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Welcome and Updates from the Global Compact Network Vietnam (GCNV)



Dear Members,

Welcome to the forth addition of the Global Compact Network Vietnam (GCNV) newsletter. In this addition you will find updates on our work from June-September 2010. Some of our main achievements during this time include:

Guidance and Membership

Over the last three months the GCNV has successfully recruited 8 new members. The GCNV now has a total of 89 members including 55% of which were compa-

nies, 36% Non Government Organizations (NGO's) and Business Associations, and 9% Academic institutions.

Capacity Building

During the last three months the GCNV has developed curriculum on Corporate Social Responsibility (CSR) in partnership with its four 'co-producer' Universities i.e. Foreign Trade University, Thai Nguyen University, HCM University of Economics and Business Administration - National University. In addition a number of 'training of trainers' workshops have taken place to support Vietnamese lectures teach CSR in an engaging manner.

Networking

In August the GCNV hosted its third Members Meeting, which attracted over 140 participants. In addition it arranged an environmental workshop in partnership with Vietnam Non-Government Organizations Alliance (VNGOA) and an anti-corruption workshop in partnership with the International Transparency Business Initiative (ITBI) and a Human Rights work-

shop with Director of Business Initiative on Human Rights as its key speaker.

Vietnam solutions

GCNV's launched its 'Guide to implementing the GC in Vietnam'. This provides an outline of all national laws on the four standards of the GC i.e. Human Rights, Labour, Environment and Anti-corruptions, case studies of best practice initiatives and a 'self-assessment checklist' which lists the different actions that companies need to go through to move from a 'beginner to a leader' in CSR.

In addition the GCNV has commissioned a film to be made shortly on current CSR issues in Vietnam, with examples of how are members are championing different Human Rights, Labour, Environment and Anti-corruption initiatives.

Mr. Nguyen Quang Vinh General Director of Office for Business Sustainable Development (SD4B) - VCCI

GCNV hosts workshops on Human Rights in Vietnam with Director of Business Initiative On Human Rights

On September 14th, GCNV held a workshop entitled 'Managing Human Rights Issues in your Companies and Organization'. Chaired by Mr. Mark Hodge, Director of Business Initiative on Human Rights based in New Delhi, India, the workshop provided an overview of current Human Rights issues in the Asian region and a set of recommendations on how best to integrate Human Rights principles into business practices. Mr. Mark Hodge emphasized that business needs to recognize that Human Rights are universal and can add value to business in a global economy.

Over 30 members attended the workshop in Hanoi. Copies of the presentations and recommendations made at the workshop can be found on the GCNV website at www.globalcompactvietnam.org.



Members attended the Q&A Section in the workshop on Human Rights, Hanoi September 14th.

Embedding CSR in Vietnam—GCNV's education initiative makes good progress



This CSR curriculum project supports the development of responsible management curriculum for business leaders in Vietnam. GCNV consulting partner Kenan Institute Asia (KIA) is working in partnership with four university partners in this key capacity building programme to develop and pilot CSR curriculum. This education initiative is the first co-produced, holistic CSR curriculum project of its kind in Vietnam.

Our four university partners -- Thai Nguyen University, Foreign Trade University, Hanoi School of Business – VNU, and the University of Economics, Ho Chi Minh City – are preparing to pilot the curriculum during the next university semester at both the undergraduate and graduate levels. We will then use the lecturer and student feedback to select key modules and lessons to craft two full courses.

Training of Teachers

CSR curriculum is considerably different to teach than more traditional courses. There are often no “right answers” and students must grapple with the many questions and gray areas which surround CSR topics, such as: Just what is a corporation’s responsibility to society? What and how should the environment be protected? How is governance and ethics defined? What is a company’s responsibility to its employees?

To help prepare our partner university lecturers, we conducted a specially designed TOT – Training of Teachers – to review not only the curriculum content, but also to practice teaching the material and discuss teaching philosophy and effective teaching styles.

The three day TOT course was conducted in Hanoi on August 18 to 20, and in HCMC on August 23 to 25. A total of 25 instructors from Foreign Trade University (both campuses in Hanoi & HCMC), Thai Nguyen University, Hanoi School of Business and University of Economics Ho Chi Minh attended.

