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MAKING THE EU WORK FOR PEOPLE & FORESTS

European Development Finance Institutions and land grabs

The need for further independent scrutiny

Contents

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Introduction

This study highlights the role of European Development Finance Institutions (DFIs) in possible land grabs and questionable forestry projects in Africa. It documents nine such cases involving eight of the European DFIs. It raises the need for more independent research into these projects and for much more scrutiny of DFI investment portfolios, both by DFIs themselves and national parliaments.

The role of Development Finance Institutions

DFIs provide financing for high risk projects in developing countries which would otherwise struggle to raise capital. Funded partly with public money, they provide funds, either as equity participation, loans or guarantees, to investors.[1] DFIs consider the projects they support as public-private partnerships which are meant to be 'promoting economically, environmentally and socially sustainable development through financing and investing in profitable private sector enterprises'.[2] In 2015, the investment portfolio of the 15 European DFIs amounted to €36 billion.[3]

List of European DFIs

BIO	**Belgian Investment Company for Developing Countries**
CDC	**CDC Group Plc (UK)**
COFIDES	**Compañía Española de Financiación del Desarrollo (Spain)**
DEG	**Deutsche Investitions und Entwicklungsgesellschaft (Germany)**
FINNFUND	**Finnish Fund for Industrial Cooperation Ltd**
FMO	**Netherlands Development Finance Company**
IFU	**The Investment Fund for Developing Countries (Denmark)**
Norfund	**Norwegian Investment Fund for Developing Countries**
OeEB	**The Development Bank of Austria**
PROPARCO	**Société de Promotion et de Participation pour la Coopération Economique (France)**
SBI-BMI	**Belgian Corporation for International Investment**
SIFEM	**Swiss Investment Fund for Emerging Markets**
SIMEST	**Società Italiana per le Imprese all'Estero (Italy)**
SOFID	**Sociedade para o Financiamento do Desenvolvimento (Portugal)**
SWEDFUND	**Swedfund International AB (Sweden)**

1 'Activities', http://edfi.be/activities.html
2 Homepage, http://edfi.be/
3 Homepage, http://edfi.be/

Some 6 per cent of the European DFIs' portfolio (which would amount to around €2.2 billion) goes to agribusinesses.[4] It is not clear what proportion of DFI funding goes to forestry. Although the funding of agribusiness and forestry are small relative to other sectors, the number of such projects associated with land grabs is high for certain DFIs. For example:

— The Finnish DFI, Finnfund states that half of its investments go to forestry and renewable energy [5] and lists seven investments in the forestry sector on its website[6]; of these seven, this report suggests that three are associated with possible land grabs.

— Similarly, Norway's DFI, Norfund lists 11 investments in agribusiness, which involve four case studies highlighted in this report.[7]

— FMO lists 20 investments in Africa in the agribusiness sector; this report highlights three of those.[8]

Forestry projects supported by DFIs are also at the centre of the concerns outlined in this report. For one thing, some projects are reported to be causing deforestation, notably Socapalm's project in Cameroon and Agripalma's project in Sao Tomé & Principe. Other forestry projects, especially those involving the New Forests Company and Green Resources in East Africa, are associated with possible land grabs.

The nine cases identified in this report may only be the tip of the iceberg. Research by others has not been undertaken on many DFI investments, and neither have many been reported on in national or international media. Moreover, the DFIs themselves are not fully transparent: some do not provide a full list of their investments and most provide only short details on each one. Where information is provided on projects, this tends to be only favourable, containing no independent analysis.

Another worrying aspect of the lack of transparency is the amount of money that DFIs are allocating to the financial sector (banks and investment funds) which is then on-lent to or invested in other companies. Some of this money could also be funding land grabs and questionable forestry projects, and it is not clear if this is being adequately tracked. DFIs provide a very large proportion of their funds to the financial sector – an average of 30 per cent, amounting to over €10 billion.[9] Both Germany's DFI, DEG and Dutch DFI, FMO invest 37 per cent of their portfolios in the financial sector[10] while Belgian DFI, BIO invests 47 per cent [11] and the UK's DFI, CDC invests 31 per cent[12].

4 EDFI, 'Investing for a Greener Future', 2015, p.5, www.edfi.be/component/downloads/downloads/134.html
5 'For sustainable forestry and renewable energy, developing countries need a private sector', 18 December 2014, http://www.finnfund.fi/ajankohtaista/uutiset14/en_GB/sustainable_forestry_renewable_energy/
6 'Investments', http://www.finnfund.fi/sijoitukset/en_GB/map_investments/
7 See http://www.norfund.no/investments/category857.html#offset=0|sortOrder=. *One of these investments - in Agri-Vie – involves two case studies in this report.*
8 See https://www.fmo.nl/project-list?search=&region=1&year=&sector[]=1. The FMO list on its website does not include under agribusiness the investments in Addax or Green Resources, which are also considered in this report.
9 EDFI, 'Investing for a Greener Future', 2015, p.5, www.edfi.be/component/downloads/downloads/134.html
10 'New Business and Portfolio, Business year 2016', https://www.deginvest.de/International-financing/DEG/%C3%9Cber-uns/Kennzahlen/Neugesch%C3%A4ft-und-Portfolio/; 'Investing for impact and return...', https://www.fmo.nl/invest-with-us
11 BIO, 'Annual Report 2015', p.25, http://www.bio-invest.be/en/library/annual-report.html
12 CDC, 'Annual Review 2015', p.4, http://www.cdcgroup.com/Documents/Annual%20Reviews/CDC%20Annual%20Review%202015.pdf

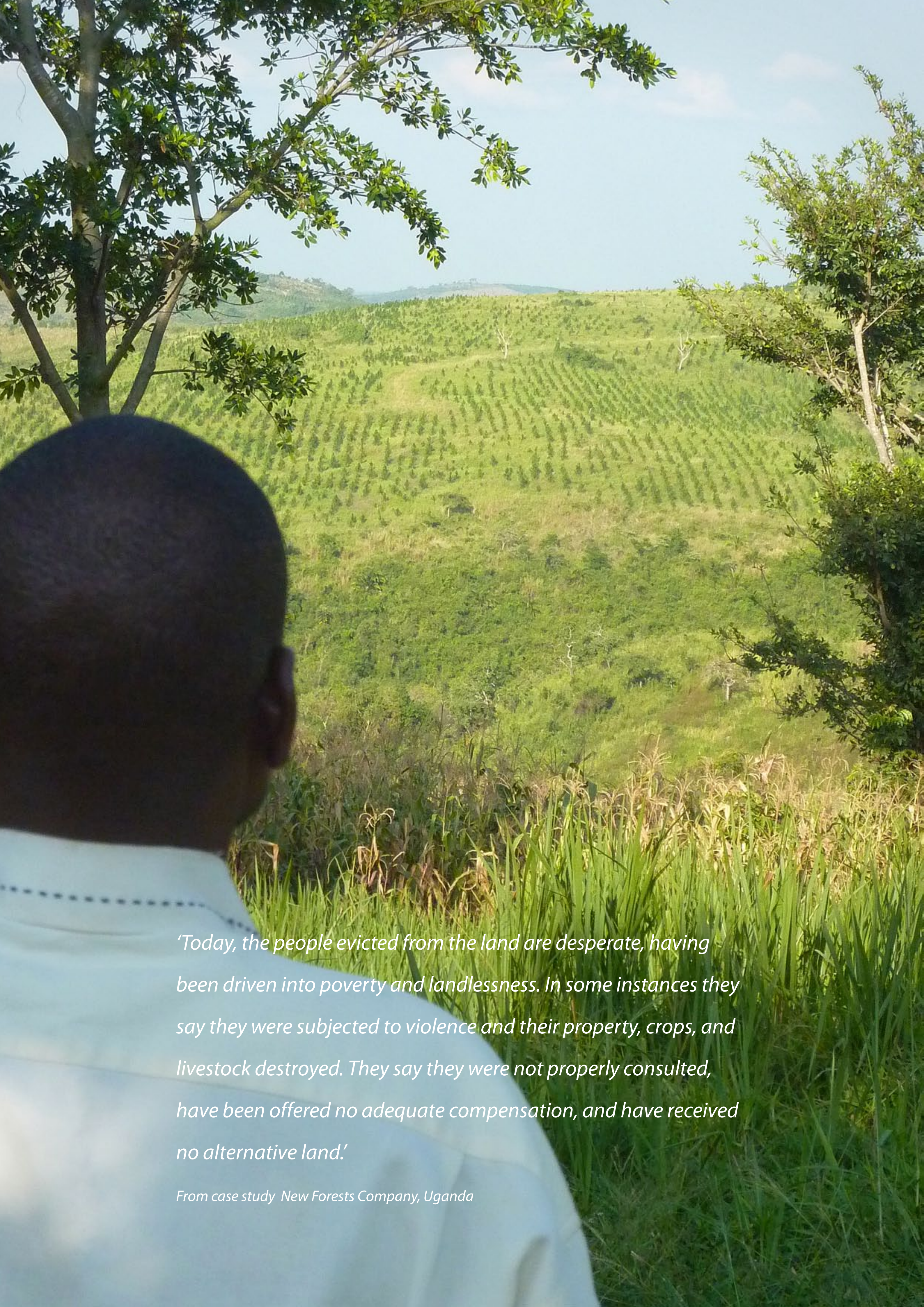
'Reports about land-grabs in Africa often attack the corporations that stand to profit from such projects. But little is said of the international development banks that fund the projects. Development banks are supposed to ensure adherence to human rights in the projects they fund, because human rights protection is central to sustainable development. Instead, their practices provide fertile ground for violations by encouraging companies to cut costs and maximise profits, impoverishing local communities in the process'.[13]

Gearoid Millar of the University of Aberdeen, UK

This report follows a series of recent analyses by NGOs questioning the developmental impact of European and other DFIs.[14] It adds further weight to the argument that DFIs need to be placed under proper democratic scrutiny and that their investments need to be held to account by parliaments. DFIs must subject their investments to better screening to ensure they do not contribute to land grabs or deforestation. In addition, when faced with criticism of their investments by NGOs or others, the stock response of DFIs is to simply defend the project or issue a collective response with the company. The DFIs themselves need to become much more open to allowing further independent scrutiny of their investments in order to improve their developmental impact and to choose the right projects to fund.

13 Gearoid Millar, 'How a project with good aims delivered bitter outcomes in Sierra Leone', 7 January 2016, http://www.farmlandgrab.org/post/view/25655-how-a-project-with-good-aims-delivered-bitter-outcomes-in-sierra-leone

14 For an overall analysis, see Eurodad, 'Private Finance for Development Unravelled: Assessing How Development Finance Institutions Work', 2014, http://www.eurodad.org/files/pdf/53bebdc93dbc6.pdf



'Today, the people evicted from the land are desperate, having been driven into poverty and landlessness. In some instances they say they were subjected to violence and their property, crops, and livestock destroyed. They say they were not properly consulted, have been offered no adequate compensation, and have received no alternative land.'

From case study New Forests Company, Uganda

Case studies

In the following case studies, we highlight recent evidence suggesting possible land grabs or deforestation in projects supported by DFIs. This research is not based on field visits and is therefore not conclusive. Rather, the case studies highlight the need for further independent research and investigation by the DFIs and others into these projects.

