The Socfin Land Deal Missing Out On Best Practices

Fact-finding Mission to Malen Chiefdom, Punehun District, Sierra Leone

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Map of Sierra Leone showing Pujehun

**Pujehun District: 21% leased**

- Population: 234,234
- Area in hectares (ha): 410,500 ha
  - Approx. leased by foreign investors: 87,000 ha (21%)

**Investors:**

- Socfin: 7,000 ha
- SIVA Group: 80,000 ha

**Sources:**

- Interviews, Premier News newspaper, April 21, 2011
- Interviews, Sierra Leone Statistics

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**Socfin Agricultural Company**

**Sierra Leone Limited**

- 100 million USD investment
  - 12,000 ha for rubber and oil palm plantation.

- About 7,000 ha are leased in Malen chiefdom, Pujehun District. Investor seeks more land in Bum chiefdom (signed letter of memorandum) in Bonthe District and in Lugbu chiefdom (in consultation) in Bo District

**Product:**

Palm oil mainly for local market

**Promises made in public by the Socfin manager:**

- 10,000 jobs with preference for natives
- Full compensation for existing plantations
- Annual land lease rent to be paid to landowners
- Schools
- Resident hospital
- Network of roads
- Housing facilities

**Sources:**

- Interview Hon. P.C. Kebbie, AWOKO newspaper, March 11, 2011
I. Introduction

In its bid to address poverty, the current government of Sierra Leone has placed emphasis on the program “Agenda for Change” with the high priority of agriculture as a driver for development. Agriculture employs about half of the country’s working population and is traditionally dominated by smallholder farming and shifting cultivation.

The Vulnerability Assessment Mapping (VAM) from 2007 states that 30% of the population of Sierra Leone is food insecure and 70% of the farming population lives below the poverty line of 1 USD a day. It also reveals that out of the 3.5 million small farmers in the country, 2.45 million are poor and 1.05 million food insecure.¹

In government’s present thinking, two thirds of the population could benefit from a commercialized sector. But supporting smallholders and sustainable agriculture is only one focus for government; another is large-scale land leasing to foreign investors, mainly for sugar cane and oil palm plantations and primarily for biofuel production and export. This is part of an African and indeed global trend of large-scale land acquisitions by foreign investors.

By offering the investors competitive advantages such as cheap labour, flexible labour laws and fiscal incentive packages that include tax holidays, the government is luring multinational companies to take out long leases (up to 50 years renewable for 21) on land and to invest in large plantation agriculture.

Key in official presentations of oil palm and sugar cane options in Sierra Leone is the figure 5.4 million hectares (ha) of land suitable for agriculture, which is said to be “not used”, “under-used” or “marginal”. According to the Sierra Leone Investment and Export Promotion Agency (SLIEPA), family farmers are using less than one million hectares of the country’s arable land, the assumption being that a very large portion is available for long-term lease to large-scale investors without impeding the ambitious goal to gain food security by 2015.²

This calculation of how much land is actually available for investors raises questions. There is a lack of up-to-date data and statistics available to back up the presented figures on current land use. In addition, the presented figures supposes that smallholders cultivate an average of two to five acres yearly, ignoring the importance of the bush fallow system that, if taken into account, would double or triple the land actually being used by rural people.

SLIEPA, created in 2007 by an act of parliament, is heavily supported by the International Finance Corporation (IFC) of the World Bank Group to facilitate investment and improve the business climate in the country. The agency, with its partner Ministries within the government of Sierra Leone, developed guidelines “to help navigate new investors through the land acquisition process in Sierra Leone”. The main concern of the agency seems to be that without its participation and guidelines, securing large areas of land for foreign investors might be too time-consuming and involve “lengthy negotiations with affected communities”, especially because of the traditional land tenure system “adding a layer of complication to external investors who are not familiar with local customs”.³

