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INDIANA UNIVERSITY
Lilly Family School of Philanthropy

The 2022 Global Philanthropy Environment Index Myanmar

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Foundation, Society, Local Non-Governmental Organization, International Non-Governmental Organization (NGO)

Five main social issues addressed by these organizations: Arts and Culture, Basic Needs, Environment, Human Rights, Youth and Family

Average time established by law to register a philanthropic organization: 61-90 days

Average cost for registering a philanthropic organization: USD 100

Philanthropic organizations (POs) can register free of charge at the township and state/division level; however, to operate at the union/central level, POs pay a registration fee of USD 100.

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government, State Government, Local Government

POs can register at state government level to operate only in the state where PO is registered. In order to work at the union/central level, POs should register at central level.

Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	2.73	2.00	2.45	3.00	3.50	3.50	2.86
2018 GPEI	2.83	2.00	2.50	3.00	N.A.	4.00	2.87

Source: Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

Key Findings

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.

Question One: To what extent can individuals form and incorporate the organizations defined?

Score: 2.9

POs are governed by the Association Registration Law (ARL), which was enacted in 2014. While the ARL is considered a progressive law, implementation at the sub-national level is inconsistent. Many POs still find it difficult and time-consuming to register despite the stipulated timeline of not exceeding 90 days for approval of registration in the law, which is due to information gaps, low knowledge of the new law, and lack of political will to implement the law effectively.

In 2018–2020, the government at all levels has denied registration to CSOs working on peace, gender, land rights, environment issues, and election monitoring, among other issues. Despite the law stating that registration is voluntary, many authorities at the state and regional levels insist that POs be registered and unregistered POs face many forms of harassment, such as denial of permission to organize events. Although the ARL made no mention of government approval, certain provisions in the by-laws adopted in 2015 signify that the government has the power to restrict the formation of associations. Other barriers include the territorial limitation imposed by the multi-layered system of the registration committee and the requirement to inform the government in writing of any changes in approved activities and memberships.

Question Two: To what extent are POs free to operate without excessive government interference?

Score: 2.8

POs can operate freely without government interference as long as they adhere to the agreed activities and territorial limits, including POs providing services such as education, health, and other social services. However, POs working on rights-based issues such as human rights, gender, peace, land rights, environmental issues need to operate more carefully and to strictly adhere to activities as agreed with the government.

While registration is not compulsory as stipulated in the ARL, local POs and NGOs want to register in order to access international funding and gain legal status. Unregistered organizations face restrictions and discrimination from local authorities, particularly in rural areas. As for freedom of expression and speech, hundreds of people were prosecuted under various provisions of the Right to Peaceful Assembly and Peaceful Procession Act in 2018, 2019, and 2020. A draft amendment to the Right to Peaceful Assembly and Peaceful Procession Law was proposed in parliament in April 2018 and not yet proceeded. The draft contains five amendments that would undermine freedom of expression (PEN Myanmar, 2019).

In its 2019 Myanmar Freedom of Expression Scorecard, PEN Myanmar gave the country a score of 6 out of 60, noting a significant lack of progress in instituting key reforms to secure free expression, as well as backsliding in some areas. POs have had more opportunities to contribute to law and policy making between 2015–2017, however, since 2018, participation of POs in law reform processes and policymaking has been somewhat discouraged by the government, due to less transparency in the legal reform and policymaking processes. Freedom of expression has deteriorated, directly affecting a wide range of people, from Facebook users critical of government officials and parliamentarians to students performing a satirical anti-war play. Domestic journalists are particularly at risk and are often targeted, arbitrarily detained and charged under Section 505(a) of the Penal Code, which carries a sentence up to three years in prison.

Question Three: To what extent is there government discretion in shutting down POs?

Score: 2.5

The 2014 ARL stipulates that POs must submit annual narrative and financial reports to the government. Failure to do so for five consecutive years can automatically shut down the PO and it will be considered as non-functioning. The law does not stipulate any condition or procedure for the government to ban a PO. If the PO is banned and wishes to reactivate, a new registration process has to be pursued. The law states that any local organization that is not permitted to be renewed shall not function or continue to exist over 60 days, starting from the date of receiving the notification letter from the respective registration committee. However, the PO shall have the right to appeal for renewal after negotiation with the respective registration committee. While domestic associations are not required to pay any kind of renewal fee, international NGOs must pay a prescribed registration fee. A special type of POs known as government-organized NGOs (GONGOs) may receive special treatment from the government, including financial support.

