

# EXECUTIVE SUMMARY

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The tourism sector in Myanmar is currently experiencing significant growth and has been identified as a priority sector in the government's 'Export Strategy'. Given the variety of unique tourism experiences Myanmar has to offer, it has the potential to contribute significantly to employment creation and economic growth. However increased tourism will also have negative impacts, such as those identified in this impact assessment. These reflect inherent tensions in the sector, such as attracting visitors to 'unspoilt' destinations when their presence will almost inevitably change the nature of the place they visit. These tensions are seen elsewhere in the world. But perhaps they are nowhere seen as acutely as Myanmar, which has undergone a transformation from isolated country and tourism pariah, the subject of over 15 years of boycott, to a "must see" destination, in the space of only a couple of years.

Fortunately there has already been significant multi-stakeholder discussion of the development of responsible tourism in Myanmar, thanks to the support of development partners who have worked with government, the sector and local civil society groups. Government policies exist on [Responsible Tourism](#) and [Community Involved Tourism](#), which offer a clear framework for developing the sector. Such a framework is absent in many other economic sectors of importance to Myanmar, such as agriculture and the extractives.

Even though the country is finally emerging from decades of ethnic conflict, authoritarian rule and economic isolation, it is, and will remain for some time, a high-risk country with poor governance. Responsible business conduct in the tourism sector in Myanmar therefore requires enhanced due diligence to determine what impacts business activities may have on society, including on human rights. This must include robust approaches to managing negative impacts in a manner that provides benefit to Myanmar, its people, and business alike.

The Myanmar Centre for Responsible Business (MCRB) has conducted its second sector-wide impact assessment (SWIA), this time focused on Myanmar's tourism sector in partnership with its co-founders, the Danish Institute of Human Rights (DIHR) and the Institute of Human Rights and Business (IHRB). It is intended to provide guidance to underpin responsible business conduct in the sector. The SWIA draws on established environment and social impact assessment methodologies, but applies a human rights lens. The scope of a SWIA goes beyond a particular project. It is about a whole sector and involves assessing not only impacts on individuals and groups that may arise from particular projects, but also the potential for the sector's impact on society as a whole. It therefore looks at impacts on three levels. Firstly, it examines sector level impacts; these cover the aggregate impacts of the sector and paint the "bigger picture" of the interaction between the sector and Myanmar society ([Part 3](#)). Secondly, it looks at project level impacts over eight areas: stakeholder consultation, engagement and grievance mechanisms; community impacts; land; labour; groups at risk; culture; physical security and the environment ([Part 4](#)). Thirdly, it considers cumulative level impacts. Given the concentration of tourism

activities in particular destinations, these are inevitable. They will arise from the combined impacts of tourism – and potentially other economic – activities in the same area or timeframe.

The SWIA is based on both desk-based and field-based research in six locations throughout Myanmar which have already experienced tourism-related investment. It includes in-depth analysis of existing Myanmar policy and legal frameworks as well as the challenging historical, political and economic context that is reflected throughout the SWIA.

The intended audiences are multiple: the Myanmar Government, companies in the tourism sector value chain, both Myanmar and overseas, institutional investors, civil society including the local media and trade unions, development partners and home governments, the Myanmar Human Rights Commission, and tourists themselves. The analysis and the recommendations targeted to each intended audience will enable each to take steps to prevent and mitigate risks, minimise the negative outcomes and amplify positive outcomes for the sector. This may be achieved variously through changes in policy, law, investment choices and operations.

The SWIA highlights relevant international standards of responsible business conduct, particularly from the United Nations (UN), the International Finance Corporation (IFC) and the Organization for Economic Cooperation and Development (OECD). It makes recommendations on how these standards can be incorporated into policy-making and practice to increase responsible business conduct at a time of increased investment.

The SWIA can assist companies – international and Myanmar – in the ‘human rights due diligence’ which they are expected to conduct in accordance with [the UN Guiding Principles on Business and Human Rights](#) (UNGPs). At the level of large enterprises, it provides detailed analysis for businesses to inform project level Environmental and Social Impact Assessments (ESIA). Equally importantly, it provides advice for the development of appropriate Environmental and Social Management Plans (ESMPs) to manage risks and impacts throughout operations.

Both ESIA and ESMPs are relatively new concepts in Myanmar. The SWIA encourages those companies required to undertake ESIAAs to address the broad range of the potential impacts of their operation on the environment and society, beyond what may be strictly required by domestic law. This will ensure that the assessments effectively capture the full picture of potential impacts. For smaller projects, it highlights issues companies should consider, and points to international standards, codes and useful toolkits.