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¹ Amara Idara Sheriff, Deputy Director, Ministry of Agriculture, Forestry and Food Security: Food Security Situation in Sierra Leone. Sierra Leone, Growth Week 20-22 September 2010
² Sierra Leone Investment and Export Promotion Agency SLIEPA: Sierra Leone Investment Outreach Campaign. Opportunities for Investors in the Oil Palm Sector, 2009; Sierra Leone Investment and Export Promotion Agency SLIEPA: Sierra Leone Investment Outreach Campaign. Opportunities for Investors in the Sugar Sector, 2009
³ Sierra Leone Investment and Export Promotion Agency SLIEPA: Leasing Agricultural Land in Sierra Leone. Information for Investors in March 2010
According to the SLIEPAs guidelines in its document for investors on how to lease agricultural land in Sierra Leone, workshops and consultations with farmers, land-owners, chiefs and farmer associations have been held in different chiefdoms in Pujehun District and the views of local communities are included in the guidelines. Proponents of such large scale land investment claim it can generate a win-win situation, but the SLIEPA guidelines appear to neglect the measures that would insure this. There appears to be no consideration of how communities with a high rate of illiteracy, lack of access to markets, health facilities, education and food insecurity can negotiate as equal partners with multinational companies interested in taking out long-term leases on their farmland and not end up as losers.

It is not only the Government of Sierra Leone that is actively seeking such investors. Also Paramount Chiefs, official custodians of the land in the traditional land tenure system, are trying to attract foreign investors to their chiefdoms for “development” and some appear very open to requests when investors come to visit. Companies have to register in Sierra Leone. But government involvement is not a precondition for land acquisition in the provinces. The government must come in only when an investor wishes to qualify for fiscal incentives such as tax holidays and custom exemptions that it must sign an MOU with the government, follow the recommendations of the SLIEPA guidelines. Once an MOU is signed between the government and a company it should go through parliament.

Pujehun District was severely affected by the civil war in Sierra Leone (1991-2002). Today, it is one of the target areas of SLIEPA to attract foreign investors for industrial oil palm plantations. According to media sources, two foreign investors have been assisted by SLIEPA to acquire large land holdings in Pujehun District, namely: Socfin Agricultural Company Sierra Leone Limited and SIVA Group/Biopalm Star Oil. By May 2011, these two had acquired a total area of nearly 90,000 hectares [over 222,000 acres] of land in five chiefdoms.5

According to these media reports, Socfin Agricultural Company Sierra Leone Ltd. (Socfin SL) has taken out a 50-year lease of 16,000 acres [close to 6,500 acres] of prime farmland for rubber and oil palm plantation in Malen chiefdom and has high-level government support in Sierra Leone. The investment is estimated at USD 100 million. The company is a subsidiary of the Belgian corporation, Socfin.

The Socfin SL arrangement has already caused tension amongst key stakeholders and farmers in the area. Allegations were made to Green Scenery about a lack of transparency, little or no consultation with key stakeholders and elected representatives, no information on potential resettlement, and also about pressure being applied on land-owners and town chiefs to sign agreements.

As an organization engaged in research on exploitation of natural resources and in recent time on large-scale investment in agriculture and land in Sierra Leone and the impact on local farmers and the environment, Green Scenery conducted a fact-finding mission from 22nd to 24th of April 2011 to Malen chiefdom in Pujehun District.

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4 Sierra Leone Investment and Export Promotion Agency SLIEPA: Leasing Agricultural Land in Sierra Leone. Information for Investors in March 2010.
II. Research methodology

Green Scenery put together a research team of four comprising experienced researchers in the field of large-scale land acquisition for agribusiness. In addition to literature and statistical research on Pujehun, the chiefdom, the company and procedures for investment in Pujehun, the team listed relevant stakeholders for interviews and developed criteria to select villages where field visits were undertaken (list is on file). Interviews (individual and focus group) and court bararray meetings, (“townhall” meetings in chiefdom and village meeting centres) were used to gather first-hand information on the land lease for rubber and oil palm plantations of Socfin Agricultural Company Ltd. in Malen chiefdom. All the Interviews were recorded.

From the 22nd to 24th April 2011 the team headed to Pujehun for its fact finding mission. Besides meeting key stakeholders in Bo and Pujehun, the team focused on two villages in Malen chiefdom: Kortumahun (23.04.2011) and Bassaleh (23.04.2011). Interviews from research associates conducted prior to the field visit in Massao (19.04.2011) and Kpangha (30.03.2011) were also taken into account.

Before and after the field visits, interviews with relevant officials were conducted in Freetown and on the phone. Questions in writing were addressed to Socfin headquarters in Luxembourg (email 07.04.2011) and to the Minister of Agriculture, Forestry and Food Security (MAFFS) after a visit to the Permanent Secretary of Agriculture (visit and letter 29.04.2011). No answer reached us up to date.

