

EuroMatters



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COVER PHOTO

THIRI THANT MON by HTOO KYAW HTET

MESSAGE FROM EUROCHAM MYANMAR

It is with great pleasure that we present you the tenth issue of **EuroMatters**, the premium magazine for corporate executives and investors in Myanmar.

Myanmar, like the rest of the world, is battling the health and economic impact of the coronavirus disease. In extraordinary times, companies need the support from the likes of EuroCham Myanmar to communicate with and seek help from the Myanmar government in areas including mobility restrictions, business operation guidelines, tax incentives and relief flights. Since the launch of the COVID-19 Economic Relief Plan by the government, EuroCham Myanmar has kept in touch with the authorities, relaying the concerns and feedback from its members from across industries and sectors.

This issue is printed at a time of enormous national significance. The pandemic is putting to test the resilience of the economy and businesses across Myanmar. At the same time, the November 2020 elections, the first one since the democratic government was elected in 2015, will determine who will govern the country alongside the military.

As politicians and political parties debate about the country's future and their programmes for government and the economy, it is a timely opportunity to look back at what happened since 2015. Hence, this issue reviews the progress, changes and failures related to the economy over the past four years. We look at whether businesses have become more responsible, and the key efforts to open up the market and attract foreign investments, reform the business environment and clean up bad practices.

For this edition's cover story, we had the honour to feature DAW THIRI THANT MON, CEO of the Myanmar Institute of Directors. As a leader who believes in education, empowerment and Myanmar's future in the modern world, DAW THIRI THANT MON shares with us her views on the importance of corporate governance in a democratic transition, female leadership and the future of Myanmar's digital economy.

EuroCham Myanmar would like to thank you for your continuous support during this trying period and call on its readers to keep engaging with our chamber as we look ahead.

We wish you an insightful reading. •



Karina Ufert
EXECUTIVE DIRECTOR &
CHIEF EDITOR



Laureenne Sautier
MARKETING &
COMMUNICATION HEAD

WE HAVE RELOCATED !

Please note that EuroCham Myanmar has moved to Times City, Office Tower n°2, 18th Floor, Unit 01, Corner of Hanthawaddy Road and Kyun Taw Road, Kamayut Township, Yangon.

Please note that we apply MoHS guidelines to all visitors and EuroCham Myanmar staff.

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CREATIVITY AS A BEACON IN DIFFICULT TIMES

DISABILITY IS JUST A MATTER OF PERCEPTION. This man challenges himself to the struggle of life, living with only one hand and one leg. 10 years ago, he became disabled after a tragic work accident at the Yangon railway road, colliding with a train.

He was lucky to survive, as reality could have looked a whole lot different. Although he is not a famous painter, he can call himself a successful man, having an income with which he is able to support his family. He lives happily with his wife and two children, a son and daughter.

Now, he earns his living by drawing and painting with his other remaining hand, conquering all sorts of challenges he encounters. In this photo, we can see the man painting a portrait of his neighbours, a mother and her son. The piece was commissioned by the family who requested the man to paint one of their family photos in return for some income.

Photo by
ZAY YAR LIN

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Business integrity handbook for Myanmar businesses launched

THE ANTI-CORRUPTION COMMISSION (ACC), the Union of Myanmar Federation of Chambers of Commerce and Industry and Yangon-based Myanmar Centre for Responsible Business have launched a handbook for businesses to fight and avoid corrupt practices.

Titled "Business Integrity: A Handbook for Myanmar Businesses", it was published on July 28, 2020 and is available in both Myanmar and English languages. It aims to provide guidance for businesses in Myanmar to support their anti-graft programmes, drawing on inspiration from examples in Myanmar and elsewhere. It is structured around the eight principles for companies to take action to combat corruption issued by the ACC in October 2018.

The eight principles are as follows: **(1)** strong, effective policy and support from top-level management to fight corruption; **(2)** risk assessment to effectively identify and evaluate exposure to corruption; **(3)** enhanced and detailed measures for high-risk and vulnerable areas; **(4)** application of anti-corruption measures to

business partners; **(5)** accurate books and accounting records; **(6)** human resource management policies complementary to anti-corruption measures; **(7)** establish trustworthy reporting mechanisms to report suspected corrupt behaviour and **(8)** periodic review and evaluation of anti-corruption prevention measures.

The Handbook also provides recommendations on how businesses can individually put those eight principles into practice, drawing on real examples from local and international companies in Myanmar, and how they can cooperate together with others to do so.

EuroCham Myanmar also plays a key role in fighting bad practices in the country where its Anti-Illicit Trade Advocacy Group raises awareness on the issue and advocate solutions on fighting illicit trade across consumers' goods and pharmaceutical businesses.

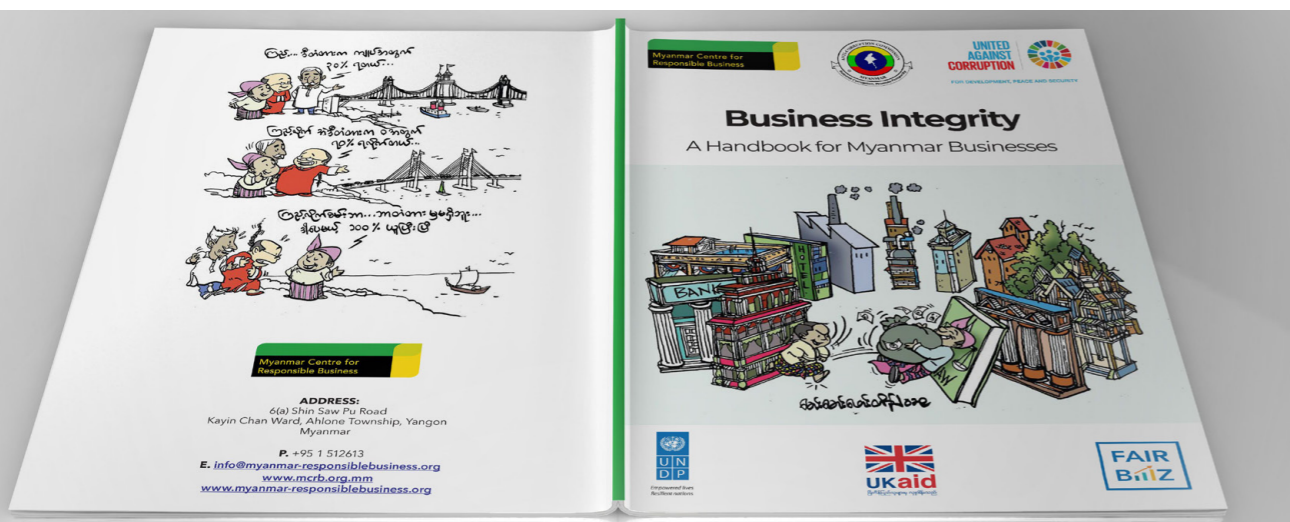
The group organised its second Anti-Illicit Forum in Nay Pyi Taw last year, bringing all stakeholders including government officials and businesses to the fight against illicit trade. This February, EuroCham Myanmar partnered with Transnational Alliance

to Combat Illicit Trade furthering its access and network to international organisations to fight illicit trade.

Myanmar has been extremely weak in transparency under decades of military-rule but since the quasi-civilian government led by PRESIDENT U THEIN SEIN took power in 2011, authorities have made an effort to implement anti-graft measures. According to Transparency International's latest Corruption Perception Index, Myanmar has moved up from 136th in 2016 to 130th out of 180 ranked countries in 2019.

Under the current government led by DAW AUNG SAN SUU KYI's National League for Democracy party, the ACC was given more legal powers two years ago. This includes allowing the Commission to launch preliminary investigation into suspicious activities such as where an individual shows indications of unusual wealth. Previously the ACC could only act on a complaint.

The body has investigated several senior politicians and civil servants, including the Chief Ministers of Tanintharyi and Kayah State. •



Myanmar jumps ranking in Doing Good Index 2020

MYANMAR has jumped its rank in the Doing Good Index 2020 (DGI2020) Report, an index which measures philanthropic activities across Asia.

In the index launched in June, Myanmar has moved up from the ranking "Not Doing Enough" in 2018 to "Doing OK" by having made improvements in registration and oversight efficiency for not-for-profits organisations. The DGI2020 Report examines the enabling environments for philanthropy and private social investment across 18 Asian countries including Myanmar.

Myanmar is ranked alongside countries such as Bangladesh, China, India, Indonesia, Malaysia, Sri Lanka, and Thailand in the "Doing Okay" category.

U THAUNG TUN, Minister of Investment and Foreign Economic Relations, wrote on his Twitter account that Myanmar has "improved registration and oversight efficiency for not-for-profits and social delivery organisations," in response to the country's new ranking in the index.

The report is conducted by the Centre for Asian Philanthropy and Society (CAPS) in Hong Kong. It measures four different areas including tax and fiscal policy, regulatory regimes, socio-cultural ecosystems and government procurement.

The DGI2020 is based on original data gathered through surveying 2189 social delivery organisations

and interviewing 145 country experts across all 18 Asian economies.

Singapore and Taiwan ranked in the "Doing Well" category while Hong Kong, Japan, South Korea, Pakistan, the Philippines and Vietnam are in the "Doing Better". The two remaining countries, Nepal and Cambodia, ranked in the "Not Doing Enough" category.

The Myanmar Centre for Responsible Business (MCRB) partnered with CAPS in 2019 to conduct research for the Myanmar chapter, putting out an online survey with 105 Myanmar not-for-profit "social delivery organisations" as well as government officials and experts.

Myanmar is consistently ranked highly in acts of giving, such as donations to pagodas, and tops the Charities Aid Foundation's annual World Giving Index.

However, regulations remain inconsistently applied and there is a lack of clarity around laws, according to the MCRB. 46% of Myanmar social delivery organisations surveyed had difficulty understanding relevant laws creating a key barrier to operational activities.

Additionally, 83% of social delivery organisations in Myanmar believe that laws are not consistently enforced and some social sector organisations are therefore likely to operate bypassing government regulations. Tax regulations add to the confusion as taxes are often applied on a case-by-case basis, depending on the case officer's interpretation of the law.

MCRB director VICKY BOWMAN told Yangon-based newspaper The

Myanmar Times that she is eager to see proper and transparent guidelines for corporate and individual donations, including on tax deductions, and better corporate governance by companies on this.

"We also want to see it made easier for social enterprises to register, operate, and fulfil their social delivery mission. It is useful for Myanmar to study the benchmarks in this report and learn from good practice elsewhere in the region," she said.

Foreign funding for Myanmar social delivery organisations is more significant than in other Asian countries: 66% of the organisations surveyed report receiving foreign funding, compared to the Asian average of 45%.

Meanwhile, government support for those entities in Myanmar is the lowest in Asia. Only 1% of social delivery organisations surveyed reported receiving government grants, while only 19% currently crowdfund, which is also the lowest in Asia. Funding from corporates makes up 16% of the average budget of the Myanmar social delivery organisations' budget.

"The COVID-19 pandemic has highlighted the essential role that businesses play in responding to crises through their philanthropic giving and that is as true in Myanmar as it is in the rest of Asia," said DR RUTH SHAPIRO, Chief Executive of Centre for Asian Philanthropy and Society. •

Government unveils new SEZ project in Mon State

A NEW SPECIAL ECONOMIC ZONE (SEZ) will be constructed in southern Myanmar's Mon State which could become the largest SEZ in the country if approved.

The Ministry of Investment and Foreign Economic Relations revealed the project during the Myanmar-Japan Investment Dialogue Forum held on July 29.

The development of the project is estimated to cost US\$117 million and it will take at minimum five years to complete.

The Mon State SEZ will link Myanmar

with the Mekong Subregion East-West Economic Corridor and aims to connect Danang, Vietnam, said U THAUNG TUN, the Minister of Investment and Economic Relations.

He also added that this infrastructure project will be bigger and better connected than any other SEZ in the country.

Additionally, the new SEZ in Mon State's plans include the construction of a deep-sea port and a local transport network to connect with Thilawa SEZ in Yangon, said U SET AUNG, Deputy Minister of Planning Finance and Industry.

