

FAIRBIZ



UK Government



Midterm Progress Review | Aug 2018 - Apr 2020



Promoting a Fair Business Environment in ASEAN

ACKNOWLEDGEMENTS

This Report was commissioned and prepared by UNDP Bangkok Regional Hub. It was written by Keith Conlon, under the leadership of the FairBiz team at UNDP BRH (Nicholas Booth, Diana Torres, Liviana Zorzi, Brook Horowitz and Marcela Werutsky). Pundaree Boonkerd provided visualization and layout design.

The FairBiz team at Country offices (Herni Sri Nurbayanti, Nadia Nivin, Tom Crick, Kaspar Burger, Maria Luisa Isabel Jolongbayan, Edward Gacusana, Jose Cortez, Arachapon Nimitkulpon, Wisoot Tantinan, Catherine Phuong and Do Thuy Van) provided inputs and feedback on early drafts. Special thanks go to our partners and stakeholders who contributed to the report by sharing their perspective on the project: Kittidej Chantangkul (ACT-Thailand), Clara Feng (CoST) and Datuk Anis Yusoff (GIACC-Malaysia).

This Report was made possible thanks to the support from the UK Government under the Prosperity Fund and the ASEAN Economic Reform programme.

UNDP is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet.

Learn more at undp.org or follow at @UNDP.

DISCLAIMER

The views expressed in this Report are those of the authors and do not necessarily represent those of the United Nations, including UNDP, or the UN Member States.

CONTENTS

04

Introduction

08

Executive Summary

11

Reasons for optimism and concerns

16

Establishing Rules for Fair Business

24

Encouraging Responsible Business Practices

30

Summary of Key Initiatives

06

About FairBiz

10

Why ASEAN Matters

12

Facilitating Regional Collaboration

20

Improving Public Procurement Transparency

28

Country Progress Indicators

32

Moving Forward



As the world's 5th largest economy, the ASEAN Economic Community has huge potential to grow for the benefit of all.

FairBiz is helping ASEAN to realise its potential by fostering a governance environment that ensures all businesses in the region compete fairly and with integrity.

We do this by enabling governments, the private sector and civil society organisations to jointly develop and implement governance solutions.

This collaborative, multi-stakeholder approach is essential for establishing a more transparent, accountable environment.

The COVID-19 pandemic has underlined the value of collaboration.

This report, written before the pandemic, summarises our mid-term progress. The results are encouraging. But there's still some distance to go.

ABOUT FAIRBIZ

FairBiz is the UNDP's programme for Promoting a Fair Business Environment in ASEAN, funded by the UK Government under the Prosperity Fund and the ASEAN Economic Reform Programme.

We believe that countries can only achieve their full socio-economic potential if there's a governance environment that enables all businesses to flourish, fairly and with integrity.

We bring together stakeholders from government, the private sector and CSOs in ASEAN to co-create that environment, supported by technical expertise and other resources.

6 TARGET COUNTRIES

- Indonesia
- Malaysia
- Myanmar
- Philippines
- Thailand
- Viet Nam

5.3 MILLION GBP

approx. 7 million USD

of funding over 3 years (June 2018 - March 2021) is provided by the UK Government

OUR OBJECTIVES

1



FACILITATE REGIONAL COLLABORATION

so that ASEAN countries can share knowledge of contextually relevant solutions

2



ESTABLISH RULES FOR FAIR BUSINESS

including laws that are equitably and efficiently implemented

3



IMPROVE PUBLIC PROCUREMENT TRANSPARENCY

aligned with international standards

4



ENCOURAGE RESPONSIBLE BUSINESS PRACTICES

that foster a culture of strong corporate governance within local companies

OUR STRENGTHS



INDEPENDENCE

As a UN organisation, UNDP is politically neutral and free of vested commercial interests, allowing us to operate as an impartial broker and catalyst for change that serves everyone's interests.



PUBLIC-PRIVATE CONVENING POWER

UNDP has offices and high-level relationships with governments, private sector groups and civil society organisations in almost all ASEAN countries, enabling us to bring together the different stakeholders.



A GLOBAL PERSPECTIVE

Through our network of offices in ASEAN and across the world, we are not only able to draw on global best practice but also to adapt potential solutions to local contexts.