The team was primarily concerned about the critical issues that were raised in the Green Scenery press release from April 18, 2011 but also tried to further understand the wider context of the Socfin SL agri-project. The findings are therefore categorised as follows:
III. Findings

Lack of consultation with all concerned and relevant stakeholders

Honourable Paramount Chief Kebbie of Malen Chiefdom claims that consultations started with the inception of the idea of getting a company to revive the existing oil palm plantation in his chiefdom. He stated that the chiefdom people, through him, requested of government on January 1st, two years [2009] ago their desire for investment in their chiefdom. Since then, he says that regular consultations in open court barray [townhall] meetings are held. Invitations to meetings are usually announced through the radio or by letter through the Chiefdom Speaker down to the village chiefs. According to the Paramount Chief, meetings were announced “on air” and the court barray meetings are always fully packed with people.

Members of communities interviewed and key stakeholders from the chiefdom refute this. They claim that no proper consultations took place for community members to understand the issues before they were required to sign documents.

The Hon. Paramount Chief disclosed that the SLIEPA undertook several days of information sharing on the impact of the land lease with communities in Malen Chiefdom. “They were there for three nights,” he told Green Scenery. Besides the chief, nobody else mentioned SLIEPA to the research team.

According to the Hon. P.C. Kebbie further consultation to meet all the requirements took place between himself as the custodian of the land, the company, SLIEPA, MAFFS, the Attorney General’s office, lawyers of MAFFS and the company, and ministries involved. This took three days and was done in the capital, Freetown.

The Resident Minister South, Moijoi Kaikai, who is appointed by the Government of Sierra Leone to represent the entire Southern Region in the nation’s parliament, explains that the central government functions only as a moral guarantor and prefers, alongside with SLIEPA the bottom-to-top approach. He says that consultations are completely left to Paramount Chiefs and the ordinary land-owning families. He admits that not everybody is happy but maintains that a majority is.

Lack of transparency of the lease agreement

According to the Hon. Paramount Chief Kebbi and Resident Minister South, Moijoi Kaikai, the lease agreement was read out publicly in full at a court barray meeting in Sahn Malen, the chiefdom headquarter, on the 5th of March 2011. Media reports about that meeting say that present were Dr. Sam Sesay, the Minister of Agriculture, Forestry and

Key stakeholders like the District Council chairman, Members of Parliament, Councillers.
Green Scenery: Report on Fact Finding Mission to Malen Chiefdom, Pujehun District. 22\textsuperscript{nd}-24\textsuperscript{th} April 2011

We are not accepting this project because we do benefit from this farming. We grow our rice, our food, we educate our children from this farm. Some of us are orphans; most of us lost our families, our friends through the war. The only foundation they left with us now is the farm. So how can we give these bushes to people?

Female farmer, Bassaleh

Pressure on chiefs and some land owners to sign / approve the agreement

Land-owners mentioned that they were refusing to lease their lands but that they were prevailed upon by P.C. Kebbie several times to sign the agreement. Some reported that the Hon. P.C. Kebbie said that they would lose their land even if they don’t sign.

It was also reported that due to the presence of armed police and military during the public meeting in Sahn Malen during which cash was distributed to land-owning families, some land-owners felt intimidated to sign a document and accepted the compensation.

Compensation for loss of land and crops

Compensation for loss of land and crops is paid by way of land lease. The sum of Leones 173 million [39,318 USD] for all the land leased in the Malen Chiefdom was paid on 5\textsuperscript{th} of March 2011 in Sahn Malen, the chiefdom headquarter, in front of the Minister of Agriculture, Forestry and Food Security and security Forces. The company openly displayed this amount on a table on the day of the first payment. On an annual basis this will be paid for lease. According to Hon. P.C. Kebbie, 7,600 ha have been leased out to Socfin SL but one of the company representatives, Mr. Lewis, says that 6,000 ha is what is under
leasehold in the Malen Chiefdom, while the media reported 16,000 acres, which is close to 6,500 ha.

