



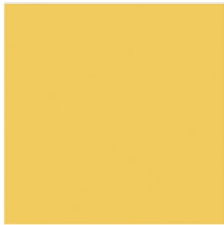
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DEUTSCHE ZUSAMMENARBEIT

Promoting responsible  
agricultural investments  
in Lao PDR through  
“Investor Dialogue Fora”:



A Story of Change about  
a tapioca processing  
plant in Bolikhan District,  
Bolikhamxai Province

Implemented by

**giz** Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH

## A Story of Change about a tapioca processing plant in Bolikhan District, Bolikhamxai Province

*The livelihood of a large part of the world's population depends directly on access to land and its secure long-term use. Land access and use have long been organized through informal or traditional tenure rights, but this is changing. In many regions, land use is being transformed by the expansion of large-scale agricultural investments, a development that was triggered by the 2007–08 food, energy, and financial crises.*

*In Laos, the government has actively promoted commercial uses of agricultural land by private investors. While investment in land has enormous potential to promote the country's economic development, benefits have been unevenly distributed across society<sup>1</sup>. Some investments have improved infrastructure and access to markets and technology in local areas, but others have been associated with displacement of people, environmental degradation, and land disputes. Moreover, despite hopes to the contrary, many investments have brought only limited opportunities for employment. A major issue is that investors often plan and operate their investments without adequate regard for national regulations and without engaging with local land users.*

*The Responsible Governance of Investment in Land (RGIL) project was set up to ensure that investments in land are productive, contribute to sustainable land management, and respect the rights and needs of local populations, in particular vulnerable groups and women, in three countries: Ethiopia, Laos, and Uganda. As part of a holistic approach, RGIL has conducted several interlinked interventions including awareness raising and capacity building, organizing multi-stakeholder dialogues, introducing contractual arrangements between companies and workers, Investment Project Monitoring (IPM), and holding an “Investor Dialogue Forum” between investors and local communities. RGIL is co-financed by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH between November 2019 and July 2023.*

*Stories of Change is a series describing specific interventions and their effectiveness.*

The Story of Change is also linked to a documentary video on RGIL. The video can be accessed through the QR code below.

### Holding an “Investor Dialogue Forum” between investors and local community members to address the concerns of both sides



***The RGIL intervention described in this Story of Change involved introducing an “Investor Dialogue Forum” in a community in some way connected with – and affected by – a nearby tapioca processing plant. The event was designed as a forum at which members of the local community could meet with representatives of the tapioca plant in a formal and constructive setting to address community concerns and to hear the company’s viewpoint. In this Story of Change, we explain why an Investor Dialogue Forum was held, what purpose it was meant to serve, what steps were needed to set it up, and what its outcomes were.***

<sup>1</sup> Hett et al. 2020. *Land Leases and Concessions in the Lao PDR: A characterization of investments in land and their impacts*. Centre for Development and Environment (CDE), University of Bern, Switzerland, with Bern Open Publishing, [https://boris.unibe.ch/133115/1/Land\\_deals\\_in\\_the\\_Lao\\_PDR\\_Eng\\_4SEP2020\\_LQ.pdf](https://boris.unibe.ch/133115/1/Land_deals_in_the_Lao_PDR_Eng_4SEP2020_LQ.pdf)





*Figure 1: The tapioca pearls in your bubble tea started out as a pile of cassava outside a processing plant. Many farmers grow cassava and sell the raw cassava roots to the factory. On some days, farmers deliver up to 1,500 tonnes of cassava, more than twice the plant's capacity. Photo: Albrecht Ehrensperger*

## The tapioca processing plant

TTL Tapioca has been in operation for just over a decade. It runs several tapioca plants processing cassava into starch or chips, which are exported mainly to China but also to Vietnam. It also operates *Canna indica* (arrowroot) processing plants producing starch.

<b>Business location</b>	The tapioca processing plant is located in Bolikhan District in Bolikhamxai Province, but TTL Tapioca has outgrower schemes in neighbouring districts and provinces and plans to expand its operations to parts of central and northern Laos.
<b>Product</b>	Cassava starch, dried cassava chips (cassava is also known as tapioca)
<b>Ownership</b>	Vietnamese private investor
<b>Area used</b>	The company's concession in Bolikhan totals 37 ha. Much of this area is taken up by the processing plant, while a smaller area – 10 ha – is the company's cassava plantation. Most of the cassava supplied to the company comes from outgrower schemes.

