

**Searching for common ground: insights from a multi-stakeholder approach  
towards responsible agricultural investment in Lao PDR**

**Justine Sylvester and Phouvong Phaophongsavath**

Village Focus International, Lao PDR

Ministry of Planning and Investment, Investment Promotion Department, Lao PDR

**Paper prepared for presentation at the  
“2017 WORLD BANK CONFERENCE ON LAND AND POVERTY”  
The World Bank - Washington DC, March 20-24, 2017**

*Copyright 2017 by author(s). All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.*

**Abstract:** Following a decade of rapid economic growth fuelled by foreign direct investment, Lao PDR (Laos) is transitioning from a policy of “turning land into capital” towards promoting “quality investment”. Underpinning this shift is a growing interest in Corporate Social Responsibility (CSR) and Responsible Agricultural Investment (RAI) across public and private sectors. However, understanding and implementation / enforcement of these concepts is limited. At the same time, cross-sector collaboration towards responsible investment remains rare. This paper examines a multi-stakeholder initiative, the RAI Working Group, which represents new territory for cross-sector collaboration and dialogue towards RAI in Laos. Key insights from the multi-stakeholder process reveal that: government plays an important role in setting standards for quality investment; investors need to go beyond compliance with domestic laws to reach international standards; community consultations prior and during investment are essential; and deeper understanding of *how* to implement socially and environmentally responsible business practices is required by all actors involved. The working group process showed an effective way of identifying ‘common ground’ to work towards deriving mutual benefits from RAI for national growth and sustainable development, profitability, and – most importantly – for communities affected by investments.

**Key Words:** land concessions; Laos; multi-stakeholder processes; quality investment; responsible agricultural investment.

## Table of Contents

<b>Introduction.....</b>	<b>4</b>
<b>Context.....</b>	<b>6</b>
Global and Regional Context: From Land Grabbing to Responsible Investment .....	6
Laos: Turning Land into Capital .....	8
Quality Investment in Laos: CSR, RAI, RBC .....	13
<b>A Multi-Stakeholder Approach to Responsible Agricultural Investment.....</b>	<b>16</b>
Civil Society and Private Sector Collaboration.....	17
Risks and Rewards.....	19
RAI Working Group in Laos.....	23
<b>Experience of Agribusiness Investment in Laos.....</b>	<b>25</b>
Voices from Communities, Government, Investors and CSOs.....	26
Synthesis of Key Lessons Learned.....	28
<b>New Initiatives Towards RAI in Laos.....</b>	<b>30</b>
<b>Conclusion.....</b>	<b>32</b>
<b>References .....</b>	<b>34</b>

## Introduction

For the past decade, the government of Lao PDR (hereafter Laos) has pursued a policy of “turning land into capital”, resulting in millions of hectares being granted to investors for mining, infrastructure, hydroelectric dams, and agroforestry investment projects. Commercial-scale agriculture and plantations make up 41 percent of the total investment area (Schönweger et al., 2012 cited in Hett 2015). Concepts of Corporate Social Responsibility (CSR) and Responsible Agricultural Investment (RAI) are emerging in Laos, but have been unable to keep pace with the proliferation of land-based investment. Understanding of CSR and RAI remains nascent across all sectors, while implementation / enforcement of responsible business practices is irregular. At the same time, meaningful cross-sector collaboration to address impacts resulting from land investments is a rarity in Laos – it is generally unusual for government, private sector, community representatives and local civil society organisations to be found sitting at the same table.

In response to these issues, a multi-stakeholder group of civil society organisations (CSOs), government agencies, and private sector entities established the Responsible Agricultural Investment Working Group (RAI Working Group) in 2015. The group was established in part as an effort by civil society to engage with the private sector investors driving land use change, and with the government agencies responsible for regulating investments. The group sought to identify “common ground” amongst its diverse members, and to work together on challenges related to commercial-scale agroforestry investment. This paper describes the multi-stakeholder approach applied by the RAI Working Group, and shares first insights from the process – the positive, negative and surprising – as perceived by two of the group’s members<sup>1</sup>.

This paper summarises the key lessons and results emerging from the group, including: (1) creation of new space for cross-sector dialogue and collaboration, (2) a shared understanding of how to implement RAI from different perspectives and sectors, (3) an awareness of the benefits and challenges of a multi-stakeholder approach for working towards responsible investment, and (4) co-produced case studies based on the group’s field visits to two agribusinesses in southern Laos. The

---

<sup>1</sup> One author is from a local civil society organisation, Village Focus International, and the other is from the Ministry of Planning and Investment. Both are focal points of the working group.

group also proved to be a catalyst for further public-private cooperation – during the process, a local CSO and a multinational agroforestry company embarked on a joint collaboration for improving community engagement and working towards meeting international Free, Prior and Informed Consent (FPIC) standards.

The RAI Working Group represents new territory in Laos for CSOs, private sector and government to cooperate; it is one of the first groups in the country established for this kind of cross-sector dialogue and collaboration. Presenting the group as a veritable ‘testing ground’, this paper examines both the rewards and risks on all sides for working across sectors. While it is hoped that others in the Mekong region and further afield can replicate aspects of this process, this paper consciously maintains a focus on presenting evidence, lessons learned and results from Laos.

RAI is a relatively new term in Laos, arising from the intersection of growing private sector interest in corporate social responsibility (CSR), civil society concerns about the impacts of large-scale agribusiness, and a government that is attempting to regulate the proliferation of foreign direct investment (FDI) while leaving options open for commercial agricultural investment. Members of the RAI Working Group itself revealed a spectrum of different understandings of RAI. However, a key lesson is that a shared understanding of the multi-facets of RAI is required as the basis for public-private collaboration. Similarly, the group learned that land governance can only be improved through the efforts of all actors involved, and that all actors (CSOs, central and local government, investors, communities) require a deeper understanding of *how* to implement responsible investment practices.

This paper begins with an introduction to the investment context across the region and in Laos, outlining the shift from “turning land into capital” towards promoting responsible investment. This is followed by an explanation of the origins and objectives of the RAI Working Group. We then turn to an analysis of the key lessons, observations and insights generated by the process, especially those from the field visits of the group to document agroforestry investment practices in southern Laos. Finally, we summarise the ongoing initiatives working towards RAI in Laos.

## Context

### **Global and Regional Context: From Land Grabbing to Responsible Investment**

As noted by Portilla (2015), communities affected by land concessions have been alternatively cast as either ‘victims’ or ‘beneficiaries’ in opposing narratives of ‘land grabbing’ versus ‘land investments’ (5). The term land grabbing rose to prominence in recent times, denoting the deluge of foreign investors who have obtained large-scale land concessions, predominately in the global South. Land grabs, as distinct from land investments, are characterised by a general lack of transparency, possible violations of human rights, social conflicts, environmental degradation and land loss for local communities. More recently, however, international institutions and governments have moved away from the terminology of land grabbing towards a more measured discourse of ‘responsible agricultural investment’, ‘green growth’, and ‘quality investment’. At the same time, the global rush for land appears to have peaked and is now slowing, as companies gain greater awareness about the reputational risks associated with contestation over land grabbing (Cotula, 2016).

Signalling this shift, a number of soft-law international instruments have begun providing global guidance on land governance and agricultural investment. A prominent example is the Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (PRAI), released in 2010 by the FAO, UNCTAD, IFAD and the World Bank. An accompanying discussion note of the PRAI observes that private investment in the agricultural sector offers significant potential benefits for countries with “reasonably functioning markets”, yet also acknowledges that “where rights are not well defined, governance is weak, or those affected lack voice, there is evidence that investment can carry considerable risks of different types” (FAO et al, 2013:1). The PRAI details a host of potential risks for private agricultural investment, including displacement of local populations, increased corruption, food insecurity, environmental damage, and undermining or negating of rights. In developing countries where commercial-scale agricultural is burgeoning, the challenge for governments is to take a balanced approach towards regulating private investment and creating a business environment that encourages sustainable development and equitable economic opportunities.

Globally, there is a trend within industries to formulate their own standards or internal codes for more socially and environmental responsible business practices. The extractives industry has led the way, with initiatives such as Extractive Industry Transparency Initiative (EITI), the Equator Principles, and the Santiago Principles. The agroforestry sector is gradually developing industry standards of its own, taking its cue from international guidance such as the Food and Agriculture Organization of the United Nations (FAO) Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests<sup>2</sup> (VGGTs) (2012), as well as the Interlaken Group's accompanying Guidance Tools, the PRAI, the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (2014), and OECD-FAO Guidance on Responsible Agricultural Supply Chains (2016). Within the international framework, agribusinesses can also refer to the Sustainable Development Goals relating to business (SDGs 8,9 and 12), the United Nations (UN) Guiding Principles on Business and Human Rights – endorsed by the UN Human Rights Council in 2011, along with establishment of the UN Working Group on Business and Human Rights – the ten Principles of the UN Global Compact, ISO 26000 Guidance on Social Responsibility (2010) and OECD Guidelines for Multi-Nationals (2011).

