

# Policy Brief

## Effective Bureaucracy can Facilitate Economic Reforms in Myanmar

1. Transforming Bureaucracy into an Effective Institution
2. Restructuring of Capacity
3. Facilitation of Reforms
4. Transparency and Accountability

By Anita Prakash

*Myanmar has opened up to democratic and economic reforms. Bureaucracy is one of the chosen agents of reforms, both political and economic. Bureaucracy faces the difficult task to reform itself for optimum delivery of reforms. Structural changes are required in transforming the bureaucracy into a development agent. Capacity building of the bureaucracy, without compromising its independence, is required for the effective implementation of reforms. A restructured and informed bureaucracy should be Myanmar's preferred agent of change.*

After decades of isolation, Myanmar has opened up to democratic and economic reality. With the declared priorities of Democracy, Peace & Development, Myanmar is moving into a governance led reform period which spans the social, political, economic and ethnic landscape of the country. Indeed, as in most developing societies, the implementation of the reforms process is in the hands of the bureaucracy which, ironically, has the difficult task to reform itself for optimum delivery of reforms. It now faces the twin paradigm of development of administration and administration of development. This is best reflected in the President Thein Sein's speech of 2012.

*. . . both the government that is made up of the representatives elected by the citizens, and the civil servants who draw salaries from tax revenue and serve the public, must strive with determination to create the conditions to foster good governance and an efficient government. In addition, all political, economic, social and administrative reforms undertaken by the government must aim at achieving grassroots-based development. . .*

*The administrative reforms . . . in line with the people-based development strategy should transform government officials into public servants who truly serve the public. In order for this to happen, officials*

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*from the ward/village level to the union level must change their mindset, old behavior, and the way they used to perform in ways that will make the government more transparent, accountable, clean and effective. ...*

(President U Thein Sein, Speech on Administrative Reforms, December 26, 2012)

The 2008 Constitution enshrines democracy and a multi-party system as the foundations of the political governance of Myanmar and market economy as the foundation of Myanmar's economic system. Myanmar political system is a hybrid system which leans towards presidential system where the president is both head of the state and head of the government. Political governance is distinguished into three separate branches: the Legislature, the Executive, and the Judiciary. The three branches of government check and balance against each other to ensure separation of power. The parliament is the first among equals although the three institutions are deemed equal. Myanmar has adopted a federal system with a sharing of power between union government and seven states and seven regions.

Since the beginning of reforms in March 2011, Myanmar government has made enormous efforts to reform the governance structure towards a democracy and a market economy. Reforming and reinvigorating an isolated economy is perhaps the biggest challenge facing the country. Economic reform has proceeded much more slowly than political reform. But there appears to be strong political commitment from the president and the legislatures to make the necessary changes in this area. The process is slow due to technical and institutional capacities. The need for the

country is to develop the capacities of the executive in decision making and implementation, as also those of the legislature and judiciary. But the focus of development remains on the bureaucracy as it is the facilitator of reform process.

## **1. Transforming Bureaucracy into an Effective Institution**

Importance of 'good governance' and 'clean government' is not lost on the political leadership in Myanmar. Senior leadership is directing and demanding an effective and efficient bureaucracy. Reversing the political direction of the country while simultaneously reforming the economy and pursuing a peace process with over a dozen separate armed groups is an enormous challenge. The public administration has very few people with the skills and vision to lead the process, with the result that a small number of individuals are faced with an enormous work-load. Inevitably, in the beginning of the reform period, ad hoc and inadequately informed decision making was the order of the day. However, with the Framework for Economic and Social Reform (FESR) put in place, which sets out policy priorities until 2016 and also the guiding principles for longer-term development plans, there is a pathway of development to be followed by the bureaucracy. The priorities of the FESR have effectively become the reference point for decision making process in the bureaucracy, as also the implementation of the reforms.

There are several visible structural changes in transforming the bureaucracy into a development agent. The reorganizing and restructuring of Ministries in 2012 is a right step in this direction. However, there are two important aspects of governance that the government may

have to act upon if the bureaucracy is to deliver the reform priorities of the government.

First, the reform agenda has to move simultaneously with the capacity building of the bureaucracy, at all levels, but in particular at the middle and lower levels as these have the direct interface with the people in the country, especially in the regions far removed from the economic and political capitals of the country. As bureaucracy is the effective face of the government, a clear delegation of authority and knowledge of its mandate would make the bureaucracy both efficient and effective. Myanmar could set up its Administrative Reforms Commission which would reassess and formulate the mandate and deliverables of all the Ministries at all levels of bureaucracy.