Socapalm, Cameroon Proparco

In 2009, France's DFI Proparco provided CFA 1.5 billion (around €2.3 million) to Socapalm, part of Socfin, a Luxembourg-incorporated company part owned by French billionaire businessman Vincent Bolloré.[15] Socapalm is the largest producer of palm oil in Cameroon, controlling around 50 per cent of the market, and operates six plantations in the coastal region of the country covering 33,000 ha.[16] The Proparco loan was intended to help Socapalm increase its milling capacity and extend and rejuvenate its plantations.[17]

Socapalm has in recent years been the object of community protests for allegedly depriving local farmers of their land and threatening to extend its plantations further.

In 2010, a group of NGOs brought a complaint to the OECD alleging that the expansion of Socapalm's operations had reduced local availability of land, was contributing to water and air pollution and sometimes resorted, through its security company, to physical abuse of local people. The complainants also alleged that workers laboured in precarious conditions with limited freedom of association and poor housing facilities. The French National Contact Point of the OECD investigated the case and concluded in 2013 that Socapalm had violated certain of the OECD guidelines on employment and the environment. It recommended that Socapalm implement an action plan to remedy the violations, including by providing compensation to local communities for their loss of resources and land. Yet NGOs have alleged that the action plan is not being carried out as planned and that Socfin has refused to implement it. While Socfin has engaged more with local communities, the latter have otherwise been left without remedy to date.[18]

Opposition to Socapalm's expansion continues by local farmers who fear being further deprived of their land. Protesters have blockaded some of Socfin's plants in Cameroon and, as part of coordinated actions against Socfin's plantations in Liberia, Sierra Leone and Ivory Coast, assembled before Socapalm's head office in Doula. In 2013, local residents submitted an open letter to Socfin denouncing:

15 'Cameroun - 2009 - Renforcer la filière d'huile de palme au Cameroun', http://www.proparco.fr/Accueil_PROPARCO/Activite/Projets_PROPARCO/Tous-les-projets/Cameroun-2009-Financement-Socapalm
16 'Socapalm', http://www.socfin.com/en/locations/companies/detail/socapalm
17 'Cameroun - 2009 - Renforcer la filière d'huile de palme au Cameroun', http://www.proparco.fr/Accueil_PROPARCO/Activite/Projets_PROPARCO/Tous-les-projets/Cameroun-2009-Financement-Socapalm
18 'Environmental and labour violations at Socapalm in Cameroon', https://www.oecdwatch.org/cases/Case_202

'the mindless monopolizing of land that leaves the local residents with no proper living space nor the possibility of growing their crops, the poor compensations granted to the residential populations… [and] poor treatment of villagers by police squads employed or sponsored by private security associations (imprisonment, police brutality, etc.).'[19]

Subsequent media reports highlight villagers, labourers and NGOs continuing to complain about poor living and working conditions in Socapalm's plantations, a lack of maintenance of local infrastructure and pollution. Numerous letters of complaint have been submitted to the company and the government over the past decade.[20]

Socfin/Socapalm has denounced the protests and criticism of its operations, saying that it:

'always acted in compliance with the laws of the countries which they operate and in harmony with the communities which neighbor its facilities…. SOCFIN and its subsidiaries are at the forefront of social progress on all its plantations, progress enjoyed by local residents as well as its employees'.[21]

The company also asserts that it 'has conducted an investment policy focusing on the economic development of these remote areas, but also on the creation of community infrastructure for the population. It works to ensure the population's access to health care, education, water and access roads to the surrounding villages and national routes'.[22]

In December 2015, Socapalm was reported to be considering investing CFA 38 billion (€58 million) to further expand plantations in Cameroon.[23] Yet a May 2016 report by Greenpeace finds that these expansion plans threaten some of Cameroon forested areas. In one of Socapalm's concession areas, Greenpeace observed clearing work in 2014 which it claimed would endanger 600 ha of forest. In another, Socapalm's concession at Kienké, Greenpeace observed the company starting to clear and drain an area in order to extend its plantations over 1,800 ha. Greenpeace accuses Socfin of failing to conduct prior environmental and social impact assessments for this expansion, especially since local communities are farming in the area, actions which violate international standards.[24]

19 'West African farmers stand up against Bolloré', 5 June 2013, http://www.farmlandgrab.org/post/view/22157

20 Victoria Schneider, 'The palm oil company at the centre of a bitter land rights struggle in Cameroon', 27 July 2015, http://www.theguardian.com/sustainable-business/2015/jul/27/palm-oil-boom-cameroon-land-ownership-protest; 'Cameroun - Accaparement des terres: Des paysans réclament toujours 20 000 hectares de terre à la SOCAPALM', 21 June 2016, http://www.farmlandgrab.org/post/view/26267; 'Une année d'espoir à la Socapalm?... Peut-être', January 2017, http://www.farmlandgrab.org/post/view/26843

21 'Depuis sa création il y a plus de cent ans, la SOCFIN et ses filiales locales ont toujours agi dans le respect des lois des pays où elles s'implantent et en harmonie avec les communautés qui voisinent ses installations. Toutes ses concessions ont été acquises légalement et chaque transaction est parfaitement documentée. La SOCFIN et ses filiales sont à l'avant plan du progrès social sur toutes ses plantations, progrès dont bénéficient les riverains autant que ses employés'. 'Communique de Presse de la Socfin', undated, http://business-humanrights.org/sites/default/files/documents/COMMUNIQUE%20DE%20PRESSE%20DE%20LA%20SOCFIN.pdf

22 'Socapalm', http://www.socfin.com/en/locations/companies/detail/socapalm

23 'Cameroon: Socapalm will invest FCfa 38.2 billion for the expansion of its farms', 27 December 2015, http://www.businessincameroon.com/agriculture/2712-5892-cameroon-socapalm-will-invest-fcfa-38-2-billion-for-the-expansion-of-its-farms

24 Greenpeace, 'Africa's forests under threat: Socfin's plantations in Cameroon and Liberia', May 2016, http://www.greenpeace.org/france/PageFiles/266171/Brief_Socfin-Liberia-Cameroun_Greenpeace.pdf

Agripalma, Sao Tomé BIO

Another subsidiary of Socfin – Agripalma Ltd, which is part-owned by Belgian company STP Invest[25] – has been accused of deforestation and land grabbing in Sao Tomé & Principe, where its operations are supported by the Belgian DFI, BIO.

Agripalma is a 5,000 ha oil palm plantation in the southwest of the island of Sao Tomé which is reportedly a $38.5 million investment and includes processing facilities and an outgrowers' programme for smallholder farmers.[26] Socfin states that Agripalma is the only industrial oil palm plantations in São Tomé and Príncipe and is expected ultimately to become the largest employer in the country.[27]

BIO agreed in 2012 to provide a €1.5 million loan to Agripalma to enable it to plant new palm trees across its plantation. The single document on the BIO website relating to this project notes that the banking system in Sao Tomé & Principe is under developed and could not offer finance to Agripalma. Therefore:

> *'BIO provides the finance needed, in the form of a 12 year loan including a grace period of three years. This allows the Company to build up the activity and reach a certain level of revenues before loan repayments have to be started'.*[28]

Yet since the 2009 agreement with the government that gave the company its 5,000 ha concession, the project to revive palm oil encountered resistance from some local farmers and environmental NGOs.[29] The population of the island of Principe opposed the agreement and prevented the establishment of oil palm plantations from destroying more than 1,000 ha of forests.[30]

On the island of Sao Tomé, however, the concession agreement has been put into effect but has, according to some reports, reduced the local population's food supply and provoked considerable opposition.[31] In 2013, popular protests culminated in some inhabitants taking legal action against Agripalma for beginning clearing operations in local forests. A subsequent court ruling stipulated that, while clearing work to establish palm oil plantations could go ahead, the company was prohibited from clearing forests near a nature reserve, on hills, in coastal areas, and in other areas where operations could endanger protected flora and fauna. The judge who issued the ruling also stipulated that Agripalma must leave a 40-metre-wide strip of vegetation along the banks of all rivers, streams and lagoons. Some reports allege that this means the company is already guilty of an infraction, since there is a large deforested area

25 'STP Invest', http://www.socfin.com/en/stp-invest
26 15 August 2013, 'Court injunction to limit development of palm oil plantation', http://country.eiu.com/article.aspx?articleid=900843274&Country=S%C3%A3o%20Tom%C3%A9%20and%20Pr%C3%ADncipe&topic=Economy&subtopic=Forecast&subsubtopic=Economic+growth&u=1&pid=264123810&oid=264123810&uid=1
27 'Agripalma', http://www.socfin.com/en/locations/companies/detail/agripalma
28 'Agripalma', http://www.bio-invest.be/en/portfolio/details/117.html?mn=142
29 Muriel Devey Malu-Malu, 'À São Tomé, Agripalma marche sur des œufs', 13 May 2016, http://www.jeuneafrique.com/325743/economie/sao-tome-agripalma-marche-oeufs/
30 'São Tomé and Príncipe: Popular resistance succeeds in curbing the expansion of industrial oil palm plantations', 11 September 2013, http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/sao-tome-and-principe-popular-resistance-succeeds-in-curbing-the-expansion-of-industrial-oil-palm-plantations/
31 'São Tomé and Príncipe: Popular resistance succeeds in curbing the expansion of industrial oil palm plantations', 11 September 2013, http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/sao-tome-and-principe-popular-resistance-succeeds-in-curbing-the-expansion-of-industrial-oil-palm-plantations/

practically on the banks of the Caué River where several hundred oil palms have already been planted. It is also suggested that the forest cover on the hill near the river has been destroyed in order to plant oil palms.[32]

Agripalma has rejected the environmentalists' accusations of violating the country's nature preservation laws.[33] Socfin's website, which does not mention any local opposition to the project, states that:

> *'The economic activity created by the plantation provides additional income for the local community, where many small and medium-sized businesses have flourished since 2010. This economic dynamism is changing the character of this area, where the average daily income was less than €1 before the creation of the plantation'.*[34]

Socfin also states that:

> *'Agripalma's vision of sustainable development is based on the implementation of the policies and procedures necessary for the non-harmful use of its own environment, but also for compliance with the environmental standards applicable to new oil palm plantations'.*[35]

However, a recent Greenpeace report finds that since 2010, around 1,800 ha of forest have been destroyed to make way for the company's oil palm plantations. Greenpeace also claims that Agripalma has cleared around 470 ha of land that border but yet lie outside its concession area; it calculates that the amount of carbon stored in these cleared forests exceeds 600,000 metric tons of CO_2 equivalent, as much as the annual emissions from a small coal-fired power station. It also notes that if the entire Agripalma concession were to be converted into plantation land, greenhouse gas emissions would double.[36]

Greenpeace asserted that Agripalma had not conducted a satisfactory environmental and social impact study despite the concession being home to endangered birds, and that the company started deforestation without a precise mapping of High Conservation Value areas.[37] Furthermore, Greenpeace also found that a satisfactory appeal mechanism for local populations and compliance with their free, prior and informed consent were both lacking. People who were working on the land granted to the company were allegedly expropriated without consultation and offered a paltry level of compensation ($200 per hectare, the equivalent of four months of work at minimum wage in Sao Tomé). Those who refused this offer and tried to obtain more equitable compensation have still not received anything, Greenpeace reported.[38]

32 'São Tomé and Príncipe: Popular resistance succeeds in curbing the expansion of industrial oil palm plantations', 11 September 2013, http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/sao-tome-and-principe-popular-resistance-succeeds-in-curbing-the-expansion-of-industrial-oil-palm-plantations/

