AGRICULTURAL RESPONSIBLE INVESTMENT:

Initiative on developing Voluntary Guideline to mitigate the environmental – social risks for Vietnamese investors

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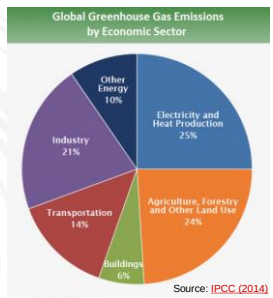
People and Nature Reconciliation

Content

- Why do we need socially – environmentally responsible investing?
  - Adversely environmental impacts to investment;
  - Legal risks;
  - Affected image and reputation of investors and host country.
- Initiative on developing the Voluntary Guidelines
  - Research on Vietnam's agribusiness in sub-Mekong region
  - Pioneered Enterprises for co-developing
- Introduce on Voluntary Guidelines (edition for pilot apply)
  - Objectives
  - Principles based approach
  - Structure
- Piloting progress

Climate change



Source: IPCC (2014)

Does the Flap of a Butterfly's Wings in Brazil Set off a Tornado in Texas?

Historic drought and saline intrusion in Mekong Delta 2016

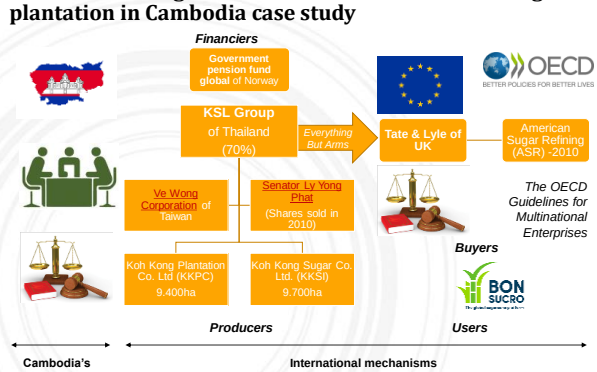
- This is the most severe drought in last 100 years;
- Saline intrusion attacked into 13 provinces in Mekong Delta;
- 10 province declared the disaster situation and some of them hit the highest level of saline intrusion disaster.
- Damaged around 160,000 hectares of rice, estimate complete loss of 800,000 tones rice (MARD);
- Around 20 million affected people.

Picture's source: Cafef.vn

International legal risks related to land conflicts

Land conflicts started since 2006 and still going on. There are a lot of international dispute resolution mechanisms have been applied.

International Legal risks: Thailand investment in sugar plantation in Cambodia case study



Affected image and reputation of investors and host country.

- Boycott campaigns;
- Technical Barrier for goods exportation and monitoring;
- Limited access to markets, capital and potential partners.

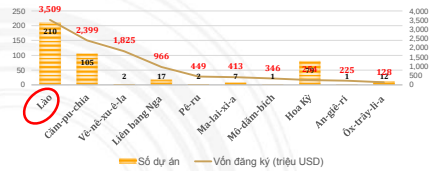
Research on Vietnam's agricultural investment in Mekong sub-region

Cambodia
December 2015
May 2016

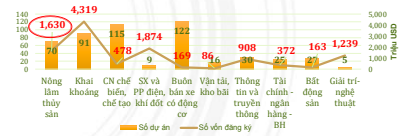
Laos
May 2016

Vietnam
June 2016

Top 10 of Vietnam outward investment by country



Top 10 of Vietnam outward investment by sector

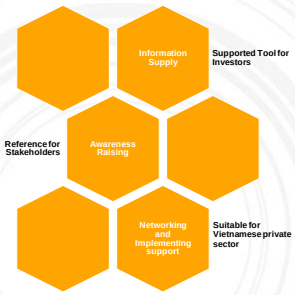


(*) Luỹ kế các dự án còn hiệu lực đến ngày 31/12/2011 Nguồn: Tổng cục Thống kê

Some key findings

- Limited inclusive information on opportunities and challenges of tentative projects before decision making;
- Lack of awareness and understanding on international laws and international dispute resolution mechanisms;
- Improperly evaluation of social and environmental risks arising from foreign investment;
- Poor connection, information sharing and investment supports

Ideas for guidelines development



The guidelines aim to:

- Reduce the risks to investment
- Protect the image and prestige of Vietnamese investors;
- Harmonize the relationship between investors and other stakeholders, especially local communities

