



OECD Development Pathways

# Multi-dimensional Review of Myanmar

VOLUME 1. INITIAL ASSESSMENT



# OECD Development Pathways

## MULTI-DIMENSIONAL REVIEW OF MYANMAR

### Volume 1. Initial Assessment

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**M**yanmar faces a crucial few years to make the appropriate policy choices as it paves the road for its long-term development. Fortunate to be endowed with a wealth of assets and located in a dynamic region, the country can establish a multi-pronged development strategy based on agriculture, mining and extraction, manufacturing and services, an effort that this *OECD Development Pathways* hopes to support. The internal peace process and renewed relations with major bi- and multi-lateral partners since the political changes which began in 2011 provide a strong basis for such a strategy.

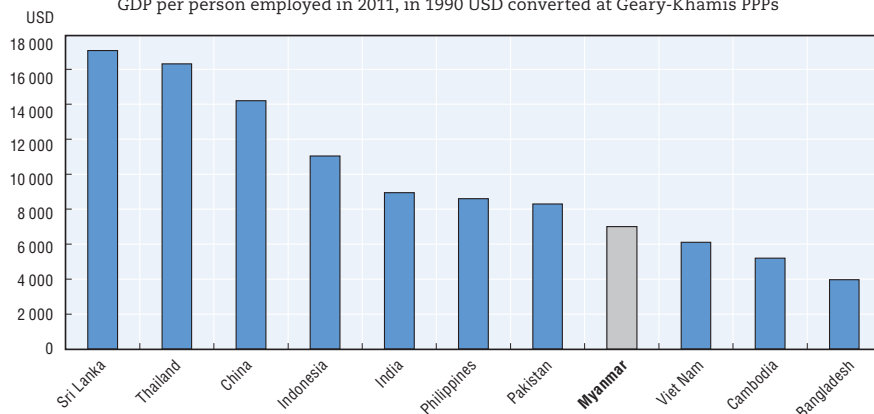
## **The goal is growth that is stable, sustainable and equitable in its opportunities**

Few countries have the opportunity to establish a robust development strategy based on assets as abundant as those possessed by Myanmar. Large agricultural land is one of Myanmar's major endowments, especially when considered in terms of arable land per capita. In addition, nearly 47% of total land area is covered by forests which contain 25 commercially viable species, including 80% of the teak in Southeast Asia. Myanmar ranks 14<sup>th</sup> in the world in terms of water availability, providing a base for the fishing industry and substantial hydropower (with an estimated potential of 100 000 megawatts). Minerals, hydrocarbons and other non-renewable natural resources are also found in a diversity rarely seen elsewhere.

In addition to these natural assets, Myanmar has a relatively large, well-trained and low-cost labour force. In 2011, a manufacturing worker earned USD 53 per month and cost their employer USD 1 100 a year, about a sixth of what a comparable worker would cost in China or Thailand and half what it would be in Lao PDR. Low wages do not mean low productivity. Labour productivity in Myanmar is higher than in other regional economies in the same income group such as Bangladesh and Cambodia, and even higher than that of Viet Nam, a middle-income country (Figure 1). Relatively high labour productivity and low labour costs can serve as a basis for manufacturing and service industries.

**Figure 1. Labour productivity is relatively high in Myanmar**

GDP per person employed in 2011, in 1990 USD converted at Geary-Khamis PPPs



Source: The Conference Board (2012), *Total Economy Database™*, January 2012, [www.conference-board.org/data/economydatabase/](http://www.conference-board.org/data/economydatabase/).

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One such service industry that has particular potential in Myanmar is tourism. Myanmar's rich cultural heritage is a major asset that can support the country's development if tourism is managed sustainably. The country has many sites of historical, cultural and architectural significance which are comparable to sites which have been awarded world heritage status, as well as areas of natural beauty – such as the 800 or so islands in the Myeik Archipelago in the south – which have the potential to be developed as tourist destinations.

Myanmar's geographic location in a dynamic region is in itself a resource. As Myanmar embarks on domestic reforms, many countries are now adjusting their economic relations and foreign policies towards Myanmar and the country will be able to take better advantage of its favourable location than it has in the past. Myanmar stands to benefit from the opening up of sources of investment, aid and co-operation and trade relationships.

Fertile land, abundant natural resources, a rich cultural heritage, a young labour force and a prime geographic location represent enormous development opportunities for Myanmar. But how can Myanmar translate these advantages into greater well-being for its population? Rapid economic growth is an important and pressing objective for the country's policy makers. As the country is starting from a relatively low base, growth is needed for incomes to rise, lifting people out of poverty and improving living standards. But development policies need to go beyond growth, ensuring that the path of development is sustainable and that everyone shares the benefits. To set the foundations for solid and sustainable development, short-term actions for growth and poverty reduction should be appropriately sequenced with institutional