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question Four: To what extent is the tax system favorable to making charitable donations?

Score: 2.0

The Internal Revenue Department (IRD) has issued Practice Statement 2/2018, which clarifies the income tax treatment of donations made to religious or charitable institutions or any related matters, states that donations to religious or charitable institutions are tax deductible, but total donations should not exceed 25 percent of the total income of the individual. As for individual taxes on personal income tax, the 2019 Union Tax Law (2019 UTL) provides tax rates as low as 3 percent for unassessed income and a progressive rate from 5 percent to 30 percent is applied depending on the scale of income.

Registered POs and NGOs are eligible to apply for tax exemption and thus far, all registered entities applying for tax exemption have been approved. The law does not recognize public benefit or

charitable status. Tax regulations add to the confusion. Taxes are often applied on a case-by-case basis, depending on the case officer's interpretation of the law.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 2.0

Taxation of the Union Law, 2018, Section 15(a), stipulates that the POs may be granted relief or exemption from tax exemption from commercial tax in respect of activities carried out with donations, assistance or loans from domestic or foreign organizations. In practice, however, standardized procedures are missing and there is a good deal of uncertainty which organizations and what projects may enjoy such benefits.

On July 27, 2020, the government issued Notification 79/2020 (effective 1 October 2020), on Procedures for Registration of Non-Profit Organizations' Tax Registration, clarifies the tax registration, tax exemption procedures and tax compliance requirements for nonprofit organizations namely NGOs, international NGOs (INGOs), private foundations, civil society organizations, and similar organizations but excludes religious institutions. Notification 79 clarifies that nonprofit organizations must be tax-registered and can apply for a confirmation of an income tax exemption, including tax deductibility for donors. POs can apply for donations they receive to be considered for tax exemptions as donations. However, standardized procedures are missing.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 2.4

The country's banking system has improved significantly. However, since late 2019, according to new instructions from the Central Bank of Myanmar, there is increased scrutiny towards funds sent through cross-border remittances, no matter how small the amount. More documentation is required.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 2.5

There is no specific legal regulatory environment favorable to receiving cross-border donations. Several laws such as 2011 Income-tax Law, Law No. 31/2014 on the Registration of Organizations, the 2016 Myanmar Investment Law, and the 2017 Myanmar Companies Law include references to receiving donations and tax exemption. Cash or in-kind philanthropic donations from in-country or cross-border donors can be received by POs and NGOs and are not taxable. However, proper

documentation and lengthy prior approval from relevant authorities is needed. Registered POs and NGOs can receive cross-border philanthropic funds via remittances, which are tax-exempted.

Donations are an integral part of Myanmar society and Myanmar people place a high priority on individual giving and volunteering. The Myanmar Investment Committee (MIC) does not require investors (foreign and in Myanmar) to spend a percentage of their profits on philanthropy. Only registered NGOs can benefit from tax exemption for goods donated such as vehicles, spare parts, telecoms equipment, and medicines, but lengthy prior approval is necessary. Local unregistered POs and NGOs do not enjoy such benefits.

IV. Political Environment

The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.

Question Eight: To what extent is the political environment favorable for philanthropy?

Score: 3.0

Myanmar has a tradition of contributing to voluntary services for community welfare and development. Cultural custom encourages engagement in philanthropic activities and donating to worthy causes. Large-scale disasters provided more opportunities for philanthropic organizations to work closely with the government for relief and recovery activities. POs also generate billions of Myanmar kyat needed for relief, recovery, and reconstruction work.

In response to the government request to cover the cost of the COVID-19 vaccine, contributions immediately poured in from philanthropists such as individuals, businesses, and religious organizations. International NGOs and the United Nations (UN) system work through the Humanitarian Country Team (HCT), which is composed of INGOs and UN agencies. However, in December 2015, four local NGOs were added as members of the HCT working closely with the government. This channel provides another opportunity to bring the voices and concerns of local philanthropic organizations to the attention of the government.

