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

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Governor of the Bank for Myanmar**

Statement by the Honorable Union Minister for Finance of the Republic of the Union of Myanmar U Win Shein, Governor of the Bank

Honorable Chairman

Honorable Dr. Jim Yong Kim, President of the World Bank Group

Honorable Madam Christine Lagarde, Managing Director of the IMF

Fellow Governors, Distinguished Delegates, Ladies and Gentlemen

I am greatly honored to address the 2013 World Bank/IMF Annual Meetings representing my country Myanmar. On behalf of Myanmar delegations, I am very pleased to extend our sincere thanks to the Bank and the Fund for their kind and splendid meeting arrangements for us.

Recently, IFIs suggested that the global economy appears to be more stable, with the improved growth in major advanced economies during the course of 2013. We heartily welcome improvement in the economies of the United States of America, Japan, Canada, and the United Kingdom. We take note, however, that a long list of downside risks still remains. Recession in Europe, slow demand and subdued growth in emerging economies, greater current account imbalances, inflationary pressures and asset price bubbles resulted from stimulus policies, higher borrowing costs, escalating debt burdens and possibility of volatile capital flows that could be associated with Japan's greater easing policies are important risks to the global recovery. Additional challenges could come from the eventual withdrawal of quantitative easing and from fiscal imbalances in advanced economies. Donors' aid to the poor countries is expected to remain sluggish and thus less developed countries are increasingly exposed to risks. In fact, there should be appropriate mechanism for developing economies to enable them to avert or mitigate risks. As such, facing a broad range of risks, we simply welcome the World Development Report 2014, entitled Managing Risks for Development. We would rather have the Report's pragmatic guidance for managing profound risks in the complex world of reality.

Given the fluid state of global recovery, more concerted, ambitious, and bold actions of international cooperation are needed in today's world in order to promote sustainable and robust global economic growth, which is indispensable to achieving the Millennium Development Goals (MDGs). In this context, the World Bank Group (WBG) and IMF should amplify their support to developing countries, ensuring inclusiveness of all developing members particularly the least developed nations in restoring and revitalizing growth. These institutions should take the lead in building constructive coordination among international policy makers, to maintain less volatile external conditions and

ensure sufficient resource flows to developing countries so that growth and stability in these countries would be sustained.

We would like to take this opportunity to endorse the WBG's twin goals to end extreme poverty and to promote shared prosperity. We recognize the WBG's bold step to achieve ambitious goals of eradication of extreme poverty to 3 percent by 2030 and enhancing shared prosperity by fostering income growth of the bottom 40 percent of the population in member countries. Moreover, we welcome the Bank's transformation into a "Solutions Banks" that would be supported by "One World Bank Group" approach. We note that this approach would harness all resources, skills and expertise in the Group in the most effective manner. However, in this regard, all WBG agencies would need to deploy their resources equitably. We hope that clear plans and implementable process would come up in the near future so that required results would be feasible in reality. We also expect that all WBG development programs would be client needs oriented, having strong and measurable development impacts. We are encouraged by the IDA 17 replenishment and its overarching theme of maximizing development impacts through the push for further synergies with the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the special themes on inclusive growth, gender equality, food security, fragile and conflict-affected states, and climate resilience. To adequately tackle such broad development issues and for an enhanced financial sustainability, we urge the WBG to devise a smart financial strategy. We are very pleased that Bank provides the updates of its Gender Agenda following the last update in 2012. We appreciate the progress made in this particular area and look forward to seeing further progress with the tangible impacts as gender quality is deeply related to poverty reduction and many other profound development issues.

