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Foreword

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MYANMAR

REFORMS GATHERING MOMENTUM

Winston Set Aung

Until 2011 Myanmar had been as if asleep for quite some time. When Myanmar woke up, it was abruptly faced with a world economy in crisis, including the sovereign debt crisis in the European Union and economic recession in the United States. While the economies of many countries in the Southeast Asian region (except, perhaps, for countries that had an adequate level of domestic consumption, such as Indonesia) suffered various impacts as a result of these developments, particularly because of their effect on international trade and investment, for Myanmar the blows were shattering.

In addition to these external factors, which have had both direct and indirect impacts on the national economy as well as on regional economies, Myanmar has been struggling to address internal multi-dimensional problems that had developed over past years. Myanmar was isolated for many decades, but despite this, the Myanmar government did try systematically to tackle development issues in various sectors. The quick

fixes and short-term therapies that were practised in the past caused these inter-connected issues to become more complex, which means that now systematic multi-dimensional policies are needed to address them adequately. Aiming at developing a more systematic approach for resolving these issues, the Myanmar government has drafted a reform framework, under which sectoral priority areas for people-centered development have been identified through a multi-dimensional approach. Among these priority areas are some in which quick wins for the nation and the people have been further identified.

Among all the priority areas for development identified in Myanmar's overall reform framework, numerous measures were specified for early action, taking into account the proper sequencing for development. If you were to ask me whether or not this process has produced a perfect reform framework for Myanmar, I would have to say that that goal is still a long way off, and the framework far from perfect. However, with sustained commitment on the part of the government and others, tremendous efforts are being made to move things forward in every possible way.

Perceptions of Myanmar's reforms vary, and expectations for Myanmar's socio-economic development are great. There are many people, including the majority of the international community, who appreciate the significant progress in the area of political and economic reform that the government of Myanmar has already achieved, with the result that the majority of international sanctions against Myanmar have been either lifted totally or suspended. Many others, especially from international organizations, have been deeply concerned about the rapidity of Myanmar's development. A number of international organizations have suggested that it might be better to slow the current rapid pace of change, and to move forward more steadily and with more caution. At the same time, many people inside and outside the country are frustrated because they think that things are still moving very slowly.

Probably all are correct. People have different perceptions depending on where they are and how they see things. No doubt there has been progress but, inevitably, there will be mistakes in some areas while in others development may lag behind. It is most important to ensure that the political will and commitment to move things forward at a reasonable pace is sustained, that mistakes are promptly and efficiently corrected and lessons learned, and that progress brings significant benefits to the population at large, not just to the select few.

Myanmar has chosen the path to democracy because that is what is desired by its own people. Hence, Myanmar has to develop its economic and social development plans in line with democratic principles. In many areas, measures to increase transparency and accountability have been applied. Many ministries increasingly implement selection processes through international tenders and bidding, instead of simply granting concessions to businessmen or companies who have good connections with government agencies. The best example of this can be found in the selection process for two international mobile phone operators, which was conducted transparently and professionally, in line with international practice.¹

Civil society groups and businesses in the private sector are increasingly involved in development planning through consultative meetings. They are also involved in the process of drafting laws. One example is the World Bank's Community Driven Development (CDD) programme, through which villagers are being empowered to choose, plan, build, monitor, and account for small infrastructure projects to improve their lives. Another example is the process of drafting the *Foreign Investment Law*, the *Myanmar Special Economic Zone Law*, and the *Small and Medium Enterprises Law*, in which civil society groups, private business associations, and international organizations are involved. In addition, the views of civil society groups and of the private sector were taken into account in developing the Framework for Economic and Social Reforms (FESR).² A similar process is also being followed in drafting the National Comprehensive Development Plan (NCDP).

Policy-makers are very concerned about the possible widening of inequity as a result of the process of development. Hence, a master plan for comprehensive rural development has been drawn up with the purpose of not only alleviating poverty but also reducing inequity and narrowing the rural-urban gap. In addition, attempts are being made to improve the rule of law, encourage fair competition, and increase economic freedom as part of the socio-economic development process in line with democratic practices.

