

Main discussions on Panel 2 : Corporate codes and multi stakeholder initiatives: redressing social and ecological effects caused by foreign corporate activity in Southern Countries
July 08, 2009

Chair: Ujjaini Halim (IMSE, India)

Panel Speakers: 1. Mr. Abetnego Tarigan (Sawti Watch, Indonesia)
2. Mr. Walter Hetterschijt (Fund Manager of Anona Sustainable Investment Fund)
3. Ms. Marieke Leegwater (Productschap MVO)
4. Mr. Yefred Myenzi (LARRRI/Hakiardhi, Tanzania)

The chair welcomed the speakers and briefly spoke about the specific objective of the panel i.e. to find out effective strategies on how to minimise social and ecological effects caused by investments on land and how to uphold the basic rights of individuals. She further mentioned that this panel was unique in composition as it had representatives of two important groups of stakeholder i.e. civil society representatives and representatives of corporate. She expressed hope that the discussion would be focussed on identifying strategies for better cooperation and dialogues among all stakeholders to ensure livelihood security of the grassroots actors in the context of CPL.

The first speaker was Mr. Abetnego Tarigan of Sawti Watch, Indonesia. He mentioned about the colonial history of development of palm plantation in Indonesia and how in present era this plantation has been intensified and creating larger commercial pressure on land. The landlessness in Indonesia is a big problem and plantation farming, leading to further land concentration has increased the problem further. Palm oil plantation also demanded conversion of land devoted for food crop to plantation farming, thus sometime intensifying food scarcity. He stressed upon the legal instruments which were in place in Indonesia to regulate corporate investments but mentioned about the poor implementation of those regulations. There were some corporate legal frameworks (Codes) in place but those were voluntary and not mandatory as well as self regulatory, therefore, the main challenge was effective operational practices of these regulations. Corporate codes according to him did not have redress mechanism and sometime if some corporate codes were more progressive than state regulations, corporate codes did not have any influence on state regulations. However, in most cases corporate investments looked for economic incentives from the host countries and sustainability of their investments depended mainly on the economic status of the host countries. In expansion of their business often corporate use the loopholes, existing in national legal framework. However, his organisation was already working with the foundation of corporate to create more spaces for effective dialogues among all stakeholders. He mentioned that only few palm oil plantation (farmers, workers, companies) became part of the dialogues so far, so the need was to strengthen such constructive dialogues further. He was in favour of sustainable, green, responsible production of palm oil through plantations. To ensure such a practice EU could play very important role in developing appropriate policies at EU levels and India and China should also take more interest on the issue.

Mr. Walter Hetterschijt, Fund Manager of Anona Sustainable Investment Fund was the next speaker. He shared a case from Mali where his company was involved in growing Jatropha to mitigate soil erosion and also to address extreme poverty situation (in line with MDG targets). The aim was to establish good governance in management of production and ensuring sustainability. To accomplish this task they formed supervisory board at local levels comprising of local people, including the farmers. Moreover, they encouraged the local farmers to become shareholders of their company. The work was supervised by their field staff and they provided technical assistances to the farmers when needed. The company wanted to develop a Learning Centre at local levels (farming Business school!). According to him Jatropha was a good crop for income generation of poor families as it protected soil and promoted intercropping instead of mono-cropping. Their ways of Jatropha

cultivation in Mali promoted local governance, increased registration of farmers and ensured responsible land management. He further emphasised that on the need of sustainable practices, which would not require any self regulatory mechanism. According to him government incentives (tax exemptions) would be very important to promote/replicate their models. He opined that food security should be given priority and Jatropha did not compete with food crops in general.

Ms. Marieke Leegwater of Productschap MVO made her presentation. She briefly introduced her organisation as the foundation of the corporate and the main work of the foundation was to find out how to work together with the communities for sustainable as well as responsible production (Mainly of Palm oil) and how to ensure basic human rights of the local people. Her organisation provided spaces for dialogues between all stakeholders, focussing on investors and the community. She highlighted the concern that several conflicts took place surrounding palm oil plantations. To mitigate these conflicts she suggested that pre prior and informed consent of the community would be very important. Moreover, raising production standards, improving performance levels of production units etc. would be vital. In Indonesia 40% of palm oil producer companies became members of the foundation. However, she emphasised on the need to address the local food security concern with priority and she opined that EU market standards could play an important role in promoting sustainable and responsible investments.

