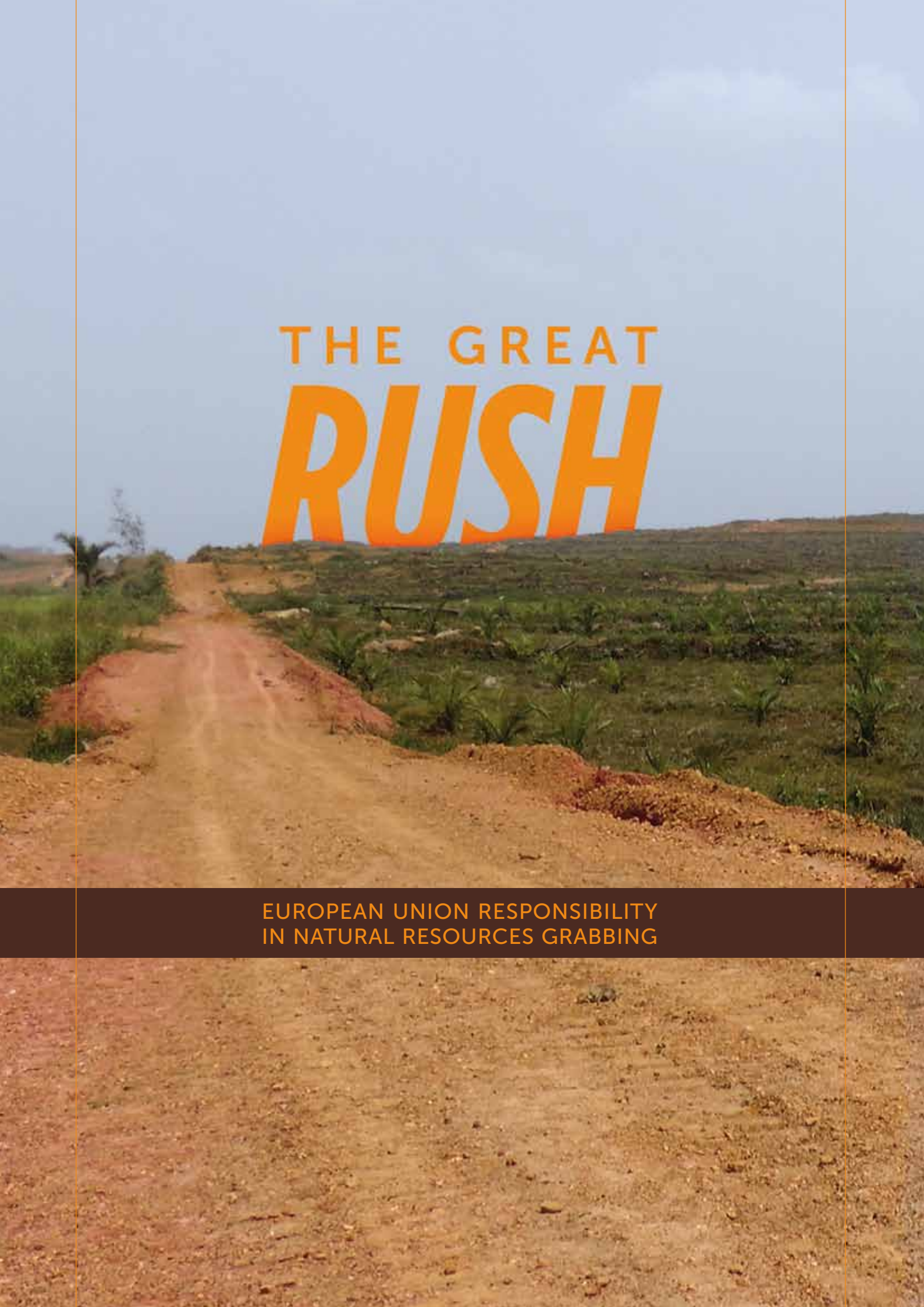
THE GREAT
RUSH
EUROPEAN UNION RESPONSIBILITY
IN NATURAL RESOURCES GRABBING

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EXECUTIVE SUMMARY

Bottom: farmers grazing cattle in the Kumtor valley use these wagons as summer homes, Kyrgyzstan (*photo by Vadim Kulikov*).

Land, forests, water and raw materials are valuable resources that increasingly interest the major players of the economy of our planet. Private investors, but also national governments, are competing to be the first ones to get their hands on natural resources. It is a mad rush, driven by a development model which has already given ample signs of malfunction, but which is showing no signs of slowing down.

For a few years now, land grabbing has been in the headlines as one of the most pressing and controversial issues of our time. But grabbing is in some ways "generalized". In fact, all natural resources are being swallowed up, accumulated and stocked. Each case has its peculiarities, but the general phenomenon is the same and the causes, as well as the effects on people and the actors involved, present similarities.

The **various converging crises** that have surfaced in recent years have triggered a new global rush to grab natural resources. Alleged shortages of food; the constantly growing need for energy and water for several kinds of uses; the solutions identified to fight climate change, such as carbon offsetting and the REDD mechanism; and finally the commodification and financialization of natural resources. All the above are driving a new and impressive wave of natural resource grabbing all over the world.

According to our organizations, **natural resource grabbing occurs** when external actors pounce on a particular area and obtain control over natural resources and deprive local communities of access to them.

The result is that local communities are impoverished because they lose access to those resources, on which they used to rely for their livelihood; the local economy is disrupted and thus food security and sovereignty come under attack.

The **actors involved** in this global phenomenon are many and quite diverse. Corporations and multinationals, but also smaller companies, governments at various levels, international financial institutions, credit institutions, pension funds,

insurance companies and private investment funds. Fertile ground is provided by policies that create the conditions allowing the phenomenon to flourish. On that latter point, the European Union and its Member States have a large share of responsibility on one side, but also room to maneuver on the other.

Thanks to the **EU co-funded project** "***Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources***", our organizations – **Mani Tese**, **Les Amis de la Terre**, **CEE Bankwatch**, **Re:Common**, **Ce.VI** and **Cicma** – have collected 16 case studies from around the world in order to better understand the impacts of natural resource grabbing on the local communities, clarify the **responsibilities of the European Union** and, in conclusion, examine actions to be undertaken to invert this phenomenon. In this publication, we present **reports from some of our case-studies**: the construction of mega-dams, as in the case of El Quimbo dam in Colombia, the Maeshwar dam in India, and Kudhoni dam in Georgia; extraction projects, as in the case of the Kimsakocha gold mine and oil extraction in the Amazonas in Ecuador, or the Kumtor gold mine in Kyrgyzstan; the shifting of access and control of fertile land from local communities to foreign investors for agro-fuel production, as the case of the deals involving *Jatropha* plantations in Madagascar, or palm oil plantations in Liberia; finally we visited projects linked to forest management and timber production, as in the case of teak plantations in South Sudan, or pilot forest conservation projects under the REDD+ mechanisms in Madagascar, Peru and Mozambique.

The **consequences of natural resource grabbing** on local communities are severe.

Firstly, big investment projects reduce access to natural resources for locals, which **disrupts the local economy**. In fact, people are denied access to the land, water and other resource they used to rely on to produce food for their subsistence and for local markets; food security and sovereignty are threatened, as the case of land grabbing in Madagascar shows very well.

The rhetoric that is normally used to justify and even support these investments and projects is precisely that of promoting development and economic growth. Oil field exploitation, *Jatropha* cultivation and huge dams will bring development: more jobs and an increase in income from royalties and taxation will automatically lead to an improvement in basic services (health, education, welfare) for the population. To add insult to injury, in addition to the reduction in access to natural resources, the improvements in the level of occupation, basic services and infrastructures – in other words the "development" that justifies the implementation of the projects – never materialize for the local communities and new jobs are fewer than the number promised (see the case of palm oil plantations in Liberia). Furthermore, in many cases there is no transfer of revenues at the local level from a resource exploitation, as the gold mine in Kyrgyzstan shows.

Beyond the economic aspect, natural resource grabbing also affects the social sphere of local **communities, which suffers from disruption** of community relations. In some case, disruption of community ties is actively pursued by the companies involved, as a strategy to weaken the resistance of local communities. Communities relations are under attack also because of the criminalization of protest and the silencing of dissent. The aim is to discredit those who try to defend their territory and their community from the violation of basic human rights, such as the right to food, the right to health, the right to live in a safe environment. In order to achieve that aim, the strategy used is to present and treat the human rights defenders as if they were criminals or even terrorists (see the case of the gold mine in Ecuador). But the disruption in community relations may also take the form of physical displacement of communities, as normally occurs in the case of mega-dams construction (like in Colombia, India or Georgia).

Finally, many of these projects have a profound **impact on the environment**. On one hand,

this causes further negative effects on local communities, because pollution of water, air and soil has implications for the health and food security of the local population. On the other, it causes damage to the natural environment per se.

But how it is possible that external actors can arrive on a territory and gain control over natural resources at the expenses of its inhabitants? We can identify some common features in our cases: the first ominous step is the **lack of information** given to communities that have been subjected to (or are about to be) the projects mentioned above. In addition, there is no appeal for consent before the project is implemented. What normally happens, instead, is that local communities become aware of the project only when it has already been implemented, because that is when representatives of the companies or investors show up to start the works. In the same way, local communities are usually not involved in project design or in the decisions regarding project implementation. Therefore rights, traditions, and in some way the very existence and dignity of those who have lived for a long time where the projects are implemented are completely ignored.

Before authorizing one of the abovementioned projects, national legislation may require an **environmental and social impact assessment** (ESIA) study, with the aim of identifying in advance the possible impacts to assess the effective feasibility of those projects and adopt mitigation measures. As for the request of free, prior and informed consent, in some cases national legislation does not require any ESIA, which is often seen as a plus by foreign investors. In our research, we have seen that in some cases there are no impact assessment studies at all; in other cases recommendations arising from the studies are ignored; finally the impact assessment studies might not be properly independent, resulting in partial or superficial studies.

Many projects cause the **displacement of people**, like in the case of large dams, whose reservoirs may submerge entire villages. In many cases the people who will be displaced cannot document the ownership of the land on which their house is built, or the land they cultivate and rely on for their livelihood. This happens when the use of the land is regulated by tradition and customs that in some cases are not recognized by national law. Therefore people cannot provide any kind of certificate of tenure for such lands, and when they are forced to leave their homes, they lose everything.

But what role does the European Union play in all this? Firstly, Europe's economy and the population's level of consumption and lifestyles have an important influence on natural resource grabbing and excessive consumption of natural resources.

Beyond that, **the aim of this report is to look at how European policies contribute to create a favourable international legislative background for the grabbing of natural resources**, falling short of its own goal of policy coherence as set in the Lisbon Treaty. Through our case studies we have been able to see what might happen on the ground when European policies related to trade and energy procurement are applied; we have analysed what is required to European companies operating abroad in terms of transparency and accountability, and finally we have studied the policies that promote the use of agrofuels and carbon credits. Our case studies are, however, not exhaustive regarding those European policies that can be improved in terms of policy coherence: although we have tried to be as comprehensive as possible, our cases necessarily reflect only a limited perspective.

Having said this, our cases do highlight three areas in which European policies result in building a favourable ground for natural resource grabbing: the fight against climate change, the energy strategy and, finally, trade and foreign investment policies. In conclusion, we analyse the European water policy, because it also plays a role in water grabbing, even if on a different level.

Regarding the **fight against climate change**, the EU Emission Trading System, introduced in 2005, is the largest market for carbon

credits in the world. The ETS includes the 'cap and trade' and 'offsetting' systems that allow participants to buy and sell emission allowances and emission reduction credits (carbon offsets) to achieve their emission reduction targets or simply to make a profit on the credits market. Projects aimed at obtaining carbon credits may end up grabbing natural resources, also thanks to the opaque local land tenure legislation. Local communities are generally hazy on the concept of carbon credits and why should they help create them; they have no compensation for the loss of the land that they traditionally used (now protected), etc. Our second concern refers to the effectiveness of carbon credit trading in reducing the global amount of greenhouse gas emissions.

The Renewable Energy Directive (2009/28/EC) set the common goal of reducing emissions of carbon dioxide generated by the transport sector by 2020, establishing that 10% of total fuel consumption must come from renewable sources, i.e. from **agrofuels**. But contrary to the reasoning of those promoting agrofuels, Europe does not have the means to satisfy its own needs and has to import agrofuel from abroad. Because agrofuels based on food crops are increasingly used compared to other crops, they are playing a precise role in contributing to the rise in prices of food and their volatility, since they increase demand and the market is not able to respond to that rapid increase in the short term. All that is translated in an increasingly extreme poverty, because it makes basic food very expensive for poor people, often even unaffordable. But above all, the search for fertile land for the cultivation of vegetable raw materials for the production of agrofuels is one of the main drivers of land grabbing, as our cases in Liberia and Madagascar show and as documented in many other studies and reports.

Many of the enterprises, companies and multinationals that promote these big projects around the world are European. The EU, however, do not put any restrictions on its private companies operating in the global South regarding the possible impacts on human rights and the environment. The EU simply encourages its companies to comply with internationally recognized voluntary principles of Corporate Social Responsibility (CSR), since it acknowledges that social and environmental standards in developing countries, when they exist, may be too weak to guarantee business sustainability and achievement of development goals. The 2011 EC communication on corporate social responsibility is a step in the right direction, calling for stricter and binding principles, shifting to a definition of CSR as "the responsibility of enterprises for their impacts on society". Nonetheless, the CSR Communication still needs to be combined with other **binding legislative tools**, such as the obligation of non-financial reporting for large companies, which includes reporting on the social and environmental impacts of the company's activities, including within the supply chain, in addition to the financial side.

Bottom: The factory of the Italian company Tozzi Green, Satrokala village, Ihorombe Region, Madagascar (*photo by Terra Project*).

Finally, in our report we also mention the **European water policy**, even if this policy does not have a direct "grabbing effect" in foreign countries. The European water policy is addressed to European countries and citizens, and it is a very clear example of how a policy can divert the very nature of a natural resource like water, turning it from a common good, to which everyone should have access as a basic right, to a resource that is commoditised and financialised. In this way, this European policy paves the way for water grabbing.

All the above mentioned policies contribute to define the socio-economic development model promoted by the European Union, which is based on the continuous growth of the economy and on a consumer society. Those are two factors that require a steady and continuous flow of raw materials and energy, which must be ensured at all costs. The over-consumption of energy and raw materials means that natural cycles of regeneration are not respected, and it also means that it is better to be very quick and grab them. It is important, but not sufficient to focus on efficiency, promoting the adoption of measures to avoid waste, improving the management and integrating different systems (energy, transport, etc..) in order to "save" energy and resources. In fact, focusing solely on efficiency and waste reduction fails to call into question our levels of consumption and the need to reduce them.

In conclusion, we believe that Europe can no longer view natural resources solely as fuel for the economy. People and communities, in the European territory as well as in other countries, must be involved and considered as the primary stakeholders. Our organisations – Mani Tese, Re:Common, Les Amis de la Terre, CEE Bankwatch, Ce.VI and Cicma – strongly believe that it is necessary to urgently act to **redefine sovereignty over natural resources**, and how those resources are accessed, managed and controlled, with the aim of promoting a different model of development, based on equality and simplicity.

To achieve this goal, we believe that the European Union has to reaffirm its leadership role,

Top: View of the Davidov Glacier and where Kumtor gold mine dumps its waste rock, Kyrgyzstan (*photo by Mirjam Leuze*).

Bottom: The public hearing in Khaishi about Khudoni dam started outside the building, as there was no room for the audience, Georgia (*photo by Petr Hlobil*).

demonstrating foresight and a strong political will for change, so as to put people's wellbeing and the care of our common house, the earth, before economic and financial interests.

For this reason, we call to the European Union to act urgently in order to:

- Effectively **reduce the amount of natural resources consumption**, starting with their true and effective measurement, through instruments such as carbon, land, water and material footprints. The EU must promote recycling and prevention of waste production. The EU must provide European citizens with conditions facilitating sustainable lifestyles, for example by promoting the use of public transport instead of private cars. Finally, the EU should set strict environmental and social standards for the procurement of raw materials and energy.
- Undertake a genuine **transition to a new energy model** that phases out the use of fossil fuels, that is based on really renewable energy sources, that is small-scale and distributed across the territory, and that will guarantee a real reduction in energy consumption. The European Union should abandon false solutions such as agrofuels or hydroelectric power produced by mega-dams by adopting energy strategies that are sustainable, democratic and truly responsive to people's needs.
- Promote the urgent **adoption of an agreement to combat climate change**, made binding on all countries, based on the principle of shared but differentiated responsibility and ecological debt that Northern countries have accumulated. Climate change cannot be tackled either through the markets, or with offsetting or technological solutions alone. A real reduction of emissions of greenhouse gases must be put in place urgently and an effective mechanism for the adoption of measures for adaptation and resilience for impoverished countries must be financed. The European Union and its companies must also refrain from financing offsetting projects.
- Actively contribute to the **cessation of land concentration and land grabbing**, including through the promotion of ecological, diverse and small-scale agriculture as opposed to monocultures of energy crops and other industrial crops.
- Strengthen the **implementation processes to recognize water as a human right at the European level**. Water management must not be entrusted to the private sector and market and the EU has to adopt financial instruments to guarantee the right to access to water and sanitation to European citizens. The European Union must stop promoting liberalisation of water management services through free trade agreements.
- Adopt effective measures to **curb speculation on natural resources**, defining strict rules for the financial markets. Likewise, the European Union must regulate **European businesses with strict binding requirements in order to minimize and mitigate their social and environmental impacts**.

Water pipe going to the treatment plant Kyrgyzstan (*photo by Mirjam Leuze*).

1. THE GREAT RUSH

Land, forests, water and raw materials are valuable resources that increasingly interest the major players of the economy of our planet. Private investors, and national governments, are competing to be the first ones to get their hands on natural resources. It is a mad rush, driven by a development model which has already given ample signs of malfunction, but which is showing no signs of slowing down.

For few years now, land grabbing has been in the headlines as one of the most pressing and controversial issues of our time. But grabbing is in some ways "generalized". In fact, all natural resources are being swallowed up, accumulated and stocked. Each case has its peculiarities, but the general phenomenon is the same and the causes, as well as the effects on people and the actors involved, are likewise similar.

The grabbing of natural resources for the benefit of a few and to the detriment of local populations is not a new phenomenon. However, the various converging crises that have emerged in recent years have triggered a new global rush to grab natural resources. With regard to land, worldwide nearly 227 million hectares of land are sold, rented or leased to others than the local communities who used to live on those lands and on which they rely[1].

What is most striking about this new phase of the phenomenon is the diversity of the underlying factors and the heterogeneity of the actors involved.

Let's start with the role that **food**, or rather its alleged shortage, plays in the global rush for land. Some countries, such as those of the Arabian Peninsula, are rich in capital but poor in fertile land. They need to purchase food at low prices and therefore have decided to "outsource" production elsewhere. For example, to countries like Ethiopia, where land costs very little and local authorities are ready to amend local legislations to facilitate foreign investors. Other countries have specialized their agriculture in (almost) a single crop or in the production of feed for raising cattle. In any case, those crops or meat will never reach the local markets, but they will certainly be available on the shelves of supermarkets all over the developed world.

Then there is the need for **energy** and **raw materials**, which we have just discovered are not unlimited. On the contrary, some places are now facing shortages. Global demand for energy is growing: projections show an increase of one-third between now and 2035[2] if consumption patterns remain unchanged. Currently, about 1.3 billion people do not have access to electricity and 2.6 billion (primarily in Asia and sub-Saharan Africa) use firewood for cooking[3].

At the same time, there are more than 50 thousand coal-fired power plants still operating in the world and our dependence on fossil fuels (conventional and unconventional oil and gas, as well as coal) for energy production stands at 81 percent[4]. The energy market is dominated by large subsidies to promote the consumption of fossil fuels. In 2011 this amounted to 523 billion dollars, while the same year the incentives for the promotion of alternative sources of energy amounted to 88 billion dollars (around one-sixth of those for fossil fuels)[5].

Globally, the transport sector alone accounts for more than a half of total oil consumption. But

1 For more on this topic: *Seized! The 2008 land grab for food and financial security*, GRAIN, October 2008; *Land grabbing – Come il mercato delle terre crea il nuovo colonialismo*, Stefano Liberti, Minimum Fax, 2011; *Gli Arraffa Terre – il coinvolgimento italiano nel business del land grab*, Re:Common, 2012, www.recommon.org/gli-arraffa-terre

2 www.worldenergyoutlook.org/media/weowebsite/2012/factsheets.pdf

3 www.iea.org/topics/energypoverty

4 www.iea.org/publications/freepublications/publication/KeyWorld2013.pdf

5 www.worldenergyoutlook.org/media/weowebsite/2012/factsheets.pdf

the black gold also plays a crucial role in sectors that at first glance might seem unrelated: it's enough to think about agriculture and food. Intensive agriculture is based on chemical fertilizers derived from oil and agricultural machinery powered by fossil fuel. Besides, food travels for many miles before reaching our supermarket shelves, wrapped in plastic, on vehicles that use oil for refrigeration and storage.

Indeed, the current energy system is based on the control of and access to non-renewable fossil fuels. Its supply model is based on large-scale extraction and distribution infrastructures. The extraction techniques have become more and more intrusive and now there is no limit to the places where oil can be extracted: from the depths of the ocean to the permafrost of Siberia, we are extracting nearly everywhere. In the face of the depletion of conventional oil fields, the rush for the so-called non-conventional deposits has already started, such as tar sands, shale gas or heavy oils. In all cases a complex technology is needed for the extraction and refining. But once extracted, oil can be transported and then used elsewhere: this is its greatest strength. Therefore, it is necessary to build large distribution infrastructures: oil pipelines, gas pipelines, power grids and finally ship, rail and road transport.

Following the intensification of the climate crisis and due to the need to diversify energy sources, a strong focus was put on developing so-called "alternative" and "renewable" sources of energy, although fossil fuels still account for the lion's share. They include those wrongly considered clean, such as hydropower. Thus mega-dam projects are proliferating on major rivers, with huge impacts on local communities and the environment[6].

Besides extraction of fossil fuels, the extraction of mineral raw materials (gold, bauxite, copper, coltan, rare earths, etc.) is also experiencing rapid growth. Again, large scale-extraction continues: the number of open-pit mines, extremely impacting from every standpoint, is increasing. The extracted materials are used to produce luxury or consumer goods, depending on the material. Electronic products are the most emblematic. The average life of our computer or mobile phone has become increasingly short: in the richest countries the average lifespan of computers has dropped from six years in 1997 to just two years in 2005 and mobile phones have a lifecycle of less than two years. Therefore, the amount of technological waste is growing dramatically, although there are no reliable data on the figures. United Nations University's estimations indicate that current e-waste from the 27 member states of the European Union amounts to around 8.3-9.1 million tons per year; global totals are estimated at around 40 million tons per year[7].

In 2008, the total amount of raw materials extracted globally was 70 billion metric tons – 10 billion tons of which were physically traded. However, around 29 billion tons were used just to enable the processing and export of these materials[8]. In fact, the distribution of raw materials is uneven,

6 In 1998 the World Commission on Dams was established in response to the escalating local and international controversies over large dams. In 2000 the WCD published its final report, entitled *Dams and Development: a new framework for decision-making*, which includes guidelines for dam building and ten key recommendations. This report highlights very much the attention to all stakeholders involvement and also to the importance of proper prior assessment of development needs. For more information see: www.unep.org/dams/WCD

7 www.unep.org/pdf/Recycling_From_e-waste_to_resources.pdf

8 newsroom.unsw.edu.au/news/science-technology/true-raw-material-footprint-nations

and they are often present in large amounts in poor countries – the so-called 'resource curse'. This spasmodic and continuous extraction of both energy and mineral resources means drilling, digging, uncovering, excavating, emptying, moving tons of earth, processing, washing, storing waste and residues, containing sewage and waste water, building, flooding, transporting, polluting and permanently transforming landscapes and societies.

Closely related to the extraction and consumption of fossil fuels there is also the issue of carbon dioxide emissions, responsible for **global warming and climate change**. The solutions identified so far to fight global warming are not succeeding. They are instead promoting very peculiar approaches. A first paradox is the alleged "green technology" of agrofuels, which withdraws land from food production and modifies invaluable ecosystems, through the cultivation of monocultures on an agro-industrial scale. Another paradox is the solution adopted to regulate the amount of greenhouse gas emissions: that is, establishing a market for carbon credits, based on the logic of compensation. In other words, rather than limiting pollution, the carbon credit schemes allow polluters to continue doing so as long as somewhere else there is someone who promises not to do so. In this regard, here is the third paradox: the displacement of entire populations that used to live for centuries in the forests, preserving them, with the aim of letting our companies acquire valuable carbon credits for the forest 'protection' – as in REDD+ projects.

In fact, a real strategy that will lead to the transition from an extractive energy system based on fossil fuels to a sustainable energy system that is small-scale has never been undertaken. The European Union promotes energy efficiency, which is reducing consumption by preventing waste. Energy efficiency is certainly important, but it does not cast the slightest doubt on the constant and continuous availability of great amounts of energy. Indeed, the Eurostat shows that the EU imports more than 60 per cent of its gas and more than 80 per cent of its oil[9]. For this reason the EU has developed policies for securing supply, with some strong impacts on the environment and people, as we will see below.

Finally, we all know that **water** is an indispensable resource for the survival of every living being and for the planet itself. Water, however, can be accumulated, subtracted from local communities to be used for the cultivation of crops that will be sent thousands of miles away and also polluted when it is used in various industrial processes or in mining. Water can be privatized; water rights can be exchanged and traded in financial markets. In short, the processes of water grabbing are various. They are sometimes obvious and sometimes hidden, because closely associated with the grabbing of other public assets.

Land grabbing, for example, is almost always associated with water grabbing. Investors in fact look for very fertile land, and of course water is essential for that. Water supply is often included in land deals, either with separate licenses or through parallel investments in infrastructure (dams, canals, pumps, etc.) to allow irrigation.