Guideline Development Team

- Enterprises
- Business Associations
- Research Team

Pioneers Group

Vietnam Rubber Association (VRA)
- Ms Trần Thị Thúy Hoa – Head of Advisory Committee for Rubber Industry Development

Tín Nghĩa Corporation
- Mr. Huỳnh Tấn Dũng – General Director in Laos

Hoang Anh Gia Lai Group (HAGL)
- Mr. Nguyễn Xuân Thắng – General Director of HAGL Agricultural JSC

Vietnam – Laos – Cambodia Association for Economic Development (VILACAED)
- Mr Vũ Đình Tích – Head of Information Department

385 Economic Cooperation Ltd.
- Mr. Nguyễn Văn Tuy – Head of Planning and Business

Southern Laos Friendship Ltd.,
- Mr. Trương Mạnh Tùng - Head of Planning and Business

Vietnam Rubber Group (VRG)
- Mr. Phạm Văn Thành – Head of Planning and Investment Department, Member of Board of Directors

GEMADEPT JSC
- Mr. Vũ Ninh – Member of Management Board

Understanding the Corporate social responsibility (CSR)

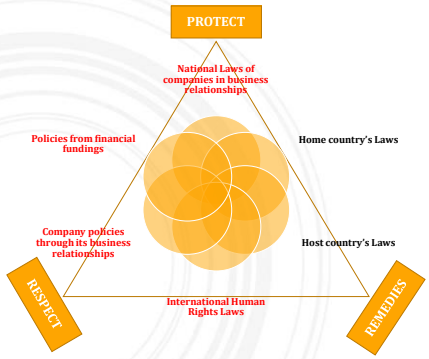
Voluntary contributions to community development, charity and other social and environmental efforts.

Understand and address business impact on society, to avoid adverse impact and maximize the benefits.

This is the definition of CSR used by the European Union.

Principles-based approach

Based on *UN Guiding Principles on Business and Human Rights*



Outline of Guidelines

Opening
- Acknowledgements
- Pioneers Group Introduction
- Guideline introduction: Objectives, Scopes, Usage
- Principles-based Approach

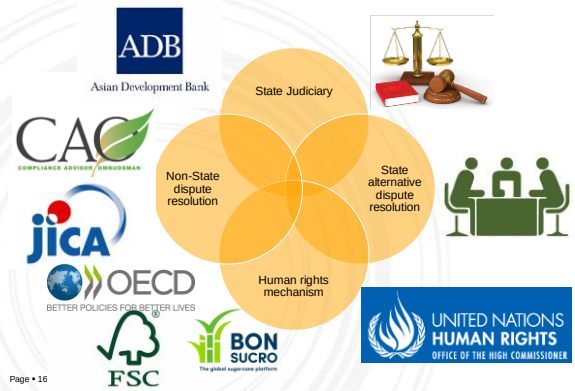
Content
- Recommendations for each stage of the investment process
- 20 Examples

Annexes: Useful information
- Some Conflicts Resolutions Mechanism
- Laws on related investment (Vietnam, Laos and Cambodia Laws, international human rights treaties,)
- International safeguards policies, Guidelines for reference
- Useful contacts

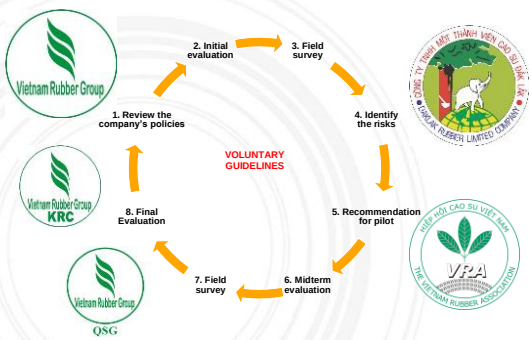
Guideline Framework

	Investment steps		
Land	Preparation	Implementation	Closing
Labor	Risk Identification		
Environment	Recommendations		
Culture/ Indigenous Peoples	How-to-do		
	References and Examples		

Risks and dispute resolution mechanisms



Pioneers in piloting Voluntary Guidelines in 2017-2018



"HELP YOURSELF BY HELPING OTHERS"

*_Ho Chi Minh President_*

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Thank you for your attention!