The aim of connecting the SEZ in Mon State with Thilawa SEZ is for the

two areas to be able to operate as a single industrial zone which conforms to global standards of transparency and quality, U THAUNG TUN said.

A Master Plan will be drawn up with assistance from international advisory team and feasibility studies will be conducted to select a strategic location, said deputy minister U SET AUNG.

Investors will be chosen through an open and transparent "Swiss tender challenge" process, he continued.

There are currently three SEZs under development in Myanmar – Thilawa SEZ in Yangon, Dawei SEZ in Tanintharyi Region and Kyaukphyu SEZ in Rakhine State. •



EuroCham launches fourth edition of White Book

THIS YEAR'S EDITION OF EUROCHAM MYANMAR WHITE BOOK recommends the government to improve communication and coordination in its regulatory environment, develop its human resources, provide clear positive messages about social issues, establish a fairer market for investors and offer more transparent legislation, with the aim of making the business environment more attractive to investors.

EuroCham Myanmar publishes a White Book every year, identifying the attractiveness and barriers in the Myanmar market that European businesses could face and making policy recommendations for the government so that it can improve and strengthen its legislation.

The publication is written in collaboration with stakeholders from eleven industries: agribusiness, anti-illicit trade initiative, automotive, construction & infrastructure, digital Initiative, energy, garment, health, legal and tax, logistics and wine and spirits who also endorse the policy recommendations.

The five challenges the government are advised to tackle concern regulatory issues, the negative press about Myanmar and human rights, the difficulty in market penetration, the lack of a qualified labour force and the legal uncertainty. Sector-specific concerns of the eleven advocacy groups are addressed separately in the publication.

Due to red-tape issues and the weakness in law enforcement, investors are concerned over regulatory and political instability, the document says. In order to tackle this, the White Book suggests the government to set up a mechanism to communicate simplified

interpretation of regulations and procedures to all stakeholders - both public and private. It is also recommended to invite all stakeholders to contribute for inclusivity and decentralise its agencies to encourage efficient process and engagement of civil employees.

The second point the document suggests is for the government to deliver clear positive messages to the international community in regards to social issues in Myanmar including human rights situation, gender equality and children's rights. This is in response to international businesses' concern on Myanmar's ongoing Rakhine crisis, and the lawsuit filed by the Gambia at the International Court of Justice and the possibility of being faced with EU sanctions.

Myanmar has moved up six positions in the World Bank's Doing Business 2020 report, yet ranking at 165th, it is still the least favourable in the ASEAN region. The reasons for this include the history of its economic nationalism and protectionist attitude. The White Book recommends the government follows the World Trade Organization commitments and taking active steps to tackle illicit trade issues. Authorities should be playing a more active role in combating illicit trade and design effective intellectual property protection.

The fourth challenge is the development of human resources, especially a qualified force. The Myanmar government has recognised that the lack of skilled labour presents a major obstacle to attracting investment and has increasingly cooperated with development partners to create vocational training programmes. The White Book acknowledges this point and recommends expanding access to Technical and Vocational Education and Training (TVET) programmes for long-term human resource development, up-

skilling as well as empowering youth.

The final challenge is the unclear and conflicting provision in the legal system. The government has made continuous reforms to the system since 2011 but investors are still facing challenges due to uncertainty and conflicting provisions of the laws.

The publication provides the example of the 2018 directive issued by the Central Bank of Myanmar enabling foreign banks to lend to local companies which could potentially give rise to legal grey areas.

"We encourage more transparency and clarity through proper announcement of any legally binding subsidiary legislation in the gazette. The government could establish mechanisms that harmonise conflicting provisions of the laws and create an official platform or channel where the related government institutions can efficiently provide answers to legal uncertainties," the White Book recommends.

For sector-specific recommendations, the eleven advocacy groups suggest the government to improve legislations and regulations surrounding the relevant industries by either relaxing some restrictions which hinders investments, strengthening and reforming existing policies to offer protection or holding more talks with all stakeholders. •

Every quarter, **EuroMatters** conducts a personal interview with a Myanmar employee working at a European company in Myanmar. They share with us their personal story and life in Myanmar.

Working in a European organisation - from a Myanmar perspective

Can you tell us about yourself and your background?

After obtaining a BA in English Literature from Yangon University, I worked in the hospitality sector for around thirteen years, eventually becoming a director of sales. While I love the hospitality sector, I've also enjoyed working for many different international organisations, as I do now. A few years ago, I got the chance to work for the Food and Agriculture Organisation of the United Nations in Yangon as project admin and finance officer. During that time, I obtained an Executive MBA from the Yangon Institute of Economics.

What is your current role and responsibilities?

I've been with an insurance company for around 10 months, holding the position as head of group sales. There are three sales channels, and I am heading the B2B channel with a team of five employees. On a regular working day, my calendar is usually filled with client meetings. I also manage my team and aim to generate new business leads. I like handling challenging meetings as I am quite a workaholic and result-oriented. One of my previous colleagues used to joke I could even sell ice to an Eskimo. How? Nothing is as important as having a good relationship with the customer. I always try to get to know the customer personally before anything else. Being punctual is also key to working with Europeans, in my eyes: the first impression is everything.



What makes you the most-proud working for a European Company?

The company I am working for is fast-paced and well-organised. It also has a clear vision, a well-defined purpose and a sound strategy for growth. I like that it has flexible working hours and is target-based. I also have the opportunity to polish my skills, as the organisation provides the necessary soft and hard skills training so I can stay on top in a competitive market.

Did you face any cultural challenges? How did you overcome that?

Not particularly, because I had worked in several multinational companies within an international context prior to my present company. From what I have experienced, European companies are open and direct. Senior managers tend to provide critical, yet constructive feedback. One should not take such feedback personally but should instead stay positive and learn from them. Europeans seem true to themselves, which I like.

Which skills, traditions or behaviours do you think European companies could learn from Myanmar and vice-versa?

European companies have corporate structures that are mostly flat and agile, which gives them the flexibility to cope with uncertainties in the market environment. They also give employees the opportunity to share their ideas and opinions, which I feel Myanmar companies could adapt from. On the other hand, Myanmar companies are hardworking and have a disciplined workforce. I believe the right balance between efficiency and effectiveness would provide both European and Myanmar companies the advantage to succeed.

Have you ever been to Europe? And what do you like from there?

Not yet, but I would like to do so in the future. I like the openness of its culture, food, fashion and the architecture, particularly in Southern Europe! However, I don't think I can handle the cold during the winter.

What is your advice to those who want to get ahead in a European Company?

My words of advice are to be open and transparent; you should not be afraid to share your opinion. Emotional intelligence is of major importance in European companies. In addition, I also believe you should not take workplace conflicts or criticisms personally. You shouldn't get involved in conflicts between colleagues, either. Always stay professional. •

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The EuroCham Myanmar Responsible Business Initiative has been created to support sustainability, equality and environmental protection practices. This section aims to raise awareness on these key issues by highlighting sustainable initiatives from our members.

With biodiversity in crisis, what can business do?

MYANMAR IS HOME to 64 diverse ecosystems with coastal areas, mangroves, mountains, and forests, and more than 300 threatened species.¹ However, despite having some of the least disturbed ecosystems in Southeast Asia, Myanmar is suffering from the impacts of deforestation, greenhouse gas emissions, and other forms of human activity. Currently, the country has only 42 formally 'Protected Areas' – around 7% of its terrestrial area – compared to the Aichi 2020 target of 17%, and a global average of 14.8%. Those areas are barely 'protected' and only about half of them are even staffed.²

Reflecting the renewal of new post-2020 targets under the Convention on Biodiversity, this year's 5 June UN World Environment Day had biodiversity as the

ROB TIZARD, Senior Technical Advisor at the Wildlife Conservation Society's Myanmar Program (WCS), highlighted the Tanintharyi Nature Reserve Project (TNRP)⁴, dating from 2005 as a collaboration between WCS, TOTAL, Patronas, PTTEP and the Forestry Department. The cooperation has established 170,000 hectares of protected forest area with 76.8% forest cover, surrounding the 18 metre "scar" of the gas pipeline, its right of way and access road. SAW HUDSON, Environmental Engineer of Total E&P Myanmar, explained that the Reserve suffers a lower degree of deforestation compared to the national average. Moreover, the presence of tigers, leopards, elephant, langur and a recently discovered new orchid species, indicate that the ecosystem is healthy.

The TNRP was first proposed in 1996-1997 to compensate for forest loss from the pipeline construction predating

Land Law.

WWF's Conservation Landscape Manager GAURAV GUPTA highlighted other ongoing gaps and weaknesses in Myanmar's environmental governance. This had resulted in the continued granting of concessions for mining and plantations in high conservation value (HCV) landscapes, as well as poorly located and designed infrastructure such as roads, which inevitably accelerate deforestation, and often built primarily for the extraction of natural resources. Not only did investment in these areas result in loss of biodiversity and irreparable damage to the integrity of the surrounding environment. It also spurred social conflict as local communities lose access to natural resources and are forced to migrate.

WWF's recent 2020 Living Planet Report⁶ records that globally, 68% loss

“Conserving biodiversity is about preserving the ecosystems on which society depends.”

theme. To put these global initiatives into a Myanmar context, EuroCham Myanmar's Responsible Business Initiative (EMRBI) held a quarterly talk on 16 September which brought together experts from international organisations and the private sector to discuss the impact of business activities on Myanmar's ecosystems.

VICKY BOWMAN, Director of the Myanmar Centre for Responsible Business (MCRB), who moderated the panel discussion, commented that biodiversity conservation is sometimes viewed as being about saving endangered species. However, it is much more than that. **“Conserving biodiversity is about preserving the ecosystems on which society depends”**.⁷ MCRB has focussed on the intersection between biodiversity, business and human rights, and in 2018, published a set of Briefing Papers on the topic.³

The panellists presented concrete examples of public-private partnerships aimed at the conservation of biodiversity.

the current international approach to 'biodiversity offsets', exemplified in IFC Performance Standard 6.⁵ SAW HUDSON added that in those days, there were no Myanmar government environmental standards for biodiversity conservation related to the pipeline construction. TOTAL had therefore aimed to voluntarily comply with the existent international standards.

Both speakers highlighted that the TNRP management model is a successful example of public-private partnership. However, challenges remained. In particular, they still sought to build a stronger relationship with the local communities in the buffer zone of the forest, whose livelihoods depended on natural resources in the Protected Area. MR TIZARD hoped that once the Rules implementing the 2018 Conservation of Biodiversity and Protected Areas Law were in place, this would help to address the continued call from local communities for recognition of customary tenure. Customary tenure was also due to be addressed in the development of a new

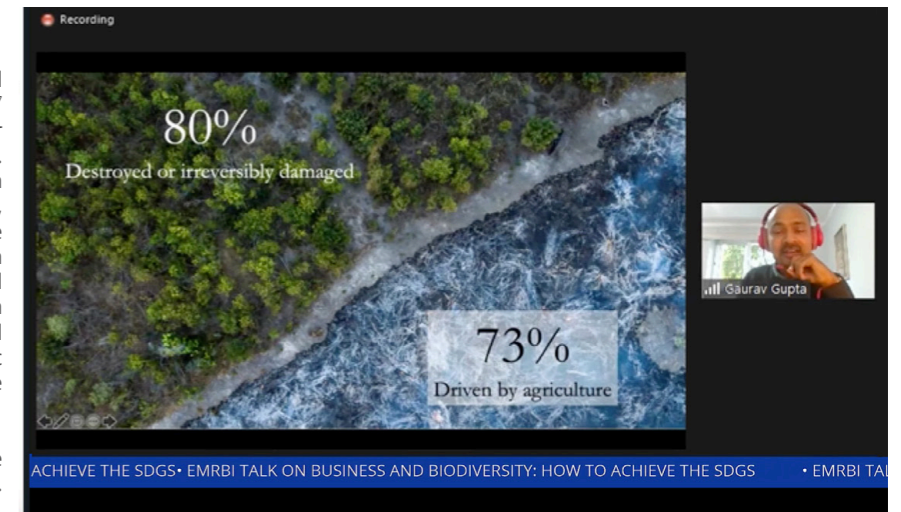
of biodiversity has taken place in the last 50 years, 80% of forests were degraded or irreversibly damaged, and two thirds of the longest free flowing rivers already dammed. However, Myanmar still has much biodiversity that could be saved. Nonetheless, MR GUPTA noted that Myanmar is extremely vulnerable to climate crisis and environmental disruption. He highlighted agricultural expansion and uncontrolled infrastructure development as activities doing most damage to biodiversity in Myanmar. These interventions need to be more carefully planned in order to “avoid, minimise and mitigate” their impacts. They should also be subject to inclusive public participation and the views of affected communities should be incorporated into an integrated development plan.

