

Singapore, 10. October 2012

Report

***Regional Development &  
Political, Administrative and Fiscal Decentralisation***

International Dialogue

Yangon, Myanmar, 6 – 8 October 2012



## Rationale

Myanmar's new constitution, which came into effect with the inauguration of the Parliament in January 2011, has designed a new system of political, administrative and fiscal decentralization. The Constitution stipulates the territorial division into seven regions, seven states of ethnic minorities, six self-administered zones and the capital Naypyidaw as union territory. Moreover, citizens in the 14 regions and states elected for the first time regional parliaments that enjoy broad competences.

However, the process of political, administrative and fiscal decentralization has not yet really begun. The Chief Ministers of the regions and divisions as well as the respective "State Ministers" were appointed by the President, while the regional governments still have very few competences and rather act as administrative units of the central government. Their budgets remain limited because the central government continues to control 95% of the national budget, and the regional governments have no other, independent revenues. The competences of the regional legislatures also remain limited. Nonetheless, the regional parliaments face growing expectations of the population. Similarly, the public also expects services for which there is no capacity (yet). Members of regional parliaments who maintain close contacts with their constituencies experience the pressure of public expectations while also feeling their own powerlessness to deliver public goods and services. This has triggered a strong interest among regional parliamentarians for the transmission of greater powers and responsibilities from the centre to the regions and ethnic states.

Generally, knowledge and experience with regard to decentralization are very low in the country. This applies not least to members of the national ruling elite, as noted during the international dialogue. Against this background, the international dialogue sought to transmit the basic concepts of decentralization as well as practical experiences in countries that underwent processes of decentralization.

## Participants

More than 70 people participated in the International Dialogue, including more than 40 MPs from regional and national parliaments in Myanmar. Among the participants were most of the Speakers of the 14 regional parliaments, several state ministers and members of national parliaments, members of the lower house of the National Parliament and representatives of the Commission for Assessment of Legal Affairs and Special Issues, which plays an important role in preparing the policy and institutional reforms. The parliamentarians belonged to different parties.

## Presentations

Decentralization is a necessary tool for good governance, particularly in the fight against poverty, the strengthening of democracy and the promotion of development.

With this statement, **Dr. Wilhelm Hofmeister** launched the International Dialogue. He pointed out that a large number of countries are practicing decentralization in different areas. Despite the advantages of decentralization, risks also need to be taken into account, namely the danger of cementing the roles of already dominant local elites, the decentralization of corruption or the weakening of national unity. Myanmar would thus benefit from studying the experience of other countries when considering future reforms.

**U Sein Tin Win**, President of the Parliament of the Yangon region emphasized the broad interest of the speakers and members of the regional parliaments in this dialogue. With the 2008 Constitution, Myanmar had decided for decentralisation, which would be realised in harmony with local traditions and contexts. Yet, international experiences would be vital for the design and implementation of other reforms.



In his lecture, **Dr. Reinold Herber** from the *Forum of Federations* introduced basic elements of federalism as well as the diversity of decentralized federal systems. Key features of federalism were 1) the strengthening of democracy and pluralism, 2) facilitating political decision-making at various levels, 3) fostering political participation, 4) introducing young people into politics by giving them entry positions at the local and regional levels, 5) the increased capacity to solve problems, 6) encouraging a healthy competition between different political units and finally, the limitation of power. He emphasized the special ability of federal systems to promote regional, cultural or linguistic diversity while at the same time preserving national unity. He further stressed the role of regional and local governments.



**Mrs. Ute Granod MdB**, Member of the German Bundestag (lower house of the national parliament), presented on the development and structure of German federalism, which plays a vital role in enhancing national political unity. She thus addressed the common concern in Myanmar that decentralization would undermine national unity. When introducing the jurisdiction of a federal state, she focused on the regional competencies that include, amongst others, control of the police force. Questions related to the transfer of authority over police to the respective local governments provoked a lively discussion. Mrs Granod further emphasized that a federal system could protect the rights of minorities while also ensuring the unity of the state, provided that fundamental freedoms and human rights were enshrined in the Constitution so as to prescribe a binding framework for the political work at all

government levels. If the Myanmar people were convinced of the benefits of a common federal constitutional framework, a federal order would open up possibilities to lead Myanmar into a promising and prosperous future.

