



FAIRBIZ

PRIVATE SECTOR ADVISORY GROUP



PROMOTING A FAIR BUSINESS ENVIRONMENT IN ASEAN

With the support of



Summary of the Fourth Meeting | 16 September 2020

BACKGROUND

The ASEAN Economic Community is the 7th largest economy with a combined Gross Domestic Product of US\$2.6 Trillion which is projected to grow 3-8 percent over the next four years. The region is attractive for investments due to the economic growth, the growing middle/consumer class, and the existence of sectors with remarkable prospects.

At the same time, as emerging economies, the business environment in the region is still maturing. Corruption issues and poor governance feature as major concerns for businesses operating in the region as well as for citizens. According to the 2017 ASEAN Business Outlook Survey conducted by the U.S. Chamber of Commerce, most businesses in the region (65 percent) listed corruption, unfair and inefficient law enforcement practices as serious challenges to doing business in ASEAN countries.

At the international level, the importance of strengthening partnerships between governments and the private sector to improve global governance and the rule of law has been widely acknowledged. The 2030 Agenda for Sustainable Development, particularly its Goal 16 on Peace, Justice and Strong Institutions, highlights the importance of building effective, transparent and accountable institutions in both the public and private sectors and providing

effective access to justice in the event of disputes. Furthermore, both governments and the private sector are jointly responsible for minimizing the negative impacts of corruption in achieving sustainable development.

In this context, companies (large and small) need to take incremental steps to mainstream good governance practices within their overall business strategies and operations, and thus become responsible partners in achieving the SDGs. Fair business practices not only promote the values of fairness, inclusiveness, transparency and accountability while contributing to the principle of “leaving no one behind”, they also create opportunities for the private sector to grow as competitive players in new markets.

As part of this agenda, the multi-year project “Promoting a fair business environment in ASEAN”, managed by UNDP Bangkok Regional Hub in cooperation with the UK Government, aims to promote open, transparent and predictable business environments by working with both governments and the private sector, focusing on six target countries in ASEAN: Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Viet Nam.

THE PRIVATE SECTOR ADVISORY GROUP (PSAG)

The PSAG was set up in early 2019, and the inaugural meeting took place in April 2019. At its second and third meetings which are the subject of this report, it was agreed to update the original Terms of Reference. Here are excerpts from the updated terms of Reference:

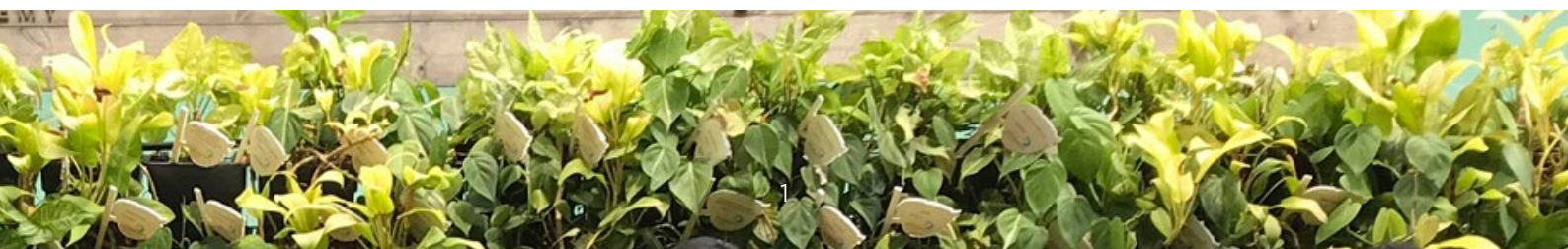
The members of PSAG are influential experts in their industries, coming from the private sector, investment community, think tanks and governments, in ASEAN countries and beyond. The members serve on the PSAG primarily in their personal capacity, as independent experts, rather than as representatives of their organizations.

The members of the PSAG can be seen in Annex 1.

Each member guides the work of FairBiz on business integrity and responsible business conduct with the ultimate aim of bringing the Sustainable Development Goals (SDGs), in particular SDG 16 (Peace, Justice and Strong Institutions), to the ASEAN region and to individual ASEAN countries. In order to achieve this, the PSAG members help the FairBiz team to engage with the business and investment communities, and to build bridges between the public and private sectors in the fight against corruption.

This report covers the fourth online meeting of the PSAG, held on 16 September 2020.

We received apologies for absence from Frank Brown and Arin Jira.



