Ethical-Sugar

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Sugarcane and the global land grab:
A primer for producers and buyers

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Executive summary

Between 2005 and 2008, the area planted to sugarcane increased by 4.3m hectares: the most rapid period of growth since records began. Many have characterised these investments as 'land grabs', especially where they are seen to flout the principle of 'free, prior, and informed consent' of the affected land users.

In the case studies discussed here – Cambodia, Kenya, Indonesia and Sierra Leone – material gathered from media reports, civil society documents and academic papers reveals a range of problems related to:

- Deals struck over the heads of actual land owners and users;
- Derisory payments and illusionary promises about the benefits of investment;
- Dispossession and use of (para)military force to move and keep people off the land

As a result the actions of the sugarcane industry are coming under increasing scrutiny. There have been new guidance documents written by the World Bank and United Nations to influence host government policy, campaigns targeting particular companies, and increasing public debate around the negative consequences of biofuel mandates and free trade agreements. Many specific investment projects have also been delayed as a result of court action and local resistance.

Some companies have attempted to avoid the charge of land grabbing by targeting marginal land for investment and by boosting yields on existing land. This is a flawed solution. 'Marginal', 'degraded' or 'idle' land as it is variously called is frequently used by people for non-commercial purposes and it is clear that recent yield increases have actually gone hand-in-hand with the expansion of the agricultural frontier.

The UN Special Rapporteur on the Right to Food, Olivier de Schutter, has argued that states have nothing to fear in implementing stronger investment policy since there is "much to gain in adopting guidelines that will improve the ability of governments to defuse land-related conflicts".[1] The same goes for sugarcane companies involved in land acquisition.

First and foremost, companies must respect the points of view of existing land users, including the right of owners to refuse the sale of their land. However, in those cases where deals do go ahead, companies should:

- Improve public engagement practices, be transparent about their intentions and responsive to any grievances;
- Promote smallholder outgrower schemes, making sure that the pay and conditions for labour are decent and debt taken on by farmers serviceable;
- Pursue supply-chain certification, agreeing to certify all their operations (not just those that can easily pass), make the resulting audits publicly available.

By better understanding the local situation, promoting inclusive business models and improving monitoring practices, producers and buyers can enhance the legitimacy of their sugarcane concerns.

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[1] Mark Tran, (2011) 'UN Expert Calls for Guidelines to Protect Vulnerable People against 'Land Grabs'', *The Guardian*, 6 October 2011.

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Introduction

"Buy land, they're not making it anymore". Mark Twain's famous aphorism has gained a recent notoriety as investors across the world have sunk billions of dollars into land acquisitions for agricultural production. The Land Matrix Partnership estimates that over 200 million hectares – eight times the size of the UK – have been sold, leased, licensed, or are under negotiation in large-scale land deals over the last decade.[2] As sugarcane has been one of the major crops targeted for expansion, the actions of the sugar industry have come under increasing scrutiny.

One manifestation has been negative stories in the press. These have evoked the dispossession characteristic of sugar's historical expansion in the New World. *The New York Times*, for example, ran a piece entitled "Agro-Imperialism?" that cast a sceptical eye on the attempts by an Indian company to establish a sugarcane plantation in Ethiopia.[3] Similarly, the UK's *Daily Telegraph* commented that "the trend for buying up huge areas of land in poorer countries to grow cash crops like sugar harks back to the colonial era".[4] Even enthusiastic supporters of international investment like *The Economist* have concluded that "evidence is piling up against acquisitions of farmland in poor countries".[5]

Another manifestation has been civil society reports and campaigns targeted against specific acquisitions – both foreign and domestic, public and private. Survival International, the movement for tribal peoples, has promoted the cause of the Guaraní people against the activities of Shell and its Brazilian partner Cosan. By purchasing cane grown on their ancestral land, Survival claim that these two companies have contributed to the expulsion of indigenous people into overcrowded reservations, with malnutrition, ill-health and extreme poverty all following.[6] Oxfam, meanwhile, have used the example of the Widmann family in Guatemala to show how Greenfield sugar expansion has pushed farmers off their land into infertile yet ecologically-valuable areas.[7] Finally, Friends of the Earth have drawn attention to the requisitioning of land by the Nigerian government for a sugarcane biofuel project overseen by the National Petroleum Corporation. As all land is officially held by the state, those local people farming food crops have had no say over their forced displacement.[8]

The seemingly systemic issue of land grabbing is a particular problem for those who would defend the ability of the sugarcane industry to grow sustainably. A failure to tackle one of the most pressing human rights concerns threatens to derail specific projects, damage corporate reputations and undermine political support for further growth. For instance, non-governmental organisations (NGOs) like ActionAid have lobbied the European Union to end its supports for biofuel as soon as possible, while Friends of the Earth have questioned efforts in the United States of America to shift supply from corn ethanol to 'second generation' sugarcane-based biofuels.[9] In both cases the continued abuse of land rights in the Global South were cited as reasons not to press ahead with these policies.

[2] Ward Anseeuw, Liz Alden Wily, Lorenzo Cotula, and Michael Taylor (2011) *Land Rights and the Rush for Land* (Rome: International Land Coalition), p.4.
[3] Andrew Rice (2009) 'Is There Such a Thing as Agro-Imperialism?', *The New York Times*, 16 November 2009.
[4] Louise Gray (2011) "Land Grabs' Leave People Hungry and Homeless – Oxfam', *The Daily Telegraph*, 22 September 2011.
[5] *The Economist* (2011), 'The Surge in Land Deals: When Others are Grabbing Their Land', *The Economist*, 5 May 2011.
[6] Survival International (2011) 'Brazilian Indians Demand Shell leave their Land', *Survival International News*, 6 September 2011.
[7] Oxfam (2011) 'Land and Power: The Growing Scandal Surrounding the New Wave of Investments in Land,' *Oxfam Briefing Paper*, p. 21.
[8] Friends of the Earth Europe (2010) *Africa: Up for Grabs* (Brussels: FoE Europe), p.19.
[9] See ActionAid (2011) *Time to Face the Facts: Europe Must Revise its Biofuels Policies* (Brussles: ActionAid).

Drawing on desk research into four other high-profile cases, this discussion paper attempts to: (a) highlight the ways in which the *global* sugar industry is implicated in what has been dubbed ‘land grabbing’; (b) draw out some of the most pressing problems; and (c) highlight proposed solutions for the industry to address.

Box 1. What is land grabbing?

Land grabbing is a pejorative term for large-scale land acquisitions. Just as ‘food aid’ was renamed ‘dumping’ as a move to critique its effects on farmers in developing countries, by calling these acquisitions ‘grabs’ rather than ‘investments’ critics hope to cast them in a different light.

In particular, they have expressed profound scepticism at the ‘win-win’ rhetoric that surrounds these deals, whereby investors ‘win’ as they expand their business and host countries ‘win’ as they boost growth, jobs, taxes, etc. Instead, it has been argued that many of these deals in fact:

- Violate human rights, and particularly the equal rights of women;
- Flout the principle of free, prior, and informed consent of the affected land users, particularly indigenous peoples;
- Ignore the impacts on social, economic, and gender relations, and on the environment;
- Avoid transparent contracts with clear and binding commitments on employment and benefit sharing;
- Eschew democratic planning, independent oversight, and meaningful participation.

According to the International Land Coalition, a group of civil society and multilateral organisations commonly cited in this debate, land grabs exist where any of these problems occur. For others, it is the increased appropriation of common land and the concentration of ownership that is the primary concern.