For many stakeholders in Myanmar democratic practices are still very new, and as a result, there may be cases where some people cross the line of normally-accepted behaviour, act emotionally without taking into consideration hidden consequences, complain too easily and criticize each other without strong justification, or make mistakes. Of course, this

kind of situation is not at all abnormal during a transition period such as Myanmar is undergoing, when, in many ways, everything is a learning process. However, if this situation were to persist for a long time, it could become a factor that discourages the development process, and could even have the potential to reverse the direction of reform, which would be one of the worst possible outcomes. The only way to avoid such situations is to enhance trust among all stakeholders through close collaboration, understanding, and friendship.

There is an invisible association between trust, patience, understanding, friendship, and socio-economic development. There is not much evidence to determine whether socio-economic development is an exogenous or endogenous variable in this relationship, but it is a variable without which the reforms may not happen and changes may not be sustained. Myanmar has achieved significant reform in the area of political development (although there still is a long way to go to reach perfection) and it is important that this political progress should influence and underpin socio-economic development. Many international organizations have been flocking into Myanmar with a large amount of assistance for socio-economic development; however, Myanmar understands that such assistance serves only for a short-term (or perhaps a medium-term) purpose. In the long term, Myanmar needs to stand on its own feet, and it needs to start preparing now for that time. Clearly, the investment and trade sectors will play a very important role in enabling Myanmar to achieve this independence in the long term.

One key aim of Myanmar's government is for equitable development in economic, social, and environmental spheres. A focus is on eight priority areas for rural development, while concurrently investment and trade are being liberalized and actively promoted. Attempts are being made to create a favourable investment climate for both foreign and domestic investment. However, as for a number of other countries in the Asian region that face various limitations in hard and soft infrastructure development, it is easier said than done to create such a climate in a short time. But time is a luxury Myanmar cannot afford. Hence, special economic zones are being developed where top-notch hard infrastructure can be developed in a very short time, and where streamlined, transparent, and predictable policies favourable to investment and trade can be adopted. It is hoped that this will lead to a situation where a level playing-field can be created and a positive investment climate can be ensured in a very short time.

In addition, the Small and Medium Enterprises Law is being drafted in collaboration with business associations and international organizations that include the German Society for International Cooperation (GIZ), the United Nations Industrial Development Organization (UNIDO), the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Japan External Trade Organization (JETRO), and others. Its aim is to facilitate and support small and medium-sized enterprises in a holistic and comprehensive way, not only to grow but also to complement foreign investment.

Myanmar has been moving forward at a speed that many people could not have imagined even two years ago. In many areas, lessons gained from the experience of other countries in the region have been used effectively to move things forward with confidence; however, in some other areas, what is being done is not without risk. Myanmar is now very willing to learn from other countries in order to take advantage of being a latecomer to development. Many government ministries are working with international consultants provided by various international organizations in order to access information without which Myanmar cannot make the most of the latecomer's advantage—but there are many things that Myanmar still needs to learn and improve. Significant development has been achieved within just two years, but there is still a long way to go. Reform is not just a one-time effort; it is a process. More precisely, it is an evolutionary process. Hence, it needs some time to evolve.

In this evolutionary process of reform, the government cannot on its own achieve a good result without having a tremendous level of cooperation with civil society at various levels. It is time for all the stakeholders, including the government of Myanmar and civil society groups both inside and outside the country, to become more active friends of Myanmar. Donors and international organizations should collaborate closely, hand-in-hand with the Myanmar government, to pursue people-centered, equitable, inclusive, and sustainable development. The goal is to make Myanmar once again a responsible member of the global community.

Notes

- 1 The Myanmar Government's Information Team issued a press release on 27 June 2013 announcing that two foreign companies had been awarded mobile telephone licences, together with a detailed description of the tender process.

New Light of Myanmar, "Telecommunications Operator Tender Evaluation and Selection Committee issues press release", *New Light of Myanmar*, 28 June 2013, pp. 16, 5, 6 <<http://www.burmalibrary.org/docs15/NLM-2013-06-28-red.pdf>> (accessed 14 October 2013).

- 2 The Framework for Economic and Social Development was prepared for the government by the Myanmar Development Resources Institute in late 2012 as an attempt to ensure better integration of social and economic policies across government agencies. Its principles will be used by all government ministries as the basic guide for new projects.