33 'Court injunction to limit development of palm oil plantation', 15 August 2013, http://country.eiu.com/article.aspx?articleid=900843274&Country=S%C3%A3o%20Tom%C3%A9%20and%20Pr%C3%ADncipe&topic=Economy&subtopic=Forecast&subsubtopic=Economic+growth&u=1&pid=2-64123810&oid=264123810&uid=1

34 'Agripalma', http://www.socfin.com/en/locations/companies/detail/agripalma

35 'Agripalma', http://www.socfin.com/en/locations/companies/detail/agripalma

36 Greenpeace, 'Africa's Forests Under Threat', February 2016, p.21, http://www.greenpeace.org/africa/Global/africa/publications/forests/2016/AFRICA'S_FORESTS_UNDER_THREAT_1.pdf

37 Greenpeace, 'Africa's Forests Under Threat', February 2016, p.21, http://www.greenpeace.org/africa/Global/africa/publications/forests/2016/AFRICA'S_FORESTS_UNDER_THREAT_1.pdf

38 Greenpeace, 'Africa's Forests Under Threat', February 2016, p.21, http://www.greenpeace.org/africa/Global/africa/publications/forests/2016/AFRICA'S_FORESTS_UNDER_THREAT_1.pdf

Agrica (Kilombero Plantations Ltd), Tanzania Norfund

Agrica Ltd, a British company incorporated in Guernsey, describes itself as the 'leading rice producer in East Africa'[39] and manages a 5,000 ha rice farm in the Kilombero Valley in Tanzania (called Kilombero Plantations Ltd) which intends to produce 20,000 tonnes of rice and 30,000 tonnes of maize per year[40]. In 2011, Agrica became a showcase project in the World Economic Forum's Southern Agricultural Growth Corridor of Tanzania[41] and is also backed by the financial investor AgDevCo, whose principal funder is the UK's Department for International Development[42].

Norway's DFI, Norfund provided $10 million to Agrica in an equity investment in 2010. Norfund states that the investment represents 'a continuous focus on the development of sustainable agribusiness in the least developed countries in Eastern Africa'. Its investment is supporting the expansion of the farm, including preparation and planting of the last 2,000 ha of the land now in production, an increase in processing and storage capacity, and renovation of a small-scale hydropower plant that produces clean electricity.[43]

Norfund also claims that the project will have several other benefits. One is that Agrica will produce rice for the local market and contribute to the supply of rice in Tanzania. Agrica has initiated a System of Rice Intensification (SRI) programme to mentor smallholder farmers to increase the quality and quantity of their yields. Norfund claims that by doubling or tripling rice yields for farmer families, SRI will double or triple family incomes, helping to reduce poverty in the communities surrounding the farm.[44]

A 2015 report by the US-based NGO, the Oakland Institute, however, raised a number of concerns about Agrica. Based on three field visits, Oakland alleged that Agrica was destroying the livelihoods of smallholder farmers, driving them into debt, and adversely affecting the local environment. Although Agrica is portrayed as a responsible investment venture, Oakland noted that the company's 'takeover of fertile land has brought misery to local communities'. 'Labelled "squatters", smallholders were forced off the land, lost their livelihoods, received a meagre compensation for their losses, and have had to face debts resulting from doing business with Agrica'.[45]

Oakland's report notes that some 230 households involving 1,258 people have lost either land and/or their farming land and were subject to a compensation process. According to Oakland, this process was, and remains, fraught with contention since several villagers reported that, after losing their land, the compensation they received left them with less land than before, while others said that the compensation received did not reflect the value of the land in the area. Oakland also alleged that the project had forced up local agricultural land prices, increasing the costs for villagers trying to re-establish their livelihoods.[46] In addition, Oakland's

39 'Company', http://www.agrica.com/html/background.html; 'Contact details', http://www.agrica.com/html/contactdetails.html
40 'Agrica', http://www.norfund.no/investmentdetails/agrica-article10588-1042.html
41 'Overview', https://www.growafrica.com/organizations/kilombero-plantations-limited-kpl-agrica
42 'Our partners', http://www.agdevco.com/about-us/our-partners.html; 'Kilombero Plantatoins Ltd', http://www.agdevco.com/our-investments/by-investment/KILOMBERO-PLANTATIONS-LIMITED
43 'Agrica', http://www.norfund.no/investmentdetails/agrica-article10588-1042.html
44 'Agrica', http://www.norfund.no/investmentdetails/agrica-article10588-1042.html
45 'Aid donors' flagship investment deal causing hardship and displacement for Tanzanian farmers', 17 June 2015, http://www.farmlandgrab.org/post/view/25045
46 Oakland Institute, 'Irresponsible Investment: Agrica's Broken Development Model in Tanzania', 2015, pp. 10-12, http://www.oaklandinstitute.org/irresponsible-investment

research into the outgrower programme established by Agrica found that many farmers were now struggling with large debt burdens, partly since the company offered lower prices for their output, while the scheme was universally described as a nightmare by the participants.[47]

Agrica has strongly contested most of these allegations, although implicitly accepting that the outgrower programme has been problematic. It argues that it followed good compensation and resettlement procedures, consistently consulting with those affected. Moreover, it states that the project overall has had significant economic benefits - while the company has been loss making during the past seven years, its operations have added $639,000 in net local salaries and benefits into the economy, while also spending over $200,000 on education, water and health programmes.[48] Norfund's response to the Oakland report highlighted that 7,000 families were now benefitting from the company's rice training programme, which was doubling or tripling productivity.[49]

The case highlights the need for independent scrutiny of such projects. Norfund's response to Oakland's criticisms was largely dismissive and insubstantial. It simply praised Agrica and highlighted project benefits, even stating: 'It is not possible to verify the accuracy of these [ie, Oakland's] allegations or follow up on complaints'.[50] Yet surely such follow-up is precisely what public funders of projects should do when faced with strongly researched criticism of projects. Subjecting such projects to independent scrutiny is especially vital when they involve rural transformation –when land is taken from smallholders for companies, meaning that livelihoods are fundamentally altered. It is also important when little information lies in the public domain on such projects: Norfund has a single, short webpage on the subject of Agrica[51] while the company's website is very rudimentary, providing few project details[52].

Feronia, Democratic Republic of Congo DEG, FMO, BIO, CDC, Proparco

Feronia, a Canadian company registered in the Cayman Islands, is an agribusiness operating three oil palm plantations in the DRC located in the provinces of Equateur and Orientale[53]: Lokutu, covering 63,560ha, Yaligimba covering 30,199 ha and Boteka covering 13,542 ha.[54] In 2009, Feronia acquired the plantations from Unilever, which had been the principal operator of these plantations for over 100 years.

Five European DFIs are among those financing Feronia:

— DEG, BIO and FMO together provide a long term loan facility to Feronia worth $49 million (DEG $16.5 million, BIO $11 million and FMO $16.5 million).[55]

47 Oakland Institute, 'Irresponsible Investment: Agrica's Broken Development Model in Tanzania', 2015, pp. 10-12, http://www.oaklandinstitute.org/irresponsible-investment
48 Response from Agrica is available at : http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/Agrica%27s_Response_to_Oakland_Institute_Greenpeace_Africa-May-29-2015.pdf
49 An unofficial translation of the Norfund response is available at: 'Norfund Response to Recent Critical Report about Agrica/KPL', 29 June 2015, https://mikaelbergius.wordpress.com/2015/06/29/norfund-response-to-recent-report-by-the-oakland-institute/
50 An unofficial translation of the Norfund response is available at: 'Norfund Response to Recent Critical Report about Agrica/KPL', 29 June 2015, https://mikaelbergius.wordpress.com/2015/06/29/norfund-response-to-recent-report-by-the-oakland-institute/
51 'Agrica', http://www.norfund.no/investmentdetails/agrica-article10588-1042.html
52 http://www.agrica.com/indexflash.html
53 Note: these two provinces have recently been subdivided in five and four provinces respectively with different names
54 'Our Plantations', http://www.feronia.com/pages/view/plantations
55 'Plantations et Huileries du Congo SA', https://www.deginvest.de/DEG-Documents-in-English/About-DEG/Responsibility/Investment-related-information/201512_Feronia_EN.pdf

— The UK's CDC invested $18.1 million in Feronia in 2013, and, following an additional investment in early 2016, now owns 67 per cent of the company.[56] CDC states that its initial investment enabled Feronia to raise capital worth $28.6 million[57].

— The African Agriculture Fund, which was set up and is backed by Proparco[58] and which is managed by Phatisa, a fund based in Mauritius, has invested $19.5 million in Feronia.[59] A subsidiary of the African Agriculture Fund, Golden Oil Holdings Ltd, which is also registered in Mauritius, is the second largest shareholder in Feronia, along with CDC.[60]

Two reports, in 2015 and 2016, by a group of NGOs led by GRAIN and RIAO-RDC, have raised serious questions about Feronia's land acquisition process and working conditions on its plantations, and financial backing of the project by European DFIs.[61] When Feronia acquired the land in 2009, it claimed to have inherited lease agreements for all of the lands where the company has plantations. Yet villagers assert that Feronia is illegally occupying over 100,000 ha of land. At the Boteka plantation, local leaders told NGO researchers that they were never consulted about the concession agreement signed between Feronia and the government in 2012, as is their legal right. Similarly, community leaders at the Lokutu plantation told researchers that the only document that Feronia has ever shown them as evidence of the company's rights to the concession is an old registration certificate that is riddled with errors and that does not confer any legal title. In March 2015, over 60 customary chiefs and other community leaders called for the resolution of their longstanding grievances against Feronia, saying the company has never consulted them about the use of their lands and has no right to be there.[62]

Community leaders from Lokutu also told researchers for GRAIN and RIAO-RDC that Feronia prevents local people from raising livestock or farming within the company's concession, even on lands that the company has abandoned. They also said that even minor transgressions are punished by the company's guards; for example, 'anyone caught carrying just a few nuts fallen from the oil palms is fined or, in many cases, whipped, hand cuffed and taken to the nearest prison'.[63]

The reports also document grievances among workers concerning low pay and company refusals to hire long term workers on a permanent basis as required by law, and described living

56 'CDC invests US$18.1m in agribusiness in the Democratic Republic of Congo', 8 November 2013, http://www.cdcgroup.com/Media/News/CDC-invests-US181m-in-agribusiness-in-the-Democratic-Republic-of-Congo/; 'News: A briefing on our investment in Feronia', 21 November 2016, http://www.cdcgroup.com/Media/News/News-A-briefing-on-our-investment-in-Feronia/

57 'CDC invests US$18.1m in agribusiness in the Democratic Republic of Congo', 8 November 2013, http://www.cdcgroup.com/Media/News/CDC-invests-US181m-in-agribusiness-in-the-Democratic-Republic-of-Congo/#sthash.pCuHCLf9.dpuf

58 'Le fonds d'investissement African Agriculture Fund investit dans l'huile de palme en Sierra Leone', 10 October 2011, http://www.proparco.fr/site/proparco/Accueil_PROPARCO/Publications-Proparco/News_PROPARCO?actuCtnId=68308

59 'AAF Deal Card', http://phatisa.appyourgame.com/wp-content/uploads/2015/10/PHATISA_AAF_Feronia-deal-card-2014.pdf