The company started as a business in the construction sector. It decided to invest in cassava in 2011, in line with the government's policy to promote investment, and because large swathes of land in the

region were uncultivated and global demand for cassava starch was high. The company now has several cassava processing plants, a construction business, and a rock grinding plant. In Bolikhan District, where the Investor Dialogue Forum was held, the company produces 18,000 tonnes of cassava starch per year.

### Box 1 : Uses of cassava

Cassava is used across the food and beverage industry in the form of starch, flour, and syrup. It has a neutral taste and acts as a thickener, binding agent, and stabilizer among other things. Cassava flour is used in cooking and baking as a gluten-free alternative to wheat flour: typing “cassava flour recipes” into a search engine will yield countless results. It is also used in the non-food industry, for example in paper or textiles production, and to create biodegradable plastic.

## How the local community is involved with TTL Tapioca

The processing plant itself does not generate significant employment opportunities for the villagers. According to a company representative, 57 people worked in the factory, 40 of them Lao, and most of the workers came from other provinces. He said “people living near the factories don’t want to work there as they have better opportunities elsewhere”. One reason may be that workers prefer the more lucrative option of growing cassava themselves and selling it to the company. As this village is considered one of the “better-off” villages in Laos, workers are more likely to have their own land to work on. Another issue is that employment with the processing plant is mainly seasonal, during the November to April harvest period.



*Figure 2: A worker at the tapioca plant managing a machine that transports the milky fluid derived from the ground cassava roots. Other jobs at the factory include operating machinery at various stages of production – washing, drying, grinding. The workers also sew the sacks, fill them with cassava starch or chips, and stack the finished product. Photo: Albrecht Ehrensperger*

Instead, many local communities – not only those near the processing plant – are involved in TTL Tapioca through cassava outgrower schemes. Through the outgrower schemes, farmers in all 40 villages in Bolikhan District and even in other provinces grow cassava and sell the raw cassava roots to the factory.





## Changes in the community since the company's presence

Our interviews with villagers and village authority representatives revealed that the community takes a positive view of the company: "The lives of the villagers have improved a lot since growing cassava; this has given some villagers an income of around LAK 50–60 million (around USD 3,000–3,600)<sup>2</sup> per year." The income from cassava plantation has enabled them to buy vehicles such as motorbikes, trucks, and tractors, as well as to build concrete, rather than wooden, houses. Previously, community members had to seek work as off-farm labourers outside the village; now, their main income comes from growing cassava. They explained that it was easy for the villagers to sell cassava to TTL Tapioca, and that villagers were also able to borrow money from the company if they needed it for health care.

Speaking about the Investor Dialogue Forum in particular, a village authority representative felt that the event had enabled villages and the company to understand each other better. Thanks to this, he said, the villagers were able to see that both sides could benefit from the cassava investment. He added that because they live close to each other, the villagers' relationship with the company is "improving every day".



*Figure 3: Workers stacking sacks of cassava starch, also known as tapioca starch. Most of the starch is exported to China, with some also going to Vietnam. Photo: Albrecht Ehrensperger*

<sup>2</sup> LAK = Lao kip; 1 USD = LAK 16,852 on 22.2.2023. The more familiar term "kip" will be used in the context of the interviews.



The company representative said the investment in cassava has contributed to increasing business and service opportunities in the region. People have set up small retail shops in the village selling sweets, food, and drinks; others have found work transporting cassava roots to the processing plant, ploughing soil on the cassava plantations, and selling or applying other agricultural inputs such as fertilizer and herbicides. He pointed out that the company also takes up credit from the local banks, generating revenues and contributing to overall economic development in Laos.

### Raising concerns

Our interviews indicated that in general, the company has been responsive to concerns raised by the community, requesting that bigger issues be reported to the district. For example, prior to 2017, the company did not have a proper wastewater management system, which resulted in a foul odor. The villagers complained directly to the company, which asked them to report the issue to the district. The district then approached the company and they resolved the issue.

Nevertheless, through the Investment Project Monitoring (IPM) that preceded the Investor Dialogue Forum, local communities voiced a few concerns about the tapioca plant investment. First, that the company should offer a guaranteed price for the cassava they purchase from the outgrower schemes, and that this price should be the same regardless of distance to the tapioca plant (the price paid depended on how far the company’s trucks had to travel to collect the cassava at the



Figure 4: The box on the left contains tapioca pearls, which are made with cassava starch. The pearls have a chewy texture and are a component of Bubble Tea, a popular drink in Asia. Photo: Tina Hirschbuehl



Figure 5: Workers at the tapioca plant operating machinery and stacking the sacks of cassava/tapioca starch. Photo: Albrecht Ehrensperger



farms). Second, that the company was releasing wastewater onto some villagers' land. And third, that the company should contribute more to social development.

