



global witness

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H.E. Minister U Thaung Tun
Ministry of Investment and Foreign Economic Relations
Building No. 1
Nay Pyi Taw, Myanmar

27 February 2020

Your Excellency Minister U Thaung Tun,

Ensuring Transparency in Disclosure of Company Information

Global Witness is writing to recommend updating the scope of disclosure of corporate officer information publically available without fee on the MyCO platform to better reflect the appropriate balance between critical transparency required to promote investment and legitimate privacy concerns. This letter is in response to DICA's decision to update the personal information of company officers listed in the MyCO database to include only the last three digits of their NRC numbers outside of the paywall.

We recommend returning to the disclosure of full NRC number outside the MyCO paywall as well as other updates discussed below.

We recognize that the Ministry of Investment and Foreign Economic Relations and DICA are playing key roles in promoting transparency in Myanmar's economy, and that the MyCO database is an important part of Myanmar's opening to investment from the outside world. The country is already seeing the fruits of your labor through increasing foreign investment. In this context, we feel the decision to remove the full NRC numbers for corporate officers and display only the last three digits in front of the paywall sends the wrong message to international companies looking to invest in Myanmar, and is a step backwards for transparency.

We have two primary concerns with the decision to display only the last three digits of director's NRC numbers. First, this could negatively impact foreign investment by making it more difficult for international companies to conduct due diligence on partners within Myanmar. Many international companies have strict compliance and due diligence requirements that require them to understand the partners they are entering into business with, including knowing if they have any legal issues domestically or internationally. DICA is well-positioned as an invaluable resource for companies investing in Myanmar. However, only displaying the last three NRC digits is problematic, as it leaves room for mis-identification of company officers. Given Myanmar's population of over 54 million people, any given three-digit combination could apply to over 54,000 people across the country. Within the 179,000 company officer records within the MyCO database at the time of our analysis, we found over 15 million record combinations that would lead to a "false positive".



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This is clearly an issue potentially leading investors to turn down business in Myanmar due to uncertainty over an individual's identity and the risk of potentially partnering with a sanctioned individual or politically exposed person. Further, this issue is not resolved by the inclusion of a director's name, transliterated into English. Our analysis found that, for people that are listed as officers of multiple companies, 47% of them have variations in how they spell their names. In short, the information currently provided on MyCO represents a serious risk of mis-identification of company officers, potentially impacting the investment client.

Our second objection is principled – reducing the information available on MyCO simply sends the wrong message to the international community. Countries around the world are implementing Beneficial Ownership standards and increasing the amount of information available to the public about the companies that are operating in their homelands. Justified or not, reducing the amount of information available on MyCO sends a message to international investors that transparency is not a primary concern in Myanmar. Myanmar may be open for business, but it needs to be open about its businesses as well.

This information is also important for validation efforts and to maintain incentives. With regulatory and practical challenges to compliance and enforcement, the media and civil society play integral watchdog role. More complete information enables accurate and comprehensive reporting which are critical to promoting an open and enduring investment environment.

We understand the concerns that have been raised to DICA about the privacy of directors, and concerns that displaying their full NRC numbers is an infringement on that privacy. We believe that the benefits of transparency outweigh the risks. In particular, Myanmar is an emerging investment environment with elevated risks of corruption, conflict and links to abuses. Attracting responsible investment in-line with the Myanmar Sustainable Development Goals Responsible means companies conducting heightened due diligence. Greater transparency will assist these efforts in the long-term.

Further, disclosure of NRC numbers aligns with international standards, including section 2.5(d) of the EITI Standard and the Beneficial Ownership Standard outlined by the global Open Ownership organization, and with the recent DICA Directive 17/2019 to collect and publish beneficial ownership data for all corporate entities registered in the country.

Balancing legitimate privacy concerns, there are several possible potential solutions:

1. **Improve data input consistency.** Currently name and address information is provided to DICA, and translated, in an inconsistent manner. Addresses use multiple different input orders while person- and street-names are often spelled multiple different ways. Improving consistency of data would significantly improve the database's transparency.
2. **Include Burmese names.** Company officers should have their Burmese names included in the publicly available information. Doing this would reduce issues related to misspelled translations from Burmese to English.
3. **Validate data inputs.** DICA should validate the names of company officers against input NRC numbers to ensure that submissions are accurate and cannot be falsified. We recognize that this would require a technical solution, but the benefits to ensuring accurate data submission will increase confidence in the DICA database, far outweighing the effort required by validation



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4. **Include the full NRC number outside the paywall.** Company officer information should not be restricted behind DICA's paywall, as the information is most valuable to the citizens for whom transparency is most vital. At the very least, DICA should display the final six NRC digits, rather than the three currently displayed. Including the State and Township identifiers would bring Myanmar more in-line with international practices discussed above and further reduce the potential for mis-identifications.
5. **Include birthdate and age.** The EITI Standard for beneficial ownership disclosures include the disclosure of directors' birthdates and ages. Especially if DICA will not display full NRC numbers, displaying birthdates or ages would nearly eliminate the potential for mis-identification. We have also recommended that DICA collect this information as part of DICA Directive 17/2019.

Improve search functionality. Based on our conversations with international due diligence experts, and our own use of the MyCO database, the search functionality in the database could be improved. Allowing for Burmese language searches, or searches by director instead of only by company, would increase transparency and help promote investment by making the database easier to use.

We appreciate your consideration of our aforementioned recommendations to improve the quality and usability of company information collected by DICA to promote a responsible, inclusive business environment.

Sincerely,

Paul Donowitz
Myanmar Team Leader
Global Witness

Cc: H.E. U Aung Naing Oo, Director General, Ministry of Investment and Foreign Economic Relations
H.E. U Thant Zin Lwin, Director General, Directorate of Investment and Company Administration