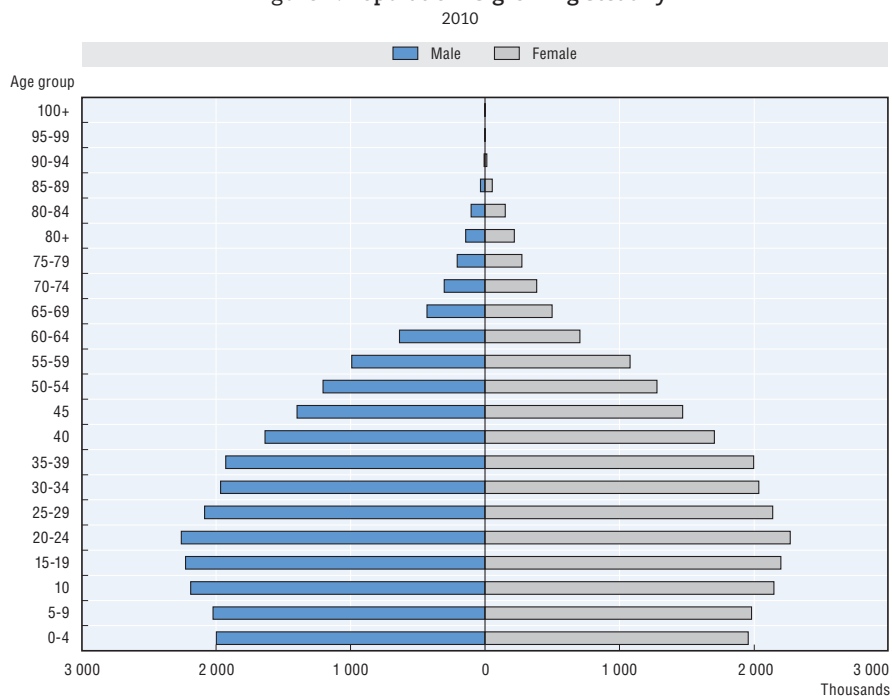
change initiatives that promote systematic increases in productivity and equitable distribution of opportunities and income.

Recent economic growth in Myanmar has been relatively low for its level of income. The OECD's medium-term growth forecasts indicate that without structural change the economy can grow at an average of 6.3% over 2013-17, somewhat below the government's 7.7% target for between now and 2015. Private consumption has been driving growth in recent years, in spite of the high prevalence of poverty. To significantly strengthen private consumption, broad improvements in living standards and increases in the incomes of the poor are needed. Investment has also been an important driver of growth and its importance is expected to increase following the recent adoption of foreign investment laws. In particular, FDI and domestic investment in manufacturing and services can potentially ignite growth. Special economic zones and industrial zones are expected to be additional catalysts of the catching up.

The resource sector can contribute to growth, but for stable growth that benefits the whole population several job-creating sectors need to take off. Agriculture, as today's major provider of jobs and domestic output, will continue to play a crucial role in the economy, but with mechanisation and increasing productivity, its employment is expected to shrink. Investment in the now under-developed manufacturing and service sectors will be essential to creating jobs and raising incomes. The expansion of these sectors will be favoured by the country's abundant low-cost labour but improved physical infrastructure and institutional frameworks for business are vital. To take advantage of these opportunities, in the short term the pragmatic identification of a limited set of policy initiatives may better trigger investment. Special attention should be given to attracting foreign investment to special economic zones, developing industrial zones to spur domestic investment, optimising the contribution of public enterprises to economic growth, and setting the right conditions for the development of small enterprises. These measures should be subsequently accompanied by long-term oriented structural reforms.

Boosting the growth potential of the economy is also important. Expected increases in productivity in all sectors of the economy and shifts of production factors to sectors where they can be used more efficiently will boost the growth potential of the economy. The major source of the income gap with OECD countries is the difference in labour productivity, while in terms of labour utilisation, the country fares relatively well compared to OECD countries. Myanmar's population will keep increasing in the coming couple of decades, also holding potential growth rates high, but the structure of the population shows that it will start ageing earlier than other countries in the region at similar income levels (Figures 2 and 3). This means that time is of the essence: if the momentum for development is not seized now, Myanmar risks getting old before the incomes and living standards of its people can significantly improve.

Figure 2. Population is growing steadily

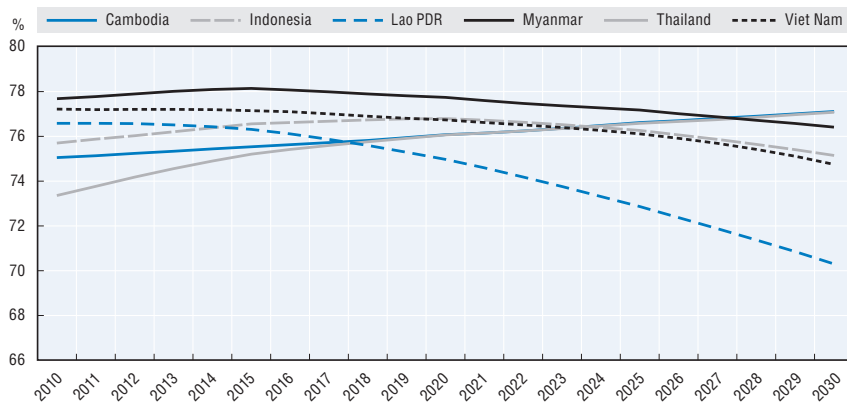


Source: UN (2011), World Population Prospects (2011), the 2010 Revision: Standard Variants (database), <http://esa.un.org/unpd/wpp/Excel-Data/population.htm> (accessed 19 April 2013).