Mr. Yefred Myenzi of LARRRI/Hakiardhi, Tanzania was the last panel speaker. He shared the community experiences from his country in relation to foreign and domestic investments, increasing pressure on land. He criticised the role of the government in terms of creating such an investor friendly environment which undermined rights of communities at large. The government policies in his country made the land transfer easier and large parcel of lands were given to the companies. Though the land officially belonged to Public but in reality land was controlled by the President and decisions were taken by the government without much participation of the people (Centralised administration). Development policies often led to CPL and eviction/displacements of poor with no or very little compensations. Such projects also resulted into loss of biodiversity. Appropriate policy and legal frameworks to control investments were inadequate and poorly implemented. State often neglected the rights of the poor and facilitated land acquisition for foreign investments, mainly in bio-fuel production. Conversion of food crop to cash crop became a trend in his country which would intensify food insecurity.

However, he focussed on the need to link the critical issues like food, energy and climate change and he further focussed on the importance of finding collective ways of mitigating challenges. His organisation tried to facilitate direct dialogues between investors and the villagers (whose land would be taken away) and in a few cases they had been successful in establishing a joint monitoring mechanism to ensure all round development and win win situations for all. The government should ensure smooth playing ground for all stakeholders in case of investments on land. Functional and effective mechanisms for controlling investments should be on place with full enforcement of the same. It was of immense importance to let people know about their land rights and land tenure system. His organisation observed various models of cooperation like Estate model (Joint ventures), Out Growers scheme, Contract Farming and community based cooperation. According to him the last one was the most effective model as it ensured transparency and full participation of community in the investment process. Informed dialogues between various stakeholders were crucial and if any code of conduct was to be developed community participation should be central to that process.

Few questions were raised by the audience on attitudes of China and India regarding bio-fuel production and also on the expectations of the corporate to receive large scale incentives from the government.

After a brief discussion on these issues Ms. Ujjaini Halim, the chair of this session summarised the key discussions of the panel. She mentioned that investments whether foreign or domestic, on land had both challenges and opportunities for all stakeholders, which became evident from the speakers presentations.

The key areas of concerns raised by the speakers included: failure of the national government to address the structural causes of inequality in land distribution and malfunctioning in land administration. Plantation farming further intensified in southern countries which replaced production of food crops and threatened food security of poor and vulnerable groups. Regulations to control investments were often weak and the implementations were lax. The existing code of conducts related to land governance were mostly developed by northern actors with little consultation with the southern actors/partners. Even these COC remained almost unknown and unimplemented. Regulations developed by the corporate were voluntary and self regulatory in nature with very limited impact on mitigating conflicts.

For corporate houses the driving force for investment was the profit motive and they would like to have secured access to land, better incentives and perhaps sometime weak national regulations. However, corporate also highlighted the issues of poverty eradication, sustainability and environmental impact issues while justifying their investments in any country, for corporate, ensuring right to food of the local community was not a big point of concern, as described in various presentations of the speakers.

Besides concerns the presentations of the speakers highlighted opportunities also. Various models of partnership was discussed by Mr. Walter Hetterschijt and Mr. Yefred Myenzi. These models stressed on the need for development based on notion of food security, participation of communities in decision making and transparency at all levels. A good model would ensure Civil Society's role of 'Watch Dog'. It was good to listen to the corporate representatives that the corporate were open to dialogues and flexible to negotiations while investing on land, which would also ensure their long term good production environment. Moreover, it was also positive to note, from various presentations, that global actors, IGOs were taking active interest in ensuring that investments and CPL should not undermine food security and other human rights of the communities in the host countries. They were asking the corporate to become more socially and environmentally responsible and to comply with national and international human rights standards. These global actors hopefully would adopt appropriate policy mechanisms for this purpose.

Finally from all the presentations few needs became evident. These were: need for ensuring participation of grassroots actors in any policy development (or development of code of conduct), need for developing regulatory frameworks for implementation and monitoring of investments (ETO could be used if needed) and the need for better participation of civil society in that process, the need to prioritise food security and food sovereignty in national/international policies and the need to ensure basic human rights standards at all levels to effectively control investments.

After this summing up of the presentation, Ms. Ujjaini Halim thanked all the speakers and audience and closed the panel.