Either way, increasing attention is now being paid to finding out exactly how much land has changed hands, on what terms, and whether the obligations of investors have been fulfilled. Of the 203m hectares of land deals reported across all agricultural crops, the Land Matrix Partnership has only been able to verify 71m hectares. As significant as this confirmed amount is, the majority of acquisitions remain ongoing and/or undisclosed.[10]

Where is land expansion taking place?

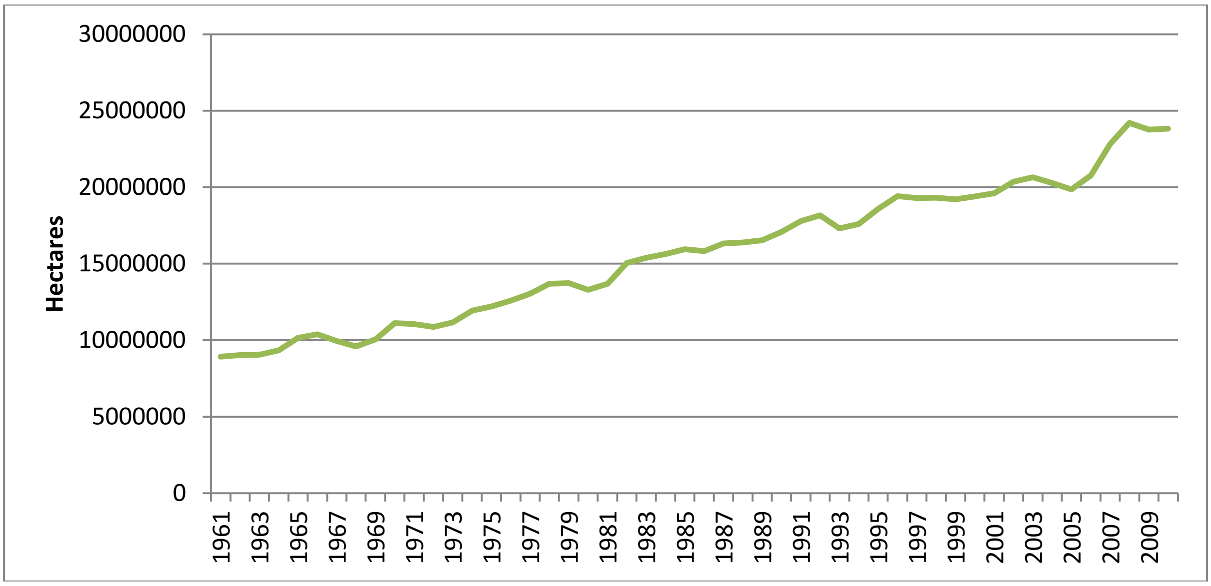
As shown in Figure 1, between 2005 and 2008, the area planted to cane increased by 4.3m hectares. This was the fastest rate at which cane planting had grown since FAO records began, and achieved in three years what had previously taken twenty.

As a result, almost 24m hectares worldwide – a landmass the size of the UK – are now dedicated to growing sugarcane. This is far more than most other tropical commodities such as palm oil (15m), coffee (10m) and cocoa (9m), making sugarcane a focal crop for activists concerned with land rights in developing countries.

Most of the land expansion has occurred in Brazil. Figure 2 ranks countries according to the amount of extra land dedicated to sugarcane between 2000 and 2010. Brazil easily tops the table, bringing an extra 4.2m hectares under cultivation during this time. This far exceeds the expansion in all other countries combined.

[10] Anseeuw *et al.* (2011), p.4.

Figure 1: Sugarcane area harvested worldwide, 1961-2010



Source: Author calculated from FAO statistics

The rate of expansion in Brazil did actually slow during 2009, largely due to the fallout of the financial crisis and the unavailability of credit needed to fund land purchases, infrastructure installation and increased processing capacity. However, the Brazilian industry looks set to return to its rapid expansionary practices. The longstanding 54 cents tax by the US on imported ethanol will expire at the end of 2011, meaning that Brazil can export greater quantities of sugarcane biofuel to this market. To enable its producers to take advantage of this trade liberalisation, Brazil's state bank has offered to lend the industry 4bn real ($2.2bn) for investment in its ethanol distilleries. Land under cane in the country is predicated to increase from 9m hectares to 15m hectares by 2020 as a result.[11]

Figure 2: Growth in sugarcane area by country, 2000-2010

Rank	Country	Area in 2000 (hectares)	Area in 2010 (hectares)	Hectare increase	Percentage increase
1	Brazil	4,845,990	9,080,770	4,234,780	87%
2	China	1,188,594	1,695,200	506,606	43%
3	Mozambique	27,000	215,000	188,000	696%
4	Mexico	618,282	703,943	85,661	14%
5	Thailand	893,353	977,956	84,603	9%

Source: Author calculated from FAO statistics

[11] Joe Leahy and Samantha Pearson (2012) 'Brazil Gives Big Sweetener for Sugar Biofuel', *The Financial Times*, 11 January 2012.

According to the World Bank, almost all of the expansion in Brazil took place on converted pastureland (66%) and agricultural land (32%). However, they also note that 2% came from converting natural vegetation – equivalent to over 80,000 hectares over the last decade – and that the industry's growth had "probably put pressure on pasture expansion further north to the Cerrado and the Amazon biome" leading to new grazing lands being cleared.[12]

We want to use our withdrawal [from buying cane from contested land] as a good example for other companies to follow. We are committed to respecting indigenous land declared by the Ministry of Justice.

Spokesperson for Raizen, quoted by Survival

The social impacts of this growth have been seen in the continued separation of indigenous people – such as the different Guaraní tribes – from their ancestral land. In some cases commercial landowners and also municipality officials have contested its demarcation as Guaraní land, despite such decisions being authorised by Brazil's Federal Public Prosecutor's Office, its Ministry of Justice and its Indian Affairs Agency (FUNAI). Related to this, sugarcane expansion has led to a large increase in land prices in states such as São Paulo and Mato Grosso do Sul. This has made it more expensive for the government to acquire land for the restoration of indigenous settlements.[13] However, some companies – like the joint company set up by Shell and Cosan called Raizen – have responded to pressure over this situation by stopping purchases of cane from land declared as indigenous. They have also vowed to consult FUNAI to avoid further investment or expansion in conflict areas that could be recognised as indigenous land in the future.[14]

The other important piece of data to take from Figure 2 is the huge *percentage* increase in land under cane in Mozambique. Classified as a Least Developed Country (LDC) by the United Nations, Mozambique is one of the poorest countries in the world. The acute need for investment and weak governance systems typically found in LDCs creates conditions in which corruption and unaccountability can flourish. Thus land acquisitions in these countries are monitored especially closely by outside observers.

As Figure 3 shows, many other LDCs have also undergone a rapid conversion of land to cane. In Zambia, Uganda and Cambodia, the sugarcane industry has at least doubled in (physical) size within the last decade and continues to grow still. Many deals were initiated after 2008 – for reasons explained below – and it is in this 'land rush' that many of the most egregious cases of land grabbing have been reported. For example, in Uganda it has been alleged that the Madhvani Group, one of the biggest companies in the country and the owners of Kakira Sugar, have benefitted from their close ties with President Yoweri Museveni who effectively bypassed parliament to push through a bill allocating 40,000 hectares of land to the company.[15]

[12] Klaus W. Deininger and Derek Byerlee (2010) *Rising Global Interest in Farmland: Can it Yield Sustainable and Equitable Benefits?* (Washington DC: World Bank), p.19.
[13] Sergio Sauer and Sergio Pereira Leite (2011) 'Agrarian Structure, Foreign Land Ownership and Land Value in Brazil', paper presented at the International Conference on Global Land Grabbing hosted by the Land Deals Politics Initiative at the Institute of Development Studies, University of Sussex, UK, 6-8 April 2011.
[14] Survival International (2012) 'Shell Scrapes Controversial Biofuels Plan after Brazilian Indian Protests', *Survival International News*, 13 June 2012.
[15] Black Star News (2012) 'Uganda: Museveni's and Madhvani Group's Acholi Land Grab would amount to Second Genocide', *Black Star News*, 12 February 2012.

