

# Voluntary Commitments for Responsible Agribusiness in Lao PDR

Developed by:



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These proposed voluntary commitments outline the major standards that enterprises<sup>1</sup> operating in Lao PDR (Laos) should observe to build responsible agricultural value chains. It follows OECD-FAO guidance published in 2016<sup>2</sup> and is a result of a taskforce comprising several members of the Land Information Working Group<sup>3</sup> (LIWG). It takes into account international standards for responsible agricultural value chains.

The purpose of this document is to provide a guiding framework for enterprises who will begin collaborating with members from the LIWG. The voluntary commitments are aimed primarily at enterprises with land-based investments, especially agribusinesses, as responsible land governance, including responsible investment, is a goal of LIWG members. Enterprises who are working towards socially and environmentally responsible practices with LIWG members can benefit from adhering to the commitments outlined in this document to reduce their business risks, avoid project delays, ensure sustainability and improve community-enterprise engagement.

Enterprises should follow relevant national policies, laws, rules, regulations and standards: the proposed model does not aim to substitute these. It should also be adapted according to the context in which the enterprises are developing.

The LIWG members should share, discuss and promote the voluntary commitments with enterprises and concerned parties (farmers organisations, communities, civil society, government agencies, non-government agencies, Chambers of Commerce etc.). Enterprises may not use the LIWG or its members' branding for the promotion of their products and services unless agreed. These voluntary commitments are an LIWG guidance document endorsed by the LIWG network members working with the private sector.

The use of “**we**” indicates the self-commitment of enterprises<sup>4</sup>.

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1 'Enterprises' in this document refers to all kinds of enterprises operating in Lao PDR, including foreign businesses, multinational companies, domestic businesses, state-owned enterprises, Small-Medium Enterprises, etc.

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

3 The Land Information Working Group (LIWG) is a network of civil society organizations with more than 80 core members and more than 180 supporters' members. The vision of the network is for communities to have access to secure and equitable land tenure through fair and inclusive policies and their implementation, allowing for transparency and informed decision-making on land governance for sustainability.

4 Meeting all the commitments is not a prerequisite for enterprises wishing to work with LIWG members, however enterprises are expected to continuously strive in good faith towards achieving all commitments in this Model

## 1. Cross-cutting Responsible Business Conduct standards

### **Impact assessment**

We will continuously assess that our activities will not have adverse impacts on communities and their livelihoods, market opportunities, environment and natural resources, food security and nutrition. We commit ourselves that impact assessments should be comprehensive and accurate, and should involve representation from all relevant stakeholder groups.

### **Food security and nutrition**

We will strive to ensure that our operations do not negatively impact upon communities' food security and nutrition, and that our operations do not impose barriers in terms of communities' access to food and access to productive land.

### **Provision of Information**

We will provide information to communities related to foreseeable benefits, impacts and risks of our operations, and will explain our mitigation measures for particular environmental, social and human rights impacts to potentially affected communities. Information will be provided to communities in a culturally and linguistically appropriate manner so that all concerned community members can understand the content and are able to make informed decisions.

We welcome the support of the LIWG members to facilitate the provision of this information.

### **Consultations**

We will hold consultations with communities, including women, ethnic groups and youth groups before and during any operations that may affect them. We will bear in mind the different risks and barriers that may be faced by women and men.

We will commit to the principles of Free, Prior, and Informed Consent (FPIC)<sup>5</sup>.

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<sup>5</sup> Principles of FPIC: consultation is an ongoing, two-way process, and seeks broad-based collective consent from affected villagers before proceeding with the project.



### **Benefit sharing**

We will ensure that our operations contribute to sustainable and inclusive rural development, including, as appropriate, through promoting fair and equitable sharing of monetary and non-monetary benefits with affected communities on mutually agreed terms.

### **Grievance resolution mechanisms**

We will ensure that there is a functioning mechanism in place prior to the investment project beginning that allows affected communities to provide feedback and raise their concerns directly to our enterprise representatives or to the relevant authorities. To resolve grievances related to our enterprise operations, we will set up a mediation process/ grievance resolution process free of charge that can be accessed by all people affected by our operations.

We will provide sufficient information to communities about the grievance resolution process, and how to access these mechanisms.

### **Advancement of women**

We will ensure that within our operations there is no discrimination against women, we will strive to enhance their meaningful participation in decision-making and leadership roles, ensure their professional development and advancement, and facilitate their equal access and control over natural resources, inputs, productive tools, advisory and financial services, training, markets and information.

## **2. Protection of individual rights**

### **Human rights**

We will respect the framework of universal human rights<sup>6</sup> obligations as well as relevant domestic laws and regulations in Lao PDR.

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<sup>6</sup> The Universal Declaration of Human Rights (UDHR) was proclaimed by the United Nations General Assembly in Paris on 10 December 1948 (General Assembly resolution 217 A) as a common standard of achievements for all peoples and all nations.

## **Labour rights**

We will respect Lao labour laws and regulations, and international core labour standards in our operations, namely the freedom of association and the right to collective bargaining, the elimination of forced and child labour, and the elimination of discrimination between workers.