While it is still not clear what formula will be used in the distribution of the land lease payment between District Council, administration, national government and land-owners, it was revealed that the District Council received in its accounts the sum of Le 34 million [about US$ 7,700] as a percentage of the land lease payment. Hon. Paramount Chief Kebbie said that at this initial stage all land-owning families will be accorded equal share of their percentage, an amount and percentage that was not disclosed. The Hon. PC’s answer to the question of where and how the share will be passed is not illuminating: “We don’t have to be worried about that. We will do that. There is a map out scale”. According to Mr. Lewis from Socfin SL the rent is 12.5 USD per hectare per year.

Compensation for Existing Plantations

Many interviewed persons remain unclear about the mode of compensation for existing plantation crops. The sum of Leones 1 million [227.3 USD] per acre of “bush” or oil palm and other plantation crops has been paid out to plantation owners, but many view that this amount will be paid on annual basis. Some understand that the payment is one-off. Furthermore land owners reported that they were paid for fewer acres than they had. The Hon. P.C. Kebbie clarified this, saying that all plantation compensation is a one-off payment, something confirmed by one of Socfin SL representatives, Mr. Lewis. Investigation reveals that all existing plantations are to be demolished, and replaced with more recent breed of oil palm.

Demolition of Villages and Resettlement

The Hon. P.C. Kebbie says the Socfin SL land lease is affecting 3.5 out of 9 sections of his Chiefdom this will include about 27 to 30 villages and about 120 land-owning families. Villagers however, have not been told if their villages will be removed. For instance, all land in Kortumahun is leased, and the company intends to establish the oil mill in the village and offer housing for experts. But that the village might be removed is not known to the villagers.

Only one person named three villages that will have to be resettled while the Paramount chief said, “We will deal with it when it comes to that,” but didn’t want to elaborate. Mr. Lewis from Socfin SL said that at this stage no final decision has been taken to demolish and resettle villages. Nothing is thus known about resettlement compensation.

Lack of information given to local farmers on the short-, medium- and long-term impacts of the arrangement

According to the Hon. Paramount Chief, SLIEPA held meetings in Malen chiefdom to discuss the advantages, disadvantages and risks related to the investor’s project and prepared a volume on their results, a copy of which was given to him, to the government, and to the investor. However, none of the interviewed persons knew about such an assessment or such a volume of work. None could hazard a guess on one disadvantage or risk associated with the project.

According to the Hon. Paramount Chief, an Environmental Impact Assessment (EIA) has been done by SLIEPA and a copy was delivered to him. Asked about the content he referred Green Scenery to the agency itself. On a contrary note, company representative Lewis claims that the EIA has been completed and forwarded to the Environmental Protection Agency SL for the approval of an environmental licence. None
interviewed in Pujehun or Bo had any idea of an EIA conducted in their communities, neither could anyone state the impact of the plantation on their lives. No disclosure of the EIA has been done.

**Endangering/compromising development aid projects in the area**

The Socfin SL large-scale land lease has already had a major impact on the intervention of a German-based non-governmental organisation (NGO) active in Malen chiefdom with activities to improve community infrastructure and increase food security through support to farming. Investigations reveal that Socfin SL’s operations are affecting villages targeted by this German Ministry of Economic Cooperation and Development-sponsored project.
IV. Conclusion

Most significant of our conclusions is the lack of transparency, that information was not provided in full or in a timely way that would be understood and that consultative processes were faulty and excluded key stakeholders at chiefdom and district levels. Alternatives to large-scale plantations were not explored. Tension amongst families, communities and political representatives is emerging.

No comprehensive and synchronized version on basic facts, except the length of the lease of 50 years, could be elaborated to the team, including the final size of leased area in Malen chiefdom, if and how much land is going to be left for farming, the amount to be paid per hectare and year, resettlement, compensation, distribution of money (formula, procedures), job creation, monitoring mechanisms, environmental, social and health impact of the project.

Results of any detailed land-use surveys and impact assessments were not disclosed to all stakeholders prior to the signing of the lease agreement.

The Ministry of Agriculture, Forestry and Food Security suggests in the investment policy paper from 20097 that the promotion of an outgrower farmer scheme should be included in investment plans. Whether an outgrower scheme is part of the agreement is unknown.

Having the partly contradicting and missing information and the lack of transparency in mind it is questionable if the “free”, “prior” and “informed” consent of land-owners was secured, as is recommended in the SLIEPA guidelines from March 2010.