In the exploitation of extractive resources, water is central to the processing of many metals and for the extraction of certain minerals, such as gold, coal, copper, diamonds. The increased energy demand causes the grabbing of water resources used for hydraulic fracturing (fracking). The water used in these processes is therefore not available for human consump-

9 epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do;jsessionid=9ea7d07d30e80d7e455140074f5a8481bce8cc0de632.e34OaN8PchaTby0Lc3aNchuMch4Oe0?tab=table&plugin=1&pcode=tsdcc310&language=en

Top: Treated water released to Kumtor River after the treatment facility, Kyrgyzstan (*photo by Mirjam Leuze*).

tion and/or the ecosystem; when it is finally released it is highly polluted and toxic.

More than 50 thousand large dams have been built worldwide, on about 60 percent of the planet's rivers. This is the most obvious case of water grabbing! The environmental and social impacts affecting especially local communities caused by the construction of mega dams are severe, as we can read further on.

Despite the fact that in 2010 the UN General Assembly recognized the universal right to water, this right remains unmet, and all over the world, we are witnessing attempts to privatize water services. This is a consequence of viewing water as a commodity (or, in other words, something that can be supplied through the payment of a fee) and not as a right (something that must be provided free). Thus, even in the supply of drinking water we face water grabbing. In addition, the appropriation of water sources through the acquisition of bottling licenses has grown sharply during the past two decades and it is nowadays becoming more and more widespread. Water is essential for almost all human activities: agriculture and livestock rearing, industrial processes and energy production, but it is not as visible. The water required to produce a good is indicated by the concept of "virtual water", as measured by the Water Footprint[10]. It is called 'virtual' because once the good is produced (it can be a steak, a pair of jeans, or a liter of oil, for instance) the water used to produce it is not physically present. The water footprint can therefore be a way to measure water grabbed from one place to another. For example: the water footprint of palm oil or *Jatropha* oil used in our biomass power plants provides a measure of how much water we removed from the populations who live where the plants were grown.

The last category of causes that foster natural resource grabbing is less obvious and immediately recognizable. Natural resources, in fact, have begun to be necessary not only for production of goods but also for speculative and financial purposes. The huge amount of capital that fled traditional financial markets following the 2007-2008 crisis needs on one hand new and increasingly more profitable markets and, on the other, safe-haven assets whose value is constantly

10 www.waterfootprint.org

growing as security against a possible market collapse. In fact, we are facing the **financialization of natural resources**: if the market of carbon credits has already failed in its intention, because it is not clearly leading to a decrease in carbon emissions (see also below, par. 3.1.1), land, water and ecosystems have become the new safe-haven assets. However, they are going even beyond that: giving a value, and therefore a price, to ecosystem services, i.e. those services that nature gives us for free. Consider, for example, the self-purifying function of water.

As already mentioned, **the actors involved** in this global phenomenon are numerous and quite diverse. Corporations and multinational, but also smaller companies, governments at various levels, international financial institutions, credit institutions, pension funds, insurance companies and private investment funds. Fertile ground is provided by policies that create the conditions allowing the phenomenon to flourish.

On the last point, **the European Union and its Member States** have a large share of responsibility on one hand and thus room to maneuver on the other. For example, the European energy strategy known as "Energy 2020" promotes agrofuels, thus leading to the paradox we have described above. Even the new water policies that are being discussed by the European Commission – such as the Water Blueprint, the European Water stewardship, the Water innovation partnership – are moving towards the monetization of water resources. Another example is the lack of controls to check and eventually address the social and environmental impacts caused by the supply chain of European companies.

Thanks also to the favourable situation created by existing legislation (or its defects) with the involvement of the European Union and its Member States the phenomenon of natural resource grabbing is rapidly gaining momentum. According to our organizations, **natural resource grabbing occurs** when external actors pounce on a particular area and gain control over natural resources, fail to involve the communities that live there in the decisions that directly affect them and in most cases do not adequately inform nor compensate those communities for what they lose. But for sure they act to obtain the highest possible profit, very often leaving behind pollution, social disintegration, disrupted local economies and poverty. The conflicts that arise around these exploitation projects are ferocious and communities that protest are often criminalized. The result is that local communities are impoverished because they are deprived of their access to natural resources, on which they used to rely for their livelihood.

In the best case scenario, the national and international institutions attempt to mitigate the negative impacts caused by these investments. Such impacts are considered inevitable side effects, a toll to be paid to promote and support development and growth anywhere in the world, in the South as well as the North.

What are the responsibilities of the European Union in promoting natural resource grabbing? Are we confident that this model will bring real prosperity for anybody? Are we sure that this is the best way to preserve our common home and the natural environment, and to ensure wellbeing for anybody? Our organizations, **Mani Tese**, **Les Amis de la Terre**, **CEE Bankwatch**, **Re:Common**, **Ce.VI** and **Cicma**, have presented 16 case studies from around the world illustrating the impacts of natural resource grabbing on local communities, to identify the responsibilities of the European Union and finally to understand what actions can be taken to reverse this phenomenon.

Slice of the sacred river Narmada, Madhya Pradesh, stage of one of the most controversial dams in India (*photo by Daniela Del Bene*).

2 THE IMPACTS OF NATURAL RESOURCE GRABBING

In the previous chapter we described the drivers of natural resource grabbing. In this chapter we will focus on the impacts of this phenomenon on the environment and on the communities that are forced to experience it, and the modalities with which it occurs.

Our organisations – **Mani Tese**, **Les Amis de la Terre**, **CEE Bankwatch**, **Re:Common**, **Ce.VI** and **Cicma** – have carried out sixteen case-studies in order to collect field data on such impacts. To include the widest possible range of cases, we travelled to every continent and studied grabbing of each kind of natural resource, from land grabbing to water grabbing, without overlooking forests, energy sources and raw materials.

We visited and studied several cases, including the construction of **mega-dams**, as in the case of the El Quimbo dam in Colombia, the Maeshwar dam in India and the Kudhoni dam in Georgia; **extraction** projects, as the case of the Kimsakocha gold mine and oil extraction in the Amazonas in Ecuador, or the Kumtor gold mine in Kyrgyzstan; the shifting of access and control of fertile land from local communities to foreign investors, for **agro-fuel production**, as the case of the deals for *Jatropha* plantations in Madagascar, or the case of palm oil plantations in Liberia; finally we visited projects linked to **forest management** or for timber production, as the case of teak plantations in South Sudan, or pilot projects for forest conservations under the REDD+ mechanisms in Madagascar, Peru and Mozambique.

From the analysis of such case studies, carried out in 2012-2013, some common features that go beyond the single cases emerged. We now briefly present these recurring issues, integrating them with direct supporting evidence.

Top-right: Road works in the IssykKul region. Rains have washed away several sections of the road blocking the passage to the Kumtor valley high in the mountains, Kyrgyzstan (*photo by Vadim Kulikov*).

2.1 THE IMPACTS OF NATURAL RESOURCE GRABBING

The above mentioned project promoters always derive great benefit from such investments. But what happens at the community level when natural resource grabbing occurs? What are the impacts on the everyday life of the people who live where these projects are implemented? Local economies, social relations in the communities and the environment are dramatically impacted.

2.1.1 Reduced access to natural resources: disruption of local economy and threats to food security and sovereignty

When external actors enter a specific territory and obtain privileged access and control over natural resources, the most obvious and most serious consequence is that local communities lose that control, they lose (or they see it heavily reduced) their access to land, to water or to forests and,

of course, they denied any say in their management.

But when the entire economy of a population is based on the use, regulated at the community level, of those same natural resources, preventing communities from continuing to access them simply results in the disruption or even destruction of the local economy and the impoverishment of that population.

In Madagascar, the Italian company Tozzi Green has leased 6,558 hectares located in the Rural Communes of Satrokala and Andiolava[11]. The agreement was negotiated directly with the central government and its duration is 30 years, at the favorable fee of about 10 € per hectare per year. That area is home to the Bara people, most of whom raise zebus cattle. Zebus are the backbone of Bara's economy and culture: «*The life of us, the Bara people, is totally depending on cattle. The cattle are used as a bank by Bara people. They are our savings accounts. We don't deposit our money in the bank, and if a special need arises, for example to go to hospital, we will sell the cattle to obtain the money we need. It's our cash flow system. Cattle also help us during the farming process to till the land, by stepping on the soil they soften it, making it easier for us to cultivate.* [...] *A wedding is not a wedding if a zebu is not killed. We treat diseases thanks to medications from the zebus.*» But *Jatropha* plantations do not allow freedom of movement to zebus, as they used to enjoy. In fact, according to the people, if a plant of *Jatropha* is destroyed by a zebu's trampling it, the owner of the animal has to give the company 40,000 Ariary (about 12 euro) in compensation. Some say that the fine amounts to 80,000 Ar., others that they have to pay the company back with a live zebu. In any case, most of the people we encountered during our stay in the area confirmed that they are afraid to let their cattle to graze. In Ambararatabe village (Satrokala municipality), local people are openly against Jatropha plantations: «*We cannot accept this situation anymore, it does not allow us to live, it kills us, because it imposes barriers. Our zebus have almost no way to get to their pasture, which is surrounded by their (Tozzi Green's) field. How can we live in this situation? Even the water, which should have arrived in our rice paddies, was diverted so it no longer irrigates our fields. They diverted it to plant* Jatropha. *We do not even know what* Jatropha *is used for,*» says a villager. «*There's really no benefit coming from the* Jatropha *for our village. They gave us work for a month and that was it. I worked for a day and they paid me 5,000 Ariary (about 1.5 euro). A person's salary for a month is not even enough to buy a zebu. That's why there are not many people who work for them from our village, wages are not enough to live on. They only ask us to work in order to "soften" us and to take our rice fields and the grazing areas of our zebus in return. My land was among those taken and used for* Jatropha *plantation.*»

Land grabbing prevents local communities from accessing land and other resources, so they are unable to produce food for local markets and their own consumption, resulting in a threat to the local population's food security and food sovereignty. The small-scale and sustainable socio-economic systems that were in place are turned instead into decontextualized machines for large-scale energy production for export. In fact, the fuel produced by that *Jatropha* is certainly not intended for the cattle herders of Satrokala and Andiolava.

The case studies clearly show how natural resources are interlinked. In fact, we speak about land grabbing or energy grabbing, for instance, because these labels are useful simplifications. In reality, as the inhabitants of Ambararatabe vil-

11 Case study *Land grabbing in Madagascar* by Re:Common, presented in the framework of the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources* www.recommon.org/accaparramento-delle-terre-in-madagascar-la-voce-delle-popolazioni-locali

lage have learned, water and land grabbing are inextricably linked.

In **India**, in Narmada Valley (Madhya Pradesh), the Maeshwar dam is almost completed. The project began in 1975[12]. According to official data, 61 villages will be affected by the project; 21 villages will be totally or partially submerged, while in the remaining 40 only agricultural land will be flooded. Initially, the dam authorities claimed that 2264 families would be displaced, but they are surely going to be many more. Even the resettlement plan mentions some 4000 families, but these estimates are based on unreliable census data. Only landed families are considered, whereas other occupational groups such as sand dredgers or fishermen are left out and will be entitled to no compensation at all. According to the village people and the Narmada Bachao Andolan, the large and well-known local social movement opposing the dam's construction, around 50-60,000 people will be affected by the project.

The Maheshwar dam project will severely affect local populations by flooding fertile land, villages and community-owned facilities (such as brick wells), and forests, while the resettlement and rehabilitation plans are not being properly implemented. Fishermen and other river-based activities and occupations are also heavily affected, as fish population will decrease and activities like sand dredging will be no longer possible. Control over water resources will therefore have important consequences for land issues and policy makers are strongly urged to come to a fair and participated assessment of the project and its viability, as well as energy priorities. Voices from the field show that the affected communities know very well that they are going to lose much more than what they could possibly gain – fertile land above all. Antar Singh, of Sulgaon village, 47 years old: «*18 acres of my land will be submerged if the dam reservoir is filled. The government offered me cash compensation but I want the land for land principle to be applied. Even if you have a fair amount of money at some point, land is not easy to find. The only alternative you have is to move to the cities but for what? To live in a shanty town? I don't want to leave my village*». Karvijiji and Nilabai, of Bhatyan village: «*Women are strong in the Narmada Bachao Andolan. We funded the Narmada Shakti Dal in 1998. It was a women's movement to defend our river. This project is foolish, as it will submerge the most fertile land in the area. When we understood that, we jointed the movement and took part in many rallies, also in Bhopal and Delhi; we went up to Delhi more than once, we chant, march and sit at the forefront of the rally. Children also come with us*».

2.1.2 Almost no economic benefits at the community level

The rhetoric that is normally used to justify and even support these investments and projects is precisely that of promoting development and economic growth. Oil field exploitation, *Jatropha* cultivation, large dam building will bring development: on one hand more jobs and on the other hand an increase in income from royalties and taxation, which will automatically result in an improvement in basic services (health, education, welfare) for the population. The technology to be employed will certainly be the 'greenest' and the newest. The environmental impacts will be surely minimized and kept under control. However, the integrity of nature can be sacrificed here and compensated there, in what is presented as a zero-sum game.

To add insult to injury, in addition to the reduction in access to natural resources, the improvements in the level of occupation, basic services and in-

12 Case study by Ce.VI, presented in the framework of the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resource*.

frastructures – in other words the 'development' that justifies the implementation of the projects – never materialize for the local communities. New jobs are always fewer than promised. Very often the working conditions and the salary level are neither fair nor sufficient to live on. Let us take a closer look at what Sime Darby promised in **Liberia**[13]. The Indonesian company has leased 311,187 ha. there for palm oil plantations. «Sime Darby has stated that it currently employs 2,625 permanent workers as well as 500 day labourers. As a result of its activities, the company estimates that 10,000 job opportunities will be created in the following sectors: amenities (water, telephone, Internet, etc.), maintenance (factory machinery, motor vehicles, buildings, etc.), retail, fertilizer supply, technology, construction (factories, houses, schools, sacred sites, hospitals, etc.), disease control (chemical products), transport... According to Sime Darby: "*When all our sites are fully operational, SDPL will have created at least 35,000 jobs, which will give an incredible boost to Liberia and its people.*" In terms of remuneration, Sime Darby states that it pays all its employees "*based on the Collective Bargaining Agreement signed with GAAWUL (General Agriculture and Allied Workers Union of Liberia) according to function and level.*" This amounts to $5.25 a day. Sime Darby has given some examples of its employees' gross monthly income in operational areas of Grand Cape Mount County. These total monthly incomes range between $419 in July 2011 and $527 in September 2011. Sime Darby also says it supplies each employee with two 50kg bags of rice (imported) a month. However, according to several witnesses, in reality the salaries for these jobs tend to be very low. Local media claim that certain workers receive less than $2 a day. Anger arising from such low pay has spurred a local deputy into threatening the company with legal action for professional misconduct»[14].

Furthermore, in many cases there is no transfer of revenues from resource exploitation at the local level. The Kumtor gold mine in **Kyrgyzstan**, accounts for about 10% of the country's GDP and employs about 3,000 people. The open pit mine is in a very fragile environment because it includes two glaciers that are retreating rapidly, partly because of mining operations. In 1998, there was a very serious accident: a truck carrying cyanide overturned, dumping two tons of material into the river. The pollution of the river Kumtor, besides severely affecting the local fishery, also significantly damaged the human water supply: the accident resulted in the poisoning of about 2,500 people, 850 of whom were hospitalized and four died. Many are still waiting for compensation. Moreover, the promised "economic development" has never occurred, as affirmed by Karat Isakunov, a local farmer: «*Life has not changed much since the Kumtor gold mine opened. Everything is as it always was. In the past I used to ride a donkey, now I have a horse: this is the kind of development that we see here*».

2.1.3 Disruption of community relations

Beyond the economy, natural resource grabbing also affects the social sphere of local communities, disrupting community relations.

In **Ecuador** we studied two types of extraction project, and we find the same breakdown of community relations.

In the first case, disruption of the community is being actively pursued by the companies in-

13 Case study *Live or drive, a choice has to be made*, by Friends of the Earth France and Basta Mag, presented in the framework of the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources* www.bastamag.net/IMG/pdf/Rap_LiberiaEN.pdf

14 Par. taken from *Live or drive, a choice has to be made*, see above.

volved. Here local communities are fighting against the opening of a mine now renamed Loma Larga, but known as Kimsakocha mine, in the province of Azuay, Ecuador. The project involves the exploitation of a mining area of 8,030 hectares, for a total of three concessions in an area about 30 km from Cuenca, mainly for the extraction of gold, as well as yielding silver and copper. The concessions are located in the *paramo*, a unique ecosystem that can exist only at high altitudes, between 3200 and 4500 meters; it is a wetland area very rich in biodiversity. In particular, in the *paramo* of Kimsacocha there are many lakes that give rise to numerous rivers that supply the surrounding areas, both to the west through the city of Cuenca and to the east, down to the Amazon. Lina Cahauasquì explains what happens at the community level: «*The consequences of the presence of Iamgold first and INV Metal now are of three types: social, economic and environmental. At the moment the social impacts are the most predominant, with the disruption of the social fabric that resulted from the strategy implemented by the mining company, which aimed to divide the community in order to achieve the broadest possible consensus for the project*».

In the Amazon, communities are facing the same kind of social problems deriving from oil exploitation and the related presence of oil companies. Patricia Gualinga, a Sarayaku community leader who fought the entry of the oil companies in a block inside the Amazon oil concession in Ecuador, told us: «*From our experience in Block 10, we know that oil exploitation does not benefit indigenous peoples. It's more than twenty years that oil is extracted here and we have not yet figured out what the benefits are for the citizens of Pastaza* [...] *On the contrary, we all know the social conflicts that the oil business creates, which generates dependence within communities, culture change that leads to total dependence. There are many indications that the price being paid is too high and cannot be justified by the fact that a hospital will be built, or that there will be other benefits for the citizens of Pastaza*»[15].

But the disruption in community relations may also come from the physical displacement of communities. That can be the case where implementation of a project (it could be construction of a dam, the planting of a crop or the so-called protection of a forest) requires the displacement of entire villages. In **Colombia**, Emgesa[16] is planning to build a large dam, El Quimbo, in the department of Huila on the Magdalena River. According to several studies carried out by the SurColombiana University, and interviews with the local population, the construction of El Quimbo will have dramatic, profound and irreversible impacts and it represents a huge loss for the region in economic, cultural and environmental terms. Among the main impacts, the following are related to the loss of community connections:

- Displacement of 450 families with permanent residence and displacement of 1,700 residents with loss of jobs, with serious effects for the residents of the impacted urban and rural municipalities;
- Disintegration of 8 community enterprises in full production (40 years old);
- Flooding and deactivation of primary, secondary and tertiary roads, vehicular bridges and pedestrian paths; besides, the reservoir, due to the higher water level, will deactivate wooden bridges such as El Balseadero and La Jagua leaving several municipalities and localities disconnected. The Environmental Impact Study, initially submitted by Emgesa to obtain the environmental license, refers in very general terms

15 Interview taken during the field mission for the case study Yasuní ITT by Mani Tese, presented in the framework of the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources*.

16 Emgesa is 48.8% controlled by Spanish Endesa, which is 92% owned by Italian ENEL.

to those problems, without analyzing the ongoing costs for the affected users, nor does it define the nature and legal scope of the obligations it assumes;

- Decomposition of the social and cultural texture and annihilation of the roots, of the ancient traditions and archaeological and paleontological legacy, as a result of the expected flooding and population displacement; Emgesa limits the cultural impact only to the archaeological heritage, ignoring the implications on the overall cultural heritage in its broadest sense, which includes tangible and intangible aspects.

2.1.4 Criminalization of protesters and the use of force

In some of the cases we have studied, community relations are under attack also because of the criminalization of protest and the silencing of dissent. The aim is to discredit those who try to defend their territory and their community from human rights abuses, such as the right to food, the right to health, the right to live in a safe environment, etc. In order to achieve that aim, the strategy used is to present and treat the human rights defenders as if they were criminals or even terrorists.

The communities that live at the foot of the *paramo* of Kimsakocha, in **Ecuador**, will be the most affected by the impacts of the mining project; in particular, their right to food is at risk because of water pollution. There, the protests of peasants and indigenous people have been severely repressed. The leaders of the movement have been accused of terrorism and sabotage against the state. In 2010, Carlos Perez, Federico Guzmán and Efraín Arpi were arrested during the demonstrations organized while Congress was discussing the Water Law. They were sentenced to a year in prison for the crime of sabotage (they had put up a road block), but then the judge changed the charge of illegal occupation of public property, having recognized the impossibility of demonstrating that the protests were violent. Afterwards, the punishment of the three accused was reduced to eight days because their protest was recognized as "just and fair". In March 2013, the three served their terms.

In other cases, the criminalization is left to private paramilitary organizations or, even worse, companies may get the support and the protection of the national army. In **Colombia**, where Emgesa is building the mega dam El Quimbo, political and social violence is particularly acute, with clashes between insurgents and government forces and the sporadic presence of paramilitary groups, which threaten public safety and violate human rights. Specifically, in order to protect the hydroelectric project, the Battalion Energy no.12 "Jose Maria Tello" comprised of 1200 soldiers, was established in 2009 and amply funded by the Colombian government and Emgesa.

2.1.5 Environmental impacts

Finally, many of these projects have a heavy impact on the environment. On one hand, this causes further negative effects on local communities. In Lago Agrio, Ecuador, thirty years of oil extraction have caused heavy pollution of water, air and soil. Such pollution has implications for the health and food security of the local communities. Increased incidence of respiratory diseases, tumors and miscarriages are just some of the consequences that result from breathing polluted air from gas flaring, drinking polluted water and eating food grown in contaminated soil.
On the other hand, there is the damage to the natural environment per se. Extraction of fossil fuels and minerals causes CO_2 emissions. Intensive agriculture for agrofuel contaminates soil and water. Avoiding deforestation in one place to compensate emission of CO_2 in another doesn't reduce the total amount of greenhouse gas emissions. We have known for a long time that we are consuming natural resource too fast, preventing

Top: Colombia, El Quimbo (*photo by Bruno Federico*).

Bottom: Gas flaring reflected into polluted water, Lago Agrio, Ecuador (*photo by Mani Tese*).

nature from regenerating itself. Yet we have increased and accelerated our consumption.

2.2 SETTING THE SCENE

Through the comparison of our case studies, we could identify common features also in the shortcomings, tricks and strategies that form the fertile ground where natural resource grabbing proliferates. In the following paragraphs we discuss these issues at the country level, where the projects of exploitation of natural resources are located, while in the next chapter we will examine the existing policies (or those policies that the EU and its Member States fail to adopt) that makes the European Union an active grabber of natural resources.

2.2.1 Lack of free, prior and informed consent

Despite the heterogeneity of cases, one of the primary common features shared by the projects mentioned above is the failure to inform communities that are (or will be) affected by them. In addition, no consent is sought *prior* to project implementation. Nonetheless, the principle of 'prior, free and informed consent' is enshrined in the Declaration of the Rights of Indigenous Peoples. It is standard practice, instead, that local communities become aware of the project only when it is being implemented, and only because that is when the representatives of the companies or investors show up to start the work. In other words, people become aware that a "project" will take place in their territory only when everything has already been decided.

In many cases national legislations do not require any kind of prior consent, giving investors great room to maneuver. In some cases, this shortcoming in a country's legislation can even become a factor in attracting foreign investment. In those few cases in which local communities have been asked for prior consent because it is required by national legislation, the consent given is indeed in advance, but certainly not informed or free.

Informed consent means firstly that the project promoters must provide all the relevant information to the communities that will be affected in various ways: full information about the project phases and activities. Information must be very clear in terms of economic, social and environmental impacts, including resettlement and rehabilitation plans. This information should not only be available, but must also be understandable by the people concerned, and therefore adequately presented in terms of language, complexity and cultural references. In addition, the entire population must be involved, including of course the marginalized components.

Once the local communities know all the potential critical issues of the project, they should be consulted in order to obtain their consent to proceed with the project. Such consent is supposed to be free. Power relations play an essential role in this, and it is necessary that the weaker party be protected. We have seen that it is often the opposite: intimidation, threats, bribery, false promises of benefits or compensation and unclear terms of the agreement can extort a consent that is not given in full awareness or in full freedom.

A good example comes from the analysis of the agreement between the Italian energy multinational ENI[17], and the state of Ecuador (through Petroecuador), for the exploration and exploitation of oil reserves in Block 10, located in the eastern region of the province of Pastaza, in the **Ecuadorian Amazonas**. This agreement was signed in 2001 and stipulates that Agip (former name of ENI) can carry out investigations and exploration activities, with prior approval from the National Directorate of Petroecuador and

17 Eni's majority share is held by the Italian State.

the Environmental Protection Agency (DINAPA) of the Ecuadorian Ministry of Energy and Mines. In addition, the Huaorani people have historical and legal rights in that territory, officially recognized by the state of Ecuador. Agip consulted Huaorani communities on the potential impacts of the project in the city of Puyo on Tuesday, February 20 and Tuesday, March 13 2001, with the presence of delegates from each of the communities involved, the leaders of the ONHAE organizations, representatives of the Ecuadorian State through the DINAPA, members of non-governmental organizations and representatives of the consulting firm that conducted the environmental impact assessment study.

Agip promised to comply with all the requirements of the environmental impact assessment study. In addition, to mitigate the social and environmental impacts of the exploration activities, an agreement of mutual cooperation was signed in order to compensate Huaronai communities for the project's negative impacts. The agreement states that: «Agip is committed to supporting education by helping children of school age residing in the six communities, with the following contributions: school breakfasts, with the delivery of a quintal of rice, a ton of sugar, two buckets of butter and a bag of salt, only once, in the months of May, August and November of 2001. Support to sport activities, with the delivery of two footballs, a whistle, a stopwatch, once only, in August 2001. Agip will provide teaching materials, with the delivery of a blackboard, a flag of Ecuador, one time only, in September of 2001. Agip will provide kitchenware, with the delivery of fifteen plates, fifteen cups, fifteen spoons, two pots and two ladles, for one time only in the month of May of the year 2001». In addition, the contract provides for the delivery of food rations to be carried out only between the months of August and December of 2001, once every two months. The food ration (20 pounds of rice, 5 pounds of sugar, 2 cans of sardines, 2 cans of tuna, a liter of oil, a bag of salt, a bag of oats) will be sufficient only for 49 families. To repair the water system of the Tohanpari community, Agip will also allocate 2,500$ including costs related to the transport of materials in the Amazon jungle.