Locally, Southeast Asian civil society organisations and human rights institutions have pushed for better agricultural supply chain governance, as evidenced by events such as the annual Southeast Asian Conference on Human Rights and Agribusiness, most recently held in Malaysia in November 2016. At the same time, several international non-government organisations (iNGOs) have produced guidance for civil society groups, advocates and communities to claim their rights to sustainable development and inclusive decision-making for investment. These include the International Institute for Environment and Development (IIED) handbook on agriculture and extractives industries (2016), the Rights and Resources Initiative (RRI) guidance tools produced with the Interlaken Group, and the Inclusive Development International (IDI) Following the Money advocate's guide to securing accountability in agricultural investments (2015). Other global iNGOs have launched

---

<sup>2</sup> The VGGTs were developed by the Commission on Food Security under the FAO and adopted by 194 countries in May 2012. Since then their implementation has been encouraged by G20, Rio+20, and the United Nations General Assembly.

campaigns lobbying transnational companies to improve their practices, for example Oxfam's 'Behind the Brands' campaign. In Laos, several iNGOs have integrated private sector<sup>3</sup> engagement initiatives into their programming, supported by development partners and donor countries. Limitations still exist across sectors, in terms of technical and financial capacity, but there is a shift within the Lao government towards promoting and implementing responsible agribusiness practices for creating "shared value" – that is, creating economic value in a way that also creates value for society by addressing its needs and challenges (Porter and Kramer, 2011).

### **Laos: Turning Land into Capital**

Following the victory of the Communist Party and subsequent proclamation of the Lao People's Democratic Republic in 1975, the government adhered to communist ideals, including a centrally-planned economy. In the late 1980s, the government, recognising the need for a gradual 'opening up' to foreign investment and international assistance, began its move to a market-based economy under the New Economic Mechanism. Joining ASEAN in 1997 was a strategic decision made by the government to capture the benefits of regional trade and labour migration. Bordered on all sides by powerful regional neighbours – China, Thailand, Myanmar, Vietnam, Cambodia – Laos is now aiming to position itself as a 'land-linked' country rather than landlocked.

In 2006, the government launched its "turning land into capital" policy in order to attract more foreign private investment (Dwyer, 2007). Over the next decade, Laos increasingly opened the door to an influx of foreign direct investment, especially in sectors that impact land and natural resources. The revised 2009 Investment Promotion Law (recently revised again in 2016), provided incentives for foreign investment, including reduced taxes and duties (Hett et al., 2015). Since the introduction of "turning land into capital", land-based investment (agribusiness, hydropower, mining, infrastructure) has increased rapidly as foreign investors – primarily regional neighbours China, Thailand, and Vietnam – seek to fuel their

---

<sup>3</sup> Note that private sector refers to a range of enterprises: microenterprises, Small-Medium Enterprises (SMEs), Multinational Corporations (MNCs), State Owned Enterprises (SOEs), public-private joint ventures, and all companies in between.

growing economies and meet their energy needs. In fact, trans-border investment from these three neighbouring countries represents a large proportion of total FDI in Laos (see table below).

**Table 1. Top ten FDI countries in Lao PDR, 1988-2015**

No.	Country of Origin	No. of Projects	Value (USD millions)
1	China	830	5,396
2	Thailand	746	4,455
3	Vietnam	421	3,393
4	South Korea	291	751
5	France	224	490
6	Japan	101	437
7	Netherlands	16	434
8	Malaysia	101	382
9	Norway	6	346
10	United Kingdom	52	197

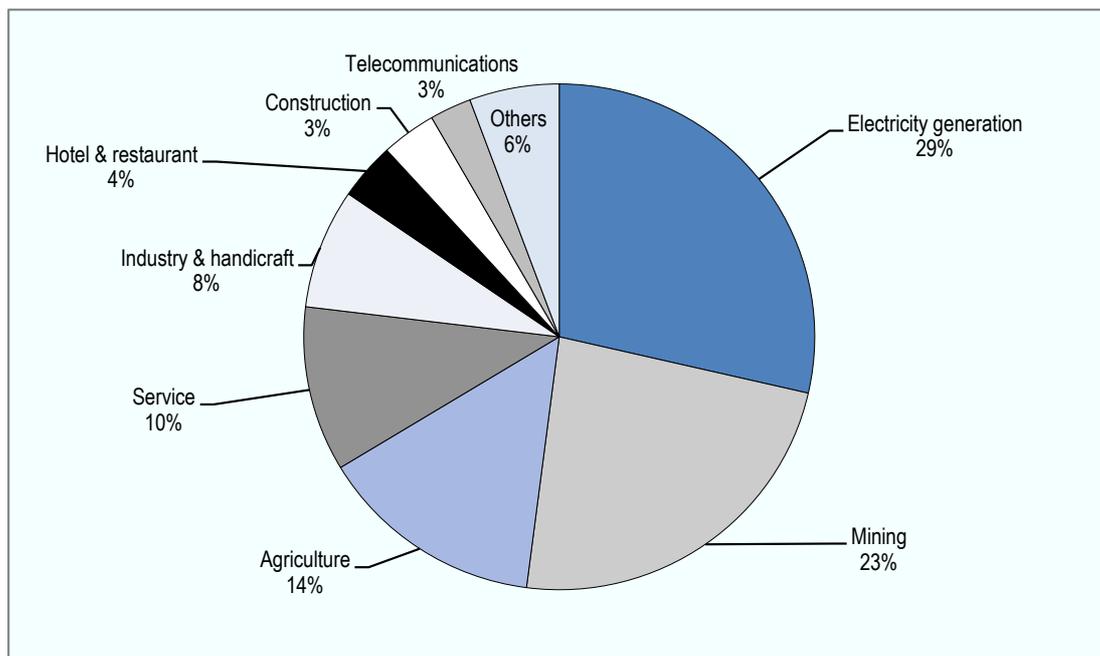
*Source:* Ministry of Planning and Investment data, 2015.

Over the past several years, Laos has become truly integrated into regional and global trade, acceding to the World Trade Organisation (WTO) in 2013 and joining the ASEAN Economic Community (AEC) in 2016. The annual growth rate of Laos has hovered around 7 percent for the past 10 years (UN Data, 2016), largely as a result of extractives, agriculture and forestry sectors.

By 2014, agricultural and forestry products made up almost 9 percent of Laos' total exports (EIU, 2015, cited in OECD, 2016), just behind mining products and electricity from hydropower, while agricultural foreign investments made up 14 percent of total approved foreign direct investment (FDI) (see figure 1 below). According to the Ministry of Agriculture and Forestry (MAF), in 2015 the agriculture and forestry sector in Laos grew by 3 percent, and accounted for 23.3 percent of Gross Domestic Product (GDP) (MAF 2017, cited in Vientiane Times, 2017). Commercial-scale agriculture throughout the Mekong region and in Laos has seen the proliferation of 'boom crops' – rubber, sugar, maize, cassava, bananas and coffee.

Some of the crops in question are “flex crops”, in the sense that they can be used for either food or industrial products, depending on markets and commodity chains (Borras et al., 2014 cited in Hirsch and Scurrah, 2015). Prices of these crops rise and fall according to global market price fluctuations, making farmers highly vulnerable to price crashes. This volatility was brought into sharp focus by the 2012 drop in rubber prices, sending the sector into disarray and constraining the ability of both farmers and companies to profit (Kenney-Lazar, 2016c). In many cases, local policies and conditions promulgated by district and provincial authorities intending to support agricultural production and reduce poverty had encouraged farmers to cultivate commercial crops (Vongvisouk et al., 2016; Dwyer, 2016), despite the risk of crops going from boom to bust.

Figure 1. Approved FDI projects in Lao PDR by sector, 1989-2015



Source: OECD calculations based on Investment Promotion Department data, 2016.

Along with the economic growth and opportunities arising from land-based investment, a significant number of rural communities have been negatively impacted by investment projects. With around 75-80 percent of the country’s 6.9 million people living in rural areas, most communities rely on land and natural resources for their livelihoods, including food, fuel, building materials, and medicine. However, an

increasing number of FDI projects threaten the land tenure security<sup>4</sup> of rural communities' and as communities lose their access to their traditional land, they lose their livelihoods and food insecurity increases (Kenney-Lazar, 2016a).