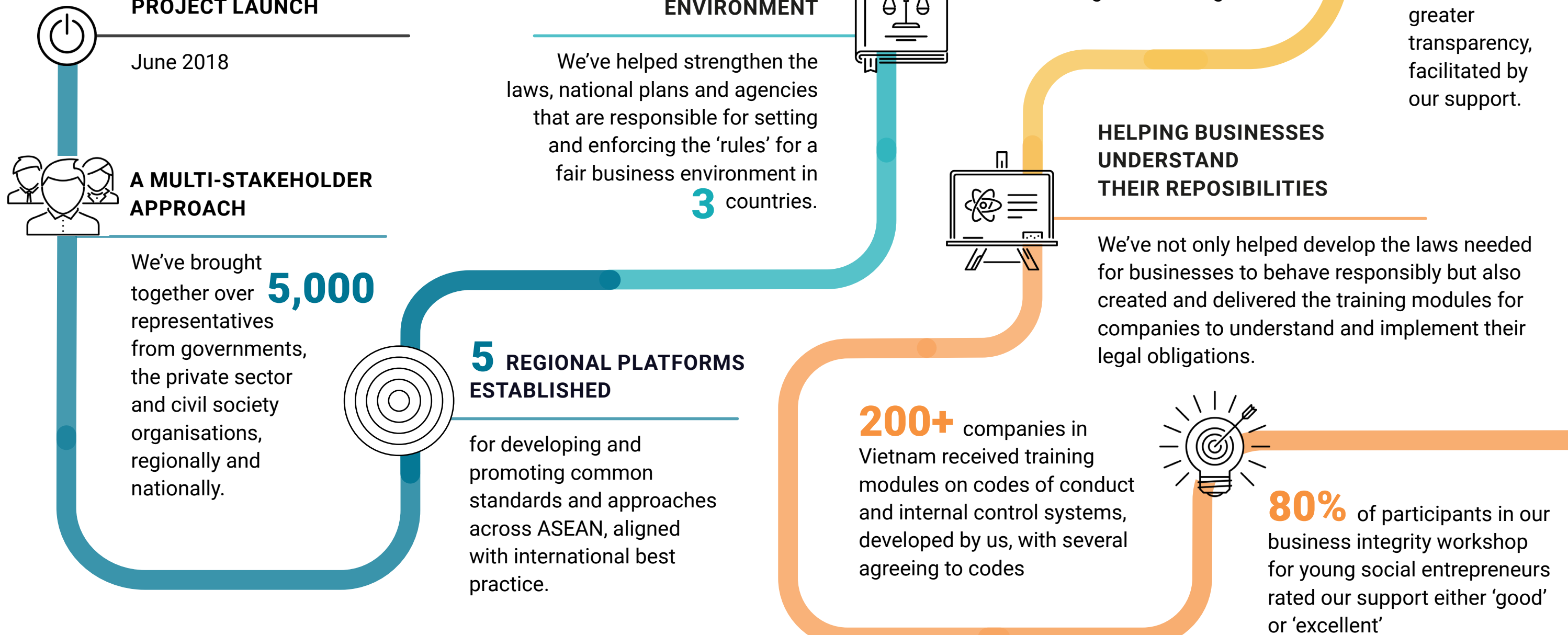
AN INTEGRATED APPROACH

We provide support across the value chain from helping to draft policies and legislation through to developing monitoring systems, providing training and other implementation assistance.

EXECUTIVE SUMMARY

FairBiz has made significant progress since its start in 2018, but there's still a long way to go. We're confident of moving forward with an even greater impact.

It's clear that the business world, and society as a whole, will be very different after the COVID-19 pandemic. It would be premature to speculate how different it might be, but we anticipate a stronger willingness to embrace integrity and transparency, and we are ready to enable that.



PROJECT LAUNCH

June 2018

A MULTI-STAKEHOLDER APPROACH

We've brought together over **5,000** representatives from governments, the private sector and civil society organisations, regionally and nationally.

5 REGIONAL PLATFORMS ESTABLISHED

for developing and promoting common standards and approaches across ASEAN, aligned with international best practice.

A MORE JUST BUSINESS ENVIRONMENT

We've helped strengthen the laws, national plans and agencies that are responsible for setting and enforcing the 'rules' for a fair business environment in **3** countries.

SAVINGS FROM MORE TRANSPARENT PUBLIC PROCUREMENT

Public procurement is especially vulnerable to inappropriate business practices due to its scale and complexity. Our support to create the transparency for greater scrutiny and accountability has led to major savings and other gains.

\$1.2 bn

was saved in public procurement in Thailand, thanks to greater transparency, facilitated by our support.

HELPING BUSINESSES UNDERSTAND THEIR REPOSIBILITIES

We've not only helped develop the laws needed for businesses to behave responsibly but also created and delivered the training modules for companies to understand and implement their legal obligations.

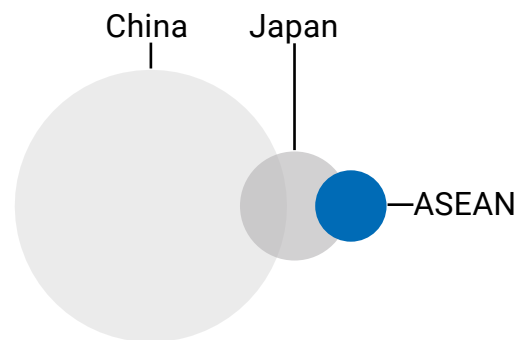
200+ companies in Vietnam received training modules on codes of conduct and internal control systems, developed by us, with several agreeing to codes

80% of participants in our business integrity workshop for young social entrepreneurs rated our support either 'good' or 'excellent'

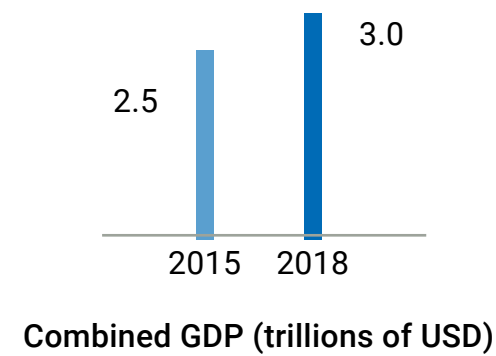
WHY ASEAN MATTERS

ASEAN's 10 members states are collectively one of the world's economic powerhouses, with an average GDP growth rate of 4.8% in 2019 and nearly one-tenth of the world's population.