The formalities, namely prior consultations and the signing of an agreement, have been observed, therefore leading to a correct and legally valid contract between the two parties. Nevertheless, it is clear the agreement is shamefully unbalanced, totally in favor of the energy multinational.

2.2.2 Lack of involvement of local communities in the decision making process

We have just seen how rarely prior consent is sought.

In the same way, normally local communities are not involved in project design and in the decisions regarding project implementation. Therefore rights, traditions, and in some ways the very existence and dignity of those who have lived where the projects are implemented for a long time are completely ignored. As the Headman of the forest community in Loka Boma, **South Sudan**, tell us: «*We settled here in 1972. We are a big community and this is our place. During the war, we were forced to move to the hill, but we came back in 2001 and we have no intention of leaving this place. This is where we cultivate cassava, beans, sorghum and peas and raise our goats. We know this area has been given to CETC, but we already told them that it is not acceptable for them to come and operate where people live. If they really want to expand into this area, they will have to come and sit again with the community, so we can identify together an area for the plantation*»[18].

18 Case study *South Sudan: a dark and thick forest of foreign investment* by Mani Tese, presented in the framework of the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources*.

2.2.3 Inadequate or partial environmental and social impact assessments

Before giving permission to implement one of the abovementioned projects, national legislation may require an environmental and social impact assessment (ESIA) study, with the aim of identifying in advance the possible impacts to assess the effective feasibility of those projects and adopt mitigation measures. As for the request of free, prior and informed consent, in some cases national legislation does not require any ESIA, and this can be a factor in attracting foreign investors.

In our studies we have seen that in some cases there are no impact assessment studies at all; in other cases recommendation arising from the studies are ignored; finally the impact assessment studies might not be properly independent, resulting in partial or superficial findings.

The abovementioned case in **South Sudan** is about the transfer of 1,850 hectares of government forest reserves for timber production (teak plantation) in Central Equatorial State plus an additional 50,000 hectares of natural forest to expand the plantations. The agreement was signed in 2007 by the Sudanese government and two sister companies, the Equatorial and Central Equatorial Teak Company (ETC/CETC). At that time ETC/CETC was financed by two development funds[19] but in 2010 both investors sold their interests in ETC/CETC to a UK-based Venture Capital Group called Maris Capital. Meanwhile, in 2011 South Sudan became independent. The agreement presents a number of worrisome shortcomings concerning both the negotiation process undertaken and the nature of the actors involved. The first critical issue is about the deal being negotiated in a highly exclusive manner with the Ministry of Agriculture and Forestry at the national level and virtually without any involvement of local stakeholders, as shown by complaints from both local government officials and members of the local communities (see the quotation in the previous paragraph). Moreover, no environmental and social impact assessments were done before the lease was signed: at the time the agreement was negotiated, there was no specific law explicitly requiring impact assessments studies.

According to article 7.1 (b) (i) of the lease agreement, if a new Forest Law containing EIA obligations was approved by the newly formed federal State of South Sudan, where the concessions are, the company would be forced to comply with the new legislative requirements. However, article 11.1 of the same lease agreement states that if any change in the legislative framework implying an increase in costs for the company occurs, the latter can ask the government to amend the Agreement in order to restore its initial financial conditions. Since conducting impact assessments would require extra funding from the company, this article means that the company can bypass such obligations and avoid submitting any assessment study.

In **Georgia**, the situation is somewhat different. Legislation does requires impact assessment studies, but at the end of the day they can be ignored. Georgia plans to enter the South-East Europe electric power market by 2015-2017[20]. In order to help achieve this, the government has initiated the construction of a number of high-voltage transmission lines from Georgia to Turkey. Funding is being made available by the EBRD, the EIB, KfW and the ADB. **The Black Sea transmission line project**, involving the building of a 500 kV transmission line from Azerbaijan to Turkey via Georgia, started in 2009.

19 CDC Group plc, formerly Commonwealth Development Corporation, owned by DfiD, and Finnish Fund for Development Cooperation (FinnFund).

20 See: csrdg.ge/index.php?module=text&link_id=149&lang= geo&lang=geo

From an environmental perspective, the design of the Black Sea transmission line project has been one of the most problematic issues. The project offered three alternative routes for crossing a national park in the Borjomi Valley: the first would pass through the park, being the least costly but also with the heaviest consequences; the second would have had the least impact while still passing through the park; the last would have bypassed the park, but caused severe impact on the environment in any case. The administration of the national park and the consultants hired to study the project's environmental impacts were in favour of the second alternative. Despite this, the Georgian Ministry of Energy[21], which was promoting the project's implementation, attempted to exert pressure on the Ministry of Environmental Protection and Natural Resources, and through gross legal violations, to use – as they claimed – the cheapest alternative for the project's implementation, thus envisaging the greatest impact on the Borjomi-Kharagauli National Park: the first alternative. The Ministry of Energy persistently pressed for the cheapest and most damaging route. In order to approve this approach, the government even drew up drastic changes in the Forest Code. Only an advocacy campaign launched by civil groups has made it possible to proceed instead with the most environmental viable alternative. The groups requested that the IFIs abide by their own policies and ensure compliance with national and international legislation; they were asked not to finance the project until the relevant changes were made to the project design.

The outcome was that European Commission representatives announced that if the Georgian government were to make a decision in favour of the environmentally sound alternative put forward by environmentalists, the Commission would cover the difference in costs. The Ministry of Energy duly accepted this proposal. In the end, the European Union allocated an additional EUR 3 million to Georgia as a grant. It is evident that a key role was played by the watchdog citizens' groups.

21 In 2011, the title of Georgian ministries was changed, and there now are the Ministry of Energy and Natural Resources and the Ministry of Environmental Protection.

2.2.4 Land tenure rights, displacement and resettlement

Many projects cause the displacement of people, like in the case of large dams where the reservoir may submerge entire villages. In many cases the people who will be displaced cannot document their ownership of the land on which their house is built, or the land they cultivate and which they rely for their livelihood. This happens when the use of the land is regulated by traditional and customary rights that in some cases are not recognized by national law. Therefore people cannot provide any kind of certificate of tenure for such lands, and thus when they are forced to leave their home, they lose everything.

In **Madagascar** we visited the region of Alaotra Mangoro, where there is a mine for the extraction of nickel and cobalt[22]. "Ambatovy SA mining project" is the owner of the mine, a joint venture between the Canadian companies Sherritt International Co. and SNC-Lavalin International Inc., the South-Korean Korea Resources Co. and the Japanese Sumitomo Co. A public officer of the municipality of Andasibe, one of the municipalities involved in the District of Moramanga, explained what is happening there. According to him, five villages within the municipality of Andasibe are directly affected by the Ambatovy project. «*It is not clear to me whether the land used by Ambatovy is state-owned or managed by the Forest Service. What is certain is that the negotiations on land use were held with high lead-*

22 *Land grabbing in Madagascar*, Re:Common, page 58.

ers of this country at the central level. Since people living in these areas do not have the financial means to officially register their land, in absence of registration papers they were expelled from the land where they'd been living for decades, for the purpose of developing mining activities and facilitating the passage of the pipeline. In the village of Menalanga about 50 households were displaced. [...] *Moreover, there was no law that could regulate this aspect of the project, no agreement was made before, in order to set in advance the amount of compensations. It seems clear to me that people no longer have the right to secure their land. Why is it so easy for big companies to obtain the right to use the land, while people who live in these areas do not have a chance to secure their rights?*».

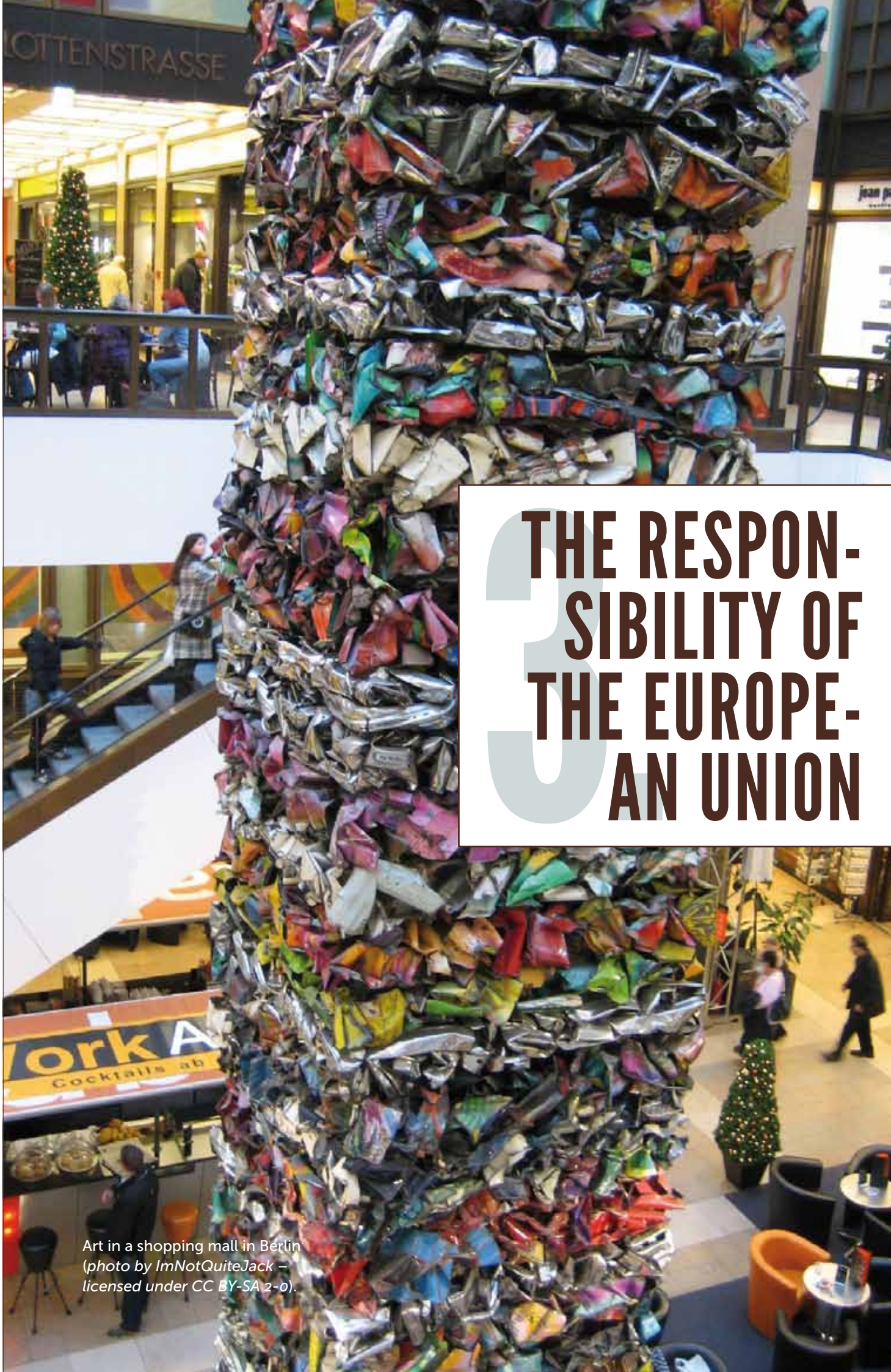
In **Georgia**, the situation is quite similar. Because of the Khudoni dam construction on the river Enguri, around 2,000-2,500 people are expected to be relocated. This would cause the fragmentation of the already small Svan ethnic group, which populates the Zemo Svaneti region (comprising up to 14,000 people). The hydro cascade construction plans on the River Enguri pose serious challenges to the Svan's maintaining of their existing forms of cultural expression, especially as a result of displacement in the lowlands and the disappearance of dozens of villages. Besides that, according to a number of NGOs reports, the obtaining and protection of ownership rights for private property in Svaneti is a considerable challenge. In fact, the registration of land ownership is hindered, mainly by artificial barriers set up by state agencies to prolong the registration process. In addition, in Svaneti many plots of land have never been legally registered, and for centuries the local population has passed down property via inheritance and tracts of land have been distributed (or redistributed) based on agreements between ancestors. Therefore the Svans cannot document their land ownership rights.

Despite assurances from the government that the project sponsor will ensure adequate compensation and resettlement, serious concerns remain. These include the existing situation (pressure from the local authorities, problems with land registration, absence of a resettlement policy, etc.), as well as the fact that the project sponsors have still not presented a Resettlement Action Plan for discussion and public scrutiny.

In those cases where people are somehow able to prove their ownership of the land, the compensation is often inadequate. In some cases, the compensation is in cash, and the value that is calculated is often underestimated, thus making it impossible to buy a plot of equal value. In other cases the 'land for land' compensation principle is applied, but the new plot of land is given in areas with very different characteristics from the original, often where the soil is less fertile.

In fact, the most frequently heard argument in favor of the project is highly questionable, namely that agreements for the exploitation of the land would be beneficial for the country because they would make a formerly marginal area productive. What we instead see is that the land leased is not at all marginal – on the contrary it is already widely used by the local population.

3 THE RESPONSIBILITY OF THE EUROPEAN UNION



Art in a shopping mall in Berlin (*photo by ImNotQuiteJack – licensed under CC BY-SA 2-0*).

As mentioned in Chapter 1 and as other reports[23] show, Europe consumes a huge amount of energy and extractive resources and it is the highest net importer of natural resources, at almost 3 tonnes per capita per year (2009 data)[24].

If we take the average data, each person on the planet consumes 22kg of resources per day, which becomes 40kg if we count the unused extraction of materials[25]. But examining the situation at the regional level, we can notice a lot of differences. In Europe, 43kg of resources are consumed per person per day while only 36kg of resources are extracted. In Latin America, 34kg of resources are consumed per person per day while 41kg of resources are extracted, and in Africa 10kg are consumed per person per day whereas 15kg are extracted.

How do we use such resources? Analysis[26] shows that the resources that we consume are mainly used for housing and infrastructure (31%), for eating and drinking (23%) and for mobility (7%); these categories include raw materials for construction, energy for transportation, heating and/or cooling, but also agricultural products and livestock feed.

Thus, in order to maintain its level of consumption, Europe needs to import natural resources. In fact, global trade in natural resources allows countries with high purchasing power to increase resource consumption beyond their own national resource capacities, and the poorest countries are typically resource exporters. It is incontrovertible that such global trade increases inequality and differences in resource consumption.

In the future, the competition to gain access to natural resources will increase and will ensure access to and supply of some of these important raw materials; this will therefore become an increasingly critical issue for Europe. The increased competition will heighten the risk of instability and conflicts caused by resource extraction, affecting those people that are not currently involved in the race for resources because of their very low levels of consumption: the local communities of resource-rich countries.

Europe's economy and European levels of consumption and lifestyles therefore play a major role in natural resource grabbing and in natural resource overconsumption.

Moreover, the European Union has a responsibility in natural resource grabbing that deriving from the fact that its policies contribute to create a favourable international legislative background for the grabbing of natural resources, notwithstanding its own primary objective as stated in the Lisbon Treaty.

In fact, the Treaty, which came into force on the 1st December 2009, "clearly states that the reduction and the eradication of poverty is the primary objective of the Union's development cooperation policy. This goal must be respected when the Union implements policies likely to affect developing countries. This implies also that development policy is a policy in its own right, and not an accessory of common foreign and security policy"[27].

It is the Lisbon Treaty that introduces the issue of policy coherence, which means ensuring that all European policies, beyond those on devel-

23 Stephan Lutter, Aldo Martinez, Stefan Giljum, Georg Woi, *The resource trade between Europe and other continents*, June 2013, available here: http://www.reduse.org/sites/reduse/files/13_REdUSE%20fact%20sheet_web.pdf

24 SERI et al., *Overconsumption? Our use of natural resources*, 2009, available here: http://old.seri.at/documentupload/SERI%20PR/overconsumption--2009.pdf

25 That is called 'overburden' and it refers to the additional materials that are extracted or removed from the soil in order to gain access to valuable resources, but are not used in production processes themselves. A clear example is the overburden from mining activities.

26 SERI et al, *op. cit.*

27 europa.eu/lisbon_treaty/faq/index_en.htm#13

opment cooperation, promote and respect the principle of poverty eradication. In reality, what emerges from our case studies (and not only from them[28]) is that often the opposite is true. Some policies not only do not promote human rights and poverty eradication, they also play an active role in exacerbating inequities and inequalities, causing the deprivation and impoverishment of local communities because they permit the grabbing of natural resources.

Through our case studies we have been able to see what can happen in the field when European policies related to trade and supply of energy are applied; we have analysed what is required by European companies operating abroad in terms of transparency and accountability; finally, we have studied the policies promoting the use of agrofuels and carbon credits. Our case studies are however not exhaustive of those European policies that can be improved in terms of policy coherence: although we have tried to be as comprehensive as possible, with our cases, we could reflect only a limited perspective.

Given this due premise, our cases highlight three areas in which European policies result in creating a favourable ground for natural resource grabbing: the fight against **climate change**, the **energy strategy** and, finally, **trade and foreign investment policies**. Lastly, we analyse European water policy, because it also plays a role in water grabbing, although on a different level.

3.1 POLICIES ON CLIMATE CHANGE

Within the Climate and energy package, the EU set the so-called "20 20 20 objectives". They foresee, by 2020:

- A 20% reduction in EU greenhouse gas emissions from 1990 levels;
- Raising the share of EU energy consumption produced from renewable resources to 20%;
- A 20% improvement in the EU's energy efficiency.

Below we will briefly see how the actions the European Union has undertaken in order to achieve the first two objectives fail to ensure policy coherence and end up encouraging natural resource grabbing to the benefit of the EU and the detriment of local populations.

3.1.1 Carbon credit markets

The EU Emission Trading System, introduced in 2005, is the largest market for carbon credits in the world. The ETS[29] includes the 'cap and trade' and 'offsetting' systems that allow participants to buy and sell emission allowances and emission reduction credits (carbon offsets) to achieve the emission reduction targets or simply to make a profit. The idea is to reduce emissions derived from greenhouse gas by reducing the related costs thanks to a system of incentives for technological innovations and then move the indus-

28 www.concordeurope.org/259-spotlight-on-eu-policy-coherence-for-development

29 «In order to put in place the Kyoto Protocol within its member states, Europe created the European Union Emissions Trading Scheme (EU ETS) or European carbon market. It has fixed a 'cap' on emissions, the allocation of quotas and trading rules for CO_2 emissions from over 11,000 European industrial sites in the sectors responsible for the highest emissions: energy production (heat and electricity, oil refineries), the mineral industries (cement, lime, glass, ceramics), the metalwork industries (steel, iron) and the paper industry. The airline industry is currently not involved in the European carbon market», from *REDD+ in Madagascar: you can't see the wood for the carbon*, by basta! and Les Amis de la Terre, July 2013 (case study presented within the EU funded project *Grabbing Development: Towards New Models of North/South Relations for a Fair Exploitation of Natural Resources*).

try in a direction that allows the reduction of emissions[30].

The **offsetting mechanism** can compensate for a ton of CO_2 (or other greenhouse gases) emitted, provided it is offset by the funding of a tonne of CO_2 not emitted elsewhere, such as in the countries of the South. There are several types of projects that can provide these credits: renewable energy, such as hydroelectric power generated by mega-dams; energy efficiency, such as the use of improved ovens instead of simple wood combustion; carbon sink, i.e. projects related to land use, land use change and forestation, such as reforestation, afforestation, avoided deforestation and soil management; finally there are still other types of projects[31].

In 2010, the Conference of the Parties to the Kyoto Protocol embraced a new strategy to Reduce Emissions from Deforestation and forest Degradation (REDD), which had been in discussion since 1997. It had not been adopted until that point because of the many controversies related to the absence of operational efficiency and flaws in the mechanism. In particular, the greatest concern was whether such a strategy would introduce fictitious forest carbon credits into the markets (but also whether it would threaten state sovereignty over forests for countries like Brazil). These criticisms have not received a satisfactory response and a relative consensus has been reached recognising that the integration of REDD carbon credits into the carbon market is not desirable. Currently, carbon credits generated by REDD projects are not officially recognised by the flexibility mechanisms. Only credits generated by afforestation/reforestation are eligible but extremely controversial. In 2011 the European Union announced that REDD credits would no longer be accepted within the European Union Emission Trading System until at least 2020. Nonetheless, REDD strategy is gaining support and pilot projects are financed in many countries. The funding comes from the World Bank and the United Nations REDD Global Fund, but also bilateral funds: for instance, the Agence Française de Développement is considering financing one[32]. REDD credits are currently used in the voluntary markets, and some pilots projects are funded, amongst others, by EU based aviation companies, such as Air France-KLM. It's not by chance that the IATA 's (International Air Transport Association) resolution of 3 June 2013 stated in its core Principles that "Government should consider acknowledging voluntary industry commitments".

From our case studies and from many other reports and studies, two serious concerns emerge.

The first major concern refers to the abuses that local communities suffer because of projects aimed at gaining carbon credits. These projects are implemented with the objective of reducing greenhouse gas emissions, but they end up denying local populations access to natural resources that have always been the basis for their livelihood, thus impoverishing local communities, not respecting their rights and preventing their self-determination.

In Madagascar we visited the Holistic Conservation Programme for Forest (HCPF), a REDD+ pilot project, active since 2008 with the financial support of Air France. The objectives of the project, spread across several regions (Andapa, Fandriana and Fort Dauphin) are the creation of protected areas, raising public awareness on climate change, the reduction of deforestation by promoting and encouraging alternatives to slash-and-burn agriculture, the transfer of forest and natural resource management and the restoration of degraded forest areas. In addition, the

30 Par taken from scrap-the-euets.makenoise.org/italiano/#_edn2

31 cdm.unfccc.int/methodologies/index.html

32 *REDD+ in Madagascar: you can't see the wood for the carbon*, by basta! and Les Amis de la Terre, July 2013

project should also provide social benefits for the population thanks to improved living conditions for local residents, job creation and strengthening the capacity of local authorities. Air France, for the moment, does not gain any carbon credits for this project.

In reality the project, also thanks to the opaque Malagasy land tenure legislation, presents many of the critical problems described in the previous chapter: no compensation for the communities that used to traditionally use the land within the protected area, loss of livelihood and food insecurity, lack of free, prior and informed consent, fake involvement of the local communities (like the possibility of making comments on the project in an on-line forum), disruption of local economy and poor sustainability in the long term, social tension and conflict.[33] When the project enters the phase of creating carbon credits, it is not clear how and how much money will trickle down to the communities. Finally, local communities are not really clear on what carbon credits are and why should they help create them.

The HCPF is unfortunately an example of how field projects for the production of carbon credits to trade on financial markets are perceived by local communities. The value of these credits becomes a driver for natural resource grabbing, with tragic consequences for the local population.

The second concern refers to the effectiveness of carbon credit markets in reducing the global amount of greenhouse gas emissions.

In recent years, we have seen the collapse of the EU ETS because of a large oversupply of almost 2 billion EU allowances that made the price of credits plunge. But such oversupply is not effectively addressed, because at such low value, carbon credits no longer provide incentives. Besides, it is not that easy to assess whether offset credits sold actually represent real emissions reductions. The problems come from the determination of the "additionality" criterion, which refers to the fact that such reduction would not have happened without that particular funding and therefore it is additional if compared to the business-as-usual scenario. An example of this controversial criterion are large dams and other big energy projects. «A Stockholm Environment Institute policy brief finds that significant additionality concerns are related to large-scale (over 15 MW) hydropower and wind projects, natural gas and higher-efficiency coal power projects as well as projects that generate electricity from waste gases in the iron and steel sector. A quarter of all CDM offsets issued so far come from such power projects. Between 2013 and 2020 it is projected that 70% of all issued offsets credits will come from these large-scale energy projects with questionable additionality»[34]. Furthermore, other problems come from possible leakages, a quite frequent event that is difficult to prevent and to identify.

So far, the assessment regarding the effectiveness of carbon credits as a way to reduce emissions is rather disappointing. While the need for a new financial market has been satisfied and we are now even looking for the next one, the world is facing the actual possibility of a failure in the fight against climate change, whose effects particularly punish the most impoverished countries, aggravating their populations' needs at the social, economic and environmental level.

33 For details see *REDD+ in Madagascar: you can't see the wood for the carbon, cit.*

34 *Policy Brief – The Elephant in the Room: International Offsets in EU's 2020 Climate Legislation*, Carbon trade Watch, carbonmarketwatch.org/wp-content/uploads/2013/10/NC-Policy-briefing-16-OCT-2013.pdf
Concerns regards the fact that the hydropower technology is widespread, therefore there is no guarantee of genuine additionality in such projects derived from the CDM incentives, and also the fact that in many cases there is an overestimation of the savings in terms of greenhouse gases not emitted.

Top: Sanitarian center build by Tozzi Green in Satrokala village, Ihorombe Region, Madagascar; *Jatropha* seeds (*photos by Giulia Franchi*).

Left: *Jatropha* plant in the nearby of Satrokala village, Ihorombe Region, Madagascar (*photo by Giulia Franchi*).

Bottom: *Jatropha* plantation plant in the nearby of Satrokala village, Ihorombe Region, Madagascar (*photo by Giulia Franchi*).

3.1.2 Agrofuels

The Renewable Energy Directive (2009/28/EC) refers to the second point of the "20 20 20" strategy, that is, the objective of raising the share of energy from renewable sources consumed by the European Union as a whole to 20% by 2020. The strategy leaves it up to the single Member States to decide the specific plan to adopt for the achievement of that goal, but sets another common goal for 2020: to reduce emissions of carbon dioxide generated by the transport sector by establishing that 10% of total fuel consumption must come from renewable sources, i.e. from agrofuels.

But contrary to the affirmations of those promoting agrofuels, Europe does not have the means to satisfy its own needs. The production of vegetable oil in Europe has only risen very slightly in the last ten years and the growing deficit has been filled by imports, which places ever increasing pressure on land in southern-hemisphere countries[35]. Thanks also to incentives at the national level, the trend now is to import crops to Europe and transform them into agrofuels in European transformation plants.

