



Government Defence
Integrity Index



2020

Country Brief:

MYANMAR

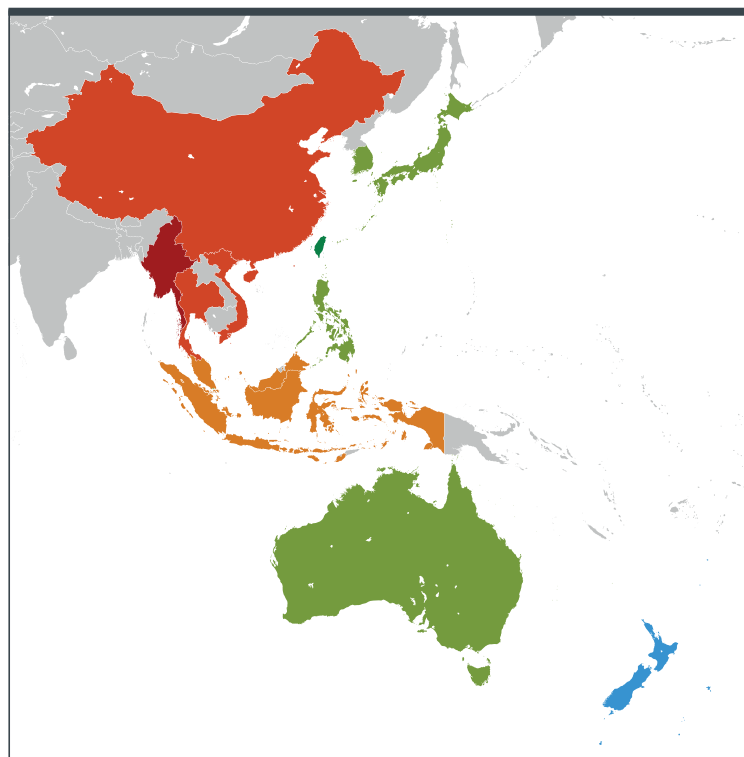


MYANMAR

In February 2021, after ten years of tentative liberalisation, Myanmar fell back under overt military rule after the military, known as the 'Tatmadaw', staged a coup to prevent Aung San Suu Kyi's National League for Democracy (NLD) from assuming its second term in office.¹ Following the coup, a large-scale civil disobedience movement sought to bring down the new junta and was met with violence and a brutal crackdown, which increased radicalisation and fuelled armed opposition.² As things stand, a deadly stalemate has developed between the military regime and resistance forces, and human rights abuses have increased significantly.³ In addition to mounting insecurity, Myanmar's economy is in freefall, the currency is devaluing at an alarming rate and poverty rates are estimated to have doubled since 2019.⁴

The economy itself is dominated by the military, with the Tatmadaw's vast business interests touching on nearly every area of Myanmar's economy.⁵ In addition to a significant chunk of the national budget, the income derived from these activities has severely diminished any accountability the military has to civilian authorities and the public writ large.⁶ In line with its constitutional right to administer its own affairs, the military's economic and political power has put it beyond reach of civilian control and ensure it operates in a deeply secretive and unaccountable manner, which significantly increases corruption risk. Parliamentary oversight is non-existent and financial scrutiny impossible owing to defence exceptionalism, as enshrined in the 2008 constitution. There is no transparency of financial management or procurement and no clarity over how the military's budget and economic revenues are disbursed. Anti-corruption standards for personnel and on operations are non-existent and corruption appears endemic, facilitating human rights abuses and further undermining accountability.

Member of Open Government Partnership	No
UN Convention Against Corruption	Ratified in 2012
Arms Trade Treaty	Has not signed.



Asia-Pacific

The Asia-Pacific region is home to some of the biggest military and economic powers in the world, as well as critical financial and trade hubs, natural resources and around 60 per cent of the world's population, and the region has become a major area of geopolitical rivalry. The continuing deterioration of Sino-American relations is having widespread implications for countries in the region. Security challenges presented by an increasingly assertive China, the continuing threat posed by North Korea and the protracted insurgencies in Thailand, the Philippines, Myanmar, Indonesia and Malaysia will also remain key concerns moving forward, as will emerging security threats related to cyberwarfare and the impact of climate change. However, Asia-Pacific has huge variations in the quality of defence governance mechanisms, which will determine how well defence institutions can respond to these challenges. It is home to both New Zealand, the highest scorer in the index, and Myanmar, one of the lowest. Though challenges are extremely varied across the sample, corruption risks are particularly pronounced in relation to financial management and procurement, where defence exceptionalism remains pervasive and exempts the sector from standard reporting and publishing standards. Operations too are highly vulnerable to corruption, while personnel management and policymaking are considered significantly more robust.