The workshops were found to be highly successful in equipping teachers with new teaching approaches and tools. Over the 3 days, international experts worked with the university partner instructors on such topics as curriculum module content review, practical application and practice teaching the modules, and role play. In addition, peer review, group and one-on-one

mentoring with the international professor subject matter experts added perspective and new ideas. Strategies for dealing with difficult questions, unknown answers, grey areas, the Vietnam context, and the need for students to develop critical thinking skills were all discussed in detail. Participants shared teaching philosophies and strategies for the curriculum lessons, and there was much energetic discussion around every topic! It is believed that this unique TOT – training in both the curriculum and in the review of teaching philosophy & tools – will enable the university faculty to best teach this new curriculum.

Autumn classroom pilot plan

The curriculum piloting phase will kick off from October. The university partner instructors will choose the modules they wish to introduce first, and pilot them by integrating the topics into their existing courses. They will be provided with a pilot course Monitoring Checklist to assess and monitor the quality and experience of each teaching session and the student response. Based on the instructor’s experience, the materials and methodology can be adjusted for subsequent lectures.

In order to assist and help the instructors on the classroom pilot phase, the project team will also conduct class observations every month at each partner university. Using specific monitoring tools, they will work closely with each instructor on their teaching challenges and difficulties and how the project team can support them as they learn to teach the CSR curricu-

lum. Based on the feedback of not only teachers but also students, we seek to finalize the curriculum based in a very “client-focused” way – improvements will be based on input from the very people who will teach and learn from the content. We believe this will help encourage a sustainable future for the curriculum as it is adopted by universities throughout Vietnam.



Members participated in the Training of Teachers (TOT)

The UN Global Compact has one principle on anti-corruption. *Business should work against corruption in all its forms, including extortion and bribery.* Recently GCNV undertook a comprehensive review of the situation of anti-corruption in Vietnam. Below is a summary of findings. A full report is included in 'Briefing for Business—The Guide to implementing the GC principles in Vietnam'.

An overview of anti-corruption in Vietnam

There are about 970 legal documents relating to anti-corruption in Vietnam. The main legal documents are the Anti-corruption Law dated 29/11/2005, and then the Amended Anti-corruption Law dated 17/8/2007. The Law has specified a number of issues related to corruption and sanctions or punishments on corrupted behaviours. To assist the implementation of the corruption Law, the government issued the Decree of government No. 120/2006/ND-CP dated 20/10/2006 to detail regulations and guidance about implementing anti-corruption law, and then the Decree No. 47/2007/ND-CP dated 27/03/2007 to detail regulations and guidance for implementing some articles of anti-corruption law such as roles and responsibilities of the society. A number of

legal documents were also issued relating to the establishment of different anti-corruption units/committees at different level, disclosure of officials' assets and income, and the like. Anti-corruption laws, regulations, strategies, and other documents are increasing. Yet the remaining challenge for the government is to implement these regulations in reality.

Although anti-corruption efforts have resulted in progress in the fight against corruption, Deputy Prime Minister Truong Vinh Tron warned in an Anti-corruption conference in 2009 that corruption remains grave and is becoming more sophisticated. Vietnam placed relatively poorly in Transparency International's Corruption Perceptions Index. Vietnam was ranked at 120th place

among the 180 countries surveyed in 2009.

Facilitation payments are common in Vietnam and "smooth" day to day business practices. With a slow and bureaucratic system for business to operate in, together with a low pay scale for civil servants, some argue that certain forms of corruption may even be considered necessary. A common practice may be a facilitation payment or a gift for a local official who works for a company to get something done. There is a high level of social tolerance regarding corruption.

The main issues to be addressed in anti-corruption programmes - bribery and corruption.

What is bribery?

Expectations of when a monetary transaction is appropriate can differ from place to place. What one person from one culture may see as a 'bribe' may be deemed as a 'gift' and as part of the local culture to someone else. A bribe differs from a gift in that its intention is to alter someone's behaviour. It could be money, jewellery or watches, vacations, or any number of things. Stakeholders in Vietnam have also mentioned

that it can take place after a business transaction. The two parties have a shared understanding that there will be a transfer but that this will not happen until after the business transaction to keep the transaction 'clean'. Some people estimate that gifts and facilitation payments can take about 10 percent of company annual operating budgets in Vietnam. (According to the data of CSR ASIA in the research on "Briefing for business to implement GC principles in Vietnam")

What's wrong with corruption?

Corruption is often at the root of poor social and environmental performance. Without good governance we cannot achieve other goals. Corruption essentially can deprive communities of much needed resources. It keeps poor people poor.

What does a Company need to do to be a 'champion in anti-corruption'?