Figure 3: Growth in sugarcane area in Least Developed Countries, 2000-2010

Rank	Country	Area in 2000 (hectares)	Area in 2010 (hectares)	Hectare increase	Percentage increase
17	Zambia	15,000	38,500	23,500	157%
18	Uganda	20,000	40,000	20,000	100%
23	Cambodia	7,480	17,072	9,592	128%

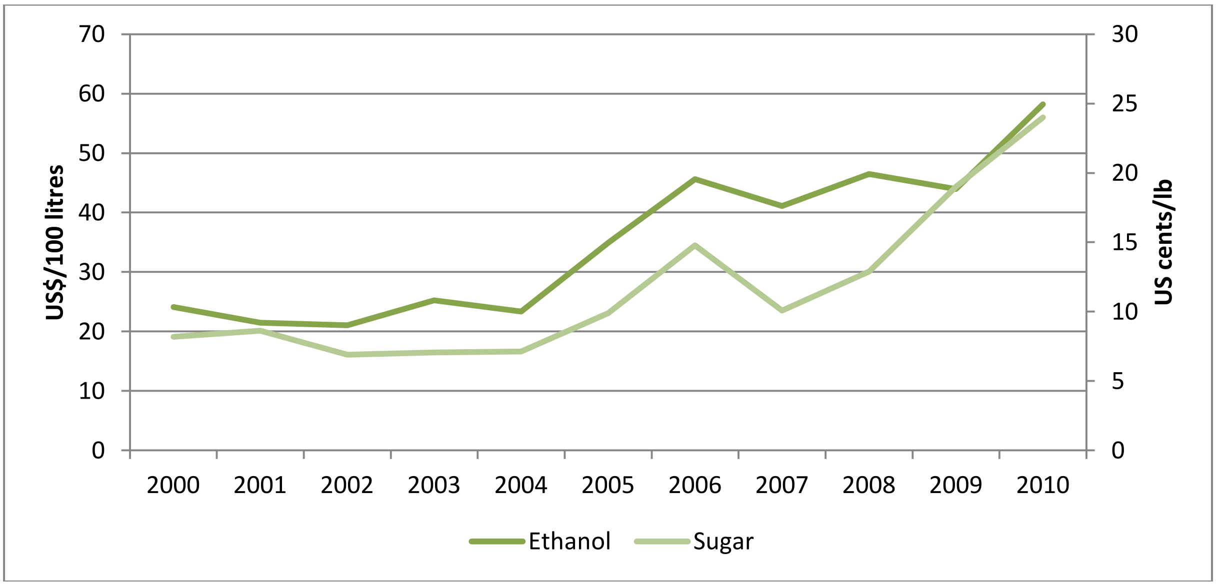
Source: Author calculated from FAO statistics

What is driving land acquisition?

Toward the end of the 2000s, the notion of a ‘triple crisis’ in the world economy encompassing fuel, food and finance began to gain currency. In different ways, each of these factors has also fed into the increase in large-scale land acquisition.

Turning first to fuel, the fears over the long-term stability of oil prices have convinced many that a substitute energy source for transport is needed. Biofuels have been touted as that alternative. As shown in Figure 4, the world market price of ethanol (the biofuel made from crops like sugarcane and maize) has been on an upward trend during the last decade. Although most biofuel is consumed domestically, where different pricing structures exist, the graph is indicative of the general price increase across markets. In Brazil for example, the price for 100l of ethanol increased from R$57 in 2000 to R$102 in 2010.[16]

Figure 4: World price of ethanol and sugar, 2000-2010



Source: Author calculated from OECD-FAO data.

[16] OECD-FAO (2012) OECD-FAO Agricultural Outlook 2012-2021 Database. Available at: http://www.oecd.org/site/oecd-faoagriculturaloutlook/

Buoyed by these prices, which have effectively underwritten by government mandates and subsidies, investment in biofuel production has grown significantly. Indeed, of all the acquisitions verified by the Land Matrix Partnership, 40% were for biofuels with just 25% purchased for food production and the rest for sectors like forestry and mineral extraction.[17]

Looking forward, various calculations have been made of the frontiers of biofuel production; that is to say, the amount of extra land that will be needed to meet predicted output. For its part, the International Energy Agency (IEA) has suggested that land use for biofuel production will need to increase from 30m hectares today to around 100m hectares by 2050. In light of this, the Director-General of the IEA has commented that, "If the United States and Europe are serious about biofuels, they must turn to the South for their supplies".[18] This means turning away from domestically-grown biofuels and toward imports.

How is this expected to affect the sugarcane industry? At present, there are 4m hectares worth of cane directed into the ethanol market. By 2050, the IEA believe this will rise to 20m. That is without even taking into account any 'second generation' cellulosic ethanol, which may also be made from cane.[19] Thus part of the political struggle over the future of biofuels relates to where this land will be found – with some seeing it as an opportunity and others as a threat.

In terms of food, the International Land Council have noted how the 'food crisis' of 2007-2008 marked a turning point in perspectives on land ownership. First, food-importing countries were jolted from their position that the world market would always provide predictable and affordable supplies of food. Second, it raised expectations that after two decades of stagnation, food prices would begin to rise over the longer-term as populations grew and diets became more calorie-intensive. Indeed, in 2011, the UN Food Price Index reached another all-time high, eclipsing its 2008 level.

As Figure 4 shows, these structural conditions found their way into the world sugar market, buttressing prices throughout the second half of the 2000s as the commodity reached levels last seen thirty years ago.

Finally, the financial factor triggering land acquisition is somewhat double-edged. As noted above, the fallout of the global financial crisis in one sense limited investment as credit availability for Greenfield projects dried up. However, relative to assets in bond and equity markets, and given the low cost of purchase and leasehold licenses being demanded by governments, land suddenly appeared a more attractive investment. When purchased as an asset, land is essentially acquired for speculative purposes; a phenomenon known as 'land banking'.

[17] Anseeuw *et al.* (2011), p.24
[18] John A. Matthews (2007), 'Biofuels: What a Biopact between North and South could Achieve', *Energy Policy,* 35(7): 3550-3570, p.3550.
[19] International Energy Agency (2011) *Technology Roadmap: Biofuels for Transport* (Paris: IEA), pp.25-26.

Pull as well as push: the role of host governments

As the previous example of Museveni's intervention on behalf of a Ugandan company suggests, it is not just 'outside' interests that are spearheading large-scale land acquisition and nor is it something 'imposed' on developing countries. In most cases private investors and public officials have worked hand-in-glove to facilitate land deals.

For example, many governments have established 'Investment Promotion Agencies' unit to smooth the legal pathway for investors in what may otherwise be a cumbersome bureaucratic affair. Alongside this, some politicians have acted as vocal 'salespeople' for their country. For example, the Agricultural Minister in Zambia has exclaimed that: "We have well over thirty million hectares of land that is begging to be utilised…So far there hasn't been any of that resentment [to the sale of farm land]. If anything we are being told 'You are too slow. When are these investors coming?'".[20]

Yet just because government has sanctioned these deals does not necessarily make them legitimate. Clearly, political leaders and civil servants have a duty to protect the rights and interests of their citizens. However, what these rights and interests entail – and whether they are indeed upheld – remains an open question.

