



FAIRBIZ

PRIVATE SECTOR ADVISORY GROUP



PROMOTING A FAIR BUSINESS ENVIRONMENT IN ASEAN

With the support of



Summary of the Fifth Meeting | 21 January 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. 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.

This report covers the fifth online meeting of the PSAG, held on 21 January 2021.

We received apologies for absence from Frank Brown, Cheryl Chen, Y.W. Junardy, David Smith.

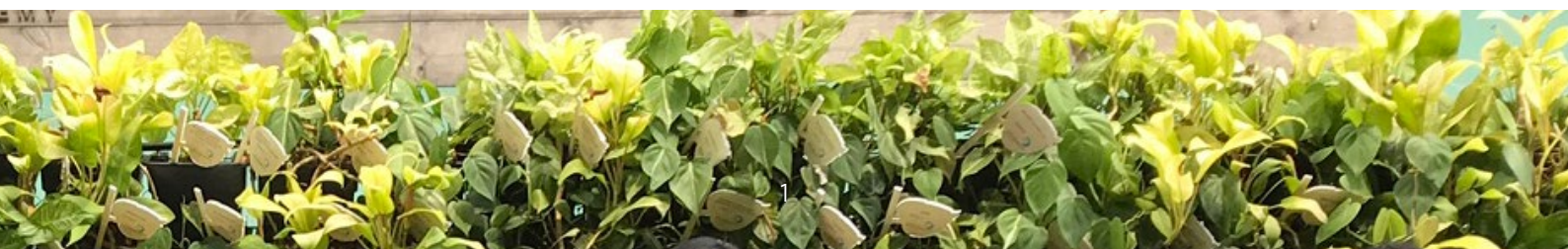
Arin Jira resigned from the PSAG. We thank him for his support over the last years.

We welcomed new PSAG member [Tamara Singh](#), Head of Asia Pacific, Official Monetary and Financial Institutions Forum (OMFIF).

On the management side, we said goodbye to Sapna, Litta, Sara (on maternity leave) and Marcela. A big thanks to them for all the support of our work.






We welcomed Kwanpadh Suddhi-Dhamakit (Kwan) who has taken over as Head of the FairBiz project.

Nick Booth was promoted to Head of Governance and Peacebuilding for Asia-Pacific and in this capacity, he continues to supervise FairBiz.



UPDATES FROM THE FAIRBIZ INTEGRITY HUB

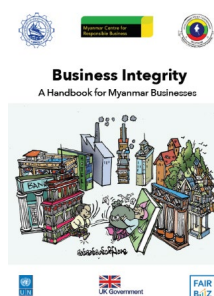
We continued to follow through on the agreed activities of the five Thematic Platforms.

THEMATIC PLATFORMS	INITIATIVES	STATUS
 GLOBAL SUPPLY CHAINS	Training, guidance and tools for SMEs in the supply chains of global and Malaysian multinationals.	Reviewing the training materials prepared by Deloitte Malaysia. Once these are ready, they will be delivered to the SMEs in the supply chains of two pilot multinationals or national companies.
 PROCUREMENT	New technologies to help public procurement agencies prevent corruption in public tenders.	Identifying the key players which we need to convene to create a Technology Integrity Hub.
 ESG INVESTING	Training and mentoring for small- and mid-cap listed companies.	Preparing a revised proposal for training and coaching for presentation to the Thai Securities Exchange Commission.
 DIVERSITY & INCLUSION	Training and mentoring of women-led enterprises.	Co-creating a pilot project with women's business associations in Thailand and Indonesia.
 YOUTH & ENTREPRENEURSHIP	Scaling up of the Business Integrity Toolkit for Young Entrepreneurs and training throughout the region.	Partnering with local incubators and venture capital associations to distribute Business Integrity Toolkit and training.

In addition to this, FairBiz has produced a number of useful materials corresponding to the Thematic Platforms.



Manual for Companies on Application of Code of Conduct and Internal Controls (Viet Nam)



[Business Integrity: a Handbook for Myanmar businesses](#)



Corruption in Business: acknowledging about bribery problems & incidents experienced by the private sector (Thailand)



[Business Integrity Toolkit for Investors and Startups \(Viet Nam\)](#)



Good Corporate Governance and Gender Diversity in ASEAN (ASEAN)



Gender Diversity and Inclusion for a Fair Business Environment (ASEAN)

In terms of outreach, the pandemic replaced many of the physical meetings which had been planned with video conferences and webinars. Of the many sessions we hosted or participated in 2020, two high profile events were the FairBiz organised panels at the ASEAN Business and Investment Summit in November, and the International Anti-Corruption Conference in December. Business integrity was at the centre of the former event, which also included speeches by the Prime Minister of Malaysia and an Assistant

Secretary General of UNDP, and the latter included interventions by three members of the PSAG, Esther An, Diane Eustaquio and Angela Joo-Hyun Kang. These events and others from the past year are available on the [FairBiz channel](#).

We had a number of articles and opinion pieces in publications such as the [FT](#), [Asia Times](#), and [Jakarta Post](#). We issued a [joint statement](#) with the B20 on “Accountability and anti-corruption in the age of a global pandemic”.

THE DISCUSSION

The discussion focused on the future of the FairBiz project. The project was due to finish in March 2021 but has been extended to the end of September 2021 because of COVID-19. UNDP is intending to propose a new FairBiz project (“FairBiz Generation 2”). The purpose of the discussion was to gather PSAG members’ view of what Gen 2 would look like.

Since this was a meeting of the Private Sector Advisory Group, the focus was on the private sector “pillar” of the FairBiz project.