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Figure 3. Myanmar will start ageing soon

Share of age group 10-64 in total population

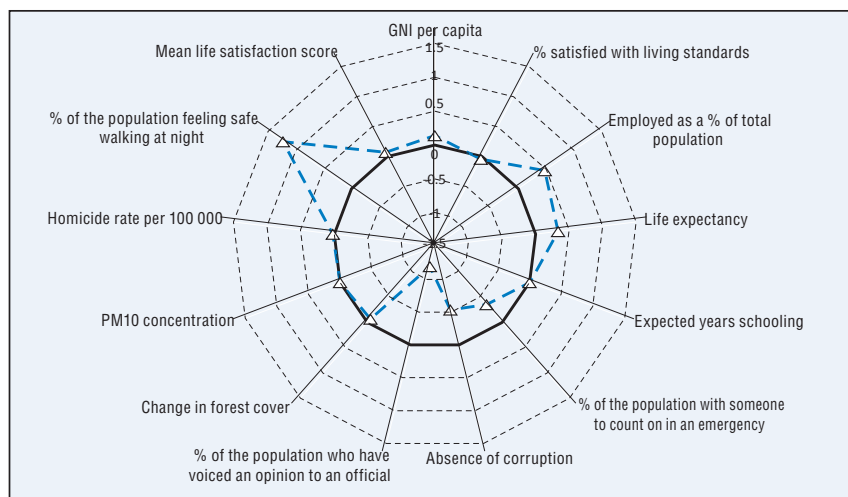


Source: UN (2011), World Population Prospects (2011), the 2010 Revision: Standard Variants (database), <http://esa.un.org/unpd/wpp/Excel-Data/population.htm> (accessed 19 April 2013).

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The success of Myanmar's development will ultimately be measured by the improvements it achieves in broader measures of well-being. Myanmar's current level of well-being is mostly similar to what could be expected given its level of income, with a few exceptions (Figure 4). Myanmar's human capital stock, as represented by employment, health and education outcomes is somewhat better than might be anticipated. In addition, female outcomes are similar to, or even better than, male outcomes across most of these areas. Environmental outcomes reflect Myanmar's abundant natural resources, but also suggest a slightly higher than expected run-down of the country's natural capital stocks. Given the weak link between GDP growth and improvements in environmental outcomes, this will be an important area to monitor in the future. Offsetting Myanmar's strong natural capital stocks and positive human capital outlook, is its relatively poor performance in the area of social capital. In terms of social support, perceived corruption and civic engagement, Myanmar performs worse than would be expected given its income.

**Figure 4. Outcomes for Myanmar relative to benchmark:  
Selected comparator countries**



Note: Bivariate regressions are run with the relevant well-being measures as the dependent variable and GDP per capita as the independent variable to estimate a coefficient for the relationship between GDP and the outcome in question. The coefficient is then applied to Myanmar's actual GDP per capita to produce an expected value for the outcome. Myanmar's actual well-being outcome is expressed as a ratio of the expected outcome measured in standard deviations. Benchmark countries include Bangladesh, Cambodia, China, Haiti, India, Indonesia, Lao PDR, Malaysia, Nepal, Philippines, Uganda, Viet Nam.

Source: Authors' calculations based on Gallup Organization (2013), Gallup World Monitor; Transparency International (2012), "Corruption Perceptions Index 2012", [www.transparency.org/research/cpi/overview](http://www.transparency.org/research/cpi/overview) (accessed 10 March 2013); UNDP (2013b), International Human Development Indicators (database), United Nations Development Programme, <http://hdr.undp.org/en/statistics/>; UNESCO (2013), UNESCO Institute for Statistics Data Centre (database), United Nations Educational, Scientific and Cultural Organization, <http://stats.uis.unesco.org/>; WHO (2013), Global Health Observatory Data Repository (database), World Health Organization, <http://apps.who.int/gho/data/view.main> and World Bank (2013), World Development Indicators (database), <http://databank.worldbank.org>.

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## **Institutional and social capital will be vital to achieving stable and sustainable growth**

The lack of institutional and social capital is the key constraint to Myanmar's development, even more pressing than its lack of human and physical capital. Whether Myanmar succeeds in achieving stable and sustainable growth will depend vitally on success in developing the institutional and social capital necessary to maintain macroeconomic and financial stability, to ensure the rule of law, to realise environmentally sustainable development and to create an enabling environment for the private sector.