Following this clarity should be the allocation of financial, human and technical resources. An efficient bureaucracy must also be effective, and this is possible when resources are made available to it. Bringing Information technology into the offices will not only empower the civil servants in terms of knowledge but would also help in efficient and timely administration of development. Refresher training of the bureaucracy is always an underestimated agenda, and the government may well use this effective tool to bring the bureaucratic apparatus and the reform agenda on the same page.

The independence of bureaucracy as the development agent in the reform period (in fact at all times) should be borne on mind by the political leadership. Many developing economies in Asia and Africa and some parts of South America have used the concept of 'committed bureaucracy' as one committed to the political leadership and not to the civil society. The executive must formalize the

powers and independence of the bureaucracy, without diluting its accountability to the political leadership, so as to balance the independence of bureaucracy with political accountability in the democracy.

## **2. Restructuring of Capacity**

The civil service in Myanmar has served under successive military governments. The authoritarian regimes have favoured loyalty over capability. With the added problem of brain drain, there is left only limited policy formulation capacity in the government and bureaucracy. This limitation is severely evident at the lower and middle levels of administration, especially in the decision making process and in the implementation of reforms. Bred in a culture of top-down instructions, the need for initiative and drive among the bureaucracy is especially glaring when there are major political and economic reforms initiated by the government. There is a whole literature on effective communication of reforms/ change to the lower levels of bureaucracy, both for effective comprehension and implementation of change. Postponing of reform implementation or partial implementation is a natural outcome if such communication does not permeate all levels of bureaucracy.

Reforms can not be implemented successfully by a leap of faith. When new policies are implemented in good faith, there can be severe capacity challenges. The bureaucracy in Myanmar has to be a part of the reforms process - by both getting reformed and implementing reforms. Doing more of the same may give an impression of increased activity, but to make the reforms results tangible and sustainable, the bureaucracy requires a restructuring of its mission, mandate and

delivery systems. The restructuring includes re-education and training and removing red-tape. Myanmar can take a look at some of its neighbours such as Cambodia and Vietnam, which have introduced the twin programme of reforms and restructuring in their countries.

### 3. Facilitation of Reforms

Current political reforms and economic liberalization have created opportunities for the bureaucracy to act as the facilitators of the reform process. There are challenges for Myanmar to implement the reforms or even the AEC Blueprint measures due to limitation in capacity in terms of infrastructure, institutions, rules and regulations, human resources, technology and finance. In such fledgling backdrop, bureaucracy has a unique opportunity to rise as the facilitator of the reform process. As the only agency of the government which is present at every level of governance in the country, bureaucracy can be the single most unifying factor in the path towards economic growth. There is an overwhelming case for bureaucracy as the agent of reforms due to their reach in a large country like Myanmar. Bureaucracy should be trained to be the eyes and ears of the reform process. As there are constraints on both human resources and institutions, the bureaucracy should be trained to be closely involved in the planning, managing and implementing of Myanmar's reforms. This would empower the bureaucracy to manage and deliver the reforms efficiently. In doing so, a virtuous cycle is created where success in implementing economic reforms would create more policy space for the government to initiate and implement more vigorous and wide-ranging political and economic reforms in subsequent stages.

### 4. Transparency and Accountability

A centralized and authoritative political system and highly regulated economies are hot bed of corruption. Excessive and opaque rules were the most common bureaucratic hurdle in the pre-reform Myanmar. In the current reform period, transparency in decision making and implementation of reforms process would be the litmus test of transparency of bureaucracy. Access to government through bureaucracy is another test of transparency and accountability. The reform led government must ensure this transparency and accountability by moving towards a rule based system and through structural reforms in the bureaucracy. The success of reforms, whether political or economic, is only as much as the reforms in bureaucracy.

It is naïve to believe that these transformations would be easy. With the enormity of reforms and limited capacity at both the policy-formulation and policy-implementation levels, there is a risk that both polity and bureaucracy will be overwhelmed. There is also the temptation of achieving economic growth without adequate political and civil reforms, as witnessed in some neighbouring countries. However, if Myanmar is able to manage the expectations at home and avoid any potential risks to its reform, it may well be able to manage this change. And a restructured and informed bureaucracy would be Myanmar's preferred agent of change.

#### *About the author*

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