Understanding & Influencing IMF Policy Advice in Myanmar

A Guidebook for Engaging the International Monetary Fund
What is the IMF?

The International Monetary Fund (IMF or The Fund) is an international financial institution (IFI) that was established in 1944 to promote global economic growth and financial stability after World War II. The IMF is different from other IFIs such as the World Bank Group (WBG) and other multilateral development banks because it does not fund development projects. Instead, the IMF helps countries improve how they manage their money – what it calls “good macroeconomic policy” – by providing advice, training, and, in some cases, loans to member countries to help them during times of crisis (e.g. government cannot afford to import basic goods like grain or oil).

What is the IMF doing in Myanmar?

The International Monetary Fund’s goal in Myanmar is to help stabilize the economy and strengthen the government’s ability to regulate trade. Unlike the World Bank Group and the Asian Development Bank, the IMF did not stop providing advice and technical support to the Government of Myanmar during the rule of the military junta. However, until 2012, the annual IMF reports on the status of Myanmar’s economy were kept private.

The IMF is currently focused on helping the government implement economic policy reforms in the following areas:

- **Agriculture**: While the IMF does not explicitly provide advice in this sector due to lack of expertise, to date the Fund has recommended that the Myanmar Agricultural Development Bank expand access to rural credit and lower interest rates on loans to farmers.

- **Natural Resource Management**: Since the majority of the Government of Myanmar’s income, or revenue, is dependent on the export of natural resources such as oil and gas, the IMF is focused on improving the government’s ability to collect and manage revenue from natural resource extraction and encouraging the use of transparent rules and contracts in the extractive industries.

- **Government Revenue and Spending**: The IMF is helping the government manage its budget – both what it receives as revenue from collecting taxes and what it spends on other services – by assessing the country’s public financial management systems and by providing advice and technical training to improve those systems.

- **Exchange Rate**: The IMF is working with the Central Bank of Myanmar (CBM) to strengthen its ability to manage the constantly changing value of the kyat after the Fund helped the government move to a unified floating exchange rate (i.e. shifts with changes in the global market) in 2012. Prior to that, the kyat had several fixed rates as set by the government.

- **Money Flows**: The IMF is assisting the Central Bank of Myanmar to improve its ability to handle the large amounts of foreign investment that is expected to pour into the country in the coming years. This includes providing training on macroeconomics and financial statistics to Myanmar government workers, modernizing the CBM’s operational standards, and strengthening supervision of the financial sector.
The IMF’s role in shaping economic policies is critical for low-income countries such as Myanmar because the IMF’s “stamp of approval” often provides governments with greater access to private financial markets and other IFIs. In order to become a member of the World Bank Group, for instance, a country must first become a member of good standing in the IMF.

Unfortunately, because the IMF often focuses on how to prepare a country for integration in the global economy, some of the policies that the IMF recommends can have negative impacts on a country’s domestic economy and citizens. For example, the IMF may encourage the government to liberalize certain sectors of the economy, perhaps by reducing taxes on imports. If the liberalized sector is not strong enough to compete with foreign imports, domestic producers will suffer. In addition, this will mean less government revenue. To help with tax revenue, the IMF may recommend broadening or introducing a Value-Added Tax (VAT). The problem is that VATs are regressive, which means the poor pay proportionately more tax.

How can you engage with the IMF?

Because of the IMF’s influence on economic decision-making, it is important to understand the recommendations that the IMF is making to your government, as well as the IMF’s policy research on poverty or other issues important for your country. With this information, civil society can better determine if IMF advice is pro-poor or not and oppose or support certain policies. Civil society is also encouraged to take its concerns directly to the IMF itself, which in recent years has begun to encourage staff to interact more frequently with civil society organizations (CSOs) in its member countries.

While the IMF is not required to meet with or consult CSOs in its operations, the Fund has sought to improve CSO relations primarily as a way to “deepen country ownership,” which the IMF believes is critical to improve the credibility of the institution, its lending programs, and advice to governments. The IMF is still working out how it can improve CSO participation in a systematic way, but currently civil society can engage the fund through the following channels:

- **Resident Representative**: The Resident Representative (or Res. Rep.) is the IMF staff based in member countries where the IMF has active programs. Developing a good relationship with the Res. Rep. in your country early on can help influence staff thinking and planned policy discussions. The Res. Rep. should communicate CSO policy concerns and recommendations to IMF management, which can influence the agenda for country-level IMF missions.

- **Article IV Consultations**: The Article IV Consultation is an annual review of a country’s economy and its policies. While the IMF mission team is only required to meet with government officials during the consultation, they may meet with other stakeholders such as representatives from private sector, trade unions and civil society depending on the time and agenda of the meeting. It is important to request to be part of this consultation.

