

Mark Livingston: Welcome back to Livingstons Legal videocasts. I'm Mark Livingston, the founder and Managing Director of Livingstons Legal. Today, we're joined by our own Special Counsel, Alexander Pulte, who's going to talk to us about the private education sector in Myanmar. Alexander, you were previously a debt and equity capital markets and M&A lawyer at a number of top tier firms in New York, but you came to Southeast Asia as an academic and an educator. So perhaps you could tell us a little bit more about what you've been doing on the education front since you arrived in Southeast Asia.

Alexander Pulte: Sure. I was an academic in America as well before I moved to Asia. I was actually a faculty member of Columbia University in 2012 when Aung San Suu Kyi visited. She gave a very interesting and passionate speech about the importance of education, especially in a society like Myanmar's that is moving towards democracy. The speech ended with an appeal to the Columbia community to help her in improving education in Myanmar.

That's why in 2013 I started looking for opportunities in Myanmar. Then in January 2014, I started working with a private college. In the last five years, I've been trying to help with Myanmar education a number of different ways. I set up some new academic programs to offer more choice for the students, some undergraduate and graduate degree programs. I set up some partnerships between local colleges and international universities to raise the quality of programs. And I created the first financial aid system for a private college in Myanmar to open access to education to a larger number of students.

I've also worked with the NLD Capacity Center and I did some faculty training at Yangon University of Economics. My current project is to launch the first international Master in Law program for Myanmar in collaboration with a Swiss university, UBIS University, and the Institute of International Law and Economics, IILE Myanmar.

Mark Livingston: Which is great actually because that's something that we definitely think is very much needed for our colleagues here in Myanmar in the legal industry. It's now just over 12 months since the Myanmar Investment Commission released new regulations that permit 100% foreign investment in private education businesses in Myanmar. What developments have you seen in foreign investment in Myanmar education in the market here in that time?

Alexander Pulte: Yes, that's a very interesting development. One thing to keep in mind is that private education in Myanmar is still largely unregulated. In order to set up a private college, someone has to incorporate a business and then typically find an international

partner to either accredit the program or provide the degrees. Basically, the academic quality assurance has to come from outside because there are no national standards yet.

In the past, that has always required the collaboration between a locally owned college and the international partner. That often has led to tensions because the focus has been more on profits locally and then more on academic quality internationally. Part of the problem is that Myanmar society has experienced a system of education in the last few decades that is not very good. As a result, people have not really developed much of a sense for the importance of quality education.

It's an interesting contrast because religious education in the monasteries is held in very high regard. But for secular education, it's typically seen very much as a means to an end. Students want a degree in order to get some job that pays better than the previous job. But how much exactly they learn in the degree program or how much what they learn will help them in their future job is not as much of a focus.

This, again, in turn, is anchored in traditional Myanmar education, which has been very focused on rote learning, on just memorizing and reproducing material rather than developing skills and critical thinking. If that is the education that people have gone through, of course, it's very hard to develop an understanding for how real quality education can open up a new world for you and really be a great help in your life and your career.

Mark Livingston: So some of those cultural overlays are probably limiting some of the opportunities for foreign education institutions that are focused on a quality product and on a more traditional view of academia that we might have in the West. Given that is the case, education, as you mentioned, is still an area of huge need in Myanmar, and so in theory, it should still be an area of huge opportunity for foreign investment and for operators of foreign-owned education institutions. How do you think that that's going to develop in the next 12 to 18 months or the medium-term?

Alexander Pulte: As I said, the biggest challenge really is how to establish quality education in Myanmar, in an environment where people typically don't care so much about the quality and where the competition is competing primarily based on price, going all the way to colleges that essentially sell degrees. Basically, the question "How do you compete on quality in a market where people don't care about quality?"

That's, hopefully, where international operations will come in starting to establish more of an awareness for the importance of quality education and the benefits that come with it. You certainly

have to keep in mind again that because there is no private education law yet, there's also quite a lot of uncertainty about what the future requirements of private colleges will be. For any international operation starting in Myanmar, it's probably, without those clear national guidelines, the best strategy to just follow best international practices for now and, of course, have a long-term perspective because this whole process will take some considerable amount of time in the country.

In terms of subject matters, there are some fields that are already quite crowded. MBA degrees have become incredibly popular in the last few years. Again, you have all the typical criticism of the quality of most of these MBA degrees. But I think the reason why a degree like the MBA has become so popular is because students have seen the impact. Students who go into the MBA might easily double their salary after they've graduated. Again, with a focus on getting degrees in order to advance your career, that's a very easy selling point then.

That's quite different in other markets, like for the Master in International Law that we are trying to establish now. This would be the first program of its kind. That certainly has certain advantages too - to be the pioneer in a new field. But then you have the challenge of establishing the degree in the market and raising awareness of people, why this degree might be beneficial to them. Again, I think that relates back a little bit to the long-term perspective. If you set up operations in a market like that for the MBA programs, it's a little bit more about differentiation and finding some good sales point that works right now in that crowded environment.

If you're trying to launch something that's still new or comparatively new, then you need more of a long-term perspective and have to build it step by step over time.

Mark Livingston: Okay, so potentially opportunities now to move into the market and start building your brand, but expect that if you're trying to deliver international standard high-quality products, it might take a while for you to actually get traction with that offering in the current state of the Myanmar market.

Alexander Pulte: Yes, I think that's the great opportunity now to be one of the first international operations here and establish yourself in Myanmar. It's also quite a good time because real estate prices have come down in the last couple of years. The cost now in the current environment of setting up operations is less than it would have been a little while ago. It's not a bad time, but what is important is the long-term perspective.

Mark Livingston: I think that's true across a lot of sectors here. Thanks for coming in and I enjoyed your comments. Thanks for watching. Hope to see you again on the next Livingstons Legal videocasts.