¹ Jasmin Lorch, 'Myanmar's "Triple Crisis": Impact on the Pro-Democracy Movement', *Middle-East Institute*, 12 October 2021.
² Lorch, 'Myanmar's "Triple Crisis"'.
³ International Crisis Group, 'The Deadly Stalemate in Post-coup Myanmar', Briefing No. 170, 20 October 2021.
⁴ ICG, 'The Deadly Stalemate'.
⁵ Kate Mayberry, 'Follow the Money: Myanmar Coup Puts Pressure on Army Businesses', *Al-Jazeera*, 26 February 2021.
⁶ Joshua Cheetham, 'Myanmar Coup: The Shadowy Business Empire Funding the Tatmadaw', *BBC News*, 9 March 2021.



MYANMAR

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

MYANMAR SCORE CRITICAL RISK

F

8



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

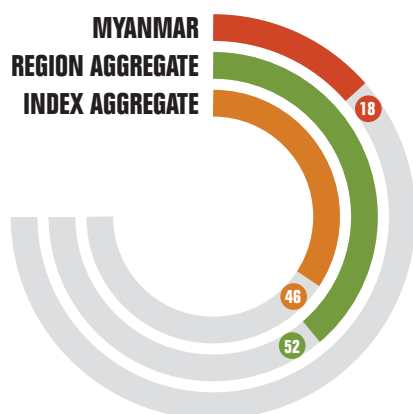
D > 33-49 HIGH

E > 17-32 VERY HIGH

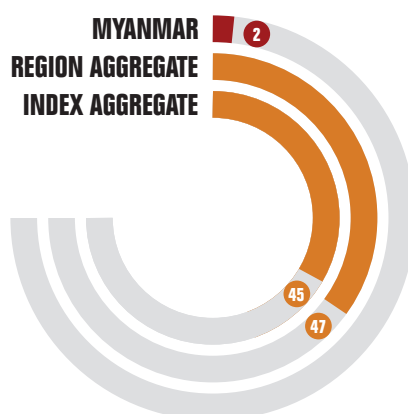
F > 0-16 CRITICAL

Risk Comparison

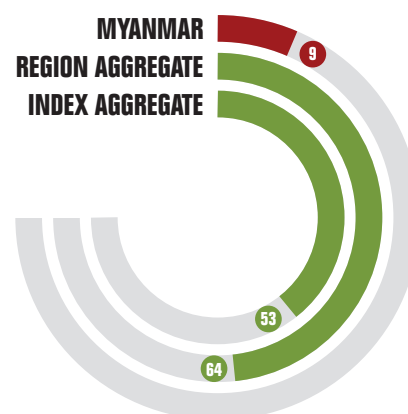
POLITICAL



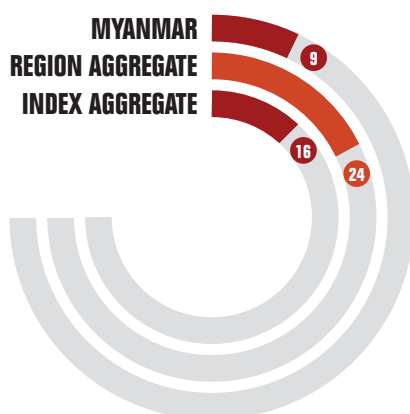
FINANCIAL



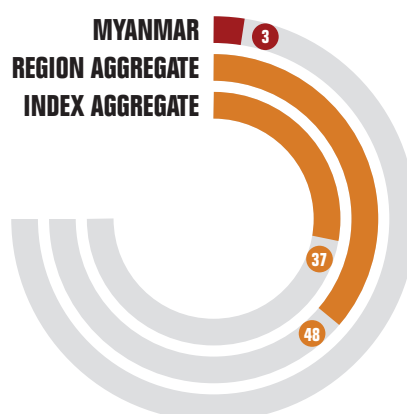
PERSONNEL



OPERATIONAL



PROCUREMENT





MYANMAR

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	65/100
Military expenditure as share of government spending (SIPRI, 2020)	14%
Committee members with defence expertise (%)	No such committee exists.
# of meetings/year	N/A
Last review of defence policy/strategy	2015 (Defence White Paper)