ALEX NYI NYI AUNG, Head of Communication and External Affairs at Unilever, highlighted Unilever's Sustainable Living Plan, now 10 years old which had guided the British-Dutch multinational to set goals concerning

product sustainability, health and hygiene, and the fight against plastic.⁷ He noted that the material is crucial for sales and efficient distribution of orders. It also has a lower carbon footprint than many alternatives. “Plastic has its place”, he noted “But that place is not in the environment, in our oceans, rivers and in the countryside”. In 2019, Unilever had committed to halving the use of virgin plastic in their packaging by 2025 and to help collect and process more plastic packaging than the amount sold by the same year.

Fauna & Flora International (FFI) have been working in Myanmar since 2008. Their Country Director, MARK GRINDLEY, underlined that even with the most careful and inclusive planning, the impact of business is difficult to undo: once altered, complex natural ecosystems are almost impossible to replace. That is why **“Avoidance is definitely cheaper than mitigation”**. Some sectors have a direct impact on the natural habitat such as minerals extraction and logging, and this is easier to identify and manage. Secondary and accidental impacts can be more difficult to foresee, and therefore plan for or address. Building on a point by GAURAV GUPTA about infrastructure, MR. GRINDLEY noted that “a new ‘arterial’ road creates a ‘fishbone’ effect, by encouraging the development of secondary or feeder access roads that further facilitate activities damaging to ecosystems function such as logging, agricultural expansion, ‘land grabbing’ and hunting. This voraciously devours huge forest areas beyond the control of the original road construction company. This phenomenon is well-known, very difficult to control once underway, and incredibly expensive to undo. It is therefore very important that infrastructure planning explicitly takes biodiversity into consideration when considering the location and design of roads.

NINA DOETINCHEM, Senior Natural Resources Management Specialist with the World Bank, echoed this sentiment: “Biodiversity protection and sustainable resource management are often considered as something very costly, that may lead to economic loss in competing sector [...], but there's plenty of research and studies that demonstrate the opposite”. Functioning ecosystem services are increasingly important to enhance Myanmar's climate and disaster resilience, as well as enhance agricultural productivity.



MS. DOETINCHEM described the objectives of the 2019-2023 Country Partnership Framework (CPF),⁸ recently agreed between the World Bank and the Myanmar government. The Bank would offer institutional and technical support to the government to develop a new framework for the sustainable management of the “blue environment” (sea and coastal zones), and investments in the “green environment”, in particular as forests, to improve collaborative forest management and increase benefits for forest-dependent communities as well as supporting a shift from a timber-extraction based forest economy to sustainable timber plantation activities. The work on the “brown environment” is intended to strengthen the government's capacity to manage waste and better manage production, usage, and disposal of plastic. She noted that a recent study had identified the top ten most abundant plastic items – mostly for single use – making up 76% of the plastic waste leaking into Myanmar's environment, and efforts needed to be focussed on these.

VICKY BOWMAN concluded that there are many things companies could do to reduce their negative impacts on biodiversity in Myanmar and even have a positive impact. In 2019 EuroCham Myanmar spearheaded an ‘Event Sustainability Manifesto’⁹ with ten other Chambers, committing to reduce single use plastics. She encouraged companies to extend this commitment to banning balloon launches from their events, and return to simply ribbon cutting as balloons go to the land and sea, where they can be mistaken for food by animals.¹⁰

The COVID-19 pandemic has led us all to reconsider the impacts the global

economy is having on our environment, and question old ways of working which contribute to carbon emissions, waste and pollution. This is therefore an opportunity to create momentum for lasting change. The case for conserving biodiversity has never been stronger. ●

- 1 Thein Aung, available at: <https://www.cbd.int/doc/meetings/nbsap/nbsapcbw-seasi-01/other/nbsapcbw-seasi-01-mm-en.pdf>. Nature and Wildlife Conservation Division, Forest Department, Status of Biodiversity Conservation in Myanmar. See also: Zue Zue, “More Than 300 Species in Myanmar Endangered: Report”, The Irrawaddy, 6 March 20129, available at: <https://www.irrawaddy.com/news/burma/300-species-myanmar-endangered-report.html> More information can be found at <https://www.myanmar-ecosystems.org>
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THIRI THANT MON : BRIDGING MYANMAR TO THE WORLD

TWENTY-FIVE YEARS AGO, Myanmar was a completely different country. An autocratic military junta controlled communications, education and most of the economy, keeping the country isolated from the rest of the world. **DAW THIRI THANT MON** was enrolled to study medicine in Myanmar but fate had other plans. Repeated university closures after the 1988 democracy movement in the country led her to leave in the mid-90s to study in the U.S.

By that time, she decided that the patient that needed treating was the country itself and that her chosen medicine was reform of systems and policies for a functional and healthy economy. She studied Economics at the College of William and Mary in the U.S. with an intention of returning to Myanmar and becoming a policy maker. Once again, this was not meant to be, as a brief flicker of reform in the country dimmed.

She instead joined the graduate programme at Capital One Bank and worked in the U.S. and the U.K. She then pursued an MBA at the prestigious London Business School, after which she was recruited to be an investment banker at Morgan Stanley. This unplanned two decades away in a competitive global industry gave her a worldview and understanding that even the most isolated places are affected by the shifts and currents of geopolitics and globalisation.

Although change in Myanmar took much longer than she hoped, when it did start to slowly come out of its isolation after 2010 elections, she paid close attention and she knew that her time had come. She then packed her bags to leave behind her lucrative career and return to her motherland in 2013, determined to be a positive part of the movement to transform and modernise Myanmar. She is now one of the leading bridges between Myanmar and the outside world and is involved in a variety of initiatives on building the country for a brighter future.

EuroMatters sat down for an exclusive interview with **DAW THIRI THANT MON**, who is the Managing Partner of Pegu Partners and the CEO of the Myanmar Institute of Directors, to discuss about the importance of investment capital, the challenges she faces as a woman leader in a male-dominated society, the journey of bringing ideas to the country through TEDxYangon and why Myanmar is an attractive destination for European firms to invest.

When you returned to Myanmar in 2013 you decided to focus on bringing capital into the economy, and you founded Pegu Partners, previously known as Sandanila. Why do you think investment capital is important for Myanmar?

TTM • I should start by saying my background is in the capital markets. When I came back in 2013, I really wanted to bring the expertise I had gained outside to help with Myanmar's transition and with building the economy. I spent years as an investment banker in London with Morgan Stanley and before that with Capital One in the credit card industry. Money, credit and capital were what I knew best. I was a bond markets banker with expertise in interest rate derivatives. Here I am, back in my country, which does not have any bond markets, much less anything that is derived from it. However, capital itself is something that the country desperately needed.

My view of capital is also influenced by economics, my first degree. When I first left in the mid-90s for university, Myanmar was starting to open up and there was hope of some change so I studied economics to help push that change. I had planned to come home immediately after graduation but the Asian financial crisis closed down the nascent opening and I decided to stay in the developed markets for a year or two longer to gain professional experience. It ended up being almost 20 years and fate made a would-be policy maker an investment banker.

In 2012, the country opened up again and I knew it was a now-or-never moment. The moment I had been hoping and wishing for my country had arrived. Just at an intellectual level, here is a whole country opening up and transitioning and it happens to be my country. Even if I did not do anything, I wanted a front-row seat, but of course I wanted to contribute as best as I can. I really believe in Myanmar's potential, but I have no illusions that our path will be easy. We need to catch up, we need to grow, we need to modernise our economy so that we can get people out of poverty, provide jobs, goods and services, education, healthcare and infrastructure.

We are starting at a low base with a small economy. We need to increase the capital stock of the country so that we can increase productivity, but where is the capital going to come from? We are still a developing country and we don't have a lot of savings. If you don't have internally-generated capital, you need to bring it from outside, which then means foreign investment, foreign aid. I saw my purpose. I understood that I could play an important bridging role.

The gap that I and others playing similar roles are trying to bridge is actually quite substantial. International thinking and assessment around capital, even when it is aid is given to a country, has progressed to a certain level of standards and

“ I really believe in Myanmar's potential, but I have no illusions that our path will be easy. ”

sophistication. As a country that was previously largely cut-off from the world economy and global capital markets, we have some catching up to do to understand investor and donor views, risk appetite and requirements. Even in the private sector, businesses do not fully understand what it means to bring in an international partner or an investor.

So, I started Pegu Partners, which is a capital, strategy and development advisory firm. I felt this was a good place for me. I get to leverage my prior expertise and understanding of intricacies of the world of international capital, stay in the private sector, but play a role in helping the country.

You were appointed part time CEO of the Myanmar Institute of Directors in July this year. What are your priorities for the MIOD? And how do you envisage it?

TTM • A lot of people misunderstand corporate governance as legal compliance or anti-corruption. If you look up corporate governance, most definitions will say it is the system by which companies are directed and controlled. It is about being systematic in the way you run your business, having the right oversight, division of responsibilities, accountability and

transparency. For me, it also reflects an attitude of thinking about all stakeholders and ensuring fairness. One of the additional key benefits of having good governance is access to capital and there are also studies that prove good governance improves performance and profitability.

At the level of the country, having companies with good corporate governance improves the experience of investors and in turn increases the profile of the country as a destination for investment. It also allows for proper development of domestic capital markets. I've been involved in the corporate governance initiatives in Myanmar for the last five years or so, starting with work done by the UK-Myanmar Financial Services Task Force and the International Finance Corporation. A lot of people contributed, and the efforts led to the formation of the MIOD, supported by two key government departments, the Directorate of Investment and Company Administration and the Securities and Exchange Commission of Myanmar as well as the International Finance Corporation, the UK and Australian governments.

While working on those initiatives and through my capital advisory projects, I realised that big or small, many companies here lack understanding of corporate governance. Context matters here. It is not the fault of businesses that they have

not been able to be systematic, because the business climate had been unpredictable for so long and it made little sense to invest in processes, procedures and systems. There is a Myanmar proverb “fish where you see fish jumping out of the water”, meaning go after the sure thing even if it is temporary. But things have changed. The business environment has started to stabilise and if you study businesses which have thrived recently, especially those that have managed to attract outside capital, you will see they are the ones that have developed systems, processes, delegation of authority and corporate governance.

The MIOD supports the development of corporate governance through board directors and the board. Many of our businesses here are founder-owned and family-run. If you want to put in governance structures, you need a separation between management and oversight. For companies the oversight is the board.

In Myanmar, we have very little understanding of what boards do. Everyone's a director. I've been a board director since I was 18, and this is partly a result of the old company law where you needed two people to form a company. There was also

confusion that owners needed to be directors. Most of the board directors, including myself, had no idea what it meant to be an actual director. There were random titles given – managing director, executive director, and so on – with no understanding of what their responsibilities are.

You asked about the priorities for the MIOD. One main priority is helping directors get better at what they do and develop a pool of qualified board directors for companies to draw from. The institute is for directors to improve their skills, being abreast of latest developments in rules and regulations, latest thinking on corporate strategy, on how you should look at risks. It is also a peer-to-peer network to share experiences. Another important priority is an awareness raising function. Beyond the board, we need to make more people understand what corporate governance is, and how it can be implemented to help organisations.

Are European firms more cautious about the risks of being affiliated with a military-connected business?

TTM • If I want to get philosophical about it, a military itself should not be something to be concerned about. Armed forces in most countries are a normal function of government. We can't

“ The private sector is going to be what drives this country forward and give the next generation the opportunities. ”

ignore our country's history and the legacy of sanctions but what I hope is that the Myanmar military becomes integrated in such a way that the funding for the armed forces and the veterans can all come directly from the state budget. Myanmar is not unique in the military having business interests, certainly not in the region, so that change might not be immediate.