The first-generation agrofuels were derived from food crops, such as corn, palm oil or sugar cane, and are at the center of an animated debate regarding the competition between food and non-food use of these crops. Other crops have been singled out for biofuel purposes, like *Jatropha*, which do not have any food value.

But agrofuels have proven to be a false solution, for three reasons.

First, this measure, once again, fails to achieve the objective for which it was adopted: to reduce greenhouse gas emissions in order to reduce climate change. The studies carried out so far show that this is not the case; on the contrary, the effect might be exactly the opposite. In fact, if we consider the Indirect Land Use Change - ILUC impacts[36], the emission of greenhouse gases is greater than if fossil fuels were used, refuting the 'positive' effect of their use. Although the risks arising from ILUC have been recognized at the European level[37] and there is a proposal to amend the Directive to include their calculation[38], in discussion both at the European Parliament and Council, it risks being watered down.

Secondly, because agrofuels based on food crops are acquiring an increasing proportion of the crops in question, they are playing a clear role in contributing to the rise in food prices, since they increase demand. They also contribute to increasing the volatility of food prices, because in the short term the market cannot respond to rapid increases in demand. All this translates into an increase in extreme poverty, because it makes basic food very expensive for poor people, often even unaffordable.

But above all, the search for fertile land for the production of vegetable raw materials destined to the production of agrofuels is one of the main drivers of land grabbing, as our cases in Liberia and Madagascar show and as documented in numerous other surveys and reports[39].

Directive 2009/28/EC is perhaps the clearest example of how a European policy can be not just inconsistent with the EU's declared objective of poverty eradication, but even serve as a driver of natural resource grabbing (land and wa-

35 Case study *Live or drive, a choice has to be made*, by Friends of the Earth France and Basta Mag, *cit.*

36 For example, the fact that a tract of land not previously used for that purpose may be used for the cultivation, or that crops cultivated for food retain their destination and are not diverted to that purpose.

37 eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52010DC0811:EN:HTML:NOT

38 ec.europa.eu/energy/renewables/agrofuels/doc/agrofuels/com_2012_0595_en.pdf

39 www.grain.org, www.oaklandinstitute.org, www.landmatrix.org

ter), actively contributing to the worsening of living conditions of those denied access to the land.

3.2 ENERGY POLICY

The European Union is the world's biggest energy importer, purchasing more than 60 per cent of its gas and more than 80 percent of its oil from foreign sources[40]. It must therefore guarantee a continuous and constant supply of energy, especially when the need for energy intersects with the goal of continued growth, as expressed by the EU in its Europe 2020 strategy (see also below).

«"Energy Security" is actually concerned with the securing of an immediate energy supply; a concept of extremely short-term vision that does not take into account long-term consequences. Focusing on how energy is to be supplied draws attention away from why and to whose benefit. The processes of energy supply are inextricably enmeshed in global networks of power and a whole system of economic and political relationships. It is not in the interests of those who profit from energy to think beyond the fossil-fuelled infrastructure; their aim is to create new energy sources rather than to meet basic needs. Gaining control over energy sources, and the profits arising therefrom, has been achieved through processes of enclosure and privatisation. The environment has become an economic resource and local management has been taken over by large political and business organisations.

Fears that limited energy sources must be seized before rival suppliers can grab them are coupled by fears that some of those rival suppliers cannot be relied upon, notably Russia, which shut down supplies to the Ukraine for a few days in 2006, and oil-rich countries deemed unfriendly to the West, such as Venezuela and Iran. This has led to a vicious scrabble to grab and control energy resources, the result of which is a new wave of enclosures that not only exacerbate current energy scarcities but also create new ones. The situation is further complicated by the fact that the management of energy sources and supplies is tangled in a web of volatile political relations. For example, the irrationality of both the European Commission's expensive and ambitious Nabucco pipeline project and the rival South Stream pipeline, a joint venture between Russia's Gazprom and Italian oil company ENI, suggests that the real objective is not energy security but securing political alliances»[41].

And as the Georgia case showed us, Europe's big appetite for energy makes it perfectly acceptable to sustain the emerging Georgian energy sector, regardless of what happens in the country.

3.3 TRADE AND FOREIGN INVESTMENTS

The policies and strategies adopted by the European Union and its Member States are designed to create the best possible environment for economic growth. In fact, the European Commission's response to the economic crisis that began in 2008 has been to outline a strategy, Europe 2020, promoting growth, which it qualified in three ways: sustainable, smart and inclusive. Economic growth is considered "the over-riding aim of European economic policy" as stated in another policy closely linked to this, namely "Trade, Growth and World Affairs. Trade policy as a core component of the EU 's 2020 strategy". Since the entry into force of the Lisbon Treaty,

40 ec.europa.eu/energy/observatory/countries/doc/key_figures.pdf see also footnote 9.

41 Paragraphs taken from the summary of *Energy Security: For what? For whom?,* the Corner House, 2012.

the MSs are no longer free to establish trade and foreign investment agreements, since these will be decided at the European level.

This EC communication states that «Effective trade policy is critical to boosting growth and jobs in Europe and abroad and projecting EU values and interests in the world. It can also be a powerful engine for development, in line with the EU principle of Policy Coherence for Development». However, the EU itself is recognizing the failure of this approach, although its conclusion is surprisingly different from what one might expect: «For well over 30 years, exports from the ACP countries were given generous access to the European market. Yet preferential access failed to boost local economies and stimulate growth in ACP countries. And the proportion of EU imports from ACP countries dropped from 7% to 3% of EU imports. The EPAs aim to remedy this situation.» Since preferential access to EU markets failed to help development in the ACP countries, we are wondering why applying the same liberalization policies through EPAs (Economic Partnership Agreements, which will in the future replace the Cotonou agreement) will instead accomplish what the Cotonou agreement failed to achieve.

The relationship between the global North and the global South remains biased in favour of the North, and tends to leave the majority of the population to bear the consequences of the competition between developing countries to attract foreign investment.

Besides, the EU does not place restrictions on its private companies operating in developing countries regarding the possible impacts on human rights and the environment. The EU simply encourages its companies to comply with internationally recognized principles of Corporate Social Responsibility, such as the OECD Guidelines for Multinational Enterprises, since it acknowledges that social and environmental standards in developing countries, when they exist at all, may be too weak to guarantee business sustainability and achievement of development goals. A number of corporate social responsibility (CSR) principles and initiatives related to the sustainable management of natural resources are internationally available, but none of them is binding. Additionally, there is no control mechanism in place: if a company adhering to a CSR standard departs from it in practice, there are no sanctions whatsoever.

The 2011 EC communication on corporate social responsibility[42] is a step in the right direction, calling for stricter and binding principles, shifting from a definition of CSR as a "concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" to a new definition as "the responsibility of enterprises for their impacts on society". The Communication recalls also the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, which stresses the duty of private sector and corporations to act with due diligence, as well as to prevent and remedy infringements of human rights. Nonetheless, the CSR Communication still needs to be combined with other binding legislative tools, such as the obligation of non-financial reporting for large companies, which includes reporting on the social and environmental impacts of company activities as well as the supply chain, in addition to the financial reports.

42 eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF

3.4 EUROPEAN WATER POLICY

We also examine European water policy in this report, although this policy does not have a direct "grabbing effect" on foreign countries and it is not represented in our case studies. Grabbing of natural resources is a phenomenon that happens everywhere, in Africa like in Latin America, in Asia like in Europe. Simply put, it can take different forms but the effects are the same: denying people access to natural resources.

European water policy is addressed to European countries and citizens, and it is a very clear example of how a policy can alter the very nature of a natural resource like water, turning it from a common good, whose access should be granted to all because it is recognised as a right, to a resource that is commoditised and financialised. In this way, European policy paves the way for water grabbing.

The "Blueprint to safeguard Europe's water"[43] published in November 2013, is the most important European document on water policy since the EU Water Framework Directive, issued in 2000 (EU WFD 2000/60).

If the Council of the European Union and the European Parliament adopt the proposals presented in the Blueprint, the European policy on water will be defined until 2030 and it will be very difficult to change it before that date. The policy, as summarised in the Blueprint, is the result of several documents of the European Commission, whose aim is to push forward a vision of water management that is very much linked to the economy, finance and production. In this way, water is subordinated to the interests of listed European multinational multi-utility enterprises.

The starting point was the evaluation of existing policies on water through the "Fitness Check"[44], which was adopted in 2010 and has been used to understand where to intervene in order to make water management more efficient. In response to pressure from some Member States, in particular the UK and other northern countries, with this document the European Commission introduced an evaluation tool to be applied in four areas: environment/water, employment and social policy, transport, and industrial policy. Its aim is to measure the appropriateness and relevance of existing measures with respect to objectives on quality, scarcity management and vulnerability. Following that, three main pillars for the new regulating framework were identified: first, technological competence, through the constitution of the European Innovation partnership on water (EIPW)[45], second, stakeholder management, and finally water pricing and market tools to regulate the management and exchange of the resource. Moreover, the Blueprint was formulated in the framework of the EU 2020 strategy, whose aim is to reach an intelligent, inclusive and sustainable growth through technological innovation, green economy and competitiveness in different sectors[46]. It is the EIPW itself that will formulate the new strategies with regards to water.

The EIPW is the European arm of the Global Water Partnership (GWP) and its aim is to establish by 2015 a European system of water management based on stakeholders, which follows the guidelines set by the Framework Directive. Among the main partners of EIPW, we find several stakeholders, from governments to enterprises, to

43 ec.europa.eu/environment/water/blueprint/index_en.htm

44 www.er.europa.eu/environment/fitnesscheck

45 ec.europa.eu/environment/water/innovationpartnership/index_en.htm

46 APRA 1 –p. 22– contrattoacqua.it/notizie-Cicma/padova-audizione-pubblica-regionale-sull-acqua-(488).htm

NGOs; in concert, they should propose and negotiate future strategies on water management.

From this basis and from the principles of technology, efficiency and stakeholders' approach, the Blueprint takes life. What is missing is any reference to the right to water. The European strategy is based on the efficient use of the resource; in fact, water is seen as an economic resource that is considered scarce, and therefore has to be protected through increased payment for access by all and depending on the type of use.

Thus, the Blueprint promotes an economic vision of water and water resources, with the criticalities outlined below:

- water is a natural resource, and economically very important;
- water of good quality for human use is increasingly scarce;
- it is necessary to intervene decisively in order to increase the supply of water, to preserve and improve its quality, and to reduce its vulnerability;
- it is necessary to give water an economic value (both commercial and financial), in order to have a correct and "equal" basis to decide the price of water and of ecosystem services.

Finally, governance is another critical element of the Blueprint. The Commission is oriented towards shifting the governance of water management from local/national public authorities to the stakeholders through the **European Water Stewardship**. This means that the European Commission puts into the hands of the stakeholders, or in other words, it leaves to the sense of responsibility of private companies and financial markets, the regulation of the connections between land, water, health, food and energy.

In the long run, if left unaltered, this approach will probably promote processes of commodification and financialisation of water. Moreover, it will condition the future of water policies within Europe and with countries with which Europe has established economic agreements.

With regards to the governance issue, it should be noted that water is withdrawn for two main reasons: cooling processes in energy production, especially nuclear power, and then irrigation for agriculture. The data of the "Blueprint" are clear: "44% of water withdrawals are destined to cooling in power production, and 24% for agriculture." With regard to water pollution and contamination, agricultural activity and industrial production have the greatest impact on the environment. Therefore, it is difficult to think how we can delegate the resolution of these problems to "stakeholders" who are themselves conflicting users of water.

In parallel, it should be noted that the European Commission itself on one hand recognizes the sovereignty of States with respect to how to manage their water services and therefore also the decision to favor public or private management of water. On the other hand, however, the EU requires, in agreement with other financial institutions such as the World Bank, International Monetary Fund and the European Investment Bank, the privatization of local public services in indebted European countries. This experiment was conducted in Greece, despite the failure of other privatization experiences to date.

4. CONCLUSIONS AND RECOMMENDATIONS

Copies of ancient manuscripts about the settling of these families in their village, India (*Photo by Daniela del Bene*).

Land, energy, forests and water are increasingly under attack. The rush to be the first to grab them is becoming faster and tougher. Competition between private companies, multinational, governments, pension funds, financial institutions, credit institutions is intense, because the winners will be guaranteed conspicuous revenues from the exploitation of natural resources and even more from financial speculation.

Spare change will be spent on development projects designed to benefit local communities, those who are run over in this rush: because they lose access, control and management of natural resources, often the sole source of their livelihood, becoming economically, socially and environmentally impoverished.

The European Union and its Member States do have a share of responsibility for the consequences that local communities have to endure in relation to interventions, which are being implemented and promoted thanks to their political and economic incentives.

The private companies, multinationals, pension funds, financial institutions, credit institutions, etc., which are the main actors involved, are in many cases European. In addition, and even worse, policies adopted by European institutions themselves are drivers of this phenomenon. The policies and strategies that we have seen above contribute to creating a legislative framework that does not prevent and indeed in some cases actively promotes natural resource grabbing. Besides the policies we mentioned because they emerged from our case studies, other reports[47] also condemn the Common Agriculture Policy as a resource-intensive strategy. Different policies but the same results: denying local populations access to natural resources, compromising their livelihood and denying their rights to food and water and to live in a healthy environment.

European policies contribute to creating a framework in which the private sector and financial markets enjoy more and more freedom, because the narrative tells the same old story: it is thanks to the private sector and to the infinite growth it brings that the well-being of European citizens and third countries is ensured.

Therefore, the private sector pursues its main objective, which is to maximize profit, in the knowledge that the supposedly strict limitations on its maneuverability are instead rather flexible. In fact, as we saw in the previous chapter, the formalities are sufficient, even if merely superficial (as in the case of the agreement between Agip and the Huaorani in Ecuador); in other cases the cheapest but most environmentally harmful option would have been chosen, if civil society had not reacted alertly, as happened in Georgia. In addition to this, the market and the private sector are charged with finding solutions to problems they themselves have created, such as global warming. They are also credited with having the capacity of self-regulation, and adhering to voluntary codes of conduct.

All this despite the fact that signs of the malfunction of these tools are quite evident: the European Trading Scheme for carbon credits has collapsed, and codes of conduct often remain only on paper.

The socio-economic development model promoted by the European Union is based on the continuous growth of the economy and on a consumer society: two factors that require a steady and continuous flow of raw materials and energy, which must be ensured at all costs. The overconsumption of energy and raw materials means that natural cycles of regeneration are not respected, and it also means that it is better to be very quick to grab them. It is important, but not sufficient to focus on efficiency, promoting the adoption of measures to avoid waste, improving the management and integrating different systems (energy, transport, etc..) in order to “save”

47 www.foeeurope.org/sites/default/files/CAP_PP_full_final%5B1%5D.pdf

energy and resources. In fact, the sole promotion of efficiency and waste reduction does not call into question our levels of consumption and the need to reduce them. We simply continue in the business-as-usual scenario, and we rely on the technological capacity that the private sector will certainly be able to put in the field.

This economic model, then, is increasingly evolving towards the financialization of the economy, which also requires the input of new assets in the markets, thereby opening the door to both the commodification and the financialization of natural resources.

In this sense, the European water policies currently under discussion are revealing, as mentioned above. On the contrary, the EU should recognise that water management should not be subject to either internal market rule or liberalisation. In the same way, the promotion of universal rights to water and sanitation has to be a priority in the European policies on development cooperation, through the promotion of public-public partnerships. This means that water management should not be included in the ongoing and future free trade negotiations, like TTIP, CETA, etc[48].

Some case studies, carried out under different projects co-financed by the European Union, clearly show that the policies and cooperation agreements promoted by the European Union do not sustain public or community models of local participatory management and responsible use of water for human and productive use.

Those projects that are not subject to market effects, however, are based on the principles of conservation of resources, both at the level of local communities and in rural or urban areas,

48 The EC was one of the main promoters of liberalisation of basic services, in particular of water management, in the framework of the Doha negotiations. There it was asked that water management be liberalised in 72 countries. In the new free trade negotiations (TTIP, CETA, etc.), the request for liberalization of water management is repeated.

Top: Child in Mestia, Georgia (*photo by Petr Hlobil*).

and can guarantee the right of access to water to the communities of the countries involved. In particular, best practice examples come from Latin America, where for many years community management and the participatory approach have gained ground.

Until Europe decides to promote this model of economy and development, there will be policy inconsistency and the eradication of poverty and inequality will not be furthered. What could be achieved is, at best, a temporary and limited mitigation of the negative effects resulting from that model. But the drivers of natural resource grabbing, and its terrible consequences, will remain.

Europe needs to look at natural resources in more than just economic terms. People and communities, in Europe as well as in other countries, must be involved and considered as the preferential stakeholders, whose wellbeing must be promoted, along with human rights that must be protected, respected and fulfilled, putting aside

economic and financial interests.

Our organisations – **Mani Tese**, **Re:Common**, **Les Amis de la Terre**, **CEE Bankwatch**, **Ce.VI** and **Cicma** – strongly believe that it is necessary to urgently act to redefine sovereignty over natural resources, and how those resources are accessed, managed and controlled, with the aim of promoting a different model of development, based on equality and simplicity.

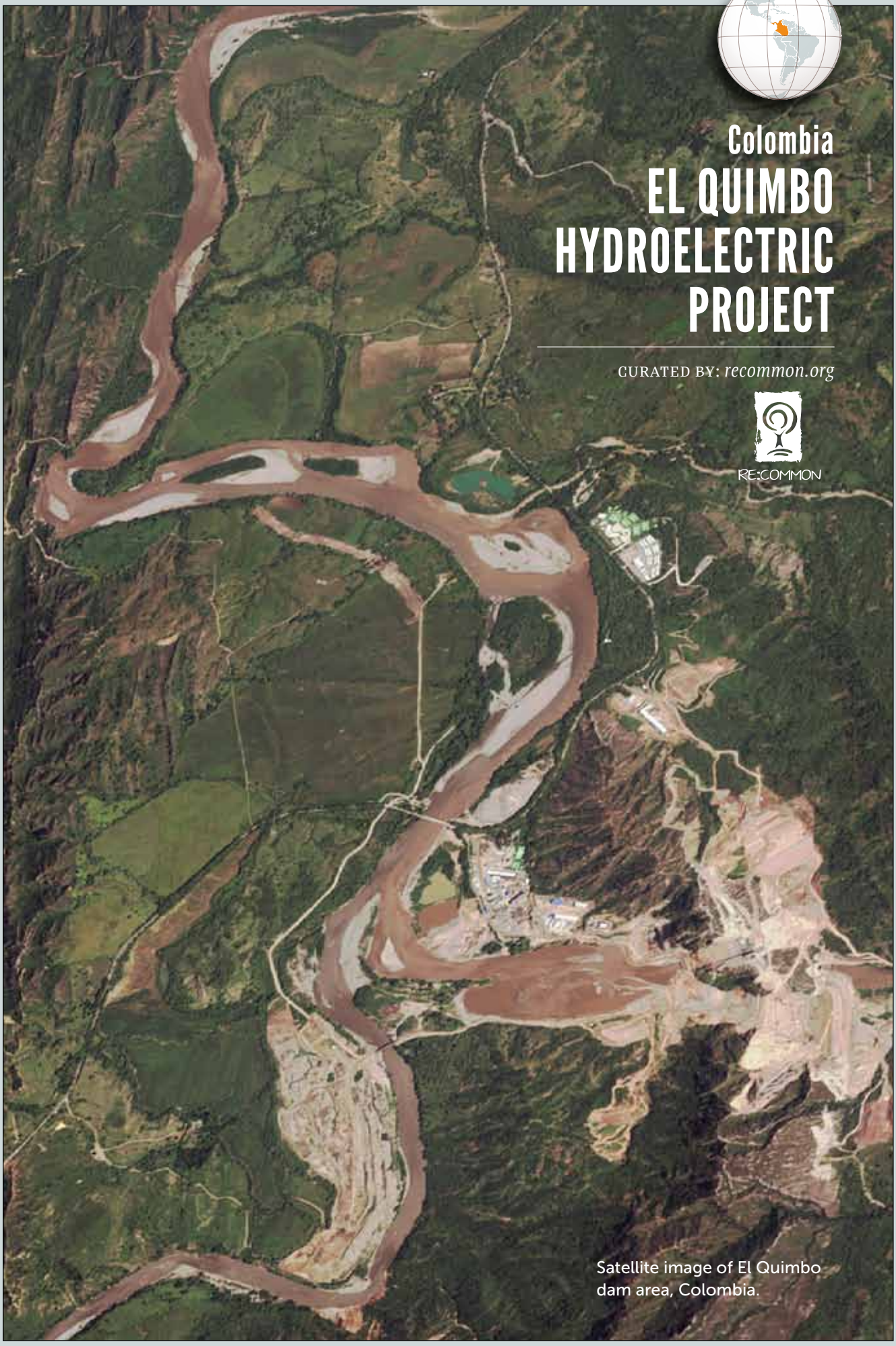
To achieve this goal, we believe that the European Union has to reaffirm its leadership role, demonstrating foresight and a strong political will for change, so as to put people's wellbeing and the care of our common house, the earth, before economic and financial interests.

For this reason, we call on the European Union to act urgently in order to:

- Effectively **reduce the amount of natural resources consumed**, starting with their true and effective measurement, through instruments such as carbon, land, water and material footprints. The EU must promote recycling and prevention of waste production. The EU must provide European citizens with the conditions for sustainable lifestyles, for example by promoting the use of public transport instead of private car. Finally, the EU should set strict environmental and social standards for the purchase of raw materials and energy.
- Undertake a genuine **transition to a new energy model** that phases out the use of fossil energy, that is based on truly renewable energy sources, that is small-scale and distributed across the territory, and that will result in a real reduction in energy consumption. The European Union should abandon false solutions such as agrofuels or hydropower produced by mega-dams and instead adopt energy strategies that are sustainable, democratic and truly responsive to the needs of its population.
- Promote the urgent **adoption of an agreement to combat climate change**, which is binding on all countries, based on the principle of shared but differentiated responsibility and ecological debt that Northern countries have accumulated. Climate change cannot be tackled either through the markets, or with offsetting, or with technological solutions alone. A real reduction of emissions of greenhouse gases must be enacted urgently and an effective mechanism for the adoption of measures for adaptation and resilience for impoverished countries must be financed. The European Union and its companies must also refrain from financing offsetting projects.
- Actively contribute to the **cessation of land concentration and land grabbing**, including through the promotion of ecological, diverse and small-scale agriculture as opposed to monocultures of energy crops and other industrial crops.
- Strengthen the **implementation processes to recognize water as a human right at the European level**. Water management must not be entrusted to the private sector and the market and the EU should adopt financial instruments to guarantee the right to access to water and sanitation to European citizens. The European Union must stop promoting the liberalisation of water management services through free trade agreements.
- Adopt effective measures to **curb speculation on natural resources**, defining strict rules for the financial markets. Likewise, the European Union must regulate **European businesses** with **strict and binding requirements in order to minimize and mitigate their social and environmental impacts**.

State commission takes water samples at the springs next to the Kumtor mine, Kyrgyzstan (*photo by Mirjam Leuze*).

5 APPENDIX: EXECUTIVE SUMMARIES OF THE CASES



Colombia

EL QUIMBO HYDROELECTRIC PROJECT

CURATED BY: *recommon.org*

RE:COMMON

Satellite image of El Quimbo dam area, Colombia.

Technical specifications and project location:

El Quimbo hydroelectric project, in the Department of Huila, in Colombia, consists of a 151m high and 632m long dam and a 489m diversion tunnel. Power will be generated by two turbines with a 400MW total installed capacity. The reservoir is projected to be 55km long and 1.4km wide and it would flood 8,250 hectares. The power plant would be based in the Huila department, 16km away from the Gigante municipality and 60km from the town of Neiva. The expected total investment amounts to USD 840mn. The Quimbo project was developed by Emgesa. The shareholders of Emgesa are the Empresa por la Energia de Bogotà, for 51.52% and the Spanish Endesa for 48.48%, which is in turn 92% controlled by the Italian energy utility ENEL.

The questionable process for the environmental licence:

This project dates back to 1997. At that time, the Colombian Minister of the Environment had rejected it, as none of the alternatives shown in the environmental impact assessment study were deemed to meet the environmental, social and economic needs of the region. In 2007, Emgesa renewed its application for the environmental licence. In 2008, the Ministry found several flaws in the assessment; the information provided was considered insufficient and incomplete, and the Ministry asked for integrations such as mitigation measures and a specification of the amount of compensation for the affected local communities[1]. The Ministry of the Environment eventually, in 2009, granted the environmental licence by means of Resolution 899, which contained a compensation list for any damage caused to the environment and displaced people, such as the transfer and relocation of all economic activities to different

1 Ministero de Ambiente, vivienda y desarollo territorial, Decision n. 2495, 12th August 2008.

places. Colombian law[2] states that all environmental impact assessments must be carried out by a government-appointed independent body. The El Quimbo assessment, however, was commissioned directly by Emgesa.

In the same year, the Italian electric company ENEL raised its stake in Endesa (which controls Emgesa) to a controlling 92% of its share capital. The following year, Endesa claimed that the standards required to obtain the environmental licence were too strict, and asked to renegotiate the agreements. It also proposed to reach an extrajudicial settlement with the Ministry of the Environment through a series of hearings in front of the *procuradoria*[3].

This already seems to be a questionable mechanism: the Ministry is the environmental authority responsible for granting permits and it is not supposed to reach a settlement on a decision that it is then supposed to authorise. Moreover, the company should comply in good faith with the decisions adopted by national and local institutions without exerting pressure in order to obtain more advantageous conditions. On 17 September 2010, the Ministry of the Environment granted another environmental licence[4] which, compared to the original licence, foresaw lower compensations for local communities. In breach of the provisions in force, local communities were not consulted during the renegotiation process. As a consequence, they filed a complaint with the regional administrative court, which, on 28 December 2010, ruled that the environmental licence should be revoked. However, the Ministry of the Environment did not heed the *Defensoria del Pueblo* (People's Advocacy Office), which had reiterated its decision on 30 March 2011 based on the following reasons[5]:

- repudiation of the agreements stemming from the work of consultation panels;

2 Article 6 of law 56/81.

3 Attorney General's office.

4 Ministero de Ambiente, vivienda y desarollo territorial, Resolution 1814, 17th September 2010.

5 Document n.° 4050-0388, Sectreteria General Defensoria del Pueblo.

- failure to involve local communities before modifying the environmental licence;
- lower investment made by the company to fulfil environmental obligations and compensate affected communities;
- threat to the right of access to land and food security.