Civilian democratic control and oversight of the armed forces is non-existent in Myanmar, and has deteriorated even further since the 2021 coup. The military holds 25% of seats in the country's regional and national parliaments, granting it effective veto power over any constitutional changes which require a quorum of more than 75% of the legislature.⁷ Even prior to the junta assuming power in 2021, the military was not subject to civilian scrutiny, either by parliament or the civilian executive, and has total control over all aspects of defence.⁸ As a result, parliament does not debate or review laws on security, nor does it attempt to influence defence policy through formal mechanisms. Despite having formal powers to form a Defence and Security Committee, parliament has never exercised this prerogative and defence decisions are taken by the National Defence and Security Council which is majority dominated by members of the military.⁹ Financial oversight is also extremely limited by the weakness of internal and external auditing practices. The military has its own audit body, called the Account Department, which is responsible for internal auditing. However, the Department is consistently criticised for its lack of transparency and parliament does not receive information on the results of its audits.¹⁰ In parallel, there is no external auditing of defence expenditure whatsoever as the Ministry of Defence is exempt from the Auditor General of the Union Law.¹¹ As a result, the availability of financial information is extremely limited, both for parliament and other oversight bodies, critically undermining their ability to scrutinise the expenditure and income of defence institutions.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: None (2) # subject to backlog: None
Defence-related complaints to ombudsman/commissioner #	N/A
Does the commissioner have authority over the MoD?	N/A
Audit reports on defence (2018-2020) #	None
Open Budget Index (IBP, 2019)	28/100
World Press Freedom Index (RSF, 2021)	140th out of 180.

Myanmar's military is shrouded in secrecy, particularly with regard to its finances, where a combination of limited transparency, in-existent oversight and extensive commercial interests ensure that financial management is extremely opaque. The budget, for instance, does not include any specific information on defence sector spending aside from an overall lump sum for the Ministry of Defence. There is no further breakdown provided and no clarity surrounding exact allocations.¹² Moreover, as the Office of the Auditor General has no power to audit defence spending, the only information publicly released on such expenditures is from the Ministry of Defence itself. No information on specific actual expenditure throughout the financial year is published or shared with parliament, making it entirely unclear how the budget is utilised. The financial picture is also clouded by the military's extensive business interests, held through the military-owned Myanmar Economic Corporation (MEC) and Myanmar Economic Holding Limited (MEHL) corporations.¹³ Both these companies are beyond the auditing powers of the Auditor General and are not required to publish financial information, shrouding their operations in secrecy. The conglomerates are allegedly involved in nearly every facet of the licit and illicit economy, including the jade trade which is closely linked to Myanmar's vicious cycle of conflict.¹⁴ These business interests have allowed senior commanders to amass significant fortunes, and provide additional resources for the military to fund its activities without any oversight or budgetary controls.¹⁵ Aside from this, public access to information is also extremely limited in Myanmar and increases public reliance on information willingly divulged by the military. The Burma Official Secrets Act prohibits the public from accessing defence information and there is no real system for accessing such information.¹⁶ In fact, the military routinely ignores requests and any attempt to investigate defence issues can lead to arrest and imprisonment.¹⁷

⁷ Republic of Myanmar, *Constitution of the Republic of Myanmar*, 2008, Articles 109(b) and 141(b).

⁸ Bertelsmann Stiftung, *BTI 2020 Country Report: Myanmar*, Gutersloh, Bertelsmann Stiftung, 2020, p. 11.

⁹ Republic of Myanmar, *Constitution*, Article 201.

¹⁰ Htet Naing Zaw, '[Translated] Ministry of Defence requests over 3,300 billion for 2019-2020 budget year', *The Irrawaddy*, 23 July 2019.

¹¹ Republic of Myanmar, *The Auditor General of the Union Law*, Section 39, 2010.

¹² Republic of Myanmar, *Union Budget Law for the 2019-2020 Fiscal Year*, 2019.

¹³ United Nations Human Rights Council, 'The Economic Interests of the Myanmar Military', *Independent International fact-Finding Missions on Myanmar*, 5 August 2019.

¹⁴ Global Witness, *Jade and Conflict: Myanmar's Vicious Circle*, June 2021.

¹⁵ AFP, 'Jade and rubies: how Myanmar's military amassed its fortune', *The Economic Times*, 12 February 2021.

¹⁶ Burma Library, *Burma Official Secrets Act*, Articles 1-9, 1923.

