



global witness

# Regional corporate accountability: a rubber case study

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# “Rubber Barons” – the background

- Rationale behind selection of Vietnam Rubber Group and Hoang Anh Gia Lai as case studies:
  - HAGL : 54,000 ha in Cambodia and Laos
  - VRG : 161,000 ha in Cambodia and Laos
- Research findings:
  - Social impacts – land rights ignored, food insecurity, burial and spirit forests destroyed
  - Environmental impacts – forest loss and pollution
  - Non-compliance with national legal framework
  - International safeguards apply (financial investment and FSC certification)



# Changes recommended to companies

- a) Disclose the basic information about plantation holdings
- b) Resolve disputes with communities and bring operations in line with law



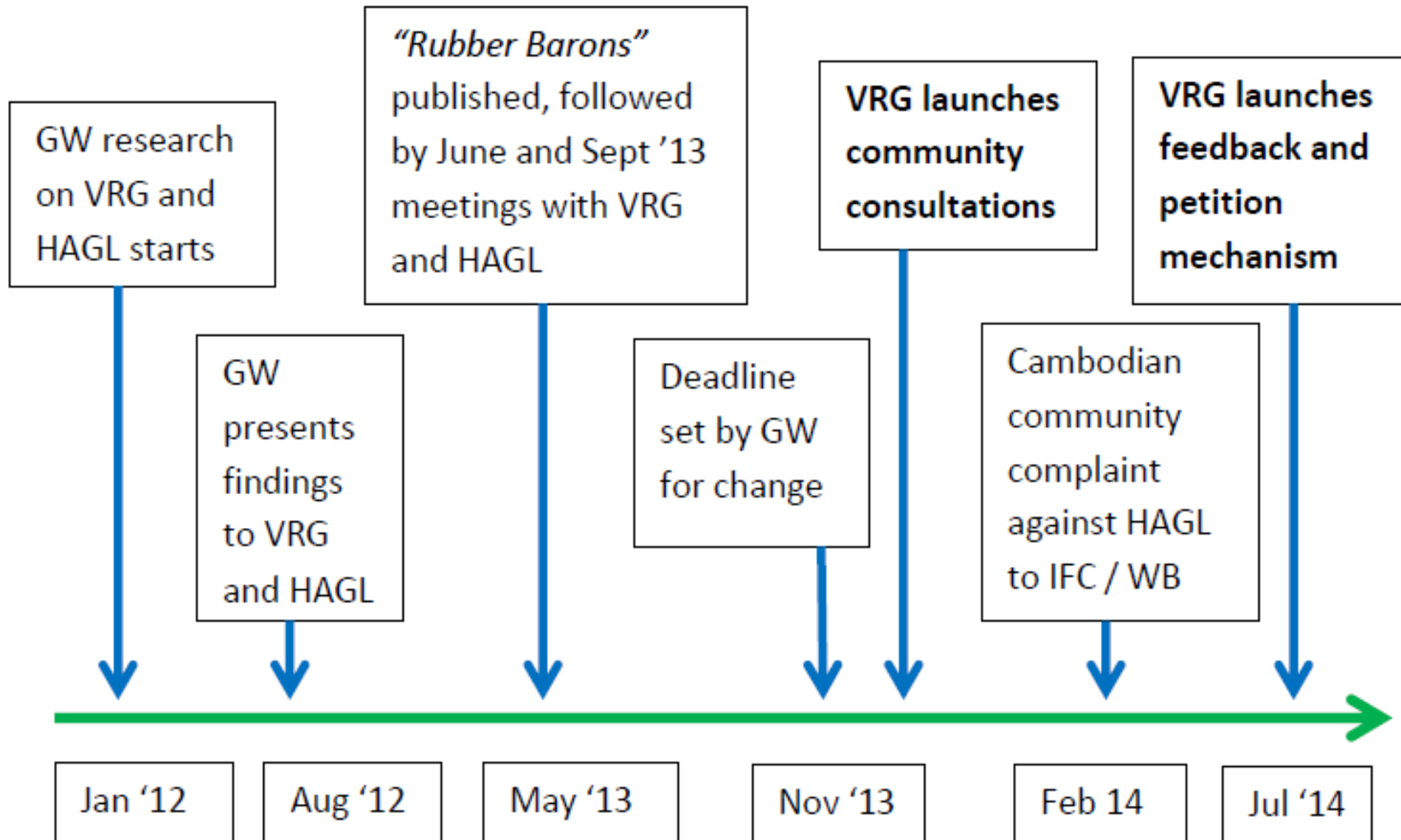
- c) Implement systemic changes across operations (to avoid such problems in future)

# Summary of results so far

- Hoang Anh Gia Lai
  - High profile public commitments (moratorium on forest clearance) but by Nov 2013 no substantial implementation on the ground
  - CAO (IFC ombudsman) currently mediating dispute resolution between HAGL and affected communities in Cambodia
- Vietnam Rubber Group
  - Taken significant steps ...



# Timeline of events so far ...



# Vietnam Rubber Group

## 1. Community Consultation Process (Decision 1001/CSVN.BCDCPC)

Aim:

- Raise awareness of purpose, importance and need for community consultation amongst VRG members
- Clear instruction on how to consult and meet with affected communities, develop mitigation plan and reduce negative impacts from plantations

Participants: affected communities, organisations, government

Standardised methodology and process

7 out of 24 plantations covered so far, 5 more in 2014, rest by end 2015

## 2. Feedback, petition & information mechanism (Decision 314/QD-HDTVCSVN)

- Launched and operational 16<sup>th</sup> July 2014
- Improve communication between company and local community – national and plantation offices
  - Includes disclosure of all plantation holdings
- Robust tracking and response process
- Ongoing monitoring and adaptation through GW and local CSOs

# But ...

- Will such measures be fully implemented, to protect rights and needs of local communities?
- Illegal logging and disputes over farm land proves ongoing challenge
  - Clearance “resin” trees (protected and local income sources) and timber laundered through concession
  - FSC suspended certification (policy of association) and auditors recommend a complaint be filed
- Will local CSOs have the time and resources to actively monitor implementation?



# Key Lessons

- Unexpected international connections
  - Financial investment / commodity chains / certification of compliance with international standards
- Role of the State?
  - Companies need to take responsibility for ensuring legality of permits, licenses and other procedural requirements
- Different levels responsiveness between state-owned-enterprises and private companies
- Confusion between CSR, benefit sharing and legal obligations to those negatively impacted