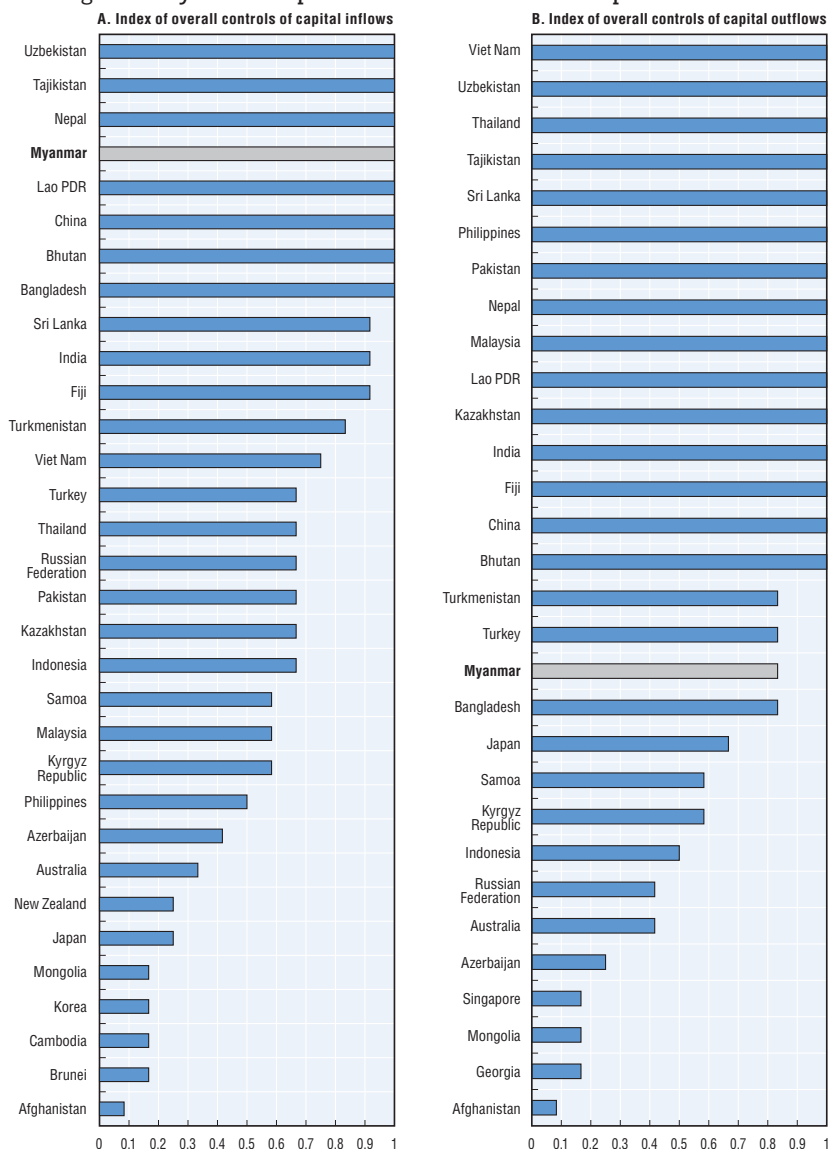
### ***Maintaining macroeconomic stability***

Past episodes of macroeconomic instability have inhibited Myanmar's development. The authorities have given high priority to creating a more effective framework for macroeconomic stabilisation that is underpinned by the establishment of a sound financial system. In doing so, the authorities will have to confront a number of challenges head-on. Specifically, the starting point is one where the economy is still largely informal, relevant institutions have to be newly set up and the technical capacity to absorb new arrangements and policy approaches has to be developed. In order to prevent the economy from falling prey to macroeconomic instability while the reform process is proceeding, careful sequencing of the various steps is crucial. Three strands of policy are in need of reform: the financial system, monetary and exchange rate policy, and fiscal policy.

- The financial system needs to be made more stable and more efficient to be ready to accommodate fund inflows and to channel these flows to best possible uses. A stable and efficient financial system is an essential foundation, but Myanmar's economy is still largely cash-based, thus foregoing the possibility of more efficient pooling of saving, risk sharing and maturity transformation through the formal financial system. The majority of regulations in banking aim at ensuring the stability of institutions and there is little attention paid to efficiency or to consumer protection.
- A framework for monetary and exchange rate policy needs to be established, along with the necessary institutions and technical infrastructure, so as to be able to deal with economic shocks. As it stands, monetary policy in Myanmar pursues the twin goals of price and exchange rate stability. The capital account in Myanmar is still largely closed (Figure 5), and as long as this remains the case, the twin objectives of low inflation and a stable exchange rate are not incompatible. A fundamental prerequisite for monetary policy to be effective in achieving these objectives, however, is to reduce both dollarisation and informality.
- A framework for fiscal policy needs to be developed, particularly in order to boost revenues to finance much needed expenditures in education and health. A combination of relatively high public indebtedness, (growing) dependence on foreign capital, widespread informality and poverty and an associated limited revenue raising capacity, and a large dependence on resource revenues are a potentially dangerous combination now facing Myanmar.



Figure 5. Myanmar implements strict controls on capital flows



Note: The index of capital control measures takes values between 0 and 1 with higher values indicating higher degree of restrictiveness. It covers the areas of foreign direct investment, portfolio investment and cross-border credit. It is based on the IMF's Annual Report of Exchange Arrangements and Exchange Restrictions and originally constructed by Schindler and extended by the authors until 2010.

Source: Authors' calculations based on IMF (2013), *The Annual Report on Exchange Arrangements and Exchange Restrictions* (AREAR) (database), International Monetary Fund, <http://imfareaer.org> and Schindler, M. (2009), "Measuring financial integration: A new dataset", IMF Staff Paper, Vol. 56, No.1, International Monetary Fund (IMF), [www.palgrave-journals.com/imfsp/journal/v56/n1/full/imfsp200828a.html](http://www.palgrave-journals.com/imfsp/journal/v56/n1/full/imfsp200828a.html).

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## *Ensuring the rule of law*

The lack of rule of law in some parts of the country has impeded government provision of major public goods such as security, justice and other services. Moreover, it has contributed to the rapid and often uncontrolled depletion of the nation's natural wealth. These problems reflect the fact that for much of the recent past, the law has not been supreme, allowing the government and powerful individuals to exercise arbitrary power, sometimes at the expense of the public good.

