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Large-scale Land Acquisition in Africa:
Impacts, Conflicts and Human Rights Violations

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The Case of Addax Bioenergy in Sierra Leone

"Development Finance Institutions and their national governments must respect human rights, act in a conflict-sensitive way and must take responsibility for long-term impacts."

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Land Grabbing in Africa

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The demand for land and natural resources has significantly accelerated in the last two decades due to the 2008 food price crisis and resulting land speculations. This led to a surge in large-scale land acquisitions (LSLAs),[1] often referred to as land grabbing. Since 2000, over 25 million hectares of land deals have been carried out across the African continent.[2]

While private actors are largely the ones executing LSLAs, their land acquisitions are encouraged and financially supported by governments. This includes governments within the Global South, which reduce barriers for land transfers, as well as governments within the Global North, many of which finance these land deals via their public development banks. The policy brief series is particularly concerned with a complex web of financers, namely private equity funds and European development finance institutions, which have either indirectly or directly financed numerous land acquisition projects in Africa. These LSLAs have coincided with human rights violations and conflicts, with local communities bearing the burden of the harm generated.

[1] Land Matrix (2021). Taking stock of the global land rush. Analytical Report III. https://landmatrix.org/resources/land-matrix-analytical-report-iii-taking-stock-of-the-global-land-rush/.
See also: Neudert, R., Voget-Kleschin, L. (2021). What are the effects of large-scale land acquisitions in Africa on selected economic and social indicators? Misereor. https://www.misereor.org/fileadmin/user_upload_misereororg/publication/en/foodsecurity/study-LSLA.pdf.
[2] Land Matrix, obtained at https://landmatrix.org/observatory/africa/.

Proponents of LSLA often frame it as a development opportunity for Africa. However, the intensification of industrial agricultural practices and monoculture plantations that are associated with LSLAs have contributed to countless human rights violations and severe negative social and environmental impacts. In Africa, an additional 14.3 million hectares of land deals have failed and have never become or are no longer operational. These failed deals leave scars and the incidences of bankruptcy and serial transfers of land ownership further increase the insecurity of affected communities that live nearby and/or on the land in question.[3]

The majority of LSLAs fail to respect human rights, including the failure to uphold the key principle of Free Prior and Informed Consent when negotiating the land contracts and/or land use changes. Nor do the projects associated with most LSLAs provide guarantees to benefit local communities, as is often promised. Such deals are characterised by reduced security of land tenure, often leading to the forced eviction of rural communities, and inadequate compensation, such as for those communities evicted and/or who face reduced land access. Further, it is not uncommon for LSLAs to lead to conflicts over land and water resources, exacerbating pre-existing conflicts, violence and divisions within and between communities. This presents a real risk within fragile and conflict-affected areas.

Agricultural projects associated with LSLAs replace small-scale agriculture and therefore lead to a discharge of labour. Simultaneously, any jobs provided by companies on the land are most commonly day labourer work on an agricultural plantation, resulting in often atrocious working conditions. The loss of land for small-scale food producers, combined with the fact that many of the projects invest in producing crops for non-food purposes, decreases food production at the household and community levels and leads to higher food insecurity. Furthermore, the industrial agricultural plantations associated with many LSLAs barely achieve higher yields than small-scale food producers. Moreover, the intensive industrial agricultural model has been proven to cause environmental damage, such as pollution and the depletion of natural resources, leading to soil infertility.

Inadequate land laws as well as the insufficient implementation of land laws create perverse incentives for corruption and support efforts to weaken democratic institutions. Hence international standards are not followed - exacerbated by the culture of impunity and lack of accountability that characterizes many of these deals. The absence of meaningful access to justice and mechanisms of redress results in complicated and toothless grievance mechanisms for communities, which are often stalled, and/or coincide with accounts of repression, violence, and mistrust.

[3] Land Matrix, obtained at https://landmatrix.org/observatory/africa/. See also Grain (2018). Failed farmland deals: a growing legacy of disaster and pain. https://grain.org/en/article/5958-failed-farmland-deals-a-growing-legacy-of-disaster-and-pain.