The IPM process serves to monitor compliance (e.g. legal, social, environmental) and identify issues of community concern. The Investor Dialogue Forum was developed to enable villagers to make suggestions or raise issues with the company that they otherwise felt unable – or didn't know how – to raise. Both the IPM and Investor Dialogue Forum were carried out by a district government team that had been trained by RGIL through a Training of Trainers approach.

## **Box 2: Preparing for the Investor Dialogue Forum (known colloquially as “Exchange Day”)**

The event was prepared by the district government team in four steps.

### **Part 1:**

#### **Preparation of Documents**

*Prepare a “Summary Sheet” with a) “positive points of the company to the community” and b) “suggestions/complaints from the community”. This information was gathered at the previously held IPM.*

### **Part 2:**

#### **Investor Preparation**

*Send a letter to the company requesting a meeting with management and informing them about Exchange Day and its objectives. If it is not possible to hold a meeting with a decision-making representative of the company, a mechanism must be agreed under which the representative reports back to management.*

### **Part 3:**

#### **Community Preparation**

*Send a letter to the community requesting a meeting with representatives of the village committees including the youth union, the women's union, the elderly, and anyone affected by the company's activities. At least 10 people (half of them women) should be present at the meeting. At the meeting, remind the participants of the results of the IPM and explain what will happen at the Investor Dialogue Forum (“Exchange Day”). On this occasion, check whether the village has a copy of the contract with the company. Give them a copy if they don't have one and raise awareness among villagers about their rights in relation to the investment project.*

### **Part 4:**

#### **Exchange Day**

*Conduct the Investor Dialogue Forum (“Exchange Day”) in a meeting room of the company, using the template provided to structure the meeting. Ensure that the company has a board with A0 paper to keep a record of the discussion. (Note: To ensure the balance of power, the Investor Dialogue Forum is facilitated by district government with the supervision of provincial and central government.)*

At the end of the meeting, a document – “Minutes of Exchange Day” – is issued, signed by both parties and certified by the District Planning and Investment Office (DPO). The document outlines the concerns raised and the measures that will be taken to resolve them.

*Source: “Steps to Conduct Exchange Day” (GIZ)*

Dear

First of all, I would like to thank the community and the company to spend their time to the meeting. The objective of the meeting is to strengthen to cooperation and relationship between the company and the community by having an exchange dialogue day. After the investment monitoring on the date...about the company....we found that there are some suggestions from the community to the company for improvement. Today we come here to help both company and community to have an exchange day between the investors and community. This will be an on going dialogue to give feedback and discussion with each other at least once a year or we call "neighborhood dialogue".

The discussion will be constructive aiming to improve relationship and benefits to both sided.

At this moment I would like to start the meeting with the introduction from all of us by giving the name, where you from. I would like to start from me: my name is ....I work for DPO.

Then DPO invite the next person to introduce him/herself. After the introduction, the DPO informs the agenda of the meeting:

- + Objective of the meeting; + welcome from the company (5 min); + Feedback from community (10 min).

(DPO will record the suggestion point on the Ao paper as bullet point: 1....2....3....4....

- + Comment from the company and agreement with date and time and closing.

Figure 6: A template for the Exchange Day itself, as outlined in the document, "Steps to Conduct Exchange Day". Source: GIZ

**Exchange Day between Investors & Community Agreement**

On the date the company....and the community from village.... Discussed and agreed on the following:

1 ..... Will be done: .....

2 ..... Will be done: .....

3 ..... Will be done: .....

4 ..... Will be done: .....

Next meeting will be on .....

Mahaxay district, date .....

**Company representative**                      **Village representative**                      **DPO**

Figure 7: A document is issued at the end of the meeting, outlining the concerns raised and the measures to be taken. Source: GIZ





The Investor Dialogue Forum was held at TTL Tapioca, in the meeting room of the factory compound. It was attended by 20 villagers (7 of them women), 6 government officials, and 1 company representative. Having District government team representatives accompany villagers to the Investor Dialogue Forum was important in terms of encouraging attendance, especially among villagers who might have felt too shy to attend or were unaware that the event was happening.

RGIL has so far conducted an IPM with 130 investments in 19 districts/4 provinces, followed by 70 Investor Dialogue Fora.



