EXECUTIVE BOARD MEETING

EBS/20/195

December 21, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Myanmar—Requests for Disbursement Under the Rapid Credit Facility and Purchase Under the Rapid Financing Instrument**

Board Action:	Executive Directors' **consideration** (Formal)
Tentative Board Date:	**Tuesday, January 12, 2021**
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Questions:	Mr. Peiris, APD (ext. 34761) Mr. Deb, APD (ext. 39577) Mr. Muir, APD (ext. 35343)
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***The authorities have indicated that they consent to the Fund's publication of this paper.**

INTERNATIONAL MONETARY FUND

MYANMAR

December 21, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND PURCHASE UNDER THE RAPID FINANCING INSTRUMENT—DEBT SUSTAINABILITY ANALYSIS[1]

Approved by
Kenneth H. Kang, Johannes Wiegand (IMF), and Marcello Estevão (IDA)

Prepared by Staff of the International Monetary Fund and the International Development Association

Risk of external debt distress:	Low
Overall risk of debt distress:	Low
Granularity in the risk rating:	Not applicable
Application of judgement:	No

Myanmar's risks of external debt and overall debt distress continue to be assessed as low, and there is adequate capacity to repay the Fund. An intense second wave of the COVID-19 pandemic has hit Myanmar hard, inflicting large economic and social costs while straining the already frail healthcare system. Strict lockdown measures are hurting manufacturing and domestic spending, while weak external demand continues to weigh on exports and tourism. Continued strains on revenues and higher spending will widen the fiscal deficit in FY 2020/21, requiring additional financing. The authorities have requested a second disbursement from the IMF (US$356.5 million - 50 percent of quota), to be used as budget support in FY 2020/21, for urgent balance of payments needs. They are beginning to benefit from debt service suspension under the DSSI. The authorities should limit central bank financing of the fiscal deficit and gradually phase it out thereafter. Carefully tracking spending execution to ensure that additional loan financed COVID-19 related spending is smoothing the impact on firms and households will be important. The current economic conditions highlight the need for contingency planning in case a more prolonged global outbreak of COVID-19 results in more adverse macro-financial outcomes. Debt management capacity needs strengthening, and the authorities should remain vigilant about borrowing that leads to a rapid debt buildup. Strengthening the business environment and governance, including in the natural resource sector, would raise the investment outlook and potential growth.

[1] The DSA follows the IMF-World Bank Staff Guidance Note on the Application of the Joint Fund-Bank Debt Sustainability Framework (DSF) for Low-Income Countries (LICs) (February 2018). Myanmar's debt-carrying capacity remains medium as its Composite Indicator is 2.73, which is based on the October 2020 WEO and the 2019 CPIA released in July 2020.

PUBLIC DEBT COVERAGE

1. The coverage of public sector debt used in the DSA is fully consolidated public sector debt, government-guaranteed debt and social security funds. SOE debt is on lent and is therefore included in the coverage of public external debt. SOEs cannot borrow from external creditors by law, so in practice there is no non-guaranteed SOE debt.[2] The coverage of debt is unchanged from the previous DSA published as part of the 2019 Article IV consultation.

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	X
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

2. Contingent liabilities from PPPs and shocks to the financial sector have been included in the analysis. Off-balance sheet liabilities related to PPPs and PPAs are approximately 3.2 percent of GDP. Using the standard methodology under the IMF/WB LIC DSA framework translates this to a shock of 1.09 percent of GDP as part of the contingent liabilities.[3] The extension of the phase-in period for compliance with the 2017 prudential regulations could postpone banking sector restructuring and raise potential public recapitalization costs while potentially limiting access to finance. The standard shock covering 5 percent of GDP has been added to the analysis to account for potential recapitalization needs.

Myanmar: Coverage of Contingent Liabilities

1	The country's coverage of public debt	The central, state, and local governments plus social security, central bank, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	0.0	By law: SOEs cannot borrow directly
4	PPP	35	percent of PPP stock	1.1	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			6.1	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

[2] The 2017 public debt management law states that SOEs (referred to in Myanmar as State Economic Enterprises - SEEs) can borrow directly from state-owned banks or benefit from on-lending by the government. By law, SOEs cannot borrow directly from external creditors.

[3] A PPP shock in the LIC DSA framework is applicable only when the PPP capital stock is larger than 3 percent of GDP; per the latest data from the World Bank's PPP database, Myanmar PPP stock is estimated to be 1.42 percent of GDP.

BACKGROUND ON DEBT

3. Myanmar's public debt has been within a tight range as a share of GDP since 2014. Total public debt has varied between 35.4 and 40.0 percent of GDP. External debt similarly has been around 16 percent of GDP, with some repayments starting in FY 2018/19, as domestic debt has taken on a greater role. However, financing by the Central Bank of Myanmar (CBM) has been a key part of domestic debt issuance before FY 2019/20.

4. Myanmar's total public debt is estimated to be 38.6 percent of GDP as of end-June 2020.[4] Public debt in this DSA covers public domestic debt (60.5 percent of total public debt) and public and publicly guaranteed (PPG) external debt (39.5 percent of total public debt).[5] Domestic debt comprises T-bills and T-bonds, a large share of which—mostly 3-month T-bills—is held by the CBM. Most PPG external debt is held by bilateral creditors amongst which China and Japan are the largest creditors. The International Development Association (IDA) and the Asian Development Bank (ADB) are the largest multilateral creditors.

Text Table 1. Total Public and Publicly Guaranteed Debt

Estimated at end-June 2020	USD billion	In percent of total
Bilateral Creditors	**8.4**	**30.3**
Paris Club	5.0	18.0
Of which: Japan	3.5	12.7
Non-Paris Club	3.4	12.2
Of which: China	3.1	11.3
Multilateral Creditors	**2.5**	**9.2**
Of which: ADB	0.6	2.2
Of which: IDA	1.5	5.6
Of which: IMF	0.4	1.3
Commercial Creditors	**0.0**	**0.1**
Domestic Debt	**16.7**	**60.5**
T-Bills	11.4	41.2
T-Bonds	5.3	19.2
Total Public Debt	**27.6**	**100.0**

5. The IMF approved a disbursement of fifty percent of quota (US$356.5 million) in June 2020. To help meet the urgent balance-of-payments and fiscal needs arising from the COVID-19 pandemic and support the government's plans to boost spending especially on health and social safety nets. SDR 86.1 million (about US$118.8 million) was disbursed under the IMF's Rapid Credit Facility (RCF), and a purchase of SDR 172.3 million (about US$237.7 million) was approved under the IMF's Rapid Financing Instrument (RFI). The IMF emergency financing also catalyzed additional support from the international community, including under the Debt Service Suspension Initiative (DSSI) supported by the G-20 and the Paris Club.