In Myanmar's development context, Myanmar has embarked on ambitious developmental reforms since it charted the new journey towards a democratic society. Upon the time the government took office in March 2011, reforms occurred in all aspects. The government prioritized political reform and national reconciliation process, which resulted in prominent achievements, winning the stronger trust of the international community. Significant developments in this process include reconciliation with political parties and armed nationality groups; the release of Daw Aung San Suu Kyi from house arrest; the release of political prisoners; welcoming Myanmar Diaspora to participate in the country's reforms; re-registration of Daw Aung San Suu Kyi's National League for Democracy as a legal political party and entering into by-elections-held on April 1, 2012; endeavor for the rule of law; removal of media censorship and restrictions on the Internet communications; and peace-building process in conflict-affected areas. The international community's re-engagement with Myanmar is strengthened as Myanmar cleared its external debt arrears in January 2013. Myanmar's success thus far is attributed to the common aspiration of achieving the goal towards a modern, developed and democratic nation, inclusiveness of the society's participation in the country's political affairs, and the Government's relentless efforts in line with the Constitution.

Legislative power, executive power and judicial power are separated, putting in place reciprocal control, check and balance among them. Furthermore, the country's new governance model has come up with the division of powers between union and regional governments, with the development of the culture of mutual cooperation and understanding between the Union Government and Region/State Government. These distinct developments have been witnessed in the course of democratic transition so far.

The country saw the second and the third waves of reform in 2012 and 2013, focusing on economic and social well-being of Myanmar people, and establishing democratic governance. The Government adopted the Framework for Economic and Social Reforms (FESR) soon after the Government assumed office. This Framework covers the legal reform, land reform, budgetary, taxation, monetary and exchange rate reforms to improve access to credit, maintain economic stability and stimulate the economy, and reforms to create jobs and more conducive business environment for investors. The reform strategy is built on the people-centered approach with the aim of poverty reduction. The Government launched a series of national and regional level workshops on poverty reduction, during May and August, 2013. Myanmar witnessed the establishment of a Rural Development and Poverty Alleviation Central Committee, chaired by President U Thein Sein. The Government also launched the Rural Development and Poverty Reduction Strategy, which includes the target of reducing poverty levels in Myanmar to 16 percent from the current level of 26 percent by 2015, in line with targets under the UNMDGs. This Strategy also highlights development priorities and they include agricultural production, livestock and fishery, rural productivity and cottage industries, micro-saving and credit, rural cooperative, rural socio-economy, rural energy, and environmental conservation.

Key economic reforms include discussion of the budget in Parliament for the first time and publication of the budget, adoption of a more liberal exchange rate policy, building a more appropriate monetary policy framework, relaxation of trade restrictions, removing barriers to foreign investment and improving investment climate, rationalization of tax rates, improving tax administration and fiscal decentralization. Much has been improved in economic infrastructure and social infrastructure (education and health) through improved public finance management and community-driven development projects supported by international financial institutions and multi-development partners. Many significant new laws have been put in place. Among them crucial laws include the Land Law, Microfinance Law, Foreign investment Law, the new Central Bank of Myanmar Law, the new Foreign Exchange Management Law, Securities Exchange Law, Anti-Corruption Law, Environmental Framework Law, Environmental Conservation Law, etc. Distinct liberalization in the banking sector is marked by the change in the status of the Central Bank of Myanmar (CBM) turning into an autonomous institution to implement a dynamic monetary policy. The domestic banking system is gradually opening up, while developing the modern payment system with a view to transforming Myanmar from the cash economy into the bank economy. Visa, MasterCard, and JCB anticipate having networks in place to accept credit card transactions in 2013. Now the transition process is

entering a fourth phase – enhancing the private sector participation in the country's development endeavors.

