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 ...

GW research on VRG and HAGL starts

“Rubber Barons” published, followed by June and Sept ’13 meetings with VRG and HAGL

VRG launches community consultations

VRG launches feedback and petition mechanism

GW presents findings to VRG and HAGL

Deadline set by GW for change

Cambodian community complaint against HAGL to IFC / WB

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 16th 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 prove 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