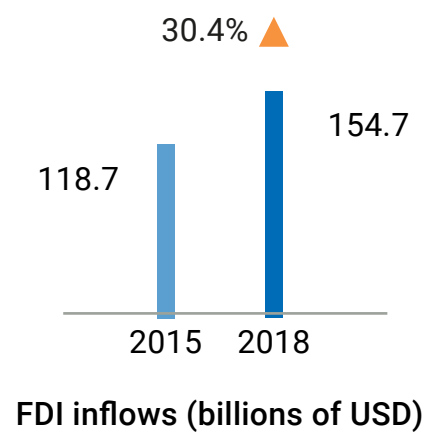
ASIA'S THIRD LARGEST ECONOMY



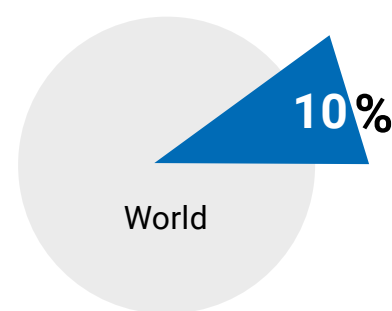
ROBUST ECONOMIC GROWTH



A GROWING SHARE OF GLOBAL FDI

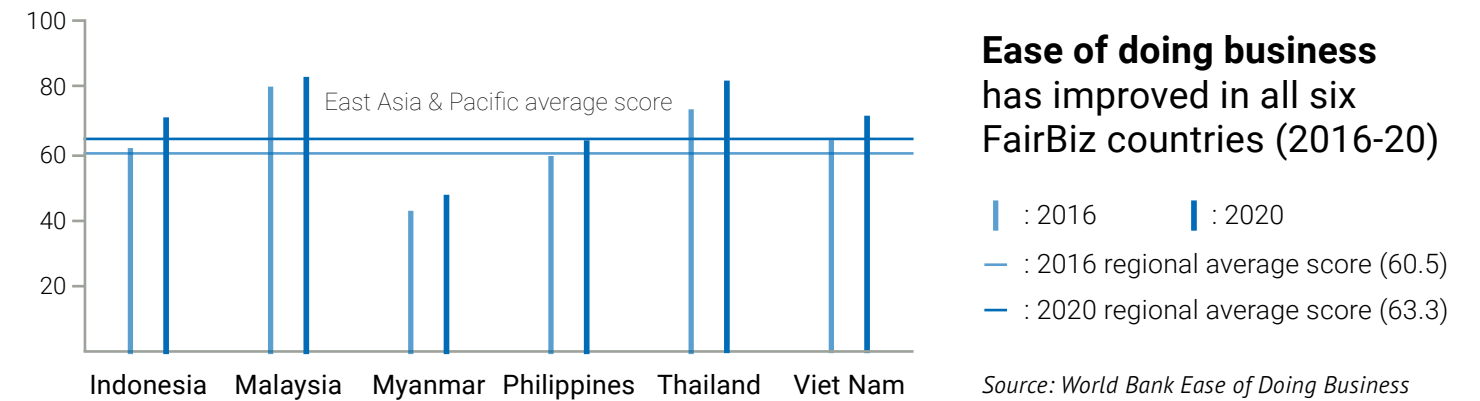


10% OF THE WORLD'S CONSUMERS



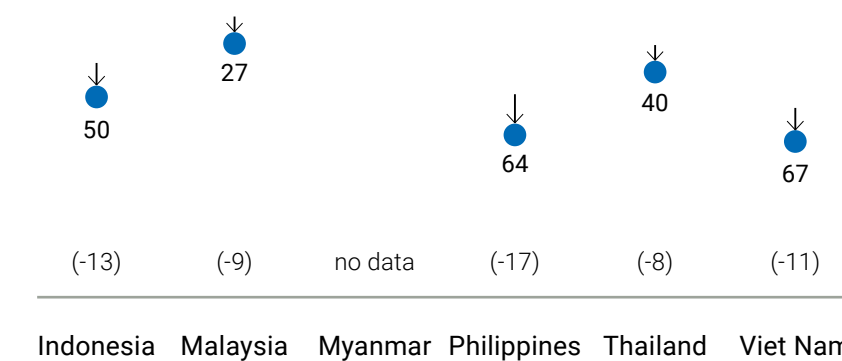
REASONS FOR OPTIMISM AND CONCERN

There are positive and negative indicators for businesses.



Ease of doing business has improved in all six FairBiz countries (2016-20)

Source: World Bank Ease of Doing Business



Between 2015 and 2019, all the countries' **global competitiveness rankings** have fallen.

Source: World Economic Forum Global Competitiveness Index

66%

of business executives in ASEAN say that anti-corruption measures are a priority for making the region more attractive to companies.

Source: US Chamber of Commerce ASEAN Business Outlook Survey, 2019

74%

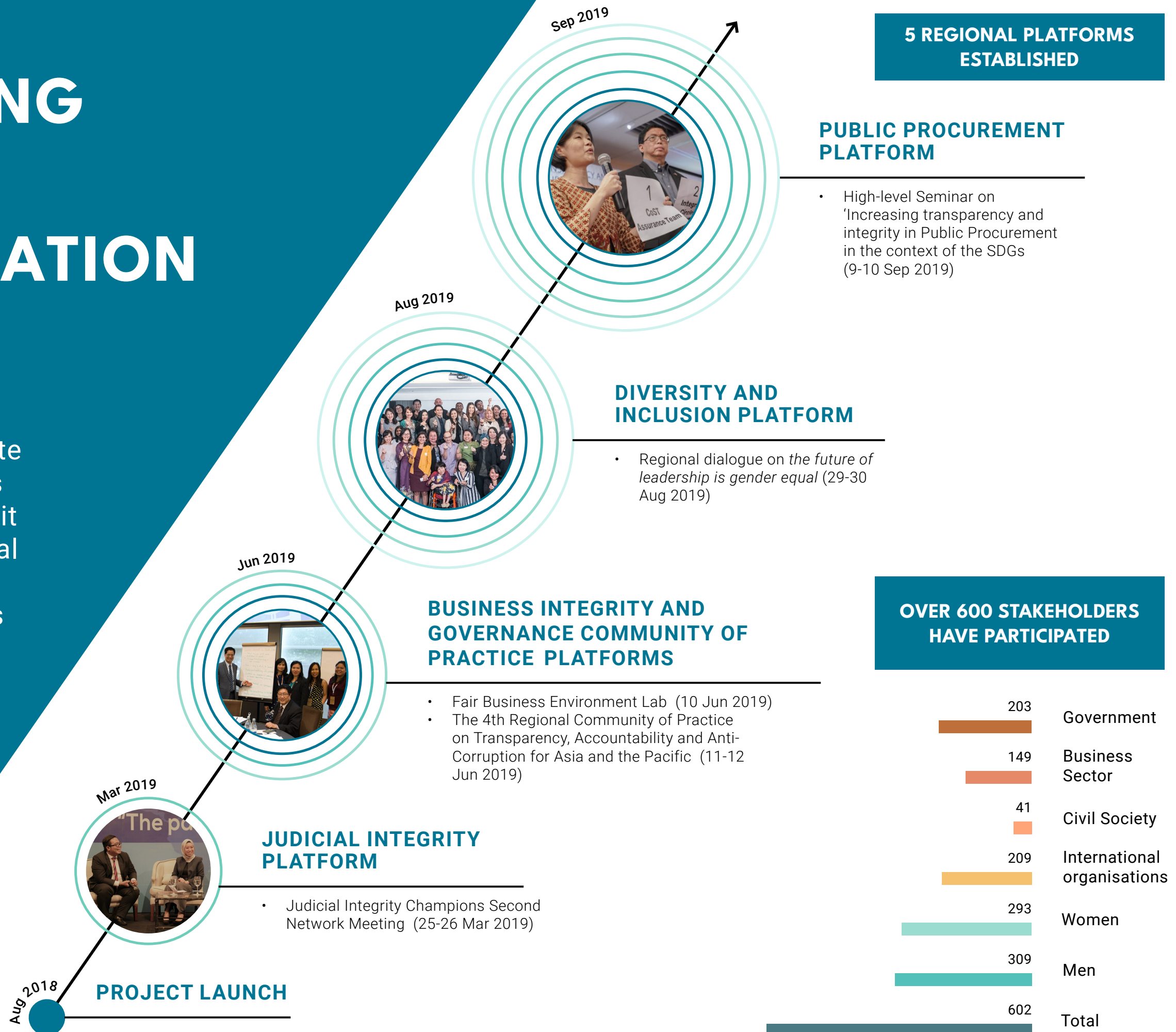
of millennials in Asia think that corruption is holding back their country.

source: United Nations My World 2014 Survey

PILLAR 1

FACILITATING REGIONAL COLLABORATION

The cross-border nature of business requires a collaborative, regional approach, not only to create a level playing field across ASEAN but also to ensure it is aligned with international best practices. We've created regional platforms for stakeholders to work together to achieve this.