Question Nine: To what extent are public policies and practices favorable for philanthropy?

Score: 3.0

Since 2018, philanthropic organizations have more opportunity to receive donor funding from various international sources. The government thus far is not interfering with the direct funding to local POs, provided activity and financial reports are submitted on an annual basis. With the transition to a democratic nation, many donors and multilateral development banks, such as the Asian Development Bank (ADB) and the World Bank who provide direct assistance to the Myanmar government, have involved POs and NGOs in implementing development projects with the aim to reduce poverty and hardship among the community. Hence, POs have better opportunities to access funding and experience more philanthropic freedom. The POs have been invited to participate in development and implementation of the Myanmar Sustainable Development Plan, 2018–2030, which is in alignment with the Sustainable Development Plan and development of the Myanmar

Development Policy, 2018. Both these policies have highlighted the importance of engaging with POs and NGOs.

V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

Score: 3.5

Myanmar, for the third year in a row since 2014, topped the Charities Aid Foundation (CAF) World Giving Index. According to research, 91 percent of Myanmar residents gave money to charity during the past 12 months; 62 percent said they had helped a stranger; and 55 percent claimed they had volunteered. The results demonstrate very sharply how a so-called poor country can be a rich one through its generosity, as evidenced during the 2020 COVID-19 pandemic. People came together to volunteer at quarantine centers to support the health staff, provided food and other necessities to the affected people and communities, donated millions of private funds towards COVID-19 prevention and response activities, built make-shift hospitals, and contributed towards procurement of COVID-19 vaccine as the government funds were not adequate. The public-private-people partnership was most amazing and widely recognized as a remarkable achievement for Myanmar.

VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 3.5

Myanmar has a high population of Theravada Buddhists for whom small, frequent acts of giving are the norm. In Myanmar, wealth is not necessarily the decisive factor when it comes to generosity—it is by no means an outlier. The generosity and the spirit of volunteerism are cultural values that have been in practice since ancient times and these values certainly contribute to philanthropic freedom.

Myanmar societal values, customs, and practices encourage giving and donating. Myanmar has ranked near the top of the CAF World Giving Index for many years and therefore can be regarded as a philanthropic society. Such practices became more evident during COVID-19 pandemic, when the public came together with the government to fight the pandemic. Although the philanthropic sector has operated informally with little coordination in the past, the 2020 -19 pandemic necessitated better and more systematic coordination between the government and philanthropic sector, as coordination and collaborative action is needed to respond effectively to COVID-19 prevention and response. This coordination includes managing thousands of community and hospital quarantine centers across the country that provide necessary support services using thousands of volunteers working in coordination with health personnel.

Additionally, many individual philanthropists, POs, and businesses donated millions of dollars towards COVID-19 prevention and response activities, in addition to helping the government procure the COVID-19 vaccine.

VII. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

Philanthropy is well-recognized and practiced in Myanmar. The growth of the nonprofit sector has strengthened philanthropy by way of increased professionalization. If the current democratic government continues to hold power, it is likely that POs and NGOs will have better opportunities to have more philanthropic freedom. Also, the experiences gained in COVID-19 prevention and response involving thousands of POs and volunteers have contributed to building solidarity and trust among stakeholders. Therefore, the philanthropic landscape looks bright and promising for the future.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. In 2018, armed clashes escalated between the Myanmar Army and Arakan Army in Rakhine State that called for humanitarian assistance of the affected population, who needed shelter, food, and clothing. Philanthropic organizations, local civil society organizations, and community-based organizations provided much-needed assistance.
2. In 2019, the immediate emergency caused by monsoon flooding in three regions in southeast Myanmar resulted in huge tracts of farmland and villages submerged. This disaster called for emergency assistance to evacuate and provide temporary shelter to the affected population. The philanthropic organizations were mainly involved in providing relief and recovery services in affected areas.
3. In 2020, the global COVID-19 pandemic first hit Myanmar in late February and rapidly spread across the country, requiring the coordination of human and financial resources to prevent and respond to the pandemic. This year marked the greatest achievement of POs as they extended the value of human and financial resources to combat COVID-19.