6. The authorities continue to negotiate debt service suspension under the DSSI, supported by the G-20 and Paris Club. Debt service suspension, under the DSSI, was previously estimated to be US$322 million in FY 2019/20 and US$67 million in FY 2020/21. Reflecting the outcome of ongoing negotiations with creditors and the recent extension of the initiative until June 2021, suspended debt service is now projected to be US$114 million and US$367 million in FY 2019/20 and FY 2020/21 respectively.[6] It covers 38.5 percent of the expected external financing

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[4] Myanmar's fiscal year has changed from April-March, to October-September. Following a six-month transition period, from April 1, 2018 to September 30, 2018, the new fiscal year started October 2018. In this DSA, the first year of projection (2020) is equivalent to FY2019/20. FY2019/20 covers the period October 2019–September 2020.

[5] For Myanmar, the external debt definition used in this DSA is based on residency.

[6] The authorities continue to negotiate and sign bilateral debt suspension agreements with various Paris Club creditors. As of October, Germany has signed an agreement while Austria, Finland, France, Japan, Korea, Netherlands and the UK are in various stages of negotiations. The authorities are also in discussions with China and India. Debt

(continued)

gap in FY 2020/21 with the rest expected to be covered by leveraging co-financing from the IFIs including the IMF, ADB and World Bank.

7. **Total private external debt is estimated to be 10.4 percent of GDP as of FY 2019/20**. The estimated total private external debt stock has been revised based on the intensive ongoing TA in external sector statistics. Thus, total external debt, the sum of PPG external and private external debt, is estimated to be 23.1 percent of GDP as of FY 2019/20.

8. **While reliance on CBM financing persists, it is expected to be below the authorities' target set for FY 2019/20**. CBM financing of the fiscal deficit was limited at MMK 800 billion (4.1 percent of previous year's reserve money), below the authorities' MMK 1.3 trillion ceiling in the FY 2019/20 Supplementary Budget, reflecting the lower fiscal deficit and increased domestic bank financing. Gross CBM financing of the fiscal deficit for FY 2020/21 is projected at around 4 percent of previous years' reserve money and 20 percent of total domestic financing; keeping it at a prudent level as observed in FY 2019/20.

9. **New loans, on concessional terms, with bilateral and multilateral creditors have been signed.** This financing will finance infrastructure and other projects ranging from power, electrification, and transportation to health. During FY 2019/20 loans totaling approximately US$1.9 billion were signed, as of June 2020. In accordance with the DSSI, the authorities commit to contract no new non-concessional debt during the suspension period while meeting reporting requirements.

BACKGROUND ON MACRO FORECASTS

10. **The assumptions in the baseline scenario are from the macroeconomic framework presented in the staff report**. The baseline assumes that, consistent with the average experience of Asian economies, the second wave is contained, and restrictions gradually eased, with a recovery in economic activity beginning by December 2020. However, given the importance of the first quarter in growth contributions and consistent with cross country models of the impact of lockdowns calibrated for Myanmar, growth is expected to fall to 0.5 percent for FY 2020/21 compared with the previously projected 6 percent (at the time of first disbursement of the RCF/RFI). Growth is expected to rebound in FY 2021/22 reflecting the gradual recovery and strong base effects. However, over the medium term, permanent losses in output from the impact of the second wave and economic scarring, compounded by macro-financial fragilities is expected. Reflecting this, the average medium-term growth has been revised down by 0.4 percent relative to what was previously projected. The current account deficit is projected to gradually decline to 3.3 percent of GDP, over the medium term, reflecting a pickup in external demand and in gas exports related to the development of the A6 block, keeping reserves at 5 months of import coverage. The fiscal deficit is projected to decrease and remain around 4 percent of GDP in the medium term, with primary deficit around 2 percent of GDP, reflecting continued efforts in revenue mobilization and prudent spending.

suspension in FY2020/21 covers eligible debt service due from Oct 2020-Jun 2021 and comparability of treatment amongst creditors.

11. The main assumptions in the baseline are:

- **Real GDP growth**. The impact of the first COVID-19 wave was less severe than expected. With the first wave of infections quickly contained, GDP growth in the first three quarters of FY 2019/20 was stronger than expected. However, Q4 growth is expected to be weaker bearing the impact of the September's second wave. This second wave will weigh heavily on FY 2020/21 growth. Overall, growth is projected at 3.2 percent for FY 2019/20, a sharp decline from 6.8 percent in FY 2018/19. It is expected to fall to 0.5 percent for FY 2020/21 and rebound to 7.9 percent in FY 2021/22.

- **Inflation**. Headline inflation continued to fall, due to lower food and fuel prices, and is projected to reach 3.3 percent (end-period) year-over-year at end-September 2020. Inflation will gradually rise to 5.4 percent by the end of FY 2020/21 due to higher rice and fuel prices.

- **Current account**. The current account deficit, in FY 2019/20, was lower than expected at 3.5 percent of GDP (versus 4 percent) as gas exports and remittances held up better than expected. In FY 2020/21, exports, particularly garments, are projected to decline due to continued disruptions in production and weak external demand. Gas exports are also projected to decline given declining production projections. Imports are expected to rise including from COVID-related imports of medicines and medical equipment and rising capital goods. Tourism receipts are expected to remain muted, while remittances are expected to soften. The deficit is expected to widen to 4.4 percent of GDP in FY 2020/21.

- **External financing**. The IMF has provided financing with a first disbursement (50 percent of quota) under the RCF/RFI, that was disbursed in June 2020. A second disbursement (50 percent of quota) is expected in January 2021. IMF financing has helped catalyze additional external financing from multilateral and bilateral donors and support under the DSSI. While the disbursements were approved in FY 2019/20, they are assumed to be disbursed in FY 2020/21 under the baseline. The Asian Development Bank has approved US$250 million, under its COVID-19 Active Response and Expenditure Support Program, while the World Bank has approved US$50 million in emergency health financing and has activated an additional US$110 million under Contingent Emergency Response Components of projects, with more under discussion, to help the authorities respond to COVID-19. In addition, Japan has provided US$289 million as part of JICA's COVID-19 Crisis Response Emergency Support Loan for Myanmar. Project financing is currently in place and is expected to remain stable. FDI inflows have declined in FY 2019/20, however, the recent pick up in capital imports, in FY 2019/20:Q3, suggests a slight recovery in FDI inflows in FY 2020/21 which is also suggested by an uptick in the FDI approvals data.

