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Statement by the Hon. **U SOE WIN**,
Governor of the Bank for **MYANMAR**

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Honorable Chairman, Fellow Governors, Distinguished Delegates, Ladies and Gentlemen,

It is my pleasure to represent the Government of the Republic of the Union of Myanmar in the 2020 Annual Meetings of the International Monetary Fund and the World Bank Group.

On behalf of Myanmar, I would extend my sincere thanks to organizing staff of this virtual meeting for their excellent arrangements.

As we all know, our development agenda have been undermined by the COVID-19 pandemic and the poorest have inevitably suffered its impacts the most. First, most countries could control its spread to the some extent. However, the impacts of the crisis have unfortunately reoccurred again as the second wave.

Even though Myanmar withstood the first wave of the virus without much loss, it is now experiencing the second wave which has a substantive impact on the country's socio-economy. In fact, we are aware of the expected increase in public expenditure, with a shortfall in public revenue due to the global pandemic and assume it can lead to a higher budget deficit since the beginning of this year.

Myanmar economy was recorded 6.8% in FY 2018-2019 and 6.0% in the first six months of FY 2019-2020. However, the outbreak of the global pandemic has made significant effect on the Myanmar economy.

Economic impact of COVID-19 has manifested in Myanmar in the form of disrupted supply chain, trade flows, remittance, and cessation of tourism. To mitigate the impacts of the pandemic, Myanmar has announced the COVID-19 Economic Relief Plan (CERP) on 27 April 2020 as a comprehensive economic stimulus plan. The CERP is a collection of pro-poor and pro-MSME policy measures designed to not only buffer against adverse effects of the pandemic but also to boost economic activities in the most vulnerable and strategic sectors in the economy. CERP has 7 Goals, 10 Strategies, 36 Action Plans and 76 Actions covering a broad range of extraordinary fiscal and monetary measures combined with broad-based programs of tax relief and moratorium, targeted countercyclical and expansionary policy measures including specialized lending programs for smallholder farmers, microfinance institutions, and civil servants, MSMEs, restaurants and teashops, etc. In conjunction, the Government has created a special COVID-19 Fund via reallocation of budget from line ministries so that it can exercise a

greater degree of fiscal resilience and flexibility in designing and implementing programs and policies against ever-evolving economic challenges induced by the pandemic.

The Government is determined to formulate and implement requisite policies and programs to counterbalance the adverse economic impacts of the pandemic.

With the possibility of a growing financing gap due to COVID-19, the role of external financing and international collaboration has become more significant. To narrow the financing gap for public programs formulated in the CERP, the Government has been working closely with a plethora of development partners including World Bank, IMF, ADB, and JICA. Stress and strain to our fiscal space has been further relieved by Debt Service Supervision Initiative (DSSI) for IDA countries and LDCs by G20. Our fiscal space is also buttressed by reallocation of non-essential expenditure from FY 2019-2020 budget to finance the implementation of CERP. In order to allocate more to the State Budget, the General Reserve Fund for FY 2019-2020 over Kyat (1000) billion (around USD 806 million) has been transferred to Natural Disaster Management Fund of the Ministry of Social Welfare, Relief and Resettlement for ensuring sufficient State Budget in conducting COVID-19 prevention, control and treatment activities.

The Government envisions that infrastructure projects can be a source of economic recovery for Myanmar. Through the facility known as Project Bank, the Government of Myanmar is accelerating and amplifying its call to international investors to develop much-needed physical and social infrastructure to generate and maintain momentum in the COVID-riddled economy.

To respond the second wave of the virus, we are willing to exhaust the rest 50% of the quota under the IMF's Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI). The IMF has disbursed Myanmar SDR 258.4 million, the 50% of the quota annual access limit under the RCF and RFI to address the urgent balance-of-payments and fiscal needs. We have committed to put in place targeted governance, transparency and accountability measures to ensure the appropriate use of emergency financing.

The World Bank has approved credit of USD 50 million for the Myanmar COVID-19 Emergency Response Project, as part of global emergency support operations through a dedicated fast-track COVID-19 facility. To support that project, the World Bank also provides USD 7.674 million to Myanmar as grant through the Pandemic Emergency Financing Facility (PEF) including continuous IDA financing programs with concessional loans to Myanmar. Moreover, the World Bank has allowed Myanmar to activate Contingency Emergency Response Components (CERCs) from existing World Bank projects in Myanmar. The CERCs allows us to reallocate USD 490.946 million from the eight ongoing projects for financing the country's CERP activities.

In addition to the supports from the Fund and the Bank, the Asian Development Bank's (ADB) quick-disbursing budget support in the amount of \$250 million loan of its COVID-

19 Active Response and Expenditure Support (CARES) Program to Myanmar is a vital source of financing for the implementation of CERP. Through this financing scheme, Myanmar has adequate fiscal wherewithal to provide social assistance to the poor, disadvantaged, and vulnerable groups including those in conflict-affected areas while, and supports workers and micro, small, and medium-sized enterprises (MSMEs), 30% of which are owned by women. The program is also designed to further, strengthen the Government's health care system to better prevent and control the spread of the pandemic. The Japan International Cooperation Agency (JICA) has also provided concessional loans to support the country's COVID-19 response activities under its COVID-19 Crisis Response Emergency Support Loan.

Transparency and accountability in extractive industries is one of our top national priorities. We are pleased to report to the global community that we have been regularly publishing Citizen's Budget, Budget Brief, and reports of the Extractive Industries Transparency Initiative (EITI) to disclose information regarding revenue, expenditure and assorted tax obligations of extractive industries in Myanmar.

We are now moving towards full compliance with EITI standards in cooperation with the respective ministries and international organizations such as the IMF, the WBG, and the Norwegian Agency for Development Cooperation (NORAD).

We welcome the World Bank President's proposal to the Board to make available up to USD 12 billion of fast-track financing to countries for the purchase and deployment of COVID-19 vaccines.

Moreover, we much appreciate international financial institutions including the Fund and the Bank for their requests to the G-20 to extend the moratorium through 2021 and to consider further options for debt reduction, resolution, and increased transparency.

To conclude, I would express my deepest appreciation to the WBG and IMF for their budget support in Myanmar's COVID-19 response activities. I would like to further strengthen and deepen our partnership and collaboration with the IMF and the WBG so that Myanmar will be able to hold its head high in the global community as a peaceful, prosperous, democratic country. We are confident that we can overcome the global pandemic and create a better world for our generation with stronger and closer coordination and collaboration among us.

Thank you.