¹⁷ Simon Lewis and Shoon Naing, 'Two Reuters reports freed in Myanmar after more than 500 days in jail', *Reuters*, 6 May 2019.



MYANMAR

Personnel Ethics Framework

Whistleblowing legislation	None
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: No code of conduct exists.
	Civilian: No code of conduct exists.
Financial disclosure system	# submitted: No disclosures are required.
	# of violations: No disclosures are required.

The military's political and economic powers and lack of civilian democratic control have facilitated the spread of corruption throughout the sector,¹⁸ involving personnel at all levels and underlining the weakness of anti-corruption regulations. For instance, there is no clear code of conduct for either civilian or military personnel working in defence. The 1959 Defence Services Act outlines some rules related to conflicts of interest, but in itself does not constitute a code of conduct and the legislation is extremely dated.¹⁹ As such, personnel are not bound by clear, sector-specific anti-corruption norms or regulations and do not have access to guidance that could help them identify and mitigate corruption risk in their duties, significantly heightened vulnerability to corruption. Moreover, the military is seen as being outside of the jurisdiction of the 2013 Anti-Corruption Law,²⁰ given the extensive powers conferred to it under the 2008 constitution.²¹ Moreover, there is no publicly available information on the enforcement of anti-bribery or anti-corruption standards in the military, making it impossible to assess the extent to which such frameworks are implemented. On top of this, a key weakness in personnel ethics and anti-corruption standards is the absence of whistleblower legislation. While the Anti-Corruption Commission was preparing a Whistleblower Protection Bill in 2019,²² as things stand, the bill has not been passed or implemented. Personnel who have reported publicly on military corruption issues have been detained and there is very little confidence in whistleblowing amongst personnel.²³

Operations

Total armed forces personnel (World Bank, 2018)	513,000
Troops deployed on operations #	Data is not publicly available

The Tatmadaw's operations within Myanmar are mainly aimed at defeating various ethnic, separatist and nationalist armed groups and have drawn international condemnation for indiscriminately targeting civilians and for committing egregious human rights violations.²⁴ Moreover, many operations are intended to secure access to lucrative resources, such as Myanmar's jade reserves, which nourish extensive corruption and patronage networks.²⁵ As such, corruption mitigation measures are completely absent on operations. Myanmar has no military doctrine addressing corruption as a strategic issue for operations and the secrecy with which its military is guarded makes it impossible to assess whether such issues are included in operational forward planning. Corruption issues are also not covered in the bulk of basic and pre-deployment training and the training delivered by the Anti-Corruption Commission to government ministries has so far excluded the Ministry of Defence.²⁶ There is also no evidence of corruption-monitoring personnel being deployed in the field or of specific guidelines being developed to assist personnel in recognising and addressing corruption risk during operations.

¹⁸ The Bangkok Post, 'Revealed: The Craven Corruption Behind the Myanmar Coup', 8 September 2021.

¹⁹ Republic of Myanmar, *Defence Services Act*, 1959.

²⁰ Republic of Myanmar, *Anti-Corruption Law*, 2013.

²¹ Republic of Myanmar, *Constitution*, Article 20.

²² Nanda, 'Anti-graft commission readies Whistleblower Protection Bill', *Myanmar Times*, 20 May 2019.

²³ Htet Naing Zaw, 'Should the Tatmadaw run its own business?', *The Irrawaddy*, 20 August 2019.

²⁴ Hannah Beech, Saw Nang and Marlise Simons, "'Kill All You See': In a First, Myanmar Soldiers Tell of Rohingya Slaughter", *The New York Times*, 8 September 2020.

²⁵ Global Witness, *Jade and Conflict*.

²⁶ Moe Moe, 'Anti-Corruption Commission Trains Officials at 'Problem' Ministries', *The Irrawaddy*, 6 February 2019.



MYANMAR

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	3,141
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	China, India, Russia, South Korea, Belarus

Myanmar's defence procurement is entirely non-transparent and devoid of oversight. The country has no public procurement legislation, nor defence-specific laws to regulate military acquisitions, essentially granting senior officials free-reign in purchasing military equipment, in line with its constitutional right to administer its own affairs independently.²⁷ The complete absence of regulations means there is little clarity surrounding Myanmar's defence procurement cycle. There is no clear process for acquisition planning and the military rarely publishes any information on actual or planned defence purchases. An EU arms embargo, imposed in 2018, has had little impact of the Tatmadaw's ability to acquire weapons, with the bulk of its arsenal coming from China, India and Russia.²⁸ Investigations have revealed how a network of businesses continue to enable the military to acquire equipment and weapons, while the military's

conglomerates such as MEC and MEHL, facilitate the off-the-books acquisition of weapons and siphoning off of vast sums of public money for private gain.²⁹ Oversight of acquisitions is also non-existent. The Tatmadaw's Director of Procurement sits on the board of MEC, a clear conflict of interest that undermines his independence as a regulator.³⁰ There are no provisions for external oversight of defence procurement whatsoever, as both the Anti-Corruption Commission and the Auditor General have no authority over defence issues.