60 'Frequently Asked Questions', http://www.feronia.com/faqs

61 GRAIN et al, 'Agro-colonialism in the Congo: European and US development finance bankrolls a new round of agro-colonialism in the DRC', 2 June 2015, https://www.grain.org/article/entries/5220-agro-colonialism-in-the-congo-european-and-us-development-finance-bankrolls-a-new-round-of-agro-colonialism-in-the-drc; GRAIN et al, 'Land conflicts and shady finances plague DR Congo palm oil company backed by development funds', November 2016, https://www.grain.org/article/entries/5564-land-conflicts-and-shady-finances-plague-dr-congo-palm-oil-company-backed-by-development-funds

62 GRAIN et al, 'Agro-colonialism in the Congo: European and US development finance bankrolls a new round of agro-colonialism in the DRC', 2 June 2015, https://www.grain.org/article/entries/5220-agro-colonialism-in-the-congo-european-and-us-development-finance-bankrolls-a-new-round-of-agro-colonialism-in-the-drc

63 GRAIN et al, 'Agro-colonialism in the Congo: European and US development finance bankrolls a new round of agro-colonialism in the DRC', 2 June 2015, https://www.grain.org/article/entries/5220-agro-colonialism-in-the-congo-european-and-us-development-finance-bankrolls-a-new-round-of-agro-colonialism-in-the-drc; 'Agro-colonialism in the Congo', 2 June 2015, http://www.farmlandgrab.org/post/view/24993

conditions for communities within Feronia's oil palm plantation concessions as abysmal. The report also noted that Feronia has also done little to improve health services, roads, schools or housing for its workers and the communities whose lands it occupies. In statement after statement, community leaders from Feronia's three plantation areas maintain that services and infrastructure have deteriorated since Feronia's operation began in 2009, despite the company's claims to the contrary. The report also noted that despite the concerns raised by the 2015 analysis, Feronia's initial DFI investors continued to provide funding to the company and, in December 2015, several other DFIs agreed to provide an additional round of financing in the amount of $49 million. 'The report reveals a troubling lack of due diligence regarding the use of public funds by DFIs, all of which claim to follow high standards of responsible investment'.[64]

In response, the DFIs and the Feronia have defended the company's operations, refuting the key allegations. CDC's response to GRAIN and RIAO-RDC's first report was the same, virtually word for word, as Feronia's.[65] Feronia has stated:

> *'Feronia is making a huge difference to people's lives in one of the world's poorest places. Over 3500 people now have jobs in a region where there are no other employment opportunities. Not only are there jobs but Feronia provides access to schools, hospitals and infrastructure for our workers and the community. We're operating in extremely challenging conditions but we're making improvements to the way we operate and to the conditions facing our people and the local community'.*[66]

Feronia and the DFIs have asserted that the company has the necessary government permission to use the concessions and that it 'strictly follows the legal process for renewing these titles'.[67] As regards preventing farmers from using land, Feronia has stated that it 'has historically allowed people to temporarily use land which we have stopped harvesting so that they can grow food crops. However, this is always done so with the explicit understanding that it is a temporary arrangement and that at some point we will be replanting the land'.[68]

Feronia has acknowledged some deficiencies. It states:

> *'We acknowledge that salaries, working conditions and social infrastructure are currently adequate at best, but they are improving and will continue to improve as the Company's finances and operational capabilities strengthen. This improvement cannot come quickly enough for the communities living on and around our operations, but social sustainability is equally critical for our commercial success'.*[69]

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64 GRAIN et al, 'Land conflicts and shady finances plague DR Congo palm oil company backed by development funds', November 2016, https://www.grain.org/article/entries/5564-land-conflicts-and-shady-finances-plague-dr-congo-palm-oil-company-backed-by-development-funds

65 See, for example, 'CDC Group response to report raises concerns about land grabs, inadequate consultations & compensation by Feronia & Unilever in DRC', 17 September 2015, http://www.farmlandgrab.org/post/view/25324-cdc-group-response-to-report-raises-concerns-about-land-grabs-inadequate-consultations-compensation-by-feronia-unilever-in-drc; 'Feronia response to GRAIN', 10 August 2015, http://business-humanrights.org/sites/default/files/documents/Feronia-response-to-grain-report-drc-august-2015.pdf

66 'Feronia response to GRAIN', 10 August 2015, http://business-humanrights.org/sites/default/files/documents/Feronia-response-to-grain-report-drc-august-2015.pdf

67 'News: A briefing on our investment in Feronia', 21 November 2016, http://www.cdcgroup.com/Media/News/News-A-briefing-on-our-investment-in-Feronia/

68 'Feronia response to GRAIN', 10 August 2015, http://business-humanrights.org/sites/default/files/documents/Feronia-response-to-grain-report-drc-august-2015.pdf

69 'Sustainability Report 2016', http://www.feronia.com/pages/view/sustainability_report_2016

The NGO reports did not attempt an overall cost/benefit analysis of Feronia's operations in the DRC. The company and the DFIs claim that its economic and social benefits are substantial. Feronia notes that in 2014 it paid the DRC government $2.8 million in taxes and fees.[70] The company is also using $3.6 million of CDC's investment 'to deliver better environmental and social standards for workers and local people. This will include improved community engagement and environmental practices, upgraded community facilities, such as clean drinking water, and better workers' housing and sanitation'.[71]

Nevertheless, the DFIs have a responsibility to investigate further the land conflicts surrounding Feronia's operations. There is a particular obligation to do this since, as the DFIs themselves have claimed, they have provided Feronia with the funds to keep the company afloat.[72]

CDC's January 2015 subscription agreement with Feronia requires operations to not be the subject of any environmental, social or land claims. One of the conditions of the agreement is that 'there are no disputes regarding boundaries, rights, covenants or other matters relating to any property or its use'.[73] France's aid agency, AFD and its DFI, Proparco had published an "Analysis of agricultural and land investment projects" (*Grille d'analyse de projets d'investissements agricoles à emprise foncière*) in 2010 to guide their participation in agribusiness projects; GRAIN and RIAO-RDC assert that the investment in Feronia violates the number one principle laid out in this document, which requires investments to 'respect the rights of the users of the land, whether their rights to the land are formal or informal (customary/traditional), individual or collective'.[74]

New Forests Company, Uganda — FMO, Finnfund, Norfund

The Dutch DFI, FMO, together with Finnfund and Norfund (and also the European Investment Bank, the bank of the European Union) are all funding the New Forests Company, a firm incorporated in Mauritius[75], in its activities in Uganda. The company was founded in 2004 and works three pine and eucalyptus plantations in Mubende, Kiboga and Bugiri districts.[76] It is East Africa's largest local producer of wooden transmission poles and the second largest private tree planter, and manages nearly 30,000 ha of planted forests in Uganda, Rwanda and Tanzania.[77]

70 'Frequently Asked Questions', http://www.feronia.com/faqs
71 'CDC Group response to report raises concerns about land grabs, inadequate consultations & compensation by Feronia & Unilever in DRC', 17 September 2015, http://www.farmlandgrab.org/post/view/25324-cdc-group-response-to-report-raises-concerns-about-land-grabs-inadequate-consultations-compensation-by-feronia-unilever-in-drc
72 'CDC Group response to report raises concerns about land grabs, inadequate consultations & compensation by Feronia & Unilever in DRC', 17 September 2015, http://www.farmlandgrab.org/post/view/25324-cdc-group-response-to-report-raises-concerns-about-land-grabs-inadequate-consultations-compensation-by-feronia-unilever-in-drc
73 Cited in GRAIN et al, 'Agro-colonialism in the Congo: European and US development finance bankrolls a new round of agro-colonialism in the DRC', 2 June 2015, https://www.grain.org/article/entries/5220-agro-colonialism-in-the-congo-european-and-us-development-finance-bankrolls-a-new-round-of-agro-colonialism-in-the-drc
74 Cited in GRAIN et al, 'Agro-colonialism in the Congo: European and US development finance bankrolls a new round of agro-colonialism in the DRC', 2 June 2015, https://www.grain.org/article/entries/5220-agro-colonialism-in-the-congo-european-and-us-development-finance-bankrolls-a-new-round-of-agro-colonialism-in-the-drc
75 'Contact', http://newforests.net/contact/; NFC, 'Sustainability Report FY 2016', p.10, http://newforests.net/about-us/sustainability-reports/
76 Office of the Compliance Advisor/Ombudsman, 'CAO Progress report: Uganda/Agri-Vie Fund-01/Kiboga', 5 June 2014, http://www.cao-ombudsman.org/cases/document-links/documents/CAOPROGRESSREPORT_Kiboga_June2014.pdf
77 'Welcome to the New Forests Company', http://newforests.net/; Finnfund, 'Annual Report' 2015, p.63 http://annualreport.finnfund.fi/2015/filebank/753-Annual_Report_2015.pdf

DFI funding is as follows:

— FMO provided $10 million to the New Forests Company for its operations in Uganda and Tanzania in July 2015.[78]

— Finnfund provided the same funding, $10 million, for operations in Uganda and Tanzania, also agreed in 2015.[79]

— Norfund invested NOK 54.7 million (€5.9 million) in 2010 in the Agri-Vie investment fund[80], a private equity fund with investments in African agribusiness companies which is also supported by the World Bank's International Finance Corporation[81]; Agri-Vie in turn invested $6.7 million in New Forests Company[82].

— In addition, the European Investment Bank provided a loan worth €4.6 million in 2008.[83]

The New Forests Company's operations in Uganda were subject to a very carefully researched and argued Oxfam report released in 2011, which documented one of the largest land grabs in Africa. The report found that an estimated 22,500 people had been evicted from their homes and land in two districts (Mubende and Kiboga) to make way for the company's plantations between 2006 and 2010. A large number of local villagers also alleged, in legal claims against the New Forests Company, that individuals whom they believed to be company employees took part in these evictions; the company denies this allegation, stating that the land clearances were voluntary and that the company played no role in them. The Oxfam report stated:

> *'Today, the people evicted from the land are desperate, having been driven into poverty and landlessness. In some instances they say they were subjected to violence and their property, crops, and livestock destroyed. They say they were not properly consulted, have been offered no adequate compensation, and have received no alternative land'.*[84]

Oxfam's report contained several personal testimonies and drew on a wide range of legal and other sources in Uganda.