**U Ye Myint**, Chairman of Magway Region, analysed Myanmar's 2008 Constitution and the provisions therein for decentralization that reflect the country's traditions and customs. He pointed out that regions and states may have their own respective constitutions, and emphasized the rights of self-governing regions and regional assemblies. Not last, the latter were only subject to the will of the citizens of the respective regions and states.

**U Zaw Aye Maung**, Minister for National Races (Rakhine), government of Yangon Region, however, complained that decentralization had not been put into practice despite the constitutional provisions. He criticized the inequalities and disadvantages of regional and



state governments vis-à-vis the central government. Especially in the fields of education and health, many restrictions prevailed and thus hindered the implementation of reforms considerably.



During the ensuing discussion, participants from Myanmar regretted that the state governments had no control over the police force and therefore could not act in ongoing conflicts. Since the police only answered to the central government, approaches to conflicts did not necessarily reflect local assessments and concerns. Further criticism was expressed regarding the practice to immediately transfer taxes collected by the regions and states to the central government without allocating anything to the regions. Similarly, the regional

legislative competence had not yet been put into practice. The Chief Ministers were appointed by and answer to the Myanmar President. However, at the same time the Chief Ministers are also expected to answer to the citizens' needs and demands.

**Prof. Pablo Oñate** from the University of Valencia in Spain introduced Spain's transformation process from a unitary to a decentralized system. He highlighted the unity of constitutional principles as well as autonomy and solidarity in the creation of regions and the transfer of powers to regional and local governments. He analyzed the drafting process of the regional constitutions as well as the increased share of tax revenues to the regions in tandem with their growing responsibilities. Today, Spain's regions receive 84% of local tax revenues, up from just 22% in 1986.

**Dr. Made Suwandi**, Director General for General Governance Affairs in Indonesia's Ministry of Home Affairs discussed crucial developments and decisions during the Indonesian decentralization. He identified very candidly the most positive and the most problematic aspects of decentralization. He then explained the functions of different government levels and particularly the many areas where responsibility was transferred to local governments in provinces and municipalities. The main problems of decentralization derived from 1) the local governments' lack of capacity to take over that many new roles and responsibilities, 2) the central government's unwillingness to delegate power, and 3) the deep distrust between the centre and local units and consequently, the latter's refusal to accept advice from the centre. Moreover, responsibilities of the centre and the decentralized units had not been clearly delineated. Although Dr. Suwandi presented various strategies to overcome the multiple challenges, he expressed a degree of uncertainty over whether Indonesia's decentralization would become a lasting success.

**Prof. Rabinda Khanal** of the Tribhuvan University in Kathmandu described Nepal's so far unsuccessful efforts to anchor decentralization in the Constitution. In this regard, Nepal provides a valuable lesson for Myanmar of pitfalls and challenges to avoid during a decentralization process.

**Prof. Sandeep Shastri** from Bangalore elucidated the historical context, the current structure and some of the latest trends of federalism in India. He described how over the years the Indian Constitutions' original design of a strong central government transformed into gradually strengthening decentralized units and states. Especially the local level of governance benefited from this development. As a result, the communities, participatory mechanisms at the local level as well as civil society initiatives gained a lot of importance in the political process.



In his frank presentation, **Prof. Guang Zhang** from Xiamen University analysed the administrative and political decentralization in the People's Republic of China. Right at the beginning, he stressed that China was no democracy. He then described the various levels of government in the country and explained how state and party structures intertwine at each level. Prof. Guang sees decentralization as an essential tool for the PRC's successful economic development. For instance, shifting expenditures and income to the decentralized units and sharing tax revenues between the central and local governments were all important tools to provide public services and promote local development. His analysis of the decentralized units' roles and competencies highlighted the competition between these units. He then unmasked the local leaders' pro-growth policies as an effect of this competition to ensure their own ascent in the party and state hierarchies. The over-emphasis of economic growth however engendered corruption and disregard for the environment. The audience was captured by this candid discussion of successes and challenges in China's development model, and addressed numerous questions and comments to Prof Guang.