How investors view the risks will depend on the point of view of the individual investor. There may be reputation concerns associated with some entities, and military-linked enterprises can be among them. Some investors have a view of risk that takes into account the context of the local situation and are comfortable working with a broader range of businesses, while others have stakeholders and guidelines to be more stringent.

In the process of significant transition, what role do you think the private sector should play? And how will that take place?

TTM • I always find the phrase ‘the role of the private sector’ interesting because it is often spoken as though the private

sector is something separate from the country. In the case of our country, that tone is instructive as it reflects our past where the public sector, the part of the economy that was controlled by the government, was outsized and the private sector was curtailed.

I firmly believe strengthening the private sector is incredibly important to ensure that Myanmar stays on the path of development. The private sector is going to be what drives this country forward and give the next generation the opportunities. An objective for all of us as a country and society is to increase productivity and economic activity through the private sector. If we reference many economies around the world, most have shown that the private sector does a better job of allocating resources, has better productivity and efficiency and gives a broader range of goods and services to the society.

As a society, we need to think less about us versus them and understand that both the private and public sectors are us, the people that make up the society. Most of the people are employed in the private sector; we buy most goods and services from the private sector. This is the current norm as a majority of the people in the country is working as SME owners, individual entrepreneurs, farmers, traders, and so on.

The public sector is also us – we pay taxes, we elect our government, and some of us are employed in public sector. States have public sectors for a reason. There are certain functions that can only be performed by the public sector such as providing public goods such as infrastructure, universal healthcare and education. But the government does not need to perform all the functions itself. The governmental bodies have to be the regulators for the private sector, so that there is a level playing field.

When I speak to government officials, some still embody that mindset that everything must be done by the state. It is a hangover from our state-controlled command economy that had a socialist ideology. The perception remains where for example, the government should be the one building all roads, bridges, dams and so on. So we staff up big government departments for construction. But that is not always the most efficient or effective way. The government can be the body that sets the standards and the quality but then lets the private sector build up the expertise to do the actual work.

“ The improvements in the public and private sectors that have happened even in the last seven years since I’ve been home have been incredibly impressive. Sometimes you need to pause and zoom out to appreciate that. ”

It is a balance. Government regulators need to make sure that consumers are protected and there are no market abuses, but a key part of the regulator’s job is nurturing. If you’re too strict, too tight, you’re just going to hamper the sector that you’re regulating. A bit of leeway should be allowed to let people make mistakes, learn and grow. It’s like parenting.

There’s still a bit of a perception that the private sector are naughty children that must be watched and reprimanded. Or that they are profiteering pirates that if left unchecked will extract more than what is due to them. This needs to change to one of mutual respect and in essence, we need to develop more trust across the society.

The private sector needs to respect the regulators and government side and understand some of the difficulties that they have. The government sector needs to understand at a fundamental level that a thriving private sector is good for the country. It’s good because that is how we give people jobs. That’s how we get better goods and services. That’s how we grow the pie, and the government does have a key role in helping that pie grow in the right way so that there is equitable growth.

How are you finding, keeping TEDx going during this pandemic period, and because a TEDx is a very personal and evolving scenario, where you’re actually with the expert on the stage and listening intently to what they’re saying, in the world of Zoom, how do you get that sort of special TEDx difference across in the world of many seminars and meetings? How do you envision getting that through?

TTM • TEDxYangon is really a passion project for me and I started getting involved because I really wanted people here to access the ocean of knowledge that exists out in the world today. I think TED is special because it spans such a wide range of human knowledge and ideas. It started as an acronym for technology, entertainment and design and the intersection between those three, but that was years ago and now the talks cover an incredibly wide range of topics that you might not come across in your day-to-day life. One of my favourite talks was about how the root systems of different trees communicate and the symbiotic relationship going on in the forests. Fascinating!

Our usual format is an annual conference where we will have 16 to 20 speakers and also workshops and activities. We’re all volunteers doing this in our spare time, and it was difficult to do more than one event a year because it takes about six to eight months to prepare. In a way, the pandemic period is forcing us to think about new ways to connect. We’ve gone digital and have been hosting monthly in-depth conversations online that we broadcast live.

You are right that TEDx is about listening to people on stage, listening to ideas, but it’s also about the community around you. That’s what I have missed the most during this pandemic period and we are a bit sad we can’t provide those human connections to our attendees. Even our core team at TEDxYangon have not been able to meet in person.

The most rewarding thing that I’ve gotten out of being involved in the TEDx movement are the connections that I have made with people, here in Myanmar and around the world at TED events and with other fellow TEDx organisers. All the people that I’ve met through this experience are doers who are intellectually curious about everything and I have had the most engaging conversations and incredible positive energy from this community.

We are still planning to hold our event in 2021. We have themed it ‘Emergence’ and we will be launching the call for speakers and ideas soon.

As a woman leader in Myanmar where a large percentage of men dominate leadership positions, what are the biggest hurdles that you have overcome? And, what is the advice to young women who aspire to be leaders in the field? What issues should corporate address in order to give women a fair opportunity in the workplace?

TTM • I was asked a similar question in an interview that I gave soon after I came home, and I was naive enough back then to say that we do not have gender issues in Myanmar. Myanmar women, especially if you’re from a certain socioeconomic class and educated, are told that women in Myanmar are very strong and have a lot of power. In my personal experience, my mother, my aunts, both my grandmothers were very powerful and ran big businesses. Both my grandmothers also went

to university, which was quite progressive even in the global context of the time.

So, I said that I really don’t think we have issues with gender equality in Myanmar. Since then I’ve had to eat my words. Maybe it was true at some point and things changed. More likely, it was never really quite there. I do find that it is challenging to be a woman in business, especially in certain situations.

I’ve been in meetings, especially with a male counterpart, where if I go by myself or with another woman, it tends to be okay. But, if I’m with a man who can be my junior or a peer, the other side will not engage with me in conversation anymore. They’ll direct everything to the male, especially if the male also happens to be Western, and that can be really off-putting at first.

To get through this hurdle is to not get bothered by it and press on normally. After a while, they catch on that I am the one who’s making decisions or have good points to make and then would talk to me. I still find it a little difficult in the business I run, as the initial trust tends to be formed between males, and that doesn’t happen in the meeting room – it may be on the golf course, at a restaurant and so on. Given that most businesses are still run by males, this can be an issue.

Most of my best colleagues and employees are female and many of them are great at their work despite having to shoulder higher burdens at home. Some of the challenges are cultural. The woman often takes on a disproportionate burden of household responsibilities. This has something to do with how we raise our boys. In this society, the young males are held up like princes, whereas young females will be asked to help with household chores from a fairly young age. This cements the idea in girls that it’s their job to serve and to the boys that they deserve service.

Another challenge is biological. Businesses can definitely help by having good policies around maternity leave and childcare provisions. I’m a big supporter of returnship programmes for women who’ve been out of the workplace for a few years to refresh the skills, retrain for what they might have missed and be able to come back into the workplace.

I’m able to do all the things that I do now because my husband puts in his 50% and more, and prioritises my career the same as his. He shares both the mental and administrative burden of managing the household. I hate doing groceries and thinking about the menu, so he does that. There are certain things that I like doing, and I take care of those. We both take care of the children and their schooling needs equally. So my top advice for young women wishing to be leaders is to make sure you have the right kind of partner in your life.

Another is to have resilience and trust in yourself. When I started my career, I thought the battle for gender equality was already fought and won by the previous generations. I was wrong. As I climbed the ladder, women became fewer and fewer. At some point at Morgan Stanley, investment banking being a male-dominated industry, I was often the only woman around the meeting table. You just have to keep going. And also help and lift other women along the way.

What should European firms be considering in Myanmar and where do you think you would be good for them to consider placing their investments?

DTTM • COVID-19 has made people realise that there needs to be a diversification of supply chains. It became so concentrated, especially around China and the trade war has highlighted those risks. I think that the European firms and organisations, especially EuroCham Myanmar, could be helping the Myanmar government to improve the attractiveness of this country as a destination for businesses looking to diversify. What is needed



is a longer-term holistic plan of 5 or 10 years where Myanmar takes actions to improve our ease of doing business, improve our infrastructure and appropriately incentivise businesses to move and set up here.

A lot of European business strengths are in the services sector. I worked with many fantastic European insurance companies and banks when I was in the UK. The recent liberalisation of the financial and insurance sector creates a lot of opportunities. I believe that this liberalisation will continue and the European firms should aggressively pursue this. This not only benefits the investors, but also helps the country by modernising our nascent finance industry, which is still inefficient and not yet inclusive to cater to those who need it most.

Another sector that is liberalising is alcoholic beverages and Europe has many of the best brands in the world. I think we should enable imports in a properly regulated manner. The government is working to legalise imports of foreign liquor right now and I think European firms have a big role to play there. This is also good for Myanmar as it is a significant source of tax revenue and it helps to eliminate the trade in gray and black markets.

Education is a sector where I'd like to see more activity, especially in tertiary education. Agriculture needs to be taken from just inputs to more value-added finished products. The mobile revolution and the fact that everybody has a smartphone is a

fantastic opportunity for business activity. That connectivity, the new infrastructure base and the knowledge that it is bringing are going to do things for this country that we can't even anticipate or imagine right now. The bottom line is that Myanmar needs everything and the playing field is still wide open.

The improvements in the public and private sectors that have happened even in the last seven years since I've been home have been incredibly impressive. Sometimes you need to pause and zoom out to appreciate that. In the context of how long Myanmar had been isolated and how low of a base it had started from, so many of the foundations had been lacking. I am really encouraged by how quickly those foundations are being formed and how those jigsaw pieces are being filled in and connected. Each connection creates opportunity and once those foundations are established, we will really take off. •

This interview has been edited for length and clarity. Special thanks to Adrian Short, Vice-Chair of EuroCham Myanmar board for attending the interview and to Novotel Yangon Max for the use of their premises.



EuroCham Myanmar Advocacy Groups involve in talks with ILO and UNDP about COVID-19 responses in Myanmar

IN TIMES OF GREAT UNCERTAINTY, the Agrobusiness Advocacy Group (ABAG) and the Digital Initiative (EMDI) remain committed for the promotion of business practices tailored to such an exceptional situation.

On August 26th 2020, ARNO WILLEMINK, Managing Director at De Heus & Co-chair of the EuroCham Myanmar Agrobusiness Advocacy Group, and Digital Initiative Steering Committee Member, HARRY ANTARAKIS CEO of MyJobs participated to a webinar on “Promoting socially responsible labour practices for sustainable and resilient enterprises in times of crisis for Myanmar” hosted by the International Labour Organization. Decisionmakers from the private and development sectors stressed out the challenges triggered by the pandemic for the implementation of such practices.

ARNO WILLEMINK emphasised the particular necessity of CSR in the agricultural sector. For instance, when COVID-19 hit Myanmar for the first time in April, De Heus supported dealers with long-term credits and direct donations in order to ensure the resilience of the food supply chain. HARRY ANTARAKIS put a spotlight on the importance of enhancing digital skills of workers, as

those will be required more and more in a remote digital working space.

A month later, EuroCham Myanmar Agrobusiness & Digital members participated in the **UNDP/UMFCCI Private Sector Roundtable on COVID-19 response and recovery in the agriculture and fisheries sectors**. For the EMDI, ERWIN SIKMA mentioned “a starting domino effect due to the COVID-19 second wave and the lockdown measures, as lower prices of goods means lower revenues for farmers and SMEs and therefore weaker investments in the future”. He added that both digital and financial inclusions are key elements to strengthen the food supply chain.

