

International Monetary Fund

[Myanmar](#) and the
IMF

Myanmar: Letter of Intent

Press Release:

[Press Release:](#)
[Statement by the IMF](#)
[Mission to Myanmar](#)
[for the Second](#)
[Review of Staff-](#)
[Monitored Program](#)
January 21, 2014

February 18, 2014

The following item is a Letter of Intent of the government of Myanmar. The document, which is the property of Myanmar, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website. This document describes the policies that are implementing in the framework of a staff monitored program. A member's staff-monitored program is an informal and flexible instrument for dialogue between the IMF staff and a member on its economic policies. A staff-monitored program is not supported by the use of the Fund's financial resources; nor is it subject to the endorsement of the Executive Board of the IMF.

[Country's Policy](#)
[Intentions Documents](#)

E-Mail Notification

[Subscribe](#) or [Modify](#)
your subscription

Letter of Intent

Nay Pyi Taw, February 18, 2014

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Ms. Lagarde,

The outlook for Myanmar's economy continues to improve. Our economic reforms have focused on safeguarding macroeconomic stability while investing in physical and social infrastructure to promote growth and improve the livelihoods of all of Myanmar's people. As a result, international and domestic investment has increased, growth has strengthened and poverty is falling. Nonetheless, the liberalization of the economy and the anticipated inflows of capital will pose challenges, and so we continue to place high priority on building our macroeconomic management tools.

We remain strongly committed to the program of reforms detailed in our Letters of Intent (LOI) of December 28, 2012 and June 12, 2013 and accompanying Memoranda of Economic and Financial Policies. This letter reports on the outcome of the second and final review of progress against the objectives of our economic and financial program—called a Staff-Monitored Program (SMP) by the IMF—for 2013.

We met all the benchmarks of our program. All SMP quantitative and structural benchmarks for end-September 2013 were met. Reserve accumulation of the Central Bank of Myanmar (CBM) met the benchmark as targeted and fiscal targets were met with significant margins. We have also developed institutions and facilities that will underpin improved macroeconomic management in the future. In particular we have established a Large Taxpayers Office, prepared regulations for auctions of treasury securities, and the CBM has been regularly conducting deposit auctions.

We have also made good progress on the priorities outlined in our Memoranda of Economic and Financial Policies. In particular we have established an autonomous CBM and developed its monetary policy framework through forming a monetary policy committee and adopting an internal reserve money target. Almost all current account payment restrictions have been lifted and a consolidated set of regulations for the Foreign Exchange Management Law has been prepared. In the fiscal area, we have developed and disseminated a comprehensive public financial management reform plan and will soon establish a treasury department within the Ministry of Finance. We have also made strides in establishing the framework for sustainable

growth and poverty reduction through continuing to increase spending on social services and by attracting private investment to develop infrastructure, most notably in telecommunications.

Looking forward, we will continue building on the successes achieved under the SMP. The CBM's international reserves have grown significantly under the SMP but remain low. We expect them to increase to over 3 months of imports during 2014/15 and will seek to increase them further to further safeguard external stability. We will also continue strengthening the CBM's monetary and exchange policy framework and tools, which will be required to keep inflation in check and manage foreign inflows. The CBM will also continue to enhance the foreign exchange market; we intend to remove final exchange restrictions soon which will enable us to accept our Article VIII obligations in the first half of 2014. The 2014/15 budget will include tax policy measures to allow us to further expand development spending while keeping the deficit below 5 percent of GDP. We believe this target will remain appropriate through the medium term and will continue actively pursuing public financial management reforms to enhance revenue and improve the efficiency and effectiveness of public expenditure.

We will continue working closely with IMF staff. We are extremely grateful for the support of IMF staff during our implementation of the 2013 SMP and intend to continue our close consultations on economic policies and macroeconomic progress. We will reflect on the next steps on the form of future engagements with the IMF, which will be based on our own development strategy.

Our government authorizes the IMF to publish this Letter of Intent.

Sincerely yours,

/s/

U Win Shein

Union Minister of Finance and Revenue

/s/

U Kyaw Kyaw Maung

Governor, Central Bank of Myanmar