Figure 8: Trained staff work with community members in Bolikhamxai Province to gather positive points about an investment as well as issues that need to be addressed or improved, ahead of the Investor Dialogue Forum (also known as “Exchange Day”). Photo: Khankeo Oupravanh

## Issues raised and solutions proposed during the Investor Dialogue Forum

Three main issues were raised and discussed at the Investor Dialogue Forum. First, a guaranteed price for cassava; second, the issue of wastewater flowing onto some peoples’ land; and third, requests for the company to contribute more to social development. The latter included request for help with two issues in particular: improving the village meeting hall and repairing the road connecting the village to the factory.

**Guaranteed price for cassava roots:** The reason villagers had requested a guaranteed price for cassava was to reduce uncertainty. However, the company explained that this was not possible, as the price of cassava depends on the global market. The villagers had also asked the company to pay the same for the cassava roots, irrespective of the plantation’s distance to the processing plant, but the resolution for this issue was not discussed during the Investor Dialogue Forum.

**Wastewater flowing onto villagers’ land:** The issue of wastewater flowing from the tapioca plant onto villagers’ land during the rainy season was described as minor. Only a few households were affected and the issue was resolved after a discussion between the landowners and the company.

### More social contributions to the village

**Village meeting hall:** The company representative said that TTL Tapioca had pledged to contribute 10 million kip (around USD 600) for an enlargement of the village meeting hall. This will result in more participation in community issues and more voices being heard – as, according to the village women’s union representative, “more villagers will be able to attend meetings once the meeting hall has been enlarged.”

**Road repair:** The company promised to provide concrete tubes for the repair of the road connecting the village and the factory. Once the road has been improved, it will be easy for villagers to transport cassava to the factory, during the dry season as well as in the rainy season. The road repair has however not started yet.

The company representative pointed out that improving the road would benefit the local communities and the investor alike: “there will be more cassava supply to the factory and then we can expand our business to other provinces,” he said, adding: “The company is happy if local communities are happy.”

He said the company had built a 2 km concrete road to a neighbouring village and that work was under-way to improve a dirt road to another nearby village where a lot of cassava was being grown.



Figure 9: Signing the “Minutes of Exchange Day” at the end of the Investor Dialogue Forum (see Box 1).  
Photo: Khankeo Oupravanh





## Conclusion

Offering a space for villagers to make their voices heard is a story of progress along a long road to sustainability in the agriculture industry. It is an important part of increasing communication between local communities and the investors that have set up factories and plantations in their vicinity. It is also a way of helping to ensure compliance with laws and labour regulations. Overall, the Investor Dialogue Forum was well perceived in Nonsomboun Village

TTL Tapioca is considered a good land-based investment model in Bolikhamxai Province. District and provincial governments say the company coordinates and cooperates well with local government and has significantly contributed to socio-economic development in the province and to improving the lives of smallholder farmers. Nonetheless, there are many land-based investments in Laos that do not display model behaviour, threatening local resources and livelihoods through environmental degradation and displacement, and offering few benefits to local people.

## Outlook

According to the village chief, “the company and the villagers support each other” – words that bode well for the continuing relationship between the two sides. Given the prevalence of such positive statements, it is worth investigating further what this company is “doing right” in terms of looking after the villagers while pursuing its own goals. Finally, follow-up should be done to ensure that the measures agreed during the Investor Dialogue Forum are also carried out.

However, there are a number of issues that were neither raised nor addressed at this particular Investor Dialogue Forum. For example, a major issue being experienced by cassava farmers is a rapid decline in soil fertility, which in turn is resulting in a lower yield. Farmers are trying to raise fertility by additional ploughing, which requires a greater labour intensity, and additional agrochemical inputs, which will cause environmental harm in the long term. This raises important questions: are these direct or indirect impacts of the investment? And to what extent can the company be held responsible for farmers’ plantation practices?

Other issues are related to improving safety and working conditions in the factory. In a separate intervention that may provide valuable lessons in this respect, RGIL helped a company with a pomelo plantation to introduce labour contracts and internal labour regulations<sup>3</sup>. These issues demonstrate the importance of integrating land-based investments into broader agricultural planning and sustainability strategies.

<sup>3</sup> GIZ. 2023. *Promoting responsible agricultural investments in Lao PDR through contractual arrangements: A Story of Change about a pomelo plantation in Kasi District, Vientiane Province*



This Story of Change is linked  
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