There are 8 steps that a Company should follow to manage corruption:

Risk assessment: Regularly examine and assess your company's exposure to corruption risks and identify factors that might favour corruption. Develop an anti corruption policy which defines corruption and states your company's position

Have a clear **code of conduct** for all staff on bribery and corruption.

Audit and **enforce the code of conduct.**

Educate and **build capacity** amongst employees, supply chain partners and customers on how to deal with bribery

and corruption and develop guidelines on company's approach towards gifts.

Engage communities in monitoring and encourage transparency. Various companies we spoke to said that this was an important part of their anti-corruption strategy. By including less powerful stakeholders and community representatives as part of their monitoring and engagement processes, they can often learn more about the real situation on the ground. In some of the recent wastewater incidents in Vietnam investor companies noted that if they had asked those living around the site they may have been able to get a clearer perspective on the situation.

Consider introducing whistle-blowing measures that allow employees to raise concerns related to corruption, fraud and other misconduct and that assure that persons who disclose such information will be protected from retaliation.

Support broader initiatives in Vietnam to fight corruption.

Measuring and reporting progress: Report and measure progress on anti-corruption. At a minimum report on your policy and code of conduct and how you implement these as well as on actions taken in response to incidents of corruption.



Providing Guidance, Capacity Building; Networking and Vietnam Solutions in Corporate Social Responsibility

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Updates from the GCNV Team

Future work of the GCNV in 2010

October

Capacity Building-

- Completion of University Modules on CSR
-Workshop on implementing GCNV in Vietnam in partnership with Viet Values

November

Capacity Building

- Launch of CSR courses in Foreign Trade University, Thai Nguyen University, HCM University of Economics and Business Administration - National University

Networking

- November 25th - Forth Members Meeting

Vietnam Solutions

- Launch of GCNV film on CSR in Vietnam

December

End of start-up stage of the project. As of December 31st 2010 financial support from UNDP for the GCNV will be complete, all future work of the GCNV will be integrated into the work of the SD4B Unit at VCCI.

GLOBAL COMPACT NETWORK VIETNAM

Ask the expert! An interview with Ms. Vu Thi Thu Hang the Anti- corruption expert at The office for SD4B at VCCI and the case study of Kinh Do.

GCNV: Could you give us an overview of the ITBI project in Vietnam?

Ms. Hang: Integrity and Transparency in Business Initiative for Vietnam (ITBI) is a business-led and locally managed initiative designed to mobilise the business community in Vietnam around the challenges of integrity, transparency and corruption. ITBI is implemented by the Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with relevant Vietnamese agencies, businesses, international organisations i.e. Transparency International (TI), International Business Leaders Forum (IBLF) for a 3 year period (2009-2012). It is supported by the Embassies of Sweden and United Kingdom in Hanoi and a number of businesses i.e. Baker & McKenzie and Ericsson. The Programme aims to enable companies operating in Vietnam to work as partners to ensure sustainable improvements in integrity and transparency in business practices.

GCNV: Can you give an example of a good anti-corruption business programme in Vietnam?

Many companies are 'championing' best prac-

tice initiatives to ensure transparency and integrity in their business. One such example is Kinh Do.

Kinh Do was doing some great work on anti-corruption

Kinh Do is famous cake brand. In the North of Vietnam the company employs 2200 people of which 1200 are direct labours, 600 are salespeople, and the rest are support staff and management. Kinh Do has tried several measures to tackle corruption in their business activities:

Each contract has an article related to anti-corruption or anti-irregularities.

Clear and detailed policies on "subtle"-corruption behaviours have been formulated - for example, if a supplier gives the staff in charge of business transaction a gift (personal), the staff has to report the incident .

The internal audit committee closely monitors any irregularities in business transactions (one of the BoD members is in charge of price monitoring).

Anti-corruption behaviours are accounted for in the performance appraisal policies.

New recruits attend an orientation briefings during which company values - including anti-

corruption related values and expected behaviours - are introduced.

According to Mr. Viet, the CEO of Kinh Do, these practices are being conducted for three reasons: i)It is good for the company to improve and keep its reputation and trust to the society, which is essential in business now. ii) Staff gain a real sense of the company's transparency policies and monitoring practices, which prevents internal fraud. Iii) Operational cost is being minimized.

What is the one thing that a Company could do to promote anti-corruption in Vietnam?

Give the gift of education

One international oil and gas company operating in Vietnam has a simple but effective way to manage the tension between the culture of gift giving at Tet (lunar new year) and their internal policies on gifts. As opposed to giving gifts to local government officials or business partners the company sends out a card noting that in lieu of gifts they are supporting a scholarship programme for local students.