The Lao government applies a double-pronged approach to regulating land-based investment, adopting a measured rhetoric of promoting 'quality investment', while simultaneously issuing decrees to ban certain crops or place moratoriums on concessions. A moratorium was declared in 2009, and again a moratorium in 2012 (Prime Ministerial Order 013) suspended new concessions for mining exploration, eucalyptus and rubber plantations until the end of 2015. In November 2016, in response to growing concerns regarding environmental and health hazards of chemicals used to grow bananas, the government prohibited the establishment of large-scale banana plantations. According to the Ministry of Planning and Investment (MPI) in Laos, there are expected to be further government instructions and notices on banana plantations and other business activities aiming to address the negative impacts to local people and environment. At the same time, the government has promoted contract farming as an alternative to large-scale land concessions. In this model, communities / landowners enter into contracts directly with companies or investors. These arrangements are commonly referred to as '2 plus 3', with communities providing land and labour, and companies providing capital, technique/ technology and market access, or '1 plus 4', with communities providing land only. While the Lao government has promoted the '2 plus 3' model of contract farming, there have been reports of cases where the profits actually received by communities have fallen far below the proportion agreed with investors (Higashi, 2015). Research suggests that there is a trend towards companies preferring the '1 plus 4' model, in which production can be controlled more tightly, the labour force can be selected by the company, and wages can be held at relatively low levels, leading in some cases to larger profits (Shi, 2008 cited in Higashi, 2015). This model, however, significantly changes not only the environmental but also the social landscape since people are no longer using their land themselves.

---

<sup>4</sup> Land tenure security is defined as when peoples' access to and use of land and related resources is protected against the actions of others by systems of rights and governing institutions (FAO 2012 cited in Kenney-Lazar 2016a).

## **Land Tenure Arrangements**

The proliferation of land-based investment is underpinned by the Lao legal and regulatory framework for administering and managing land. Under the National Constitution, all land nominally belongs to and is managed by the “national community” (i.e.- the state) on behalf of its people. The management, protection, and use of land are governed by a series of laws, regulations, and policies<sup>5</sup>, with responsibility for aspects of land governance shared amongst several key agencies, including MAF, MPI, Ministry of Natural Resources and Environment, Ministry of Energy and Mining, Ministry of Justice, and Ministry of Finance. Customary land tenure systems are commonly used by rural communities in Laos, based upon mainly village-level agreement of land and resource use. As noted by Kenney-Lazar (2016a), while such systems are appropriate for local land governance, they are “not often understood or recognized by outside actors, such as government officials and policymakers, as representative of legitimate land rights” (4). Formal land titles and temporarily land use certificates (TLUCs) provide a degree of land tenure security for farmers, but as of 2014 only 800,000 individual (household-based) titles had been issued and titling has so far been limited to urban areas. Furthermore, even possession of these documents does not always guarantee protection against land expropriation (Kenney-Lazar, 2016a). Despite vast amounts of rural land being communally used and managed, only two small pilot areas of communal land have been titled in Sangthong and Nakai districts as part of development projects. This means that a large proportion of land is not yet formally registered. In the absence of land titles, land tax certificates can be used as valid documentation, which does offer a way to formalise ‘customary land’, as these certificates are recognised in adjudication processes. However, records of land registries remain fragmented and incomplete, and the absence of an integrated system creates confusion at all levels, including for potential investors. Incomplete registration and titling further hinders identification of available land parcels for investment. In practice, most investors (particularly Small-Medium Enterprises) find it more practical to forge direct leasing agreements with private owners.

---

<sup>5</sup> Note that the National Land Law and National Land Policy are both currently under revision.

While a legal framework promoting responsible business has been partially constructed, *implementation* of the laws remains a challenge. Government line agencies lack human, technical and financial resources at district and provincial levels, leading to limited enforcement of investment regulations. There is, as a result, “a significant gap between the de jure and de facto regime for investment” (OECD, 2016: 8). The legal and regulatory framework also provides limited transparency and creates a sense of unpredictability for investors with regards to land allocation, market access and procedures. To address these shortcomings, a government initiative, led by MPI, is now underway to ensure policies and laws relating to investment are implemented more fully, with an emphasis on streamlining responsible investment into the overall framework.

### **Quality Investment in Laos**

Due to the evolving nature of responsible investment discourse in Laos, discussions on land-based investment with Lao government officials are peppered with a variety of terminology. Responsible business conduct (RBC) is a term recently introduced by the Organization for Economic Co-operation and Development (OECD) during the Investment Policy Review in 2016, but discursive norms in Laos tend towards Corporate Social Responsibility (CSR). This term is widely used to describe principles and standards for businesses to avoid and address negative impacts of their operations, while also integrating social and environmental concerns in their business operations and interactions with their stakeholders (UNIDO, 2014). While CSR is generally an initiative taken by private sector, RAI is predicated on a mix of private sector initiative (codes of conduct, VGGTs, etc.), business-enabling state activity (legal reforms, land administration, clear jurisdictions and processes, etc.) and civil society engagement (for example, via independent oversight, mediation, etc.) (Dwyer, 2011a). The underlying message of RAI is that solutions can be found to create mutual benefit, and to reach that ‘triple bottom line’: people, planet and profit.

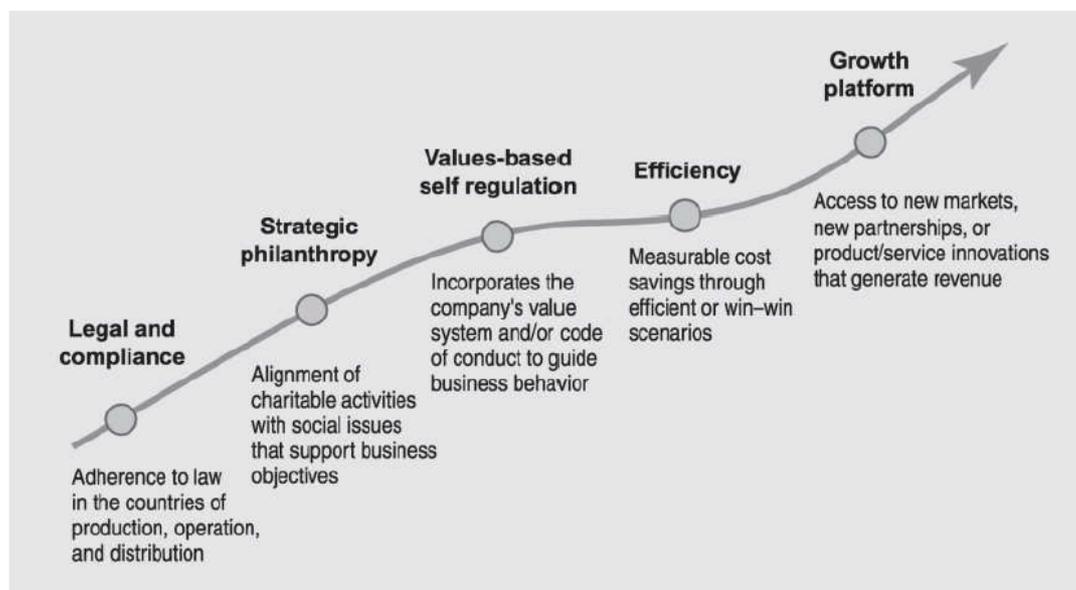
The expectations underpinning these terms are becoming widespread and increasingly formalised in international agreements, domestic laws and company policies.

Although RBC is a term sometimes used interchangeably with CSR, it is understood to be more comprehensive and integral to business operations than CSR, which in the Mekong region is traditionally associated with corporate philanthropy (OECD, 2016).

On the other hand, RAI implies a more narrow sectoral focus than RBC or CSR, encompassing agroforestry enterprises but not other large-scale investments such as hydroelectric dams, infrastructure projects, or mining. For the purposes of this paper, the term RAI will be employed to delineate agroforestry investors that integrate practices that address environmental and social concerns into their core business activities. We use the terms RAI and CSR to capture both domestic legal requirements related to socially and environmentally responsible agribusiness practices, as well as international standards governing agricultural value chains.

The business case for CSR also has multiple dimensions: legal, ethical, economic, philanthropic (see figure 2 below). In Laos, most companies have so far focused on the legal compliance aspect, with philanthropic CSR the most widely interpreted form beyond legal compliance. Observers have noted that this interpretation aligns well with Buddhist ideals, donations and gift-giving culture in the region (Embassy of the Netherlands in Thailand, 2016).