The SWIA is also intended to support the Myanmar Government and civil society organizations (CSOs) in their roles as regulators and monitors of company performance, and help them ask the right questions of companies. Beyond ESIAAs, the SWIA highlights human rights considerations to be incorporated into other types of relevant due diligence, for example for the business relationships in the tourism value chain.

The recommendations in this report fall into three main categories:

1) Recommendations which **support and encourage the implementation of existing government initiatives in the tourism sector**, such as the relevant elements of

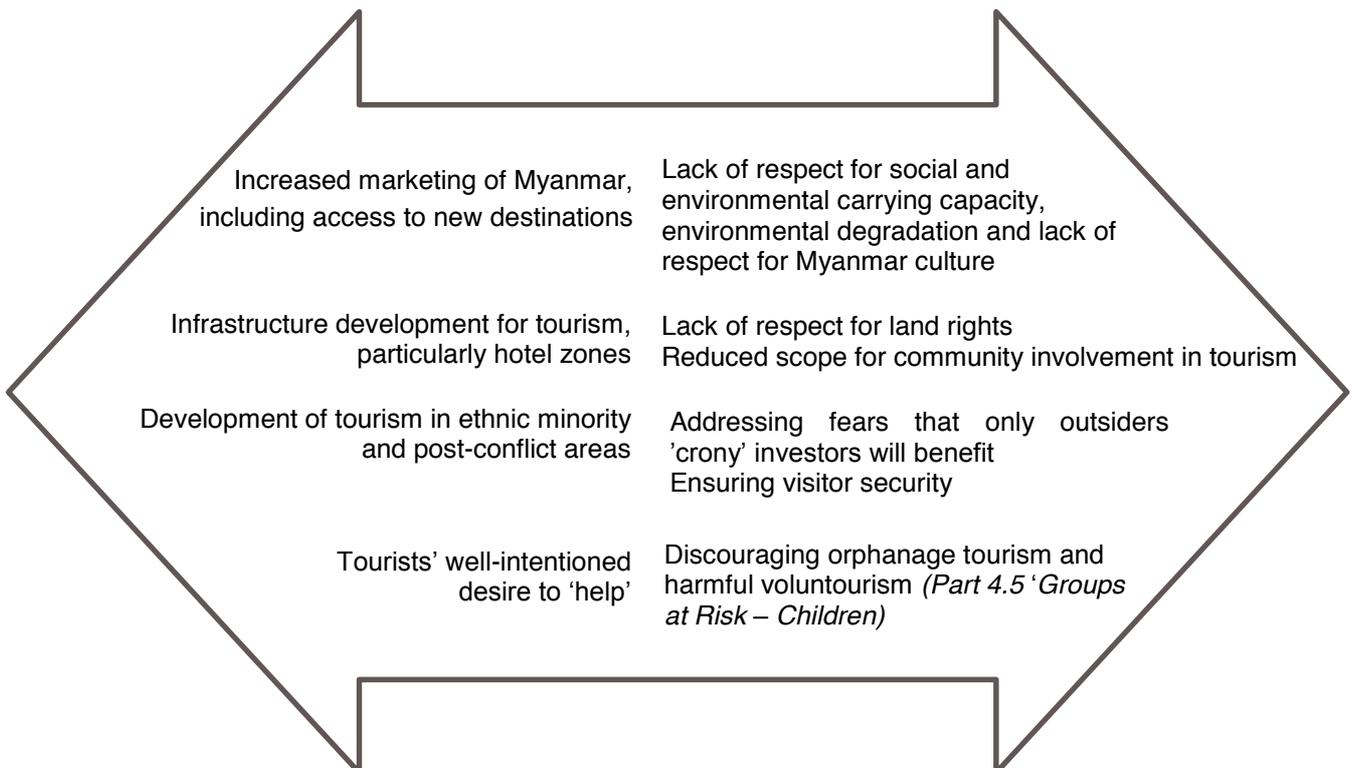
- Myanmar Tourism Master Plan 2013-2020
- Myanmar Responsible Tourism Policy 2012
- Policy on Community Involvement in Tourism 2013
- Ecotourism Policy and Management Strategy (ongoing)

as well as other donor-funded initiatives relating to vocational training for the tourism sector. Recommendations also support rights-based campaigns by NGOs, for example to encourage tourism companies to sign up to The Code on combatting child sexual exploitation.