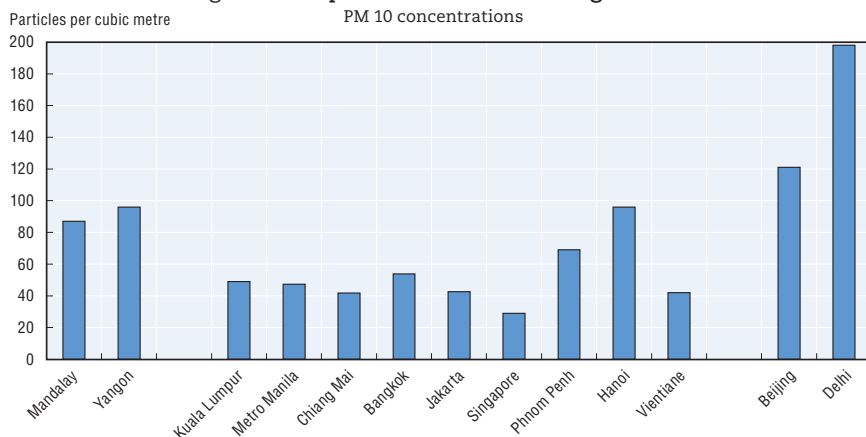
Reform efforts to strengthen the rule of law and overhaul key legislation are proceeding and a plethora of new laws have been passed. To establish the supremacy of the law, the effective separation of executive, legislative and judicial powers will be critical. The reformist government that came into power in 2011 has also made progress in establishing the major principles reinforcing the rule of law such as voice, accountability and transparency. There are now fora for people to make their voices heard, the government is being held more accountable and transparency has been enhanced. However, a deeper involvement of the public in the discussion of laws and in the uncovering of unlawful behaviour is needed.

Voice and accountability can also potentially be strengthened by the devolution of powers to sub-central government units. Effective local institutions and well-trained local officials are the preconditions for a federalism that enhances voice and accountability, as without those it is difficult to execute local-level plans and to implement policies. In addition, the extent to which powers are devolved, including revenue-raising powers, is an important determinant of the impact of decentralisation on participation, voice and accountability. The ideal form of federalism for Myanmar is hard to define but history has proven that any kind of notional federalism that lacks effective devolution of powers will not work. A “genuine” federalist system for Myanmar would involve the effective devolution of powers to the states and regions, both for self-determination and revenue collection. Furthermore, federalism can only work if the delicate balance between the demand for regional autonomy and the choice to maintain unity is well struck.

## *Realising environmentally sustainable development*

Myanmar's natural resources have been the mainstay of the economy and will continue to be important as the economy diversifies. However, these resources have been degraded by population pressure and commercial demands. Myanmar's early stage of economic development has helped to limit the damage to its environment and natural resources in some areas. For example, industrial pollution is less severe than in most other developing countries in Asia, but this is mainly because of the comparatively limited development of industry and low income levels (Figure 6). However, there has been a substantial degradation of forest, land, and other key resources on which the country's development will depend.

Figure 6. Air pollution is severe in large cities



Source: Pandey, K. D. et al. (2006), "Ambient particulate matter concentrations in residential and pollution hotspot areas of world cities: New estimates based on the Global Model of Ambient Particulates (GMAPS)", *The World Bank Development Economics Research Group and the Environment Department Working Paper*; and WHO (2013), *Database on outdoor air pollution*, World Health Organization, [http://www.who.int/gho/phe/outdoor\\_air\\_pollution/exposure/en/index.html](http://www.who.int/gho/phe/outdoor_air_pollution/exposure/en/index.html) (accessed 19 March 2013).

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The degradation of resources needs to be stopped and, where possible, reversed. At the same time, Myanmar must prepare for the risks related to the increased use of chemical fertilisers and pesticides to boost agricultural productivity as well as its anticipated industrialisation and urbanisation. For example, motor vehicle use in Myanmar already accelerated sharply in the first decade of this century and the pattern of other developing countries indicates that it is likely to accelerate further as per-capita incomes rise. Climate change also needs to be factored into development plans as coastal and delta regions are likely to be affected by the increase in tidal variations in sea level and in the frequency and intensity of cyclones.

This demands a stronger institutional framework for environmental policy and the incorporation of environmental considerations into all development policies, both overarching and sectoral. Myanmar's legal framework and institutions for environmental policy are at an early stage and mechanisms to co-ordinate environmental and other policies are limited. The lack of tools to assess environmental impacts of development policies poses the serious risk that the proliferation of infrastructure projects, development of special economic zones and other development policies over the medium term will interfere with the achievement of Myanmar's sustainable development objectives. For example, unlike its regional neighbours, Myanmar's present laws do not require the use of Environmental Impact Assessment (EIAs) for major projects nor do they provide a framework and standards for their use.

## *Creating an enabling environment for private initiatives*

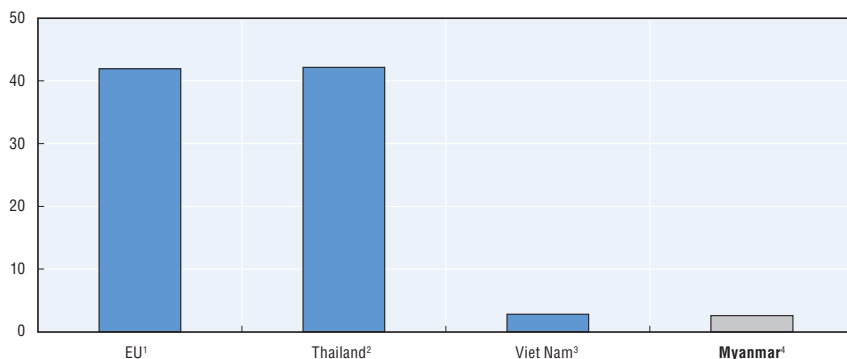
The business sector could potentially become a driving force of Myanmar's development, provided the right institutional framework for entrepreneurship and private initiatives is in place. While FDI is needed to acquire technology, domestic private initiatives are equally important in paving the way for industrialisation. The government's private-sector development agenda is focusing on fostering manufacturers, commercialising agriculture and nurturing services industries. Establishing a robust legal and regulatory framework for business is an urgent priority. There are a number of parallel line ministries which regulate the business sector, but there is insufficient co-ordination between these entities.