Figure 2. The CSR value curve



Source: Embassy of the Netherlands in Thailand / European Chamber of Commerce and Industry in Laos, 2015.

Other terminology used by MPI is ‘quality investment’, referring to investment that generate benefits to business, to the local community and government without creating any negative impact to social and environment (MPI, 2016). In collaboration

with GIZ, the Investment Promotion Department (IPD) within MPI is undertaking a ‘quality investment promotion’ initiative, aiming to strengthen monitoring of private investments at provincial and district levels (see further details in ‘New Initiatives Towards RAI’ section below). ‘Green growth’ is another term used to denote quality investment in Laos, used interchangeably with ‘environmentally friendly economic growth’. The government has taken steps towards creating an enabling policy framework for encouraging ‘green’ investment. The government approved a National Strategy on Climate Change in 2010 focusing on the domestic priorities, such as agriculture and food security, energy, forestry and water. Climate change issues have also been integrated in the Eighth National Socio-Economic Development Plan (2016-2020).

Several studies have focused on impacts from large-scale land investment in Laos (Barney, 2007; Dwyer, 2007; Baird, 2011; Dwyer, 2011b; Schönweger et al., 2012; GIZ, 2015; Hett et al., 2015; Portilla, 2015; Kenney-Lazar, 2016b, and others), yet there remains limited data and information on companies who are implementing responsible agricultural investment. The first comprehensive database of concession and lease projects was developed from 2007 – 2010 by the government of Laos, Centre for Development and Environment (CDE) of the University of Bern, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (Schönweger et al., 2012). The results of this research revealed that the extent of foreign direct investment was significant – over 1.1 million hectares of land in Lao PDR had been granted across 2,642 leases and concessions. Foreign investors (largely Chinese, Vietnamese and Thai) were granted 72 percent of the total area inventoried. In 2014, the original inventory began to be updated as part of an ongoing ‘quality assessment’ initiative by CDE in collaboration with the government of Laos and UNCTAD. Initial insights from the first two provinces assessed (Luang Prabang and Xiengkhouang) illuminate the dynamic nature of investment in Laos, with the number of concessions nearly doubling since 2010, yet many investments had ceased operations after only a few years (Hett et al., 2015).

Research further shows that although understanding of the concepts CSR and RAI in Laos remains embryonic, interest has grown in recent years. However, many investors report that the business restrictions on taxation, labour and administration are counter-

productive to creating an enabling environment for incentivising responsible business practices (GIZ, 2015). Further, there is a divide between large businesses, predominately multinational companies, with CSR principles already embedded in their operations, and the majority of small businesses with little awareness or resources for implementing CSR. Government agencies in Laos also have limited awareness or understanding of CSR and RAI implementation/ enforcement.

The result is that most companies prioritise adherence to mandatory requirements under Lao laws, while viewing international CSR standards as a “non-mandatory concept” (GIZ, 2015: 3). Still, interest in CSR continues to grow throughout the region, as countries begin to see CSR as both a means of addressing socio-environmental issues through development, and as a competitive tool to promote economic growth and attract foreign investors. Laos’ integration into the ASEAN Economic Community in 2016 also stimulated interest from Lao-based companies to adopt CSR and was a driver behind policy and legislation reforms.

Working with multiple stakeholder groups to develop an understanding of the benefits of socially and environmentally responsible business practices is crucial to support implementation of CSR and RAI principles that can positively impact upon communities who depend on land for their livelihoods. This paper will now turn to an explanation of the multi-stakeholder process, objectives, key collaborations and lessons learned by the RAI Working Group.

### **A Multi-Stakeholder Approach to Responsible Agricultural Investment**

The RAI Working Group was established in 2015 with the aim of fostering greater engagement and collaboration across sectors to strengthen and promote standards of socially and environmentally responsible investment, and facilitate positive engagement amongst government, agribusiness investors, civil society and communities. The group sought to identify companies that were implementing RAI and / or CSR. By collecting and disseminating examples of responsible investment practices in Laos, the group aimed to encourage a broader range of investors to integrate social and environmental concerns into their business operations within the Lao context.

## **Civil Society and Private Sector Collaboration**

In Laos, civil society and the private sector tend to work in isolation from each other and are often critical of one another without engaging in meaningful discussion. Each sector tends to view the other as an adversary, or with an agenda so different from one's own that dialogue or collaboration would be meaningless. In fact, the concept of collaboration between the two sectors is new in many areas of the world. There are some positive signs that this is changing, for example the establishment of the Interlaken Group, with organisers promoting a “race to the top” for companies (Interlaken Group, 2013). In Laos, several CSOs have begun integrating ‘private sector engagement’ into their programming, but as yet there is not a shared understanding of what is meant by ‘engagement’, and public-private partnerships are rare.

It is particularly difficult for CSOs to work with the private sector in the context of Laos, where land issues are highly politicized and enforcement of existing regulations is weak, allowing many companies to ‘get away with’ less-than-responsible practices. Precedents for public-private collaboration exists within the extractives industry – for example CGIAR-funded initiatives collaborating on action research with hydropower developers, and several international CSOs working with large internationally-backed hydropower dams in monitoring or advisory roles. Within the commercial agroforestry sector, however, there are only a handful of investors who have the drive or resources required to work with CSOs. Further, CSOs working in Laos must obtain a Memorandum of Understanding (MOU) and approvals from relevant government counterparts before undertaking any activities. These requirements can be time consuming, and sometimes preclude civil society cooperation with companies who have time-bound profit imperatives.

As a first step, the RAI Working Group sought to understand the barriers and opportunities for expanding and deepening cross-sector collaboration, particularly between local CSOs and agribusiness investors in Laos. Based on discussions and group exercises, below is a summary of factors hindering engagement between civil society and private sector in Laos:

- Private sector does not see the benefits of partnering with civil society, so are unwilling to allocate resources for working together;

- Small-Medium Enterprises (SMEs) operate in a rapidly changing business environment, and often do not have the resources, willingness or interest to work long-term with CSOs;
- Unspecified timing, and different concepts of timeliness and scheduling between CSOs and companies;
- Lack of precedents for CSO-private sector cooperation;
- Language barrier (many investors are Chinese or Vietnamese speaking);
- Lack of investor accountability to domestic laws;
- Lack of RAI or CSR guidance adapted for Lao context;
- Lack of knowledge on both sides of international good practices and standards;
- Difficult to access investors/project owners;
- Lack of reliable data on investment projects, and non-transparency;
- Lack of knowledge of each other's work and goals, leading to mutual distrust that does not induce cooperation.

At the same time as CSOs and the private sector are gradually recognising the need for working together to address common issues, donors and development partners in Laos are also recognising that civil society can play a role in promoting more responsible business practices, and assisting with monitoring or managing negative impacts arising from the fast growing private sector. A report on civil society in Laos commissioned by Swiss Agency for Development and Cooperation (SDC), for example, recommends that civil society “could explore its role in fostering a dialogue about gearing private investment towards socio-economic development for all” (Delnoyne, 2009: 36). In this way, CSOs can play a role in mitigating adverse effects of rapid commercialisation processes and furthering a dialogue on pro-poor and sustainable economic development.

There is progress in Laos towards ‘triangular dialogue’ through the establishment of several multi-stakeholder forums, though most still have representatives from just two out of the three sectors. Donors and development partners also have regular Roundtable meetings with the government of Laos, where land issues are sometimes discussed in the broader context of human rights, sustainable development and poverty reduction. Some private-sector only groups also exist in Laos – for example,

in 2013 the Hydropower Developers Working Group was set up through the World Bank's International Finance Corporation (IFC), and in 2016 the newly formed Tree Plantation and Tea Sector Working Groups met for the first time. There is a need for multi-stakeholder working groups that facilitate dialogue outside of the triangular CSO-investor-government arrangement, bringing in voices from local communities, as well as perspectives from academic and research institutions.

### **Risks and Rewards**

When multi-stakeholder groups come together for collaboration and sharing experiences, they invariably bring a host of different perspectives and opinions to the table. Multi-stakeholder group members face a host of potential risks, misunderstandings, and conflicting objectives. The challenge for such groups is thus finding ways to navigate the delicate path between compromise and cooperation. As we describe below, the RAI Working Group took a pragmatic approach to bringing sometimes opposing groups to the same table for dialogue and cooperation.