In our operations, we will also:

- ensure healthy and safe workplace and working conditions, with a particular attention to women;
- ensure decent wages<sup>7</sup>, benefits and working conditions, that are adequate to satisfy the basic needs of workers and their families;
- adopt approaches, measures, and processes to enhance women's meaningful participation in decision-making and leadership roles; and
- ensure fair treatment for all employees.

We will contribute to the realisation of the right to work, by:

- striving to increase employment opportunities;
- ensuring that training and knowledge transferred is provided for employees, to meet the needs of the enterprise and their personal development;
- promoting the access to jobs and income for the youth<sup>8</sup> and disabled people when applicable; and
- ensuring maternity protection at work.

## **Health and safety**

We will promote public health by:

- adopting appropriate practices to prevent threats to human life, health, and welfare in our operations, as well as threats deriving from the consumption, use or disposal of our goods and services;
- contributing to the protection of the health and safety of communities involved in our operations, including training on handling dangerous equipment or chemicals.

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<sup>7</sup> According to the Labour Law and related government announcements on minimum wage levels.

<sup>8</sup> Youth is understood as young people between 18 and 25 years old.



### **3. Tenure rights over and access to natural resources**

We will respect legitimate tenure right holders<sup>9</sup> and their rights over natural resources, including state, private, communal, collective, ethnic groups and their customary rights, potentially affected by our activities. Natural resources include land, fisheries, forests and water.

We will commit to transparency and information disclosure regarding our land-based investments, including transparency of lease or concession contract terms, with due regard to privacy restrictions.

We recognise that concerned people have the right to choose or to refuse a proposal of land use.

When holders of legitimate tenure rights are negatively affected, we will ensure that they receive a prior, full and fair compensation of their tenure rights being negatively impacted by our operations.

### **4. Environmental protection and sustainable use of natural resources**

We will establish and maintain, in coordination with responsible government agencies and other stakeholders as appropriate, operations that adhere to a sustainable environmental and social management system.

We will continuously improve our environmental performance by:

- preventing, minimising and remedying pollution and negative impacts on air, land, soil, water, forests and biodiversity;
- minimising the use of toxic substances;
- ensuring the sustainable use of natural resources and increasing the efficiency of resource use;
- make most efficient and effective use of water resources, without depriving local communities of their water requirements;
- promoting good agricultural practices, including to maintain or improve soil fertility and avoid soil erosion;
- supporting and conserving biodiversity; and
- respecting protected areas.

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<sup>9</sup> Whether or not they hold a formal land title or document, customary / traditional land rights of communities should be recognised.

## **5. Animal welfare**

We will support animal welfare in our operations, including by:

- striving to ensure that the ‘five freedoms’ for animal welfare are implemented, i.e. freedom from hunger, thirst and malnutrition, physical and thermal discomfort, pain, injury and disease, fear and distress, and freedom to express normal patterns of behaviour.

## **6. Respecting the rule of law**

We will prevent and abstain from any form of corruption and fraudulent practices.

We will comply with both the letter and spirit of the tax laws and regulations Lao PDR.

We will comply with any existing or future guidelines and regulations promoted by the government related to contract farming, farmer organisations, land tenure, etc.

## **7. Monitoring**

We will engage with the LIWG and its members in joint reflective learning processes to facilitate the implementation and monitoring of these voluntary commitments.

## Annex

**For further information, please refer to the documents below:**

Lao Constitution

- \* Small and Medium Enterprises Promotion Law, National Assembly, 2011
- \* 8th National Social-Economic Development Plan
- \* Master Plan on Development of the Rule of Law in the Lao PDR toward the year 2020, (August 2009). Ministry of Justice, Office of the Supreme People's Prosecutor, People's Supreme Court, Ministry of Security.
- \* Law on Aquatic Animals and Wildlife, National Assembly, 2007
- \* Environmental Protection Law, National Assembly, 2012
- \* Law on Grievance Resolution, National Assembly, 2014
- \* Prime-Ministerial Resolution on the Establishment of Village Mediation Committee, Prime Minister, 2016
- \* Ministerial Instruction on the Process of Initial Environmental Examination of the Investment Project and Activities, i.e. Ministerial Instruction No. 8029, MoNRE, 2013
- \* Ministerial Instruction on Environmental and Social Impact Assessment Process of the Investment Projects and Activities, i.e. Ministerial Instruction No. 8030, MoNRE, 2013
- \* Environmental Impact Assessment Guidelines, MoNRE, 2011
- \* Law on Agriculture, National Assembly, 1998
- \* Investment Promotion Law, Ministry of Planning and Investment, 2016.
- \* Prime Minister's Decree No.84 on Compensation and Resettlement from the Development Project, Prime Minister's Office, 2016.
- \* Voluntary Guidelines on the Responsible Governance of Tenure, UN Food and Agriculture Organisation, 2012.
- \* Lao Labour Laws, Ministry of Labour and Social Welfare, 2009.
- \* Lao National Land Policy, Ministry of Natural Resources and Environment, 2013.
- \* Law on Land, National Assembly, 2003.