- **Loan Agreements**: Before the IMF loans money to a member government, the two parties develop an informal economic reform plan to accompany the government’s loan request. The IMF then reviews the country’s economic policies against this economic reform plan every time
it disburses funds. These loan reviews are critical periods for CSOs to challenge the policies adopted by the government or suggested by the Fund.

- **Technical Assistance (TA):** The IMF is the largest provider of technical assistance in the world, focused mostly on building government capacity in areas such as public financial management. However, these activities are not public information. CSOs should ask their governments and IMF staff to publish information about ongoing assistance and suggest areas where government needs capacity building.

- **Independent Evaluation Office (IEO):** The IEO was set up to objectively evaluate the IMF’s policies and activities and operates independently of IMF management. CSOs can contact the IEO if they have any concerns about the Fund’s activities in their country.

- **Public Consultations:** The IMF often holds public consultations on general issues or policy areas relevant to the Fund’s activities. The majority of these consultations are online only, meaning that the IMF will post the issue under consideration on its website and accept written feedback via email, though occasionally the IMF will organize in-person meetings and/or conference calls.

An important element to consider when engaging with the IMF is that staff will always encourage CSOs to take their concerns to the relevant national authorities first. This means that it is critical to understand your government’s positions and policies and meet with the relevant Ministry or Parliament staff about your areas of interest before reaching out to the International Monetary Fund. Talking with your government will provide you with the information you need to tell the IMF which recommendations you can and cannot support and why. Since the IMF is ultimately responsible to its member countries, having the support of your government as well as the governments of donor countries such as the United States and the United Kingdom can serve as an important pressure point on the IMF.

In addition, the IMF does not like bad press. If negotiating with your national authorities is not possible and IMF staff are not interested in meeting with you, public actions such as protests, petitions, and open letters to the IMF can serve as another pressure point to influence the IMF’s actions. Building partnerships with local and international media, other CSOs, academic institutions, and business associations will make your critiques and recommendations more visible to a broader community and more likely to make an impact on the IMF in the public sphere.

Finally, international networks can play a crucial role in helping local groups engage with the IMF. Organizations that follow the IMF closely, such as New Rules for Global Finance, can serve as resource for CSOs by i) breaking down technical IMF reports into understandable language and ii) alerting CSOs to upcoming IMF consultations or programmatic activities. These organizations also have established working relationships with IMF staff based in the Washington D.C. headquarters and are well-placed to elevate local CSO concerns to IMF Senior Management.
Contacts and Further Information

International Monetary Fund

Country Office

Yasuhisa Ojima, Myanmar Resident Representative
Email: yojima@imf.org

Inya Lake Hotel, Room 240
37, Kaba Aye Pagoda Road
Mayangone Township, Yangon
Telephone: + 95 1-9-662-866/662-857
Fax: +95 1-663-149
Website: http://www.imf.org/external/country/mmr/rr/

Washington, DC Office

Sabina Bhatia, Division Chief of Public Affairs
Email: SBHATIA@imf.org

Nisreen Farhan, Deputy Division Chief of Public Affairs
Email: NFARHAN@imf.org

Tilla McAntony, External Relations Officer
Email: TMcAntony@imf.org

International Monetary Fund HQ1
700 19th Street, NW
Washington, DC 20431

International Monetary Fund HQ2
1900 Pennsylvania Ave, NW
Washington, DC 20431

Telephone: + 95 1-9-662-866/662-857
Fax: +95 1-663-149
Email: ngoliaison@imf.org or publicaffairs@imf.org
Website: http://www.imf.org/external/
Civil Society Contacts

**New Rules for Global Finance**

New Rules for Global Finance is a non-governmental organization with the aim to promote reforms in the rules and institutions governing international finance and resource mobilization, in order to support just, inclusive and economically sustainable global development. New Rules is a networking, idea generating organization that convenes critical actors and policymakers from developed and developing countries to identify politically feasible and technically sound solutions to systemic issues of international finance and resource mobilization which impede inclusive development.

2000 M Street NW Suite 720
Washington, DC 20036
Telephone: (810) 348-3165
Contact: Nathan Coplin
Email: ncoplin@new-rules.org

**Bank Information Center**

The Bank Information Center (BIC) partners with civil society in developing and transition countries to influence the World Bank and other international financial institutions (IFIs) to promote social and economic justice and ecological sustainability. BIC is an independent, non-profit, non-governmental organization that advocates for the protection of rights, participation, transparency, and public accountability in the governance and operations of the IFIs.

1023 15th Street NW, 10th Floor
Washington, DC 20005
Telephone: +1 202 737 7752 (main)
Email: info@bankinformationcenter.org
Website: [http://www.bankinformationcenter.org](http://www.bankinformationcenter.org)