KARINA UFERT (Managing Director at AgriRS and ABAG Co-chair) stressed that, on the short term, it is vital for Myanmar authorities to protect the logistics chain and ensure a free flow of agricultural products. On the medium term, “diversification of crops may mitigate the impact of climate change but is also an opportunity to reach new markets”. However, such opportunity will not arise without improved regulations (e.g. on the list of authorised crops) and an effective implementation, in particular to protect local goods pricing from illegally imported products. •

CREATING MARKETS

UMFCCI – UNDP Private sector round table on COVID19 response and recovery in the agriculture sector

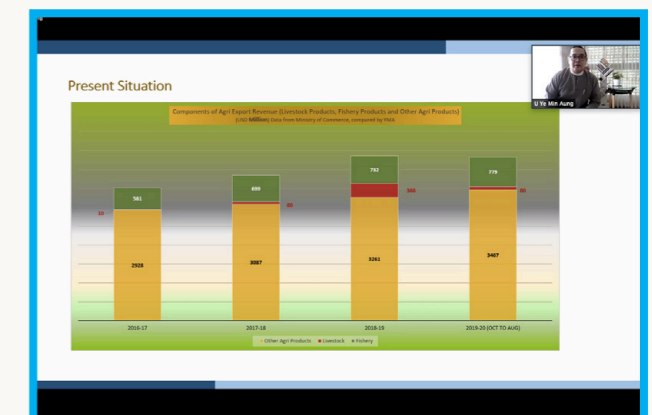
Discussion Block 1

“What disruptions have taken place and how have Agriculture businesses been impacted due to COVID-19”

Jose Ricardo Silva
Operations Officer
Email: jsilva1@ifc.org

September 24, 2020

IFC International Finance Corporation
Creating Markets, Creating Opportunities



In every edition, one of our partner members has the opportunity to be featured in the Success Story, wherein the details of an international investor coming to Myanmar are revealed. We are granted with a unique take on the challenges faced, as well as with an illustration of the potential they recognise which has motivated them to expand into Myanmar.

Unilever: Towards A Brighter Future for Myanmar

FROM TAKING CARE FROM HEAD TO TOES, to empowering women, building a brighter future for employees and stakeholders and supporting Myanmar to help build a more sustainable economy, Unilever is more than just a company offering consumer goods.

Globally Unilever has been pioneer, innovator and future-maker for over 120 years. The company's brands give a unique opportunity to create positive change and to achieve its purpose of making sustainable living commonplace. Nutritious foods, Home care essentials, Beauty Products, Affordable & disease-combating soaps..., the company wants every one of those products to make a positive impact on the lives of the people who buy them.

Unilever is one of the first multinational companies to set foot in when Myanmar opened. Unilever, recognising the vast potential of Myanmar, commenced its operation in a determined way by building a state-of-the-art factory in Yangon in 2013. In the last 7 years the company has established itself as a dominant leader in almost all the categories it competes in. In 2017, Unilever and Europe & Asia Commercial Company Limited, a local consumer goods company, combined their respective Personal Care & home care businesses, forming a joint venture company, Unilever EAC Myanmar Company Limited (UEMCL), to strengthen their portfolio and to boost growth.

The growth for Unilever in Myanmar has been rapid and transformational.

Being from less than 500 employees five years ago, UEMCL today has tripled that number and provides direct job opportunities for nearly 1500 people. Through the vast network, it also provides nearly 15,000 indirect job opportunities. Currently Unilever services many outlets through a strong Route to Market Operation, multiple Distribution locations and three factories located in Yangon and Mandalay.

The company today offers a wide range of products across Beauty & Personal Care, Home Care and Foods Categories. In the Personal Care category, the portfolio includes shampoos, soaps, toothpastes, body lotions and face care products. In addition, it also produces washing detergents and dish-washing liquid in the Home Care category as well as a food brand, Knorr.

The UEMCL has also been creating a very strong organisation and has been a front runner in developing local talent especially in leadership positions through key programmes such as Future Leader Programmes and has been consistently recognised as the Employer of Choice in Myanmar for the last three years.

EuroMatters had the chance to talk to Unilever on its satisfaction with the market condition in Myanmar, initiatives to improve and help the people and the challenges brought upon by the COVID-19 pandemic.

Believing in the potential that the "Asia's last frontier" holds, Unilever has become "one of the successful companies in Myanmar with large local

manufacturing sites in Yangon and Mandalay [as well as] market leadership in most of the categories we operate in", said SRIKANTH SRINIVASAMADHAVAN, MD & CEO of the UEMCL, and Vice President for Unilever Myanmar, Cambodia and Laos.

UEMCL is also crafting a more sustainable future for Myanmar through several of its initiatives by being "purpose-led brands and activities." Unilever believes that "Brand with purpose grow, companies with purpose last and people with purpose thrive".

"We aim to help build a brighter future for the people of Myanmar through our purpose-led brands and activities. This means helping to build a world where everyone lives well and within the natural limits of the planet," said MR.SRINIVASAMADHAVAN.

"In Myanmar we are committed to making a positive impact on sustainable development of the country by activating programmes focused on sustainable sourcing, enhancing livelihoods, and improving the overall health and hygiene," he emphasized.

Working with the Ministry of Education, the Ministry of Health and Sports and the Myanmar Dental Association, a cavity-free campaign was launched at more than 5000 schools in the country which will educate the importance of oral hygiene to children. Moreover, UEMCL has also collaborated with the same ministries to push for the hand washing campaign which has spread awareness to Myanmar students. Over the last 5 years these programmes have been very successful



with nearly 5 million contacts.

The "Amay" [translated as mother] initiative empowers women and their families to improve their livelihoods and the livelihoods of the families around them. This programme helps over 500 women micro-entrepreneurs, who reach more than 280,000 consumers, and the Unilever plans to increase the number to 1000 in the next few years.

Unilever also supports local palm sugar farmers as it helps export the product to Unilever Indonesia. Launched 5 years ago and enabled by a partnership between a local company Zawgyi Premier and Unilever, the initiative for palm sugar now supports about 2000 local farmers in Myanmar's dry zone area.

An organisation cannot be looking out for others without first caring for its own people and Unilever understands this and goes beyond. The company not only nurtures its employees internally but also encourages and ensures that they are a part of an organisation that's bringing positive changes to society.

"We work to create a better and brighter future every day. We are committed to the development of our

employees and enable our people to feel that they are part of making a positive impact on society. This is our promise to every employee in Unilever every day," highlighted MR.SRINIVASAMADHAVAN.

With the COVID-19 pandemic affecting several business sectors in Myanmar, many of Unilever's products are essential in fighting against the virus and the company has developed a robust business continuity plan to ensure that it can continue providing much-needed products.

"Our key priorities remain the safety of our people and the ability of our business to continue to serve customers and consumers, particularly at this time of uncertainty," stressed MR.SRINIVASAMADHAVAN.

"Learning the experiences of other markets, we ensured that our production, distribution and supply chain were uninterrupted. This was possible with the support of various ministries, states/regions authorities, and in collaboration with our distributors, supply chain partners, customers and most importantly our employees," he added.

In March, Unilever globally has

supported the fight against the novel coronavirus and the company in Myanmar has donated more than MMK475 million worth in-kind assistance to various organisations in their fights against the pandemic both in the form of products and also COVID-19 diagnostic test kits and reagents.

"We are happy and very encouraged by the excellent support of Myanmar key authorities especially during this difficult time, including the Customs Department, Myanmar Police Force, Food and Drug Administration, Department of Consumers Affairs and Ministry of Commerce" commented MR.SRINIVASAMADHAVAN.

For its future expansion, Unilever is aiming to become the first billion kyat multinational companies in Myanmar and one of the most admired companies in the developing world.

"Unilever believes that Myanmar has a great future and the current reform efforts are an encouraging start. We expect a continued fast paced buildup of infrastructure both physical and financial which will help local companies to thrive and be best placed to serve the local consumers." •

COVID-19 ECONOMIC RELIEF

Myanmar ploughs on with economic opening up amid political crises



MYANMAR'S ECONOMIC had a big bang after the junta transferred power to a quasi-civilian government in 2011. Since the start of the transition, the country saw the lifting of Western sanctions in reward for political reforms, including giving Myanmar's tariff-free access to the Single Market under the Generalised Scheme of Preferences. This has led to a substantial growth in the textile industry over the last couple of years with garment being among the largest export products from Myanmar.

The opening up of the country was also met with the take-off of the tourism and hospitality industries and a boost in development assistance

and aid programmes from across the world. Meanwhile, then-President U THEIN SEIN pushed ahead with the liberalisation of the oil and gas and telecommunications markets, securing big new foreign investments.

But these measures also led to overheating part of the economy, most notably overvaluation of land and exorbitant prices of hotel rooms in 2012-14, leading business owners and companies to overstate the value of their assets. This overvaluation in some ways increased the cost of doing business and deterred investors from abroad.

For the corporate community, the government led by DAW AUNG SAN SUU KYI in its early days focused on Myanmar's failing peace talks and did not pay much attention to the economy

until 2018, the year she reshuffled her economic team and replaced the finance minister.

DAW AUNG SAN SUU KYI has continued to reform the economy in largely the same direction, seeking reintegration into the world market. There has not been, however, any positive developments as headline-grabbing as in the time of U THEIN SEIN. This is in part because of the government's inability to fully implement the reforms launched on paper, although many improvements have been happening under the radar.

In the past few years, her government has given greater priority to investment promotion and cleaning up the economy, and reshaped the Myanmar market via the new Investment Law and Companies Law.

These two new laws, together with other new policies regulating sectors such as insurance, retail and alcohol, seek to drum up a significant amount of foreign investment to boost growth and develop the long-closed economy.

But the impact has been constrained and overshadowed by the Rohingya humanitarian crisis. UN investigators have accused the military of carrying out a brutal campaign with "genocidal intent" after more than 700,000 Rohingya Muslims fled northern Rakhine State into Bangladesh after a military crackdown in 2017, which was launched following attacks by insurgents on security posts. Myanmar has rejected the UN charges.

Those accusations have deterred Western tourists and investors, with the latter worried about the impact of potential sanctions on their outlays.

Many foreign companies and some Myanmar firms are getting more wary about possible dealings with the Tatmadaw's vast corporate network following backlash from a 2019 UN report calling for investors to cut ties with all army-linked businesses in response to alleged genocide.

The stagnating peace talks, ongoing conflict and poor implementation in economic reforms have heightened reputational risks and dampened investment interest in one of Asia's "last frontier" economies.

This year, the Paris-based Financial Action Task Force and the European Commission added Myanmar to their lists of states deemed to pose high money laundering and terrorism financing risks, further raising the cost of doing business.

The economic shock from the COVID-19 deals a heavy blow to an already difficult situation for the majority of tourism, food and beverage and retail businesses, which had been struggling from lower tourist arrivals caused by

the Rohingya crisis as well as other difficulties.

The country's tourism, hospitality, airlines and manufacturing sectors have been hit hardest as governments around the world including Myanmar imposed strict virus preventive measures, according to a recent report by UK-funded DaNa Facility.

DAW AUNG SAN SUU KYI announced her government's COVID-19 Economic Relief Plan, known as CERP, to mitigate the economic damage through a raft of fiscal, tax and business-supporting policies and assistance programmes for the most vulnerable.

The CERP has been largely welcomed by the foreign and local business community. Myanmar-focused policy experts say that Daw Suu's administration was trying to balance a set of very difficult trade-offs, including the immediate public health needs, economic activities and fiscal sustainability.

Beyond COVID-19, there has been progress. Myanmar improved its ranking on the World Bank's Doing Business 2020 report by six positions, coming in 165th place out of 190 countries on the index compared to 171st in the previous year. The country has moved up significantly in the ease of dealing with construction permits and starting a business. But areas such as protecting minority investors and enforcing contracts are yet to improve.

Meanwhile, the National League for Democracy-led (NLD) government has pushed forward key measures to welcome foreign money in numerous industries. **EuroMatters** sums up the major developments below.

Landmark corporate laws

Two pieces of legislation, the Investment Law and Companies Law, were implemented, which aim to reshape

the local business environment and at least partially liberalise the economy.

The Investment Law decentralises investment proposals under \$5 million to regional investment commissions, speeding up the slow and laborious approval process.

The Companies Law, meanwhile, allows foreigners to own up to 35% in Myanmar companies without the entities losing its classification as a "local company." The measure paves the way for liberalisation in various sectors although implementation has been slow.

Power supply

Changing electricity tariffs is essentially a political decision in Myanmar and a politically sensitive one. In mid 2019, the government raised state-subsidised electricity tariffs, with monthly bills for consumers of 100 units going up by over 70 percent. The move was widely welcomed by the private sector as the subsidies represent a major obstacle to attracting investments into power generation.