- **Fiscal**. The fiscal deficit at 4.7 percent of GDP in FY 2019/20 was lower than expected reflecting under-execution of spending partially off-setting weak tax revenue collection. Spending underperformed due mainly to capital budget execution delays, keeping the fiscal deficit 1 percent of GDP lower than expected. In FY 2020/21, containment and tax relief measures will weigh on revenues (about ½ percent of GDP), while policies to mitigate the outbreak's economic impact and bolster healthcare are expected to raise expenditures by ¾ percent of GDP. Additional spending may be required should the lockdown persists, or future waves materialize. The fiscal deficit is projected to widen to 6 percent of GDP, in FY 2020/21, opening a fiscal financing gap of about US$1 billion (1.1 percent of GDP).

- **Public debt**. Total public debt, in FY 2019/20, has been revised down to 38.2 percent of GDP mostly reflecting the recent appreciation of the kyat. Going forward, the recent appreciation pressures may turn out to be temporary as imports recover and remittances fall back as migrant workers run down their savings and face uncertainty. The previous DSA had estimated total public debt in FY 2019/20 to be 42.7 percent of GDP.

Text Table 2. Myanmar: Baseline Macroeconomic Assumptions

(in percent of GDP, unless otherwise noted)

						Historical	Baseline	Previous DSA
	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2014/15-FY2018/19	FY2019/20-FY2023/24	
Real GDP growth (in percent)	3.2	0.5	7.9	6.2	6.3	6.6	4.8	5.2
Inflation (percent change, y/y)	6.1	5.0	5.7	6.3	6.3	7.7	5.9	6.2
Primary fiscal balance	-3.1	-4.2	-3.3	-2.6	-2.3	-1.9	-3.1	-3.4
Overall fiscal balance	-4.7	-6.0	-5.2	-4.6	-4.3	-3.4	-5.0	-5.3
Current account balance	-3.5	-4.4	-3.8	-3.5	-3.3	-4.4	-3.7	-4.1
Foreign direct investment (FDI)	4.7	5.0	5.0	5.0	5.0	5.1	3.2	3.4

Source: IMF staff estimates.

12. Realism of the baseline. The PPG external debt-to-GDP ratio follows a similar path compared to the previous DSA (published 2020) but is shifted downwards compared with the DSA from five years ago (published 2014) given the large amount of debt relief received in 2013. Cross country experience suggests that the baseline fiscal expansion is feasible (Figure 4).[7] Myanmar needs a reasonable adjustment of its primary balance over the next 3 years of 1.5 percent GDP, even with very weak GDP growth. It is well below the top quartile of countries more likely to experience fiscal adjustment challenges.

COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

13. The LIC DSF determines the debt sustainability thresholds by calculating a composite indicator (CI).[8] The CI is based on a weighted average of several factors such as the country's real GDP growth, remittances, international reserves, and world growth and the CPIA score. The calculation of the CI is based on 10-year averages of the variables, across 5 years of historical data and 5 years of projection, and the corresponding CPIA. For Myanmar, based on its CI score of 2.73, the final debt

[7] Public/Private investment rate charts are not available. Technical assistance from the IMF and various development partners is ongoing to strengthen macroeconomic data.

[8] The CI included in this analysis is based on the IMF's 2020 October WEO dataset and the World Bank's 2019 CPIA (released July 2020). More details about the CI can be found in the new LIC-DSF guidance note: https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/02/14/pp122617guidance-note-on-lic-dsf.

carrying capacity classification for this DSA is medium. A summary of the thresholds used in the exercise are included in the table below.

Myanmar: Composite Indicator and Thresholds

Country	Myanmar
Country Code	**518**

Debt Carrying Capacity	**Medium**

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage
Medium	Medium	Medium	Medium
	2.73	2.72	2.72

APPLICABLE	
EXTERNAL debt burden thresholds	
PV of debt in % of	
Exports	180
GDP	40
Debt service in % of	
Exports	15
Revenue	18

APPLICABLE	
TOTAL public debt benchmark	
PV of total public debt in percent of GDP	55

14. Given Myanmar's vulnerability to natural disasters, staff conducted a tailored stress test. Myanmar is exposed to a range of natural disasters accompanied by high economic and social costs, with significant impact on the poor and most vulnerable. Historically, these losses have been estimated to be around 2 percent of GDP annually (between 2006–15) and were also highlighted in the 2018 DSA, as the largest shocks that affect debt sustainability (IMF/WB DSA 2018). Annual expected losses from natural hazards are among the highest of all countries in Southeast Asia (World Bank, GFDRR). Myanmar experiences a 5 percent decrease in GDP, with the interactions with the real GDP and export growth shocks retained at their default values.

15. A customized scenario is also included and analyzed separately. It is an illustrative exercise focused on the impacts of a prolonged COVID-19 outbreak on Myanmar. It is a 3.5 percent decrease in real GDP in FY2020/21 relative to the baseline scenario to represent additional impacts of lockdowns and the pandemic, combined with a 5 percent of GDP shock to contingent liabilities to capture resulting recapitalization needs in the banking sector.

DEBT SUSTAINABILITY

A. External Sector Debt Sustainability Analysis

17. All external PPG debt indicators remain below the policy relevant thresholds in the baseline scenario (Figure 1 and Table 1). These thresholds include the present value (PV) of the external-debt-to-GDP ratio, the PV of the external-debt-to-exports ratio, the external-debt-service-to-exports ratio, and the external-debt-service-to-revenue ratio. The PV of PPG external debt-to GDP ratio is gradually declining from 11.3 percent of GDP in FY 2019/20 to around 9.2 percent of GDP in FY 2029/30. Both debt service-to-exports and debt service-to-revenue ratio decline starting 2026 reflecting the end of repayment period under the DSSI.

18. Standardized stress tests show that an export slowdown shock has the greatest impact. It increases the PV of external debt-to-GDP ratio, the external debt-to-exports ratio and the debt service-to-exports ratio the most highlighting the need to expand the export base. The standardized stress test also show that the debt service-to-revenue ratio is most affected by depreciation (Table 3).

B. Public Sector Debt Sustainability Analysis

19. The PV of total public debt-to-GDP ratio lies below the public debt benchmark of 55 percent (Figure 2 and Table 2). It peaks in FY 2023/24. The debt service to revenue ratio also remains contained over the projection period.