A complaint concerning the New Forests Company was brought to the World Bank's Compliance Advisor/Ombudsman (CAO) in 2011 by affected community representatives, Oxfam and the Uganda Land Alliance. The CAO investigation resulted in a mediation process managed by the CAO which produced agreements in 2013 and 2014 requiring the company to contribute funds into community-run cooperatives set up by the Mubende and Kiboga communities and requiring the company to implement development projects to benefit them. Oxfam noted that 'the community remains far from restoring its livelihoods but the outcome of the mediation process provides a basis for community members to start to rebuild their lives'.[85] Due to their

78 'New Forest Company Ltd', https://www.fmo.nl/project-details/43413
79 Finnfund, Annual Report 2015, p.54, http://annualreport.finnfund.fi/2015/filebank/753-Annual_Report_2015.pdf
80 'Agri-Vie', http://www.norfund.no/investmentdetails/agri-vie-article10589-1042.html
81 Office of the Compliance Advisor/Ombudsman, 'CAO Progress report: Uganda/Agri-Vie Fund-01/Kiboga', 5 June 2014, http://www.cao-ombudsman.org/cases/document-links/documents/CAOPROGRESSREPORT_Kiboga_June2014.pdf
82 'New Forests Company', http://agrivie.com/investors-list/#investor-191; Oxfam, The New Forests Company and its Uganda Plantations, 2011, p.2, https://www.oxfam.org/sites/www.oxfam.org/files/cs-new-forest-company-uganda-plantations-220911-en.pdf
83 'NFC Forestry Project', http://www.eib.org/projects/pipeline/2006/20060582.htm
84 Oxfam, 'The New Forests Company and its Uganda Plantations', 2011, p.3, https://www.oxfam.org/sites/www.oxfam.org/files/cs-new-forest-company-uganda-plantations-220911-en.pdf
85 'Ugandan community reaches agreement with British company', 8 July 2013 http://www.oxfam.org.uk/blogs/2013/07/mubende-agreement

dispossession, people in the community were still not farming or raising animals and were continuing to live largely in destitution. In 2014, the cooperative was able to purchase 500 acres of land in Mubende district for the purposes of resettlement and agricultural activities.[86]

New Forests Company's most recent (2016) Sustainability Report states:

> *'During FY16, there were no new grievances related to human rights filed. In FY12, complaints were raised by communities settled in Mubende and Kiboga Districts in Uganda, about perceived, but illegal rights to constitutionally protected land within the Namwasa and Luwunga Central Forest Reserves where we had planted trees. It is a risk to NFC for any of our neighbours to feel aggrieved so we voluntarily entered into dialogue with these communities, mediated by the International Finance Corporation's Office of the Compliance Advisor Ombudsman (CAO), which was successfully resolved by 2014. We signed agreements with these community cooperatives and have been upholding our commitments throughout FY16'.*[87]

The role of European DFIs in this project is especially concerning. For example, the European Investment Bank loan was explicitly intended to help the New Forests Company expand its operations in the Namwasa forest of Mubende district[88] – this expansion resulted in the eviction of 7,200 people, according to Oxfam's estimate[89].

It is also noteworthy that both Finnfund and FMO agreed to fund the company in 2015, yet neither of these organisations even mention the Oxfam report or the subsequent CAO process on their websites. Extraordinarily, FMO simply states in its brief project description that such forestry investments have a 'large economic benefit', without mentioning any displacements of people. It also states that this was FMO's 'first senior debt commitment to a forestry related project'[90] which should surely have made FMO more concerned about such investments.

Finnfund's 2015 Annual Report (the latest available at the time of this research) highlights the New Forests Company as a positive case study of its investments and a flagship of its support to 'sustainable forestry in Africa'. Its description of the project can only be regarded as extraordinary. It states, without mentioning anything of displacements, the Oxfam report or the CAO process:

> *'NFC is deeply committed to social impact having invested over USD 6.5 million to date on its community development programme. This programme reaches over 400,000 people and includes 32 schools and double classroom blocks, 23 clean water points, 9 health centres, and 6.5 million tree seedlings for outgrowers. The communities have become strongly aligned partners in preventing grazing, fire, theft and other risks, achieving a mutually beneficial relationship for the investment and its neighbours'.*[91]

86 'Mubende community in Uganda moves forward with implementation of agreement with New Forests Company', 3 April 2014, http://www.oxfam.org.uk/get-involved/campaign-with-us/latest-campaign-news/2014/04/mubende-community-moves-forward
87 NFC, 'Sustainability Report FY16', p.17, file:///C:/Users/PC/AppData/Local/Temp/NFC%20Sustainability%20report%20-%20FY16.pdf
88 'NFC Forestry Project', http://www.eib.org/projects/pipeline/2006/20060582.htm
89 Oxfam, 'The New Forests Company and its Uganda Plantations', 2011, p.4, https://www.oxfam.org/sites/www.oxfam.org/files/cs-new-forest-company-uganda-plantations-220911-en.pdf
90 'New Forest Company (Tanzania) Ltd', https://www.fmo.nl/project-details/43414
91 Finnfund, 'Annual Report 2015', p.63 http://annualreport.finnfund.fi/2015/filebank/753-Annual_Report_2015.pdf

New Forests Company, Tanzania FMO, Finnfund, Norfund

FMO, Finnfund and Norfund are also funding the New Forests Company in Tanzania, where it has secured around 19,000 acres of land[92] in Iringa district of central Tanzania on which it is planting pine and eucalyptus. As noted in the previous case study, Dutch DFI, FMO and Finnish DFI, Finnfund each provided $10 million to the company in 2015, for operations in both Tanzania and Uganda.[93] Also the same as in the previous case, Norfund invested NOK 54.6 million (€5.9 million) in 2010 in the Agri-Vie investment fund[94], which in turn has invested $6.7 million in the New Forests Company[95].

NFC began its land acquisition process in Tanzania in 2006 and started forestry operations in 2009.[96] Tensions between the company and smallholders over the land acquisition and compensation process in several villages have been highlighted in recent years, without fully comprehensive case studies being undertaken.[97] Recent research by German NGO, Misereor, in one village – Magome, in Kilolo district of Iringa – suggests a lack of clarity over the consultation process and that company promises to support the community in social and economic development and the creation of thousands of jobs have yet to be fulfilled. The report claims that smallholders' access to land for the use of firewood collection has been reduced since the investor arrived and that 'villagers expressed that they want their land back and that wish they had been more informed of the consequences beforehand'.[98] However, the report did not attempt an overall cost/benefit analysis of the company's operation.

The claims have been strongly disputed by the New Forests Company, which accuses Misereor of a flawed research process and of conducting fieldwork in only one village. It rejects the claim that farmers have been deprived of firewood collection and argues that it followed a 'highly consultative' land acquisition process involving dozens of village meetings, listing a number of events and timelines in its written response to the Misereor report. It also rejects the notion that it failed to live up to its community development spending promises, saying that it has spent over TShs 300 million (€120,000) per year funding education, health and income generation projects. The New Forests Company states that it has created 590 jobs in rural Tanzania and injects over $5 million a year into the local economy through its company purchasing.[99]

92 This is the figure given by the company for the land for which it says it has paid compensation. See NFC response in Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, p.66, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

93 'New Forest Company Ltd', https://www.fmo.nl/project-details/43413; Finnfund, Annual Report 2015, p.54, http://annualreport.finnfund.fi/2015/filebank/753-Annual_Report_2015.pdf

94 'Agri-Vie', http://www.norfund.no/regional-global/agri-vie-article313-411.html

95 'New Forests Company', http://agrivie.com/investors-list/#investor-191; Oxfam, 'The New Forests Company and its Uganda Plantations', 2011, p.2, https://www.oxfam.org/sites/www.oxfam.org/files/cs-new-forest-company-uganda-plantations-220911-en.pdf'

96 See NFC response to the Misereor report, Misereor, Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, p.66, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

97 See, for example, Martina Locher, 'How come that others are selling our land?' – 'Customary Land Rights, Rural Livelihoods and Foreign Land Acquisition in the Case of a UK-based Forestry Company in Tanzania', 2011, http://www.future-agricultures.org/papers-and-presentations/cat_view/1551-global-land-grab/1552-conference-papers?start=50; Chambi Chachage and Bernard Baha, 'Accumulation by Land Dispossession and Labour Devaluation in Tanzania: The case of biofuels and forestry investments in Kilwa and Kilolo', 2011, pp.32-41

98 Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, p.57, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

99 See NFC response to the Misereor report, Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, pp.64-7, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

Green Resources, Uganda Norfund, Finnfund, FMO

Norfund, Finnfund and FMO are funding Norwegian forestry company Green Resources in its operations in East Africa, including Uganda. Green Resources is Africa's largest forestation company and a leader in wood manufacturing, with 40,000 ha of standing forest in Mozambique, Tanzania and Uganda, established through its own planting activities. It was one of the first companies globally to receive carbon revenue from its plantation forests and much of its planted forests are certified according to the Forest Stewardship Council standard, the world's leading standard for responsible forest management.[100]

European DFIs have provided financing to Green Resources through various instruments since 2003.[101] In 2012, Finnfund invested $10 million and Norfund $15 million.[102] By the end of 2016, Norfund increased its investment to $19.5 million (NOK 169.5 million).[103] In 2013, FMO invested $20 million in Green Resources (for company operations generally, including Uganda) stating that this would fund new timber processing equipment, plantations and working capital requirements. FMO also notes that its 'non-financial contribution is significant: developing an environmental and social risk monitoring system and a stakeholder management plan'.[104]

In Uganda, Green Resources has two plantations. It holds a 50 year tree planting licence over Bukaleba, the second largest forest plantation in Uganda, which comprises 9,165 ha of land including pine, eucalyptus and indigenous hard woods.[105] It also holds a licence for the Kachung plantation which covers 2,669 ha, of which 2,050 ha are plantable with 546 ha set aside for conservation.[106]

When the company was given a lease to operate in Bukaleba in 1996, it is believed that around 8,000 farmers and fishermen were living inside the reserve.[107] This issue has been central to a number of critical NGO reports on the company for over a decade.[108] A 2014 report by the Oakland Institute, based on over seven months of field research, found that these 8,000 or more people faced profound disruptions to their livelihoods, notably losing access to land they have historically relied on for vital livelihood activities, including grazing animals, cultivating food crops and cultural activities. The report noted that many people had been forcibly evicted from the forest areas, and were subject to physical violence by the police. These evictions were directly related to the company's expansion and some villagers told Oakland's researchers of their homes and farming areas being destroyed by company employees. Many villagers had

100 'Welcome to Green Resources', http://www.greenresources.no/
101 EDFI, 'Investing for a Greener Future', undated, p.20, https://www.deginvest.de/DEG-Documents-in-English/Download-Center/EDFI-Booklet-Investing-for-a-Greener-future_2015.pdf
102 Green Resources, 'Annual Report 2014/15', p.26, http://www.greenresources.no/Portals/0/pdf/Annual%20Report%201415%20%28160314%29.compressed.pdf; 'African forest plantations bring work and combat deforestation', 7 March 2013, https://www.finnfund.fi/ajankohtaista/uutiset13/en_GB/Green-Resources-gras-African-forest-plantation-combat-deforestation/
103 'Green Resources USD', http://www.norfund.no/investmentdetails/green-resources-usd-article10643-1042.html
104 'Green Resources AS', https://www.fmo.nl/project-details/31975
105 'Uganda plantations', http://www.greenresources.no/Plantation/Uganda
106 'Uganda plantations', http://www.greenresources.no/Plantation/Uganda
107 Anne Kari Garberg, 'Tree-planting Project Threatens Food Security', 3 May 2015, http://www.framtiden.no/english/other/tree-planting-project-threatens-food-security.html
108 See, for example, Tonje Refseth, 'Norwegian Carbon Plantations in Tanzania: Towards Sustainable Development?', 2010, Norwegian University of Life Sciences, http://brage.bibsys.no/umb/handle/URN:NBN:no-bibsys_brage_15397?mode=simple; Tor A. Benjaminsen et al, 'Conservation and Land Grabbing in Tanzania', 2011, pp.14-16 (http://www.future-agricultures.org/papers-and-presentations/cat_view/1551-global-land-grab/1552-conference-papers?start=20); Chambi Chachage, 'Land acquisition and accumulation in Tanzania: The case of Morogoro, Iringa and and Pwani Regions', October 2010, Section 4.1 http://www.commercialpressuresonland.org/research-papers/land-acquisition-and-accumulation-tanzania; Friends of the Earth International, 'Tree Trouble', 2000, http://www.fern.org/sites/fern.org/files/pubs/reports/treetr.pdf; Anne Kari Garberg, 'Tree-planting Project Threatens Food Security', 3 May 2015, http://www.framtiden.no/english/other/tree-planting-project-threatens-food-security.html

been forced to move their livelihood activities into marginal and less productive land, including moving grazing animals into wetlands, riparian and other ecologically sensitive zones, and moving crop cultivation onto steep and rocky slopes. [109]