The energy ministry then promised to end the crippling power cuts and rushed through five emergency power tenders with that aim. Four ended up given to consortiums led by Hong Kong-listed VPower Group, of which Chinese state-owned CITIC is a major shareholder. The fifth one was won by state-run China Energy Engineering Group (CEEC), also known as Energy China, and its consortium partners.

The emergency tender requirements, including short implementation deadlines of 210 days, tough penalties for missing deadlines and short contractual terms of five years, were heavily criticised by Myanmar and European companies as non-competitive. All five projects missed the deadlines and by press time the ministry has not made any announcement on whether the penalties

were paid by the Chinese developers. VPower has attributed the delay to the COVID-19 disruption.

Similar controversies erupted when the ministry announced earlier this year a major solar farm tender, for plants at 30 locations with a combined capacity of 1,060 megawatts. One plant is to have a generating capacity of around 30MW to 50MW.

The lowest bidder for each project will build the plant, then own and operate it for 20 years, selling the output to the government under a power purchase agreement.

Evidence of land acquisition for the sites are required, raising the risks of land grabs because there isn't sufficient time to obtain land documentation properly.

After protests by foreign embassies, EuroCham Myanmar and other business bodies, the ministry extended the deadline by another month, to July 17, still considered unreasonable by domestic and foreign bidders.

A list of bidders seen by **EuroMatters** shows 155 bids, with over half coming from Chinese companies. Of the Chinese bidders, three stood out -- Sungrow Power Supply, China Machinery Engineering and Datang International Power, who accounted for around a third of all bids.

Chinese companies and their consortia have won 28 out of the 29 bids, according to the results provided by the ministry to bidders and reviewed by this magazine. Solar plant builder Ib Vogt of Germany secured one bid.

The ministry has not made any announcement regarding the tender result by press time.

Electrification and natural gas

At the same time, more and more people across Myanmar have access to power supply. Last December, the government announced that Myanmar's

electrification rate has reached 50%.

A major milestone was achieved when Myanmar firm MPRL E&P Co, Woodside Energy of Australia and France's Total signed a production agreement to develop an offshore gas field in late 2019.

Block A6, an Ayeyarwady Region joint venture in which Total holds 40%, Woodside 40% and MPRL E&P Co 20%, will be Myanmar's first ultradeep-water natural gas field project and the only new gas development to be started under the NLD.

The field is estimated to contain 2-3 trillion cubic feet of natural gas, with a projected daily output of 400 million standard cubic feet. That represents more than a fifth of Myanmar's existing daily output.

Although not expected to come on-stream until 2024 or later, the project will bolster national energy supplies and provide much-needed state revenues.

The government is now drafting a petroleum law, which was recently submitted at the Amyotha Hluttaw, and intends to launch a new bidding round for natural gas exploration "soon". Industry experts expect the next bidding to materialise in 2021.

Education

The Myanmar Investment Commission (MIC) opened up the Myanmar education sector to foreign investors in 2018. Since then, foreign entities are allowed to make full capital investments in private schools and other educational institutions in the country.

Challenges, such as cost of property, human resources limitations and lack of infrastructure, remain for investors wanting to do business.

There are already big names such as Wall Street English entering the country. In August 2019, London-listed Myanmar Strategic Holdings (MSH) opened its first international school, the Yangon American

International School, offering American curriculum aligned with International Baccalaureate and Western Association of Schools and Colleges.

Earlier this year, Liverpool John Moores University announced its partnership with MSH to teach engineering classes for young professionals in Myanmar. Students will have the choice of studying in Myanmar or one of the university's campuses in the UK as part of their programme.

Retail & wholesale

The commerce ministry in 2018 greenlighted foreign businesses and joint ventures to join the retail and wholesale market. A year later, three Japanese companies, a Swiss trading house and three JVs received licences to do business.

Zurich-headquartered DKSH is permitted to do both retail and wholesale activities, in a first for a foreign firm.

Investor interest has been heating up. The Myanmar subsidiary of German retail group Metro AG in the same year raised a US\$20 million loan from the International Finance Corporation to offer wholesale food service distribution services.

A US Department of Commerce report published in July 2017 estimated Myanmar's retail industry to be valued at US\$10-12 billion, or roughly 15% of the GDP, with strong short and medium-term growth projections.

Despite the relaxation of restrictions, there remains substantial capital requirement and restrictions on retail size for foreign players. Non-Myanmar companies or JVs, for example, are not allowed to operate mini-markets, convenience stores or any retail distribution where the floor area is smaller than 929m².

Insurance and banking

Insurance liberalisation is a flagship reform of DAW AUNG SAN SUU KYI's government, albeit one tarnished by repeated delays. Her administration

delivered Myanmar's first-ever licencing to foreign fully-owned life insurers.

In late 2019, British Prudential, Japanese Dai-ichi Life, Hong Kong AIA, US Chubb and Canadian Manulife were permitted to issue life insurance policies in Myanmar with their fully-owned subsidiary, more than half a year after the five insurers were granted provisional licences. Licences were also granted to three life and three non-life joint ventures between foreign and local firms.

The NLD administration had initially committed to opening up the insurance market in the first quarter of 2017 but did not do so until 2019, right after the Myanmar Times broke the news that Korean insurer Samsung Life pulled out of the country.

Earlier this year, DAW SUU's team also gave their first round of licences to foreign banks. Seven Asian banks were given operating licences, bringing to 20 the number of foreign banks allowed to do business in the previously isolated market. Four opted for a branch licence, which allows a range of wholesale banking activities, while three received a subsidiary licence that allows both

wholesale and, from January 2021, onshore retail banking services.

Prior to this, there were 13 non-Myanmar lenders - all approved under U THEIN SEIN - allowed to operate in a limited capacity.

Local banks and mobile finance services operators are also gearing up for the competition. Yoma Bank and Ayeyarwaddy Farmers Development Bank became the first and second domestic lenders to have a foreign shareholder respectively.

Ayeyarwaddy Farmers Development Bank, which is partnering with Thai Kasikornbank, is set to invest big in the digital market and leverage Kasikornbank's e-payment expertise.

Alcohol and beverage

The Ministry of Commerce in May lifted an almost total ban on foreign alcohol imports. The move was shaped by an inter-ministerial supervisory committee for beer, wine, and spirits production, distribution and import, led by the ministry, and seeks to hit a thriving black market, mostly in foreign beer and whisky.

Simultaneously, the General Administration Department is also drafting an excise law to regulate imports of foreign liquors, **EuroMatters** understands.

A 2019 report commissioned by EuroCham Myanmar estimated that illicit trade in beer and whiskey amounted to US\$200 million in 2017 and US\$75 million in 2018. Customs department data suggests that 1.3 million litres of distilled spirits valued at almost US\$8 million were legally imported in 2017-18.

Imports of spirits have been tightly restricted in the country since the 1960s. U THEIN SEIN's administration started allowing the import of wines in late 2015, but only hotels and duty-free outlets have been allowed to bring in foreign spirits and beer.

The liberalisation, if implemented properly, is set to pave the way for more direct foreign investment. Pernod Ricard and its local and foreign partners already formed a joint venture - Seagram Myanmar - to produce and distribute whisky across the country. •



COVID-19 ECONOMY

Aung San Suu Kyi's mixed record in cleaning up Myanmar economy



AS MYANMAR'S CIVILIAN LEADER, DAW AUNG SAN SUU KYI has repeatedly vowed to attract responsible investment over the past 4.5 years. Her government has had a mixed record when it comes to cleaning up bad practices and upholding the legal mandates of the country's regulatory framework.

DAW SUU wants businesses implemented with responsibility to contribute to reduced conflict, job creation and equitable development, instead of exacerbating conflict and human rights abuses.

"We only ask our investors to ensure that their investments are responsible,

by incorporating environmental, social and governance factors into their investment and business undertakings," the State Counsellor said in January 2019, launching the first government-backed investment conference hosted by the Union of Myanmar Federation of Chambers of Commerce and Industry.

A month later, the Nobel Laureate reiterated the importance of responsible business practices as she addressed an investment fair sponsored by Japan in the tourist destination of Ngapali beach, south of where more than 700,000 Rohingya Muslims have fled since late 2017 after a crackdown by the military. The military's clearance operations, which attracted widespread international condemnation, including from the UN and the EU, followed attacks by the Arakan Rohingya Salvation Army.

"We will champion all those who invest responsibly, who respect Rakhine's pristine environment and who have at least the achievement of peace and prosperity for its people," DAW SUU told a crowd of corporate executives, diplomats and journalists gathered in Ngapali.

For both the private sector and civil society, ensuring business is done in a way that respects human rights is critical for Myanmar's triple transition, in peace, politics and economics. EuroCham Myanmar and other business bodies, international financial institutions like the World Bank as well as the Myanmar Centre for Responsible Business (MCRB) have been engaging with the government on the reforms and policies necessary for such a vision.

However, there continues to be a considerable risk of businesses being associated with rights abuses, particularly in areas affected by armed conflict, or discrimination, in law or in practice, including the restive state of Rakhine.

Deterring responsible investors

In northern Rakhine, land grabbing and segregation of communities have deterred responsible companies from investing, according to European businesses and industry leaders.

The now-disbanded Advisory Commission on Rakhine set up by DAW SUU's government and chaired by the late KOFI ANNAN concluded that sustainable economic growth would partly depend on improved inter-communal relations, freedom of movement and closure of camps for displaced people. Better infrastructure is not the only factor driving growth.

As long as the Rohingya Muslim communities are denied a full National Registration Card or freedom of movement, the labour-intensive garment industry in an area which has, or had, a Rohingya population will be a no-go for responsible investors, until they can demonstrate that they can hire without discrimination.

Furthermore, the ban on 3G and 4G mobile internet services in northern Rakhine and Chin - the world's longest government-imposed internet shutdown - is having a negative impact on communities, humanitarian emergency work and the COVID-19 containment.

DAW AUNG SAN SUU KYI's government in June 2019 ordered the restrictions at the request of the military to deal with a mounting insurgency. The government this year has also blocked over 2000 websites, including Rakhine-based news outlets and activist group Justice for Myanmar, and charged journalists covering the conflict under the Anti-Terrorism Law.

Blocking internet services and websites has put businesses who have a commitment to respect human rights in a difficult spot. Norwegian Telenor, one of the four mobile operators in Myanmar, has repeatedly protested the removal of websites and internet ban to the authorities.

"Our position is that freedom of expression and the right of access to information should be respected. We will continue our efforts to lift the blocking and encourage the government of Myanmar to increase transparency for the public," Telenor said in an August statement.

Legal experts from the International Commission of Jurists and Human Rights Watch, the UN Human Rights Office, a coalition of companies and the MCRB have publicly called on the authorities to reform the Telecoms Law, the legal basis on which the government ordered the restrictions.

Five major business lobby groups, including EuroCham Myanmar, have also warned of "possible reputational impact in the international community and view of Myanmar as a responsible investment destination" because of the censorship orders.

Fair competition?

Key government actions in other areas have raised eyebrows among the foreign and local business community about its commitment to attract responsible investment based on fair competition.

The acquisition of 2000 buses from Chinese firms without a tender in 2017, last year's emergency power tender - all won by Chinese - and a recent solar farm tender - all but one were bagged by companies from China - came under heavy fire for stifling competition.

The two energy initiatives, carried out by the energy ministry, were hurried through in what investors saw as unreasonable and even outrageous conditions.

In addition, the hasty scheduling of the solar farm bid exacerbated the risk of grabbing land from undocumented customary users, warns the Myanmar Centre for Responsible Business. The tight timeline amid COVID-19 required bidders to either race to acquire land or claim they already own sites when they do not.

Meanwhile, the preliminary right to develop a proposed megacity on the west side of the commercial capital of Yangon was given to state-run China Communications Construction Company, although companies could challenge the pre-ordained Chinese developer in a "Swiss challenge" process.