Many critics, for example, have argued that peasants have all too readily been dispossessed in the name of progress. In its briefing paper on 'Land and Power', Oxfam concluded that governments have "aligned themselves with investors, welcoming them with low prices and other incentives [such as tax relief], and even helping them to clear the land".[21] The failure by many governments to legally recognise customary land rights and properly support smallholder production have further weakened the position of most existing land users vis-á-vis commercial investors, both domestic and foreign.

> *It is not the private companies who grab and dislocate the people from their land – only the state can facilitate that. The framing of the debate as big corporations against weak states is misplaced. Many of these states look fairly strong.*
>
> *Jun Borras, International Institute of Social Studies*

[20] Matthew Tostevin (2009) 'UAE firms eye Zambian Farming Land – Minister', *Arabian Business*, 12 June 2009.
[21] Oxfam (2011), p.3.

What problems have arisen as a result of land grabbing?

As Ruth Hall has argued, what is of greater importance than the source and rationale of land acquisitions are “the nature of the deals, the types of land use changes they bring about, and how these contribute to fundamental shifts in the structure of these largely agrarian economies”.[22] In other words, what do they entail for the future of the rural poor?

The four case studies below focus on the problems that have been generated, or are likely to be generated, by large-scale land acquisition in sugarcane and consider the impacts of this physical and structural violence on labourers, farmers and pastoral communities.

Box 2. What is the difference between physical and structural violence?

Physical violence refers to the deliberate use of physical force to cause or threaten harm. *Structural* violence refers to social arrangements that systematically bring subordinated and disadvantaged groups into harm’s way and put them at risk for various forms of suffering. There are many distinguishing characteristics – social and biological – that can serve as a pretext for this discrimination, but among the most common are gender, sexuality, race, ethnicity and class. Certain people, such as tribal women in ethnic minorities, may find themselves in more than one stigmatised group.

The two categories are not mutually exclusive. Continual structural violence can lead to a build up of tension between and within communities, which then expresses itself in a release of physical violence. This has been evident among indigenous groups forced to live in overcrowded and unfamiliar territories because of agricultural land expansion. But it is not only sudden bursts of violent conflict that must be highlighted and addressed. The ‘everyday’ suffering of those systematically disadvantaged in sugarcane-growing areas – such as village women who have to walk miles to try and find a clean water source away from the mill – remain important causes. As Ghandi famously said, “I care little whether you shoot a man or starve him to death by inches”.

Cambodia

Cambodia has had to rebuild itself after decades of political, economic and social strife, including the genocide and ensuing displacement of much of the population under the Khmer Rouge regime 1975-9. Despite economic growth in the past decade, there is an increasing gap in wealth between rural and urban areas. With 80% of Cambodia’s population living in rural areas and dependent upon small-scale agriculture for their livelihoods, there are understandable concerns about the growing incidence of land grabbing; a phenomenon which has been partially driven by the boom in sugarcane.[23]

The Khmer Rouge’s legacy in land tenure is an odious one. Renaming 1975 ‘year zero’ to effectively eradicate the past, the regime banned private property, burned land records and left a chaotic system in their wake. To rectify this, in 2001 the government passed a law transferring land ownership to individuals who had occupied land for five years[24]. Although this was an important first step, as many individuals began registering their ownership of

[22] Ruth Hall (2011), ‘Land Grabbing in Africa and the New Politics of Food’, *Future Agricultures Policy Brief*, 41, p.4.
[23] Christian Aid (2011) ‘Hungry for Justice: Fighting Starvation in an Age of Plenty’ (London: Christian Aid), p. 49.
[24] *Ibid.*, p. 49.

land, many more livelihoods remain in jeopardy as an estimated 90% of Cambodians do not hold deeds to the land on which they live and work.[25]

This insecurity of tenure sets the backdrop to the allocation of 80,000 hectares by the government for companies to establish sugarcane estates.[26] The concession was intended to allow the country to take advantage of the EU's Everything but Arms (EBA) trade initiative. Goods exported to EU markets are both duty and quota free, with sugar in particular benefiting from a guaranteed minimum price. The Cambodian government has said that targeting this export market will "speed up development", bringing benefits such as 'the "modernisation of agricultural production, infrastructure, technology and employment" whilst also "capitalizing on its location in rising Asia"'.[27] However, both the legality and benefits of Cambodia's sugar boom have been brought into question.

In the Koh Kong and Kampong Speu provinces, debate has centred on the role of Cambodian Senator, Ly Yong Phat. Despite the 2001 Land Law limiting land concessions and total individual ownership to 10,000 hectares, the businessman and Senator reportedly took a stake in over 60,000 hectares.[28] In the Koh Kong province, for example, there are two sugarcane estates covering 20,000 hectares.[29] Each has a separate owner, allowing the projects to overcome restrictions. However, it has been alleged that they are effectively working as a single organisation under the ownership of Thai company Khon Kaen Sugar (KSL), Taiwanese company Ve Wong and Senator Phat.[30]

A concern when politicians have personal stake in investments is that the law may be flouted. This appears to have been the case in Cambodia. In the Koh Kong province, applications and complaints to both local and national authorities surrounding the loss of land to the Koh Kong Sugar Company in 2006 were ignored.[31] Decisions were made behind closed doors and reports surfaced of corruption among local officials working on the expansion. When there has been an offer of replacement land for displaced people, in Kampong Speu, it has been deemed unsuitable to cultivate.[32]

There have also been allegations of human rights violations. Land concessions have become militarised in the sense that the new owners depend on company staff and security forces to undertake forced evictions.[33] In this case there are reports of the Cambodian government overseeing links between private businesses and military units. In the Koh Kong province, two villagers received gunshot wounds whilst protecting their property.[34]

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[25] IRIN (2010) 'Cambodia: Communities Fight Back Against Land Grabbing', *Integrated Regional Information* Networks *(IRIN)*, 13 September 2010.
[26] Bridges Across Borders Cambodia (2010) 'Bittersweet: A Briefing Paper on Industrial Sugar Production, Trade and Human Rights in Cambodia', September 2010, p. 1. Available at: http://babcambodia.org/developmentwatch/cleansugarcampaign/bittersweet.pdf
[27] Mukul Devichand (2011) 'Has Cambodia Become a Country for Sale?', *BBC Crossing Continents*, 13 January 2011. Available at: http://farmlandgrab.org/post/view/17992
[28] Bridges Across Borders Cambodia (2010), p. 2.
[29] *Ibid.*
[30] *Ibid.*
[31] Deutsche Presse Agentur (2011) 'EU Parliamentarian Condemns Cambodia's "Blood Sugar" Exports', *Deutsche Presse Agentur*, 20 May 2011. Available at: http://farmlandgrab.org/post/view/18664
[32] Sam Campbell (2011) 'The Bitter Taste of Cambodian Sugar', *Southeast Asia Globe*, 3 March 2011.
[33] Bridges Across Borders Cambodia (2010), p.3.
[34] *Ibid.*

These episodes of violence and injustice have resonated in Europe. Cecilia Wikstrom, a member of the European Parliament, has visited Cambodia to learn more about human rights abuses as a result of land grabbing. Since then, along with Cambodian and European-based NGOs, she has advocated suspension of trade preferences for Cambodian sugar under the Everything But Arms agreement. As a unilateral agreement, the EU is legally able to suspend a country's market access under the EBA – as it has done previously with Burma.

The sugar issue in this country is a blood sugar story.

Celia Wikstrom, Member of European Parliament

However, EU officials have shown little stomach for such measures. They have staunchly defended the EBA as a way for the poorest countries to 'trade their way out of poverty' and have instead tried to encourage the Cambodian government to ensure that land rights, human rights and the rule of law are respected. According to Rafael Dochao Moreno, Chargé d'Affaires at the Delegation of the EU in Cambodia, the government have indicated their "great concern about these allegations" and have initiated an investigation to "check specifically what is happening on the ground".[35] Yet it is debatable how meaningful such an investigation will be when senior politicians and the Cambodian state apparatus are implicated in the abuses in the first place.