UPDATES FROM THE FAIRBIZ INTEGRITY HUB

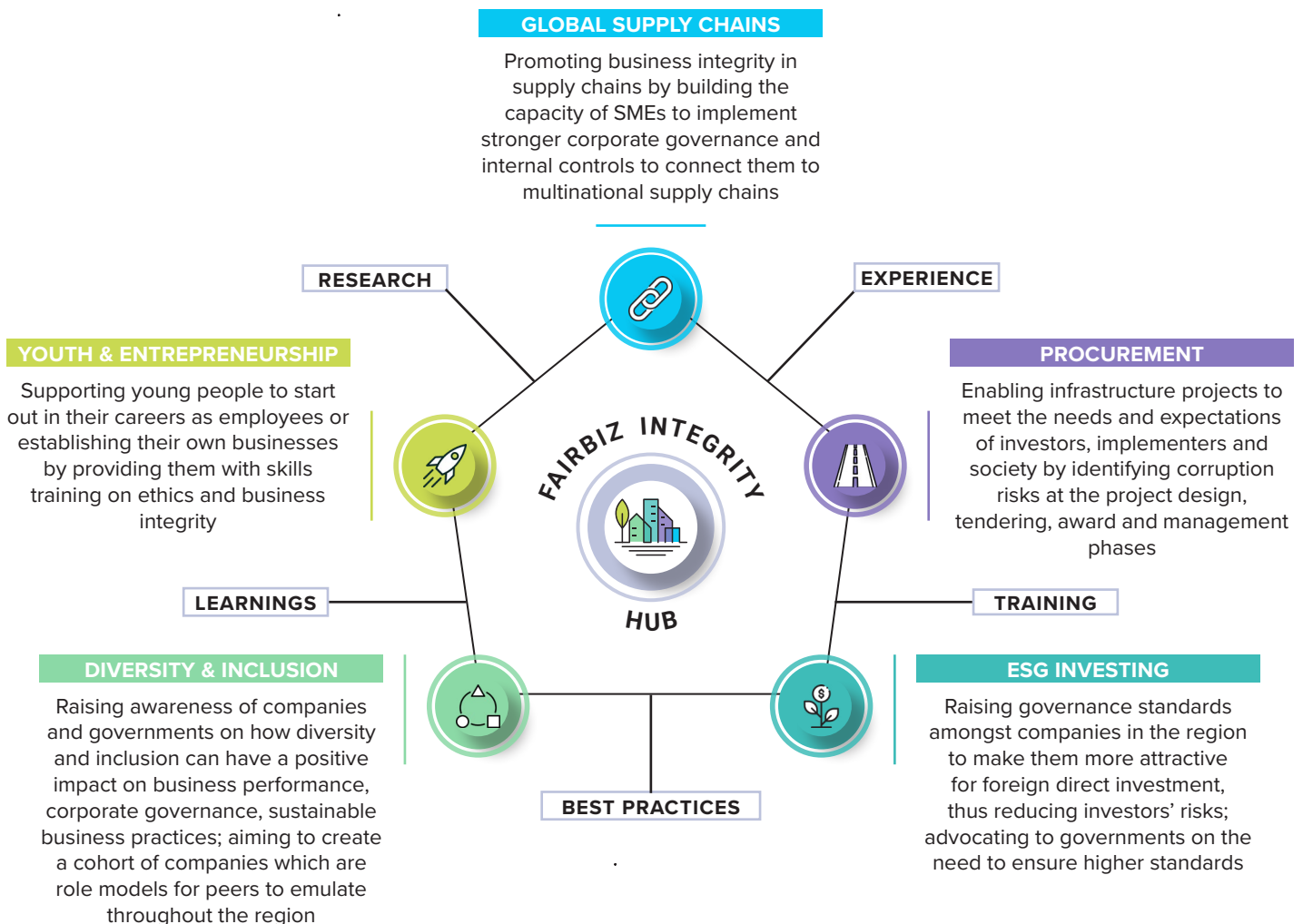
Diana Torres, in her last meeting as FairBiz leader before moving to a new position in UNDP Vietnam, shared some updates since the last meeting:

- The Business Integrity Hub is now renamed “FairBiz Integrity Hub”
- The Infrastructure Thematic Platform is now “Procurement Thematic Platform”
- We welcomed three new members of the PSAG: Diane Eustaquio (Philippines), Soipetch Resanond (Thailand) and Eddie Thai (Vietnam)
- FairBiz Project has been extended to September 2021 because of the impact of the pandemic
- There was a series of webinars organised by FairBiz on a number of relevant topics. Many of the PSAG members participated

- The [newsletter](#) with recent events from FairBiz was shared with the PSAG in advance of the meeting. Upcoming events can be found in Annex 3.