More recently, the commerce ministry's intention to grant licences to senior government employees to

import vehicles triggered a backlash from the public as well as business leaders. The plan, which would allow officials to bypass car dealerships and reward them with tax and customs exemptions, is seen as a litmus test among some businesses as to whether the government is committed to a clean and competitive economy.

This is not helped by the fact that watchdogs such as the Competition Commission lack institutional capacity and independence to hold the government to account.

The Competition Commission, formally launched in June 2019, is headed by the commerce minister. More than half of its commissioners are government officials. The body is not seen by the Yangon business community as a serious body.

Its membership, involving the same ministries that are maintaining restrictions such as the ban on the use of the Yangon-Mandalay highway by freight traffic and on alcohol import, casts doubt on its willingness to tackle these issues.

The Commission recently said the solar tender did not violate the Competition Law, acknowledging the difficulties for bidders but justifying them on the basis that the conditions imposed were not designed to be anti-competitive.

In addition, the International Investors for Mineral Development Association criticised the government's insistence that mineral exploration permit applicants need to obtain Vacant, Fallow and Virgin (VfV) land grants. This insistence, the group says, kills off foreign investments in mineral exploration and has no legal basis. Exclusive rights of occupation and use of land are not needed for exploration activities, according to land experts.

That said, there have been significant improvements over the past four years in other aspects, not least the government's anti-corruption record.

Getting serious about anti-corruption

Global graft watchdog Transparency International's latest Corruption Perception Index saw Myanmar move up two positions, from 132nd in 2018 to 130th out of 180 ranked countries in 2019.

That ranking has gradually improved since the National League of Democracy (NLD) party took office in April 2016, when Myanmar ranked 136th.

That's quantifiable international recognition of DAW AUNG SAN SUU KYI's anti-graft battle, involving a number of laws, high-profile arrests and removals, and collaboration with the private sector.

Naypyidaw has also legislated greater transparency over corporate information and business ownership in an attempt to crack down on conflicts of interest in government.

The anti-graft drive is being led by an empowered Anti-Corruption Commission (ACC), which since 2018 has been allowed to launch preliminary investigations into received tips, including allegations of unusual wealth.

Previously, the anti-graft body could only act on formal complaints. The most high-level ACC-led case to date has brought down then-Tanintharyi chief minister LAE LAE MAW, a member of the ruling party who was fired in March 2019 and subsequently jailed.

Cabinet-level officials have also fallen. Last year, the NLD government, supported by the UN, created new Corruption Prevention Units across 22 government entities to prevent and uproot corruption in the vast bureaucracy.

Other major corruption-related programmes, however, remain stuck in the pipeline, including measures to stop rampant conflicts of interest in government where officials award privileges, concessions and contracts to family members and close associates.

Above all, members of the Tatmadaw - which is involved in vast areas of the economy through two major military-owned conglomerates and subsidiaries - are immune from prosecution in civilian courts and ACC probes, an impunity enshrined in the military-drafted 2008 Constitution.

Whistle-blowers are not legally protected, meaning they run the risk of defamation suits or worse for speaking out about corruption in their midst. Nor is it a crime in Myanmar law to offer bribes, with regulations on business donations and corporate philanthropy unclear and ill-defined.

"Implementing existing legal requirements for government disclosure of information, and enforcing existing rules on corporate disclosure are essential to build confidence and trust in the government's economic reforms," said MCRB director VICKY BOWMAN on the sidelines of a corporate briefing organised by the Myanmar-Hong Kong Chamber of Commerce and Industry in September.

"And to combat corruption, investigative journalists and transparency organisations need space to operate," MS BOWMAN told **EuroMatters**.

Wide-ranging regulatory reforms

A raft of new regulations under the NLD government have stepped up corporate disclosure obligations. These are written into the Investment Law, Companies Law as well as disclosure obligations on unlisted public companies with more than 100 shareholders issued by the Securities and Exchange Commission of Myanmar (SECM).

For those conducting Environmental Impact Assessment (EIA), there is a legal obligation to publish the EIA reports. The Central Bank of Myanmar has also published directives requiring disclosure among domestic banks.

Looking ahead, the SECM and the Directorate of Investment and Company Administration (DICA) are drafting a Notification on Corporate Governance targeted at listed companies and companies with more than 100 shareholders.

DICA and the central bank respectively had enforced new requirements on companies to disclose beneficial ownership and on banks to undertake customer due diligence last November. These are driven by the recommendations from the Financial Action Task Force (FATF) set up by the OECD to combat money-laundering.

Online disclosure of corporate information and engagement with the media are key to a healthier investment climate and in building a company's social licence to operate by facilitating accurate media coverage of the company and its activities.

On the government side, the launch of Myanmar's first electronic company registry "MyCo" offers unprecedented access to official corporate information. Civil society and businesses have lauded the move, although many urge the authorities to put in place a search function for individual corporate connections.

Beneficial ownership

Beneficial ownership (BO) disclosure of extractives companies, including whether they are politically exposed persons (PEPs), is a requirement as of January 1 this year for Myanmar as a member state of the global Extractives Industries Transparency Initiative (EITI). The EITI requires Myanmar companies involved in oil, gas or mining to disclose their BOs by January 2020.

DICA has uploaded the first batch of extractives ownership and PEP details, but local media reports that owners of major businesses or their close relatives who hold prominent public positions have so far not declared themselves as such in the database.

In November 2019, DICA issued a directive on the disclosure of BO information for all companies, defining BO's as an individual who holds more than 5% shares of voting rights in a private company. The central bank contradicted DICA in a later notification and raised the BO threshold to 20% without clear explanation for the move.

The DICA directive has serious loopholes, including language which says PEPs may not include leaders of ethnic armed groups or family members of senior officials. But donors and civil society have praised the limited progress, saying that it is heading in the right direction.

Anti-money laundering, tax amnesty

In the eyes of the international community, however, Myanmar has thus far failed to clean up its dirty finances.

The Paris-based Financial Action Task Force and the EU this year put Myanmar on a list of states perceived as prone to money laundering and terror financing.

In a February statement, the FATF cautioned that Myanmar still needs to improve its understanding of "money-laundering risks in key areas" and strengthen its governance of various financial entities.

The European Commission in May categorised Myanmar as a country that poses high risks to the bloc's financial system to align with the FATF's decision.

These designations have put renewed international pressure on DAW AUNG SAN SUU KYI's government to

reform her country's opaque financial system. The labelling, analysts say, raises the cost of doing business by complicating international financial transactions and bank transfers.

Risk-averse foreign banks are expected to shy away from Myanmar owing to heightened reputation and sanction risks.

The FATF already warned in a 2018 report that there are "extremely high levels of proceeds-generating crimes" which "exposed [the country] to a large number of very significant money laundering threats."

The threats were likely worsened by a controversial tax amnesty rolled out by the NLD government in October 2019. The amnesty sought to mobilise underground and hidden assets, both to stimulate the economy amid a slowdown and to support the troubled real estate and banking sectors.

A similar proposal, pushed by local construction and property businesses, was voted down by the Myanmar parliament and branded "fundamentally unfair" by DAW SUU's economic adviser Sean Turnell. It is unclear why Naypyidaw had a change of heart and approved the 2019 amnesty plan.

Myanmar is home to one of the largest informal economies worldwide, representing over 50% of economic activity between 1999-2006, according to a 2018 report published by the Norwegian Institute of International Affairs.

Corporate disclosure

Despite these setbacks, some quarters in Myanmar's private sector have taken upon themselves to be transparent and responsible.

A number of big private companies went beyond the legal transparency provisions, according to the 2019 Pwint Thit Sa report (Transparency in

Myanmar Enterprises) undertaken by the MCRB in partnership with consulting firm Yever.

Under the new Companies Law, a privately-owned company only needs to file an Annual Return with DICA. There no requirement for private companies to publicly disclose this information.

Yet, seven companies in the top 10 Pwint Thit Sa list have done so: City Mart, Max Myanmar, Shwe Taung, UAB, Dagon Group, Myan Shwe Pyi Tractors and AYA Bank.

Even though private firms are not required by law to disclose as much, they are actually on average doing better than public companies, the report reveals.

Apart from attracting investors and partners, these companies see a focus on performance - for example on energy efficiency - as a way of making savings for their bottom line.

In contrast, public firms - companies whose shares can be bought by the public - lag behind their private counterparts in corporate disclosure and governance.

Key reform programmes, not least modernising a slew of outdated land regulations and legislating a National Land Law, await the next administration. Barring an electoral upset of unimaginable proportions, the NLD will remain in office and share power with the military. Senior executives hope that, post-elections, DAW SUU would reshuffle her economic team to bring bright young talents to her cabinet. After decades of isolation and sanctions, Myanmar needs ministers with an understanding of how business works and with foreign experience to change. The ruling party also needs them to start delivering on its long list of promised policies. •

DOING MORE THAN JUST “BUSINESS AS USUAL”

Mapping the Market Ecosystem for Responsible Businesses, Social Enterprises and Philanthropists in Myanmar

The business opportunities of an emerging economy paired with ample social development needs in Myanmar have nurtured the emergence of a new paradigm of “Doing Well by Doing Good”.

In 2019, the Charities Aid Foundation – again – ranked Myanmar within the top tier of the World Giving Index (2nd rank), an internationally recognised index measuring countries according to (1) the willingness of citizens to help strangers, (2) donations given and (3) time spent on volunteering.

It may not surprise that – within a nation built on such level of altruistic values – concepts of sustainability, inclusiveness, responsibility and genuine philanthropy have certainly become more norm than exception within Myanmar’s community of entrepreneurs.

Rather than providing one-off donations at a time of need only, businesses operating in Myanmar may consider ways towards commercially sustainable impact, strategic philanthropy as well as partnerships with development sector actors and civil society.

Benefits for responsible and committed entrepreneurs are abundant: Not only may community-company conflicts be prevented, but companies, civil society or other development actors may be constructively engaged in collaborative partnerships to the benefit of all. Development sector actors including NGOs and organisations of the United Nations system may also be able to join forces in corporate public affairs and advocacy efforts.

With the Myanmar Sustainable Development Plan (MSDP) the Government of Myanmar is undertaking an active and unprecedented effort to align national development with the Agenda 2030 of United Nations and the 17 Sustainable Development Goals (SDGs).

Ministry of Planning, Finance and Industry (MOPFI) highlighted in the MSDP the importance for Myanmar

“**Concepts of sustainability, inclusiveness, responsibility and genuine philanthropy have certainly become more norm than exception within Myanmar’s community of entrepreneurs.**”

to develop in a sustainable and prudent manner with development policies clustered under three pillars: (1) Peace and Stability, (2) Prosperity and Partnership as well as (3) People and Planet. A comprehensive indicator framework for the measurement of national progress toward the SDGs has been drawn up.

Likewise remarkable is the Project Bank, a mechanism of MOPFI to transparently disclose details of major public investment projects in Myanmar, which is also identifying alignment of currently listed 129 large-scale investments with the sustainable development agenda.

While the direction of Naypyidaw is clear to reach sustainable development through public and private sector cooperation, many companies face challenges in understanding the modus operandi of the development sector.

Various efforts have been made by the Government and international development partners (e.g. the European Union) to create full transparency of aid, finally also for reasons of accountability. According to the Aid Information Management Platform “Mohinga” (mohinga.info) of the Foreign Economic Relations Department of Ministry of Investment and Foreign Economic Relations, the considerable scale of international aid to Myanmar becomes apparent. Between 2013 and 2019, international development partners have committed a total amount of US\$ 13.53 billion for supporting Myanmar’s development. Such commitments comprise grant financing, concessional loans, debt relief and various other modes of financing. Data from Mohinga reveal the multifaceted aid accessed by Myanmar in areas from health to education, from private sector development to tax reform (see Figures 1 and 2).

Platforms including the Myanmar Information Management Unit (MIMU), the INGO Forum as well as civil society networks provide extensive information on the operations of NGOs and function as a valuable knowledge repository.

Not only the private sector, but also NGOs, UN organisations and the diplomatic community welcome innovative partnerships for development in Myanmar and continuously experiment with new solutions.

private sector projects helping in the fight against COVID-19.

Growing interest of philanthropic donors and impact investors has been to strengthen the social enterprise ecosystem of Myanmar comprised of usually businesses with commercial operations which pursue a developmental purpose (e.g. Koe Koe Tech, Plan Bee of Tag International Development and Kasante).