2) Recommendations which **encourage a rights-based approach to implementation of reforms** which cut across sectors, but which will be important to the management of impacts of the tourism sector, such as:

- The Investment Law(s)
- Reform of labour laws, freedom of association, social dialogue
- Environmental Conservation Law and EIA Guidelines
- Land Use Policy and land laws
- Transport Master Plan
- Directives for Coastal Beach Areas
- greater transparency, and freedom of expression.

3) Recommendations which **respond to gaps in existing tourism initiatives and address the tensions between them which contribute to negative impacts**, for example:



These recommendations have been drawn up on the basis of findings from field research and desk research, including secondary sources.

Some issues emerged strongly from the sector-wide impact assessment. The first is that some of **Myanmar's flagship sites such as Bagan, Inle and Kyaiktiyo, are already under environmental and social pressure from the effects of tourism**. This is impacting on livelihoods and the long-term viability of these places as tourism destinations. That pressure comes as much from a rise in domestic tourists as it does from foreign tourists. Domestic tourists greatly outnumber foreign tourists, particularly at certain pilgrimage sites. It highlights the need – already mentioned in the Tourism Master Plan – for destination management plans, drawn up with the participation of local groups as well as all relevant government authorities and tourism businesses, which should *inter alia* address the question of carrying capacity, before steps are taken to actively market the destination further or expand hotel room capacity. These plans will need destination management organizations, led by local government, which should include representatives of public, private and civil society organizations. They should promote grassroots participation in tourism planning and decision making. Effective destination management is a local governance issue. Donors who want to invest in improving good local governance should consider the urgent need to invest in destination management organizations and prime tourism sites.

The frequent findings from field research of **negative impacts caused by 'hotel zones'** – areas of land compulsorily acquired and set aside for concentrated hotel development – are a consequence of the above-mentioned absence of participatory destination management. They also reflect the fact that land is possibly the most complex challenge any business investing in Myanmar with a land footprint will face. The reform of the land policy and laws in Myanmar is incomplete. It is characterised by a patchwork of old and new laws and regulations that leads to overlap, contradiction and confusion that can, and has been, used to deprive people of their land. Land is often the most significant asset for most rural families, but they are vulnerable to exploitation and have limited protection under the existing and even new land laws.

The negative impacts of hotel zones relate to impacts on **livelihoods**, including the opportunities for future community involvement in tourism, **land rights, environmental conservation, and transparency**. They can be a **driver for conflict**. This assessment reinforces the need to embark urgently on the review of the status of hotel zone development, identified as necessary in the Tourism Master Plan. It is recommended that this process be initiated by a multistakeholder debate, to contribute to the drawing up of a zonal planning framework, as mentioned in the Master Plan. The aim should be to avoid negative impacts which could damage natural and cultural heritage and the well-being of local residents. It is recommended that decisions to further develop hotel zones should be suspended until the completion of this review.

Linked to this, a further common finding of the sector-wide assessment for tourism (and that for the oil and gas sector), was that **engagement and genuine two-way communication and transparency by business with stakeholders has historically been almost completely absent**. This has led to mistrust, misunderstanding and occasionally conflict.

Businesses, whether those already present or investing for the first time, need an in-depth understanding of local priorities and concerns, through greater engagement with, and accessibility to, workers, local communities, national level stakeholders and the local and national media.

Appropriate engagement from the start of relationships with workers and communities matters because it demonstrates respect, where, until recently, they have often experienced either neglect or reprisals for complaints. Engagement, consultation and participation of a wide range of stakeholders should form the basis of tourism development projects from the very start. This is particularly important in **ethnic minority and post-conflict areas** where it is essential to take the time to engage directly with as wide a range of stakeholders as possible to get a more complete picture of the conflict and communal dynamics, and to understand how local people would like to see the destination opened to tourists and benefits shared. Furthermore, the lack of judicial and non-judicial mechanisms for effective resolution of complaints means that constructive and responsible approaches to establishing operational mechanisms to resolve grievances will be even more important.

Finally, during this transition period, safeguards for the **environment, society and human rights are lacking, or poorly monitored and enforced**, due to low awareness as well as weak government, business and civil society capacity. Rapidly changing labour laws and low awareness of rights means workers and in some cases, employers, are not well informed of even the most basic **labour rights protections**. While that function is often filled by trade unions in other countries, in Myanmar, trade unions are only just emerging after many years of prohibition. The forced labour previously associated with the last military government has almost disappeared. But the increasing use of temporary workers and labour contractors, as well as inadequate enforcement by Government of new laws risks replacing this with other forms of labour exploitation, especially of vulnerable groups such as **female workers**.

