



FAIRBIZ

PRIVATE SECTOR ADVISORY GROUP



PROMOTING A FAIR BUSINESS ENVIRONMENT IN ASEAN

With the support of



Summary of the Sixth Meeting | 4 May 2021

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. 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.

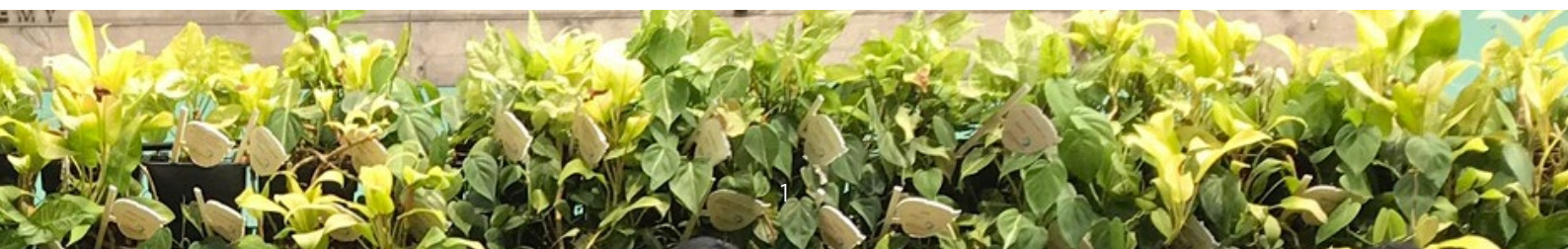
The members of the PSAG can be seen in Annex 1.

This report covers the sixth meeting of the PSAG, held online on May 4th 2021.

We received apologies for absence from Vicky Bowman, Frank Brown, YW Junardy, Tamara Singh.






We welcomed new PSAG member [Liliya Barchuk](#), Head of Anti-Bribery and Corruption Asia, Standard Chartered Bank. Liliya has joined the Youth and Entrepreneurship Thematic Platform.

On the FairBiz management side, we welcomed Darko Pavlovic who has taken over as the FairBiz Project Manager, replacing Kwanpadh Suddhi-Dhamakit. In addition, Stefano Pighin has joined the team as Communication, Partnerships & Results Officer and we welcomed back Sara D’Anzeo, Business Engagement Consultant.



UPDATES FROM THE FAIRBIZ INTEGRITY HUB

We continued to follow through on the agreed activities of the five Thematic Platforms.

THEMATIC PLATFORMS	INITIATIVES	STATUS
 <p>GLOBAL SUPPLY CHAINS</p>	<p>Training, guidance and tools for SMEs in the supply chains of global and Malaysian multinationals.</p>	<p>An MOU is being finalized with two multinationals. This will allow us to train 80 of their suppliers in all aspects of business integrity. The training will be accompanied by an innovative impact assessment methodology. The training is expected to take place in June.</p>
 <p>PROCUREMENT</p>	<p>New technologies to help public procurement agencies prevent corruption in public tenders.</p>	<p>A regional dialogue is planned in September to launch a new resource guide and course on “Building Transparent and Open Public Procurement Systems for achieving the SDGs in ASEAN”. The CoST initiative is expanding at provincial level in Thailand. We are still conducting research and consultation regarding bringing new technologies to help public procurement agencies prevent corruption.</p>
 <p>ESG INVESTING</p>	<p>Training and mentoring for small- and mid-cap listed companies.</p>	<p>A revised proposal is being prepared for the SET (Stock Exchange Thailand) in training for listed SMEs. We are also exploring approaches to other stock exchanges in the region.</p>
 <p>DIVERSITY & INCLUSION</p>	<p>Training and mentoring of women-led enterprises.</p>	<p>A meeting with a task force of 9 members of the Federation of Business Professional Women of Thailand was held at the UNDP Bangkok Regional hub to co-design the “Women leadership in business integrity” initiative. A training programme is being prepared. On International Woman Day, we launched our report on Gender Diversity and Inclusion for a Fair Business Environment</p>
 <p>YOUTH & ENTREPRENEURSHIP</p>	<p>Scaling up of the Business Integrity Toolkit for Young Entrepreneurs and training throughout the region.</p>	<p>We presented the Toolkit to young entrepreneurs at an event organised by AVPN and the British Council. We are engaged in discussions with UNDP’s sister programme, Youth Co: Lab on how to develop this platform further. The Toolkit continues to attract a wide audience from the region and beyond.</p>

For full details of FairBiz achievements, events and outreach, see the recently published [newsletter](#).