Although Myanmar has abundant low-cost labour, it has not managed to realise its potential. Myanmar has an estimated 2.6 small and medium-sized enterprises (SMEs) per 1 000 people, far lower than Thailand and other more developed countries (Figure 7). Furthermore, 83% of all businesses are in the informal sector. Significant impediments to business include common problems with: access to capital and credit; poor trade facilitation and high customs-related fees; cumbersome business and trade licensing and permits; shortages of electricity; weak telecommunications; and inefficient transportations systems. Other challenges include a shortage of spare parts and raw materials, a low level of advanced technology utilisation, machinery and equipment deficiencies, and shortages of foreign currency.

State-owned enterprises (SOEs) are an important part of Myanmar's economy, although less so than in the past. Ensuring that state-owned and private businesses compete on a level playing field will be a precondition for inclusive and sustainable development. SOEs dominate many fields such as agribusiness, forest, mines, energy, light and heavy industries, construction and telecommunications. Although their share has been gradually declining since the early 1990s, SOEs accounted for 8.7% of GDP on average from 2004 to 2010, more than half of government revenues and over 40% of exports. Although SOEs have a great degree of freedom and economic privilege, the majority are not profitable. The government is taking the issue of SOE reform seriously, including corporatisation and in some cases privatisation.


Facilitating investment requires legal and regulatory reforms to improve the business environment. Myanmar has been encouraging business investment from both domestic and foreign sources since the earlier reform process at the end of the 1980s. Investments in businesses came mainly from three sources: foreign investors, domestic private investors, and the government through state-owned enterprises. Myanmar has attracted foreign investors mainly from neighbouring countries primarily interested in Myanmar's natural resources and power sectors, while domestic investments have been made mainly into construction, manufacturing and services. Despite improvements in the overall legal environment, a careful review reveals some remaining issues in business law which will need to be addressed.

**Figure 7. SME density is low in Myanmar**  
Number of SMEs per 1 000 people



Notes: 1. EU data not available for Greece and Malta. Data are for the year 2010. Employees ≤ 249 persons. Sectors include mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply, sewerage, waste management and remediation activities; construction; wholesale and retail trade, repair of motor vehicles and motorcycles; transportation and storage. 2. Thailand data are for the year 2010. Employees ≤ 200 persons. 3. Viet Nam data are for the year 2009. Employees < 300 persons. 4. Myanmar's totals are based on the data contained in Table 2.1.

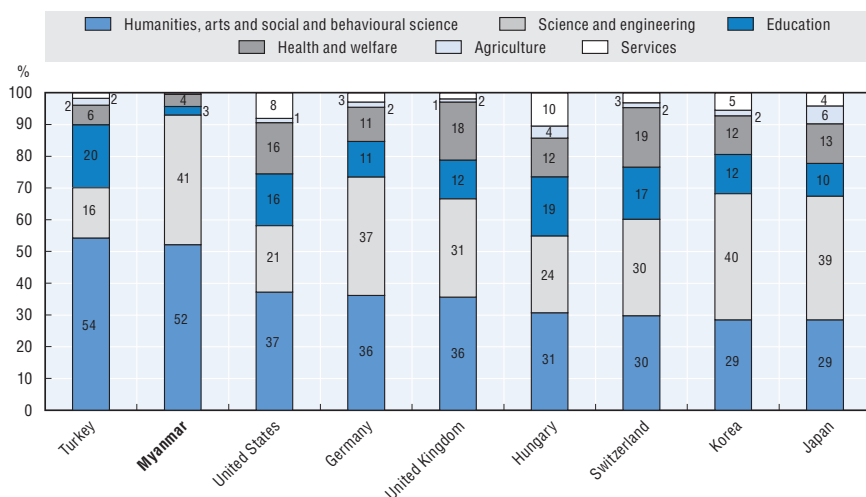
Source: Authors' calculations based on Eurostat (2013), *Eurostat small and medium-sized enterprises (SMEs)* (database), European Commission, [http://epp.eurostat.ec.europa.eu/portala/page/portala/european\\_business/special\\_sbs\\_topics/small\\_medium\\_sized\\_enterprises\\_SMEs](http://epp.eurostat.ec.europa.eu/portala/page/portala/european_business/special_sbs_topics/small_medium_sized_enterprises_SMEs), (accessed 13 May 2013); Office of Small and Medium Enterprises Promotion (2012), *Report on SMEs situation* (in Thai), Office of Small and Medium Enterprises Promotion, Thailand, [www.sme.go.th/Pages/whitePaper/art\\_17.aspx](http://www.sme.go.th/Pages/whitePaper/art_17.aspx); Ministry of Planning and Investment (2011), *White paper on small and medium sized enterprises in Viet Nam 2011*, Ministry of Planning and Investment, Viet Nam, [www.economica.vn/Publications/tabid/113/topic/T18H16161015108716/Default](http://www.economica.vn/Publications/tabid/113/topic/T18H16161015108716/Default); and Nay Pyi Taw News (2013), "U Thein Sein delivers an address at Small and Medium Enterprises Development Central Committee meeting at Presidential Palace", 14 January 2013.