Investigations and ongoing legal proceedings:

A number of lawsuits and investigations have been initiated by courts and local investigative bodies. Opposition is also mounting among local institutions around the procedures followed by the project.

Following similar requests made by the Administrative Court, local communities also filed an appeal with the Council of State [6] asking for the annulment of resolution 1814, which had granted the environmental licence.

Currently there are ongoing civil and penal investigations carried out by local authorities, particularly:

6 The Administrative Court of Appeals (*translator's note*).

Top: Two views of El Quimbo Dam work in progress, Colombia, april 2014 (*courtesy of Jaguos por el Territorio – descolonizandolajagua.wordpress.com*).

Bottom: Colombian fishermen affected by El Quimbo, Colombia (*photo by Bruno Federico*)

1. the Contraloría General de la República (Court of Auditors) is conducting an investigation against the Ministry of Environment (MADS) and Environmental License Authority (ANLA) as responsible for the damage to public assets for an amount of 352,000 million pesos for having concealed the damage caused by the destruction of the Paso del Colegio bridge, perpetrated by Emgesa;
2. the Attorney General's Office started a criminal investigation against MADS and ANLA for the crime of environmental damage. The environmental license was modified through a negotiation process with Emgesa in order to favor the company;
3. the Council of State ordered Emgesa to comply within 48 hours to guarantee the rights of a local builder affected by the project. The decision was extended to all affected people whose rights were violated by the ongoing construction work. Emgesa, ANLA, the Agrarian Environmental Authority and local authorities have disregarded the sentence, which also confirmed the study aimed at identifying affected people, conducted by Emgesa and endorsed by the ANLA. Ten thousand affected people exercised their right of petition to the ANLA, demanding compliance with the sentence of the Council of State, without receiving any response as required by law;
4. Emgesa has not guaranteed the return to productivity of at least 5300 acres that would be flooded. The Court of Auditors states that Emgesa is buying productive land to replace other productive land acquired for the reservoir, causing massive new displacement. More seriously, it is destroying all production chains and food security with the support of ANLA;
5. the recent report of the Court of Auditors (March 12, 2013)[7] concludes that "there were two geotechnical instability events with movement of

7 "Technical Visit El Quimbo Hydroelectric Project, Dam site Powerhouse and Auxiliary Works"

different mass scale situations presented in two different places of work: auxiliary dam and outside of the powerhouse". "Emgesa did not report immediately and directly about such situations to the competent environmental authorities in the first instance specifically about the occurrence, effects and implications of two processes or phenomena of instability occurred in critical areas of the project...";

6. in September 2013 the Council of State ordered Emgesa to include an additional 65 affected people in the survey, declaring the survey still open contrary to the position of the company which reiterates that the survey is closed and includes only 3000 affected people out of 13,000 documented by Asoquimbo.

Environmental and economic impacts:

The project has significant environmental and economic impact on the affected area. This is even more worrying if one considers that the amendments made to the environmental licence will lead to lower compensation payments. In brief, the project's implementation will produce the following impacts[8]:

- flooding of over 2,000 hectares of fertile land in the municipalities of Gigante, Garzón and Agrado with the resulting annihilation of eight fully productive farms;
- flooding of roads connecting various communities;
- displacement of 1466 people and loss of 2,000 jobs;
- a loss of agricultural production amounting to 32mn pesos every year;
- loss of food security for about 3,000 people.
- flooding of 842 hectares of Amazon forest;
- the Colombian Geological Institute identified the whole area as subject to very high seismic risk.

In a study conducted by SurColombiana University, it is estimated that, during the 50 years of operation of the El Quimbo hydroelectric plant, Emgesa will pay about 135mn euro to the Huila Department, against an estimated loss of 480mn Euros caused by the cessation of agricultural production in the flooded area, with a clear negative economic balance for both local people and the region.

On 14 and 15 February 2012, the police attacked a group of fishermen who were occupying a traditional fishing area, although the land within 30 meters of the river is recognized by the Constitution as an inalienable area available for public use. Some witnesses saw the police using vehicles belonging to the building site. This incident left seven people injured, one of whom lost his right eye.

For two years now, the farmers have been re-occupying their lands and continue to be brutally evicted by the special forces of the army. ◆

8 "Estudio sobre impactos del proyecto hidroeletrico El Quimbo", Miller Armín Dussán Calderón, Titular de la Universidad Surcolombiana.

Ecuador
THE YASUNÍ ITT INITIATIVE

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UN IMPEGNO DI GIUSTIZIA

Gas flaring in the nearby of Lago Agrio, Ecuador (*photo by Mani Tese*).

«*First we need to mention how the Yasuní-ITT Initiative started: it was launched by the civil society living in the Yasuní National Park, located in the Ecuadorian Amazon. After a long period of oil exploitation, negative consequences can already be seen in the Amazon: land erosion, water, air and soil pollution.*

Many areas of the Ecuadorian Amazon have reacted, considering this type of mining activity as unacceptable [...] In 2005 and 2006, following the news of possible oil exploitation, an oil drilling moratorium was passed thanks to the civil society's initiative, known under the acronym of ITT: Ishpingo, Tambococha, Tiputini. It was a historic deal to stop destructing the Amazon, which claimed: "Leave crude oil in the ground in exchange of international compensation"» This is what Alberto Acosta said, explaining the inception of the Yasuní-ITT Initiative, when interviewed by Mani Tese in June 2013.

The Yasuní-ITT Initiative was announced at the UN General Assembly in 2007 by the President of Ecuador Rafael Correa. Its aim was to prevent crude oil drilling in the Ishpingo-Tiputini-Tambococha (ITT) oil fields, located in the highly vulnerable area of the Yasuní National Park. 846 million oil barrels are estimated to be unexploited in the ITT (Ishpingo-Tambococha-Tiputini) area, accounting for 20% of national reserves.

The Yasuní National Park is the most important reservoir of biodiversity in the world. Furthermore, this area is the homeland of several indigenous peoples who decided to live in voluntary isolation and avoid any contact with the external world. They belong to a semi-nomadic group, called Waorani (also called Huaorani), including in particular Tagaeri and Taromenane, who have lived in the Yasuní National Park for centuries. By preventing oil drilling in the Ishpingo-Tambococha-Tiputini oil fields, the government of Ecuador proposed the Yasuní-ITT Trust Fund, which was officially launched on 3rd August 2010. Donations to the Yasuní-ITT Initiative were administered by the UNDP (United Nations Development Program) Multi-Donor Trust Fund. In 13 years, the international community has deposited public and private contributions worth 50% of the value of

Next page: White-banded Swal lows perching of a tree stump on the bank of Rio Tiputini, Yasuni National Park (*photo by Geoff Gallice – lincensed under CC BY 2-0*).

the reserves, accounting to $7.2 billion.

The main goals of said initiative were:

- preserving the biodiversity of the region;
- protecting the indigenous peoples, currently living in voluntary isolation in the Yasuní National Park;
- avoiding significant CO_2 emissions, provoked by oil extraction and oil production, leading to deforestation, air and water pollution.

The civil society wanted to change the pattern followed by the mining industry, suggesting alternatives to development, rather than an alternative development. Indeed the park includes numerous oil blocks and the ITT area is just one of them. In some of these, oil drilling started long ago, while in others, exploration has just finished and drilling will start soon. In other areas of the Amazon, for example around the town of Lago Agrio, an oil-rich zone, drilling started in the 1960s. The Lago Agrio field has been strongly impacted in environmental terms, due to oil drilling. 30,000 *afectados* filed a lawsuit against Chevron Texaco, at the end of which said company was sentenced to pay $9 billion damages. The company defined the sentence as "illegitimate" and promised to take an appeal. However, in July 2013, the President of Ecuador Rafael Correa stated that the funds raised were insufficient, forcing him to abandon this project on 15th August 2013. After receiving $13 million at the end of August, the Ecuadorian government announced that it would stop the Yasuní-ITT Initiative.

Undoubtedly, the economic crisis has affected this project and led to its failure. However, being a far-sighted idea, this initiative should have required more efforts and attention: why was the project stopped? According to President Correa, it was aimed at achieving more profits and fighting against poverty. Patricia Gualinga, Leader of the Sarayaku community, has fought against the arrival of oil companies in other areas of the park and has summarized the reaction of indigenous peoples: «*Based on our experience, we know that indigenous peoples do not benefit from oil exploitation. Oil has been drilled for twenty years and we have not understood what the benefits are for Pastaza citizens* [...] *We all know social conflicts caused by oil drilling, the addiction that it creates within the community and the culture change that leads to a total addiction. Many arguments are used to justify exploitation, such as building a hospital and other activities supposedly carried out for citizens*». [...] A more promising proposal would be the use of zero-impact innovative technologies to reduce pollution and land exploitation (0.1 per thousand of the park area). Acosta's reply is pungent: «*Thinking that oil drilling does not pollute is naive. Let me make a comparison: thinking that it is possible to go on drilling oil without causing environmental and social damage is like believing that Dracula may become vegetarian and entrust him with the blood bank management*». The Yasuní-ITT Initiative was supported by 78% of citizens in the country. Following Correa's announcement, millions of people have demonstrated publicly in favor of this initiative.

The petition asking for a referendum has already been launched. It is a successful initiative supported by many people. We can draw a profound teaching from the Ecuadorian civil society, because they want to leave crude oil in the ground. If the international community does not act, Ecuadorians will be in charge of the project. They have indeed already

Oil waste dumping in the nearby of Lago Agrio, Ecuador (*photo by Mani Tese*).

promoted one of the world's most advanced constitutions recognizing nature as a rightful subject. Because *«It is no longer possible to choose. We need to change and think about a post-oil civilization. Actually, this issue is not limited to oil drilling. It requires a different mindset and therefore relates to several issues. First and foremost, natural resources can be used only within certain limits, not to jeopardize them.*

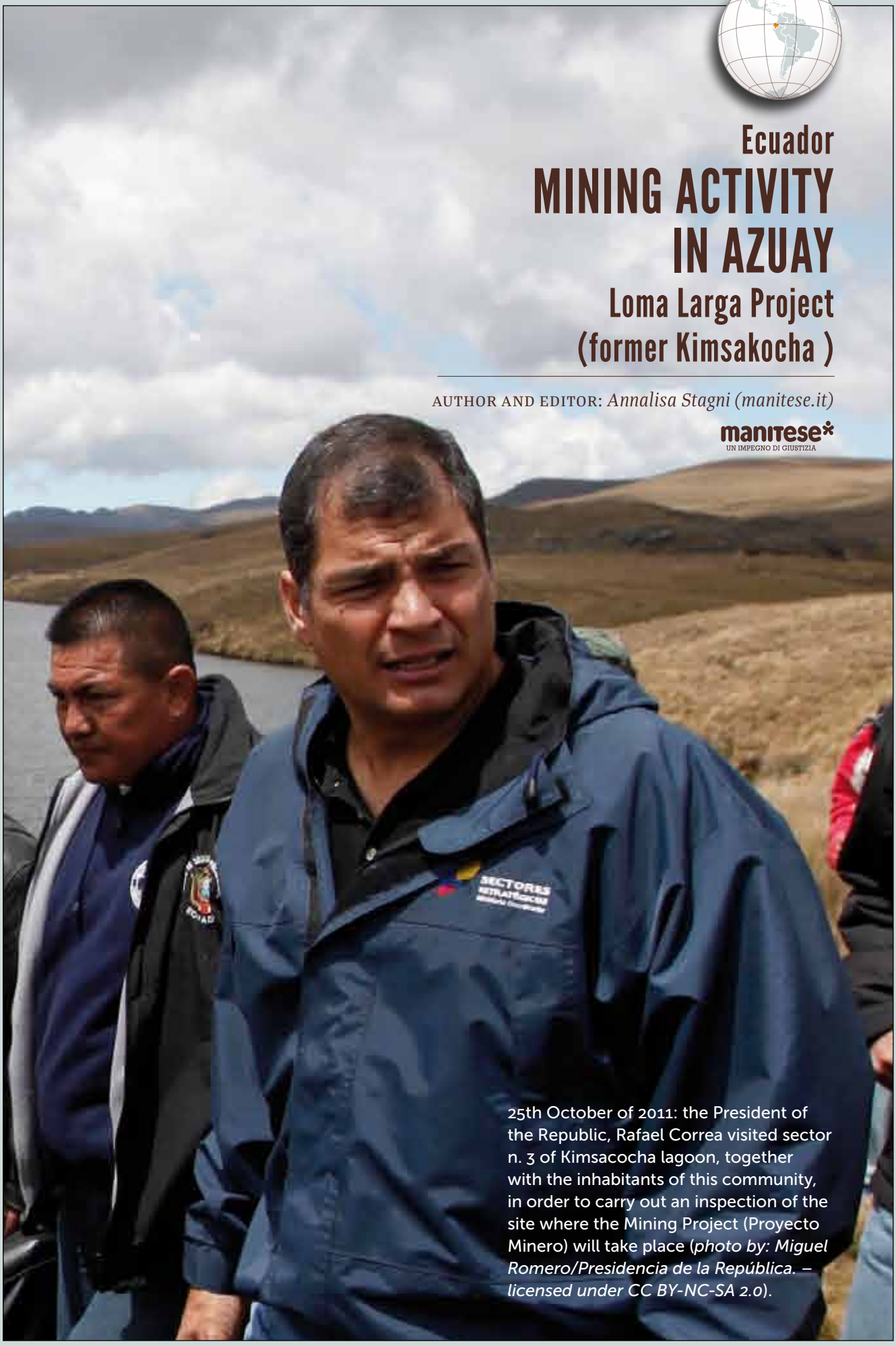
This issue is already being discussed in Ecuador and people think that nature needs to have the right to existence and breeding. Secondly, it is necessary to think about the way of living: in big towns people eat Chilean apples anytime, even in winter... They should not! We must be aware that it is necessary to get used to living without oil. We must talk about oil-free economy and energy supply, the possibility to leave big urban centers and to stop development. We should think that the paradigm of growth will not ensure human beings happiness, survival or a future».

Esperanza Martinez, Acción Ecologica. ◆

Top: Drilling station, Lago Agrio, Ecuador (*photo by Mani Tese*).

Left and bottom left: Oil waste dumping in the nearby of Lago Agrio, Ecuador (*photo by Mani Tese*).

Bottom-right: "Is oil really improving community life standards? In the view of the government it does", Lago Agrio, Ecuador (*photo by Mani Tese*).



Ecuador

MINING ACTIVITY IN AZUAY

Loma Larga Project (former Kimsakocha)

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UN IMPEGNO DI GIUSTIZIA

25th October of 2011: the President of the Republic, Rafael Correa visited sector n. 3 of Kimsacocha lagoon, together with the inhabitants of this community, in order to carry out an inspection of the site where the Mining Project (Proyecto Minero) will take place (*photo by: Miguel Romero/Presidencia de la República. – licensed under CC BY-NC-SA 2.0*).

The Loma Larga Project carried out in the Azuay province, Ecuador, envisages mining activity in a 8,030 hectare area, including three concessions in an area located 30 km from Cuenca. Based on exploration activities conducted, the reservoir is estimated to contain 3.3 million ounces of gold. It also contains silver and copper, in lower amounts. Considering the mines conformation, this area is suitable both for open-air and underground mining[1].

This area is located in the *paramo*, a peculiar ecosystem that can be found at significant altitudes, ranging from 3,200 to 4,500 meters. It is a humid zone having a very rich biodiversity and a high temperature range between night and day. In particular, Kimsakocha *paramo* includes several lakes (in the Kichwa language, Kimsakocha means "three lagoons") and the source of many water courses serving surrounding areas, both west through the town of Cuenca and beyond, and east up to the Amazon. In particular, it serves approximately 2,000 households working in farming and breeding for self-subsistence and small-scale trade.

Kimsakocha started to be explored in the late Seventies. Cogema purchased the mining concession for 4 sites from the Ecuadorian government in 1991. In 1999 it transferred three of them to IAMGOLD, a Canadian company starting its exploration activity in 2003 and carrying it out also subsequently. In November 2012, IAMGOLD transferred 100% of its shares to another Canadian company, INV Metals, which finalized advanced exploration in July 2013 and it is now waiting for final results to start the actual exploitation activity, envisaged for the end of the year.

Since the inception of the project, indigenous and rural communities living in areas involved have demonstrated against mining exploitation. This resistance is aimed at fighting the potentially negative impact:

- in environmental terms, as the *paramo* current hydrographic system would be seriously jeopard-

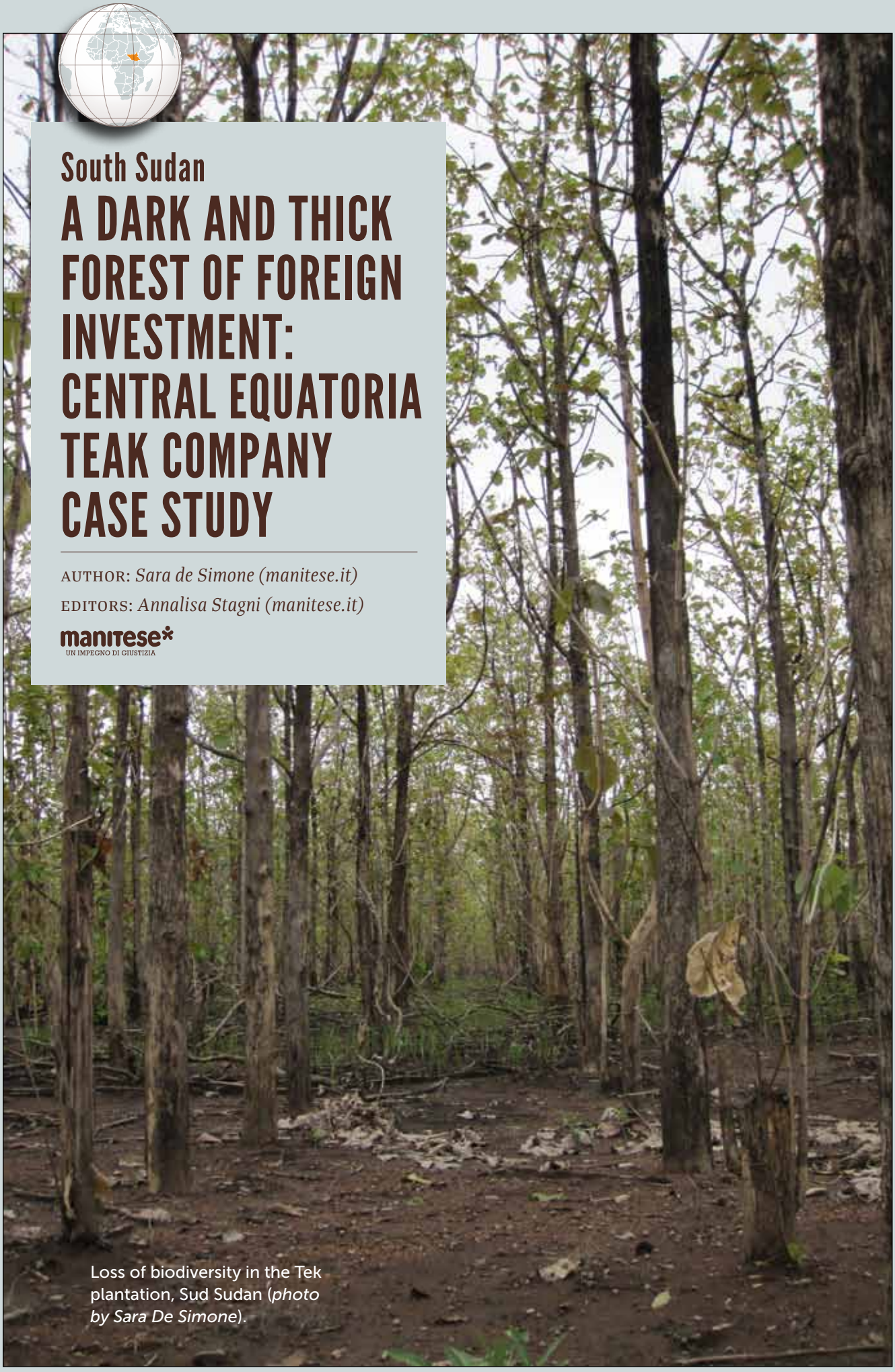
1 www.invmetals.com/i/pdf/RPA-QuimsacochaTR-July18-2012.pdf

ized, both due to the very high pollution risks stemming from gold mining and processing and for fallouts on the course of underground water provoked by tunnel excavation;
- in economic terms, as the current production system, based on farming and sheep breeding, relies on the large availability of the *paramo* downstream water;
- in social and cultural terms, as the *paramo* is considered to be a sacred zone by indigenous communities. Moreover, the risk of disruption and transformation of the social fabric is considered as very high, due to the loss of traditional means of subsistence and the integrity of the environment, which strongly identifies them;
- in terms of violation of human rights: mining activity involving a high risk of contamination of water used for subsistence farming may lead to violations of local communities' human right to water and food.

Demonstrations by indigenous communities and farmers have been strongly repressed and criminalized by the Ecuadorian government, in particular accusing them of terror against the State and sabotage carried out by the movement leaders. In 2010 Carlos Peres, Federico Guzman and Efraín Arpi were stopped during demonstrations organized for the Congress Water Law discussion. Sentenced to one year of prison for sabotage (they had set up a road block), the judiciary later notified the accusation of public space occupation, as it could not prove that demonstrations had been violent. Subsequently, the aforementioned sentence has been reduced to eight days, because their demonstration has been assessed as "fair and based on solidarity". This sentence was taken in March 2013.

Azuay communities have furthermore managed to take their fight to the international level, in particular at the Inter-American Commission on Human Rights (IACHR) and at Geneva UN Committee on Economic, Social and Cultural Rights. In particular:
- Carlos Perez Guartambel, former President of the *Federación de Organizaciones Indígenas y Campesinas of Azuay* (FOA) and in 2012, the current President of Ecuarunari (Ecuador Confederation of Kichwa people) participated in a IACHR hearing on the situation of defenders of human rights and the environment (Hearing 146), aimed at dealing with the criminalization against him, Federico Guzmán and Efraín Arpi. His participation has been important to confirm the authenticity of the report submitted by Ecuadorian organizations on the situation of human rights defenders. IACHR has repeatedly pinpointed that the Ecuadorian Criminal Code defines accusations of sabotage and terror in extremely vague terms and that said definitions should be modified to comply with international standards on human rights.
- In December 2012, when Ecuador presented its official report on Economic, Social and Cultural Rights to the other members of the UN Committee in a meeting held in Geneva, Lizardo Zhagui, representative of Kimsakocha communities, talked about the situation of communities. The members of the UN Committee on Economic, Social and Cultural Rights have accepted these declarations and presented remarks to Ecuador on mining policies, suggesting in particular preliminary, free and informed consultation of the population on this mining project.

So far Ecuador has not followed any recommendation received by international bodies on human rights. On the contrary, the government has declared that the Loma Larga Project appears among the five national priority projects. ◆



South Sudan

A DARK AND THICK FOREST OF FOREIGN INVESTMENT: CENTRAL EQUATORIA TEAK COMPANY CASE STUDY

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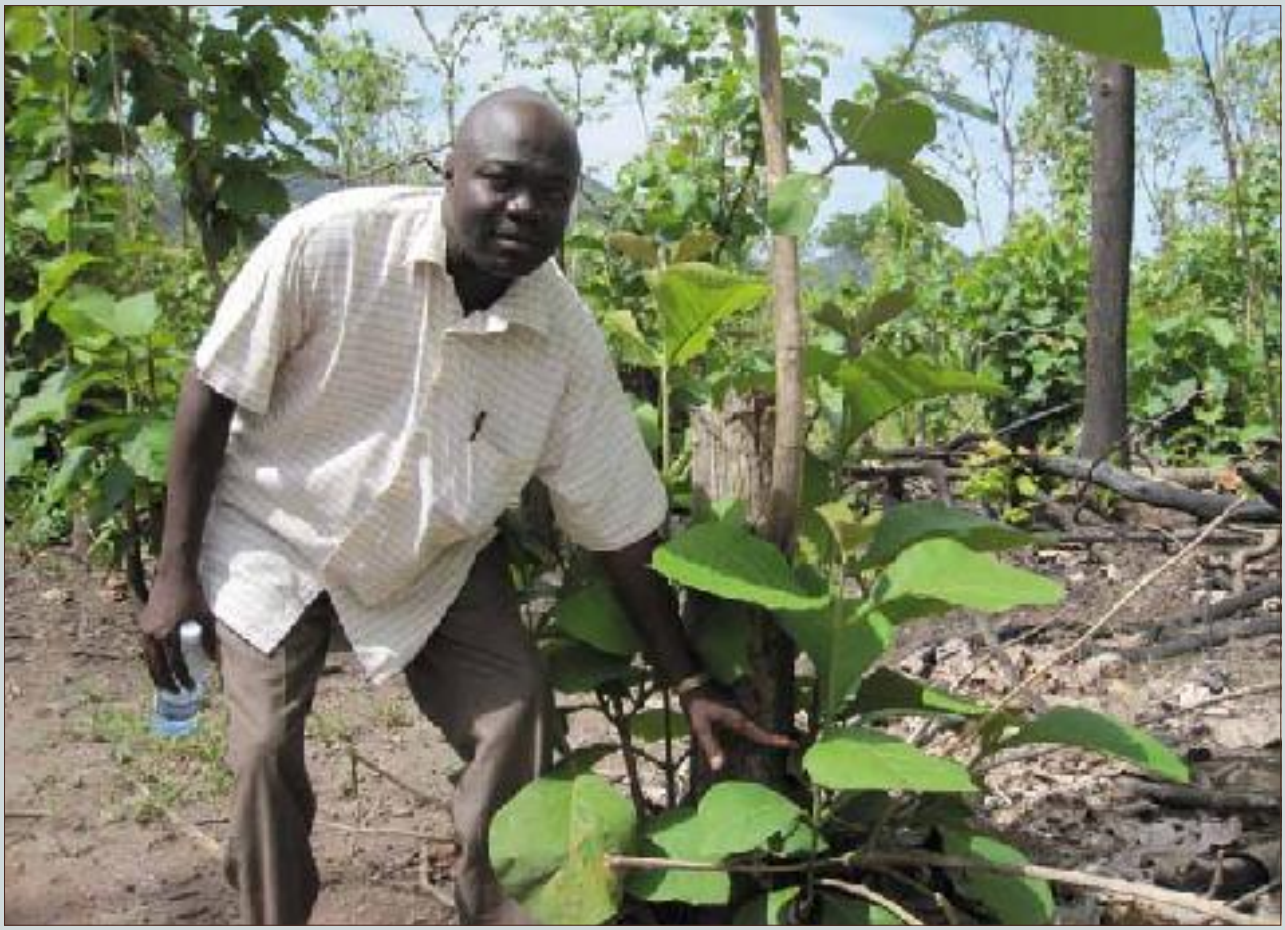
Loss of biodiversity in the Tek plantation, Sud Sudan (*photo by Sara De Simone*).