CONSULTATIONS FOR FAIRBIZ GENERATION 2

Our team is exploring ways of extending FairBiz beyond September 2021 – the end of the current cycle - as follows:

- Part 1: Transition period (“the Transition”): October 2021-March 2022. This covers the period from the end of the current FairBiz project to the beginning of the new one.
- Part 2: FairBiz Generation 2 (“Gen 2”): April 2022-March 2025. This is the new FairBiz project, taking into account the experience and learnings of the current project, and the business integrity challenges in the region in the years to come.

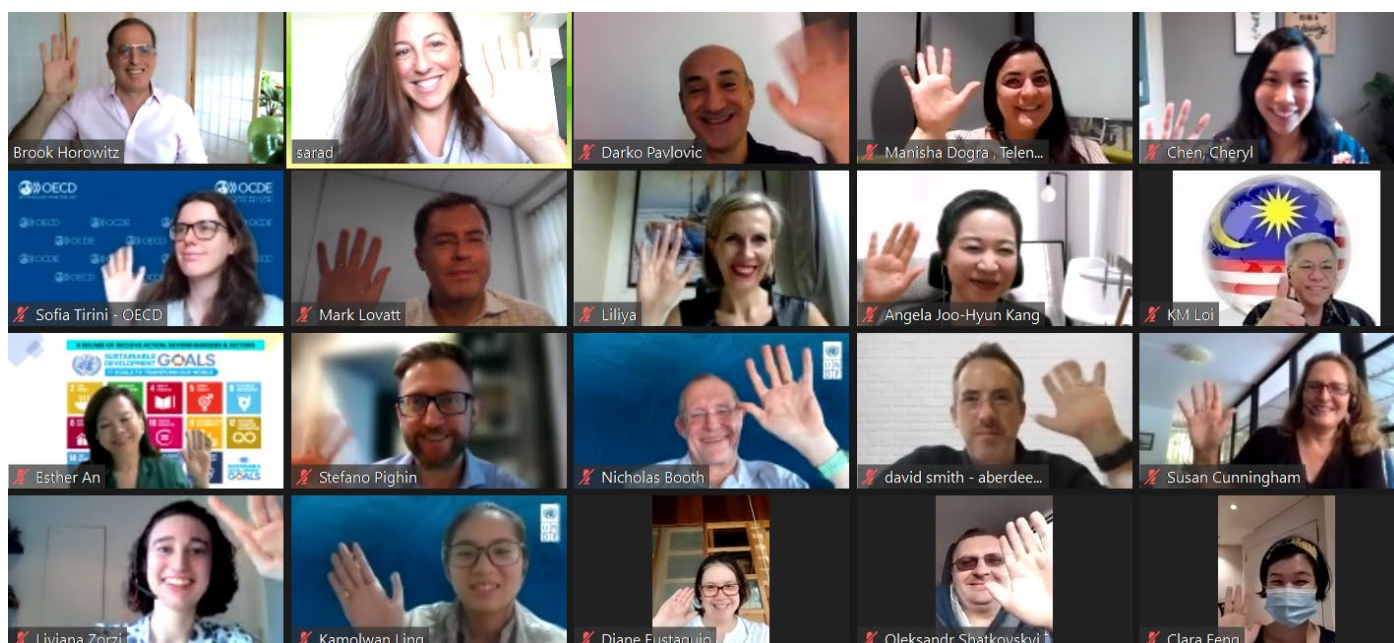
As a first step, we invited our stakeholders and colleagues, including PSAG members, to take a survey that could help us identify critical areas of work for FairBiz Gen 2. We received 58 responses, from within UNDP regional and country offices, our donor’s representatives in-country and our implementing partners. These responses have given the team a very clear initial idea of priorities and areas where a future programme could deliver maximum impact.

The feedback has helped the team to identify the following overarching goals for FairBiz 2. These are our preliminary suggestions and our stakeholders will be invited to comment on these in due course.