20. The standardized sensitivity analysis shows that the natural disaster shock has the greatest impact. The natural disaster shock pushes the PV of public debt-to-GDP in FY 2025/26 to reach 49.4 percent of GDP, but still below the indicative threshold (Table 4).[9]

CUSTOMIZED SCENARIO ANALYSIS

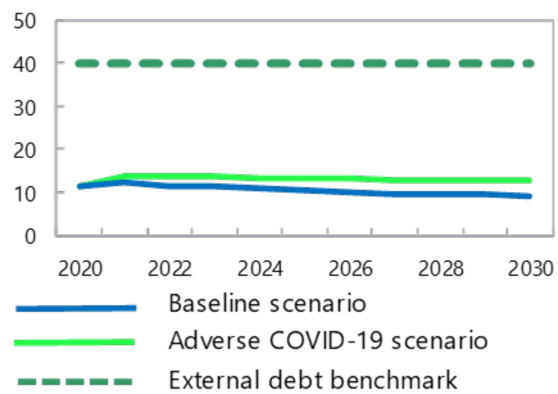
21. A more prolonged global outbreak of COVID-19 could result in more adverse economic outcomes that interact with banking sector fragilities. A customized adverse scenario, which considers the macroeconomic impact from assuming lockdowns need to be maintained until March 2021, reflects the impact of this downside risk. In such an adverse scenario, where containment takes longer with a more persistent downturn, growth could fall by an additional 3½ percentage points in FY 2020/21 while the external position could be severely impacted from disruptions in the export-oriented sectors due to containment restrictions thereby lowering reserve coverage. This could potentially result in the realization of contingent liabilities (around 5 percent of GDP) arising from recapitalization needs in the banking sector and thus increase the debt stock. The effects of such an interaction would be long-lasting (as credit sharply declines based on the

[9] The natural disaster shock is a one-off shock of 10 percentage points of GDP to debt-GDP ratio in the second year of the projection period. Real GDP growth and exports are lowered by 1.5 and 3.5 percentage points, respectively, in the year of the shock.

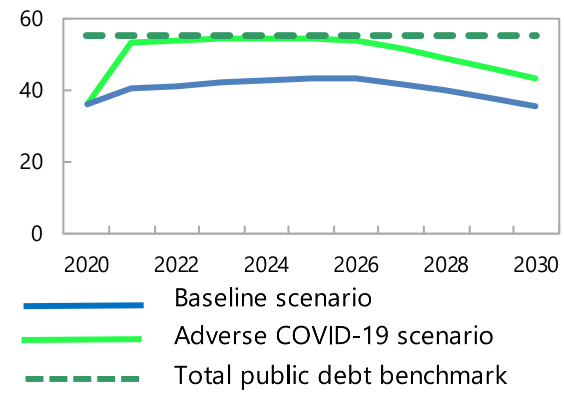
experience of other financially shallow countries that experienced credit booms), with a slow recovery of output relative to the baseline.[10]

22. Under the customized adverse scenario, the PV of the debt ratios would rise but remain under their indicative thresholds. The PV of the external debt-to-GDP ratio would deteriorate to some degree, remaining well below the threshold (Text Chart 1). Given the recapitalization needs of the banking sector by the government, the PV of public debt-to-GDP ratio would be expected to deteriorate significantly in the short term, but still below the indicative threshold (Text Chart 2).

Text Figure 1. PV of the External Debt-to-GDP Ratio
(In percent)



Text Figure 2. PV of the Public Debt-to-GDP Ratio
(In percent)



RISK RATING AND VULNERABILITIES

23. Myanmar's risk of external debt distress is low as is the overall risk of debt distress. The immediate and sizable balance of payments needs caused by the sudden and exogenous shock of the COVID-19 pandemic qualifies Myanmar for emergency financing from the Fund. The RCF/RFI would support the authorities' efforts to contain the outbreak and mitigate its adverse socio-economic costs, as well as improved fiscal and external balances. This support has catalyzed additional financing from other multilateral institutions and bilateral creditors and has allowed Myanmar to participate in the DSSI. Despite the increased borrowing and larger gross financing needs, staff assess that external and public debt remains robust to shocks. Furthermore, IMF financing, together with additional external support and the DSSI, is expected to help mitigate the risk of excessive monetary financing and a decline in needed social spending.

24. The authorities should be prepared to take contingency fiscal measures, including delays in lower-priority capital spending, in case the unidentified financing needs cannot be filled. It is recommended that monetary financing be limited and gradually phased out to minimize risk to external stability and an inflation spiral. Debt service suspension negotiations, under the DSSI, should continue with all eligible creditors with the view of the extension of the initiative to

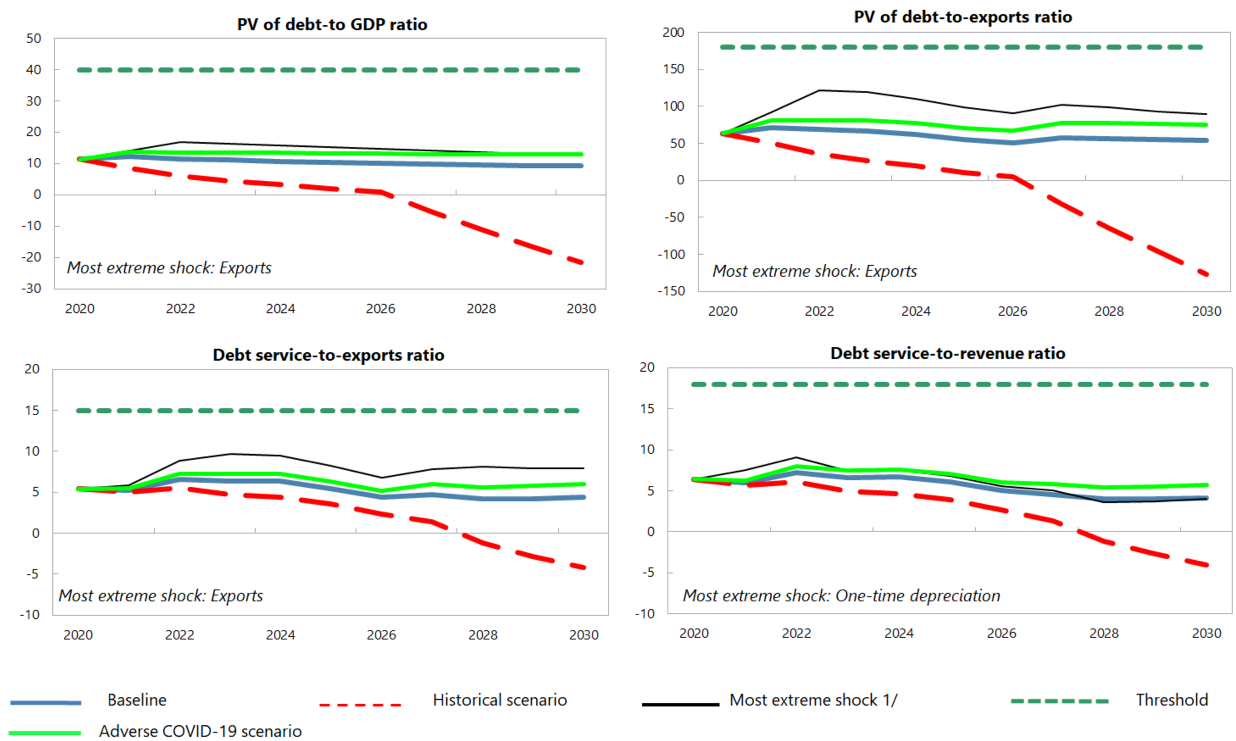
[10] See Text Chart 5 of the accompanying Staff Report for a comparison of real GDP in the baseline and adverse scenarios.