South Sudan, a recently formed nation, became an independent state on 9 July 2011; it is a federal state made up of 65 ethnic groups, whose main means of support include breeding livestock, fishing, harvesting wild food, hunting, and commercial trade. The civil war fought between the Sudan People's Liberation Army/Movement (SPLM/A) and the National Congress (NCP) caused untold damage to the territory, not only in terms of its number of victims, but also in terms of losses of infrastructure, means of support, and social cohesion. In addition, it has seen a considerable increase in pressure on the country's resources, due to the population's return after years of displacement in the north of the country. The peace agreements signed between the SPLM/A and the NCP in 2005 ultimately led to South Sudan's independence which was approved by the population by means of a referendum.

Though it has stated its commitment to building a democratic system capable of protecting human rights, the new republic of South Sudan still has a long way to go. Its severe political instability has had a marked impact on the protection of its economic and social rights; in fact, the government estimates that 47% of its population is undernourished, only half of the school-age children attend school, and only 16% of women are literate. According to data from the World Bank for 2011, about 51% of the population of South Sudan lives below the poverty line and 3.3 million of its people suffer from hunger. These numbers are expected to increase due to the closure of the country's oil fields.

In fact, South Sudan's economy relies heavily on the exploitation of oil, which supplies 98% of its gross domestic product; however, due to the limited amount of oil available in its petroleum reservoirs, the government is turning its focus toward new ways to diversify the economy. This goal has become increasingly urgent following the decision in January 2012 to suspend oil production in order to avoid transforming the land of the country. The need to diversify its economy has pushed the government to look toward alternative sectors, like those of agriculture and



Top-page: Lainya Assistant Commissioner for Forestry showing how illegal logging affects the renovation of the forest, since thieves often do not know how to properly cut the trees, Sud Sudan (*photo by Sara De Simone*).

Top left: Tek logs badly cut by thieves in Lainya, Sud Sudan (*photo by Sara De Simone*).

Top right: Cassava cultivation of the forest community in an open area, Loka Forest, Sud Sudan (*photo by Sara De Simone*).

Right: Loka Forest community members and headman, Sud Sudan (*photo by Sara De Simone*).

forestry resources, through the advancement of large-scale projects financed by foreign investors.

Though the national situation cannot yet be considered stable, South Sudan proves to be particularly appealing to foreign capital due to its lack of a well-defined legal framework, and the difficulties and weaknesses of the newborn government in regulating its domestic market.

The forests

Forests and woods cover 29% of the territory of South Sudan. These include both virgin forests and forests mainly destined for use as teak tree plantations. As a result of their unsustainable exploitation, the FAO estimates that Sudan has lost 11.6% of its forests between 1990 and 2005. Following the end of the war, this percentage has probably increased as a large number of inhabitants have returned to their native lands, imposing an ever-increasing burden and stress on the exploitation of forest resources for domestic use; added to this there is also the continuing practice of illegal deforestation.

"*The land belongs to the people*" was the SPLM/A's slogan during the war: indeed, numerous laws were enacted during the interim period that acknowledged the community's involvement in land grant agreements. This type of approach, albeit in stark contrast to the colonial and northern paradigms, was never enforced.

The lack of a national legal framework for the land's management did not deter the State from signing agreements with regards to investments. Though there are a number of rules in place that establish certain principles for the land's exploitation, there are no means for implementing them; in addition, conflicts exist between the rules of the central government and those of the federal states. Opportunities for profit deriving from investments in the forestry sector are worsening the conflict between the various levels of government, particularly in central Equatoria, where the government claims ownership of its national forest reserves.

The CETC case

This case study aims to understand how the European Union and its businesses are operating in the forest sector, particularly in the territories of Lainya and Yei Counties (Central Equatoria), where there are a number of teak plantations that date back to the colonial period.

Equatoria Teak Company (ETC) and Central Equatoria Teak Company (CETC) are two companies that signed two grant agreements with the Ministry of Agriculture and Forestry in 2007 for the use of 20,450 hectares of forest reserves in Central Equatoria and Western Equatoria to harvest and produce timber – in addition to 50,000 hectares of natural forest in Loka Boma, Lainya County.

The agreements were only negotiated at the national level without involving the local stakeholders, as demonstrated by the resulting protests of the local governments and members of the community.

When the agreements were drawn up, the major shareholders in CETC/ETC were two development finance institutions (DFIs): CDC Group plc, formerly known as *Commonwealth Development Corporation*, and *Finnish Fund for Development Co-operation* (FinnFund). The goal of DFIs is to invest in developing countries in a beneficial way, with a particular focus on reducing poverty through economic growth and sustainable social development. On the other hand, these institutions can decide to withdraw their investments, thereby abandoning these goals.

In 2010, when the country's difficulties intensified, the investors sold their shares to *Maris Capital*, a Venture Capital Group with headquarters in the United Kingdom, without sending any official communication either to the government or to the local stakeholders. The main investors were Proparco (Société Française de Développement) and FMO (Entrepreneurial Development Bank), which, like the above-mentioned CDC and FinnFund, are also European development finance institutions. The latter boast a policy of corporate social responsibility (CSR) based on the guidelines of the Organization for Economic Co-operation and Development (OECD)

and the standards of the International Finance Corporation (IFC), which holds them responsible for providing tools to assess the environmental, social, and corporate governance (ESG) principles they must follow in their activities. Maris Capital states that it adheres to these criteria and to the principles of corporate social responsibility.

In reality, significant shortcomings have emerged, like their lack of consultation with the local stakeholders and their failure to complete a study to assess the social and environmental impact of the investment. When the agreement was drawn up, no specific law existed that established the necessity of carrying out environmental impact studies. Despite the fact that a new *Forest Law* was later approved, requiring the execution of such a study, the grant agreement stipulated that if the obligations resulting from regulations following the signing of a law entailed an increase in costs for the company (which was, in fact, the case for completing a study of this type), the company would be exempted from said obligations.

The authorities and the local populations had high expectations for the ECTC projects – such as improved road conditions – because they tend to confuse private investors with donors. However, the company has not yet provided any form of social compensation, and no action has been taken to control the illegal deforestation that is contributing to the plantations' decline. The project's effects on the local communities include the potential relocation of 180 families who live in the natural forests of Loka and the loss of access to its products, which are considered crucial for the living conditions of the people residing in the area. The land lease agreements are not clear with regards to measures concerning *Village Community Rights*. In addition, there is a serious risk of impacting the area's biodiversity, seeing as the grant concerns 50,000 hectares of rich virgin forest.

European Development and Investments

Relations between the European Union and South Sudan belong to a complex system of policies that include aid, trade, and investment in developing countries. According to the European Commission: «*Effective development policy is essential in helping create better conditions for trade and investment in developing countries, as well as to ensure equitable distribution of their benefits for poverty eradication*».

This concept of development is closely linked to the neoliberal model, which involves opening up markets in order to attract global capital to promote economic growth.

In the forestry sector, the *European Union's Forest Law Enforcement, Governance, and Trade* (FLEGT) action plan is a programme established in 2008 that aims to prevent illegally harvested timber from reaching European markets. The FLEGT is implemented through bilateral *Voluntary Partnership Agreements* (VPAs) between the EU and timber producing and exporting countries. The agreements also include provisions that aim to improve the governance of local forests in partner nations. Countries that have signed agreements with the EU adopt licensing systems for their timber, and the EU no longer accepts uncertified timber from those nations. However, the criteria of the FLEGT programme can easily be circumvented, and moreover, the timber's legality does not necessarily coincide with its social and environmental sustainability. This licensing system may not prevent the potential deforestation of 50,000 hectares of natural forest.

The political dialogue, access to trade, and development cooperation between South Sudan and the European Union are currently in negotiations within the framework of *Economic Partnership Agreements* (EPAs), whose main goal is to help the ACP group of countries (those in Africa, the Caribbean, and the Pacific) become integrated within the world economy by creating trade and an attractive environment for investment. Today, the EU is coming to realize that the trade policy for the last 30 years has failed to support the local economies and to stimulate growth in ACP countries; on the other hand, EPAs appear to be a perfect fit to remedy this situation. It is unclear how it might be possible to improve an economic situation and, through it, a human rights situation, by pursuing

the same liberalisation and open market policies that have already been proven to fail.

A market logic, therefore, should not be relied on alone; in fact, the EU encourages the recognition of principles of corporate social responsibility (CSR) but until these principles are strictly applied in a legally binding way, many grey areas will remain. Indeed, Maris Capital adopts certain standards of CSR and codes of investment, but this practice has not precluded its non-observance of certain principles, like its failure to consult with local communities in advance or its lack of transparency with regards to changes in investors.

In 2011, the EU promoted the adoption of a development assistance plan for South Sudan aimed at safeguarding its food and agriculture, in part by providing technical assistance to the Ministry of Agriculture and Forestry. Despite the fact that a priority area of intervention has been defined, an immense contradiction exists between the ever-growing needs for food security in South Sudan and its integration in the international economy, seeing as its land access rights continue to be violated.

The CETC case study highlights the way in which the policies of the European Union facilitate the occurrence of resource hoarding: firstly, they compel developing countries to open themselves to their markets and to accept investment provisions in order to attract foreign capital; secondly, they do not provide for the inclusion of binding CSR codes of behaviour or of environmental and social control mechanisms for the private sector.

Conclusions and recommendations

The issue of resource hoarding should be a focal point of the European agenda, especially when a substantial amount of development funds are used for the benefit of food security. This problem is closely tied to food sovereignty, and yet, land access for local communities is not considered among the priorities of international donors. Even though tools are available on both the international and European levels to combat the expropriation of lands and natural resources, it is unclear how the inhabitants of South Sudan, who already are poorly informed of the national laws of their own country, may benefit from them.

In conclusion, the European Union has the responsibility and the duty to help South Sudan achieve this goal, acting in the many areas of action mentioned above. Therefore we call on the EU to:

1. take forward its commitments to promote legal logging, trying to involve South Sudan in the FLEGT programme and combine such initiative with those protecting biodiversity, such as the Convention on Biological Diversity and the EU Biodiversity Strategy by 2020;
2. enhance political consistency for development, giving priority to the protection of human rights and the environment, while involving the State of South Sudan in economic and trade agreements;
3. go beyond the concept of corporate responsibility and adopt legal obligations binding European companies to respect human rights and the environment, wherever they operate. The EU should also obligate its companies to conduct environmental assessments of the impact of their activities and submit reports transparently and accountably;
4. effectively implement the principles stated in the "Voluntary guidelines on accountable governance of tenure of land, fisheries and forest in the context of national food security", assuring that the EU as well as its Member States' aid programmes, development funds and development financial institutions implement guidelines, reviewing existing deals. ◆

India

THE MAHESHWAR DAM IN INDIA; PRIVATE INTERESTS OVER THE NARMADA VALLEY

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cevi

Attiviste di Narmada Bachao Andolan – NBA, India (*photo by Daniela Del Bene*).

This report focuses on one of the main contested hydroelectric projects in Central India, the Maheshwar Dam, in the Nimar region of Madhya Pradesh state.

The dam is currently under construction on the river Narmada, one of the most venerated rivers in India and the cradle of most ancient civilizations of the country. The river originates at Amarkantak, 1057 m above the sea level, now in Shahdol district of Madhya Pradesh. In its 1,312-km long journey, the Narmada flows through the three states of Madhya Pradesh (90% of its length), Maharashtra and Gujarat. Its banks are dotted with temples, myths and folklore, the living symbols of Indian tradition. The river Narmada gives life to permanent settlements and nomadic populations, Adivasi and rural communities, who rely on it for their livelihood. The cultural and identity links between the people and the river are indissoluble and the river has always been venerated as a goddess. The area is also well known for its fertile soil and high agricultural productivity, vibrant markets and rich local culture; moreover, the area is host to some of the most important pilgrimage routes in Central India, the Parikrama.

The 400-MW Maheshwar dam is part of a more comprehensive plan to dam the river, the Narmada Valley Development Plan (NVDP). Its full scope became known only towards the late 1980s: an ambitious plan which envisages the building of 30 big dams, 135 medium dams and 3,000 small dams on the Narmada and its tributaries. The dams were supposed to achieve three major goals: hydropower production, irrigation and flood control. If all of these dams ever get built the river as we know it will disappear, and all that will be left is a series of lakes. These mega projects, presented as an unavoidable development strategy, have threatened the lives of millions of persons, causing thousands of families to leave their homes, villages to be submerged – sometimes without previous warning – and thousands of hectares of cultivable land to be lost under water.

Like all of them, the Maheshwar Dam will not only drastically alter, but literally drown a culture, a heritage of diverse knowledge and centuries of

Top: Maeshwar dam on the holy river Narmada, India (*photo by Daniel del Bene*).

Right: Activists of Narmada Bachao Andolan – NBA, India (*photo by Daniel del Bene*)

Bottom-right: Sand pickers, activity threatend by the dam on the Narmada river, India (*photo by Daniel del Bene*).

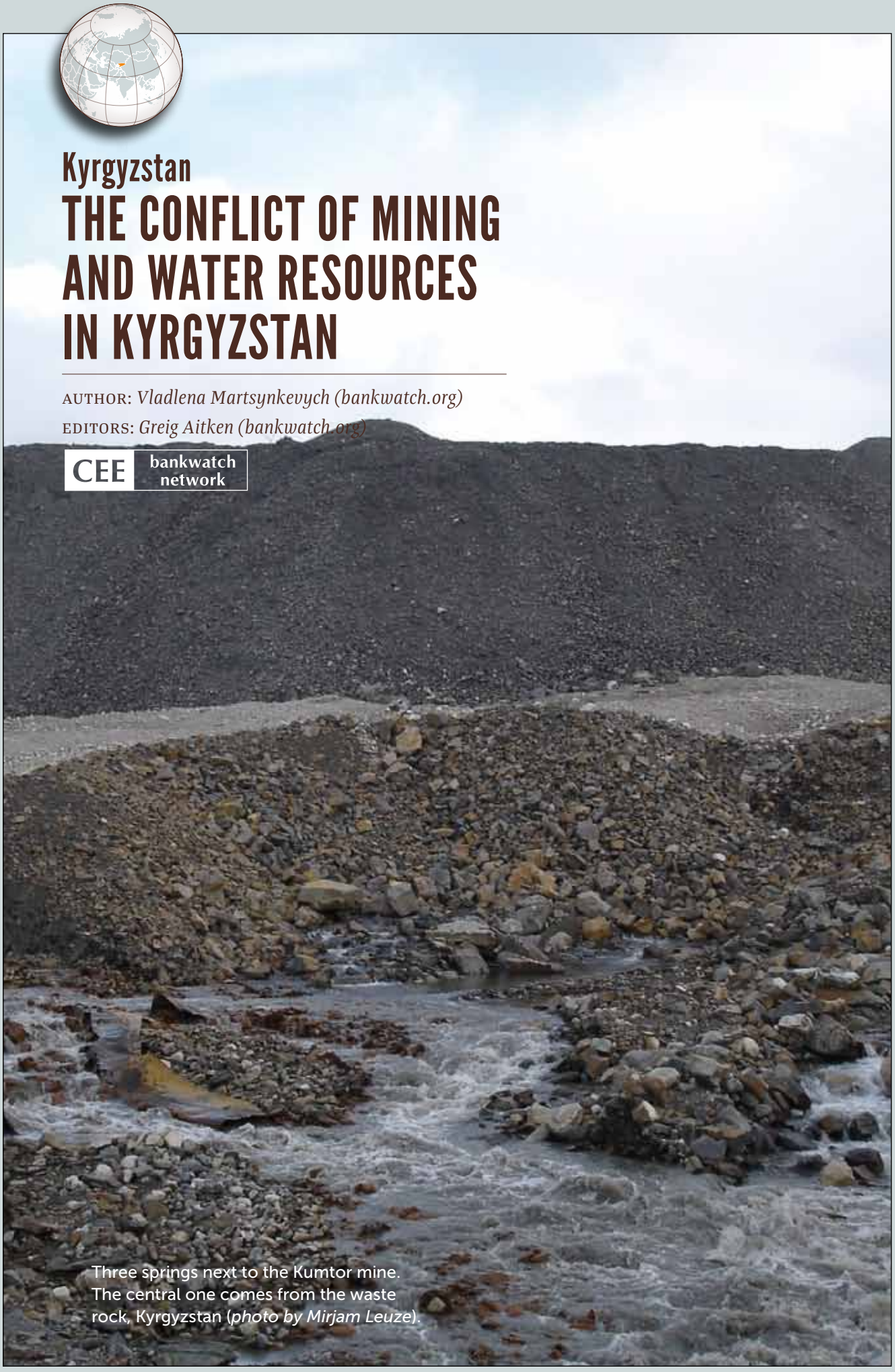
history. This report aims to explore the logic and development strategy behind the dam, how civil society has organized itself to oppose the project and on what basis, and how international cooperation can help distant communities understand one another's problems and reciprocally support their causes.

Today, the Indian economy is still generally well known for its speedy growth, especially after the opening up of many sectors to foreign investment. The economic reforms enacted by Rajiv Gandhi's government in the early '90s have encouraged foreign investment in the Indian economy, drugging the extraction sector, the building of infrastructures for transportation and energy production and telecommunications. The greed for power and natural resources heavily affected rural areas and communities. Development plans followed a widespread culture of massive interventions and large infrastructures to boost growth and re-consecrated big dams as the "new temples of modern India", as they were defined by Jawaharlal Nehru in the '40s. Hydropower has also been recently encouraged by the overall discourse of the Green Economy, which painted it green despite all the environmental and social impacts it causes.

The Maheshwar Dam was planned almost 40 years ago, but only in the early '90s was it handed over to a private company, S.Kumars, which later welcomed foreign capital. It thus became the country's first private hydroelectric project and it benefitted from favourable acts and de-regulation measures passed by the Central Government.

The area flooded by the reservoir includes at least 61 villages, whose inhabitants are going to be displaced. Despite the national legislation stating that rehabilitation and resettlement should be implemented at least 6 months before submergence, only one village has been resettled – and in problematic conditions – thus far, and the dam is nearly completed. People have been fighting for the last 25 years and more, and now they have formed the Narmada Bachao Andolan movement (NBA), operating along almost the entire river against many other damming projects. Thanks to support from other activists, committed citizens, other social movements, intellectuals and artists from all over the country, NBA could spread a very strong message all across India, challenging the very concept of "development" and raising the core question "for whom and at what cost?". Many other social movements and struggles have been inspired by the NBA, moving from conflicts related to dams and displacement to forest and Adivasi rights, fisheries, mines, nuclear power plants, Special Economic Zones and other industrial plants. The NBA's means of fighting draw inspiration from Gandhi's methods: non-violence, faith in democracy and in the legal system. NBA also challenges land issues, such as legal tools allowing land acquisition for so-called "development projects", as well as private interests grabbing natural resources, the non-accountability of the State in ensuring the rehabilitation of the affected people, the financial non-viability of the projects, etc. International solidarity and mutual cooperation and support have also been determining factors in the anti-dam struggle in the valley, as they were able to cause international funds to be withdrawn from the project.

The struggle against the Maheshwar Dam is still going on while this report is being written. It is an extraordinary example of people coming together, overcoming cultural and caste boundaries to defend their territory and lives from the grabbing of water and land, i.e. their basic means of livelihood. It is also a testimony to the world of an entire culture that refuses to die, and at the same time questions the logic and the silliness of this kind of development. ◆



Kyrgyzstan

THE CONFLICT OF MINING AND WATER RESOURCES IN KYRGYZSTAN

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Three springs next to the Kumtor mine. The central one comes from the waste rock, Kyrgyzstan (*photo by Mirjam Leuze*).

Kyrgyzstan is a mountainous country rich with water and natural resources. The country hosts one of the planet's two thousand priority ecological regions, unique ecosystems and biodiversity and is considered the "water tower" of Central Asia due to its Tien Shan glacier reserves. Yet mining is threatening Kyrgyzstan through the challenges posed by climate change, pollution and the mismanagement of these resources.

Currently revenues from mining account for 9.2 per cent of Kyrgyz GDP and approximately 10 per cent of tax revenues, and the government has done little to support other aspects of the economy. With 32 per cent of the population living below the poverty line and three per cent in extreme poverty, Kyrgyzstan has prioritised economic development based on activities that seriously threaten the environment and the management of water, land and natural resources crucial to the country's long-term sustainability.

Gold is the country's main export, estimated at around 40 per cent of total exports and 50 per cent of industrial production in 2010[1]. The main European trade partner for Kyrgyzstan is Switzerland, importing about 82 per cent[2] of all non-monetary gold that is produced in Kyrgyzstan.

Kyrgyz's water resources have primarily been viewed as a commodity to exploit, rather than an environmentally-valuable system to protect in order to avoid negative impacts. Not only is water used for drinking and irrigation but also energy, with 93 per cent of the country's energy mix coming from its hydro resources. Because of its upstream position, Kyrgystan's waters flow downstream to neighbouring Kazakhstan and Uzbekistan.

In winter when Kyrgyzstan needs energy, the land in Uzbekistan is flooded, while in the summer months when the water upstream is captured by

1 EBRD Coutry Strategy for Kyrgyzstan, 2011: www.ebrd.com/downloads/country/strategy/kyrgyz.pdf

2 www.osec.ch/sites/default/files/WB_1106_E_Wirtschaftsbericht-Kirgistan.pdf

hydropower plants, the agricultural land downstream where the majority of people are employed is in need of water for irrigation. This situation requires agreements on joint water management, but at present there is no longer-term cooperation framework in place for the protection of the water resources.

Moreover, as surface runoff is expected to decline from 2020 onwards, the situation may become more serious. The Kyrgyz government is not properly attending to the development climate change adaptation strategies however, as evident by the fact that climate considerations are missing in sectoral and regional strategies.

All Central Asian countries with glaciers – Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan – are in the process of compiling glacier inventories, and a glacier monitoring centre in Kazakhstan has been established in collaboration with UNESCO. This international assistance is welcomed, since currently glaciers in Kyrgyzstan are not accounted for as a valuable natural resource and not a single state agency has oversight over their protection, which makes understanding the scope of the problem next to impossible[3].

EU and Kyrgyzstan

Through its "Strategy for a new partnership," the EU together with other individual European countries is actively involved in the region, with expectations to improve both environmental sustainability and water management practices. The strategy should also promote democracy, good governance, rule of law and human rights. At the same time, the EU includes in its Partnership and Cooperation Agreement (PCA) with Kyrgyzstan the objectives "[to increase] investment and trade in mining and raw materials".

Other contradictions between EU policy and practice are visible in the region. While the EU-Kyrgyzstan PCA aims to approximate Kyrgyz and EU legislation, the environmental legislation that regulates mining operations has recently been weakened, according to a 2010 UNDP Millennium Development Goals progress report. The legislation should be aligned with the Aarhus Convention so that its implementation is effective.

At the World sumit for sustainable development in 2002, the EU Water Initiative was established between the EU and countries of eastern Europe, the Caucasus and Central Asia (EECCA), focusing on environmental protection and improving lives and livelihoods[4]. The most important component of the initiative focuses on integrated water resource management, including transboundary river basin management and regional seas issues.

In 2009 during the third EU-Central Asia high level conference on environment and water, the EU-Central Asia platform for enhanced cooperation agreed to the objectives of environmental governance, climate change and sustainable water management. Two working groups were established within the framework of this platform: a working group on environmental governance and climate change, chaired by Italy as coordinator of the platform, and a working group on water management, chaired by Romania. In 2012 Germany led a review of its three-year achievements, during which the five Central Asian states reaffirmed their desire to develop water management mechanisms acceptable to all sides and account for the interests of all states in the region.

One example in which water and natural resource management overlap is at the Kumtor gold mine, a project of strategic national importance that is having an impact on glaciers, water ecosystems and a nearby nature reserve. The most severe impact of the mine on the glacier has come from storing waste rock on top of the glaciers, which aggravates their melting. As a result the glacial waters interact with crushed waste rock, are polluted and then flow into the river Kumtor and the transboundary river Syr Darya downstream.

3 Expert: The speed of glaciers melting in Kyrgyzstan increases, 11/01/2012: www.xn--c1adwdmv.xn--p1ai/news/fd-abroad/kirghizia/ecology/1486811.html

4 EU Water Initiative. 2011 Annual Report: www.euwi.net/files/2011_ANNUAL_REPORTfinal_.pdf

Top: Confluence of two sections of the Naryn River near the town of Naryn, one carrying water from the Kumtor mine, Kyrgyzstan (*photo by Mirjam Leuze*).

Bottom: State commission takes water samples at Petrov Lake, downstream from the Kumtor mine, Kyrgyzstan (*photo by Mirjam Leuze*).

«Well the mine brings jobs. That's the good thing about Kumtor, but they have polluted the environment. When we started to work here in 1995 there were so many fish that we used to catch them with buckets», Janibek Tulkunov, Tamga village.

In 2009 the Kumtor mine received additional lands for exploration works from the nearby Sarychat-Ertash reserve, lands which previously had been slated for protection. However after international and national attention to this issue, the Kyrgyz Parliament voted in June 2012 to revoke the company's licences and the government agreed.