The discussion revolved around the following themes:

- Substance – are the current topics (the five platforms) the right topics to be following over next 3-5 years?
- Impact – how should we define and measure “integrity”?
- Change – what are the touchpoints of change? How should we engage with stakeholders?
- Advocacy – how should we communicate with stakeholders?
- Funding – how can we diversify?

Substance

There was a strong consensus that the current topics all have their merits. There were suggestions that “Procurement” should be brought

in line with the work of the public sector and public procurement work of FairBiz. Another name for this Platform, closer to the substance of what was being proposed, could be “Digitalisation” which could more easily combine public and private sectors, and important integrity topics such cyber-security.

There were suggestions that we should relook at a longer-term play of the opportunities and threats posed by the pandemic for responsible business practices in the region. This would provide linkages with the clear social priorities emerging under the new “stakeholder capitalism” trends. By the same token we should do more in Generation 2 to develop linkages with the big topics of the day, such as climate change and related interventions such as sustainable finance.

Other ideas put forward included: develop a clearer practice on collective action; influence corporate behaviour by promoting influential blacklists and whitelists of companies, or various forms of certification.

Finally, it was suggested that we should focus more on public policy reform, since that clearly set the enabling environment. It was pointed out that we should be careful not to duplicate efforts by other UN agencies such as UNODC. UNDP’s mandate focuses on corruption prevention and a clear differentiator was its flexibility, its presence at the country level, and ability to convene and interact equally and effectively with both public and private sector actors.

Impact

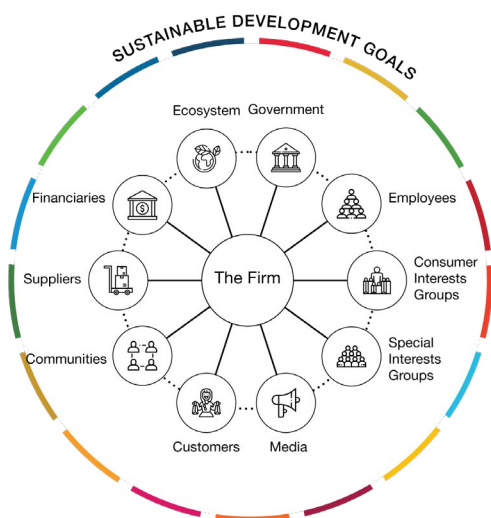
The scope of today's FairBiz is defined as "promoting a fair business environment" but underlying this is a very wide range of activities, ranging from compliance management to labour standards, from public procurement to court excellence and judicial integrity.

The challenge was to go deeper and wider with each Thematic Platform. "Deeper" would mean to have a more profound impact in terms of changing behaviours. "Wider" would mean reaching more people, in particular decision-makers and influencers in government, business or society, covering more topics or more countries.

Critical in determining the KPIs of Generation 2 will be a much clearer definition of key concepts, such as "integrity", "business integrity" "anti-corruption", "business ethics" and others. There was a suggestion to start our thinking on that immediately: ultimately, how we evaluate and measure impact will have a major influence on the mission, structure and resource needs of Generation 2.

Change

There was agreement that more clarity could be obtained by placing the company at the very centre of FairBiz Generation 2, recognising its role in shaping future development landscape and social changes in ASEAN and beyond.



The diagram encapsulates this new direction of FairBiz and the importance of relational awareness and relational integrity with various stakeholders when striving toward sustainability. These stakeholders are the "touchpoints" for business in influencing behaviours at all levels of society. These will include governments which should be establishing the regulatory environment to encourage companies to go beyond compliance and to incentivise them to strive for attainment of the SDGs; financial institutions and investment funds, which make funding available to markets on condition of good governance; SMEs in the supply chains over which the large multinationals play a quasi-regulatory role; and social networks

such as business or leaders associations, women's grassroots groups, other groups not well-represented traditionally in society and social entrepreneur incubators.

This model provides an innovative driver of change: the company as an agent of social transformation. It fits perfectly within the new ethos of stakeholder capitalism which is changing the way companies evaluate themselves, their markets and contribute to society.

Advocacy

While FairBiz has managed to raise its profile quite successfully over the last year, the advocacy to key stakeholders is still quite limited. For Generation 2, there will need to be a clearer and more focused website, stronger communications, better leveraging UNDP's strength, and more intense ties with business and government leaders, directly from the UNDP Bangkok Regional Hub and through the UNDP Country Offices. The transition from a "FairBiz project" to a more institutionalised "FairBiz Integrity Hub" which has already been initiated with the help of the PSAG, will help to create a stronger brand identity and attractive centrepiece for information exchange and corporate engagement.

Some of the work started upon in 2020 would stand us in good stead for Generation 2, for example the work we did with B20 on the Diversity and Inclusion platform and the joint statement. Other partners with a "multiplying effect" would be WEF's Partnering Against Corruption Initiative and OECD. Working with these organisations more actively would prevent FairBiz from becoming "Asia Pacific's best-kept secret".

Amongst the suggestions of new potential partners for advocacy were:

- ASEAN Secretariat (including ASEAN working groups which might be aligned to our Thematic Platforms such as the Coordinating Committee on Investment)
- ASEAN Human Development Organisation (AHDO)
- Infocomm Media Development Authority (IMDA)
- ASEAN Responsible and Inclusive Business Alliance (ARIBA)



Funding

While UNDP hopes that our current donor, the FCDO, will be able to find funding for Generation 2, we should also be looking at matched funding from other sources. This could include other governments, but also philanthropic foundations and corporate foundations. There could also be some paid service provision on a non-profit basis. The PSAG members were asked to start thinking about possible options.


ANNEX 1 : PSAG Members (as of January 2021)

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

Dates of next PSAG meetings

- Friday 23 April
- Friday 23 July
- Friday 22 October