

Prospects for Myanmar's development and governance

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Myanmar's efforts to reverse a legacy of isolation began with the quasi-civilian government led by then-president U Thein Sein. From 2011–2015, his government undertook a series of political, economic and social reforms that built the foundation for future democratic development.



Key reform initiatives under his administration included renewed engagement with ethnic armed forces, a relaxation of [press censorship](#) ^[1], liberalisation of the telecommunications sector, increased autonomy of the Central Bank of Myanmar and improvement of the budgetary and taxation system. The government also attempted to improve private sector development by reducing red tape to ease business costs and attract foreign investment.

During U Thein Sein's presidential term, Myanmar became one of the fastest growing economies in ASEAN, with an average growth rate of [7.3 per cent](#) ^[2]. The country also achieved the Human Development Index's [medium-ranked member](#) ^[3] status.

Major challenges remain despite these positive developments: land disputes, informal settlements in cities, inadequate basic infrastructure and most importantly an unstable political situation due to conflict in Rakhine, Shan and Kachin states.

The [political landscape of Myanmar](#) ^[4] changed dramatically after the second general election in 2015 when Daw Aung San Suu Kyi's National League for Democracy (NLD) won a majority of seats in the people's parliament, national parliaments and sub-national parliaments.

The new government was immediately confronted by existing and new challenges. A few months before the elections, 12 out of 14 regions and states were affected by flooding that

damaged 1.9 million acres of farmland causing the price of rice to increase. A [20 per cent drop in net inflow of FDI](#) ^[5] and a [growth rate sinking to 5.9 per cent](#) ^[6] (from the average 7.3 per cent growth rate of president U Thein Sein's administration) also made 2016 a difficult year for the new government.

In October 2016, the NLD government announced the '[7-Step Roadmap for National Reconciliation and Union Peace](#)' ^[7], and later established a [twelve-point economic policy](#) ^[8] which included promises to ensure effective public financial management through fiscal transparency and the reform of state-owned economic enterprises. The nation's development vision — [Myanmar Sustainable Development Plan \(2018-2030\)](#) ^[9] — was established in August 2018 and created a framework for aligning project selection with government policies. Growth rebounded to about 6.8 per cent in 2017 and slowed to 6.2 per cent in 2018.

Corruption remains a major threat to the country's development, contributing to growing inequality and increased business costs. Myanmar was ranked 147 out of 168 countries in the [Corruption Perception Index in 2015](#) ^[10]. Under the NLD government, efforts to [fight corruption](#) ^[11] have been significant. The Directorate of Investment and Company Administration (DICA) established the [Anti-Corruption Code of Ethics for Companies and Body Corporates](#) ^[12] in August 2018.

The government also amended the Anti-Corruption Law in the same year to strengthen the power of the Anti-Corruption Commission (ACC) by giving it broader authority to undertake investigations. The ACC has made significant progress in tackling grand corruption so far. [Notable cases](#) ^[13] include charges against senior civil servants and the Chief Minister of Tanintharyi Region. In 2018, Myanmar's ranking was relatively improved to 132 out of 180 countries in the [Corruption Perception Index](#) ^[14].

Although the government has accomplished some key reforms over the past four years, it still struggles with fundamental challenges. The report on [Multidimensional Welfare in Myanmar](#) ^[15] shows that Rakhine State has among the poorest conditions with respect to unemployment, drinking water and sanitation. Disability and mortality rates are major challenges for Chin State, Kayah State and Tanintharyi Region.

Another big challenge for the government is its ability to handle [armed violence](#) ^[16], especially in Rakhine State. The government has implemented the recommendations of the Advisory Commission on Rakhine State headed by former UN Secretary-General Kofi Annan. Armed clashes between the Tatmadaw, Arakan Army and Arakan Rohingya Salvation Army have worsened since 2017.

The unresolved conflict in Rakhine State continues to damage the country's image. The Gambia filed a case against Myanmar at the International Court of Justice in late 2019 following the [UN Independent International Fact-Finding Mission](#) ^[17] which claimed that Myanmar is failing to prevent genocidal intent against the Rohingya minority.

With the general election to be held in late 2020, it will be an important year for Myanmar. While there have been significant improvements over the past three years, more efforts are needed to

overcome key challenges, including narrowing the development gap between regions and states, improving basic service delivery to citizens and enhancing inclusion with [improved decentralisation](#) ^[18]. As the country is [one of the world's most disaster-prone countries](#) ^[19], the government should invest more in disaster and climate resilient infrastructure. But the most important and difficult task for the NLD government is to achieve national reconciliation and stability in conflict-affected states.

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This article is part of an [EAF](#) ^[20] [special feature series](#) ^[21] on 2019 in review and the year ahead.

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[1] press censorship:

<https://www.eastasiaforum.org/2019/02/02/the-hardening-grip-of-myanmars-soft-media-repression/>

[2] 7.3 per cent:

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2017&locations=KH-LA-VN-MM-PH-ID-BN-SG-MY-TH&start=2011>

[3] medium-ranked member:

http://hdr.undp.org/sites/default/files/2016_human_development_report.pdf

[4] political landscape of Myanmar:

<https://www.eastasiaforum.org/2019/08/24/why-gad-reform-matters-to-myanmar/>

[5] 20 per cent drop in net inflow of FDI :

<https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2018&locations=MM&start=2011>

[6] growth rate sinking to 5.9 per cent:

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[7] 7-Step Roadmap for National Reconciliation and Union Peace:

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[8] twelve-point economic policy:

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[9] Myanmar Sustainable Development Plan (2018-2030):

<https://www.mopf.gov.mm/sites/default/files/MSDP%20EN%203-9-18.pdf>

[10] Corruption Perception Index in 2015: <https://www.transparency.org/cpi2015>

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[13] Notable cases:

<https://frontiermyanmar.net/en/a-round-of-applause-for-the-anti-corruption-commission>

[14] Corruption Perception Index: <https://www.transparency.org/cpi2018>

[15] Multidimensional Welfare in Myanmar:

<http://documents.worldbank.org/curated/en/593661543241844346/pdf/132481-v1-Replacement-PUBLIC.pdf>

[16] armed violence: <https://www.eastasiaforum.org/2019/03/08/aseans-role-in-rakhine/>

[17] UN Independent International Fact-Finding Mission:

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[18] improved decentralisation:

<http://documents.worldbank.org/curated/en/400111577821333322/Subnational-Public-Expenditure-Review-2019-Fostering-Decentralization-in-Myanmar>

[19] one of the world's most disaster-prone

countries: <https://reliefweb.int/report/world/global-climate-risk-index-2020>

[20] EAF : <https://www.eastasiaforum.org/tag/country-updates-2019/>

[21] *special feature series*: <https://www.eastasiaforum.org/tag/country-updates-2019/>