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## ***Accumulating human and physical capital***

Improvements in institutional capital will also be essential to address Myanmar's current deficits in human and physical capital. While most of Myanmar's adult population have basic reading, writing and arithmetic skills and access to formal education has improved over the last 20 years, school dropouts at the primary level and low enrolment rates at the secondary level imply continued challenges in access to education. Issues related to the quality of education have been addressed through upgraded teacher training programmes and revised curricula, but better tools to measure students' attainment and teaching quality are needed. Myanmar has not yet accumulated the set of skills which may be demanded by the labour market in the years ahead, particularly given the specialisation mix of graduates in tertiary education (Figure 8). Stronger focus on vocational training and a higher proportion of tertiary graduates in education and health are essential.

**Figure 8. Students in Myanmar focus on arts and sciences**  
Share of graduates of higher education by specialisation in Myanmar compared to selected OECD countries, 2010-11



Source: Ministry of Education (2012), *Education Development in Myanmar*, The Republic of the Union of Myanmar and OECD (2013d), OECD.Stat (database), <http://dotstat.oecd.org/>.  
StatLink <http://dx.doi.org/10.1787/888932857691>

In terms of physical capital, Myanmar's transport, energy and telecommunications infrastructure is in need of upgrading and expansion, but complex divisions of responsibility between ministries make developing cohesive strategies difficult. Just below 22% of the country's roads are paved and not all townships are reachable by road. Compared to its energy generation potential of over 108 000 megawatts from hydropower alone, Myanmar's installed capacity of around 3 500 megawatts is low. Power generation and distribution is a major problem: only 28% of the rural population has access to electricity. While some of its neighbours have seen an exponential growth in internet and mobile telephone use over recent years, Myanmar's has barely increased.

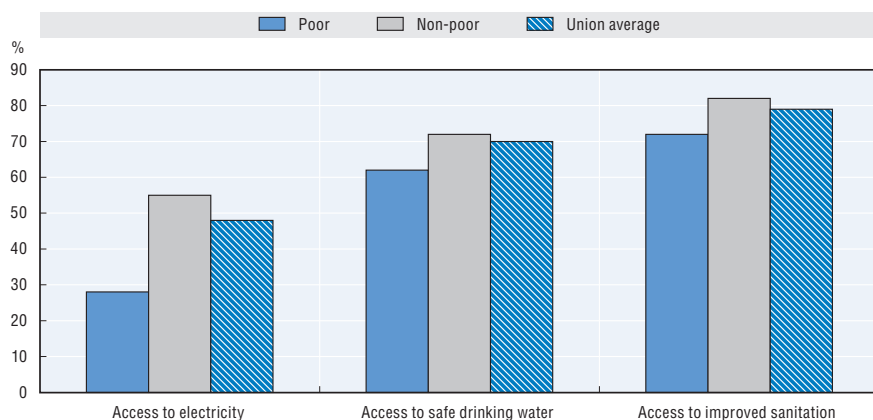
## Development needs to be inclusive and provide equitable opportunities

Development needs to be inclusive and to provide equitable opportunities for the whole population if the social consensus critical to the pursuit of development policies is to be maintained. Myanmar needs to address the urgent challenges of extreme poverty and unequal distribution of public services. The swift implementation of reforms in this direction is crucial to consolidate a base of popular support for the reform process, opening political space for addressing complex endeavours such as consolidating the political transition, reducing the ethnic tensions or overcoming regional disparities.


Nearly a quarter of the population live in poverty and poverty rates have not improved much with growth. Poverty is a major barrier to access to public services and goods such as education, healthcare and key infrastructure (Figure 9) that will play a crucial role in improving living standards. Access to public services and goods is generally less for rural compared to urban residents, and for residents of some states/regions compared to others. Overall inequality, measured by the Gini index for consumption, at 0.38 in 2009-10 is a relatively low figure even by Southeast Asian standards, but this masks inequalities among different population segments. Due to a lack of household income data, measurements of inequality and poverty in Myanmar must be based on household consumption, defined as cash purchases of goods. Consumption is not a perfect proxy for income and will likely overstate the degree of equality in a population.