June 2021. In the extractives sector, reform of the petroleum model production sharing contract will be important. The need for contingency planning to respond to potential banking stress remains key. Staff scenario analysis highlights that larger than expected contingent liabilities arising from the banking system could severely impact debt sustainability. The authorities should remain vigilant of the potential impact of a more prolonged global outbreak which could interact with banking sector fragilities and result in more adverse economic outcomes. Over the medium term, strengthening the business environment and governance would raise the investment outlook and potential growth. There is scope for significant reform of the mining sector's fiscal regime and raising revenues. Over the longer term, fiscal and external buffers need to be strengthened to accommodate and account for natural disasters, which in turn will also strengthen debt sustainability.

Authorities' Views

25. The authorities broadly agreed with staff's assessment of debt sustainability. In the context of the prolonged COVID-19 shock, the authorities appreciated the staff analysis and presentation on the risks. They noted external financing would be critical to meeting their financing needs. They reiterated that they would like to preserve progress in limiting monetary financing as per the action plans within the CERP (COVID-19 Economic Recovery Plan) and MERRP (Myanmar Economic Resilience and Recovery Plan). In their view, additional RCF/RFI financing would help finance part of the temporary increase in the budget and current account deficit for the current fiscal year, while catalyzing support from other multilateral and bilateral creditors. The authorities noted they would continue to avail themselves of the Debt Service Suspension Initiative (DSSI) extension to June 30, 2021, supported by the G−20 and Paris Club.

Figure 1. Myanmar: Indicators of Public and Publicly Guaranteed External Debt Under Alternatives Scenarios, 2020–2030 1/ 2/



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	Yes	No
Commodity price	n.a.	n.a.
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.6%	5.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	28	20
Avg. grace period	7	5

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Myanmar: Indicators of Public Debt Under Alternative Scenarios, 2020–30 1/

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	15%	15%
Domestic medium and long-term	66%	66%
Domestic short-term	19%	19%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.6%	5.0%
Avg. maturity (incl. grace period)	28	20
Avg. grace period	7	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	1.2%	3.0%
Avg. maturity (incl. grace period)	5	5
Avg. grace period	1	1
Domestic short-term debt		
Avg. real interest rate	0.3%	0.3%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

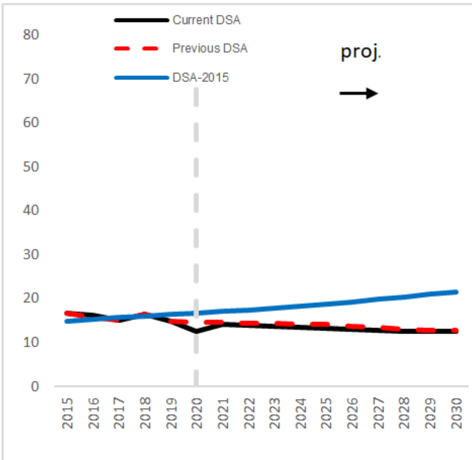
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

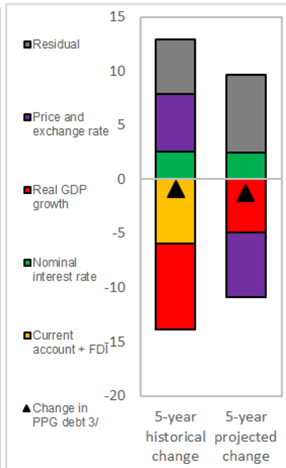
Figure 3. Myanmar: Drivers of Debt Dynamics—Baseline Scenario

External debt

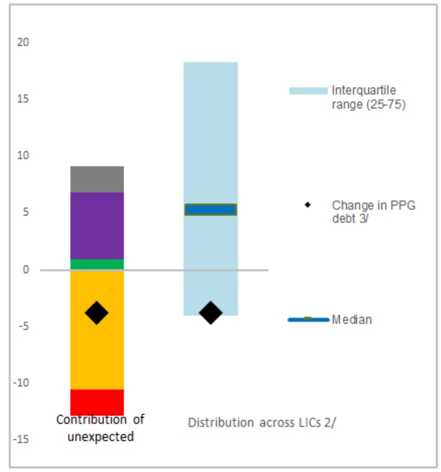
Gross Nominal PPG External Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)

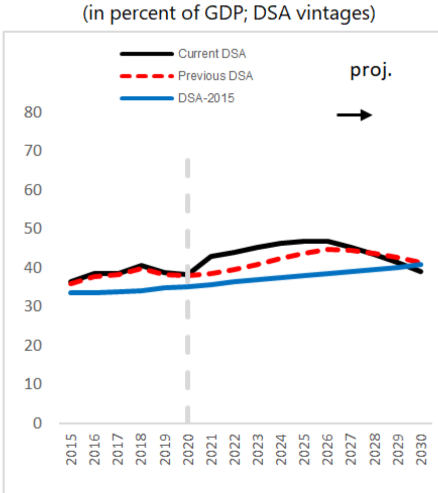


Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)

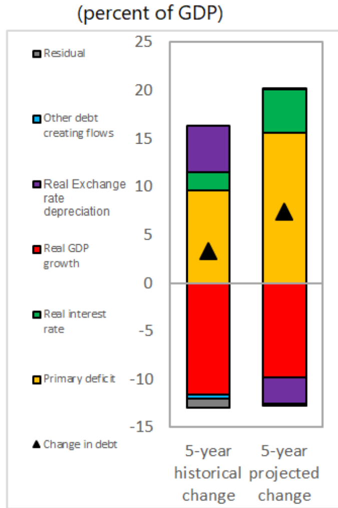


Public debt

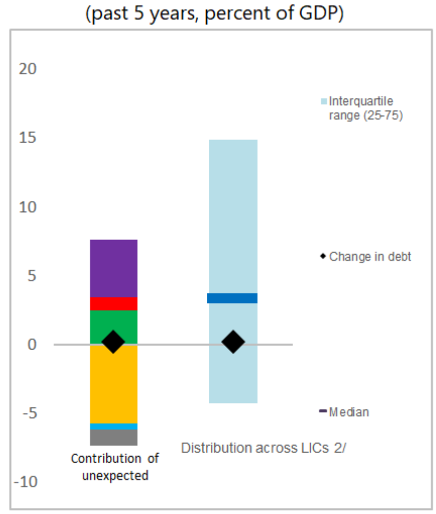
Gross Nominal Public Debt
(in percent of GDP; DSA vintages)



Debt-creating flows
(percent of GDP)



