

June 26, 2020

**The Acting Chair's Summing Up
Myanmar—Requests for Disbursement Under the Rapid Credit Facility and
Purchase Under the Rapid Financing Instrument; Acceptance of
Obligations of Article VIII, Sections 2, 3, and 4
Executive Board Meeting 20/73
June 26, 2020**

Executive Directors recognized that the COVID-19 outbreak presents large human and economic costs for Myanmar. They noted that support under the Rapid Credit Facility and Rapid Financing Instrument will help mitigate economic and social costs, particularly to vulnerable groups and catalyze additional financing, including under the DSSI.

Directors welcomed the authorities' efforts to quickly enact important emergency fiscal, financial, and monetary measures. They underscored that while the immediate priority is to boost healthcare and social spending, strong policies and reform efforts should resume once conditions permit. In the medium term, it will be important to focus on enhancing revenue mobilization and pursuing PFM reforms. Directors encouraged the authorities to leverage capacity development and technical assistance from the IMF and other development partners to further these reform measures.

Directors noted that while the overall risk of debt distress remains low, evolving circumstances could increase vulnerabilities. They underscored that a medium-term revenue strategy and a framework for better monitoring and managing fiscal risks are crucial. Directors encouraged the authorities to give priority to pursuing external grants and concessional financing.

Directors noted the steps taken by the central bank to support the economy. To enable further reserves build up, they encouraged the authorities to continue to adhere to the FX intervention rule. In addition, they called for limiting deficit financing by the central bank.

Directors welcomed the authorities' commitment to better manage banking sector stress and addressing gaps in the AML/CFT framework. They added that setting up an Emergency Liquidity Assistance facility is pivotal. Directors also recommended shortening of the forbearance period. In addition, it will be important to closely monitor non-performing loans according to loan classification requirements in place prior to COVID-19 while encouraging banks to take progressive steps towards full compliance.

Directors highlighted the importance of implementing governance, transparency and accountability measures to ensure the appropriate use of COVID-related emergency financing. They welcomed that the Myanmar authorities have accepted the obligations of Article VIII of the IMF's Articles of Agreement.