- To help companies understand corruption risk and its costs to their business, markets and the SDGs
- To provide governments, companies and civil society with technological, management and legal expertise to enhance transparency, trust and integrity
- To communicate and scale up to many more companies the principles and practice of business integrity via supply chains, business associations, and other platforms
- To establish and strengthen local networks and civil society groups to monitor, evaluate and exchange best practice on business integrity
- To support governments in achieving the SDGs, through creating a level playing-field and more sustainable investment environment for business, and strengthening the engagement of CSOs for the benefit of society

The results of the survey and the initial Gen 2 ideas have been shared with PSAG members in a separate report.

The next steps in the consultation process are on developing a concrete proposal for the Transition. This will involve face-to-face discussions with our principal stakeholders, our existing donor, and potential new donors. Discussions with PSAG members will take place individually and at meetings of the Thematic Platforms.



THE DISCUSSION

An opening question provoked insightful commentary on achievements and impact delivered so far by FairBiz in its first three years.

One of the distinguishing features of FairBiz has been to recognise the value of collective action between the business community, the public sector and civil society. By engaging with the private sector through the Thematic Platforms has enabled FairBiz to channel the rather wide range of programmatic activities with which we started into more focused efforts able to deliver greater impact. Today, Fairbiz has a much more coherent and strategic vision to move ahead than when it started.

Although the programme has met many of its original objectives, there is still a long way to go before we can claim to have met the more ambitious goals which the project will set itself.

Part of the discussion revolved around the notion of developing “incentives” to encourage fair business in the ASEAN markets. The FairBiz project, as it develops, should concentrate more on prevention than detection and enforcement (which is the focus of government and other UN agencies), and promote the business case for a proactive approach to business integrity, than focusing solely on the costs of non-compliance. As an example, the global multinational companies and investors that are participating in FairBiz’s Global Supply Chains and ESG Investing Thematic Platforms are keen to contribute directing to raising the integrity standards of their suppliers and investees, in accordance with their SDG and other sustainability and good governance commitments.

NEXT PSAG MEETINGS

The next scheduled meeting is on Friday 23rd July. In the meantime, meetings on current activities and Gen 2 consultations will continue via the Thematic Platforms.

The challenge today, due to the economic downturn caused by the pandemic is no longer the “why”, but the “how?” – how to do it and how to speed up the process. This should be the facilitating role of FairBiz, and our strategic allies in government, business and civil society, in the years to come.

One of the key factors in answering the “how?” question, in the opinion of both the survey respondents and the PSAG members, will be the new technologies. One suggestion was to choose the latest technologies most likely to have an impact in preventing and detecting corruption and to incorporate them in our future programmatic activity as key enablers for governments and business. FairBiz Gen 2 could play a crucial and innovative role in bridging the gap between the current lack of capacity in national governments and companies in ASEAN and the opportunities afforded by the new technological advances.

There was a strong recommendation to build, in FairBiz Gen 2, a more inclusive partnership strategy with business facilitators. At the heart of this collective action approach should be stronger collaboration with local industrial associations, chambers of commerce, stock exchanges, incubators, venture capital associations, universities and business schools, as well as local groups of young entrepreneurs and women-led enterprises. The long-term goal would be to enlist these organisations to create local, regional and national networks integrity movements across ASEAN.

ANNEX 1 : PSAG Members (as of May 2021)

GLOBAL SUPPLY CHAINS				PROCUREMENT
				
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	Mark Lovatt CEO, Trident Integrity, Malaysia
ESG INVESTING		DIVERSITY & INCLUSION	YOUTH & ENTREPRENEURSHIP	
				
Esther An Chief Sustainability Officer, City Developments Limited, Singapore	Cheryl Chen Director, AP Corporate Sustainability, S&P Global, Singapore	Angela Joo-Hyun Kang Founder & Executive President, Global Competitiveness Empowerm't Forum	Liliya Barchuk Head of Anti-Bribery and Corruption Asia, Standard Chartered Bank	Diane Eustaquio Executive Director, IdeaSpace Foundation Inc.
				
Tamara Singh Head of Asia Pacific, Official Monetary and Financial Institutions Forum	David Smith Head of Corporate Governance, Aberdeen Asset Mgmt Asia Ltd, Singapore	Soipetch Resanond President, Business Professional Women of Thailand	Y. W. Junardy UN Global Compact, Indonesia	Eddie Thai 500 Startups Vietnam