Proximate causes of conflict

Although still at the latent stage, the team observed emerging conflicts, an area in which Green Scenery has ample experience, and something that was confirmed by District Security officers.

Conflicts within families: Some family heads, particularly those living outside the chiefdom, were not consulted, while junior family members signed the land lease agreement on their behalf. This is generating intra-family disputes.

Conflicts within communities: Community members are now being categorized as land-owners and land-users. Land-owners qualify for compensation, annual rent, eventually priority for jobs, but land-users (farming families), are mainly seen as strangers, who will no longer be able to secure their livelihoods if their land is gone, jobs are less available to them or if they provide little income that would compensate for lost crops. The sudden shift from the culture of sharing land and social structure is bound to increase frustrations, leading to instability in cohesive villages.

The current threat to the insecurity of livelihoods is bound to be a conflict flashpoint. The eventual realization by communities that the land and tree-crop plantations (oil palm, cocoa, coffee, etc) that once fed and supported their families has been taken over, will likely lead to anger directed at the company and at the Paramount Chief.

Communities are becoming polarized over the land lease issue, mainly because of the lack of proper consultations and dialogue. The different opinions are now politically charged.

Large-scale investment in agriculture does not affect only the chiefdom in which it takes place. It has an impact on the whole district. Stakeholders concerned with the development of Pujehun district were not appropriately involved in the consultation process. Councilors and parliamentarians felt left out leading to increased suspicion and mistrust.

7 Ministry of Agriculture, Forestry and Food Security: Investment Policies and Incentives for Private Sector Promotion in Agriculture in Sierra Leone, January 2009
V. Recommendations

1. Best practices prescribed by SLIEPA and the guidelines of MAFFS should serve as the basic guidepost below which Socfin SL and partners should not aspire.

2. Transparency in both processes and outcomes should be demonstrated by stakeholders involved in the Socfin SL land lease issue.

3. A dialogue should be initiated between all stakeholders concerned with development in Pujehun district to discuss ongoing projects and those in the pipeline.

4. Modalities should be put in place to support outgrower schemes that will improve the capital base of communities.

5. The Environment, Social and Health Impact Assessment must be carried out immediately and made public before Socfin commence any operations.

6. Careful consideration should be made to avoid conflict between such projects and development initiatives supported by donor funding.

7. Land lease agreements, Memoranda of Understanding and ESHIAS should be made public to encourage public debate and participation.

8. Particular attention should be paid to the seven principles of responsible agro-investment developed by the Committee on World Food Security’s Policy Roundtable Land Tenure and International Investment in Agriculture and the eleven principles “Minimum Human Rights Principles Applicable to Large-Scale Land Acquisitions or Leases” outlined by Olivier de Schutter, the UN Special Rapporteur on the Right to Food, if Human Rights are to be respected and food security is assured.

9. An independent monitoring mechanism on large-scale agribusiness and investment should be established to guarantee best practices and international principles in responsible agro-investment.

10. Alternatives to large-scale investment and monoculture plantation must be explored to improve food security and reduce poverty.

About Green Scenery

In contemporary international debate on the pros, and cons of large-scale investment in sugar cane and oil palm mainly for biofuel and its impact on food security and Human Rights, Green Scenery is engaged in research on land use, policies, social and cultural practices, laws and regulations, agreements, main actors and their approaches as well as in fact finding missions to affected communities. Green Scenery cooperated with the US-based Oakland Institute on a nationwide study on large-scale investment in land and its impact in Sierra Leone.

The outcome of the research is to provide decision makers, the communities, and the media with reliable and credible information on the subject. It is expected that the findings will contribute to a fair public dialogue on the impact of such investment that goes usually along with it and on what could or should be undertaken to ensure that poverty of land users, mainly women, is not increasing. Principles and best practices for large scale investment as well as alternatives to guarantee food production are shaping our research and analysis.

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Annexes

The seven principles for Responsible Agricultural Investment are:

1. **Respecting land and resource rights**: existing rights to land and associated natural resources are recognized and respected. The material for this principle is being developed under the Voluntary Guidelines initiative

2. **Ensuring food security**: investments do not jeopardize food security but rather strengthen it;
   i. continuing access to food is assured
   ii. opportunities for outgrower involvement and off-farm employment are expanded to protect livelihoods and raise income
   iii. dietary preferences are taken into account if the mix of products grown may change
   iv. strategies to reduce potential instability of supply are adopted.

