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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 and privilege to represent the Government of the Republic of the Union of Myanmar in this 2019 Annual Meetings of the World Bank Group and the International Monetary Fund.

On behalf of Myanmar, I would like to extend my congratulations to the new President of the World Bank Group and to the new Managing Director of the IMF. Let me also express my heartfelt thanks to organizing staff of this meeting for their excellent arrangements and generous hospitality extended to the Myanmar Delegation.

As we all are aware, challenges are daunting in the global economic community. These challenges manifest themselves in the downgrade of global growth forecast to 2.6 per cent in 2019. This downward forecast is driven by the weakening of international trade and investment. Advanced economies are converging toward their modest long-term potential while economic outlooks of many countries are surrounded by the cloud of uncertainties. This is taking place at a time when conventional monetary and fiscal space is limited as a policy response.

There are three major challenges that need to be addressed to enhance long-term global growth- rising inequality, weak investment, rising protectionism in trade. If we all can work collectively and collaboratively to put together effective policy measures to address these challenges, it is expected that global growth would bounce back to higher levels in the near future.

We, the people of Myanmar, have enjoyed the growth rate of 6.3 percent in the first six month of FY 2018-2019. As per our most recent national forecast, the economy should grow by 7.0 percent in FY 2019-2020, with 2.8 percent growth in agriculture, 8.6 per cent in industry and 8.1 per cent in services. There are four main drivers of this upward trend in economic growth such as an increase in the inflow of foreign direct investment (FDI), the expansion of public infrastructure, the increase in electric power generation and distribution, and the growth of small and medium enterprises (SMEs). The World Bank also shares our optimism with the forecast that economic growth in Myanmar should accelerate to 6.7 per cent by 2020-21.

I would like to share the good tidings with the global community that Myanmar is in the process of implementing Myanmar Sustainable Development Plan (MSDP) which is an expression of Myanmar's vision for sustainable development based on democracy, prosperity and peace. Our national development plan has been drafted to be in close alignment with the UN Sustainable Development Goals (SDGs) and our regional commitments including Greater Mekong Sub region (GMS) Strategic Framework, the ASEAN Economic Community (AEC) Action Plan...etc. To actualize the aspirations and objectives enshrined within the MSDP, the Government of Myanmar (GoM) has established the Project Bank which is essentially a database of national strategic

projects to be implemented under the umbrella of MSDP. With the support of the United Nations, we are also developing the National Indicator Framework for MSDP so that our pursuit of sustainable development can be systematically measured and monitored. We have recently established the Public Private Partnership Center in the Ministry of Planning and Finance to actively encourage the role of the private sector in the implementation of MSDP. Under the umbrella of Development Assistance Coordination Unit (DACU), the GoM has formulated Myanmar Development Assistance Policy to strengthen the role of development finance in supporting the national development agenda. I would like to stress that the support of multilateral and bilateral development partners has been immensely valuable in maintaining the momentum of our economic reform.

The GoM has been working closely with the WBG to jointly design and implement national development projects across a number of priority sectors including Public Finance Management (PFM), Community Driven Development, Disaster Risk Management, Decentralization of Funds in Education, National Electrification and Access to Essential Health Services...etc. For example, with the WBG's support, the GoM has been implementing the Myanmar Modernization of Public Finance Management project (MMPFMp) to support efficient, accountable and responsive delivery of public services through the modernization of Myanmar's PFM system and strengthening our institutional capacity. There have been major achievements under the MMPFMp. The Bank and the Fund are principal development partners in this project in Myanmar.

Technical assistance from the IMF played an instrumental role in modernizing Consumer Price Index (CPI) and Producer Price Index (PPI) in Myanmar. The Fund has also supported the technical assistance programs for Government Finance Statistics-GFS system since 2014. Moreover, Capacity Development Office in Thailand (CDOT) of IMF, in collaboration with the Japanese Government, is providing technical assistance in important area such as Quantitative Method System (QMS) for Financial Policies and Programming. These programs benefit government officials to become professionalized in their work.

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).

Myanmar needs to rapidly expand its fiscal space to meet our immense development needs. To that end, the GoM is revising its tax policies and laws to expand its fiscal space. By recalibrating our tax schedules, streamlining tax payment procedures and upgrading financial sector law, we aim to attract more foreign direct investment and stimulate the growth of our SME sector. In consistent with our objective to expand the fiscal space, the GoM rectified electricity tariffs to drastically reduce government's

subsidies in July 2019. Concurrently, The GoM is reforming the National Pension system with the view to move away from the current “unfunded defined benefit system” to the “funded defined contribution system” in the near future to reduce the burden on the fiscal space. Moreover, the MOPF established the Implementation Committee in February 2017 in order to establish a Central Provident Fund System to provide social and economic benefits to current and future workforce. Now, the Committee is drafting the Central Provident Fund Bill with the generous support of the WBG.

To further expand our fiscal space, we have also taken concrete steps in reforming our regulatory framework and institutional capacity by strengthening tax administrative system, broadening the tax base and transforming State Economic Enterprises (SEEs). We have recently established the Central Transformation Unit for State-owned industries to reduce the role of the state in the manufacturing factor. In the same spirit, we are making necessary preparations to transform many SEEs through privatization, corporatization and equitization. To ensure competition and transparency in public procurement, we are finalizing Public Procurement Law, which is expected to be promulgated in the near future.

Reforming and restructuring State-owned Banks is critical in strengthening financial inclusion, enhancing access to finance for small and medium enterprises and commercializing agricultural finance. With the support of the WB, the Ministry of Planning and Finance (MOPF) has been implementing Myanmar Financial Sector Development Project – MFSDP (FY 2016-2017 to FY 2020-2021) to restructure and transform existing State-owned Banks to market-based financial institutions.

Myanmar is also undertaking significant economic liberalization by allowing the entry of foreign investors in various sectors including banking and insurance. We expect that insurance sector will experience a rapid growth from recent liberalization measures given that less than 4 percent of the population have any form of insurance cover. In April, five foreign insurers such as Prudential, Dai-ichi Life Holdings, Manulife, AIA and Chubb had received the approval to establish wholly owned subsidiaries in Myanmar.

Before my conclusion, I would like to extend my appreciation to the fact that the WBG has ranked Myanmar as one of the top 20 reformers in Doing Business. For Myanmar, the GoM implemented (5) initiatives that enhanced its business environment: (i) the City of Yangon strengthened construction quality control by imposing stricter qualification requirements for architects and engineers and invested in its water and sanitation infrastructure; (ii) Nationally, Myanmar launched an online company registry platform, thereby merging several procedures and reducing the need for in-person interaction; (iii) Myanmar also made property registration faster by streamlining ownership registration and appraisal; (iv) in addition, Myanmar courts started publishing performance measurement reports; and (v) a new company law strengthened minority investor protections by mandating greater disclosure of transactions with interested parties, increasing directors’ liability and requiring greater corporate transparency.

To conclude, I would express my deepest appreciation to the WBG and IMF for their support in stabilizing Myanmar economy and enhancing the quality and quantity of economic growth in Myanmar. I would like to further strengthen and deepen our partnership and collaboration with the WBG and IMF so that Myanmar will be able to

hold its head high in the global community as a peaceful, prosperous, democratic country. Therefore, I am very grateful for the management and the staff of the Bank and the Fund for their continued support to Myanmar and their contribution to this successful Annual Meeting. I am confident that through this meeting, we will be able to gather and collect our thoughts and share our diverse experiences and expertise so that we can overcome all the challenges that we face as a global community.

Thank you.