The Government has an immediate and important opportunity in the new Environment (and Social) Impact Assessment process to fill these gaps through creating contractual requirements of large projects to meet the International Finance Corporation Performance Standards and World Bank Group Environmental, Health and Safety Guidelines. Development partners have an important role to play in supporting the Myanmar Government's current regulatory and enforcement capacity, as well as supporting the emergence of robust national legislation to fill these gaps in the future. They also have a role to play as home governments to companies operating in Myanmar, exercising their leverage over companies from their jurisdiction to meet international standards of responsible business conduct.

Other recommendations cover the importance of companies taking active steps to **build local capacity** to provide goods and services to spread local economic benefits and meet local content requirements. This is a particular area of focus in the government's Community Involvement in Tourism (CIT) Policy. That policy needs to be fully rolled out, including the facilities for B&B and ultimately homestay. **Social investment** (commonly known as 'CSR') programmes by companies should build on community requests, an

informed analysis of community needs, coordination with local government programming and a link to business strategy, rather than be approached as ad hoc philanthropy.

An influx of large numbers of tourists can negatively impact **Myanmar's tangible and intangible cultural heritage**. Businesses should not damage Myanmar's **cultural heritage** by organizing inappropriate activities for tourists, or by building in a way which damages heritage sites, including natural heritage. Tourists visiting Myanmar need to respect local traditions and customs, religion and dress code.

Businesses need to take active steps to respect the rights of **groups at risk**. The SWIA identifies the situation concerning **discrimination** in Myanmar, which is based both on legislation and societal attitudes towards a number of groups including religious minorities; women; people living with disabilities, and lesbian, gay, bisexual and transgendered people (LGBT). Generally the trend in Myanmar is towards reduced discrimination and increased legal recognition of minority rights. However religious discrimination and related violence is a growing problem and in recent times particularly impacting the Muslim community. Tourism operations may potentially have an impact on many of these groups, with the possibility of either exacerbating their vulnerabilities or improving their situation through equal opportunity workforces, appropriate prevention and mitigation strategies and social investment programmes to support needed infrastructure, services or income generation opportunities for excluded groups. Inclusive business practices also send important signals to wider Myanmar society.

**Children** are particularly vulnerable to impacts from tourism. Lessons from neighbouring countries, particularly Cambodia and Thailand, highlight the importance of awareness raising for both tour operators and tourists of the potential for negative impacts on children through the development of 'orphanage tourism' and some types of 'voluntourism'. They also highlight the importance of discouraging behaviour by tourists which keeps children out of school. There are already frameworks such as 'The Code' for combatting child sex tourism, and ChildSafe which can be applied in Myanmar to encourage collective action and avoid mistakes made elsewhere.

Myanmar's tourism sector is at an important juncture. Numbers are increasing, although the figure of 3 million arrivals in 2014, up from 2 million in 2013 may include day visitors, business people, returning Burmese and others entering on a tourist visa, in addition to genuine tourists spending over 24 hours in-country. The infrastructure and society is poorly prepared to receive a large number of foreign tourists, as well as an expansion of domestic pilgrimage and tourism. Rather than a primary focus on numbers, all those with an interest in the sustainable development of the tourism sector should reflect on the lessons learnt from elsewhere in Asia. There is still scope to develop Myanmar as a destination for smaller numbers of high-spending tourists looking for an experience that makes Myanmar special. A mass market strategy that generates negative impacts on Myanmar's environment and culture could kill the goose that lays the golden egg soon after 'the journey begins'.

## Recommendations

The following is a summary of the recommendations to the main actors in Myanmar's tourism sector. A fuller explanation of these recommendations and suggestions for how they can be implemented is included in the full report (Part 5).

