

**Monetary and Financial Statistics:**

The monetary survey compiled by the Central Bank of Myanmar (CBM) covers the central bank and all commercial banks (public and private), including foreign bank branches that commenced their operations in 2015. Reporting of monetary data in the Standardized Report Forms, which accord with the Monetary and Financial Statistics Manual classification principles, was established in January 2012. Nine finance companies and a multiple of deposit taking microfinance institutions have been established in 2013–14, but they are not included in the monetary statistics.

The quality of monetary statistics could be further improved by: (i) expanding the coverage of institutions; (ii) monitoring the consistency of the reciprocal/interbank accounts that show positions between the CBM and the commercial banks; and initiating data review and resolution of large inconsistencies; (iii) using electronic means to capture and share data to minimize mistakes; and (iv) in due course, adopting market or fair value-based valuation of financial instruments.

**Financial sector surveillance:** The authorities submitted quarterly financial soundness indicators (FSI) to STA for dissemination in March 2017, with data back to beginning of 2016. FSIs are critical for effective surveillance of the financial sector. The CBM is currently implementing regulatory prudential measures, which will improve the FSI data quality. The CBM reports nine core and four encouraged FSIs for deposit takers for posting on the IMF's FSI website with a lag of more than one quarter. However, the reporting of one core and three encouraged FSIs was discontinued since the third quarter of 2016. CBM reports data on several series and indicators to the Financial Access Survey (FAS), including the two indicators (commercial bank branches per 100,000 adults and ATMs per 100,000 adults) adopted by the UN to monitor Target 8.10 of the Sustainable Development Goals (SDGs).

**External sector statistics (ESS):** The balance of payments and international investment position (IIP) are compiled on the basis of the IMF Balance of Payments and International Investment Position Manual (*BPM6*), sixth edition, since 2016 and quarterly figures are reported to STA. Myanmar has participated in the Coordinated Direct Investment Survey (CDIS), beginning its first data submission to STA in November 2017. Although recent revisions have resulted in more accurate classifications of transactions and positions, the coverage of some key components should be further reviewed and enhanced (particularly, trade in goods, remittances, and private non-bank financial transactions and positions). The revaluation of the national currency in April 2012 resulted in a large break in the balance of payments and IIP series. Myanmar continues to be one of the beneficiary countries in the current multi-year STA program on improving ESS in the Asia-Pacific Region funded by Government of Japan. Under the project, TA is provided by the ESS advisor in CDOT and ESS short-term experts reporting to STA.

**II. Data Standards and Quality**

Myanmar began participating in the IMF's General Data Dissemination System (GDDS) in November 2013, which was superseded by the enhanced GDDS (e-GDDS) in 2015.

No data ROSC is available.

**Myanmar: Table of Common Indicators Required for Surveillance**

(As of December 31, 2019)

	<b>Date of Latest Observation</b>	<b>Date Received</b>	<b>Frequency of Data<sup>1</sup></b>	<b>Frequency of Reporting<sup>1</sup></b>	<b>Frequency of Publication<sup>1</sup></b>
Exchange Rates	11/19	11/19	D	D	D
Reserve Liabilities of the Monetary Authorities <sup>2</sup>	8/19	11/19	M	M	I
Reserve/Base Money	8/19	11/19	M	M	M
Broad Money	8/19	11/19	M	M	M
Central Bank Balance Sheet	8/19	11/19	M	M	M
Consolidated Balance Sheet of the Banking System	8/19	11/19	M	M	M
Interest Rates <sup>3</sup>	10/19	11/19	M	I	M
Consumer Price Index	9/19	11/19	M	M	M
Revenue, Expenditure, Balance and Composition of Financing <sup>4</sup> —General Government <sup>5</sup>	FY 2018/19	12/19	A	I	NA
Revenue, Expenditure, Balance and Composition of Financing <sup>4</sup> —Central Government	FY 2018/19	12/19	A	I	NA
Stocks of Central Government and Central Government—Guaranteed Debt <sup>6</sup>	FY 2018/19	12/19	A	I	NA
External Current Account Balance	Q3 2019	12/19	Q	Q	Q
Exports and Imports of Goods	11/19	12/19	M	M	M
GDP/GNP	FY 2018/19	11/19	Q	A	A
Gross External Debt	FY 2018/19	12/19	A	I	I
International Investment Position <sup>7</sup>	Q3 2019	12/19	Q	Q	Q

<sup>1</sup> Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A); Irregular (I); Not Available (NA).<sup>2</sup> Any reserve assets that are pledged or otherwise encumbered should be specified separately. Also, data should comprise short-term liabilities linked to a foreign currency but settled by other means as well as the notional values of financial derivatives to pay and to receive foreign currency, including those linked to a foreign currency but settled by other means.<sup>3</sup> Officially determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds.<sup>4</sup> Foreign, domestic bank, and domestic nonbank financing.<sup>5</sup> The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds), state and local governments, and State economic enterprises (SEEs).<sup>6</sup> Including currency and maturity composition.<sup>7</sup> Includes external gross financial asset and liability positions vis-à-vis nonresidents.