Unexpected Changes in Debt 1/
(past 5 years, percent of GDP)



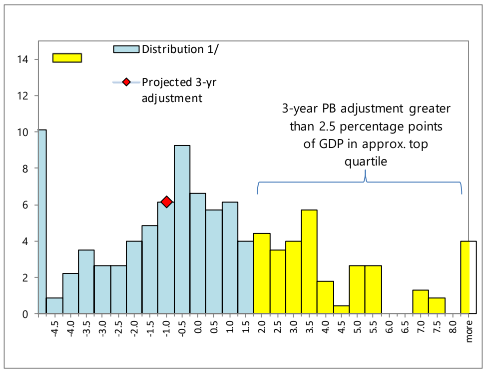
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

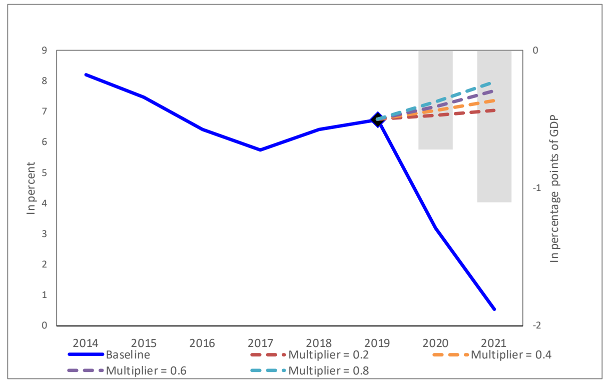
Figure 4. Myanmar: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



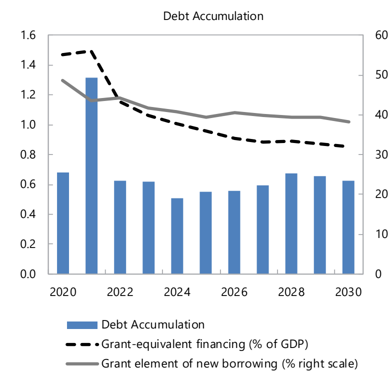
1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

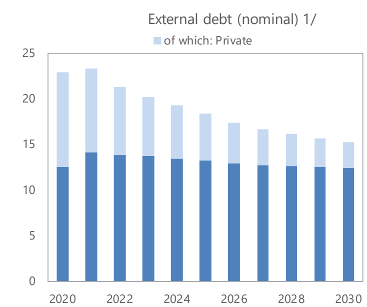
Table 1. Myanmar: External Debt Sustainability Framework, Baseline Scenario, 2017–40

(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
External debt (nominal) 1/	29.0	31.1	28.2	22.9	23.3	21.3	20.2	19.2	18.3	15.2	13.2	19.4	18.8
of which: public and publicly guaranteed (PPG)	15.0	16.4	14.8	12.6	14.1	13.8	13.7	13.5	13.2	12.4	13.2	13.7	13.1
Change in external debt	7.7	2.1	-2.9	-5.3	0.4	-2.0	-1.1	-0.9	-0.9	-0.4	-1.0		
Identified net debt-creating flows	0.6	-2.5	-1.2	0.2	1.5	-1.0	-1.3	-1.9	-1.5	3.8	4.5	-2.4	0.8
Non-interest current account deficit	6.3	4.1	2.1	2.9	3.9	3.3	3.1	2.9	3.3	8.3	9.0	2.1	5.0
Deficit in balance of goods and services	7.6	5.2	3.2	3.4	3.5	3.3	3.1	2.9	3.3	8.2	8.9	1.3	5.0
Exports	21.6	23.5	21.9	17.8	17.0	16.8	16.7	17.4	18.6	17.1	18.4		
Imports	29.1	28.7	25.2	21.2	20.5	20.1	19.8	20.3	21.9	25.2	27.3		
Net current transfers (negative = inflow)	-3.5	-3.4	-3.3	-2.7	-1.9	-2.0	-2.1	-2.0	-1.9	-1.6	-1.3	-2.1	-1.9
of which: official	-0.4	-0.2	-0.4	-0.5	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3		
Other current account flows (negative = net inflow)	2.2	2.3	2.2	2.2	2.2	2.0	2.0	2.0	1.9	1.7	1.4	2.9	2.0
Net FDI (negative = inflow)	-5.8	-4.8	-3.1	-2.5	-2.8	-3.1	-3.6	-4.0	-4.1	-3.9	-4.1	-4.1	-3.6
Endogenous debt dynamics 2/	0.1	-1.7	-0.3	-0.2	0.4	-1.2	-0.8	-0.8	-0.7	-0.6	-0.4		
Contribution from nominal interest rate	0.5	0.6	0.7	0.6	0.5	0.5	0.5	0.4	0.4	0.3	0.2		
Contribution from real GDP growth	-1.2	-1.7	-2.0	-0.8	-0.1	-1.7	-1.2	-1.2	-1.1	-0.9	-0.7		
Contribution from price and exchange rate changes	0.8	-0.7	1.1	...	...	...	...	...	...	...	...		
Residual 3/	7.1	4.6	-1.7	-5.5	-1.1	-1.0	0.1	1.0	0.6	-4.2	-5.5	3.9	-2.0
of which: exceptional financing	0.0	0.0	0.0	-0.1	-0.4	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	12.7	11.3	12.2	11.6	11.2	10.7	10.3	9.2	9.3		
PV of PPG external debt-to-exports ratio	...	...	58.1	63.5	71.6	68.6	66.9	61.8	55.6	53.9	50.4		
PPG debt service-to-exports ratio	4.5	5.2	4.2	5.4	5.3	6.6	6.4	6.4	5.5	4.4	3.8		
PPG debt service-to-revenue ratio	5.5	7.1	5.7	6.4	6.0	7.2	6.6	6.7	6.1	4.1	3.5		
Gross external financing need (Million of U.S. dollars)	4557.2	3761.8	3639.1	5157.4	5722.0	4886.6	4077.7	3263.2	3698.1	12617.6	25192.0		
Key macroeconomic assumptions													
Real GDP growth (in percent)	5.8	6.4	6.8	3.2	0.5	7.9	6.2	6.3	6.3	6.2	5.2	6.6	5.6
GDP deflator in US dollar terms (change in percent)	-3.6	2.3	-3.4	14.9	3.1	2.8	2.5	2.5	2.5	2.3	2.1	2.3	3.7
Effective interest rate (percent) 4/	2.3	2.4	2.3	2.5	2.2	2.4	2.3	2.2	2.1	1.9	1.8	4.2	2.1
Growth of exports of G&S (US dollar terms, in percent)	2.6	18.5	-3.6	-3.6	-1.0	9.7	8.0	13.2	16.9	9.2	8.2	7.6	7.2
Growth of imports of G&S (US dollar terms, in percent)	14.7	7.2	-9.5	0.0	0.4	8.7	7.2	11.4	17.9	9.7	8.5	13.4	9.6
Grant element of new public sector borrowing (in percent)	...	...	...	48.6	43.5	44.2	41.8	40.9	39.4	38.2	34.6	...	41.4
Government revenues (excluding grants, in percent of GDP)	17.5	17.3	16.0	15.1	14.9	15.4	16.2	16.5	16.8	18.1	20.2	16.8	16.6
Aid flows (in Million of US dollars) 5/	657.5	1221.4	1373.4	1569.8	1872.6	1734.9	1530.4	1490.5	1539.2	2036.1	3540.3		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.5	1.5	1.2	1.1	1.0	1.0	0.9	0.8	...	1.1
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	59.3	48.1	50.6	49.0	48.9	48.2	48.8	44.9	...	50.3
Nominal GDP (Million of US dollars)	61,267	66,699	68,802	81,554	84,555	93,726	102,049	111,204	121,199	185,406	402,666		
Nominal dollar GDP growth	2.0	8.9	3.2	18.5	3.7	10.8	8.9	9.0	9.0	8.7	7.4	9.0	9.5
Memorandum items:													
PV of external debt 7/	...	...	26.2	21.7	21.4	19.1	17.6	16.5	15.4	12.0	9.3		
In percent of exports	...	...	119.5	121.6	125.8	113.1	105.5	95.2	83.0	70.2	50.4		
Total external debt service-to-exports ratio	32.2	27.3	28.5	33.5	33.3	29.9	26.9	23.4	20.4	14.2	7.3		
PV of PPG external debt (in Million of US dollars)			8764.2	9233.8	10305.3	10835.5	11416.0	11931.5	12541.0	17066.3	37312.6		
(PVt-PVt-1)/GDPt-1 (in percent)				0.7	1.3	0.6	0.6	0.5	0.5	0.6	0.8		
Non-interest current account deficit that stabilizes debt ratio	-1.4	2.0	5.0	8.2	3.5	5.3	4.2	3.8	4.3	8.7	10.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Εα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ε=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