**Figure 9. Poor households have lower access to key infrastructure**

Access to electricity, drinking water and improved sanitation, 2009-10



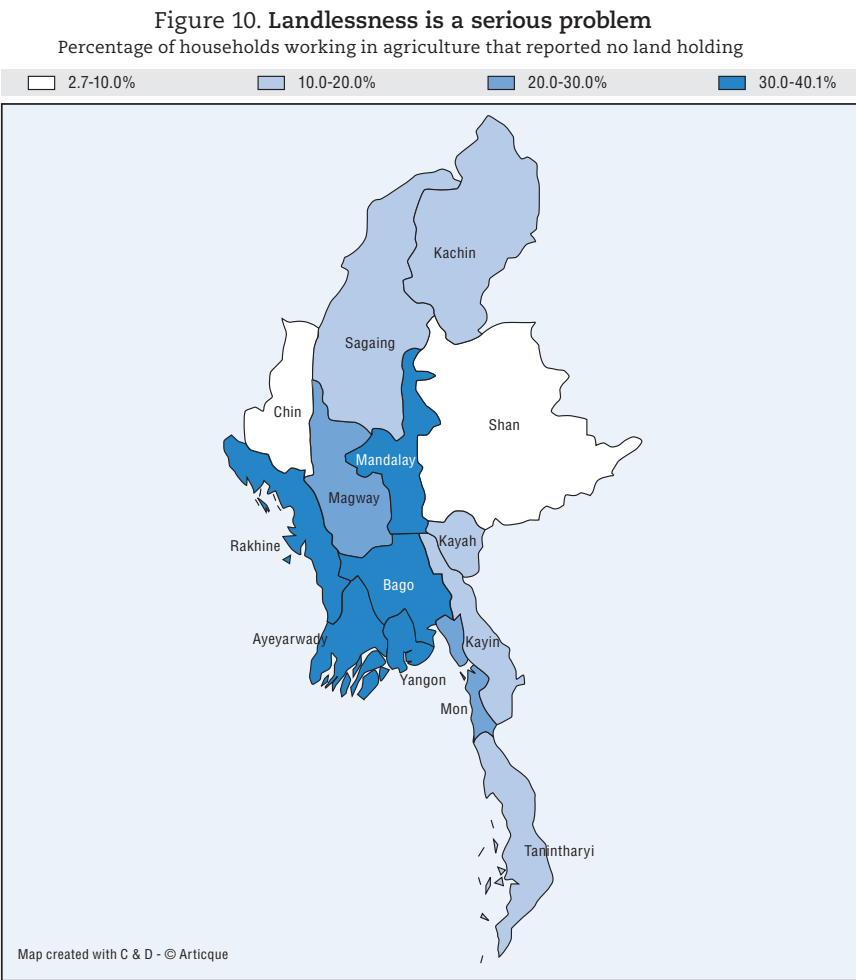
Source: UNDP (2011b), *Integrated Household Living Conditions Survey in Myanmar (2009-2010): Poverty Profile*, United Nations Development Programme.

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Differences in consumption by region appear to be more important than the rural-urban divide in determining this national figure. Urban and rural inequality rates are very similar; about half of total inequality exists within these groups of households compared to 28% between these groups. Decomposed by state/district, only 9.8% of national inequality was determined by within-group differences. While the level of inequality varies considerably by state and district, ranging from a Gini coefficient of 0.3 in Mon to 0.51 in Chin, there is not a clear relationship between inequality and regional poverty rates or median consumption levels.

Disparities in human, physical and institutional capital are behind much of the inequalities across areas. For example, the rural landless in particular face very serious challenges. In a survey conducted in 2010, 26% of rural households with

members working in the agriculture, hunting and forestry sectors did not report having a right to use any land of their own. The picture is mixed across Myanmar's states and regions (Figure 10). Uneven growth across economic sectors has also resulted in uneven development across regions, as drivers of growth (i.e. natural resources) are concentrated in specific regions. Interestingly, the country's periphery is relatively wealthier: the highest rates of household expenditure per capita are in the regions bordering Thailand, China and Bangladesh, as businesses in these areas take advantage of lower transportation costs in neighbouring countries and workers cross borders temporarily to find work at higher wages.



Source: Authors' calculations based on UNDP (2010), *Integrated Household Living Condition Survey in Myanmar*, United Nations Development Programme.

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Equity and inclusion are particularly important in a country as ethnically diverse as Myanmar. The delicate balance between nation building and preserving cultural diversity will need to be struck if national unity is to be maintained and progress toward a multi-ethnic nation state sustained. A more effective form of federalism, whose precise form may need to be decided by experimentation, is likely to be required to successfully reconcile the legitimate demands of ethnic groups that their culture be respected with the needs of a coherent nation state. Ensuring peace and government control over the whole territory of the country and respecting the rights of minority ethnic groups are mutually reinforcing requirements for strengthening the legitimacy of the government.

Trust is another essential element of the social capital required to sustain Myanmar's development. A lack of trust risks undermining an inclusive development process as the level of trust in government will affect people's willingness to take part in co-operative action and accept policy reforms. There are relatively low levels of trust in government and other formal institutions in Myanmar at present due to the country's history, although the political reforms which spearheaded the country's transition are helping to build trust. Transparency and accountability will be essential elements in this process. The important institutions which help hold government to account – such as a free press, a vibrant civil society and space for public debate – are beginning to gain ground in the country.

## ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

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The OECD Development Centre was established in 1962 as an independent platform for knowledge-sharing and policy dialogue between OECD member countries and developing economies, allowing these countries to interact on an equal footing. As of March 2011, 17 non-OECD countries are full members of the Centre's Governing Board. The Centre draws attention to emerging systemic issues likely to have an impact on global development and more specific development challenges faced by today's emerging and developing countries. It uses evidence-based analysis and strategic partnerships to help countries formulate innovative policy solutions to the global challenges of development.

For more information on the Centre and its members, please see [www.oecd.org/dev](http://www.oecd.org/dev)

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# **Multi-dimensional Review of Myanmar**

## **VOLUME 1. INITIAL ASSESSMENT**

*OECD Development Pathways* is a new series that helps developing countries to identify and overcome the binding constraints to more equitable and sustainable growth. The *Development Pathways* are based on multi-dimensional country reviews, composed of three distinct phases. The first phase comprises an initial assessment of the binding constraints to development. The second phase involves an in-depth analysis of cross-cutting issues resulting in detailed policy recommendations. The third phase explores the political economy of implementing the recommendations.

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The way ahead for Myanmar

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