SPOTLIGHT INITIATIVES

UNLOCKING GENDER EQUALITY'S FAIR BUSINESS POTENTIAL

Gender equality is not only a fundamental human right but also essential for fair, flourishing business. According to a study of 1,500 companies by the University of California, Berkeley, businesses with more women on their boards are more likely to institute strong governance, demonstrate a high level of transparency and disclosure, and have clear policies to avoid corruption.

ASEAN companies have made headway in gender equality but still trail their international competitors. A recent UNDP [study](#) found that women's representation on boards in the region increased from 6% in 2011 to 13% in 2016, but this is significantly below the global average of 28%.

To find creative solutions for securing more leadership roles for women in business, FairBiz hosted its first private sector [meeting](#) focused on gender equal leadership.

BUSINESSES WITH MORE WOMEN ON THEIR BOARDS ARE MORE LIKELY TO INSTITUTE STRONG GOVERNANCE.

Attended by 75 participants from the private and public sector from six countries, the first meeting generated a variety of potential solutions. These ranged from a new performance evaluation system that promotes diversity and inclusive behaviour through to a membership programme for businesses that helps connect gender equity programmes to companies' core strategic priorities.

The meeting was the first step towards creating a network of companies that can lead on gender equality in ASEAN, and established a 'diversity and inclusion platform' within FairBiz.

STRENGTHENING COURTS' TRANSPARENCY AND ACCOUNTABILITY

Legislation to ensure a level, corruption-free playing field for businesses is only as effective as the judiciary that has ultimate responsibility for enforcing it. However, a UNDP benchmark study found that the judiciary in most of the six FairBiz countries scores below the global average in terms of their perceived independence and absence of corruption.

To help address these weaknesses, the Judicial Integrity Network in ASEAN was established in 2018, with financial support from US and UK Governments, to improve judicial integrity, as part of a broader commitment to enhance court performance. The Network focuses on sharing knowledge and experiences, as well as providing technical

support on courts' assessments and action plans for promoting transparency and accountability initiatives in the courts.

This has included working with the International Consortium for Court Excellence to enable courts to self-assess their performance, based on the International Framework for Court Excellence and the Judicial Integrity Checklist.

More than 160 judges and judicial experts, including Chief Justices, have participated in the Network meetings. In Malaysia and Thailand, this has already laid the foundations for cooperation between UNDP and the courts.

CHAMPIONING BUSINESS INTEGRITY

A [Private Sector Advisory Group](#) (PSAG), involving 12 leading specialists in corporate governance and sustainability, has been established to provide guidance on initiatives to strengthen transparency, accountability and business integrity in the public and private sector across ASEAN.

"It's an important forum for us," said Manisha Dogra, a member of the Group and Vice President Sustainability, Asia, Telenor Group. "We get the other actors to challenge us and that, we feel, is what improves us. For us in Telenor, anti-corruption activities are not just a legal obligation, they are also an ethical obligation, but, more importantly, it's good business."

The PSAG has not only recognised the need to take an integrated approach to business integrity, bundling together corruption, environmental and labour risks, but also the importance of involving multinational corporations as key vehicles for influencing small- and medium-sized enterprises (SMEs) in their supply chains.

A FAIR BUSINESS ENVIRONMENT LAB HAS BEEN ESTABLISHED TO DEVELOP INNOVATIVE SOLUTIONS FOR BUSINESS INTEGRITY

One of the Group's key initial recommendations was to establish a 'Fair Business Environment Lab' to develop innovative solutions for business integrity. That 'lab' has been created, and proposals for various ideas are now being considered and funded, including solutions proposed by young social entrepreneurs (see page 27).

A [baseline study](#) of governance and the business environment in ASEAN has also been conducted to gain a deeper understanding of the issues that need to be addressed and to inform policy dialogue with different stakeholders.



ESTABLISHING RULES FOR FAIR BUSINESS

Businesses can only realise their potential if governments' laws, policies and plans treat them all equitably. We're enabling the development of appropriate 'rules of the game', and working with the judiciary to ensure legislation affecting businesses is fairly and efficiently implemented.



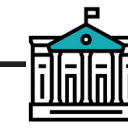
3 COUNTRIES SUPPORTED

Y2 Target: 2 (cumulative)

to develop or update preventive anti-corruption policies, plans or strategies



In **Malaysia**, an online M&E system developed to track the Government's progress in achieving its commitments in its National Anti-Corruption Plan. The dashboard is now fully operational.



The establishment and training of Corruption Prevention Units (CPUs) in 22 of 26 Union ministries supported and training materials for Corruption Risk Assessments developed in **Myanmar**.



In **Viet Nam**, technical assistance provided to support the adoption and implementation of the new Anti-Corruption law.

2 JUDICIAL INITIATIVES

Y2 Target: 2 (cumulative)

following regional peer to peer exchanges



Legal framework on handling international investment disputes improved and training module for judges developed in **Viet Nam**



International Framework for Court Excellence assessment report completed in **Malaysia**

MORE THAN **150** CIVIL SERVANTS IN MYANMAR HAVE BEEN TRAINED IN CONDUCTING CORRUPTION RISK ASSESSMENTS.

SPOTLIGHT INITIATIVES

ENHANCING COURTS' PERFORMANCES

Resolving business disputes fairly and efficiently through the judicial system is vital for companies to have the confidence to invest. We're not only supporting this objective in ASEAN through our regional Judicial Integrity Network (see page 15), but also via initiatives in individual countries.

In **Malaysia**, for instance, we helped assess the judiciary's effectiveness in applying the International Framework for Court Excellence (IFCE). A report detailing the findings was launched at press conference by Malaysia's Chief Justice, Tan Sri Richard Malanjum, who described the assessment as a 'medical report for the judiciary'.

Based on a survey of 700 members of the judiciary, from judges and judicial officers through to court administrators and support personnel from all court levels, the report identified the need for improvements in all seven areas of 'court excellence'. These areas include court leadership and management, court planning and policies, human and financial resources, and affordable and accessible court services, amongst other issues.