Jonathan Turner, representing the UK High Commission in Singapore and the programme’s donor, the UK Prosperity Fund, outlined the changes that have taken place in Whitehall with the merger of the FCO and DFID into a new ministry, the Foreign, Commonwealth and Development Office (FCDO). Although he could not at this stage confirm whether the project would be funded beyond September 2021, he confirmed that the UK government sees a strong value in the FairBiz project especially in the light of the UK’s high prioritisation of relations with ASEAN.

The FairBiz Integrity Hub:



The Discussion:

The discussion revolved around the following set of questions: How has the pandemic affected attitudes towards good governance and business integrity in the companies/markets and countries they deal with? How is the pandemic affecting governance or business integrity, positively or negatively? How are needs and attitudes changing? What support should UNDP FairBiz be providing companies and governments with? How can we have more impact?

There was a consensus that corruption has become a major risk – emergency procurement has been particularly vulnerable to fraudulent practices as people sidestep the regulations in the interest of short cuts. Short-termism, as companies struggle to survive, has become more prevalent, leading to a reduction of interest in longer-term strategic goals such as sustainability and attaining SDGs.

On the other hand, there are examples of a more rigorous application of the laws. The anti-corruption legislation in Vietnam and the Corporate Liability Law in Malaysia are examples of new frameworks being put into place. While enforcement of the law may be strengthening, it is equally important to convey the message that strong governance regulations do not hold back, but enhance, business. There is much work to be done on framing the business case for compliance.

The representatives of the international investment community had a more optimistic view of the impact of the pandemic. There has been a new wave of interest in sustainability, driven by the Black Lives Matter movement and COVID-19 which have presented companies with a new range of challenges of a totally different order. COVID-19 has brought systemic risks to the forefront. Good governance driven by disclosure and transparency is now a priority area. For instance, crisis management protocols and cyber security policies within 'governance' are critical areas of concern. There is also a clear convergence of issues such as anti-corruption, business and human rights and gender, something reflected in UNDP's interventions.

So despite the scepticism on the ground, there has been an increase in ESG investing which has shown strong growth. Impact-based companies have continued to perform better during the pandemic. The figures show that sustainability and ROI can go hand-in-hand. And companies that have failed to do business with integrity have faced multiple challenges during the pandemic.

Role of the FairBiz Integrity Hub:


The PSAG members came up with a number of forward-looking ideas for the FairBiz Integrity Hub to explore in the months and years to come:

- Help prepare local companies to embrace ESG standards
- Support governments in conveying the message that good governance and business integrity enhance business
- Work with governments and business to create incentives for good corporate behaviour
- Bridge the gap between the investor community's ESG ambitions and investees' natural vulnerabilities and caution
- Commission a report on the state of the "G" in ESG in ASEAN
- Develop solutions to market failures which lead to uncompetitive business practices
- Provide training and knowledge products to SMEs, directly and via multinationals and investors
- Spread the experience and knowledge from country-to-country in ASEAN

The FairBiz Integrity Hub, with the help of its PSAG members and the Thematic Platforms, has already made a start on bring some of these ideas to market. These initiatives are outlined in the next section.

Status of key FairBiz Integrity Hub impact initiatives:



Here are some key impact initiatives emerging from the FairBiz Integrity Hub and their current status:

THEMATIC PLATFORMS	INITIATIVES	STATUS
 <p>GLOBAL SUPPLY CHAINS</p>	<p>Training, guidance and tools for SMEs directly and via the Government, and via multinationals' supply</p>	<p>Training on-going in Vietnam and Myanmar (in the latter, under the leadership of PSAG Member Vicky Bowman). In Malaysia, FairBiz is combining forces with Deloitte, and supported by Manisha Dogra, KM Loi and Mark Lovatt, to deliver training to SMEs (starts October 2020)</p>
 <p>PROCUREMENT</p>	<p>New technologies for public procurement via a Technology Fund</p>	<p>Analysis of technologies and their possible application in public procurement being led by PSAG member Mark Lovatt. By January 2021, aiming to bring together other players in this field (eg World Bank, ADB and others)</p>
 <p>ESG INVESTING</p>	<p>Training and mentoring for companies listed on the Securities Exchange Commission in Thailand</p>	<p>With PSAG members Esther Anh, Cheryl Chen and David Smith, FairBiz is designing a proposal for presentation to the Thai SEC. Likely start of project – January 2021</p>
 <p>DIVERSITY & INCLUSION</p>	<p>Development of new project on “Strengthening women’s role in promoting fair and sustainable business” to provide training and mentoring to integrate transparency, accountability and anti-corruption in business, as well as partnering with two women’s business associations in Thailand (TW2 and FBPW) to advocate for business integrity.</p>	<p>Thanks to an introduction by PSAG member Angela Joo-Hyun Kang, the B20 and FairBiz have been working together on materials and project concept. Now working with PSAG member Soipetch Resanond to co-create a pilot project with two women’s business associations in Thailand.</p>
 <p>YOUTH & ENTREPRENEURSHIP</p>	<p>Roll out and scaling up of the FairBiz/Youth Co:Lab training and the Business Integrity Toolkit for Young Entrepreneurs throughout the region</p>	<p>The training is being rolled out in a number of Asia-Pacific countries. The Toolkit is being translated into a number of languages and has been widely distributed since it was launched with the help of PSAG members Eddie Thai and Diane Eustaquio. YW Junardy is leading an effort to bring the training and toolkit to the Indonesian business community.</p>


ANNEX 1 : PSAG Members (as of September 2020)

GLOBAL SUPPLY CHAINS


Platform manager: Brook Horowitz


Vicky Bowman
Director,
Myanmar Centre
for Responsible Business



Frank Brown
Director, Anti-Corruption
& Governance Center,
Center for International
Private Enterprise, USA





Manisha Dogra
Vice President
Sustainability, Asia
Telenor Group, Singapore




KM Loi
Ex-Deputy President
& Secretary General,
TI Malaysia

ESG INVESTING


Platform manager: Brook Horowitz


Esther An
Chief Sustainability Officer,
City Developments Limited,
Singapore



Cheryl Chen
Director,
AP Corporate Sustainability,
S&P Global, Singapore



Tamara Singh
Head of Asia Pacific,
Official Monetary and
Financial Institutions Forum,
Singapore



David Smith
Head -
Corporate Governance,
Aberdeen Asset Mgmt
Asia Ltd, Singapore

PROCUREMENT



Platform manager: Kwanpadh Suddhi-Dhamakit





Mark Lovatt
CEO,
Trident Integrity,
Malaysia

YOUTH & ENTREPRENEURSHIP


Platform manager: Kwanpadh Suddhi-Dhamakit

Diane Eustaquio
Executive Director,
IdeaSpace Foundation, Inc





Yaya Winarno Junardy
President,
UN Global Compact,
Indonesia




Eddie Thai
General Partner,
500 Startups
Vietnam

DIVERSITY & INCLUSION

Platform manager: Liviana Zorzi

Angela Joo-Hyun Kang
Founder and
Executive President,
Global Competitiveness
Empowerm't Forum



Soipetch Resanond
Vice President and
Chairperson of
the Federation of Business
Professional Women of
Thailand Special
Affairs Committee

ANNEX 2 : UPCOMING EVENTS IN 2020

DATE	EVENTS	FAIRBIZ ROLES
30 September	Publication of B20-UNDP Joint Statement	Joint work with B20 on concept of gender project and training materials, and text of joint statement.
29 October	Publication of report: “Gender diversity and inclusion for a fair business environment - an ASEAN narrative”	Commissioned the report and organising webinar to launch the report. Possible hand-over of B20 training materials at the webinar.
13 November	ASEAN-2020 Business Investment Summit from Hanoi and online	Organising and chairing a high-level panel on the “Future of ESG Investing in ASEAN”.
1 – 4 December	19th International Anti-Corruption Conference 2020 from Seoul and online.	Organising a joint panel with OECD and possible launch of our joint survey.

JOINT STATEMENT ON ACCOUNTABILITY AND ANTI-CORRUPTION IN THE AGE OF A GLOBAL PANDEMIC



The COVID-19 pandemic has exposed challenges in governance which require collective action and solutions. By focusing on accountability and integrity, and by holding public and private sector actors to higher standards of ethical conduct, the G20 Leaders can improve response and recovery efforts, fight corruption in government and business, and build more inclusive and equitable societies.

The B20 and UNDP urge the G20 to:



Promote transparency and accountability, and fight corruption within public health and emergency procurement



Support the development and implementation of national anti-corruption strategies



Facilitate the use of Information and Communications Technologies (ICTs) and open data for anti-corruption



For more information:

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Website: <http://bit.ly/fairbizasean>