**Input on the upcoming report on
*Investors, ESG and Human Rights*
by the United Nations Working Group on Business and Human Rights to be presented to the 56th session of the Human Rights Council in June 2024**

The Asian Forum for Human Rights and Development (FORUM-ASIA) would like to request the UN Working Group on Business and Human Rights to shed light on the trends of Development Finance Institutions (DFIs) investing in harmful business projects, often causing human rights violations and environmental risks and harm in their operations, in its upcoming report. FORUM-ASIA reiterates the need for responsible and sustainable financing centred on human rights, and stands ready to support any future advocacy actions and interventions on this issue.

Across Asia, such investments continue to have massive impacts on fundamental freedoms of affected communities. Human rights defenders (HRDs) – including environmental and women HRDs – persistently face widespread attacks and threats for raising their concerns on projects supported by state and non-state actors. Additionally, impacted communities (including Indigenous Peoples and other vulnerable groups) are often bypassed of free, prior and informed consent and access to information, as well as opportunities for active, sustained and meaningful participation and access to remedy.

***In*** ***Cambodia*** for example, exploitative lending practices within the country’s $14-billion microfinance sector have led to widespread violations of people’s economic, social, and cultural rights, including their right to an adequate standard of living. This has forced impoverished borrowers to sell their land, migrate, and put children to work to repay loans, among others. A recent case involves the International Financial Corporation (IFC), the investment arm of the World Bank Group. Despite the Compliance Advisor Ombudsman (CAO) recommending an investigation into IFC's lending practices, IFC initially attempted to overturn the decision. During this time, LICADHO, Equitable Cambodia, FORUM-ASIA and other CSOs signed a [joint letter](https://www.licadho-cambodia.org/press/files/JointLetter-IFCBoard-20230712-English.pdf) to the IFC Board, urging them to respect the CAO’s decision and allow an objective investigation to go ahead. Though the IFC eventually withdrew its request, the issue of microfinance lending continues to threaten the fundamental rights of local communities.

Meanwhile, ***in Vietnam***, the treatment of environmental human rights defenders (EHRDs) remains a critical concern. EHRDs continue to experience arbitrary detention and mistreatment during their imprisonment. One emblematic [case](https://forum-asia.org/?p=36622) concerning such violations revolves around prominent environmental activist Dang Dinh Bach and his arrest on tax evasion charges, resulting in a five-year prison sentence. [Reflecting a wider trend of crackdowns](https://forum-asia.org/?p=38343) on HRDs, journalists, and academics in Vietnam's restricted civic space, civil society leaders and environmental groups are consistently trapped within a hostile environment that stifles their vital work. Now, as Vietnam grapples with issues related to environmental protection, climate change, and the transition to green energy, development investments, especially from finance institutions, coming into the country should put mechanisms in place to avoid contributing to its already worsening human rights and environmental rights situation. The state needs to ensure that EHRDs are able to operate in a peaceful environment without fear of reprisals and retaliation.

Therefore, FORUM-ASIA stresses that the ESG framework adopted by financial institutions needs to integrate provisions around safeguarding civic space, including freedom of expression, freedom of association and assembly and the protection of EHRDs into its guiding principles to ensure a truly inclusive human rights-based approach to development financing models. Additionally, underscoring the importance of accountability, DFIs should actively seek the alignment of their ESG framework with the UN Guiding Principles on Business and Human Rights, exercise human rights due diligence, and put in place remedies and allocate resources to support these mechanisms.

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