Kenya

The Tana River is the longest river in Kenya, and its delta, covering around 130,000 hectares, the most important. The delta supports a myriad of delicate ecosystems: large animals, rare primates like the crested Mangaby, over 350 bird species and communities of tribes-people who have occupied the land under ancestral rights for centuries. In recent years, vast swathes of land in the delta have been sold off, and, although there are several different projects intended for the land, a large amount is earmarked for sugarcane – both for food and biofuel – via the Tana Integrated Sugar Project.

This process risks mass displacement. The Kenyan newspaper *The Nairobi Star* has suggested that some 250,000 households from the delta have already been threatened with eviction notices.[36] Indeed, some have already had to make way. An open letter from the Gamba Manyatta tribe to the Kenyan Prime Minister, Raila Odinga, complained that "due to your lack of action TARDA (Tana and Athi River Development Authority) grabbed our land and forcibly evicted us from it...TARDA is depriving us of our rights and good health, shelter and education".[37]

Displaced people are not only being forced into economic insecurity, but physical insecurity as well. As noted by the academic Leah Temper, tribes that have coexisted somewhat uneasily, particularly the Orma and Pokomo, are now being forced together to share limited resources. This has exacerbated pre-existing tensions that are threatening to turn violent, with no mechanisms in place to facilitate peaceful relations or reconciliation.[38]

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[35] William McLennan (2011) 'Sugar: Why Our Favourite Spoonful is Not So Sweet', *The Ecologist*, 13 April 2011.
[36] John Muchangi (2011) 'Secret Land Deals Fleece Africa', *The Nairobi Star*, 6 July 2011.
[37] Gamba Manyatta Residents (2011) Open Letter to Prime Minister on Unlawful Eviction, p.1. Available at: http://www.tanariverdelta.org/tana/10494-DSY/version/default/part/AttachmentData/data/Gamba%20Manyatta%20Residents%20Letter%20to%20PM.pdf
[38] Leah Temper (2008) 'Let Them Eat Sugar: Life and Livelihood in Kenya's Tana Delta', CEECEC Working Paper, p.6. Available at: http://www.ceecec.net/wp-content/uploads/2010/02/TANA_DELTA__FINAL.pdf

As in the case of Cambodia above, members of the European Parliament have spoken out against what they see as land grabbing in Kenya. However, rather than link this to EU trade agreements covering sugar, they have linked it to EU mandates for biofuel. Based on her studies of Kenya, Catherine Bearder, MEP for South East England, has pressed the European Commission on the contribution that its biofuel targets were making to land grabbing in the developing world. However, in his formal response, the Commissioner for Energy, Gunther Oettinger, essentially ducked the issue, stating that: "The Commission is not aware of studies documenting international large-scale land acquisition in Africa for the production of biofuels to export on the European market".[39]

The company behind the Tana Integrated Sugar Project is Mumias Sugar, the country's biggest sugar producer. They have claimed that the project will lead to 20,000 direct and indirect jobs, primarily benefiting the Pokomo people who reside in the targeted area.[40] Yet rather than allowing people to stay on the land and supply the mill with cane, the preference for the company is to acquire the land for estate production and hire the locals as waged-employees for (mainly seasonal) work like cane cutting. Not only is this work both arduous and temporary, but there remains a sense of unease about whether the number of jobs pledged will be forthcoming.

As Temper again reports, communities in the Tana River delta are wary of such projects because promises have been broken in the past. These include dam and irrigation schemes that were supposed to be accompanied by schools and hospitals but which ultimately failed to materialise.[41] Going further, the Royal Society for the Protection of Birds (RSPB) have argued that *even if the promises are met*, the cost-benefit analysis does still not stack up. The Mumias Sugar Company says the income from the project will be £1.25 million a year over 20 years, but the RSPB analysis found that the revenue from fishing, tourism and other lost livelihoods would be £30 million over the same period.[42]

Finally, should the land be converted to cane production, there remains concerns about the availability of water. An Environmental Impact Assessment study report undertaken by HVA International and with support from Mumias Sugar acknowledged that the final demand for water will be much larger than what can be delivered by the proposed irrigation systems. This raises questions about where the extra water will be sourced from and who will be affected by its usage.[43] The Kenyan Wetlands Forum concluded in their assessment that "mitigation measures proposed can in no way mitigate the acute water problem as acknowledged by the report" and that the EIA as a whole "should not be approved as it is deficient in all respects thus not providing a solid basis for any sound decision making".[44]

[39] Catherine Bearder (2011) Questions Tabled to the EU Parliament, 10 May 2011.Available at: http:/www.europarl.europa.eu/sides/getDoc.do?type=WQ&reference=E-2011-004554&format=XML&language=EN
[40] Daniel Wallis (2008) 'Kenya Court Halts $370m Sugar, Biofuels Project,' *Reuters*, 13 July 2008.
[41] Temper (2008), p.7.
[42] The Royal Society for Protection of Birds (2012), 'Tana River Delta', *RSPB webpage*. Available at: http://www.rspb.org.uk/ourwork/casework/details.aspx?id=tcm:9-228564
[43] Kenya Wetlands Forum (2011) 'Comments on the Tana Delta Integrated Sugar Project Environmental Impact Assessment Study Report', p.4. Available at: http://www.tanariverdelta.org/tana/1090-DSY/version/default/part/AttachmentData/data/Tana%20Delta%20EIA%20Study%20Comments.pdf
[44] *Ibid.*

The existence of poor planning is further supported in the complaints by the Gamba Manyatta residents that since they have been relocated, they have been "forced to consume stagnant water from the TARDA water outlet trench...which has chemicals from agricultural fields".[45] Taken together, these two problems cast doubt on the ability of government authorities to ensure that people's access to safe drinking water is not jeopardised by the introduction of thirsty crops like sugarcane to the area.

Is the 'water grab' even more important than the 'land grab'?

Indonesia

Some companies are engaged in land acquisitions in more than one country. This is particularly the case for multinationals, which usually have greater financial power and organisational reach than their national counterparts. One such company is Wilmar International, Asia's leading agribusiness group. While generally recognised for its dominance in palm oil, Wilmar is looking to establish itself as a major player in the sugar sector. It currently has operations based in twenty countries and is the second largest listed company on the Singapore Stock Exchange, with a market capitalisation of US$31bn.

In 2010 Wilmar International entered into an agreement to buy the Australian sugar producer Sucrogen from CSR Limited for $1.75bn. This is Australia's biggest sugar producer and the second largest raw sugar exporter in the world. A press release by the Wilmar confirmed that it saw the company as enabling it to get a foothold in the growing Asian market.[46] Wilmar has since followed this by purchasing Australia's Proserpine Co-operative Sugar Milling Association for $120m giving it total control over eight sugar mills in the country. Added to this, Thailand's Mitr Phol Sugar has bought a controlling stake in the country's third biggest miller MSF, while the Chinese government-owned COFCO has bought its fourth biggest miller Tully Sugar.

The takeover of the Australian sugar industry by Asian agribusiness alerts us to two things. First, foreign direct investment in this sector does not flow in a uni-linear direction, from developed to developing countries, but in both directions. Consequently, many of the reactions witnessed in poor countries to large-scale land acquisitions – often unfairly characterised as a product of people's 'economic backwardness' – can also been seen in rich countries. For instance, on these deals the Australian Cane Growers Association commented that "We aren't anti-international investment but we would like to see a balance and a combination of international as well as Australian-owned assets".[47]

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[45] Gamba Manyatta Residents (2011), p.1.
[46] Wilmar International (2010) 'Wilmar International Limited acquires CSR Limited's Sugar and Renewable Energy business, Sucrogen Limited', *Wilmar International Press Release*, 5 July 2010.
[47] Ray Brindal (2012) 'Mitr Phol Bags MSF Sugar', *Wall Street Journal*, 7 February 2012.