Locals still remember an accident at the mine in 1998 when cyanide spilled into the river Barskoon. Negative attitudes about the company were further exacerbated when the mining company failed to communicate its environmental protection strategies with communities. In order to have their greivances heard, locals commonly block the road leading to the mine.

«Life hasn't changed much since the Kumtor gold mine opened. Everything is like it used to be. In the past I was riding a donkey, now I am riding a horse, that's the kind of development we see here in Barskoon», Karat Isakunov, farmer, Barskoon.

The European Bank of Reconstruction and Development (EBRD), in which the European countries have a majority shareholding, has continually supported the mine's owner – Canadian company Centerra Gold Inc. – since project operations began in 1995 and again in 2010 with a revolving debt facility. Although not formally an EU institution, the EBRD is part-owned by the European Union, with European countries accounting for 60 per cent of its shares. The EBRD is also a signatory to the EU Principles for the Environment. As such the EBRD should promote EU standards and policies in areas such as environment and resource efficiency, through mechanisms like its recently-adopted mining strategy and the principles of the Aarhus Convention.

The EBRD often justifies its investment decisions based on previous experience with a corporate or its ability to improve corporate governance. In the case of Kumtor, the company Centerra Gold has often claimed it has implemented many measures for the local communities, yet questions remain about whether the choice of its community projects is appropriate and the distribution of funds is transparent. A company's "social licence" to operate is essential and must include an understanding of local people's demands, needs and expectations. This situation worsens in cases where strong state regulatory and monitoring capacities are lacking and corruption risks are high.

Both Centerra and EBRD impact assessments about waste rock placed on glaciers were incorrect from the beginning, since the magnitude of the melting was not predicted accurately and the consequences appear to be irreversible endangering water systems downstream, questioning the rigour with which the projects had been scrutinised.

«Actually our living conditions are not so bad compared to other villages in the region, but we have problems with bad roads and water. We get our drinking water from the river, and the water is very dirty. This is very difficult for us», Chumagul Seidekirimova, veterinarian, Barskoon.

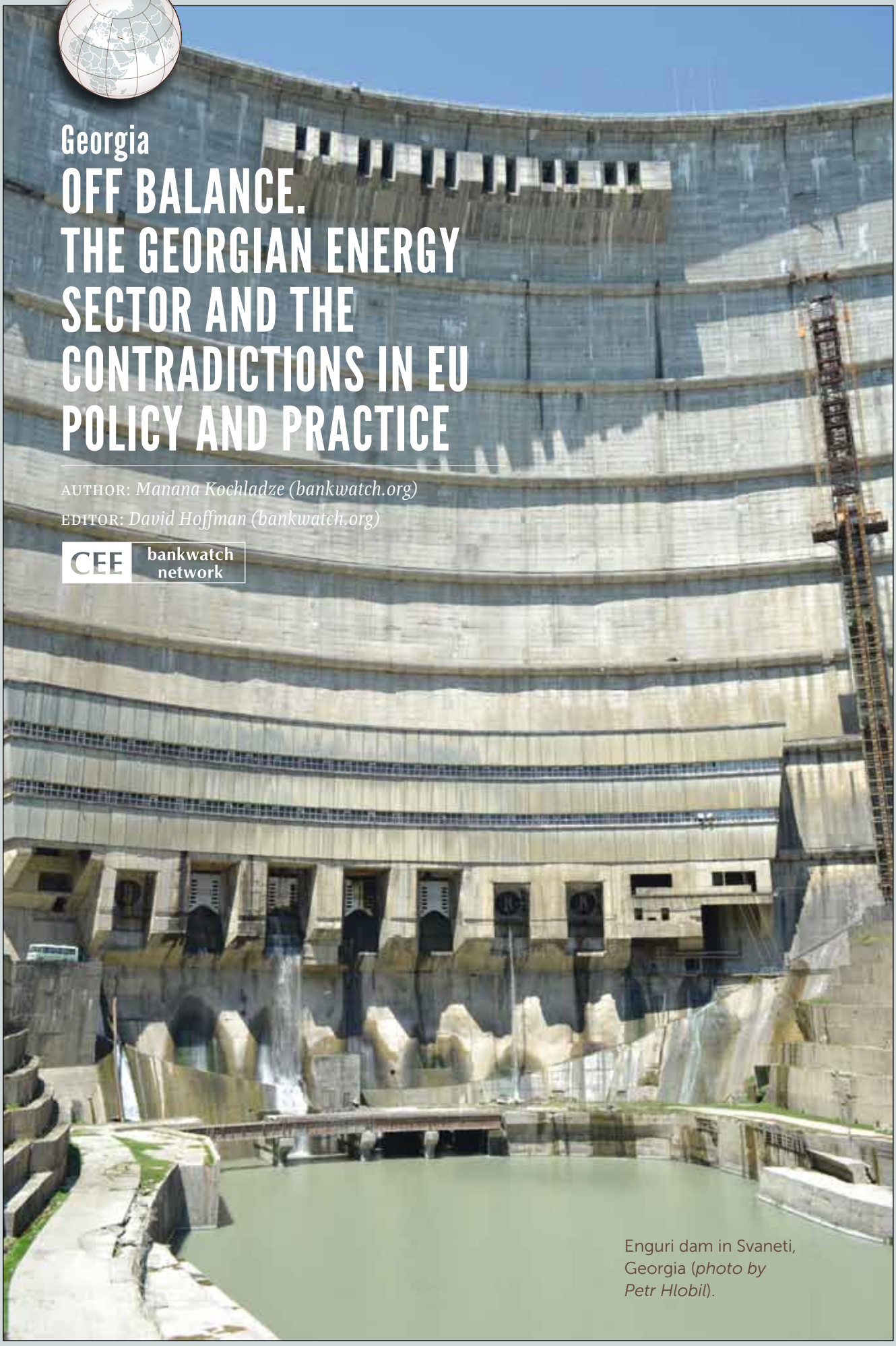
EU involvement via the EBRD may again be contributing development money to the pollution of transboundary rivers and glaciers, in spite of the aforementioned EU water initiative that strives to ensure "a balance between human water needs and those of the environment, as the health of ecosystems is key to human health, to sustainable development, and to poverty reduction and vice-versa".[5]

5 EU water initiative for life, edz.bib.uni-mannheim.de/daten/edz-bn/gdu/05/water2.pdf

Recommendations

1. Both direct and indirect funding for Kyrgystan by the EU should ensure the implementation of the commitments under the Lisbon Treaty Article 21 and support social, economic and environmental development and the eradication of poverty;
2. As water is one of the key issues to ensure the stability of the region, EU programmes including the EU Water Platform, strategies for the Central Asian region and related EU funding should address the issues of climate change and glacier protection. Projects and programmes receiving EU funding should ensure access to information, public participation and access to justice on environmental matters, as is required by the UN Aarhus Convention. The EU should support the harmonisation of Kyrgyz legislation with EU environmental legislation, including horizontal legislation like the mining waste and water framework directive, and strengthened administrative structures and procedures to ensure proper monitoring of extractive industries;
3. The EU should help Kyrgyzstan to re-orient its development towards long-term environmental and social sustainability by diversifying the economy and promoting environmental protection within the operations of the EBRD;
4. The EU's cooperation with Kyrgyzstan should encourage more visible, expanded and effective environmental protection measures and monitoring systems for the use of natural resource, both nationally and regionally. Special attention should be paid to the protection of glaciers, pollution prevention and water resource management based on rational use and water supplies within existing international commitments;
5. A strategic assessment of mining and other economic activities should be carried out, and the plans, programmes and legislative acts related to the natural resources sector should be re-examined to ensure long-term sustainability for the Kyrgyz people. Economic incentives for conserving nature, saving resources, reducing waste and using waste-free technologies and equipment should be implemented along with measures for the diversification of the economy. ◆

Top: Waste water from Kumtor mine running into the pond following treatment, Kyrgyzstan (*photo by Mirjam Leuze*).



Georgia

OFF BALANCE. THE GEORGIAN ENERGY SECTOR AND THE CONTRADICTIONS IN EU POLICY AND PRACTICE

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Enguri dam in Svaneti, Georgia (*photo by Petr Hlobil*).

This study reviews the development of greenfield hydro projects in Georgia and explores how current energy sector trends in the country relate – or otherwise – to sustainable energy principles. It concludes that the Georgian government, together with the European Union (EU) and EU institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), continues to support so called 'traditional' energy projects, mainly large hydro, and is not taking sufficient steps to support important elements of sustainable energy such as environmental integration, renewable energy sources and energy efficiency.

The study highlights how political decisions taken in favour of traditional energy projects often come about without proper economic analysis and justification, and lack proper consideration of all the costs and benefits involved; such decisions result in negative impacts for the Georgian environment and public. The study also points out the non-compliance of the ongoing development of large scale hydro power plants in Georgia with EU directives, and further raises questions about certain incoherencies between EU policies and investments.

Finally, the document provides recommendations for measures that should be undertaken in the short-term by both the EU and the Georgian government in order to support the establishment of a consistent and sustainable energy sector in Georgia.

Since Georgia's Rose revolution in 2003, the country has increased and deepened its political and economic relations with both the United States and the European Union. However, such developments have provided little in the way of improved human rights. Although there have been a number of positive steps taken, such as combatting petty corruption and undertaking reforms in the education and business sectors, Georgia has not made significant progress in strengthening representative institutions or introducing democratic procedures. The state's efforts within the sphere of social and sustainable development policy have been even less successful.

To foster economic development across the

Left: Enguri dam in Svaneti, Georgia (*photo by Petr Hlobil*).

country, Georgian governments have opted for "fast economic modernisation practice" – this involves the minimisation of state intervention through full deregulation and liberalisation in a number of economic sectors. At the same time there has been a clear tendency to move Georgia's economy towards heavy dependence on the large-scale exploitation of natural resources without assessing the economic, environmental and social consequences of such an approach; in particular, impacts on poor communities that rely heavily on natural resources for subsistence and income have been neglected.

Georgia aspires to integrate with the EU and to finally become a member of the bloc, and it serves as a red line in all political negotiations. Georgia is part of the EU's European Neigbourhood Policy, and there are ongoing negotiations between Georgia and the EU regarding the Associated Partnership Agreement, including DCFTA (Deep and Enhanced Trade Agreement).

The national parliamentary elections of 2012 have been assessed as an important test of democracy for the country – according to international observers, Georgia passed this test successfully. While the elections were dubbed 'historic', still a great deal remains to be done in order to ensure the real development of democratic institutions, the rule of law and respect for all human rights, including social. economic and cultural rights. The new government that took office in November 2012 should be in a position to address all the problems associated with the legacy of the past, including Georgia's heavily impacted ordinary citizens.

Georgia's water and land resources

The territory of Georgia is rich in water resources. However, these resources are not distributed equally over the territory and the eastern regions of Georgia frequently experience severe water shortages, notably during extreme droughts, while the western regions are subject to risks of flooding due to the abundance of rainfall. The water is primarily used for irrigation and hydropower generation and less for water supply. The largest dam, for hydropower, is the Enguri dam with a reservoir capacity of 1.092 km.

The share of agriculture in Georgia's gross domestic product (GDP) fell from around 50 per cent in 1990 to around 16 per cent in 2004. This fall in average agricultural output was linked to land reform-related problems, distorted irrigation, closed down processing industries, and restricted access to credits and export markets. The failure of agricultural production resulted in an increase in rural poverty, as more than 80 percent of the country's rural population depend entirely on their own farms for subsistence. It is estimated that at least 50 percent of the population work in the agricultural sector. According to studies, agriculture and consequently food security significantly declined over the last decade.

So-called water and land 'grabbing' is a major problematic issue in Georgia, due to an unclear legal rights regime – as this study shows in the section on specific large dam case studies, this is having serious repercussions for communities situated next to major infrastructure development sites.

Georgia's energy sector – with specific focus on the hydropower sector

Energy security has been one of the most important challenges for Georgia since independence. The first years were marked by a harsh energy crisis, due to the cutting of gas supply from Russia accompanied by immense corruption in Georgia's power sector. The energy crisis had a disastrous impact both on the environment (degradation of forests, erosion, etc.) and the health of the population (for example, via the use of low quality oil products and indoor pollution). Twenty years on, Georgia's energy security is still highly dependent on imported fossil fuels that mean that the country has a high risk of economic and political dependence.

Georgia is a country rich in hydropower potential. Since the nineteenth century hydropower in Georgia became one of the driving forces in electricity production. Nowadays total installed generation capacity in Georgia is 3500 MW. Hydropower accounts for 85 percent of the country's electricity – there is annual output of around 8.5 TWh from hydropower, almost fully satisfying the needs of the domestic market. It is estimated that the total hydropower potential of Georgia is 80 TWh, out of which the economically viable potential is thought to be 27 TWh.

To date only about 11.1 percent of the technically feasible potential has been developed. A number of different assessments undertaken by USAID, UNDP, GEF and others has highlighted the huge potential for the development of small hydro energy. There are around 47 small and medium-size HPPs and six large HPPs in Georgia. All of these, with the exception of a few (Enguri, Vardnili Cascade), have been privatised.

The objectives of Georgia's energy policy – adopted by the Georgian parliament in 2006 – can be considered progressive, despite there being a few obstacles. The policy aims at the diversification of supply sources and the development of export potential, by any means. In addition, the policy does not support the development of renewable energy, considering that it should be developed under the same conditions as traditional energy sources, while it fully ignores energy efficiency, one of the major bottlenecks in Georgia's energy system.

In recent years the Georgian government has sought to position the country as a future regional renewable energy hub. Yet while the Georgian government continues to support so called 'traditional' energy projects such as large hydro and thermal power plants, it is not taking sufficient steps to support those elements that are crucial for a sustainable energy system such as environmental integration, renewable energy sources and energy efficiency schemes.

Since 1994, Georgia's energy sector has been viewed by international donors and the international financial institutions (IFIs) as a sector of key strategic importance. In the early stages of this focus, emphasis was put on the regulatory framework of Georgia's energy sector, the privatisation of energy entities, the rehabilitation of existing generation and transmission facilities, and continuous – often controversial – reforms to the country's energy system.

Following the Georgia-Russia conflict in 2008, the Joint Needs Assessment report, that served as the basis for the allocation of USD 4.5 billion in support to Georgia, clearly states that "In the longer-term (i.e., beyond the horizon of the funding needs being presented to donors), Georgia needs to enhance its energy security by continuing to develop domestic energy resources. Investments include small, medium and large hydropower plants. Chief among these are the Khudoni hydropower plant ($800 million), the Namakhvani hydropower cascade ($540 million), the Oni hydropower cascade ($525 million), with the total program amounting to $2.7 billion."

In general, the energy policy of the Georgian government, with its aim of utilising the hydro energy potential of the country and developing its export potential, has been supported by the IFIs and the EU. The commitments undertaken by different IFIs and major donors during the donors' conference in 2008 includes the construction of the Black Sea transmission line, as well as the development of a number of new greenfield energy projects in Georgia.

The EU's energy security in neigbouring countries

The energy security concept has emerged in recent years as one of the cornerstones of the EU's foreign policy, primarily in order to diversify the bloc's energy supply sources. It includes support for numerous oil and gas pipelines and supply routes in the Caspian sea region to ensure diversification of supplies whilst avoiding Russia. As a result, and via the support of the IFIs as well as special EU programs such as INOGATE, over the last decade European companies have ensured the development of a number of oil and gas fields and pipelines in the Caspian region.

In addition, the EU is promoting and backing the export of electricity from the neighbourhood countries through already existing transmission lines, as well as by promoting the construction of new ones, despite the evident "lower environmental and social standards of the generating facilities".

HPP sector development – the future for country development?

2012 was announced as the year of hydro development, where the government would support the construction of 18 HPPs. The planned projects include highly controversial large dam cascades mainly in the mountainous areas of Georgia, including the Khudoni HPP (702 MW, annual output 1.5 TWh) on Enguri. The planned projects do not comply with the principles of sustainable development, and they may have serious negative impacts for the environment, drastically change the social and demographic situation in Georgia's mountainous regions and also lead to the destruction of cultural heritage.

An associated, complicating factor is that the Environmental Impact Assessment (EIA) system is ineffective in Georgia, both in terms of providing the public with information and opportunities for public participation, as well as in terms of helping decision-makers to take informed decisions on activities that might have a significant impact on the environment and human health. The Georgian EIA system is neither in compliance with the requirements of the Aarhus Convention nor with relevant EU directives.

A further alarming gap with deep implications for the development of large hydropower projects in areas where there are small communities and villages is that Georgia's legislation does not address the issue of involuntary resettlement caused by infrastructure projects.

Left top and bottom:
The public hearing in Khaishi about Khudoni dam started outside the building, Georgia (*photo by Petr Hlobil*).

Woman opposed to construction of Khudoni Dam in Svaneti, Georgia (*photo by Petr Hlobil*).

Conclusion

The Lisbon Treaty, TEU Article 3, sets out the European Union's overarching principles and aims. Article 3(5) includes the following among the objectives that the EU should contribute to in its relations with the wider world: "...the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights".

Therefore, the EU's external actions should aim at "...fostering the sustainable economic, social and environmental development of developing countries with the aim of eradicating poverty."

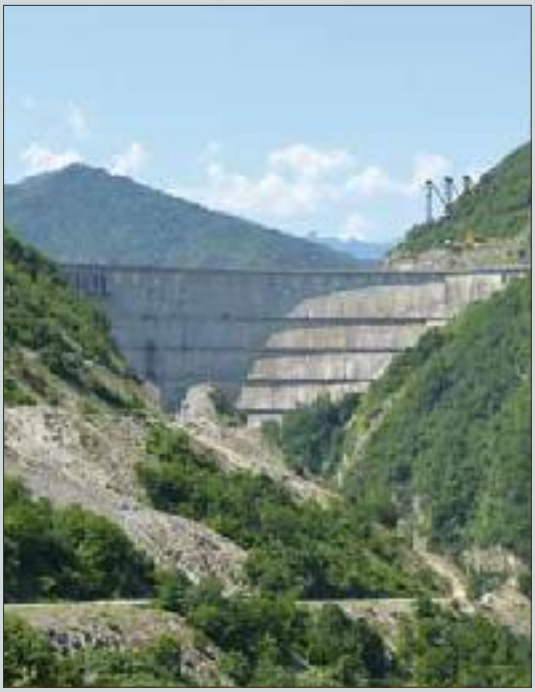
There are significant contradictions between the policies and investments promoted by the EU. As it promotes respect for human rights, sustainability and environmental protection, at the same time its energy security policy promotes access to unlimited energy, at any cost. The same could be said about its investments and financial instruments. While the promotion of small scale, sustainable renewable energy represents one of the major headlines for EU financial instruments, simultaneously it works to secure and invest hundreds of millions in unsustainable large-scale energy projects, without sufficient safeguards.

Recommendations for the EU

1. The label 'renewable energy' should not provide an automatic green light. The European Commission needs to do more to ensure that growth in renewables does indeed bring about leads greater sustainability by adopting sustainability criteria for renewable energy projects;
2. the criteria for 'sustainable' HPPs should be defined through EU an legal document directive that takes account of the EU water framework directive, the habitats directive, European Council Conventions (the Convention on the conservation of European wildlife and natural habitats, EU landscape and others) and other relevant documents;
3. strategic Environmental Impact Assessment should apply to any EU investment that could have the potential to serve as a catalysis for sector development (as is the case with the Black Sea Transmission line);
4. World Commission on Dams recommendations on the development of a strategic assessment of the energy sector prior to any large hydro investments into a given country should be adopted as a methodological guidance at the EU level and be similarly required from the given partner country in the case of any large-scale power sector project;
5. given the fact that the construction of any large dam is connected with irreversible changes and risks for both the environment and society, the decision-making process should accordingly be undertaken based on full consensus among members of the society in question;
6. the EU should recognise that a crucial part of the right to housing is the prohibition of forced evictions. These are defined as permanent removals of individuals, families, and/or communities from their homes and/or lands that they occupy, on either a permanent or temporary basis, without offering them appropriate measures of protection, legal or otherwise, or allowing access to these measures of protection;
7. large-scale investments that have potential to

bring about forced evictions should be carried out only if the country has appropriate safeguard policies and a good track record in this regard;

8. the EU also needs to ensure that its policies – especially those as valuable and important as renewable energy targets – do not lead to undesirable results in neighbouring countries, such as the destruction of biodiversity, and the inability to meet future renewable energy targets. The EU also needs to look wider than simply safeguard standards. In the long term Georgia, like some other Eastern Partnership countries, has aspirations to join the EU, and will have to follow the bloc's 2050 decarbonisation agenda.

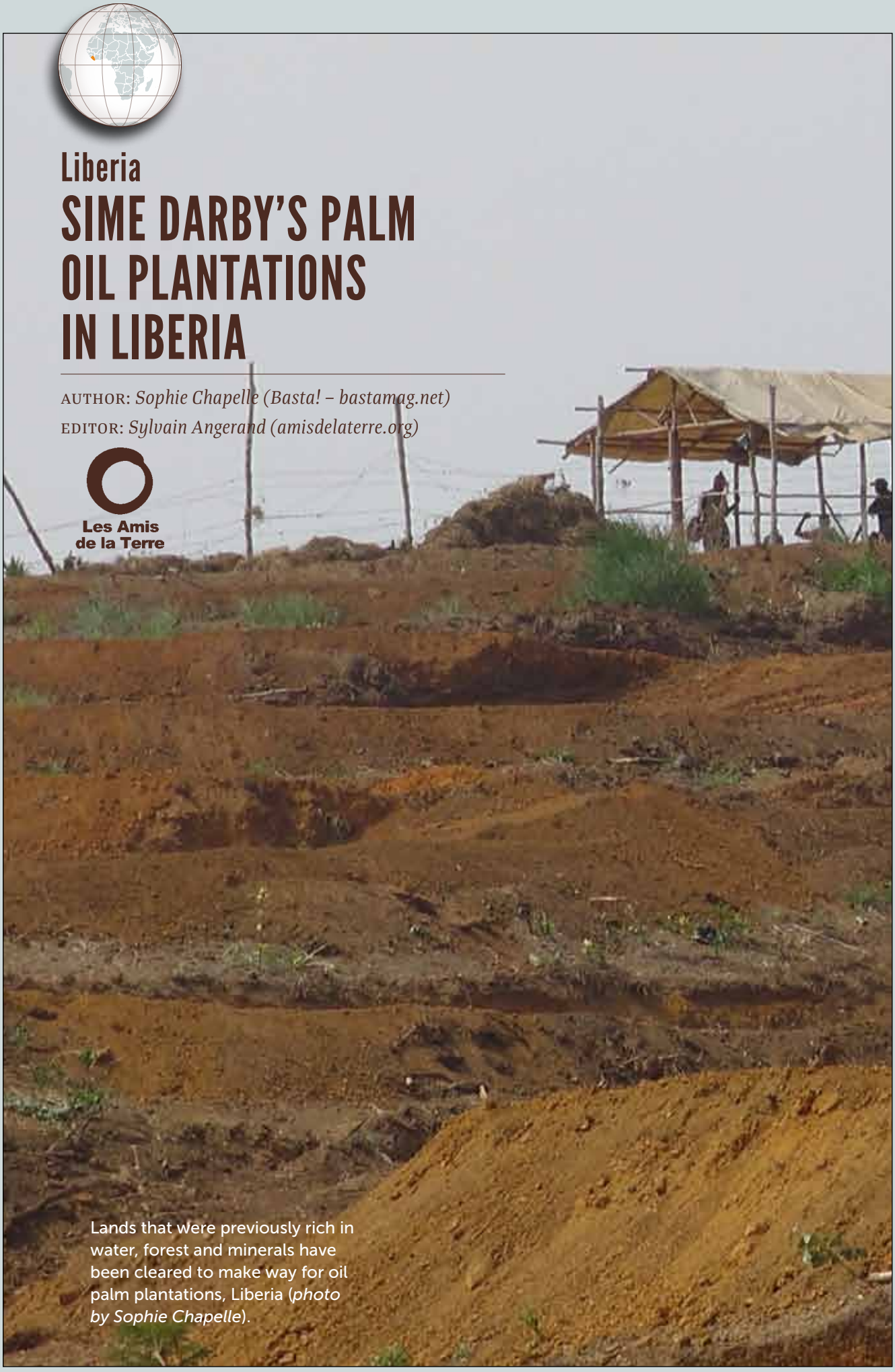


Top: Enguri dam in Svaneti, Georgia (*photo by Petr Hlobil*).

Specific recommendations to address the Georgian energy sector situation

In order to ensure that the mistakes involved in the energy sector planning are taken into account, and that the process of Georgia's power sector development is sustainable, it is essential that the international financial institutions and the EU:

1. enforce a moratorium on the funding of any large dam construction in Georgia until the strategic development plans of Georgia's power sector are developed in a participatory manner;
2. support the development of a coherent resettlement and environmental policy that would comply with international legislation;
3. support the Government of Georgia to carry out a genuine Strategic Environmental Impact Assessment that would: address ways to satisfy existing electricity demand in Georgia with existing potentials and alternatives; address as well as develop the most sustainable solutions for development within the sector, and; present a cost-benefit analysis of these alternatives, along with a cumulative impact assessment of the planned projects on local populations and Georgian society as a whole. The SEA should present the best scenarios not only for the development of new generation capacities or the rehabilitation of infrastructure, but include also the development of new renewable technologies, as well as energy efficiency;
4. ensure wide and fair public participation for the revision of the SEA findings and the follow up decision-making process. ◆



Liberia

SIME DARBY'S PALM OIL PLANTATIONS IN LIBERIA

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EDITOR: *Sylvain Angerand (amisdelaterre.org)*

Les Amis de la Terre

Lands that were previously rich in water, forest and minerals have been cleared to make way for oil palm plantations, Liberia (*photo by Sophie Chapelle*).

An Executive Summary of the report "Palm Oil: live or drive, a choice has to be made", which presents the findings of a mission completed in January 2012 by Sophie Chappelle, a journalist for the news website Basta!, supported by Friends of the Earth France and Friends of the Earth Liberia, within the framework of the European project "Grabbing Development".

