

Myanmar

2015 Country Summary

Recommendations

Myanmar is located in Band F, which indicates critical corruption risk in its national defence and security establishments. No branch of the state - the legislative, executive, or judicial branches - may exercise oversight over the military. Article 20 of the 2008 constitution states, "The Defence Services has the right to independently administer ... all affairs of the armed forces." In practice, Myanmar has two parallel power structures: the civil government and the military, with the latter also having significant influence in the former. There is a complete lack of transparency regarding military activities and no public disclosure of any key information on defence spending, strategy, or procurement plans - precluding any opportunities for civilian oversight and scrutiny. TI suggests the following reforms of the security sector to minimise corruption risk.

Build mechanisms for independent oversight of corrupt military activity

In Myanmar, the military has ownership of two major enterprises that dominate the economy - the Union of Myanmar Economic Holdings Limited (UMEHL) and the Myanmar Economic Corporation (MEC). The transfer of control of these businesses took place quickly during 2009 and 2010, and there is no transparency of ownership. Furthermore, there is evidence that businesses are not only closely tied to substantial off-budget military expenditures but that they involve illicit economic activity.

There is also evidence of military units involved or complicit in organised crime, conscription of child soldiers, and forced labour. Militias set up under the supervision of the Army in areas where rebel groups operate have been implicated in both the trade and production of narcotics. There are allegations that crimes go unpunished, and the military acts with impunity. While the president established a 15 member Action Committee Against Corruption in 2014, it is not yet wholly independent or effective.

We recommend a review of the current laws regulating the military and its commercial activities and a prohibition of private enterprise by defence and security institutions and personnel. These laws should be overseen by a robust and independent enforcement agency, such as by strengthening and allocating further resources to the Office of the Auditor General, with strong sanctions in place for offenders to ensure that military personnel cannot act with impunity.

Enhance Budgetary Scrutiny

It is positive that a defence budget was provided to Parliament for the first time in 2013, though there's evidence suggesting MPs appointed to the Budget Committee may have been encouraged not to raise issues. There is no institution for external audit of defence expenditures in place in Myanmar. An assessment by the World Bank states that the Office of the Auditor General (OAG) is having a significantly positive impact on the management of public finances in Myanmar. However, it does not have jurisdiction over military expenditure. We recommend the powers of the OAG be extended to allow for scrutiny of all military economic activity, including asset disposals, legal and illegal military businesses, procurement, defence expenditure, and defence tender board decisions to help ensure that the military is fulfilling its proper role and that the defence budget is spent on arms and equipment that actually meet Myanmar's strategic needs.

Comply with international anti-corruption instruments and regional cooperation

Myanmar signed UNCAC in 2005, and ratified in December 2012. However, there has been limited evidence of compliance with the Convention. In November 2013, Myanmar joined the ASEAN Memorandum of understanding on Cooperation for Preventing and Combating Corruption. The MOU pledges Myanmar to work together with other ASEAN states to combat corruption through information sharing and capacity building. As with UNCAC, however, there needs to be further evidence of political will and activity on the part of the Myanmar authorities to show compliance with these instruments.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	0
		Defence Committee	1
		Defence Policy Debated	0
		CSO Engagement	0
		International AC Instruments	2
		Public Debate	1
		AC Policy	0
		AC Institutions	1
		Public Trust	0
		Risk Assessments	0
	Defence budgets	Acquisition Planning	1
		Budget Transparency & Detail	0
		Budget Scrutiny	1
		Budget Publicly Available	0
		Defence Income	0
		Internal Audit	0
	Other Political Areas	External Audit	0
		Natural Resources	0
		Organised Crime Links	0
		Organised Crime Policing	0
Intelligence Services Oversight		0	
Intelligence Services Recruitment		0	
Finance	Asset Disposals	Export Controls	0
		Asset Disposal Controls	1
	Secret Budgets	Asset Disposal Scrutiny	0
		Percentage Secret Spending	0
		Legislative Access to Information	0
		Secret Program Auditing	0
		Off-budget Spending in Law	0
		Off-budget Spending in Practice	0
	Links to Business	Information Classification	0
		Mil. Owned Businesses Exist	1
Mil. Owned Business Scrutiny		1	
Personnel	Leadership	Unauthorised Private Enterprise	0
		Public Commitment	0
		Measures for Corrupt Personnel	1
		Whistleblowing	0
	Payroll and Recruitment	Special Attention to Sensitive Personnel	1
		Numbers of Personnel Known	0
		Pay Rates Openly Published	1
		Well-established Payment System	0
		Objective Appointments	1
	Conscription	Objective Promotions	1
		Bribery to Avoid Compulsory Conscription	0
		Bribery for Preferred Postings	0
	Salary Chain	Ghost Soldiers	0

		Chains of Command and Payment	0
	Values, Standards, Other	Code of Conduct Coverage	0
		Code of Conduct Breaches Addressed	0
		AC Training	0
		Prosecution Outcomes Transparent	0
		Facilitation Payments	0
Operations	Controls in the Field	Military Doctrine	0
		Operational Training	0
		AC Monitoring	1
		Controls on Contracting	1
		Private Military Contractors	0
Procurement	Government Policy	Legislation	0
		Transparent Procurement Cycle	0
		Oversight Mechanisms	0
		Purchases Disclosed	0
		Standards Expected of Companies	0
	Capability Gap	Strategy Drives Requirements	0
		Requirements Quantified	0
	Tendering	Open Competition v. Single-Sourcing	0
		Tender Board Controls	0
		Anti-Collusion Controls	0
	Contract Delivery / Support	Procurement Staff Training	0
		Complaint Mechanisms for Firms	1
		Sanctions for Corruption	0
	Offsets	Due Diligence	0
		Transparency	0
		Competition Regulation	0
	Other	Controls of Agents	0
Transparency of Financing Packages		0	
Subsidiaries / Sub-Contractors		0	
Political Influence		0	