VIET NAM'S COURT ACADEMY HAS ADOPTED A UNDP-DEVELOPED TRAINING MODULE FOR JUDGES ON COMMERCIAL DISPUTE RESOLUTION.

In **Viet Nam**, we secured a major advance for foreign businesses when the country's Court Academy agreed to integrate a UNDP-developed training module for judges on commercial dispute resolution and foreign arbitral awards into its six-month training program for judges. Until now, Vietnamese courts have not always recognised foreign arbitral awards.

The training module is based on international conventions such as the New York Convention on Recognition and Enforcement of Foreign Arbitral Awards and the UN Convention on International Sale of Goods. So far, more than 50 judges and lecturers have received 'training of trainers'. In addition, 500 judges, lawyers and justice officials developed their knowledge and expertise in applying the international conventions in resolving international trade disputes through seminars with national and international experts.



BUILDING ANTI-CORRUPTION AGENCIES' CAPACITY

A new package of tools to help **Malaysia's** Governance, Integrity and Anti-corruption Center (GIACC) implement the country's National Anti-Corruption Plan, co-developed with UNDP, could provide a blueprint for similar agencies across ASEAN.

The new tools include a capacity-building module on integrity and good governance for civil servants, with over 50 mid-level civil servants in Malaysia trained to date, and an online dashboard for tracking the country's progress in implementing its [National Anti-Corruption Plan](#).

The Plan, which UNDP also contributed to, includes 115 initiatives with indicators to monitor improvements via a public portal, covering four broad areas: transparency, accountability, efficiency and effectiveness. Among the Plan's initiatives, all members of Parliament and the Prime Minister now have to make statutory declarations of all assets and any gifts received.

“ WE JOINED THE UNDP'S PROGRAMME BECAUSE WE WANTED TO BE PART OF AN INITIATIVE THAT BENEFITS THE REGION, NOT JUST MALAYSIA. ”

Dr Anis Yusal Yusoff,
Deputy Director General, GIACC, Malaysia

CLOSING LEGAL LOOPHOLES THAT ENABLE CORRUPTION

A Corruption Risk Assessment tool developed by UNDP South Korea is being used by **Myanmar's** newly-created Corruption Prevention Units to close loopholes in laws that enable corruption, with a particular focus on laws relating to land.

“Businesses need to purchase or lease land to operate, but land is one of the areas in Myanmar most steeped in corruption,” says Thomas Crick at UNDP Myanmar.

In 2019, the country established 32 Corruption Prevention Units (CPUs) in 22 Union ministries, based on guidance provided by UNDP. To enable the units to function effectively, we've been working with Myanmar's Anti-Corruption Commission to train civil servants in the CPUs in the necessary tools, including Corruption Risk Assessments (CRAs). CRAs, which have been applied very effectively by the Government of South Korea, are used when drafting and revising laws to identify weaknesses in the legislation that could be exploited for corruption. Myanmar's National Land Law is a particular focus.

Due to be fully rolled out in 2020, the training has so far involved initiating more than 150 civil servants in the key elements of CRAs, and taking CPU representatives from two of the key ministries involved in land issues - Ministry of Construction, and the Ministry of Agriculture, Livestock & Irrigation - to Korea to learn how the award-winning Seoul Clean Construction System has increased transparency and efficiency in public construction, using CRAs and other support from UNDP.

Significantly, the Office of the Union Attorney-General - through which all laws and contracts pass - has also requested training in CRAs.

“We don't expect all the ministries to embrace CRAs immediately, so the name of the game is to find entry points where there's a will and traction to fight corruption,” says Crick. “It's a long-term effort, but the stars appear to be aligning.”

IMPROVING PUBLIC PROCUREMENT TRANSPARENCY

Public procurement is a major contributor to ASEAN's economy, estimated to account for up to 20% of the region's GDP. By encouraging governments to disclose data on their contracts, we're reducing financial mismanagement, freeing additional resources for investments in growth.



2 NEW OR REVISED POLICY INSTRUMENTS

Y2 Target: 2 (cumulative)



CoST data disclosure mandated by law in **Thailand**



Study on centralized system of public procurement in **Indonesia**

3 PUBLIC PROCUREMENT INTERVENTIONS

Y2 Target: 4



Capacity building on international tendering in **Thailand**



Technical support on drafting guidelines and framework agreements in **Thailand**



Performance of suppliers in public procurement enhanced through capacity building in **Indonesia**

524 STAKEHOLDERS INVOLVED

Y2 Target: 100



in monitoring of infrastructure projects (**CoST Thailand and Indonesia**)

1 GENDER AUDIT

Y2 Target: 1



conducted on **CoST Thailand** programme to analyze and promote women's inclusion in transparent public procurement processes

OUR PARTNER



SPOTLIGHT INITIATIVES

FOCUSING NATIONAL POLICIES AND PLANS ON PROCUREMENT

We helped **Malaysia** develop its 2019-2023 National Anti-Corruption Plan (see page 19), which publicly recognises the importance of sound public procurement systems for achieving the country's Sustainable Development Goals.

"When Malaysia was formulating its National Anti-Corruption Plan, we looked at the 20,000 cases that have been received by the Malaysian Anti-Corruption Commission, and we found that 43% of the cases focused on public procurement," said Dr Anis Yusal Yusoff, Deputy Director General, National Centre for Governance, Integrity and Anti-Corruption (GIACC) Malaysia. "We need to really look into public procurement, go to the bottom of the problem, and do it for once and for all."

In **Indonesia**, to facilitate a more informed discussion about national policies and regulations for public procurement, we helped the country conduct research on the centralization of large, complex and strategic procurement, with a particular focus on preventing corruption.

INDONESIA HAS GAINED INSIGHTS ON GREEN AND SUSTAINABLE PROCUREMENT FROM EXCHANGE VISITS WITH MALAYSIA.

SHARING EXPERIENCES BETWEEN COUNTRIES

Public procurement in Indonesia has not only trebled in value over the last decade, but it also accounts for about one-third of the country's corruption cases. We've linked up the country's procurement agency with counterparts in similar ASEAN nations to find solutions to these challenges.

The two countries selected for lesson-learning – **Indonesia and Malaysia** – share similar economic environments and free-trade agreements that affect public procurement. A UNDP-supported study visit to Malaysia provided Indonesia with insights and knowledge around market access and public purchasing. A follow-on visit to Malaysia shed light on new approaches to green and sustainable procurement, as well as e-procurement as a tool for making public contracts more transparent and amenable to public scrutiny.



