

increased income and employment opportunities. However, our research highlights that this claim is often unsubstantiated. In none of the cases where SEI has worked was there any attempt to assess the impacts of the transition from subsistence farming or crop production for local markets to wage labour for plantations.

The cases of Central Kalimantan in Indonesia and Palawan in the Philippines also point to the need to consider wage labour conditions. For example, there was evidence of infringements of labour rights and ignorance of minimum wage rates, and many cases in which labourers who complained about negative impacts lost their jobs or were otherwise threatened.

Unclear land-tenure

Unclear land tenure is often a source of dispute. Biofuels projects are sometimes legitimised by claims that they will take place on supposedly “vacant lands”, but often these claims ignore that such land is in fact already in use. We observed this misuse of the notion of vacant lands in Cambodia, the Philippines and Indonesia. Previous research has shown that when investors and governments evoke what has become known as the proverbial “promised land”, they ignore that often the lands they refer to are not vacant but are important to communities, who in many cases hold customary rights (Vellema et al. 2011).

More general problems exist around the lack of agreed data on land use and land availability. Our case study in Cambodia found conflicting views on how much land is potentially available for cultivating biofuel feedstocks. According to the Cambodian Government, the country is endowed with more than a million hectares of available arable land (Kingdom of Cambodia 2013). However, recent reports by the Cambodian Centre for Human Rights claim that, because of the rapid increase in economic land concessions, only 300,000 hectares of unclaimed arable land remained in 2011. This underscores a concern that current data is not robust enough to ensure credible decisions on rapid, large-scale investments.

Vulnerability of small-scale producers

Although the inclusion of small-scale growers is often a selling point for agribusiness, and especially for biofuel projects, this has often proven difficult to achieve.

In Indonesia, small-scale farmers complain that companies do not commit to clear price levels and agreed quantities, and that there is a lack of extension support services to help them improve yields and access markets, and properly manage the use of chemicals.

Farmers and other local landowners and users often lack access to information about what is entailed in business ventures, and also lack access to legal counsel or other competent support (Larsen et al. 2014).

In Thailand, where around 85% of production is from smallholders, it has proven challenging to implement international sustainability initiatives, such as the Roundtable for Sustainable Palm Oil (RSPO) and other certification schemes. In order to gain certification, farmers need to be well organized and document their agricultural practices, which can be a major problem for smallholders and also impose high transaction costs. In May 2015, only 2.3% of Thailand’s palm



Workers fertilizing oil palm, Indonesia

oil production was deemed to be certified, which would leave smallholders vulnerable if the global market moves further towards certified production.

Weak implementation of legal frameworks and environmental provisions

In all cases we studied, government agencies struggled to fully implement relevant legislative frameworks. For instance in Indonesia, because of its devolved governance system, the mandate for implementing ministerial regulations lies with the executives in the provinces (governors) and districts (Bupatis). Environment offices and river basin officers reported that their agencies have no tools to penalize companies for breaking functional environmental laws. The environment offices are responsible for ensuring good water quality, but expressed that they only have the mandate to monitor and report to the central ministry, not to enforce the legislation in situations of non-compliance.

Lack of measures for dispute resolution

Our research also reveals a lack of adequate mechanisms to facilitate claims made by local people and to address their grievances. In Indonesia, palm oil plantations are a major source of land conflict: for instance, some 570 conflicts were reported in 2008 alone (Sawit Watch, cf. Theo Cheng, undated). However, the provincial environment agency in Central Kalimantan reported that the government is only able to investigate less than 1% of complaints. In the case of the Philippines, despite well-documented illegal expansion of oil palm plantations into forestlands and the ancestral lands of indigenous peoples, the law was very rarely enforced (Larsen et al. 2014).

Lessons learned?

Political and public debate around oil palm and biofuels is often characterised by simplistic “for or against” disagreements, when the impacts of such investments are – just like other complex economic activities – dependent on the governance environment and the societal context in which they are nested. While the problems and issues described above are far from new, they do raise persistent and fundamental questions around whether current regulatory and policy frameworks can ensure that a rapidly growing, large-scale agribusiness and biofuels feedstock sector contributes positively – socially, economically and environmentally – to local development.

While there are clear incentive structures that are driving investment in the sector, there are not necessarily safeguards in place to ensure investments are socially and environmentally

Box 1: SEI's case studies on oil palm and biofuels in Southeast Asia

Thailand

We mapped the expansion of oil palm in the south-eastern sub-district of Karaked in Nakon Sri Thamarat Province, and found that 20% of the study area had been converted to palm oil cultivation. More than 60% of the smallholders who participated explained that they had converted their rice fields to palm oil because there was the potential to double their income due to lucrative incentive schemes. Despite the potential benefits, we identified both environmental and social risks linked to encroachment on peat forests and growing conflict around unclear land tenure (Polpanich et al. forthcoming).

Indonesia

In Indonesia we focused on Central Kalimantan, and explored the impacts on water resources arising from the expansion of palm oil production for biofuel feedstock, including pollution from overflow of waste dams and increased flood risk. Our work documented a range of complaints shared by villagers and others who directly experienced impacts on water resources in or close to the plantations. These complaints pointed to systemic weaknesses in government regulations and corporate self-regulation. The work was conducted together with Sawit Watch and WALHI Central Kalimantan (Larsen et al. 2014).