The context

Palm oil (and palm-kernel oil) is today by far the most commonly imported oil in Europe[1]. Rather than reducing the demand for vegetable oil, in particular by abandoning the use of agrofuels, Europe is attempting to secure access to new sources of vegetable oil. Whilst the production of palm oil continues to be a prime cause of conflict in south-east Asia, it is Africa that is now being targeted by investors.

The reason for this mission and this report is the proposed installation of a palm oil factory at Port la Nouvelle (France) by Sime Darby, Malaysia's leading multinational conglomerate.

Liberia, a fragile country rich in natural resources

Two successive civil wars (1989-1996, then 2001-2003) have left lasting scars on the country. During the fourteen years of conflict, most of the infrastructures sustaining energy supply, water supply, sanitation, waste disposal, and housing were destroyed or badly damaged. Today, Liberia is working towards its reconstruction. It is one of the poorest countries in the world with nearly 95% of the population living on less than $2 a day[2].

Liberia has vast mineral deposits of iron, diamonds and gold, as well as an abundance of wood

1 See the report "Arnaque à l'huile de palme durable: 12 questions pour comprendre les enjeux", May 2011. Amis de la Terre France.

2 The World Bank, "Poverty headcount ratio at US $2 a day", 2008.

and large tracts of arable land ideal for the cultivation of cash crops for exportation such as rubber and palm oil. Liberia's natural resources, and in particular control over the exploitation of wood and ore minerals, have played a significant role in the region's conflicts.

Rapid developments in the cultivation of oil palms

The oil palm is a plant which originates in large areas of Liberia and has long been cultivated according to traditional methods. Small producers, who currently meet local demand, occupy only a few thousand hectares. At the height of activity, in the 1970s, the oil palm industry covered 70,000 hectares. It is mostly women who extract the comestible red palm oil from the oil palm fruit, using traditional methods[3].

The industry has been developing rapidly for several years with the arrival of international companies and the government's stated willingness to grant further concessions. Government policy gives priority to the extraction of natural resources in order to reduce poverty and ensure the economic growth of the country[4].

The World Bank is committed to the promotion of palm oil in Liberia. In 2008, the International Finance Corporation (IFC) of the World Bank presented the conclusions of a study on the Liberian palm oil industry to the government, evaluating its competitiveness and identifying possible investment opportunities.

Today, three companies (Sime Darby, Equatorial Palm Oil and Golden Veroleum) control the Liberian palm oil industry. In total, these three foreign companies have obtained 629,000 hectares of land dedicated to palm oil plantations, which is 4.5% of the country's total surface area. A project of such scope is unprecedented.

3 "Part of Processing Palm Oil, Koluhan Lofa County" at www.pahte.com/Liberia__Lofa.html

4 Government of the Republic of Liberia (GoL), "Poverty Reduction Strategy," April 2008, p. 36.

Growing tensions over land

In a report published in 2010, the Land Commission recommended a moratorium on all concessions in order to examine customary land claims. It also considers the question of land to be a source of potential conflict and requests the time necessary to handle all questions relating to land rights and ownership.

Years of war and displacement combined with an old system of land registration have led to general confusion regarding questions of land ownership, sales and rights for returning refugees. But concession agreements give priority to the government in matters of land ownership. Indeed, according to Liberian law, the government is the owner of all "public" land – in other words, any land not registered. The government can therefore lease any part of public land not allocated for other use to foreign companies. The concession agreements give the license holder the right to request that communities are moved from their land if their presence disrupts the company's operations. Even if certain local communities have been living on the land for generations, the land occupied by and surrounding their villages tends to be considered as a public asset belonging to the state.

Despite the passing of the Community Rights Law in 2009 (see section 1.3), the customary land rights of local communities are not respected. Only 1% of households across 37 communities have formal ownership deeds[5]. At the time of the concession agreements, the Land Commission had not yet been set up. The Commission recognizes that "*errors were made in the current agreement with Sime Darby*" and adds, "*We need to ensure that local communities have land available around the concession areas, that the means of subsistence, cultivation and plantations benefit all producers. This is the government's pledge.*" The challenge is immense: nearly 40% of the Liberian population lives within concession areas[6].

5 According to the report "Smell-No-Taste".

6 See report "Smell-No-Taste".

An ambiguous contract between Sime Darby and the government

Sime Darby, Malaysia's leading multinational conglomerate, describes itself as "the world's largest palm oil producer". It produces 6% of the world's crude palm oil (CPO) annually (about 2.4 million tons).

Historically, Sime Darby began operating in Liberia in 1980 when they bought the American rubber-processing company, BF Goodrich. In 2008, the Liberian government and Sime Darby reviewed the concession agreement and expanded it: in total, in July 2009, Sime Darby acquired 311,187 hectares for 63 years (renewable). It is currently the largest concession contract. The concession area spreads over four counties.

Sime Darby plans to cover 220,000 hectares of their concession lands, 80% with oil palms and 20% with rubber trees. For the moment, Sime Darby has only begun clearing and planting nurseries in Grand Cape Mount County.

During our field research in the counties of Grand Cape Mount and Gbarpolu, we witnessed the concern, or rather the extreme tension amongst the villagers. We saw that no consultation had taken place when Sime Darby negotiated its contract with the government despite the passing of the Community Rights Law in 2009 which requires "free, prior and informed consultation". Not having been consulted, communities are unaware of what the contract contains. Yet the proposed operations have fundamental consequences for such communities, as much in terms of the loss of agricultural land as in terms of environmental impact and enforced relocation.

The company may deny any desire to displace communities outside of concession areas, but the contract signed between Sime Darby and the Liberian government contains the following provisions:

- Sime Darby can ask the government to displace communities in its concession area if it decides that it wants to start developing the land. This can happen at any point during the 63-year agreement. They are not required to alert communities in advance or ask their permission.

Bottom: Road through Sime Darby's concession in Grand Cape Mount County. To the left are Guthrie's old rubber concessions, Liberia (*photo by Sophie Chapelle*).

Top: To the right of this road made by Sime Darby Company bulldozers in Grand Cape Mount County, it can be seen old agricultural lands now covered over with oil palm plantations, Liberia (*photo by Sophie Chapelle*).

Bottom: "Even when operations had begun, we still didn't know anything about the contract." This man from Grand Cape Mount explains the reasons why inhabitants of the county are angry with Sime Darby Company, Liberia (*photo by Sophie Chapelle*).

Who owns the carbon on the oil palm plantations?

In the concession contract between Sime Darby and the Liberian government, an article states that the rights relating to carbon stored on the oil palm plantations are also transferred to Sime Darby:

«[...] *the government unconditionally and irrevocably: (a) renounces, in favour of the investor, all rights and claims over carbon rights: (b) agrees not to create, for the benefit of a third-party, any charge on carbon rights; (c) pledges not to bring any complaint, action, charge, claim, cause of action* [...] *against the investor in relation to carbon rights*».

Rights to the plantations' carbon could prove as profitable to Sime Darby as the exportation of palm oil with the implementation of the new UN initiative on Reducing Emissions from Deforestation and forest Degradation (REDD) and the possibility of issuing carbon credits in the case of the "enhancement of carbon stocks". These carbon credits could be sold to companies as a right to pollute.

Not only is the effectiveness of these carbon credits extremely controversial but more pertinently it means new restrictions on community rights by banning, for example, subsistence farming on the sites of these "frozen" carbon stocks, bought by companies who want to offset their pollution.

Sime Darby did not wish to respond to our questions regarding this article and, more surprisingly, the government representatives we met did not seem to be aware of the provision for the transfer of carbon rights and the consequences.

- It is also possible that Sime Darby could displace communities living outside their concession areas. They can obtain additional land outside their concession area if they lose any of their own lands due to government projects. If this "extra" land includes a community, they can move it. This can happen at any point during the 63-year agreement. They are not required to alert the community in advance or ask their permission.

According to Friends of the Earth Liberia, «*in the 10,000 hectares already cleared, we estimate around 15,000 people have been affected. It is all rather disingenuous as they have left people in the middle of the plantations and given them an area of agricultural land that is insufficient*».

A further clause in the contract concerns freedom of movement which is heavily restricted within and around concession areas:

- The local population may continue to use roads they previously used through Sime Darby's areas; but Sime Darby can stop anyone on these roads they believe to be a security threat. Sime Darby has to have government authorization to do this. They can also install security barriers on public roads, with the agreement of the government;
- security Forces: Sime Darby security guards are authorised to stop people (but Sime Darby must immediately inform the government and hand the person over to the police within 24 hours), search people, and deny certain people entry into Sime Darby's area. They are also authorised to deny access to their concession to people living outside concessions areas who disrupt Sime Darby's operations.

Certain company rules forbid local communities from agricultural practices such as slash-and-burn farming, even though this is the basis for Liberian food cultivation[7]. Representatives of Sime Darby confirmed that communities inside their plantation zones will no longer be allowed to use traditional

7 According to the report "Smell-No-Taste".

agricultural techniques in its concession area, owing to the potential fire hazard for the palms. The negative repercussions on food self-sufficiency for rural inhabitants constitute a violation of international law regarding indigenous communities.

Moreover, wetlands previously used for rice-growing have been filled in, and oil palms planted on the land, which has led to a change in dietary habits, notably the consumption of rice and cassava.

To try and ease tensions, Sime Darby has tried to highlight its membership of the highly controversial Roundtable on Sustainable Palm Oil (RSPO) which has a certain number of principles and criteria for sustainability. However, in the face of the flagrant violations of these principles, several villages decided to send a letter of protest to the RSPO and promised "fierce resistance" to Sime Darby's expansion plans. Tensions boiled over in mid-December 2011. Local riots about the company's conduct culminated in the seizing of Sime Darby construction materials. Inhabitants and members of the workforce took the ignition keys for bulldozers.

Recommendations

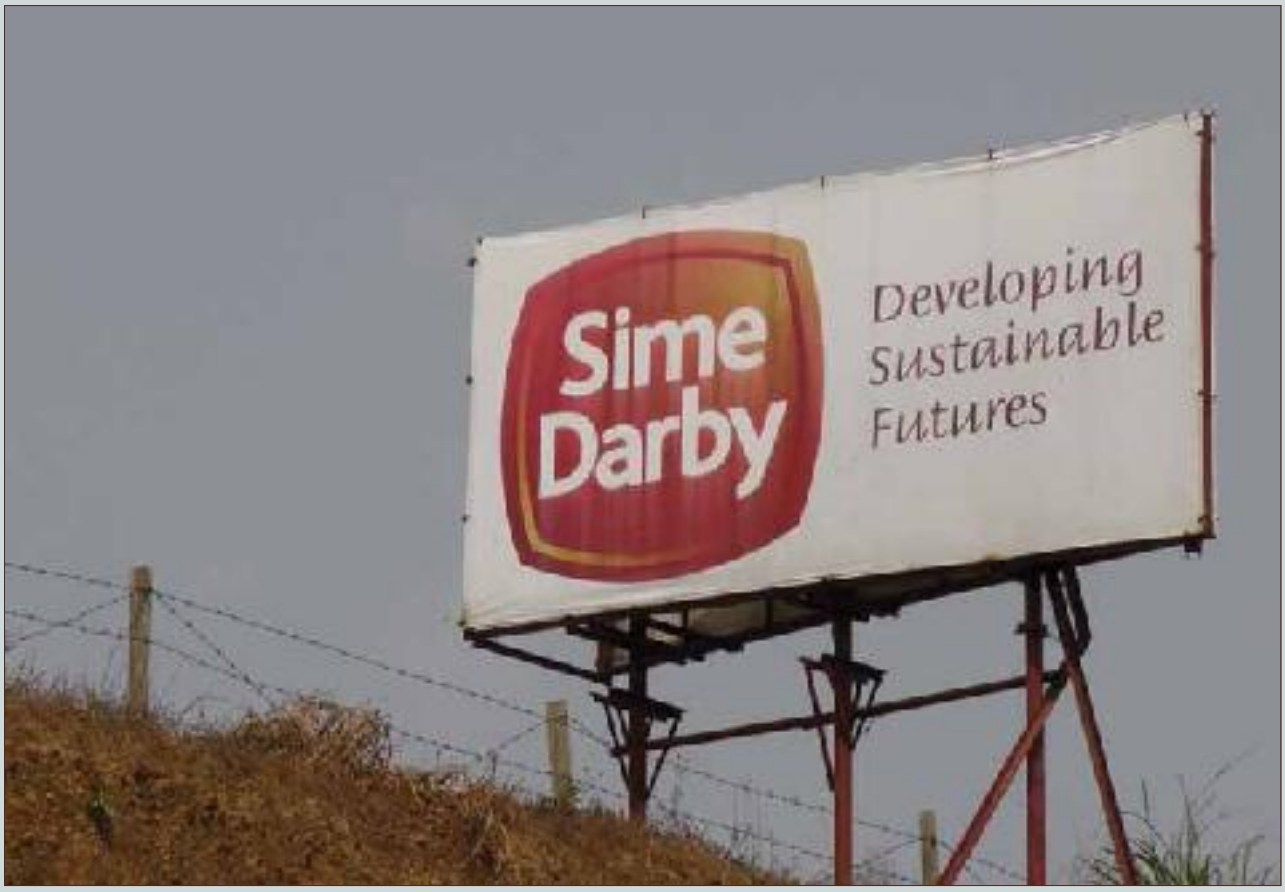
At the end of 2011 the European Commission indicated that it wished to closely monitor the palm oil industry, stating: «*In several developing countries, the legal and illegal extension of plantations destined for the production of palm oil is one of the main causes of degradation of organic soils and forests and of deforestation*»[8]. Beginning in 2012, the Commission will publish a two-yearly report on the environmental impact of the industry and any conflict of interests with the cultivation of other crops. This stance is more a response to criticism than a reassessment of current European policies which are serving to increase the deficit in vegetable oil and to monopolize vast areas of land in southern-hemisphere countries in order to meet growing European demand. The geographical proximity of Africa, Liberia particularly, arouses the greed of a Europe which is looking to secure its access to energy and natural resources rather than fundamentally change its economy in order to consume less.

We recommend, on the contrary, that the European Union commit to implementing coherent policies and not place pressure on Liberia or other southern-hemisphere countries:

- installation projects for new infrastructures around ports for the purpose of increasing European imports of vegetable oils, in particular Sime Darby's proposed palm oil factory at Port la Nouvelle (Aude), should be stopped and in no instance supported by public authorities;
- the target of producing 10% of the energy used in the road transport industry from renewable energy resources by 2020 must be abandoned because the growing demand for agrofuels is the main cause of the European deficit in vegetable oil;
- structural measures for actively reducing the consumption of fuel must be put in place urgently: the relocalisation of the economy, the development of public transport and the fight against urban sprawl. ◆

8 www.ladepeche.fr/article/2011/12/06/1232867-huile-de-palme-l-ue-met-la-pression.html

Next page top: "Developing Sustainable Futures", so promises Sime Darby on this billboard which stands alongside one of its oil palm plantations, Liberia (*photo by Sophie Chapelle*).



Top-left: The oil palm plantations impoverish the soil. The use of pesticides, in particular paraquat, which is banned in France, and fertilizers containing phosphates and nitrates, lead to water pollution, Liberia (*photo by Sophie Chapelle*).

Top-right: Sime Darby's first nursery, planted in April 2011 in Grand Cape Mount County, Liberia (*photo by Sophie Chapelle*).

Left: An activist of Friends of the Earth, Liberia (*photo by Sophie Chapelle*).

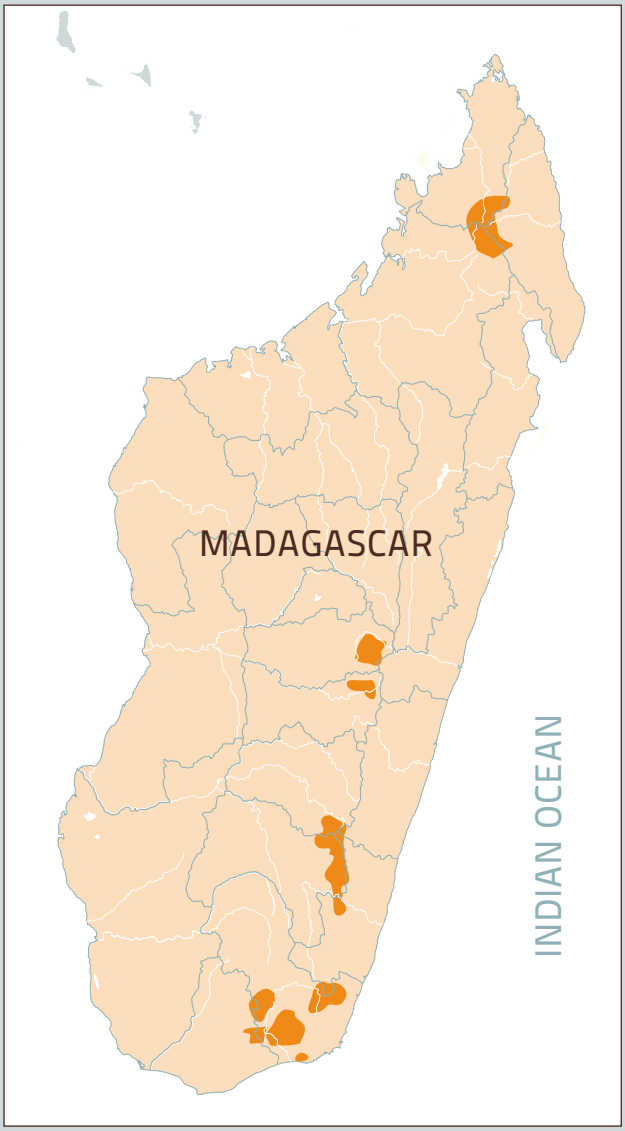
Madagascar

THE HOLISTIC CONSERVATION PROGRAMME FOR FORESTS (HCPF): CARBON VERSUS PEOPLE

AUTHOR: *Sophie Chapelle (Basta! – bastamag.net)*
EDITOR: *Sylvain Angerand (amisdelaterre.org)*

Les Amis de la Terre

A little house on the hill, Madagascar (*photo by Sophie Chapelle*).



In 2003, Madagascar's previous president set the objective of increasing the size of the country's protected areas from 1.7 to 6 million hectares. Ten years after this announcement, the mechanism for Reducing Emissions from Deforestation and Forest Degradation (REDD) has become an essential part of national conservation strategies. The country has launched four REDD+ pilot projects, each led by leading conservation NGOs. For these NGOs, carbon finance now seems the most promising option for the sustainable management of protected areas. Some of the NGOs have already started selling carbon credits from protected areas on the voluntary carbon markets. Others intend to follow suit, such as the French foundation GoodPlanet/Etc Terra and WWF Madagascar, who have been in charge of the Holistic Conservation Programme for Forests (HCPF) in Madagascar since 2008, with the financial support of Air France. The project's promoters have stated they aim to preserve "*over 32 millions tonnes of forest carbon stores*", and to enclose 470,000 hectares within protected areas, to work towards reforestation, and to restore degraded forest, at the same time as teaching local communities how to engage in sustainable management of this living heritage.

REDD carbon credits: a strategy for putting pressure on the airline industry?

Greenhouse gas emissions from aviation currently account for 2 to 3% of global emissions (this figure could well have quadrupled by 2050) but the airline industry has never been under any obligation to reduce its impact on the climate. Nevertheless, the pressure to do so is mounting! So, rather than reduce their levels of pollution, airline companies are proposing to set up their own carbon market through which they will compensate for their CO_2 emissions.

Grouped together under the aegis of the International Air Transport Association (IATA), on the 3 June 2013 the airline companies submitted a resolution to put in place a strategy to ensure carbon

neutral growth for aviation[1]. Central to this resolution is the creation of a carbon market specific to the aviation industry by 2020. This should halve the industry's net emissions by 2050, based on emission levels for 2005. According to the airline companies, this new market should in no way "be considered as a means of raising tax or reducing the demand for air transport", as is stipulated in the appendix, which no doubt means that the market will operate largely through flexibility or compensation mechanisms.

What is the connection with the project to combat deforestation in Madagascar? Officially, none. Initially the project was presented as "purely an environment investment programme", and claimed that the HCPF, set up by GoodPlanet and WWF Madagascar, aimed to "advance scientific knowledge of forest carbon". In December 2010, Air France proclaimed most forcefully that this was in no way a carbon compensation project. Two and a half years later, the truth is revealed: the company admitted that the project will generate carbon credits... but that it will not be the one to benefit, rather all revenue will be returned to local communities.

A project that exacerbates food insecurity

In May 2013, a field mission organised jointly by the independent news website Basta! (www.bastamag.net) and Friends of the Earth France revealed the impact this project has had on the inhabitants of one of Madagascar's spiny forests. In the new protected area of Ifotaka, in the south east of the island, farmers have had their access to natural resources restricted. They now have to apply and pay for timber harvesting permits. The forest where they live has been divided into several zones which are subject to varying land-use restrictions. The traditional agricultural practice of burning vegetation in order to clear farmland ("*hatsake*") is now forbidden because the WWF considers it to be one of the principal causes of deforestation. Other activities on which villagers depend for their livelihoods – providing pasture for zebus, wood felling, the collection of firewood, medicinal plants or honey – are now overseen by the "COBA", the local association in charge of forest management. Anyone caught cutting down trees risks a fine of 60,000 ariary (21 euros) and one zebu cow, which represents an exorbitant amount of money for the Malagasy. If the offender is unable to pay the fine, then legal sanctions can be applied, from 6 to 12 months' imprisonment, as a representative from the administration confirmed.

A system of aerial surveillance has been set up in order to detect areas of deforestation. An airplane flies over the protected areas taking photos of all sites of slash-and-burn agriculture. According to the project's directors, this aerial surveillance will provide a clear picture of deforestation and will help guide community forest-monitoring patrols on the ground. For the communities, on the other hand, this extra pressure is difficult to bear. Several villagers voiced their fears to us.

Certain villagers, whose access to land available for agriculture and the collection of firewood has been restricted, are still awaiting compensation. According to the project's directors, to bring "*a complete halt to deforestation*" in the protected areas, by introducing "*alternative methods*" to all inhabitants, is "*quite simply impossible given the large number of households that have to be assisted in adopting sustainable practices.*" These directors have announced their intention to concentrate their activities in the moist forests, which have greater carbon stores. Those living in the spiny forests, like in Ifotaka, are not yet aware that their homeland is not considered a priority. They are thus unlikely to ever receive the compensation they were promised for the restriction of their rights.

Partially stripped of some of their land, without necessarily receiving adequate compensation, villagers, whether they clear land or not, are all under surveillance from the air and on the ground.

1 See the closing statement for the IATA AGM: www.iata.org/pressroom/pr/Documents/agm69-resolution-cng2020.pdf

A rainforest in the Ankeniheny-Zahamena Corridor (north east Madagascar). This reforestation zone is funded through the COGESFOR project, implemented by CIRAD, Madagascar (*photo by Sophie Chapelle*).

Conclusion

Farmers whose land lies within the monitored areas appear to be the great losers in the conservation game.

The challenges are considerable given that in 2013 the country had 22 million inhabitants and this figure could rise to a population of 40 million by 2030. Conservation initiatives can only be sustainable if we give local populations the means to ensure their food security and the right to develop their activities on their ancestral lands.

Ultimately, the HCPF project clearly demonstrates the problem posed by the majority of REDD projects currently under development: conceived above all as projects designed to generate carbon credits, a large proportion of the funding is used to measure carbon and protect the forests. There is little money left for local populations who are nonetheless obliged to make profound changes to their lifestyles.

Even though alternative practices have not been put in place, considerable means have been adopted to punish and control local communities, which is completely unacceptable for a project that wishes to benefit from official development assistance (ODA).

This is why a growing number of observers are recommending that we abandon placing too great an emphasis on carbon and concentrate firstly on the needs of communities. In concrete terms this means:

- developing action plans with local communities that will combat deforestation by identifying already existing subsistence alternatives as well as other methods that could be tested;
- organising training schemes and skill-exchange workshops to transmit alternative practices;
- resolving conflict over land ownership: clarifying land law in order to respect and legally acknowledge certain aspects of land rights. This would no doubt require a high level of investment but it is essential if we want to ensure long-term sustainability of investments;
- supporting an investment plan for agricultural practices which would both satisfy the needs of local communities and reduce deforestation.

By looking first to satisfy the needs of local communities, a reduction in deforestation would no longer be the primary aim but a natural consequence of REDD projects, making them both socially fairer and more efficient in the long term (less leakage). Without a link to the carbon market there would be no need to install a expensive system for evaluating and monitoring carbon stores, allowing that money to be redirected towards stabilising conflict over land ownership which, though a lengthy and costly process, is essential.

Bottom: WWF Madagascar have set up a nursery in central Ifotaka (pictured). Its very small size is indicative of the insufficient nature of compensation. The lack of regular monitoring and assistance given to local inhabitants in order to establish alternative practices to hatsake (slash-and-burn agriculture) makes impossible to halt deforestation in the spiny forests, Madagascar (*photo by Sophie Chapelle*).

Recommendations

To those responsible for the HCPF project (GoodPlanet/Etc Terra, WWF Madagascar, Air France) and to the AFD (Agence Française de Développement, project funders):

- reverse the controversial decision to issue REDD+ carbon credits generated by the HCPF project, whether on the voluntary carbon market or the compliance market. These credits are in danger of compromising the environmental integrity of a future agreement on climate, are socially unjust and entail high transaction costs of dubious benefit;
- redirect project funding into an action plan, to be developed in collaboration with local communities, which seeks first and foremost to satisfy the fundamental needs of those communities, such as food, with as a consequence the reduction of deforestation.

To the European Union:

- stop financing projects to combat deforestation focused on carbon and redirect aid to projects which are clearly designed to satisfy the fundamental needs of local communities and reduce deforestation;
- reject the proposal from the airline industry if it is based on the carbon market (potentially allowing airline companies the possibility of offsetting their emissions by buying REDD credits) and force the industry to reduce its emissions by other means (e.g. fuel taxation). ◆

Bottom: The villagers who carry out the reforestation and restoration of the degraded forest receive food in exchange. This is what is known as a food-for-assets project, financed by the World Food Programme, Madagascar (*photo by Sophie Chapelle*).

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