Undermining cross-sector collaboration is a commonly-held conception of large agribusiness investors and civil society as adversaries, not allies. This especially holds true for CSOs advocating for land rights of smallholder farmers. Of course, not all companies are going to be allies, and not all CSOs wish to engage with the private sector. The group recognised a spectrum of private sector actors, ranging from those with responsible business practices / CSR already embedded in their operations, to those who have neither the drive nor resources to work with civil society. Similarly, there emerged a spectrum of civil society organisations, with some local CSOs vilifying commercial agriculture and subsequently being highly critical of any organisations working with such investors. On the other hand, many CSOs have objectives of 'engaging with the private sector'; yet they lack the tools and experience to meaningfully engage with companies.

A series of risks were inherent in the RAI Working Group – some were expected and could thus be mitigated by confidentiality agreements and clear guidelines, however some became apparent during the process. Risks to CSOs included being viewed as a lackey or marketing tool for companies, or accused of helping agribusinesses with

their “greenwashing”<sup>6</sup>. Similarly, when co-producing the agribusiness case studies, CSOs faced the risk of jeopardising future collaboration with the companies if they did not agree with the final product, or faced criticism from other stakeholders if the final product was deemed not critical enough. A key challenge for CSOs working with companies is to keep affected communities’ interests and wellbeing central to all collaborations. There are risks to the companies engaging with civil society too – some concerns of the private sector are that CSOs may have a hidden agenda to expose companies’ practices. Some agribusiness investors cited a lack of clear objectives from CSOs wanting to “engage” with the private sector, without clearly defining the purpose or what the “engagement” would entail. Both sides need to share an understanding of the objectives of the partnership, keep channels of communication open, negotiate clear terms of engagement *from the beginning* and forge a mutual agreement for working together.

Seeking broadly to understand one another and bridge the conceptual gaps between sectors, the group undertook a series of exercises to identify common ground – that is, the shared goals and mutual benefits that could be derived from cross-sector collaboration towards RAI. Below is a summary of the common ground raised by members:

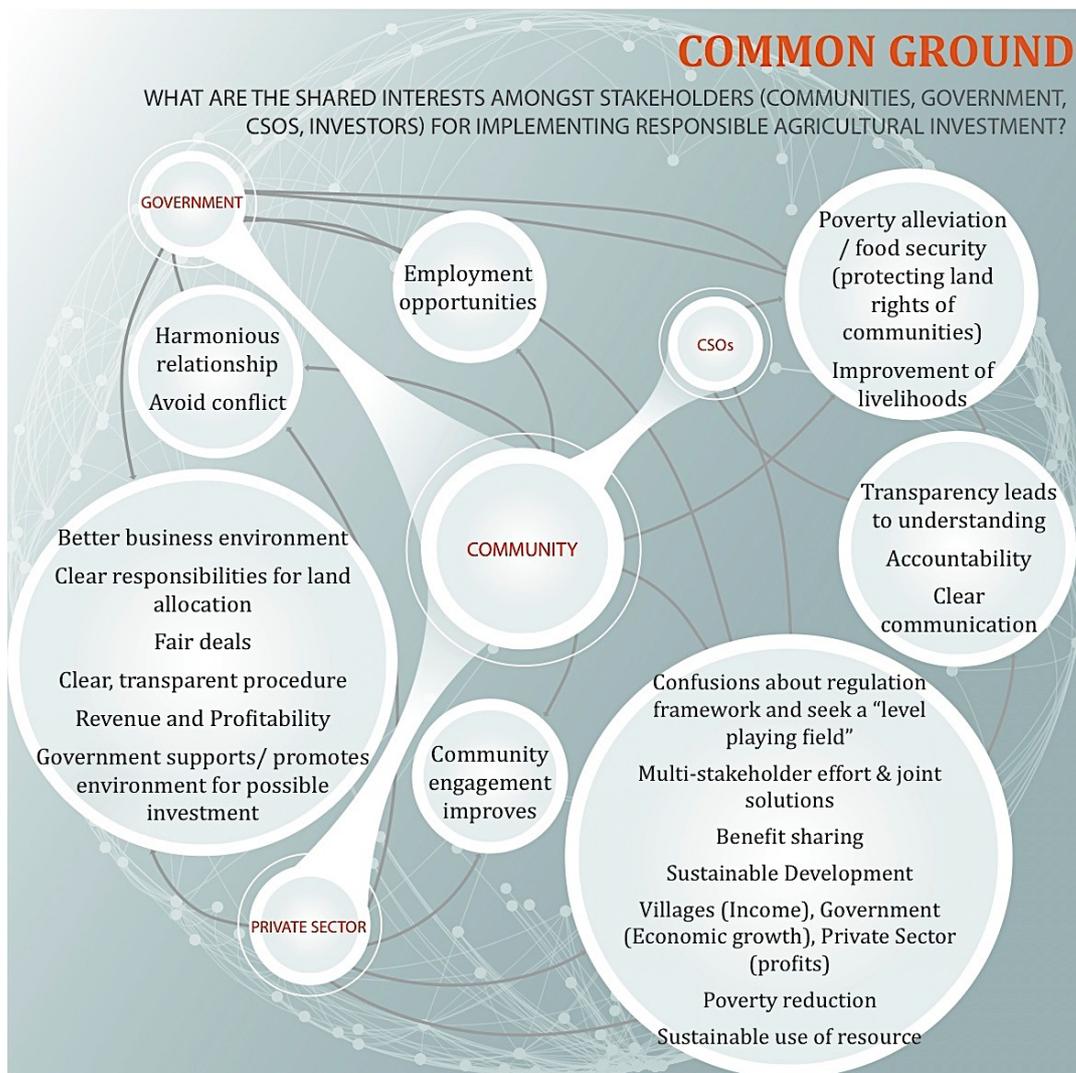
- If the company obtains a ‘social license to operate’ from the beginning of the project, social conflicts can be avoided, business risks can be mitigated, efficiency can be increased, and delays can be prevented;
- Responsibly implemented investment projects have potential to contribute to sustainable national development by helping to alleviate poverty, promoting sustainable use of natural resources, providing employment opportunities and job training, infrastructure and economic opportunities for communities;
- Clear and transparent processes for land allocation and governance are a common aim for government and companies, to create a fair and consistent operating environment that benefits all parties;

---

<sup>6</sup> A common definition of greenwashing is a company (or organisation) spending more time and money claiming to be ‘green’ through advertising and marketing than genuinely implementing environmentally responsible business practices. In extreme cases, companies may actually operate in ways contradicting their claims of being ‘green’.

- Responsible business practices can provide access to new markets for companies;
- Community consultation and engagement following FPIC principles can help maintain social harmony and build better relationships amongst all actors involved; and
- Responsible investment can bring economic benefits for companies (expanded market share and profits), government (economic growth), and communities (increased household income).

Figure 3. "Common Ground" identified by the RAI Working Group



Source: Village Focus International, 2016.

The common ground exercises (see figure 3 above) also found that all actors – government at all levels, CSOs, investors, communities – share confusion about the

regulatory framework, and seek consistent application of laws. All stakeholders agreed that quality investors can be attracted to Laos through fair, transparent procedures. In an effort to streamline and clarify procedures and regulations around agribusiness investment, the Investment Promotion Law is undergoing a revision, based on comments received from the Lao National Assembly in November 2016. Key points of the revision include greater promotion of clean, green and organic commercial agriculture through investment incentives. In the revised version, agribusiness investors' social and environmental obligations will also be more clearly defined. The new law emphasises the importance of implementing regulations consistently to create a "level playing field" for all investors.

While the RAI Working Group sought common ground and aimed to analyse responsible investment from all sides, however, the group's amalgam of different perspectives, objectives and expectations created tricky terrain to navigate. Key to maintaining the group's momentum were holding regular forums for working on common outputs, such as planning study visits, co-hosting a CSR seminar, and co-producing case studies. However, the group faced several main challenges, as detailed below:

- Divergent perspectives and different goals made for lively discussions and heated debates, where intra-group differences between CSOs or between line agencies became apparent;
- CSOs found it difficult to identify 'good practice' agribusiness investors to engage with – some larger companies are working towards responsible investment practices, while many, especially SMEs have neither the resources nor interest to engage with CSOs;
- The overall goals of the group were not clear to all parties from the outset – having a clear agreement, expectations, and a general roadmap is helpful to clarify where the group is headed;
- CSOs, government authorities and agribusiness representatives were present throughout focus group discussions with communities, making it difficult to hear unobstructed viewpoints from communities affected by the agroforestry operations; and

- Avoiding the pitfalls that commonly hinder multi-stakeholder communicative processes – namely, inclusiveness, and the consequentiality of the group (Shouten et al., 2012).