In addition, many villagers suggested to Oakland that land and waterways have been polluted by agro-chemicals used in the plantations, resulting in crop losses and livestock deaths. Oakland noted that local environmental officers, villagers and journalists said that the company was violating its environmental guidelines by encroaching on fragile ecosystems by planting trees and spraying chemicals close to Lake Victoria and other riparian zones. Overall, the report found that while Green Resources promoted some community development projects, these were 'largely disconnected from local villagers' needs and aspirations'.[110]

Mads Asprem, the CEO of Green Resources, rejected the findings of the report and claims that the company's Uganda operation is 'a world class forest plantation that strives for the highest international standards for sustainable forest management'. He has asserted that no-one has been evicted, by force or any other means, from the forests areas and that 'no villager has been denied access to forest reserve to undertake cultural activities'. Villagers living in designated forest areas are there 'illegally'. He also rejects the allegation of pollution by agro-chemicals, stating that the company 'only use permitted herbicides', but accepting that this includes glysophate.[111]

Yet in September 2015, a Swedish TV documentary focusing on the Kachung Plantation reached many of the same conclusions as Oakland. It found that many villagers had said they were expelled from the forest by police and soldiers, with some beaten and arrested, and that livestock was confiscated when their animals roamed too close to the plantation.[112] In response to questions by the Swedish TV channel, TV4, Mads Asprem accepted that Ugandan environment officials, accompanied by the Environmental Police, 'asked the farmers to stop operating in the forest reserve' and said that if anyone had been beaten in this process, that would be 'terrible, probably unlawful and should be dealt with accordingly'.[113]

In response to the Oakland and Swedish TV reports, the Swedish Energy Agency – the sole purchase of carbon credits from Green Resources' Kachung Plantation – visited the project site in October 2015 and discovered serious problems with the project, stating that 'all was not as good as we thought' (see box). Indeed, the Agency announced that it was freezing its remaining payments to the company until the latter addressed a number of concerns. In response, Green Resources agreed to make improvements in areas such as 'Opportunity for ranching in the forest reserve, Socio-economic analysis and development, Improved cultivation, Mechanism

109 Oakland Institute, The Darker Side of Green: Plantation Forestry and Carbon Violence in Uganda, 2014, pp.2-3, http://www.oaklandinstitute.org/darker-side-green; Kristen Lyons and Peter Westoby, 'Green Resources Hedging around Growing International Calls for Radical Reform of Its Plantation Forestry Practices', 25 March 2016, http://www.oaklandinstitute.org/green-resources-hedging-around-growing-international-calls-radical-reform-its-plantation-forestry

110 Oakland Institute, 'The Darker Side of Green: Plantation Forestry and Carbon Violence in Uganda', 2014, p.11, http://www.oaklandinstitute.org/darker-side-green

111 Cited in Chris Lang, 'Dark Green? Response from Mads Asprem, CEO of Green Resources, to the Oakland Institute', http://www.redd-monitor.org/2014/11/05/dark-green-response-from-mads-asprem-ceo-of-green-resources-to-the-oakland-institute/, 5 November 2014

112 'TV4's Kalle Fakta's Program to Feature Green Resources Kachung Project - Comments by Green Resources', 1 November 2015, http://www.greenresources.no/News/tabid/93/articleType/ArticleView/articleId/76/TV4s-Kalle-Faktas-Program-to-Feature-Green-Resources-Kachung-Project--Comments-by-Green-Resources.aspx

113 'TV4's Kalle Fakta's Program to Feature Green Resources Kachung Project - Comments by Green Resources', 1 November 2015, http://www.greenresources.no/News/tabid/93/articleType/ArticleView/articleId/76/TV4s-Kalle-Faktas-Program-to-Feature-Green-Resources-Kachung-Project--Comments-by-Green-Resources.aspx

for enhanced communication and complaint handling'.[114] In early 2016, however, the Swedish Energy Agency decided to resume its payments, apparently satisfied that Green Resources was committed to making these improvements.[115] Mads Asprem implicitly accepted the criticism of the Agency in the interview with Sweden's TV, stating:

> *'We had originally agreed with Energimyndigheten of Sweden [the Swedish Energy Agency], the buyer of carbon credits from Kachung, that we should work to improve the agricultural operations of the farmers living in the areas around the plantation. This has not happened to a satisfactory degree, and GR [Green Resources] will implement a new plan to rectify this short-coming'.*[116]

'During the visit to Kachung got colleagues information and data from both locals and Green Resources staff that the project did not live up to the agreement between the Swedish Energy Agency and Green Resources or the pledges made in the project documentation. *Projektet skulle bidra till förbättrade levnadsvillkor för de boende i området som påverkats av att Ugandiska staten öppnat upp för skogsbruket i det statliga reservatet, men utifrån informationen vi fick fanns det brister.* The project would contribute to improved living conditions for residents in the area affected by the Ugandan government opened up for forestry in the state reserve, but from the information we received, there were weaknesses. *Bland lokalbefolkningen fanns det flera personer som berättade att de har svårt att klara sitt uppehälle och att de behöver tillgång till mer bördig jordbruksmark för sin försörjning.* Among the locals, there were several people who told me that they find it difficult to support themselves and that they need access to more fertile agricultural land for their livelihood. *Det hade blivit sämre förhållanden för lokalbefolkningen sedan deras tillgång till skogsplantagen begränsades.* It had become worse conditions for the local population since their access to forest plantation was limited. *Både lokalbefolkningens berättelser och Green Resources egna dokument visade också att det förekommit konflikter i kontakten mellan skogsföretagets personal i fält och lokalbefolkningen*. Both locals 'stories and Green Resources' own documents also showed that there were conflicts in the contact between the forest company's field staff and locals. *Det framkom även uppgifter om rättsliga processer om markägande som myndigheten inte tidigare informerats om*. It also revealed the details of the legal processes of land ownership that authority not previously informed'.[117]

114 Swedish Energy Agency, October 2015, https://archive.is/zOetZ

115 'Response to the Swedish Energy Agency', 10 May 2016, http://www.oaklandinstitute.org/response-swedish-energy-agency

116 'TV4's Kalle Fakta's Program to Feature Green Resources Kachung Project - Comments by Green Resources', 1 November 2015, http://www.greenresources.no/News/tabid/93/articleType/ArticleView/articleId/76/TV4s-Kalle-Faktas-Program-to-Feature-Green-Resources-Kachung-Project--Comments-by-Green-Resources.aspx

117 Swedish Energy Agency, October 2015, https://archive.is/zOetZ

Green Resources employs 1,000 people across East Africa and rejects the claim that local villagers have been negatively affected by its Ugandan project, saying that it has provided work to hundreds of people and is the largest local employer in the area.[118] The company says that it 'aims to follow the highest international environmental standards by conserving natural forest and other valuable habitats'.[119]

There are, however, significant concerns about Green Resources' environmental impact. A joint letter by a number of NGOs and academics to the Swedish Energy Agency notes that non-native trees are being planted in Kachung which, besides having the tendency to be invasive, consume excessively large amounts of water and profoundly alter the soil's chemistry and micro fauna. They say this has a tremendous negative impact on the natural environment and the local community, which will most likely suffer from food and water shortages as a consequence. In addition, there is great uncertainty regarding the potential of tree plantations to sequester carbon. The tree plantations in Kachung are more likely, they argue, to become net sources of greenhouse gas emissions during the full cycle of habitat destruction, timber production, wood processing, transportation, consumption and disposal. The trees in the plantation area would need to remain in place permanently, in order not to release carbon dioxide back into the atmosphere, but this would also defeat the other stated object of the exercise.[120]

None of the DFIs funding Green Resources highlight any problems with the project on their websites, simply praising the company's development impact.[121] Indeed, a brochure by the EDFI – the umbrella organisation for European DFIs – which highlights DFI commitment to climate change, focuses on the Green Resources case as a positive example of their support for good forestry projects.[122]

The responsibility of the DFIs for project impacts on local people is significant since their loans have helped finance Green Resources' expansion. As Finnfund states:

> *'The participation of development finance institutions is important during the company's expansion because it would be difficult to obtain finance from purely commercial sources'.*[123]

There is a need to independently evaluate the company's overall development impact.

118 'TV4's Kalle Fakta's Program to Feature Green Resources Kachung Project - Comments by Green Resources', 1 November 2015, http://www.greenresources.no/News/tabid/93/articleType/ArticleView/articleId/76/TV4s-Kalle-Faktas-Program-to-Feature-Green-Resources-Kachung-Project--Comments-by-Green-Resources.aspx; 'Company profile', http://www.greenresources.no/-Company

119 'Welcome to Green Resources', http://www.greenresources.no/

120 'Response to the Swedish Energy Agency', 10 May 2016, http://www.oaklandinstitute.org/response-swedish-energy-agency; Protect the Forest Sweden, 'Impacts of Green Resources' Tree Plantations at Kachung, Uganda', 2016, http://skyddaskogen.se/documents/Green_Resources_in_Kachung_Information_2016.pdf

121 See, for example, 'Green Resources As (GRAS) – Africa: Bringing forest cultivation work to rural area' [sic], http://www.finnfund.fi/sijoitukset/en_GB/investment_examples/

122 EDFI, 'Investing for a Greener Future', undated, p.20, https://www.deginvest.de/DEG-Documents-in-English/Download-Center/EDFI-Booklet-Investing-for-a-Greener-future_2015.pdf

123 'Green Resources As (GRAS) – Africa: Bringing forest cultivation work to rural area', http://www.finnfund.fi/sijoitukset/en_GB/investment_examples/

Addax, Sierra Leone Swedfund, DEG, BIO, FMO

A range of European DFIs – Swedfund, DEG, BIO and FMO, together with other financiers– have until recently funded a sugar project by Addax Bionergy in Sierra Leone, covering around 14,300 ha of land.[124] Addax, a subsidiary of Swiss company Addax & Oryx Group, produced sugarcane ethanol and green electricity from biomass to power the plant and promised to provide excess energy to Sierra Leone's national grid. The first production took place in May 2014. In mid-2015, however, the project was placed under review and suspended after a decision to downscale it, due mainly to project delays caused by the 2014 ebola outbreak, sugarcane quality and production yield and a drop in the bioethanol price in Europe.[125] After the project was on hold for over a year, Addax sold 75.1 per cent of its share in the project to other investors (mainly Sunbird Bioenergy), retaining 24.9 per cent in September 2016.[126]

The Addax investment originally amounted to around €267 million but different institutions give different amounts.[127] In 2011, Dutch DFI, FMO and the Emerging Africa Infrastructure Fund (funded by the UK's Department for International Development) acted as co-lead arrangers for debt financing of around €142 million provided by FMO, DEG and BIO, together with the African Development Bank and the South African Industrial Development Corporation. Swedfund and FMO joined the Addax & Oryx Group as equity partners.[128]

In the past two years, however, the DFIs have divested from the project. Swedfund divested in 2015.[129] BIO mentions that it previously supported the project but no longer lists it as an investment.[130] DEG states that it is no longer an investor in the Addax project given that its previous loan has been repaid.[131] FMO does not appear to mention Addax on its website.