²⁷ Republic of Myanmar, *Constitution*, Article 20.

²⁸ SIPRI, 'Arms Transfers Database, Myanmar Imports, 2016-20'.

²⁹ Jared Ferrie and Timothy McLaughlin, 'From Jordanian Planes to German Software, Myanmar's "Genocidal" Military Stocks Up', *OCORP*, 8 December 2020.

³⁰ Myanmar Now, 'Military-Corporate conflicts of interest 'inflamm' Myanmar's civil wars, rights group says', 17 June 2020.

Version 1.0, October 2021

GDI data collection for **Myanmar** was conducted August 2019 to June 2021. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



MYANMAR 2020 GDI Scorecard

		Grade	Score
Political Risk		E	18
Q1	Legislative Scrutiny	F	8
Q2	Defence Committee	F	0
Q3	Defence Policy Debate	E	31
Q4	CSO Engagement	F	8
Q5	Conventions: UNCAC / OECD	C	63
Q6	Public Debate	D	38
Q7	Anticorruption Policy	F	0
Q8	Compliance and Ethics Units	F	8
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	F	0
Q11	Acquisition Planning	F	8
Q12	Budget Transparency & Detail	C	63
Q13	Budget Scrutiny	D	38
Q14	Budget Availability	F	8
Q15	Defence Income	E	17
Q16	Internal Audit	F	6
Q17	External Audit	F	0
Q18	Natural Resources	E	20
Q19	Organised Crime Links	E	25
Q20	Organised Crime Policing	E	17
Q21	Intelligence Services Oversight	F	0
Q22	Intelligence Services Recruitment	C	58
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	F	0

		Grade	Score
Financial Risk		F	2
Q24	Asset Disposal Controls	F	0
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	F	0
Q28	Secret Program Auditing	F	0
Q29	Off-budget Spending	F	0
Q30	Access to Information	F	13
Q31	Beneficial Ownership	F	0
Q32	Military-Owned Business Scrutiny	F	0
Q33	Unauthorised Private Enterprise	F	13
Q77	Defence Spending	F	0

		Grade	Score
Personnel Risk		F	9
Q34	Public Commitment to Integrity	E	17
Q35	Disciplinary Measures for Personnel	F	13
Q36	Whistleblowing	F	0
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	F	0
Q39	Pay Rates and Allowances	F	0
Q40	Payment System	D	42
Q41	Objective Appointments	E	17
Q42	Objective Promotions	F	8
Q43	Bribery to Avoid Conscription	F	0
Q44	Bribery for Preferred Postings	F	0
Q45	Chains of Command and Payment	C	50
Q46	Military Code of Conduct	F	0

OVERALL COUNTRY SCORE CRITICAL RISK



RISK GRADE

A	83-100	VERY LOW
B	67-82	LOW
C	50-66	MODERATE
D	33-49	HIGH
E	17-32	VERY HIGH
F	0-16	CRITICAL



		Grade	Score
Personnel Risk		F	9
Q47	Civilian Code of Conduct	F	0
Q48	Anticorruption Training	F	0
Q49	Corruption Prosecutions	F	0
Q50	Facilitation Payments	F	0

		Grade	Score
Operational Risk		F	9
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	NEI	
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	F	13
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		F	3
Q57	Procurement Legislation	F	0
Q58	Procurement Cycle	F	0
Q59	Procurement Oversight Mechanisms	F	8
Q60	Potential Purchases Disclosed	F	13
Q61	Actual Purchases Disclosed	F	0
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	F	0
Q64	Competition in Procurement	NEI	
Q65	Tender Board Controls	F	0
Q66	Anti-Collusion Controls	F	0
Q67	Contract Award / Delivery	E	25
Q68	Complaint Mechanisms	NEI	
Q69	Supplier Sanctions	F	0
Q70	Offset Contracts	NEI	
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	NEI	
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI	Not enough information to score indicator
NS	Indicator is not scored for any country
NA	Not applicable



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