Also important to note is that the RAI Working Group was set up as a kind of cross-sector experiment – the initial ‘testing ground’ was those agribusinesses who were willing to engage with the group. Therefore in future iterations, the group is expanding its membership to those harder-to-reach investors (especially SMEs), who are specifically the kind of companies that may require external assistance to implement socially and environmentally responsible practices.

## **RAI Working Group in Laos**

### **Overview and Objectives**

The RAI Working Group was established as a voluntary forum and collaboration amongst private sector, civil society and government in Laos. The group comprised more than 30 members across three sectors: (1) key government agencies responsible for national planning and investment promotion, land use planning, forestry, agricultural production, and land administration and management, (2) private sector representatives from international financial institutions, agribusinesses, and agroforestry consultancy firms, and (3) civil society organisations, both national and international, working on community development and land issues. The group was formed under the Learning and Alliance building (L&A) flexible platform of the Mekong Region Land Governance (MRLG) project, a project of SDC, co-funded by German Federal Ministry for Economic Cooperation and Development (BMZ) through its principal implementation agency GIZ, and the Luxembourg Government Ministry of Foreign and European Affairs (MFEA).

The overarching objectives of the group were to:

- Jointly collect and analyse information to assess the existing socially and environmentally responsible business practices of agro-forestry enterprises in Laos, focusing on those relating to smallholder farmers and forest communities; and

- Develop a greater awareness of RAI amongst multi-stakeholder groups, and promote implementation of meaningful RAI practices, especially those affecting rural communities, amongst private sector organisations in Laos.

The RAI Working Group collectively agreed on three thematic areas for prioritising activities. These were:

1. **Data Collection, Analysis and Dissemination:** the group sought to supplement limited RAI information in Laos by gathering case studies of existing agribusiness investment practices, including constraints and opportunities, and potential benefits to all relevant sectors. By identifying examples of investors who are working towards responsible agricultural investment, the group aimed to document replicable practices that could serve as models for other companies, as well as identifying opportunities for improvement.
2. **Cross-Sector Dialogue, Collaboration and Knowledge Exchange:** the group aimed to develop a shared understanding of CSR and RAI, and to facilitate cross-sector dialogue through regular workshops, sharing forums, field visits and co-development of information tools. The group sought to forge cross-sector links to address shared challenges involved in implementing responsible business practices.
3. **Build Partnerships for Promoting RAI:** the multi-stakeholder process and co-production of knowledge is intended to foster ongoing partnerships amongst all stakeholders for strengthening application of RAI practices in Laos.

The intention of the group was to avoid being a “Roundtable”, as these dialogue configurations in Laos often lack meaningful follow-up action. The group sought to co-produce a tool that could be used by government and CSOs to improve companies’ practices, and to facilitate further cross-sector collaboration and policy changes. The Agribusiness Case Studies were a first step (described in further detail below), and the second phase will see the development of a ‘Practical Field Guide for Agribusiness Investors’ in Laos. The Field Guide will serve as a reference tool for multi-stakeholders, compiling tools, re-packaging legislation in an accessible manner, and outlining concrete actions for companies to take for improving engagement with

communities in Laos. It is expected to be integrated into selected companies' Standard Operating Procedures with assistance from group members, and to be integrated into government procedures for land allocation.

## **Experience of Agribusiness Investment in Laos**

### **Methodology**

In December 2015, the RAI Working Group embarked on the inaugural 'Responsible Investment Study Tour' to visit two agroforestry companies in Champasak and Salavan Provinces in southern Laos. The intention of the Study Tour was to (a) gain a deeper understanding of agricultural investment practices, and (b) examine the challenges and opportunities related to implementing responsible agricultural investment, particularly as they relate to protecting and promoting land tenure for rural communities.

Representatives from the two companies – a Swedish-Finnish subsidiary of a global paper and packaging company and a Singaporean-based subsidiary of a global agri-food business – were part of the RAI Working Group, and were approached to participate in the Study Tour to allow participants to see first-hand the realities of implementing responsible investment practices in Laos. The companies were identified as two examples of land-based investors who were working towards good business practices.

The group gathered primarily qualitative information, with quantitative data supplied by existing literature, government statistics and a questionnaire completed by the two companies. The group conducted interviews with provincial and district authorities – including those from local planning and investment offices, natural resource and environment offices and agriculture and forestry offices – held focus group discussions with four communities, and conducted in-depth interviews with company representatives, as well as receiving the completed background questionnaire from both companies.

Following the Study Tour, the group met to reflect on key lessons learned from the experiences of communities, local government and investors. The messages from the reflections workshop were compiled into a series of case studies as described below. Group members were then invited to review, comment and join consultation workshops to collaboratively finalise the case studies. This final step, integrating inputs from multiple stakeholders, and especially reaching an agreement on the content of the final product, proved to be a challenging process.

The product of the field visits were a series of case studies, covering four key topics related to RAI that were agreed by the group to require further investigation:

1. Land acquisition / land allocation
2. Compensation and benefit sharing
3. Community engagement
4. Grievance resolution mechanisms.

The case studies detail experiences investing in Laos under these four topics. The case studies examine the companies' practices within these areas, but are not intended to represent a direct comparison between the two investors. The full text of the case studies and accompanying Discussion Note is available at:

<http://mrlg.org/resources/experience-of-agribusiness-investment-in-lao-pdr/>.

The field visit illuminated the differing perspectives between local and central government, as well as communities, civil society and investors. However, the information gathered also revealed a number of shared ideas for improving agricultural investment in Laos. We will now turn to a summary of the key lessons learned through the Study Tour.

### **Voices from Communities, Government, Investors and CSOs**

Representatives of affected **communities** expressed that they should be included in negotiations and consultations *before* the investment project began, *during* the land acquisition process, and *continually* during the lifecycle of the investment.

Community members suggested that conflicts can be avoided if there are detailed conversations about the proposed investment involving all community members, local

government and the company together, so that communities “can understand the impacts and avoid miscommunications”. Another suggestion from communities is that companies should provide up-skilling and training opportunities for villagers. Community members also said that a Village Development Fund (VDF) set up by the investor could help communities to develop, as well as showing the company’s commitment to building good relationships with the community.

**Central government** participants on the Study Tour noted the different application of land allocation processes at local levels – in some cases, the local granting of concession areas was inconsistent with national-level procedures. A representative of the agency responsible for land administration noted the importance of harmonising land allocation practices across district, provincial and central jurisdictions. Central government representatives also suggested promoting existing good practices implemented by agribusinesses across the country, so that other investors can learn and replicate.

Representatives from **local government** line agencies held a similar view, noting that they try to follow the national level Ministry’s “One-Stop” policy for streamlining investment and land allocation, but joked that there seems to be “one door, with many windows left open”. Several local officials expressed a desire to attract quality investment to their district or province, but called on the central government to assist with quality investment promotion, monitoring and enforcement of responsible business practices. A local government official suggested that central government could analyse the previous track record of companies interested in investing in Laos, to ensure that they were indeed quality investors. Local government also echoed the sentiments of communities, saying that companies needed to raise awareness of their investment plans within communities in advance.

Participants from **civil society organisations** noted that building trust between investors, government and communities requires comprehensive engagement and ongoing consultation. Communications should be prioritised as a triangular dialogue process grounded in FPIC principles. CSOs expressed that they could play a role in strengthening company-community engagement, as well as mediating conflicts or taking on a monitoring role to ensure compliance with RAI principles. CSOs noted

that government staff and investors require further capacity building on good practice community consultations and engagement, as well as training on conducting quality Environmental Social Impact Assessments (ESIAs). Several CSOs noted that their organisation could provide tools and training in these areas.

### **Synthesis of Key Lessons Learned**

Key ‘take home messages’ from these case studies are:

1. Investors need to go beyond compliance with national laws to achieve business objectives;
2. Engaging with communities prior to investment and throughout the project cycle reduces long-term business risks;
3. Government at all levels plays a key role in promoting and setting standards for responsible investment practices;
4. Implementing responsible investment requires a multi-stakeholder effort and increased cooperation between private sector and civil society; and
5. All stakeholders involved require a deeper understanding of how to implement responsible investment practices.