With significant investment in tourism, construction, oil, and natural gas, Myanmar's GDP growth is expected to reach 6.5% in 2013. Imports and exports are expected to rise in 2013 by 16% and 13%, respectively. Inflation remains flat at 5.3% in 2013, a slight downtick from last year. FDI is expected to increase significantly, driven largely by tourism and the extractive sector. Myanmar plans to apply for the Extractive Industries Transparency Initiative (EITI) candidate status by the end of 2013. The World Bank and the Government of Australia are cooperating with Myanmar in the preparatory work for meeting EITI standards through aid programs. Myanmar needs to establish strong, enforceable environmental and social standards and safeguard measures to use its domestic energy resources to power the country's development. In this regard, the Asian Development Bank and the Japan International Cooperation Agency are lending support for development of environmental safeguards and standards. The Ministry of Environmental Conservation and Forestry (MOECAF) enacted the Environmental Conservation Law in 2012. This Law stipulates that every company doing business in Myanmar must carry out environmental and social impact assessments (EIA and SIA). Currently, MOECAF is finalizing the draft rules, regulations and procedures for EIA and SIA with the ADB's assistance. The new Law of Foreign Investment also sets the requirements for EIA for most development activities. All large scale or environmentally sensitive projects have to be visited with the same scrutiny.

Let me now turn to briefly review our relations with the Fund and the Bank. At this juncture, we would like to express our profound appreciation to the President of the World Bank Dr, Kim and the Managing Director of the Fund, Madam Christine Lagarde for their strong support to and cooperation with our country, which have made IFIs' reengagement and revival of development support. Now we have the offices of the World Bank, IFC and IMF in Myanmar. The IFIs appointed country manager/representatives for Myanmar. Technical experts from the WBG and IMF are now working for the country's various development programs. It is very encouraging that the Bank Group is stepping up its re-engagement process with Myanmar. On Myanmar side, policy and technical recommendations offered for the country's socio-economic development by the technical missions of both of the Fund and the Bank are duly taken into consideration.

It is very heartening for me to further express about increasing mutual cooperation between the IFIs and Myanmar. Discussions are being made for our priority development needs. The Bank has provided pre-arrears clearance IDA grant of USD 80 million for community driven development in about 640 village tracts across the country; USD 420 million loan to support reforms to strengthen macroeconomic stability, improve public financial management and the investment climate. The Bank's USD 140 million IDA loan has been granted for the electricity project in Mon State. We very much appreciate the Bank's support in preparing the Financial Sector Development Master Plan as well as the draft Financial Institutions of Myanmar Law. Our gratitude towards the Bank is also for the Bank staff's excellent cooperation in pursuing Public Expenditure and Financial

Accountability Assessment, debt sustainability analysis and outlining plans for PFM reforms. We do appreciate very helpful coordination by the Bank and the Fund in improving macroeconomic management and maintaining macroeconomic stability through constructive discussions, more importantly through the Staff Monitoring Program. IFC has brought some microfinance projects to our rural people and it is looking at the power sector and the private sector development and thus we hope to see IFC to come up with its solid investments, and advice work. We are about to engage with MIGA and therefore we will be able to increase engagement with the WBG through MIGA cooperation as well.

We look forward to receiving the Bank's further supportive projects in capacity building, infrastructure development particularly in power supply, telecommunications, roads and education, and ICT development in the financial sector. Our country is scaling up its development efforts in many other areas including health, gender equality, social welfare and environmental conservation. We have made endeavors in developing National Strategic Plans for the Advancement of Women, while health and environment sectors are actively taking steps to enhance development in their relevant areas. In this regard, we wish to receive further concrete assistance in these areas as well. Priorities in these areas will include elimination of viral hepatitis diseases and HIV/AIDS, mainstreaming gender agenda, natural disaster prevention as well as management, and knowledge-sharing for prudent responses to climate change.

We would like to express our profound gratitude to all other development partners from every corner of the world, which have lent strong commitments and cooperation for our country's development purposes. We have remarkably elevated coordination from the international community since we adopted Nay Pyi Taw Accord in January, 2013, which was followed by various international development and business for a, among which the World Economic Forum 2013 and the Global Investment Forum 2013 are the cohorts where international partnerships were further strengthened.

In closing Mr. Chairman, I would like to take this opportunity to express again our sincere appreciation to the Management and staff of both institutions for their ongoing support to our country's development efforts. Now, may I conclude by wishing the World Bank Group continued success in addressing difficult challenges associated with the implementation of the twin goals.