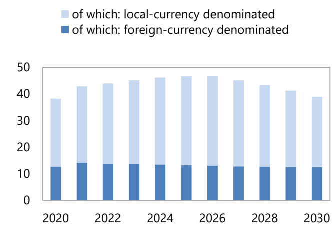
Table 2. Myanmar: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–40

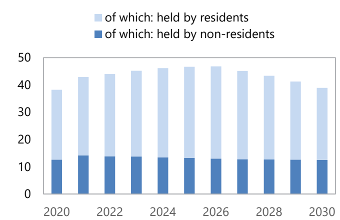
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	Historical	Projections
Public sector debt 1/	38.5	40.4	38.8	38.2	42.9	44.0	45.2	46.2	46.7	38.9	19.6	35.3	43.5
of which: external debt	15.0	16.4	14.8	12.6	14.1	13.8	13.7	13.5	13.2	12.4	13.2	13.7	13.1
Change in public sector debt	0.1	1.9	-1.7	-0.5	4.7	1.1	1.2	1.0	0.5	-2.3	-1.6		
Identified debt-creating flows	0.0	1.2	-1.1	1.9	4.6	1.2	1.3	1.2	0.8	-2.3	-1.6	-0.5	0.3
Primary deficit	1.5	1.6	2.4	3.1	4.2	3.3	2.6	2.3	1.9	-0.2	-0.7	1.9	1.8
Revenue and grants	17.9	17.6	16.3	15.6	15.1	15.6	16.5	16.8	17.1	18.4	20.5	17.0	16.9
of which: grants	0.4	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Primary (noninterest) expenditure	19.4	19.2	18.7	18.7	19.4	19.0	19.1	19.1	19.0	18.2	19.8	19.0	18.8
Automatic debt dynamics	-1.3	-0.3	-3.5	-1.2	0.5	-2.1	-1.3	-1.1	-1.1	-2.1	-0.9		
Contribution from interest rate/growth differential	-2.0	-1.8	-2.5	-1.2	0.5	-2.1	-1.3	-1.1	-1.1	-2.1	-0.9		
of which: contribution from average real interest rate	0.1	0.5	0.1	0.0	0.7	1.1	1.3	1.5	1.6	0.3	0.1		
of which: contribution from real GDP growth	-2.1	-2.3	-2.6	-1.2	-0.2	-3.1	-2.6	-2.7	-2.7	-2.4	-1.0		
Contribution from real exchange rate depreciation	0.7	1.4	-1.0	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.2	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	0.0
Privatization receipts (negative)	-0.2	-0.1	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	0.1	0.8	-0.6	-2.4	0.0	-0.1	-0.1	-0.2	-0.2	0.0	0.0	1.3	-0.3
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	36.7	36.1	40.1	40.9	41.9	42.7	43.2	35.3	15.6		
PV of public debt-to-revenue and grants ratio	...	...	224.7	231.6	264.7	261.3	254.4	254.9	252.8	191.9	76.2		
Debt service-to-revenue and grants ratio 3/	32.4	33.5	32.9	36.3	53.2	61.6	70.9	76.2	81.4	51.9	16.2		
Gross financing need 4/	7.1	7.4	7.8	8.7	12.2	12.9	14.3	15.1	15.8	9.3	2.6		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	5.8	6.4	6.8	3.2	0.5	7.9	6.2	6.3	6.3	6.2	5.2	6.6	5.6
Average nominal interest rate on external debt (in percent)	2.3	3.6	2.0	1.6	1.0	1.6	1.5	1.5	1.5	1.6	2.0	4.4	1.5
Average real interest rate on domestic debt (in percent)	0.1	0.8	-0.2	0.1	3.1	4.2	4.6	5.4	5.4	1.4	1.8	-1.7	3.1
Real exchange rate depreciation (in percent, + indicates depreciation)	4.7	10.0	-6.3	...	...	...	...	...	...	...	...	0.9	...
Inflation rate (GDP deflator, in percent)	5.4	5.4	6.3	6.4	5.8	6.4	6.7	6.7	6.7	6.5	6.3	5.3	6.5
Growth of real primary spending (deflated by GDP deflator, in percent)	-7.3	5.4	4.2	3.0	4.0	5.6	6.9	6.5	5.7	5.5	5.8	12.0	5.3
Primary deficit that stabilizes the debt-to-GDP ratio 5/	1.4	-0.4	4.1	3.7	-0.4	2.2	1.4	1.3	1.4	2.1	0.9	1.7	1.8
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments plus social security, central bank, government-guaranteed debt . Definition of external debt is Residency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Table 3. Myanmar: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–30

(In percent)