A summary of **key lessons learned** under each topic is detailed below. These lessons learned are synthesized from the agribusiness case studies:

#### ***Land Acquisition***

**Knowledge of the land acquisition / land allocation process in Laos is limited, and is confusing for all actors in the process.** The Study Tour learned that the ability of different line Ministries and agencies to grant land to investors creates confusion and leads to unclear responsibilities of key actors. There is a need for a streamlined approvals process, as well as improved land acquisition guidelines and follow-up monitoring to ensure quality of investments is maintained.

**Investors need to go beyond compliance with national laws.** Due to differences between national and international standards, and plurality of legal norms in Laos, as well as difficulties in enforcing the law, companies need to strive to meet international standards when acquiring land. For example, investors need to conduct

independent due diligence and engage with communities directly, rather than relying on third parties.

### *Compensation and Benefit Sharing*

**A successful benefit sharing arrangement is one which creates shared value.** The Study Tour learned that investors can seek shared value in different ways – for example sharing land for producing food through agroforestry arrangements, making communities ‘shareholders’ in the land, or providing training and up-skilling opportunities for local communities.

**Investors should negotiate agreements that go beyond monetary compensation to address long-term development goals.** As stipulated under Lao laws on compensation (Prime Ministers’ Decree No. 84), communities affected by investment projects should never be worse-off due to a project. One example of a mutually beneficial arrangement is a Village Development Fund (VDF), a fund established by the company according to the amount of land acquired in a village, which is used to benefit the whole village in areas of infrastructure, health and sanitation, income generation, or education. Such a fund can address communities’ development needs and help investors secure a ‘social license to operate’.

### *Community Engagement*

**Community participation needs to be inclusive and equitable.** Investors should ensure that information is delivered to communities in a culturally and linguistically appropriate manner by adequately trained staff, and verify that risks, benefits and long-term impacts are understood. More gender-responsive approaches are needed to facilitate women’s participation in decision-making, especially those from ethnic groups.

**Investors should apply Free, Prior and Informed Consent (FPIC) principles** by providing full and accurate information in a way that communities can understand, holding ongoing two-way consultations, and seeking broad-based consent from communities prior to beginning the project.

### *Grievance Resolution Mechanisms*

**A well-designed grievance mechanism is essential for any investment project.** At the time of the Study Tour, both investors resolved grievances within the government system – communities brought grievances to district, provincial and central agencies depending on the type of complaint. One plantation operator is in the process of implementing an internal grievance mechanism to resolve grievances directly between villagers and the company. Both investors prioritised resolving grievances locally before escalating to higher levels.

**A well-designed grievance mechanism should be:** resolved as far as possible at village level first, timely with rapid feedback to people who submit a grievance, developed in cooperation with host communities and government, publicised so communities know how to access it, accessible to all community members regardless of age, literacy, gender or ability, available at no cost to communities, transparent, time-bound, and resolutions should be prioritised according to severity of complaints.

### **New Initiatives Towards RAI in Laos**

Several new initiatives have been launched by government, CSOs and development partners to work towards more responsible agricultural investment in Laos. In late 2016, the Investment Promotion Department within MPI began implementing a project called Lease Arrangements for Plantation (LAP) Project, supported by MRLG. The project aims to safeguard farmers' benefits from private land lease arrangements for commercial crops cultivation. The two-year project proposes two outcomes: 1) establish and approve guidelines for government authorities and investors on common conditions and standards for banana plantation management and enforce this across all provinces, and 2) improve capacity of the relevant government agencies to perform supervisory functions on management of land investments land vis-à-vis tenure security of smallholders. The LAP project will be implemented by IPD in close cooperation with GIZ, and with local authorities at provincial and district levels.

Also within MPI, through the Poverty Environment Initiative (PEI) of the United Nations Development Programme (UNDP) and the United Nations Environment

Program (UNEP), the government is developing a tool through which companies will self-report against a set of CSR criteria, to identify companies with good practices. In addition, MPI has an ongoing ‘quality investment promotion’ (QIP) initiative in collaboration with GIZ, to strengthen investors’ adherence to QIP criteria (regulations, laws and international guidelines), develop mutual understanding and follow up on issues/ problems related to investment, and improve the investment climate.

Recently revised government strategic planning and vision documents are increasingly centered on promoting green growth, sustainable development and responsible investment. Both the Eighth National Socio-Economic Development Plan 2016-2020 and the government’s Vision to Year 2030 highlight green growth policies. The Agricultural Development Strategy further promotes clean, green and environmentally friendly agricultural production.

As a result of the RAI Working Group process, a local CSO and agroforestry investor began a joint collaboration aimed at improving the company’s land acquisition processes and community engagement. The joint project aligns with the partners’ mutual interests in strengthening company-community consultations and engagement, and bringing the investor’s land acquisition processes in line with international FPIC standards. As an emerging concept in Laos and globally, presently there is no singular or universally accepted definition of FPIC, no agreement on what an FPIC process must entail, and no functional clarity about what constitutes ‘consent’ (Owen and Kemp, 2014). As found by Hett et al., (2015), in the tree plantation sector, villages only consented to 8 percent of tree plantation concessions – yet all of the investments went ahead (22). The authors note that “[FPIC] was almost completely missing in the tree plantation sector” (Hett et al 2015: 23). As such, the agroforestry investor in question is a forerunner in terms of socially responsible investment practices within the framework of FPIC. The CSO-company partnership represents an initial effort by both parties to integrate FPIC into land acquisition processes, yet each side remains cognizant of the contextual limitations surrounding application of FPIC principles in Laos.

In addition, the Land Issues Working Group (LIWG) network has recently developed a set of Voluntary Commitments for Responsible Agribusiness in Lao PDR, based on the Committee on World Food Security's 2014 model enterprise policy, for agribusinesses in Laos beginning to work with LIWG network members. Other local organisations have begun engaging with agroforestry enterprises to improve engagement with communities, facilitate fair contract negotiations, and strengthen farmer organisations.

## **Conclusion**

Responsible investment is still in its infancy in Laos, but there is clearly a growing interest from across all sectors. Government rhetoric and legislative reforms indicate that Laos is entering a new era in terms of investment, making efforts to close the floodgates that were opened during “turning land into capital” and instead attracting quality investors to “LAOS, the Land of Ample Opportunities & Success” (MPI, 2016). However, the working group process revealed that there remain large gaps in knowledge regarding CSR, RAI and RBC amongst all actors involved – including understanding of domestic laws and regulations, international standards and soft-law instruments. Creating a shared understanding of these terms is fundamental to implementing and enforcing them. The working group process further revealed that although there is increasingly willingness for cross-sector collaboration between civil society and private sector, there are few actors on either side equipped with the tools or experience to implement joint initiatives. Trust first needs to be built amongst all sectors to facilitate more meaningful cross-sector collaboration. Groups such as the RAI Working Group could be expanded to create new avenues for dialogue and seek ways of strengthening cooperation between government, investors, civil society, and communities.

Another entry point for improving agribusiness practices is to leverage regional investors' increasing awareness of the impacts of their overseas investments. The China Chamber of Commerce of Metals, Minerals, and Chemicals Importers and Exporters, for example, recently developed the ‘Guidelines for Sustainable Development of Natural Rubber’ (2016) for Chinese enterprises investing in rubber plantations abroad, while the China Chamber of Commerce of Foodstuffs and Native

Produce developed a ‘Guide for Overseas Investment and Production of Sustainable Palm Oil by Chinese Enterprises’ (2015). Similarly, a joint initiative amongst Vietnamese CSOs, industry representatives and government has developed draft ‘Voluntary Environmental-Social Safeguards for Vietnamese Outward Direct Investors in Agri-business’ (2016). In 2016, the National Human Rights Commission of Thailand also set a precedent for future legal actions regarding cross-border investment, as it issued a report investigating possible violations of human rights occurring as a result of Thai trans-boundary agricultural investment in neighbouring countries.

Agroforestry investment in Laos is not stopping, so it is imperative that new ways of engaging with private sector actors to minimise negative impacts and encourage adoption of responsible business practices are sought. There is a need for more multi-stakeholder initiatives that focus on collaboration beyond just dialogue – such collaboration could gather lessons and evidence from local levels, and use this to co-create useful tools that can be used by stakeholders to help implement, adopt or enforce RAI. The working group noted that implementing RAI in Laos requires more engagement at local levels, especially communities impacted by investment, to ensure that RAI initiatives are grounded in truth. Finally, as noted by Mirza et al. in their recent study of agribusiness in Africa and Southeast Asia (2014), investment does not have to be destructive. Positive social and environmental impacts can be generated *if* investors conduct business in a responsible manner. Yet investors in Laos are often unable to implement these practices alone; working towards responsible agricultural investment requires a multi-stakeholder effort to jointly develop solutions.