Cambodia

SEI's study in Cambodia focused on the impacts of recent oil palm developments on the livelihoods of local people living in and around the plantations. Despite the lack of policies on biofuels and oil palm, the company that was managing the project was in fact certified by the Roundtable on Sustainable Palm Oil (RSPO). We identified a range of impacts from the development, including conflict over land tenure and compensation, access to public land and forests, and a lack of opportunities for employment (Sam et al. 2013)

The Philippines

In the Philippines we examined the impacts on local livelihoods and the environment resulting from the emerging palm oil agro-industry in Palawan Province. We also looked into corporate accountability and the effectiveness of policies and institutions in governing the young industry. Stakeholders pointed to impacts including contractual deception, deepened poverty and food insecurity for smallholder farmers, land dispossession for indigenous peoples, and illegal logging in protected areas and forestlands. The work was undertaken with Palawan State University during 2013 (Larsen et al. 2014).

sustainable, and where such safeguards do exist, it is often very difficult to implement them. The problems this creates are magnified in cases where communities do not have access to functioning means of redress.

A central challenge to governing the biofuels sector effectively at the community level is that often investments run ahead of inclusive development planning. It is important for communities and local governments to be involved in "upstream" planning, ahead of the arrival of the next wave of investors and companies looking for land for cash crops, so that people can properly consider and decide on what kind of social and economic development they want to pursue. Alternative livelihood options or possible impacts on local food security are often not properly explored ahead of time. Without such planning it is almost impossible to ensure that communities' own visions of future development are even considered, let alone given precedence, prior to converting landscapes to supply the biofuels and commodities markets.

These issues are echoed in a broader, systemic problem at the national level. Governments are often subject to investment pressure before planning processes and structured public and political discussions on development alternatives have taken place. Ministries charged with attracting foreign investment often do not fully consider the pros and cons of energy crop projects compared with alternative strategies for boosting income and improving livelihoods. Consequently the economic and social benefits to communities of alternative land-use strategies (such as micro-enterprises based around non-timber forest products) may be entirely disregarded by development planners.

Our research highlights that negative outcomes often follow agribusiness ventures when they are introduced into landscapes and communities ahead of wider development planning processes, or before environmental management frameworks have been properly articulated, or where environmental regulation is weak and there is no shared view on who owns what land, and what land can be used for.

Ways forward?

There is a need to thoroughly rethink regulatory and policy frameworks around agribusiness and biofuels development in Southeast Asia. Although in some instances local communities may be positive about the benefits of agribusiness projects, it is clear that widespread problems remain that not only bring about direct negative impacts but also undermine the potential for developing a favourable environment for future agribusiness ventures. The recommendations below, directed to development actors and governments, could go some way to addressing the issues and challenges described in this brief.

- *Prioritise and support "upstream" social and economic development planning*, ahead of new economic pressures and opportunities such as those presented by prospective investments. Put another way, there is a need to assess alternative options and to support processes that ensure that social and economic development does not turn out simply as proposed by the first investor to show up. Development planning should, ideally, depart from an open-ended vision of the kind of future people desire. While individual private sector actors cannot realistically be expected to play this role, it is certainly the mandate of development actors and of governments to support communities in empowering themselves.
- *Improve support for community planning and decision making*. There is a need for better information on the consequences of large-scale land conversion projects, and of switching from subsistence or local-scale farming to "outgrower" schemes or wage labour for agribusiness projects. Spatial and strategic planning tools that help visualise the costs and benefits of different kinds of land use and investment would help local governments and communities to develop their own ideas and visions about future development paths.
- *Strengthen the capacity of government agencies and civil society to collaborate on assessment, monitoring,*

and mediation. This would also improve policy coherence. The roles and responsibilities of private and public institutions should be clarified and agreed on prior to major investments.

- *Ensure that well-functioning mechanisms for resolving complaints and disputes are in place.* Such mechanisms should be an integral part of any future donor support for biofuels expansion projects, and must be sufficiently resourced and independent from vested political or private interests.

A future agenda for research and knowledge exchange

We have identified several areas where there is a need for further knowledge and action that could support genuinely sustainable outcomes for all stakeholders.

- *There is a need to create mechanisms for exchange and learning between Asian countries.* Governments, as well as national and sub-national development actors, have already drawn a wealth of lessons – positive and negative – on biofuels projects. Meanwhile, existing institutional platforms rarely offer the space for open-ended and critical conversations on these lessons and how they can inform governmental reforms and new investment strategies. Regional platforms for knowledge sharing could potentially be part of the ASEAN (Association of Southeast Asian Nations) regional integration agenda.
- *There are few if any comprehensive assessments of agri-business and biofuels projects from the broad perspective of sustainable livelihoods.* Most analysis concentrates on relatively narrow set of variables, often income related, whereas in fact livelihoods and community outcomes need to be understood in relation to a range of factors, including changes in personal health and security, social capital, environmental health, access to natural resources, livelihood vulnerability, and financial security.
- *More analysis of different models of smallholder involvement in production,* and the way these support or undermine local livelihoods, would help governments, companies, and communities themselves identify the most beneficial arrangements for local people in any given context.

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