GENERATING BIG SAVINGS THROUGH CLOSER SCRUTINY

Disclosing data on public procurement contracts to civil society organisations, under CoST, the Infrastructure Transparency Initiative has helped the Thai Government reduce its procurement costs by approximately 20% - equivalent to a saving of roughly US\$360 million since the CoST programme started.

These significant savings were due to the higher standards of transparency and integrity that CoST introduced into the procurement system, which created credible threats of detecting wrongdoing and led to a more efficient allocation of resources when contracts were awarded. Supported by UNDP in both **Thailand and Indonesia**, CoST improves transparency and accountability in public infrastructure contracts through four interrelated components:

- Disclosure of data to agreed standards at 40 data points across the procurement and implementation life-cycle;
- Assurance that the government has complied with the data disclosure;
- Multi-stakeholder groups, including representatives from government, the private sector and CSOs, to provide oversight; and
- Social accountability tools and training for CSOs and the media to hold decision-makers to account.

By the end of 2019, CoST's data disclosure standards had been voluntarily applied by the Government of Thailand to more than 250 projects, from roads and bridges to schools and other public buildings. This enabled the various CoST participants involved in scrutinising the publicly-available data – 50% of whom are women - to identify mismanagement, waste and corruption, producing substantial savings.

Significantly, Thailand has recently amended its Government Procurement Act to make CoST data disclosure mandatory for all projects above a certain value, a move that is expected to nearly double the number of projects disclosing data in 2020 to around 400.

We also worked with the Comptroller-General's Department to identify constraints to international participation in the public procurement process, and ways to improve it. In addition, we translated the Government Procurement Act into English, making it more accessible to foreign companies.

“ IT'S REALLY ABOUT POLITICAL WILL. IF A GOVERNMENT ISN'T SUPPORTIVE AND DOESN'T COMMIT RESOURCES, IT'S A NON-STARTER. UNDP HAS PROVIDED THE POLITICAL WEIGHT AND HIGH-LEVEL CONVENING POWER TO SECURE THAT COMMITMENT. ”

Clara Feng, Asia Regional Manager, CoST

ENCOURAGING RESPONSIBLE BUSINESS PRACTICES

Laws and regulations are needed for businesses to operate responsibly. But these will only be effective if companies understand them and, crucially, change their cultures to adhere to them. FairBiz is working on a range of initiatives to achieve these objectives.



52 COMPANIES

Y2 Target: 2 (cumulative)

have joined responsible business conduct initiatives organized by the project

6 BUSINESS INTEGRITY INSTRUMENTS

Y2 Target: 2



Code of conduct, internal control and whistleblowing mechanisms disseminated for companies and SOEs in **Viet Nam**



Business Integrity Pledge developed and signed by business associations in **Viet Nam**



Series of training on business integrity delivered in **Myanmar**



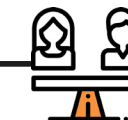
Business Integrity Toolkit for young entrepreneurs developed

6 KNOWLEDGE PRODUCTS

Y2 Target: 2



State of play of the business environment in **ASEAN**



Good Corporate Governance and Gender Diversity in **ASEAN**



Engendering business integrity in **Indonesia**



Corporate governance landscape assessment in **Malaysia**



Baseline study on business integrity practices and feasibility study on the utilization of blockchain technology in private sector supply management and procurement system in the **Philippines**



Corruption in business: bribery problems and incidents experienced by the private sector in **Thailand**

SPOTLIGHT INITIATIVES

REVISING LAWS TO TARGET BUSINESS CORRUPTION

Viet Nam has not only revised its Anti-Corruption Law to target corruption in the private sector for the first time, with the support of UNDP, but also embraced a number of other UNDP initiatives to enable local companies to comply with the new laws. This is all part of a Government-Business Integrity Initiative (GBII) jointly led by the Government Inspectorate of Vietnam (GIV) and the Vietnam Chamber of Commerce and Industry (VCCI).

Some of revisions to the law include banning managers of state enterprises from signing contracts with businesses run by their relatives and stopping former public officials from establishing or running a company in a sector in which they have recently worked in government. Companies are also advised to voluntarily establish codes of conduct and internal control systems to monitor their adherence to them. Nguyễn Mạnh Cường, Deputy Chairman of the National Assembly Judicial Committee, recognises that the legislation only provides general principles and guidelines, adding, "It's not a wand that can magic away corruption." Eliminating corruption in the private sector will ultimately depend on companies understanding

both the law and the types of corporate behaviours and systems needed to comply with it. For instance, a UNDP-supported survey of more than 230 local companies by VCCI revealed that only about half understood was meant by a 'code of conduct' or 'internal control systems'.

To raise awareness of the private sector's new legal requirements, we coordinated a Business Forum on the Anti-Corruption Law and helped secure business integrity pledges from 13 major business associations to promote the legislation amongst their members, totalling over 6,000 companies across all the key sectors.

A training module on codes of conduct and internal control systems for business has also been developed and rolled out across 152 companies. As a result, several have now agreed to implement codes and control systems, with UNDP's technical assistance.

UNDERSTANDING THE CORPORATE GOVERNANCE TERRAIN

Several studies have been conducted to gain deeper insights into local companies' understanding of business integrity and the challenges they face in improving corporate governance.

For example, UNDP **Philippines** carried out a scoping study of SME business partners of Filipino conglomerates to identify best practices for business integrity and compliance gaps. In **Thailand**, UNDP teamed up with Private Sector Collective Action Coalition against Corruption (CAC) to conduct a survey of businesses' views of public services most prone to corruption.

.....

13 BUSINESS ASSOCIATIONS IN VIET NAM, REPRESENTING OVER 6,000 BUSINESSES, HAVE PLEDGED TO PROMOTE ANTI-CORRUPTION LEGISLATION AMONGST THEIR MEMBERS.

.....

DRIVING CHANGE THROUGH YOUNG SOCIAL ENTREPRENEURS

Start-ups drive employment and growth, particularly in ASEAN's increasingly important service sector, currently growing at around 10% per annum. We're fostering a culture of business integrity amongst the new generation of social entrepreneurs, in cooperation with UNDP's Youth Co:Lab.

For instance, we brought together 33 young social entrepreneurs and incubators from five ASEAN countries to discuss and develop ways to integrate business integrity into companies' behaviour. Novel ideas included an artificial-intelligence 'chatbot' that offers information, helpful tools and insights on how to run an ethical, sustainable business. Nearly 80% of the participants rated the events' interactive sessions as 'excellent' or 'very good'. UNDP is now working with the participants to fund and pilot their ideas.