The case of Addax Bioenergy in Sierra Leone

The Swiss-based company *Addax Bioenergy and Oryx group (AOG)* invested 500 million Euros in the Makeni Project in the Republic of Sierra Leone to be operated by Addax Bioenergy Sierra Leone Ltd (ABSL). The project, which consists of a sugarcane estate, an ethanol refinery and a biomass power plant, was partially financed by AOG and funded by seven European and African development financial institutions (DFIs).[4]

History of the project

The project of ABSL included the production of bioethanol for export to the EU-market and the provision of electricity to the national grid. Initiated in 2008, the growing of sugar cane on irrigated areas started shortly afterwards, whereas the official land lease started in 2010 and the ethanol and electricity production in 2014. It had an original project area of 54,000 hectares, but eventually ended up with a land use of 23,500 hectares.[5]

At the beginning, representatives of the Sierra Leone Government, parliamentarians and local authorities, briefed by the company, convinced the affected communities to give up their land in promise for a better future. At the same time, the land local CSO Sierra Leone Network on the Right to Food (SiLNoRF) started to monitor the project to document findings in annual monitoring reports.[6]

The project was seen by the government to contribute towards diversifying the economy and attracting more foreign direct investment. The investment module included a stakeholder dialogue from 2008 to 2010, during which an extensive Environmental, Social, Health Impact Assessment (ESHIA) was conducted and largely acclaimed as the gold standard of impact assessment. However, only a summary of this endeavor was later published by the African Development Bank,[7] whereas the report itself was neither consulted with local civil society nor disclosed to the public.

Addax negotiated a Memorandum of Understanding with the government and secured a 50 year lease from the communities through their local leaders. Amidst the positive thoughts conceived about the project, it was not without criticism from the start. Beyond reporting from civil society, the project has also drawn attention from scholars - particularly in its early years.

[4] See SiLNoRF, Brot für die Welt, Bread for all (2016). The Weakest should not bear the risks. https://www.brot-fuer-die-welt.de/downloads/analysis64/, p. 27ff. The involved DFIs were namely: AFDB (African Development Bank); DEG (German Development Bank); OeEB (Austrian Development Bank); FMO (Entrepreneurial Development Bank, Netherlands); BIO (Belgian Investment Company for Developing Countries); PIDG (Private Infrastructure Development Group); PIDG/EAIF (Private Infrastructure Development Group / The Emerging Africa Infrastructure Facility); Swedfund; IDC (Industrial Development Corporation of South Africa Limited).

[5] See https://www.sunbirdbioenergy.com/sierra-leone-bioenergy.

[6] These monitoring reports can be sent on request. For a selection, see here: https://breadforall.ch/topic/land-grabbing/:
- SiLNoRF, Evangelischer Entwickungsdienst (EED) and Bread for all (2011): Independent study report of the Addax Bioenergy Project. https://www.brot-fuer-die-welt.de/fileadmin/mediapool/2_Downloads/Fachinformationen/Aktuell/aktuell_28_english.pdf.
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- SiLNoRF and Bread for all (2020). The owners change, grievances remain (Monitoring report: Sunbird Bioenergy Mabilafu Project (formerly Addax)).

[7] Summary of the ESHIA report by the African Development Bank, https://www.afdb.org/fileadmin/uploads/afdb/Documents/Environmental-and-Social-Assessments/Addax%20Bioenergy%20-%20ESHIA%20summary%20-%20Final%20EN.pdf.

A review of this literature, highlighting different critique of the ABSL project, can be found in the monitoring report of 2020.[8]

People reported that they were not adequately informed about the terms of the land lease. Also, while land leases were paid, the amount of 12.35 USD per hectare per year was too little compared to the loss of land as a basis for livelihood and local food production. The same is true for the compensation of cut economic trees, such as oil palms. About 25,000 people[9] were affected by the ABSL operations, but even when it was fully operational, ABSL only employed a mere 3,850 national workers.[10]