	Projections 1/										
	2020	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
					PV of debt-to GDP ratio						
Baseline	11	12	12	11	11	10	10	10	10	9	9
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	11	9	6	4	3	2	1	-5	-11	-16	-22
A2. Adverse COVID-19 shock	11	14	14	14	13	13	13	13	13	13	13
B. Bound Tests											
B1. Real GDP growth	11	12	12	12	11	11	10	10	10	10	9
B2. Primary balance	11	12	12	12	11	11	11	10	10	10	10
B3. Exports	11	14	17	16	16	15	15	14	14	13	13
B4. Other flows 3/	11	15	17	16	16	15	15	14	13	13	12
B5. Depreciation	11	15	11	11	11	10	10	10	10	10	10
B6. Combination of B1-B5	11	15	15	15	14	13	13	13	12	12	11
C. Tailored Tests											
C1. Combined contingent liabilities	11	13	13	12	12	12	12	11	11	11	11
C2. Natural disaster	11	13	13	12	12	12	12	12	11	11	11
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
					PV of debt-to-exports ratio						
Baseline	64	72	69	67	62	56	51	58	57	55	54
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	64	50	36	26	19	11	4	-31	-65	-96	-127
A2. Adverse COVID-19 shock	64	81	81	81	77	71	67	78	77	76	76
B. Bound Tests											
B1. Real GDP growth	64	72	69	67	62	56	51	58	57	55	54
B2. Primary balance	64	73	71	70	65	59	54	62	61	59	58
B3. Exports	64	92	122	119	110	99	91	102	98	94	90
B4. Other flows 3/	64	87	100	97	90	81	74	83	80	76	73
B5. Depreciation	64	72	54	52	48	44	40	46	46	45	45
B6. Combination of B1-B5	64	91	85	92	85	76	70	79	76	73	71
C. Tailored Tests											
C1. Combined contingent liabilities	64	77	75	74	69	63	59	68	67	65	64
C2. Natural disaster	64	79	77	76	71	65	61	70	70	69	68
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
					Debt service-to-exports ratio						
Baseline	5	5	7	6	6	5	4	5	4	4	4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	5	5	6	5	4	4	2	1	-1	-3	-4
A2. Adverse COVID-19 shock	5	5	7	7	7	6	5	6	6	6	6
B. Bound Tests											
B1. Real GDP growth	5	5	7	6	6	5	4	5	4	4	4
B2. Primary balance	5	5	7	7	6	6	5	5	4	5	5
B3. Exports	5	6	9	10	9	8	7	8	8	8	8
B4. Other flows 3/	5	5	7	8	8	7	5	7	7	6	6
B5. Depreciation	5	5	7	6	6	5	4	4	3	3	3
B6. Combination of B1-B5	5	6	8	8	8	7	6	7	6	6	6
C. Tailored Tests											
C1. Combined contingent liabilities	5	5	7	7	7	6	5	5	5	5	5
C2. Natural disaster	5	5	7	7	7	6	5	5	5	5	5
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
					Debt service-to-revenue ratio						
Baseline	6	6	7	7	7	6	5	5	4	4	4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	6	6	6	5	5	4	3	1	-1	-3	-4
A2. Adverse COVID-19 shock	6	6	8	7	8	7	6	6	5	5	6
B. Bound Tests	6	6	8	7	8	7	6	6	5	5	6
B1. Real GDP growth	6	6	7	7	7	6	5	5	4	4	4
B2. Primary balance	6	6	7	7	7	6	5	5	4	4	4
B3. Exports	6	6	8	8	8	7	6	6	6	6	6
B4. Other flows 3/	6	6	8	8	8	7	6	6	6	6	6
B5. Depreciation	6	8	9	7	8	7	6	5	4	4	4
B6. Combination of B1-B5	6	6	8	8	8	7	6	6	5	5	5
C. Tailored Tests											
C1. Combined contingent liabilities	6	6	7	7	7	6	5	5	4	4	5
C2. Natural disaster	6	6	7	7	7	6	5	5	4	4	5
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Myanmar: Sensitivity Analysis for Key Indicators of Public Debt 2020–30

(In percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	36	40	41	42	43	43	43	42	40	38	35
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	36	36	36	37	38	39	40	40	40	40	40
A2. Adverse COVID-19 shock	36	53	54	54	54	54	54	51	49	46	43
B. Bound Tests											
B1. Real GDP growth	36	41	43	44	46	47	47	46	44	43	41
B2. Primary balance	36	41	43	44	45	45	45	44	42	40	37
B3. Exports	36	42	46	46	47	47	47	45	43	41	38
B4. Other flows 3/	36	43	46	47	47	48	48	46	43	41	38
B5. Depreciation	36	39	38	38	37	36	35	32	29	26	22
B6. Combination of B1-B5	36	39	40	40	41	41	41	40	38	36	34
C. Tailored Tests											
C1. Combined contingent liabilities	36	46	47	47	48	48	48	46	44	42	40
C2. Natural disaster	36	46	47	48	49	49	49	48	46	44	42
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	232	265	261	254	255	253	249	236	222	208	192
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	232	237	232	225	227	229	232	227	223	220	217
A2. Adverse COVID-19 shock	36	56	76	86	92	98	102	74	71	66	62
B. Bound Tests											
B1. Real GDP growth	232	270	274	269	273	273	271	260	248	235	221
B2. Primary balance	232	273	277	269	269	266	261	247	233	218	202
B3. Exports	232	276	291	282	281	278	272	258	242	226	208
B4. Other flows 3/	232	281	292	283	282	279	273	258	243	226	209
B5. Depreciation	232	259	245	230	222	212	201	181	162	142	121
B6. Combination of B1-B5	232	261	258	245	245	242	238	225	212	198	182
C. Tailored Tests											
C1. Combined contingent liabilities	232	305	298	288	287	283	278	263	248	232	215
C2. Natural disaster	232	303	298	290	290	288	284	270	257	242	226
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	36	53	62	71	76	81	85	62	59	55	52
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	36	50	56	64	69	74	79	57	57	56	55
A2. Adverse COVID-19 shock	36	56	76	86	92	98	102	74	71	66	62
B. Bound Tests											
B1. Real GDP growth	36	54	64	74	80	86	91	68	65	62	59
B2. Primary balance	36	53	64	75	80	85	89	65	62	58	55
B3. Exports	36	53	62	72	77	83	87	63	61	57	54
B4. Other flows 3/	36	53	62	72	78	83	87	64	61	58	54
B5. Depreciation	36	50	58	65	70	75	78	56	53	49	45
B6. Combination of B1-B5	36	51	60	69	74	79	83	60	57	54	50
C. Tailored Tests											
C1. Combined contingent liabilities	36	53	71	80	85	91	95	69	66	62	58
C2. Natural disaster	36	54	71	80	86	92	96	71	68	64	61
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.