Second, this case shows how investment can take the form of equity purchase as well as Greenfield expansion. This is obviously important when thinking about land conflict since it is expansion that tends to be the most problematic in terms of human dispossession and displacement. Yet what we find here is that equity investment acts as a bell-weather for expansion. Just as Associated British Food's acquisition of African company Illovo was followed by rapid growth in Mali and Zambia, so too is Wilmar's acquisition of Sucrogen part of an expansionary agenda.

Wilmar has secured a location permit to develop 200,000 hectares of land in the 'Merauke Integrated Food and Energy Estate' (MIFEE), a 'special economic zone' covering 1.6m hectares in Papua province, Indonesia. The company intends to invest US$2bn in building a major sugarcane plantation on the site and to use Sucrogen staff to help develop the project.[48] However, much of the land covered by the MIFEE includes customary land owned by the indigenous Malind people and large swathes of forest on which they depend for their livelihoods. Although there are some limits placed on deforestation by investors, Greenpeace have expressed their concerns on the exemption created by the Indonesian government to permits given for energy, rice and sugar projects.[49] Wilmar have faced many allegations of environmentally-destructive practices in the past in relation to their oil palm operations.[50]

Besides its impact on the environment, the project would also lead to an influx of workers from other parts of Indonesia to Papua to work on the sugar estates. While beneficial for those receiving work, there is a risk that sudden inward migration could lead to social tensions. Indeed, it has been reported that while resistance among indigenous Papuans to the MIFEE is strong, there has been a division between these residents and those migrant small farmers living in Merauke who have tended to welcome the project.[51]

There is also a marked gender dimension to such dynamics. While women are likely to suffer the brunt of land loss, given their primary role in providing food for household subsistence, men are more likely to benefit from access to employment in plantations or processing plants.[52]

Another reason why indigenous groups have become concerned at this investment is that companies which have already begun working in the area have been accused of not paying proper compensation for land or logging rights. Yet any public disapproval of the mega-project has been oppressed by a "climate of intimidation towards anyone who opposes the plantations or new province".[53]

The authors who make this claim go onto suggest that groups allied to MIFEE's political architect, Johannes Gluba Gebze, have worked in unison with the state security forces to monitor and intimidate any dissenters in the region. The suspicious death of the journalist

[48] Wilmar International (2010) 'Slides for SIAS Corporate Profile Seminar', September 2010, pp.14-15. Available at: http://www.wilmar-international.com/investor/20100830%20-%20Wilmar_Slides_for_SIAS_Sep2010.pdf
[49] Olivia Rondonuwu and Michael Taylor (2011) 'Indonesia Forest Moratorium a 'Bitter Disappointment': Greenpeace', *Jakarta Globe*, 20 May 2011.
[50] See Jens Glusing and Nils Klawitter (2012) 'Green Veneer', *Der Spiegel*, 26 May 2012.
[51] Longgena Ginting and Oliver Pye (2011) 'Resisting Agribusiness Development: The Merauke Intergrated Food and Energy Estate in West Papua, Indonesia', paper presented at the International Conference on Global Land Grabbing hosted by the Land Deals Politics Initiative at the Institute of Development Studies, University of Sussex, UK, 6-8 April 2011, p.1.
[52] Hall (2011), p.5.
[53] Ginting and Pye (2011), p.7.

Ardiansyah Matra'is, who has been openly critical of MIFEE, has only added to the distrust of the authorities. The UN Special Rapporteur on Human Rights has requested a visit to Merauke to investigate these claims and demanded that comprehensive information be released regarding government policy over MIFEE.[54]

Wilmar has explicitly stated its intentions of expanding vigorously into the sugar industry and has targeted Indonesia as a route to regional dominance. But by moving into MIFEE, the company is likely to embroil itself – and the industry – in an ongoing social conflict. It is important not to characterise this as simply 'teething problems' of new investments or 'hostile reaction' from those opposed to any sort of change.

According to Billy Metemko at the civil society organisation Sorpatom Merauke, it is about the very preservation of identity. As Metemko forcefully puts it, the loss of livelihoods and traditions associated with land grabbing will constitute "the wholesale destruction and extermination of traditional communities in Merauke".[55]

Sierra Leone

Addax Bioenergy, a subsidiary of the Swiss energy company Addax & Oryx Group (AOG), embarked on its Makeni Ethanol and Power Project at Makeni, Sierra Leone in 2008. Estimated to be operational in 2013, this is one of the biggest ever investments in the country's agricultural sector. The project is currently in the process of constructing its facilities, which comprise a sugarcane plantation, an ethanol refinery and a biomass plant, collectively totalling over 14,000 hectares – although the company has actually leased 57,000 hectares for fifty years to provide flexibility when planning cultivation areas and biodiversity buffer zones.[56] With the financial support from seven European and African development banks and funds, as well as equity investment from the Swedish Development Fund and Netherlands Development Finance Corporation, the total investment is valued at around €260m.[57] The ethanol produced by the plant is to be exported principally to the EU, while the biomass plant will provide electricity for the refinery and approximately 20% of Sierra Leone's national grid demand.[58]

Addax acquired its land through leases with the local Chiefdom Councils and in cooperation with the national government. These were entered in April 2010 after what Addax deemed a thorough consultation process and public disclosure of the company's intentions for the land. The African Development Bank, which has contributed a €25m loan to the project, has even congratulated Addax's investment for its "best practice enabling factors".[59]

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[54] Selwyn Moran (2012) 'MIFEE: The Stealthy Face of Conflict in West Papua', *Asian Human Rights Commission*, 19 July 2012. Available at: http://westpapuamedia.info/tag/oil-palm/
[55] Associated NGOs (2011) 'MIFFE Project Violates Human Rights', *Joint Press Release*, 14 August 2011. Available at: http://westpapuamedia.info/tag/the-indonesian-forum-for-environment/
[56] African Development Bank (2011a) 'Executive Summary of the Comprehensive Resettlement Policy Framework and the Pilot Phase Resettlement Action Plan: Addax Bio-Energy Project, Sierra Leone', *ADB Group*, p.1. Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Environmental-and-Social-Assessments/Addax%20Bioenergy%20-%20RAP%20summary%20-%20Final%20EN.pdf
[57] Addax Bioenergy (2011) 'About Addax Bioenergy', *Addax webpage.* Available at: http://www.addax-oryx.com/uk/index.html
[58] Swedfund (2011) 'Swedfund Signs Eur 10m Investment in Addax Bioenergy, Sierra Leone', *Swedfund Press Release*, 21 December 2011.
[59] African Development Bank (2011a), p. 16.