This means that only a portion of these workers are from the affected communities. The impacts were particularly severe for women whose struggle to feed their families became harder. Women had to walk several miles to fetch firewood and water to cater for family meals. The company did implement some of the promised infrastructure, for example borewells or agricultural support, but these investments were constantly challenged by people as being not sufficient or not functional. Furthermore, some communities complained about pollution and destruction of water resources.[11]

The scale down

Suddenly, in June 2015, ABSL scaled down its operations in Makeni. They attributed reasons for scaling down to the Ebola outbreak as well as the low yield of sugar cane. This impending risk of failure was hardly conceived by the affected communities in advance. But the scale down has brought severe consequences for the livelihoods and food security of people. Communities had no access to the leased-out land because the contracts were still in place. People employed by ABSL were put on garden leave with a 55% salary cut, and the temporary workers lost their incomes. Without money and land, the threat of hunger was omnipresent, and frustration and violence in the local communities increased.[12]

After a year of hardship and uncertainty, ABSL found a new majority owner. The mother company AOG sold 75.1% of the ABSL shares to Sunbird Bioenergy Africa Ltd, based in Mauritius. In a press release, AOG quotes the then President of Sierra Leone praising them and welcoming these developments.[13] In the last months of 2016, ABSL through Sunbird started its operations again.[14] In 2018, Sunbird announced a new owner yet again, the Brown's Investment PLC from Sri Lanka. The current owner belongs to a large Sri Lankan conglomerate called Lanka Orix Leasing Company.[15]

[8] SiLNoRF (2020), p.28.
[9] Clive English and Jörgen Sandström. Addax Bioenergy: Land Grab or Real Development - An Investor Perspective, February 2014. https://www.oicrf.org/documents/40950/43224/Implementing+a+large+land+based+investment+in+Sierra+Leone+land+grab+or+real+development.pdf/360c4df9-598a-ac6b-7fae-8bd7676390db?t=1510228825326, p.7.
[10] SiLNoRF (2016), p.13.
[11] SiLNoRF (2014), pp. 27-30.
[12] SiLNoRF (2017).
[13] See announcement at https://www.aoginvest.com/en/news?idnews=60.
[14] See: https://www.sunbirdbioenergy.com/sierra-leone-bioenergy.
[15] For a more detailed analysis, see SiLNoRF (2020).

While owners of the sugarcane plantations around Makeni and the adjacent factory keep changing, the local people remain and carry both the risk and the negative consequences of land deprivation and sugar cane plantations. The leased land during both changes in ownership was handed over to the new investors behind closed doors and again without consent of the local landowners and users. The Government of Sierra Leone adopted the National Land Policy in 2015 that requires the application of the UN Voluntary Guidelines for the Responsible Governance of Tenure (VGGT) in land deals. These guidelines, though, were not applied for the land transactions to the new investors in the case of ABSL.

All the promises for social investment that made ABSL a supposed showcase example by proponents of large-scale land acquisitions vanished into thin air. Communication with affected communities basically came to a halt. In the last monitoring report 2020 SiLNoRF reported about the pending displacement of people and worsening food insecurity in the region. One reason is that access to the land, even if not currently used by the company, is still denied for the villagers. The hopes for long-term income from jobs in the factory or on the plantation land are now once again lost as workers were dismissed due to Corona and scaling down of the production occurred again, resulting in workers left without compensation. The communities have to bear the negative impacts of this investment. These impacts persist and are obstacles for positive and sustainable development in the region.

In the midst of the scale down in 2016, the DFIs that supported the project withdrew and have thus not shown any acknowledgement of responsibility towards the communities after their departure. It is important to note that there were no precautionary measures taken to alleviate the impact of the scale down.

The Role of the European DFIs

The DFIs have adopted the IFC-Performance Standards and must, also as public institutions, respect, protect and fulfil human rights. The IFC Performance Standards further state that companies should, within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur without setting a time limit.

In the case of ABSL, the DFIs clearly did not fulfill these obligations. SiLNoRF, Bread for All and the German organization Brot für die Welt published in 2016 the study "The Weakest Should Not Bear the Risks,"[16] which assigned responsibility to the eight international and European development banks, which massively supported the project. The study revealed that confidentiality around the ESHIA the DFIs agreed to with Addax clearly did not meet the requirements for disclosure in the IFC-Performance Standards and other Human Rights frameworks.