3. **Ensuring transparency, good governance and a proper enabling environment**: Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal and regulatory environment;
   i. ensuring public availability of relevant information, such as land potential and availability, core aspects of prospective investments, and resource flows or tax revenues
   ii. developing the capacity of institutions that handle investment selection, land transfers and incentives to follow principles of good governance, and operate efficiently and transparently
   iii. ensuring that an independent system to monitor progress towards a better investment climate is in place.

4. **Consultation and participation**: All those materially affected are consulted, and agreements from consultations are recorded and enforced;
   i. definitional and procedural requirements in terms of who represents local stakeholders and what is a quorum for local attendance is clarified
   ii. the content of agreements reached in such consultations should be documented and signed off by all parties
   iii. methods for enforcement and sanctions for non-compliance are specified.

5. **Responsible agro-enterprise investing**: Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically and result in durable shared value;
   i. investors should be expected to comply with laws, regulations, and policies applicable in the host country (and ideally with all relevant international treaties and conventions)
   ii. adhere to global best practices for transparency, accountability and corporate responsibility in all sensitive areas
   iii. strive not only to increase shareholder value but also to generate significant and tangible benefits for the project area, affected communities and the host country.

6. **Social sustainability**: Investments generate desirable social and distributional impacts and do not increase vulnerability;
   i. relevant social issues and risks are identified during project preparation, and strategies are devised to adequately address them
   ii. the interests of vulnerable groups and women are considered explicitly
   iii. the generation of local employment, transfer of technology, and direct or indirect provision of public goods and services is part of the investment design.
7. **Environmental sustainability**: Environmental impacts due to a project are quantified and measures taken to encourage sustainable resource use while minimizing the risk/magnitude of negative impacts and mitigating them.

COMMITTEE ON WORLD FOOD SECURITY, Thirty-sixth Session, Rome, 11-14 and 16 October 2010, POLICY ROUNDTABLE LAND TENURE AND INTERNATIONAL INVESTMENT IN AGRICULTURE

*CFS:2010/7* September 2010

Links: Most CFS meeting documents are available on the Internet at [WWW.FAO.ORG/CFS](http://WWW.FAO.ORG/CFS)

[www.responsibleagroinvestment.org](http://www.responsibleagroinvestment.org)
THE ELEVEN PRINCIPLES: LARGE-SCALE LAND ACQUISITIONS AND LEASES. A SET OF MINIMUM PRINCIPLES AND MEASURES TO ADRESS THE HUMAN RIGHTS CHALLENGE

Principle 1: The negotiations leading to investment agreements should be conducted in a fully transparent manner, and with the participation of the local communities whose access to land and other productive resources may be affected as a result of the investment agreement. In considering whether or not to conclude an agreement with an investor, the host government should always balance the advantages of entering into such an agreement against the opportunity costs involved, in particular when other uses could be made of the land available, which could be more conducive to the long-term needs of the local population concerned and the full realization of their human rights.

Principle 2: In general, any shifts in land use can only take place with the free, prior and informed consent of the local communities concerned. This is particularly important for indigenous communities, in view of the discrimination and marginalization to which they have historically been subjected. Forced evictions should only be allowed to occur in the most exceptional circumstances. They are only allowable under international law when they are in accordance with the locally applicable legislation, when they are justified as necessary for the general welfare, and when they are accompanied by adequate compensation and alternative resettlement or access to productive land. Prior to carrying out any evictions or shifts in land use which could result in depriving individuals of access to their productive resources, States should ensure that all feasible alternatives are explored in consultation with the affected persons, with a view to avoiding, or at least minimizing, the need to resort to evictions. In all cases, effective legal remedies or procedures should be provided to those who are affected by eviction orders.

Principle 3: In order to ensure that the rights of local communities will be safeguarded at all times, States should adopt legislation protecting these and specifying in detail the conditions according to which shifts in land use, or evictions, may take place, as well as the procedures to be followed. Moreover, States should assist individuals and local communities in obtaining individual titles or collective registration of the land they use, in order to ensure that their rights will enjoy full judicial protection. Such legislation should be designed in accordance with the basic principles and guidelines on development-based evictions and displacement presented in 2007 by the former Special Rapporteur on the right to adequate housing as a component of the right to an adequate standard of living,774 and with general comment No. 7 (1997) of the Committee on Economic, Social and Cultural Rights on the right to adequate housing (article 11 (1) of the Covenant): forced evictions.