However, it has been questioned whether this was based on meaningful and effective participation by local communities. A report compiled on behalf of three NGOs – the Sierra Leone Network on the Right to Food (SiLNoRF), Bread for All based in Switzerland, and Evangelischer Entwicklungsienst based in Germany – found major irregularities in the Land Lease Agreement. These included a lack of choice and awareness about the legal representative hired to represent the Chiefdom Councils and traditional land holders in the deal with Addax. The independence of these representatives was also queried since they were paid for by Addax.[60]

The report goes onto claim that communities had little or no knowledge of the terms of the agreement, including the compensation offered and size of lands leased. For instance, during the drafting of the agreement rent was set at the level recommended by the Sierra Leonean government rather than opened to negotiation between the contracting parties. Thus final compensation to traditional landowners worked out at US$12 per hectare per year.[61] The African Development Bank claim this as a positive innovation of the deal, since according to national law, such landowners should not be party to land leases and so receive no directly payable rent.[62] SiLNoRF, however, has argued that this sum is barely any better, given that it is not even enough to buy a meal in the regional capital, let alone compensate for the loss of one hectare farmland for a year.[63]

Another concern is that the clauses of the agreement, due to their ambiguity, entitle Addax to use and alter the immediate environment of the land at their own discretion. These clauses include the right to cultivate other crops without assurance that no invasive species will be introduced, the right to alter water courses, and the exclusive possession over villages, rivers and forests. As pointed out by the report, these clauses may interfere with existing law such as the 1963 Water Act which constitutes a legal right to access to any natural water supply for domestic use.[64] The prospect of losing these natural resources, not only water, but also medicinal herbs, trees, fish and bush meat that used to be found within the lease area, is a common fear in the affected communities.

Underlying and facilitating such entitlement is the perspective that non-cultivated land is somehow ‘empty' and ripe for investment. The Sierra Leone Investment and Export Promotion Agency, for example, has claimed that there are over 5m hectares of land “not used", “under-used" or “marginal" and therefore suitable for sugarcane and oil palm plantations.[65] This privileges cultivation over other forms of agrarian livelihood and men over women, since the latter have no official ownership to land and therefore no right to compensation for the loss of these resources. According to the NGO Green Scenery “the sudden shift from the culture of sharing land and social structure is bound to increase frustrations, leading to instability in cohesive villages".[66]

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[60] Mike Anane and Cosmos Yao Abiwu (2011) ‘Independent Study Report of the Addax Bioenergy Sugarcane-to-Ethanol Project in the Makeni Region in Sierra Leone', *Sierra Leone Network on the Right to Food (SiLNoRF) Report*, pp.8-9.
[61] African Development Bank (2011b) ‘Executive Summary of the Environmental, Social and Health Impact Assessment (ESHIA): Addax Bioenergy Project, Sierra Leone', *ADB Group*, p.1. Available at: http://www.afdb.org/fileadmin/uploads/afdb/Documents/Environmental-and-Social-Assessments/Addax%20Bioenergy%20-%20ESHIA%20summary%20-%20Final%20EN.pdf
[62] African Development Bank (2011a), p.2.
[63] Anane and Abiwu (2011), pp. 31-32.
[64] *Ibid.*, p. 28.
[65] Joseph Rahall and Elke Schäfter (2011) ‘The Socfin Land Deal Missing Out On Best Practices: Fact-finding Mission to Malen Chiefdom, Pujehun District, Sierra Leone', *Green Scenery Report*, p.3.
[66] *Ibid.,* p.10.

Finally, there is the issue of displacement. According to the African Development Bank, there are around 13,600 people living in areas affected by the project, seventy-seven of which are being physically resettled. The rest are subjected to economic displacement, as large fertile areas used for rice and cassava crops were included in the leases, resources that provide the farming communities with food and, when in excess, with an income at the regional markets.[67] In response to this, a Farmer Development Programme (FDP) has been instigated by Addax, aiming to offer 2,000 farmers training and assistance to ensure food security for the affected communities through farming in designated areas.[68]

However, there has been reported disappointment with the assistance promised through the FDP as the resettled land set aside for food production was not prepared and the seeds did not arrived until two months after planting would normally begin.[69] The Oakland Institute has expressed the additional concern that the FDP has replaced the Smallholder Outgrower Scheme initially suggested by the African Development Bank. One way to offset the loss of agrarian livelihood would of course be through waged employment. But here, too, Addax' record has been disappointing. Of the 4,000 jobs promised, latest available figures indicated that only 600 people from local chiefdoms had been employed – mostly on a low paid and casual basis.[70]

What public policy has been developed to address land grabbing?

In response to the recent 'land rush' two sets of guidance have been developed at the international level to better manage large-scale acquisitions: one led by the World Bank and one by the UN's Committee on World Food Security (CFS).

The World Bank's initiative has resulted in seven principles of 'Responsible Agro-Investment'. These include respecting land and resource rights, establishing good governance, and promoting a more rounded understanding of project sustainability. The Committee on World Food Security (CFS) is the United Nations' forum for reviewing and following up on policies concerning world food security. Its more ambitious document is the 'Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests', which was agreed in May 2012.

While many of the same organisations – such as the UN's Food and Agricultural Organisation – have contributed to both, the World Bank initiative has arguably been a more technocratic and exclusive affair. The CFS document, by contrast, has been the product of sustained engagement with civil society groups across the world, most important of which have been rural movements. Partly as a result of this and partly the forum's own politics, the 'Voluntary Guidelines' of the CFS have focused on *securing* rights for land users first rather than abiding by those patchwork laws and deeds that currently exist.

Another difference is that the CFS has been more ready to promote *alternatives to large-scale commercial agriculture* rather than just reform the basis on which land is bought and sold. Small-scale, agro-ecological farming systems have been supported by the UN's IAASTD as a better means of tackling poverty and protecting the environment, and it has

[67] Anane and Abiwu (2011), p.40.
[68] African Development Bank (2011a), p.2.
[69] Rod Mac Johnson (2011) 'Biofuel Deal Sparks Land Debate in Sierra Leone', *Associated Free Press*, 4 July 2011.
[70] Anane & Abiwu (2011), p. 42.

been argued by many of the contributors to the CFS guidelines that land reform and agrarian reform must be part of the overall policy package.

Despite its more populist appeal, the CSF document has not been without its critics. The UK Food Group, a coalition of NGOs, has suggested that it must explicitly "oppose land grabs, given their tendency to concentrate control over natural resources" and "incorporate access to water [alongside access to land, fisheries and forests] which is integral to productive use of land".[71] As well as the content of the guidelines, others have questioned its voluntarism – a criticism which applies equally to the World Bank initiative. As attention turns to the private sector, NGOs like ActionAid are requesting that parameters for corporate behaviour be made clearer.[72]

Box 3: Land restrictions in Brazil

Some governments have welcomed foreign investment in land, but others have become cautious, partly in response to the debate around 'land grabbing'. In Brazil, for example, members of the former Lula government, including the President himself, expressed concern over increasing acreage of farm land falling into foreign hands at a time of high food prices and increasing demand for commodities. The Attorney General's Office in Brazil has since responded by reinterpreting a law on extra-national ownership of farm land that now limits the amount that can be bought by foreign-controlled companies. The criticism from industry is that this interpretation – and the uncertainties surrounding it – has stymied foreign investment since control of the land, especially in Greenfield projects, is considered central to guaranteeing the supply of cane.

What should sugarcane producers and buyers do?

As noted above, the two major international initiatives that are trying to better manage large-scale land deals have targeted government legislation and investment oversight. They are largely concerned with reforming *the procedures* of land acquisition; the seeds of agrarian reform within the CFS notwithstanding.

For their part, many corporations engaged in sugarcane production, especially for the conventional (first-generation) biofuel market, have argued that they can help *lessen the pressure on land demand in the first place* by targeting degraded land and by boosting yields. How effective might this alternative strategy be in mitigating long-run land conflict?