Since the event, the participants have co-created a Business Integrity Toolkit, designed to help young entrepreneurs manage risks and opportunities, and work collectively for business integrity.

CREATING SPACE TO OPENLY DISCUSS THE 'C' WORD

Myanmar has the lowest ranking of all ASEAN countries in Transparency International's Corruption Perception Index, rated 137 out of 180 countries, yet corruption has rarely entered the public discourse. A series of sub-national forums organised by UNDP together with the country's Anti-Corruption Commission (ACC) has helped bring the issue into the open.

The six meetings brought together more than 3,000 members of the business sector, regional government and CSOs to discuss corruption.



.....

NOVEL IDEAS INCLUDE AN ARTIFICIAL-INTELLIGENCE 'CHATBOT' THAT OFFERS INFORMATION AND ADVICE ON HOW TO RUN AN ETHICAL, SUSTAINABLE BUSINESS

.....

"This was the first time these different stakeholders sat together and talked about corruption," said Kaspar Burger, Accountability & Rule of Law Officer, UNDP Myanmar. "The country is still at a very early stage of dealing with this issue, and giving people a space where they feel comfortable to discuss it collectively is an important first step. In Myanmar, there isn't even a standardised language for concepts such as governance and human rights. Using our convening power, we've managed to build bridges for these discussions to happen."

COUNTRY PROGRESS INDICATORS

Economic and Fair Business Indicators



INDONESIA



MALAYSIA



MYANMAR



PHILIPPINES



THAILAND



VIET NAM

	INDONESIA	MALAYSIA	MYANMAR	PHILIPPINES	THAILAND	VIET NAM
GDP growth <small>(annual %, 2018, World Bank)</small>	5.1 <small>(+ 0.1)</small>	4.7 <small>(- 1)</small>	6.2 <small>(- 0.5)</small>	6.2 <small>(- 0.4)</small>	4.1 <small>(+ 0.1)</small>	7 <small>(+ 0.2)</small>
FDI as % of GDP <small>(net inflows, 2018, World Bank)</small>	1.8 <small>(- 0.2)</small>	2.3 <small>(- 0.6)</small>	1.8 <small>(- 4.1)</small>	2.9 <small>(- 0.3)</small>	2.6 <small>(+ 0.9)</small>	6.3 <small>(+ 0)</small>
SDG Index Country Ranking <small>(2019, Sustainable Development Solutions Network)</small>	102 <small>▼ 3</small>	68 <small>▼ 13</small>	110 <small>▲ 3</small>	97 <small>▼ 12</small>	40 <small>▲ 19</small>	54 <small>▲ 3</small>
Global Competitiveness Ranking <small>(2019, World Economic Forum)</small>	50 <small>▼ 5</small>	27 <small>▼ 2</small>	no data	64 <small>▼ 8</small>	40 <small>▼ 2</small>	67 <small>▲ 10</small>
Ease of Doing Business Ranking <small>(2020, World Bank)</small>	73 <small>=</small>	12 <small>▲ 3</small>	165 <small>▲ 6</small>	95 <small>▲ 29</small>	21 <small>▲ 6</small>	70 <small>▼ 1</small>
Corruption Perception Index Ranking <small>(2019, Transparency International)</small>	85 <small>▲ 4</small>	51 <small>▲ 10</small>	130 <small>▲ 2</small>	113 <small>▼ 14</small>	101 <small>▼ 2</small>	96 <small>▲ 21</small>

(Values in parentheses are differences from the previous year)

▲ rise in ranking

▼ decline in ranking

SUMMARY OF KEY INITIATIVES



INDONESIA

Supported research by the National Public Procurement Agency into the centralization of large, complex, and strategic procurement in order to inform policy reform.

Enabled the National Public Procurement Agency to share procurement expertise and experience with its counterpart in Malaysia

Conducted a capacity needs assessment of public procurement suppliers, revealing that 85% had inadequate information about the procurement process.

Researched business integrity in the country, focusing on gender issues.



MALAYSIA

Launched the first-ever cooperation between UNDP and the Office of the Chief Justice, to support judicial reforms. Surveyed 600 out of the 700 members of the judiciary, using the International Framework for Court Excellence and piloting for the first time the Judicial Integrity Checklist self-assessment.

Trained the first cohort of top 55 mid-level civil servants in a new capacity-building module on integrity and good governance, co-developed with the Governance, Integrity and Anti-corruption Center (GIACC).

Helped the GIACC develop an online dashboard to track the Government's progress in achieving its commitments in its National Anti-Corruption Plan.



MYANMAR

Facilitated an anti-corruption, knowledge-exchange visit to South Korea for the ACC and two major government ministries on Seoul's clean construction system

Supported the establishment and training of Corruption Prevention Units (CPUs) in 22 of 26 Union ministries, including developing training materials for Corruption Risk Assessments.

Co-organised a series of sub-national forum on Economic Development and Ethics with the Anti-Corruption Commission, involving over 3,000 participants from the public and private sector.

Promoted responsible business practices with local companies via local chambers of commerce in three States (Mon, Kachin and Kayin), together with the Myanmar Centre for Responsible Business.



PHILIPPINES

Developed a plan to help the Department of Budget and Management (DBM) re-establish the CSO desk within the DBM, develop a PFM Roadmap on Citizens' Participation and issue a policy.

Conducted a scoping study to identify business integrity best practices of SME partners of Philippine conglomerates, as well as compliance gaps.

Completed an assessment of the current procurement risk management framework and internal control framework for pilot agencies



THAILAND

The Government incorporated the CoST Infrastructure Data Standard (IDS) into the Procurement Act. The reform institutionalises disclosure by introducing minimum mandatory disclosure requirements applicable to all public infrastructure projects in the country.

Translated the Government Procurement Act into English to make it more accessible to international businesses.

Developed value-for-money guidelines for the Comptroller's General Department.

Conducted a survey of private businesses to identify the public services most prone to corruption, carried out in conjunction with Thailand's Private Sector Collective Action Coalition against Corruption (CAC).



VIET NAM

Worked closely with the Government Inspectorate, the Vietnam Chamber of Commerce and Industry (VCCI), and the private sector, to support the adoption and implementation of the new anti-corruption law.

Created training modules for judges for handling international commercial disputes, approved by the Vice Chief Justice of the Supreme People's Court cum Director General of the Court Academy.