Addax claimed that 'the operation has been recognised as a model for responsible investment in Africa', involving two years of social, health and environmental baseline studies followed by the instigation of a Farmer Development Programme that has 'trained over 2,300 smallholder farmers and increased food security in the region'; the project also provides employment for 'over 3,600 people in the high season'.[132] Addax also claimed in 2013 that the project would produce €200 million in revenues for the Sierra Leone government.[133] These claims, however, have been strongly contested. In 2013, Addax Bioenergy became the first operation in Sierra Leone to be registered as a Clean Development Mechanism project of the United Nations Framework Convention on Climate Change.[134]

124 'Update on Addax Bioenergy operation in Sierra Leone', 24 June 2015, http://www.addaxbioenergy.com/data/news/Update_on_Addax_Bioenergy_operation_in_Sierra_Leone_24_June_2015.pdf; 'About us', http://www.addaxbioenergy.com/en/about-us.php

125 'Latest update on Addax Bioenergy operation in Sierra Leone', 24 March 2016, http://www.addaxbioenergy.com/en/news.php?pages=1&idnews=40

126 'AOG transfers ownership of Addax Bioenergy Sierra Leone', 30 September 2016, http://www.aoginvest.com/en/news?idnews=60

127 See Brot für Alle/Brot für die Welt, 'The Weakest Should Not Bear the Risk', September 2016, p.27, https://brotfueralle.ch/content/uploads/2016/06/The-Weakest-Should-not-Bear-the-Risk.pdf

128 'Development finance institutions announce financial close of pioneering Addax Bioenergy project in Sierra Leone', 21 December 2011, FMO press release, http://cordiantcap.com/press_release/development-finance-institutions-announce-financial-close-of-pioneering-addax-bioenergy-project-in-sierra-leone/

129 Swedfund, 'Integrated Report 2015', p.69, http://www.swedfund.se/media/1817/sustainable-business-swedfund-integrated-report-2015.pdf

130 'Sierra Leone: Climbing out of poverty', http://www.bio-invest.be/en/news/91-qsierra-leone--climbing-out-of-povertyq-a-video-by-our-partner-swedfund.html

131 'Spotlight on the head of DEG's Sustainability Department', 3 November 2016, https://www.deginvest.de/International-financing/DEG/Presse/News/News-Details_383680.html

132 'Update on Addax Bioenergy operation in Sierra Leone', 24 June 2015, http://www.addaxbioenergy.com/data/news/Update_on_Addax_Bioenergy_operation_in_Sierra_Leone_24_June_2015.pdf

133 'Réponse aux critiques émises au sujet du projet ADDAX Bioenergy en Sierra Leone', 11 June 2013, http://www.bio-invest.be/en/library/press-releases/publication/85-reponse-aux-critiques-emises-au-sujet-du-projet-addax-bioenergy-en-sierra-leone.html

134 'Update on Addax Bioenergy operation in Sierra Leone', 24 June 2015, http://www.addaxbioenergy.com/data/news/Update_on_Addax_Bioenergy_operation_in_Sierra_Leone_24_June_2015.pdf

Although the project has been downscaled, its impacts continue to be felt and it is one of the most controversial large agricultural investments in Africa. It has been subject to numerous critical reports, not only by NGOs – notably the Action for Large-scale Land Acquisition Transparency in Sierra Leone [135], ActionAid[136], Swedwatch[137], Oakland Institute[138] and Sierra Leone Network for the Right to Food together with Bread for All[139] – but also by academics[140].

International NGO ActionAid found in 2013 that over 13,000 people were being affected by the project, which was causing hunger to rise and farmers' incomes to fall. In a survey among those affected, 99 per cent suggested that food production has declined in their communities and 90 per cent said that hunger was due to problems in accessing land due to Addax. In addition, 78 per cent said that they have never seen the land lease agreement and 85 per cent did not give prior consent for their land to be taken or said that information provided to communities before the project started was inadequate.[141]

Reports by the Sierra Leone Network for the Right to Food and the Swiss NGO Bread for All, and by Swedish NGO, Swedwatch, found that the local population was not adequately informed about the project and also that there was widespread dissatisfaction about the low compensation paid for the loss of cash crops. Swedwatch also found that Addax had invested considerable resources into making the project sustainable, inclusive and long-term in its approach. The company had conducted extensive risk analyses which the local population has been able to comment on.[142] However, a Bread for the World/Bread for all report found that a summary Environmental Social Health Impact Assessment in English language was the only impact and risk assessment communication by the company available in the public sphere.[143]

Swedwatch further found that the company had conducted land surveys to provide the traditional land owners with written and registered title deeds, which they previously did not have. There had been regular discussions and meetings with the local population and different stakeholders to provide information about the project and a complaints mechanism had been put in place, although Bread for All/Bread for the World found that the lease contracts determining the company's relationship with the land owners are only in English and not in the local language.[144] Swedwatch also noted that the company was relatively open to scrutiny by the media and civil society.[145]

135 Action for Large-scale Land Acquisition Transparency, Who is Benefitting?: The Social and Economic Impact of Three Large-Scale Land Investments in Sierra Leone, 2013, http://curtisresearch.org/wp-content/uploads/who-is-benefitting-Sierra-Leone-report1.pdf

136 ActionAid, Broken Promises: 'The Impacts of Addax Bionergy in Sierra Leone on Hunger and Livelihoods', 2013, https://www.actionaid.org.uk/sites/default/files/publications/brokenpromises_0.pdf

137 Swedwatch "No land, no power", March 2013, http://www.farmlandgrab.org/post/view/21736

138 Oakland Institute, 'Understanding Land Investment Deals in Africa: Country Report – Sierra Leone', 2011, pp.24-30, http://www.oaklandinstitute.org/understanding-land-investment-deals-africa-sierra-leone

139 Bread for All, 'Concerns of Bread for All on the Addax Bioenergy Project in Sierra Leone', November 2011, http://www.brotfueralle.ch/fileadmin/deutsch/01_Service/Publikationen/BFA_Concerns.pdf

140 Gearoid Millar, 'How a project with good aims delivered bitter outcomes in Sierra Leone', 7 January 2016, http://www.farmlandgrab.org/post/view/25655-how-a-project-with-good-aims-delivered-bitter-outcomes-in-sierra-leone; Genesis Yengoh and Frederick Armah, 'Effects of Large-Scale Acquisition on Food Insecurity in Sierra Leone, Sustainability, July 2015, http://www.mdpi.com/2071-1050/7/7/9505/htm

141 ActionAid, 'Broken Promises: The Impacts of Addax Bionergy in Sierra Leone on Hunger and Livelihoods', 2013, https://www.actionaid.org.uk/sites/default/files/publications/brokenpromises_0.pdf

142 Swedwatch, "No land, no power", 5 March 2013, http://www.farmlandgrab.org/post/view/21736

143 Brot für Alle/Brot für die Welt, 'The Weakest Should Not Bear the Risk', September 2016, https://brotfueralle.ch/content/uploads/2016/06/The-Weakest-Should-not-Bear-the-Risk.pdf

144 Brot für Alle/Brot für die Welt, 'The Weakest Should Not Bear the Risk', September 2016, https://brotfueralle.ch/content/uploads/2016/06/The-Weakest-Should-not-Bear-the-Risk.pdf

145 Swedwatch, 'No land, no power', 5 March 2013, http://www.farmlandgrab.org/post/view/21736

A detailed cost/benefit analysis of the Addax project by the Action for Large-scale Land Acquisition Transparency in Sierra Leone weighed up Addax's impact among local communities and found this to be overwhelmingly negative: in particular, the project had created land shortages, reducing access to farmland while farm production and thus income levels fell since the investor appeared. Local people perceived that the company had not met its promises to promote local development and said they would not have given up their land were it not for such promises made. Perhaps most importantly, the jobs gained by some local people in working for Addax were not enough to compensate for the lost income and previous food security from farming.[146]

Gearoid Millar, of the University of Aberdeen, who has studied the Addax project for three years, has noted 'a number of negative effects on local communities. These include restructuring of local power dynamics, the marginalisation of women and increased economic inequality' (see box). Importantly, Millar criticises DFI funding of the Addax project for prioritising profitability over support for socio-economic development.[147]

'Women in the surrounding communities have very little ability to accept or reject the project. They also have no direct access to economic benefits, such as land lease payments and employment opportunities.

The project has also disrupted traditional networks of authority between chiefs and local people, creating new forms of disempowerment and dependency. For example, it has promoted and enforced the use of new forms of knowledge based on formal legal procedures to which local people have little access. These privilege and protect the corporation and the few local elites with the resources to afford formal mechanisms of justice.

What's more, the project has promoted economic inequality. This is in direct contradiction to the basic claims of its proponents. In the locally dominant patron-client system, senior men appropriate most of the economic benefits, and progressively smaller portions are allocated to those on lower levels of the local hierarchy.

As a result, all women, most young men, and families other than the direct descendants of the village elites receive minimal or no economic benefits. This is despite the fact that everyone in the surrounding communities has had their livelihoods significantly disrupted by the bioenergy project'.[148]

146 Action for Large-scale Land Acquisition Transparency, 'Who is Benefitting?: The Social and Economic Impact of Three Large-Scale Land Investments in Sierra Leone', 2013, http://curtisresearch.org/wp-content/uploads/who-is-benefitting-Sierra-Leone-report1.pdf. See also Stephan Rist, 'Nachhaltige Bodenpolitik und grossflächige Landakquisition mit Schweizer Beteiligung', April 2016, http://www.nfp68.ch/SiteCollectionDocuments/Rist_ExecutiveSummary_DE.pdf

147 Gearoid Millar, 'How a project with good aims delivered bitter outcomes in Sierra Leone', 7 January 2016, http://www.farmlandgrab.org/post/view/25655-how-a-project-with-good-aims-delivered-bitter-outcomes-in-sierra-leone

148 Gearoid Millar, 'How a project with good aims delivered bitter outcomes in Sierra Leone', 7 January 2016, http://www.farmlandgrab.org/post/view/25655-how-a-project-with-good-aims-delivered-bitter-outcomes-in-sierra-leone

A detailed academic study of the Addax project by researchers at Swedish and Canadian universities, published in the journal *Sustainability* in 2015, reached conclusions consistent with the earlier NGO findings. Based on consultations and data surveys, the study concluded:

> *'The operations of Addax Bioenergy in Northern Sierra Leone have led to a reduction in the amount of land available for food production. This reduction has led about 56 per cent of the population of the study area having land that is not enough to produce enough food to support household food security. The loss of land has led to a fall in the total population engaged in agriculture as well as the total output from food crop farming, reflected in household income generated by the activity). At the local level, this fall in food production has increased the severity of food insecurity, which is manifested through a decrease in the amount and diversity of food intake, and increase in the number of hunger months, increase in food prices and decrease in the contribution of agricultural income on the livelihoods of households. At the country level, activities of LSLA [large-scale land acquisitions] such as the case of Addax Bioenergy serve to roll back progress towards attaining some of the country's key development objectives'.*[149]

The study noted that the Farmer Development Programme, heralded by the company and DFIs as a flagship success, was actually taking place on land the company acquired from the communities, and was a process entirely under company control, with the fields ploughed, seeded and fertilized by Addax, with little community engagement.[150] After three years, the programme changed into the Farmer Development Service, whereby farmers have to pay for these services.