[71] UK Food Group (2011) 'Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests: Anchoring Negotiations in Reality,' *Open Letter*, 10 October 2011. Available at: http://www.ukfg.org.uk/2011_landguidelines/

[72] ActionAid (2011), 'ActionAid International Comments on the Zero Draft of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests, *ActionAid Comments*, 11 May 2011, p.2. Available at: http://www.actionaid.org/publications/actionaid-international-comments-zero-draft-voluntary-guidelines-responsible-governance

The answer, in a nutshell, is not very. The International Energy Agency have warned that establishing energy crop plantations on "unused" land may prove more expensive and therefore less attractive than creating large-scale plantations on arable land. This is because the former requires investments in infrastructure and is more likely to have low soil fertility and water availability.[73] The UK's Renewable Fuels Agency, meanwhile, concluded that prospective yield increases will have only a minor effect on total land demand, up to 10% reduction in the best possible scenario.[74] Thus, the expansion into arable (and occupied) land seems set to continue, and with it further social conflict.

Land tenure is fundamental to food security...To us in the private sector and to our farmer partners, it is important that there should be effective local administration of land registries without corruption. Fair, transparent rules benefit everyone, ensuring women get equal access to land and furthering responsible investment throughout the agri-food chain.

Luc Maene, Chairman of the International Agri-Food Network

With this in mind, this section highlights other proposals relevant to companies working in the sugarcane sector and the firm-level action they advance. In all three cases, the answer is not found in technological-fixes that try (and fail) to submerge the problem, but in acknowledging the issue of land conflict and working pro-actively with stakeholders in cane-growing areas. If they don't, the consequences are clear. As happened in the Kenyan sugar project discussed above, court injunctions and local resistance have derailed the development of the Tana River delta and presumably cost the company and government large amounts of money and goodwill.[75]

Three approaches to adopt

- Improve public engagement practices

A common argument by sceptics of large-scale land acquisitions is that land which is deemed 'idle', 'degraded' or 'marginal' is nothing of the sort. The satellite imagery upon which many assessments depend does not show how land is used for shifting cultivation, grazing, gathering, and important cultural sites such as burial grounds. Neither do official records identify who *depends* on that land for their livelihood, only who *owns* the land in law. So if investors and states build up a better picture of the usages and users of land prior to commercial engagement, they will be able to make more accurate assessments of its value and potential conflicts. This goes for water usage and users too. The UN Environmental Programme, for instance, have found that some large-scale irrigation schemes have resulted in increased competition and conflict with local and downstream water users. However, they also note that within studies of the environmental impact of biofuels, water consumption has been "hardly ever mentioned".[76]

[73] International Energy Agency (2011), p.25.
[74] Renewable Fuels Agency (2008) *Gallagher Review of the Indirect Effects of Biofuel Production* (St. Leonards-on-Sea, East Sussex: RFA), p.29.
[75] Rebecca Smalley and Esteve Corbera (2012) 'Large-Scale Land Deals from the Inside Out: Findings from Kenya's Tana Delta', *Journal of Peasant Studies*, 39(3-4), pp. 1039–1075.
[76] United Nations Environment Program (2009) *Towards Sustainable Production and Use of Resources: Assessing Biofuels* (Paris: UNEP), p.56.

Investors are obligated, morally if not always legally, to identify and work with affected stakeholders. The World Bank's International Finance Corporation (IFC) has issued advice to the sugarcane industry which suggests that while this engagement is a long and drawn out process, it is one that may also reduce the risk to the company in the long run and cannot be avoided.[77] As part of this, the IFC goes on to stress that it is important for companies to: (a) be transparent and provide information; (b) to develop communication and grievance mechanisms to mitigate misunderstandings and provide recourse for complaints; and (c) deploy specialist expertise in the form of social anthropology skills to ensure indigenous groups especially are properly understood.[78] To this we would add the importance of ensuring gender-sensitive participation and recognising that local perspectives will be shaped by past experiences of (frequently failed) investments. Perhaps most importantly, stakeholder engagement should not be approached as a means to an end – i.e. securing consent for investment – but as open-ended process where **the right of refusal must be respected**.

- Promote smallholder outgrower schemes

Another common complaint around land acquisition is that many of the promised jobs never materialise, and, even if they do, are poorly paid and temporary in nature. In short, investors seem to 'want the land but not the people'. Since an estimated 50% of the world's hungry people actually live in small farming households themselves, clearing away these farms without providing alternative livelihoods makes a cruel mockery of the idea that large-scale acquisitions improve food security. To address this issue *and* provide a more inclusive and acceptable model of rural development, companies should promote outgrower schemes. This would allow smallholders to maintain access to their land and have a more dependable livelihood linked to their existing skills. Moreover, a portion of the land could be retained for food production for household consumption, providing a degree of security should farm profit fall. While this bears some risk and added cost, it has the advantage of providing a greater degree of domestic and international legitimacy for the project.

There are, of course, some risks associated with this option. Firstly, setting up outgrower schemes encounters problems regarding which people have access to the scheme, how much land or money they have to contribute, and how they will be represented institutionally by the cooperative or management association. This is especially so where the process has been led by government or millers with little appreciation of social relationships in a given locality. Moreover, once operational, the reliance on specialised inputs and requirements for large capital outlays significantly increase the level of risk confronted by growers to debt. Nevertheless, as the case of Swaziland shows, the pro-poor credentials of outgrower schemes can be defended where adequate safeguards and supports are put in place.[79]

[77] Peter Rein, Peter Turner and Kathryn Mathias (2011) *Good Management Practices Manual for the Sugar Cane Industry* (Johannesburg, South Africa: International Finance Corporation). Available at: http://www1.ifc.org/wps/wcm/connect/486cf5004953685e8586b519583b6d16/IFC_GMP_ManualCaneSugarIndustry.pdf?MOD=AJPERES
[78] *Ibid.*
[79] Ben Richardson (2012) 'Trade, Aid and Rural Development: EU Sugar Policy and the Experience of Swaziland', *ECDPM Discussion Paper*, 133, June 2012.

- Pursue supply-chain certification

Certification systems use independent 'third-party' auditors to visit sugarcane estates and make sure they are not using land which is involved in legitimate social conflict. Two multi-stakeholder schemes that have are now certifying sugar and/or sugarcane biofuel are Bonsucro (formerly the Better Sugarcane Initiative) and the Roundtable on Sustainable Biofuel. By becoming a member of these schemes, it is possible for millers and their downstream buyers to introduce a more robust auditing system into the supply chain and demonstrate their adherence to high standards of investment and production. In addition, since certification involves periodic 'check-ups', it can also be used to monitor the actual impacts of commercial investment on local communities such as the amount of jobs created and whether access to common pool resources such as rivers has been maintained. Making the audits publicly available would help bolster this source of accountability.

However, a current problem with this approach is that companies – even once they have become members – are not obliged to have their entire supply chain certified. For example, Tate & Lyle has yet to certify the sugar estates it buys from in Cambodia despite the warnings it has received about the human rights abuses reported there.[80] Tate & Lyle is a founder member of Bonsucro. The onus, then, must be on companies to respect the spirit of the scheme they have signed up to and for the schemes themselves to put in place tougher rules on supply chain coverage.

The schemes should also make having land title a precondition of certification, since as we have seen, abuses of land rights are closely linked to abuses of human rights. For Bonsucro, this would mean changing criterion 1.2 – "To demonstrate clear title to land in accordance with national practice and law" – from an 'optional' to a compulsory criterion. Finally, the schemes should make their certification and monitoring audits publicly available, to allow people to check whether the assessment stands up to their lived reality, and promote engagement between locally-informed civil society actors with the auditing team *prior to* certification, in order to gather information about land conflict ahead of the initial audit.

[80] Bridges Across Borders Cambodia (2010), p.8.

About Ethical Sugar

This research was undertaken for Ethical Sugar, an NGO that seeks to enhance dialogue within the sugar-ethanol industry with a view to improving its social and environmental sustainability. Trade unions, companies, civil society activists and academics are all brought together as part of this dialogue, which allows Ethical Sugar to construct a more rounded vision of the different situations and positions that pertain in the industry.

About the Authors

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