Two regional politicians from Malaysia and Germany spoke about the role of regional parliaments.

In Malaysia's case, the regions fulfil a number of autonomous and delegated functions according to **Mr. Tze Tzin Sim**, a member of the regional parliament of Penang. He described how the members influence policy decisions through formal and informal practices. Nonetheless, the limit of decentralization is apparent for instance in the lack of transparency of the state budget which in turn limits the transfer of resources to the regions. In addition, municipal elections guaranteed in the Constitution have not been held since the 1960s.



**Mrs. Aline Fiedler MdL**, Member of the State Parliament of Saxony (one of Germany's regional parliaments), introduced the political structure of the state of Saxony and described the roles and functions of the State Parliament. Before the backdrop of Myanmar's transition process, she analyzed the Free State of Saxony in Germany's political transformation and the transfer of responsibilities and financial powers to the federal states. Mrs Fiedler's account of the parliament's engagement in policy-making processes and the MPs' work in their respective constituencies allowed the audience to understand the practical work of a parliamentarian in Germany.

**Dr. Manfred Poppe**, a representative of the German Agency for International Cooperation GIZ based in the Indonesian Ministry of Home Affairs, explained instruments and policies for stimulating public political participation, for enabling citizens to monitor their elected representatives, and for the evaluation of decentralised public services such as hospitals.

**Inmaculada Riera i Reñe**, Member of the Spanish Congress of Deputies (lower house of the national parliament), elaborated on Spanish federalism, adding to the remarks made by Prof. Oñate regarding. She explained the roles of the regions and regional parliaments as well as areas of cooperation between local governments and the central government

The entire Monday morning consisted in an open discussion on parliamentary work, role of regional parliaments and other issues related to decentralization. The many questions and comments from Burmese participants documented the great interest in more information and in the issue.

## Conclusion

This international Dialogue on Decentralization was a unique event due to the participation of a very high number of parliamentarians, members of political parties and government representatives, and due to the novelty of the discussion among the country's political elite. For the first time, nearly all of the speakers of the regional parliaments took part in an event organised by an international organisation and thus directly cooperated with an INGO in a programme. For many, this offered the first systematic analysis of a complex issue that is vital for Myanmar's peace, unity and democratization. Moreover, beyond formal yet lively discussion, many conversations ensued during breaks and meals, giving evidence of great interest and of a slow change in the very culture of debating and critically questioning each other.

Some MPs commented that the effects of decentralisation and reforms had not yet trickled down to Myanmar's regions, leaving much to be accomplished in the decades to come. Moreover, the country has no municipal-level politics to speak of. The only three mayors – in Yangon, Mandalay and Naypyidaw – are actually nominated by the head of state, rather than elected. Therefore, when disregarding historical precedents such as traditional village councils, modern local governance underwritten by the active participation of citizens has not arrived in Myanmar. The current dialogue will hopefully inspire changes in this regard.

All international presenters made it clear that decentralisation and federalism could become a crucial instrument to strengthen national unity, while respecting ethno-religious diversity. The experts' introductions to various aspects, concepts and possibilities for the creative implementation of decentralisation in various countries alerted Burmese participants to the opportunities and political solutions decentralization offers.