[16] SiLNoRF, Brot für die Welt, Bread for all (2016).

The Addax case has shown that the DFIs' commitments were more to their client Addax and their shareholders instead of the supposed beneficiaries of their projects. The DFIs involved in the Addax project suffered no loss and reclaimed their loans. Although in 2016 the affected communities together with SiLNoRF drafted a letter of complaint to the European DFIs, their complaint eventually was rejected with the argument that the contract between company and DFIs no longer existed. Until today, the DFIs refrain from taking responsibility for negative development and harm the Addax project left for the people in the region.

Conclusions

The issues of concern and damages often expressed by a critical mass of the Addax project communities have been confirmed. The communities were taken by surprise when the project was first scaled down and then sold twice. The DFIs have failed to provide timely information on obvious risks of failure and to act accordingly. All this created harm that could have been avoided. In the end, communities did not have access to justice.

The company and its investors and supporters (i.e. the African Development Bank and the European DFIs, the African and European governments and the national government of Sierra Leone) are responsible for the negative side effects of the project. One lesson learnt from this case is that the company, investors and supporters need to become much more attentive to the conflict context.[17] They need to create an exit strategy through which, at the very least, the company and its supporters will compensate the affected communities for the harm and negative consequences they face. Land allocations to investors that subsequently leave the local population worse off than before harbor a potential for conflict that cannot be ignored. Promises of "Do No Harm" were not fulfilled in this case, responsibility of development actors were put under a time frame and conditionality, and their grievance mechanism did not provide the opportunity for the affected people to prove the negative side effects and call for compensation. Inclusive land policies, although in place, did yet not lead to sustainable changes in the land sector of Sierra Leone.

[17] As requested by the UN Working Group BHR from stakeholders working in conflict affected contexts; see: OHCHR (2020): Report on Human Right, Business and conflict-affected contexts: towards heightened action. https://www.ohchr.org/EN/Issues/Business/Pages/ConflictAffectedRegions.aspx.

Recommendations

Specific recommendations to the Addax case

1. We call on the DFIs and the respective governments to compensate the communities that are economically damaged and socially negatively impacted by the Addax project. Solutions need to be sought together with the affected communities not only to compensate for their damages, but also to realize the human right to food, protect and restore ecosystems, address the climate emergency and support peacebuilding efforts.

2. Furthermore, we call on European governments, especially those involved through their DFIs in this case, i.e. Germany, Austria, Sweden, the Netherlands and Belgium, as well as the African governments responsible for the African Development Bank, to learn from this case and to put an immediate end to the financing of large-scale land acquisition projects and speculative investments through public development banks. Where already invested, DFIs must develop better exit strategies for projects, include conflict sensitivity into their own standards, set up a risk fund to compensate for unintended negative side effects of the investment and to guarantee access to justice also beyond the termination of their contracts with the companies.

3. We call on the Sierra Leonean government to respect the Voluntary Guidelines on the Governance of Tenure (VGGT) and to demand binding compliance with heightened human rights due diligence obligations from investors and their funding partners like DFIs.

4. Furthermore, we call on the Sierra Leonean government to care for sustainable development based on local solutions and for compensation of negative impacts from LSLAs, in particular in the case of the ABSL investment that is still negatively impacting people.

Common recommendations

1. We call for an immediate end to the financing of Large-Scale Land Acquisition projects and speculative investments by public development banks.

2. We call for the creation of fully public and accountable funding mechanisms that support peoples' efforts to build food sovereignty, realize the human right to food, protect and restore ecosystems, and address the climate emergency.

3. We call for the implementation of strong and effective mechanisms that provide communities with access to justice in cases of adverse human rights impacts or social and environmental damages caused by public development bank investments.

4. We call to secure communities' rights and access to and control over land, seeds, and water, with a specific attention towards access for women and young farmers.

5. We call for the recognition of small-scale farming as a viable structural model for agricultural development and to promote labour-intensive means of small-scale farming and agroecology.

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