## References

- Baird, I.G. (2011). Turning Land into Capital, Turning People into Labour: Primitive Accumulation and the Arrival of Large-Scale Economic Land Concessions in the Lao People's Democratic Republic. *New Proposals: Journal of Marxism and Interdisciplinary Inquiry*, 5(1), 10-26. Retrieved 12 February 2017, from <http://ojs.library.ubc.ca/index.php/newproposals/article/viewFile/2264/2265>
- Barney, K. (2007). Power, Progress and Impoverishment: Plantations, Hydropower, Ecological Change and Rural Transformation in Hinboun District, Lao PDR. Toronto. York University Centre for Asian Research. Working Paper No. 1. Retrieved 12 February 2017, from [http://www.cifor.org/publications/pdf\\_files/books/bbarney0701.pdf](http://www.cifor.org/publications/pdf_files/books/bbarney0701.pdf)
- Blackmore E., Bugalski N., Pred D. (2015). Following the money: an advocate's guide to securing accountability in agricultural investments. IIED/IDI, London/Asheville. Retrieved 12 February 2017, from <http://www.inclusivedevelopment.net/wp-content/uploads/2015/09/Following-the-Money.pdf>
- Broegaard, R. B., Vongvisouk, T., and Mertz, O. (2016). Contradictory Land Use Plans and Policies in Laos: Tenure Security and the Threat of Exclusion, *World Development*. <http://dx.doi.org/10.1016/j.worlddev.2016.08.008>
- Cotula, L. (2014). Foreign investment, law and sustainable development; A handbook on agriculture and extractive industries. Natural Resource Issues No. 31. IIED, London, 2nd edition. Retrieved 14 February 2017, from <http://pubs.iied.org/pdfs/17513IIED.pdf>
- Cotula, L. (2016). "'Land grabbing' and international investment law: toward a global reconfiguration of property?" in Bjorklund, A.K. (ed.) Yearbook on International Investment Law & Policy 2014-2015, Oxford University Press.

Delnoy, R. (2009). Survey on civil society development in the Lao PDR: current practices and potential for future growth. Vientiane. Working Paper Number 2. Swiss Agency for Development and Cooperation.

Dwyer, M. (2007). Turning Land into Capital: A review of recent research on land concessions for investment in Lao PDR. CIDSE-Laos.

Dwyer, M.B (2011a, September). Rereading the countryside: The role of the private sector in changing land entitlements in Cambodia (and Laos). Concept note prepared with IIED.

Dwyer, M. B. (2011b). Territorial affairs: turning battlefields into marketplaces in postwar Laos. Doctoral dissertation. University of California, Berkeley.

Dwyer, M.B., and Vongvisouk, T. (2016, February). Falling Rubber Prices in Northern Laos: local responses and policy options. University of Bern, National University of Laos. Helvetas, LURAS project. Vientiane.

FAO, IFAD, UNCTAD, and T. W. B. Group. (2010). Principles for responsible agricultural investment that respects rights, livelihoods and resources (extended version). Discussion note prepared by FAO, IFAD, UNCTAD and the World Bank Group to contribute to an ongoing global dialogue.

FAO. (2012). Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. Rome.

GIZ, and BGR. (2014). Corporate Social Responsibility in Lao PDR: Baseline Assessment of Social and Environmental Regulations & Standards. Vientiane.

Hett, C., Nanthavong, V., Saphangthong, T., Rodriguez, G., Phouangphet, K., Speller, W., ... Heinemann, A. (2015). Land Deals In Laos: First Insights From A New Nationwide Initiative To Assess The Quality Of Investments In Land, presented at Land grabbing, conflict and agrarian-environmental

transformations: perspectives from East and Southeast Asia conference,  
Chiang Mai University, Chiang Mai.

Higashi, S. (2015, June). Impacts on Regional Land Use from Investment in Banana Contract Farming by Chinese Companies Case Studies in Oudomxay Province, Northern Laos. Mekong Watch.

Hirsch, P., Scurrah, N. (2015). The Political Economy of Land Governance in the Mekong Region. Mekong Region Land Governance project, University of Sydney, SDC, BMZ and GIZ. Retrieved February 14, 2017, from [http://mrlg.org/wpcontent/uploads/2015/12/Political\\_Economy\\_of\\_Land\\_Governance\\_in\\_Region\\_FA.pdf](http://mrlg.org/wpcontent/uploads/2015/12/Political_Economy_of_Land_Governance_in_Region_FA.pdf)

Interlaken Group. About the Interlaken Group. (2016, September). Retrieved February 14 2017, from <http://www.interlakengroup.org/about>.

Kenney-Lazar, M. (2016a). Linking Food and Land Tenure Security in the Lao PDR. Vientiane. LIWG, GAPE, VFI.

Kenney-Lazar, M. (2016b). Authoritarian Resource Politics and the Governance of Laos's Industrial Tree Plantations. [Dissertation draft]. Clark University, Worcester, Massachusetts.

Kenney-Lazar, M. (2016c). Assessment of governance mechanisms, livelihood outcomes and incentive instruments for green rubber in the Lao PDR. CIFOR.

Mirza, H., Speller, W., Dixie, G., and Goodman, Z. (2014). The Practice of Responsible Investment Principles in Larger-Scale Agricultural Investments UNCTAD Investment for development issues series. Washington D.C. and Geneva. Retrieved 14 February 2017, from [http://unctad.org/en/PublicationsLibrary/wb\\_unctad\\_2014\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wb_unctad_2014_en.pdf)

Montien Resolution on Human Rights and Agribusiness in Southeast Asia. (2013, August). Retrieved 14 February 2017, from

<http://www.forestpeoples.org/sites/fpp/files/publication/2013/09/montien-resolution.pdf>.

OECD. (2016, March). Investment Policy Review of Lao PDR. [Preliminary draft for discussion, unpublished]. Vientiane. AANZFTA Economic Cooperation Support Program.

OECD, and FAO. (2016). OECD-FAO Guidance for Responsible Agricultural Supply Chains. OECD Publishing. Paris. <http://dx.doi.org/10.1787/9789264251052-en>.

Owen, J., and Kemp, D. (2014). 'Free prior and informed consent', social complexity and the mining industry: Establishing a knowledge base. *Resources Policy*, 41, 91–100. <http://dx.doi.org/10.1016/j.resourpol.2014.03.006>

Porter, M., and Kramer, M. (2011). Creating Shared Value. [Executive Summary]. Harvard Business Review. Retrieved 14 February 2017, from <https://hbr.org/2011/01/the-big-idea-creating-shared-value>

Portilla, G. (2015, April). Rural youth and land concessions in southern Laos, presented at Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast Asia conference, Chiang Mai University, Chiang Mai.

Schönweger, O., Heinimann, A., Epprecht, M., Lu, J., and Thalongsengchanh, P. (2012). Concessions and Leases in the Lao PDR: Taking stock of land investments. SDC, CDE, GIZ, and MONRE.

Shouten, G., Leroy, P., and Glasbergen, P. (2012). On the deliberative capacity of private multi-stakeholder governance: The Roundtables on Responsible Soy and Sustainable Palm Oil. *Ecological Economics*, 83, 42-50. <http://dx.doi.org/10.1016/j.ecolecon.2012.08.007>.

Times Reporters. (2017, February 7). Ministry to closely monitor agri-business. *The Vientiane Times*. Retrieved 15 February 2017, from [http://www.vientianetimes.org.la/FreeContent/FreeConten\\_Ministry.htm](http://www.vientianetimes.org.la/FreeContent/FreeConten_Ministry.htm)

UN Data. (2017). Lao People's Democratic Republic. Retrieved 14 February 2017, from <http://data.un.org/CountryProfile.aspx?crName=Lao%20People%27s%20Democratic%20Republic>.

United Nations Industrial Development Organization. (2014). What is CSR? Retrieved 14 February 2017, from <https://www.unido.org/csr/o72054.html>.

Vongvisouk, T., Broegaard, R.B., Mertz, O., and Thongmanivong, S. (2016). Rush for cash crops and forest protection: Neither land sparing nor land sharing. *Land Use Policy*, 55, 182-192. <http://dx.doi.org/10.1016/j.landusepol.2016.04.001>.

## List of Tables and Figures

Table 1. Top ten FDI countries in Lao PDR, 1988-2015 .....	9
Figure 1. Approved FDI projects in Lao PDR by sector, 1989-2015.....	10
Figure 2. The CSR value curve .....	14
Figure 3. "Common Ground" identified by the RAI Working Group.....	21