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| <p style="text-align: center;"><b><u>To the Government of Myanmar</u></b></p> <ol style="list-style-type: none"> <li>1. Fully implement Strategic Programme 3 of the Tourism Master Plan, the Responsible Tourism Policy and the Policy on Community Involvement in Tourism</li> <li>2. Strengthen the regulatory and policy framework for social and environmental issues as it relates to the tourism sector</li> <li>3. Adopt better regulation for the tourism sector</li> <li>4. Build the capacity of policy, regulatory and inspection authorities, including at regional level</li> <li>5. Raise awareness of relevant regulatory and policy frameworks</li> <li>6. Increase transparency</li> <li>7. Adopt a zonal planning framework for existing and emerging tourist destinations and undertake Strategic Impact Assessments for large developments</li> <li>8. Further encourage the participation of, consultation with and the inclusion of local communities in tourism development</li> <li>9. Strengthen processes for judicial and non-judicial remedy</li> </ol> | <p style="text-align: center;"><b><u>To Companies in the Tourism Sector</u></b></p> <ol style="list-style-type: none"> <li>1. Support the principles of the Tourism Master Plan and the government's implementation of the aspects of that Plan which relate to responsible tourism</li> <li>2. Commit to applying international social, environmental and human rights standards and undertake due diligence in the business and its supply chain</li> <li>3. Practice enhanced human rights due diligence on particular issues</li> <li>4. Respect the rights of vulnerable groups, including children and people with disabilities</li> <li>5. Ensure the participation of communities in tourism development</li> <li>6. Create and support mechanisms that enable complaints and grievances to be addressed quickly and effectively</li> <li>7. Take collective action to address to environmental, social and human rights issues</li> <li>8. Strengthen the governance of the Myanmar Tourism Federation (MTF) and its member organizations</li> </ol> |   |
| <p style="text-align: center;"><b><u>To Institutional Investors</u></b></p> <ol style="list-style-type: none"> <li>1. Conduct enhanced due diligence on portfolio companies that are involved in the tourism sector in Myanmar.</li> </ol>   | <p style="text-align: center;"><b><u>To Tourists</u></b></p> <ol style="list-style-type: none"> <li>1. Respect local Myanmar culture and traditions, the environment, and women's</li> </ol>  | <p style="text-align: center;"><b><u>To Civil Society</u></b></p> <ol style="list-style-type: none"> <li>1. Conduct capacity building activities with civil society, workers and communities</li> <li>2. Engage actively in EIA consultations related to tourism</li> </ol> |

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| <ol style="list-style-type: none"> <li>2. Engage with investee companies involved in the tourism sector in Myanmar to ensure that these companies meet or exceed international</li> <li>3. Urge companies doing business in the tourism sector in Myanmar to report robustly on how they manage risks and impacts associated with investments and operations in the country.</li> </ol>  | <p>and children's rights</p> <ol style="list-style-type: none"> <li>2. Support the development of responsible tourism in Myanmar</li> </ol>  | <p>development projects and disclosure processes</p> <ol style="list-style-type: none"> <li>3. Advocate for the ratification of ILO Core Labour Conventions such as Minimum Age Convention (No. 138) and other ILO Conventions related to the tourism sector</li> <li>4. Advocate directly and through the media for tourism businesses in Myanmar to adopt appropriate tourism standards</li> <li>5. (For the media) Report on negative impacts on tourism and highlight ways in which these could be mitigated in line with national law and international standards.</li> </ol> |
| <p style="text-align: center;"><b><u>To Development Partners/Home Governments</u></b></p> <ol style="list-style-type: none"> <li>1. Support the Government to implement Strategic Programme 3 of the Tourism Master Plan, the Responsible Tourism Policy and the Policy on Community Involvement in Tourism</li> <li>2. Support the strengthening of environmental, social and human rights policy and legal frameworks.</li> <li>3. Support implementation of the corporate responsibility to respect human rights in Myanmar by international companies.</li> <li>4. Raise tourist awareness about how to avoid negative impacts of tourism, including through consular advice.</li> </ol> | <p style="text-align: center;"><b><u>To the Myanmar National Human Rights Commission</u></b></p> <ol style="list-style-type: none"> <li>1. Support the development of a National Action Plan on business and human rights, and include action points relevant to the tourism sector</li> <li>2. Advise on human rights aspects of tourism laws, regulations and guidelines</li> <li>3. Support those affected by tourism development projects in seeking legal redress</li> <li>4. Publicly report on the handling of complaints, investigations and follow up steps undertaken by the MNHRC and other institutions with regard to tourism development related grievances</li> </ol> |  |

Finally, to all Stakeholder Groups we recommend they consider **the establishment of an open platform for discussing human rights in tourism in Myanmar, including cumulative impacts**. There are multiple challenges and the inherent conflicts in protecting and respecting human rights while opening up new areas to benefit from tourism. This suggests it could be useful for there to be an ongoing dialogue on these topics between stakeholders who are interested in ensuring that tourism is developed in a responsible manner, including at sub-regional level. The Myanmar Centre for Responsible Business (MCRB) stands ready to facilitate those discussions together with those organizations, local and international, who have already been involved in this debate over the last few years.