Future development trends in the philanthropic landscape

Philanthropy in Myanmar needs more support from the government by way of an improved legal environment to promote civic operational space.

Crowdfunding is already practiced but is by no way formalized. Donations are sought informally in public areas, such as at traffic lights, marketplaces, or cash boxes at religious places.

Three key recommendations to improve the environment for philanthropy

- Myanmar laws should be more favorable towards promoting enabling laws and policies for philanthropic organizations;
- Myanmar's government should provide core funding to philanthropic organizations; and

- A draft amendment to the Right to Peaceful Assembly and Peaceful Procession Law proposed in parliament in April 2018 should be enacted after constructive consultations with POs and NGOs.

VIII. Philanthropic Response to COVID-19

These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

The Myanmar government has taken effective prevention and response measures during the COVID-19 pandemic, using a nationwide volunteer system with many volunteers representing POs and NGOs. Trained volunteers provided necessary technical and financial support for prevention and support activities, disseminated prevention messages, and managed thousands of community and facility quarantine centers across the country. POs also donated prevention items such as face masks, face shields, gloves, and hand sanitizers, in addition to building handwashing stations and distributing food to communities during the lockdown period.

The philanthropy community (composed of individuals, NGOs, business, and religious sectors) donated millions of dollars worth of prevention items, medicines, food, and other necessities for the community. Additionally, many business sectors—such as bank owners—donated makeshift hospitals to house hundreds of COVID-19 infected patients. Myanmar has millions of migrant workers working in many neighboring countries and with the COVID-19 pandemic, thousands of them lost jobs and were forced to return home. Hence, POs were actively involved in receiving the returning migrant workers at cross-border checkpoints, arranging quarantine facilities and providing all other related services.

Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

In Myanmar, the COVID-19 pandemic resulted in increased collaboration between philanthropists and the government, as the need for prevention and response called for a collaborative and integrated approach. Myanmar is especially challenged by COVID-19 pandemic since it has one of the worst healthcare systems in the world, with an inadequate fiscal budget for the health sector and an inadequate health workforce. As COVID-19 prevention and response could not be tackled by the government alone, POs and NGOs served as frontline volunteers and played an important role in fighting Myanmar's epidemic. POs mainly led in providing technical and financial assistance in building wash stations in communities with inadequate wash facilities, and procuring and distributing preventive items such as face masks, face shields, and hand sanitizers. POs also organized information dissemination activities on COVID-19 through social media campaigns, songs, or street theaters.

Another innovative initiative included the support by POs to provide hundreds of ambulances and trained young volunteers to manage ambulance services to transport patients as necessary, and to manage hundreds of quarantine centers in collaboration with health personnel. The COVID-19 pandemic has also highlighted the essential role that the business sector, individual philanthropists, and POs play through their philanthropic giving, such as providing the much-needed financial support

to the Ministry of Health and Sports to build and manage makeshift hospitals, as well as providing millions of dollars needed to procure COVID-19 vaccine.

Impact of COVID-19 on the philanthropic environment

COVID-19 pandemic truly highlighted the importance of philanthropy in Myanmar as people and communities were unified in fighting the pandemic and collaborated with the healthcare workforce. Such a crisis did bring the people of Myanmar together and everyone contributed in the best way they could, donating cash and in-kind support towards responding to the pandemic. The fact that Myanmar philanthropists fully participated in responding to the pandemic indicates that Myanmar people are resilient, and that philanthropy is part of the culture where everyone practices it effortlessly and effectively.

Anticipated impact of COVID-19 on the philanthropic environment in 2021

The philanthropic environment in 2021 and beyond will only improve as the people of Myanmar are now confident that a national disaster or crisis of any nature can be effectively managed with collaboration of all stakeholders. The country learned that public-private-people partnership is the best strategy to tackle any crises, be it natural, man-made, political, economic, or social. Myanmar is already a philanthropic society and is likely to improve in the future.

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