*The presentations will be translated into Burmese language, published as a book and made available to Burmese parliamentarians, politicians, policy-consultants, researchers, representatives of civil society organisations and other interested stakeholders.*

Dr. Wilhelm Hofmeister



## Regional Development & Political, administrative and fiscal Decentralisation

Kandawgyi Palace Hotel, Yangon, Myanmar, 6 – 8 October 2012

### Programme

#### Friday, 5 October 2012

Arrival of international participants in Yangon

#### Saturday, 6 October 2012

08.00 h Registration and reimbursement

08.45 h Shuttle bus to Kandawgyi Hotel

09.00 h Welcome remarks and introduction of KAS

**Dr. Wilhelm Hofmeister**

Director, Konrad-Adenauer-Stiftung, Singapore

**U Sein Tin Win**

Speaker of the Yangon Region *Hluttaw*

09.30 h **1. Session: Introduction to Decentralisation**

Basic tenets of decentralisation

**Dr. Reinold Herber**

Forum of Federations, Ottawa, Canada

Successful cooperation between National and Regional Parliaments in decentralised political systems: The German experience

**Ms. Ute Granold, MP**

Member of National Parliament, Germany

Discussion

10.45 h Coffee break

11.15 h **2. Session: Constitutional Foundations of Decentralisation**

**U Ye Myint**

Speaker Magwe Region *Hluttaw*

**U Kyaw Swe**

Speaker Kayah State *Hluttaw*

**U Sai Myint Kyaw**

Deputy Speaker Kachin State *Hluttaw*

Discussion

- 12.30 h Lunch
- 13.30 h **3. Session: Balancing national loyalty with local identities & interests**
- Case Study Spain  
**Prof. Pablo Oñate Rubalcaba**  
Chair Political Science, Law School, University of Valencia, Spain
- U Win Maung**  
Speaker Mandalay Region Hluttaw
- Discussion
- 15.00 h Coffee Break
- 15.30 h **4. Session: Decentralisation and Political Regime Change**
- Case Study Indonesia  
**Dr. Made Suwandi**  
Director General for General Governance Affairs  
Ministry of Home Affairs, Indonesia
- 'Nepal's experience in decentralisation under various regimes:  
Lessons for developing countries'*
- Prof. Rabindra Khanal**  
Department of Political Science, Tribhuvan University, Kathmandu
- Discussion
- 17.00 h End of session
- 17.20 h Shuttle bus to Traders Hotel
- 18.30 h Dinner at Traders Hotel



**Sunday 7 October 2012**

- 08.45 h Shuttle bus to Kandawgyi Hotel
- 09.00 h **5. Session: Decentralisation in Asia**
- Case Study India  
**Prof. Sandeep Shastri**  
Pro Vice-Chancellor, Jain University, India
- Case Study China  
**Prof. Guang Zhang**  
Political Science Department, Xiamen University, China
- Discussion
- 10.30 h Coffee break
- 11.00 h **6. Session: The role of regional parliaments and parliamentarians**
- Mr. Tze Tzin Sim, MP**  
Member of Penang State Legislative Assembly, Malaysia
- Ms. Aline Fiedler, MP**  
Member of Regional Parliament of Saxony, Germany
- Discussion
- 12.30 h Lunch
- 13.30 h **7. Session: Decentralisation in specific policy areas (1): Fiscal decentralisation and sub-national budgeting**
- Statements of Regional Speakers
- 15.00 h Coffee Break
- 15.30 h **8. Session: Decentralisation in specific policy areas (2): Regional planning and development**
- 'Decentralisation and Good Local Governance – Moving towards Participation and Accountability'*  
**Dr. Manfred Poppe**  
Ministry of Home Affairs, Indonesia
- Ms. Inmaculada Riera Reñe, MP**  
Member of the National Parliament, Spain
- Discussion
- 17.00 h End of session
- 17.30 h Cocktail reception and Buffet Dinner at Kandawgyi Hotel

**Monday 8 October 2012**

08.45 h Shuttle bus to Kandawgyi Hotel

09.00 h **9. Session: Open discussion**

**The role of parliaments in decentralised political systems**

10.30 h Coffee break

10.50 h **10. Session: Conclusion: Lessons learnt and pitfalls to avoid**

Open discussion

12.30 h Closing remarks

**U Thinn Hlaing**

Speaker Sagaing Region *Hluttaw*

13.00 h Farewell Lunch