Finally, a 2015 report by the Stockholm Environment Institute, based on detailed field research, confirmed many of the NGO findings and gave a decidedly mixed picture of the project. Although it recognised company attempts to consult with local villagers and the importance of providing local jobs, it found that less land is now available for farming, that the land now farmed is less fertile than that leased to the company, and that many farmers cited declining productivity. It also noted that there was not enough labour to farm much of the land because many men were now working as casual labourers for Addax; this labour scarcity was of critical importance during the growing season and could contribute to food insecurity and 'families could end up poorer than before'. The report largely contradicts the DFI and company claims as to existing benefits of the project.[151]

These studies all cover the situation before Addax scaled down its operations. After Addax stopped working, the situation became disastrous for the people affected. People report having neither access to land, nor jobs or sufficient salaries. Farming operations have been obstructed and food security has again deteriorated drastically.[152]

Of the four European DFIs previously funding Addax, only Swedfund appeared to temper its support and to question the project. Swedfund's account of the Addax project in its 2014 Annual Report mentions the Stockholm Environment Institute report and concludes that 'there

149 Genesis Yengoh and Frederick Armah, 'Effects of Large-Scale Acquisition on Food Insecurity in Sierra Leone, 'Sustainability', July 2015, http://www.mdpi.com/2071-1050/7/7/9505/htm

150 Genesis Yengoh and Frederick Armah, 'Effects of Large-Scale Acquisition on Food Insecurity in Sierra Leone, 'Sustainability', July 2015, http://www.mdpi.com/2071-1050/7/7/9505/htm

151 Stockholm Environment Institute, 'Agricultural Investment and Rural Transformation: A Case Study of the Makeni Bioenergy Project in Sierra Leone', 2015, pp.viii-ix, 32; https://www.sei-international.org/mediamanager/documents/Publications/Climate/SEI-PR-2015-09-Makeni-Project.pdf

152 SILNORF/Bread for All, Final Monitoring Report, 2016, https://brotfueralle.ch/content/uploads/2016/03/MonRep-Addax-2016.pdf

is a combination of opportunities and challenges to achieve the planned benefits for people and the environment via the activities that were carried out' and notes the 'complicated nature of this type of project and how important it is to be inclusive and have a clear framework to steer the investment in the right direction'.[153] However, even Swedfund offers no indication that it believes there is a generic problem with such investments in large-scale land acquisition projects.

Aviv/Olam, Tanzania FMO

In 2013, the Netherlands' DFI, FMO provided a loan of $14 million to Aviv Tanzania Ltd, part of Olam International, the giant Singapore-based agribusiness group, to develop its coffee plantation in Songea district of southern Tanzania.[154] The project covers 2,000 ha and produces Arabica coffee berries, processing these into washed beans.[155]

FMO notes that its funds would 'be used to acquire, clear and develop land' in addition to establishing an irrigation system and processing facilities.[156] It states that 'the development impact of this project is significant due to the increase in exports, sizeable job creation and rural development through an increase in disposable income of the local population'.[157]

Recent research by the German NGO, Misereor, raised questions about the company's land acquisition process, noting that in 2011 4,000 acres of land previously used by people within the village of Lipokela were transferred to Aviv/Olam in an unclear process without their consent. This has reduced the local availability of fertile land and changed relations within the village, generating tensions over land.[158] With many villagers finding casual employment on the coffee plantation, the report also raised concerns about working conditions, finding that the company issued no labour contracts to casual workers and paid low wages (Tshs 4,000 or €2 a day) for long days (7.30am-5pm). Labour conditions reported by some of those interviewed included: lack of toilets for over 1,500 labourers; lack of potable water; sub-standard lunch food made in kitchens where rats could be seen; lack of protection from pesticides, sun, rain, or poisonous snakes in the fields; lack of compensation or help when becoming injured whilst working; and a lack of mechanisms or processes for labourers to complain.[159]

Olam's detailed response to the report accepted that 'not enough community engagement was undertaken between 2011 and 2013 to ensure a detailed understanding amongst all of the villagers' of the project which, the company claimed, had since been remedied: 'This was primarily due to there being a delay in the plantation development and we acknowledge that during this period villagers were not given enough information as to how the plantation would come to benefit the community'. However, Olam stated that it resettled and compensated 113 people in its land acquisition process with the district and village government and involved

153 Swedfund, 'Annual Report 2014', p.17, http://www.swedfund.se/media/1619/swedfund-integrated-report-2014.pdf
154 'FMO invests in Aviv Tanzania', 26 June 2013, https://www.fmo.nl/news-detail/846a3d93-a725-447b-99a2-f3a2a0978900/fmo-invests-in-aviv-tanzania
155 'Tanzania', http://olamgroup.com/locations/east-africa/tanzania/; 'Aviv Tanzania Ltd', https://www.fmo.nl/project-detail/31744
156 'FMO invests in Aviv Tanzania', 26 June 2013, https://www.fmo.nl/k/news/view/10703/538/fmo-invests-in-aviv-tanzania.html
157 'Aviv Tanzania Ltd', https://www.fmo.nl/project-detail/31744
158 Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, pp.25, 28, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf
159 Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, pp.34, 55, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

members of the village council; but it also inferred that the 4,000 acres was negotiated only with the village elders. Olam refuted the suggestion that there were poor labour conditions on its plantation but confirmed that it paid Tshs 4,000 per day, the Tanzanian minimum wage.[160]

The Misereor report did not attempt an overall cost/benefit analysis of the plantation. Olam's response suggests that it regards the plantation and the accompanying outgrower programme, in which it provides seedlings and training to farmers, as expanding local economic prosperity and food security.[161]

160 Olam response in Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, pp.59-63, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

161 Olam response in Misereor, 'Impacts of Large-Scale Agricultural Investments on Small-Scale Farmers in the Southern Highlands of Tanzania: A Right to Food Perspective', 2015, pp.59-63, https://www.misereor.de/fileadmin/publikationen/study-a-right-to-food-perspective-2015.pdf

Recommendations

DFIs should:

- Treat all investments as public and publish the complete financial reports from companies receiving DFI investments, including their subsidiaries.
- Put in place mandatory guidelines to ensure their investments do not contribute to land grabs and deforestation, including brownfield investments with legacy land issues.
- Strengthen EDFI principles to require investments to comply with international standards, involving open dialogue with those affected based on FPIC and adhering to the FAO Voluntary Guidelines on the Governance of Tenure.
- Act upon allegations and findings of adverse development impacts from projects they are invested in and be open to external criticism and support independent investigations into allegations of adverse development impacts of projects.

National governments and parliaments have responsibility to:

- Regularly scrutinise investments by DFIs to ensure that they are not contributing to land conflicts or deforestation.
- Take effective measures to ensure that land issues are resolved where DFI investments are contributing to land grabs.
- Ensure that there are mechanisms in place to hold DFIs accountable and to oblige them to compensate adversely affected people.
- Ensure land defenders, community leaders, journalists and public interest groups, can safely and effectively bring their cases forward.

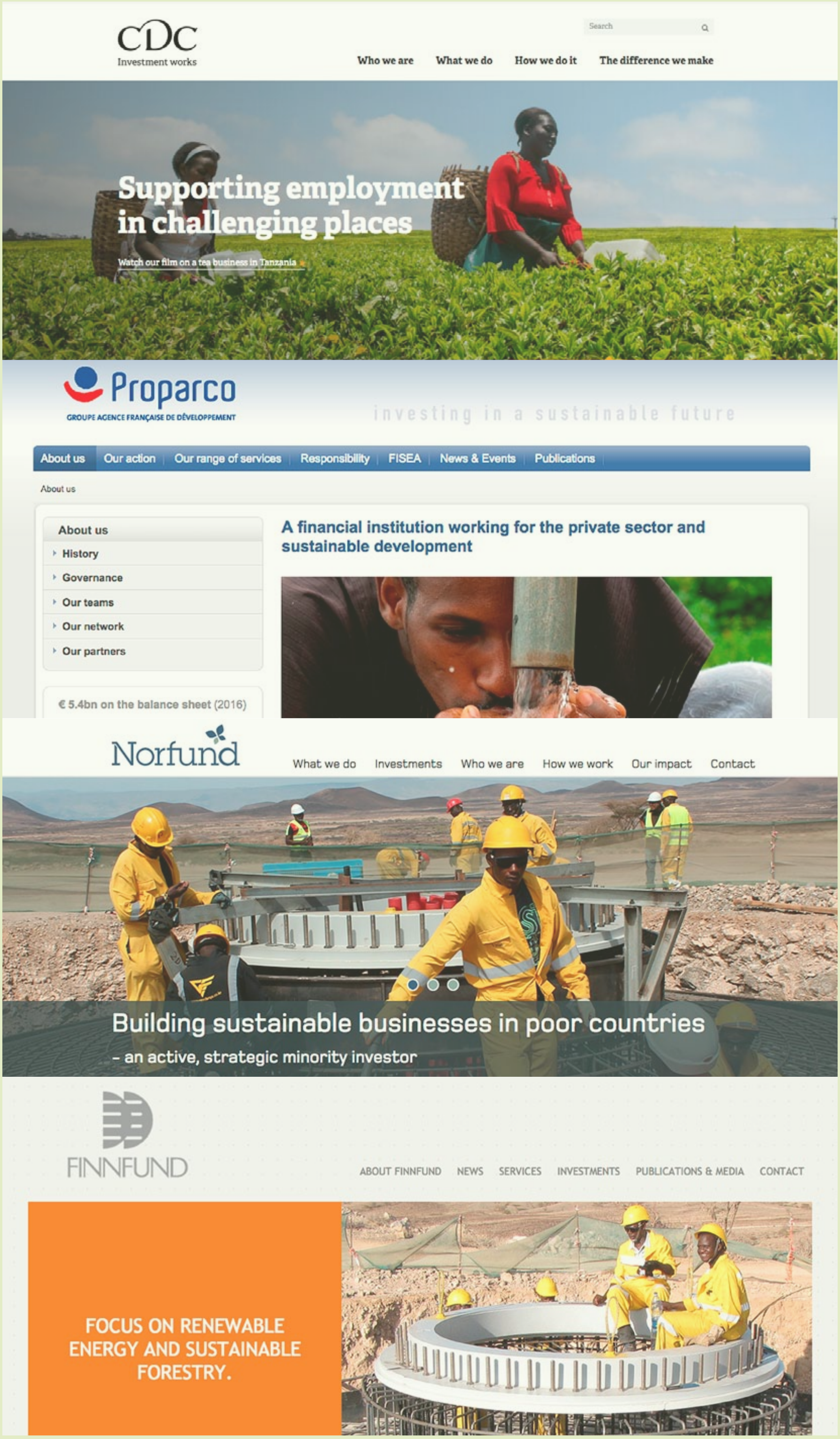
The European Parliament and the European Commission should:

- Carry out an EU-wide audit of the impact of DFI investment on land grabbing, small farmers and deforestation.

NGOs should:

- Ensure they provide an overall cost/benefit analysis of the agricultural investments under study. This can be important to gauge more comprehensively whether negative impacts for some could be outweighed by greater gains for others.
- Continue to expose cases of DFI involvement in land grabbing and provide cost benefit analysis where possible.

- **Evaluate whether existing grievance mechanisms are effective.**
- **Contribute to public discussions about successful models of agricultural investments in developing countries.**
- **Ensure affected groups have the capacity to identify investors and the possible avenues to claim rights.**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