Principle 4: The local population should benefit from the revenues generated by the investment agreement. Investment contracts should prioritize the development needs of the local population and seek to achieve solutions which represent an adequate balance between the interests of all parties. Depending on the circumstances, arrangements under which the foreign investor provides access to credit and improved technologies for contract farming, against the possibility to buy at predefined prices a portion of the crops produced, may be preferable to long-term leases of land or land purchases, although contract farming itself should comply with the conditions set out in the report of the Special Rapporteur on agribusiness and the right to food.

Principle 5: In countries facing important levels of rural poverty and in the absence of employment opportunities in other sectors, host States and investors should establish and promote farming systems that are sufficiently labour-intensive to contribute to employment creation. Labor intensive modes of production can be highly productive per hectare. Investment agreements should contribute to the fullest extent possible to reinforcing local livelihood options and in particular provide access to a living wage for the local population affected, which is a key component of the human right to food.
Principle 6: Host States and investors should cooperate in identifying ways to ensure that the modes of agricultural production respect the environment, and do not accelerate climate change, soil depletion, and the exhaustion of freshwater reserves. Depending on local conditions, they may have to explore low external input farming practices as a means to meet this challenge.

Principle 7: Whatever the content of the arrangement, it is essential that the obligations of the investor be defined in clear terms, and that these obligations be enforceable, for instance by the inclusion of predefined sanctions in case of non-compliance. For this mechanism to be effective, independent and participatory ex post impact assessments should be made at predefined intervals. The obligations of the investor should not be limited to the payment of rents, or—in the case of land purchases—to a monetary sum. They should include clear and verifiable commitments related to a number of issues which are relevant to the long term sustainability of the investment and to its compliance with human rights. In particular, such commitments may relate to the generation of local employment and compliance with labor rights, including a living wage as far as waged employment is concerned; to the inclusion of smallholders through properly negotiated outgrower schemes, joint ventures or other forms of collaborative production models; and to the need to make investments in order to ensure that a larger proportion of the value chain can be captured by the local communities, for instance by the building of local processing plants.

Principle 8: In order to ensure that they will not increase food insecurity for the local population, particularly as the result of increased dependence on international markets or food aid in a context of higher prices for agricultural commodities, investment agreements with net food-importing countries should include a clause providing that a certain minimum percentage of the crops produced shall be sold on local markets, and that this percentage may increase, in proportions to be agreed in advance, if the prices of food commodities on international markets reach certain levels.

Appropriate support schemes may also have to be put in place to increase the productivity of local farmers, in order to ensure that they will not suffer income losses as a result of low-priced produce arriving on the local markets, which has been produced under more competitive conditions on the large-scale plantations developed by foreign investors.

Principle 9: In order to highlight the consequences of investment on the enjoyment of the right to food, impact assessments should be conducted prior to the completion of the negotiations on
(a) local employment and incomes, disaggregated by gender and, where applicable, by ethnic group;
(b) access to productive resources by local communities, including pastoralists or itinerant farmers;
(c) the arrival of new technologies and investments in infrastructure;
(d) the environment, including soil depletion, the use of water resources and genetic erosion; and
(e) access, availability and adequacy of food. Only through such impact assessments, which should include a participatory dimension, can it be ensured that the contracts providing for the lease or sale of land will distribute the benefits equitably between the local communities, the host State, and the investor.

Principle 10: Under international law, indigenous peoples have been granted specific forms of protection of their rights to land. States shall consult and cooperate in good faith with the indigenous peoples concerned in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.

Principle 11: Waged agricultural workers should be provided with adequate protection and their fundamental human and labor rights should be stipulated in legislation and enforced in practice, consistent with the applicable ILO instruments. Increasing protection of this category of workers would contribute to enhancing their ability, and that of their families, to procure access to sufficient and adequate food.

Report of the Special rapporteur on Right to Food Olivier De Schutter
United Nation Asssembly A/HRC/13/33/Add.2, 22. December 2009