Developed a training module on codes of conduct and internal control systems, delivered to 152 businesses, with several agreeing to establish such systems. Provided in-house technical assistance to two companies to set up codes of conduct/internal control system.

Launched the Business Integrity Pledge for business associations to promote business integrity and compliance with the 2018 Anti-Corruption Law, signed by 13 business associations.

MOVING FORWARD

As mentioned earlier, we wrote this report before COVID-19 became a global pandemic. We hope your families, friends and colleagues are all as well as possible in this incredibly challenging and stressful situation.

One of the many lessons from this tragedy is the interdependence of our lives, not just within ASEAN but globally, and the need to work together across countries, sectors and different interest groups. This collaborative approach lies at the heart of FairBiz's thinking. And we intend to build on it in the coming months.

Similarly, the way governments and business respond to the crisis and adopt recovery plans will be critical to restore trust in public and private institutions. More than ever, governance models to respond to COVID-19 should be guided and informed by the principles of transparency, fairness and integrity so that no one is left behind, and we can come back stronger. The current crisis has underscored the importance of those principles in red.

Moving forward, we have reached out to our Private Sector Advisory Group and partners to assess the opportunities and entry points to mitigate corruption risk posed by

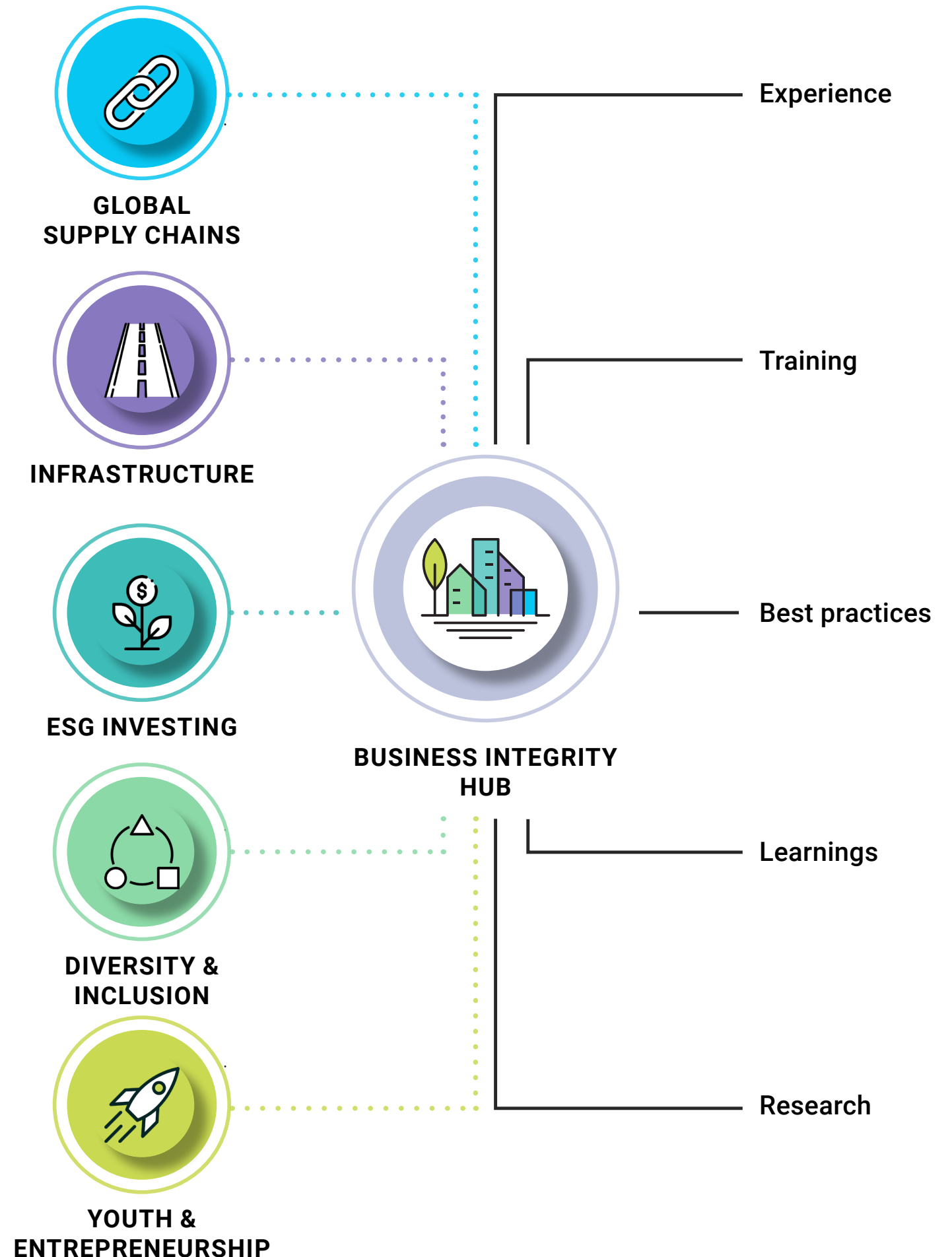
COVID-19 during and after the crisis, and to co-design solutions and approaches that are relevant for this new reality.

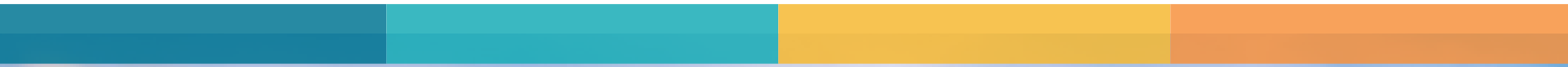
Building on the progress made so far and the partnerships established at regional and national levels, the FairBiz team will re-group its efforts in the remaining period of the project by focusing on 5 areas that have been identified as critical levers of change in our efforts to strengthen a fair, transparent and more predictable business environment in ASEAN:

- Global supply chains
- Infrastructure
- Environmental, Social, and Governance (ESG) investing
- Diversity and inclusion
- Youth and entrepreneurship

In the meantime, we wish you all the best.

FairBiz Team





United Nations Development Programme

Bangkok Regional Hub
3rd Floor United Nations Service Building
Rajdamnern Nok Avenue, Phranakorn
Bangkok 10200 Thailand

© UNDP 2020

www.bit.ly/fairbiz

#Fairbiz4Prosperity

UNDP in Asia and the Pacific

diana.torres@undp.org; liviana.zorzi@undp.org