Start-up ecosystem builders

including Impact Hub or Phandeeayr, One To Watch or MicroEmpire often play an important role in connecting people with ideas with necessary funding and capacity.

Platforms such as the UN Global Compact or the Asian Venture Philanthropy Network offer companies the opportunity to commit visibly for employees, other stakeholders and shareholders to doing more than business and to networking. •

FIGURE 1: AID COMMITMENTS TO MYANMAR BY STATE/REGION FROM 2013 TO 2019

(Source: Mohinga Aid Information Management Platform)

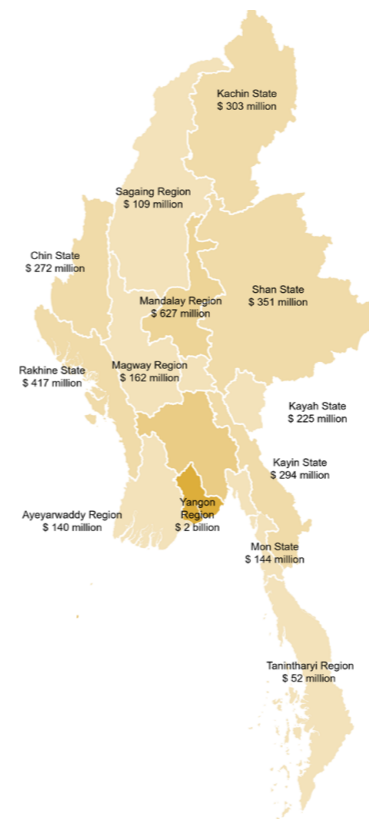
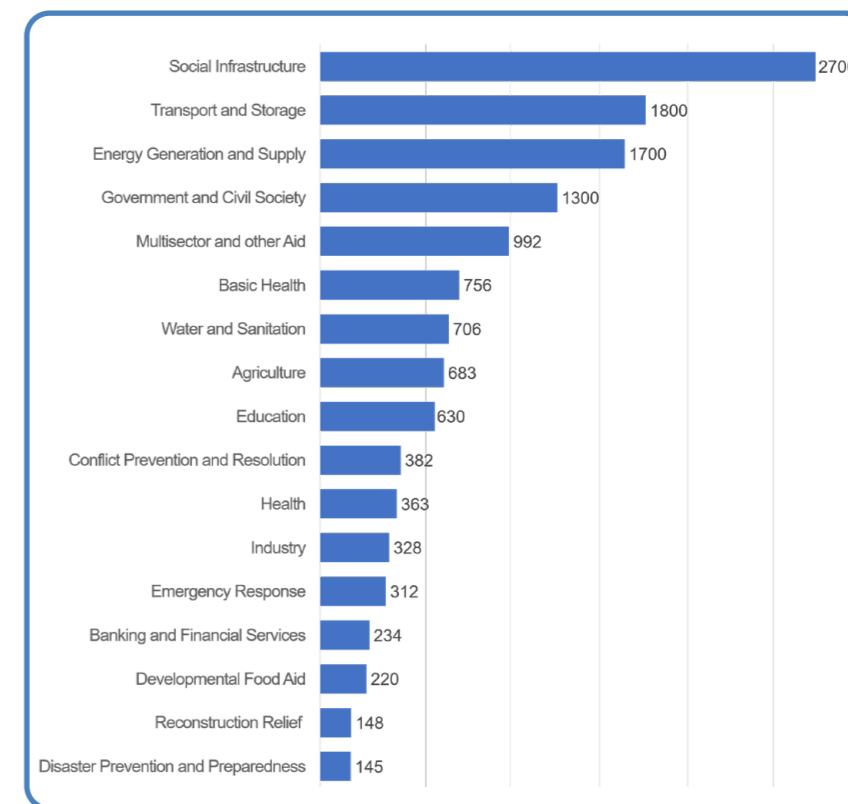


FIGURE 2: AID COMMITMENTS TO MYANMAR BY SECTOR FROM JANUARY 2013 TO DECEMBER 2019 (IN USD MILLION)

(Source: Mohinga Aid Information Management Platform)



FIGURES IN BILLION MMK



This article has been written by FELIX HAAS, Managing Director of Progress Asia Consulting. Progress Asia Consulting is working at the intersection of public and private sector in Asia in areas including government relations, political risk and sustainability.

In every edition of the hospitality section, EuroMatters presents a list of inspiring places across Myanmar that will allow you to further discover the country and explore all the diversity and richness of its culture.

Finding Europe in Myanmar

Many Europeans in Myanmar were looking forward to spend the summer holidays in their countries of origin, yet COVID-19 has drastically changed plans. Rather, it is a great occasion to discover a bit more of Myanmar.



When travelling in Myanmar, signs of the country's history as part of the British Empire are everywhere to see. Downtown Yangon has the largest array of colonial-era buildings in Southeast Asia and heritage gems buildings can also be found in places such as the coastal town of Dawei and Mawlaik on the banks of the Chindwin River.

The drizzly rain and botanical park based on London's Kew Gardens gave Pyin Oo Lwin the moniker 'Little England' while Mawlamyine, the First Capital of British Burma, was termed 'Little London'. A score of hotels have 'Kipling's Bar's while up in Katha travellers can walk in the footsteps of John Florry, the protagonist of George Orwell's Burmese Days.

But there are also marks of early visitors from Continental Europe. While most Europeans in Myanmar today will find it difficult to return to their home countries for vacations of gelato and Armagnac, tracing the marks of Europe in Myanmar inspire fresh adventure to new parts of the country.

Here we select some of our favourites ...

THE PORTUGUESE PRIVATEER IN THANLYIN

In 1599 Arakanese troops led by the buccaneering Portuguese privateer Filipe de Brito E Nicote vanquished the Bamar in Bago and razed the city to the ground. As a reward for victory, the King of Arakan gifted de Brito his own personal fiefdom – Syriam, modern-day Thanlyin, just east of Yangon over the Bago River.

However de Brito was a cunning and disloyal subordinate. In 1603 he declared independence from Arakan and seized the land surrounding Syriam including a small fishing village named Dagon (later to become Yangon).

De Brito next made the mistake of antagonising the Bamar by nabbing the Dhamazedi Bell of Shwedagon Pagoda and inadvertently losing it in the Bago River – where, it is believed, the bell rests today.

The Bamar defeated de Brito in battle and had him impaled on a wooden stake. De Brito – stubborn to the last – refused to take the recommended posture for impalement and subsequently took two days to die. A grim, sticky end ...

In Thanlyin today, bicycle rides can be made to visit a few crumbling Portuguese churches.

FRENCH TRADERS IN MANDALAY

Decades later, British Imperialism in the guise of the East India Company was being cautiously observed by the Konbaung Dynasty in Mandalay. The possibility of French traders gaining the upper hand in Burma was an ever-present concern in the corridors of Westminster. It was largely this fear that spurred the British on to invade Burma in the First-Anglo Burmese War of 1824-1826.

British rule in Burma didn't deter the French from becoming avid travellers to the country. Le Compte A. Mahé de la Bourdonnais jotted down his musing of the country as he travelled through in the late 19th Century. He exalted in the theatrical prowess of the country and proclaimed that the Burmese woman was the happiest in the world.

HSIPAW & THE AUSTRIAN PRINCESS

Austrian Inge Sargent met Sao Kya Seng at a party for international students in Colorado in the 1950s. They were married in 1953 and once they had graduated set sail to start their new life in Sao's homeland. Upon arrival by boat in Rangoon, Inge noticed a large crowd of cheering people greeting the arrival of the boat.

There must be someone famous on board, she thought. It was only then that Sao revealed to her that he was the Prince of Hsipaw.

In her memoir Twilight Over Burma, Sargent recounts her time living in the valley of Hsipaw as a Shan Princess, bearing two daughters, becoming fluent in both Shan and Burmese, and endearing herself to the people of the region. However this paradisiacal time was short lived. Sao Kya Seng disappeared in the military coup of 1962, reportedly abducted and killed by the Burmese military. Sao Kya Seng was the last prince of Hsipaw.

Relatives of Sao Kya Seng still live in the "East Haw" Shan palace that had been home to the prince and his wife. By appointment, it is possible to visit the palace and hear the story of the Austrian princess that endeared herself to the people of Hsipaw.

LITTLE SWITZERLAND

The hills of Shan State are popular to many foreigners. Sadly, some of the most beautiful parts of the State are off-limits to foreigners for security reasons.

Nam Hsan is one of those places though it can be reached with the correct kind of permit. Due to its campestal beauty, the

British termed it "Little Switzerland." It is the hometown of one of Sampan's favourite guides who told us a little more about it:

"I came from the hills and I still love the hilly areas. In Northern Shan State there are lots of remote areas but due to security reasons people cannot reach there... In Nam Hsan they grow the best tea in the country, the best tea leaves, for tea leaf salad, very unique! But because of some insurgency issues these beautiful places are not easy to get to."

Suffice to say, Nam Hsan should only be travelled to with the correct paperwork and in the company of a local guide.

ITALIAN DREAMS AT THE BEACH

Ngapali Beach, Myanmar's most popular stretch of sand, is said to have been named by an Italian sailor missing his hometown of Napoli. Another version of the story is that the beach reminded the sailor of Naples: he fell in love, felt at home, and vowed to travel no more.

Either way, it became a favourite of later Europeans residents (and certainly the British), who kept the Italian name but wrangled 'Sandoway' out of 'Thandwe'. The airport at Thandwe still keeps the British code 'SNW'. The luxury hotel Sandoway, in a round-about way, serves the best pasta at the beach and hopefully, sooner rather than later, we will all be enjoying it as we watch the sun set into the Bay of Bengal. ●

Bertie Alexander Lawson is the Managing Director of [Sampan Travel](#), a Yangon-based tour operator curating hand-crafted journeys through Myanmar.



UPCOMING HIGHLIGHTS

Introduction session with H.E. Ranieri Sabatucci, Ambassador Designate of the European Union to Myanmar and EuroCham Myanmar

The event is a continuation of an initiative from EuroCham Myanmar to establish a regular consultation platform between the EU Delegation and EuroCham advocacy members. On that occasion, H.E. Ranieri Sabatucci, Ambassador Designate of the European Union to Myanmar will introduce himself to EuroCham Myanmar Advocacy groups Co-chairs who will present updates on the current state of affairs in their respective sectors in Myanmar. Workshop session reserved for EuroCham Myanmar members.

**2020
WHAT'S
ON**

In light of the global outbreak of COVID-19 and as preventive measures, EuroCham Myanmar has been adapting its events to online channels. Please, check the latest information on eurocham-myanmar.org as the situation can evolve by then. We thank you for your understanding and your continuous support.

More information on our website: eurocham-myanmar.org/events/upcoming

05 OCT
• MON •
ONLINE

09 OCT
• FRI •
ONLINE

28 OCT
• WED •
ONLINE

15 DEC
• TUE •
ONLINE

EuroCham Myanmar digital initiative launch

EuroCham Myanmar, together with leading digital European companies, are co-organising the Official Launch of the recently created Digital Initiative (EMDI). The EMDI is proud to invite the business community and other relevant digital stakeholders to discuss the successive numerical (r)evolutions and the future digital landscape of Myanmar. The event will also be an occasion for digital business decision-makers to provide tools to seize the opportunities generated by digital for all economic sectors. Go to EuroCham Myanmar event webpage to register to the event.

Construction and Infrastructure Forum

The Construction & Infrastructure advocacy group will organise an online event on standardisation in late October. The talk will gather experts from the private sector, engineering associations and government representatives, who will discuss the sector's needs and the importance of having standards and regulations that are being enforced.

More information on EuroCham Myanmar website.

Legal & Tax Talk

In December, the Legal & Tax advocacy group will host a breakfast talk on a hot legal or tax topic in Myanmar. Those talks are organised on a quarterly basis and bring clarity and concrete steps to understand the recent reforms. The talks gathered experts alongside government representatives to discuss how businesses can comply with the normative framework. Stay tuned for more details on the event!

More information on EuroCham Myanmar website.



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